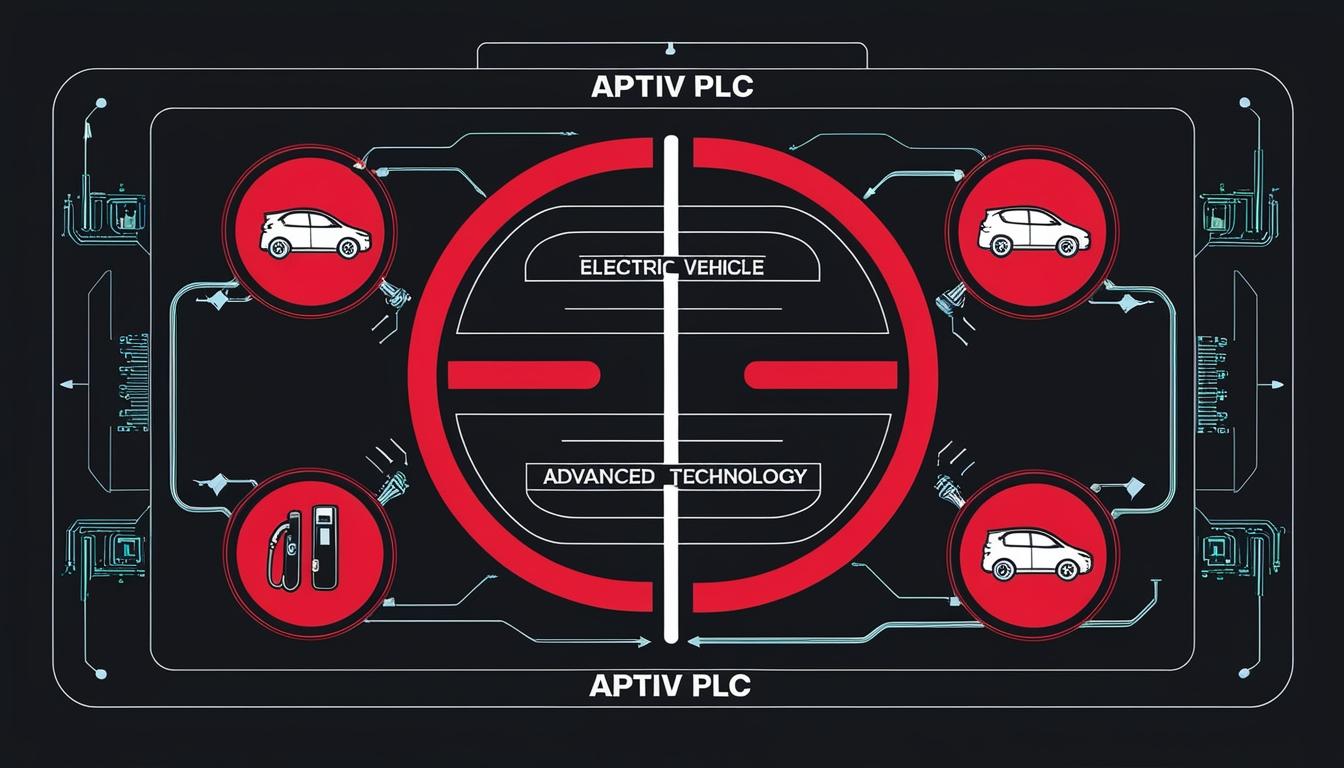
# Aptiv PLC announces strategic separation of Electrical Distribution Systems business



Aptiv PLC, a prominent global technology enterprise based in Schaffhausen, Switzerland, has announced a significant restructuring decision. The company’s Board of Directors has unanimously approved a plan to separate its Electrical Distribution Systems (EDS) business, thus creating two independent companies tailored to optimise their customer offerings and enhance shareholder value. This move marks a further step in Aptiv's ongoing transformation journey.

Kevin Clark, Chairman and CEO of Aptiv, conveyed the company's rationale for the separation, stating, “We have a long track record of transforming Aptiv through operational changes and organic and inorganic portfolio shifts to best position our businesses in a dynamic environment. Today’s separation announcement represents the next step in our transformation journey.” He added that this strategic separation will not only enhance operational focus but also enable both entities to effectively address the evolving customer needs and leverage market opportunities.

Upon completion of the separation, Aptiv will continue with a portfolio that focuses on advanced software and hardware technologies alongside mission-critical products aligned with global mega-trends. According to Clark, this will establish Aptiv as a high-growth and high-margin business, well-positioned to support investments in differentiated products and penetrate adjacent markets, including aerospace, telecommunications, commercial vehicles, and industrial sectors. He reiterated the potential benefits, emphasizing the focus on strategic initiatives tailored to the unique value propositions and financial objectives of each company.

In detailing the advantages of this strategic separation, Clark pointed to benefits for both Aptiv and EDS. Each company is expected to concentrate resources and investments on distinct opportunities, enabling them to better serve their customers and drive robust financial performance. Clark stated that the separation is poised to enhance each business’s capital structures and allocation strategies, thereby maximizing value creation prospects.

Post-separation, Aptiv will comprise two main segments: Advanced Safety & User Experience, along with the Engineered Components Group. The company plans to provide a comprehensive sensor-to-cloud technology stack and is positioned to benefit from long-term trends surrounding advanced safety, electrification, digitalization, artificial intelligence, and automation. Aptiv has forecasted a strong financial outlook for 2024, anticipating revenues of $12.1 billion and robust operating income margins.

Conversely, the EDS business is set to strengthen its position as a leading global provider of low and high voltage electrical architecture for automotive and commercial vehicle markets. EDS intends to leverage its capabilities to optimise vehicle architectures, responding to the rising demand for advanced electric vehicles. The projected outcomes for EDS include revenue growth of approximately $8.3 billion and solid free cash flow, as it operates with a focused strategy that capitalizes on its global presence and manufacturing processes.

The separation is expected to be finalized through a tax-free spin-off, allowing current Aptiv shareholders to retain their shares while also receiving stock dividends in the new EDS company. The anticipated timeline for completing the transaction is set for March 31, 2026, pending final board approvals and customary conditions, such as legal compliance and necessary registrations.

In conjunction with this announcement, Aptiv has also reaffirmed its full-year 2024 outlook and intends to release its fourth-quarter financial results on February 6, 2025. A conference call will be hosted today for stakeholders to discuss the implications of the separation transaction further. Financial advisory roles in the process have been undertaken by Goldman Sachs & Co. LLC and Centerview Partners LLC, with Paul, Weiss, Rifkind, Wharton & Garrison LLP offering legal counsel.

Aptiv PLC, known for its commitment to a safer, greener, and more connected future, continues to position itself strategically in the evolving landscape of automotive and industrial technology, preparing to enhance its service capabilities through this significant structural change.

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

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* <https://www.businesswire.com/news/home/20250122849365/en/Aptiv-Announces-Intention-to-Separate-Its-Electrical-Distribution-Systems-Business> - Details the benefits of the separation, including enhanced operational focus and better addressing customer needs and market opportunities.
* <https://www.businesswire.com/news/home/20250122849365/en/Aptiv-Announces-Intention-to-Separate-Its-Electrical-Distribution-Systems-Business> - Explains the post-separation structure of Aptiv, focusing on advanced software and hardware technologies and mission-critical products.
* <https://www.businesswire.com/news/home/20250122849365/en/Aptiv-Announces-Intention-to-Separate-Its-Electrical-Distribution-Systems-Business> - Outlines the financial outlook for Aptiv post-separation, including revenue and operating income margins forecasts.
* <https://www.businesswire.com/news/home/20250122849365/en/Aptiv-Announces-Intention-to-Separate-Its-Electrical-Distribution-Systems-Business> - Describes the EDS business's strategy and financial projections, including revenue growth and free cash flow.
* <https://www.businesswire.com/news/home/20250122849365/en/Aptiv-Announces-Intention-to-Separate-Its-Electrical-Distribution-Systems-Business> - Details the separation transaction process, including the tax-free spin-off and the anticipated timeline.
* <https://www.businesswire.com/news/home/20250122849365/en/Aptiv-Announces-Intention-to-Separate-Its-Electrical-Distribution-Systems-Business> - Mentions the full-year 2024 outlook and the upcoming conference call to discuss the separation transaction.
* <https://www.aptiv.com/en/solutions/electrical-distribution-systems> - Provides background on Aptiv's Electrical Distribution Systems business and its role in vehicle architecture.
* <https://www.aptiv.com/en/solutions/electrical-distribution-systems> - Highlights Aptiv's expertise in designing and manufacturing electrical distribution systems for automotive and commercial vehicles.
* <https://www.businesswire.com/news/home/20250122849365/en/Aptiv-Announces-Intention-to-Separate-Its-Electrical-Distribution-Systems-Business> - Quotes Kevin Clark on the transformation journey and the strategic separation, aligning with the provided text.
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