

Aptiv to Finalize Spin-off During First Quarter of 2026

Publicized but not referred to by name, throughout 2025, Aptiv has been quietly preparing for its previously announced spin-off of its Electrical Distribution Systems (EDS) business during the first quarter of 2026. Filing a preliminary registration statement with the U.S. Securities and Exchange Commission last month, the EDS business, to be referred to as Cyprium Holdings Limited, a subsidiary of APTIV, is preparing to use their “differentiated design and development capabilities [to] enable the optimization of vehicle architecture systems and thereby reduce vehicle weight, mass, and costs for OEM customers.

According to Aptiv, following the separation, “Aptiv – comprising Advanced Safety & User Experience and the **Engineered Components Group** – will offer a full sensor-to-cloud technology stack, including industry-leading open-architected ADAS and in-cabin user experience software platforms, and a broad range of **interconnects** and components that optimize the distribution of signal, power, and data for next-generation applications across diverse end markets, including aerospace and defense, telecommunications, automotive and commercial vehicle, and industrial.” The EDS business, which will then be referred to as Cyprium Holdings Limited, will “design and optimize the complete vehicle electrical architecture including wiring harnesses, electrical centers, and high-voltage systems for electric vehicles.”

Aptiv, consistently ranking in the top 10 connector manufacturers since 1999, was originally the parts and component division of General Motors until it was spun off as an independent, publicly traded company in 1999. As shown in the chart below, for the last twenty-five years, Aptiv has represented between 2.1% and 5.5% of the total connector market. Their highest ranking, which occurred in both 2022 and 2023, placed them as the third largest connector manufacturer in the world. Their lowest ranking, which occurred in 2008, placed them as the number 10 connector manufacturer in the world, with a total world market share of 2.1%. It is important to note that in 2008 and 2009, the two years Aptiv ranked below eight in world ranking, coincided with the two years where the North American Connector market, a key market for Aptiv, displayed negative year-over-year growth.

Aptiv/Delphi Percent of Total World Connector Market And World Ranking by Year

	1999	2004	2009	2014	2019	2024
Percent of Total Market	3.7%	3.4%	2.4%	5.5%	5.3%	5.4%
World Ranking	4	5	9	4	4	4

The spin-off of Delphi from General Motors in 1999 was primarily to allow them to sell components, i.e. connectors and other components like sensors, to other auto manufacturers. In 2001, Delphi acquired Specialty Electronics Inc., a provider of standard and customized electronic connector products for the telecom/datacom, computers & peripherals, industrial, medical and automotive markets, for \$21.8 million. This acquisition allowed Delphi to expand not only their product offering, but also the markets they served. In 2012, Delphi acquired FCI Group’s Motorized Vehicle Unit for approximately \$972 million. At the time, this group of FCI had sales of approximately \$900 million, significantly expanding Delph’s global footprint and was

“expected to generate \$80 million in annual synergies by 2015”. FCI’s products included connectors and cable assemblies for airbags, seatbelt pre-tensioners, engine control systems, braking and stability control systems, and EV interconnect and charging plugs, strengthening Delphi’s position as a global supplier of interconnect products for automotive and transportation applications.

In late 2017, Delphi Automotive, spun off its “Powertrain System and aftermarket related segment into a new publicly traded company, Delphi Technologies PLC.” Following the spin-off, the remaining company became Aptiv PLC, a publicly owned company, with the symbol “APTV”. In 2020, Delphi Technologies PLC was acquired by BorgWarner Inc.

It has been noted that the spin off could raise questions about possible dyssynergies, especially from an operational efficiency perspective. But, Aptiv has been quick to address these, stating “we have very few shared facilities, none in the manufacturing side, very little on the engineering side, some from a corporate or group overhead standpoint, but it’s small. So, from that standpoint, the separation is actually pretty easy.”

According to Aptiv, the separation is targeted for completion by the end of the first quarter 2026, and as stated by Kevin Clark, chairman and Chief Executive Officer “following completion of the transaction, Aptiv will have a portfolio of advanced software and hardware technologies and highly engineered, mission-critical products that are aligned with global mega trends fueling growth in diverse end markets. The result will be a high growth, high margin business with strong cash flow generation to support continued organic and inorganic investment in differentiated products and solutions and further penetration of adjacent markets, including aerospace and defense, telecommunications, commercial vehicle, and industrial, and return of excess capital to shareholders.”

Bishop & Associates, Inc. Comments

- Bishop feels this spin off is a positive move for Aptiv. It will allow them to continue their expansion into market sectors beyond automotive and transportation.
- The spin-off should also bring a renewed focus on the development of new products, improving both revenue growth and market penetration.
- Although traditionally the automotive market has been considered a consumer, price driven market, that tends to stick with standard lower-cost materials, Bishop does not feel that this will prohibit Aptiv from their continued expansion into markets like the military/aerospace or heavy-duty industrial. Requirements may be stricter, requiring more testing or the use of advanced materials, but nothing that we feel will prohibit Aptiv from successfully participating in those markets.
- In the coming years, it will be interesting to see if technology will go in a full circle, with a manufacturer like Aptiv, whose roots are strongly imbedded in the automotive market, manufacturing connectors that will be used in cloud platforms hosted in data centers that will direct software defined vehicles.