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## ArvinMeritor Inc reaches deal to sell its stakes

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Reuters reported that ArvinMeritor Inc is selling its stakes in two businesses that make auto parts such as shock absorbers and springs, the first deals reached in a year long effort to divest its unprofitable car parts unit.

ArvinMeritor Inc said that it had reached a deal to sell its 57% stake in a unit that makes coil springs and torsion bars to JV partner Mitsubishi Steel Manufacturing Co. It has also agreed to sell its 51% stake in a business in South America that makes shock absorbers, struts, exhaust systems and suspension models. The two businesses represented about 45% of the company's chassis sales in 2008 or about USD 270 million.

Mr Brian Johnson analyst at BarClays Capital said that while the value of the deals was not significant, the transactions would help bolster ArvinMeritor's finances at a time of deep financial stress for the US auto industry. He added that "It should give investors confidence that the company is finally getting some traction in its efforts to reduce the large headwinds to margins and free cash flow from the light vehicle business."

In May 2008, ArvinMeritor said it planned to spin off the car parts business as a stand-alone entity. It abandoned those plans when credit markets tightened and prospects for an initial public offering became remote. A potential deal to sell the business to private equity buyers also unraveled late last year.

(Sourced from [www.reuters.com](http://www.reuters.com))

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