

STONERIDGE INC
Form S-3/A
October 25, 2010

**As filed with the Securities and Exchange Commission
on October 25, 2010**

Registration No. 333-169800

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**Amendment No. 1
to
FORM S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

STONERIDGE, INC.

(Exact name of registrant as specified in its charter)

Ohio
(State or other jurisdiction of
incorporation or organization)

34-1598949
(I.R.S. Employer
Identification No.)

**9400 East Market Street
Warren, Ohio 44484
(330) 856-2443**

(Address, including zip code, and telephone number, including area code,
of registrant's principal executive offices)

John C. Corey
President and Chief Executive Officer
Stoneridge, Inc.
9400 East Market Street
Warren, Ohio 44484
(330) 856-2443

(Name, address, including zip code, and telephone number, including area code,
of agent for service)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

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CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Proposed maximum aggregate offering price ⁽¹⁾	Amount of registration fee ⁽²⁾
Common Shares, without par value	\$ 110,204,500	\$ 7,858

- (1) Estimated solely for purposes of calculating the registration fee pursuant to Rule 457(o) under the Securities Act. Calculated pursuant to Rule 457(o) based on an estimate of the proposed maximum aggregate offering price. Of the (2) total amount of registration fee shown above, \$6,316 was paid in connection with filing the initial registration statement.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED OCTOBER 25, 2010

7,400,000 Shares

Stoneridge, Inc.

Common Shares

The Common Shares are being sold by the selling shareholders. We will not receive any of the proceeds from the Common Shares sold by the selling shareholders.

The Common Shares are listed on the New York Stock Exchange under the symbol **SRI**. The closing price of the Common Shares on the New York Stock Exchange on October 22, 2010 was \$11.36 per share.

The underwriter has an option to purchase from the selling shareholders a maximum of 1,110,000 additional Common Shares to cover over-allotments of Common Shares.

Investing in the Common Shares involves risks. See Risk Factors on page 18.

	Price to Public	Underwriting Discounts and Commissions	Proceeds to Selling Shareholders
Per Share	\$	\$	\$
Total	\$	\$	\$

Delivery of the Common Shares will be made on or about _____, 2010.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Credit Suisse

The date of this prospectus is _____, 2010.

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You should rely only on the information contained in this document or to which we have referred you. We have not authorized anyone to provide you with information that is different. This document may only be used where it is legal to sell these securities. The information in this document may only be accurate on the date of this document.

In this prospectus, unless we state otherwise or the context indicates otherwise:

references to the terms we, us or the Company or other similar terms mean Stoneridge, Inc. and its consolidated subsidiaries;

references to the term Stoneridge mean Stoneridge, Inc. exclusive of its subsidiaries; and references to dollars or \$ are to United States dollars.

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PROSPECTUS SUMMARY

The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information and financial statements including the notes thereto appearing elsewhere or incorporated by reference in this prospectus. Because this is a summary, it may not contain all the information that may be important to you. You should read the entire prospectus, including the information incorporated by reference in this prospectus, before making an investment decision. Some of the statements in this summary are forward-looking statements. Please see Information Regarding Forward-Looking Statements and Market and Industry Data and Forecasts for more information regarding these statements.

Our Business

Overview

We are a global designer and manufacturer of highly engineered electrical and electronic components, modules and systems for the medium- and heavy-duty truck, automotive, agricultural and off-highway vehicle markets. Our products and systems are critical elements in the management of mechanical and electrical systems to improve overall vehicle performance, convenience and monitoring in areas such as emissions control, fuel efficiency, safety and security. Our extensive footprint, including our joint ventures, encompasses more than 26 locations in 14 countries and enables us to supply global and regional commercial vehicle and automotive manufacturers around the world. For the twelve months ended June 30, 2010, our net sales were \$566.1 million, our net income attributable to Stoneridge, Inc. and subsidiaries was \$4.6 million and our adjusted earnings before interest, taxes, depreciation and amortization, or adjusted EBITDA, calculated as shown in footnote 5 under Summary Consolidated Financial and Other Data, was \$47.9 million.

Our custom-engineered products and systems are used to activate equipment and accessories, monitor and display vehicle performance and control, and distribute electrical power and signals. Our product offerings consist of (1) vehicle instrumentation systems, (2) vehicle management electronics, (3) application-specific switches and actuators, (4) sensors and (5) power and signal distribution systems. We supply our products, predominantly on a sole-source basis, to many of the world's leading medium- and heavy-duty truck and automotive original equipment manufacturers, or OEMs, and select non-vehicle OEMs, as well as certain commercial vehicle and automotive tier one suppliers. These OEMs are increasingly utilizing electronic technology to comply with more stringent regulations (particularly emissions and safety) and to meet end-user demand for improved vehicle performance and greater convenience. As a result, per-vehicle electronic content has been increasing. We believe our product offerings provide us with the opportunity to capitalize on this development to grow faster than the underlying vehicle volume growth in markets that we serve.

Our products and systems are sold to numerous OEM and tier one supplier customers, in addition to aftermarket suppliers, for use on many different vehicle platforms. We supply multiple different parts to many of our principal customers under requirements contracts for a particular model. These contracts range in duration from one year to the production life of the model, which commonly extends for three to seven years. In 2009, net sales to medium- and heavy-duty truck, automotive and light truck, and agricultural/other equipment manufacturers accounted for approximately 50%, 33%, and 17% of our net sales, respectively. These net sales percentages include sales to the aftermarket distribution channel, which comprised 5.5% of our 2009 net sales.

Our OEM customer base currently includes:

Navistar International Corp.
Ford Motor Company
Chrysler LLC
Daimler AG
Scania AB
Nissan Motor Co., Ltd.
Mazda Motor Corporation

Deere & Company
General Motors Company
MAN SE
Volvo AB
PACCAR Inc.
Blue Bird Corporation

In 2009, our top three customers accounted for 48% of our net sales and our top ten customers accounted for 69% of our net sales.

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In addition, we supply products to a wide range of tier one suppliers, including American Axle & Manufacturing Holdings, Inc., Delphi Automotive LLP, Lear Corporation, Cummins Inc., Detroit Diesel Corporation and Visteon Corporation, as well as non-vehicle OEMs such as Carrier Corporation, NACCO Industries, Inc., and Thermo King Corporation.

Our Products

Our products are associated with electronics management and the distribution of power in vehicles in order to improve vehicle performance and reliability. We offer a broad line of products through two reportable segments: Electronics and Control Devices.

Electronics. Our Electronics segment produces electronic instrument clusters, electronic control units, driver information systems and electrical distribution systems (primarily wiring harnesses and connectors for electrical power and signal distribution). These products collect, store and display vehicle information such as speed, pressure, maintenance data, trip information, operator performance, temperature, distance traveled and driver messages related to vehicle performance. In addition, power distribution systems regulate, coordinate and direct the operation of the electrical system within a vehicle. These products use state-of-the-art hardware, software and multiplexing technology and are sold principally to the medium- and heavy-duty truck, agricultural and off-highway vehicle markets. We also manufacture entire instrument panels for the medium-duty truck market that are configured specifically to the OEM customer's specifications.

Control Devices. Our Control Devices segment designs and manufactures products that monitor, measure or activate specific functions within a vehicle. This segment includes product lines such as sensors, switches, valves, and actuators, as well as other electronic products. Sensor products are employed in major vehicle systems such as the emissions, safety, powertrain, braking, climate control, steering and suspension systems. Switches transmit signals that activate specific functions. Our switch technology is principally used in two capacities, user-activated and hidden. User-activated switches are used by a vehicle's operator or passengers to manually activate headlights, rear defrosters and other accessories. Hidden switches are not typically visible to vehicle operators or passengers and are engaged to activate or deactivate selected functions as part of normal vehicle operations, such as brake lights. In addition, our Control Devices segment designs and manufactures electromechanical actuator products that enable OEMs to deploy power functions in a vehicle and can be designed to integrate switching and control functions. We sell these products principally to the automotive and light truck market.

The following table sets forth, for the periods indicated, the percentage of net sales attributable to our product categories:

Product Category	Segment	Percentage of Net Sales for		
		Year Ended December 31, 2009	Year Ended December 31, 2008	Six Months Ended June 30, 2010
Vehicle electrical power & distribution systems	Electronics	41 %	40 %	41 %
Electronic instrumentation & information display products	Electronics	23 %	29 %	22 %

Actuator & temperature, pressure & speed sensors	Control Devices	19 %	17 %	20 %
Switch & position sensors	Control Devices	17 %	14 %	17 %

Our Joint Ventures

We have significant joint ventures located in the rapidly developing markets of Brazil and India. Our 50%-owned joint venture based in Brazil, PST Eletrônica S.A., or PST, and our 49%-owned joint venture based in India, Minda Stoneridge Instruments Ltd., or Minda, help us achieve several strategic objectives, including (1) diversifying our business by expanding in high-growth regions, (2) employing complementary design processes, growth technologies and intellectual capital and (3) realizing cost savings from combined sourcing. PST and Minda have been significant contributors to our financial results. We account for our

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investments in PST and Minda using the equity method of accounting. Equity in earnings of PST and Minda included in our consolidated statements of operations grew from \$4.1 million in 2005 to \$13.5 million in 2008, before declining to \$7.8 million in 2009. PST has paid us cash dividends of \$23.0 million since 2005, consisting of \$2.2 million in 2005, \$3.7 million in 2006, \$5.6 million in 2007, \$4.2 million in 2008 and \$7.3 million in 2009.

PST specializes in the design, manufacture and sale of electronic vehicle security, vehicle tracking and infotainment devices. PST sells its products through the aftermarket distribution channel, to factory authorized dealer installers, also referred to as original equipment services, or OES, and to OEMs. PST has experienced rapid growth driven by strong demand for vehicle security products in South America. PST's net sales (which are not included in our consolidated net sales) increased from \$70.8 million in 2005 to \$174.3 million in 2008, before decreasing to \$140.7 million in 2009. PST has achieved its growth primarily by maintaining a leadership position in aftermarket security products, which comprise approximately 57% of PST's net sales, further developing its OES distribution network, which accounts for approximately 33% of PST's net sales, increasing sales to OEMs, which account for approximately 10% of PST's net sales, and introducing new products such as infotainment and new services such as vehicle tracking. PST's operating income, which is not included in our consolidated operating income, increased from \$11.6 million in 2005 to \$32.3 million in 2008, before decreasing to \$16.9 million in 2009.

Minda manufactures electromechanical/electronic instrumentation equipment primarily for the automotive, motorcycle and commercial vehicle markets. We leverage our investment in Minda by sharing our knowledge and expertise in electrical components and systems and expanding Minda's product offering through the joint development of Stoneridge products designed for the market in India. We are contemplating the introduction of additional existing Stoneridge product lines to the Minda joint venture. Minda also provides us with a local manufacturing and marketing presence in India and, therefore, a platform to expand further into the local automotive and commercial vehicle markets. Minda increased its revenues, which are not included in our consolidated net sales, from approximately \$5.1 million for the year ended December 31, 2005 to approximately \$20.4 million for the year ended December 31, 2009. Minda's operating profit, which is not included in our consolidated operating income, was approximately \$1.0 million for the year ended December 31, 2009, compared to approximately \$0.2 million for the year ended December 31, 2005.

The following table presents, for the twelve months ended December 31, 2009, 2008, 2007, 2006 and 2005, PST's net sales and operating income, Minda's revenues and operating profit, our equity in earnings of PST and Minda and cash dividends received by us from PST:

	Twelve Months Ended December 31,				
	2009	2008	2007	2006	2005
	(In millions)				
PST:					
Net sales	\$ 140.7	\$ 174.3	\$ 133.0	\$ 94.1	\$ 70.8
Operating income	\$ 16.9	\$ 32.3	\$ 27.1	\$ 17.6	\$ 11.6
Minda:					
Revenues	\$ 20.4	\$ 22.4	\$ 20.0	\$ 12.9	\$ 5.1
Operating profit	\$ 1.0	\$ 1.0	\$ 1.4	\$ 1.2	\$ 0.2
Stoneridge, Inc. and Subsidiaries:					
Equity in earnings of PST and Minda	\$ 7.8	\$ 13.5	\$ 10.9	\$ 7.2	\$ 4.1
Cash dividends received from PST	\$ 7.3	\$ 4.2	\$ 5.6	\$ 3.7	\$ 2.2

Realignment of Our Operations

Beginning in early 2006 with the arrival of a new management team led by John C. Corey, our President and Chief Executive Officer, and George E. Strickler, our Executive Vice President and Chief Financial Officer, we have realigned and refocused our operations. Since 2006, we have reconfigured our organization, consolidated our operations, reduced our manufacturing costs and strengthened our balance sheet in our drive to create long-term shareholder value. Our efforts in this time period have focused on permanently lowering our cost structure, more rigorous management of our return on invested capital and improving our ability to

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capture future sales opportunities. All of these actions have positioned us to benefit from the improving industry conditions we are currently experiencing.

Our initial objective in realigning and refocusing our operations was to improve our underperforming manufacturing operations. As part of those efforts, in 2006, we made the decision to eliminate two manufacturing facilities to reduce factory overhead. In the fourth quarter of 2007, we announced a restructuring plan which included the closure of our facilities in Sarasota, Florida and Mitcheldean, England. We completed the closures of these facilities in 2008 without reducing production capacity, as we transferred production lines and equipment to other lower-cost facilities.

As the global downturn intensified in the second half of 2008, we expanded the scope of our restructuring program to target additional efficiencies. We consolidated our Juarez, Mexico facility from three business management units to one, combined the administrative functions of our instrumentation and wiring units in North America and consolidated our two manufacturing locations in Canton, Massachusetts into one. In addition, we completed the expansion of our Lexington, Ohio facility, adding manufacturing, engineering and lab space to accommodate our growing sensor and emission business.

In 2009, we continued these efforts by (1) consolidating the management of our two business units in Lexington, Ohio and Canton, Massachusetts into a single unit, (2) reducing staff throughout our organization, (3) freezing all merit increases, implementing furloughs without pay, implementing a reduction in wages for our senior leaders and shortening work weeks to reflect the lower production schedules of our customers, (4) outsourcing a non-core stamping operation, (5) reducing our design and development expenditures as our customers reduced their investment in new vehicle programs, (6) improving quality to lower costs, (7) integrating our North American electronics group, resulting in lower manufacturing overhead and selling, general and administrative, or SG&A, costs and (8) continuing to implement lean manufacturing principles.

As a result of our efforts to permanently reduce or eliminate costs, we have realized and expect to continue to realize significant savings in overhead and SG&A costs in comparison to 2008 when industry volumes were higher.

Our second objective in realigning and refocusing our operations was to improve our financial performance through more rigorous management of working capital and capital expenditures in order to improve our return on invested capital, generate positive free cash flow, manage our exposure to customer credit risk and supplier nonperformance and increase profitability. In pursuit of this objective and to drive shareholder value, we established financial targets and metrics, including a long-term target of 12% return on invested capital. We also developed a global tax and cash strategy to facilitate our ability to move our cash with minimal expense to support our global business operations.

In recent years, we have successfully managed our capital expenditures and working capital investments to be consistent with the market and the performance of our customers. Key steps we have taken include (1) managing our cash collection cycle, (2) entering into commodity hedges to reduce raw material cost volatility, (3) implementing measures to improve our inventory management and reduce working capital, (4) selling non-core assets and (5) working with our employees to enhance skill sets in selected functions and align compensation with common goals.

The third objective of our realignment and refocusing was to improve our ability to capture future sales opportunities by focusing on our marketing capabilities to drive top-line growth. We have established an organic growth target of 6% to 8% per year, which we intend to achieve by further penetrating global markets, especially emerging markets; diversifying our customer base; and driving new technologies that can be cross-sold to multiple customers.

We are focused on identifying the most promising market opportunities and investing our resources toward finding the best ways to develop and deliver solutions that meet the needs of customers in the markets in which we choose to

participate. We are also focused on expanding our product lines and end markets to higher growth areas. As a part of our expanding military vehicle business, which includes supplying a major customer with product for MRAP (Mine Resistant Ambush Prot