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Mexico's Grupo Dina Acquires Arizona-based Bus Manufacturer Motor Coach Industries International

by Carlos Navarro
Category/Department: General
Published: Wednesday, December 8, 1993

In late November, Consorcio G Grupo Dina S.A. de C.V., Mexico's largest truck and bus manufacturer, announced an agreement in principle to purchase Motor Coach Industries International, the largest producer of buses in the US. The agreement is contingent on approval of both companies' boards of directors and shareholders and the US Federal Trade Commission. The Mexican company agreed to pay US$337 million for the Phoenix-based Motor Coach Industries in a transaction that company officials expect to finalize sometime in early 1994. Under the tentative accord, Motor Coach Industries shareholders will receive US$16.72 worth of a new class of Dina stock for each share of Motor Coach Industries common stock. In fact, Dina plans to apply for a listing on the New York Stock Exchange (NYSE) for its new series of shares. In addition, Motor Coach Industries is in the process of buying out minority shareholders in its Canadian subsidiary, Motor Coach Industries Ltd. If the transaction is successful, the Canadian subsidiary would also be incorporated into the new partnership with Dina. Dina, which produces a wide range of passenger buses at a plant in Ciudad Sahagun, Hidalgo state, reported sales of US$970 million in 1992. Motor Coach Industries which was spun off by Dial Corp. in August earned US$453 million in profit during 1992, producing intercity and transit buses, including vehicles for the Greyhound Bus company. The company employs about 2,300 people making intercity coaches at plants in Winnipeg, Canada; and Pembina, North Dakota. An additional 1,000 workers assemble transit buses in Roswell, New Mexico, and Schenectady, New York, but Motor Coach plans to sell or shut down these operations. Alberto Aguilar, a financial columnist for the Guadalajara daily newspaper Siglo 21, reported that Dina's current president Rafael Gomez Flores could well become the president for the merged company. Aguilar said the board of directors is also expected to include some of Grupo Dina's current board of directors. Meantime, analysts told the Associated Press that Mexican companies such as Grupo Dina which traditionally have sold few or no products in the US will attempt to break into the market by acquiring established US companies which already have carved out a market share. "You're going to see more of this," as Mexican companies strive to compete without trade barriers, said Carol Colombo, a Phoenix lawyer who specializes matters related to business between the US and Mexico. (Sources: Agence France-Presse, 11/30/93; Associated Press, New York Times, Siglo 21, 12/01/93; El Financiero International, 12/06/93)