Netgear Buys Sierra Wireless' AirCard Business

Associated Press

SAN JOSE, Calif. (AP) -- Networking equipment maker Netgear Inc. is buying Sierra Wireless Inc.'s AirCard business for $138 million in cash, the companies said Monday.

Netgear will assume $6.5 million in liabilities, 160 employees and facilities in Carlsbad, Calif., and Richmond, British Columbia, where Sierra Wireless is based.

Sierra Wireless' U.S.-traded shares were halted for several hours before the announcement and closed up 41 cents, or 4.7 percent, at $9.16. They gained another 85 cents, or 9.3 percent, to $10.01 during extended trading. Netgear shares rose 72 cents to close at $40.83.

Sierra Wireless expects proceeds of about $100 million, which it said it will use for acquisitions in the machine-to-machine technology business and possibly return some to shareholders. The sale is expected to close in March.

Netgear said the deal would add to adjusted earnings in the first full quarter after it gets the AirCard business, which it said had $247 million in revenue in 2012.

San Jose, Calif.-based Netgear added that it expects fourth-quarter revenue of between $305 million and $310 million and adjusted operating profit margin of 11 percent to 11.5 percent, similar to the guidance it gave nearly three months ago. Analysts expect revenue of $308.1 million, according to FactSet.

Sierra Wireless said that it expects fourth-quarter financial results to be in line with its Nov. 1 forecast, including full-year revenue of $644 million, in line with analysts' forecast of $643.6 million. The company said that earnings adjusted to exclude divested businesses and other items were "modestly positive" in the fourth quarter.

Sierra Wireless plans to issue results after the market closes Feb. 6.

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