II-VI Buys Oclaro's Semiconductor Laser Business

The Associated Press

Laser and optics manufacturer II-VI Inc. has acquired the semiconductor laser business of Oclaro Inc. for $92 million.

Oclaro's shares jumped 30 percent to $1.38 before the opening bell Thursday.

II-VI is acquiring semiconductor laser technology used in laser system products for material processing, medical, consumer and fiber optic communications. The Swiss company will be operated as II-VI Laser Enterprise GmbH.

As part of the deal, Oclaro retained $15 million in accounts receivable. In addition, $6 million of cash is being held back by II-VI for 15 months and another $2 million is being held back by II-VI for potential working capital adjustments.

II-VI financed the deal with available cash and debt under an expanded credit facility. For the rest of the fiscal year ending June 30, the business is expected to generate about $70 million in revenue, but reduce earnings by between 8 cents and 12 cents per share. That includes 6 cents per share in estimated one-time acquisition-related charges.

For the current quarter ending Sept. 30, the business is expected to reduce earnings by 7 cents or 8 cents per share, which also includes the 6 cents per share in one-time charges.

The deal is expected to boost earnings for the fiscal year ending June 30, 2015, II-VI said.

II-VI also paid another $5 million for an exclusive option to buy Oclaro's amplifier and micro-optics business for $88 million in cash. This option will expire if not exercised by II-VI within 30 days.

The two companies also entered into a multi-year supply agreement under which II-VI will provide semiconductor laser products to Oclaro's amplifier and micro-optic business.

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