

Pirelli to invest \$20 mln in U.S.'s CyOptics as part of alliance

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MILAN (Thomson Financial) - Pirelli & C SpA said it is investing \$20 million in a capital increase at U.S. company CyOptics as part of a strategic alliance between the two companies in the photonics sector for telecom components.

The alliance involves Pirelli's acquisition via the capital increase of a 30 percent stake in CyOptics and the merger of Pirelli's unit PGT Photonics with CyOptics.

'This investment is coherent with Pirelli's strategy to grow in photonics via mergers with other operators,' said Pirelli chairman Marco Tronchetti Provera in a statement.

The combined business will have annual sales of \$80 million, Pirelli said, noting PGT is valued at \$40 million in the deal.

CyOptics is a leader in optical components such as lasers and sensors using Indium Phosphides, while PGT has developed silicon-based technologies, it said.

The merger will allow for introduction of various optical components able to improve flexibility and reduce costs for managing telecoms networks, it said.