Garmin buys German navigation co to expand in Europe

Garmin Ltd said it bought Germany-based navigation provider Navigon AG for an undisclosed sum as it looks to expand in Europe and improve its position against archrival TomTom.

Garmin and Dutch navigation and digital map maker TomTom have been struggling to fend off competition from Google Inc and Nokia, which offer free navigation on mobile devices.

"We can rapidly expand our automotive OEM footprint and capabilities through this transaction," Garmin's Chief Operation Officer Cliff Pemble said in a statement.

Navigon, which has popular navigation applications for Apple Inc's iPhone and Google's Android platforms, will help drive revenue for the combined company, Garmin said in a statement.

The European private firm has a strong presence especially in German-speaking countries and has the top grossing app in Finland ahead of TomTom.

Navigon, 90 percent owned by private equity firm General Atlantic Partners, sells its MobileNavigator Europe application for $74.99 in the iTunes app store.

Navigon will operate as a unit of Garmin.

A German daily reported in early June on Garmin's negotiations to buy Navigon for around 50 million euros ($72.14 million), citing people familiar with the talks.

Garmin's personal navigation devices used to be a must-have gadget for car owners not long back, but competition from smartphones offering free navigation services has seen its key automotive/mobile segment shrinking.

The segment, which accounted for about 60 percent of Garmin's sales in 2010, has been shrinking for more than two years now, prompting the company to looks for new streams of revenue.

Garmin shares were up 1 percent at $32.83 in afternoon trade on Tuesday on Nasdaq.

(Reporting by Saqib Iqbal Ahmed in Bangalore and Tarmo Virki in Helsinki; Editing by Don Sebastian)

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