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GE to Acquire Aviation Business of Avio S.p.A

December 21, 2012

FAIRFIELD, CT (USA) and MILAN (Italy) -- GE announced today that it has agreed to purchase the aviation business of Avio S.p.A., an Italy-based manufacturer of aviation propulsion components and systems for civil and military aircraft, for \$4.3 billion U.S. (€3.3 billion).

The announcement was made today in Milan, Italy, by David Joyce, president and CEO of GE Aviation, and Nani Beccalli, president and CEO of GE Europe.

GE plans to acquire Avio's aviation business from Cinven, a leading European private equity firm that has owned Avio since 2006, and Finmeccanica, the Italian aerospace group. The transaction is subject to regulatory and governmental approvals. GE will not be purchasing Avio's space unit.

The acquisition of Avio's aviation business, which provides components for GE Aviation and other engine companies, would further GE's participation in jet propulsion, one of the most attractive sectors of the aviation industry.

Avio will strengthen GE's global supply chain capabilities as its engine production rates continue to rise to meet growing customer demand. Avio and its customers will benefit from GE's planned investment in expanding Avio's products and services. Additionally, GE sees excellent opportunity in the acquisition of Avio related to margin expansion.

Founded in 1908 and headquartered in Turin, Italy, Avio operates in four continents and employs about 5,300 people, 4,500 of whom are in Italy, including approximately 800 in the space unit. In the jet propulsion industry, Avio is a provider of low-pressure turbine systems, accessory gearboxes, geared systems, combustors and other components. Avio's 2011 revenues in the aviation sector were €1.7 billion (\$2.4 billion U.S. dollars) with more than 50 percent of that revenue derived from components for GE and GE joint venture engines.

The purchase price to be paid by GE for Avio's aviation business represents a multiple of approximately 8.5x based on 2012 estimated earnings before interest, taxes, depreciation and amortization.

Avio has supplied components to GE Aviation since 1984 and has content on engines ranging from the large GE90 and GEnx turbofan engines for the commercial aircraft sector, to the smaller CT7/T700 turboshaft engine family for civil and military helicopters. These GE engines are among the best-selling in aviation and are expected to provide a profitable, long-term revenue stream for the company.

This acquisition will create additional opportunities to offer Avio's products and services beyond the aviation industry. GE plans to pursue new opportunities for Avio in power-generation, oil, and marine products. For example, Avio's capabilities in transmission systems present potential growth opportunities in multiple sectors.

"We look forward to Avio joining the GE family," said David Joyce, president and CEO of GE Aviation. "We have worked closely with Avio for decades, and we anticipate a bright future together. This acquisition is a great strategic fit with our existing portfolio. Avio has technologies, capabilities and outstanding engineers to help grow our business. GE is an excellent corporate citizen in Italy, and we are very excited to grow the relationship."

"The deal with General Electric is a recognition of Avio's competencies, technologies and growth record," said Francesco Caio, CEO of Avio. "It lays the foundations for the next phase of development for our company and will enable our teams and plants to become centers of excellence in transmissions and turbines for one of the leading companies in this field. This will open up many new opportunities for our people, our research centres and manufacturing in Italy. Our space division, which will not see a change of ownership in the short term, enters a new phase. Cinven and Finmeccanica will work together to establish the most appropriate set of industrial alliances to ensure long-term competitiveness and compliance with national and European interests."

GE, parent company to GE Aviation, already has a significant presence in Italy with more than 7,000 employees in seven GE businesses at more than 20 locations in-country, including a research and development center and learning center. Almost 20 years ago, GE acquired Nuovo Pignone in Florence, which has been transformed into the global headquarters of GE Oil & Gas.

GE Aviation, an operating unit of GE (NYSE: GE), is a leading provider of jet, turboshaft, and turboprop engines, components and integrated systems for commercial, military, business and general aviation aircraft. GE Aviation has a global service network to support these offerings.

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If you are a member of the press and have additional questions, please contact us by e-mail (<mailto:aviation.gemediarelations@ge.com>).

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GE Aviation

GE Aviation is a world-leading provider of commercial, military and business and general aviation jet and turboprop engines and components as well as avionics, electrical power and mechanical systems for aircraft. GE has a global service network to support these offerings. GE and its customers are also working together to unlock new opportunities to grow and deliver more productivity beyond traditional services. GE Aviation is becoming a digital industrial business with its ability to harness large streams of data that are providing incredible insights and in turn, real operational value for customers.

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