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Finmeccanica reduces its stake in Avio

Today, an agreement was reached for the resizing of Finmeccanica's shareholding in Avio, company operating in the development and the production of large engines and important components in the aeronautic and space sector.

Under the agreement, the group will sell its 30% stake in Avio to the Cinven investment funds for a gross sum of around EUR 430 million, with an enterprise value for 100% of Avio of EUR 2,57 billion. Tripling the original investments with an annual return of more than 50%. Likewise, the Carlyle Group will sell its stake in Avio to Cinven.

At the same time, Finmeccanica will buy back a 15% shareholding in Avio for a sum currently estimated at around EUR 150 million. The final sum will depend on the financial structure of the transaction.

Under the new shareholders' agreements between Finmeccanica and Cinven investment funds, the corporate governance structure will be equivalent as before, including the option for Finmeccanica to acquire Avio's Space business unit.

Finmeccanica can exercise an option to increase its stake in Avio up to 30% before the transaction is completed. This is expected to occur by the end of this year, once the go-ahead has been received from the regulatory authorities. The capital gain from the operation will depend on the shareholding stake held by Finmeccanica once the transaction is concluded.

Pier Francesco Guarguaglini, Chairman and CEO of Finmeccanica commented: "we are very pleased with the investment made and with our partnership with Carlyle and we are convinced that the collaboration with Cinven and the company's management will allow Avio to continue to grow profitably".

Finmeccanica has been advised by the law firm Pavesi Gitti Verzoni.