

Avio Deal Takes Off

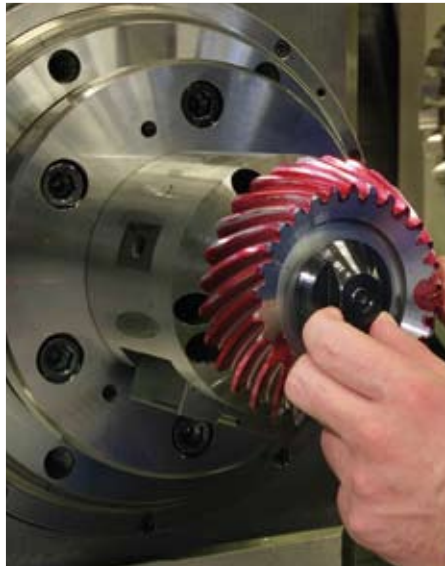
Cinven has successfully completed the €2.57 billion purchase of Avio, the leading Italian aerospace company.

As well as being Cinven's first Italian investment, the transaction is the second largest buyout completed in Italy and the largest ever private equity investment underwritten by a private equity player in Italy.

Avio is a world leader in the design, manufacture and servicing of key jet propulsion subsystems and components. It is organised into five main divisions: Civil, Military, Space, Marine, and the Maintenance, Repair and Overhaul (MRO) of jet engines. With 4,800 employees working out of 16 locations worldwide, Avio is forecasting a 2006 turnover of €1,395 million.

As well as being No 1 in the world in the design and manufacture of accessory and power transmission gearboxes for jet engines, Avio is a Tier 1 partner to General Electric, Rolls Royce and Pratt & Whitney, a key supplier to the Eurofighter and US F-35 Joint Strike Fighter programmes, and sole supplier of complete solid rocket motors to the European space programme. It also produces industrial aeroengine derivatives, marine automation systems and naval propulsion modules.

Avio is a technological leader in critical components and has developed excellent long term relationships with a range of manufacturers and clients in both civil and military sectors.



A backlog of orders and fixed, long term contracts offer earnings visibility and excellent cash flow across its balanced portfolio of activities.

"We are delighted to add to our portfolio a company which is a global leader in its sector and a champion of Italian technological excellence. We are committed in supporting the Company and its outstanding management team by continuing to invest in technology, innovation and growth" said

Roberto Italia, Cinven Partner in charge of Italy.

Simon Rowlands, a Cinven Founding Partner, sums the transaction up: "Helping Avio develop as a business is a great opportunity for us. It was made possible by the vision and application of our sector and Italian teams who have been following Avio for some while prior to the transaction emerging. Of course, it is the best way possible to mark the opening of our Milan office."

Cinven opens new office in Milan

June 2006 saw the opening of Cinven's new office in Milan.

Situated in the Palazzo Gallarati-Scotti at Via Manzoni 30, the office shows Cinven's commitment to Italy's growing private equity market. It is also a vital element in the company's drive to broaden sectoral knowledge and strengthen key relationships with businesses across the continent.

With the fourth largest economy in Europe, Italy has about a 10% share of the PE market, with large deals making up an increasing proportion of the total.

At the same time, the particular structure and texture of the Italian corporate sector create further opportunities for private equity investment. There are succession issues similar

to those of the German *Mittelstand*, with a mature entrepreneur base considering exit opportunities. Other mid-size companies are looking to strengthen their capital bases in order to compete globally.

Cinven's strategy will be based on a proactive, highly focused approach, with the Italian and industry sector teams working together to identify potential target businesses. The presence on the ground will make this easier, as Cinven Partner Roberto Italia confirms. "Our presence in Italy is vital for a number of reasons which boil down to this: being on the ground not only shows commitment, it is key to developing contacts and building quality sectoral knowledge."



Roberto Italia



Valerio Massimo



Cinven Wins First Prize for Fitness

Cinven's €1.2 billion sale of Fitness First won the Large Deal of the Year Award at the 2006 Real Deals Private Equity Awards.

The divestment to BC partners in September 2005 ended a chapter in Fitness First's history that saw it transformed from stock market Cinderella to the world's No 1 fitness chain with over 1.1 million members, served by 424 clubs in 15 countries.

Cinven Partner Yagnish Chotai commented: "We're grateful for this award that recognises the tremendous work done by our team and Fitness First's management in getting the business back to winning ways. All in all, it was a magnificent achievement."



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