

NOT FOR DISTRIBUTION OR RELEASE, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES, CANADA, AUSTRALIA (OTHER THAN PERSONS IN AUSTRALIA TO WHOM AN OFFER OF SECURITIES MAY BE MADE WITHOUT A DISCLOSURE DOCUMENT IN ACCORDANCE WITH CHAPTER 6D OF THE CORPORATIONS ACT (CTH) 2001) OR JAPAN OR ANY OTHER JURISDICTION IN WHICH THE DISTRIBUTION OR RELEASE WOULD BE UNLAWFUL. OTHER RESTRICTIONS ARE APPLICABLE. PLEASE SEE THE IMPORTANT NOTICE AT THE END OF THE PRESS RELEASE.

AVIO: STRONG GROWTH IN REVENUES AND PROFITABILITY IN THE FIRST HALF OF 2011

Shareholders' meeting mandates the Board of Directors to proceed with filing for an IPO on the Italian Stock Exchange

Rivalta di Torino (TO), 29 July 2011 - The Board of Directors of Avio, an international aerospace group headquartered in Italy and a leader in propulsion systems, met today under the chairmanship of Alan Bowkett, to approve the first half of 2011 financial results.

1H2011 RESULTS

Main consolidated indicators (Euro millions):

	30 June 2011	30 June 2010	Change
Average €/US\$ exchange rate	1.40	1.33	
Revenues	898.8	812.1	+10.7%
- AeroEngine	745.4	664.0	+12.3%
- Space	132.5	124.9	+6.1%
- Civil MRO (AvioService)	20.9	23.3	-10.3%
Adjusted EBITDA ⁽¹⁾	189.8	166.7	+13.9%
- % of Revenues	21.1%	20.5%	

	30 June 2011	31 December 2010	Change
Net financial debt ⁽²⁾	1,411.5	1,492.9	-5.5%

During the six months ended 30 June 2011, Group **revenues** rose to **Euro 898.8 million**. This marked a 10.7% increase despite the unfavourable impact of the €/US\$ exchange rate, which grew from 1.33 in the first half of 2010 to 1.40 during the same period of 2011. At constant exchange rate, revenues rose by 14.3%, largely driven by the strong sales of modules and components for aeroengines.

Adjusted EBITDA ⁽¹⁾ reached **Euro 189.8 million**, up by 13.9% compared to Euro 166.7 million for the equivalent period of 2010, corresponding to **21.1% of revenues** (20.5% in 2010), driven by a more favourable sales mix and constant attention to costs and process efficiency.

The **orderbook** was Euro **5.9 Billion**, equal to 3.3 times the 2010 revenues.

“Results of first half of 2011 show Avio’s ability to grow in revenues and profitability: thanks to the investments made, Avio owns the know-how and the distinctive positioning to best exploit the opportunities in the growing aeronautical sector” said Francesco Caio, CEO of Avio.

Trend of Activities

AeroEngine Sector (including civil, military, aero-derivatives and electronics)

With a 12.3% growth, AeroEngine was the Group’s strongest performing Sector. While revenues are mainly denominated in US\$, and thus suffer from the currency effect, the sector still managed to achieve Euro 745.4 million revenues, due to a recovery in air traffic that boosted deliveries of GE90, CF6-80 and V2500 civil engines as well as spare parts sales. The positive sales trend in the EJ200 (Eurofighter Typhoon) contributed to the growth of the military aeroengine revenues. Marine activities, both civil (LM2500 programme) and military, recovered. In addition, Avio recently participated in the launch of the first Italian FREMM frigate, powered by an Avio-GE turbine engine.

Space Sector

Space Sector activities generated revenues of Euro 132.5 million, a 6.1% increase against Euro 124.9 million for the corresponding period in 2010. This was mainly due to the stability of the satellite launcher business and to the positive trend in tactical propulsion.

AvioService Sector

Revenues from MRO activities for civil aeroengines and aeronautical modules and components declined by 10.3% at Euro 20.9 million. Reorganization actions allowed the Sector to maintain profitability in line with the first half of 2010.

Financial Position

Net financial debt ⁽²⁾ as of 30 June 2011, decreased to **Euro 1,411.5 million** from Euro 1,492.9 million at the end of 2010, due to the positive currency effect on the US\$ denominated debt. This allowed a further improvement in the leverage ratio (Avio net financial debt/Adjusted EBITDA), which dropped from 4.4x to 3.9x (calculated on the LTM adjusted EBITDA).

IPO PROJECT

Avio’s general ordinary Shareholders’ meeting was also held today in Rivalta di Torino to mandate the Board of Directors to proceed with filing for an Initial Public Offering of Avio’s shares on the Milan Stock Exchange (Mercato Telematico Azionario - “MTA”), managed by Borsa Italiana.

The general extraordinary Shareholders’ meeting approved a capital increase to serve the offer, with the exclusion of pre-emption rights, and adopted a new version of the Company’s By-laws (subject to the listing taking place) in compliance with the listing rules of the Milan Stock Exchange.

Not for release, publication or distribution in the United States, Canada, Australia (other than persons in Australia to whom an offer of securities may be made without a disclosure document in accordance with Chapter 6D of the Corporations Act (CTH) 2001) or Japan or any other jurisdiction in which the distribution or release would be unlawful.²

Time-schedule and characteristics of the process will be defined in the second half of the year.

The banks that assisted the Company in the first stage are Banca IMI, Deutsche Bank, J.P. Morgan, Morgan Stanley and Barclays Capital as Joint Bookrunners. Rothschild is acting as the financial advisor, KPMG serves as the industrial advisor and Chiomenti Studio Legale and Sullivan & Cromwell LLP are acting as legal advisors to the Company. Deloitte & Touche is the external auditor.

ABOUT AVIO

Avio is an international group, leader in the aerospace industry, based in Turin (Italy). Founded in 1908, it is present on four continents with sales offices and 12 industrial production sites. It has approximately 5,500 employees, of which 4,700 are based in Italy. Company revenues in 2010 were Euro 1.75 billion. Avio is active in the field of technological research and development through a network of laboratories within Italian university campuses and collaborations with 24 Italian and international universities and research centres.

CONTACTS

Avio Group Press Office

Tel. +39.011.0084171 - Fax. +39.011.0084163

E-mail: press.office@aviogroup.com

Web: www.aviogroup.com

Avio Group Investor Relations

Tel. +39.011.0084172 - Fax. +39.011.0084163

E-mail: ir@aviogroup.com

These materials may not be published, distributed or transmitted in the United States, Canada, Australia or Japan. These materials do not constitute an offer of securities for sale or a solicitation of an offer to purchase securities (the "Shares") of Avio S.p.A. (the "Company") in the United States, Italy or any other jurisdiction. The Shares of the Company may not be offered or sold in the United States absent registration or an exemption from registration under the U.S. Securities Act of 1933, as amended (the "Securities Act"). The Shares of the Company have not been, and will not be, registered under the Securities Act.

Banca IMI, Barclays Capital, Deutsche Bank, J.P. Morgan and Morgan Stanley are acting exclusively for the Company and no one else in connection with the proposals referred to in this announcement and will not regard any other person (whether or not a recipient of this document) as their clients in relation to such proposals and will not be responsible to anyone other than the Company for providing the protections afforded to their clients nor for giving advice in relation to any matter referred to in this announcement.

¹ The Adjusted EBITDA is considered as a highly representative indicator for measuring the Group's economical results as - besides not considering the effects of taxation variations, the amounts and typologies of the financing sources of the capital invested and the depreciation and amortisation policies (items not included in EBITDA) - it also excludes those factors considered by the management as non-recurring or exceptional, so as to normalise the trend of the same results, over time, and increase their comparability.

² Avio net financial debt represents the effective debt position in respect to financing received from third parties, as it excludes from the Group's net financial position the financial payable to Parent Company, as well as net liabilities related to the fair value of derivative instruments. The 31 December 2010 figure, calculated for comparative purposes, was accordingly determined in order to represent the overall debt position in respect to third-party lenders.