

GKN Driveline Continues Rapid Growth in China

BEIJING – GKN Driveline continues its rapid growth in China with plans for a 12th manufacturing facility, expansion of an existing research centre and the introduction of new low-cost and electric-hybrid technologies for the Chinese market.

At a media briefing at Auto China 2010, Stefan Magirius, president - GKN China, announced the company will break ground this month for a new manufacturing facility in Changchun in northeast China. The 14,556 square-metre facility is scheduled to open in 2011 and will produce one million constant-velocity driveshafts per year.

Employment at the Changchun plant is expected to reach 250 by the end of 2011. A further 10,000 square-metre, phase-two expansion of the facility will increase annual production capacity to three-million units.

Changchun is the second new plant GKN has constructed in the last 18 months in China. In November 2009, the company opened its 11th plant in Wuhan, which produces sideshafts for vehicle manufacturers in central China. The 44,000 square-metre Wuhan facility is scheduled to produce 500,000 sideshafts this year with production increasing to one-million in 2011 and two-million by 2012.

Three years ago the company started production of transmission differentials for major vehicle manufacturers at a new wholly-owned facility in Pudong, Shanghai. Annual production capacity will be increased to more than 600,000 differentials later this year and the GKN Driveline Shanghai plant will launch its first power take-off unit (PTU) for AWD vehicles in July.

Magirius also announced the expansion of GKN's Shanghai Technical Centre originally established in 2000. The facility, supported by GKN Driveline's research and product

development centres around the world, enables GKN Driveline to remain a technology leader for automotive systems and components in the Chinese driveline market.

“We continue to see strong demand for our technology-leading driveline systems in the Chinese market,” said Magirius. “GKN has invested in China since 1988 and we plan on maintaining our leadership position within the automotive supply base here in what has become the world’s largest and fastest growing market.”

Magirius reported that GKN also is developing a new line of low-cost driveline products for vehicles built by domestic automakers for sale in China. The new GKN Driveline systems are being designed at the company's Shanghai Technical Centre and built around the capabilities of local component suppliers to help meet demanding customer cost requirements.

He noted that GKN's “next generation” of low-cost products initially will be aimed at the country’s highly competitive small-car market segment. “We plan to fully localise the supply of materials and parts for these new products, while at the same time maintaining our best-in-class manufacturing processes,” Magirius pointed out.

GKN Driveline is also introducing its next generation of high-technology driveshaft systems and components in China which will enable vehicle manufacturers to provide consumers with products that are:

- Lighter by up to two kilos per vehicle set
- More efficient with improved fuel economy and reduced CO2 emissions
- Easier to park with turning-circle reductions of one metre or more
- Quieter, due to reductions in driveline noise, vibration and harshness

He added that GKN Driveline is rapidly developing driveline systems for hybrid and electric vehicles in China.

“With more than eight years of production experience based on our ‘e-Drive’ technology, we clearly have recognised this as a key area for future growth,” Magirius said. “There are more than 200,000 hybrid electric cars equipped with GKN Driveline components already on the road in Asia.

”Next year PSA Peugeot Citroën HYbrid4 technology will be launched on the Peugeot 3008 and on the Citroën DS5. Again, GKN Driveline is at the heart of Hybrid4.

Information about GKN Driveline’s global operations is available on the Internet in Mandarin as well as a number of other languages at www.gkndriveline.com.

About GKN China

GKN has operated in China for more than 20 years and currently employs some 4,000 people across its Driveline, Powder Metallurgy and OffHighway businesses. Current plans envisage that the Group's China workforce will increase to around 6,000 within four years. This would make China the third largest concentration of employment within the global GKN Group.

About GKN Driveline

GKN Driveline is the world’s leading supplier of automotive driveline components and systems. As a global company serving the world’s leading vehicle manufacturers, GKN Driveline develops, builds and supplies an extensive range of automotive driveline components for use in the smallest ultra low-cost car to the most sophisticated premium vehicle demanding the most complex driving dynamics.

GKN Driveline is a leading global producer of sids shafts, prop shafts, mechanically and electronically controlled torque management systems and associated geared components.

www.gkndriveline.com

About the GKN Group

GKN plc is a global engineering business serving mainly the automotive, industrial, off-highway and aerospace markets. It has operations in more than 30 countries, around 38,000 employees in subsidiaries and joint ventures and had sales of £4.5 billion in the year to 31 December 2009. GKN plc is listed on the London Stock Exchange (LSE: GKN).

www.gkn.com

Company Contact:

Paul Dinwiddy
Global Communication Director
GKN Driveline
Tel: + 44 1527 533 646
Mobile: + 44 7801 077 523
Email: paul.dinwiddy@gkndriveline.com

Media Contact – China:

Fanny Feng
EBA Communications
Tel: + 8610 6522 8081 (ext. 206)
Email: fanny.feng@ebacomms.com

Media Contact – Americas:

Larry Weis or Craig Miner
AutoCom Associates
Tel: + 1 248 647 8621
Mobile: + 1 248 705 4448
Email: lweis@usautocom.com or
cminer@usautocom.com

Media Contact – Europe:

Simon Pearson
Tel: + 44 207 861 3158
Mobile: + 44 7836 744 192
Email: simon@s-pearson.com