

News Release

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GKN DRIVELINE PRODUCTION EXPANSION AND NEW TECHNOLOGY FOR CHINA

SHANGHAI, 18th April 2011 -- GKN Driveline continues to grow, expanding production and bringing the latest automotive driveline technology to China.

GKN Driveline expects vehicle production in China to reach 15 million units by 2014. To keep pace with customer demand, GKN Driveline's production capacity for CVJ (constant velocity joint) systems and AWD (all-wheel-drive) systems in China also will grow by more than 50 percent in the next four years.


Marc Vuarchex, managing director for GKN Driveline's Asia Pacific region, said that manufacture in China of the company's propshafts for AWD vehicles is expected to nearly double from 400,000 in 2010 to 800,000 in 2014.

He added that the number of GKN Driveline employees in China also is expected to climb by 50 percent over a five-year period, noting that the company plans to introduce industry-leading electric-vehicle technology and produce new, low-cost systems for China's small-car market as well.

GKN Driveline currently has more than 36 electric and hybrid-electric vehicle projects underway with major automakers around the world, including several programmes for manufacturers in China. In Europe, GKN Driveline hybrid technology debuts this year on the Peugeot 3008 HYbrid4.

In addition to the development of electric-drive axles (eAxles) for Peugeot- Citroën, GKN Driveline is developing electric-drive transmissions (eTransmissions) for several electric-car programmes scheduled for production in Asia and North America. Assembly of GKN Driveline's eTransmissions in China is expected to begin in 2012.





Vuarchex reported that GKN Driveline will be introducing a "new generation" of low-cost products aimed at China's highly competitive small-vehicle market -- products that rely on local suppliers for materials and components while maintaining GKN Driveline's reputation for best-in-class quality.

The company's manufacturing footprint in China has grown at a rapid pace in recent years.

GKN this year is opening its 12th production facility in China -- a 14,556-square-metre plant in Changchun with capacity to build one million sids shafts a year. Employment at the new facility is expected to reach 250 by the end of the year. A 10,000-square-meter, phase-two expansion of the plant will increase its capacity to 2.5-million sids shafts within the next five years.

In 2009, the company opened a plant in Wuhan to build sids shafts for automakers in central China. The 44,000-square-meter plant produced 500,000 sids shafts last year with production doubling to one million in this year and doubling again to two million in 2012.

Four years ago, GKN Driveline started to build transmission differentials for major vehicle manufacturers in Pudong, Shanghai, where it recently added production of power transfer units (PTU) for AWD vehicles.

"Our success in China parallels the rapid growth of this country's auto industry," Vuarchex said. "Interest in our CVJ Systems, AWD Systems, Trans Axle Solutions and eDrive Systems technologies has never been stronger. We're proud to be part of the largest, most dynamic and rapidly growing automotive market in the world."

Over the next five years GKN Driveline will be investing 80 million RMB to expand its research and development centre in Shanghai. The expansion will lead to the development of prototyping facilities, as well as materials and metrology capability, to allow products to be developed for the domestic Chinese market. It also will more than double the number of engineers employed to 120 and allow such work to be done in China for the first time.



About GKN Driveline

GKN Driveline is the world's leading supplier of automotive driveline systems and solutions. As a global business serving the leading vehicle manufacturers, GKN Driveline develops, builds and supplies an extensive range of automotive driveline systems – 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 CVJ Systems, AWD Systems, Trans Axle Solutions and eDrive Systems.

www.gkndriveline.com

About GKN in China

With over 20 years in China, GKN employs 4,000 people across its Driveline, Powder Metallurgy and Land Systems businesses. Continued investment in China over the next five years will see the numbers employed rise to 6,000.

GKN was the first global automotive supplier to invest in China in 1988.

www.gknchina.com

About GKN Group

GKN plc is a global engineering business serving mainly the automotive, aerospace and land systems markets. It has operations in more than 30 countries, around 38,000 employees in subsidiaries and joint ventures and had sales of £5.4 billion in the year to 31 December 2010. GKN plc is listed on the London Stock Exchange (LSE: GKN)

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