

# News Release

## GKN Driveline Redditch

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## GKN to acquire Getrag's Driveline Products Business

**Redditch, UK, 28 July, 2011**

GKN plc today announces its agreement to acquire the all-wheel-drive (AWD) components businesses of Getrag KG, the privately held German company controlled by the Hagenmeyer family. The businesses being acquired, together referred to as "Getrag Driveline Products", are Getrag Corporation, a joint venture with Dana Corporation based in the United States, and Getrag All Wheel Drive AB, a joint venture with Dana Holding Corporation and Volvo Car Corporation based in Sweden.

The core business of Getrag Driveline Products is the Tier 1 supply of geared driveline products, namely Power Transfer Units (PTU) and Rear Drive Units (RDU) for AWD vehicles, along with Final Drive Units (FDU) for high performance rear wheel drive vehicles. Current activities also target the future supply of transmission and axle products for hybrid and electric vehicle drivetrains.

Getrag Driveline Products, which will be integrated into GKN Driveline, is an excellent fit with GKN's existing range of products and technology. With operations in the United States and Europe, Getrag Driveline Products has a product, manufacturing and customer footprint that is complementary to GKN's own geared product business, which is predominantly based in Asia. The combined businesses will be the leading global player in AWD driveline products with an excellent customer base and product portfolio.

Nigel Stein, CEO of GKN Driveline said: "This acquisition is a significant step forward for Driveline, accelerating our strategy for growth in AWD systems and hybrid/electric drivetrains. Production of AWD vehicles is forecast to grow at above market rates reflecting increasing demand globally for crossover vehicles and compact SUVs. Combining our engineering and technology resources will strengthen our ability to provide customers with leading-edge technology, fuel-efficient solutions and to develop next generation drivelines."



As part of the overall transaction, GKN is also acquiring an exclusive licence, principally for Europe and the Americas, to Getrag's electric drivetrain technology for use in electric and certain hybrid vehicles.

The acquisition cost comprises a cash consideration of £283 million for the equity at closing together with further deferred consideration of up to £12 million depending on Getrag Driveline Products' success in achieving future business awards. Presently Getrag Driveline Products has net cash of approximately £15 million and therefore the current enterprise value, including the deferred element, is £280 million. Closing of the transaction is expected during September 2011, subject to customary conditions and necessary regulatory approvals. The acquisition will be funded from the Group's existing resources.

For the last audited year ended 31 December 2010, Getrag Driveline Products achieved consolidated sales of approximately £380 million, EBITDA of £50 million, profit before taxation of £25 million and gross assets were £250 million. The transaction is expected to be earnings enhancing on a management basis from the first full year of ownership. Looking forward, strong growth in Getrag Driveline Products is expected from 2014, as recent new programme wins enter production.

### **Cautionary Statement**

*This announcement contains forward looking statements which are made in good faith based on the information available at the time of its approval. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a number of risks and uncertainties that are inherent in any forward looking statement which could cause actual results to differ materially from those currently anticipated.*



## **Editor's notes:**

### **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 CVJ Systems, AWD Systems, TransAxle Solutions and eDrive Systems.

[www.gkndriveline.com](http://www.gkndriveline.com)

### **About the 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 40,000 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).

[www.gkn.com](http://www.gkn.com)

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GKN Driveline's product segments include:

### **CVJ Systems**

- GKN Driveline's constant velocity joint systems provide space, weight and fuel savings with greater all round efficiency.
- GKN Driveline supplies the most extensive range of CVJ systems – used in the smallest ultra-low cost car through to the most sophisticated premium vehicle.

### **AWD Systems**

- GKN Driveline has full all-wheel drive systems capability.
- GKN Driveline's all-wheel drive couplings improve vehicle handling, stability and traction by intelligently distributing power, and disconnecting technology can supplement low drag and inertia for ultimate efficiency.

### **Trans Axle Solutions**

- GKN Driveline produces highly durable open differentials and has the most extensive range of limited slip differentials (LSD), from the smallest super LSD to the largest electronically controlled axle locker.
- For the ultimate capability, GKN Driveline's torque vectoring solutions provide the answer.

### **eDrive Systems**

- GKN Driveline's pioneering electric drive technology is used in 250,000 vehicles today.
- GKN Driveline's eDrives are designed for the new generation of fuel efficient, low emission electric and hybrid vehicles.

