

GKN DRIVELINE CONTINUES TO INVEST IN CHINA

23rd June 2010, Shanghai, China – GKN, the world leader in driveline systems and solutions continues to invest in China. The Shanghai Technical Centre at Shanghai GKN Driveshaft (SDS) will provide additional product-development support for customers throughout China.

Stefan Magirius, president of GKN China said “the Shanghai Technical Centre is linked with GKN Driveline’s research-and-product development centres throughout the world and plays an increasingly important role in supporting our continued growth in China.”

GKN Driveline will introduce its next generation countertrack™ high-technology driveline systems in China, enabling Chinese vehicle manufacturers to provide consumers with products that are smaller, lighter and more fuel efficient and so minimise CO2 emissions.

GKN is also developing driveline systems for hybrid and electric vehicles to be built in China, as well as new low-cost drivelines.

“More than 200,000 hybrid electric cars equipped with GKN components are already on the roads in Asia,” Stefan Magirius said. “GKN Driveline’s ‘e-Drive’ technology has been in production for more than eight years. We clearly recognise this segment as an important area for future growth.”

GKN’s “next generation” of low-cost products will be aimed at China’s highly competitive small-car market, he said, noting that GKN plans to rely on local suppliers for materials and components while maintaining best-in-class manufacturing processes.

GKN continues to grow its manufacturing base in China. The company broke ground this spring at a production facility in Changchun in northeast China. The 14,556-square-metre facility is scheduled to open in 2011 with an annual production of one-million sids shafts.

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

Last November, the company opened a plant in Wuhan to build sids shafts for vehicle manufacturers in central China. The 44,000-square-metre Wuhan facility is scheduled to produce 500,000 sids shafts this year with production increasing to one-million in 2011 and two-million in 2012.

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

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

Information about GKN Driveline’s global operations is available on the Internet in Mandarin as well as 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 Off-Highway businesses. Current plans envisage that the company's China workforce will increase by 50 percent to 6,000 within four years.

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 sideshafts, propshafts, mechanically and electronically controlled torque management systems and associated geared components.

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). Additional information is available at www.gkn.com

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