

What drives GKN

Technology and engineering from GKN are at the heart of the vehicles and aircraft from the world's leading automotive and aerospace manufacturers.

40,500 people work in GKN companies and joint ventures in more than 30 countries.

Every day we harness our considerable technology and manufacturing resources to supply the highest-quality systems, structures, components and services.

When we fulfil the trust our customers place in us we can enrich our shareholders, reward our people and support our communities.

And because we respect the environment and the dignity and human rights of others we are building a business which can be sustained by future generations.

Everyone involved with a great company should expect nothing less. But those with a stake in the performance of GKN should expect more.

21st century global leadership in our major automotive and aerospace businesses, when our history spans more than 240 years, speaks for standards of adaptability, innovation and excellence which are difficult to surpass.

Expect more from GKN.

In 2004 GKN achieved sales of £4.4 billion and profit* of £221 million.

*Profit before tax, goodwill amortisation and exceptional items. Statutory profit before tax £629 million (2003 – £173 million).

2004: A time of transition for GKN

- A year of significant transition
 - Disposal of 50% shareholding in AgustaWestland transforms balance sheet
 - Control of TFS secures leading torque technology position
 - Driveline deployment to low-cost, high-growth regions begins
- Group profit before tax, goodwill amortisation and exceptional items down 10% in line with expectations
 - Impact of global raw material and energy cost increases
 - Negative currency and pension impact; positive depreciation change
 - Continuing operations operating profit level with 2003 before increase in charge for UK pension deficit
- Increased Automotive revenues despite flat major markets
- Good second half Aerospace recovery and margin improvement
- Technology-led wins on new US and European aerospace programmes

FINANCIAL PERFORMANCE

	2004	2003	Increase/ (decrease)
Sales	£4,447m	£4,585m	(3)%
Results before goodwill amortisation and exceptional items:			
Operating profit	£268m	£302m	(11)%
Profit before tax	£221m	£246m	(10)%
Earnings per share	21.3p	22.8p	(7)%
Operating exceptional items	£(250)m	£(91)m	n/a
Operating (loss)/profit	£(11)m	£174m	n/a
Exceptional profits on sale of businesses	£687m	£55m	n/a
Profit before tax	£629m	£173m	n/a
Earnings per share	78.8p	13.8p	n/a
Net funds/(borrowings)	£65m	£(793)m	£858m
Dividend per share	11.9p	11.6p	2.6%

Note: 2004 profit includes £11 million benefit from changing the method of charging depreciation from reducing balance to straight line. Results before goodwill amortisation and exceptional items are presented in the above table to show the underlying performance of the Group.

