

Automotive

Automotive comprises: GKN Driveline and Other Automotive

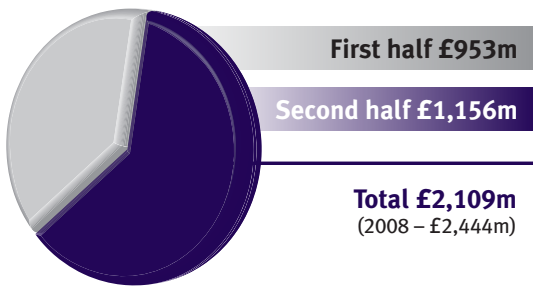
GKN Driveline is the global leader in the production of constant velocity jointed (CVJ) products for use in light vehicles. It also develops and manufactures a broad range of driveline products which deliver power to a vehicle's wheels and manage that power to control the dynamic performance of the vehicle.

The European industrial and distribution services business provides a range of components to the passenger vehicle aftermarket, and repairs and replaces heavy duty propshafts.

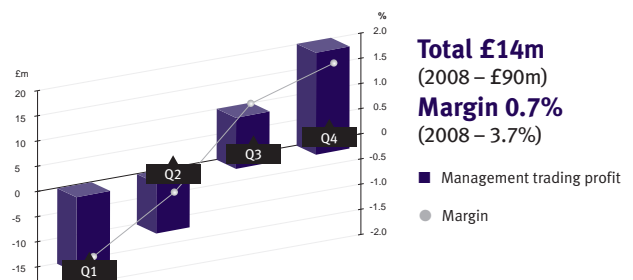
Other Automotive companies manufacture structural components, engine cylinder liners and substrates for catalytic converters for light vehicle and truck applications.



Management sales



Management trading profit and margin



Achievements in 2009

Automotive faced an unprecedented decline in demand early in 2009 as a result of the global recession. The business responded rapidly, reducing operating costs, introducing extensive short-time working and significantly lowering its break-even point.

Despite weak end markets, Automotive achieved a number of new business wins, utilising both existing and new technologies. Although new programme opportunities were more limited than usual, GKN Driveline was successful in winning 95% of replacement driveshaft business and 85% of new business for which it was invited to bid.

Innovative technologies designed to help vehicle manufacturers reduce manufacturing costs, simplify components and reduce fuel consumption and emissions were also introduced. These included Face Spline, a patented cost-

saving and more efficient alternative for connecting the CVJ driveshaft to the wheel hub, and Direct Torque Flow technology, a new design solution to connect the propshaft to a vehicle's transmission in a way that saves weight, assembly time, space and cost.

To build on its 21-year presence in the Chinese market, GKN Driveline signed a new agreement with its partner SAIC to extend the joint venture, Shanghai GKN Drive Shaft, for a further 50 years. Sideshaft production started at a new state-of-the-art facility at Wuhan and plans are well advanced for an additional facility in Chang Chun, northern China, ensuring that capacity continues to be available to take advantage of growth in the Chinese market.

Technology Trends — Electrification



With the automotive industry's continuing focus on fuel efficiency and the reduction of CO₂ emissions, GKN's product range includes innovative solutions for hybrid and electric vehicles.

GKN Driveline's CVJ sideshafts and propeller shafts are already used on a number of platforms and its electric drive axle for PSA Peugeot Citroën's new *HYbrid4* technology will be launched in 2011. The business has joined a consortium of leading suppliers focused on developing advanced drivetrain solutions for electric vehicles and is also developing new axle and transmission products.