



Delivering a Strong GKN Recovery

AGM 2009 – First Quarter Performance

GKN's Markets

- > Global light vehicle production down 35%
- > Off-highway markets down 20% - 50% by half year
- > Civil aircraft production softening, particularly corporate and regional jets

Performance

- > Group underlying sales down 33% - trading loss £12m
 - > Automotive trading loss £47m - Aerospace trading profit £34m
- > Filton acquisition completed January – successful integration crucial
- > Net debt £889m – sub investment grade – dividend suspended
- > Outlook extremely uncertain

AGM 2010

2009 – Delivering a Strong GKN Recovery

- Decisive and broad-ranging actions – 2009 closed in a very satisfactory way
- Extensive restructuring lowers “breakevens” – concludes 2010
- Fourth quarter Group trading margin 6.5%
- Net debt down £589m to £300m
- Aerospace delivers an excellent performance – sales up 48%, trading profit up 61%
- Intention to pay 2010 interim and final dividend

The GKN team at its best

Results Summary*

	2009			2008 £m	Change £m
	H1 £m	H2 £m	Total £m		
Sales	2,174	2,294	4,468	5,272	(804)
Trading profit	23	129	152	258	(106)
Profit before tax	(8)	91	83	170	(87)
Free cash flow	23	113	136	(38)	174
Trading margin	1.1%	5.6%	3.4%	4.9%	(1.5%)

* All figures are on a Management basis, 2008 sales and trading profit at constant currency

Delivering a Strong GKN Recovery

- Market share gains, major new programme wins and exciting new technology launches across the Group

Driveline

- 90% win rate on new and replacement sideshaft business
 - Third plant opened in China and SDS JV extended for 50 years
- Range of new product launches, including latest electronically controlled all wheel drive couplings
- Electric and hybrid product solutions – over 20 projects under discussion



All Wheel Drive
Mini Countryman



GKN Electro-magnetic
Coupling



HYbrid4 Peugeot 3008



GKN HYbrid4
Transmission

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Powder Metallurgy

- > £100m in annualised sales of new business, including £25m re-sourced from competitors
- > Hoeganaes increases market share in Europe and North America
- > Development of first powder forged differential gears for GKN Driveline



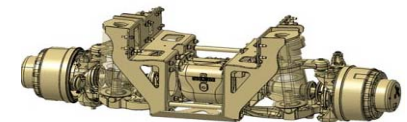
Powder forged differential gear – potential 25% weight saving

OffHighway/IDS

- > 49” to 63” diameter wheels after market sales - on test with two OEMs
- > “Profi-fit” low cost wheel to John Deere – full launch 2011
- > Sole supplier of driveshaft on Osh Kosh TAK4 system



MATV with TAK4 system



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Aerospace

- Filton acquisition secures life of programme contracts on all Airbus aircraft
- New significant composite and titanium structures business on A350 and JSF
 - Additional value per shipset: A350 - \$350,000, JSF - \$400,000



A350 - \$2.3m per shipset



JSF with F135 engine - \$2.5m per shipset *

- A350 launch investment secured – facility commissioning continues to plan

** Includes \$500k per shipset customer furnished material in LRIP planned to be contractor furnished in rate production*

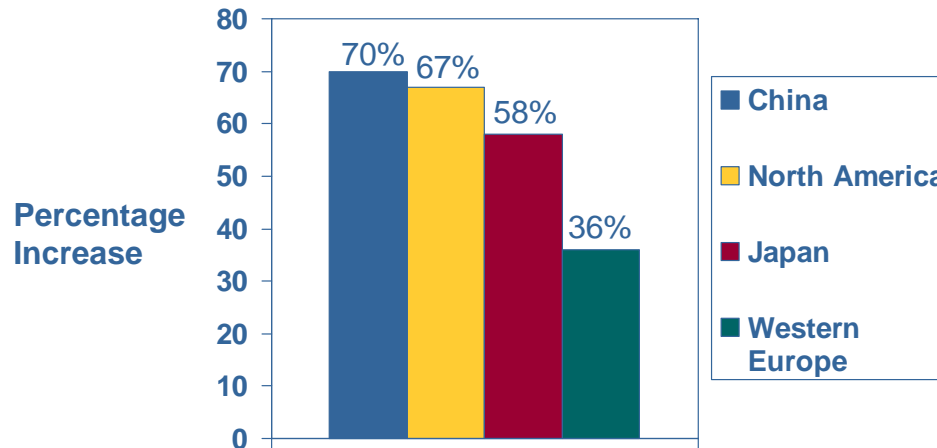
AGM 2010 – First Quarter Trading

- Market conditions in Q1 encouraging
 - Automotive and OffHighway stronger than expected
 - Aerospace in line
- All businesses making good progress
 - Sales increase 22% to £1.31bn
 - Trading profit £84m from a loss of £12m
- Strong cash management continues – net debt £293m (31 December 2009: £300m)

AGM 2010 – First Quarter Results

Automotive (including Powder Metallurgy)

- Global light vehicle production increased by 50% - all major markets improve



- GKN's sales up 50% to £852m (2009: £568m)
- Strong recovery in profitability – trading profit £51m vs 2009 trading loss of £47m

AGM 2010 – First Quarter Results

Aerospace

- US defence market solid – some reductions in civil aircraft production
- GKN Aerospace sales down 7% to £353m (2009: £381m)
 - Currency translation 4% - underlying reduction 3%
- Trading profit £32m (2009: £34m, including £5m one-off)

OffHighway

- Markets continue to improve although remaining weaker than Q1 2009
 - Strong demand for mining and construction equipment
- Sales down 19% at £101m (2009: £125m) – trading profit improves to £4m (2009: £3m)

AGM 2010 - Outlook

- > The outlook for GKN's major markets is mainly positive

Markets

- > Automotive - Global production forecasts increased from 65m to around 68m vehicles
- > Aerospace – US defence market solid – commercial aircraft schedule increases remove uncertainty
- > OffHighway – To continue to improve through Q2 – little visibility beyond half year – directionally positive

Performance

- > Consensus of analysts' forecasts increases by around 16%

“After GKN’s better than expected Q1 results we raise our 2010 EPS estimate by 30% . . . and reiterate our Buy rating.” - Nomura

“Off to a strong start . . . Buy recommendation maintained.” – Citigroup

“Stay ahead of the curve – estimates up again.” – MF Global

Update on UK Pensions

- Major improvements in funding position prior to 5 April 2010 triennial review commencement
 - Benefit changes - £80m reduction in liabilities
 - Asset backed funding stream - £30m p.a. cash payment for 20 years
 - Increases scheme assets by £331m
 - Lower annual cash deficit recovery payments
 - Flexibility to fund ongoing service costs

2010 AGM

Summary

- Pleasing first quarter performance
- Positive outlook for second quarter
- Significant strengthening of funding position on UK pension scheme
- GKN on track to deliver a strong and sustained recovery

Striving for Excellence – Continuing to Care



Performance Improvement Through Production and Business Process Excellence – GKN Aerospace, Filton



Performance Improvement Through People Excellence and Best Practice – GKN Group Lean Team



Technology - GKN Sinter Metals, Gallipolis



Environment - GKN Aerospace, St Louis



Customer Service - GKN Driveline, Lohmar



Product Quality - GKN Sinter Metals, Bad Bruckenau



Safety - GKN Sinter Metals, Ahmednagar



Special Award - GKN HQ, Rights Issue Team



GKN OffHighway, Liuzhou



GKN OffHighway, Lohmar



GKN Sinter, Wisconsin plants



Steve Norris, GKN Aerospace, El Cajon



North America



Europe



South America



Asia Pacific



Australia

Summary

- Decisive action secures solid platform for strong recovery
 - Restructuring programme successfully implemented
 - Benefits showing through in 2010 performance
 - Financial capacity to develop and grow
- Major businesses exceptionally well positioned for the future
 - Automotive Driveline – the global leader with the right products, global footprint and customer base
 - Powder Metallurgy – the global leader restructured and revitalised
 - Aerospace – the European No 1 with valuable positions on all major new aircraft programmes
- Helping shape the future of the industries in which we work

Facing that future with confidence and a clear vision



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