

# Melrose to spin off GKN's automotive arm in break-up of engineering group

Turnaround specialist [Melrose](#) Industries has confirmed plans to spin off the [GKN](#) automotive business in a move that will see one of Britain's oldest engineering firms broken up.

Melrose, which bought GKN in a controversial £8 billion takeover in 2018, said it will demerge GKN's automotive and the smaller powder metallurgy divisions from its aerospace arm into a separately listed company.

It is hoping to get shareholder approval for the spin-off in the first half of 2023.

The demerged company will become an automotive platform and is set to trade on the [London Stock Exchange](#), but the name has not yet been revealed.

The proposed demerger now gives each an exciting opportunity to individually grow shareholder value through organic growth and acquisition in both platforms

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GKN Automotive supplies driveline technologies to the global motor industry, while the powder metallurgy division makes metal powder and precision powder metal parts for the automotive and industrial sectors.

Melrose will keep hold of GKN Aerospace, which makes airframe structures, engine components and electrical interconnection systems for the global civil and defence aerospace industry.

Details of the plans came as it reported widening first-half losses after booking higher costs.

It posted pre-tax losses of £358 million for the first six months of 2022, against losses of £275 million a year ago.

Melrose bought GKN for £8 billion in March 2018 after a bitter and protracted battle punctuated by [Government](#) interventions.

There was concerns at the time that it would look to break up GKN.

Under terms of the takeover, Melrose gave assurances that it would not sell the aerospace business for five years – until 2023.

Justin Dowley, chairman of Melrose Industries, said: “Since acquiring GKN in 2018 we have reinvigorated each business to achieve its potential.

“The proposed demerger now gives each an exciting opportunity to individually grow shareholder value through organic growth and acquisition in both platforms.”

GKN Automotive chief executive Liam Butterworth will take on the same role in the demerged business, as will finance director Roberto Fioroni.

Late last year, Melrose said the GKN automotive and powder metallurgy divisions had been hit by chip shortages and supply chain problems.

In its latest half-year results, it said the divisions are expecting the supply chain pressures to ease towards the end of 2022.