

A photograph of two scientists in a laboratory. A man in a white lab coat and safety glasses is looking at a white cylindrical object held by a woman. The woman is also wearing a white lab coat, safety glasses, and blue gloves. In the background, there are laboratory equipment like a fume hood and a blue container. The text is overlaid on the bottom half of the image.

Presentation of Results for the year ended 31st March 2014

5th June 2014



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Introduction

Neil Carson



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Key Messages

JM performed well in 2013/14 – sales up 11%; underlying EPS 16% ahead

Growth across all five divisions; very strong year for ECT

Investment in R&D (up 12%) and manufacturing capacity (1.7x depn)

2014/15 expected to be broadly in line with last year – business growth offset by adverse effect of FX and Anglo

JM well positioned to deliver long term growth



Financial Review

Robert MacLeod



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Underlying Results

Year to 31 st March	2014 £m	2013 £m	% change
Revenue	11,155	10,729	+4%
Sales excluding precious metals	2,981	2,676	+11%
Operating profit	468.9	416.1	+13%
Interest and share of JV profit	(41.6)	(33.2)	-25%
Profit before tax	427.3	382.9	+12%
Tax	(82.7)	(80.1)	
Profit after tax	344.6	302.8	+14%
Earnings per share	170.6p	147.7p	+16%
Ordinary dividend per share	62.5p	57.0p	+10%

Note: All figures are before amortisation of acquired intangibles, major impairment and restructuring charges, profit or loss on disposal of businesses, significant tax rate changes and, where relevant, related tax effects

Underlying Operating Profit

Year to 31 st March 2014	ECT £m	PT £m	PMP £m	Fine Chemicals £m	New Businesses £m	Corporate £m	Total group £m
Operating profit	203.6	101.9	130.9	84.1	(18.3)	(33.3)	468.9
Including:							
Pension gain	3.5	1.0	3.5	2.1	0.1	0.6	10.8
Closure cost	-	-	(8.2)	-	-	-	(8.2)
Operating profit excl. these items	200.1	100.9	135.6	82.0	(18.4)	(33.9)	466.3
Growth in operating profit	22%	9%	9%	7%	n/a	n/a	12%

Includes:

- Pension settlement and curtailment gains
 - Allocated across divisions
- Closure of decorative ceramic colour products business in PMP
- Corporate costs 1.1% of sales
 - In line with prior years (except 2012/13 where in-year performance targets were not met)

Note: All figures are before amortisation of acquired intangibles, major impairment and restructuring charges, profit or loss on disposal of businesses, significant tax rate changes and, where relevant, related tax effects

Cash Flow from Operations

Year to 31 st March	2014 £m	2013 £m
Operating profit	448	382
Depreciation and amortisation	151	150
Tax paid	(49)	(61)
Working capital / other	(73)	(74)
Cash flow from operations	477	397

- Good performance on managing working capital, especially in ECT
- 2014 working capital days (excl. pms) 45 (2013 53)
- Working capital in line with last year:
 - Excl. pms £40m
 - Pms £(41)m

- Net debt £729m, down by £106m
- Net debt (incl. post tax pension deficits) / EBITDA of 1.3
- Free cash flow (after net capital expenditure and net interest paid):
 - £231m, up £95m
 - £273m (excl. pms)

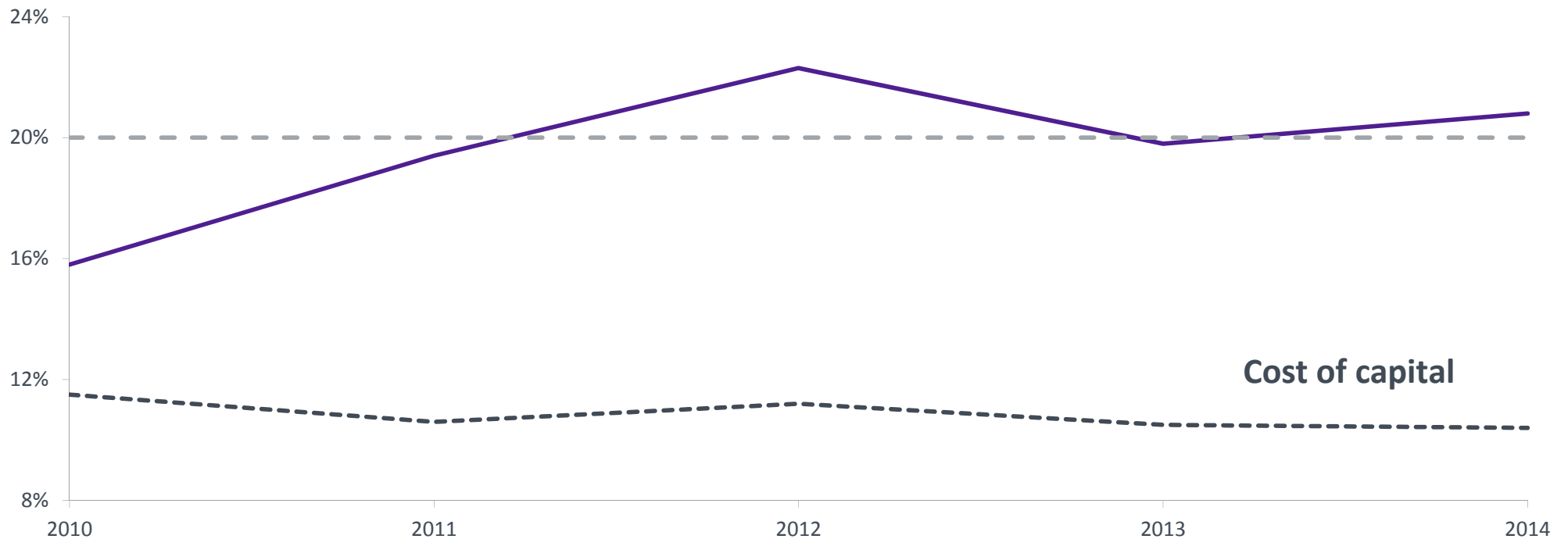
Cash Flow Conversion

Year to 31 st March	2014 £m	2013 £m
Operating cash flow	477	397
Add back: Tax paid	49	61
Pension deficit contributions	27	27
Net capital expenditure	(210)	(183)
	343	302
Add back movement in precious metal working capital	41	53
Cash flow (excluding precious metals)	384	355
Underlying operating profit	469	416
Cash flow conversion	82%	85%

- Improvement in working capital enhanced cash flow conversion

- Capital expenditure will keep conversion at around 75%

Return on Invested Capital (ROIC)



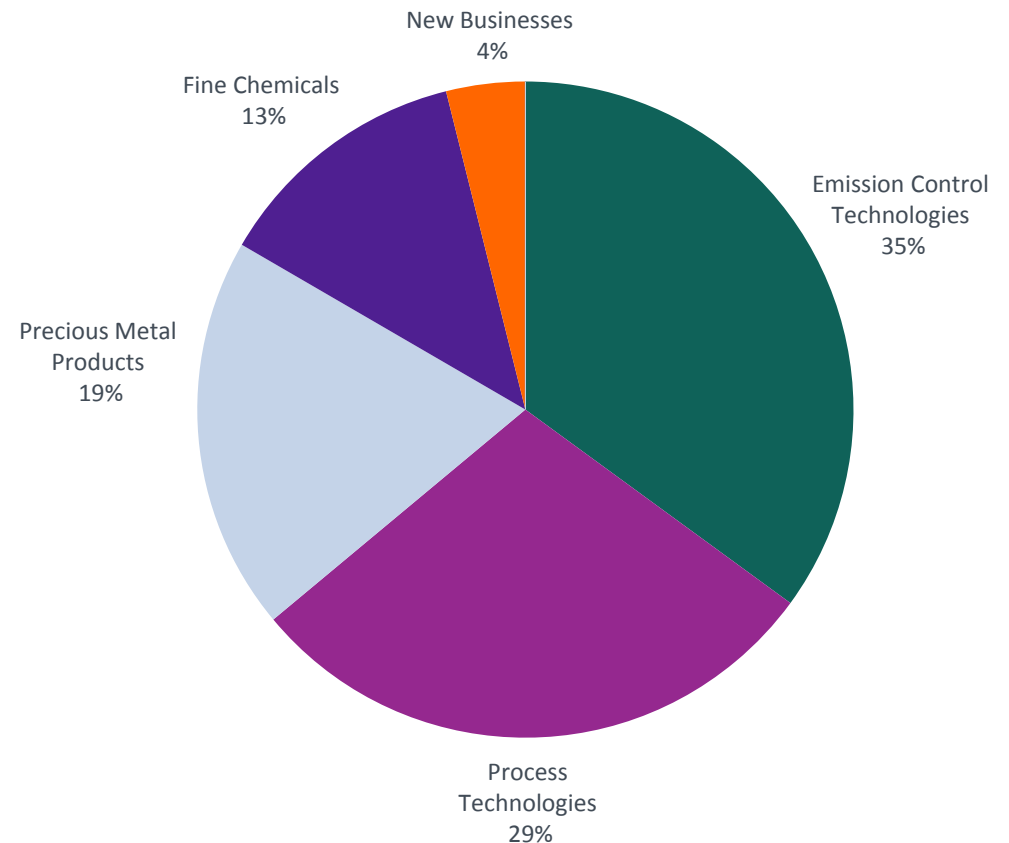
- ROIC increased to 20.8%
- Driven by good performance in ECT
- PMP lower due to higher year end metal inventories

- Committed to 20% long term target

Capital Expenditure

- Capex £218.3m (2012/13 £191.3m)
- Key projects:
 - Extension of ECT's UK and Macedonia facilities ahead of new legislation
 - Expansion of additives capacity in US
- Capex:depreciation = 1.7 times
- Expect capex of around £240m per annum for next few years

Divisional Capex



Pension Schemes

Year to 31 st March	2014 £m	2013 £m
UK: Scheme deficit	79	116
Assets in SPV	(49)	(50)
US Schemes	30	66
Others	14	55
	23	23
	67	144

- Deficits decreased substantially due to higher discount rates and ongoing de-risking
 - UK scheme – liability driven strategy in place
 - US schemes
 - Closed to new entrants from 1st October 2013
 - Curtailment gain £6.8m
 - Settlement gain £2.5m
 - 61% bonds (2012/13 43%)
- Deficit funding cash contributions totalled £26.9m
- Ongoing deficit funding cash contributions of approximately £27m p.a.



Operating Review

Neil Carson



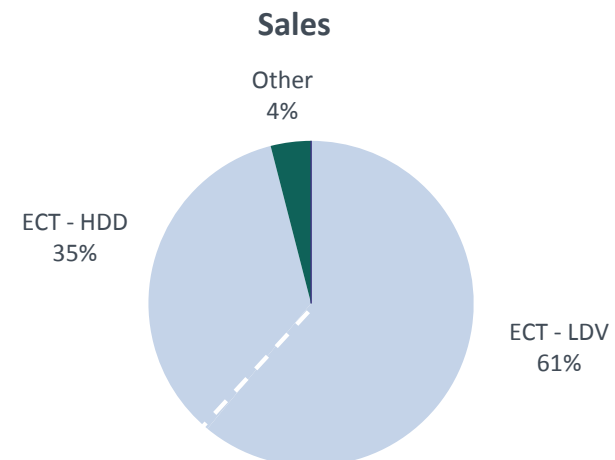
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Emission Control Technologies

£m	Year to 31 st March		% change	% at constant rates
	2014	2013		
Sales (excluding precious metals)	1,645	1,461	+13	+14
Underlying operating profit	203.6	163.5	+25	+25
Return on sales	12.4%	11.2%		
Return on invested capital (ROIC)	21.0%	16.4%		

- Exceeded our expectations

- Improved product mix in LDV Europe business
- Continued growth in Asian business
- Implementation of Euro VI legislation benefited European HDD results



Emission Control Technologies

Estimated Light Duty Vehicle Sales and Production

		Year to 31 st March			2H	2H	% change
		2014 millions	2013 millions	% change	2013/14 millions	2012/13 millions	
North America	Sales	18.3	17.4	+5.2	8.9	8.5	+4.7
	Production	16.2	15.4	+5.2	8.2	8.0	+2.5
Europe	Sales	17.7	17.8	-0.6	8.7	8.6	+1.2
	Production	19.1	19.0	+0.5	9.8	9.5	+3.2
Asia	Sales	36.3	34.6	+4.9	19.1	18.1	+5.5
	Production	43.0	40.8	+5.4	22.4	21.2	+5.7
Global	Sales	84.1	81.5	+3.2	42.6	41.0	+3.9
	Production	83.6	80.9	+3.3	42.9	41.3	+3.9

Source: LMC Automotive

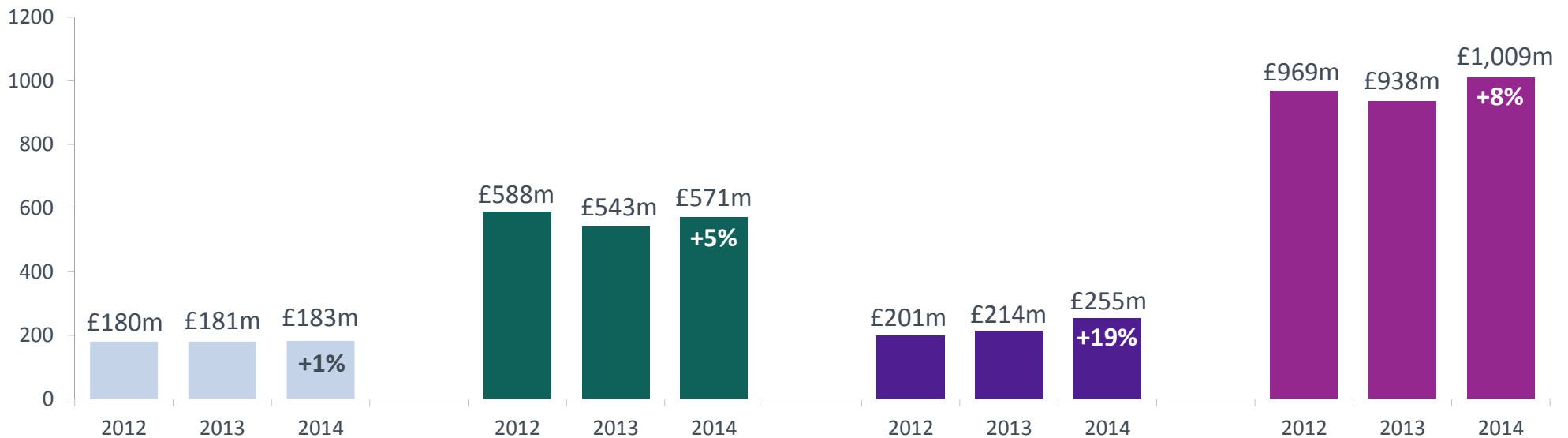
Emission Control Technologies

JM's Light Duty Catalyst Sales – 2012 - 2014

Total sales

£1,009m up 8%

£ million



North America

- JM volumes grew broadly in line with vehicle production

Europe

- JM outperformed market
- Benefited from positive product mix

Asia

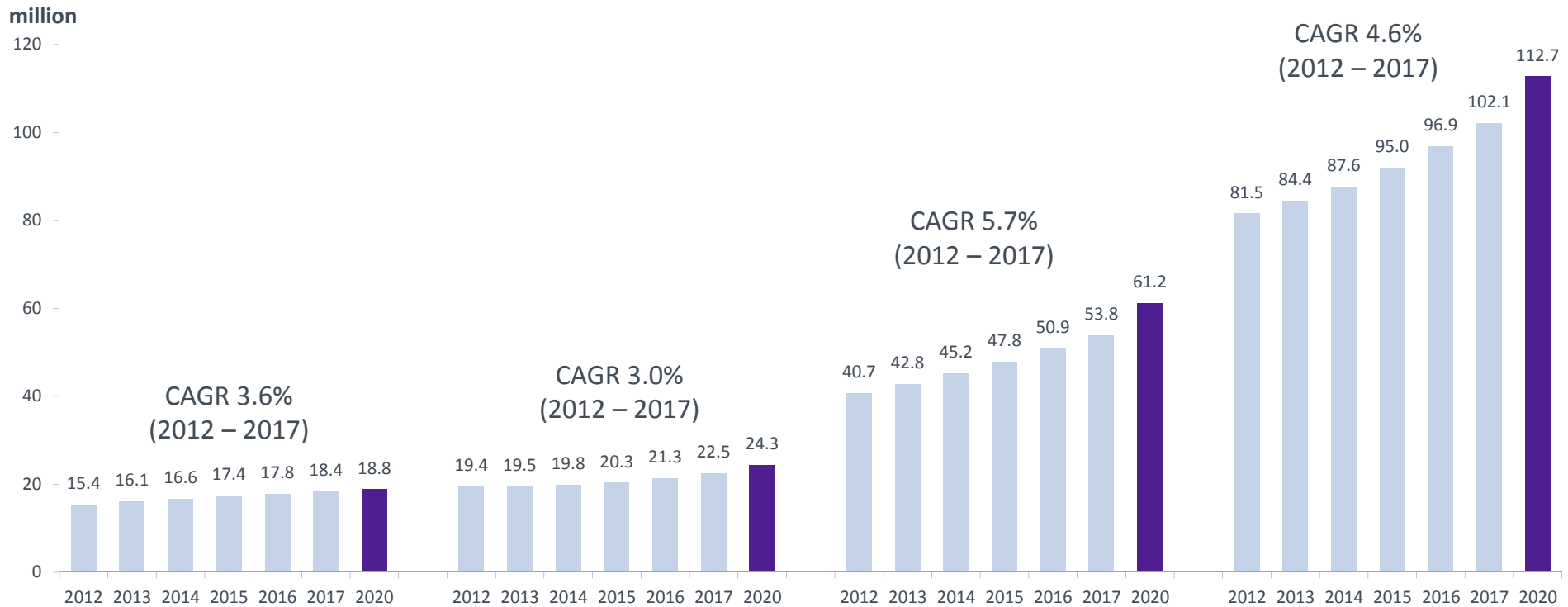
- Sales well ahead of market
- Strong growth in China
- South East Asia business also performed well

Global

- Operating profit well ahead
- Process efficiency improvements and higher plant utilisation

Emission Control Technologies

Light Duty Vehicle Production Outlook – 2012 - 2020 (calendar years)



North America

- Steady growth forecast to continue

Europe

- Some growth expected from 2014

Asia

- Further strong growth predicted; China growth expectations moderated slightly

Global

Source: LMC Automotive (April 2014)

Emission Control Technologies

Estimated HDD Truck Sales and Production

		Year to 31 st March			2H	2H	
		2014	2013	%	2013/14	2012/13	%
		thousands	thousands	change	thousands	thousands	change
North America	Sales	452.4	426.2	+6.1	227.6	202.9	+12.2
	Production	468.4	438.1	+6.9	231.7	203.3	+14.0
EU	Sales	299.0	263.1	+13.6	164.5	126.6	+29.9
	Production	413.9	375.3	+10.3	229.4	188.0	+22.0

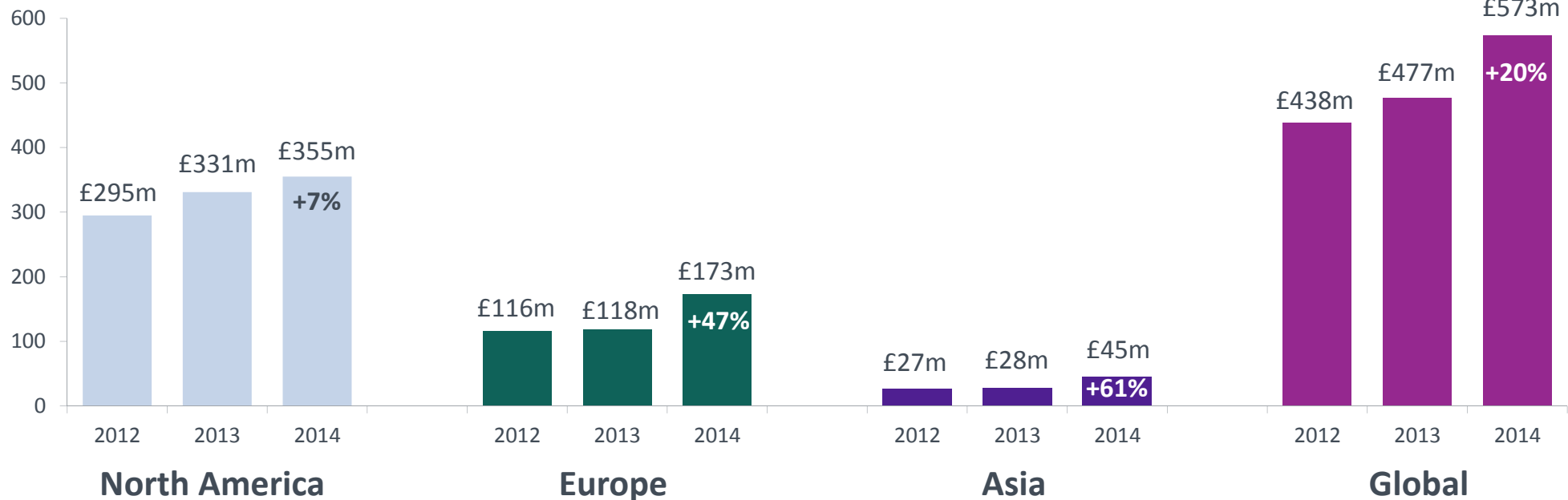
Emission Control Technologies

JM's Heavy Duty Diesel Sales – 2012 - 2014

Total sales

£573m up 20%

£ million



- Sales growth in line with truck production
- Recent upturn in demand for 'Class 8' trucks

- Sales boosted by impact of Euro VI implementation
- Euro VI products now 60% of sales

- Growth driven by introduction of Euro IV in China
- ~10% fitment in China so far, mainly buses

- Continued tightening legislation in the EU and China
- Non-road applications 10% of sales

Emission Control Technologies

Looking Ahead



Light Duty

- European car market more positive
- Tightening legislation
 - Euro 6b and Euro 6c
- Legislation and CO₂ limits provide structural growth drivers for the medium term

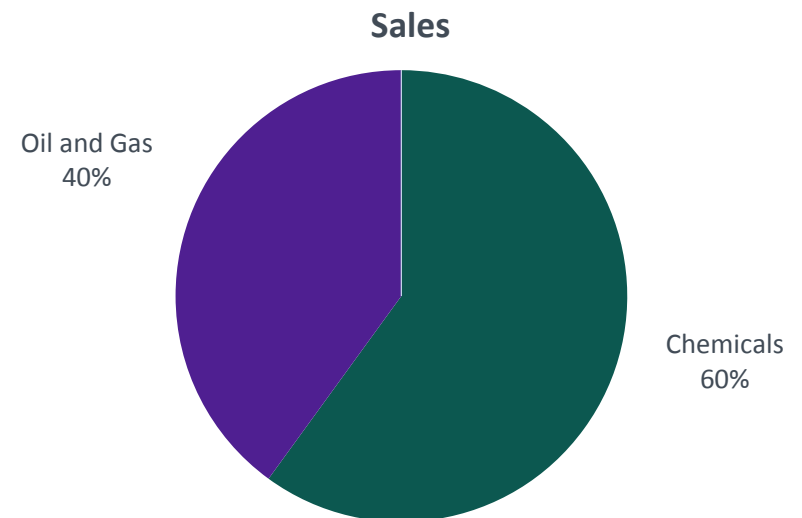
Heavy Duty

- Developed markets:
 - Full year of Euro VI legislation in the EU
 - Continued roll out of non-road legislation
- Developing markets:
 - Increasing fitment of Euro IV systems in China
 - At least five to six years for full fitment
 - Lower technology, more competition

Process Technologies

£m	Year to 31 st March		%	% at
	2014	2013		
Sales (excluding precious metals)	565	509	+11	+12
Underlying operating profit	101.9	92.4	+10	+11
Return on sales	18.0%	18.2%		
Return on invested capital (ROIC)	15.3%	15.9%		

- Sales up 11% benefiting from
 - Contribution of Formox; sales up 2% excl. Formox
 - Good performance in Oil and Gas
- Licensing sales, as anticipated, were lower at £82m

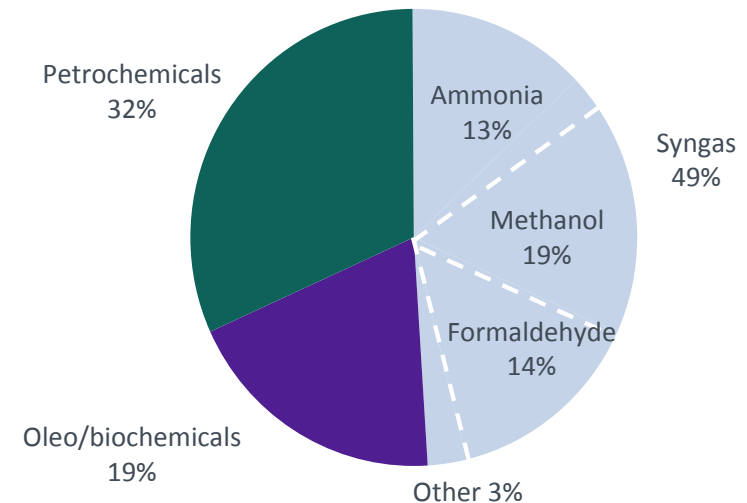


Process Technologies

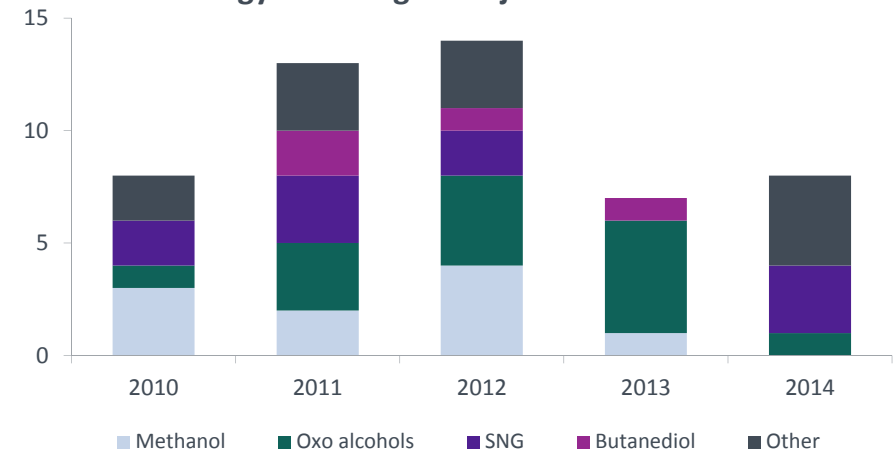
Chemicals Businesses

- Sales up 13% to £339m
- Syngas (up 50% to £166m)
 - Good sales of formaldehyde catalysts and technology (Formox)
 - Demand for methanol catalysts up
 - 3 new SNG licences in China
- Oleo/biochemicals (up 5% to £66m)
 - Robust catalyst sales
 - 4 new licences
- Petrochemicals (down 16% to £107m)
 - Slight increase in catalyst volumes
 - As expected, sales derived from licensing down
- New technologies being developed (MEG, VCM)

Sales (£339m)



Technology Licensing – Projects Awarded 2010 – 2014

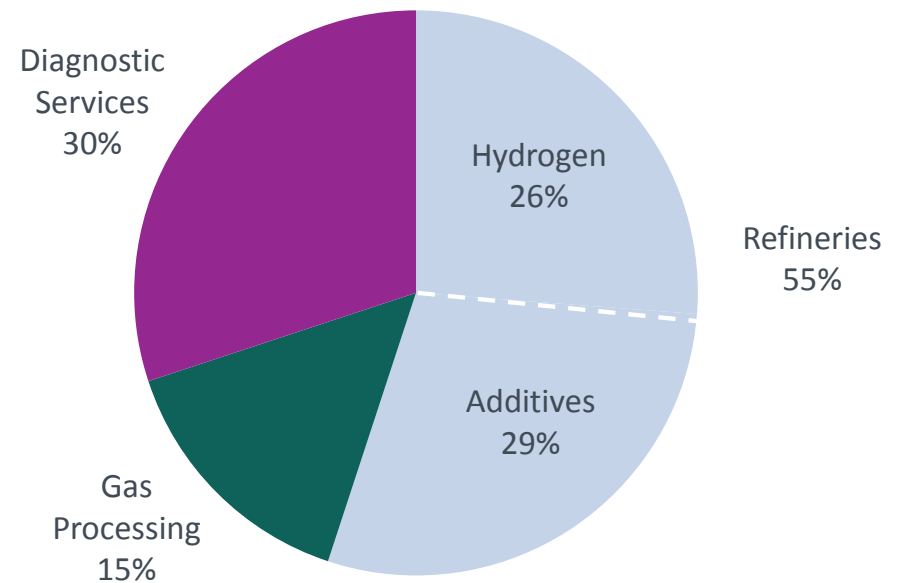


Process Technologies

Oil and Gas Businesses

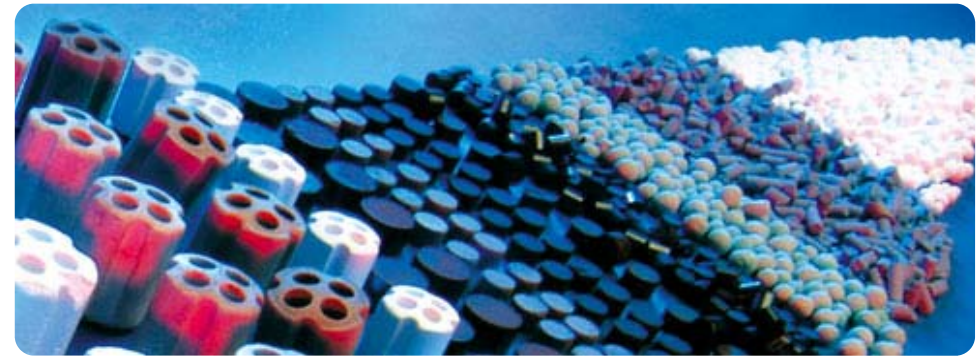
- Sales grew 9% to £226m
- Refineries (up 5% to £124m)
 - Additives demand good – new plant completed
 - Demand for hydrogen catalysts stimulated by increased refining activity in US
- Gas processing (up 15% to £34m)
- Diagnostic Services (up 14% to £68m)
 - Supported by unconventional oil and gas opportunities in the US

Sales (£226m)



Process Technologies

Looking Ahead



Chemicals

- Progress expected in 2014/15
 - Timing of orders / new projects uncertain
- Continued development of new technologies
- Expansion of petrochemical industry and use of coal in China should benefit PT

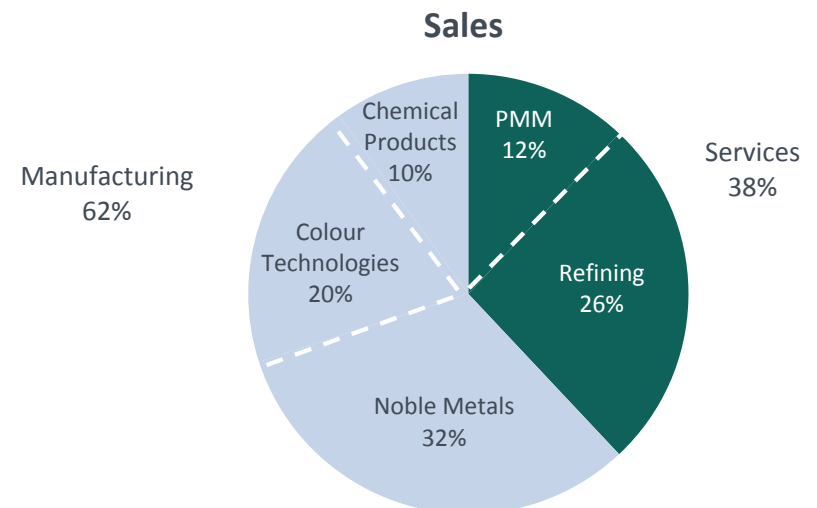
Oil and Gas

- Robust performance expected
- Stronger demand from North American refinery customers
- Opportunities from increased use of unconventional (shale) gas in the US

Precious Metal Products

£m	Year to 31 st March		%	% at
	2014	2013		
Sales (excluding precious metals)	430	424	+1	+2
Underlying operating profit	130.9	124.4	+5	+5
Return on sales	30.5%	29.4%		
Return on invested capital (ROIC)	36.6%	44.3%		

- Sales in line with last year
- Performance impacted by:
 - Change in Anglo Platinum contracts from Q4
 - Lower average precious metal prices
 - Continued weakness in some of its markets
 - Closure costs of £8.2m

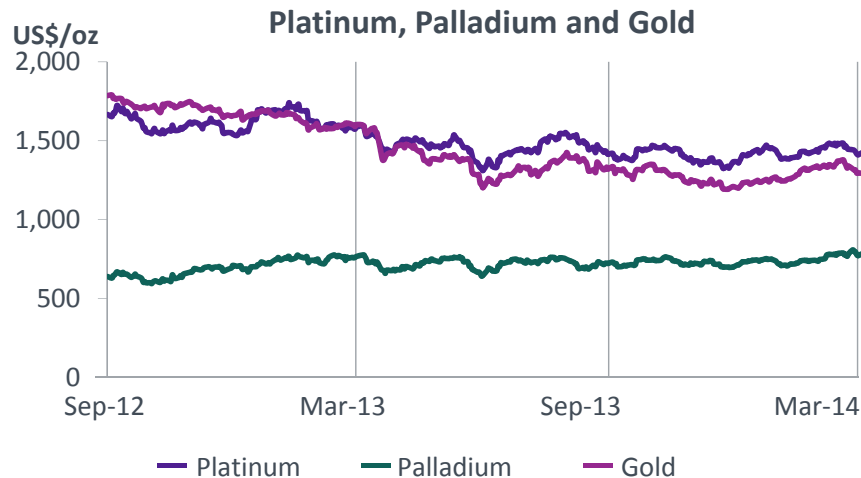


Precious Metal Products

Services Businesses

Precious Metals Management (PMM)

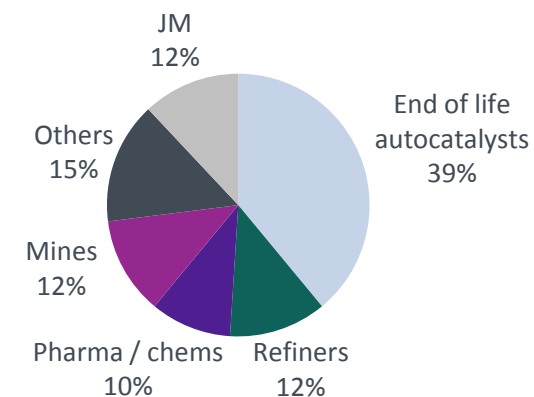
- Sales down 12% to £51m
- Higher production volumes at Anglo in first nine months more than offset by change in contracts from Q4
- Average prices
 - Pt \$1,441/oz, down 8%
 - Pd \$729/oz, up 11%
 - Au \$1,325/oz down 20%



Refining Businesses

- Sales down 12% to £111m
- Pgm Refining and Recycling (sales down 12%)
 - Impacted by lower average basket of pgm prices
 - Intakes relatively steady but mix less favourable
- Gold and Silver Refining business (sales down 10%)
 - Primary intakes increased slightly; secondary volumes remained weak

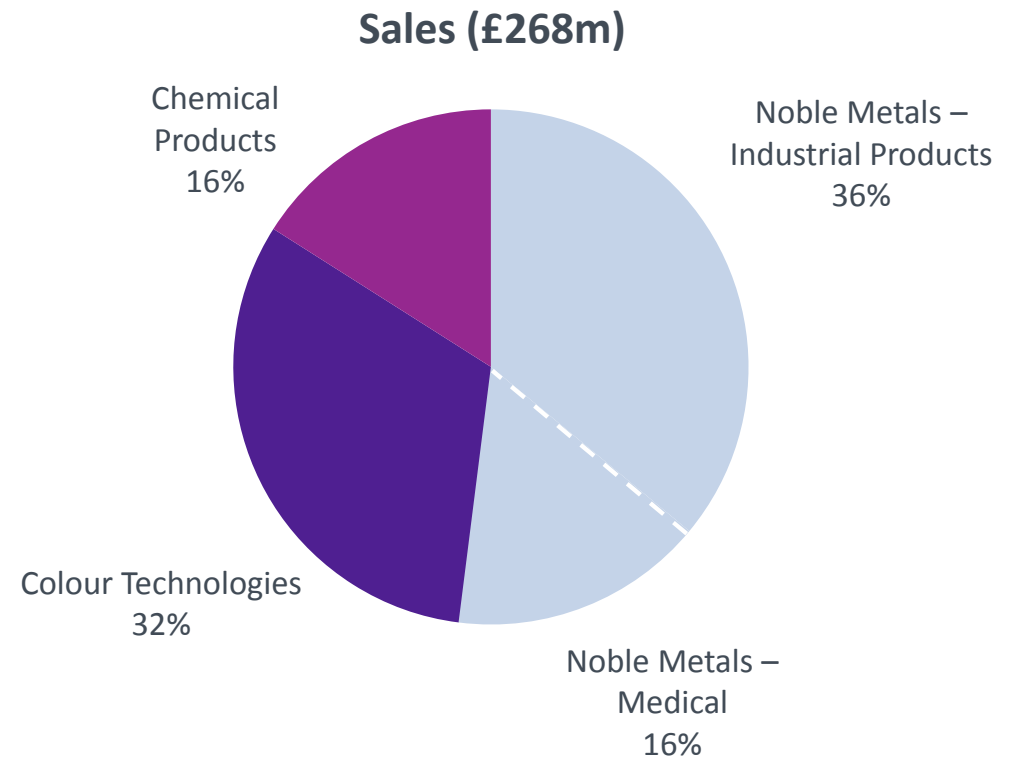
Pgm Refining and Recycling Throughput by Market Sector



Precious Metal Products

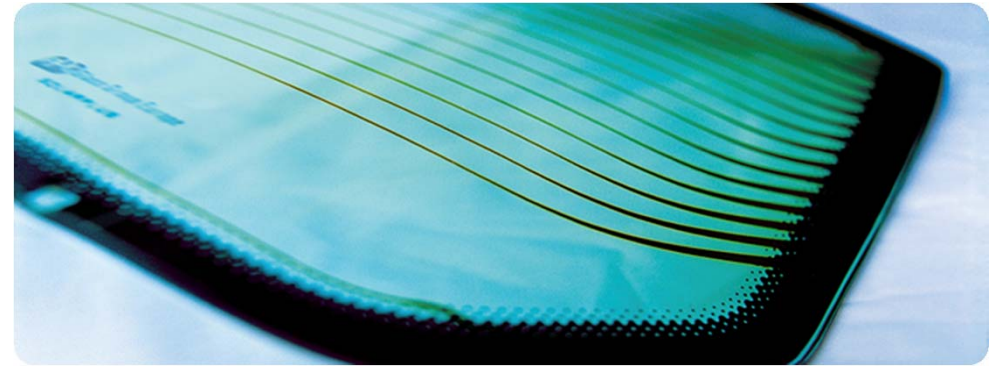
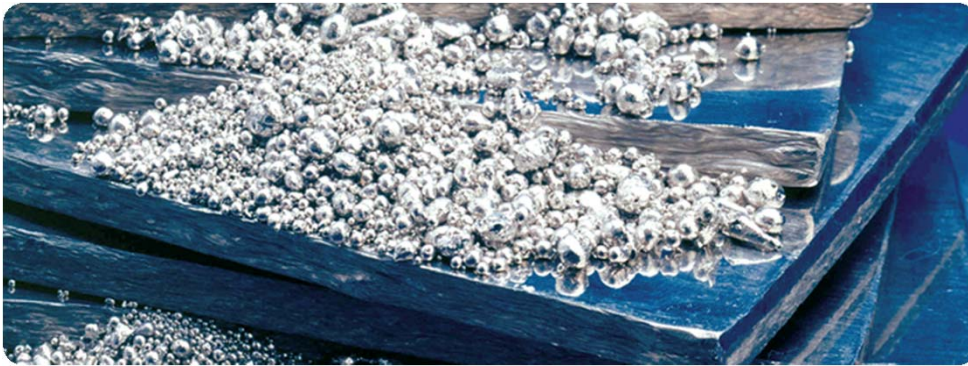
Manufacturing Businesses

- Sales up 11% to £268m
- Noble Metals (up 14% to £138m)
 - Industrial products 17% higher at £95m
 - Small business transferred in from ECT – sales of £24m
 - Lower demand for nitric acid catalysts and N₂O abatement technology
 - Good growth in medical device components; sales up 6% to £43m
- Colour Technologies (up 5% to £86m)
 - Sales of automotive products grew well
 - Closure of decorative ceramics manufacturing sites (£8.2m charge in 2013/14)
- Chemical Products (up 17% to £44m)



Precious Metal Products

Looking Ahead

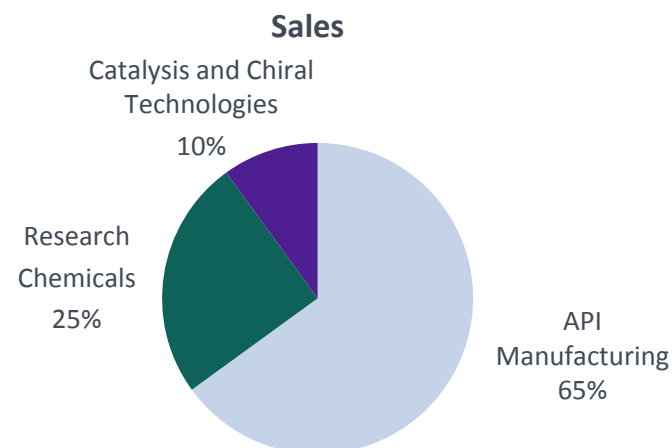


- ~£30m impact in 2014/15 from change in contracts with Anglo Platinum
- Pgm Refining and Recycling
 - Currently benefiting from slightly higher metal prices and stable volumes
 - Increased competition may impact prices and volumes
 - Strikes in South Africa have had limited impact to date
- Mixed outlook for Manufacturing businesses
 - Growth in medical business expected to offset weaker industrial market

Fine Chemicals

£m	Year to 31 st March		%	% at
	2014	2013		
Sales (excluding precious metals)	322	308	+5	+5
Underlying operating profit	84.1	76.6	+10	+10
Return on sales	26.1%	24.9%		
Return on invested capital (ROIC)	18.8%	17.5%		

- Steady performance
- Return on sales benefited from increased sales in higher margin API Manufacturing business



Fine Chemicals

Business Performance



API Manufacturing Businesses

- Sales 6% higher at £211m
- Growth in speciality opiates – boosted by launch of new generic in US
- Strong demand for ADHD APIs

Research Chemicals

- Sales in line at £79m
- Growth in Europe and Asia offset by decline in US
- New facilities opened in China and west coast USA

Catalysis and Chiral Technologies (CCT)

- Sales grew slightly to £32m

Fine Chemicals

Looking Ahead



- Expect steady progress in API Manufacturing business, especially in the US
- Continue to invest in development of complex APIs
 - Working with customers to develop new generic drugs

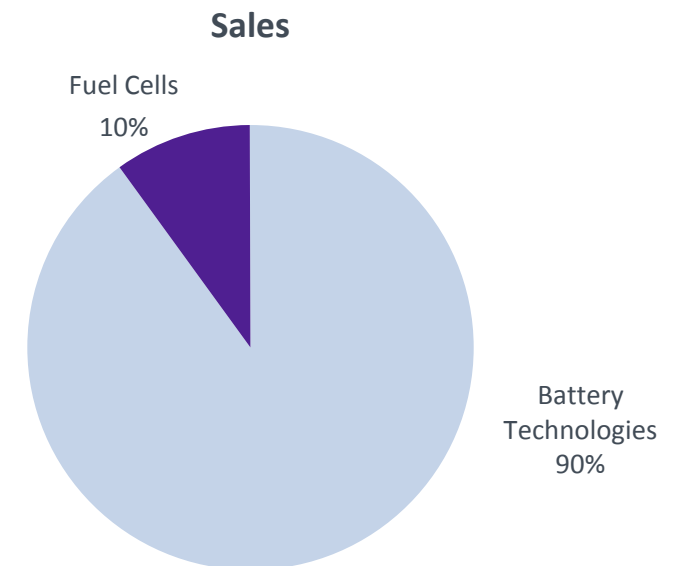


- New warehouses will benefit Research Chemicals
- Opportunity to further leverage synergies across the division

New Businesses

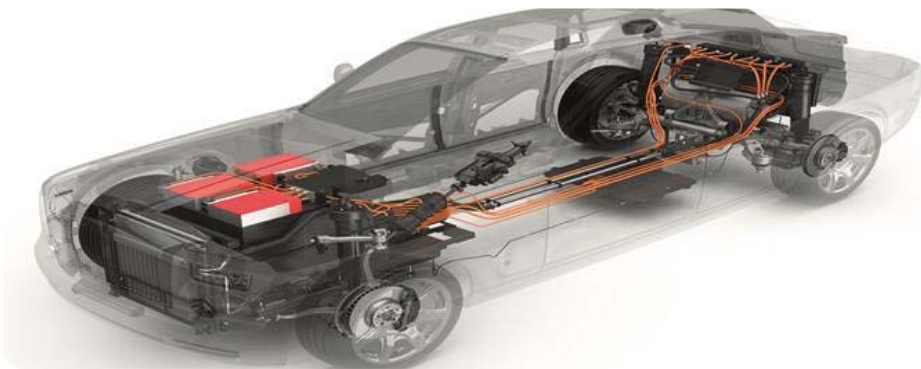
£m	Year to 31 st March	
	2014	2013
Sales (excluding precious metals)	76	37
Underlying operating profit / (loss)	(18.3)	(16.0)

- Battery Technologies (sales of £69m)
 - Robust demand for battery systems for e-bikes and powertools
 - Broke even (excluding acquisition costs)
- Fuel Cells (sales of £7m)
 - Ongoing investment in product development for automotive applications
- Continued investment in other new business areas



New Businesses

Looking Ahead



Battery Technologies

- Acquisition of certain battery material manufacturing assets from A123 will benefit sales
- Investment in R&D to develop next generation of battery materials

Fuel Cells

- Phased emissions regulation in California from 2017



Overall

- Continued investment in R&D to support development of long term new business areas

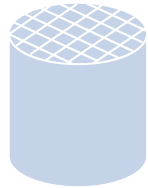
Non-Financial Performance

Year to 31 st March	2014	2013	% change
Energy use (GJ / £m sales)	1,649	1,737	-5
Global warming potential (tonnes CO ₂ equivalent / £m sales)	149.0	154.3	-3
Annual rate of >3 day accidents per 1,000 employees	2.68	2.98	-10
Annual incidence of occupational illness per 1,000 employees	2.2	2.7	-19
Voluntary employee turnover (%)	5.6	6.5	-0.9

- Sustainability programme continues to deliver benefits
- Increased focus on health and safety
 - Decrease in >3 day accident rate but total accident rate increased
 - Continued reduction in occupational illness rate

- Since launch of Sustainability 2017 in 2007, sales and underlying EPS have more than doubled
- However, rate of resource use and emissions decreasing
 - Energy use / £m sales down 44%
 - GWP / £m sales down 49%
 - Water use / £m sales down 40%
 - Waste to landfill down 77%

Outlook (1)



Emission Control Technologies:

- Some further progress in 2014/15
 - European car market more positive
 - Tighter truck and car legislation
- Medium term – sales driven by tightening legislation and population growth



Process Technologies:

- Expect progress in 2014/15
- Chemicals
 - Good long term outlook
 - Short term, timing hard to predict – variable quarter on quarter performance
- Oil and Gas expected to be robust
- Long term drivers for division remain positive



Precious Metal Products:

- Expect steady progress excluding Anglo
- Pgm refining volumes stable; benefiting from slightly higher precious metal prices
- Outlook for Manufacturing businesses mixed

Outlook (2)



Fine Chemicals:

- Steady growth in API Manufacturing
- CCT and Research Chemicals also expect some growth



New Businesses:

- Expect similar investment in 2014/15
- A123 will benefit sales
- Some time before division moves into profit



Group:

- Continued business growth
- Offset by adverse effect of:
 - Anglo ~£30m
 - FX ~£20m at today's rates
- Currently expect 2014/15 broadly in line with 2013/14
- Well placed for long term growth

Key Messages

JM performed well in 2013/14 – sales up 11%; underlying EPS 16% ahead

Growth across all five divisions; very strong year for ECT

Investment in R&D (up 12%) and manufacturing capacity (1.7x depn)

2014/15 expected to be broadly in line with last year – business growth offset by adverse effect of FX and Anglo

JM well positioned to deliver long term growth

Questions and Answers

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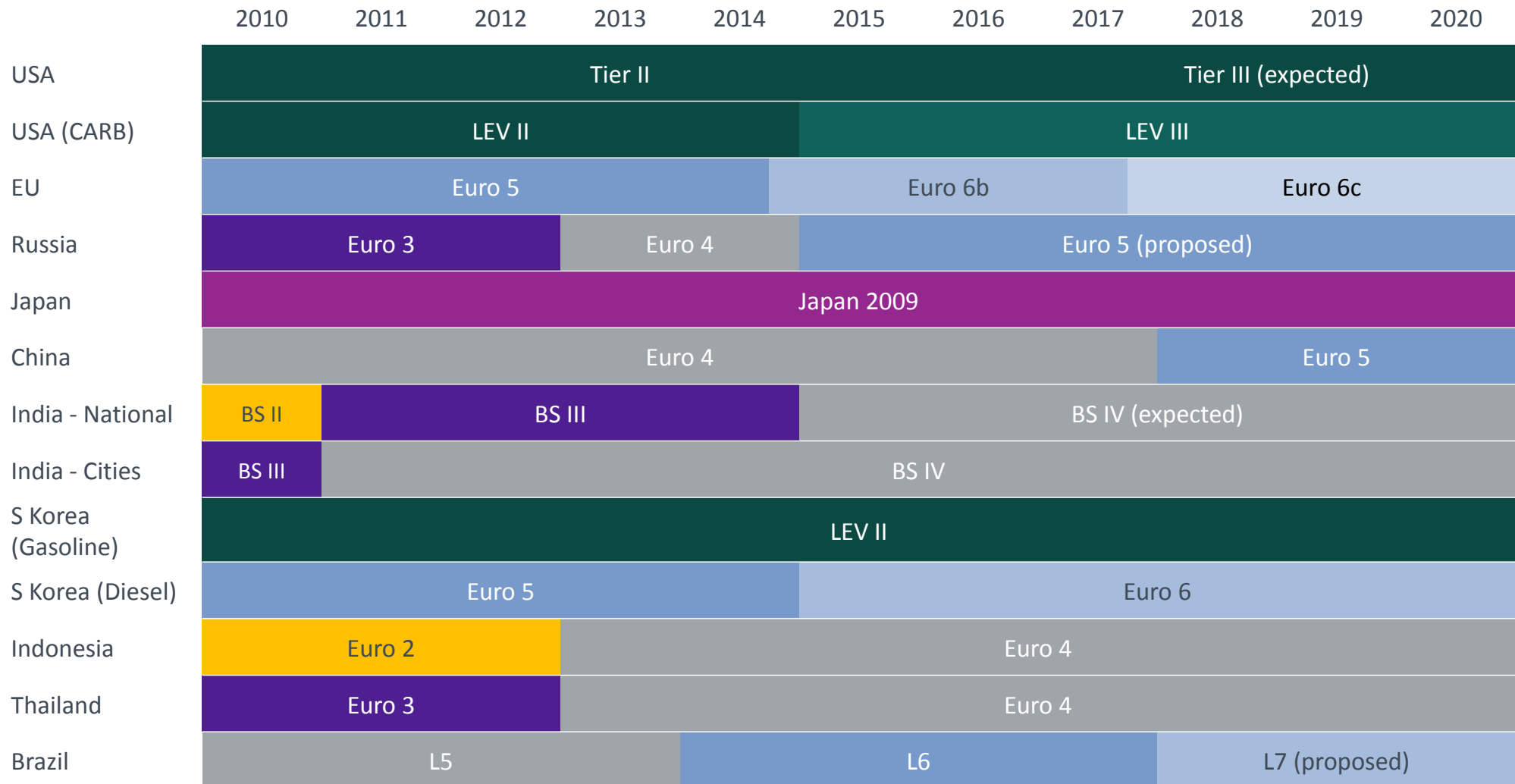
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Emission Control Technologies

Light Duty Vehicle Legislation



Emission Control Technologies

Heavy Duty Diesel Legislation

