

Johnson Matthey announces intention to exit Battery Materials and provides trading update

11th November 2021

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

Johnson Matthey, a global leader in sustainable technologies, has been working to commercialise its range of high nickel cathode materials, principally for the automotive industry.

Following a detailed review and ahead of reaching a number of critical investment milestones, we have concluded that the potential returns from our Battery Materials business will not be adequate to justify further investment.

Whilst demand for battery materials is accelerating, so is competition from alternative technologies and other manufacturers. Consequently this is rapidly turning into a high volume, commoditised market.

In recent months, as JM has been exploring strategic partnerships, it has also become clear that our capital intensity is too high compared with other more established large scale, low cost producers.

The Board has therefore decided to pursue the sale of all or parts of this business with the ultimate intention of exiting. We will move swiftly to determine the best outcome for all of our stakeholders and intend to make a further announcement as soon as possible.

JM is making good progress in its other growth areas, such as in hydrogen technologies, circularity and the decarbonisation of the chemicals value chain. These are attractive opportunities which we will now accelerate with greater focus and investment. In addition, in a world that increasingly needs solutions to address the challenges faced by climate change, we will continue to pursue opportunities across other areas that are closely aligned to our core capabilities.

Robert MacLeod, Chief Executive said:

"While the testing of our eLNO battery materials with customers is going well, the marketplace is rapidly evolving with increasing commoditisation and lower returns. We have concluded that we will not achieve the returns necessary to justify further investment.

"This decision will allow us to accelerate our investment and focus on more attractive growth areas, especially where we have leadership positions such as in hydrogen technologies, circularity and the decarbonisation of the chemicals value chain."

Johnson Matthey will announce its first half results on 24th November, which are in-line with market expectations. The trading outlook for the full year ending 31st March 2022, assuming current precious metal prices and foreign exchange rates, is towards the lower end of market expectations. This is primarily due to the wide-spread supply chain shortages affecting the automotive industry and the consequential impact on precious metals prices, together with acute labour shortages in the US that are adversely impacting our Health business, which is subject to strategic review.

NOTE

1. Vara consensus for full year underlying operating profit in 2021/2022 is £581 million (range: £550 million to £636 million)
2. The Battery Materials business consists of 430 permanent employees, of whom the majority are in the UK. The net assets of the business as of 31st October 2021 were approximately £340 million

The person responsible for the release of this announcement is Nick Cooper, General Counsel and Company Secretary of Johnson Matthey Plc.

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