

# News Release

Wednesday 17<sup>th</sup> July 2019, 7.00 am

## AGM trading update

### **Robust sales with full year guidance unchanged**

Johnson Matthey will hold its Annual General Meeting today at 11.00 am in London and has issued the following trading update ahead of the meeting.

In the first quarter, sales were flat at constant currency. Sales growth in Clean Air was offset by lower sales in Efficient Natural Resources and Health, whilst New Markets was broadly flat.

Our full year guidance for the group at constant rates remains unchanged, with performance more heavily weighted to the second half.

### **Clean Air**

Clean Air delivered robust sales growth in the first quarter. In a market where vehicle production declined by 6%, our European Light Duty business outperformed and grew sales double digit, driven by the annualisation of our diesel share gains and increasing fitment of gasoline particulate filters. In aggregate the rest of Clean Air was broadly flat. In 2019/20 we now expect operating profit to be slightly below the prior year. This reflects higher than anticipated short term costs to serve the strong growth in our European Light Duty business, partly caused by phasing of the completion of our new plant in Poland, and the impact of a delay to the timing of the implementation of China VI legislation.

### **Efficient Natural Resources**

Sales in Efficient Natural Resources were down moderately. This was principally due to phasing in Catalyst Technologies where sales of methanol were lower following strong demand in the prior year, and also in additives, which was weaker due to a planned maintenance shutdown at one of our plants. Pgm Services saw good sales growth driven by higher average pgm prices and looking forward we expect a strong second half with good progress on the benefits from actions taken to improve efficiency. For 2019/20 we now expect better performance in Efficient Natural Resources and continue to anticipate sales growth with operating profit growth ahead of sales.

### **Health**

In Health, sales were lower as expected. Our Generics business was weaker due to lower sales of APIs as they moved through their natural lifecycle. This was partly offset by increased sales in our Innovators business which benefited from our partnership with Immunomedics. The savings associated with the optimisation of our manufacturing footprint are progressing as planned. Our outlook for broadly stable sales and double digit operating profit growth in 2019/20 is unchanged, although the phasing of sales will be more weighted to the second half.

### **New Markets**

Sales in New Markets were broadly flat. Progress in the testing and commercialisation of eLNO is continuing according to plan. We continue to expect sales and operating profit growth in this sector for 2019/20.

### **Working Capital**

Working capital remains a key focus for the group. We are making the progress we anticipated on reducing the precious metal working capital, which resulted from the unscheduled downtime in one of our pgm refineries in 2018/19.

## Outlook

Our group guidance, at constant rates, for the year ended 31<sup>st</sup> March 2020 remains unchanged. We expect growth in operating performance at constant rates to be within our medium term guidance of mid to high single digit growth.

- In terms of phasing, we expect performance to be more heavily weighted to the second half
- By sector, Clean Air performance is now expected to be slightly below the prior year. This is expected to be compensated by better performance in Efficient Natural Resources driven by actions taken to improve efficiency, and other ongoing efficiencies across the group

At current foreign exchange rates (£:\$ 1.268, £:€ 1.114, £:RMB 8.71) translational foreign exchange movements for the year ending 31<sup>st</sup> March 2020 are expected to benefit sales by £75 million and underlying operating profit by £12 million.

**Capital Markets Day:** We will hold a Capital Markets Day on Thursday 19<sup>th</sup> September 2019 in London.

Ends

## Enquiries:

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### Notes:

1. Unless otherwise stated, commentary in this statement is based on sales for the quarter ended 30th June 2019 and compares this quarter with the quarter ended 30th June 2018 at constant rates.
2. eLNO is a trade mark of Johnson Matthey Public Limited Company