



Presentation of Results for the half year ended 30th September 2009

25th November 2009



Johnson Matthey



Cautionary Statement

This presentation contains forward looking statements that are subject to risk factors associated with, amongst other things, the economic and business circumstances occurring from time to time in the countries and sectors in which Johnson Matthey operates. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a wide range of variables which could cause actual results to differ materially from those currently anticipated.



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Introduction

Neil Carson
Chief Executive



Johnson Matthey

Highlights

- Sales (ex pms) down 5%
- Underlying operating profit down 25%
- Results adversely impacted by:
 - Fall in global vehicle production
 - Lower pgm prices
- Balance sheet remains strong
- Group well positioned to benefit from recovery in markets
- Long term business drivers remain firmly in place



Financial Review

Robert MacLeod
Group Finance Director



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Summary Results

	1H 2009 £m	1H 2008 £m	% change
Revenue	3,577	4,355	-18
Sales excluding precious metals	883	924	-5
Profit before tax	109.5	140.3	-22
Total earnings per share	37.4p	46.8p	-20
Underlying*:			
Profit before tax	114.4	144.9	-21
Earnings per share	39.1p	48.4p	-19
Dividend per share	11.1p	11.1p	-

* Before amortisation of acquired intangibles

Underlying Operating Profit / Exchange

	1H 2009	1H 2008	Change %	2008 at 2009 exchange rates £m	Growth at constant rates %
	£m	£m			
Environmental Technologies	54.5	77.8	-30	84.6	-36
Precious Metal Products	49.2	76.7	-36	84.0	-41
Fine Chemicals	30.7	19.9	+54	21.4	+43
Corporate	(10.5)	(10.1)		(10.2)	
Group	123.9	164.3	-25	179.8	-31

Cost Base

- Early action taken to reduce costs
- Headcount down by 550 people
- First half cost savings of ca. £15m
- Variable costs approx. 60% of total costs (ex pms)

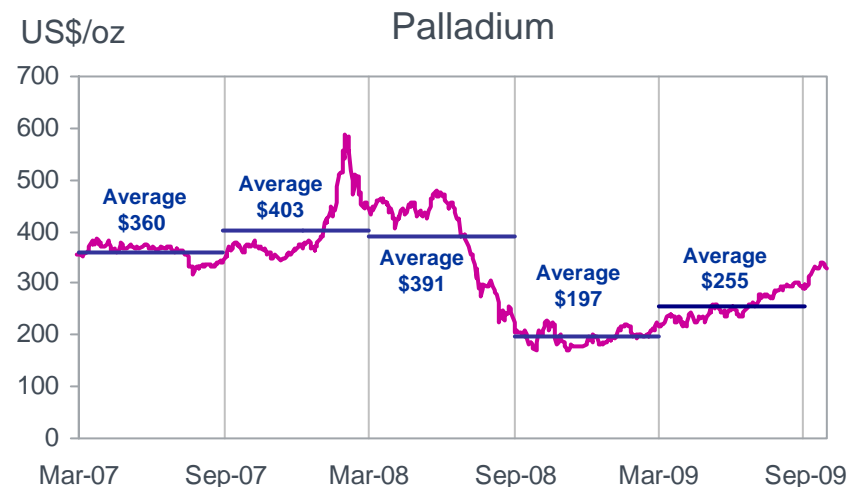
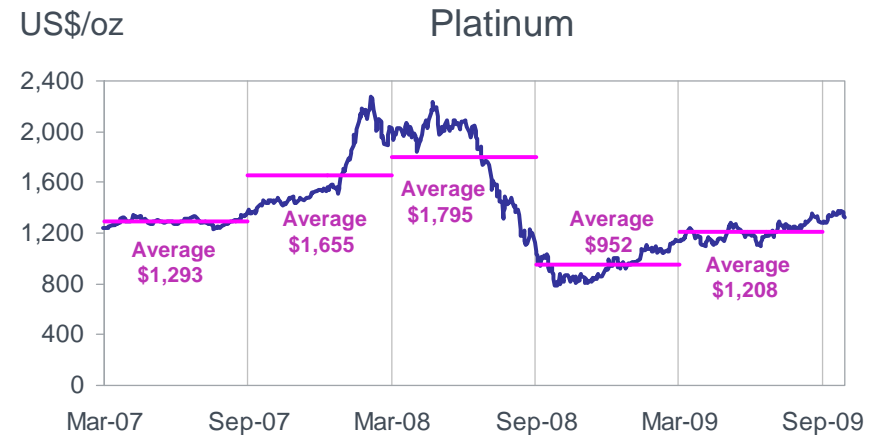
Return on Sales

Excluding Precious Metals

	Sales ex pms			ROS	
	1H	1H	Growth	1H	1H
	2009	2008		2009	2008
	£m	£m	%	%	%
Environmental Technologies	564	596	-5	9.7	13.1
Precious Metal Products	206	236	-13	23.9	32.5
Fine Chemicals	113	93	+22	27.2	21.4
Group	883	924	-5	14.0	17.8

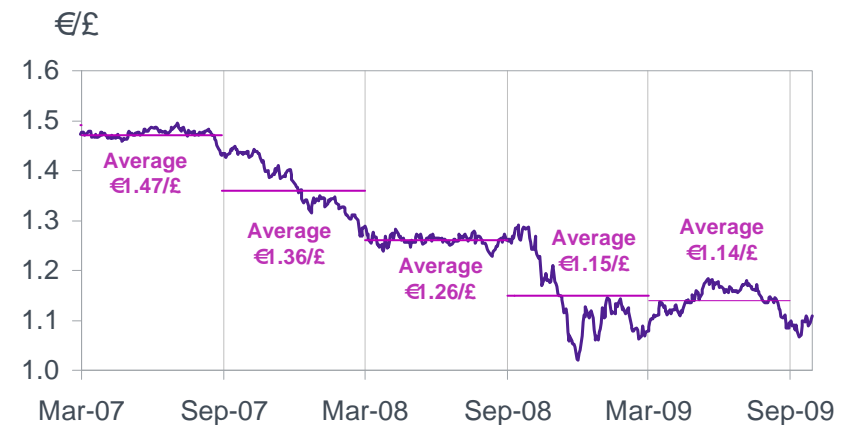
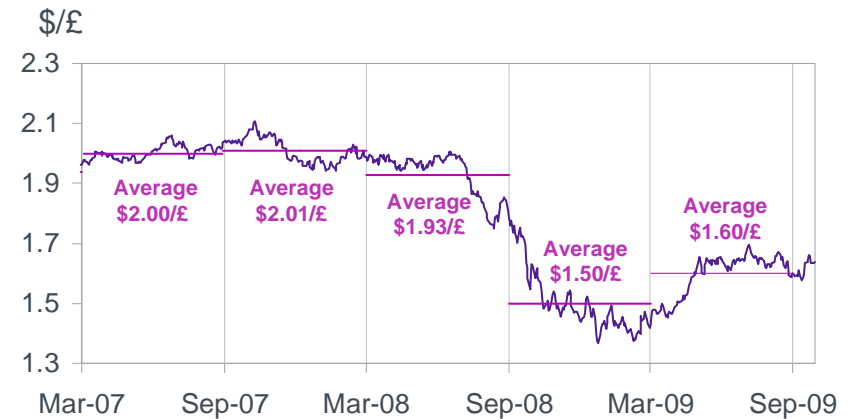
Pgm Prices

- At current prices (Pt \$1,450/oz, Pd \$375/oz) a 10% change in the basket of pgms can impact commission / distribution income by approx £3.0m p.a. (but volatility also a significant factor)
- Pgm prices affect demand for recycling secondary materials (e.g. spent catalysts, autocatalyst scrap etc.)



Exchange Rates

- Average rate in 1H 2009/10 was \$1.60/£
- Each 1 cent change in the average US dollar / sterling rate affects operating profit by £0.4m in a full year
- Average rate in 1H 2009/10 was €1.14/£
- Each 1 cent change in the average euro / sterling rate affects operating profit by £0.3m in a full year



Interest and Taxation

	1H 2009 £m	1H 2008 £m
Net finance costs (interest)	(10.2)	(19.9)
Income tax expense	(30.7)	(41.3)
Underlying tax rate (underlying tax / underlying profit before tax)	28.0%	29.4%

- Reduction in tax rate maintainable

Net Cash Flow


	1H 2009 £m	1H 2008 £m
Operating profit	119	160
Depreciation and amortisation	61	49
Tax received / (paid)	5	(67)
Working capital / other	(107)	15
Cash flow from operations	78	157
Interest / dividends	(66)	(73)
Net investment hedges	(31)	(12)
Net capital investment	(67)	(69)
Acquisitions / disposals	-	(2)
Shares bought	3	1
Net cash flow	(83)	2

Capital

	30 th Sept 09 £m	31 st March 09 £m
Net debt	584	534
Equity	1,224	1,176
Capital employed	1,808	1,710
Gearing (net debt / equity)	48%	45%

UK Pensions

- Provisional actuarial deficit at 1st April 2009 £173m
- Ten year funding plan from 1st April 2010 of £23m p.a. agreed
- To limit growth in future liabilities:
 - Consultation with UK employees underway
 - Proposing transfer of all employees to career average salary scheme
 - Results expected in early 2010



Operating Review

Neil Carson
Chief Executive



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A photograph of a factory production line. In the center, a semi-transparent white cylindrical component is being processed by machinery. The component has a textured, woven surface. The machinery is yellow and silver, with various rollers and guides. The background is slightly blurred, showing more of the factory environment. A semi-transparent white banner is overlaid across the middle of the image, containing the text "Environmental Technologies Division".

Environmental Technologies Division

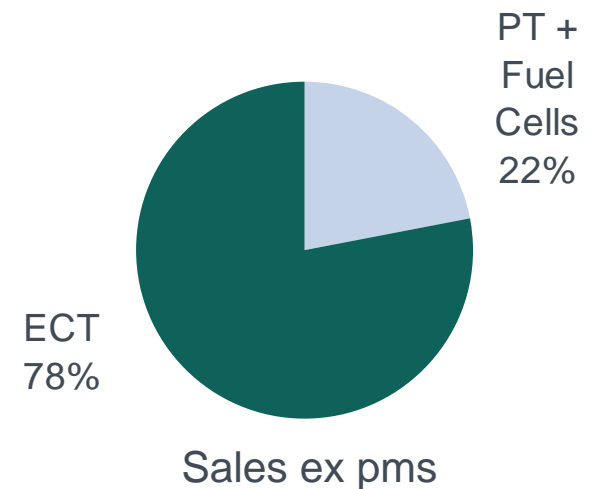


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Environmental Technologies Division

£m	1H 2009	1H 2008	%
Revenue	919	1,316	-30
Sales excluding precious metals	564	596	-5
Underlying operating profit	54.5	77.8	-30

- Emission Control Technologies' sales excluding precious metals fall 7%
- Process Technologies' sales (ex pms) up 1%
- Fuel Cells' sales continued to grow



Estimated Light Duty Vehicle Sales and Production

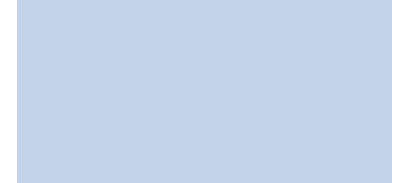
		1H 2009/10 millions	1H 2008/09 millions	Change %	1H 2009/10 millions	2H 2008/09 millions	Change %
North America	Sales	6.8	8.7	-21.8	6.8	5.7	+19.3
	Production	4.1	6.4	-35.9	4.1	4.4	-6.8
Europe	Sales	9.4	10.8	-13.0	9.4	7.7	+22.1
	Production	8.6	11.1	-22.5	8.6	7.8	+10.3
Asia	Sales	10.8	8.6	+25.6	10.8	8.2	+31.7
	Production	13.4	13.7	-2.2	13.4	12.4	+8.1
Global	Sales	31.5	33.3	-5.4	31.5	27.3	+15.4
	Production	29.4	35.0	-16.0	29.4	27.0	+8.9

Source: IHS Global Insight

Emission Control Technologies

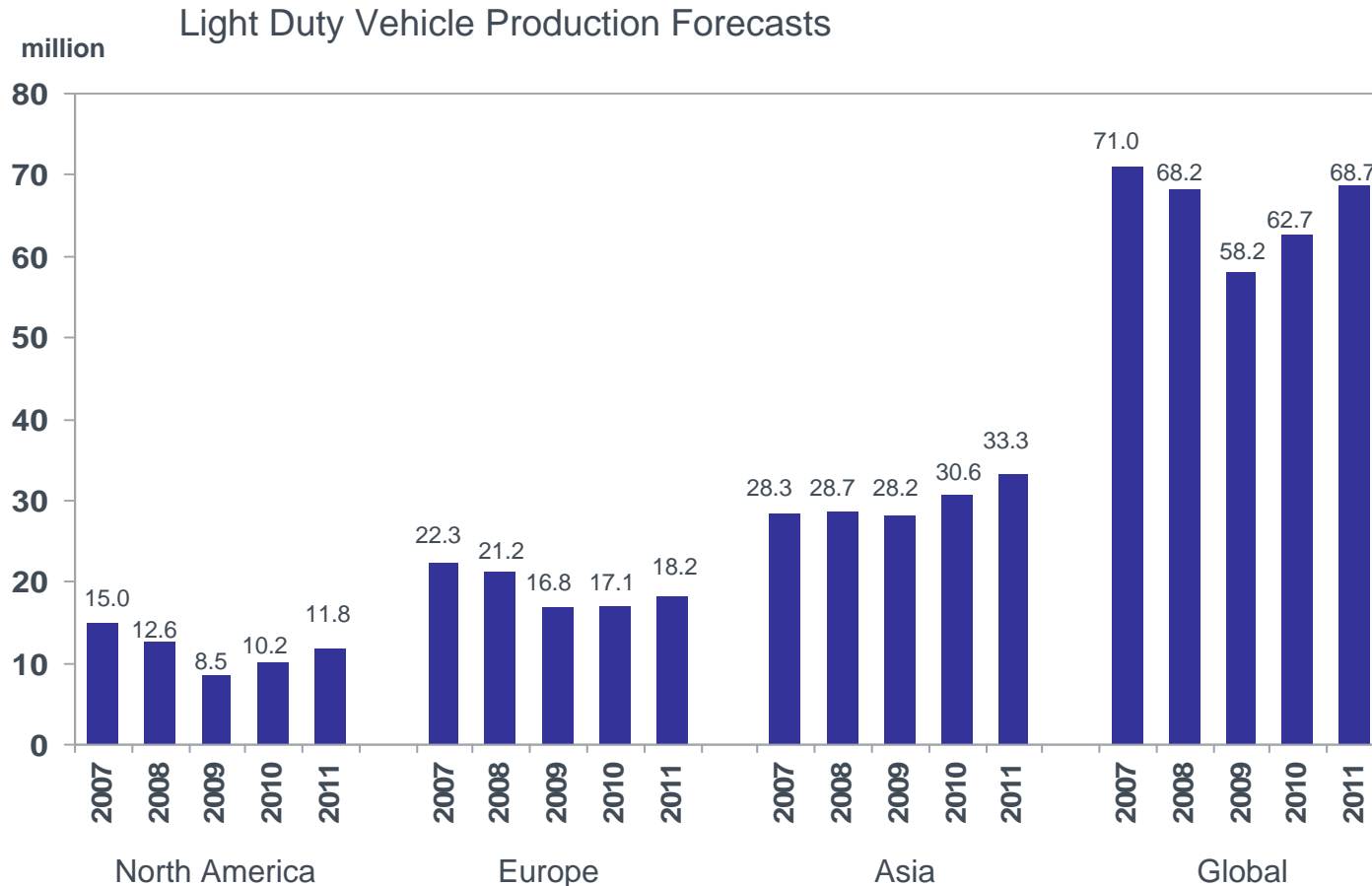
Light Duty

- Lower autocatalyst sales in North America:
 - Incentives drive gradual improvement through summer
- Europe also down but:
 - Incentives helped gasoline vehicle sales
 - September unit sales ahead of same month last year
 - DPF sales slightly ahead of first half last year
- Small decline in Asia:
 - Substantial decrease in Japan
 - Very strong growth in China where JM continues to gain market share
- First shipment from new facility in Macedonia in October



Emission Control Technologies

Light Duty Vehicle Production Outlook



- Recent industry forecasts for light duty vehicle production in calendar year
- Small decline in Asia in 2009. Returning to growth next year
- Downturn in Europe and North America expected to be more enduring

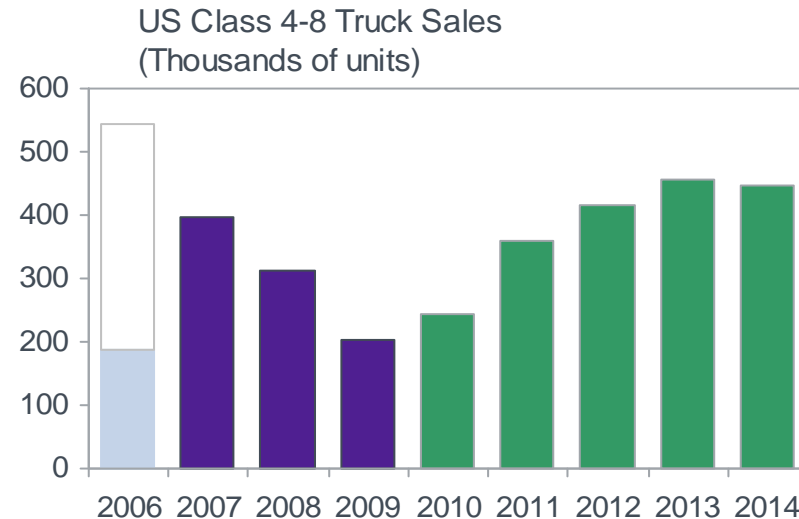
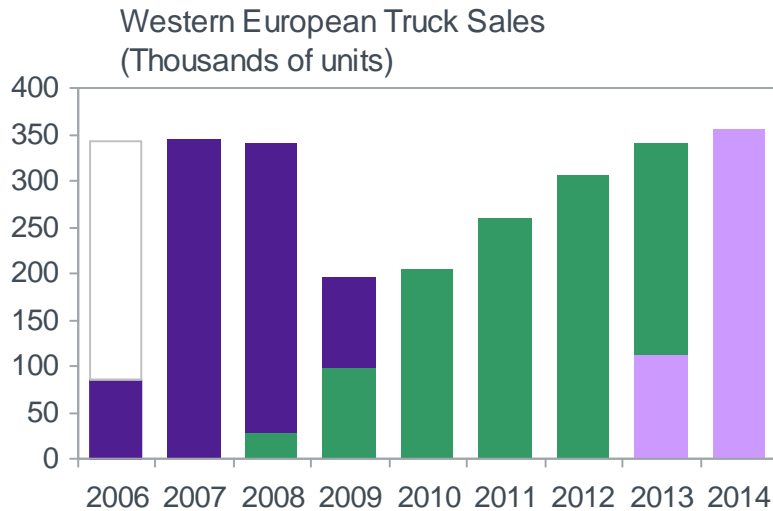
Estimated HDD Truck Sales and Production

		1H 2009/10 thousands	1H 2008/09 thousands	Change %	1H 2009/10 thousands	2H 2008/09 thousands	Change %
North America	Sales	117.1	201.3	-41.8	117.1	148.2	-21.0
	Production	106.1	200.8	-47.2	106.1	138.9	-23.6
EU	Sales	100.1	206.7	-51.6	100.1	147.9	-32.3
	Production	86.7	297.6	-70.9	86.7	176.6	-50.9

Source: J D Power

Emission Control Technologies

Heavy Duty Diesel Vehicle Sales Outlook (October 2009)



Sources: JD Power & Johnson Matthey

- No catalyst fitted
- DOC fitted
- Current regulations (Euro IV / US07)
- Euro V / US 2010 regulations
- Euro VI regulations

Emission Control Technologies

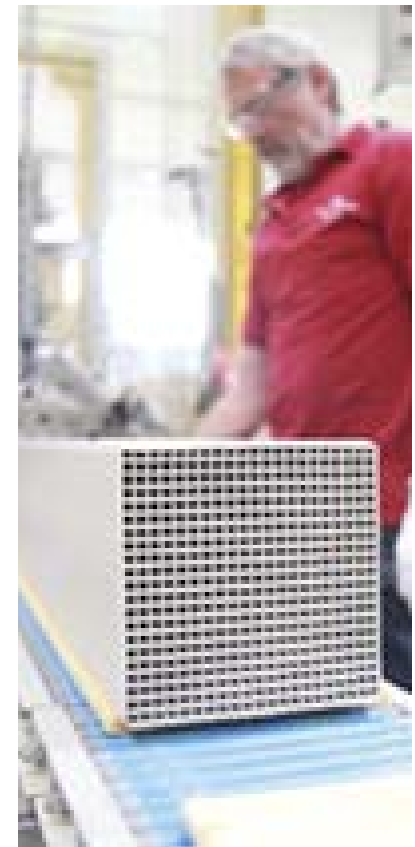
Heavy Duty Diesel

- Catalyst sales significantly down in first half:
 - No government incentives
 - No evidence of pre-buy ahead of US 2010 legislation
- Sales in North America a little more encouraging in October
- New facility in western Pennsylvania recently commissioned
- Business well positioned to benefit from market recovery
- Continue to believe market for HDD catalysts will rise to US \$2.5bn (ex pms) by end of 2014

Emission Control Technologies

Stationary Emissions Control (SEC)

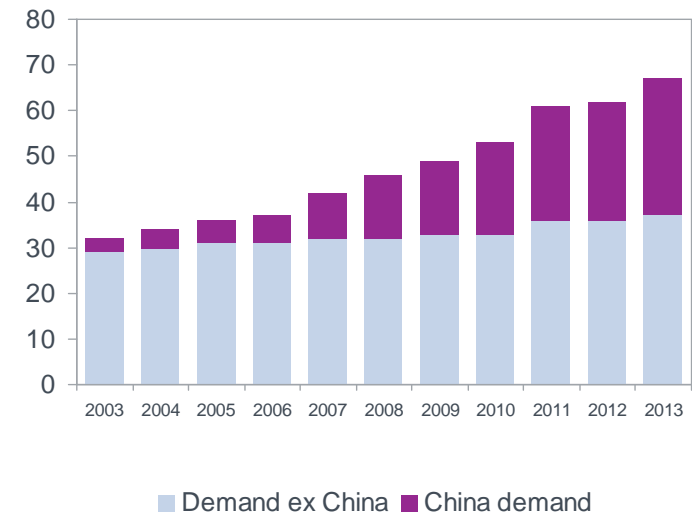
- SEC business impacted by reduced demand
- Customers' projects delayed in US and China
- Applied Utility Systems purchased for up to US \$10m:
 - Complements our existing NOx control business
 - Expands range of applications served
- NOx control for SEC applications remains an important growth opportunity:
 - By end of 2016 expect total SEC markets to grow to approx. US \$1.2bn (sales ex pms)
 - JM well positioned to benefit



Process Technologies

- Solid first half performance
- Continued strong demand in China:
 - Two new licences for DPT – another good first half
 - Further growth in demand for methanol catalysts:
 - Utilisation of coal reserves
 - Increased use of methanol in transportation fuels

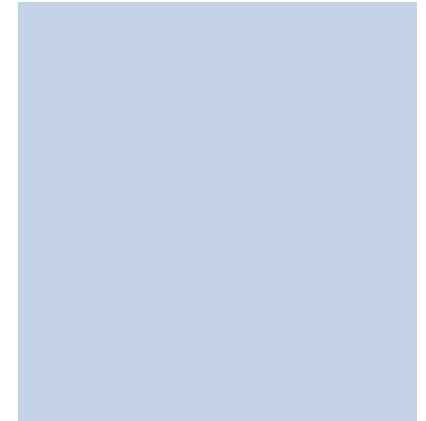
Global Methanol Demand
(Million metric tonnes)



Source: CMAI / 2008 World Methanol Conference

Process Technologies

- Outside China:
 - Catalyst demand supported by continued Middle East investment in ammonia production capacity
 - Lower demand from oil refineries with catalyst replacements being delayed
 - DPT – Substitute Natural Gas (SNG) project licensed in USA



Process Technologies

Future Growth Prospects

- New methanol catalyst plant at Clitheroe being commissioned:
 - New Apico product launched in June:
 - Well received by customers
 - Reinforces our leading position in methanol
 - Prospects good
- Key drivers for future growth:
 - Energy security – gas and coal to products
 - Environmental regulations – hydrogen catalysts and purification products
 - Climate change
- Process Technologies well positioned for continued growth



Precious Metal Products Division

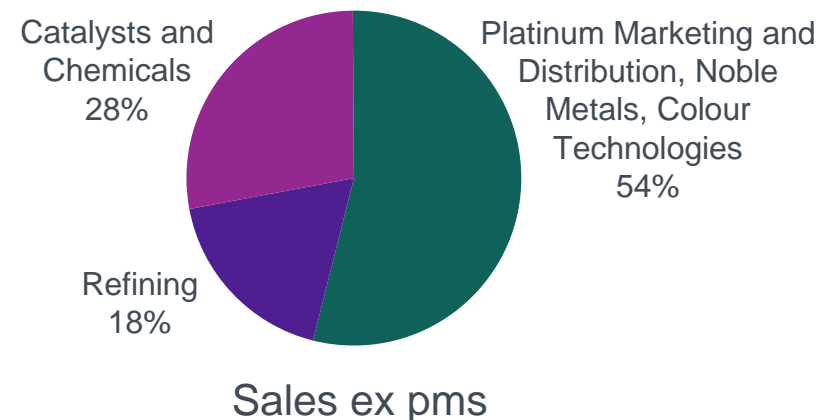


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Precious Metal Products Division

£m	1H 2009	1H 2008	%
Revenue	2,544	2,943	-14
Sales excluding precious metals	206	236	-13
Underlying operating profit	49.2	76.7	-36

- Significantly lower platinum group metal prices and reduced volatility impact trading for our Platinum Marketing and Distribution business
- Manufacturing businesses down due to lower industrial demand



Precious Metal Products Division

Metal Prices

- Pt demand expected to fall by 4% in calendar year 2009
 - Automotive demand down by around a third to lowest level since 2000
 - Supply forecast to rise by 2%
 - Average price in first half \$1,208/oz, down 33%
-
- Pd demand expected to be down 4%
 - Supply forecast to fall by 2% but sales of Russian state stocks will result in market being in surplus
 - Average price in first half \$255/oz, down 35%



Precious Metal Products Division

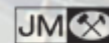
Manufacturing Businesses

- Sales in Noble Metals down:
 - Sales to nitric acid and medical parts industries held up
 - All other areas impacted by lower demand
- Demand for pgm refining hit by lower metal prices
- Gold and silver refining achieved good growth:
 - High gold prices boost demand for refining services and investment products
- Catalysts and Chemicals substantially down with lower activity across most industries
- Colour Technologies down in line with automotive demand





Fine Chemicals Division

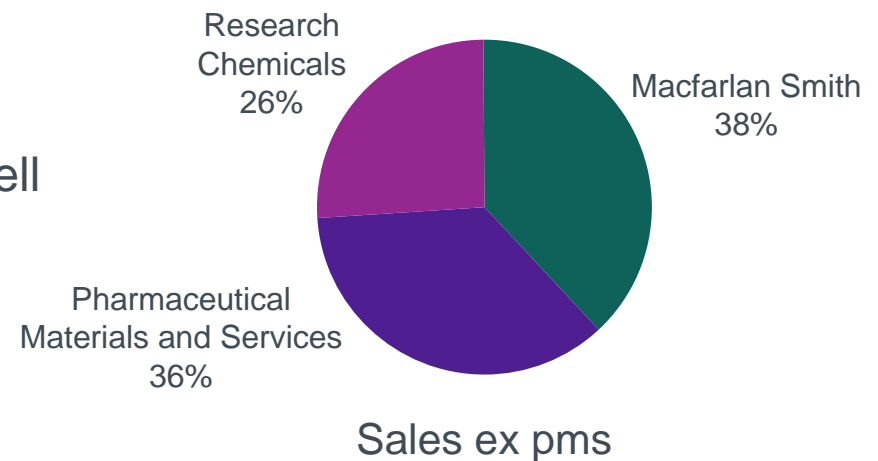


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Fine Chemicals Division

£m	1H 2009	1H 2008	%
Revenue	114	95	+19
Sales excluding precious metals	113	93	+22
Underlying operating profit	30.7	19.9	+54

- One-off US \$12m benefit from launch of ADDERALL XR[®] in April 2009
- API manufacturing businesses performed well
- Research Chemicals' sales slightly down



Fine Chemicals Division

- Good growth in opiates sales at Macfarlan Smith
- Pharmaceutical Materials and Services:
 - Ahead of last year even without one-off contribution from ADDERALL XR®
 - Higher sales of amphetamine salts and opiates
- Research Chemicals' sales slightly down:
 - Lower sales in Europe and North America
 - Partly offset by growth in Asia
- New Research Chemicals' manufacturing JV in China nearing completion



Outlook

Second Half (1)

Environmental Technologies:

- Second half will be significantly up on the same period last year
- In autocatalysts, return of consumer confidence and end of scrappage schemes will be key factors in driving demand
- HDD legislation tightens in the US on 1st January 2010. Much higher catalyst value per vehicle
- Process Technologies well placed for growth with good demand for petrochemical projects and the launch of new products

Outlook

Second Half (2)

Precious Metal Products:

- Results should benefit from higher pgm prices
- Unlikely to match second half of last year

Fine Chemicals:

- Expected to deliver steady growth for full year

Group:

- For full year, expect results in line with current market expectations

Outlook

Longer Term

- Long term growth drivers remain firmly in place
- Tighter emissions legislation:
 - Full fitment of DPFs on diesel cars in Europe by 2011
 - HDD market expected to be worth US \$2.5bn (sales ex pms) by end of 2014
 - Significant growth expected in SEC markets
- Energy security and environmental concerns
- For Precious Metal Products, increased industrial activity will lead to:
 - Greater demand for fabricated products
 - Higher pgm prices
- Steady long term growth in Fine Chemicals
- Johnson Matthey well positioned to return to growth



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