Presentation of Results for the half year ended 30th September 2010

24th November 2010
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.
Introduction

Neil Carson
Chief Executive
Key Messages

• Strong recovery

• Record first half

• Seeing benefits of management actions taken during downturn

• Continued investment in R&D

• Long term drivers firmly in place
## Summary Results

<table>
<thead>
<tr>
<th></th>
<th>1H 2010</th>
<th>1H 2009</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£m</td>
<td>£m</td>
<td>%</td>
</tr>
<tr>
<td>Revenue</td>
<td>4,562</td>
<td>3,577</td>
<td>+28</td>
</tr>
<tr>
<td>Sales excluding precious metals</td>
<td>1,104</td>
<td>883</td>
<td>+25</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>144.1</td>
<td>109.5</td>
<td>+32</td>
</tr>
<tr>
<td>Total earnings per share</td>
<td>49.2p</td>
<td>37.4p</td>
<td>+32</td>
</tr>
<tr>
<td>Underlying*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit before tax</td>
<td>164.3</td>
<td>114.4</td>
<td>+44</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>56.3p</td>
<td>39.1p</td>
<td>+44</td>
</tr>
<tr>
<td>Dividend per share</td>
<td>12.5p</td>
<td>11.1p</td>
<td>+13</td>
</tr>
</tbody>
</table>

* Before amortisation of acquired intangibles, major impairment and restructuring charges and profit or loss on disposal of businesses
### Net Cash Flow

<table>
<thead>
<tr>
<th></th>
<th>1H 2010 £m</th>
<th>1H 2009 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underlying operating profit</td>
<td>174</td>
<td>124</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>71</td>
<td>61</td>
</tr>
<tr>
<td>Tax (paid) / received</td>
<td>(38)</td>
<td>5</td>
</tr>
<tr>
<td>Working capital / other</td>
<td>(159)</td>
<td>(112)</td>
</tr>
<tr>
<td><strong>Cash flow from operations</strong></td>
<td><strong>48</strong></td>
<td><strong>78</strong></td>
</tr>
</tbody>
</table>

- Strong growth impacted cash flow, but good working capital management

- Working capital:
  - Excl. pgms up by £6m - 55 days (57 at 31st March 2010)
  - Pgms up by £122m due to higher prices and increased activity

- Net debt at 30th September 2010 - £525.9m
  - Net debt (inc. post tax pension deficit) / EBITDA of 1.5
Capital Expenditure

- Capex / depreciation in first half 0.9x. Full year likely to be 1.2x
- Going forward, capex likely to be between 1.0 and 1.2x depreciation
Results Benefited from Management Actions (1)

Environmental Technologies

*Emission Control Technologies*
- Continued to invest in efficient capacity to meet future demand
  - e.g. Macedonia, Smithfield
- Improved production costs by >5% - circa £8m p.a.
- Manufacturing reject rates reduced by 33% - £4m p.a.

*Process Technologies*
- Catalyst manufacturing capacity increased by 28% to date
  - Combination of new plant and debottlenecking
- R&D investment resulted in five new licensed processes for DPT
Results Benefited from Management Actions (2)

Precious Metal Products
• Significant improvement in metal management, working capital £100m lower
• Fixed production costs at pgm refineries down by ~£2m p.a.

Fine Chemicals
• US plant capacity up by ~50%, cost per tonne produced ~20% lower - $5m p.a.
• Restructuring of pharma services business reduced costs by $2m p.a.

R&D
• Investment has continued to grow. Will be over £100m this year
Environmental Technologies Division
Environmental Technologies Division

<table>
<thead>
<tr>
<th></th>
<th>1H 2010</th>
<th>1H 2009</th>
<th>% change</th>
<th>% at constant rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>1,261</td>
<td>919</td>
<td>+37</td>
<td>+34</td>
</tr>
<tr>
<td>Sales excluding precious metals</td>
<td>724</td>
<td>564</td>
<td>+29</td>
<td>+26</td>
</tr>
<tr>
<td>Underlying operating profit</td>
<td>76.6</td>
<td>54.5</td>
<td>+41</td>
<td>+37</td>
</tr>
<tr>
<td>Return on sales (ex pms)</td>
<td>10.6%</td>
<td>9.7%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- ECT’s sales up 29% to £567m
- Process Technologies’ sales up 25% to £153m
## Estimated Light Duty Vehicle Sales and Production

<table>
<thead>
<tr>
<th>Region</th>
<th>Sales</th>
<th>Production</th>
<th>Sales</th>
<th>Production</th>
<th>Change</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>7.3</td>
<td>6.0</td>
<td>6.8</td>
<td>4.1</td>
<td>+7.4</td>
<td>+46.3</td>
</tr>
<tr>
<td>Europe</td>
<td>9.1</td>
<td>9.5</td>
<td>9.4</td>
<td>8.6</td>
<td>-3.2</td>
<td>+10.5</td>
</tr>
<tr>
<td>Asia</td>
<td>14.4</td>
<td>17.7</td>
<td>12.1</td>
<td>14.5</td>
<td>+19.0</td>
<td>+22.1</td>
</tr>
<tr>
<td>Global</td>
<td>35.5</td>
<td>36.3</td>
<td>32.6</td>
<td>30.1</td>
<td>+8.9</td>
<td>+20.6</td>
</tr>
</tbody>
</table>

### Change:
- North America: +7.4%
- Europe: -3.2%
- Asia: +19.0%
- Global: +8.9%

### Source:
IHS Global Insight
Emission Control Technologies
Light Duty

• Light duty catalyst sales up 22% to £419m
  • 74% of ECT’s sales

• Sales in Europe benefited from increased fitment of filters and recovery in diesel’s market share
  • Diesel share of European car market 52%, up from 44%
  • Around 90% filter fitment by end of our first half
  • 100% filter fitment from 1st January 2011

• JM’s sales in Asia strongly ahead of growth in production
  • Continue to improve market share, particularly in China
Emission Control Technologies
Europe Light Duty Sales Growth 1H 2010

[Diagram showing sales growth in £ million for 1H 2009, Flowthrough Catalyst Volumes +15, DPF Volumes +25, DPF Substrate Costs -12, Other -2, resulting in 1H 2010 total of 256 million.]
Emission Control Technologies
Light Duty – Asia

- China largest market in Asia
  - 54% of region’s light duty vehicle sales in 1H
  - Virtually all production is for domestic market
  - Vehicle sales in China up 18% to 7.8 million

- Asia (particularly Japan and Korea) large exporter to North America and Europe

- JM plants in China, Japan, India, Malaysia and Korea

- Asia accounted for 19% of our 1H sales

Quarterly Vehicle Sales and Production in Asia

Source: IHS Global Insight (October 2010)
Emission Control Technologies
Light Duty Vehicle Production Outlook

- Most recent industry forecasts show increase in global estimates for 2010 and 2011. Growth particularly in Asia.

- Despite the effect of scrappage schemes ending, all markets expected to grow with Asia leading the way.

Source: IHS Global Insight (October 2010)
## Estimated HDD Truck Sales and Production

<table>
<thead>
<tr>
<th>Region</th>
<th>Sales 2010/11 (thousands)</th>
<th>Sales 2009/10 (thousands)</th>
<th>Change %</th>
<th>Production 2010/11 (thousands)</th>
<th>Production 2009/10 (thousands)</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>137.6</td>
<td>117.2</td>
<td>+17.4</td>
<td>132.4</td>
<td>105.9</td>
<td>+25.0</td>
</tr>
<tr>
<td>EU</td>
<td>110.5</td>
<td>104.9</td>
<td>+5.3</td>
<td>151.1</td>
<td>89.6</td>
<td>+68.6</td>
</tr>
</tbody>
</table>

Source: J D Power
Emission Control Technologies
Heavy Duty Diesel

- Unit sales almost double those of 1H 2009
  - US 2010 HDD standards require more catalysts per vehicle

- JM’s sales up 72% on first half of last year at £128m
  - North America £83m
  - Europe £41m

- Modest profit in 1H 2010
  - Driven by improving markets and operational leverage
Emission Control Technologies
Heavy Duty Sales Growth 1H 2010

£ million

1H 2009 | Europe Volumes | Europe Other | N America Volumes | N America Legislation | N America Other | 1H 2010
---|---|---|---|---|---|---
74 | +25 | -7 | +7 | +24 | +5 | 128
Emission Control Technologies
Heavy Duty Diesel – Dynamics

- Steady increase in US truck sales
- Europe saw better growth in truck production
- Circa 75% of costs are variable
- Market size today approx US $600m sales. JM has >65% share
- Market grows to US $2.5bn by end 2014/15
Emission Control Technologies
Heavy Duty Diesel Vehicle Sales Outlook (November 2010)

Western European Truck Sales

US Class 4-8 Truck Sales

Source: JD Power, ACT Research and Johnson Matthey

- No catalyst fitted
- DOC fitted
- Euro IV / US 07
- Euro V / US 2010 regulations
- Euro VI regulations
- Sales outlook at March 2010
Process Technologies

- AMOG – good first half
  - Sales up 28%
  - Strong demand for methanol catalysts, sales more than doubled
  - Ammonia and hydrogen catalyst sales also ahead

- First commercial sales of APICO

- Sale of Vertec to Dorf Ketal – agreement terminated
  - Production site to close at end of financial year

1H 2010 sales
£153m

Other 22%
DPT 22%
AMOG 56%
Process Technologies
Davy Process Technology (DPT)

- Another strong performance from DPT
  - Good licensing and engineering income
  - Nine new plants being commissioned in the year
  - World’s largest methanol plant commissioned successfully at Shenhua Baotou

- A further three new licences agreed in first half
  - SNG plant and speciality chemicals plant in China
  - NDA plant in Indonesia

- Five new processes launched over last two years
Process Technologies
Acquisition of Intercat

- Intercat acquisition completed on 1st November
  - Leader in FCC additives and addition systems
  - 2009 sales of US $58m
  - Normalised operating profit US $8.4m in 2009

- Strengthens JM’s position in refinery catalysts

- Growth driven by demand for transportation fuels and processing of dirtier feedstocks

- Integration process underway
Precious Metal Products Division
Precious Metal Products Division

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<thead>
<tr>
<th>£m</th>
<th>1H 2010</th>
<th>1H 2009</th>
<th>% change</th>
<th>% at constant rates</th>
</tr>
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<tbody>
<tr>
<td>Revenue</td>
<td>3,175</td>
<td>2,544</td>
<td>+25</td>
<td>+22</td>
</tr>
<tr>
<td>Sales excluding precious metals</td>
<td>258</td>
<td>206</td>
<td>+25</td>
<td>+22</td>
</tr>
<tr>
<td>Underlying operating profit</td>
<td>81.2</td>
<td>49.2</td>
<td>+65</td>
<td>+63</td>
</tr>
<tr>
<td>Return on sales (ex pms)</td>
<td>31.5%</td>
<td>23.9%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Strong growth in sales across all businesses
- Operating profit recovered well following weak first half last year
Precious Metal Products Division
Platinum Marketing and Distribution

- Pt market expected to be in small surplus in calendar year 2010
- Average Pt price in 1H 2010/11 $1,595/oz, up 32% on same period last year
- Pd market expected to be close to balance in 2010
- Average Pd price in 1H 2010/11 $497/oz, up 95% on last year
- Business achieved strong growth in first half, in line with improvement in pgm prices
Precious Metal Products Division
Manufacturing Businesses

• Good sales and profit growth
  • Continued recovery in industrial demand

• Noble Metals’ sales up 20%
  • Particularly good growth in agrochemical and industrial sectors

• Strong performance in refining businesses, sales well ahead

• Catalysts and Chemicals’ sales up 15%
  • Mainly driven by increased demand from automotive sector

• Colour Technologies’ sales up 19%
  • Good demand from both automotive and decorative sectors
Fine Chemicals Division

<table>
<thead>
<tr>
<th>£m</th>
<th>1H 2010</th>
<th>1H 2009</th>
<th>% change</th>
<th>% at constant rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue*</td>
<td>126</td>
<td>107</td>
<td>+18</td>
<td>+16</td>
</tr>
<tr>
<td>Sales excluding precious metals*</td>
<td>122</td>
<td>106</td>
<td>+15</td>
<td>+13</td>
</tr>
<tr>
<td>Underlying operating profit*</td>
<td>28.8</td>
<td>23.1</td>
<td>+25</td>
<td>+22</td>
</tr>
<tr>
<td>Return on sales (ex pms)*</td>
<td>23.7%</td>
<td>21.9%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Excluding one-off benefit from launch of generic ADDERALL XR® in 1H 2009

- Good first half, sales* up 15%
- Underlying operating profit* up 25%
Fine Chemicals Division

- Good first half for APIs manufacturing businesses with sales* up 15%
  - Strong sales of bulk opiates and other controlled APIs at Macfarlan Smith
  - Pharmaceutical Materials and Services saw good growth in specialist opiates, amphetamines and platinum anticancer APIs
  - Good recovery in contract research business following restructuring actions taken last year

- Acquisition of APIs manufacturing facility provides additional capacity at low cost

- Research Chemicals’ sales and operating profit both well up on 1H last year

* Excluding one-off benefit from launch of generic ADDERALL XR® in 1H 2009
Outlook
Second Half (1)

Environmental Technologies

• Short term visibility continues to be limited

• European car sales expected to continue slight downward trend, balanced by growth in emerging markets

• Continued steady improvement in HDD business

• Process Technologies well placed for further growth
  • Benefit from APICO and inclusion of Intercat business

• Second half performance expected to be broadly in line with first half
Outlook
Second Half (2)

Precious Metal Products
• All businesses should continue to perform well
• Second half results expected to be slightly ahead of first half

Fine Chemicals
• Delays to customers’ launch of new products will impact 2H
• However, division expected to be ahead of 2009/10

Group
• Outlook is good
• Second half comparatives tougher than those in first half
• Expect 2H performance to be broadly in line with 1H
Emission Control Technologies
Light Duty Vehicle Legislation

Rest of World

China

Japan

Russia

European Union

USA


LEV 1 [CA]
N-LEV
LEV 2 [CA]
LEV 3 [CA]

S. Korea K-ULEV
Brazil L4

India Euro 3 (national 1)
Brazil L5

Euro 3 (national 1)
Brazil L6

Euro 4

Euro 2

J-2000
NLT
PNLT

Euro 3

Euro 4

Euro 5

Euro 6
Emission Control Technologies
Heavy Duty Diesel Legislation

- Rest of World
  - Brazil: Euro III (HDD)
  - S. Korea: Euro IV (HDD)
  - India: Euro III (HDD), Euro IV (HDD), Brazil: Euro IV (HDD)

- China
  - Japan LTP (HDD)
  - Japan 10 (HDD)

- Japan
  - Euro III (HDD)

- Russia

- European Union
  - Euro III (HDD)
  - Euro IV (HDD)
  - Stage IIIB (non-road)
  - Stage IV (non-road)

- USA
  - Tier 1
  - Tier 2
  - US04 (HDD)
  - US07 (HDD)
  - US2010 (HDD)