



Johnson Matthey

**Presentation of Results for the year
ended 31st March 2006**

1st June 2006

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.



Johnson Matthey

Introduction

Neil Carson
Chief Executive

Strategic Developments

- Focus on delivery of organic growth
- Major opportunity in HDD
- Growth in catalysed soot filters (CSFs)
- Opportunities in PCT
- Continue to improve ROA, currently 17%
- £200 million to be spent on acquisitions and / or share buy-backs



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Financial Review

John Sheldrick

Group Finance Director

Summary Results

IFRS Basis	2006 £m	2005 £m	%
Revenue	4,756	4,626	+3
Sales excluding precious metals	1,341	1,188	+13
Operating profit	228.7	179.9	+27
Profit before tax	213.8	167.4	+28
Total earnings per share	70.8p	53.2p	+33
Before impairment & restructuring costs:			
Operating profit	234.7	216.6	+8
Profit before tax	219.8	204.1	+8
Earnings per share	72.7p	67.0p	+9
Dividend	30.1p	27.7p	+9

Operating Profit

	2006	2005	%	2006 at 2005 exchange rates	
	£m	£m		£m	%
Catalysts	134.2	122.5	+10	132.1	+8
Precious Metal Products	62.2	52.0	+20	61.2	+18
Pharmaceutical Materials	33.8	39.8	-15	33.5	-16
Ceramics	21.3	18.8	+13	20.8	+11
Corporate	(16.8)	(16.5)		(16.9)	
	<u>234.7</u>	<u>216.6</u>	+8	<u>230.7</u>	+7

Return on Sales

Excluding Precious Metals

	Sales excl. PMs			ROS	
	2006	2005	Growth	2006	2005
	£m	£m	%	%	%
Catalysts	786	672	+17	17.1	18.2
Precious Metal Products	245	225	+9	25.3	23.1
Pharmaceutical Materials	127	125	+2	26.6	31.9
Ceramics	182	166	+10	11.7	11.3
	<u>1,341</u>	<u>1,188</u>	+13	<u>17.5</u>	<u>18.2</u>

Interest

	2006 £m	2005 £m
Interest payable	(31.7)	(32.2)
Interest receivable	17.0	19.2
	<u>(14.7)</u>	<u>(13.0)</u>

Taxation

	2006 £m	2005 £m
Underlying tax	64.3	59.8
Tax on impairment & restructuring costs	(1.8)	(13.3)
	<u>(62.5)</u>	<u>(46.5)</u>
Underlying tax rate	29.3%	29.3%

Capital Expenditure to Depreciation

Year to 31st March 2006

	Capital Expenditure £m	Depreciation £m	Capex/ Depreciation (times)
Catalysts	89.2	39.8	2.2
Precious Metal Products	13.7	13.0	1.1
Pharmaceutical Materials	9.9	10.0	1.0
Ceramics	6.5	6.3	1.0
Other	4.7	1.7	2.8
Total Group	<u>124.0</u>	<u>70.8</u>	1.8

Net Cash Flow

	2006 £m	2005 £m
Operating profit	229	180
Depreciation and amortisation	77	66
Working capital / tax / other	(94)	(62)
Cash flow from operations	212	184
Interest / dividends	(74)	(71)
Capital expenditure / asset sales	(115)	(92)
Free cash flow	23	21
Acquisitions / disposals	(24)	19
Shares (bought) / issued	(26)	(16)
Net cash flow	(27)	24

Return on Investment

	2006 £m	2005 £m
Operating profit	<u>235</u>	<u>217</u>
Average assets:		
Equity	987	918
Net debt	<u>391</u>	<u>382</u>
Total investment	<u>1,378</u>	<u>1,300</u>
Pre-tax ROA	17.0%	16.7%
Return on invested capital	12.0%	11.8%
WACC	8%	8%

Capital

	Mar 06 £m	Mar 05 £m
Net debt	412	370
Equity	1,045	930
Capital employed	<u>1,457</u>	<u>1,300</u>
Gearing (net debt / equity)	39.4%	39.8%



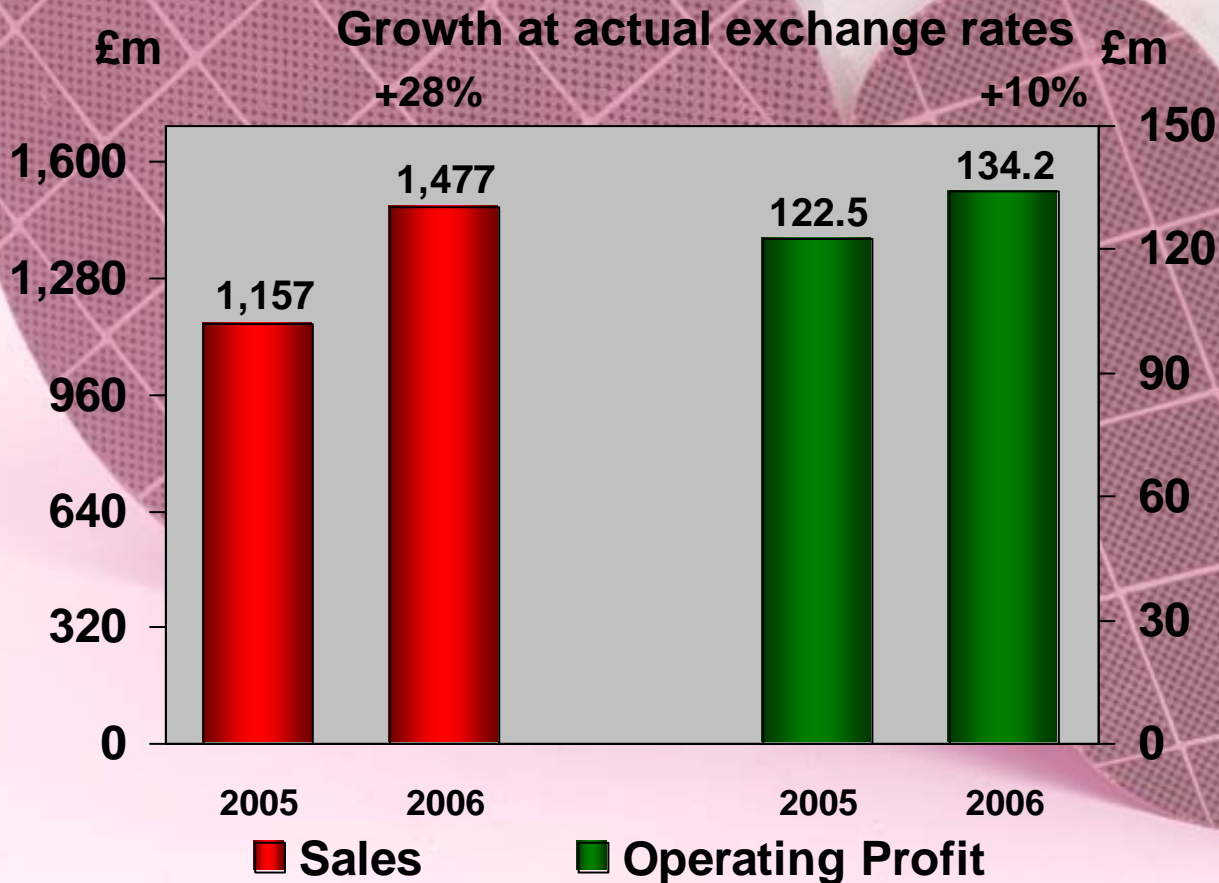
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Operating Review

Neil Carson
Chief Executive

Catalysts Division

- Profits up 10%
- Both ECT and PCT achieve good growth



Estimated Light Vehicle Sales and Production

		Year to 31 st March		
		2006	2005	change
		millions	millions	%
North America				
	Sales	19.7	19.5	1.0%
	Production	15.9	15.6	1.9%
Europe				
	Sales	18.3	18.0	1.7%
	Production	19.3	18.9	2.1%
Asia				
	Sales	15.2	13.7	10.9%
	Production	23.0	20.7	11.1%
Global				
	Sales	65.6	63.3	3.6%
	Production	66.3	64.2	3.3%

Source: Global Insight

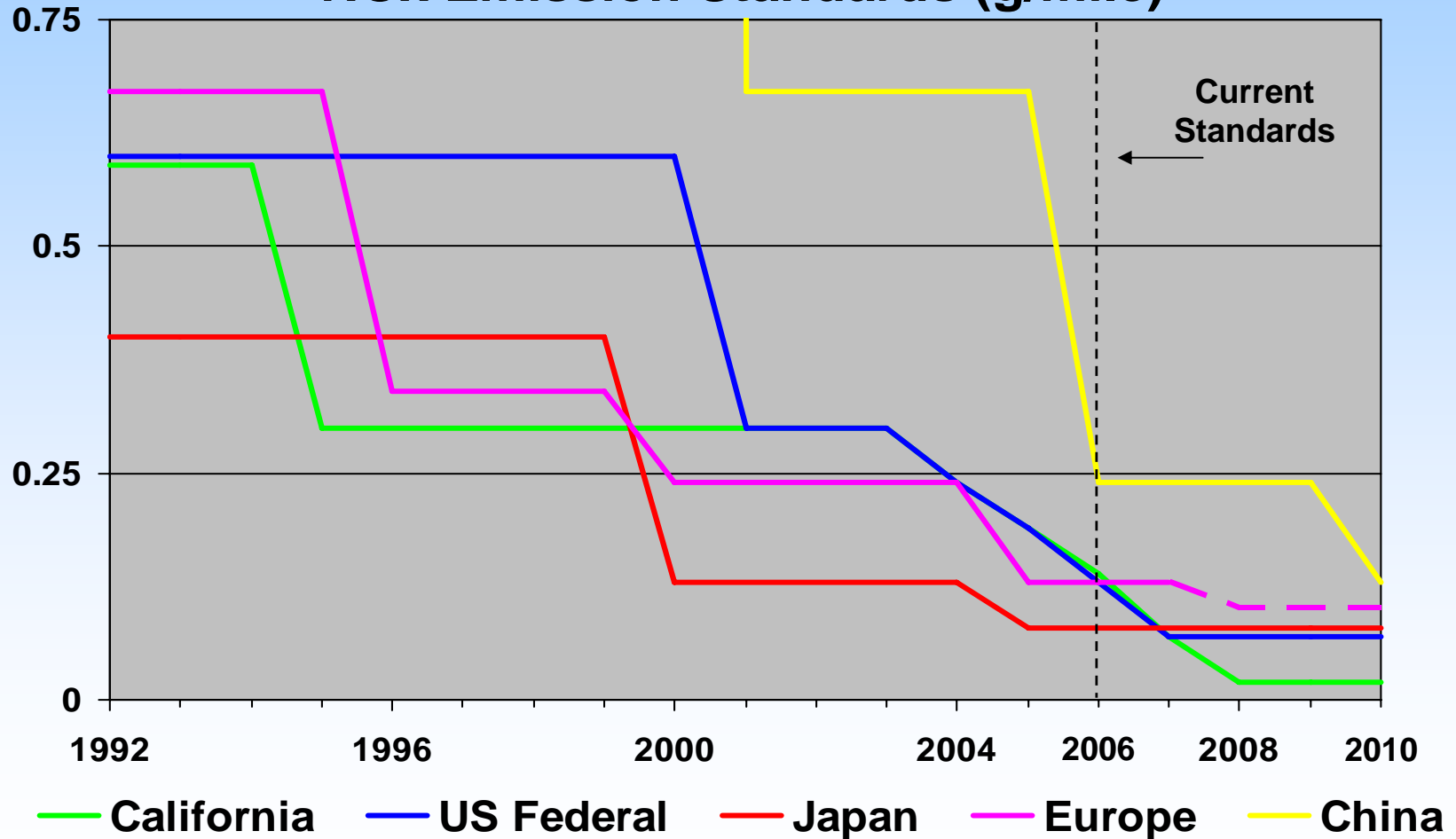


Environmental Catalysts and Technologies

- **Strong top line growth**
- **Europe continues to benefit from sales of diesel products**
- **North America slightly down**
- **Good autocatalyst growth in Asia, particularly in China and Japan**
- **Emissions standards continue to tighten worldwide**

Environmental Catalysts and Technologies

NOx Emission Standards (g/mile)



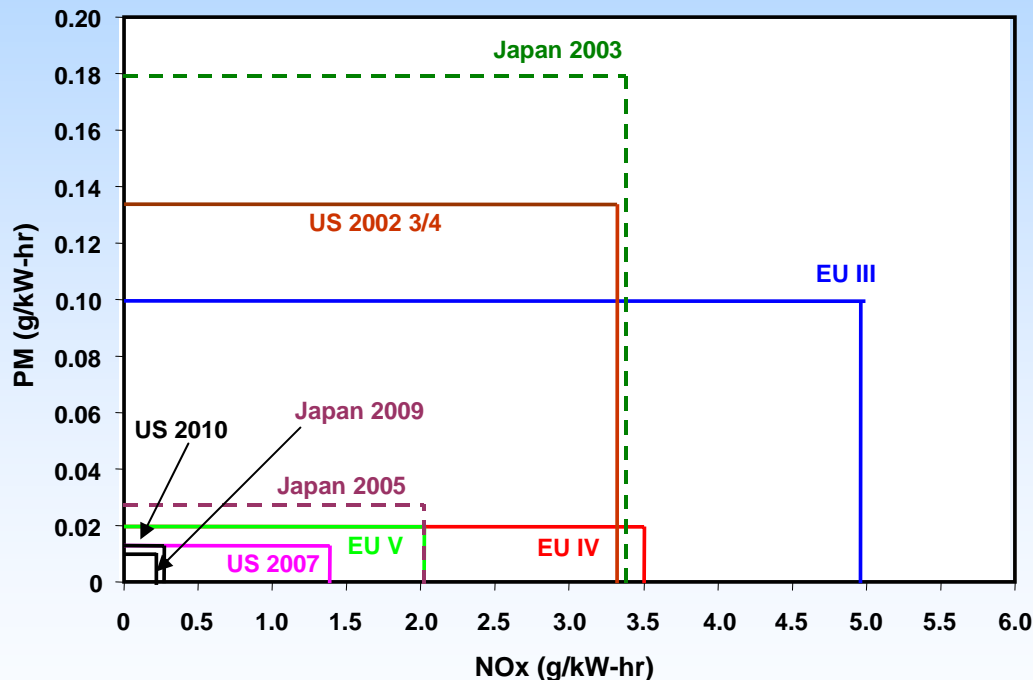
Environmental Catalysts and Technologies

Light Duty Growth Trends

- **Growth in Europe driven by tighter diesel regulations**
- **Increasing demand for CSFs**
- **Diesels starting in North America**
- **Expansion in China and Japan, construction of new Korean plant underway. New plant announced in Russia**

Environmental Catalysts and Technologies

HDD on-road regulation development



	New Models	All Models
Europe		
Euro 4	01-Oct-05	01-Oct-06
Euro 5	01-Oct-08	01-Oct-09
United States		
US2007	01-Jan-07	01-Jan-07
US2010	01-Jan-10	01-Jan-10
Japan		
<i>Short Term</i>		
2.5-12t	01-Oct-03	01-Oct-03
12t +	01-Oct-04	01-Oct-04
<i>New Long Term</i>		
2.5t+	01-Oct-05	01-Oct-05
<i>Japan Diesel 09</i>		
2.5t+	31-Dec-09	31-Dec-09
China		
Beijing - Euro 4	2008	
Rest of country - Euro 4	2010	
India		
Major cities	2010 (or earlier?)	
South Korea		
Euro 4	01-Jan-06	01-Jan-08

Environmental Catalysts and Technologies

Heavy Duty Diesel

- **Currently less than 10% of new HDD vehicle production in Europe fitted with catalysts**
- **Full impact of European legislation from October 2006**
- **US legislation starts from January 2007**
- **Now expect market in excess of US\$700 million (ex pms) by end of calendar year 2008**
- **Johnson Matthey to have leading market share**

Process Catalysts and Technologies

- **Good growth in sales and operating profit**
- **AMOG business well ahead. Strong demand for hydrogen and synthesis gas catalysts and purification products**
- **£4 million investment in steam reforming test plant**
- **Research Chemicals business continues to grow. New global catalogue launched**

Process Catalysts and Technologies

Business Developments

- **Acquisition of DPT**
- **Strong technology position in oil, gas and petrochemicals**
- **Soaring energy prices and drive towards low carbon technologies to increase catalyst opportunities**

Oil Price Drives Interest in Hydrocarbons to Products Technology

Brent Crude
Oil Price
US\$/Barrel



With oil above
\$40 per barrel
the following
technologies
become viable:

Coal to Chemicals
\$40 - \$50

Biodiesel
\$35 - \$45

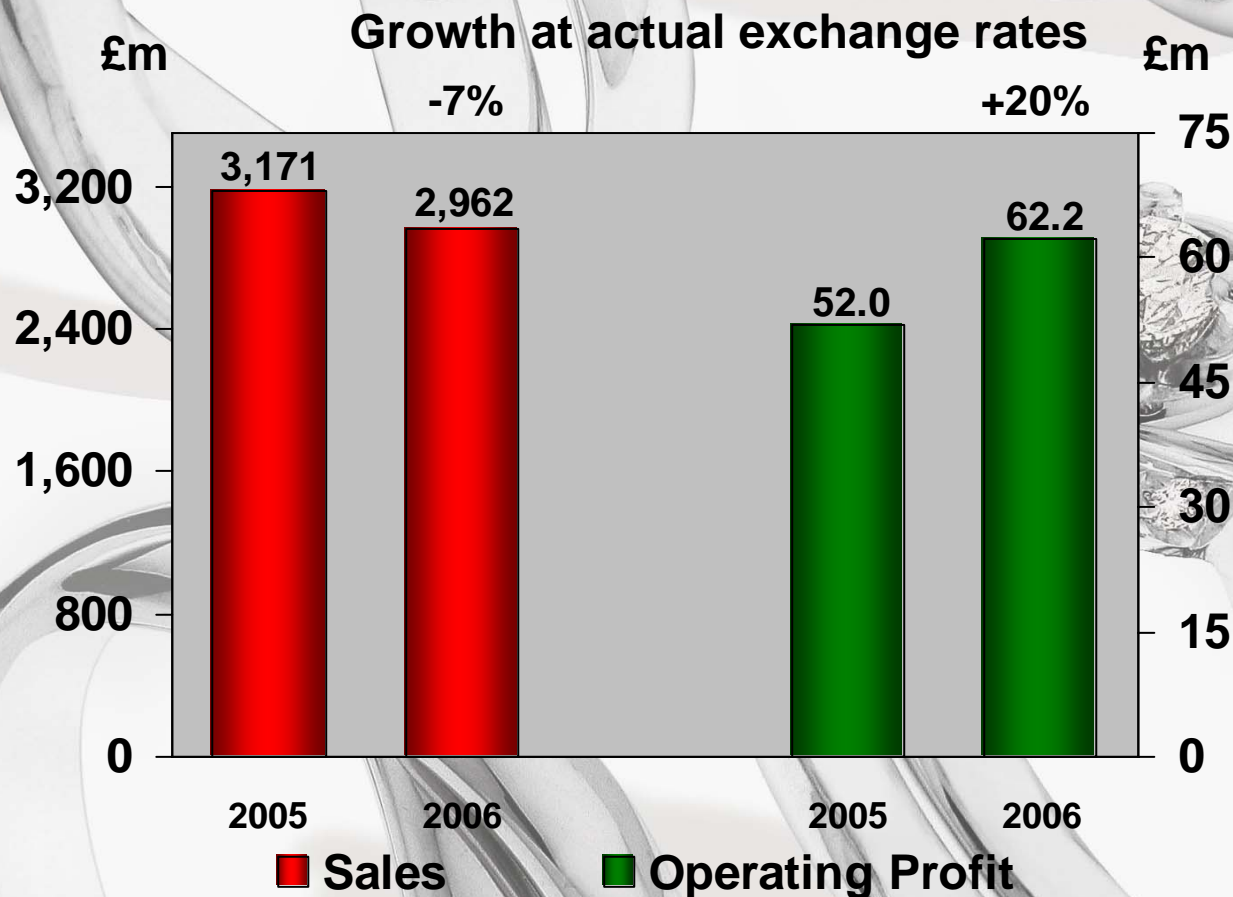
Gas to Liquids
\$25 - \$35

Fuel Cells

- **Energy and global warming concerns drive interest in fuel cells**
- **Renewed interest in PAFC fuel cells for medium scale, stationary applications**
- **Increased activity in fuel cell powered buses for low carbon transport demonstrations**
- **Growth in DMFC technology for mobile applications**
- **Expanded range of customers boosts revenues. Net expense down**

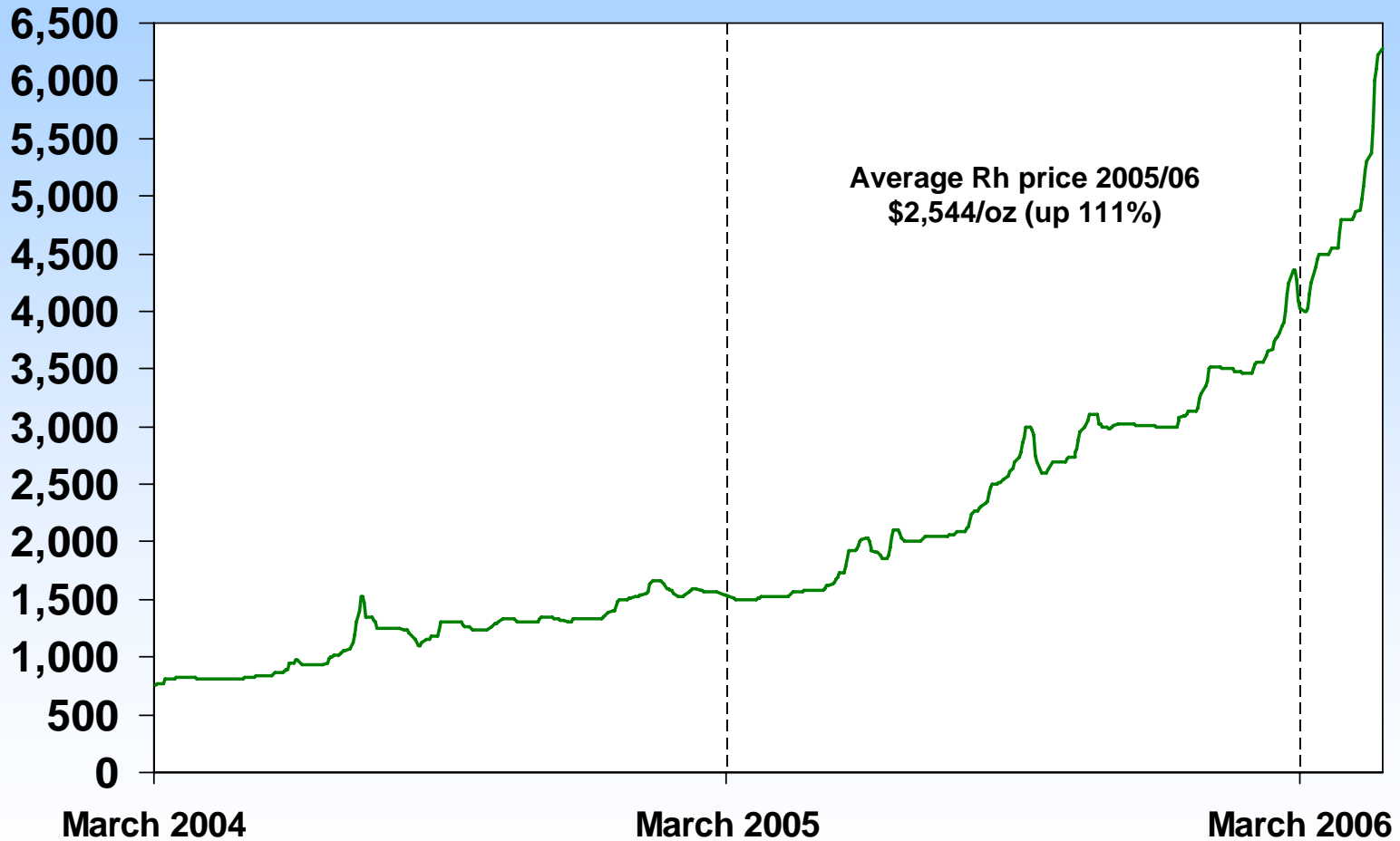
Precious Metal Products

- Profits up 20%
- Manufacturing businesses perform well and trading strong in second half



Rhodium Price

US\$/oz



— Rhodium

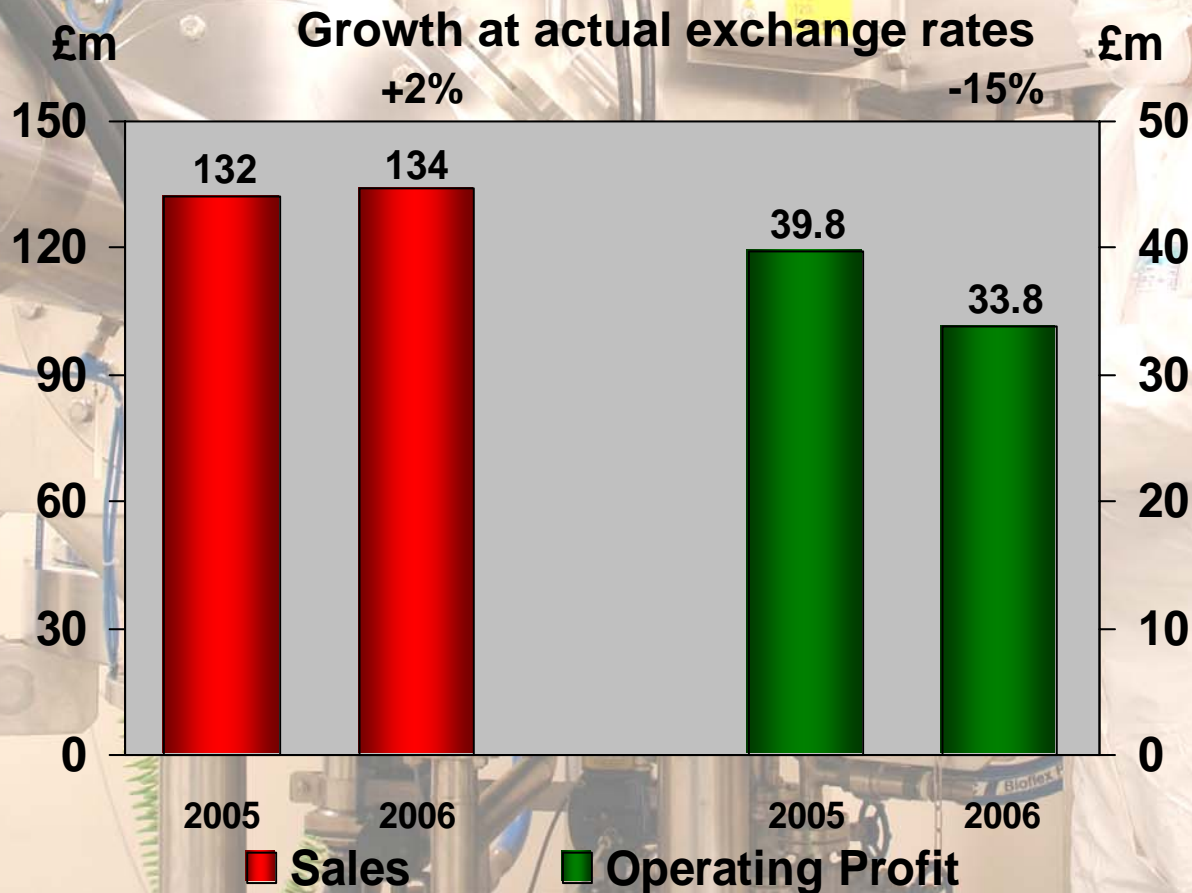


Precious Metal Products

- Pgm Refining restructuring successfully completed. More than £20 million in cash released
- Colour Technologies benefits from good demand for automotive glass products
- Fabricated pgm products businesses perform well, particularly medical parts

Pharmaceutical Materials

- Profits down 15%
- US business down, European businesses perform well



Pharmaceutical Materials

US Operations

- Impact of expiry of carboplatin patent in October 04
- Contract research market weaker than last year
- Expected major generic products delayed by court action. Timing uncertain but launch still expected in 2006/07
- Future prospects for platinum products encouraging. Potential royalty income if Satraplatin[®] approved

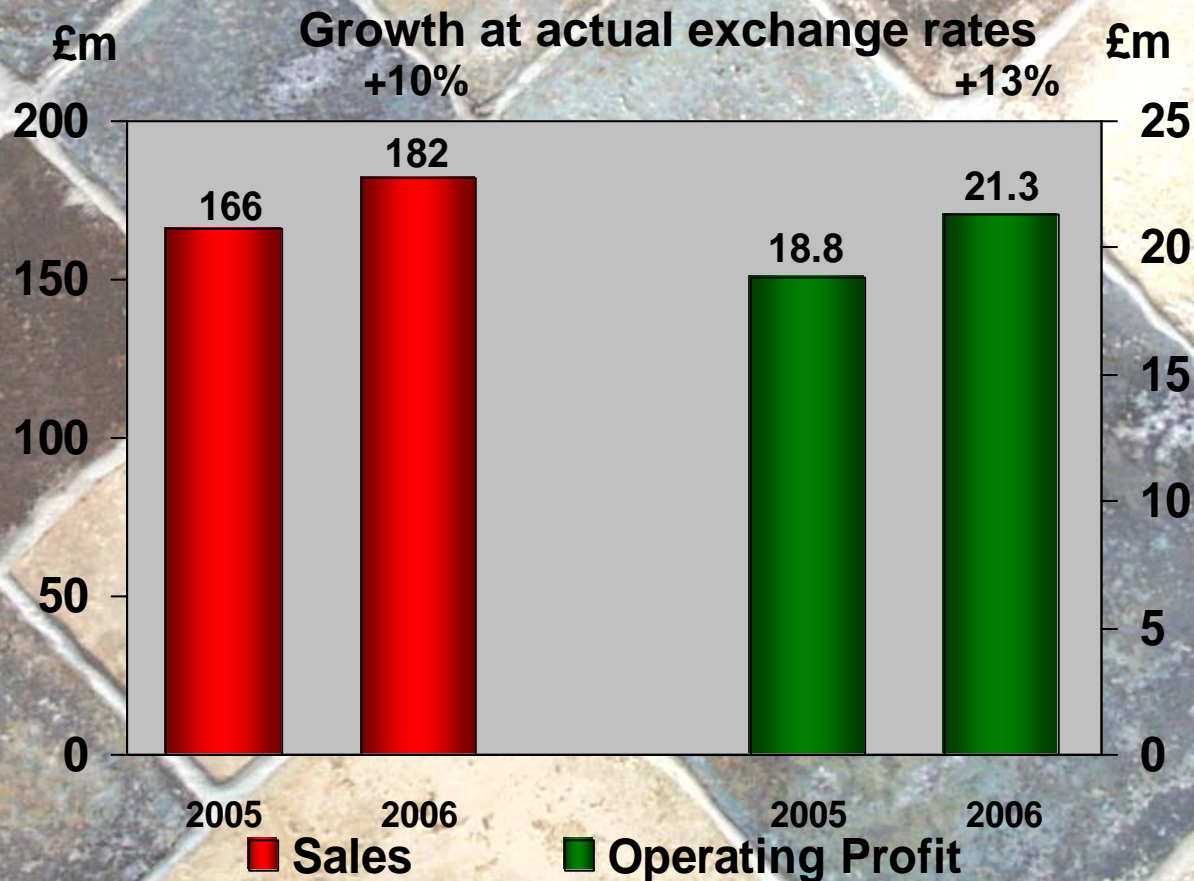
Pharmaceutical Materials

European Operations

- Sales and profits up at Macfarlan Smith
- Good growth in bulk opiates and high potency products
- New manufacturing capacity for specialist opiates completed and commissioned

Ceramics

- Profits up 13%
- New division benefits from lower cost base and top line growth



Ceramics

- **Global supplier of decorative materials to tile manufacturers**
- **Good growth in demand from Eastern Europe and Asia, particularly China**
- **Strength of euro impacts Western European tile manufacturers**
- **Strong cash generation**

Outlook

Catalysts

- Strong top line growth from introduction of new products
- HDD sales in Europe will grow in second half. US sales to start in final quarter
- CSF sales expected to grow steadily throughout the year
- ECT expected to achieve double digit growth in 2006/07
- PCT to benefit from increasing demand for hydrogen and syngas products and contribution from DPT

Outlook

Other Divisions

- **Strong pgm prices and good demand should benefit Precious Metal Products**
- **Pharmaceutical Materials' growth will depend on timing of customers' new product launches**
- **Ceramics should be similar to 2005/06 with strong cash generation**
- **US dollar weakness may cause adverse exchange translation**

Outlook

Summary

- Overall we expect good earnings growth in 2006/07, particularly in second half
- Longer term growth will be underpinned by strong fundamentals for catalysts



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