Presentation of Results for the half year ended 30th September 2008

26th November 2008
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
Highlights

• In the six months to 30th September 2008, sales (ex pms) up 10% and underlying operating profit up 23%
• Balance sheet remains strong
• Fall in vehicle sales and platinum group metal prices will affect the second half, but exchange rates are favourable
• In the longer term the group will benefit from tightening emission control standards. New diesel standards should lead to significantly higher sales for ECT in 2010
Financial Review

John Sheldrick
Group Finance Director
## Summary Results

<table>
<thead>
<tr>
<th></th>
<th>1H</th>
<th>1H</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2008</td>
<td>2007</td>
<td></td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td>4,355</td>
<td>3,512</td>
<td>+24</td>
</tr>
<tr>
<td><strong>Sales excluding precious metals</strong></td>
<td>924</td>
<td>840</td>
<td>+10</td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td>140.3</td>
<td>120.1</td>
<td>+17</td>
</tr>
<tr>
<td><strong>Total earnings per share</strong></td>
<td>46.8p</td>
<td>41.8p</td>
<td>+12</td>
</tr>
<tr>
<td><strong>Underlying</strong>*:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td>144.9</td>
<td>120.8</td>
<td>+20</td>
</tr>
<tr>
<td><strong>Earnings per share</strong></td>
<td>48.4p</td>
<td>41.2p</td>
<td>+17</td>
</tr>
<tr>
<td><strong>Dividend per share</strong></td>
<td>11.1p</td>
<td>10.6p</td>
<td>+5</td>
</tr>
</tbody>
</table>

* Before amortisation of acquired intangibles and deferred tax credit in 2007
## Operating Profit / Exchange

<table>
<thead>
<tr>
<th></th>
<th>1H 2008 £m</th>
<th>1H 2007 £m</th>
<th>Change %</th>
<th>2007 at 2008 exchange rates £m</th>
<th>Growth at constant rates %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental Technologies</td>
<td>77.8*</td>
<td>65.9*</td>
<td>+18</td>
<td>67.7*</td>
<td>+15</td>
</tr>
<tr>
<td>Precious Metal Products</td>
<td>64.2</td>
<td>47.2</td>
<td>+36</td>
<td>49.4</td>
<td>+30</td>
</tr>
<tr>
<td>Fine Chemicals &amp; Catalysts</td>
<td>32.4</td>
<td>31.0</td>
<td>+5</td>
<td>32.4</td>
<td>-</td>
</tr>
<tr>
<td>Corporate</td>
<td>(10.1)</td>
<td>(11.0)</td>
<td>+23</td>
<td>(11.1)</td>
<td>+19</td>
</tr>
<tr>
<td><strong>Group</strong></td>
<td>164.3</td>
<td>133.1</td>
<td></td>
<td>138.4</td>
<td></td>
</tr>
</tbody>
</table>

* Before amortisation of acquired intangibles
## Return on Sales
Excluding Precious Metals

<table>
<thead>
<tr>
<th></th>
<th>Sales ex pms</th>
<th>ROS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1H 2008 £m</td>
<td>1H 2007 £m</td>
</tr>
<tr>
<td>Environmental</td>
<td>596</td>
<td>541</td>
</tr>
<tr>
<td>Technologies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Precious Metal</td>
<td>168</td>
<td>151</td>
</tr>
<tr>
<td>Products</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fine Chemicals &amp;</td>
<td>160</td>
<td>148</td>
</tr>
<tr>
<td>Catalysts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Group</td>
<td>924</td>
<td>840</td>
</tr>
</tbody>
</table>
Sensitivities

- Platinum group metal prices
- Exchange rates
- Car production
Sensitivity to Pgm Prices

June sensitivity

• 10% change in the price of our ‘basket’ of pgms (mainly platinum and palladium) can impact commission / distribution income by approx £3m to £4m pa but volatility also a significant factor
• Demand for recycling secondary materials (e.g. spent catalysts, autocatalyst scrap) affected by pgm prices

November sensitivity

• At 25\textsuperscript{th} November 2008 prices (Pt $872/oz) a 10% change in the basket of pgms has roughly a £2m effect in a full year
US Dollar Exchange Rates

Each 1 cent change affects operating profit by £0.4m in full year

Average $1.86/£  
Average $1.94/£  
Average $2.00/£  
Average $2.01/£  
Average $1.93/£
Euro Exchange Rates

Each 1 cent change affects operating profit by £0.3m in full year

Mar-06 Sep-06 Mar-07 Sep-07 Mar-08 Sep-08
Sensitivity to Car Production

• We are assuming global car production will fall by around 11% in our second half compared with same period last year
• Environmental Technologies’ sales will fall less than car production
  • Process Technologies
  • Powerplants catalysts
  • Filters
• Impact on operating profit depends on level of return on sales and the proportion of costs that are fixed
• JM has a high proportion of variable costs (especially materials and production)
• Based on our assumption for car production, we expect return on sales for Environmental Technologies Division to remain over 10%
## Interest and Taxation

<table>
<thead>
<tr>
<th></th>
<th>1H 2008 £m</th>
<th>1H 2007 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net finance costs (interest)</strong></td>
<td>(19.9)</td>
<td>(12.5)</td>
</tr>
<tr>
<td><strong>Income tax expense</strong></td>
<td>(41.3)</td>
<td>(32.5)</td>
</tr>
<tr>
<td><strong>Underlying tax rate</strong></td>
<td>29.4%</td>
<td>28.6%</td>
</tr>
<tr>
<td></td>
<td>1H 2008 £m</td>
<td>1H 2007 £m</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>------------</td>
<td>------------</td>
</tr>
<tr>
<td>Operating profit</td>
<td>160</td>
<td>132</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>49</td>
<td>38</td>
</tr>
<tr>
<td>Tax paid</td>
<td>(67)</td>
<td>(32)</td>
</tr>
<tr>
<td>Working capital / other</td>
<td>3</td>
<td>(31)</td>
</tr>
<tr>
<td><strong>Cash flow from operations</strong></td>
<td><strong>145</strong></td>
<td><strong>107</strong></td>
</tr>
<tr>
<td>Interest / dividends</td>
<td>(73)</td>
<td>(62)</td>
</tr>
<tr>
<td>Net capital investment</td>
<td>(69)</td>
<td>(57)</td>
</tr>
<tr>
<td>Acquisitions / disposals</td>
<td>(2)</td>
<td>(1)</td>
</tr>
<tr>
<td>Shares bought</td>
<td>1</td>
<td>(48)</td>
</tr>
<tr>
<td><strong>Net cash flow</strong></td>
<td><strong>2</strong></td>
<td><strong>(61)</strong></td>
</tr>
</tbody>
</table>
## Capital

<table>
<thead>
<tr>
<th></th>
<th>30th Sept 08 £m</th>
<th>31st March 08 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net debt</td>
<td>620</td>
<td>610</td>
</tr>
<tr>
<td>Equity</td>
<td>1,211</td>
<td>1,160</td>
</tr>
<tr>
<td>Capital employed</td>
<td>1,831</td>
<td>1,770</td>
</tr>
<tr>
<td>Gearing (net debt / equity)</td>
<td>51%</td>
<td>53%</td>
</tr>
</tbody>
</table>
Borrowing Facilities

- €125m five year loan from EIB drawn down in July 2008

- Total long term US Bonds / EIB loans at 30\textsuperscript{th} September 2008 were £514m, of which only £19m matures before 2011

- £360m of committed bilateral bank facilities which are regularly extended. Most are currently committed beyond 2010
Environmental Technologies Division
### Environmental Technologies Division

<table>
<thead>
<tr>
<th>£m</th>
<th>1H 2008</th>
<th>1H 2007</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>1,316</td>
<td>1,055</td>
<td>+25</td>
</tr>
<tr>
<td>Sales excluding precious metals</td>
<td>596</td>
<td>541</td>
<td>+10</td>
</tr>
<tr>
<td>Operating profit*</td>
<td>77.8</td>
<td>65.9</td>
<td>+18</td>
</tr>
</tbody>
</table>

* Before amortisation of acquired intangibles

- Emission Control Technologies’ sales excluding precious metals up 10%
- Process Technologies’ sales (ex pms) up 9%

**PT + Fuel Cells 21%**

**ECT 79%**

**Sales ex pms**
Sales Excluding Precious Metals
Environmental Technologies

£m

541      | +27                        | +7  | +9                                | +12      | 596
## Estimated Light Vehicle Sales and Production

<table>
<thead>
<tr>
<th>Region</th>
<th>2008 Sales (millions)</th>
<th>2007 Sales (millions)</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>8.7</td>
<td>10.0</td>
<td>-13.0</td>
</tr>
<tr>
<td>Production</td>
<td>6.4</td>
<td>7.6</td>
<td>-15.8</td>
</tr>
<tr>
<td>Total Europe</td>
<td>11.4</td>
<td>11.2</td>
<td>+1.8</td>
</tr>
<tr>
<td>Production</td>
<td>11.1</td>
<td>10.8</td>
<td>+2.8</td>
</tr>
<tr>
<td>Asia</td>
<td>8.5</td>
<td>8.1</td>
<td>+4.9</td>
</tr>
<tr>
<td>Production</td>
<td>13.4</td>
<td>12.9</td>
<td>+3.9</td>
</tr>
<tr>
<td>Global</td>
<td>33.0</td>
<td>33.5</td>
<td>-1.5</td>
</tr>
<tr>
<td>Production</td>
<td>34.6</td>
<td>34.7</td>
<td>-0.3</td>
</tr>
</tbody>
</table>

Source: Global Insight
Emission Control Technologies

Light Duty
• Good sales growth in Asia, JM gaining share
• Increased DPF sales in Europe
• Volumes down in North America, costs reduced

Heavy Duty
• Overall sales up on last year
• European sales held up well in the first half, useful contribution from Argillon
• US sales down but customers expect pick up in 2009

Stationary
• Good Powerplant catalyst sales
Emission Control Technologies
Light Duty Vehicle Production Outlook

- These are recent industry forecasts
- Our assumption for the six months to 31st March 2009 is that global car production will fall by around 11%

Source: Global Insight (October 2008)
Emission Control Technologies
Heavy Duty Diesel Vehicle Sales Outlook (June 2008)

Western European Truck Sales
(Thousands of units)

US Class 4-8 Truck Sales
(Thousands of units)

Source: JD Power

Source: Ward’s, Global Insight and J D Power

No catalyst fitted
DOC fitted
Current regulations
Euro V / US 2010 regulations
Emission Control Technologies
Heavy Duty Diesel Vehicle Sales Outlook (November 2008)

Western European Truck Sales
(Thousands of units)

US Class 4-8 Truck Sales
(Thousands of units)

Source: JD Power
Source: Ward's, Global Insight and J D Power

- No catalyst fitted
- DOC fitted
- Current regulations
- Euro V / US 2010 regulations
Emission Control Technologies
Future Growth Prospects

- Catalyst sales will fall in second half as a result of the decline in global vehicle sales
- Fitment of DPFs will double by January 2011
- HDD market for 2008 estimated to be $620m (ex pms), JM share higher
- In 2010 legislation in North America will substantially increase sales of HDD catalysts
- We now estimate HDD market will rise to $2.5bn (ex pms) by end of 2014
- Good medium term prospects for NOx control in non-vehicle markets (power stations, marine)
Process Technologies
Ammonia, Methanol, Oil and Gas (AMOG)

- Strong demand for hydrogen catalysts as fuel specifications tighten worldwide and refineries process dirtier crudes
- Environmental regulations supported good demand for purification products
- Continued firm demand for methanol and ammonia catalysts
Process Technologies
Davy Process Technology

- Continued good growth
- Two new methanol plants licensed in China
- Further licences for oxo alcohol and butanediol plants, both in China
- New biodiesel technology collaboration with Endicott Biofuels. First plant licensed in USA
- Purified terephthalic acid (PTA) agreement with Dow
Process Technologies
Future Growth Prospects

- Oil price has fallen dramatically from peak in July 2008
- Energy security remains a priority for many countries. Increased interest in utilising coal reserves supports continued project activity
- Second half performance underpinned by strong order book for both AMOG and DPT
- New syngas catalyst plant under construction - orders already in place for 2009/10
Fuel Cells

- Continued growth in sales to a wider range of customers
- Good order books for natural gas powered fuel cells for CHP applications
- Demand for DMFC products remains encouraging
- US Government Green Vehicles initiative receiving increased interest
Precious Metal Products Division
Precious Metals Products Division

<table>
<thead>
<tr>
<th>£m</th>
<th>1H 2008</th>
<th>1H 2007</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>2,719</td>
<td>2,201</td>
<td>+24</td>
</tr>
<tr>
<td>Sales excluding precious metals</td>
<td>168</td>
<td>151</td>
<td>+12</td>
</tr>
<tr>
<td>Operating profit</td>
<td>64.2</td>
<td>47.2</td>
<td>+36</td>
</tr>
</tbody>
</table>

- High pgm prices in first quarter and volatility provided favourable trading conditions for our Platinum Marketing and Distribution business
- Manufacturing businesses also well ahead in the first half
Precious Metals Products Division
Metal Prices

- Pt demand expected to fall by 2% in calendar 2008. Good growth in European automotive (especially in first six months) offset by lower sales to jewellery in China and Japan. Supply also expected to fall with reduced output from South Africa. Average price in 1H 2008/09 $1,795/oz up 39%

- Since 30th September price has fallen significantly in line with general sell off of commodities despite expected deficit of 240k ounces in 2008
Precious Metals Products Division

Metal Prices

- Pd demand up 4%. Autocatalyst demand grows in China and Europe but falls in North America. Jewellery demand ahead. Supply falls by 12.5% with large decrease in sales of Russian State stocks. Average price in 1H 2008/09 $391/oz up 9%

- Rh demand down 6%. Autocatalyst demand lower in North America reflecting lower car sales. Supply expected to fall by 9% with a reduction in output from South Africa. Average price in 1H 2008/09 $8,142/oz up 32%
Precious Metal Products Division
Manufacturing Businesses

• Noble Metals achieved good sales of industrial products and medical components
• Pgm Refining and Recycling well ahead on strong demand
• Colour Technologies’ profit ahead of last year with weaker sales of automotive glass enamels offset by savings on material costs
• Gold refining also strong with high levels of activity as gold is seen as a safe haven
Fine Chemicals & Catalysts Division
## Fine Chemicals & Catalysts Division

<table>
<thead>
<tr>
<th>£m</th>
<th>1H 2008</th>
<th>1H 2007</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>320</td>
<td>256</td>
<td>+25</td>
</tr>
<tr>
<td>Sales excluding precious metals</td>
<td>160</td>
<td>148</td>
<td>+9</td>
</tr>
<tr>
<td>Operating profit</td>
<td>32.4</td>
<td>31.0</td>
<td>+5</td>
</tr>
</tbody>
</table>

- Revenue growth boosted by good sales of platinum products
- Division benefits from exchange translation with a significant proportion of its operations in US
Fine Chemicals & Catalysts Division

• Catalysts and Chemicals achieved good growth in catalyst sales to pharmaceuticals, speciality chemicals and edible oils
• Macfarlan Smith performed well with good growth in specialist opiates
• Pharmaceutical Materials and Services’ profit was down as a result of lower income from amphetamine salts
• Good performance from Research Chemicals
Fine Chemicals & Catalysts Division  
Future Growth Prospects

- Division is expected to deliver steady growth in the second half
- New catalysts and chemicals manufacturing capacity in Asia to support future growth in the region
- Pharmaceutical Materials and Services should benefit from launch of the generic version of Adderall XR® in April 2009
Outlook

Divisions

• Global car sales are expected to fall in second half of our financial year compared with the equivalent period last year. ECT will benefit from lower costs. Process Technologies has good order book

• Precious Metal Products’ profit will be lower in the second half if pgm prices remain at current levels, but volatility helpful

• Fine Chemicals & Catalysts expected to achieve steady growth

• Reported results will benefit from favourable exchange translation
Outlook

Group

• Our forecast assumes pgm prices and exchange rates remain at current levels and global car production falls by around 11% in the second half compared with last year. On that basis we estimate second half underlying profit before tax would be around 5% - 15% below last year

• Our expected range for underlying earnings per share (before amortisation of acquired intangibles) for the full year would be 90p to 94p (1% - 5% up on 2007/08)

• We have strong market positions, leading technology and our finances are in good shape. The long term drivers for our businesses remain firmly in place. JM well positioned to weather the current economic downturn