Johnson Matthey today provides its third quarter Interim Management Statement covering the period from 1st October 2011 to 31st January 2012. Unless otherwise stated, figures quoted in this statement are for the quarter ended 31st December 2011.

**Current Trading**
The group continued to make further good progress in the third quarter. Compared with the same period last year, sales excluding precious metals (sales) were up 22% at £649 million and underlying profit before tax increased by 34% to £104.3 million.

The group's balance sheet remains strong and at 31st December 2011 net debt was £442 million, approximately £175 million lower than at 30th September 2011. This reduction was due to a significant decrease in working capital in response to lower platinum group metal prices and a large inflow of customer funded metal deposited with us at the end of the period.

**Divisional Commentary**
**Environmental Technologies Division** performed very well in the quarter with sales up 20% to £461 million at increased operating margins. Emission Control Technologies’ sales increased by 20% to £370 million, driven particularly by good growth in Asia and North America. Light duty vehicle catalyst sales grew by 14%, well ahead of the 1% growth in global light duty vehicle production in the period. This was due to a strong recovery in demand from our Japanese domestic customers and new business won in China towards the end of the third quarter last year. As we expected, our return on sales improved as
agreements with most customers on the recovery of higher rare earth prices became effective. Sales of heavy duty diesel catalysts also grew strongly, up 38%, mainly due to higher demand from our customers in North America, where truck production grew by 42%.

Sales in Process Technologies were £89 million, up 19%, as Davy Process Technology (DPT) continued to benefit from the licence contracts it won in the first half of the year. No new licence contracts were, however, secured in the third quarter due to a pause in government approvals for new plants in China. The performance of our Ammonia, Methanol, Oil and Gas (AMOG) business is expected to follow its normal seasonal pattern. It has a robust order book and its plants remain at close to full capacity.

Precious Metal Products Division's sales in the quarter grew by 1% to £138 million and operating profit grew ahead of sales. The results of the division’s Services businesses were good, with higher average gold and silver prices and strong refining and recycling activity. This offset the effect of lower average platinum group metal (pgm) prices. Pgm refining intakes in the quarter declined by 15%, compared with the first half, in response to these lower pgm prices. The division’s Manufacturing businesses weakened slightly; from near record levels in the earlier part of the year, but demand for their products remained good.

The Fine Chemicals Division continued its strong performance with sales up 15% to £62 million and good growth in operating profit. The Active Pharmaceutical Ingredient (API) Manufacturing businesses performed well aided by sales of a new API for the treatment of drug addiction.

Outlook
Although we expect that the economic environment in the UK and Europe, which accounts for around 35% of the group’s sales, will remain challenging, demand for the group’s products and services is currently holding up well. Elsewhere demand is robust, particularly in North America. The group’s good performance is therefore expected to continue for the rest of the financial year. In line with the guidance in our half yearly report, we anticipate that the group’s results in the second half will be slightly ahead of those for the first six months of the year.

The outlook for our Environmental Technologies Division remains good and, as normal, the fourth quarter is expected to be its strongest. Aided by our agreements on rare earth prices, the performance in the second half is anticipated to be well ahead of the first half of the year. Global light duty vehicle production is currently forecast to remain stable, despite the
uncertainties in Europe, as is the key heavy duty diesel market in North America. The performance of our Process Technologies business in the fourth quarter is expected to be strong.

The effect of lower pgm prices in the second half, if maintained through to the year end, will adversely impact the performance of Precious Metal Products Division. On the other hand, demand for its manufactured products, although slightly lower than in the first half of the year, is expected to remain stable. As a result, the performance of this division in the second half of the year is expected to be slightly ahead of the same period last year, but lower than the first half of this year.

The underlying performance of our Fine Chemicals Division is, as we have previously explained, more predictable and it continues in line with our expectations.

Notes:
1 Conference Call for Analysts and Investors
Robert MacLeod, Group Finance Director, will host a conference call at 8.00am today, Wednesday 1st February 2012, to discuss this Interim Management Statement.

The dial-in number for UK callers is 0800 783 0906; for overseas callers the number is +44 1296 480 100; and the passcode is 901704#. Please dial in approximately 15 minutes prior to the start of the conference call to allow time for registration.

2 Investor Event
Johnson Matthey is holding an investor event in London on the afternoon of Wednesday 1st February at which it will present an overview of the activities of its Precious Metal Products Division. No material new information will be disclosed in the presentations which will be webcast. The slides from the presentations will be available on the company website (www.matthey.com) during the afternoon.

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