

# News Release

Thursday 29<sup>th</sup> July 2021, 7.00 am

## AGM trading update

Johnson Matthey will hold its Annual General Meeting today at 11.00am and has issued the following trading update ahead of the meeting.

### **Strong first quarter with good momentum continuing**

The year has started well, with a continuation of the good demand seen in the second half of 2020/21. In the first quarter we delivered strong sales<sup>1</sup> growth of 63% year-on-year, primarily driven by increased demand in Clean Air and also Efficient Natural Resources which benefited from higher precious metal prices and stronger end markets. Sales have returned to pre-pandemic levels, and operating profit is ahead driven by more volatile and higher average precious metal prices.

### **Clean Air**

In Clean Air, the strong demand seen in the second half of 2020/21 was maintained. Sales growth in the first quarter was very strong in comparison with a weak Q1 2020/21 which was materially impacted by the pandemic. Sequentially, first quarter sales were moderately below Q4 2020/21 primarily driven by the impact of temporary supply chain disruption mostly in the light duty segment.

Automotive and truck OEMs are experiencing temporary supply chain disruption from shortages of semi-conductor chips, which affected production volumes in the period. Underlying vehicle demand remains strong and, whilst we anticipate continued volatility in the supply chain, we are confident that Clean Air will deliver strong operating performance and cash generation for the full year.

### **Efficient Natural Resources**

Efficient Natural Resources had a strong start to the year, with sales up significantly in the first quarter compared to last year. This was primarily driven by PGM Services which benefited from volatile and higher average precious metal prices. Catalyst Technologies continues to see good momentum, with first quarter sales only moderately below the fourth quarter of the prior year, which is a seasonally strong period for orders. In the quarter, we signed one new licence and have a strong pipeline of projects.

### **Health**

In Health, we expect strong growth for the full year. Sales for the first quarter lapped a strong quarter last year, and were also impacted by the phasing of customer orders in the current year. We continue to benefit from multi-year supply agreements with both our generics and innovators customers. As previously announced, we are conducting a strategic review of our Health business.

### **Hydrogen, Battery Materials and Value Businesses<sup>2</sup>**

The world's adoption of hydrogen as an energy vector is accelerating, translating to faster than expected commercial prospects for our hydrogen growth businesses. In hydrogen fuel cells we continue to build our customer pipeline and recently signed a new agreement for the supply of membrane electrode assemblies (MEAs), mainly for commercial vehicles, with Unilia/REFIRE. We are also progressing a number of other key customer agreements for the supply of catalyst coated membranes (CCMs) for commercial vehicle and truck applications. We have begun work on significantly expanding our manufacturing capability in the UK and China, with the first phase on stream in early 2023 and further capacity expected to come on stream from 2024.

In green hydrogen production, testing with customers is proceeding well and we continue to expect first commercial sales from this business in 2022. Given the strong progress we have made with customers and the rapidly developing market, the recent acquisition<sup>3</sup> of assets from Oxis Energy will enable us to further expand our manufacturing capability in the UK and accelerate our growth ambitions. This will provide hundreds of megawatts of additional capacity from the beginning of 2022.

In Battery Materials, commercialisation of our portfolio of eLNO high nickel cathode materials continues at pace and construction of our commercial plant remains on track.

In Value Businesses, sales grew reflecting a recovery in demand following COVID-19.

### **Outlook for the year ending 31<sup>st</sup> March 2022**

Given the strength we are currently seeing in our end markets, we now expect at least mid teens growth in underlying operating<sup>4</sup> performance at constant metal prices<sup>5</sup> and constant currency.

At current foreign exchange rates<sup>6</sup>, translational foreign exchange movements for the year ending 31<sup>st</sup> March 2022 are expected to adversely impact underlying operating profit by c.£20 million.

Since our preliminary full year results announcement for 2020/21 at the end of May, precious metal prices have on average declined. Should metal prices remain at current levels<sup>7</sup> for the rest of this year, we expect a full year net benefit of c.£65 million to underlying operating profit compared with the prior year.

### **Change to reporting segments**

As mentioned in our preliminary full year results announcement in May, we are making small changes to our reporting segments for the year ending 31<sup>st</sup> March 2022. Restated historic numbers are given in the attached appendix (page 3).

Ends

### **Enquiries:**

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#### **Notes:**

Unless otherwise stated, commentary in this statement is based on sales for the quarter ended 30<sup>th</sup> June 2021 and compares this quarter with the quarter ended 30<sup>th</sup> June 2020 at constant rates.

1. Sales – revenue excluding sales of precious metals to customers and the precious metal content of products sold to customers.
2. Other Markets – we are making small changes to our reporting segments for the year ending 31<sup>st</sup> March 2022 as detailed in the appendix. New Markets includes our battery materials, fuel cells and green hydrogen businesses. Value Businesses includes Battery Systems, Medical Device Components as well as Diagnostic Services and Advanced Glass Technologies (both formerly part of Efficient Natural Resources) that are non-core.
3. On 28<sup>th</sup> July 2021, Johnson Matthey announced the acquisition of assets and intellectual property from Oxis Energy Limited.
4. Our previous guidance was for low to mid teens growth in underlying operating for the year ending 31<sup>st</sup> March 2022.
5. Based on actual precious metal prices in 2020/21.
6. Based on foreign exchange rates as at 26<sup>th</sup> July 2021. Our previous guidance was for an adverse impact to underlying operating profit of c.£25 million for the year ending 31<sup>st</sup> March 2022.
7. Based on current precious metal prices as at 26<sup>th</sup> July 2021. Our previous guidance was for a net metal price benefit of up to c.£120 million for the year ending 31<sup>st</sup> March 2022.

Note: eLNO is a trademark of Johnson Matthey Public Limited Company.

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LEI code: 2138001AVBSD1HSC6Z10

## Appendix

### Updated summary of operating results for the year ending 31<sup>st</sup> March 2021

As previously announced, we are making small changes to our reporting segments to reflect how we are managing our businesses and increase visibility of our new growth businesses, notably our hydrogen technologies. We have provided updated numbers for the half year ending 30<sup>th</sup> September 2020 and full year ending 31<sup>st</sup> March 2021 below.

#### Previous reporting segments

	HY 2020/21 As reported	FY 2020/21 As reported
<b>Sales excluding precious metal</b>		
<b>Clean Air</b>	<b>1,003</b>	<b>2,412</b>
Total Light Duty Vehicle Catalysts	680	1,640
Total Heavy Duty Catalysts	310	741
Other – stationary	13	31
<b>Efficient Natural Resources</b>	<b>446</b>	<b>1,057</b>
Catalyst Technologies	208	469
PGM Services	190	479
Advanced Glass Technologies	27	66
Diagnostic Services	21	43
<b>Health</b>	<b>119</b>	<b>237</b>
<b>New Markets</b>	<b>168</b>	<b>356</b>
Alternative Powertrain	101	225
Medical Device Components	29	61
Life Science Technologies	25	53
Other	13	17
<b>Eliminations</b>	<b>(57)</b>	<b>(140)</b>
<b>Total sales</b>	<b>1,679</b>	<b>3,922</b>
	HY 2020/21 As reported	FY 2020/21 As reported
<b>Operating profit</b>		
Clean Air	77	269
Efficient Natural Resources	81	268
Health	15	31
New Markets	5	9
Corporate	(27)	(73)
<b>Total operating profit</b>	<b>151</b>	<b>504</b>

#### Updated reporting segments

	HY 2020/21 Restated	FY 2020/21 Restated
<b>Sales excluding precious metal</b>		
<b>Clean Air</b>	<b>1,003</b>	<b>2,412</b>
Total Light Duty Vehicle Catalysts	680	1,640
Total Heavy Duty Catalysts	310	741
Other – stationary	13	31
<b>Efficient Natural Resources</b>	<b>423</b>	<b>1,001</b>
Catalyst Technologies	208	469
PGM Services	190	479
Life Science Technologies	25	53
<b>Health</b>	<b>119</b>	<b>237</b>
<b>Other Markets</b>	<b>191</b>	<b>412</b>
New Markets	25	55
Value Businesses	166	357
<b>Eliminations</b>	<b>(57)</b>	<b>(140)</b>
<b>Total sales</b>	<b>1,679</b>	<b>3,922</b>
	HY 2020/21 Restated	FY 2020/21 Restated
<b>Operating profit</b>		
Clean Air	77	269
Efficient Natural Resources	88	274
Health	15	31
Other Markets	(2)	3
Corporate	(27)	(73)
<b>Total operating profit</b>	<b>151</b>	<b>504</b>