



Johnson Matthey
Inspiring science, enhancing life

Presentation of results for the half year ended 30th September 2022

23rd November 2022

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Today's agenda

01 Introduction

02 Financial results

03 Strategic progress

04 Q&A

Strong foundations and increasing confidence in growth opportunities



Transformation progressing across the group

We are making progress in important areas



Portfolio progress

- Divestments on track
- Catalyst Technologies pipeline expanded
- PGM Services and Hydrogen Technologies capacity expansion on track



People progress

- New team fully on board
- Enhanced commercial and capital project capabilities
- Streamlining management
 - 15% reduction



Market progress

- First half performance in line with expectations
- Catalyst Technologies and Hydrogen Technologies growing strongly
- Sustainability: EcoVadis platinum rating

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Strong financial foundations in challenging external environment



First half in line with expectations – expect a stronger 2H

Sales up
5%

Operating profit down
30%

Earnings per share
88.2p
down from 117.1p


Net debt of
£963m

Net debt to EBITDA
1.5 times

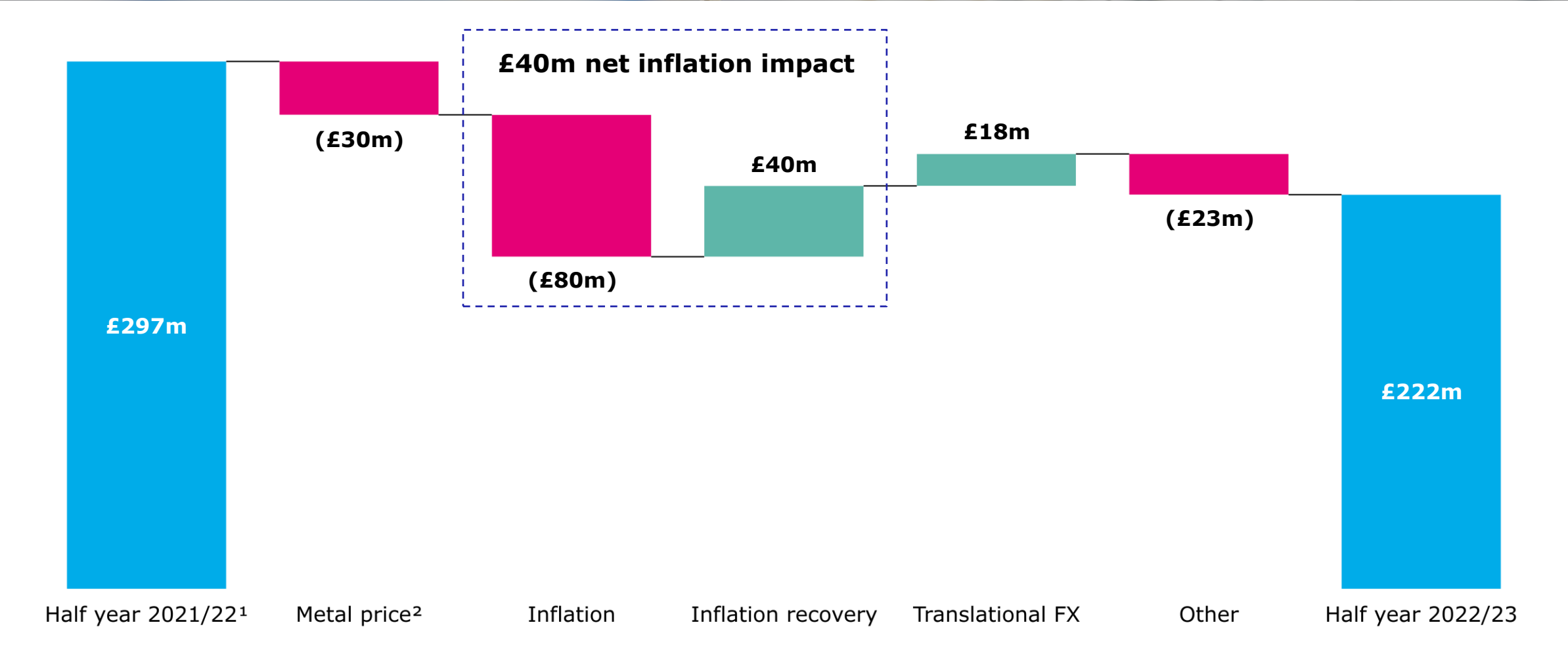
Interim dividend of
22.0p
per share, stable yoy

Group sales up 5% – strong performance by growth businesses

Sales for half year
ended 30th September





	2022 £m	2021 ¹ £m	% change, constant FX rates
Clean Air	1,278	1,196	+2
PGM Services	282	300	-11
Catalyst Technologies	275	223	+18
Hydrogen Technologies	23	10	+130
Value Businesses ²	235	181	+26
Eliminations	(48)	(54)	
 Sales (continuing operations)	2,045	1,856	+5

Profit impacted by cost inflation and lower PGM prices






Underlying results

Underlying results for half year ended 30th September¹

	2022 £m	2021 £m	% change	% change, constant FX rates
Sales excluding precious metals (sales)	2,045	1,856	+10	+5
Operating profit	222	297	-25	-30
Finance charges	(21)	(28)		
 Profit before tax	201	269	-25	-29
Taxation	(40)	(43)		
 Profit after tax	161	226	-29	-32
 Underlying earnings per share	88.2p	117.1p	-25	
 Interim dividend per share	22.0p	22.0p	-	

Free cash flow and net debt

Free cash flow from continuing operations
for half year ended 30th September (£m)

	2022	2021
Underlying operating profit from continuing operations	222	297
Depreciation and amortisation ¹	87	84
– Precious metal working capital inflow / (outflow)	98	(228)
– Non precious metal working capital (outflow) / inflow	(200)	229
Net working capital (outflow) / inflow	(102)	1
Net interest paid	(27)	(33)
Tax paid	(36)	(46)
Capex spend	(137)	(170)
Net proceeds from disposal of businesses	166	-
Other ²	(40)	57
 Free cash flow from continuing operations	133	190
 Net debt at the end of the period	(963)	(691)
 Net debt to EBITDA³	1.5	0.9

Note: Short-term metal leases amounted to £129m as at 30th September 2022 (30th September 2021: £223m).

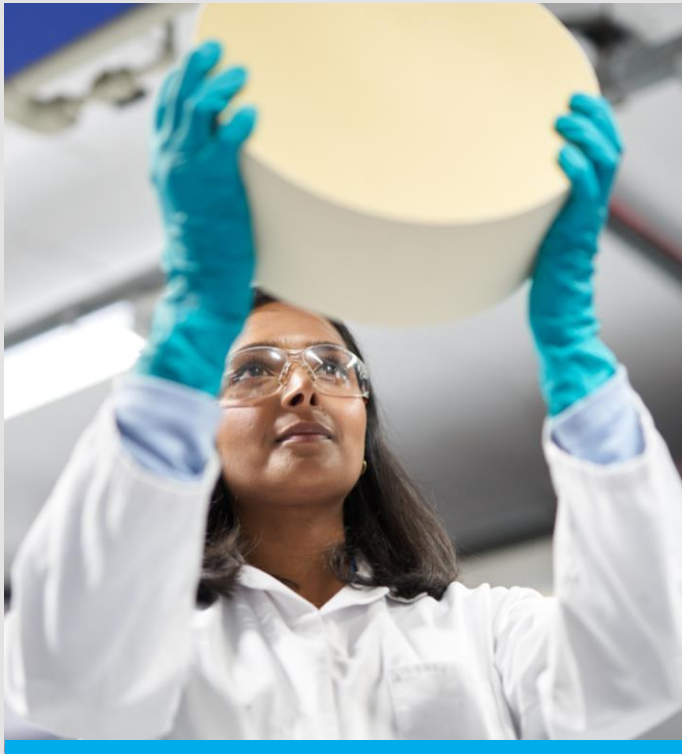
1. Excluding amortisation of acquired intangibles, including loss on sale of non-current assets.




2. Includes restructuring cash costs, lease payments, disposal of businesses and movements in pensions and provisions.

3. Net debt including post tax pension deficits. Shown on a continuing basis.

Clean Air

Lag in recovering significant cost inflation



Underlying results for half year ended 30 th September	2022 £m	2021 £m	% change, constant FX rates
Light duty diesel	515	498	+1
Light duty gasoline	299	270	+3
Heavy duty diesel	464	428	+1
 Total sales	1,278	1,196	+2
 Operating profit	108	150	-32
 Margin	8.5%	12.5%	

Sales increased 2%

- Better pricing
- Marginally lower volumes
- Supply chain disruption eased through the half

Operating profit down 32%

- Cost inflation, principally energy, partly recovered
- Further recovery of costs expected in 2H




Cash generation

- On track to £4bn+ cash¹

PGM Services

Lower PGM prices
and refinery volumes



Underlying results for half year ended 30 th September	2022 £m	2021 £m	% change, constant FX rates
 Total sales	282	300	-11
 Operating profit	125	167	-29
 Margin	44.3%	55.7%	

Sales down 11% against strong prior period

- Lower average PGM prices
- Reduced refinery volumes

Operating profit down 29%




- Lower average PGM prices (c.£30m impact¹)
- Reduced refinery volumes
- Increased energy costs

1. The gross PGM price impact was c.£30m, which was partly offset by foreign exchange benefits. Foreign exchange benefit reflects the pricing of PGMs in US dollars.

Catalyst Technologies

High sales growth and strong pipeline



Underlying results for half year ended 30 th September	2022 £m	2021 £m	% change, constant FX rates
 Total sales	275	223	+18
 Operating profit	21	30	-32
 Margin	7.6%	13.5%	

Sales increased 18%

- Growth in catalyst refills and licensing income
- Strong period for licensing, with 7 new licences won. Secured additional sustainable fuel licence in November
- Fast growing pipeline of sustainable solutions




Operating profit down 32%

- Loss of Russian business (£5m)
- Lag on recovering cost inflation

Hydrogen Technologies

High growth and investing to meet customer demand



Underlying results for half year ended 30 th September	2022 £m	2021 £m	% change, constant FX rates
 Total sales	23	10	+130
 Operating loss	(24)	(12)	n/a
 Margin	n/a	n/a	n/a

Sales more than doubled

- Increased demand from new and existing customers in fuel cells
- Early electrolyser sales
- Manufacturing constraints eased

Operating loss of £24m

- Investing in scale up, customer trials and business development
- Partly offset by higher sales

First half cost inflation

Raw materials

Majority of raw materials are pass-through costs

+6%

Labour

One-off payments to support employees

+3%

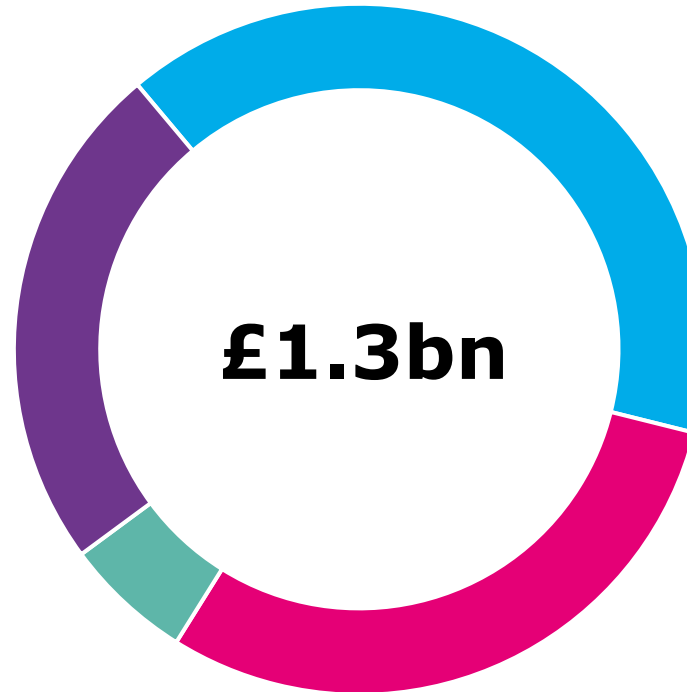
Energy

Small proportion of cost base

+112%

1H 22/23

costs by category¹



50% of cost inflation recovered, further recovery expected³

Raw materials	40%
Labour	30%
Energy / Utilities	6%
Other ²	24%

1. Excluding substrate costs.

2. 'Other' includes depreciation, freight and maintenance costs, among others.

3. c.£80m cost inflation experienced in 1H 22/23, of which £40m was recovered in the period.

Stronger operational focus



**Further recovery
of inflation
through pricing**



**Faster optimisation
of Clean Air
manufacturing
footprint**



**At least £150m
annualised cost
savings by 2024/25**

- Accelerating efficiencies and simplifying the organisation
- 15% reduction in senior management
- Consolidating shared service centre
- Expect c.£35m savings in 2022/23



**Performance
improvement
initiatives in
Catalyst
Technologies**

Outlook for year ending 31st March 2023

Group

Challenging external environment

Further recovery of cost inflation

c.£40m¹ adverse impact compared with the prior year if PGM prices remain at current levels² for rest of this year

c.£40m benefit to underlying operating profit at current FX rates (translational)³

Outlook

Currently expect operating performance to be within the consensus range⁴

1. c.£40m adverse impact represents a gross PGM price impact before any foreign exchange movement. A US\$100 change in the average annual platinum, palladium and rhodium metal prices each have an impact of approximately £1 million, £1.5 million and £1 million respectively on full year underlying operating profit. This assumes no foreign exchange movement.
2. Based on average precious metal prices in November 2022 (month to date).
3. Based on foreign exchange rates in November 2022 (month to date).
4. Vara consensus for full year group underlying operating profit in 2022/23 was £487m (range: £458m to £516m) as at 21st November 2022. 2021/22 group underlying operating profit on an adjusted basis was £553m (adjusted for disposal of Health).

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Catalysing the net zero transition

Our aspiration
is to lead across our
four businesses

Clean Air

Leading in autocatalyst markets

Catalyst Technologies

#1 in syngas-based chemicals and fuels technology

Hydrogen Technologies

Market leader in performance components for fuel cells and electrolyzers

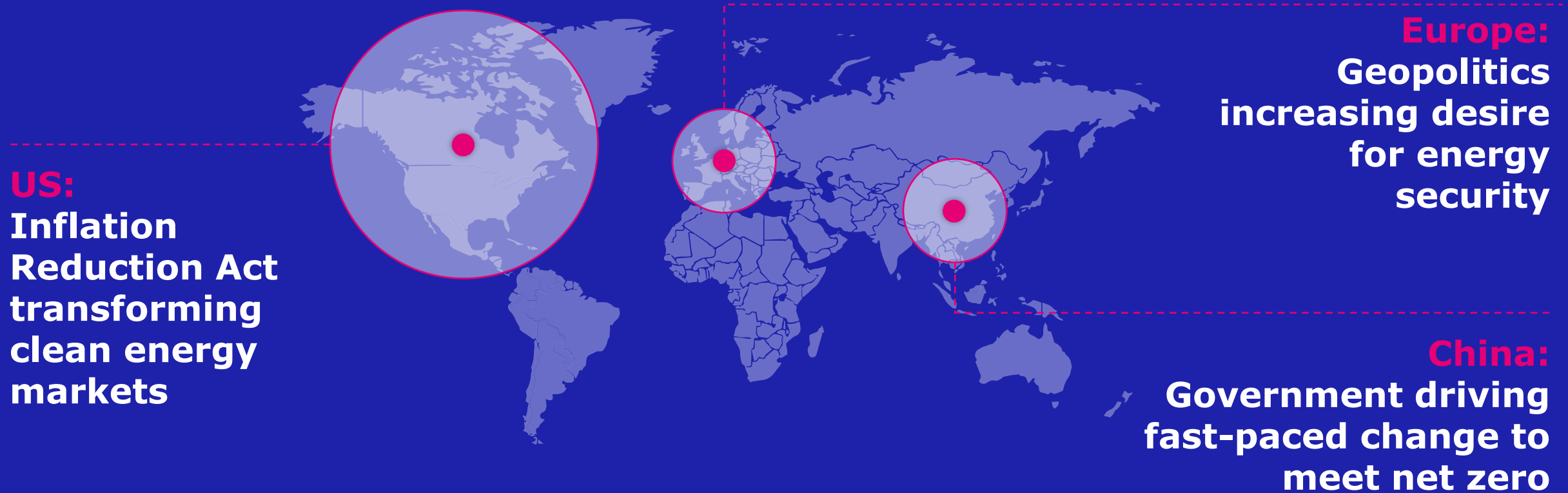
PGM Services (Platinum Group Metals Services)

#1 recycler of PGMs¹

We have clear milestones until end of 2023/24

		End of 2022/23	End of 2023/24
Customers	Win at least 2 large scale strategic partnerships in Hydrogen Technologies	●	
	Win targeted Euro 7 business and deliver on £4bn+ trajectory for Clean Air	●	
	Win >10 additional large scale projects ¹		●
Investments	Expand PGM Services refining capacity in China	●	
	Complete construction of Hydrogen Technologies CCM plant in UK ²		●
	Targeted capacity expansion (fuel cells catalyst, formaldehyde catalyst)		●
	Complete divestment of Value Businesses		●
People	Increase employee engagement score by 1ppt in 2022/23 and 3ppt by 2023/24 ³		●
Sustainability	Achieve c.10% reduction in scope 1+2 CO ₂ e emissions		●
	Help customers reduce CO ₂ e emissions by >1mt p.a. through use of our products		●

Structural growth markets accelerating



Increasing confidence in **our opportunities**

Customers – winning business

Milestone targets

Hydrogen Technologies



In advanced talks to secure large scale strategic partnerships

Clean Air



Euro 7 business wins well on track

On track for at least £4bn cash generation to 2030/31²

Catalyst Technologies



3 large scale projects in North America worth £75m sales over five years¹

PGM Services



First fuel cell recycling contract with Unilia



On track



Investments – scaling to capture growth

PGM Services



China PGM refinery expansion on track to be operational in late 2022/23

Fuel cells catalyst capacity expansion on track to be operational by end of 2023/24

Catalyst Technologies



Formaldehyde catalyst capacity expansion on track to be operational by end of 2023/24

Hydrogen Technologies



3GW CCM manufacturing capacity in UK on time and on budget

Opportunities for US and China expansion

Value Businesses



Agreed sale of Piezo Products within Medical Device Components (Value Businesses)



On track



People – transforming JM

Commercial focus



Group Commercial Council formed

Proactive price management

Strategic key account management

Capital project execution



Clear accountability with strengthened central team

Enhanced capabilities, especially engineering

High performance culture



Launching first commercial incentive scheme

Strong focus on feedback and learning

Play to win leadership



On track



Sustainability



EcoVadis:
Platinum rating

Product and services

- ✓ Tonnes of GHGs avoided by using technologies enabled by JM’s products and solutions

Operations

- ✓ Scope 1 and Scope 2 GHG emissions reduction
- ✓ Scope 3 GHG emissions reduction

People

- ✓ Total Recordable Injury and Illness Rate
- ✓ % of female management representation

✓

On track

✓

Catalysing the net zero transition

01

**Results in line
with expectations**

02

**Good progress to
strategic milestones**

03

**Growth markets
accelerating**

**Tremendous
opportunities
ahead for JM**

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The background of the slide is a microscopic image. It features a dense field of blue, irregularly shaped structures that resemble cells or tissue. Scattered throughout this field are several bright red, spherical objects, which appear to be individual cells or perhaps viral particles. The overall lighting is dark, making the blue and red structures stand out.

APPENDIX

Reported results

Half year ended 30th September

2022 £m

2021¹ £m



Underlying operating profit

222

297

Amortisation of acquired intangibles

(2)

(3)

Major impairment and restructuring charges²

(9)

(314)

Gain on significant legal proceedings³

-

44



Reported operating profit

211

24



Reported basic earnings / (loss) per share from continuing operations




82.0p

(12.4p)

1. 1H 2021/22 is restated to reflect the classification of Health as a discontinued operation.
 2. 1H 2022/23 includes £5m in respect of transformation initiatives and a further £4m in relation to exit costs for Battery Materials. 1H 2021/22: £314m in relation to the group's decision to pursue the sale of all or parts of Battery Materials, the charge was based on our estimate of the recoverable amount at that time. The process to dispose of the remaining assets in Battery Materials is ongoing.
 3. 1H 2021/22 includes £44m awarded to JM in relation to damages and interest from a company found to have unlawfully copied one of JM's technology designs.

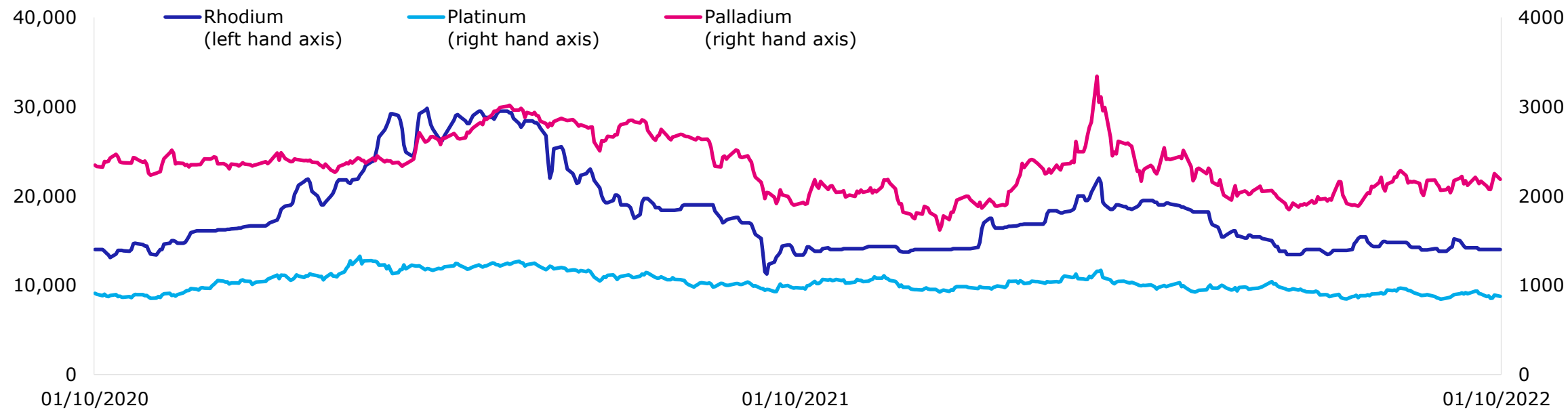
Net debt to EBITDA 1.5 times¹

Continuing operations

	£m	£m
 Net debt at the beginning of the year		(856)
Free cash flow	133	
Dividends	(100)	
Purchase of treasury shares	(45)	
Movement in net debt		(12)
Lease adjustments ²		6
 Net debt before FX and other movements		(862)
FX and other non-cash movements ³		(101)
 Net debt at the end of the period		(963)

Average PGM prices

US\$ per troy oz



Price (US\$ per troy oz)	1H 2022/23 average	1H 2021/22 average	Current (21 st November 2022)
Platinum	928	1,108	984
Palladium	2,100	2,639	1,920
Rhodium	15,264	21,396	13,250

Financial guidance summary

Group underlying operating profit growth¹:

- Accelerating to high single digit over the medium-term
- Strong long-term growth

At least £4bn of cash generation in Clean Air by 2030/31²

High single digit growth in Catalyst Technologies over the medium-term

More than £200m in sales from Hydrogen Technologies by the end of 2024/25

c.£1bn cumulative capex over the next three years to 2024/25

At least £150m annualised cost savings 2024/2025