Johnson Matthey
Inspiring science, enhancing life

Presentation of results for the full year ended 31st March 2021

27th May 2021

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 and you should therefore not place reliance on any forward-looking statements made. Johnson Matthey will not update forward-looking statements contained in this document or any other forward-looking statement it may make.

Robert MacLeod

Chief Executive

JM

Robust performance and growth opportunities driven by sustainable solutions

Robust performance with strong second half recovery

Investing at pace into sustainable technologies to drive growth

Promoting a focused, high performance culture

New and ambitious sustainability goals

Ambitious sustainability goals and net zero by 2040

01. A cleaner healthier world; today and for future generations

02. Net zero by 2040

03. Science based targets

- Absolute reduction in Scope 1 and Scope 2 GHG emissions of at least 33% by 2030[1]
- Absolute reduction of Scope 3 GHG emissions of at least 20% by 2030[1]

04. Recognised by stakeholders

FTSE4Good

Dow Jones Sustainability Indexes

GREEN ECONOMY LONDON STOCK EXCHANGE

Note: GHG is greenhouse gas.
1. Scope 1 covers direct greenhouse emissions from owned or controlled sources. Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by the reporting company. Scope 3 includes purchased goods and services. Baseline measure is 2019/20.

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Stephen Oxley
Chief Financial Officer

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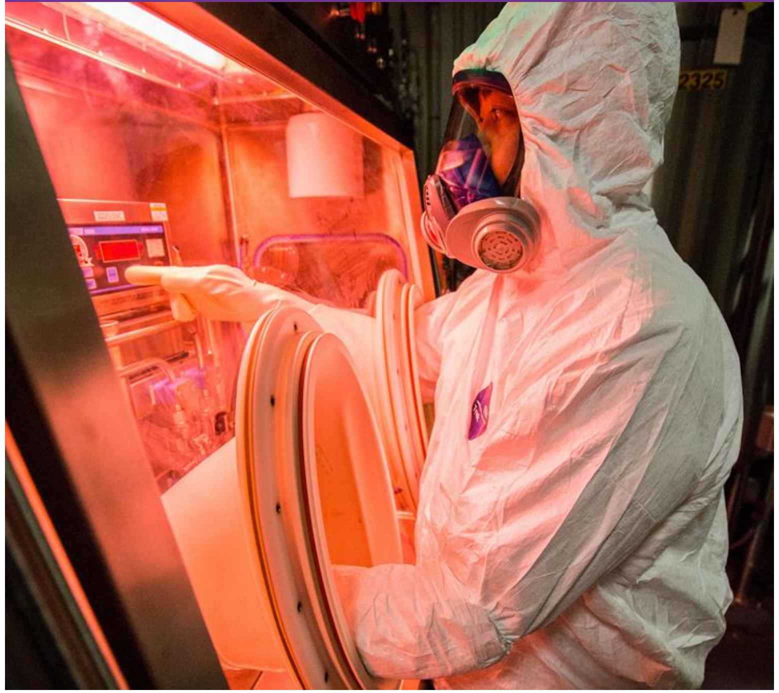
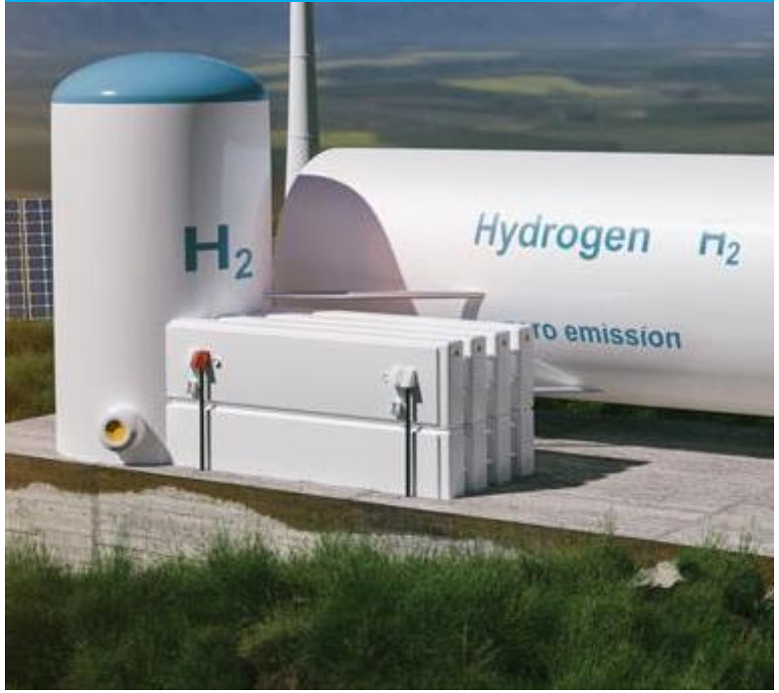
My priorities

01
Execution



02
Growth



03
Capital allocation

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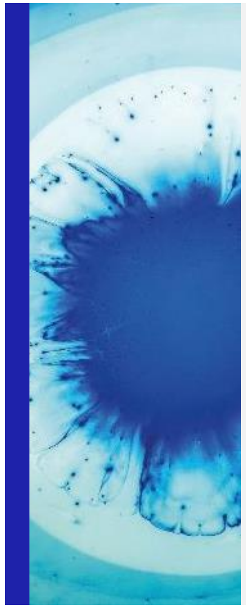
Performance highlights

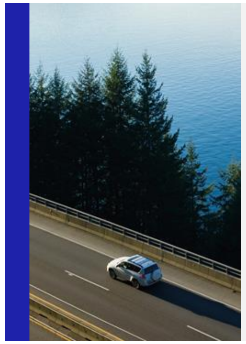


Robust performance with strong recovery

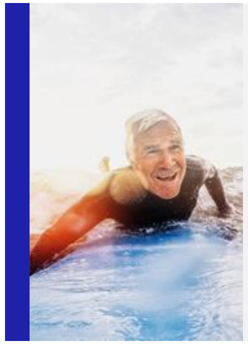
- 2H operating profit up 30% year-on-year
- Good momentum into 2021/22

Tightly managed **working capital** and **cash flow**

- Free cash flow of £305m
- Net debt of £775m



Delivered £66m **efficiency savings**



Full year dividend of 70.0p per share

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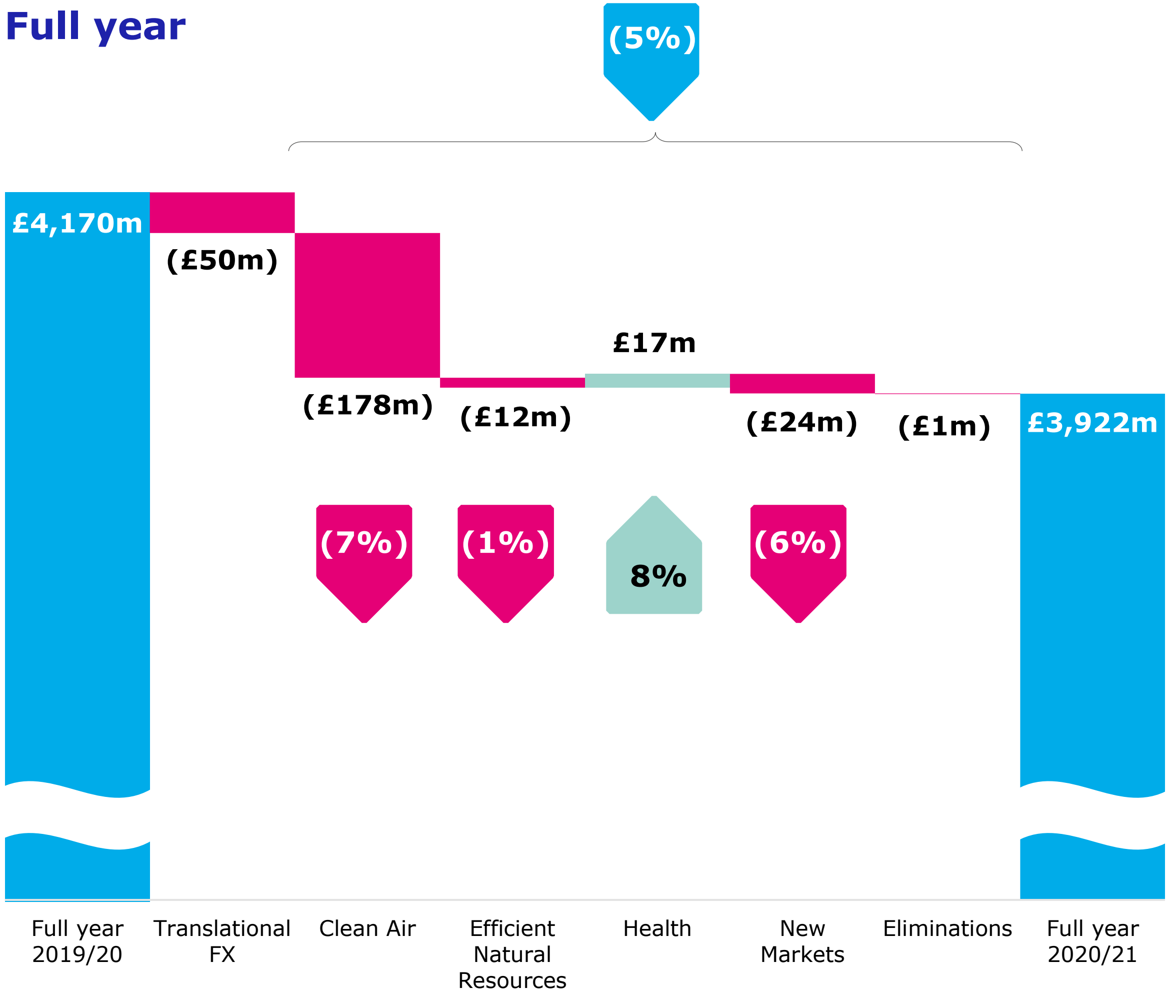
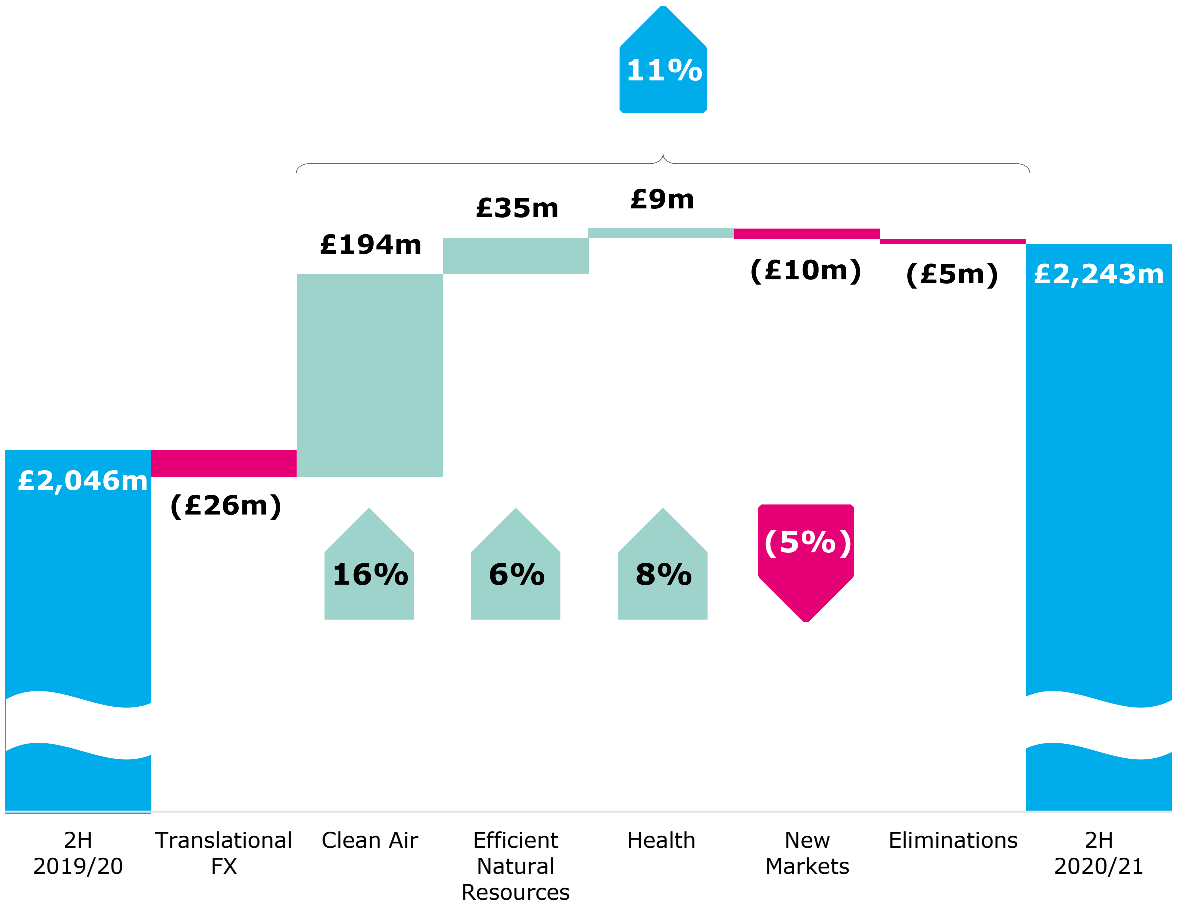
Group sales robust and grew strongly in the second half

Full year

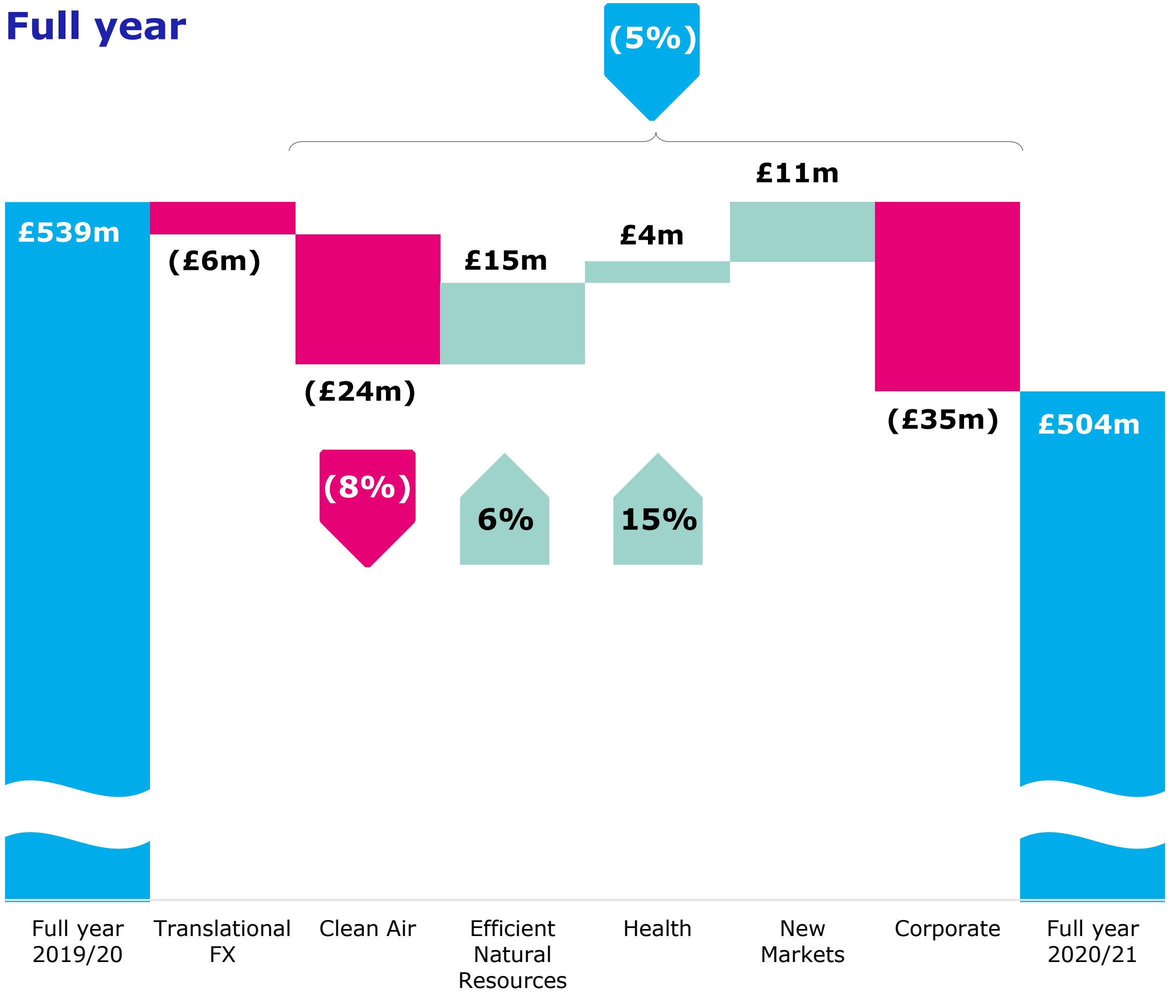


Second half

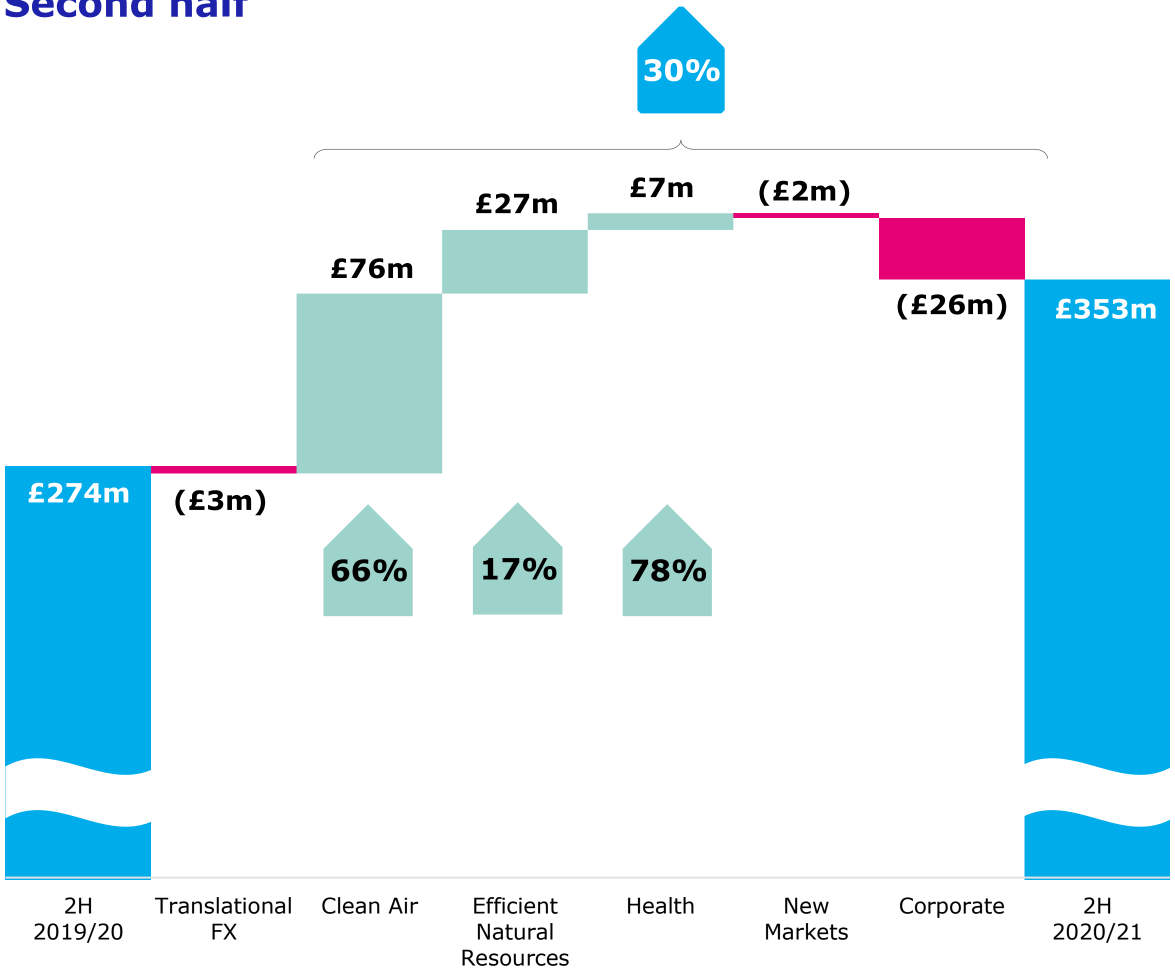


Group underlying operating profit

Full year



Second half



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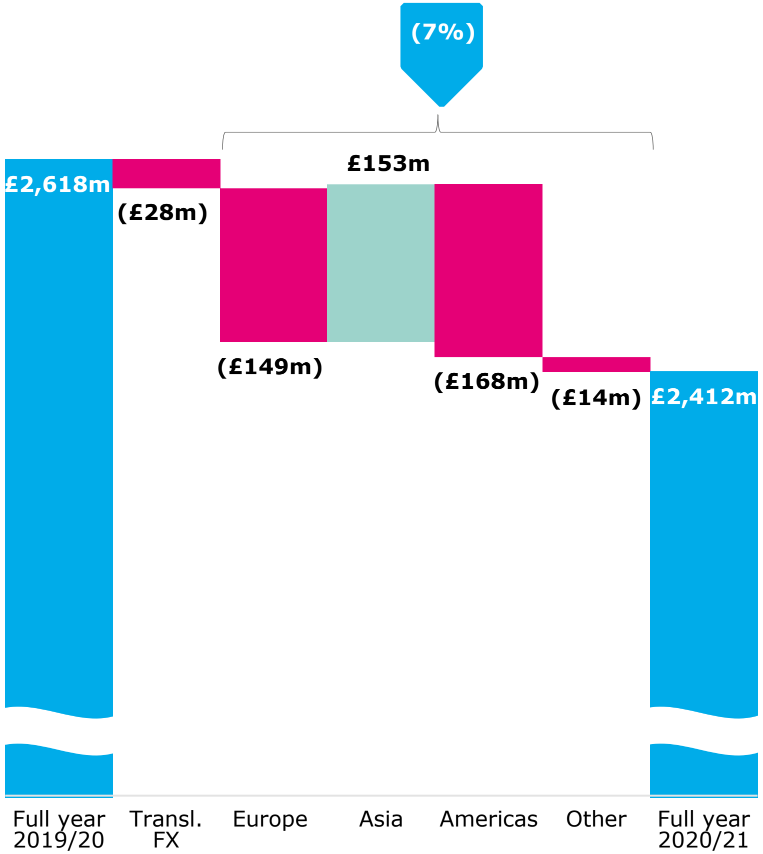
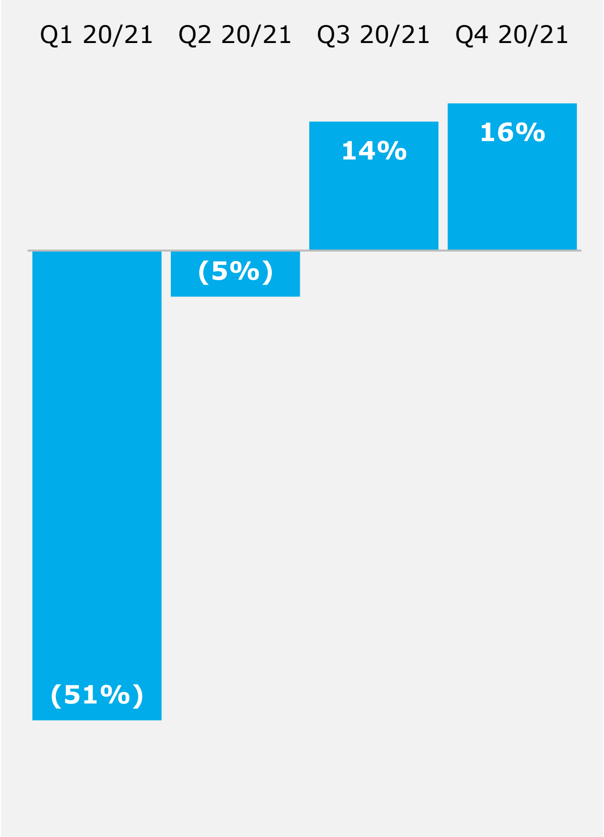
Note: In 2019/20 there was a £20m pension credit versus a £3m credit in 2020/21, allocated across the sectors.

Clean Air: strong recovery in demand through the second half

Full year sales moderately down



Quarterly sales growth year-on-year



Performance highlights

Strong recovery in demand

2H sales up 16% year-on-year

Asia benefited from tighter legislation in China and India

Class 8 truck cycle turning and benefits expected in 2021/22

Driving efficiency

- Early benefits from transformation programme of £5m
- 2H margin improved to 13.6%, towards pre-pandemic levels

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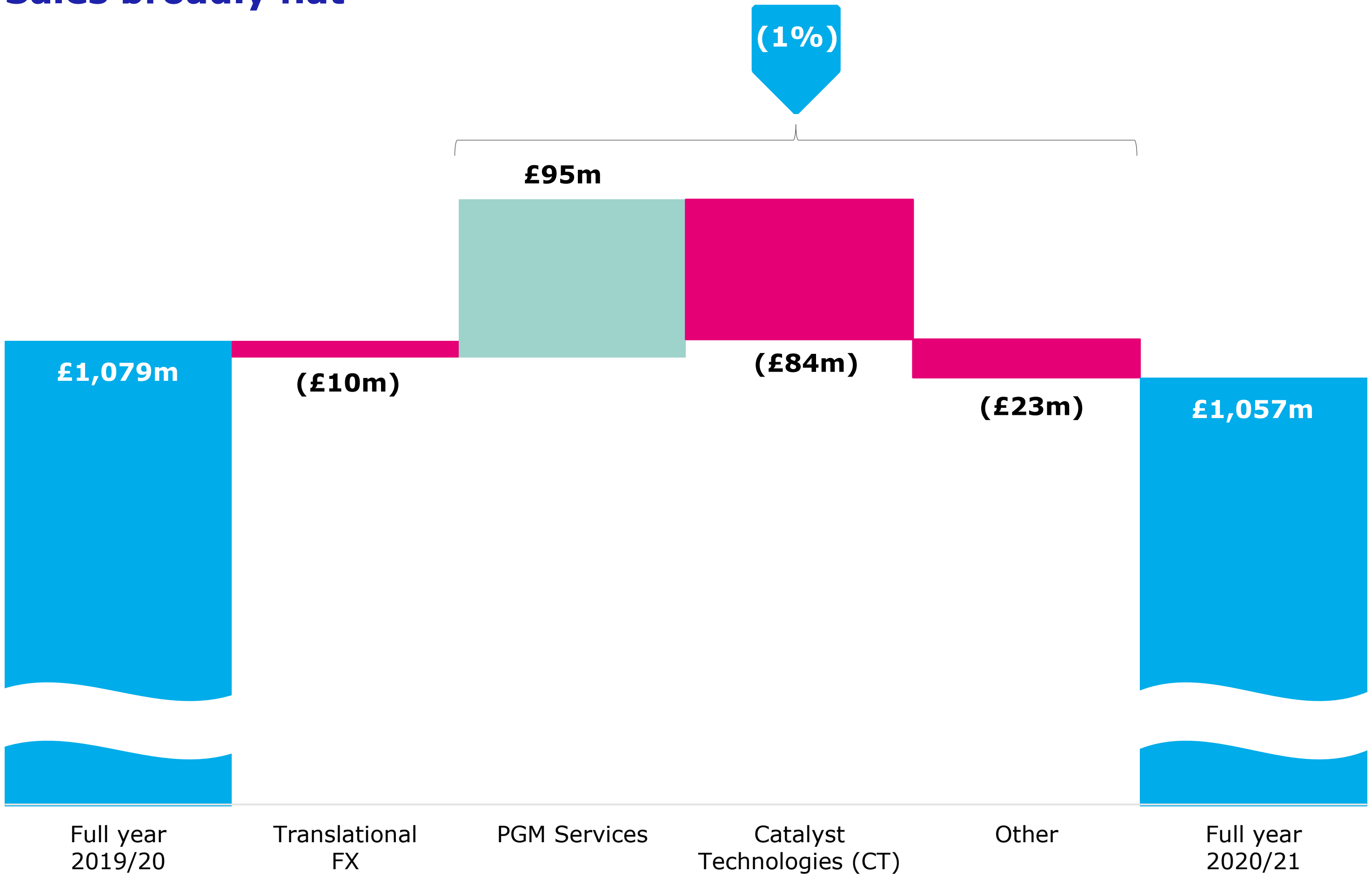
Efficient Natural Resources: operating profit and margin expansion

Sales broadly flat



Performance highlights

Higher average pgm prices (c.+£80m)

Strength in PGMS trading business from elevated volatility in pgm prices

Weaker demand and phasing of customer changeouts in Catalyst Technologies

Strong licensing pipeline

- 10 new licences in the year

Margin expanded 1.6ppts to 25.4%

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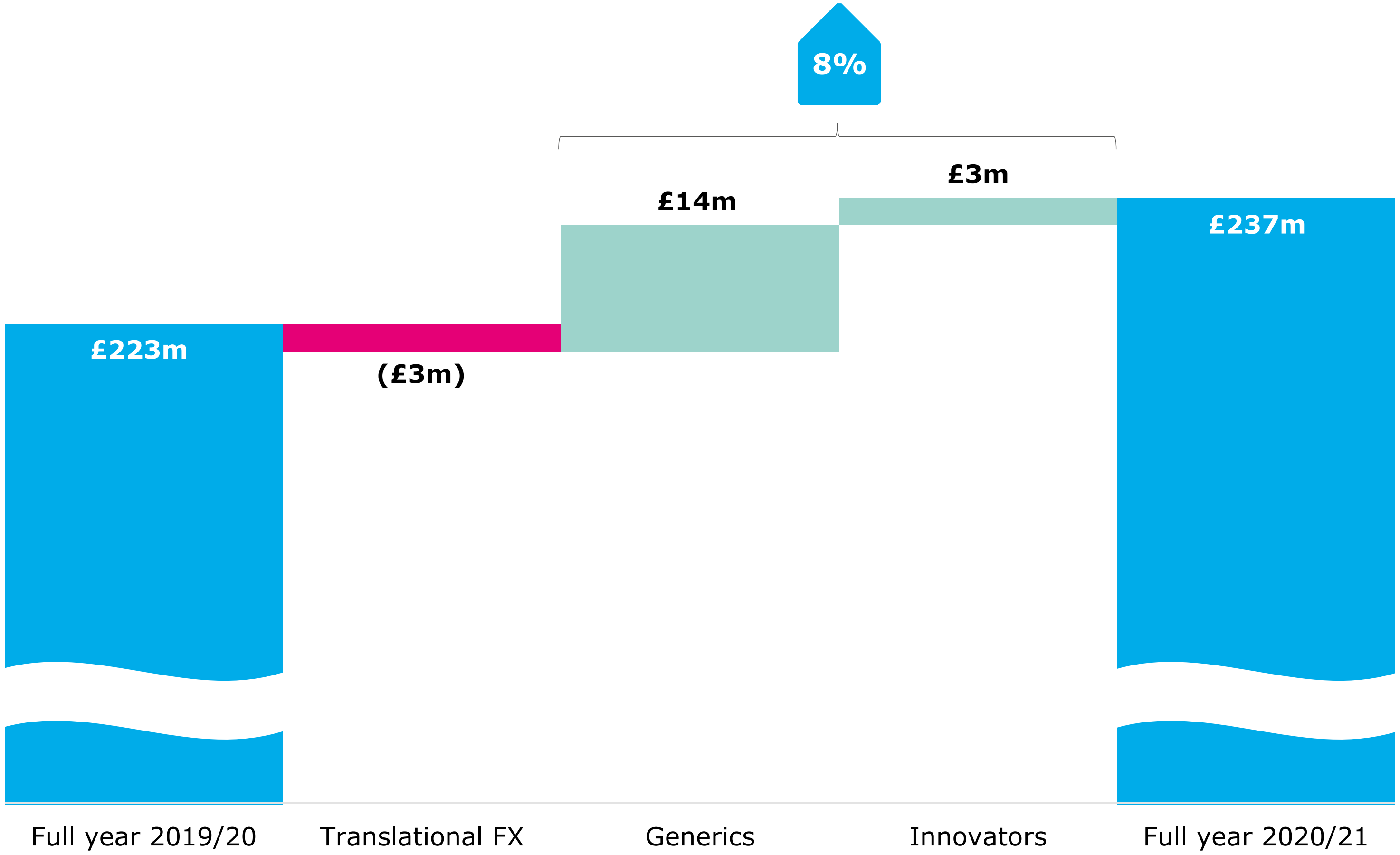
Note: PGM Services performance includes precious metal trading, chemical products and industrial products. Other includes Advanced Glass Technologies (AGT) and Diagnostic Services.

Health: sales growth driven by new product pipeline

Sales up 8%



Performance highlights

Sales and operating profit growth

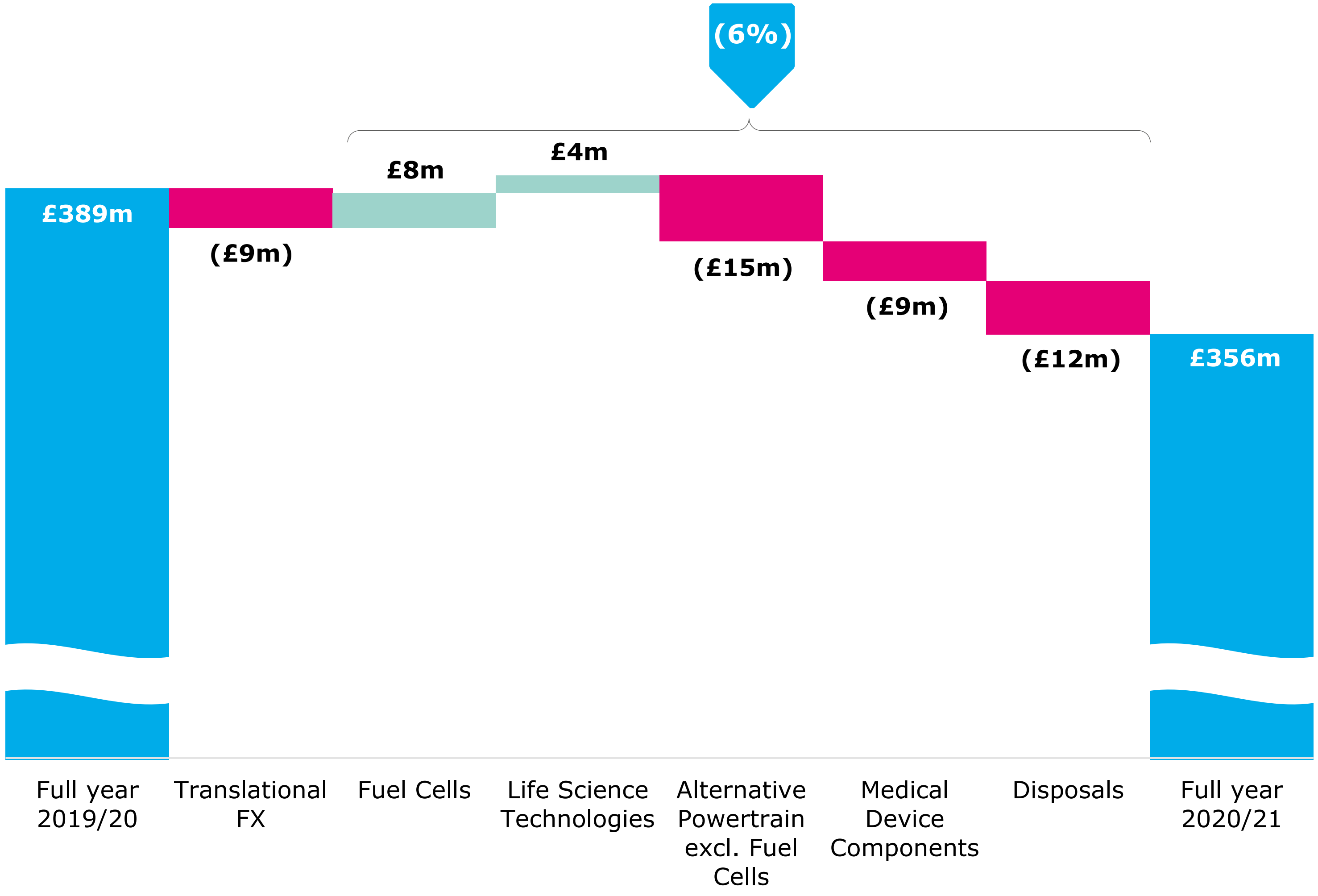
Benefiting from new customer contracts in opioid addiction therapies

Good progress with innovators, notably Gilead

Margin expanded 1.0ppts to 13.1%

New Markets: strong growth in Fuel Cells

Sales down



Performance highlights

Fuel Cells grew strongly to £41m, up 24%

- Auto sales c.50% of fuel cells

Battery Systems and Medical Device Components affected by COVID-19

Continue to invest in the commercialisation of eLNO

Refined segment reporting in 2021/22[1]

Note: Alternative Powertrain excluding Fuel Cells includes Battery Systems and Battery Materials (LFP and eLNO). Disposals includes Atmosphere Control Technologies and Water Technologies.
1. Please see page 8 of the preliminary results news release for further details.

Operating performance

Underlying results for year ended 31st March[1]	2021 £m	2020 £m	% change	% change, constant rates
Sales excluding precious metals (sales)	3,922	4,170	-6	-5
Operating profit	504	539	-6	-5
Finance charges	(85)	(86)		
Share of profits of joint ventures and associates	-	3		
Profit before tax	419	455	-8	-7
Taxation	(68)	(72)		
Profit after tax	351	383	-8	-8
Underlying earnings per share	**182.0p**	**199.2p**	**-9**	
Ordinary dividend per share	**70.0p**	**55.625p**	**+26**	

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1. All figures are before profit or loss on disposal of businesses, gain or loss on significant legal proceedings, together with associated legal costs, amortisation of acquired intangibles, major impairment and restructuring charges and, where relevant, related tax effects.

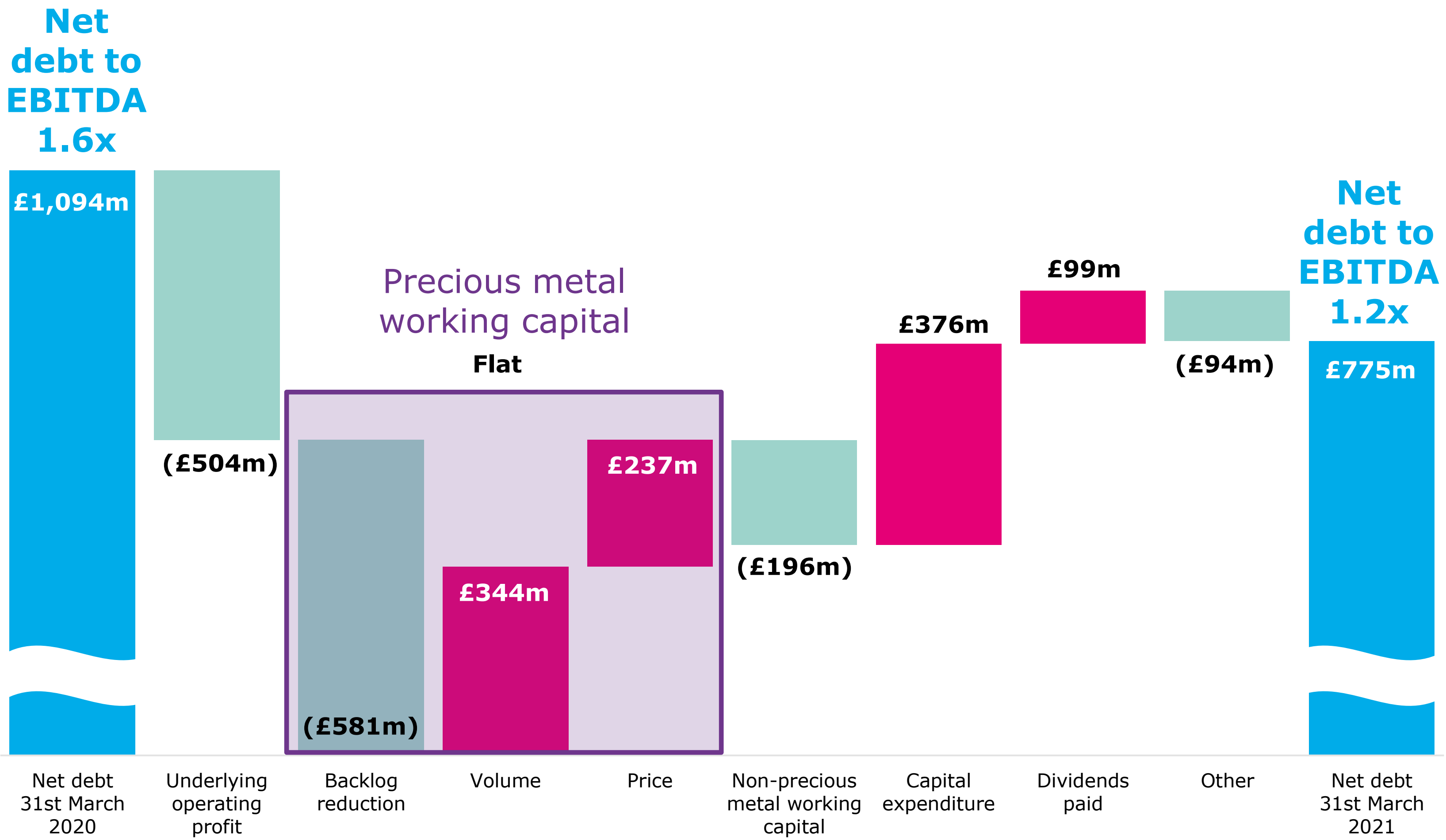
Reported results impacted by exceptional items

Year ended 31st March	2021 £m	2020 £m
Underlying operating profit	**504**	**539**
Profit on disposal of businesses	-	2
Amortisation of acquired intangibles	(10)	(13)
Major impairment and restructuring charges[1]	(171)	(140)
Reported operating profit	**323**	**388**
Reported earnings per share	**106.5p**	**132.3p**

1. Major impairment and restructuring includes costs associated with our group efficiency initiatives. 2020/21: £171m in relation to efficiency programmes of which £80m cash. 2019/20: £140m charges includes £61m in Clean Air as we consolidate the manufacturing footprint; £57m impairment of our LFP business in Battery Materials; £20m of capitalised development in Health following a strategic review and £2m other restructuring costs.

Strong cash flow and improved net debt despite higher metal prices

Net debt



Performance

Benefited from continued strong focus on reducing working capital

- Further backlog reduction
- Mitigated high pgm prices
- Good progress on non precious metal capital

Note: Precious metal working capital movement based on 1 April 2020 prices. 'Other' includes depreciation, amortisation and impairments (£215m), net interest paid £93m, net tax paid £65m, and other (£37m).

Outlook for year ended 31st March 2022

Group	Low to mid teens growth in underlying operating performance[1]
Foreign exchange	£25m adverse effect on underlying operating profit at current FX rates[2]
Metal	In addition, net metal price benefit of up to £120m to underlying operating profit if precious metal prices remain at current levels for the rest of the year[3]
Capex	Up to £600m, with main areas of investment being battery materials, pgm refineries and hydrogen growth activities

1. At constant currency and constant metals prices (based on actual precious metal prices in 2020/21).
2. Foreign exchange rates as at 25th May 2021.
3. At current metals prices as at 25th May 2021.

Investing for growth

Capex spend in 2021/22 up to £600m

Major projects include:

- **Continued investment into battery materials as planned**
- **Increased resilience, efficiency and capacity of pgm refineries**
- **Hydrogen expansion**

Robert MacLeod
Chief Executive

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A global leader in climate change solutions

A cleaner, healthier world today and for future generations

Clean Air

Medium term profit growth and sustained cash generation to support growth opportunities

Efficient Natural Resources

Decarbonisation and circularity solutions

Health

Confident in delivering pipeline

Battery Materials and Hydrogen

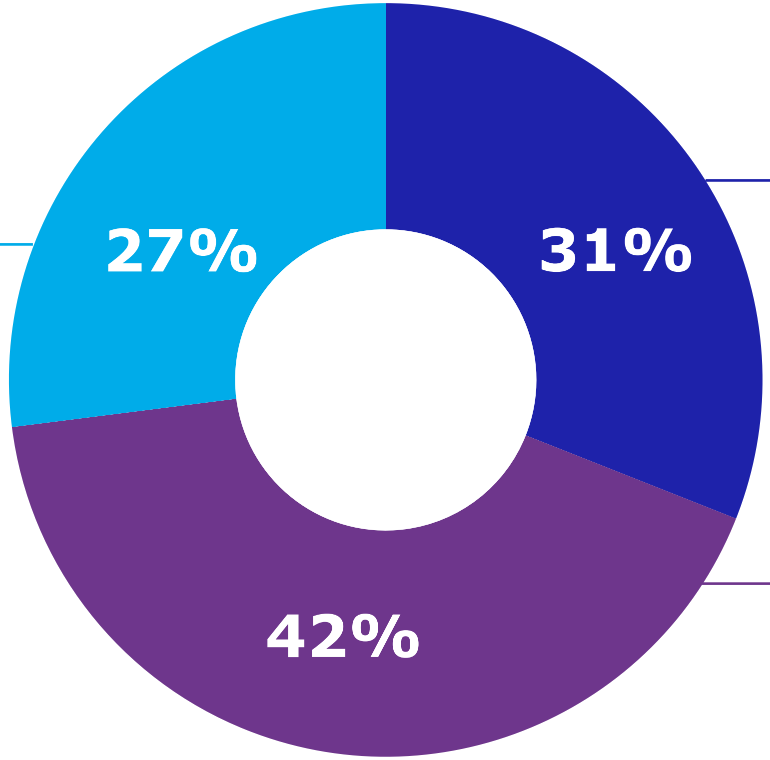
Exciting, high growth opportunities

Underpinned by expertise in science and complex metal chemistry

Clean Air strategy is differentiated by segment

2020/21 sales by product

LDG
Play selectively for highest return business



HDD
Maintain segment shares and technology leadership

LDD
Drive efficiency and maintain leadership position

Clean Air is JM's ambassador to the auto industry

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Note: LDG – light duty gasoline. LDD – light duty diesel. HDD – heavy duty diesel.

Various market scenarios for powertrain evolution

METRIC		Faster electrification	Base	Slower electrification
01	Size of auto industry globally (million vehicles)[1]	c.90m	c.100m	c.110m
02	LDD share Europe in 2030[1]	c.5%	c.10%	c.15%
03	% BEV penetration globally in 2030[1]	c.40%	c.30%	c.20%
04	Legislation[2]	2027	2026	2025

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1. JM assumptions for Western European passenger and commercial vehicles and global BEV penetration.
2. Expected enactment date for further legislation - Euro 7, China 7 and possible US legislation.

Driving medium term growth and managing levers dynamically to generate sustainable cash

	Value uplift	Efficiency	Cashflow
Levers	• Value uplift coming from: – China VI 2022 – Euro 7 2026/27 – US EPA Tier 4 and CARB LEV IV • Leadership position in LDD and HDD • Technology leadership in NOx abatement • Gasoline investments to win the right business	• Excellence programmes to offset inflation and pricing – Procurement – Manufacturing – Commercial • Footprint consolidation drives further benefit • Rigorous management of overhead cost	• Final strategic investments substantially complete • Capex targeted at c.£50m per year • New global supply chain team optimising inventory • Resetting customer terms where needed

Driving at least £4bn of cash under our range of scenarios in the coming 10 years

Note: EPA – Environmental Protection Agency. LEV – low emission vehicle.

Efficient Natural Resources: strongly positioned to win in net zero world

Acceleration of the drive towards sustainable solutions post COVID-19

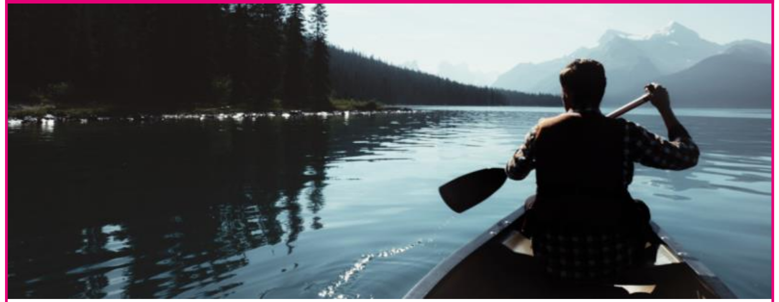
Strong foundations today

Leading positions, established customer relationships and strong technology

Near-term growth

Growth driven by existing technologies

Growth in a net zero world

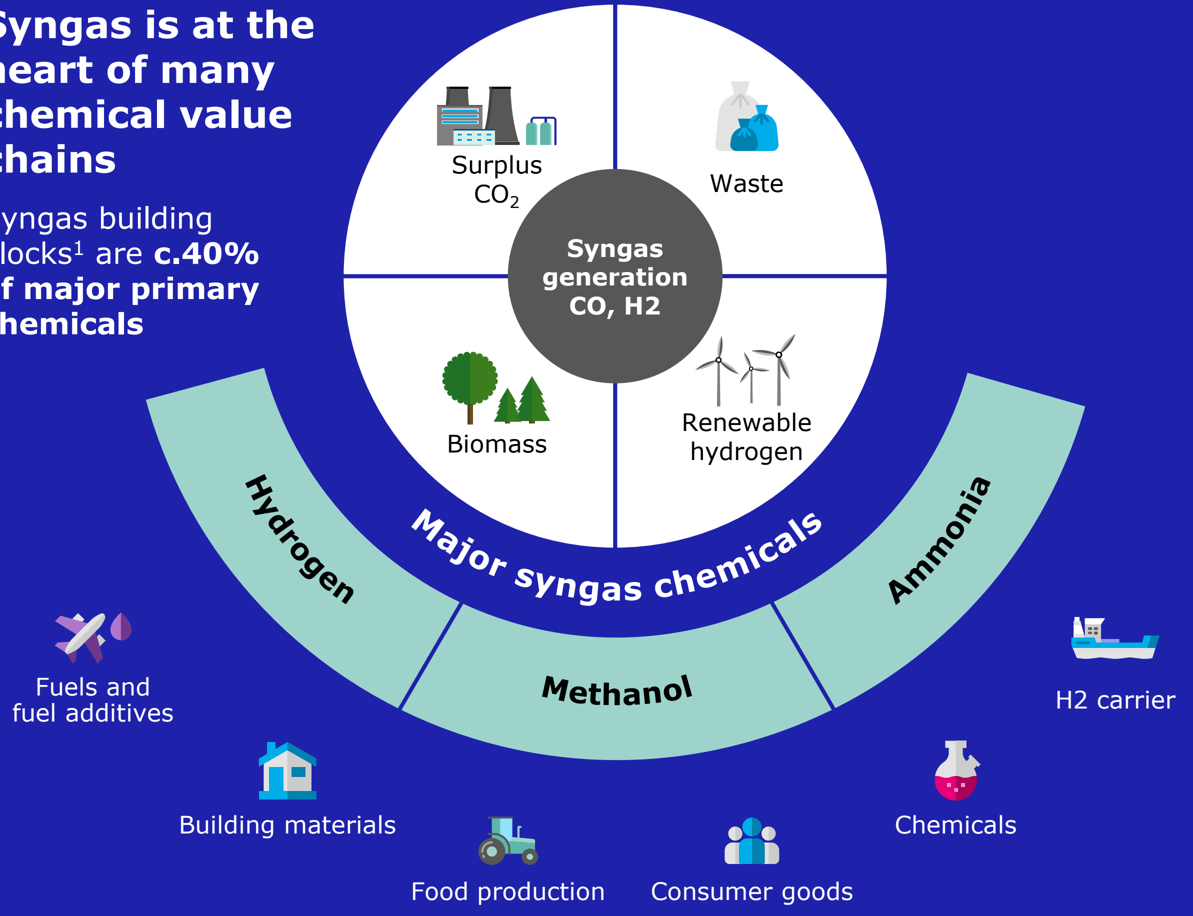


Decarbonisation and circularity solutions

Growth from decarbonisation of chemical value chains

Syngas is at the heart of many chemical value chains

Syngas building blocks[1] are **c.40% of major primary chemicals**



Growth driven by decarbonisation of syngas and production of green chemicals

Targeting high single digit growth in Catalyst Technologies over the medium term

Leading positions

#1

methanol

hydrogen

formaldehyde

Trusted, longstanding partners

1. Methanol and ammonia capacity as a proportion of total capacity for primary chemicals (methanol, ammonia, major olefins and aromatics). Data source: IHS Markit.

A net zero world requires circularity of scarce critical materials

Enabling circularity

World leader in recycling of scarce pgms

Twice the size of next largest player

Deep metals expertise

Supply of scarce critical materials for pgm based technologies, e.g. fuel cells

Growth driven by the needs of tomorrow

Expertise in designing new materials

Design to recycle solutions

Applying expertise to new materials

Examples:

- Fuel cells recycling
- Lithium, nickel and cobalt for battery materials recycling

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Well positioned today and in a net zero world

Already launched

Commercialising our
blue hydrogen technology
Pipeline of c.15 projects

e-methanol project
with Siemens and Porsche

Sustainable aviation fuel

Actively developing further solutions

Fuel cells recycling

Battery materials recycling
with Stena Recycling

Further **commercialisation**
of pipeline of solutions

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Battery Materials: creating a leading, sustainable ecosystem

Significant and growing global market reaching 1,800kT by 2030[1]

European supply of cathode materials forecast to be in deficit over the medium term

European market focused on sustainability

eLNO commercialisation timeline

2022 | 2023 | 2024 | 2025

Continually progressing customers through pipeline

Customers

- Expected first auto contract
- Auto customers

Commercial plants

- Poland commissioning
- Finland commissioning

1. Automotive market for high energy cathode materials. IHS and Johnson Matthey estimates.

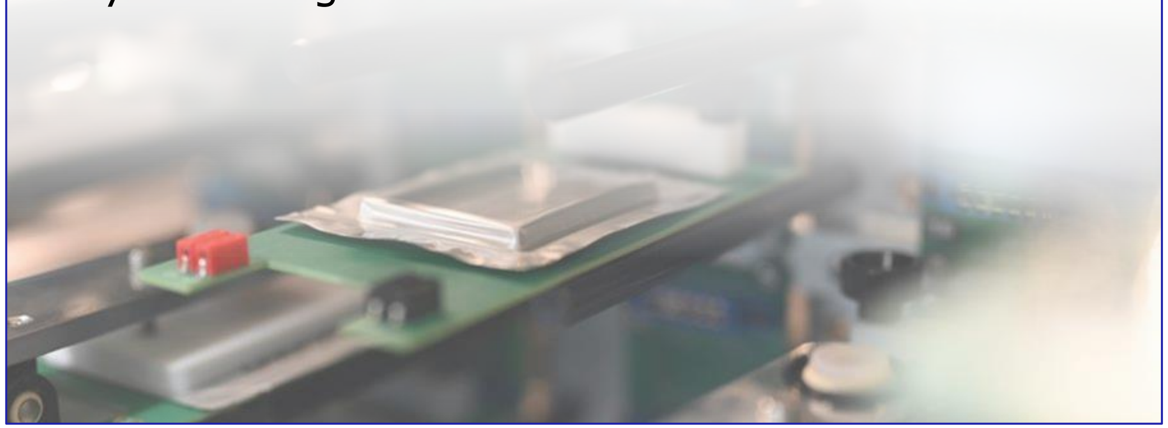
Advancing customer testing towards contract wins

Further confidence in eLNO

Customers moving through development funnel

Auto OEM moving to next stage of full cell testing

Independent testing by Wildcat Discovery Technologies confirms eLNO meets or exceeds key auto targets



Second battery technology centre open

Enables closer customer collaboration

More advanced eLNO testing to support customer validation

Increased capacity for in-house full cell testing

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Note: Wildcat Discovery Technologies is an independent third party technology company with significant OEM experience in developing and optimising battery materials.

Advancing commercialisation through partnerships

Poland plant to commence commissioning in 2022

Evaluating strategic partnerships as we scale up

Finland plant beginning construction later this year

Using renewable energy and developing innovative effluent solution

eLNO production carbon neutral by 2035

New long term supply of critical materials

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Hydrogen: profitable and fast growing

Fuel Cells

Green hydrogen

Blue hydrogen

Grey hydrogen

Hydrogen sales of c.£100m in the year[1]

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1. Includes c.£40m sales in Fuel Cells and c.£60m sales in hydrogen production.

Fuel cells: strong technology and customer wins

**Growing at pace:
35% 5 year CAGR**

Customers include Doosan, SFC Energy, REFIRE/Unilia, SinoHytech/Sino Fuel Cell

Strong technology enabling high performance fuel cells

Pipeline of c.10 major truck and auto OEM platforms due to launch from 2022 to 2025

Proprietary membrane technology with strong durability and stability

Capacity doubled to 2GW and planning major expansion

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Blue and green hydrogen are critical in the transition to net zero

Green hydrogen

Positive test results with leading electrolyser manufacturers and recent MoU with Plug Power

Existing capacity today

Ability to rapidly scale to multi-GW capacity

Commercial sales expected in 2022

Blue hydrogen

First engineering revenues from HyNet and Acorn

Global pipeline of c.15 projects

Significant international interest

Significant opportunity driving strong growth over the next decade

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Note: MoU – Memorandum of Understanding.

Exciting growth opportunities driven by demand for sustainable solutions

Enabling the transition to **net zero**

Focusing our portfolio and **investing at pace**

Delivered a **robust performance**

Strong momentum into current year

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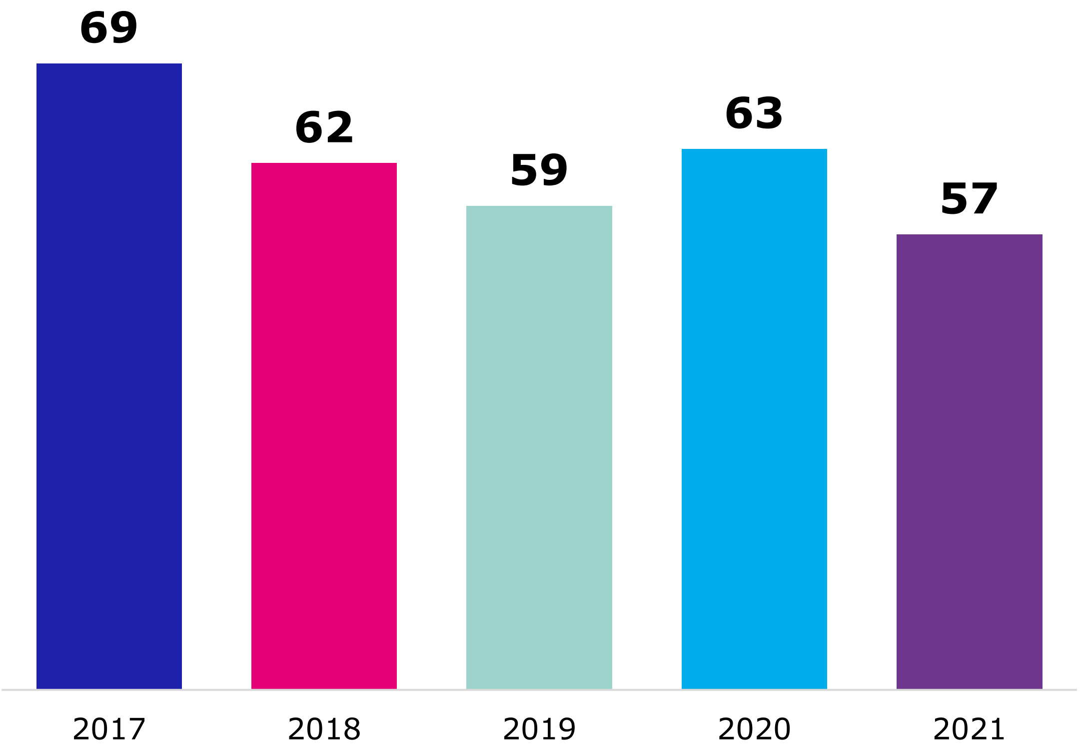
Appendix

Average non precious metal working capital days

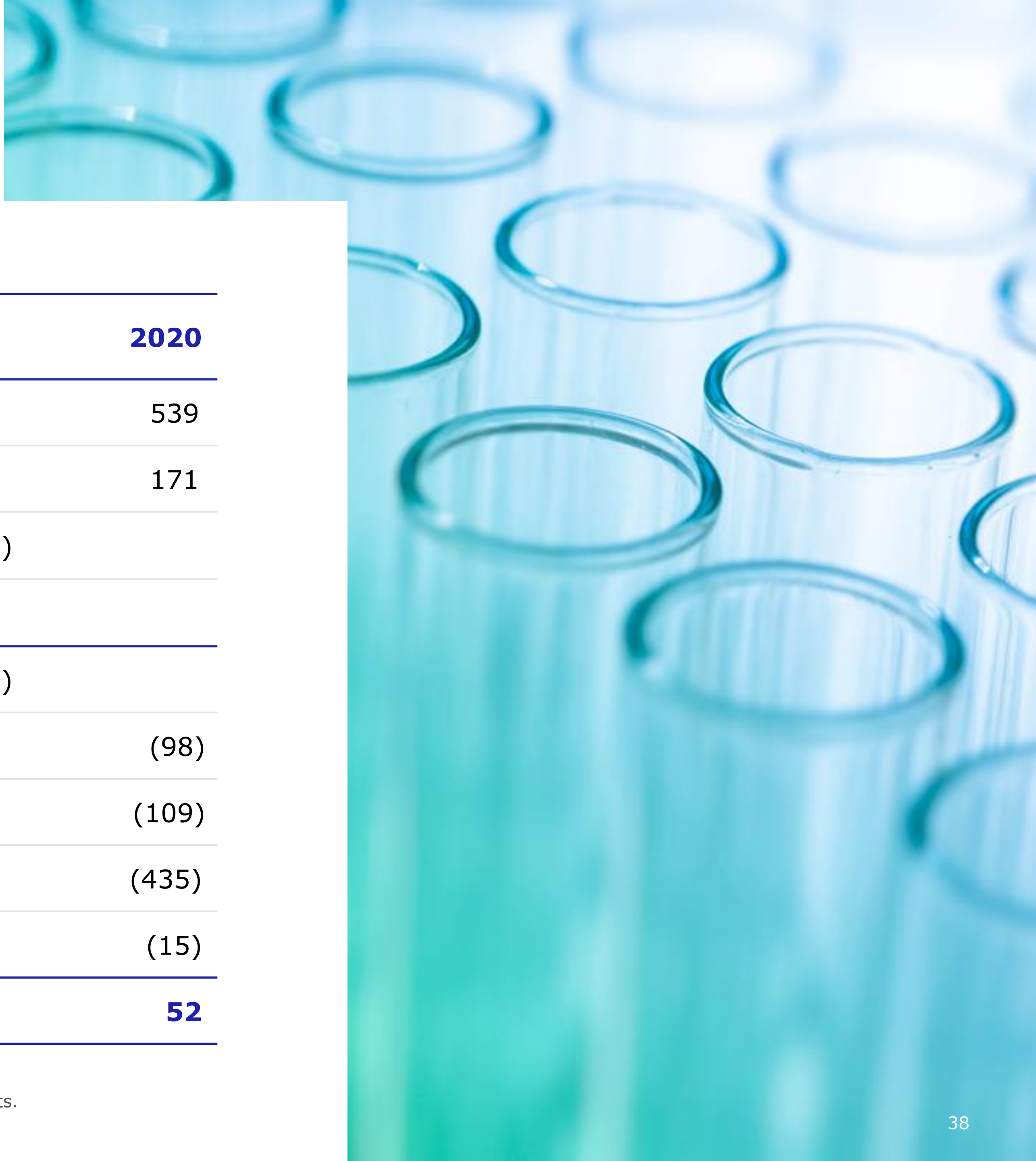
Average working capital days excluding precious metals, year ended 31st March



Average working capital days reduced to **57 days**

Targeting average non precious metal working capital of **50 to 60 days**

Improved free cash flow



Free cash flow (£m)

Year ended 31st March	2021	2020
Underlying operating profit	504	539
Depreciation and amortisation[1]	184	171
Precious metal working capital inflow / (outflow)	-	(5)
Non precious metal working capital inflow	196	4
Net working capital inflow / (outflow)	196	(1)
Net interest paid	(93)	(98)
Tax paid	(65)	(109)
Capex spend	(376)	(435)
Other[2]	(45)	(15)
Free cash flow	**305**	**52**

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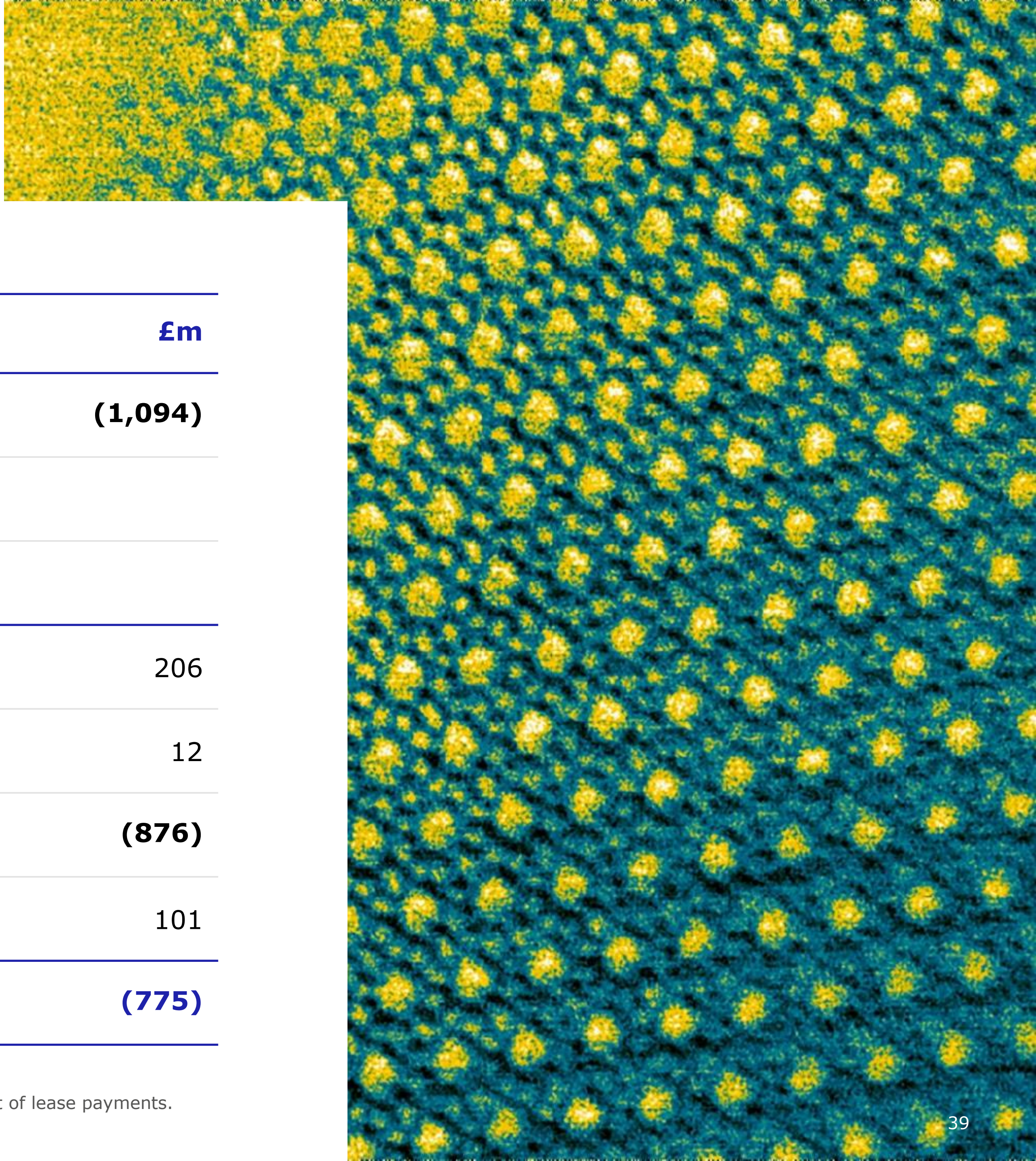
1. Excluding amortisation of acquired intangibles, including loss on sale of non-current assets.
2. Includes impairments, lease payments and movements in pensions and provisions.

Net debt to EBITDA 1.2 times[1]



	£m	£m
Net debt at the beginning of the year		**(1,094)**
Free cash flow	305	
Dividends	99	
Movement in net debt		206
Lease adjustments[2]		12
Net debt before FX and other movements		**(876)**
FX and other movements[3]		101
Net debt at the end of the period		**(775)**

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1. Net debt including post tax pension deficits.
2. New leases, remeasurements and modifications less lease disposals and principal element of lease payments.
3. £107m FX and (£6m) other non-cash movements.

Light duty emissions control legislation roadmap

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028 →
Europe	Euro 6d temp	EU6d					EU7 (2025-27 estimated start)			
North America EPA	Tier 3 Phase In: NMOG + NOx, PM Tightening									'Tier 4' (est.)
North America CARB	LEV III Phase In: NMOG + NOx, PM Tightening						PM = 1mg/mi			'LEV 4' (est.)
Japan	JP 18 (WLTP)									
South Korea (Gasoline)	LEV III	LEV III (97g/km CO_2, 2020)								
South Korea (Diesel)	EU6c (RDE Phase I)		EU6d (RDE Phase II, 97g/km CO_2)					EU7 (estimated)		
China (Main economic areas)	CN6b non PN or RDE		CN6b non RDE		CN6b / RDE				CN7 (estimated)	
China (Nationwide)	CN5 (EU5)		CN6a							
Brazil	PL6			PL7			L8			
India	BSIV	BSVI Stage I (EU6b)			BSVI Stage II (RDE)					BSVII (est.)
Indonesia (Gasoline)	EU4									
Indonesia (Diesel)	EU2			EU4						
Thailand	EU4					EU5 (estimated)				

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Heavy duty emissions control legislation roadmap

<table>
<tr><th>On Road</th><th>2020</th><th>2021</th><th>2022</th><th>2023</th><th>2024</th><th>2025</th><th>2026</th><th>2027</th><th>2028+</th></tr>
<tr><td>Europe</td><td colspan="5">EU VI</td><td colspan="4">EU VII (2025-27 est start)</td></tr>
<tr><td>North America</td><td colspan="7">US 2010</td><td colspan="2">US 2027 (est)</td></tr>
<tr><td>North America (CARB)</td><td colspan="4">US 2010</td><td colspan="3">CARB 2024</td><td colspan="2">CARB 2027</td></tr>
<tr><td>Japan</td><td colspan="9">JP 16</td></tr>
<tr><td>South Korea</td><td colspan="6">EU VI</td><td colspan="3">EU VII (est)</td></tr>
<tr><td>Brazil</td><td colspan="2">P7</td><td colspan="7">P8</td></tr>
<tr><td>Russia</td><td colspan="5">EE 5</td><td colspan="4">EE 6 (est)</td></tr>
<tr><td>India</td><td colspan="3">BS VI</td><td colspan="5">BS VI RDE</td><td>BSVIII est</td></tr>
<tr><td>China</td><td colspan="3">CN VIa</td><td colspan="4">CN VIb</td><td colspan="2">CN VII (est)</td></tr>
<tr><th>Non Road</th><td colspan="9"></td></tr>
<tr><td>Europe</td><td colspan="9">Stage V (adoption date is engine power rating and application dependent)</td></tr>
<tr><td>North America</td><td colspan="9">Tier 4f</td></tr>
<tr><td>Japan</td><td colspan="9">MLIT 2014</td></tr>
<tr><td>Brazil</td><td colspan="9">Stage IIIa</td></tr>
<tr><td>South Korea</td><td>Tier 4f</td><td colspan="8">Stage V (est)</td></tr>
<tr><td>China</td><td colspan="2">Stage III</td><td colspan="7">Stage IV (<560kw); timing not yet set for >560kw</td></tr>
<tr><td>India</td><td>BT III</td><td colspan="3">BT IV (Stage IV)</td><td colspan="5">BT V</td></tr>
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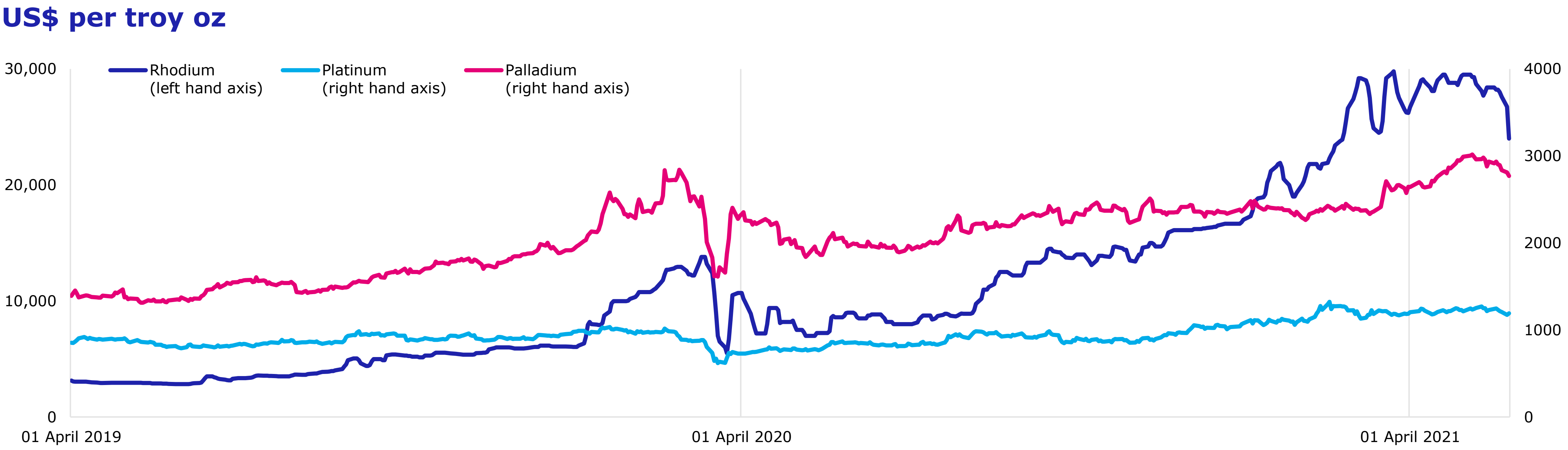
Average pgm prices



Price (US$ per troy oz)	2019/20 average	2020/21 average	Current (25th May 2021)
Platinum	890	958	1,192
Palladium	1,770	2,255	2,771
Rhodium	5,798	14,521	24,000