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Johnson Matthey
Inspiring science, enhancing life

Presentation of results for the year ended 31st March 2020

11th June 2020

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

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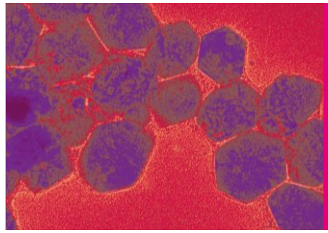
Confident in the strength of our business

Performance slightly ahead of market expectations, excluding COVID-19



Well positioned in an uncertain world

Accelerating parts of our strategy to drive efficiency

Net zero solutions driving medium term growth

Note: All growth rates in this presentation are at constant rates unless otherwise stated. In our pre-close trading update (30th March 2020) we guided to an impact of around £50m on our trading performance from COVID-19. Vara consensus for full year underlying operating profit in 2019/20 was £581m (range: £562m to £593m) as at 29th March 2020.

Performance slightly ahead of market expectations excluding COVID-19

Clean Air	• Outperformed global light duty production; heavy duty in line with market • Experienced one-off manufacturing inefficiencies in the first half • New highly efficient and flexible plants in Europe and Asia largely complete
Efficient Natural Resources	• Strong progress in reducing refinery backlogs, with £162m[1] of volume removed • Successfully developing and commercialising new technologies
Health	• Regulatory approval for our customer's novel immuno-oncology treatment • Multi-year supply agreements for supply of APIs used in opioid addiction therapies • One innovator opportunity has been cancelled
Battery Materials	• Full cell testing with four customers • Broke ground on first commercial plant in Poland

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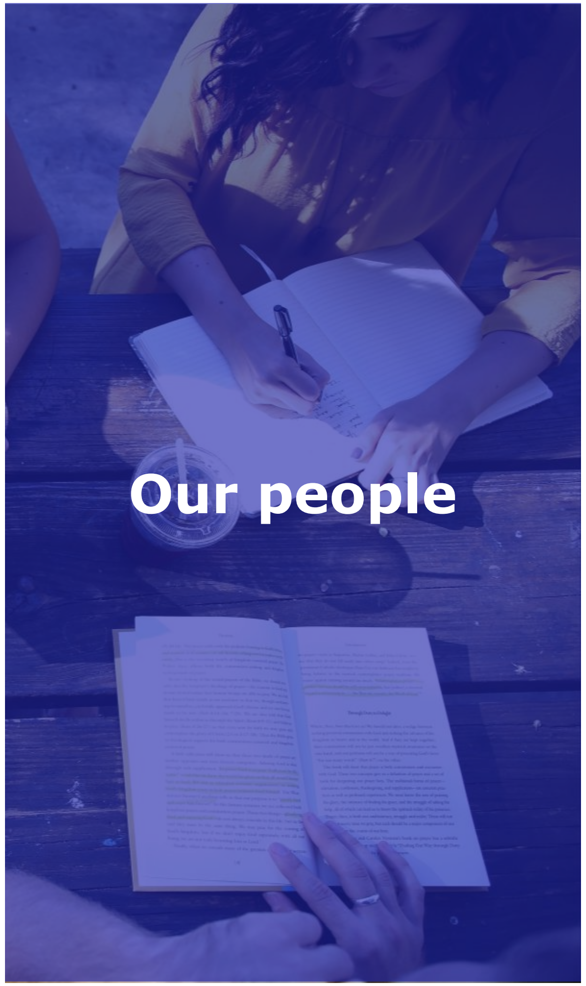
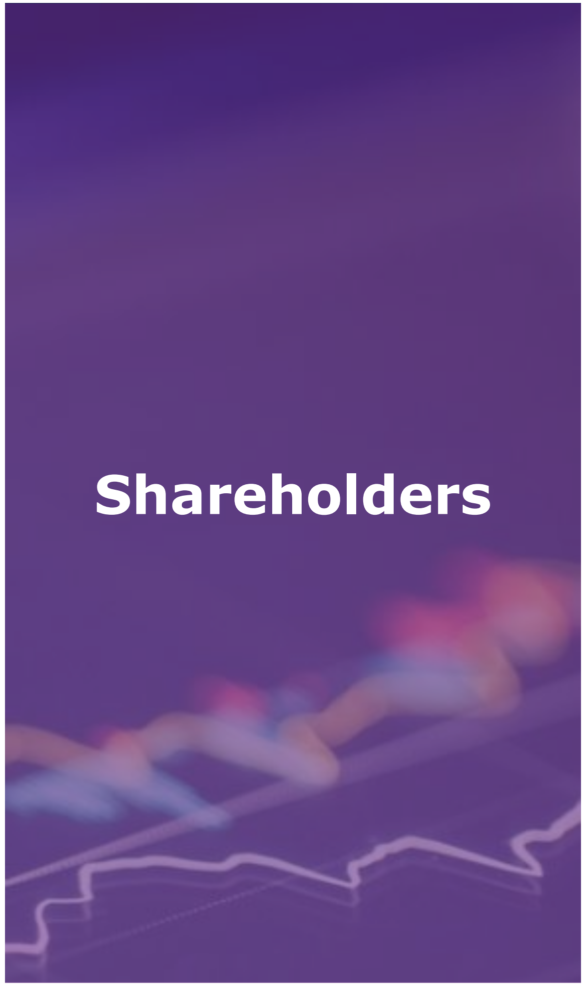
Note: APIs – active pharmaceutical ingredients.
1. Precious metal working capital movement based on 2019/2020 blended prices.

Balancing the priorities of all our stakeholders





What we are seeing now

Clean Air

- China recovering strongly; April and May sales in line with prior year
- Europe and Americas gradually ramping up; April, May, June sales down 85%, 70% and 40% (estimated)
- Visibility remains low

Efficient Natural Resources

- Vast majority of plants operating, refineries operational albeit at reduced capacity
- Volatility in precious metals supply and demand
- Later cycle and expect demand impact in the year

Health

- Relatively unaffected
- Expect to benefit from new customer contracts

New Markets

- Commercialisation of eLNO remains on track
- Potential incentives to support zero emission vehicles

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Note: Clean Air sales variance in comparison to prior year.

Immediate decisive action

Cost reduction

Tightly managed working capital

Postponed non-strategic capex

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Well positioned in an uncertain world

Robust balance sheet

- Material cash inflows from precious metal working capital
- Strong liquidity

Flexible cost base

- Particularly in Clean Air

Diverse portfolio reduces risk

- A range of end markets and geographies

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Accelerating parts of our strategy to drive efficiency

Consolidating Clean Air footprint

Additional savings of at least £80m p.a. within three years

Driving organisational efficiency

Run rate cost savings of c.£225m by end of 2022/23

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Note: Total restructuring costs of c.£240m, which will be taken outside underlying, of which c.£160m (cash costs c.£80m) relates to Clean Air footprint and group wide organisational efficiency.

Consolidating Clean Air footprint

Actions

New, identical world class plants in Europe and Asia

Rationalising footprint

Optimising global manufacturing network

Outcomes

Driving efficiency reducing costs

Increasing agility

Improving customer experience

Building on investments to capture value from global, efficient footprint

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Driving organisational efficiency

Actions

Standardising global systems and processes

Removing duplication

Reducing complexity

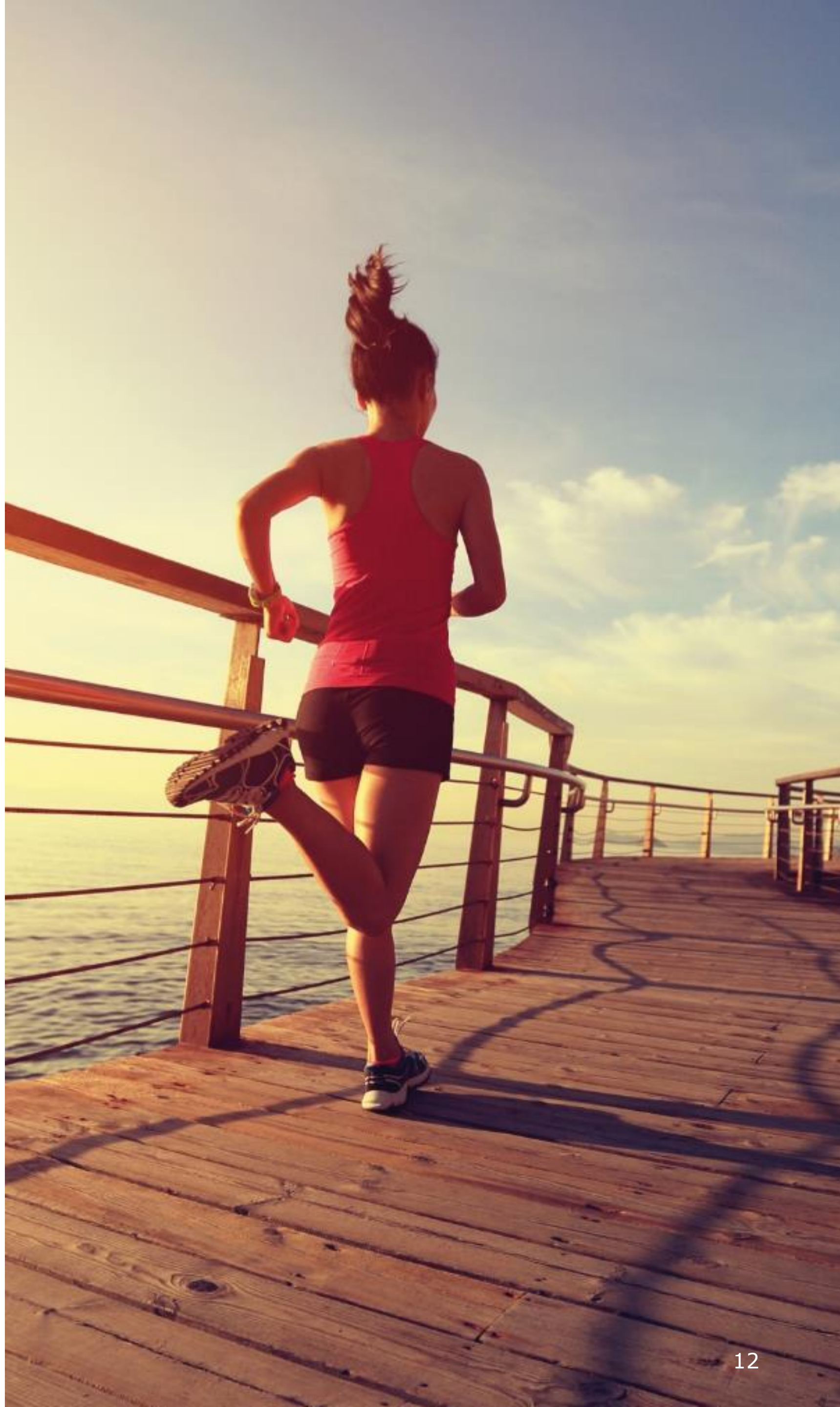
Outcomes

Simplified organisation

Enabling faster decision making

Driving efficiency reducing costs

Building on investments simplifying our organisation



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Anna Manz
Chief Financial Officer

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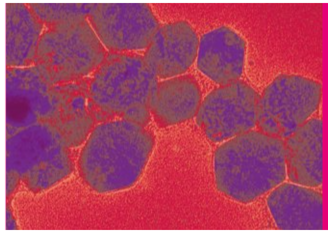
Resilient performance and accelerating strategic initiatives

Performance slightly ahead of market expectations, excluding COVID-19



Well positioned in an uncertain world

Accelerating parts of our strategy to drive efficiency

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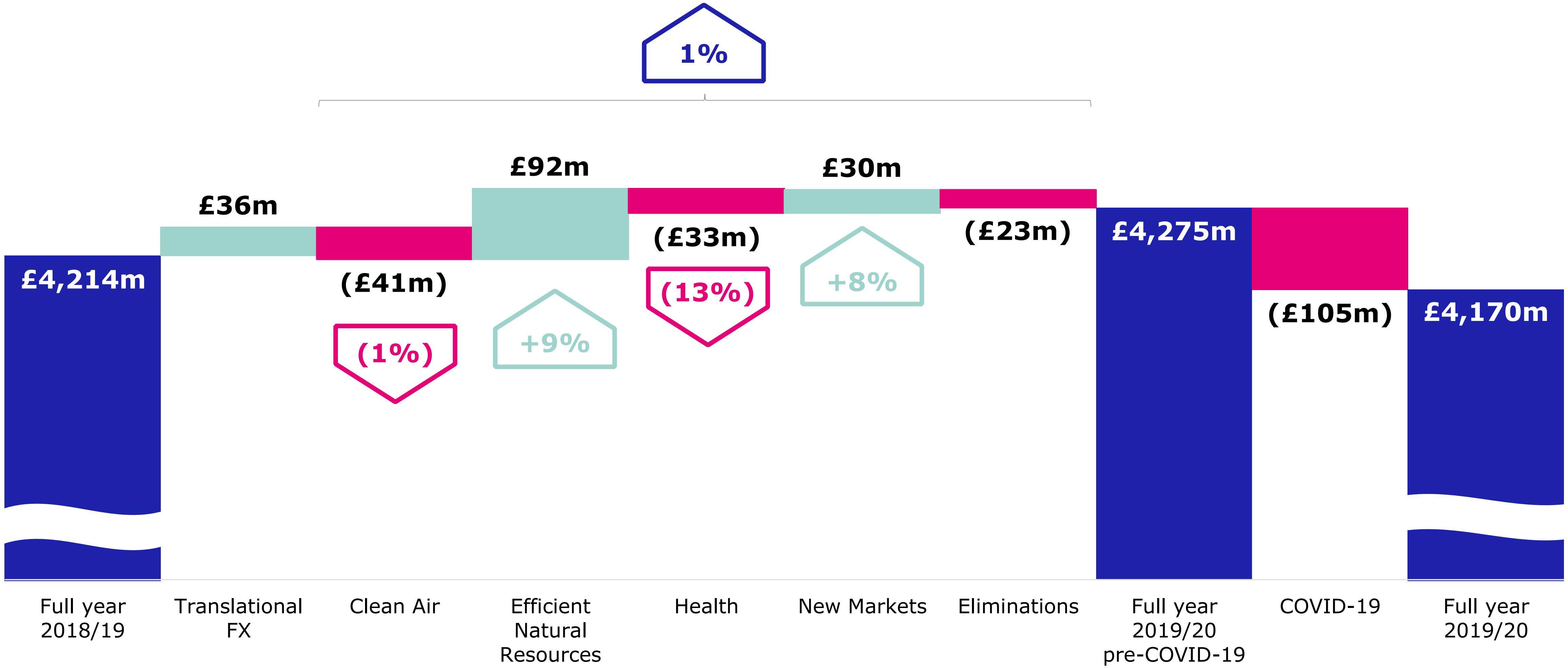
Note: In our pre-close trading update (30th March 2020) we guided to an impact of around £50m on our trading performance from COVID-19. Vara consensus for full year underlying operating profit in 2019/20 was £581m (range: £562m to £593m) as at 29th March 2020.

Group sales robust in a challenging environment



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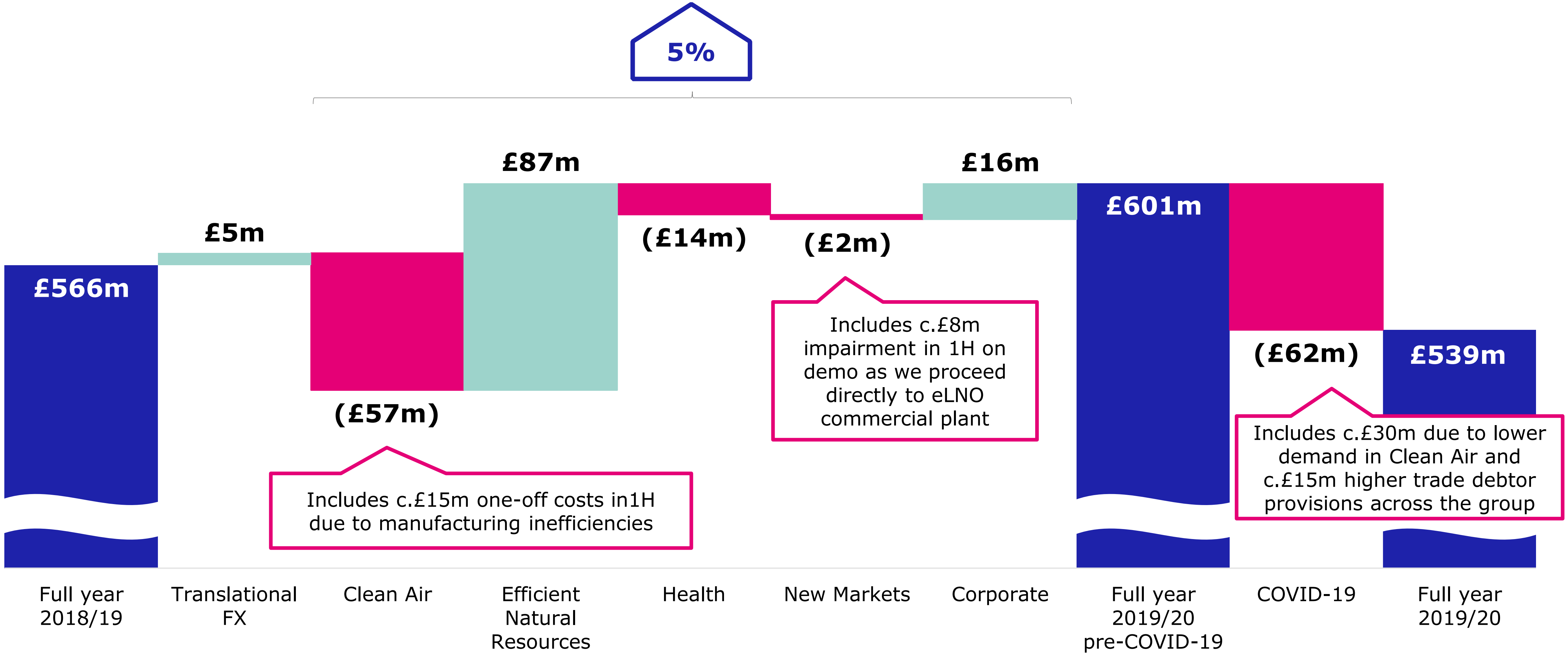
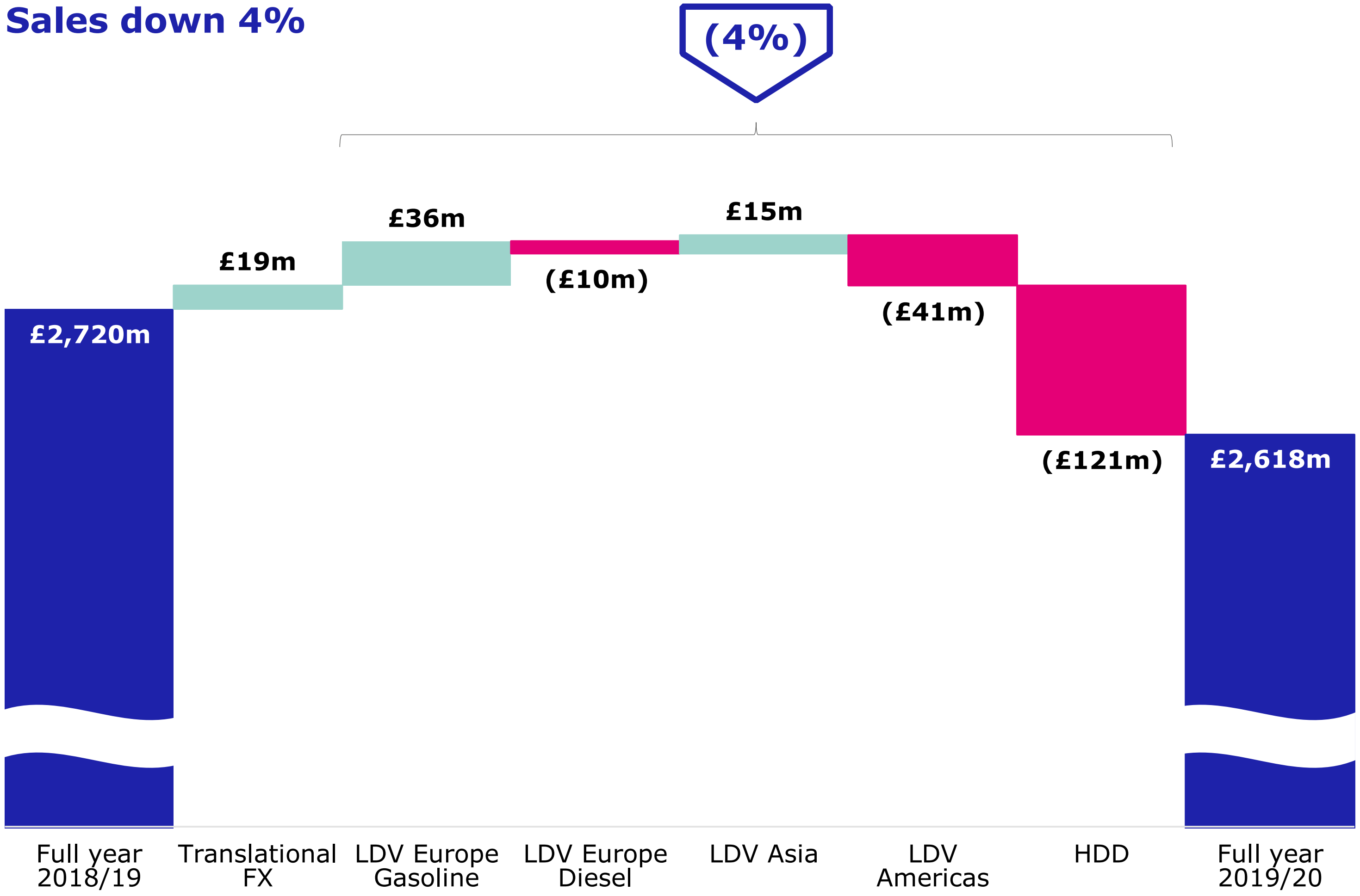
Underlying operating profit slightly ahead of market expectations excluding COVID-19



Note: Includes year-on-year benefit of £11m pension credit, allocated across the sectors.
In our pre-close trading update (30th March 2020) we guided to an impact of around £50m on our trading performance from COVID-19. Vara consensus for full year underlying operating profit in 2019/20 was £581m (range: £562m to £593m) as at 29th March 2020.

Clean Air: outperformed in a weak market

Sales down 4%



Outperforming the market

- Light duty sales flat; market down 10%
- Heavy duty diesel sales broadly in line with market; market down 11%

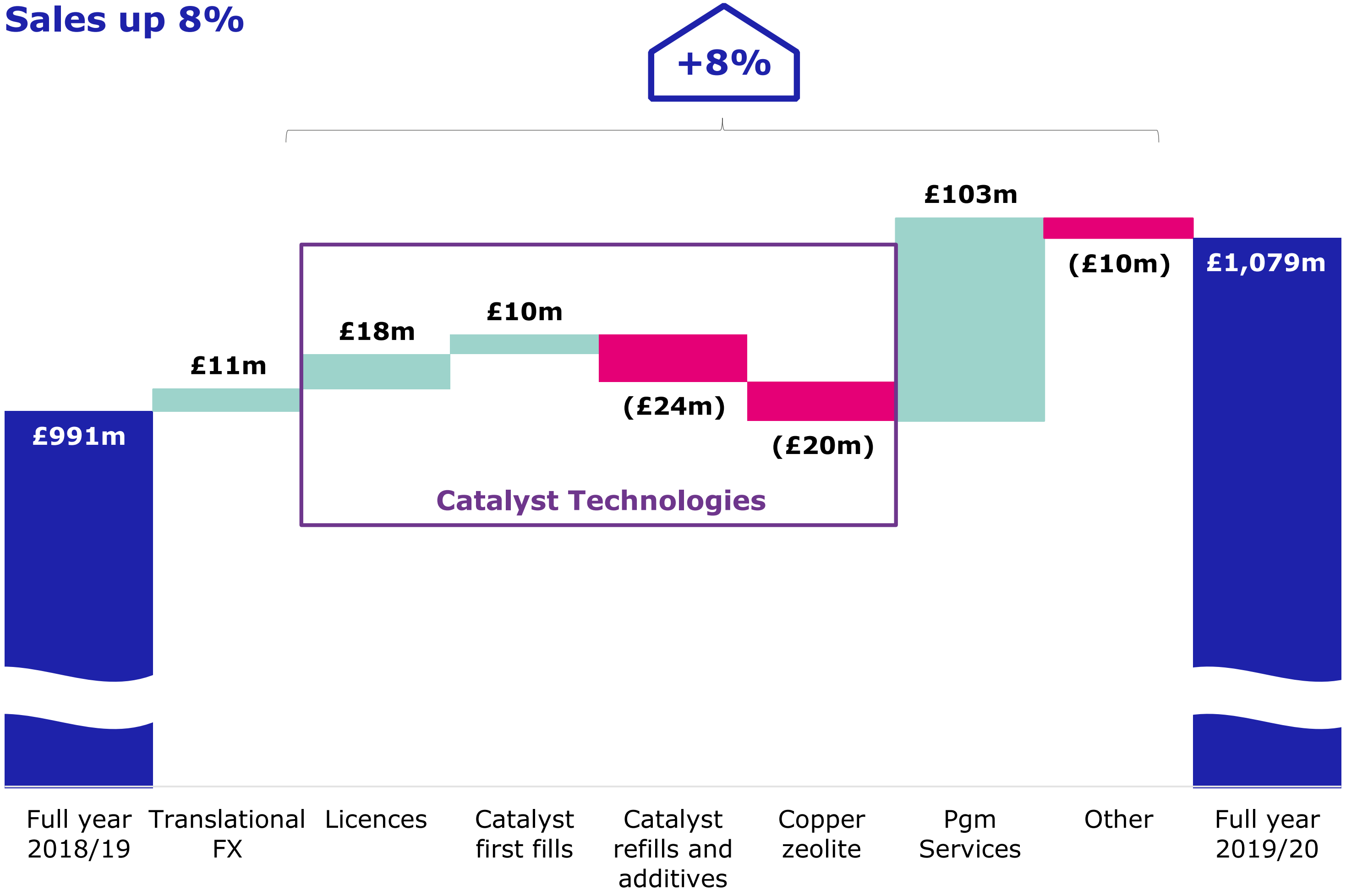
Operating profit down 25%

- c.£40m impact from COVID-19
- c.£20m higher infrastructure investment
- c.£15m one-off costs due to manufacturing efficiencies in 1H

Note: COVID-19 impact of c.£40m, of which c.£30 million reflected lower demand and c.£10m was higher trade debtor provisions.

Efficient Natural Resources: significant operating profit growth

Sales up 8%



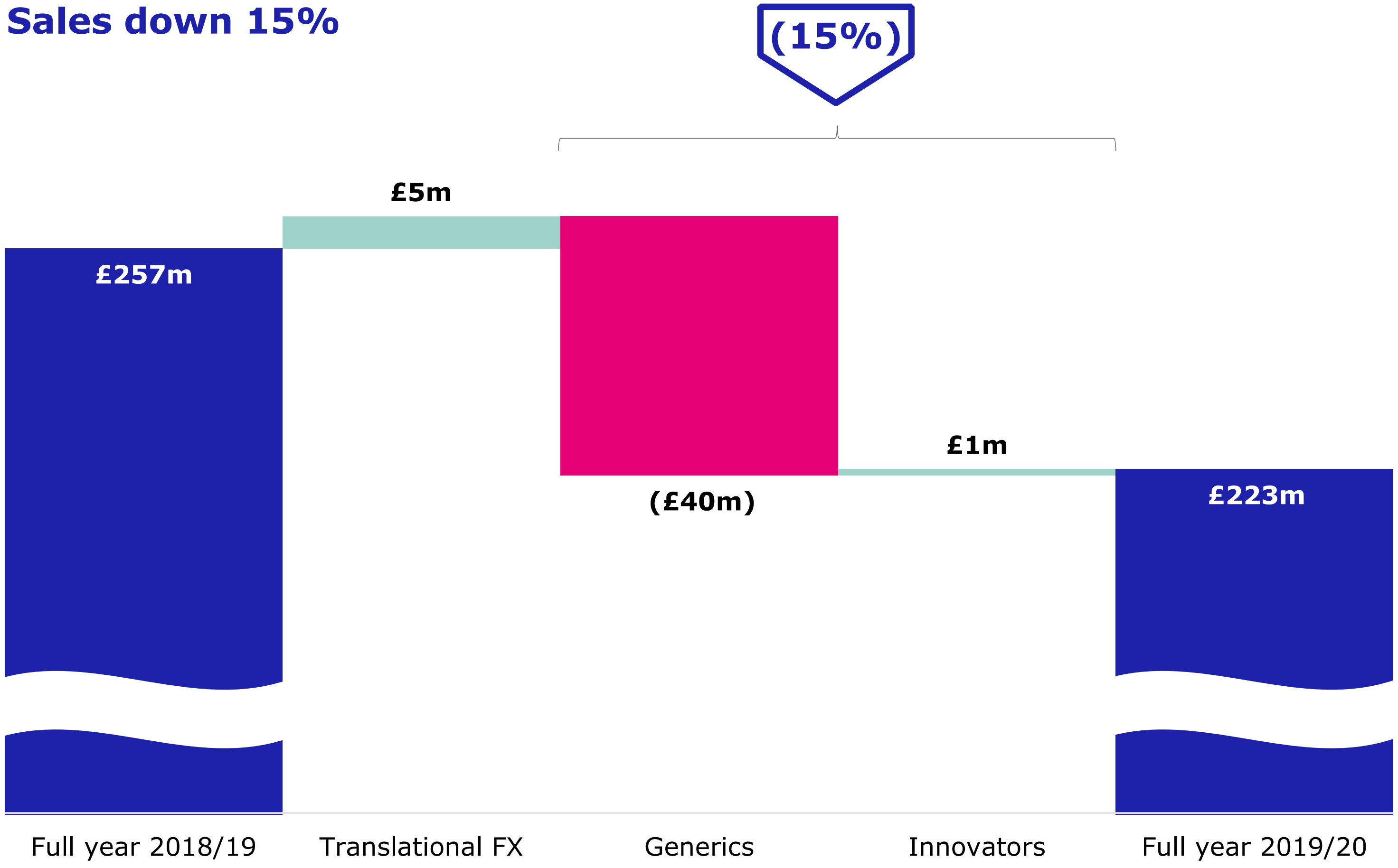
Operating profit up 40%

- Higher average pgm prices (c.+£47m)
- Strength in PGMS trading business and elevated volatility in pgm prices
- Partly offset by higher refinery operating costs and investment in refineries

Note: Other includes Advanced Glass Technologies (AGT) and Diagnostic Services.

Health: temporary disruption in opioid addiction therapy market

Sales down 15%

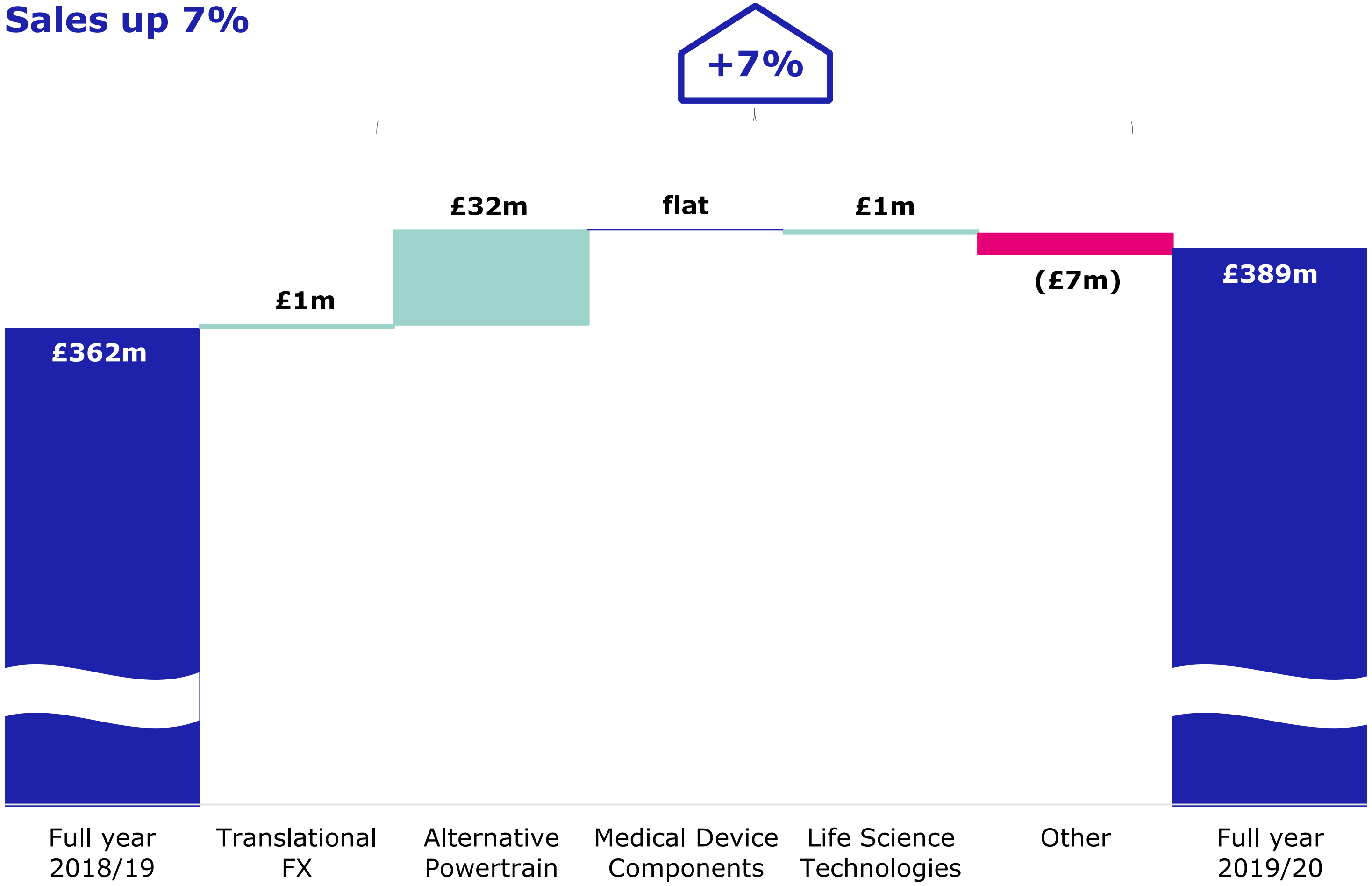


Operating profit down 38%

- Short-term hiatus in opioid addiction therapy market
- Lower ADHD sales
- Stock build to meet higher customer demand in 2020/21
- Net benefit from footprint optimisation

New Markets: progressing eLNO commercialisation

Sales up 7%



Operating profit declined

- Continue to invest in the commercialisation of eLNO
- Includes £8m impairment of eLNO demo plant
- Fuel cells grew strongly

Note: Alternative Powertrain includes Battery Systems, Fuel Cells and Battery Materials (LFP and eLNO). Other includes Atmosphere Control Technologies and Water Technologies

Operating performance

Underlying results for year ended 31st March[1]	2020 £m	2019 £m	% change	% change, constant rates
Sales excluding precious metals (sales)	4,170	4,214	-1	-2
Operating profit	539	566	-5	-6
Finance charges	(86)	(43)		
Share of profit of joint venture and associate	3	-		
Profit before tax	455	523	-13	-14
Taxation	(72)	(83)		
Profit after tax	383	440	-13	-13
Earnings per share	**199.2p**	**228.8p**	**-13**	
Ordinary dividend per share	**55.625p**	**85.5p**	**-35**	

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 one-offs

Year ended 31st March	2020 £m	2019 £m
Underlying operating profit	**539**	**566**
Profit / (loss) on disposal of businesses	2	(12)
Loss on significant legal proceedings[1]	-	(17)
Amortisation of acquired intangibles	(13)	(14)
Major impairment and restructuring charges[2]	(140)	8
Reported operating profit	**388**	**531**

1. £17m in respect of a settlement with a customer on mutually acceptable terms with no admission of fault relating to failures in certain engine systems.
2. £140m major impairment and restructuring 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.

Improved free cash flow

Free cash flow (£m)

Year ended 31st March	2020	2019
Underlying operating profit	539	566
Depreciation and amortisation[1]	171	159
Impairments	10	-
Precious metal working capital outflow	(5)	(198)
Non precious metal working capital inflow / (outflow)	4	(26)
Net working capital outflow	(1)	(224)
Net interest paid	(98)	(47)
Tax paid	(109)	(95)
Capex spend	(435)	(300)
Other[2]	(25)	(72)
Free cash flow	**52**	**(13)**

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

Committed to our strategic growth and efficiency projects

Strategic growth and efficiency capex	Other capex
Clean Air plants	Maintenance
Upgrading pgm refineries	Smaller growth projects
Health pipeline	
eLNO commercialisation	
IT systems	
c.£265m	c.£200m

Total capex spend in 2019/20 £465m

2020/21 capex expected to be up to £400m

Robust balance sheet

Good access to **liquidity of c.£1.3bn**

Robust balance sheet with net debt to EBITDA of 1.6 times

Net debt to EBITDA at **bottom end of target range**

- Significant improvement in the second half despite rising pgm prices and impact of COVID-19 on EBITDA

Material headroom to debt covenants

- Debt covenants of 3.5 times net debt[1] to EBITDA with an annual test in March

1. Excludes post tax pension deficits.

Note: The majority of our facilities contain a net debt to EBITDA covenant of 3.5 times. Two legacy loans (£41 million and £148 million maturing after 31st March 2021) contain a 3.0 times covenant and are expected to be amended. Our headroom assumes repayment of these legacy loans.

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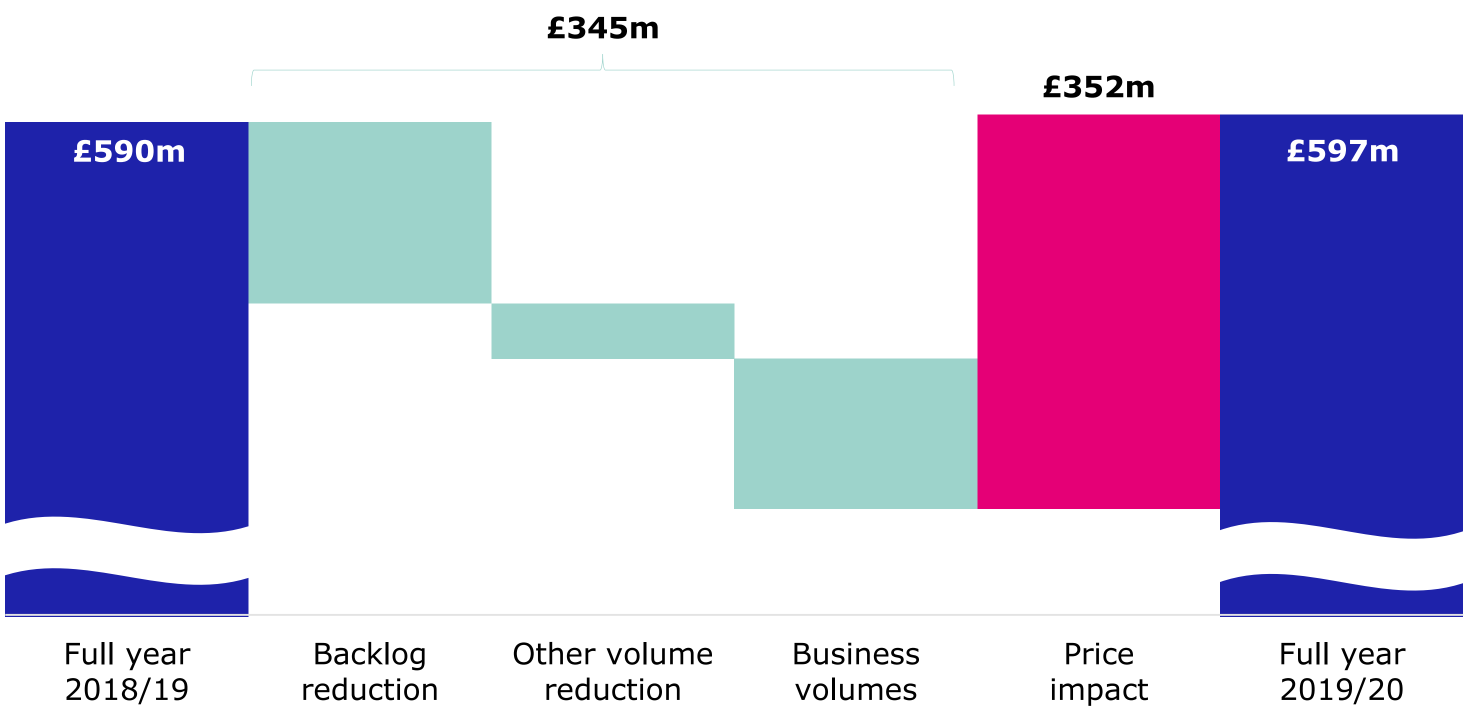
Materially reduced precious metal working capital volume

Precious metal working capital movement (£m)



Delivered £345m volume reduction:

- Refinery backlog reduction of £162m
- Focus on reducing other volumes
  - Optimising metal across our businesses
  - Reviewing commercial terms
- Business volumes
  - Active working capital management around COVID-19

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Note: Precious metal working capital movement based on 2019/2020 blended prices.

Continued cash inflow

Focus on reducing backlogs

At least a further £300m reduction by the end of 2020/21

Note: Precious metal working capital improvement of £300m based on 31st March 2020 prices.

Strong track record of delivering efficiency

£m	Delivered to date	Annualised benefits by 2022/23
Procurement[1]	71	100
Restructuring	25	25
Health footprint optimisation	20	20
Previous initiatives beginning 2017:	**116**	**145**
Clean Air footprint	-	30
Group wide organisational efficiency	-	50
New initiatives:	**-**	**80**
Total	**116**	**225**

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1. Around three quarters of procurement initiatives will benefit the income statement, of which around two thirds will be reinvested to drive growth.

Accelerating efficiency initiatives and focusing our portfolio

£m	Annualised benefits by 2022/23[1]	Total restructuring costs	Restructuring costs 2019/20	Future restructuring costs[2]
Clean Air footprint	**30**	**(91)**	(61)	(30)
Group wide organisational efficiency	**50**	**(70)**	-	(70)
Battery Materials LFP	**-**	**(57)**	(57)	-
Health product pipeline	**-**	**(20)**	(20)	-
Other restructuring costs	**-**	**(2)**	(2)	-
Total	**80**	**(240)**	**(140)**	**(100)**

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1. Annualised benefits from 2020/21 of at least £30m.
2. Includes cash costs of c.£80m.

Outlook

Given ongoing uncertainty unable to provide financial guidance for 2020/21

Diverse impact across our sectors

Efficiency initiatives to support operating performance

Further reduction of refinery backlogs

Continue to invest in strategic growth and efficiency projects

Robert MacLeod

Chief Executive

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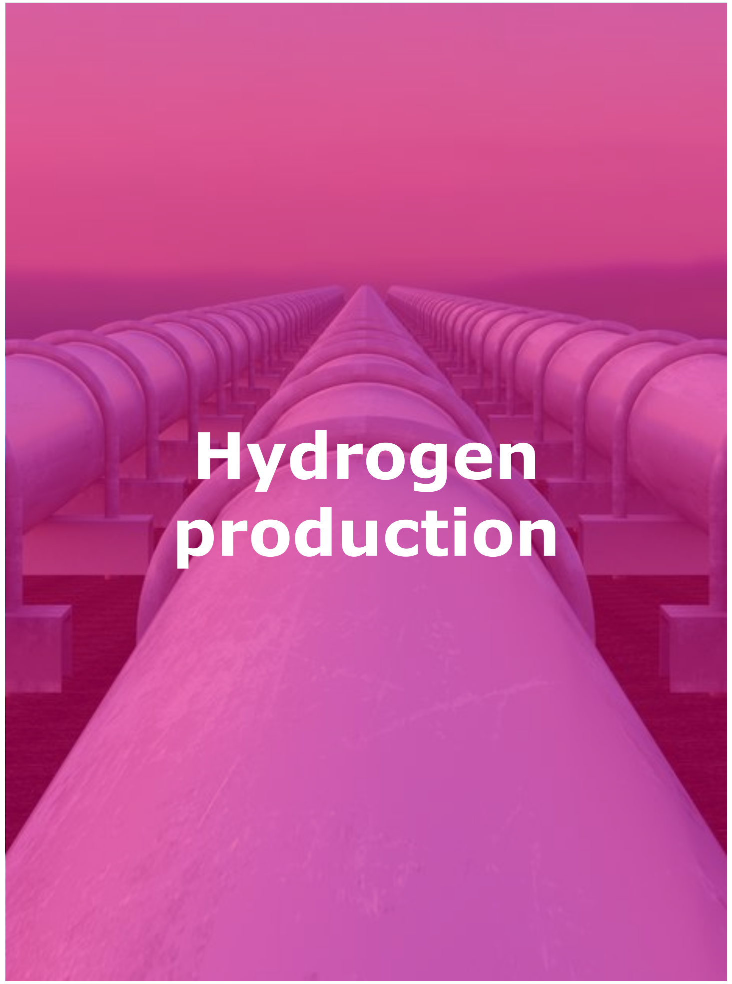
Growth opportunities for our science-led strategy

Clean Air	• Tightening legislation in Europe and Asia driving value uplift • Market leadership in our key LDD and HDD markets • Capital projects nearing completion
Efficient Natural Resources	• Progressing refinery investment and new technologies • Enhancing customer experience with our digital offering
Health	• New customer contracts in generics and innovators • Progress towards additional c.£100m operating profit from pipeline by 2025

Net zero solutions – driving medium term growth



Battery Materials opportunity

Net zero accelerating

Customised solutions

An attractive market

Net zero – progress in building our battery materials business

Four customers in full cell testing

Broken ground on commercial plant

Application centre – UK

Opportunity – facilitating global net zero

Hydrogen Production

- Leading low carbon hydrogen (LCH™) technology for blue hydrogen production
- World's first large scale LCH™ plant to use our technology

Fuel cells

- Growing market and large opportunity
- Established player
- Strong competitive advantage with unique position across the value chain

Delivering our future

Balancing the priorities of all our stakeholders

Accelerating parts of our strategy to drive efficiency

Net zero – well positioned with science-led solutions

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Appendix

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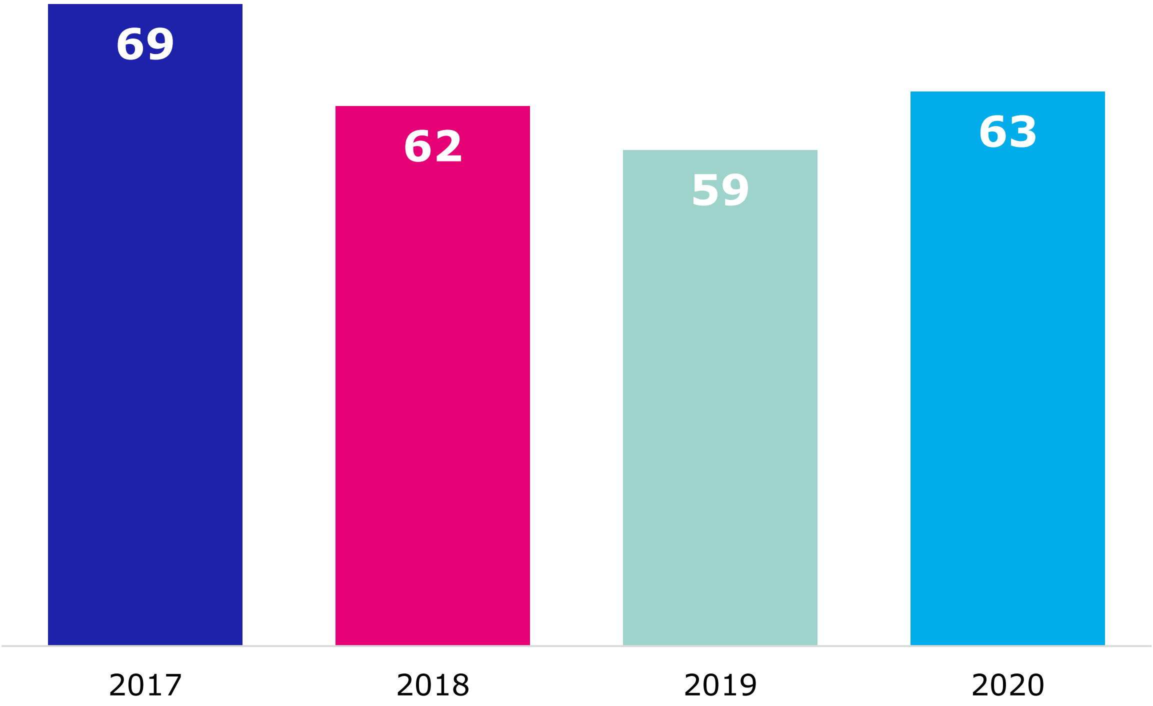
Average non precious metal working capital days

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



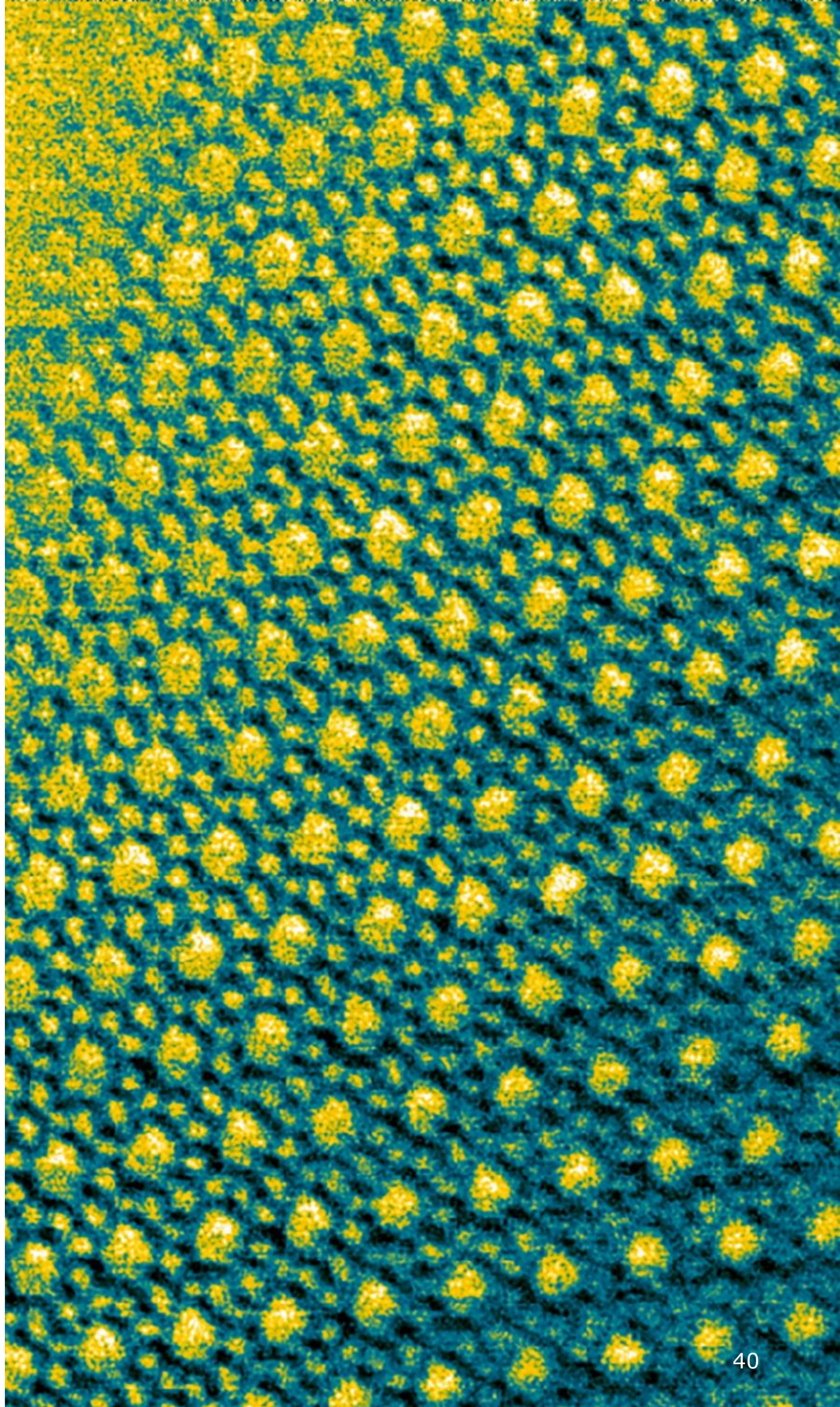
Average working capital days increased to 63 days

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

Net debt to EBITDA 1.6 times[1]

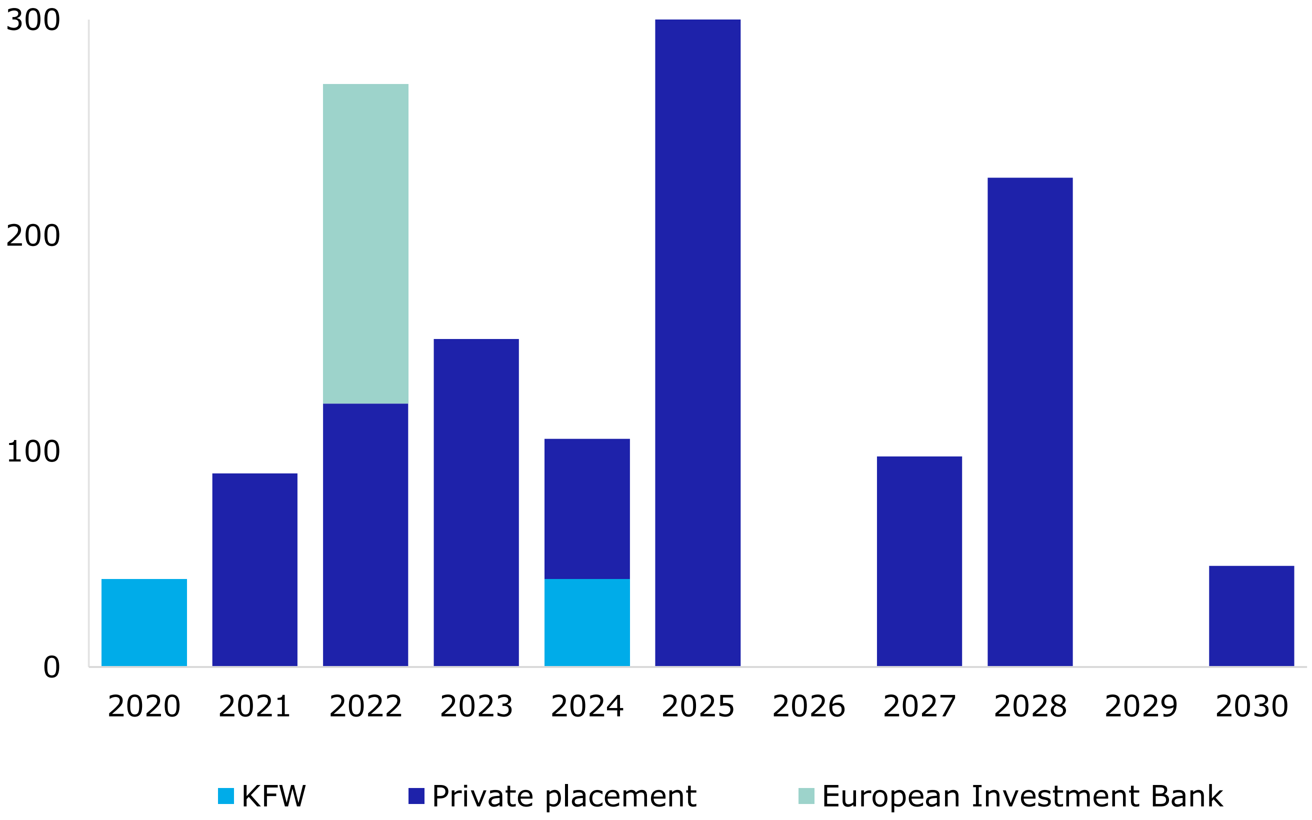
	£m	£m
Net debt at the beginning of the year		**(866)**
Free cash flow	52	
Dividends	(167)	
Movement in net debt		(115)
Lease adjustments[2]		1
Net debt before FX and IFRS 16 transition		**(980)**
FX and IFRS 16 transition adjustment[3]		(114)
Net debt at the end of the period		**(1,094)**

1. Net debt including post tax pension deficits.
2. New leases, remeasurements and modifications less lease disposals and principal element of lease payments.
3. (£77m) IFRS 16 transition adjustment, (£47m) FX and £10m other non-cash movements.



A balanced debt maturity profile

Debt maturity profile (£m)



Good access to liquidity

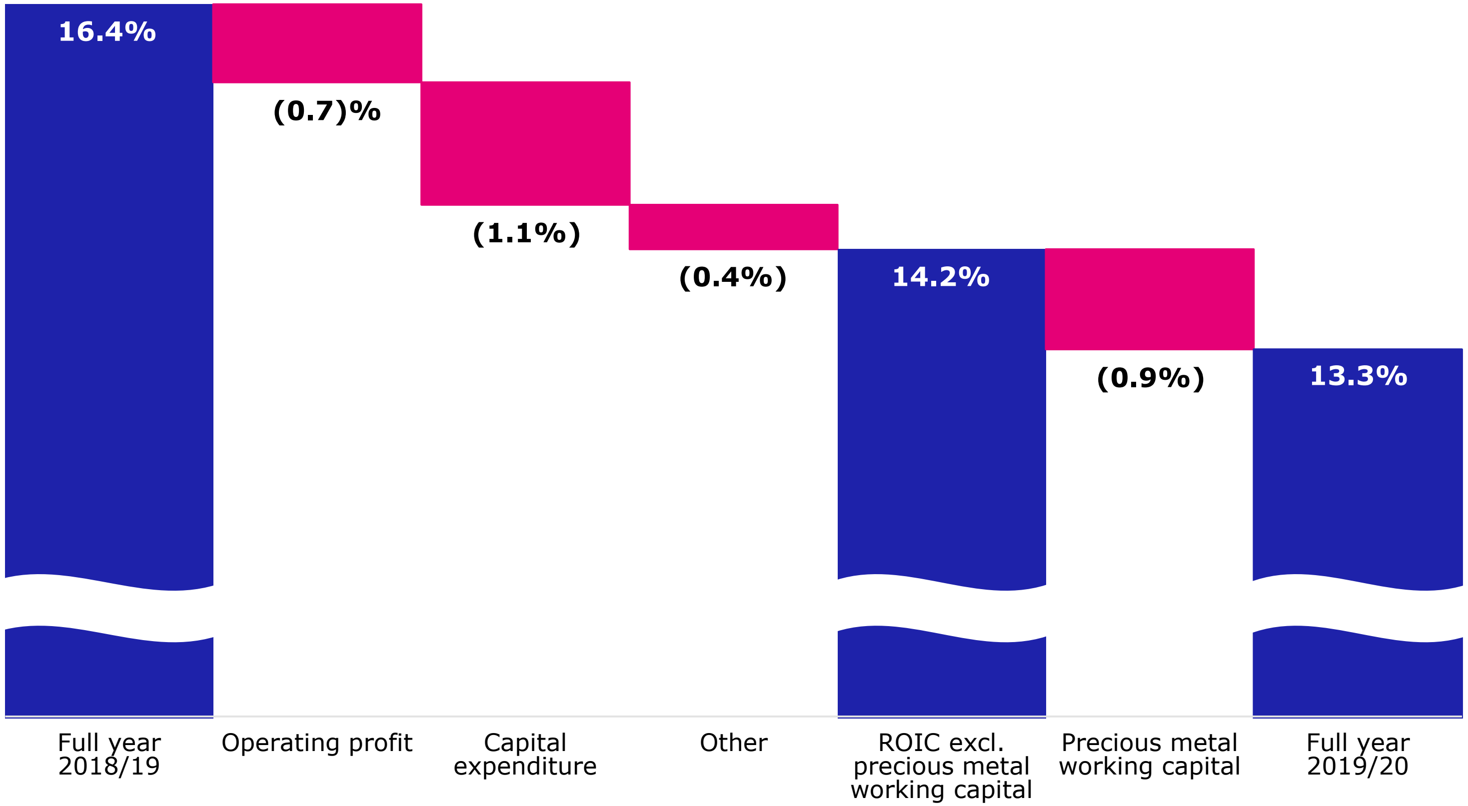
Recently concluded:

- £1bn 5 year committed revolving credit facility
- US$300m private placement

No material refinancing due in 2020 or 2021

Note: KFW – KfW IPEX – Bank GmbH.

Return on invested capital



ROIC is 13.3%, down 3.1ppt

Investing for growth in near term

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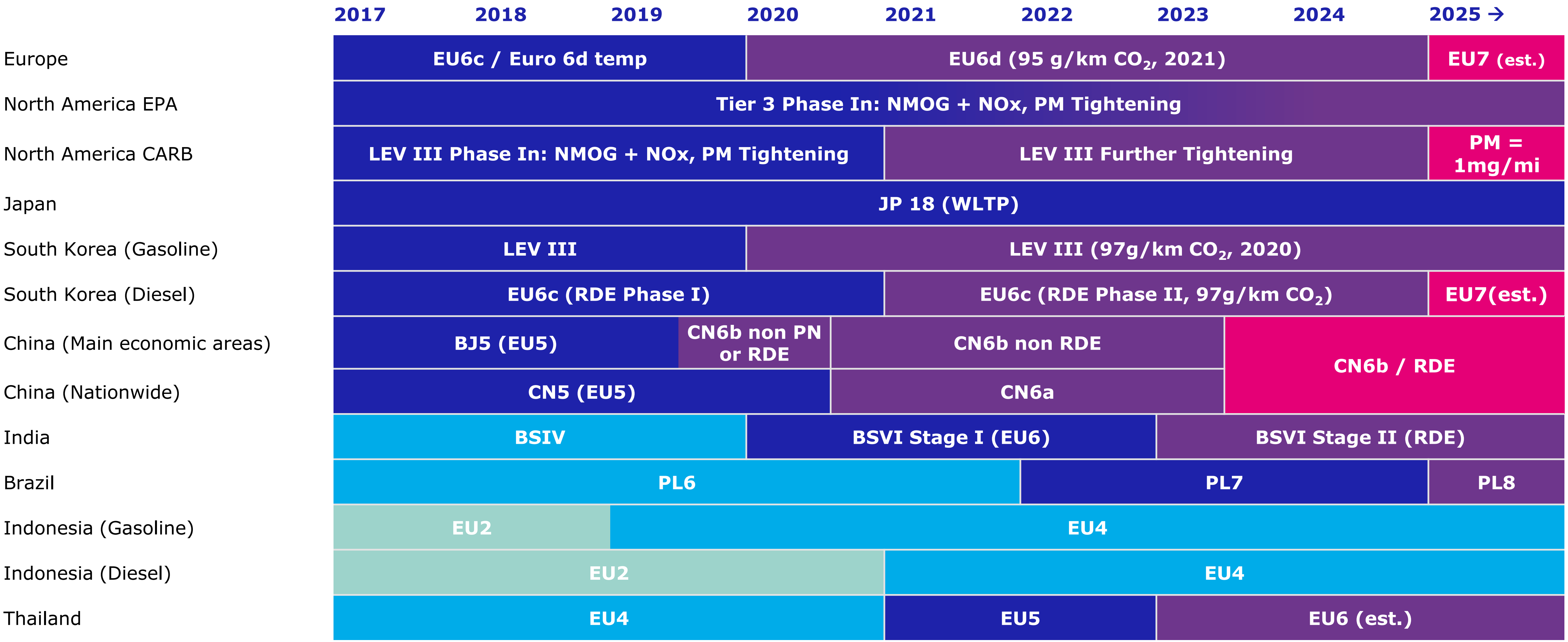
Light duty emissions control legislation roadmap



Heavy duty emissions control legislation roadmap

On road	2017 → 2025 →			
Europe	EU VI	EU VII (est.)		
North America	GHG Phase 1	GHG Phase 2		
North America (CARB)	GHG Phase 1	GHG Phase 2	CARB 24 (est.)	
Japan	JP 16			
South Korea	EU VI	EU VII (est.)		
Brazil	P7 (EU V)	P8		
Russia	EU V	EU VI (est.)		
India	BS IV	BS VI Stage I	BS VI Stage II (PEMS)	
China (Main economic areas)	China V	'Blue Sky'	China VIa	China VIb
China (Nationwide)	China IV	China V	China VIa	China VIb

Non road	2017 → 2025 →		
Europe	Stage IV	Stage V	
North America	Tier 4f		
Japan	MLIT 2014 standards		
South Korea	Tier 4b	Stage V (est.)	
Brazil	Tier 3	Tier 4a (est.)	
China	Tier 3	Tier 4a (TBD)	Tier 4b (est.)
India	BT III (Stage III)	BT IV (Stage IV)	BT V (Stage V)

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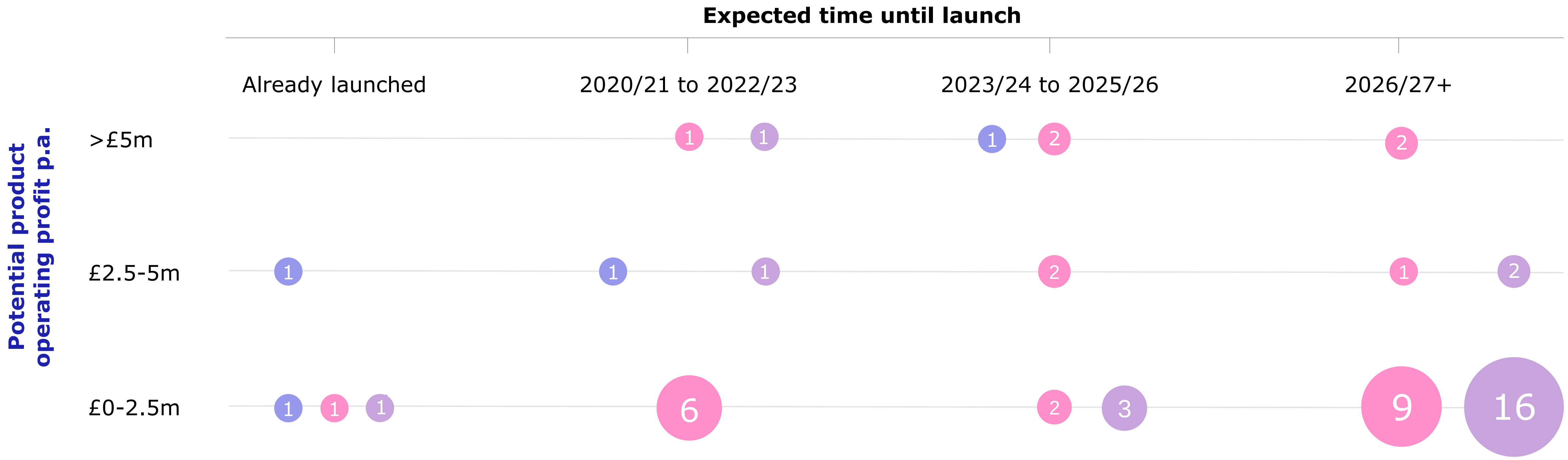
Health: generics and innovators pipeline

Number of generic and innovator products by expected launch date and value[1] (Total products: 54)



Generic
Innovator
New applications[3]

c.£100m operating profit by 2025

Additional growth

1. Size of bubbles proportional to number of products.
2. Current pipeline as at March 2020.
3. New applications already launched are part of base and therefore not included in £100m operating profit by 2025.

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Battery Materials: bringing a viable product to market

Achievements | **On track to deliver**

Today	2020	2022	2024
Pilot plant operational **First UK application centre operational** **Broke ground on first commercial plant**	**Further application and testing capacity**	**Commercial plant, up to 10kt** Sufficient for c.100k pure battery electric vehicles	**Supplying platforms**

Ongoing work as we consider options to scale up

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