

Johnson Matthey
Inspiring science, enhancing life

Presentation of results for the year ended 31st March 2018

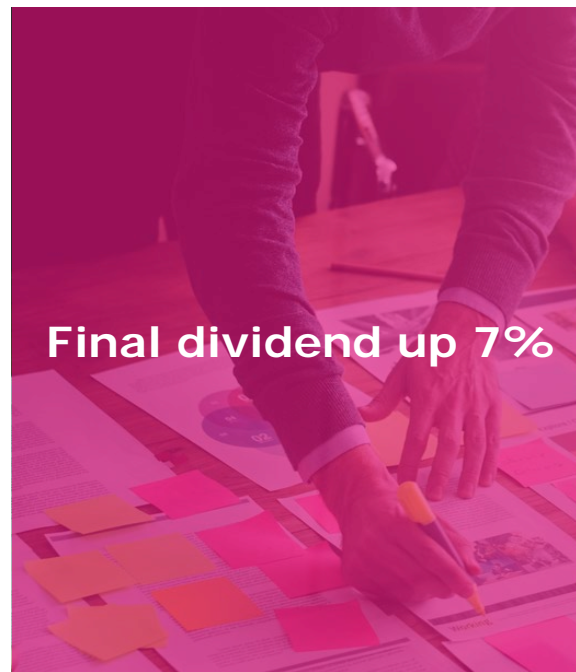
31st May 2018

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.

Significant progress against our strategy, performance in line with expectations





Anna Manz
Chief Financial Officer

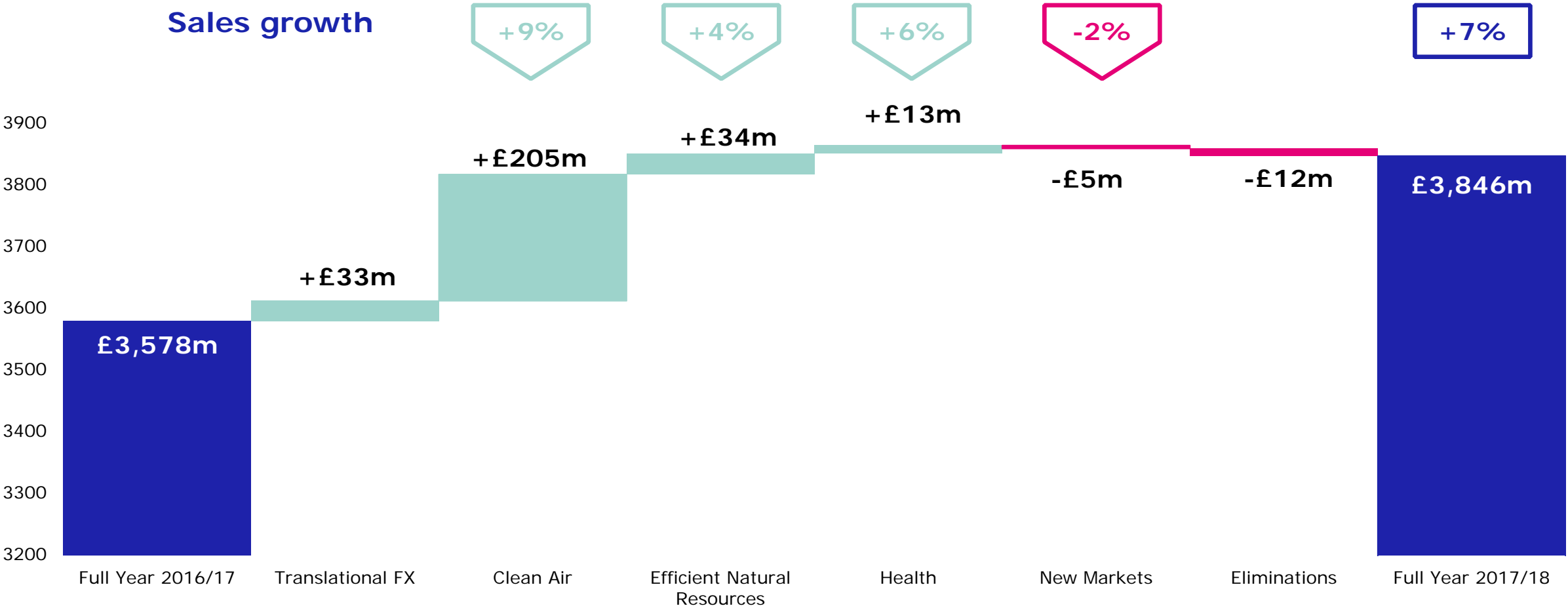
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Performance in line with expectations

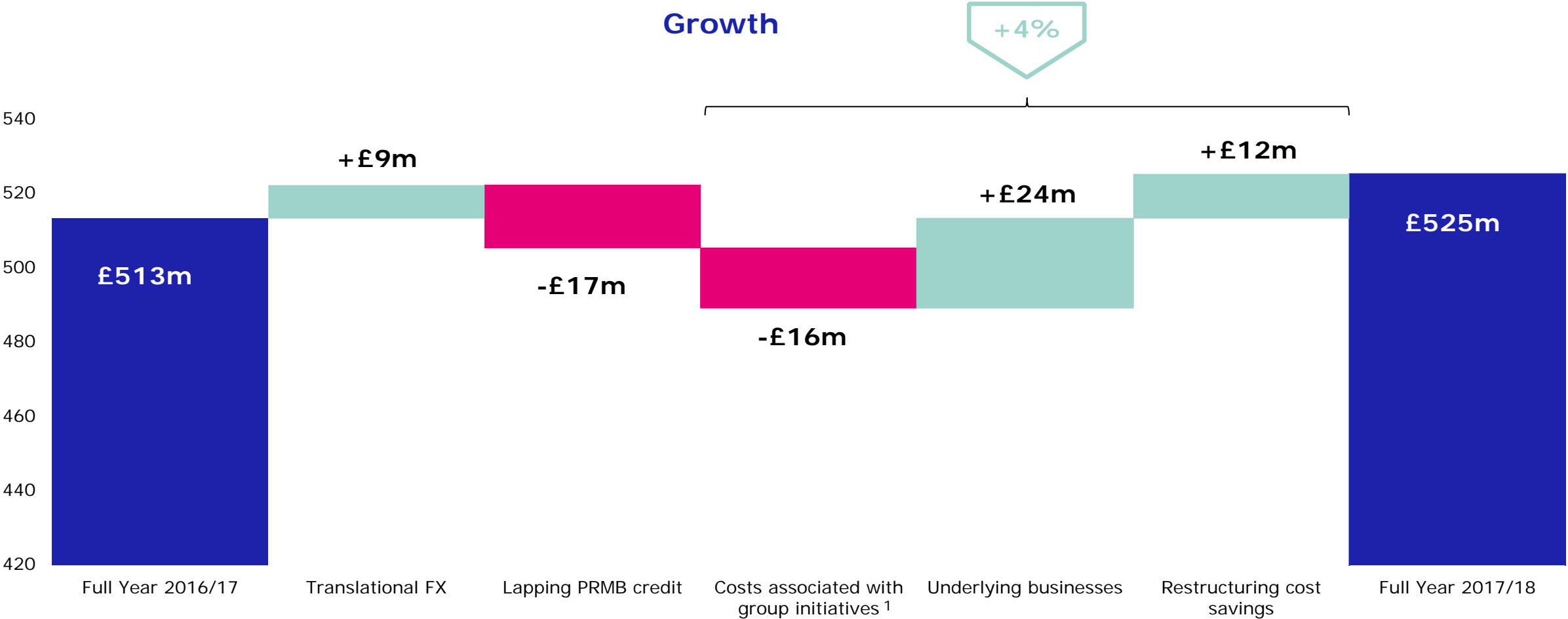
Underlying results for year ended 31 st March ¹	2018 £m	2017 £m	% change	% change, constant rates
Sales excluding precious metals (sales)	3,846	3,578	+8	+7
Operating profit	525	513	+2	-
Finance charges (including JV)	(39)	(31)	+26	
Profit before tax	486	482	+1	-1
Taxation	(86)	(82)	+5	
Profit after tax	400	400	-	
Earnings per share	208.4p	209.1p	-	
Ordinary dividend per share	80.0p	75.0p	+7	

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

Sales growth of 7% led by Clean Air

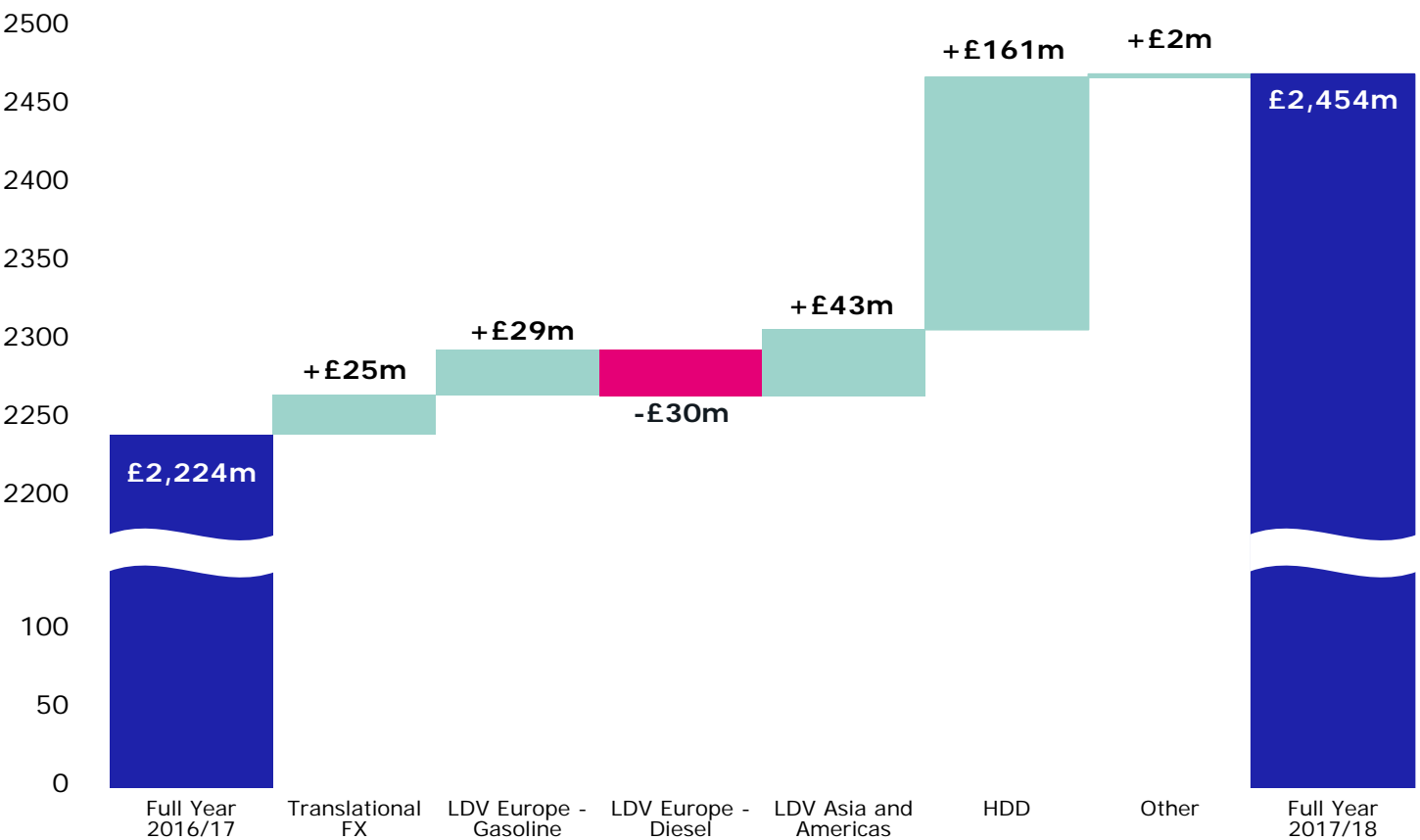


Underlying operating profit in line with our expectations



Clean Air: strong sales growth led by double digit growth in HDD

Sales up 9%



Operating profit up 7%, up 9% excl. PRMB

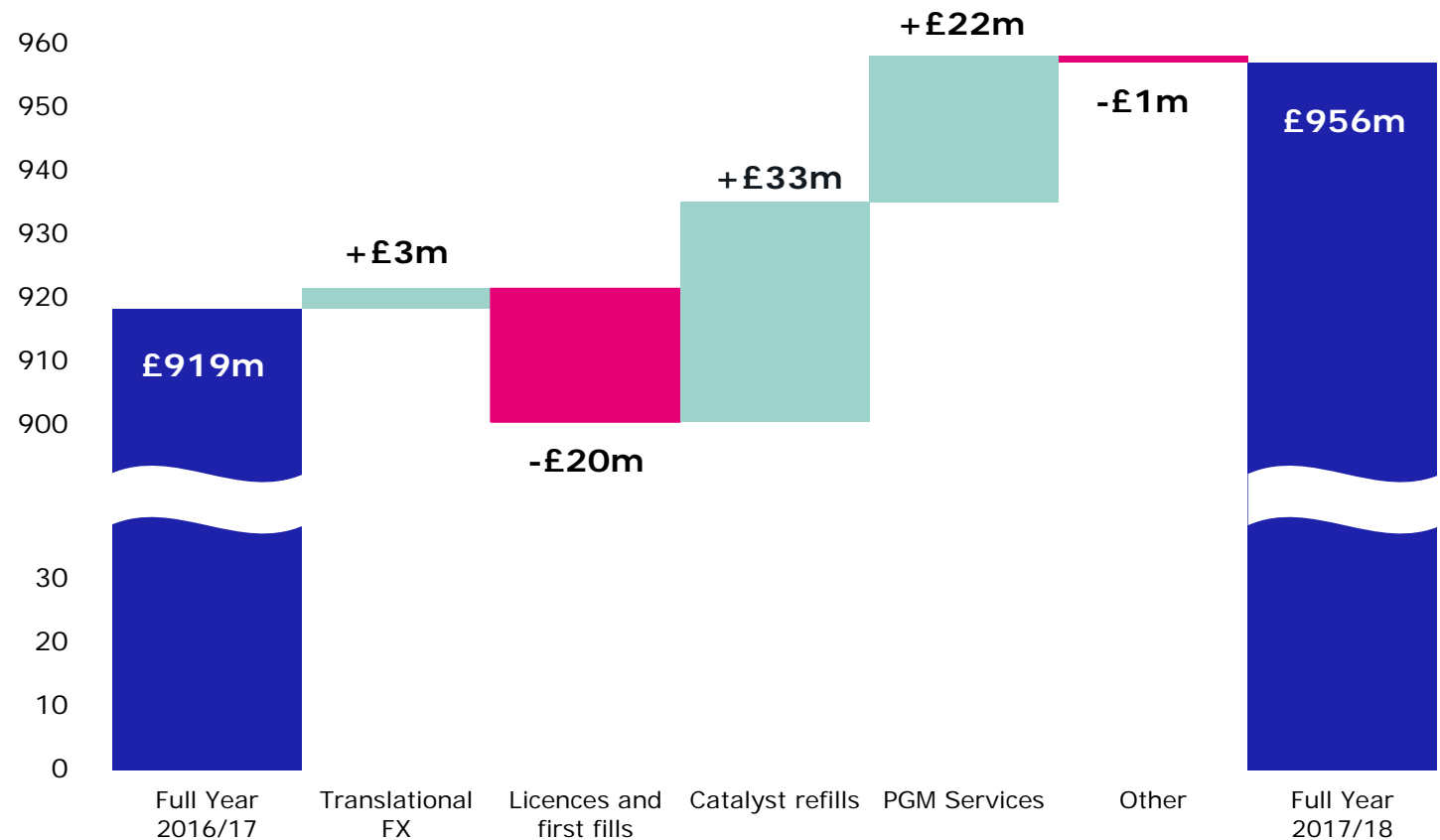
- Margin maintained

2018/19 outlook

- Strong sales growth, driven by light duty diesel share gains in Europe
- Maintain margin, ahead of previous expectations due to efficiencies

Efficient Natural Resources: good sales growth, margin was lower

Sales up 4%



Operating profit down 4%,
down 2% excl. PRMB

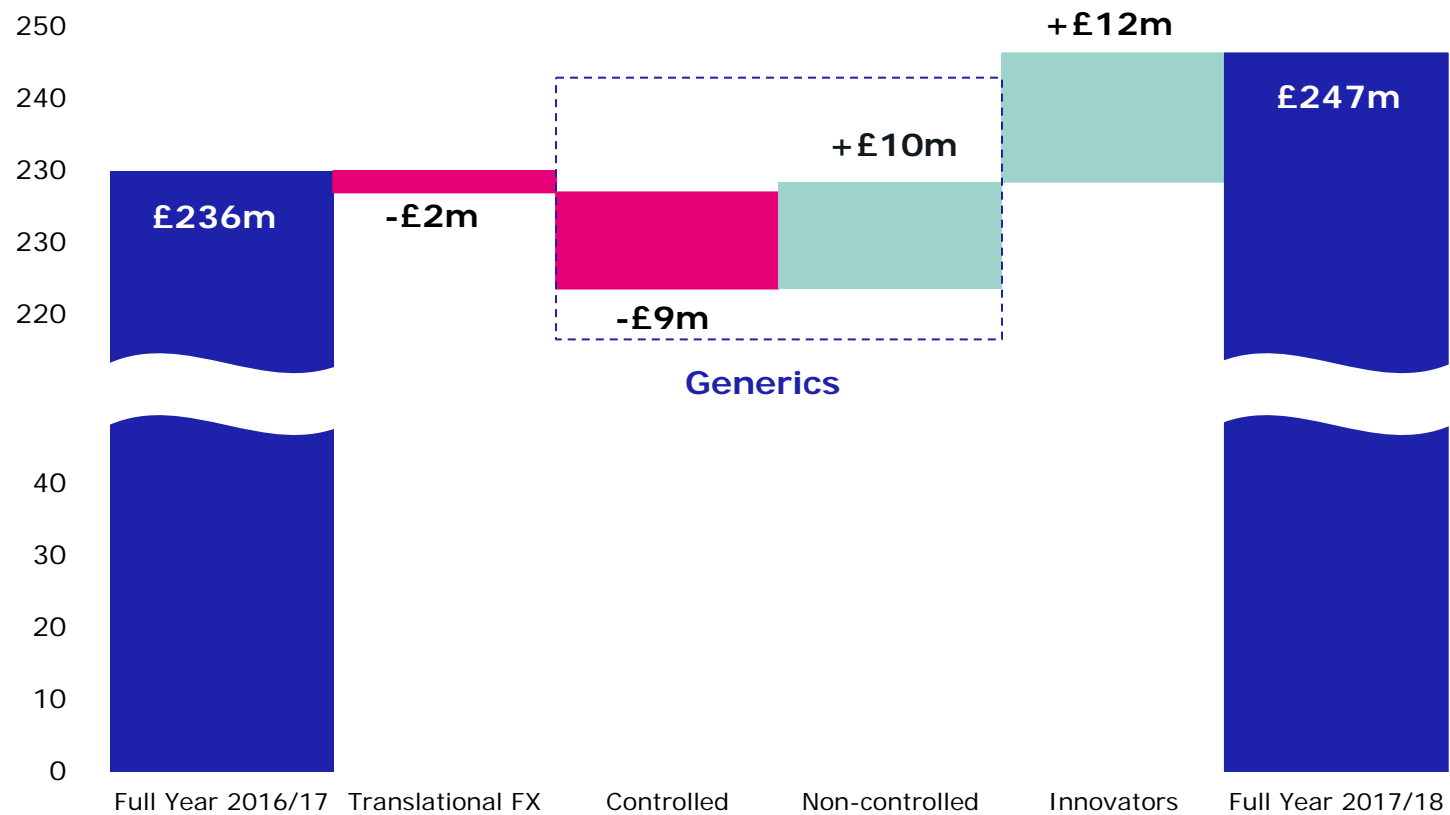
- Decline in high margin licensing income
- Actions taken to improve the business
 - Destocking
 - Restructuring

2018/19 outlook

- Slight sales growth
- Operating profit growth ahead of sales, plus £7m restructuring cost savings

Health: good sales growth, operating profit impacted by costs as we optimise our manufacturing footprint

Sales up 6%



Operating profit down 13%,
down 9% excl. PRMB

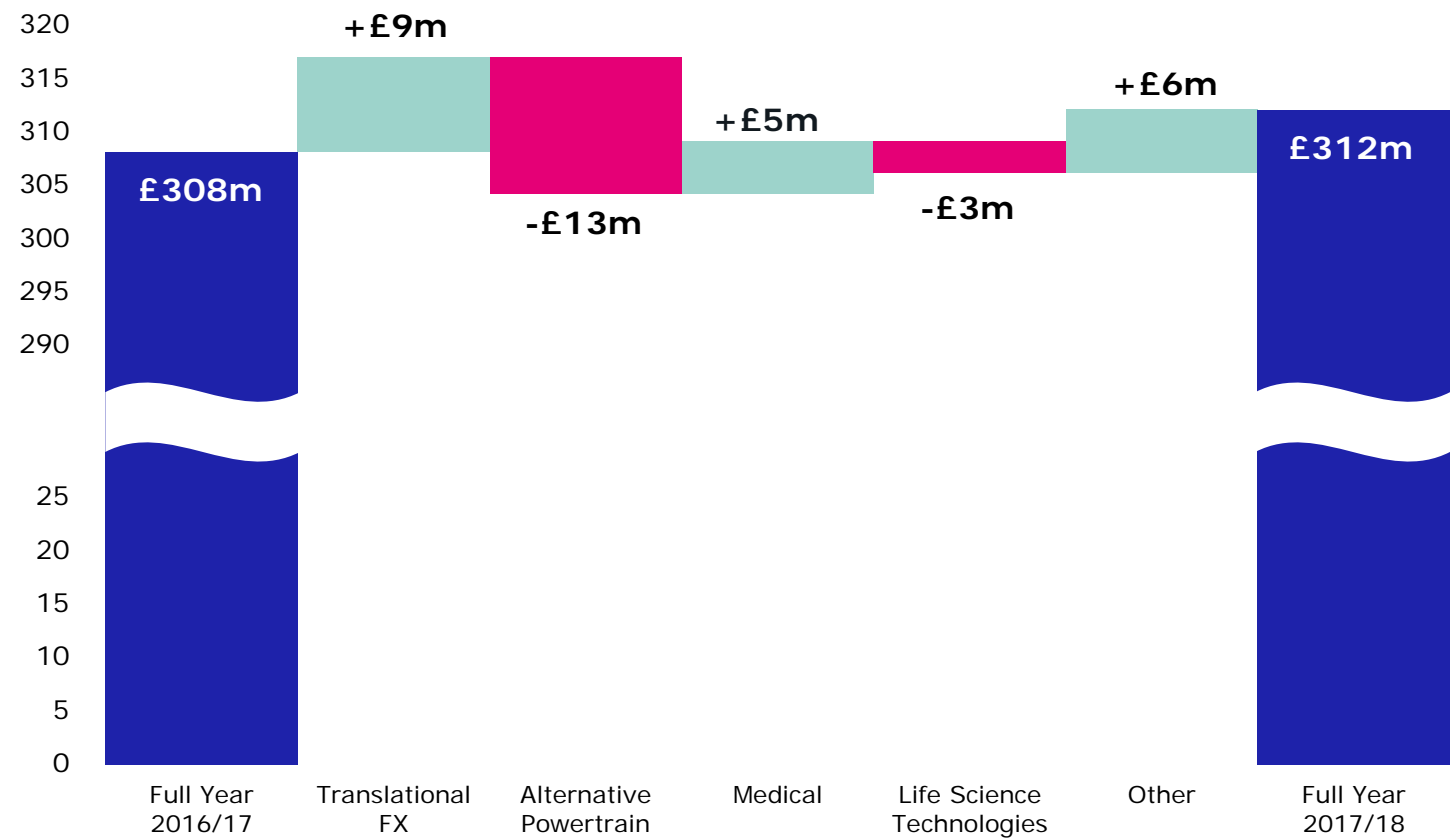
- Higher pricing and profit shares
- Costs from optimising manufacturing footprint

2018/19 outlook

- Broadly stable sales
- Operating profit down
- Performance weighted to H2

New Markets: lower LFP sales led to small sales decline

Sales down 2%



Operating profit up 34%, up 60% excl. PRMB

- Lapping £5 million impairment in 2016/17
- Decline in LFP
- Increased investment in eLNO

2018/19 outlook

- Sales and operating profit growth

Higher finance charges and tax impacted underlying EPS growth

Year ended 31 st March ¹	2018 £m	2017 £m	% change	% change, constant rates
Sales excluding precious metals	3,846	3,578	+8	+7
Operating profit	525	513	+2	-
Finance charges (including JV)	(39)	(31)	+26	
Profit before tax	486	482	+1	-1
Taxation	(86)	(82)	+5	
<i>Tax rate</i>	17.7%	17.0%		
Profit after tax	400	400	-	
Earnings per share	208.4p	209.1p	-	
Ordinary dividend per share	80.0p	75.0p	+7	

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

Reported results impacted by one-offs

Year ended 31 st March	2018 £m	2017 £m
Underlying operating profit	525	513
Amortisation of acquired intangibles	(19)	(20)
Major impairment and restructuring charges ¹	(90)	-
Loss on disposal of business	(7)	-
Legal settlement ²	(50)	-
Operating profit	359	493

Free cash flow impacted by working capital

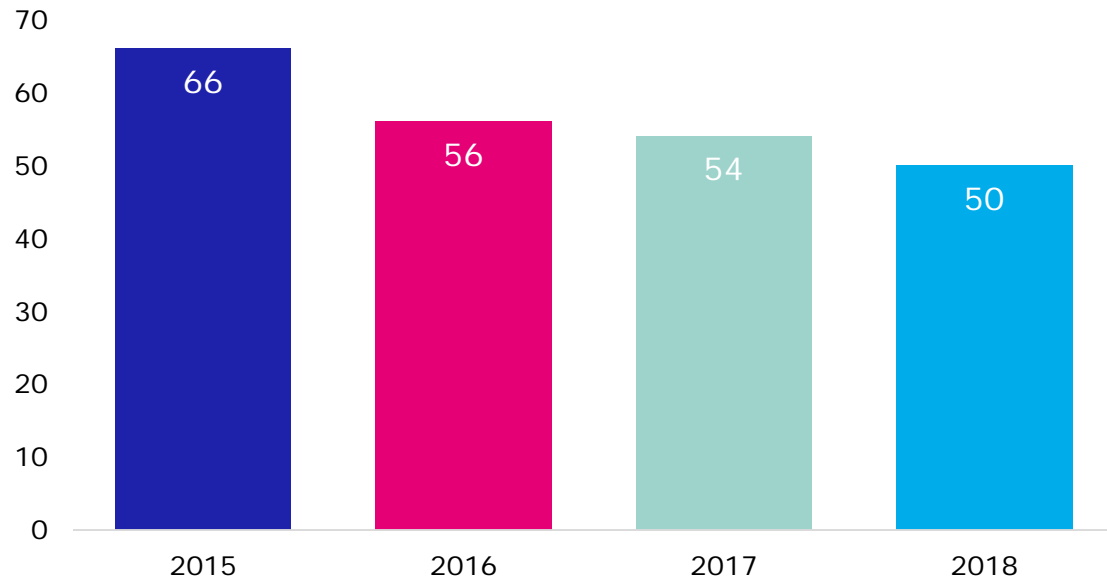
Free cash flow (£m)

Year ended 31 st March		2018	2017
Underlying operating profit		525	513
Depreciation and amortisation ¹		160	157
Net working capital outflow ²	<div> pm³ (84) non pm (64) other (10) </div>	← (158)	(99)
Net interest paid		(42)	(37)
Tax paid		(77)	(59)
Capex spend		(209)	(256)
Other ⁴		(63)	11
Free cash flow		136	230

1. Excluding amortisation of acquired intangibles and restructuring impairments
2. Includes movements in provisions and pensions
3. Precious metal
4. Includes legal settlement and restructuring cash costs

Improvement in non precious metal working capital days

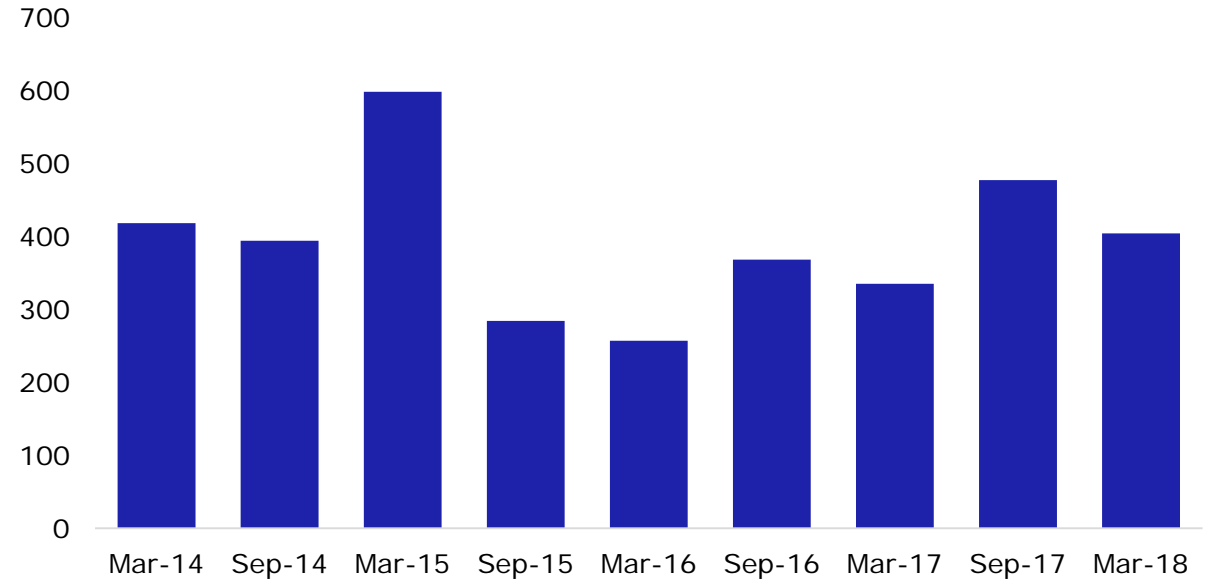
Working capital days excluding precious metals, year ended 31st March



Working capital days at year end down 4 to 50 days

Average working capital days down 7 to 62 days

Precious metal working capital (£m)



Precious metal (pm) working capital increased £69m¹

Pm working capital higher through the year

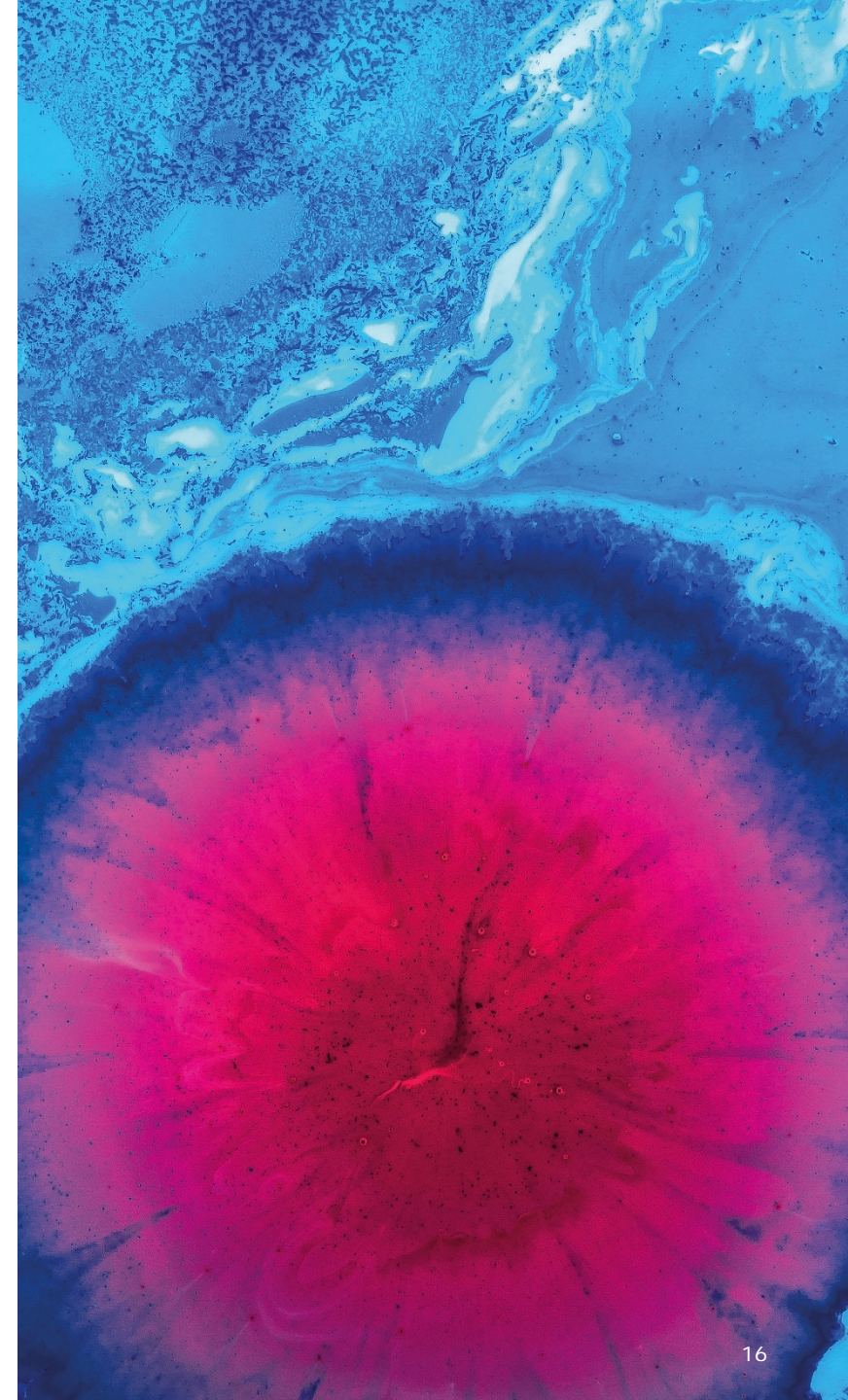
Disciplined investment to support growth

2017/18 capex £217m

- Clean Air Poland plant
 - Health Annan plant and API product pipeline
 - Upgrading core IT systems
-

2018/19 capex up to £390m

- Clean Air Poland and China plants
- eLNO demonstration plant and commercial plant
- Continued API product development
- Upgrading core IT systems

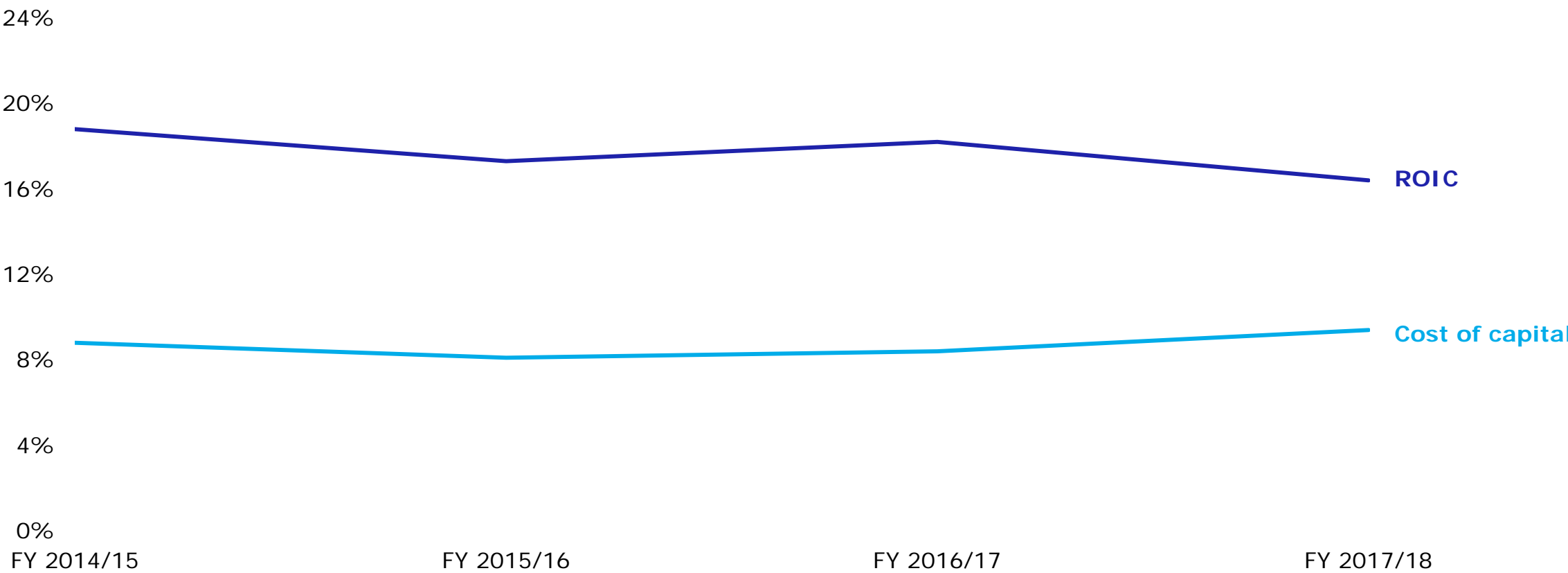


Strong balance sheet, net debt¹ to EBITDA 1.1 times

	£m	£m
Net debt at the beginning of the year		(716)
Free cash flow	136	
Dividends	(146)	
Other	4	
Movement in net debt before FX		(6)
Net debt before FX		(722)
FX		43
Net debt at the end of the period		(679)

ROIC declined, impacted by precious metal working capital

ROIC and cost of capital



Good progress on my three focus areas

Focus areas

Rigorous and transparent resource allocation

Disciplined management of working capital
to drive continued strong cash

Drive increasing business wide efficiency

Status

- ROIC lower this year
- On track to expand ROIC to 20% over the medium term
- ✓ • Average non precious metal working capital days improved by 7
- ✓ • Restructuring cost savings on track
- Procurement savings increased to c.£60m over three years

Outlook for 2018/19

Mid to high single digit growth in operating performance

Growth led by Clean Air as diesel share gains in Light Duty Europe come through

Stronger second half: normal seasonality across businesses; H2 weighting in Health

Improvement in average working capital days (excluding precious metals)

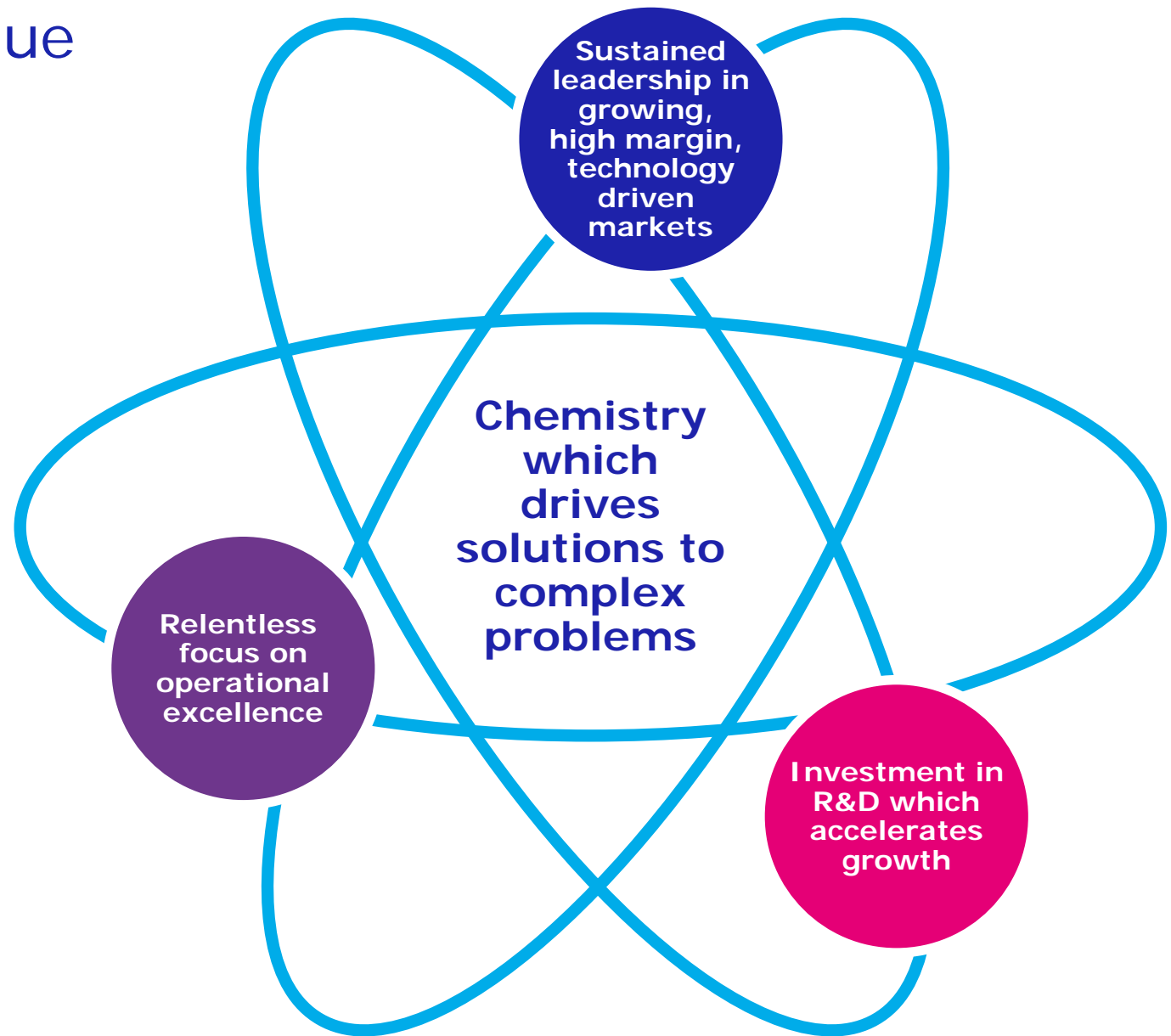
Capex up to £390 million



Robert MacLeod
Chief Executive



Sustained growth and value creation through:



Sustained growth and value creation through:



**Sustained
growth in
Clean Air**



**Market leading
growth in Efficient
Natural Resources**



**Break out growth
in Health**



**Break out growth
in Battery
Materials**

Relentless focus on driving efficiency

Sustained growth in Clean Air

How we will deliver	Milestone	Status
<div>Global leader</div> <div>Help customers meet tighter legislation</div> <div>Efficient manufacturing footprint</div>	20ppt share gain in LDV Europe diesel	✔ • On track to reach by end 2018/19
	5ppt share gain in LDV Europe gasoline	✔ • On track to reach by end 2020/21
	Serve customers to meet China 6/VI legislation, anticipated in 2020/21	✔ • On track
	Expand and enhance capacity to meet growing demand	✔ • Improvements in footprint • Poland and China builds on track

Delivering a mid single digit CAGR sales growth over the next ten years with a broadly flat margin

Market leading growth in Efficient Natural Resources

How we will deliver

#1 or #2 market positions
in almost all our segments

Differentiated investment
by segment and region

Focused investment in R&D

Focus on efficiency

Milestone

Sales growth ahead of our markets

Operating profit growth 1ppt above
sales growth

Simplified product portfolio

Entry into new/adjacent areas

Status

— • Slight sales growth expected in
2018/19

✓ • On track

✓ • Completed analysis, now
implementing

✓ • On track, continued review

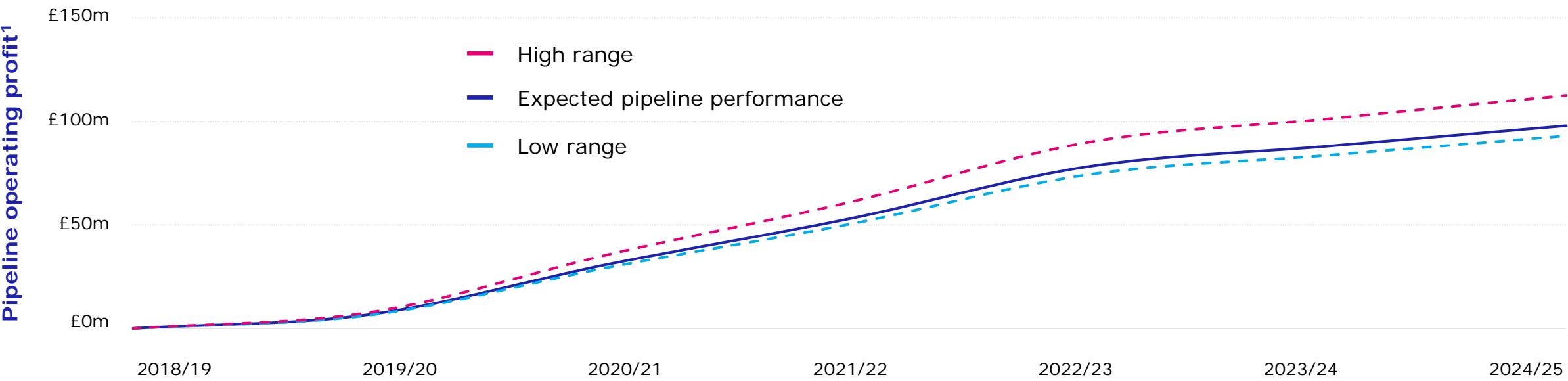
Delivering sales growth 1ppt above markets and
operating profit growth 1ppt above sales growth

Break out growth in Health



Delivering break out growth and a significant part of JM

Pipeline on track to deliver an additional c.£100m operating profit per year by 2025



Pipeline as of 31st March 2018 and progression in the year



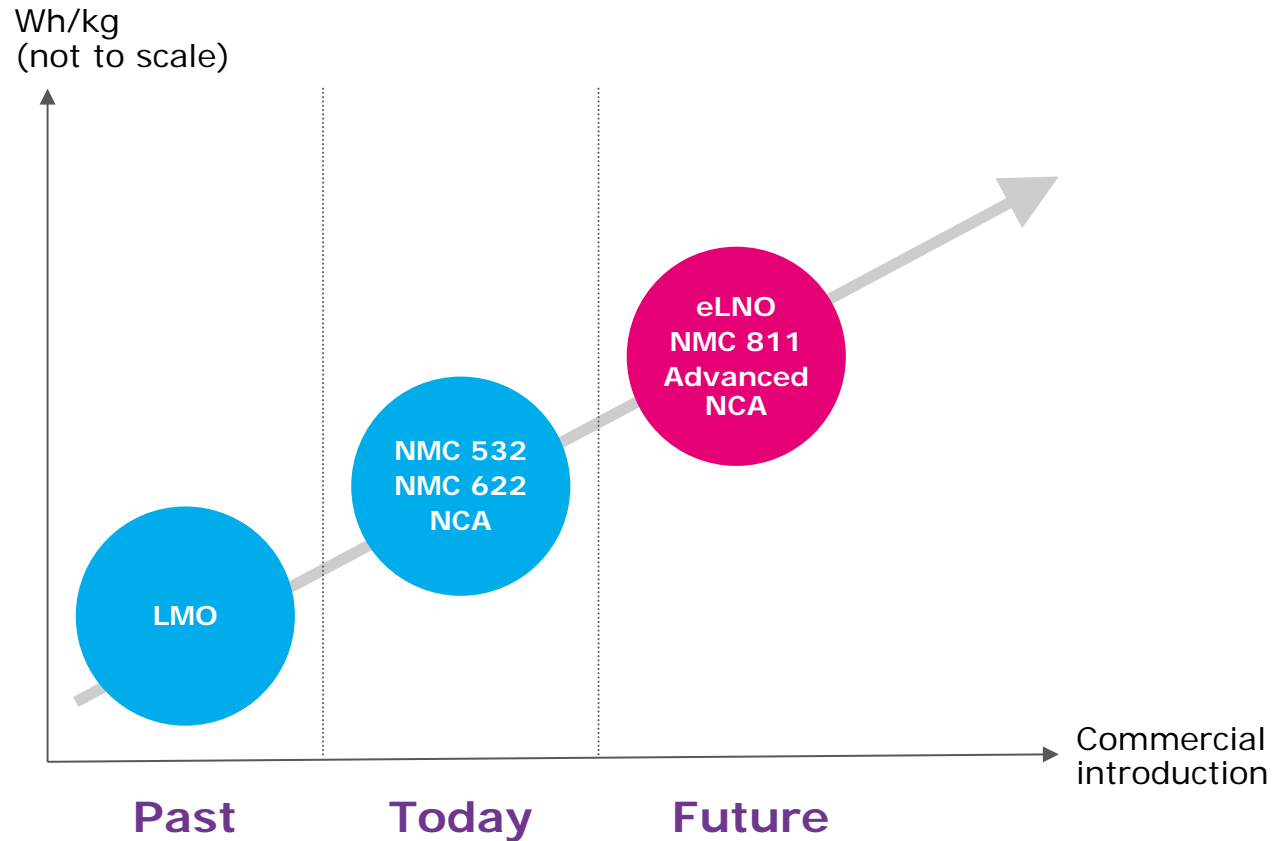
1. Based on £/\$ exchange rate used in the capital markets day September 2017 (1.25)

Break out growth in Battery Materials: progressing eLNO™



eLNO will compete with other next generation materials

Energy density and commercial introduction



eLNO not competing with current technologies

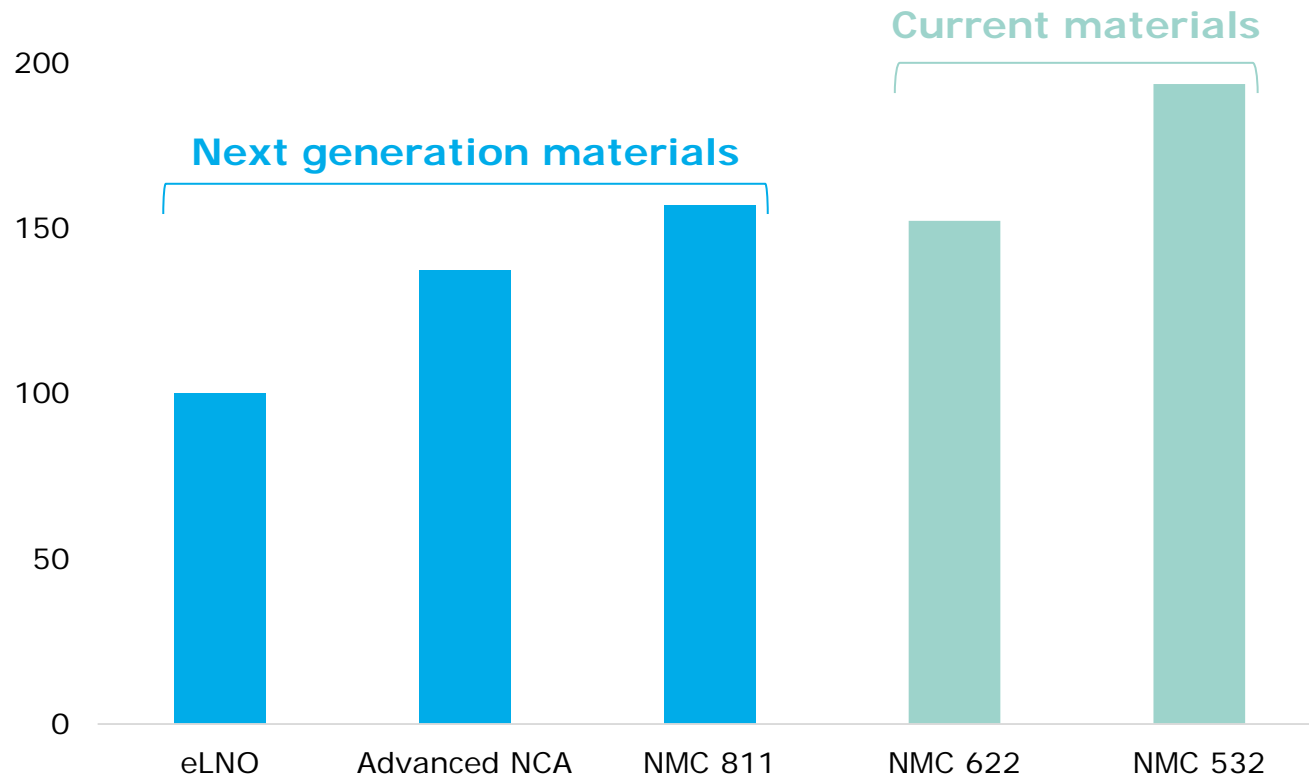
Expected ultra high energy density market by 2030:

- **500kt to 1,800kt**
(total market of 1,700kt to 2,700kt)
- Associated sales of **\$15bn to \$54bn**

eLNO has superior performance

\$ per kWh per cycle to end of useful life¹

(chart to scale, indexed with eLNO = 100)



Step change in energy density
from current materials

Lower cobalt content than current
materials

Lower \$ per kWh per cycle than current
and future materials¹

Commercialisation on track

Stage	Validation	A sample	B sample	C sample	Battery cell in production	Model in production
Summary	Early testing	Basic performance	Extended performance: basic plus safety, life performance	Full-scale functionality		
Volume Required	kgs	< 10t	c.200t	c.300t		
JM Supply	kgs	Pilot plant	Demo plant	Commercial plant		
Timing		c.12-18 months	c.12 months	c.12 months		
Calendar year		2019	2020	2021		
<div> <div>Today</div> <div>Start of commercial production in 2021/22</div> <div>Supplying platforms in production in 2022/23</div> </div>						

eLNO summary

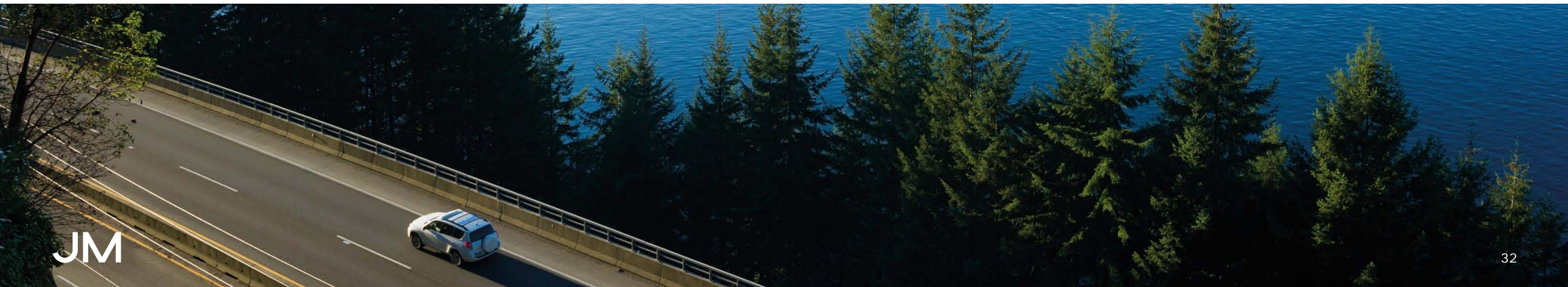
**Focus on
ultra high
energy
density
market**

**Customer
validation
progressing
well**

**Demo plant
on track,
plans doubled
to 1kt**

**Commercial
plant on
track, Europe
location**

**Developing
further plans
beyond 10kt**



Conclusion: delivering sustained growth and value creation

2018/19

Mid to high single digit growth

Further progress on operational excellence

Stepped up capex investment

Medium term

Mid to high single digit EPS CAGR

Expanding ROIC to 20%

Progressive dividend



Appendix

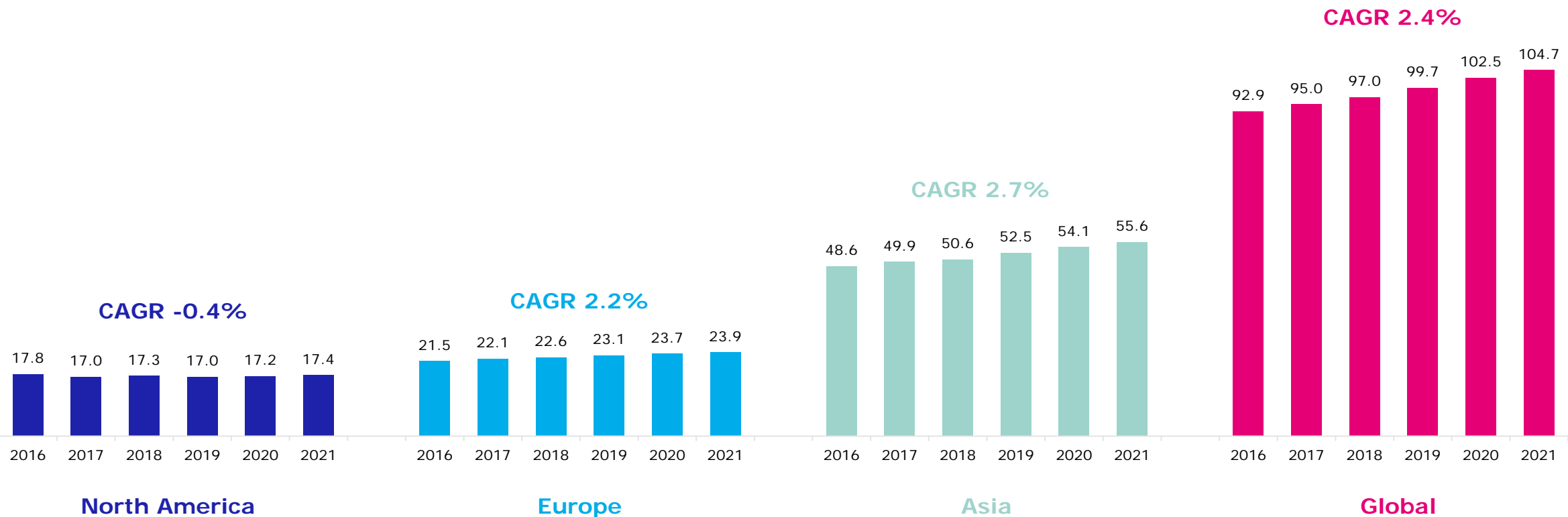
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Light duty emissions control legislation roadmap

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Europe	EU 6b		EU 6c / Euro 6d temp				Euro 6d final / 95 g/km CO ₂			EU 7?	
North America EPA	Tier 2		Tier 3 Phase In: NMOG + NOx, PM Tightening								
North America CARB	LEV III Phase In: NMOG + NOx, PM Tightening						LEV III Further Tightening				
Japan	JP09			JP18							
South Korea (Gasoline)	K-ULEV	K-ULEV 70					LEV III / 97g/km CO ₂				
South Korea (Diesel)	EU 6b				EU 6c/ Euro 6d temp		Euro 6d final/ 97g/km CO ₂			EU 7?	
China (Beijing)	BJ5 (EU 5)			China 6a		China 6b			China 6b / RDE		
China (Nationwide)	China 4 (EU 4)			China 5 (EU 5)		China 6a			China 6b / RDE		
India	BS3 (EU 3)		BS4 (EU 4)			BS6 (EU 6)			BS6 / RDE		
Indonesia (Gasoline)	EU 2				EU 4						
Indonesia (Diesel)	EU 2						EU 4				
Thailand	EU 4								EU5		

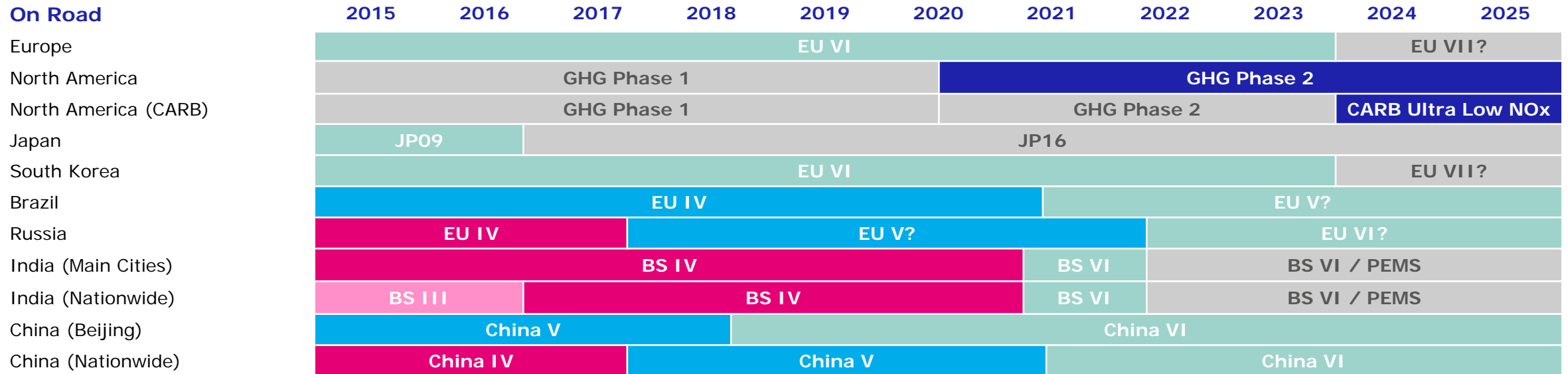
Global growth in vehicle production

Light duty vehicle production outlook (million)
Calendar years

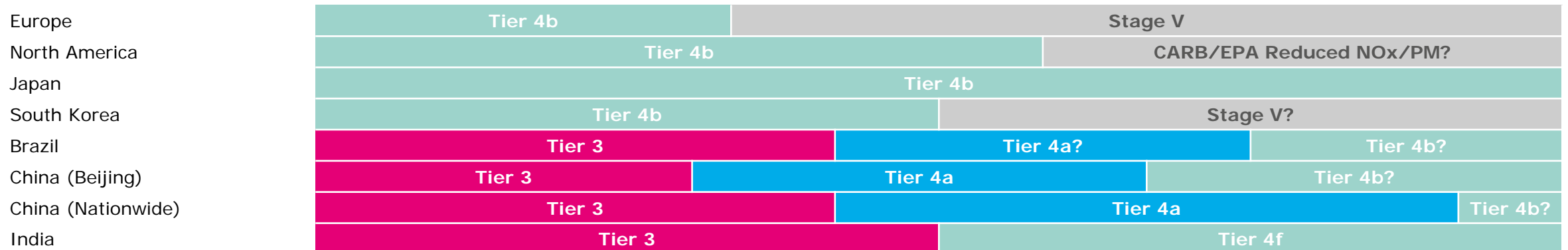


Heavy duty diesel emissions control legislation roadmap

On Road



Non-road



Heavy duty diesel vehicle production (regulated engines)

Heavy duty diesel vehicle (regulated engines) production outlook (thousands)
Calendar years

