



Presentation of Results for the half year ended 30th September 2010

24th November 2010



Johnson Matthey



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.



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Introduction

Neil Carson
Chief Executive



Johnson Matthey

Key Messages

- Strong recovery
- Record first half
- Seeing benefits of management actions taken during downturn
- Continued investment in R&D
- Long term drivers firmly in place



Financial Review

Robert MacLeod
Group Finance Director



Johnson Matthey

Summary Results

	1H 2010 £m	1H 2009 £m	Change %
Revenue	4,562	3,577	+28
Sales excluding precious metals	1,104	883	+25
Profit before tax	144.1	109.5	+32
Total earnings per share	49.2p	37.4p	+32
Underlying*:			
Profit before tax	164.3	114.4	+44
Earnings per share	56.3p	39.1p	+44
Dividend per share	12.5p	11.1p	+13

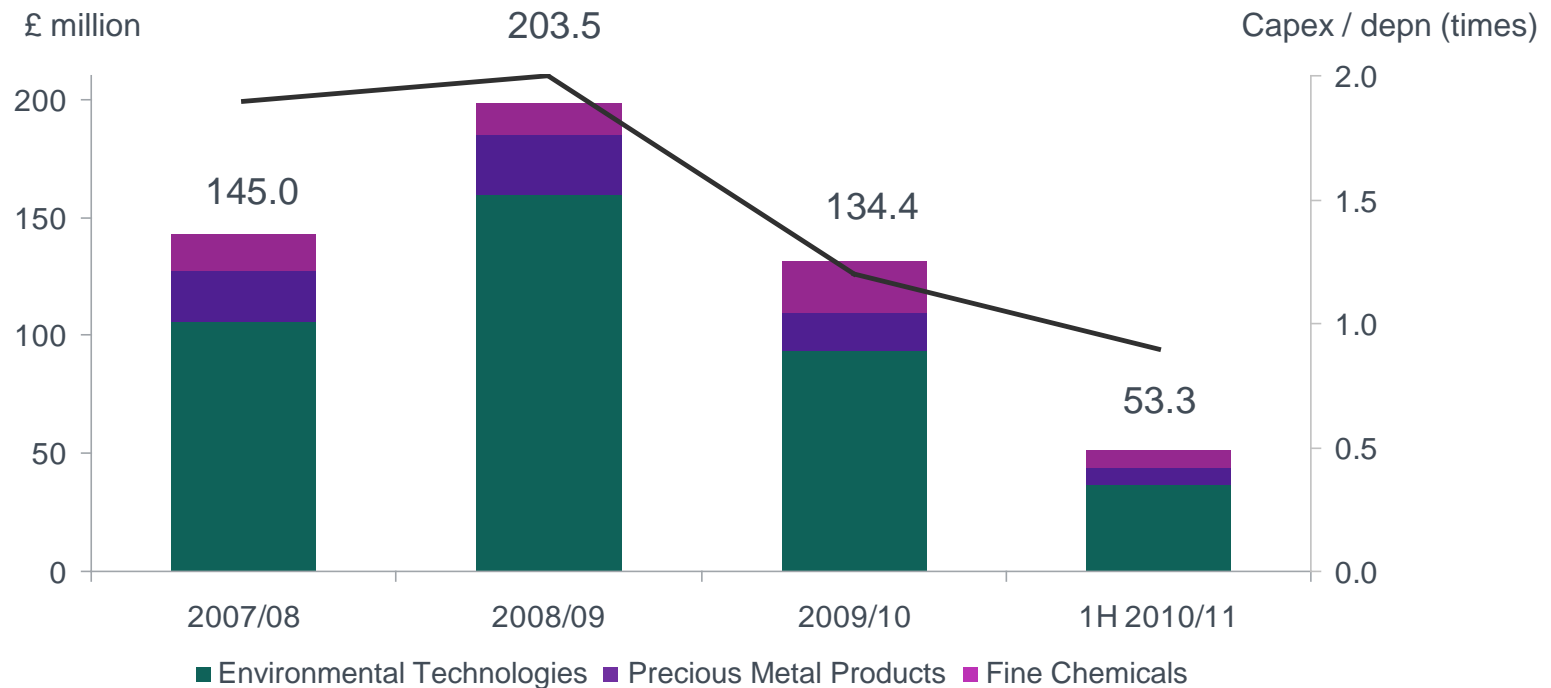
* Before amortisation of acquired intangibles, major impairment and restructuring charges and profit or loss on disposal of businesses

Net Cash Flow

	1H 2010	1H 2009
	£m	£m
Underlying operating profit	174	124
Depreciation and amortisation	71	61
Tax (paid) / received	(38)	5
Working capital / other	(159)	(112)
Cash flow from operations	48	78

- Strong growth impacted cash flow, but good working capital management
- Working capital:
 - Excl. pgms up by £6m - 55 days (57 at 31st March 2010)
 - Pgms up by £122m due to higher prices and increased activity
- Net debt at 30th September 2010 - £525.9m
 - Net debt (inc. post tax pension deficit) / EBITDA of 1.5

Capital Expenditure



- Capex / depreciation in first half 0.9x. Full year likely to be 1.2x
- Going forward, capex likely to be between 1.0 and 1.2x depreciation

Results Benefited from Management Actions (1)

Environmental Technologies

Emission Control Technologies

- Continued to invest in efficient capacity to meet future demand
 - e.g. Macedonia, Smithfield
- Improved production costs by >5% - circa £8m p.a.
- Manufacturing reject rates reduced by 33% - £4m p.a.

Process Technologies

- Catalyst manufacturing capacity increased by 28% to date
 - Combination of new plant and debottlenecking
- R&D investment resulted in five new licensed processes for DPT

Results Benefited from Management Actions (2)

Precious Metal Products

- Significant improvement in metal management, working capital £100m lower
- Fixed production costs at pgm refineries down by ~£2m p.a.

Fine Chemicals

- US plant capacity up by ~50%, cost per tonne produced ~20% lower - \$5m p.a.
- Restructuring of pharma services business reduced costs by \$2m p.a.

R&D

- Investment has continued to grow. Will be over £100m this year



Operating Review

Neil Carson
Chief Executive



Johnson Matthey



Environmental Technologies Division

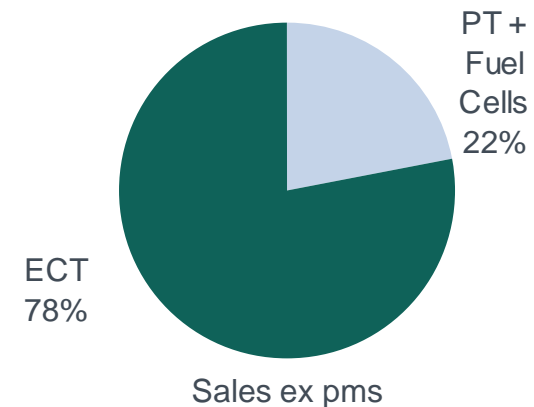


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Environmental Technologies Division

£m	1H 2010	1H 2009	% change	% at constant rates
Revenue	1,261	919	+37	+34
Sales excluding precious metals	724	564	+29	+26
Underlying operating profit	76.6	54.5	+41	+37
Return on sales (ex pms)	10.6%	9.7%		

- ECT's sales up 29% to £567m
- Process Technologies' sales up 25% to £153m



Estimated Light Duty Vehicle Sales and Production

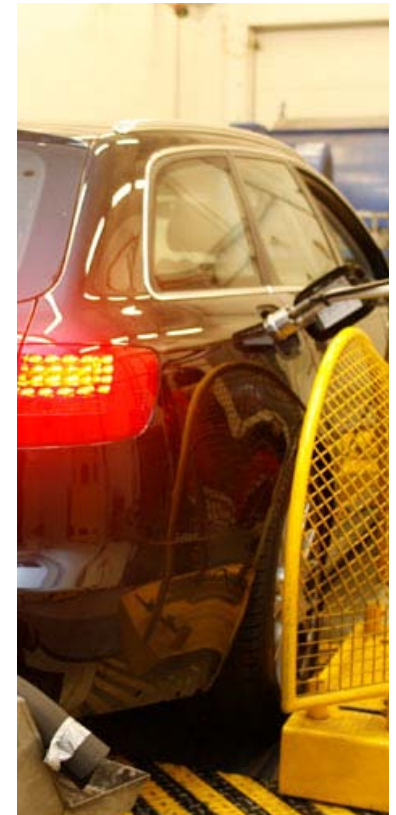
		1H 2010/11 millions	1H 2009/10 millions	Change %	1H 2010/11 millions	2H 2009/10 millions	Change %
North America	Sales	7.3	6.8	+7.4	7.3	6.2	+17.7
	Production	6.0	4.1	+46.3	6.0	5.6	+7.1
Europe	Sales	9.1	9.4	-3.2	9.1	9.1	-
	Production	9.5	8.6	+10.5	9.5	9.5	-
Asia	Sales	14.4	12.1	+19.0	14.4	14.7	-2.0
	Production	17.7	14.5	+22.1	17.7	17.8	-0.6
Global	Sales	35.5	32.6	+8.9	35.5	34.6	+2.6
	Production	36.3	30.1	+20.6	36.3	35.9	+1.1

Source: IHS Global Insight

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Light Duty

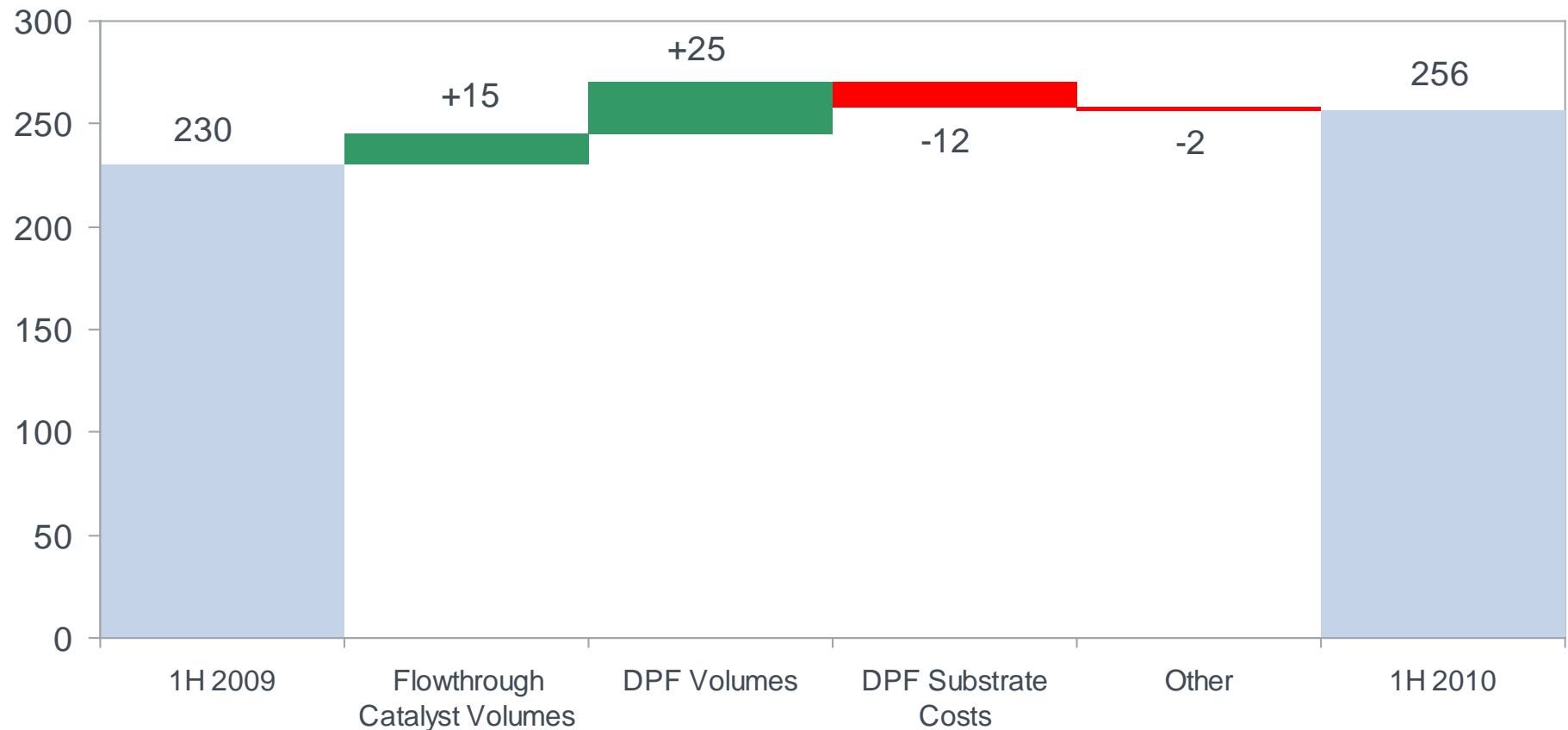
- Light duty catalyst sales up 22% to £419m
 - 74% of ECT's sales
- Sales in Europe benefited from increased fitment of filters and recovery in diesel's market share
 - Diesel share of European car market 52%, up from 44%
 - Around 90% filter fitment by end of our first half
 - 100% filter fitment from 1st January 2011
- JM's sales in Asia strongly ahead of growth in production
 - Continue to improve market share, particularly in China



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Europe Light Duty Sales Growth 1H 2010

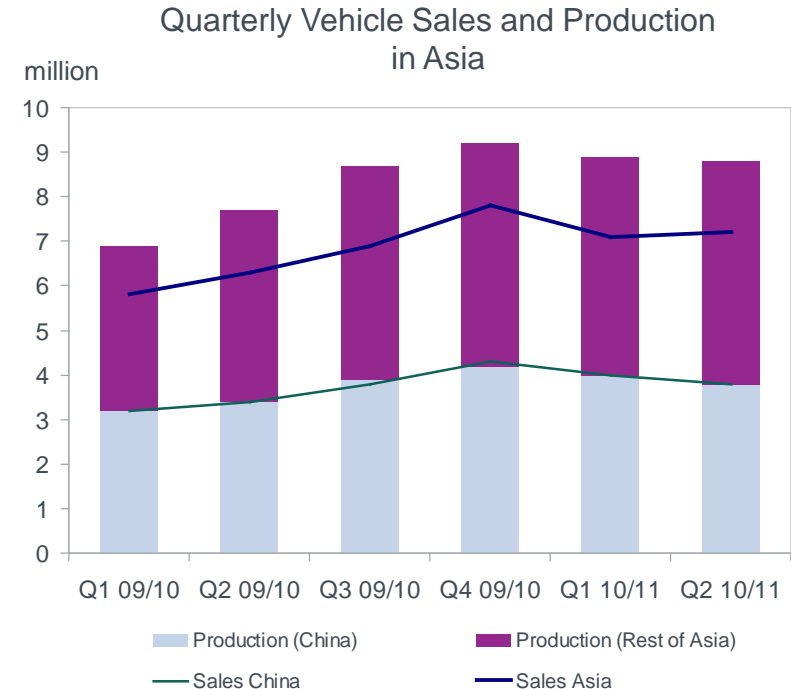
£ million



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Light Duty – Asia

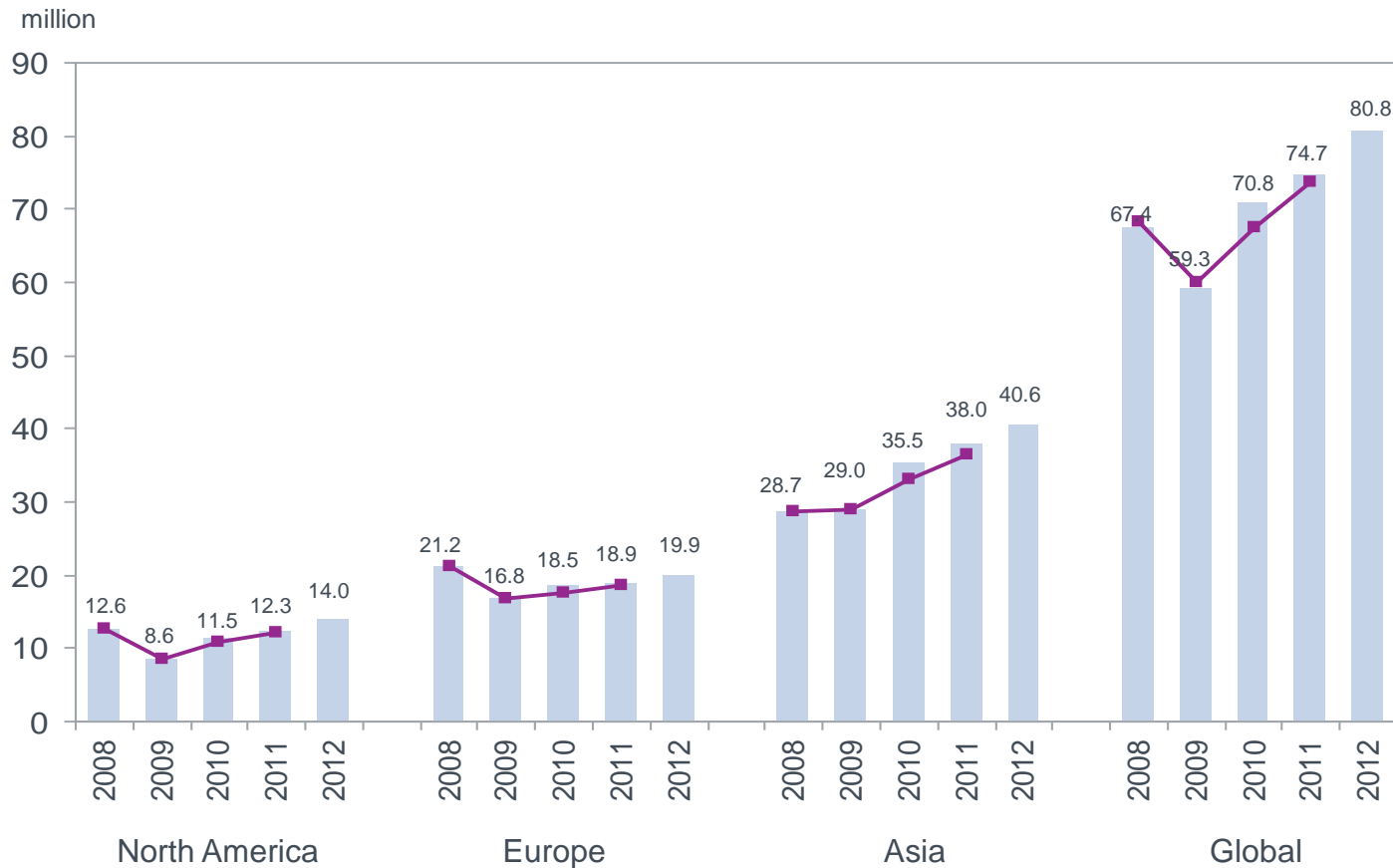
- China largest market in Asia
 - 54% of region's light duty vehicle sales in 1H
 - Virtually all production is for domestic market
 - Vehicle sales in China up 18% to 7.8 million
- Asia (particularly Japan and Korea) large exporter to North America and Europe
- JM plants in China, Japan, India, Malaysia and Korea
- Asia accounted for 19% of our 1H sales



Source: IHS Global Insight (October 2010)

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Light Duty Vehicle Production Outlook



- Most recent industry forecasts show increase in global estimates for 2010 and 2011. Growth particularly in Asia
- Despite the effect of scrappage schemes ending, all markets expected to grow with Asia leading the way

Source: IHS Global Insight (October 2010)

— Production outlook March 2010

Estimated HDD Truck Sales and Production

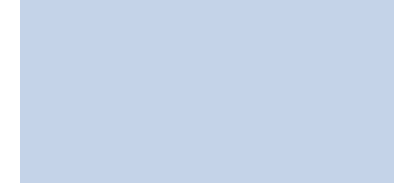
		1H 2010/11 thousands	1H 2009/10 thousands	Change %	1H 2010/11 thousands	2H 2009/10 thousands	Change %
North America	Sales	137.6	117.2	+17.4	137.6	133.8	+2.8
	Production	132.4	105.9	+25.0	132.4	129.9	+1.9
EU	Sales	110.5	104.9	+5.3	110.5	92.8	+19.1
	Production	151.1	89.6	+68.6	151.1	112.0	+34.9

Source: J D Power

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Heavy Duty Diesel

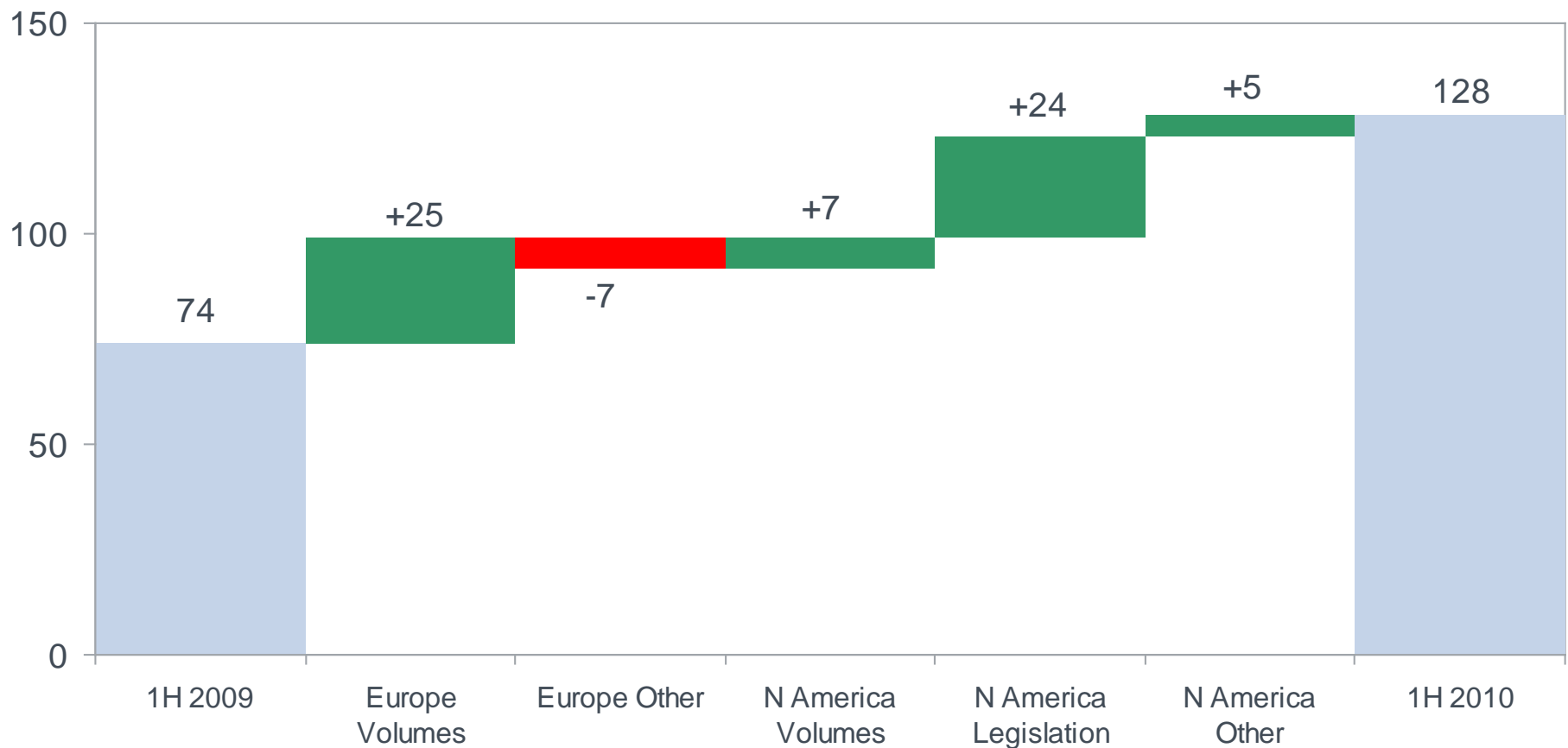
- Unit sales almost double those of 1H 2009
 - US 2010 HDD standards require more catalysts per vehicle
- JM's sales up 72% on first half of last year at £128m
 - North America £83m
 - Europe £41m
- Modest profit in 1H 2010
 - Driven by improving markets and operational leverage



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Heavy Duty Sales Growth 1H 2010

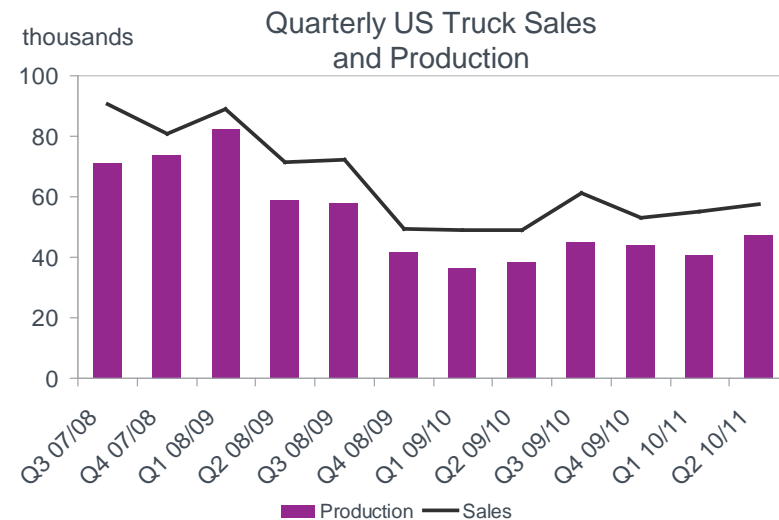
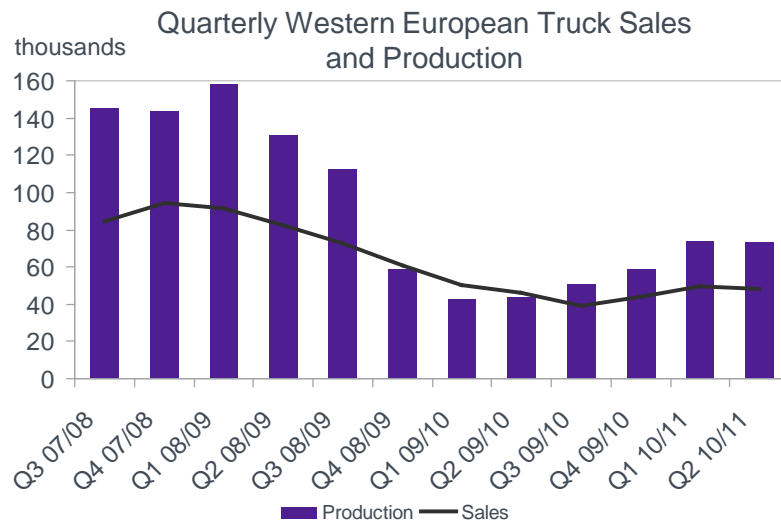
£ million



Emission Control Technologies

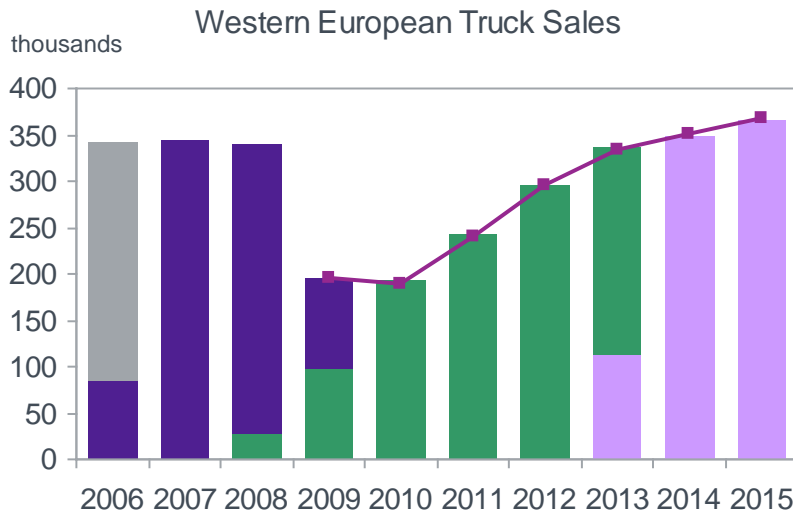
Heavy Duty Diesel – Dynamics

- Steady increase in US truck sales
- Europe saw better growth in truck production
- Circa 75% of costs are variable
- Market size today approx US \$600m sales. JM has >65% share
- Market grows to US \$2.5bn by end 2014/15

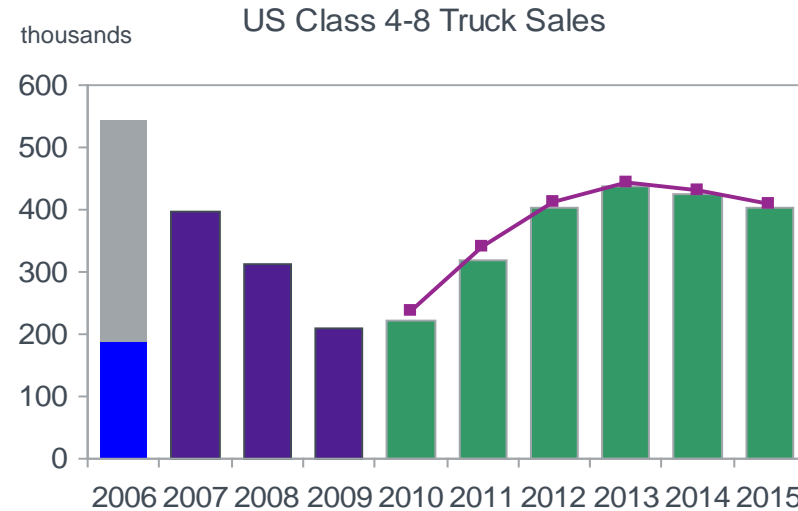


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Heavy Duty Diesel Vehicle Sales Outlook (November 2010)



Source: JD Power, ACT Research and Johnson Matthey

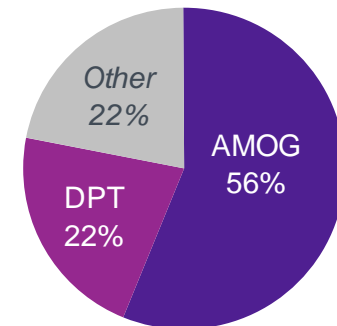


- No catalyst fitted
- DOC fitted
- Euro IV / US 07
- Euro V / US 2010 regulations
- Euro VI regulations
- Sales outlook at March 2010

Process Technologies

- AMOG – good first half
 - Sales up 28%
 - Strong demand for methanol catalysts, sales more than doubled
 - Ammonia and hydrogen catalyst sales also ahead
- First commercial sales of APICO
- Sale of Vertec to Dorf Ketal – agreement terminated
 - Production site to close at end of financial year

1H 2010
sales
£153m

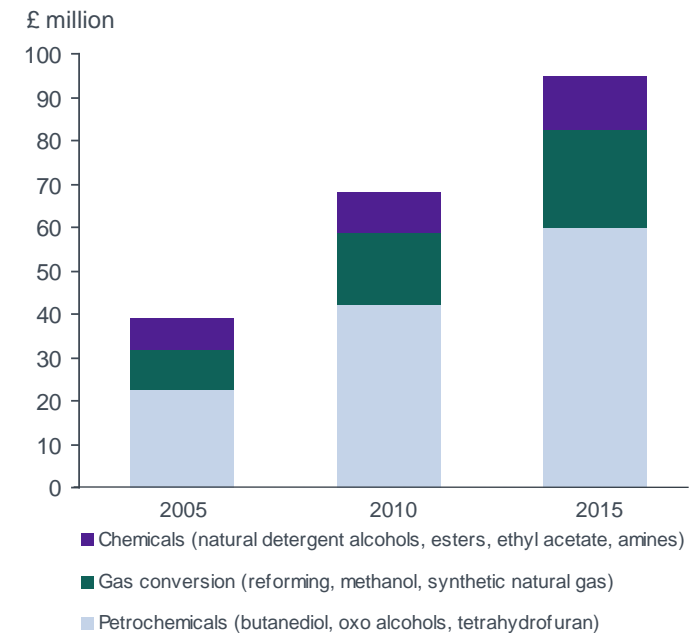


Process Technologies

Davy Process Technology (DPT)

- Another strong performance from DPT
 - Good licensing and engineering income
 - Nine new plants being commissioned in the year
 - World's largest methanol plant commissioned successfully at Shenhua Baotou
- A further three new licences agreed in first half
 - SNG plant and speciality chemicals plant in China
 - NDA plant in Indonesia
- Five new processes launched over last two years

Market Size for Technologies Currently Licensed by DPT



Source: Johnson Matthey estimates

Process Technologies

Acquisition of Intercat

- Intercat acquisition completed on 1st November
 - Leader in FCC additives and addition systems
 - 2009 sales of US \$58m
 - Normalised operating profit US \$8.4m in 2009
- Strengthens JM's position in refinery catalysts
- Growth driven by demand for transportation fuels and processing of dirtier feedstocks
- Integration process underway





Precious Metal Products Division

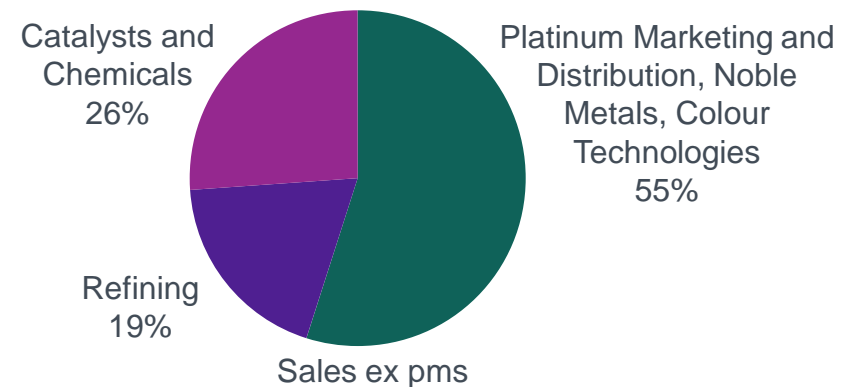


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Precious Metal Products Division

£m	1H 2010	1H 2009	% change	% at constant rates
Revenue	3,175	2,544	+25	+22
Sales excluding precious metals	258	206	+25	+22
Underlying operating profit	81.2	49.2	+65	+63
Return on sales (ex pms)	31.5%	23.9%		

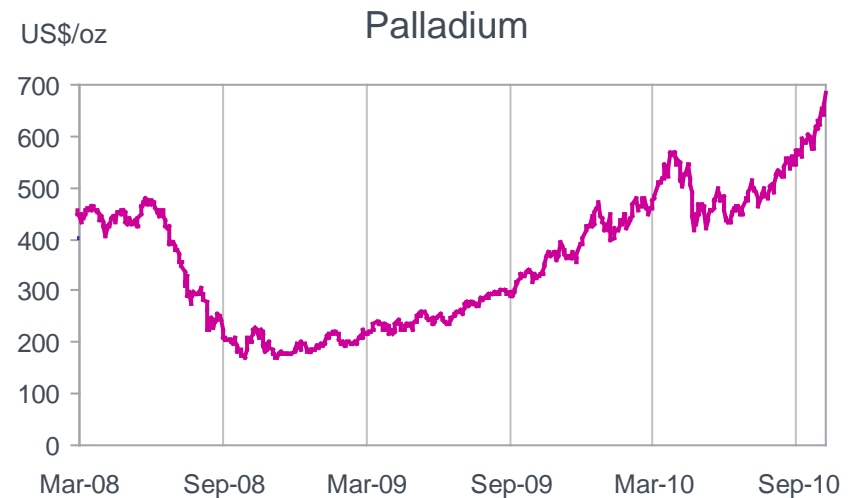
- Strong growth in sales across all businesses
- Operating profit recovered well following weak first half last year



Precious Metal Products Division

Platinum Marketing and Distribution

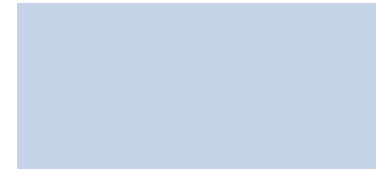
- Pt market expected to be in small surplus in calendar year 2010
- Average Pt price in 1H 2010/11 \$1,595/oz, up 32% on same period last year
- Pd market expected to be close to balance in 2010
- Average Pd price in 1H 2010/11 \$497/oz, up 95% on last year
- Business achieved strong growth in first half, in line with improvement in pgm prices



Precious Metal Products Division

Manufacturing Businesses

- Good sales and profit growth
 - Continued recovery in industrial demand
- Noble Metals' sales up 20%
 - Particularly good growth in agrochemical and industrial sectors
- Strong performance in refining businesses, sales well ahead
- Catalysts and Chemicals' sales up 15%
 - Mainly driven by increased demand from automotive sector
- Colour Technologies' sales up 19%
 - Good demand from both automotive and decorative sectors





Fine Chemicals Division



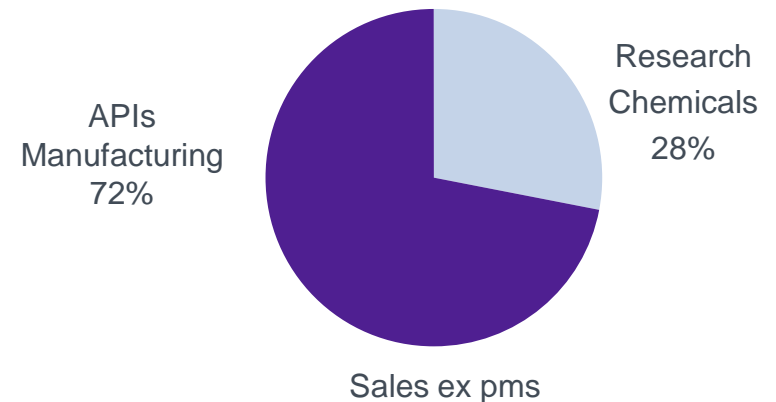
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Fine Chemicals Division

£m	1H 2010	1H 2009	% change	% at constant rates
Revenue*	126	107	+18	+16
Sales excluding precious metals*	122	106	+15	+13
Underlying operating profit*	28.8	23.1	+25	+22
Return on sales (ex pms)*	23.7%	21.9%		

* Excluding one-off benefit from launch of generic ADDERALL XR® in 1H 2009

- Good first half, sales* up 15%
- Underlying operating profit* up 25%



Fine Chemicals Division

- Good first half for APIs manufacturing businesses with sales* up 15%
 - Strong sales of bulk opiates and other controlled APIs at Macfarlan Smith
 - Pharmaceutical Materials and Services saw good growth in specialist opiates, amphetamines and platinum anticancer APIs
 - Good recovery in contract research business following restructuring actions taken last year
- Acquisition of APIs manufacturing facility provides additional capacity at low cost
- Research Chemicals' sales and operating profit both well up on 1H last year

* Excluding one-off benefit from launch of generic ADDERALL XR® in 1H 2009



Outlook

Second Half (1)

Environmental Technologies

- Short term visibility continues to be limited
- European car sales expected to continue slight downward trend, balanced by growth in emerging markets
- Continued steady improvement in HDD business
- Process Technologies well placed for further growth
 - Benefit from APICO and inclusion of Intercat business
- Second half performance expected to be broadly in line with first half

Outlook

Second Half (2)

Precious Metal Products

- All businesses should continue to perform well
- Second half results expected to be slightly ahead of first half

Fine Chemicals

- Delays to customers' launch of new products will impact 2H
- However, division expected to be ahead of 2009/10

Group

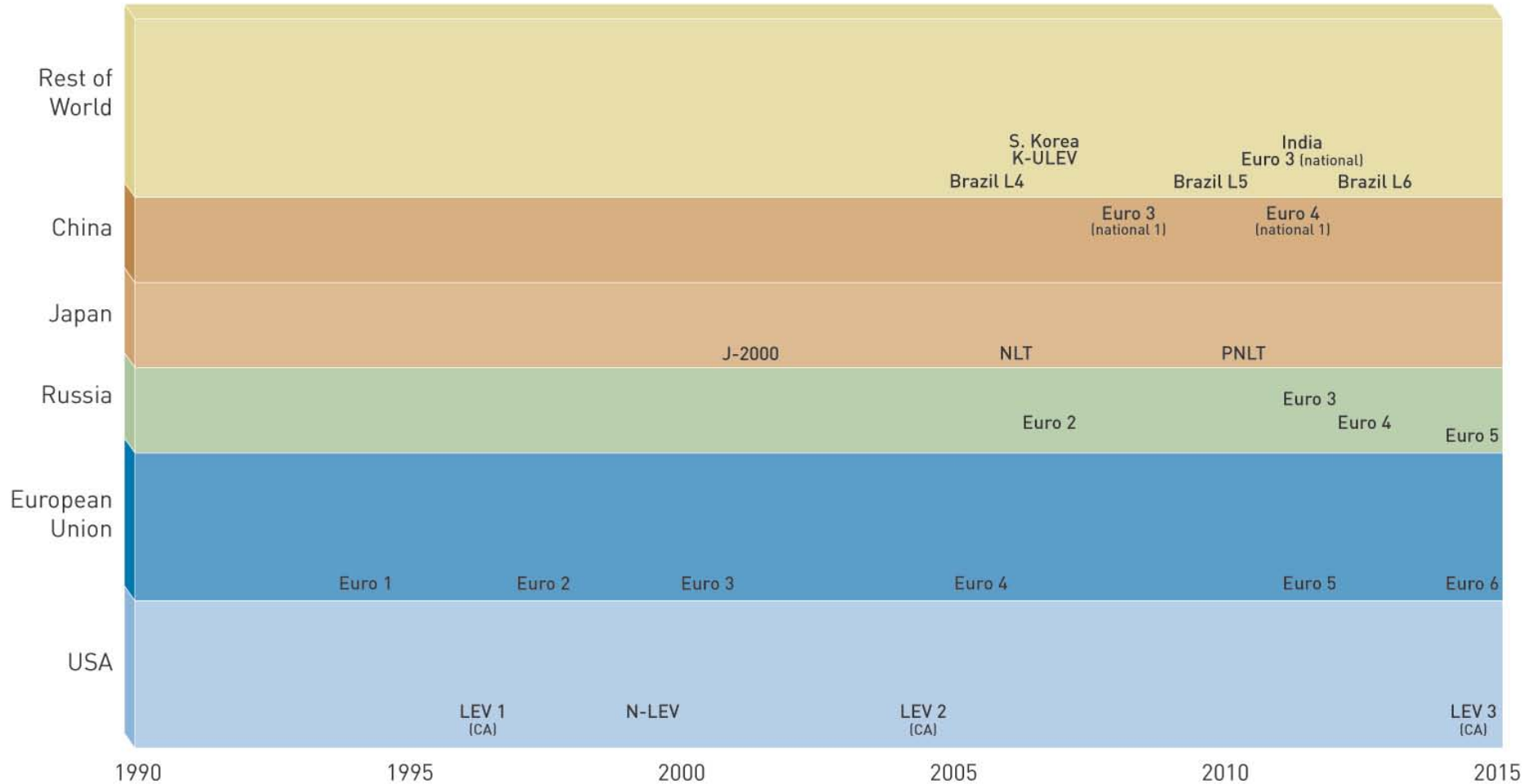
- Outlook is good
- Second half comparatives tougher than those in first half
- Expect 2H performance to be broadly in line with 1H



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Light Duty Vehicle Legislation



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Heavy Duty Diesel Legislation

