



Johnson Matthey

**Presentation of Results for the year
ended 31st March 2004**

3rd June 2004



Johnson Matthey

Overview

- **Operating profit up 9% to £206.0 million despite adverse currency effects**
- **Catalysts well ahead with good contribution from former Syntex businesses**
- **Strong growth in Pharmaceutical Materials**
- **PBT up 3% at £195.7 million. EPS 4% ahead at 64.0 pence**



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Summary Results

	2004	2003 restated	
	£m	£m	%
Turnover	4,493	4,324	+4
Sales excluding precious metals	1,224	1,159	+6
Operating profit	188.3	167.9	+12
Profit before tax	178.0	173.5	+3
Earnings per share	56.0p	55.4p	+1
Before exceptional items and goodwill amortisation:			
Operating profit	206.0	189.2	+9
Profit before tax	195.7	189.9	+3
Earnings per share	64.0p	61.8p	+4
Dividend	26.4p	25.5p	+4

Operating Profit

	2004	2003		2004 at 2003	
	£m	restated £m	%	exchange rates* £m	%
Catalysts	109.2	95.3	+15	112.9	+18
Precious Metals	44.2	48.0	-8	45.2	-6
Colours & Coatings	26.7	25.3	+6	25.0	-1
Pharmaceutical Materials	42.3	36.7	+15	44.6	+22
Corporate	(16.4)	(16.1)		(16.4)	
	<u>206.0</u>	<u>189.2</u>	+9	<u>211.3</u>	+12

*Excluding South African rand

Return on Sales

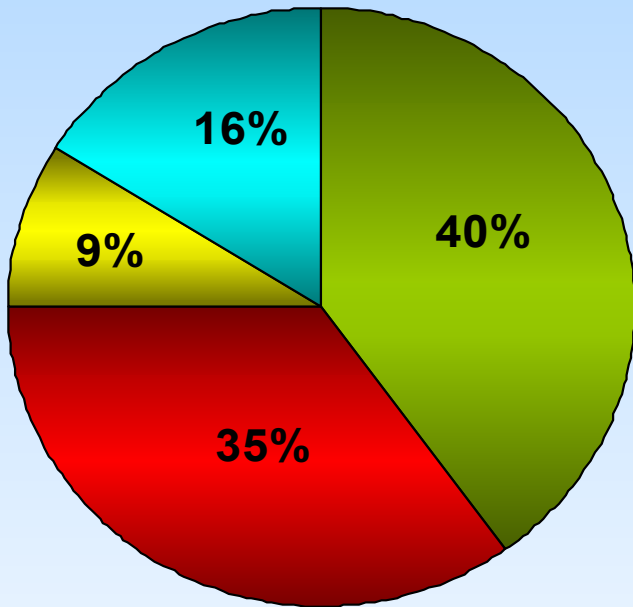
Excluding Precious Metals

	Sales excl. PM's			ROS	
	2004	2003	Growth	2004	2003
	£m	£m	%	%	%
Catalysts	720	652	+10	15.2	14.6
Precious Metals	121	132	-9	36.7	36.4
Colours & Coatings	252	253	-	10.6	10.0
Pharmaceutical Materials	131	122	+8	32.2	30.1
	<u>1,224</u>	<u>1,159</u>	+6	<u>16.8</u>	<u>16.3</u>

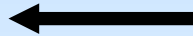
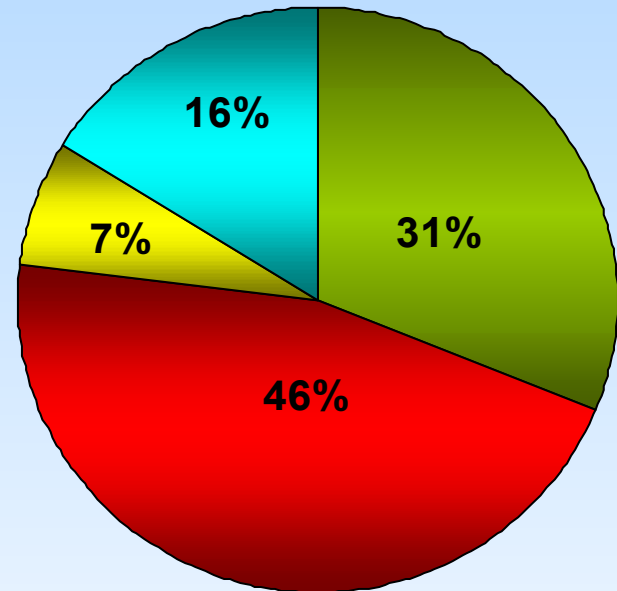
Geographical Split

Operating Profit

2004
£206.0m



2003
£189.2m



Europe



Asia



North America



Rest of World

Interest

	2004	2003 restated
	£m	£m
Financial	(15.3)	(12.0)
Gold & silver leases	(1.0)	(1.2)
	<u>(16.3)</u>	<u>(13.2)</u>
Interest Cover	12.6x	14.3x

Net Return on Retirement Benefits Assets and Liabilities

	2004 £m	2003 restated £m
Expected return on scheme assets	37.5	46.4
Interest on scheme liabilities	(31.5)	(32.5)
	<u>6.0</u>	<u>13.9</u>

Exceptional Items

	2004 £m
Litigation settlement	14.8
Catalysts' rationalisation	(12.7)
	<hr/>
Total	2.1
	<hr/>

Taxation

	2004	2003
	£m	£m
Underlying tax	58.3	56.4
Tax on exceptionals	1.6	(2.0)
Tax on goodwill amortisation	(2.0)	(0.7)
	<u>57.9</u>	<u>53.7</u>
Underlying tax rate	29.8%	29.7%

Return on Investment

	2004	2003
	£m	restated £m
Operating profit	<u>206</u>	<u>189</u>
Average assets:		
Equity and minorities	835	803
Cumulative goodwill w/o	41	43
Net borrowings	<u>398</u>	<u>281</u>
Total investment	<u>1,274</u>	<u>1,127</u>
Pre-tax ROA	16.2%	16.8%
Return on invested capital	11.4%	11.8%
WACC	8%	8%

Free Cash Flow

	2004	2003
		restated
	£m	£m
Operating profit	188	168
Depreciation and amortisation	84	69
Working capital / other	<u>(12)</u>	<u>(7)</u>
Cash flow from operations	260	230
Interest / tax / dividends	(116)	(110)
Capex	<u>(114)</u>	<u>(125)</u>
Free cash flow	<u>30</u>	<u>(5)</u>

Net Cash Flow

	2004	2003
	£m	£m
Free cash flow	30	(5)
Acquisitions / disposals	(18)	(249)
Shares issued / (bought)	<u>(9)</u>	<u>3</u>
Net cash flow	3	(251)
Loan notes issued	(1)	(7)
Exchange	<u>6</u>	<u>14</u>
Movement in debt	<u>8</u>	<u>(244)</u>

Capital

	Mar 04	Mar 03 restated
	£m	£m
Net debt	395	403
Shareholders' funds	862	787
Minorities	9	11
Capital employed	<u>1,266</u>	<u>1,201</u>
Gearing	45%	50%
(debt / shareholders' funds + minorities)		



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Catalysts Division



Catalysts Division

- Good performance from ECT led by growth in Asia and diesel
- PCT well ahead. Good contribution from Synetix



¹= Restated for FRS 17

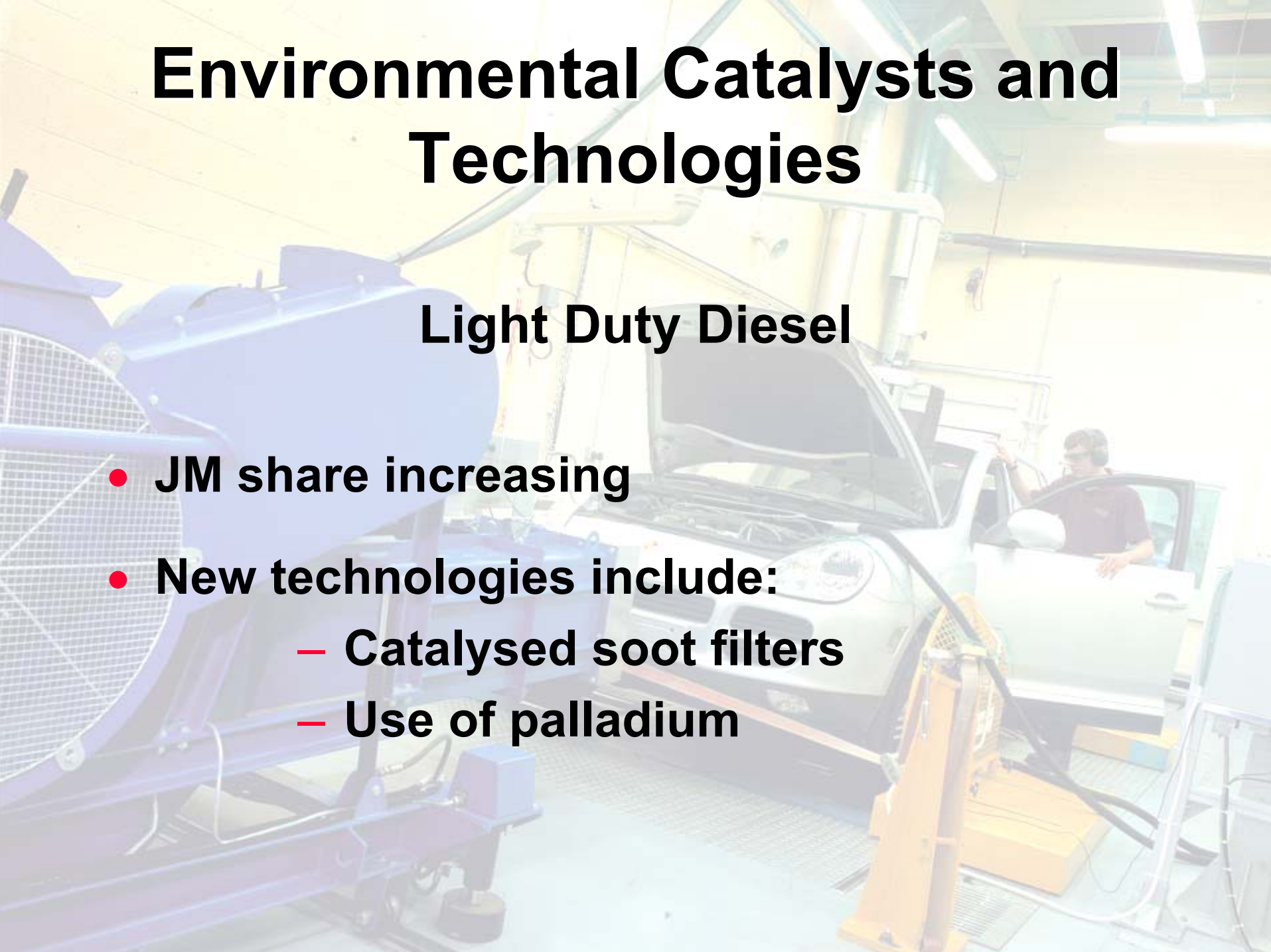
Environmental Catalysts and Technologies

- **Asian region well ahead**
- **37% market growth in China light duty vehicles**
- **Domestic US customers' production down**
- **Diesel cars now 46% of European market**
- **End of old production technology**

Environmental Catalysts and Technologies

Light Duty Diesel

- **JM share increasing**
- **New technologies include:**
 - **Catalysed soot filters**
 - **Use of palladium**

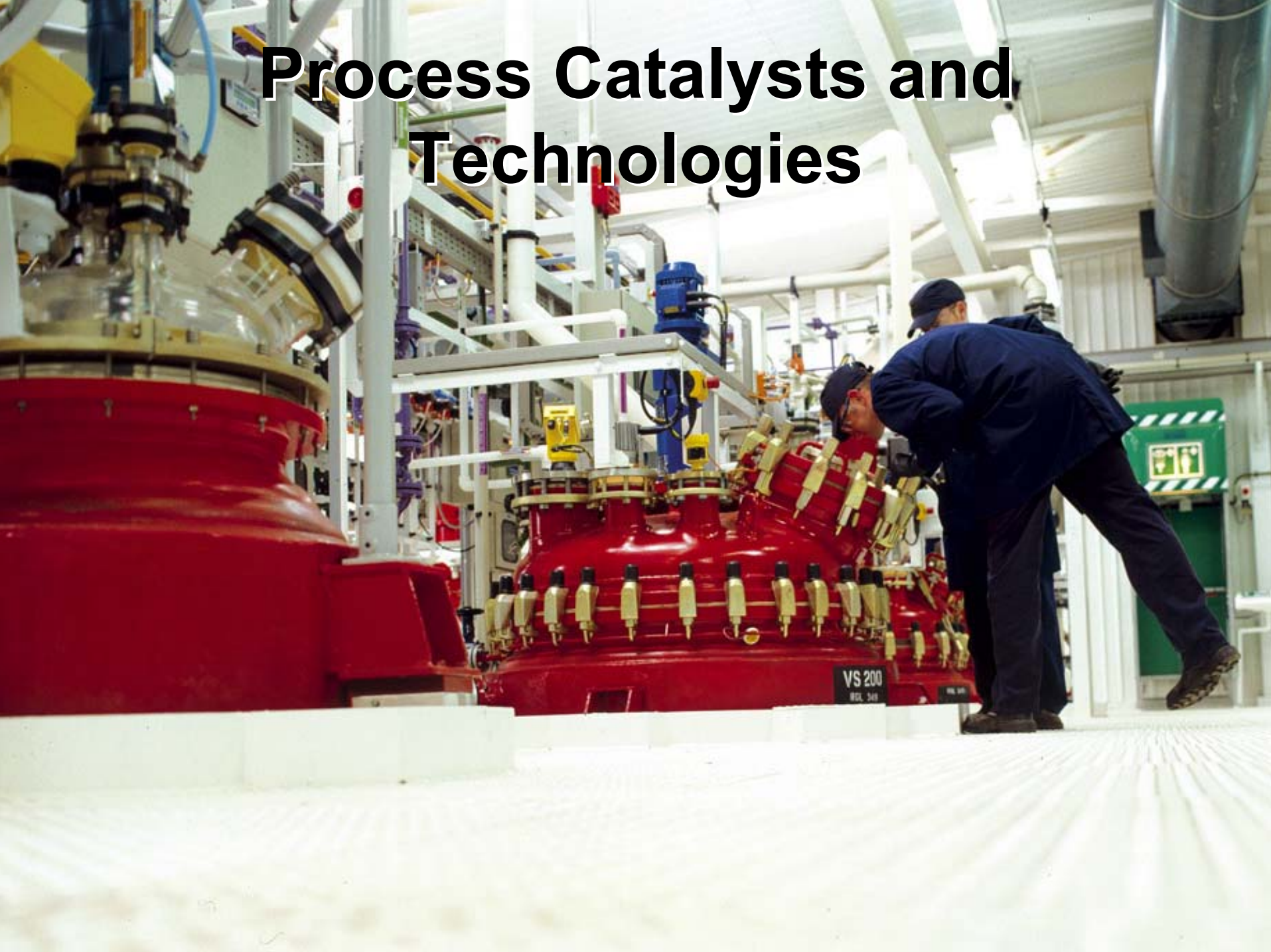


Environmental Catalysts and Technologies

Heavy Duty Diesel

- **Very strong retrofit sales in Japan**
- **Good growth in US and Europe**
- **Joint development programmes with major OEMs worldwide**

Process Catalysts and Technologies



Process Catalysts and Technologies

- **Successful integration of Syntetix**
- **Process catalysts perform strongly**
- **PGM refining impacted by Pd and Rh prices**
- **Research Chemicals performs well**

Process Catalysts and Technologies

- Acquisition of AMC
- New pgm catalyst plant in India

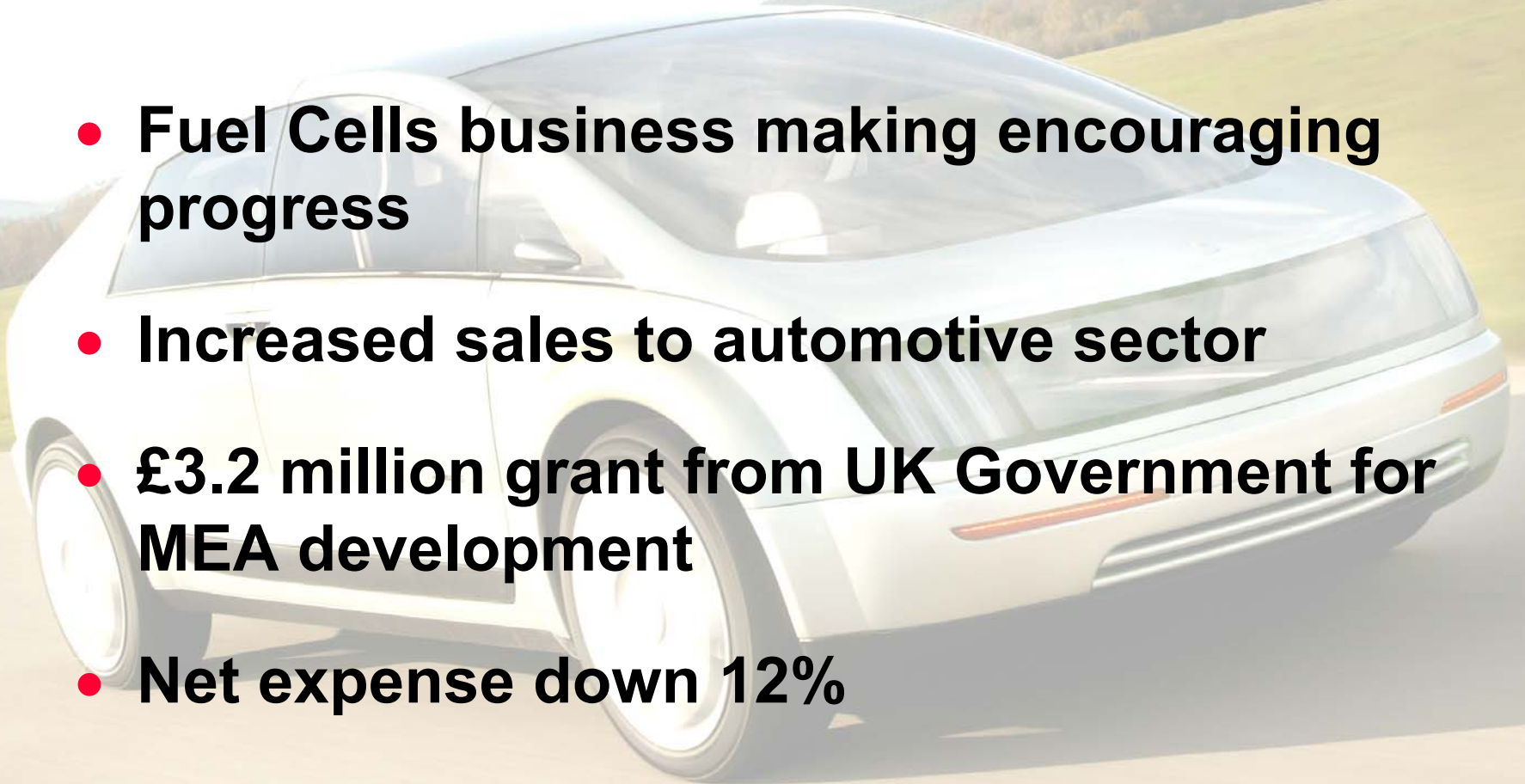


Fuel Cells



Fuel Cells

- **Fuel Cells business making encouraging progress**
- **Increased sales to automotive sector**
- **£3.2 million grant from UK Government for MEA development**
- **Net expense down 12%**

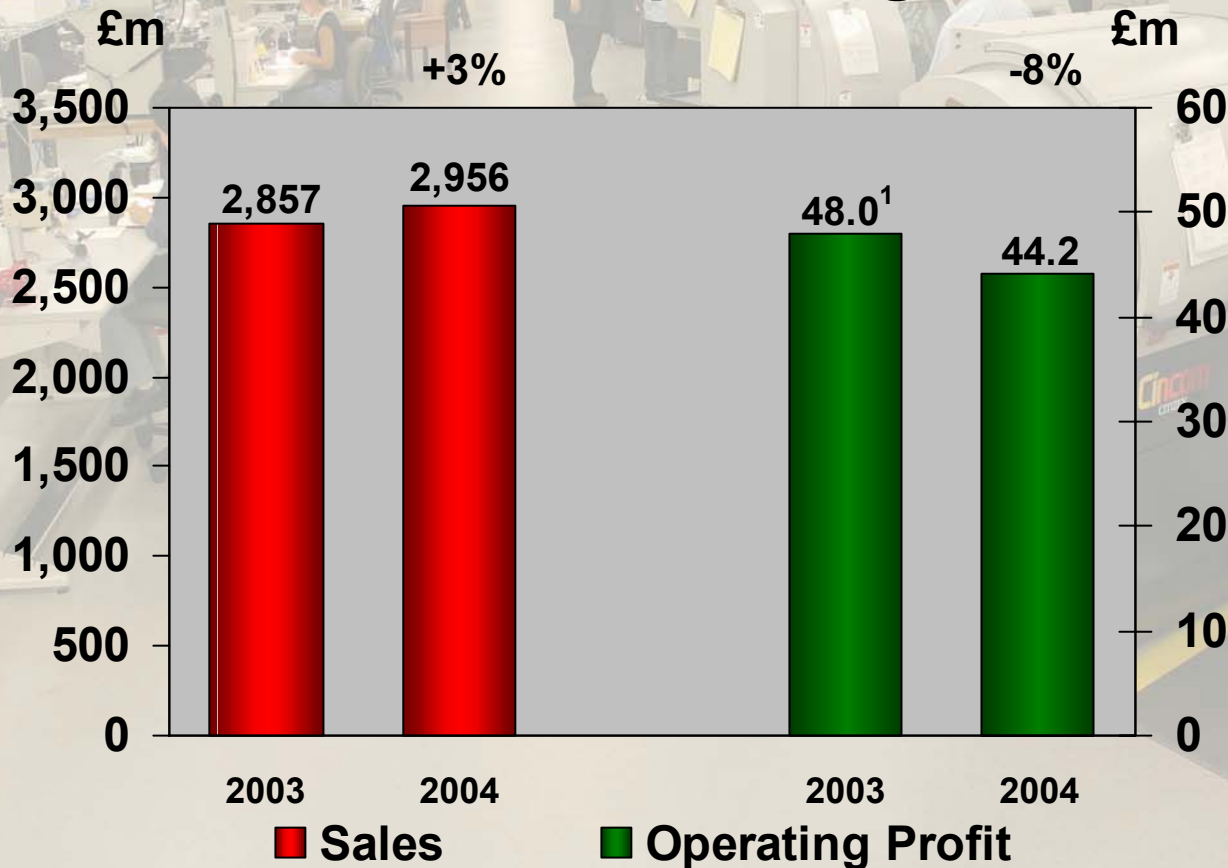


Precious Metals



Precious Metals

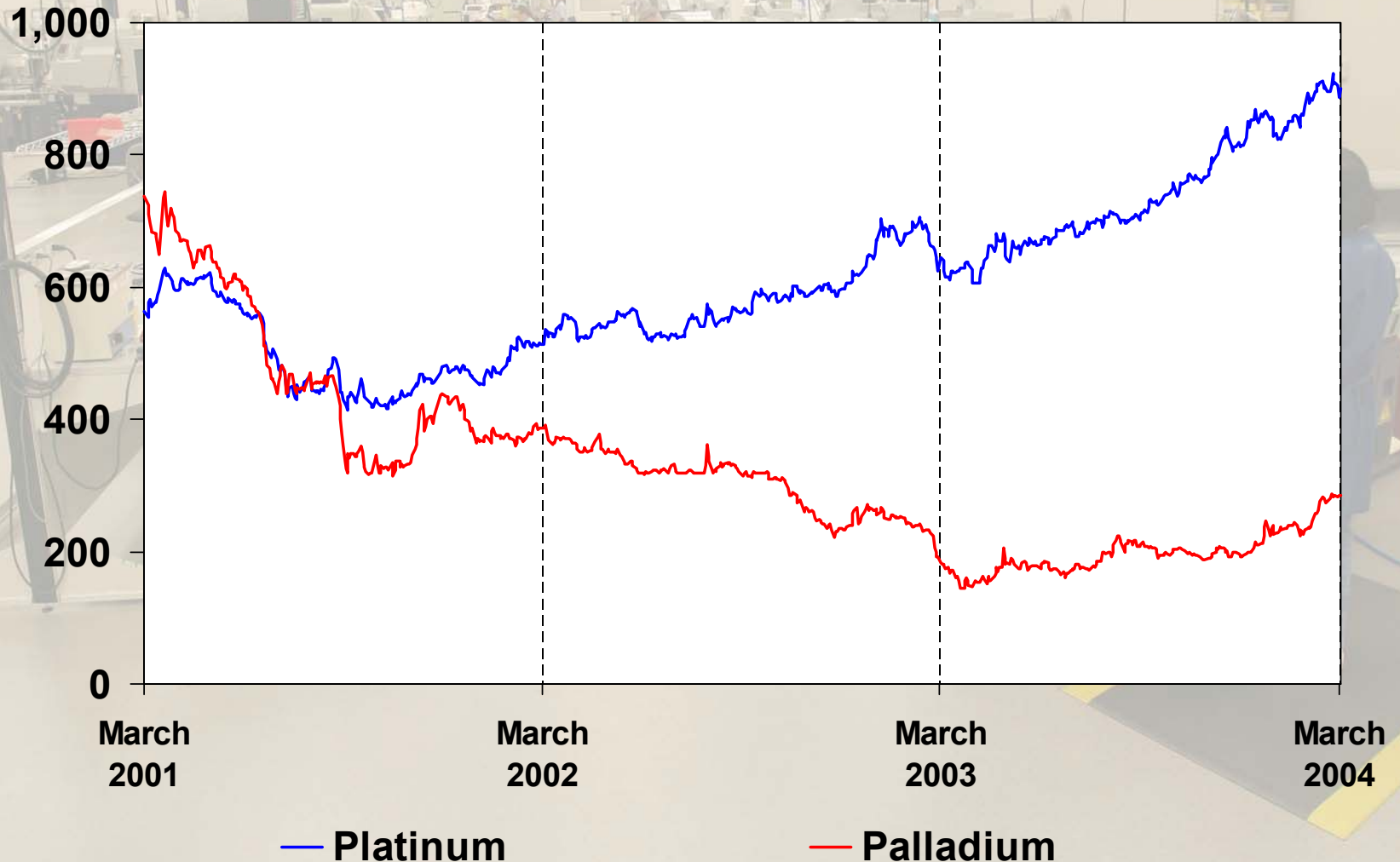
- Subdued trading conditions for most of year
- Market conditions improving



¹= Restated for FRS 17

Platinum and Palladium Prices

US\$



Precious Metals

- Trading conditions improving
- Good growth in fabricated pgm products
- Weak demand for primary gold refining

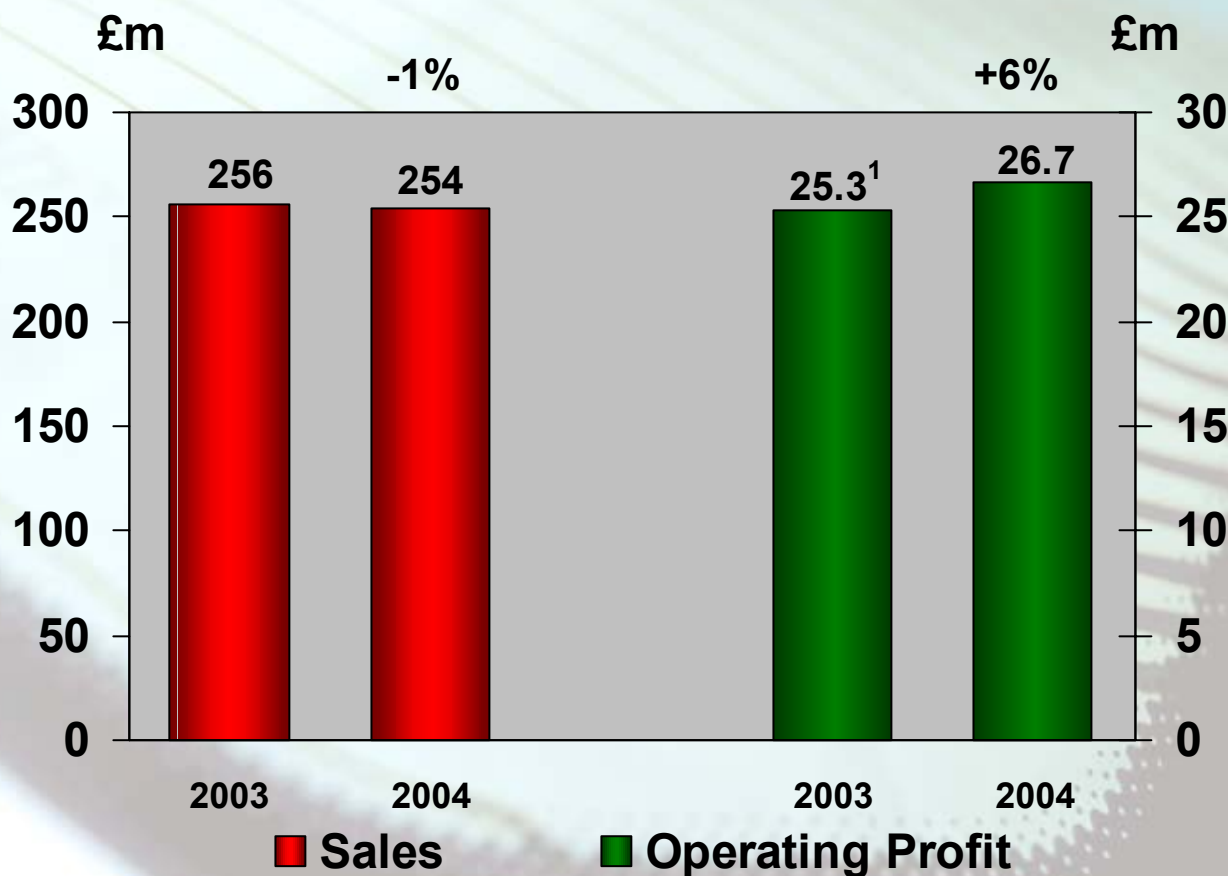


Colours & Coatings



Colours & Coatings

- Profits and margins up



¹= Restated for FRS 17

Colours & Coatings

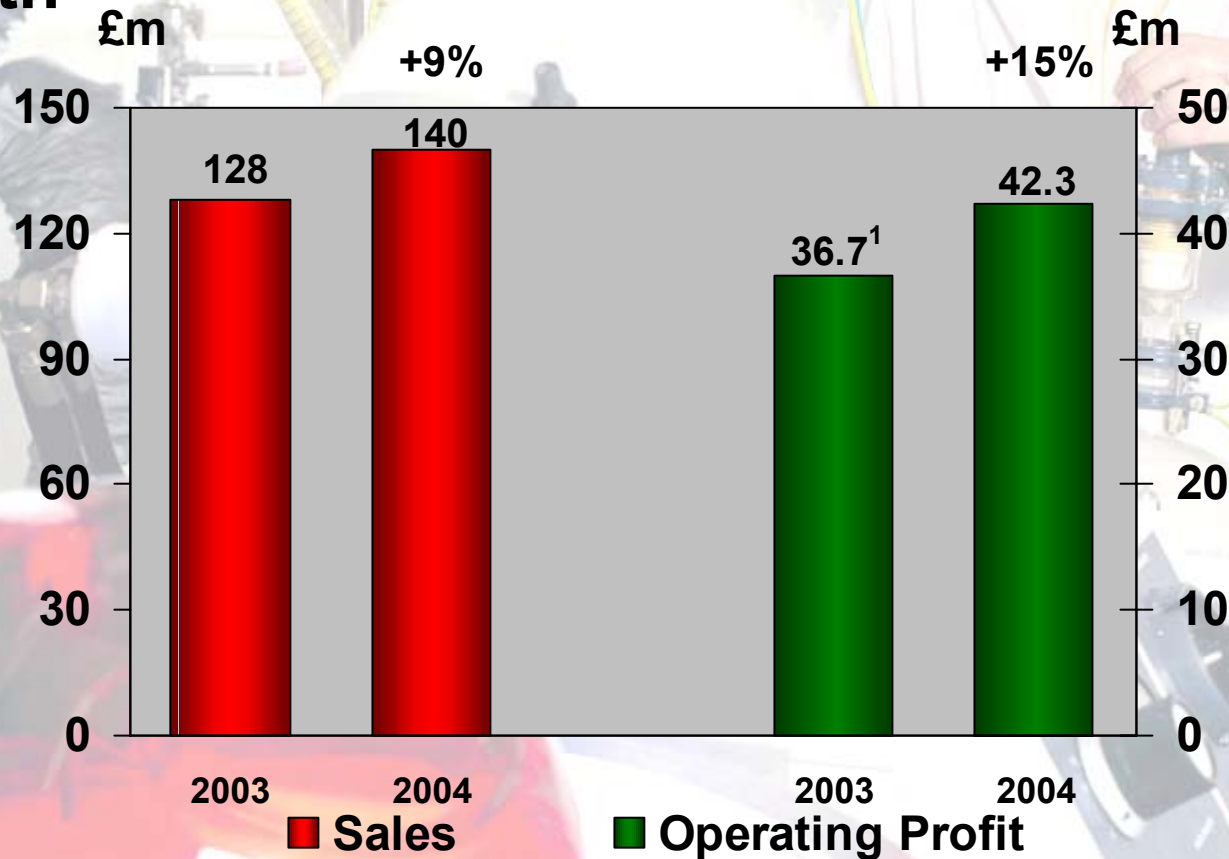
- **Glass performs well**
- **Tile market impacted by strong euro, now improving**
- **Speciality Coatings benefits from lower costs**

Pharmaceutical Materials



Pharmaceutical Materials

- Strong growth in profits
- Good results at West Deptford and Macfarlan Smith



¹= Restated for FRS 17

Pharmaceutical Materials

A background image of a laboratory setting. A male scientist wearing a white lab coat and safety glasses is focused on adjusting a piece of complex machinery. In the foreground, there are large, red, rounded pieces of equipment, possibly part of a distillation or filtration system. The overall scene is brightly lit, typical of a pharmaceutical research environment.

- **Expanded range of platinum drugs**
- **Growth in specialist opiates**
- **Recovery in demand at Pharm-Eco**
- **Development of prostaglandins**

Pharmaceutical Materials

- **Carboplatin patent to expire in 2004**
- **New opiates facility at West Deptford commissioned**
- **New production capacity for specialist products at Macfarlan Smith**
- **New product pipeline increased to over 80. Several new products introduced in year**

Outlook

- **Markets improving**
- **Further growth from Catalysts and Pharmaceutical Materials**
- **Currency effect – impact of weak US dollar**

Longer Term Growth

- Heavy duty diesel catalysts
- Growth in opiates and prostaglandins
- Gas to liquids catalysts
- Fuel Cells



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