



Johnson Matthey

**Presentation of Results for the year
ended 31st March 2007**

7th June 2007

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.



Johnson Matthey

Introduction

Neil Carson
Chief Executive

2006/07 Highlights

- **Strong growth in sales and operating profit**
- **Underlying earnings per share up 12%**
- **Environmental concerns and energy prices drive long term growth**
- **New divisions from 1st April 2007**



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Financial Review

John Sheldrick

Group Finance Director

Summary Results

	2007 £m	2006 £m	%
Revenue	6,152	4,574	+34
Sales excluding precious metals	1,454	1,159	+25
Profit before tax	226.5	191.5	+18
Total earnings per share	96.9p	70.8p	+37

Before one-off items (including discontinued operations' results):

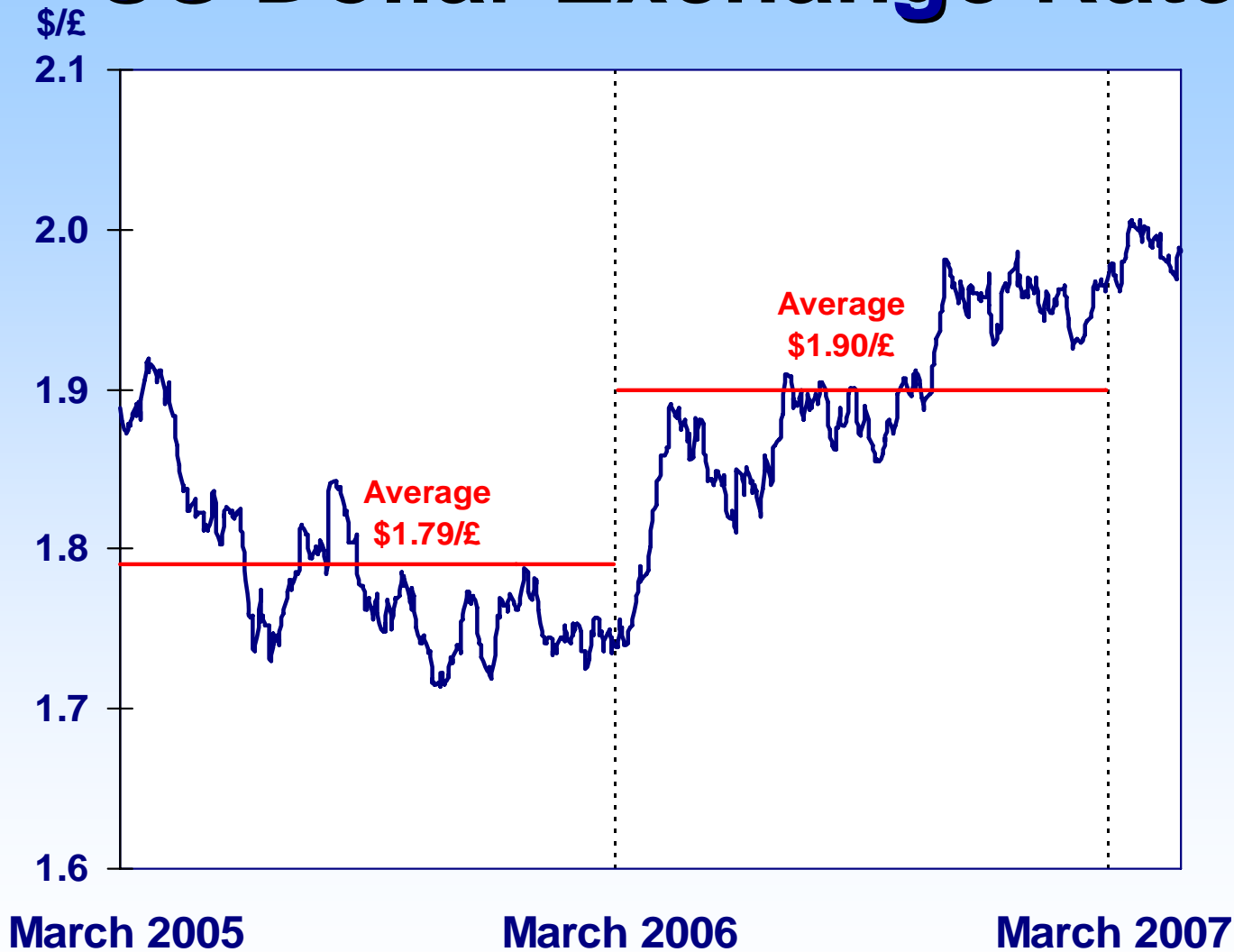
Profit before tax	242.6	219.8	+10
Earnings per share	81.2p	72.7p	+12

Dividend	33.6p	30.1p	+12
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Operating Profit

	2007	2006		2007 at 2006 exchange rates	
Continuing Businesses	£m	£m	%	£m	%
Catalysts	148.8	134.2	+11	152.7	+14
Precious Metal Products	85.3	62.2	+37	87.1	+40
Pharmaceutical Materials	35.5	33.8	+5	36.2	+7
Corporate	<u>(17.2)</u>	<u>(16.8)</u>		<u>(17.2)</u>	
Operating profit	<u>252.4</u>	<u>213.4</u>	+18	<u>258.8</u>	+21

US Dollar Exchange Rate



Return on Sales

Excluding Precious Metals

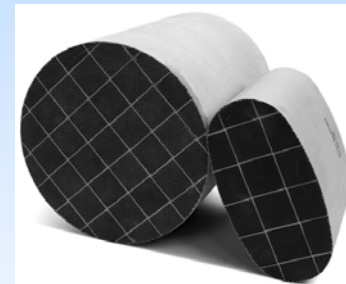
	Sales excl. PMs			ROS	
	2007	2006	Growth	2007	2006
Continuing Businesses	£m	£m	%	%	%
Catalysts	1,036	786	+32	14.4	17.1
Precious Metal Products	290	245	+18	29.4	25.3
Pharmaceutical Materials	129	127	+1	27.6	26.6
	<u>1,454</u>	<u>1,159</u>	+25	<u>17.4</u>	<u>18.4</u>

Substrate Costs

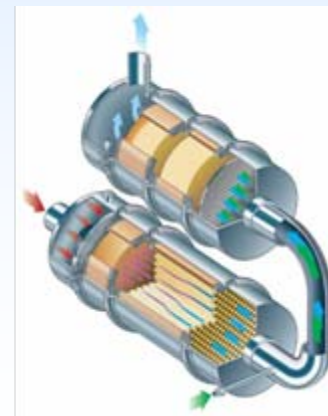
Autocatalyst **£3 - £10**



CSF **£100 - £120**



HDD **Flow through £60**
Filter system £300



Taxation

	2007 £m	2006 £m
Total tax	<u>71.5</u>	<u>62.5</u>
Ceramics Division	(5.7)	(7.8)
Tax on profit on sale	(1.1)	-
Income tax expense	<u>64.7</u>	<u>54.7</u>
Underlying tax rate	28.6% ¹	29.3% ²

¹ Excl. Ceramics
Division

² Incl. Ceramics
Division

Capital Expenditure to Depreciation

Year to 31st March 2007

	Capital Expenditure £m	Depreciation £m	Capex/ Depreciation (times)
Catalysts	91.5	46.0	2.0
Precious Metal Products	11.2	13.4	0.8
Pharmaceutical Materials	10.7	10.5	1.0
Discontinued / Other	6.4	7.6	0.8
Total Group	<u>119.8</u>	<u>77.5</u>	1.5

Change in Net Debt

	2007 £m	2006 £m
Cash flow from operations	159	212
Interest / dividends	(92)	(74)
Capex / asset sales	(122)	(115)
Acquisitions / disposals	119	(24)
Shares bought	(50)	(26)
Net cash flow	<u>14</u>	<u>(27)</u>
Debt disposed / acquired	19	(1)
Exchange	<u>14</u>	<u>(13)</u>
Change in net debt	<u>47</u>	<u>(42)</u>

Return on Investment

	2007 £m	2006 £m
Operating profit	<u>252¹</u>	<u>235²</u>
Average assets:		
Equity	1,061	987
Net debt	<u>388</u>	<u>391</u>
Total investment	<u>1,450</u>	<u>1,378</u>
Pre-tax ROA	17.4%	17.0%
Return on invested capital	12.4%	12.0%
WACC	8%	8%

¹ Continuing businesses

² Including Ceramics but before one-off items

Capital

	Mar 07 £m	Mar 06 £m
Net debt	365	412
Equity	1,078	1,045
Capital employed	<u>1,443</u>	<u>1,457</u>
Gearing (net debt / equity)	33.8%	39.4%



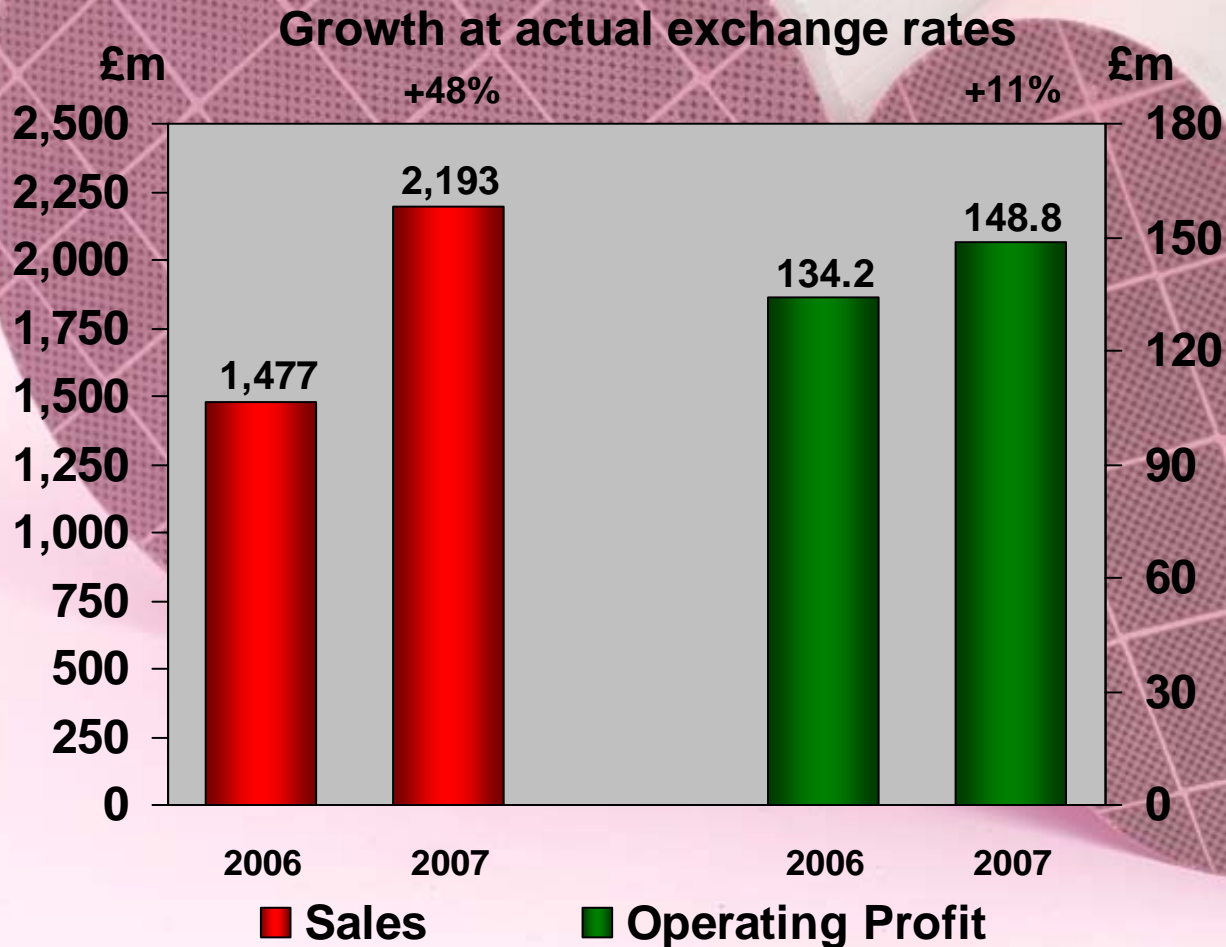
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Operating Review

Neil Carson
Chief Executive

Catalysts Division

- Profits up 11%
- Both ECT and PCT perform well



Estimated Light Vehicle Sales and Production

		Year to 31 st March		
		2007	2006	change
		millions	millions	%
North America				
	Sales	19.3	19.7	-2.0%
	Production	14.9	15.9	-6.3%
Europe				
	Sales	21.3	20.6	+3.4%
	Production	21.1	20.7	+1.9%
Asia				
	Sales	16.4	15.2	+7.9%
	Production	25.4	23.2	+9.5%
Global				
	Sales	66.3	64.5	+2.8%
	Production	66.9	64.9	+3.1%

Source: Global Insight



Environmental Catalysts and Technologies

- **Strong top line growth**
- **Good growth in Europe, particularly in diesel catalysts and CSFs**
- **Good autocatalyst growth in Asia, particularly in China and Japan**
- **North America benefits from new diesel market**
- **Good contribution from HDD sales to OEMs**
- **Further strong sales growth expected in 2007/08**

Environmental Catalysts and Technologies

Light Duty Diesel

- **Diesel cars now more than 50% of European market**
- **All diesel vehicles in Europe require a diesel oxidation catalyst. Johnson Matthey has leading share**
- **Our major customers are increasingly fitting CSFs ahead of legislation**
- **Additional CSF facility at Royston opens this year**
- **US initiative to increase fuel efficiency boosts interest in diesels**

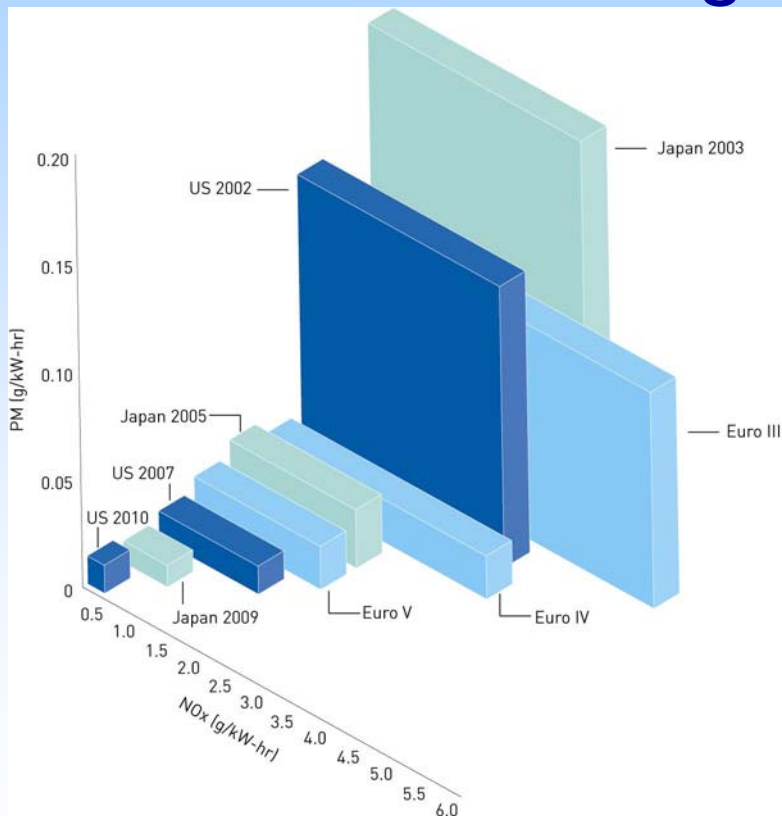
Environmental Catalysts and Technologies

Light Duty Vehicles in Asia

- **Asia will provide most of growth in light duty vehicle production**
- **Capacity increased in Japan. Johnson Matthey gaining share**
- **New plant in South Korea opens this year**
- **Good growth in China. Leading share of Indian and Malaysian markets**

Environmental Catalysts and Technologies

HDD on-road regulation development

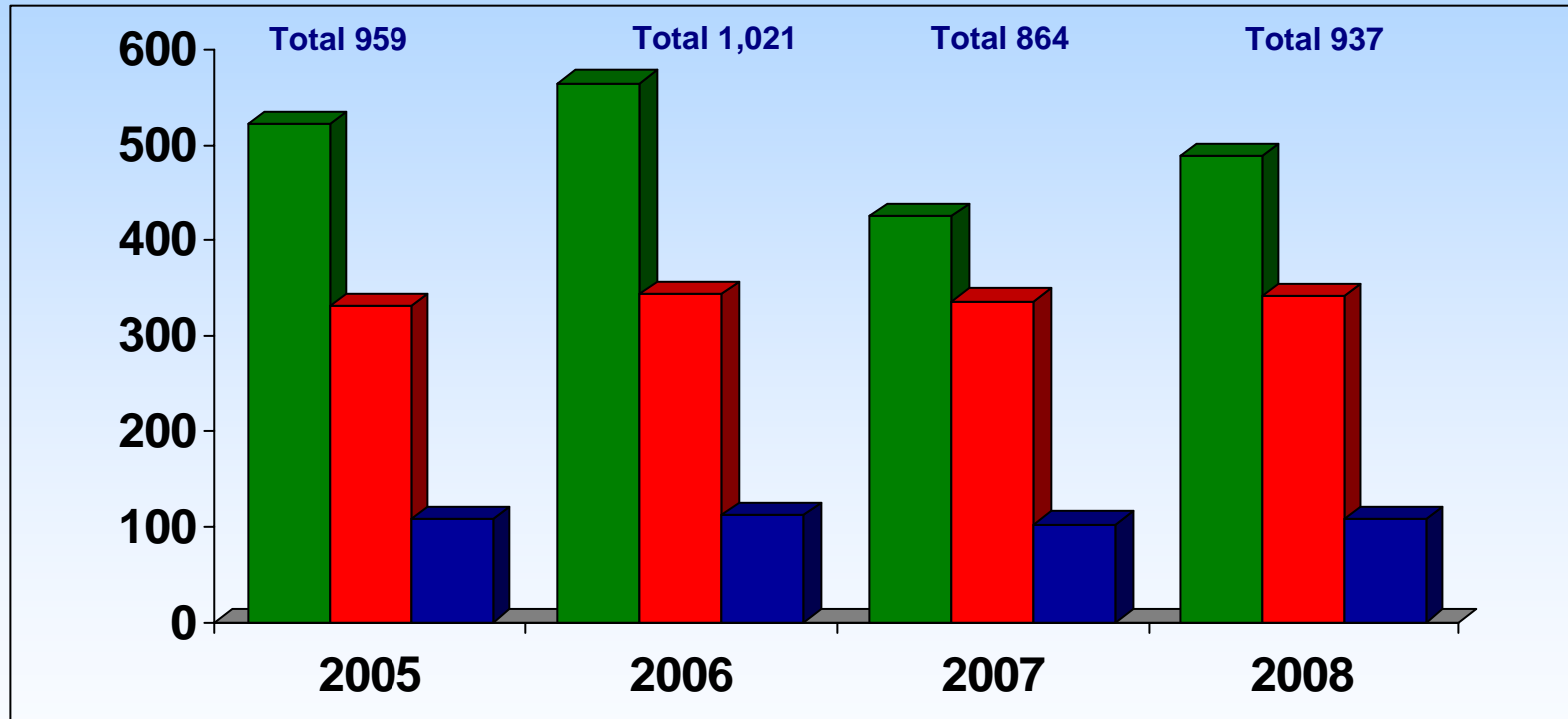


	New models	All models
Europe		
Euro IV	01-Oct-05	01-Oct-06
Euro V	01-Oct-08	01-Oct-09
United States		
US2007	01-Jan-07	01-Jan-07
US2010	01-Jan-10	01-Jan-10
Japan		
<i>Short Term</i>		
2.5-12t	01-Oct-03	01-Sep-04
12t+	01-Oct-04	01-Sep-05
<i>New Long Term</i>		
3.5t+	01-Oct-05	01-Sep-07
Japan Diesel 09		
3.5t+ /12t+	end 2009/2010	2010/2011
China		
Beijing - Euro IV	2008	
Rest of country - Euro IV	2010	
India		
Major cities	2010 (or earlier?)	
South Korea		
Euro IV	01-Jan-06	01-Jan-08
Brazil		
Euro IV	2009	

HDD Market Size Forecast

All Heavy Duty Vehicles Sold

'000 vehicles



■ North America ■ Europe ■ Japan

Europe and Japan > 6 tonnes

US classes 4-7 and 8

Source: JD Power Global Commercial Vehicle Forecast



Environmental Catalysts and Technologies

Heavy Duty Diesel Summary

- **Market size \$700 million p.a. (ex pms) in 2008**
- **Further tightening of legislation in Europe, US and Japan by 2010**
- **Legislation expected in China, India, South Korea and Brazil**
- **Non road regulation starts in 2011**
- **Projected market size of \$3 billion p.a. (ex pms) by end of 2014**

Process Catalysts and Technologies

- **Good growth in sales and profits**
- **AMOG well ahead. Good demand from methanol producers**
- **Very strong start for DPT. Several major contracts won in China**
- **Fine chemical and catalyst businesses performed well**

Process Catalysts and Technologies

Future Business Drivers

High oil price brings 3 important new drivers to JM's PCT business

- More heavy / dirty crude will be processed
- Expensive oil will be used to make high value products. Gas and coal will increasingly be used to make chemicals and fuels
- Efforts to use less oil and concerns about climate change lead to low carbon era



Process Catalysts and Technologies Future Business Drivers

- **Heavy / dirty oil requires more hydrogen to crack. Contaminants removed by high tech absorbents**
- **Syngas is first step in gas to products. DPT is a leader in process design and licensing**
- **CO₂ is new pollutant**

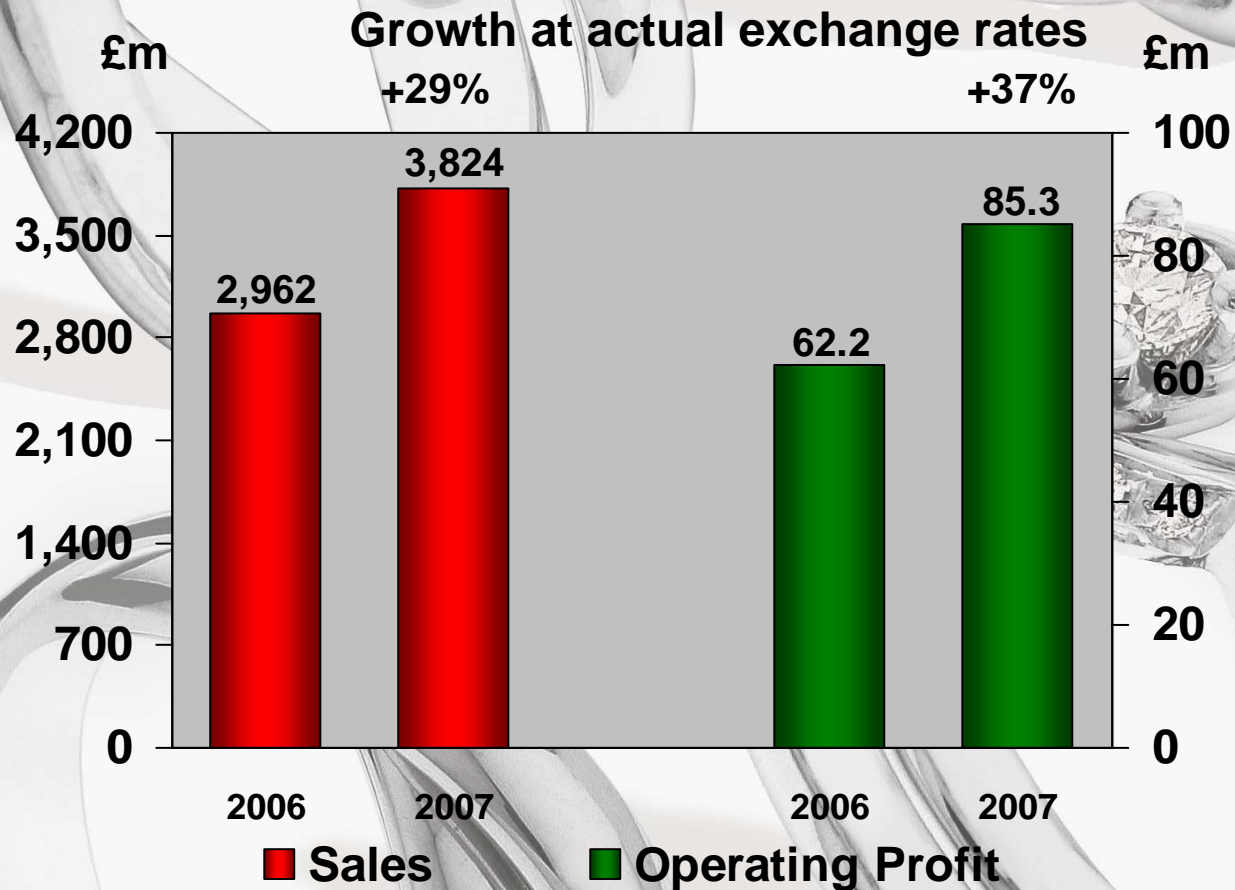
Fuel Cells

- Fuel Cells will also benefit from interest in low carbon and low emission technologies
- Major car companies announce fuel cell cars
- Good growth in sales of membrane electrode assemblies for direct methanol fuel cells
- Net expense reduced by £0.8 million to £7.3 million



Precious Metal Products

- Profits up 37%
- Buoyant pgm markets and good growth in manufacturing businesses



Platinum and Palladium Prices

US\$/oz



— Platinum

— Palladium



Rhodium Price

US\$/oz



— Rhodium



Precious Metal Products

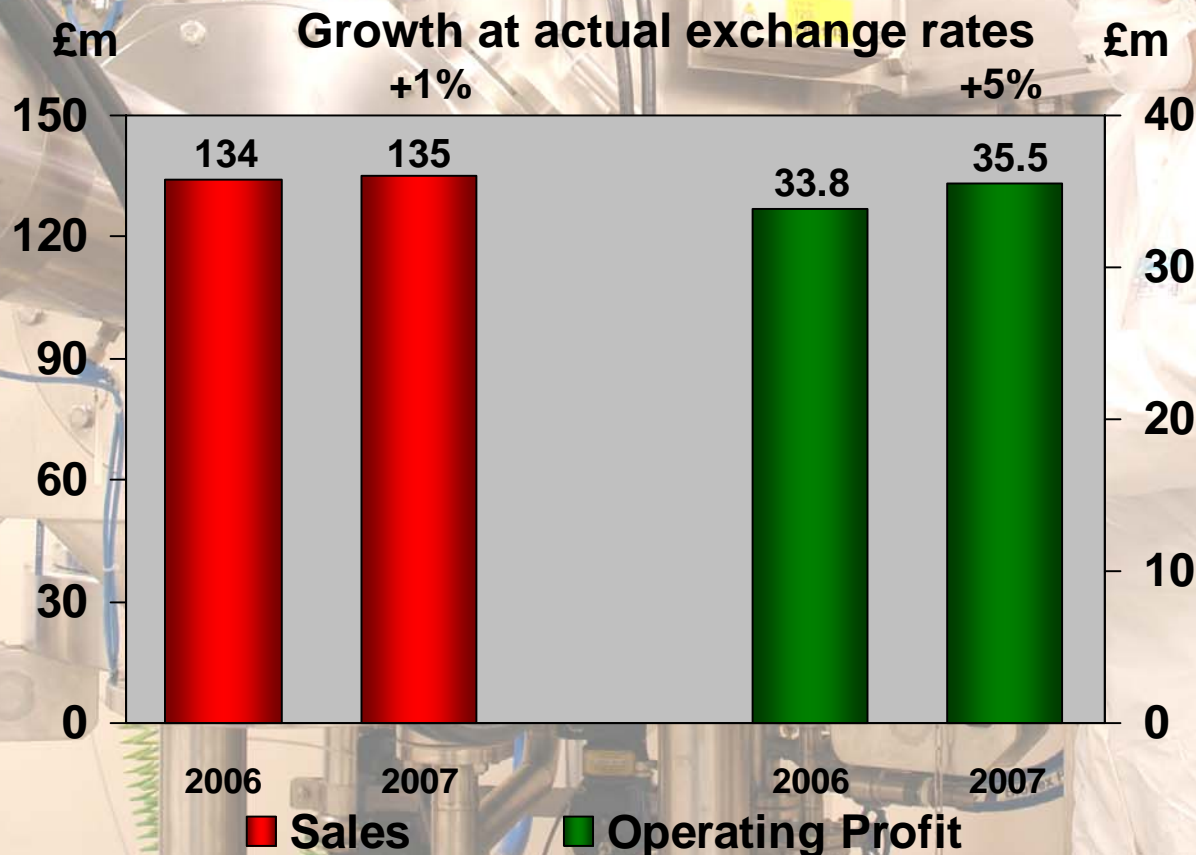
- **Strong growth in marketing and distribution business**
- **Second half of 2006/07 benefited from profits on minor metals**
- **Market conditions remain favourable**
- **Further growth expected in 2007/08 primarily in the first half**

Precious Metal Products Manufacturing Businesses

- **Good growth in pgm fabrication businesses, particularly in medical products in the US**
- **New catalyst market for abatement of N₂O (a powerful greenhouse gas)**
- **Good progress in pgm refining**
- **Continued growth in Colour Technologies business**

Pharmaceutical Materials

- Profits up 5%
- Good recovery in US operations



Pharmaceutical Materials Operations

- **Good recovery in US**
- **Growth in US sales of APIs for controlled drugs (ADDERALL[®], methylphenidate and specialist opiates)**
- **Good recovery in US contract research business**
- **Bulk opiate sales in Europe below last year**
- **Specialist opiate sales in Europe continue to show good growth**

Pharmaceutical Materials

Future Prospects

- Continued growth in generic pain killers
- Market for platinum anticancer drugs continues to expand
- NDA filed for Satraplatin. If successful, GPC Biotech hope to launch in 2007
- Launch of generic ADDERALL XR[®] agreed for April 2009
- Several new prostaglandin products to be launched in the next few years

New Divisional Structure

From 1st April 2007

Johnson Matthey



New Divisions

Restated Sales and Operating Profit

2007

	Revenue £m	Sales ex. PMS £m	Operating Profit £m
Environmental Technologies	1,864	896	120.1
Precious Metal Products	3,824	290	85.3
Fine Chemicals & Catalysts	463	268	64.2
Corporate	-	-	(17.2)
Continuing businesses	<u>6,152</u>	<u>1,454</u>	<u>252.4</u>

Outlook

Environmental Technologies

- **Further strong growth in sales ex pms**
- **Full year benefit of HDD sales to OEMs**
- **Continued growth in diesel products in Europe and autocatalysts in Asia**
- **Overall, we expect ECT to achieve double digit growth in sales and operating profits in 2007/08**
- **Process Technologies should also perform well with continued strong demand across its product range**

Outlook

Other Divisions

- **Market conditions for pgms remain favourable**
- **PMP should achieve further growth in 2007/08 although not as strong as 2006/07**
- **Fine Chemicals & Catalysts expected to achieve steady growth in 2007/08**
- **US dollar weakness may cause adverse exchange translation**

Outlook Summary

- Overall we expect the continuing businesses to perform well in 2007/08 with very good growth in PBT
- Growth in EPS will be 4 to 5% lower than PBT growth due to dilutive effect of sale of Ceramics
- Medium term outlook remains very encouraging with substantial growth opportunities for Environmental Technologies and good prospects for the other two divisions



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