

A large industrial factory setting with workers, machinery, and a large monitor displaying data. The scene is brightly lit with overhead industrial lights. In the foreground, two workers in blue uniforms and caps are looking at a large monitor on the left. The monitor displays a complex data visualization with multiple columns and rows of numbers and graphs. In the background, there are various pieces of machinery, including a robotic arm and a control panel with a smaller screen. The overall atmosphere is one of a busy, modern manufacturing environment.

Presentation of Results for the year ended 31st March 2010

3rd June 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.



Johnson Matthey



Introduction

Neil Carson
Chief Executive



Johnson Matthey

Highlights

- Sales (ex pms) up 5%
- Underlying operating profit down 9%, underlying PBT down 5%
- First half impacted by recession
- Recovery in second half helped by:
 - Improved light duty vehicle sales
 - Higher precious metal prices
- Strong cash generation
- Balance sheet remains strong
- Group well placed to return to growth



Financial Review

Robert MacLeod
Group Finance Director



Johnson Matthey

Summary Results

Year to 31 st March	2010 £m	2009 £m	% Change
Revenue	7,839	7,848	-
Sales excluding precious metals	1,886	1,797	+5
Profit before tax	228.5	249.4	-8
Total earnings per share	77.6p	82.6p	-6
Underlying*:			
Profit before tax	254.1	267.9	-5
Earnings per share	86.4p	89.6p	-4
Dividend per share	39.0p	37.1p	+5

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

Underlying Operating Profit / Exchange

Year to 31 st March	2010	2009	Change	2009 at	Growth at
	£m	£m		2010 rates	
			%	£m	rates
					%
Environmental Technologies	120.9	124.3	-3	129.1	-6
Precious Metal Products	116.7	143.0	-18	148.9	-22
Fine Chemicals	55.8	49.5	+13	51.1	+9
Corporate	(21.6)	(18.3)		(18.4)	
Group	271.8	298.5	-9	310.7	-13

- Average rates for year:
 - \$1.595/£ (2009 \$1.719/£)
 - €1.129/£ (2009 €1.205/£)
- Each 1 cent change in average exchange rate affects annual operating profit by:
 - \$ - £0.4m
 - € - £0.4m

Interest and Taxation

Year to 31 st March	2010 £m	2009 £m
Net finance costs (interest)	(19.4)	(32.6)
Underlying income tax expense	(71.2)	(79.2)
Underlying tax rate (underlying tax / underlying profit before tax)	28.0%	29.6%

Finance costs

- Reduced by £13.2m due to combination of lower interest rates and borrowings
- 65% of debt at 31st March 2010 fixed at average rate of 5.1%

Tax

- Lower tax rate partly due to changing geographic mix of profits
- Reduction in tax rate maintainable

Net Cash Flow

Year to 31 st March	2010	2009
	£m	£m
Operating profit	251	280
Depreciation and amortisation	140	110
Tax paid	(1)	(85)
Working capital / other	(114)	196
Cash flow from operations	276	501

- Lower than expected working capital outflow
- Net debt at 31st March 2010 - £473.4m
 - Net debt / EBITDA of 1.2 (1.6 including post tax pension deficit)
 - Ample facilities for foreseeable future - €100m, 10 year loan (from February 2011) recently signed
- Retain efficient balance sheet
 - Net debt (incl. post tax pension deficit) / EBITDA between 1.5 and 2.0

Working Capital

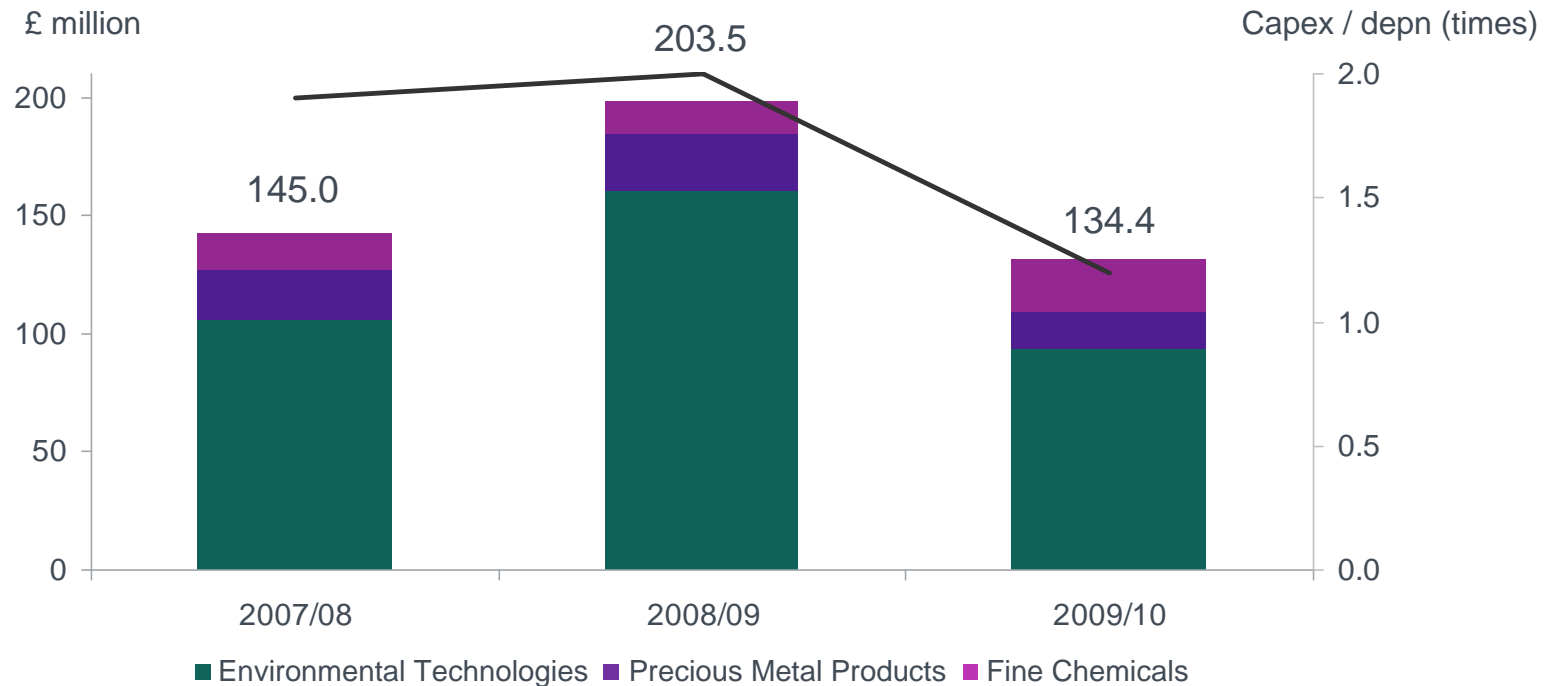
- We monitor working capital days excluding pgms
- At 31st March 2010, working capital days (excl. pgms) were 57 (2009 63)
- During 2010, working capital increased by:
 - Excl. pgms £24.9m
 - Pgms £77.1m
- Cash flow benefited from unusually high amounts of customer funded metal at 31st March 2010

Return on Invested Capital (ROIC)

Year to 31 st March	2010 £m	2009 £m
Underlying operating profit	271.8	298.5
Average invested capital:		
Equity	1,213	1,169
Net debt	504	572
Total investment	1,717	1,741
Pre-tax ROIC	15.8%	17.1%
Pre-tax cost of capital	10.8%	11.5%

- Modest reduction in ROIC due to lower operating profits – but lower asset base
- Long term target of 20% pre-tax ROIC remains

Capital Expenditure



- Capex / depreciation 1.2x (2009 2.0x)
- Going forward, capex likely to be between 1.0 and 1.2x depreciation

Pensions

- Post tax IAS19 UK and US pension deficit increased to £129.5m (2009 £63.1m)
- UK Actuarial Valuation:
 - UK actuarial deficit at 1st April 2009: £173m
 - From 1st April 2010, all employees moved to career average salary scheme
- Funding:
 - UK: 10 year funding plan from 1st April 2010 of £23m p.a.
 - US: \$30m contributed in December 2009
- Income Statement:
 - Total UK and US pension cost £23.4m (2009 £17.7m)
 - Charge likely to increase by circa £6m



Operating Review

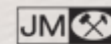
Neil Carson
Chief Executive



Johnson Matthey



Environmental Technologies Division

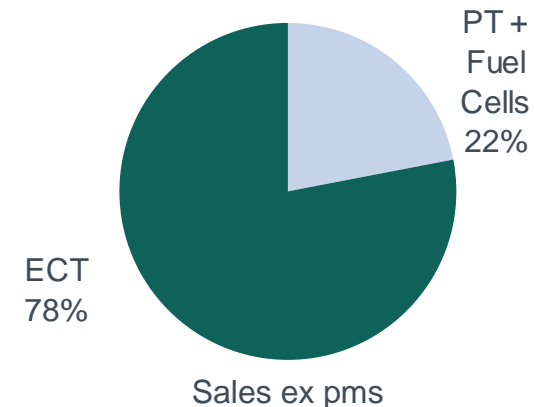


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Environmental Technologies Division

£m	Year to 31 st March		%	% at
	2010	2009		
Revenue	2,056	2,226	-8	-11
Sales excluding precious metals	1,247	1,135	+10	+6
Underlying operating profit	120.9	124.3	-3	-6
Return on sales (ex pms)	9.7%	10.9%		

- Emission Control Technologies' sales excluding precious metals up 12%
- Process Technologies' sales (ex pms) up 3%



Estimated Light Duty Vehicle Sales and Production

		Year to 31 st March			2H	1H	Change %
		2010 millions	2009 millions	Change %	2009/10 millions	2009/10 millions	
North America	Sales	13.0	14.4	-9.7	6.2	6.8	-8.8
	Production	9.7	10.8	-10.2	5.6	4.1	+36.6
Europe	Sales	18.5	19.9	-7.0	9.1	9.4	-3.2
	Production	18.1	18.8	-3.7	9.5	8.6	+10.5
Asia	Sales	24.2	17.2	+40.7	13.4	10.8	+24.1
	Production	30.7	25.5	+20.4	17.3	13.4	+29.1
Global	Sales	66.7	62.1	+7.4	35.2	31.5	+11.7
	Production	65.2	61.5	+6.0	35.8	29.4	+21.8

Source: IHS Global Insight

Emission Control Technologies

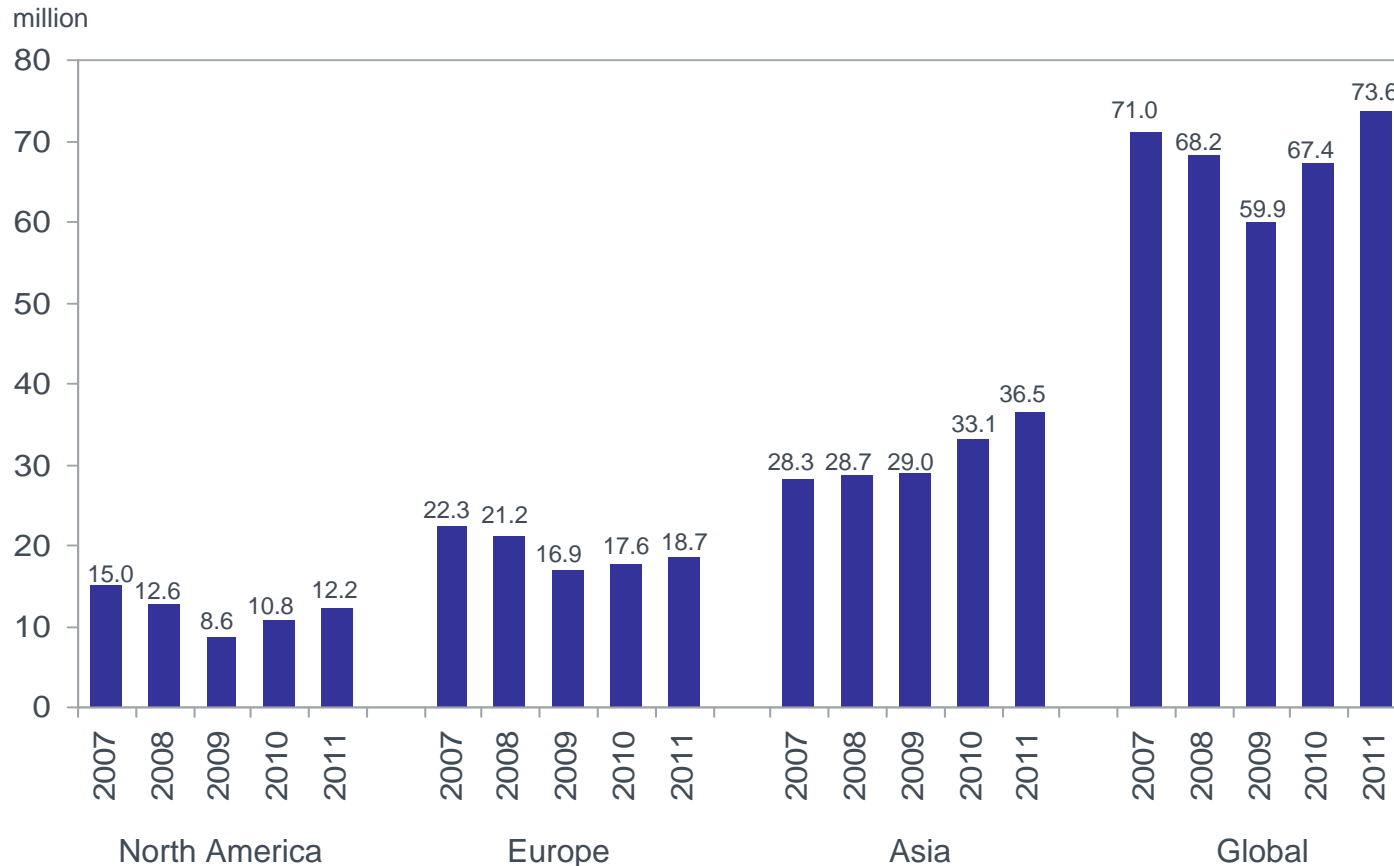
Light Duty

- Light duty catalyst sales (ex pms) up 17% to £754m
- Strong recovery in the second half
- JM's sales volumes grew more than global car sales
- Production costs benefited from actions taken during downturn
- New, highly efficient production facility in Macedonia now operational
- Major expansion of autocatalyst production capacity in China
- Construction of new Chinese R&D facility now underway



Emission Control Technologies

Light Duty Vehicle Production Outlook



- Most recent industry forecasts for light duty vehicle production in calendar year
- Asia achieved growth in 2009 and will continue to be main engine of growth in 2010 and 2011
- Slower growth expected in North America and Europe. Some improvement over previous forecasts

Estimated HDD Truck Sales and Production

		Year to 31 st March			2H	1H	Change %
		2010 thousands	2009 thousands	Change %	2009/10 thousands	2009/10 thousands	
North America	Sales	251.4	350.4	-28	134.2	117.2	+15
	Production	239.7	340.2	-30	133.8	105.9	+26
EU	Sales	196.4	354.7	-45	91.9	104.5	-12
	Production	194.7	474.0	-59	105.1	89.6	+17

Source: J D Power Automotive Forecasting

Emission Control Technologies

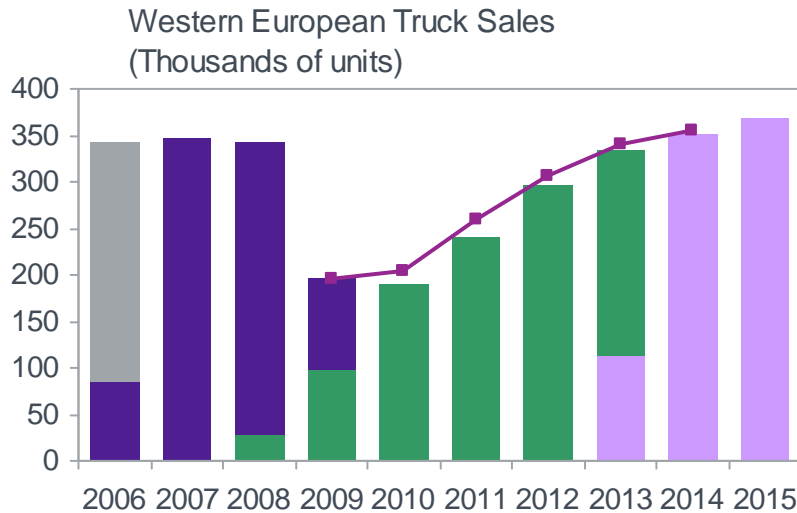
Heavy Duty

- HDD vehicle sales depressed in year. Europe and USA down 45% and 28% respectively
- JM's HDD catalyst sales (ex pms) fell by 5% in 2009/10
- HDD business made small operating loss
- HDD market estimated to be US \$400m in 2009/10. JM share temporarily increased to >65%
- Some early signs of recovery in US market
- Growth prospects for HDD business remain strong

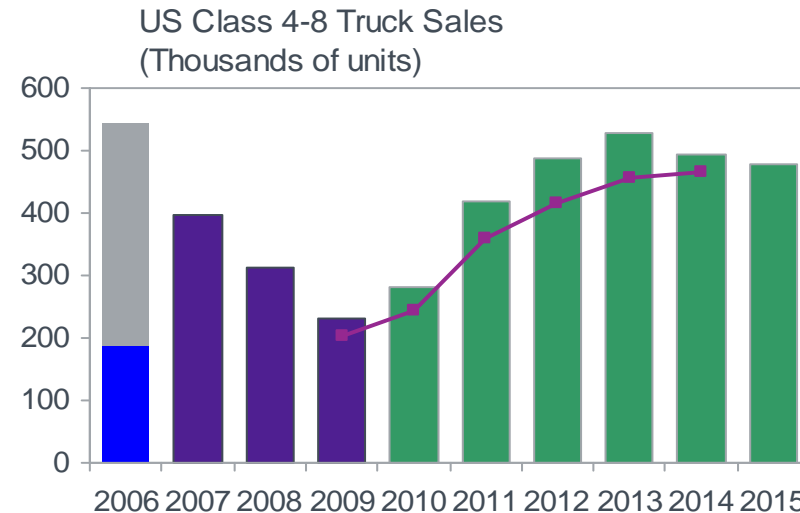


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Heavy Duty Diesel Vehicle Sales Outlook (March 2010)



Source: JD Power, ACT Research and Johnson Matthey

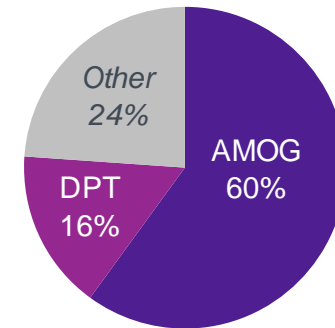


- No catalyst fitted
- DOC fitted
- Current regulations (Euro IV / US 07)
- Euro V / US 2010 regulations
- Euro VI regulations
- Sales outlook at October 2009

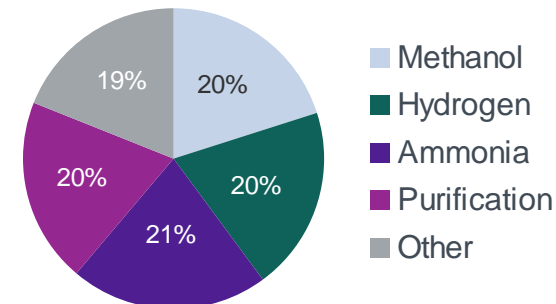
Process Technologies

- AMOG performed well overall
 - Strong sales to ammonia and methanol markets
 - Demand for gas purification products held up well
 - Hydrogen catalyst sales down, impacted by slowdown in oil refining activity
- JM expanding catalyst manufacturing capacity to meet demand from growing syngas markets
- Looking at future options for the Vertec business

2009/10 **Process Technologies**
sales (ex pms)
£268m



2009/10 **AMOG and DPT**
external sales (ex pms) by market

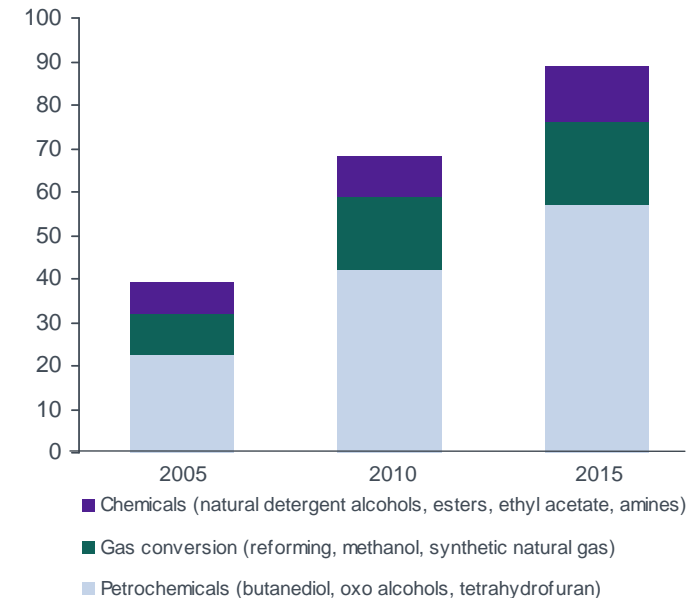


Process Technologies

Davy Process Technology (DPT)

- Eight new contracts won in 2009/10
- Particularly successful in China
 - Three new methanol plants, all using coal feedstock
 - One oxo alcohols plant
 - Two speciality chemicals facilities
 - First world scale synthetic natural gas (SNG) plant in China
- Markets for existing technologies growing at double digit CAGR
- DPT continues to broaden its technology portfolio

Market Size for Technologies Currently Licensed by DPT
£ million



Source: Johnson Matthey estimates

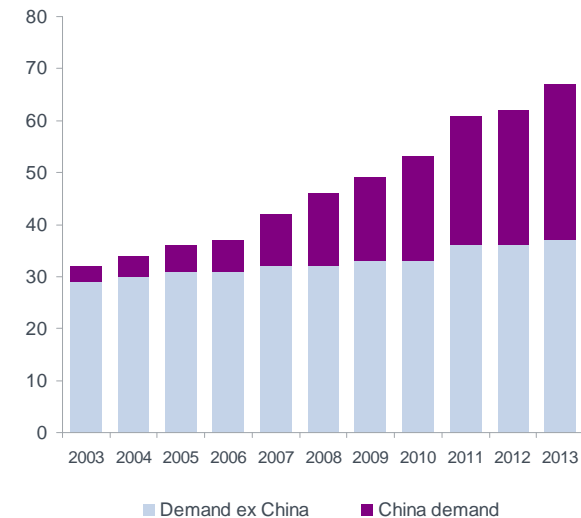
Process Technologies

Methanol – Revolutionary New Catalyst

- Apico methanol synthesis catalyst launched in June 2009
- New manufacturing plant at Clitheroe now operational
 - World's first continuous syngas catalyst manufacturing plant
 - Ground breaking catalyst science and manufacturing technology
- Apico delivers huge value for customers
 - Faster start up
 - Fewer by products
 - Increased methanol production, longer catalyst life
 - A more sustainable product
- 11% CAGR in methanol demand since 2006
 - 20% of AMOG and DPT sales (ex pms) in 2009/10



Global Methanol Demand
Million metric tonnes



Source: CMAI / 2008 World Methanol Conference



Precious Metal Products Division

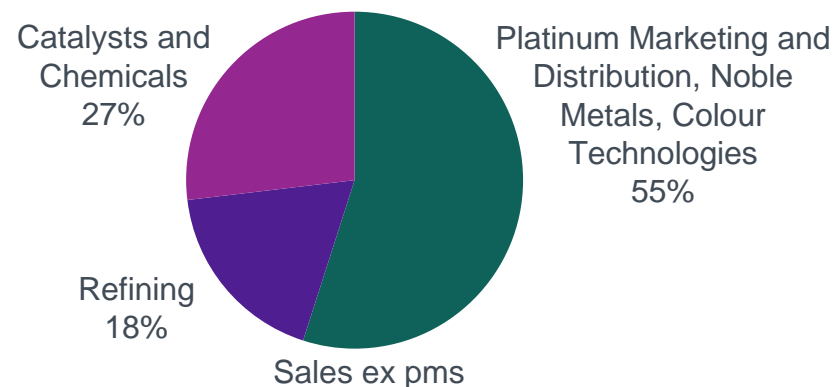


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Precious Metal Products Division

£m	Year to 31 st March		%	% at
	2010	2009		
Revenue	5,562	5,402	+3	-
Sales excluding precious metals	420	447	-6	-11
Underlying operating profit	116.7	143.0	-18	-22
Return on sales (ex pms)	27.8%	32.0%		

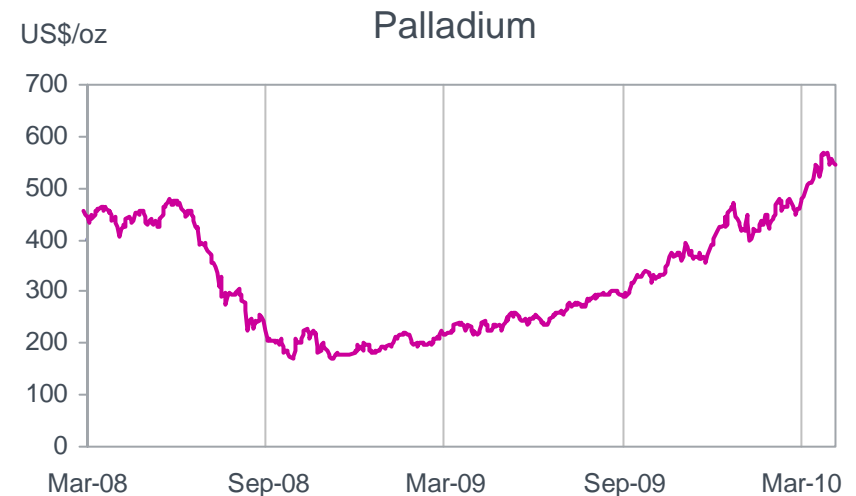
- Sales (ex pms) impacted by metal prices, particularly in first half, and effect of recession on manufacturing businesses
- Performance improved in second half



Precious Metal Products Division

Platinum Marketing and Distribution

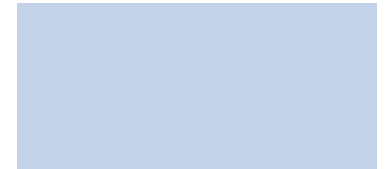
- Pt market in surplus by 285,000 oz in 2009
- Average Pt price in 2009/10 \$1,343/oz, down 3% on prior year
- Pd market in surplus by 760,000 oz in 2009
- Average Pd price in 2009/10 \$325/oz, up 10% on prior year
- PMM's profit fell in 2009/10 but performance improved in the second half as metal prices recovered

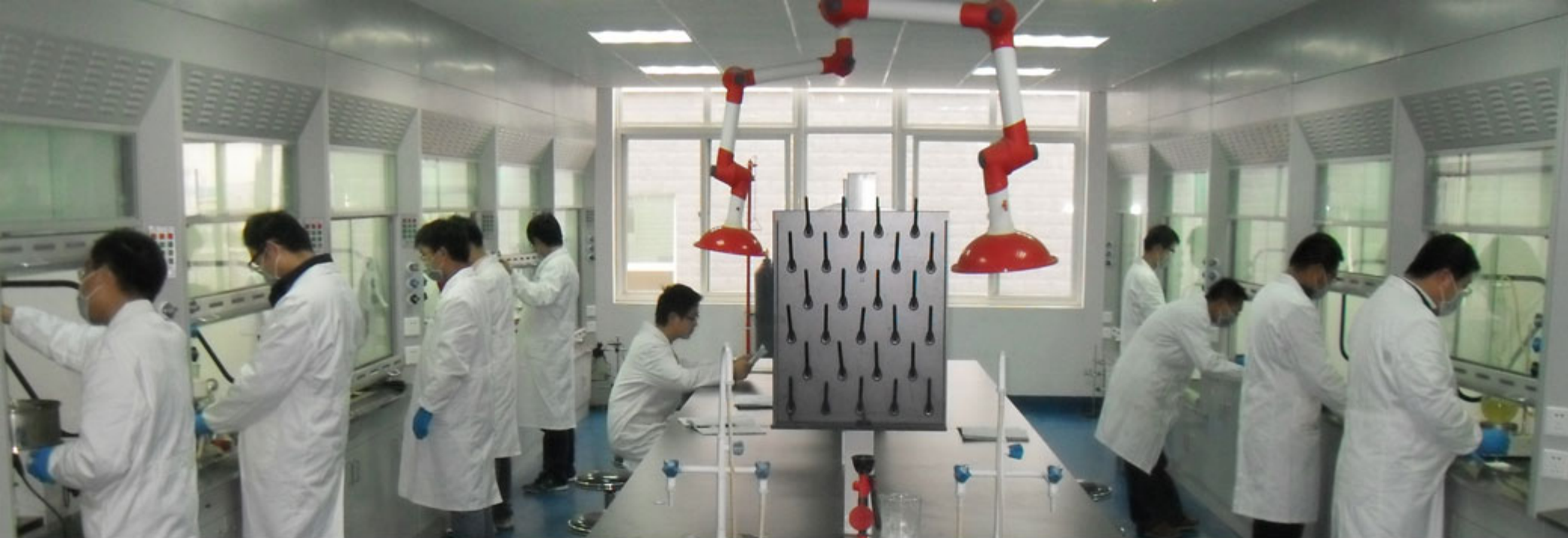


Precious Metal Products Division

Manufacturing Businesses

- Manufacturing businesses had a difficult year
 - Later into recession
 - Later recovery
- Noble Metals' sales (ex pms) down 5%
- Catalysts and Chemicals' sales (ex pms) down 14%
- Refining sales (ex pms) down 6%
- Colour Technologies slightly ahead of last year





Fine Chemicals Division

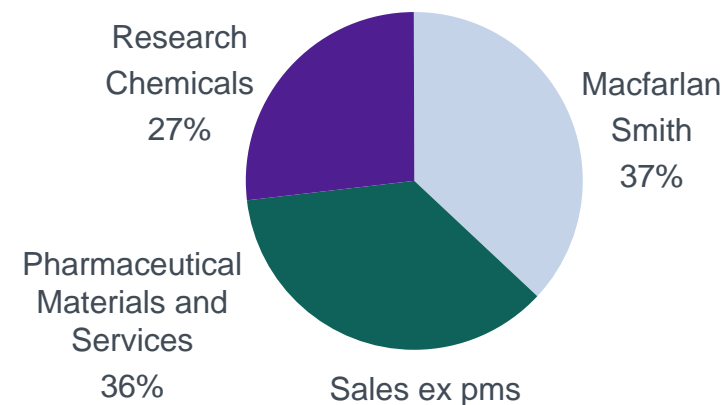


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Fine Chemicals Division

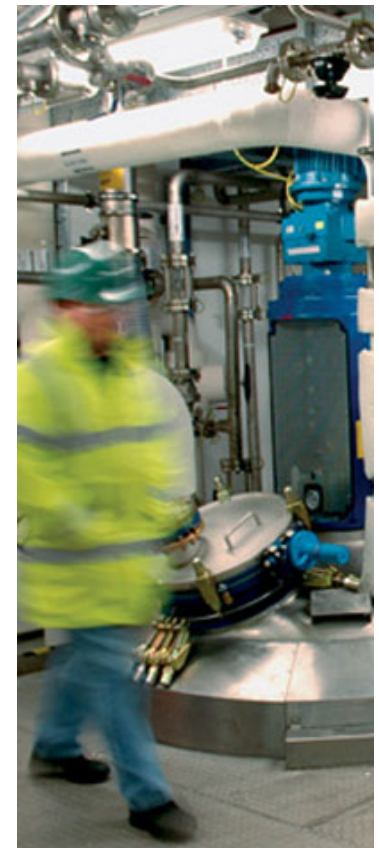
£m	Year to 31 st March		%	% at
	2010	2009		
Revenue	221	220	+1	-4
Sales excluding precious metals	219	215	+2	-2
Underlying operating profit	55.8	49.5	+13	+9
Return on sales (ex pms)	25.5%	23.0%		

- Modest growth in challenging market
- Division benefited from US \$12m one-off payment from launch of generic ADDERALL XR[®]



Fine Chemicals

- Good growth in speciality opiates, offset by raw material supply issues at Macfarlan Smith
- Pharmaceutical Materials and Services' sales (ex pms) up 14%
 - Manufacturing business performed well
 - Difficult year for contract research business
- Generic market offers good growth opportunities for our APIs
 - New joint venture to manufacture in China
- Research Chemicals' sales slightly up
 - Western markets suffered in first half, recovery in second half. Asian markets ahead



Outlook

First Half 2010/11 vs First Half 2009/10 (1)

Environmental Technologies:

- Operating profit should be significantly ahead
- ECT expected to perform well
 - Impact of end of scrappage schemes may take time to feed through
 - Benefit from some customer stockbuilding
- Process Technologies should continue to grow

Outlook

First Half 2010/11 vs First Half 2009/10 (2)

Precious Metal Products:

- Results will benefit from higher pgm prices
- Manufacturing businesses emerging from recession
- Division's results in first half should be significantly ahead of same period last year

Fine Chemicals:

- Continued steady underlying growth

Group:

- Expected to make good progress
- Underlying PBT should be significantly higher

Outlook

Second Half 2010/11 and Longer Term

Second Half:

- Performance in second half harder to predict
- Group well positioned to take advantage of a recovery in global economies

Longer Term:

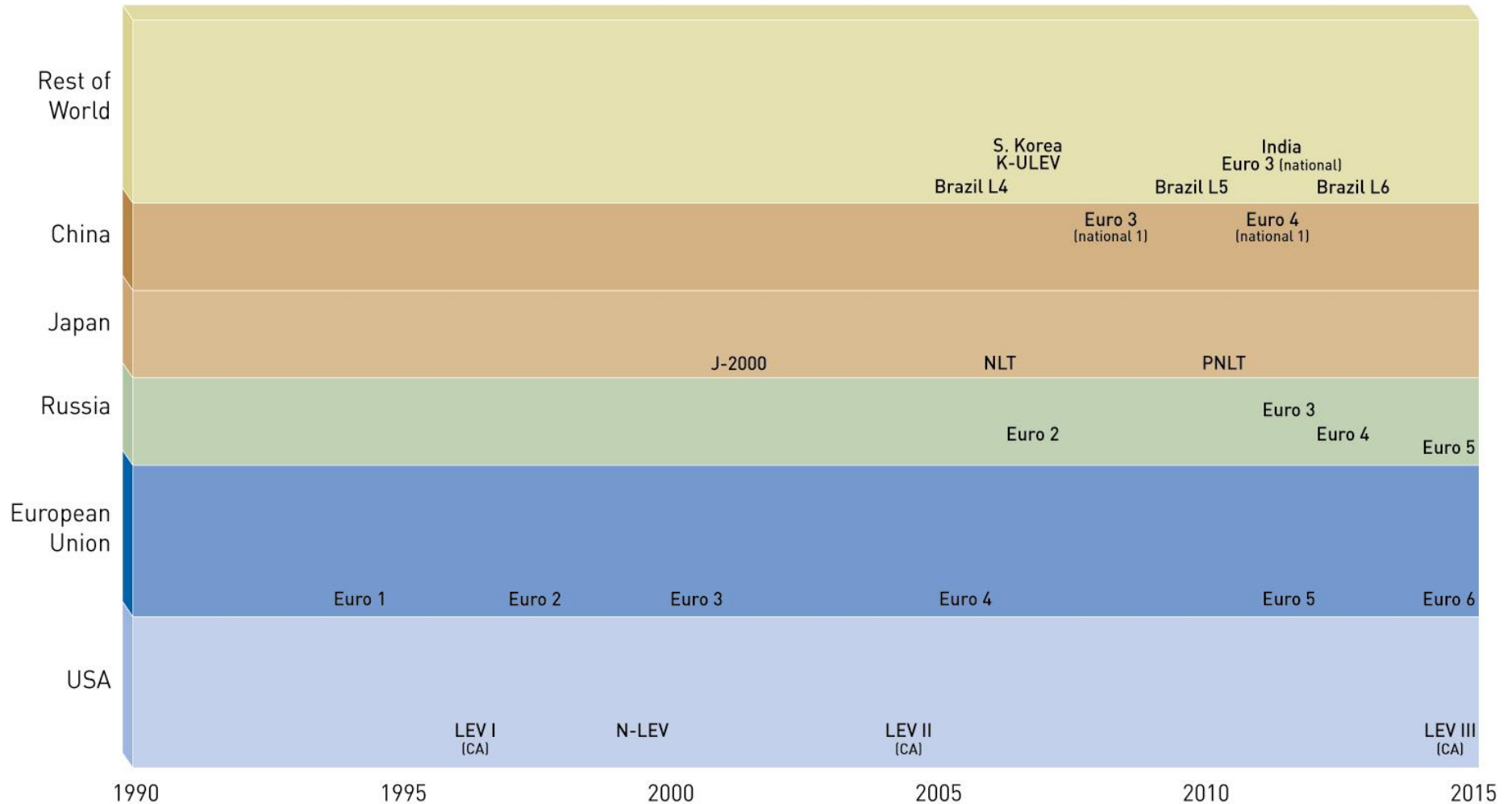
- Long term drivers of our businesses remain firmly place
- Strong balance sheet and proven business model
- Well placed to return to growth



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Emission Control Technologies

Light Duty Vehicle Legislation



Emission Control Technologies

Heavy Duty Diesel Legislation

