



# Johnson Matthey

## News Release

For release at 7.00 am on Tuesday 19th July 2011

### **Johnson Matthey Plc**

### **Interim Management Statement**

At today's Annual General Meeting to be held at 11:00 am, Sir John Banham, Chairman of Johnson Matthey, will make the following statement on the group's trading in its first quarter covering the period from 1<sup>st</sup> April 2011 to date:

"Johnson Matthey has made further good progress in the first quarter of 2011/12 with sales excluding precious metals (sales) up 12% to £617 million. Underlying profit before tax increased by 19% to £98.2 million, benefiting principally from higher demand for our products and operational leverage.

The group's balance sheet remains strong and at 30<sup>th</sup> June 2011 net debt was £513.8 million, down £125.6 million compared with the 2010/11 year end reflecting normal seasonality.

#### *Environmental Technologies Division*

Environmental Technologies Division continued to perform well with growth in sales in the quarter of 14% to £414 million and a similar improvement in operating profit. Overall the performance of Emission Control Technologies (ECT) was strong with sales up by 17% to £333 million. As we expected, a lower operating profit from our light duty vehicle catalyst business was more than offset by a strong improvement in our heavy duty diesel catalyst business. Light duty vehicle catalyst sales were up by 3%, in part affected by the temporary disruption to supply chains caused by the Japanese earthquake and tsunami. This adversely impacted the business' operating results as did the effect of higher rare earth prices. Discussions with our customers to mitigate the impact of these higher prices are

proceeding in line with our expectations. On the other hand, sales of heavy duty diesel catalysts, particularly in North America, grew strongly, up 64%, with a consequential substantial growth in operating profit.

An agreement on the social plan for employees affected by the closure of the Brussels autocatalyst plant was reached in June and the plant closed in July.

Process Technologies also continues to perform well with sales in the quarter up by 5% to £80 million, aided by an excellent start to the new year from its high margin Davy Process Technology business.

#### *Precious Metal Products Division*

Precious Metal Products Division's good performance followed the trend seen last year, benefiting from strong industrial demand and higher average precious metal prices. Sales in the quarter grew by 6% to £150 million but operating leverage and a change in mix led to operating profit being significantly higher. The results of the services businesses are significantly affected by average precious metal prices and during the quarter average platinum and palladium prices were 9% and 53% higher than in the corresponding period last year. The division's manufacturing businesses performed ahead of our expectations in the quarter with continued strong demand for their products.

#### *Fine Chemicals Division*

The Fine Chemicals Division has also started the year well with sales up 15% to £70 million and good growth in operating profit. The division's API manufacturing businesses performed well with a particularly strong performance in North America driven by improved market share. Its Research Chemicals business continues to make steady progress.

#### *Outlook*

Looking ahead, demand for the group's products and services remains robust. The outlook for the second quarter of 2011/12 is good and as a result the group's performance in the first half of the year is expected to be significantly ahead of the same period in 2010/11. We currently anticipate that our good start to 2011/12 will be maintained throughout the year."

## **Conference Call for Analysts and Investors**

Robert MacLeod, Group Finance Director will host a conference call at 8:00am today, Tuesday 19<sup>th</sup> July 2011, to discuss this Interim Management Statement.

The dial-in number for UK callers is 0208 974 7904; for overseas callers the number is +44 208 974 7904; and the passcode is 380176#. Please dial in at least 5 minutes prior to the start of the conference call to allow time for registration.

### Enquiries:

Ian Godwin	Director, IR and Corporate Communications	020 7269 8410
Robert MacLeod	Group Finance Director	020 7269 8484
Howard Lee	The HeadLand Consultancy	020 7367 5225

[www.matthey.com](http://www.matthey.com)