



Presentation of Results for the year ended 31st March 2013

6th June 2013

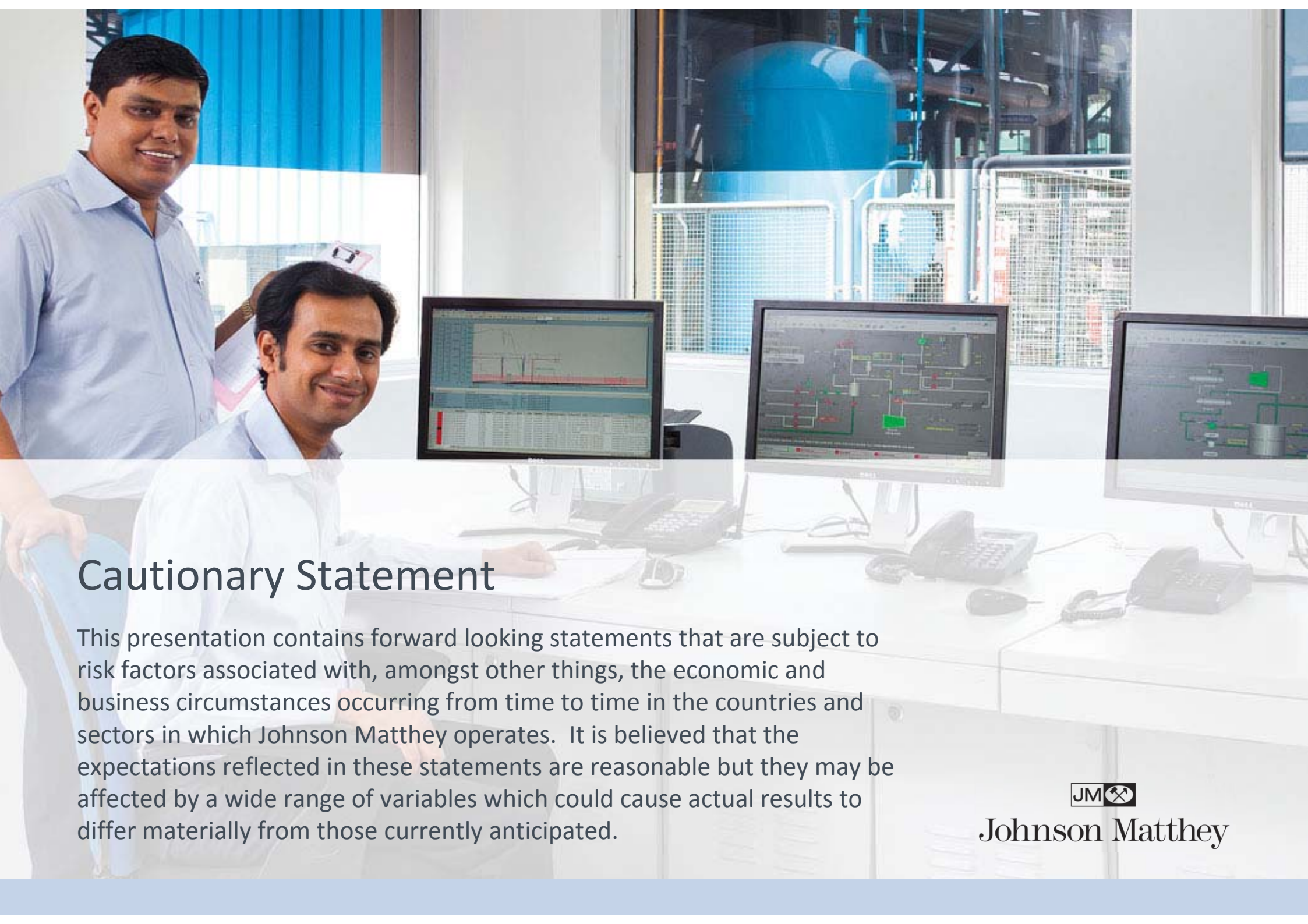


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Johnson Matthey

The background image shows two men in a control room. One man is standing on the left, smiling, wearing a light blue button-down shirt. The other man is sitting at a desk in the center, also smiling, wearing a white button-down shirt. The desk has three computer monitors displaying various data and process flow diagrams. There are also telephones and other office equipment on the desk. In the background, through a window, industrial equipment including a large blue storage tank and piping is visible.

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

Key Messages

Sales in line with last year but underlying EPS down 2%

Further growth in ETD offset by disappointing year for PMPD

Acquisition of Axelon and Formox provide additional growth opportunities

2013/14 a year of transition but steady progress expected

Well positioned for future growth



Financial Review

Robert MacLeod
Group Finance Director



Johnson Matthey

Underlying Results

Year to 31 st March	2013 £m	2012 £m	% change
Revenue	10,729	12,023	-11%
Sales excluding precious metals	2,676	2,679	—
Operating profit	414.8	450.1	-8%
Interest	(25.6)	(24.1)	+6%
Profit before tax	389.2	426.0	-9%
Tax	(81.7)	(100.0)	
Profit after tax	307.5	326.0	-6%
Earnings per share	150.0p	153.7p	-2%
Ordinary dividend per share	57.0p	55.0p	+4%
Special dividend per share	-	100.0p	

Note: All figures are before amortisation of acquired intangibles, major impairment and restructuring charges, profit or loss on disposal of businesses and, where relevant, related tax effects

Cash Flow from Operations

Year to 31 st March	2013 £m	2012 £m
Operating profit	381	433
Depreciation and amortisation	150	147
Tax paid	(61)	(69)
Working capital / other	(74)	(47)
Cash flow from operations	396	464

- Good performance on managing working capital
- 2013 working capital days (excl. pms) 49 (2012 54)
- Working capital increased by £40m:
 - Excl. pms £(44)m
 - Pms £84m

- Net debt £835m, up by £381m
 - Acquisitions of Formox and Axelon (£147m net of cash)
 - Special dividend (£212m)
- Net debt (incl. post tax pension deficits) / EBITDA of 1.7 (1.5 excluding pension)
- \$500m arranged in PP market – average interest rate 3.2%

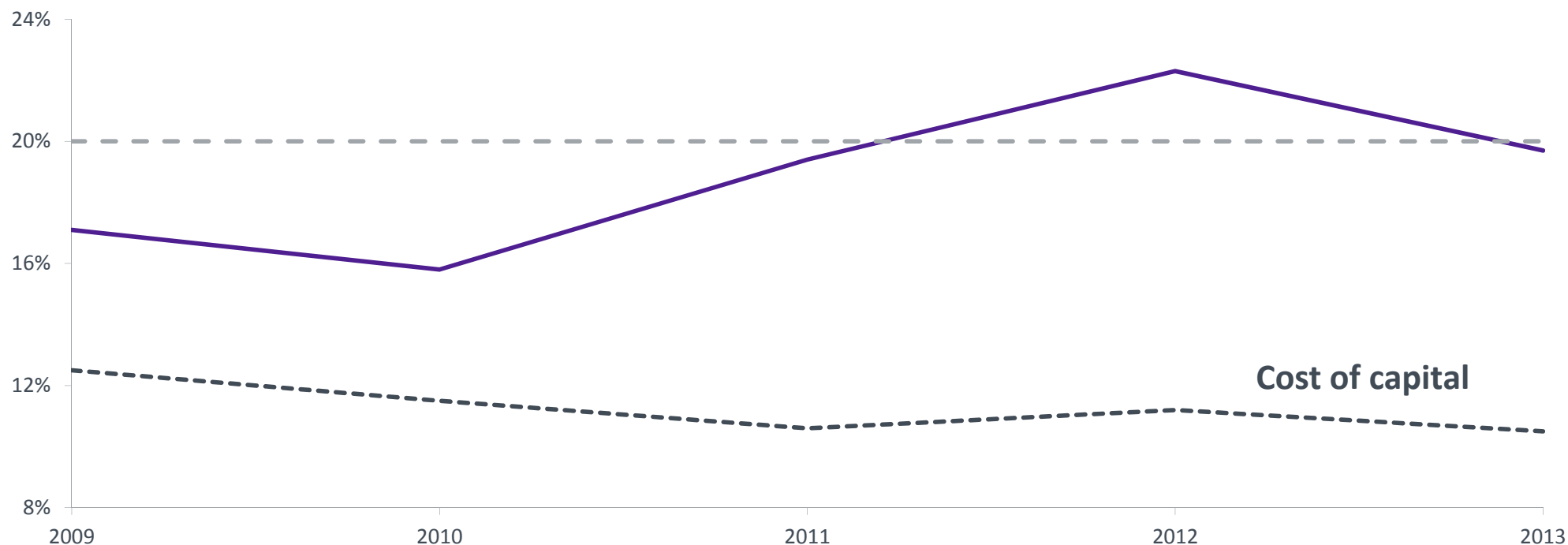
Cash Flow Conversion

Year to 31 st March	2013 £m	2012 £m
Operating cash flow	396	464
Add back: Tax paid	61	69
Pension deficit contributions	28	23
Net capital expenditure	(183)	(142)
Cash flow before adjustment	302	414
Movement in precious metal working capital	84	(61)
Net cash flow	386	353
Underlying operating profit	415	450
Cash flow conversion	93%	78%

- Improvement in working capital yielded good cash flow conversion

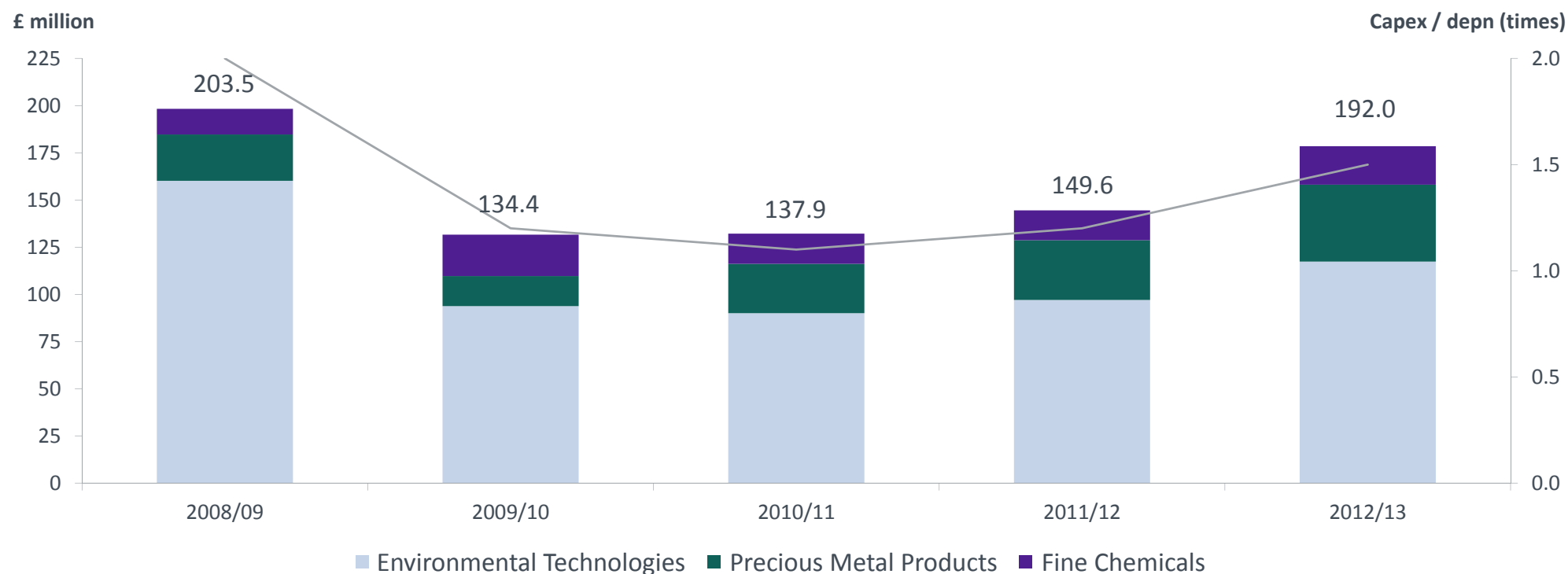
- High planned capital expenditure – conversion likely to average circa 75%

Return on Invested Capital (ROIC)



- ROIC increased in ETD
- More than offset by large reduction in PMPD
- Remain committed to 20% ROIC target

Capital Expenditure



- Key projects:

- Extension of Macedonia facility
- Expansion of UK diesel filter capacity
- New capacity for PT in India and USA

- Expect capex of >£200m p.a. for next three years

Pension Schemes

Year to 31 st March	2013 £m	2012 £m
UK: Scheme deficit	116	85
Assets in SPV	(50)	-
US Schemes	66	85
Others	55	26
	23	18
	144	129

- Deficits increased substantially due to lower discount rates
- UK SPV now in place
- De-risking strategy in progress
 - UK scheme – 58% bonds (from 54% last year)

- Deficit funding cash contributions totalled £28m
- Ongoing deficit funding cash contributions of £24m p.a.

Post Employment Benefit Accounting

Year to 31 st March	2013		2012	
£ million	Published	Revised	Published	Revised
Charge to operating profit	40.2	38.9	25.4	31.2
Net interest	-	7.6	-	6.7
Total charge	40.2	46.5	25.4	37.9
Increase		6.3		12.5

- Charge for the year increases sharply due to lower discount rates
- Revised IAS 19 with effect from 1st April 2013

- Required to restate prior years' results, as above
 - Will reduce 2013 underlying eps by 2.3p (2011/12 4.4p)
- 2013/14 charge will be higher still – up by circa £8m to circa £55m



Operating Review

Neil Carson
Chief Executive



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A man and a woman, both wearing white hard hats and safety glasses, are smiling at the camera. They are in an industrial setting with large tanks and pipes in the background. The man is wearing a light blue button-down shirt with a name tag that says "Bill". The woman is wearing a dark blue button-down shirt and holding a clipboard. A semi-transparent white banner is overlaid across the middle of the image.

Environmental Technologies Division

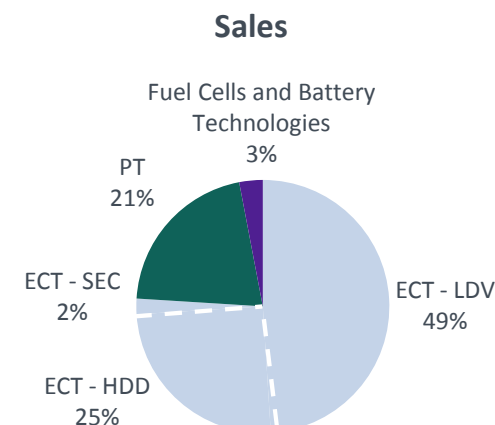


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Environmental Technologies Division

£m	Year to 31 st March			
	2013	2012	% change	% at constant rates
Revenue	3,001	3,255	-8	-6
Sales (excluding precious metals)	1,904	1,876	+2	+2
Underlying operating profit	226.0	211.8	+7	+7
Return on sales	11.9%	11.3%		
Return on invested capital (ROIC)	14.5%	14.2%		

- Challenging year for light duty in Europe
- Good growth in HDD, particularly in North America
- PT slightly ahead of last year
- Acquisition of Axeon and Formox provides further growth opportunities



Emission Control Technologies

Estimated Light Duty Vehicle Sales and Production

		Year to 31 st March			2H	1H	
		2013 millions	2012 millions	% change	2012/13 millions	2012/13 millions	% change
North America	Sales	17.3	15.7	+10.2	8.5	8.7	-2.3
	Production	15.0	13.7	+9.5	7.6	7.4	+2.7
Europe	Sales	17.9	19.0	-5.8	8.6	9.2	-6.5
	Production	18.0	20.1	-10.4	9.1	8.9	+2.2
Asia	Sales	34.1	31.0	+10.0	17.6	16.4	+7.3
	Production	41.1	38.0	+8.2	21.4	19.7	+8.6
Global	Sales	80.2	76.9	+4.3	40.4	39.8	+1.5
	Production	80.2	78.2	+2.6	40.8	39.3	+3.8

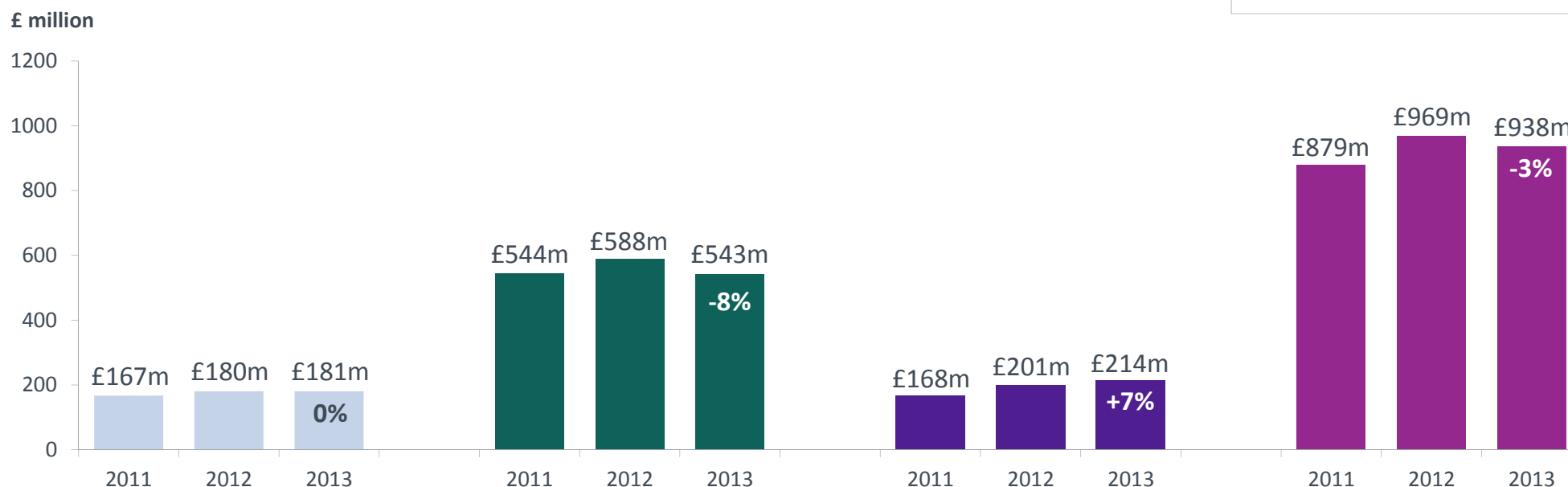
Source: LMC Automotive

Emission Control Technologies

JM's Light Duty Catalyst Sales – 2011-2013

Total sales

£938m down 3%



North America

- Underperformed growth in vehicle production

Europe

- Good performance, ahead of market
- Diesel share flat

Asia

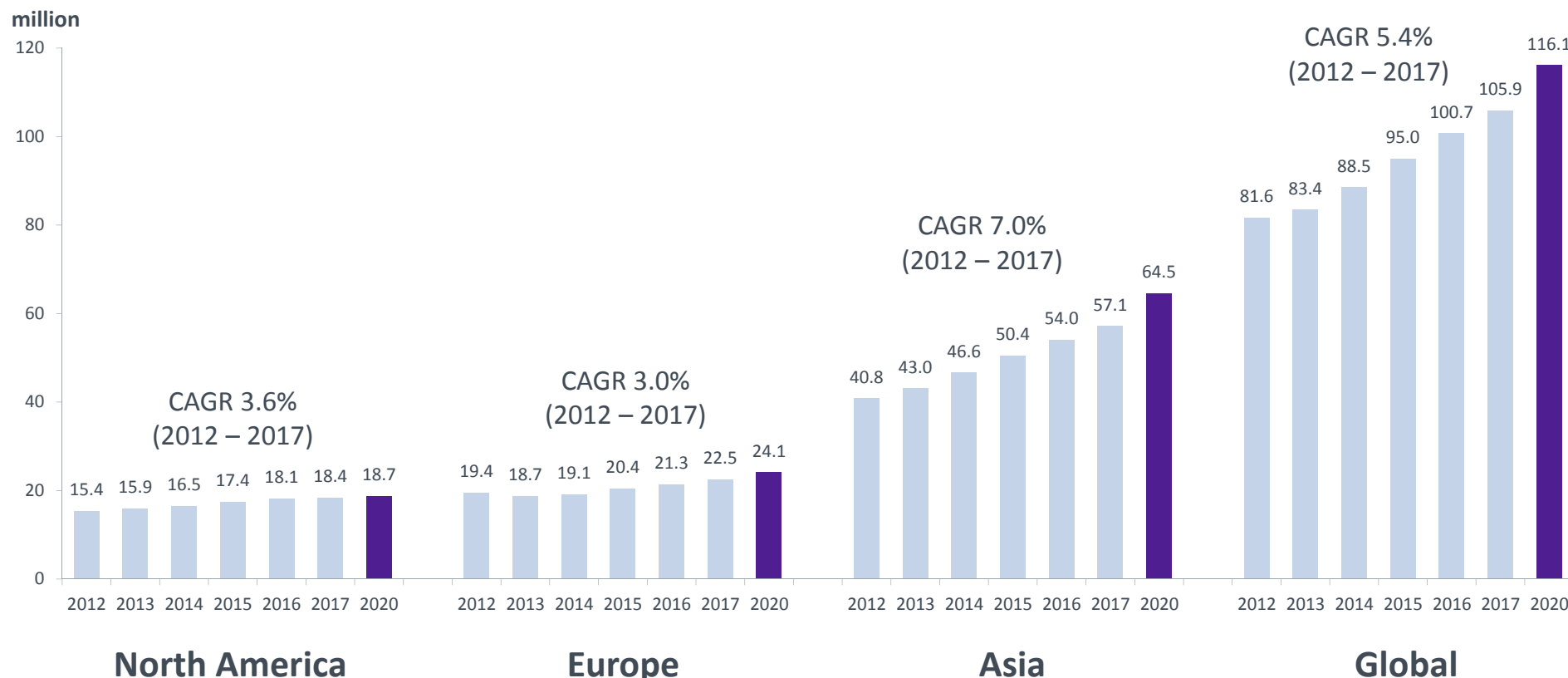
- Sales well ahead in China and South East Asia
- Weak in Japan – trend to mini cars

Global

- Operating profit down 4%

Emission Control Technologies

Light Duty Vehicle Production Outlook – 2012-2020 (calendar years)



- Steady recovery anticipated

- 2013/14 lower but slow improvement expected thereafter

- Further growth predicted, particularly in China

Source: LMC Automotive (March 2013)

Emission Control Technologies

Light Duty: Looking Ahead



2014/15 will benefit from new Euro 6b legislation

- 20 – 25% increase in catalyst value per diesel vehicle



Euro 6c provides further opportunities from 2017/18

- Fitment of filters to direct injection petrol cars
- Circa 2x catalyst value per vehicle



Positive outlook for car demand in North America and Asia

Concerns over demand in Europe

Legislation and CO₂ limits provide structural growth drivers

Emission Control Technologies

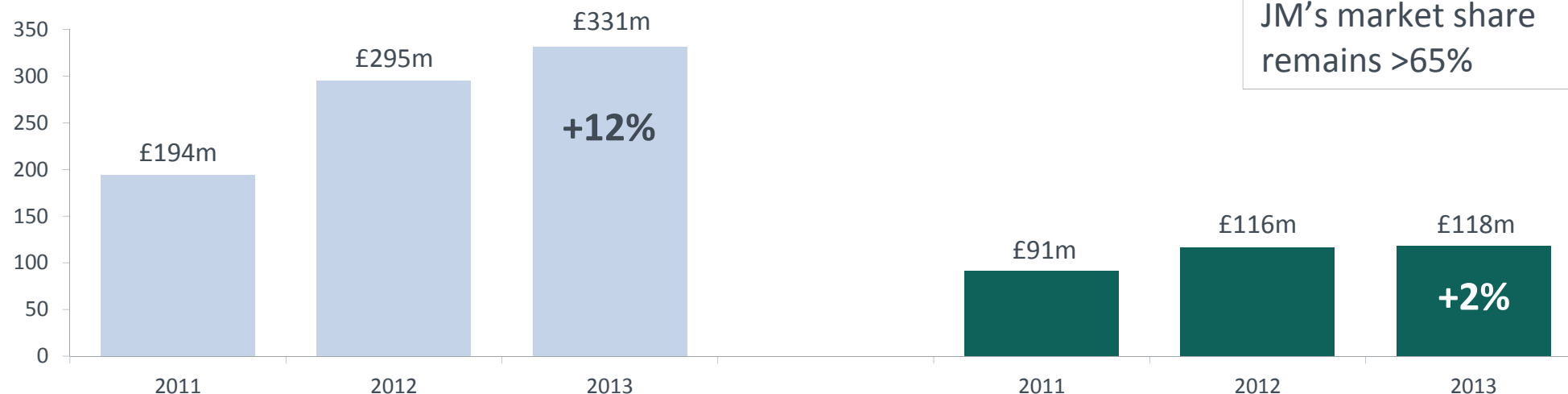
Estimated HDD Truck Sales and Production

		Year to 31 st March			2H	1H	
		2013	2012	%	2012/13	2012/13	%
		thousands	thousands	change	thousands	thousands	change
North America	Sales	434.2	404.8	+7.3	210.9	223.2	-5.5
	Production	448.9	456.8	-1.7	213.3	235.6	-9.5
EU	Sales	266.0	299.0	-11.0	129.5	136.5	-5.1
	Production	370.9	419.0	-11.5	183.5	187.5	-2.1

Emission Control Technologies

JM's Heavy Duty Diesel Sales – 2011 - 2013

£ million



North America

- Pick up in US economy improved truck sales
- Good growth in our sales, ahead of truck production
- Non-road applications 9% of sales

Europe

- Economic concerns hit truck sales in Europe
- Our sales benefited from exports of Euro V catalysts to Brazil

Total sales

£477m up 9%

JM's market share remains >65%

Emission Control Technologies

Heavy Duty Diesel: Looking Ahead



Developed markets:

- Improving US economy supports further market growth in 2013/14
- Euro VI and non-road legislation will substantially increase our sales from Q4 2013/14 regardless of level of truck sales
- Confident of market share >60% for medium term

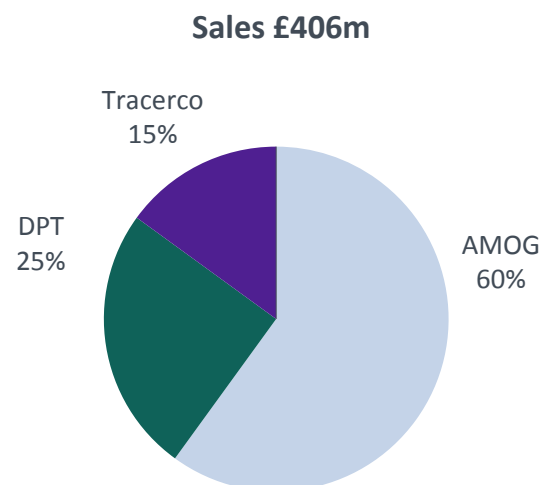
Developing markets:

- Euro IV implementation in China from July 2013
 - Fitment likely to be phased in
 - Higher competition and lower catalyst value per truck
- Implementation of Euro IV in India to follow

Process Technologies

2012/13 Results

- Sales slightly ahead at £406m
- Return on sales well up – lower raw material prices, operational efficiencies and good result from DPT
- Tracerco performed well



Formox

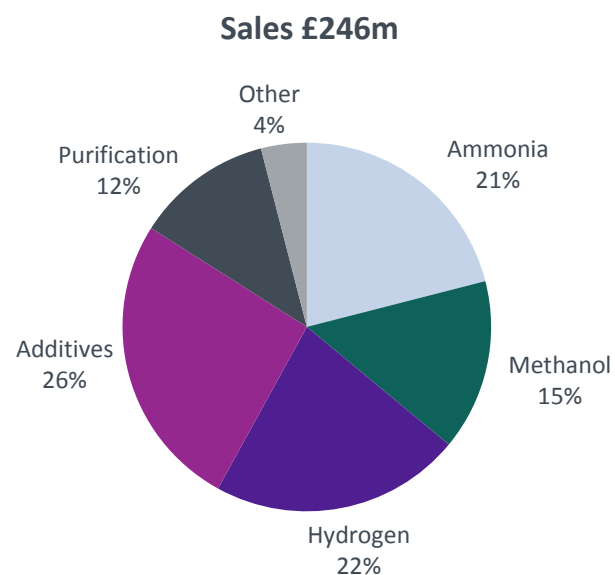
- Acquired at year end for £108m (net of cash)
- Catalysts and process technology licensing for formaldehyde manufacture
- Complements JM's existing strengths – good synergies available
- 2012 sales £50m and EBITDA £12.6m



Process Technologies

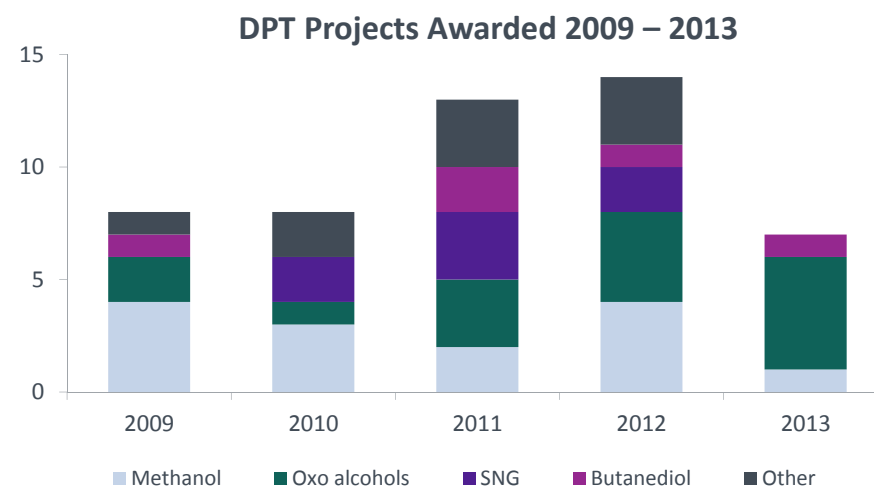
Catalyst Businesses (AMOG)

- Sales slightly lower at £246m
- As expected, demand for ammonia catalysts ahead but sales of methanol and hydrogen catalysts down
- Additives performing well; investment in new capacity
- Good recovery in demand for purification products



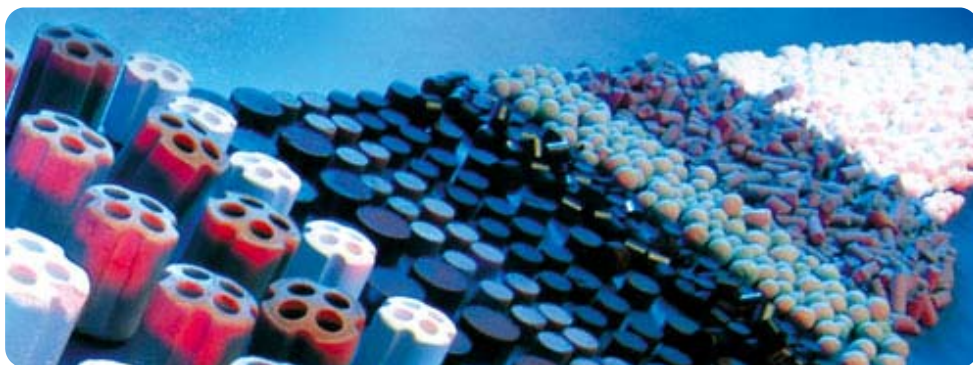
Davy Process Technology

- Good result, sales up 7% to £100m
- A total of 7 new projects won, 6 in China
- Continued strong demand for oxo alcohols technology – 50th licence signed this year



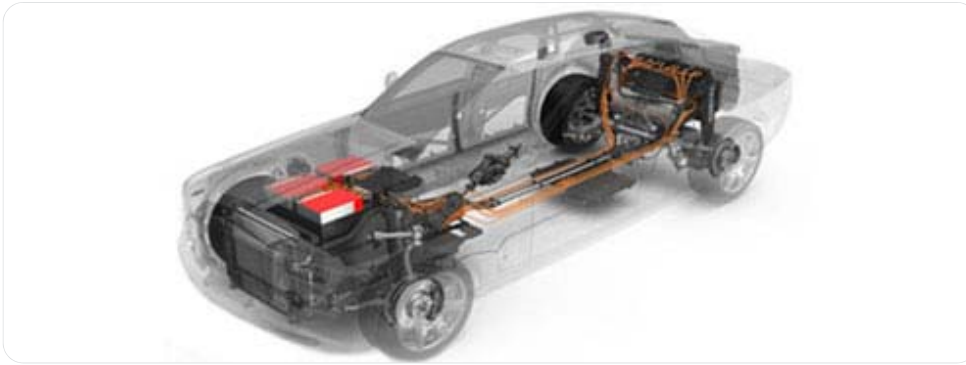
Process Technologies

Looking Ahead



- Normal catalyst replacement cycles expected in 2013/14
 - Lower ammonia catalyst sales but growth in methanol and hydrogen
- Expansion of manufacturing capacity provides further growth opportunities
- Environmental concerns continue to drive demand for our products
- Licences available from new oxo alcohols projects expected to reduce
- Unconventional gas and new technologies provide future licence opportunities
- Global drivers support growth in PT; further enhanced by acquisition of Formox

Battery Technologies



- Formed in 2012/13, sales of £31m primarily from acquired Axeon business
 - Current sales mainly to power tool and e-bike markets
- Early progress with automotive customers
- Business made a small loss in 2012/13



- Axeon's applications engineering fits well with JM's materials science expertise
- Increased investment in R&D for next generation battery materials planned
- Further bolt-on acquisitions being pursued

A close-up, profile view of a male worker wearing a blue hard hat and safety glasses. He is looking towards the right, where a complex industrial system of pipes and valves is visible. The pipes are painted in various colors: red, yellow, blue, and pink. A pressure gauge is attached to one of the pipes. The worker is wearing a light blue shirt. The background is slightly blurred, emphasizing the worker and the machinery.

Precious Metal Products Division



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Precious Metal Products Division

£m	Year to 31 st March		%	% at
	2013	2012	change	constant rates
Revenue	8,491	9,841	-14	-14
Sales (excluding precious metals)	548	582	-6	-5
Underlying operating profit	147.1	200.8	-27	-26
Return on sales	26.8%	34.5%		
Return on invested capital (ROIC)	39.2%	58.9%		

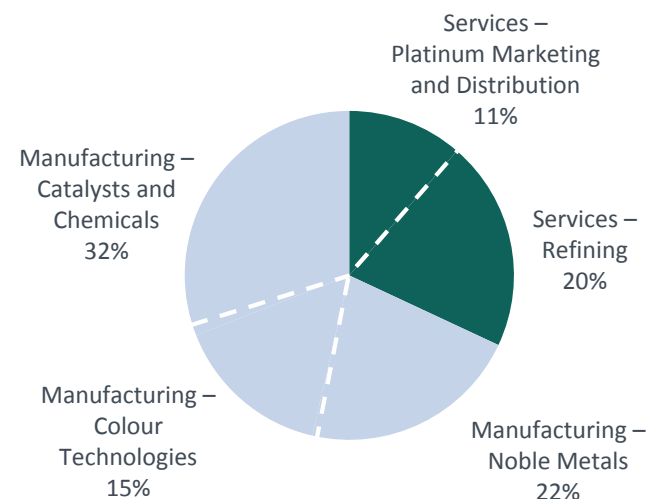
Services

- Poor year impacted by:
 - Lower precious metal prices and volumes
 - Operational issues at Salt Lake City refinery in 1H
- Sales down 15% to £168m

Manufacturing

- Steady year

Sales

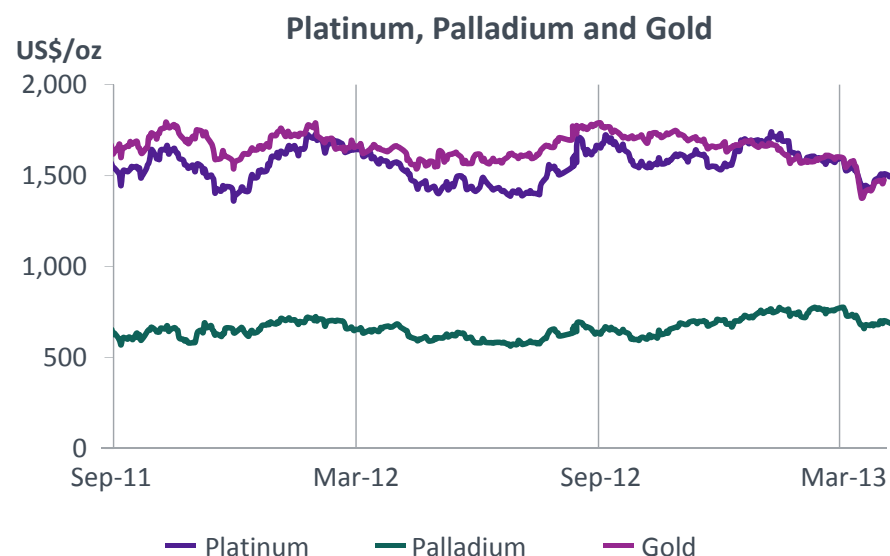


Precious Metal Products Division

Services Businesses

Platinum Marketing and Distribution (down 28% to £58m)

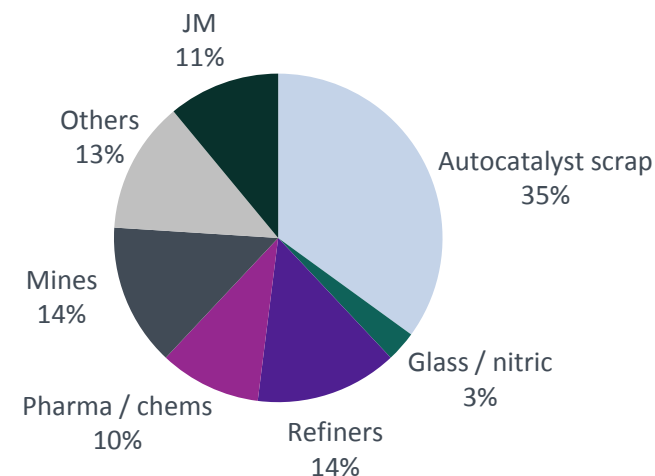
- Lower average prices: Pt \$1,560/oz, down 7%
Pd \$659/oz, down 7%
- Anglo volumes well down



Refining Businesses (down 7% to £110m)

- Lower intake volumes impacted Pgm Refining and Recycling but operational improvements boosted results
- Very difficult year for Gold and Silver Refining business
 - Action being taken to address operational issues
 - Lower volumes, particularly for secondary material also impacted results

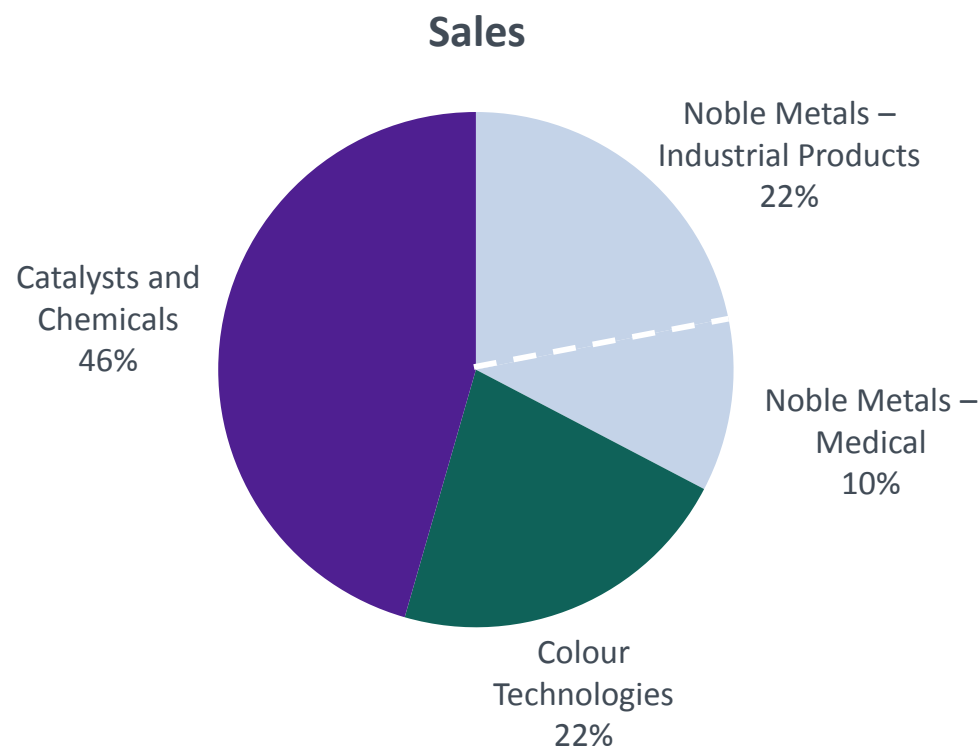
Pgm Refining and Recycling Throughput by Market Sector



Precious Metal Products Division

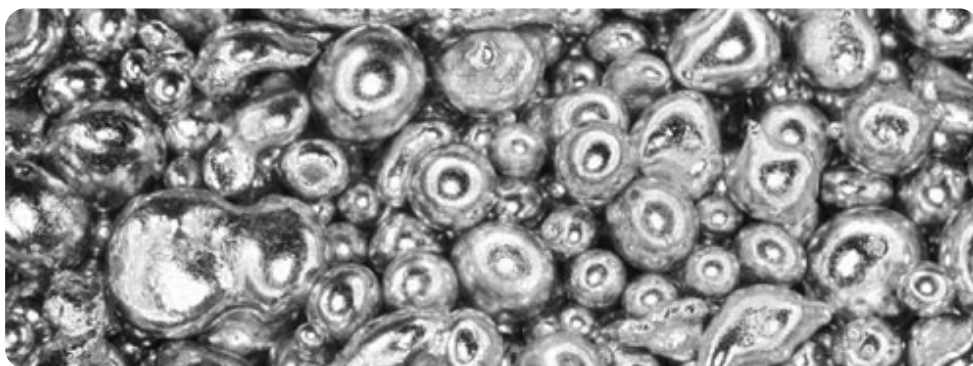
Manufacturing Businesses

- Sales down 1% to £380m
- Noble Metals (down 2% to £122m)
 - Medical sales up 6%, ahead of market growth rates
 - Industrial products 6% lower reflecting reduced European demand
- Colour Technologies (down 6% to £82m)
 - Functional products now over two thirds of sales
 - Sales of automotive products broadly flat
- Catalysts and Chemicals (up 3% to £176m)
 - Strong demand for petrochemicals catalysts



Precious Metal Products Division

Looking Ahead



- Higher refining intakes in Q4 2012/13 will benefit first half
- Current lower metal prices, if maintained, likely to reduce intake volumes
- New Anglo arrangements from Q4 2013/14
 - Reduced sensitivity to pgm prices
- Manufacturing businesses expected to make steady progress
- Collapse in carbon price will impact demand for N₂O abatement technology



Fine Chemicals Division

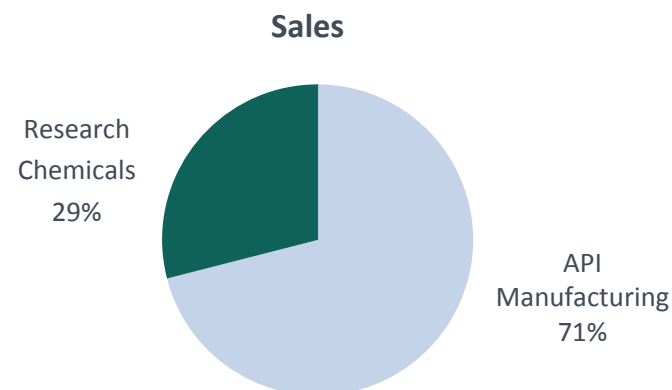


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Fine Chemicals Division

£m	Year to 31 st March		%	% at
	2013	2012	change	constant rates
Revenue	286	292	-2	-2
Sales (excluding precious metals)	277	285	-3	-3
Underlying operating profit	71.1	69.7	+2	+2
Return on sales	25.6%	24.5%		
Return on invested capital (ROIC)	16.9%	16.7%		

- Performance impacted by increased competition
- Restructuring of global API manufacturing
- Research Chemicals broadly in line with last year



Fine Chemicals

Business Performance



API Manufacturing Businesses

- Sales 4% lower at £198m
- Continued growth in US business, especially for ADHD treatments
- Results impacted by lower UK prices
- £14.2 million restructuring charge

Research Chemicals

- Sales in line at £79m
- Growth in Europe and Asia offset by decline in US
- Over 8,000 new products added

Fine Chemicals

Looking Ahead



- Cost savings of circa £5m p.a. from restructuring from 2H 2013/14
- UK business unlikely to fully recover within next two years
- New product for drug addiction treatment approved in US



- Expansion in Shanghai, China and Nevada, USA will be completed in 1H 2013/14
- Strengths in synthetic chemistry and manufacturing across division support growth

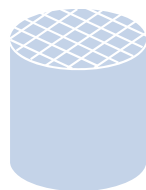
Non-Financial Performance

Year to 31 st March	2013	2012	% change
Energy use (GJ '000)	4,648	4,726	-2
Global warming potential ('000 tonnes CO ₂ equivalent)	413	417	-1
Annual rate of >3 day accidents per 1,000 employees	2.68	2.38*	+13
Annual incidence of occupational illness per 1,000 employees	2.7	3.5	-23
Voluntary employee turnover (%)	6.5	6.4	—

* restated

- Sustainability initiatives continue to deliver benefits
- Investment in the safety, wellbeing and development of our people remains a priority
 - Increase in >3 day accident rate but total lost time accidents down 14%
 - Occupational illness incidence continues to reduce, new target of zero cases introduced
- Since launch of Sustainability 2017 in 2007, sales up 84% and underlying EPS up 82%
- However, resource use and emissions growing at much lower rate
 - Energy use up 19%
 - GWP up 5%
 - Water use up 28%
 - Waste to landfill down 81%

Outlook (1)



Environmental Technologies:

- Medium term outlook for division is positive
- In short term ECT's growth strongly influenced by European economic environment
- New HDD legislation will enhance results – early signs of some pre-buy in Europe
- Process Technologies well placed to grow, benefiting from Formox acquisition
- Sales in Battery Technologies expected to grow substantially



Precious Metal Products:

- Refining businesses have started year well – lower metal prices, if maintained, likely to impact volumes
- New Anglo arrangements will impact results from 1st January 2014
- Manufacturing businesses expected to make steady progress

Outlook (2)



Fine Chemicals:

- Long term drivers remain sound
- Retrenchment in first half but expect a return to growth in second half



Group:

- Steady progress in 2013/14 anticipated notwithstanding loss of Anglo revenue
- In medium term, growth expected to accelerate in 2014/15 and beyond
- Long term market drivers, enhanced by R&D and new business development, will enable continued growth

Reorganisation

Five Divisions from 1st April 2013



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Emission Control Technologies

- Light Duty Catalysts
- Heavy Duty Catalysts
- Stationary Emissions Control



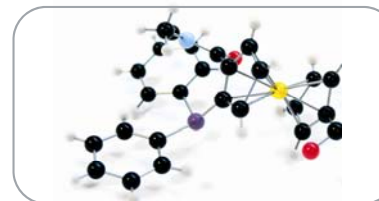
Process Technologies

- Chemicals**
 - Chemical Technologies (DPT)
 - Syngas
 - **Chemical Catalysts** (inc. Formox)
- Oil and Gas**
 - Refineries
 - Purification
 - Tracerco



Precious Metal Products

- Services**
 - Platinum Marketing and Distribution
 - Refining
- Manufacturing**
 - Noble Metals
 - Colour Technologies
 - Chemical Products



Fine Chemicals

- Active Pharmaceutical Ingredient (API) Manufacturing
- **Catalysis and Chiral Technologies**
- Research Chemicals



New Businesses

- New Business Development
- Water
- Battery Technologies
- Fuel Cells

Key Messages

Sales in line with last year but underlying EPS down 2%

Further growth in ETD offset by disappointing year for PMPD

Acquisition of Axelon and Formox provide additional growth opportunities

2013/14 a year of transition but steady progress expected

Well positioned for future growth

Questions and Answers

Neil Carson

Chief Executive

Robert MacLeod

Group Finance Director

Larry Pentz

Executive Director,
Environmental Technologies

Bill Sandford

Executive Director,
Precious Metal Products

John Fowler

Division Director, Fine Chemicals

Nick Garner

Group Director, Corporate and
Strategic Development

Alan Myers

Division Director,
Precious Metal Products

Geoff Otterman

Division Director,
Process Technologies

John Walker

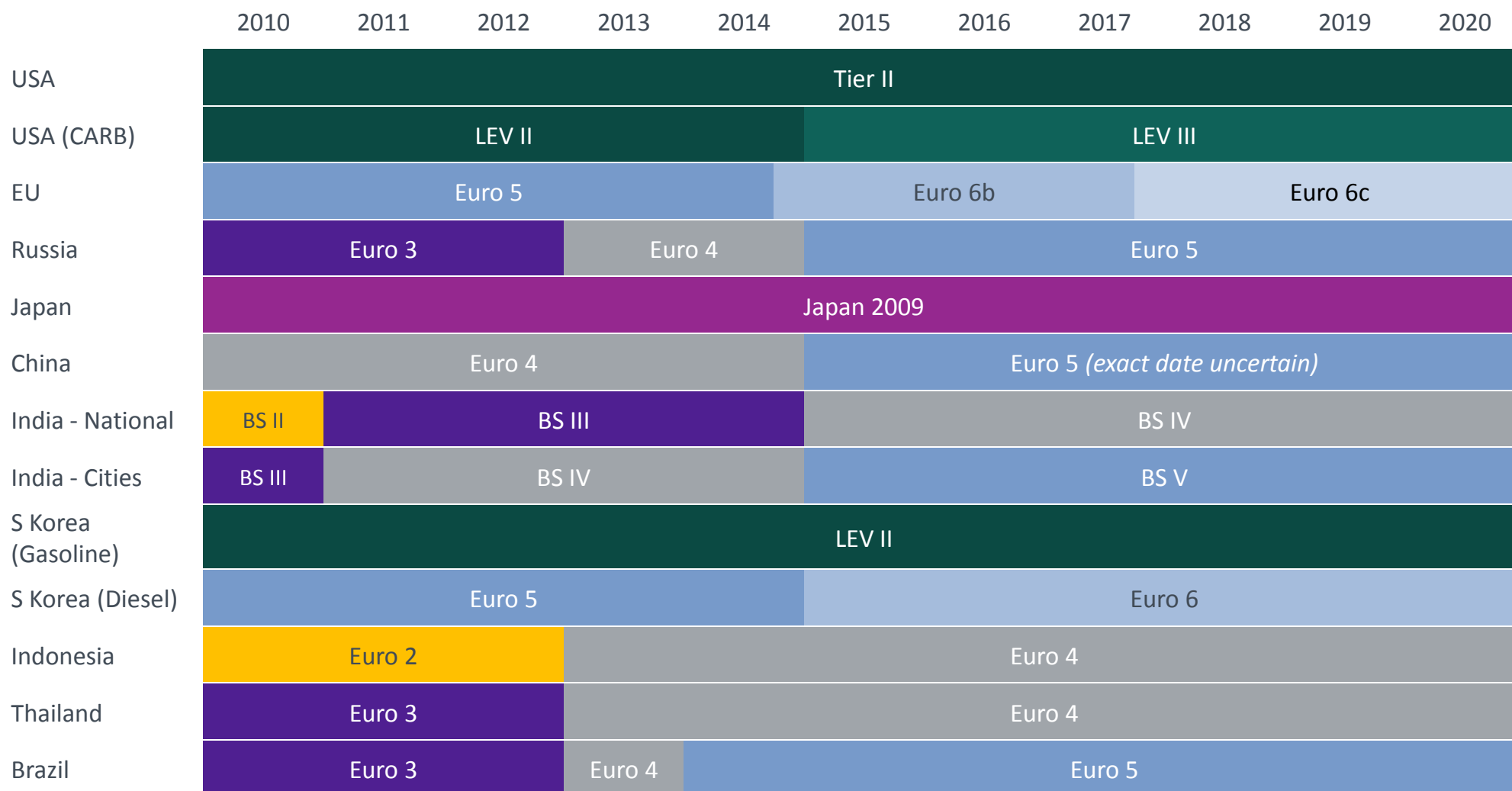
Division Director, Emission
Control Technologies



Johnson Matthey

Emission Control Technologies

Light Duty Vehicle Legislation



Emission Control Technologies

Heavy Duty Diesel Legislation

