



Presentation of Results for the half year ended 30th September 2013

21st November 2013



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The background image shows two men in light blue shirts in a control room. One man is standing and smiling, while the other is sitting at a desk with three computer monitors displaying technical data. In the background, there is a large blue industrial tank and various pipes and structures.

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

Strong performance in H1 with EPS up 18% and dividend 10% ahead

ECT outperformed market, particularly due to HDD pre-buy in Europe

Good catalyst demand in PT enhanced by Formox

Existing Anglo Platinum contracts expire 31/12/13 – will impact Q4

H2 expected to be in line with H1, if impact of Anglo excluded



Financial Review

Robert MacLeod
Group Finance Director



Johnson Matthey

Underlying Results

Half year to 30 th September	1H 2013 £m	1H 2012 £m	% change	% at constant rates
Revenue	6,411	4,892	+31%	+30%
Sales excluding precious metals	1,486	1,310	+13%	+12%
Operating profit	234.2	203.2	+15%	+14%
Interest and share of JV profit	(21.3)	(15.3)		
Profit before tax	212.9	187.9	+13%	
Tax	(41.4)	(39.3)		
Profit after tax	171.5	148.6	+15%	
Earnings per share	84.9p	71.7p	+18%	
Dividend per share	17.0p	15.5p	+10%	

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

Capital Expenditure

- First half capex £96.8m
- Key projects:
 - Extension of UK and Macedonia ECT facilities ahead of Euro VI legislation – nearing completion
 - Expansion of Additives capacity in US
- First half capex:depreciation = 1.5 times
- Full year capex now expected to be circa £240m

Cash Flow from Operations

Half year to 30 th September	1H 2013 £m	1H 2012 £m
Underlying operating profit	234.2	203.2
Depreciation and amortisation	74.5	69.8
Tax paid	(19.0)	(41.4)
Working capital / other	(43.1)	(88.3)
Cash flow from operations	246.6	143.3

- At 30th September 2013, working capital days (excl. pms) were 53 (30th September 2012 65)
- During 1H 2013/14, working capital:
 - Excl. pms increased by £10m
 - Pms decreased by £16m

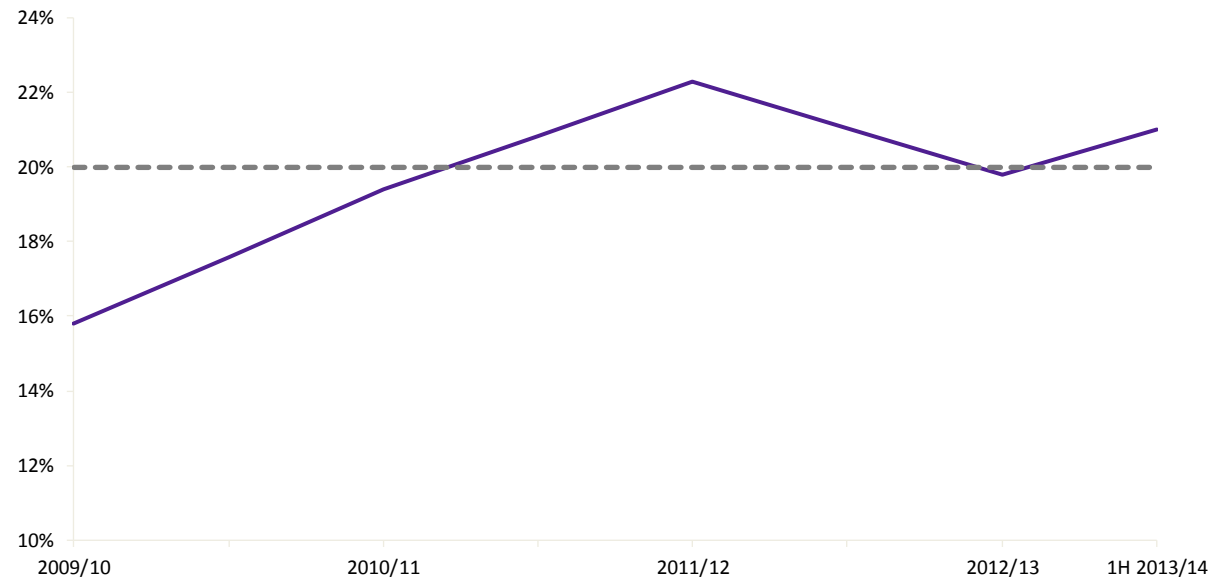
- Net debt at 30th September 2013 – £793m, down £43m since year end
- Net debt (incl. post tax pension deficits) / EBITDA of 1.5

Cash Flow Conversion

Half year to 30 th September	1H 2013 £m	1H 2012 £m
Operating cash flow	247	143
Add back: Tax paid	19	41
Pension deficit contributions	12	12
Net capital expenditure	(101)	(59)
Cash flow before adjustment	177	137
Movement in precious metal working capital	(16)	35
Net cash flow	161	172
EBITA (underlying operating profit)	234	203
Cash flow conversion	68%	85%

- Higher capital expenditure this year impacted conversion rate

Return on Invested Capital (ROIC)



- Continued improvement in ECT (working capital management) and PT
- Slight decline in PMP and FC
- Group ROIC back above 20% long term target
- Expect to be above 20% for full year

Other



Pensions

- De-risking strategy ongoing – now 58% bonds in UK Scheme
- Closure of US DB scheme to new entrants from 1st October 2013 and cash alternative offered to deferred pensioners also reduces risk



Treasury

- \$500m of new debt via US private placement market in place from June 2013
- Average fixed rate of 3.2%
- Average life 12.3 years



Tax

- Continued decline in underlying tax rate to 19.4%
- Lower UK headline rate (now 23%) and patent box main reasons for decrease
- £10m benefit from further reduction in UK tax rate (to 20%) on deferred tax balances is excluded from underlying results

A photograph of 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 on the right, also smiling, wearing a white button-down shirt. The desk has three computer monitors displaying technical diagrams and data. In the background, there is a large blue industrial tank and various pipes and structures, suggesting a chemical or industrial plant setting.

Operating Review

Neil Carson
Chief Executive



Johnson Matthey

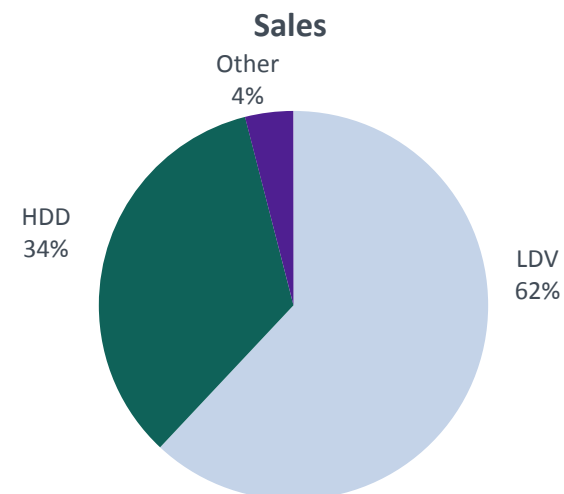
Emission Control Technologies

£m	Half year to 30 th September		% change	% at constant rates
	1H 2013	1H 2012		
Sales (excluding precious metals)	815	720	+13	+12
Underlying operating profit	94.2	81.4	+16	+14
Return on sales	11.6%	11.3%		
Return on invested capital (ROIC)	18.7%	18.3%		

- Very strong first half for ECT
 - Growth in sales across all regions
 - European HDD pre-buy benefited results

Outlook

- LDV market appears steady
- HDD in Europe harder to assess – pre-buy vs Euro VI



Estimated Light Duty Vehicle Sales and Production

		1H	1H		1H	2H	
		2013/14	2012/13	change	2013/14	2012/13	change
		millions	millions	%	millions	millions	%
North America	Sales	9.5	8.8	+8.0	9.5	8.5	+11.8
	Production	8.0	7.6	+5.3	8.0	7.6	+5.3
Europe	Sales	9.0	9.2	-2.2	9.0	8.6	+4.7
	Production	9.3	9.4	-1.1	9.3	9.1	+2.2
Asia	Sales	17.2	16.5	+4.2	17.2	17.6	-2.3
	Production	20.6	19.6	+5.1	20.6	21.4	-3.7
Global	Sales	41.6	40.5	+2.7	41.6	40.4	+3.0
	Production	40.7	39.5	+3.0	40.7	40.8	-0.2

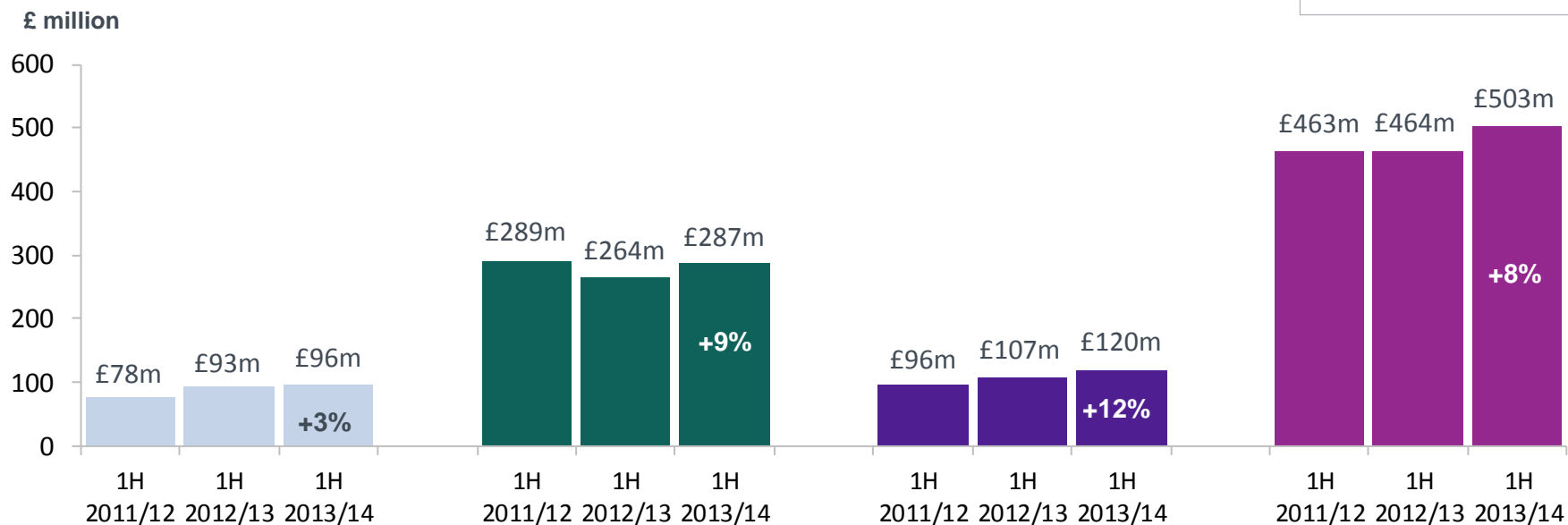
Source: LMC Automotive

Emission Control Technologies

Johnson Matthey's Light Duty Catalyst Sales

Total sales 1H 2013/14

up 8% at **£503m**



North America

- JM volumes grew in line with market

Europe

- JM outperformed market
- Improved product mix boosted performance

Asia

- Our sales well ahead, especially in China and South East Asia
- Weak market in India

Global

- Good growth in operating profit
- ROIC enhanced by good working capital management

Estimated HDD Truck Sales and Production

		1H	1H		1H	2H	
		2013/14	2012/13	change	2013/14	2012/13	change
		thousands	thousands	%	thousands	thousands	%
North America	Sales	233.1	223.2	+4.4	233.1	202.9	+14.9
	Production	235.0	235.6	-0.3	235.0	204.1	+15.1
EU	Sales	134.8	136.5	-1.2	134.8	126.6	+6.5
	Production	180.6	187.4	-3.6	180.6	185.0	-2.4

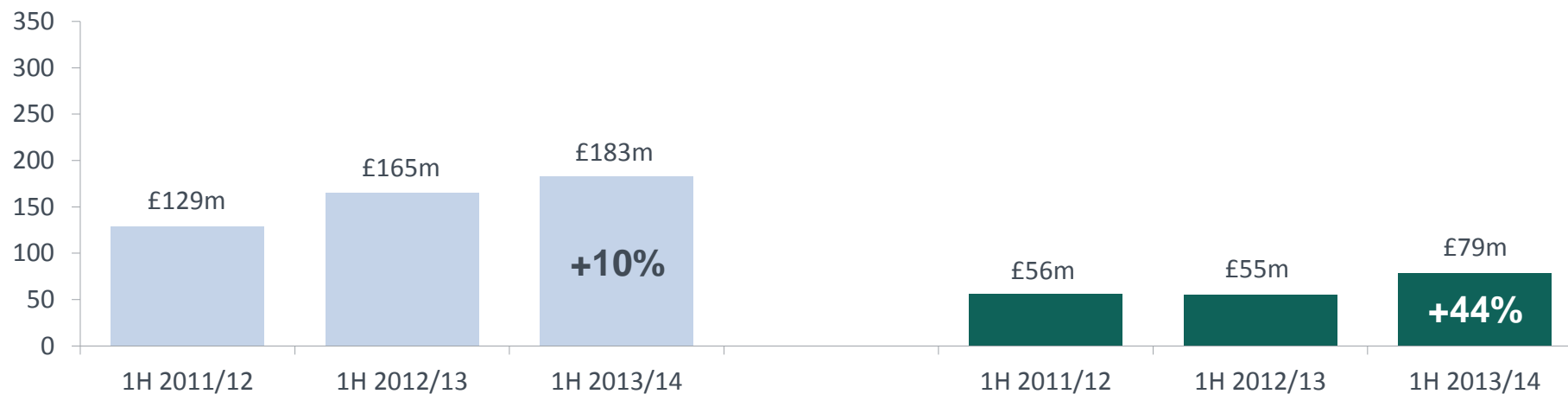
Emission Control Technologies

Johnson Matthey's Heavy Duty Diesel Catalyst Sales

Total sales 1H 2013/14

£280m up 19%

£ million



North America

- Positive product mix enhanced our sales
- Non-road applications continued to grow, 9% of sales

Europe

- EU truck production depressed but pre-buy boosted our sales
- Euro VI products now 25% of sales and non-road 14%

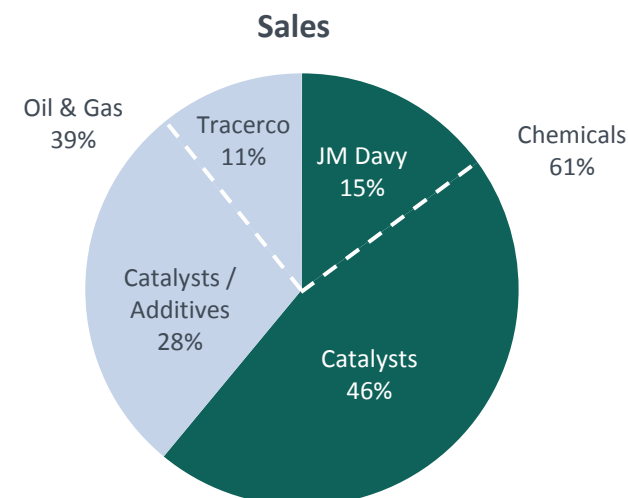
Process Technologies

£m	Half year to 30 th September			
	1H 2013	1H 2012	% change	% at constant rates
Sales (excluding precious metals)	288	251	+15	+13
Underlying operating profit	48.9	41.7	+17	+16
Return on sales	17.0%	16.6%		
Return on invested capital (ROIC)	17.2%	13.5%		

- Sales up 15% benefiting from
 - Good growth in catalyst volumes
 - Acquisition of Formox
- Sales at JM Davy, as anticipated, were down

Outlook

- Additional licences expected in H2
- Catalyst volumes expected to be good, but timing of orders uncertain

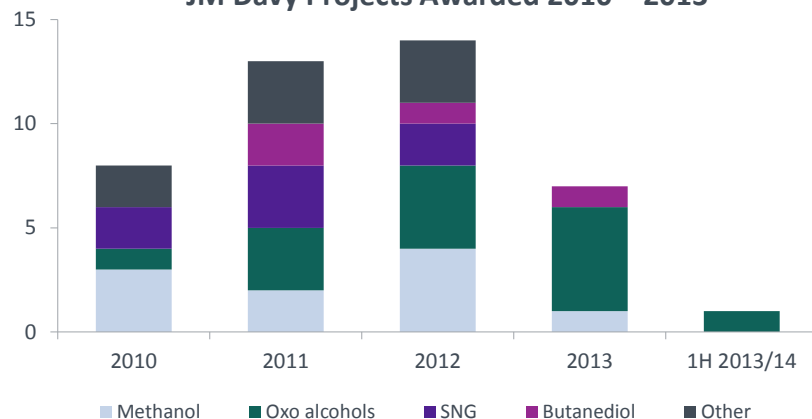


Process Technologies – Chemicals

JM Davy

- Sales down 17% to £44m
- Only one new licence signed in H1 - hiatus not unexpected
- Forward workload good for at least 18 months
- New technologies coming through

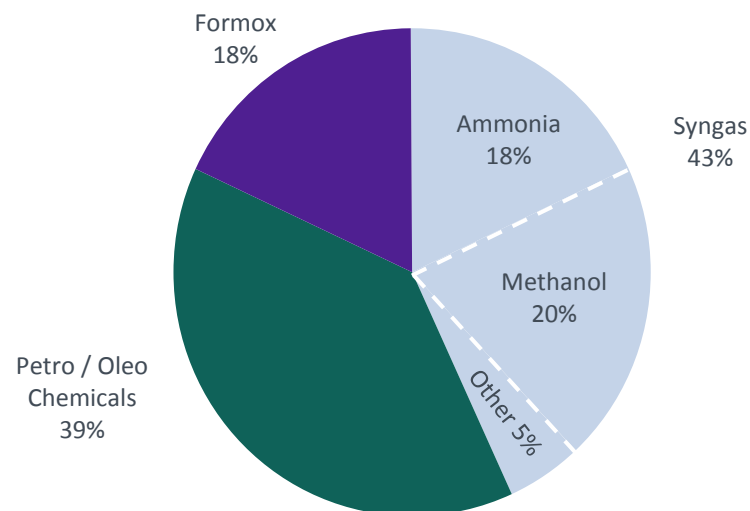
JM Davy Projects Awarded 2010 – 2013



Catalysts

- Sales up 34% to £132m (10% excluding Formox)
- Formox integration going very well, exceeding expectations
- Methanol demand strong

Sales (£132m)

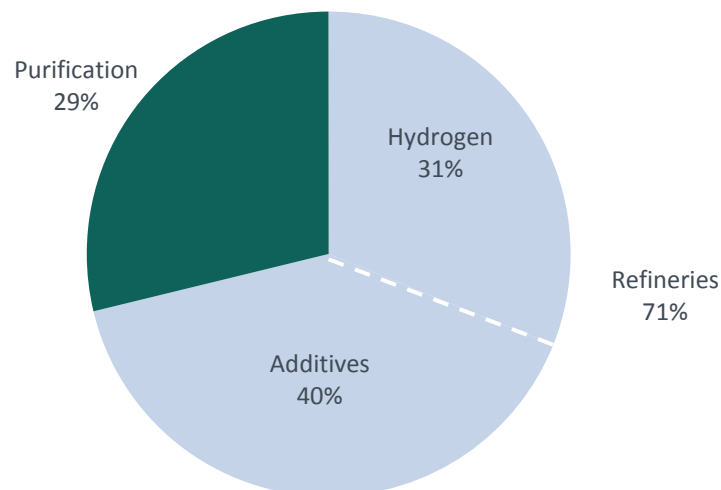


Process Technologies – Oil and Gas

Catalysts / Additives

- Sales grew 13% to £79m
- Additives demand good – new plant nearing completion
- Continued recovery in purification products business
- Steady demand for hydrogen catalysts

Sales (£79m)



Tracerco

- Good first half with sales up 11% at £33m
- Strong oil price and unconventional oil & gas applications provide opportunities



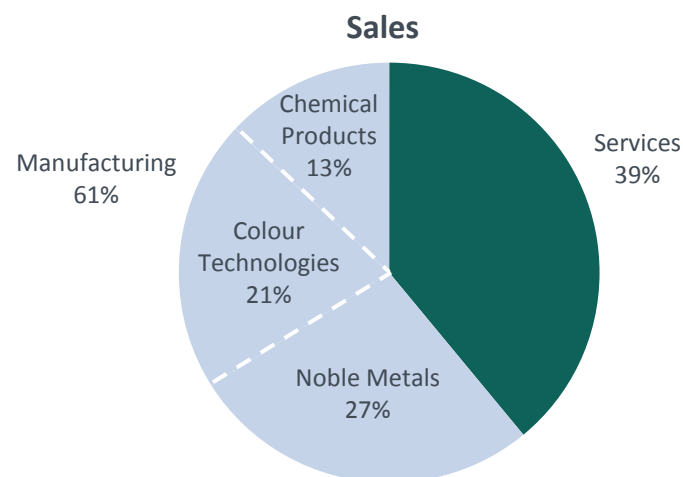
Precious Metal Products

£m	Half year to 30 th September		%	% at
	1H 2013	1H 2012		
Sales (excluding precious metals)	214	217	-1	-2
Underlying operating profit	74.3	59.7	+24	+23
Return on sales	34.7%	27.5%		
Return on invested capital (ROIC)	40.6%	48.2%		

- Steady first half
- Relatively easy comparables flatter results – operational issues last year

Outlook

- Slightly lower intakes could impact H2
- Current Anglo Platinum contracts expire 31st December 2013



Precious Metal Products

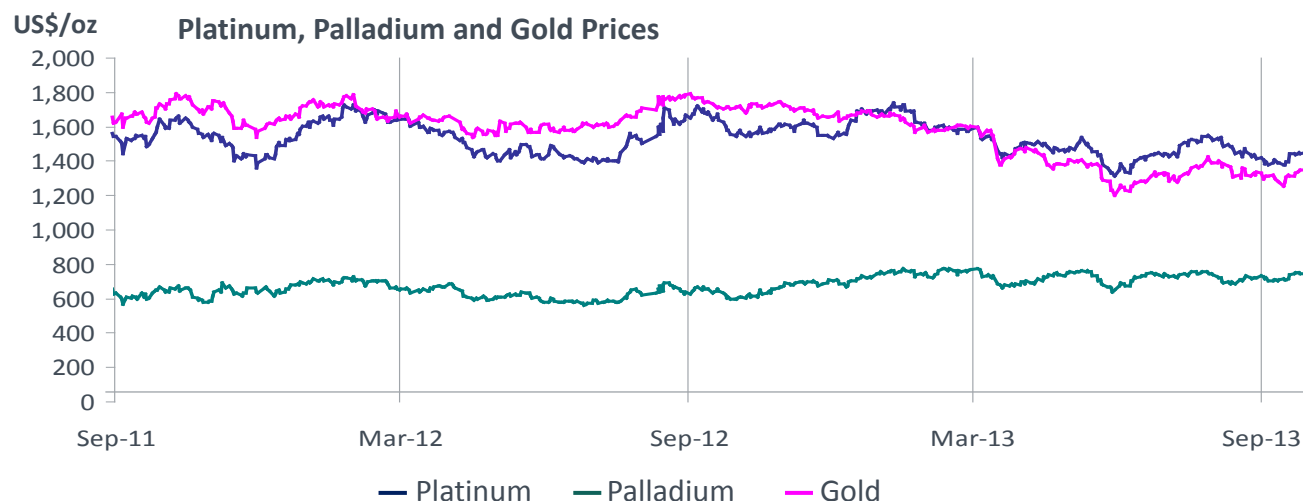
Services Businesses (sales down 4% to £84m)

Platinum Marketing and Distribution Business

- Sales up 4% to £31m
- Average prices impact demand
 - Pt \$1,463/oz down 2%
 - Pd \$721/oz up 16%
 - Au \$1,370/oz down 16%
- Slightly higher volumes in H1

Refining Businesses

- Sales down 8% at £53m
- Higher intakes of pgms benefited results
- Secondary volumes of gold and silver well down
- Management actions taken to correct last year's operational issues

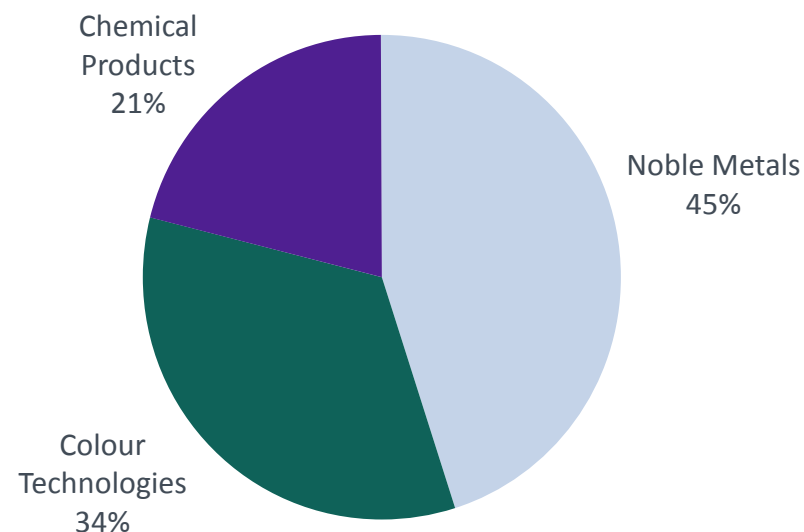


Precious Metal Products

Manufacturing Businesses

- Sales in line at £130m
- Noble Metals (down 5% to £58m)
 - Soft demand for global fertilisers impacted our nitric acid catalyst business
 - Medical device components business made further progress in US
- Colour Technologies (up 12% to £45m)
 - Automotive obscuration enamels grew well, benefiting for re-stocking of supply chain
 - Sales of products for decorative market declined
- Chemical Products (down to £27m)

Sales (£130m)



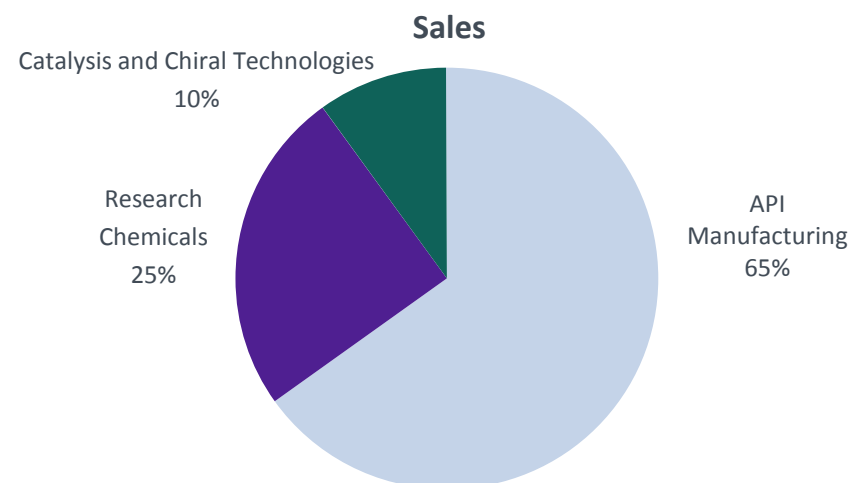
Fine Chemicals

£m	Half year to 30 th September		% change	% at constant rates
	1H 2013	1H 2012		
Sales (excluding precious metals)	161	154	+5	+3
Underlying operating profit	40.7	40.4	+1	-1
Return on sales	25.2%	26.3%		
Return on invested capital (ROIC)	17.2%	17.9%		

- Steady start to the year
- New products boosted API Manufacturing business

Outlook

- Business remains sound
- 2H performance expected to be in line with 1H



Fine Chemicals



API Manufacturing

- Sales up 7% to £105m
- Speciality opiates grew – launch of new generic in US boosted results
- New long term agreement for non-controlled API

Research Chemicals

- Sales 4% ahead at £41m
- Growth in Europe and Asia partly offset by slower sales in US
- New facilities opened in Shanghai and west coast USA

Catalysis and Chiral Technologies (CCT)

- Sales in line with last year at £15m

New Businesses

£m	Half year to 30 th September	
	1H	1H
	2013	2012
Sales (excluding precious metals)	35	2
Underlying operating profit / (loss)	(9.2)	(8.7)

Battery Technologies

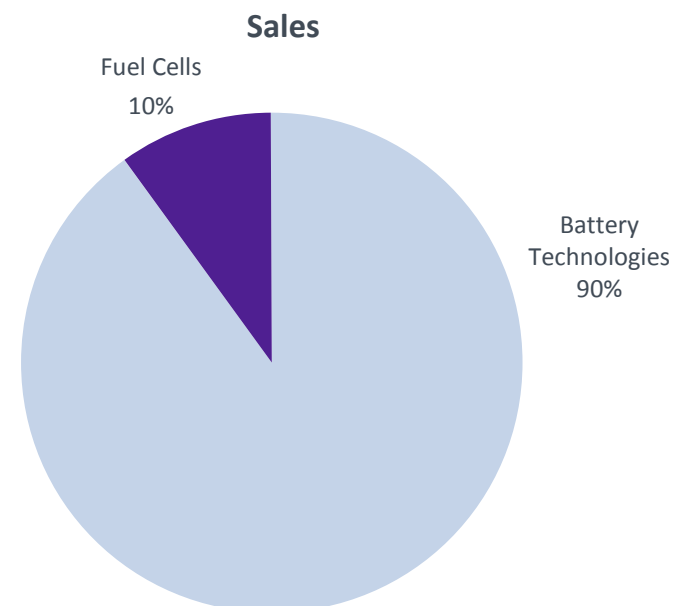
- Sales of £32m, primarily from sales of systems for E-bikes and powertools
- Small operating loss in first half

Fuel Cells

- Ongoing investment in R&D for potential automotive customers – good progress made

Outlook

- Battery Technologies expected to break even
- H2 investment in R&D in line with H1



Group Outlook



-
- First half performance exceeded our expectations
 - In second half:
 - Anglo Platinum contracts expire 31st December 2013
 - Difficult to assess European truck volumes – pre-buy vs Euro VI
 - If impact of loss of Anglo Platinum contracts excluded, expect second half in line with first six months

Key Messages

Strong performance in H1 with EPS up 18% and dividend 10% ahead

ECT outperformed market, particularly due to HDD pre-buy in Europe

Good catalyst demand in PT enhanced by Formox

Existing Anglo Platinum contracts expire 31/12/13 – will impact Q4

H2 expected to be in line with H1, if impact of Anglo excluded

Questions and Answers

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Process Technologies

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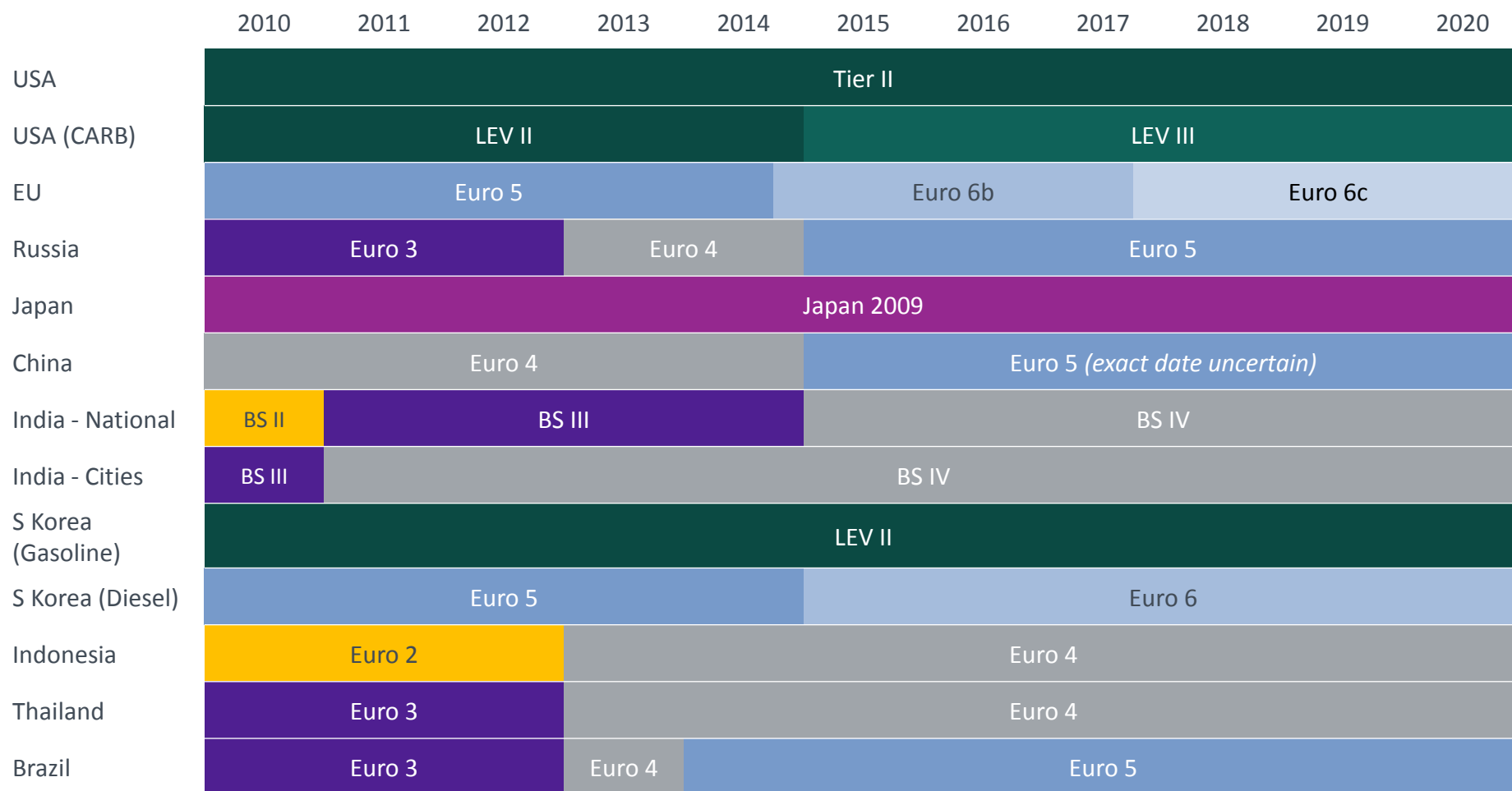
H2 expected to be in line with H1, if impact of Anglo excluded



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Emission Control Technologies

Light Duty Vehicle Legislation



Emission Control Technologies

Heavy Duty Diesel Legislation

