



# News release

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For immediate release on Thursday 4<sup>th</sup> July 2013

## **Segmental Reporting Change and IAS 19 Restatement**

### **Segmental Reporting Change**

As previously announced, with effect from 1<sup>st</sup> April 2013 the group has reorganised its management structure. To reflect this new structure and to improve transparency to stakeholders, for the year ending 31<sup>st</sup> March 2014 the group will report the results of five divisions: Emission Control Technologies; Process Technologies; Precious Metal Products; Fine Chemicals; and New Businesses. An unaudited segmental schedule showing the effect of this reorganisation on historic financial results is appended to this press release.

There is no change to the operating profit numbers at the group level as a result of this change.

The results of Emission Control Technologies Division for the year ended 31<sup>st</sup> March 2012 were distorted by the impact of higher rare earth prices. In the first half of that year the group bore the impact of those higher costs but in the second half of the year the results benefited from action taken to reduce the impact of those higher costs. This included a combination of thrifting, substitution for cheaper raw materials and negotiating price surcharges with its customers.

In the second half of the year ended 31<sup>st</sup> March 2012 the underlying operating profit of Process Technologies Division was impacted by restructuring costs in its UK AMOG business.

As previously reported, the results of Precious Metal Products Division for the year ended 31<sup>st</sup> March 2013 were adversely impacted by lower precious metal prices and volumes, and the results in the first six months of that year were further impacted by operational issues at our Salt Lake City gold and silver refinery.

The costs associated with our new business development group were previously included within corporate. These costs have now been allocated to the New Businesses Division and corporate costs have reduced accordingly.

### **IAS 19 Restatement**

With effect from 1<sup>st</sup> April 2013, the group is required to take account of the revised accounting standard, IAS 19 – ‘Employee Benefits’. This change impacts the group by amending disclosure requirements and replacing the expected return on plan assets and interest cost on plan obligations with net interest on the net defined benefit liability based upon the discount rate. Schedules on the new structure showing the effect of this restatement on the group’s results for the year ended 31<sup>st</sup> March 2013 and the half year ended 30<sup>th</sup> September 2012 are also appended to this press release and have been reviewed by our auditor.

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**Restatement - Based on New Divisional Structure**

	2011/12			2012/13		
	H1	H2	Total	H1	H2	Total
<b>Sales excluding precious metals (£m)</b>						
Emission Control Technologies	690.4	779.2	1,469.6	720.3	741.0	1,461.3
Process Technologies	247.0	249.7	496.7	251.3	257.3	508.6
Precious Metal Products	234.8	229.4	464.2	217.3	206.5	423.8
Fine Chemicals	155.6	155.9	311.5	153.6	154.6	308.2
New Businesses	3.1	2.5	5.6	1.8	35.2	37.0
Eliminations	(38.3)	(30.7)	(69.0)	(34.6)	(28.6)	(63.2)
	<u>1,292.6</u>	<u>1,386.0</u>	<u>2,678.6</u>	<u>1,309.7</u>	<u>1,366.0</u>	<u>2,675.7</u>
<b>Underlying operating profit (£m)</b>						
Emission Control Technologies	58.5	98.8	157.3	81.2	81.7	162.9
Process Technologies	43.1	31.8	74.9	41.7	50.6	92.3
Precious Metal Products	98.1	87.6	185.7	59.6	64.6	124.2
Fine Chemicals	35.1	38.5	73.6	40.4	36.1	76.5
New Businesses	(5.8)	(6.8)	(12.6)	(8.7)	(7.3)	(16.0)
Corporate	(14.3)	(14.5)	(28.8)	(11.4)	(13.7)	(25.1)
<b>Underlying operating profit</b>	<u>214.7</u>	<u>235.4</u>	<u>450.1</u>	<u>202.8</u>	<u>212.0</u>	<u>414.8</u>
Net finance costs	(11.7)	(12.4)	(24.1)	(11.6)	(14.0)	(25.6)
<b>Underlying profit before tax</b>	<u>203.0</u>	<u>223.0</u>	<u>426.0</u>	<u>191.2</u>	<u>198.0</u>	<u>389.2</u>
<b>Return on sales (%)</b>						
Emission Control Technologies	8.5	12.7	10.7	11.3	11.0	11.1
Process Technologies	17.4	12.7	15.1	16.6	19.7	18.1
Precious Metal Products	41.8	38.2	40.0	27.4	31.3	29.3
Fine Chemicals	22.6	24.7	23.6	26.3	23.4	24.8
Total group	<u>16.6</u>	<u>17.0</u>	<u>16.8</u>	<u>15.5</u>	<u>15.5</u>	<u>15.5</u>

Year Ended 31<sup>st</sup> March 2013 - Post IAS19 Revised and New Divisional Structure

	Emission Control Technologies £ million	Process Technologies £ million	Precious Metal Products £ million	Fine Chemicals £ million	New Businesses £ million	Eliminations £ million	Total £ million
Revenue from external customers	2,488.0	503.7	7,368.0	332.1	37.0	-	10,728.8
Inter-segment revenue	69.1	11.5	1,005.0	13.0	1.5	(1,100.1)	-
<b>Total revenue</b>	<b>2,557.1</b>	<b>515.2</b>	<b>8,373.0</b>	<b>345.1</b>	<b>38.5</b>	<b>(1,100.1)</b>	<b>10,728.8</b>
External sales excluding the value of precious metals	1,460.5	497.2	381.9	300.4	35.7	-	2,675.7
Inter-segment sales	0.8	11.4	41.9	7.8	1.3	(63.2)	-
<b>Sales excluding the value of precious metals</b>	<b>1,461.3</b>	<b>508.6</b>	<b>423.8</b>	<b>308.2</b>	<b>37.0</b>	<b>(63.2)</b>	<b>2,675.7</b>
Segmental underlying operating profit	<b>163.5</b>	<b>92.4</b>	<b>124.4</b>	<b>76.6</b>	<b>(16.0)</b>	-	440.9
Unallocated corporate expenses							(24.8)
<b>Underlying operating profit</b>							<b>416.1</b>
Major impairment and restructuring charges							(17.4)
Amortisation of acquired intangibles							(16.9)
Operating profit							381.8
Net finance costs							(33.2)
<b>Profit before tax</b>							<b>348.6</b>
<b>Underlying profit before tax</b>							<b>382.9</b>
Underlying income tax expense							(80.1)
Underlying profit for the year							302.8
<b>Underlying earnings per share - basic</b>							<b>147.7p</b>
Segmental net assets	<b>1,010.3</b>	<b>662.6</b>	<b>330.7</b>	<b>440.7</b>	<b>78.2</b>	-	2,522.5
Net debt							(835.2)
Post-employment benefits net assets and liabilities							(243.9)
Deferred income tax assets and liabilities							(37.0)
Provisions and non-current other payables							(52.6)
Unallocated corporate net assets							40.0
Total net assets							1,393.8
Segmental capital expenditure	<b>75.6</b>	<b>42.8</b>	<b>35.1</b>	<b>21.5</b>	<b>3.5</b>	-	178.5
Corporate capital expenditure							13.5
<b>Total capital expenditure</b>							<b>192.0</b>
Segmental depreciation and amortisation	<b>60.9</b>	<b>21.3</b>	<b>18.3</b>	<b>19.7</b>	<b>2.5</b>	-	122.7
Corporate depreciation and amortisation							3.9
Amortisation of acquired intangibles							16.9
<b>Total depreciation and amortisation</b>							<b>143.5</b>
<b>Return on invested capital<sup>1</sup></b>	<b>16.4%</b>	<b>15.8%</b>	<b>44.3%</b>	<b>17.5%</b>	<b>-29.3%</b>	-	<b>19.7%</b>
<b>Segmental employee numbers</b>	<b>4,241</b>	<b>1,861</b>	<b>2,490</b>	<b>1,282</b>	<b>636</b>	-	10,510
Corporate and Central Research							485
<b>Total employees</b>							<b>10,995</b>

<sup>1</sup> For divisions: segmental underlying operating profit divided by the average of opening and closing segmental net assets. For total group: underlying operating profit divided by average invested capital (total net assets plus net debt)

Half Year Ended 30<sup>th</sup> September 2012 - Post IAS19 Revised and New Divisional Structure

	Emission Control Technologies £ million	Process Technologies £ million	Precious Metal Products £ million	Fine Chemicals £ million	New Businesses £ million	Eliminations £ million	Total £ million
Revenue from external customers	1,217.5	248.6	3,259.3	165.1	1.7	-	4,892.2
Inter-segment revenue	0.2	6.9	474.3	5.4	0.6	(487.4)	-
<b>Total revenue</b>	<b>1,217.7</b>	<b>255.5</b>	<b>3,733.6</b>	<b>170.5</b>	<b>2.3</b>	<b>(487.4)</b>	<b>4,892.2</b>
External sales excluding the value of precious metals	720.2	244.5	193.7	150.1	1.2	-	1,309.7
Inter-segment sales	0.1	6.8	23.6	3.5	0.6	(34.6)	-
<b>Sales excluding the value of precious metals</b>	<b>720.3</b>	<b>251.3</b>	<b>217.3</b>	<b>153.6</b>	<b>1.8</b>	<b>(34.6)</b>	<b>1,309.7</b>
Segmental underlying operating profit	<b>81.4</b>	<b>41.7</b>	<b>59.7</b>	<b>40.4</b>	<b>(8.7)</b>	-	214.5
Unallocated corporate expenses							(11.3)
<b>Underlying operating profit</b>							<b>203.2</b>
Major impairment and restructuring charges							-
Amortisation of acquired intangibles							(7.8)
Operating profit							195.4
Net finance costs							(15.3)
<b>Profit before tax</b>							<b>180.1</b>
<b>Underlying profit before tax</b>							<b>187.9</b>
Underlying income tax expense							(39.3)
Underlying profit for the period							148.6
<b>Underlying earnings per share - basic</b>							<b>71.7p</b>
Segmental net assets	<b>930.0</b>	<b>510.0</b>	<b>348.1</b>	<b>452.2</b>	<b>29.9</b>	-	<b>2,270.2</b>