



Presentation of Results for the half year ended 30th September 2014

20th November 2014



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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

Robert MacLeod
Chief Executive



Johnson Matthey

Key Messages

Business performed well; sales up 10% excl. FX and Anglo

Strong performance from ECT in both LDV and HDD catalysts

Underlying EPS up 4% and dividend 9% ahead

2014/15 expected to be slightly ahead of last year

A woman with dark hair and glasses, wearing a dark blue jacket, is smiling and looking towards the camera. She is standing in a factory or industrial setting. In the background, there are several white robotic arms (KUKA TP 353) working on a production line. The woman is holding a small white container. The overall scene is brightly lit with industrial lighting.

Financial Review

Den Jones
Group Finance Director



Johnson Matthey

Underlying Results

Half year to 30 th September	1H 2014 £m	1H 2013 £m	% change	% at constant rates (cr)
Revenue	4,800	6,411	-25	-22
Sales excluding precious metals	1,514	1,486	+2	+8
Operating profit	234.1	234.2	-	+7
Interest and share of JV profit	(17.7)	(21.3)		
Profit before tax	216.4	212.9	+2	+10
Tax	(37.2)	(41.4)		
Profit after tax	179.2	171.5	+5	
Earnings per share	88.7p	84.9p	+4	
Dividend per share	18.5p	17.0p	+9	

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

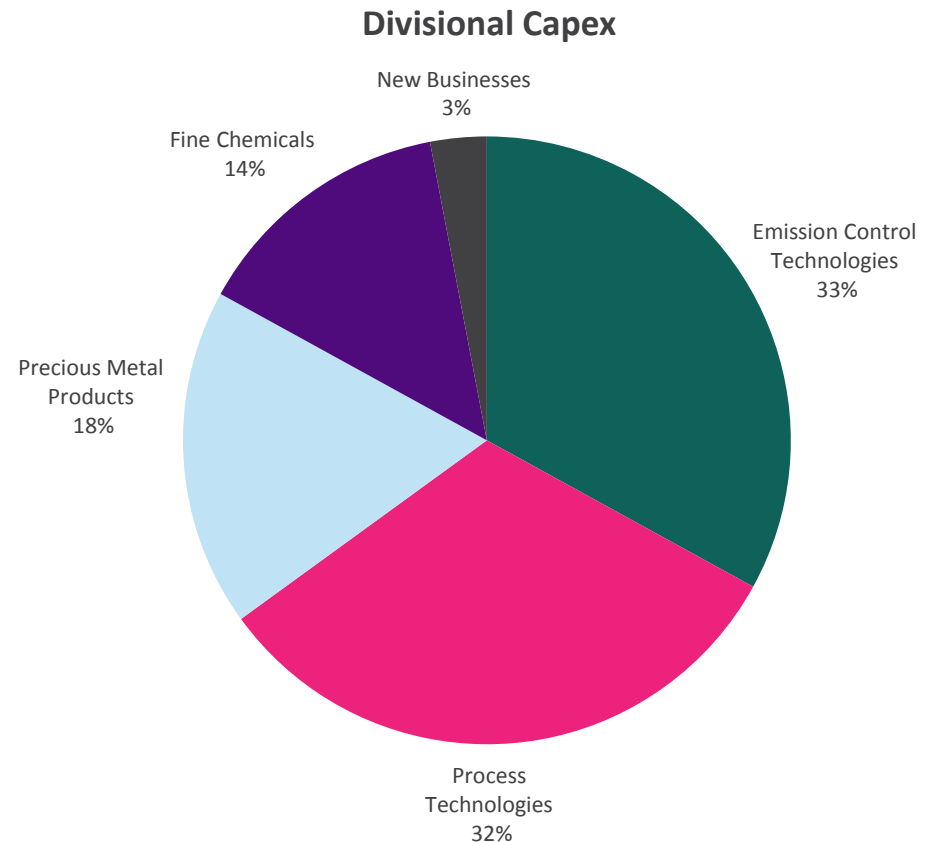
First half capex £71.3m

Key projects to:

- Extend European ECT facilities to meet demand from new legislation
- Expand PT's chemical catalyst manufacturing capacity in China and Europe

First half capex:depreciation = 1.1 times

Full year capex expected to be around £200m



Cash Flow from Operations

Half year to 30 th September	1H 2014	1H 2013
	£m	£m
Underlying operating profit	234	234
Depreciation and amortisation	74	75
Tax paid	(46)	(19)
Working capital / other	(99)	(43)
Cash flow from operations	163	247

- At 30th September 2014, working capital days (excl. pms) were 59 (30th September 2013 53)
- During 1H 2014/15, working capital:
 - Excl. pms increased by £119m
 - Pms decreased by £24m
- Net debt at 30th September 2014 – £802m, up £73m since year end
- Net debt (incl. post tax pension deficits) / EBITDA of 1.4

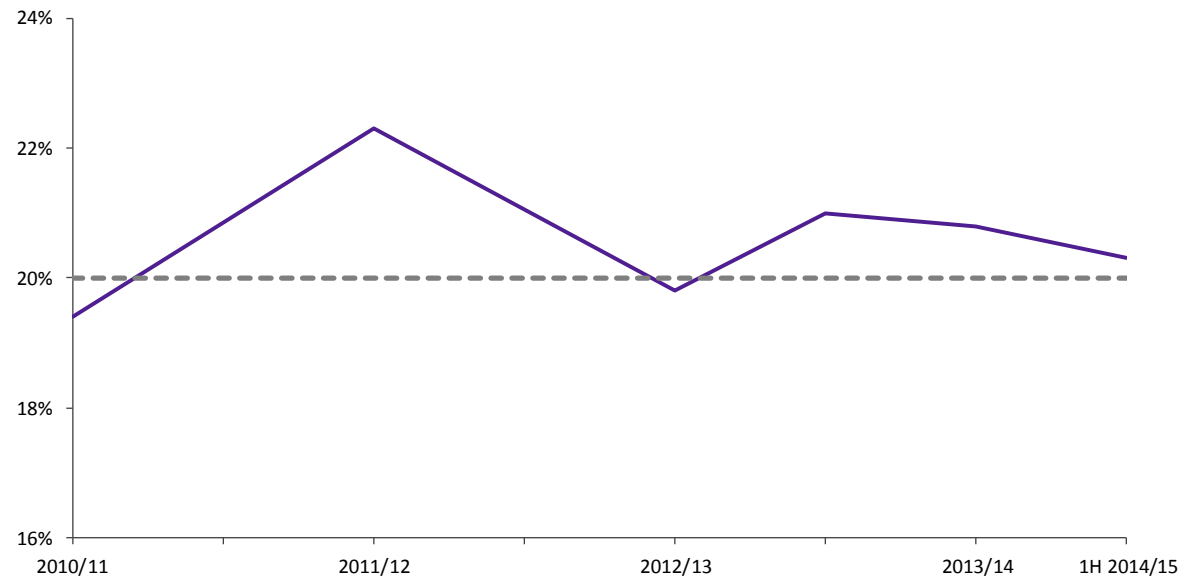
Cash Flow Conversion

Half year to 30 th September	1H 2014 £m	1H 2013 £m
Cash flow from operations	163	247
Add back: Tax paid	46	19
Pension deficit contributions	13	12
Net capital expenditure	(80)	(101)
	142	177
Movement in precious metal working capital	(24)	(16)
Cash flow (excluding precious metals)	118	161
Underlying operating profit	234	234
Cash flow conversion	50%	68%

- Increase in working capital impacted conversion rate at half year

- Expect cash flow conversion of around 75% at year end

Return on Invested Capital (ROIC)



- Continued improvement in ECT
- Slight decline in PMP following change in Anglo contracts
- Group ROIC 20.3%
- Expect to remain above 20% target for full year



Operating Review

Robert MacLeod
Chief Executive



Johnson Matthey

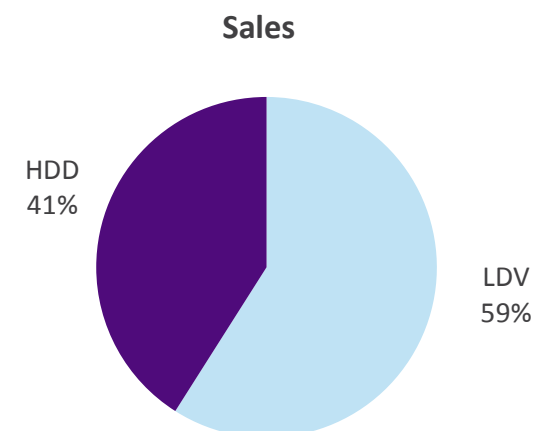
Emission Control Technologies

£m	Half year to 30 th September			
	1H 2014	1H 2013	% change	% at constant rates (cr)
Sales (excluding precious metals)	869	815	+7	+15
Underlying operating profit	118.1	94.2	+25	+37
Return on sales	13.6%	11.6%		
Return on invested capital (ROIC)	23.4%	18.7%		

- Strong first half
 - Tighter legislation in Europe and Asia benefited results
 - Good demand for HDD trucks in the US
 - Process efficiency improvements and higher plant utilisation

Outlook

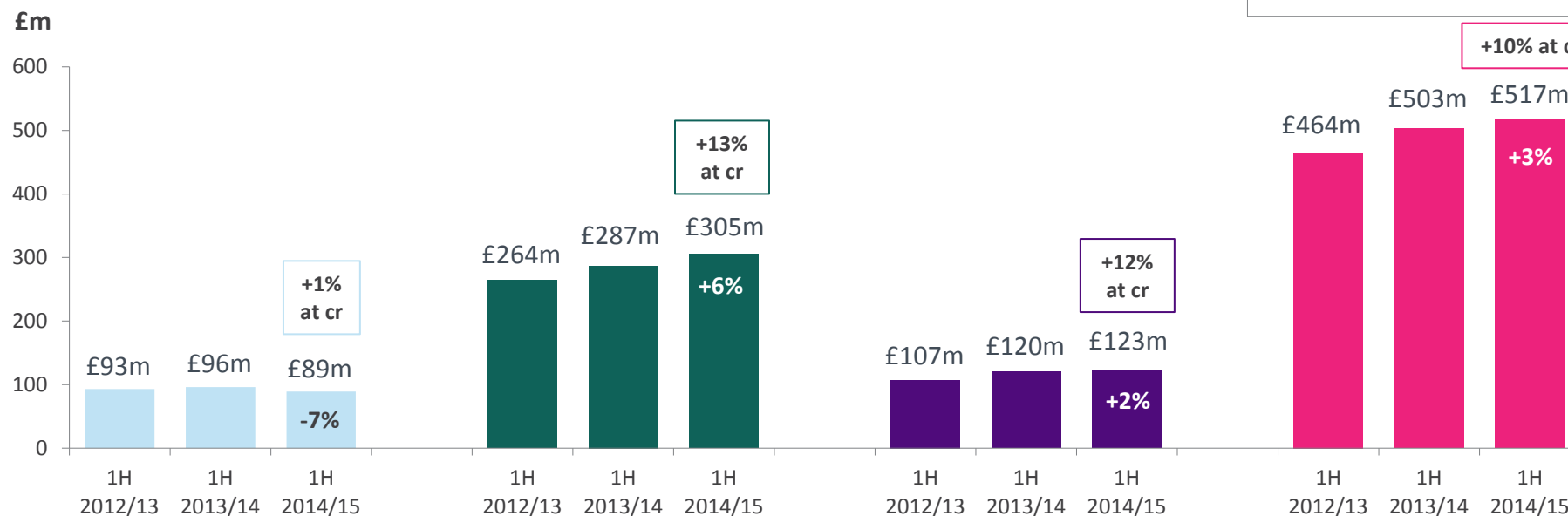
- LDV - Euro 6b legislation should support growth
- HDD - Subdued truck market in Europe, but US remains robust
- 2H expected to be similar to 1H



Emission Control Technologies

Johnson Matthey's Light Duty Catalyst Sales

Total sales 1H 2014/15
up 3% at **£517m**



North America

- North American car production up 3%
- JM volumes grew broadly in line with market

Europe

- JM's sales well ahead in a flat market
- Good performance at customers and benefit from Euro 6b

Asia

- JM volumes outperformed 6% growth in car market
- Strong sales in China and South East Asia

Global

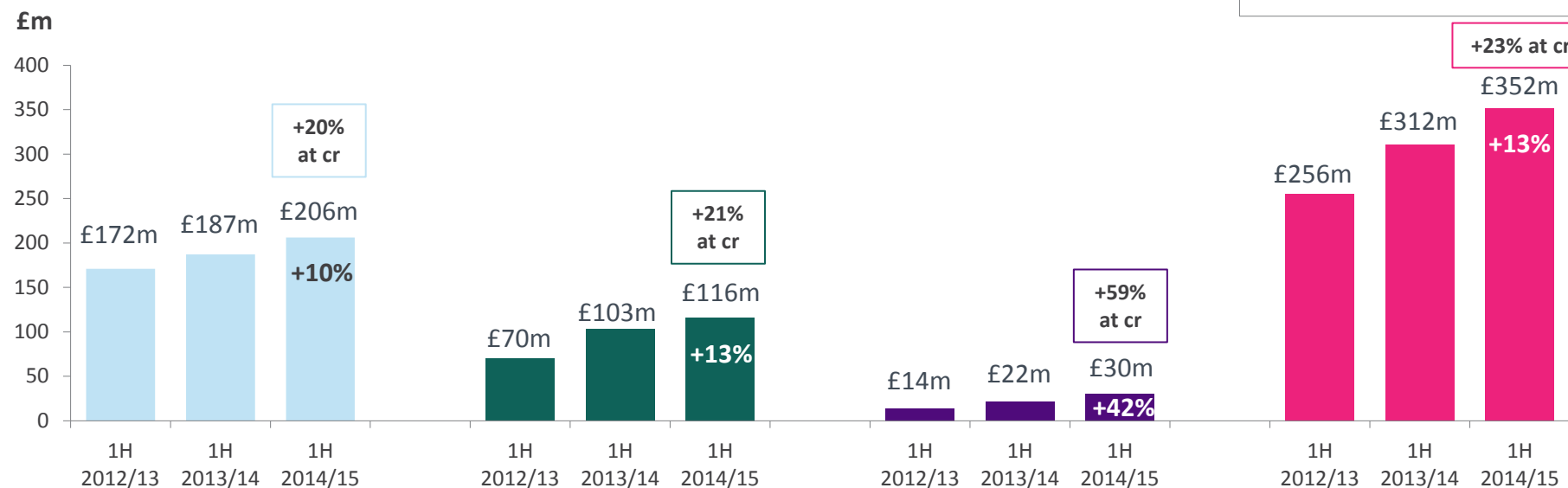
- Good performance with sales at cr well ahead of 3% growth in global car production

Emission Control Technologies

Johnson Matthey's Heavy Duty Diesel Catalyst Sales

Total sales 1H 2014/15

£352m up 13%



North America

- Sales at cr well ahead of 10% growth in truck production
- Good demand for 'Class 8' trucks

Europe

- Weak EU truck market (down 10%)
- Strong JM sales growth supported by Euro VI

Asia

- Growth driven by continued roll out of Euro IV in China
- Fitment expanding beyond big cities

Global

- Non-road applications around £30m of sales

Process Technologies

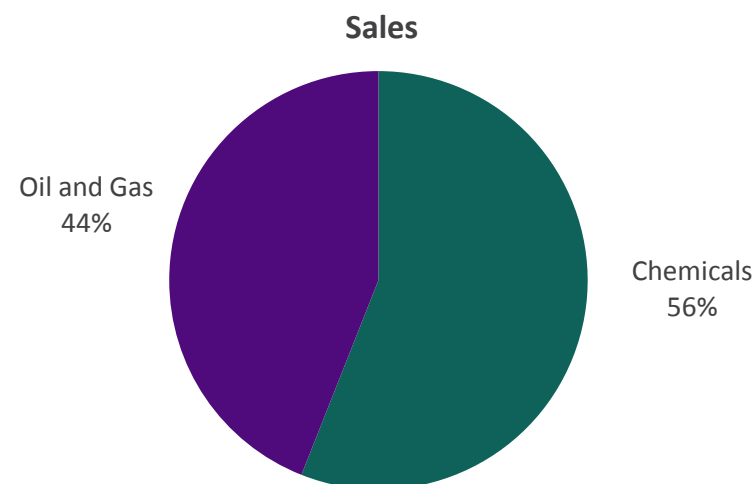
Half year to 30th September

£m	1H 2014	1H 2013	% change	% at constant rates (cr)
Sales (excluding precious metals)	283	288	-2	+2
Underlying operating profit	49.7	48.9	+2	+8
Return on sales	17.6%	17.0%		
Return on invested capital (ROIC)	15.0%	17.2%		

- Performance broadly in line
 - Good performance in Oil and Gas
 - Offset by weakness in Chemicals

Outlook

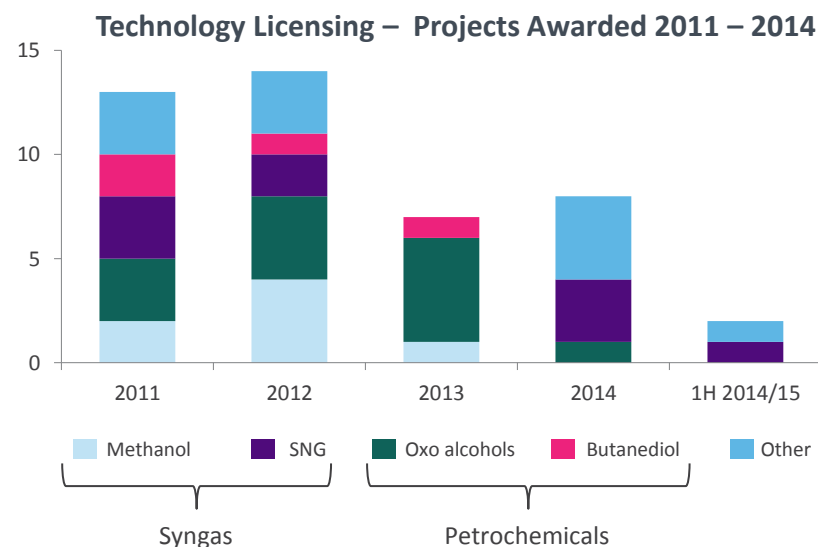
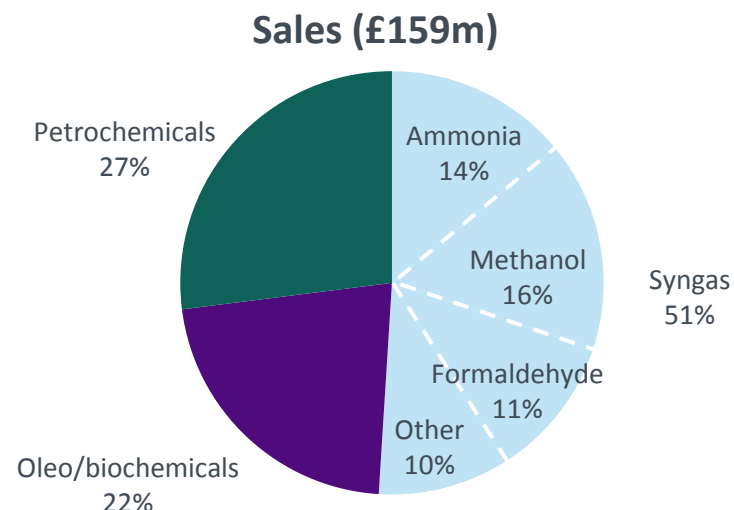
- Expect stronger 2H and progress for year as a whole
- Catalyst volumes expected to be good, but timing of orders uncertain



Process Technologies

Chemicals Businesses

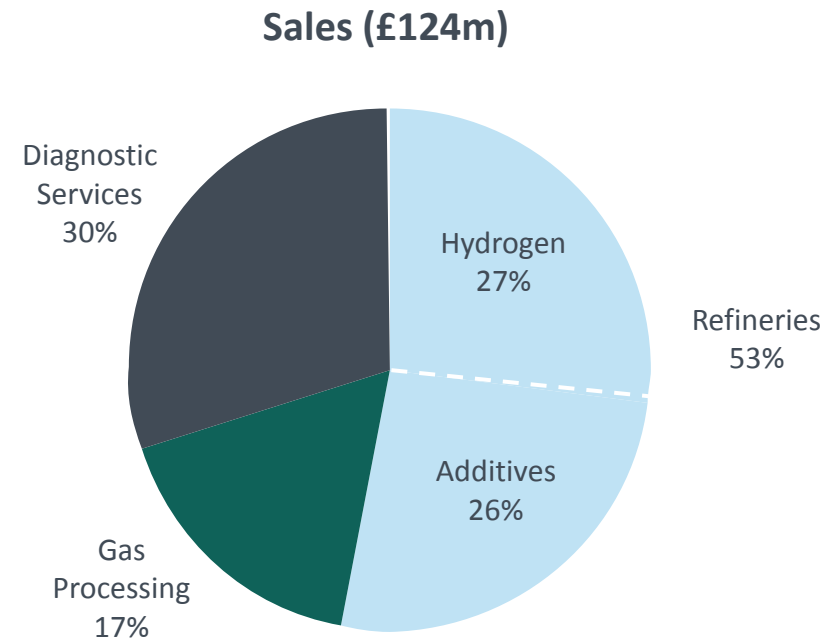
- Sales 9% lower at £159m (6% down at cr)
 - Licensing sales of £40m (1H 2013/14 £44m)
- Syngas (down 4% to £81m, flat at cr)
 - Sales of catalysts slightly lower due to timing of customer orders
 - 1 new SNG licence in India
- Oleo/biochemicals (down 3% at £35m, up 1% at cr)
 - Increased demand for catalysts
 - Lower licensing income (1 new licence)
- Petrochemicals (down 21% to £43m, down 19% at cr)
 - Demand for catalysts down, mainly due to phasing of some large orders
 - As expected, licensing sales lower



Process Technologies

Oil and Gas Businesses

- Sales up 10% to £124m (up 15% at cr)
- Refineries
(up 17% to £66m, 23% ahead at cr)
 - Sales of hydrogen catalysts boosted by a number of new plant builds
 - Additives demand good
- Gas Processing
(down 11% to £21m, 10% down at cr)
 - Lower demand for sulphur removal products
- Diagnostic Services
(up 13% to £37m, up 19% at cr)
 - Continues to be supported by unconventional oil and gas opportunities in the US



Precious Metal Products

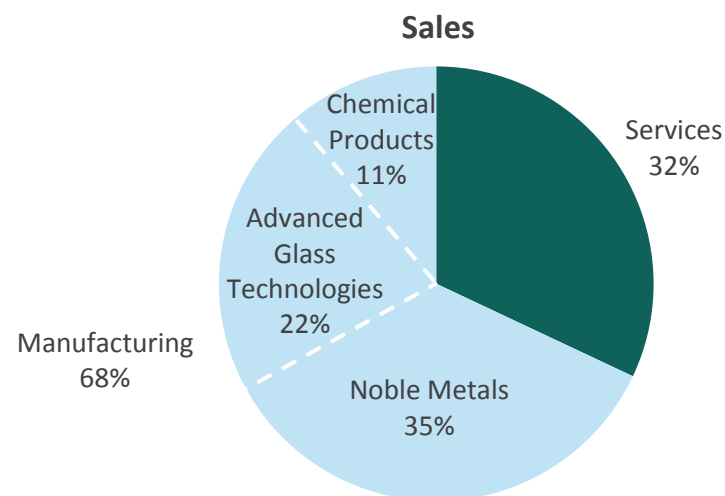
Half year to 30th September

£m	1H 2014	1H 2013	% change	% at constant rates (cr)
Sales (excluding precious metals)	193	214	-10	-5
Underlying operating profit	52.0	74.3	-30	-27
Return on sales	26.9%	34.7%		
Return on invested capital (ROIC)	32.9%	40.6%		

- Excluding Anglo, overall performance steady but mixed within the division

Outlook

- Expect 2H performance to be lower than 1H at current metal prices



Precious Metal Products

Services Businesses (sales down 32% at £61m, down 28% at cr)

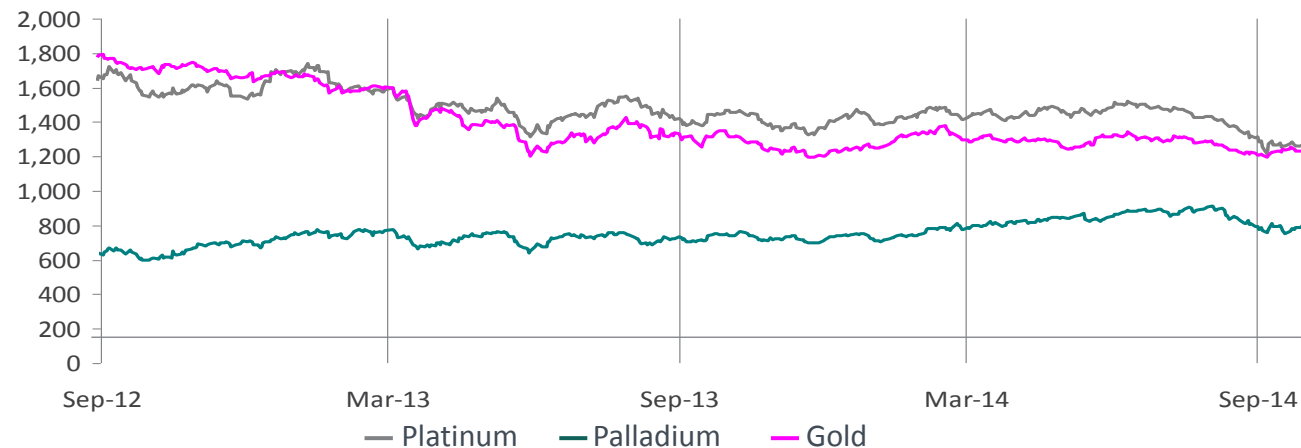
Precious Metals Management Business

- Sales £9m, impacted by loss of Anglo Platinum contract
- Average prices impact demand
 - Pt \$1,447/oz down 1%
 - Pd \$849/oz up 18%
 - Au \$1,286/oz down 6%
- Trading steady supported by precious metal price volatility

Refining Businesses

- Sales down 9% at £52m (2% down at cr)
- Steady performance in pgm refining; volumes ahead of last year with stable intake mix and pricing
- Secondary volumes of gold and silver adversely impacted by weaker metal prices

US\$/oz Platinum, Palladium and Gold Prices

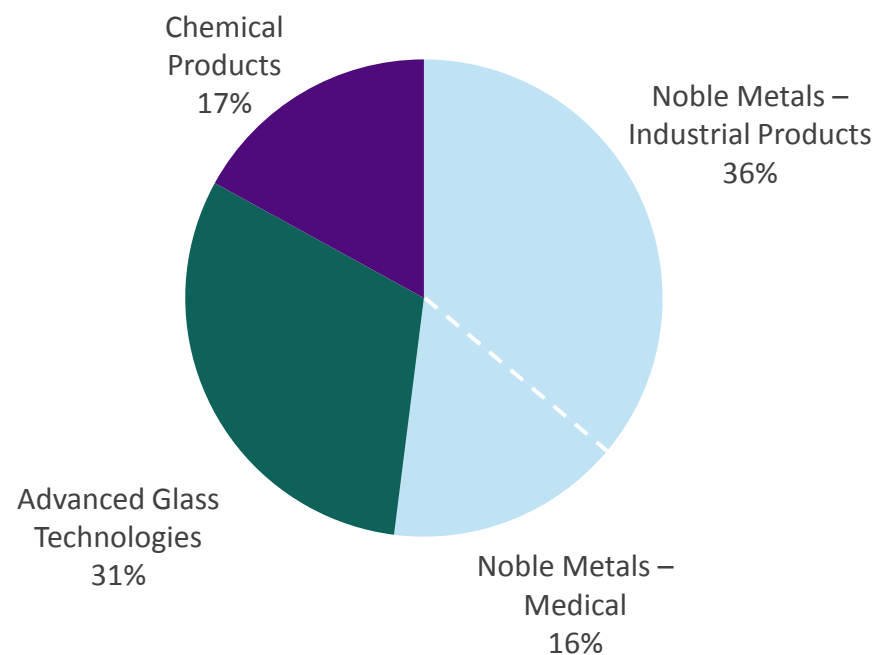


Precious Metal Products

Manufacturing Businesses

- Sales up 6% to £132m (12% ahead at cr)
- Noble Metals
(up 17% to £69m, 25% up at cr)
 - Improved demand for nitric acid catalysts
 - Steady sales of medical device components
 - Sales include £10m from a small business transferred from ECT in 2H 2013/14
- Advanced Glass Technologies
(down 7% to £41m, down 2% at cr)
 - High customer inventories resulted in lower demand for automotive glass products
 - Some sales of decorative colour products – closure of sites now complete
- Chemical Products
(in line at £22m, up 8% at cr)

Sales



Fine Chemicals

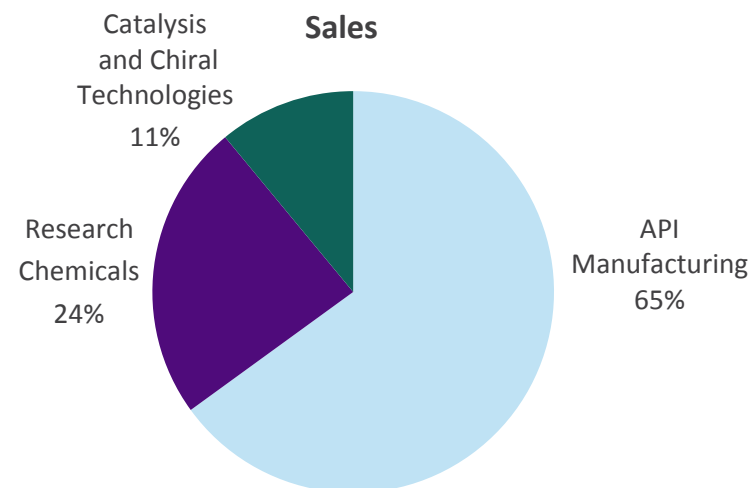
Half year to 30th September

£m	1H 2014	1H 2013	% change	% at constant rates (cr)
Sales (excluding precious metals)	155	161	-4	+1
Underlying operating profit	41.8	40.7	+3	+9
Return on sales	26.9%	25.2%		
Return on invested capital (ROIC)	18.4%	17.2%		

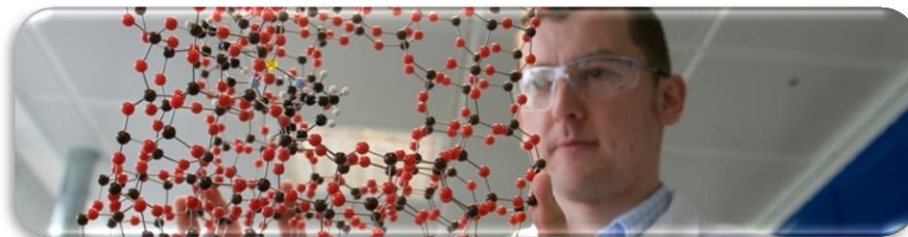
- Steady start to the year
- In line with 2H 2013/14, positive product mix continued to benefit operating profit

Outlook

- Positive outlook, supported by growth in API Manufacturing
- 2H performance expected to be ahead of 1H



Fine Chemicals



API Manufacturing

- Sales of £100m, down 5% (flat at cr)
- Demand for bulk opiates and ADHD APIs increased
- Sales of speciality opiates down

Research Chemicals

- Sales down 8% at £37m (down 2% at cr)
- Some increased competition in China
- New warehouses to support future growth in Asia and the US

Catalysis and Chiral Technologies (CCT)

- Good performance with strong growth in sales (up 14% at £18m, up 21% at cr)

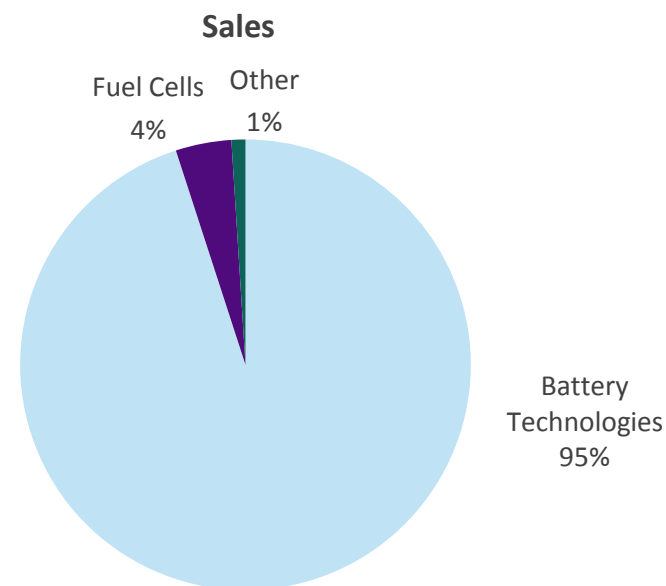
New Businesses

£m	Half year to 30 th September			
	1H 2014	1H 2013	% change	% at constant rates (cr)
Sales (excluding precious metals)	37	35	+5	+9
Underlying operating profit / (loss)	(12.0)	(9.2)	-30	-29

- Battery Technologies (sales up 10% at £35m)
 - Good demand from power tools and e-bikes sectors
 - Increased R&D led to small operating loss in first half
 - Two battery materials acquisitions will strengthen our position
- Fuel Cells impacted in 1H by key customer in administration
- Continued investment (~£5m) in other opportunities

Outlook

- For year as a whole, level of investment expected to be slightly higher than 2013/14



Group Outlook



-
- Underlying business performed well in the first half, benefiting from strong performance in ECT
 - In second half :
 - Good underlying growth expected
 - Partly offset by loss of commission income from Anglo in Q3
 - No further material impact from foreign currency translation, if today's exchange rates prevail
 - For the full year:
 - Expect the group's performance to be slightly ahead of 2013/14

Questions and Answers

Robert MacLeod
Chief Executive

Den Jones
Group Finance Director

Larry Pentz
Executive Director

John Walker
Executive Director, Emission
Control Technologies

John Fowler
Division Director, Fine Chemicals

Nick Garner
Division Director, New Businesses
and Corporate Development

Alan Myers
Division Director,
Precious Metal Products

Geoff Otterman
Division Director,
Process Technologies



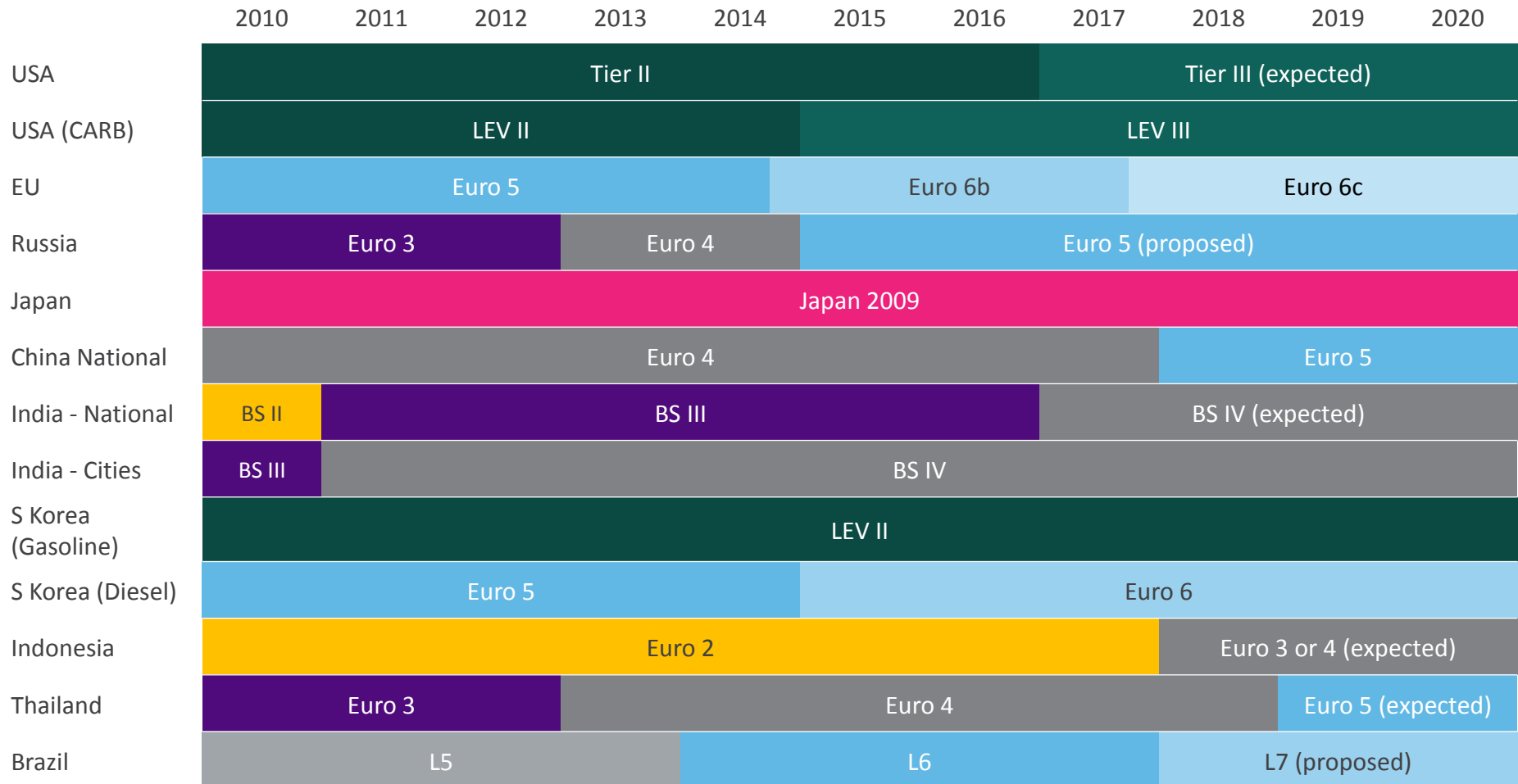
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Estimated Light Duty Vehicle Sales and Production

		1H	1H		1H	2H	
		2014/15	2013/14	%	2014/15	2013/14	%
		millions	millions	change	millions	millions	change
North America	Sales	10.2	9.6	+6	10.2	8.9	+15
	Production	8.4	8.1	+3	8.4	8.2	+2
Europe	Sales	9.0	9.1	-1	9.0	8.7	+3
	Production	9.7	9.8	-	9.7	9.8	-
Asia	Sales	18.4	17.4	+6	18.4	19.1	-3
	Production	21.8	20.6	+6	21.8	22.4	-3
Global	Sales	43.2	41.9	+3	43.2	42.6	+1
	Production	42.6	41.6	+3	42.6	42.9	-1

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Light Duty Vehicle Legislation



Estimated HDD Truck Sales and Production

		1H	1H		1H	2H	
		2014/15	2013/14	%	2014/15	2013/14	%
		thousands	thousands	change	thousands	thousands	change
North America	Sales	255.2	225.1	+13	255.2	221.2	+15
	Production	260.1	236.3	+10	260.1	230.0	+13
EU	Sales	128.9	134.6	-4	128.9	163.6	-21
	Production	186.9	207.2	-10	186.9	229.6	-19

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Heavy Duty Diesel Legislation

