



# News release

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For Release at 7.00 am on Wednesday 23<sup>rd</sup> July 2014

## **Johnson Matthey Plc – Q1 Interim Management Statement**

### **Progress in First Quarter**

At today's Annual General Meeting to be held at 11.00 am, Tim Stevenson, 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 2014 to date. Unless otherwise stated, figures quoted in this statement are for the quarter ended 30<sup>th</sup> June 2014.

“Johnson Matthey made progress in the first quarter of 2014/15 in the face of previously described headwinds from the effect of foreign currency translation and from the loss of commission revenue from Anglo American Platinum. Sales excluding precious metals (sales) were flat at £749 million (Q1 2013/14 £745 million) with growth in Emission Control Technologies offset by the expected softening in Process Technologies and Precious Metal Products. The group's underlying operating profit fell by 11% to £103.6 million (Q1 2013/14 £116.1 million). Underlying profit before tax was 10% lower at £95.0 million (Q1 2013/14 £106.0 million).

Excluding the impact of foreign exchange movements of approximately £50 million and the loss of around £10 million in commission income from Anglo, the group grew sales by 9%. The effect of exchange on underlying operating profit in the period was £8 million.

The group's balance sheet remains strong with net debt of £771 million and net debt (including post tax pension deficits) to EBITDA for the 12 months to 30<sup>th</sup> June 2014 of 1.4 times.

#### *Emission Control Technologies (ECT)*

ECT's sales in the quarter were up 10% to £444 million (Q1 2013/14 £404 million) and underlying operating profit was also ahead of last year. Sales of light duty vehicle

catalysts increased by 6% to £263 million (Q1 2013/14 £248 million), ahead of the growth in the global car market, benefiting from the slight recovery in Western European car sales and continued growing demand in China. In our heavy duty diesel (HDD) catalyst business, sales grew more strongly and were up 16% at £181 million (Q1 2013/14 £156 million) with growth across all regions. In particular, the business benefited from good demand for trucks in the US, the continued ramp up of Euro IV legislation in China and the recently introduced legislation in Europe (Euro VI). Our HDD sales in Europe were supported by the higher sales value of Euro VI catalysts and also by some continued pipeline filling of our customers' inventory of Euro VI parts which we believe is now largely complete.

### *Process Technologies*

As anticipated, Process Technologies had a softer first quarter as a result of the timing of new projects and catalyst orders in its Chemicals businesses. The division's sales were down 17% to £119 million (Q1 2013/14 £144 million) and underlying operating profit was also lower. The Oil and Gas businesses performed well, supported by good demand for refinery catalysts and additives, although this was more than offset by lower catalyst sales and the continued slower pace of licensing activity in the Chemicals businesses. Two new licences, one for a substitute natural gas plant and one for an oleochemicals based process, were secured in the period. With catalyst orders in the Chemicals businesses expected to increase, we currently anticipate that the division's first half performance will be broadly in line with that of the first half of last year and we continue to expect that the division will make progress in 2014/15.

### *Precious Metal Products*

The performance of Precious Metal Products in the first quarter was impacted by around £10 million as a result of the change in our Anglo Platinum contracts. Overall, sales in the division fell by 8% to £101 million (Q1 2013/14 £110 million) and underlying operating profit also reduced. In the division's Services businesses, platinum group metal (pgm) refining volumes were steady although our gold and silver refining business saw continued weakness, particularly for refining of secondary material. Sales in the division's Manufacturing businesses were ahead of last year, partly as a result of stronger demand in Europe for Noble Metals' products.

### *Fine Chemicals*

Sales in Fine Chemicals were broadly in line at £78 million (Q1 2013/14 £81 million) and operating profit was ahead. The Active Pharmaceutical Ingredient (API) Manufacturing business grew its sales of APIs for ADHD treatments and bulk opiates. However, demand for speciality opiates was down. The Catalysis and Chiral Technologies business

continued to make progress but demand in North America in Research Chemicals remained subdued.

#### *New Businesses*

Sales in New Businesses were steady at £18 million (Q1 2013/14 £20 million). Our Battery Technologies business made progress and expects to complete the previously announced acquisition of certain battery material manufacturing assets from A123 in the second quarter. As planned, operating costs for the division were broadly in line with those in the same period last year.

#### *Outlook*

Looking ahead, demand for the group's products is robust and we continue to anticipate good underlying performance in the business. Our guidance for the year as a whole remains unchanged, despite the further strengthening of sterling. We currently expect that the group's performance in 2014/15 will be broadly in line with 2013/14 as continued growth across the group will be offset by the adverse impact of both the loss of commission revenue from Anglo Platinum, approximately £30 million compared with 2013/14, and by the effect of foreign currency translation, which could reduce reported underlying operating profit by over £25 million if current rates prevail."

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

Den Jones, Group Finance Director, will host a conference call at 8.00 am today, Wednesday 23<sup>rd</sup> July 2014, to discuss this Interim Management Statement.

The dial-in number for UK callers is 0800 678 1161; for overseas callers the number is +44 1296 311 600; and the passcode is 253556#. Please dial in at least 5 to 10 minutes prior to the start of the conference call to allow time for registration.

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