



# News release

For release at 7.00 am on Wednesday 28<sup>th</sup> January 2015

## Johnson Matthey Plc – Q3 Trading Update

### Group sales up 5%

### On track to deliver full year results slightly ahead of 2013/14, in line with expectations

Johnson Matthey, a global leader in sustainable technologies, today provides its third quarter trading update. Unless otherwise stated, figures quoted in this statement are for the quarter ended 31<sup>st</sup> December 2014.

	Q3 2014/15 £ million	Q3 2013/14 £ million	% change
<b>Sales excluding precious metals (sales)</b>			
Emission Control Technologies	435	397	+9
Process Technologies	134	133	-
Precious Metal Products	92	95	-3
Fine Chemicals	73	76	-3
New Businesses	23	21	+13
Eliminations	(12)	(14)	
<b>Group sales</b>	<b>745</b>	<b>708</b>	<b>+5</b>
<b>Underlying operating profit<sup>1</sup></b>	<b>105.7</b>	<b>107.1</b>	<b>-1</b>
<b>Underlying profit before tax<sup>1</sup></b>	<b>96.5</b>	<b>96.0</b>	<b>+1</b>

<sup>1</sup> 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.

### Overview of Trading

Johnson Matthey made progress in the third quarter supported by a continued strong performance from Emission Control Technologies. Overall, sales excluding precious metals (sales) were 5% ahead at £745 million (2013/14 £708 million) and underlying profit before tax in the quarter increased slightly to £96.5 million (2013/14 £96.0 million). If the loss of around £10 million in commission income from Anglo American Platinum (Anglo Platinum) is excluded, the group's sales were 7% ahead and underlying profit

before tax grew at double digit rates, reflecting good growth in the business. There was no material foreign currency translation effect on results in the third quarter and if current rates prevail we expect no further impact for the remainder of the year.

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

ECT continued to perform well with sales 9% ahead at £435 million (2013/14 £397 million). Operating profit was also ahead. Sales of light duty vehicle catalyts grew by 5% to £266 million, ahead of global car production which fell slightly compared to last year. Growth in sales was particularly strong in Europe where the business benefited from demand for Euro 6b catalyts to meet the recently introduced legislation. Our heavy duty diesel catalyst business increased its sales by 16% to £169 million, supported by the continued strong demand for Class 8 trucks in the US. It also benefited from an increased contribution from higher value Euro VI catalyts in Europe, compared to the same period last year.

### ***Process Technologies***

Process Technologies' sales were flat at £134 million (2013/14 £133 million) although operating profit was significantly lower due to a less favourable mix. As anticipated, sales in our Chemicals businesses decreased, partly due to lower demand for catalyts resulting from the timing of customer orders. The pace of licensing activity, especially in China, remained slow and we now expect this slowdown will continue into next year. Our Oil and Gas businesses continued to grow well, supported by increased demand for refinery additives and diagnostic services. Whilst the recent fall in the oil price has not materially impacted trading in Process Technologies to date, it has affected investment decisions in the chemical industry. This will impact our business if these lower prices are sustained.

### ***Precious Metal Products***

Sales in Precious Metal Products decreased slightly to £92 million (2013/14 £95 million). As expected, operating profit was substantially lower as the division felt the final impact of the change in the Anglo Platinum contracts in this quarter's result. Sales increased in our Refining businesses, where good growth in volumes in our platinum group metal (pgm) refineries was partly offset by continued weakness in secondary gold and silver refining. In December we agreed the sale of our Gold and Silver Refining business to Asahi Holdings, Inc. for £118 million. We expect the transaction to be completed by the end of March 2015. The performance of our Manufacturing businesses was mixed though, overall, sales were ahead of last year. Noble Metals saw good demand in some of its markets, particularly for nitric acid catalyts in Europe, and sales of products in our Advanced Glass Technologies business were steady.

### ***Fine Chemicals***

Sales in Fine Chemicals were slightly behind at £73 million (2013/14 £76 million) but operating profit increased due to product mix benefits. Our Active Pharmaceutical Ingredient (API) Manufacturing business benefited from a good contribution from APIs for the treatment of ADHD and from sales of an API for drug addiction therapies that had been previously delayed. However, lower demand for pain management APIs

in Europe and bulk opiates resulted in a slight decrease in the business' sales. Sales in both Catalysis and Chiral Technologies and Research Chemicals were steady.

### ***New Businesses***

New Businesses continued to perform in line with expectations, with sales of £23 million (2013/14 £21 million). The operating loss increased as anticipated and we continue to expect that investment for the year as a whole will be slightly higher than in 2013/14.

### **Outlook**

The outlook for the divisions in the current financial year remains unchanged from that given in our half-yearly report. Consequently, we continue to expect the group's underlying profit before tax in 2014/15 to be slightly ahead of 2013/14, despite the adverse impact from the loss of commission revenue from Anglo Platinum in the first three quarters of the year and the effect of foreign currency translation in the first half.

### **Notes:**

#### **1 Call for Analysts and Investors**

Den Jones, Group Finance Director, will host a conference call at 8.00 am today, Wednesday 28<sup>th</sup> January 2015, to discuss this trading update. 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 443658#. Please dial in approximately 15 minutes prior to the start of the conference call to allow time for registration.

#### **2 Investor Event**

Tomorrow, Thursday 29<sup>th</sup> January 2015, Johnson Matthey is holding an investor event in Reading and at the group's technology centre in Sonning where we will present an overview of the group's strategy and technology. No material new information will be disclosed in the presentations which will be webcast live. The slides from the presentations will be available on the company website ([www.matthey.com](http://www.matthey.com)) from 10.30 am and the on demand webcast will be available during the morning of Friday 30<sup>th</sup> January.

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