Johnson Matthey

News release

For release at 7.00 am Thursday 2nd June 2016

Preliminary Results for the year ended 31st March 2016

Robust performance in challenging markets; continued investment for future growth

	Underlying[1]	Underlying year on year change			Reported
		actual	constant rates[2]	continuing[3]	
Revenue	**£10,714m**	**+7%**	**+6%**	**+7%**	**£10,714m**
Sales excluding precious metals[4]	**£3,177m**	**-**	**-**	**+3%**	**£3,177m**
Profit before tax (PBT)	**£418.2m**	**-5%**	**-5%**	**-**	**£386.3m**
Earnings per share (EPS)	**178.7p**	**-1%**			**166.2p**
Ordinary dividend per share	**71.5p**	**+5%**			**71.5p**
Net debt / EBITDA[5]	**1.1x**	**-0.6x**			**1.1x**
Lost time injury and illness rate[6]	**0.37**	**-26%**			**0.37**

Group Performance

- Robust performance in challenging markets – on a continuing basis[3], sales were up 3% and underlying PBT was flat
- Actions taken to reduce costs by around £34 million p.a. (£8 million benefited 2015/16)
  - Impairment and restructuring charges of £141 million, of which £38 million cash
  - Charges mainly relate to previously announced restructuring in Process Technologies and review of the Fuel Cells business
- Ongoing investment to support medium term growth
  - R&D spend of £188 million (6% of sales) and capex of £257 million (1.8x depreciation)
- Strong cash generation and balance sheet provide the resources for investment
  - Working capital days (ex pms) reduced to 56 (2014/15 66) and strong free cash flow of £589 million with cash flow conversion of 82%
  - Net debt (including post tax pension deficits) / EBITDA of 1.1 times
- Disposal of Research Chemicals completed with profit on disposal of £130 million
- ROIC at 17.3% remains well ahead of cost of capital
- Special dividend of 150.0 pence paid in February 2016
- Final dividend of 52.0 pence recommended, resulting in full year dividend up 5% at 71.5 pence, covered 2.5 times by underlying EPS, reflecting continued confidence in long term growth
- 2016/17 performance expected to be ahead of 2015/16, in line with current market expectations

Divisional Summary (actual rates, continuing basis[3])

Emission Control Technologies – strong year; sales up 7% and underlying operating profit up 15%

- Strong growth in Europe driven by full implementation of Euro 6b legislation for light duty diesel vehicles and recovery in Western European truck production
- Good demand in Asian light duty business, with growth in catalyst sales across all our major regions
- Growth in North America supported by good sales of light duty catalysts

- Lower demand for Class 8 trucks adversely impacted heavy duty diesel catalyst sales in second half

Process Technologies (PT) – difficult year; sales down 8% and underlying operating profit down 31%

- Chemicals businesses down due to lower licensing income and slightly weaker catalyst sales
- Steady catalyst sales in Oil and Gas businesses; Diagnostic Services adversely impacted by oil price
- Planned restructuring completed in Q4; PT will benefit from lower cost base in 2016/17

Precious Metal Products – challenging year; sales down 8% and underlying operating profit 25% lower

- Performance in Platinum group metal (Pgm) Refining and Recycling business adversely impacted as a result of a decline of ~25% in average pgm prices
- Manufacturing businesses stable, broadly in line with last year

Fine Chemicals – steady progress; sales up 3% and underlying operating profit up 1%

- Strong demand for catalysts and chiral technologies and steady sales of active pharmaceutical ingredients (APIs)
- Performance adversely impacted by safety shutdown in the USA in the first half

New Businesses – good progress; sales up 73% and operating loss reduced by 19% to £17.9 million

- Good growth in Battery Technologies' sales supported by last year's acquisitions in battery materials
- Fuel Cells business restructuring in second half will reduce ongoing costs

Commenting on the results, Robert MacLeod, Chief Executive of Johnson Matthey said:

"Johnson Matthey has delivered a robust performance overall in a year where conditions have been particularly tough in some of our markets. Emission Control Technologies had another strong year and we have made good progress in New Businesses. The group's performance was adversely impacted by the challenging conditions in some of our other business areas and we have restructured our business; results in 2016/17 will benefit from those actions.

We continued to focus on health and safety and our lost time injury and illness rate reduced. However, this was overshadowed by a tragic accident in July 2015 when an employee at our Fine Chemicals' facility in Riverside, USA suffered fatal injuries. This incident has further reinforced our efforts to achieve a world class health and safety culture across Johnson Matthey.

Looking ahead to 2016/17, we expect performance to be ahead of 2015/16 and in line with current market expectations. Johnson Matthey remains well positioned in markets with strong growth drivers. Our strong cash generation and balance sheet provide the resources for investment, and we continue to increase R&D and capital expenditure to drive future growth. Supported by a clear purpose and strategy, Johnson Matthey will continue to deliver long term growth for our shareholders through the creation of value adding sustainable technologies."

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[1] 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.
[2] At constant rates (if 2014/15 results are converted at average exchange rates for 2015/16).
[3] 2014/15 and 2015/16 adjusted to exclude contribution of Gold and Silver Refining and Research Chemicals businesses. See table on page 6.
[4] Sales excluding precious metals have been adjusted to include certain non pass through precious metal items.
[5] Net debt includes post tax pension deficits.
[6] Number of lost workday cases per 200,000 hours worked in a rolling year. 2014/15 restated to include lost time accidents declared / reclassified after the year end.

Report to Shareholders

Review of Results

	Year to 31st March 2016 £ million	2015 £ million	% change	% at constant rates
Revenue	**10,714**	**10,060**	**+7**	**+6**
Sales (excluding precious metals)				
Emission Control Technologies	1,913	1,782	+7	+7
Process Technologies	541	591	-8	-9
Precious Metal Products	343	417	-18	-19
Fine Chemicals	296	328	-10	-13
New Businesses	157	91	+73	+83
Eliminations	(73)	(45)		
Group sales	**3,177**	**3,164**	**-**	**-**
Underlying operating profit				
Emission Control Technologies	272.2	236.9	+15	+16
Process Technologies	73.6	106.0	-31	-31
Precious Metal Products	66.3	101.5	-35	-35
Fine Chemicals	82.3	88.8	-7	-11
New Businesses	(17.9)	(22.1)	+19	+20
Corporate	(25.7)	(34.0)	+24	
Group underlying operating profit	**450.8**	**477.1**	**-6**	**-6**
Interest	(32.6)	(37.5)	+13	
Share of profit of joint venture	-	0.5		
Underlying profit before tax	**418.2**	**440.1**	**-5**	**-5**
Tax on underlying profit before tax	(67.4)	(74.9)		
Underlying profit after tax	**350.8**	**365.2**	**-4**	
Underlying EPS (pence)	**178.7**	**180.6**	**-1**	
EPS (pence)	**166.2**	**211.2**	**-21**	
Dividend per share (pence)	**71.5**	**68.0**	**+5**	
Total research and development expenditure	**188.0**	**169.9**	**+11**	
Net cash flow from operating activities	**866.5**	**125.8**		
Capital expenditure	**257.0**	**211.8**		
Net debt	**674.9**	**994.4**		
Return on invested capital (ROIC)	**17.3%**	**18.8%**		
Health and safety – Lost time injury and illness rate	**0.37**	**0.50**		

Summary

Johnson Matthey made solid progress in 2015/16 despite a difficult macroeconomic environment and has continued to invest in R&D and our operations. Emission Control Technologies (ECT) continued to grow strongly and we have made good progress in New Businesses. Whilst the group's performance was adversely impacted by the challenging conditions in several of our business areas, we have restructured our business to better position the group for future growth.

ECT had another strong year, benefiting from the full implementation of Euro 6b legislation in Europe and light duty vehicle market growth in Asia and North America, although the reduction in demand for Class 8 trucks in our second half impacted our heavy duty diesel (HDD) catalyst sales in North America. Process Technologies (PT) had a challenging year with the slowdown in activity in the chemicals sector and the sustained low oil price impacting the division's performance. In Precious Metal Products (PMP), conditions have also been difficult due to the lower average platinum group metal (pgm) prices which were around 25% down on last year. In Fine Chemicals, there was steady demand in Active Pharmaceutical Ingredient (API) Manufacturing and good progress in Catalysis and Chiral Technologies. However, the division's performance was held back as a result of a safety shutdown in the US following a fatal accident in the first half. New Businesses made good progress with strong sales growth in battery materials and a positive contribution from Atmosphere Control Technologies.

Overall, sales were flat at £3.2 billion, underlying operating profit was 6% down at £450.8 million and underlying profit before tax was 5% lower at £418.2 million. Consequently, underlying return on sales was slightly lower than last year at 14.2%. On a continuing basis, adjusting for the disposals of Gold and Silver Refining and Research Chemicals, sales grew by 3% and underlying profit before tax was flat.

Working capital improved significantly by £442 million, with working capital days excluding the element that relates to precious metals reducing to 56, and the group delivered strong free cash flow of £589 million, with a cash flow conversion of 82%. For the 12 months to 31st March 2016, ROIC reduced to 17.3% and remains well ahead of our pre-tax cost of capital. Underlying earnings per share reduced by 1% to 178.7 pence.

Profit before tax was £386.3 million which includes both the benefit of the £130 million profit on the sale of Research Chemicals and the negative impact of a £141 million impairment and restructuring charge. Basic earnings per share were 166.2 pence.

The £141 million impairment and restructuring charge includes a one-off cash cost of £38 million and mainly relates to the previously announced PT restructuring and a restructuring of Fuel Cells following a review of the business. It is anticipated that the completed restructuring programme will generate around £34 million per annum of cost savings from 2016/17. The 2015/16 profit before tax benefited from around £8 million of cost savings.

Health and Safety

Our focus on health and safety continues and our lost time injury and illness rate reduced. However, this was overshadowed by the tragic accident in July 2015 when an employee at our Fine Chemicals' facility in Riverside, USA suffered fatal injuries. This incident has further reinforced our efforts to achieve a world class health and safety culture across Johnson Matthey.

Dividend

The board is recommending a 5% increase in the total dividend for the year, reflecting its confidence in the group's long term performance. This comprises a final dividend of 52.0 pence which, together with the interim dividend of 19.5 pence, gives a total ordinary dividend for the year of 71.5 pence (2014/15 68.0 pence). At this level, the dividend would be covered 2.5 times by underlying earnings per share. Subject to approval by shareholders, the final dividend will be paid on 2nd August 2016 to ordinary shareholders on the register as at 10th June 2016, with an ex dividend date of 9th June 2016. In addition, shareholders received a special dividend of 150.0 pence per share in February 2016.

Financial Review

Corporate Costs

Corporate costs reduced in the year from £34.0 million to £25.7 million which was just under 1% of sales. This decrease is predominantly due to the reduction in performance related pay and benefits in 2015/16. We expect this to reverse next year and corporate costs will revert back to just over 1% of sales.

Profit Before Tax

The group's profit before tax decreased by 22% to £386.3 million (2014/15 £495.8 million). The reconciliation of underlying profit before tax to profit before tax is:

	31st March 2016 £ million	**31st March 2015 £ million**
Underlying profit before tax	418.2	440.1
Amortisation of acquired intangibles	(20.9)	(17.3)
Profit on sale of businesses	130.0	69.7
Major impairment and restructuring charges	(141.0)	-
Exchange on liquidation of businesses	-	3.3
Profit before tax	**386.3**	**495.8**

Underlying Results on a Continuing Basis

The reconciliation of the group's underlying results on a continuing basis is as follows:

	Sales			Underlying PBT		
	2016 £ million	2015 £ million	% change	2016 £ million	2015 £ million	% change
Underlying	3,177	3,164	-	418.2	440.1	-5
Gold and Silver Refining	-	45		-	12.6	
Research Chemicals	38	77		7.5	15.0	
Continuing	**3,139**	**3,042**	**+3**	**410.7**	**412.5**	**-**

Major Impairment and Restructuring Charges

An impairment and restructuring charge of £141 million was excluded from underlying profit before tax and includes one-off cash costs of £38 million. We anticipate that the restructuring programmes we have completed will lead to cost savings of around £34 million per annum from 2016/17 onwards, and £8 million of savings are included in the fourth quarter of 2015/16. The charge mainly relates to:

- restructuring in PT in response to challenging market conditions. In addition, we have written down some substitute natural gas (SNG) and upstream oil and gas assets where we expect lower utilisation as a result of reduced growth prospects in these markets;
- New Businesses, mainly in Fuel Cells where, as previously announced and in view of anticipated market demand, we have completed a review of the business and as a result have impaired it;
- ECT, primarily as a result of our decision to cease manufacturing activities in Korea in order to optimise our supply chain;
- PMP, where we have completed some restructuring actions in response to the challenging trading conditions; and
- other charges of approximately £7 million where facilities have been consolidated.

	Impairment and restructuring charge £ million	Cash costs included in the charge £ million	Estimated annual cost savings £ million	Savings realised in Q4 2015/16 £ million
PT	62	22	23	5
New Businesses	42	2	3	1
ECT	20	6	1	-
PMP	10	5	3	2
Other	7	3	4	-
Total	**141**	**38**	**34**	**8**

Exchange Rates

The main impact of exchange rate movements on the group's results arises from the translation of overseas subsidiaries' profit into sterling. The group does not hedge the income statement impact of these translation effects.

The average exchange rates during 2015/16 of the group's principal overseas currencies were:

	Share of 2015/16 non-sterling denominated underlying operating profit	Average exchange rate 2015/16	2014/15	% change
US dollar	**42%**	**1.510**	**1.613**	**-6**
Euro	**29%**	**1.367**	**1.275**	**+7**
Chinese renminbi	**13%**	**9.60**	**9.99**	**-4**

Sterling depreciated against the US dollar and Chinese renminbi during 2015/16 but appreciated against the euro. The impact of exchange rates increased sales and underlying operating profit for the year by around £10 million and £1.6 million respectively. Sterling depreciated in the second half of the year against all three major currencies and at 31st March 2016, the exchange rates of sterling against the US dollar, euro and Chinese renminbi were $1.435, €1.266 and ¥9.28 respectively.

The US dollar, euro and Chinese renminbi represent over 80% of the group's non-sterling denominated underlying operating profit. Each one cent change in the average US dollar and euro exchange rates has approximately a £1.3 million and £1.0 million effect respectively on underlying operating profit in a full year; a ten fen change in the average rate of the Chinese renminbi has around a £0.6 million impact on underlying operating profit in a full year.

If current exchange rates are maintained throughout 2016/17, foreign currency translation will have a positive impact of approximately £15 million on underlying operating profit, primarily due to sterling's weakness against the US dollar and the euro.

Return on Invested Capital

The group's return on invested capital (ROIC) reduced from 18.8% to 17.3%. Underlying operating profit for the group was 6% lower than last year at £450.8 million, while average invested capital was £62 million higher at £2,600 million due to capital expenditure in excess of depreciation and lower post-employment benefit obligations.

We remain committed to our 20% long term ROIC target and we will continue to invest organically in our businesses across the world to drive these returns. We will also target appropriate acquisitions that accelerate the delivery of the group's strategy which may depress ROIC in the short term but create long term value. At 17.3%, the group's ROIC is well ahead of our pre-tax cost of capital, which we estimate to be 8.1% (2014/15 8.8%).

Interest

The group's net finance costs were £32.6 million, down from £37.5 million in 2014/15. This decrease was due to several factors including a reduction in average net debt following the sales of the Gold and Silver Refining and Research Chemicals businesses. 96% of the group's net debt at 31st March 2016 has fixed interest rates averaging approximately 3.0%.

Taxation

The group's total tax charge for the year was £60.6 million, a tax rate of 15.7% on profit before tax (2014/15 13.8%). The tax charge on underlying profit before tax was £67.4 million, which represents an effective tax rate of 16.1%, down from 17.0% last year. This decrease was primarily due to the continued reduction in the headline rate of corporation tax in the UK from 21% for 2014/15 to 20% for 2015/16.

Going forward, although the geographic mix of profit is uncertain, we anticipate that the rate of tax on the group's underlying profit should remain at least 3% lower than the headline rate for UK corporation tax, partly as the group benefits from the UK's 'patent box' legislation.

Cash Flow

During the year ended 31st March 2016, net cash inflow from operating activities was £866.5 million (2014/15 £125.8 million). The group's total working capital decreased by £441.9 million from last year. Excluding the element that relates to precious metals, working capital decreased by £100.0 million, from 66 days to 56 days, which is within our normal range of 50-60 days. The decrease was mainly due to ECT's improved management of its receivables and a reduction in Fine Chemicals' working capital following the sale of Research Chemicals. Working capital in respect of precious metals also reduced by £341.9 million, due primarily to lower inventories at the year end within PMP and lower precious metal prices. The group's cash flow conversion (adjusting for the effect of movements in precious metal working capital) was 82% (2014/15 44%), reflecting the decrease in working capital.

We anticipate working capital days to continue to be typically in the range of 50 to 60 and cash flow conversion to average around 70% due to higher levels of investment planned to support future growth.

Capital Expenditure

Capital expenditure was £257.0 million (of which £253.5 million was cash spent in the year) which equated to 1.8 times depreciation. The principal investments were projects to:

- increase emission control manufacturing capacity and technology in Europe and China to meet demand from new legislation;
- increase pgm refining capacity through the ongoing construction of a refinery in China; and
- upgrade core business systems.

We anticipate that capital expenditure will be at a similar level next year. This will include continued investment to increase capacity to meet demand for catalysts required for upcoming emissions legislation and in our core business systems. Capital expenditure to depreciation is expected to be in the range of 1.6 to 1.8 times.

Depreciation was £139.3 million in 2015/16 (2014/15 £134.7 million) and we expect this to rise steadily at around 8 to 10% per annum over the next three years as a result of the increased investment across the group.

Research and Development (R&D)

Gross expenditure on R&D was £188.0 million, which was up 11% compared with 2014/15. This represented around 6% of sales, slightly up from previous years. We have continued to increase our investment in R&D to support growth. R&D expenditure in ECT and PT accounted for around 60% of total spend.

Pension

Actuarial – Funding Basis

The latest actuarial valuation of the UK scheme as at 1st April 2015 revealed £69 million deficit (1st April 2012 £214 million) in the legacy defined benefit career average section, or £28 million after taking account of the future additional deficit funding contributions from the special purpose vehicle set up in January 2013. The valuation also revealed a £2 million surplus in the defined benefit cash balance section of the scheme, which was opened on 1st October 2012 when the defined benefit career average section was closed to new entrants. The latest actuarial valuations of our two US pension schemes estimated that the £1 million deficit at 30th June 2014 had changed to a £3 million surplus at 30th June 2015.

IFRS – Accounting Basis

The group's net post-employment benefit position at the end of the year, after taking account of the bonds held to fund the UK pension scheme deficit, improved significantly from a liability of £139.3 million to a surplus of £47.3 million. The group's UK pension scheme had a surplus of £100.8 million compared with a deficit of £77.2 million at the start of the year and the deficits in the group's US defined benefit pension schemes decreased by £5.2 million. The main reasons for the significantly improved positions were the experience gains in the UK caused by updating the underlying data to that from the 1st April 2015 actuarial valuation, the decrease in liabilities caused by the higher discount rates (as the yields on high quality corporate bonds increased) and the continued deficit funding cash contributions.

The cost of providing post-employment benefits was £70.5 million. Excluding the past service charges for pension enhancements for eligible employees who have been made redundant included in the major impairment and restructuring charge, the cost in underlying profit before tax is £65.1 million, up from £56.4 million in 2014/15. This increase of £8.7 million was due to an increase in the current service costs caused by the low discount rates at 31st March 2015, partly offset by a £7.1 million past service credit for plan amendments to the US post-retirement medical benefits plan.

We anticipate that the cost will decrease by £7 million for 2016/17, mainly non-cash due to the discount rates at 31st March 2016 being higher than at 31st March 2015, resulting in a lower current service charge for 2016/17. The absence of the past service credit for the US post-retirement medical benefits plan which was a one-off benefit in 2015/16 is mainly offset by the UK pension plan surplus resulting in an interest credit rather than a charge.

Capital Structure

Net debt at 31st March 2016 was £674.9 million, down £319.5 million. Net debt decreases to £656.7 million when adjusted for the bonds held to fund pensions less the post tax pension deficits. The group's underlying EBITDA reduced to £590.1 million (2014/15 £611.8 million). As a result, the group's net debt (including post tax pension deficits) / EBITDA was 1.1 times (31st March 2015 1.7 times) and, whilst below our target range of 1.5 to 2.0 times, ensures we have capacity to invest further in the future growth of the business.

Operations (underlying basis)

Emission Control Technologies (ECT)

	Year to 31st March 2016 £ million	2015 £ million	% change	% at constant rates
Revenue	**3,484**	**3,578**	**-3**	**-**
Sales (excluding precious metals)				
LDV Europe	698	622	+12	+18
LDV Asia	282	257	+10	+10
LDV North America	202	179	+13	+6
Total Light Duty Vehicle (LDV) Catalysts	**1,182**	**1,058**	**+12**	**+14**
HDD North America (on road)	405	387	+5	-2
HDD Europe (on road)	196	182	+8	+14
HDD Asia (on road)	44	47	-8	-10
Other	86	108	-20	-21
Total Heavy Duty Diesel (HDD) Catalysts	**731**	**724**	**+1**	**-1**
Total sales	**1,913**	**1,782**	**+7**	**+7**
Underlying operating profit	**272.2**	**236.9**	**+15**	**+16**
Return on sales	**14.2%**	**13.3%**		
Return on invested capital (ROIC)	**28.3%**	**24.1%**		

Estimated LDV Sales and Production*

		Year to 31st March 2016 millions	2015 millions	% change
North America	Sales	21.0	19.7	+6
	Production	17.8	17.0	+4
Total Europe	Sales	18.8	18.1	+4
	Production	20.7	20.3	+2
Asia	Sales	39.7	38.6	+3
	Production	44.1	43.9	-
Global	Sales	90.0	88.0	+2
	Production	88.5	88.0	+1

Estimated HDD Truck Sales and Production*

		Year to 31st March 2016 thousands	2015 thousands	% change
North America	Sales	546.1	512.8	+6
	Production	545.7	543.7	-
EU	Sales	321.2	276.6	+16
	Production	442.8	386.8	+14

*Source: LMC Automotive

ECT had another strong year with sales up 7% to £1,913 million and underlying operating profit 15% higher at £272.2 million. Our light duty vehicle (LDV) catalyst business performed well, significantly outpacing the 1% growth in global vehicle production, benefiting from the full implementation of Euro 6b legislation in Europe and strong demand for our products in both Asia and North America. In our on road heavy duty diesel (HDD) catalyst business, sales were up 5% supported by recovery in Western European truck production and strong demand for Class 8 trucks in North America in the first half of the year. On the other hand, demand for catalysts for non-road and stationary applications was down.

ECT's return on sales for the year increased by 0.9% to 14.2%. The improvement was mainly due to certain one-off benefits in the first half and, as expected, margins in the second half were lower. ROIC improved from 24.1% to 28.3% as a result of higher underlying operating profit and a continued focus on capital efficiency.

Light Duty Vehicle Catalysts

In Europe, our LDV catalyst business performed strongly, growing its sales by 12% to £698 million (18% up at constant rates), compared to the 2% growth in vehicle production. The main driver of growth was sales of higher value catalysts to meet Euro 6b legislation. This imposes tighter oxides of nitrogen (NOx) emission standards for diesel vehicles, bringing them much closer to those already in place for gasoline cars. It requires additional catalyst technology and increases sales value per vehicle for Johnson Matthey by around 20%. Euro 6b was in place for new models of diesel car from 1st September 2014 and since 1st September 2015 the new legislation has applied to all diesel cars produced in the EU.

There has been continued commentary around NOx emissions from diesel vehicles and speculation as to whether the share of vehicles produced in Europe with diesel engines may decline. The proportion of diesel vehicles produced in Western Europe declined slightly in 2015/16 to 51% (2014/15 52%). We continue to expect diesel's share of production in Western Europe to trend down due to the continuing fuel efficiency improvements in gasoline engines. That said, diesel engines currently offer fuel efficiency and carbon dioxide (CO_2) emission advantages over gasoline engines and with the introduction of real world driving emission standards (RDE), diesel vehicles are becoming cleaner. Furthermore, with the reduction in fleet average CO_2 limits from 130g/km to 95g/km in 2020, we still believe diesel will remain an important powertrain technology to enable our customers to meet these limits. As a result of RDE we expect a continued shift towards advanced selective catalytic reduction (SCR) NOx control systems for which Johnson Matthey already offers successful technologies.

Euro 6c legislation, to combat the emissions of harmful particles from gasoline engines, will start to take effect from September 2017 for new models, of which we expect only a limited number, and September 2018 for all new vehicles. We anticipate that certain gasoline cars, such as those with direct injection, will require new, advanced coated particulate filter technologies to meet the new standard. As a result, we expect our average sales value per vehicle to approximately double for those engines requiring additional particulate control. Initially we anticipate this to be required by up to one quarter of gasoline vehicles in the EU, and we are working with customers on catalyst solutions ahead of the start of Euro 6c.

In Asia, our LDV catalyst business also had a good year with sales up 10% to £282 million despite flat vehicle production. During the year, our catalyst sales grew in all our major markets. Our business in China continued to grow its sales in line with the market. Despite the economic slowdown in the country, demand for vehicles increased in the second half, helped by tax incentives for smaller vehicles and good sales of sports utility vehicles (SUVs) which supported growth in catalyst sales. In Japan, vehicle production continued to weaken but our sales grew strongly, supported by a positive product mix. Sales in India continued to grow in line with the increase in vehicle production. There are continuing discussions around the implementation dates for further legislation in order to bring legislation in China and India in line with Europe and North America. We currently don't expect a significant impact from new legislation in China and India until the end of the decade.

In North America our catalyst sales increased by 13% to £202 million (up 6% at constant rates), ahead of the 4% market growth, as our business benefited from a positive product and customer mix. Whilst interest in technologies for diesel passenger cars has declined, we are working increasingly with customers on catalyst solutions for larger diesel vehicles, such as pick-up trucks, to support achievement of tightening fleet average CO_2 targets in the region.

Heavy Duty Diesel Catalysts - On Road

In North America, our on road HDD catalyst business' sales were up 5% to £405 million (down 2% at constant rates), in a market which was flat year on year. The business maintained its strong position and volumes increased, although sales were adversely impacted in the second half by a sharp reduction in demand for large trucks (Class 8), which represent higher catalyst value per vehicle to Johnson Matthey. Sales of catalysts for Class 4-7 trucks were strong in the year and production volumes of these trucks have continued to remain stable into 2016/17. Production of Class 8 trucks has continued to soften at the start of 2016/17 as truck manufacturers adjust their build rates to align with the lower sales order levels and high dealer inventories. Following this, we expect production levels to stabilise later in the year.

In our European business, sales grew well, up 8% to £196 million (14% at constant rates). In the EU, demand for our catalysts was strong, supported by the 14% growth in the truck market. On the other hand, our sales outside of the EU, which represent around 10% of our on road European HDD sales and include sales to South America, were lower due to the significant decline in truck production in those regions.

Sales in our Asian HDD business reduced by 8% (10% at constant rates) to £44 million. Our business in China saw strong growth in the number of catalyst units sold, despite an 18% fall in truck production, as with the extension of Euro IV equivalent legislation around 85% of trucks are now fitted with a catalyst. However, our sales were lower due to a reduction in average catalyst content per truck as legislation has now extended beyond cities into areas where trucks are typically smaller and have simpler engines. We expect that fitment of catalysts to trucks to meet Euro IV standards will reach 100% in 2016/17. Catalyst sales in Japan were robust, supported by the good growth in truck production in the country.

Heavy Duty Diesel (HDD) Catalysts – Other

Sales of catalyst systems for non-road and stationary applications were down 20% at £86 million, with sales down in Europe, North America and Asia. This was mainly due to a fall in demand from both the agricultural sector and from US customers in the oil exploration industry.

Key Investments and Developments

During the year we completed the expansion of light duty diesel manufacturing capacity in the UK and commenced a programme to extend our HDD manufacturing capacity in Germany. Work is also underway to expand our R&D facilities and manufacturing capacity in China for both light and heavy duty technologies ahead of the introduction of tighter legislation towards the end of the decade.

Process Technologies

	Year to 31st March 2016 £ million	2015 £ million	% change	% at constant rates
Revenue	**551**	**600**	**-8**	**-9**
Sales (excluding precious metals)				
Syngas	158	184	-14	-14
Oleo/biochemicals	48	70	-31	-31
Petrochemicals	103	88	+17	+16
Chemicals	**309**	**342**	**-10**	**-10**
Refineries	127	133	-4	-8
Gas Processing	42	38	+11	+11
Diagnostic Services	63	78	-19	-18
Oil and Gas	**232**	**249**	**-7**	**-8**
Total sales	**541**	**591**	**-8**	**-9**
Underlying operating profit	**73.6**	**106.0**	**-31**	**-31**
Return on sales	**13.6%**	**17.9%**		
Return on invested capital (ROIC)	**9.6%**	**14.6%**		

In Process Technologies, challenging trading conditions have persisted across many areas, with sales down 8% to £541 million and underlying operating profit down 31% to £73.6 million. The Chemicals businesses suffered from slightly weaker catalyst sales and continued low levels of licensing activity. In the Oil and Gas businesses, catalyst sales remained steady but the slowdown in upstream oil and gas markets significantly impacted our Diagnostic Services business, which in turn had an adverse effect on the division's performance. Overall, catalyst sales in the division were weaker, primarily due to lower demand for 'first fill' catalysts for new plants. As a result of the reduction in underlying operating profit, return on sales and ROIC declined to 13.6% and 9.6% respectively.

With licensing activity and the oil price expected to remain subdued, we have taken action during the second half of the year to reduce costs in the division as detailed on page 6. This will generate annual cost reductions of approximately £23 million, and £5 million was realised in the final quarter of 2015/16.

Chemicals

Sales in our Chemicals businesses were down 10% at £309 million and underlying operating profit was significantly lower due to a more negative product mix for catalysts and continued low levels of licensing activity. During the year, sales of £56 million (2014/15 £76 million) were derived from licensing, engineering and related activities and five new licences (2014/15 six new licences) were secured. Across our Chemicals businesses, the slowdown in licensing activity in China continued as the country has sufficient capacity in place for many of our existing technologies. More broadly, ongoing projects globally have experienced delays and opportunities for new projects have reduced as a result of several factors. These include the impact of the lower oil price on investment sentiment and hence the technology decisions of our customers, lower demand for substitute natural gas (SNG) technology in China and the overall slower pace of economic growth in the country.

Sales of catalysts and licences in our Syngas business were down 14% at £158 million. As expected, sales of ammonia catalysts were lower this year, down 23% at £43 million, following strong demand in 2014/15. In methanol, catalyst sales were stable at £46 million and licensing income remained steady, supported by two new licences for methanol plants in China and Europe. Demand for formaldehyde catalysts was in line, although licensed technology sales were slightly down due to a slowdown in new plant builds following 18 months of buoyant activity. As a result, total sales to formaldehyde customers were 5% lower at £47 million.

Prospects for SNG catalysts and technology continued to deteriorate in 2015/16 as the Chinese authorities slowed approval of new projects due to environmental concerns. SNG continues to feature in the Chinese five year plan but at much reduced levels than before. Whilst no new SNG licences were signed in 2015/16, a licence for related technologies to convert coal into liquefied natural gas in China was agreed.

Sales in our Oleo/biochemicals business were down 31% at £48 million, mainly as a result of lower licensing income. Demand for nickel based catalysts was slightly down, especially in China, and sales were also impacted by the lower average price for nickel, which is a pass through cost to our customers.

In our Petrochemicals business, sales increased by 17% to £103 million benefiting from increased sales of catalysts for the production of speciality products. However, this was partially offset by lower demand in other areas due to timing of customer orders. Income from licensing was stable, supported by the close out of an oxo alcohols project in China in the first half. In addition, two new licences were secured in the year, including one for an oxo alcohols plant in India.

Oil and Gas

Our Oil and Gas businesses had a mixed year overall with sales 7% down at £232 million. Underlying operating profit was significantly down, impacted by the Diagnostic Services business which only broke even in the year.

In our Refineries business, sales fell by 4% to £127 million (down 8% at constant rates). There was a reduction in demand for hydrogen catalysts following a strong year in 2014/15 which saw a greater number of new plant projects. During the year oil refineries in some regions have been running past their scheduled shutdowns to take advantage of increased margins resulting from the availability of inexpensive feedstocks. Consequently, our customers, the refinery hydrogen suppliers, are running catalysts for longer which has adversely impacted demand for our refill hydrogen catalysts. Sales of our refinery additives, which are used to reduce emissions and improve performance in the fluid catalytic cracking (FCC) unit of the refinery, were ahead, benefiting from increased sales of catalyst enhancement additives.

Our Gas Processing business, which supplies purification products used to remove mercury and sulphur impurities from natural gas, made good progress with sales up 11% to £42 million. The business benefited from the introduction of new products and increased demand in North America.

Our Diagnostic Services business was significantly impacted by the low oil price which has caused a slowdown in the upstream oil and gas market. The business saw lower demand for services across all regions as customers reduced their operating expenditure and our sales decreased by 19% to £63 million. Operating profit was adversely impacted due to the business' relatively high fixed cost base. However, actions have been taken during the second half to reduce costs and, as a result, after making an operating loss in the first half, Diagnostic Services broke even for the full year.

Key Investments and Developments

During the year we completed the refurbishment of a new research and development facility at our site in Savannah, USA to support the development of advanced materials. Towards the end of the year we also commenced construction of a new pgm catalyst plant in Germany to meet future demand for a range of products in the Chemicals businesses.

Precious Metal Products

	Year to 31st March 2016 £ million	2015 £ million	% change	% at constant rates
Revenue	**7,667**	**7,178**	**+7**	**+5**
Sales (excluding precious metals)				
Precious Metals Management	17	17	-	-2
Refining	77	141	-46	-47
Services	**94**	**158**	**-41**	**-42**
Noble Metals	130	133	-2	-4
Advanced Glass Technologies	71	82	-13	-10
Chemical Products	48	44	+7	+4
Manufacturing	**249**	**259**	**-4**	**-4**
Total sales	**343**	**417**	**-18**	**-19**
Underlying operating profit	**66.3**	**101.5**	**-35**	**-35**
Return on sales	**19.4%**	**24.3%**		
Return on invested capital (ROIC)	**16.5%**	**21.6%**		

The performance of Precious Metal Products (PMP) was impacted by the significantly lower average pgm prices and by the absence of income from Gold and Silver Refining which was sold in March 2015. Sales were £343 million, down 18% and underlying operating profit was 35% lower at £66.3 million. Sales in the continuing businesses were down 8% and operating profit was 25% lower. As a result of the lower pgm prices, return on sales decreased to 19.4% and ROIC also reduced to 16.5%.

Services

On a continuing basis, sales in PMP's Services businesses, which comprise its Precious Metals Management (PMM) and Pgm Refining and Recycling activities, reduced by 17% to £94 million and operating profit was also significantly down. PMM, which provides a service supplying precious metals to Johnson Matthey and its customers, saw steady trading activity and sales in the period were stable. Platinum and palladium prices averaged \$991/oz (down 26%) and \$631/oz (down 23%) respectively in 2015/16, and ended the year at \$968/oz and \$570/oz respectively. This impacted sales in our Pgm Refining and Recycling businesses which were 20% down at £77 million (22% down at constant rates). Following a sharp reduction in intake volumes during the final quarter of 2014/15 which corresponded to the fall in pgm prices, our intake volumes in 2015/16 have remained subdued but relatively stable. Margins have also been adversely impacted by a less favourable intake mix. Volumes of end of life autocatalysts were lower as the reduction in both pgm and scrap steel prices resulted in a slowdown in the supply chain. On the other hand, intakes from mines and refiners were up, boosted by the first full year of our long term supply contract with Stillwater. The processing issues encountered last year with certain intakes have been resolved.

Despite the slight recovery in pgm prices since the year end, prices are still below average levels for the first half of 2015/16 and trading conditions remain subdued.

Manufacturing

Performance within our Manufacturing businesses was mixed with sales down 4% at £249 million. Underlying operating profit was flat.

Our Noble Metals business, which supplies high technology products to the industrial, medical device and automotive sectors, had a mixed year with sales down 2% to £130 million (down 4% at constant rates). Sales of industrial products decreased 7% to £83 million. The business saw weaker demand for pgm alloy catalysts used in the production of fertilisers following strong demand in Europe last year. Sales of other industrial products were also down. Our sales of medical components were up 9% at £47 million, benefiting from steady volume growth and favourable foreign exchange.

Sales in our Advanced Glass Technologies business were 13% lower this year at £71 million (10% lower at constant rates), primarily as a result of lower sales of decorative ceramic colour products following our exit from that market. Demand for our black obscuration enamels and silver pastes for automotive glass applications was slightly weaker in China, although sales in Europe and North America remained stable.

Chemical Products' sales of £48 million were 7% ahead (4% at constant rates) supported by good demand for pgm salts for the pharmaceutical industry.

Key Investments and Developments

We have continued to invest in a number of projects which are targeting an improvement in our pgm refining process and in our new pgm refinery in China which is expected to become operational during the second half of 2016/17.

We have continued our investment in PMP's Manufacturing businesses, utilising their strong expertise in pgm chemistry and materials science to develop new products in higher growth markets. Work is underway on a number of new developments and while it will take some time for this growth to be realised, these projects have made good progress to date.

Fine Chemicals

	Year to 31st March			**% at**
	2016	**2015**	**%**	**constant**
	£ million	**£ million**	**change**	**rates**
Revenue	**325**	**370**	**-12**	**-15**
Sales (excluding precious metals)				
API Manufacturing	217	216	+1	-3
Catalysis and Chiral Technologies	41	35	+16	+15
Research Chemicals	38	77		
Total sales	**296**	**328**	**-10**	**-13**
Underlying operating profit	**82.3**	**88.8**	**-7**	**-11**
Return on sales	**27.8%**	**27.1%**		
Return on invested capital (ROIC)	**16.9%**	**18.4%**		

Fine Chemicals made steady progress. Adjusting for the disposal of our Research Chemicals business, which was sold on 30th September 2015, sales were up 3% (1% down at constant rates), and underlying operating profit was 1% higher. Whilst sales in our API Manufacturing business were stable, the division saw strong demand for catalysts and chiral technologies. Performance was adversely impacted by the safety shutdown following a fatal accident in July 2015 at our API Manufacturing facility in Riverside, USA. Return on sales improved by 0.7% to 27.8% as a result of the sale of Research Chemicals. However, there was a reduction in ROIC of 1.5% to 16.9% due to increased investment over the year to support future growth.

API Manufacturing

Our API Manufacturing business' sales were up 1% at £217 million (down 3% at constant rates) and operating profit was down slightly due to the safety shutdown in the first half of the year. Demand for bulk opiates was lower primarily as a result of increased imports of finished drug products from outside the UK. However, sales of speciality opiates grew strongly, with increased demand for speciality APIs used in pain relief and drug addiction therapies. There was a reduction in sales of APIs for Attention Deficit Hyperactivity Disorder (ADHD) treatments due to lower volumes and the timing of some orders. On the other hand, continued good demand for the provision of custom services for API development and manufacturing supported the business' sales.

During the year, we have made progress in the development of APIs to ensure a steady pipeline of new products. This has continued to support our portfolio of abbreviated new drug applications (ANDAs) that have received, or are awaiting, Food and Drug Administration (FDA) approval.

Catalysis and Chiral Technologies (CCT)

CCT has had a good year, growing its position as a developer and supplier of speciality technologies and products which are used by customers in complex multi step reactions for the production of APIs or agrochemicals. The business saw strong demand for catalyst products and sales grew by 16% to £41 million. Underlying operating profit was also well ahead.

Research Chemicals

On 30th September 2015 we completed the sale of this business to Thermo Fisher Scientific Inc. for £255 million. Prior to disposal, it contributed sales of £38 million and underlying operating profit of £7.5 million for the six months to 30th September 2015.

Key Investments and Developments

We have continued to invest in the future growth of Fine Chemicals. Pharmorphix, a small acquisition which was completed in October 2015, has now been integrated into our European API manufacturing operations.

During the year we have continued our investment in the refurbishment of our manufacturing site in Annan, Scotland and the facility has received Home Office approval for the production of controlled substances. We expect the plant to commence operation by the end of 2016. In North America, we have expanded our custom development and manufacturing capabilities and continued to invest in developing our API product portfolio.

New Businesses

	Year to 31st March 2016 £ million	2015 £ million	% change	% at constant rates
Revenue	**161**	**93**	**+72**	**+82**
Sales (excluding precious metals)				
Battery Technologies	130	84	+56	+66
Fuel Cells	10	6	+59	+59
Atmosphere Control Technologies	16	-		
Other	1	1		
Total sales	**157**	**91**	**+73**	**+83**
Underlying operating profit / (loss)	**(17.9)**	**(22.1)**	**+19**	**+20**

New Businesses continued to make good progress with sales up 73% to £157 million, boosted by recent acquisitions in Battery Technologies and Atmosphere Control Technologies (ACT). Excluding these acquisitions, sales were 20% higher. As expected, the underlying operating loss reduced modestly in the year to £17.9 million.

Battery Technologies

Our Battery Technologies business made good progress with sales up 56% to £130 million (up 66% at constant rates) supported by the contribution from the two battery materials acquisitions completed during 2014/15. Excluding these acquisitions, sales were 17% higher. Overall, excluding acquisition-related costs, Battery Technologies broke even in the year.

In battery materials, where our focus is on materials for highly demanding applications such as for the automotive sector, we have continued to grow sales to around £40 million in 2015/16. We have fully integrated the businesses acquired in 2014/15, establishing Johnson Matthey as a major supplier of lithium iron phosphate (LFP) cathode material to 15 platforms across the light and heavy duty sectors. Sales of LFP have been strong, especially in China. We continue to develop our leading position in LFP by further enhancing our products in a market which is expected to grow strongly. We also plan to expand into a wider range of materials, including nickel rich cathode materials which offer improved range compared to LFP.

To support this, since the year end we have licensed the CAM-7™ platform of nickel rich cathode material technologies for lithium-ion batteries from CAMX Power LLC. The CAM-7 platform of patented materials is particularly suited to demanding, high energy density applications such as battery electric vehicles and plug-in hybrid electric vehicles. This licence will accelerate our move into nickel rich products for the automotive market and support the longer term growth in our Battery Technologies business.

Our battery systems business for non-automotive applications, such as powertools and e-bikes, made further progress, although sales of battery systems to automotive customers were slower. We commenced the relocation of our battery systems automotive business from Dundee to Milton Keynes, UK, in order to better serve our customers.

Fuel Cells

Sales in our Fuel Cells business were £10 million, well ahead of last year, benefiting from good demand from non-automotive customers for applications including combined heat and power (CHP), backup power and materials handling.

For transport applications, the phased emissions regulation in California, USA and the impact of Japan's Basic Energy Plan continue to incentivise the introduction of small numbers of fuel cell powered cars and we have continued to work with a number of original equipment manufacturers on their development programmes. However, we do not anticipate any significant penetration of fuel cell electric vehicles until at least 2025. As a result, we have completed a review of the business and we have impaired it.

The net expense of our Fuel Cells business reduced to £8.5 million in the year (2014/15 £9.9 million).

New Business Development

Our ACT business, now fully integrated following the acquisition of StePac Modified Atmosphere Packaging in May 2015, made good progress and delivered sales of £16 million and a small operating profit in the year.

In addition, we invested just under £10 million in other new opportunities, the most advanced being our Water Technologies business. As part of our strategy in this area, in April 2016 we completed the purchase of MIOX Corporation and in May 2016 we acquired Finex, both of which enable us to broaden our technology and commercial capabilities in this market. Water purification is one of our new business areas where we believe there is an attractive and growing market for high value technologies, developed using our chemistry and applications expertise. We anticipate that in 2016/17 the Water Technologies business will deliver sales of around £15 million and, excluding integration costs, make a small operating loss.

Outlook

The structural drivers for the group's technologies remain robust despite the challenging macroeconomic conditions which are expected to continue in 2016/17. Increased investment in R&D and capex, together with the restructuring actions taken in 2015/16, provide strong foundations for future growth.

At current exchange rates, the outlook for the divisions is as follows:

Emission Control Technologies

ECT's performance in 2016/17 is expected to be slightly ahead of 2015/16. The division should benefit from continued growth in vehicle production in Asia and Europe, and robust demand for trucks in Western Europe. However, this will be partially offset by significantly lower demand for HDD catalysts for the large (Class 8) trucks in North America which will result in a weaker first half performance for the division. ECT remains well positioned to benefit from the strong growth opportunities provided by continued tightening of legislation around the world, including the introduction of Euro 6c and real world driving standards in Europe, which should positively impact the business from 2018.

Process Technologies

We expect challenging trading conditions to continue and that many of PT's markets will remain subdued. However, the division's performance is expected to be ahead in 2016/17 as a result of recent actions taken to reduce costs. The order book for catalysts indicates stable demand, but income from licensing is likely to remain at current low levels and the low oil price will continue to negatively impact the Diagnostic Services business.

Precious Metal Products

Although pgm prices have stabilised since our year end, they remain low relative to the same time last year. Consequently, we expect the performance of our Pgm Refining and Recycling business in 2016/17 will be lower than in 2015/16, if prices remain at current levels. Our Manufacturing businesses, which represent around three quarters of the division's sales, should see good demand and we expect performance will be slightly ahead of last year. Taken together, at current pgm prices, we expect performance in Precious Metal Products will be slightly lower than in 2015/16.

Fine Chemicals

Fine Chemicals is expected to make progress in 2016/17 on a continuing basis. We anticipate growth in the API Manufacturing business in North America, and our business in Europe will benefit from increased capacity once the refurbishment of the Annan facility in Scotland is completed in late 2016. CCT is expected to maintain its good performance.

New Businesses

In 2016/17 New Businesses will continue to reduce its underlying operating loss supported by a profitable contribution from our Battery Technologies and ACT businesses, and benefiting from lower costs in Fuel Cells following its restructure. The division remains on track to reach breakeven in 2017/18.

Overall

In 2016/17 the group will benefit from progress in Fine Chemicals and New Businesses. ECT's performance for the year as a whole is expected to be slightly ahead and, whilst market conditions in Process Technologies remain challenging, its performance should improve as a result of the reduced cost base. At current pgm prices, performance in Precious Metal Products is expected to be slightly lower. Overall, at current exchange rates, we expect the group's performance in 2016/17 to be ahead of 2015/16, in line with current market expectations.

Looking Further Ahead

Johnson Matthey remains well positioned in markets with strong growth drivers. Our strong cash generation and balance sheet provide a platform for investment, and we continue to increase R&D and capital expenditure to support future growth. Supported by a clear purpose and strategy, Johnson Matthey is well positioned to deliver long term growth for our shareholders through the creation of value adding sustainable technologies.

Consolidated Income Statement
for the year ended 31st March 2016

	Notes	2016 £ million	2015 £ million
Revenue	6	**10,713.9**	10,059.7
Cost of sales		**(9,947.1)**	(9,242.0)
Gross profit		**766.8**	817.7
Distribution costs		**(126.1)**	(133.3)
Administrative expenses		**(189.9)**	(207.3)
Profit on sale or liquidation of businesses	3	**130.0**	73.0
Amortisation of acquired intangibles	4	**(20.9)**	(17.3)
Major impairment and restructuring charges	5	**(141.0)**	-
Operating profit	6	**418.9**	532.8
Finance costs		**(40.2)**	(47.0)
Finance income		**7.6**	9.5
Share of profit of joint venture and associate		**-**	0.5
Profit before tax		**386.3**	495.8
Income tax expense		**(60.6)**	(68.5)
Profit for the year		**325.7**	427.3
Attributable to:			
Owners of the parent company		**333.1**	428.7
Non-controlling interests		**(7.4)**	(1.4)
		325.7	427.3
		pence	pence
Earnings per ordinary share attributable to the equity holders of the parent company			
Basic	9	**166.2**	211.2
Diluted	9	**165.9**	210.7

Consolidated Statement of Total Comprehensive Income
for the year ended 31st March 2016

	Notes	2016 £ million	2015 £ million
Profit for the year		**325.7**	427.3
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurements of post-employment benefit assets and liabilities	13	**180.1**	(52.1)
Tax on above items taken directly to or transferred from equity		**(39.1)**	13.7
		141.0	(38.4)
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences		**24.1**	(11.6)
Cash flow hedges		**5.6**	(16.2)
Fair value (losses) / gains on net investment hedges		**(1.2)**	26.5
Fair value (losses) / gains on available-for-sale investments		**(5.5)**	6.1
Tax on above items taken directly to or transferred from equity		**(4.7)**	2.3
		18.3	7.1
Other comprehensive income / (expense) for the year		**159.3**	(31.3)
Total comprehensive income for the year		**485.0**	396.0
Attributable to:			
Owners of the parent company		**492.8**	397.2
Non-controlling interests		**(7.8)**	(1.2)
		485.0	396.0

Consolidated Balance Sheet

as at 31st March 2016

	Notes	2016 £ million	2015 restated (note 2) £ million
Assets			
Non-current assets			
Property, plant and equipment		**1,086.3**	1,080.8
Goodwill		**570.0**	547.2
Other intangible assets		**225.0**	187.5
Deferred income tax assets		**22.2**	21.6
Investments and other receivables		**92.3**	82.0
Interest rate swaps	10	**11.1**	19.0
Post-employment benefit net assets	13	**109.1**	6.9
Total non-current assets		**2,116.0**	1,945.0
Current assets			
Inventories		**653.7**	858.8
Current income tax assets		**21.9**	20.6
Trade and other receivables		**948.0**	1,132.5
Cash and cash equivalents – cash and deposits	10	**304.5**	59.4
Interest rate swaps	10	**4.6**	-
Other financial assets		**8.5**	14.4
Assets classified as held for sale		**-**	149.0
Total current assets		**1,941.2**	2,234.7
Total assets		**4,057.2**	4,179.7
Liabilities			
Current liabilities			
Trade and other payables		**(812.3)**	(799.5)
Current income tax liabilities		**(115.0)**	(95.9)
Cash and cash equivalents – bank overdrafts	10	**(20.7)**	(55.5)
Other borrowings, finance leases and related swaps	10	**(138.5)**	(234.7)
Other financial liabilities		**(17.9)**	(25.5)
Provisions		**(41.3)**	(36.4)
Liabilities classified as held for sale		**-**	(49.8)
Total current liabilities		**(1,145.7)**	(1,297.3)
Non-current liabilities			
Borrowings, finance leases and related swaps	10	**(835.9)**	(782.6)
Deferred income tax liabilities		**(99.4)**	(70.0)
Employee benefit obligations	13	**(115.1)**	(203.4)
Provisions		**(20.6)**	(20.8)
Other payables		**(5.9)**	(5.5)
Total non-current liabilities		**(1,076.9)**	(1,082.3)
Total liabilities		**(2,222.6)**	(2,379.6)
Net assets		**1,834.6**	1,800.1
Equity			
Share capital		**220.7**	220.7
Share premium account		**148.3**	148.3
Shares held in employee share ownership trust (ESOT)		**(54.9)**	(54.7)
Other reserves		**(2.3)**	(21.0)
Retained earnings		**1,541.3**	1,517.3
Total equity attributable to owners of the parent company		**1,853.1**	1,810.6
Non-controlling interests		**(18.5)**	(10.5)
Total equity		**1,834.6**	1,800.1

Consolidated Cash Flow Statement

for the year ended 31st March 2016

	Notes	2016 £ million	2015 restated (note 2) £ million
Cash flows from operating activities			
Profit before tax		**386.3**	495.8
Adjustments for:			
Share of profit of joint venture and associate		**-**	(0.5)
Profit on sale of continuing activities		**(130.0)**	(69.7)
Depreciation, amortisation, impairment losses and loss on sale of non-current assets		**252.0**	153.2
Share-based payments		**(2.8)**	7.7
Decrease / (increase) in inventories		**211.6**	(223.3)
Decrease / (increase) in receivables		**153.2**	(143.5)
Increase / (decrease) in payables		**47.1**	(25.3)
(Decrease) / increase in provisions		**(0.7)**	5.6
Contributions in excess of employee benefit obligations charge		**(21.0)**	(29.5)
Changes in fair value of financial instruments		**4.0**	(0.7)
Net finance costs		**32.6**	37.5
Income tax paid		**(65.8)**	(81.5)
Net cash inflow from operating activities		**866.5**	125.8
Cash flows from investing activities			
Dividends received from joint venture		**0.3**	0.4
Interest received		**5.2**	7.4
Purchases of non-current assets and investments		**(253.5)**	(212.1)
Proceeds from sale of non-current assets and investments		**4.0**	3.8
Purchase of interest in associate		**(16.2)**	-
Purchases of businesses		**(16.6)**	(67.4)
Net proceeds from sale of businesses		**244.6**	113.7
Net cash outflow from investing activities		**(32.2)**	(154.2)
Cash flows from financing activities			
Net cost of ESOT transactions in own shares		**(3.1)**	(17.1)
Purchase of non-controlling interests		**-**	(9.4)
(Repayment of) / proceeds from borrowings and finance leases		**(77.2)**	49.1
Dividends paid to equity holders of the parent company	8	**(444.6)**	(129.9)
Settlement of currency swaps for net investment hedging		**(4.8)**	2.8
Interest paid		**(33.9)**	(40.9)
Net cash outflow from financing activities		**(563.6)**	(145.4)
Increase / (decrease) in cash and cash equivalents in the year		**270.7**	(173.8)
Exchange differences on cash and cash equivalents		**9.2**	-
Cash and cash equivalents at beginning of year		**3.9**	182.6
Transferred to current assets classified as held for sale		**-**	(4.9)
Cash and cash equivalents at end of year	10	**283.8**	3.9

Reconciliation to net debt			
Increase / (decrease) in cash and cash equivalents in the year		**270.7**	(173.8)
Repayment of / (proceeds from) borrowings and finance leases		**77.2**	(49.1)
Change in net debt resulting from cash flows		**347.9**	(222.9)
Transferred to assets classified as held for sale		**-**	(4.9)
Exchange differences on net debt		**(28.4)**	(37.4)
Movement in net debt in year		**319.5**	(265.2)
Net debt at beginning of year		**(994.4)**	(729.2)
Net debt at end of year	10	**(674.9)**	(994.4)

Consolidated Statement of Changes in Equity
for the year ended 31st March 2016

	Share capital £ million	Share premium account £ million	Shares held in ESOT £ million	Other reserves £ million	Retained earnings £ million	Non-controlling interests £ million	Total equity £ million
At 1st April 2014	220.7	148.3	(52.7)	(27.9)	1,271.1	(6.3)	1,553.2
Total comprehensive income	-	-	-	6.9	390.3	(1.2)	396.0
Dividends paid (note 8)	-	-	-	-	(129.9)	(0.2)	(130.1)
Purchase of non-controlling interests	-	-	-	-	(6.6)	(2.8)	(9.4)
Purchase of shares by ESOT	-	-	(17.1)	-	-	-	(17.1)
Share-based payments	-	-	-	-	14.6	-	14.6
Cost of shares transferred to employees	-	-	15.1	-	(22.2)	-	(7.1)
At 31st March 2015	220.7	148.3	(54.7)	(21.0)	1,517.3	(10.5)	1,800.1
Total comprehensive income	-	-	-	18.7	474.1	(7.8)	485.0
Dividends paid (note 8)	-	-	-	-	(444.6)	(0.2)	(444.8)
Purchase of shares by ESOT	-	-	(3.3)	-	-	-	(3.3)
Share-based payments	-	-	-	-	4.3	-	4.3
Cost of shares transferred to employees	-	-	3.1	-	(10.1)	-	(7.0)
Tax on share-based payments	-	-	-	-	0.3	-	0.3
At 31st March 2016	**220.7**	**148.3**	**(54.9)**	**(2.3)**	**1,541.3**	**(18.5)**	**1,834.6**

Notes on the Preliminary Accounts
for the year ended 31st March 2016

1 Basis of preparation

The financial information contained in this release does not constitute the company's statutory accounts for the years ended 31st March 2016 or 31st March 2015 within the meaning of section 435 of the Companies Act 2006, but is derived from those accounts. The accounts are prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) or the Standing Interpretations Committee (SIC) as adopted by the European Union. For Johnson Matthey, there are no differences between IFRS as adopted by the European Union and full IFRS as published by the International Accounting Standards Board and so the accounts comply with IFRS. The accounting policies applied are set out in the Annual Report and Accounts for the year ended 31st March 2015. None of the new standards or amendments to standards and interpretations which the group has adopted during the year has had a material effect on the reported results or financial position of the group. Statutory accounts for 2015 have been delivered to the Registrar of Companies and those for 2016 will be delivered following the company's Annual General Meeting. The auditors have reported on both of these sets of accounts. Their reports were unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain any statement under sections 498(2) or 498(3) of the Companies Act 2006. The accounts for the year ended 31st March 2016 were approved by the Board of Directors on 1st June 2016.

2 Effect of restatements

During the year the fair value calculations for the acquisition of the battery materials business of Clariant AG were finalised and the balance sheet at 31st March 2015 restated. Consideration of £1.4 million was refunded in addition to that already estimated. The effect is to reduce goodwill by £0.8 million, reduce inventories by £0.6 million, reduce property, plant and equipment by £0.2 million and increase trade and other receivables by £0.2 million.

The cash flow statement for 31st March 2015 has been represented to move interest received from financing activities to investing activities and purchases of non-controlling interests from investing activities to financing activities. This increases the outflow from financing activities and decreases the outflow from investing activities by £16.8 million.

3 Profit on sale or liquidation of businesses

On 30th September 2015 the group sold its Fine Chemicals' Research Chemicals business to Thermo Fisher Scientific Inc, a world leader in providing services to the scientific community, for £255.5 million resulting in a profit of £130.5 million. The sale of the Research Chemicals business is a further step in delivering the group's long term strategy to focus on areas where it can use its expertise in complex chemistry and its applications to deliver value adding sustainable technologies for its customers.

On 5th March 2015 the group sold its Precious Metal Products' Gold and Silver Refining business. The completion accounts were finalised during the year which led to a charge this year of £0.5 million adjusting the profit on sale of £69.7 million recognised in the year ended 31st March 2015.

These are excluded from underlying operating profit.

4 Amortisation of acquired intangibles

The amortisation of intangible assets which arise on the acquisition of businesses, together with any subsequent impairment of these intangible assets, is shown separately on the face of the income statement. It is excluded from underlying operating profit.

5 Major impairment and restructuring charges

Due to challenging conditions in a number of its markets the group conducted restructuring programmes in a number of its businesses. These resulted in a major impairment and restructuring charge of £141.0 million which is excluded from underlying operating profit.

Notes on the Preliminary Accounts

for the year ended 31st March 2016

6 Segmental information by business segment

	Emission Control Technologies £ million	Process Technologies £ million	Precious Metal Products £ million	Fine Chemicals £ million	New Businesses £ million	Eliminations £ million	Total £ million
Year ended 31st March 2016							
Revenue from external customers	**3,262.8**	**519.4**	**6,454.1**	**318.5**	**159.1**	**-**	**10,713.9**
Inter-segment revenue	**221.0**	**31.3**	**1,213.3**	**6.4**	**1.6**	**(1,473.6)**	**-**
Total revenue	**3,483.8**	**550.7**	**7,667.4**	**324.9**	**160.7**	**(1,473.6)**	**10,713.9**
External sales excluding precious metals	**1,912.7**	**510.0**	**307.9**	**291.4**	**155.0**	**-**	**3,177.0**
Inter-segment sales	**0.4**	**31.2**	**34.6**	**4.8**	**1.5**	**(72.5)**	**-**
Sales excluding precious metals	**1,913.1**	**541.2**	**342.5**	**296.2**	**156.5**	**(72.5)**	**3,177.0**
Segmental underlying operating profit / (loss)	**272.2**	**73.6**	**66.3**	**82.3**	**(17.9)**	**-**	**476.5**
Unallocated corporate expenses							**(25.7)**
Underlying operating profit							**450.8**
Profit on sale or liquidation of businesses (note 3)							**130.0**
Amortisation of acquired intangibles (note 4)							**(20.9)**
Major impairment and restructuring charges (note 5)							**(141.0)**
Operating profit							**418.9**
Net finance costs							**(32.6)**
Profit before tax							**386.3**
Segmental net assets	**903.2**	**756.2**	**313.5**	**457.3**	**100.8**	**-**	**2,531.0**
Year ended 31st March 2015							
Revenue from external customers	3,321.4	593.3	5,690.2	362.6	92.2	-	10,059.7
Inter-segment revenue	256.3	6.3	1,487.8	7.7	1.1	(1,759.2)	-
Total revenue	3,577.7	599.6	7,178.0	370.3	93.3	(1,759.2)	10,059.7
External sales excluding precious metals	1,781.2	585.1	384.6	323.5	89.6	-	3,164.0
Inter-segment sales	0.7	6.1	32.5	4.6	0.9	(44.8)	-
Sales excluding precious metals	1,781.9	591.2	417.1	328.1	90.5	(44.8)	3,164.0
Segmental underlying operating profit / (loss)	236.9	106.0	101.5	88.8	(22.1)	-	511.1
Unallocated corporate expenses							(34.0)
Underlying operating profit							477.1
Profit on sale or liquidation of businesses							73.0
Amortisation of acquired intangibles (note 4)							(17.3)
Operating profit							532.8
Net finance costs							(37.5)
Share of profit of joint venture							0.5
Profit before tax							495.8
Segmental net assets	1,033.8	778.3	554.2	509.5	134.0	-	3,009.8

Sales excluding precious metals have been adjusted to include certain non pass through precious metal items.

Notes on the Preliminary Accounts
for the year ended 31st March 2016

7 Effect of exchange rate changes on translation of foreign subsidiaries' sales excluding precious metals and operating profit

Average exchange rates used for translation of results of foreign operations	**2016**	2015
US dollar / £	**1.510**	1.613
Euro / £	**1.367**	1.275
Chinese renminbi / £	**9.60**	9.99

The main impact of exchange rate movements on the group's sales and operating profit comes from the translation of foreign subsidiaries' results into sterling.

	Year ended 31st March 2016 £ million	Year ended 31st March 2015 At last year's rates £ million	At this year's rates £ million	Change at this year's rates %
Sales excluding precious metals				
Emission Control Technologies	**1,913.1**	1,781.9	1,779.9	+7
Process Technologies	**541.2**	591.2	595.2	-9
Precious Metal Products	**342.5**	417.1	420.5	-19
Fine Chemicals	**296.2**	328.1	338.6	-13
New Businesses	**156.5**	90.5	85.5	+83
Elimination of inter-segment sales	**(72.5)**	(44.8)	(46.0)	
Sales excluding precious metals	**3,177.0**	3,164.0	3,173.7	-
Underlying operating profit				
Emission Control Technologies	**272.2**	236.9	234.7	+16
Process Technologies	**73.6**	106.0	106.2	-31
Precious Metal Products	**66.3**	101.5	102.0	-35
Fine Chemicals	**82.3**	88.8	92.5	-11
New Businesses	**(17.9)**	(22.1)	(22.3)	+20
Unallocated corporate expenses	**(25.7)**	(34.0)	(34.4)	
Underlying operating profit	**450.8**	477.1	478.7	-6

8 Dividends

A final dividend of 52.0 pence per ordinary share has been proposed by the board which will be paid on 2nd August 2016 to shareholders on the register at the close of business on 10th June 2016, subject to shareholders' approval. The estimated amount to be paid is £99.7 million and has not been recognised in these accounts.

	2016 £ million	2015 £ million
2013/14 final ordinary dividend paid − 45.5 pence per share	**-**	92.3
2014/15 interim ordinary dividend paid − 18.5 pence per share	**-**	37.6
2014/15 final ordinary dividend paid − 49.5 pence per share	**100.5**	-
Special dividend paid − 150.0 pence per share	**304.5**	-
2015/16 interim ordinary dividend paid − 19.5 pence per share	**39.6**	-
Total dividends	**444.6**	129.9

9 Earnings per ordinary share

The calculation of earnings per ordinary share is based on a weighted average of 200,470,481 shares in issue (2015 202,993,386 shares). The calculation of diluted earnings per ordinary share is based on the weighted average number of shares in issue adjusted by the dilutive outstanding share options and long term incentive plans. These adjustments give rise to an increase in the weighted average number of shares in issue of 274,966 shares (2015 500,635 shares).

Underlying earnings per ordinary share are calculated as follows:

	2016 £ million	2015 £ million
Profit for the year attributable to equity holders of the parent company	**333.1**	428.7
Profit on sale or liquidation of businesses (note 3)	**(130.0)**	(73.0)
Amortisation of acquired intangibles (note 4)	**20.9**	17.3
Major impairment and restructuring charges (note 5)	**141.0**	-
Tax thereon	**(6.8)**	(6.4)
Underlying profit for the year	**358.2**	366.6
	pence	pence
Basic underlying earnings per share	**178.7**	180.6

10 Net debt

	2016 £ million	2015 £ million
Cash and deposits	**304.5**	59.4
Bank overdrafts	**(20.7)**	(55.5)
Cash and cash equivalents	**283.8**	3.9
Other current borrowings, finance leases and related swaps	**(138.5)**	(234.7)
Current interest rate swaps	**4.6**	-
Non-current borrowings, finance leases and related swaps	**(835.9)**	(782.6)
Non-current interest rate swaps	**11.1**	19.0
Net debt	**(674.9)**	(994.4)

11 Precious metal operating leases

The group leases, rather than purchases, precious metals to fund temporary peaks in metal requirements provided market conditions allow. These leases are from banks for specified periods (typically a few months) and for which the group pays a fee. These arrangements are classified as operating leases. The group holds sufficient precious metal inventories to meet all the obligations under these lease arrangements as they fall due. At 31st March 2016 precious metal leases were £70.3 million (2015 £18.7 million).

12 Transactions with related parties

There were no material changes in related party relationships in the year ended 31st March 2016 and no other related party transactions have taken place which have materially affected the financial position or performance of the group during the year.

13 Post-employment benefits

The group operates a number of post-employment benefit plans around the world, the forms and benefits of which vary with conditions and practices in the countries concerned. The major defined benefit plans are pension plans and post-retirement medical plans in the UK and the US.

Movements in the net post-employment benefit assets and liabilities, including reimbursement rights, were:

	UK pension £ million	UK post-retirement medical benefits £ million	US pensions £ million	US post-retirement medical benefits £ million	Other £ million	Total £ million
At 1st April 2015	(77.2)	(11.0)	(26.6)	(46.6)	(32.3)	(193.7)
Current service cost - in operating profit	(37.4)	-	(9.8)	(1.3)	(2.4)	(50.9)
Current service cost - capitalised	(0.6)	-	-	-	-	(0.6)
Net interest	(2.9)	(0.4)	(1.1)	(1.7)	(0.5)	(6.6)
Past service cost	(5.4)	-	(0.5)	7.1	-	1.2
Curtailment gains	-	-	1.2	-	-	1.2
Remeasurements	164.4	0.5	7.7	0.8	6.7	180.1
Company contributions	59.9	0.4	8.2	0.9	1.6	71.0
Transferred from assets / liabilities held for sale	-	-	-	-	(0.2)	(0.2)
Exchange adjustments	-	-	(0.5)	(1.1)	(2.5)	(4.1)
At 31st March 2016	**100.8**	**(10.5)**	**(21.4)**	**(41.9)**	**(29.6)**	**(2.6)**

These are included in the balance sheet as:

	2016 Post-employment benefit net assets £ million	**2016 Employee benefit obligations £ million**	**2016 Total £ million**	2015 Post-employment benefit net assets £ million	2015 Employee benefit obligations £ million	2015 Total £ million
UK pension plan	**100.8**	**-**	**100.8**	-	(77.2)	(77.2)
UK post-retirement medical benefits plan	**-**	**(10.5)**	**(10.5)**	-	(11.0)	(11.0)
US pension plans	**-**	**(21.4)**	**(21.4)**	-	(26.6)	(26.6)
US post-retirement medical benefits plan	**6.7**	**(48.6)**	**(41.9)**	6.1	(52.7)	(46.6)
Other plans	**1.6**	**(31.2)**	**(29.6)**	0.8	(33.1)	(32.3)
Total post-employment plans	**109.1**	**(111.7)**	**(2.6)**	6.9	(200.6)	(193.7)
Other long term employee benefits		**(3.4)**			(2.8)	
Total long term employee benefit obligations		**(115.1)**			(203.4)	

14 Acquisitions

On 18th May 2015 the group acquired 100% of Stepac L.A. Ltd. and subsidiaries plus related assets, an advanced packaging business, from DS Smith International Limited for £20.2 million. On 1st October 2015 the group acquired the Pharmorphix solid form research business from Sigma Aldrich for £2.6 million.

FINANCIAL CALENDAR

2016

9th June
Ex dividend date

10th June
Final dividend record date

20th July
125th Annual General Meeting (AGM)

2nd August
Payment of final dividend subject to declaration at the AGM

17th November
Announcement of results for the six months ending 30th September 2016

24th November
Ex dividend date

25th November
Interim dividend record date

Cautionary Statement

This announcement 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 the group operates. It is believed that the expectations reflected in this announcement 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.

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Key Financial Data

for the year ended 31st March 2016

Group Highlights (Underlying Results)

	Year ended			% at
	31.3.16	31.3.15		constant
	£ million	£ million	%	rates
Sales excluding precious metals	**3,177**	3,164	-	-
Operating profit	**450.8**	477.1	-6	-6
Net finance costs	**(32.6)**	(37.5)	+13	
Share of profit of joint venture	**-**	0.5		
Profit before tax	**418.2**	440.1	-5	
Income tax expense	**(67.4)**	(74.9)		
Profit for the year	**350.8**	365.2	-4	

	Year ended		
	31.3.16	31.3.15	
	£ million	£ million	%
Earnings per share (pence)	**178.7**	180.6	-1
Dividend per share (pence)	**71.5**	68.0	+5
Total research and development	**188.0**	169.9	+11
Long term employee benefits costs	**70.5**	56.4	+25
Net cash flow from operating activities	**866.5**	125.8	
Capital expenditure	**257.0**	211.8	
Net debt	**674.9**	994.4	

Divisional Highlights

	ECT			Process Technologies			PMP			Fine Chemicals			New Businesses		
	Year ended			Year ended			Year ended			Year ended			Year ended		
	31.3.16	31.3.15		**31.3.16**	31.3.15		**31.3.16**	31.3.15		**31.3.16**	31.3.15		**31.3.16**	31.3.15	
	£ million	£ million	%	**£ million**	£ million	%	**£ million**	£ million	%	**£ million**	£ million	%	**£ million**	£ million	%
Sales excl. precious metals	**1,913**	1,782	+7	**541**	591	-8	**343**	417	-18	**296**	328	-10	**157**	91	+73
Underlying operating profit	**272.2**	236.9	+15	**73.6**	106.0	-31	**66.3**	101.5	-35	**82.3**	88.8	-7	**(17.9)**	(22.1)	+19
Return on sales	**14.2%**	13.3%		**13.6%**	17.9%		**19.4%**	24.3%		**27.8%**	27.1%		**n/a**	n/a	
Return on invested capital	**28.3%**	24.1%		**9.6%**	14.6%		**16.5%**	21.6%		**16.9%**	18.4%		**n/a**	n/a	

Divisional Sales Excluding Precious Metals Detail

	Year ended			% at
	31.3.16	31.3.15		constant
	£ million	£ million	%	rates
LDV Europe	**698**	622	+12	+18
LDV Asia	**282**	257	+10	+10
LDV North America	**202**	179	+13	+6
LDV	**1,182**	1,058	+12	+14
HDD North America (on road)	**405**	387	+5	-2
HDD Europe (on road)	**196**	182	+8	+14
HDD Asia (on road)	**44**	47	-8	-10
Other	**86**	108	-20	-21
HDD	**731**	724	+1	-1
ECT	**1,913**	1,782	+7	+7
Syngas	**158**	184	-14	-14
Oleo/biochemicals	**48**	70	-31	-31
Petrochemicals	**103**	88	+17	+16
Chemicals	**309**	342	-10	-10
Refineries	**127**	133	-4	-8
Gas Processing	**42**	38	+11	+11
Diagnostic Services	**63**	78	-19	-18
Oil and Gas	**232**	249	-7	-8
Process Technologies	**541**	591	-8	-9
Precious Metals Management	**17**	17	-	-2
Refining	**77**	141	-46	-47
Services	**94**	158	-41	-42
Noble Metals	**130**	133	-2	-4
Advanced Glass Technologies	**71**	82	-13	-10
Chemical Products	**48**	44	+7	+4
Manufacturing	**249**	259	-4	-4
PMP	**343**	417	-18	-19
API Manufacturing	**217**	216	+1	-3
Catalysis and Chiral Technologies	**41**	35	+16	+15
Research Chemicals	**38**	77	n/a	n/a
Fine Chemicals	**296**	328	-10	-13
Battery Technologies	**130**	84	+56	+66
Fuel Cells	**10**	6	+59	+59
Atmosphere Control Technologies	**16**	-	n/a	n/a
Other	**1**	1	n/a	n/a
New Businesses	**157**	91	+73	+83
Eliminations	**(73)**	(45)		
Group	**3,177**	3,164	-	-

Average Exchange Rates

	Year ended		
	31.3.16	31.3.15	%
USD/GBP	**1.51**	1.61	-6
EUR/GBP	**1.37**	1.28	+7
RMB/GBP	**9.60**	9.99	-4

Average Metal Prices

	Year ended		
	31.3.16	31.3.15	
	$/oz	$/oz	%
Platinum	**991**	1,333	-26
Palladium	**631**	820	-23

Market Data

Estimated LDV Sales and Production *

		Year ended		
		31.3.16	31.3.15	
		million	million	%
North America	Sales	**21.0**	19.7	+6
	Production	**17.8**	17.0	+4
Europe	Sales	**18.8**	18.1	+4
	Production	**20.7**	20.3	+2
Asia	Sales	**39.7**	38.6	+3
	Production	**44.1**	43.9	-
Global	Sales	**90.0**	88.0	+2
	Production	**88.5**	88.0	+1

Estimated HDD Truck Sales and Production *

		Year ended		
		31.3.16	31.3.15	
		thousand	thousand	%
North America	Sales	**546.1**	512.8	+6
	Production	**545.7**	543.7	-
EU	Sales	**321.2**	276.6	+16
	Production	**442.8**	386.8	+14

* Source: LMC Automotive