AGM trading update
Johnson Matthey will hold its Annual General Meeting today at 11.00am and has issued the following trading update ahead of the meeting.

Robert MacLeod, Chief Executive, commented
I am pleased with the progress we continue to make across our businesses during this pandemic, despite the decline in first quarter sales. We are seeing recovery in customer demand and automotive production across Clean Air. Efficient Natural Resources was resilient and we signed a large licence in China, whilst Health is benefiting from our new customer contracts. We continue to make progress in commercialising eLNO and anticipate soon having five customers in full cell testing. We have also started to deliver the additional efficiency benefits we recently outlined and expect initial benefits of at least £30 million this year.

Visibility on demand remains limited and we cannot provide financial guidance for the current year. Having said that, we expect operating performance will be heavily weighted to the second half with first half operating performance materially below last year, largely due to weaker activity in Clean Air.

We are busy on multiple fronts and I remain grateful to all our employees for their hard work and dedication as we navigate through this difficult period. Appointments in the last year have strengthened our senior executive team and brought increased commercial focus to the group, enabling us to execute at pace and focus on creating a simpler and more efficient business. I am also excited about all of our strategic growth projects, consistent with our vision for a world that’s cleaner and healthier, as well as the attractive returns they will deliver over the medium term. We look forward to sharing more detail on our growth opportunities in Fuel Cells and Hydrogen at an investor seminar in September.

Improving trend through the first quarter
In the first quarter, group sales were down materially at constant currency, as expected, due to the effects of the COVID-19 pandemic. The decline was driven by Clean Air as a result of lower consumer demand and temporary customer shutdowns, although sales in this sector steadily improved through the quarter. In aggregate, sales from our other sectors were broadly flat compared with the prior year.

Clean Air performance improved sequentially through the first quarter
Clean Air sales were down c.50% in the quarter, primarily driven by weaker consumer demand and temporary customer shutdowns in Europe and the Americas. As the quarter progressed, we saw improvement with April, May and June sales across Clean Air down 75%, 60% and 20% respectively. All of our plants are now operating. By region, better consumer demand drove a strong recovery in automotive production in China supported by early implementation of China 6 legislation, and in Europe and the US there was a steady ramp up in demand.

Looking forward we anticipate July sales to be down c.20%, with improvement through the remainder of the second quarter. That said, the market remains volatile with consumer demand, inventory through the chain and the extent of automotive OEM summer shutdowns hard to forecast. External data continue to suggest automotive production in Europe and the US will be down c.25% in our fiscal year, better in China, but down slightly more in heavy duty. However, visibility on the path of recovery remains low and the outcome could be materially different. We have a flexible cost base in Clean Air enabling us to manage different levels of activity, with c.75% of costs being variable before mitigation.
**Efficient Natural Resources affected by end market weakness and delayed customer orders**

Sales in Efficient Natural Resources were slightly down in the first quarter. Catalyst Technologies sales were lower due to weaker demand in some of our end markets such as additives and formaldehyde, and as we began to see some customers delaying orders. Whilst business has been disrupted by COVID-19 in the short term, we are seeing medium term decisions being made and we signed a new oxoalcohol licence in China in the period, which will benefit future years. PGM Services (PGMS) saw sales growth, benefiting from continued strength in precious metals prices.

Looking ahead, we expect first half operating performance in Efficient Natural Resources to be lower than the prior year driven by Catalyst Technologies (weaker demand and delayed orders), Advanced Glass Technologies (lower automotive production) and Diagnostic Services (lower oil price). PGMS is expected to be broadly flat with the benefit from higher average precious metal prices being offset by lower refining intakes.

**Health started to benefit from new customer contracts**

Health is relatively unaffected by changes in the macroeconomic environment. Sales were up in the quarter as we started to benefit from new customer contracts and orders delayed from March into April due to COVID-19.

For the full year, we expect to benefit from new customer contracts for active pharmaceutical ingredients (APIs) used in generic opioid addiction therapies as well as our continued work with innovator customers. In the first half, these benefits will be offset by the cancellation of an innovator project in the prior year. Consequently, we expect operating performance in the half to be close to the first half of the prior year.

**New Markets – further progress with commercialisation of eLNO**

In Battery Materials, commercialisation of eLNO remains on track. We made further progress with customer testing and anticipate soon having five customers in full cell testing, comprising two automotive, two non-automotive and one cell manufacturer for autos. We continue to expect our first commercial plant in Konin, Poland, to be on stream in 2022 and supplying platforms in production in 2024. Fuel cells grew strongly and our investment to double our manufacturing capacity is on track and expected to be completed by the end of 2020/21.

**Progress on efficiency measures in 2020/21**

We are on track to deliver initial benefits of at least £30 million in 2020/21 from our recently announced efficiency initiatives, weighted to the second half. Over three years, these initiatives are expected to result in a headcount reduction of c.2,500. We have begun some consultation processes and anticipate completing around 50% of the targeted reduction within the next 12 months. We expect to deliver total annualised cost savings of c.£225 million by the end of 2022/23 and continue to evaluate ways in which we can delay, simplify and focus the group further.

**Investing for our future**

We continue to invest in our strategic growth projects, consistent with our vision for a world that’s cleaner and healthier, which are expected to drive attractive returns for the group. As previously guided, we expect capex for the year to be up to £400 million.

We have a number of exciting growth opportunities including battery materials with our portfolio of eLNO cathode materials and hydrogen-based technologies. We will host a hydrogen seminar, rescheduled for 18th September, which will provide an insight into the market dynamics, our capabilities and the attractive growth prospects in this area.

**Maintained strong balance sheet and liquidity**

We maintained a strong balance sheet and currently have good access to liquidity of c.£1.3 billion. In the first half, we expect net debt to be higher than at 31st March 2020 due to normal seasonality and increasing activity in Clean Air. Despite the impact of COVID-19 on EBITDA, we anticipate net debt to EBITDA being well within our debt covenant levels.
**Outlook for 2020/21**
Visibility on demand remains limited and we remain unable to provide financial guidance for the year ending 31\textsuperscript{st} March 2021. However, we expect operating performance will be heavily weighted to the second half with first half operating performance materially below last year, largely due to weaker activity in Clean Air.

**Ends**

**Enquiries:**

**Investor Relations**
- Martin Dunwoodie  
  Director of Investor Relations  
  020 7269 8241
- Louise Curran  
  Senior Investor Relations Manager  
  020 7269 8235
- Jane Crosby  
  Investor Relations Manager  
  020 7269 8242

**Media**
- Sally Jones  
  Director of Corporate Relations  
  020 7269 8407
- Simon Pilkington  
  Tulchan Communications  
  020 7353 4200

**Notes:**
1. Unless otherwise stated, commentary in this statement is based on sales for the quarter ended 30\textsuperscript{th} June 2020 and compares this quarter with the quarter ended 30\textsuperscript{th} June 2019 at constant rates.
2. eLNO is a trademark of Johnson Matthey Public Limited Company.
3. Debt covenants are tested annually, with the next test based on financials for the period ending 31\textsuperscript{st} March 2021.