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Johnson Matthey
Inspiring science, enhancing life

Presentation of results for the year ended 31st March 2023

25th May 2023

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Today’s agenda

01 Introduction

02 Financial results

03 Strategic progress

04 Q&A

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Continued progress on strategic execution

Net zero transition driving growth

We have clear milestones…

		End of 2022/23	End of 2023/24
Customers	**Win at least 2 large scale strategic partnerships in Hydrogen Technologies**	●	
	Win targeted Euro 7 business and deliver on £4bn+ trajectory for Clean Air	●	●
	Win >10 additional large scale projects[1]		●
Investments	**Expand PGM Services refining** capacity in China	●	
	Complete construction of Hydrogen Technologies CCM plant in UK[2]		●
	Targeted capacity expansion (fuel cells catalyst, formaldehyde catalyst)		●
	Complete divestment of Value Businesses		●
People	**Increase employee engagement** score by 1ppt in 2022/23 and 3ppt by 2023/24[3]		●
Sustainability	**Achieve c.10% reduction** in Scope 1+2 CO_2e emissions		●
	Help customers **reduce CO_2e emissions by >1mt p.a.** through use of our products		●

1. Includes Catalyst Technologies and Hydrogen Technologies projects.
2. To expand total capacity from 2GW to 5GW.
3. JM's survey methodology has been enhanced to enable more regular focus on this important topic.

…and we have made good progress this year

		Status
Customers	**Hydrogen Technologies: two strategic partnerships – Plug Power and Hystar**	Achieved
	Clean Air: winning targeted Euro 7 business and on track to deliver £4bn+ cash	On track
	Won 5 additional large scale projects in Catalyst Technologies to date	On track
Investments	**PGM Services refining** capability in China is **complete and ramping up**	Achieved
	Hydrogen Technologies: new CCM plant in UK is **on track**[1]	On track
	Targeted capacity expansions (fuel cells catalyst, formaldehyde catalyst) **on track**	On track
	Value Businesses divestments: Piezo Products[2] and Diagnostic Services	On track
People	**Employee engagement** score did not improve in 2022/23 due to transformation programme[3]	Target changed
Sustainability	**Achieved 13% reduction** in Scope 1+2 CO_2e emissions	On track
	Reduced customers' CO_2e emissions by 850,000 p.a. through use of our products	On track

Achieved · On track · Target changed

1. To expand total capacity from 2GW to 5GW.
2. Piezo Products was part of the Medical Device Components business.
3. New baseline (Workday Peakon) engagement score of 6.9 in 2022/23. New target to increase engagement score from 6.9 to 7.2 in 2024/25.

Today’s agenda

Results in line with expectations

Delivered stronger second half

Sales up
6%

Underlying operating profit down
21%

Earnings per share
178.6p
down 16%

Net debt of
£1.0bn

Net debt to EBITDA
1.6 times

Ordinary dividend of
77.0p
per share, stable yoy

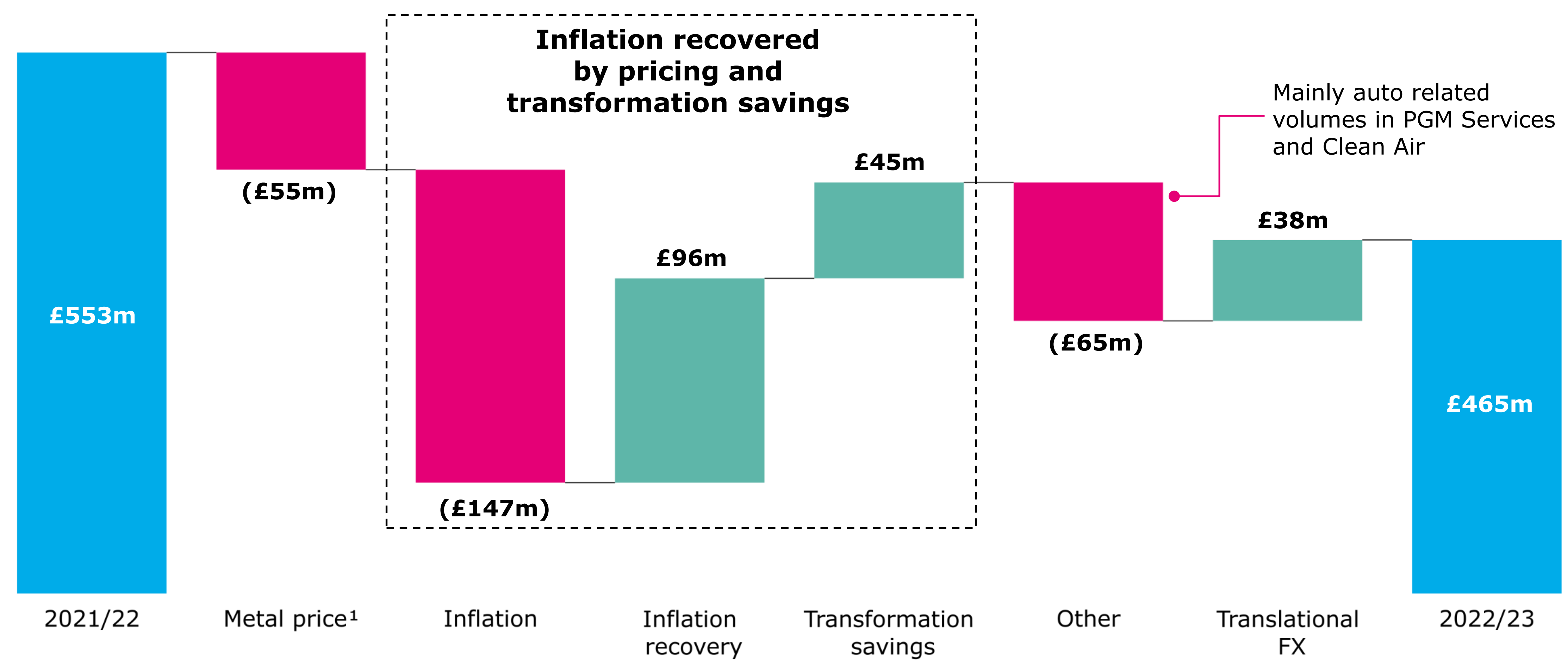
Note: Sales, operating profit and earnings per share are underlying measures – before profit or loss on disposal of businesses, gain or loss on significant legal proceedings together with associated legal costs, amortisation of acquired intangibles, share of profits or losses from non-strategic equity investments, major impairment and restructuring charges and, where relevant, related tax effects. Comparator period is 2021/22.

Group sales up 6% – strong performance in growth businesses

Sales for year ended 31st March	2023 £m	2022[1] £m	% change, constant FX rates
Clean Air	2,644	2,457	+2
PGM Services	570	587	-8
Catalyst Technologies	560	454	+17
Hydrogen Technologies	55	25	+112
Value Businesses[2]	470	354	+28
Eliminations	(98)	(99)	
Sales (continuing operations)	**4,201**	**3,778**	**+6**

1. 2021/22 is restated to reflect the group's new reporting structure.
2. Includes Battery Systems, Medical Device Components, Diagnostic Services, Battery Materials and Advanced Glass Technologies.

Profit reflects lower PGM prices and volumes



Note: PGM – platinum group metal.

1. The gross PGM price impact was c.£55m, which was partly offset by foreign exchange benefits. Foreign exchange benefit reflects the pricing of PGMs in US dollars.

Underlying results

Underlying results for year ended 31st March[1]

	2023 £m	2022 £m	% change	% change, constant FX rates
Sales excluding precious metals (sales)	4,201	3,778	+11	+6
Operating profit	465	553	-16	-21
Finance charges	(61)	(60)		
Profit before tax	**404**	**493**	**-18**	**-23**
Taxation	(78)	(86)		
Profit after tax	**326**	**407**	**-20**	**-23**
Underlying earnings per share	**178.6p**	**213.2p**	**-16**	
Ordinary dividend per share	**77.0p**	**77.0p**	**-**	

1. All figures are before profit or loss on disposal of businesses, gain or loss on significant legal proceedings, together with associated legal costs, amortisation of acquired intangibles, share of profits or losses from non-strategic equity investments, major impairment and restructuring charges and, where relevant, related tax effects.

Reported results

Year ended 31st March	2023 £m	2022 £m
Underlying operating profit	**465**	**553**
Profit on disposal of businesses	12	106
Major impairment and restructuring charges[1]	(41)	(440)
Amortisation of acquired intangibles	(5)	(6)
Gain and losses on significant legal proceedings[2]	(25)	42
Reported operating profit	**406**	**255**
Reported basic earnings per share from continuing operations	**144.2p**	**60.9p**

1. 2022/23 includes £31m in respect of restructuring charges relating to the group's transformation and efficiency initiatives and a £10m net impairment charge. 2021/22 includes £314m in relation to Battery Materials. The process to dispose of the remaining assets in Battery Materials is ongoing. 2. 2022/23 reflects a £25m charge in respect of a settlement with a customer on mutually acceptable terms with no admission of fault relating to failures in certain engine systems for which the group supplied a particular coated substrate as a component for that customer's emissions after-treatment systems. 2021/22 includes £44m awarded to JM in relation to damages and interest from a company found to have unlawfully copied one of JM's technology designs.

Free cash flow and net debt

Free cash flow from continuing operations for year ended 31st March (£m)

		2023		2022
Underlying operating profit from continuing operations		465		553
Depreciation and amortisation[1]		176		173
– Precious metal working capital (outflow) / inflow	(53)		23	
– Non precious metal working capital (outflow)	(192)		(133)	
Net working capital (outflow)		(245)		(110)
Net interest paid		(66)		(76)
Tax paid		(75)		(105)
Capex spend		(301)		(422)
Net proceeds from disposal of businesses		187		160
Other[2]		(67)		48
Free cash flow from continuing operations		**74**		**221**
Net debt at the end of the period		**(1,023)**		**(856)**
Net debt to underlying EBITDA[3]		**1.6**		**1.2**

Note: Short-term metal leases amounted to £138m as at 31st March 2023 (31st March 2022: £140m).
1. Excluding amortisation of acquired intangibles, including loss on sale of non-current assets.
2. Includes restructuring cash costs, lease payments, and movements in pensions and provisions.
3. Net debt including post tax pension deficits. Shown on a continuing basis.

Clean Air

Increased momentum and inflation recovery through the year

Underlying results for year ended 31st March	2023 £m	2022 £m	% change, constant FX rates
Light duty diesel	1,075	1,005	+4
Light duty gasoline	599	574	-1
Heavy duty diesel	970	878	+3
Total sales	**2,644**	**2,457**	**+2**
Operating profit	**230**	**302**	**-28**
Margin	**8.7%**	**12.3%**	

Sales up 2%

- Sales supported by higher pricing as we partially recovered higher input costs

Operating profit down

- Cost inflation, product mix, and lower volumes
- Adverse transactional FX
- Partly offset by efficiencies and pricing

Cash generation

- £600m in 2022/23[1]
- £1.4bn since 2021/22[2]
- On track to £4bn+ cash[3]

1. Delivered around £600m of cash in 2022/23 at actual precious metal prices, which equates to just over £400m at constant prices (March 2022).
2. Delivered around £1.4bn cumulatively since 2021/22 at actual metal prices.
3. Targeting at least £4bn of cash under our range of scenarios from 1st April 2021 to 31st March 2031.

PGM Services

Lower PGM prices and refinery volumes

Underlying results for year ended 31st March	2023 £m	2022 £m	% change, constant FX rates
Total sales	570	587	-8
Operating profit	257	308	-21
Margin	45.1%	52.5%	

Sales down 8% against strong prior period

- Lower average PGM prices
- Reduced refinery volumes due to lower autoscrap
- Partly offset by benefits from operational efficiency and higher pricing

Operating profit down 21%

- Lower average PGM prices (c.£55m impact[1])
- Reduced refinery volumes
- Cost inflation more than offset by efficiency benefits and higher pricing

1. The gross PGM price impact was c.£55m, which was partly offset by foreign exchange benefits. Foreign exchange benefit reflects the pricing of PGMs in US dollars.

Catalyst Technologies

Strong sales growth

Underlying results for year ended 31st March	2023 £m	2022 £m	% change, constant FX rates
Total sales	560	454	+17
Operating profit	51	50	-2
Margin	9.1%	11.0%	

Sales increased 17%

- Largely growth in licensing and refills, and improved pricing
- Won 5 licences within low carbon hydrogen and sustainable fuels (includes 1 in May 2023)

Operating profit in line with prior year

- Higher pricing, licensing
- Transformation benefits
- Impacted by loss of Russian business (c.£10m) and cost inflation
- 2H margin better than 1H

Hydrogen Technologies

High growth and investing to meet customer demand

Underlying results for year ended 31st March	2023 £m	2022 £m	% change, constant FX rates
Total sales	55	25	+112
Operating loss	(45)	(33)	n/a
Margin	n/a	n/a	n/a

Sales more than doubled

- Higher manufacturing output reflecting a focus on operational performance
- Higher commercial volumes for new and existing customers in fuel cells
- Supply of samples, prototypes and components for electrolysers

Operating loss of £45m

- Investing into product development and building capability as we scale the business
- Partly offset by higher volumes

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Transforming JM and delivering efficiencies

Examples of structural savings in 2022/23:

Procurement

Price negotiations, raw materials substitution

c.£20m saving

Removing management layers

Removed 170 management roles

c.£10m saving

IT

Global service hub, software applications rationalisation

c.£5m saving

HR

Process improvement and automation

c.£5m saving

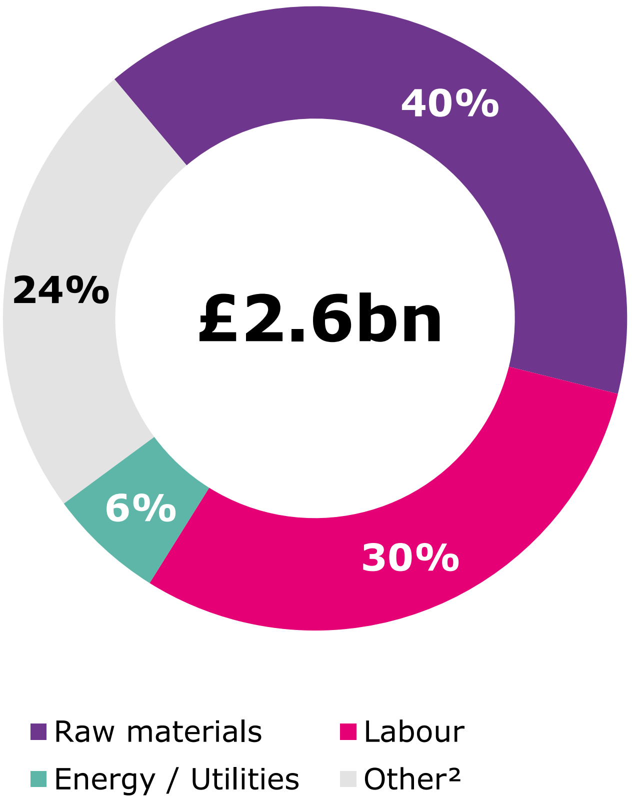
c.£45m savings delivered in 2022/23
On track for at least £150m by 2024/25

Our priorities

1. Further consolidation of Clean Air manufacturing footprint
2. Additional procurement savings enabled by digital tools
3. Enhanced capability in capital project delivery
4. Rationalisation of real estate and facility management services

Cost inflation

2022/23
costs and inflation by category[1]

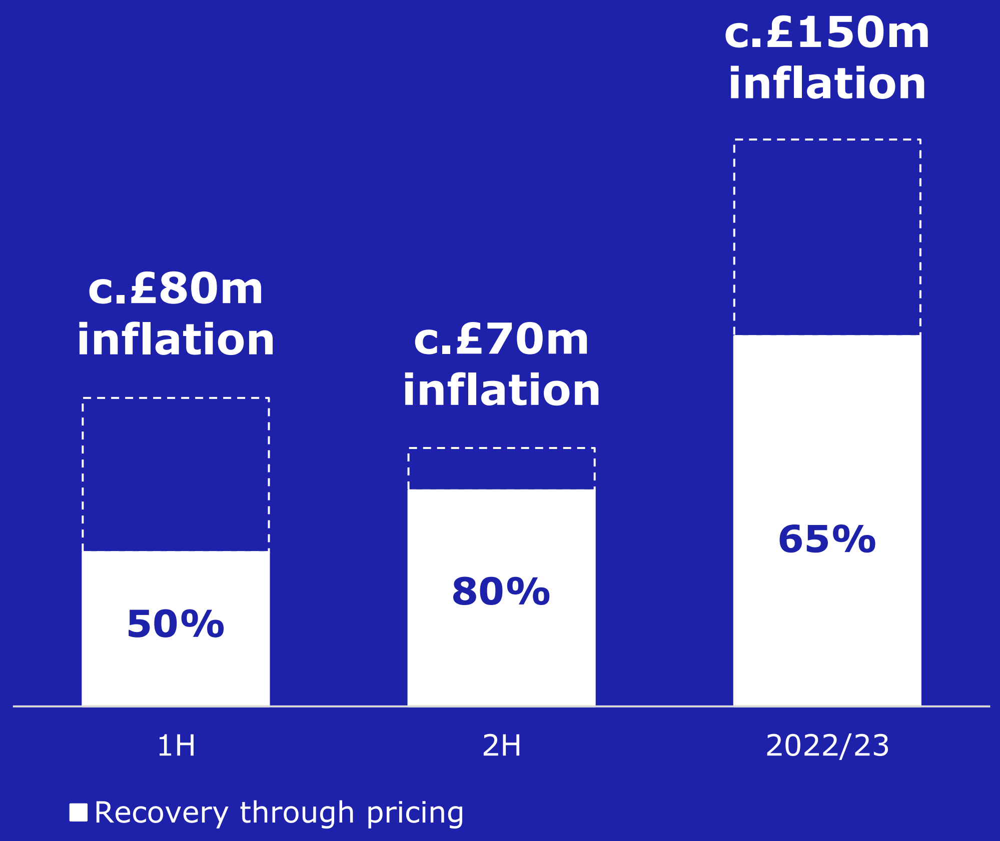


Raw materials
Majority of raw materials are pass-through costs
+6%

Labour
Includes one-off payments to support employees
+3%

Energy
Small proportion of cost base
+84%

c.65% of cost inflation recovered in 2022/23[3]



1. Excluding substrate costs.
2. 'Other' includes depreciation, freight and maintenance costs, among others.
3. c.£150m cost inflation experienced in 2022/23, of which c.£95m was recovered in the period.

Investing with discipline in key growth areas

2022/23 capex: £301m[1]

Key **growth** projects in Hydrogen Technologies and PGM Services on track

Now expecting capex of **c.£1.1bn to 2024/25**

- Principally acceleration of Hydrogen Technologies in US
- Modest inflation effects

c.£1.1bn

2022/23-2024/25 cumulative capex

Hydrogen Technologies	Larger upfront scale up investments; modular capacity additions to scale with demand
Catalyst Technologies	Capital light business with low near-term investment needs but larger growth investments in the medium term
Clean Air	Decreasing capex to c.£50m by 2024/25
PGM Services	Substantial replacement capex in near-term to secure leading position; lighter maintenance in the medium term
Other	IT and maintaining technology leadership

1. Net of non current asset sales and government grants.

Outlook for year ending 31st March 2024

Group

Expect **at least mid single digit growth** in operating performance at constant PGM prices and constant currency. This is underpinned by transformation benefits of c.£55m

- Clean Air – expect strong growth in operating performance
- PGM Services – performance largely driven by PGM prices, with recycling volumes subdued
- Catalyst Technologies – strong growth in operating performance
- Hydrogen Technologies – strong sales growth, operating loss at similar level to 2022/23

PGM prices:

c.£50m[1] adverse impact compared with the prior year if PGM prices remain at current levels[2] for the rest of this year

FX:

c.£10m adverse impact to underlying operating profit at current FX rates (translational)[3]

1. c.£50m adverse impact represents a gross PGM price impact before any foreign exchange movement. A US$100 per troy ounce change in the average annual platinum, palladium and rhodium metal prices each have an impact of approximately £1m, £1.5m and £0.75m respectively on full year underlying operating profit. This assumes no foreign exchange movement.
2. Based on average precious metal prices in May 2023 (month to date).
3. Based on foreign exchange rates in May 2023 (month to date).

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Catalysing the net zero transition

Our aspiration is to lead across our four businesses

Clean Air

Leading in autocatalyst markets

Catalyst Technologies

#1 in syngas-based chemicals and fuels technology

Hydrogen Technologies

Market leader in performance components for fuel cells and electrolysers

PGM Services
(Platinum Group Metals Services)

#1 recycler of PGMs[1]

1. Iridium, palladium, platinum, rhodium and ruthenium.

Structural growth markets accelerating

Catalyst Technologies and Hydrogen Technologies addressable markets are scaling rapidly….

US
Inflation Reduction Act: **c.US$370bn** clean energy incentives

Europe
REPowerEU (EU Energy strategy) allocated **€210bn**

China
30GW green hydrogen to be used in China by 2030

India
50% of India's energy requirements from renewable energy by 2030

UK
to produce **10GW** clean hydrogen by 2030

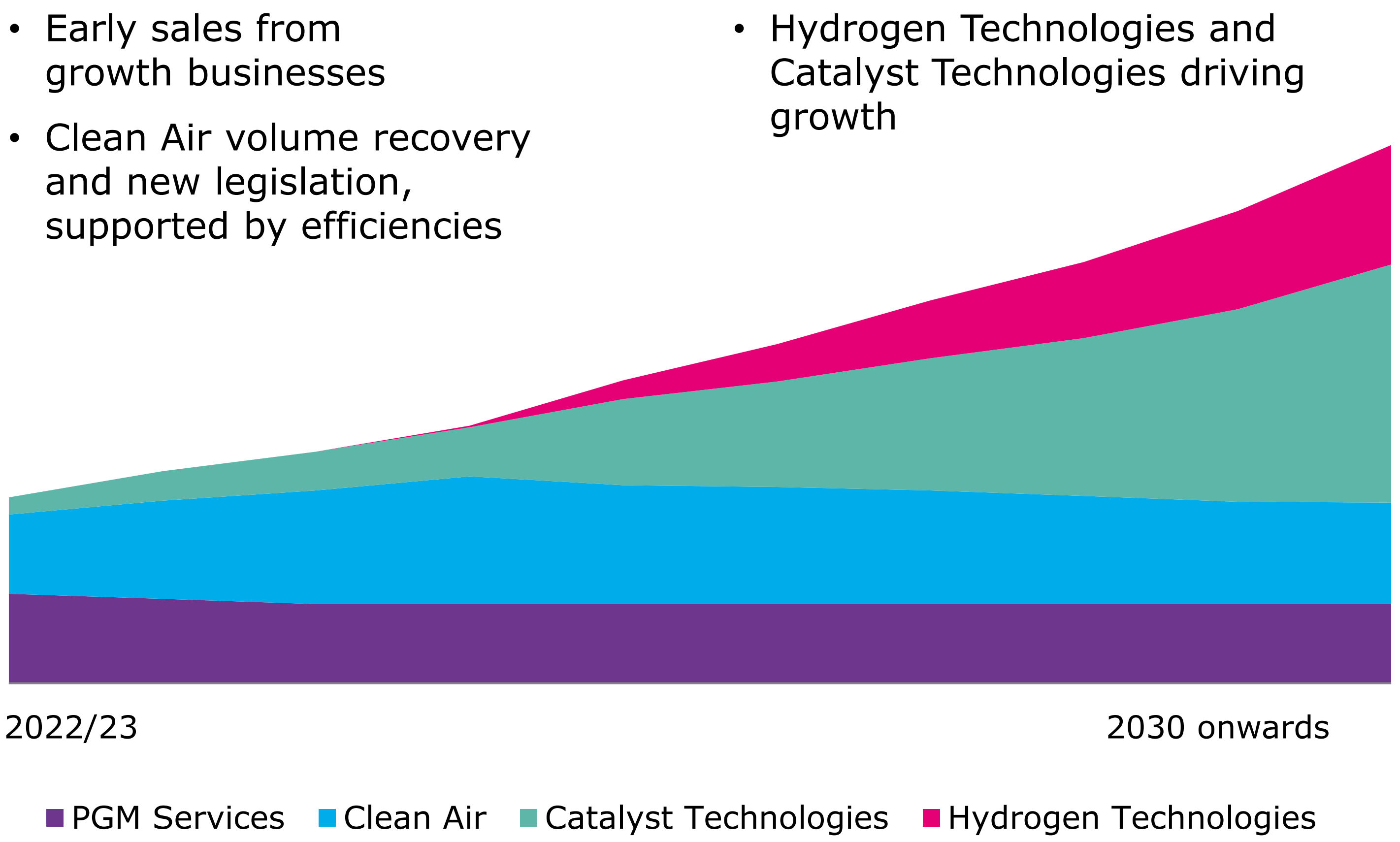
Portfolio transitioning and growing over time

Accelerating to high single digit growth[1] over the medium term, and strong long-term growth

Beyond 2030, growth businesses expected to be **bigger than the size of JM today…**

Illustrative chart

Development of underlying operating profit



1. At constant precious metal prices and FX rates (2021/22 average).
Note: Illustration excludes Value Businesses and Corporate.

Catalyst Technologies: strong ability to win in a net zero world

Science and technology expertise developed over decades

Proven technology deployed in pioneering projects

- Award winning, highly efficient low carbon hydrogen process
- Market leader in syngas[1] – essential for sustainable fuels and chemicals production
- First mover advantage

Pipeline of 100+ projects across low carbon hydrogen, sustainable fuels and low carbon solutions[2]

Significantly enhancing profitability through efficiency initiatives

High single digit growth over the medium term, with margins returning to mid-teens within the next two years (by end of 2024/25)

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1. Syngas is predominantly carbon monoxide (CO), carbon dioxide (CO_2) and hydrogen (H_2).
2. Low carbon solutions includes grey hydrogen, methanol and ammonia plants suitable for retrofits.

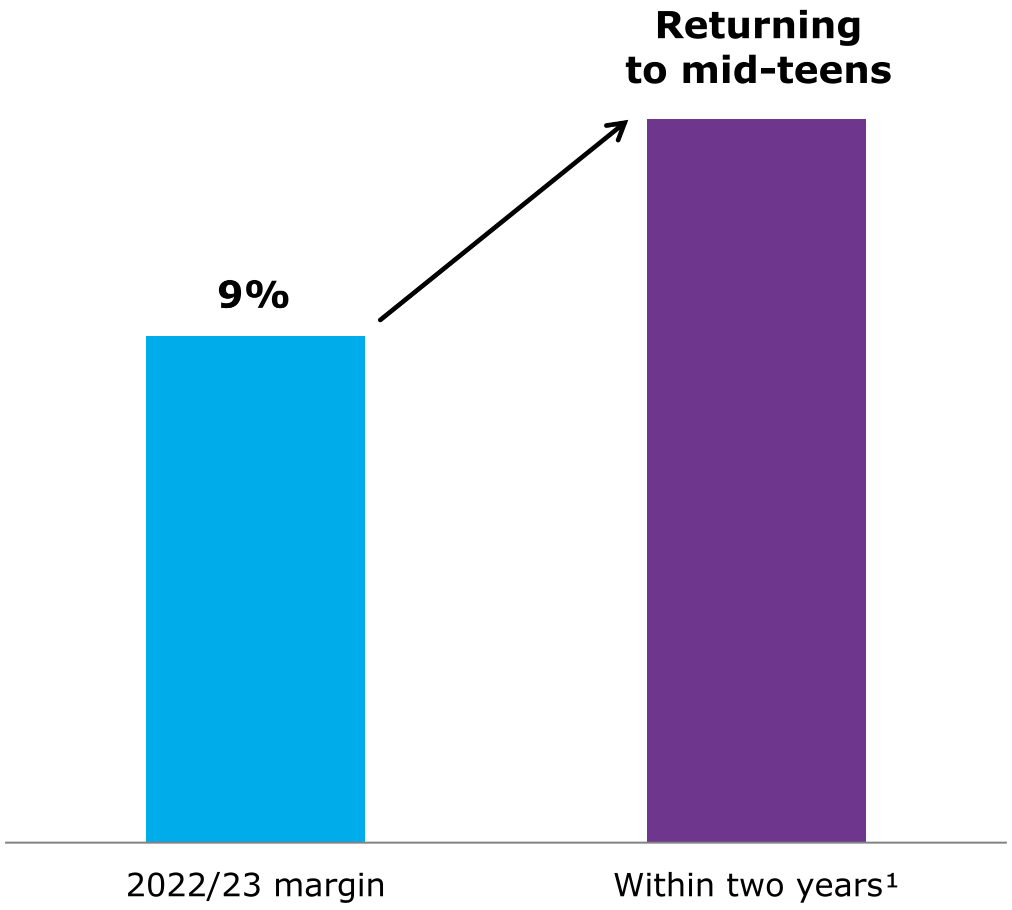
Creating a stronger platform for growth

Pricing initiatives
- Surcharges to recover cost inflation
- Driving value-based pricing in key segments
- Focus on strengthening pricing capabilities

Manufacturing efficiency
- Manufacturing excellence initiatives
- Increasing capacity in key sites

Procurement
- Reducing number of suppliers
- Reducing reliance on single source items
- Introducing alternative raw materials

Strong focus on improving operating margin



1. By end of 2024/25.

Won five projects worth c.£120m sales[1]

Low carbon hydrogen (LCH™)

1 **Equinor and Linde for H2H Saltend** – one of the UK's largest low carbon hydrogen projects

2 A **large scale low carbon hydrogen** project in North America

Sustainable fuels

3 **Strategic Biofuels project** in North America – carbon negative renewable diesel

4 Waste-to-fuels plants in North America

5 Waste-to-fuels plants in Europe

Pipeline of more than 100 sustainable solution projects[4]

Within the first 5 years

Licensing

Upfront payment for process technology and engineering

c.£10m
Average revenue per license[2]

First fill catalysts

Catalyst fills for new build plants

c.£10-20m
Average revenue per first fill[2]

Refill catalysts

Catalyst refills for existing plants (value and frequency varies by technology)

c.£10-20m
Average revenue per refill[3]

Note: revenues relate to low carbon hydrogen and sustainable fuel project wins from 1st April 2022 to date, assuming project completion.
1. Revenue over 5 years.
2. Average revenue for licensing, engineering and first fill catalysts over the first 5 years.
3. Average revenue for each refill catalyst beyond the first 5 years. Based on an assumed 3-4 year refill cycle.
4. Sustainable solutions pipeline includes low carbon hydrogen, sustainable fuels and low carbon solutions projects.

Hydrogen Technologies: strong ability to win in a net zero world

- **Established** hydrogen fuel cell business
- Expertise in **PGM chemistry and catalysis**
- **Existing manufacturing** with extensive process development
- **Reliable supply of scarce, critical metals**
- **Leading PGM recycler** with objective to provide closed loop offering

Strong customer base – adding strategic partners

Major German auto supplier

Further strategic partnerships to come...

Investing in up to 15GW of capacity to support customer demand

Partnerships underpin sales of **more than £200m** by the end of 2024/25
Anticipate this business to be **breakeven in 2025/26**

2GW
Existing capacity

5GW
Adding 3GW capacity in the UK

10GW
Adding 5GW capacity in the US

15GW
US capacity scaling over time

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PGM Services is a key enabler for our growth businesses

JM is the **#1 recycler of PGMs** – c.2x capacity of nearest competitor

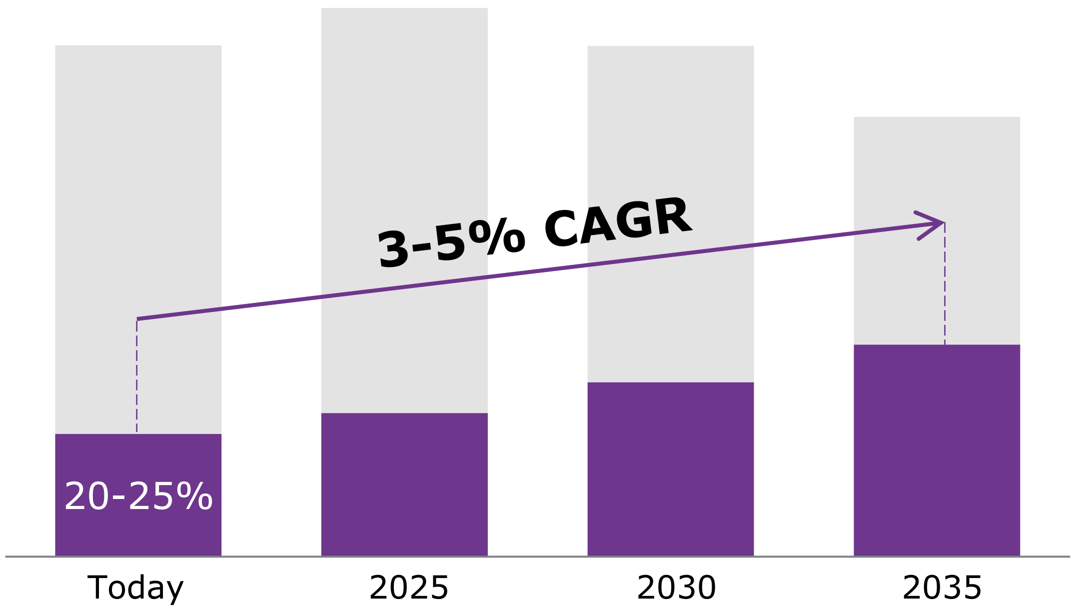
Market demand will be sustained over the long-term as demand for secondary metals grows

Enabler of growth – clear **synergies** with other JM businesses

PGMs are key to the **energy transition**, particularly hydrogen technologies

Investing in the resilience, efficiency and long-term sustainability of our assets

Market supply of PGM volumes[1] excluding closed loop supply



A strong position that is hard to replicate

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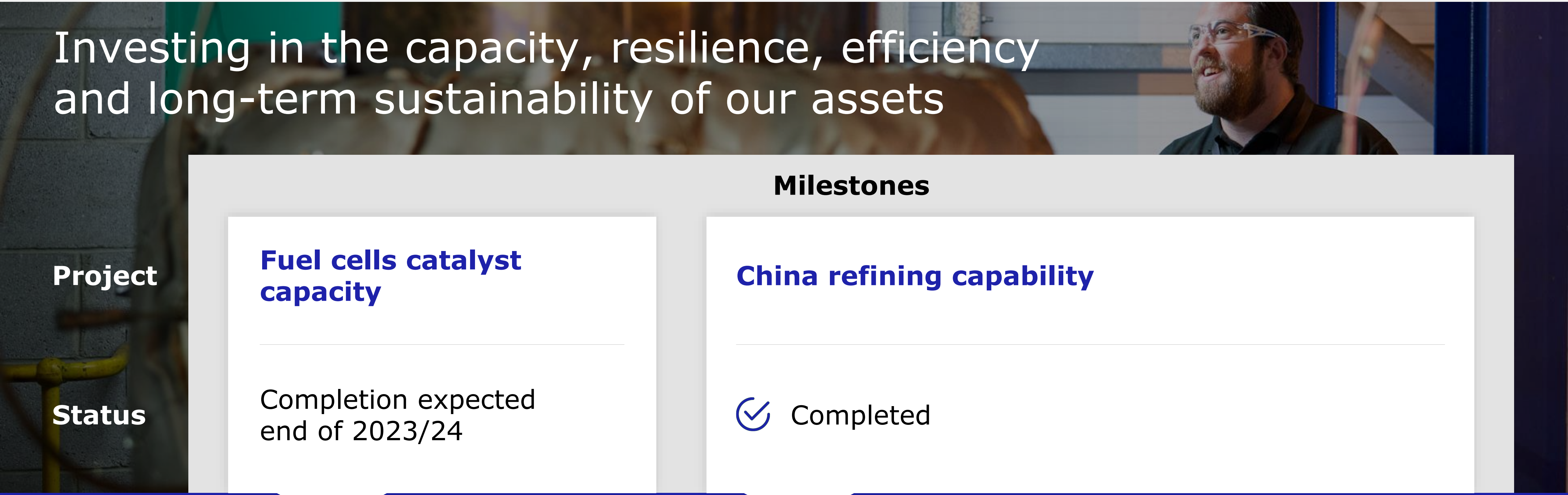
1. Platinum and palladium (which account for >85% of total PGM supplies annually).
Source: Refinitiv GFMS, S&P Market Intelligence, Analyst Reports.



Investing in the capacity, resilience, efficiency and long-term sustainability of our assets

Milestones

	Fuel cells catalyst capacity	China refining capability
Project	**Fuel cells catalyst capacity**	**China refining capability**
Status	Completion expected end of 2023/24	Completed

Rationale

Fuel cells catalyst capacity:
- Supports growth of **Hydrogen Technologies**

China refining capability:
- **End-to-end** recycling capability globally
- Enhances **efficiency and resilience** of assets
- Supports **growth** of secondary refining market

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Clean Air: on track to deliver at least £4bn of cash by 2030/31[2]

Benefiting from **tighter emissions legislation**

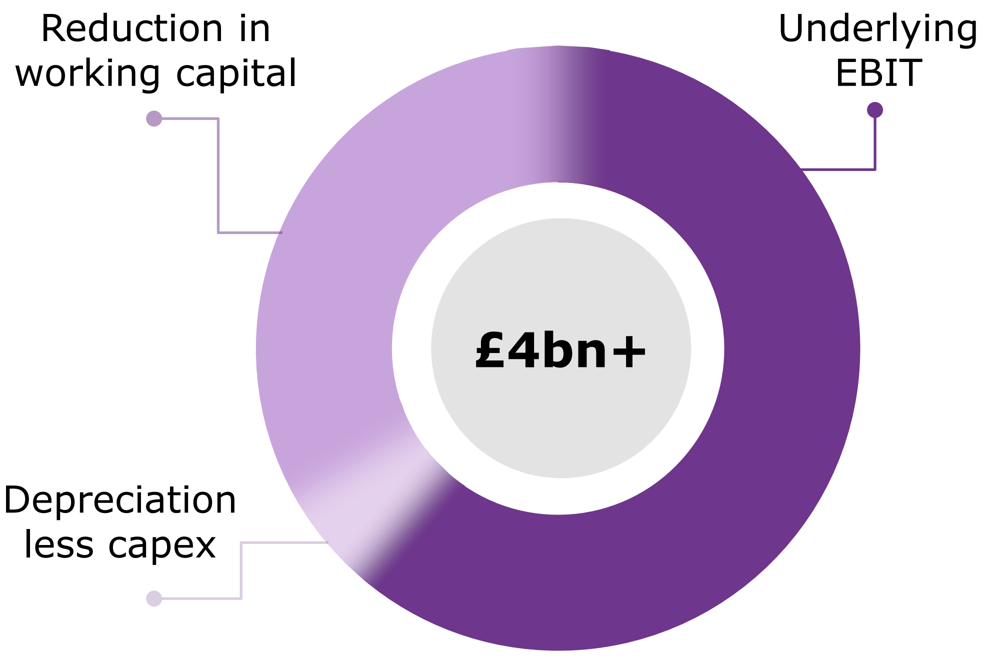
Winning business globally

- **Business wins** ahead of target underpin £4bn+ cash
- Mercedes Benz's LDD business in Europe
- A large truck OEM's Euro 7 HDD business
- Global LDG and LDD business with leading auto OEM

Focused on margin improvement

- Continued focus on pricing
- Implementation of efficiency programme

Cash breakdown (£bn) – faster electrification[1]



Delivered c.1.4bn cumulative cash to date[3]

1. Breakdown of cash delivered from 1st April 2021 to 31st March 2031 under our faster electrification scenario with the following assumptions: c.90 million LD vehicles produced globally in 2030/31, EU legislation is implemented in 2027, c.50% of global LD BEV penetration and no LD ICE diesel vehicles in Europe by 2030/31.
2. Cash target pre-tax and post-restructuring costs.
3. Delivered around £1.4bn cumulatively since 2021/22 at actual metal prices.

Clean Air: driving competitiveness through efficiency measures

Optimisation of manufacturing footprint, closing or exiting 4 out of 16 sites

Greater streamlining of SG&A, fixed overheads

Driving significant improvement in procurement

Transforming JM

People growth

Development

Recognition

Performance management

Customer focus

Commercial capability

Engineering, capital projects

Manufacturing

Simplification

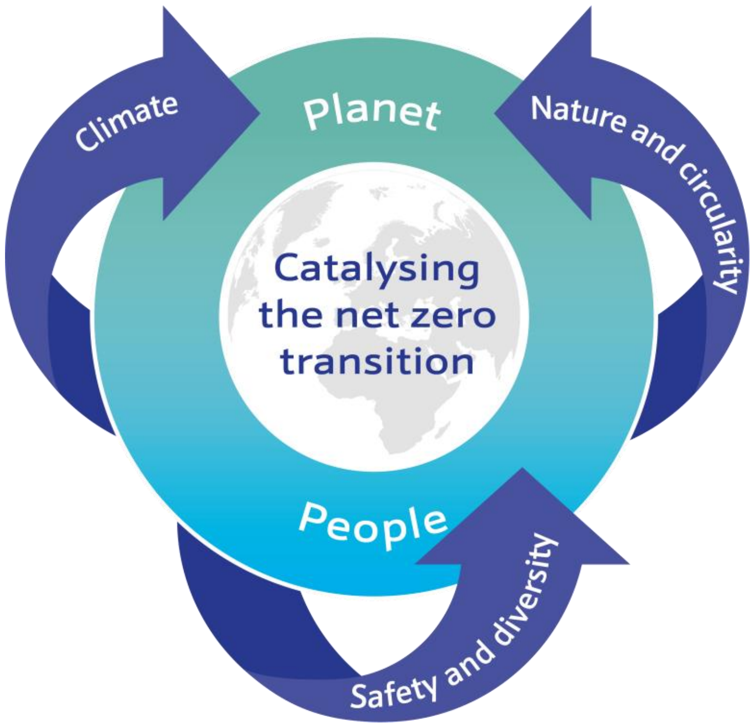
Cost discipline

Streamlining processes

Clear accountabilities

Our people and culture change are key to the success of our strategy

Sustainability is at the heart of everything we do



We have refocused our sustainability targets around **Planet** and **People**

Key progress in the year

Already achieved targeted c.10% reduction in Scope 1+2 CO_2e emissions[1] 13% in 2022/23	**Complete**
Helping customers reduce CO_2e emissions by >1mt p.a. through use of our products by end of 2023/24 850k tonnes p.a. in 2022/23	**On track**
Increased ambition with new GHG reduction targets to 2030 – now fully aligned to 1.5 degree scenario[2] Targeting 42% reduction in Scope 1 and Scope 2, and 42% reduction in Scope 3 GHG emissions from purchased goods and services	**Increased**
40% female representation across all management levels by 2030 28% in 2022/23	**On track**

Recognition by leading ESG rankings

FTSE4Good	Dow Jones Sustainability Indices	CDP	ecovadis	MSCI
97th top percentile	**93rd** top percentile	Rated **B** on climate	**Platinum** rated	**AAA** rated

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1. Original target was to achieve a c.10% reduction in Scope 1+2 CO_2e emissions by the end of 2023/24 (from a 2019/20 baseline).
2. Previous target was a 33% reduction in Scope 1 and Scope 2 GHG emissions, and 20% reduction in Scope 3 emissions from purchased goods and services by 2030.

Net zero transition driving growth

01 **Results in line with expectations**

02 **Delivering on our commitments**

03 **Transforming JM to drive growth**

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Today’s agenda

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Q&A

APPENDIX

Group operating profit

Underlying operating profit for full year ended 31st March

	2023 £m	2022[1] £m	% change, constant FX rates
Clean Air	230	302	-28
PGM Services	257	308	-21
Catalyst Technologies	51	50	-2
Hydrogen Technologies	(45)	(33)	n/a
Value Businesses[2]	40	12	n/a
Eliminations	(68)	(86)	
Underlying operating profit (continuing operations)	**465**	**553**	**-21**

1. 2021/22 is restated to reflect the group's new reporting structure.
2. Includes Battery Systems, Medical Device Components, Diagnostic Services, Battery Materials and Advanced Glass Technologies.

Net debt to EBITDA 1.6 times[1]

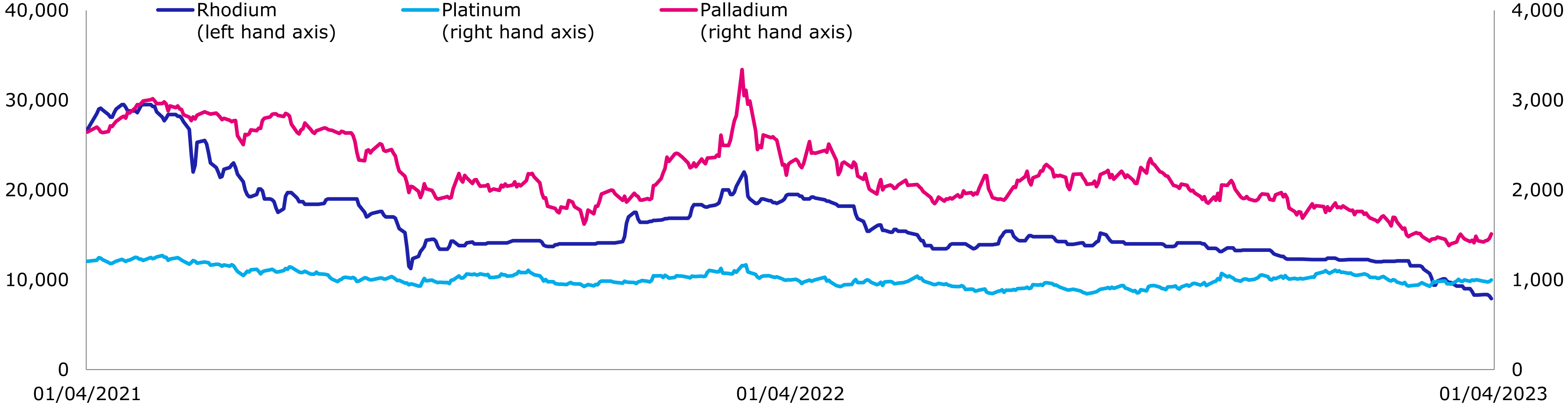
Continuing operations

	£m	£m
Net debt at the beginning of the year		**(856)**
Free cash flow	74	
Dividends	(141)	
Share buyback	(45)	
Movement in net debt		(112)
Lease adjustments[2]		1
Net debt before FX and other movements		**(967)**
FX and other non-cash movements[3]		(56)
Net debt at the end of the period		**(1,023)**

1. Net debt including post tax pension deficits.
2. New leases, remeasurements and modifications less lease disposals and principal element of lease payments.
3. Includes (£53m) FX and (£3m) other non-cash movements.

Average PGM prices

US$ per troy oz



Price (US$ per troy oz)	2021/22 average	2022/23 average	Current (22nd May 2023)
Platinum	1,066	963	1,082
Palladium	2,398	1,942	1,525
Rhodium	18,704	13,673	7,000

Financial guidance summary

Group underlying operating profit growth[1]:
- Accelerating to high single digit over the medium-term
- Strong long-term growth

At least £4bn of cash generation in Clean Air by 2030/31[2]

High single digit growth in Catalyst Technologies over the medium-term, with margins returning to mid-teens within the next two years[3]

More than £200m in sales from Hydrogen Technologies by the end of 2024/25
Business anticipated to be breakeven in 2025/26

c.£1.1bn cumulative capex over the three years to 2024/25

At least £150m annualised cost savings 2024/25

1. At constant precious metal prices and FX rates (2021/22 average).
2. Driving at least £4bn of cash under our range of scenarios from 1st April 2021 to 31st March 2031. Cash target pre-tax and post-restructuring costs.
3. Mid-teens underlying operating margin by the end of 2024/25.