



Presentation of Results for The Year Ended 31st March 2024

Thursday 23rd May 2024

Welcome

Martin Dunwoodie

Director, Investor Relations, Johnson Matthey

Welcome

Morning, everyone, and thank you for coming along today. I'm Martin Dunwoodie, Director of Investor Relations at Johnson Matthey. As I say, thank you for everyone coming along in person today and those of you who are attending the webcast.

Just before we start, can I ask that everyone turns their mobile devices to silent or turn them off?

Very pleased today to welcome our CEO, Liam Condon and our CFO, Stephen Oxley. We'll have a presentation on the results as usual, and then plenty of opportunity for Q&A from the room afterwards. And we will also take questions from the webcast.

Disclaimer

I point you to our cautionary statement ahead of the presentation.

And with that, I will hand over to Liam.

Introduction

Liam Condon

CEO, Johnson Matthey

Introduction

Thank you very much, Martin. And a warm welcome to everybody here in the London Stock Exchange. And of course, warm welcome to everybody who's joining us online today.

Now, I'm afraid I won't have as many surprises as Rishi Sunak had yesterday evening, but I think we can all be grateful that we have a roof over our heads. It's not raining. And I can promise you I'll have a lot more content to deliver together with Stephen today.

Agenda

Now we're going to go through our presentation. I'm going to give an overview by way of introduction into what's happening at JM. There's a lot of moving parts. We put out a release, and you'll see there is a lot of content in there. I'm going to try and give you the key points up front to try and connect the dots for some of the many moving parts. Then Stephen is going to talk you through the financial details, and then I'm going to talk about the strategic priorities.

Good progress in a challenging PGM price environment

I think the first thing to note in our results is if you look at the reported results and the underlying results, there's quite a difference. The reason is quite simple. The PGM pricing environment was highly volatile last year. We had a supercycle. Prices were at cyclical highs and they came down. We are now back to what I would call historical averages, so the volatility has moved away from pricing. But that volatility impacted our reported results. And at JM, as you know, there's a pretty big transformation ongoing. And the key thing is, are we making a

difference from an underlying point of view – so the things that we can control as JM, are they moving forward or not. And I have to say, I was personally very pleased to see that the underlying results, there has been quite significant progress.

So, growth of 11% in this relatively still weak macroeconomic environment and with all the volatility we have, 11% in underlying growth. This is, of course, without PGM prices and foreign exchange, but this is strong growth, I think, in anybody's book. And for me, this is evidence that our strategy is working.

But it's not only about the financial numbers. What we've been doing is also making progress from a strategic point of view. When we set out the new strategy two years ago, we said we're going to basically build a better JM, a stronger JM, that will help drive the energy transition. And this requires us to have a more agile business model, and we put out certain strategic milestones. And, I'll show you in a minute, I think we've made really good progress on all, basically, almost all of those milestones. And I think really importantly now, we're taking it to the next level. We're two years in, we've made progress, but there's much more to go for. So, we're raising the bar again, and we're going to set new strategic milestones.

Executing on our strategic milestones

Now, if we look back – and hopefully this slide is familiar to everybody – this is exactly the same as what we set out two years ago. We said we'll be pretty religious and transparent around showing you our progress here. You've seen progress updates every half-year, and this is the scorecard after two years in. And you can see that basically across the board, almost all of our strategic milestones are either fully on track or achieved. And I think this is, again, if you take the backdrop of a pretty weak macroeconomic environment, a lot of volatility, also geopolitical instability, I think it's pretty impressive that these targets have all been basically achieved.

There's two in here that are coloured yellow and these are related to investments that have been delayed or where production is being started up. And whilst these are not green, I actually think they're a testament to our business model and our agility because what they're basically saying is, if the market is slowing down in certain parts, our investment will slow down in certain parts. And we just have that level of agility, I believe today that possibly we didn't have two years ago, to be able to flex up and down with the market. And this is going to be a theme for us as we go through the presentation today.

So overall, I mean, you can pick out any of these milestones. If I highlight the ten additional large-scale projects in Catalyst Technologies, I think phenomenal progress here – we're going to talk about this a bit later – and a lot more to come. If you look at the divestment of Value Businesses, we had targeted originally £300 million, above £300 million value creation from this. We got over £500 million. I mean, this is a green, but I think it's a very dark green on this one, allows us to do a share buyback. This is, I think, really, really good news. But it's not only the financial value, because we've completed the divestment programme it allows us to focus on our core businesses, so it has an additional value for the company as well.

And if I pinpoint one more, employee engagement, which is always an early predictor of performance, is going up and has turned green as well. And this is really important during a transformation that you have your employees behind you. So just some highlights in there and

I think good progress to report back on. And I'll come back later and show our new – what I believe are ambitious – milestones going forward.

Now, before I hand over to Stephen, I want to highlight three themes that are, I would say, mega themes that impact JM. And these three themes are starting to play out partially in our financial results already now, but you will see them play out more over time.

Well-positioned for a rapidly changing environment

I think the key point between these three themes is they show that our diversified portfolio is the right portfolio for JM to win in a relatively volatile environment where the energy transition is clearly not going to be a linear transition with everything moving at the same speed. Things will move at different speeds, and we need the agility to be able to flex up and down accordingly.

Slowdown in global BEV penetration rate

Now, one mega theme is the slowdown in battery electric penetration rates. Clearly has an impact on our Clean Air business. Clean Air will generate more value for longer than was originally anticipated, and this has a positive impact on our Clean Air business. So clearly, on this one, you can look forward to increased targets, particularly around cash flow, and we'll talk about that a little bit later. But really important here, this megatrend has a very significant impact on the value creation possibilities for Johnson Matthey.

Slower development of hydrogen value chain

A second theme is very clearly that the development of the hydrogen economy has slowed down. It's still growing, and make no mistake about it, there will be no transition to net zero without green hydrogen. It's very clear. But the pace of development has slowed down, the pace of demand increase has slowed down. And with that, as Johnson Matthey, as custodians of capital, we also need to pace ourselves. We also need to then reduce investment if the market is not moving at the pace that was originally anticipated. So here this has an impact rather on our investment profile as opposed to anything else, but a theme we'll pick up on as we go through the presentation.

Increasing commercialisation of new sustainable solutions

And the final one, and pardon the pun on this, but sustainable aviation fuel really is taking off. It's an area that is driven by a mix of regulatory requirements, whether it's sustainable aviation fuels, sustainable fuels and low carbon hydrogen. This is an area where there has been an acceleration of demand, and with that, there's an acceleration of our pipeline. And this market is a space, again, where there's probably more opportunity than we had originally anticipated. So we're going to lean in more here.

And I think this exactly shows you the diversity of our portfolio, but it also shows you our ability to flex up and down. If there's more value to be had, we'll go after the space where there's more value. If something's slowing down, we will slow investment down, and we will make sure that we're investing in a very disciplined manner. So these are mega themes. We're going to come back to these in my presentation, but I wanted to highlight them in advance because they play out throughout both our financial results and, later on, our strategic priorities.

And with that, I'll hand over to Stephen, who'll walk you through our financial details.

Over to you, Stephen.

Financial results

Stephen Oxley

Chief Financial Officer, Johnson Matthey

Agenda

Thank you, Liam, and good morning, everyone.

Let me start with the headlines.

Results impacted by lower PGM prices

So, sales were down 4% and operating profit decreased 8%, as our headline numbers were impacted by significantly lower average metal prices. However, we delivered a good underlying performance, driven by our transformation programme and higher pricing. Excluding the impact of metal price and foreign exchange rates, operating profit was up 11%.

As expected, both profit and margin were significantly better in the second half as the benefits of transformation ramped up. And there's more to come. In particular, our focus on efficiencies has driven significant margin improvement in both Clean Air and Catalyst Technologies.

Underlying earnings per share were 141.3 pence, down as a result of lower operating profit and higher interest. We continue to maintain a strong balance sheet with a net debt-to-EBITDA at 1.6x, at the lower end of our target range of 1.5-2.0x. We are announcing a final dividend today of 55 pence per share, bringing the total dividend to 77 pence, in line with last year.

And we've agreed the final divestments of our Value Businesses. We intend to return £250 million to shareholders via a share buyback once the disposal of Medical Device Components completes, which we expect sometime around the third quarter of this year.

Sales impacted by lower PGM prices

Now let's turn to our performance in more detail, starting with sales.

Group sales decreased 4% at constant currency to £3.9 billion. Catalyst Technologies sales were up 6%, with good performance across both catalysts and licencing. Hydrogen Technologies grew 31%, with increased demand from our strategic customers. However, growth slowed in the second half as the hydrogen market softened. Clean Air sales grew 2% and PGM Services decreased, mainly due to lower metal prices. Sales in our Value Businesses were down because of lower demand in Battery Systems, and as I said earlier, all of these businesses are now sold or agreed for sale.

Turning now to profit.

Operating profit benefiting from transformation and pricing

As you can see, underlying operating profit was up 11%, excluding foreign exchange and metal prices. This was driven by cost savings of £75 million from our transformation programme and higher pricing, which delivered a benefit of £30 million. There was a negative impact of £25 million as volumes declined across Value Businesses, Catalyst Technologies and PGM Services. Including the adverse impact of £85 million for metal price and £21 million for foreign exchange, underlying operating profit decreased 8% to £410 million.

Upgrading transformation benefits

Let's now look at our transformation programme in more detail.

As you can see, we've made good progress with cumulative savings of £120 million across a number of areas, including reducing layers of senior management and improving procurement. We've also focused on greater back-office efficiency, as well as the consolidation of our office space and Clean Air's manufacturing footprint. As we continue to transform our business, we've upgraded our cost savings target from in excess of £150 million to £200 million by the end of this year. The full annualised benefit will come in 2025/26. We expect this upgrade to increase associated costs from £100 million to £130 million, of which around £100 million is opex and the rest is capex.

Underlying results

Now, looking at the rest of the income statement on an underlying basis. Finance charges increased to £82 million as a result of higher average borrowings and interest rates. The underlying effective tax rate of 20.8% was slightly higher than expected due to the mix of profits across our geographies. We expect some upward pressure on both interest and tax as a result of global minimum tax rates and as we refinance our debt.

Reported results

Our reported results were impacted by a number of non-underlying items. Major impairment and restructuring charges included £78 million of cash from our transformation programme and consolidating our Clean Air footprint. £70 million is non-cash relating to asset impairment, the most significant of which was the write-down of our Battery Systems business in preparation for sale, which has completed since year-end. Our divestment programme incurred £9 million of transaction costs, and we'll see the upside of this in the first half of this year when we record the Medical Device Components disposal and record a significant profit. This will bring our divestment programme to a close with expected net cash proceeds of over £500 million, well above our target of more than £300 million.

So, turning now to our individual businesses.

Clean Air*Improved profitability driven by efficiencies*

Clean Air sales grew 2% as higher volumes were partially offset by lower pricing, including the impact of contracted price downs. In light duty diesel, we outperformed the market with share gains and new platforms ramping up in Asia and the Americas. Light duty gasoline was impacted by historic platform losses as well as lower pricing. As a result, sales were down 6%, underperforming the global market. Heavy-duty diesel was up 2% behind the market. Our strong performance in Asia was partially offset by lower sales in Europe and the Americas.

Despite modest sales growth, Clean Air delivered a strong growth in underlying operating profit of 26%. We are now seeing the result of our focus on improving margin, which increased 190 basis points to 10.6%, supported by our efficiency benefits. We expect margin to expand further this year and to reach mid-teens by 2025/26.

PGM Services*Lower average PGM prices*

In PGM Services, sales decreased 17% to £462 million, mainly driven by lower average metal prices. Continued softness in auto scrap volumes were partially offset by higher industrial and mining feeds. And to give you some idea of the movement in metal prices, palladium and rhodium reduced in the year by 38% and 64%, respectively. With lower metal prices and less volatility, sales in our metal trading business were down. Our products business was broadly flat, as wins in pharmaceuticals were offset by cyclical declines in agrochemicals.

Operating profit of £164 million was also impacted by lower metal prices and volumes. But it improved in the second half, as we continue to deliver efficiencies and metal recoveries from our asset renewals.

Metal prices now appear to have stabilised. This should mean far less volatility in PGMS earnings and working capital across the whole Group. In June, we will host a seminar on PGMS to give you greater insight into the prospects and drivers for this business.

Catalyst Technologies*Material margin improvement and strong growth in licensing*

In Catalyst Technologies, sales grew 6% to £578 million while operating profit increased 56% to £75 million. Catalyst sales were up 4% as we improved pricing across our portfolio, given our stronger commercial focus. We also delivered good growth in formaldehyde as a result of increased demand for biodegradable plastics in China. In licencing, sales were up 20% driven by growth in both our core portfolio and sustainable technologies. We made great progress on project wins in sustainable technologies, where sales doubled from a low base. Higher pricing, better mix and greater efficiency led to significantly improved margin. This was up 390 basis points to 13%, well on our way to our mid-teens target by the end of this year.

Hydrogen Technologies*Strong sales growth and disciplined investment*

Now, in Hydrogen Technologies, sales were up 31% to £71 million, driven by our strategic customers. Growth slowed in the second half as the hydrogen market began to soften and customers reduced inventory levels. The business reported an operating loss of £50 million as we invested to build capacity and in product development. We expect the loss to be significantly lower this year, and we now expect the business to break even by the end of 2025/26. Against the softening market backdrop, we've taken steps to reduce both our cost base and capex.

Net debt

We ended the year with net debt of £951 million, which is lower than the prior year. Precious metal working capital decreased as a result of tighter metal management across the Group. This was partially offset by an increase in non-precious metal working capital as a result of lower VAT payables and higher inventory to support sales in our growth businesses. We received £41 million of net disposal proceeds from our Value Businesses, mainly from Diagnostic Services, with much more to come. Capex was £358 million. We invested in the resilience, efficiency, and safety of our PGM refining assets. And in Hydrogen Technologies, we've substantially completed our new manufacturing facility in Royston.

Improving cash flow in the medium term

Turning now to future cash flow.

We have a number of levers to improve cash flow across the Group. This starts with the top line. Then our transformation programme, efficiency and commercial excellence initiatives that are driving higher margins. We've already seen the benefits in both Clean Air and Catalyst Technologies, and once we've delivered our £200 million cost savings, there are further benefits to come. Our new PGM refinery is set to deliver a meaningful improvement in working capital and once it's complete, our capex intensity will also reduce significantly. In addition, more stable metal prices will smooth the recent volatility in our working capital, which means the vast majority of cash generated by Clean Air will drop through to free cash flow for the Group rather than being absorbed by PGMS. All of these dynamics mean greater free cash from the Group over the medium term.

Disciplined organic investments

We're providing new capex guidance for the next three years to 2026/27 of up to £900 million. As you can see here, capex is on a downward path, and we expect that to continue.

The largest spend over the next three years will be in PGM Services, which includes around £250 million towards our new world-class refinery. This will be self-funded through the resulting improvement in working capital. Once this is complete, PGM Services trends towards maintenance capex, just like Clean Air.

In Catalyst Technologies, we're investing to support growth in our sustainable technologies portfolio. These are low-risk investments that are project-backed and with limited investment ahead of demand. As I said earlier, we've significantly reduced capex in Hydrogen Technologies and this now represents just 10% of our three-year spend as we pace investment with the development of the market.

Outlook for year ending 31st March 2025

Finally, turning to outlook for 2024/25. On a continuing basis, excluding Value Businesses, we expect at least mid-single-digit growth in operating performance, assuming constant currency and metal prices. By business, we expect modest growth in Clean Air's operating performance with continued margin expansion driven by efficiencies, before benefiting next year from recent platform wins. PGM Services performance is expected to be broadly stable with limited impact from precious metal prices. In Catalyst Technologies, we expect further strong growth in operating performance and mid-teens margins. And in Hydrogen Technologies, we expect modest sales growth and significantly lower operating losses as we manage our investment in line with the market. Assuming foreign exchange and metal prices remain at their current levels, the adverse impact on full-year operating profit would be around £5 million.

So, in summary, we've delivered a good underlying performance with operating profit up 11%. Catalyst Technologies, which is key to our medium-term growth, is growing strongly. And in Clean Air, we've upgraded our cash flow target. Alongside increased cost savings from our transformation programme, stabilised metal prices and lower capex, we will drive improved free cash flow.

And with that, I'll hand back to Liam.

Strategic progress

Liam Condon

Chief Executive, Johnson Matthey

Catalysing the net-zero transition

Thank you very much, Stephen.

So just a quick reminder again of our portfolio here, and we've said this is the portfolio we focus on after the divestment programme. And in each of these businesses, we are a global market leader already today, and our goal is to maintain or strengthen that position going forward.

Each business has a different role to play for us. PGMS is our enabling business, highly profitable and over time this will also be a more cash generative business, particularly when the benefits of our new refinery start to kick in. Clean Air is our big cash machine, has a lot more longevity than was originally anticipated – really important for our company. Catalyst Technologies is the growth engine in the near-, mid-, and I would say long-term going forward, and Hydrogen Technologies is our long-term growth engine. So you can see how this stacks up from a portfolio point of view.

Portfolio transitioning and growing over time

Now, from an underlying operating profitability point of view, we've showed you this before, but I think it's really important because it gives you a sense of the dimension of the transformation that JM is actually going through. If you look at our underlying operating profit today, it's clear that the vast majority comes from PGMS and Clean Air, a little bit from Catalyst Technologies. And in a relatively, relatively short space of time, we're talking 2030/31, this ballpark, the relative profitability of our growth businesses will be more than all of JM today. So you can see this is a significant driver, and the biggest growth driver is Catalyst Technologies. And I'll unpick that a little bit in my presentation, explain where that growth is coming from. And then more in the outer years, Hydrogen Technologies.

New strategic milestones for 2025/26

Customers

Now, I mentioned earlier on, we're setting new strategic milestones for 2025/26. One of them actually goes beyond, and these are centred around three areas.

We start with customers first. Stephen's already mentioned we're upgrading our cash flow target for Clean Air from £4 billion to £4.5 billion by 2030/31. And just a reminder again, the world doesn't stop in 2030/31. There will be a lot more cash to come thereafter. This is only the target until 2030/31.

In Catalyst Technologies, we're targeting 20 additional large-scale projects. Now, when we started out two years ago, we said ten. We thought that was ambitious. We've doubled. You can see the acceleration here, and I will show you, talk a little bit about it later on. It's not only more, it's bigger. The project side, the average project size is getting bigger. So this is really a pretty massive step-up in only two years. We're not talking wait until 2030/31 to see the benefits. We're talking this year, next year.

And we want to secure four new hydrogen technology partnerships. And this is about diversifying our customer base. The pace of growth in this market has slowed down, but the market will continue to evolve, it will continue to grow, and at some stage, you can probably expect exponential growth. And we need to be ready then with a diversified customer base to benefit from that growth.

Capability

Second area where we are leaning in is on building further capabilities. Hard to underestimate the importance of our new PGM refinery. This is a world-class refinery, big capital investment, but it will be massively beneficial from a working capital point of view for our company. And this, of course, will help generate more cash over time as well. So really important as an underpin for our business. And this will be completed relatively soon in the period we're looking at, but very important investment for JM.

And really important, and this is particularly related to the Catalyst Technologies business, all those project wins need to be serviced. They need engineers to be able to basically cater to our customers' needs. So as the number of project grows, the number of engineers and highly qualified engineers we require needs to grow as well. So a 30% increase in engineering capacity.

Transformation

And then we have a variety of targets around transformation, probably from an investor point of view, and most important being the upgrade of the savings target to £200 million. But we also have important targets around sustainability, safety, and employee engagement. And you can see all of these targets here, clear milestones.

And similar to last time around, we will update you every half year. We'll be very transparent are we reaching these targets or not. And if we're not reaching them, we'll explain why. And I think this is really important to give you a sense of if and how we're making progress as JM. I really believe these new milestones are pretty ambitious, but important for us as JM now to raise the bar further and give you a sense of what direction we're going as a company.

So I'm going to go briefly into each business now, and of course, at the end, we've saved most of the time for Q&A, so I think we've got a lot of ground to cover. So I'll move relatively rapidly through the businesses and then make sure we have enough time for Q&A at the end.

Clean Air: stronger for longer

First, on Clean Air, Stephen has already outlined what we've achieved in 2023/24, and our priorities going forward are very clear. This is a business that we're running from an efficiency point of view, I think, in a very effective manner. It's a business where we're driving cash, but it's also a business where we're commercially absolutely focused on winning new business. And to be very clear, still in this year, we do have some volume decline, which is related to historical platform losses, which we've lost years ago. The impact of that kicks in this, or let's say, affects us also this year from a volume point of view. But this is the last year – 2024/25 is the last year – where volume losses are not compensated by new wins. So all the commercial excellence initiatives that we've started over the past two years are resulting in more wins on average than losses. So from next year on, you'll see that positive effect kicking in.

And if you add to that the efficiencies that we're working on, you can see that the cash flow potential of Clean Air is going to remain very, very strong. So I think an important point to note here, this is rather a transitional year for Clean Air, with the last year of what we'd call historical platform losses and the wins kicking in from next year.

Clean Air: material margin improvement

Stephen has already alluded to the fact that we are driving the margin strongly in this business. There's a variety of areas that we're focused on to do that. Apart from pricing., it's particularly around the manufacturing footprint, but it's also around portfolio optimization. We have an awful lot of products in our portfolio. We've taken a very much data-driven approach to analysing the profitability of each and every product we have in each and every region. And we're being very clear now to our customers, if products are not profitable, either a customer pays a higher price or they get a different, more standardised product, and we take that less profitable or non-profitable product out of our portfolio. This has a significant impact also on our overall operational efficiency and will positively benefit the margin.

So I think a lot to look forward to from Clean Air. Big drive on the efficiency side, but also big drive on the commercial side to keep up those commercial wins, which is particularly important ahead of Euro 7 and other regulatory updates which are coming. So lots of opportunity still for Clean Air and still today our biggest business, and a very vibrant business indeed.

PGM Services: underpinning the Group

On PGM side, I've already alluded to the fact that the biggest investment is in the refinery. This is a once-in-a-lifetime investment, and it's coming to completion relatively soon. And then we don't have that big capex block any more. And as Stephen pointed out, our capex – relative capex intensity – will be then coming down pretty significantly. Huge benefits here again, from a working capital point of view. And now that the supercycle in PGM pricing is over, we would expect volatility from PGM pricing point of view to decline.

In addition, we're working on evolving our business model and moving much more to a full-service solution; meaning that we're not just recycling a product or selling a product, we're actually managing the metals of the customer, we're selling a product, and we're recycling in one package, which gives us a lot more visibility in the supply chain, but also allows us to take a different approach to pricing than if we're just selling individual components. So we have multiple levers here to reduce volatility. And you're going to hear a lot more about this at the PGM seminar on the 27th June. So again, a little encouragement to sign up for that one as well, please.

Catalyst Technologies: tremendous opportunities

Catalyst Technologies, I mean, it's very clear there's been a dual approach in here with Catalyst Technologies.

First, there's some foundational things that we just needed to improve on. And Maurits and his team have been doing a great job of improving operational efficiency. There's a lot of self-help measures in here, small investments in plants that are significantly improving our ability to operate in a much more efficient manner, at the same time growing certain capabilities. For example, on the engineering side, we've already increased engineering capacity by 20%, and at the same time also driving the business forward, so licencing wins. So there's been a mix

here of self-help, which has helped us, particularly on the margin side, which I'll show in a minute, but also on setting the right foundation for growth because we believe the growth potential of this business is really quite enormous.

Now, on the margin side, you can see here almost a 400 base point improvement within one year. This is pretty spectacular and a lot of hard work has gone into this. But it by no means ends here. Already in a relatively short time frame, we're getting to mid-teens, and you see the curve continues to go up.

Catalyst Technologies: significant margin improvement

Now, by definition, the self-help measures at some stage kind of will run out of steam because you've optimised everything from an efficiency point of view or a cost-saving point of view. But what then kicks in is the change in portfolio mix over time; because today the vast majority of our business is still the catalyst product versus licencing technology, which is maybe only 10% of our business today. Licencing technology is a more profitable part of the business than the catalyst, the core catalyst business. And over time, driven by all the project wins we have, this mix changes to maybe 60-40 over time. And that change in mix drives margin accretion. So it's a mix of self-help in the early years, more efficiency, but then over time, the portfolio mix really kicks in to drive that margin accretion further.

So, then the question becomes, well, is that growth really going to come? And how long do I have to wait to actually see this? And the good news is here, you really don't have to wait until 2030/31.

Catalyst Technologies: winning pioneering projects

And what I'm showing here, and I appreciate there's a lot on this slide, but there's a lot happening in Catalyst Technologies, quite frankly. You can see 13 projects listed up here. Ten are the projects that we won in the previous two years, but already since the end of the financial year, so 31st March, between then and now, we've won another three projects so we're already at 13. And what I would highlight here, the value of these 13 projects over five years, the sales value is over £350 million. Now, if you look at the overall size of the CT business today and look at that number, that's a pretty big number. And there's more to come – we've already said we've upgraded our target to 20 projects.

So you can see here a really significant traction. What you can also see is that these are truly global projects. This is North America, it's Latin America, it's Europe, and it's Australasia. So this is a truly global portfolio. And you can see we're winning with the winners. Companies like bp and Equinor, Linde, also DG Fuels. These are big names in their relative spaces. And another point I would make here, the projects themselves, when we started out, some of the projects were smaller. The projects are getting bigger. Size actually matters in this space. Something like a DG Fuels, a sustainable aviation fuel in Louisiana, the plant that's being built is seven times bigger than any other Fischer Tropsch sustainable aviation fuel anywhere in the world. Seven times bigger. This is huge. And you can expect that going forward, that more and more bigger projects are going to come as the smaller ones we have proof of concept, and it's clear that these work.

Final point I would make here is the size of the pipeline is increasing, as you would expect if demand is truly there. So last time I updated you, we said we have 100 projects, over 100 in

the pipeline. And these are not like pharmaceutical phase I type projects, where they might or might not come. These are projects where we are actively in a bidding stage, where there's probably only one other player that's bidding at the same time, so these are real projects that are really being tendered, where we're in a late stage of negotiation – just to give you a sense of what pipeline actually means. And we already have over 140 projects now, of which 13 we've won and the 13 have a five-year value of £350 million. And with 140, we're probably not going to win all 140, but I can guarantee you in a few years, there's going to be more than 140 in the pipeline. So you can get a sense of the true potential of this business, but also of the traction that this business has in the market. I think really quite exciting.

Hydrogen Technologies: attractive long-term market

And then on Hydrogen Technologies, I mentioned earlier in the green hydrogen space, green hydrogen is absolutely crucial for the net zero transition. It's basically impossible for hard-to-abate sectors and particularly heavy industry, but also things like heavy duty automotive. It's basically impossible not to have green hydrogen if you want to get to net zero. So clearly, the green hydrogen infrastructure needs to be developed. This economy and this market will develop over time, but it's developing in a relatively slow place. There's a slight analogy to the battery electric development here. And this means for us that we need, again, as I said earlier, we need to pace ourselves with our investment. We do have a competitive edge. We do have a leading position today. We are growing as a business, but we want to grow responsibly, so we're reducing our investments to make sure that we can still achieve our breakeven in a reasonable time frame. So this is the overall picture here. Very clear that this will be a highly attractive future growth market. But we got to pace ourselves and make sure that we're taking responsible capital allocation decisions here.

Transforming JM

I'll make two final points. One on transformation overall, one on sustainability, and then we can enter the Q&A. We talk a lot about transforming JM and moving from where we are today to a company that is driving the energy transition. And you saw that from the portfolio, the underlying operating profit movements, but kind of what does it mean really then in a company? Because 2030/31 is all nice, but what's happening today? And are you really making a difference?

Simplification

Three themes in here. And just to give you some elements and some pointers to the progress we're making, simplification is a huge theme for us. JM is 207 years old. You can accumulate quite a bit of dust over 207 years. So, really important that we simplify, are highly focused. The divestment of the Value Businesses, as I said, from a value creation point of view, really important for us. But actually, I would say almost equally as important, it allows us to focus in the areas where we can win. So, hugely important. And it's done. This programme is done. I mean, there's still – we still need to finish up the divestments from a technical point of view, but for all intents and purposes, this is done.

Was mentioned earlier, deployment of JM Global Solutions. This probably sounds very technical and unappealing from an external point of view. The issue here was internally we had pretty clunky processes, very manual, slowed us down. Customers weren't happy, employees weren't happy. We have completely transformed that with end-to-end processes that are customer-

and user-friendly, and done in a much more efficient, cost-effective manner through a shared service approach which has been implemented, I would say, with laser focus and lightning speed. The speed that this programme has been implemented is quite spectacular. It's already gone live in our key countries, and it's just an example of us getting the fundamentals, the basics right and simplifying the business.

Customer focus

From a customer focus point of view. A lot of progress on the commercial side. What does that mean? An example, for example, a key account approach for our key customers. We could approach the same customer through three different businesses, sometimes even four, but often times three, who would know nothing about each other, and we would make three different offers. And now we have clear key account managers who can offer a joined up approach to customers. And if you think about value creation and pricing, this gives us a lot more possibilities. Also helps us, from a customer point of view, to generate more value because we see their business from a more holistic angle and not just a piece of the business.

And this goes back to the agility of the business model that I spoke about. We can work across the business now. Two years ago, I would say we were all working in boxes and silos. Now we have enterprise leaders who are working across the business doing what's right for JM, and not just what's right for their piece of the puzzle within JM. A key proof point in here, customer recognition. Every single business, all four businesses, have improved their customer satisfaction scores in the past 12 months. Every single business, our Net Promoter Score has increased by 16%. I think this is quite a phenomenal result. And a simple example here, Cummins, one of our biggest customers, of course, very well-known heavy-duty engine maker, we won their Global Supplier of the Year award. You might think, yeah, yeah, so what, you win every, whatever, three or four years; 207 years, we've never won their Global Supplier of the Year award. We won it this year, and no catalyst maker has ever won this award. So this is actually pretty big. So it's a sign that something's going in the right direction.

People growth

And I mentioned already, on the people growth side, we're building the needed capabilities from an engineering point of view, continuing to strengthen on the commercial side. And really important, employee engagement is increasing. And that as we go through a transformation, I think is a real sign of the resilience of our people, but also their adaptability. And I think fantastic sign, an early predictor, typically, again, of performance.

So overall that leads to an ability to generate more savings, but it means we can operate in a much more customer-focused, agile manner than before. And that's the true piece of the transformation that's helping JM lift it to the next level.

Sustainability is embedded in everything we do

Finally, on sustainability. Sustainability is embedded in absolutely everything we do. I like to think within JM, we start every meeting first talking about safety because it's our number one priority. And we end every meeting on sustainability because people are always asking themselves can we do this in a more sustainable manner. So it's really embedded in the DNA of the company. So actually, if you ask people why, ask any new employee why do they join JM; it's usually something related to the purpose of the company, has a lot to do with

sustainability – it's actually a big motivator internally. And I'm really happy that we get external recognition for this. So it's not just us.

The Science Based Targets initiative has validated our Scope 1, 2 and 3 targets. So to get to the 1.5 degree scenario, which many think is almost impossible to reach, we're committed to that and our programmes have been validated by the Science Based Targets initiative. There's not that many companies that have that level of validation and accreditation, and this is due to the robustness of our programmes that are in place. And you can see on the right-hand side the various recognition that we get from external bodies on this, and we're constantly raising the bar further. I mean, we're aiming overall to achieve pretty ambitious emission reduction targets. But also topics like ethnic diversity, net-zero electricity, we're setting new targets, we're developing a new nature strategy. So again, this is a space where we want to keep raising the bar, keep pushing forward and important that we do get external recognition for that.

Catalysing the net zero transition

So that's basically it. I appreciate it was a lot of content. Hopefully, the two presentations allowed you to get a sense of the puts and takes of what's going on. I would just like to re-emphasize again, I do believe the underlying results show that our strategy is working. There's a lot of change going on, there's a lot of transformation, but underlying operating profits increase of 11% is pretty significant progress with all the change that's ongoing.

Most importantly, I think we've set a much stronger foundation for success now in the past two years with our strategic milestones, with our operating model, which is a lot more agile than it used to be, with our ability to flex up and down from a capital allocation point of view, and we're raising the bar further, we're setting new strategic milestones, we're trying to tap into the full potential of JM to create true value.

So thanks a lot for your attention and looking very much forward to the Q&A. Thank you.

Q&A

Martin Dunwoodie: So thank you very much, Liam and Stephen, for the presentations. We'll move to Q&A. Firstly, we'll take it in the room, and then we'll move to the webcast. But just as a reminder, when you ask the question, can you give me your name and also company? We'll start with Ken over there.

Kenneth Rumph (Goodbody): Hi, Ken Rumph from Goodbody. Two questions.

One on the guidance, I mean, just on the arithmetic, mid-single digits is about £20-odd million. And yet looking across the divisions, I don't know what a significant reduction in losses in hydrogen is, but that feels like that could do it on its own. Catalyst is going to do more, from what you said. Clean Air, modest growth, sounds like. So it feels like the parts add up to more than that. So if you'd like to maybe just comment a little bit on kind of how we get to that?

And secondly, debt was better than expected. It's the low end of the range. You've increased your cash flow targets, savings, reduced CAPEX. All points to kind of good performance on the debt side. Why not a bigger buyback? Or alternatively, what are you saving the money for, so to speak? Thanks.

Stephen Oxley: Thank you. Two fabulous questions. Outlook, of course, we've got to exclude the Value Businesses, so strip that out and then add on the growth target. Look, it's the start of the year. I wouldn't say the world is any easier and therefore we're being reasonably cautious at this stage with the overall outlook guidance. Looking at the leadership team, our aspiration clearly is to out punch that. But let's see where we get to.

Debt, you're right, we're now at the lower end of the range, and that's before the receipt of the disposal of Medical Device Components with then the £250 million buyback. Look, we're holding a little bit back. There's nothing planned. We follow the capital allocation framework. That will push us down. And I talked in my speech about us being more and more cash generative. We'll apply the framework, and we'll see where that gets to. But we've got plenty of cash, and we're throwing off more and more cash.

Martin Dunwoodie: Okay, next one from – over to Chris.

Chris Counihan (Jefferies): Thank you. It's Chris Counihan from Jefferies.

I was just wondering if you could help us with the assumptions on the new Clean Air targets, the £4.5 billion of cash generation. And I'm talking about maybe electric vehicle penetration and things like that, what's changed? And the longer-term sort of assumptions underpinning that target.

And then maybe it's also, Stephen, a similar question on cash, but you talk about increased cash generation, lower CAPEX intensity, growth of businesses, etc. And as you said, the balance sheet is already at the low end of target. So I'm just wondering maybe if there's any thoughts about linking the cash generation from the Clean Air business going forward to maybe some sort of shareholder return metric, especially once the CAPEX is starting to moderate.

Liam Condon: Very good. Thanks a lot, Chris. We have Anish, who's running the Clean Air business, in the room. So I suggest maybe Anish, take the first question, and Stephen, you take the second.

Anish Taneja: Thank you, Liam. Good morning, everyone. So, on the improved outlook of the cash delivery until 2030-31, there's several reasons behind. The first one, obviously, is coming from what we described, the stronger for longer market. I think it's clear with the slowdown of the battery electric vehicles that there will be a higher demand for combustion engines. There's still some uncertainty about that because we have several elections this year that might go in one or the other direction and have a big impact on the legislation and what's going to happen, especially in Europe and the United States.

So we've got to wait for that to be a little bit more certain about how markets are going to evolve. But I think it's clear already that the original outlook of how combustion engines are developing was a little bit too pessimistic. So that's one thing.

And the second thing is that with the recent results, I think we are now showing that there's real proof points in showing that we can improve our performance. One side is the commercial activities where Liam has been talking a lot about how we were able to strengthen the capabilities, and that's seen in real wins, but also on the pricing side, where we are able to absorb all of the headwinds. And secondly, also on the efficiency side, we have real proof points where we can now show that it's really possible for us to improve margins. We have the mid-

teens margins target by 2025-26. And there's also proof points to believe that we can develop further on wins and efficiency in the next years. All of that resulting in the fact that we can now, with confidence, uplift that target.

Stephen Oxley: Thanks, Anish. Maybe just to add. So the £4.5 billion now minimum, obviously, is in the remaining seven years to 2031. What's stronger for longer also means is that there will then be substantially more cash thereafter. So it's not just the next seven years.

So, Chris, your question on cash? Look, we're not going to set a target here and now for returns. We have a very, very clear capital allocation framework. So that starts with our organic investment, particularly CAPEX. I want to maintain a dividend level, so 40%. We're a bit above that at the moment. We will then look at inorganic expansion. But the inference from the buyback is that there's nothing there. If we could do something to accelerate growth, then yes, of course we'd do that, but we're not going to go out and bet the bank.

Where we then get to as the fourth pillar is excess return. All right? So we take the gearing ratio 1.5-2.0x. If we're under that, then of course we will consider buyback, but that needs to be a point in time decision. What we'll see this year is still a lot of CAPEX on the refinery. CAPEX then comes down, and for all the reasons that I talked about, that's when we're going to start to get some real deleverage of the balance sheet. So let's see.

Martin Dunwoodie: Next question from Tristan, back left.

Tristan Lamotte (Deutsche Bank): Hi, Tristan Lamotte from Deutsche Bank.

It's another one on cash. Again, just thinking about a normalised level for the Group. I appreciate maybe you aren't going to give a precise guidance, given there are a lot of variables, but I was wondering if maybe you could talk through what kind of level of Group free cash flow the company can do longer term with the CAPEX coming down, as you've said, and given that the Clean Air cash target alone implies cash in the 300s; so should we be thinking that a level far higher than this year is effectively possible? So that's the first question.

And the second is, on Platinum Group Metal Services. You've guided to flat year-on-year in the business, and presumably you haven't baked any kind of price improvement into this as you strip it out in the mark-to-market. But maybe you could talk about the volume trajectory, kind of short-term and medium-term, especially with regards to the new planned facility, and also be interested in any comments in the state of the market with regards to supply demand and hence PGM prices, which seem somewhat de-risked here. And maybe you could also just quickly comment on the cash generation of PGMS, which seems to be something that you've also highlighted?

Liam Condon: Do you want to take the first one? And I'd actually ask Alastair, who's here, who's running our PGM business, to answer the questions around volume, near- and medium-term, and just overall state of demand, then on the PGM side.

Stephen Oxley: Yeah, Tristan, thank you. So just on free cash flow target, I'm not going to set a target here and now. But absolutely we're going to see improvement. As I said earlier, this year is the year of high CAPEX. Once we're past that, we will see free cash flow generation going up and up and up. And I think that's the point where we'll set a target because we'll have clarity of those future cash flows.

Liam Condon: Alastair?

Alastair Judge: So there was quite a lot in the question, Tristan, so I'm not sure I'll get to all of it today, we can pick up other parts of it when we get together in June. But in terms of supply and demand, we issued our annual platinum report at the beginning of May. We expect the market to be relatively in balance over the next couple of years. But then, I think, in line with the industry, we expect supply to start to exceed demand as electric vehicles, even though they're going to go slower than we expected, start to replace internal combustion engines. So in the short term, what we think is supply and demand are relatively in balance, and that will lead to relatively stable prices over the next two years.

In terms of volumes, we've talked a lot about autocatalyst volumes over recent years. They remain very soft. Recovery of secondary autocat remains soft, and we expect that to continue through this year before recovering, probably middle of next year, the year after. I think if you look at the amount of autocatalysts that has gone on to vehicles over the last ten years, we are very confident that those volumes will come back strongly over the next 18 months or so.

And in terms of the new planned facility, I think it comes back to our assets are very old. They're 50-plus years old. We're working out the best way of running them. And actually, they've reached a point where replacing them is probably more efficient than trying to run the assets as they stand today. And as Stephen said, that gives us all sorts of benefits, including a big working capital release.

So hopefully, that helps. And if there's more questions, we'd love to address them in June.

Liam Condon: Thanks. Thanks a lot, Alastair. And maybe Tristan, I'd maybe just add on the bigger picture for PGMs. We do see the different metals evolving at a different pace. And Alastair and the team will go into more detail later in June when we have that seminar. But practically, platinum and iridium, it's already clear that they will have significant energy transition uses. So demand there will be – you could expect, to be higher going forward. Palladium and rhodium are highly tied to the ICE development. And I think the big unknown is will there be new uses for palladium and rhodium. And, for example, palladium is an area where we are very actively involved in research and development for sustainable aviation fuel. And if you get something like that as a potential new use, and this has been the history over hundreds of years of PGMs, they're so versatile that inevitably new uses will be found. So we're pretty bullish on the long-term development of PGMs from a volume point of view. And just intra-year, there will be differences between the metals.

Martin Dunwoodie: Okay, next question. Ranulf, down near the front.

Ranulf Orr (Citigroup): Hi, Ranulf Orr, Citi. The first question is just on Clean Air, and it looks like operating profit in that business has probably been going backwards fairly quickly, ex the savings impact. With the savings programme completing this year, what gives you the confidence that earnings stabilise going forward?

And the second question, just going back to the PGM refinery with your comments that you expect supply to exceed demand over the medium term, it seems an interesting backdrop to be adding more capacity to the market. So, maybe you could just elaborate a bit further about

how you see the expected returns from that business, and what gives you the confidence that you'll be able to utilise it? Thanks.

Liam Condon: On PGMs?

Ranulf Orr: Yeah, sorry, on PGMS.

Liam Condon: Yeah. Do you want to start on Clean Air?

Stephen Oxley: Yeah, absolutely. So I think what we've seen in this business, obviously the auto environment has been lower post-COVID, that's for sure. We've seen the benefits of the commercial excellence programme coming through and the overall transformation programme. That's really important. As we've talked about, we have suffered from the historic platform losses, and you've seen that particularly in gasoline now for a number of years. But as Liam talked about, this year really is a transition year, all right. So this will be the last year where we've seen net losses essentially on the portfolio, and in '26 we see the net benefit of the new contract wins. And Ranulf, that's what really gives, if I think about next year, then a real step up in profitability of that business.

Liam Condon: Thanks, Stephen. Thanks, Ranulf. So I'll start with the PGM Question, double-check if Alastair wants to add anything, and then we'll definitely go deeper in June.

I think overall, bigger picture here is JM, vast majority of product that we have is recycled product. So over 70% of our PGMs are recycled and a ballpark 30% come from primary sources, so from mines. Over time, we do expect the recycled component to be increasing. So demand for recycled green PGMs is going to increase over time. And this is also a demand from our customers who are partially, even today, willing to pay a premium for green PGMs. So there is a difference in demand pattern for primary versus secondary sourced product, and this refinery is of course only related to secondary sourced product, so we do see a difference in demand pattern there.

Second point is, if you look at the current cost curves of a lot of mining companies with current prices for PGMs, some of the mines are clearly not tenable. So you could probably expect over time, as they go through cost restructurings, some of those mines will come off tap. That means there will be less supply, primary supply, which means the market for recycled product is going to be bigger. So that's kind of the dynamics behind that we can foresee that will benefit the PGM overall business.

Stephen Oxley: So maybe I just add, so we're not just adding new capacity for the sake of new capacity. We're replacing a very rundown 50-year-old refinery with something that's much more efficient, and we are going to get more capacity out of that. Don't forget, we've also put capacity down in China. China is essentially a closed market that has given us new capacity and the ability to capture part of that market, which is really important for us.

Martin Dunwoodie: Okay, just see if there's any more questions in the room before we turn to the web. Okay, if we go to the web, we've got on Catalyst Technologies. This is from Katie Richards, Berenberg. Could we see margins reach 20% at peak in this segment based on licencing?

And then a second question. What is JM's current market share in SAF and low-carbon hydrogen?

Liam Condon: Thank you very much, Katie. I'm reluctant to give this one to Maurits because he won't immediately jump on the 20% margin. So let me, as CEO, frame my expectations. And Stephen, you add a bit more.

Yeah, clearly you saw from the graph where we said mid-teens, near-term, going to high-teens, kind of 2027-28, and the graph didn't stop. It does continue to grow, and it continues to grow because exactly of that portfolio mix shift. So I don't think that's a complete illusion from Katie. And I think it's a very good challenge to the CT team. And thank you very much for throwing that down.

Current market shares, I think the best way to think about this is if you look at our current market shares in the areas that are often the feeds, core feedstocks is often related to, for example, hydrogen or methanol, where we often have market shares of above 40% in the SAF space. That's literally what our current market shares are. I mean, this is a very nascent market. It's hard to get hard data. You kind of need to basically add up all the projects yourself and do a triangulation and cross-calculation. But these are high market shares. We are winning not just projects, but winning very big projects. So, relatively very high market shares.

Same also in low-carbon hydrogen. If you look, for example, in the UK, we've won the vast majority of low-carbon hydrogen projects. We won't win 100% globally. But we do have an aspiration to have those high market shares that we have traditionally held in the catalyst technology space. A low market share in this space for us would be, ballpark, 30%. So we have high ambitions here.

Martin Dunwoodie: Okay. Thank you very much. And again from Katie. If we move on to Clean Air, what is the long-term achievable margin in autocatalysts?

And the second question, why is R&D spend still quite high, given most of the technology for meeting Euro 7 already exists?

Liam Condon: Yeah. Do you want to take – we definitely won't give this to Anish. Do you want to take the Clean Air margin, how high it can go? And I'll take R&D.

Stephen Oxley: Yeah. Let me start with margin. So we've said, look, we've said mid-teens in the next couple of years. My expectation and ambition is that we push beyond that, obviously, particularly if we have volumes and the business being stronger for longer as we get the £4.5 billion-plus of cash. That's absolutely our aspiration. And we'll clearly update on the progress, half-on-half.

Liam Condon: Yeah. And on R&D, we're currently spending, ballpark, 5% of our sales on R&D. We think this is what's required from a competitive point of view. We have actually reduced R&D spend in Clean Air, as kind of the question was alluding to. But there are also areas within Clean Air. It's not just a reduction, but there's also a shift in focus. So, for example, in Clean Air, the topic of hydrogen ICE is a topic where a lot of OEMs are asking JM to help and where we are actively helping. So there are still new opportunities. Also, from a research and development point of view, for Clean Air, it's not just a cash generative business with ICEs, there are certain areas where there could be even future growth opportunities. So we selectively look at those. And from an R&D point of view, we're leaning in more and more, particularly on the Catalyst Technologies front and also Hydrogen Technologies as well.

Martin Dunwoodie: Great. And a related follow-up, if you like, from Riya Kotecha at Bank of America. This is me phrasing it. We've had the where we're going to get to on the margins in Clean Air, and Riya's asking, what are the moving parts to achieve the mid-teens operating margin in Clean Air in 2025-26? Can you talk about the cost savings and volume expectations underpinning that?

Liam Condon: Thanks. Do you want to start?

Stephen Oxley: Yeah, let me start. So, Riya, thank you for the question.

I think more of the same, really. So clearly, with the £200 million upgrade, there's more to come on transformation. The biggest chunk of that comes through Clean Air. We're working really hard to rationalise the manufacturing footprint. We've talked now about closing four of the facilities, and we have a programme from here on in, an agile programme, depending on volume. That obviously takes out a big chunk of fixed cost base that drives the margin, and then we'll really continue to push those commercial excellence programmes to make sure that we can maximise our pricing.

I don't know, Anish, there's anything you want to add to that?

Anish Taneja: Thank you, Stephen. That was very complete. It just allowed – thank you very much for the question, Riya. It allows me to talk about my passion and that's commercial excellence. And on the pricing side, what is going to drive the margin is actually our new value-based pricing approach. So we used to have traditionally a cost-based pricing. When you speak about value-based pricing, there's very clear examples that we have used in the last two years in all four of the businesses, and we're going to expand on them further.

It's not about the price of the product, it's the total cost of ownership that you can discuss with your customers. And once you move your approach from a cost-based driver to that value-based approach, and you can justify a higher price to customers with greater value to them in the total cost of ownership, that really drives margins up and that also, at the same time, drives customer satisfaction because you really help the customer to drive their strategic purpose and that's something we're implementing everywhere in the company and that's going to be a further driver of our excellence. Definitely.

Martin Dunwoodie: Great. Thank you very much. Next question. Again, Clean Air and kind of Group cash as well. How much of the remaining £2.5 billion of cash from Clean Air over the decade will remain after PGM working capital requirements and CAPEX spend on new technologies?

Stephen Oxley: Yeah, great question. So, £4.5 billion plus, £2 billion has come so far. £500 million of that is linked to metal price. So the £2 billion so far, as I said, is more than we expected. And that's really because metal prices have come down faster. That's the component that gets absorbed within PGMS. Now, we're now in a more stable metal price environment, and therefore we don't expect further significant absorption. So you can expect most of that £2.5 billion to flow through to Group free cash. Obviously, we'll have the CAPEX programme up to £900 million, so less CAPEX burn will utilise some of that cash spend obviously, that cash generation.

Liam Condon: Of course, over time, as Stephen pointed out, the CAPEX intensity is coming down. So the cash generative capability that's flowing to the Group is actually quite high.

Martin Dunwoodie: And then one on PGMs, Geoff Haire, UBS. Could you discuss why you don't hedge your PGM exposure, and could this change in future?

Liam Condon: You or Alastair?

Stephen Oxley: I'm happy to take.

So, look, historically, we, JM, have not chosen to hedge pricing. And look, if I'm being brutally honest, that served us phenomenally well on the way up on the supercycle. So we created and generated phenomenal profits. We haven't done that. We are looking at whether – whether we evolve the business model in this way and that could be through hedging, it could be through pricing with our customers to iron out some of that volatility. So it's something we continue to look at. And certainly when we come to the seminar in June with Alastair and the team, that'll be one of the topics that we'll focus upon with you.

Martin Dunwoodie: Okay. And one on Hydrogen Technologies. Martin Evans, HSBC. How quantifiable is the slowdown in the pace of hydrogen technology adoption versus earlier optimism?

Liam Condon: Yeah, thanks, Martin. So it's hard to quantify because it's such a nascent market. There's no real hard, reliable data, for example, like IHS for the automotive market. You don't have that in the hydrogen space, but it's very palpable throughout the value chain. It's across the board. There's not one single company that's not challenged by this. It's the entire value chain.

I think that the key reasons for this are basically regulatory. On the one side, still a lack of clarity of regulatory incentives, particularly in the US, which is holding back investment decisions. There's a lack of infrastructure. So, for example, hydrogen refuelling stations, the build-up of that infrastructure has been slow. That's hampering development. And total cost of ownership point, Anish alluded to, is so important for customers with current prices of renewable electricity, particularly in the US, this makes life difficult. So those three points need to be addressed for the market to accelerate.

What we do see is, when they are addressed, the market can accelerate at speed. So, to give you a concrete example, in China, the fuel cell market is actually developing really, really fast. And we're participating in that market, we are actually leaning in there. You have clear regulatory support, you have clear infrastructure, and the total cost of ownership is highly competitive. So when those conditions are met, the market booms. And I think this will be typical within the energy transition. You'll see different markets develop at different speeds. Key thing for Johnson Matthey is that we tailor our approach then to those different markets.

Martin Dunwoodie: Okay. On the flip side of that, if we switch back into Clean Air. Geoff Haire, UBS, I know you've already addressed some of this, but maybe it's some of the context around what you're seeing with the OEMs at the moment. Are you seeing any benefits in Clean Air from the slowdown in EV penetration and the assumed recovery in the internal combustion engine?

Liam Condon: Do you want to take that, Anish? Yeah, and this is maybe just to preface what Anish will say. IHS as a data source is always kind of backward looking. It always has a lag. So

there's no real hard data around this. So anecdotally, what we're hearing from OEMs is actually really important right now because that's the – that's the reality. IHS does not yet reflect the actual reality.

Anish Taneja: Yes, exactly right, Liam. And building on that, I can share with you what we currently hear from the OEMs in our conversations. Part of that is known in the public. So you know that some OEMs have just recently announced that they're going to stop their development of electric platforms with huge write-offs, which is a clear indication that they're going to shift their product platform more towards combustion engine for the next mid-to-long term. That is a clear indication, and that leads behind the scenes to further conversations how the platforms for combustion engines are going to be run. And that could potentially lead to even new tenders, especially in Europe, where we thought with Euro 7, that would be the last time tenders would be published.

So that's a real upside that could come. And as I said before, if the elections in Europe go in the predicted direction, that would be another kicker for that scenario. So that is really important.

What we also hear from the OEMs, and that is really interesting, is that if they don't cancel the electric platforms, what they do is they make them more diverse. So we have several OEMs who have shifted their original plan to build electric platforms to multidimensional platforms. So they're building them now in a way that they could produce electric cars on that platform, but at the same time, combustion engine cars. And that's especially true for the B2C market where we see now that the end users really have the power to dominate the production because they just buy what they want. It's a little bit different for countries where we have fleets, or for heavy duty where the customers are fleets. There, with legislation and subsidies, you can steer a bit, but end users make their choice mainly on what infrastructure you have in the country and the price of the product. And there we clearly see a tendency for all OEMs to be much more focused on building combustion engine cars for a much longer period than initially thought.

Martin Dunwoodie: Thank you very much, Anish. We'll just check. That's no more questions from the web, so see if there's anything else from anyone in the room? No.

In which case I say, thank you very much, everyone, for your interest today. Thank you for all the questions and if you have anything further, please come back to us in IR, and I'm sure we'll see many people around on the roadshows in the next weeks.

So thank you very much, everyone.

Liam Condon: Thank you very much.

[END OF TRANSCRIPT]