Johnson Matthey Plc

Results for the half year ended 30th September 2026

19th November 2026

Agenda

Louise Curran
Head of Investor Relations, Johnson Matthey

So good morning everyone.

I'm Louise Curran, Head of Investor Relations here at Johnson Matthey. And a very warm welcome to our Half Year Results Presentation this morning. Thank you for coming along to Deutsche Numis, and also welcome to those joining on the webcast.

Just a bit of admin before we start, if you could just please turn your phones on to silent.

Today I'm very pleased to welcome Liam Condon, our CEO; and Alastair Judge, our CFO.

So before we begin, I'll just point you to the cautionary statement.

And in terms of our agenda, which will follow the usual format, Liam will take you through an overview, Alastair will take you through the financials, then Liam will give us a business update at the end. We'll, of course, leave plenty of time for Q&A.

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

Overview

Liam Condon

CEO, Johnson Matthey

Great. Thanks a lot, Louise. Good morning, everybody. Warm welcome also from my side.

I'm so happy to see so many people here at Deutsche Numis. I was a bit concerned with GTA VI coming out that all the analysts might not turn up, but it's fantastic to see everybody.

As Louise said, I'm going to talk you through some of the highlights of our results. And I think you all know we've spoken quite a bit about transformation at Johnson Matthey. The key question is always, of course, well, is that translating into results?

Strong financial performance in 1H

And I think what you can see today is very clearly, yes, the transformation at Johnson Matthey is translating into very tangible results.

So, the headline result here is 13% increase in underlying operating profit. The media tend to report on the reported number, which is plus 45%, which is very nice. You need to add back the impact of metal pricing and Cormetech and FX to get to that reported number. But

the underlying is typically the one where we determine how the core business is doing, and you can see with 13% growth, this is pretty strong.

This has been driven primarily by Clean Air, our biggest business. It's an increase in sales, it's an increase in profitability, and it's an increase in margin. We've increased the margin again by 180 basis points, and you've seen that consistent increase in margin over the last few years. That journey will continue, we'll talk about it a bit later, for the mid-term as well.

You will have seen on the cash flow side, we were soft. We had an outflow in the first half. This is purely a timing, phasing issue related to a stock take we had in a refinery in the US, which Alastair will allude to.

That all reverses in the second half so that we are very, very confident that we will produce even more cash than we produced last year, which was £168 million for the full year.

So you'll see a big swing in the second half. That is not unusual for Johnson Matthey to have a very strong second half from a cash point of view.

And all of that, those results give us the confidence to upgrade the outlook for the full year. Usually, we would try and avoid an upgrade to be on the conservative side. Unfortunately, the numbers were so good, we had to upgrade otherwise the math doesn't work.

So we're going from low- to mid-single-digit increase and underlying operating profit to high-single-digit.

So a significant upgrade versus what was originally forecast for the year.

So as you can see, really strong financials. I think what's equally important is that we are making progress from a strategic point of view, because that's about the foundation that we're laying so that we're not just returning or hitting good financial numbers on a half year basis, but that we can do that then on a sustainable basis going forward.

Becoming a focused, lean and cash generative group

If we look at the strategic side, we have been busy. We've had basically a portfolio transformation. We have divested the CT business, the Catalyst Technologies business, to Honeywell in this half, basically at the end of July. And more or less a couple of days later, we closed the acquisition of Cormetech, a stationary emission control market leader in the US, in a business that is really close to our core. Our core is all about PGMs and emission control, Clean Air.

So this is a really valuable addition for us, allows us to focus more on what we do best. And by the way, of course, the divestment of CT has generated a lot of value for shareholders.

Now, this new business with Cormetech has an equivalent within JM, which was always run as an independent, very small, nascent business within the big Clean Air. We call it Clean Air Solutions.

So stationary emission control versus catalytic converters on cars and trucks. We combined these two businesses together and that in future will be called Clean Power.

So Cormetech and Clean Air Solutions will be a new business that we will report separately going forward. And we'll talk a little bit about that later, the dimension, the size of that.

But I can already flag that the integration is going so well and the outlook for the business is so strong that after only two months of the integration of Cormetech, we actually have to upgrade the outlook for this entire business going forward.

So there's a pretty strong momentum here and an integration that's going very well. A third point I'd like to highlight, we have been constantly refining our operating model, and there's really two components to this.

One is right-sizing our corporate and functional setup for the size of business we are going forward, minus Catalyst Technologies. The other is getting decision-making closer to where our customers are.

So we've set up basically a distributed P&L model with six managing directors who can take decisions much faster and much closer to customers. You can see the translation of the impact of this model now into our financial results. We're just doing better also because of the operating model we have.

We still have room to go to refine further. There's still overheads that we can take out. We're working on that. But I think this new model is working very well right now.

And the sum of all of this is substantial shareholder returns. We made a promise, I think a pretty bold promise at the time, but we said we would return £1 billion to shareholders. And for a company of our size, that’s a lot of money. You've got to do a lot to be able to make that possible.

So shareholders have already now received a £100 million special dividend, and we are £72 million through a £200 million share buyback, so there's £1 billion on the way. Most of it has already arrived.

On top, shareholders will get the £200 million that we have been promising from year end onwards, roughly half in dividends and half as a share buyback. And you'll have seen that we increased our dividend for the first time in five years, which signals the momentum we have as well.

So overall, we're very much on track with our midterm targets. I think strong set of financial results. And before we talk more about what's next, I think it would be helpful to take a deeper look at what's been going on in the first half.

So I’ll invite Alastair up to take us through the financials.

Financial update

Alastair Judge
CFO, Johnson Matthey

So thank you, Liam, and good morning, everyone.

It's good to be here today to update you on our first half results where we delivered a very strong performance with growth in sales, underlying operating profit and margin, supported by two months of contribution from Cormetech.

Sales and operating profit growth

So I'll start by taking a look at the financial highlights. Group sales were up 9%, as favorable conditions in our key markets drove higher volumes in automotive, and our new

Clean Power business which Liam referred to, that's Clean Air Solutions and Cormetech, also performed well.

Underlying operating profit was up 32%, supported by robust metal prices. Excluding metal prices and Cormetech, underlying operating profit grew by 13%, driven by a strong performance in Clean Air, as well as reduced losses in Hydrogen Technologies.

Basic earnings per share increased 50% to 102.2 pence, reflecting higher profit including the higher metal prices.

There was a free cash outflow of £98 million compared to a £4 million inflow in the same period last year. This was due to a working capital outflow in our PGMS business, which will unwind in the second half.

Net debt decreased from £880 million at the full year to £831 million, resulting in a net debt to EBITDA ratio of 1.6 times. And as Liam said, we're announcing an interim dividend of 22.7 pence per share today, up 3%, in line with our commitment to deliver enhanced returns to shareholders.

Underlying results

So, moving down the income statement from the 32% growth in operating profit. Net finance charges decreased from £32 million to £25 million. We benefited temporarily from higher interest income, which was driven by the receipt of Catalyst Technologies proceeds, as well as increased capitalization of borrowing costs.

The proceeds have now largely been returned to shareholders. There is about £130 million of buyback to go. And as a result, we expect full year finance charges to build a little from the first half to around £55 million on a full year basis.

Underlying profit before tax grew 47% to £162 million, and the underlying tax charge was £33 million, an effective tax rate of 20.4%. We expect an effective tax rate for the full year of 21% to 23%. This is lower than our guidance of 25% to 27% in May, and it reflects our updated view of the geographical mix of profits, which now favour lower effective tax jurisdictions.

So, turning now to each of the businesses.

Clean Air: strong profit and margin growth

Overall sales in Clean Air increased 10% to around £1.2 billion, with two clear growth drivers both reported in our heavy-duty segment.

First, there was a strong performance in heavy-duty diesel, with a rebound in the U.S. Class 8 truck market as we anticipated in May.

Second, we delivered material growth in our Clean Power business. This comprised good organic growth in Clean Air solutions, where sales more than doubled to £59 million, and a strong two-month contribution from Cormetech of £33 million as both businesses benefited from the data centre expansions in the US.

Operating profit in Clean Air grew 26%, well above sales growth, with margins increasing from 12.4% to 14.2%. Higher volumes were the key driver of profit growth, while elevated levels of raw material inflation were offset by commercial and operational discipline.

We expect the sales cycle and operating profit to remain strong in the second half, and we maintain our 2027/28 guidance of at least £2 billion in revenue, with margins of 16% to 18% excluding Cormetech.

PGM Services: sales and profit growth

PGM Services had a good first half with sales up 6% at £239 million, driven by a £20 million benefit from metal prices, as well as good product sales. Operating profit increased by 2% to £68 million, with sales growth partly offset by process loss provisions and the lower metal recoveries which we told you about at the full year.

First half operating profit was broadly in line with last year, and we expect that to be the case at the full year, too.

So overall a solid performance.

Hydrogen Technologies: on track to achieve breakeven

In Hydrogen Technologies, sales decreased 26% to £17 million, mainly driven by lower volumes of fuel cell components. We expect second half revenue to remain soft.

As you know, our intention is to run this business at breakeven. We made a small loss of £3 million this half, but a big improvement from the £18 million loss we saw in the first half of last year. We remain on track to achieve operating profit breakeven and a positive cash flow this financial year.

We continue to win new customer contracts, so we are well placed to take advantage of market growth when it comes.

Free cash flow

Turning now to cash. As I mentioned earlier, there was a free cash outflow of £98 million compared to an inflow of £4 million in the first half of last year. This was linked to a buildup of working capital in our PGMS business.

We told you back in May that we had experienced an operational metal loss in our US refinery. In September, we did an additional stock take to confirm that those metal losses have now normalised. This involved taking the plant down for three weeks and building up stock in advance to avoid any disruption to customers.

The plant is up and running again now, and the working capital build will unwind in the second half.

Materially improved free cash flow in the second half

This slide shows the movements that deliver the expected inflow in free cash at the full year. We anticipate that underlying EBITDA will remain strong, and we expect a working capital inflow in the second half as the higher level of working capital linked to the additional US stock take unwinds.

We continue to deliver working capital efficiencies through the improved inventory processes we spoke about in May.

Looking across the other bars on the chart, capex remains in line with our full year guidance of around £230 million. Taking these factors together, we expect full year free cash flow to improve on last year's £168 million.

Capital allocation

Moving on to capital allocation. As you know, we have a disciplined capital allocation policy with three clear priorities.

The first is organic investment, where we expect capex to come down materially as we move through the fit-out and completion of our new refinery in the UK.

Our second priority is to deliver materially enhanced shareholder returns. As Liam mentioned, we have already made good progress returning the £1 billion of net proceeds from the sale of Catalyst Technologies, which completed in July.

We distributed £800 million through a special dividend with share consolidation in August, and we are on track with our £200 million share buyback, with around £72 million currently complete of this exercise.

We have also committed to ongoing returns of at least £200 million, respective this year and beyond, and today we announced the 3% increase in our interim dividend to 22.7 pence per share.

Our third priority is in organic investment, where we will only look at highly compelling, bolt-on acquisitions in core areas. That said, our current focus is totally on the integration of Cormetech, which is progressing well, and Liam will talk more about this in a moment.

Finally, we remain focused on bringing down our net debt to EBITDA ratio to our target range of 1-1.5x, and we expect to get there by the end of March 2029 as we drive stronger cash generation.

Upgraded outlook for year ending 31st March 2027

I want to finish by updating you on our 2026/27 profit outlook.

First, assuming constant currency and metal prices, and excluding Catalyst Technologies and Cormetech, we now expect high single-digit growth in group underlying operating profit. This improvement from our low- to mid-single digit growth back in May is based on our expectations of continued cyclical strength in Clean Air during the second half, operating profit in line with last year in PGMS services, and breakeven operating profit in Hydrogen Technologies.

Second, assuming metal prices and exchange rates remain at current levels, we now expect a £35 million benefit from metal prices, up from £25 million in our previous guidance, with a £2 million adverse impact from foreign exchange.

Thirdly, we expect an operating contribution from Cormetech of around £20 million.

So, to conclude, we are very pleased with our first half performance and it's good to be able to upgrade our full year operating profit guidance, but we recognize there's more to do as we focus on delivering cost efficiencies and ensuring cash generation through our business transformation.

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

Business outlook

Liam Condon

Thanks a lot, Alastair.

A focused, lean and cash generative business

So just a brief reminder of the shape of our portfolio going forward.

So, you all know that everything is centered around Platinum Group Metals and Clean Air as our two core businesses.

On the right-hand side here, you can see what we classify as the growth businesses going forward.

The best way to think about this is Hydrogen Technologies and PGM Products are medium- to long-term growth businesses and CAS, the Clean Air Solutions in-house part of stationary emission control for JM, and Cormetech going forward will be Clean Power.

And this is the piece that we will break out and report separately. I think it's in everyone's interest that we do that, because it's already got critical mass, which we'll talk about, and it's growing at a rapid rate. And it's at a margin that is accretive to the group.

So I think important that you have transparency around that, what's happening.

And the key thing is, with this model, what we have promised is a step change in cash transformation, and with that, an ability to ensure sustainable returns to shareholders. That's what you've been seeing in the first half, and that will continue going forward.

We are fundamentally transforming Johnson Matthey

Now, besides the shape of the portfolio, we spoke at the beginning about transformation that's ongoing. We already spoke about the portfolio changes, which are really significant: the divestment of CT, basically frees up all the managerial capacity to focus on the core. And the core includes the new stationary emission control business, because, again, that is something, emission control, which is very close to our heart anyway.

But besides that, we've been making tremendous progress both on the commercial and operational side. I'll give some commercial examples related to the individual businesses.

But just on the operational side, a couple of examples in here, operating equipment efficiency up to 90% in Macedonia. This is our biggest global plant for Clean Air, our biggest business. This is the first time that we've been able to reach a metric like this. This is a metric that basically tells you about the efficiency of manufacturing and operations.

So this is just a good sign of progress on the operational front. Equally, another example in the U.S., in Devon, on one of our lines due to targeted capex investments, we've been able to automate a line and increase there the operational equipment efficiency by more than 10%. And this now has the fastest coating line globally across JM.

So these are just tangible examples of things then feeding into the results, but it's due to a lot of hard work on the ground and some targeted capex investments that we've been making over time.

Now, on the people and culture side, I was really pleased to see our engagement scores continue to improve. Engagement is typically an early indicator of performance.

So if your engagement scores are dropping, typically you can expect performance to follow in a subsequent period.

So it's really good to see this ticking up, and it's been ticking up consistently for the past couple of years.

So we think this is a really good sign. It shows we've got very engaged, very dedicated, very committed employees who fully buy into the strategy going forward despite all the change. There's a lot of change ongoing at Johnson Matthey.

This is also reflected in our net promoter score. Engagement reflects internal mood. The NPI, the Net Promoter Score, reflects the mood of customers towards us. Typically, a score of anything above 40 is considered pretty good, like really good. We've gone up to 47, which means our customers really appreciate what we're doing.

So again, if you've got employees and customers in the right place, good things tend to happen.

One final point I'd make here, due to a lot of focus on succession planning, we've been able to move from a situation where most of our hiring on the managerial side was actually going to externals. And because of the succession planning that we've had ongoing now for several years, we've been able to turn that around.

So we've got about 70% of all managerial roles are now filled internally, and 30% externally, which I think is a much healthier balance.

We've also got a good example of this live in the room. You will have seen today that we also reported that our COO, Richard Pike, is leaving JM at the end of the year.

I think Richard has done fantastic things for us. I'm really, really grateful, Richard, to you for all that you've done for us. I know you'll go on to more great things somewhere else. I wish you all the best for that.

Equally, I'm really happy that in the room we have his successor, Olivier, who will be the new COO. Olivier is currently the Head of Strategy and Corporate Development and used to be, first, the Chief Commercial Officer of Clean Air, and then the Chief Operating Officer of Clean Air.

And a lot of that consistent margin improvement that you've been seeing in Clean Air and the acquisition of Cormetech has come under, it's not just Olivier, but it's come under at least his leadership.

So I think Richard has helped us really reset a great foundation for success going forward. And Olivier is going to help now build on that so we can accelerate progress going into the future.

So thanks again, Richard, and warm congratulations to Olivier on that one as well.

Key areas of focus

Now at JM, we've got three key things, focus areas that really matter. We are absolutely laser focused on getting these right.

Number one is continuing the strong margin improvement in Clean Air. You'll recall when we started, we were in single-digit margin territory. We said we're going to get to 16% to 18% by 2027/28. That journey continues. We'll talk a little bit about that.

Managing the PGM refinery transition. We're making, building a new state-of-the-art refinery here in the UK. So managing that transition is really important.

The third one is we have a fantastic growth opportunity on the stationary emission control side, our new Clean Power business. Setting that business up for success is the third thing.

So for the top priorities of JM, what do we need to get right? These are the three things that will make a material difference.

1. Driving continued strong margin improvement in Clean Air

On the first one, Clean Air, that margin improvement will continue. You have seen in the first half a 180 base point increase to 14.2% margin.

You will see a further increase in the second half that gets us then in the landing zone for the following year of 16% to 18%. Where we land on that 16% to 18% is more a function of volume, what's happening in the market. But there is no doubt that we will land in that zone. It's just a question of what part of the zone we will land in.

There's various elements to how we get there. The great thing is most of it beyond volumes is in our own control. The volumes determine where we land in the zone. They don't determine if we land in the zone.

So overhead reduction continues depending on what's happening in the market. You've seen further increase or further decrease in overheads in Clean Air, which is helping.

A lot's happening on the commercial and, as I gave the examples earlier, on the operational excellence side.

On the commercial side, in the meantime, we have won, just as an example, eleven hybrid platforms in the last 18 months, and that translates into at least 25% of the forecast hybrid market from 2028/29 onwards.

That 25% is a number that's significantly above our market share in the light duty segment.

So we're punching above our weight there. And we're doing that because we're competitive both from a technology and a cost point of view, and because of great collaboration between R&D, operations and the commercial side. So that progress will continue.

The final big lever we have in our armory as we go forward is footprint consolidation. We've already done a lot, but depending on the pace of market development, there will be further footprint consolidation, so volume decline was faster, footprint consolidation will be faster. If it's slower or, like this year, not happening, then footprint consolidation will be slower. So this gives us a lever to move, basically breathe at the pace of the market.

So we are very much on track for that 16% to 18% by 2027/28.

2. Managing PGM refinery transition effectively

If we move to PGMS, and I'll talk first about the 3CR and our new refinery that we're building in Royston. We already started early stage commissioning this year.

I mean this is a big, complex, capex project. Just to give you a sense, it's got over 50,000 meters of piping needs to be installed. It's a pretty complex build-out. We've actually made tremendous progress so far. 98% of the equipment required to run this plant has been delivered, 90% has been installed. Of the electrical equipment infrastructure, 100% has been installed. Of the cabling, electric cabling, 90% is installed. Of the metallic pipe work, over 80% has already been installed.

So there's a lot of progress here. And as we get further and further and further into the detail of the build-out, the engineers are constantly refining the approach and trying to figure out the best balance overall of how we run this plant going forward to make sure that it's optimal when it's at full capacity going forward.

What the engineers have told us is, look, we have planned a metal-by-metal start up, and we've got a certain timeframe allocated for each metal to start up. And then we'll have the full ramp up, and originally we were saying in calendar year `27 we'll have that full ramp up. What the engineers are basically saying is, if we take a few months more for this, the plant will run better when we're at full capacity then going forward.

So rather move that to 2028, early 2028, just to be clear, we're talking a few months and not more.

And for me, when we have these discussions, there are two guardrails about this discussion.

One is overall business continuity. Can we continue to deliver products to our customers? And that is absolutely assured, because we have the current refinery where we've been making some limited targeted capex, but also people investments so we know this will run as long as we require.

So business continuity is absolutely ensured.

The other guardrail that's super important is it's all within the realms of our financial guidance, both for PGMS and the group. So any changes have no impact whatsoever on our financial guidance or our ability to generate at least £250 million in free cash flow, and at least £200 million returns to shareholders every year.

So it's against that backdrop that we think this is the smarter thing to do, to move this slightly out and have it up and running properly and in a better way than if we stuck to what was flagged as the original timeline.

So that's where we are on 3CR. A lot of focus going into it. Management spends a lot of time on this one. But we feel, given where we are right now, we feel very confident in the build-out. We've done a lot of assurance on the process. So overall, I think we're this is very much going in absolutely the right direction with a bit of tweaking, which you would expect in such a big project as we go along. Key thing is it doesn't impact business continuity, and it doesn't impact the financial returns.

3. Clean Power – Cormetech and Clean Air Solutions

And the last piece I want to talk about is Clean Power. This is the new business segment. Again, it's Cormetech plus Clean Air Solutions. And just a little backdrop on this again, what's driving demand?

Right now, the hotspot is, of course, data centers in the US. This has massively accelerated demand for our products. What you can see here on the left side are some stats around the demand for gas and coal. It's primarily a gas market.

In the U.S., gas is abundant and cheap. Coal is ramping down, but it's still there. And what you can see is demand for gas and coal has a CAGR of 13% to 2030. It's estimated that 50% of the energy supply will be gas and coal going forward. All of that gas and coal requires emission control. That's the segment that we're leaning into.

Reminder, our products -- so what have we got with Cormetech? What have we got with Clean Air Solutions?

With Cormetech, basically, large focus is on gas turbines and gas engines, so very big engines, catalyst systems to make sure that the air is clean when these systems run.

With Clean Air solutions, the larger focus was on diesel backup power generators. Every plant has to have backup power generation. A data center can never go down, so they always, every time you install any kind of energy, you always have a backup supply, and that's typically the place that JM leans into.

So the combination of the two basically means we bring emission control in primary power generation and secondary backup power generation together into one company. With that, we can have a more fuller offering for our customers.

We've already seen the benefits of that, that we've actually had our first joint sale after only two months. To be very honest, we hadn't planned any commercial synergies in the initial phase. We were looking more at the hard cost-related synergies. We hadn't planned any commercial synergies, but the offering is so compelling that we've already sold a first joint offering. So basically a Cormetech SCR customer has bought a JM oxidation catalyst as well. So I think here a good sign of lots more to come.

Now, this business is doing so well after only two months – maybe I have a beef with Olivier about this – after doing six months of due diligence on Cormetech, we didn't believe how bullish their numbers were, so we discounted the original base case, but it turns out that their numbers are very real. So after only two months, we already have to upgrade our outlook for this business.

So instead of what we previously said, £200 million pound for the sum of Cormetech and [Clean Air Solutions], bearing in mind for Cormetech it's only eight months of sales. It's not a full year. This is, we are upgrading to at least £250 million, and I would emphasize at least £250 million, and at an operating margin which is at least mid-teens.

So again, this is going to be accretive to the group margin.

So quite significant, quite material already now and growing very rapidly, so you can get a sense of what will come here.

Creating a global leader in stationary emissions control

The integration is proceeding very well. We already have an integrated management team in place. All the workstreams are on track. Things like procurement synergies, very compelling in early days. Whether it's platinum group metals, we, of course, have a much better ability to get the right price on PGMs and ensure adequate supply. Then for example, Cormetech by itself, things like tungsten, which is an important metal that goes into a lot of

these products, prices have gone up very four-fold over the last 12 months. Basically, we're able to procure this as a group much more effectively than we could as one single small company. And because we're commercially, thankfully, more and more astute, we anyway can pass this on to customers. So we're making very good progress.

I mentioned the first joint win. We basically have contracts with all the key players. I didn't put it up here because I wasn't sure how it was going to land overnight, but we also have Anthropic in the list.The order book is to 2028. Basically we're upgrading, originally we said $300 million. So that's right now, $350 million and counting. And this is up to March for Cormetech, up to March 2028. Of course, there's always questions about how real is that?

Just to give you a sense of that, if you think about a data center being built, there's a huge investment in the data center, then there's a big investment in a gas turbine or an engine for behind-the-meter energy supply because it takes too long to get connected to the grid. And then only after that our component comes in. So all the big capex has been done, and then you get our product, and if you don't get our product, you don't get the permit to run the data center. So this is an important element.

So overall, this business this $350 million is basically orders that are incredibly firm, usually connected with down payments, significant down payments.

We have, as of today, not seen a single cancellation or postponement. It's quite the opposite; from a capacity point of view, we've had to turn away customers. This market is currently still red hot, and it's red hot because of the demand for compute power and for more data centers.

So this is something we can for sure explore further in the Q&A, but as of today, I think a really strong development.

I'll give you one more data, one more reference point, and then move on. When we talk about how firm are these orders, last week in Cormetech, we took in an order for delivery in 2029, so not included in this $350 million, with a 70% cash down payment now. So think about that. That gives you an indication of how robust demand actually is and what people are willing to pay to get access to our products, which are really important.

So, lots to look forward to here. We will be doing a mini Capital Markets Day at the next full year results in May. We'll break this out, we'll give you lots of detail around it, but I just want to flag this is very real and it's already very material.

Conclusion

Delivering on our milestones

So to wrap up, we basically made quite a few promises, and all we're doing in essence is just delivering on our promises. And that's what you see half year after half year.

We tick off the boxes as we go along. Sometimes we have to adjust here and there, for example, the timing of the refinery. But from all the milestones that we outlined, over half of them have up till 2027/28, over half have already been reached. The rest, you can be 100% sure that by 2027/28, we have reached all of those milestones as well.

So we're just doing what we said we would do.

The final point, just to reiterate it, we're very much on track for our 2027/28 commitments.

I would remind everybody that, at least mid-single CAGR and pro forma operating profit, it was at the constant metal price of when we flagged this.

So of course, in reported terms, you have to add back that pricing component. Of course, none of this includes Cormetech.

So when we get to May we will be giving updated mid-term guidance.

So you can rest assured that we definitely hit what we already said we would do, but we will give update updated guidance then going forward for the mid-term, which will include the impact of Clean Power and Cormetech as well and wherever we are on pricing at that side.

And the key point is the cash returns of at least £200 million that you will see next year, that will just continue. The "at least" is important there. It's a floor and not a ceiling. I think that's important to understand.

So that's basically it. We're delivering on what we said we would do. And now, ahead of the Q&A, for the GTA fans, we want to give you a small reward for showing up in person and everybody who's watching online as well. We updated post the divestment of CT our company purpose to talk about what really makes Johnson Matthey special. It is all about platinum group metals, so the purpose tagline is "metals that matter".

And I think it's important to understand, I mean we talk a lot about the financials here, but if you're an investor in JM, you're doing good things for the world. We help solve really important challenges. That's important for our employees, it's important for our customers, and I think it should be important for investors as well.

So we are not a threat to the future of humankind, just to put it out there.

So, this is a company doing good things, and people should feel good about that.

We tried and capture that in a very short video and then we'll go over to Q&A.

Corporate video

Narration

What makes something precious?

Its value?

Or the things that are just there when we need them most?

Cleaner air, fewer harmful emissions across cities, and cleaner energy.

Better health, fertilizers that help put food on our tables, medicines and treatments we rely on, effortless connection in the palm of our hands, and the data centers behind it.

Platinum group metals. You won't see them, but they're with you every step of the way. Highly active, remarkably durable.

We apply them. We refine them. We recycle them so they can keep our lives moving forward.

So perhaps what makes something precious isn't what it is at all. It's what it makes possible.

Johnson Matthey, Metals That Matter.

Q&A

Louise Curran: So thank you, Liam and Alastair, for the presentation. We'll firstly take questions in the room, but if you're watching on the webcast, please submit a question through there as well. We've got two microphones, so when that comes to you, please just say your name and where you're from. So we'll take questions in the room first.

Ranulf, let's go to you.

Ranulf Orr: Ranulf from Citi. Three questions on PGM Services, actually, to start if that's okay.

On the 3CR delay, it seems quite late in the day to be realizing that you need another couple of months. I didn't really understand the explanation, so maybe you could just comment a bit more on that, and further, what it means for the capex required for it and timing there.

Secondly, be interested in your comments on the longer-term outlook and durability of earnings from minor metals, ruthenium and iridium, and maybe particularly through the lens of lower core PGM volumes on a declining ICE market.

Then lastly, just be interested to better understand the half-and-half earnings bridge in PGM Services given the step up required as well.

Liam Condon: Okay. Thanks a lot, Ranulf. Thanks for your report overnight as well. It's very, very helpful.

So I'll start with the first one. Alastair might want to add in. And same, I'll start on the minor metals, the long term, and Alastair can do the half-and-half.

So, on one level, you could consider it late in the day, but very honestly, this is such a massive project. There are a lot of moving parts, a lot of engineers working on this, and they're constantly refining the approach.

There is a path that we could stick to what we originally said, but if we do that, basically, the plant will not run as well as if we adapt it a little bit going forward.

So that's the essence of what the team is saying. Will that involve additional capex? Probably modest additional capex. But again, nothing that would have any impact on any financial guidance because we have so many different levers that, that will, of course, be compensated.

So financially it doesn't make a difference. From a business continuity point of view, it won't make a difference. What's really important is when this this is fully up and running, it needs to be as good as it can be, and that's just the advice of the engineers. So that's the honest backdrop on that one.

On the minor metals, so iridium, particularly iridium, ruthenium, demand has been very robust. We call these the minor metals because the volumes are even tinier than the other

PGMs. I like to give the example of iridium sometimes, that the global supply of iridium you could fit into probably three or four suitcases in the boot of a car.

It's that small if you compare it to something like copper or gold where you have endless tons of the stuff. There's a reason we measure it in troy ounces. The demand has been very particularly robust because there's more and more applications being applied related to AI, particularly around data storage, partially around data transmission, and given how small the volumes are, any uptick in demand here, of course, has a disproportionate pricing impact.

We think that's a structural change in demand because no matter what government is in charge, the trend towards more compute and the trend towards more electrification is structurally going to happen. It might be a case of where exactly it happens and at what pace, but it's inevitable that it will happen.

So we do think that this bodes well for the future of the minor metals. We think platinum from an industrial demand point of view will remain very robust going forward.

The big question is more around palladium and rhodium. As I see volumes decline, will new use cases pick up then an excess supply? And that's a fact that that's something that we're also working on with others with an R&D alliance and looking at new applications for those PGMs.

So that just by way of reference, and maybe on the half-on-half, Alastair?

Alastair Judge: Yes. So, remember in the second half of FY27, we had the the US refinery stock take coming down.

So the way I think about it is this year we've got a slight headwind in H1 because we're making higher provisions for metal losses. As you go into H2, you would expect those slightly higher levels of provisions to continue, but you won't get the big one-off hit that we had at the end of FY26. And that's why you get the half-on-half rebalancing.

Louise Curran: Thank you, Ranulf. I think we'll go to Tristan next, if there's a mic.

Tristan Lamotte: Tristan Lamotte from Deutsche Bank. Two questions, please.

First is on PGMS as well. I was just looking at the numbers and was interested to see the margin was 28% in H1 around £240 million of sales. In the past, at that level of sales, it was more like a 37% margin.

So I'm just wondering, is there an element of temporary impact or under-earning there in that respect?

Then the second one is also on the minor metals. I'm wondering, could you produce more? Because that sounds very constrained, and the demand is going to go up a lot probably. And linked to that, your peer, Umicore, is in other minor metals that are doing very well so germanium, tungsten, antimony. So I'm wondering if that is somewhere that you think about as a logical bolt-on?

Liam Condon: Thanks, Tristan, also for your report and for allowing us into your house today. Maybe Alastair, you take the first one on the PGM margin and I'll take the second.

Alastair Judge: Yes. So the margins in H1 are dampened by timing of metal recoveries, which we talked about in May.

So we're seeing less one-time metal recoveries has come out of the refinery through this period, but also the higher loss provisions we've put in off the back of the US stock take that we had in May.

I think moving forward we'll get the results of the US stock take in January/ February. That'll give us a much clearer view of where we are there and whether we can reduce those provisions.

Then obviously the metal recovery timings will always be lumpy in their phasing, particularly as we go through the shutdown of the old refinery in the UK and we decide how and when we actually manage it.

Liam Condon: So on the minor metals, I think it's important to note that these are byproducts of other production, typically platinum, sometimes chrome. Typically, from a mining point of view, this vast majority comes out of South Africa. So we work, of course, closely with the miners and whatever they're doing, whatever they're producing, then we can refine for them. So we're dependent on them as a primary source of supply. So if you talk about increasing supply, that would be up to the miners. And as you know, capex investments on the mining side tend to be very long term. So that they can't really adjust in the very short term to any increased demand. They tend to think rather in generations, as opposed to short-term capex cycles. But the important thing is we're the world's biggest recycler.

So most of the time of what we have, over 70% of what we would produce is recycled, so it's not solely dependent on mining supply. And we recycle as much as we can, particularly given now the particularly high prices that we clearly benefit from.

On the question of other metals and our interest. Our core competence, and we've done a lot of work around this, is really our understanding of the chemical properties, ability to manufacture, ability to recycle PGMs. That's where we're world class. We think there's enough exciting markets that we can exploit based off that competence.

So we are not looking at adding additional metals to our portfolio at this point in time. We think we've got enough irons in the fire with what we have.

Louise Curran: Thanks, Tristan. Maybe move along the row to Sebastian?

Sebastian Bray: Sebastian Bray of Berenberg Bank. I have a few, please. I'll ask them in turn. Is this US refinery stock take exercise something that could result at the full year results next year with some type of announcement saying we need £100 million to fix and repair, rebuild part of the refinery? That's my first question.

Alastair Judge: So look, we put in, I think as we said in May, we've put in place, we've checked all the protocols about how we manage it. What we think is we just need to check everything is working exactly as expected to avoid any surprises. We'll get the results in January/February.

We're very confident that will actually just reinforce our view that the refinery is now working as expected, and we'll confirm that as the results come through.

Sebastian Bray: My second question is on the financials for underlying tax and interest charges from FY28, so the next fiscal year. Is the underlying tax rate now 23% in financial charges around £60 million for JM? Is that a reasonable assumption?

Alastair Judge: Yes. I think we've guided to 21% to 23%. It will slightly depend exactly where the geographic mix comes through. So definitely lower than we said at the full year. When you think on interest, that's probably about the right place to think about it.

Sebastian Bray: And on the Clean Air segment, is Euro 7 already in the numbers or is that to come? I appreciate it's not as big an event as Euro 6 was, but is there any uplift from that visible in what JM has reported in H127?

Liam Condon: No, Euro 7 de facto doesn't factor into the numbers yet.

So that is rather something that going forward, we would expect, but it's not in any of the numbers right now.

Sebastian Bray: Final one on Cormetech and the market share that it has. Is this about a 50% market share business at the moment for the relevant applications in the US? And thinking of modeling this business, the reason I think some of the US investors grow concerned about the hyperscalers or capex cycle is that its rate of growth starts to decelerate markedly from 2028. I don't know the forecast horizon that was shown in the business plan when you bought this business, but is there any point at which sales peak and start to decline post-2030, or does it grow forever?

Alastair Judge: Yes. So new sales will flatten off at some point, Sebastian. But remember, I think as we said at May, one of the great things about the business is there's an aftermarket business here. We have to service the catalysts when they're in. Then we have to replace the catalysts on a regular basis. So I think our expectations for the business is at some point new installations will slow. But then you start picking up the repeat catalyst replacement for the data centers that are already in operation.

That's in our model and we'll share more about that when we go through this in May.

Liam Condon: Yes. And I'll maybe add to this.

First, on the market share, it's at least 50%.

So I think you could think about it similar to heavy-duty diesel, our truck market shares in the US, which are exceptionally high. That's the position we have in the US in this space.

On the outlook for the business going forward, there is a lot of talk, of course, about demand dampening or flattening off at some stage. The reality is the order book to 2028 is crystal clear, that's bankable. We have a significantly growing order book to 2030 plus, which we'll talk more about in May. So that flattening off, we think, is quite a bit away. For sure, there will be some changes in the market dynamics as things evolve.

But if I just take the specific example now, in Texas, the new Democratic governor. Texas is really important for data centers. The new governor is not saying stop data centers. The new governor is saying let's consider a moratorium for future bills, not for the ones that are currently under construction, and that goes to 2028.

So that's why those sales are safe. And from 2028 onwards, it's not about no more data centers. The discussion is about how can we ensure that these data centers are built in a

way that communities are involved, that it doesn't drive up energy prices, that the air quality is adequate, and that local people do not suffer because of these data centers and their facilities.

And that's a very genuine interest, and there, I would say, very honestly we're part of the solution because what this inevitably means is you get an increased surge in pricing if you're taking electricity from the grid.

So inevitably there's going to be way more demand for behind-the-meter, on-site power generation. That means gas turbines, that means gas engines, that means diesel backup engines, and they all require emission control.

So, we think that trend is inevitable. There are certain estimates out there that go, say, today behind-the-meter power generation is 4% of all data center demand today. It's going to climb to 40% percent, exactly to address the issue of not increasing energy prices for local people. And it's all got to have emission control, otherwise they're not going to get the permits to run.

So I think the concerns are legitimate from a public point of view, but we don't see this as an impediment to the business. Actually, it might actually be helpful because you're going to have more engines and you're going to have more air quality control requirements.

Louise Curran: Thanks, Sebastian. We've got Alex, if you just hang five for the mic. Thank you.

Alex da Silva O'Hanlon: I've got three. Alex O'Hanlon at Panmure Liberum.

Firstly, good to see the strong performance from Cormetech. If you continue delivering as you have been, does that mean that you're likely to have to pay out the earnout on the acquisition that you made?

I can go one by one or I can do them all at the same time, whatever you prefer.

And then the second one is, I think previously you've given some color around the amount in the order book for the £2 billion of sales in Clean Air for 2028. I was just interested in to how that's tracking.

And then the final question is just on, you mentioned the overall equipment effectiveness, Liam, and the improvements that you've made there.

I was just interested to ask to how that's actually defined, or how you calculate that. A bit more colour there would be great.

Alastair Judge: So on the earnout you'll see in the accounts we've recognized some of the earnout in H1 based on the strength coming through and also the ability to actually deliver more than we originally thought we would. And we will reassess that as we move forward.

But at the moment, I think we're very comfortable that some of the earnout will be paid and we'll assess the rest of it as the business evolves.

Liam Condon: Yes. And on Clean Air, we're very much on track with our GBP 2 billion guidance that we gave for 2027/28 for Clean Air. The important thing there is that includes today Clean Air Solutions.

So we will carve that piece out, as we said, going forward. We'll break that out. We'll be very transparent around that, how the numbers adapt going forward. But we're very much on track for that number today.

And on OEE, I don't know if Richard or Olivier wants to jump in on this one, but we basically use industry standard metrics and quality and performance.

It's a function of three components that are all measured against the industry. It's not something specific to JM. It's an industry benchmark, and getting to a level of 90% is particularly where we were coming from. That's an exceptionally good result, but it's an industry benchmark and not a JM benchmark.

Louise Curran: Thanks, Alex.

So we'll move now to questions from the webcast. We will come back to the room at the end.

So the first one is from Wenyang Fei from Millennium on the topic of hedging. Could you just please share a bit on the PGM Group metals, how much are hedged, and around the timing of that?

Alastair Judge: Yes. So we forward-sell the expected refinery gains where there's a liquid market. So particularly for platinum/palladium, we would have sold pretty much all of H2's volumes and we would have sold a lot of the volumes into FY28.

Rhodium follows a similar pattern. If you look at iridium and ruthenium, there is a very illiquid market, so we are very much more bound on those two metals to the existing spot rates and how they move.

Louise Curran: Thank you. The next question on the webcast comes from Thomas Streater from Streater Research.

Your Clean Power business offers high growth, but if we assume your diesel and gasoline auto cap business will decline over time, how can you achieve growth from those automotive customers? And just to give a word on the dynamics in terms of the EV market within that as well.

Liam Condon: Yes. Thank you. So Clean Power will clearly grow.

I think when you look at the portfolio of JM, it's really important to understand the shape of the portfolio. If you look at heavy-duty diesel now in this half, it's already the biggest segment, benefiting, of course, from a cyclical upturn in the US.

But in heavy duty diesel, the market, from an internal combustion point of view, is forecast to grow with very low single digit CAGR over the next 10 years.

So this is not a declining market. This is a market where we have exceptionally high shares, very strong profitability, and that market is not declining.

So that's our bank first; I think that's important to understand that. And as things move forward, that will become even more important.

Light duty diesel, we have also very strong market shares. That segment will decline due to electrification. It will decline at different paces in different regions. We're seeing still some growth in the U.S. We're seeing some growth in the Southern hemisphere. Think places like

India, Latin America, Asia. And as economies grow, there's a lot of vans and deliveries and stuff going on. These tend to be typically diesel in these types of geographies. In China, the ICE market is shrinking the fastest due to electrification. So very different pace.

Light-duty diesel, we will maintain market share and we will decline from a volume point of view at the same pace broadly as the market.

Light-duty gasoline is our smallest piece of the portfolio, ballpark 15% market share. Good news on that is you don't have so much to lose. But I think here, because we focus so much on diesel, we took a decision to only focus on specific segments with going forward within light-duty gasoline. There we've doubled down on hybrids, as I mentioned earlier.

So given the fact that we've won 11 platforms on the hybrid side that kick in from 2028/29 onwards, there we'll have an inflection point. We will actually be growing with that market going forward.

So very differentiated picture. And again, our core strength is the heavy-duty diesel piece, and we will grow and select parts of the light-duty.

And besides whatever is happening on the volume side, we have immense levers, as we said already, through footprint consolidation, overhead reduction, commercial and operational excellence to ensure that whatever is happening on the volume side, that we have a strong profitability and cash return on this position for a very long time.

Louise Curran: Thanks, Liam. So I think that's it from the webcast questions.

We'll just do a final check for any more in the room. Ranulf, maybe just wait for Mike from this side.

Ranulf Orr: I appreciate taking the follow-ups. Just two, actually.

One, just Cormetech and CapEx expectations and what you need to do there. Are you able to better utilize some of the old HDD capacity? How are you resolving capacity constraints?

Secondly, just on the cash flow and the working capital, you talked a bit about inventory build and the like ahead the shutdown, but I think it was really a £200 million outflow in payables that’s really dragged down the free cash flow. So just like to understand that better. Thank you.

Liam Condon: Ranulf, let me take a stab at the capex. Alastair can add, and then Alastair you get the cash and working capital.

So the way we think about Cormetech and Clean Air Solutions is it's really a capex-light business because we have a significant manufacturing infrastructure already. What they require from a capacity point of view is more additional machinery as opposed to new buildings or expanded sites.

So we don't lack manufacturing capacity. Here and there, we might need to buy more dryers, more machines that basically are used for making our products.

So against the backdrop of, for example, a PGM or in the past, Clean Air, this is a pretty small capex investment. We would update at full year then in May whatever capital requirements will be, but I would expect that to be a capex-light business. And for sure, there will be synergies with the JM footprint.

So the Clean Air Solutions products are today produced in certain sites that have been more focused on heavy-duty truck engines. So we can adjust some of the capacity in those sites and rejig some of our manufacturing setup to simply turn out more capacity for this growth business.

So we would expect it to be a pretty easily digestible capex on the Clean Power side.

Alastair Judge: Yes. And on the accounts payable, I mean we put a lot of precious metals through our AP. They're generally on very short payment terms. So a small change in the days of when you pay can make a big difference to the AP. And actually, as you go through a stocktake, some of your AP terms also are impacted by that, or at least the timing of AP. So I think it's a reflection of how much AP goes through and the exact timings on the PGMs.

Louise Curran: Thanks, Ranulf. Sebastian?

Sebastian Bray: Just a follow-up on the write-down of the Health business, because it was the biggest non-cash adjusting item in the P&L in the first half. I appreciate that the business may have faced some headwinds, which explains why the decision was taken to impair the equity component. But it looks as if the vendor note, which Johnson Matthey lent to the company, has been written off.

Is that just a capital structure seniority issue or what's going on there?

Alastair Judge: Yes. So when we sold the business in 2021, there were a number of parameters put in place.

And as we look at where the business is performing at the moment and the certainty of us getting the return on both the equity and the loan note, I think from an accounting perspective, there are questions which is hard for us to answer as a minority shareholder.

So we've looked at where we sit in the seniority and we've decided on balance, the prudent view is to write it down. We'll remain a shareholder; the loan notes will remain valid. And if the business comes back, under its majority owners, we will obviously get a payout.

But our view at the moment is that there's a significant risk on it and that the financials don't justify us holding the value as it was on the balance sheet before.

Louise Curran: Any further questions in the room before we wrap up?

Well, good. So thank you very much everyone, for joining the room. Thank you, those on the webcast. And we look forward to seeing as many of you as possible over the coming days on the roadshows.

Thank you very much.