Johnson Matthey Plc

Results for the year ended 31st March 2026

28th May 2026

Agenda

Louise Curran
Head of Investor Relations, Johnson Matthey

So good morning, everyone. Very nice to see you here. I'm Louise Curran, Head of Investor Relations at Johnson Matthey. And a very warm welcome this morning.

Just a little bit of admin before we start. If you could turn your mobiles off or on to silent. And I'll first point you to our cautionary statement ahead of the presentation.

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

In terms of the agenda this morning, we'll take the usual format. So Liam will talk through an overview. Alastair will then run you through the financial results, before Liam gives a strategic update on the progress this year and also the acquisition of Cormetech this morning. And we'll of course leave plenty of time for Q&A, both in the room and then from the webcast as well.

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

Overview

Liam Condon
CEO, Johnson Matthey

Great. Thanks a lot, Louise. And a warm welcome everybody from my side and of course to everybody online who's watching and listening in today.

A year ago, we presented our new strategy to you about JM becoming a more focused, a more lean and a more cash-generative company. And I'm very pleased today to be able to present the progress that we're making. And as usual, we'll be pretty open as well about where we're facing challenges.

Solid 2025/26 performance in line with guidance

But first, let's come to some of the highlights of what we've announced today. I know there's a lot of moving parts, not easy to digest everything, but there's a lot of progress in here.

First thing, the underlying operating profit growth at 6% at constant metal prices and constant FX is in line with our previously upgraded guidance. I think that was very important. It is of course 14% as published because we're benefiting from the increase in precious metal prices.

Very strong margin improvement in Clean Air, up to 14.5%. This is great progress. Some of you will remember, a few years ago, we were in single digits, now at 14.5% and plenty more room to go here.

We achieved run rate breakeven in Hydrogen Technologies. We told you this is really important for us; that we want to run this business in a manner that it's not a drag on the rest of the business. We think there's great growth opportunity in the future here, but it's important for us to run it at breakeven, and we got to run rate breakeven in the final quarter. So that was very important as well.

And we said we're going to generate more cash. Over 160% more cash year-on-year. That's quite an outcome overall.

And that we have to say is despite the fact that of course we have faced some challenges. And we told you last year, and we told you at the half year results, that PGMS would be in transition for a while as we upgrade our refineries. And we have had some issues in our refineries, and we're going to talk about those, Alastair is going to talk about those a little bit later.

But what's really important is we're managing those issues, and they do not come at the expense of our guidance. They do not come at the expense of cash. And you can see we've delivered on our guidance this year, and we're completely committed to delivering on our guidance for 2027/28 which, as we'll talk to later, is excluding some of the movements on the portfolio side that we will be talking about as we go through.

Reshaping JM to drive sustainable returns

Now what's really important for us as we manage that transition with Platinum Group Metal Services, is our single biggest capex investment ever: in our new refinery.

We're pretty far advanced now with this, it's been ongoing for quite a while. It is going to cost more capex; Alastair is going to talk about this as well. But we're very confident now in the timeline – we'll be operational next year. And this is really important from an efficiency, from a working capital point of view, from a sustainability point of view. So this is on track to be operational next year, really important for us.

Catalyst Technologies, I know there's great interest in this. Catalyst Technologies, we are in the final stage now of approval. We only have the Chinese regulatory approval outstanding. There are no more questions. There are no more requests for information. The market assessment has been done. There's no complaints out there. So this is just going through the process. And we are very confident that this will be wrapped up along the timelines that we've indicated and then we will be returning £1 billion to shareholders as promised.

And the final piece, bigger news today, was the acquisition of Cormetech which is a market leader in SCR catalysts in the US for stationary emission control. So we are a global market leader in automotive emission control. Cormetech is a market leader in stationary emission control and is benefiting tremendously from the rapid growth of data centres, because that's where all their growth is coming from. And they're doing emission control for data centres, in essence cleaning the cloud. So we'll talk about this today in a bit more detail, particularly also because it's breaking news.

A focused, lean and cash generative group

Before I hand over to Alastair to take us through the financial details today, just a couple of points about how we're reshaping the group because there is a lot going on.

And overall, we've had a strong focus on what we call "controlling the controllables". A lot of this is about managing cost.

We have reduced the executive leadership team from nine to six. That's a one third reduction. And you can see replications of this throughout the organisation, makes us leaner, makes us faster, and, very honestly, I personally think it makes us a lot better.

We've had a significant reduction in corporate function headcount as well. We're just getting much more efficient. Also using technology to automate a lot more. We're seeing strong benefits here.

We've aligned our incentives to our targets very tightly. 80% of our incentives are OP or cash-focused. 80%. So basically, what we're saying, what we're committing to, is what we're being incentivised on.

And I think in times like this, there could be concerns that maybe some of these efforts are maybe not going to reflect well from a customer point of view or from an employee point of view.

But actually, quite to the contrary, we have seen a very significant increase in our Net Promoter Score. Our net promoter score was already very strong; anything above 40 is a strong net promoter score. It's increased to 47 and the reason for that is we're doing a better job with our customers and helping them tap into value.

A lot of our customers are struggling on the margin side, and we're taking a full cost approach and helping them manage their business better. That's reflecting better back to us than in a perception of how we're doing. And that's why this score is going up. We spoke in the past a lot about improving commercial muscle. That's a reflection of what you can see here.

And on the employee side, when you have a lot of change, it is demanding, it's tough, and you need very resilient employees to get through this. Normally, your engagement scores come down when you're going through lots of change. You can see our engagement score has actually gone up, and gone up quite significantly. And this is really a shout-out to our employees doing an absolute fantastic job, super resilient and highly committed to delivering on the strategy that we have outlined last year.

So that's just a summary of kind of the progress that we're making so far, some of the elements that we're dealing with. And now Alastair is going to take you through the details of the past financial year.

Over to you, Alastair.

Financial update

Alastair Judge
CFO, Johnson Matthey

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

I'm pleased to be here to report results for the first time in my new role. For those of you who don't know me, I joined Johnson Matthey as Finance Director for Clean Air. I then became CEO of the Platinum Group Services metal business and more recently, I've been Head of Strategy. So this is a business I know well.

Delivering operating profit and cash growth

We delivered a solid performance in 2025/26 with growth in underlying operating profit, margin and cash generation. Our results are on a continued basis, excluding Catalyst Technologies.

Sales were down 7%, mainly as a result of soft market conditions in key markets in Clean Air.

Despite this, underlying operating profit was up 14%. Excluding metal prices, underlying operating profit grew 6%, in line with guidance, driven largely by cost efficiencies across the group.

Earnings per share increased 16% to 128.5p, reflecting the higher profit, but also a lower share count following our buyback program in 2024/25.

Free cash flow of £168 million was a material step-up from the prior year as we intensify our focus on cash generation. Net debt increased to £880 million and remains at 1.8x EBITDA.

We are announcing a final dividend of 55p per share, bringing the total dividend to 77p, in line with last year.

Underlying results

Looking at the rest of the income statement on an underlying basis.

As mentioned, underlying profit was up 14% at £340 million.

Finance charges increased to £69 million as benefits in the prior year did not repeat and effective interest rates increased due to funding mix changes. As a result, underlying profit before tax grew 11% to £271 million. We expect finance charges this year to be broadly in line with 2025/26.

The adjusted underlying tax charge was £55 million, an effective rate of 20.3%. This year, we expect an effective tax rate of 25% to 27%. This mainly reflects the impact of the sale of Catalyst Technologies on our profitability in the UK and on the UK underlying effective tax rate.

Exceptional items

On a reported basis, we recognised impairment and restructuring charges of £192 million.

The impairments largely relate to the slowdown in the fuel cell and electrolyser markets. We have recalibrated our growth expectations in Hydrogen Technologies. And as a result, we have fully impaired the remaining £88 million of fixed assets in this business, alongside £33 million of related assets in PGM Services.

We also recognised smaller impairments relating to the closure of our China refinery in PGM Services, and consolidation of our manufacturing footprint in Clean Air.

Restructuring charges of £57 million reflect the actions we're taking to streamline our processes and right size our group.

Turning now to each business.

Clean Air: profit and margin growth driven by efficiencies

Overall sales in Clean Air decreased 7%.

Light duty diesel sales were down 5%, driven by Europe which saw further penetration of battery electric vehicles and gasoline hybrids.

Our performance in light duty gasoline was impacted by market share losses, largely due to the phase-out of platforms in Europe and a weaker platform mix in China. But we've made good progress winning new hybrid business in gasoline, and Liam will talk about that later.

In heavy duty diesel, sales declined 6% and driven by North America, where the Class 8 truck market was impacted by tariffs and uncertainty around incoming emissions regulation, EPA27. We expect market demand to recover this year in the US, with improved visibility of these rules.

Despite lower sales, operating profit grew 12%, and margins increased from 11.8% to 14.5% as our focus on cost reduction, including operational excellence and footprint consolidation, feeds through into performance. This underpins our confidence in margins reaching 16% to 18% in 2027/28.

PGM Services: sales and profit down materially

In PGM Services, sales were down 11% and operating profit decreased 20%.

Our refining business was impacted by a £48 million operational metal loss, recognised when we completed a stocktake at our US refinery in the second half. This led to the drop in both sales and profit.

We conduct stocktakes every two years, so this loss relates to the full 2-year period since the previous stocktake. While it's normal to recognise some losses as part of this process, on this occasion they were significantly higher, with around half of the increase driven by higher metal prices.

We expect this to come down in the near term as we accelerate our operational excellence initiatives and transform our refining operations. But for prudence, we are still recognising higher loss provisions this year.

Our performance in refining was partly offset by a stronger trading performance supported by higher and more volatile metal prices.

Hydrogen Technologies: achieved run-rate breakeven

In Hydrogen Technologies, sales grew 18% to £71 million, largely driven by fuel cells, while electrolyser sales doubled from a low base.

We restructured this business at the end of 2024/25, taking out headcount and reducing costs, which led to a smaller operating loss of £19 million. Importantly, as you heard from Liam, we achieved run rate breakeven in the fourth quarter as guided.

We are managing this business in line with market developments, and we'll continue to take out costs while maintaining our long-term growth optionality.

Turning now to cash.

A material step-up in free cash flow

On a like-for-like basis, we delivered a cash flow of £168 million, up from £64 million in the prior year. The increase was driven by higher EBITDA as a result of cost reduction, as well as lower capex and restructuring charges.

We delivered cost savings of around £70 million, largely in Clean Air and Corporate.

Capex was £62 million lower than the prior year at £239 million.

And we continue to make improvements in working capital. After a strong year in 2024/25, we delivered another inflow of £135 million last year.

Capex reducing materially following new refinery completion

Once our new PGM refinery is complete, we expect capex to come down to around £120 million in 2027/28, below depreciation.

In 2026/27, we expect capex of around £230 million, an increase on our previous guidance of £140 million. This is due to higher spend in the new refinery.

We told you in November that the fit-out of the building had been slower than expected, due to industrial action by some of our subcontractors in 2025. The return to normal operations took longer than expected. And while productivity has now increased to target levels, this has impacted our fit-out, particularly installation of the pipework, a complex and largely manual process involving installing 50 kilometers of piping.

We are therefore investing in significantly more resource, including running three shifts a day and adding in specialist contractors, to ensure the refinery is operational in calendar year 2027 as planned.

With our recent progress on improving working capital, we have identified additional opportunities which will help offset the increased cost of capital next year. For example, with greater operational excellence and agility in our Clean Air plants, we can now bring down our levels of inventory without impacting customer service, or impacting the important net promoter score Liam mentioned earlier.

So this will allow us to deliver further improvement on free cash flow this year, from the £168 million in 2025/26 towards our target of at least £250 million by 2027/28.

Capital allocation

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

The first is organic investment where, as you have heard, we expect capex to come down materially following completion of our new refinery.

Our second priority is to deliver materially enhanced shareholder returns. We have committed to increasing ongoing returns to at least £200 million in respect of 2026/27 and beyond. And we also expect to return £1 billion of net proceeds from the sale of Catalyst Technologies this year: £800 million through a special dividend with share consolidation and the remaining £200 million via a share buyback.

Our third priority is inorganic investment. You've already heard from Liam about the acquisition of Cormetech which brings new capabilities and scale to our Clean Air Solutions business. This acquisition is earnings accretive pre-synergies from year one and supports our growth in cash generation moving forward. Liam will talk more about this later.

Taking into account this acquisition, together with the sale of Catalyst Technologies and associated shareholder returns, we expect pro forma net debt to EBITDA to remain at around 1.8x at the end of March 2027.

But we are committed to our target range of 1.0 to 1.5x and expect to reach this by the end of March 2029, as we drive operating margins and stronger cash generation.

Turning now to the 2026/27 outlook.

Outlook for the year ending 31st March 2027

Assuming constant currency and metal prices, we expect low to mid-single-digit growth in operating profit, excluding Catalyst Technologies and Cormetech.

Looking at each business, we expect Clean Air to deliver good growth in operating profit and further margin improvement, driven by efficiencies.

In Hydrogen Technologies, we expect to be at operating profit breakeven.

In PGM Services, we anticipate operating profit in line with 2025/26 as higher loss provisions in our US refinery, as well as lower metal recoveries and higher maintenance costs in our existing UK refinery, will be offset by a reduction in overall operational metal losses in the US.

If metal prices remain at current levels, we also anticipate a benefit of at least £25 million to support performance in PGM Services.

And assuming constant exchange rates, we expect an adverse impact of £2 million for the group from foreign exchange.

Finally, as mentioned, we anticipate further improvement in free cash flow towards our 2027/28 target of at least £250 million.

We did not see any material impact from the Middle East in 2025/26. Our direct exposure to the region, excluding Catalyst Technologies, is negligible and our energy costs are well-hedged in the short term. However long-term indirect impacts on demand, supply chains and the broader market are difficult to predict given current geopolitical uncertainty, and these are not included in our guidance.

So to conclude, we delivered a solid performance in 2025/26 with growth in operating margin, profit and cash generation. We continue to focus on driving cost efficiencies, lowering capex and managing our working capital. And we plan to deliver returns to shareholders of at least £200 million in respect of 2026/27 and beyond.

With that, I will hand back to Liam.

Strategic update

Liam Condon

Great. Thanks a lot, Alastair.

So we're leaving the past financial year, and I'm now going to go into the go-forward piece. And I'm going to go through our various businesses and take a particular deep dive then on the Cormetech acquisition.

A focused, lean and cash generative group

So just a brief reminder for any of you who are new to the story, our strategy is very much about focusing on our core strengths, which are PGMS at the core and emission control. These are the two areas where we are world-class.

And we have a circular business model. We manufacture products with precious metals. We recycle them. And we trade the metals on behalf of our customers. That's what makes us strong. Really strong positions in Clean Air and PGMs per se.

And we have three areas of growth within the strategy embedded in the various businesses. PGM Products: new applications beyond the automotive catalyst. Hydrogen Technologies: components for electrolysers and fuel cells. And Clean Air Solutions is the piece that we'll talk about in relation to Cormetech today.

Clean Air: leading in autocatalyst markets

Now first, if we go to Clean Air, just a brief reminder of where we are, the midterm outlook.

Our target for 2027/28 is more than £2 billion in sales. What's really important is over 95% of that volume has already been won. So very strong confidence here.

You can see from our portfolio, it's actually about 80% diesel. And over time the heavy duty diesel part, which continues to grow for the next 10 years, will actually become the strongest component of this portfolio.

Targeting a 16% to 18% margin for the 2027/28 timeframe. And given where we've landed in the past financial year, we have a very high confidence in achieving that.

Maintaining our position as a leading autocatalyst business

Now looking at how we're going to maintain our position.

We have an exceptionally strong win rate on the diesel side. So we feel very good about maintaining our overall, or strengthening, our market position there.

Our weakness has traditionally been on the light duty gasoline side which was de-emphasised many years ago. And because of that, we've been losing market share on platforms simply because we weren't focusing in that space.

This strategy was recalibrated a few years ago where we decided to focus in on growth areas within light duty gasoline. Not the mass kind of light duty gasoline which can sometimes, from a margin point of view, be unattractive. But really the growth areas with a much more attractive profitability and specifically hybrids.

And in the past year, we've actually won nine hybrid platforms in Europe, and that represents 25% of the total projected market for 2028/29 in Europe. And that 25% is punching significantly above our weight from a market share point of view. So you can expect a turnaround there in the go-forward hybrid market share, off the back of the contracts that we have won in the past 12 months.

Our strategy is really to help our OEMs, to have strategic partnerships with select OEMs. We don't work with everybody; the ones that we work with, we work with very closely. And as you saw earlier from the net promoter score, they appreciate working with us, we appreciate working with them, and we run this in a way that there's mutual benefits on both sides.

Driving continued margin growth

Looking at the margin, what gives us confidence that this is going to continue to increase going forward, the levers, the drivers behind that margin improvement.

Clearly, as the market matures, there's less need for R&D. Still need R&D, it's just less than what you would need if you're constantly innovating in that space. Less need for SG&A, that will continue going forward.

Overall corporate headcount will be reduced further as we right size the company post the exit of CT. With less corporate function headcount, you get less corporate recharges for Clean Air. That will automatically benefit the margin as well.

And we've been optimising the manufacturing processes, just running things in a more streamlined manner.

And our footprint consolidation continues. We took out another two production lines in the last 12 months. And you recall a few years ago, we had 16 plants and 50 lines. Today we're down to 11 plants and 20 lines. So you can see the trajectory. How that evolves depends on the pace of market evolution.

So we're pretty agile here and feel very confident in our ability to reach the 16% to 18% margin.

PGM Services: a world leader in PGMs

On PGMS, there's three parts to this business: the refining side, the product side, and that's between both of them that's kind of the bulk of the business. But we have a very attractive trading part of the business as well. And in times of high volatility that typically will generate relatively more profitability as well.

We're the world's biggest PGM recycler. And this is the piece, that refining piece is the part that we are upgrading, and have been now for a while, and upgrading until next year. And that's why we talk about the transitional phase of PGMS because it's really important with the older assets that we're running that we upgrade these to be state-of-the-art, modern, efficient. That costs a bit of money. But again it doesn't come at the expense of our ability to deliver on our guidance. This is something that we just manage through.

And the previous targets that we set out: in excess of £450 million sales in 2027/28, circa 30% operating margin in 2027/28. They remain absolutely in place. They are absolutely what we are targeting and very confident of achieving.

Commissioning new PGM refinery

A key part of this, and Alastair has spoken to it already: the new PGM refinery.

We do hope at some stage, we can take you around there. We're not going to take you anytime soon because we don't want you getting in the way of the people who are installing the pipes, because we really want them stick on schedule now.

We already started early-stage commissioning in March. That was important.

We've got about 70% of the equipment already installed, so not on-site, installed. We've got almost all the equipment is basically on site already. So this is making really, really good progress.

The piping part is the piece that Alastair alluded to, where it's just complex by nature. But given the amount of resource that we're putting behind it now, we're very confident in the timeline that we've outlined.

And our plan is to take down the old refinery in the fourth quarter of calendar year next year. And we will only take down the old refinery when the new refinery is completely up and running. So that gives you kind of a time scale of how we're thinking about when this becomes operational.

And we'll start it up stage-by-stage, metal-by-metal. It won't be just press one button and the whole thing works. We will go through this very methodically. We've got a lot of experience in this. And that's the plan on the new PGM refinery. So on track for next year.

Driving growth leveraging core technology

I showed you on that one slide, we've got the three growth components.

And we've spoken in the past a lot about Hydrogen Technologies. Market is slow still at the moment. So we're managing what we can manage.

We're still convinced. Basically there will be a strong market for green hydrogen because you cannot decarbonise heavy industry without it. It's just a question of when will the economics work, and when will the market really kick in. So that's taking a while.

But we are very well-positioned and winning new customers in this space, A lot of new projects starting, but they're all still early stage. So this is still a pretty nascent business for us. But we're running at a breakeven.

PGM Products, we've spoken about extensively before. You'll probably have seen our latest collaboration with some of the key miners, Valterra, Sibanye Stillwater, where, in essence, they are co-funding our research and development to find new applications for PGMs. This is a very exciting development that Liz can talk to a bit more, but a lot going on here.

And the piece that we're going to double click on today is Clean Air Solutions because we haven't really spoken about it yet, and we've got a lot to speak about on this one.

So the background here is, and we've had this a business called Clean Air Solutions, kind of hidden in Clean Air for quite a while, so a few years, we've had this business. And this is stationary emission control by and large. So we're the world leader in automotive emission control, so stuff that's moving around. Stationary is typically used then on power plants, utilities and data centres.

And the piece where we have typically played in the past, and this goes back to our heritage is, think about us as the kings of diesel engines from an emission control point of view. We do the emission control for the diesel engine, and the diesel engine is often a backup for a data centre. So data centers are running 24/7. They can never go down. They have to have a backup. So that's a nice niche-y type space that we've been playing in.

The really juicy part of the market is less about the backup, it's more about primary supply. And typically, your primary supply should be coming from the electricity grid. The reality is the electricity grid cannot cope with the demands of AI, the energy demands of AI. And if you're building a new data centre today and you want to get connected to the grid, you're going to be told you have to wait five to eight years.

Now you tell a hyperscaler to wait five to eight years, and they'll say no, I will solve that problem myself, I will build my own micro grid on site and I will do that with a gas turbine engine and I will generate my own electricity on site. And that is exactly what is happening in the US. That's what's driving this market. So you have a need from the hyperscalers to test and run their models which requires endless amounts of energy. They can't get enough from the grid. So they're building their own microgrids on-site with gas turbines.

And the company that we're going to talk about, Cormetech is basically the market leader in that space for gas turbine emission control. That's why we're so excited about this company.

And with that, we can combine primary emission control, from an energy generation point of view, and backup. And that opens up completely new possibilities as well.

Cormetech: a compelling and value creative acquisition

So overall, I hope you can get a sense. This is quite exciting stuff for us.

The really important thing is this is close to home. This is emission control. This is stuff we've been doing for decades.

This SCR (selective catalytic reduction) technology is something we've been doing as well for decades, but we've been doing it for diesel engines. Cormetech has been doing it primarily for gas turbines and they have a lot of IP around this. So this is a highly, highly complementary from our point of view.

Market is growing rapidly. There's a huge distributed power generation market out there for people who can't rely on the grid. But the main focus of demand right now, the one that's just going through the roof, is of course data centres.

And it's primarily focused in the US today. But because of desires for AI sovereignty all over the world, you're going to see this replicated throughout the world. So many opportunities in here for us.

Transaction details

What we're paying is $360 million. This is approximately a 10x multiple on the 2026 calendar year EBITDA.

And there is an additional earnout of up to $100 million which is based on very ambitious revenue targets for 2027 and 2028, which we really hope the Cormetech team will achieve. But this is quite a spectacular growth planned in.

It is of course subject to customary regulatory approval. De facto, this is only relevant in the US. So in contrast, for example, to the CT deal where we had to go through 12 different regulatory authorities, this one is only relevant in the US. And given the high complementarity of the nature, we expect no issues, and we expect this to be a pretty quick process.

Clean Air Solutions: overview

Now I mentioned, we've already been in this space for a while. We've never opened it because very honestly, when you compare with Clean Air, let's say this had been too small to talk about. So we held back on basically sharing what this Clean Air Solutions piece for JM is, so minus Cormetech, just what we do today.

But here, you get a sense of what the dimension of this business is. So in the past year, financial year, already £67 million, close to £70 million, in sales, and an operating profit of £10 million. So this is already a highly attractive business.

And this, same as Cormetech, is actually growing really, really fast. We've recently secured with two engine manufacturers in the US, we have secured £300 million in sales for the medium term going forward.

So there's a great dynamic in this business for JM anyway, that very honestly we would have spoken about without Cormetech for the first time today. It's just with the combination with Cormetech, this really starts to get critical mass and really starts to get interesting for JM going forward.

So this is the shape of the JM part of the business.

Cormetech: overview

The Cormetech part of the business, as I say, think primary power generation, emission control for that.

And you can see here the last 12-month sales, £104 million in sales, £16 million EBITDA. You can see from the projection for 2026, a huge increase in that. It's $180 million projected in sales for this calendar year and $35 million EBITDA.

Cormetech has a track record for the last five years of very strong growth. So this is compounding.

And then think about adding this with our piece of the pie, and by financial year-end, you get to at least £200 million in sales and a margin of at least mid-teens. So that kind of puts in context also why we're so excited about this.

A lot of long-term relationships for Cormetech. Cormetech's been around since 1989. Their customers are usually returning customers, vast majority of them are returning customers.

And they have, and this is really important, also a recurring element to the sales model.

So if you sell a catalyst for a backup diesel engine, you're probably going to sell it once because the diesel engines are not going to be running all the time. So the catalyst is going to last longer.

If you're in the primary power generation market, these things are running 24/7, massive energy loads, at some stage the honeycomb with the catalyst needs to be replaced every few years, like with industrial catalysts.

So you have a recurring sales model. If you're winning business now you know in a few years, you're getting that business again.

And there's a service element to this business. So this again kind of feeds into why we are so excited about this business.

Strong visibility of Cormetech's sales growth

We have strong visibility on the growth that's coming. There's a contracted orderbook for $300 million up to 2027.

And I think what's important to understand here is, typically, you buy the catalyst at more or less at the end of the purchase process. If you think about the purchase process for a gas turbine, these are very, very, very big and expensive engines. It will take a while to install them anyway, it takes a while to procure them, it takes a while to install them. And at that point in time where you're buying the gas turbine, you don't buy the catalyst, you buy it rather towards the end because you want the fresh catalyst. You might place an order, but you really only purchase at the end.

So these are purchases where the big investment has already been made by somebody. Typically, these are hyperscalers who are investing all this capex. And then at the end, you get this sale coming in and then the recurring sale in later years. So you can easily see how you could compound this number.

There's a pipeline of $1 billion already visible to us. And this is all stand-alone. There's nothing in synergies in here. We think there's a lot of synergies, but this is just Cormetech stand-alone. So great pipeline in there.

Global leader in stationary emissions control

And this just gives you a picture, for the first time, of the combined business, what it would look like. And of course we'll go into further detail when we have completed the deal. So after we have completed, we will share more with you and we'll give more guidance on this, but just kind of directionally to let you know what it looks like.

You see from a geographic point of view, strong focus in the US. Why is that? Because all of this business right now is primarily driven by data centres, and that's where the centre of the world is right now. But that will be replicated throughout the world. So that geographic kind of differentiation will happen over time. But the most attractive, also from a value point of view, the highest growth, most attractive market is US that's where we have the strongest lock at the moment.

On the customer side, variety of customers, we're not only serving the data centres. Data centres is the fastest growth, highest value opportunity, but it's utilities, it's industrial, it's marine. And again think distributed power generation, you're not getting enough power from the grid, you got to solve it yourself with an on-site solution. That's what we're solving for here.

And then you can see from a tech point of view, we basically cover all angles. We've got the natural gas turbines, diesel engines and natural gas engines, coal power plants. So depending on what fuel is being used, we will offer an emission control solution.

And these engines, typically, the new ones are fuel-agnostic. If methanol is developed, if ammonia is developed, hydrogen is developed. These can run on these fuels as well. And we will also have the emission control solution for that, too.

And the key point here is we as JM have a lot of IP in this space. Cormetech has a lot of IP in this space. So this is a strong, very strong combined business that will really help solve customers' needs.

Because customers need to solve their nitrogen oxide pollution problems in the data centre which is the strength of Cormetech. They need to also avoid carbon monoxide and volatile organic compounds in the data centre, that's core strength of JM. We can do that in one combined offering going forward which today hasn't been possible to the extent that you would want, particularly in the primary market.

Highly attractive financial outcomes

So finally, on this piece, we do see a lot of, of course, financial benefits from this.

We see run rate EBITDA synergies of at least $20 million by 2030: 70% revenue, 30% cost.

Why is that? Where is that? It's really quite easy. Think of, again Cormetech gas turbine, they have the SCR catalyst. We have an oxidation catalyst that whoever is running the data centre also needs so we can sell JM products to their customers.

Equally, Cormetech is basically only in the US. We have a global footprint. We can sell their products to our customers around the world as well.

And on top, we can develop a combined offering for new customers. So we think from a synergy point of view, there is lots of room here for us to move forward.

But as Alastair already mentioned, this deal is EPS accretive from the first year, even without any synergies. So we think highly attractive.

The ROIC will be exceeded within three years of completion.

And Alastair's already pointed out, we'll be very disciplined on the net leverage going forward, and remain very disciplined with strong cash generation improving the position over time.

Conclusion

Liam Condon

So that was basically it, one or two final points.

Delivering on our milestones

We have shared with you in the past our overview of milestones. These are commitments beyond just the financial numbers to give you a sense of are we on track or not.

We will continue to update you with these. We think it's important because first and foremost, we've got to run the underlying business as successfully as possible. We're very excited about Cormetech. But Cormetech is an add-on, the fundamental part is running the core business as successfully as possible, and having an additional booster with Cormetech but that cannot come at the expense of the core business. So we're very clear on our priorities here.

The good news is we're on track with all of our commitments so far. There have been challenges on the way. But as you've seen from our results today, we're managing those challenges.

Driving growth leveraging core technology

And we're completely committed to the commitments that we have made to you and to the market in the midterm: at least a mid-single-digit CAGR in underlying OP by 2027/28, the at least £250 million free cash flow and the at least £200 million annual returns to shareholders, split relatively equally probably between dividends and share buybacks.

That is a firm commitment. That's all without Cormetech, and going forward, we'll give further guidance, but you can take that as an absolute firm commitment from us. Nothing changes in that regard.

On top, you have the £1 billion returns from the CT sale this year on top of whatever else we're promising here.

And as you can see from the presentation today, we are not just milking the business, we are also reshaping the portfolio to ensure sustainable value creation, not just short and medium term, but also in the long term.

So a lot of moving parts. I'm sure you've got lots of questions. Together with Alastair and my team, we're looking forward to answering them, but big thanks to you for your attention today and we can kick off with the Q&A. Thank you.

Q&A

Louise Curran: Thank you, Liam, Alastair, for the presentation. We'll first take questions in the room, and then we'll go to the webcast. And just as a reminder, please state your name and your company when you ask the question.

So Alex, we’ll go to you first. Let's wait for the mic. Thank you.

Alex da Silva O'Hanlon: Good morning. Alex O' Hanlon from Panmure Liberum. Congratulations on a good set of numbers, given all the things you've had to manage, and the Cormetech acquisition.

Could I start with the Cormetech acquisition? Obviously, it's the big news this morning. You mentioned the $1 billion sales pipeline. Could you give us a bit more colour around that? How much of that is with customers that Cormetech already has and already has relationships? And how confident are you on winning, I guess your fair share of that?

And the next question is just on LDG. You mentioned the good progress that you've made there after the refocus on that business in Clean Air. I guess the question is, what have you done differently that's helped you improve those win rates? Just a bit more colour around that. Cheers.

Liam Condon: Yes. Sure. Thanks a lot, Alex.

So on the Cormetech pipeline, about 85% of that pipeline is returning sales. Typically Cormetech has very long-term relationships with their customers. And the current estimate is about 85% is already established customers, as opposed to new customers. That's how we're thinking about the pipeline from the data that we've seen from due diligence.

We will, as we go forward, I can give you more details around, that once we've been able to look further deeper into it. But it's a pipeline where there's a high degree of confidence.

And this is almost all data centre driven. So we're not even tapping into the other potential markets, but the full focus is on data centres at this point in time.

On LDG, so the turnaround in hybrid really started a few years ago with the recalibration to say: actually we have competitive technology, but we had de-emphasised it. We can't afford to play everywhere in the LDG space.

So it was a very deliberate strategy to say what's going to grow and we considered particularly hybrid to be highly attractive – growth rate going forward is like 5% for the next 10 years. And that's a space where the value of the catalytic converter is the same as an internal combustion engine for us. So it's a much smaller one, but the value is basically the same for us. So it's quite an attractive space to be in.

And we basically, with those nine platforms that we've won, we've started to establish a reputation then in the industry and then it kind of becomes a virtuous circle.

So I think it's the hard work over multiple years now, starting with very good technology, competitive, our ability to improve on the PGM loading side which really helps customers on the cost side. And just re-establishing with customers at a personal, human, key account level, the relationship with key OEMs again.

Tristan Lamotte: Hi. Tristan Lamotte, Deutsche Bank.

I was wondering if you could give a little bit more color on the kind of £48 million one-off that pushed down PGMS earnings this year.

And I'm just wondering, there are a few kind of temporary feeling impacts in PGMS last year, guided this year. And I guess they kind of drop out in FY 2027/28. So what kind of reversion should we expect upwards in FY 2027/28? How should we think about that profile?

Alastair Judge: Yes. So on the metal losses first of all. Look, I mean core manufacturing businesses have some metal losses in their system. I think in our refineries, some metal gets trapped through it.

So every couple of years, what we do is we close down the plants, and we do a complete count of everything. And we compare the count to the estimates we've made of metal yield. And if there's a difference, we book the loss.

So we ran the stock count at the second half of last year and the results showed that the metal yields were lower than we had estimated, which means we had to recognise the loss.

I think within that, there's probably three things I'd say Tristan. And the first is, even at constant volumes, we were going to have a bigger number because metal prices went up so highly in the second half of the year. So on a constant volume basis, that probably doubled the value of the losses.

We've also had some sort of challenges with the more variable feeds coming in and some challenges with managing the assets in the US. So that's also led to a higher volume. So they are the causes of it.

We've got a very clear program in place in West Deptford, taking some of the learnings we've had from the old refinery in the UK, which is selectively renewing some of the assets and improving the operating processes.

So those will drop off over time. And so we're very confident that as we move forward, the level of yield will get back to more historic norms.

But we're taking a prudent view in 2026/27 of assuming that those metal losses continue, and so that will dampen profits in 2026/27 as we've discussed, and will leave the profits more or less flat year-on-year.

As we move into 2027/28 and we move through the new refinery in the UK, and we've resolved the issues in West Deptford, we're very confident of the in excess of £450 million sales guidance, at around 30% operating margins that we've spoken about today. So that will come through as we get through 2027/28.

Tristan Lamotte: The £450 million is before metal price impact, right?

Alastair Judge: Yes. So next year, we're guiding to flat underlying, but with an at least £25 million upside from metal prices on top of that. And so those metal price benefits will continue for as long as metal prices remain as high as they are today.

Sebastian Bray: Good morning. Sebastian Bray of Berenberg Bank.

I had a question on Cormetech. The business has quite a nice growth outlook. But the 65% EBITDA CAGR mentioned versus 2020 implies that the business was quite close to EBITDA breakeven in that year. I appreciate 2020 is an unusual year for several reasons. But why historically was the profitability of the business, let's say low to mid-single-digit EBITDA margins? And what has changed apart from operating leverage?

My other question is on the total cost of new PGM refineries. Is this disclosed now? Is it something like £350 million to £400 million net of the incremental £90 million investment?

And finally, Clean Air margins, big step-up, H2 versus H1, I think over 200 basis points. Is there any reason in terms of phasing of cost savings, why this number doesn't become 18%, 19% plus if the group targets for cost savings can largely be transposed across the Clean Air?

Liam Condon: Thanks a lot, Sebastian. You got a lot in there for one shot.

So let's start with Cormetech, and of course we don't understand everything that was happening at Cormetech, as you can imagine, in 2020.

I think the key point is there was a change in management in 2022. And basically, there was a refocus of what they were doing. I think this was more or less a kind of stable, relatively low growth company at that point in time. They saw the opportunity in data centres, focused the business on that, did a much better job of controlling their costs. And that ultimately has led to the significant increase in CAGR.

So I think it was more the 2022 to 2026 timeframe where the jump has been, as opposed to 2020 and 2021. And that was due to new management.

I think what's important is there is a very successful management team in there right now, led by a lady called Patricia Martinez, she's the CEO. That team will continue to be in charge, running the business, and they are incentivised to stay on with the earn-out and it's in our interest to make them as successful as possible. So we'll be sticking with that team and sticking with those high growth rates going forward is the intent.

So that may be on Cormetech and on PGMS?

Alastair Judge: Yes. So I think on PGMS, I think we previously guided to about £350 million. I think the £90 million increase in capex guidance this year is primarily around the 3CR refinery. So we would expect that to be nearer £450 million as it's complete.

And then on the H2 Clean Air margins. So look, Clean Air always has stronger H2 than H1 margins. I think that's what we've seen in the past.

But what we will see is that the growth we saw in both H1 and H2 margins rolling forward as we continue to improve the margins from 14.5% in full year 2025/26, towards that 16% to 18% range.

But there's always an H1, H2 split, partly driven by the volume of business that generally comes through in the second half versus first half.

Liam Condon: But we like your challenge. We'll see if we can go for it.

John Campbell: Hello. It's John Campbell with Bank of America. I've got three quick questions.

Could you maybe be a little bit more specific or give further details on the conditions required for the Cormetech $100 million earn-out?

Second of all, when do you expect to have Chinese antitrust approval for Catalyst Technologies, acknowledging that you expect it to still be overall on time?

And third, you've won basically, I guess new contracts in hybrids in light duty gasoline. Would you say it's realistic to assume that in the coming years, you might be able to actually outperform maybe the overall underlying volume of production in light duty gasoline?

Liam Condon: Thanks a lot, John. So let me start with Cormetech on the earnout.

So we won’t go into the contractual details. But in essence, it's a revenue-based earnout for the years 2027 and 2028. So if very ambitious targets are hit, which are significantly higher than what's in the plan, then they will achieve that earnout. And that earnout would be paid at the end of 2028 for the previous year and at the end of 2029. So that's kind of the construct that we have.

We think it's in our mutual interest to have that, gives a great incentive for management to push harder and go faster. But it's revenue-based, and there's lots of kind of conditions in there, as you can imagine, to make sure for both sides, that it's reasonable.

On China CT, so nothing has changed on the timeline. We have a long, long stop date in August. There's a first checkpoint in July, and that can be extended into August. So the latest that we would expect approval is in August calendar year 2026 and we remain firmly on track for that, at the latest.

And on LDG market share over time, I think the confusing thing, and it is hard to decipher for the market, if you look at current stats, we'd be losing market share in light duty gasoline because of platforms that have been lost several years ago.

And we're now winning platforms that come in with the new legislation, kind of Euro 7 onwards. So you see that in the market from 2027/28 onwards. That's when you see a turnaround in market share.

So what you could expect is there will be probably a slight decline and then gradually pick up with these new hybrid wins that we have on the light duty gasoline side. That would be the trajectory to expect.

Louise Curran: Just check for any more questions in the room before we move to the webcast.

So in terms of the webcast questions, we're back to Cormetech, and the question comes from Chetan Udeshi and it's about the competitive market dynamics.

So I would have thought incumbent autocat players would also have a good presence in the stationary catalyst market. Do engine players such as Cummins, for example, have their own stationary catalyst business? It feels like this might be a more fragmented marketplace. So how does it compare to the oligopoly nature of Clean Air?

Liam Condon: Yes. It's a good point.

So Cummins as an example, Cummins is actually one of the biggest customers of Clean Air Solutions, of JM, to date. We actually do the emission control for a company like Cummins.

If you think about SCR catalysts and the competition space, it is typically the companies who are catalyst players so Umicore, Ceram, partially BASF. It would be those types of companies who would be the players in this space.

But nobody has a competitive offering like Cormetech for primary emission control in data centres. That's the key differentiation.

Louise Curran: And then the second question was back to the Catalyst Technologies deal. So I know we've touched on that. But the specific question was, do you have a plan B in case that CT approval is not achieved on time?

Liam Condon: Well we're very confident that it will be approved. And we have ring-fenced the business, so we've carved out CT. We're running it as a stand-alone business. And we expect to hand it over to Honeywell then once the regulatory approval closes.

Louise Curran: I think from our side, that's so far it on the webcast question, so we'll just do a final check in the room before we wrap up.

I think that's good. So I think those are all the questions today.

So thank you very much everyone in the room and also on the web, for your interest. And hopefully we'll see as many of you as possible over the coming weeks and days on the roadshows. So thank you for your attention this morning.

Liam Condon: Thanks a lot, folks.

Alastair Judge: Thank you.