

Chairman's Statement



Michael Miles OBE
Chairman

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I am pleased to report to shareholders that despite some quite strong headwinds, generated by the weak US dollar and the challenging conditions in some of our markets, Johnson Matthey made good progress in 2003/04.

The board’s commitment to investment in research & development and manufacturing technology has enabled the company to remain at the forefront of the high technology industries that it serves and to continue its record of growth.

In 2003/04 we took a number of important steps in the strategic development of the group. The former Syntex businesses, which were acquired from ICI last year, have been successfully integrated into Johnson Matthey’s Process Catalysts and Technologies business. These businesses have not only made a good contribution to the year but provide important opportunities for the group’s future growth, especially in catalysts for the emerging gas to liquids market, an area where we have begun a significant programme of investment. The year also witnessed a further example of our strategy of making bolt-on acquisitions in core areas of activity with the acquisition of AMC in the United States which further enhances Catalysts Division’s product portfolio.

The board is also committed to investment in growth markets around the world. Asia continues to be a major focus. In Shanghai, we are increasing capacity at our autocatalyst manufacturing facility to serve the rapidly growing Chinese vehicle market. In Japan, we achieved significant sales of retrofit heavy duty diesel catalysts. In India, we constructed a new platinum group metal catalyst manufacturing facility to serve the fast growing pharmaceutical and speciality chemical markets in that region.

The company’s most important investment will always be the one it makes in its people. We place an absolute priority on the continuing development of our management talent and the skills of all our employees to enable them to perform to the highest standards to meet the challenges of the future. On behalf of the board I would like to thank all of our employees around the world for their hard work and dedication during the year.

I would like to welcome two new executive directors who joined the board in August 2003; Pelham Hawker, Executive Director, Environmental Catalysts and Technologies and Larry Pentz, Executive Director, Process Catalysts and Technologies. Both have made important contributions to recent developments in Johnson Matthey's Catalysts Division. Pelham has overseen a period of strong growth and technological change in our autocatalyst business and Larry has undertaken a leading role in the successful integration of the former Syntex businesses since their acquisition from ICI.

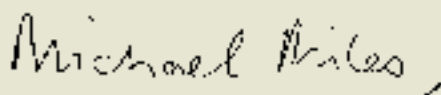
Johnson Matthey is very fortunate to have a strong group of independent directors who bring to the board many years of invaluable experience of international business from across a wide range of industrial sectors. I would also like to thank them for their valuable contribution during the year.

In July 2003 we announced that Chris Clark, our Chief Executive, will retire following this year's Annual General Meeting in July after 42 years with Johnson Matthey, the last six as Chief Executive. Chris has had a long and distinguished career with Johnson Matthey since joining the company in 1962. He has great experience of all of the group's operations and has run all of its major businesses. Chris has made an outstanding contribution to Johnson Matthey. As Chief Executive he has overseen the evolution of the group into a world leading speciality chemicals company. Through his strong leadership, Chris has steered the company through a successful period of strategic change and growth. As I said at the time of his appointment as Chief Executive in June 1998, I can think of no person better suited to have undertaken this task. On behalf of the whole board, and indeed all of us at Johnson Matthey, I would like to thank Chris for the key role that he has played in the development and success of the group and wish him all the best for a well deserved, long and very happy retirement.

As we also announced last July, Chris Clark will be succeeded as Chief Executive by Neil Carson, Executive Director, Catalysts and Precious Metals. Neil has 23 years of experience of working at Johnson Matthey and will be an excellent successor to Chris. The board is particularly pleased to have been able to appoint its new Chief Executive from within the company.

Your board is fully committed to reporting on Johnson Matthey's corporate social responsibility performance. Once again, this year's annual report features a review of the company's policies and performance in this important area. This is to be found on pages 24 to 28. Our comprehensive web based corporate social responsibility report was published last year for the first time. This report has been very well received and has generated a good deal of valuable feedback from shareholders. The 2004 edition of our corporate social responsibility report can be accessed on Johnson Matthey's corporate website at www.matthey.com.

I am very pleased that Johnson Matthey continues to make good progress towards our goal of delivering superior shareholder value. I remain confident that with our talented staff and our commitment to investment in research & development and world leading manufacturing technology, your company is well positioned to deliver continued growth in the years ahead.



Michael Miles OBE
Chairman