

Chairman's Statement

Michael Miles OBE Chairman



Johnson Matthey performed well in 2004/05. We have continued the strategic development of the group, particularly our investment in new product development which will support the growth of our businesses in the years to come.

Major investment programmes include heavy duty diesel (HDD) catalysts, where we are working in collaboration with leading HDD engine manufacturers to help them meet continuously tightening emissions legislation around the world. We are also investing in the expansion of our production facilities to manufacture catalysed soot filters (CSFs) for light duty diesel vehicles. In our Pharmaceutical Materials Division we are investing in our opiates business and in the development of our portfolio of prostaglandin products, both of which have good growth prospects over the next few years. Catalysts for the production of hydrogen and for the gas to liquids process are the focus of investment in our process catalysts business. Fuel cells represent an important long term growth opportunity for Johnson Matthey and we are currently investing in the development of the next generation of materials and products for automotive fuel cell applications.

The board appointed Neil Carson Chief Executive of the company in July last year following the retirement of Chris Clark. He has had a good first year, providing strong leadership and successfully executing our strategy for the continued profitable growth of Johnson Matthey. This, and the strength of our team of executive directors, clearly illustrates the success of our commitment to developing management talent and appointing senior positions from within the company. Johnson Matthey is also fortunate to have a strong group of independent directors who bring to your board a wealth of experience of international business from a wide cross section of industrial sectors. I would like to thank them for their wise counsel and the valuable contribution that they have made during the year.

In this year's annual report we have included an Operating and Financial Review (OFR) to provide shareholders with more information on the drivers of our businesses, operating performance and developments during the year.

The OFR includes a detailed review of the group's research and development activities on pages 13 to 15. Your board is fully committed to investing in R&D to ensure that Johnson Matthey remains at the leading edge of the high technology industries that it serves. The board also has a longstanding commitment to report on Johnson Matthey's performance in matters of corporate social responsibility. The OFR features a detailed review of the company's policies and performance in this important area which can be found on pages 24 to 33 of this annual report. This year also sees the publication of the third edition of our comprehensive web report on corporate social responsibility. This continues to be well received and generates a good deal of useful feedback from shareholders; it can be accessed on Johnson Matthey's corporate website at www.matthey.com.

After seven years as Chairman of Johnson Matthey I will be retiring from the board during the coming year when we have appointed a successor. This process is underway, an important part of which has been consultations with our major shareholders.

I have much enjoyed my time as Chairman of Johnson Matthey. Good progress has been made since my appointment in June 1998. Over this period both earnings per share and the dividend have grown significantly and the group has evolved into a leading speciality chemicals company with strong positions in catalysis, precious metals, pharmaceutical materials and other specialist chemicals markets.

I am most grateful for the excellent support that I have received from Johnson Matthey staff at all levels of the organisation. The skill and professionalism of our staff is a reflection of the most important investment that the company makes; that which we make in our 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 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 2004/05 and for the support that they have given me during my years as Chairman.

Johnson Matthey continues to make excellent progress towards delivering superior value to its shareholders. The company is in good shape and I am confident that it is very well positioned to achieve strong growth over the years ahead.



Michael Miles OBE
Chairman