

# Interim Results

for the six months ended 30th September 2004

## Profitable growth in all four operating divisions

### Summary Results

- > Profit before tax, exceptional items and goodwill amortisation up 6% at £103.3 million despite adverse exchange translation
- > Earnings per share before exceptional items and goodwill amortisation also up 6% at 33.6 pence. Interim dividend increased by 6% to 8.7 pence
- > Strong operating cash flow. Net borrowings reduced by £31.3 million to £363.2 million
- > Exceptional costs of £30.7 million comprise acquisition integration costs (£3.0 million); loss on disposal of Pigments & Dispersions (£15.3 million); and cost of closing the UK gold and silver bullion refinery (£12.4 million)

### Divisional Performance

#### Operating Profit (before exceptional items and goodwill amortisation)

£ million	Half year to 30th September		% change	2004 at 2003 exchange rates	% change
	2004	2003			
Catalysts	56.9	56.5	+1	59.9	+6
Precious Metals	23.4	21.9	+7	24.4	+11
Pharmaceutical Materials	20.9	20.7	+1	22.2	+7
Colours & Coatings	12.8	10.4	+23	13.8	+33
Corporate	(8.3)	(7.8)		(8.3)	
Continuing operations	105.7	101.7	+4	112.0	+10
Discontinued operations	0.4	1.4		0.4	
Operating profit	106.1	103.1	+3	112.4	+9

- > At constant exchange rates operating profit before exceptional items and goodwill amortisation up 9%. All four divisions comfortably ahead of first half of last year

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for the six months ended 30th September 2004

## *Business prospects*

- > Excellent outlook for heavy duty diesel (HDD) catalysts. Increased investment in product development and in new programmes in partnership with leading original equipment manufacturers
- > European autocatalyst market continues to grow driven by strong sales of light duty diesel (LDD) vehicles. Johnson Matthey very well positioned in LDD market and investing in increased manufacturing capacity
- > Asian autocatalyst business performing well. Investment in expanding production capacity in both Japan and China
- > Platinum group metal trading conditions remain good. Improved market conditions combined with strong volume growth has more than offset the impact of revised Anglo Platinum contract terms announced last November
- > In Pharmaceutical Materials our pipeline of new products is strong. New generic drugs will significantly add to revenues from 2006 onwards
- > Focus on improving returns of underperforming assets. Should release cash which will be used to buy back shares

Commenting on the results, Neil Carson, Chief Executive of Johnson Matthey said:

"All of our divisions showed good underlying growth in the first half.

Our strategy is robust and has positioned us well. We will focus on the delivery of organic growth, particularly from our Catalysts and Pharmaceutical Materials businesses where we have invested to meet future demand. We are taking action to rationalise businesses whose performance does not meet our return criteria.

We expect to achieve continued growth in earnings per share before exceptional items and goodwill amortisation in the second half."