

# HALF YEAR RESULTS

for the six months ended 30th September 2008

## Summary Results

- Sales revenue up 24% to £4.4 billion as a result of good underlying volume growth and higher precious metal prices in the first quarter
- Sales excluding precious metals up 10% at £924 million with good volume growth despite slowdown in some end markets
- Profit before tax and amortisation of acquired intangibles up 20% to £144.9 million
- Underlying earnings per share up 17% to 48.4 pence
- Johnson Matthey's balance sheet remains strong. Gearing (net debt / equity) reduced by 1.4% to 51.2%
- Dividend up 5% to 11.1 pence

## Business Overview

- Environmental Technologies Division's sales excluding precious metals up 10% to £596 million and operating profit before amortisation of acquired intangibles up 18% at £77.8 million
- Emission Control Technologies' (ECT's) sales excluding precious metals up 10% with a good contribution from Argillon (acquired in February 2008), higher sales of diesel particulate filters in Europe and good demand for autocatalysts in Asia. Sales were lower in North America as a result of reduced production of cars and trucks in the period
- Margins improved in ECT with actions taken to reduce costs ahead of the downturn in US and Western European car markets
- Process Technologies' sales excluding precious metals were 9% up with good growth in sales of catalysts for hydrogen production and purification products
- Precious Metal Products Division's revenue up 24% to £2.7 billion boosted by high prices for precious metals in the first quarter. Sales excluding precious metals up 12% to £168 million and operating profit up 36% to £64.2 million. Strong profit performance reflects high platinum group metal (pgm) prices in first quarter and unprecedented volatility in second quarter
- Fine Chemicals & Catalysts Division's sales excluding precious metals up 9% to £160 million and operating profit 5% higher at £32.4 million

## Business Prospects

- Global car sales are expected to show a significant decline in the second half of Johnson Matthey's financial year compared with last year which will reduce sales of autocatalysts. Actions have been taken to reduce costs which will benefit operating profit. Despite the recent fall in the oil price Process Technologies continues to see good demand and has a strong order book
- The price of platinum has recently fallen sharply, in line with the general sell off of commodities by investors. Profits from our marketing and distribution business will be lower in the second half of the year than the very strong result achieved in the first half but the business will continue to benefit from pgm price volatility if current market conditions persist
- The group will also benefit from the significant appreciation of the US dollar, particularly on translation of the results of our US businesses into sterling
- Assuming pgm prices and exchange rates remain at current levels, and with a drop in global car production of around 11% compared with last year, we would expect underlying profit before tax for the second half of Johnson Matthey's financial year to be 5% – 15% below the level achieved in 2007/08. On that basis we would expect underlying earnings per share for the year as a whole to be in the range 90p to 94p (1% – 5% up on 2007/08)
- The group has a strong balance sheet and ample headroom under its long term funding arrangements to meet future needs

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

"Johnson Matthey performed well in the first half of 2008/09. With global car sales expected to fall in the second half we have taken action to reduce costs and protect our margins in Emission Control Technologies. The outlook for our other catalyst businesses remains good underpinned by environmental legislation and concerns over energy security.

The long term drivers for our business remain firmly in place. With our strong balance sheet and investment in new technology the group is in a good position to weather the current economic downturn."