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Platinum | 2004
Interim Review

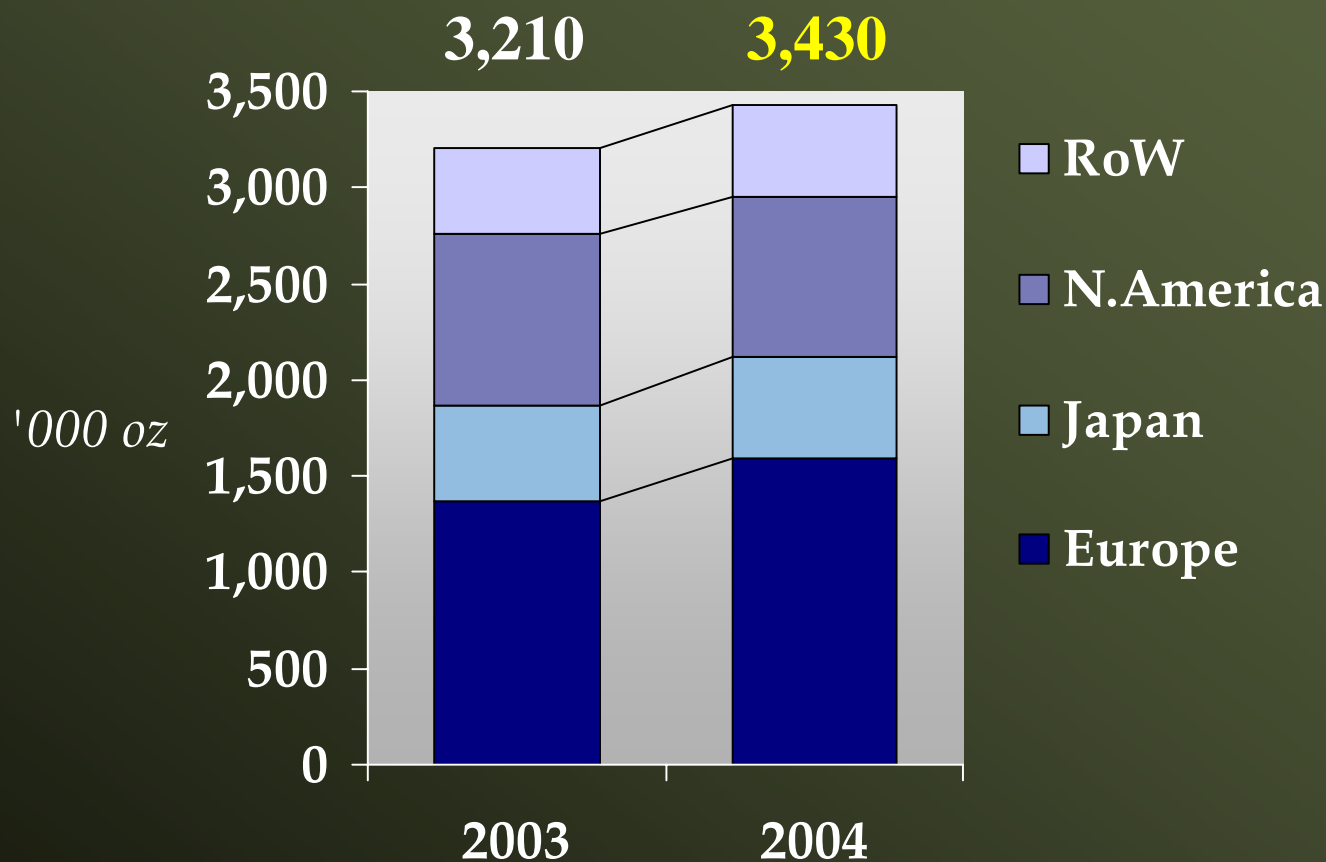
16th November 2004

Platinum

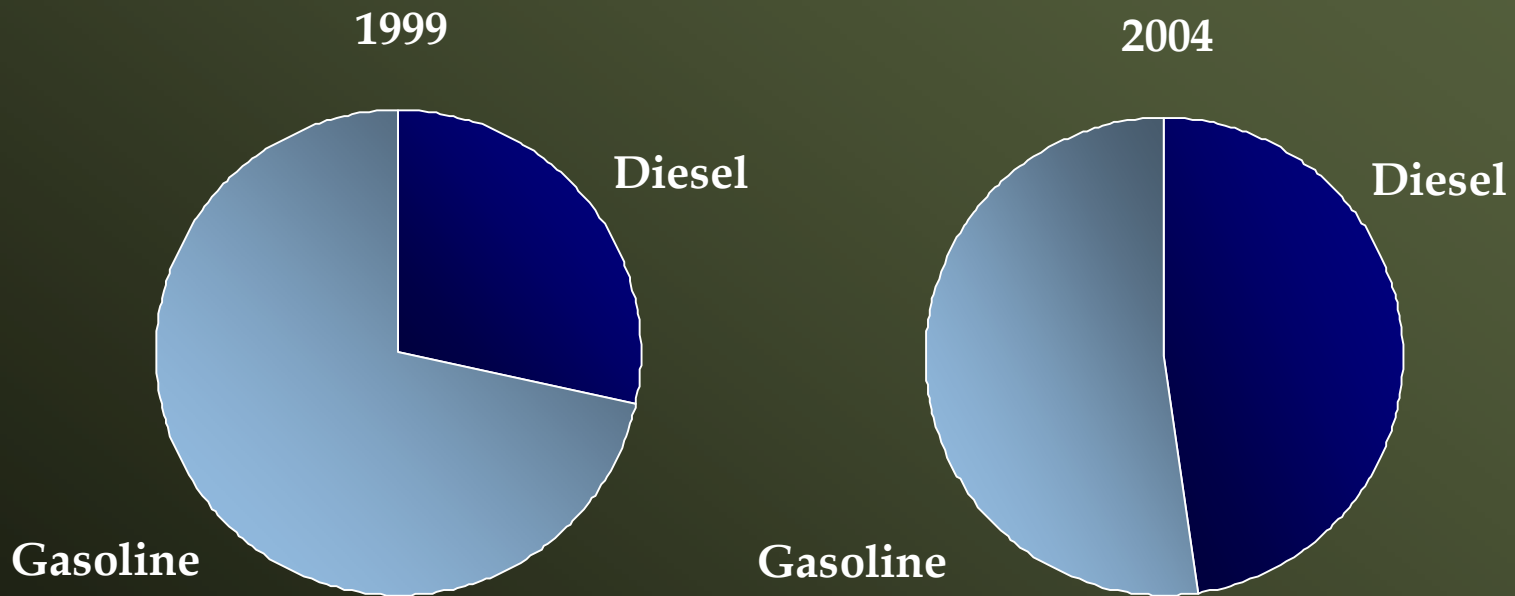
- Demand to edge up to 6.47 million oz
- Good growth in auto & industrial demand
- Purchasing by Chinese jewellers slides
- Supplies to grow to 6.43 million oz
- Market moving close to balance
- Fund long positions help to support the price

Platinum Demand by Application

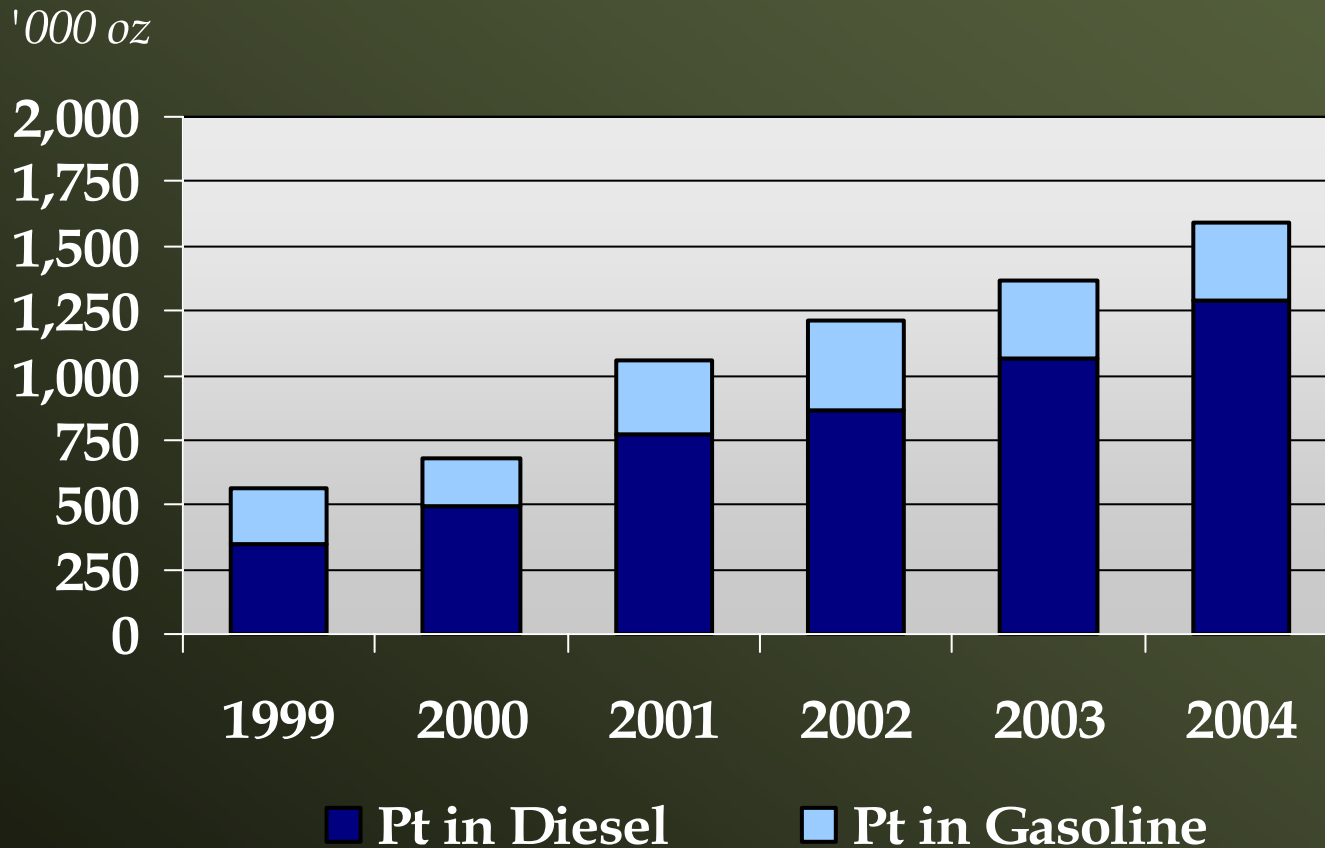
Autocatalyst: +7%



Diesel share of European new car sales, 1999 vs 2004



European Demand for Platinum in Autocatalysts 1999 - 2004



Autocatalyst demand: emission regulations tightening

Europe: Euro IV from Jan. 2005

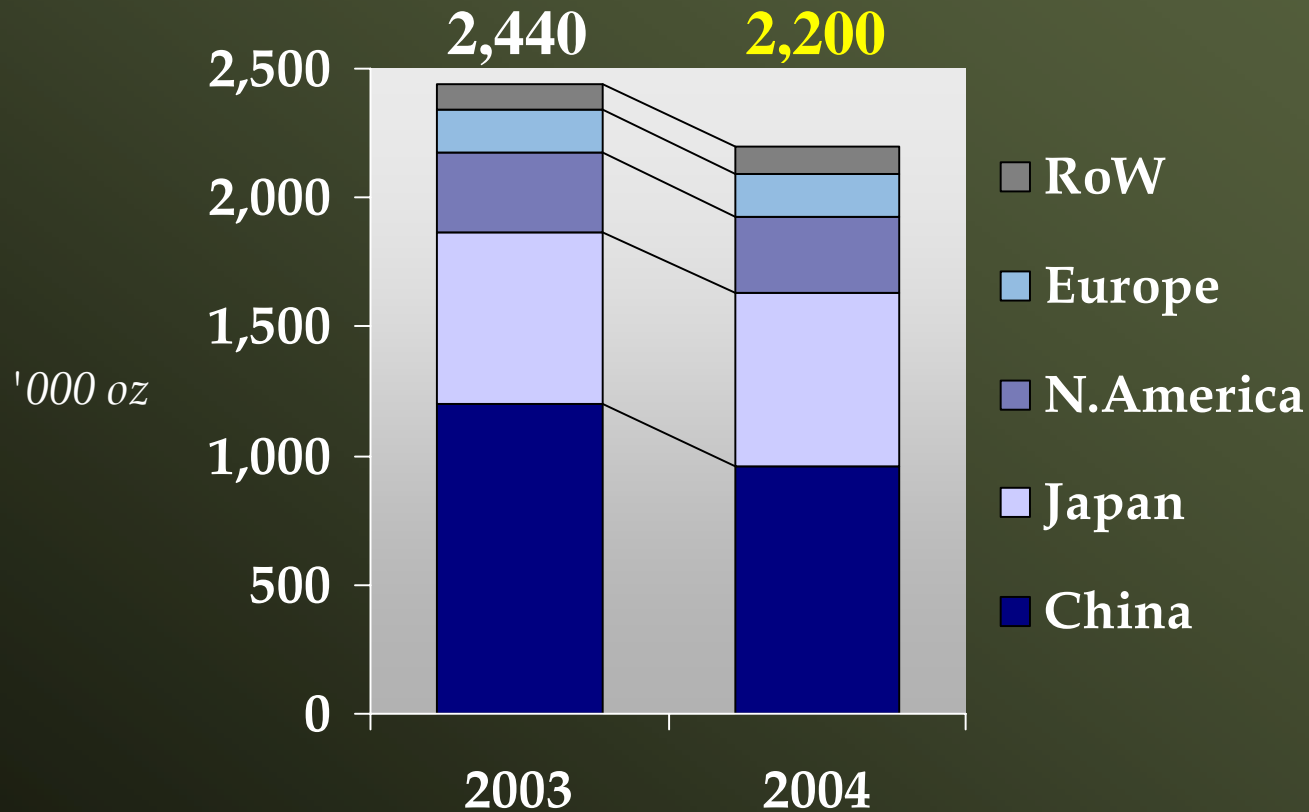
Japan: National HDD regulations from Oct. 2005

Other Asia: China, South Korea, India, Thailand...

USA: Tier 2 phase-in from Jan 2004

Platinum Demand by Application

Jewellery: -10%



Falling Chinese Jewellery Demand for Platinum – Why?

Higher platinum price:



Metal costs up but retail prices static = lower profit margins

Lower margins = increased production of WG plus addition of Pd jewellery

Platinum stock levels reduced throughout the trade

Greater competition in stores from less expensive WG

Demand for Platinum in Jewellery – Other Markets



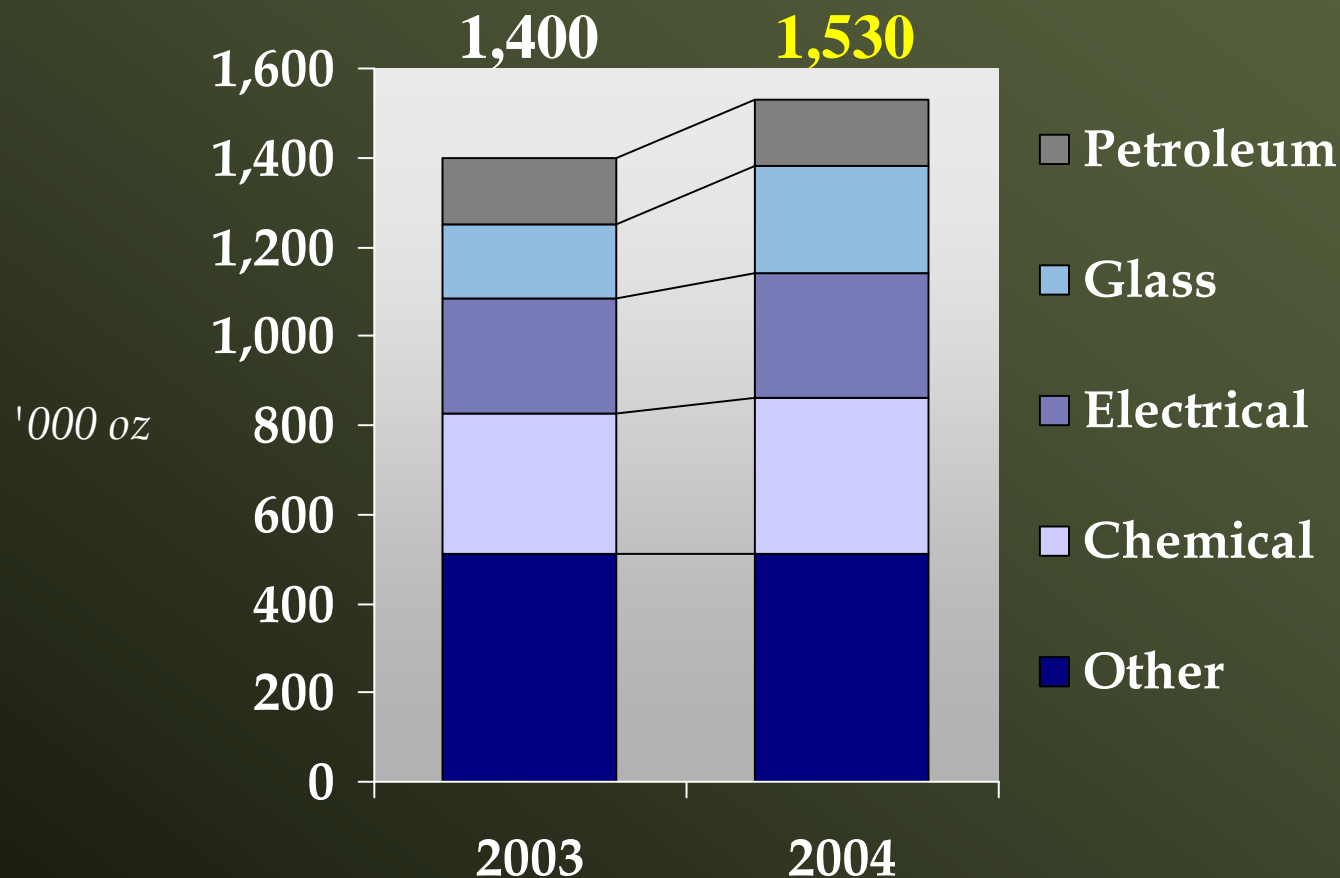
Retail sales fall in Japan but
less inventory recycling

High Pt price = pressure on
market share in USA

UK bridal the bright spot
in Europe

Platinum Demand by Application

Industrial: +9%

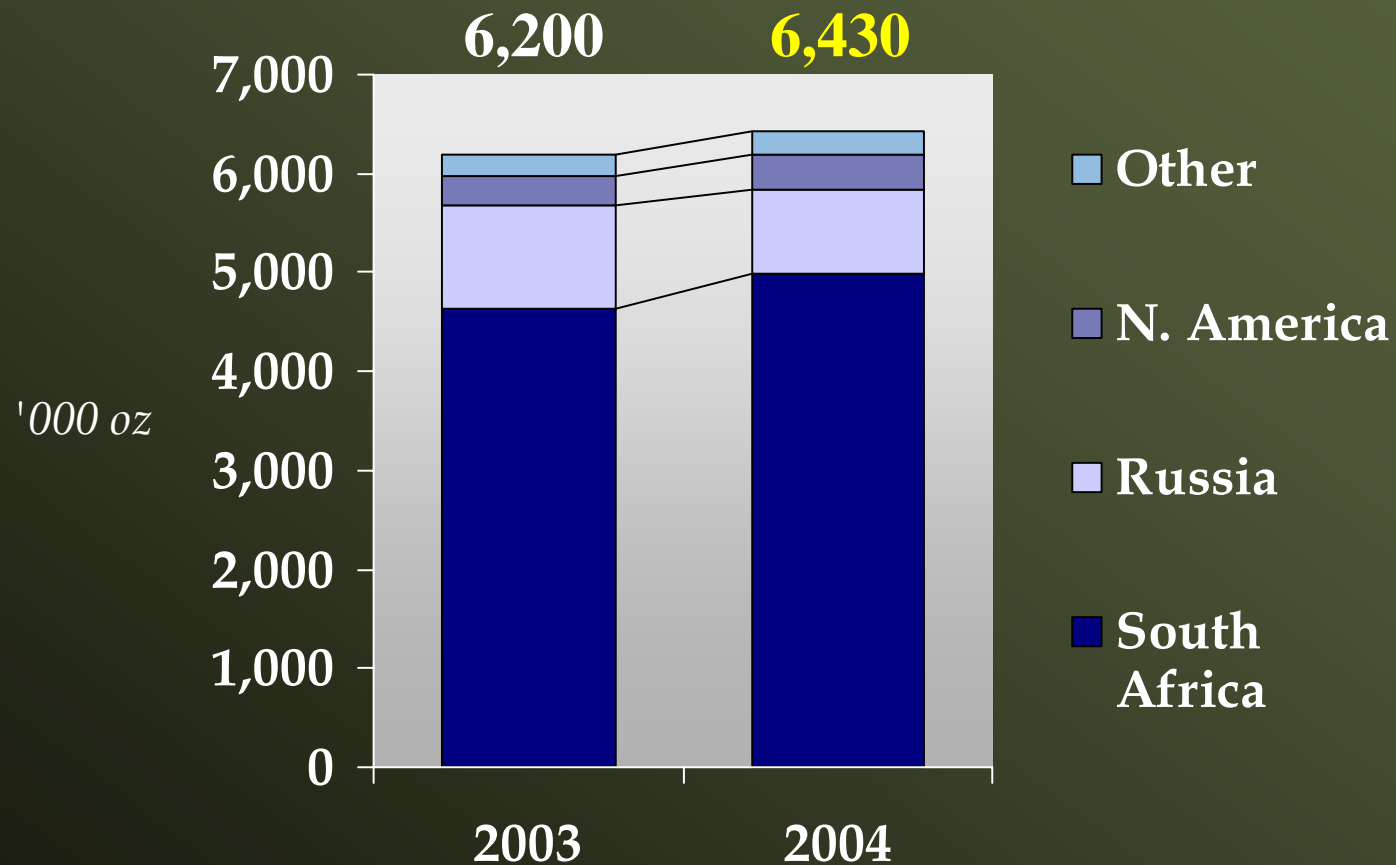


Platinum Demand by Application

<i>'000 oz</i>	2003	2004	% change
Autocatalyst: gross	3,210	3,430	7
recovery	(645)	(695)	8
Jewellery	2,440	2,200	(10)
Industrial	1,400	1,530	9
Investment	15	5	(67)
TOTAL DEMAND	6,420	6,470	1

Platinum Supply by Region

Total supply: +4%



South African Supply Factors



Industrial relations:

Anglo Platinum, Impala

Operational:

Anglo, Impala, Northam,
Aquarius, Southern Platinum

Rand strength:

All producers

Other Supply



Russia: sales close to mine production

North America: Inco's output up strongly

Zimbabwe: modest growth

Platinum Supply by Region

<i>'000 oz</i>	2003	2004	% change
South Africa	4,630	4,980	8
Russia	1,050	850	(19)
North America	295	360	22
Others	225	240	7
TOTAL SUPPLY	6,200	6,430	4

Platinum Supply and Demand

<i>'000 oz</i>	2003	2004	% change
Demand	6,420	6,470	1
Supply	6,200	6,430	4
Movements in Stocks	(220)	(40)	

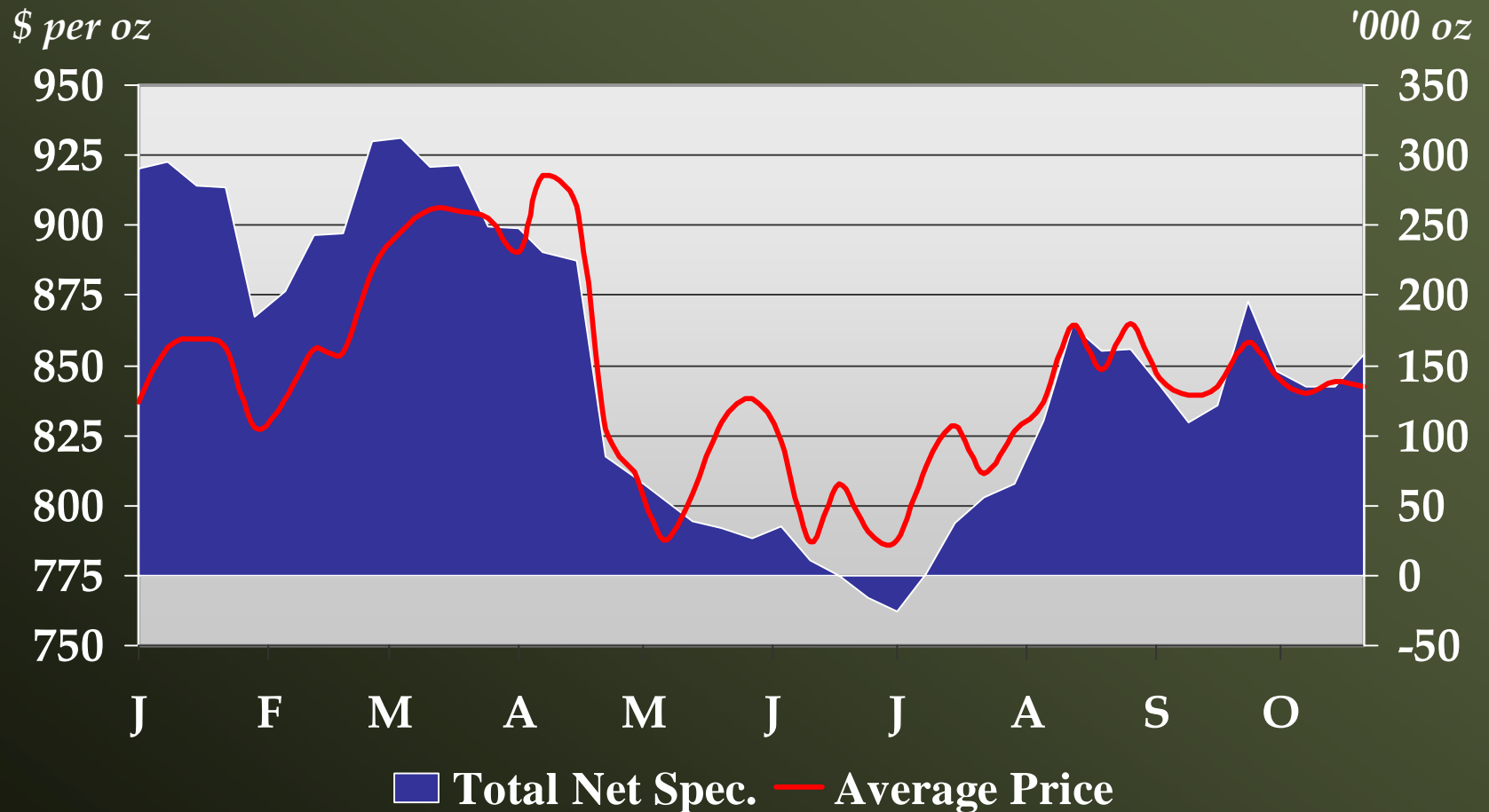
Platinum price

January - October 2004



Platinum price vs NYMEX net speculative position

January - October 2004

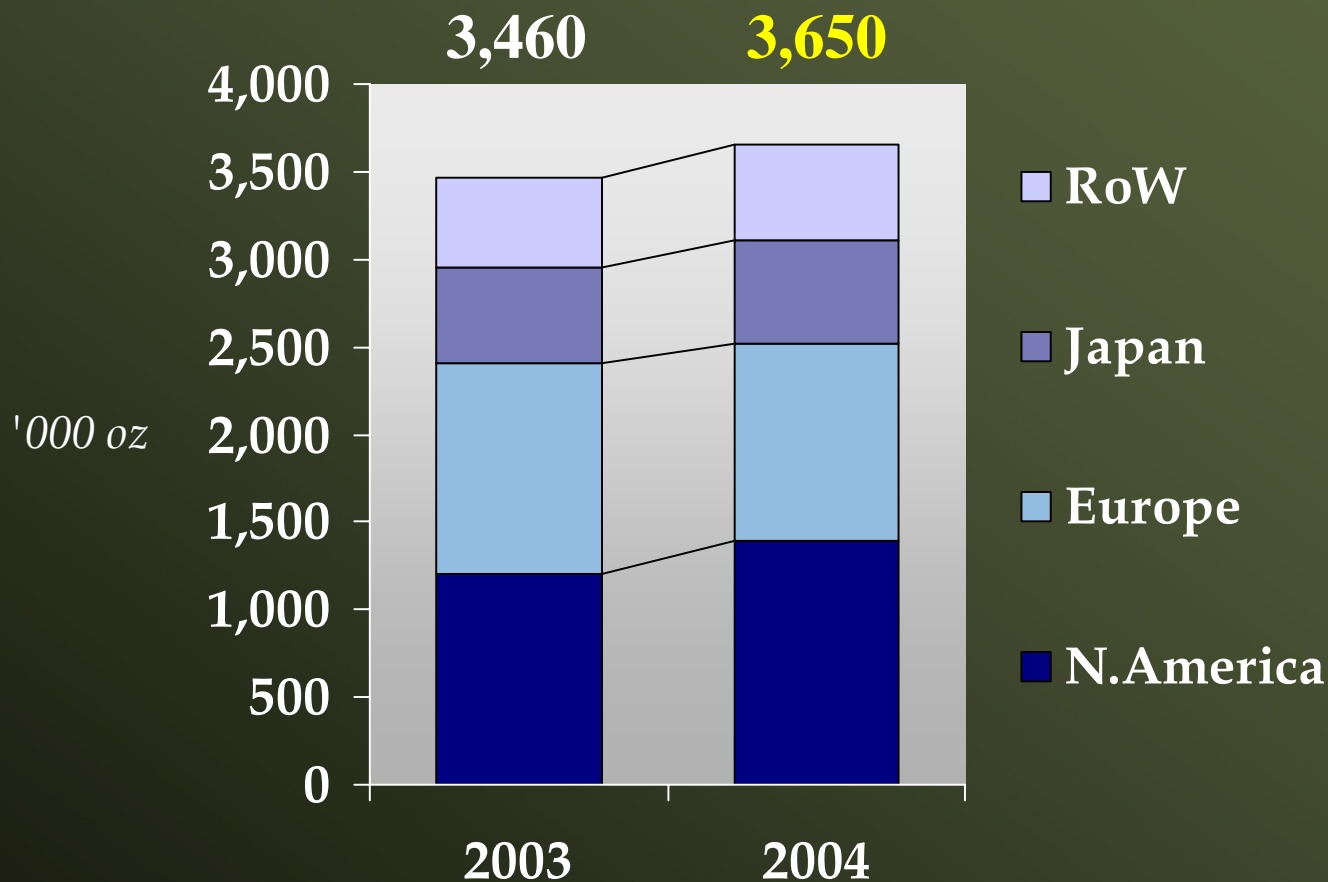


Palladium

- Demand to improve to 6.14 million oz
- US auto industry stocks falling, purchases rising
- Chinese jewellers introduce palladium products
- Mine output rising and large sales from stocks
- Market surplus to again exceed 1 million oz
- Price subdued despite large investment by funds

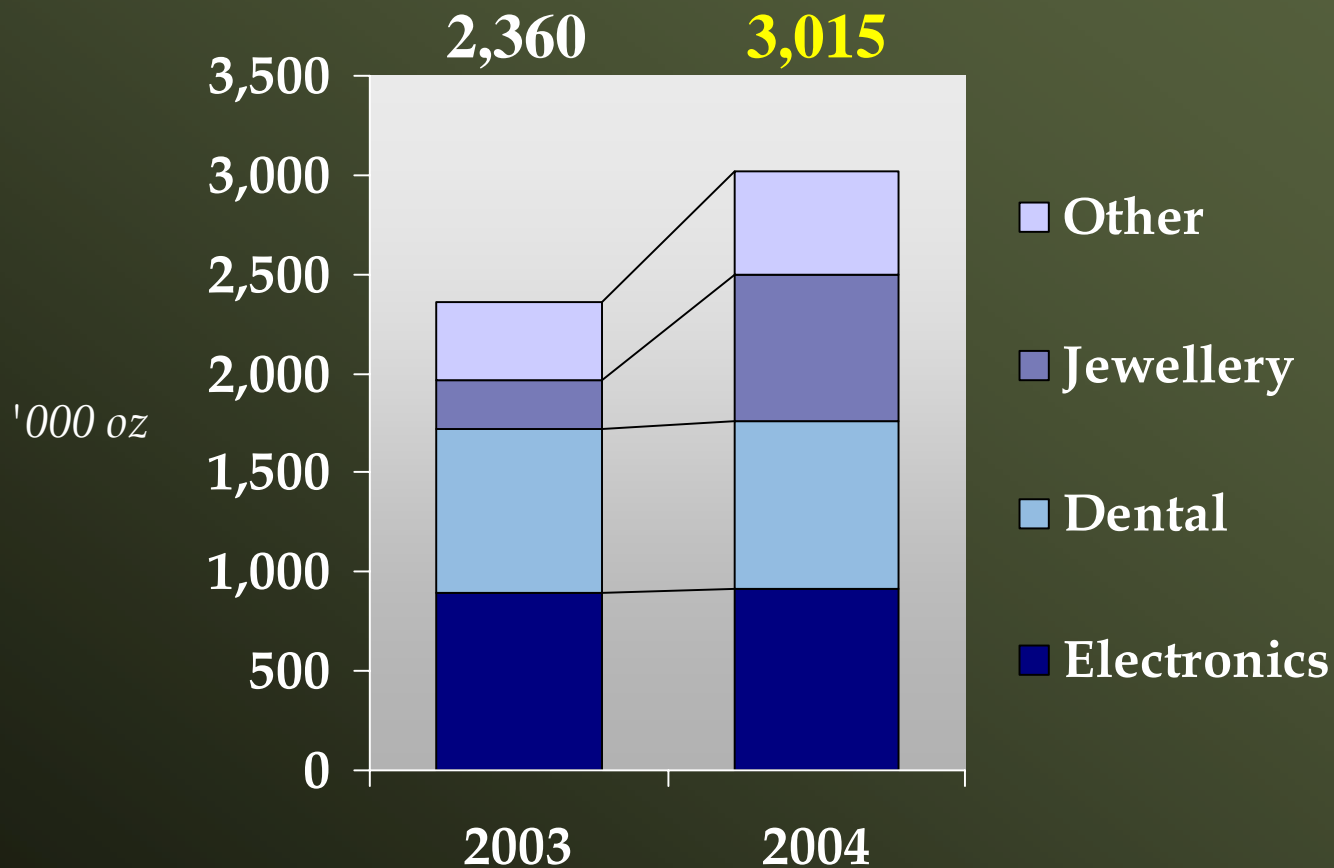
Palladium Demand by Application

Autocatalyst: +5.5%



Palladium Demand by Application

Industrial & other: +28%



Palladium Demand

Jewellery fabrication



Large scale production of palladium jewellery began in Q1

Strong purchasing of metal in March/April as trade stocked up



Mixed reception at retail level

Chinese jewellery demand to climb from 25k oz to 510k oz this year

Palladium Demand

Electronics: +2%



Strong demand from HIC and plating markets

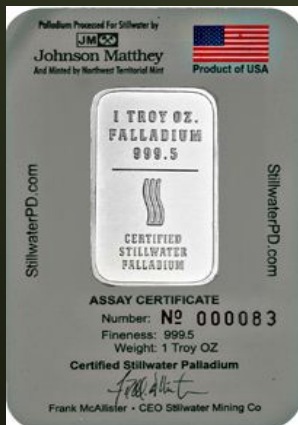
MLCC sales up but thrifting & miniaturisation continue

Palladium Demand

Dental and Other



Dental +2% - modest increase in Japan, little change elsewhere



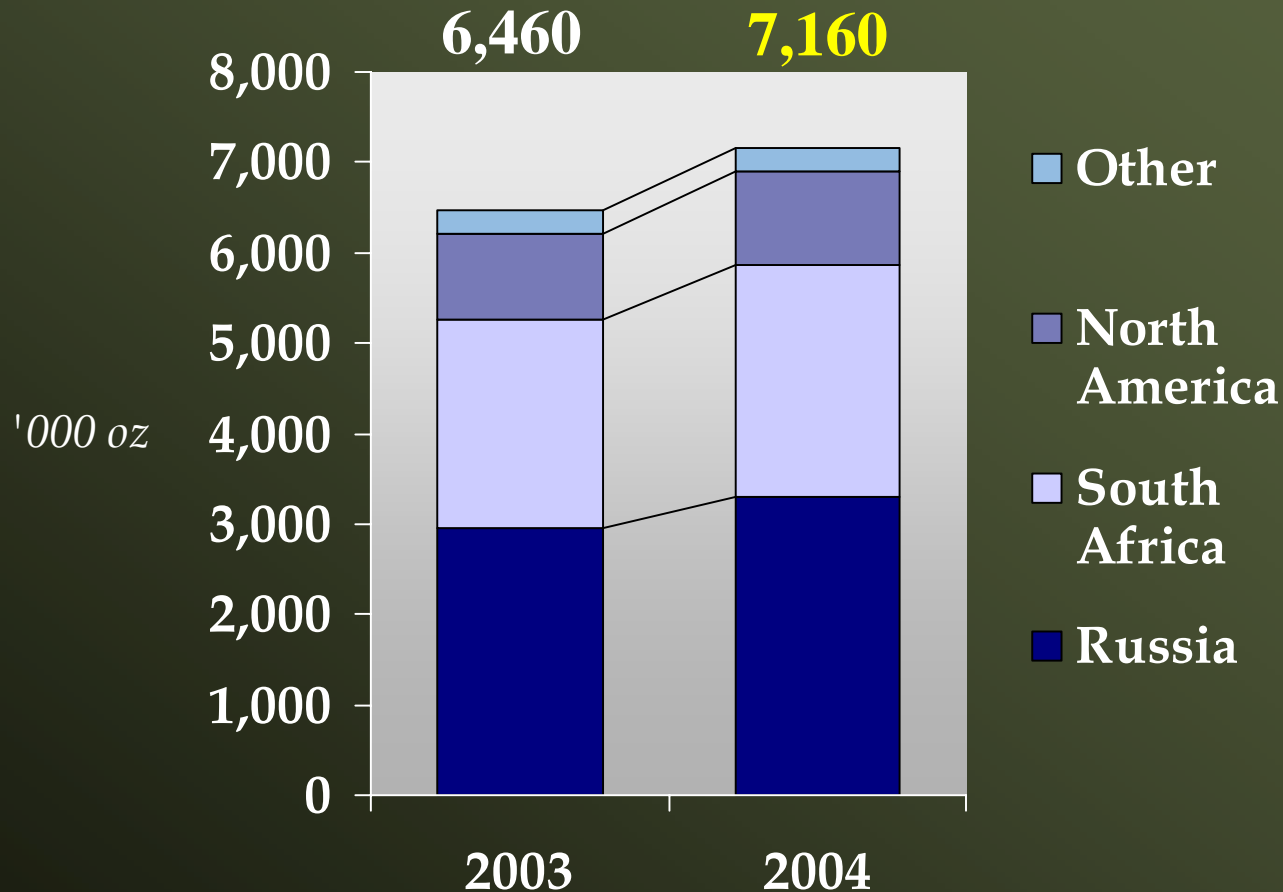
Significant investment demand for small bars in the USA

Palladium Demand by Application

<i>'000 oz</i>	2003	2004	% change
Autocatalyst: gross	3,460	3,650	5
recovery	(410)	(525)	28
Electronics	895	915	2
Dental and Other	1,465	2,100	43
TOTAL DEMAND	5,410	6,140	13

Palladium Supply by Region

Total supply: +11%



Palladium Supply by Region



Russia – mine production plus sales of 376,000 oz of inventory by Stillwater

South Africa – output rising in line with increased platinum production

USA – Inco, NAPd output up

Palladium Supply by Region

<i>'000 oz</i>	2003	2004	% change
Russia	2,950	3,300	12
South Africa	2,320	2,570	11
North America	945	1,025	8
Others	245	265	8
TOTAL SUPPLY	6,460	7,160	11

Palladium Supply and Demand

<i>'000 oz</i>	2003	2004	% change
Demand	5,410	6,140	13
Supply	6,460	7,160	11
Movements in Stocks	1,050	1,020	

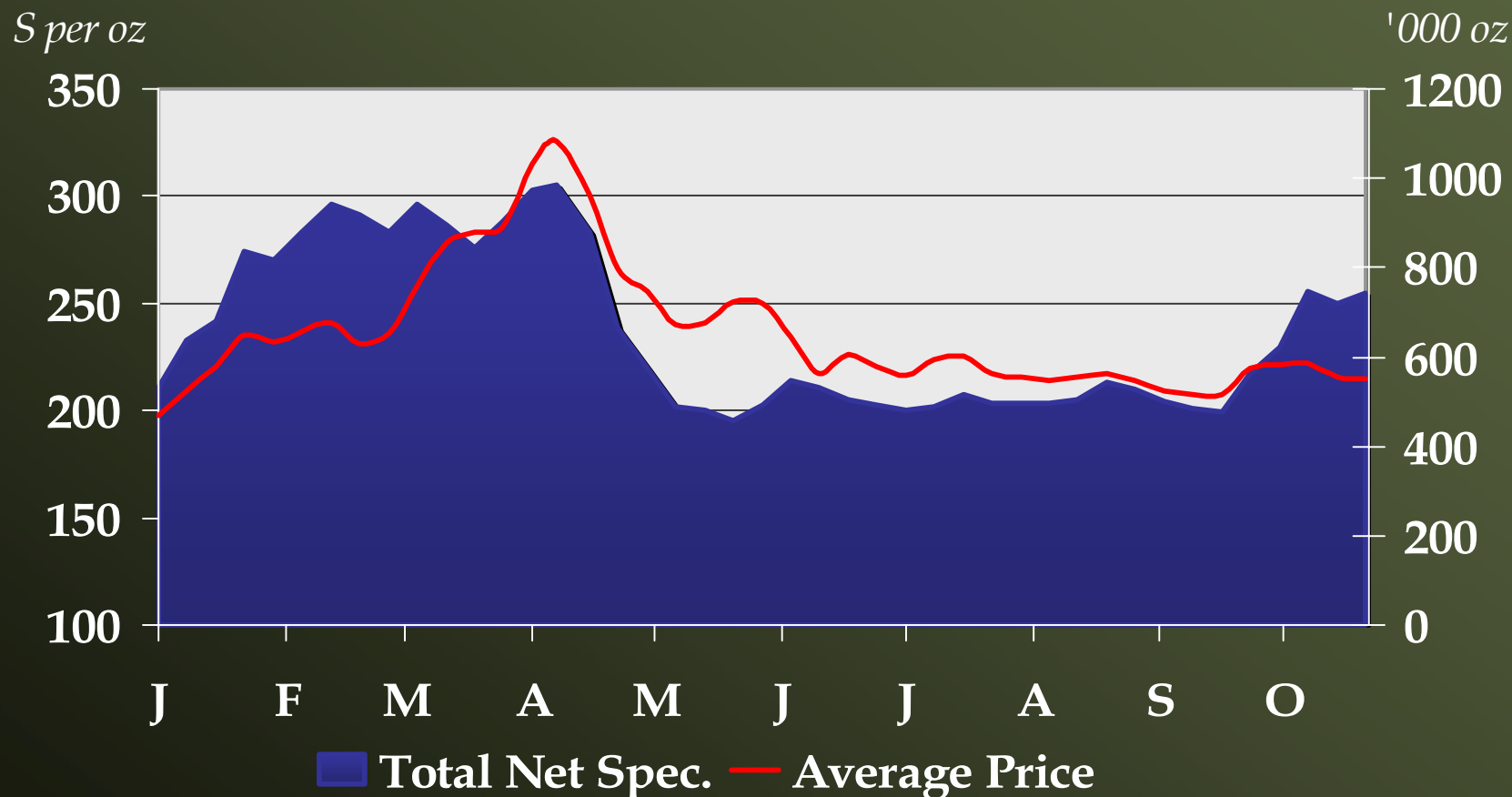
Palladium – NYMEX net speculative position versus price

January – October 2004



Palladium – NYMEX net speculative position versus price

January – October 2004



Conclusion - Platinum

- **Auto / industrial demand to stay firm**
- **Return to growth in jewellery possible but price dependent**
- **Supplies to rise more rapidly in 2005**
- **Market to move into surplus**

Forecast Platinum Price For The Next 6 Months



Conclusion - Palladium

- **Recovery to continue in auto / electronics markets**
- **Chinese jewellery demand likely to ease back**
- **Supplies to climb further as stock sales continue**
- **Substantial surplus to persist**

Forecast Palladium Price For The Next 6 Months

\$ per oz



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www.platinum.matthey.com