



Johnson Matthey

Platinum 2008



19th May 2008



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Platinum



Platinum: Key features

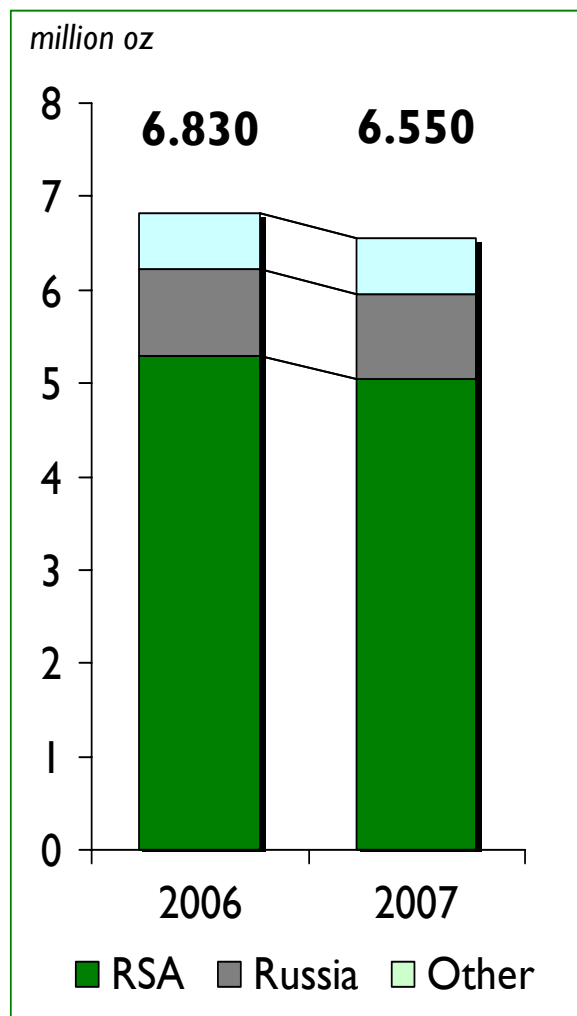
- Platinum market in deficit by 480,000 oz in 2007
- Supplies fall due to South African problems
- Autocatalyst demand grows 8.2% due to diesel emissions control
- Jewellery demand resilient: falls only marginally
- Investment demand climbs due to ETFs
- Platinum records a series of record prices

Platinum Supply and Demand

<i>'000 oz</i>	2006	2007	%
Supply	6,830	6,550	(4.1)
Demand	6,475	7,030	+8.6
Movements in stocks	355	(480)	



Platinum Supply Falls 4.1%

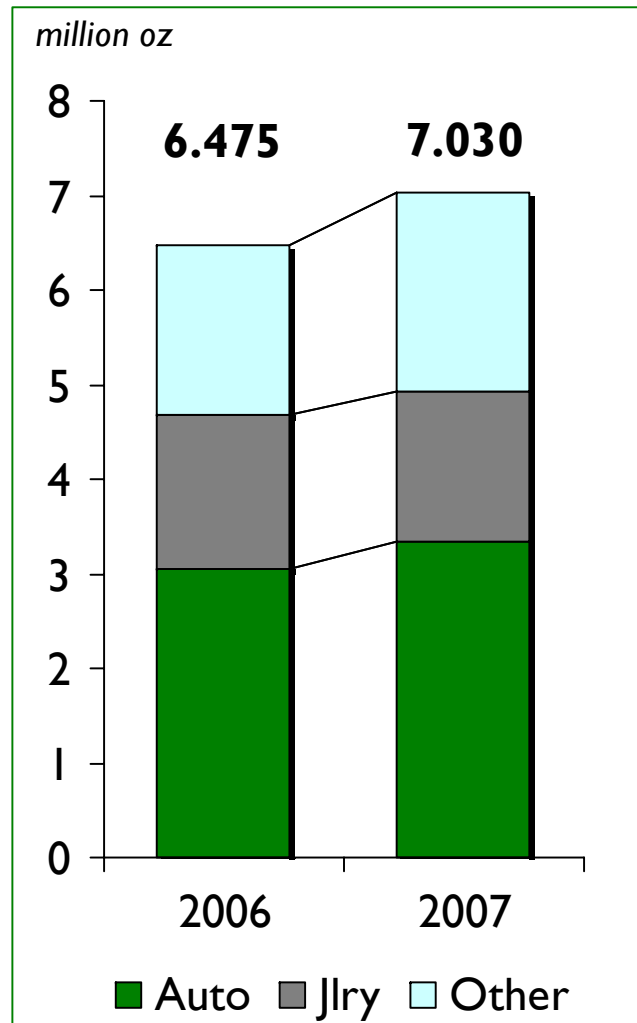


- 2007 South African output drops to 5.035 million oz due to a combination of strikes, safety issues and processing problems
- Russian production falls marginally to 910,000 oz
- North American production falls slightly to 325,000 oz

South African Platinum Supply

- Supplies fall from 5.295 million oz in 2006 to 5.035 million oz in 2007
- Problems include:
 - Lonmin smelter shutdown
 - Strikes surrounding wage negotiations
 - Continued focus on improving safety
 - Finding and retaining skilled staff
- Some growth at mines such as Mototolo and Two Rivers
- Power issues have no effect during 2007 but will impact upon 2008 output.

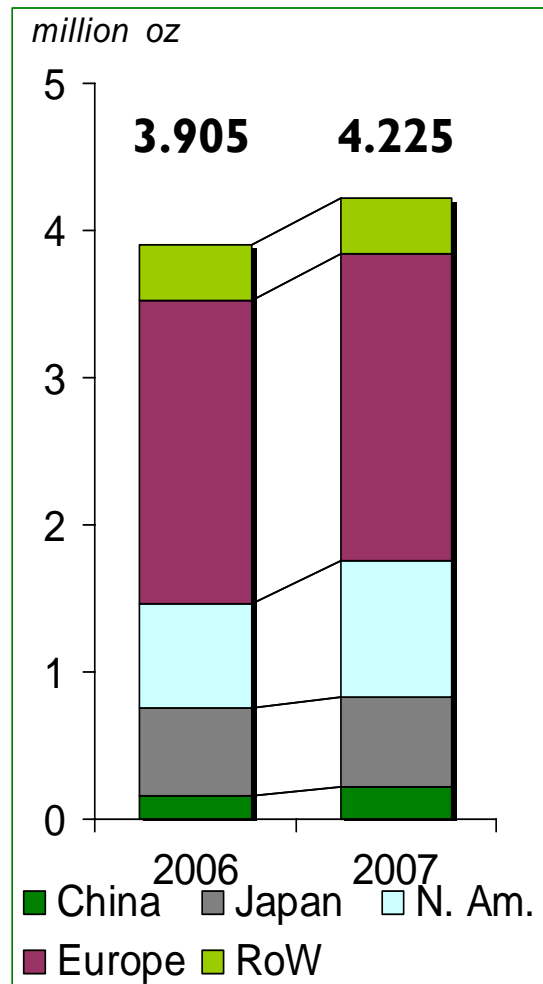
Platinum Demand Climbs by 8.6%



- Total demand climbs 555,000 oz to 7.03 million oz
- Gross autocatalyst demand rises by 320,000 oz
- Jewellery demand drops by 55,000 oz to 1.585 million oz
- Industrial demand climbs 6.0% to 1.940 million oz
- ETFs boost investment demand to 170,000 oz

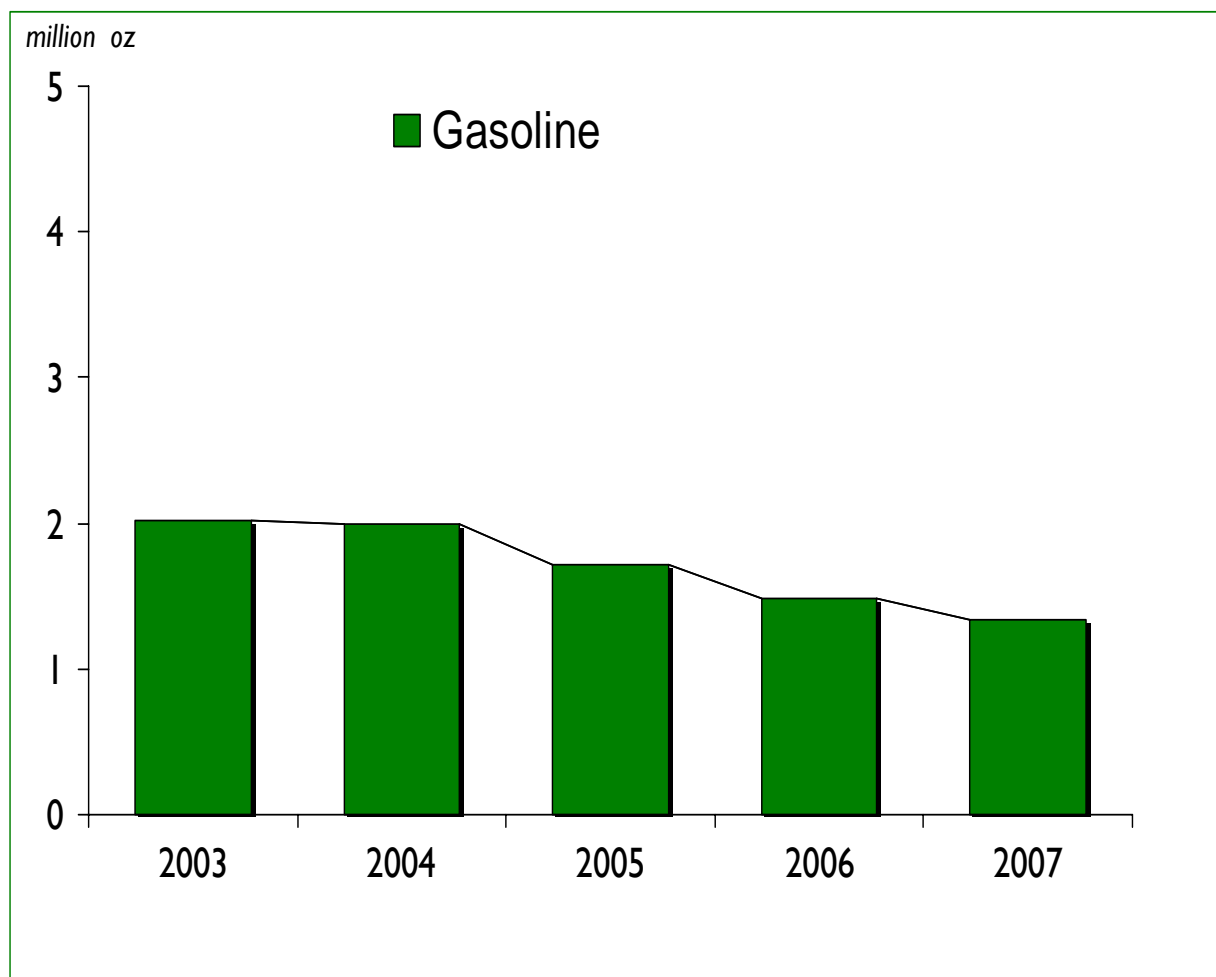


Platinum Demand: Autocatalyst

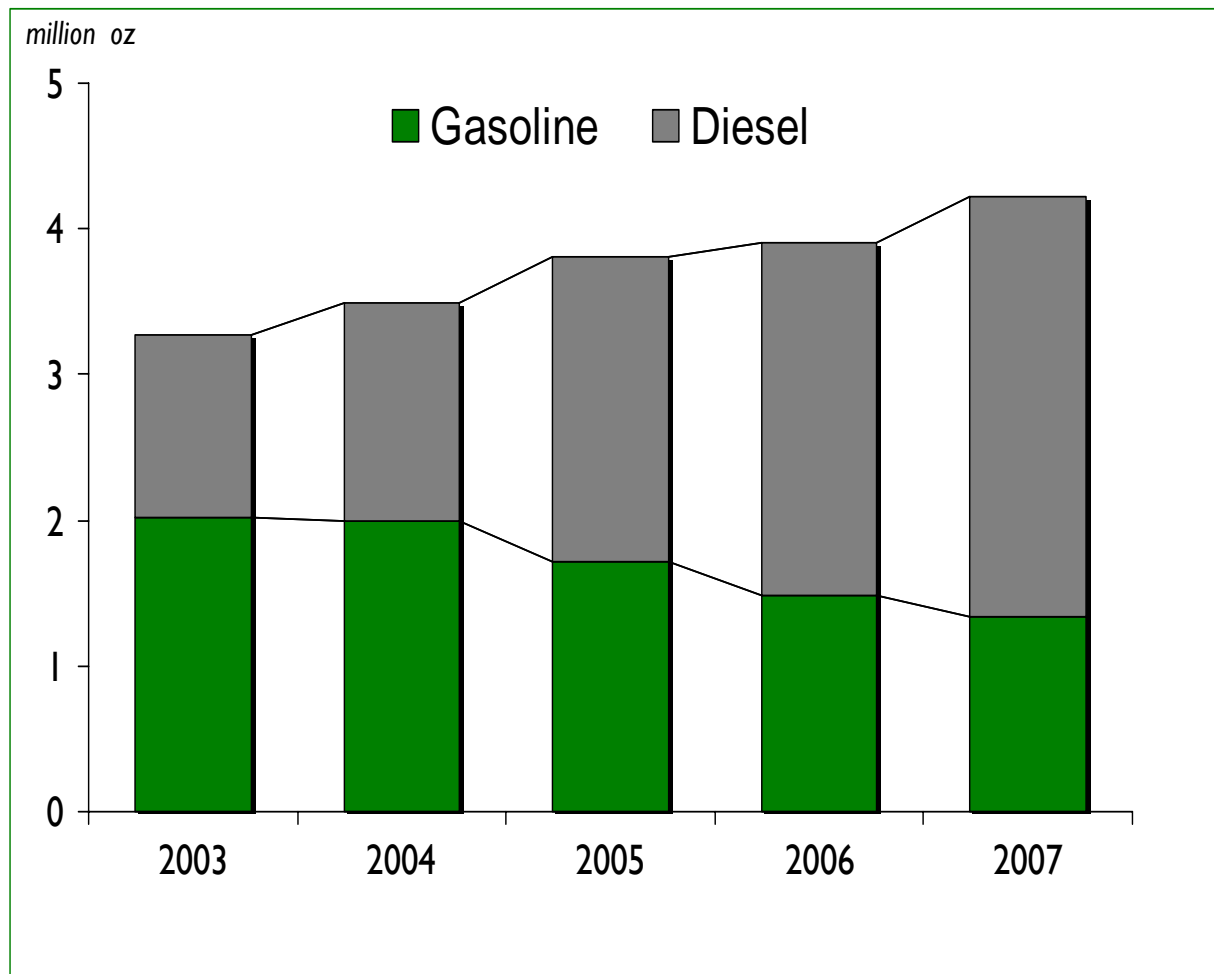


- Gross auto sector platinum purchases rise by 8.2% to 4.225 million oz
- Diesel sector drives growth
 - Increasing fitment of DPFs
 - Further growth in HDD market
- Japan and Korea continue to use platinum in autocatalysts
- Substitution of platinum in diesel and gasoline continues

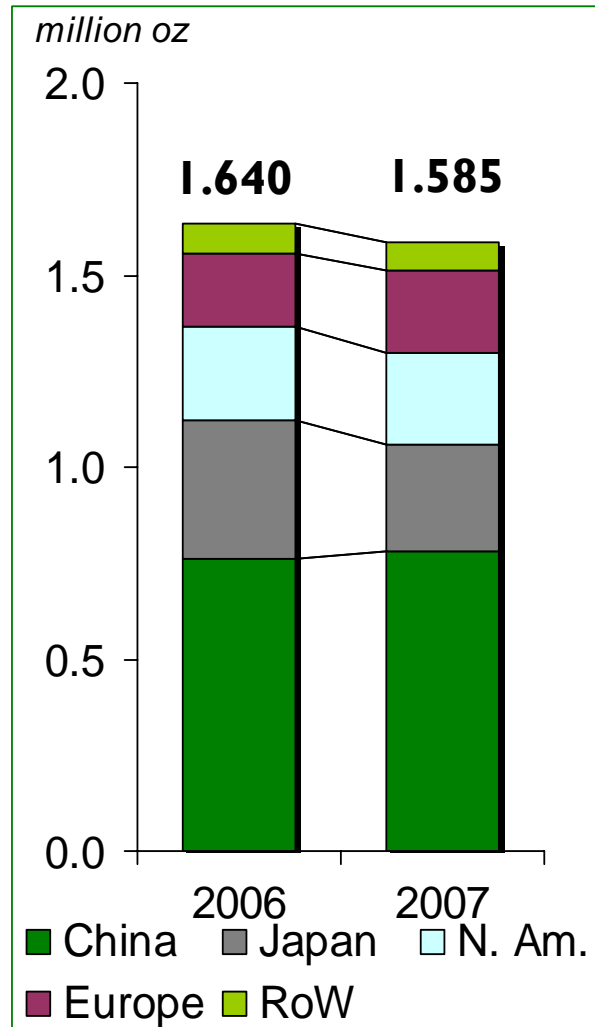
Platinum Demand: Autocatalyst



Platinum Demand: Autocatalyst

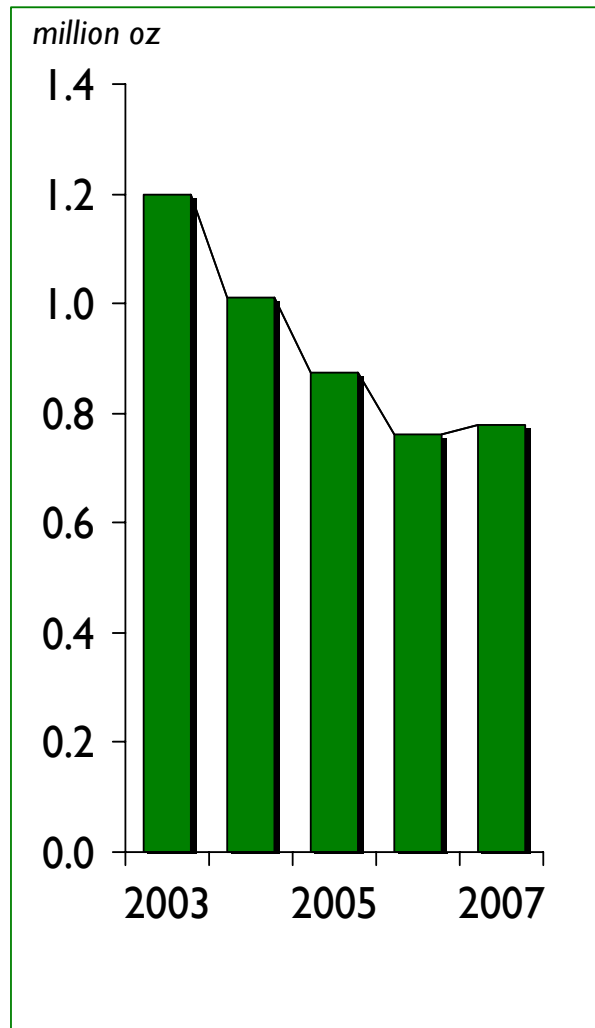


Platinum Demand: Jewellery



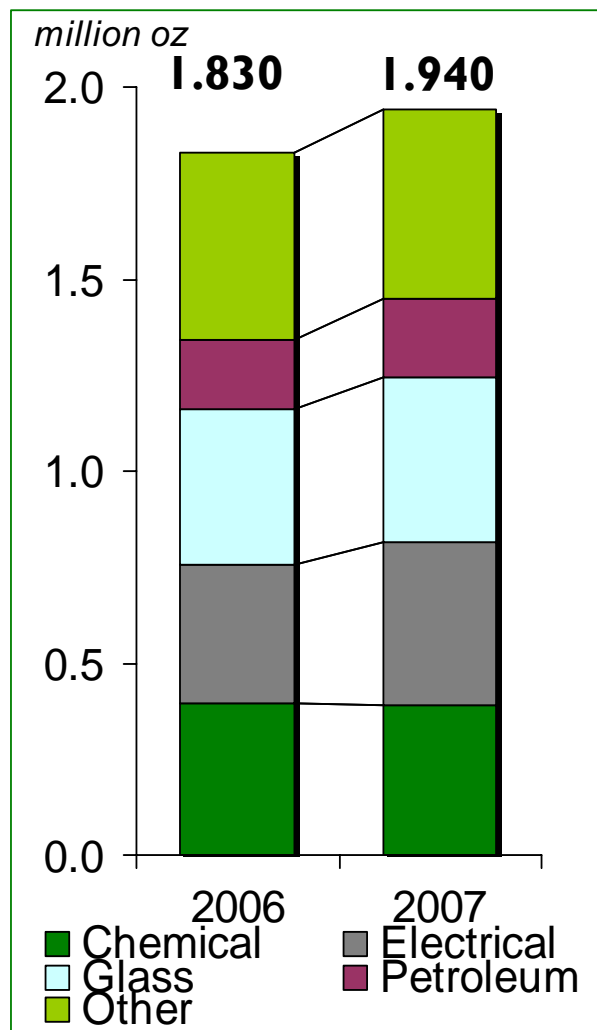
- Jewellery demand resilient in the face of high and volatile prices
- Global manufacturer purchases of new metal fall by 3.4% to 1.585 million oz
- Demand grows in China and Europe
- Tougher times in North America and Japan
- Recycling increases in Asia

Platinum: Chinese Jewellery

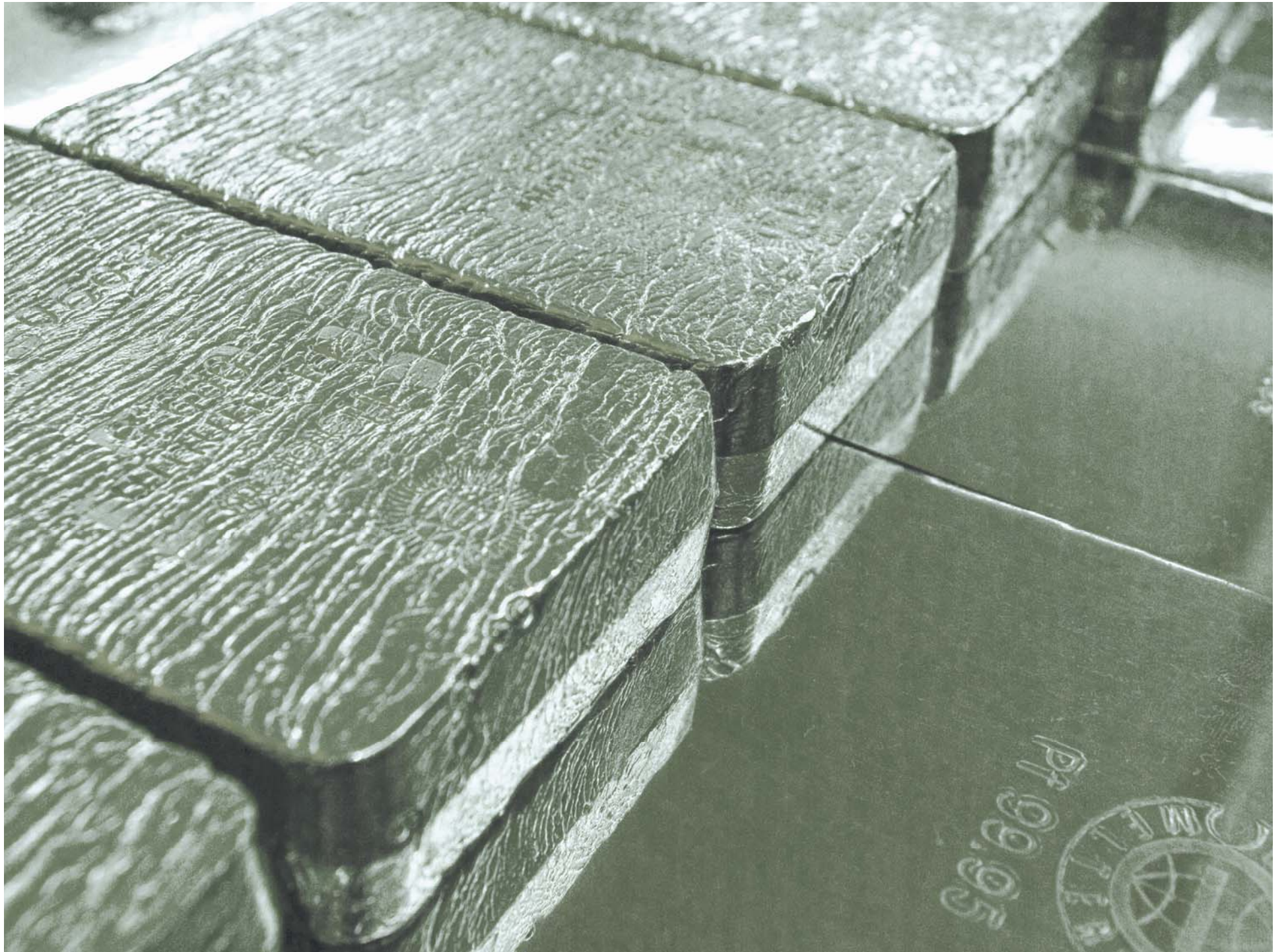


- Chinese manufacturers buy 2.6% more metal, at 780,000 oz
- Demand supported by beads in early 2007 and Olympic memorabilia in late 2007
- White gold applies some pressure to the platinum jewellery market as prices rise
- High prices in the final quarter of 2007 drive recycling rates higher

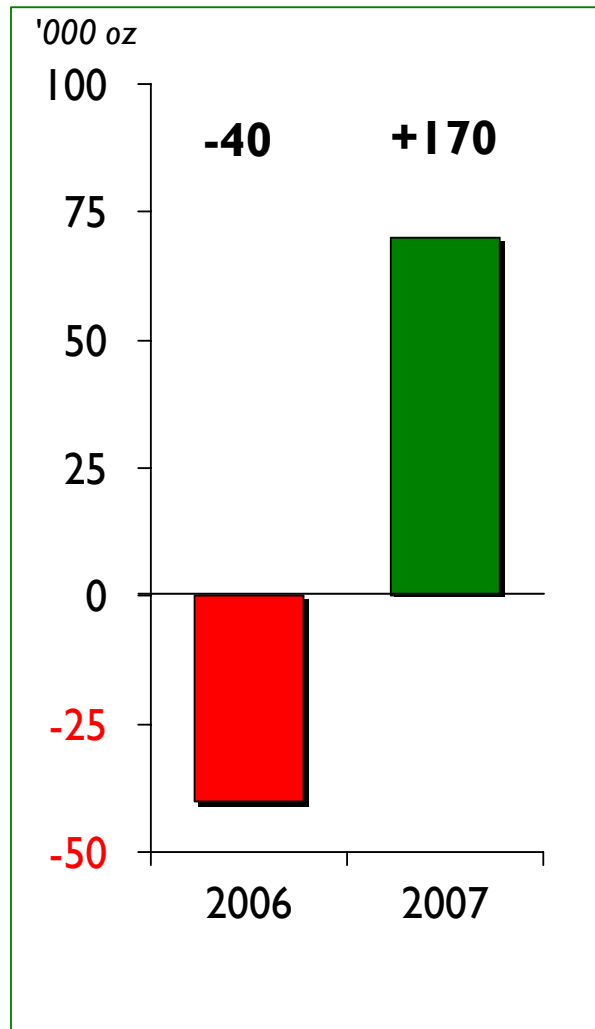
Platinum Demand: Industrial



- Industrial demand climbs 6.0% to 1.94 million oz
- Electronics demand rises on hard disk production
- Petroleum refining and glass purchases rise
- Limited price sensitivity seen



Platinum Demand: Investment



- Investment demand rises to 170,000 oz in 2007
- Two physically-backed ETFs launched
 - Net purchases reach 195,000 oz
- Coin sales fairly flat in North America
- Net disinvestment of large bars in Japan

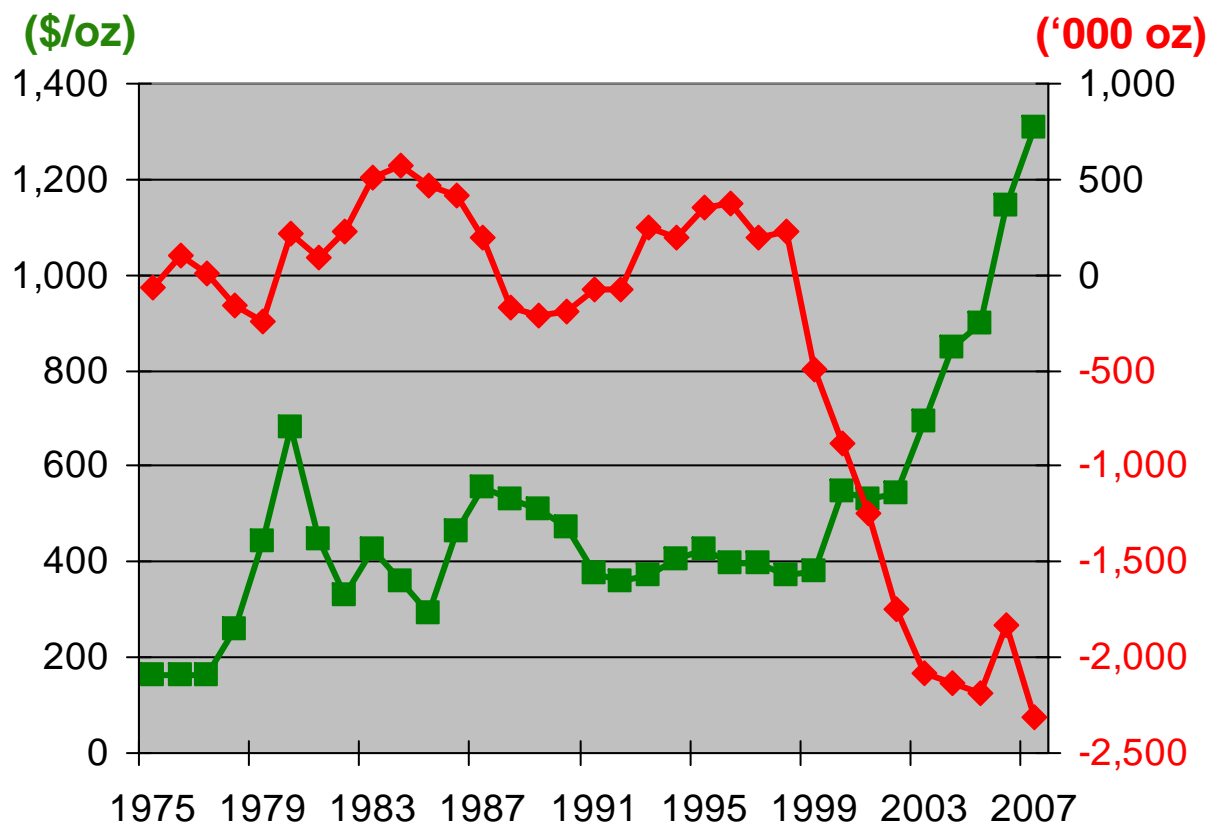
Platinum Outlook

- Automotive demand likely to grow as emerging economies offset weak US performance
- Effects of high prices in early 2008 not seen yet but jewellery demand likely to be lower
- ETF activity may accentuate volatility
- South African supply problems will impact output but this could still rise from 2007 levels
- Market expected to remain in deficit

Platinum Price Correlation

Annual Average Price

Cumulative Surplus/Deficit



Forecast Platinum Price for the Next 6 Months



Forecast Platinum Price for the Next 6 Months





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Palladium



Palladium: Key features

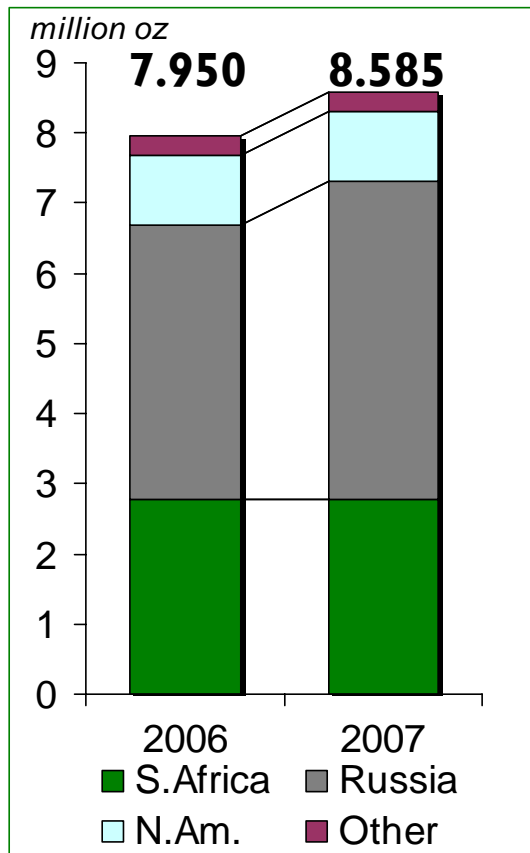
- Palladium market in fundamental surplus by 1.75 million oz in 2007
- Supplies rise, boosted by Russian stock sales in early 2007
- Vehicle production growth and substitution for platinum drive autocatalyst demand 10.8% higher
- Chinese jewellery demand drops
- ETFs reinvigorate investment demand
- Price supported by dollar weakness, investor demand and surge in platinum and gold prices

Palladium Supply and Demand

'000 oz	2006	2007	%
Supply	7,950	8,585	+8.0
Demand	6,605	6,835	+3.5
Movements in stocks	1,345	1,750	



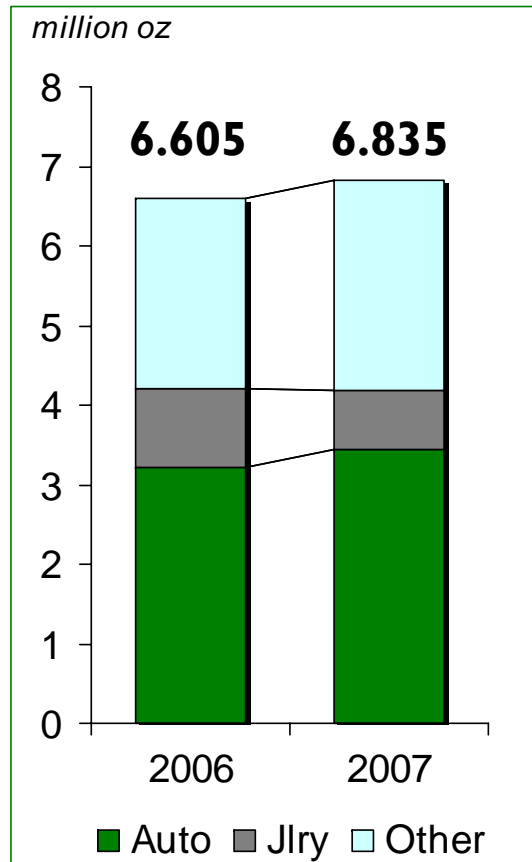
Palladium Supply Rises by 8.0%



- Supply grows 635,000 oz to 8.585 million oz
- North American supplies almost flat
- South African supply falls marginally to 2.770 million oz: supported by expansion and sales of refined stocks
- Russian production augmented by sales of Dec. 2006 shipments of State stocks

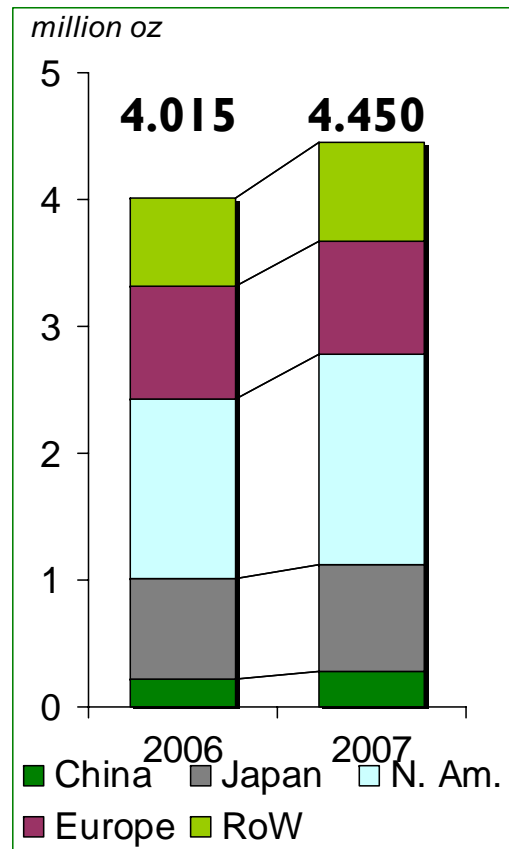


Palladium Demand Rises by 3.5%



- Global demand grows by 230,000 oz to 6.835 million oz
- Autocatalyst demand rises on substitution for platinum and growing vehicle production
- Jewellery demand drops mainly due to recycling in China
- Strong demand in electronics and other sectors
- ETFs prove successful

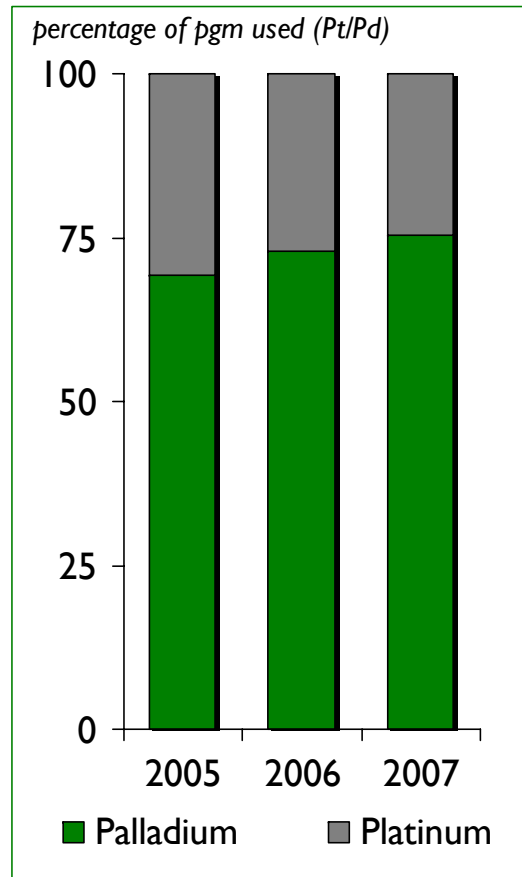
Palladium Demand: Autocatalyst



- Palladium continues to replace platinum in gasoline
- Increasing market share of Pt/Pd technology in diesel
- Growth in vehicle production in emerging economies offsets weakness in the North American market

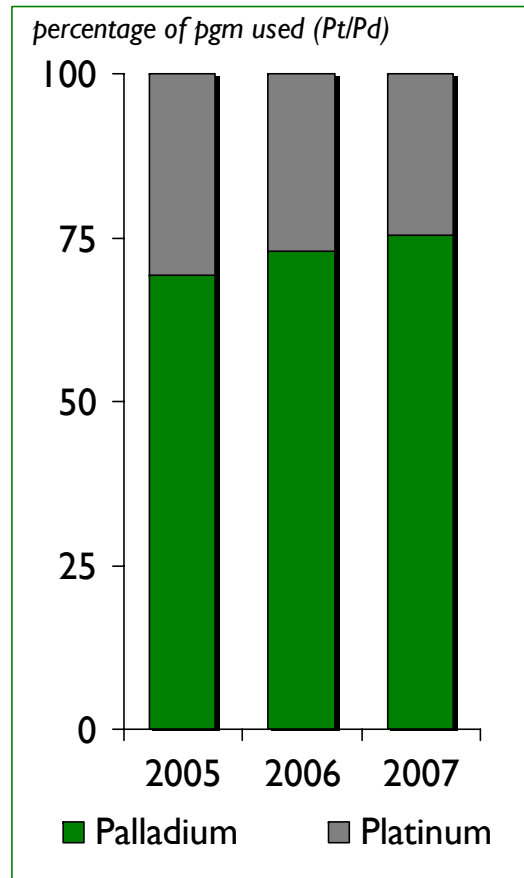
Pgm choice in Autocatalysts

Gasoline

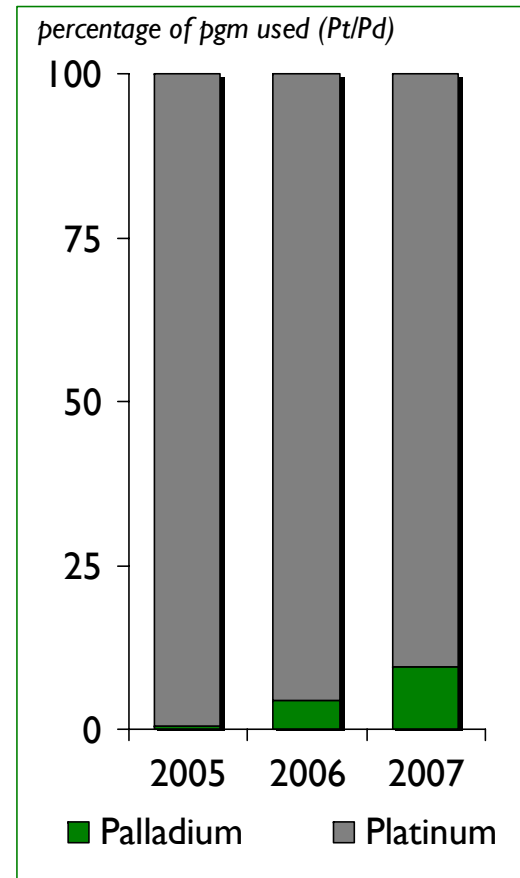


Pgm choice in Autocatalysts

Gasoline

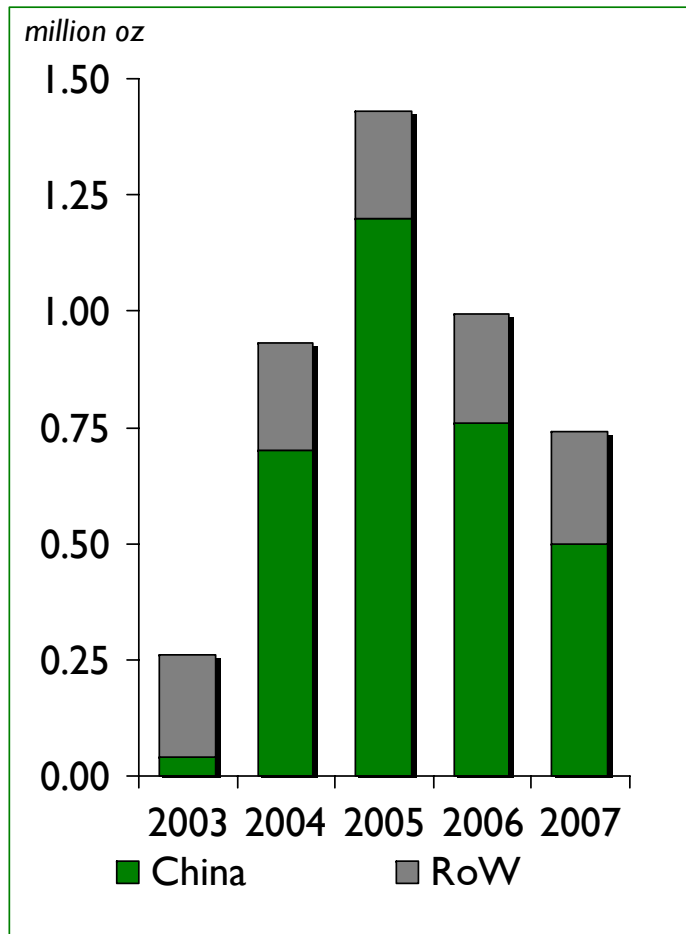


Diesel





Palladium Demand: Jewellery

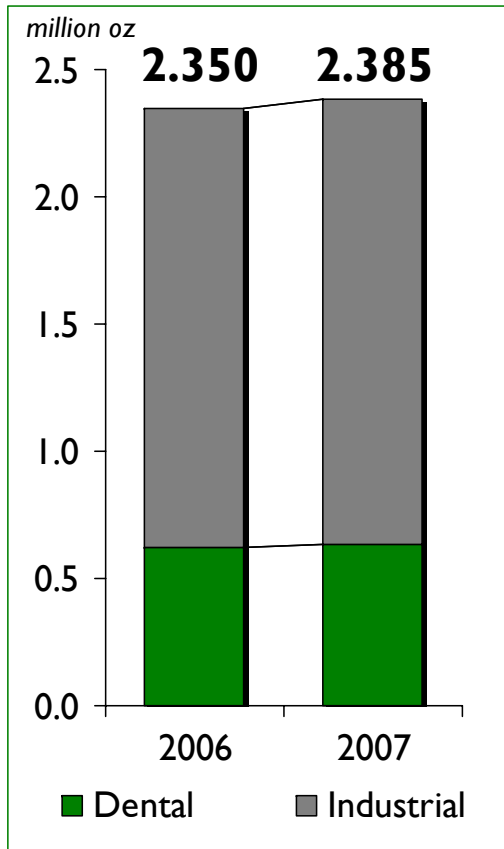


- Chinese new palladium purchases fall by 260,000 oz to 500,000 oz
- Manufacturing margins fall, hitting demand
- Significant use of recycled old palladium stock
- Retail sales picture mixed
 - healthy in some regions
 - poor in Shanghai and Beijing

Palladium Jewellery Positives

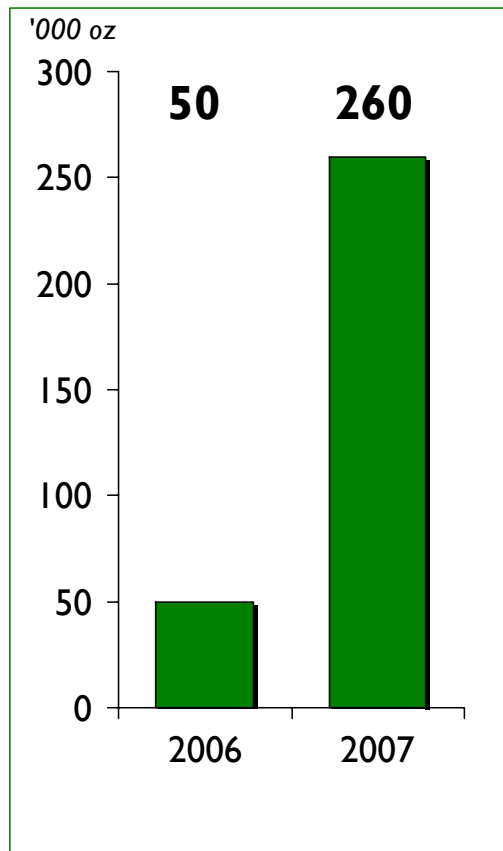
- Palladium is selling well in some markets in China
- Old Pd950 stock may now be running out
- Growing strength in the North American market, particularly in men's wedding rings
- European demand grows in 2007
- Further co-ordinated market development activity now likely

Palladium Demand: Industrial and Dental



- Industrial palladium demand grows by 1.2% to 1.750 million oz
- Dental purchases grow as the palladium price is outpaced by the gold price

Palladium Demand: Investment



- Palladium investment demand grows to 260,000 oz
- ETF launches reinvigorate investment market
- Demand from coins and bars in North America turns negative in 2007

Palladium Outlook

- Palladium to make further inroads into the diesel catalyst sector
- Increases in demand in industrial sector expected, driven by electronics growth
- Jewellery demand outlook improving
 - Growth in North America and Europe
 - Recycling rates may fall in China
- Russian shipments in late 2007 to be sold in 2008
- Market to remain in fundamental surplus - fund and investor interest to remain key to this metal

Forecast Palladium Price for the Next 6 Months



Forecast Palladium Price for the Next 6 Months





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Rhodium

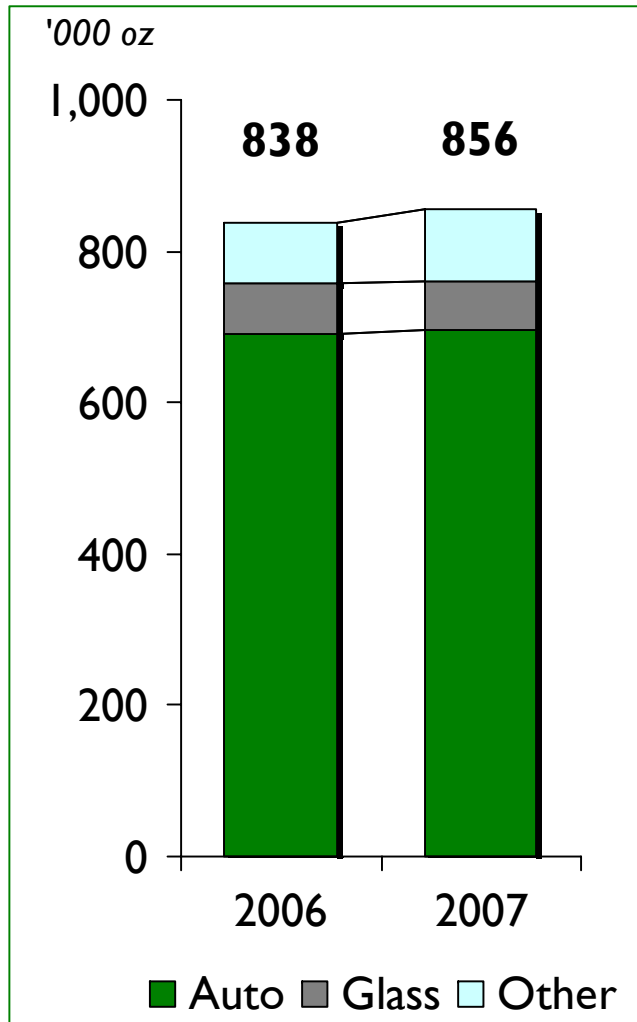


Rhodium Remains in Deficit



- Market in deficit again in 2007, by 34,000 oz
- Supplies rise by 20,000 oz to 822,000 oz due to sales from stock
- Demand climbs to 856,000 oz
- Price hits a series of records in early 2008

Rhodium Demand Climbs by 2.1%



- Total demand climbs 2.1% to 856,000 oz
- Gross autocatalyst demand rises by 1.9% to 879,000 oz
- Autocatalyst recycling rises by 7.0 %
- Other demand rises by 9.6%

Rhodium Outlook

- Strong growth in vehicle manufacturing in China, Russia and elsewhere to support rhodium demand
- Growth in LCD glass capacity positive for demand
- Continued high price to drive thrifting in autocatalyst and glass sectors
- Rhodium production hit by South African supply problems but increased output from UG2
- Market to remain tight in 2008



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