

Johnson Matthey

EMBARGO UNTIL 13:00 HRS LONDON TIME ON 19TH MAY 2008

PLATINUM 2008

JOHNSON MATTHEY RELEASES "PLATINUM 2008" INDUSTRY REVIEW

PLATINUM

PLATINUM MARKET IN DEFICIT BY 14.9 TONNES IN 2007

The platinum market was in deficit by 14.9 tonnes in 2007 according to PLATINUM 2008, released today by Johnson Matthey. Disruption to production in South Africa drove global platinum supplies down to 203.7 tonnes. Demand for platinum rose by 8.6 per cent to 218.6 tonnes with increased purchases of metal for autocatalysts and for industrial use. The platinum price rose by 35 per cent in response, hitting a series of record highs. Jewellery demand fell marginally under pressure from the high price.

SOUTH AFRICAN SUPPLY FALLS

Platinum supplies in 2007 fell by 4.1 per cent to 203.7 tonnes. South African supplies fell by 4.9 per cent to 156.6 tonnes: unscheduled smelter closures, safety problems and a difficult industrial relations climate negatively impacted upon output. Supplies of platinum from Russia and elsewhere fell slightly.

AUTOCATALYST PURCHASES OF PLATINUM RISE TO NEW RECORD

Global platinum purchases by the autocatalyst sector rose by 8.2 per cent in 2007 to 131.4 tonnes. The number of diesel vehicles produced in Europe, Japan and North America fitted with platinum-based exhaust aftertreatment to meet emissions rules continued to increase, outweighing the effect of substitution of platinum by palladium in some gasoline and diesel catalysts.

HIGH PRICES HAVE LITTLE IMPACT ON JEWELLERY DEMAND

Despite a rising price, purchases of platinum by the jewellery industry, excluding scrap, fell only marginally to 49.3 tonnes. Retail sales and manufacturing volumes were resilient in most geographical markets. Chinese demand for manufacturing platinum jewellery rose modestly from 23.6 tonnes to 24.3 tonnes. The quantity of second hand jewellery and unsold retail stock returned for recycling in both China and Japan increased due to the high metal price.

EXCHANGE TRADED FUNDS BOOST INVESTMENT DEMAND

Platinum investment demand climbed sharply to 5.3 tonnes in 2007 from net disinvestment of 1.2 tonnes the previous year. The launch of two new platinum-based exchange traded funds in Europe in the first half of 2007 created significant new investment demand. Platinum industrial demand rose to 60.3 tonnes, six per cent up from the 2006 total. This was aided by booming retail sales of electronic goods, which increased platinum requirements for hard disks and for the manufacture of flat panel display glass.

PLATINUM PRICE TO REMAIN VOLATILE

The country-wide power supply crisis in South Africa and the temporary closure of the Amandelbult mine due to flooding in early 2008 will affect production of platinum this year. With industrial and automotive demand expected to remain strong and supplies set to underperform, the platinum market is likely to be in a substantial deficit in 2008. The global economic slowdown and any strengthening in the US Dollar could cause the platinum price to soften but high volatility is expected to continue during the next six months. Johnson Matthey forecasts that platinum will trade within a wide range of \$1,775 to \$2,500 over this period.

PALLADIUM

PALLADIUM MARKET IN LARGE FUNDAMENTAL SURPLUS AGAIN IN 2007

The palladium market was in surplus by 55.0 tonnes in 2007. Demand rose by 3.5 per cent to 212.6 tonnes, with increasing purchases by the autocatalyst, electronics and investment sectors. Palladium production changed little but heavy sales of Russian State stock took total supplies to 267.6 tonnes.

PALLADIUM SUPPLIES BOLSTERED BY SALES OF RUSSIAN STATE STOCK

Palladium supplies rose by 8.0 per cent to 267.6 tonnes in 2007. In South Africa, increased sales from refined stocks augmented mine production to bring supplies to 86.1 tonnes, just below 2006 levels. Russian primary production declined slightly, to around 95.3 tonnes. The shipments of 40.3 tonnes of State stock in December 2006 contributed to 2007 supplies.

PALLADIUM USE RISES IN DIESEL AND GASOLINE CATALYSTS

Autocatalyst demand for palladium climbed by 10.8 per cent in 2007 to a total of 138.4 tonnes. Rising vehicle production in China and the Rest of the World region added to palladium purchases. Car makers continued to use palladium to replace all of the platinum in a typical gasoline autocatalyst, and some of the platinum in a proportion of diesel catalysts.

PALLADIUM JEWELLERY DEMAND FALLS IN CHINA

Palladium jewellery demand fell from 30.9 tonnes in 2006 to 23.0 tonnes in 2007. Jewellery manufacturing demand in China fell to 15.5 tonnes. The industry remains fully stocked and recycling of large amounts of old, unsold retail stock drove palladium demand lower last year. In Europe and North America, palladium jewellery demand increased to a combined total of 3.0 tonnes.

ELECTRONICS DEMAND GROWS FOR SIXTH SUCCESSIVE YEAR

Demand from the electronics industry grew for the sixth successive year but remained significantly below its peak. Dental demand rose marginally, reversing several years of decline. Two palladium exchange traded funds were launched in Europe during 2007, boosting investment demand to 8.1 tonnes.

PALLADIUM PRICE TO FOLLOW PLATINUM AND GOLD

The palladium price climbed 11 per cent in 2007 and was well-supported by a number of investors and institutions. With the market expected to be in surplus once more in 2008, investor interest will remain absolutely key. If the platinum and gold prices perform well, palladium could trade as high as \$575 within the next six months. Any widespread sell-off of commodities would weaken the price. Johnson Matthey currently expects a floor price of no lower than \$400 during the same period.

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Platinum 2008 is Johnson Matthey's latest market survey of platinum group metals supply and demand. This report, widely regarded as the world's principal source of information on platinum group metals, is free of charge. It can be viewed and downloaded as an electronic file or can be ordered in printed form from Johnson Matthey at <http://www.platinum.matthey.com/publications/pgmreview.html>

Johnson Matthey is the world's leading authority on the production, supply and use of platinum and the other metals of the platinum group. The company's main activities include the manufacture of autocatalysts, platinum process catalysts and speciality chemicals and the refining, fabrication and marketing of platinum group metals.