



Johnson Matthey

# Platinum 2007



14th May 2007



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# Platinum



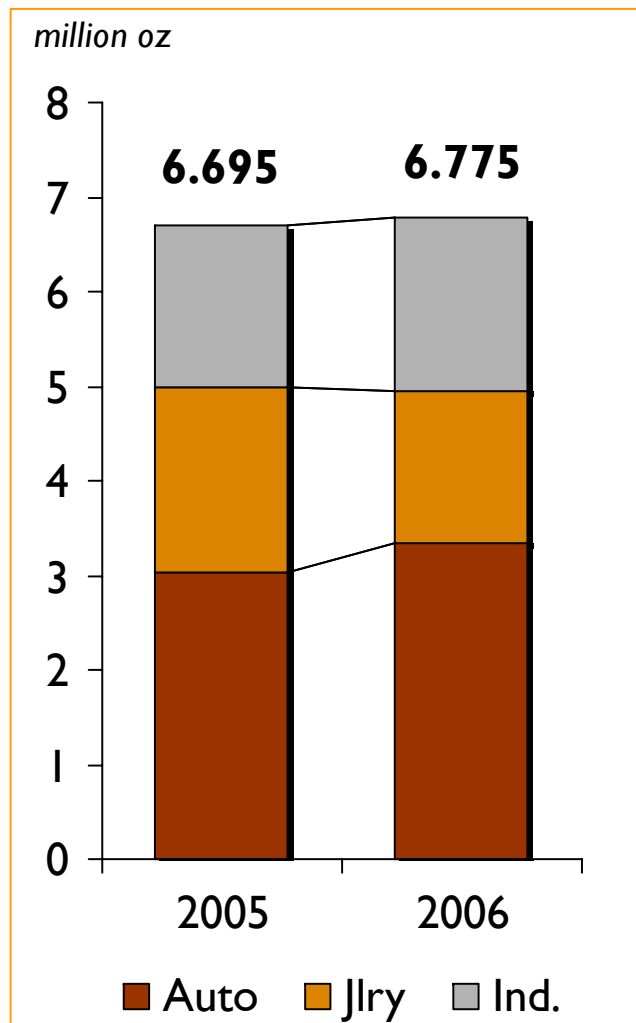
# Platinum: Key features

- Platinum market moves into surplus after 7 years of deficit
- Autocatalyst growth through diesel
- Jewellery recycling increases
- South African supply rises
- Supply disruptions in early 2007
- ETF launches

# Platinum Supply and Demand

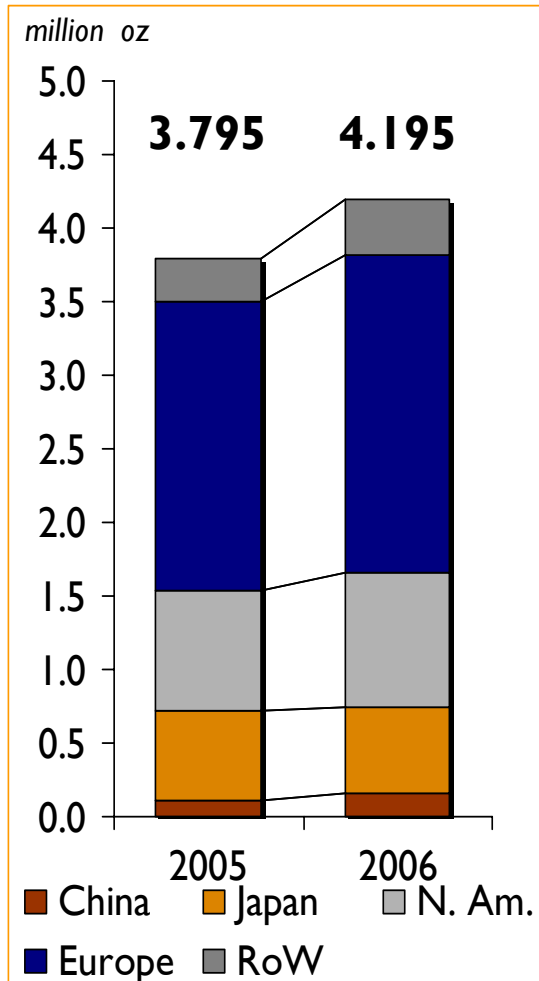
'000 oz	2005	2006	%
<b>Demand</b>	<b>6,695</b>	<b>6,775</b>	<b>+1.2</b>
<b>Supply</b>	<b>6,640</b>	<b>6,785</b>	<b>+2.2</b>
<b>Movements in stocks</b>	<b>(55)</b>	<b>10</b>	

# Platinum Demand Rises 80,000 oz



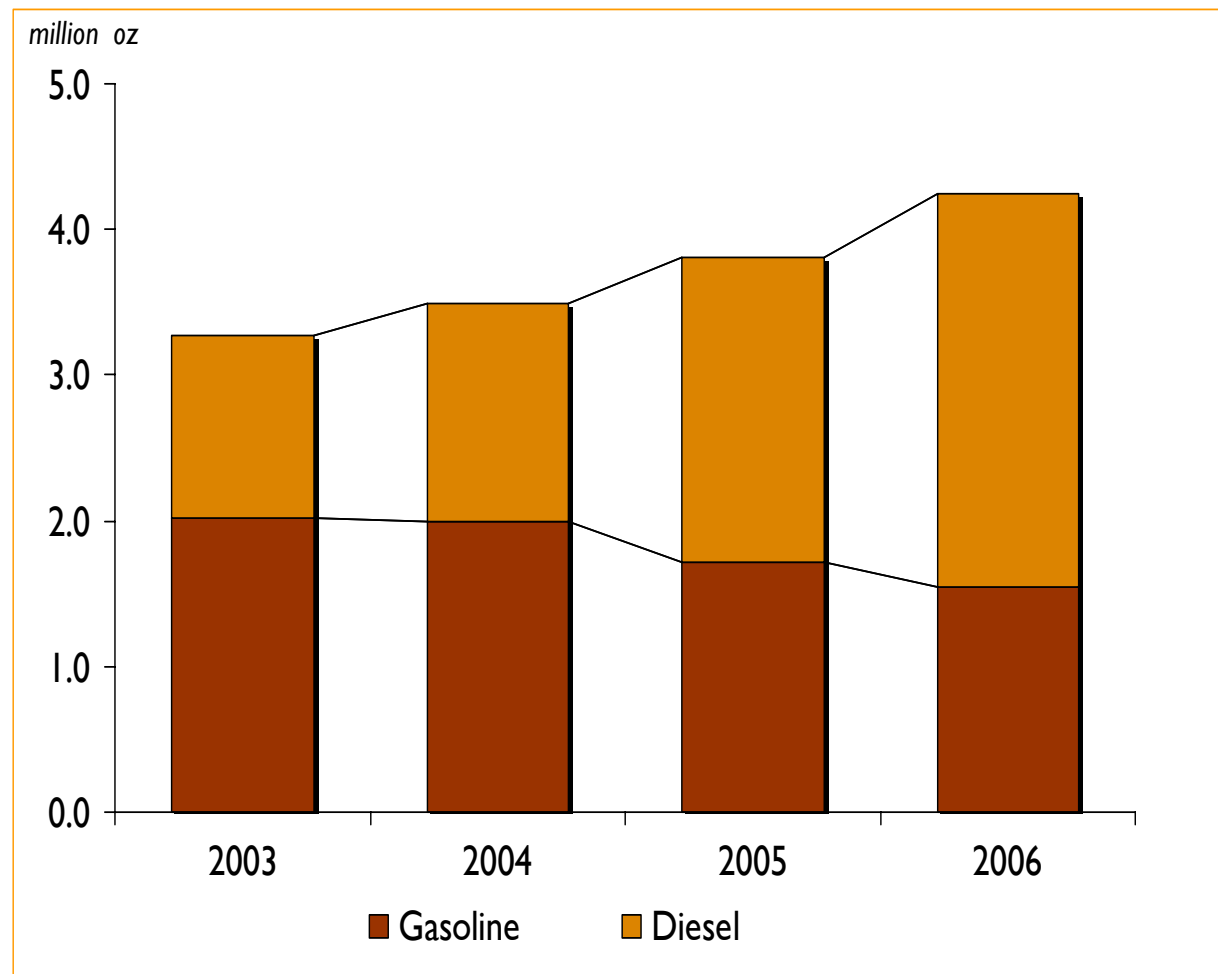
- Total demand edges 1.2% up to 6.78 million oz
- Autocatalyst demand climbs, driven by diesel growth
- Jewellery demand affected by high metal price
- Healthy growth in industrial sectors

# Platinum Demand: Autocatalyst

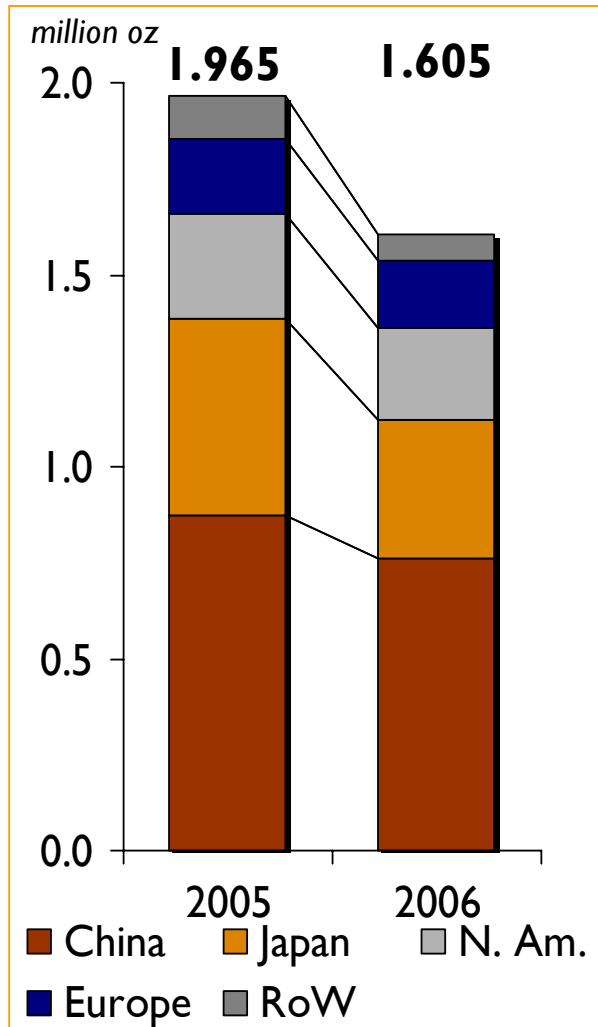


- Autocatalyst demand rises 400,000 oz to 4.20 million oz
- Japanese platinum use falls marginally
- Global heavy duty diesel demand now exceeds 200,000 oz
- European and North American platinum uptake rises due to light duty diesel vehicles

# Platinum Demand: Autocatalyst



# Platinum Demand: Jewellery



[www.platinum.matthey.com](http://www.platinum.matthey.com)

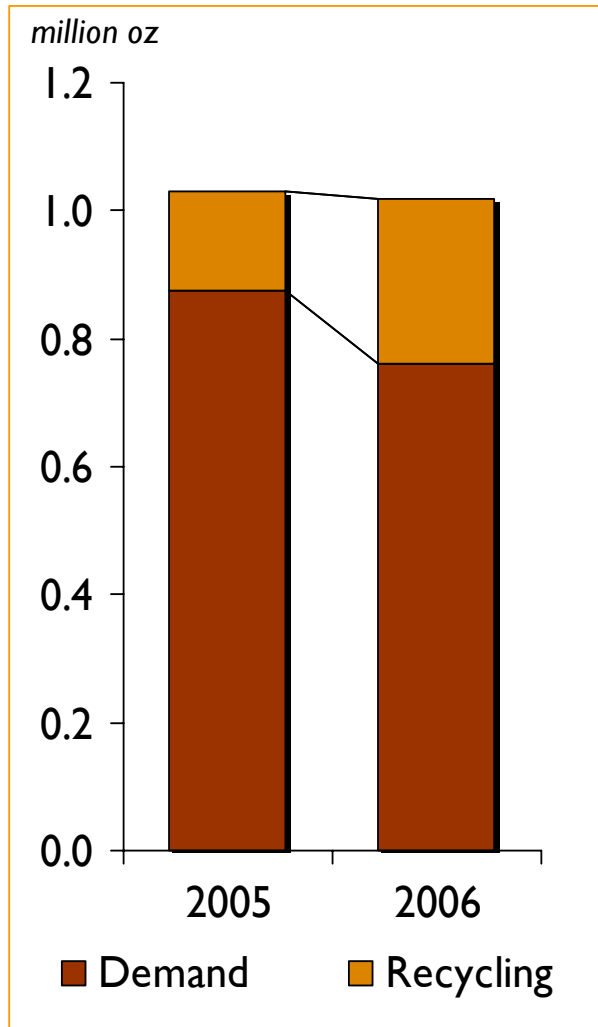
- High prices negatively affect global jewellery demand
- Total global demand falls 360,000 oz to 1.61 million oz
- Demand for new metal falls in every region
- Retail sales resilient in key markets



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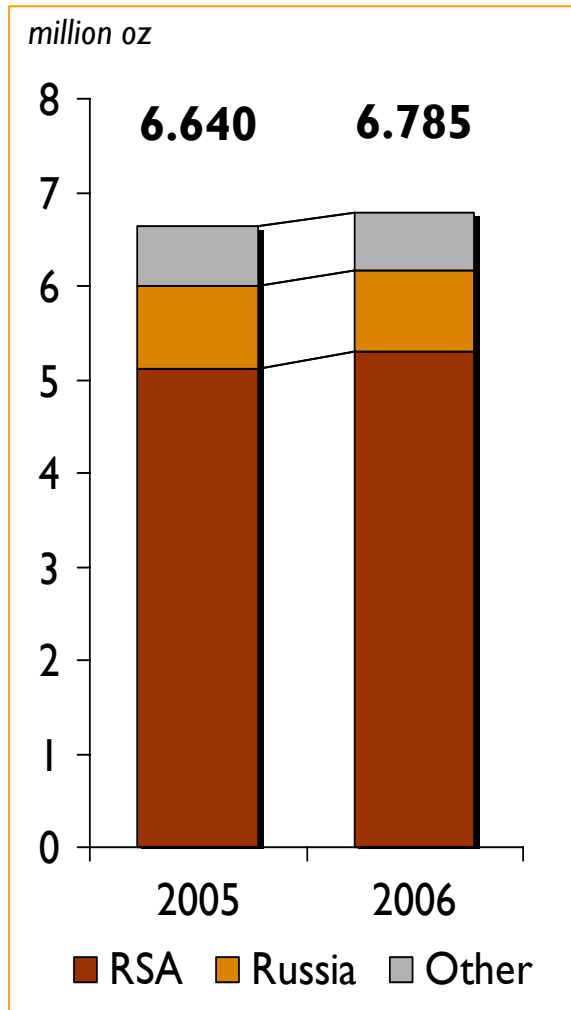


# Platinum: Chinese Jewellery Manufacture



- Net demand for new metal falls 115,000 oz to 760,000 oz
- Retail sales little changed in weight, up in value
- Recycling of unsold stock and pieces returned by consumers doubles in size

# Platinum Supply



- 2006 South African expansions raise sales by 175,000 oz
- Mixed performance from South African mining houses
- Production in Russia and elsewhere fairly flat
- Pgm basket price remains at historically high levels

# Platinum Outlook

- Further growth in demand for diesel autocatalysts
- Improved first four months of SGE sales
- First half supply disruptions resolved
- Second half supplies to recover strongly
- Market likely to move into surplus

# Forecast Platinum Price for the Next 6 Months





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# Palladium



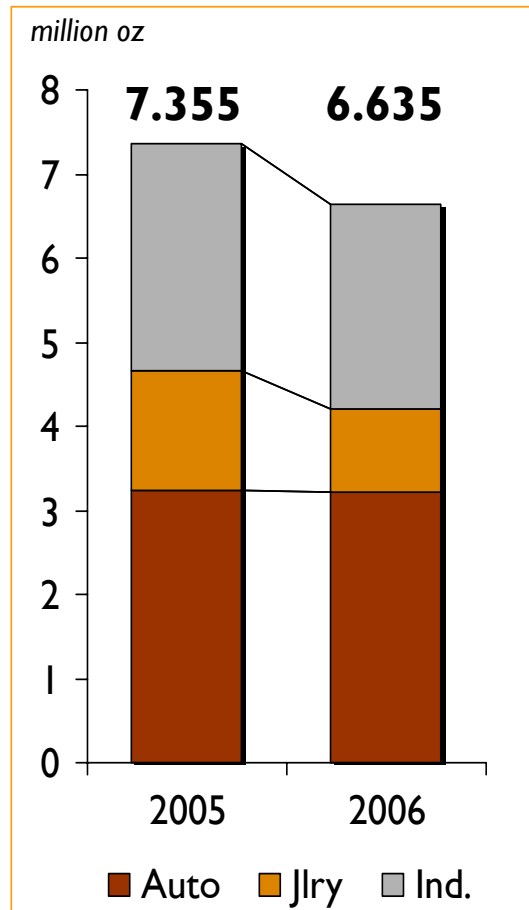
# Palladium: Key features

- Palladium supply exceeded demand by more than 1 million oz in 2006
- Autocatalyst substitution for platinum
- Jewellery demand falls
- Global supplies lower than in 2005
- Fund and investor interest

# Palladium Supply and Demand

'000 oz	2005	2006	%
<b>Demand</b>	<b>7,355</b>	<b>6,635</b>	<b>-9.8</b>
<b>Supply</b>	<b>8,405</b>	<b>8,060</b>	<b>-4.1</b>
<b>Movements in stocks</b>	<b>1,050</b>	<b>1,425</b>	

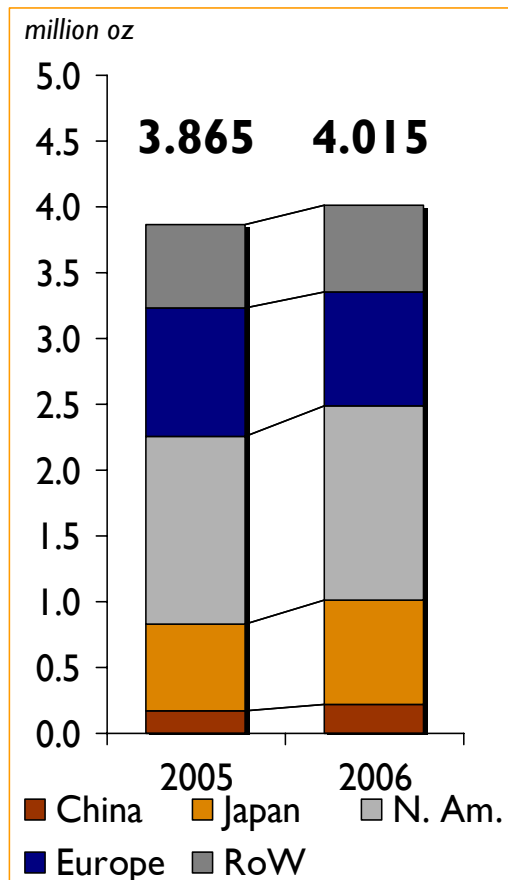
# Palladium Demand Shrinks



- Total demand contracts by 10% to 6.64 million oz
- Increased recycling balances growth in autocatalyst purchases
- Sharp fall in palladium jewellery demand from 1.43 million oz to 995,000 oz
- Electronics demand rises to over 1 million oz.



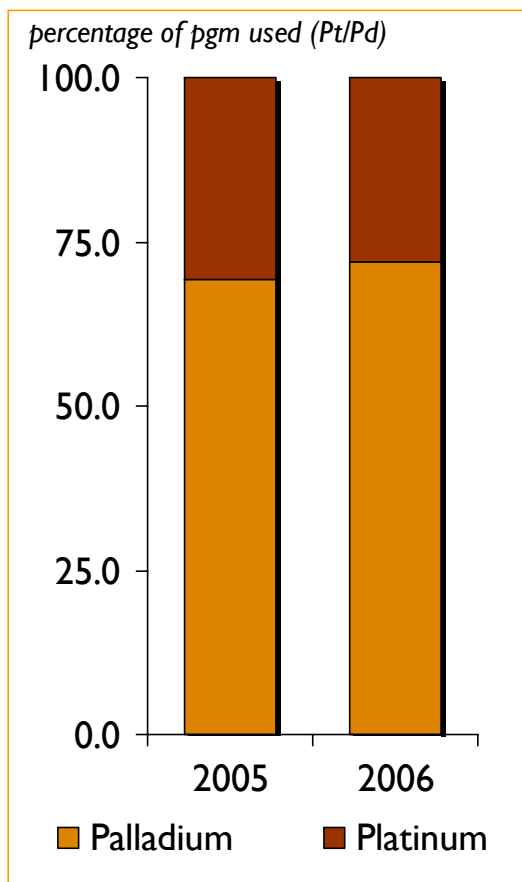
# Palladium Demand: Autocatalyst



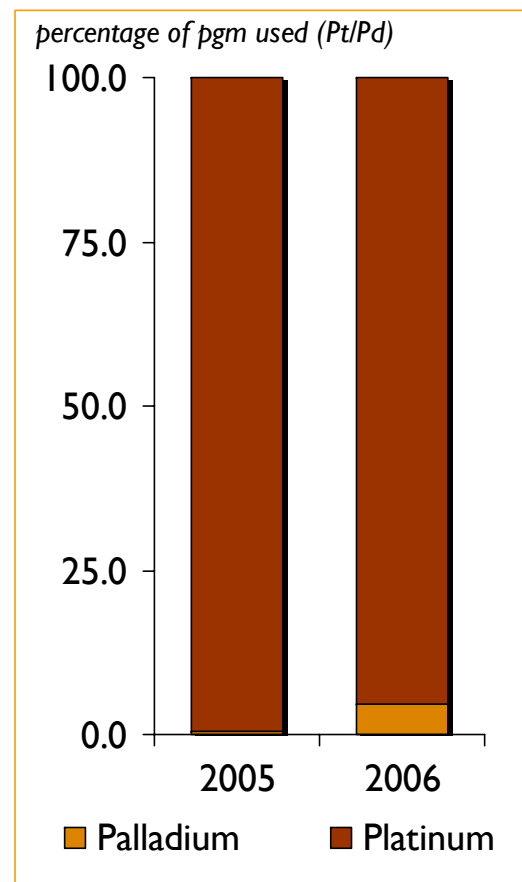
- Strong production growth in Asia: Japan and China contribute 190,000 oz extra demand
- Palladium continues to replace platinum in gasoline catalysts everywhere

# Pgm choice in Autocatalysts

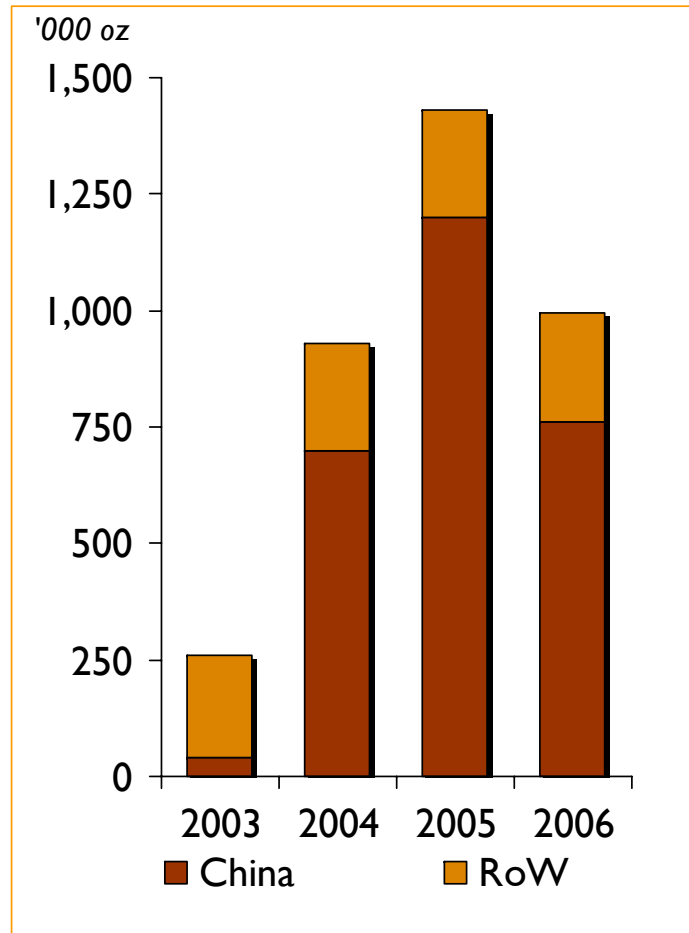
## Gasoline



## Diesel

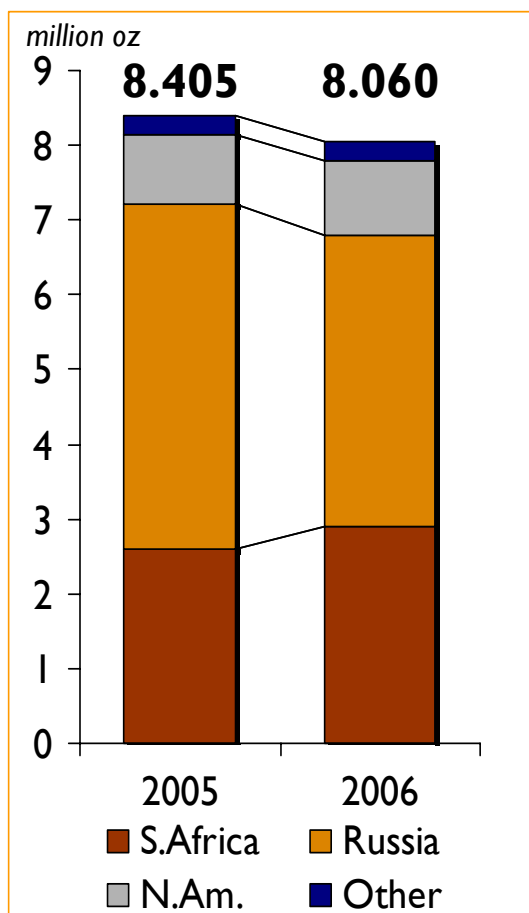


# Palladium Demand: Jewellery



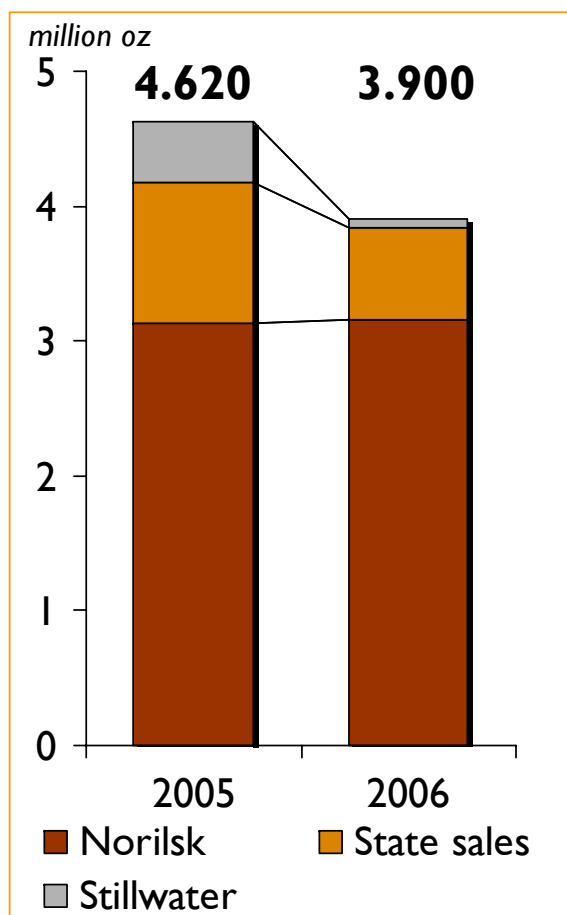
- Chinese demand falls by 440,000 oz to 760,000 oz
- Pipeline filling of 2004-2005 completed
- Large amounts of Pd950 stock returned for recycling
- Retail sales patchy

# Palladium Supply



- Supply drops 345,000 oz to 8.06 million oz
- Russian sales fall by 720,000 oz
- South African expansions partly counterbalance this, with sales rising 300,000 oz

# Palladium Supply: Russia

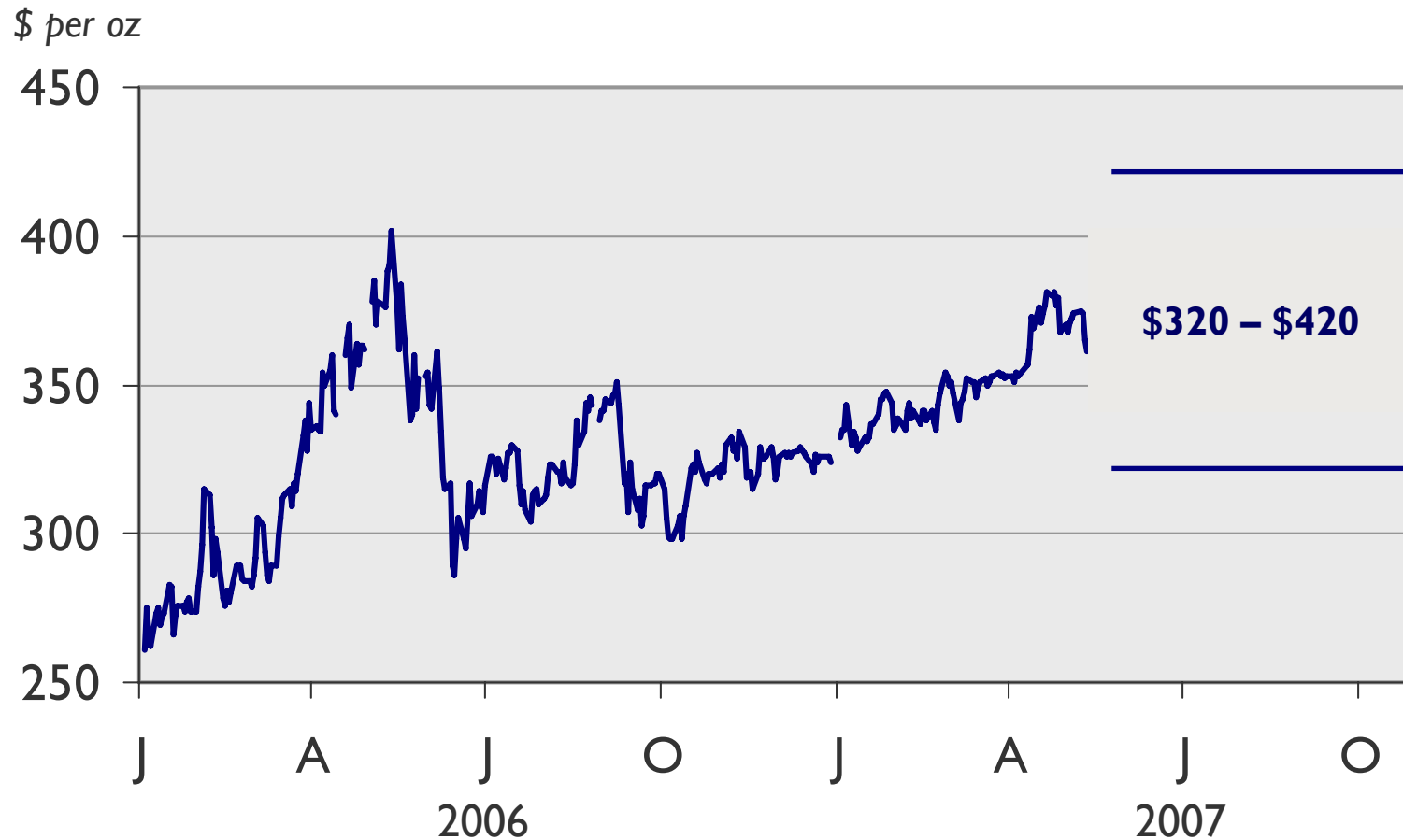


- Norilsk production 25,000 oz up on 2005
- Final sales of Stillwater/Norilsk metal
- 2006 Russian state shipments too late in the year to be supplied to consumers

# Palladium Outlook

- Autocatalyst palladium demand to continue expanding in 2007
- Some growth in the palladium jewellery market possible
- Russian Dec. 2006 shipments likely to boost 2007 supplies
- Another year of substantial surplus expected

# Forecast Palladium Price for the Next 6 Months





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# Other pgm



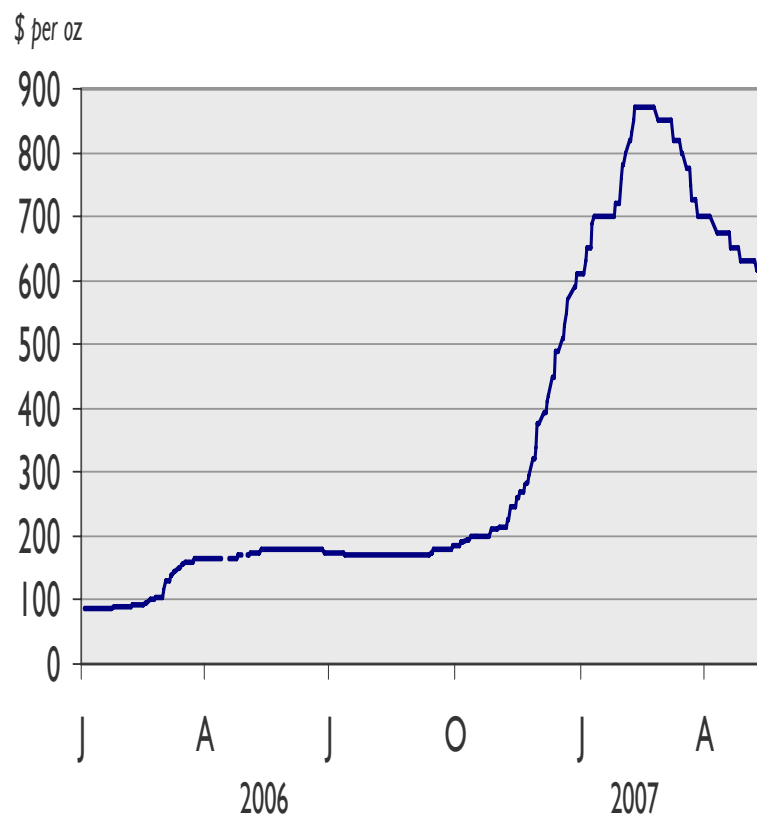


# Rhodium



- Market in deficit in 2006
- Supply rose to 824,000 oz with South African growth and additional Russian stock sales
- Demand rises to 837,000 oz with autocat the main driver

# Ruthenium



- Demand rose 45% to 1.29 million oz in 2006
- Increase in PMR hard disk market share
- Build-up of pipeline inventory
- Recycling yet to catch up



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