Results for Half Year Ended 30th September 2020

Thursday, 30th September 2020

Presentation of Results for the Half-Year Ended 30th September 2020

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Great, thank you, Yola and to everyone for joining our first half results call this morning. I am pleased to have our Chief Executive, Robert MacLeod with us on the call today and without further ado, I will hand over to Robert.

Robert MacLeod

Chief Executive, Johnson Matthey Plc

Introduction

Thank you, Martin, and good morning and good welcome everyone to our first half results presentation. Obviously, given the circumstances, we are still having to hold these remotely, so I am very sorry that we cannot do this in person but I do hope you and your families are all keeping well and healthy.

Today I am with Anna and the IR team and I am also joined by Karen Hayzen-Smith who will take over from Anna as Interim CFO from tomorrow.

But as usual, we will go through the presentation today and then give you a chance to ask any questions that you may have.

As we know, this continues to be a very challenging and uncertain time for all of us, however, across JM we are successfully navigating through this difficult period. Although some of our end markets were initially badly impacted by the pandemic, they have recovered more rapidly than we previously anticipated, particularly in the automotive sector where we are seeing a strong recovery across all regions, but especially China, where we are now seeing auto production above last year. As a result, in the half we delivered operating performance ahead of market expectation, albeit significantly below the prior year and at the same time, very strong cash generation. In both our operating performance and cash generation, I am pleased that we have outperformed, evidencing that we have managed through this period well.

Over recent years we have made changes across the business and these are enabling us to create a more simple, agile and efficient organisation. This has given us a strong platform and the flexibility to invest for the future into our strategic growth projects, particularly those which are focused on climate change solutions.

In a moment, Anna will talk you through the detail of our performance in the half, but first, I will give you my highlights.

Highlights

As I have already said, our financial results given the context of changes in our underlying markets are good. During the periods, we achieved this while at the same time making significant changes to our group operating model. This will deliver substantial efficiencies which

will benefit our P&L and we are also fundamentally improving the management of our precious metal working capital.

We have also made good progress with our longer term growth opportunities. In battery materials, customer testing is going well. That and the way that the market continues to develop has given us the confidence to accelerate our plans to scale up as a business. We are therefore proceeding with the initial engineering work for our second commercial plant. Fuel cells is going really well and we are seeing strong growth and making good progress with customers, particularly in China, and our capacity expansion is almost complete.

These are just a few examples. We will cover the details in the sectors as we go through the presentation today. But let me tell you about what we have been doing to set us up for the future.

Creating a more simple, agile and efficient group

In recent years, we have been working hard to structurally improve our business. We are in a strong position today because of the changes that we have made and we have summarised them here in three broad buckets. Firstly, we are executing on our efficiency programmes and I am happy to report that we are well on track. These will deliver annualised savings around £225 million pounds by the end of our Fiscal Year 2022-2023.

Secondly, we have maintained our strong balance sheet. This is a really good result, especially so in the current environment. Many of you will recall the unplanned outage we had in our PGM Refinery a couple of years ago which put pressure on our working capital, which was further exacerbated by higher metal prices this time last year. Since then, we have not just looked to tackle the problem at our refinery, but we have taken the opportunity to have a good look at our business and fundamentally improve our metal operating model. This has yielded huge benefits that you see flowing through this set of results.

And of course, this try for efficiency does not stop there. We continue to actively manage our portfolio and recently we have divested our activities in water and atmosphere control technologies, which are not core to our growth strategy.

So before I hand over, let me summarise. We have made good progress in the last six months delivering against our commitments and we remain in a strong financial position. Because of this we are able to invest in our future in strategic growth projects which are hugely important in helping to tackle climate change.

And with that, over to you, Anna.

Anna Manz

Chief Financial Officer, Johnson Matthey Plc

Group Sales in a Challenging Environment

Thanks, Robert. Good morning. Today, I will be covering three things; our first half performance, how we are delivering on our efficiency initiatives and the significant progress we have made on working capital.

Starting with our performance in the half, group sales were materially down and that was due to COVID. Most of the impact was in Clean Air, but we had customer shutdowns and weaker demand and as a result, sales are down 27%. Efficient Natural Resources and New Markets were also impacted, but less so than Clean Air. And in Health, sales grew. Operating profit declined 42% as a result of those weaker sales, although this was mitigated by a group-wide focus on cost efficiencies, which I will come back to a bit later.

But first, let me take you through each sector in a bit more detail.

Clean Air

Our Clean Air business was most affected by COVID, with sales materially down as our customers closed their plants at the start of the pandemic. Our performance has broadly followed vehicle production with our share largely unchanged. And of course, we had the benefit of regulatory uplift, particularly in China.

As the half has progressed, we have seen a strong recovery in demand and you can see this in the monthly chart on the right-hand side. This recovery reflects returning consumer demand, the rebuilding of stock in the OEM supply chain as well as short-term incentives in China. So it will be lumpy month on month and I would not extrapolate the current strengths.

Operating profit was down 56% with volume leverage in line with our 75% variable cost base. Internally, we are making good progress on the initiatives we announced at the full year to simplify how Clean Air operates and I will get into more detail on this in a minute. But they do mean that we are better placed to serve our customers and drive value during this volatility.

Looking at the second half, there remains a good deal of uncertainty on both demand and OEM stock levels and that is showing up as volatility of orders, particularly in Europe.

Triangulating the external data would currently suggest that if you look at our fiscal year, in Europe and the US, light duty production could decline about 20% with heavy duty decline of around 30%. In Asia, the Chinese market is stronger and it is likely to be above the prior year.

Efficient Natural Resources

In Efficient Natural Resources, sales were down 10%. This is because of weakened demand and the usual cyclicality in catalyst demand. Catalyst Technology serves a wide range of end markets and the impact is varied across them. The biggest impact was in catalyst refills. Here, COVID both reduced demand and delayed orders for our additives business and for our formaldehyde business. In methanol and ammonia, sales were down but that was as expected after a couple of strong years. This is just the normal phasing of customer change outs.

First fills grew well as a number of new plants came on stream, and licensing was down in the period but we signed two new licenses and we have a really strong pipeline of projects that will deliver growth going forward. PGM Services has seen higher and more volatile average metal prices and that has driven double digit growth in the half.

Operating profit for the sector was down 12% as the weaker demand in catalyst technologies and diagnostic services was partly offset by the £24 million benefit from higher average metal prices. For the full year, we expect operating performance to be below last year with a stronger second half and similar seasonality.

Health

Our Health business saw sales growth in both innovators and generics and that was driven by new supply agreements.

In Innovators, Immunomedics is progressing well and has recently received approval, so monies are increasing in support of the commercial demand. And in Generics, we are benefitting from multi-year supply agreements in opioid addiction therapies.

Operating profit declined 21% and the business mix in the period was weaker. Products in this sector have a wide range of margins and we were impacted by the cancellation of one of the high margin innovative projects in the second-half of last year when it failed to get FDA approval.

New Markets

In New Markets, sales declined 8%. Fuel Cells saw strong demand and grew 30%. But sales in Battery Systems were impacted by COVID as was Medical Device Components, where we saw the delay of elective medical procedures.

Operating profits grew to £5 million in the half as we lapped the £8m impairment to the eLNO demo plant last year. We have also seen better sales mix in Life Science Technology. For the full year, we would expect operating profit to be above last year.

Operating Performance

Looking further down the P&L, finance charges were higher in the half. This was due to higher average interest rate across our mix of borrowings and increased interest on our metal borrowings. We have made great progress in reducing our precious metal working capital but there is a lag before we see that benefit come through to finance charges, so the finance costs will remain higher over the full year. At 16%, the underlying tax charge is down year on year as we lap a provision last year. And underlying EPS was down materially.

In balancing performance against the market backdrop, the board has approved an interim dividend of 20p per share. We expect to return to pre-COVID levels of dividends when circumstances permit and do remain committed to a progressive dividend policy.

Reconciliation to Reported Results

This is a reconciliation to our reported results. You can see here, we took a £78 million impairment and restructuring charge in the half and that is in line with the transformation we announced at the full year. You can see the breakdown of the £78 million in the notes at the bottom of the slide. £62 million is a cash restructuring cost of which £16 million was a cash outflow in the half and the other £16 million relates to impairments.

Transformation Progress

The next slide will give you an update on our transformation progress. We have announced a number of initiatives that together will deliver £225 million by Fiscal 2023 and I am really pleased to say that we are on track. We have delivered £140 million so far with £24 million in the first half.

I am going to update you now on the work underway.

Procurement

Firstly, procurement. I am pleased to say we expect to deliver the full £100 million target by the end of this Fiscal Year. That is two years earlier than we originally planned and we are reinvesting some of this to drive growth. Of course, we are always looking for further savings in this area and we will update you at the full year.

The consolidation of our Clean Air manufacturing footprint will deliver £30 million with £3 million in the first half. And the simplification of our business will reduce complexity and deliver £50 million with £8 million in the first half.

Metal Operating Model

And we have also been working to improve the efficiency of our balance sheet. As you know, Metal working capital has been a big area of focus and we have made fundamental changes to our Metal operating model to structurally drive down the volume of Precious Metal working capital we have in our business.

We have done this by focusing on three things. Firstly, we have reviewed every aspect how metal flows through the group and we have optimised it. Secondly, we are contracting with our customers more effectively. And lastly, we have improved throughput at our refineries.

We have done a great job here taking out a further £400 million in the half, well ahead of the target we shared with you at the full year results of £300 million for the year. This means at today's prices we have taken out over £1 billion of volume of metal working capital over the last 2.5 years and we are now operating at a structurally lower level of working capital going forward.

Moving to the right-hand chart, you can see that in the half, we have reduced Metal working capital by nearly £300 million. The drivers are the £400 million structural benefits I just talked about, plus a further one-off benefit of around £200 million due to the impact of COVID. That is then offset by increased demand, particularly in Clean Air, and metal price increases. While we continue to look for further efficiencies, the big structural benefits of this year are largely delivered.

So looking forward to the full year, we may see some unwind of the one-off benefit, and we will see working capital movements following demand. I am really proud of what we have achieved and the momentum that we have, driving simplification and efficiency across the group.

Strong Balance Sheet Maintained

We have maintained a strong balance sheet and have access to £1.8 billion of liquidity. Our net debt at the 30th of September with £878 million, down from the £1.1 billion at the full year. Net debt to EBITDA is 1.6 times, and that is comfortably within our range of 1.5 to 2. This is a strong performance given the impact of COVID on our earnings. As a result of the strong working capital performance, we saw a free cash inflow of £256 million in the half, improving from a £382 million outflow for last year.

I have taken you through how we are thinking about the performance of our sectors over the second half and given the uncertainty, I won't be giving quantitative guidance for the year. However, we currently expect a materially stronger second half compared to the first half.

Efficiency savings will be about £60 million in the year, and we continue to invest in our strategic projects that are critical for our future growth and efficiency. This includes the commercialisation of our eLNO material in Battery Materials, the investment in the efficiency and resilience of our refineries within Efficient Natural Resources and the completion of our new Clean Air plants. We expect to spend up to £400 million in the year.

With that, I will pass back to Robert.

Robert MacLeod

Chief Executive, Johnson Matthey Plc

Thank you, Anna. So you have seen our performance in the half, so let me now talk about our future growth opportunities, starting first of all with our more established businesses.

Driving Growth from Our Established Businesses

Clean Air

In Clean Air, we continue to benefit from tighter legislation especially in Asia, and this growth remains intact despite the dislocation caused by COVID. Asia is our next leg of growth, and we are already seeing the benefit coming through particularly in China as new legislation comes in across light and heavy duty. This gives us a significant value uplift per vehicle.

Our new plants in Poland and China are now rapidly scaling up and these will support our growth but will also allow us to drive further efficiency across the sector. Now as we said before, these should be the last of our big investments in Clean Air and therefore, going forward, Clean Air will have strong cash generation.

Efficient Natural Resources

Now to Efficient Natural Resources. Here, we are targeting the highest growth segments. We want to be an enabler of the energy transition, which includes our hydrogen technologies and the move to low-carbon chemical processes. In the last six months, our new license wins demonstrate the effectiveness of our technology and provide a good leading indicator for future catalyst growth.

In addition, the opportunity for our PGM recycling business continues to be attractive given its low cost and carbon footprint compared with primary sources. The investments that we are making in our refineries will enhance this as well as enabling us to drive further metal efficiency.

Health

And in Health, we have secured a number of supply contracts across both Generics and Innovators. This is already starting to deliver results and we have also launched two more products from our pipeline.

New Operating Model in Clean Air

We have been talking about our new facilities in Poland and China for some time, and I am delighted that we have them and that both are now ramping up. Poland came online first, shortly followed by China, and India will follow next year. We will soon have a truly global,

highly efficient manufacturing footprint focused on five near-identical world-class plants in the US, North Macedonia, Poland, China and India when it is complete.

We announced in June that we are starting to consolidate our older capacity, and we have been gradually moving production into these newer facilities, starting with our large volume products. And as well as optimising our footprint, we have also been transforming our business model, moving from one that is locally focused to one that is much more global. This is not just about how we manage our manufacturing assets but also how we are managing, for example, our customer relationships, our technical, quality and supply chain teams. And together, this is making a huge difference.

Executing Now to Capture Medium-Term Growth

Now looking at the world around us, there is no doubt that action around climate change has increased. But importantly, this remains true today despite all the uncertainty that we are seeing with COVID. The move to net zero is accelerating. And with this, we will all see significant change. We are ready for it and already have solutions from battery materials to fuel cells and also technologies for hydrogen production. In these areas, we have competitive advantage. So let me take you through each of these, starting with battery materials.

Battery Materials

The Battery Materials market opportunity is very significant. The market we are targeting, the automotive market for high energy cathode materials, is expected to be around 1.7 million tonnes by 2030. And as we bring our business to scale, we are making progress across a number of key areas. Firstly, we are continuing to develop our technology as we are seeing considerable interest in our customised products. Secondly, I am very pleased with how testing is going. We are making good progress not only adding new customers to our pipeline but also continuing to move existing ones through our development funnel.

In the first half, two non-automotive customers moved into cell prototyping. This is a more advanced stage within full cell testing, where we are working together on their specific cell format. This is a really positive development because we have now moved beyond the standard testing stage and are working more closely on their specific application.

The other thing to point out here is the time to market is usually faster for non-automotive applications, the advantage being that we will be getting valuable learnings ahead of auto customers moving into this phase. This type of testing and customisation is supported by our application centre. We know that our ability to customise is something that is really valued and we recently opened our second application centre in the UK for more advanced cell testing work.

Battery Materials: Accelerating Scale-up Plans

But of course, having a great product in the lab is not enough. We have to be able to manufacture at scale, and that is where our commercial plants come in. Our first commercial plant in Poland is progressing well and we have now completed piling, so very soon, you will see the building going up and the picture on the right here is a CAD drawing of what the plant will look like. The build is on track. And as a reminder, it will start production in 2022 and we will have commercial automotive production in 2024.

Over recent months, we have continued to engage with customers, particularly those in the more advanced stages of testing. That deeper engagement has given us greater understanding

of their requirements. And this has meant that we have had to evolve the design of this first plant to ensure that we have the right flexibility to manufacture their products. But at the same time, we do not want to compromise on speed to market, and hence, the cost of this plant has increased. We therefore now expect that the full cost of commercialisation of eLNO to be around £550 million compared with around £350 million previously. But it is important to remember that this is our total cost of commercialisation, so that includes everything from the pilot plant to the commercial plant, but also the application centres, research and development and, of course, management costs.

As I explained a minute ago, this is a really exciting and significant opportunity. With the way the market is evolving and our increased confidence from customer testing, we are accelerating our scale-up plans and start in engineering design for our second commercial plant, which will have 30,000 tonnes of capacity.

We expect that this plant will have a substantially lower capital intensity towards a level that is similar to other European battery materials plants as we take our learnings forward. And this will enable us to deliver a return on invested capital at scale at the upper end of the industry range of 10% to 15%, reflecting the good performance in customisation of our eLNO materials.

Finally, all of this has to be done in a sustainable way. So as part of our commitment to our customers and the Global Battery Alliance, we are sourcing renewable energy from plant start-up.

Hydrogen

Moving on now to hydrogen. Hopefully, many of you were able to join the hydrogen seminar that we hosted back in September. On that call, we went through a lot of detail. So today, I wanted to give you the highlights and summarise why hydrogen is going to be a very significant opportunity for JM.

Hydrogen is recognised to be part of the climate change solution as it plays a key role in the decarbonisation of many applications that are otherwise hard to decarbonise across transport and industry. As many of you know, we have been a leader in hydrogen for many years and our strong position across both hydrogen-powered fuel cells and the production of clean hydrogen is underpinned by years of science expertise from across the group. Today, the hydrogen opportunity is already taking shape, so now let me take you through these areas in turn.

Performance

Our Fuel Cells business continues to grow strongly, with sales up 30% in the half. And to remind you, we manufacture key components within the fuel cell stack, the catalyst coated membrane or, for some customers, the membrane electrode assembly. The performance of these are absolutely critical to the performance of the fuel cell stack but also the cost of the overall system, too.

Capacity

Today, we are seeing lots of activity and demand in the market particularly in China, where the government has recently announced a new policy to encourage the development of a fuel cell value chain in various cities, which includes supply chain subsidies, and we have been investing to meet that demand.

Our new capacity in China is now complete, and our UK capacity expansion will be online by the end of this fiscal year. And we are already planning our next phases of expansion, including a new fuel cell catalyst plant.

Customers

On the customer front, we are already working with many of the leading fuel cell players in China as well as major European and American truck and auto OEMs. We have several joint development agreements in place, which will see growth in our business as these platforms are launched.

Development Projects

And of course, on the technology side, we are continuing to make good advancements particularly on improving membrane durability, a key performance metric for OEMs, which will also help on the cost-down road map. And to help our efforts here, we have added to our headcount on both the technology and manufacturing side.

So let's now move to hydrogen production.

Blue Hydrogen

In blue hydrogen, being the production of hydrogen with carbon capture and storage, we have leading technology. I have talked before about our involvement with a couple of high-profile blue hydrogen projects here in the UK, HyNet and Acorn. These are coming along nicely and in fact, we are already working on the second phase of HyNet. We also have a strong pipeline of opportunities in Europe, North America and Asia at various stages of development, which we will keep you updated on. These new opportunities are several times larger than the initial HyNet and Acorn projects.

Green Hydrogen

In green hydrogen, being the electrolysis of water using renewable energy, our focus is at the proton exchange membrane, or PEM. This is a nascent market which is only really starting to develop now. However, it is clear that it plays to our strengths, given our expertise in fuel cells and strong competitive advantage in platinum group metal catalysis. We are significantly increasing our efforts here. And we are already currently testing with leading electrolyser players and have significant manufacturing capacity, which is ready to deliver products for megawatts of PEM electrolysers.

Well Positioned for the Future

So to wrap up. We saw a strong recovery in performance through the half and we successfully navigated what has been a challenging period, outperforming in terms of both operating and cash flow performance. In recent years, there is been a huge amount of work going on behind the scenes to create an organisation that is more simple, agile and efficient. And it is because of these changes that we are in a stronger position today. But importantly, there are further benefits to come still. The drivers of our more established businesses remain intact despite the impact of COVID. And looking to the future, the impact of climate change is real. And in tackling this, the world is going to see significant change. We already have technologies across Battery Materials and our Hydrogen solutions to enable this change, and we look forward to playing our part.

Conclusion

So that concludes our presentation, so thank you for your time and listening this morning. And with that, we will pause. I am very happy to take any questions.

Q&A

Operator: Your first question comes from the line of Charlie Webb from Morgan Stanley.

Charlie Webb (Morgan Stanley): Good morning, everyone and thank you for the presentation. Maybe just a few questions from me on a couple of topics. First off, on eLNO, maybe a couple here.

Firstly, perhaps you could just give us a bit more detail around what has led to the increased confidence to add additional 30,000 tonnes or plan to add additional 30,000 tonnes for 2024? What are you hearing from your customers that gives you that confidence that that capacity will be utilised and needed?

And then just– you mentioned perhaps that you are having more engagement with new customers. If I remember right, you were working with seven customers previously. Will this 30,000 tonnes additional capacity plan, does that allow you to broaden the number of engagements you have with new customers?

And then secondly, just on hydrogen, on the green hydrogen opportunity, it seems like green hydrogen is gaining a lot of momentum in Europe, in the UK, perhaps kind of skipping over blue hydrogen. Can you just help us understand a little bit more what the engagement you have with the electrolyser producers today is? And what kind of CapEx capacity build-out would be required if your solutions were be successful?

Robert MacLeod: Sure, Charlie. Good morning and thank you for your questions.

So, look, on what has given us the confidence to invest further in our next plant. It is fundamentally about two things really: the market opportunity which is accelerating; but also the customer testing that we are doing and is going well. And together, that is, the need to be able to be there to deliver for our customers is increasing. And because of that, we are happy and confident about investing further. We did say that we were, a few years ago, we did talk about the number of customers. We have not — we are not going to give a commentary every day about the number of customers, but there are more than we had before as we continue to bring more people into the funnel.

But I think when you look at the overall scale of the investment that we are putting in and the assets that we will have, we will only need two or three decent-sized platforms to fully utilise that plant or that plant being the expanded plant. So I think our level of confidence that we can fill that plant is growing and growing considerably and hence the reason why we are investing.

On hydrogen, absolutely, it is an exciting opportunity and we are working with a number of the key electrolyser players in the market at the moment, where we have got a development agreement and are testing our products in their systems. It is very early stage, as you said. We have, as I mentioned a few minutes ago, got capacity today to make tens of megawatts worth of PEM electrolysers. And expansion, if we need it, is going to be in the tens of millions

of pounds rather than hundreds of millions of pounds to expand capacity considerably. And we can do that pretty quickly if we need to do it as the market develops.

I mean certainly here in the UK, and you heard it yesterday from the Prime Minister in the Ten Point Plan, carbon capture and storage is absolutely one of his 10 commandments. I was on the business roundtable last night and he talked about his 10 Commandments, very sort of Boris Johnson-esque. And one of them, of course, is carbon capture and storage. So I think blue hydrogen here in the UK and in certain other geographies, I think has a key role to play, but absolutely it will be a combination of green and blue. And good news is we have got technology and leading technology in both.

Charlie Webb: That is really helpful. Maybe just one follow-up on eLNO. In the presentation, you mentioned, well, I think it was a consultant data, the returns of 10% to 15%. How does that fit in with the group's kind of return target of kind of pretax returns of 20%? Just trying to understand, has anything changed there or do you still believe that for your product, that you will be able to get up to those kind of returns?

Robert MacLeod: Well, I will ask Anna to talk about this, the returns question, if that is okay. Anna, do you want to?

Anna Manz: Yes, sure. So I think with respect to Battery Materials, what we are saying is at scale, I think, will be nearer the 15% return on invested capital in the context of that competitive set. But we look at the 20% return on invested capital target as something for the group as a whole. And yes, it remains important to us.

So if I just sort of talk around the sectors, Clean Air prior to COVID and post the COVID disruptions will be back at the 30%-plus return on invested capital levels. Remember, we have done all the investment that we need to make for the most part. We are just finishing off at the last plant. And it is really about delivering returns from Clean Air.

Efficient Natural Resources, you have seen the efforts that we have made to both grow the business but also drive the efficiency of the balance sheet. And that business now is approaching a 20% return on invested capital. And in Health, we have made the investment in the pipeline and the footprint, so it is now a question of bringing that pipeline to market to get the returns to where we would expect them to be. And of course, Battery Materials is early in its life cycle, so we are investing ahead.

So we have a number of businesses at different stages in their maturity with different return profiles, and we manage across the portfolio as a whole.

Charlie Webb: Okay. Thank you very much, guys.

Robert MacLeod: Thanks, Charlie. Who is next?

Operator: Your next question comes from the line of Tom Wrigglesworth from Citi. Please ask your question.

Tom Wrigglesworth (Citi): Robert, Anna, thanks very much. Two questions, if I may. Firstly, in terms of the evolution specifically in China of the value uplift, where do you think we are in that in terms of the phasing of adoption of China VI? Could you just remind us, yes, how far through we think — you think that is?

Secondly, you obviously talked about the higher CapEx for eLNO. Could you just help us understand a little bit better what you mean by flexibility? I am not sure I fully understand that. Is that a technical flexibility or is it a volume flexibility? And how much of that £200 million is actually on maybe not the plant itself, you talk about the total all-in cost with periphery components as well? Yes, would be helpful. Thanks.

Robert MacLeod: Thanks, Tom and good morning. So why do not we just take the questions in that order. Anna, do you want to start with the value uplift first? And I think you are referring to Clean Air China VI?

Anna Manz: Yeah.

Tom Wrigglesworth: Yes.

Anna Manz: So, thanks, Tom. Yes, so in light duty, I think we would say that we are about three quarters of the way through value uplift in light duty. And in heavy duty, really, we have started to see the benefit come through this half. That is the tripling of the value of the track, as you know. And we are probably about one quarter of the way through that so far.

Robert MacLeod: So hopefully, that is clear. On eLNO and what does it mean in the CapEx, largely, the increase in cost is in the commercial plant, if I am honest. Some is outside the commercial plant increase, but it is largely in the commercial plant. And as far as the what does flexibility mean, it is not around manufacturing as in sort of manufacturing flexibility, so, it is around being able to make different products for customers and customise those products. And as we have — as I have said, we have been working with the customers more recently and they have talked about the different levels of customisation they are looking for. And with our first plant where you — we have not run a plant like this in anger before, we have got to build in that flexibility so that we can make sure that we can deliver for the customers. And that is where the cost increases come from.

Tom Wrigglesworth: Okay, great. Thank you very much.

Robert MacLeod: Thanks, Tom.

Operator: And your next question comes from the line of Ranulf Orr from Redburn.

Ranulf Orr (Redburn): Hi. Good morning. Thanks for questions. Just going back to Clean Air, I suppose, could you help us understand the sort of development a bit more again for the division? How should we think about the value uplift versus volume across the whole of the LDV and HDV segments?

And then secondly, I would just like to ask about sort of CapEx over the next couple of years. It looks like you are suggesting spending sort of £600 million in eLNO plant. So what is the sort of timing of that sort of you know, kind of fuel cell expansion there? And then very quickly on the flexibility point, I mean are you suggesting with different products that you might be using it for or is this just still within the sort of eLNO paradigm, I suppose? Thanks.

Robert MacLeod: Ranulf, thanks for your questions. Apologies, you got a bit fuzzy at the end, so I think we heard you right. So if I go back through the questions, the first question was around wanting to understand Clean Air, the dynamics of Clean Air more specifically. The second one was wanting to understand more about our CapEx plan. And the third one was around

flexibility, is that moving away from eLNO or not. So I will just take the last question quickly and then hand over to Anna.

So look, we want to be able to make eLNO. That is what we — this plant is all about, to be able to make eLNO and the different — but eLNO is not a single product. And it is a bit like NMC811 is not a single product. I think there is a bit, people, you will tweak 811, just like we will tweak eLNO. And so it is a family of products, but you need to be able to make the different products within that family. And also, I think our plant, as well as being able to make eLNO, will be able to make 811 as well if we needed it to do that. So it is a pretty flexible plant that we are going to have from the start.

Anna, do you want to talk about the other two questions of Ranulf's?

Anna Manz: Sure. So Clean Air development. Maybe if I start with light duty in Europe and the Americas and there what we have said is we expect vehicle production to be down about 20% for our fiscal year. We are are seeing some uplift in Europe still, but there is not significant uplift in light duty in Europe and the Americas. If we move to Asia, we are seeing a much stronger market there. We are in slight growth, but that is aided a little bit by the uplift that we are getting with the GPF adoptions, which we just said we are three quarters of the way through. So we expect to see Asia overall be in growth for the full year.

Looking at heavy duty, no content uplift in the Americas or Europe. And Americas and Europe, we would expect to be down about 30% in vehicle production terms for the year. And what that means is that the Class 8 truck cycle, we have gone through the bottom and we are starting to come out the other side. In Asia, which is predominantly driven by China, we are seeing a much stronger performance, and we think that will continue. And as I said, it is benefited by the regulatory uplift that triples value of a truck, as we said, at the half year, we are about one quarter of the way through that. We will continue to see that benefit in the second half.

And in terms of just how that plays through to profitability, as we said to you, 75% of our costs are variable so that should allow you to work it out particularly if you strip out the one-off costs we experienced last year.

Robert MacLeod: And do you want to say something on CapEx? That was his second question on capital.

Anna Manz: Sorry, remind me what the question was.

Robert MacLeod: I wrote CapEx plans. I cannot remember exactly. Ranulf, do you want to help us again on — because I wrote CapEx, but I cannot remember the specifics of your CapEx question.

Ranulf Orr: Yes, I was just wondering how we should think about CapEx spend over the next couple of years in light of the £600 million on the new eLNO plant and the second expansion for fuel cells.

Anna Manz: Got it. Thank you. So in the year that we are in, we have guided to CapEx of around £400 million. And really, what are the big drivers of that? Well, we are finishing off Poland and China and India Clean Air plants, which will be largely done this year. We are investing significantly to build our first commercial plant in Battery Materials. And as you know, we are investing to improve the efficiency of our refineries.

That £400 million maintained our strategic investment but was cut back in the context of COVID. So it was lower than perhaps we would have planned to spend pre-COVID. So if I look forward to next year, while we are still building our Battery Materials plant, we are continuing to build the new refinery in PGMS, we will have a level of catch-up capital as well, so I would expect it to be a little bit higher looking forward. I am not going to go out ahead of that, but what I would say is I am comfortable that our organic cash flow can fund the levels of CapEx that we need for our Battery Materials margin.

Robert MacLeod: And just to be clear, Ranulf, on Fuel Cells, the level of investment there is relatively modest. The doubling of the capacity that we have put on the ground just this year, last year, where we invested, was about £15 million. If we put a new fuel cell plant down, it is going to be tens of millions, it is not going to be anywhere close to £100 million or anything like that.

Ranulf Orr: Okay. Thanks. I guess, when should we expect the next, eLNO plant CapEx to start coming through? I mean does it sound like that is not next year or?

Robert MacLeod: So we are going to start with the engineering design. That is a six-month process. And so come the summer next year, we will have an accurate cost estimate and then we will be able to guide you more fully from there. But we will be starting to build — we will be starting to procure long lead-time items, but the biggest spend will be in years two, three and four.

Ranulf Orr: Got it. Thanks very much.

Robert MacLeod: Thanks, Ranulf.

Operator: Your next question comes from the line of Alex Stewart from Barclays.

Alex Stewart (Barclays): Hello, good morning. Thanks for taking my questions. On eLNO, sorry, I know you have had a lot of questions on this, can I just confirm two things. Firstly, that the 10% to 15% return on invested capital number that you have been talking about, is that on the full 40,000 tonnes of both of the plants combined or is it on some future larger capacity number? I am just, I am interested to know what fully ramped up or fully scaled up means.

And then on the, just doing a quick calculation it looks like about £315 million upwards of CapEx, the 30,000 tonne plant, how confident are you on that number? Because obviously, the first plant is very considerably higher than the original estimate back in 2017. So, I am really interested to know to what extent do you think that could be, you think it could be higher than that?

And then just finally a technical point. You're going into D&A of £200 million for the year. I think you did £90 million in the first half. Can I assume therefore that £150-odd million is the new run rate if I annualise it into 2022? Thank you so much.

Robert MacLeod: Okay. So, Anna, if you go through the returns on the D&A one and then I will talk about the cost of the plants, if you want to take?

Anna Manz: Sure. So, let me do the easy D&A one first. I am not going to guide precisely on this, but it is, yes, call it 10% up from £200 million as you look forward to next year.

With respect to returns on eLNO, so at scale, i.e. beyond the second plant, the entire business, we expect the entire business to get to the upper end of that return range. The second plant

will be on a stand-alone basis, moving well towards that. But because of the investment that we have been making to commercialise this product with pace, which is important because we need to get it into the market, the aggregate business will not yet be at those levels.

Robert MacLeod: And as far as the question about confidence in the next plant spend, look, two things I would say. Look, first plant, we are learning a hell of a lot through the first plant, and that and building the first plant. So that our level of confidence in building the second plant and the capital spend there will be vastly greater than where we started doing our initial design for this first plant in Poland. So we will be very, very, very much more confident about what that spend will be. We will not know and we will not be able to give you an exact figure until we have done the engineering design. But what we have said and what we can be confident on is it will be much closer to the average capital cost like our competitors are seeing in the European market for battery materials.

Alex Stewart: Okay. Thank you. If I could just push you on that point, the 10% to 15% or the upper end of that range is probably not going to be achieved in — with the first 40,000 tonnes because of the initial upfront investment that you had to put into Poland. If I could push you on maybe what sort of capacity level you get at that point? Are we talking 50,000 tonnes or 100,000 tonnes? Some sort of idea of the sensitivity would be really useful. But equally, I would understand if you do not want to say that.

Robert MacLeod: I am sorry, Alex, I do not think that we are going to answer that one. I think it will — it depends partly on how the market evolves, but I think we have answered it as much as we are going to answer it today.

Alex Stewart: Okay. Thank you so much.

Robert MacLeod: Thank you.

Operator: Your next question comes from the line of Chetan Udeshi from JP Morgan.

Chetan Udeshi (JP Morgan): Yes, hi. Thanks and good morning. Two questions not on eLNO but Clean Air. How do we guide the fact that the external consultants are talking about auto production down, still sort of low single digits in Q4 versus what you guys are seeing at the moment in terms of Clean Air sales growth? So I mean, clearly, the delta is significant, so maybe just to the extent you can help bridge that gap, it will be useful.

And second question was, I mean in a practical term, I mean how should we think about the benefit of all the cost cutting which is going on? So let us put it this way. Can we go back to the pre-COVID EBIT numbers in Clean Air with lower top line? So in other words, how much — so let us say, is it 5%, 10% lower top line can still make you achieve that EBIT you had, say, in Clean Air pre-COVID? I am just trying to understand how should we think about the sort of real-world benefit of the ongoing cost cuts. Thanks.

Robert MacLeod: Okay. So look, I will try and answer the first question. And then maybe, Anna, if you are happy to answer the second one.

Look, so what we are seeing at the moment is, and actually I think consistent with quite a few people, is quite strong growth in China for both light and heavy duty for auto production driven partly by incentives. I mean there are significant incentive programmes in China. I think there is quite a lot of uncertainty about Q4, but normally, what you would see in Q4 anyway is in the ramp or getting closer to Chinese New Year there is always a reduction in China normally. But

then, of course, at the same time, we will be lapping last year, or is it this year, where they were going into COVID. So we should still see some relevant year-on-year growth because we won't be lapping – because we will be lapping a sort of COVID impact.

The biggest question, I think, if I am honest, is what is going on in Europe. I think people are more confident and the forecasts are more confident about North America. I think there is lots of uncertainty about what is going to happen in Europe with a second wave and what the implications are going to be on auto production generally from a second wave. But then also between Europe and America, what is the impact of GDP going to be going into 2021 and 2022 and beyond. So I think at the moment, it is really, really hard to tell. Of course, we will not be — we will be lapping a tough year this year in March, April, May, et cetera, so we will be growth year on year. But whether the market and/or when the market will recover to pre-COVID levels is really, really impossible to say at the moment.

Anna Manz: And on your second question, Chetan, are you asking around Clean Air margins? Is that what you are asking, whether we will be able to maintain our margin post-COVID?

Chetan Udeshi: Yes, I am just trying to understand, with all the ongoing cost cutting, I mean in theory, that should mean that we should be able to go back to the pre-COVID margins even with probably somewhat lower top line. So I am just trying to understand how should we think about going back to the pre-COVID margin? So let us put it this way, is it 10% lower sales would still get you to the pre-COVID margin or better or something, some sort of feel about that number.

Anna Manz: So Chetan, I am not going to give you all of the detail, but I am comfortable that we will get back to pre-COVID margins. And I am also comfortable that we have modelled many scenarios around volume changes in Clean Air and how we would manage our footprint and cost base as those played out in such a way that we can protect our margins. And so I feel confident that we can manage our margins in Clean Air for some time to come.

Chetan Udeshi: Thank you.

Robert MacLeod: Thanks, Chetan.

Operator: Your next question comes from the line of Charles Bentley from Credit Suisse.

Robert MacLeod: Good morning, Charles.

Charles Bentley (Credit Suisse): Thank you very much. Good morning. Good morning, Robert. Good morning, Anna. Thanks very much for the presentation and for taking my questions. Anna, I just want to say thanks for your help over the years and wish you the best. I had a few questions. So on eLNO, both the existing plant and the follow-on, can I just confirm that both of these include working capital? So does the kind of $15,000 a tonne include working capital? Just to check if this is included in all the kind of return on capital employed assumptions.

And then a second question just on Clean Air. So I can see that in Asia, you are kind of flagging light duty declines in share and heavy duty increases in share. Can you kind of indicate the levels this is from and to and whether this is a function, what this is a function of, is it platforms won and lost? Is it because of the fact, the kind of timing of you bringing on your new capacities there? Thanks.

Robert MacLeod: So, thank for your questions, Charles. So, the first thing to say about eLNO, when we talk about the cost of building the plant, that is a capital cost only so it does not include working capital. But when we talk about returns on capital, absolutely it includes working capital. So hopefully, that is clear. Capital costs are capital costs, but return on invested capital includes the overall capital requirement for the business.

And on Clean Air, so it is a mix of in light duty, gasoline, we have lost a little bit of gasoline share, which I think we talked about — that we told you about a year or so ago through some platform losses. We have been increasing our investment in gasoline technology over recent years and we would hope to see that recover going forward. And on heavy duty, we are really good at diesel, so we have been taking some share in heavy duty. I am afraid we are not going to go into the details of saying what from or to, but —

Anna Manz: But it is worth saying in absolute share point, and I am not going to give the share points, but the gain in heavy duty is greater than this roll-off in light duty.

Charles Bentley: Brilliant. Thank you very much. And can I just, I am sorry, a follow-on on that on that working capital point. I mean, could you give us any indication of what you are expecting per tonne? So, I mean, I have kind of seen kind of roughly 50% of CapEx and is it on, it is kind of a, is a rule that some of your competitors have used? Is that kind of the right number to use maybe on that kind of normalised CapEx number for the follow-on capacity? Thanks.

Robert MacLeod: Do you want to answer that, Anna?

Anna Manz: Yes. We are not going to guide on any of this at this stage. But beyond what we would say is there is no reason to believe we would be vastly different to other players in the high energy lithium nickel market.

Charles Bentley: Okay. Thank you very much.

Robert MacLeod: Thanks, Charles.

Operator: And your next question comes from the line of Sebastian Bray from Berenberg Bank. Please ask your question.

Sebastian Bray (Berenberg Bank): Good morning and thank you for taking my questions. My first one is on the financials. Robert, you mentioned UK politics earlier. There is discussion for the potential of a rise in UK corporation tax. Could you give an idea of the sensitivity of the group effective tax rates to a 1% pitch point rise in UK corporation tax? That is my first question.

My second is on eLNO. Why is the location of the additional 30 kilotonnes of capacity not given? I assume it is going in Poland, but I just wondered why it wasn't given in the press release. And is the 10% to 15% ROIC target contingent on having this plant in the same place? How does Johnson Matthey view its Europe-only strategy at the moment in cathodes? Thank you.

Robert MacLeod: Thank you, Sebastian, for those questions. So, UK corporation tax rate. Politics is interesting. I am not sure I can predict politics. A week is a long time in politics, so they say. And I am sure — I am not sure I can predict the implications on our corporate tax rate. But maybe, Anna, can you predict that at all?

Anna Manz: No, I cannot. I can ask Martin to come back to you with the sensitivities. It is not something I have got in front of me, Sebastian, sorry.

Robert MacLeod: But it is also quite dependent upon where the mix of profits in a particular year, so how much profit per country. So it is quite difficult to…

Anna Manz: And we, of course, benefit from patent locks, which is helpful.

Robert MacLeod: And going back to the question on eLNO, part of the reason for not giving any guidance on locations is because, of course, there are, you know, I think when we roll forward as a business as a whole, we — I do not imagine that we will have a single plant location for all the manufacturing capacity that we will have across the world. And so in order to maintain our best chance of getting grants, et cetera, it is better not to commit that too soon and keep a little bit of tension there.

But the answer to your question around do we need to have all the plants in the same place to deliver the returns that we have here, the answer to that is no because and when we roll forward, we will not have all our plants in the same place. Now do not take that as a guidance that necessarily this one will not be in the same place. But at the moment, we want to maintain the best chance of getting the maximum grants available to us.

Sebastian Bray: Thank you. And my follow-up on an unrelated topic, the £100 million of operating profit that has previously been guided for Health in growth terms, does that still stand for the next six years? Or has the timeline changed?

Robert MacLeod: So yes, it still stands and no, the time line has not changed. So yes and no.

Sebastian Bray: Thank you.

Robert MacLeod: Okay. Bye, Sebastian.

Operator: And your next question comes from the line of Andrew Scott from UBS.

Andrew Scott (UBS): Good morning, Robert. Good morning, Anna.

Robert MacLeod: Andrew.

Andrew Scott: I have three actually, if you can entertain them hopefully. So, first one is a long-range question on legislation. So I saw last week that the European Union is talking about Euro 7 for 2025. But the OEMs have pushed back saying that the target for emission standards are just wholly unrealistic. And this, I think, in summary, is seen as a political effort to get more EVs on the road. I just wonder what your technical viewpoint was on those OEM claims of unrealistic emission targets. So that is the first question.

The second question was the Chester County contingent liability in the back of the report today, I think that is new. I have not had time to double check. So the question is, is it new? And can you just maybe elaborate to the extent you are allowed by your lawyers?

And then the third question is just coming back to CapEx again. So just to understand it correctly, your preference would be brownfield, so staying with the site you have in Poland for the second stage, but you need to obviously work upon various items of detail. That was my takeaway. But and maybe just cannot say for reasons to do with negotiation, but if you can say something, can you respond to that comment? Thank you.

Robert MacLeod: Thanks, Andrew. Thanks for your questions. Firstly, sort of on Euro 7, so I think there is a balance between what is technically feasible and what is cost effectively feasible. Our view is that the technical feasibility to meet the European — sorry, Euro 7 standards, we

can do it or it can be done. So then it fundamentally becomes a cost equation for the OEMs, not just for the cost of the actual kit or per car. And I do not think there is going to be a massive — there is — you are not going to have another unit, but it is — it would be a lot of testing, a lot of work to qualify and make sure that we meet those tougher legislation targets. And of course, the legislation targets get tougher and tougher and so therefore, they have got to do lots and lots of testing to make sure that the cars will work and perform under those conditions. And that just becomes a cost equation. And I think that is where the pushback is coming from, not so much a particular technical feasibility.

I am going to ask Anna to answer the question on our potential issue in Chester County. But other than to — but the one thing I wanted to do is congratulate you to getting through page 19 of the — of our statement by this time of day. But Anna, do you want to?

Anna Manz: Yes. I will give you the bit of colour I can. This is land that we occupied and we sold before I was born. What has triggered it to become an issue now is there has been over the recent years, an application for change in use of that land. And that has caused the various bodies to look back at owners of that land over the intervening years around some cleanup claims. And that is really all I can say. It just gives you some context as to what we are talking about.

Robert MacLeod: So Andrew, to answer your question, yes, it is new.

Anna Manz: It is. Sorry, yes, it is new.

Robert MacLeod: It is the first time it has been there. And to answer your second question, I was alive and Anna just had to mention that just to rub it in. But anyway, I am not going to rise to that. On the — or I probably already have — on the last question about the plant and location, I would rather not say any more than I have already said, Andrew.

Andrew Scott: Okay. Well, can I just come back then with one thing. So Bain have put together the benchmarking of European plants and so I am basically obviously trying to use that and other sources we have got here to come up with the costing. The problem is that nobody is up and running, right? Umicore hasn't started in Europe. The South Koreans have only just announced their intention. BSF, as far as I can tell, are not giving much information. So I suppose my question is how confident are you with the Bain numbers?

Robert MacLeod: Well, we — they did quite a lot of work to come up with that analysis and they know the market quite well and they have done a lot of work behind it. And of course, they know what we can deliver as well. So I think it is a triangulation of a number of data points and that gets us to that sort of number. Now it is hard to know for certain whether we are, you know, absolute certainty whether we are comparing apples and apples directly, but it is as good an estimate as we can make at this stage.

Andrew Scott: Okay. Thank you.

Robert MacLeod: Thanks, Andrew.

Operator: Your next question comes from the line of Lacie Midgley from Panmure Gordon.

Lacie Midgley (Panmure Gordon): Hi, good morning. Robert, Anna, can you hear me okay?

Robert MacLeod: Yes, absolutely.

Lacie Midgley: Brilliant. Thanks very much for the presentation. A couple of questions from me, please. Firstly, you mentioned benefiting from the tighter legislation in China on light duty. And I think with the impact of COVID, I would have expected slightly better performance in light duty Asia in that case. Can you give a little bit more colour on the moving parts there, if possible?

And secondly, I might be wrong, but I think you have previously given rough targets for Asia heavy duty in the medium term as a percentage of total Clean Air. That might be wrong, but if it is not, can you remind me of those, please?

Thirdly, on eLNO again, I might have missed it, but what is the estimated timing of commercial production of the second plant? I know it is quite early on but any rough sort of timeline on that would be good.

And then lastly, on the new fuel cell catalyst plant, do you have any views at this point where it will be, again, estimated time frame to commercial production and the initial capacity? Thank you.

Robert MacLeod: Okay. A few sort of detailed questions there. So light duty Asia, I mean, I think as Anna said, we are sort of in light duty, we are probably 75% through on the fitment of GPFs in China. That is a little bit accelerated than it was originally expected because Chinese OEMs tend to fit the, you know, nowadays put the fitment in early. And as we mentioned already that we lost a little bit of share in light duty, as we said, through platform losses a couple of years ago. And that is why you are seeing the implications, the impact in this year's numbers.

We didn't, going back to heavy duty Asia, we have not broken down relative proportion of the business going forward. What we have said is as you get tighter regulations in heavy duty, you are going to see a tripling of content per vehicle. That is both in China and in India. India is not so material, so China is the more material one. And as Anna said earlier on, I think, to an answer to a question, we are about quarter of the way through the fitment of the new technology to meet Euro VI in heavy duty in China.

On the eLNO second plant, we have not given an operational date, but I think it is fair to just sort of say and it will be reasonably fair to say we are probably going to be two years or so after — sorry, two years behind the first commercial plant. So therefore, you could probably add two years or so to when this plant would start production from when the first commercial plant is likely to start production.

And lastly, on Fuel Cells, we have not decided for sure where the next expansion will be in Fuel Cells. And where, it kind of almost means whether it is in one country only because, of course, there is significant opportunity in China, but there is also a significant opportunity in Europe and Asia and the US and we have got to make sure that we invest at the right place at the right time as that market evolves.

And the exact capacity, well, we are still doing early plans, so we — and I do not think I could give you the capacity at the moment.

Lacie Midgley: Okay, really helpful. Thank you very much.

Robert MacLeod: Thanks, Lacie.

Operator: And our last question comes from the line of Jean-Baptiste Rolland from Bank of America.

Jean-Baptiste Rolland (Bank of America): Hi, good morning, Robert, good morning, Anna. Just one question from me in relation to the change in business model that you have implemented in relation to metals. I just wanted to check if — I mean I understand that there are less volumes and that you lend some metals volumes on the market. I just wanted to check, can you elaborate on the risks, potential risks related to this new business model? Or do you — would you say they are increased? Or would you say there is just basically no change in that regard? Thank you.

Robert MacLeod: So Jean-Baptiste, thank you for the question. I am delighted you have asked that question because I can give Anna the chance to answer. She's desperate to answer it. So over to you, Anna.

Anna Manz: Thank you. Look, I would say that the risks in the new business model are reduced in that we have, effectively what we have done is we have worked really hard to reduce the amount of working capital we need to have in our system to deliver our products. And we have done that through how we contract, how we run our refineries, how we move metal around the group. And the smaller amount of metal we have in our system, fundamentally, the lower the risk, the lower all of the risks actually associated with metal. The less price risk we are exposed to on the balance sheet, the less risk we have of moving it around the group. So fundamentally, actually, this is more efficient and less risky in multiple ways and makes it much easier to run our business. So it has been a real change.

The lending of metal into the market is a bit of a red herring. That is just how we fund metal. We either borrow or lend depending on our forecast versus what our view of those forecasts have been a year ago. And currently, we are lending the surplus metal that we do not need in our business into the market because COVID has reduced the demand and because our own efficiencies have reduced the demand of metal in our business.

Robert MacLeod: Did that help answer your question, Jean-Baptiste?

Jean-Baptiste Rolland: Yes. It does. Thanks very much.

Robert MacLeod: Great. Thank you. Any further questions?

Operator: We have no further questions. I will now hand the call back to Robert for his closing remarks.

Robert MacLeod: So thank you very much indeed, everybody, for your questions, and I hope you found it helpful and got what you needed. But of course, we are going to do the road show shortly, so we will have a chance to talk to you again.

But I need to sign off by also saying thank you and acknowledging that this is Anna's last day at JM. As you all know, she has made a fabulous impact across the company over the last four years. She will be missed by us.

Our loss is LSEG's gain. I do not know how many of you analysts will see her again because I am not sure that the chemical analysts follow LSEG that closely, but maybe a number of the shareholders on the call will see Anna again. And I am sure she will make a tremendous contribution at LSEG, too.

But she has — her legacy at JM is multiple, but one in particular is the team that she has left around her. And I am really looking forward to be working with Karen over the next few months. And I am sure some of you will get to see Karen shortly. And it is not just the team that she has made, Anna made a huge difference across the organisation as a whole.

So thank you very much, Anna. This is her last day at JM. She is going to hand back her computer and everything like that so it is all a bit emotional. But thank you, Anna, for everything you have done. I want to publicly say that on behalf of the shareholders. And we will see how her again, I am sure.

But thank you very much, everybody. Take care. Stay safe, and we will see you soon, I hope, and see you next time if not before.

[END OF TRANSCRIPT]