

UK Morning Comment

Headlines

**Johnson Matthey – Trading update.
Hold Maintained.**

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Johnson Matthey

Share Price: 1053p
Market Cap: £2.2bn
(JMAT.L)

Trading in line

Johnson Matthey has today issued a trading update covering the three month period to fiscal year end on 31st March. Full year results will be released on 4th June.

Trading is in line with that indicated at the 28th Jan update with sales over the final quarter below the equivalent period over 2007/08, despite favourable exchange rate movements, largely the consequence of reduced demand for autocatalysts and lower platinum group metals prices. That said, guidance for the full year has been left unchanged, EPS on an underlying basis remaining within the indicated 85p-90p per share range (consensus 85.6p). Cash flow has been strong over fiscal H2 and net debt is expected to be £70m below the level of 31st Mar 2008, implying a figure of around ££540m against consensus expectations for £600m.

Environmental Technologies experienced mixed trading conditions over fiscal Q4 reflecting reduced automotive production levels, offset by strength in Process Technologies as concerns over energy security and environmental issues boosted demand for syngas catalysts and purification products. In Precious Metals sales over fiscal Q4 were below the levels of last year, although prices did recover from Q3 levels. Fine Chemicals & Catalysts sales were ahead of fiscal Q4 2007/08 boosted by favourable translation effects.

None of this news will surprise the market and mixed trading had already been factored into consensus estimates. JM remains a play on a potential revival in global economic activity. Precious metal prices could recover further in such a scenario, as would demand for auto catalysts assuming vehicle production recovers. We take the view that it is still a little too early to change our stance on the shares which, trading off 11.5x 2009 earnings, are somewhat below the long run average (12x) remains a **Hold**.

Analyst: Jeremy Batstone-Carr

If you would like to be added to the Croesus distribution list, please email us on Croesus@charles-stanley.co.uk

Prices are as close 27 March 2009

Please refer to important disclaimers at end of document

| FTSE 350 Best Stock Performance Over Last Month | | | | | | | | | |
|---|-------|------|------|------|---------------------------|-------|------|------|------|
| Stock | Price | 1m | 6m | 12m | Stock | Price | 1m | 6m | 12m |
| 1. BARCLAYS | 174p | +86% | -53% | -61% | 11. DEBENHAMS | 52p | +38% | +8% | -10% |
| 2. INCHCAPE | 71p | +60% | -65% | -33% | 12. INVESTEC | 277p | +36% | -18% | -21% |
| 3. VENTURE PRODUCTION | 811p | +59% | +31% | -38% | 13. AGGREKO | 482p | +35% | -16% | -26% |
| 4. PACE | 92p | +56% | +2% | +1% | 14. FRESNILLO | 470p | +34% | +39% | NA |
| 5. TULLETT PREBON | 201p | +56% | -30% | -38% | 15. WOLSELEY | 240p | +34% | -44% | -38% |
| 6. REGUS | 72p | +47% | +4% | -26% | 16. SALAMANDER ENERGY | 135p | +34% | -36% | -52% |
| 7. KAZAKHMYS | 379p | +45% | -43% | -76% | 17. HERITAGE OIL | 342p | +34% | +48% | NA |
| 8. LONMIN | 1429p | +41% | -42% | -54% | 18. EURASIAN NATRES.CORP. | 444p | +33% | -21% | -54% |
| 9. PREMIER OIL | 1072p | +40% | +3% | -21% | 19. COOKSON GROUP | 17p | +31% | -76% | -82% |
| 10. RIO TINTO | 2478p | +38% | -33% | -52% | 20. LLOYDS BANKING GROUP | 76p | +31% | -70% | -83% |

Source: Thomson Datastream

| FTSE 350 Worst Stock Performance Over Last Month | | | | | | | | | |
|--|-------|------|------|------|------------------------|-------|------|------|------|
| Stock | Price | 1m | 6m | 12m | Stock | Price | 1m | 6m | 12m |
| 1. IG GROUP HOLDINGS | 171p | -36% | -46% | -51% | 11. CATLIN GROUP | 302p | -18% | -8% | -24% |
| 2. NATIONAL EXPRESS | 163p | -30% | -81% | -84% | 12. COMPUTACENTER | 111p | -18% | +2% | -34% |
| 3. SMITH (DS) | 49p | -30% | -56% | -68% | 13. SMITHS GROUP | 687p | -17% | -32% | -27% |
| 4. F&C ASSET MANAGEMENT | 61p | -21% | -18% | -68% | 14. GENUS | 535p | -17% | -31% | -26% |
| 5. DEXION ABSOLUTE | 92p | -20% | -32% | -41% | 15. KELLER | 485p | -17% | -29% | -30% |
| 6. ITV | 20p | -19% | -55% | -71% | 16. MICHAEL PAGE INTL. | 180p | -17% | -22% | -41% |
| 7. SYNERGY HEALTH | 320p | -19% | -60% | -50% | 17. RENISHAW | 258p | -16% | -67% | -62% |
| 8. SAVILLS | 238p | -18% | -12% | -35% | 18. CENTRICA | 227p | -16% | -22% | -15% |
| 9. ELECTRA PRIVATE EQUITY | 587p | -18% | -55% | -63% | 19. CRANSWICK | 545p | -15% | -13% | +7% |
| 10. AVIVA | 237p | -18% | -54% | -61% | 20. BT GROUP | 77p | -15% | -53% | -64% |

Source: Thomson Datastream

| Global Index Performance | | | | | | | | | |
|--------------------------|--------|------|------|------|--------------------|-------|------|------|------|
| Index | Level | 1m | 6m | 12m | Index | Level | 1m | 6m | 12m |
| FTSE 100 | 3899 | +2% | -23% | -32% | FRANCE CAC 40 | 2841 | +5% | -32% | -40% |
| FTSE 250 | 6352 | +5% | -23% | -36% | DAX 30 PERFORMANCE | 4204 | +9% | -31% | -36% |
| FTSE SMALL CAP | 1763 | +3% | -31% | -42% | TOPIX | 825 | +9% | -28% | -33% |
| FTSE ALL SHARE | 1971.5 | +2% | -24% | -33% | MSCI PACIFIC EX JP | 879 | +10% | -23% | -33% |
| S&P 500 COMPOSITE | 816 | +11% | -33% | -38% | MSCI EUROPE | 805 | +4% | -30% | -39% |
| DOW JONES INDUSTRIALS | 7776.2 | +10% | -30% | -37% | MSCI WORLD | 619 | +8% | -31% | -38% |
| NASDAQ COMPOSITE | 1545.2 | +12% | -29% | -32% | | | | | |

Source: Thomson Datastream

Prices are as at the close of play on 27 March 2009

Due to the recent events in the current financial markets we feel it would be misleading to show our regular tables. We will hopefully be able to reproduce the tables again as and when conditions stabilise.

Charles Stanley's most recent research

| Stock | Date | Product | Rec | Previous Rec | Author |
|--|---------------|-----------------|------------|--------------|----------------------|
| HSBC | 18 March 2009 | Company Note | Accumulate | Accumulate | Nic Clarke |
| Fresnillo | 18 March 2009 | Croesus | Hold | Hold | Tom Gidley-Kitchin |
| The Fed in aggressive motion | 19 March 2009 | Croesus | | | Jeremy Batstone-Carr |
| Prudential | 19 March 2009 | Croesus | Hold | Hold | Nic Clarke |
| Next | 20 March 2009 | Week In Preview | Hold | Hold | Sam Hart |
| Kingfisher | 20 March 2009 | Week In Preview | Reduce | Reduce | Sam Hart |
| Legal & General | 20 March 2009 | Week In Preview | Hold | Hold | Nic Clarke |
| British Land | 20 March 2009 | Croesus | Hold | Hold | Tina Cook |
| Severn Trent | 24 March 2009 | Croesus | Hold | Hold | Tina Cook |
| Wolseley | 24 March 2009 | Company Note | Reduce | Reduce | Tony Shepard |
| Sainsbury | 25 March 2009 | Croesus | Accumulate | Accumulate | Sam Hart |
| Carnival | 25 March 2009 | Croesus | Hold | Reduce | Sam Hart |
| Legal & General | 25 March 2009 | Croesus | Hold | Hold | Nic Clarke |
| Legal & General Eurasian Mineral Resources | 25 March 2009 | Croesus Note | Hold | Hold | Nic Clarke |
| Next | 25 March 2009 | Croesus | Hold | Hold | Tom Gidley-Kitchin |
| Next | 26 March 2009 | Croesus | Hold | Hold | Sam Hart |
| Hikma Pharmaceuticals | 27 March 2009 | Company Note | Accumulate | Accumulate | Jeremy Batstone-Carr |
| Cairn Energy | 27 March 2009 | Week In Preview | Hold | Hold | Tony Shepard |
| Kingfisher | 27 March 2009 | Croesus | Reduce | Reduce | Sam Hart |
| Imperial Tobacco | 27 March 2009 | Croesus | Accumulate | Accumulate | Tina Cook |

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