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Johnson Matthey today announced that it has entered into an agreement to acquire the battery materials business of Clariant AG (Clariant) for US \$75 million. The transaction, which is expected to complete early in 2015, covers all of the assets of Clariant's Energy Storage business including its manufacturing facility in Candiac, Quebec, an R&D centre and pilot plant in Moosburg, Germany together with the customer order book and a substantial IP portfolio.

The business, which employs around 100 people, is a leading supplier of lithium iron phosphate (LFP) cathode material to the lithium-ion (Li-ion) battery sector for both automotive and non-automotive applications. For the year ended 31st December 2013, the business had sales of around £11 million and made an operating loss.

As part of the transaction Johnson Matthey will gain rights to basic patents on LFP and its use as a cathode material, as well as a number of other important patents relating to LFP. In addition, Johnson Matthey is acquiring a portfolio of IP covering current and future battery materials from Clariant and a well established R&D group.

The transaction further strengthens Johnson Matthey's Battery Technologies business

Opportunities for growth

The transaction further strengthens Johnson Matthey's Battery Technologies business, offering strong synergies and opportunities for growth. Firstly, it enables us freedom to operate within the field of LFP cathode materials as supplier to an established base of customers in a market with strong growth potential. In addition, the combination of Clariant's Canadian manufacturing operations and the Chinese facility we acquired from A123 in September 2014 will allow us to optimise our LFP manufacturing capacity to best meet our customers' needs.

Furthermore, the transaction will accelerate product development through combining the expertise within Clariant's battery materials R&D team with the depth and strength in advanced materials within the Johnson Matthey group. This will support our strategy to develop a broad portfolio of current and future generation battery materials for a range of high performance applications, particularly automotive.

Combining expertise

Following completion, our two battery materials acquisitions will be integrated into a single entity, Johnson Matthey Battery Materials, to deliver benefits from R&D, manufacturing and commercial synergies. This entity, together with our Battery Systems business, will make up Johnson Matthey's Battery Technologies business which sits within our New Businesses Division.

Johnson Matthey Battery Technologies combines expertise in applications engineering, materials science and electrochemistry that provides a unique offering to the growing Li-ion cell industry. We expect our Battery Technologies business will deliver sales in excess of £100 million in 2015/16 and break even excluding integration costs in that year. It should contribute good growth in operating profit thereafter.

"The acquisition provides us with a strong position in LFP from which to develop a broad portfolio of battery materials" – Robert MacLeod

Commenting on the transaction, Robert MacLeod, Chief Executive of Johnson Matthey said: "The acquisition of Clariant's battery materials business provides us with a strong position in LFP from which to develop a broad portfolio of battery materials. It enhances our Battery Technologies

business, complementing our recently acquired battery materials manufacturing assets and our expertise in battery systems. These, together with our continued investment in battery materials R&D will support our work to develop the next generation of higher performance products that can meet the challenging energy storage requirements of batteries for the automotive sector.

“The further strengthening of our battery technologies capability is a key milestone in the development of our New Businesses Division. It marks an important step in Johnson Matthey’s long term strategy to establish new businesses in adjacent markets with strong growth potential that align with our technology competences.”

Notes for editors

About Lithium iron phosphate (LFP)

LFP is an important Li-ion cathode material which offers both a high power density and long cell cycle life. In addition, LFP is one of the safest of all Li-ion chemistries since it is resistant to thermal runaway. These features make it the best chemistry for use in high power applications such as mild hybrid vehicles in both automotive and heavy duty sectors.

About Johnson Matthey Battery Systems

Johnson Matthey’s Battery Technologies business also includes Johnson Matthey Battery Systems, a leader in the design, development and manufacture of integrated battery modules and systems for customers in the automotive industry and in high performance non-automotive applications. It provides applications expertise to steer the development of Johnson Matthey’s battery materials activities, whilst maintaining its position as a cell-independent system designer, selecting the most appropriate cell chemistry to meet the needs of each application.

About Johnson Matthey

Johnson Matthey is a global speciality chemicals company underpinned by science, technology and its people. A leader in sustainable technologies, many of the group’s products enhance the quality of life of millions through their beneficial impact on the environment, human health and wellbeing. The group focuses on clean air, clean energy and low carbon technologies and is an expert in the application and recycling of precious metals. Johnson Matthey has operations in over 30 countries and employs around 12,000 people. Its products and services are sold across the world to a wide range of advanced technology industries.

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