

Johnson Matthey's largest shareholder calls for 'strategic review' amid 55% stock slump

Johnson Matthey's largest shareholder has urged for a comprehensive strategic review of the business, which may lead to the sale of "part or all" of the company.

In a letter made public on Monday, New York-based Standard Investments called for a significant overhaul of the board and suggested either de-risking or disposing of the lossmaking Hydrogen Technologies division, as reported by [City AM](#).

The investor criticised the FTSE 250 chemical group's management for being "complacent and incapable of correcting a misguided strategy that has delivered sustained underperformance."

Over the past five years, Johnson Matthey's shares have plummeted by approximately 55%. After nearly doubling its stake to 11% in September 2023, Standard Investments, now the largest shareholder, expressed concern that the board of directors lacked a "sense of urgency" and the capacity to effect a successful turnaround.

Since November 2021, when the company sought buyers for its faltering electric vehicle battery materials segment, only one new independent director has been appointed, the investor noted. This follows the company's announcement in March of a £550 million plan to divest its Medical Device Components arm to Montagu private equity in London, aiming to strengthen its financial position.

While Standard Investments acknowledged the "unique value of

Johnson Matthey” it also warned of a “massive credibility gap” that had formed with investors and the wider market.

Significant capital has been spent over many years on “unproven growth businesses with no demonstrated path to profitability,” it argued, noting the 2021 battery materials exit. It also said Johnson Matthey’s Platinum Group Metals Services continued to “tremendously underperform,” consuming over £1bn of cash from working capital increases.

Among the investor’s other concerns are low margins in the group’s Clean Air business and “volatile and meager” group free cash flow. “As long-term owners and operators of both industrial and investment businesses, we believe pursuing the actions we outline will position Johnson Matthey to unlock the unrealized promise of “New Johnson Matthey” and emerge as a stronger, more resilient business, enabling significant value creation for the company and its shareholders,” Standard concluded.

Johnson Matthey has been approached for comment.

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