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# Mechanics predict engine trouble for Johnson Matthey

Jamie Nimmo



## MARKET ROUND-UP

ANALYSTS like to look under the bonnet of businesses, but not quite as literally as number-crunchers at UBS.

To inspect the damage that electric vehicles might have on catalytic converter maker **Johnson Matthey**, they bought a Chevy Bolt electric car and “tore it down”.

They reckon the electric power system is around \$5000 cheaper than they assumed, which means electric cars could be just as cheap as regular petrol cars in two years. One of the main drawbacks of buying an electric car is the higher cost.

UBS estimates that 30% of cars in the EU will be electric by 2025. That’s a problem for Johnson Matthey, which generates two-thirds of its catalyst revenues in Europe. The investment bank thinks diesel vans, which account for 14% of Johnson Matthey’s profits, will almost completely disappear from roads within eight years. The company could spend £1.3 billion on acquisitions to relieve the pressure, it adds.

UBS slashed its profit forecasts and rating from Neutral to Sell, causing the shares to reverse 62p, or 2%, to 3018p.

Markets recovered from the so-called Trump slump, with the FTSE 100 up 35.03 points to 7471.45 as the sell-off only lasted two days. “With no fresh news regarding the Trump-Russia scandal the European indices could catch their breath,” said Spreadex analyst Connor Campbell.

Equipment hire firm **Ashtead**, the UK’s proxy bet on Trump because of its exposure to US infrastructure

spending, improved 27p to 1569p.

On the mid-cap index, tour operator **Thomas Cook** fell 4.2p to 91p after Barclays downgraded to Equal-Weight, citing concerns about consumer spending.

Suit retailer **Moss Bros**, off 6.29p at

106.96p, was out of fashion after painting a gloomy picture of the outlook for the High Street despite putting in a strong performance so far this year.

On AIM, smart home solutions group **LightwaveRF** continued its hot streak after yesterday’s deal with Google. It surged another 2.38p, or 10%, to 25.38p after growing first-half revenues to above £1 million.

Meanwhile, foreign exchange firm **FairFX** was 1.24p richer at 53.24p after a partnership with easyJet founder **Sir Stelios Haji-ioannou**’s easyCurrency. @jamiennimmo63



**Looking good:** Moss Bros is performing strongly despite its gloomy view of the outlook for the High Street

