

2017 Interim results

26th January 2017

Chairman's statement



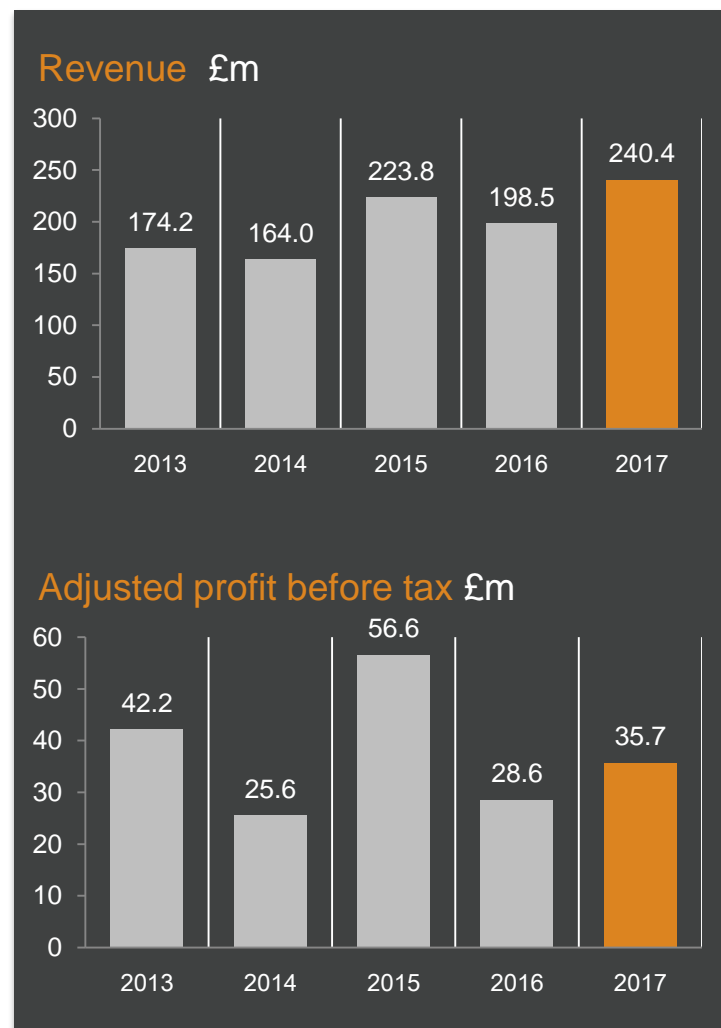
- Revenue of £240.4m (2016: £198.5m).
 - Growth of 21%, or 12% at constant exchange rates.
 - Metrology – particularly good growth in encoder and laser calibration products lines.
 - Healthcare – good growth in neurological products line, with the sale of two more surgical robots.
 - Profit before tax of £35.7m (2016: £28.6m restated).
 - Strong balance sheet, with cash of £14.0m at the end of the period.
 - Capital expenditure of £25.9m.
 - Maintained dividend of 12.5 pence net per share (2016: 12.5p).
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Financial highlights

	2017 £m	2016* £m	Change %
Revenue	240.4	198.5	+21%
Operating profit	35.6	28.4	+25%
Profit before tax	35.7	28.6	+25%
	pence	pence	
Earnings per share	41.0	32.4	+27%
Dividend per share	12.5	12.5	-

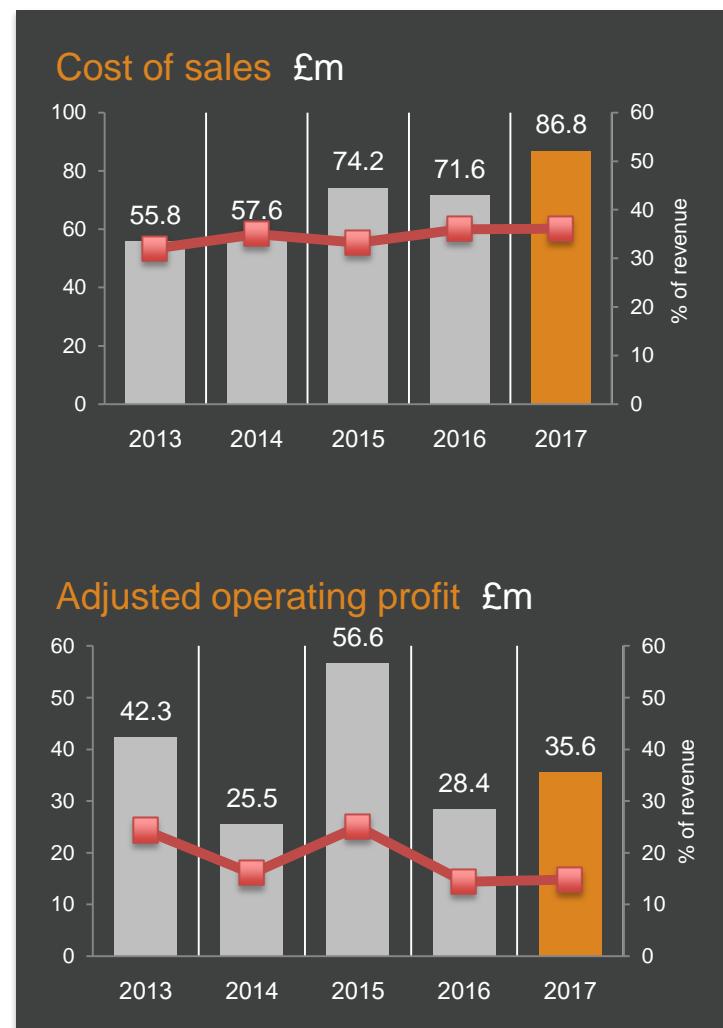
• Note. 2016 results have been restated for the following:

1. The results of Renishaw Diagnostics Limited have been excluded, as this business has been reclassified as a discontinued activity.
2. The R&D tax credit, previously accounted for within the Income tax expense line has been reclassified to be part of administration expenses, thereby showing it as part of the profit before tax.



Income statement

	2017 £m	%	2016 £m	%	Change
Revenue	240.4	100	198.5	100	+21%
Cost of sales	(86.8)	(36)	(71.6)	(36)	+21%
Engineering (inc. R&D)	(38.3)	(16)	(33.3)	(17)	+15%
Gross profit	115.3	48	93.6	47	+23%
Distribution costs	(56.1)	(23)	(44.7)	(23)	+26%
Administrative costs	(23.6)	(10)	(20.5)	(10)	+15%
Operating profit	35.6	15	28.4	14	+25%
Financial expense (net)	(0.8)	-	(0.4)	-	-
Profit from associates	0.9	-	0.6	-	-
Profit before tax	35.7	15	28.6	14	+25%



Income statement

Engineering costs

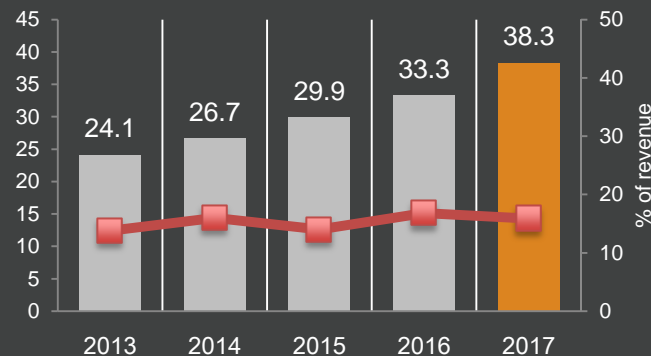
	2017 £m	2016 £m	Change %
Total spend	39.7	34.9	+14%
Less capitalised (net)	1.4	1.6	-12%
Income statement	38.3	33.3	+15%

- Gross engineering costs increased by 14%.
- Representing 17% of revenue.

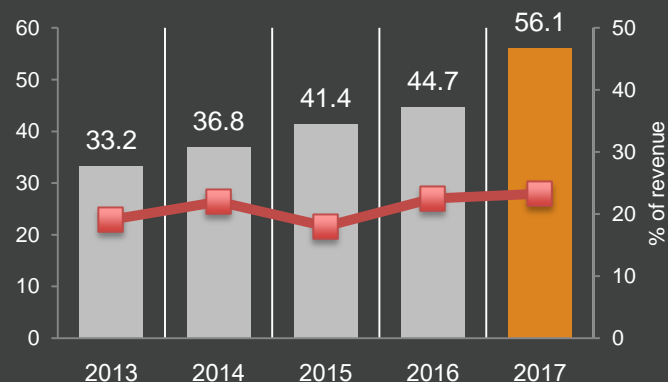
Distribution costs

- Distribution costs up 26% (but +10% at constant exchange rates).
- New office in Turkey.

Engineering costs (net) £m



Distribution costs £m



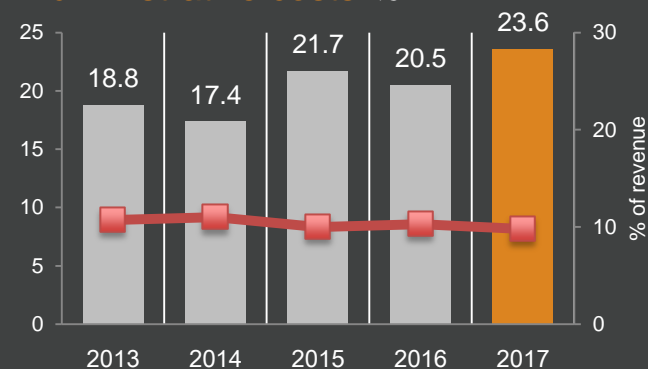
Income statement

Headcount

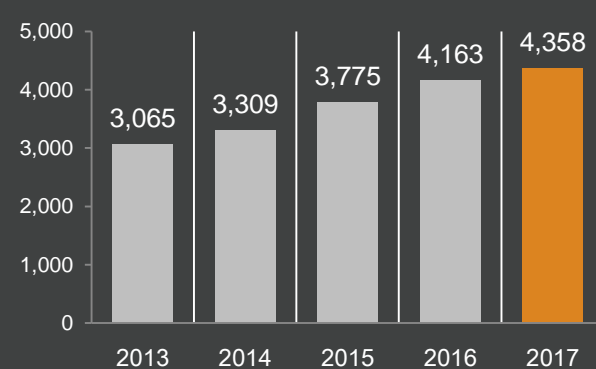
	Dec 2016 No.	Jun 2016 No.	Dec 2015 No.	Change from Jun %	Change from Dec %
UK	2,808	2,782	2,721	+1%	+3%
Overseas	1,550	1,504	1,442	+3%	+7%
Total	4,358	4,286	4,163	+2%	+5%

- Continued growth in headcount to support increased investment in new product development and expansion of marketing and support facilities.
- Headcount up 195 from December 2015 and up 72 in the first half year from 4,286 at June 2016.
- 76 new graduates and apprentices were recruited during this period,

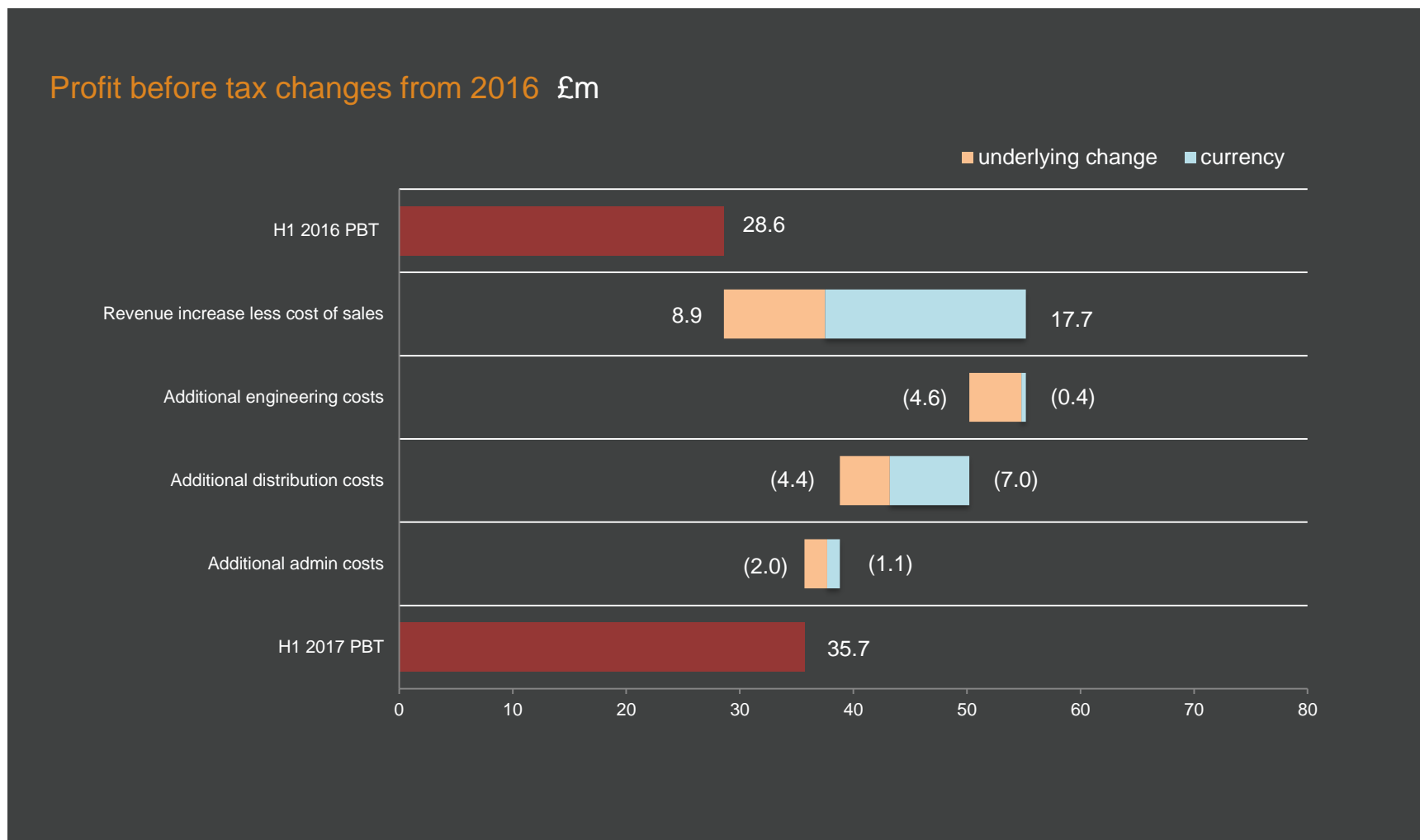
Administrative costs £m



Headcount No.



Income statement



Income statement - Segmental

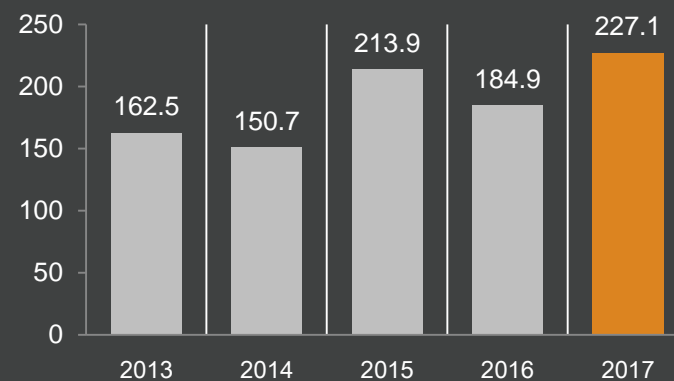
Revenue

	2017 £m	2016 £m	Change %
Metrology	227.1	184.9	+23%
Healthcare	13.3	13.6	-2%
Total	240.4	198.5	+21%

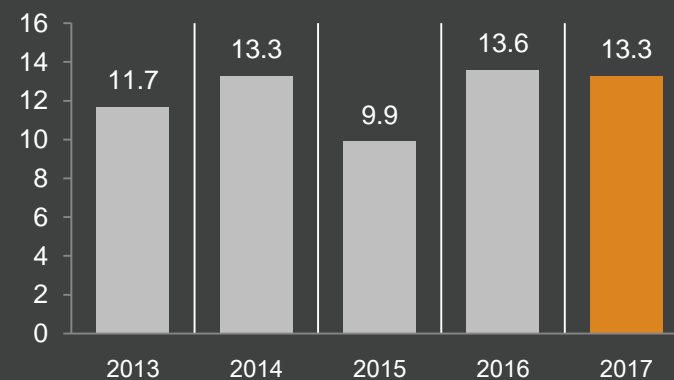
Operating profit/(loss)

	2017 £m	2016 £m	Change %
Metrology	41.6	30.6	+36%
Healthcare	(6.0)	(2.2)	-
Total	35.6	28.4	+25%

Revenue - Metrology £m



Revenue - Healthcare £m



Group revenue analysis

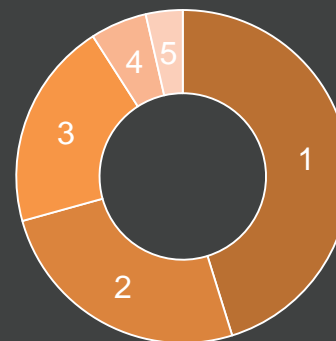
Changes in geographic area

	Change % at actual fx rates	Change % at p/y fx rates
Far East	+27%	+18%
Europe	+18%	+3%
Americas	+11%	+6%
UK & Ireland	+20%	+20%
Total	+21%	+12%

Revenue by major countries

	2017 £m	2016 £m
China	58.2	45.5
USA	41.2	38.6
Germany	26.2	21.7
Japan	24.8	23.3

Revenue by region £m



	2017 £m	2016 £m
1 Far East	108.7	85.5
2 Continental Europe	61.3	52.1
3 North & South America	48.6	43.7
4 UK	13.2	11.0
5 Other regions	8.6	6.2
Total	240.4	198.5

Group revenue analysis - Metrology

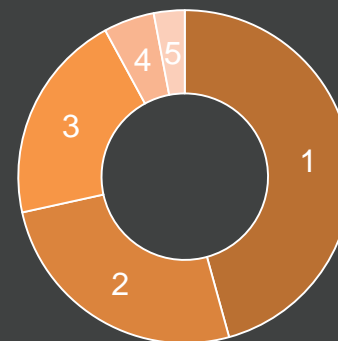
Revenue

	2017 £m	2016 £m	Change %
Metrology	227.1	184.9	+23%

Changes in geographic area

	Change %
Far East	+26%
Europe	+25%
Americas	+13%
UK & Ireland	+24%

Revenue by region £m



	2017 £m	2016 £m
1 Far East	103.8	82.4
2 Continental Europe	58.7	47.1
3 North and South America	46.6	41.4
4 UK	11.2	9.0
5 Other regions	6.8	5.0

Metrology highlights

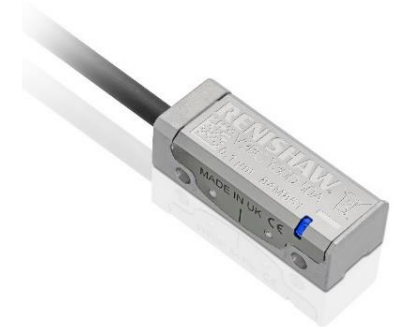
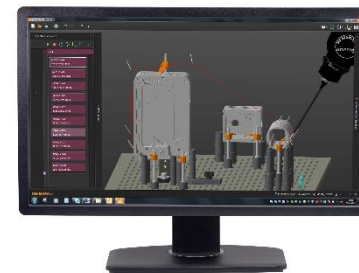
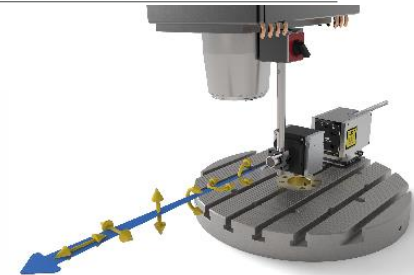
- Particularly good growth in encoder and laser calibration products lines.
- New subsidiary has been established in Turkey, to expand our marketing, sales, service and distribution infrastructure in Europe.
- Opening of Canadian Additive Manufacturing Solutions Centre; the first in North America.
- Awarded the prestigious Company of the Year award at the 2016 NMI awards (NMI is the UK trade association representing the electronic systems, microelectronics and semiconductor communities).
- New XM-60 multi-axis calibrator won German MM Award for Innovation in the Measuring Systems category during AMB exhibition.
- Official supplier to the Land Rover BAR America's Cup team supplying various additively manufactured hydraulic manifolds and position encoders for the team's boats; aiming to win the Cup for Britain for the first time during June 2017.



New product releases / Metrology

General products strategy

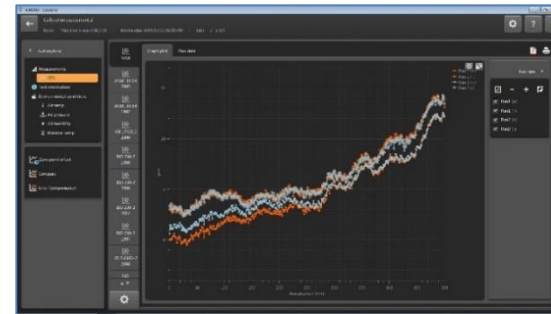
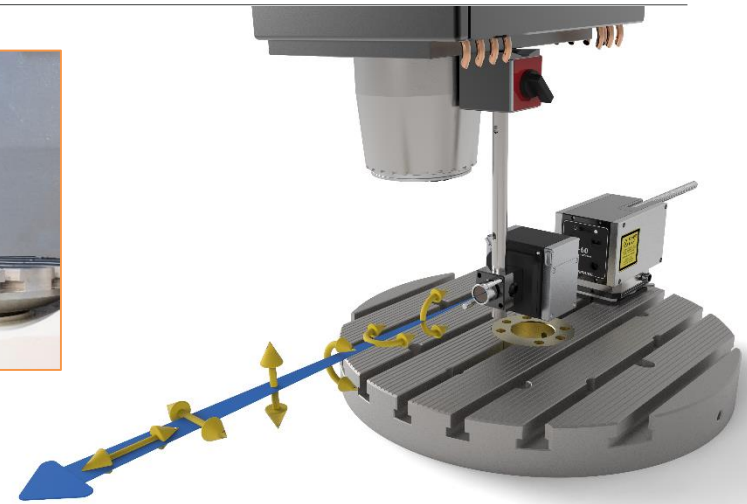
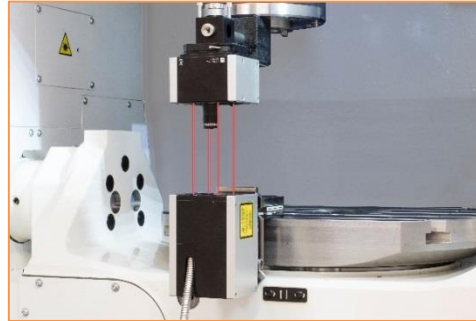
- Market demands are creating the need for our next generation products.
- Increasing complexity and closer tolerances
 - Increase **capability**
 - Improve **measurement performance**.
- Need to reduce costs
 - Increase **speed** of operation.
- Address global skills shortages
 - **Easier to use** solutions.



New product releases / Metrology

XM-60 multi-axis calibrator

- Measures all of a machine's six degrees of freedom along a linear axis in a single set-up.
- Significantly simpler and faster to use than other laser measurement techniques.



New CARTO 2.0 calibration software suite supports XM-60 for test set-up and data analysis.

New product releases / Metrology

VIONiC™ / VIONiCplus™

- Highly compact, ultra-high accuracy ‘all-in-one’ family of position encoders.
- Combines interpolation and digital signal processing inside the readhead to eliminate the requirement for additional external interfaces.



Advanced Diagnostic Tool (ADT)

- Allows easy system set-up and calibration for the VIONiC family of encoders.
- Software features include automatically generated plots of signal strength vs position, and readhead pitch indication.



New product releases / Metrology

SLM 250 scanning laser module

- SLM 250 scanning laser module, used for presence detection, security and environmental mapping applications.
- Offers data output rates up to 36,000 points per second over ranges up to 250 metres.



Perimeter security



Presence detection

Group revenue analysis - Healthcare

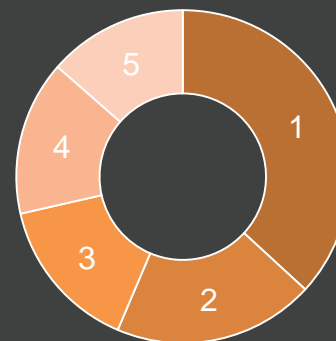
Revenue

	2017 £m	2016 £m	Change %
Healthcare	13.3	13.6	-2%

Changes in geographic area

	Change %
Far East	+58%
Europe	-48%
Americas	-13%
UK & Ireland	+0%

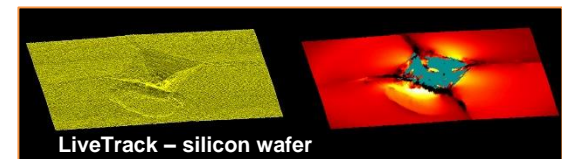
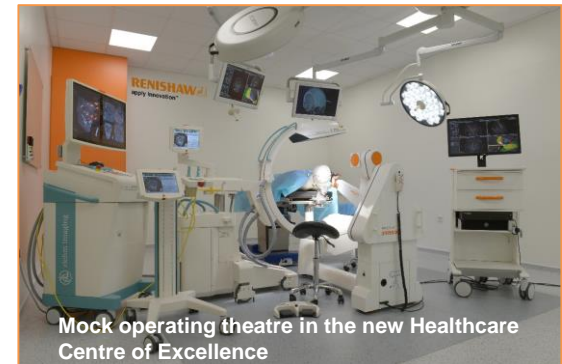
Revenue by region £m



	2017 £m	2016 £m
1 Far East	4.9	3.1
2 Continental Europe	2.6	5.0
3 North and South America	2.0	2.3
4 UK	2.0	2.0
5 Other regions	1.8	1.2

Healthcare highlights

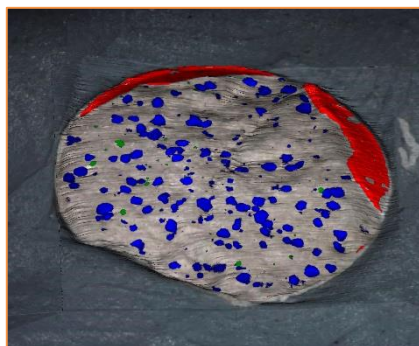
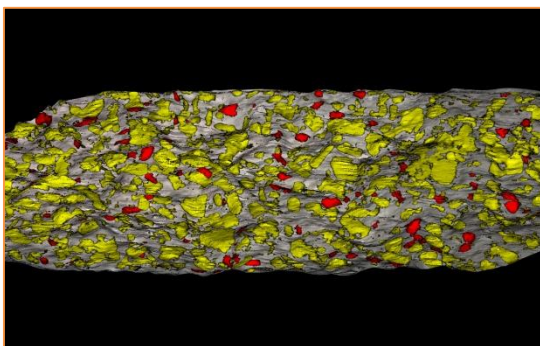
- Growth in neurological products line.
- Renishaw's novel drug delivery system to be used in clinical trials with Herantis Pharma plc's drug candidate for the treatment of Parkinson's disease, supported by a €6 million Horizon 2020 grant.
- Healthcare Centre of Excellence opened at Miskin by Carwyn Jones AM, First Minister of Wales. This provides a facility for the additive manufacture of class 3 custom medical devices, a mock non-sterile operating theatre, plus education and training areas.
- The Company won an Analytical Scientist Innovation Award for its LiveTrack™ real time focus-tracking technology for Raman imaging. The awards showcase the instruments and technologies that are anticipated to have a game-changing impact on analytical science.
- Also won a Collaborate to Innovate award in the Health & Wellbeing category for the ADEPT project which aims to enable the widespread use of 3D printing for bespoke maxillofacial implants.



New product releases / Healthcare

RA802 Pharmaceutical Analyser

- A compact benchtop Raman imaging system designed exclusively for the pharmaceutical industry.
- An easy to use instrument that enables users to formulate tablets more efficiently by speeding up the analysis of tablet composition and structure.
- Uses Renishaw's award-winning LiveTrack™ focus-tracking technology that allows the analysis of samples with uneven, curved or rough surfaces at high speeds without the need for sample preparation.



New product releases / Healthcare

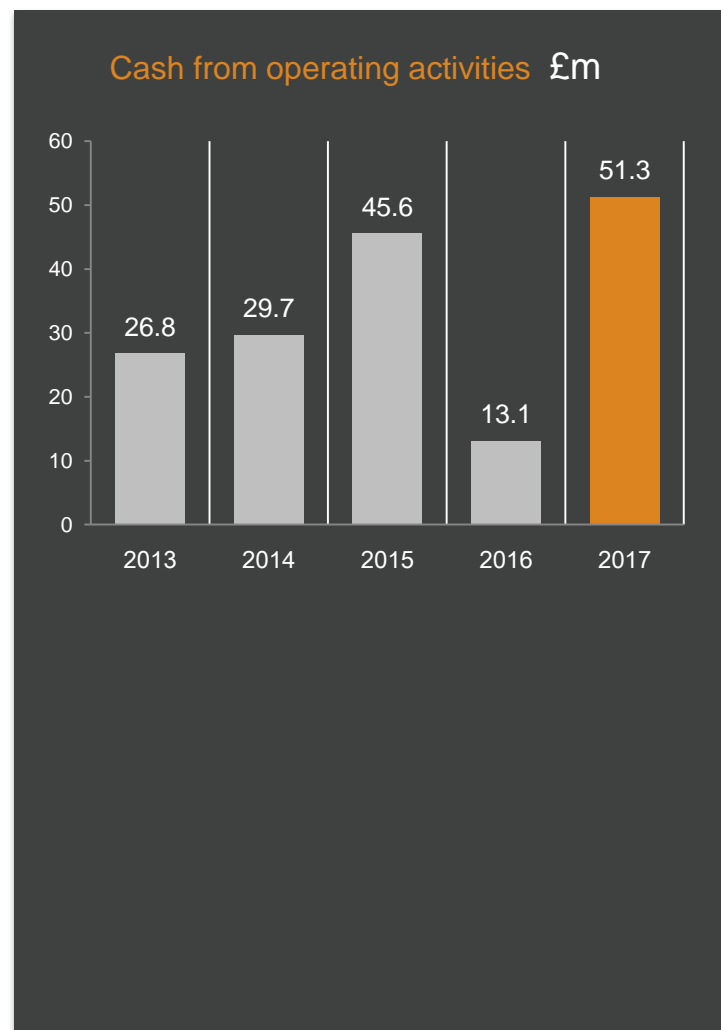
neurolocate™

- A frameless patient registration module designed for use with the *neuromate*® stereotactic robot.
- The technology is based on a fiducial marker that is mounted on the robot arm during intraoperative X-Ray/CT.



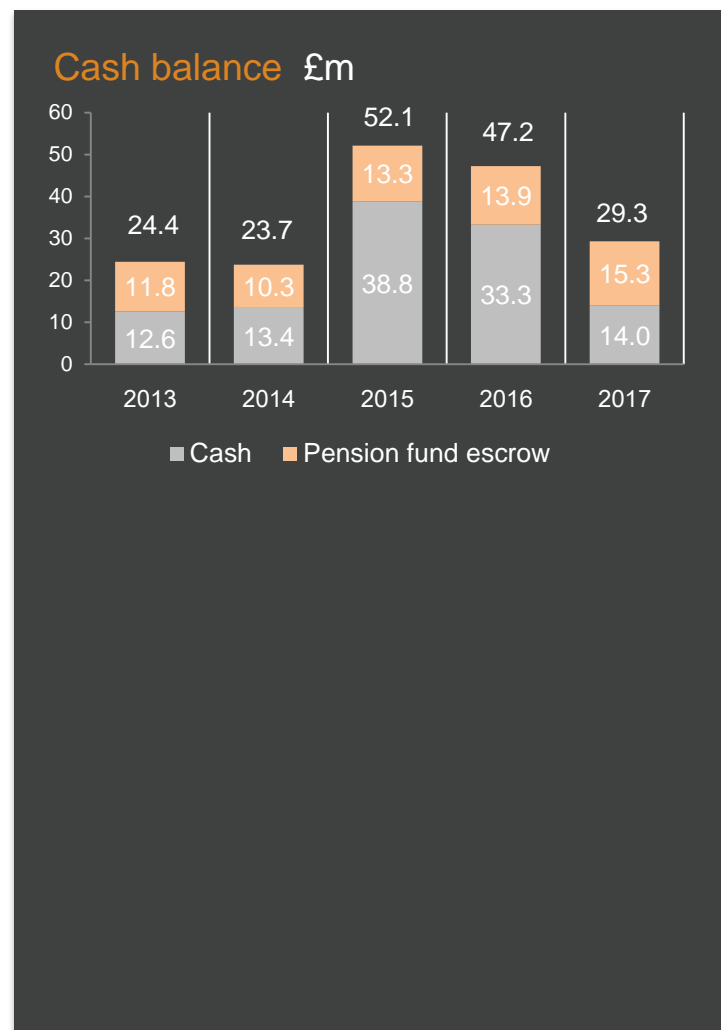
Cash flow from operating activities

	2017 £m	2016 £m
Profit before tax	35.7	28.6
Discontinued activities	(3.5)	(1.2)
Depreciation and amortisation	19.1	14.2
Financial income and expenses	0.8	0.5
Share of profits from associates	(0.9)	(0.6)
Decrease/(increase) in inventory	4.2	(14.0)
Decrease in debtors	8.4	17.5
(Decrease) in creditors	(1.0)	(15.9)
Total movement in working capital	11.6	(12.4)
DB pension contributions	(2.4)	(1.3)
Income taxes paid	(9.1)	(14.7)
Cash from operating activities	51.3	13.1

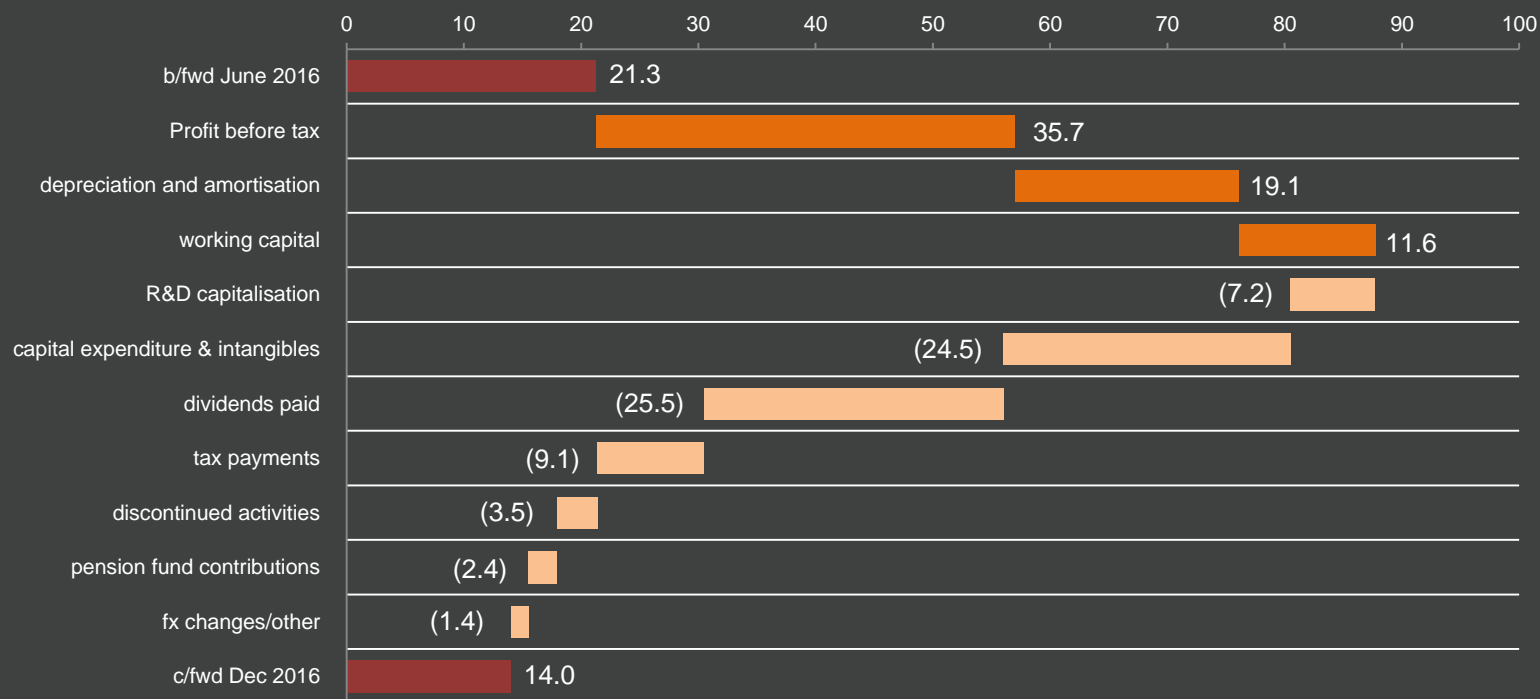


Cash flow

	2017 £m	2016 £m
Cash from operating activities	51.3	13.1
Interest received less paid	0.1	0.4
Dividends paid less received	(25.5)	(24.4)
Fixed assets purchased (net)	(24.5)	(28.5)
Intangible assets acquired	(0.1)	(0.4)
Development costs capitalised	(7.2)	(6.0)
Net movement with escrow account	-	0.8
Net cash flow	(5.9)	(45.0)
Cash at 1st July	21.3	82.2
Effect of exchange rate changes	(1.4)	(3.9)
Cash at 31st December	14.0	33.3

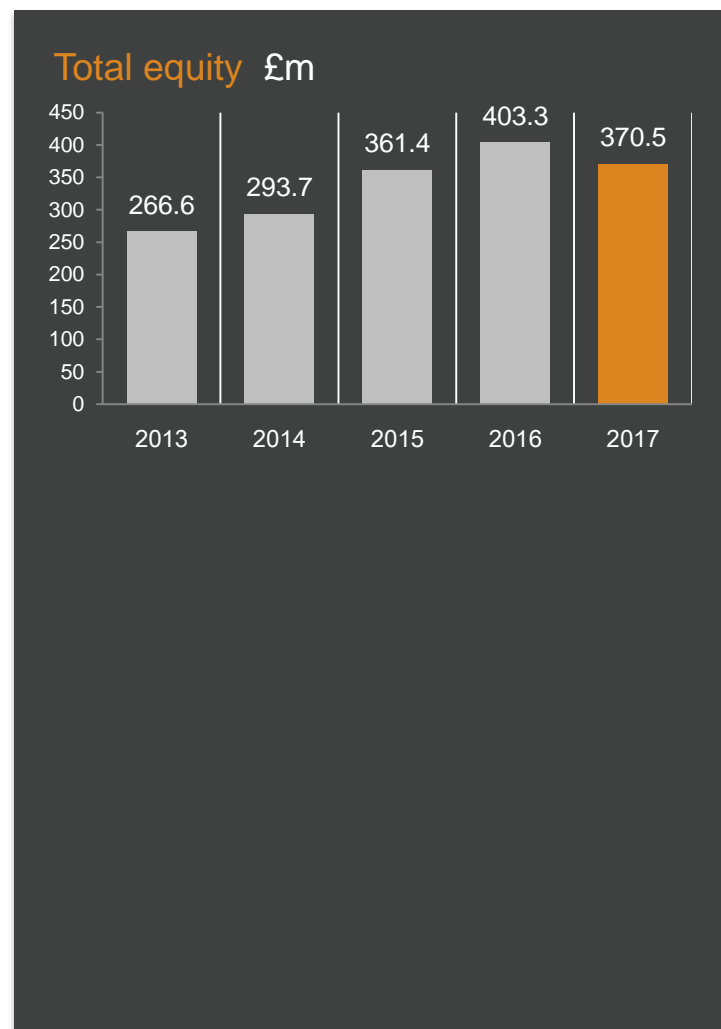


Change in cash balance for the period £m



Balance sheet

£m	Dec 2016	June 2016	Change %
Property, plant & equipment	230.6	213.9	+8%
Intangible assets & investments	67.1	66.9	-
Deferred tax assets	44.3	41.0	+8%
Derivatives	0.5	0.1	-
Total non-current assets	342.5	321.9	+6%
Inventory	90.8	95.0	-4%
Debtors	131.1	134.2	-2%
Derivatives	(31.1)	(19.1)	+63%
Pension fund cash escrow	15.3	15.3	-
Cash	14.0	21.3	-34%
Creditors (current)	(43.7)	(46.6)	-6%
Net current assets	176.4	200.0	-12%
Deferred tax liability	(22.0)	(22.0)	-
Pension fund deficit	(68.7)	(67.8)	+1%
Derivatives > 1 year	(57.7)	(50.7)	+14%
Net assets, equal to Total equity	370.5	381.4	-3%



Capital expenditure

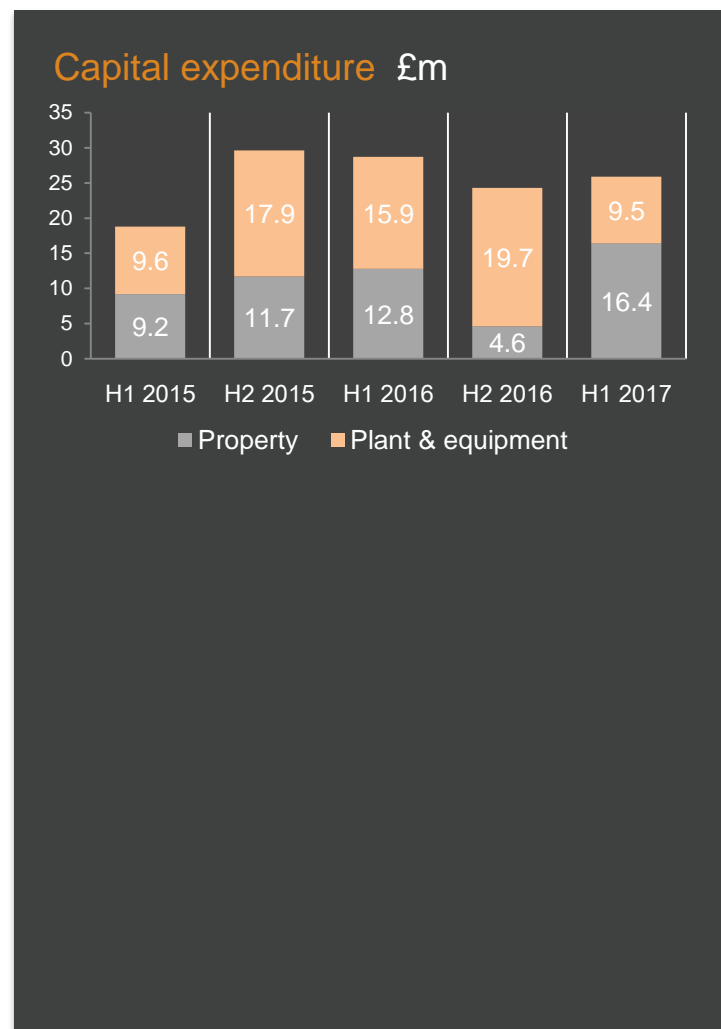
	2017 £m	2016 £m
Capital expenditure	25.9	28.7

•Property

- Completion of new 133,000 sq ft premises for Renishaw Inc, Chicago.

•Plant & equipment

- Continuing expansion of manufacturing and IT facilities at UK sites.



Capital expenditure - property



Renishaw Inc, Chicago

Outlook

Notwithstanding current economic uncertainties, the Board remains confident in the future prospects of the Group. We continue to anticipate growth in both revenue and profit in this financial year and expect full year revenue to be in the range of £500m to £530m and Profit before tax to be in the range of £85m to £105m.