

2018 Interim results

25th January 2018

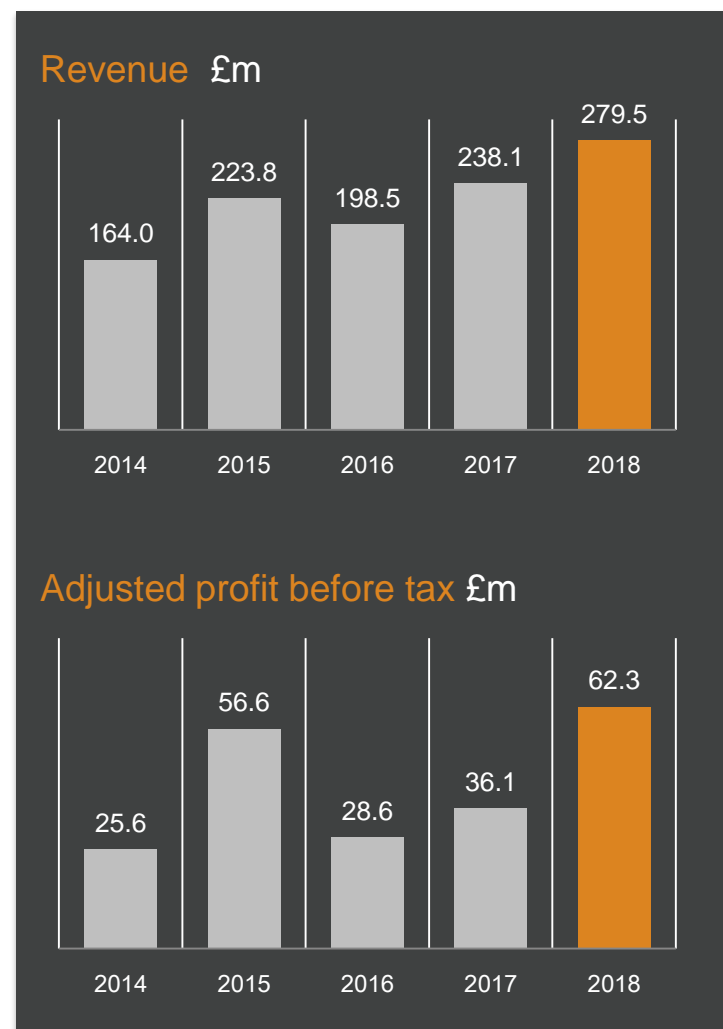
Chairman's statement



- Revenue of £279.5m (2017: £238.1m restated).
- Growth of 17%; 20% at constant exchange rates.
- Metrology – growth in all metrology products lines, with particularly strong growth in additive manufacturing and measurement and automation product lines.
- Healthcare –growth in spectroscopy and neurological products lines.
- Adjusted profit before tax of £62.3m (2017: £36.1m), an increase of 73%.
- Statutory profit before tax of £66.2m (2017: £25.3m restated).
- Strong balance sheet, with cash of £69.1m (excluding pension escrow account) at the end of the period.
- Increased dividend of 14.0 pence per share (2017: 12.5p).

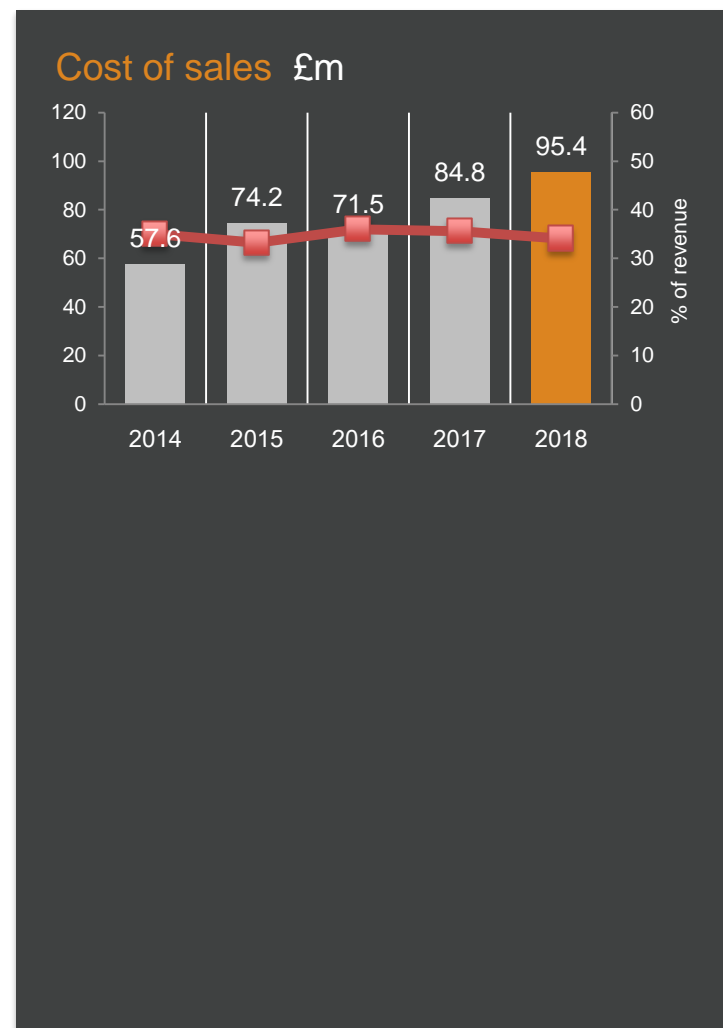
Financial highlights (continuing operations)

	2018	2017	Change
	£m	Restated £m	%
Revenue	279.5	238.1	+17%
Adjusted profit before tax	62.3	36.1	+73%
Statutory profit before tax	66.2	25.3	
Income tax	(10.1)	(4.0)	
Profit after tax	56.1	21.3	
	Pence	Pence	
Adjusted earnings per share	72.7	41.4	+76%
Statutory earnings per share	77.0	29.4	
Dividend per share	14.0	12.5	+12%



Income statement (continuing operations)

	2018		2017 Restated £m		Change
	£m	%	£m	%	
Revenue	279.5	100	238.1	100	+17%
Cost of sales	(95.4)	(34)	(84.8)	(36)	12%
Engineering (inc. R&D)	(39.1)	(14)	(36.4)	(15)	+7%
Gross profit	145.0	52	116.8	49	+24%
Distribution costs	(59.2)	(21)	(54.6)	(23)	+8%
Administrative costs	(24.1)	(9)	(24.6)	(10)	-2%
Fair value gains/(losses) on financial instruments	3.5	1	(12.6)	(5)	
Other	1.0	0	0.2	0	
Statutory profit before tax	66.2	24	25.3	11	+162%
Fair value gains/losses on financial instruments					
- reported in revenue	(0.3)	(0)	(1.7)	(1)	
- reported in fair value losses on financial instruments	(3.5)	(1)	12.6	5	
Adjusted profit before tax	62.3	22	36.1	15	+73%



Income statement (continuing operations)

Engineering costs

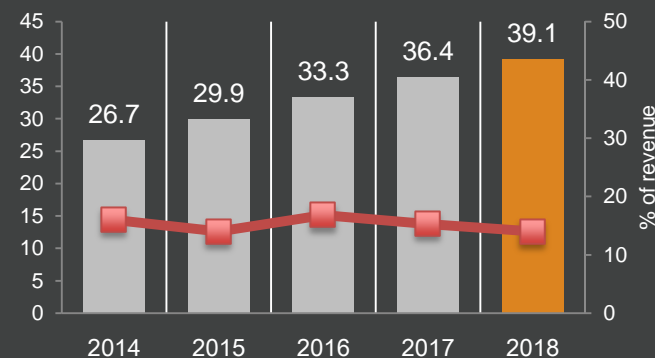
	2018	2017 restated	Change
	£m	£m	%
Total spend	41.7	38.9	+7%
Less R&D tax credit	1.5	1.1	+36%
Less capitalised (net)	1.1	1.4	-21%
Income statement	39.1	36.4	+7%

- Gross engineering costs increased by 7%.
- Representing 15% of revenue (2017: 16%).
- 92% attributable to metrology products lines (2017: 87%)

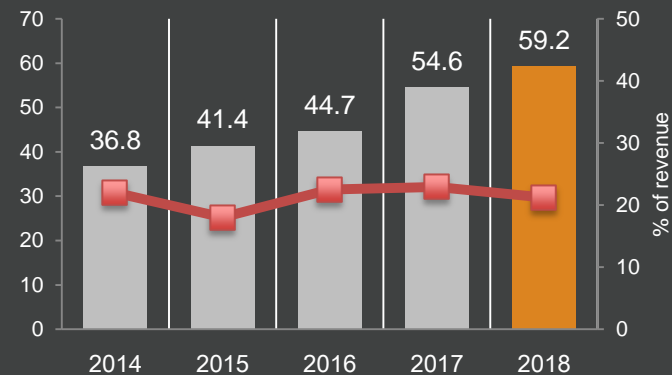
Distribution costs

- Distribution costs up 8%.
- Overseas headcount increase of 40 in sales, marketing and technical support since December 2016.

Engineering costs (net) £m



Distribution costs £m



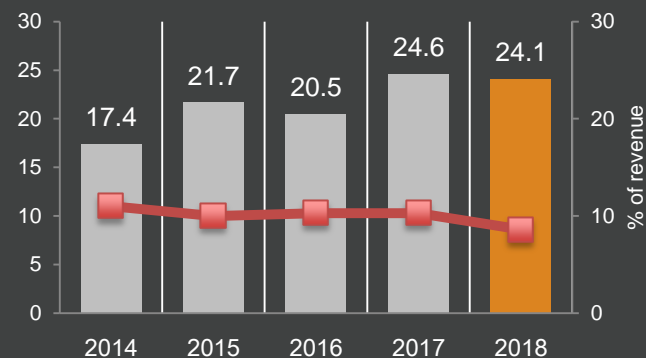
Income statement (continuing operations)

Headcount

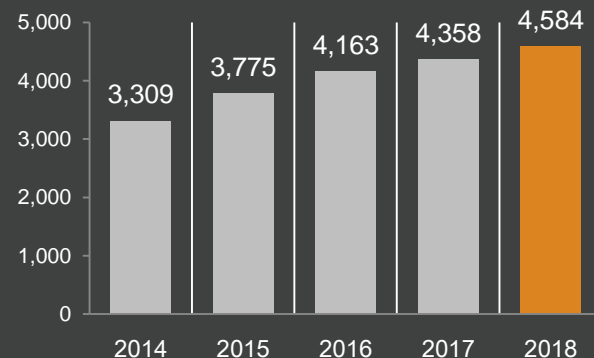
	Dec 2017 No.	Jun 2017 No.	Dec 2016 No.	Change from Jun No.	Change from Dec No.
UK	2,888	2,880	2,808	+8	+80
Overseas	1,696	1,650	1,550	+46	+146
Total	4,584	4,530	4,358	+54	+226

- Continued growth in headcount to support production requirements, increased investment in new product development and expansion of marketing and support facilities.
- Headcount up 226 from December 2016 and up 54 in the first half year from 4,530 at June 2017.
- 44 graduates and 43 apprentices taken on since June 2017.

Administrative costs £m

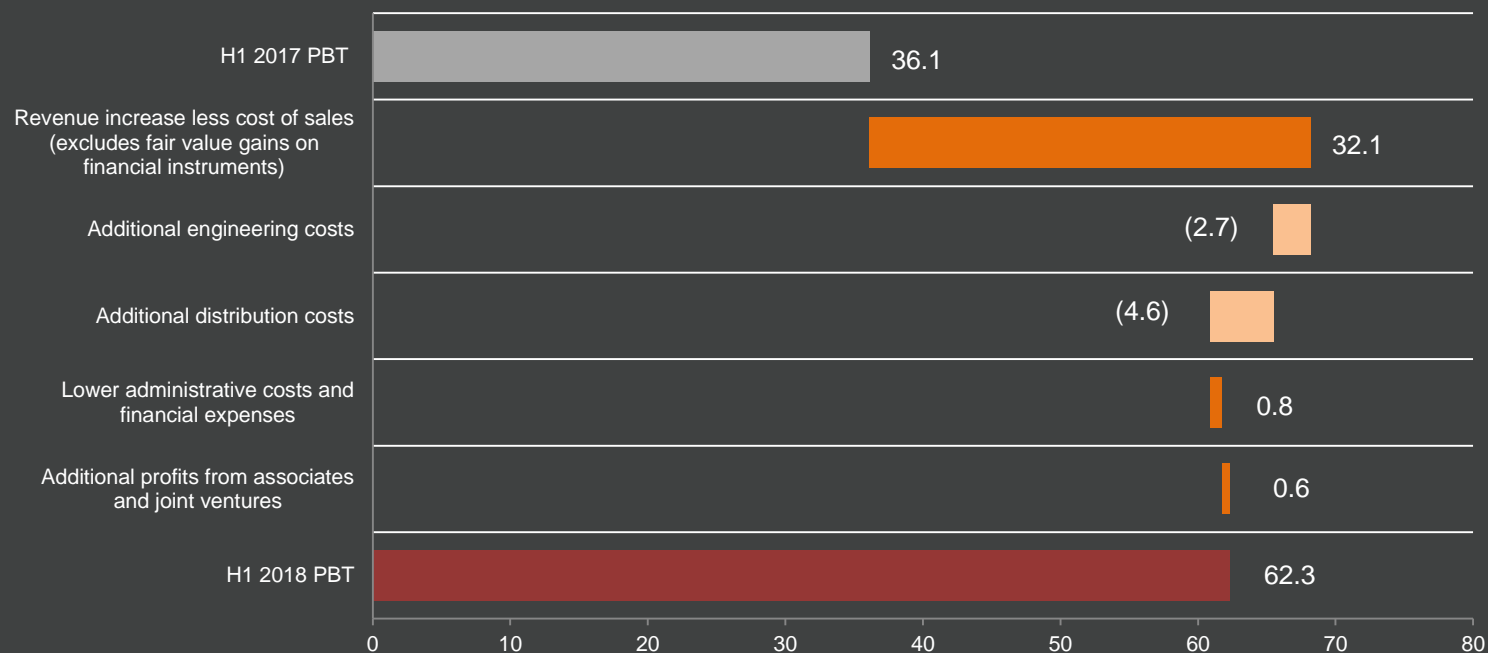


Headcount No.



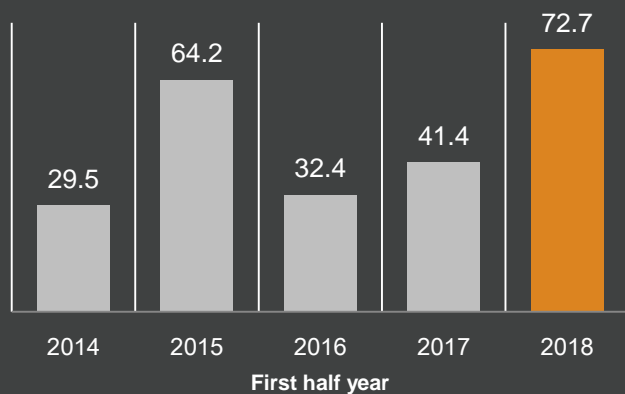
Income statement (continuing operations)

Adjusted profit before tax changes from 2017 £m

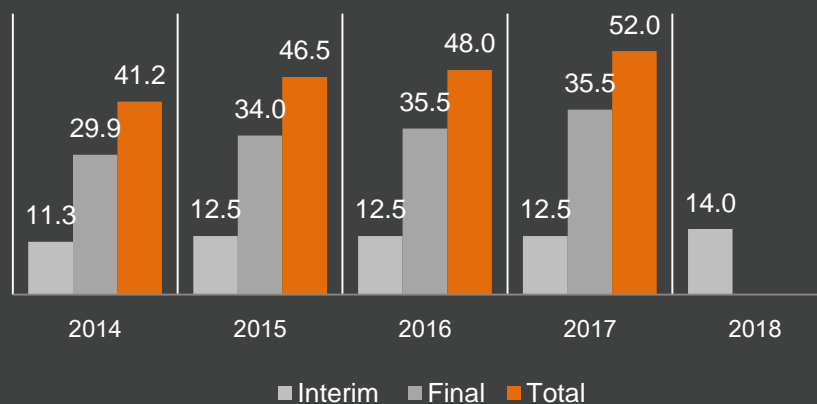


Adjusted earnings per share and Dividend per share

Adjusted earnings per share p



Dividend per share p



Full year dividend increase	+3%	+13%	+3%	+8%	-
Full year dividend cover	2.0	3.6	2.1	2.5	-

Group revenue analysis

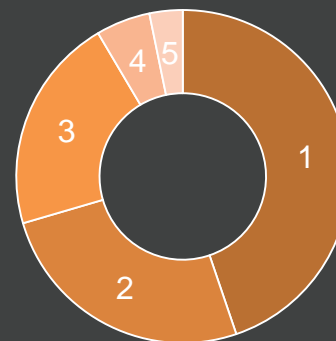
Changes in geographic area

	Change % at actual fx rates	Change % at p/y fx rates
Far East	+15%	+21%
Europe	+21%	+18%
Americas	+21%	+26%
UK & Ireland	+13%	+13%
Total	+17%	+20%

Revenue by major countries

	2018 £m	2017 restated £m
China	68.1	59.0
USA	49.9	41.9
Japan	28.8	24.7
Germany	29.0	25.9

Revenue by region £m



	2018 £m	2017 £m
1 Far East	125.2	109.1
2 Continental Europe	71.8	59.4
3 North & South America	58.8	48.5
4 UK	14.7	13.0
5 Other regions	9.0	8.1
Total	279.5	238.1

Group revenue analysis

Revenue

	2018 £m	2017 restated £m	Change %
Metrology	264.3	224.6	+18%
Healthcare	15.2	13.5	+13%
Total	279.5	238.1	+17%

Group:

- Growth at constant exchange rates of 20%.

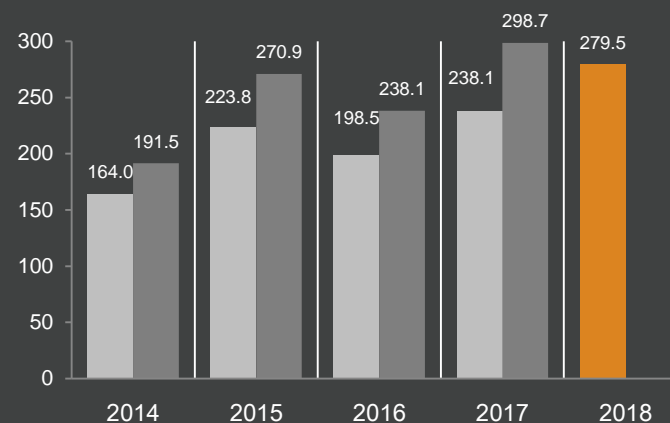
Metrology highlights:

- Growth in all metrology products lines.
- Particularly good growth in additive manufacturing and measurement and automation products lines.

Healthcare highlights:

- Growth in spectroscopy and neurological products lines.
- Increased sales of devices for clinical trials.

Revenue – 1st & 2nd half £m



Year-on-year changes:

First half	+36%	-11%	+20%	+17%
Second half	+41%	-12%	+25%	

Group revenue analysis - Metrology

Revenue

	2018	2017	Change
	£m	restated £m	%
Metrology	264.3	224.6	+18%

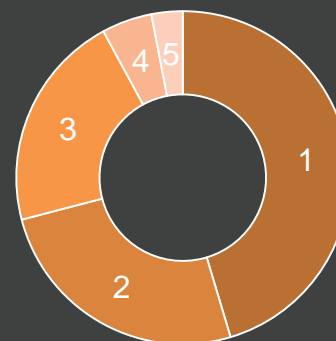
Changes in geographic area

	Change %
Far East	+15%
Europe	+19%
Americas	+20%
UK & Ireland	+17%

Results

	2018	2017
	£m	£m
Adjusted operating profit	63.2	42.0

Revenue by region £m



	2018	2017
	£m	£m
1 Far East	119.9	104.1
2 Continental Europe	67.6	56.8
3 North and South America	55.9	46.4
4 UK	12.9	11.0
5 Other regions	8.0	6.3

New product releases / Metrology

RenAM 500Q additive manufacturing (AM) system

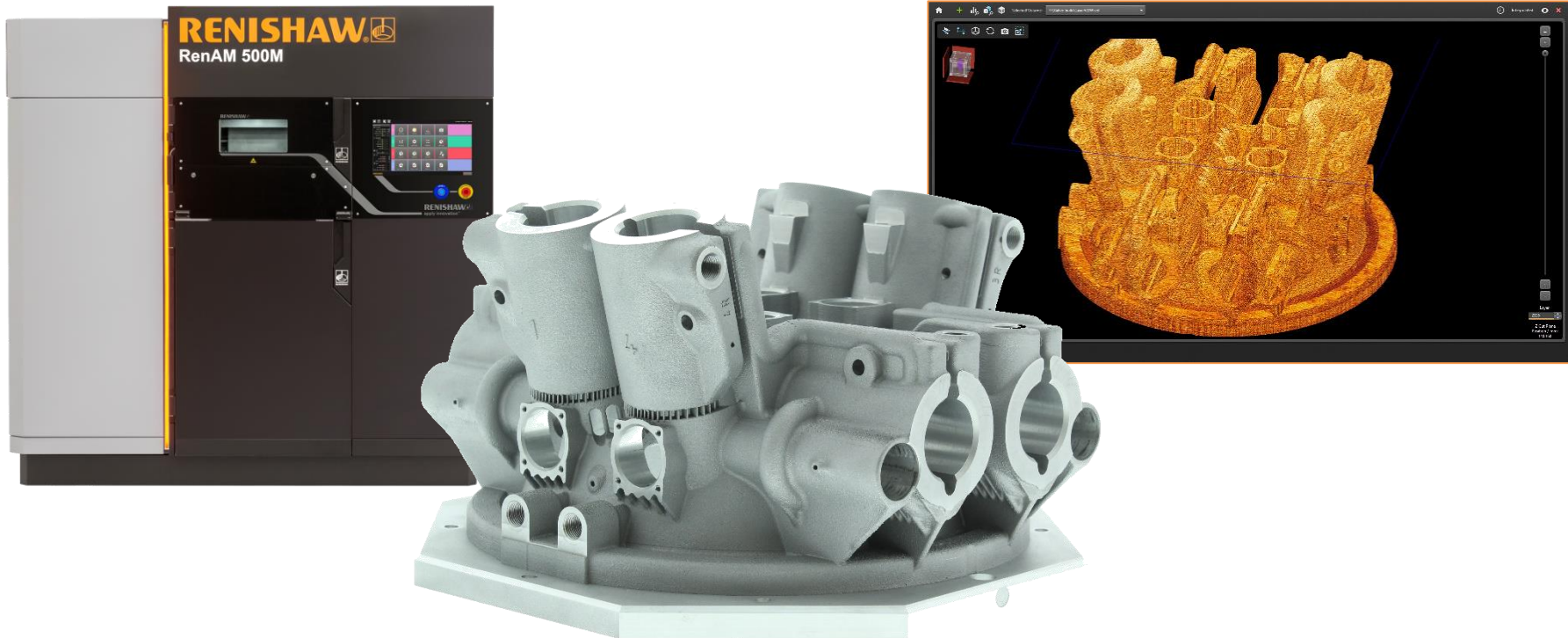
- Four high-power 500 W lasers, with each able to access the whole powder bed surface simultaneously.
- Significantly improves productivity in the most commonly used machine platform size.
- Offers a substantial reduction in cost per part whilst maintaining the quality and precision offered by standard single laser systems.
- Opens up opportunities for AM in applications that are presently uneconomic and potentially into new industries that have yet to embrace AM in production applications.



New product releases / Metrology

InfiniAM Spectral

- Works with Renishaw's LaserVIEW and MeltVIEW hardware, to provide feedback on energy input and emissions from the AM build process.
- Process feedback is essential in understanding component quality throughout the build process, monitoring laser and melt-pool characteristics in high-temporal resolution to provide a 2D and 3D view of the build.



New product releases / Metrology

InfiniAM Central

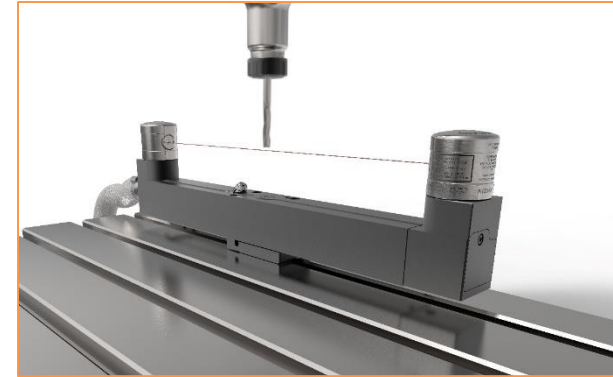
- Enables near real-time insight into live AM builds and access to analyse historic builds.
- System sensor and build information is displayed in graphic form to enable intuitive in-depth analysis.
- Also available as an app for smartphones.



New product releases / Metrology

Enhanced NC4 non-contact tool setting system

- New 'Dual measurement' mode considerably reduces cycle time and ensures more robust performance in wet conditions.
- Upgraded optics improve tool-to-tool measurement accuracy and make the system particularly suitable for small diameter tools.
- Integrated air-blast system.



Multi-probe optical interface system for machine tool probe systems

- Allows installation of up to three Renishaw probes with optical signal transmission communicating via a single interface.
- Unparalleled resistance to light interference.
- Side and front-facing LEDs provide a constant, clear and simple indication of system status.



New product releases / Metrology

RESOLUTE™ FS (functional safety) encoder

- All the outstanding metrology performance of the award winning RESOLUTE absolute encoder series, with elements redesigned to comply with the world's most stringent functional safety standards.
- Applications for this new product include:
 - CNC machine tool applications and others where operators risk personal injury from heavy machinery.
 - Robot control safety systems for certain types of personal care robots, industrial robots, service robots, collaborative robots ('cobots') and medical robots.



Group revenue analysis - Healthcare

Revenue

	2018	2017	Change
	£m	restated £m	%
Healthcare	15.2	13.5	+13%

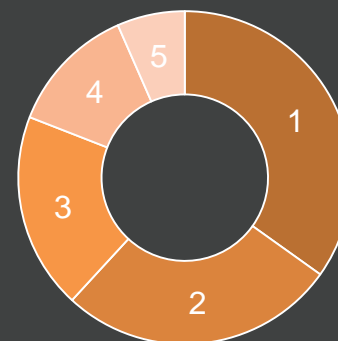
Changes in geographic area

	Change %
Far East	+7%
Europe	+60%
Americas	+39%
UK & Ireland	-8%

Results

	2018	2017
	£m	£m
Operating loss	(1.9)	(6.0)

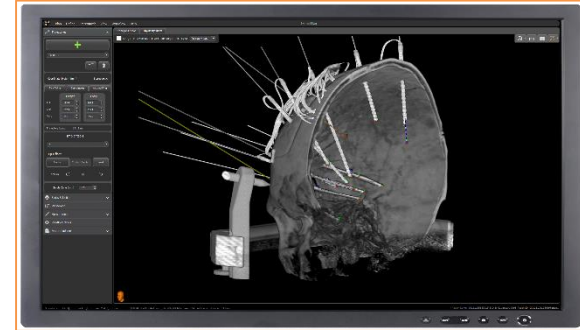
Revenue by region £m



	2018	2017
	£m	£m
1 Far East	5.3	4.9
2 Continental Europe	4.1	2.6
3 North and South America	2.9	2.1
4 UK	1.9	2.0
5 Other regions	1.0	1.8

Healthcare highlights

- Latest version of neuroinspire™ stereotactic neurosurgery planning standalone software approved for sale in the USA by the Food and Drug Administration (FDA).
- On November 8th 2017 the first patient in a new clinical study was implanted with a novel drug delivery system, developed by Renishaw, at Karolinska University Hospital in Stockholm, Sweden. This marked the beginning of a joint clinical study between Renishaw and Herantis Pharma to investigate the treatment of Parkinson's disease using Cerebral Dopamine Neurotrophic Factor (CDNF).
- Strong interest from pharmaceutical industry for new RA802 Pharmaceutical Analyser and inVia™ Qontor® Raman microscope.



neuroinspire software

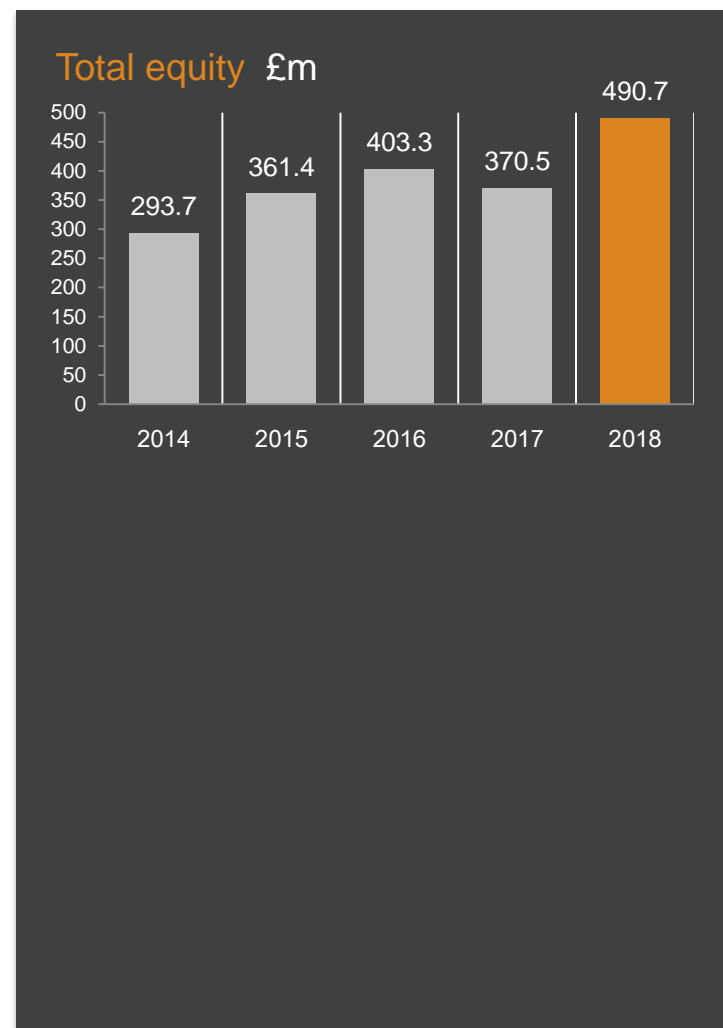


Renishaw drug delivery system

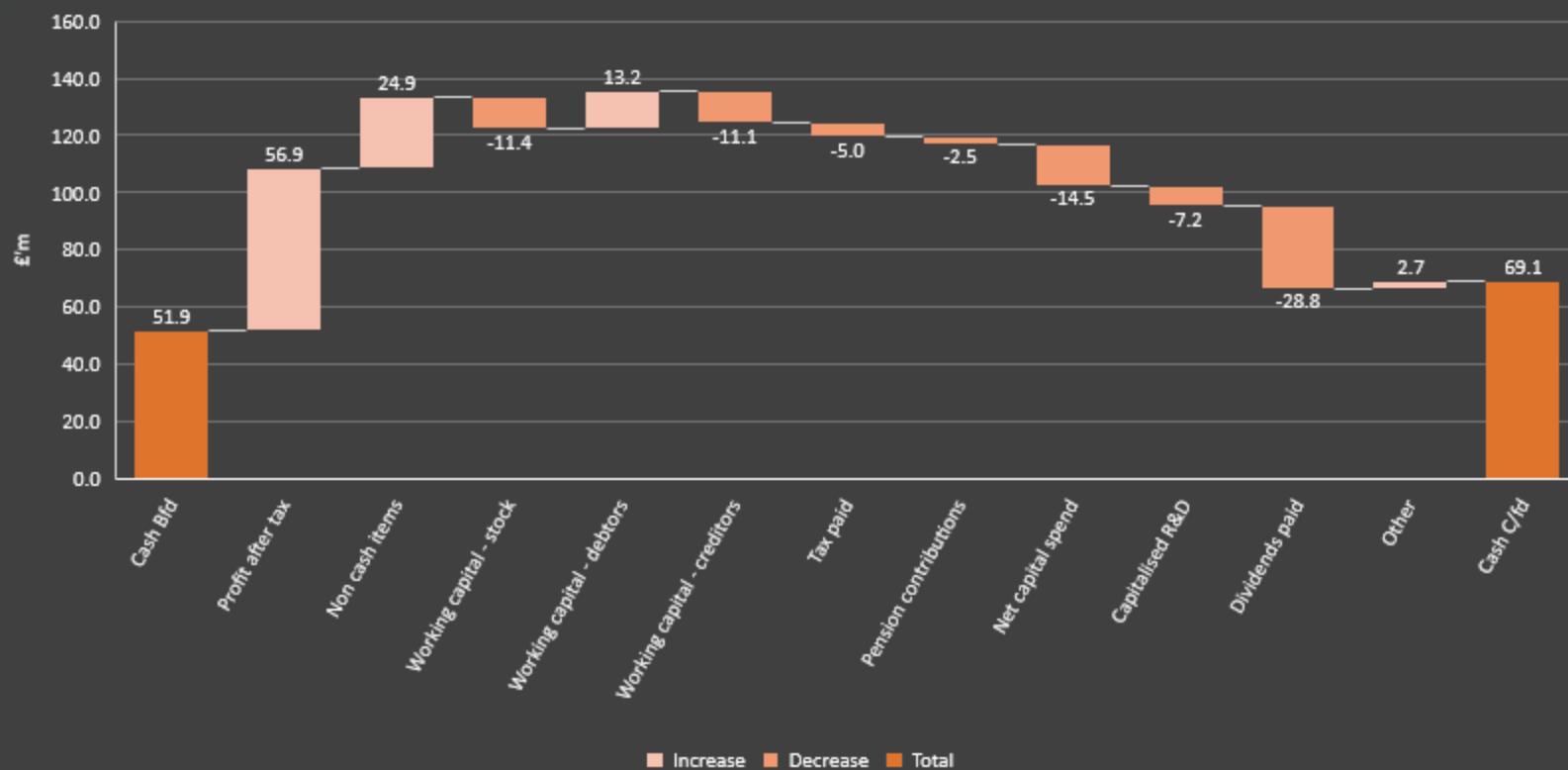


Balance sheet

£m	Dec 2017	June 2017	Change %
Property, plant & equipment	228.3	228.1	0%
Intangible assets & investments	63.3	61.8	+2%
Deferred tax assets	33.4	39.1	-15%
Long-term loans to ass. & joint vent.	3.9	3.1	+26%
Derivatives	11.2	3.5	+220%
Total non-current assets	340.1	335.6	+1%
Inventory	99.1	87.7	+13%
Debtors	137.0	155.7	-12%
Pension fund cash escrow	12.9	12.9	0%
Cash	69.1	51.9	33%
Derivatives	(18.5)	(25.3)	+27%
Creditors (current)	(53.3)	(62.6)	+15%
Net current assets	246.4	220.3	+12%
Deferred tax liability	(13.9)	(13.8)	+1%
Pension fund deficit	(67.8)	(66.8)	+1%
Derivatives > 1 year	(14.1)	(31.5)	+55%
Net assets, equal to Total equity	490.7	443.8	+11%



Change in cash balance for the period £m



Capital expenditure

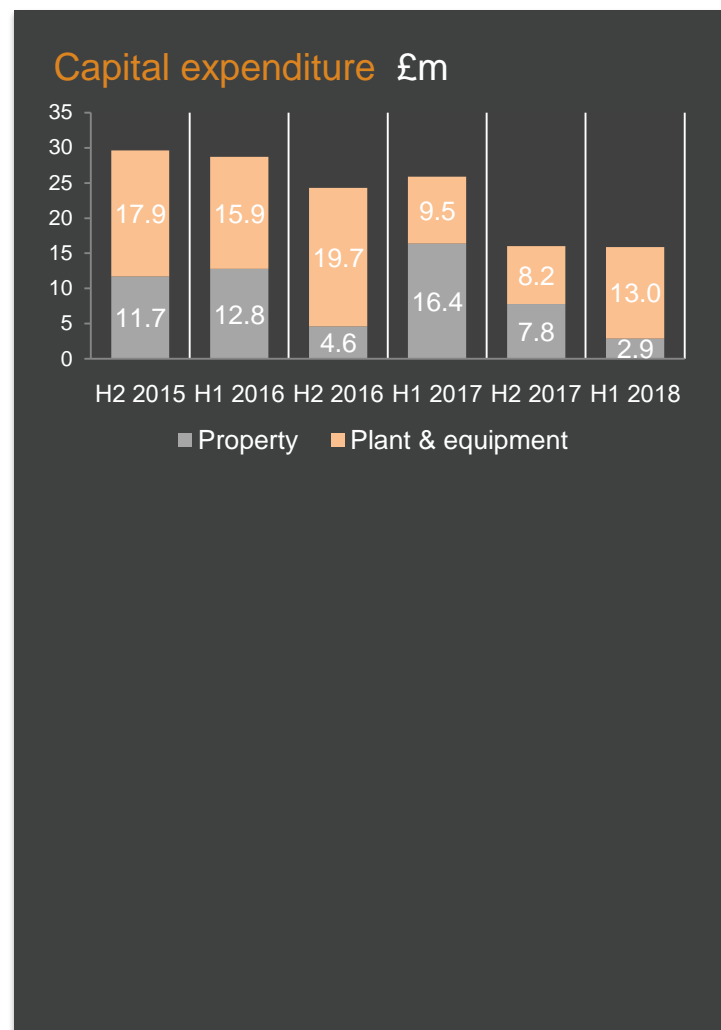
	2018 £m	2017 £m
Capital expenditure	16.1	25.9

•Property

- Mexico – construction of new facility, completion due in March.
- Italy – expansion and renovation of existing property, completion due in March.
- Exeter, UK – purchase and renovation of new R&D facility completed.

•Plant & equipment

- Continuing investment in manufacturing, particularly in the UK, and IT facilities globally.

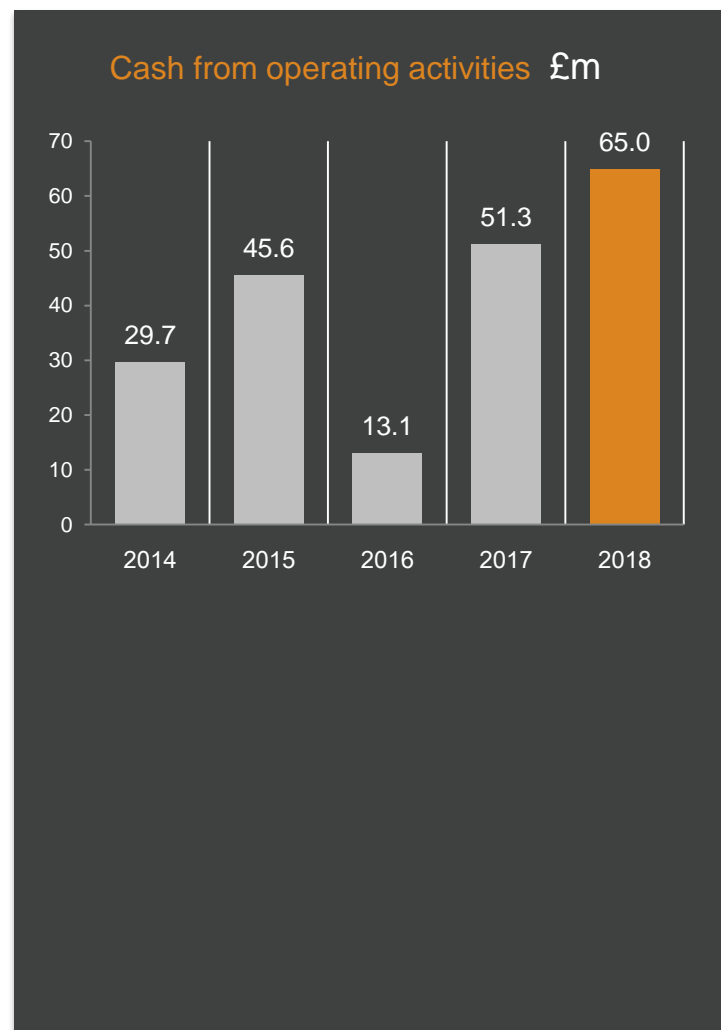


Outlook

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 £575m to £605m and adjusted profit before tax to be in the range of £127m to £147m. Statutory profit before tax is expected to be in the range of £136m to £156m.

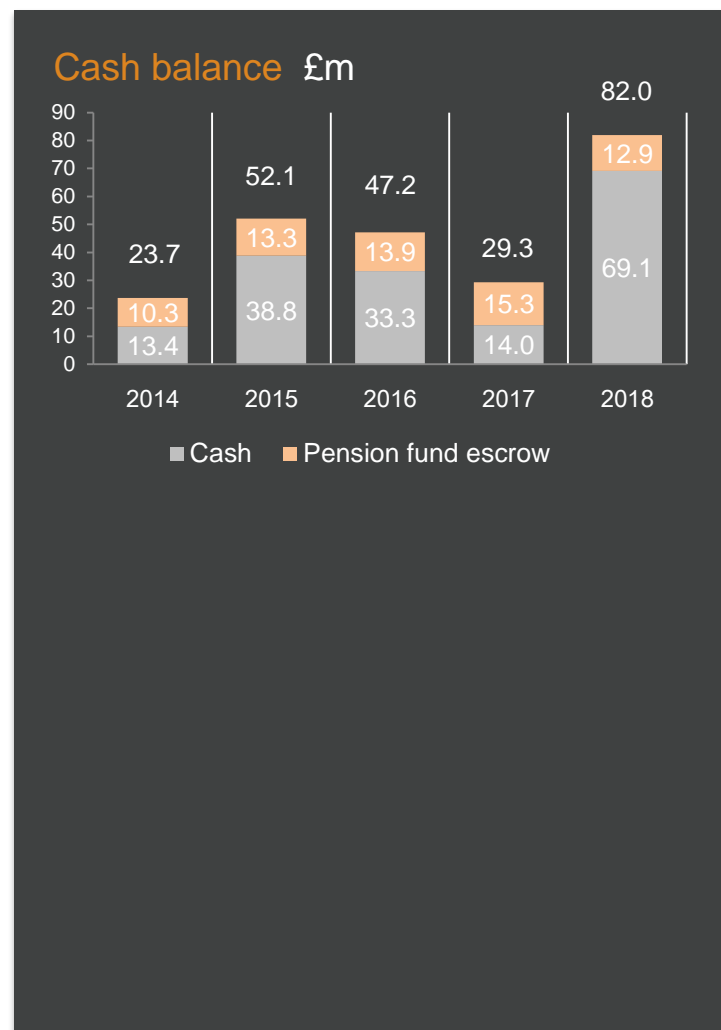
Cash flow from operating activities

	2018 £m	2017 restated £m
Profit before tax	66.2	25.3
Discontinued activities	1.0	(4.4)
Depreciation and amortisation	19.4	19.1
Financial income and expenses	0.6	0.8
Share of profits from associates	(1.6)	(0.9)
Fair value of financial instruments	(3.9)	12.6
Decrease/(increase) in inventory	(11.3)	4.2
Decrease in debtors	13.2	8.4
(Decrease) in creditors	(11.1)	(1.0)
Total movement in working capital	(9.3)	11.6
DB pension contributions	(2.5)	(2.4)
Income taxes paid	(4.8)	(9.1)
Cash from operating activities	65.0	51.3



Cash flow

	2018 £m	2017 £m
Cash from operating activities	65.0	51.3
Interest received less paid	-	0.1
Dividends paid less received	(28.2)	(25.5)
Fixed assets purchased (net)	(14.5)	(24.5)
Intangible assets acquired	(0.4)	(0.1)
Development costs capitalised	(7.2)	(7.2)
Net movement with escrow account	-	-
Net cash flow	14.7	(5.9)
Cash at 1st July	51.9	21.3
Effect of exchange rate changes	2.5	(1.4)
Cash at 31st December	69.1	14.0



Restatement of previous first half year

Consolidated income statement (continuing operations)	Previously reported £m	Discontinued activities £m	R&D tax credit £m	Forward contracts £m	Restated total £m
Revenue	240.4	(4.1)	-	1.7	238.1
Cost of sales	(86.8)	1.9	-	-	(84.8)
Engineering (inc. R&D)	(38.3)	0.8	1.1	-	(36.4)
Gross profit	115.3	(1.3)	1.1	1.7	116.8
Distribution costs	(56.2)	1.6	-	-	(54.6)
Administrative costs	(23.6)	0.2	(1.1)	-	(24.6)
Fair value losses on financial instruments	-	-	-	(12.6)	(12.6)
Operating profit	35.6	0.4	-	(10.9)	25.1
Finance income and expenses	(0.8)	-	-	-	(0.8)
Share of profits of associates and joint ventures	0.9	-	-	-	0.9
Statutory profit before tax	35.7	0.4	-	(10.9)	25.3