

Renishaw plc
Interim management statement

This statement has been prepared for the Group and relates to the three months ended 30th September 2013. It contains unaudited information that covers the first quarter and the period since.

Trading activity

As highlighted in my year-end statement, in July 2013, the tough comparators facing the Group in the first half of this financial year following record first half revenue last year have proven to be the case with revenue for the three months to 30th September 2013 of £79.0m (2012 £95.9m). Excluding major sales in the first quarter last year, referred to below, we experienced an underlying growth of 9%.

By business segment, our metrology business reported revenue of £75.2m, compared with £92.2m for the comparable period last year and our healthcare revenue was similar to last year at £3.8m (2012 £3.7m).

Geographically, we experienced good growth of 18% in the Americas and growth of 6% in Europe compared with the corresponding period last year. The Far East, specifically China, continues to be our largest region but revenue suffered a 40% reduction compared with last year, which had benefited from major sales to the consumer electronics industry. The UK, a smaller geographical area in terms of revenue, showed a 9% decrease.

The Group cost base in the three months increased by 5% reflecting inflationary increases and expansion of our global marketing and distribution infrastructure. Group headcount at the end of September 2013 was 3,311, an increase of 76 from the 3,235 at the start of the financial year at 1st July 2013, which includes a significant intake of graduates and apprentices.

Profit before tax for the first quarter amounted to £10.6m, compared with £27.7m last year as restated from £28.3m to reflect the amendment to accounting standard IAS 19 regarding pension accounting.

Significant events and financial position

There has been no significant capital expenditure during the period although at New Mills, the construction of a 120,000 sq ft facility to provide expansion for additional research and development activities, product display, training and conference facilities and the relocation of the spectroscopy product line, commenced in April this year and is progressing, with completion due at the beginning of the next financial year.

The Group balance sheet remains strong with net cash balances, excluding the escrow account relating to security for the UK defined benefit pension scheme, at 30th September 2013 of £30.2m (30th June 2013 £26.6m).

Board

As already notified in our annual report mailing, Bill Whiteley, the senior independent director, has decided not to seek re-election. Bill has contributed to the growth and success of Renishaw during his 5-year appointment and we wish him every success in the future. We are in the process of recruiting a replacement non-executive director.

I am pleased that David Grant has agreed to become acting senior independent director whilst we undergo the recruitment process. Following the new appointment we will review the board composition and assess the senior independent director position at that time.

Outlook

It is very early in our financial year and our order book as usual remains at approximately one month's revenue. Whilst we may continue to experience unpredictable orders both in terms of size and timing we expect continued global investment in production systems and processes to lead to greater demand for the Group's products. We therefore continue to invest in our infrastructure, research and development and remain confident for the medium to longer-term prospects for the Group.

Sir David McMurtry CBE, RDI, FRS, FEng, CEng, FIMechE
Chairman and Chief Executive

17th October 2013

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