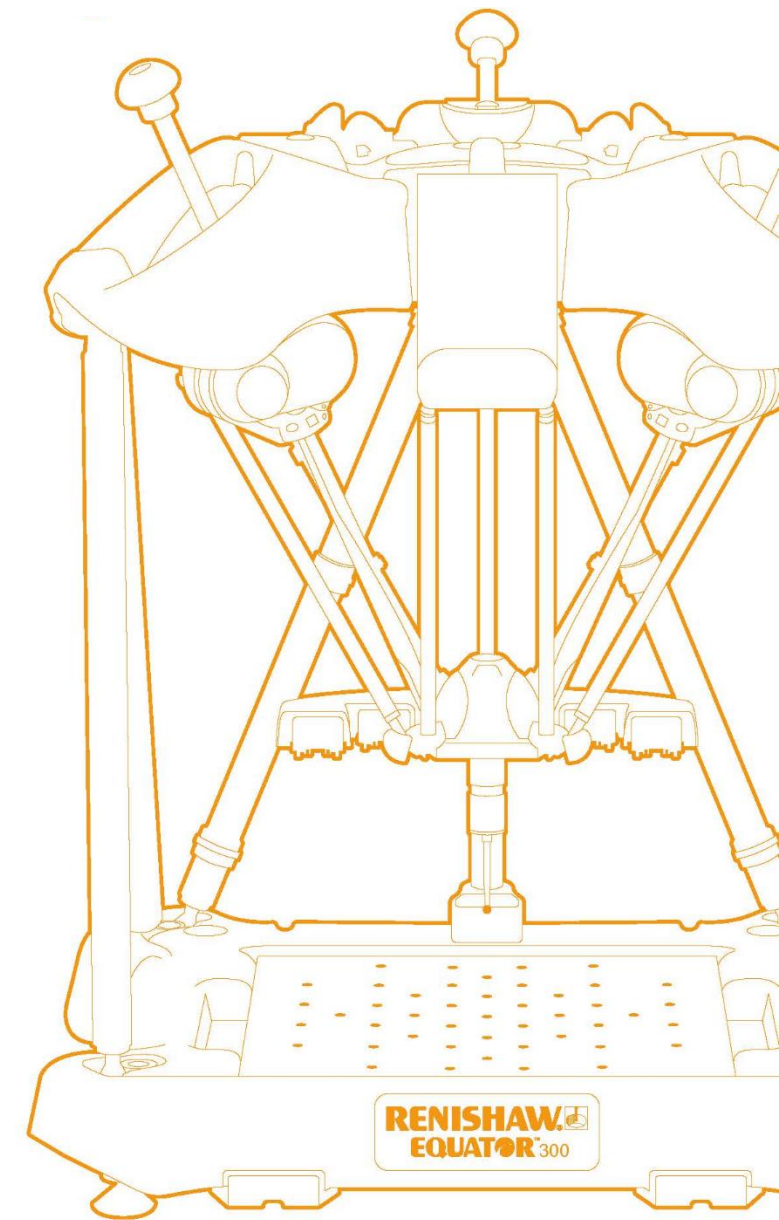


# Transforming Tomorrow Together

2023 interim results

2 February 2023





# Financial summary – FY2023 H1

## Revenue growth of 7% to £347.7m

- Record revenue for a half year, 1% growth at constant exchange rates
- Strong growth in multi-laser AM machines, 5-axis CMM inspection systems
- Weaker demand, as expected, from semicon & consumer electronics

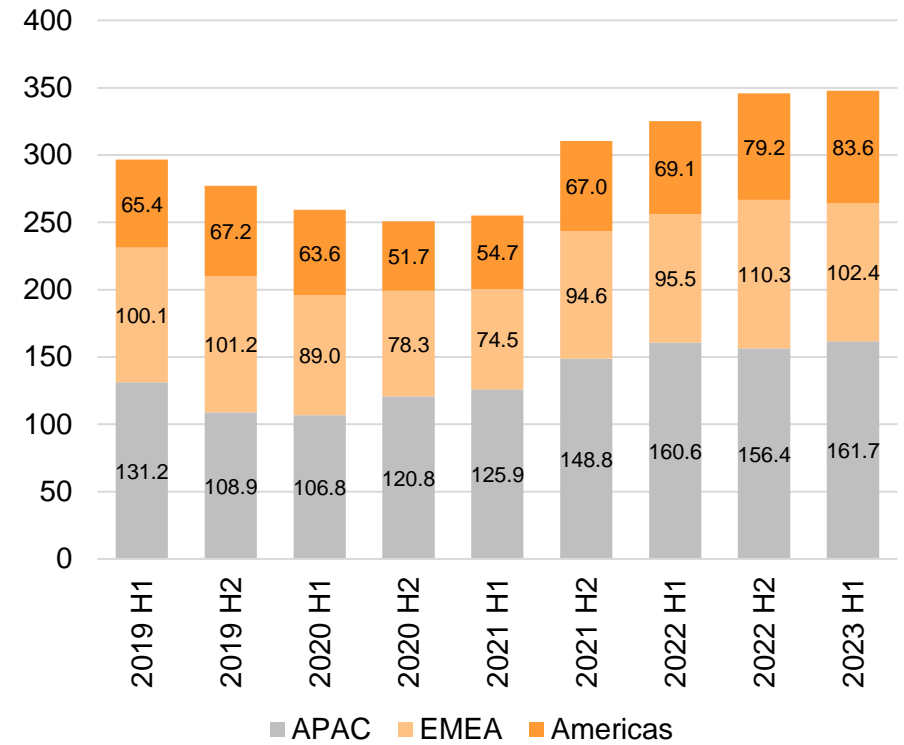
## Adjusted profit before tax 13% lower at £73.5m

- Stable gross margins before engineering costs
- Targeted headcount investment and pay for long-term growth

## End of period cash and bank deposits of £211.5m

- Strong balance sheet
- £41.2m final dividend for FY2022 paid in H1

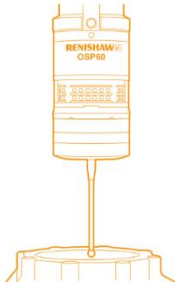
Half-year revenue £m



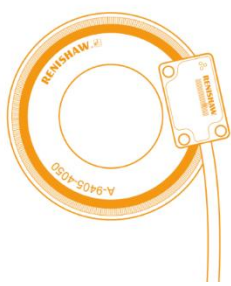
	2023 H1 £m	2022 H1 £m	Change %	Const. FX %
Half-year revenue				
APAC	161.7	160.6	1%	-4%
EMEA	102.4	95.5	7%	4%
Americas	83.6	69.1	21%	8%

# Manufacturing technologies

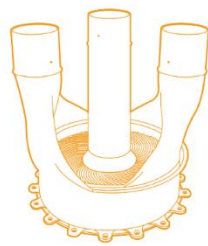
## Industrial Metrology



## Position Measurement



## Additive Manufacturing

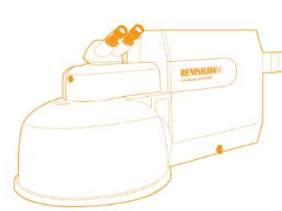


- Leader in long-term growth markets: smart manufacturing, semicon, 5-axis machining, additive manufacturing, robotics
- Metrology is critical to modern, automated manufacturing across all of these sectors
- Strong growth in H1 from sales of multi-laser AM, 5-axis CMM inspection systems, calibration and laser encoders

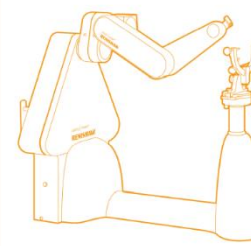
	2023 £m	2022 £m	Change %
Revenue	<b>330.9</b>	308.7	7%
Adjusted operating profit	<b>66.8</b>	81.3	-18%

# Analytical instruments and medical devices

## Spectroscopy



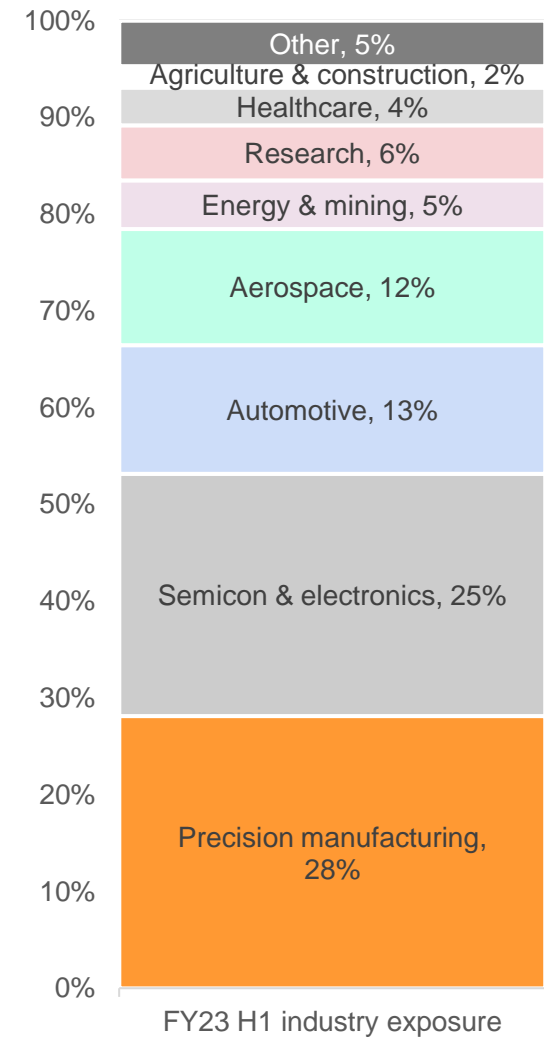
## Neurological



- Flat revenues in Spectroscopy in H1 but a growing order book and building demand for new Virsa™ modular Raman and InLux™ scanning electron microscope interface
- Steady progress in Neurological; continuing to build a pipeline with multiple large-pharmaceutical companies for clinical trials using our unique drug delivery technology

	2023 £m	2022 £m	Change %
Revenue	<b>16.8</b>	16.5	2%
Adjusted operating profit	<b>0.1</b>	1.6	-92%

# End market overview<sup>1</sup>



### Notes

1. End market overview is an unaudited management estimate with majority of sales being indirect (through machine builders, distributors etc).

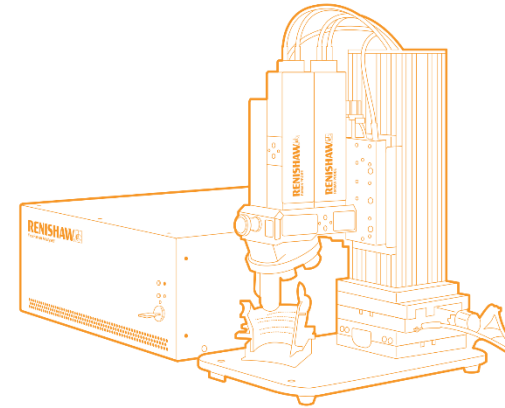


# H1 revenue growth drivers

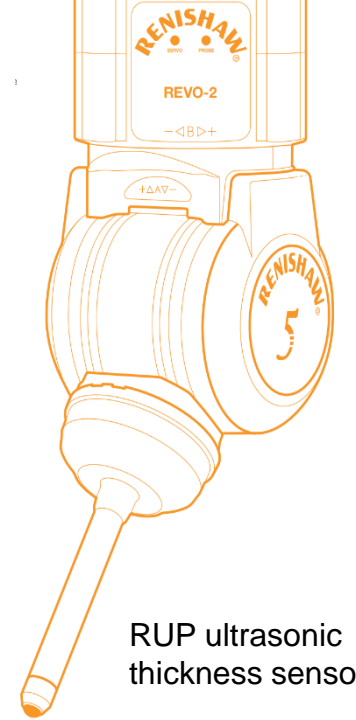
## Growth driven by strategy execution

- ▲ Price rises introduced last year starting to come through – expecting 2% run rate impact by end of FY23
- ▲ Strong USD was a net benefit in H1, weakening more recently
- ▲ Continuing to gain market share with key customers in position encoders, CMM & gauging systems and additive manufacturing
- ▲ Non-substitutional new products enabling penetration into close-adjacent markets
- ▼ Weaker demand for position encoders for semiconductor & electronics capital equipment

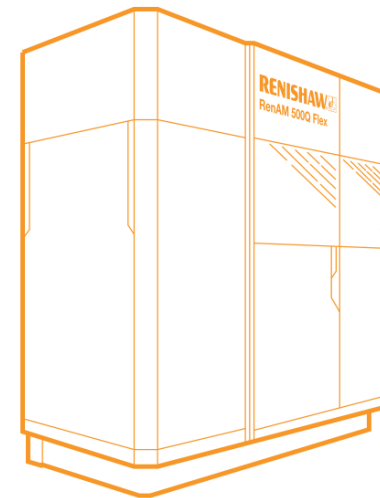
Supply chain challenges easing with only isolated semiconductor shortages remaining



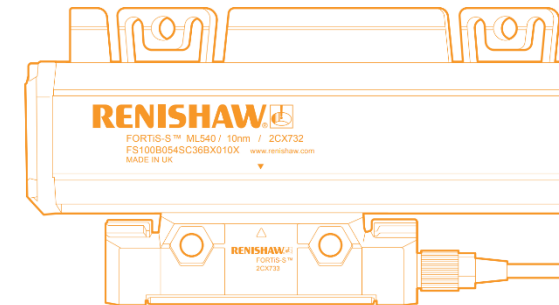
Virsa™ modular Raman



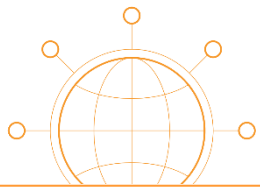
RUP ultrasonic thickness sensor



RenAM 500Q Flex



FORTiS™ enclosed optical encoder



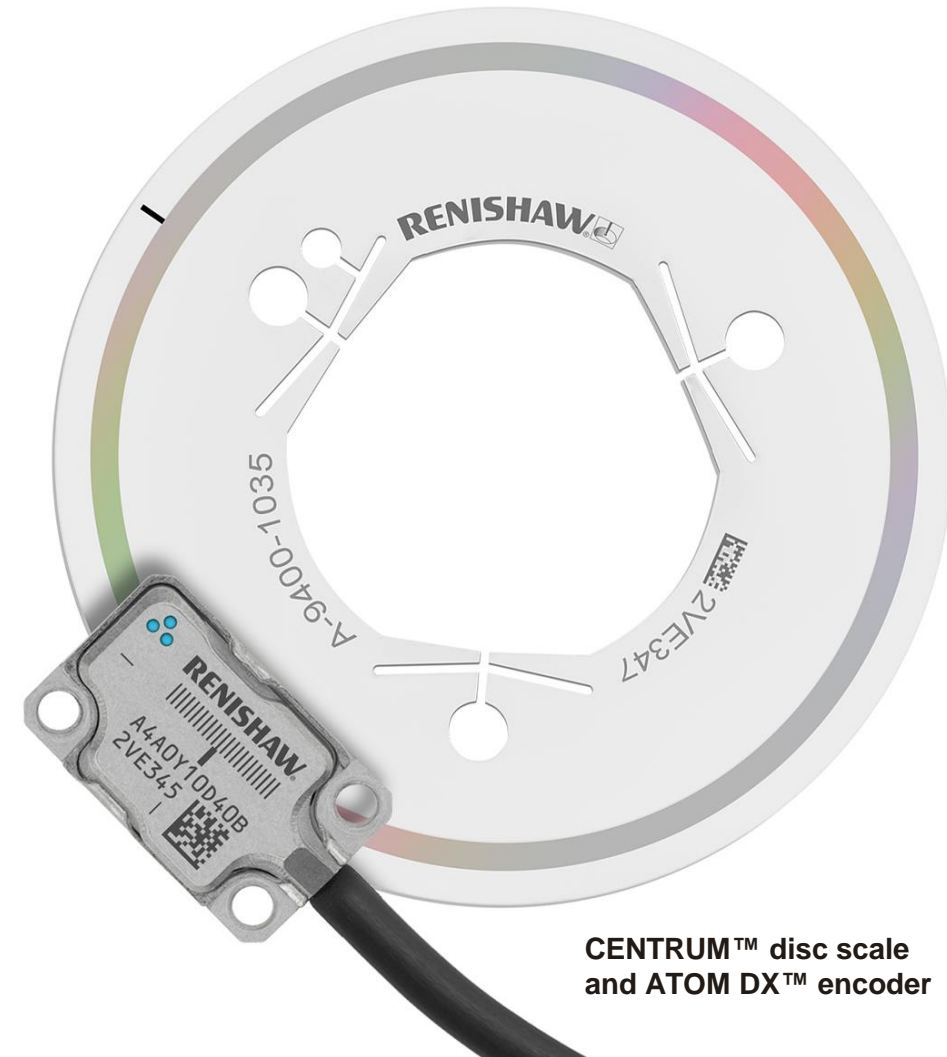
# Market review: semiconductor manufacturing

## Market situation:

- Record global semicon fabrication plant (fab) construction activity in 2022 and 2023 driven by new technology, government incentives and supply chain security<sup>1</sup>
- Continuing strong demand for our highest accuracy laser encoders for front-end applications
- Renishaw supplies numerous equipment builders, some of whom are working through stocks as supply chain lead times return to normal – expect a temporary pause before demand recovers

## How we are enhancing our market position:

- Focused on gaining market share with our extensive range of **absolute and incremental encoders**
- Our strong technical support and ability to supply is helping us to win new customers and grow existing accounts
- Continual innovations – e.g. CENTRUM™ self-centring rotary disc scale for the popular ATOM DX™ miniature encoder

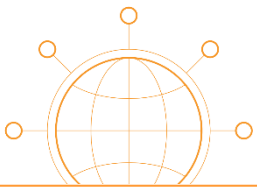


CENTRUM™ disc scale  
and ATOM DX™ encoder

## Notes

1. Source: SEMI World Fab Forecast, December 22





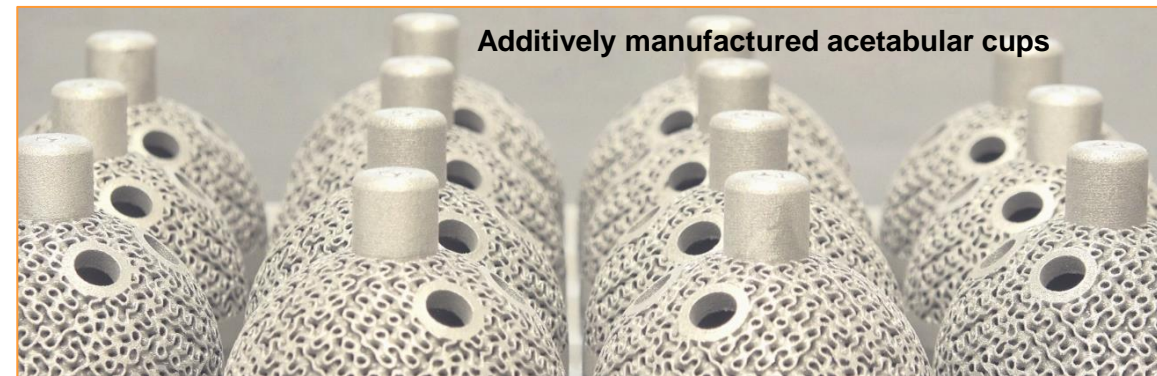
# Market review: additive manufacturing

## Market situation:

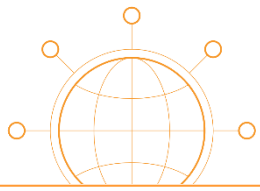
- Metal AM equipment revenue expected to grow rapidly over the next decade
- Demand for productive, multi-laser machines is growing faster than the general market

## How we are enhancing our market position:

- We remain focused on minimising cost per part and optimising part quality on mid-sized machines with our **RenAM 500 family**
- Growth from repeat business from large users of additive manufacturing in areas as diverse as consumer electronics, healthcare (orthopaedics and dentistry), aerospace, defence and plastic injection tooling
- New **RenAM 500 Flex** models support easy transition from process development to volume production



Additively manufactured acetabular cups



# Market review: machine tools

## Market situation:

- Sustained demand for 5-axis machine tools
- Weaker recent demand for standard machines from 'job shops'<sup>1</sup>

## How we are enhancing our market position:

- Our strong long-term, trusted relationships give us an opportunity to introduce new products
- Comprehensive portfolio of probing, position encoder, machine alignment and calibration solutions for machine tool builders and users
- Gaining traction with new **FORTiS™** enclosed encoders, **SpinCo™** magnetic rotary encoder, **XK10** alignment laser system, **NC4+ Blue** laser tool setter and **RMI-QE** radio transmission



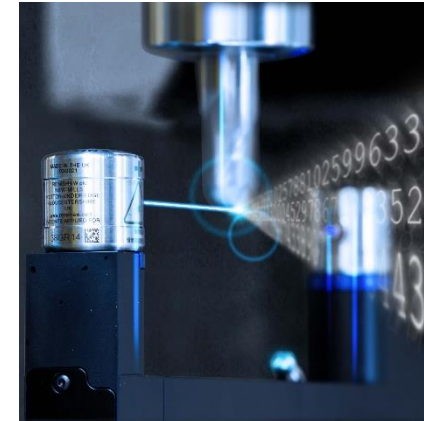
SpinCo™ machine spindle sensor (left) and FORTiS™ enclosed encoder for machine linear axes (right)



XK10 alignment laser



NC4+ Blue laser tool setter

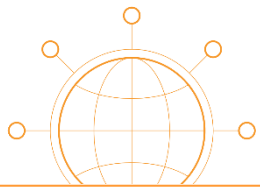


RMI-QE radio transmission



## Notes

1. Source: USMTO report published by AMT, December 22



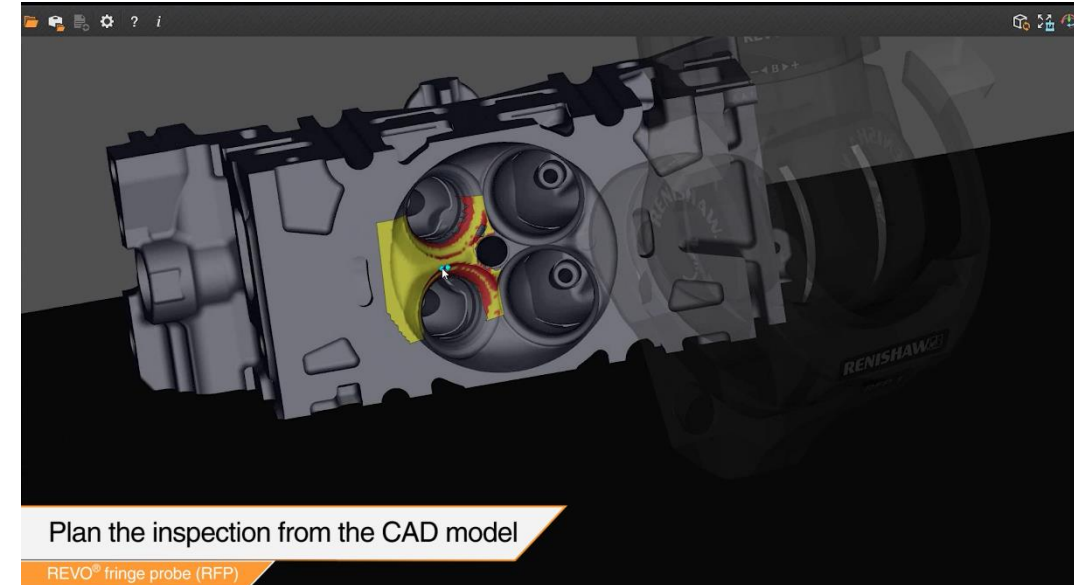
# Market review: shop-floor metrology systems

## Market situation:

- Shop-floor measurement is the fastest growing metrology market segment
- Growing demand for multi-sensor metrology for comprehensive inspection and process feedback

## How we are improving our market position:

- Focused on **high value solutions** and **repeat business** with key end-users
- Gaining market share with the **REVO® 5-axis multi-sensor system** and **MODUS™ software** which allows our customers to perform contact, surface finish, video, 3D optical and ultrasonic thickness measurement on a single CMM, removing the need for separate, dedicated systems
- Promotion of **Equator™** flexible gauge with both Renishaw and 3<sup>rd</sup> party software

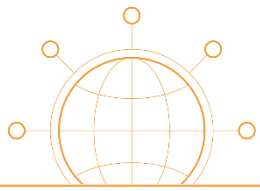


Programming REVO® fringe probe with MODUS™ metrology software

RUP ultrasonic thickness measurement system







# De-globalisation presents new opportunities

## Manufacturing moving to new locations is not a 'zero sum' game

- Growing trend by US and European firms to reduce dependence on Chinese supply chain due to geopolitics and impact of recent supply chain disruption
- Increasing investment in other Asian countries – notably India and Vietnam – likely to be a net positive impact in the years ahead
- Renishaw already has an established subsidiary network across the region and expertise in supporting major customers
  - Replicate our successful China business model
  - Expand our teams and office network to be close to major customer facilities
  - Share expertise in supporting large-scale deployment in new production lines

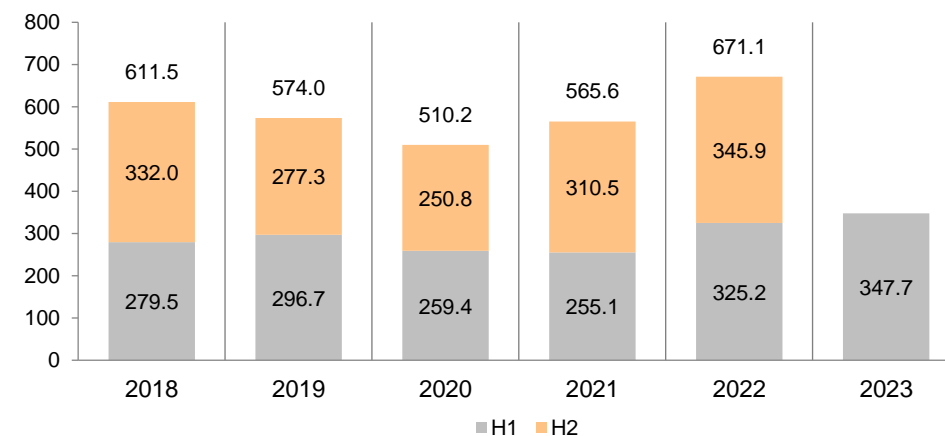




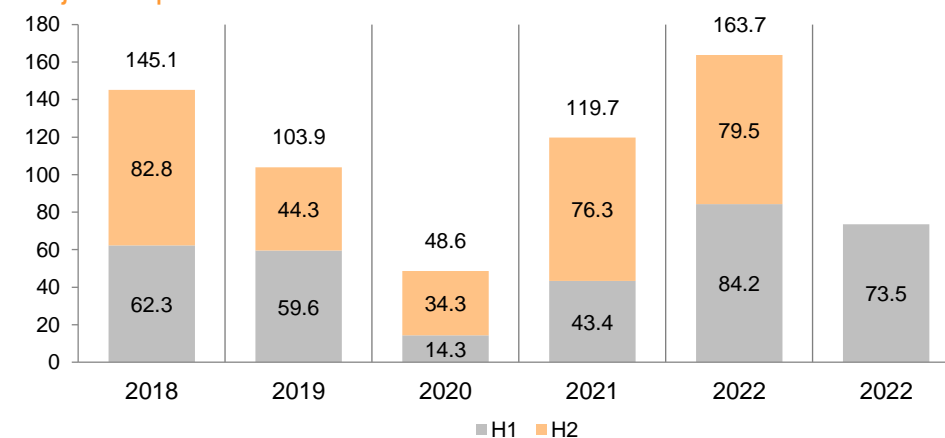
# Financial highlights

	2023 H1 £m	2022 H1 £m	Change %
Revenue	<b>347.7</b>	325.2	7%
Adjusted profit before tax	<b>73.5</b>	84.2	-13%
Adjusted profit before tax % of revenue	<b>21%</b>	26%	
FV gains / (losses) on ineffective FX cash flow hedging contracts	<b>4.3</b>	(2.9)	
Third-party FSP costs	-	0.2	
Statutory profit before tax	<b>77.8</b>	81.5	-5%
Tax	<b>(13.7)</b>	(13.0)	
ETR %	<b>17.7%</b>	15.9%	
Profit after tax	<b>64.1</b>	68.5	-6%
Adjusted earnings per share	<b>83.4</b>	97.2	-14%
Statutory earnings per share	<b>88.1</b>	94.2	-6%
Interim dividend per share	<b>16.8p</b>	16.0p	5%

Revenue £m



Adjusted profit before tax £m

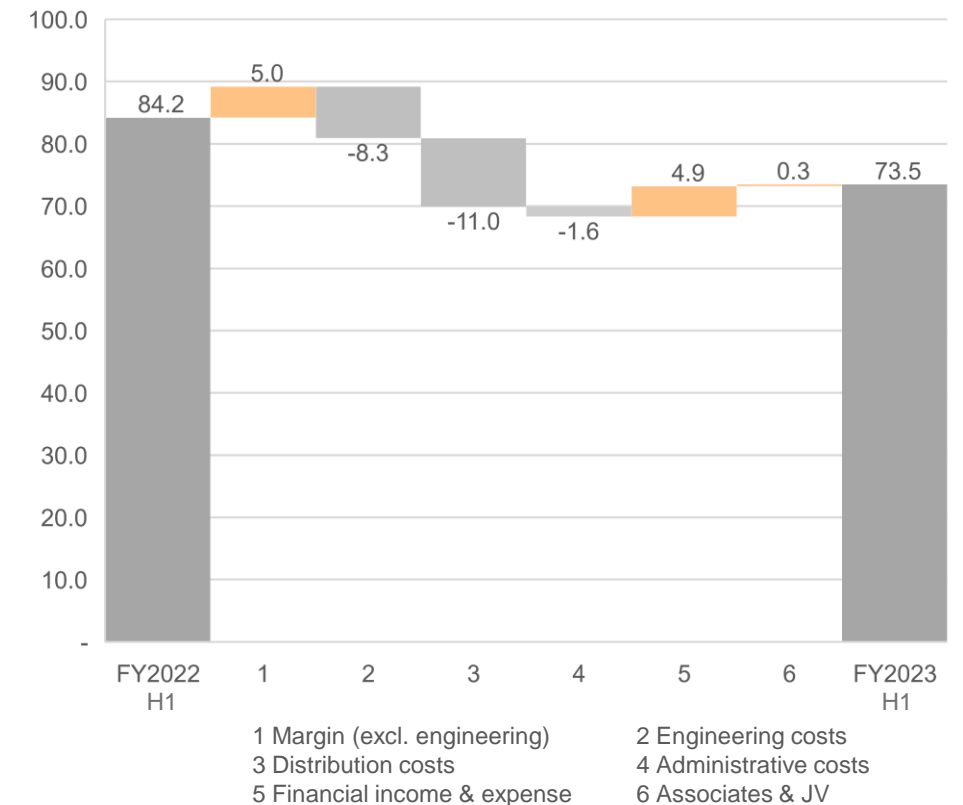




# Income statement

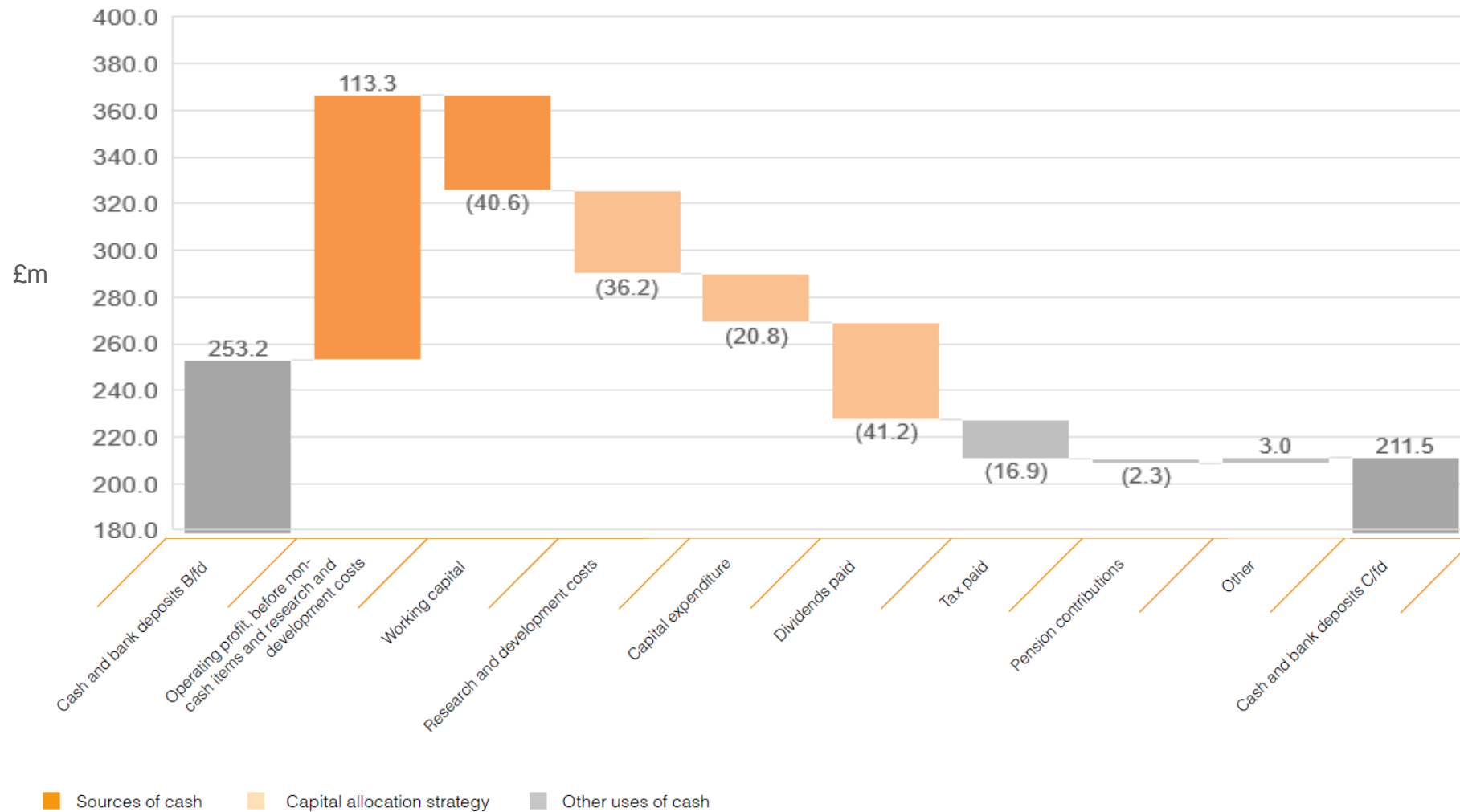
	2023 H1 £m	%	2022 H1 £m	%	Change
Revenue	347.7	100	325.2	100	7%
Cost of sales	(126.4)	(36)	(115.5)	(36)	9%
Engineering (inc. R&D)	(46.1)	(13)	(37.8)	(12)	22%
Gross profit	175.2	51	171.9	53	2%
Distribution costs	(66.8)	(19)	(55.8)	(17)	20%
Administrative costs	(35.3)	(10)	(33.6)	(10)	5%
Fair value gains/(losses) on financial instruments	(1.8)		(2.3)		
Financial income / (expense) (net)	4.7		(0.2)		
Share of profits of associates and joint ventures	1.8		1.5		
Statutory profit before tax	77.8	22	81.5	25	-5%

Adjusted profit before tax bridge £m





# Sources and uses of cash & deposits (H1)







# Investment in the future

## People

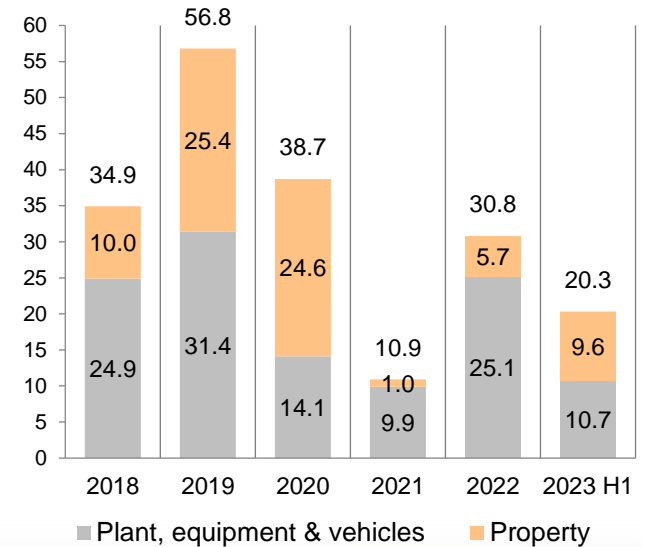
- We are investing to attract, develop and retain skilled employees, benchmarking our pay and increasing salaries by c. 7%<sup>1</sup> in CY2022
- 2023 intake will include over 100 graduates and 60 apprentices



## Capital Expenditure

- Forecast £65m capex in FY23, including new production equipment and factory construction, increasing our global manufacturing footprint by 60% to support planned growth

Capital expenditure £m



Progress on Miskin manufacturing expansion (December 2022)



### Notes

1. Average pay per employee increased by 8.2% between FY22 H1 and FY23 H1, but this includes the effects of currency, changing employee mix and promotions. 7% represents an estimate of underlying pay inflation on a constant currency basis for employees in the same role.



# Outlook

- Our results so far this year have benefited from products released in recent years and the relationships we have been building with new customers. These relationships, new products and the expected improvement in semiconductor and electronics markets, supports our confidence for medium term growth. To support this, we are continuing to make targeted investments in our people, our production facilities, and our new product pipeline. We have a strong order book.
- At this stage, we expect full year revenue to be in the range of **£690m** to **£730m**.
- Adjusted profit before tax is expected to be in the range of **£140m** to **£165m**.

## H2 range

		2023 H2 £m	2023 H1 £m	Change %
Revenue	Lower	342	348	(2%)
	Upper	382		10%
Adjusted profit before tax	Lower	66	74	(10%)
	Upper	91		24%



# Our investment case

- A market leader with significant growth opportunities from global trends
- Innovation is core to our business with a substantial IP portfolio that supports growth and builds barriers for competitors
- A long-term approach to business:
  - patient investment building strong market positions
  - integration of our products into a wide range of machinery
  - support machine builders and end users to develop trusted relationships and reoccurring revenues

## Global presence

Close to customers for support and responsive to developing needs and supply chain challenges

## Proven innovators

Significant commitment to R&D develops technology that transforms our customers' operational capabilities

## Market opportunities

Strong long-term growth drivers including automation and the need for efficient and high-performance products

## Strong financial record

In-house innovation and manufacturing generates high gross margins that allow reinvestment for organic growth, and has built a robust balance sheet

## Sustainable business

Ongoing long-term commitment to energy self-generation, credible science-based Net Zero targets and growth opportunities through products that improve efficiencies and reduce waste

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These forward-looking statements are not guarantees of future performance. They have not been reviewed by the auditors of Renishaw plc. They involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of any such person to be materially different from any results, performance or achievements expressed or implied by such statements. They are based on numerous assumptions regarding the present and future business strategies of such persons and the environment in which each will operate in the future. All subsequent oral or written forward-looking statements attributable to Renishaw plc or any of its shareholders or any persons acting on its behalf are expressly qualified in their entirety by the cautionary statement above. All forward-looking statements included in this document speak only as of the date they were made and are based on information then available to Renishaw plc. Investors should not place undue reliance on such forward-looking statements, and Renishaw plc does not undertake any obligation to update publicly or revise any forward-looking statements.

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