

# 2023 final results

19 September 2023



## Revised date for publication of results

A matter arose late in the audit process that required a few extra days for the company and its auditor to resolve.

The matter was not material to the financial results.

# Financial summary

Good growth from systems sales, offset by weaker demand from the semicon equipment sector

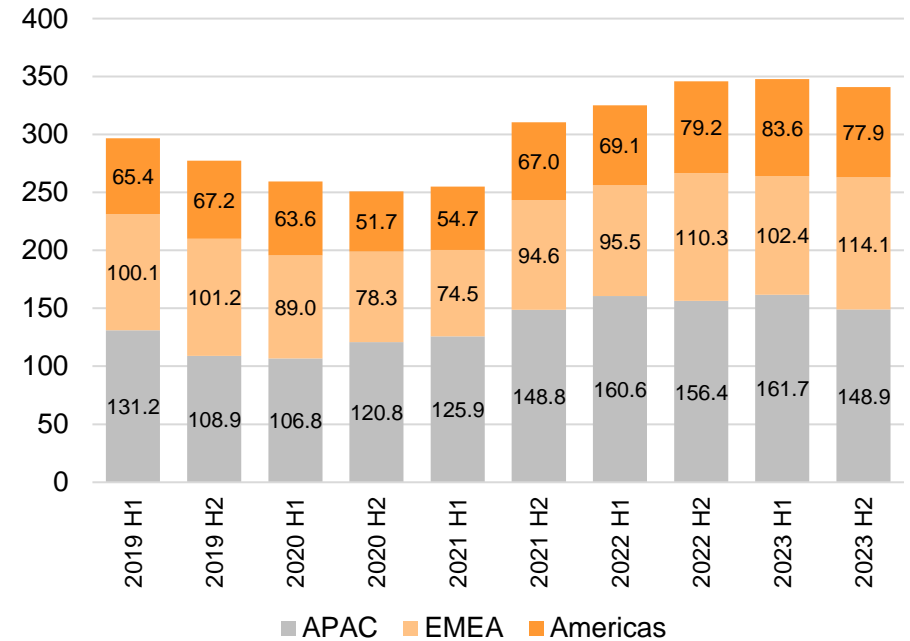
## Revenue growth of 3% to £688.6m

- Revenue 1% lower at constant currency
- Growth in additive manufacturing (AM) and industrial metrology
- Weaker demand for position encoders for semiconductor manufacturing equipment

## Regional performance

- APAC down 4% at constant currency – most impacted by semicon slow-down, but delivered good growth in industrial metrology
- EMEA grew 3% at constant currency – growth in all businesses, most notably in additive manufacturing
- Americas flat at constant currency – growth in industrial metrology, additive and neurological offset by weaker position encoder demand

Half-year revenue £m



Half-year revenue	FY 2023 £m	FY 2022 £m	Change %	Const. FX %
APAC	310.6	317.0	-2%	-4%
EMEA	216.5	205.8	5%	3%
Americas	161.5	148.3	9%	0%
<b>Group</b>	<b>688.6</b>	<b>671.1</b>	<b>3%</b>	<b>-1%</b>

# Profitability

## Maintaining our focus on long-term growth

### Adjusted profit before tax 14% lower at £141.0m

- Return on sales reduced to 20% (24% last year)
  - 1% reduction in gross margins before engineering costs: employee pay inflation & lower recovery of fixed production overheads, partially offset by currency and pricing
  - Engineering, distribution and administration costs up 12%: targeted recruitment, plus investment in employee pay in all areas to improve employee retention, and other inflationary pressures

#### Manufacturing technologies

	2023 £m	2022 £m	Change %
Revenue	648.2	634.6	2%
Adjusted operating profit	125.5	158.6	-21%

#### Analytical instruments & medical devices

	2023 £m	2022 £m	Change %
Revenue	40.3	36.5	10%
Adjusted operating profit	4.9	2.8	75%

#### Key metrics – 2023 vs 2022

	2023 £m	2022 £m	Change %
Revenue	688.6	671.1	3%
Adjusted profit before tax	141.0	163.7	-14%
Statutory profit before tax	145.1	145.6	0%

#### Key cost items – 2023 vs 2022

	2023 £m	%	2022 £m	%	Change %
Revenue	688.6	100	671.1	100	3%
Cost of sales	247.7	36	235.0	35	5%
Engineering	90.2	13	78.6	12	15%
Distribution	137.7	20	122.5	18	12%
Administration	75.0	11	69.7	10	8%

# Our markets

## Lab & clinic

Analytical instruments & medical devices

7%

## Semicon equipment

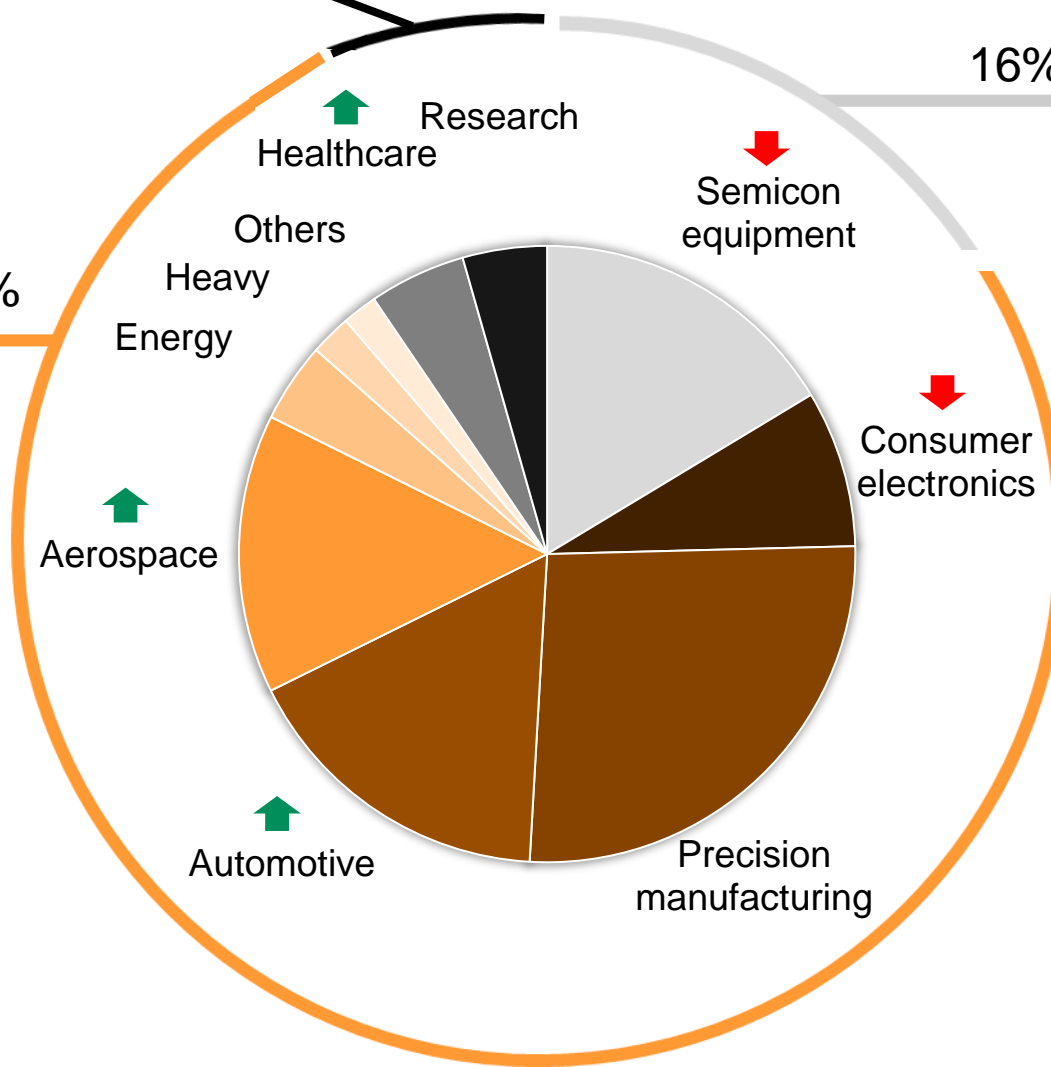
Supplied through machine builders to semicon fabs globally, no direct connection to end-user industry

16%

## Machine shop, robotics & automation

Diverse end-use markets, supplied through machine builders, distributors and direct to end users

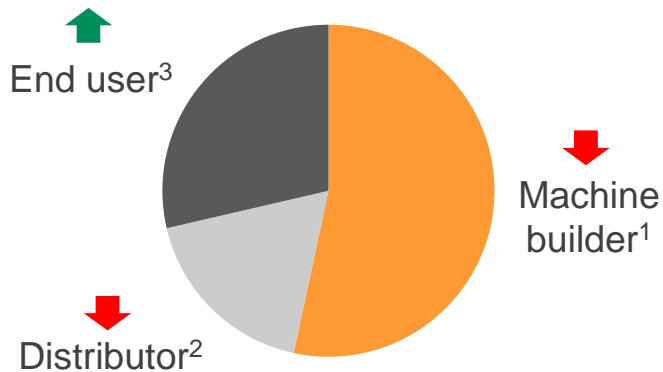
77%



### Note:

Consumer electronics precision parts manufacturing now separated from semicon equipment (previously grouped together)

## Routes to market



Source: Company information – end-use industry revenue shares are unaudited management estimates

Notes:

- 1 Machine builders and their exclusive dealers
- 2 Including agents, independent system integrators and automation suppliers
- 3 Market shares are unaudited management estimates

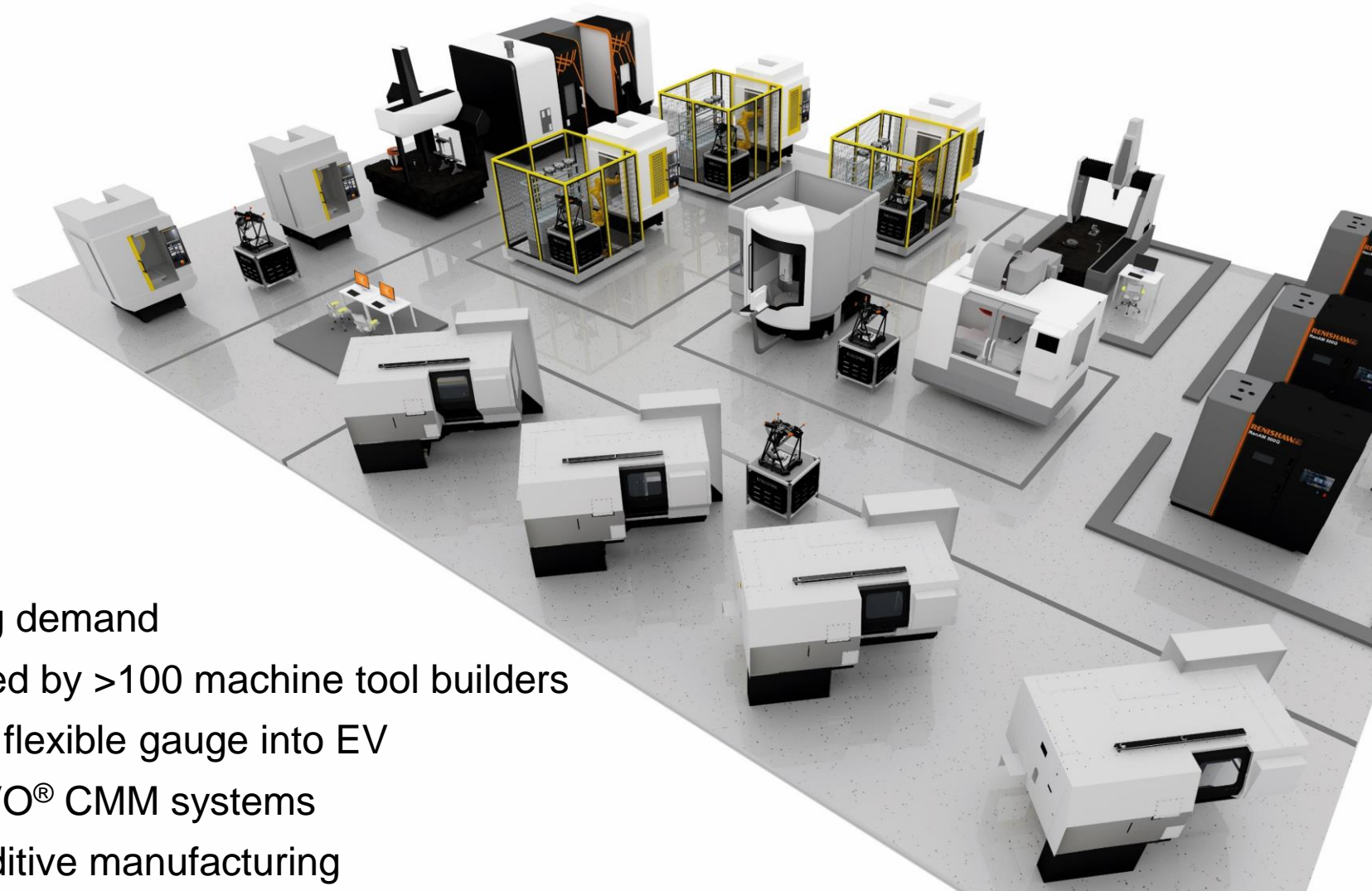
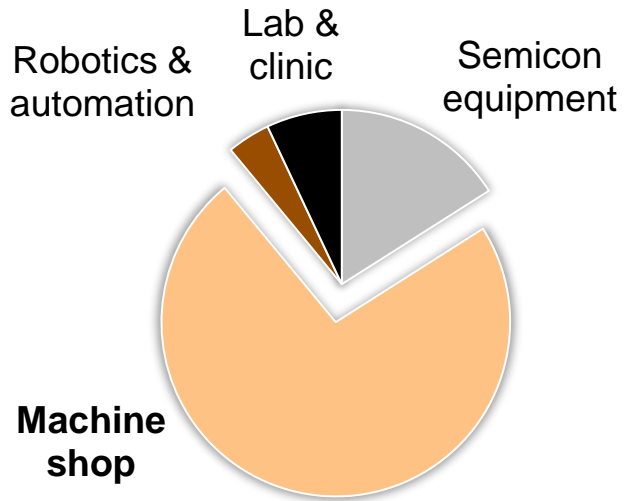


Increasing share of Group revenues (FY23 vs FY22)



Reducing share of Group revenues (FY23 vs FY22)

# Our strategy – Renishaw in the machine shop



## Strategic progress

- ▲ Steady rise in machine tool probing demand
- ▲ FORTiS™ enclosed encoders tested by >100 machine tool builders
- ▲ Rising penetration of EQUATOR™ flexible gauge into EV
- ▲ End user sales of AGILITY® & REVO® CMM systems
- ▲ Key account revenue growth in additive manufacturing

# Our strategy – launch of Renishaw Central

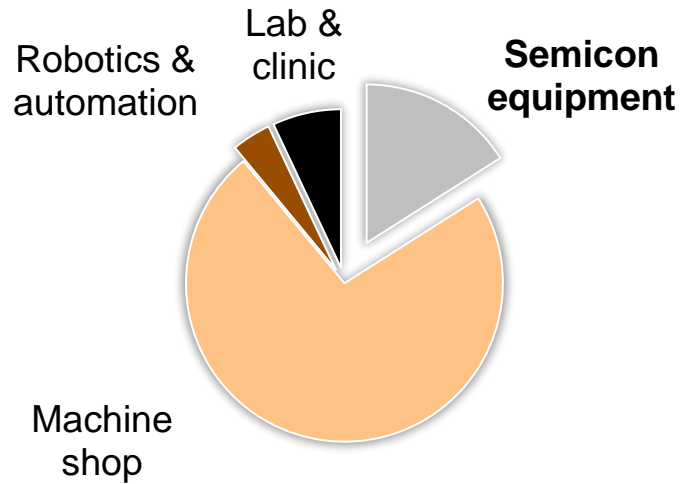
Accurate, actionable data across the shop floor

**Consolidate shop floor measurement data to create the smart factory**

- Connect metrology devices in the factory – Renishaw and 3<sup>rd</sup> party
- Automation through Intelligent Process Control – assisted or autonomous decision-making
- Identify inefficiencies and reduce waste



# Our strategy – Renishaw in the semicon fab

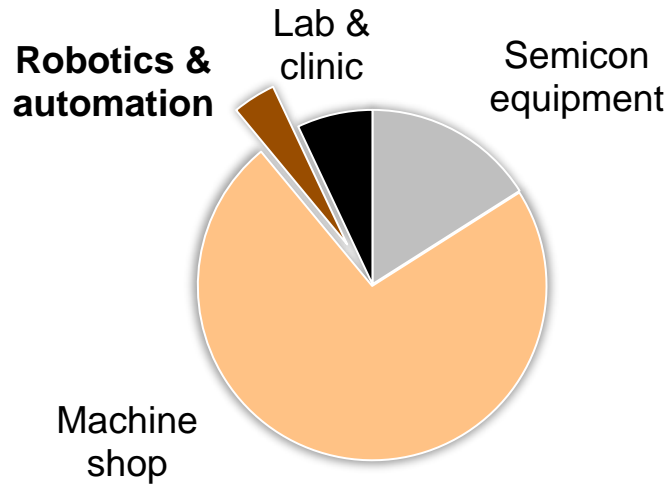


## Strategic progress

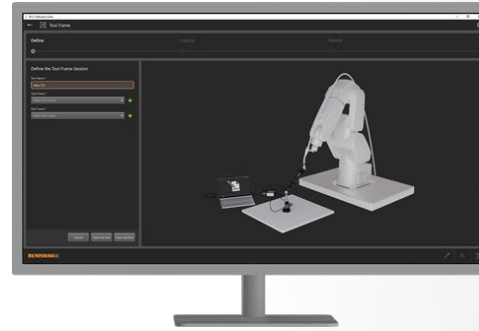
- ▲ Developing a pipeline of innovative new products to strengthen our product portfolio
- ▲ Continuing to win new machine builder customers
- ▲ Strong inventory position – ready for recovery



# Our strategy – launch of Industrial Automation product line



Patented RCS software simplifies testing and analysis



Improve robot accuracy and identify root causes of poor robot precision

Calibration, set-up and in-process control of industrial robots

Applying our proven technology and know-how to the large, high-growth, untapped robotics market

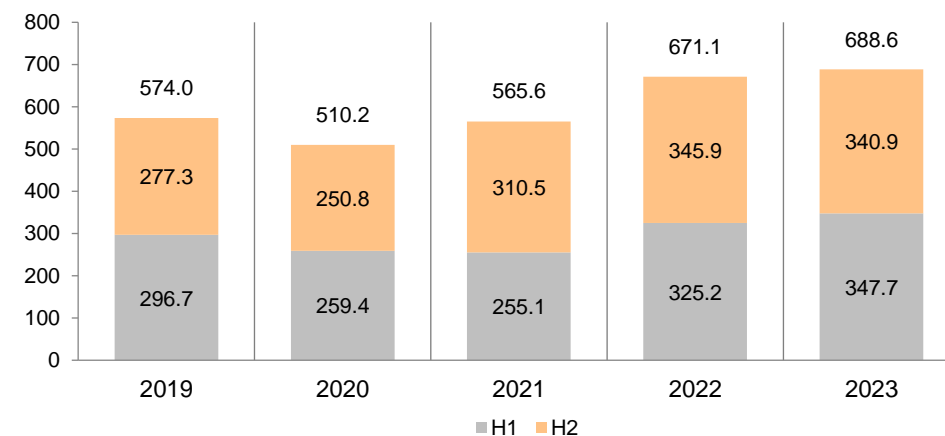
- Close-adjacent market with >10% underlying growth
- Unmet customer needs
- Innovative, patented solutions



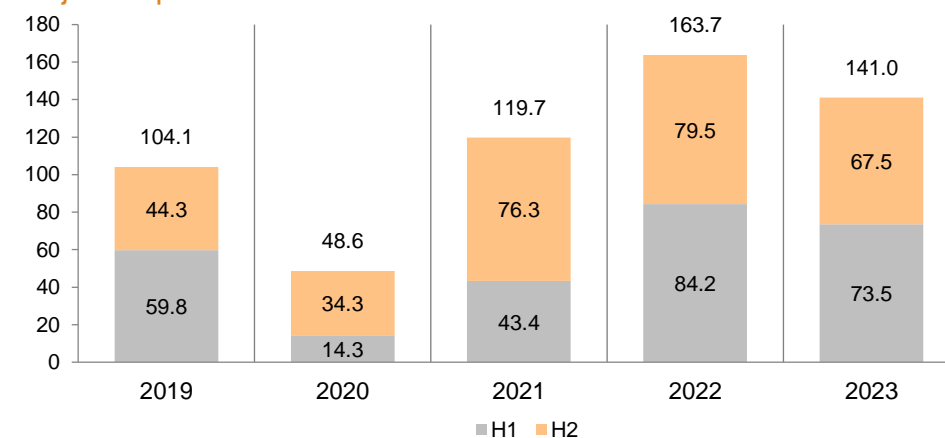
# Financial highlights

	2023 £m	2022 £m	Change %
Revenue	<b>688.6</b>	671.1	3%
Adjusted profit before tax	<b>141.0</b>	163.7	(14%)
FV gains / (losses) on ineffective FX cash flow hedging contracts	<b>5.5</b>	(8.3)	
Restructuring costs	<b>0.7</b>	1.9	
DB pension schemes past service cost	<b>(2.1)</b>	(11.7)	
Statutory profit before tax	<b>145.1</b>	145.6	(0%)
Tax	<b>(29.0)</b>	(25.2)	
ETR %	<b>20.0%</b>	17.3%	
Profit after tax	<b>116.1</b>	120.4	(4%)
Adjusted earnings per share	<b>155.1</b>	185.5	(16%)
Statutory earnings per share	<b>159.7</b>	165.4	(3%)
Interim dividend per share paid	<b>16.8p</b>	16.0p	5%
Final dividend per share proposed	<b>59.4p</b>	56.6p	5%

Revenue £m



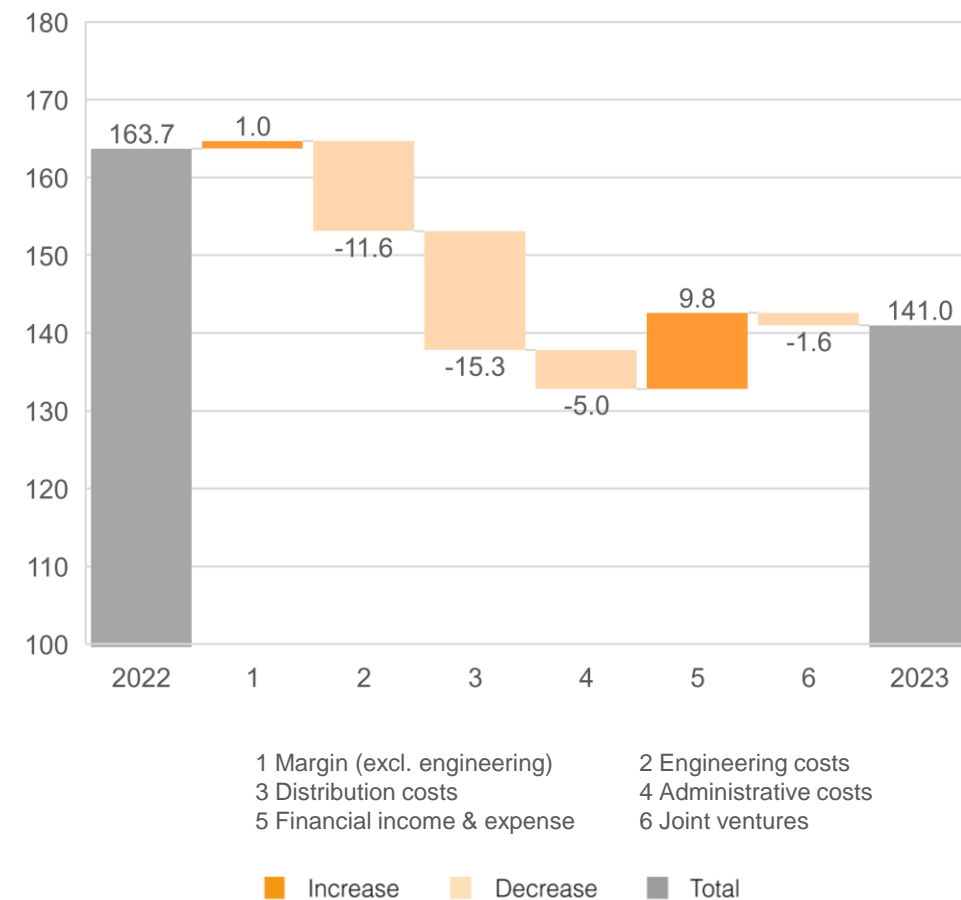
Adjusted profit before tax £m



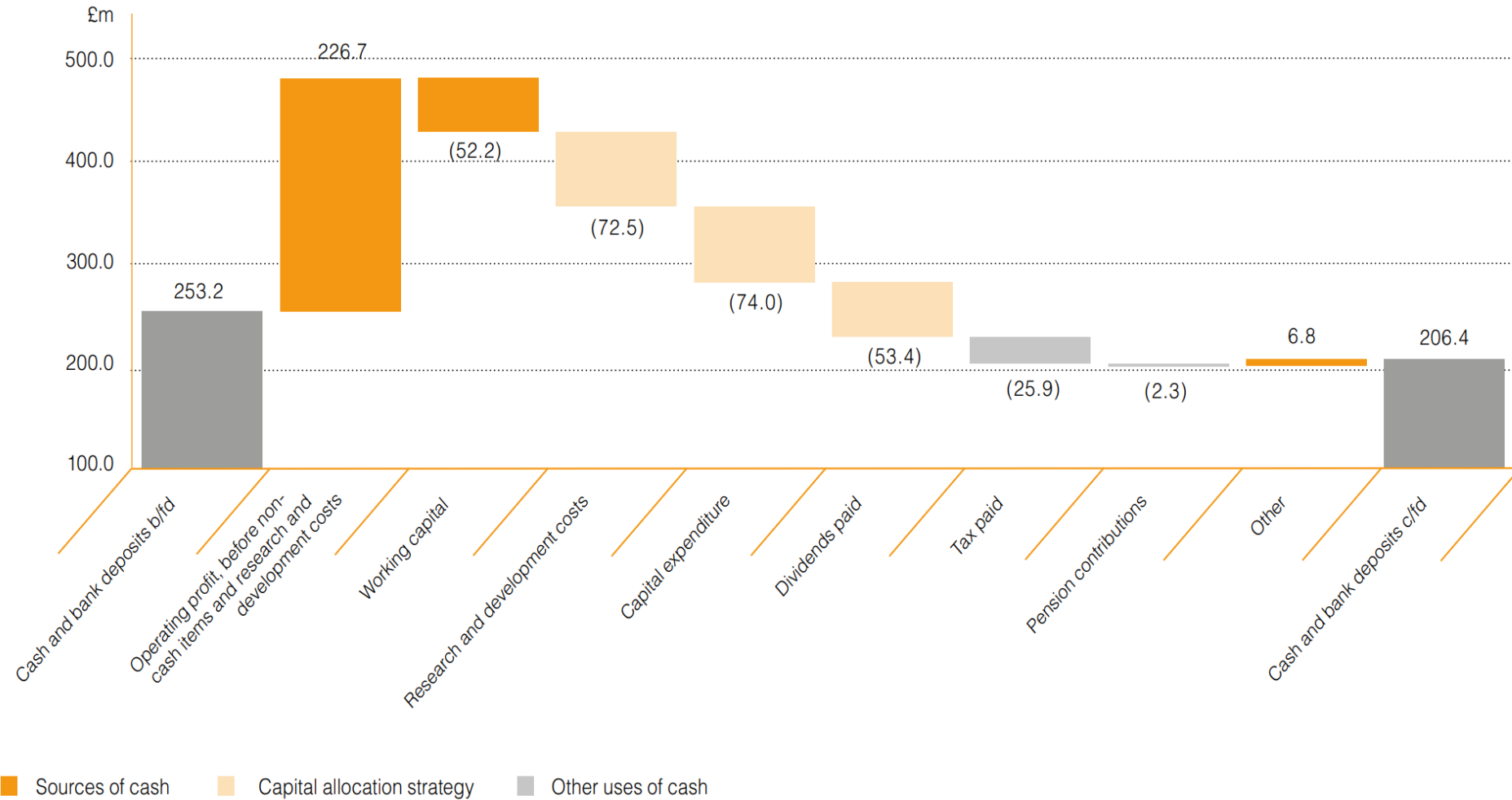
# Income statement

	2023 £m	%	2022 £m	%	Change
Revenue	688.6	100	671.1	100	3%
Cost of sales	(247.7)	(36)	(235.0)	(35)	5%
Engineering (inc. R&D)	(90.2)	(13)	(78.6)	(12)	15%
Gross profit	350.7	51	357.5	53	(2%)
Distribution costs	(137.7)	(20)	(122.5)	(18)	12%
Administrative costs	(75.0)	(11)	(69.7)	(10)	7%
DB pension scheme past service costs	(2.1)		(11.7)		
Fair value losses on financial instruments	(1.4)		(10.4)		
Net financial income/(expense)	7.8		(2.0)		
Share of profits of associates and joint ventures	2.8		4.3		
Statutory profit before tax	145.1	21	145.6	22	(0%)

Adjusted profit before tax bridge £m



# Sources and use of cash



# Capital allocation approach



# Investment in our future

## People

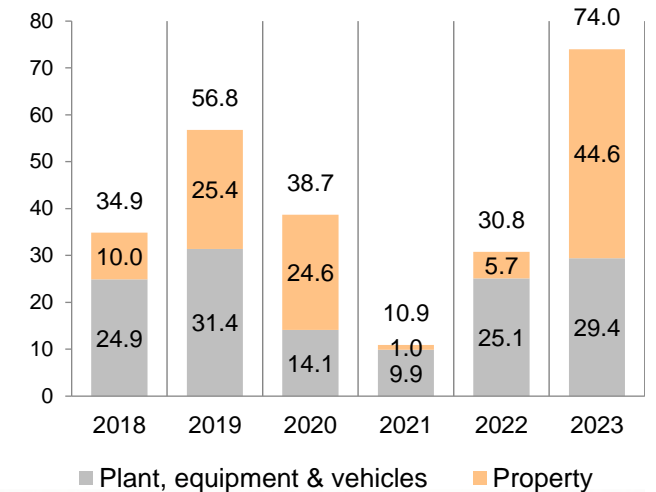
- Headcount up 1.5% to 5,175, growth in engineering & sales to support long-term growth
- Average basic pay 10% higher in FY2023<sup>1</sup>
- 100 graduates and 60 apprentices in FY2024



## Capital expenditure

- £74.0m capex in FY2023, including new production equipment and first phase of 50% manufacturing footprint expansion to support planned growth
- Similar capex expected in FY2024

Capital expenditure £m



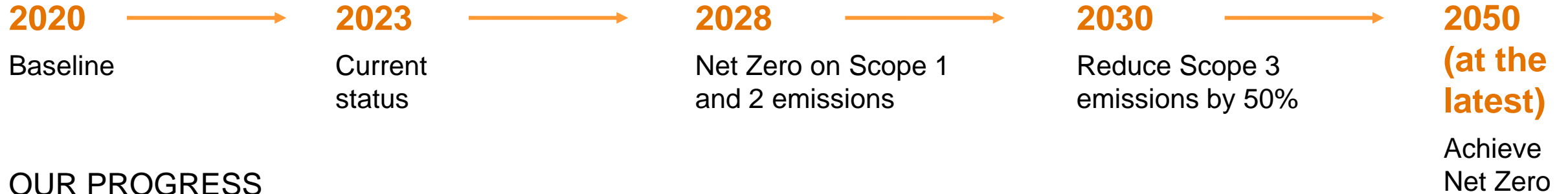
### Notes

1. Management estimate of typical basic salary increase for employees that remain in the same role throughout FY2022 and FY2023. This excludes the impact of currency, employee mix, employee turnover, promotions and bonus payments that affect overall employee costs (up 5%).

# Sustainability

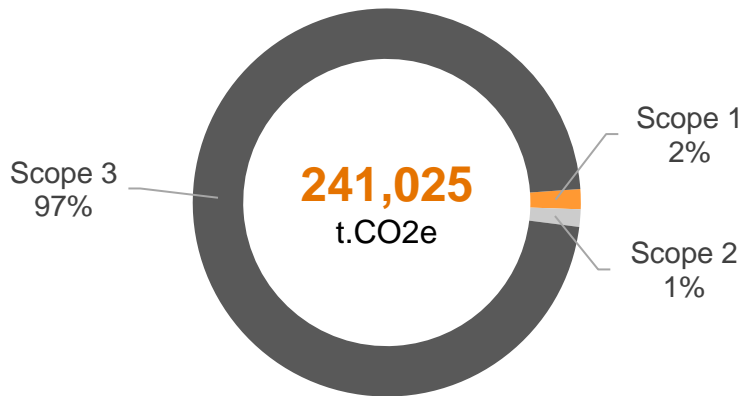
Our commitment to a sustainable business

## OUR COMMITMENT

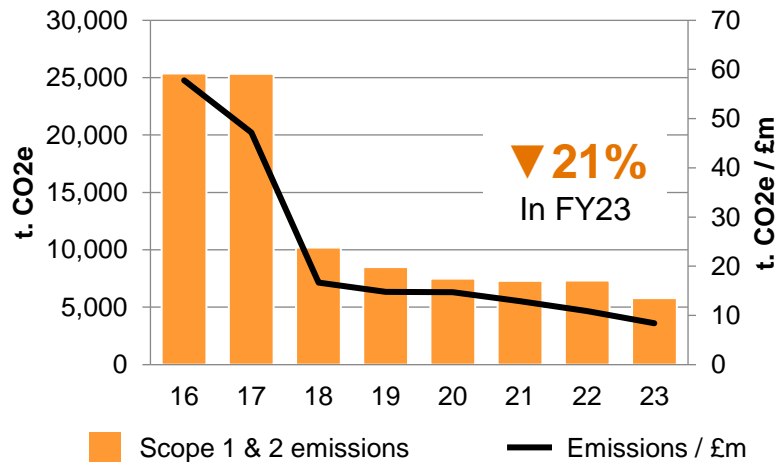


## OUR PROGRESS

Baseline GHG emissions (FY2020)



Scope 1 and 2 emissions



## FY23 progress

- Quantified Scope 3 emissions
- **£4.2m** investment in infrastructure improvements related to Net Zero
- **>90%** renewable energy use
- **11%** solar self-generation
- **ULEV** company vehicles and employee leasing scheme

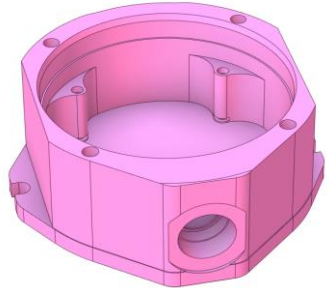
# Enabling sustainable manufacturing

Helping our customers on their sustainability journey

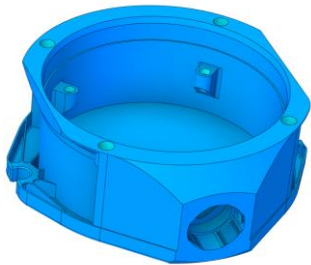
## Reduce CO2e with AM

Renishaw example of light-weight design

Subtractive

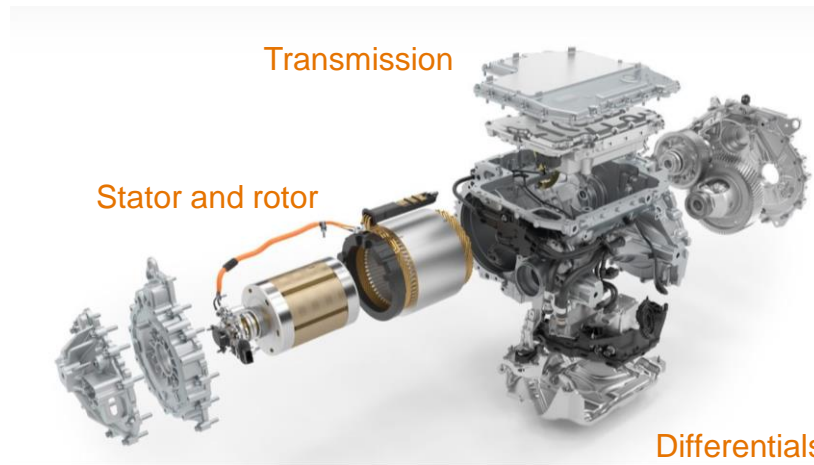


Additive



96% reduction in material consumption

## New opportunities with EVs



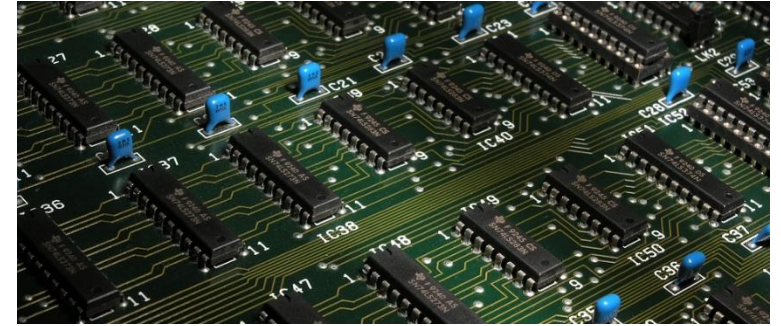
## Reduce waste and inefficiency





# Business environment and outlook

- FY23 has seen mixed conditions in our markets:
  - Demand for most of our product lines has risen, with good growth in systems sales
  - Semiconductor equipment sector has been notably weaker
- Steady start to FY2024 and our order book remains solid:
  - Continue to see positive investment trends in low-emission transport, defence, additive manufacturing and robotics
  - Demand from semiconductor equipment suppliers for position encoders remains subdued
- While the short-term macroeconomic picture remains unclear, we continue to manage costs prudently, we are implementing further price rises, and remain focused on improving our productivity.
- Confident in our strategy and the actions we're taking to deliver sustainable long-term growth.



# Disclaimer

This document contains statements about Renishaw plc that are or may be forward-looking statements.

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.

No representation or warranty, express or implied, is given regarding the accuracy of the information or opinions contained in this document and no liability is accepted by Renishaw plc or any of its directors, members, officers, employees, agents or advisers for any such information or opinions.

This information is being supplied to you for information purposes only and not for any other purpose. This document and the information contained in it does not constitute or form any part of an offer of, or invitation or inducement to apply for, securities.

The distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and persons into whose possession this document comes should inform themselves about, and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of laws of any such other jurisdiction.