

2016 Interim results

28th January 2016

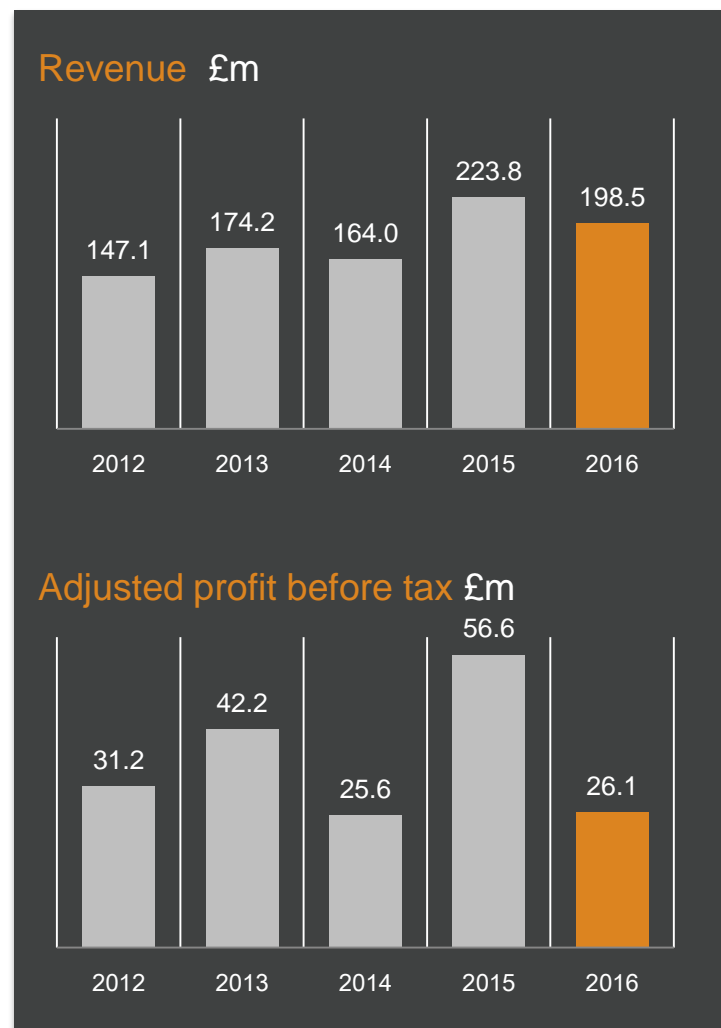
Chairman's statement



- Revenue of £198.5m (2015: £223.8m).
- Underlying growth of 5%, after excluding significant Far East sales and at constant currency.
- Metrology – good growth in measurement automation and additive manufacturing products lines.
- Healthcare – good growth in medical dental and spectroscopy products lines.
- Profit before tax of £26.1m (2015: £56.6m).
- Strong balance sheet, with cash of £33.3m at the end of the period.
- Capital expenditure of £28.7m.
- Maintained dividend of 12.5 pence net per share.

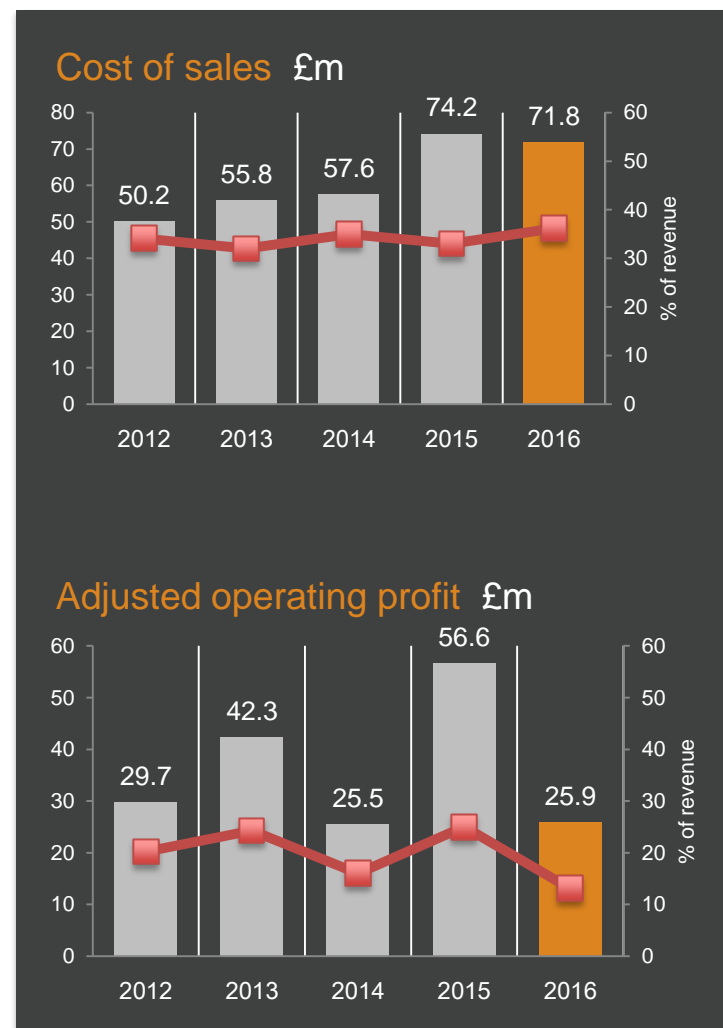
Financial highlights

	2016	2015	Change
	£m	£m	%
Revenue	198.5	223.8	-11%
Operating profit	25.9	56.6	-54%
Profit before tax	26.1	56.6	-54%
	pence	pence	
Earnings per share	30.7	64.2	-52%
Dividend per share	12.5	12.5	-



Income statement

	2016 £m	%	2015 £m	%	Change
Revenue	198.5	100	223.8	100	-11%
Cost of sales	71.8	36	74.2	33	-3%
Engineering (inc. R&D)	34.1	17	29.9	14	+14%
Gross profit	92.6	47	119.7	53	-23%
Distribution costs	45.0	23	41.4	18	+9%
Administrative costs	21.7	11	21.7	10	+0%
Operating profit	25.9	13	56.6	25	-54%
Financial expense (net)	(0.4)	-	(0.4)	-	-
Profit from associates	0.6	-	0.4	-	-
Profit before tax	26.1	13	56.6	25	-54%



Income statement

Engineering costs

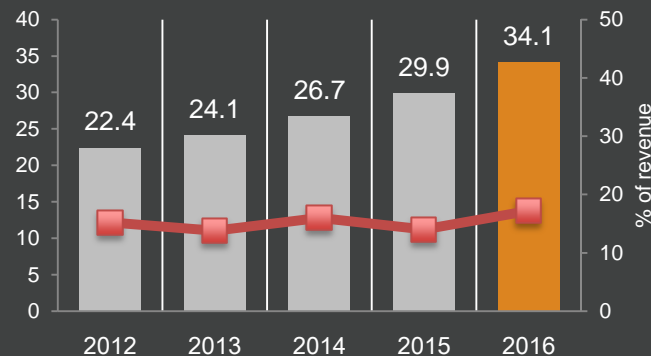
	2016 £m	2015 £m	Change %
Total spend	35.7	31.3	+14%
Less capitalised (net)	1.6	1.4	+14%
Income statement	34.1	29.9	+14%

- Gross engineering costs increased by 14%.
- Representing 18% of revenue.

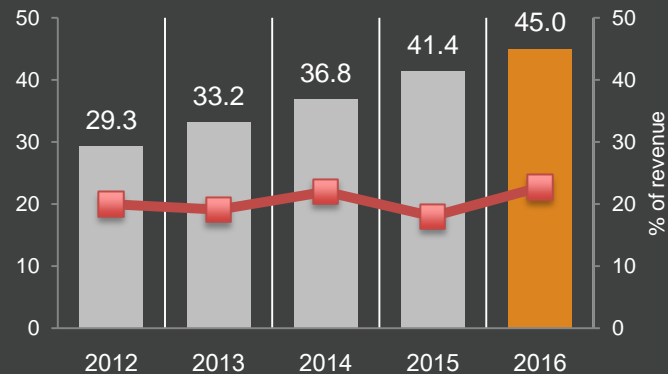
Distribution costs

- Distribution costs up 9%.
- Further expansion of overseas marketing offices to support long-term growth.

Engineering costs (net) £m



Distribution costs £m



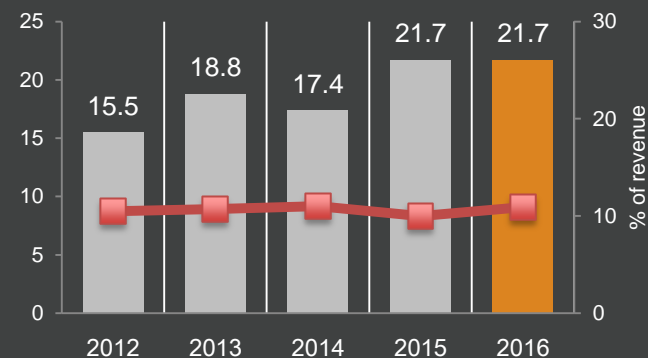
Income statement

Headcount

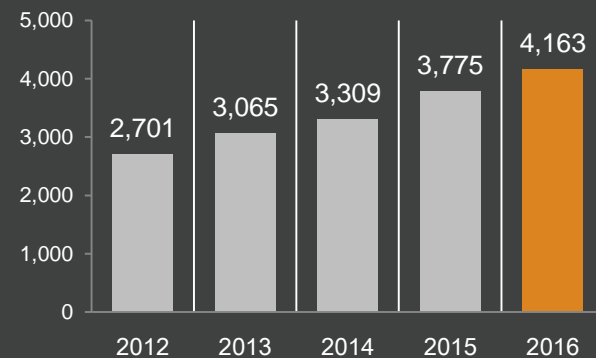
	Dec 2015 No.	Jun 2015 No.	Dec 2014 No.	Change from Jun %	Change from Dec %
UK	2,721	2,725	2,503	-	+9%
Overseas	1,442	1,387	1,272	+4%	+13%
Total	4,163	4,112	3,775	+1%	+10%

- Continued growth in headcount to support increased investment in new product development and expansion of marketing and support facilities.
- Headcount up 388 from December 2014 and up 51 in the first half year from 4,112 at June 2015.

Administrative costs £m

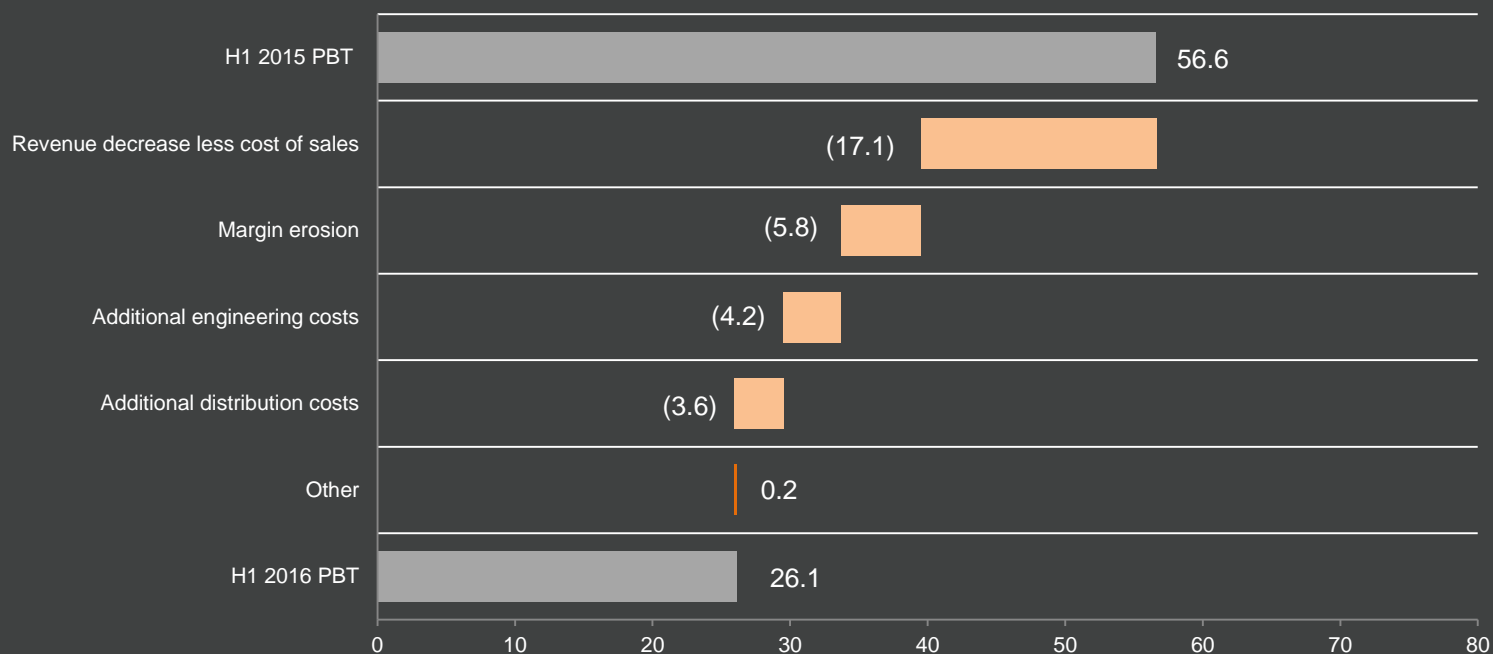


Headcount No.



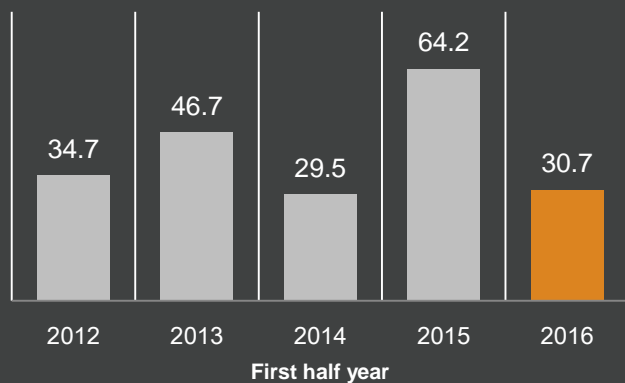
Income statement

Profit before tax changes from 2015 £m

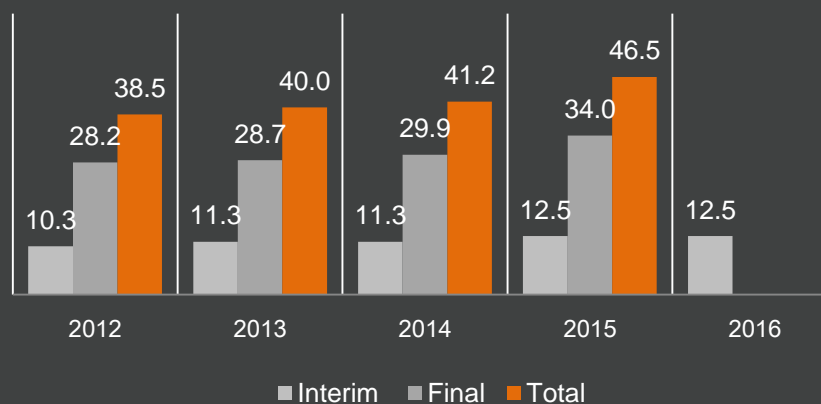


Adjusted earnings per share and Dividend per share

Adjusted earnings per share p



Dividend per share p



Full year dividend increase	+10%	+4%	+3%	+13%	-
Full year dividend cover	2.5	2.2	2.0	3.6	-

Group revenue analysis

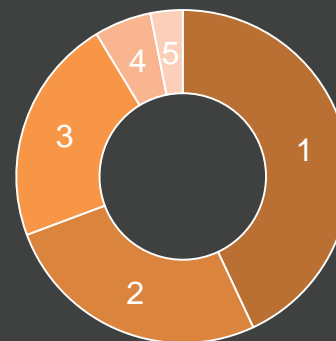
Changes in geographic area

	Change % at actual fx rates	Change % at p/y fx rates
Far East	-24%	-25%
Europe	+9%	+16%
Americas	-5%	-7%
UK & Ireland	-9%	-9%
Total	-11.3%	-10.8%

Revenue by major countries

	2016 £m	2015 £m
China	45.5	58.9
USA	38.6	39.3
Japan	23.3	20.1
Germany	21.7	21.7
South Korea	6.0	23.6

Revenue by region £m



	2016 £m	2015 £m
1 Far East	85.5	112.4
2 Continental Europe	52.1	47.7
3 North & South America	43.7	46.1
4 UK	11.0	12.1
5 Other regions	6.2	5.5
Total	198.5	223.8

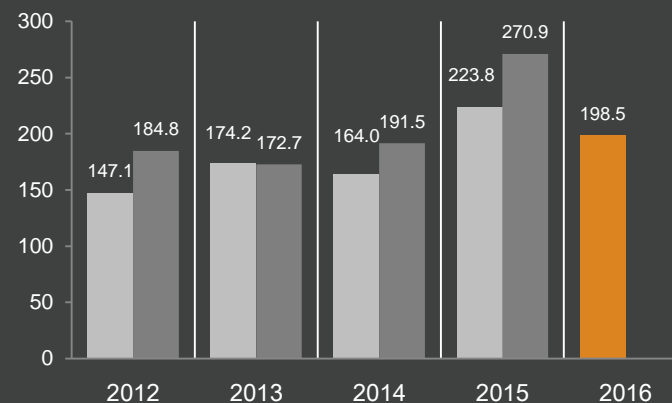
Group revenue analysis

Revenue

	2016 £m	2015 £m	Change %
Metrology	184.9	213.9	-14%
Healthcare	13.6	9.9	+37%
Total	198.5	223.8	-11%

- Revenue would have been £1.2m higher when re-stated at previous year's exchange rates.
- Growth, excluding significant Far East sales and at constant exchange rates, was 5%.

Revenue – 1st & 2nd half £m



Year-on-year changes:

First half	+18%	-6%	+36%	-11%
Second half	-7%	+11%	+41%	

Group revenue analysis - Metrology

Revenue

	2016 £m	2015 £m	Change %
Metrology	184.9	213.9	-14%

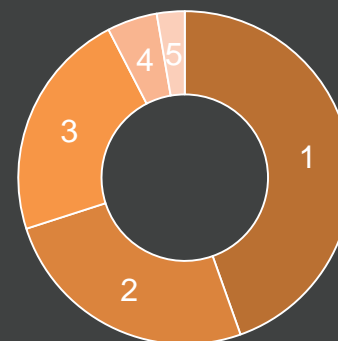
Changes in geographic area

	Change %
Far East	-25%
Europe	+4%
Americas	-5%
UK & Ireland	-9%

Results

	2016 £m	2015 £m
Operating profit	29.8	62.3

Revenue by region £m



	2016 £m	2015 £m
1 Far East	82.4	110.1
2 Continental Europe	47.1	45.5
3 North and South America	41.4	43.5
4 UK	9.0	9.9
5 Other regions	5.0	4.9

Metrology highlights

- Underlying growth of 3%, after excluding exceptional Far East sales.
- Good growth in measurement automation and additive manufacturing (“AM”) products lines.
- Announcement of plans for a global network of solution centres for AM, including facilities in the UK, Europe, USA, Canada, India and China.
- New subsidiaries have been established in Finland and Denmark, to expand our marketing, sales, service and distribution infrastructure in the Nordic region.

New product releases / Metrology



REVO-2 / UCC S5 controller
- enhanced power and communications capability for new sensors, e.g. RVP.



REVO Vision Probe (RVP) System - vision inspection system using REVO's infinite positioning and 5-axis motion capability. A solution for parts with large numbers of holes that can't be accurately measured with tactile probing or manual methods.



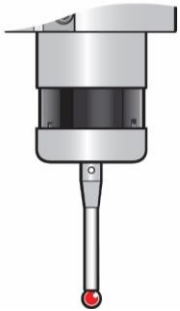
MODUS 2 has been designed with usability in mind. The innovative interface is simple for new users to learn, and faster to program too, resulting in unprecedented levels of productivity with or without a CAD model.



TONiC™ diagnostic kit - users of the TONiC encoder system with the most challenging set-up requirements are now supported by an optional PC software package for use in conjunction with a diagnostic hardware kit; particularly useful in situations where reliable visual assessment of the LED is difficult.

UCCsuite 5.0 – latest release of CMM motion control software with new functionality, including scan blending for improved efficiency in data collection.

New product releases / Metrology

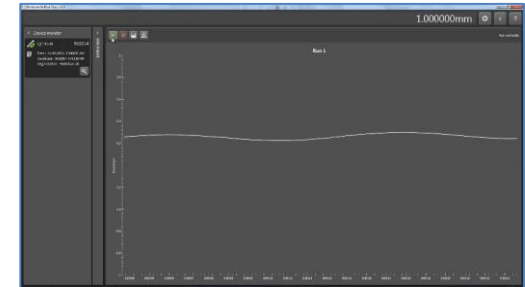


Inspection Plus with SupaTouch optimisation - an enhanced software package that automatically optimises probe measurement cycles on CNC machine tools to minimise cycle time and maximise productivity.

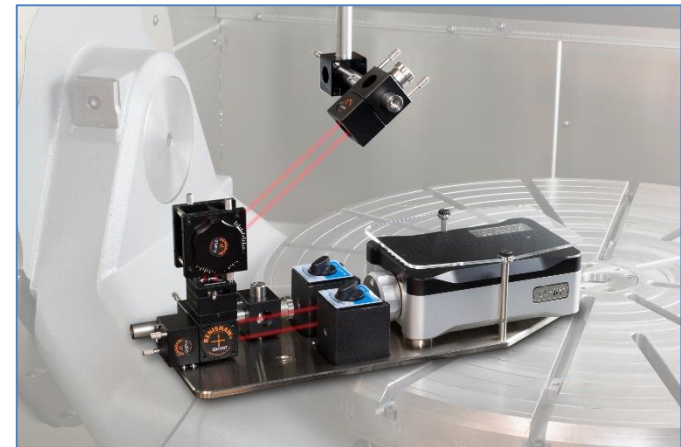


Merlin - a marine laser scanner developed specifically for cost-effective offshore and inland waterway surveying.

Linear diagonal measurement kit - Laser diagonal tests performed with a XL-80 laser interferometer system can be used to measure diagonal positioning and reversal errors in accordance with B5.54 and ISO 230-6 standards. The new kit is quick and easy to set-up, is easy to align and allows fast data analysis to international standards.



Ballbar Trace - a new time based data capture software package for the QC20-W ballbar. It is free of charge to existing QC20-W users and opens up many new applications, including static monitoring and data capture for ISO 10791-6, and also reduces test setup time for the system.



Group revenue analysis - Healthcare

Revenue

	2016 £m	2015 £m	Change %
Healthcare	13.6	9.9	+37%

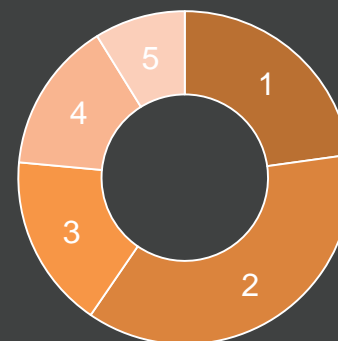
Changes in geographic area

	Change %
Far East	+35%
Europe	+127%
Americas	-12%
UK & Ireland	-9%

Results

	2016 £m	2015 £m
Operating (loss)	(3.9)	(5.7)

Revenue by region £m



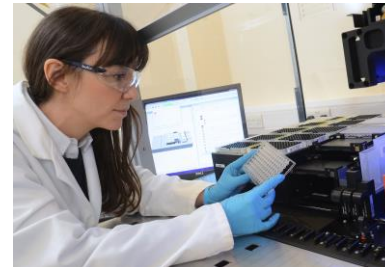
	2016 £m	2015 £m
1 Far East	3.1	2.3
2 Continental Europe	5.0	2.2
3 North and South America	2.3	2.6
4 UK	2.0	2.2
5 Other regions	1.2	0.6

Healthcare highlights

- Good growth in medical dental and spectroscopy products lines.
- First neuromate® robot installation in Spain.
- We have orders for robot deliveries in the second half of the year and also good prospects for more to come. Additionally, we are seeing increasing demand for consumable products stemming from our higher installed robot base.
- Neuro Inspire surgical planning software has been approved for sale in Canada and Australia.
- Launch of first product from Renishaw Diagnostics - the CE-marked RenDx Multiplex Assay System together with its first assay, Fungiplex, a multiplex diagnostic test for the detection of *Candida* and *Aspergillus* fungal infections.
- Renishaw wins Best CAD/CAM Company Award at Dental Laboratories Association Trade Awards.



Neuromate stereotactic robot.



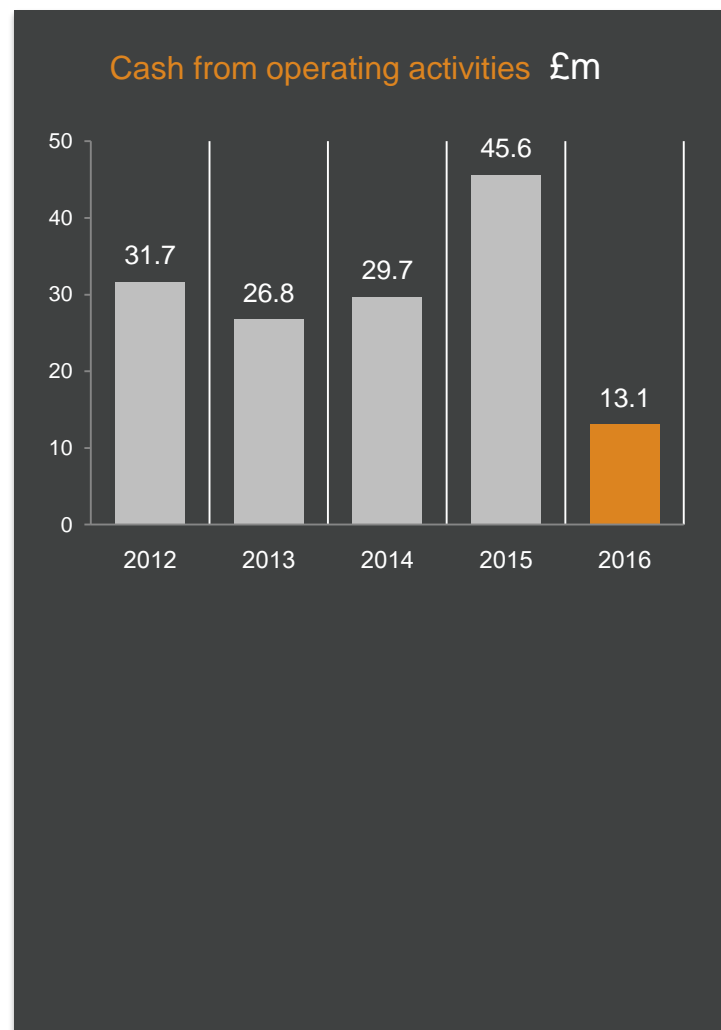
RenDx Multiplex Assay System.



DLA award.

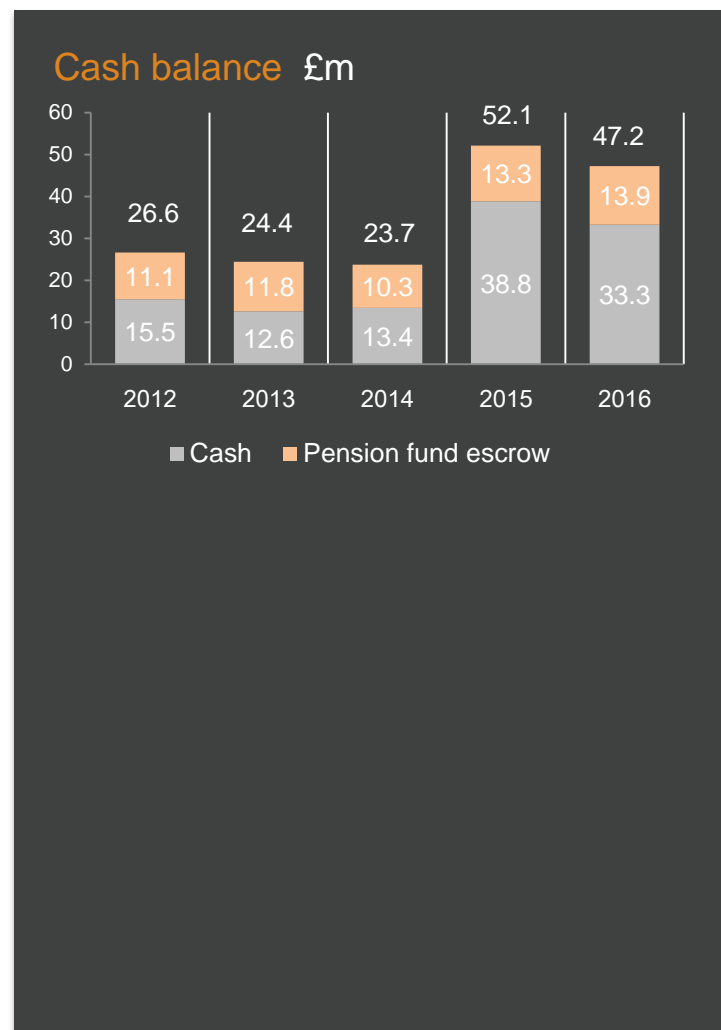
Cash flow from operating activities

	2016 £m	2015 £m
Profit before tax	26.1	56.6
Depreciation and amortisation	14.3	13.4
Financial income and expenses	0.4	0.4
Share of profits from associates	(0.6)	(0.4)
(Increase) in inventory	(14.0)	(4.1)
Decrease/(increase) in debtors	17.5	(16.0)
(Decrease)/increase in creditors	(15.9)	2.6
Total movement in working capital	(12.4)	(17.5)
DB pension contributions	(1.3)	(1.1)
Income taxes paid	(13.4)	(5.8)
Cash from operating activities	13.1	45.6



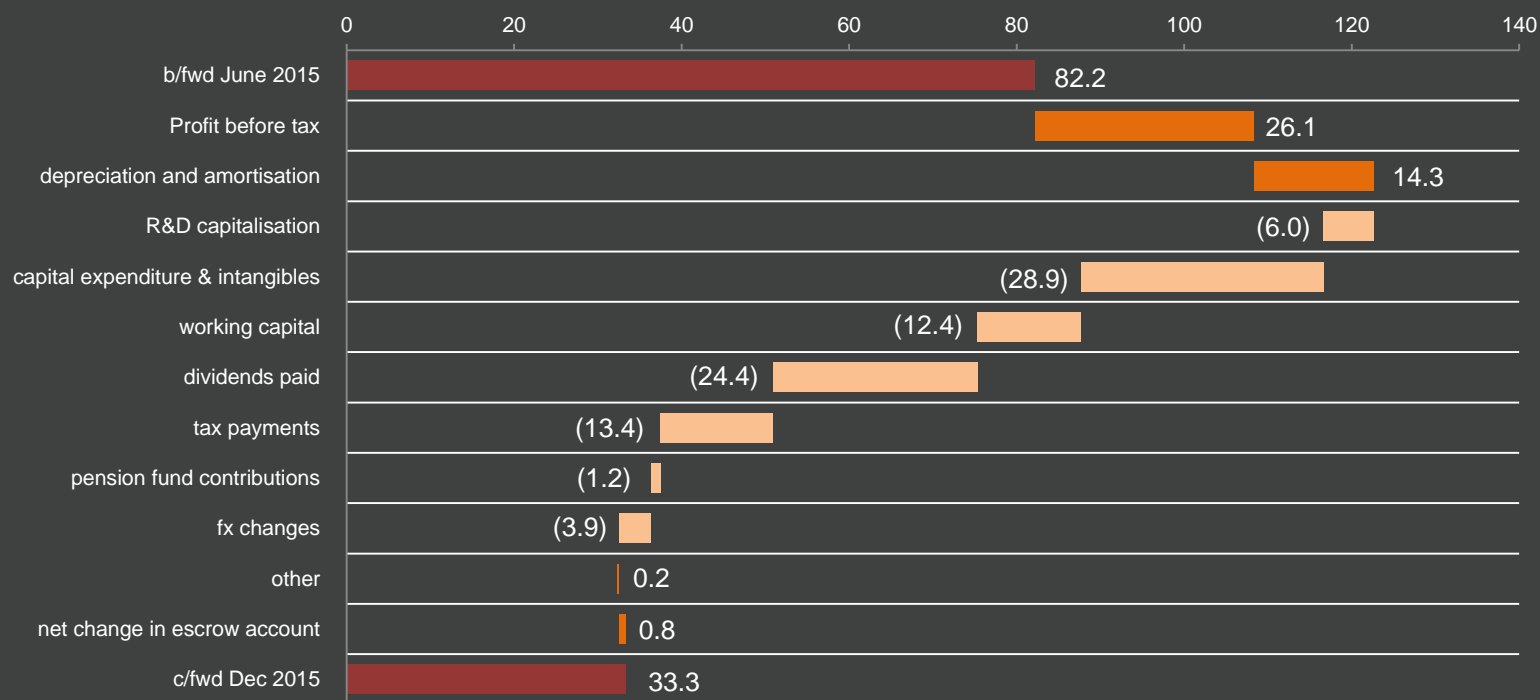
Cash flow

	2016 £m	2015 £m
Cash from operating activities	13.1	45.6
Interest received less paid	0.4	0.3
Dividends paid less received	(24.4)	(21.6)
Fixed assets purchased (net)	(28.5)	(18.7)
Intangible assets acquired	(0.4)	(0.9)
Development costs capitalised	(6.0)	(5.9)
Net movement with escrow account	0.8	(3.7)
Net cash flow	(45.0)	(4.9)
Cash at 1st July	82.2	43.6
Effect of exchange rate changes	(3.9)	0.1
Cash at 31st December	33.3	38.8



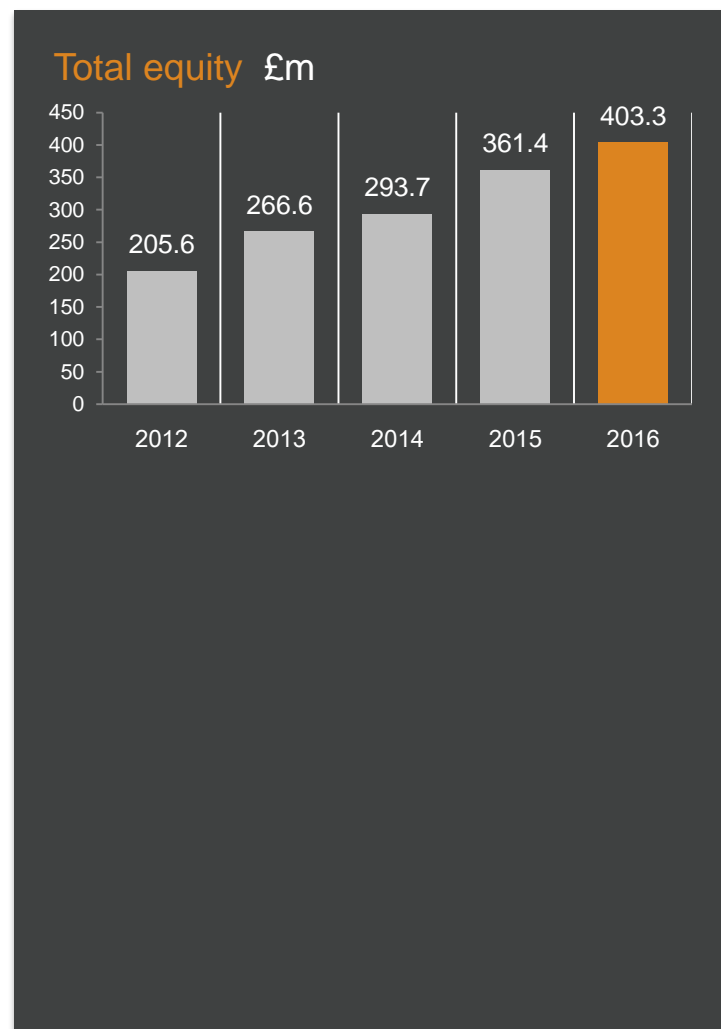
Cash flow

Change in cash balance for the period £m



Balance sheet

£m	Dec 2015	June 2015	Change %
Property, plant & equipment	191.2	169.6	+13%
Intangible assets & investments	62.7	61.2	+2%
Deferred tax assets	20.5	19.5	+5%
Derivatives	4.9	10.5	-53%
Total non-current assets	279.3	260.8	+7%
Inventory	91.7	77.7	+18%
Debtors	100.8	115.1	-12%
Derivatives	7.4	14.1	-48%
Pension fund cash escrow	13.9	14.7	-5%
Cash	33.3	82.2	-59%
Creditors (current)	(42.5)	(62.2)	-32%
Net current assets	204.6	241.6	-15%
Deferred tax liability	(17.3)	(22.0)	-21%
Pension fund deficit	(48.6)	(48.1)	+1%
Other payables	(14.7)	(3.8)	-
Net assets, equal to Total equity	403.3	428.5	-6%



Capital expenditure

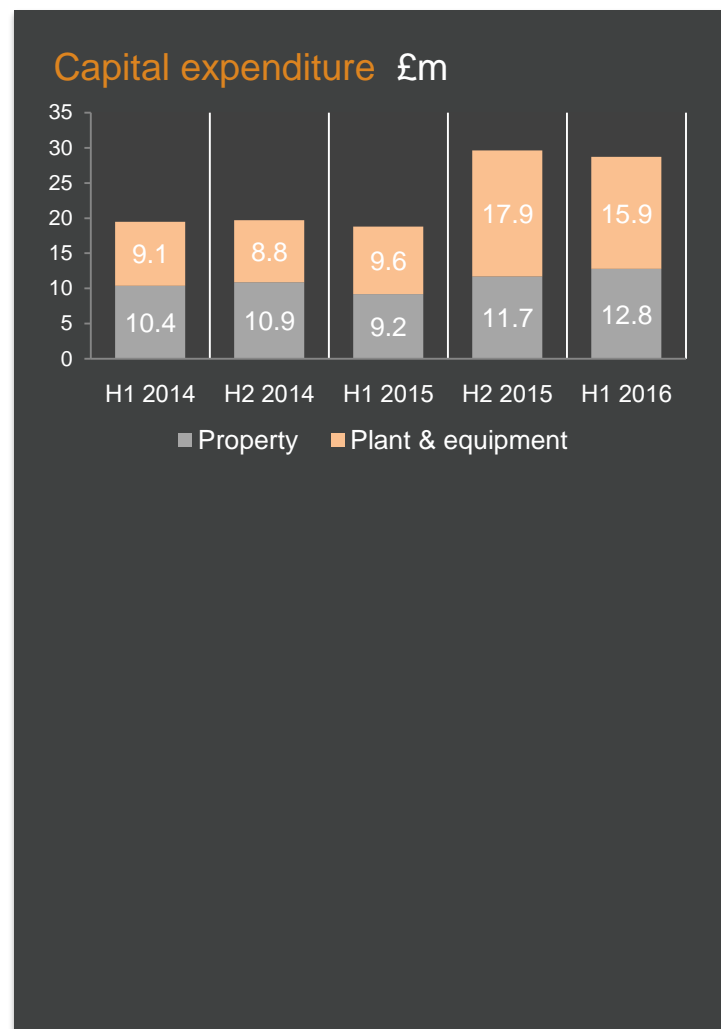
	2016 £m	2015 £m
Capital expenditure	28.7	18.8

•Property

- Refurbishment of second half of Miskin property.
- Start of build of new 133,000 sq ft premises for Renishaw Inc, Chicago.
- Purchase of property in Texas, for USA AM solution centre.

•Plant & equipment

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



Capital expenditure - property



Renishaw plc – Miskin refurbishment



Renishaw Inc – Chicago progress to date and design



**Renishaw Inc –
Dallas, Texas**



Outlook

We anticipate an improvement in our underlying growth during the second half of the year and, as we indicated in our October trading statement, we currently expect full year revenue to be in the range of £440m to £465m and profit before tax to be in the range of £85m to £105m. We remain confident of the Group's prospects for both this year and the future.