

2015 results

29th July 2015

Chairman's statement

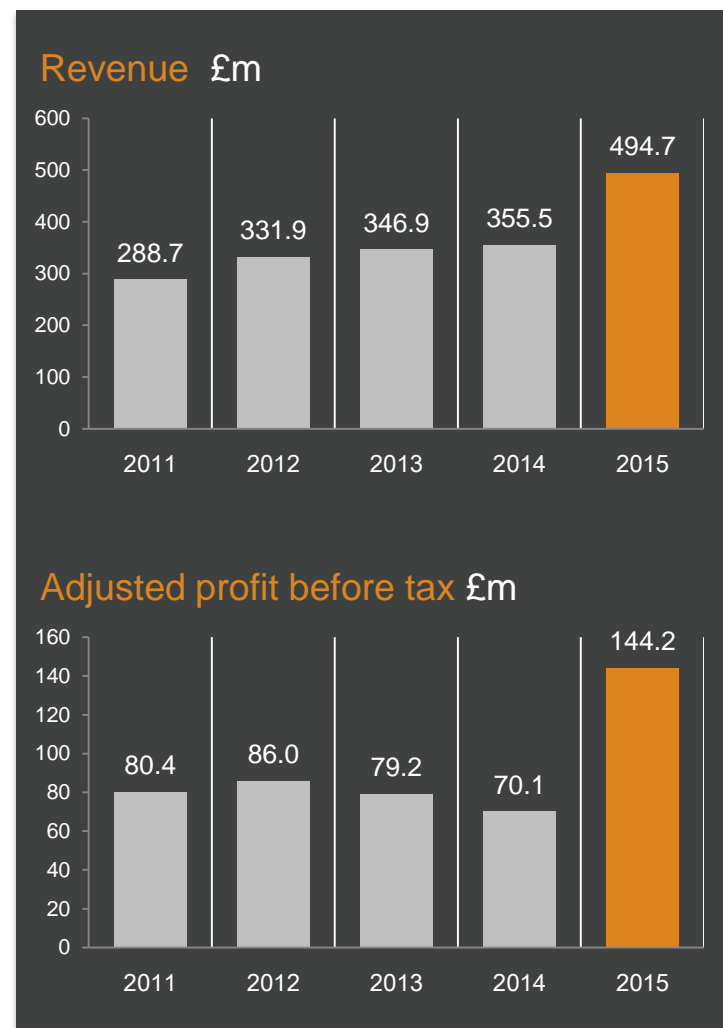


- Record revenue of £494.7m (2014: £355.5m), an increase of 39%.
- Record profit before tax of £144.2m (2014: adjusted £70.1m).
- High demand for our machine tool, measurement automation, additive manufacturing and encoder products.
- Capital expenditure of £48.4m.
- 18th Queen's Award, for RESOLUTE™ absolute position encoder.
- Strong balance sheet, with cash of £82.2m plus £14.7m in the pension scheme escrow account.
- Final dividend of 34.0p per share, giving a total for the year of 46.5p, a 13% increase.

Financial highlights

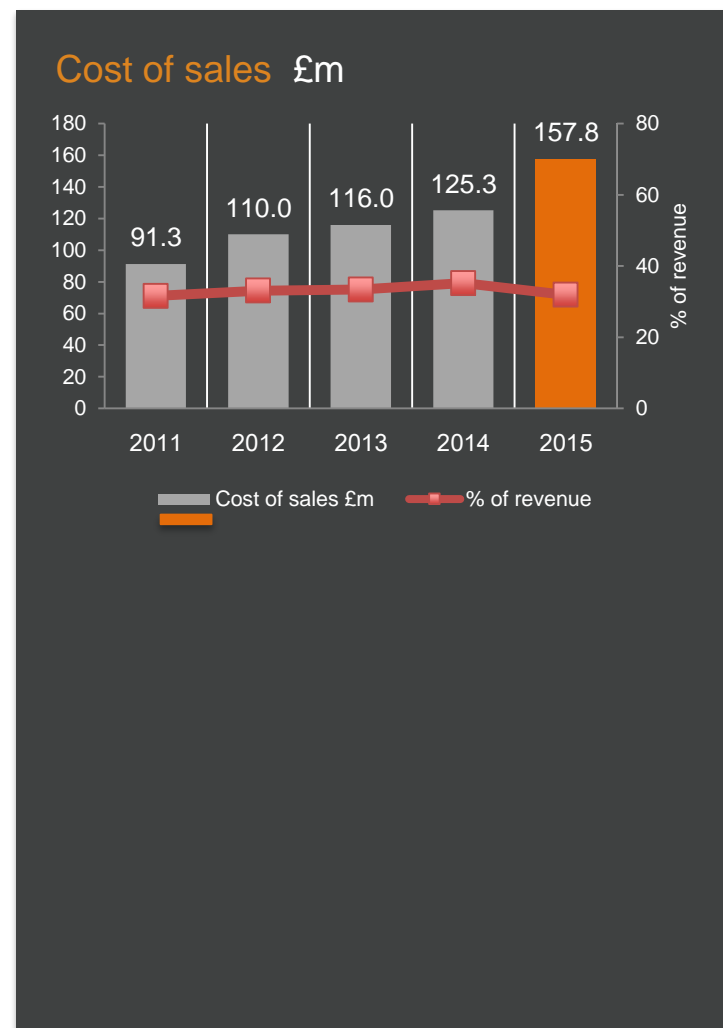
	2015 £m	2014 £m	Change %
Revenue	494.7	355.5	+39%
Operating profit	143.9	70.4	+104%
Adjusted profit before tax	144.2	70.1	+106%
Tax	22.9	10.7	+114%
Adjusted profit after tax	121.3	59.4	+104%
Adjusted earnings per share	167.5p	82.3p	+104%
Dividend per share	46.5p	41.2p	+13%
STATUTORY			
Profit before tax	144.2	96.4	+50%
Earnings per share	167.5	118.4	+41%

Adjusted figures are for 2014 and exclude the gain on disposal of the shareholding in Delcam plc (£26.3m) (not taxable).



Income statement

	2015 £m	%	2014 £m	%	Change
Revenue	494.7	100	355.5	100	+39%
Cost of sales	(157.8)	32	(125.3)	35	+26%
Engineering (inc. R&D)	(63.3)	13	(53.3)	15	+19%
Gross profit	273.6	53	176.9	50	+55%
Distribution costs	(87.9)	18	(75.3)	21	+17%
Administrative costs	(41.8)	8	(31.2)	9	+34%
Operating profit	143.9	29	70.4	20	+104%
Financial expense (net)	(0.6)	-	(1.1)	-	-
Profit from associates	0.9	-	0.8	-	-
Adjusted profit before tax	144.2	29	70.1	20	+106%

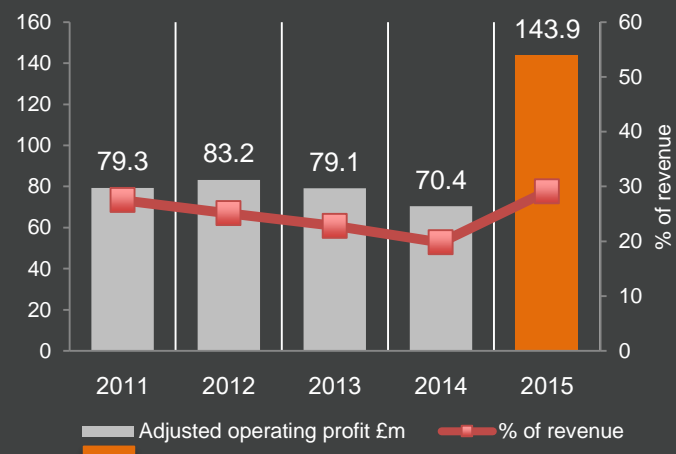


Income statement – Adjusted operating profit

Operating profit - segmental

	2015 £m	2014 £m	Change %
Metrology	150.7	74.4	+103%
Healthcare	(6.8)	(4.0)	+70%
Total operating profit	143.9	70.4	+104%

Adjusted operating profit £m



Income statement – Engineering costs

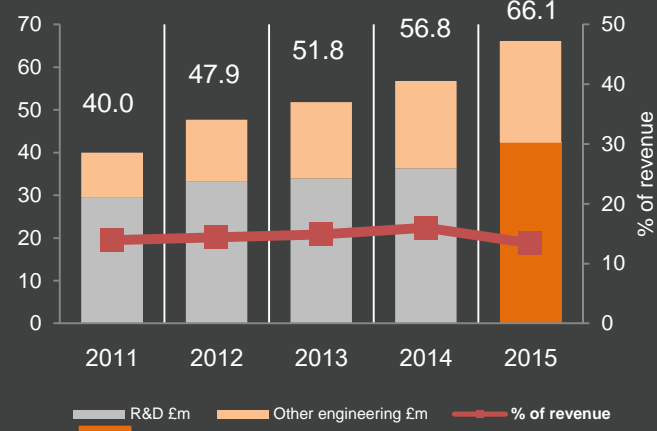
Engineering costs

	2015 £m	2014 £m	Change %
Total spend	66.1	56.8	+16%
Less capitalised	2.8	3.5	-20%
Income statement	63.3	53.3	+19%

	2015 £m	2014 £m	Change %
Total spend segmental			
Metrology	55.0	45.3	+21%
Healthcare	8.3	8.0	+4%

	2015 £m	2014 £m	Change %
New product spend	42.3	36.3	+17%

Engineering costs (total) £m

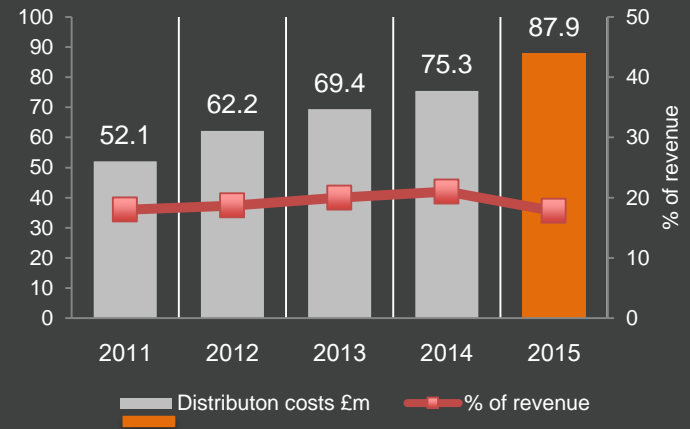


Income statement – Distribution costs

Distribution costs

- Expansion of global marketing and distribution infrastructure to support new and existing products with the recruitment of 127 sales, marketing and application engineering employees.
- Distribution costs up 17% from last year, 18% of revenue (2014: 21%).
- Expansion of office space in Spain with purchase of additional adjoining premises.
- Purchase of land in the USA, Czech Republic and Mexico with plans to build offices to expand facilities.

Distribution costs £m



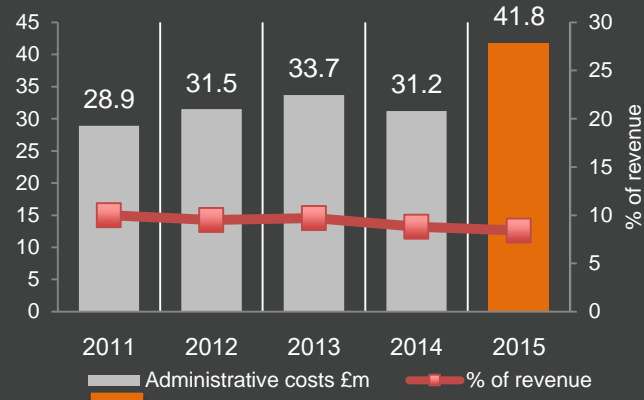
Income statement – Administrative costs and Group employees

Group headcount (at June)

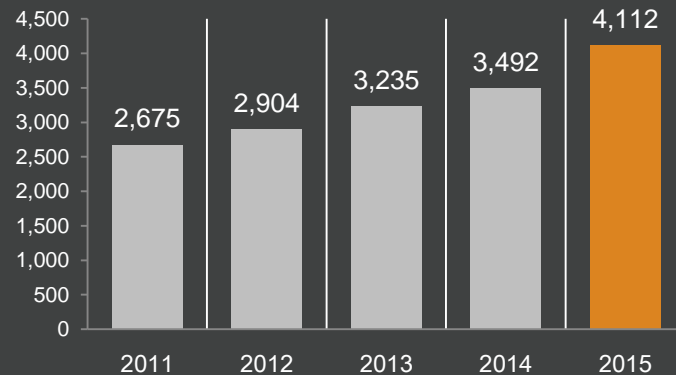
	2015 No.	2014 No.	Change No.
UK	2,725	2,314	+411
Overseas	1,387	1,178	+209
Total	4,112	3,492	+620

- Continued growth in employees to support increased production, investment in new product development and expansion of marketing and support facilities.
- Headcount up 620 from June 2014.
- Increase in employees includes 30 apprentices and 58 graduates.
- Additionally we are sponsoring 77 students at UK universities mostly on engineering, science and software courses.
- Represents our commitment to the training and development of skilled people across our engineering and commercial functions.

Administrative costs £m

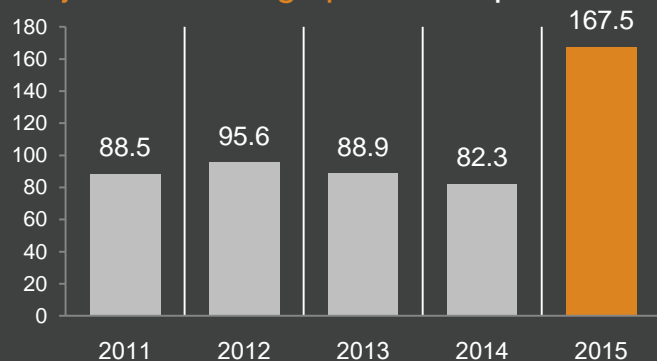


Group headcount (year end) No.

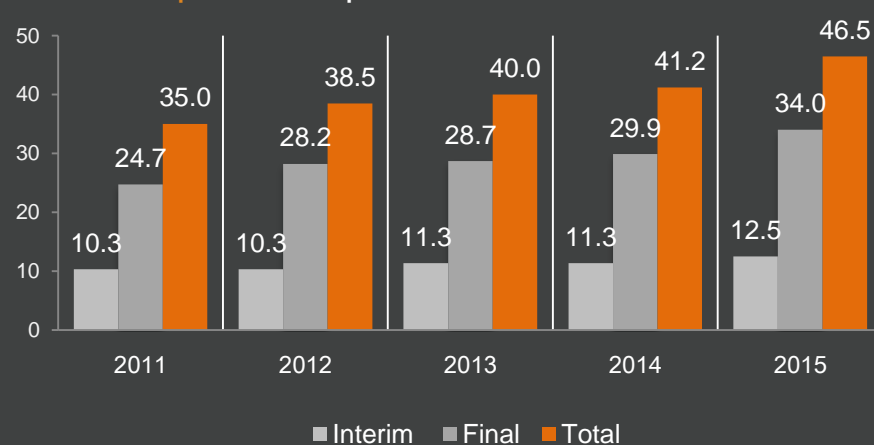


Adjusted earnings per share and Dividend per share

Adjusted earnings per share p



Dividend per share p



Full year dividend increase	+99%	+10%	+4%	+3%	+13%
Full year dividend cover	2.5	2.5	2.3	2.0	3.6

Group revenue analysis

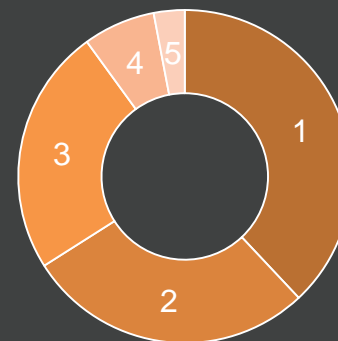
Changes in geographic area

	Change at actual fx %	Change at constant fx %
Far East	+91%	+88%
Europe	+3%	+11%
Americas	+13%	+11%
UK & Ireland	+7%	+7%
Total	+39.2%	+39.6%

Revenue by major countries

	2015 £m	2014 £m
China	119.6	66.6
USA	82.3	71.0
South Korea	73.1	10.5
Germany	44.7	43.0
Japan	43.9	39.2

Revenue by region £m



	2015 £m	2015 %	2014 £m
1 Far East	257.7	52	134.6
2 Continental Europe	103.1	21	100.2
3 Americas	96.3	19	85.6
4 UK	25.5	5	23.8
5 Other regions	12.1	3	11.3
Total	494.7	100	355.5

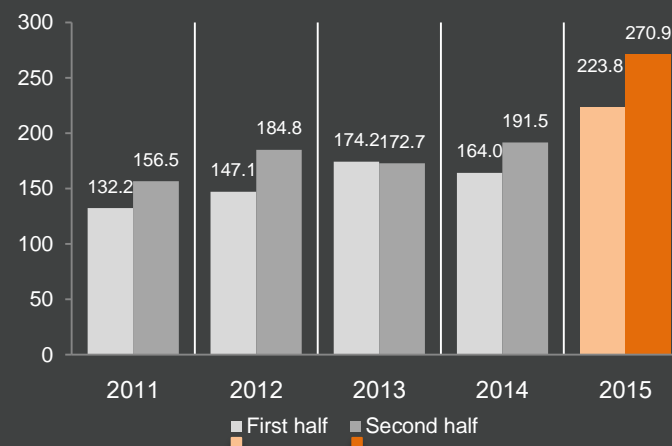
Group revenue analysis

Revenue

	2015 £m	2014 £m	Change %
Metrology	467.0	326.6	+43%
Healthcare	27.7	28.9	-4%
Total	494.7	355.5	+39%

- Record revenue, up 39% at actual exchange rates.
- No material difference between revenue at actual exchange rates (£494.7m) and revenue restated at previous year's exchange rates (£496.2m).

Revenue – 1st & 2nd half £m



Year-on-year changes:

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

Group revenue analysis - Metrology

Revenue

	2015 £m	2014 £m	Change %
Metrology	467.0	326.6	+43%

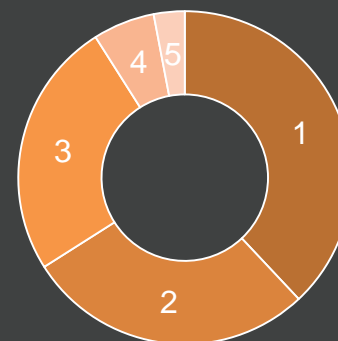
Changes in geographic area

	Change %
Far East	+100%
Europe	+5%
Americas	+12%
UK & Ireland	+2%

Results

	2015 £m	2014 £m
Operating profit	150.7	74.4

Revenue by region £m



	2015 £m	2015 %	2014 £m
1 Far East	249.9	54	124.8
2 Continental Europe	96.2	21	91.8
3 Americas	89.4	19	80.1
4 UK	20.7	4	20.3
5 Other regions	10.8	2	9.6

Metrology highlights

- Exceptionally good growth in machine tool, mainly in the Far East as well as good growth in measurement automation, 3D metal additive manufacturing and encoder product lines.
- Increased R&D investment of £55.0m (2014:£45.3m).
- Introduction of a number of new products throughout our product lines.
- EVO Project - the first additive manufacturing system designed and engineered in-house at Renishaw, planned for end of 2016 financial year, has a strong emphasis on automation, monitoring technologies and reduced operator interaction and is designed for single material industrial production.
- Queen's Award for Enterprise 2015 in the Innovation category for the development and manufacture of RESOLUTE™ family of non-contact, optical position encoders.
- New company established in Slovenia to design, develop and supply application-specific integrated circuits and sensor technologies for the Renishaw Group.



THE QUEEN'S AWARDS
FOR ENTERPRISE:
2015



New product releases / Metrology



PH10M-iQ Plus – the latest addition to the range of PH10 heads

MRS2 – new highly versatile modular storage system for probe and stylus configurations

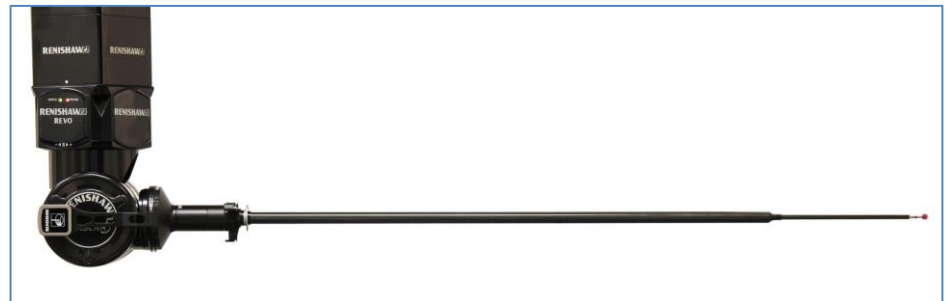


PH20 MT system – entry level “machine touch” only version of PH20



Primo™ twin-probe system, an affordable 'pay-as-you-go' machine tool probe system

RSP3-6 REVO® scanning probe for ultra-long styli



New product releases / Metrology

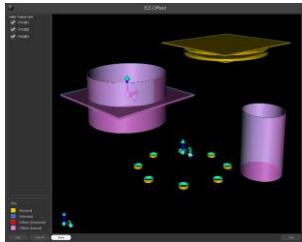


Touch trigger probe kit for Equator™ – giving much shorter cycle times

INTUO™ software for Equator, creating simple gauging routines in minutes



EZ-IO 4.0 updated automation software for easy configuration of automated cells



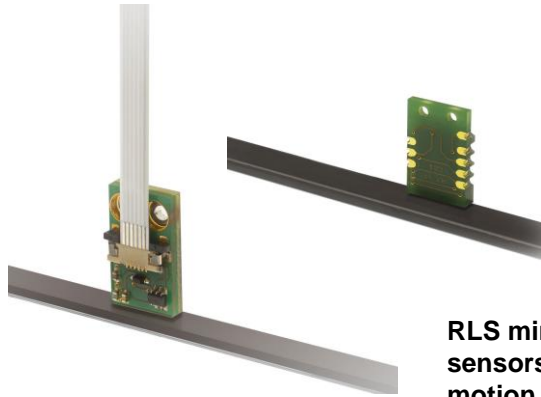
ESS 1.5 – latest Equator software suite incorporating Modus 1.6 and Feature Compare, a new method for much easier master part calibration



PlusPac™ upgrade pack for AM250 additive manufacturing machine



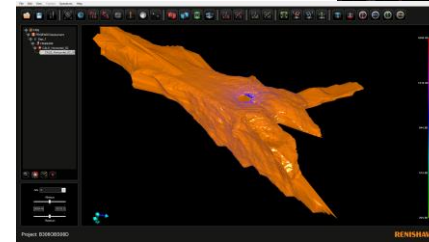
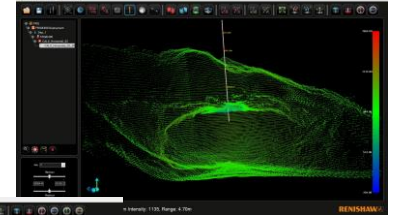
New product releases / Metrology



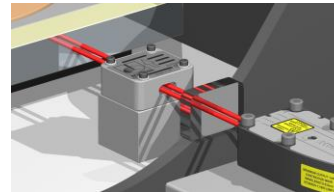
RLS miniature encoder sensors for embedded OEM motion control applications



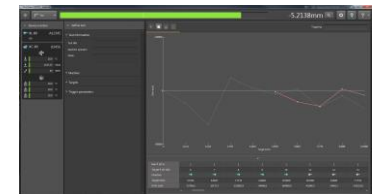
Cavity Profiler – new 3D laser scanning software to speed underground mapping and modelling operations



ATOM™ diagnostic kit to aid system optimisation and installation



RVI20 vacuum compatible interferometer assembly for plane mirrors



CARTO suite of software for XL80 linear calibration systems

RLI20-P - Panasonic interface for RLE20



Group revenue analysis - Healthcare

Revenue

	2015 £m	2014 £m	Change %
Healthcare	27.7	28.9	-4%

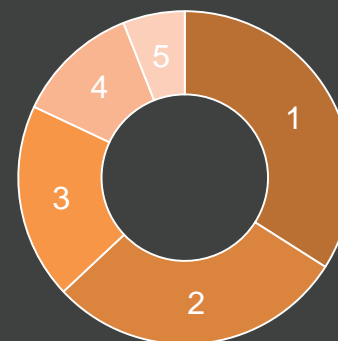
Changes in geographic area

	Change %
Far East	-20%
Europe	-18%
Americas	+25%
UK & Ireland	+37%

Results

	2015 £m	2014 £m
Operating loss	(6.8)	(4.0)

Revenue by region £m



	2015 £m	2015 %	2014 £m
1 Far East	7.8	28	9.8
2 Continental Europe	6.9	25	8.4
3 Americas	6.9	25	5.5
4 UK	4.8	17	3.5
5 Other regions	1.3	5	1.7

Healthcare highlights

- First sales of the neuromate® surgical robot into USA.
- European launch of neurolocate™ patient registration system, CE marked.
- Release of neuroinspire™ V4.0 surgical planning software, which is CE marked and now available for sale in the EU. Now integrates with our neuromate robot.
- Agreement with DENTSPLY Implants, one of the world's leading companies in implant dentistry, which will see them purchase Renishaw additive manufacturing technology for the manufacture of dental products.
- Release of LaserImplants™, custom-made craniomaxillofacial implants that support reconstructive surgery.
- Spectroscopy – strong second half performance following a weak first half.

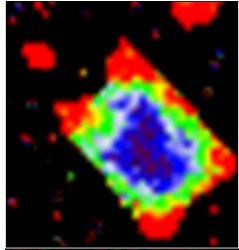


neuromate® surgical robot.

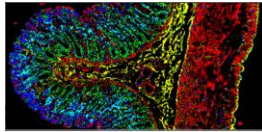


LaserImplants™ - custom-made craniomaxillofacial implants that support reconstructive surgery, typically resulting from head or neck trauma, birth defects or cancer treatment.

New product releases / Healthcare



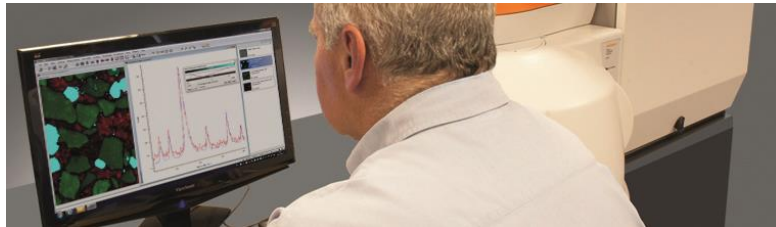
2 material science and 2 biological applications launched, for use with the inVia Raman microscope



neurolocate patient registration system



neuroinspire V4.0 - with significant new functionality including ability to interface with hospital data networks (PACS) and support for SEEG procedures



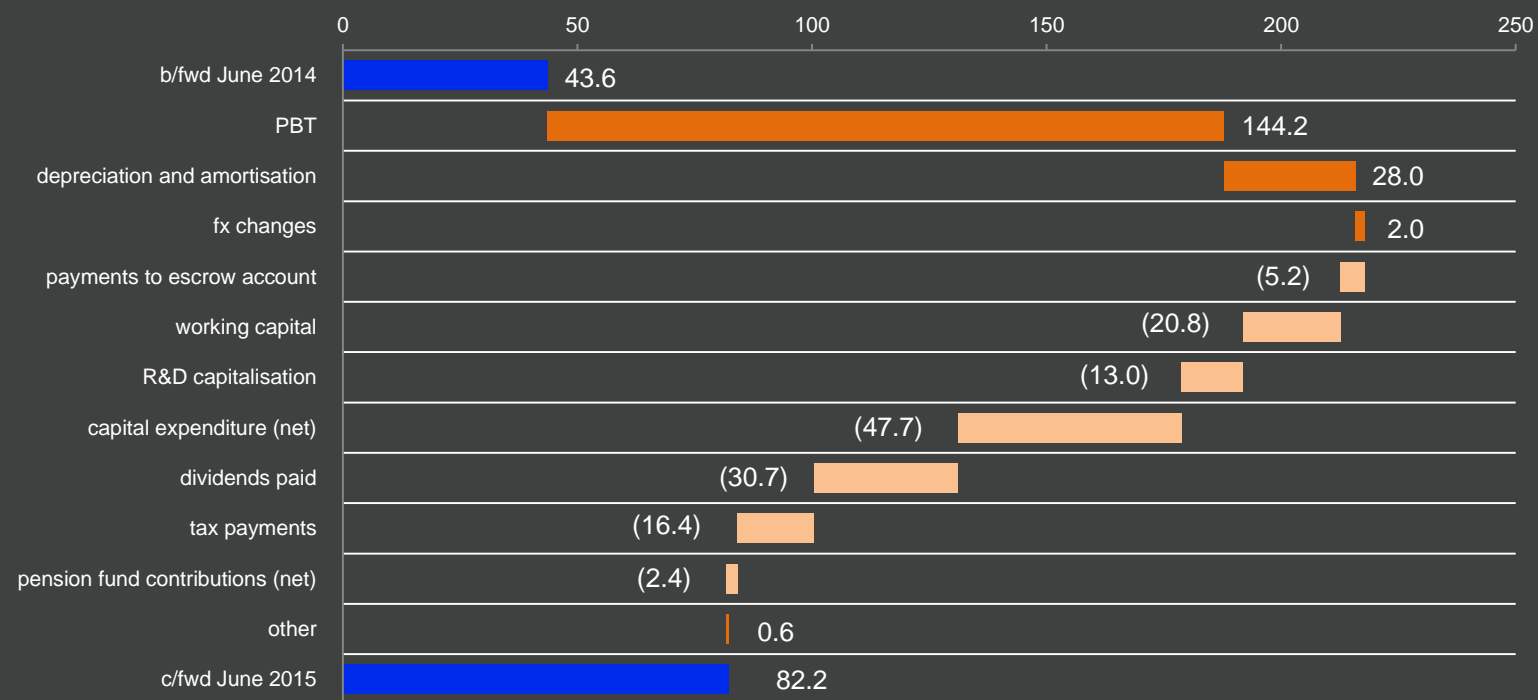
WiRE 4.1 updated software with improvements in 2D and 3D imaging in Raman spectroscopy

neuroinspire/neuromate integration – integration of neuroinspire planning software with the neuromate robot allowing direct control of the neuromate robot from surgical plans prepared in neuroinspire



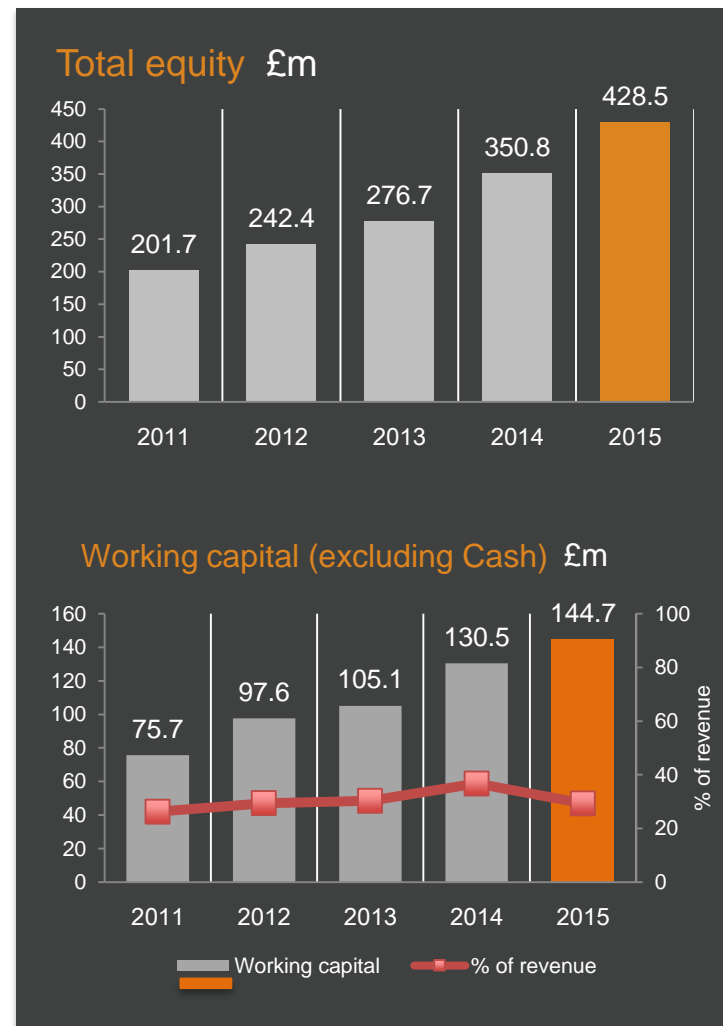
Cash flow

Change in cash balance in the year £m



Balance sheet

£m	June 2015	June 2014	Change %
Property, plant & equipment	169.6	140.9	+20%
Intangible assets & investments	61.2	58.8	+4%
Deferred tax assets	19.5	16.2	+20%
Derivatives	10.5	18.6	-44%
Total non-current assets	260.8	234.5	+11%
Inventory	77.7	63.0	+23%
Debtors	130.0	107.7	+21%
Pension fund cash escrow	14.7	9.5	+55%
Cash	82.2	43.6	+89%
Creditors (current)	(63.0)	(40.2)	+57%
Net current assets	241.6	183.6	+32%
Deferred tax liability	(22.0)	(23.4)	-6%
Pension fund deficit	(48.1)	(43.1)	+12%
Other payables	(3.8)	(0.8)	+375%
Net assets, equal to Total equity	428.5	350.8	+22%



Capital expenditure

	2015 £m	2014 £m
Capital expenditure	48.4	39.2

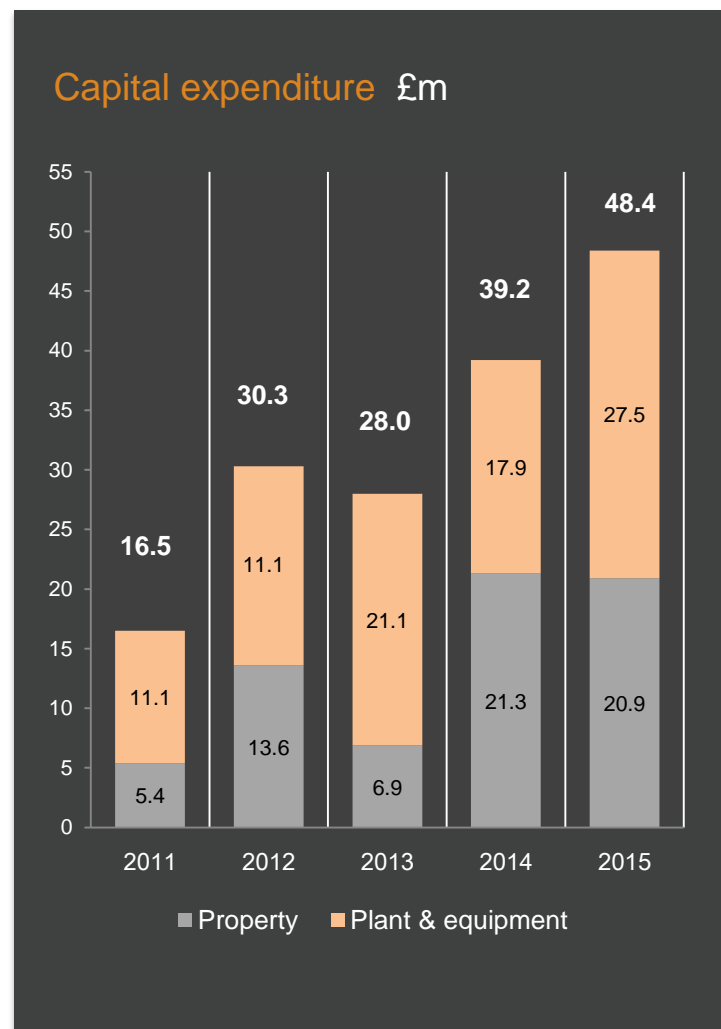
•Property

- completion of Renshaw Innovation Centre at New Mills.
- Additional premises in Ireland.
- New larger premises for additive manufacturing at Stone, Staffordshire.
- Purchase of land for building new premises in the USA, Czech Republic and Mexico.

- Expanded facilities in Spain.

•Plant & equipment

- Expansion of production facilities and IT.



Capital expenditure - property



Renishaw plc, New Mills.

Capital expenditure - property

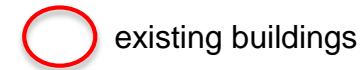


Additional premises for Spanish subsidiary

Renishaw Ireland – additional properties, adjacent to existing facility



Miskin plans



Renishaw has submitted a planning application for 1.74 million sq ft of development in South Wales. The proposal has the potential to create hundreds of jobs, generated by Renishaw's own expansion and the new businesses that would be attracted to the 77 hectare site.

The site in Miskin, near Cardiff, was allocated as a strategic employment site by the Vale of Glamorgan Council in 2012. Renishaw intends to occupy 19 hectares of the site and 58 hectares may be put out for sale to fund the further expansion of activities on Renishaw's retained land.

The plan outlines proposals which include a 1 million sq ft warehouse and a new business park. The space could include manufacturing, research and development, office and distribution and will target engineering and logistics firms and their supply chains.



Renishaw completed the purchase of the 461,000 sq ft facility and surrounding land in September 2011 and has refurbished and brought into use 154,000 sq ft. The Company has future plans to build an additional 400,000 sq ft of manufacturing, research and development facilities for its further expansion.

Directors and senior management

- Retirement of Ben Taylor, Assistant Chief Executive, with effect from end of July 2016, part-time from November 2015.
- Appointment of Kath Durrant as a non-executive director, with effect from 1st January 2015. Kath was previously Group HR Director at Rolls-Royce plc.
- Senior management
 - Appointment of William Lee to the Executive Board. William is the Director and General Manager of the machine tool and laser and calibration products lines and responsible for the spatial measurement products line.
 - Clive Martell joined as head of global additive manufacturing and appointed to the International Sales and marketing Board. Clive was previously the Chief Executive of Delcam plc.

Outlook

Whilst it is hard to predict to what extent there will be significant large orders in this coming year, with the development of new products and applications and continued growth in our underlying business, your directors remain confident in the long-term prospects for the Group. At this early stage in the current financial year, we anticipate that revenue for this year will be in the range of £460m to £485m and profit before tax will be in the range of £85m to £105m.

Questions ?

Income statement – Quarterly results

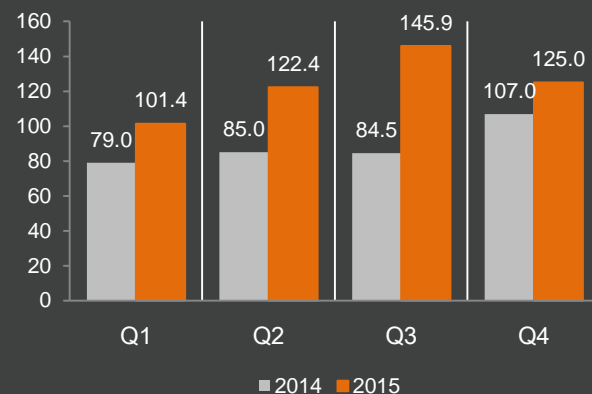
Revenue - quarterly

	2015 £m	2014 £m	Change %
Quarter 1	101.4	79.0	+28%
Quarter 2	122.4	85.0	+44%
Quarter 3	145.9	84.5	+73%
Quarter 4	125.0	107.0	+17%
Total	494.7	355.5	+39%

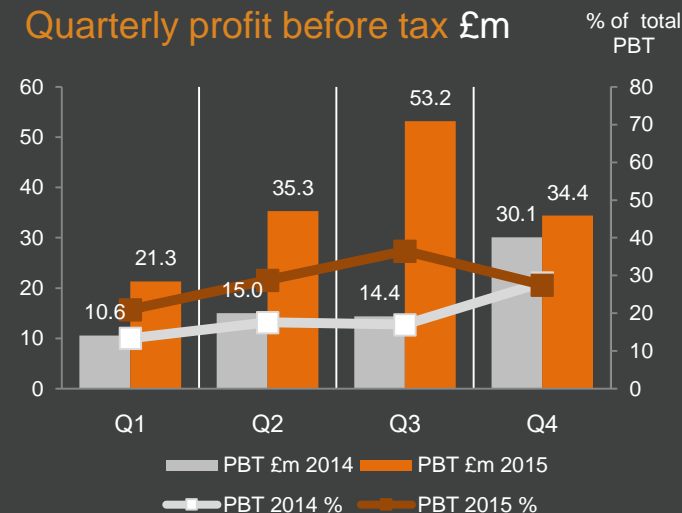
Profit before tax - quarterly

	2015 £m	2014 £m	Change %
Quarter 1	21.3	10.6	+101%
Quarter 2	35.3	15.0	+135%
Quarter 3	53.2	14.4	+269%
Quarter 4	34.4	30.1	+14%
Total	144.2	70.1	+106%

Quarterly revenue £m

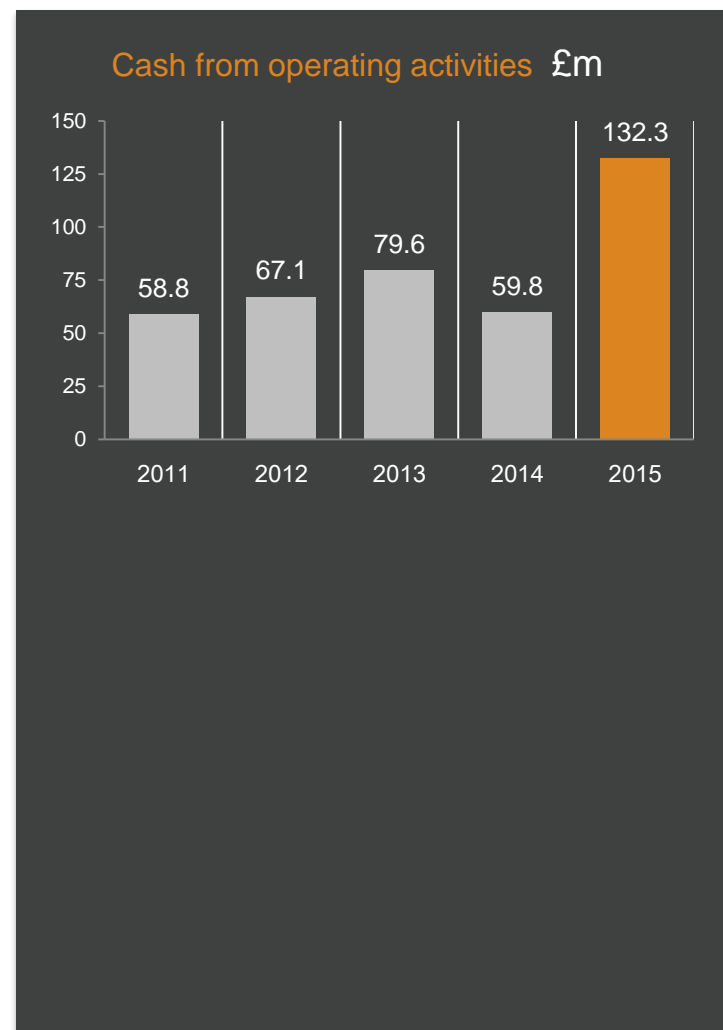


Quarterly profit before tax £m



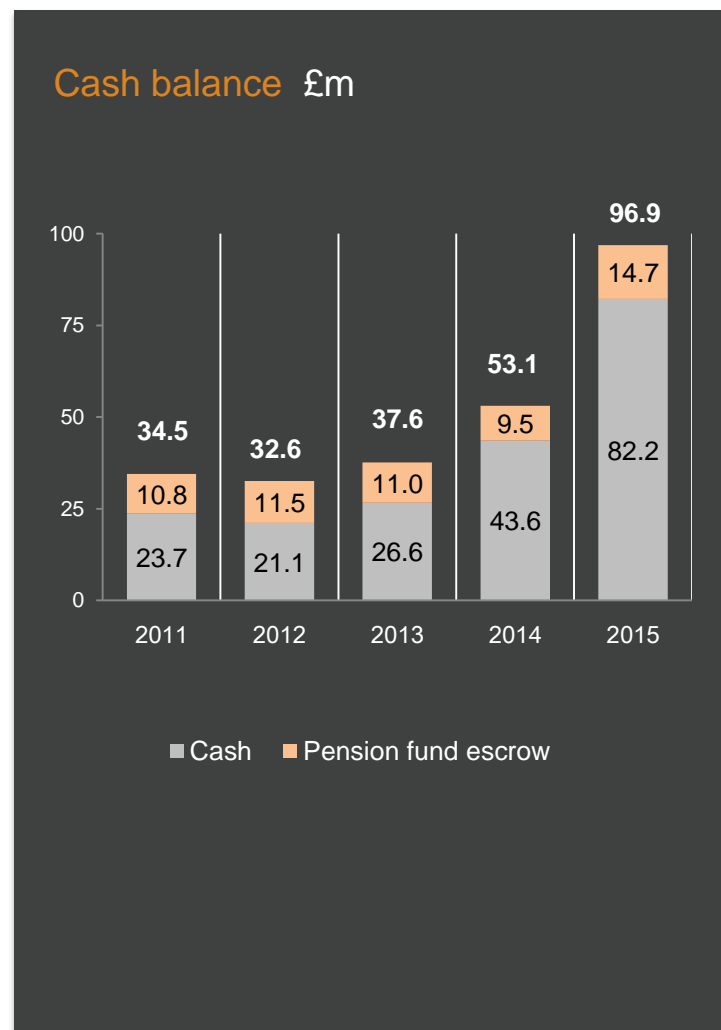
Cash flow from operating activities

	2015 £m	2014 £m
Adjusted profit before tax	144.2	70.1
Depreciation and amortisation	28.0	23.0
Financial income and expenses	0.6	1.1
Share of profits from associates	(0.9)	(1.0)
(Increase)/decrease in inventory	(14.7)	2.3
Increase in debtors	(21.7)	(19.1)
Increase/(decrease) in creditors	15.6	(2.9)
Total movement in working capital	(20.8)	(19.7)
DB pension contributions	(2.4)	(2.3)
Income taxes paid	(16.4)	(11.4)
Cash from operating activities	132.3	59.8



Cash flow

	2015 £m	2014 £m
Cash from operating activities	132.3	59.8
Interest received less paid	0.9	0.5
Dividends paid less received	(30.7)	(28.9)
Fixed assets purchased (net)	(46.0)	(38.4)
Intangible assets & investments	(1.7)	(1.3)
Deferred consideration payments	-	-
Development costs capitalised	(13.0)	(11.8)
Delcam receipt	-	32.0
Net movement in escrow account	(5.2)	1.4
Net cash flow	36.6	13.3
Cash at 1st July	43.6	26.6
Effect of exchange rate changes	2.0	3.7
Cash at 30th June	82.2	43.6



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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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