

2013 results

24th July 2013



Introduction



I am pleased to report the Group's results for the year ended 30th June 2013, with record annual revenue in this, the Group's 40th anniversary year

Chairman's statement highlights

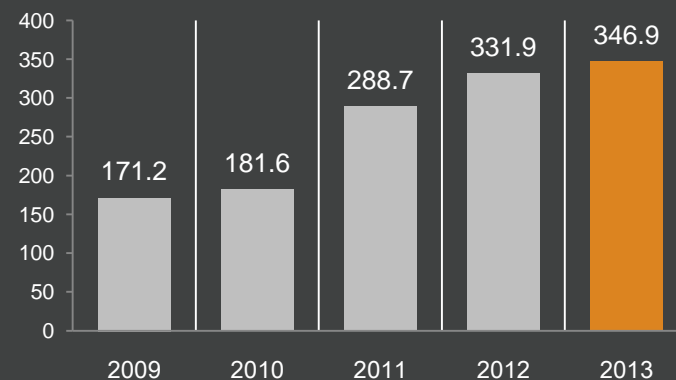
- Record revenue of £346.9m (2012 £331.9m)
- Continued investment in R&D and new product launches
- Further expansion of our marketing infrastructure
- Integration of acquired businesses
- Adjusted profit before tax £81.5m (2012 £86.0m)
- Capital expenditure investment of £28.0m
- Strong balance sheet with £26.6m cash (2012 £21.1m)
- Receipt of 16th Queen's Award
- Appointment of 2 new non-executive directors
- New investor communication policy
- Dividend for the year of 40.0p (2012 38.5p), 4% increase

Financial highlights

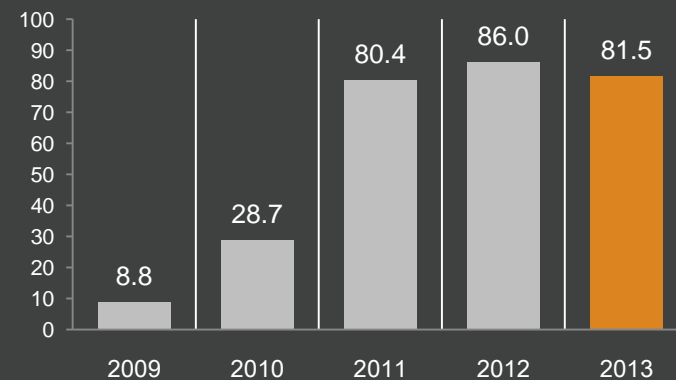
	2013 £m	2012 £m	Change %
Revenue	346.9	331.9	+5%
Adjusted operating profit	79.1	83.2	-5%
Adjusted profit before tax	81.5	86.0	-5%
	Pence	Pence	
Adjusted earnings per share	91.4	95.6	-4%
Dividend per share	40.0	38.5	+4%

Adjusted figures are in respect of the year ended 30th June 2013 and exclude a £2.9m gain on an early settlement of deferred consideration relating to the purchase of the remaining 34% shareholding in Measurement Devices Limited (MDL).

Revenue £m

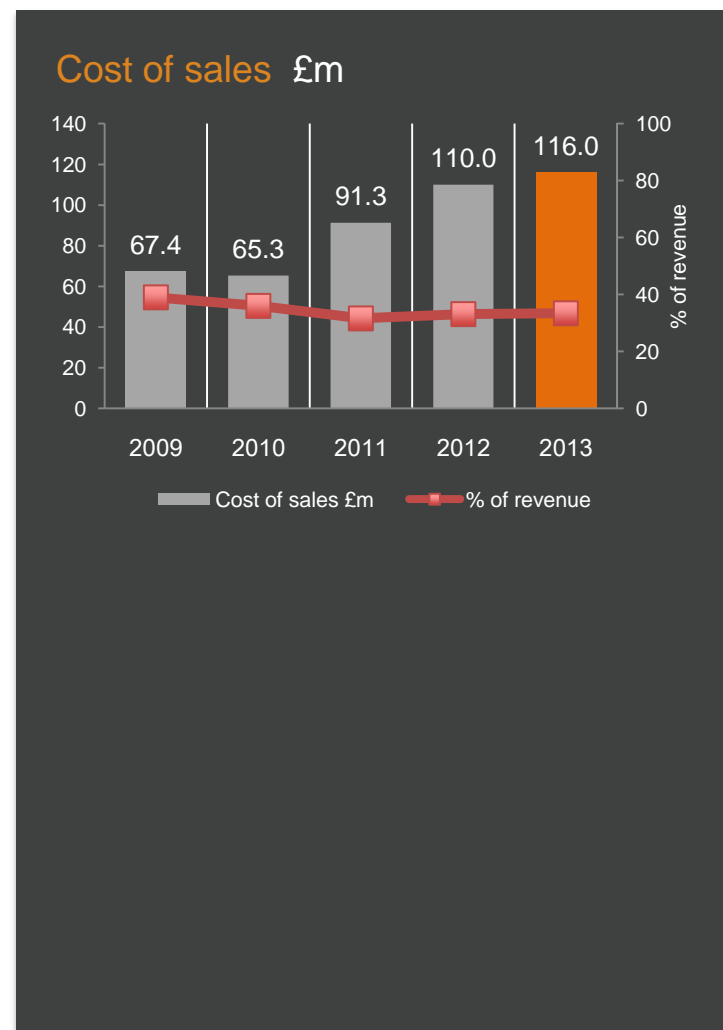


Adjusted profit before tax £m



Income statement

	2013 £m	%	2012 £m	%	Change
Revenue	346.9	100	331.9	100	+5%
Cost of sales	116.0	33	110.0	33	+5%
Engineering (inc. R&D)	48.7	14	45.0	14	+8%
Gross profit	182.2	53	176.9	53	+3%
Distribution costs	69.4	20	62.2	19	+12%
Administrative costs	33.7	10	31.5	9	+7%
Adjusted operating profit	79.1	23	83.2	25	-5%
Financial income (net)	1.4	-	2.1	1	-
Profit from associates	1.0	-	0.7	-	-
Adjusted profit before tax	81.5	23	86.0	26	-5%

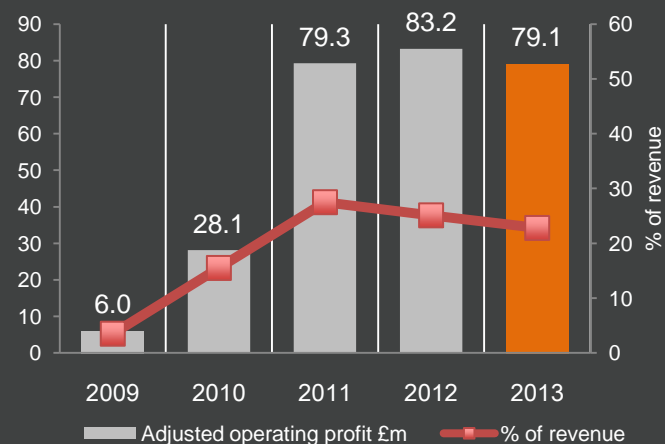


Income statement – Adjusted operating profit

Adjusted operating profit - segmental

	2013 £m	2012 £m	Change %
Metrology	84.5	91.8	-8%
Healthcare	(5.4)	(8.6)	-37%
Total adjusted operating profit	79.1	83.2	-5%

Adjusted operating profit £m



Income statement – Quarterly results

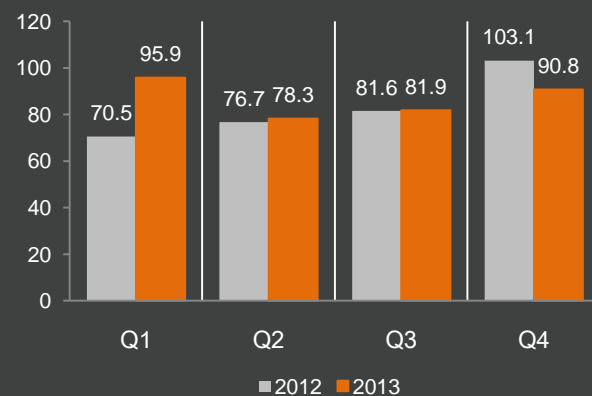
Revenue - quarterly

	2013 £m	2012 £m	Change %
Quarter 1	95.9	70.5	+36%
Quarter 2	78.3	76.7	+2%
Quarter 3	81.9	81.6	+0%
Quarter 4	90.8	103.1	-12%
Total	346.9	331.9	+5%

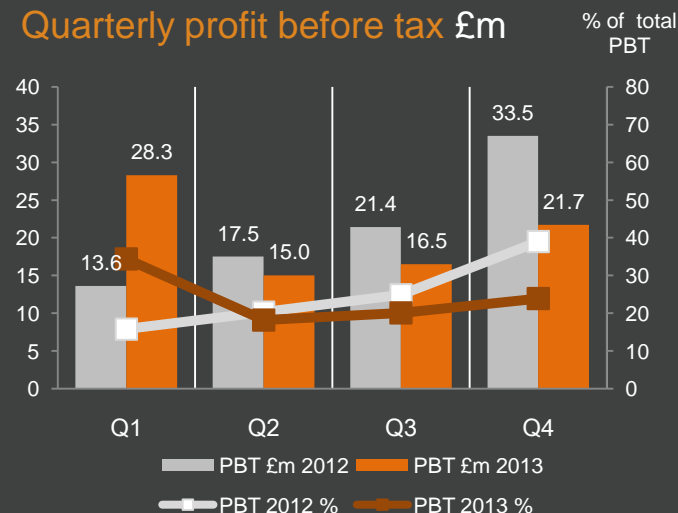
Profit before tax - quarterly

	2013 £m	2012 £m	Change %
Quarter 1	28.3	13.6	+108%
Quarter 2	15.0	17.5	-14%
Quarter 3	16.5	21.4	-23%
Quarter 4	21.7	33.5	-35%
Total	81.5	86.0	-5%

Quarterly revenue £m



Quarterly profit before tax £m



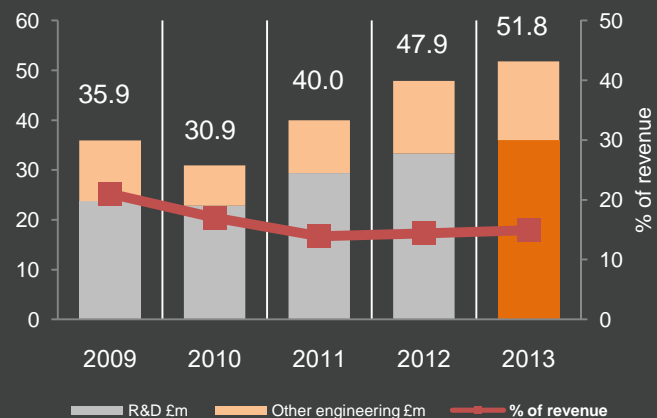
Income statement – Engineering costs

Engineering costs

	2013	2012	Change
	£m	£m	%
Total spend	51.8	47.9	+8%
Less capitalised	3.1	2.9	+7%
Income statement	48.7	45.0	+8%

	2013	2012	Change
	£m	£m	%
Total spend segmental	51.8	47.9	+8%
Metrology	40.2	34.6	+16%
Healthcare	8.5	10.4	-18%

Engineering costs (total) £m

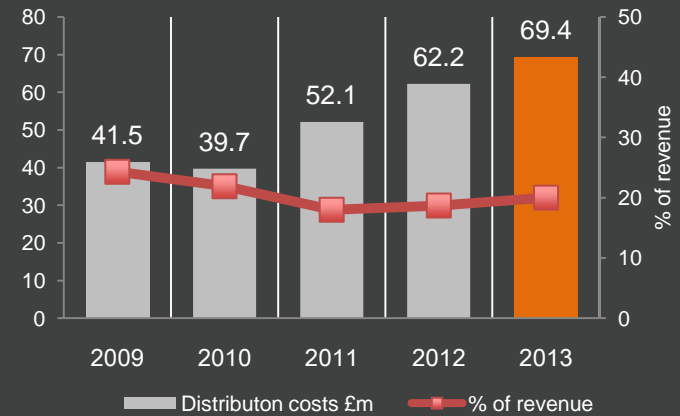


Income statement – Distribution costs

Distribution costs

- Expansion of global marketing and distribution infrastructure to support new and existing products
- Group becoming increasingly involved in the provision of systems solutions
- Recruitment of 94 sales, marketing and applications engineering staff
- Eleventh office opened in China, with a new liaison office in Wuhan

Distribution costs £m



Income statement – Administrative costs and Group headcount

Group headcount (at June)

	2013	2012	Change
	No.	No.	No.
UK & Ireland	2,261	1,996	+265
Overseas	974	908	+66
Total	3,235	2,904	+331

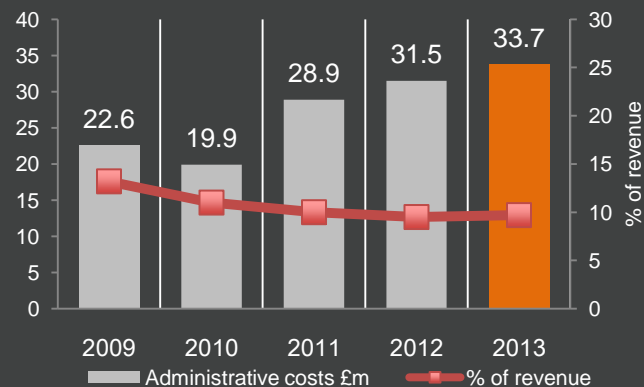
- Continued growth in headcount to support higher production, increased investment in new product development and expansion of marketing and support facilities

- Headcount up 331 from June 2012

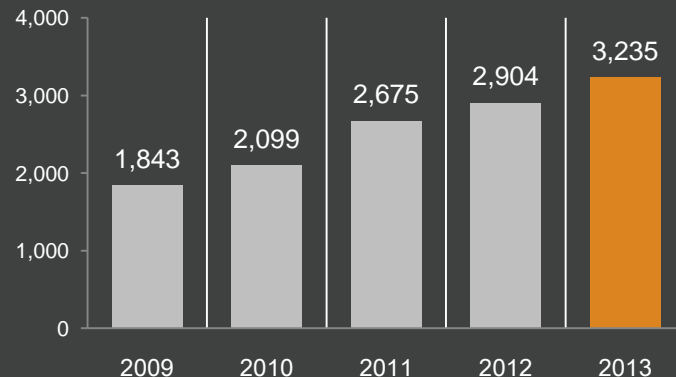
- Increase in staff includes 20 apprentices and 32 graduates

- Additionally we are sponsoring 36 students at UK universities mostly on engineering, science and software courses

Administrative costs £m

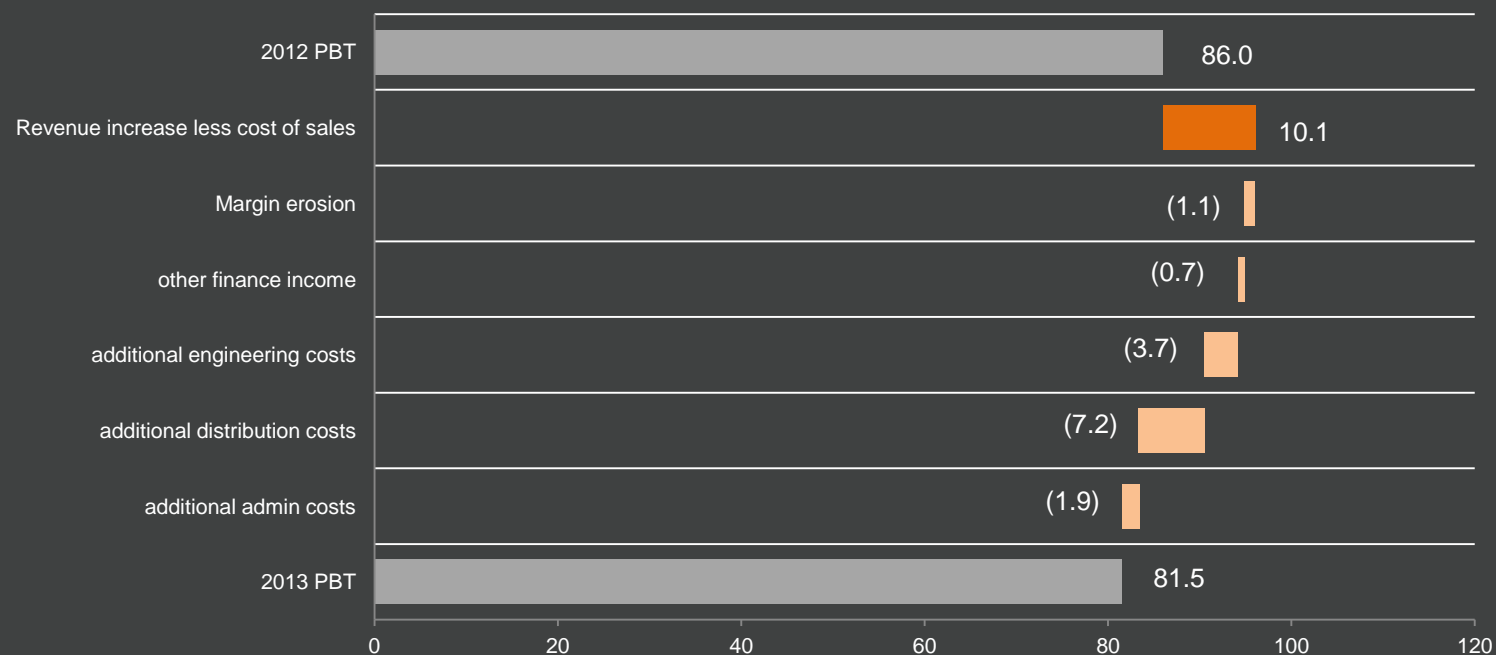


Group headcount (year end) No.



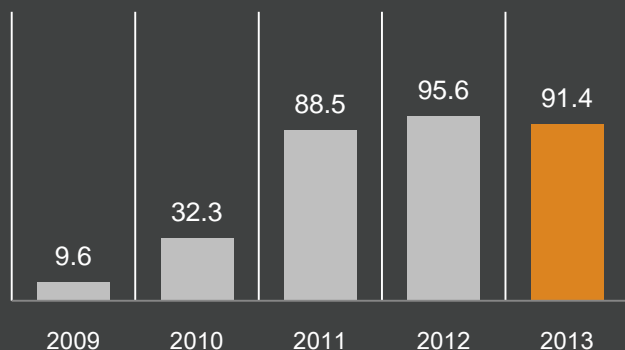
Income statement – variances from previous year

Adjusted profit before tax changes from 2012 £m

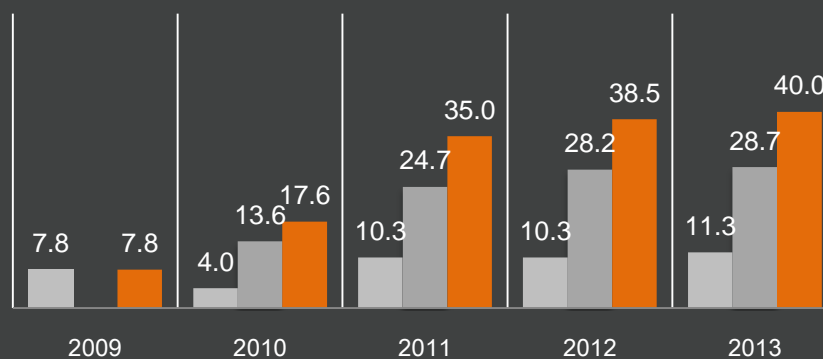


Adjusted earnings per share and Dividend per share

Adjusted earnings per share p



Dividend per share p



■ Interim ■ Final ■ Total

Full year dividend increase	-69%	+127%	+99%	+10%	+4%
Full year dividend cover	1.2	1.8	2.5	2.5	2.3

Group revenue analysis

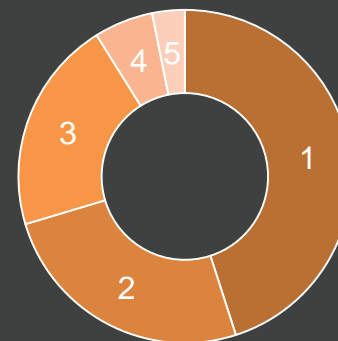
Changes in geographic area

	Change %
Far East	+7%
Europe	+0%
Americas	+3%
UK & Ireland	+9%
Total	+5%

Revenue by major countries

	2013 £m	2012 £m
China	75.2	65.2
USA	66.4	64.6
Germany	41.1	42.5
Japan	35.7	38.5

Revenue by region £m



	2013 £m	2013 %	2012 £m
1 Far East	138.8	40	130.2
2 Continental Europe	96.0	28	95.7
3 Americas	79.2	23	76.8
4 UK	20.7	6	18.9
5 Other regions	12.2	3	10.3
Total	346.9	100	331.9

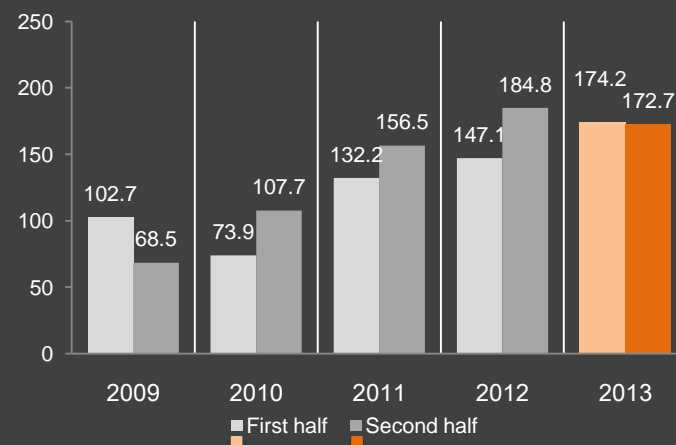
Group revenue analysis

Revenue

	2013 £m	2012 £m	Change %
Metrology	317.9	305.8	+4%
Healthcare	29.0	26.1	+11%
Total	346.9	331.9	+5%

- Record revenue, up 5% at actual exchange rates
- No significant difference in revenue value when re-stated at previous year's exchange rates

Revenue – 1st & 2nd half £m



Year-on-year changes:

First half	-28%	+79%	+11%	+18%
Second half	+57%	+45%	+18%	-7%

Group revenue analysis - Metrology

Revenue

	2013 £m	2012 £m	Change %
Metrology	317.9	305.8	+4%

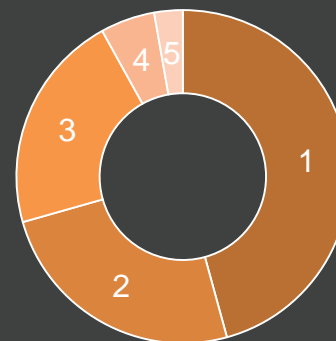
Changes in geographic area

	Change %
Far East	+5%
Europe	+1%
Americas	+4%
UK & Ireland	+6%

Results

	2013 £m	2012 £m
Operating profit	84.5	91.8

Revenue by region £m



	2013 £m	2013 %	2012 £m
1 Far East	128.7	41	122.3
2 Continental Europe	87.3	27	86.7
3 Americas	74.5	23	71.3
4 UK	18.1	6	17.1
5 Other regions	9.3	3	8.4

Metrology highlights

- Good growth in machine tool probing products, particularly relating to the consumer electronics market in the Far East
- Encoder product line now showing growth, following recovery in electronics and semiconductor industries
- Good growth in the measurement automation product line, with more widespread acceptance
- Increased R&D investment
- Exhibition of the Group's additive manufacturing products, the Equator gauging system and calibration products, XR20-W rotary axis calibrator system and XL-80 laser measurement system, at Euromold 2012 in November
- Purchase of business assets of LBC LaserBearbeitungsCenter GmbH, in Germany, a pioneer in the field of additive manufacturing for tool and mould making



New product releases / Metrology

PH10 PLUS probe head



Next generation of PH10 with improved service and diagnostics capability

PHC10-3/PI 200-3



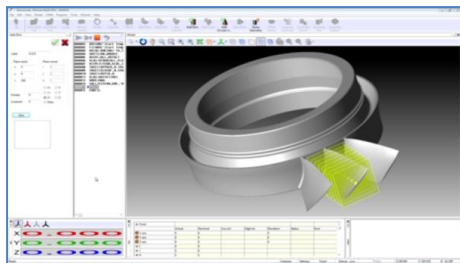
An integrated head and probe interface for CMM OEMs

TCR20



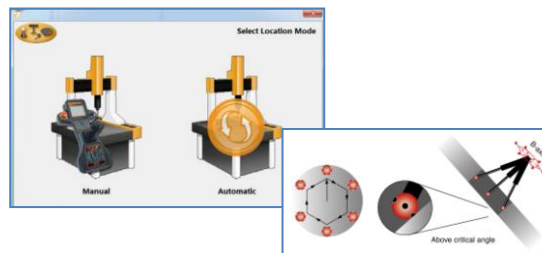
New module change rack for 5-axis touch trigger inspection systems

MODUS Point Cloud sectioning



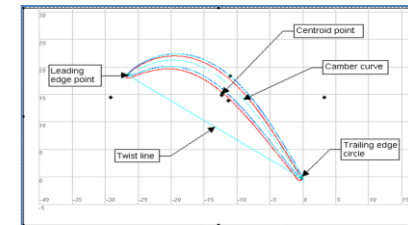
Software for on-surface sectioning through a cloud of tip centre data points, previously captured by REVO

UCCsuite 4.5



Latest release with increased UCC security, enhanced PH20 metrology and improvements to rack alignment

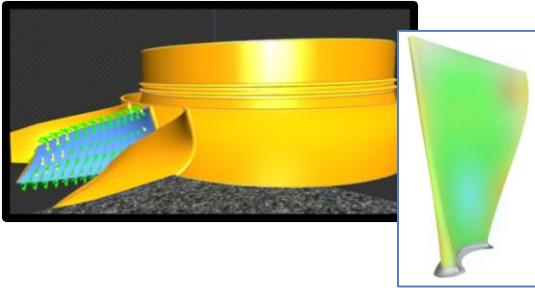
Surfitblade



Software for reverse engineering of airfoils

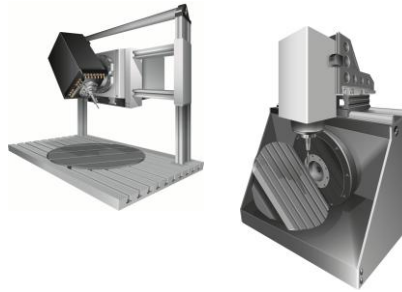
New product releases / Metrology

APEXBlade v1.3



New functionality added to path planning and automatic program creation software for airfoil blades

Productivity+™ v 1.90



Full support for multi-axis machine tool configurations

RTS



For cableless radio tool setting and broken tool detection on CNC machining centres

RMI-Q



Radio machine interface for operation of multiple Renishaw radio transmission probes

Equator™ 300 Extended Height



Gives users an extra 150mm Z-height below the standard measuring volume to accommodate large fixtures and automation systems

Equator process monitor software



Giving operators an instant status monitor, history of gauging and ability to manage re-mastering

New product releases / Metrology

Equator EZ-IO automation software



Allowing easy setup of communications in automated cells

HS20 long range laser encoder



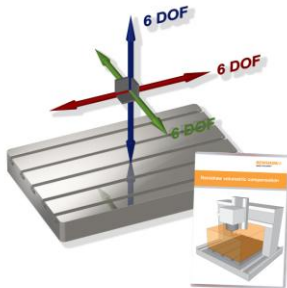
With a range of up to 60m, for use on large machine tools (commonly found in aerospace and marine industries)

HC20 compensation system



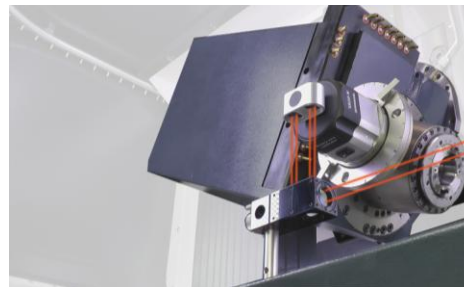
Upgrade for HC10

RVC Siemens software



Volumetric compensation software for Siemens controllers

Off-axis rotary software



For the XR20-W rotary calibrator

New product releases / Metrology

RESOLUTE™ UHV



Ultra-high vacuum compatible readhead

Wrap-up incremental rotary encoder for large diameters



Spring supported magnetised scale with built in tensioning mechanism

RESOLUTE DRIVE-CLiQ



RESOLUTE true-absolute linear and rotary encoders with new compatibility for Siemens DRIVE-CLiQ interface

AksIM™ off-axis absolute rotary encoder



A range of robust off-axis absolute rotary encoders designed for limited space applications.

GEO space angle encoder



Space-qualified encoder with high radiation hardness and very high accuracy (developed in collaboration with TESAT)

Group revenue analysis - Healthcare

Revenue

	2013 £m	2012 £m	Change %
Healthcare	29.0	26.1	+11%

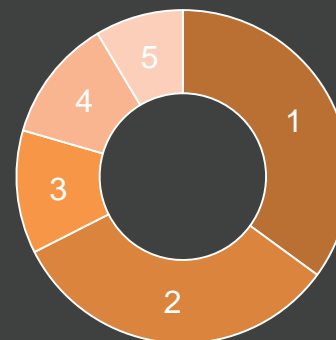
Changes in geographic area

	Change %
Far East	+28%
Europe	-3%
Americas	-15%
UK & Ireland	+44%

Results

	2013 £m	2012 £m
Operating (loss)	(5.4)	(8.6)

Revenue by region £m



	2013 £m	2013 %	2012 £m
1 Far East	10.1	35	7.9
2 Continental Europe	8.7	30	9.0
3 Americas	4.7	16	5.5
4 UK	2.6	9	1.8
5 Other regions	2.9	10	1.9

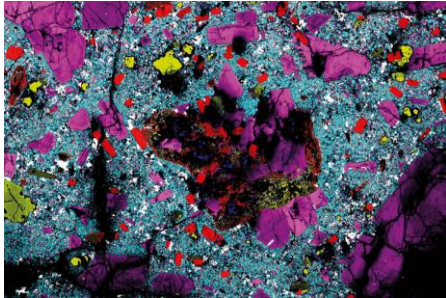
Healthcare highlights

- Good growth in spectroscopy product line
- Sales of a number of stereotactic robots during the year, to Europe and the Middle East
- Growing medical and clinical interest in devices for delivering therapies into the brain
- Growing demand for dental frameworks for crowns and bridges
- Increasing use of our additive manufacturing products in dental manufacturing processes
- Reduced loss for the year with the objective of at least breaking even over the next two years



New product releases / Healthcare

WiRE4 software for inVia system Eclipse filters for inVia system

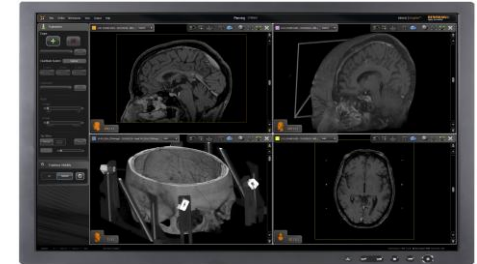


Enabling users to collect and work with larger Raman data files, seeing greater detail and richer images



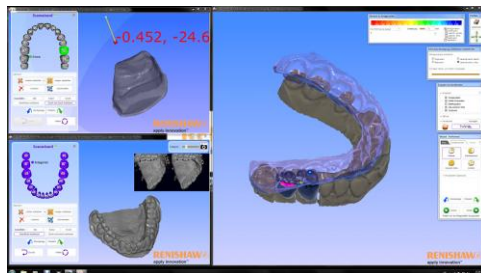
Making imaging of low wave number Raman bands, which contain important chemical and structural information, easy

Neuroinspire™ V 2.1 and V 3.0



Including support for SEEG procedures used in the treatment of Epilepsy.

Renishaw dental studio



Gives dental technicians the freedom to design bespoke dental restorations to the exact shape they require.

Awards

• In April 2013, Renishaw received a Queen's Award for Enterprise 2013 in the Innovation category for its revolutionary REVO® five-axis multi-sensor probing system. The REVO is used on co-ordinate measuring machines (CMMs) to significantly improve accuracy and throughput when inspecting complex parts including aero-engine blades, automotive cylinder blocks and many types of gears. This is the Company's sixteenth Queen's Award since its formation in 1973, and its seventh in just ten years.

• Renishaw's assembly facility at Woodchester in Gloucestershire was named as the UK's Best Electronics & Electrical Plant at the prestigious Best Factory Awards 2012 held on 28th September 2012 in London. The honour was achieved against strong competition from global brands.



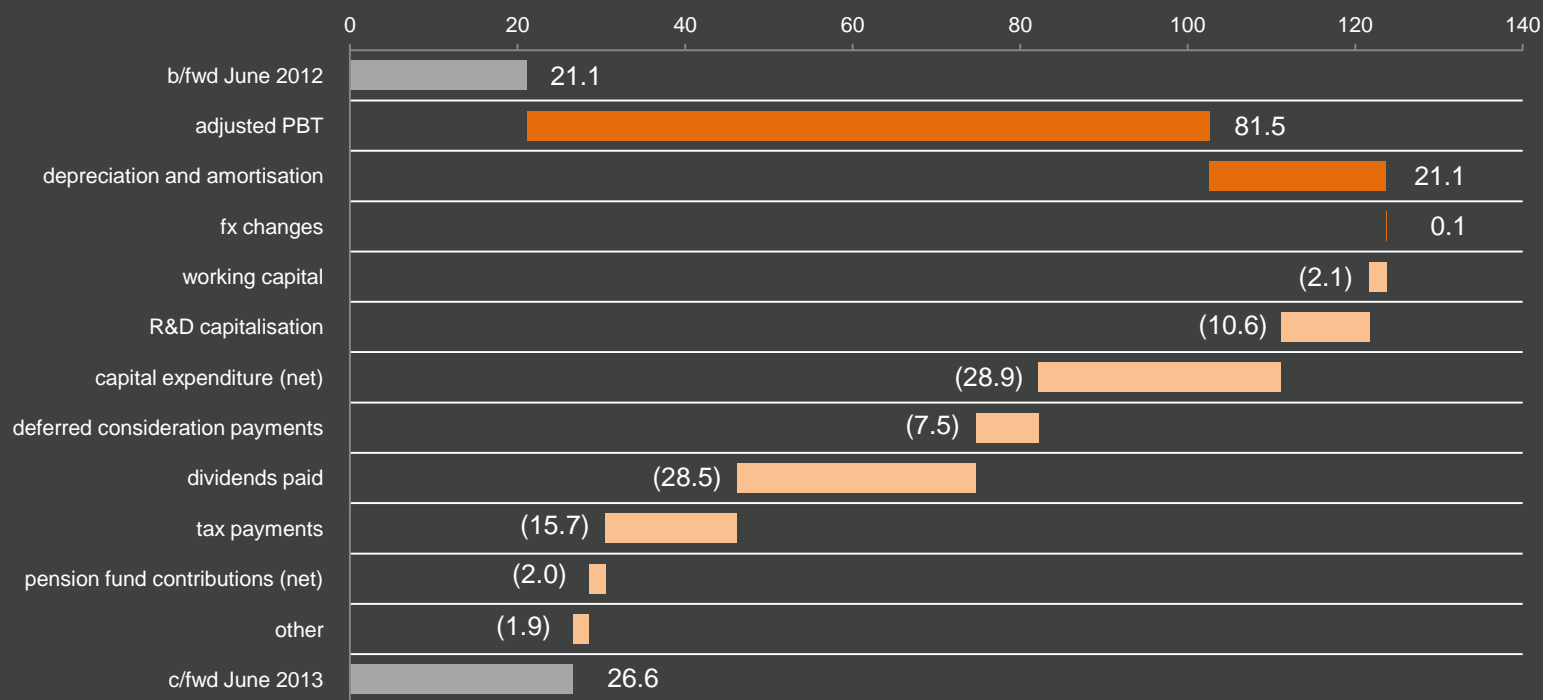
Board of directors – Non-executive changes

- Retirement of David Snowden and Terry Garthwaite having each completed nine years on the Board.
- On 19th October 2012, Carol Chesney, a chartered accountant and company secretary at the manufacturing group Halma plc, joined the Board as a non-executive director and chair of the Audit committee.
- Dr David Grant has been appointed the chair of the Remuneration committee in place of David Snowden.
- On 11th April 2013, John Jeans joined the Board as a non-executive director. He is Chair of the Council of Cardiff University and of Imanova (a research partnership). He also chairs the Board of MRC Technology and is a non-executive director of the Alliance Medical Group.



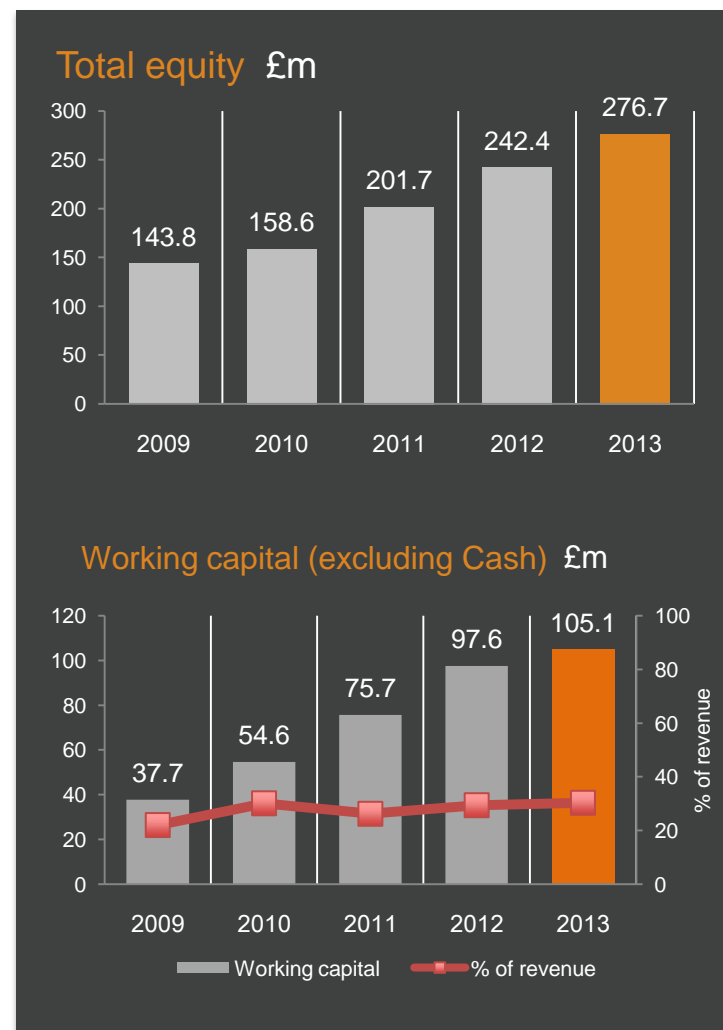
Cash flow

Change in cash balance for the period £m



Balance sheet

£m	June 2013	June 2012	Change %
Property, plant & equipment	117.9	101.0	+17%
Intangible assets & investments	63.5	61.2	+4%
Deferred tax assets	18.3	17.8	+3%
Derivatives	8.0	3.5	+129%
Total non-current assets	207.7	183.5	+13%
Inventory	65.3	54.0	+21%
Debtors	83.7	100.0	-16%
Pension fund cash escrow	11.0	11.5	-4%
Cash	26.6	21.1	+26%
Creditors (current)	(43.9)	(56.4)	-22%
Net current assets	142.7	130.2	+10%
Deferred tax liability	(20.0)	(19.5)	+3%
Pension fund deficit	(41.7)	(42.0)	-1%
Other payables	(12.0)	(9.8)	+22%
Net assets, equal to Total equity	276.7	242.4	+14%



Capital expenditure

	2013 £m	2012 £m
Capital expenditure	28.0	30.3

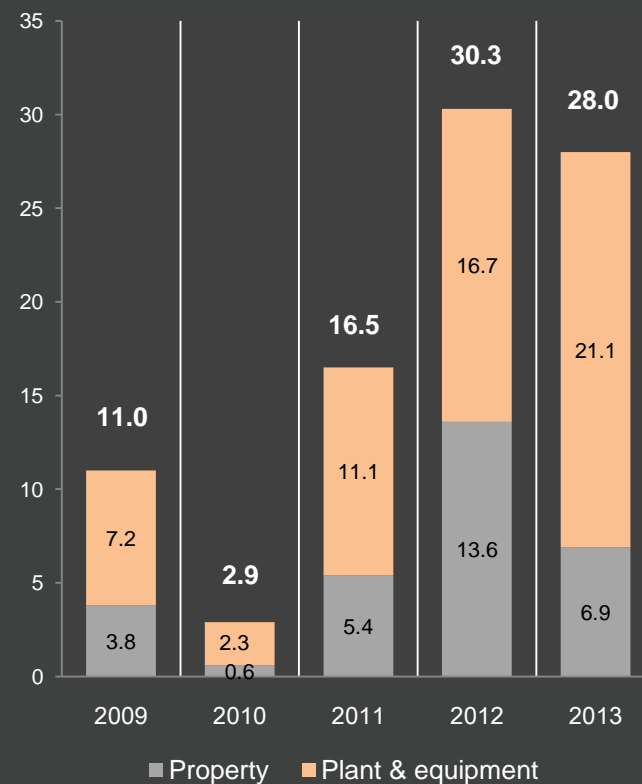
•Property

- Completion of building for MDL product line of 20,000 sq ft in York
- Further refurbishment of Miskin, South Wales – additional 66,000 sq ft
- Expansion of Ireland manufacturing facility of 26,000 sq ft
- Start of 120,000 sq ft new build at New Mills
- Purchase of property in Canada for MDL subsidiary

•Plant & equipment

- Machinery for extended Miskin facility, including new anodising plant and electronic production equipment

Capital expenditure £m



Capital expenditure - property



Second stage Miskin refurbishment



Capital expenditure - property



New building in York, occupied by MDL product line



Canada property for
MDL subsidiary



Extended premises,
Renishaw Ireland

Capital expenditure - property

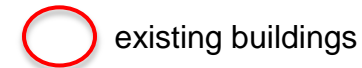


New Mills development in progress



Architect's design

Miskin plans



Renishaw is preparing a planning application for two 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 recently refurbished 68,500 sq ft of space in which it commenced manufacturing in May 2012. A further 66,000 sq ft has recently been refurbished. The company has future plans to build an additional 400,000 sq ft of manufacturing, research and development facilities for its further expansion.

Investor communication

During the year the Board has reviewed its policy on communications with shareholders and the analyst and investor community. The Board will provide all shareholders with information at the same time, in the same forum or medium, and ensure that the level and quality of information provided is significantly enhanced.

As a consequence, no private meetings will be held by directors with investors, potential investors or analysts, however, shareholder meetings with the Chairman, the Senior independent director and/or any other non-executive director may be arranged where a shareholder wishes to communicate their views.

The corporate website is being significantly expanded. The Group's year end and half year results will continue to be delivered by way of webcasts with time allowed for questions and answers. In addition to the AGM, normally held in October, at which company presentations and tours are arranged, a corporate shareholder and investor day will be held annually in May.

Outlook

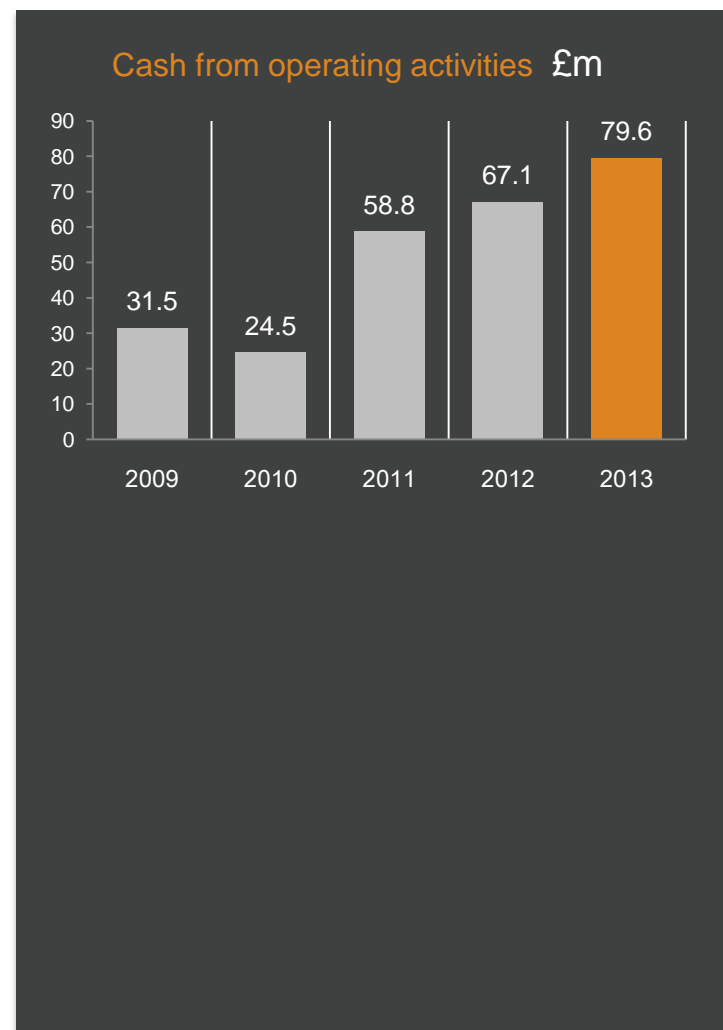
During the year the Group has further consolidated its leading position in its principal markets, as well as investing for future growth and expansion. There is an extensive new product pipeline and strategy for each of our business segments and a number of new product introductions are anticipated in this current financial year.

The Group faces tough comparators going into the first half of this financial year, however, we look forward with confidence to a successful 2014.

Questions ?

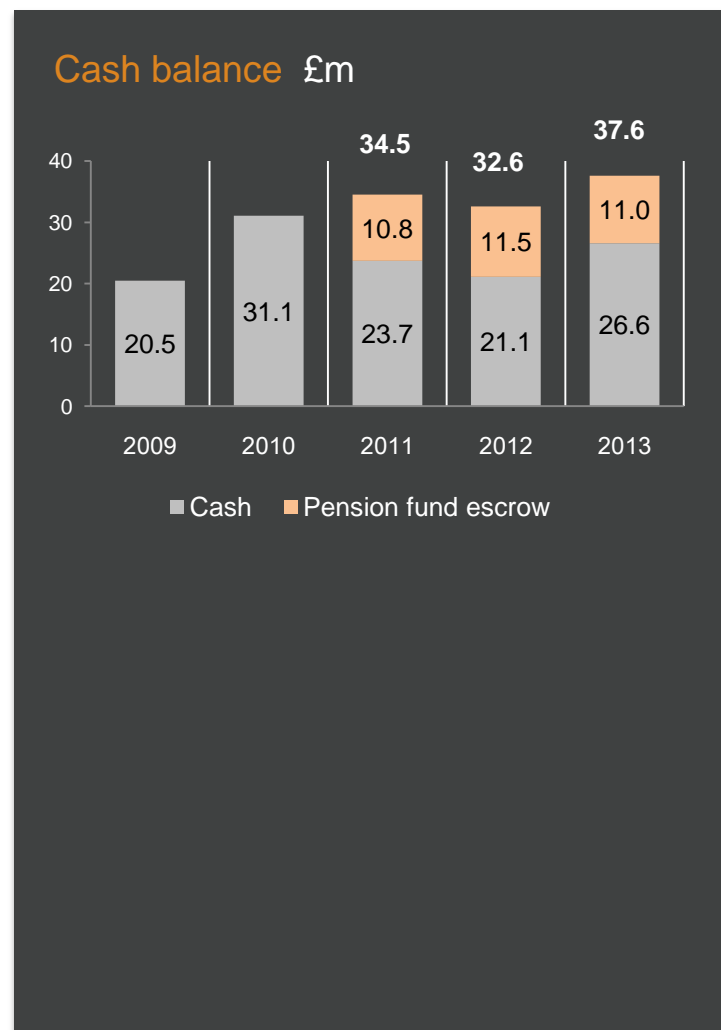
Cash flow from operating activities

	2013 £m	2012 £m
Adjusted profit before tax	81.5	86.0
Depreciation and amortisation	21.1	20.1
Financial income and expenses	(1.4)	(2.2)
Share of profits from associates	(1.3)	(1.0)
Increase in inventory	(11.3)	(4.0)
Decrease/(increase) in debtors	15.3	(24.7)
(Decrease)/increase in creditors	(6.1)	8.4
Total movement in working capital	(2.1)	(20.3)
DB pension contributions	(2.5)	(1.4)
Income taxes paid	(15.7)	(14.1)
Cash from operating activities	79.6	67.1



Cash flow

	2013 £m	2012 £m
Cash from operating activities	79.6	67.1
Interest received less paid	0.8	0.4
Dividends paid less received	(28.5)	(25.4)
Fixed assets purchased (net)	(27.7)	(29.9)
Intangible assets acquired	(1.2)	(3.7)
Deferred consideration payments	(7.5)	(2.8)
Development costs capitalised	(10.6)	(9.7)
Net movement in escrow account	0.5	(0.7)
Net cash flow	5.4	(4.7)
Cash at 1st July	21.1	23.7
Effect of exchange rate changes	0.1	2.1
Cash at 30th June	26.6	21.1



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