

2017 results

27th July 2017

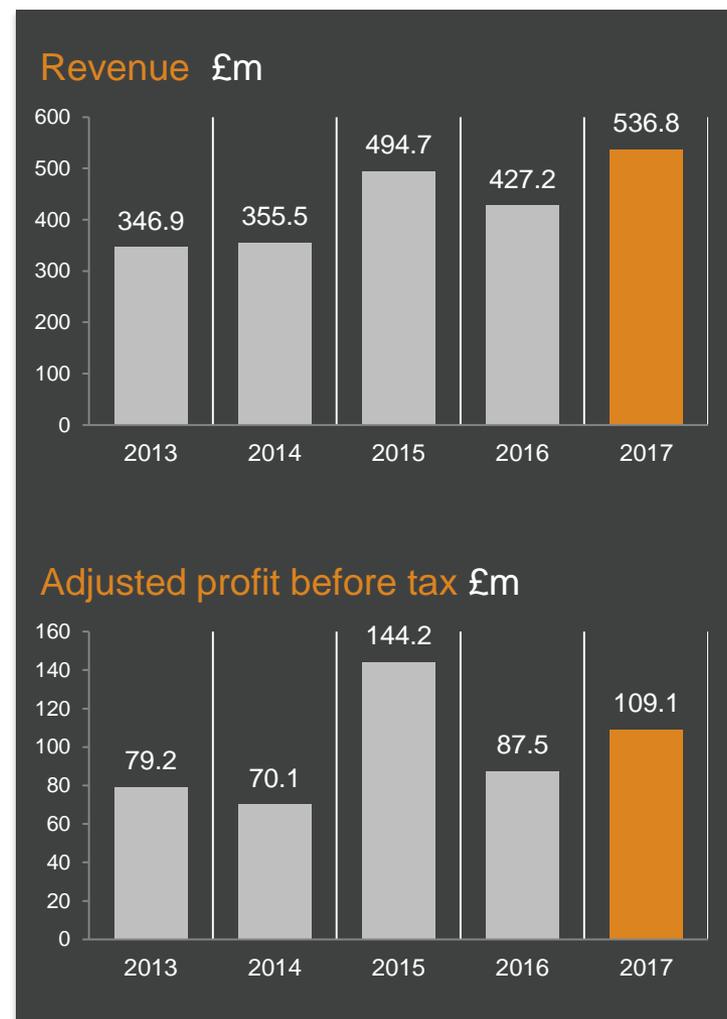
Chairman's statement



- Record revenue of £536.8m, with an underlying growth of 14%
- Strong revenue growth in encoder, measurement and automation, calibration and co-ordinate measuring machine product lines in our Metrology business
- Revenue growth in all healthcare product lines
- 25% increase in adjusted profit before tax
- 90% increase in statutory profit before tax
- Capital expenditure of £42.6m, providing for future growth
- Headcount increase of 244, including 91 graduates and apprentices
- Strong balance sheet, with cash of £51.9m at the end of the year, compared with £21.3m last year.
- Dividend increased by 8.3% to 52.0p (2016: 48.0p)

Financial highlights (continuing operations)

| | 2017 £m | 2016 Restated £m | Change % |
|------------------------------|---------------|------------------------|-------------|
| Revenue | 536.8 | 427.2 | 26% |
| Adjusted profit before tax | 109.1 | 87.5 | 25% |
| Statutory profit before tax | 117.1 | 61.7 | 90% |
| Tax | (14.3) | (10.0) | 43% |
| Profit after tax | 102.8 | 51.7 | 99% |
| Adjusted earnings per share | 132.4p | 100.4p | 32% |
| Statutory earnings per share | 141.3p | 71.8p | 97% |
| Dividend per share | 52.0p | 48.0p | 8% |

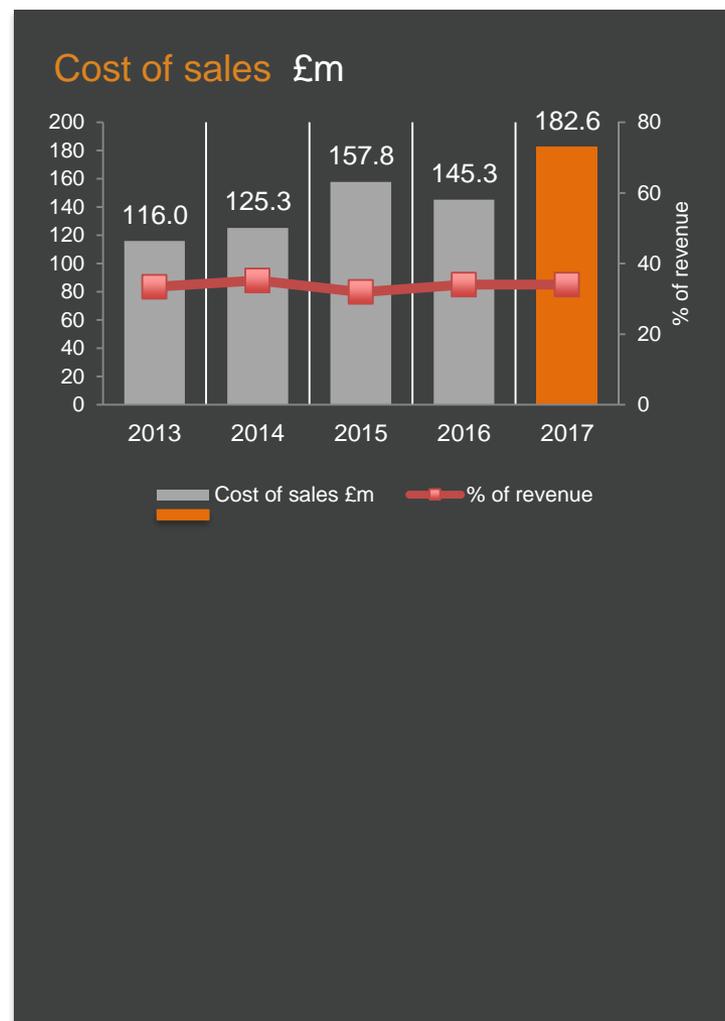


Restatements and alternative performance measures

| | 2017 | 2016 |
|---|---------------|----------------|
| | £m | Restated £m |
| 2016 reported profit | | 80.1 |
| R&D tax credit | | 2.4 |
| Discontinued operations | | 5.0 |
| Adjusted restated 2016 PBT | | 87.5 |
| Adjusted profit before tax | 109.1 | 87.5 |
| Fair value gains and losses on financial instruments not effective for cash flow hedging: | | |
| - reported in revenue | 11.6 | (2.3) |
| - reported in losses in the fair value of financial instruments | (3.6) | (23.4) |
| Statutory profit before tax | 117.1 | 61.7 |
| Discontinued operations: | | |
| Loss before tax from discontinued operations | (15.1) | (5.0) |

Income statement

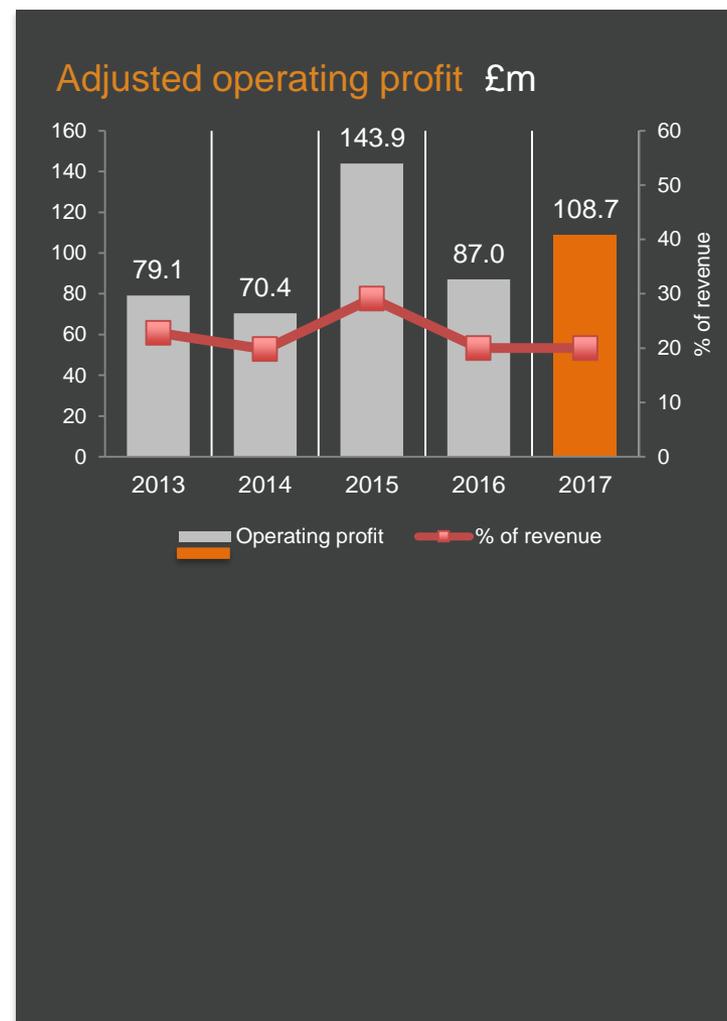
| | 2017 | | 2016 | | Change |
|--|----------------|------------|----------------|-----|--------|
| | £m | % | Restated £m | % | |
| Revenue | 536.8 | 100 | 427.2 | 100 | 26% |
| Cost of sales | (182.6) | 34 | (145.3) | 34 | 26% |
| Engineering (inc. R&D) | (68.8) | 13 | (63.3) | 15 | 8% |
| Gross profit | 285.4 | 53 | 218.7 | 51 | 30% |
| Distribution costs | (112.7) | 21 | (93.8) | 22 | 20% |
| Administrative costs | (52.4) | 10 | (40.2) | 9 | 30% |
| Fair value losses on financial instruments | (3.6) | 1 | (23.4) | 5 | -85% |
| Financial expense (net) | (1.5) | - | (0.9) | - | - |
| Profit from associates | 1.8 | - | 1.4 | - | - |
| Statutory profit before tax | 117.1 | 22 | 61.7 | 14 | 90% |
| Adjustment to statutory PBT | (8.0) | 1 | 25.7 | 6 | |
| Adjusted profit before tax | 109.1 | 20 | 87.5 | 20 | 25% |



Income statement – Operating profit

Operating profit - segmental

| | 2017 £m | 2016 £m | Change % |
|----------------------------------|--------------|------------|-------------|
| Metrology | 115.9 | 90.0 | 29% |
| Healthcare | (7.2) | (3.1) | -132% |
| Adjusted operating profit | 108.7 | 87.0 | 25% |



Income statement – Engineering costs

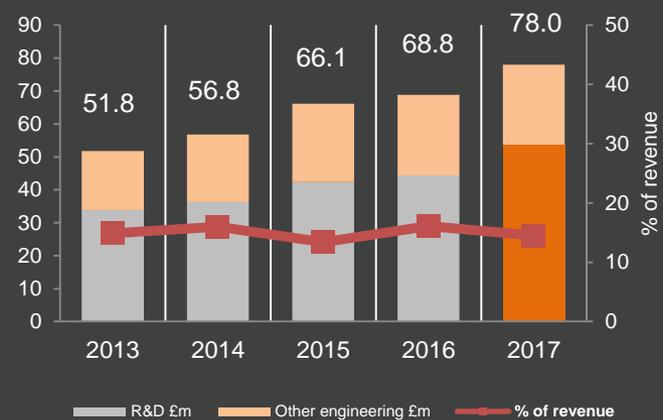
Engineering costs

| | 2017 £m | 2016 £m | Change % |
|----------------------|-------------|------------|-------------|
| Total spend | 78.0 | 68.8 | 13% |
| Less capitalised net | 2.7 | 3.1 | -13% |
| Less R&D tax credit | 6.5 | 2.4 | 171% |
| Income statement | 68.8 | 63.3 | 8% |

| | 2017 £m | 2016 £m | Change % |
|-----------------------|-------------|------------|-------------|
| Total spend segmental | 68.8 | 60.9 | 13% |
| Metrology | 68.8 | 60.9 | 13% |
| Healthcare | 9.2 | 7.9 | 16% |

| | 2017 £m | 2016 £m | Change % |
|-------------------|-------------|------------|-------------|
| New product spend | 53.5 | 44.4 | 20% |

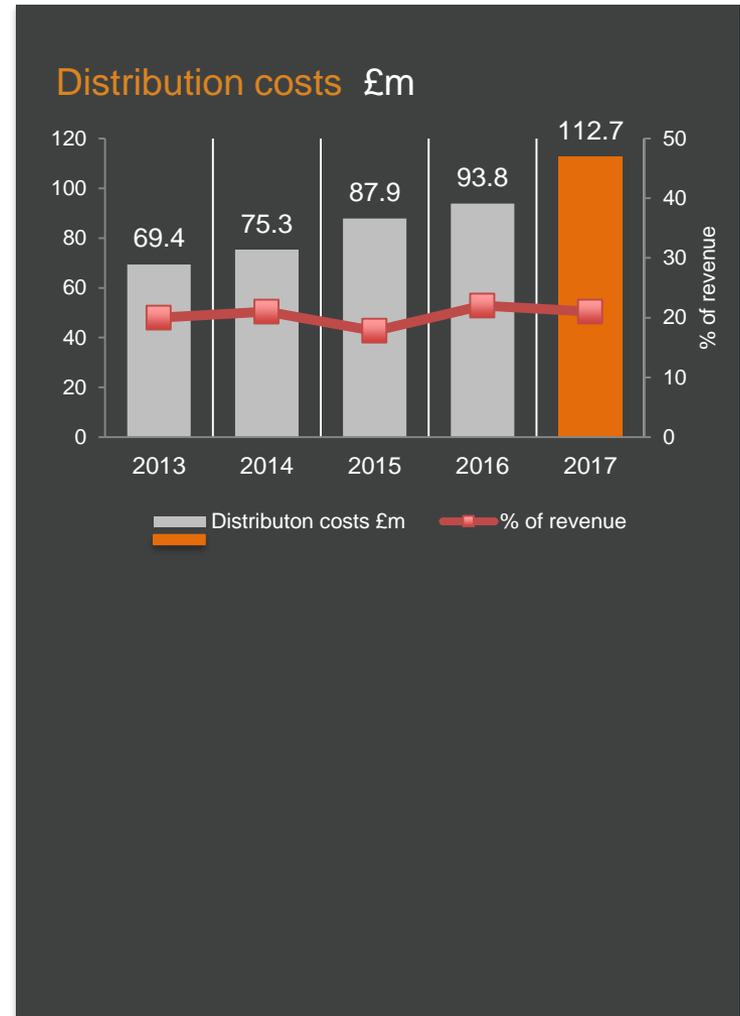
Engineering costs (total) £m



Income statement – Distribution costs

Distribution costs

- Expansion of global marketing and distribution infrastructure to support new and existing products with the addition of 55 sales, marketing and application engineering employees.
- Distribution costs up 20.1% from last year, 21.0% of revenue (2016: 22.0%).
- Our representative office in Turkey has been converted into a trading subsidiary to facilitate solution selling in the territory.
- Costs substantially higher due to currency impact on overseas operations.



Income statement – Administrative costs and Group employees

Group headcount (at June)

| | 2017 No. | 2016 No. | Change No. |
|--------------|--------------|--------------|---------------|
| UK | 2,880 | 2,782 | 98 |
| Overseas | 1,650 | 1,504 | 146 |
| Total | 4,530 | 4,286 | 244 |

- Continued growth in employees to support investment in new product development and expansion of marketing and support facilities.

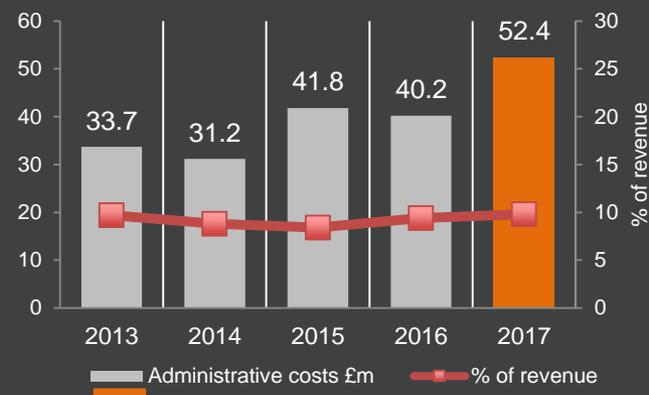
- Headcount up 244 from June 2016.

- Increase in employees includes 46 apprentices and 45 graduates.

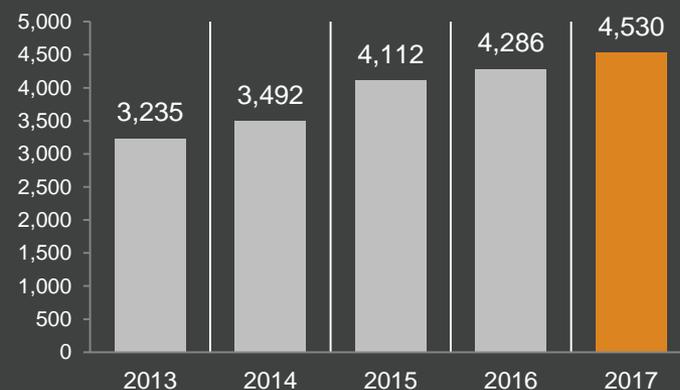
- Additionally we are sponsoring 103 students at UK universities mostly on engineering, science and software courses.

- Costs higher due to currency impact on overseas operations.

Administrative costs £m

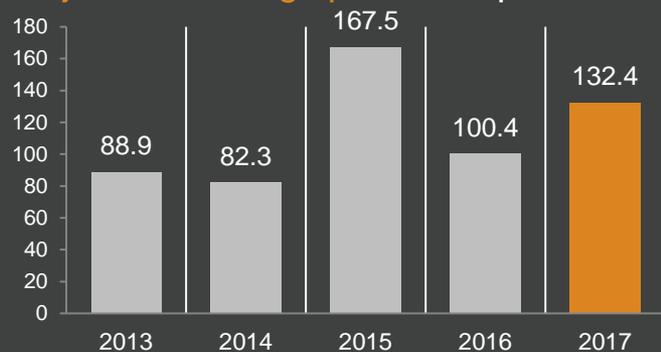


Group headcount (year end) No.

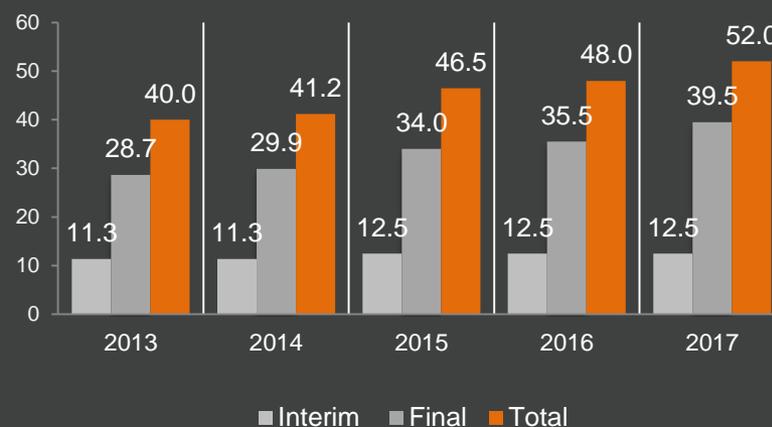


Adjusted earnings per share and Dividend per share

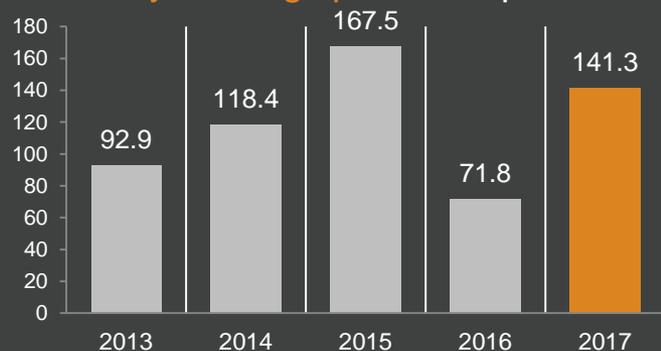
Adjusted earnings per share p



Dividend per share p



Statutory earnings per share p



| | | | | | |
|-----------------------------|-----|-----|------|-----|-----|
| Full year dividend increase | +4% | +3% | +13% | +3% | +8% |
| Full year dividend cover | 2.3 | 2.0 | 3.6 | 2.1 | 2.5 |

Group revenue analysis

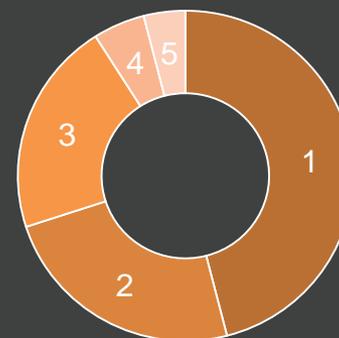
Changes in geographic area

| | Change at actual fx % | Change at constant fx % |
|--------------|-----------------------|-------------------------|
| Far East | 28.8% | 14.2% |
| Europe | 17.8% | 11.6% |
| Americas | 29.0% | 13.2% |
| UK & Ireland | 21.3% | 21.3% |
| Total | 25.7% | 14.2% |

Revenue by major countries

| | 2017 £m | 2016 £m |
|---------|------------|------------|
| China | 135.0 | 106.5 |
| USA | 95.9 | 77.9 |
| Germany | 56.4 | 48.2 |
| Japan | 52.2 | 49.3 |

Revenue by region £m



| | 2017 £m | 2017 % | 2016 £m |
|----------------------|--------------|------------|--------------|
| 1 Far East | 248.9 | 46 | 193.3 |
| 2 Continental Europe | 129.9 | 24 | 110.3 |
| 3 Americas | 113.6 | 21 | 88.0 |
| 4 UK | 27.6 | 5 | 22.8 |
| 5 Other regions | 16.8 | 4 | 12.9 |
| Total | 536.8 | 100 | 427.2 |

Group revenue analysis

Revenue

| | 2017 £m | 2016 £m | Change % |
|--------------|--------------|--------------|--------------|
| Metrology | 503.4 | 398.9 | 26.2% |
| Healthcare | 33.4 | 28.4 | 17.8% |
| Total | 536.8 | 427.2 | 25.7% |

Group:

- Underlying growth of 14%

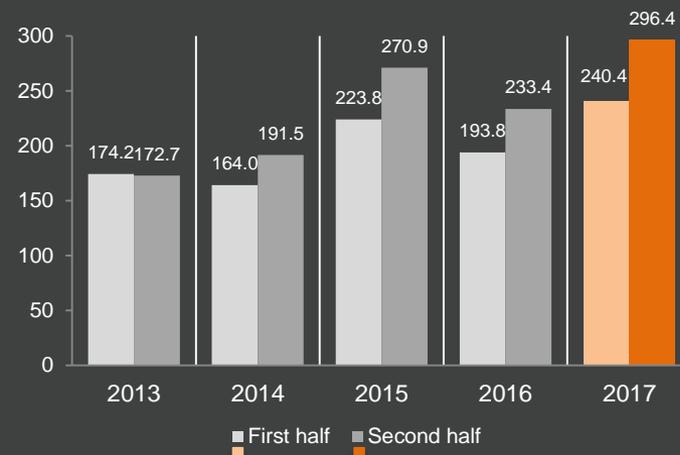
Metrology highlights:

- We have experienced growth in all product lines and territories
- There was strong growth in our encoder, measurement and automation, calibration and co-ordinate measuring machine (CMM) product lines.

Healthcare highlights:

- We experienced growth in all our product lines.
- The medical dental product line has experienced good growth resulting from a continued focus on sales of additive manufacturing technologies into the healthcare market.

Revenue – 1st & 2nd half £m



Year-on-year changes:

| | | | | |
|-------------|------|------|------|-----|
| First half | -6% | +36% | -13% | 24% |
| Second half | +11% | +41% | -14% | 27% |

Group revenue analysis - Metrology

Revenue

| | 2017 £m | 2016 £m | Change % |
|-----------|--------------|------------|-------------|
| Metrology | 503.4 | 398.9 | 26.2% |

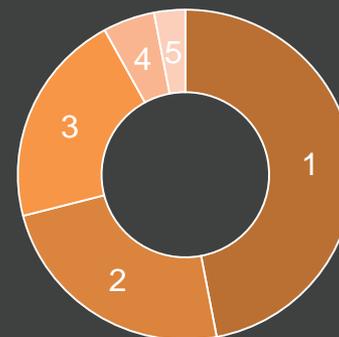
Changes in geographic area

| | Change % |
|--------------|----------|
| Far East | 28.2% |
| Europe | 19.8% |
| Americas | 28.4% |
| UK & Ireland | 28.6% |

Results

| | 2017 £m | 2016 £m |
|---------------------------|--------------|------------|
| Adjusted operating profit | 115.9 | 90.0 |

Revenue by region £m

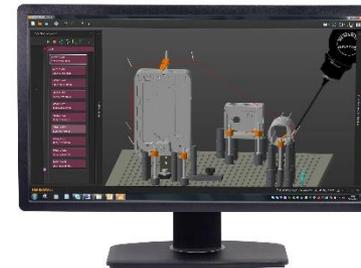
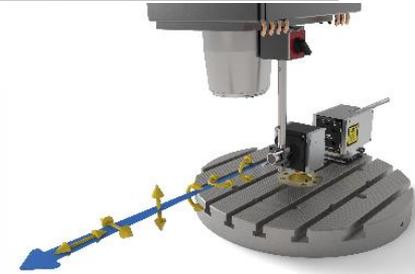


| | 2017 £m | 2017 % | 2016 £m |
|----------------------|--------------|-----------|------------|
| 1 Far East | 237.9 | 47 | 185.6 |
| 2 Continental Europe | 121.5 | 24 | 101.4 |
| 3 Americas | 106.9 | 21 | 83.3 |
| 4 UK | 23.2 | 5 | 18.1 |
| 5 Other regions | 13.9 | 3 | 10.6 |

New product releases

General products strategy

- Market demands are creating the need for our next generation products.
- Increasing complexity and closer tolerances
 - Increase **capability**
 - Improve **measurement performance.**
- Need to reduce costs
 - Increase **speed** of operation.
- Address global skills shortages
 - **Easier to use** solutions.

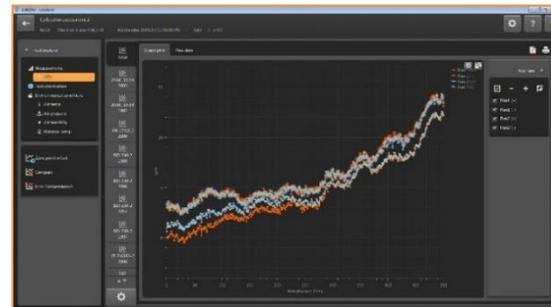
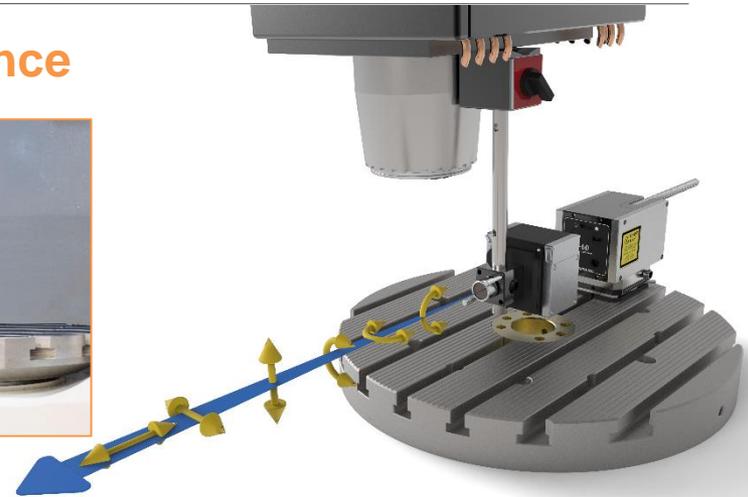


New product releases / Metrology

Increased capability / Measurement performance

XM-60 multi-axis calibrator

- Measures all of a machine's six degrees of freedom along a linear axis in a single set-up.
- Significantly simpler and faster to use than other laser measurement techniques.



New CARTO 2.0 calibration software suite supports XM-60 for test set-up and data analysis.



New XM-60 multi-axis calibrator won German MM Award for Innovation in the Measuring Systems category during AMB exhibition.

New product releases / Metrology

Increased capability / Measurement performance

SFP2 surface finish probe

- Surface finish measurement system for new REVO-2 multi-sensor 5-axis measuring head for CMMs
- Significant time savings for users as inspection can be carried out on the same machine, reducing part handling and floor space requirements.



New product releases / Metrology

Ease of use / Measurement accuracy

VIONiC™ / VIONiCplus™

- Highly compact, ultra-high accuracy 'all-in-one' family of position encoders.
- Combines interpolation and digital signal processing inside the readhead to eliminate the requirement for additional external interfaces.



Advanced Diagnostic Tool (ADT)

- Allows easy system set-up and calibration for the VIONiC family of encoders.
- Software features include automatically generated plots of signal strength vs position, and readhead pitch indication.



New product releases / Metrology

Increased capability / Measurement performance

SPRINT system with SupaScan

- Designed for simple integration into machine tool applications requiring exceptionally fast workpiece set-up, and where overall cycle time is critical.
- Also provides the ability to perform advanced scanning functionality such as monitoring the final condition of a component surface.
- SupaScan technology delivers workpiece set-up cycles which measure accurately even at rapid feedrates; testing has seen cycle time reductions of over 70% when compared to standard high-speed touch-trigger cycles.



New product releases / Metrology

Ease of use

Set and Inspect

- Simple to use on-machine app that automatically generates code for probing
- New Program Builder mode allows the creation of more complex probe routines. Inspection cycles are created one feature at a time, culminating in a multi-feature program which can be executed as a standalone program or embedded into existing machine code



Reporter

- A real-time process monitoring app. Generates highly-visual, graphical representations of measurement data and displays the pass, fail or warning status of each measurement.

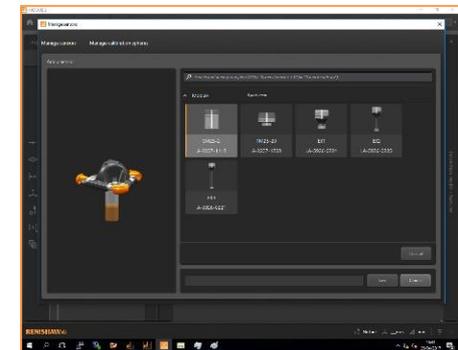
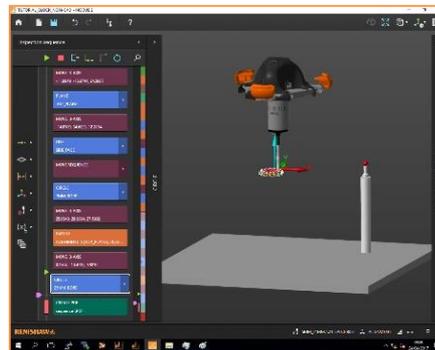


New product releases / Metrology

Ease of use

MODUS 2™

- Metrology software that supports Renishaw's 3 and 5-axis CMM sensor technologies, and now our Equator gauging systems
- Interface is simple to learn and faster to program, resulting in improved operational productivity



Highlights / Additive manufacturing

- Opening of Canadian, German and North American Additive Manufacturing Solutions Centres.
- Key additive manufacturing system installations at Airbus (UK), Centre for Advanced Aerospace Technologies (Spain) and Rapid Advanced Manufacturing (New Zealand).
- First sales of the RenAM 500M additive manufacturing system
- Agreement signed in April with FalconTech as solutions centre partner and distributor for AM technology in China, with commitment to purchase 10 RenAM 500M systems over 18 months.



Group revenue analysis - Healthcare

Revenue

| | 2017 £m | 2016 £m | Change % |
|------------|-------------|------------|-------------|
| Healthcare | 33.4 | 28.4 | 17.8% |

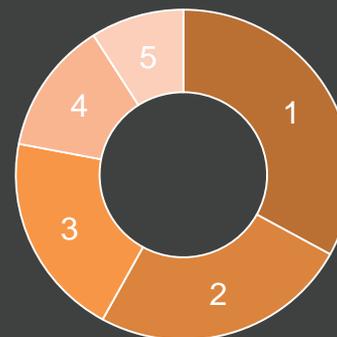
Changes in geographic area

| | Change % |
|--------------|----------|
| Far East | 43.1% |
| Europe | -5.2% |
| Americas | 39.5% |
| UK & Ireland | -7.0% |

Results

| | 2017 £m | 2016 £m |
|----------------|--------------|------------|
| Operating loss | (7.2) | (3.1) |

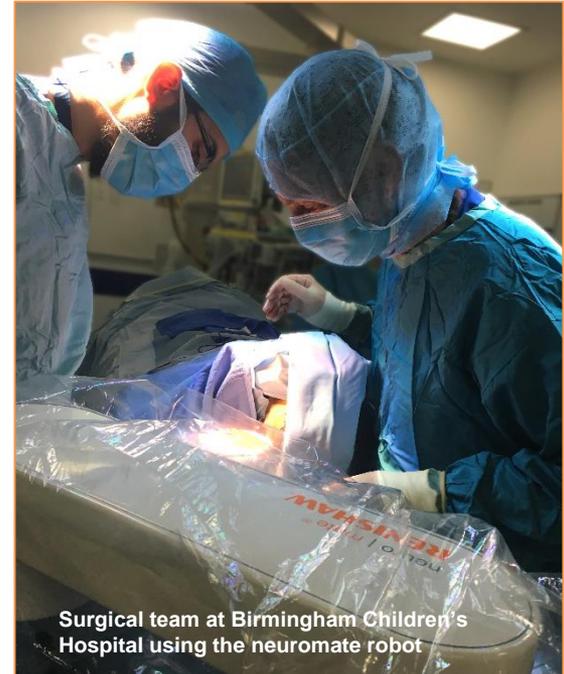
Revenue by region £m



| | 2017 £m | 2017 % | 2016 £m |
|----------------------|-------------|-----------|------------|
| 1 Far East | 11.0 | 33 | 7.7 |
| 2 Continental Europe | 8.5 | 25 | 9.0 |
| 3 Americas | 6.7 | 20 | 4.8 |
| 4 UK | 4.4 | 13 | 4.7 |
| 5 Other regions | 2.8 | 9 | 2.2 |

Healthcare highlights

- Key neuromate robot sales to Birmingham Children's Hospital (UK), the Boston University Children's Hospital (USA), London Health Sciences Centre (Canada) and the Ohio Riverside Hospital (USA).
- Renishaw's novel drug delivery system to be used in clinical trials with Herantis Pharma plc's drug candidate for the treatment of Parkinson's disease, supported by a €6 million Horizon 2020 grant.
- Healthcare Centre of Excellence opened at Miskin by Rt. Hon Carwyn Jones AM, First Minister of Wales - facilities include the additive manufacture of class 3 custom medical devices, a mock non-sterile operating theatre, plus education and training areas.

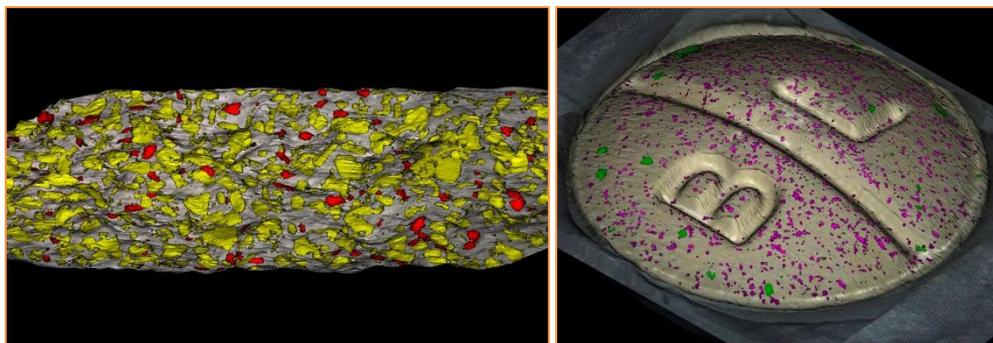


New product releases / Healthcare

Ease of use / Speed

RA802 Pharmaceutical Analyser

- Compact benchtop Raman imaging system for the pharmaceutical industry
- Formulate tablets more efficiently by speeding up the analysis of tablet composition and structure.
- Uses LiveTrack™ focus-tracking technology allowing the analysis of samples with uneven, curved or rough surfaces at high speeds without sample preparation



Awards:

- Best measurement laboratory equipment award at Eurolab 2017 for the RA802
- The Analytical Scientist Innovation Award for LiveTrack™ real time focus-tracking

New product releases / Healthcare

Speed

Centrus CCD detector

- Engineered exclusively for high speed Raman analysis
- Outstanding performance, even at speeds of over 1800 spectra per second, giving dramatically reduced measurement times
- Available on inVia microscopes and RA802 Pharmaceutical Analyser

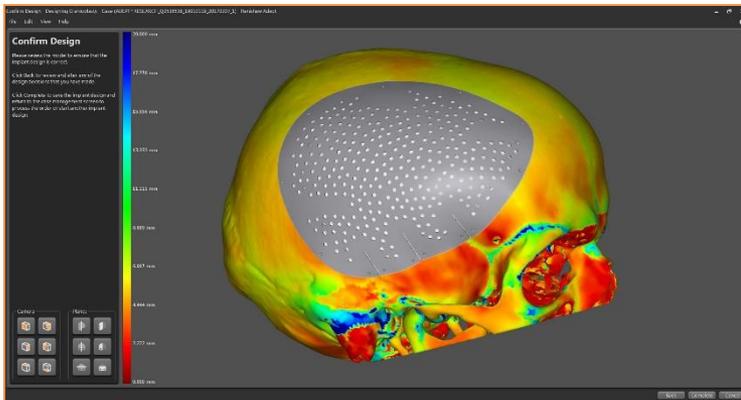
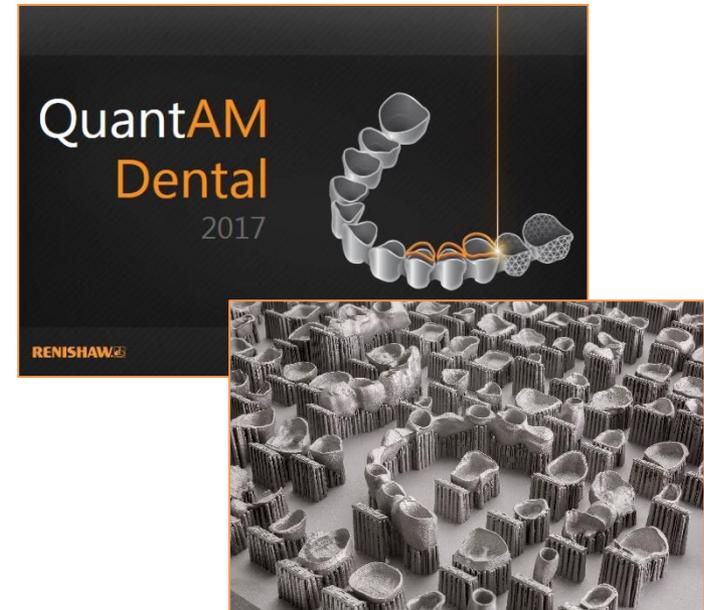


New product releases / Healthcare

Ease of use / increased capability

QuantAM Dental

- Version of QuantAM build preparation software dedicated to dental framework production.
- Eliminates the current need for multiple software packages to prepare for additive manufacturing builds, reducing build preparation time from hours to minutes and reducing software costs.

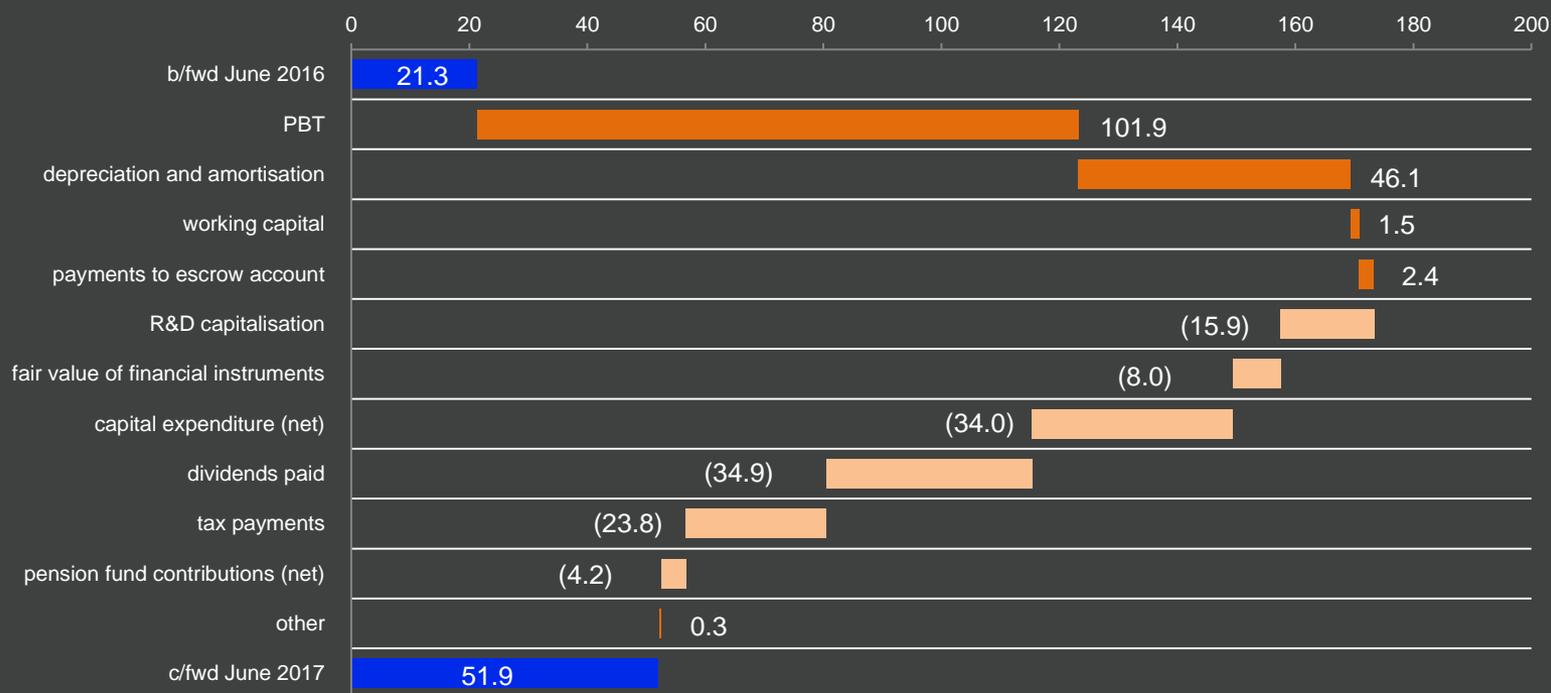


ADEPT

- Software that streamlines the design and manufacture of craniomaxillofacial patient specific implants (PSIs).
- Surgeons and healthcare professionals can quickly and easily design bespoke implants, speeding up implant production time.
- Won a UK Collaborate to Innovate award in the Health & Wellbeing category

Cash flow

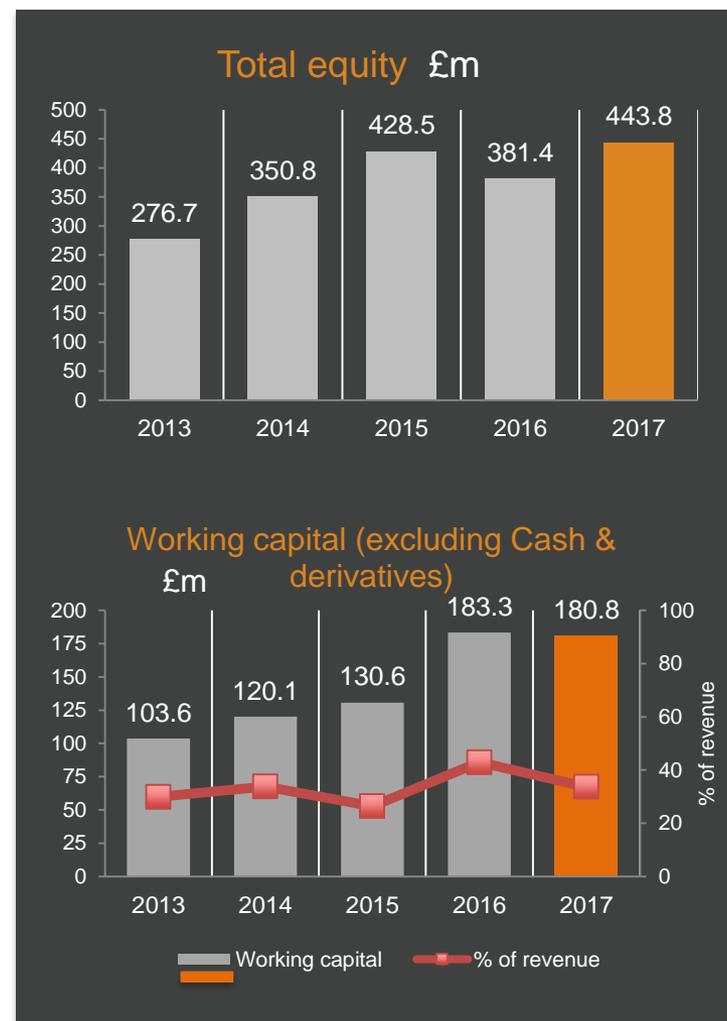
Change in cash balance in the year* £m



*Including continuing and discontinued operations

Balance sheet

| £m | June 2017 | June 2016 | Change % |
|--|---------------|-----------|----------|
| Property, plant & equipment | 228.1 | 213.9 | 7% |
| Intangible assets & investments | 61.8 | 66.9 | -8% |
| Deferred tax assets | 39.1 | 41.0 | -5% |
| Long-term loans to ass. & joint vent. | 3.1 | - | |
| Derivatives | 3.5 | - | |
| Total non-current assets | 335.6 | 321.9 | 4% |
| Inventory | 87.7 | 95.0 | -8% |
| Debtors | 155.7 | 135.0 | 15% |
| Pension fund cash escrow | 12.9 | 15.3 | -16% |
| Cash | 51.9 | 21.3 | 144% |
| Derivatives | (25.3) | (19.9) | 27% |
| Creditors (current) | (62.6) | (46.7) | 34% |
| Net current assets | 220.3 | 200.0 | 10% |
| Deferred tax liability | (13.8) | (22.0) | -37% |
| Pension fund deficit | (66.8) | (67.8) | - |
| Derivatives | (31.5) | (50.7) | -38% |
| Net assets, equal to Total equity | 443.8 | 381.4 | 16% |



Capital expenditure

| | 2017 £m | 2016 £m |
|----------------------------|-------------|-------------|
| Capital expenditure | 42.6 | 53.0 |

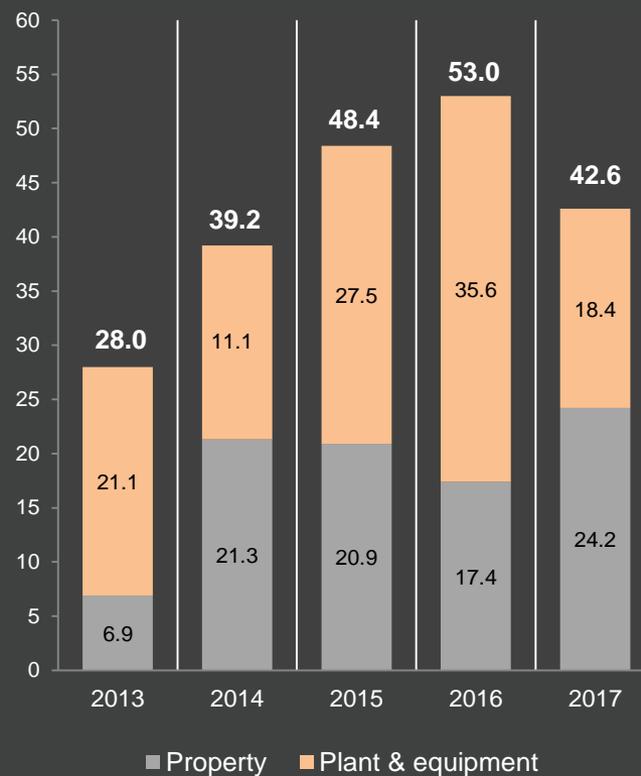
•Property

- Completion of our new USA headquarters, close to Chicago.
- Completion of premises for Renishaw Advanced Consulting and Engineering Inc, in Detroit, USA .
- Expansion and refurbishment in Spain, Sweden, Germany and France.
- New office purchase for our subsidiary in Hungary.

•Plant & equipment

- £18.4m expenditure on plant and equipment in 2017 (2016: £35.6m).

Capital expenditure £m



Property



Renishaw ACE new building

Renishaw Inc new building, demo area



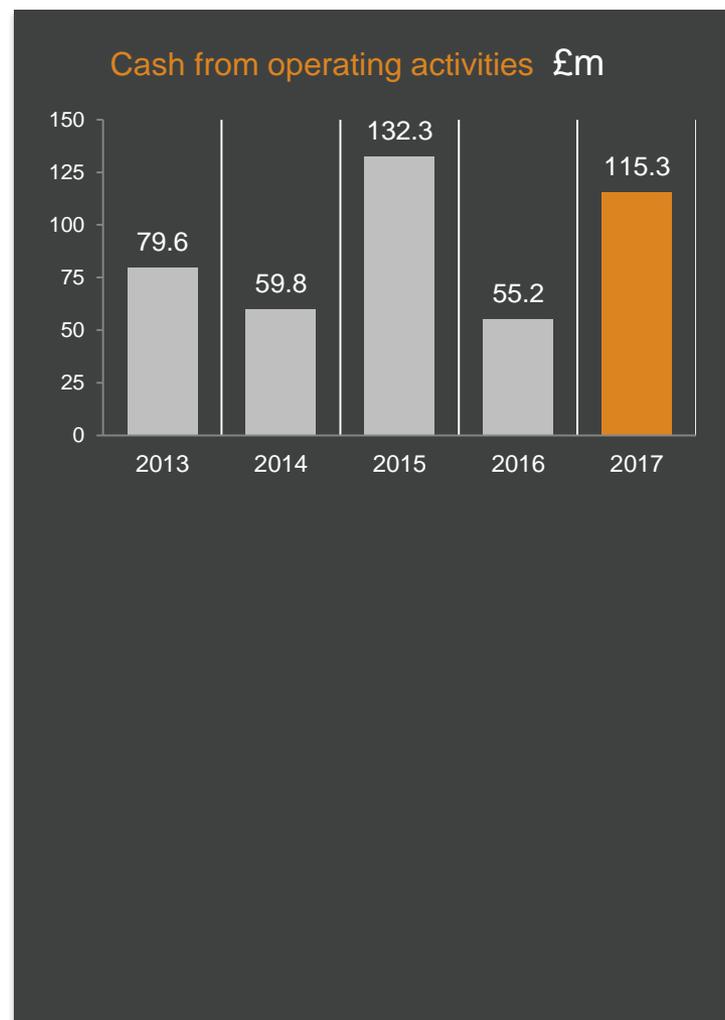
Outlook

The Group is in a strong financial position and continues to invest in the development of new products and applications, along with targeted investment in production, and sales and marketing facilities around the world. We have experienced good growth in 2017 and whilst noting ongoing uncertainty surrounding Brexit and currency exchange rate volatility, your directors remain confident in the long-term prospects for the Group and at this early stage in the year anticipate growth in both revenue and profits in the current financial year.

Questions ?

Cash flow from operating activities

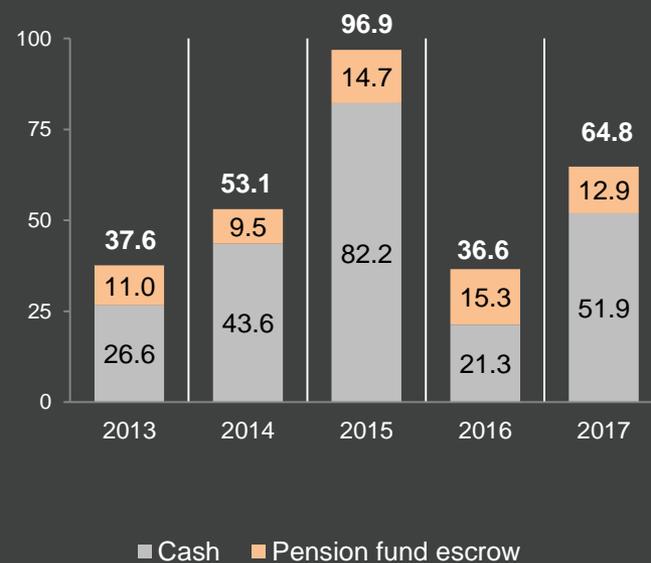
| | 2017 £m | 2016 £m |
|---|--------------|------------|
| Adjusted profit before tax | 102.0 | 56.7 |
| Depreciation and amortisation | 48.1 | 29.9 |
| Financial income and expenses | 1.5 | 0.9 |
| Share of profits from associates | (1.8) | (1.4) |
| Losses from fair value of financial instruments | (8.0) | 25.8 |
| Increase in inventory | 7.2 | (17.3) |
| Increase in debtors | (21.1) | (3.0) |
| (Decrease/increase in creditors) | 15.2 | (11.7) |
| Total movement in working capital | 1.5 | (32.0) |
| DB pension contributions | (4.2) | (2.7) |
| Income taxes paid | (23.8) | (21.9) |
| Cash from operating activities | 115.3 | 55.2 |



Cash flow

| | 2017 £m | 2016 £m |
|---------------------------------------|--------------|---------------|
| Cash from operating activities | 115.3 | 55.2 |
| Interest received less paid | 0 | 0.6 |
| Dividends paid less received | (34.6) | (33.5) |
| Fixed assets purchased (net) | (36.2) | (52.3) |
| Intangible assets & investments | (0.8) | (1.6) |
| Development costs capitalised | (15.9) | (12.2) |
| Net movement in escrow account | 2.4 | (0.5) |
| Net cash flow | 30.2 | (44.3) |
| Cash at start of year | 21.3 | 82.2 |
| Effect of exchange rate changes | 0.3 | (16.6) |
| Cash at end of year | 51.9 | 21.3 |

Cash balance £m



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.