

# **2015 Interim results**

## **29th January 2015**

## Interim management report

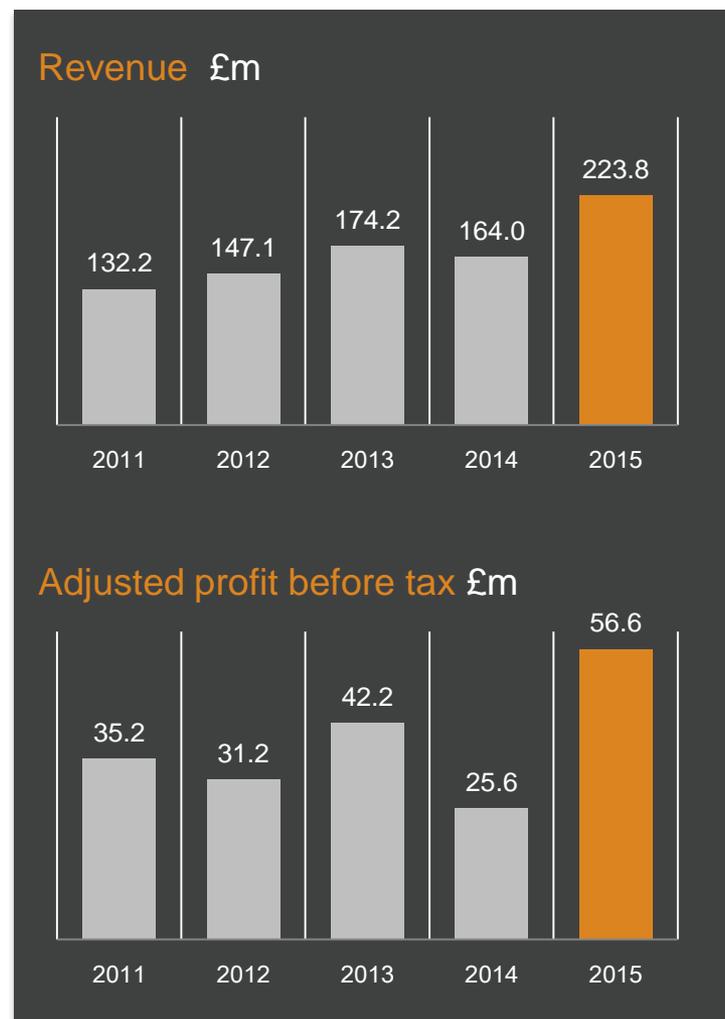
---



- Record first half revenue and profit.
- Revenue up 36% over last year, 40% at constant exchange rates.
- Profit before tax of £56.6m (2014: £25.6m).
- Strong balance sheet, with cash of £38.8m at the end of the period.
- Capital expenditure of £18.8m.
- Increased dividend of 12.5 pence per share.

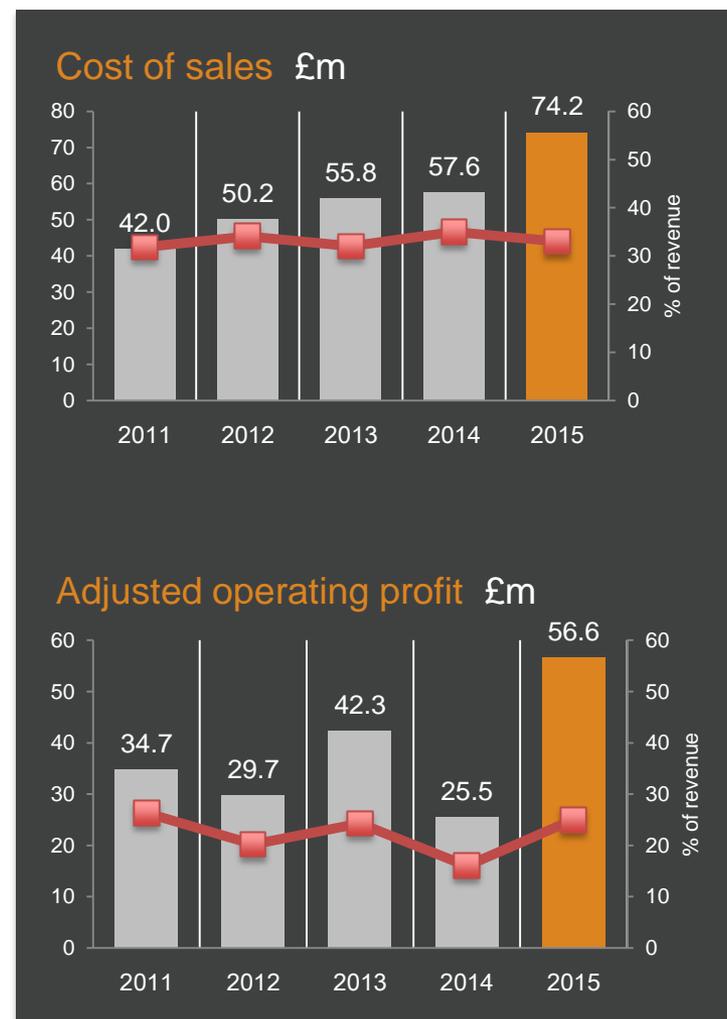
## Financial highlights

	<b>2015</b>	2014	Change
	<b>£m</b>	£m	%
Revenue	<b>223.8</b>	164.0	+36%
Operating profit	<b>56.6</b>	25.5	+122%
Profit before tax	<b>56.6</b>	25.6	+121%
	<b>pence</b>	pence	
Earnings per share	<b>64.2</b>	29.5	+118%
Dividend per share	<b>12.5</b>	11.33	+10%



## Income statement

	2015 £m	%	2014 £m	%	Change
<b>Revenue</b>	<b>223.8</b>	<b>100</b>	164.0	100	+36%
<b>Cost of sales</b>	<b>74.2</b>	<b>33</b>	57.6	35	+29%
<b>Engineering (inc. R&amp;D)</b>	<b>29.9</b>	<b>14</b>	26.7	16	+12%
<b>Gross profit</b>	<b>119.7</b>	<b>53</b>	79.7	49	+50%
<b>Distribution costs</b>	<b>41.4</b>	<b>18</b>	36.8	22	+12%
<b>Administrative costs</b>	<b>21.7</b>	<b>10</b>	17.4	11	+25%
<b>Operating profit</b>	<b>56.6</b>	<b>25</b>	25.5	16	+122%
<b>Financial income/(expense)</b>	<b>(0.4)</b>	-	(0.5)	-	-
<b>Profit from associates</b>	<b>0.4</b>	-	0.6	-	-
<b>Profit before tax</b>	<b>56.6</b>	<b>25</b>	25.6	16	+121%



## Income statement

### Engineering costs

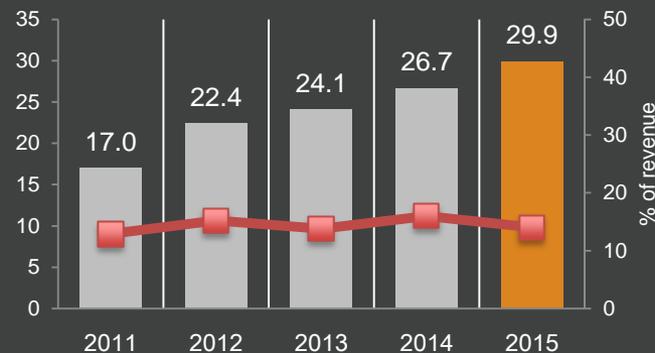
	2015 £m	2014 £m	Change %
Total spend	<b>31.3</b>	28.0	+12%
Less capitalised (net)	<b>1.4</b>	1.3	-
Income statement	<b>29.9</b>	26.7	+12%

- Gross engineering costs increased by 12%.
- Representing 14% of revenue.

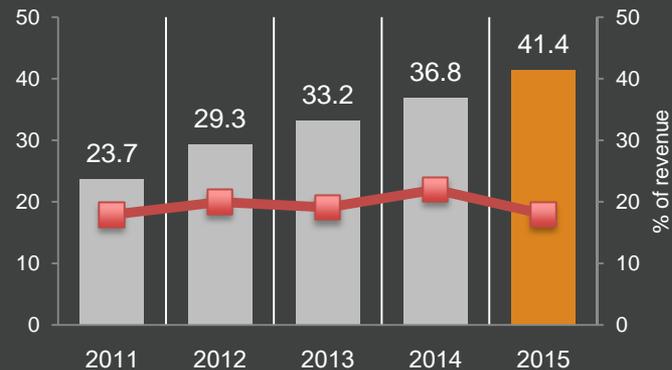
### Distribution costs

- Distribution costs up 12%.
- Further expansion of overseas marketing offices to support long-term growth.

### Engineering costs (net) £m



### Distribution costs £m



## Income statement

### Headcount (at December)

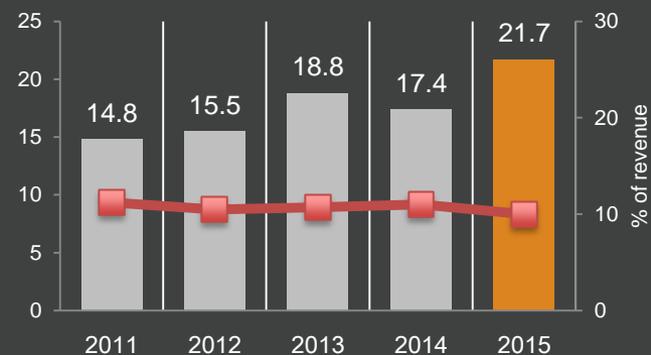
	<b>Dec 2014 No.</b>	<b>Dec 2013 No.</b>	<b>Change %</b>
UK & Ireland	<b>2,607</b>	2,283	+14%
Overseas	<b>1,168</b>	1,026	+14%
<b>Total</b>	<b>3,775</b>	3,309	+14%

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

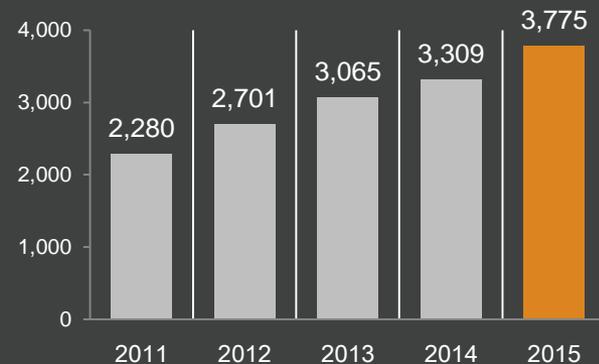
- Headcount up 466 from December 2013 and up 283 in the first half year from 3,492 at June 2014.

- Intake of 72 graduates and apprentices.

### Administrative costs £m



### Headcount No.



## Income statement

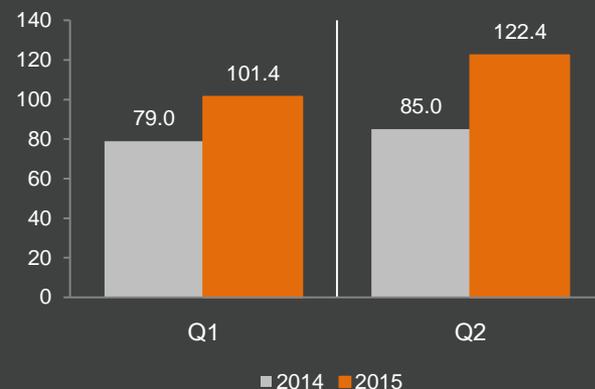
### Revenue - quarterly

	2015 £m	2014 £m	Change %
Quarter 1	101.4	79.0	+28%
Quarter 2	122.4	85.0	+44%
Total	223.8	164.0	+36%

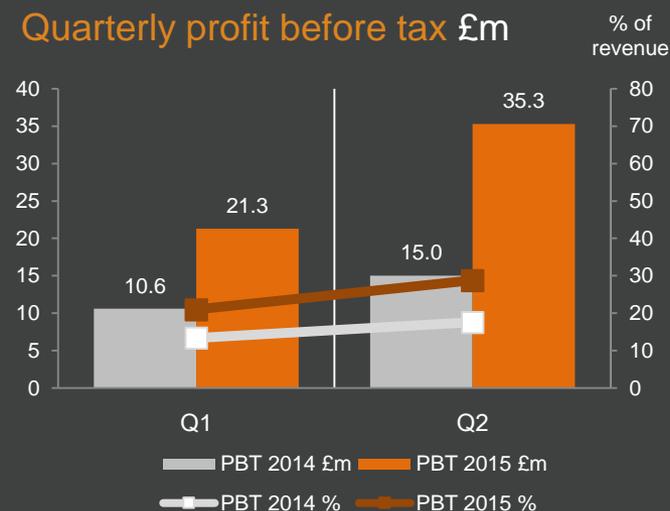
### Profit before tax - quarterly

	2015 £m	2013 £m	Change %
Quarter 1	21.3	10.6	+101%
Quarter 2	35.3	15.0	+135%
Total	56.6	25.6	+121%

### Quarterly revenue £m

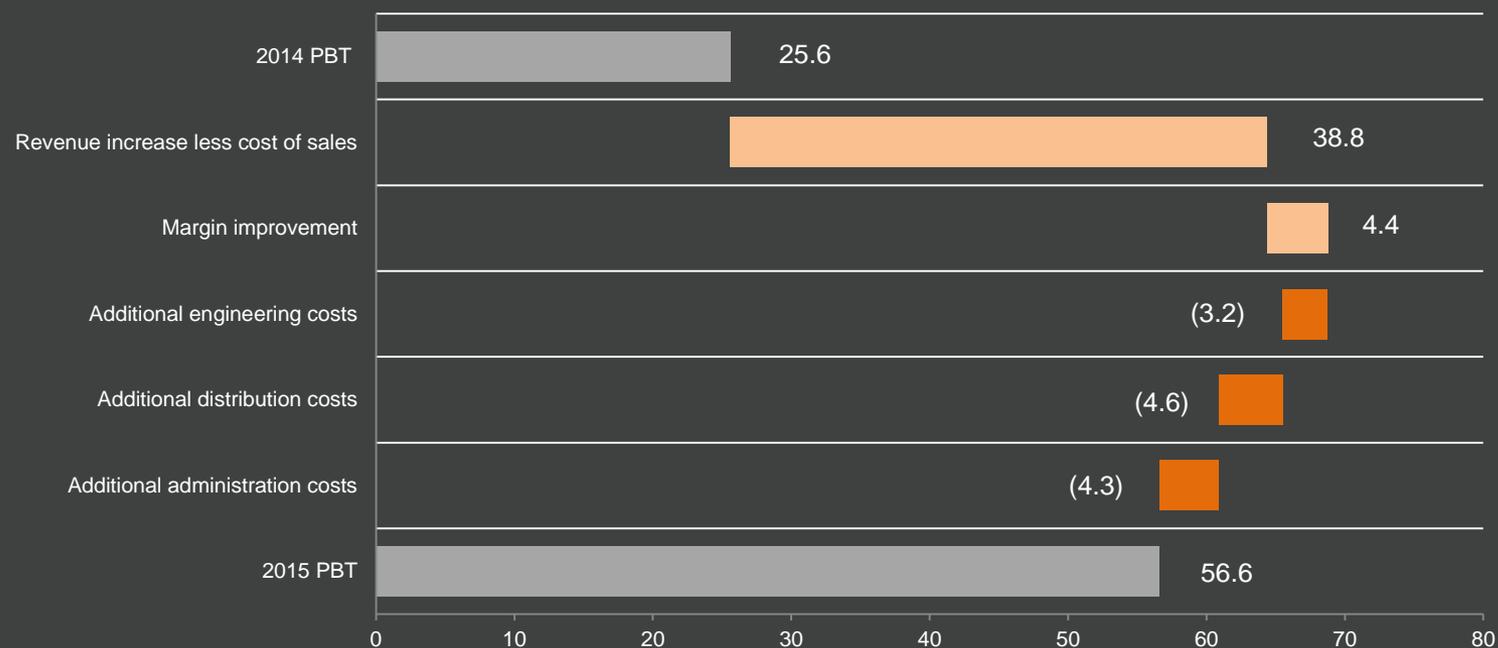


### Quarterly profit before tax £m



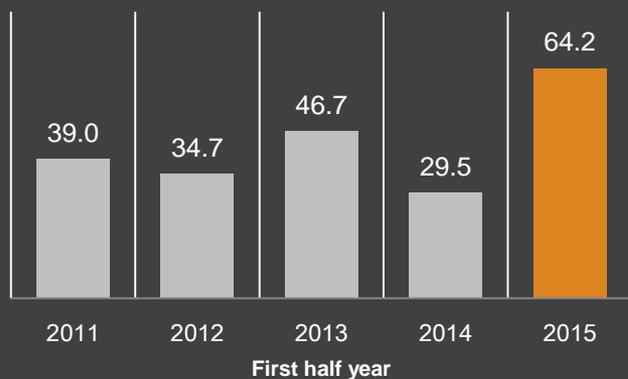
## Income statement

### Profit before tax changes from 2014 £m

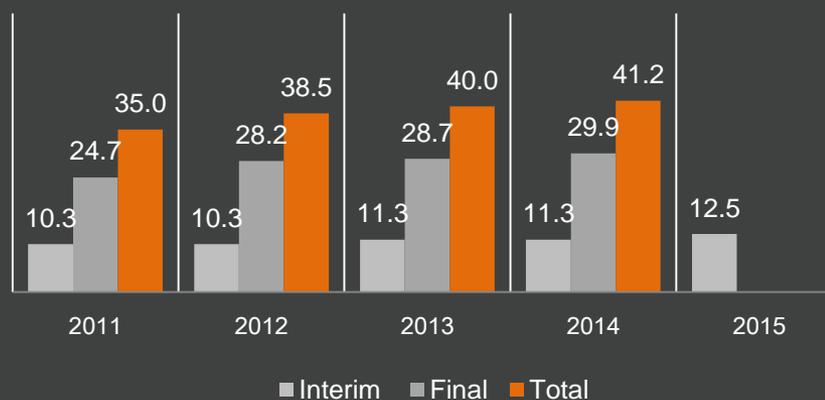


## Adjusted earnings per share and Dividend per share

Adjusted earnings per share p



Dividend per share p



Full year dividend increase	+99%	+10%	+4%	+3%	-
Full year dividend cover	2.5	2.5	2.2	2.0	-

## Group revenue analysis

### Changes in geographic area

	Change % at actual fx rates	Change % at p/y fx rates
Far East	+90%	+95%
Europe	-2%	+4%
Americas	+14%	+16%
UK & Ireland	+16%	+16%
<b>Total</b>	<b>+36%</b>	<b>+40%</b>

### Revenue by major countries

	2015 £m	2014 £m
China	<b>58.9</b>	26.9
USA	<b>39.3</b>	33.4
South Korea	<b>23.6</b>	5.5
Germany	<b>21.7</b>	21.3
Japan	<b>20.1</b>	18.4

### Revenue by region £m



	2015 £m	2014 £m
1 Far East	112.4	59.1
2 Continental Europe	47.7	48.8
3 North & South America	46.1	40.4
4 UK	12.1	10.5
5 Other regions	5.5	5.2
<b>Total</b>	<b>223.8</b>	<b>164.0</b>

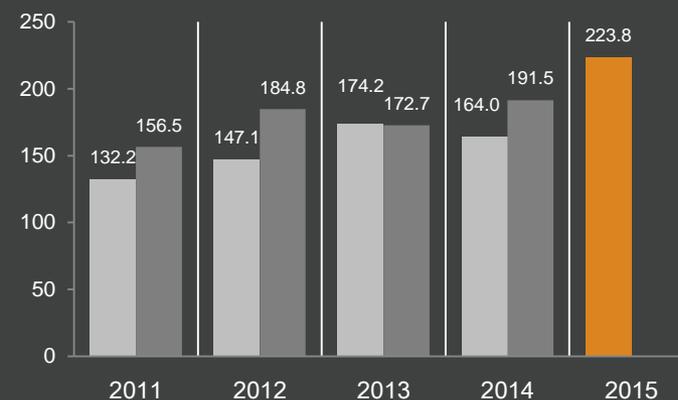
## Group revenue analysis

### Revenue

	2015 £m	2014 £m	Change %
Metrology	<b>213.9</b>	150.7	+42%
Healthcare	<b>9.9</b>	13.3	-26%
<b>Total</b>	<b>223.8</b>	164.0	+36%

- Excluding exceptional Far East sales, revenue up 9%.
- Revenue would have been £6.4m higher when re-stated at previous year's exchange rates.
- Growth, excluding exceptional Far East and at constant exchange rates was 13%.

### Revenue – 1st & 2nd half £m



Year-on-year changes:

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

## Group revenue analysis - Metrology

### Revenue

	2015 £m	2014 £m	Change %
Metrology	<b>213.9</b>	150.7	+42%

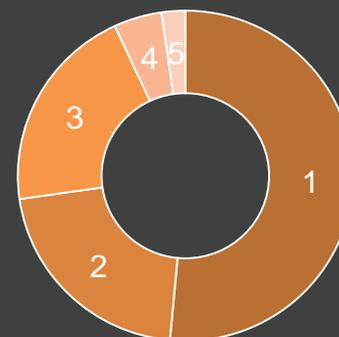
### Changes in geographic area

	Change %
Far East	+104%
Europe	+1%
Americas	+15%
UK & Ireland	+8%

### Results

	2015 £m	2014 £m
Operating profit	<b>62.3</b>	27.8

### Revenue by region £m



	2015 £m	2014 £m
1 Far East	110.1	54.1
2 Continental Europe	45.5	44.9
3 North and South America	43.5	37.9
4 UK	9.9	9.2
5 Other regions	4.9	4.6

## Metrology highlights

---

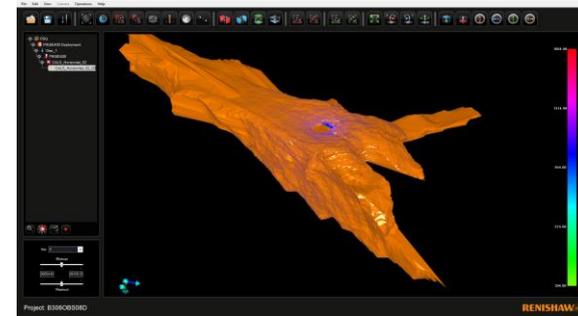
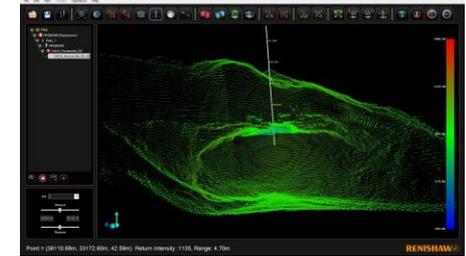
- Overall growth of 42%.
- Growth of 12% after adjusting for Far East large orders, 16% at constant exchange rates.
- Exceptional growth in machine tool products line.
- Good growth in measurement automation, 3D additive manufacturing and encoder products lines.
- Increased R&D investment in all products lines.
- EVO Project - the first additive manufacturing system designed and engineered in-house at Renishaw , planned for H2 of calendar year 2015, has a strong emphasis on automation, monitoring technologies and reduced operator interaction and is designed for single material industrial production.

## New product releases / Metrology

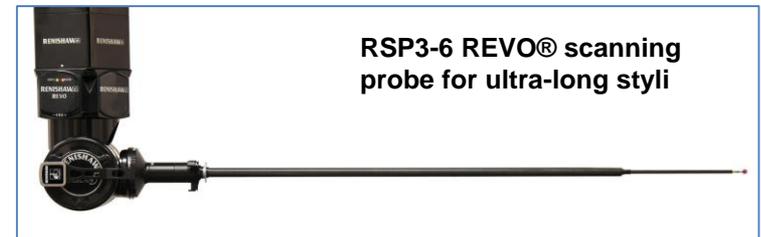


**PlusPac™ upgrade pack for AM250 additive manufacturing machine**

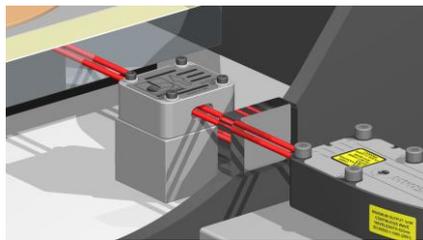
**Cavity Profiler – new 3D laser scanning software to speed underground mapping and modelling operations**



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



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



**RVI20 vacuum compatible interferometer assembly for plane mirrors**



## Group revenue analysis - Healthcare

### Revenue

	2015 £m	2014 £m	Change %
Healthcare	9.9	13.3	-26%

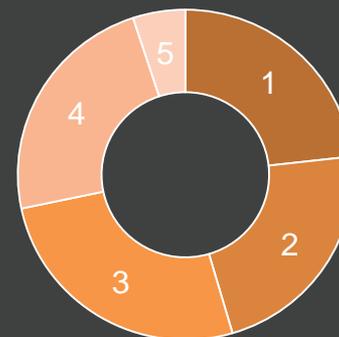
### Changes in geographic area

	Change %
Far East	-54%
Europe	-44%
Americas	+4%
UK & Ireland	+77%

### Results

	2015 £m	2014 £m
Operating (loss)	(5.7)	(2.3)

### Revenue by region £m



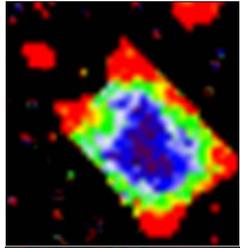
	2015 £m	2014 £m
1 Far East	2.3	5.0
2 Continental Europe	2.2	3.9
3 North and South America	2.6	2.5
4 UK	2.3	1.3
5 Other regions	0.5	0.6

## Healthcare highlights

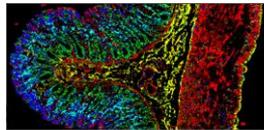
---

- Growth in neuro and dental products lines.
- Spectroscopy revenue lower but recovery expected in the second half year.
- Encouraging interest in our 3D additive manufacturing system for medical applications.
- Neuroinspire™ V4.0 surgical planning software, which includes significant new functionality, is CE marked and now available for sale in the EU.
- Neuroinspire 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.

## New product releases / Healthcare



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



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

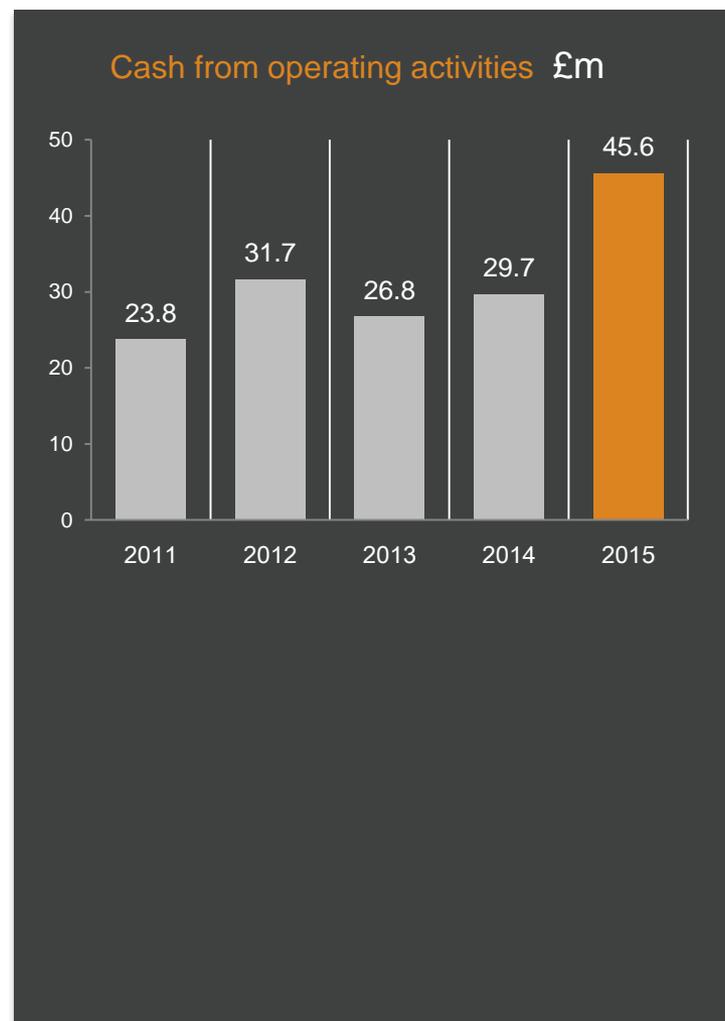


neuroinspire V4.0 - with significant new functionality including ability to interface with hospital data networks (PACS) and support for SEEG procedures



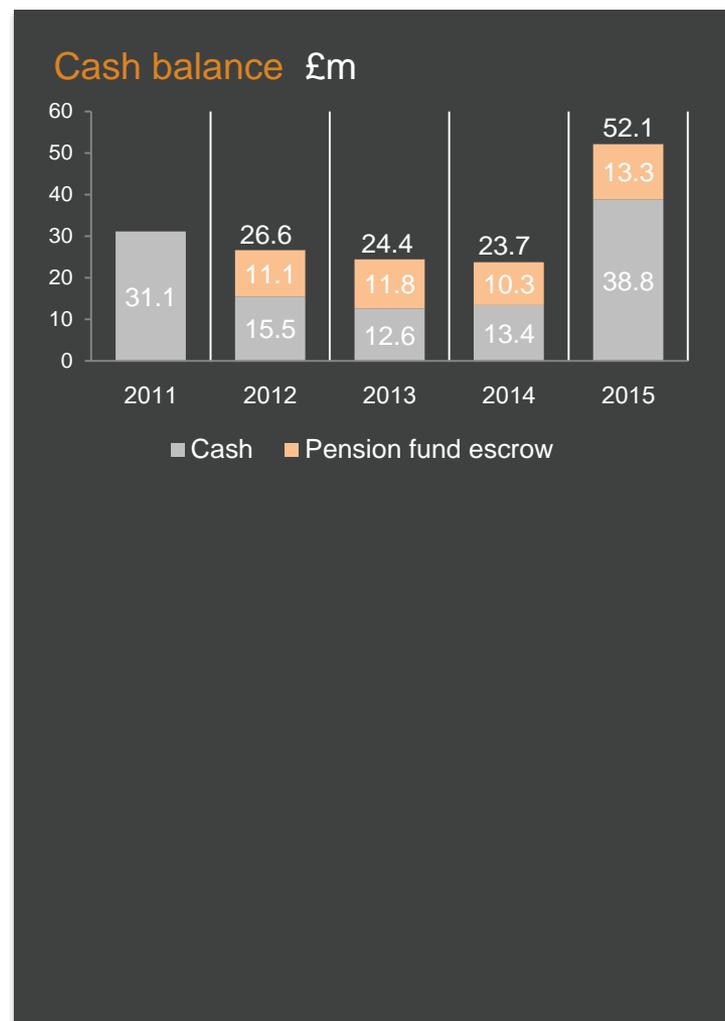
## Cash flow from operating activities

	2015 £m	2014 £m
<b>Profit before tax</b>	<b>56.6</b>	25.6
<b>Depreciation and amortisation</b>	<b>13.4</b>	12.0
<b>Financial income and expenses</b>	<b>0.4</b>	0.5
<b>Share of profits from associates</b>	<b>(0.4)</b>	(0.7)
<b>(Increase) in inventory</b>	<b>(4.1)</b>	(0.3)
<b>(Increase)/decrease in debtors</b>	<b>(16.0)</b>	5.6
<b>Increase/(decrease) in creditors</b>	<b>2.6</b>	(6.7)
<b>Total movement in working capital</b>	<b>(17.5)</b>	(1.4)
<b>DB pension contributions</b>	<b>(1.1)</b>	(1.1)
<b>Income taxes paid</b>	<b>(5.8)</b>	(5.2)
<b>Cash from operating activities</b>	<b>45.6</b>	29.7



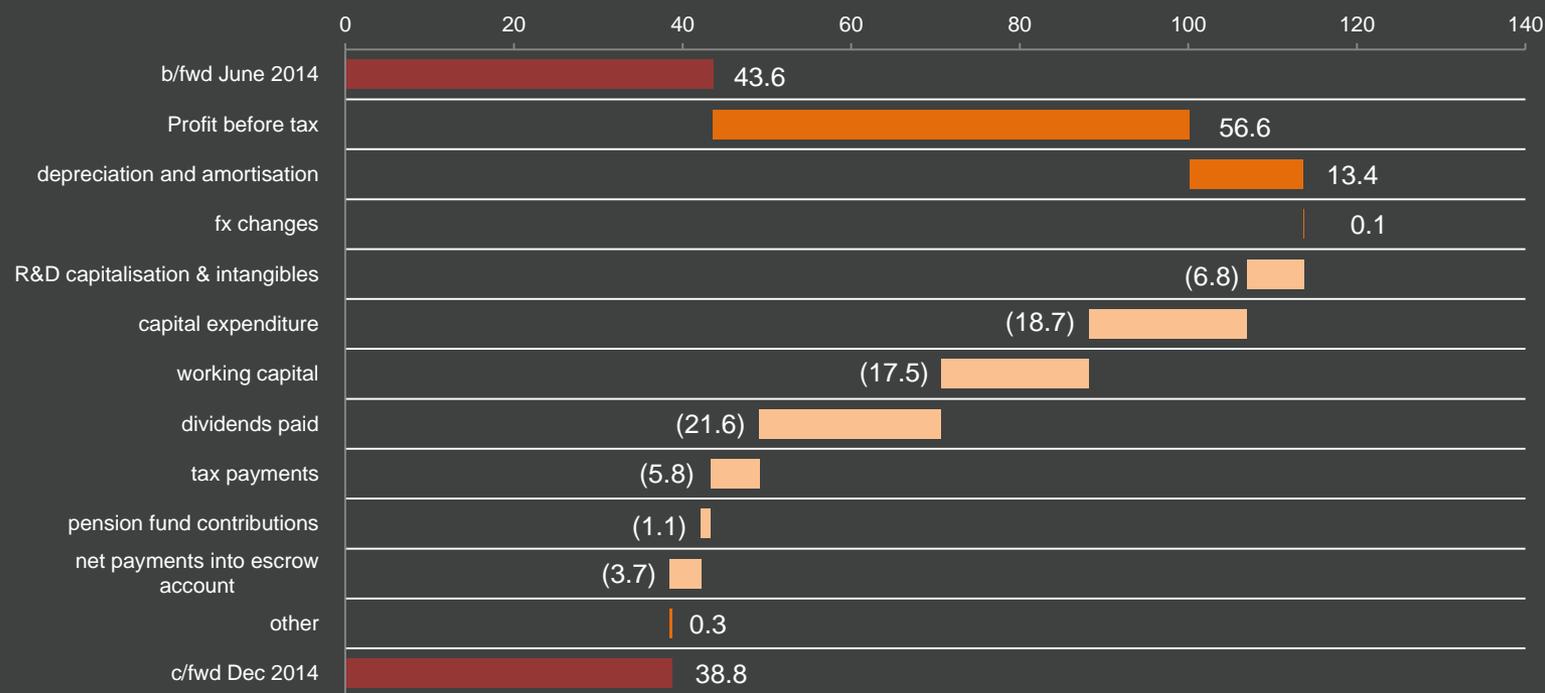
## Cash flow

	2015 £m	2014 £m
<b>Cash from operating activities</b>	<b>45.6</b>	29.7
<b>Interest received less paid</b>	<b>0.3</b>	0.3
<b>Dividends paid less received</b>	<b>(21.6)</b>	(20.8)
<b>Fixed assets purchased (net)</b>	<b>(18.7)</b>	(19.1)
<b>Intangible assets acquired</b>	<b>(0.9)</b>	(0.5)
<b>Development costs capitalised</b>	<b>(5.9)</b>	(5.8)
<b>Net movement with escrow account</b>	<b>(3.7)</b>	0.7
<b>Net cash flow</b>	<b>(4.9)</b>	(15.5)
<b>Cash at 1st July</b>	<b>43.6</b>	26.6
<b>Effect of exchange rate changes</b>	<b>0.1</b>	2.3
<b>Cash at 31st December</b>	<b>38.8</b>	13.4



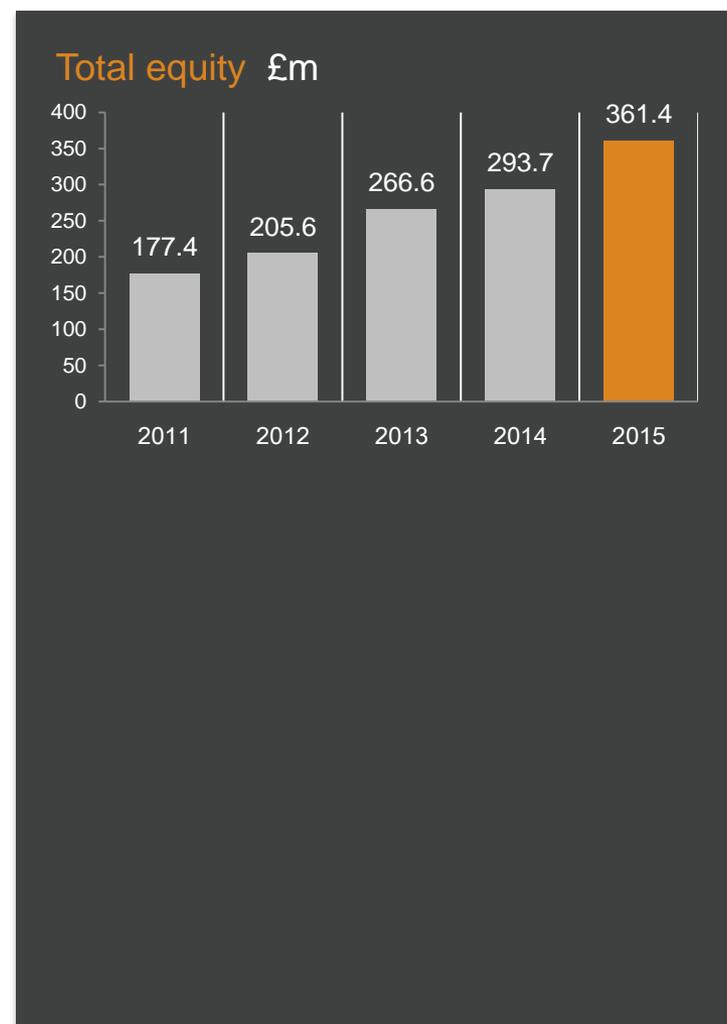
## Cash flow

### Change in cash balance for the period £m



## Balance sheet

£m	Dec 2014	June 2014	Change %
<b>Property, plant &amp; equipment</b>	<b>152.2</b>	140.9	+8%
<b>Intangible assets &amp; investments</b>	<b>60.1</b>	58.8	+2%
<b>Deferred tax assets</b>	<b>17.0</b>	16.2	+5%
<b>Derivatives</b>	<b>9.0</b>	18.6	-52%
<b>Total non-current assets</b>	<b>238.3</b>	234.5	+2%
<b>Inventory</b>	<b>67.0</b>	63.0	+6%
<b>Debtors</b>	<b>112.5</b>	94.3	+19%
<b>Derivatives</b>	<b>10.3</b>	13.4	-23%
<b>Pension fund cash escrow</b>	<b>13.3</b>	9.5	+40%
<b>Cash</b>	<b>38.8</b>	43.6	-11%
<b>Creditors (current)</b>	<b>(46.2)</b>	(40.2)	+15%
<b>Net current assets</b>	<b>195.7</b>	183.6	+7%
<b>Deferred tax liability</b>	<b>(19.9)</b>	(23.4)	-15%
<b>Pension fund deficit</b>	<b>(46.9)</b>	(43.1)	+9%
<b>Other payables</b>	<b>(5.8)</b>	(0.8)	-
<b>Net assets, equal to Total equity</b>	<b>361.4</b>	350.8	+3%



## Capital expenditure

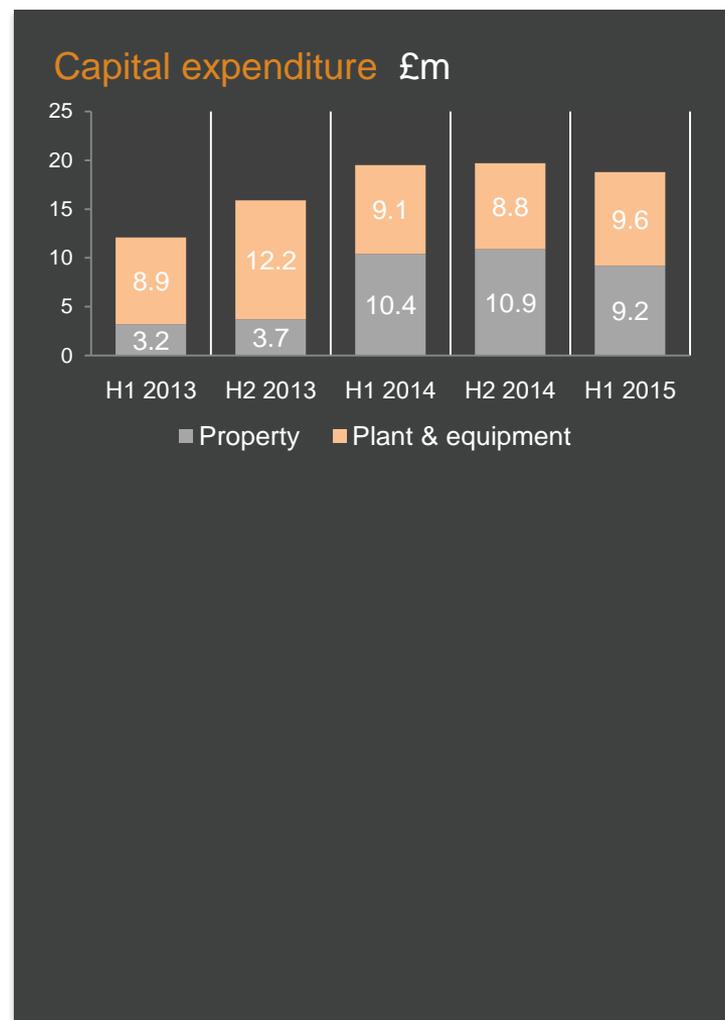
	2015 £m	2014 £m
<b>Capital expenditure</b>	<b>18.8</b>	19.5

### •Property

- Completion of 153,000 sq ft at New Mills.
- Additional premises purchased for Irish subsidiary, adjacent to existing facility.

### •Plant & equipment

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



## Capital expenditure - property



**Renishaw plc, New Mills**

**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 plans have 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 135,000 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.

## Outlook

---

We have experienced a strong first half year and, as we indicated in our last trading statement, the trend in revenue growth is expected to continue into the second half of this financial year. We currently anticipate full year revenue to be in the range of £480m to £510m and profit before tax to be in the range of £130m to £150m. Research and development continues at a strong pace and a number of additional products will be introduced this year. Furthermore, we are expanding our sales and marketing activities throughout the Group. We remain confident of the Group's prospects for both this year and the future.