

Renishaw plc
Trading update
15 October 2019

Renishaw plc, the global high-precision metrology and healthcare technology group, publishes this trading update for the three months ended 30 September 2019. It contains unaudited information that covers the first quarter and the period since.

Trading activity

Revenue for the first quarter of the current financial year was £124.6m, compared to £154.0m for the corresponding period last year.

In our metrology business revenue amounted to £119.7m compared to £147.4m last year. The first quarter of 2019 benefitted from a number of large orders from end-user manufacturers of consumer electronic products in the APAC region which have not been repeated this year. Furthermore, we have experienced reduced demand for our products as a result of the challenging global macroeconomic environment.

Revenue in our healthcare business was £4.9m compared with £6.6m last year, due to the timing of additive manufacturing machine sales into the healthcare market.

Adjusted* profit before tax for the first quarter amounted to £4.3m compared with £32.6m last year and the statutory profit before tax amounted to £5.1m (2019: £33.5m).

Adjusted profit before tax includes restructuring provisions of £2m following the decision to close our additive manufacturing facility at Stone, Staffordshire and relocate the activities to our Headquarters site at Wotton-Under-Edge, Gloucestershire and our site at Miskin near Cardiff, South Wales.

Financial position

The Group balance sheet remains strong with net cash balances of £98.5m as at 30 September 2019 compared to £106.8m at 30 June 2019.

Outlook

As indicated at the time of our full year results in July, trading conditions are expected to remain challenging through the remainder of this financial year driven by the global macroeconomic environment.

The Board believes that the structural demand drivers in our end-markets remain intact. The Group is in a strong financial position and remains committed to our long-term strategy of delivering growth through the development and introduction of innovative and patented products. However, as previously indicated, we are focussed on improving productivity and we are committed to undertaking further initiatives to reduce the Group's cost base.

The results for the half year ending 31 December 2019 will be released on 30 January 2020.

This announcement contains inside information.

Sir David McMurtry
CBE, RDI, FRS, FREng, CEng, FIMechE
Executive Chairman

William Lee
Chief Executive

15 October 2019

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* **Adjusted profit before tax**

The adjustment to statutory profit relates to the accounting treatment of certain forward currency contracts used as hedging instruments which do not qualify for hedge accounting as they do not meet the hedge effectiveness criteria set out in the International Accounting Standard IFRS 9 'Financial Instruments'. The Board deems that the adjusted profit before tax better reflects the underlying performance of the Group. The following table reconciles statutory profit before tax to adjusted profit before tax:

£'m	Q1 2020	Q1 2019
Adjusted profit before tax	4.3	32.6
Fair value gains/losses on financial instruments not eligible for hedge accounting		
- reported in revenue	1.2	1.8
- reported in (losses)/gains from the fair value of financial instruments	(0.4)	(0.9)
Statutory profit before tax	<u>5.1</u>	<u>33.5</u>