

Renishaw plc
Interim management statement
14th May 2014

Renishaw plc issues the following Interim management statement covering the period from 1st January 2014 to 13th May 2014. Financial information in this announcement relating to the current year is unaudited.

Group trading activity

Revenue	3rd quarter ended 31st March			9 months ended 31st March		
	2013	2014	Change	2013	2014	Change
	£m	£m	%	£m	£m	%
Metrology	74.7	78.8	+5%	237.2	229.5	-3%
Healthcare	7.2	5.7	-21%	18.9	19.0	+1%
Total	81.9	84.5	+3%	256.1	248.5	-3%

Revenue for the third quarter ended 31st March 2014 was £84.5m, compared with £81.9m for the comparable period last year. Cumulative revenue for the 9 months to 31st March 2014 of £248.5m was 3% below the £256.1m for the comparable period.

During the third quarter we experienced growth in the Americas, the Far East and the UK, when compared with the corresponding period last year.

As previously noted, the first half year revenue was subject to tough comparators due to exceptionally high revenue from certain Far East customers. As a result, cumulative revenue for the 9 months in the Far East was 16% below the corresponding period last year. Europe showed a growth of 4%, the Americas a growth of 9%, with the UK, a smaller market, being 12% higher.

Third quarter revenue has been impacted by the strengthening Pound and at previous year exchange rates cumulative revenue would have been £4.7m higher.

Adjusted and restated profit before tax (see note)	2013	2014	Change
	£m	£m	%
3rd quarter ended 31st March	15.9	14.4	-9%
9 months ended 31st March	58.1	40.0	-31%

Profit before tax for the third quarter amounted to £14.4m compared with a restated £15.9m last year and for the 9 months to 31st March 2014, excluding the exceptional credits in both years (see note below), amounted to £40.0m compared with a restated £58.1m last year.

At previous year exchange rates, cumulative adjusted profit before tax would have been £2.2m higher.

Disposal of shareholding in Delcam plc

In February 2014, Autodesk Development B.V., a wholly owned subsidiary of Autodesk, Inc. acquired the whole of the issued share capital of Delcam plc at a price of £20.75 per share. Renishaw held 1,543,032 Delcam shares (19.4%) which resulted in a total consideration of £32.0m. The investment held in the balance sheet was £5.7m, giving a profit on disposal of £26.3m. This profit will be disclosed as an exceptional item in the Consolidated income statement in the full year results.

It is our intention that the proceeds arising will be used to support ongoing and future investments in the business.

Metrology

Revenue in the Group's metrology sector for the third quarter was £78.8m, 5% above last year's third quarter of £74.7m and for the 9 months amounted to £229.5m compared with £237.2m for the same period last year. Good growth has been experienced in our additive manufacturing (AM), encoder and measurement automation product lines.

New products introduced into the market during the third quarter include the ultra-compact ATOM™ readhead, an innovative optical and rotary incremental encoder system.

Healthcare

In our healthcare business sector, revenue for the third quarter was £5.7m, compared with £7.2m for the comparable period last year. Revenue for the 9 months was £19.0m compared with £18.9m last year.

An increasing number of territories are granting regulatory approval for the neuromate® robotic system. In the USA, the US Food and Drug administration (FDA) has issued clearance to market the neuromate frameless Gen II stereotactic robotic system. The USA is the largest global market for medical devices and their clearance to market the neuromate robotic system will therefore open up new sales opportunities. Also during the last quarter, product registration for the neuromate has been granted by the Saudi Food and Drug Administration where a system is now in use.

Pioneering facial reconstruction surgery using AM printed implants has recently taken place at Morriston Hospital in Swansea, Wales. For the surgery, which was carried out to reconstruct the face of a motorbike crash victim, Renishaw supplied cutting and placement guides which were AM printed in cobalt chrome alloy on a Renishaw AM250 additive manufacturing machine.

Group developments

In the UK, work continues on the additional 153,000 sq ft facility at New Mills with completion due this September.

In Shanghai, China, the Group has acquired new premises for the management of our sales, marketing, distribution and support operations throughout China.

In March 2014, the Group purchased the business of Advanced Consulting & Engineering, Inc ("ACE"), a USA-based supplier of dimensional measurement products and services focused on the automotive industry. The acquisition of family-owned ACE, based in Rochester Hills, Michigan, provides Renishaw with further specialist programming capabilities using leading industry packages and will help to support Renishaw's sales of co-ordinate measuring machine (CMM) probing systems and Equator gauges in the USA.

Group headcount at the end of March 2014 was 3,370, an increase of 135 from the 3,235 at the start of the financial year.

Awards

On 21st April 2014, Renishaw received a Queen's Award for Enterprise 2014 in the Innovations category for its inVia Raman microscope. This prestigious Award was granted for the continuous development of the inVia, with ultra-fast Raman imaging, which enables the rapid generation of high definition 2D and 3D chemical images for material analysis. This is the Company's seventeenth Queen's Award since its formation in 1973 and its eighth in just eleven years.

At the MWP Awards event, which took place during the MACH Exhibition at the beginning of April 2014 and which is the largest awards programme for UK metalworking and associated industries, the new Renishaw Fixtures line was Winner of the 'Best Workholding and Fixturing' category and the new SPRINT™ scanning probe system was Highly Commended in the 'Best Quality Control Equipment' category. Metrology Software Products Limited, our associate company, was winner of the 'Best Production Management Software/System' category with its 'NC-PerfectPart' product.

Financial position

The Group continues to maintain a strong balance sheet with net cash balances of £50.8m at 31st March 2014, boosted by the Delcam disposal proceeds noted above, and compares with £35.1m at 31st March 2013. Additionally, there is an escrow account of £9.9m (31st March 2013 £11.0m) relating to the provision of security for the Group's defined benefit pension scheme.

Outlook

The Group faced tough financial comparators for the first half of this financial year and sterling has strengthened in recent months. With global investment in production systems and processes expected to expand and our continuing investment in our business sectors, we remain confident for the long-term prospects of the Group.

Sir David McMurtry CBE, RDI, FRS, FEng, CEng, FIMechE

Chairman and Chief Executive

14th May 2014

Note on Adjusted and restated profit before tax

Last year's results for the first 9 months have been restated from £59.8m to £58.1m to reflect the amendment to the accounting standard IAS 19 relating to pension accounting. Also, adjusted figures exclude the exceptional profit of £26.3m on the disposal of the shareholding in Delcam plc for the current year and exclude an exceptional gain of £2.9m relating to an early settlement of a deferred consideration for the previous year.

Note on date of announcement of full year's results

Renishaw will be announcing its year end results to 30th June 2014 on 23rd July 2014.

Renishaw plc

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