

2016 results

27th July 2016

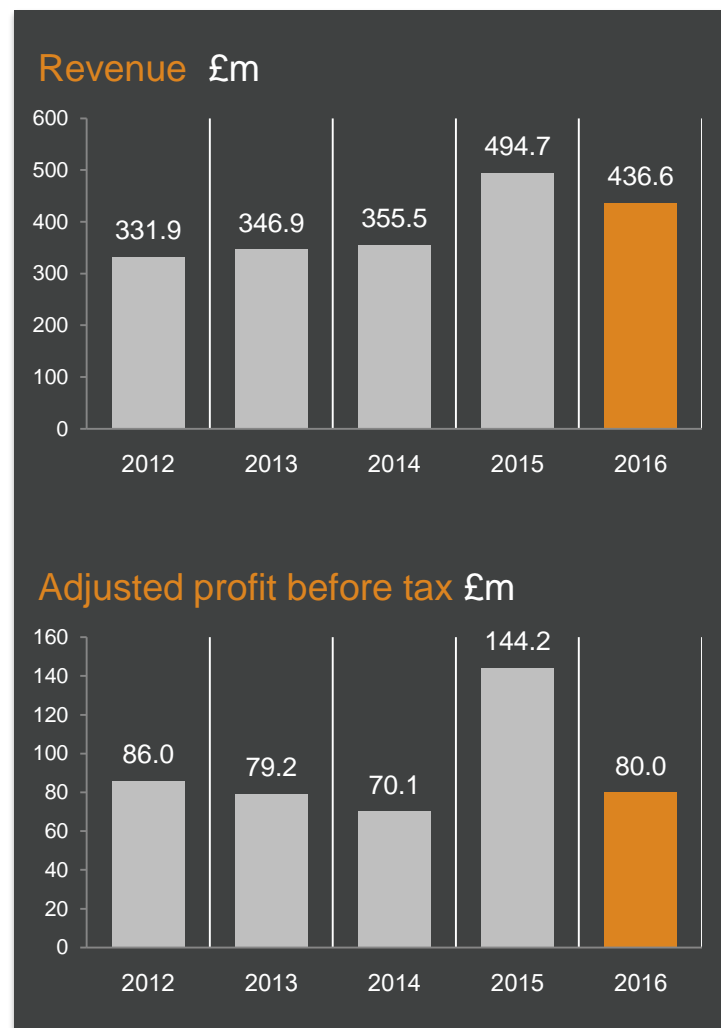
Chairman's statement



- Revenue of £436.6m, compared with £494.7m last year.
- Underlying growth of 6%, after excluding exceptional far East orders.
- Good growth in measurement automation, additive manufacturing and encoder products lines in our Metrology business.
- Growth in medical dental and neurological products lines in our Healthcare business.
- Capital expenditure of £53m, providing for future growth around the world.
- Headcount increase of 174, including 106 graduates and apprentices.
- Strong balance sheet, with cash of £37m at the end of the year, including £15m in the escrow account relating to security for the defined benefit pension scheme.
- Increased dividend of 48.0p (2015: 46.5p).

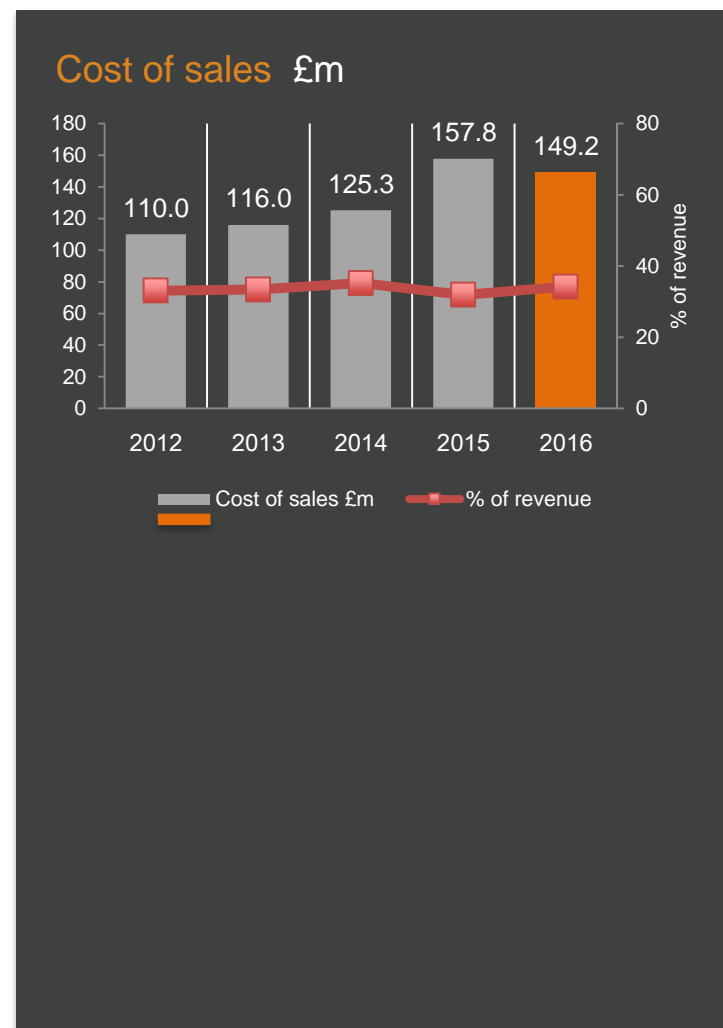
Financial highlights

| | 2016 £m | 2015 £m | Change % |
|--------------------|--------------|------------|-------------|
| Revenue | 436.6 | 494.7 | -12% |
| Operating profit | 79.5 | 143.9 | -45% |
| Profit before tax | 80.0 | 144.2 | -45% |
| Tax | 11.4 | 22.9 | -50% |
| Profit after tax | 68.6 | 121.3 | -43% |
| Earnings per share | 94.9p | 167.5p | -43% |
| Dividend per share | 48.0p | 46.5p | +3.2% |



Income statement

| | 2016 | | 2015 | | Change |
|-----------------------------------|----------------|------------|---------|-----|--------|
| | £m | % | £m | % | |
| Revenue | 436.6 | 100 | 494.7 | 100 | -12% |
| Cost of sales | (149.2) | 34 | (157.8) | 32 | -5% |
| Engineering (inc. R&D) | (69.1) | 16 | (63.3) | 13 | +9% |
| Gross profit | 218.3 | 50 | 273.6 | 55 | -20% |
| Distribution costs | (97.8) | 22 | (87.9) | 18 | +11% |
| Administrative costs | (41.0) | 9 | (41.8) | 8 | -2% |
| Operating profit | 79.5 | 18 | 143.9 | 29 | -45% |
| Financial expense (net) | (0.9) | - | (0.6) | - | - |
| Profit from associates | 1.4 | - | 0.9 | - | - |
| Profit before tax | 80.0 | 18 | 144.2 | 29 | -45% |

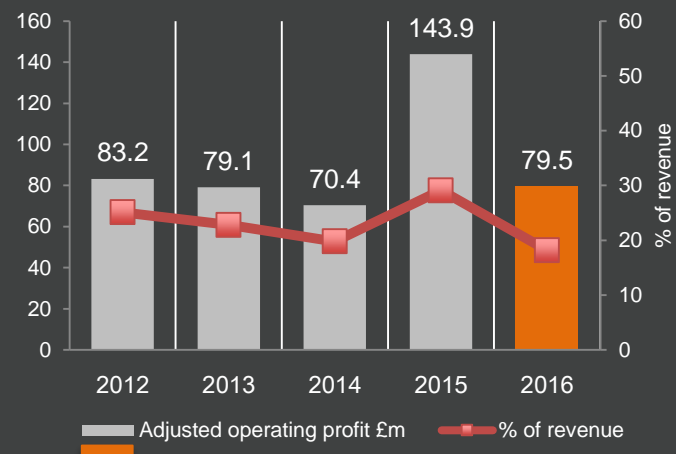


Income statement – Operating profit

Operating profit - segmental

| | 2016 £m | 2015 £m | Change % |
|-------------------------------|-------------|--------------|-------------|
| Metrology | 85.9 | 150.7 | -43% |
| Healthcare | (6.4) | (6.8) | -6% |
| Total operating profit | 79.5 | 143.9 | -45% |

Adjusted operating profit £m



Income statement – Engineering costs

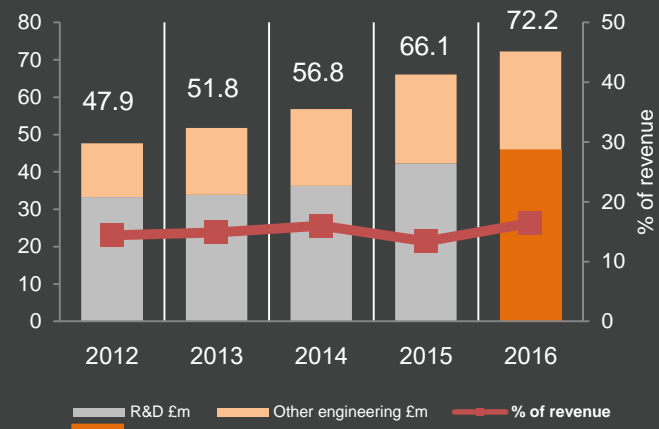
Engineering costs

| | 2016 £m | 2015 £m | Change % |
|------------------|-------------|------------|-------------|
| Total spend | 72.2 | 66.1 | +9% |
| Less capitalised | 3.1 | 2.8 | +11% |
| Income statement | 69.1 | 63.3 | +9% |

| | 2016 £m | 2015 £m | Change % |
|-----------------------|-------------|------------|-------------|
| Total spend segmental | | | |
| Metrology | 60.1 | 55.0 | +9% |
| Healthcare | 9.0 | 8.3 | +8% |

| | 2016 £m | 2015 £m | Change % |
|-------------------|-------------|------------|-------------|
| New product spend | 46.0 | 42.3 | +9% |

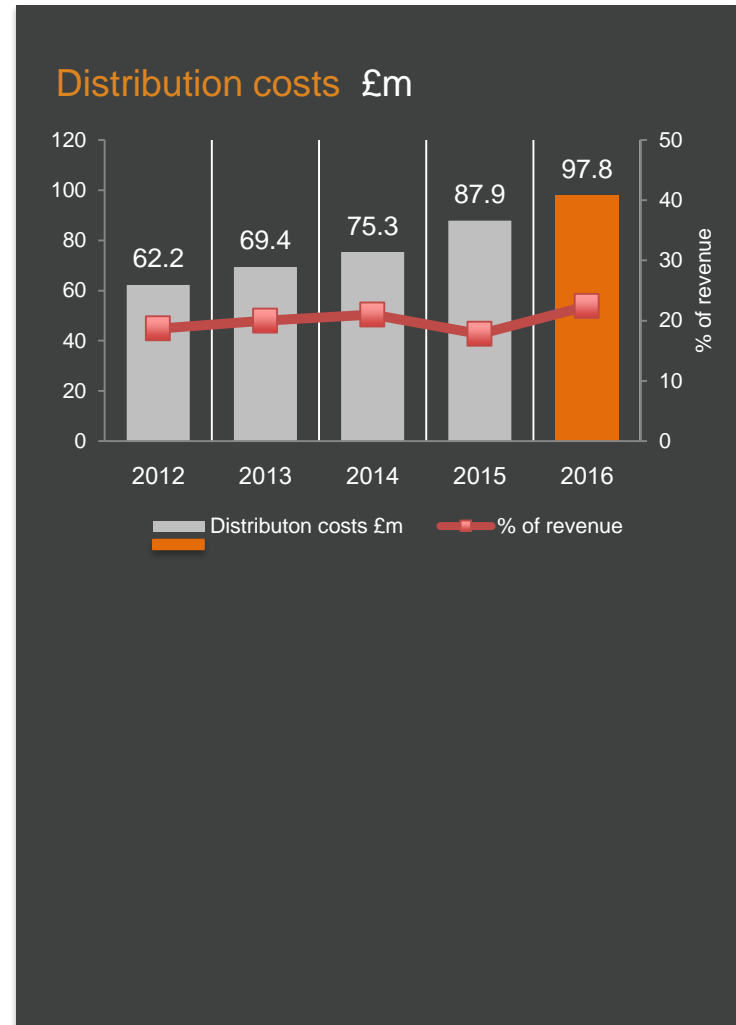
Engineering costs (total) £m



Income statement – Distribution costs

Distribution costs

- Expansion of global marketing and distribution infrastructure to support new and existing products with the recruitment of 122 sales, marketing and application engineering employees.
- Distribution costs up 11% from last year, 22% of revenue (2015: 18%).
- New building near Chicago, to provide for expansion and relocation of Renishaw Inc. activities, will be completed in the autumn.
- New sales and marketing subsidiaries set up in Denmark, Finland and Hungary.



Income statement – Administrative costs and Group employees

Group headcount (at June)

| | 2016 No. | 2015 No. | Change No. |
|--------------|--------------|--------------|---------------|
| UK | 2,782 | 2,725 | +57 |
| Overseas | 1,504 | 1,387 | +117 |
| Total | 4,286 | 4,112 | +174 |

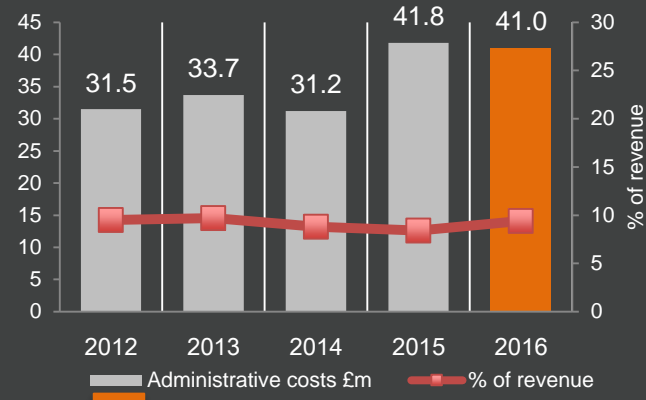
- Continued growth in employees to support investment in new product development and expansion of marketing and support facilities.

- Headcount up 174 from June 2015.

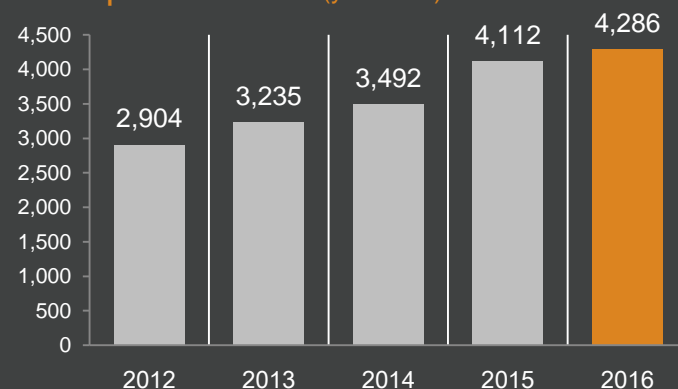
- Increase in employees includes 42 apprentices and 64 graduates.

- Additionally we are sponsoring 43 students at UK universities mostly on engineering, science and software courses.

Administrative costs £m

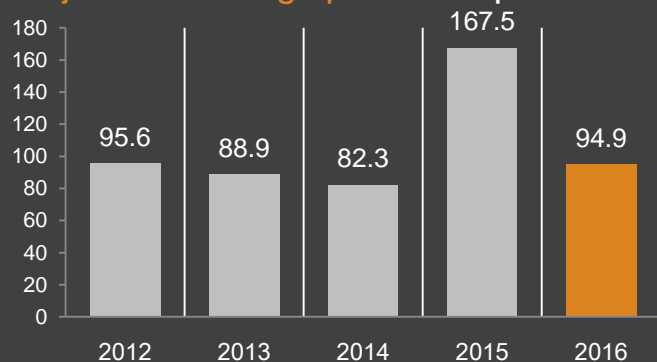


Group headcount (year end) No.

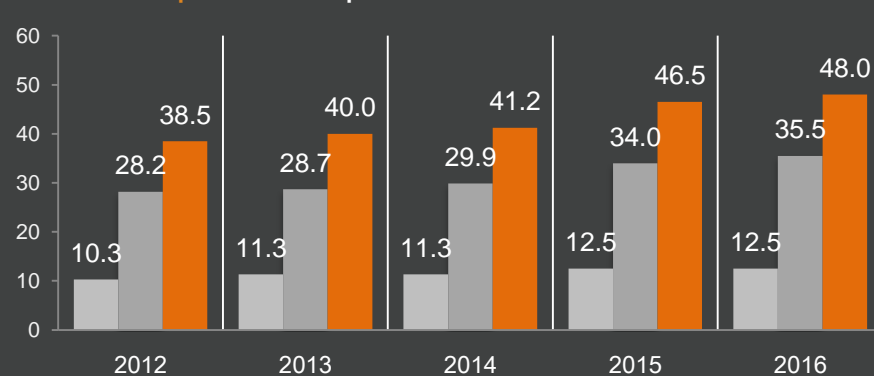


Adjusted earnings per share and Dividend per share

Adjusted earnings per share p



Dividend per share p



■ Interim ■ Final ■ Total

| | | | | | |
|-----------------------------|------|-----|-----|------|-----|
| Full year dividend increase | +10% | +4% | +3% | +13% | +3% |
| Full year dividend cover | 2.5 | 2.3 | 2.0 | 3.6 | 2.0 |

Group revenue analysis

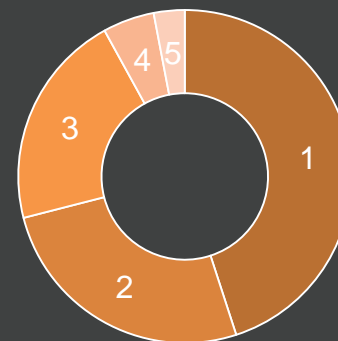
Changes in geographic area

| | Change at actual fx % | Change at constant fx % |
|--------------|-----------------------|-------------------------|
| Far East | -24% | -26% |
| Europe | +9% | +9% |
| Americas | -4% | -6% |
| UK & Ireland | -9% | -9% |
| Total | -12% | -13% |

Revenue by major countries

| | 2016 £m | 2015 £m |
|-------------|------------|------------|
| China | 107.6 | 119.6 |
| USA | 80.0 | 82.3 |
| Japan | 49.3 | 43.9 |
| Germany | 48.5 | 44.7 |
| South Korea | 13.2 | 73.1 |

Revenue by region £m



| | 2016 £m | 2016 % | 2015 £m |
|----------------------|--------------|------------|--------------|
| 1 Far East | 195.3 | 45 | 257.7 |
| 2 Continental Europe | 112.1 | 26 | 103.1 |
| 3 Americas | 92.2 | 21 | 96.3 |
| 4 UK | 23.2 | 5 | 25.5 |
| 5 Other regions | 13.8 | 3 | 12.1 |
| Total | 436.6 | 100 | 494.7 |

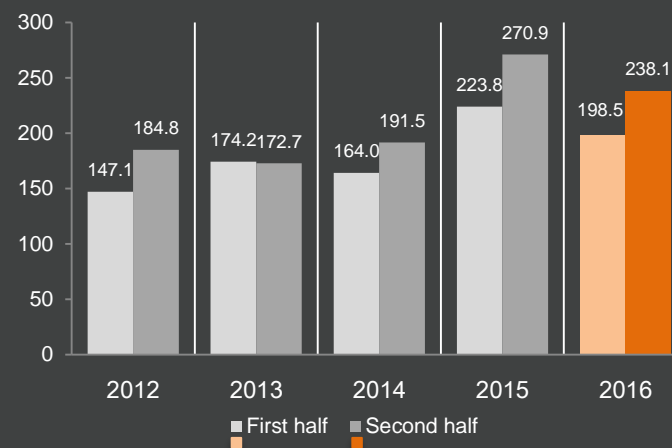
Group revenue analysis

Revenue

| | 2016 £m | 2015 £m | Change % |
|--------------|--------------|--------------|-------------|
| Metrology | 408.2 | 467.0 | -13% |
| Healthcare | 28.4 | 27.7 | +3% |
| Total | 436.6 | 494.7 | -12% |

•Revenue benefited by £6.9m when compared with previous year's exchange rates.

Revenue – 1st & 2nd half £m



Year-on-year changes:

| | | | | |
|-------------|------|------|------|------|
| First half | +18% | -6% | +36% | -11% |
| Second half | -7% | +11% | +41% | -12% |

Group revenue analysis - Metrology

Revenue

| | 2016 £m | 2015 £m | Change % |
|-----------|--------------|------------|-------------|
| Metrology | 408.2 | 467.0 | -13% |

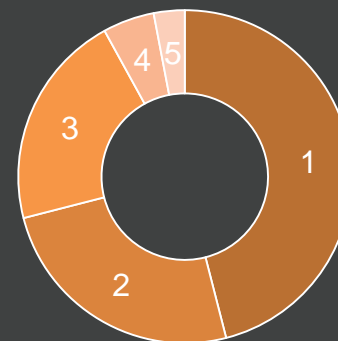
Changes in geographic area

| | Change % |
|--------------|----------|
| Far East | -25% |
| Europe | +7% |
| Americas | -2% |
| UK & Ireland | -11% |

Results

| | 2016 £m | 2015 £m |
|------------------|-------------|------------|
| Operating profit | 85.9 | 150.7 |

Revenue by region £m



| | 2016 £m | 2016 % | 2015 £m |
|----------------------|------------|-----------|------------|
| 1 Far East | 187.6 | 46 | 249.9 |
| 2 Continental Europe | 103.1 | 25 | 96.2 |
| 3 Americas | 87.4 | 21 | 89.4 |
| 4 UK | 18.5 | 5 | 20.7 |
| 5 Other regions | 11.6 | 3 | 10.8 |

Metrology highlights

- Good growth in measurement automation, additive manufacturing and encoder products lines.
- Increased R&D investment to £60.1m (2015: £55.0m).
- Introduction of a number of new products throughout our product lines.
- Announcement of plans for a global network of solution centres for AM, including facilities in the UK, Europe, USA, Canada, India and China, of which four are now established and operating.
- New subsidiaries have been established in Finland, Denmark and Hungary, to expand our marketing, sales, service and distribution infrastructure in Europe.

New product releases / Metrology



REVO-2 / UCC S5 controller
- enhanced power and communications capability for new sensors, e.g. RVP.



REVO Vision Probe (RVP) System - vision inspection system using REVO's infinite positioning and 5-axis motion capability. A solution for parts with large numbers of holes that can't be accurately measured with tactile probing or manual methods.



MODUS 2 has been designed with usability in mind. The innovative interface is simple for new users to learn, and faster to program too, resulting in unprecedented levels of productivity with or without a CAD model.



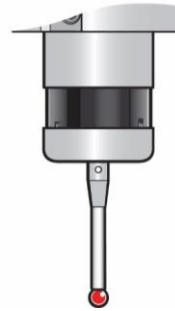
TONiC™ diagnostic kit - users of the TONiC encoder system with the most challenging set-up requirements are now supported by an optional PC software package for use in conjunction with a diagnostic hardware kit; particularly useful in situations where reliable visual assessment of the LED is difficult.

UCCsuite 5.0 – latest release of CMM motion control software with new functionality, including scan blending for improved efficiency in data collection.

New product releases / Metrology



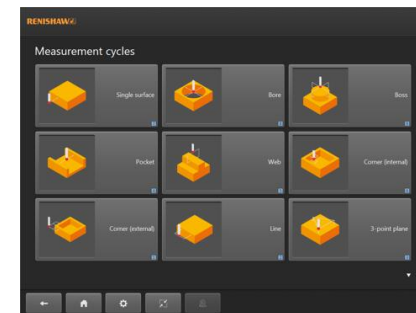
AksIM™ true-absolute magnetic rotary encoder for embedded OEM motion control applications (launched by associate company RLS)



Inspection Plus with SupaTouch optimisation - an enhanced software package that automatically optimises probe measurement cycles on CNC machine tools to minimise cycle time and maximise productivity.



FixtureBuilder 3D-modelling software to create fixturing set-ups, and assist with documentation and off-line programming



Renishaw Set and Inspect - An on-machine app for interactive part set-up, inspection and toolsetting using Renishaw probes. Complements the new range of touchscreen CNC controllers from major machine tool builders. Part of a developing family of on-machine apps.

New product releases / Metrology

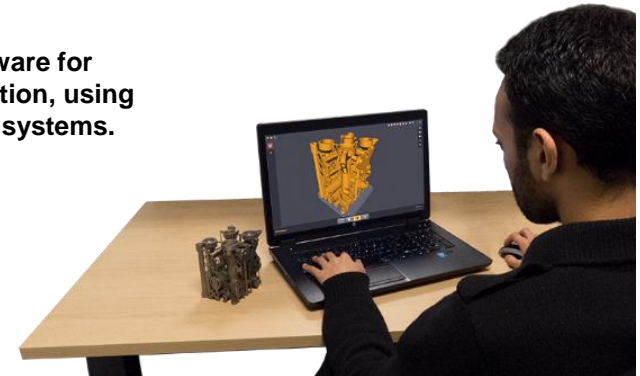


AM400 - Flexible metal additive manufacturing system - a development of the AM250 platform with improved control software, revised gas flow and window protection system, and a new 400 W optical system.

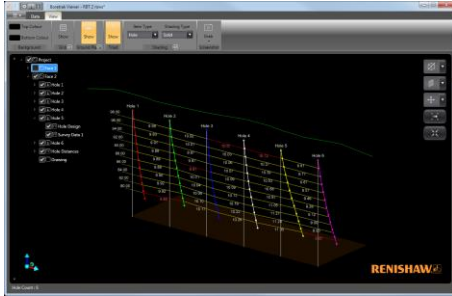
RenAM 500M - Metal additive manufacturing system designed specifically for the production of metal components on the factory floor. It features automated powder and waste handling systems that enable consistent process quality, reduce operator touch times and ensure high standards of system safety. In-house designed optical system and control platform.



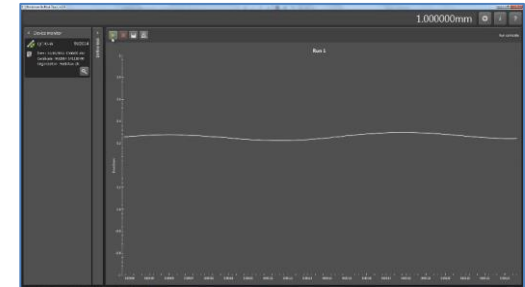
QuantAM - Build preparation software for preparing CAD models for production, using Renishaw additive manufacturing systems.



New product releases / Metrology



Boretrak® Viewer is the new software for use with Renishaw's Cabled Boretrak and Rodded Boretrak deviation measurement system for safer and more efficiently planned drilling and blasting.

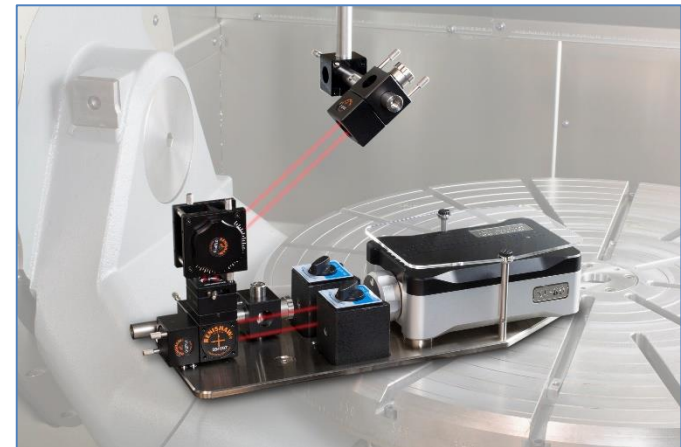


Ballbar Trace - a new time based data capture software package for the QC20-W ballbar. It is free of charge to existing QC20-W users and opens up many new applications, including static monitoring and data capture for ISO 10791-6, and also reduces test setup time for the system.



Merlin - a marine laser scanner developed specifically for cost-effective offshore and inland waterway surveying.

Linear diagonal measurement kit - Laser diagonal tests performed with a XL-80 laser interferometer system can be used to measure diagonal positioning and reversal errors in accordance with B5.54 and ISO 230-6 standards. The new kit is quick and easy to set-up, is easy to align and allows fast data analysis to international standards.



Group revenue analysis - Healthcare

Revenue

| | 2016 £m | 2015 £m | Change % |
|------------|-------------|------------|-------------|
| Healthcare | 28.4 | 27.7 | +3% |

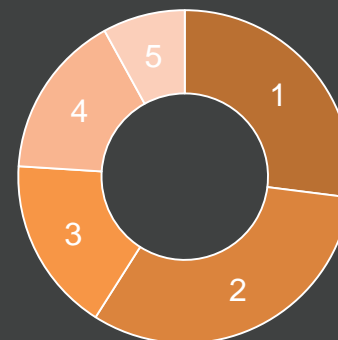
Changes in geographic area

| | Change % |
|--------------|----------|
| Far East | -1% |
| Europe | +30% |
| Americas | -30% |
| UK & Ireland | -2% |

Results

| | 2016 £m | 2015 £m |
|----------------|--------------|------------|
| Operating loss | (6.4) | (6.8) |

Revenue by region £m



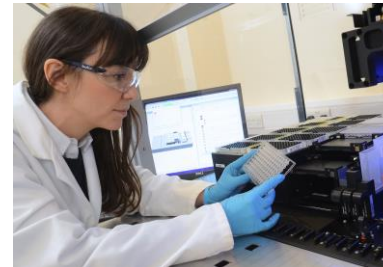
| | 2016 £m | 2016 % | 2015 £m |
|----------------------|------------|-----------|------------|
| 1 Far East | 7.7 | 27 | 7.8 |
| 2 Continental Europe | 9.0 | 32 | 6.9 |
| 3 Americas | 4.8 | 17 | 6.9 |
| 4 UK | 4.7 | 16 | 4.8 |
| 5 Other regions | 2.2 | 8 | 1.3 |

Healthcare highlights

- Good growth in medical dental and neurological products lines.
- Second neuromate® robot installation in Spain.
- Neuromate robot and neuroinspire™ software installations at Great Ormond Street Hospital, London, King's College Hospital, London, University Hospital of Wales, Cardiff and Alder Hey Children's Hospital, Liverpool.
- We are seeing increasing demand for consumable products stemming from our higher installed robot base.
- Neuroinspire surgical planning software has been approved for sale in Australia.
- Launch of first product from Renishaw Diagnostics - the CE-marked RenDx Multiplex Assay System together with its first assay, Fungiplex, a multiplex diagnostic test for the detection of *Candida* and *Aspergillus* fungal infections.
- Renishaw wins Best CAD/CAM Company Award at Dental Laboratories Association Trade Awards.
- Renishaw received a CS Industry Award 2016, organised by Compound Semiconductor magazine in the Metrology category, for its inVia Raman microscope.



Neuromate stereotactic robot.



RenDx Multiplex Assay System.

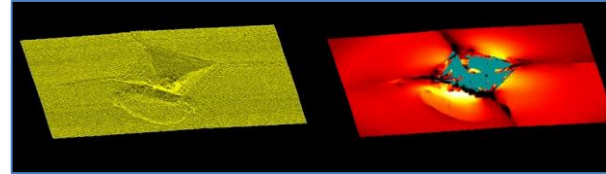


DLA award.



CS award.

New product releases / Healthcare

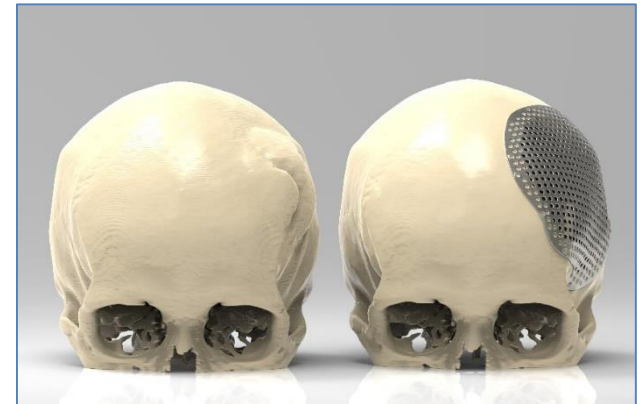


The inVia Qontor, our most advanced Raman microscope, sees the addition of Renishaw's latest innovation, LiveTrack™ focus tracking technology, which enables users to analyse samples with uneven, curved or rough surfaces.

Renishaw is developing solutions for medical and dental additive manufacturing customers, helping to significantly reduce their product's time to market. We work with clinicians and academics to offer metal 3D printed implants direct to hospitals.



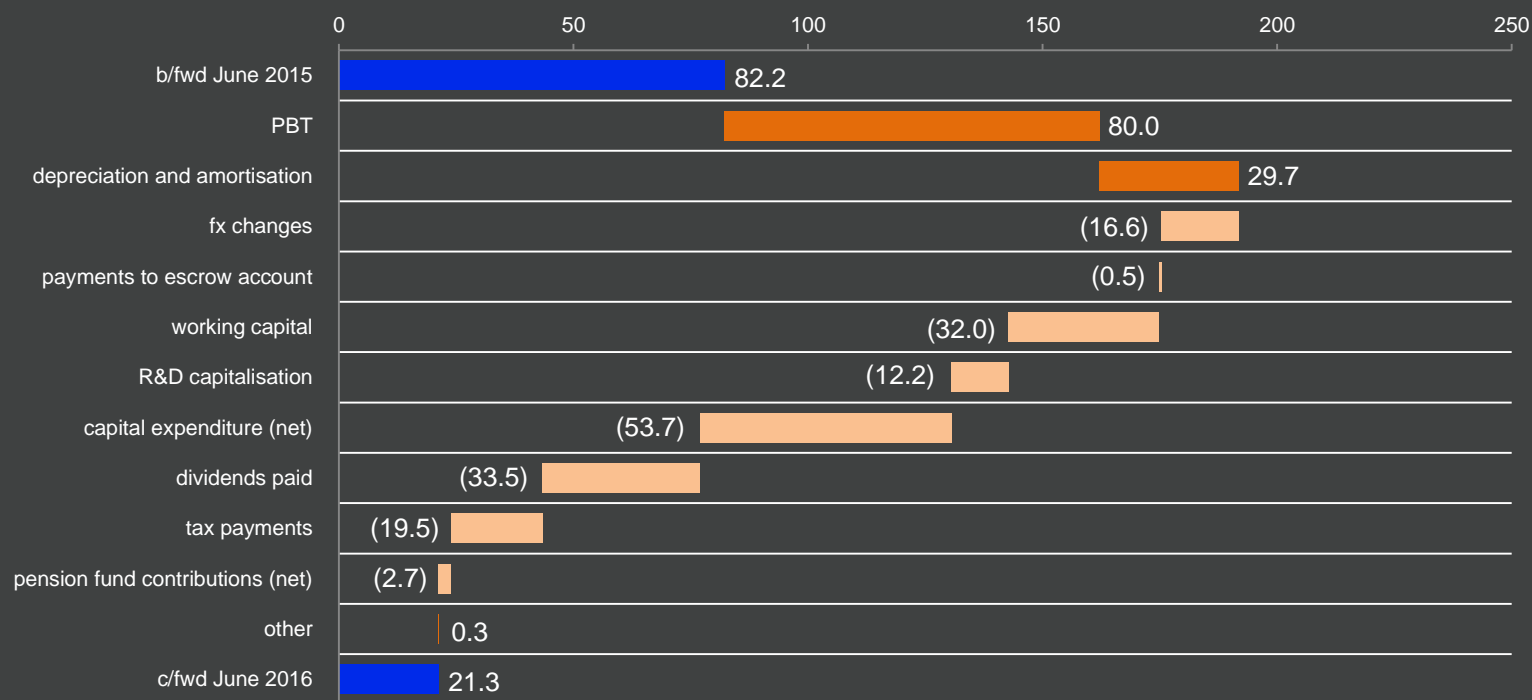
LaserRPD™ - Metal 3D printed partial dentures.



LaserImplants™ - 3D printed metal craniomaxillofacial implants: used as part of treatment for trauma or disease as well as being used in neurological surgery as part of a total Renishaw solution.

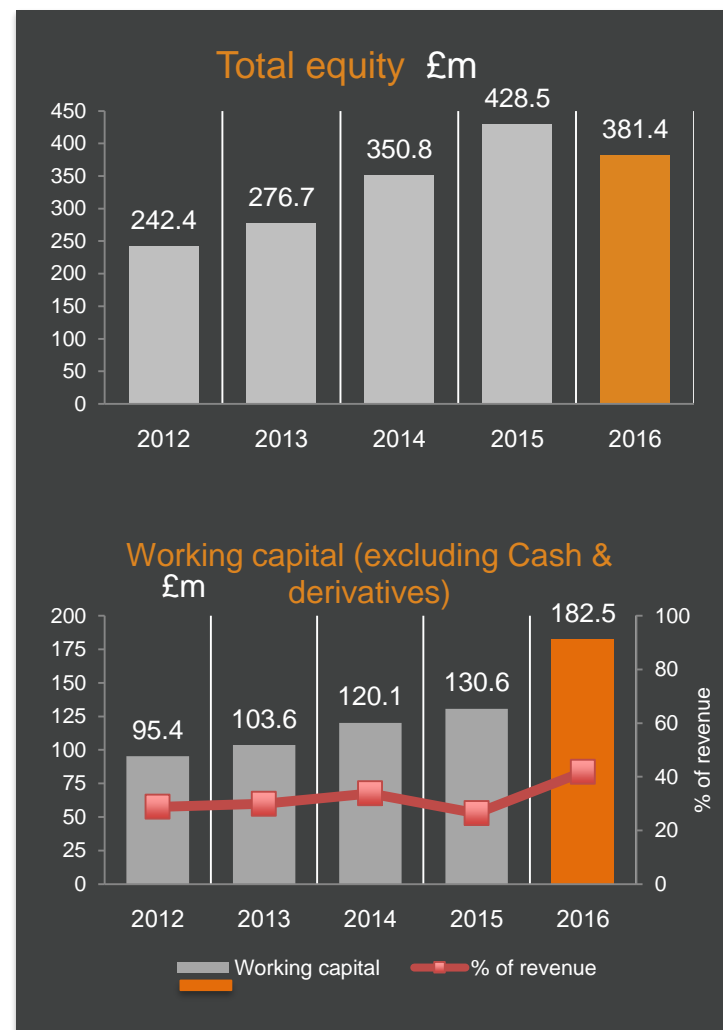
Cash flow

Change in cash balance in the year £m



Balance sheet

| £m | June 2016 | June 2015 | Change % |
|------------------------------------------|--------------|--------------|-------------|
| Property, plant & equipment | 213.9 | 169.6 | +26% |
| Intangible assets & investments | 66.9 | 61.2 | +9% |
| Deferred tax assets | 41.0 | 19.5 | +110% |
| Derivatives | - | 10.5 | -100% |
| Total non-current assets | 321.9 | 260.8 | +23% |
| Inventory | 95.0 | 77.7 | +22% |
| Debtors | 135.1 | 130.0 | +4% |
| Pension fund cash escrow | 15.3 | 14.7 | +4% |
| Cash | 21.3 | 82.2 | -74% |
| Creditors (current) | (66.6) | (63.0) | +6% |
| Net current assets | 200.0 | 241.6 | -17% |
| Deferred tax liability | (22.0) | (22.0) | - |
| Pension fund deficit | (67.8) | (48.1) | +41% |
| Other payables | (50.7) | (3.8) | - |
| Net assets, equal to Total equity | 381.4 | 428.5 | -11% |



Capital expenditure

| | 2016 £m | 2015 £m |
|----------------------------|-------------|------------|
| Capital expenditure | 53.0 | 48.4 |

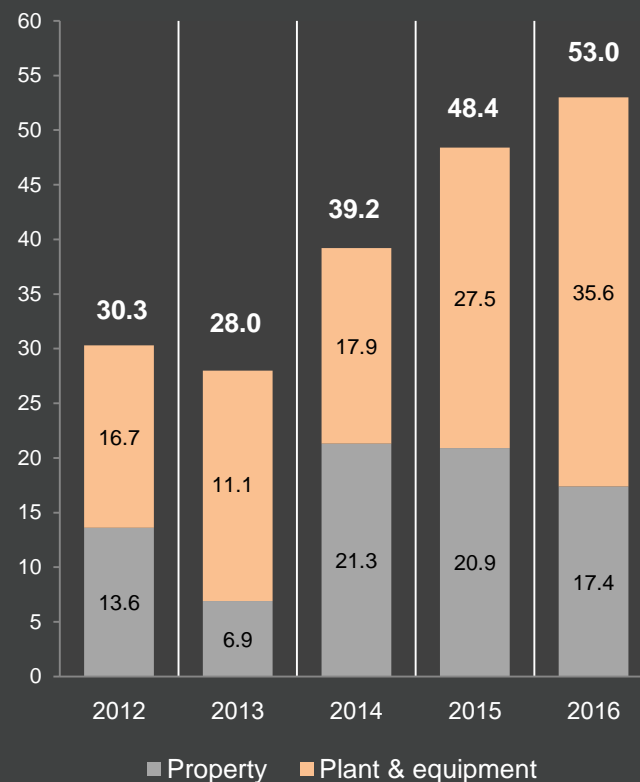
•Property

- Completion of refurbishment of second half of manufacturing facility at Miskin, South Wales.
- Planning consent obtained for Miskin development.
- Near-completion of build of new USA facility, close to Chicago.

•Plant & equipment

- Expansion of production facilities and IT infrastructure.

Capital expenditure £m



Capital expenditure - property



Renishaw plc, Miskin.

Renishaw Inc., Chicago
architect's impression



Board of directors

- Retirement of Ben Taylor at the end of July 2016.
- Appointment of Will Lee, a member of the Executive Board, as Director of Group Sales and Marketing, taking over Ben's responsibilities in this area, and appointed to Renishaw plc board with effect from 1st August 2016.
- Allen Roberts has taken over responsibility for HR, Quality, Corporate Social Responsibility and Financial PR, formerly with Ben.
- Appointment of Kath Durrant, non-executive director, as Chair of the Remuneration committee, in place of Sir David Grant, who remains the senior independent director.
- Knighthood for Sir David Grant in the Queen's Birthday Honours 2016 for his wide-ranging contribution to engineering, technology and education.

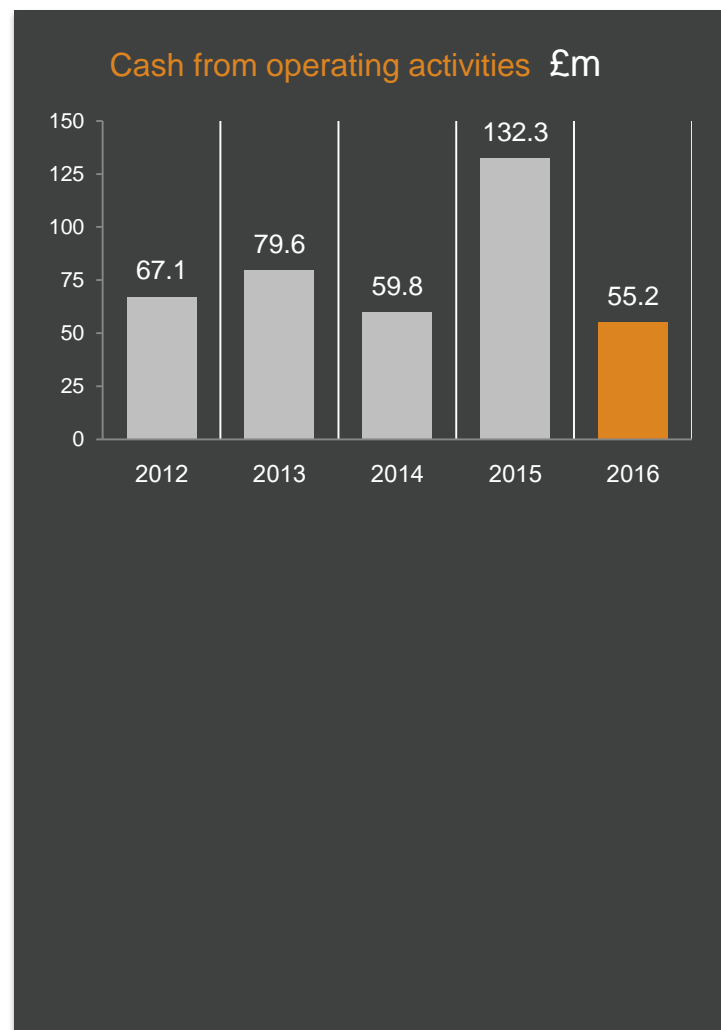
Outlook

The Group 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. Despite current uncertainty surrounding Brexit and significant fluctuations in currency exchange rates, your directors remain confident in the long-term prospects for the Group and currently anticipate growth in both revenue and profits over the next financial year.

Questions ?

Cash flow from operating activities

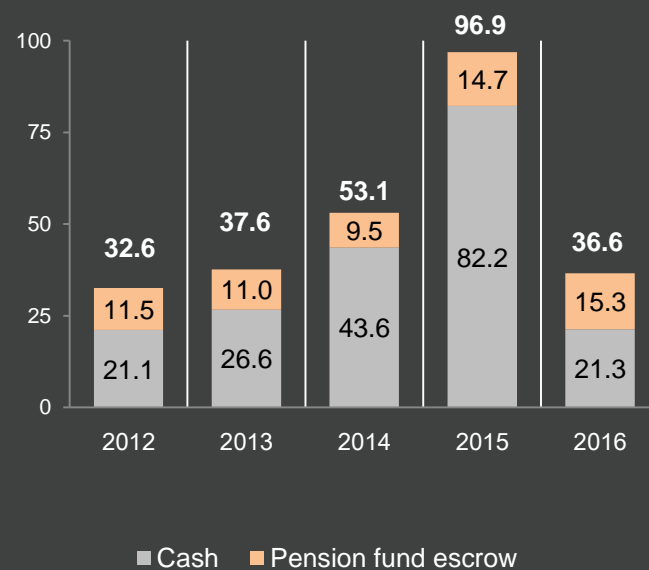
| | 2016 £m | 2015 £m |
|------------------------------------------|---------------|------------|
| Adjusted profit before tax | 80.0 | 144.2 |
| Depreciation and amortisation | 29.9 | 28.0 |
| Financial income and expenses | 0.9 | 0.6 |
| Share of profits from associates | (1.4) | (0.9) |
| Increase in inventory | (17.3) | (14.7) |
| Increase in debtors | (3.0) | (21.7) |
| (Decrease/increase in creditors) | (11.7) | 15.6 |
| Total movement in working capital | (32.0) | (20.8) |
| DB pension contributions | (2.7) | (2.4) |
| Income taxes paid | (19.5) | (16.4) |
| Cash from operating activities | 55.2 | 132.3 |



Cash flow

| | 2016 £m | 2015 £m |
|---------------------------------------|---------------|--------------|
| Cash from operating activities | 55.2 | 132.3 |
| Interest received less paid | 0.6 | 0.9 |
| Dividends paid less received | (33.5) | (30.7) |
| Fixed assets purchased (net) | (52.3) | (46.0) |
| Intangible assets & investments | (1.6) | (1.7) |
| Development costs capitalised | (12.2) | (13.0) |
| Net movement in escrow account | (0.5) | (5.2) |
| Net cash flow | (44.3) | 36.6 |
| Cash at start of year | 82.2 | 43.6 |
| Effect of exchange rate changes | (16.6) | 2.0 |
| Cash at end of year | 21.3 | 82.2 |

Cash balance £m



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