

2013 Interim results

30th January 2013



Introduction

Renishaw is one of the world's leading metrology companies, bringing key technological innovation to our global markets.

With our highly experienced team, we are confidently driving our future growth through innovative and patented products and processes, efficient, high quality manufacturing and the ability to provide local support in all our markets.

Our continuing investment in new property, plant and equipment and new product development is the key to our confidence in our long-term strategic prospects. With in excess of 3,000 staff, highly skilled and motivated, we continue to be at the leading edge of technological innovation.

Chairman's statement



I am pleased to report the first half year results, another record for both revenue and profit before tax.

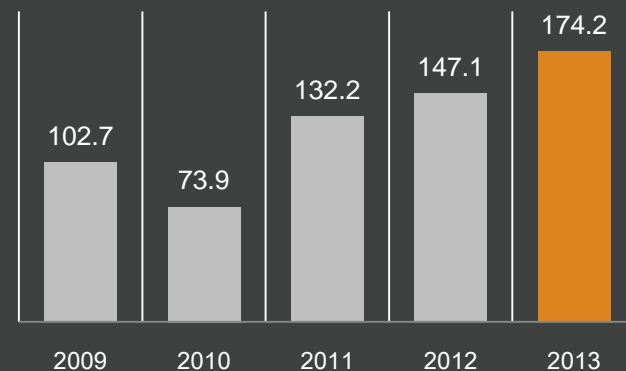
- Record first half year revenue and profit
- Good growth in the Far East, especially China
- Continued investment in production, engineering and marketing infrastructure
- Official opening of initial 68,500 sq ft refurbishment at our Miskin site in South Wales on 10th October 2012
- Capital expenditure of £12.1m, including the start of the next phase of refurbishment and fitting-out at Miskin and expansion of our manufacturing facility in Ireland
- Completion of the purchase of the remaining 34% shareholding in Measurement Devices Limited
- Strong balance sheet, with cash of £12.6m at the end of the period
- Increased dividend of 11.33p per share (2012 10.3p)

Financial highlights

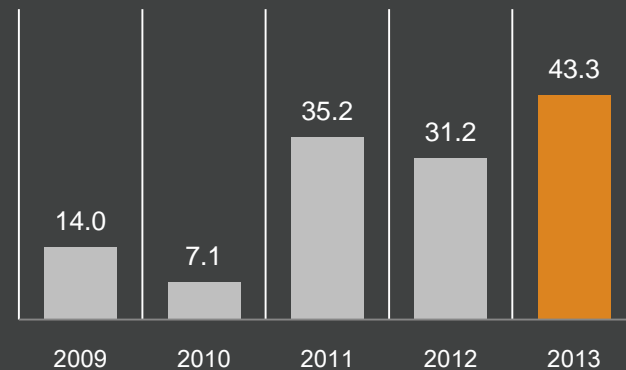
	2013 £m	2012 £m	Change %
Revenue	174.2	147.1	+18%
Adjusted operating profit	42.3	29.7	+42%
Adjusted profit before tax	43.3	31.2	+39%
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Adjusted earnings per share	47.9	34.7	+38%
Dividend per share	11.33	10.30	+10%

Adjusted figures are in respect of the 6 months to 31st December 2012, which exclude the exceptional gain of £2.9m resulting from the settlement of the deferred consideration liability for the purchase of the remaining 34% shareholding in Measurement Devices Limited.

Revenue £m

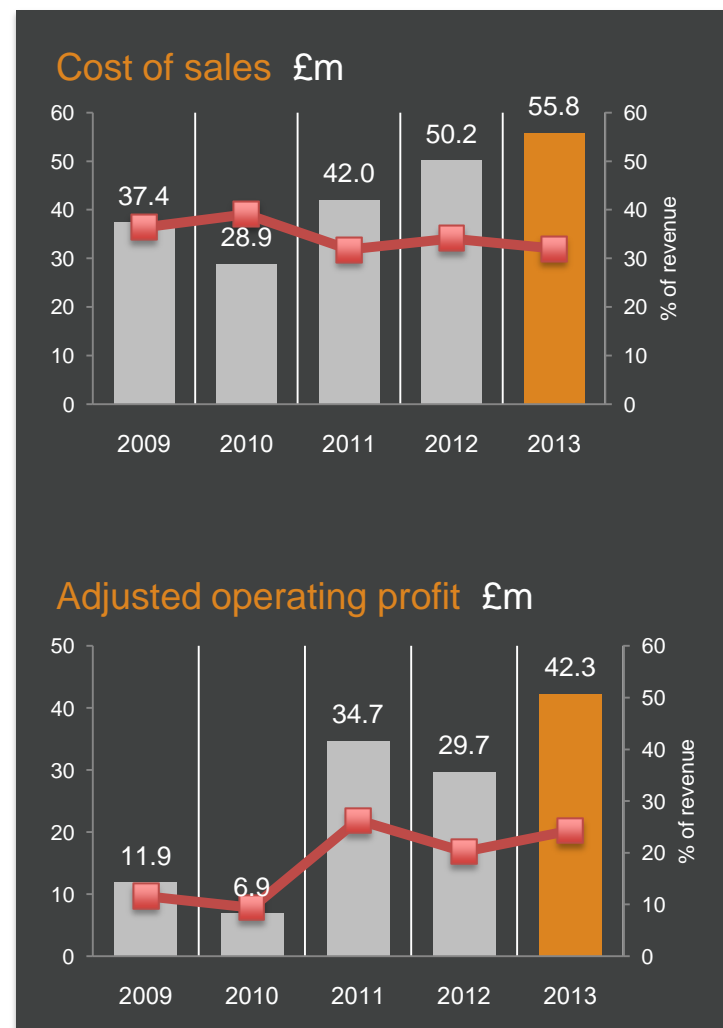


Adjusted profit before tax £m



Income statement

	2013 £m	%	2012 £m	%	Change
Revenue	174.2	100	147.1	100	+18%
Cost of sales	55.8	32	50.2	34	+11%
Engineering (inc. R&D)	24.1	14	22.4	15	+8%
Gross profit	94.3	54	74.5	51	+27%
Distribution costs	33.2	19	29.3	20	+13%
Administrative costs	18.8	11	15.5	11	+21%
Operating profit	42.3	24	29.7	20	+42%
Financial income (net)	0.6	1	1.2	1	-50%
Profit from associates	0.4	-	0.3	-	+33%
Adjusted profit before tax	43.3	25	31.2	21	+39%



Income statement

Engineering costs

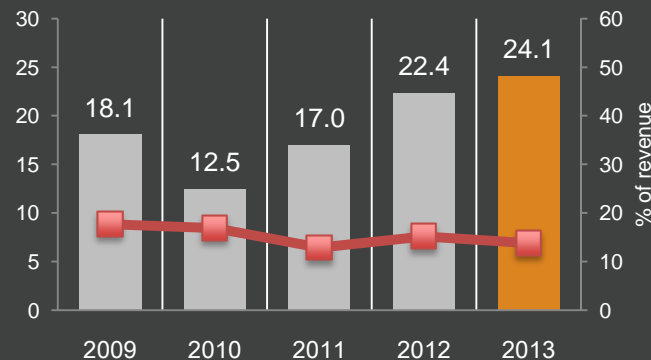
	2013 £m	2012 £m	Change %
Total spend	25.5	23.7	+8%
Less capitalised	1.4	1.3	-
Income statement	24.1	22.4	+8%

- Engineering costs increased by 8%
- Maintained at 14% of revenue

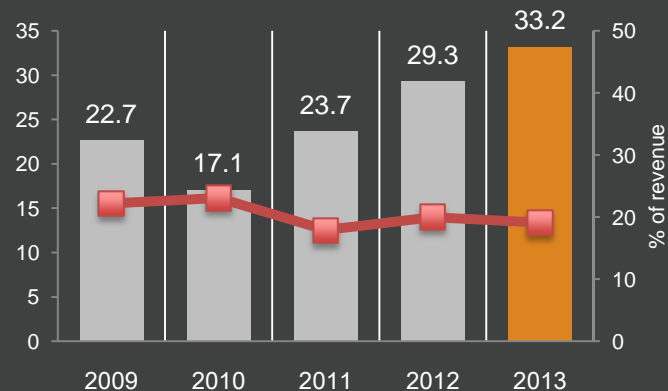
Distribution costs

- Distribution costs up 13%
- Further expansion of overseas marketing offices to support growth

Engineering costs (net) £m



Distribution costs £m



Income statement

Headcount (at December)

	2013 No.	2012 No.	Change %
UK & Ireland	2,108	1,868	+13%
Overseas	957	833	+15%
Total	3,065	2,701	+13%

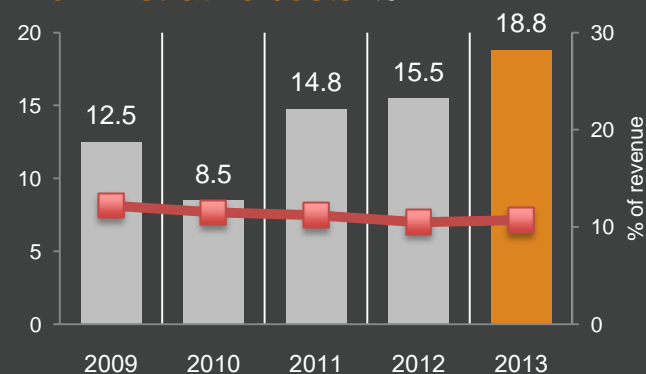
- Continued growth in headcount to support higher production, increased investment in new product development and expansion of marketing and support facilities

- Headcount up 364 from December 2011 and up 161 in the first half year from 2,904 at June 2012

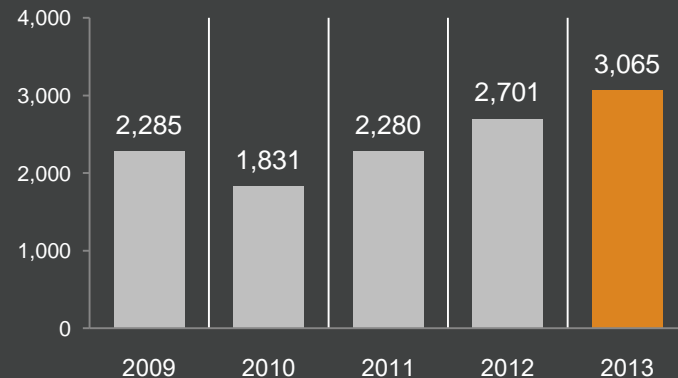
- Record intake of 30 apprentices

- Record intake of 32 graduates

Administrative costs £m

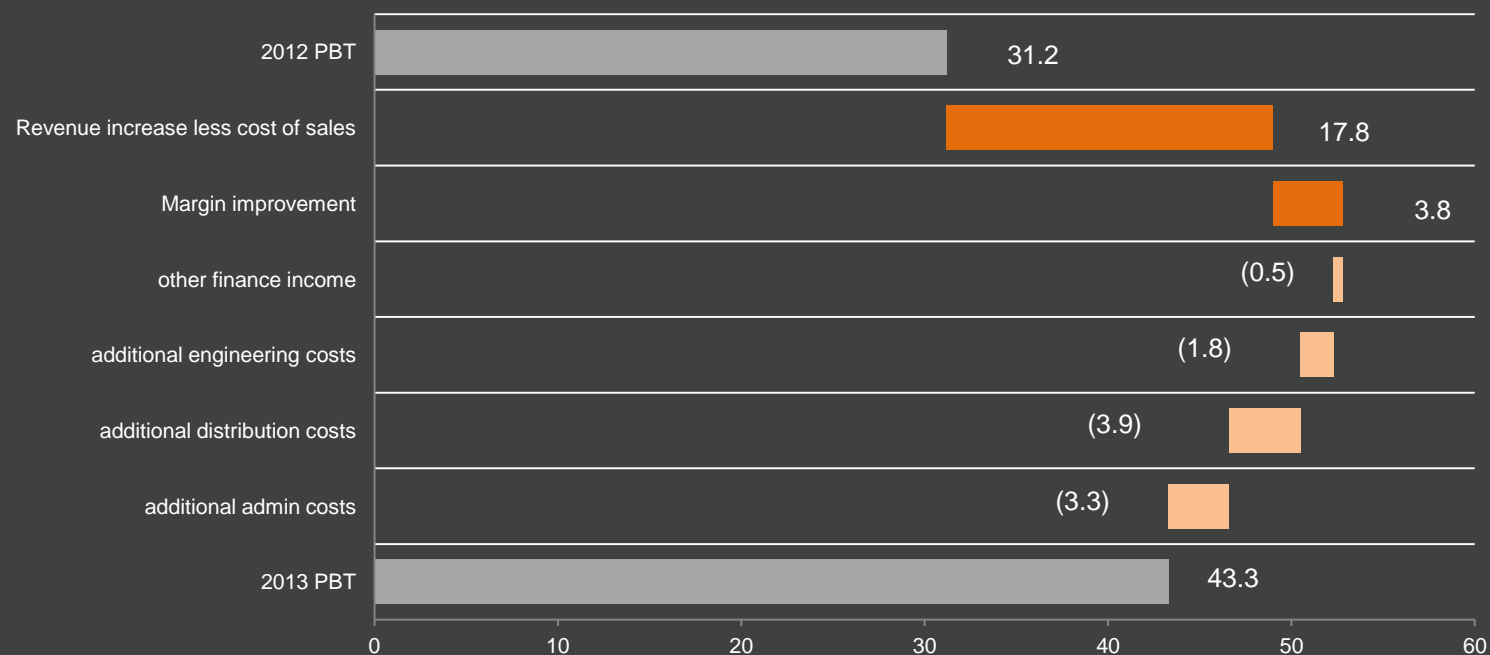


Headcount No.



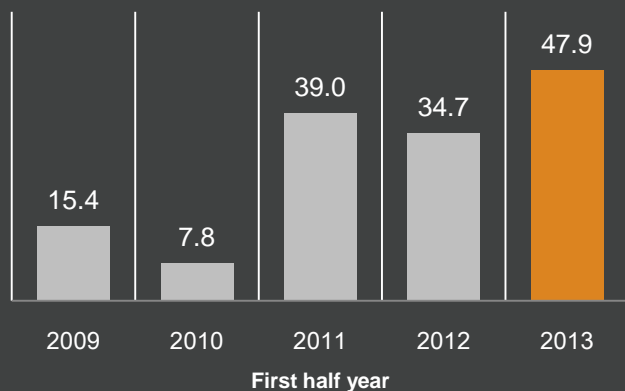
Income statement

Adjusted profit before tax changes from 2012 £m

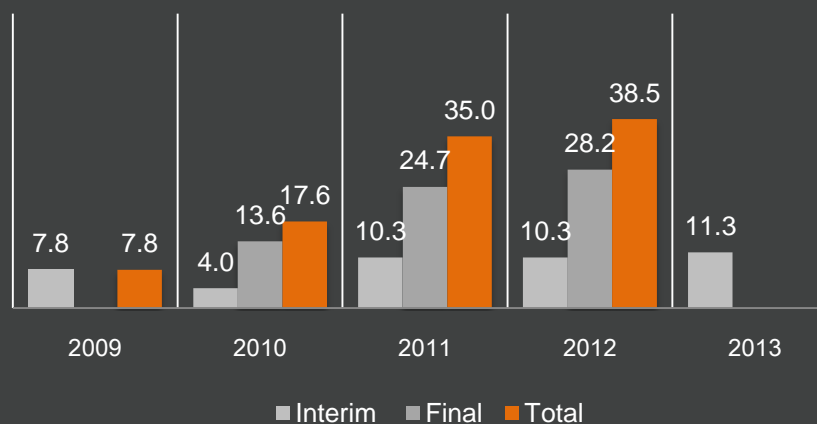


Adjusted earnings per share and Dividend per share

Adjusted earnings per share p



Dividend per share p



Full year dividend increase	-69%	+127%	+99%	+10%	-
Full year dividend cover	1.2	1.8	2.5	2.5	-

Group revenue analysis

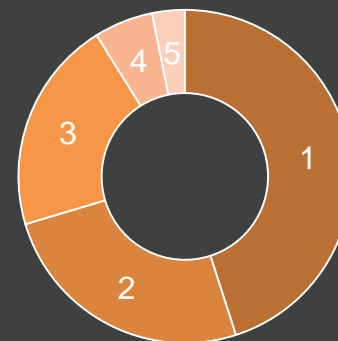
Changes in geographic area

	Change %
Far East	+59%
Europe	-7%
Americas	-1%
UK & Ireland	+16%
Total	+18%

Revenue by major countries

	2013 £m	2012 £m
China	47.8	20.9
USA	30.3	31.7
Germany	19.3	20.4
Japan	17.5	17.3

Revenue by region £m



	2013 £m	2012 £m
1 Far East	78.6	49.5
2 Continental Europe	44.0	47.1
3 North & South America	36.1	36.5
4 UK	10.0	8.7
5 Other regions	5.5	5.3
Total	174.2	147.1

Group revenue analysis

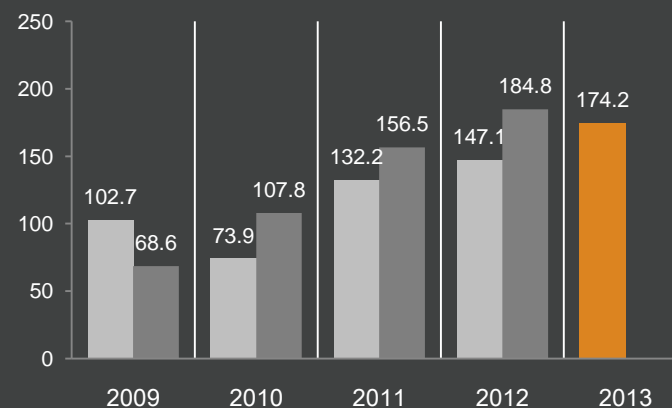
Revenue

	2013 £m	2012 £m	Change %
Metrology	162.5	135.9	+20%
Healthcare	11.7	11.2	+4%
Total	174.2	147.1	+18%

- Record first half year revenue, up 18% at actual exchange rates

- No significant difference in revenue value when re-stated at previous year's exchange rates

Revenue – 1st & 2nd half £m



Year-on-year changes:

First half	-28%	+79%	+11%	+18%
Second half	+57%	+45%	+18%	

Group revenue analysis - Metrology

Revenue

	2013 £m	2012 £m	Change %
Metrology	162.5	135.9	+20%

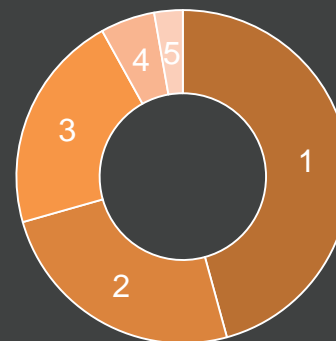
Changes in geographic area

	Change %
Far East	+57%
Europe	-5%
Americas	+4%
UK & Ireland	+12%

Results

	2013 £m	2012 £m
Operating profit	46.2	35.7

Revenue by region £m



	2013 £m	2012 £m
1 Far East	74.5	47.4
2 Continental Europe	40.2	42.5
3 North and South America	34.7	33.4
4 UK	8.6	7.7
5 Other regions	4.5	4.9

Metrology highlights

- High growth in probing products
- Encoder product line now showing growth, following recovery in electronics sector
- Increased R&D investment
- Exhibition of the Group's additive manufacturing products, the Equator gauging system and calibration products, XR20-W rotary axis calibrator system and XL-80 laser measurement system, at Euromold 2012 in November



New product releases / Metrology

RESOLUTE™ UHV



Ultra-high vacuum compatible readhead

RESOLUTE DRIVE-CLiQ



RESOLUTE true-absolute linear and rotary encoders with new compatibility for Siemens DRIVE-CLiQ interface

Equator 300 Extended Height



Gives users an extra 150mm Z-height below the standard measuring volume to accommodate large fixtures and automation systems

Wrap-up incremental rotary encoder for large diameters



Spring supported magnetised scale with built in tensioning mechanism

AksIM™ off-axis absolute rotary encoder



A range of robust off-axis absolute rotary encoders designed for limited space applications.

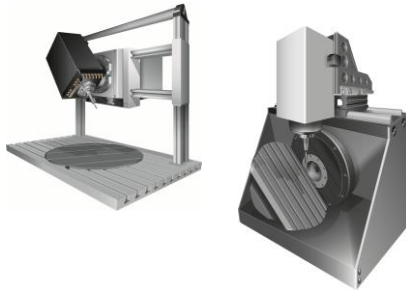
PHC10-3/PI 200-3



An integrated head and probe interface for CMM OEMs

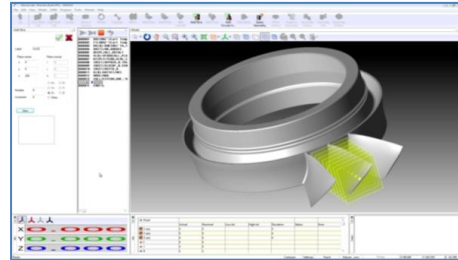
New product releases / Metrology

Productivity+™ v 1.90



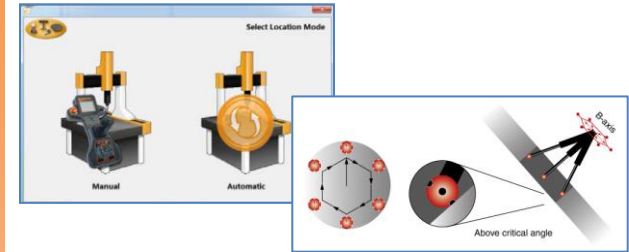
Full support for multi-axis machine tool configurations

MODUS Point Cloud sectioning



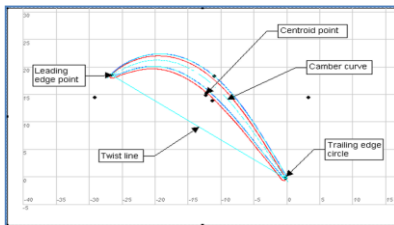
Software for on-surface sectioning through a cloud of tip centre data points, previously captured by REVO

UCCsuite 4.5



Latest release with increased UCC security, enhanced PH20 metrology and improvements to rack alignment

Surfblade



Software for reverse engineering of airfoils

RTS



For cableless radio tool setting and broken tool detection on CNC machining centres

RMI-Q



Radio machine interface for operation of multiple Renishaw radio transmission probes

Group revenue analysis - Healthcare

Revenue

	2013 £m	2012 £m	Change %
Healthcare	11.7	11.2	+4%

Changes in geographic area

	Change %
Far East	+95%
Europe	-17%
Americas	-55%
UK & Ireland	+40%

Results

	2013 £m	2012 £m
Operating (loss)	(4.0)	(6.0)

Revenue by region £m



	2013 £m	2012 £m
1 Far East	4.1	2.1
2 Continental Europe	3.8	4.6
3 North and South America	1.4	3.1
4 UK	1.4	1.0
5 Other regions	1.0	0.4

Healthcare highlights

- Good growth in spectroscopy product line
- Sales of two stereotactic robots. Two further orders received for delivery in the second half year
- Growing demand for dental frameworks for crowns and bridges



Awards

•Renishaw's assembly facility at Woodchester in Gloucestershire was named as the UK's Best Electronics & Electrical Plant at the prestigious Best Factory Awards 2012 held on 28th September in London. The honour was achieved against strong competition from global brands.



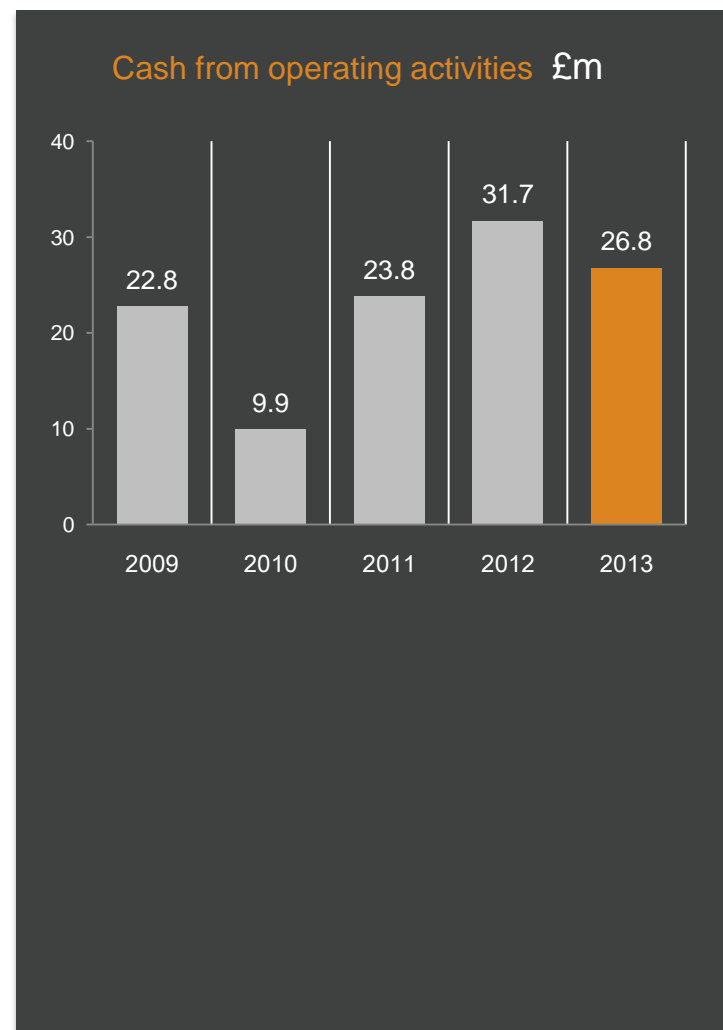
Board of directors – Non-executive changes

- Retirement of David Snowden and Terry Garthwaite having each completed nine years on the Board.
- On 19th October 2012, Carol Chesney, a chartered accountant and company secretary at the manufacturing group Halma plc, joined the Board as a non-executive director and chair of the Audit committee.
- Dr David Grant has been appointed the chair of the Remuneration committee in place of David Snowden.



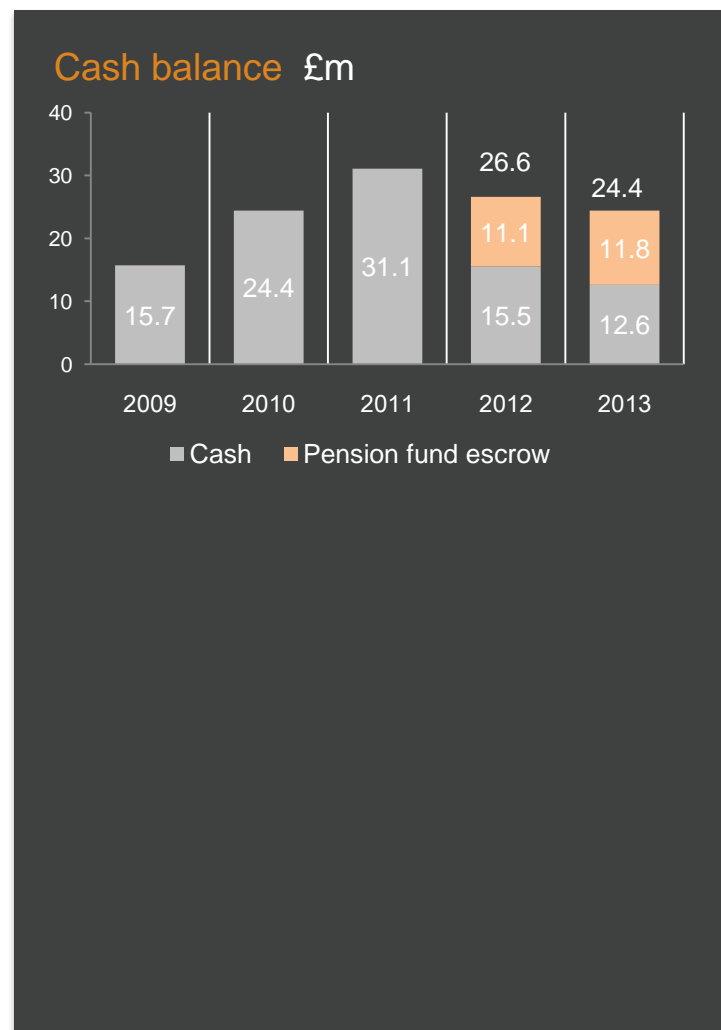
Cash flow from operating activities

	2013 £m	2012 £m
Adjusted profit before tax	43.3	31.2
Depreciation and amortisation	10.0	9.7
Financial income and expenses	(0.7)	(1.2)
Share of profits from associates	(0.5)	(0.5)
Increase in inventory	(8.5)	(6.8)
Decrease in debtors	7.0	11.3
Decrease in creditors	(14.1)	(6.5)
Total movement in working capital	(15.6)	(2.0)
DB pension contributions	(0.7)	(0.7)
Income taxes paid	(9.0)	(4.8)
Cash from operating activities	26.8	31.7



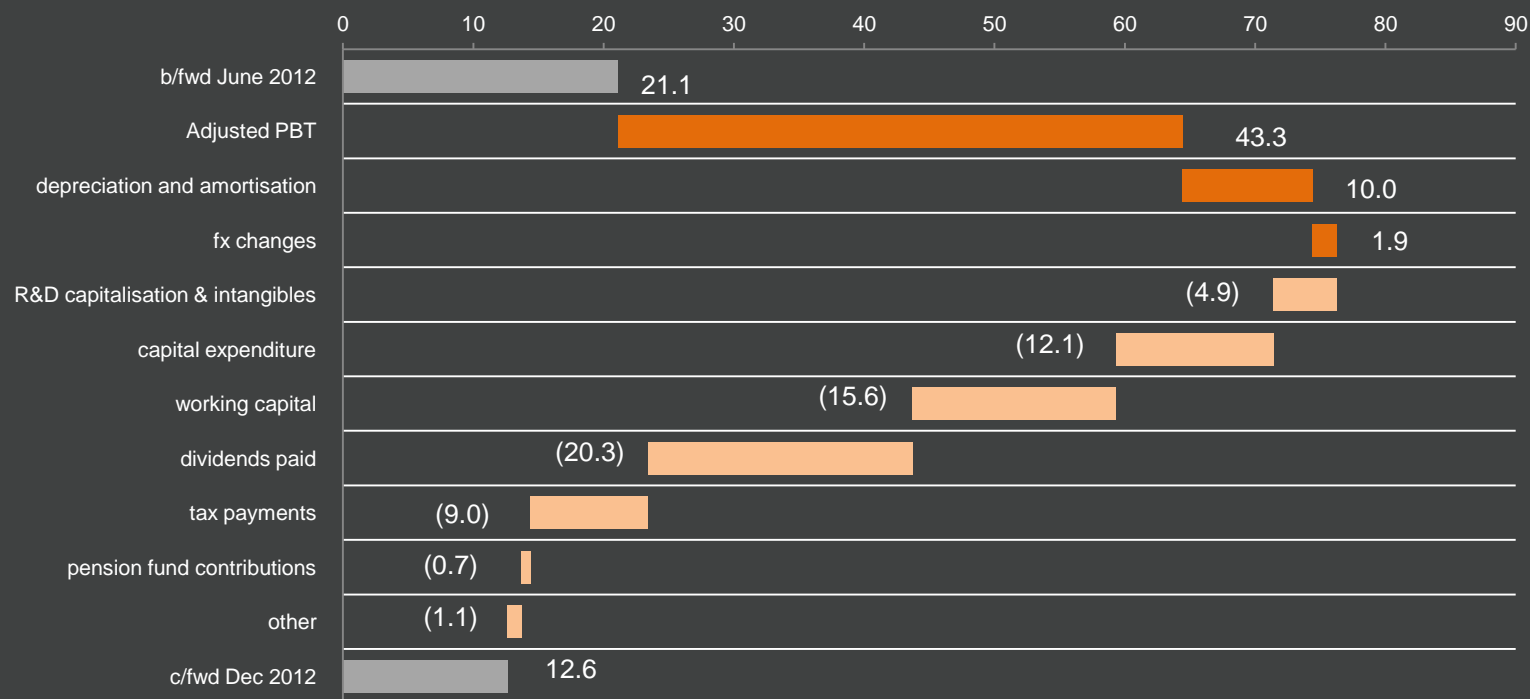
Cash flow

	2013 £m	2012 £m
Cash from operating activities	26.8	31.7
Interest received less paid	0.4	0.1
Dividends paid less received	(20.3)	(17.9)
Fixed assets purchased (net)	(12.1)	(17.7)
Intangible assets acquired	(0.2)	(0.1)
Development costs capitalised	(4.7)	(4.4)
Contributions to escrow account	(0.3)	(0.3)
Net cash flow	(10.4)	(8.6)
Cash at 1st July	21.1	23.7
Effect of exchange rate changes	1.9	0.4
Cash at 31st December	12.6	15.5



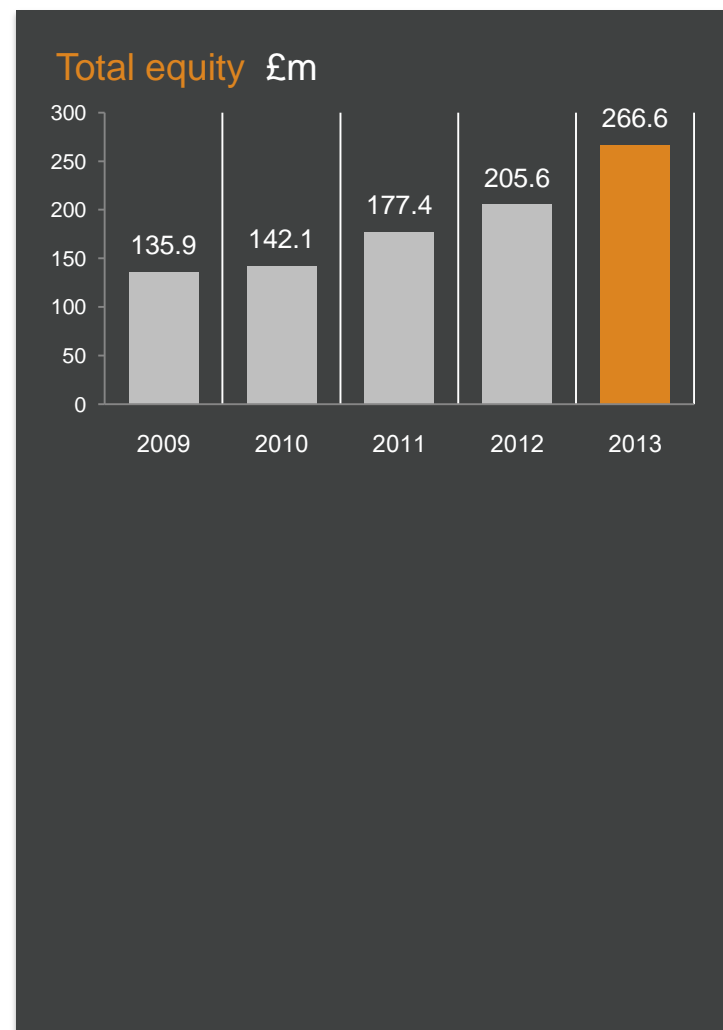
Cash flow

Change in cash balance for the period £m



Balance sheet

£m	Dec 2012	June 2012	Change %
Property, plant & equipment	107.0	101.0	+6%
Intangible assets & investments	61.3	61.2	+0%
Deferred tax assets	17.9	17.8	+1%
Derivatives	11.1	3.5	+217%
Total non-current assets	197.3	183.5	+8%
Inventory	62.5	54.0	+16%
Debtors	93.5	100.0	-6%
Pension fund cash escrow	11.8	11.5	+3%
Cash	12.6	21.1	-40%
Creditors (current)	(43.4)	(56.4)	-23%
Net current assets	137.0	130.2	+5%
Deferred tax liability	(22.5)	(19.5)	+15%
Pension fund deficit	(42.4)	(42.0)	+1%
Other payables	(2.8)	(9.8)	-71%
Net assets, equal to Total equity	266.6	242.4	+10%



Capital expenditure

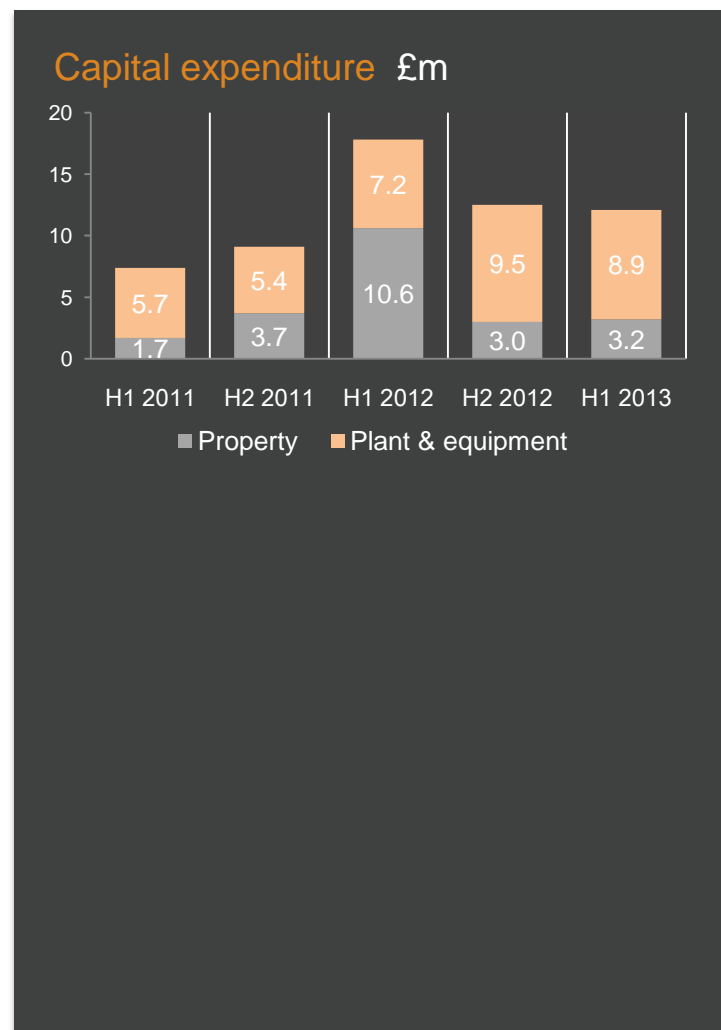
	2013 £m	2012 £m
Capital expenditure	12.1	17.8

•Property

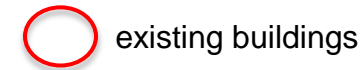
- New build for Measurement Devices Ltd of 20,000 sq ft (started in 2012, recently completed)
- Further refurbishment of Miskin – additional 66,000 sq ft in progress
- Expansion of Ireland manufacturing facility of 26,000 sq ft (started in August 2012, completion due March 2013), more than doubling the production space

•Plant & equipment

- Significant expenditure on machine tools for Miskin
- Continuing expansion of manufacturing and IT facilities at other UK sites



Miskin plans



Renishaw is preparing a planning application for two million sq ft of development in South Wales. The proposal has 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 recently refurbished 68,500 sq ft of space in which it commenced manufacturing in May 2012. A further 66,000 sq ft is currently being refurbished. The company has future plans to build an additional 400,000 sq ft of manufacturing, research and development facilities for its further expansion.

Outlook

In the first quarter the Group benefited from a number of large orders in China in the consumer electronics market. Such irregular orders produce a distorting effect when comparisons are made between periods. It is difficult to predict with certainty the size and timing of forthcoming orders above and beyond the customary underlying order book which remains at approximately one month's revenue. The Group also faces tough financial comparators during the second half of this financial year given the strong trading conditions in the prior year, particularly in the fourth quarter. The directors therefore currently expect that revenue in the second half will be around the level in the second half of last year.

Renishaw's markets continue to exhibit attractive, long-term structural growth drivers with continuing global investment in production systems and processes. Despite continuing global economic uncertainties and short-term fluctuations in activity levels, we continue to invest in our business with confidence to position it for sustainable long-term growth.