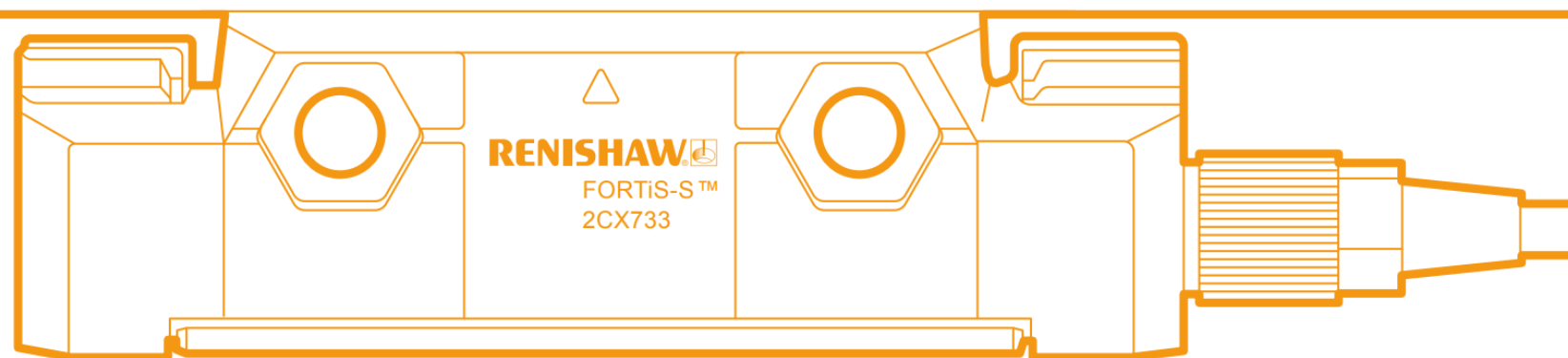


RENISHAW 

2022 interim results
3 February 2022





Financial summary

- **Revenue growth of 27% to £325.2m**
 - Record level of demand as key market sectors recover and semiconductor and electronics remain strong
 - Strong growth in all regions, continuing the trend seen in 2021 H2
- **Adjusted profit before tax increases by 94% to £84.2m**
 - Previous cost base reductions and productivity increases support improved operating margins
 - Return on sales increased to 26% (2021: 17%)
- **End of period cash and bank deposits rise to £222.0m**
 - Strong trading performance offset by rising capital expenditure, FY21 final dividend payment and building inventories to support rising business levels

Key metrics

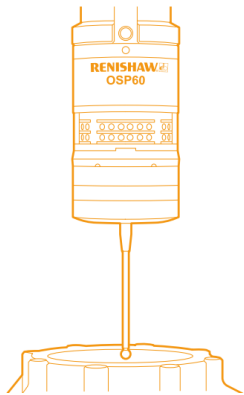
	2022 H1 £m	2021 H1 £m	Change %
Revenue	325.2	255.1	27%
Adjusted profit before tax	84.2	43.4	94%
Statutory profit before tax	81.5	63.9	27%
End of period cash and bank deposits	222.0	186.6	19%

Regional revenue

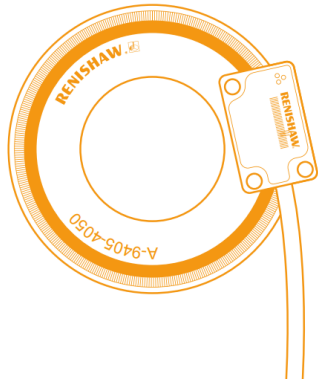
	2022 H1 £m	2021 H1 £m	Change %
APAC	160.6	125.9	28%
EMEA	95.5	74.5	28%
Americas	69.1	54.7	26%

Manufacturing technologies¹

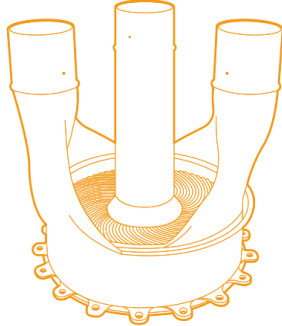
Industrial Metrology



Position Measurement

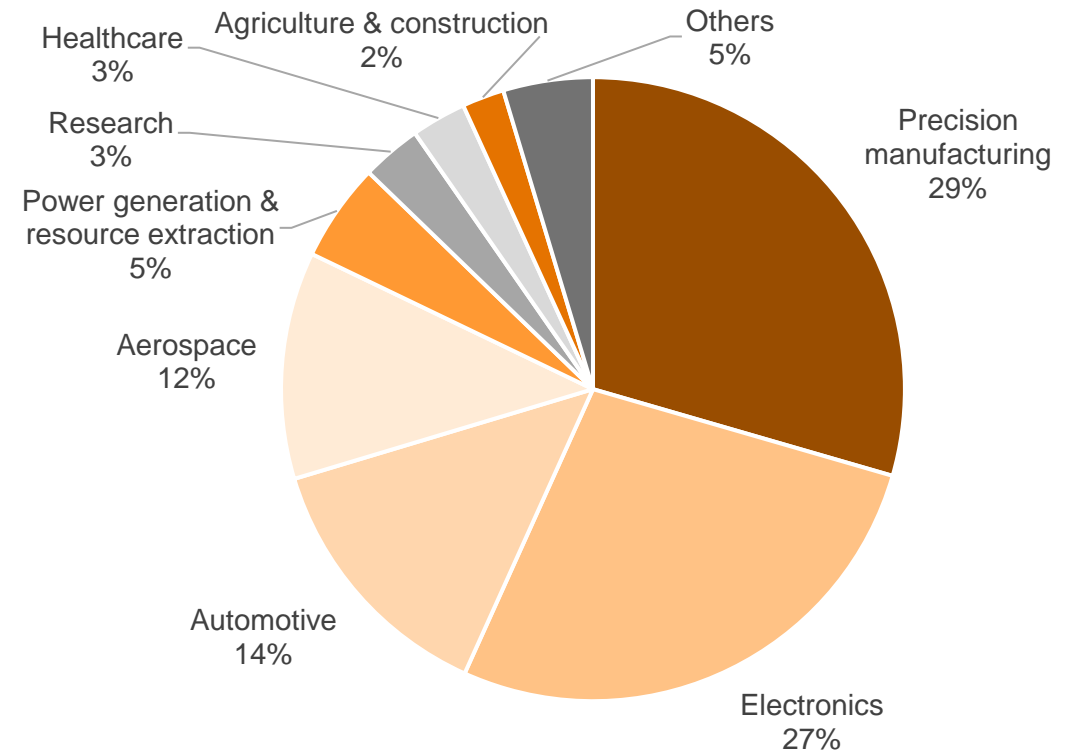


Additive Manufacturing



	2022 H1 £m	2021 H1 £m	Change %
Revenue	308.7	236.9	30%
Adjusted operating profit	81.3	41.1	98%

End market overview²



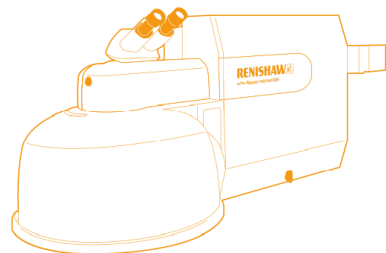
- Record demand for encoders, driven by sustained semiconductor and electronics capital investment
- Rising sales of flexible gauging and machine tool products for automated machining, notably in consumer electronics sector
- Long-term growth drivers from strong positions in high-growth manufacturing technologies: additive manufacturing, robotics, semiconductor manufacturing, 5-axis machining, smart manufacturing analytics

Notes

1. Medical Dental results now integrated into Additive Manufacturing business within Manufacturing technologies segment
2. End market overview is an unaudited management estimate with majority of sales being indirect (through machine builders, distributors etc).

Analytical instruments and medical devices¹

Spectroscopy



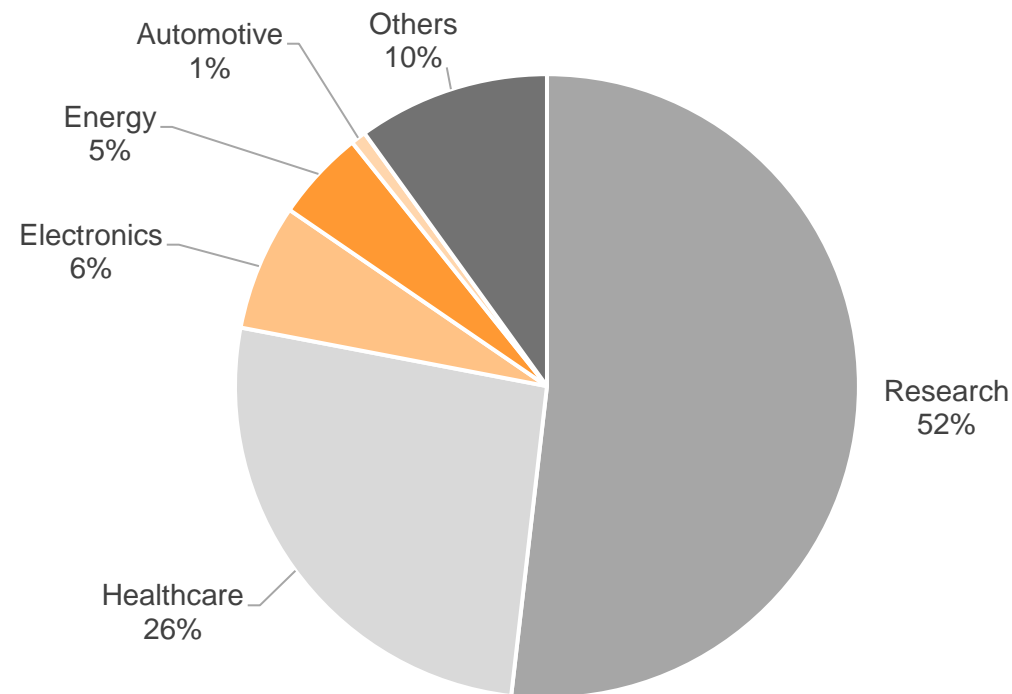
Neurological



	2022 H1 £m	2021 H1 £m	Change %
Revenue	16.5	18.3	-10%
Adjusted operating profit	1.6	2.3	-33%

- Strong spectroscopy order intake in H1; revenue constrained by long lead-times on duty-exemption certificates in China, expected to recover in H2
- Reduced neurological business in H1; engaging with multiple large-pharmaceutical companies to plan clinical trials using our unique drug delivery technology

End market overview²



Notes

1. Medical Dental results now integrated into Additive Manufacturing business within Manufacturing technologies segment
2. End market overview is an unaudited management estimate.

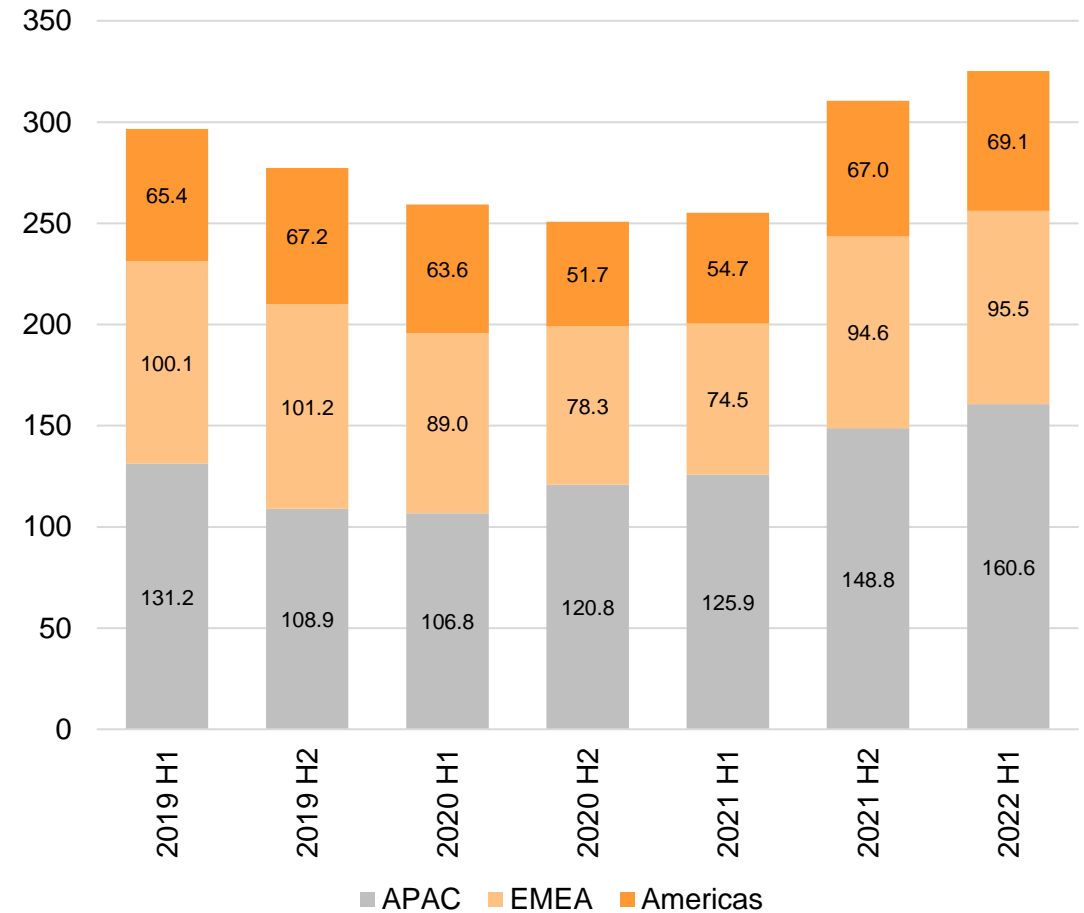


Group revenue by region

Strong growth in all regions as post-pandemic recovery takes hold:

- **APAC** saw smallest pandemic impact and recovered first, now maintaining a solid growth trend, with 28% year-on-year growth
 - Sustained encoders growth to semicon and electronics
 - Growing Equator™ demand in consumer electronics
- **EMEA** hit much harder during 2020, but strong recovery now established (+28% year-on-year)
- Demand in **Americas** has followed a similar pattern to EMEA and is now growing strongly (+26% year-on-year)
- Global growth drivers:
 - Solid recovery in machine tool investment
 - Repeat purchases of AM systems by key customers
 - Rising automotive (EV) and recovering aerospace investment, driving growth in REVO® system sales
 - Very strong encoder demand for industrial robots

Half-year revenue £m

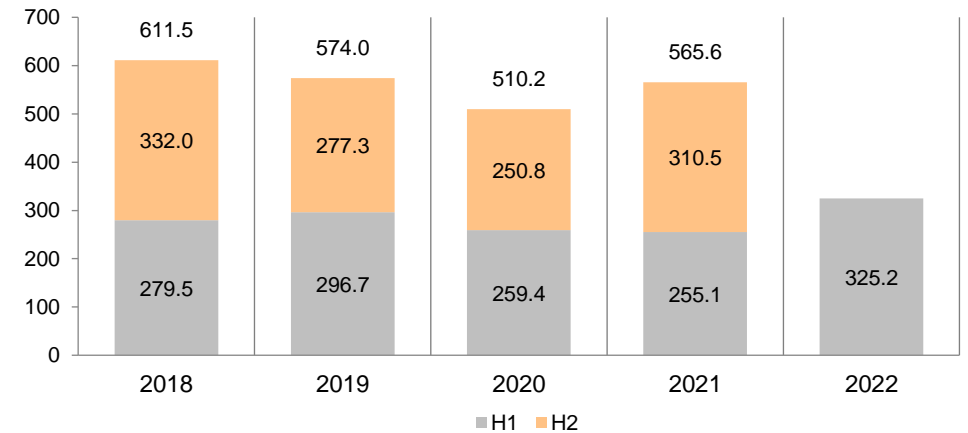




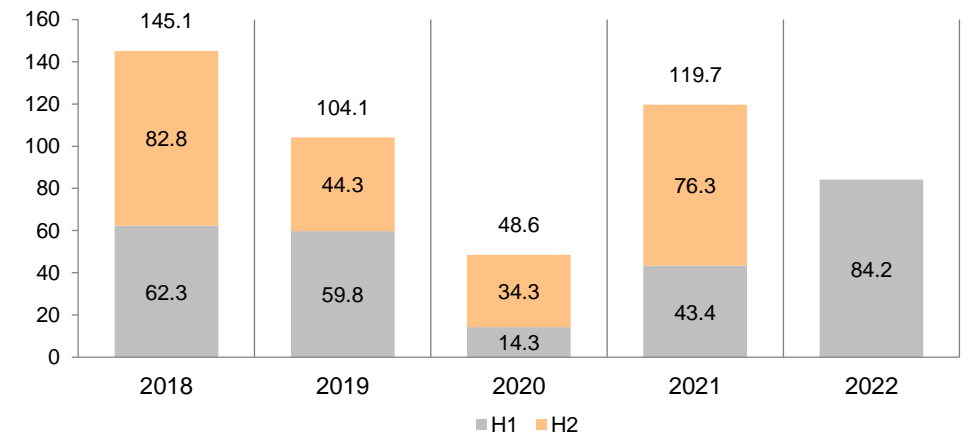
Financial highlights

	2022 H1 £m	2021 H1 £m	Change %
Revenue	325.2	255.1	27%
Adjusted profit before tax	84.2	43.4	94%
FV gains / (losses) on ineffective FX cash flow hedging contracts	(2.9)	20.5	
Third-party FSP costs	0.2	-	
Statutory profit before tax	81.5	63.9	27%
Tax	(13.0)	(11.4)	
ETR %	15.9%	18.0%	
Profit after tax	68.5	52.5	31%
Adjusted earnings per share	97.2	49.2	97%
Statutory earnings per share	94.2	72.1	31%
Final dividend per share paid	52.0p	-	
Interim dividend per share proposed	16.0p	14.0p	

Revenue £m



Adjusted profit before tax £m

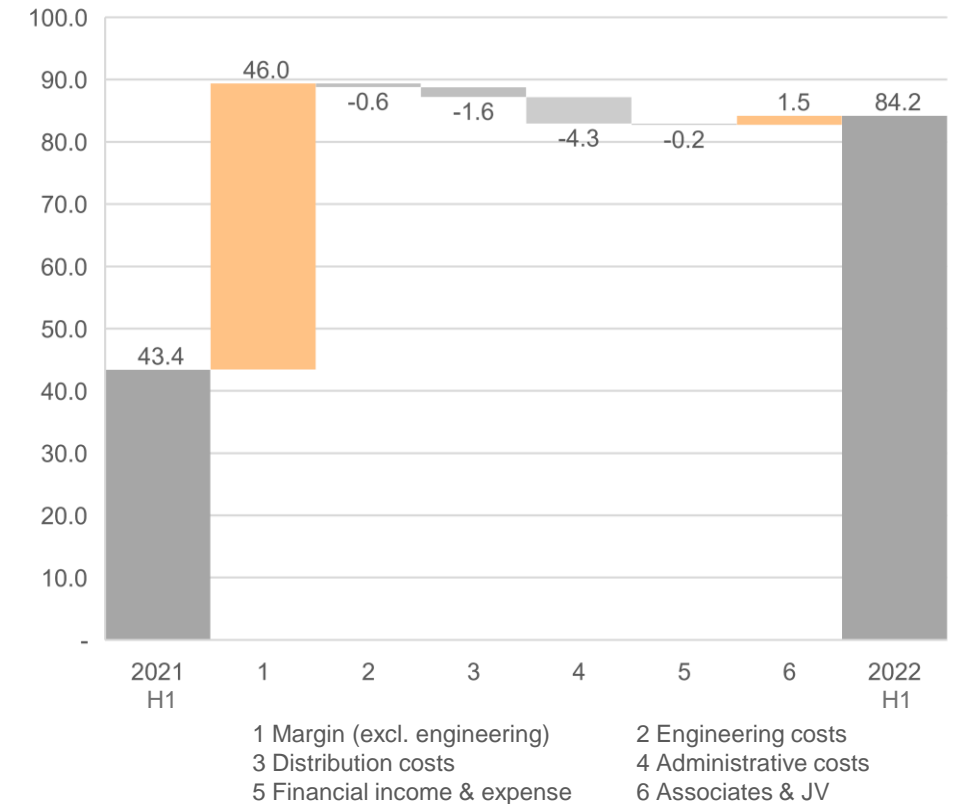




Income statement

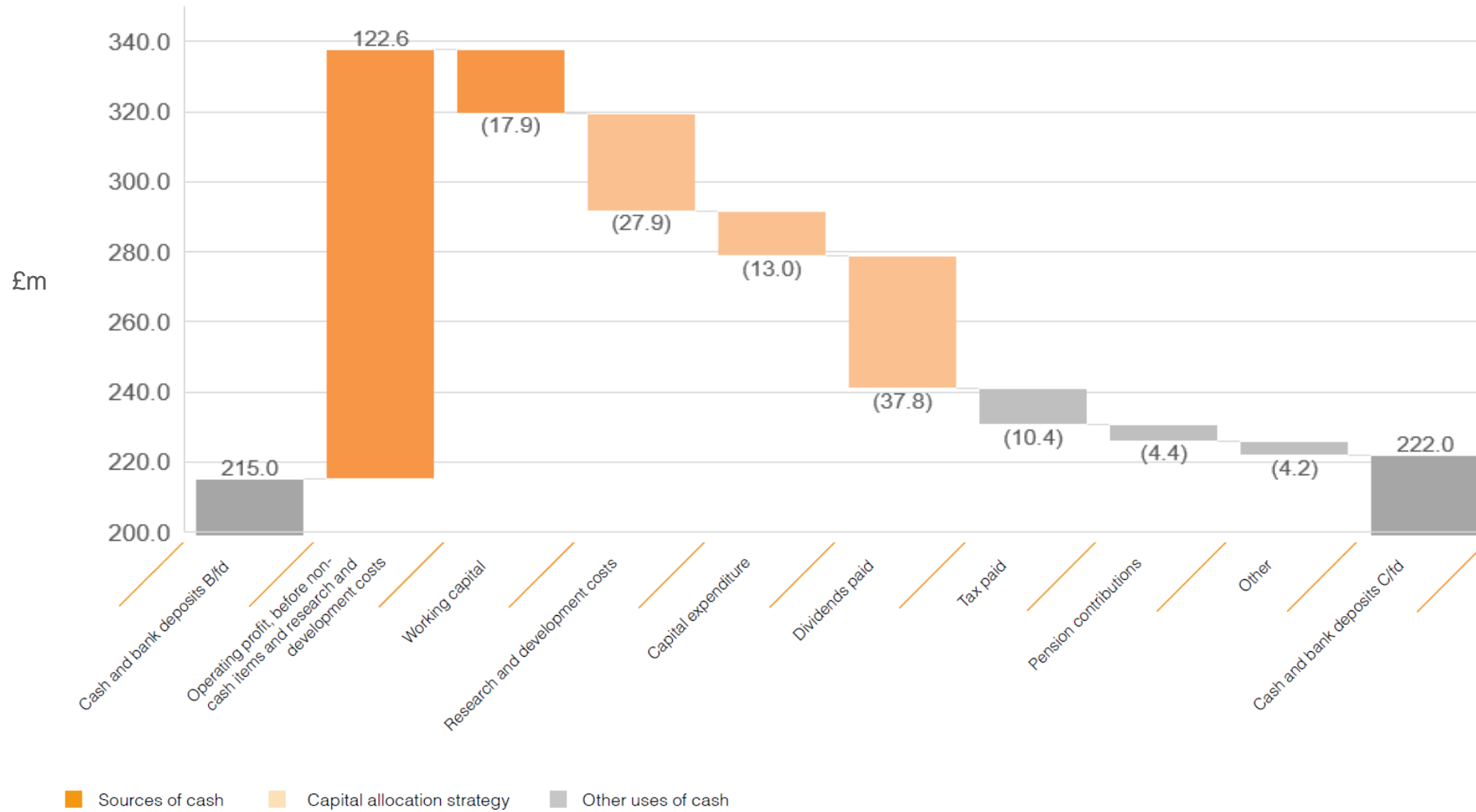
	2022 H1 £m	%	2021 H1 £m	%	Change
Revenue	325.2	100	255.1	100	27%
Cost of sales	(115.5)	(36)	(90.8)	(36)	27%
Engineering (inc. R&D)	(37.8)	(12)	(37.2)	(15)	2%
Gross profit	171.9	53	127.1	50	35%
Distribution costs	(55.8)	(17)	(54.3)	(21)	3%
Administrative costs	(33.6)	(10)	(29.4)	(12)	14%
Fair value gains/(losses) on financial instruments	(2.3)		20.5		
Financial expense (net)	(0.2)		(0.0)		
Share of profits of associates and joint ventures	1.5		0.0		
Statutory profit before tax	81.5	25	63.9	25	27%

Adjusted profit before tax bridge £m





Sources and uses of cash & deposits (H1)

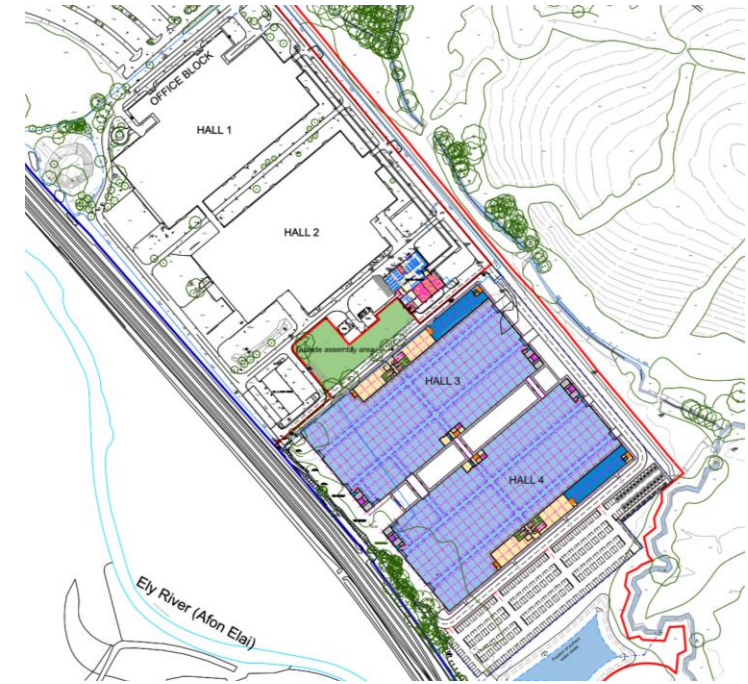
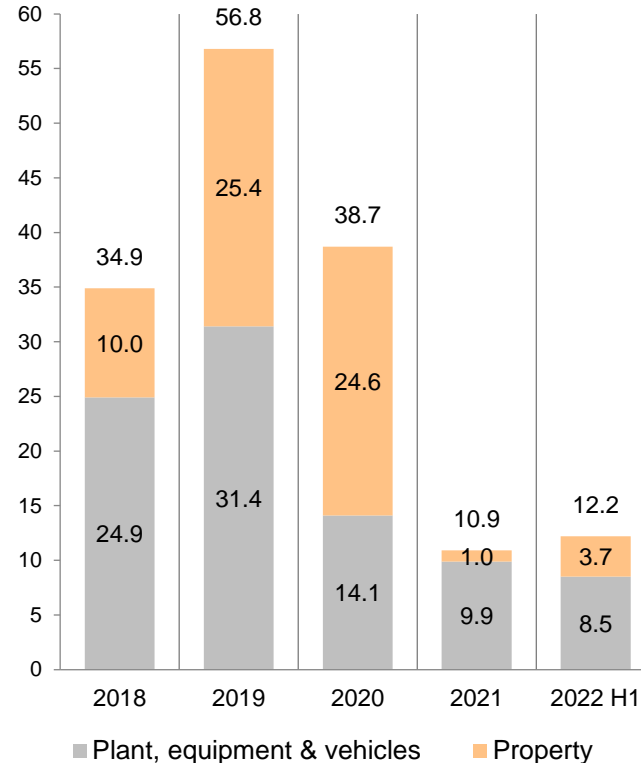




Capital expenditure

- Additions totalled £12.2m in H1, including £3.7m on our new distribution facility in South Korea, providing demonstration capability for our capital goods lines
- Planning to increase expenditure in H2 and next financial year, including new production equipment and property build at our Miskin site in South Wales to support future business growth. Miskin development costs next financial year of up to £20m

Capital expenditure £m



Miskin manufacturing expansion plans





A sustainable future

- From 2015 to 2021 we reduced our GHG emissions (scopes 1, 2 and measured scope 3) by 39%
- 80% of our global electricity use is from renewable sources, of which 11% is self-generated
- Committed to a science-based Net Zero emissions target with an initial target date of 2050, and developing costed plans with an ambition to bring this forward 5-10 years
 - Agreed targets will be validated and monitored by the SBTi (Science Based Target initiative)
 - Report against relevant UN Sustainable Development Goals (SDGs)
- Our products help our customers with their own Net Zero ambitions by reducing energy consumption and minimising waste
 - Looking at life cycle analysis projects to quantify the total carbon footprint of our products



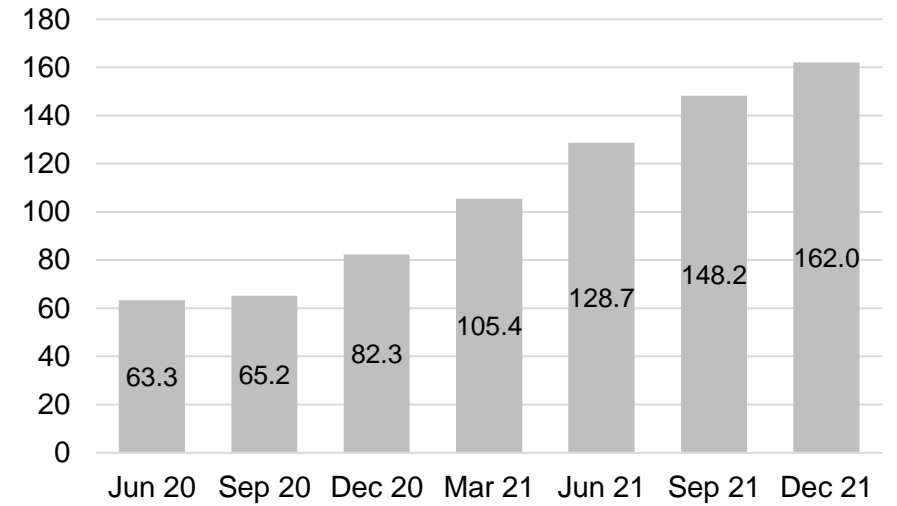
Solar panels mounted on the Renishaw site in Pune, India (top) and work in-progress on solar panel installation at the Renishaw Ireland site in Dublin



Responding to rising demand

- **Investing in increased manufacturing capacity**
 - Huge effort to ramp up supply and keep pace with demand
 - During H1 we grew our manufacturing headcount by 10%
 - Working closely with vendors to increase supply of critical components and materials as demand increases
- **Increased energy prices**
 - Will result in additional ~ £1.2m cost in H2 vs H1

Order book trends (unaudited) £m



Electronics assembly at Miskin



Commercial strategy highlights

Focused on **strengthening our market position:**

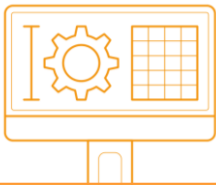
- Capturing OEM business with 'design wins' for our latest products
- Long adoption cycle (typically several years from design-in to ramped up production) but critical to long-term growth
- Strong start with FORTiS™ enclosed encoder, taking advantage of our long-standing relationships with machine tool builders
- Also targeting growth with key end-users: 'land and expand'

Establishing **new, cost-effective routes to market:**

- Building a network of distributors for our Equator™ gauges
- Establishing compatibility with leading metrology software vendors

We look forward to meeting more key customers in person in H2 as COVID restrictions hopefully recede





Engineering and research

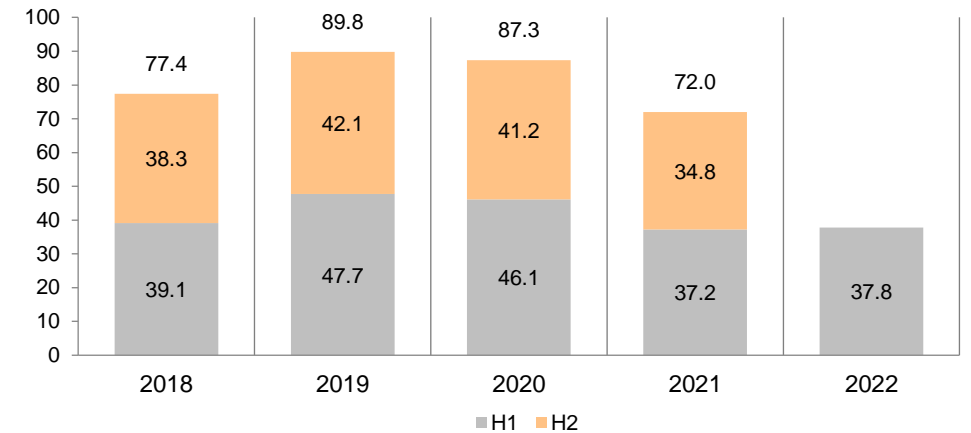
We continue to pursue our **core strategy of organic growth** through innovative new products

- Investing for long-term growth in attractive markets
- After focusing engineering efforts and reducing spend under our Fit for the Future initiative, we are once again growing our R&D teams and plan to continue to do so in the years ahead

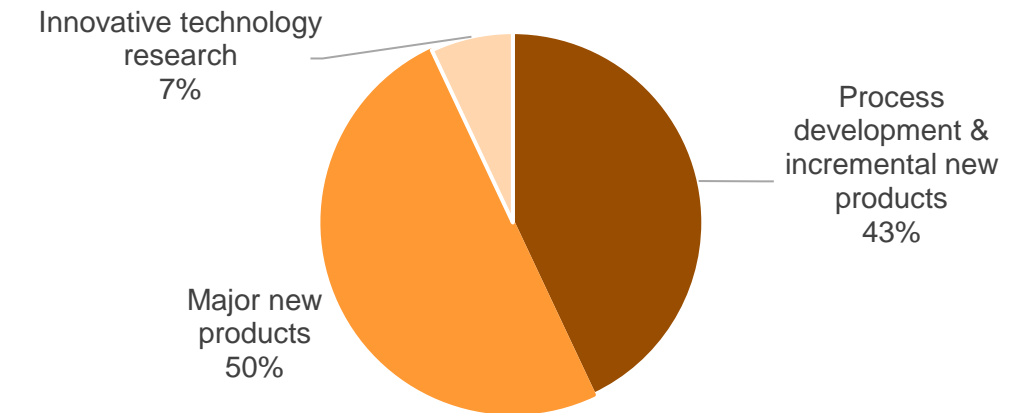
Engineering spend allocation

- Process development and incremental products, including design changes driven by recent supply chain challenges
- Majority of resource focused on major new products to grow our product range and expand our addressable market
- Innovative new technologies that will underpin future new products
- Growing investment in application software to program and control manufacturing processes and gain insight from process data

Engineering costs £m



Engineering spend allocation 2022 H1





People

Workforce expansion by over 300 employees in H1:

- Majority of recruitment to support manufacturing capacity expansion
- Ongoing targeted growth in technical / professional headcount, including an increased intake of 127 graduates and apprentices
- Headcount at Dec 31 was 4,975

We are also **focused on employee development and retention**:

- Reviewing our reward, career progression and performance review processes to ensure that we attract, retain and develop the skilled workforce that we need
- Committed to offering competitive pay and benefits and have undertaken extensive benchmarking during H1
- Focusing on productivity to ensure that we maintain operating margins

Recruitment, benchmarking and increased employer NI is expected to increase labour costs in H2 by around £6m relative to H1





Outlook

- Our markets are currently performing strongly, we expect demand from the semiconductor and electronics sectors to remain strong, and that the recoveries in the machine tool and co-ordinate measuring machine markets will continue.
- We expect full year revenue to be in the range of **£650m** to **£690m**.
- Adjusted profit before tax is expected to be in the range of **£157m** to **£181m**.

H2 range

		2022 H2 £m	2022 H1 £m	Change %
Revenue	Lower	325	325	0%
	Upper	365		12%
Adjusted profit before tax	Lower	73	84	(13%)
	Upper	97		15%

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