

Renishaw plc

Interim management statement

Renishaw plc, the global high-precision metrology and healthcare manufacturer, is holding its AGM today and has prepared this Interim management statement for the three months ended 30th September 2014. It contains unaudited information that covers the first quarter and the period since.

Highlights

- First quarter revenue up 28% to £101.4m (2013: £79.0m)
- Underlying metrology revenue growth of 14%
- Profit before tax of £21.3m (2013: £10.6m)
- Net cash of £44.3m

Trading activity

As noted in the trading statement released on 3rd October 2014, the Group experienced a record first quarter, with revenue for the three months to 30th September 2014 of £101.4m, a 28% increase over the £79.0m for the comparable quarter last year. At constant exchange rates, revenue in this quarter would have been £4.9m higher.

Geographically, we experienced growth of 60% in the Far East, 10% in the Americas and 4% in Europe compared with the corresponding period last year. The UK, a smaller geographical area in terms of revenue, showed a 27% increase.

By business segment, our metrology business achieved revenue of £99.0m (2013: £75.2m). There was strong growth in our machine tool products line, which experienced further large orders and revenue from the Far East, as well as in our additive manufacturing, coordinate measuring machine and encoder products lines. Underlying revenue growth for our metrology business, adjusting for the large Far East orders and currency effects, was 14%.

Revenue in our healthcare business was £2.4m (2013: £3.8m). We saw growth in neuro and dental products lines but our spectroscopy products experienced order delays in the first quarter, particularly from the Far East. Although these delays are likely to also impact first half revenue, we are however expecting growth for the full year.

The Group's cost base has grown, reflecting inflationary increases and expansion of our production and global marketing and distribution infrastructure, to provide adequate capacity for the immediate future and for longer term growth. Group headcount at the end of September 2014 was 3,619, an increase of 127 from the 3,492 at the start of the financial year on 1st July 2014.

Profit before tax for the first quarter amounted to £21.3m, compared with £10.6m last year. At constant exchange rates, profit before tax would have been £3.3m higher.

Product developments

In our coordinate measuring machine products line, we introduced the RSP3-2 3D scanning probe for our REVO™ system and in our measurement automation products line, updated EZ-IO software improves our flexible gauging products.

In our spatial measurements products line, we launched new 3D laser scanning software, Cavity Profiler, to speed underground mapping and modelling operations and our laser encoders products line brought out the RVI20 vacuum compatible interferometer assembly for plane mirrors.

In healthcare, our neuroinspire V4.0 surgical planning software, which includes significant new functionality, is CE marked and is now available for sale in the EU.

Financial position

The Group balance sheet at 30th September 2014 remains strong with net cash balances of £44.3m (2013: £30.2m), excluding the escrow account which provides security for the UK defined benefit pension scheme.

This performance is after capital expenditure of £10.5m in the first quarter, which includes the purchase of an additional 57,000 sq ft premises for our Irish subsidiary and the continuing construction of a 153,000 sq ft multi-functional facility at our headquarters, due for completion by the end of this calendar year.

Board

On 4th September 2014, the Board was pleased to announce the appointment of Kath Durrant as an additional non-executive director with effect from 1st January 2015.

Kath was until recently the Group HR Director at Rolls-Royce plc and a member of the Executive team. She has significant prior experience with AstraZeneca plc and GlaxoSmithKline plc. Kath currently sits as an Advisory Board member for the Lancaster University Management School.

Outlook

We had a strong first quarter, with an order book at 30th September 2014 at a record £51.2m. As we indicated in our trading statement, the trend in revenue growth is expected to carry on into the second quarter. Whilst we may experience unpredictable orders both in terms of size and timing, we expect continued global investment in production systems and processes to lead to greater demand for the Group's products. We therefore continue to invest in our research and development, production, marketing and distribution infrastructure and confidently look forward to a successful year.

Sir David McMurtry CBE, RDI, FRS, FEng, CEng, FIMechE
Chairman and Chief Executive

16th October 2014

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