

Renishaw plc – 2021 interim results

04 February 2021

Group revenue analysis

Revenue by region

	2021 £m	2020 £m	Change at actual fx %	Change at constant fx %
Group revenue	255.1	259.4	-2%	-2%
Comprising:				
APAC	125.9	106.8	+18%	+16%
Americas	54.7	63.6	-14%	-9%
EMEA	74.5	89.0	-16%	-18%

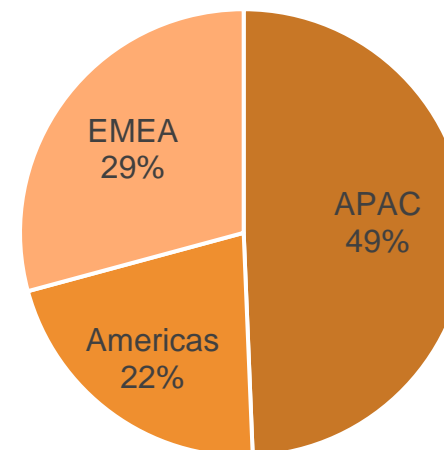
Revenue by major countries

	2021 £m	2020 £m
China	69.5	43.3
USA	46.9	52.7
Japan	24.2	30.6
Germany	23.0	27.2

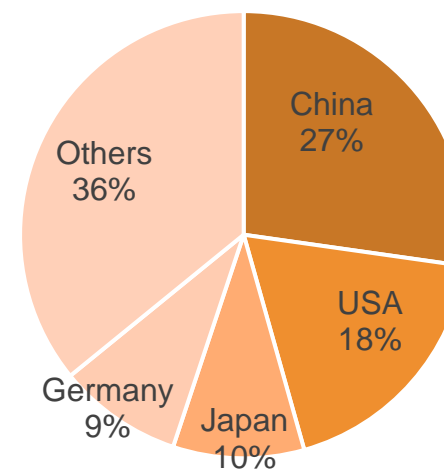
Revenue by sector

	2021 £m	2020 £m
Metrology	235.6	241.6
Healthcare	19.5	17.8
Total	255.1	259.4

Revenue by region 2021



Revenue by major countries 2021



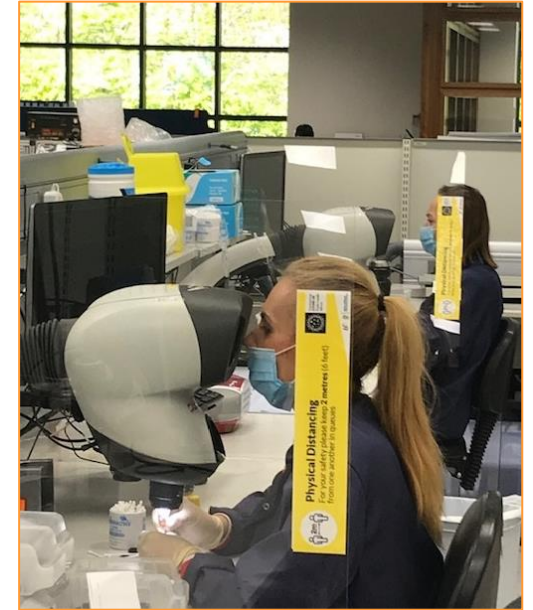
Summary - revenue

- Metrology revenue was 2% lower at £235.6m
 - We have seen growth in demand for many of our metrology products, notably in our optical and laser encoder product lines and our machine tool products line
 - The former have seen good growth due to a continuing recovery in the semiconductor and electronics capital equipment market, particularly in our APAC region
 - Many other sectors are still being impacted by the pandemic of which commercial aerospace is the most challenging
- Healthcare revenue was 10% higher at £19.5m
 - Good growth in the Spectroscopy line due to a general recovery in Raman spectrometer investment across all regions plus increasing adoption of the Virsa™ Raman Analyzer launched in Autumn 2019

Navigating the pandemic

Our priority continues to be the health and welfare of our employees, their families and our wider communities, and to maintain high levels of service to our customers around the world.

- **Health:** Wide range of COVID-secure working practices to protect against the spread of the virus; high levels of homeworking where practical
- **Manufacturing:** all global sites are operating as normal; supply to customers maintained throughout the pandemic
- **Supply chain:** Continue to closely monitor all aspects and take mitigating actions where necessary
- **Customer support:** We are utilising digital collaborative tools for presentations/training, and remote diagnostic tools.
- **Customer service:** Where necessary and after rigorous risk assessments we have carried out physical installations, support calls and on-site training.
- **Marketing:** Virtual exhibitions, webinars and digital marketing enhancements have ensured a continuing supply of high-quality sales opportunities



Brexit

- Warehouses in Ireland and Germany established/expanded
- General increase in inventory of certain finished goods and components at sites within the EU and the UK; maintained dynamically in line with required demand
- Although some delays at the UK borders for shipments into the EU since 1 January 2021, the measures that we have taken have minimised the impact on customer service.



Fit for the Future strategy

Our Fit for the Future strategy has been focused on ensuring the business is in good shape for the future, including:

Focus and productivity

- Additive manufacturing line restructured and focused on multi-laser systems targeted at high potential customers who are taking AM into volume production
- Neurological line growth strategy is focused on strategically important projects with pharmaceutical companies
- Prioritising design projects to accelerate the market launch of significant products
- Increased focus on investments for higher growth opportunities including position measurement and adjacent markets



Fit for the Future strategy

Our Fit for the Future strategy has been focused on ensuring the business is in good shape for the future:

Cost control and productivity

- Restructuring and reduction in global headcount
- Reduced capital expenditure following significant infrastructure investments in recent years.
- Travel and exhibition attendance reduced before the pandemic with more investment in digital marketing
- Investments in new human resources system; development programmes for our people; more flexible working practices

Headcount

Dec 2019	4,871
Dec 2020	4,324



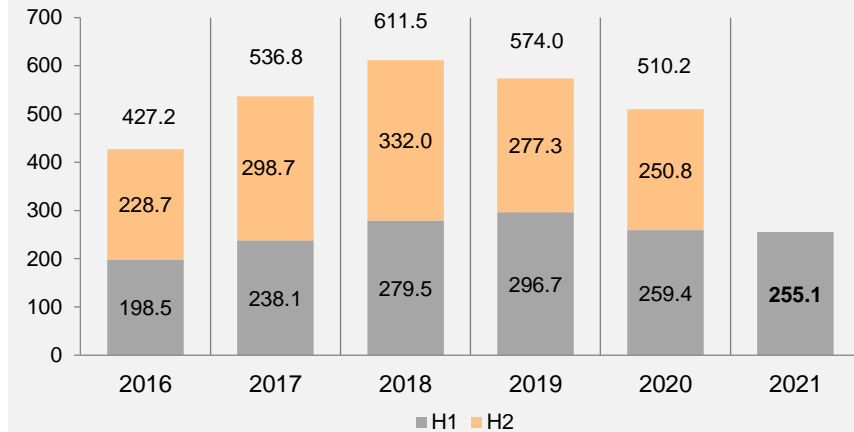
Summary (continued)

- Adjusted profit before tax of £43.4m (2020: £14.3m)
 - Adjusted operating profit for Metrology of £41.2m (2020: £17.4m); adjusted operating profit of £2.2m for Healthcare (2020: £-1.5m).
- Statutory profit was £63.9m (2020: £9.9m).
- Our 'Fit for the Future' strategy, which commenced in FY 2019/20, has delivered significant reductions in the Group's cost base and improvements to productivity
- Pandemic restrictions also reduced first-half expenditure on travel and exhibitions
- Capital expenditure lower at £4.8m (2020: £28.4m) reflecting significant infrastructure investments in recent years
- Strong balance sheet - end of period cash of £186.6m (£120.4m at 30 June 2020; £71.3m at 31 Dec 2019)

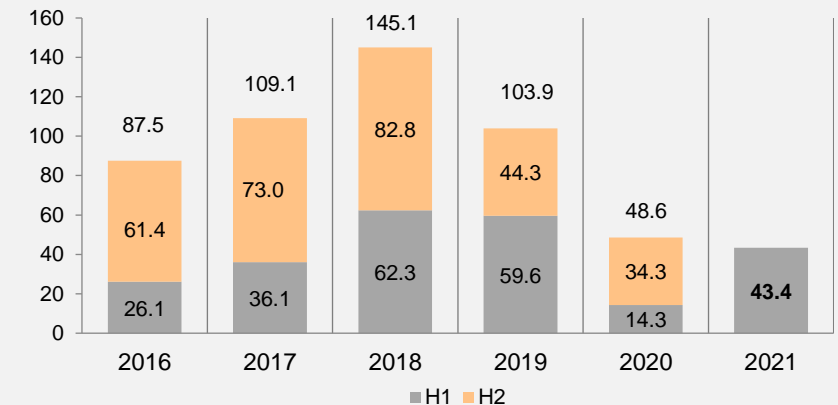
Financial summary

	2021 £m	2020 £m	Change %
Revenue	255.1	259.4	-2%
Adjusted profit before tax	43.4	14.3	203%
Restructuring costs	0.0	(2.2)	
FV gains/(losses) on ineffective FX cash flow hedging contracts	20.5	(2.2)	
Statutory profit before tax	63.9	9.9	545%
Tax	(11.5)	(2.5)	
Profit after tax	52.4	7.4	608%
Adjusted earnings per share (p)	49.3	15.1	226%
Statutory earnings per share (p)	72.1	10.2	607%
Dividend per share in respect of period (p)	14.0	0.0	

Revenue £m



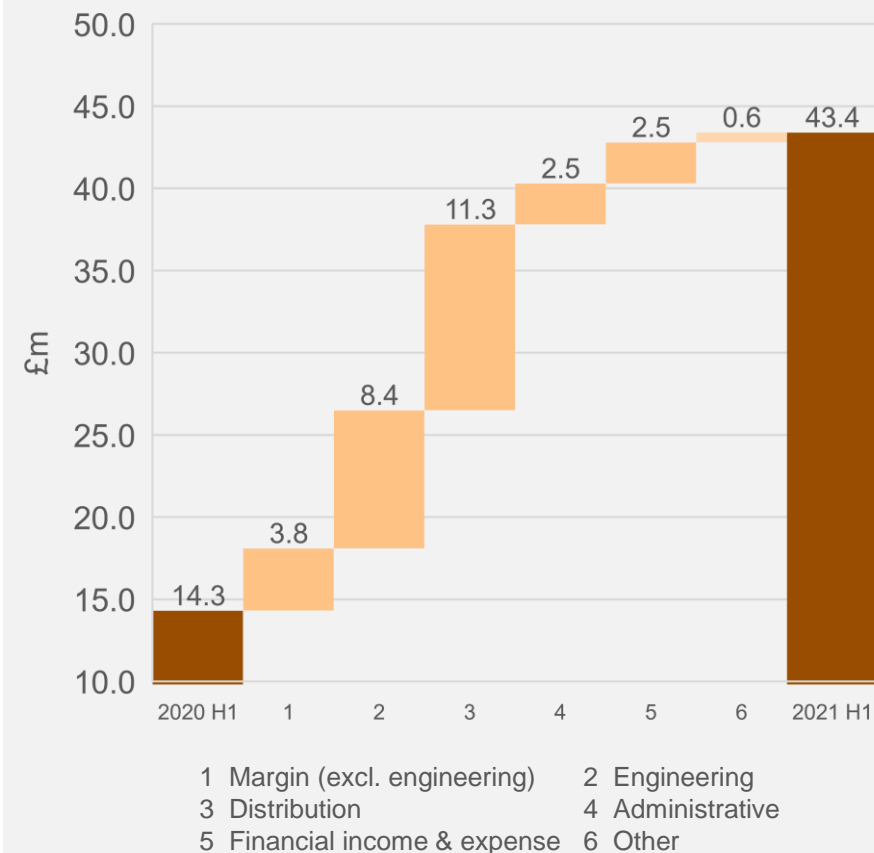
Adjusted profit before tax £m



Income statement

	2021 £m	%	2020 £m	%	Change
Revenue	255.1	100	259.4	100	-2%
Cost of sales	(90.3)	(35)	(98.4)	(38)	-8%
Engineering (inc. R&D)	(37.7)	(15)	(46.1)	(18)	-18%
Gross profit	127.1	50	114.9	44	11%
Distribution costs	(54.3)	(21)	(65.6)	(25)	-17%
Administrative costs	(29.4)	(12)	(31.9)	(12)	-8%
Fair value losses on financial instruments	20.5	8	(8.6)	(3)	
Fair value gains on financial assets	0.0	0	2.7	1	
Financial income/(expense) (net)	0.0	0	(2.5)	(1)	
Share of profits of associates and joint ventures	0.0	0	0.9	0	
Statutory profit before tax	63.9	25	9.9	4	545%

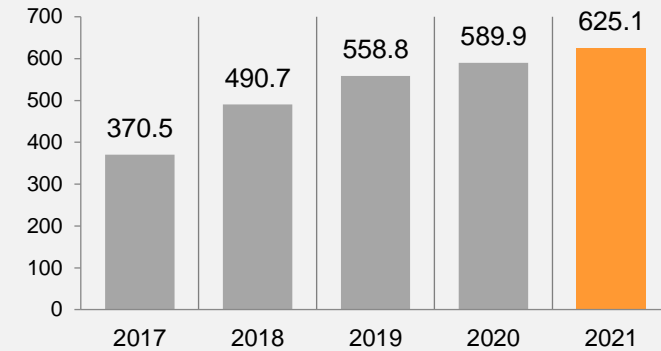
Adjusted profit before tax bridge



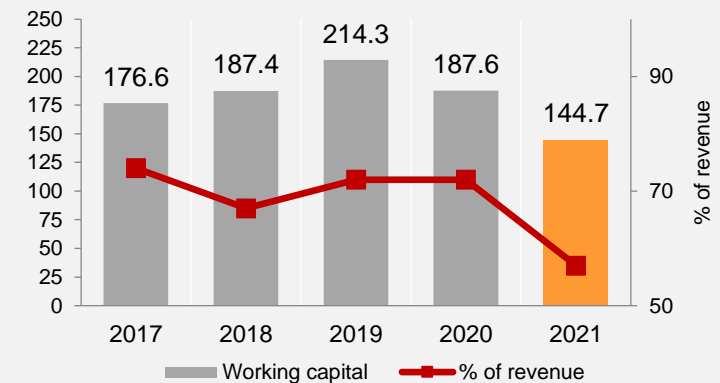
Balance sheet

£m	Dec 2020	Dec 2019	June 2020
Property, plant & equipment	257.7	272.3	270.0
Intangible assets, investments & LT loans	61.6	72.2	62.8
Right of use assets	13.5	13.0	12.7
Finance leases	5.3	-	4.8
Deferred tax assets	25.8	21.2	39.6
Derivatives	9.6	13.0	1.3
Total non-current assets	373.5	391.7	391.2
Inventory	98.2	117.8	105.5
Debtors	124.3	139.7	135.1
Pension fund cash escrow	10.6	10.5	10.6
Cash and bank deposits	186.6	71.3	120.4
Derivatives	(4.6)	(1.0)	(18.8)
Creditors (current)	(83.6)	(62.3)	(71.2)
Net current assets	331.5	276.1	281.6
Non-current borrowings	(7.6)	(9.6)	(10.5)
Non-current lease liabilities	(9.6)	(8.5)	(8.9)
Pension scheme deficit	(60.9)	(42.8)	(64.9)
Deferred tax liabilities	(0.5)	(0.5)	(0.5)
Derivatives	(1.3)	(16.5)	(41.1)
Net assets, equal to Total equity	625.1	589.9	546.9

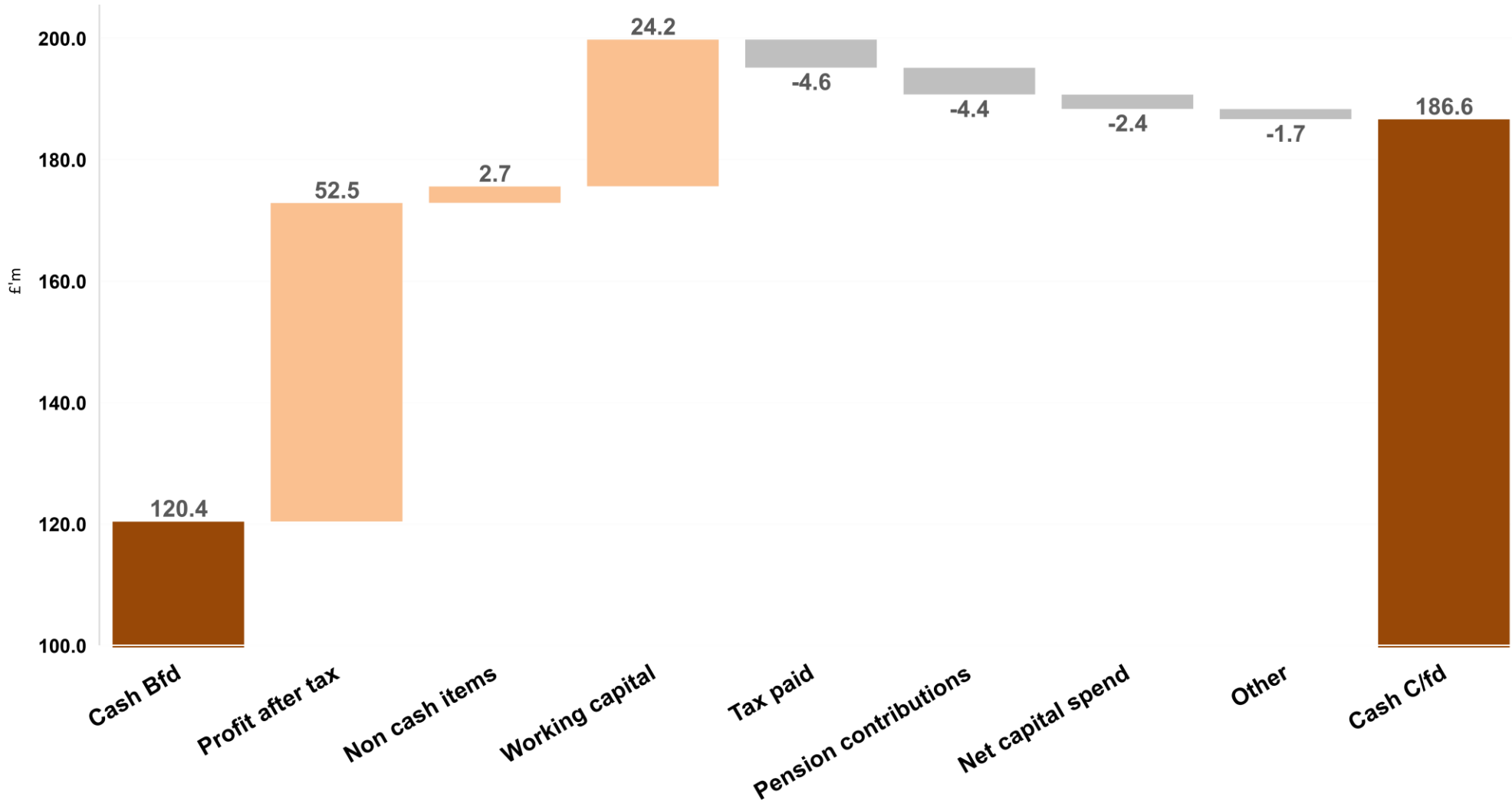
Total equity Dec, £m



Working capital (excl Cash & derivatives) Dec, £m



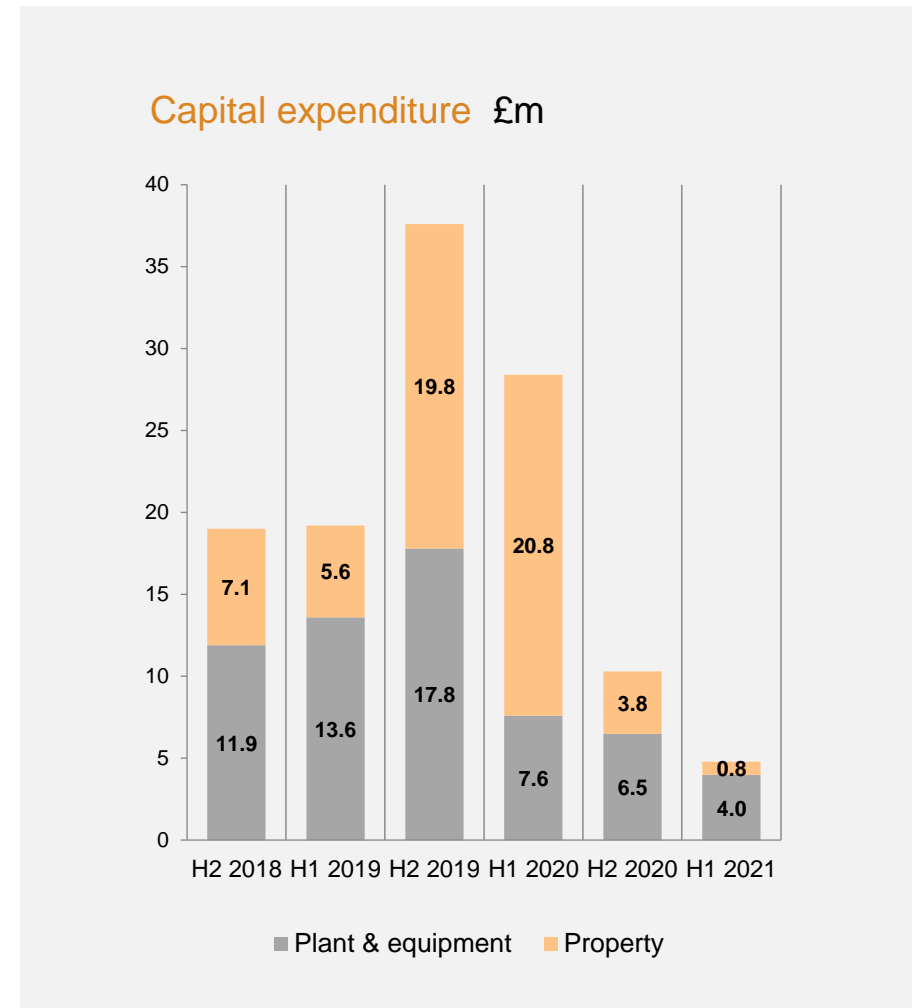
Cash and bank deposits bridge



Capital expenditure

	2021 £m	2020 £m
Capital expenditure	4.8	28.4

- £4m capital expenditure was spent on plant and equipment to support our manufacturing processes and IT infrastructure.
- The lower spend this year is in line with expectations following significant infrastructure investments in recent years.



Transforming Tomorrow Together

We make it possible to create the products, materials and therapies that will define our world in the decades to come and touch billions of lives

Products

Manufacturing technologies

**Industrial
Metrology**

**Position
Measurement**

**Additive
Manufacturing**



Materials

Analytical instruments

Spectroscopy



Therapies

Medical devices

Neurological



What will tomorrow look like?

High-tech solutions for a world of scarce resources

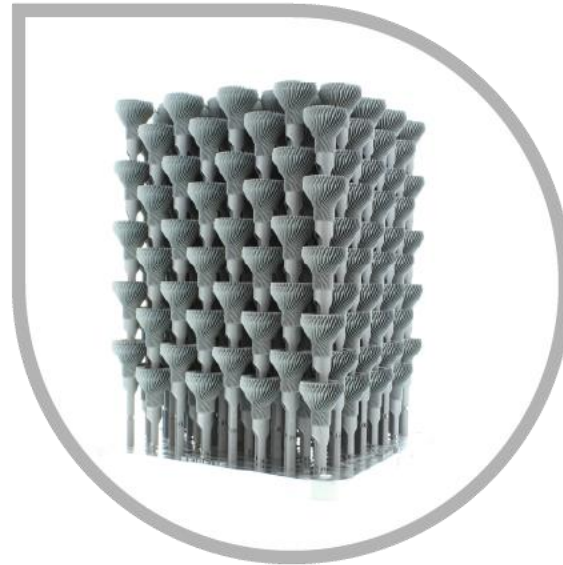
Sustainable

Renewable energy,
recycling and reuse,
'net zero' transport



High-performance

Complex and efficient
products, delivering
more with less



Intelligent

Electronics, sensors,
'big data' and
artificial intelligence



Personalised

Customised devices,
image-guided
procedures



Our Vision

To innovate and transform capabilities in manufacturing and healthcare through unparalleled levels of...

Precision



Productivity



Practicality



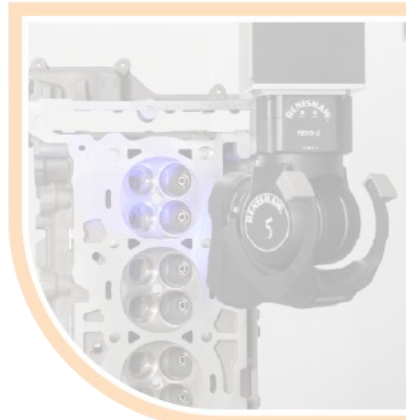
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Products

Manufacturing technologies

Industrial
Metrology



Position
Measurement



Additive
Manufacturing



Materials

Analytical instruments

Spectroscopy



Therapies

Medical devices

Neurological

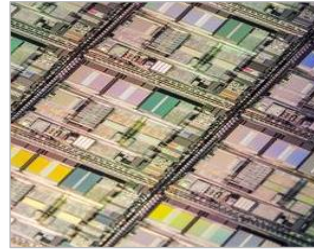


Technologies for the electronics and semiconductor industries

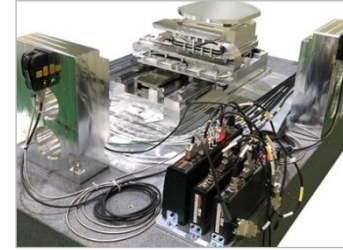


Precision

Accurate, intricate production processes, delivering higher product performance and sustainability



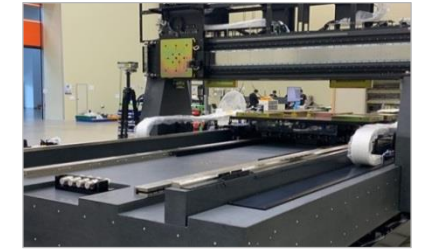
Photolithography



Wafer inspection



PCB router



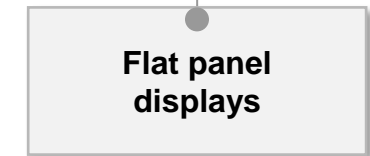
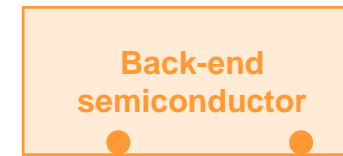
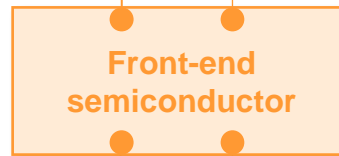
Flat panel inspection



Productivity

Higher process yields, faster cycle times and more automation

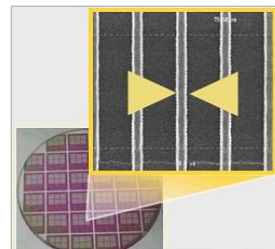
Application segment



Practicality

Easy-to-use solutions with embedded knowledge and data analytics

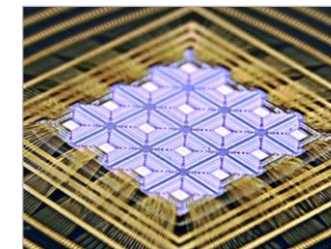
CD and DR SEM



Wafer handling



Wire bonding



PCB testing



Position Measurement Strategy



Commercial strategy

- Focus on winning new accounts with targeted relationship building
- Grow the global sales team as necessary to introduce new products



Product strategy

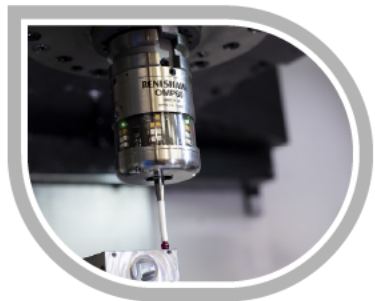
- Investing to accelerate entry into close-adjacent markets and broaden our product range
- Technology research for next generation of high-performance optical and laser encoders
- New machine tool encoders



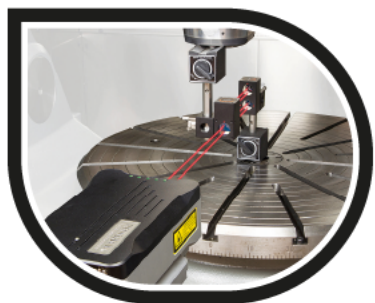
Extensive experience of manufacturing



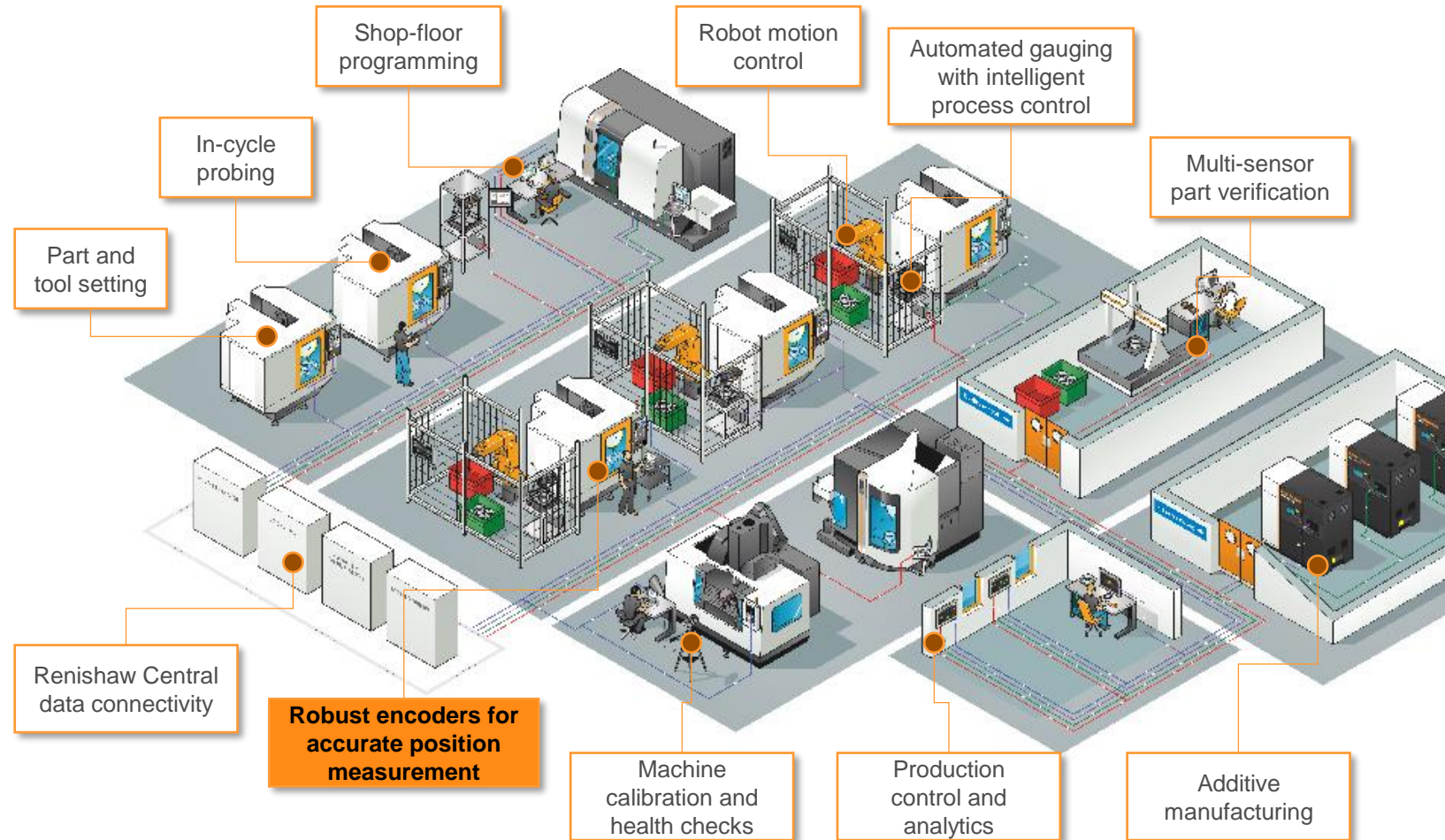
CMM and gauging systems



Machine tool probes



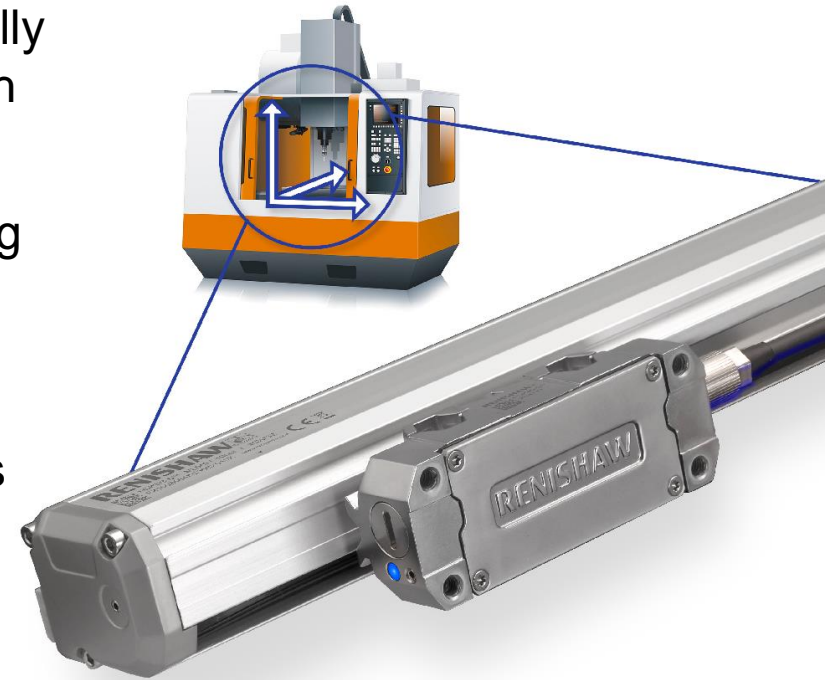
Calibration systems



Key product: FORTiS™ enclosed optical encoder

FORTiS™ absolute encoder

- Proven absolute encoder technology (RESOLUTE™) within an exceptionally robust enclosed design, providing high-performance measurement in harsh environments
 - Machining centres; Precision tool grinding; Semiconductor wafer dicing
- Non-substitutional entry into an industry with existing Renishaw presence, reputation and contacts
 - High fitment rates on precision tool grinders and high-speed machines opens up an immediately accessible market
 - Increasing use on traditional machines gives path to growth
 - Probes, calibration and now encoders form a strong package for OEMs
- **Launched and available - January 2021**
 - Already tested and designed-in on production machines at early technology partners



Outlook

- The Board remains confident in the long-term prospects for the Group:
 - strong financial position
 - high quality of our people
 - innovative product pipeline
 - extensive global sales and marketing presence
 - relevance to high value manufacturing
- Whilst the trading environment remains uncertain as a result of the pandemic, we currently have a strong order book, and we are well placed to take advantage of the opportunities presented by any recovery in the global economy. At this stage, we expect:
 - full year revenue to be in the range of £515m to £545m
 - adjusted profit before tax to be in the range of £85m to £105m

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