

Renishaw plc
Trading update
18th October 2018

Renishaw plc, the global high-precision metrology and healthcare technology group, publishes this trading update for the three months ended 30th September 2018. It contains unaudited information that covers the first quarter and the period since.

Trading activity

Continuing operations	First quarter 2019	First quarter 2018	Change
Metrology	£147.4m	£137.1m	+8%
Healthcare	£6.6m	£5.2m	+27%
Total revenue	£154.0m	£142.3m	+8%
Adjusted* profit before tax	£32.6m	£35.8m	-9%
Statutory profit before tax	£33.5m	£36.9m	-9%

Revenue from continuing operations for the first quarter of the current financial year was £154.0m, a growth of 8% over the £142.3m for the corresponding period last year. We experienced growth for the period at constant exchange rates of 7% with growth in all regions.

In our metrology business revenue amounted to £147.4m compared to £137.1m last year, with growth at constant exchange rates of 7%. Revenue in our healthcare business was £6.6m compared with £5.2m last year, a growth of 25% at constant exchange rates.

The Adjusted* profit before tax from continuing operations for the first quarter amounted to £32.6m compared with £35.8m last year and the statutory profit before tax amounted to £33.5m (2018: £36.9m).

Over recent years, we have invested in people and infrastructure to support growth opportunities and are now well placed to benefit from these investments. We anticipate the rate of investment in additional resources will reduce in the remainder of the current financial year as we continue to monitor the Group's cost base.

Financial position

The Group balance sheet remains strong with net cash balances of £115.3m as at 30th September 2018 compared to £103.8m at 30th June 2018.

Outlook

Despite the potential impacts of Brexit and economic uncertainties in Asia the Board remains confident in the future prospects of the Group and of growth in both revenue and profit in this financial year.

The results for the half year ending 31st December 2018 will be released on 31st January 2019.

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

William Lee
Chief Executive Officer

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* **Adjusted profit before tax**

The adjustment to statutory profit relates to the accounting treatment of certain forward currency contracts used as hedging instruments which do not qualify for hedge accounting as they do not meet the hedge effectiveness criteria set out in the International Accounting Standard IFRS9 'Financial Instruments', or the criteria set out in IAS39 'Financial Instruments: Recognition and Measurement' used in the prior year. The Board deems that the adjusted profit before tax better reflects the underlying performance of the Group. The following table reconciles statutory profit before tax to adjusted profit before tax:

£'m	Q1 2019	Q1 2018
Adjusted profit before tax	32.6	35.8
Fair value gains/losses on financial instruments not eligible for hedge accounting		
- reported in revenue	1.8	0.1
- reported in (losses)/gains from the fair value of financial instruments	(0.9)	1.0
Statutory profit before tax from continuing operations	<u>33.5</u>	<u>36.9</u>