

Renishaw plc
Trading update
9th May 2018

Ahead of the investor day being held tomorrow, we are providing a trading update as follows:

Renishaw plc, the global high-precision metrology and healthcare technology group, publishes this trading update for the nine months ended 31st March 2018. It contains unaudited information that covers the first three quarters and the period since.

Trading activity

Continuing operations	9 months to 31st March 2018	9 months to 31st March 2017*	Change
Metrology	£406.6m	£361.4m	+12.5%
Healthcare	£23.3m	£22.9m	+1.7%
Total Revenue	£429.9m	£384.3m	+11.9%
Adjusted* Profit before tax	£97.6m	£70.1m	+39.2%
Statutory Profit before tax	£104.4m	£69.7m	+49.8%

Revenue from continuing operations for the first three quarters of the current financial year was £429.9m, an increase of 11.9% compared with £384.3m for the corresponding period last year. We experienced underlying growth at constant exchange rates of 16.4%, with growth in all regions.

In our metrology business revenue amounted to £406.6m compared with £361.4m for the same period last year, with an underlying growth at constant exchange rates of 16.9%. Revenue in our healthcare business was £23.3m compared with £22.9m for the same period last year, an increase of 5.9% at constant exchange rates.

Adjusted* profit before tax from continuing operations for the first three quarters amounted to £97.6m compared with a restated adjusted* profit before tax of £70.1m for the corresponding period last year.

Financial position

The Group balance sheet remains strong with net cash balances of £91.2m as at 31st March 2018 (30th June 2017: £51.9m).

Outlook

Notwithstanding current economic uncertainties, the Board remains confident in the future prospects of the Group. In our half year interim report, we forecast full year revenue to be in the range of £575m to £605m and adjusted profit before tax to be in the range of £127m to £147m. We continue to expect growth in both revenue and profit for this financial year and now expect full year revenue to be in the range of £585m to £610m and adjusted profit before tax to be in the range of £135m to £150m. Statutory profit before tax is expected to be in the range of £145m to £160m.

The preliminary full year results for the year ending 30th June 2018 will be released on 26th July 2018.

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

William Lee
Chief Executive Officer

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* **Adjusted profit before tax and prior year restatements**

In the trading update issued on 10th May 2017, the cumulative profit before tax for the first three quarters of the financial year 2017 was reported as £69.3m. The results of the spatial measurement business have been excluded as this business has been reclassified as a discontinued activity, giving rise to an increase in profit before tax of £0.8m.

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 IAS39 'Financial Instruments: Recognition and Measurement'. 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	9 months to 31st March 2018	9 months to 31st March 2017
Profit before tax as previously reported		69.3
Restatement for discontinued operations		0.8
Restated adjusted profit before tax from continuing operations	<u>97.6</u>	<u>70.1</u>
Fair value gains/losses on financial instruments not eligible for hedge accounting		
- reported in revenue	2.6	7.9
- reported in losses from the fair value of financial instruments	4.2	(8.3)
Restated statutory profit before tax from continuing operations	<u><u>104.4</u></u>	<u><u>69.7</u></u>