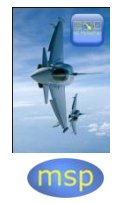


2012 results



25th July 2012



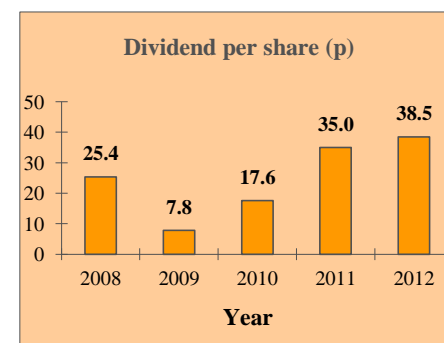
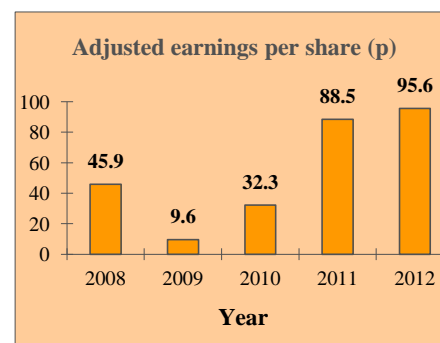
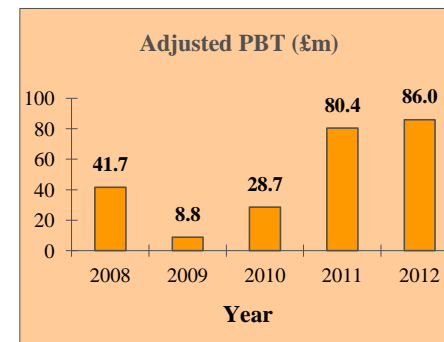
Highlights

• Record results

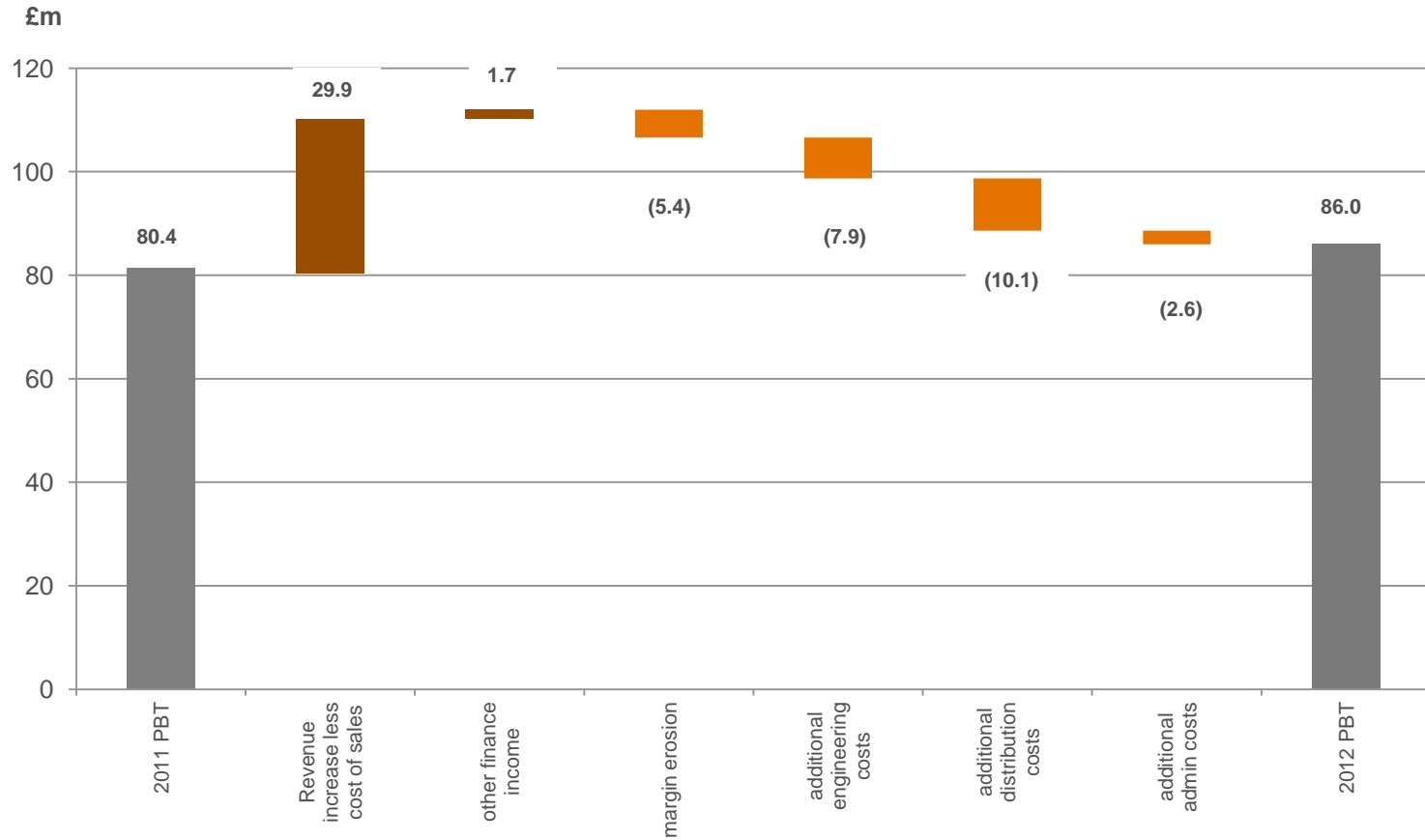
• Revenue	£331.9m	+15%
• Profit before tax	£86.0m	+7%
• EPS	95.6p	+8%
• Dividend per share	38.5p	+10%

• Investment for growth:

- Additional manufacturing facilities
- Increased R&D expenditure
- Expansion of marketing and distribution network
- Additional IT infrastructure investment



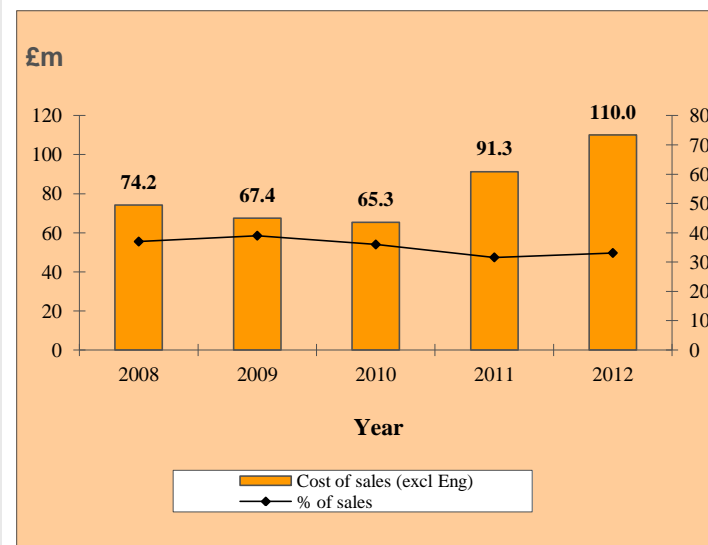
PBT changes from 2011



Income statement

	2012		2011		change
	£m	%	£m	%	%
Sales	331.9	100	288.7	100	+15%
Cost of sales	(110.0)	(33)	(91.3)	(31)	+20%
Engineering (incl R&D)	(45.0)	(14)	(37.1)	(13)	+21%
Gross profit	176.9	53	160.3	56	+10%
Distribution costs	(62.2)	(19)	(52.1)	(18)	+19%
Administration costs	(31.5)	(9)	(28.9)	(10)	+9%
Operating profit	83.2	25	79.3	28	+5%
Financial income (net)	2.1	1	0.7	-	-
Profit from associates	0.7	-	0.4	-	-
Profit before tax & except	86.0	26	80.4	28	+7%
Exceptional items	-	-	1.7	-	-
Reported profit before tax	86.0	26	82.1	28	+5%

Cost of sales



Margin erosion due to:

- Product mix
- Effect of acquisitions

Income statement – Engineering costs

• **Engineering costs (including R&D, current engineering and manufacturing processes):**

	2012	2011
• Total spend	£47.9m	£40.0m
• Less capitalised (net)	£2.9m	£2.9m
• Remaining in P&L	£45.0m	£37.1m
• Gross increase	+20%	

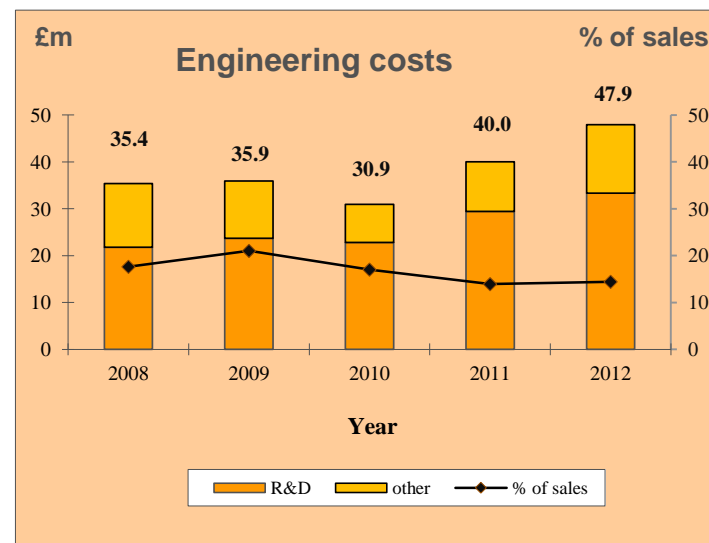
• **Engineering segmental split:**

• Metrology	£34.6m	£28.0m
• Healthcare	£10.4m	£9.1m

• **Percentage of group revenue (total spend):**

	14.4%	13.9%
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• **New product spend:** £33.3m 2012, £29.4m 2011



Income statement – Distribution costs

- **Distribution costs up 19%:**
 - Expansion of UK & overseas sales and marketing facilities to support growing revenue
 - New subsidiary in Mexico
 - Expanded offices in USA, Germany, Brazil and China
 - New office purchases in Canada, Spain and Italy
 - Full year effect of acquisitions in the previous year
 - Represents 19% of group revenue (2011 18%)



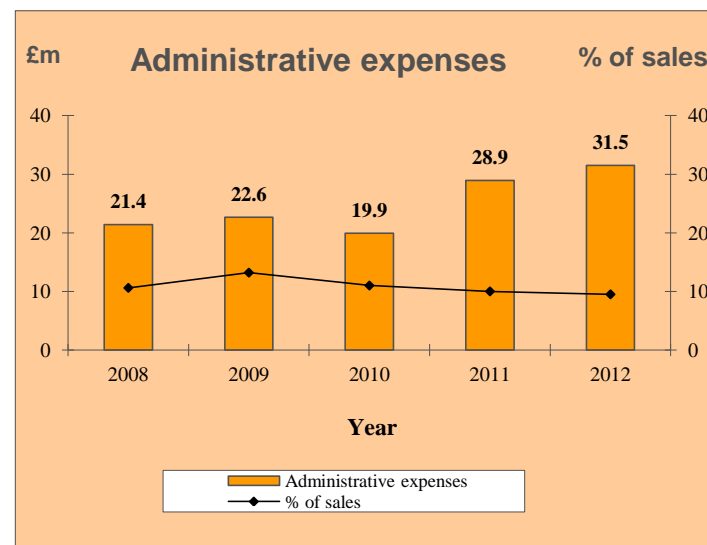
Income statement – Administrative expenses & headcount

- **Administrative expenses increased by 9%**
 - Mainly inflationary, effect of acquisitions and growth in infrastructure
 - Represents 9% of group revenue (2011 10%)

- **Group headcount at year end:**

	2012 No.	2011 No.	increase No.
• UK & Ireland	1,996	1,872	124
• Overseas	908	803	105
• Total	2,904	2,675	229

- **Outstanding vacancies 182, of which 118 in the UK**
 - Difficulty in recruiting high calibre engineers



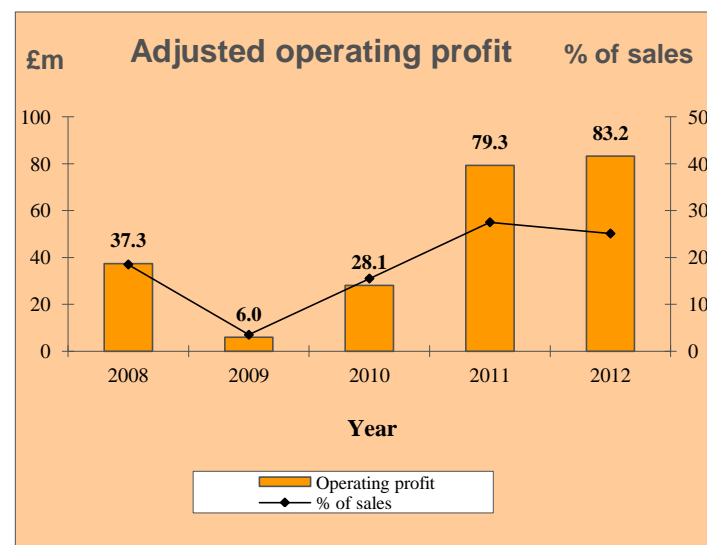
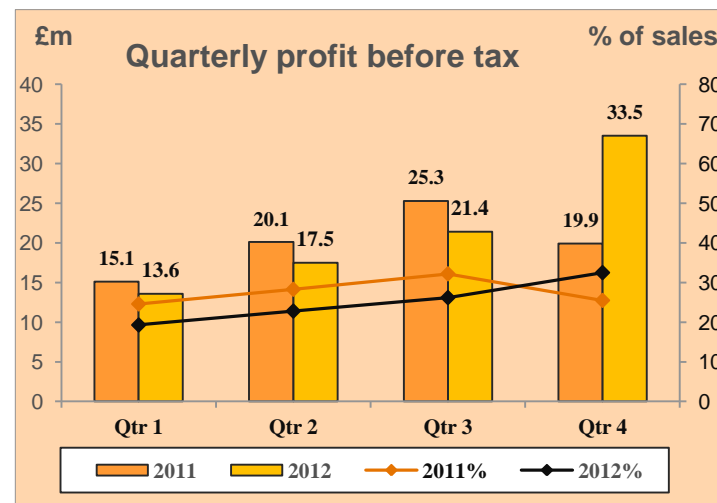
Income statement – Profitability

• Profit before tax by quarter:

	2012	2011	change
	£m	£m	%
Quarter 1	13.6	15.1	-10%
Quarter 2	17.5	20.1	-13%
Quarter 3	21.4	25.3	-15%
Quarter 4	33.5	19.9	+68%
Total	86.0	80.4	+7%

• Adjusted operating profit segmental split:

	2012	2011
• Metrology	£91.8m	£87.7m
• Healthcare	£(8.6)m	£(8.4)m
• Group operating profit	£83.2m	£79.3m
• % of group revenue	25.1%	27.5%



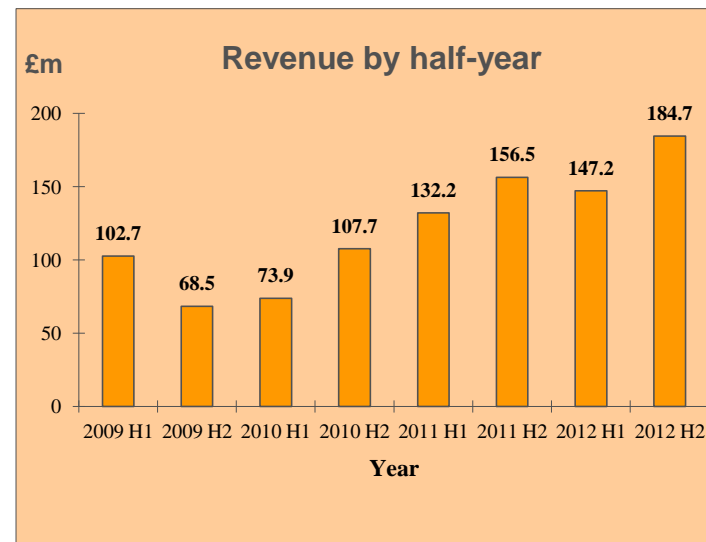
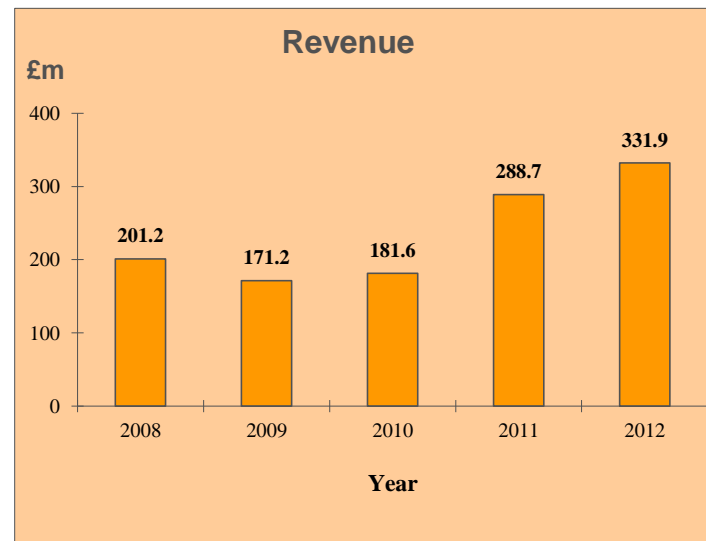
Group revenue analysis

Highlights:

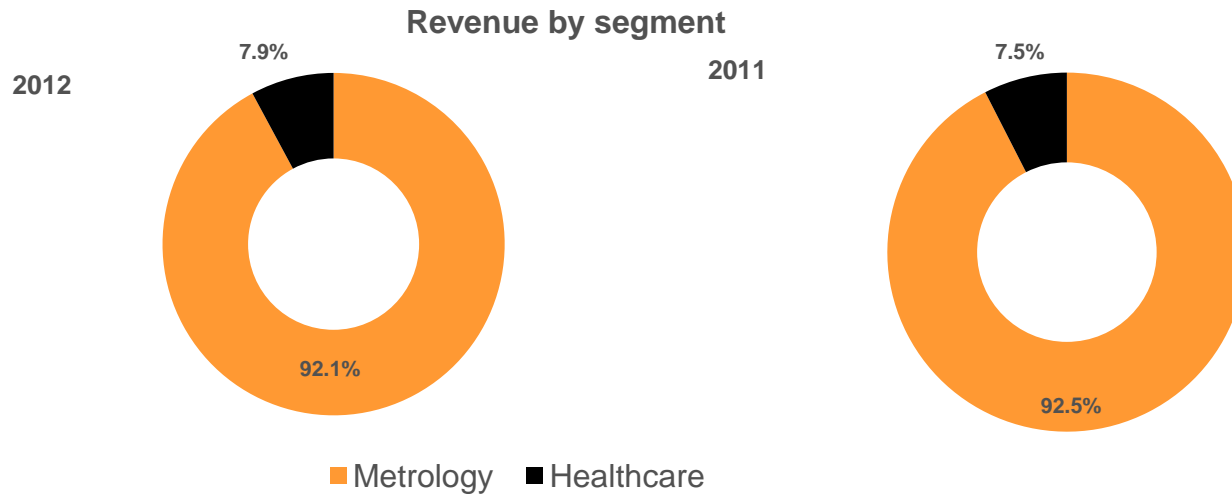
- Revenue up 15% at £331.9m, from £288.7m
- Good progress in all geographic areas
- Record final quarter with £103m revenues
- Strong final quarter in Far East due to China - driven by strong demand for consumer products

•Revenue by quarter:

	2012	2011	change
	£m	£m	%
Quarter 1	70.5	61.3	+15%
Quarter 2	76.7	70.9	+8%
Quarter 3	81.6	78.4	+4%
Quarter 4	103.1	78.1	+32%
Total	331.9	288.7	+15%



Group revenue analysis



• **Segmental analysis**

	2012	2011	change
	£m	£m	%
• Metrology	305.8	267.0	+15%
• Healthcare	26.1	21.7	+20%

Group revenue analysis

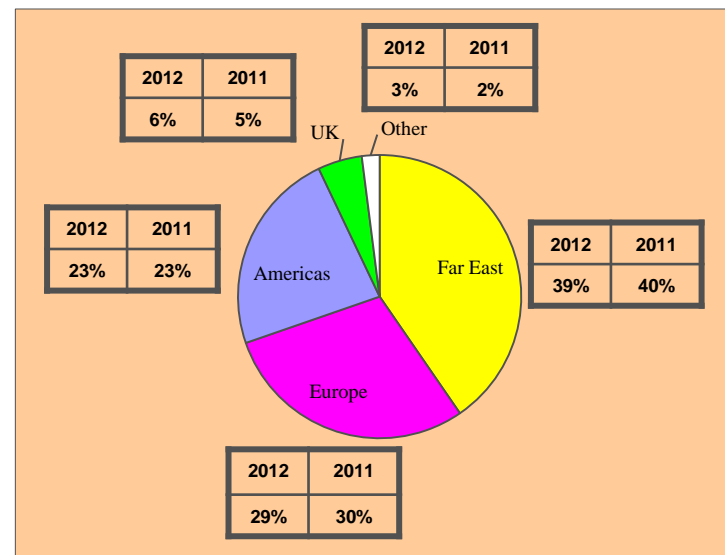
• Changes in geographic areas:

	2012 £m	2011 £m	increase %
• Far East	130.2	114.5	+14%
• Europe	95.7	85.7	+12%
• Americas	76.8	65.1	+18%
• UK & Ireland	18.9	14.8	+28%
• Other regions	10.3	8.6	+20%
• Total	<u>331.9</u>	<u>288.7</u>	<u>+15%</u>

• Revenue by major countries:

	2012 £m	2011 £m	increase %
• China	65.2	54.2	+20%
• USA	64.6	52.8	+22%
• Germany	42.5	38.6	+10%
• Japan	38.5	36.1	+7%

Revenue by region

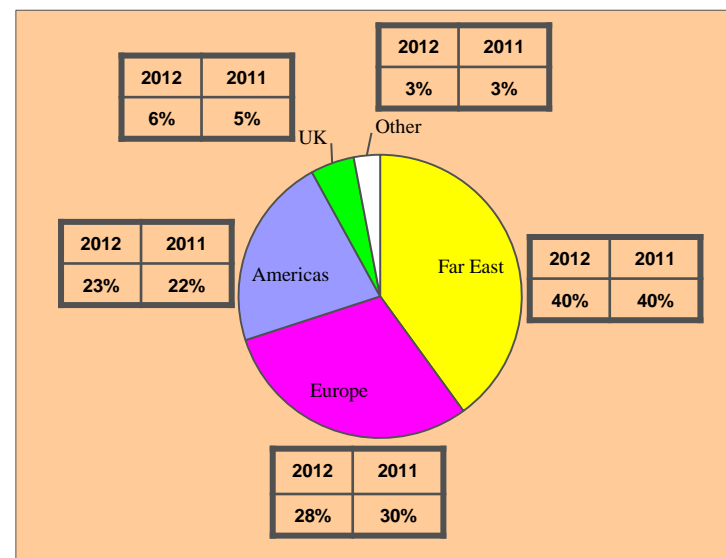


Group revenue - Metrology

- Global investment in production systems for automotive, civil aviation, agriculture and energy are strong drivers
- All product lines grew apart from encoder products
- Machine tool and calibration product lines performed particularly well
- Recent investments (MDL and additive manufacturing line) contributed to growth

	2012	2011	change
	£m	£m	%
Far East	122.3	106.7	+15%
Continental Europe	86.7	79.4	+9%
Americas	71.3	60.6	+18%
UK & Ireland	17.1	12.7	+35%
Other regions	8.4	7.6	+11%
Total	305.8	267.0	+15%

Revenue by region



New product releases - Metrology



REVO® SFP1 surface finish probe



UCC motion control software for CMMs: new releases for improved throughput and efficiency



UCC T3 - a 3 axis touch trigger CMM controller / amplifier designed specifically for entry level 3 axis DCC touch trigger machines

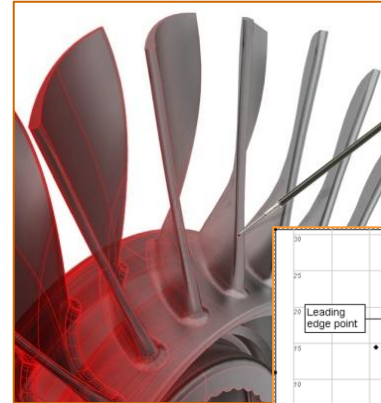


PHC10-3, replacement for PHC10-2, with USB connection option

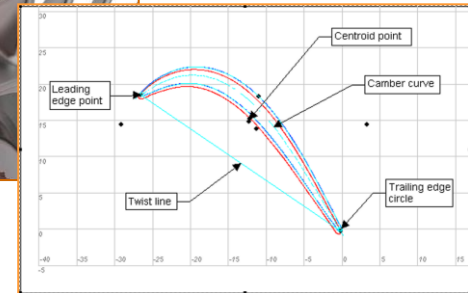
New product releases - Metrology



MCU-W - a bluetooth operated CMM hand controller for use on very large machines



New MODUS metrology software for aero engine blade inspection and analysis



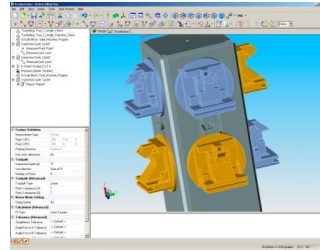
XR20-W rotary calibrator



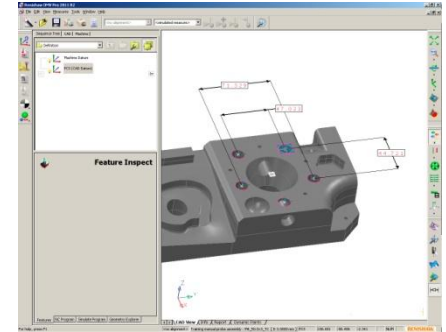
UCC2-2 replacement for UCC2 machine controller: new processor, new branding.
PI 7-3 and PI 200-3 replacement probe interfaces: smaller, USB compatible, latest components and new branding



New product releases - Metrology



64-bit support and improved model annotation tools for Renishaw OMV on-machine verification software

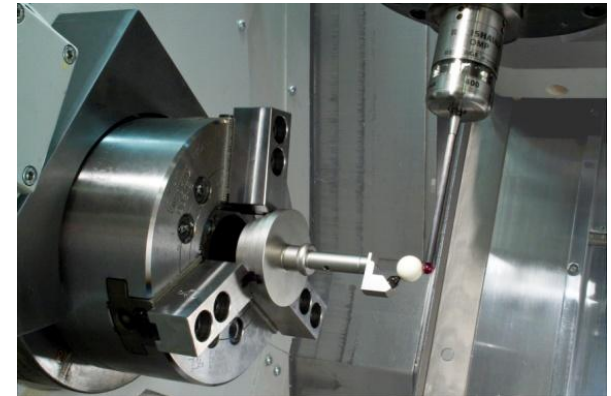


64-bit support and a wider range of multi-axis CNC machine support for our Productivity+™ process control software

New Resolute™ products:

- Resolute ETR – encoder with extended temperature range
- Resolute with Mitsubishi protocol
- Resolute with Panasonic protocol
- Resolute with Fanuc (linear) protocol

LinACE heavy-duty absolute magnetic linear encoder



AxiSet Check-up V2 with support for checking rotary axis alignments of mill-turn machine tools

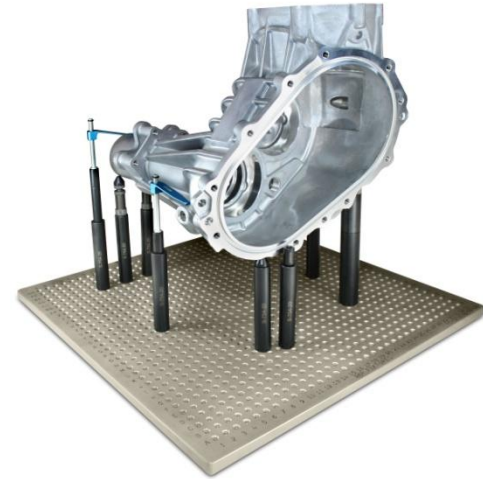
New investments - Metrology

• Investment – R&R Sales LLC

- £2.6m investment in cash in April 2012 for 100% shareholding in R&R with further payments based on performance
- US-based supplier of fixtures for the global measurement and inspection market
- R&R to utilise Renishaw's worldwide distribution network and manufacturing expertise

• Investment – Thomas Engineering & Construction (“TEC”)

- £0.7m investment in February 2012 for 100% shareholding in TEC (£0.2m paid with rest deferred up to 2 years) with further payments based on performance
- TEC is a Canadian distributor of products manufactured by MDL

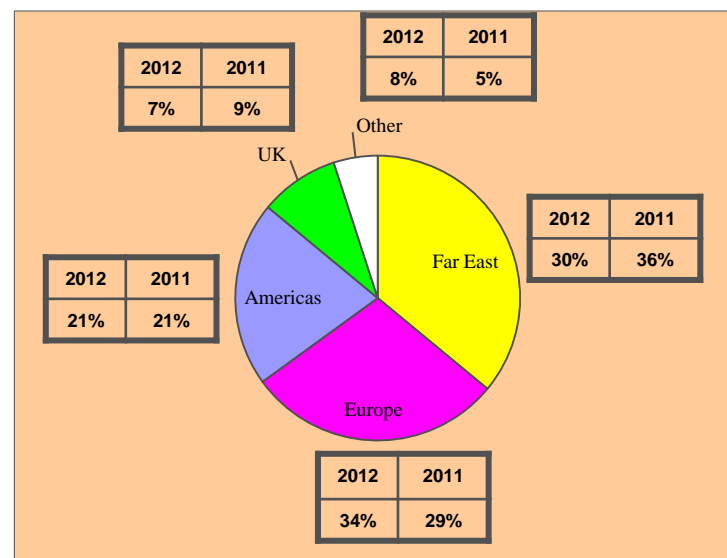


Group revenue - Healthcare

- Record Spectroscopy sales – driven by increasing applications in nanotechnology, advanced materials & life sciences
- Growth in dental and neuro
- Further sales of the neuromate surgical robot for neurosurgical procedures

	2012	2011	change
	£m	£m	%
Far East	7.9	7.8	+1%
Continental Europe	9.0	6.3	+43%
Americas	5.5	4.5	+22%
UK & Ireland	1.8	2.1	-14%
Other regions	1.9	1.0	+90%
Total	26.1	21.7	+20%

Revenue by region



Healthcare developments

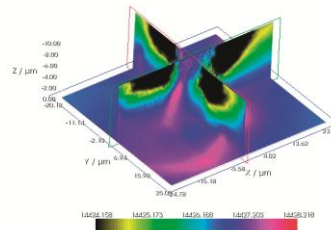
- During the year, the Board refocused part of the healthcare activities to a smaller number of projects, particularly in our neurological products line and withdrew from the supply of radio frequency coils for use in MRI scanning research which was no longer considered core to our business strategy
- Frenchay Hospital in Bristol carried out the UK's first Stereo Electro Encephalography (SEEG) procedures to aid the treatment of chronic epilepsy using our robot as a stereotactic platform. We expect that the increasing awareness will lead to further robot sales
- In our healthcare business, the continuing significant expenditure in research and development resulted in an operating loss of £8.6m, compared with a loss of £8.4m for last year
- We are targeting this segment to move into profit in the next two years

New product releases - Healthcare



Integrated Raman AFM system

3D imaging software - Data like these help material scientists to understand deformation and fracture mechanisms



RA800-series of OEM benchtop instrument solutions can be configured to provide tailored chemical analysis solutions across a range of application areas. The image shows a RA800-series instrument in use at Renishaw Diagnostics Ltd



New product releases - Healthcare



Full contour zirconia is one solid piece of material that has a shade applied then some stain and glaze to finish

LaserAbutment is a one piece design made from laser melted Cobalt Chrome and is supplied with a pre-polished emergence profile and can either have a crown fitted over the top or have porcelain applied directly to the surface to create a lower cost alternative to a screw-retained crown



In our neurological business, the next generation of neuroinspire™ surgical planning software was CE marked in January 2012



Awards

- Renishaw's 15th Queen's Award. Awarded for the SP80 ultra-high accuracy analogue scanning probe
- The co-founders of Renishaw plc, Sir David McMurtry and John Deer, have been honoured with the prestigious Swan Medal of the Institute of Physics, for their role in founding Renishaw plc and leading it to become one of the UK's principal manufacturers of metrology equipment
- At the prestigious MWP Awards Dinner held in Birmingham, UK, on 17th April 2012, Renishaw's unique Equator 300 gauging system was judged the winner in the 'Best Quality Control Equipment' category



Awards

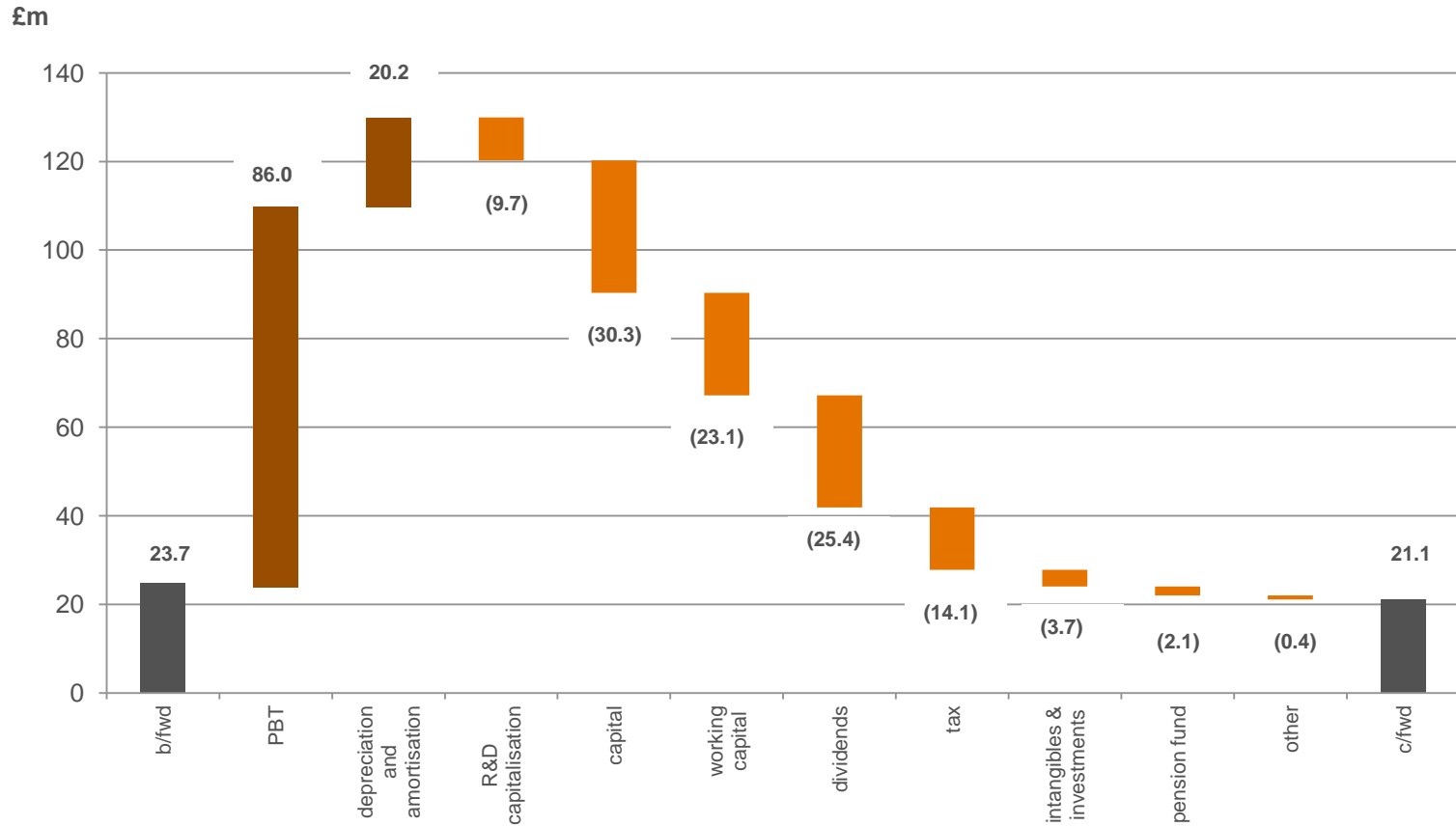
- Equator™ was also honoured with another top international award, winning the Gold Award at Holland's Techni-Show Innovation Awards 2012

- At the UK's National Business Awards Renishaw was awarded the Grant Thornton Mid-Cap Business of the Year award for FTSE listed businesses and mutuals with a turnover of less than £500 million

The award citation described Renishaw as 'an irreplaceable business'



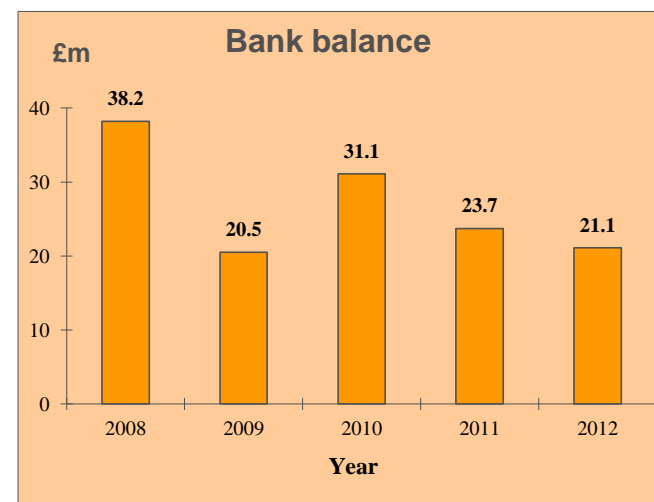
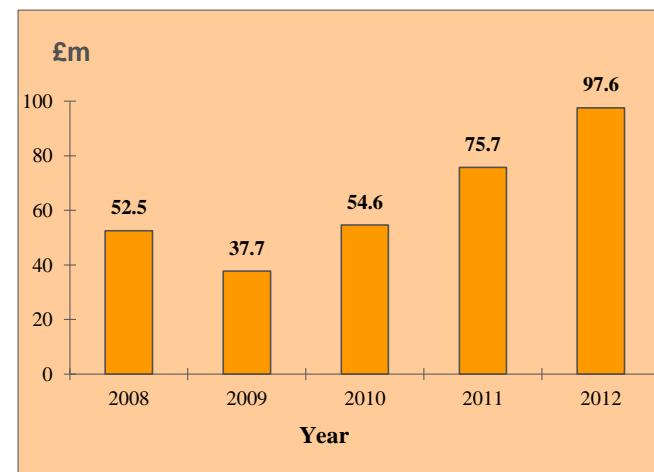
Cash flow



Balance sheet

	June 2012 £m	June 2011 £m	change %
Property, plant & equipment	101.0	82.3	+23%
Intangible assets & investments	61.2	54.5	+12%
Deferred tax assets	17.8	23.8	-25%
Derivatives	3.5	0.7	+400%
Total non-current assets	183.5	161.3	+14%
Inventory	54.0	49.8	+8%
Debtors	100.0	73.0	+37%
Pension fund cash escrow account	11.5	10.9	+6%
Cash	21.1	23.7	-11%
Creditors (current)	(56.4)	(47.1)	+20%
Current assets less current liabilities	130.2	110.3	+18%
Deferred tax liability	(19.5)	(17.2)	+13%
Pension fund deficit	(42.0)	(37.7)	+11%
Other payables	(9.8)	(15.0)	-35%
Net assets	242.4	201.7	+20%

Working capital (excluding cash)



Capital expenditure – Tangible fixed assets

- Total Tangible fixed asset spend £30.3m (2011 £16.5m), of which £13.6m was on property, £16.7m on plant and equipment

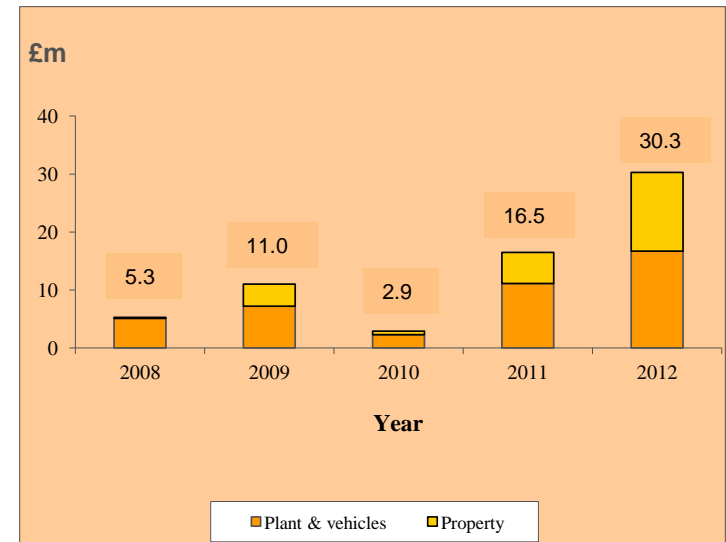
- Property additions

- Miskin refurbishment
- New property for MDL in construction
- Canada
- Italy
- Spain
- RLS Slovenia (associate)

- Planning consents

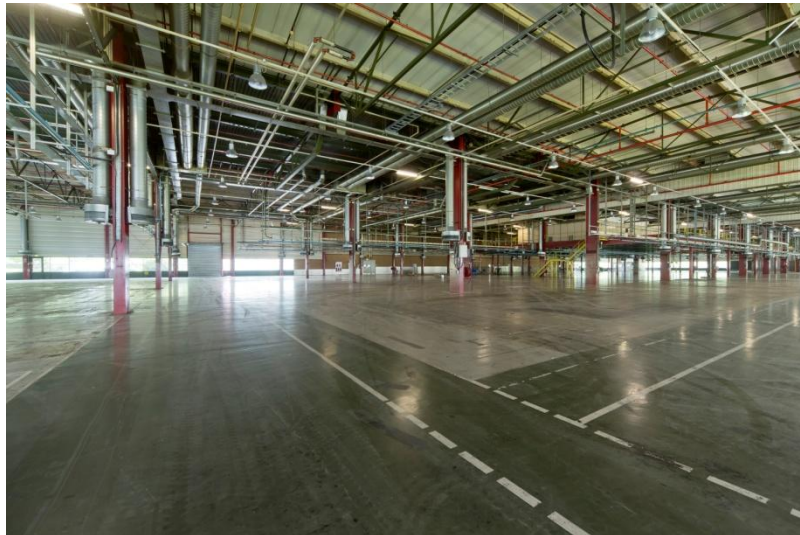
- New Mills
- Charfield
- Ireland

Capital expenditure



Capital expenditure – UK property

Miskin, near Cardiff,
South Wales



Before refurbishment



After refurbishment

Capital expenditure – UK property



**Additive
Manufacturing
Products Division,
Stone, Staffordshire**

Progress on new MDL building, York



UK property expansion plans



Approved application: New Mills, Wotton-under-Edge (230,000 sq.ft phased development)



Approved application: Charfield, near Wotton-under-Edge (50,000 sq.ft extension)

Capital expenditure – overseas property



Renishaw Canada, Mississauga



Renishaw Iberica, Barcelona, Spain



Renishaw S.p.A., Turin, Italy



Associate company RLS, Slovenia

Outlook

- Final quarter saw increases in revenue growth
- Our markets exhibit attractive, long-term structural drivers with continuing global investment in production systems and processes
- Continued investment in R&D, manufacturing, marketing and distribution capability
- World economic outlook uncertain, but Board remains optimistic for the Group's own future and prospects
- Board expects that 2013 will be another year of progress for Renishaw

Chairman's statement

I am pleased to announce a record set of Group results in terms of both revenue and profit for the year ended 30th June 2012; a year of further progress and growth.

Total Group revenue for the year was £331.9m, 15% ahead of the £288.7m for last year. All geographic areas saw good progress, with growth of 18% in the Americas (revenue of £76.8m), 14% in the Far East (£130.2m), 12% in Europe (£95.7m) and 28% in the UK (£18.9m) benefitting from a full year's trading from acquisitions. In the Far East we saw a strong recovery in the final quarter of the year, principally due to revenue from China.

Group profit before tax for the year was £86.0m, compared with £80.4m last year (excluding a £1.7m exceptional item), an increase of 7%.

Adjusted earnings per share were 95.6p, an increase of 8% over last year's adjusted earnings per share of 88.5p. Reported earnings per share for the year were 95.6p (2011 90.8p).

Segmental analysis

Metrology

Revenue from our metrology business was extremely strong in the last quarter of the year, resulting in revenue for the full year of £305.8m, compared with £267.0m last year, an increase of 15%. Operating profit was £91.8m, compared with £87.7m in 2011.

All product lines reported growth, apart from encoder products which experienced a slowdown during the year but a recovery in the final quarter. The machine tool and calibration product lines performed particularly well and there was strong interest for our Equator product which is gaining wider exposure and acceptance.

Measurement Devices Limited (MDL) and MTT Investments Limited (the latter now operating as the additive manufacturing product line), acquired last year, also contributed to the growth in this segment. In June an additional 17% shareholding in MDL was acquired, bringing the Company's shareholding to 66%.

New product releases during the period include the Resolute™ ETR, an absolute encoder with extended temperature range for operation in very cold environments such as aerospace; the XR20-W rotary axis calibrator; the REVO® SFP1 surface finish probe and a multi-axis option for our Productivity+™ software.

On 3rd February 2012 the Group acquired Thomas Engineering and Construction Limited, an MDL distributor and services provider based in Canada, for the sum of £0.7m, of which £0.2m was paid at the date of acquisition and the balance is payable over the following two years.

On 26th April 2012 the Group acquired R&R Sales LLC ("R&R") for the sum of £2.6m plus additional payments based on future performance. R&R is a US-based supplier of fixtures for the measurement and inspection market. The acquisition of R&R will provide fixturing solutions for our Equator gauge and enable R&R to expand further by utilising Renishaw's worldwide sales and distribution network.

Healthcare

Revenue from our healthcare business for the year was £26.1m, compared with £21.7m last year, an increase of 20%. Spectroscopy sales were at a record level, driven by an increasing range of applications in nanotechnology, advanced materials and life sciences, and there was also growth in the dental and neurological product lines.

Chairman's statement (continued)

During the year, the Board refocused part of the healthcare activities to a smaller number of projects, particularly in our neurological products line, and withdrew from the supply of radio frequency coils for use in MRI scanning research which was no longer considered core to our business strategy.

Our spectroscopy product line introduced a new integrated Raman/Atomic Force Microscope package and the neurological product line saw further sales of its neuromate® surgical robot used for neurosurgical procedures with the UK's first Stereo Electro Encephalography procedures being carried out to aid the treatment of chronic epilepsy at Frenchay Hospital in Bristol. The next generation of neuroinspire™ surgical planning software achieved CE approval in January 2012.

The continuing significant expenditure on research and development in this segment resulted in an operating loss of £8.6m, compared with a loss of £8.4m for last year. The Board is targeting that the Healthcare segment will move into profit in the next two years.

Investment for growth

The Group continues to invest for long-term growth and during the year has invested £30.3m (2011 £16.5m) on facilities, plant and machinery and information technology capacity to provide the platform to accommodate growth expectations:-

- In September 2011, the Group completed its purchase of the premises at Miskin, South Wales. 68,500 sq ft (of a total of 461,000 sq ft) has been refurbished and new CNC machine tools have now been brought into production.
- In York, construction of 20,000 sq ft of new premises for occupation by MDL has begun, with completion due at the end of this calendar year.
- In Dublin, planning consent has been received for a 26,000 sq ft extension of our manufacturing facility. This is due to be completed by the end of this calendar year.
- At New Mills and Charfield, planning consent has been granted for 230,000 sq ft and 50,000 sq ft respectively, primarily to provide additional research and development space on a phased basis.
- In Slovenia, a new 30,000 sq ft facility has been recently completed and occupied by our associate company, RLS.

During the year the Group expended a total of £47.9m (2011 £40.0m) on engineering including research and development, current product engineering and manufacturing processes, which is planned to increase further in the coming year.

We continue to grow and expand our global marketing and distribution activities to support the new products introduced:-

- The Group has established a new subsidiary company in Mexico to market and support the Group's products in that country and other Central American countries.
- We have expanded our working premises in Germany, Brazil and China, and have refurbished and re-occupied a 16,000 sq ft building in Schaumburg, USA.
- Our Canadian subsidiary has acquired, refurbished and moved into a larger 17,000 sq ft facility in Mississauga, Toronto.
- Our Spanish subsidiary has relocated to newly acquired premises in Barcelona and, in Italy, our subsidiary purchased the property it has occupied for a number of years.

Chairman's statement (continued)

Balance sheet and working capital

Net cash balances at 30th June 2012 were £21.1m, compared with £23.7m in 2011. In addition, there is an escrow account amounting to £11.5m (30th June 2011 £10.8m) relating to the provision of security to the Company's defined benefit pension scheme.

The Group has also financed an increase of £23.1m in working capital, primarily trade receivables resulting from exceptionally strong revenue in the final quarter.

Directors

David Snowden and Terry Garthwaite have each completed 9 years on the Board and will not be seeking re-election at the AGM on 18th October 2012. The Board is very grateful for their considerable contributions to the Group.

The Board is pleased that Dr David Grant has joined the Board with effect from 25th April 2012 and further appointments will be made in due course.

Resolutions to re-elect all continuing directors will be put to the AGM.

Employees

The directors thank the Group's employees for their continuing support and significant contribution during this successful year.

Headcount at the end of June 2012 was 2,904, an increase of 229 during the year. There are currently 182 staff vacancies in the Group, of which 118 are in the UK, and in common with other UK engineering companies, Renishaw is continuing to experience difficulty in recruiting high calibre engineers.

Awards

The Group has again received a number of awards during the year, including our 15th Queen's Award, for Enterprise 2012 in the Innovations Category for the SP80 ultra-high accuracy analogue scanning probe.

Outlook

As expected the final quarter of the year saw an increase in revenue growth and was a record quarter for the Group, with revenue of £103.1m. Renishaw's markets exhibit attractive, long-term structural growth drivers with continuing global investment in production systems and processes. The Group therefore continues to invest a significant amount in R&D, manufacturing, marketing and distribution capability with a number of initiatives underway. Although the world economic outlook is uncertain, the Board remains optimistic regarding the Group's own future and prospects and expects that 2013 will be another year of progress for Renishaw.

Dividends

A final dividend of 28.2 pence per share will be paid on 22nd October 2012 to shareholders on the register on 21st September 2012.

Sir David R McMurtry, CBE, RDI, FEng, FRS, CEng, FIMechE
Chairman & Chief Executive
25th July 2012