

**RWS Holdings plc (“RWS”, “the Group”, “the Company”)****Capital Markets Event****Accelerated growth plan, FY 2022 update, and medium term targets**

RWS Holdings plc, a unique world-leading provider of technology-enabled language, content and intellectual property services, will today host a Capital Markets Event starting at 2.00pm GMT. The Group has announced separately today the acquisition of Liones Holding B.V (“Fonto”), bringing its leading data driven authoring solution for mission critical documents, Fonto, into the Group.

RWS has a strong track record of growth in revenues, profits and dividends, together with robust cash conversion, since we floated in 2003. The year ended 30 September 2021 (“FY 2021”) saw the Group deliver a profit outperformance and acquire SDL plc, further diversifying our platform by doubling the Group's size and adding new client relationships and capabilities.

The Capital Markets Event will include a series of presentations which will set out how we will capitalise on the Group's expanded scale, footprint and capabilities, and strong financial position, to drive accelerated, sustainable organic growth from an efficient cost base, complemented by acquisitions. The Group will also provide an update on the outlook for FY 2022 and set out medium term growth targets, including guidance on the phasing to achieve them.

The presentations will set out the Group's strategy to:

- **Accelerate organic growth** by leveraging our diversified capabilities to expand the Group's exposure to higher growth markets including technology, life sciences and other adjacent markets.
- **Capitalise on a simplified technology portfolio** by investing in a more focused range of technologies to deliver new solutions to clients, drive further operating efficiencies and ensure the Group is at the forefront of the technology-led evolution of our industry. As part of this, the Group also plans to continue to review the strategy for our Contenta business, which is a content management system primarily used by the Aerospace & Defence industry.
- **Drive operational leverage** by investing in our Language Delivery capability and other infrastructure to provide a more scalable operating platform to support future growth.
- **Enhance growth and returns** by continuing to seek selective acquisitions to extend the Group's capabilities in line with our strategy and enhance organic growth.

During the course of the event, we will also introduce the Company's new purpose, "Unlocking Global Understanding" and explain how this, together with a new set of Company values, will guide how we deliver on our growth plans. In addition, the Group will give an update on our progress and ambitions with regard to ESG.

**Update regarding Ukraine and Russia**

We are shocked and saddened by the recent events in Ukraine and are doing what we can to support both our people and the wider humanitarian efforts in the region.

We have taken the decision that RWS will not provide services or technology to Russian owned businesses, whether fully owned or as part of a joint venture.

Our operations and activities in the region are as follows:

- In Ukraine, the Group has an office in Kyiv and 55<sup>1</sup> people who are Ukrainian citizens. Of this team, the majority are software developers, working mainly on supporting our Tridion product.
- In Russia, we have 80<sup>1</sup> employees in St Petersburg who have traditionally drawn on local freelancers to supplement their capacity on a flexible basis to deliver client work. This operation supports other Group operations in the delivery of Russian languages for non-Russian clients.

Our priority continues to be to do all we can to support our Ukrainian employees during this dangerous time. The office in Kyiv is currently closed, we have implemented our crisis response plan and we are doing our best to keep in contact with all of our Ukrainian colleagues on a daily basis. The RWS Foundation and many of our employees are also supporting charities involved in relief efforts.

We remain mindful of the well-being our colleagues in St Petersburg in shaping our responses and communications on this difficult topic. Whilst we expect to see reducing demand for translation into Russian services from non-Russian owned companies, we are continuing to support those non-Russian clients in line with our contractual commitments.

This is a fast-developing situation which we will continue to monitor closely. We will adapt our approach and communicate further, if necessary, as the situation evolves.

### **FY 2022 Outlook**

The Group started the current financial year well, has seen the strong performance from our Regulated Industries division continue and is achieving accelerated growth in our Language and Content Technology division. SaaS revenues are building faster than anticipated. We are seeing further weakness in IP Services' performance as a result of the recent update from the European Patent Office, which allows clients to delay the granting of patent applications in order to benefit from protection under the Unitary Patent, which is expected to come in to effect in the second half of CY 2022. We expect revenue growth from Language Services to be slightly moderated, maintaining the growth seen in FY 2021, as a direct result of reducing our expectations for translations into Russian.

The Group expects to deliver good growth and margin progression on the prior year, with a second half weighting to the results. Performance for the year is expected to be within, albeit at the lower end of, the range of current market expectations<sup>2</sup> (prior to the contribution from the acquisition of Fonto, which was announced today).

### **Near and medium term growth targets**

In line with the strategy to be set out at today's Capital Markets Event, the Group plans to drive accelerated organic growth, operational efficiency and margin progression over the medium term as a result of increased investment in the near term. The Company's profit before tax ("PBT") margin is expected to remain broadly level through FY 2022-2024 as a result of this investment across our technology suite and infrastructure in the Group.

The key targets which will be set out today are as follows:

	<b>FY 2022 – 2024 Invest for growth</b>	<b>FY 2024 - 2026 Improved growth and leverage</b>
Market growth estimate	4%	6%
Organic growth	In line with the market	Outperforming the market
SaaS as a % of technology revenues	Over 25%	Over 50%
Adjusted PBT <sup>3</sup> margin %	FY 2023 slight reduction	Growing by 200-300 bps

	FY 2024 recovery to FY 2022 level	
Cash Conversion <sup>4</sup>	80 - 85%	95 - 100%
Capital expenditure as % of revenue	4 - 7%	c.4%
ROCE <sup>5</sup>	11 - 13%	14 - 16%

In addition, our strong cash generation and balance sheet will enable the Group to build on our track record of making successful acquisitions, with a focus on targets which extend our capabilities or exposure to attractive end markets. We will maintain a highly disciplined approach to selecting acquisitions from the substantial number of opportunities afforded by our highly fragmented markets.

**Ian EI-Mokadem, Chief Executive Officer of RWS, commented:**

“RWS has a unique platform combining deep expertise and technology, diversified capabilities, leading positions in attractive end markets and strong, long term client relationships.

“We look forward to building upon this and the Group’s strong track record in value creation through our accelerated organic growth strategy, which leverages the Group’s capabilities to position us in higher growth markets, capitalise on our technology, drive operational efficiency and further enhance growth and returns through acquisitions, supported by our strong balance sheet and cash generation.”

**Registration for the Capital Markets Event**

To register your interest in the Capital Markets Event webcast, please email [rws@mhpc.com](mailto:rws@mhpc.com).

<sup>1</sup> To provide further context, the Group reported in our preliminary results announcement on 14 December 2021 that we employed 7,764 FTE across the Group at the financial year end.

<sup>2</sup> The latest Company-compiled view of analysts' expectations for FY 2022 gives a range of £744.8m-£770.7m for revenue, with a consensus of £761.2m, and a range of £131.5m-£144.8m for adjusted profit before tax, with a consensus of £140.0m.

<sup>3</sup> Adjusted PBT is stated before amortization of acquired intangibles, acquisition costs, share-based payment expenses and exceptional items.

<sup>4</sup> Cash conversion is free cash flow divided by adjusted net income.

<sup>5</sup> ROCE is adjusted EBIT divided by total assets less current liabilities.

**RWS Holdings plc**

Andrew Brode, Chairman

01753 480200

Ian EI-Mokadem, Chief Executive Officer

Des Glass, Chief Financial Officer

**MHP (Financial PR advisor)**

[rws@mhpc.com](mailto:rws@mhpc.com)

Katie Hunt / Simon Hockridge

020 3128 8100

**Numis (Nomad & Joint Broker)**



Stuart Skinner / Kevin Cruickshank / Will Baunton

020 7260 1000

**Berenberg (Joint Broker)**

Ben Wright / Toby Flaux / Alix Mecklenburg-Solodkoff

020 3207 7800

**About RWS**

RWS Holdings plc is a unique, world-leading provider of technology-enabled language, content and intellectual property services. Through content transformation and multilingual data analysis, our unique combination of technology and cultural expertise helps our clients to grow by ensuring they are understood anywhere, in any language.

Our purpose is unlocking global understanding. By combining cultural understanding, client understanding and technical understanding, our services and technology assist our clients to acquire and retain customers, deliver engaging user experiences, maintain compliance and gain actionable insights into their data and content.

Our clients include 90 of the world's top 100 brands, the top 10 pharmaceutical companies and the top 20 patent filers. Our client base spans Europe, Asia Pacific and North and South America. We work in the automotive, chemical, financial, legal, medical, pharmaceutical, technology and telecommunications sectors, which we serve from 80+ global locations across five continents.

Founded in 1958, RWS is headquartered in the UK and publicly listed on AIM, the London Stock Exchange regulated market (RWS.L).