

Half Year Results

June 2016

An excellent six months

Andrew Brode

Chairman

Reinhard Ottway

Chief Executive Officer

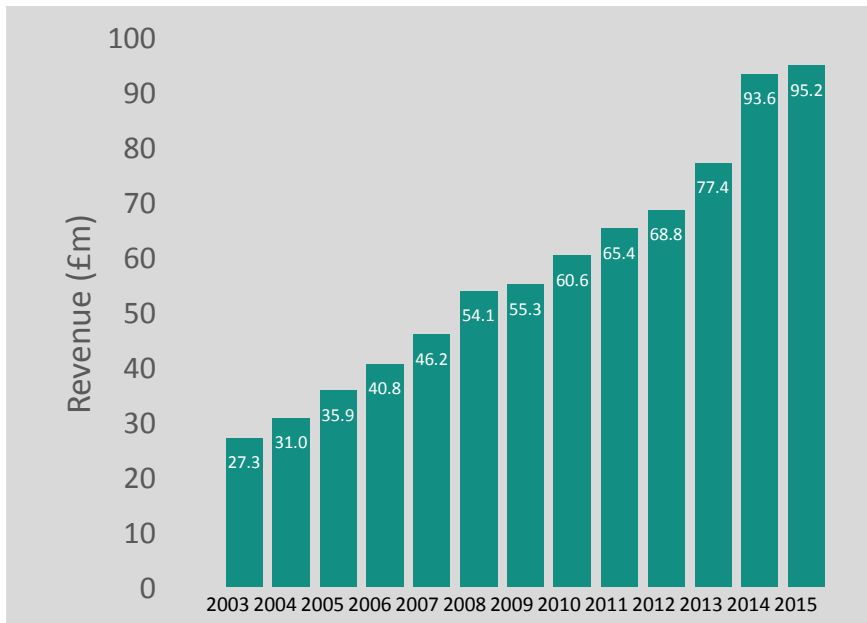
Richard Thompson

Deputy Chief Executive Officer and
Group Finance Director

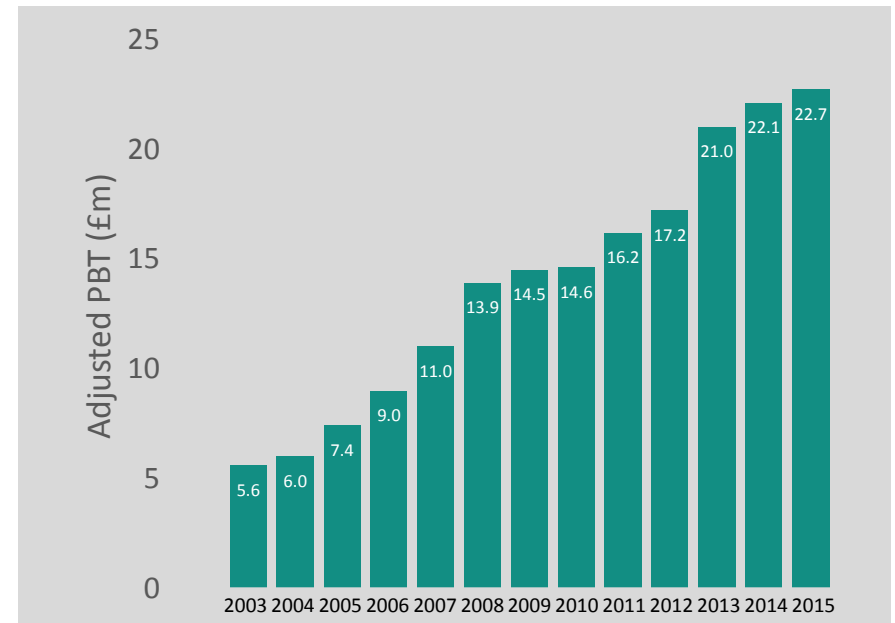


Strong Track Record

FY Revenue (£m)



FY Adjusted PBT (£m)*



* Adjusted profit before tax is before charging amortisation of intangible assets and share scheme costs

**Sales****£56.9m**

+ 25%
(including CTi,
£9.4m)
H1 2015: £45.4m

CTi contribution**5 months**

£9.4m revenue
£2.7m adj PBT

Adjusted PBT****£13.9m**

+ 29%
H1 2015: £ 10.8m

Adjusted EPS****4.9p**

+ 26%
H1 2015: 3.9p

Net debt**£13.1m**

After CTi
acquisition
H1 2015 net cash:
£21.5m

Interim dividend**1.15p**

+ 12%
H1 2015: 1.03p

* In constant currency and excluding CTi

** Before amortization of intangibles, share option costs and exceptional CTi acquisition costs



Operating Highlights

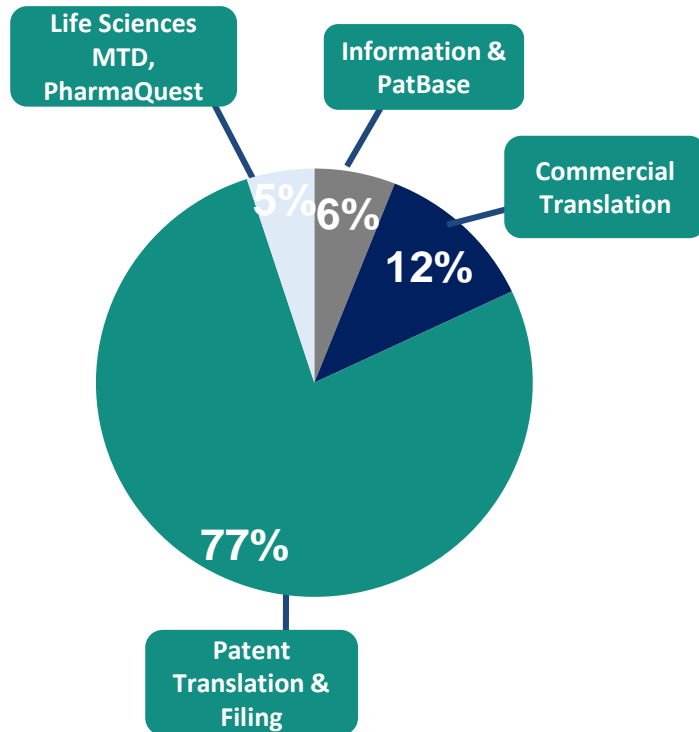
- Excellent contribution from Corporate Translations Inc since acquisition in early November
 - Integration with existing life sciences activities well advanced
- Good performance from core patent translation activities
 - New clients wins and encouraging pipeline in the US and Europe
 - Further strong progress in China
- PatBase revenues advanced by 6.3%
- Broadly maintained revenues in commercial translations
- Intellectual property support services account for 70%, and life sciences for 20% of Group revenues
- Overall Group gross margin improved significantly by 277bp



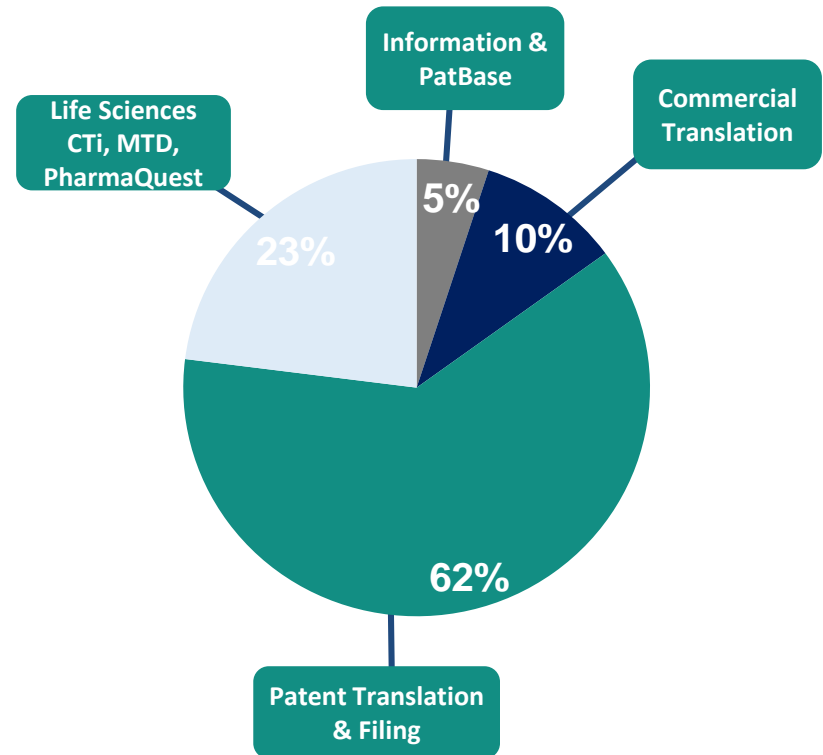


New Group at a glance

Revenue for H1 2015



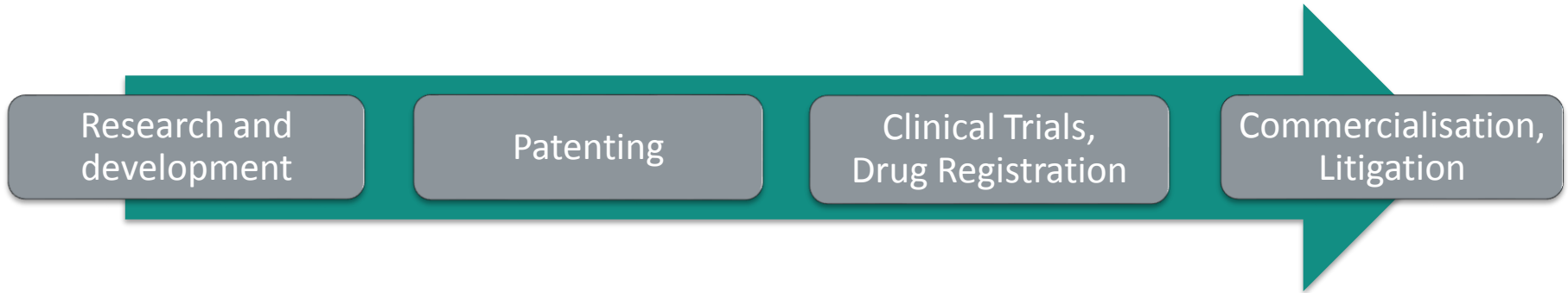
Revenue for H1 2016
(including CTi on a 6 month basis)





RWS services from Research to IP Protection and beyond

further visibility across the value chain



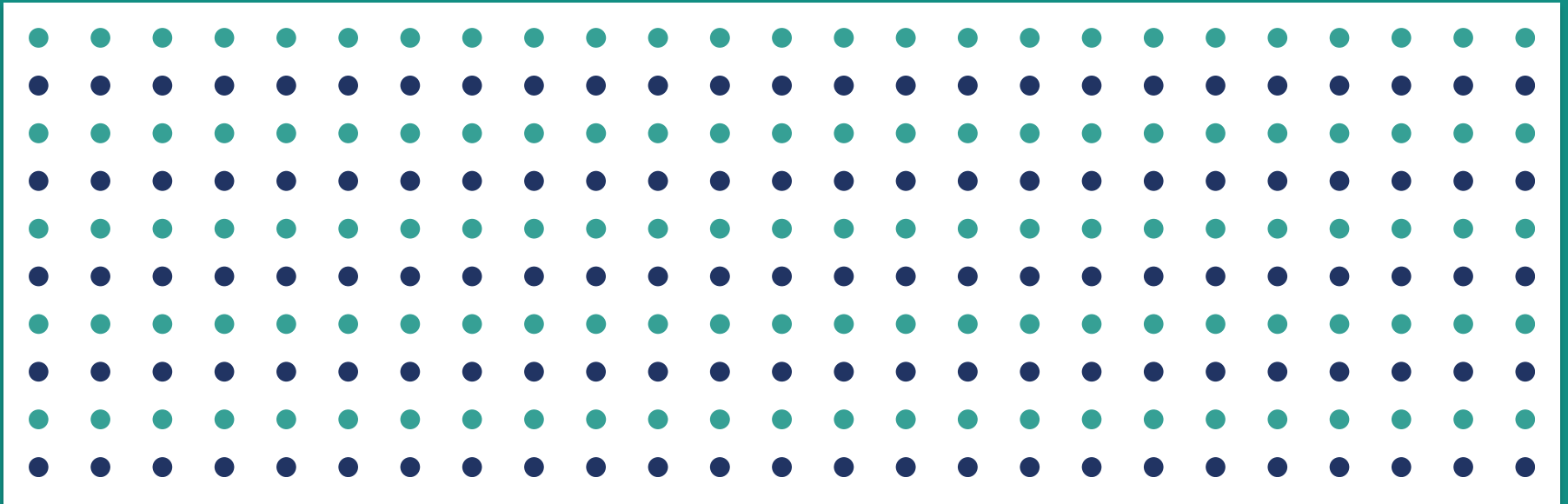
- Patent Search
- Technical Translation
- Life Sciences Translation

- Patent Search
- Patent Translation
- Patent Filing

- Life Sciences Translation
- Linguistic Validation

- Patent Search
- Life Sciences Translation
Pharmacovigilance
- Technical, Legal and other Commercial Translations and Interpreting
- Patent Translation

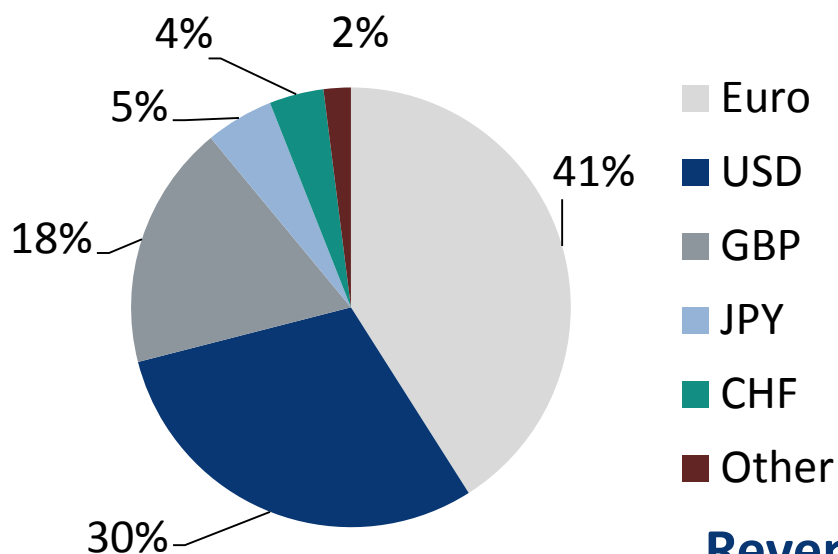
Financial Review



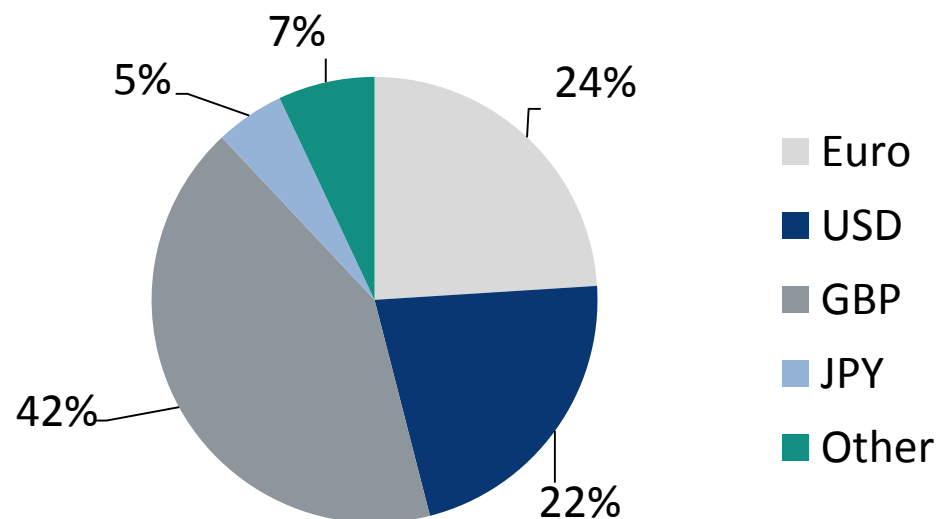


Currency exposure and revenue analysis

Revenue split by currency



Expenditure by currency



Revenue Analysis

	Six months ended 31 March 2016 £m	Six months ended 31 March 2015 £m	% Increase
Revenue (as reported)	56.9	45.4	+25%
CTi Sales	(9.4)	-	
Effect of currency tailwind	-	0.2	
Revenue at constant currency (excl CTi)	47.5	45.6	+4%



Exchange rate movements

Variance analysis – due to exchange rate movements

	Six months ended 31 March 2016 £'000	Six months ended 31 March 2015 £'000	Net H1 on H1 Movement £'000
Profit made on realised forward contracts	216	106	110
Estimation of movement in sales due to exchange rate changes	65		65
Trading and realised forward contracts in the Year	281	106	175
Exchange effect on assets denominated in foreign currencies	468	611	(143)
Mark to Market on unrealised forward contracts	(688)	391	(1,079)
Total Year on Year Exchange Rate variance	61	1108	(1,047)



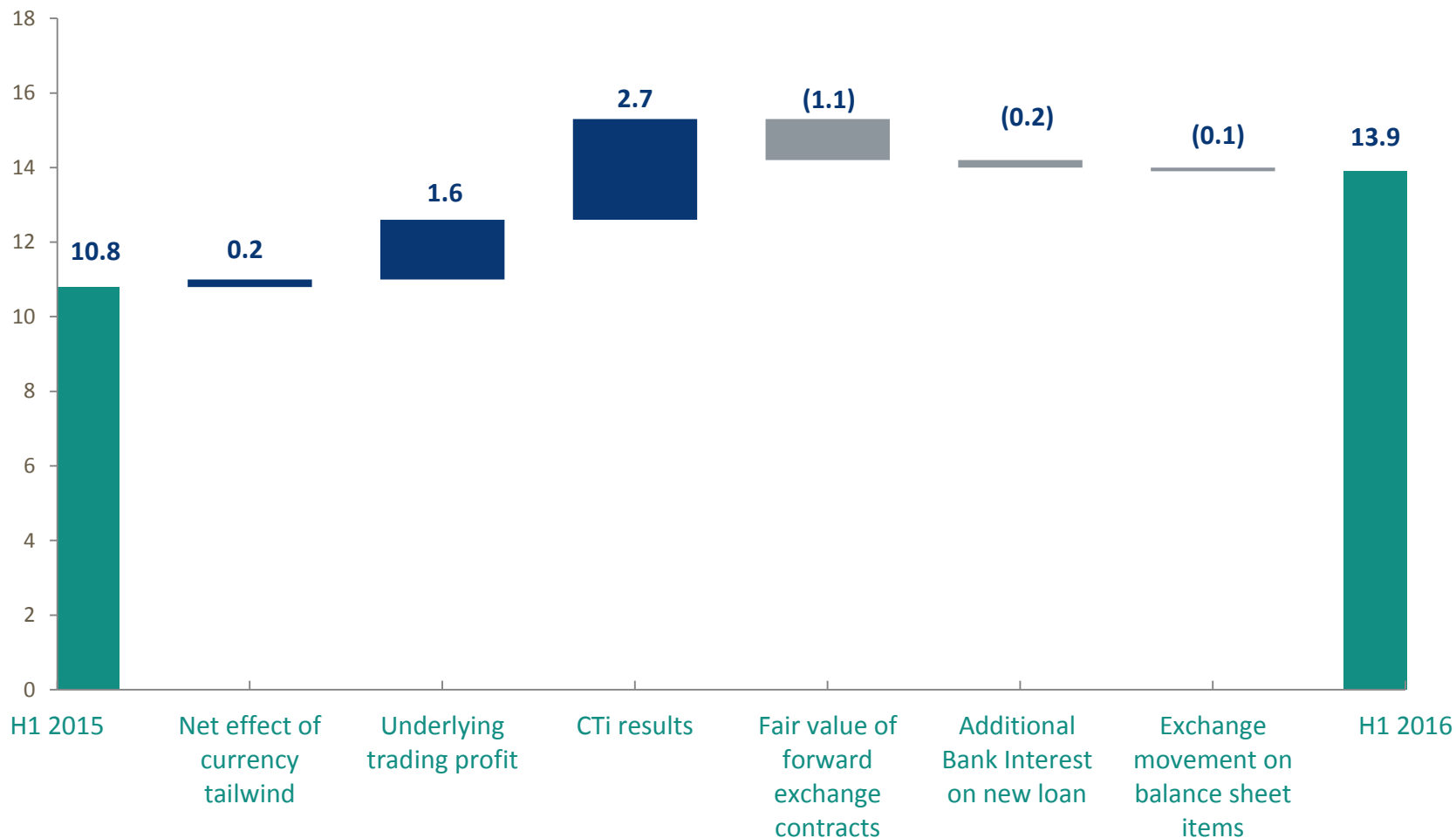
Income Statement

	Six months ended 31 March 2016 £m	Six months ended 31 March 2015 £m
Turnover	56.9	45.4
Gross profit	23.7	17.6
Gross Margin %	41.7%	38.9%
Administrative expenses	(8.9)	(7.2)
Adjusted operating profit *	14.8	10.4
Net finance (expense)/income	(0.9)	0.4
Adjusted profit before tax *	13.9	10.8
Intangibles amortization	(2.1)	(0.8)
Acquisition costs	(0.9)	-
Share option costs	-	(0.4)
Profit before tax	10.9	9.6
Taxation expense	(2.7)	(2.3)
Profit for the year	8.2	7.3
Basic EPS (pence)	3.8	3.4
Adjusted EPS (pence) *	4.9	3.9

* Before amortization of intangibles, share option costs and exceptional CTi acquisition costs



Adjusted Profit Before Tax Bridge*



**Pre goodwill amortisation, share option costs & exceptional cost of CTi acquisition*



Balance Sheet

	Six months ended 31 March 2016 £m	Six months ended 31 March 2015 £m
Intangibles *	85.0	39.4
Fixed Assets	17.6	17.9
Deferred tax assets	0.5	0.4
Total non-current assets	103.1	57.7
Cash	16.6	21.5
Other current assets	26.4	18.5
Current liabilities	(20.5)	(15.4)
Net Current Assets	22.5	24.6
Term Loan	(29.7)	-
Provisions and other creditors	(0.3)	(0.4)
Deferred tax liabilities	(1.9)	(1.9)
Total net assets	93.7	80.0

- \$70m cash consideration for CTi, funded by:
 - \$25m from internal cash resources
 - \$45m through a five year loan provided by Barclays

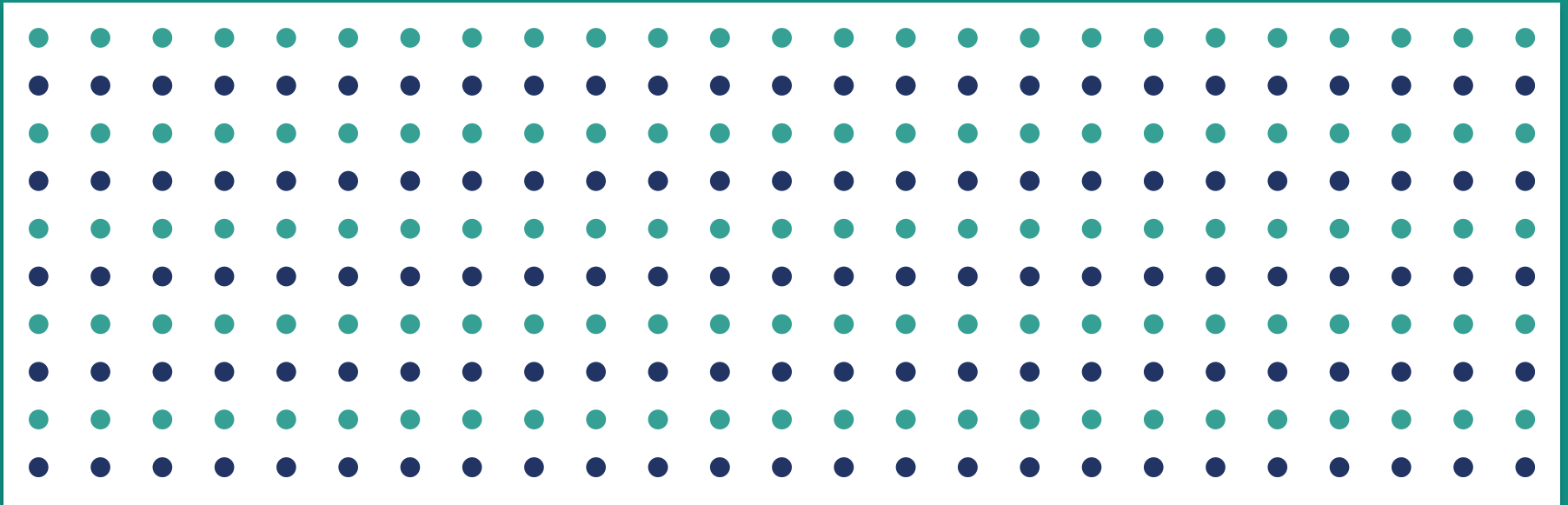
* customer relationships, trademarks, technology and goodwill



Cash Flow Statement

	Six months ended 31 March 2016 £m	Six months ended 31 March 2015 £m
Cash inflow generated from operations	11.0	9.9
Interest paid	(0.2)	-
Taxation paid	(3.0)	(2.2)
Acquisition of CTi	(47.1)	-
Capital expenditure	(0.4)	(1.0)
Net cash (outflow)/inflow before financing	(39.7)	6.7
Proceeds from issue of shares	5.3	-
Net movement on loan	27.9	-
Equity dividends paid	(8.1)	(7.6)
Cashflow movement	(14.6)	(0.9)
Opening cash	30.6	22.5
Exchange rate movement	0.6	(0.1)
Closing cash	16.6	21.5
Free cashflow	7.4	6.7

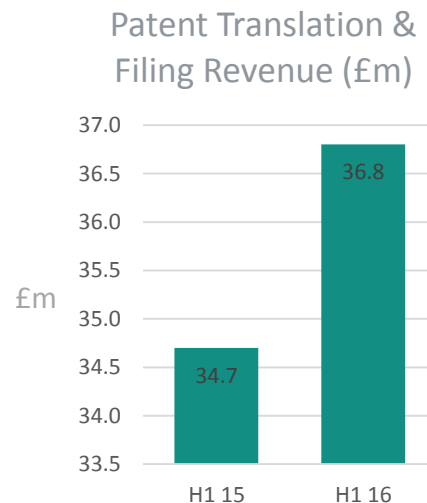
Operational Review





Patent Translation & Filing

- 65% of group sales; revenues grew by 6% driven by:
 - New client wins and solid performance from existing clients
 - Winning RFPs and extending contracts with existing top 10 clients
 - Additional growth in China
 - Enhanced position amongst most active global patent filers
- inovia-branded patent filing business and technology platform
 - Generating patent translation revenues in Europe, the USA and Australia
 - Being marketed in Asia
- Continued progress in China and Japan with combined solutions
 - Demand for into Chinese patent applications from European and North American corporates continues to expand
 - Increasing demand from Chinese patent applicants
- Unitary patent expected to be in force in H1 2017, unless delayed by Brexit; any effect to be gradual
 - Will not have the same territorial coverage
 - Will not replace the existing system but a different litigation process and fee structure
 - Large applicants and major clients expected to be cautious in their take up of the new system
- An encouraging pipeline of new client opportunities

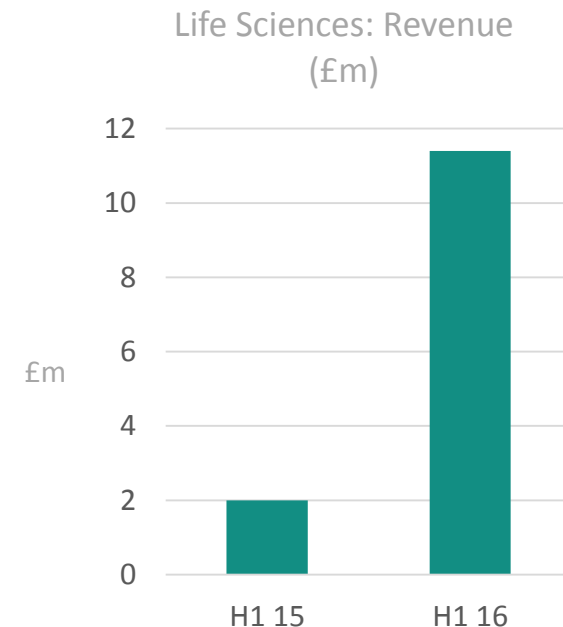


Continuing to exploit global growth potential

Life Sciences



- 20% of Group sales
- Strong five month contribution from CTi since acquisition
 - £9.4m sales and £2.7m adjusted PBT
- Strong 35% LFL growth in CTi on weak comparatives for 5 month period ended 31st March
- Integration to form specialist life sciences unit well progressed
 - Combined CTi with existing UK life sciences activities; Pharmaquest and Medical Translation Division
 - US headquartered with US management reporting to the Board
 - Enlarged unit enables us to offer clients production sites across continents
- Replacements for the two founding vendors are well advanced
- Building on market leading position with major pharmaceutical Groups and contract research organisations



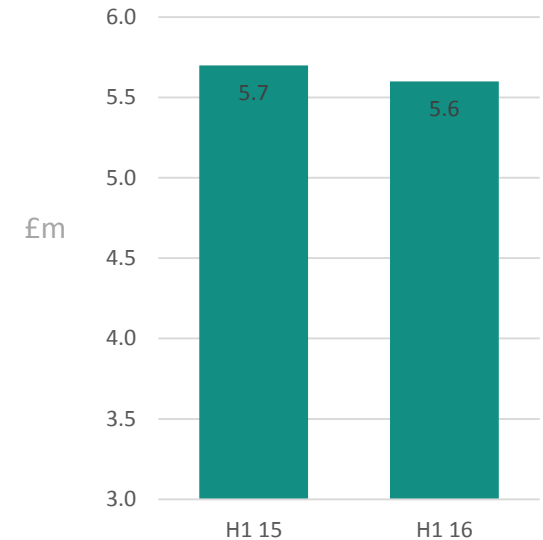
Life sciences R&D
\$162bn market by 2020
+2.4% pa 2013 – 2020
 (Deloitte: 2016 Global Life Sciences Outlook)



Commercial Translation

- 10% of Group sales; revenues broadly maintained
- More exposed to economic cycles than other divisions
- Maintained market share in a highly competitive environment
- Patent translation facility in Germany continuing to grow and taking more work previously placed externally
- Further progress in Eclipse Interpreting Service and marketing as a Group offering
- E-learning increasingly more significant as a business area
- Continued focus on specialist niches and larger projects to maintain competitive edge

Commercial Translation:
Revenue (£m)

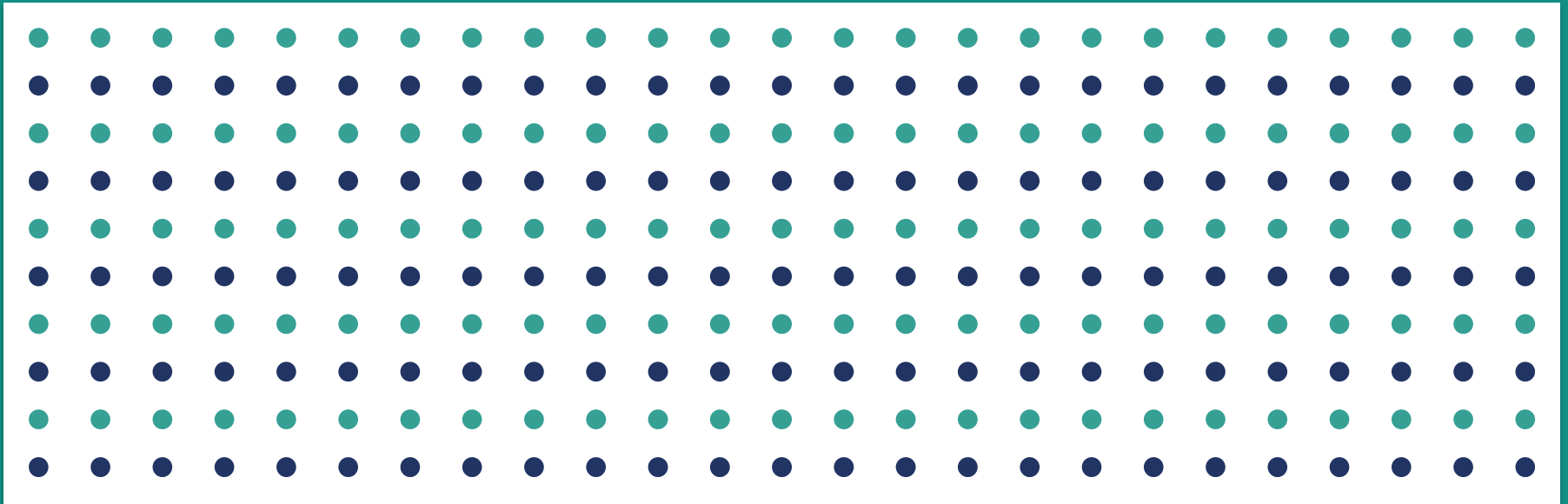




Key opportunities - priorities

- **Territories**
 - US: Focus in the short to medium term. Utilize new US presence in Connecticut for marketing other Group services
 - Japan: Continue to expand market share for filing services in Japan
 - China: Increase sale of Group services, especially inovia.com filing
- **Life Sciences Translation and Linguistic Validation**
 - Build on combined Life Science translation business to drive sales in Europe and the US
 - Finalise management structure
- **Cross-selling**
 - Utilize enhanced IP support service portfolio and technical solutions to ensure client retention and to win major contracts
 - Full service offering in RFPs to major international corporates, especially in the Life Sciences sector
- **Technology**
 - Continue to improve processes internally through translation technology, MT and TM
 - Increase platform functionality and cost estimator function for patent lifecycle
 - Continue to integrate platform with additional IP Management Systems
 - Utilize PatBase technology throughout all internal and external IP related technical solutions
- **Supplier Management**
 - Continue to use combined market share of RWS/inovia to consolidate patent agent supplier network and drive reciprocity

Summary & Outlook

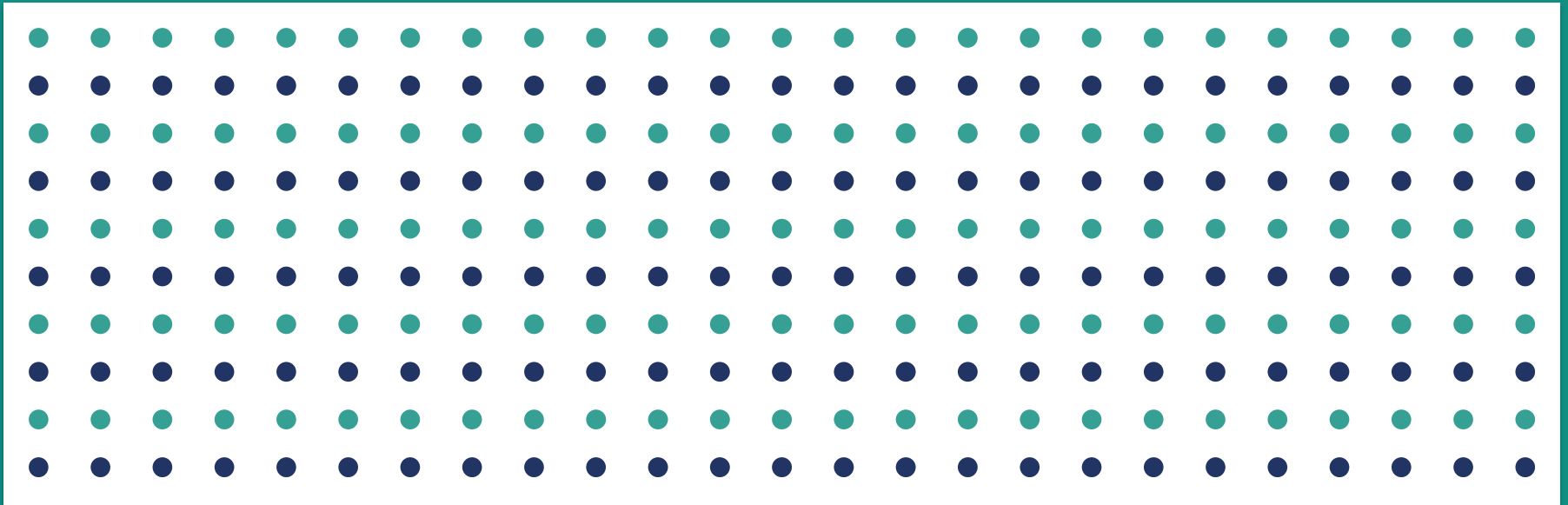




Current Trading & Outlook

- Strong trading has continued in the first two months of the second half
- Continued to perform well in a low-growth economic environment
- Leading positions in both intellectual property and life sciences support services
- Firm basis for further, profitable expansion
- Strong financial position; well placed to selectively review a healthy pipeline of potential acquisitions
- Encouraging pipeline of opportunities
- Confident about further progress in the second half of the year and beyond

Appendix





Investment Summary

- Strong track record of sales and underlying profit growth
- No 1 position in the worldwide patent translation and PCT filing market
- New market leading position in life science translations and linguistic validation through the acquisition of CTi
- International blue-chip client base
 - Well diversified geographically and by sector
- Good visibility derives from patent filing requirements; strengthened via inovia
- Cash generative with low capex requirements
- Solid balance sheet
- Clear strategy to grow internationally; both organically and by acquisition
- Track record of strong dividend growth and committed to a progressive dividend policy



A Market Leading Position in IP Support Services

- The world's largest provider of patent translation
- The world's leading translation and linguistic validation provider entirely focussed on life sciences
- The global leader in foreign patent filing
- A leading patent search service with the PatBase database covering over 52 million patent families
- Global expertise in technical translations
- Long term relationships with a broad base of the world's leading patent filers:

WIPO

10 of the top 15 applicants
at the World Intellectual
Property Office.

EPO

10 of the top 15 applicants
at the European Patent
Office.

GPO

14 of the top 15 applicants
at the German Patent
Office.

1 PCT firm in the world, according to *Managing IP*

Long Term Growth Market

fiveIPoffices (US, China, Japan, Korea, Europe):

- Reported a 5.5% growth in patent filings in 2014
- 2.3 million patent applications filed (2.57 million worldwide)
- China showed the highest growth; at 12.5% to 928,000 in 2014 (127,000 of which came from foreign applicants)

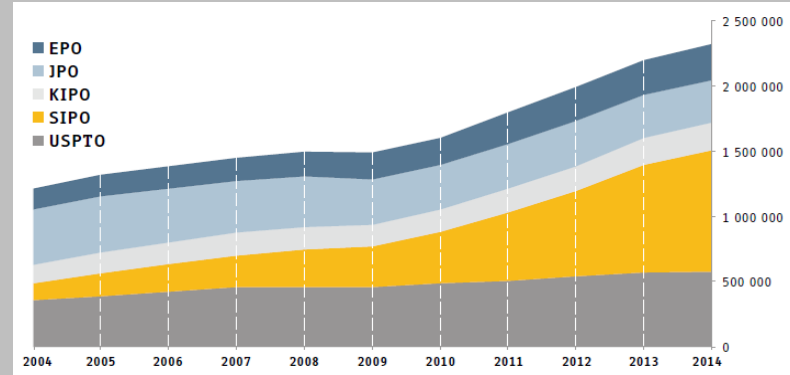
- Patent applications reported by the World Intellectual Property Office (WIPO) showed a 1.7% increase to 218,000 in 2015
- Largest growth from China (up 16.8%)
- National phase entries up by 4.3% to 565,500 in 2014



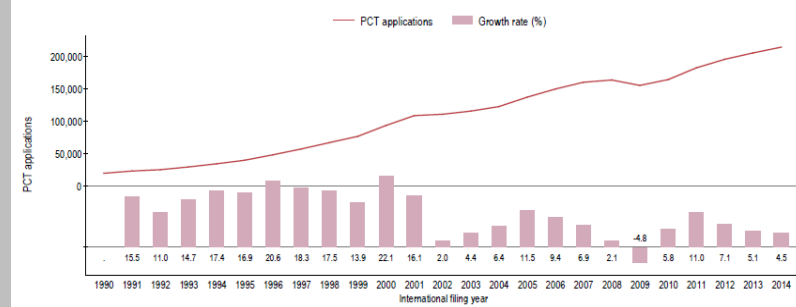
- European Patent Office (EPO) applications up 1.6% to 278,867 in 2015
- Applications from the US up by 16.4%
- Applications from China up by 22.2%



Patent Filings Trends at the IP5 Offices (2004-2014)



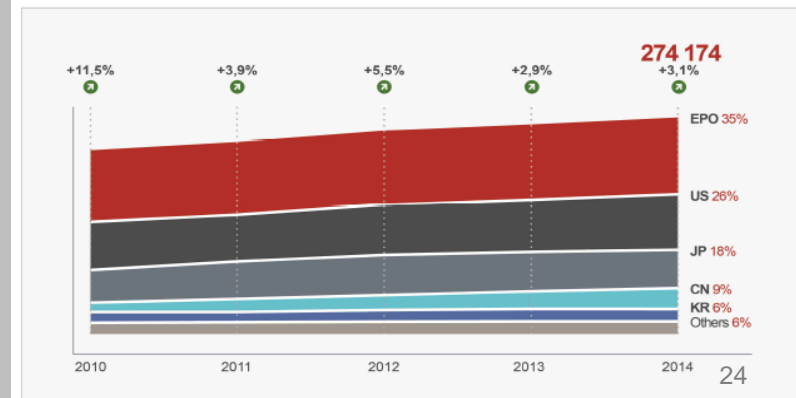
Trends in PCT Filings (1990-2014)



Note: Data for 2014 are WIPO estimates.

Source: WIPO Statistics Database, March 2015.

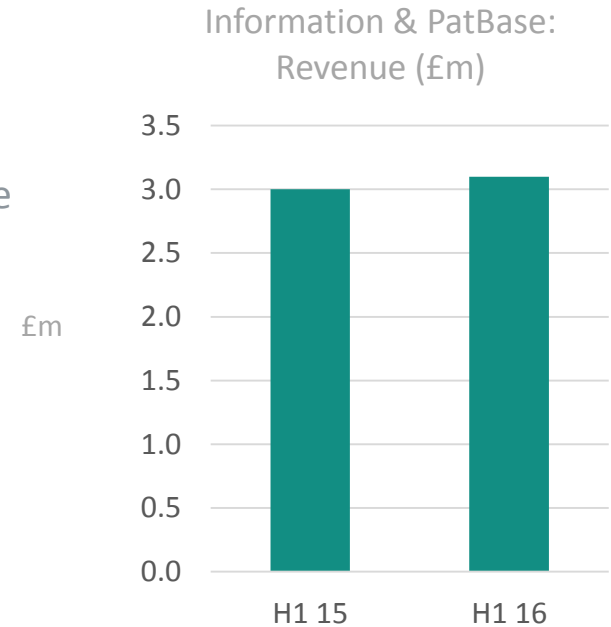
European Patent Filings (2010-2014)





Information and PatBase

- 5% of Group sales; excellent margins
- Includes patent search, watch and litigation support, and PatBase
- Search activities in line with 2015
- PatBase growth continues with revenues advancing 6.3%
- Continued investment in searchability features and geographical coverage





Currency on trading items

- The average rate used for conversion:
 - Dollar was 1.46 (2015: 1.54) to the £ a 5% favourable movement
 - Japanese Yen was 173.4 (2015: 181.6) to the £ 5% favourable movement
 - Euro was worth 74.6p (2015: 75.9p) 2% adverse movement
- The Group has hedged a portion of its future net trading Euro exposure at average rates of:
 - 73.5p from 1 April to 30 June 2016
 - 77.3p from 1 July to 30 September 2016
 - 80.5p from 1 October to 31 March 2017



Shareholders List

Major Shareholders (as at 23 May 2016)

Shareholder	Holding (%)
Andrew S Brode	41.8
Liontrust Asset Management	13.1
Octopus Investment	6.8
Investec	4.8
Hargreave Hale	4.2
Charles Stanley	1.8
Invesco Perpetual	1.8

(IHT Funds approximately 20% in aggregate)



Key Management

Role	Name	Years of Service
Chairman	Andrew Brode	20
Chief Executive	Reinhard Ottway	22
Group Finance Director	Richard Thompson	3
UK MD, Translations Division	Charles Sitch	22
UK Deputy MD, Translations Division	Neil Simpkin	22
Director, Commercial Translations Division	Jo Hindley	16
Business Development Director	Caroline Chenique	21
IT Director	Roberto Aletto	26
MD, Germany/Switzerland	Andreas Siegmund	17
MD, Japan	Marie Hara	16
MD, China	Weimin Zhang	10
Presidents of CTi	Ted and Mary Gawlicki	
Non-Executive Deputy Chairman	David Shrimpton	
Non-Executive	Peter Mountford	
Non-Executive	Liz Lucas	