

RWS Holdings plc

Half Year Trading Statement

RWS Holdings plc ("RWS", "the Group"), one of the world's leading language, intellectual property support services and localization providers, today provides an update on trading for the half year ended 31 March 2019 ("the first half"), ahead of the announcement of its half year results on 11 June 2019.

Trading and financial update

RWS has performed strongly during the first half with record revenues of £172.3m, compared to £139.6m in the first half of 2018, an increase of 23% or 10%¹ on an underlying like-for-like basis.

Adjusted profit before tax (before amortization of intangibles and exceptional acquisition costs) is expected to be not less than £35.5m, a 24% increase over the prior year (2018: £28.6m). This growth has been driven by stronger results from RWS Moravia and an improved performance at RWS Life Sciences.

The margin improvement at RWS Moravia reflects the growth in demand for higher value localization services from several of its top technology clients, favourable exchange rates and overhead cost reduction resulting from last year's restructuring combined with an ongoing focus on operational efficiency. In the first half, RWS Moravia's revenue was up by 10%².

The first half also saw a strong sales performance from RWS IP Services (+13%²), with our European patent filing offering performing particularly well. Our PCT translation business also had a good first half, and our operations in China (+27%²) and Japan (+20%²) saw continued strong growth. We go into the second half with an excellent pipeline of prominent new clients.

RWS Life Sciences had a good first half (+6%²) with revenue from our specialist and high value linguistic validation offering up 26%². Following the transfer of Moravia's life sciences clients, revenue from these accounts has grown by 16%², testament to the value delivered through our dedicated life sciences division.

The Group continues to enjoy excellent cash generation and net debt has reduced to £63.9m (31 March 2018: £82.8m; 30 September 2018: £65.1m). This follows the US\$6.0m acquisition of Alpha Translations Canada Inc. on 17 January 2019, and the final dividend payment of £16.4m for the financial year ended 30 September 2018, which was paid in February. The Board anticipates that strong cash generation will continue to support the Group's acquisition strategy and its progressive dividend policy.

¹ Indicates on a like-for-like basis, excluding impact of foreign exchange and the acquisition of Alpha Translations Canada Inc., and adjusted to include Moravia's October 2017 pre-acquisition results.



² Indicates on a like-for-like basis, excluding impact of foreign exchange. The following adjustments have also been made:

- RWS Moravia's revenue includes October 2017 pre-acquisition results and the transfer of life sciences clients to RWS Life Sciences
- RWS Life Sciences revenue includes the transfer of RWS Moravia's life sciences clients

Andrew Brode, Chairman of RWS, commented:

"We have had an excellent first half with double-digit underlying revenue growth from our two largest divisions.

"Following last year's assimilation and rebranding of Moravia, we are encouraged by the strong performance from this division in the first half and the associated uplift in margins.

"Likewise, I am delighted with the revenue performance from our core IP Services business and particularly the growth in APAC, a region of key focus for the business.

"We remain focused on organic growth and the excellent cross-selling opportunities that are on offer through our enhanced service offering, while continuing to review selective potential acquisitions.

"Following a strong first half, we are confident of achieving another record year."

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About RWS

RWS is the world's leading provider of intellectual property support services (patent translations, international patent filing solutions and searches), a market leader in life sciences translations and linguistic validation, a leading localization provider, and a high-level specialist language service provider in other technical areas, providing for the diverse needs of a blue-chip multinational client base spanning Europe, North America and Asia.



RWS is based in the UK, with offices across five continents. The company is listed on AIM, the London Stock Exchange regulated market (RWS.L).

For further information, please visit: www.rws.com.

Forward-looking statements

This announcement contains certain statements that are forward-looking. These include statements regarding our intentions, beliefs or current expectations and those of our officers, Directors and employees concerning, amongst other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the business we operate. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this document and, unless otherwise required by applicable law, the Company undertakes no obligation to update or review these forward-looking statements. Nothing in this announcement should be construed as a profit forecast. The Company and its Directors accept no liability to third parties in respect of this document save as would arise under English law.