

RWS Holdings plc
Year End Trading Statement

An excellent year of substantial growth across our three leading divisions

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 year ended 30 September 2019, ahead of the announcement of its full year results on 10 December 2019.

Trading and Financial Update

RWS has enjoyed another record year and the Board expects Group revenue to be not less than £355 million, an increase of 16% from £306 million in 2018. This performance has primarily been driven by strong organic growth across the Group's core businesses, an extra month of trading at Moravia which was acquired in November 2017, the acquisition of Alpha Translations Canada Inc in January 2019, and a favourable exchange rate environment.

Divisional performance

Adjusted profit before tax (before amortization of intangibles, acquisition, restructuring and share option costs) has also increased significantly on last year and is expected to be marginally ahead of market expectations.

RWS Moravia, the Group's largest division by sales, achieved record revenue reflecting good year on year growth in the period. As a leading provider of technology-enabled localization services, the business has always been focussed on developing, innovating and investing in its services to drive growth in future years both from existing customers, which include many of the largest technology companies in the world, and through expansion of its client base. This focus has increased during the second half of 2019 and will continue into 2020.

One of the highlights of Moravia's year was the official opening of the division's new head office in Brno, Czech Republic, in June, bringing all of the Brno team under one roof for the first time since 2006, driving better communication, efficiency and innovation.

RWS Intellectual Property Services delivered strong growth, particularly from its Worldfile and Eurofile businesses. The division also performed strongly in Asia Pacific, which will be a key region for RWS' growth in future years.

RWS Life Sciences also delivered a strong performance, with its market leading Linguistic Validation business having had a particularly good year.

Balance sheet

The Group continues to drive strong cash generation and debt stood below £37 million as at 30 September 2019 (30 September 2018: £65.1 million). The Board anticipates that the Group's cash generative nature will continue to fund both its acquisition strategy and its progressive dividend policy.

Wider stakeholders

RWS has always been committed to balancing the needs of its various stakeholders and, as part of our commitment to having a positive impact on language learning across many walks of life, we were delighted to announce a partnership with The University of Manchester, in July, to sponsor students from lower income families reading for a language degree. In addition, we have commenced a sponsorship scheme for schools in lower income areas to send students on Outward Bound Trust events. The schools sponsored have demonstrated a commitment to teaching languages. In both cases RWS staff are involved in mentoring students and educating them on careers in languages as well as attending the Outward Bound Trust courses.

RWS was delighted to be awarded AIM Company of the year at last week's AIM Awards event.

Andrew Brode, Chairman of RWS, commented on outlook:

"This has been an excellent year for RWS, with strong financial results across all three of the Group's divisions. These divisions now have a clear focus on highly specialised areas of the language services market, combined with an integrated sales approach.

"We remain focused on delivering organic growth, whilst selectively reviewing potential acquisition opportunities which would extend our capabilities, technology platforms or geographical presence.

"We operate in growing markets, with market leading divisions in IP support services, life sciences and localization, leaving us well placed to deliver further progress in the current and future years."

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