

RWS Holdings plc**COVID-19 and Half Year Trading Update**

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 the Group's response to the COVID-19 virus and on trading for the half-year ended 31 March 2020 ("the first half").

COVID-19 update

The safety and wellbeing of our staff is the Group's key priority and, to fully enable social distancing, we temporarily closed all the RWS offices globally and implemented work from home procedures. All RWS divisions remain fully operational with our technology platforms supporting our people to work effectively from home. The one geographical exception to this is China, where our four offices have recently reopened following local Government guidance.

To assist staff in this change in working practices, the Group has taken additional steps through enhanced communication, information sharing, and online activities to help maintain their wellbeing, effectiveness and engagement.

The Group is doing all it can to support global efforts to fight COVID-19, including having mobilized its global research community to find and provide relevant prior scientific research to pharmaceutical companies working on COVID-19 vaccines or treatments, on a pro-bono basis.

In recent days, the Group has noted increased demand for services within both our Life Science and Moravia divisions, as our teams help with the clinical trials for new COVID-19 vaccines, translate training material for COVID-19 related antibody testing devices and provide additional services to the Group's technology customers, who are recording higher usage of their online communication and social networking platforms. However, there has been a fall in demand from a limited number of customers more directly exposed to the pandemic, predominantly those in the travel sector.

We also now anticipate that RWS's second half revenues could be held back by COVID-19 as some of Moravia's customers curtail marketing-related localization expenditure and as a result of a lengthening of the onboarding of new customers across our divisions.

Given the unprecedented market uncertainty, it is impossible to predict with any accuracy the likely financial impact of COVID-19 on the operations of RWS and we are therefore withdrawing our previous guidance for the full financial year. Further details on the Group's first half performance are provided below and an update on trading will be provided when the Group releases its first half results, scheduled for 9 June 2020.

Financial position

The Group's business model remains highly cash generative and following robust stress testing, the Board is highly confident that the Group's cash generation and liquidity put it in a strong position to trade through this uncertain period and beyond. RWS currently has cash reserves of c£29m and recently agreed an amended US\$200m banking facility, of which US\$80m remains drawn, being the rollover of the original facility to acquire Moravia. This provides headroom of US\$120m, of which US\$40m is guaranteed under a Revolving Credit Facility and a further US\$80m is available under a non-committed facility.

The Group has also taken a number of prudent steps to strengthen its cash position, including freezing recruitment, limiting capital expenditure and reducing marketing spend. Naturally, we will also see lower travel and other operational costs as a result of the global lockdown. We will also assess the COVID-19 funding initiatives provided by local governments across the Group's global operations and will utilize these where appropriate to do so.

A decision will be made regarding the interim dividend by the time that we report our half year results in June, when we will have been able to assess the impacts of COVID-19 more fully.

It is important to highlight that RWS utilizes external freelancers for a high proportion of initial translations, which results in a highly flexible cost base that can quickly respond to any rise or fall in demand. In addition, the Group's geographical spread, diverse client base and exposure to the typically more defensive intellectual property and life sciences segments, provide resilience to the impact of the virus.

Half Year Trading Update

The Group had a solid start to the year, with several excellent new contract wins particularly within our IP Services division, from a range of blue-chip international companies and major patent attorneys.

We have had a less favourable trading performance in the second quarter, reflecting a combination of the deferment of certain new projects for clients, a delay in the time taken for some of the new clients to come on board, and lower volumes of activity in IP Services and certain segments of Life Sciences than anticipated, a small proportion of which we believe has been influenced by some disruption to our clients from COVID-19.

Nevertheless, until the most recent escalation of COVID-19, we had been on course to deliver full year results in line with the Board's underlying expectations for the year as a whole.

These impacts in the second quarter saw RWS recording sales of £169.2m in the first half of 2020, compared with £172.3m in the first half of 2019, a decrease of 1.8% or 2.5% on an underlying like-for-like basis.

The key drivers of the Group's divisional performances in the first half are set out below:

- RWS IP Services recorded very strong sales in H1 2019, as the European Patent Office changed its practices to address a backlog of validations. This has not been repeated in 2020. In addition, the first half of 2019 included the final revenue from the previously announced loss of a major customer.
- Within the RWS Life Sciences division, the Linguistic Validation business continues to outperform our expectations and sales to the Group's largest pharmaceutical customer are going well, in line with our expectations. However, while the steps taken under new leadership last year to address issues in the rest of the Life Sciences business have begun to yield results, it will take additional time to see this part of the division return to growth.
- RWS Moravia saw good results from several customers although one large new project was deferred into the second half. We are pleased to confirm that this is now underway.

EU Unitary Patent ("UP")

In recent weeks the UK Government has made it clear that it does not intend to participate in the UP. We welcome this decision, as it significantly dilutes the appeal of the UP for our customers, as the UK is the second most important European country for patent protection.

Subsequent to the UK decision, the German constitutional court upheld a complaint that the original approval of the UP agreement by the German Government was unconstitutional.

Despite the German Government stating that it still intends to work towards the introduction of the UP, we now believe that any possible implementation has been delayed by several years and will be subject to further lengthy renegotiation.

Andrew Brode, Chairman of RWS, commented:

"Our priority is to safeguard the health and wellbeing of our people and I would like to thank all of the RWS staff who have worked tirelessly to enable our teams to stay safe and work from home.

"Trading in the second quarter has been somewhat challenging, but as RWS operates in the largely recession-proof and innovative sectors of IP Services and Life Sciences, and with the likely long-term growth in sales to the Group's technology customers, we believe the three divisions are all in relatively good shape.

"Notwithstanding the near term challenges presented by COVID-19, the excellent new business wins in the first half of the year, further good progress in China and the Group's strong financial position give the Group firm foundations for the long-term success of the business.

"We remain focused on looking after our staff, continuing to provide an excellent service to our customers, reviewing selective acquisition opportunities and, perhaps above all, continuing to do our part in the fight to defeat COVID-19."



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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.