



Full Year Results 2021

December 2021

Andrew Brode
Chairman

Ian El-Mokadem
Chief Executive Officer

Des Glass
Chief Financial Officer

Initial observations

Clients

- Very impressive customer base
- Trusted by industry leaders to support their global strategies and protect their IP
- Long-term relationships

People

- Unified and experienced Executive Team
- Many talented and energised people across the Group

Technology

- Highly technology-enabled
- Supports improved client solutions and our operating efficiency
- Allows us to be at forefront of industry evolution

Post SDL integration, opportunities to build on leadership positions and underlying platform

A world leading provider of technology-enabled language, content and IP services

90 of the
top 100
brands

16 of
Fortune's
top 20
most
admired
companies

20 of the
top 20
pharma
companies

Major
global
technology
businesses

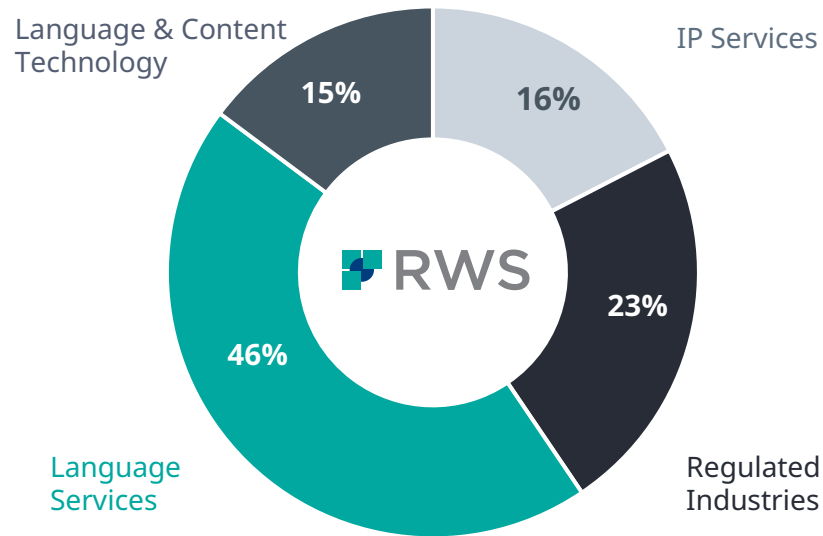
10 out of
the
top 10
insurers

18 out of
the top
20 law
firms

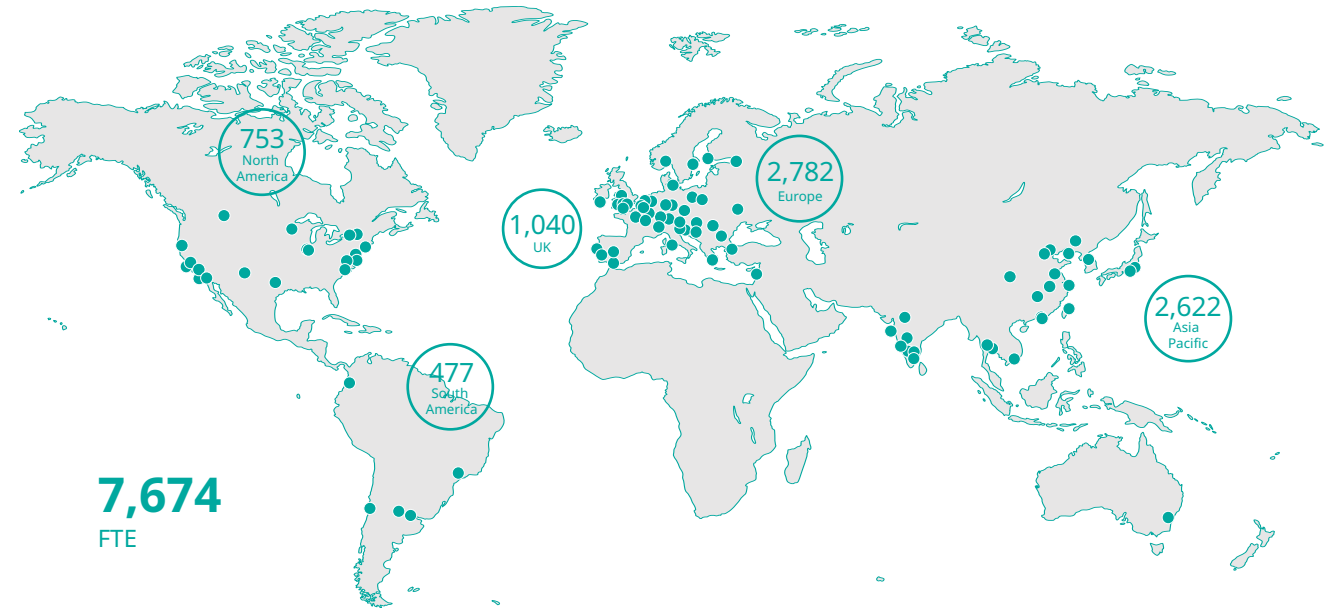
19 of the
top 20
medical
device
companies

19 of the
top 20
patent
filers

Global capability, scale and reach; enhanced proposition and technology suite



FY21 Revenue



Strong financial profile from which to invest

A strong performance with profit ahead of expectations

REVENUE

£694.5m

+ 95%
+ 4% organic constant currency¹

FY20: £355.8m

ADJUSTED PBT²

£116.4m

+ 66%
+ 25% organic constant currency¹

FY20: £70.2m

GROSS MARGIN

45.1%

+ 590 bps
+ 10 bps organic constant currency¹

FY20: 39.2%

ADJUSTED BASIC EPS³

23.8p

+ 20%

FY20: 19.9p

PROPOSED FINAL DIVIDEND

8.50p

+ 17%

FY20: 7.25p

NET CASH⁴

£45.3m

Inclusive of £55.0m acquired through
the acquisition of SDL Plc.

FY20: (£15.1m net debt)

¹ Excluding the impact of acquisitions and assumes constant currency.

² Calculated before amortisation of acquired intangibles, acquisition costs, share-based payment expenses and exceptional items.

³ Calculated before amortisation of acquired intangibles, acquisition costs, share-based payment expenses and exceptional items, net of associated tax effects.

⁴ Net cash/debt comprises cash and cash equivalents less loans but before deducting lease liabilities.

Financial Review 2021



Income statement

	Year ended 30 September 2021 (£m)	Year ended 30 September 2020 (£m)
Revenue	694.5	355.8
Cost of sales	(381.3)	(216.2)
Gross profit	313.2	139.6
<i>GM%</i>	45.1%	39.2%
Administrative expenses (before adjusting items)	(194.7)	(66.7)
Net finance costs	(2.1)	(2.7)
Adjusted profit before tax	116.4	70.2
<i>Adjusted PBT margin%</i>	16.8%	19.7%
Adjusting items ³ (including impact of prior year debt modification gain)	(61.4)	(11.5)
Tax expense	(13.8)	(12.3)
Profit for the year	41.2	46.4
Basic EPS (pence)	10.9	16.9
Adjusted Basic EPS (pence)	23.8	19.9

¹ Adjusted to reflect a like-for-like comparison between reporting periods.

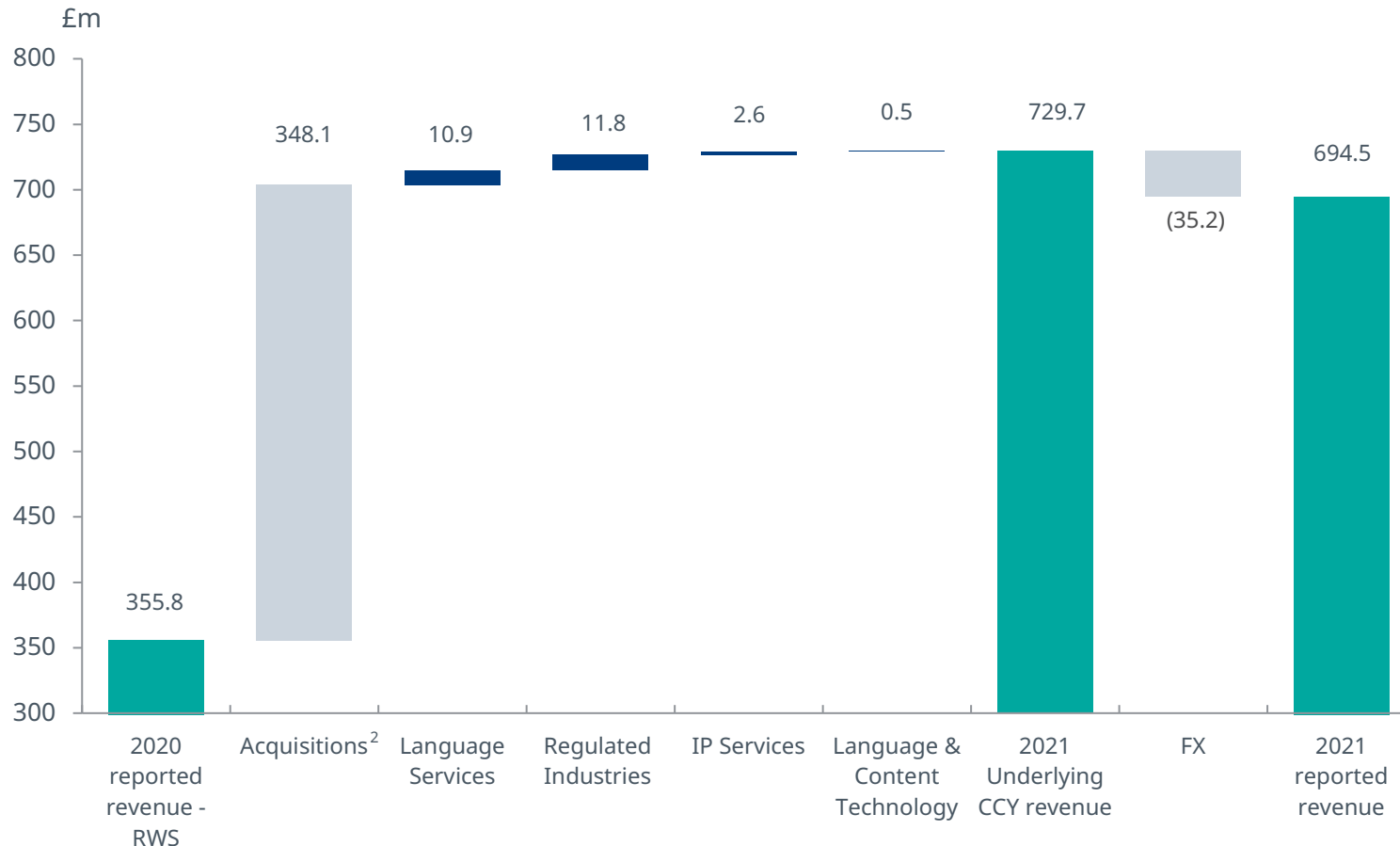
² Adjusted to reflect a like-for-like comparison between reporting periods and assumes constant currency across both reporting periods.

³ Includes acquisition costs £11.2m (2020: £4.1m), amortisation of acquired intangibles £34.4m (2020: £15.3m), share-based payments expense £1.4m (2020: £1.1m), net impact of debt modification £0.3m (2020: £1.2m credit) and exceptional items £14.1m (2020: £7.8m).

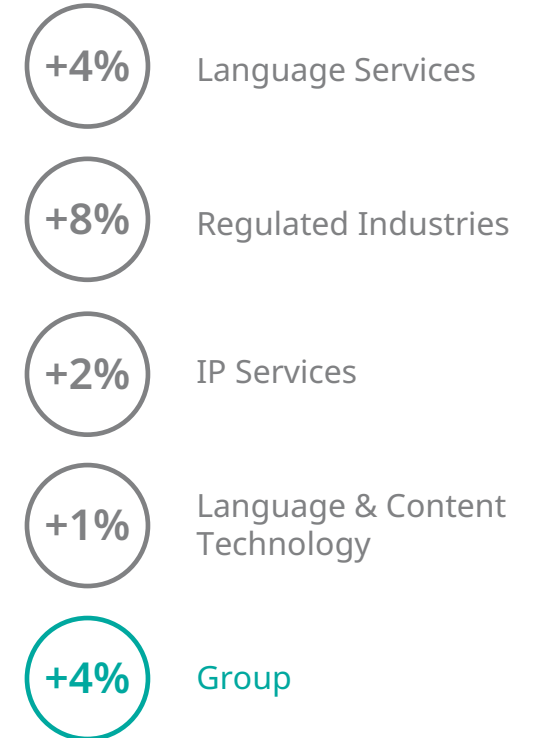
⁴ Adjusted effective tax rate is the effective tax rate before amortisation of acquired intangible assets, acquisition costs, share-based payments expenses and exceptional items.

- Revenue up significantly following the acquisition of SDL:
 - Organic constant currency² +4%
- Gross margin 590bps higher at 45.1% driven by the SDL combination
 - 10bps higher on an organic constant currency² basis
- Administrative expenses as a percentage of revenue has increased to 28.0% as a result of the acquisition of SDL
- 66% year-on-year increase in Adjusted PBT
 - Organic constant currency² increase +25%
 - Adjusted PBT margin increased 170bps on an organic¹ basis
 - Over £16m of cost synergies achieved in FY21 out of total cost synergies identified of £33m
- Adjusted effective tax rate⁴ of 20.7%
- Basic EPS decreased by 36% to 10.9p
- Adjusted basic EPS increased 20% to 23.8p

Organic constant currency revenue bridge



ORGANIC CONSTANT CURRENCY¹ REVENUE GROWTH



¹ Adjusted for the effect of acquisitions and assumes constant currency i.e. FY 2020 results are retranslated at FY 2021 average exchange rates.

² Adjusted for the acquisitions of SDL plc in November 2020 and Horn & Uchida in July 2021, and the prior period acquisitions of Webdunia and Iconic.

Balance sheet

	As at 30 September 2021 (£m)	As at 30 September 2020 (£m)
Non-current assets	1,059.4	458.4
Trade and other receivables	191.8	82.1
Other current assets	3.5	0.6
Cash and cash equivalents	92.5	51.4
Total assets	1,347.2	592.5
Trade and other payables	154.4	57.9
Loans	47.2	66.5
Lease liabilities	51.5	22.8
Deferred tax liabilities	51.2	30.3
Other liabilities	32.0	6.1
Total liabilities	336.3	183.6
Net assets	1,010.9	408.9
Net cash/(debt) – excluding lease liabilities	45.3	(15.1)
Net cash/(debt) – including lease liabilities	(6.2)	(37.9)

SDL impact

- Increases in goodwill and intangible assets of £568.8m following the acquisition of SDL
- Deferred tax liabilities have increased by £20.9m to £51.2m principally due to additional intangible assets recognised on acquisition

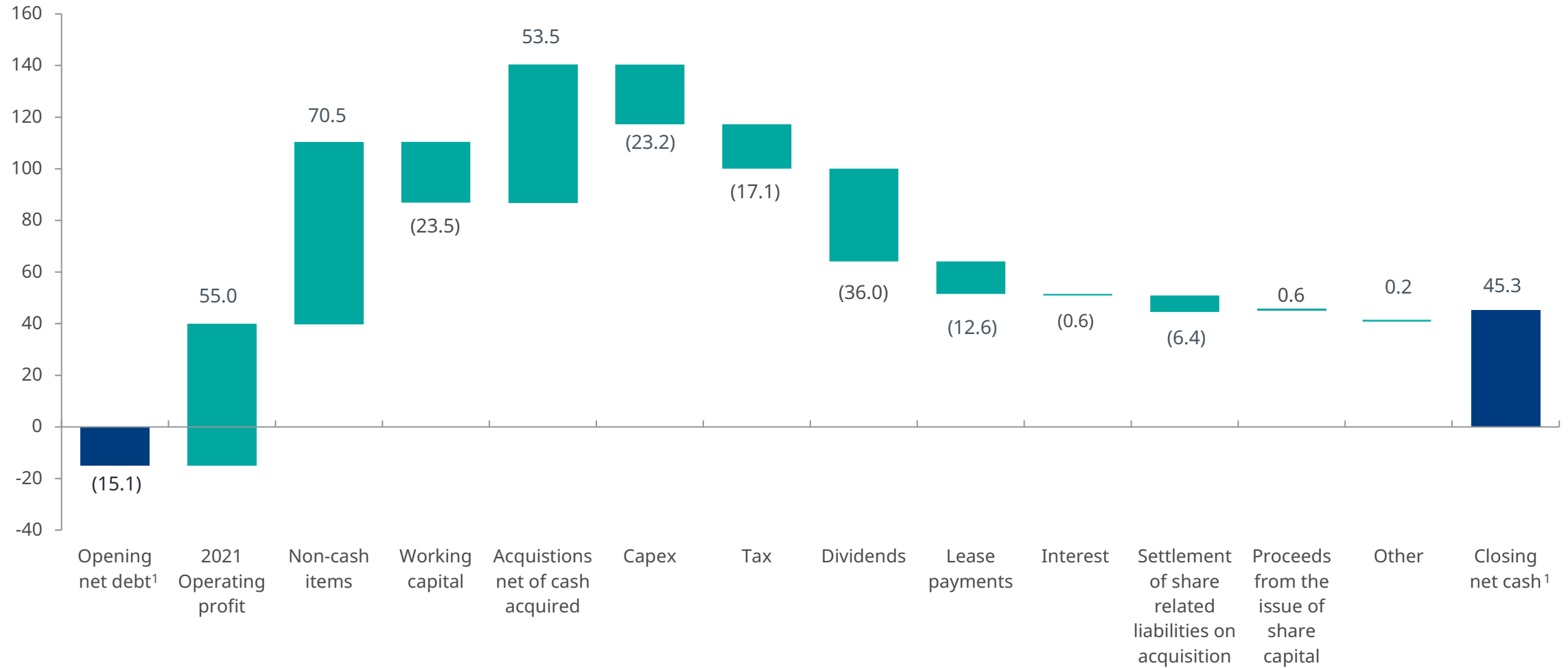
Working capital

- Net working capital investment of £23.5m
- Average DSO over FY21 has remained stable

Cash and Net debt

- Cash has increased by 80% to £92.5m
- Debt reduced by £19.3m to £47.2m
- Swung to a net cash position during FY21

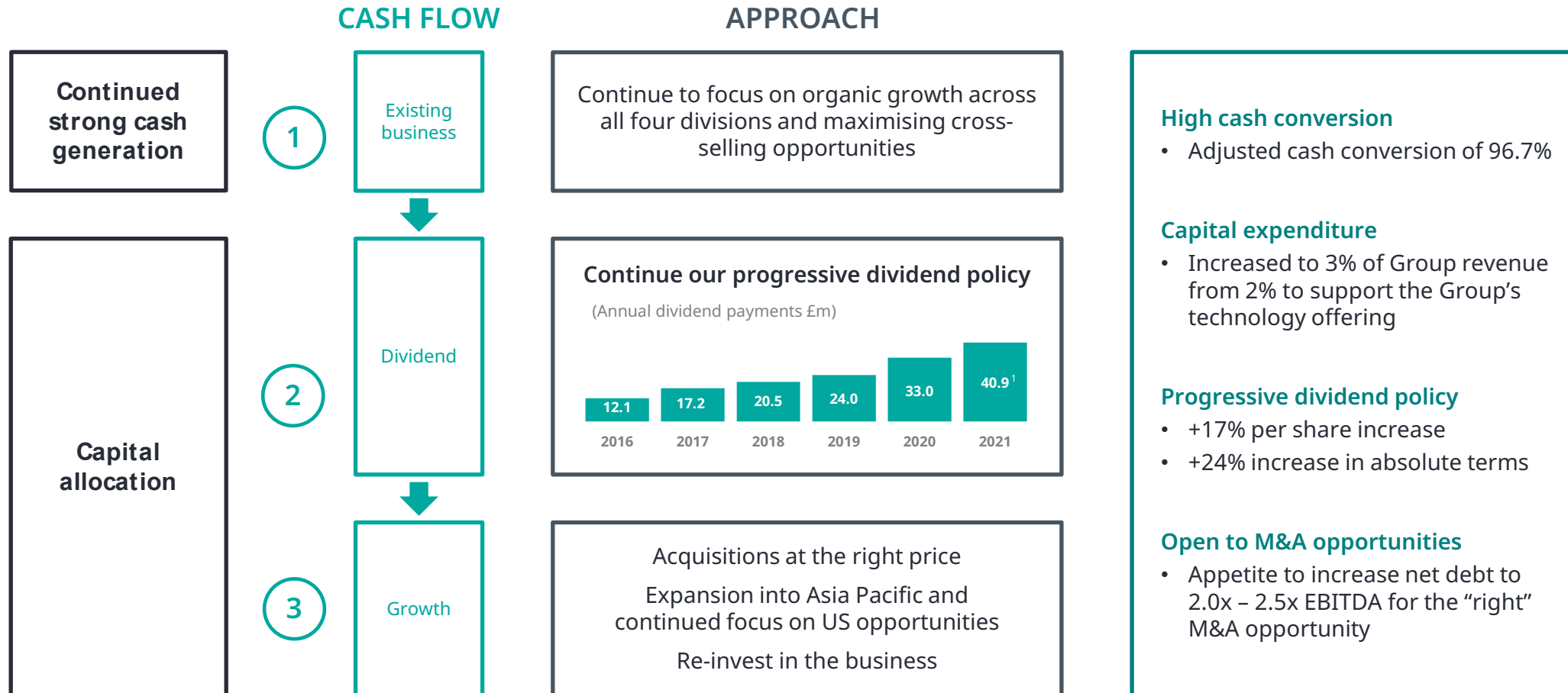
Net debt/cash¹ bridge



¹ Net debt/cash comprises cash and cash equivalents less loans but before lease liabilities.

Capital allocation

Our capital allocation priorities remain clear and unchanged



¹ Inclusive of proposed FY21 final dividend payment, subject to shareholder approval.

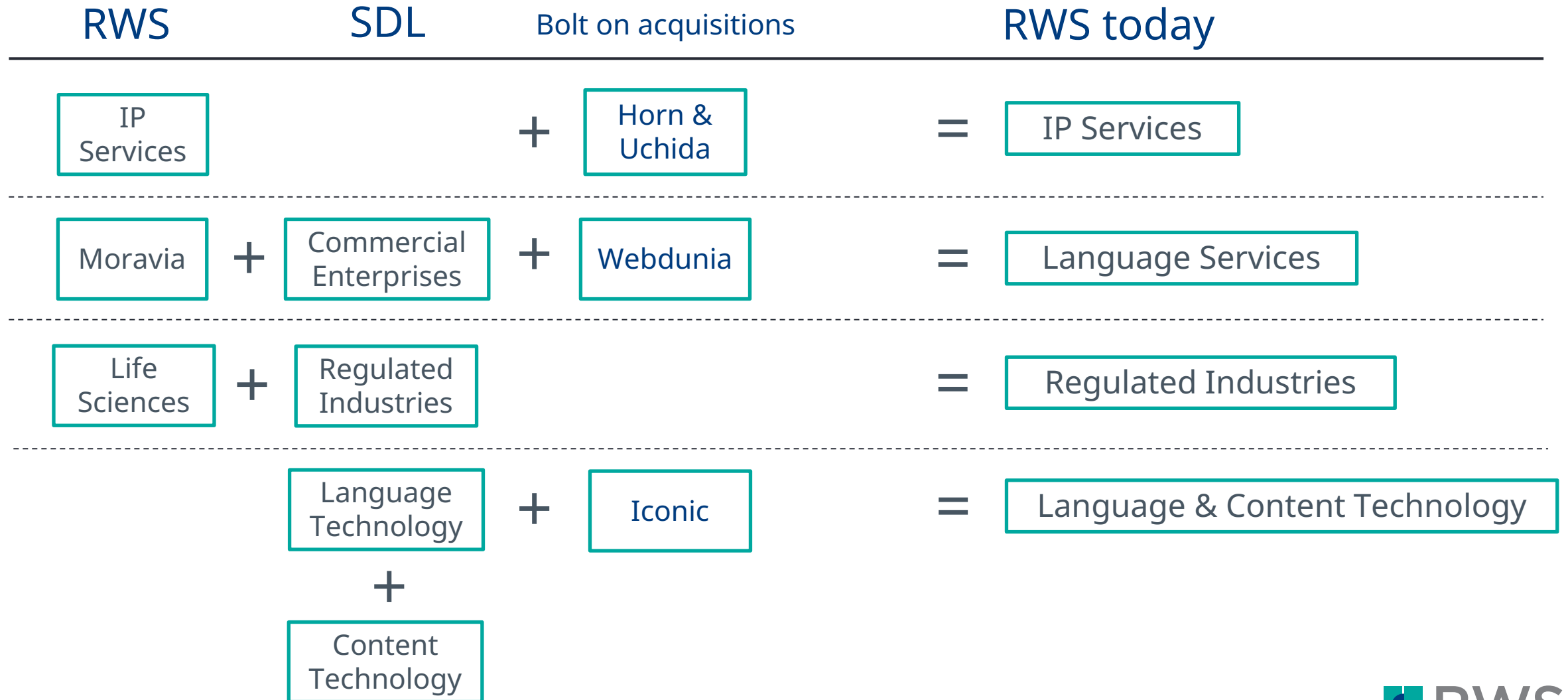
² Calculated as cash and cash equivalents less loans but before lease liabilities.

Operational Review 2021



DANNY FORERO / COLOMBIA

RWS structure



Market leaders in focused segments, complemented by suite of technology products

Language Services

- Helps world's leading brands manage their localisation needs & ensure content connects with audiences
- Global network of expertise covers 260 languages
- Includes eLearning, data training, video localisation and interpreting services

Regulated Industries

- Life Sciences, Financial Services and Legal verticals
- Highly specialised technical translations
- High value linguistic validation in life sciences supports clinical studies of new medicines and vaccines, including those developed in fight against Covid-19

IP Services

- World's premier provider of patent translation and filing, search, retrieval and monitoring services
- Seamless service, powered by highly specialised in-house translators and crowd of 39,000+ researchers
- Enabled by multi-jurisdictional patent filing platform, inovia

Language & Content Technology

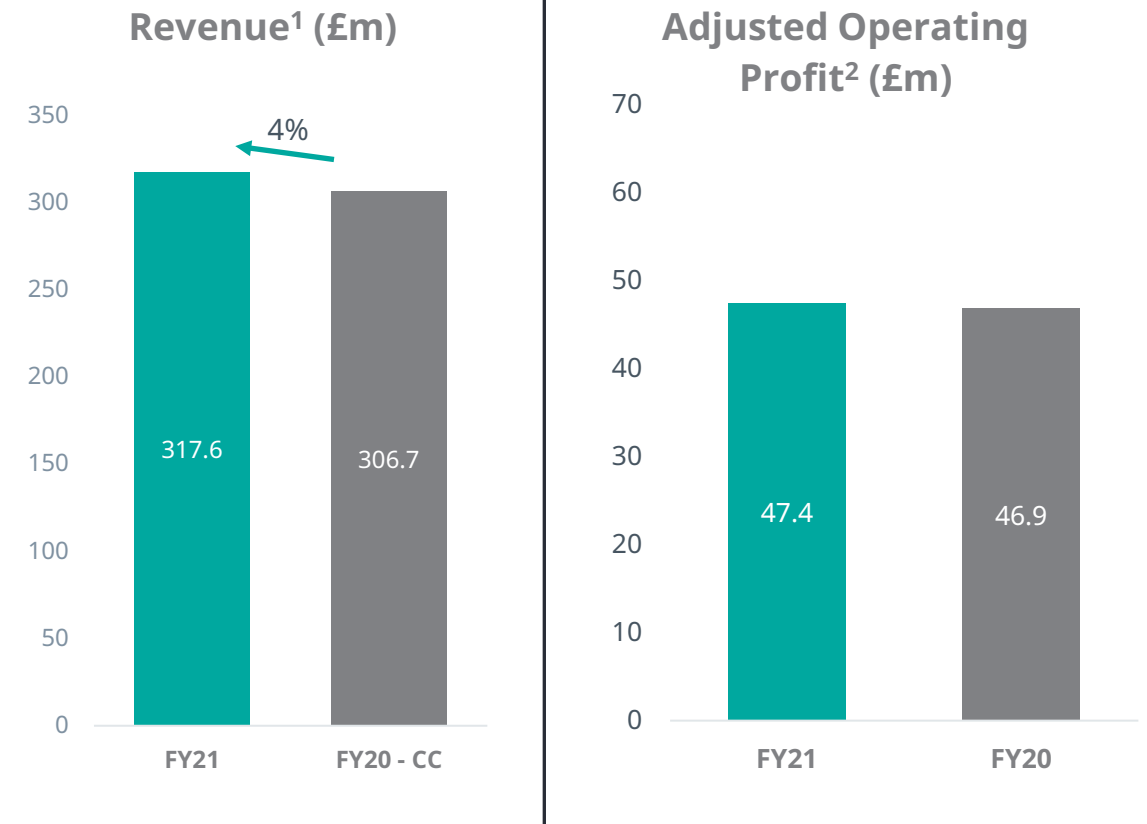
- Language Technology - translation management and productivity solutions (e.g. Trados)
- Linguistic AI - neural machine translation (Language Weaver)
- Content Technology - creation, translation & delivery of content at scale (e.g. Tridion, Contenta)

Language Services

Operating margin improved, with growth from major technology and commercial customers

Performance

- 4% organic growth at constant currency, with strong sales to global technology clients
- Organic adjusted operating margin increased 70 bps driven by overhead synergies
- Expanded solutions to address client needs in e-learning, multimedia localization, data training and software testing
- Resilient performance in manufacturing
- Softer trading in automotive and travel, due to Covid-19 impact
- Consolidation of common RWS/SDL customers complete



¹ Revenue figures adjusted to reflect a like-for-like comparison between reporting periods and assumes constant currency across both reporting periods.

² Adjusted operating profit figures adjusted to reflect a like-for-like comparison between reporting periods.

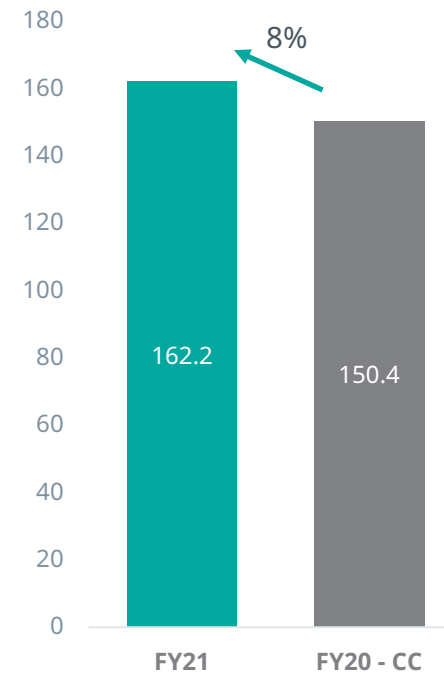
Regulated Industries

Strong performance, led by higher value Linguistic Validation

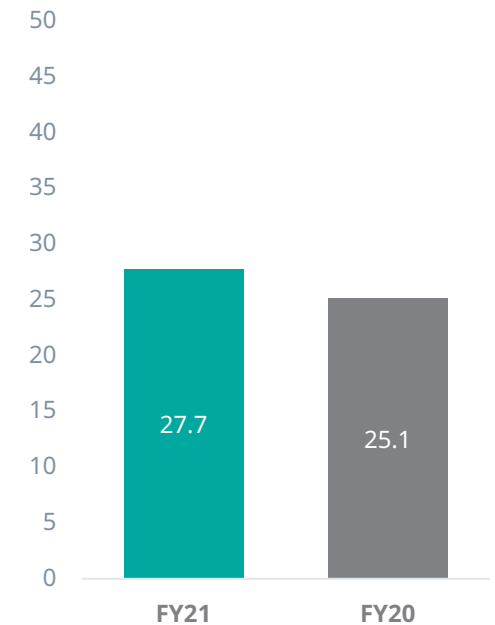
Performance

- 8% organic growth at constant currency, driven by life sciences vertical
- 110 bps organic adjusted operating margin improvement through strong cost control and realization of SDL acquisition synergies
- Strong sales in Linguistic Validation
- Positive growth in top 10 medical device clients, partly driven by EU Medical Device Regulation coming into force
- Improved performance in financial and legal verticals, with increased focus on ESG, risk and compliance offerings
- In managed healthcare, sustained leadership in US Annual Enrollment

Revenue¹ (£m)



Adjusted Operating Profit² (£m)



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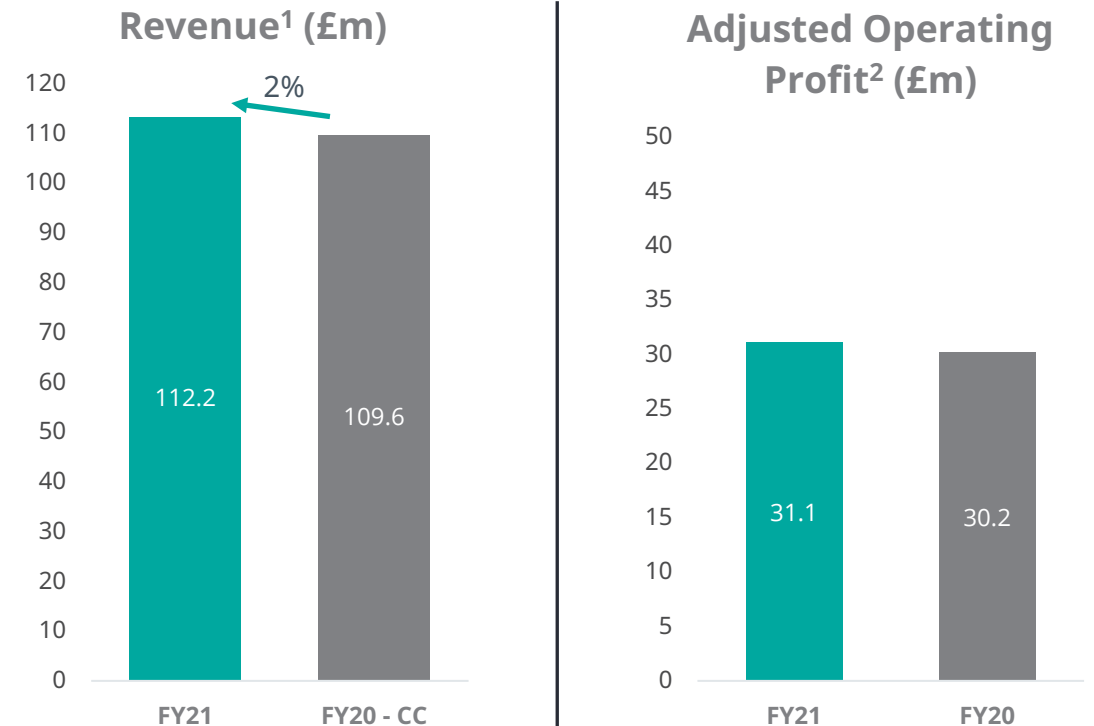
² Adjusted operating profit figures adjusted to reflect a like-for-like comparison between reporting periods.

IP Services

Improved operating margins on increased H2 2021 revenues

Performance

- 2% organic growth at constant currency, driven by IP search services & PatBase sales
- Organic adjusted operating margin improvement of 90 bps through effective cost control and Q1 headcount reductions
- Some recovery of volumes in patent activity vs FY20, but Covid-19 impact remains
- Tougher trading in patent translation and filing, with European Patent Office granting fewer applications in FY21
- Strong sales growth to Chinese & Japanese corporates/patent attorneys
- Horn & Uchida acquisition (July 2021) brought client base (with upsell opportunity) and team of in-house patent translators



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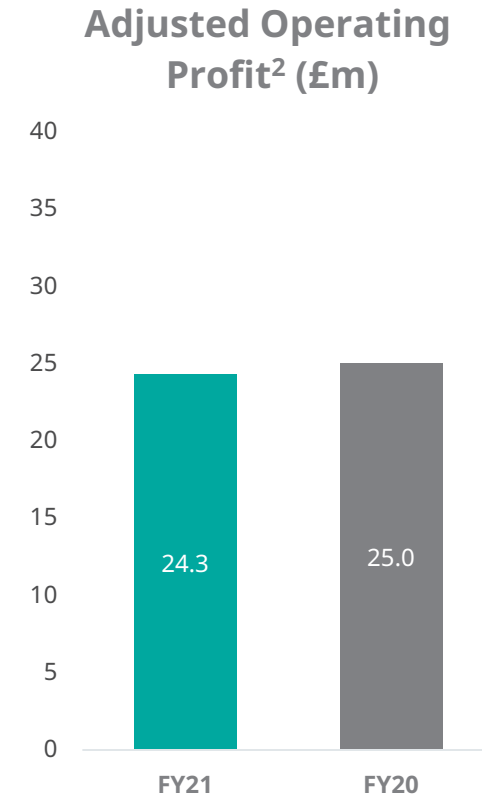
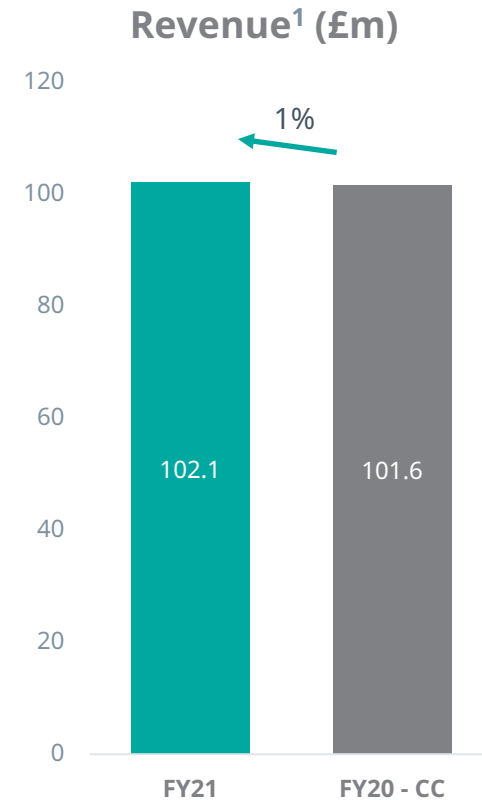
² Adjusted operating profit figures adjusted to reflect a like-for-like comparison between reporting periods.

Language and Content Technology

Operating margin improved, as revenue reflects transition

Performance

- 1% organic growth in constant currency, partly offset by change in mix of software licenses
- Organic adjusted operating margin improvement of 30 bps from combining RWS/SDL technology operations
- Translation productivity – Trados Live Team, cloud solution for LSPs, corporations & enterprises
- Translation management - strong feature development
- Neural MT (Language Weaver) – good performance in North America; extensive product development; Iconic integration
- Content management – some Covid-19 impact from client delays to projects; higher demand in regulatory/compliance content



¹ Revenue figures adjusted to reflect a like-for-like comparison between reporting periods and assumes constant currency across both reporting periods.

² Adjusted operating profit figures adjusted to reflect a like-for-like comparison between reporting periods.

Environmental, Social and Governance



LEENA SHARMA | INDIA

ESG – increased focus

Sustainability

- Submitted our first Communication on Progress report to the United Nations Global Compact (June 2021)
- Increased engagement on materiality
- Reported against SASB Standards

Environmental

- Supporter of Task Force on Climate-Related Financial Disclosures (TCFD)

Community

- Renamed the SDL Foundation and consolidating all philanthropic initiatives under the RWS Foundation
- New enlarged intake of University of Manchester sponsored Language students welcomed

Social

- Completed our first group-wide employee engagement survey
- Relunched our Well-being Employee Resource Group - led by a member of the Executive Team
- Developed and rolled out a diversity and inclusion programme
- Implementing a group-wide training portal

Governance

- Board and Committee independence
- Increased disclosure of internal governance
- Continuing to improve corporate security incident response preparedness across the Group

ESG - next steps

Corporate Sustainability

- Continue to improve alignment of Group's strategy and operations with the UN's Principles, SDGs and targets
- Improve data capture and reporting against KPIs

Our Environment

- Develop a carbon emission reduction plan using science-based targets aligned with SBTi
- Reduce carbon emissions by 55% by 2030 (using FY22 baseline)
- Net zero emissions by 2050

Our People

- Develop a group-wide labour and human rights policy
- Agree set KPIs and improve reporting

Our Communities

- Align objectives of the newly formed RWS Foundation
- Improve supply chain engagement and transparency incl. developing a Sustainable Procurement Policy, and audit capability

Our Governance

- Develop a group-wide Code of Conduct
- Roll out new business ethics training to key teams

Current trading & Outlook



Capitalise on expanded scale, footprint and capabilities

1 Drive organic growth

- Increase share of wallet with existing customers
- Continued focus on service
- Ensure technology product range cross sold effectively
- Build positions in attractive adjacencies

2 Enhance efficiency and margins

- Improved technology utilization in production processes
- Ensure technical and linguistic talent attracted and retained
- Strengthen support infrastructure

3 Selective acquisitions

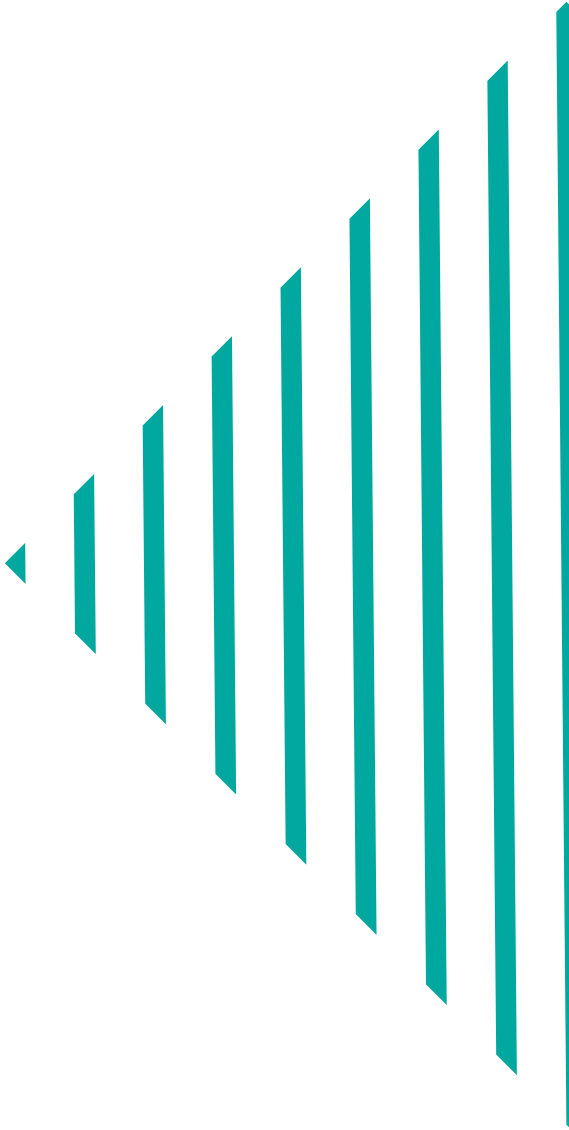
- Strengthen market position via targeted acquisitions
- Add capabilities or geographical reach to access new revenue streams

Summary and Outlook

- Current trading is in line with our full year expectations which anticipate:
 - Continued organic revenue growth at constant currency
 - Significant further margin expansion anticipated, as we realise full year synergies and continue to enhance efficiencies
- Strong cash generation, balance sheet and RCF supports plans to invest for growth, including in software and internal systems, and make selective earnings enhancing acquisitions in our fragmented markets
- As a market leader and technology-enabled service provider, well placed to take advantage of opportunities in our large, evolving, structural growth markets, serving attractive end markets
- A strong team in place to deliver on those opportunities
- A further update on the group's medium term growth strategy and investment plans will be given at a Capital Markets Day in March 2022

**Thank you
and
questions?**

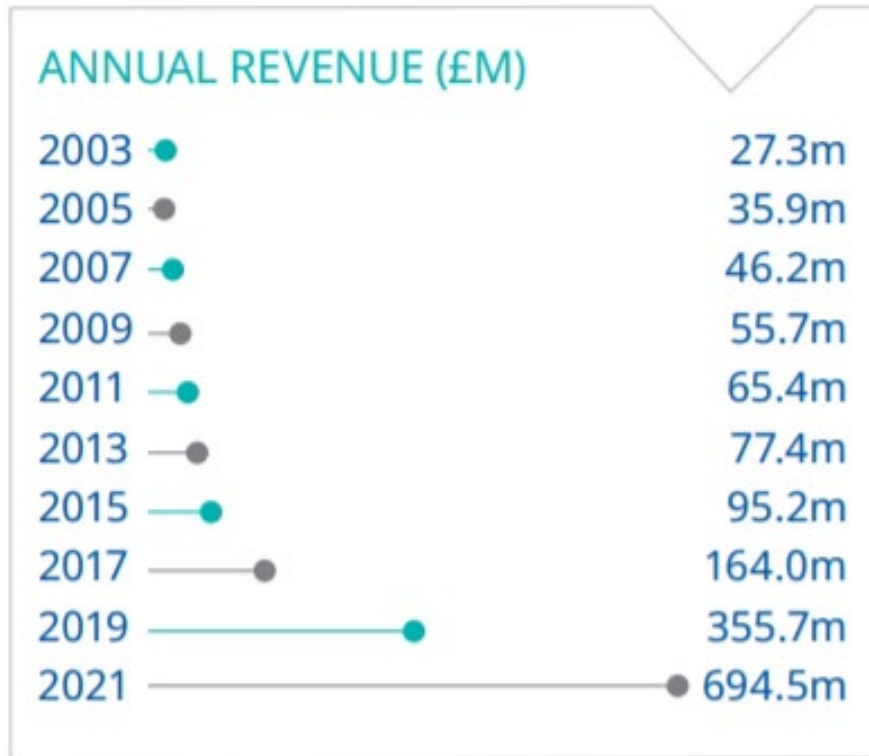
Appendices



Key investment case highlights



An 18-year track record growth

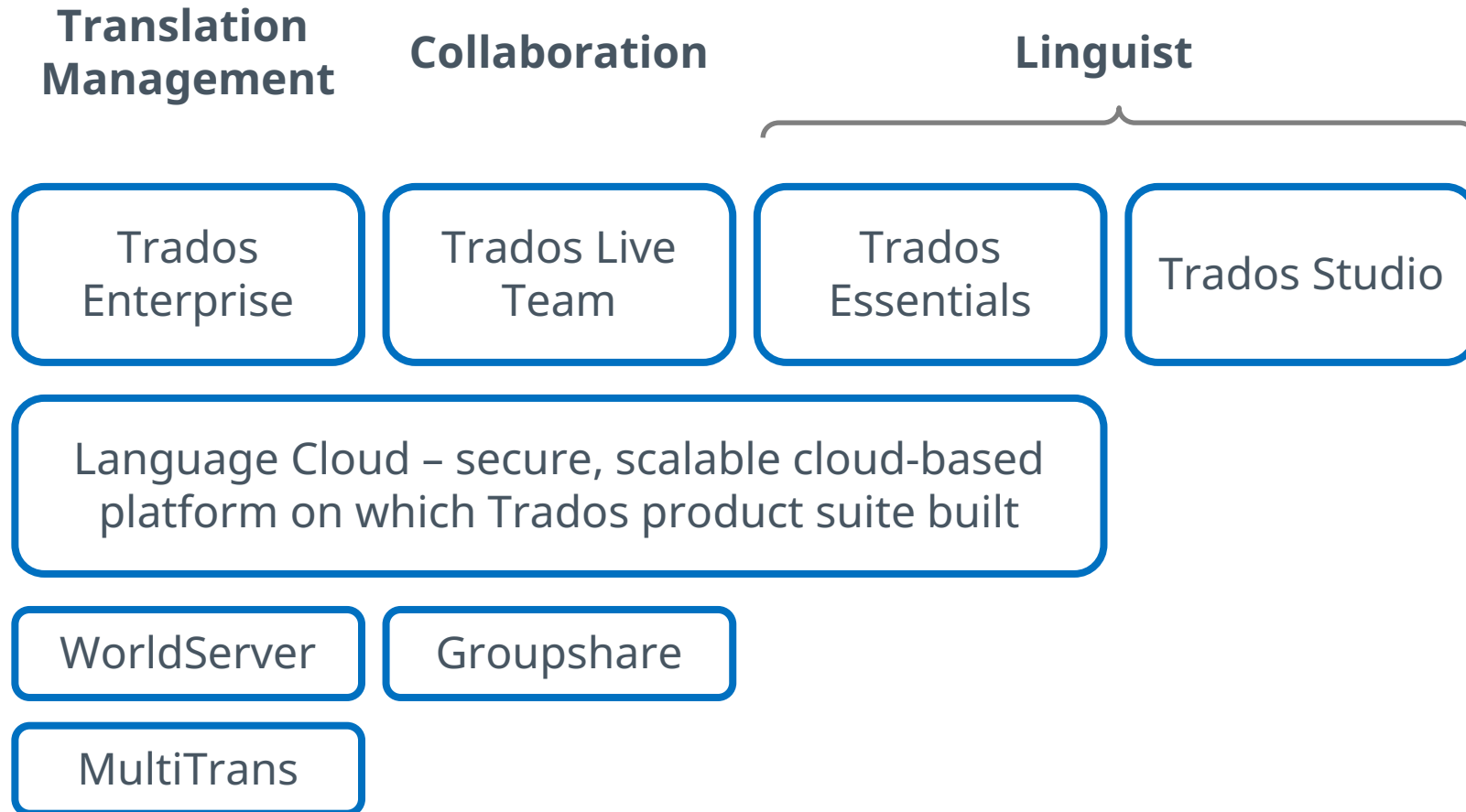


Shareholders

As of 30 November 2021

Top shareholders	Holding (%)
Andrew S Brode	23.2
Liontrust Asset Management	8.4
Canaccord Genuity Wealth Management	5.6
Octopus Investments	3.9
RGM Capital	2.8
Janus Henderson Investors	2.5
Financiere de l'Echiquier	2.1

Language Technologies – translation management overview



Language Technologies – translation management systems

	Description	What does it do?	Key client benefits	Key markets / clients
Trados Enterprise	End-to-end translation management solution for enterprise scale in the Cloud	<ul style="list-style-type: none"> • Manage translations for all content types, across all repositories, using any translation method • Built-in terminology management • Integrates with Language Weaver, Trados Studio and many content sources • Management and automation of assets such as Translation Memory, Machine Translation, Terminology and Quoting 	<ul style="list-style-type: none"> • Supports multiple stakeholders • Brand consistency • Unified reporting 	<ul style="list-style-type: none"> • Enterprise
WorldServer	Translation management system for on premise deployment	<ul style="list-style-type: none"> • As above, plus: • Highly customisable to customers' needs • Enables companies to integrate their translation operations within their own network 	<ul style="list-style-type: none"> • As above, plus: • Highly customisable • Supports unlimited no. of workflows and translators • Deployment options within own network 	<ul style="list-style-type: none"> • Enterprises with need for enhanced ownership of technology
MultiTrans	Modular translation management system for Regulated Industries	<ul style="list-style-type: none"> • Manages/automates translation workflows in highly secure environment • Leverages translation memory and unifies client terminology • Full cycle audit trails 	<ul style="list-style-type: none"> • Extremely high quality and accuracy • Delivers assurance on process and security 	<ul style="list-style-type: none"> • Regulated industries • Confidential content

Language Technologies – translation productivity

	Description	What does it do?	Key client benefits	Key markets / clients
<p>Trados Studio (desktop)</p> <p>Trados Essentials (cloud)</p>	Computer Assisted Translation (CAT) tools	<ul style="list-style-type: none"> • Solution for management of translation processes for individual linguists • Integrates, manages and delivers Terminology, Translation Memory and Machine Translation 	<ul style="list-style-type: none"> • Improve quality • Reduce cost / time • Consistency across all content types and languages • Optionality of how to work – locally, or in the cloud 	<ul style="list-style-type: none"> • Freelancers • LSPs • Corporations
<p>Trados Live Team (cloud)</p> <p>GroupShare (on premise)</p>	Project management and collaboration environment, available for local server deployment or in the cloud	<ul style="list-style-type: none"> • Works in conjunction with Trados Studio and Trados Essentials • Streamlines processes, reduce manual tasks and provides real time view • Integrates, manages and automates Terminology, Translation Memory and Machine Translation 	<ul style="list-style-type: none"> • Efficiency and margins • Lowers time to market • Project assurance 	<ul style="list-style-type: none"> • LSPs • Corporations

Linguistic AI

Also deployed as enabler for broader service solution for certain client groups

	Description	What does it do?	Key client benefits	Key markets / clients
Language Weaver	Secure, adaptable neural machine translation platform – Cloud version	<ul style="list-style-type: none">Instantly translates content at high volume across 3,000 language combinations	<ul style="list-style-type: none">Secure internal communicationsSecure real-time communications, i.e. chatReduces localisation costs	<ul style="list-style-type: none">EnterpriseSMEs
Language Weaver Edge	Secure, adaptable neural machine translation platform	<ul style="list-style-type: none">Instantly translates content at high volume across 3,000 language combinations	<ul style="list-style-type: none">As above, plusContent intelligence, e.g. eDiscovery in legal casesPharmacovigilance	<ul style="list-style-type: none">EnterpriseGovt

Content Technologies – content lifecycle management

	Description	What does it do?	Key client benefits	Key markets / clients
Tridion Docs	Component content management system	<ul style="list-style-type: none"> • Repurpose high-value multilingual content in well-governed, collaborative environment • Deliver personalised content on-demand to multiple output channels • Analyse content performance end-to-end to improve customer outcomes 	<ul style="list-style-type: none"> • Reduces risk (financial, legal, and health & safety) • Cuts content development costs • Improves customer / employee experience 	<ul style="list-style-type: none"> • BFSI • Healthcare • Manufacturing • Rules and regulations • Software • Technology
Tridion Sites	Agile content management system Digital experience hub	<ul style="list-style-type: none"> • Allows clients to manage and deliver large volumes of multilingual content to websites and other digital touchpoints • Supports traditional or headless publishing • Central repository to manage & orchestrate content, and integrate with other marketing technology tools 	<ul style="list-style-type: none"> • Contextual personalised experiences to increase conversion with better end user engagement • Faster to market, lower total cost of ownership • Easily manage multilingual content • Brand consistency & marketing agility 	<ul style="list-style-type: none"> • BFSI • FMCG • High-tech • Retail • Travel, leisure and hospitality
Contenta	Component content management system (built on S1000D standard (global specification for technical publications))	<ul style="list-style-type: none"> • Increases productivity of technical authors/editors/publishers • Faster delivery to end users of critical content for complex systems, e.g. interactive technical manual for fighter jet • Multi-language application 	<ul style="list-style-type: none"> • Comply with maintenance standards requirements • Quality/accuracy of delivered content • Reduces lifecycle sustainment costs 	<ul style="list-style-type: none"> • Aerospace • Defence
XPP	XML professional publisher solution for complex documents	<ul style="list-style-type: none"> • Fully automates E2E publishing workflows (text & graphics) from multiple data sources • Multi-language (35) • Highly configurable 	<ul style="list-style-type: none"> • Reach multiple / remote audiences easily • Quality / accuracy / consistency of delivered content • Reduces lifecycle sustainment costs 	<ul style="list-style-type: none"> • Aerospace • Defence • Government