For immediate release 10 December 2019

RWS Holdings plc

Results for the year ended 30 September 2019

Record performances across all three main businesses

RWS Holdings plc ("RWS", "the Group"), one of the world's leading language, intellectual property support services and localization providers, today announces its final results for the year ended 30 September 2019.

Financial highlights

Strong growth and increased margins drove results ahead of consensus market forecasts

	2019	2018	Change
Revenue	£355.7m	£306.0m	+16%
Adjusted operating profit[1]	£78.4m	£66.3m	+18%
Adjusted profit before tax[1]	£74.2m	£61.8m	+20%
Reported profit before tax	£57.7m	£39.7m	+45%
Adjusted earnings per share[1]	21.3p	17.4p	+22%
Basic earnings per share	16.5p	10.4p	+59%
Dividend			
Proposed final	7.0p	6.0p	+17%
Total for year	8.75p	7.5p	+17%
Net Debt[1]	£36.8m	£65.1m	-43%

[1] RWS uses adjusted results as key performance indicators as the Directors believe that these provide a more consistent measure of operating performance by adjusting for acquisition related charges and significant one-off or non-cash items. Adjusted operating profit is stated before interest, amortization of acquired intangibles, share option costs and acquisition costs. Adjusted profit before tax is stated before amortization of acquired intangibles, share option costs and acquisition costs. Adjusted earnings per share adjusts for amortization of acquired intangibles, share option costs and acquisitions costs, net of any associated tax effects. Net debt is calculated as total loans less cash and cash equivalents.

Highlights

- Growth in sales and profits across all three main divisions
- Language Solutions' acquisition of Alpha Translations Canada Inc., a specialist legal translations provider
- Opening of new Moravia head office in Brno, Czech Republic

RWS Moravia

- Record revenues of £149.9m (2018: £126.9m) and record adjusted operating profit growth of 52% to £25.7m (2018: 11 months, £17.0m).
- As a leading provider of technology-enabled localization services, this business has consistently focused on developing, innovating and investing in its services to drive future growth both from existing customers, which include many of the largest technology companies, and from an increasing cadre of new clients.

RWS IP Services

- Strong growth in revenues, up 12% to £125.2m (2018: £111.9m) driven by Eurofile and Worldfile divisions.
- Excellent performance in Asia Pacific, a key area of focus for growth in future years.
- Investment across departments to enable more efficient management of increasing volumes of business.
- Adjusted operating profit increased to £36.1m (2018 £34.4m).

RWS Life Sciences

- Highest divisional growth in revenues at 25%, advancing to £65.5m (2018: £52.3m), driven by growth in linguistic validation services and the transfer of Moravia Life Science clients effective 1 October.
- Adjusted operating profit increased to £20.3m (2018: £14.5m).

Outlook

- Underlying performance in the first two months has been in line with the Board's expectations, but the sharp increase in the GBP/USD exchange rate is clearly unhelpful.
- Excellent pipeline of new clients in IP Services.
- With all of the Group's integration plans now executed, we are well positioned to convert a wide range of sales opportunities across our full suite of services and technology platforms.

Andrew Brode, Chairman of RWS, commented:

“This has been another remarkable year for the Group, delivering our 16th year of unbroken growth in revenues, profits and dividends since flotation in November 2003.

“We were delighted that RWS was named Company of the Year at the recent AIM Awards and that our three main divisions delivered record performances. We also strengthened our specialist legal and financial translation offering through the acquisition of Alpha Translations Canada Inc.

“The Group has now consolidated its position as one of the world’s leading providers of language services and is taking advantage of the many opportunities provided by our extensive service offerings, broadened client base, expanded global presence and the demand for our specialist intellectual property, life sciences and localization services. Our strong balance sheet also ensures that we remain well positioned in the pursuit of further acquisition opportunities.

“We look forward with confidence to achieving further progress in 2020.”

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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 from Europe, North America and Asia.

RWS is based in the UK, with offices in Europe, North America, Asia, Latin America and Australia, and 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 statements. They appear in a number of places through this announcement and 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.

Chairman's Statement

Introduction

RWS, which celebrated its 61st year in business in 2019, has grown to become one of the world's leading providers of language services. Following the transformational acquisition of Moravia in November 2017, the Group now employs over 2,500 people with operations across five continents. In recognition of our recent progress, we were delighted to be named Company of the Year at this year's recent AIM Awards.

We announced in June 2015 that our strategy for growth would focus on the United States to 2020, and that beyond 2020 we believed that China would become an important area for growth. Since that announcement, RWS has made four acquisitions with a US focus and built market-leading activities in intellectual property support services, in life sciences and in technology-enabled localization. Looking forward, China shows every sign of fulfilling the strategic growth potential we envisaged in 2015.

Performance

The Group achieved revenues of £355.7m for the year, growing 16% from 2018 (£306.0m). All three of our major divisions delivered increased revenues and profits, contributing to 7% underlying[2] organic sales growth across the Group (excluding the impact of acquisitions and currency movements).

Adjusted profit before tax grew by 20% to £74.2m (2018: £61.8m). Adjusted profit before tax increased by 14% on an underlying organic basis (excluding the impact of acquisitions and currency movements). This reflected particularly strong underlying increases in margins in our Life Sciences and Moravia divisions, due to a combination of sales growth, a greater proportion of higher margin revenues, tight cost control and positive exchange rate movements.

The Group's balance sheet expanded with net assets of £397.5m (2018: £355.3m). Net debt reduced to £36.8m (2018: £65.1m) emphasizing our cash generative business model: leverage at year-end (net debt: EBITDA) was less than 0.5 EBITDA[3]. I am again proud to report that RWS has increased revenues, profits and dividends in every year since flotation in November 2003.

People and Board

The Group could not have advanced to its current position as a leading global language service provider, without the commitment of all our colleagues, and I would like to thank them and to acknowledge their part in our success. RWS epitomizes a knowledge-based "people" business, intent upon providing a superior quality of service to a large number of the world's leading and most demanding clients. The Board is committed to continuing investment in the development of our staff to enable them to realize their full potential.

My thanks are also due to my fellow directors for their advice and dedication. The role of a non-executive director, in particular, has become more onerous as they deal with increasing levels of reporting requirements, both external and internal.

[2] All references to "underlying" exclude the impact of acquisitions and assume constant currency.
[3] EBITDA represents the Group's profits before interest, tax, depreciation and amortization.

Environmental, Social and Corporate Governance (ESG)

On 29 September 2018, RWS adopted the QCA Corporate Governance Code.

The Group has devoted significant resources to improving its environmental responsibilities. Similarly, we have sought to engage more with our staff and the wider group of external stakeholders, including through our partnership with The University of Manchester, to sponsor students from lower income families reading for language degrees, and our sponsorship scheme for schools to send students on Outward Bound Trust events. The schools selected are in lower economic areas and were selected only if they had a firm commitment to teaching languages. We have been pleased with the reaction we have received to date.

Dividend

Since flotation in November 2003, RWS has pursued a progressive dividend policy. The highly cash generative business model and modest capex requirements have allowed for rapid debt repayment, acquisitions, continued organic investment in the business and an increasing dividend.

The Board therefore is pleased to recommend a final dividend of 7.00p per share, which, together with the interim dividend of 1.75p per share, will result in a total dividend for the year ended 30 September 2019 of 8.75p per share, an increase of 17% compared to 2018. Subject to shareholder approval at the next AGM, it will be paid on 21 February 2020 to shareholders on the register as at 24 January 2020.

Summary and Outlook

This has been another excellent year for RWS, delivering profitable organic growth and enviable cash conversion.

The Group is now a well-balanced and integrated business with an extensive service offering and a global presence. We have strong platforms to exploit opportunities across our full suite of services and technological capabilities for new and existing clients.

The new year has begun in line with our underlying expectations, albeit with recent currency headwinds. Our three main divisions, all leaders in their respective spaces, are well positioned to take advantage of the excellent opportunities in their growing markets. Our strong balance sheet and minimal net debt also positions us well to compete for the most attractive acquisition opportunities in our space.

Despite widespread economic and political uncertainty, I take much pleasure in chairing a fast expanding Group which is an acknowledged leader in a growing business sector.

Andrew Brode, Chairman
9 December 2019

Strategic Report

RWS is one of the world's leading providers of language services, focusing on key market segments where the quality of its services is of critical importance to its clients. The Group has a blue-chip multinational client base spanning Europe, North America and Asia.

With effect from 1 October 2018, RWS Patent Information and RWS Patent Translation and Filing were combined to create the RWS IP Services division. As a result, the Group operated as four divisions throughout the 12 months ended 30 September 2019:

> RWS IP Services is the world's premier supplier of patent translations and filing solutions, offering a seamless global patent filing experience and a wide range of cutting-edge intellectual property (IP) search services. RWS differentiates itself from the competition through the quality of its translations, its high level of intellectual property expertise, its customer service and its use of technology, including:

- inovia, its international web-based patent filing platform;
- Patbase, one of the world's largest searchable commercial patent databases, designed by professional searchers for professional searchers; and
- AOP Connect™ our global connection to our Crowd of +43,000 researchers, allowing customers to store, review, search full-text, rank, highlight and organize intellectual property prior art all in one central location.

> RWS Life Sciences focuses solely on the language service needs of the life sciences market, providing technical translations and linguistic validation to large pharmaceuticals and clinical research organizations in North America, Europe and Asia. This division was formed on 1 October 2017 following the integration of two acquired businesses, CTi and LUZ.

> RWS Moravia works with many of the world's largest publicly traded technology companies to manage their complex localization needs and ensure brand consistency on a global scale. This includes the adaptation of content, software, websites, applications, marketing materials and audio/video for hundreds of languages and geographies. Moravia was acquired in November 2017.

> RWS Language Solutions operates from the UK, Germany and the US, and provides commercial translation solutions with an emphasis on technical translations, as well as operating the Group's interpreting service. During the year RWS acquired Alpha Translations Canada Inc., a company based in Canada that provides predominately legal translations for the German market.

With effect from 1 October 2019, RWS Language Solutions was merged into RWS Moravia. In future, we will report on their performance as one segment, RWS Moravia.

Our strategy

We are focused on providing an increasing range of appropriate services to existing and new clients to drive organic growth. This growth is supplemented by selective acquisitions that are complementary to our existing business and either add additional services or increase RWS's geographical coverage to support our customers and enhance shareholder value.

Organic growth is driven by:

> the growing demand for language services driven by globalization and international trade
> an increase in the worldwide patent filing activities of existing multinational clients
> the development of new drugs by the pharmaceutical industry
> the outsourcing by corporates, clinical research organizations, law firms and attorneys of all or part of their foreign patent search, filing, translation, localization and linguistic validation processes
> the growth in digital content generated internationally and requiring quality localization
> the Group's use of technology that enables RWS to provide customers with a world leading augmented translation service, incorporating the latest IT developments for the language service sector
> the Group's ability to attract new clients by its leading position and reputation in an otherwise highly fragmented sector
> the Group's ability to expand in new or existing but growing geographies
> an increase in cross divisional selling of the Group's suite of services

In terms of acquisitions, we look for selective opportunities in the intellectual property services and specialist language services spaces. We seek businesses capable of delivering above average industry levels of profitability or, are highly complementary, and are capable of reinforcing the Group's dominant position in intellectual property support and language services.

We are particularly pleased to be able to show our progress against this strategy with 16 consecutive years of growth in revenues and profits since flotation.

IP Services	£125.2m Revenues up 12%
Life Sciences	£65.5m Revenues up 25%
Moravia	£149.9m Revenues up 18%
Language Solutions	£15.1m Revenues up 1%
Total	£355.7m Revenues up 16%

Global language services market

In July 2019, Common Sense Advisory ("CSA") published its 15th study of the market for outsourced language services. This year the market is estimated to reach US$49.6bn (2018: US$46.5bn), continuing the unbroken growth record since 2009 (CAGR: 7.8%). Increased demand for content from a growing and increasingly interconnected world continues to fuel this demand for high-quality translation and localization.

For the next three years CSA is forecasting CAGR of 4.2% worldwide

Global life sciences market

Global health care spending is projected to reach $10 trillion by 2022. It is projected to increase at an annual rate of 5.4% in 2018–2022, a considerable rise from 2.9% in 2013–2017. This increase partly reflects the expansion of health care coverage in developing markets, the growing care needs of elderly populations and advances in treatments and health technologies.

Similar with recent years, health care spending in 2020 will likely be driven by the shared factors of ageing and growing populations, developing market expansion and clinical and technology advances. In addition, the trend towards universal health care is expected to continue, with more countries expanding or deepening their public health care systems.

For pharmaceutical/biotechnology, medical device companies and contract research organizations, this will mean more content that needs to be translated.
(Source: Deloitte, 2019 Global Life Sciences Outlook)

Patent filing statistics

The World Intellectual Property Organization (WIPO) has published figures showing a +3.9% worldwide increase in patent applications filed under the Patent Cooperation Treaty (PCT) in 2018. This is the ninth consecutive year of growth, with approximately 253,000 applications being received. The largest number of filers continue to be located in the United States, but the number of applications from Asia has continued to grow and, for the first time, applicants originating from this region accounted for the majority of all PCT applications (50.5%). The European Patent Office (EPO) reports European patent applications remained at record levels with 174,317 received in 2018 - an increase of 4.6%.
(Sources: Patent Cooperation Treaty Yearly Review 2019, EPO Annual Report 2018)

Operating review

RWS IP Services

On 1 October 2018, RWS Patent Translation and Filing division and RWS Patent Information division were merged to form the RWS IP Services division. The comparative figures below reflect this consolidation.

The Group's IP Services division represented 35% of Group sales in the year and grew reported revenues by 12% to £125.2m (2018: £111.9m). This performance reflects the full year effect of client wins in prior periods, good new business wins in the year, strong organic growth from the established client base in both our Worldfile (+8%) and Eurofile services (+17%), as well as further strong growth in China (+21%) and Japan (+19%), offset partly by customer losses. In addition, PatBase grew revenues (+6%) through a combination of price increases and new business wins.

During the year, the division achieved several new client wins, including a notable pharmaceutical client that has generated significant new revenue for the business in the period. The Group also benefitted from a favourable exchange rate environment; the division's underlying sales growth is 10%.

The division's strong order pipeline, combined with the record numbers of new patent applications in 2018 (see Market update), provides firm grounds for confidence in the outlook for FY 2020.

The Asia market continues to be a key focus for long-term strategic revenue growth as the region continues to attract North American and European patent filers seeking patent protection. In addition, the IP Services division is seeing rapid growth in the local Asia market as we successfully develop new business with both local companies and patent attorneys. To support this growth RWS continues to invest in the region and has recently opened a new Group office in Tokyo to house the staff from all three divisions. This investment will improve inter-divisional communication, sales collaboration, staff recruitment and facilitate the sharing of best practice.

The division's increased revenue resulted in adjusted operating profit up 5% to £36.1m (2018: £34.4m), driven by revenue growth and a tight control of overheads. This was partly offset by additional investment in staffing, to both manage the growth in business, particularly Eurofile, and to create an improved working environment for the staff within the Chalfont St Peter Head office, to encourage them to build long term careers with RWS and reduce staff churn.

RWS Life Sciences

The Group's Life Sciences division accounted for 19% of the Group's sales in the year. Revenue of £65.5m represented an increase of 25% over the prior period (2018: £52.3m). The 2019 reported results benefitted from favourable exchange rates and growth from the additional Life Science customers acquired with Moravia, that were transferred to RWS Life Sciences with effect from 1 October 2018 (2018: US$6.0m). The underlying sales growth of the division was 10%.

Following a slow start to the year and a change in divisional leadership, the business recovered strongly, led by sales of the division's higher margin Linguistic Validation offering, which grew by 24% in constant currency terms. Sales to the division's largest customer grew by 9% in constant currency. Sales of general Life Science services were flat (in constant currency and after excluding the Moravia Life Science business transferred in) and plans are in place to improve this in 2020. Sales to the former Moravia Life Science customers improved by 10% in the period, highlighting the value of transferring these customers into the specialist RWS Life Sciences division.

The outlook for the division is encouraging, with continued good opportunities in Linguistic Validation, good progress on the Machine Translation (MT) project with the division's largest customer and signs of improvement in the general Life Sciences business, not least with Medical Device translations, where we are beginning to see a positive impact on work volumes arising from the new European Union Medical Device requirements.

The division continues to invest and expand in Asia to capitalize on the market growth and to better serve its customers. During the year the division achieved its first contract win with a local China based pharmaceutical company.

The division improved its margin in the period reporting an adjusted operating profit of £20.3m, an increase of 40% over the prior year (2018: £14.5m). This outstanding result was driven by stronger gross margins, partly from tight operational control but also from having a higher proportion of higher margin Linguistic Validation sales, the impact of the transferred Moravia business and a positive exchange rate environment.

RWS Moravia

The RWS Moravia division accounted for 42% of Group sales, with revenue of £149.9m (2018: £126.9m), an 18% increase over the prior period. The difference being due to a strong sales performance, particularly with customers outside the 'top 5', a shorter comparative trading period of 11 months, the transfer of Life Science customers to the RWS Life Sciences division and favourable exchange rates in the year. The underlying sales growth is 7%.

The 7% underlying sales growth was achieved despite the ongoing reduction in volumes with one of the division's top five customers, excluding which sales across the rest of the division increased by 12% in constant currency terms. It was particularly encouraging to see significant growth in revenue from customers outside the 'top 5'.

The division recorded an adjusted operating profit of £25.7m an increase of 52% over the prior period (2018: £17.0m), reflecting an extra month's trading in 2019, good sales growth, significant margin improvements, tight control of overheads and a foreign exchange tailwind. The underlying profit growth in the period is estimated to be 17%.

One of the highlights of Moravia's year was the official opening of the division's new head office in Brno, Czech Republic. This investment brings together all of the Brno team under one roof for the first time since 2006 and will result in better communication, improved efficiency and innovation.

The outlook for the division for FY 2020 remains positive, and further investment is being made in technology and new services to ensure that the division remains at the forefront of the language services and localization market.

RWS Language Solutions

The RWS Language Solutions division accounted for 4% of Group sales, with revenue of £15.1m (2018: £14.9m) reflecting a tougher year for this, the smallest of RWS's divisions and the one most exposed to competition. The business has experienced adverse trading conditions in its core markets, particularly in the German automotive and renewable energy sectors, both of which have reduced expenditure on translation services.

During the period management have worked on standardizing and rationalizing the operational processes across the division, which will result in improved efficiencies in terms of workload balancing, which, in turn, will improve margins.

On 17 January 2019, the Group announced the acquisition of Alpha Translations Canada Inc. This business focuses on the German legal translation market and provides the division with a new North American operational centre. The acquisition is already fully integrated into RWS and has generated some strong cross selling opportunities.

On 1 October 2019, the Language Solutions division was merged into RWS Moravia and going forward financial results will be reported as one business segment. This change will more closely align these two businesses given their similar services, albeit at different scales and the relatively small size of the Language Solutions business. It is expected that Moravia's experience and knowledge of Machine Translation will further enhance the service levels and efficiencies of the Language Solutions Business.

With a small increase in revenue and lower margins, the adjusted operating profit fell to £0.4m (2018: £1.6m).

Risk Management

The Group considers a risk management framework as a vital tool to ensure existing and potential risks to the business are identified and mitigating actions are fully considered. The framework covers the extended business, including the Group's supply chain, from key suppliers to end-clients. The CFO is charged with both identifying the broad market related risks to the Group and collating specific potential risks from the divisional Managing Directors for further assessment via the risk management framework.

Opportunities for the Group are assessed by the CFO in terms of potential financial benefit and return on investment, where appropriate.

The risk management framework categorizes potential risks to the business, first by considering the risk area and the specific identified risk, before applying an impact analysis that ranks the significance of the risk with the probability of the risk occurring to produce a gross risk score. This is then filtered against the mitigating controls before identifying any further action that is required to minimize the potential risk to the business. At the end of this process a net risk is assessed, and a risk owner assigned, along with an expected timetable to complete any identified further action.

The deliverable from this process is an official risk register which is reviewed and assessed on a bi-annual basis by the Board. The Group believes that it has fostered an open and proactive culture to risk management throughout its divisional structure and has recently strengthened this process further through the introduction of a half yearly review of the formal risk register by the senior management team, with any updates approved by both the CFO and the CEO.

Currently, the key risks included within the risk register are as follows: maintaining the quality of the Group's services; a mismatch between currencies (especially between the USD and GBP); regulatory changes to patent translation requirements in Europe; the emergence of new translation technologies; and the failure to successfully integrate acquired businesses into RWS. Additionally, as with any people business delivering high-quality services, the Group depends upon its ability to attract and retain well-trained management and staff. The risk of Brexit on our ability to attract and retain staff from the European Union remains unknown.

These risks are mitigated as follows:

> Failings in service provision could arise as a result of human error. RWS was the first language services provider and the first search company to adopt ISO certification. The Group also has extensive ISO certified processes in its Life Sciences and Moravia divisions and invests in exhaustive and regularly updated procedures to minimize the risk of error, leading to consistently high levels of accuracy. In addition, the Group carries substantial professional indemnity insurance.

> Currency risk is partly mitigated via hedging operations and matching dollar denominated debt to US revenues.

> We have in the past drawn the market's attention to the proposed European Union Patent ("the Unitary Patent" or "UP") and its potential impact upon the Group's profits and the uncertainty around the timetable for its implementation. It remains unclear when the UP system will start as the date is dependent upon ratification of the UP agreement by the German authorities. This ratification is being delayed by a legal appeal to the German courts, claiming the UP is unconstitutional under German law. It is now expected that this case will be heard in the first quarter of calendar year 2020. However, even if the complaint is dismissed, this does not necessarily mean Germany will immediately complete the ratification process as the German authorities are expected to want to understand the consequences for the UP, if the UK withdraws from the European Union ("Brexit").
> Broadly, if the UP agreement is not ratified by the Brexit date, the UK would be outside the UP, further reducing its benefits to RWS's clients. If it is ratified prior to the Brexit date, further discussions would need to take place to agree whether the UK could remain in the UP when it is not part of the European Union.
> It is worth highlighting that when eventually implemented, the territorial coverage of the proposed UP will not be as comprehensive as the current, long-established patent application procedures, and will run in parallel with this system. It will also have a different litigation process and fee structure. As such, we believe our major clients will be cautious in their take-up of this new and unproven system and will decide upon their patenting strategies as they observe the UP in action, assessing which of the two systems they prefer for their filings. As a result of the above, we do not expect the UP to have any impact on our FY 2020 financial results and a limited impact in subsequent years.

> The Group has always embraced new translation technologies, such as Translation Memory ("TMs"), and used them to good effect in order to maintain and improve margins, efficiency and competitiveness. Recognizing the advances in Machine Translation technology ("MT"), we continue to monitor, trial its use and introduce MT into the business where it makes commercial sense to do so and where there is significant additional benefit beyond our existing TM. Moravia utilizes a comprehensive range of MT technologies as an integrated part of its services to its technology clients, and its extensive knowledge of these technologies is currently being leveraged across the broader Group. It is clear that the quality of MT will improve over time and as a leader in language services, RWS will continue to differentiate itself by focusing on translation work in critical areas such as intellectual property and life sciences or where the nuances of localization are highly valued by major global brands.

> In recent years, RWS has acquired and integrated several businesses into the Group successfully:

- In October 2015, RWS acquired Corporate Translations Inc. (CTi) and subsequently integrated RWS's smaller existing life sciences businesses of PharmaQuest and its Medical Translation division into the newly acquired business. This integration work was completed in September 2016.
- In February 2017, RWS acquired LUZ, Inc, and the integration of this business with the existing life sciences businesses to form the united RWS Life Sciences division was completed in October 2017.
- In November 2017, RWS acquired Moravia, which included a small life sciences division, with US$6m of revenue. The integration of this business into the RWS Life Sciences division was completed in September 2018.
- In February 2019, RWS acquired Alpha Translation Inc. This business has been fully integrated into RWS Language Solutions, which from 1 October 2019 has been integrated into RWS Moravia.

The framework developed for integrating acquired businesses is now well established at RWS and the experience and knowledge gained from the above integrations will continue to be utilized on future acquisitions.

> RWS has been successful in recruiting high calibre staff to support our growth to date. However, competition for talent in key cities, such as London, is intensifying. In order to continue to grow our global talent base, we strive to offer stability of employment, competitive salaries and an excellent working environment to our colleagues and, where appropriate, to add locations in second cities that provide access to a wider talent pool. In addition, the Group has taken steps to make RWS a better place to work, with the introduction of events such as 'well being' weeks, A green environmental week and establishing a Save as You Earn scheme for UK employees and it is pleasing to note the significant reduction in staff churn in 2019 at our Buckinghamshire head office.

Richard Thompson
Chief Executive Officer
9 December 2019

Consolidated Statement of Comprehensive Income

for the year ended 30 September 2019

	Note	2019 £'000	2018 £'000
Revenue	3	355,696	306,044
Cost of sales		(213,210)	(187,211)
Gross profit		142,486	118,833
Administrative expenses		(80,606)	(74,702)
Operating profit		61,880	44,131
Analysed as:			
Operating profit before charging:		78,396	66,310
Amortization of acquired intangibles		(15,414)	(14,591)
Acquisition costs		(791)	(7,588)
Share based payment expense		(311)	-
Operating profit		61,880	44,131
Finance income		105	69
Finance costs		(4,268)	(4,541)
Profit before tax		57,717	39,659
Taxation	4	(12,577)	(11,402)
Profit for the year		45,140	28,257
Other comprehensive income/(expense)*			
Gain on retranslation of foreign operations		20,141	3,526
(Loss)/gain on cash flow hedges		(2,661)	408
Total other comprehensive income		17,480	3,934
Total comprehensive income attributable to:			
Owners of the Parent		62,620	32,191
Basic earnings per ordinary share (pence per share)	6	16.5	10.4
Diluted earnings per ordinary share (pence per share)	6	16.4	10.4

*Other comprehensive income includes only items that will be subsequently reclassified to profit before tax when specific conditions are met.

Consolidated Statement of Financial Position
at 30 September 2019

	Note	2019 £'000	2018 £'000
Assets			
Non-current assets			
Goodwill		249,421	233,236
Intangible assets		169,109	172,517
Property, plant and equipment		22,888	21,961
Deferred tax assets		3,371	2,081
		444,789	429,795
Current assets			
Trade and other receivables		85,543	72,656
Foreign exchange derivatives		-	1,014
Cash and cash equivalents		46,974	38,155
		132,517	111,825
Total assets	3	577,306	541,620
Liabilities			
Current liabilities			
Loans		25,681	24,311
Trade and other payables		57,343	48,251
Foreign exchange derivatives		824	-
Income tax payable		5,969	4,074
Provisions		87	85
		89,904	76,721
Non-current liabilities			
Loans		58,045	78,958
Trade and other payables		318	-
Provisions		843	645
Deferred tax liabilities		30,700	30,017
		89,906	109,620
Total liabilities	3	179,810	186,341
Total net assets		397,496	355,279
Equity			
Capital and reserves attributable to owners of the Parent			
Share capital		2,737	2,735
Share premium		51,757	51,549
Share based payment reserve		662	384
Reverse acquisition reserve		(8,483)	(8,483)
Foreign currency reserve		29,082	8,941
Hedge reserve		(2,253)	408
Retained earnings		323,994	299,745
Total equity		397,496	355,279

Consolidated Statement of Changes in Equity
for the year ended 30 September 2019

	Notes	Share capital £'000	Share premium account £'000	Other reserves (see below) £'000	Retained earnings £'000	Total attributable to owners of Parent £'000
At 1 October 2017		2,293	50,718	(2,542)	108,416	158,885
Profit for the year		-	-	-	28,257	28,257
Gain on cash flow hedges		-	-	408	-	408
Gain on retranslation of foreign operations		-	-	3,526	-	3,526
Total comprehensive income for the year		-	-	3,934	28,257	32,191
Issue of shares		442	831	-	184,565	185,838
Share issue costs		-	-	-	(3,631)	(3,631)
Deferred tax on unexercised share options		-	-	-	150	150
Income tax on unexercised share options		-	-	-	153	153
Dividends	5	-	-	-	(18,307)	(18,307)
Exercise of share options		-	-	(142)	142	-
At 30 September 2018		2,735	51,549	1,250	299,745	355,279
Profit for the year		-	-	-	45,140	45,140
Loss on cash flow hedges		-	-	(2,661)	-	(2,661)
Gain on retranslation of foreign operations		-	-	20,141	-	20,141
Total comprehensive income for the year		-	-	17,480	45,140	62,620
Issue of shares		2	208	-	-	210
Deferred tax on unexercised share options		-	-	-	145	145
Income tax on unexercised share options		-	-	-	131	131
Dividends	5	-	-	-	(21,200)	(21,200)
Exercise of share options		-	-	(33)	33	-
Equity-settled share based payments		-	-	311	-	311
At 30 September 2019		**2,737**	**51,757**	**19,008**	**323,994**	**397,496**

Other reserves	Share based payment reserve £'000	Reverse acquisition reserve £'000	Hedge reserve £'000	Foreign currency reserve £'000	Total other reserves £'000
At 1 October 2017	526	(8,483)	-	5,415	(2,542)
Other comprehensive loss for the year	-	-	408	3,526	3,934
Exercise of share options	(142)	-	-	-	(142)
At 30 September 2018	384	(8,483)	408	8,941	1,250
Other comprehensive income for the year	-	-	(2,661)	20,141	17,480
Exercise of share options	(33)	-	-	-	(33)
Equity-settled share based payments	311	-	-	-	311
At 30 September 2019	**662**	**(8,483)**	**(2,253)**	**29,082**	**19,008**

Consolidated Statement of Cash Flows
for the year ended 30 September 2019

	Note	2019 £'000	2018[1] £'000
Cash flows from operating activities			
Profit before tax		57,717	39,659
Adjustments for:			
Depreciation of property, plant and equipment		3,025	2,786
Amortization of intangible assets		18,364	16,617
Share based payment expense		311	-
Finance income		(105)	(69)
Finance expense		4,268	4,541
Operating cash flow before movements in working capital and provisions		83,580	63,534
Increase in trade and other receivables		(11,523)	(6,488)
Increase/(decrease) in trade and other payables and provisions		9,770	(570)
Cash generated from operations		81,827	56,476
Income tax paid		(11,464)	(12,848)
Net cash inflow from operating activities		70,363	43,628
Cash flows from investing activities			
Interest received		105	69
Acquisition of subsidiary, net of cash acquired		(4,536)	(242,311)
Purchases of property, plant and equipment		(3,844)	(1,872)
Purchases of intangibles (computer software)		(4,170)	(3,320)
Net cash outflow from investing activities		(12,445)	(250,955)
Cash flows from financing activities			
Proceeds from borrowings		-	118,591
Repayment of borrowings		(25,057)	(58,140)
Interest paid		(4,125)	(3,521)
Proceeds from the issue of share capital		209	182,207
Dividends paid	5	(21,200)	(18,307)
Net cash (outflow)/inflow from financing activities		(50,173)	224,351
Net increase in cash and cash equivalents		7,745	17,024
Cash and cash equivalents at beginning of the year		38,155	20,064
Exchange gains/(losses) on cash and cash equivalents		1,074	1,067
Cash and cash equivalents at end of the year		46,974	38,155
Free cash flow			
Analysis of free cash flow			
Cash generated from operations		81,827	56,476
Net interest paid		(4,020)	(3,452)
Income tax paid		(11,464)	(12,848)
Purchases of property, plant and equipment		(3,844)	(1,872)
Purchases of intangibles (computer software)		(4,170)	(3,320)
Free cash flow		58,329	34,984

[1] Interest paid has been reclassified from "cash flows from investing activities" to "cash flows from financing activities"

The Directors consider that the free cash flow analysis above indicates the cash generated from normal activities excluding acquisitions, dividends paid and the proceeds from the issue of share capital.

1. GENERAL INFORMATION

RWS Holdings plc ("the Parent Company") is a public limited company incorporated and domiciled in England and Wales whose shares are publicly traded on AIM, the London Stock Exchange regulated market.

The consolidated financial statements consolidate those of the Parent Company and its subsidiaries ("the Group"). The Group's consolidated financial statements, from which this financial information has been extracted, have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, IFRS IC interpretations and the Companies Act 2006 applicable to Companies reporting under IFRS.

The financial information shown in the announcement for the year ended 30 September 2019 and the year ended 30 September 2018 set out above does not constitute statutory accounts but is derived from those accounts. Except as described below, the principal accounting policies applied in the preparation of the consolidated financial statements are consistent with those of the annual financial statements for the year ended 30 September 2018, as described in those financial statements.. The financial information contained in this announcement does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 30 September 2018 have been delivered to the Registrar of Companies and those for the year ended 30 September 2019 will be delivered shortly, having been approved by the Directors on 9 December 2019. The auditors have reported on the accounts for the years ended 30 September 2018 and 30 September 2019, their reports were unqualified, did not contain statements under Section 498 (2) or (3) of the Companies Act 2006 and did not contain any matters to which the auditors drew attention without qualifying their report.

Copies of this announcement are available at the registered office of the Company for a period of 14 days from the date hereof.

2. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the Group's consolidated financial statements have been consistently applied to both years presented and the financial statements for the years presented, with the exception of the adoption of two new standards:

- IFRS 9 "Financial Instruments" (effective 1 October 2018). It has been determined that all existing effective hedging instruments continued to qualify for hedge accounting under IFRS 9. Changes to the classification, impairment and measurement of financial assets and liabilities have all been considered and it has been concluded that these changes do not have a material impact on the Group.

- IFRS 15 "Revenue from contracts with customers" (effective 1 October 2018). An assessment was carried out on whether the new standard impacted the recognition or measurement of any of the Group's revenue streams, but ultimately it has been concluded that there is no material impact on the Group's existing revenue recognition policies.

IFRS 16 Leases supersedes IAS 17 Leases and has been endorsed for use by the European Union. The most significant changes arising from IFRS 16 are in relation to lessee accounting, where lessees must recognize a right-of-use ("RoU") asset and a lease liability for all leases currently accounted for as operating leases, except for, leases for a short period (less than 12 months) or where the underlying asset value is considered to be low.

IFRS 16 will have a significant impact on the primary financial statements of the Group, principally impacting total assets and total liabilities, but also having an impact on operating profit, profit before tax.

The Group intends to take advantage of the modified retrospective transition method where the lease liability is recognized as the present value of future payments as at transition date, and the RoU asset is recognized as the present value of the total lease payments at lease inception and then depreciated on a straight-line basis from this date until transition date. As such a transition adjustment arises due to the difference between the value of the asset and the liability which is taken to retained earnings, net of any reclassification of rent prepayments, rent accruals or lease incentives.

Based on the Group's review of its lease contracts in place at 1 October 2019, the Group expects to recognize RoU assets of £23.2 million and lease liabilities of £24.5 million. The Group is finalizing its work in respect of any deferred tax impact regarding these transitional adjustments.

From an income statement perspective, profit before tax is expected to be £0.2 million lower in FY2020, while operating profit is expected to be £0.4 million higher.

2. ACCOUNTING POLICIES - CONTINUED

There is not expected to be any significant impact to the Group's cash flows, however the classification within the statement of cash flows will change. It is estimated that the Group's operating cash inflows will increase, and its financing outflows increase by approximately £4.7 million as the repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

The Group's activities as a lessor are currently not material.

The consolidated financial statements consolidate those of the Parent Company and its subsidiaries ("the Group"). The Group's consolidated financial statements, from which this financial information has been extracted, have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, IFRS IC interpretations and the Companies Act 2006 applicable to Companies reporting under IFRS.

3. REVENUE FROM CONTRACTS WITH CUSTOMERS AND SEGMENT INFORMATION

A Revenue from contracts with customers

The Group generates all revenue from contracts with its customers for the provision of translation and localization, intellectual property support solutions and life sciences language services. Revenue from providing these services during the year is recognized both at a point in time and over time as shown in the table below:

Timing of revenue recognition for contracts with customers	2019 £'000	2018 £'000
At a point in time	300,315	256,177
Over time	55,381	49,927
Total revenue from contracts with customers	355,696	306,044

3. REVENUE FROM CONTRACTS WITH CUSTOMERS AND SEGMENT INFORMATION - CONTINUED

The following table disaggregates the Group's revenues from contracts with customers accordingly to the line of service provided

Revenue by line of service provided	2019 £'000	2018 £'000
Patent translation services	85,589	74,288
Patent filing fees	29,467	27,968
PatBase subscriptions	5,615	5,278
IP support services	4,569	4,415
IP Services	125,240	111,949
Localization services	119,904	97,690
Managed services	29,976	29,180
Moravia	149,880	126,870
Life Sciences translation services	45,173	36,834
Linguistic validation services	20,293	15,469
Life Sciences	65,466	52,303
Corporate translation services	15,110	14,922
Language Solutions	15,110	14,922
Total revenue from contracts with customers	355,696	306,044

The following table provides information about receivables, accrued income and deferred income from contracts with customers.

Receivables, accrued and deferred income	Note	2019 £'000	2018 £'000
Net trade receivables		69,244	61,102
Accrued income		9,642	6,741
Deferred income		(3,079)	(2,960)

Accrued income relates to the Group's right to consideration for work completed and delivered but not invoiced as at year end and is transferred to trade receivables when an invoice is issued to the client. Clients are typically invoiced on a monthly basis and consideration is payable when invoiced. During the year £6,741,000 of accrued income was invoiced in the period ended 30 September 2019.

3. REVENUE FROM CONTRACTS WITH CUSTOMERS AND SEGMENT INFORMATION - CONTINUED

Deferred income relates to advance consideration received from customers for PatBase subscriptions and linguistic validation projects, where revenue is recognized over time as the services are provided/delivered to clients. During the year, £2,960,000 of deferred revenue at the beginning of the period has been recognized as revenue for the period ended 30 September 2019.

B Segment information

The chief operating decision maker has been identified as the Board. The Board reviews the Group's internal reporting in order to assess performance and allocate resources. The Board divides the Group into four reportable segments and assesses the performance of each segment based on revenue and profit/(loss) from operations. These are measured on a basis consistent with the statement of comprehensive income.

In the year ended 30 September 2018, there were five reportable segments; Patent Information, which was previously shown separately, is now included within IP Services.

From 1 October 2019, the RWS Language Solutions segment was merged into the RWS Moravia segment, which will result in the Group having three reportable segments for the year ended 30 September 2020.

The four segments are:

- RWS IP Services provides the highest quality patent translations, a seamless global patent filing experience and a wide range of cutting-edge intellectual property (IP) search services.
- RWS Life Sciences: provides a full suite of language services, including technical translations and linguistic validation, exclusively for the life sciences industry.
- RWS Moravia: provides localization services including the adaptation of content, software, websites, applications, marketing material and audio/video to ensure brand consistency.
- RWS Language Solutions: provides a full range of translation and interpreting services to help businesses communicate globally.

3. REVENUE FROM CONTRACTS WITH CUSTOMERS AND SEGMENT INFORMATION - CONTINUED

The unallocated segment relates to corporate overheads, assets and liabilities.

Segment results for the year ended 30 September 2019	IP Services £'000	Life Sciences £'000	Moravia £'000	Language Solutions £'000	Unallocated £'000	Group £'000
Revenue from contracts with customers	125,240	65,466	149,880	15,110	-	355,696
Operating profit/(loss) before charging:	36,119	20,327	25,747	434	(4,231)	78,396
Amortization of acquired intangibles	(674)	(6,036)	(8,565)	(139)	-	(15,414)
Acquisition costs	-	-	-	(195)	(596)	(791)
Share-based payments expense	(74)	-	(36)	(22)	(179)	(311)
Profit/(loss) from operations	35,371	14,291	17,146	78	(5,006)	61,880
Finance income						105
Finance expense						(4,268)
Profit before taxation						57,717
Taxation						(12,577)
Profit for the year						45,140

Segment results for the year ended 30 September 2018	IP Services £'000	Life Sciences £'000	Moravia £'000	Language Solutions £'000	Unallocated £'000	Group £'000
Revenue from contracts with customers	111,949	52,303	126,870	14,922	-	306,044
Operating profit/(loss) before charging:	34,404	14,548	16,980	1,566	(1,188)	66,310
Amortization of acquired intangibles	(1,119)	(5,898)	(7,415)	(159)	-	(14,591)
Acquisition costs	-	-	(966)	-	(6,622)	(7,588)
Profit/(loss) from operations	33,285	8,650	8,599	1,407	(7,810)	44,131
Finance income						69
Finance expense						(4,541)
Profit before taxation						39,659
Taxation						(11,402)
Profit for the year						28,257

3. REVENUE FROM CONTRACTS WITH CUSTOMERS AND SEGMENT INFORMATION - CONTINUED

Segment assets and liabilities at 30 September 2019	IP Services £'000	Life Sciences £'000	Moravia £'000	Language Solutions £'000	Unallocated £'000	Group £'000
Total assets	**105,453**	**138,676**	**312,985**	**16,526**	**3,666**	**577,306**
Total liabilities	**23,009**	**44,636**	**105,979**	**2,270**	**3,916**	**179,810**
Capital expenditure	758	349	6,693	85	159	8,044
Depreciation	582	259	1,903	103	178	3,025
Amortization	747	6,095	11,356	156	10	18,364

Segment assets and liabilities at 30 September 2018	IP Services £'000	Life Sciences £'000	Moravia £'000	Language Solutions £'000	Unallocated £'000	Group £'000
Total assets	87,552	130,779	300,376	13,519	9,394	541,620
Total liabilities	18,631	49,366	113,979	2,200	2,165	186,341
Capital expenditure	199	205	12,828	117	301	13,650
Depreciation	639	211	1,690	118	128	2,786
Amortization	1,191	5,902	9,298	181	45	16,617

Capital expenditure comprises additions to property, plant and equipment and intangible assets, including additions from acquisitions through business combinations.

Assets and liabilities are reconciled to the Group's assets and liabilities as follows:	Assets 2019 £'000	Liabilities 2019 £'000	Assets 2018 £'000	Liabilities 2018 £'000
Total segment assets and liabilities	**573,640**	**175,894**	532,226	184,176
Unallocated:				
Deferred tax	**1,063**	**1,509**	880	37
Property, plant and equipment	**302**	**-**	321	-
Non-financial assets	**999**	**2,198**	732	1,833
Other financial assets and liabilities	**-**	**209**	-	295
Cash and cash equivalents	**1,302**	**-**	7,461	-
Total unallocated assets and liabilities	**3,666**	**3,916**	9,394	2,165
Total Group assets and liabilities	**577,306**	**179,810**	541,620	186,341

Assets allocated to a segment consist primarily of operating assets such as property, plant and equipment, intangible assets, goodwill, receivables and cash.

Liabilities allocated to a segment comprise primarily bank loans, trade and other payables.

3. REVENUE FROM CONTRACTS WITH CUSTOMERS AND SEGMENT INFORMATION - CONTINUED

The Group's operations are based in the UK, Continental Europe, Asia, the United States, Argentina and Australia. The table below shows turnover by the geographic market in which clients are located.

Turnover by client location	2019 £'000	2018 £'000
UK	29,791	24,298
Continental Europe	108,770	101,708
United States	190,807	163,941
Rest of the world	26,328	16,097
	355,696	306,044

One client accounted for more than 10% of Group turnover in the current year (2018: one). This client was part of the Moravia reporting segment.

The following is an analysis of revenue and non-current assets analyzed by the geographical area in which the Group's undertakings are located.

	Revenue		Non-Current assets	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
UK	123,770	112,650	28,397	29,192
Continental Europe	84,134	79,209	276,058	264,362
United States	138,730	109,385	130,867	133,941
Rest of the world	9,062	4,800	6,096	219
	355,696	306,044	441,418	427,714

4. TAXATION

	2019 £'000	2018 £'000
Taxation recognized in the income statement is as follows:		
Current tax expense		
Tax on profit for the current year		
- UK	6,228	6,641
- Overseas	8,815	6,275
Adjustments in respect of prior years	(824)	(261)
	14,219	12,655
Deferred tax		
Current year movement	(1,715)	(1,464)
Adjustments in respect of prior years	73	211
Total tax expense for the year	12,577	11,402

5. DIVIDENDS TO SHAREHOLDERS

	2019 pence per share	2019 £'000	2018 pence per share	2018 £'000
Final, paid 22 February 2019 (2018: paid 23 February 2018)	6.00	16,413	5.20	14,209
Interim, paid 19 July 2019 (2018: paid 20 July 2018)	1.75	4,787	1.50	4,098
	7.75	21,200	6.70	18,307

The Directors recommend a final dividend in respect of the financial year ended 30 September 2019 of 7.00 pence per ordinary share, to be paid on 21 February 2020 to shareholders who are on the register at 24 January 2020. This dividend is not reflected in these financial statements as it does not represent a liability at 30 September 2019. The final proposed dividend will reduce shareholders' funds by an estimated £19.2m.

6. EARNINGS PER ORDINARY SHARE

Basic earnings per share is calculated using the Group's profit after tax and the weighted average number of ordinary shares in issue during the year, as follows:

	2019 Number	2018 Number
Weighted average number of ordinary shares in issue for basic earnings	273,556,236	271,216,566
Dilutive impact of share options	1,250,343	1,265,706
Weighted average number of ordinary shares for diluted earnings	274,806,579	272,482,272

6. EARNINGS PER SHARE - CONTINUED

The reconciliation between the basic and adjusted figures is as follows:

	2019 £'000	2018 £'000	2019 Basic earnings per share pence	2018 Basic earnings per share pence	2019 Diluted earnings per share pence	2018 Diluted earnings per share pence
Profit for the year	45,140	28,257	16.5	10.4	16.4	10.4
Adjustments:						
Amortization of acquired intangibles	15,414	14,591	5.6	5.4	5.6	5.3
Acquisition costs	791	7,588	0.3	2.8	0.3	2.8
Charges for share based payments	311	-	0.1	-	0.1	-
Tax effect of adjustments	(3,176)	(3,285)	(1.2)	(1.2)	(1.2)	(1.2)
Adjusted earnings	58,480	47,151	21.3	17.4	21.2	17.3

RWS uses adjusted results as a key performance indicator, as the Directors believe that these provide a more consistent measure of the Group's operating performance. Adjusted profit is therefore stated before amortization of acquired intangibles, acquisition costs and share option costs, net of any associated tax effects.