RWS Investor presentation

2021
Good H1 performance and integration progressing well

- Good first half performance despite FX pressures:
  - Revenue in line with expectations
  - Adjusted PBT ahead of expectations

- SDL integration progressing well
  - Cost synergies of £32m by YE FY 2022 now identified
  - Well ahead of the originally stated £15m

- Numerous integration and operational improvement workstreams underway

- The rationale for the acquisition is validated by the work to date

- Well positioned in structural growth and fragmented markets as the world’s largest provider of Language Services and Language Technology

**Revenue**

£326.4m

+ 92%, + 3% underlying¹

2020: £169.7m

**Adjusted PBT²**

At least £50.0m

2020: £33.1m

**Net Cash³**

£11.8m

Following SDL combination in November

2020: Net Debt of £63.9m

¹ Excluding the impact of acquisitions and assumes constant currency.

² Before amortization of acquired intangible assets, acquisition costs, share-based payment expenses and exceptional items.

³ Net debt comprises cash and cash equivalents less loans but before lease liabilities.
Leaders in specialist, growing market segments

**IP Services**
- World’s premier provider of patent translation and filing, search, retrieval and monitoring services
- Over 250 full time in-house translators and linguistic revisors
- Crowd of 39,000+ researchers
- Multi-jurisdictional patent filing via web filing platform, inovia

**Regulated Industries**
- Highly specialised technical translations and linguistic validation to our life sciences clients, and technical translations to our financial services and legal organisations
- The high margin linguistic validation supports clinical studies of new medicines and vaccines, including those developed in the fight against Covid-19

**Language Services**
- World’s largest lanage service provider
- Helps customers create, translate, and deliver content across 260 languages
- Simultaneous, consecutive and telephone interpretation

**Language & Content Technology**
- Offers latest innovations in language & content technologies to help enterprise engage with global audiences
- Enables enterprises to automate and manage the entire content lifecycle
- Web content and structured content management technology supports creation, translation and delivery of content at scale
The world’s leading language services & technology group

- **Enhanced customer proposition** - combining RWS’ specialist technical language services and SDL’s language technology expertise
- **Substantially strengthened positions in life sciences and technology sectors**
- **Strong financial profile** - attractive margins, highly cash generative and a strong balance sheet
- **A platform to invest** - in organic and inorganic growth opportunities

The capabilities, scale and reach to serve the largest global companies

- 90 of the world’s top 100 brands by value
- All of top 10 pharmaceutical companies globally
- Many of the major West Coast technology businesses
- 18 of the top 20 patent filers world-wide
ESG – increased focus

- Board and Committees restructured
- Initiated a full review across enlarged Group to identify and action steps required to improve diversity
- Increased disclosure on website of internal governance documents
- New enlarged intake of University of Manchester sponsored Language students welcomed
- Links being established across the Group for wider communications, meetings and sharing of experiences
- New Group intranet being rolled out for enhanced staff communications and involvement
- RWS staff given the opportunity to work as mentors with University of Manchester and Urban Synergy students
- Rolled out programme of increased communication with investors to discuss their ESG concerns and priorities. To date have communicated with shareholders holding 74% of issued share capital (excluding directors)
- Identifying and embarking on engagement programme with selected clients
Operational overview and SDL acquisition
## Integration progressing in line with anticipated timetable

### November 2020

**Designed the structure**
- to optimize expanded scale, footprint and capabilities

**Four strong divisions:**
- IP Services
- Regulated Industries (includes Life Sciences)
- Language Services (includes Moravia)
- Language and Content Technology

### Dec 2020 – Feb 2021

**Detailed integration plan**
- to ensure seamless delivery and focus on key growth areas of value to clients

**New management team in place:**
- divisional presidents, directors of language delivery, corporate development and technology
- Identified key workstreams across divisions and support services
- Detailed plans devised for each workstream with new management

### March 2021 –

**Execution**
- to deliver a simplified Group with four divisions efficiently supported by shared services

**Workstreams managed by a primary lead**
- Teams comprise both RWS and SDL
- Good breadth of integration experience
- Numerous workstreams and operational improvements being delivered
Expect to deliver significantly increased cost synergies

Action plans in place to:

- Deliver savings by September 2022
- Fully integrate under RWS brand; rebrand of SDL and Moravia and launch of RWS website complete
- Roll out the best of both and remove duplication
- Structure the Group for enhanced customer focus
- Drive efficiencies and leverage scale to underpin competitive advantage
Fully integrating combined divisions

Regulated Industries

• Now has one operational structure with accountability for profit
• SDL’s acquisition of Donnelley Language Solutions (DLS) had not been fully integrated; this has been accelerated
• Work is underway to standardise quality metrics prior to migrating selected customers to the SDL Helix delivery platform, leading to improved margins
• Profitability of former SDL business being addressed

Language Services

• One operational structure with accountability for profit
• Well underway with consolidating services to the Group’s biggest customer on the SDL delivery platform
• Webdunia’s language delivery operations have been integrated into the Group’s Language Delivery team
• Commenced moving smaller Moravia customers to Helix
• Moravia’s large technology customers will continue to be serviced by Moravia’s bespoke and successful operating model
Fully integrating combined divisions

**IP Services**

- Limited overlap with other divisions
- Largely unaffected by integration work
- Cross-selling project has identified some promising early sales opportunities
- The division's ongoing ERP project continues to be delivered in line with budget

**Language & Content Technology**

- Limited integration required; focus on operational improvement
- The rationalisation of the Group's technology products is underway as we focus on the development of Cloud and AI services
- Iconic and the former SDL Machine Translation teams have been merged
Summary of integration benefits

**Increased sales opportunities**
- Leverage wider geographic footprint and enlarged sales teams
- Increased cross sell opportunities for IP Services, Language Technology, etc.
- Enhanced status as world #1

**Operational efficiencies and enhanced proposition**
- Elimination of duplication
- Enhanced focus on the customer
- Best of both operating models and service and product offering

**Improved gross margin**
- Further utilisation of Helix platform, where it makes sense to do so
- Enhanced relationships with vendor networks

**A better place to work**
- Enhanced employee opportunities in the enlarged network
- Larger opportunities to be involved in Group’s ESG programme
- Wider and improved training opportunities
Financial overview
Underlying segmental revenue bridge

£m

169.7
155.5
6.0
2.0
(1.1)
1.8
333.9
(7.5)
326.4

<table>
<thead>
<tr>
<th>Segment</th>
<th>Revenue (£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 2020 reported revenue - RWS</td>
<td>169.7</td>
</tr>
<tr>
<td>Acquisitions²</td>
<td>155.5</td>
</tr>
<tr>
<td>Regulated Industries</td>
<td>6.0</td>
</tr>
<tr>
<td>Language Services</td>
<td>2.0</td>
</tr>
<tr>
<td>IP Services</td>
<td>(1.1)</td>
</tr>
<tr>
<td>Language &amp; Content Technology</td>
<td>1.8</td>
</tr>
<tr>
<td>H1 2021 Underlying¹ CCY revenue</td>
<td>333.9</td>
</tr>
<tr>
<td>FX</td>
<td>(7.5)</td>
</tr>
<tr>
<td>H1 2021 reported revenue</td>
<td>326.4</td>
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</tbody>
</table>

¹ Adjusted for the effect of acquisitions and assumes constant currency i.e. H1 2020 results are retranslated at H1 2021 average exchange rates.
² Adjusted for the acquisition of SDL in November 2020, and the prior period acquisitions of Webdunia and Iconic.
Group currency analysis

Currency management remains a priority with significant additional USD surplus resulting from the SDL combination

- Effectively hedged at a transactional level at fRWS
- Substantial natural hedge through USD debt
- Actively reviewing fSDL transactional currency surpluses and deficits, to harmonise FX mitigation across the Group
- Translational FX movements highlighted through constant currency reporting
- Assessing additional measures

<table>
<thead>
<tr>
<th>Currency Pair</th>
<th>H1 21 Average</th>
<th>H1 20 Average</th>
<th>Variance</th>
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</thead>
<tbody>
<tr>
<td>GBP/USD</td>
<td>1.350</td>
<td>1.285</td>
<td>(5.0%)</td>
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<tr>
<td>EUR/USD</td>
<td>1.199</td>
<td>1.105</td>
<td>(8.5%)</td>
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<tr>
<td>GBP/EUR</td>
<td>1.126</td>
<td>1.162</td>
<td>3.2%</td>
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Summary and outlook
Summary and Outlook

• Successful and rapid integration of RWS and SDL remains the Group’s top near term priority
• Trading has been encouraging despite impact of adverse FX rates
• Expect FY 21 PBT to be in line with expectations, at current FX rates
• Language services and technology remains a structural growth market
• Accelerating use of technology within the industry puts RWS in a unique position to capitalise
• Strong balance sheet, with £62.2m cash at period end and significant headroom under our RCF, provides opportunity to:
  • Further consolidate - still a fragmented market with the top 10 players representing a 15% market share
  • Expand into adjacent sectors where RWS’s language skills and global reach provide a compelling proposition
Thank you and questions?
Appendices
Key investment case highlights

- Strong market positions in structurally growing end markets
- Attractive and sustainable margins
- Market leading language and content technology products
- Strong balance sheet ensuring financial flexibility
- Successful track record of value-enhancing M&A
- Experienced management team
- Strong cash generation growth
A 17-year track record growth

<table>
<thead>
<tr>
<th>YEAR</th>
<th>ANNUAL REVENUE (£355.8M)</th>
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<tbody>
<tr>
<td>2003</td>
<td>£27.3m</td>
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<tr>
<td>2005</td>
<td>£35.9m</td>
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<td>2007</td>
<td>£46.2m</td>
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<td>2009</td>
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<td>2015</td>
<td>£95.2m</td>
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<tr>
<td>2017</td>
<td>£164.0m</td>
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<tr>
<td>2019</td>
<td>£355.7m</td>
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<tr>
<td>2020</td>
<td>£355.8m</td>
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<table>
<thead>
<tr>
<th>YEAR</th>
<th>ANNUAL ADJUSTED PBT (£70.2M)</th>
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<td>2003</td>
<td>£5.6m</td>
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<td>2005</td>
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<td>2013</td>
<td>£21.0m</td>
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<td>2015</td>
<td>£22.7m</td>
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<td>2017</td>
<td>£43.3m</td>
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<td>2019</td>
<td>£74.2m</td>
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<tr>
<td>2020</td>
<td>£70.2m</td>
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Shareholders list

As at 31 March 2021

<table>
<thead>
<tr>
<th>Top shareholders</th>
<th>Holding (%)</th>
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<tr>
<td>Andrew S Brode</td>
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<tr>
<td>Liontrust Asset Management</td>
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<tr>
<td>Canaccord Genuity Wealth Management</td>
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<td>Octopus Investments</td>
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<td>Aberdeen Standard Investments</td>
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<tr>
<td>Financiere de l’Echiquier</td>
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</tr>
<tr>
<td>Janus Henderson Investors</td>
<td>2.4</td>
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