

RWS Holdings

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RWS acquisitions translate into growth of profits and cash flow

Language translation and localisation services provider RWS Holdings PLC (LON:RWS) reported continued strong sales and profits growth in the first half of the year.

Revenues of £172.3m in the six months to 31 March were up 23% on the same period a year earlier, with adjusted profit before tax (PBT) rising by 24% to £35.6m.

READ: RWS Holdings expects record full year performance after strong first half

Results were boosted by growth in underlying sales and profits from all three main divisions, most notably the November 2017 acquisition of Moravia, a market-leading player in localisation services that has worked with the Fab Five tech stocks of Apple, Amazon, Facebook, Google, and Microsoft.

Moravia's revenue in the half represented 41% of group revenues, with sales up 36% to £71.1m, or 10% if favourable currency swings and the additional month of trading are taken out. Profit margins at Moravia leapt to 19.3% from 9.3%, enabling a near tripling of adjusted operating profit to £13.7m.

The group generated strong cashflow of £27.4m to cut net debt by almost a quarter to £63.9m, complete the US\$6.0m acquisition of legal specialist Alpha Translations Canada and fund a 17% growth in interim dividend to 1.75p per share.

Full year on target

Chairman Andrew Brode said: "We are particularly pleased with the improved performance at RWS Moravia, which has achieved both healthy top-line growth and strong margins through focused operational management.

"Following a strong first half and encouraging performances at the start of H2, we are confident of achieving another record year."

Numis, the company's 'house' broker, after a near 50% gain in the share price over the past twelve months, downgraded the rating on its client to 'hold' from 'add' but on an unchanged price target of 600p.

With trading having been in line with expectations since an April trading update when it upgraded its estimates by 4-8%, Numis left its full-year forecasts unchanged, looking for revenue of £349.7m, PBT of £72.7m and EPS of 20.9p.

RWS shares were down 2% to 592.64p on Tuesday morning.

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Price: 636

Market Cap: £1.75 billion

1 Year Share Price Graph



Share Information

Code: RWS

Listing: AIM

52 week	High	Low
	674	446

Sector: Business & education services

Website: www.rws.com

Company Synopsis:

RWS is a world leader in translation and localization, intellectual property support solutions and life sciences language services. With our global team of linguists, searchers and technical experts, we have built a reputation for quality, reliability and flexibility.

action@proactiveinvestors.com

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Contact us +44 (0)207 989 0813 action@proactiveinvestors.com

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