



Creating the world's leading language services and technology group

Recommended all-share combination of RWS Holdings plc and SDL plc

27 August 2020

Andrew Brode
Chairman of RWS

Creating the world's leading language services and technology group

1.2246

New RWS Shares for every SDL Share¹

70.5% : 29.5%

RWS : SDL

Combined Group's equity split

907p

Offer price¹

c.£854 million

Offer equity value¹

52%

Premium¹



Source: Company filings and publicly available information

Notes:

1) Based on the closing share price of 741p per RWS Share and 598p per SDL Share as at 26 August 2020

Compelling reasons for combining RWS and SDL

- 1. Combines RWS' specialist technical language services and SDL's language technology expertise**
- 2. Enhances the customer proposition and, over time, is expected to generate margin improvements and revenue synergy opportunities**
- 3. Substantially strengthens the Combined Group's language services positions in the life sciences and technology sectors**
- 4. Generates substantial value from at least £15 million of cost synergies**
- 5. Attractive margins, a highly cash generative profile and a strong balance sheet with expected net cash¹ at Completion, providing a platform from which to invest in organic and inorganic growth opportunities**
- 6. The RWS Board expects that the Combination will result in double digit earnings per share accretion in the first full financial year post Completion**

Notes:

1) Based on GAAP, pre-implementation of IFRS 16 and conversion of RWS' US dollar denominated debt into sterling based on spot FX rates as at 26 August

Size and scale: the world's leading language services and technology group

FY2019 (£'m)	RWS ¹	SDL ²	RWS + SDL ³
Revenue	356	376	732
Adj. PBT⁴	74	35	109
Net cash inflow from operating activities⁵	70	41	111
Headcount (#)	2,523	4,300+	6,823+

Source: Company filings and publicly available information

Notes:

1) RWS figures taken from its Annual Report for the year ended 30 September 2019

2) SDL figures taken from its Annual Report for the year ended 31 December 2019

Notes:

3) Pre-synergies

4) As defined by RWS in its FY2019 Annual Report. Calculated for SDL as adjusted operating profit less finance expense, both of which are defined by SDL in its 2019 Annual Report

5) As defined by RWS in its FY2019 Annual Report. As defined by SDL in its FY2019 Annual Report

Management and Governance

Board of the Combined Group

› **Andrew Brode**
Executive Chairman
RWS

› **Richard Thompson**
CEO
RWS

› **Desmond Glass**
CFO
RWS

› **David Shrimpton¹**
SID
RWS

› **Lara Boro²**
NED
RWS

› **David Clayton**
NED
SDL

› **To be confirmed**
NED
SDL

Key Executive Leadership

› **Joe Lugo**
COO
RWS

› **Azad Ootam**
CTO
SDL

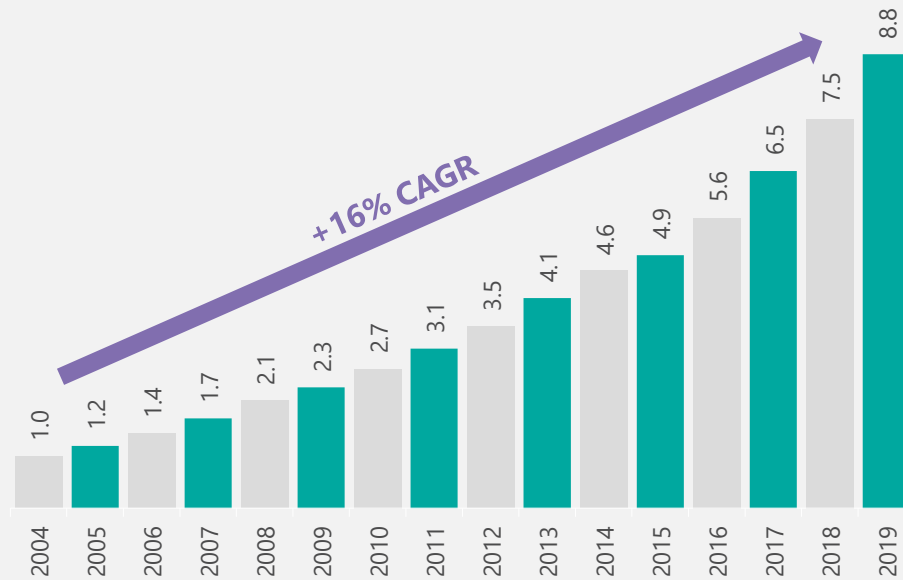
The Combined Group will continue to prioritise its ESG agenda and is committed to achieving and maintaining high standards of corporate responsibility in its business activities

Notes:

- 1) David Shrimpton will not stand for re-election at the first Annual General Meeting of the Combined Group. He will be replaced by a new externally appointed Non-Executive Director
- 2) Lara Boro will become Senior Independent Director when David Shrimpton stands down

The RWS Board expects that the Combined Group will maintain RWS' progressive dividend policy

> RWS dividend per share (p) ⁽¹⁾



Uninterrupted dividend growth since RWS listed in 2003

> Recent dividend per share (p) and payout ratio (%)

	FY17	FY18	FY19
RWS	6.5	7.5	8.8
	45%	43%	41%
SDL	6.2	7.0	0.0⁽²⁾
	31%	28%	0%

- > The RWS Board expects that the Combined Group will maintain RWS' progressive dividend policy
- > Scale and balance sheet strength of the Combined Group is expected to further underpin its ability to maintain growth in future dividend payments

The RWS Board believes this would result in a significant uplift in dividend payments to SDL Shareholders

Source: Company filings and publicly available information

Notes:

- 1) RWS DPS 2004-2014 has been adjusted to reflect the share split in 2015; rounded to 1d.p.
- 2) At the time of its FY2019 results announcement on the 14th April 2020, SDL's Board did not recommend a final dividend for 2019, taking a prudent approach to preserve its liquidity and cash position due to COVID-19

Richard Thompson
Chief Executive Officer of RWS

1. Combines RWS' specialist technical language services and SDL's language technology expertise

- › The Combined Group will have broad capabilities across language services, language and content software and IP services
- › Combines the strengths of RWS' specialist technical translation and localisation capabilities with SDL's software, machine translation and AI capabilities
- › Creates a highly attractive customer proposition with pro forma revenue of over £700 million in the high growth language services market
- › A global language services market opportunity of approximately \$57 billion¹, currently served by a highly fragmented and competitive industry of over 18,000 providers²
- › Competitive advantages from the Combined Group's reputation for quality, specialist capabilities, scale and the breadth of its services
- › As globalisation, technological developments and the value of data drive the need for process optimisation, the Combined Group will provide the bandwidth to manage its clients' data securely on tech-enabled scalable platforms which will drive further innovation, agility, and efficiency

Notes:

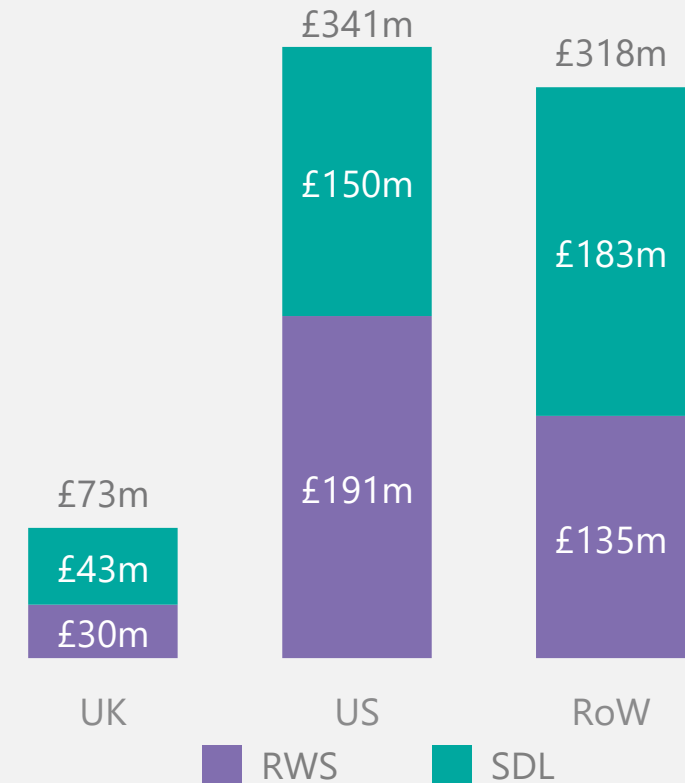
1) *Nimdzi Market Report, 2020*

2) *CSA Research, The State of the Market, 2019*

2. Enhances the customer proposition and, over time, is expected to generate margin improvements and revenue synergy opportunities

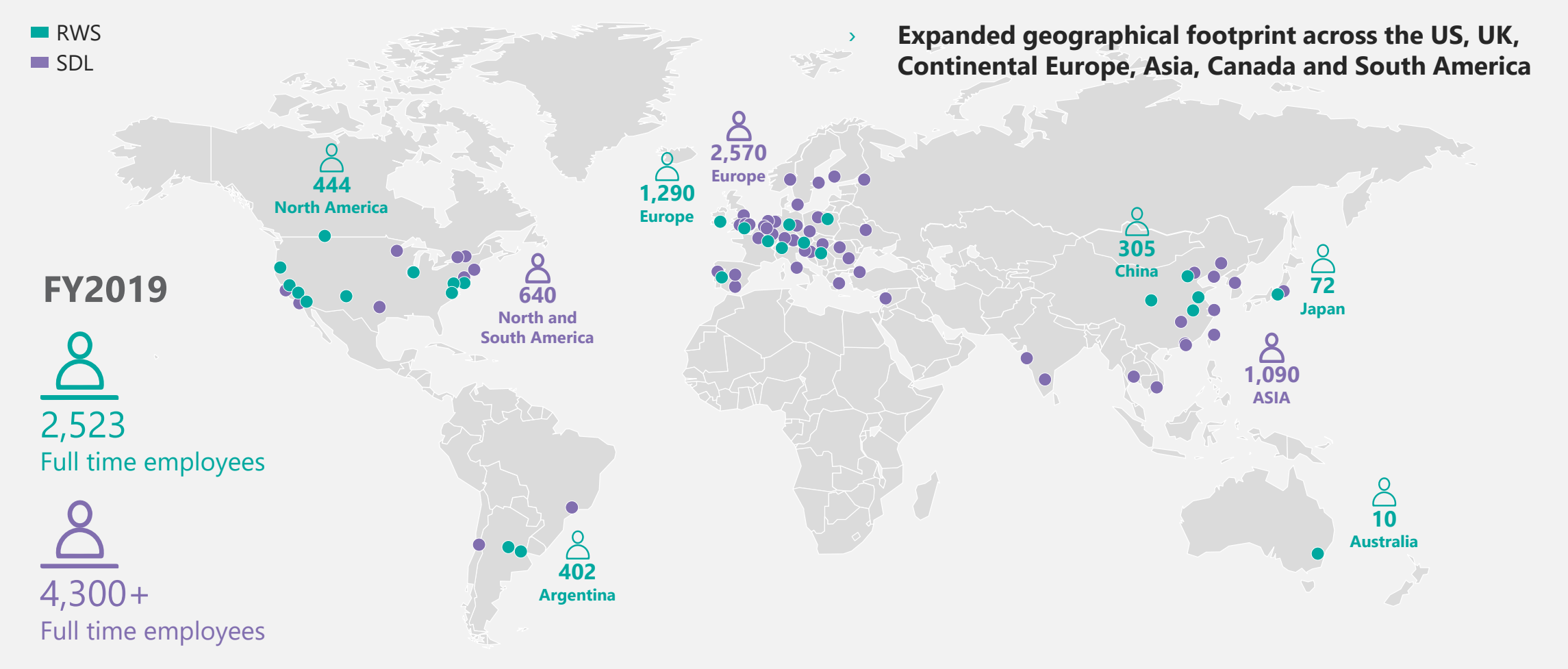
- › Greater scale and capabilities: an enhanced product and service proposition for both companies' customers around the world
- › An expanded blue chip customer base with limited overlap across its core markets
- › Expected increase in translation volumes:
 - › Leveraging significant investments in both companies' technologies and capabilities
- › Opportunity for future revenue synergies expected over time
 - › Cross-sale of RWS IP services to SDL's customer base and SDL's content technology to RWS' customer base

› FY2019 Revenue by client location



Source: Company filings and publicly available information

2. An expanded global network to support global clients



Source: Company filings and publicly available information

3. Substantially strengthens the Combined Group's language services positions in the life sciences and technology sectors

- › Brings together RWS' life sciences division with SDL's equivalent **life sciences** focused operations
 - › Creating a significant customer proposition in the \$1.9 billion¹ high growth language services segment of the \$1.4 trillion² life sciences industry
 - › Expected to be a key driver of long-term growth
 - › Significant cross-selling and up-selling opportunities
- › Creation of a compelling customer proposition serving the **technology** industry
 - › Bringing together the large enterprise clients of Moravia and SDL will benefit:
 - Customers through an enhanced service, a streamlined delivery channel and additional innovative products
 - The Combined Group through efficiencies and economies of scale

Notes:

1) Slator Language Industry Market Report, 2020

2) Deloitte Global Life Sciences Outlook, 2020

4. Generates substantial value from at least £15 million of cost synergies

- › Significant run-rate annual cost synergies of at least £15 million by the end of the financial year ended 30 September 2022, the first full year post Completion

Cost synergies¹	Corporate & support	<ul style="list-style-type: none"> › Rationalisation and consolidation › Duplicate public company costs › Board & executive leadership team › Other group support functions 	~40%
	Sales & marketing	<ul style="list-style-type: none"> › Optimisation of sales and marketing functions › Sharing best practices › Remove duplicate activities 	~40%
	Certain third party spend	<ul style="list-style-type: none"> › Alignment of expenses policies › Removal of duplicative third party costs 	~15%
	Overlapping language translation activities	<ul style="list-style-type: none"> › Limited actions to rationalise overlapping teams 	~5%



- › In achieving these cost synergies, the Combined Group expects to incur aggregate cash implementation costs of approximately £17 million, which are all expected to be one-off in nature
- › The Board of RWS has identified further cost savings, which have not been quantified and therefore have not been reported on under the Takeover Code
- › The RWS Directors do not expect material dis-synergies to arise as a result of the Combination

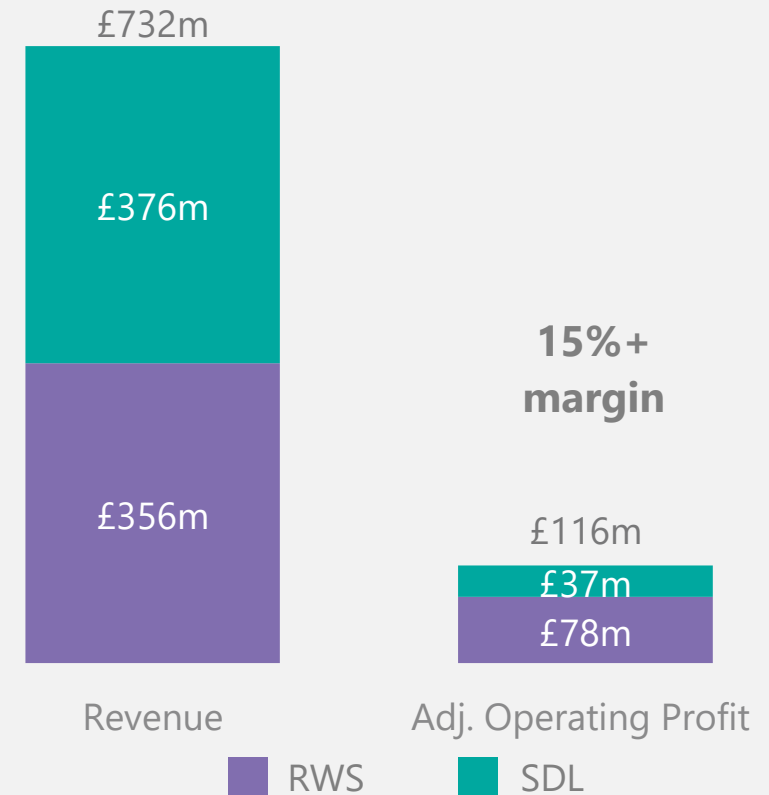
Notes:

- 1) The Rule 2.7 Announcement includes a report on these estimated synergies by PricewaterhouseCoopers, and by RWS' joint financial advisers, Canaccord Genuity and Gleacher Shacklock, as required by the Takeover Code

5. Combined Group with attractive margins...

- › Combined Group FY2019 pro forma revenues of £732 million and FY2019 adjusted operating profit of £116 million, implying an attractive margin profile of over 15 per cent. before synergies
- › Opportunity for further margin improvements over time due to the increased utilisation of SDL's market leading technology

› FY2019 Revenue and Adj. Operating Profit¹



Source: Company filings and publicly available information

Notes:

1) As defined by RWS as operating profit before charging amortisation of acquired intangibles, acquisition costs and share based payment expenses. As defined by SDL as operating profit before exceptional items and amortisation of acquired intangibles

5. ...and a strong balance sheet with expected net cash¹ on Completion, providing a platform from which to invest in organic and inorganic growth opportunities

- › Strong combined balance sheet at completion
 - › Expected net cash position¹ and significant financing available to it under RWS' US\$120 million banking facility
- › Pro forma net cash inflow from operating activities² in FY2019 of £111 million
- › Well positioned to invest in organic growth opportunities
- › Continue to pursue the most attractive, value-enhancing acquisitions in the highly fragmented and competitive global language services sector

› Track record of M&A

	RWS	SDL
2020	 Part of the RWS Group 	-
2019		-
2018	-	
2017	  	-
2015		-
2013	 	

Source: Company filings and publicly available information

Notes:

- 1) Based on GAAP, pre-implementation of IFRS 16 and conversion of RWS' US dollar denominated debt into sterling based on spot FX rates as at 26 August
- 2) As defined by RWS in its FY2019 Annual Report. As defined by SDL in its FY2019 Annual Report

David Clayton
Chairman of SDL

Rationale for SDL Board's recommendation

Clear and compelling strategic and financial benefits in a combination of SDL and RWS:

- Increased volume to leverage the machine translation and artificial intelligence capabilities of SDL
- Increased scale and reach across a number of markets
- Highly attractive customer proposition from extended product and service reach, and enhanced operational capability
- Opportunity to continue building a platform to deliver more innovative future solutions
- Compelling strategic & financial rationale: The SDL Board believes the combination will result in enhanced value for SDL Shareholders reflecting a combination of the agreed exchange ratio, participation in the continuation of RWS' dividend policy post completion and the significant synergy potential of the proposed transaction

Expected offer timetable

- › Implemented via a court-sanctioned scheme of arrangement
- › Effective Date expected in Q4 2020
- › Subject to:
 - › RWS Shareholder approval to issue new RWS shares¹
 - › SDL Shareholder approval to approve the scheme at the court meeting and general meeting²
 - › Merger control clearances in Germany, Russia, United States and the United Kingdom

Expected offer timetable

27 August	Publication of offer announcement
Within 28 days of the date of the Announcement	Posting of Circular and Scheme Document
Expected in Q4 2020	Scheme becomes effective and transaction completes

Notes

- 1) The RWS meeting will propose an ordinary resolution requiring a simple majority
- 2) The SDL court meeting requires the approval by a majority in number and at least 75% in value of the SDL shares voted. The SDL general meeting will propose a special resolution requiring the approval of at least 75% of the SDL shares voted

Andrew Brode
Chairman of RWS

Summary rationale for the Combination

- 1. Combines RWS' specialist technical language services and SDL's language technology expertise**
- 2. Enhances the customer proposition and, over time, is expected to generate margin improvements and revenue synergy opportunities**
- 3. Substantially strengthens the Combined Group's language services positions in the life sciences and technology sectors**
- 4. Generates substantial value from at least £15 million of cost synergies**
- 5. Attractive margins, a highly cash generative profile and a strong balance sheet with expected net cash¹ at Completion, providing a platform from which to invest in organic and inorganic growth opportunities**
- 6. The RWS Board expects that the Combination will result in double digit earnings per share accretion in the first full financial year post Completion**

Notes:

1) Based on GAAP, pre-implementation of IFRS 16 and conversion of RWS' US dollar denominated debt into sterling based on spot FX rates as at 26 August

An aerial photograph of London, England, featuring the River Thames, the Tower Bridge, and the Shard skyscraper. The entire image is overlaid with a semi-transparent blue filter. Two white horizontal lines are positioned above and below the main title text.

Creating the world's leading language services and technology group

Q&A

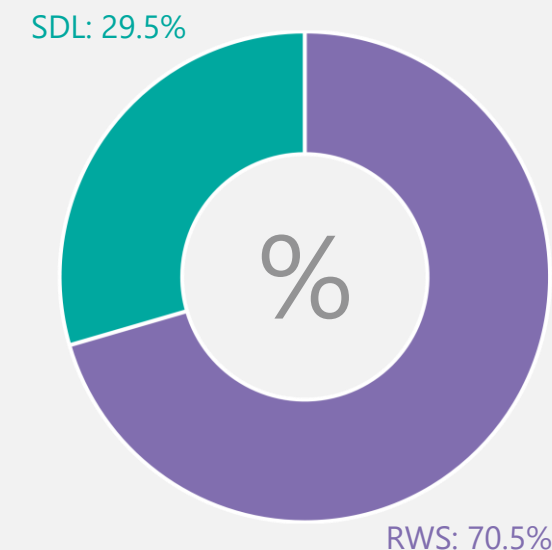


Appendix

Summary of the recommended all-share Combination

The Combined Group	<ul style="list-style-type: none"> > Will be called RWS Holdings plc and headquartered in Chalfont St Peter > Listed on AIM
Key Terms	<ul style="list-style-type: none"> > 1.2246 new RWS Shares in exchange for each SDL Share > Based on the closing share prices as at 26 August 2020, the offer: <ul style="list-style-type: none"> > Equates to 907p per SDL Share, valuing SDL at c.£854 million in equity value > Implies a premium of 52% to the closing price on 26 August 2020
Synergies	<ul style="list-style-type: none"> > Run-rate annual cost synergies of at least £15 million by the end of the financial year ended 30 September 2022, the first full year post Completion
Earnings accretive	<ul style="list-style-type: none"> > The RWS Board expects that the Combination will result in double digit earnings per share accretion in the first full financial year post Completion
Leadership & Governance	<ul style="list-style-type: none"> > Andrew Brode, Chairman of RWS, will become Chairman of the Board of the Combined Group > Richard Thompson, CEO of RWS, will become CEO of the Combined Group > Desmond Glass, CFO of RWS, will become CFO of the Combined Group > The rest of the Board of the Combined Group will comprise four Non-Executive Directors: <ul style="list-style-type: none"> > Two NEDs from RWS: David Shrimpton¹ and Lara Boro² > Two NEDs from SDL: one of which will be David Clayton > Azad Ootam, CTO of SDL, will become CTO of the Combined Group
Dividend Policy	<ul style="list-style-type: none"> > The RWS Board expects that the Combined Group will maintain RWS' progressive dividend policy, which has delivered uninterrupted dividend growth since RWS listed in 2003
Effective Date expected in Q4 2020	

Split of the Combined Group's equity



Notes:

- 1) David Shrimpton will not stand for re-election at the first Annual General Meeting of the Combined Group. He will be replaced by a new externally appointed Non-Executive Director
- 2) Lara Boro will become Senior Independent Director when David Shrimpton stands down

RWS

As previously announced in its Half Year Results¹:

- › *Limited impact from COVID-19 on customer demand*
- › *Cash generation and liquidity put it in a very strong position during this uncertain period*
- › *Expect the second half to start to benefit from the onboarding of recent client wins across all three divisions*
- › *Approved an interim dividend of 1.75p per share, maintained at the same level as in 2019*

SDL

As previously announced in its Half Year Results²:

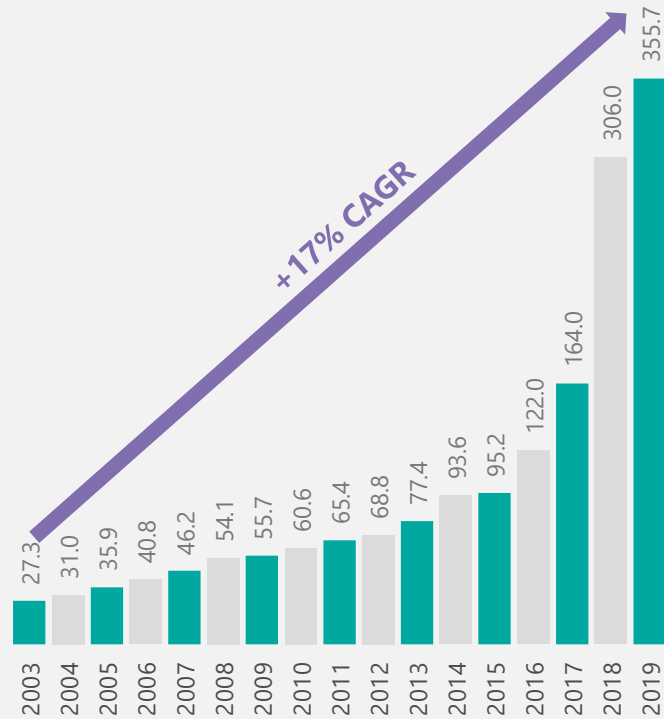
- › *Customer activity increasingly stabilised in May and June, with some signs of more positive momentum beginning to build*
- › *SDL has a good pipeline for the second half, which traditionally is its stronger period, but with a higher degree of uncertainty than in normal years*
- › *SDL remains alert to risks to customer spending and delays to sales cycles and decision-making*

RWS overview

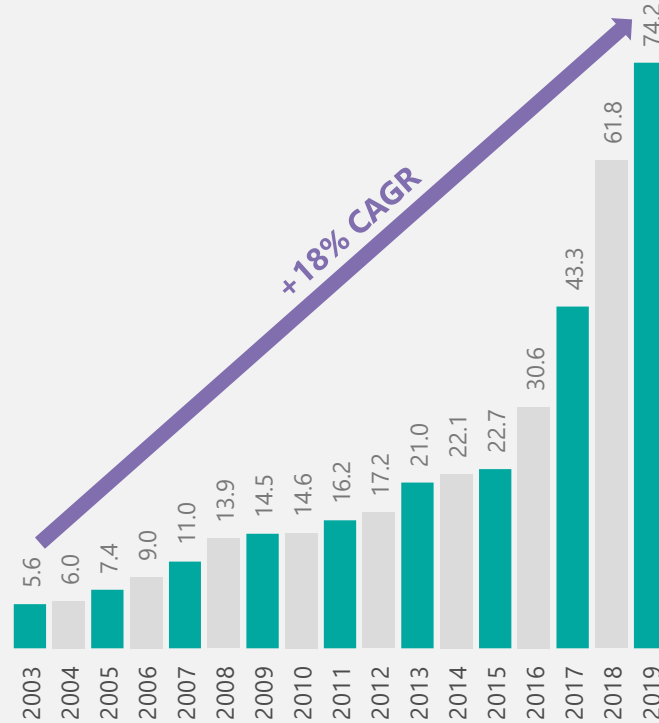
- › *One of the world's largest providers of intellectual property support services (patent translations, international patent filing solutions and searches)*
- › *Significant provider of life sciences translations and linguistic validation*
- › *A highly experienced localisation provider, and a high-level specialist language service provider in other technical areas*
- › *Blue chip multinational client base spanning Europe, North America and Asia*
- › *Based in the UK, with offices across five continents*
- › *Successful track record of combining with businesses, including having successfully integrated RWS Moravia following its acquisition in 2017*
- › *Delivering its 16th year of unbroken growth, RWS reported revenues of £356 million and adjusted profit before tax of £74 million for the twelve months ended 30 September 2019, increases of 16% and 20% respectively versus the prior financial year*

RWS has a 16 year track record of unbroken revenue and profit growth since IPO

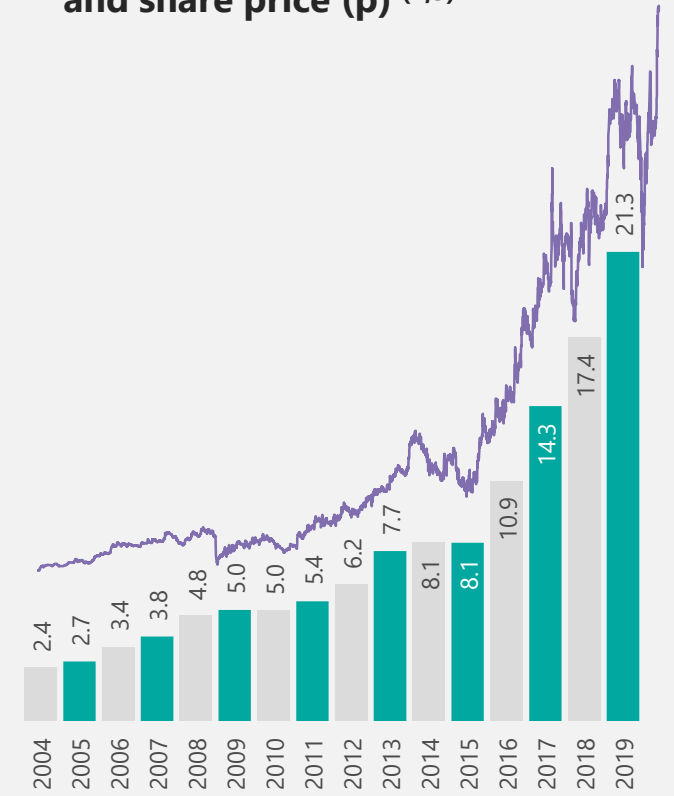
> Annual revenue (£m)



> Annual adjusted PBT (£m)¹



> RWS adjusted earnings per share and share price (p) ^(2,3)



Source: Company filings and publicly available information

Notes:

- 1) Defined as adjusted operating profit minus net interest expense. Adjusted operating profit defined by RWS as operating profit before charging amortisation of acquired intangibles, acquisition costs and share based payment expenses
- 2) RWS EPS 2004-2014 has been adjusted to reflect the share split in 2015
- 3) Market data as at 26 August 2020

SDL overview

- › *Top 3 language service provider by revenue, highly experienced in language technologies and web and structured content management, and has been operating for over 25 years*
- › *Has built competitive differentiation by innovation in language services, providing advanced technology and artificial intelligence, and combining services and technology into solutions*
- › *The impact of technology, in particular neural machine translation is changing the landscape of localisation, and SDL's scale and advanced technology solutions provide a meaningful competitive advantage and a resilient business and operating model*
- › *Sells to a significant number of the largest companies in its target sectors, as well as over 1,500 language service providers and 14,000 freelance translators, and its customers include 90 of the world's top 100 brands by value*
- › *SDL operates through a network of 63 offices around the world with over 4,300 employees (including over 1,500 linguists), translating approximately 1.3 billion words a year via human translation*



Important Notice

This presentation (including any printed or electronic copies, accompanying oral presentation, question and answer session and any other document or materials distributed at or in connection with this presentation) and the information contained within it (this "presentation") is strictly private and confidential and is being made available by RWS and SDL on the basis that recipients keep confidential any information contained herein or otherwise made available, whether orally or in writing, in connection with RWS, SDL and the proposed recommended all-share combination of RWS and SDL pursuant to which RWS will acquire the entire issued and to be issued share capital of SDL to be implemented by way of a scheme of arrangement under Part 26 of the Companies Act 2006 (the "Combination"). The information in this presentation is being supplied to you by (or on behalf of) RWS and SDL for your information only. This presentation may not be, in whole or in part, distributed, copied, reproduced, published, distributed, disclosed or passed in any way to any other person without the consent of RWS and SDL. The information contained in this presentation has been extracted largely from published financial results of RWS and SDL, and this presentation is not a substitute for reading those financial results in full.

This presentation has been prepared by RWS and SDL in connection with the Combination. This presentation has been prepared solely in order to facilitate preliminary discussions with RWS shareholders and SDL shareholders in connection with the proposed Combination. This presentation does not amount to a firm intention to make an offer and accordingly there can be no certainty that an offer will be made nor as to the terms of any offer. This presentation does not constitute or form any part of any offer or invitation or recommendation to purchase, sell or subscribe for or otherwise deal in, or any solicitation of any such offer to purchase, sell or subscribe for or otherwise deal in, any securities in RWS or SDL nor shall this presentation or any part of it, or the facts of its distribution, form the basis of, or be relied on in connection with, any contract therefor.

Persons who wish to vote in favour of the relevant resolutions proposed in respect of the Combination are reminded that such decision should only be made on the basis of the information in the circular to be published by RWS or SDL (as applicable) and not on the information contained in this Presentation.

The content of the presentation has not been approved by an authorised person within the meaning of the Financial Services and Markets Act 2000 ("FSMA"). Reliance on the presentation for the purpose of engaging in investment activity may expose an investor to a significant risk of losing all of the property or other assets invested. Any person who is in any doubt about the investment to which the presentation relates should consult an authorised person specialising in advising on investments of the kind referred to in the presentation.

No reliance may be placed, for any purposes whatsoever, on the information contained in this presentation or on its completeness and this presentation should not be considered a recommendation by RWS or SDL or any of their respective advisers or affiliates, Gleacher Shacklock LLP ("GSh"), Canaccord Genuity Limited ("Canaccord"), Numis Securities Limited ("Numis"), Joh. Berenberg, Gossler & Co. KG, London Branch ("Berenberg"), NM Rothschild & Sons Limited ("Rothschild & Co"), Investec Bank plc ("Investec") and Nplus1 Singer Advisory LLP ("N+1 Singer") (together, GSh, Canaccord, Numis, Berenberg, Rothschild & Co, Investec and N+1 Singer, the "Advisers") or any of their respective advisers or their subsidiaries, branches or affiliates (the "Relevant Entities") of the Combination. No representation or warranty, express or implied, is given by or on behalf of RWS, SDL, the Advisers, any other Relevant Entity or any of their respective directors, partners, members, officers, employees, advisers or any other persons as to the accuracy, fairness, completeness or sufficiency of the information or opinions contained in this presentation and none of the information contained in this presentation has been independently verified by RWS, SDL, the Advisers or any other person. No liability is accepted for any loss howsoever arising, directly or indirectly, from any use of this presentation or for errors, omissions or inaccuracies in such information or opinions contained herein or otherwise arising in connection herewith. In addition, no duty of care is owed by any of RWS, SDL or the Advisers or any other Relevant Entity to the recipients of the presentation or any other person in relation to this presentation. Recipients of the presentation should conduct their own investigation, evaluation and analysis of the businesses and data described in the presentation.

Statements of estimated cost savings and synergies relate to future actions and circumstances which, by their nature, involve risks, uncertainties and contingencies. As a result, the cost savings and synergies referred to may not be achieved, may be achieved later or sooner than estimated, or those achieved could be materially different from those estimated. Neither these statements nor any other statement in this presentation should be construed as a profit forecast or interpreted to mean that the earnings of the RWS group (as enlarged by the Combination) in the financial year ended 30 September 2022, being the first full year following completion of the Combination, or in any subsequent period, would necessarily match or be greater than or be less than those of RWS or SDL for the relevant preceding financial period or any other period.

Certain figures contained in this presentation, including financial information, are unaudited and may be subject to change. Therefore such information should be treated as provisional and no reliance may be placed on the information and/or figures contained within this presentation by you or any other person. None of RWS, SDL or the Advisers or any other Relevant Entity undertake an obligation to update or revise any information contained in this presentation, except as may be required by applicable law or regulation.

Important Notice (cont'd)

This presentation contains certain information which RWS' and SDL's management believe is required to understand the rationale for the Combination. However, not all of the information in this presentation has been audited and the presentation contains certain "forward-looking" statements with respect to the financial condition, results and operations and business of RWS and SDL and past performance information. Past performance is not a reliable indicator of future performance. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Actual outcomes and results may differ materially from any outcomes or results expressed or implied by such forward-looking statements. Any forward-looking statements made by or on behalf of RWS or SDL speak only as of the date they are made and no representation or warranty is given in relation to them, or any other information in this presentation, including as to their completeness or accuracy or the basis on which they were prepared. Nothing in this presentation is intended to be, or intended to be construed as, a profit forecast or a guide as to the performance, financial or otherwise, of RWS or SDL or their respective groups whether in the current or any future financial year.

This presentation contains unpublished inside information with regard to RWS and SDL and/or their securities. Recipients of this presentation should not deal or encourage any other person to deal in the securities of RWS or SDL whilst they remain in possession of such inside information and until the transaction described in this presentation is announced. Dealing in securities of RWS and SDL when in possession of inside information could result in liability under the insider dealing restrictions set out in the Criminal Justice Act 1993 or the Market Abuse Regulation ("MAR"). This document may contain information, which is not generally available, but which, if available, would or would be likely to be regarded as relevant when deciding the terms on which transactions in the shares of RWS or SDL should be effected. Unreasonable behaviour based on such information could result in liability under the market abuse provisions of MAR.

The release, publication or distribution of this presentation in jurisdictions other than the UK may be restricted by law and therefore any persons who are subject to the laws or regulations of any jurisdiction other than the UK should inform themselves about, and observe, any applicable legal or regulatory requirements. This presentation has been prepared for the purpose of complying with English law and regulation and the information disclosed may not be the same as that which would have been disclosed if this presentation had been prepared in accordance with the laws or regulations of jurisdictions outside the UK.

By either accepting a hard copy of this presentation or attending the oral presentation, you warrant, represent and acknowledge to the Company and the Advisers that you are a person to whom the presentation may lawfully be provided in accordance with all applicable laws and you acknowledge and agree to be bound by the foregoing limitations and restrictions and, in particular, will be taken to have represented, warranted and undertaken that you have read and agree to comply with the contents of this notice including without limitation the obligation to keep this presentation and its contents confidential. The information in this presentation is being supplied to you solely for information.

All opinions expressed in this presentation are subject to change without notice and may differ from opinions expressed elsewhere.

None of the Advisers act for you and neither the Advisers or the Relevant Entities are responsible to you for providing protections afforded to their clients, nor for providing advice in relation to the Combination, the content of this presentation or any matter referred to herein. The Relevant Entities are not advising you on the merits of the Combination. No representative of any of the Relevant Entities is entitled to lead you to believe otherwise. You should take your own independent investment, tax and legal advice.

August 2020