Keywords Studios plc (“Keywords Studios" or "the Group”)

Full year trading update

Sales and profits ahead of expectations for the year ended 31 December 2016
- Continued strong organic growth complemented by successful acquisitions

Keywords Studios, the international technical services provider to the global video games industry today provides an update on trading following a year of further strong organic growth and geographic expansion, complemented by a number of successful acquisitions.

The Group is pleased to announce preliminary unaudited revenues for the year ended 31 December 2016 of €96.6m and adjusted PBT* of €14.8m, both of which are comfortably ahead of consensus market expectations. This performance has been driven by strong like-for-like growth, due to the continued growth of the established business as well as the contribution of the eight acquisitions completed during the year.

The Group continues to deliver on its strategy of growing organically and through acquisition in order to become the "go to" supplier of technical services to the video games industry globally. To this end, the Group is now comprised of six globally managed service lines operating from 27 production studios in 16 countries. During the year, the Group welcomed seven new businesses through acquisition; Ankama, Synthesis, Mindwalk, Volta, Player Research, Enzyme and Sonox have all contributed positively in further extending our client penetration, our geographic reach and the talent we have within the Group. Also acquired during the year was the 50% of Kite Team not already owned by the Group.

The Group invested cash of €20.7m for the eight acquisitions completed in 2016. These acquired businesses performed well and as previously reported, Synthesis, our largest investment to date, delivered an excellent performance. Following these acquisitions, the Group had €17m in cash at the year end and had utilised €8m of its €15m rolling credit facility. Its strong cash generation, coupled with available debt facilities, provides the Group with good headroom for further acquisitions in 2017.

Andrew Day, Chief Executive of Keywords, commented:
"Our Group continues to grow revenues and profits whilst also growing a talent pool that is increasingly recognised as a resource that enables clients around the world to reduce complexity and focus on their core business of designing and publishing great video games. The development of new Virtual and Augmented Reality platforms only adds to that complexity and, whilst we have not assumed stronger demand for our services in this area in 2017 compared to 2016, it's an exciting new form of content delivery that brings greater interactivity to many content types and requires the skills and services that we have developed over many years at the forefront of interactive content.

"We have structured the management of the Group in order to support both further organic growth and the continued consolidation of our highly fragmented markets around the world.

"Our cross-selling efforts continue to bear fruit and we begin 2017 with a global sales and sales support team of 14 compared to 9 in 2016, which will help drive further organic growth. We also remain well-funded and continue to review a healthy pipeline of complementary acquisition opportunities, which will add to the talent pool, range of services, production capacity and the choice we can offer our clients. Although it's early in 2017, we are therefore confident of making continued progress in the year ahead."

* The Group reports adjusted PBT before acquisition and integration expenses, share option charges, amortisation of intangibles and foreign currency gains

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For further information, please contact:

Keywords Studios +353 190 22 730
(www.keywordsstudios.com)
Andrew Day, Chief Executive Officer
David Broderick, Chief Financial Officer

Numis (Financial Adviser) 020 7260 1000
Stuart Skinner / Kevin Cruickshank (Nominated Adviser)
James Black / Tom Ballard (Corporate Broker)

MHP Communications (Financial PR) 020 3128 8771 / 8156
Katie Hunt / Ollie Hoare / Nessyah Hart

Certain information contained in this announcement would have constituted inside information (as defined by Article 7 of Regulation (EU) No 596/2014) prior to its release as part of this announcement.

About Keywords Studios (www.keywordsstudios.com)

Keywords Studios is an international technical services provider to the global video games industry. Established in 1998, and now with facilities in Dublin, Rio de Janeiro, Montreal, Quebec City, Portland, Mexico City, Los Angeles, Seattle, Tokyo, Singapore, New Delhi, Pune,
Rome, Milan, Barcelona, Madrid, Taipei, Shanghai, Beijing, Manila, Hamburg, Paris and London, it provides integrated art creation, localisation, testing, audio and customer care services across 50 languages and 14 games platforms to a blue chip client base in more than 15 countries.

It has a strong market position, providing services to 21 of the top 25 most prominent games companies, including Activision Blizzard, Bandai Namco, Bethesda, Electronic Arts, Konami, Riot Games, Sony, Square Enix, Supercell, TakeTwo, and Ubisoft. Recent titles worked on include Uncharted 4: A Thief's End, Call of Duty: Infinite Warfare, Mortal Combat X, Assassin's Creed Syndicate, Battlefield 1, World of Warcraft: Legion, Hearthstone, Clash Royale, and Mobile Strike. Keywords is listed on AIM, the London Stock Exchange regulated market (KWS.L).

This information is provided by RNS
The company news service from the London Stock Exchange

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