

1 February 2018

**Keywords Studios plc
("Keywords Studios", "the Group")**

Full year trading update

**Strong financial performance- strengthening our market
leading position**

Keywords Studios, the international technical services provider to the global video games industry, today provides an unaudited trading update for the year ended 31 December 2017, following a year of further strong organic growth and geographic expansion, complemented by a number of significant and successful acquisitions.

The Board is pleased to announce that it expects revenues to be not less than €150m (FY16: €96.6m) and adjusted PBT* of at least €22.5m (FY16: €14.9m), both of which are comfortably ahead of consensus market expectations. Strong organic growth remains a feature of the Group's performance and this has been supplemented by acquisitions as the Group continues to deliver on its strategy in order to become the "go to" supplier of technical services to the global video games industry. The Group is now comprised of seven globally managed service lines operating from 42 production studios in 20 countries, compared to four service lines operating from five production studios in five countries at the time of our IPO in July 2013.

During the year, we welcomed eleven businesses into the Group across all its existing service lines as well as its newly established Engineering service line. 2017 saw two of the Group's largest acquisitions to date, VMC and Sperasoft, which have further strengthened our service offerings and client penetration and extended our geographic reach and access to talent. Sperasoft enabled our entry into Co-Development, in which multiple services including game programming and art creation are delivered holistically in the game development phase, whilst VMC has bolstered our Engineering capabilities. These significant acquisitions represent yet further steps in the pursuit of our strategy and we are pleased with how smoothly they are being integrated with the rest of the Group.

The Group has invested net cash of €89.1m in the acquisitions described above, funded by the Group's strong cash generation, available debt facilities and a successful £75m equity placing in October 2017. The placing further demonstrated the support of our existing shareholders as well as enhancing our shareholder base through the addition of a number of new institutional investors.

Following these acquisitions, the Group had €30.5m in cash at the year end and had utilised €18.3m of its €35m rolling credit facility, which leaves the Group well placed to complete further selective acquisitions in 2018.

The Group's effective tax rate has continued to decrease as we make better use of our brands, operating models and tools from our Dublin operational headquarters in support of our business around the world, much of which is in higher tax rate jurisdictions including Canada, the US, Japan, India and Italy. The Group's effective tax rate based on Keywords Studios' measure of profit before taxation in the period was 20.5% (2016: 21.7%). We note the enactment of the Tax Cuts and Jobs Act in the United States on 22 December 2017. Our preliminary view is that we can expect a devaluation of some of our deferred tax liabilities in 2017 due to the reduction in the statutory federal tax rate to 21%. While we continue to review the full future impact of the new US tax legislation on the Group, we currently anticipate that the changes will not have a material impact on the Group's effective tax rate. We will give updated guidance on the impact of these provisions together with our final results later this year.

Andrew Day, Chief Executive of Keywords, commented:

"We are delighted with the Group's performance as we grew revenues and profits strongly again this year. Our ever-increasing geographic footprint and broader range of services have combined to grow market share, introduce additional services to established clients and win new clients.

"The eleven acquisitions in 2017 demonstrate strong progress in our strategy to selectively consolidate the fragmented video games market and generate synergies through scale, and our entry into Engineering and particularly Co-Development, enhances our positioning as a strategic partner to game developers and publishers, whilst continuing to ensure we are not directly exposed to the commercial performance of individual titles. As games are becoming bigger and are higher definition, game developers are increasingly relying upon co-development arrangements with companies like Keywords to provide them with broader capability to develop both initial games and ongoing content and features post-launch.

"We look forward to another year of strong progress as we continue to invest in existing and new businesses, building our talent pool and integrating the newer members of our Group."

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

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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 42 facilities in 20 countries strategically located in Asia, the Americas and Europe, it provides integrated art creation, software engineering, testing, localisation, audio and customer support services across more than 50 languages and 16 games platforms to a blue-chip client base of over 400 clients across the globe. It has a strong market position, providing services to 23 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: WWII, Mortal Combat X, Assassin's Creed Origins, Battlefield 1, Overwatch, World of Warcraft: Legion, Hearthstone, Clash Royale, and Mobile Strike. Keywords Studios is listed on AIM, the London Stock Exchange regulated market (KWS.L).

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