

27 July 2017

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

Half year trading update

Strong performance in the first half of the year

Keywords Studios, the international technical services provider to the global video games industry, is pleased to provide an update on trading for the six months ended 30 June 2017.

The Group has performed strongly during the first half, with preliminary unaudited revenues for the period up by 50% to €63.7m (H1 2016: €42.4m) and a 60% increase in adjusted PBT* to €9.6m (H1 2016: €6.0m).

All the Group's service lines showed good organic growth, as measured on a like-for-like basis, with the exception of Audio which had a particularly tough comparative due to the exceptional performance of Synthesis in H1 2016, as previously reported. The underlying like-for-like** revenue growth was 17%, or 28% when excluding Synthesis in both periods.

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 seven globally managed service lines operating from 33 production studios in 17 countries.

Since the start of the year we have made four acquisitions of Spov, XLOC, GameSim and Red Hot which have, respectively, extended the Group's market position as a leading provider of digital art services; given the Group a content management system which allows it to provide integrated software and services across the full text localisation cycle; provided a first step into the market for video games related software engineering services; and positioned the Group as the leading global player in the outsourced art services market in terms of capacity and breadth and depth of service.

To date in 2017 the Group has invested net cash of €6.9m for the acquisitions described above and it continues to evaluate a healthy pipeline of high quality acquisition opportunities, in line with its acquisition strategy. The credit facility of up to €35m with Barclays Bank which was announced in April 2017, combined with continuing strong cash generation and the judicious use of Keywords shares to part-fund acquisitions where appropriate, leaves the Group well

placed to complete further selective acquisitions this year.

Andrew Day, Chief Executive of Keywords, commented:

"We are delighted with our progress so far this year. This has enabled us to deliver a first half performance ahead of our expectations, underpinning our confidence in the Group at least meeting market consensus for the year as whole.

"We continue to win new clients and grow market share and are regularly seeing the benefits of our wider geographic reach and broader range of services as we introduce additional services to established clients.

"We look forward to another full 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."

Keywords Studios will provide a further update on trading with its half year results which it expects to announce in mid September.

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

*** Calculated on the basis that the H1 2016 comparative includes all of the 2017 and 2016 acquisitions as if they had been owned for the same period in 2016 as they have been in 2017.*

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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
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