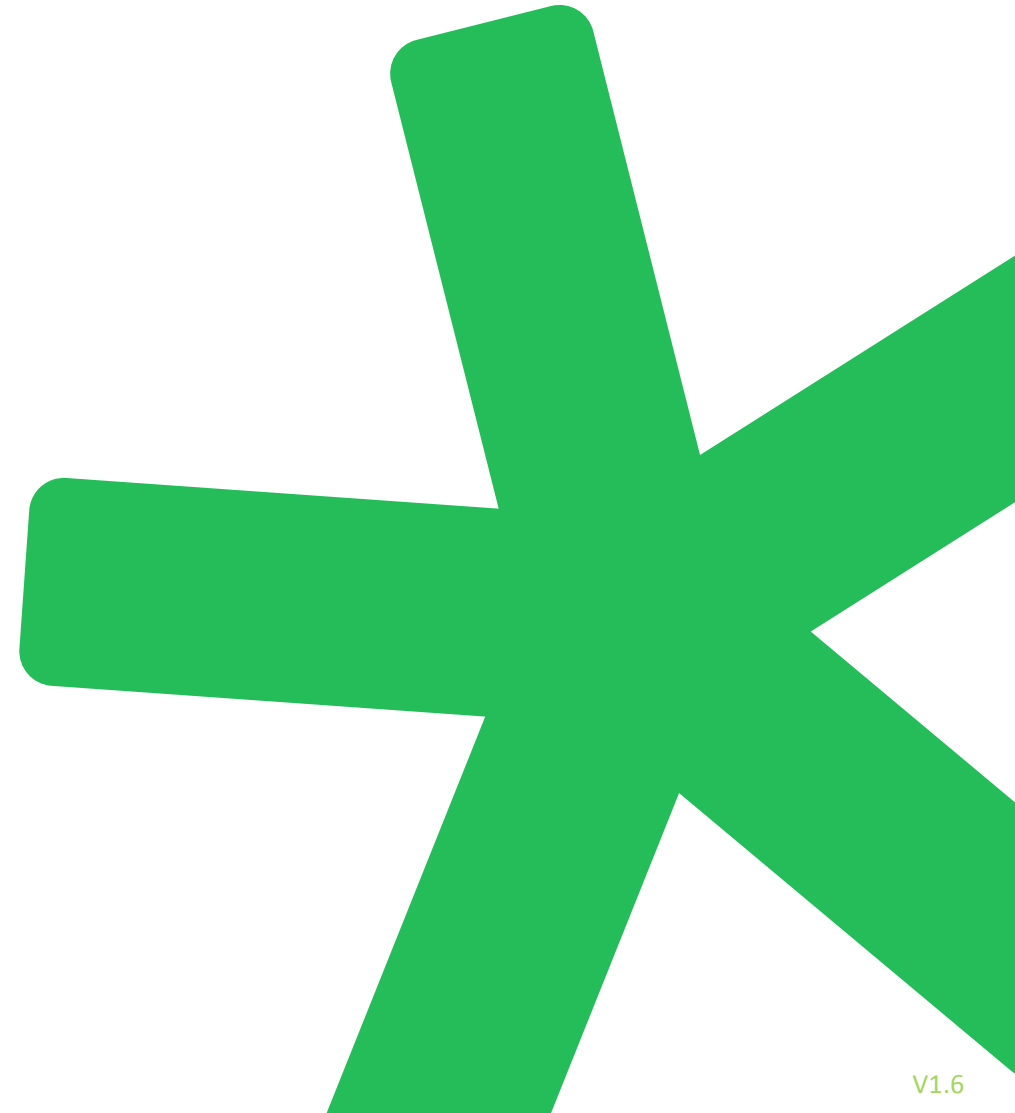




SDL plc
2020 Interim Results
to 30 June 2020



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Financial Performance

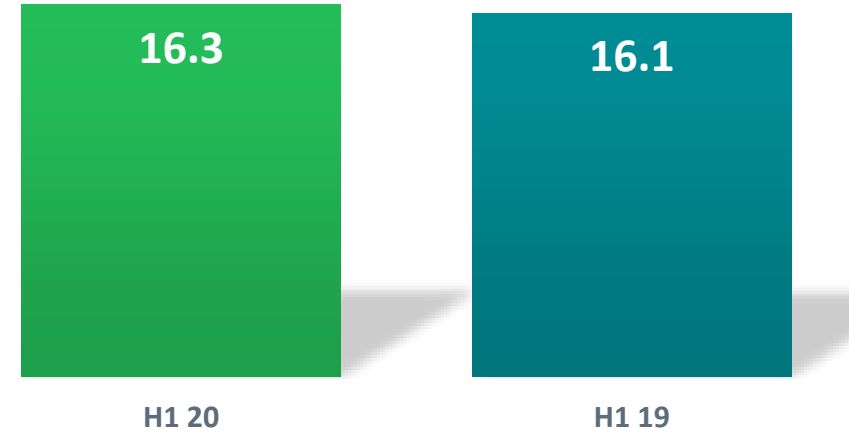
Financial highlights



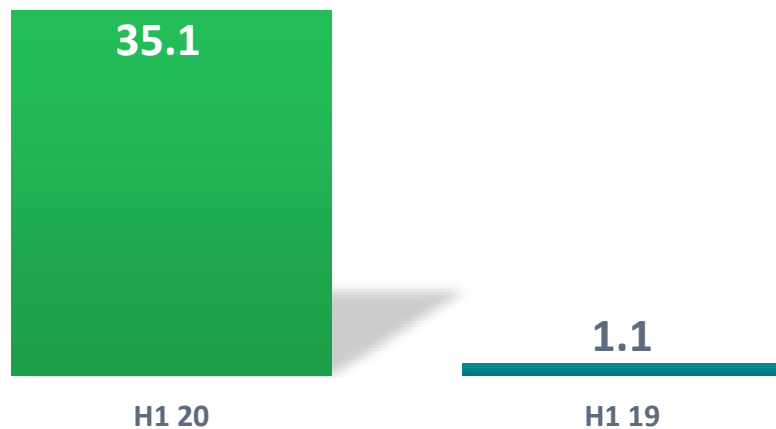
Revenue (£m)



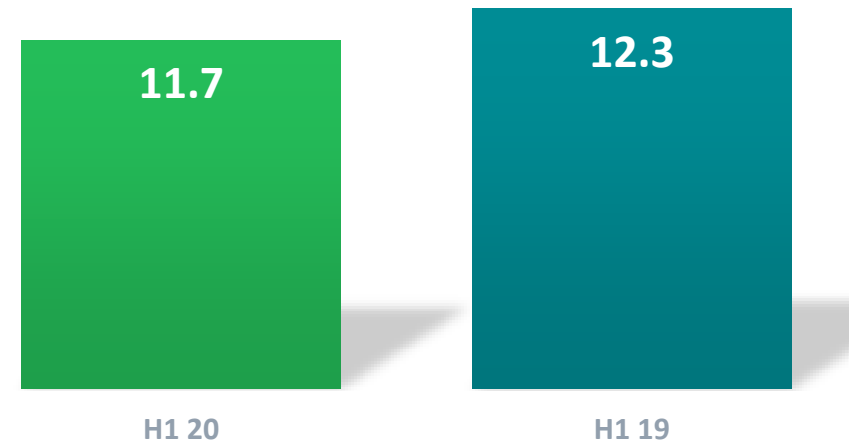
Adj. Operating Profit (£m)



Net Cash (£m)



Adj. Diluted EPS (p)



P&L summary



£m	H1 2020	H1 2019	% Change	% Change @CC
Revenue	180.7	182.5	(1.0%)	(2.0%)
Gross profit	94.4	94.0	0.5%	(1.7%)
<i>Gross profit margin</i>	<i>52.2%</i>	<i>51.5%</i>	<i>0.7%</i>	<i>0.2%</i>
Administrative expenses	(78.1)	(77.9)	(0.3%)	0.8%
Adjusted operating profit*	16.3	16.1	0.9%	(5.8%)
<i>Operating profit margin</i>	<i>9.0%</i>	<i>8.8%</i>	<i>0.2%</i>	<i>(0.4%)</i>
Adjusted basic EPS	11.8p	12.6p	(0.8p)	
Adjusted diluted EPS**	11.7p	12.3p	(0.6p)	

- Revenue broadly in line with prior year
- Gross margin expansion
- Overhead growth below inflation due to cost avoidance measures taken in H1
- Adjusted effective tax rate of 26.0%
- Adjusted diluted EPS 11.7p

*pre-exceptional costs and acquisition related amortisation

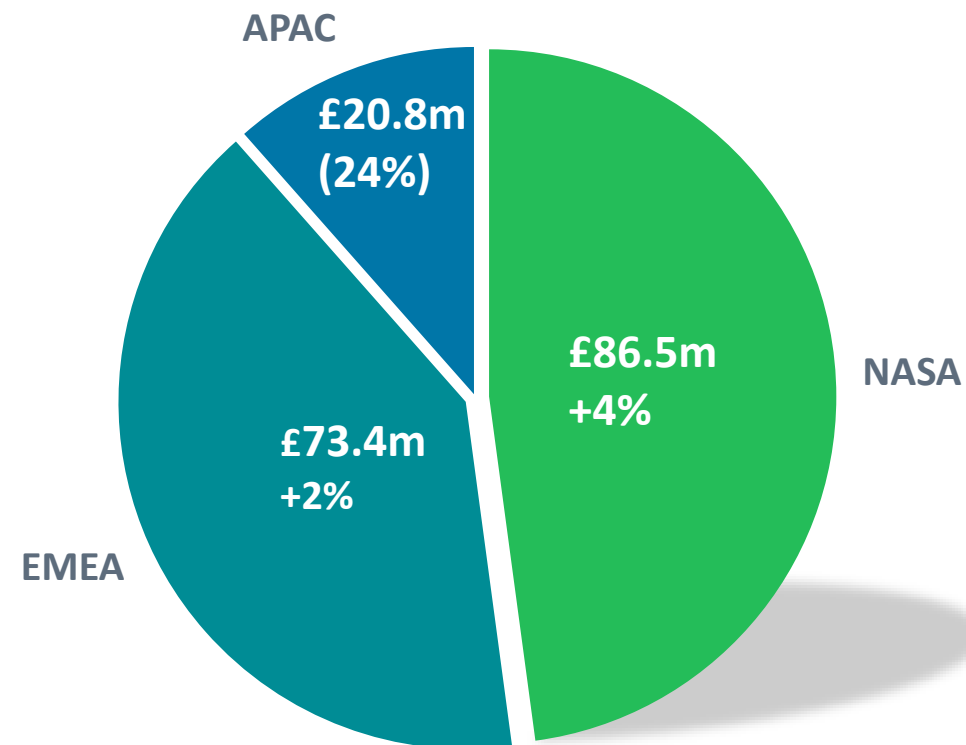
**Adjusted earnings: Profit after tax before the impact of exceptional items and amortisation of acquired intangibles

Revenue summary



£m	H1 2020	H1 2019	% Change	% Change @CC
Language Services	125.9	128.4	(1.9%)	(2.9%)
Language Technologies	25.7	25.6	0.4%	(0.4%)
Content Technologies	29.1	28.5	2.1%	0.4%
Total	180.7	182.5	(1.0%)	(2.0%)

Revenue by Destination

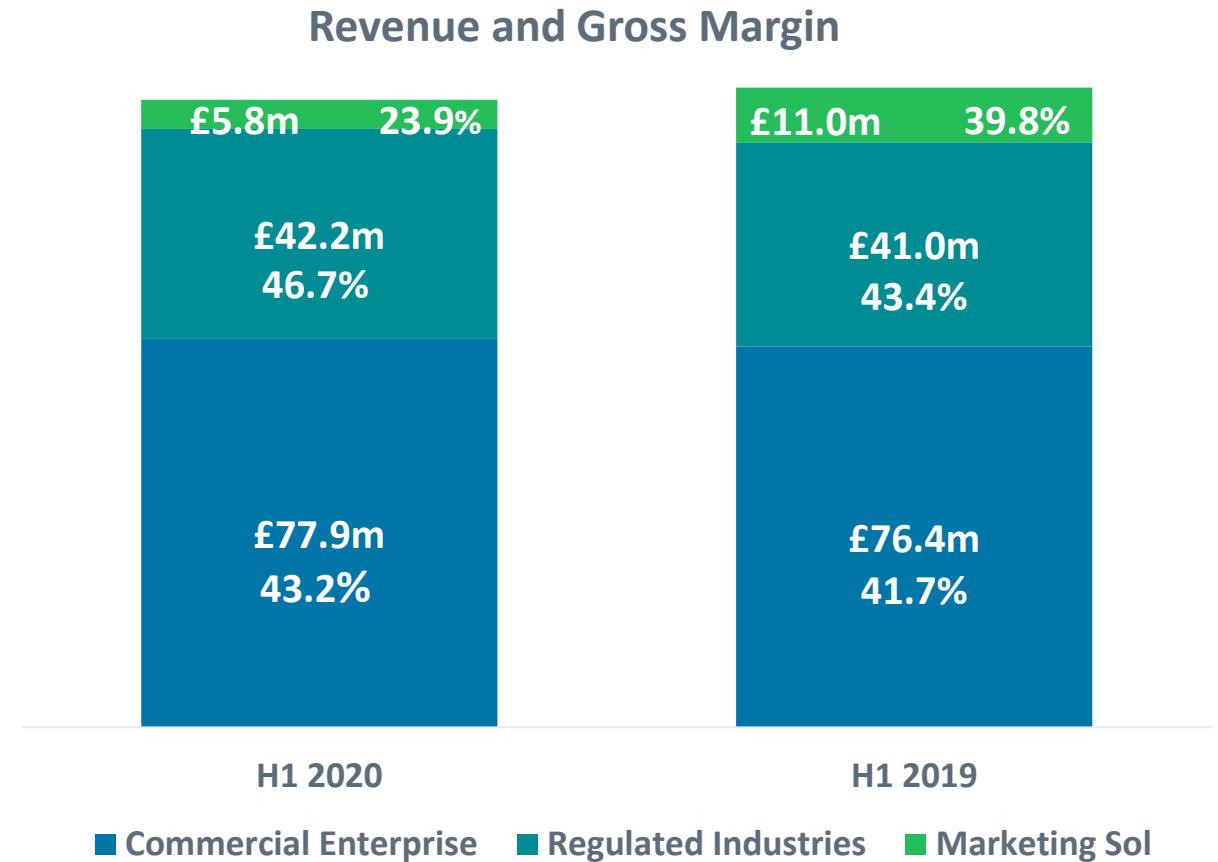
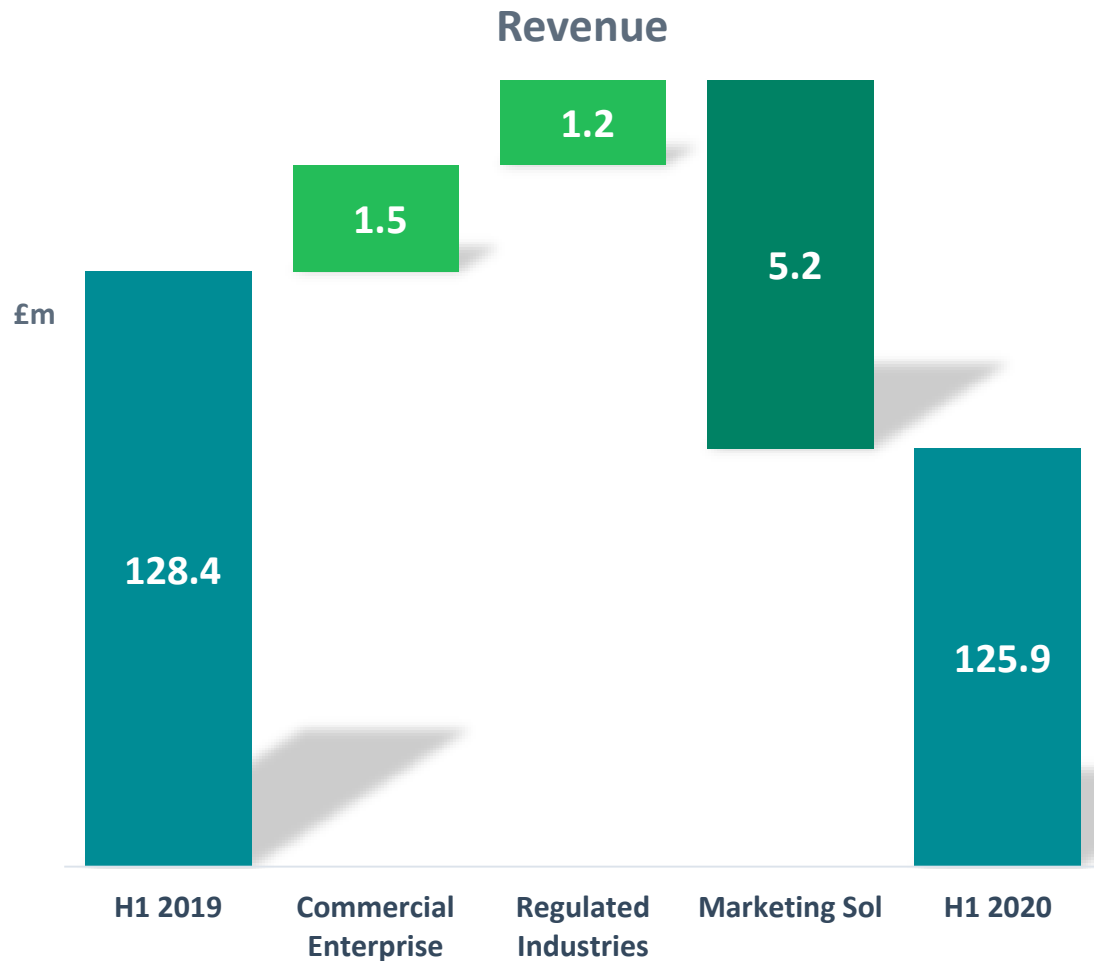


Operating segment analysis



£m	H1 2020					H1 2019				
	Language Services	Language Technologies	Content Technologies	Corporate Costs	Total	Language Services	Language Technologies	Content Technologies	Corporate Costs	Total
Revenue	125.9	25.7	29.1	-	180.7	128.4	25.6	28.5	-	182.5
Gross profit	54.7	19.6	20.1	-	94.4	54.0	20.0	20.0	-	94.0
<i>Gross profit margin</i>	<i>43.5%</i>	<i>76.3%</i>	<i>69.1%</i>	-	<i>52.2%</i>	<i>42.1%</i>	<i>78.1%</i>	<i>70.2%</i>	-	<i>51.5%</i>
Administrative expenses	(43.7)	(14.7)	(13.5)	(6.2)	(78.1)	(42.0)	(14.8)	(12.8)	(8.3)	(77.9)
Adj operating profit	11.0	4.9	6.6	(6.2)	16.3	12.0	5.2	7.2	(8.3)	16.1
<i>Adj operating profit %</i>	<i>8.7%</i>	<i>18.9%</i>	<i>22.7%</i>	-	<i>9.0%</i>	<i>9.3%</i>	<i>20.5%</i>	<i>25.1%</i>	-	<i>8.8%</i>

H1 20 performance – Language Services

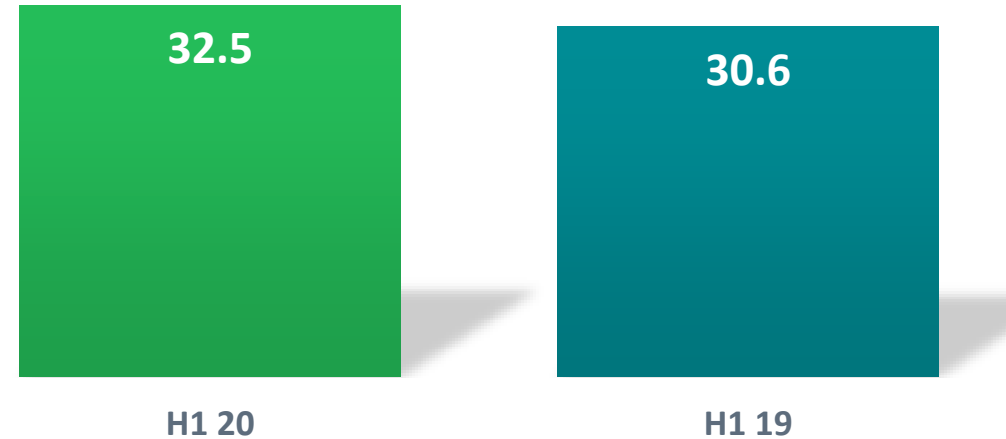




H1 20 performance – Language Technologies

- Revenue on par with last year
 - **Machine Translation +46%**
 - Translation Management System -1%
 - Translation Productivity -14%
- Released "SLATE" in June – translation on demand
- Launch of Trados Studio 21 in August 2020
- 18.9% operating margin (H1 19 : 20.5%)
- ARCV increased 6% to £32.5m
- Renewal rate : 87%

ARCV (£m)



ARR (£m)



H1 20 performance – Content Technologies

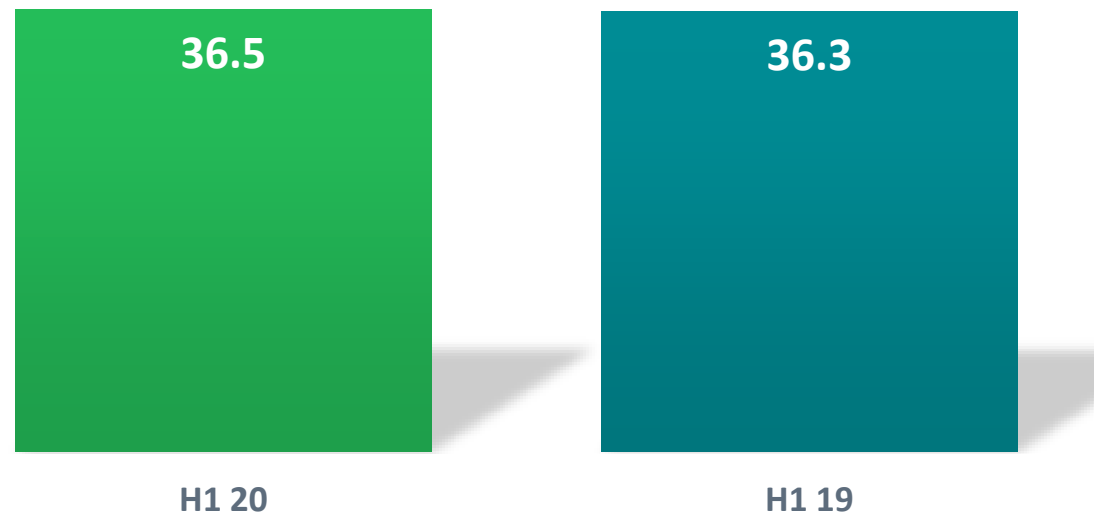


- Marginal revenue growth year on year
 - Tridion DX -2%
 - Contenta +17%
- 22.7% operating margin (H1 19 : 25.1%)
- ARCV improved 8% to £44.0m
- Renewal rate : 91%

ARCV (£m)



ARR (£m)



Strong cash conversion and financial position



Adjusted operating profit	£16.3m
Depreciation and amortisation from non-acquired intangibles	£9.0m
Share based payments	£0.8m
Net changes in working capital	(£2.7m)
Underlying cash flow from operating activities	£23.4m

Underlying cash flow from operating activities	£23.4m
Capitalised development costs	(£4.2m)
Maintenance capital expenditure	(£1.1m)
Interest	(£0.4m)
Tax cash paid	(£1.3m)
Free cash flow	£16.4m

Free cash flow	£16.4m
Exceptional items	(£1.3m)
Borrowings	£63.0m
Repayment of borrowings	(£63.0m)
Repayment of lease liabilities	(£3.9m)
Investment capital expenditure	(£1.6m)
FX	(£1.4m)
Increase in net cash	£8.2m

Underlying cash conversion: 144%

Free cash flow: £16.4m

Cash and available liquidity : £98m

Closing net cash: £35.1m



Strategic & Operational Review



COVID: Operational and commercial impact

Employees

- Majority working from home
- Focus on well-being
- Connected, automated and virtualised environments

Delivery

- No material productivity impact
- Existing efficiency programmes unaffected

Cost Control

- Discretionary cost controls in place
- More severe actions not required

Adaptability

- Demonstrated resilience across the business
- Adapted to new client demands

Operationally and Commercially Resilient

Higher Demand

- Corporate communications, high tech, life sciences

Lower Demand

- Travel, leisure, automotive, manufacturing
- Some financial and legal segments

Customer Satisfaction

- NPS score up
- Positive client feedback

Pipeline

- Good H2 pipeline but higher uncertainty than normal

COVID is accelerating digital transformation trends



External

Internal



Economy & Growth

- Economic hit
- Business disruption & continuity
- Importance of global audiences

Consumer Changes

- Non-linear journeys
- Peers and influencers
- Attention spans
- Media and channel preferences
- Values and expectations

Digital Transformation

- Always-on, agile processes
- Automated, intelligent workflows
- Cloud adoption
- Data-driven decisions

Digital Content

- Volume, format, media
- Consistent digital experiences
- Content impact and relevance
- Content security and compliance

2020 Strategic Objectives on track



Customer Focus

- Account Management
- Cross-selling
- Solution selling
- Sales productivity & up-skilling

Investing in Innovation

- Language Cloud, Trados, MT and SLATE
- SDL Tridion "intelligent content platform"
- Cloud infrastructure
- Premium solutions

Operational Excellence

- Cost controls and cost structure optimisation
- Language Services operating model
- Insourcing and Automation
- Employee wellbeing, culture and development

Building an increasingly differentiated sales proposition, offering and delivery capability

Accelerating product innovation



End-to-end, cloud-native language platform

SDL* Language Cloud

- Continuous addition of features to our flagship **Translation Management System**, including AI and in-context previews
- Micro-services platform joining up the ecosystem and **enabling new product categories**

Hybrid desktop-cloud translation productivity

SDL* Trados Studio

- First hybrid desktop-cloud option for Trados Studio, **enabling best of both worlds**
- **Subscription pricing** and more differentiated packages by user type
- Launched July 2020

Award winning, secure Machine Translation

SDL* Machine Translation

- Over **130 Neural Machine Translation Language Pairs**
- Translation speed up 10x and quality improvements across all languages
- **Adaptable Language Pairs**
- **Lower Total Cost of Ownership**

Easy to Adopt Translation-as-a-Service

slate the smart way to translate

- **Machine-first, translation as a service** offering, powered by Language Cloud and leveraging MT and professional translators
- Targeted first at business users in **regulated industries** but widely applicable
- Launched June 2020

Infrastructure, Integrations, Cloud Microservices Architecture, Data

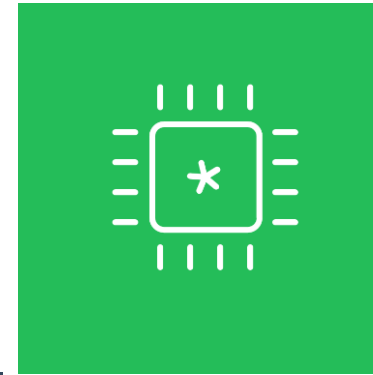
Why we are winning in MT (46% growth)



CONSISTENT,
ENTERPRISE-
GRADE QUALITY



HIGH SECURITY



EASY TO DEPLOY,
MANAGE & USE

ADAPTABLE,
TRAINABLE



LOWER TOTAL
COST OF
OWNERSHIP



INVESTING IN
PARTNERS



Operational Progress



Insourcing & Offshoring

- 80% of addressable former DLS volumes insourced: 100% in H2
- Working towards a single operating model, including shared offshoring



End-to-End Automation

- Continued progress with Helix and Insight
- System integration programmes
- Vendor management automation
- Data standardization and data leverage
- MT and AI adoption continues



COVID Cost Controls

- Discretionary cost controls (travel, hiring, pay rises)
- Holding tight controls but additional cuts not currently required



Corporate Costs

- Back-office process standardisation
- Review of long term office requirements, impacting facilities and IT costs next 2-5 years

Driving gross margin improvements and reducing opex costs as a percentage of sales

Employee Wellbeing, Culture & Development



Wellbeing

- Focused on providing ongoing support to our employees and their changing circumstances
- Enabling long-term WFH

Culture

- Major focus on building and maintaining positive culture
- Strategic focus on diversity and inclusion

Development

- Investment in supporting remote and online training programmes
- New remote onboarding processes

Enabling our People to be their Best