

Capital Markets Day Montreal

14th November 2019



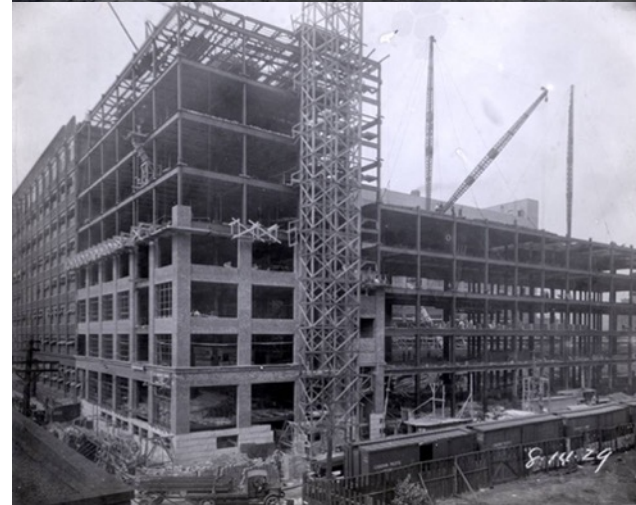
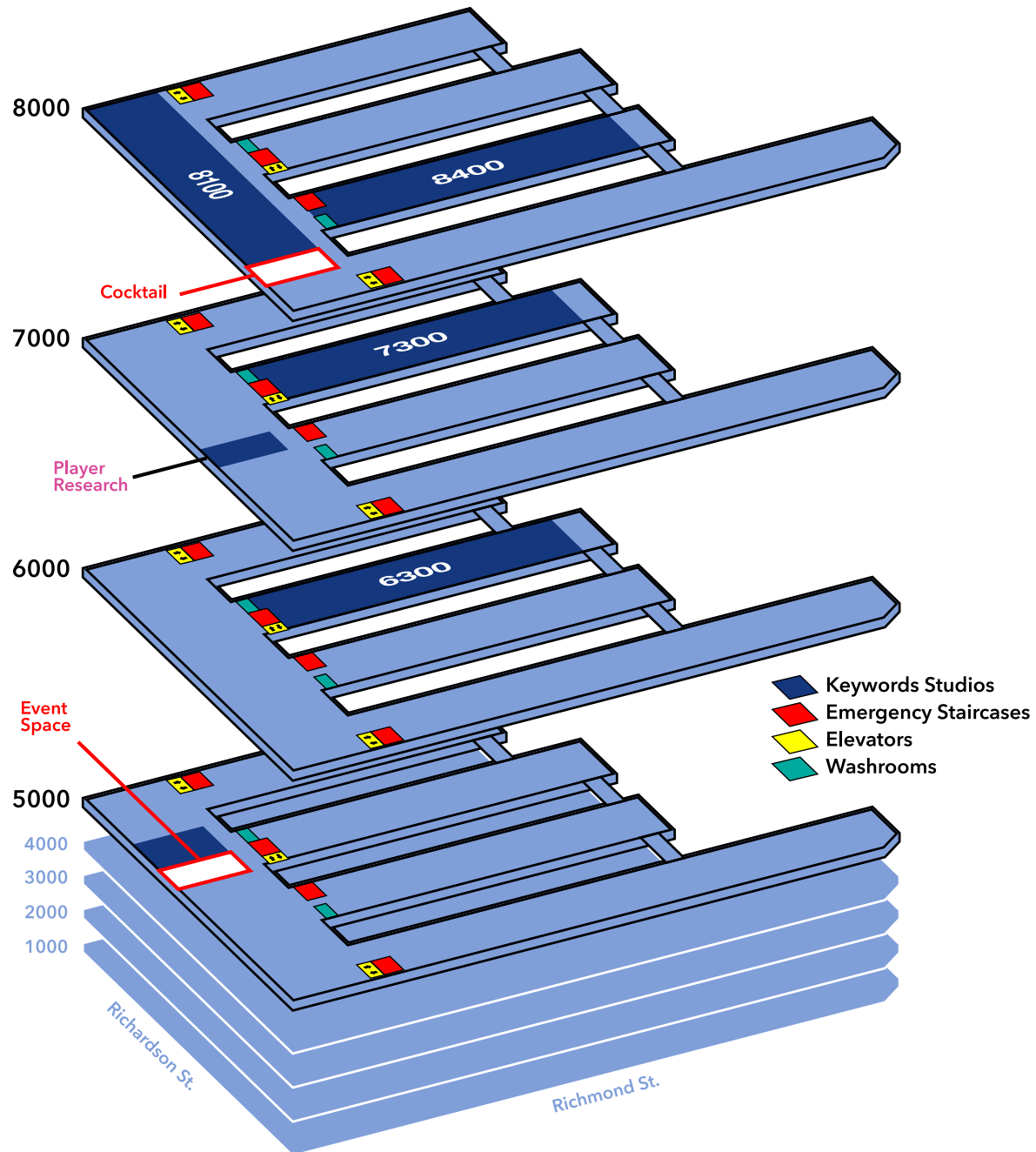
Support | Deliver | Evolve

“Keywords Studios
is becoming the ‘go to’
provider for external
development services”



Housekeeping items

Welcome to the Nordelec



Opening remarks

9:30 - 12:30

Morning Session

Opening remarks

Tour of Keywords Montreal

Montreal: A journey of growth

Integration in action:
mini case studies

12:30

Lunch on site

13:40 - 16:00

Afternoon Session

Integration in action:
in-depth case studies

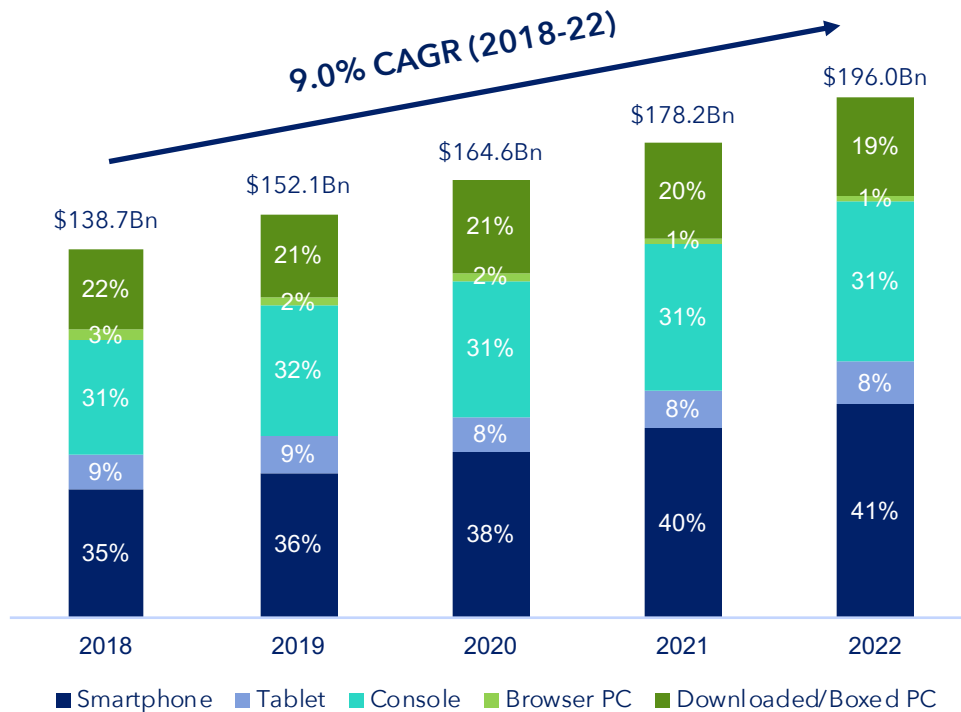
Panel: Keywordians on integration

Closing remarks plus final Q&A

16:00

Food and drinks on site

Industry growth drivers for Keywords



Source: Newzoo Global Games Market Report, June 2019

Drivers of increasing content demand

- Growing video games market
- Higher definition and complexity
- Games as a service requires continuous content
- Proliferation of platforms (new consoles / VR / AR / streaming and subscription models)

Structural growth drivers

- Trend towards outsourcing
- Availability of a highly professional provider of scale

Potential drivers from adjacent markets

- Film and TV
- E-learning
- Enterprise

The Journey so far and plenty of road ahead

* 2019 revenue estimate based off analyst complied forecasts. Provision of these forecasts does not imply Keywords' endorsement or concurrence with the analyst information

Strategy: Keywords Studios is becoming the 'go to' provider for external development services

Opportunity 2009

- Imbalanced landscape and industry
- Many small but good providers
- No provider of scale

Proving the model 2009 - IPO

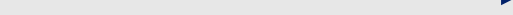
- Started to expand internationally
- Established key client relationships
- Decreased client concentration

Building the platform 2013 - 2018

- Broadened service lines
- Expanded geographically
- Diversified our client base
- Strengthened management team

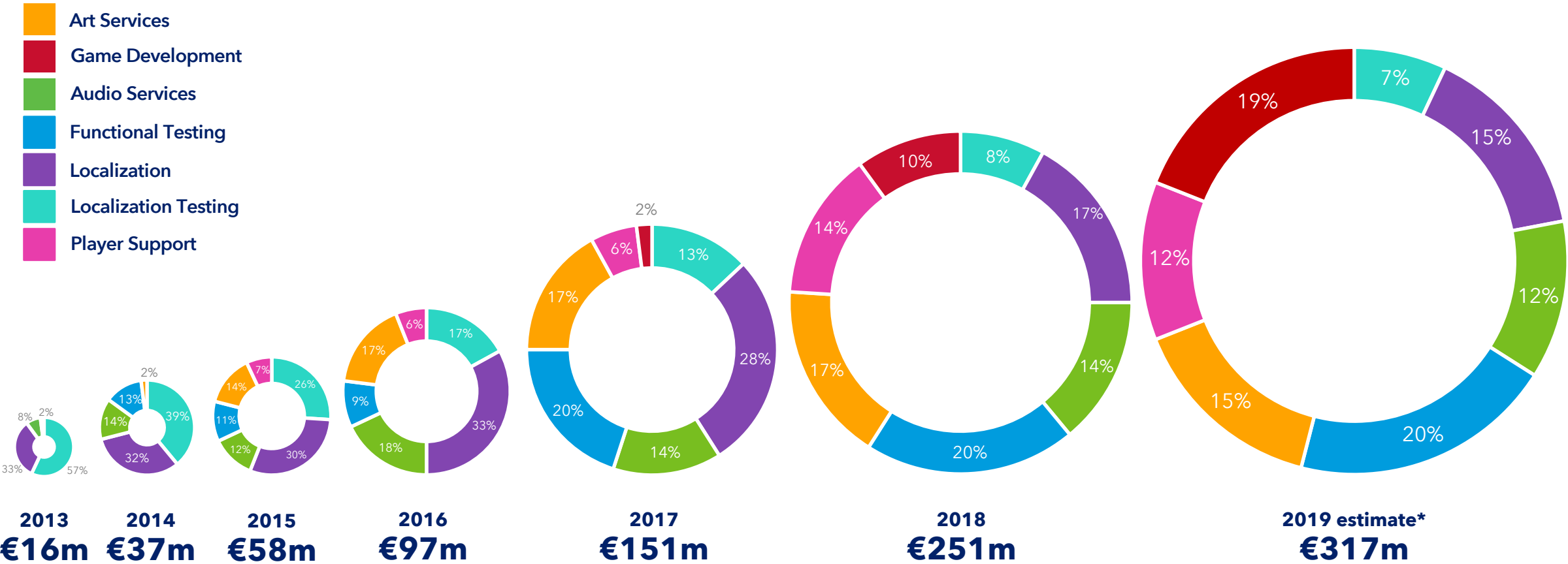
Scaling for growth 2019 - onwards

- Scaling the platform
- Continued investment
- Leveraging our position as the 'go to' provider for external game development services

	Service lines	2		7
	People	50		7500
	Top 5 Clients	>80%		25%
	Countries	1		21
	Revenue	€4m		€317m*

Better balanced business; higher up the value chain

* 2019 revenue estimate based off analyst complied forecasts. Provision of these forecasts does not imply Keywords' endorsement or concurrence with the analyst information



International scale & flexibility across markets is key



An average of **c. 7,500** people on the payroll at peak times working in over **50** languages, more than **50** studios, in **21** countries, on **4** continents

Market leading position

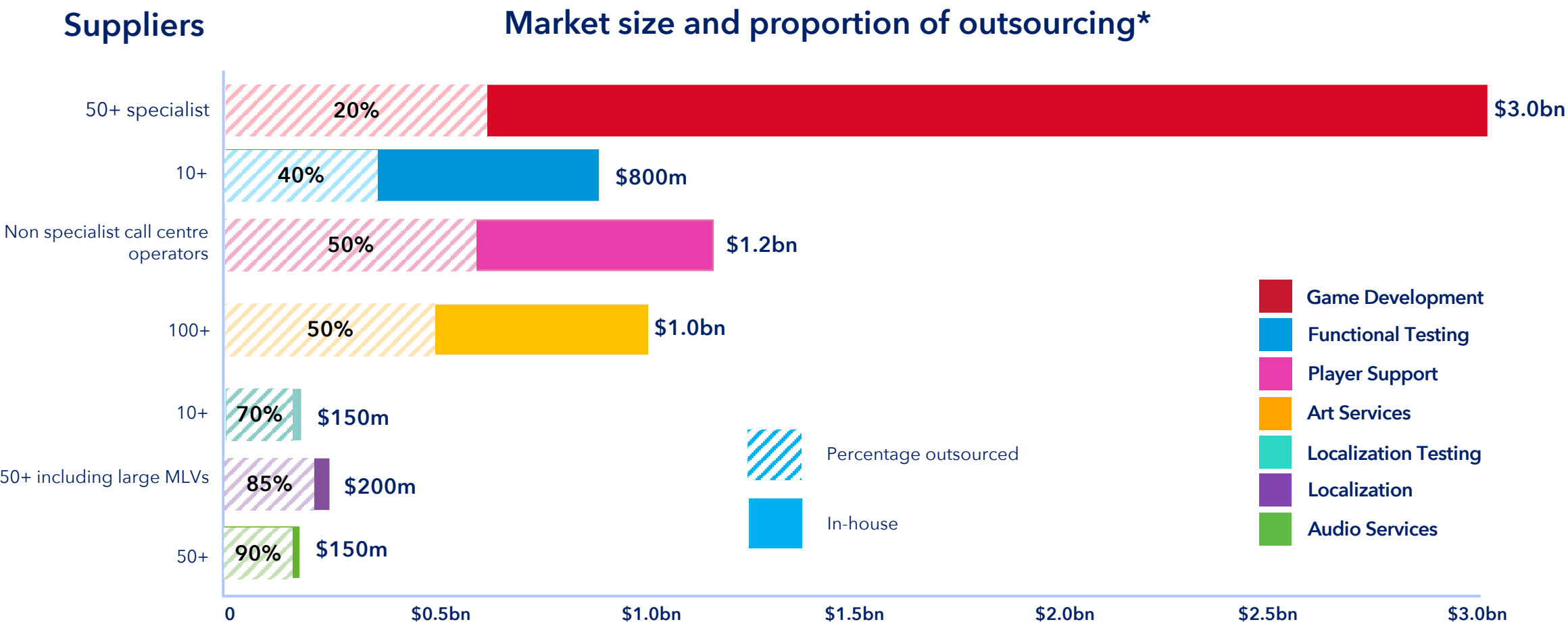
We work with 23 of the top 25 games companies by revenue and 10 of the top 10 mobile games publishers by revenue.*

* Newzoo, Top 25 Games Companies by Revenue, Dec 2018
and Sensor Tower, Top Apps Games publishers, July 2019

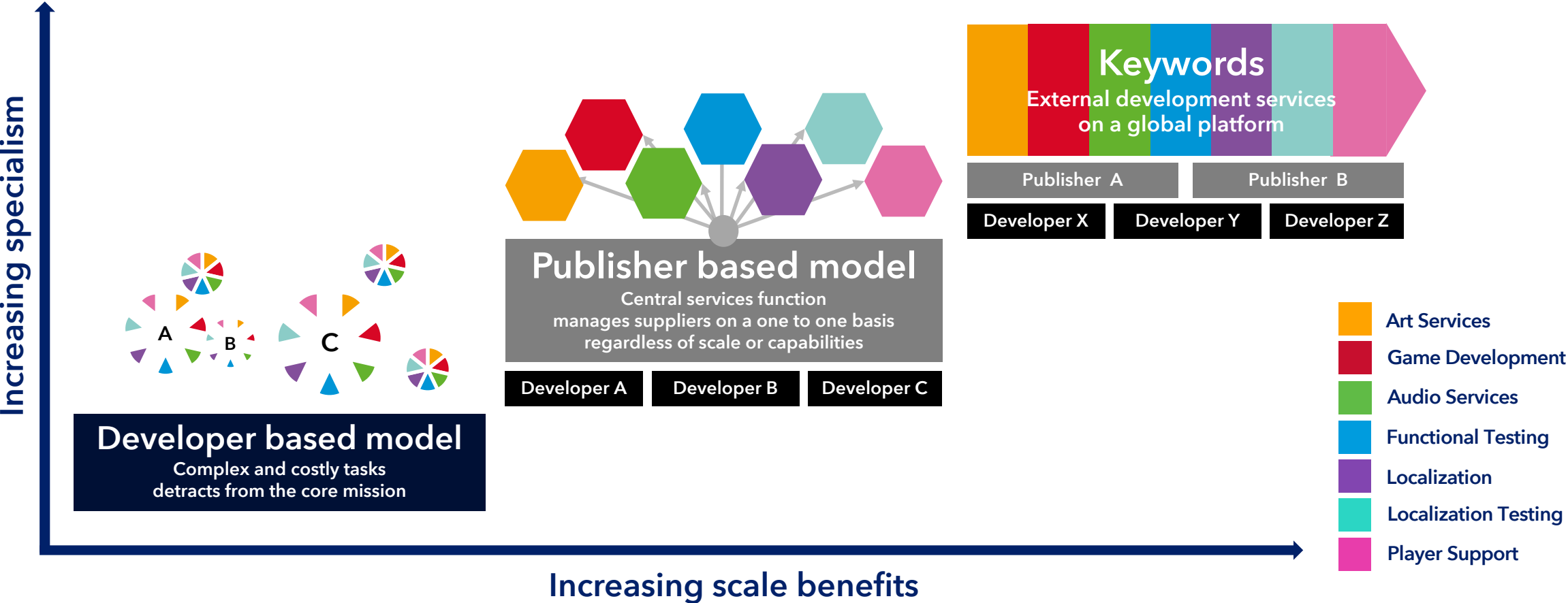


The structural market opportunity

* Based on management's estimates



Addressing our clients' needs with specialism and scale



Themes for today

- Benefits of scale
 - tour of facility, Keywords Montreal growth story, Functional Testing case study
- Integration in action
 - case studies and tour
- Leveraging location for access to talent and growth – case studies
- Cross selling and cross delivery – case studies

“Keywords Studios is becoming the ‘go to’ provider for external development services”

Tour of Keywords Montreal

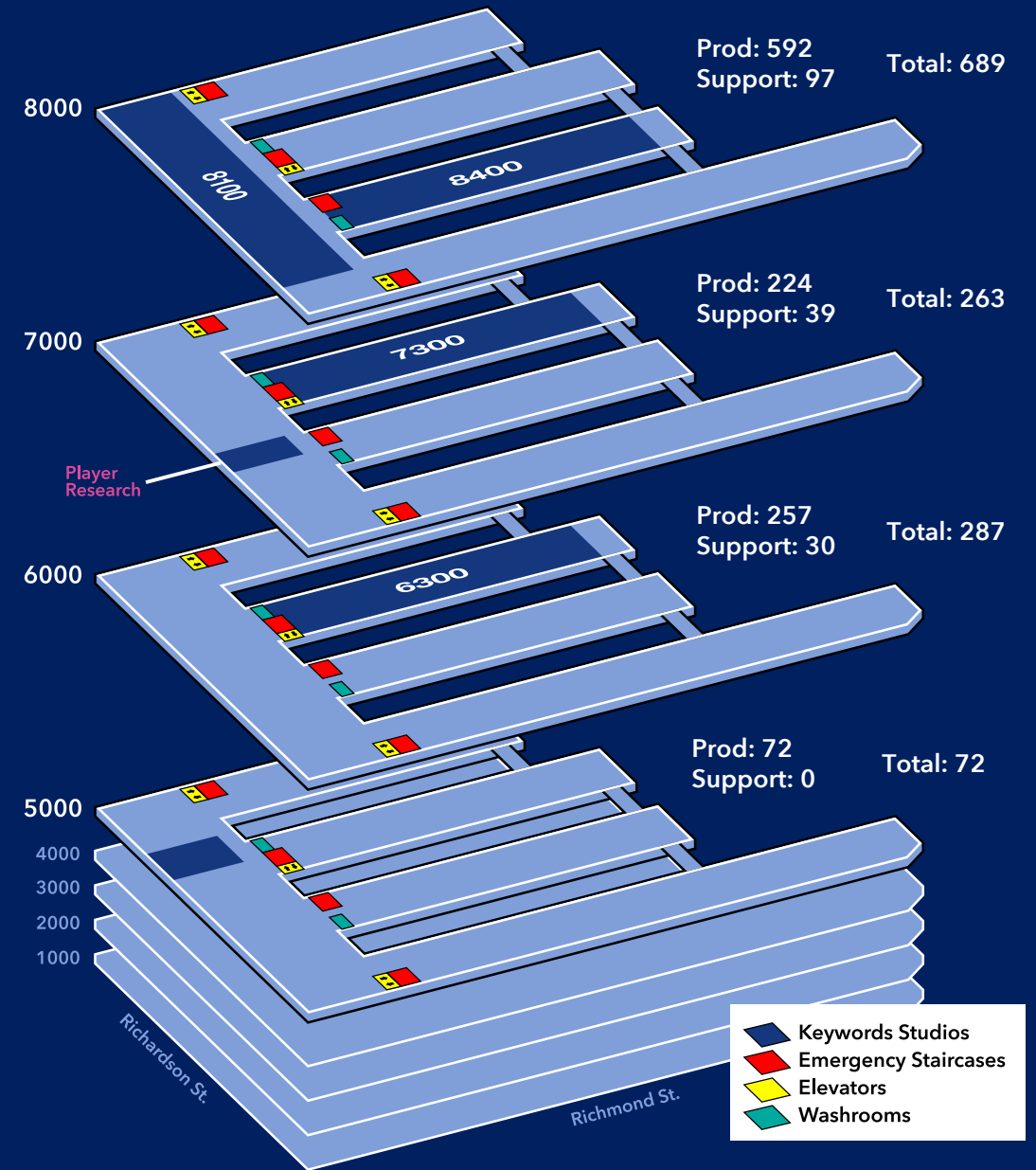
Please refer to your agenda badge

Red Group starts at 9:50

Tour leader: Nicolas Liorzou / Jon Hauck

Blue Group starts at 10:05

Tour leader: Michael Cartier / Andrew Day



Montreal: A journey of growth

Key message

Revenue, platform, growth

9:30 - 12:30

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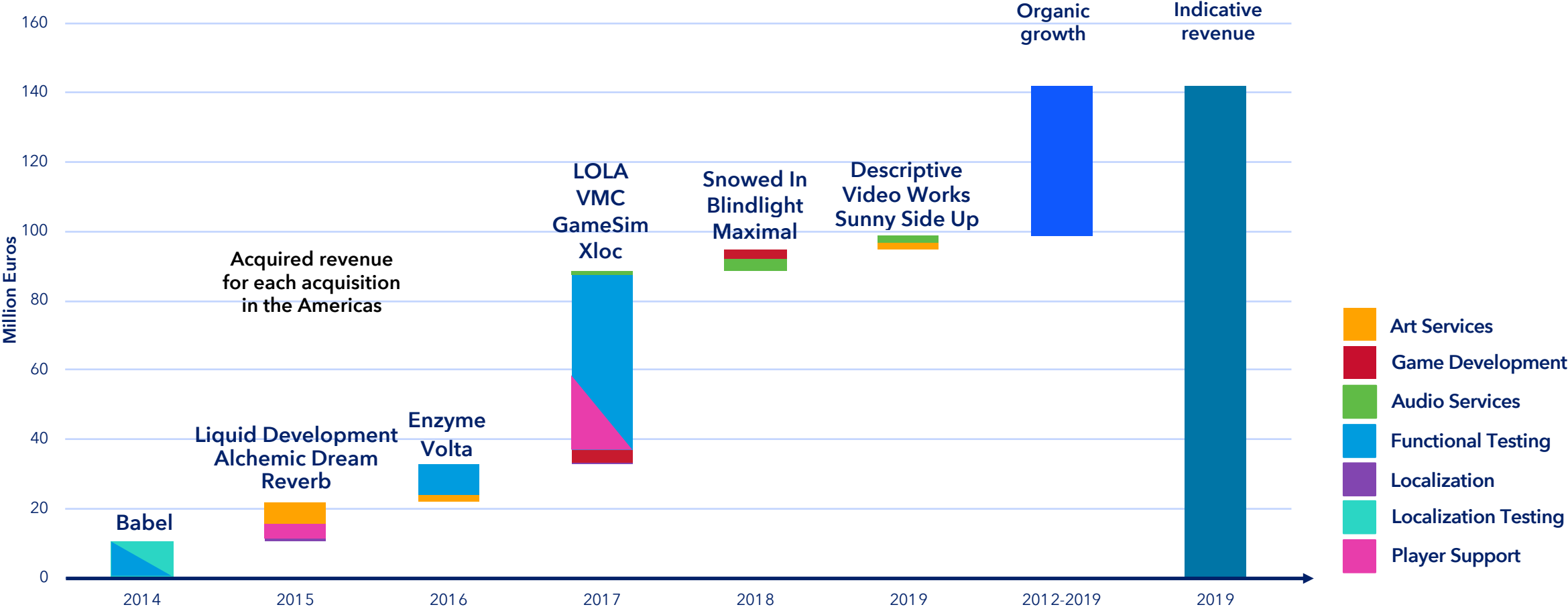
Closing remarks plus final Q&A

16:00

Food and drinks on site

A journey of growth and consolidation

A history of growth in the Americas





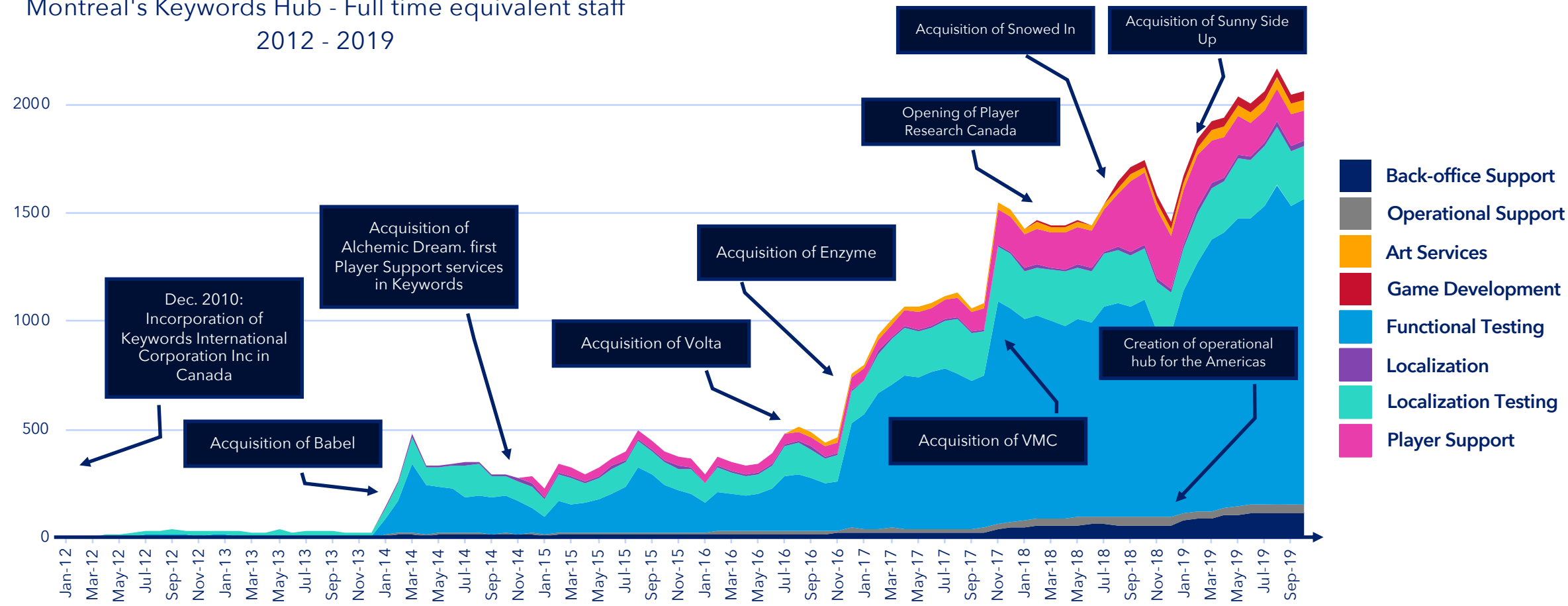
Montreal in the Americas

Montreal's regional centre of excellence:

- Central regional management for the Americas
- Regional finance services centre for the Americas
- Regional IT management for the Americas
- Regional HR management for Canada
- Sales support centre – global shared function

Montreal's Journey of Growth

Montreal's Keywords Hub - Full time equivalent staff
2012 - 2019



Integration in action

Mini case studies

Key message

Integration and synergies

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Claude Bordeleau

Why Keywords is
the ideal platform
for Volta to optimize
its potential



What is VOLTA?

VOLTA is a visual development studio dedicated to creating high-end 2D and 3D visuals, as well as cinematics for the video game, toy and film industries.

Founded: 2006

Workforce: 150+ (in-house and external)

Location: Quebec City (Canada)

Philosophy:

Decentralized leadership but centralized support helping a strong focus on long term and vision. We can become the best of our niche without losing the “je-ne-sais-quoi” of the business.

Growing the bottom line with synergies

Reduction of downtime

Shared resources & projects during short downtimes

Downtime reduction
since acquisition

69%

Reduced churn

Stability, improved work conditions,
better projects

Before Keywords

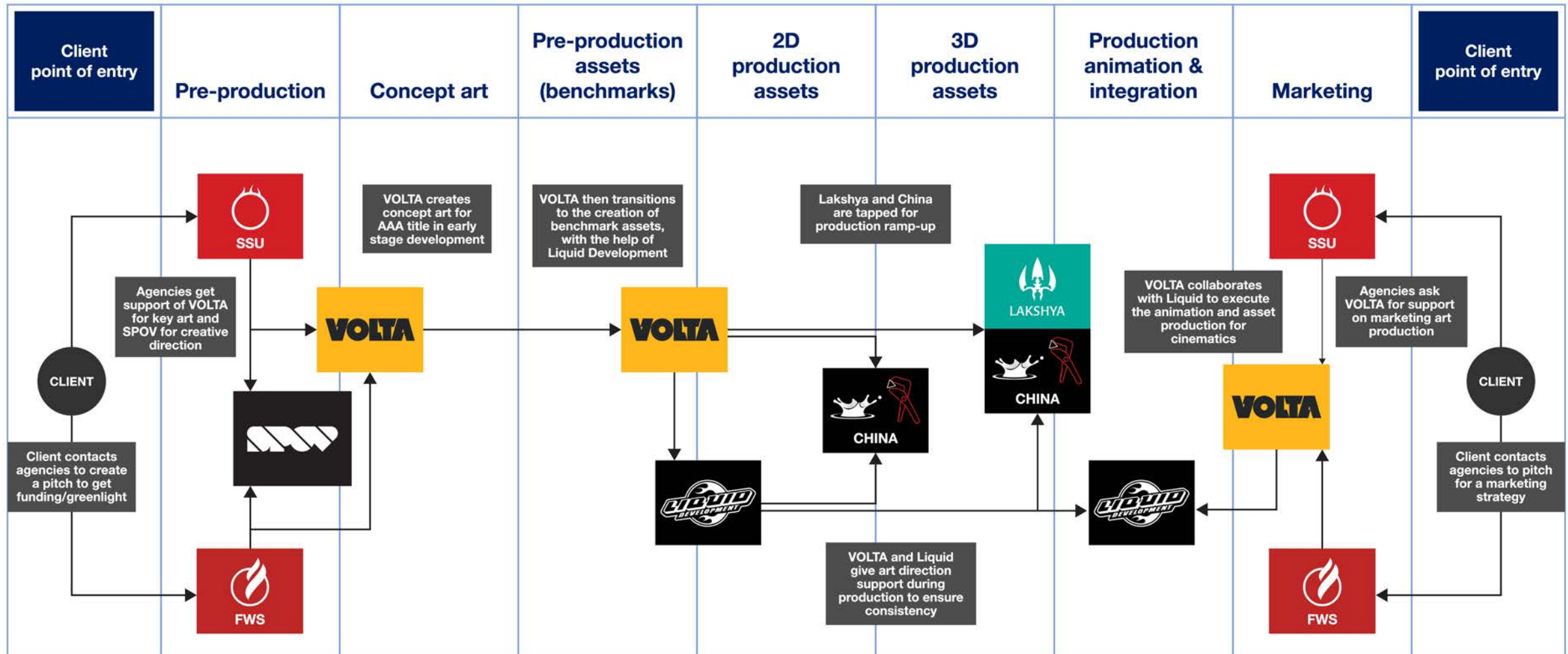
34%

After Keywords

4%

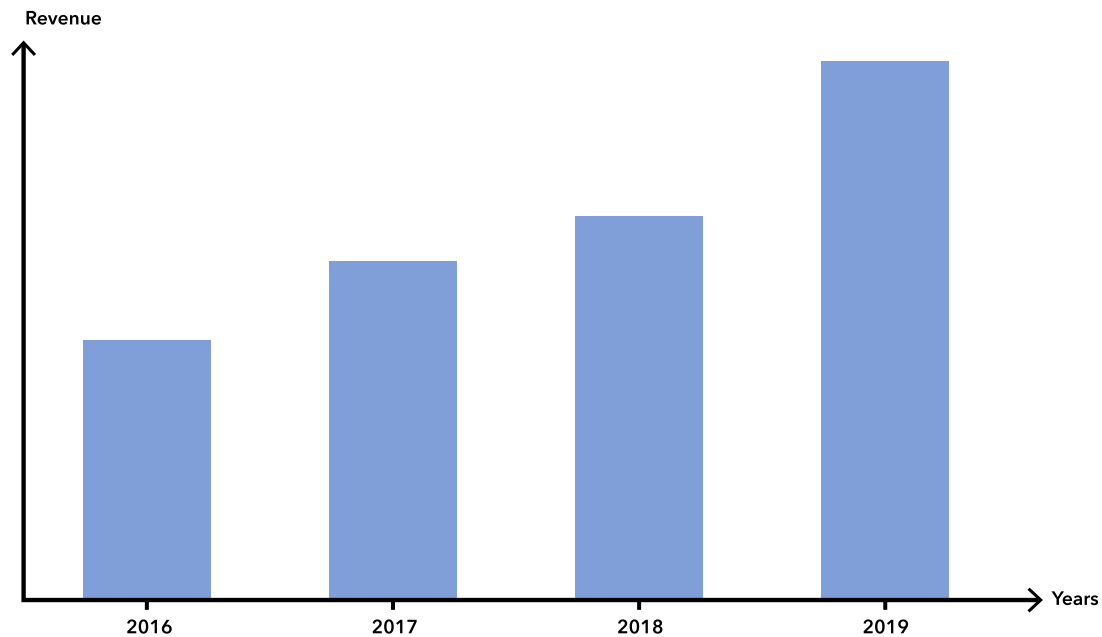
Growing the top line with synergies

- How VOLTA fits into Keywords' Art Services
- Ability to sell in other services



Growing the top line with synergies

Doubling revenues by 2019



The one-stop shop for art services

Video games are an art form in themselves.

Developers want to avoid the burden of coordinating multiple vendors.

Through the synergies we create, we provide a range of specialist expertise at the highest level, with a single point of contact.





SUNNY SIDE UP

Louis-Étienne Beaupré



Sunny Side Up

Boutique marketing agency working exclusively in video games

Founded: 2011

Location: Quebec City (Canada)

More than 50 games,
16 game developers and
2 billion views on
Youtube alone.

Repeat work for Ubisoft,
EA, Google, Activision
and more.

Joining Keywords

Growth is a two way street

Sunny Side Up is uniquely positioned early in the development process

Marketing services:
A focal point for cross
service collaboration

- Audio
- Animation / Motion capture
- Modeling / Shading
- VFX
- 2D Art
- 3D Art
- Engineering

The Quebec Hub

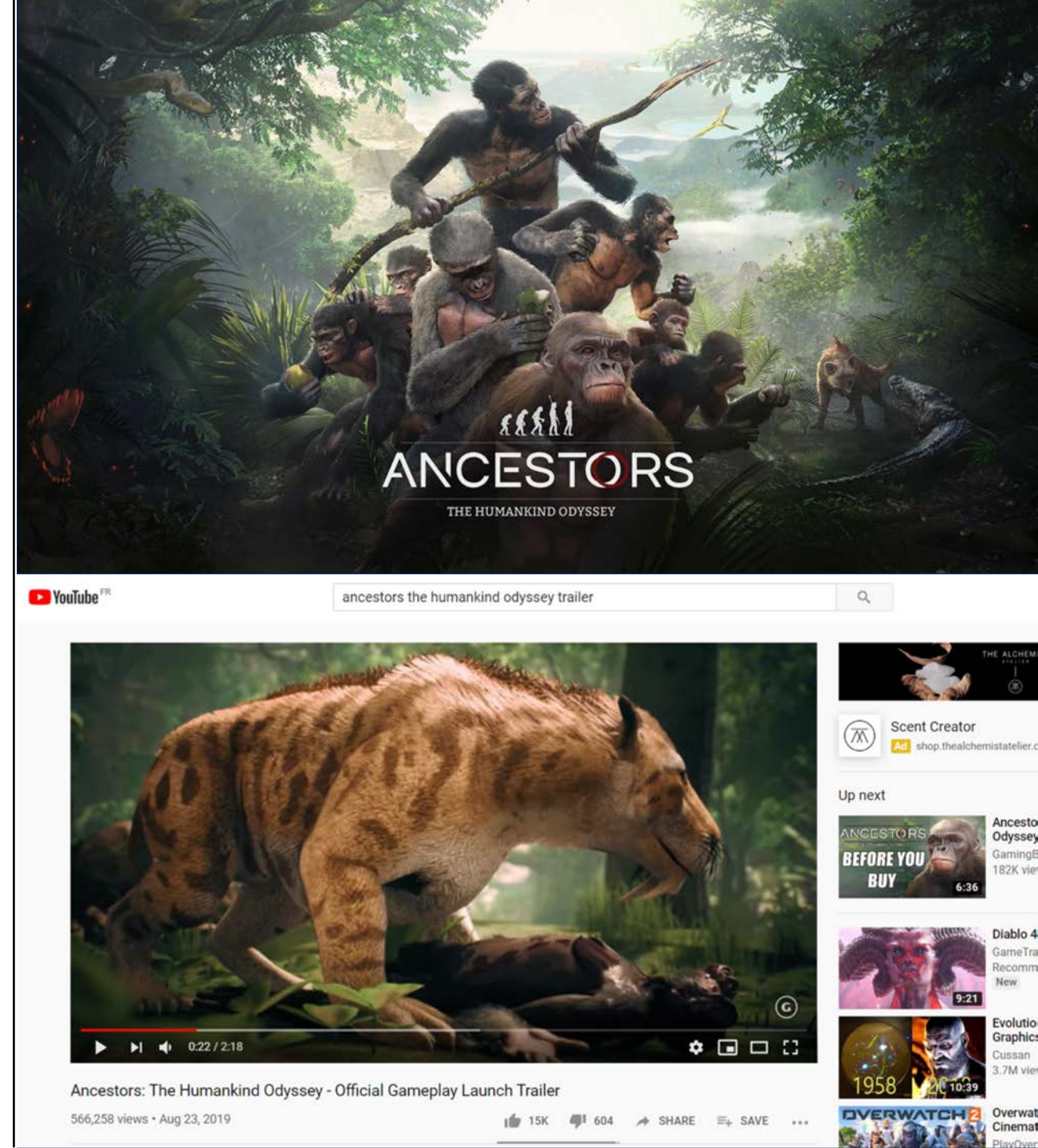
- Sunny Side Up and Volta - A natural fit
- Sharing the same common space
- Cost effective
- Creative and business opportunities



The Quebec Hub

Ancestors: the Humankind Odyssey

- Key art request :
Collaboration with Volta
- Leveraging each others' experience and strengths
- Result:
2 trailers + strong relationship with Private Division





Fire Without Smoke

Carsten Myhill



Managing Director

Fire Without Smoke

Roles:

- Business development
- Account management
- Creative
- Producer

But also...

- HR
- Finance
- Credit control
- IT
- and everything else!



Since joining

The Keywords family

Roles:

- 100% of time is now focused on my strengths
- Leveraging expertise and relationships across multiple disciplines
- Bringing Game Development and Marketing opportunities together

Recent examples of new business across service lines:

E-gaming

Keywords Functional Testing

Casting

Blindlight

Sound mixes

Liquid Violet

Music licensing/creation

Cord

Alpha build testing

Player Research

and.... localization of everything that Fire Without Smoke produces

Q&A for mini case studies and journey of growth



Nicolas Liorzou



Claude Bordeleau



**Louis-Étienne
Beaupré**



Carsten Myhill

Lunch

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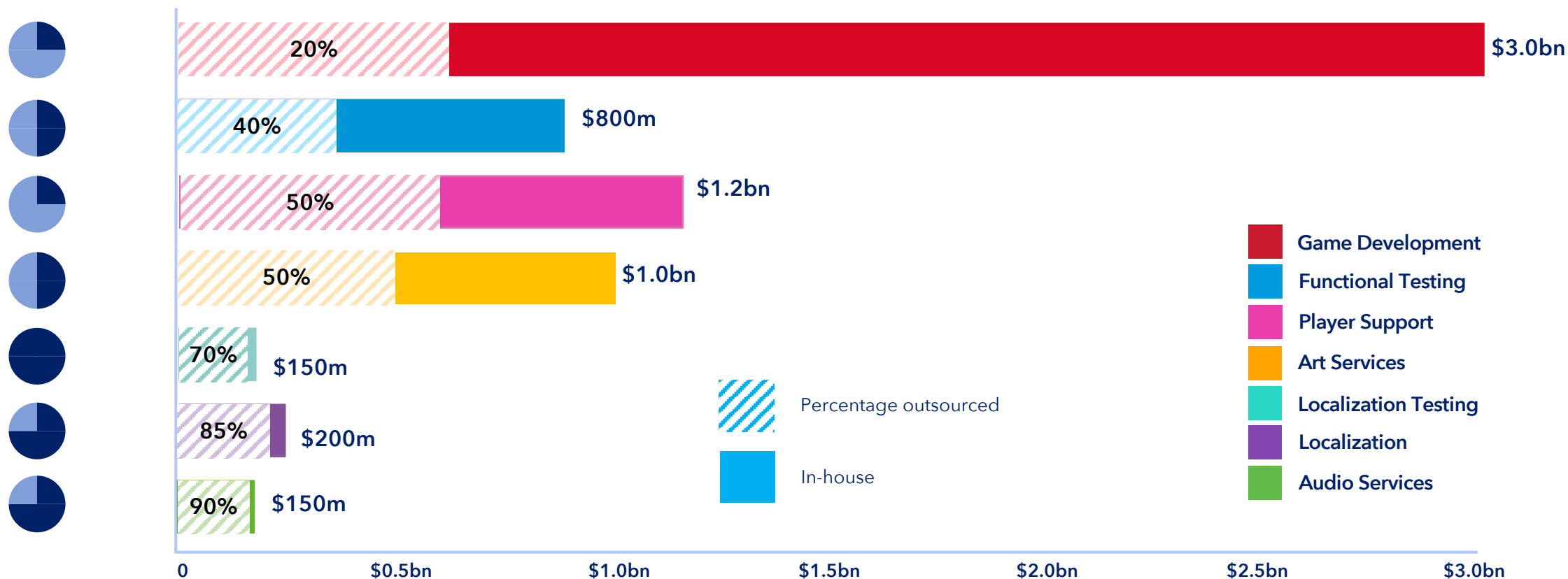
Food and drinks on site

Becoming the 'go-to' provider...

* Based on management's estimates

'Go to' provider

Market size and proportion of outsourcing*



How Keywords integrates

Preliminary stages during due diligence

- Understand the chemistry of the company
- Share our Integration Memorandum
– a charter that governs our approach to integration
- Build an integration plan
- Management transition plans discussed

Post acquisition

- Share the Keywords vision and story
- Consolidate financial reporting
- Introduce and blend policies
- Showcase opportunities for growth for the company and the employees
- Integration within service lines, with business development and across regional lines

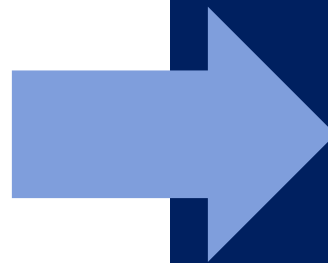
VMC Integration Case Study

VMC acquisition and integration — all about cost reduction, systems integration, facilities consolidation and making us the go to Functional Testing provider

Status and challenges

1,500 employees
\$57m in revenues

- 4 Service lines
- 2 Studios: Seattle and Montreal
- Embedded Technical Services and Global Beta Test Network
- Strong client base but at risk
- Low staff morale



Goals & Milestones

- Quick integration (less than 1 year) ✓
- No impact to production ✓
- Stabilize client base ✓
- Avoid key staff departures ✓
- Improve margins to Keywords norms ✓

VMC Integration Case Study

VMC Integration Plan

In Montreal

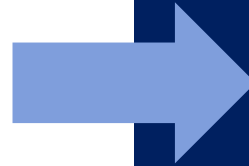
In Seattle

Embedded Technical Services
and Global Beta Test Network

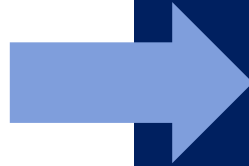
Management and support functions



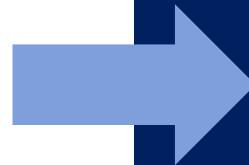
Deployment of all existing Keywords
processes to VMC, complete assimilation
into one single studio



Combine 4 facilities into 1 by moving
Keywords staff into VMC premise

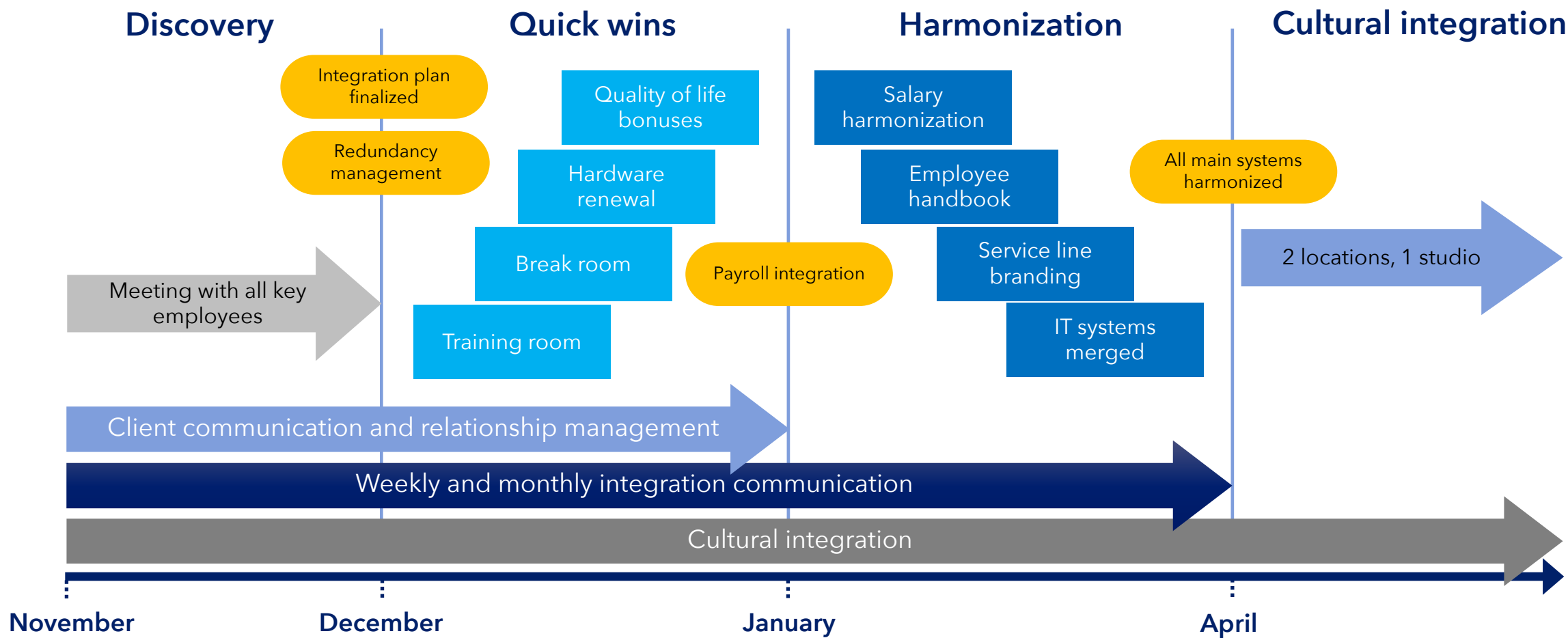


Limited disruption,
addition to our portfolio of services



Integrated within existing Keywords
management structure in Montreal

VMC Integration Case Study



VMC Related Impact

Functional Testing – Primary objectives

- Reinforce client communications
- Manage service rebranding
- Internal role alignment
- Integrate tools and best practices
- Common operating platform



VMC Related Impact

Functional testing

– Go to platform supporting accelerated growth

Expertise

Compatibility testing
Automation testing

Platform

Montreal volume
Embedded services
Community testing

Business Development

Increased scale
Enhanced quality
Greater flexibility



Snowed in Studios

Jean-Sylvain Sormany



Snowed in Studios

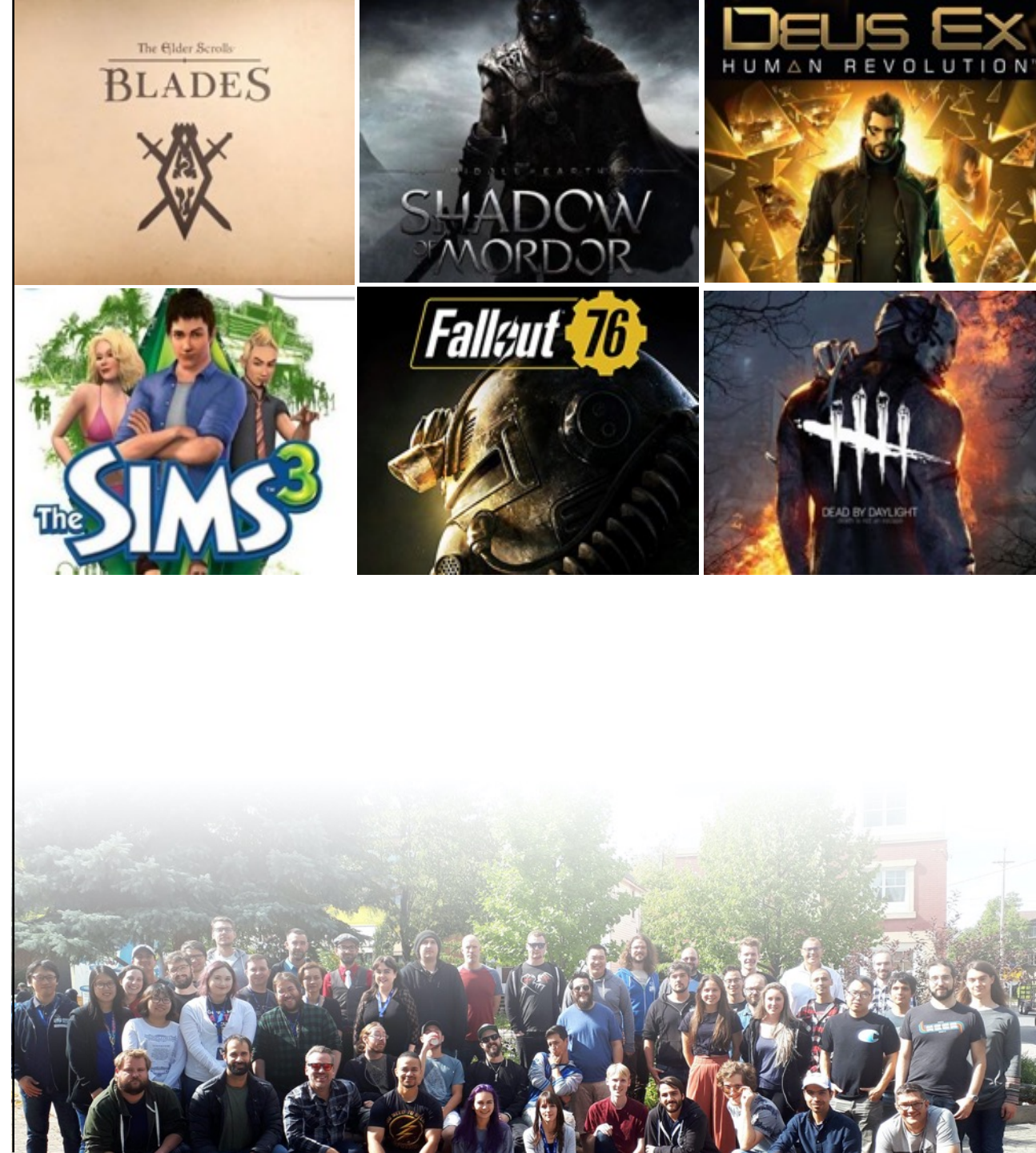
Founded: 2010

Location: Ottawa (Canada)

Core Focus: Engineering projects

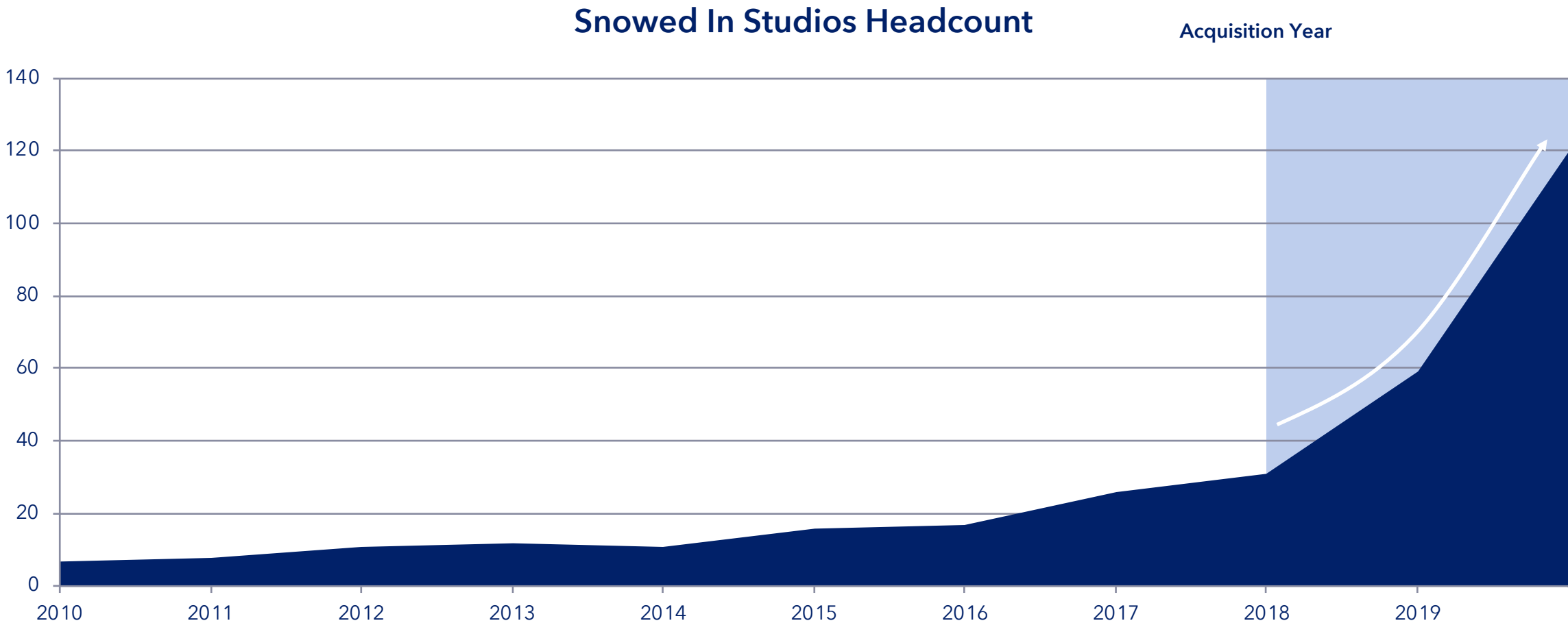
Worked on renowned games:

- Deus Ex Human Revolution
- Shadow of Mordor
- The Sims
- The Elder Scrolls
- Fallout
- Dead By Daylight



Snowed in Studios Integration in the Keywords group

- Acquired by Keywords Studios in July 2018
- Grew staff from 29 at acquisition to 59 in 2019
- Significant revenue growth since acquisition



Joining Keywords: Expansion of clients

Keywords' platform enabled and accelerated our growth plans

Core support

IT, HR, finance

Access to experts

GDPR, security, tax

Existing clients



Global sales

Local to global

Internal studios

Strong collaboration

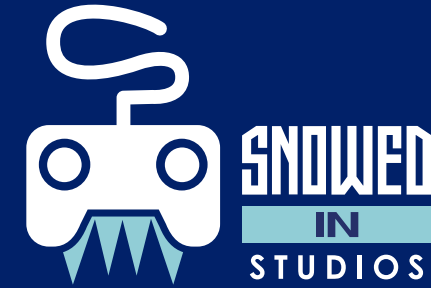
Access to new clients



Joining Keywords:

Internal collaboration

- Working with Lakshya to provide art on a free to play card game
- Working in engineering partnership with GameSim on an EA engagement
- Provided strategic support in helping GameSim win an engagement
- Being part of multi-studio offering (Functional Testing/Localization Testing/Localization/Engineering) with Keywords Montreal working on a survival MMO game (Scavenger Studio).
- Supporting a Fire Without Smoke project for Ubisoft, by providing engineering efforts
- Being the catalyst to a collaboration between Bethesda and SperaSoft for backend development



Keywords and developing Ottawa

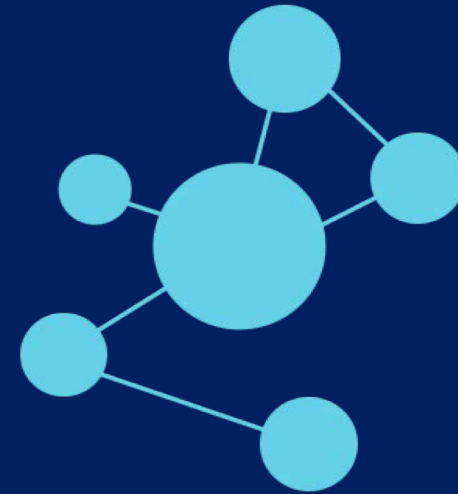
Leveraging a first existing territory to build a new multi-service hub:

- Localization Testing: Test bed started and expansion ahead
- Art Services: Exploring this expansion option with Volta
- Quickly became the largest game studio in Ottawa

Plans for 2020

- Expansion into new facilities
- Designated location for localization testing (5,000 square feet)
- Expansion on the engineering space
- Exploring opening second locations

Snowed in Studios
is a land and
expand case study



Q&A for all presenters



Alexander Stokes



Michael Cartier



Nicolas Liorzou



**Jean-Sylvain
Sormany**



**Mathieu
Lachance**

Panel: Keywordians on integration

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Montreal Support Hub for the Americas

Building a platform:

- To provide back office support (HR, Finance and IT)
- To support the business across multiple locations
- To deploy common tools and processes
- To enable service lines to focus on growth

Keywordians panel on integration



Julie Morin
HR



Viktoria Krasteva
Finance



Karl Baker
IT



Alexandre Major
Security

Closing remarks

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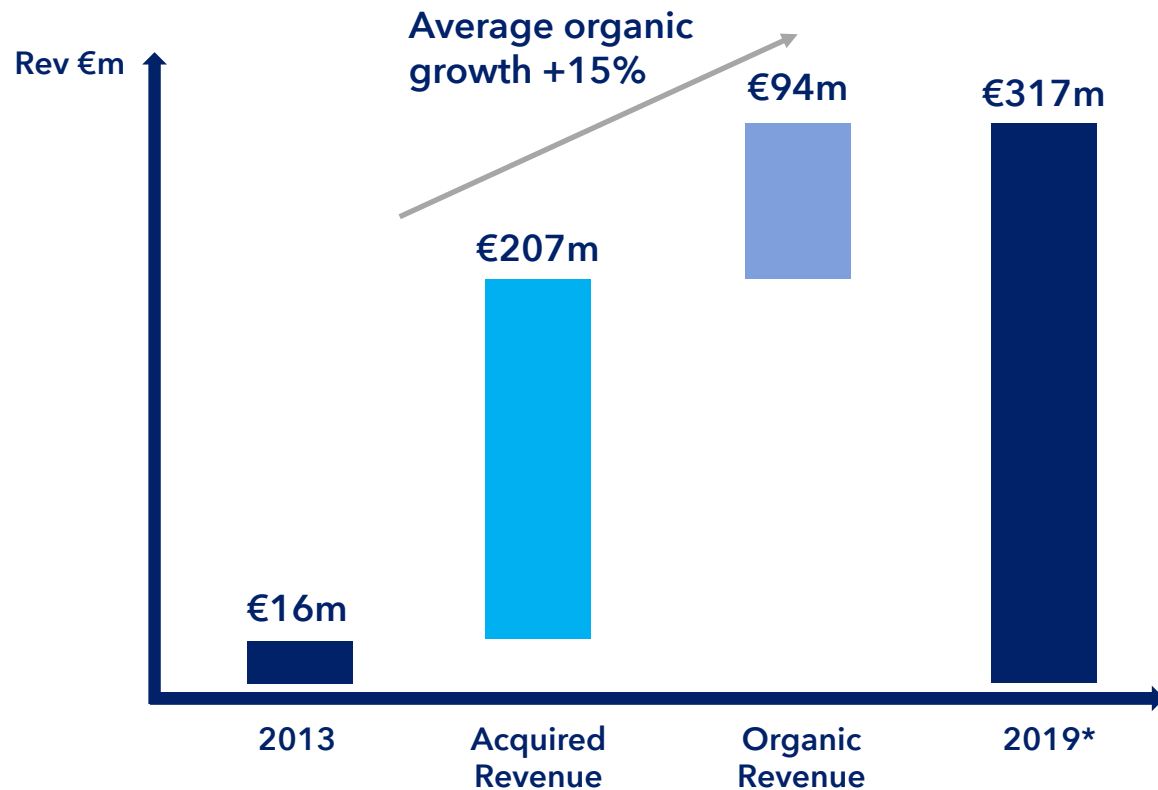
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Building a global service delivery platform through M&A and organic investments



* 2019 revenue estimate based off analyst compiled forecasts. Provision of these forecasts does not imply Keywords' endorsement or concurrence with the analyst information

43 targeted acquisitions across 18 geographies:

- Building out global service line platform
- Achieving scale (e.g. Functional Testing in North America)
- Geographic proximity to customer and labour pools

Disciplined and targeted investments - €207m of 'acquired' revenue at ~1.1x revenue multiple

Complemented by strong organic revenue growth through organic investments and benefits of service platform

Closing Remarks

- Benefits of scale
- Integration in action
- Leveraging location for access to talent and growth
- Cross selling and cross delivery

“Keywords Studios is becoming the ‘go to’ provider for external development services”

Q&A for all presenters



Andrew Day



Jon Hauck



Nicolas Liorzou



**Mathieu
Lachance**

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