



# Q3 2017 Financial Results

Investor Presentation

November 2017

# Safe harbor statement

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This presentation contains “forward-looking” statements that are based on our management’s beliefs and assumptions and on information currently available to management. Forward-looking statements include information concerning our possible or assumed future results of operations, business strategies, financing plans, projections, competitive position, industry environment, potential growth opportunities, potential market opportunities and the effects of competition.

Forward-looking statements include all statements that are not historical facts and can be identified by terms such as “anticipates,” “believes,” “could,” “seeks,” “estimates,” “intends,” “may,” “plans,” “potential,” “predicts,” “projects,” “should,” “will,” “would” or similar expressions and the negatives of those terms. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements represent our management’s beliefs and assumptions only as of the date of this presentation. You should read the Company’s most recent Annual Report on Form 10-K filed on March 1, 2017, including the Risk Factors set forth therein and the exhibits thereto, completely and with the understanding that our actual future results may be materially different from what we expect. Except as required by law, we assume no obligation to update these forward-looking statements publicly, or to update the reasons actual results could differ materially from those anticipated in the forward-looking statements, even if new information becomes available in the future.

This presentation includes certain non-GAAP financial measures as defined by SEC rules. As required by Regulation G, we have provided a reconciliation of those measures to the most directly comparable GAAP measures, which is available in the Appendix slides.

# Investment summary

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## Large market opportunity

- Commerce Marketing is quickly emerging as the next big marketing category after Search and Social

## Clear strategy

- Build the highest performing and open commerce marketing ecosystem

## Strong competitive moats

- Technology
- Scale and network effects,
- Openness and Criteo Shopper Graph

## Proven track-record

- Strong client growth while maintaining 90% retention for the core business
- Exceeded expectations for 16 consecutive quarters

## Attractive financial profile

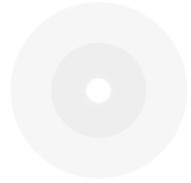
- Strong growth, increasing profitability and cash flow

# We are the leader in Commerce Marketing.

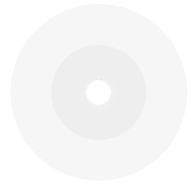
Commerce Marketing focuses on **inspiring people to buy things** and is measured by performance, directly **driving sales and profits** for marketers.

# Criteo's vision

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**Build** the highest performing and open Commerce Marketing ecosystem



**Connect** shoppers to the things they need and love



**Deliver** the highest performance to the retailers and brands who participate



# Commerce marketing is deeply rooted in our DNA

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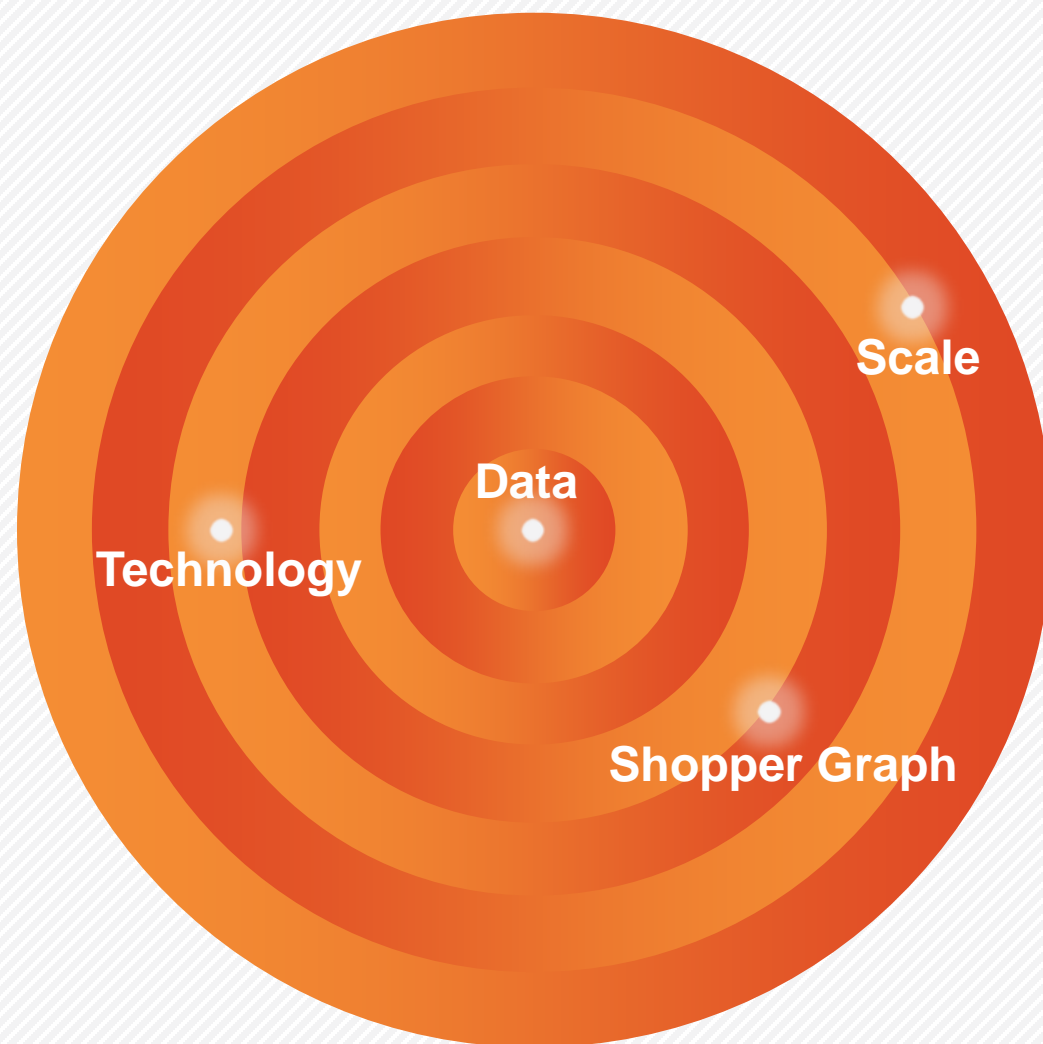
# Introducing Criteo Commerce Marketing Ecosystem



# Four key pillars support our Commerce Marketing Ecosystem

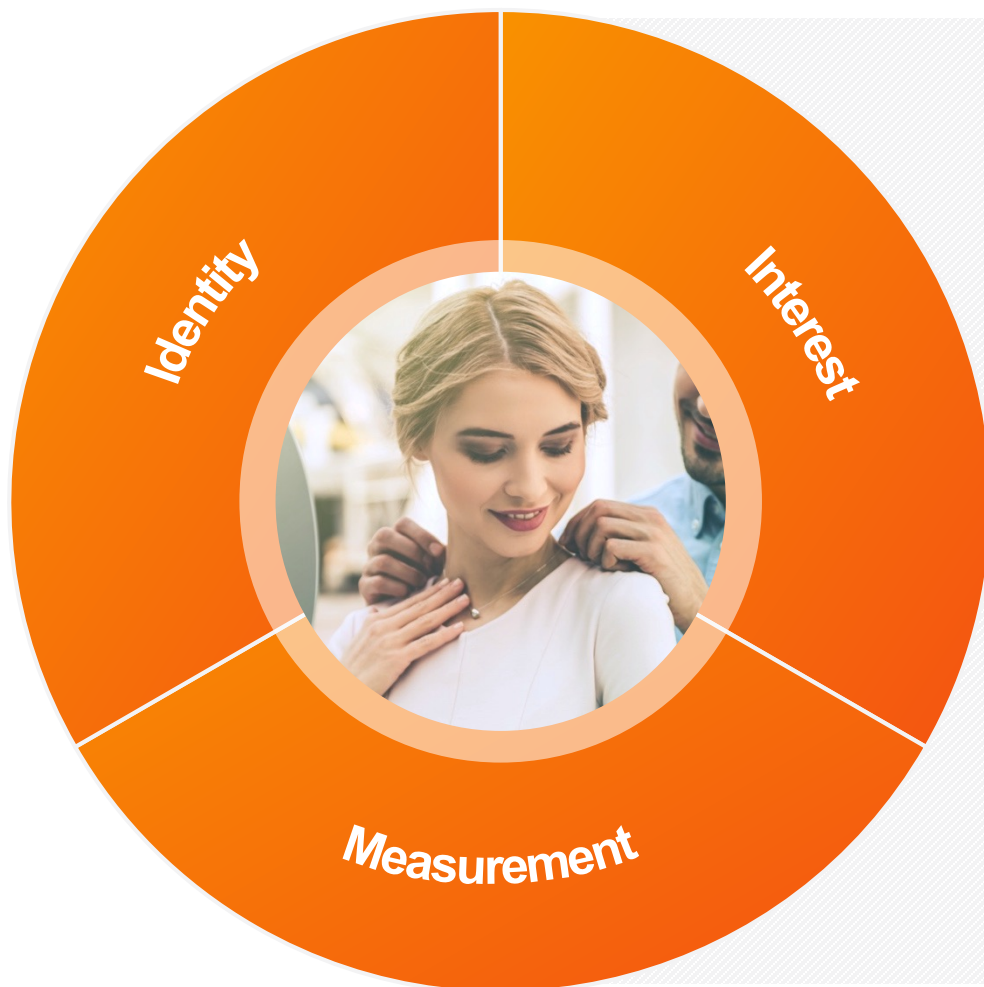
- **Actionable data:** granular shopper intent and purchase history
- **Technology:** integrated commerce marketing technology optimized to drive sales and profits
- **Scale:** maximizing performance and reach across the shopper's online journey
- **Shopper Graph:** built through collaboration and data sharing among participants in our ecosystem

A level playing field for retailers and brands requires  
collaboration in an open ecosystem





# Criteo Shopper Graph – One of the largest data sets on shoppers



## Three trusted data collectives

Carefully designed using our guiding principles



### Open

Two-way exchange of data



### Secure

Highest data security and privacy



### Transparent

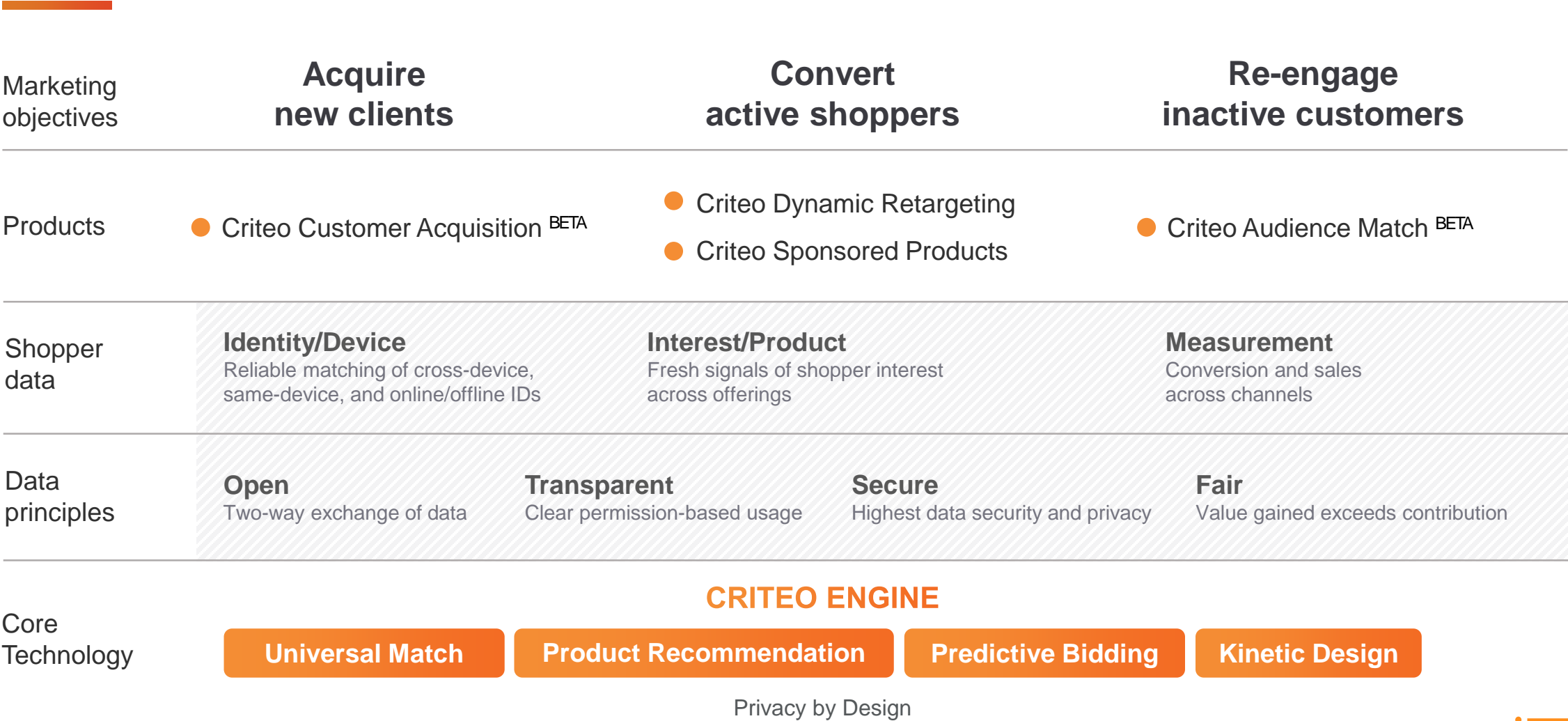
Clear and permission-based usage



### Fair

Value gained exceeds contribution

# We have a broad set of solutions to deliver performance across the shopper journey



# Why do marketers work with Criteo?

## Performance at scale

- Integrated, purpose-built technology
- Massive reach across media and retailers
- Machine learning on \$550B+ commerce sales and 600TB daily shopper data

## Openness

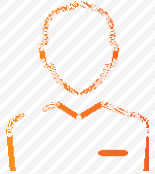
- Access to 90%+ commerce activity
- Transparent data usage and reporting
- Enriched data shared back into marketers' systems

## Trusted partner

- No competing business agendas
- Our success is fully aligned with marketers'

# Our business model has unique attributes




  
**920**  
Net client additions  
per quarter<sup>1</sup>

  
**87%**  
Direct relationships  
with clients<sup>2</sup>



  
**90%**  
Client retention rate<sup>3</sup>

  
**78%**  
Of Revenue ex-TAC from  
uncapped budgets<sup>4</sup>

<sup>1</sup> On average over the last four quarters through Q3 2017; Criteo Dynamic Retargeting only

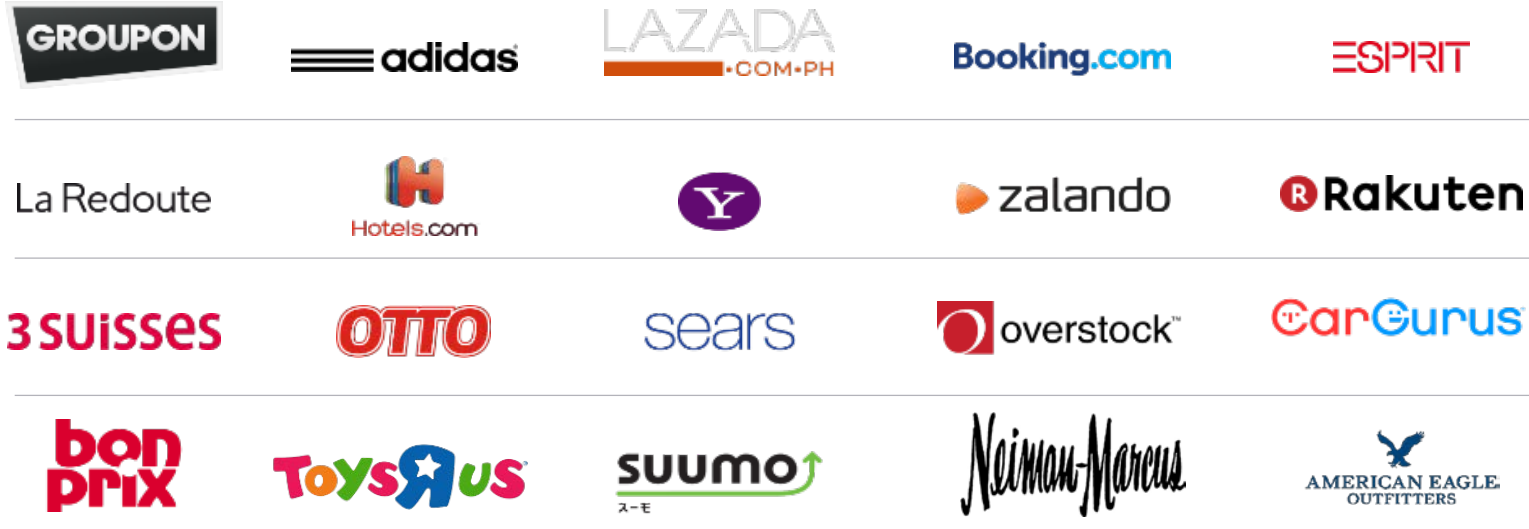
<sup>2</sup> Last twelve months to Q3 2017; Criteo Dynamic Retargeting only

<sup>3</sup> On average over the last 24 quarters through Q3 2017; Criteo Dynamic Retargeting only

<sup>4</sup> On average over the last four quarters through Q3 2017. Criteo Dynamic Retargeting only: Represents uncapped budgets of our clients, which are either contractually uncapped or so large that the budget constraint does not restrict ad buys

# Direct relationships with many premium commerce and brand clients

## Commerce | Retail, Travel and Classifieds



## Brands



over 17,000 clients\*

# Direct partnerships with large high-quality publishers worldwide

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ALL MAJOR PUBLIC EXCHANGES, GLOBAL AND LOCAL



PREFERRED ACCESS TO PREMIUM MEDIA INVENTORY

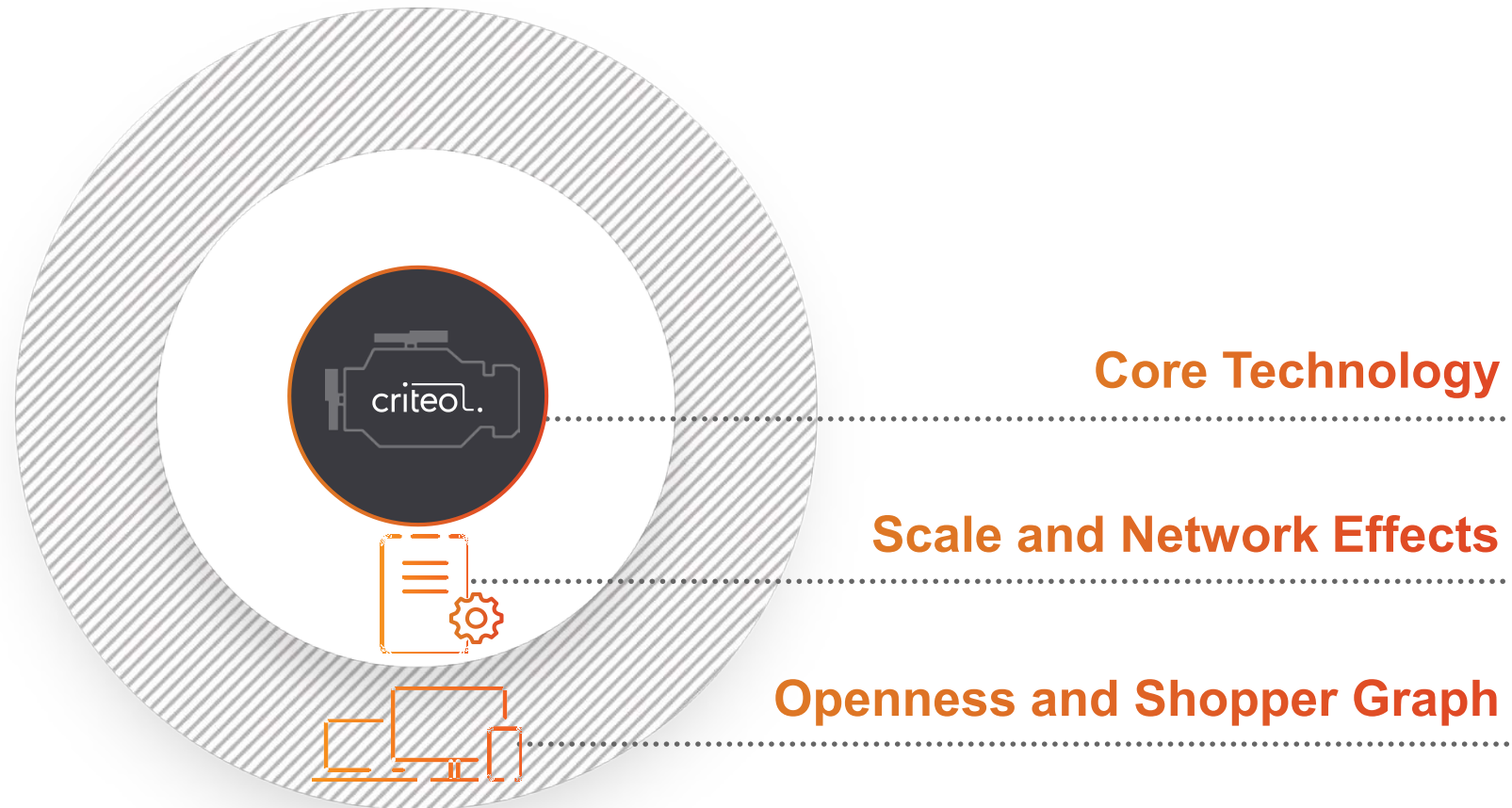


PREFERRED ACCESS TO RETAILER INVENTORY



# Our self-reinforcing competitive moats are difficult to replicate

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# Growth strategy based on two strong pillars

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1

Grow the **ecosystem**,  
expand our partner base

- Expand **core business** worldwide
- Grow **midmarket** business worldwide
- Scale and drive international expansion of **Criteo Sponsored Products**

2

Increase our **value to clients & partners**

- Enhance **core technology**
- Leverage our powerful **Shopper Graph**
  - Criteo Identity Graph
  - Criteo Interest Map
  - Criteo Measurement Network
- Upsell **new products**
- Broaden **inventory supply** across media and retailers



# We continue to invest in growing areas in Commerce Marketing



Our **large Shopper Graph**, built through data sharing among participants (Criteo Interest Graph, Criteo Identity Map and Criteo Measurement Network) is the foundation of all new product investments

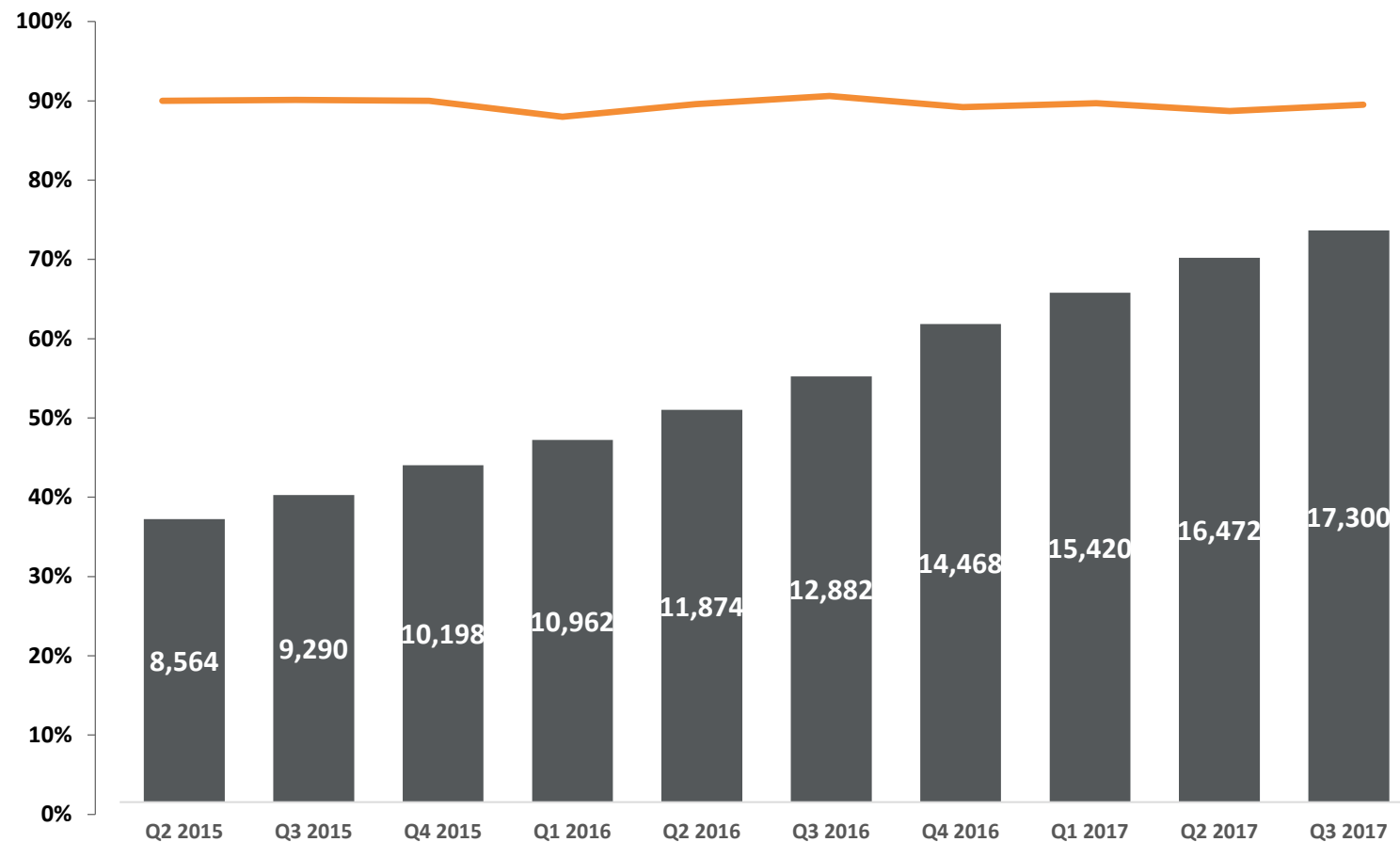
# Rapid, profitable growth and strong cash flow

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- Grew Revenue ex-TAC **32%<sup>1</sup> to \$234 million** and Adj. EBITDA **45%<sup>1</sup> to \$79 million**
- Added **930 net clients** in Q3 to >17,000 and maintained **client retention at 90%**
- Grew same-client Revenue ex-TAC to **14%<sup>1,2</sup>**
- Grew Criteo employees 23% to over **2,700** across 30 offices worldwide
- Continued to **innovate core technology**:
  - Engine improvements,
  - Criteo Shopper Graph,
  - Transparency initiatives
- **Criteo Direct Bidder** now connected to 950 large publishers worldwide
- Launched **new products**: Criteo Audience Match and Criteo Customer Acquisition

# We continue to add many clients while maintaining high retention

Client Retention Rate

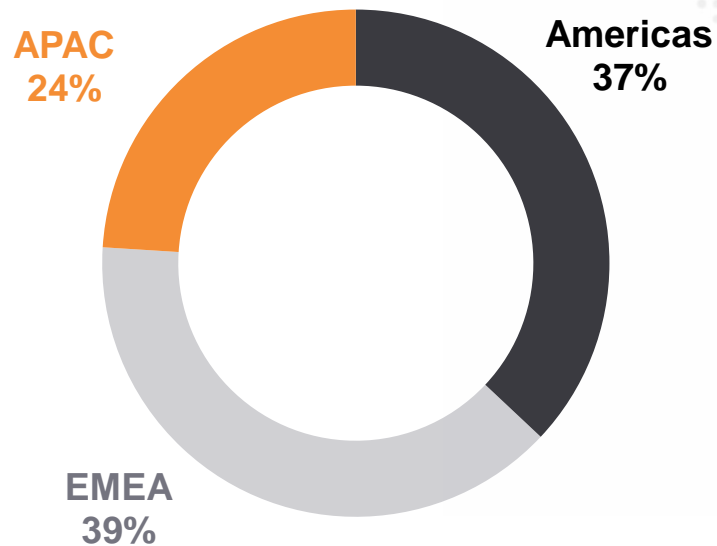


**930**  
clients added in Q3

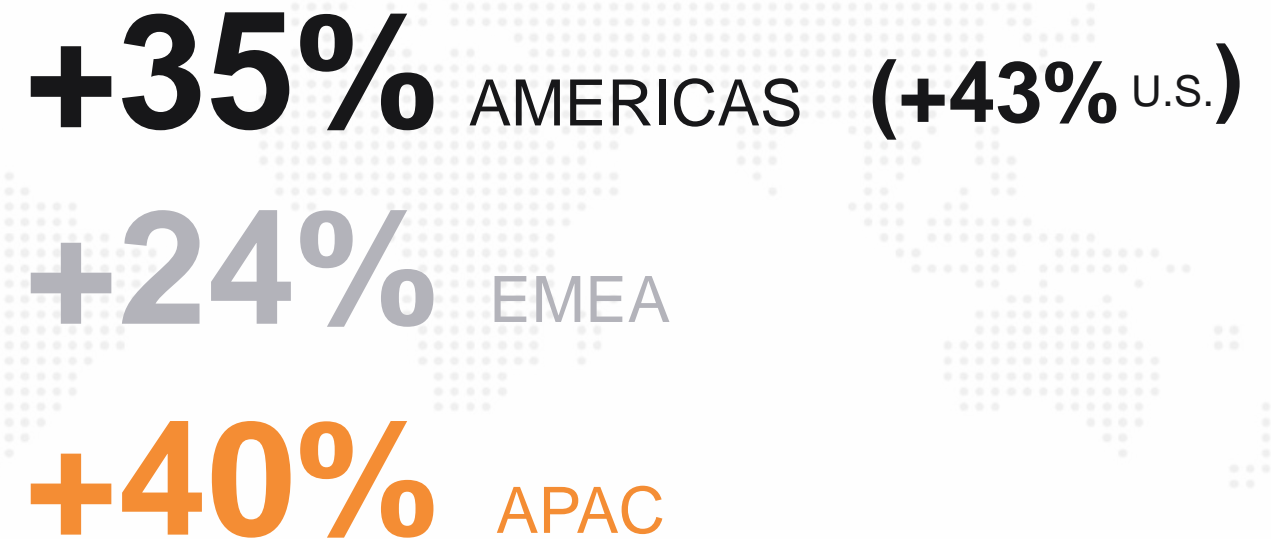
**90%**  
client retention rate

# Strong execution across all regions

Q3 2017 Revenue ex-TAC Mix  
by Region



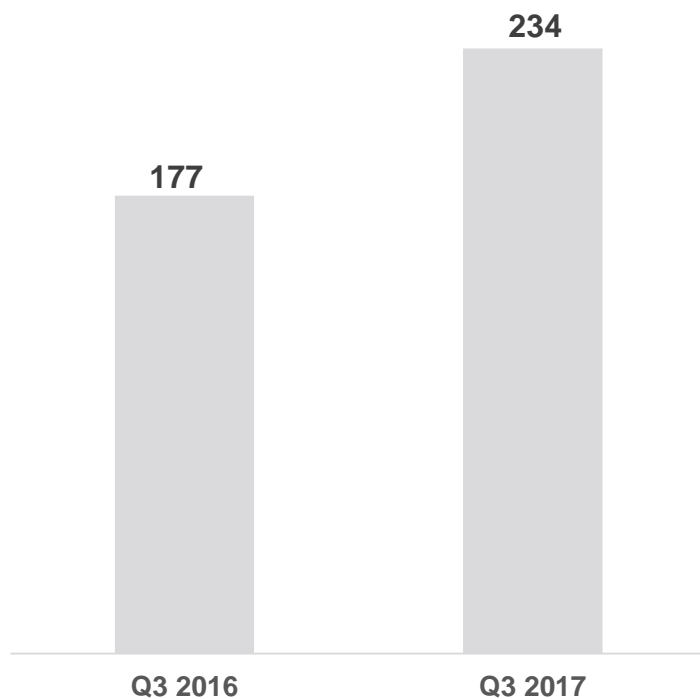
Q3 2017 Revenue ex-TAC Growth\*  
by Region



# Rapid, profitable growth and strong cash flow

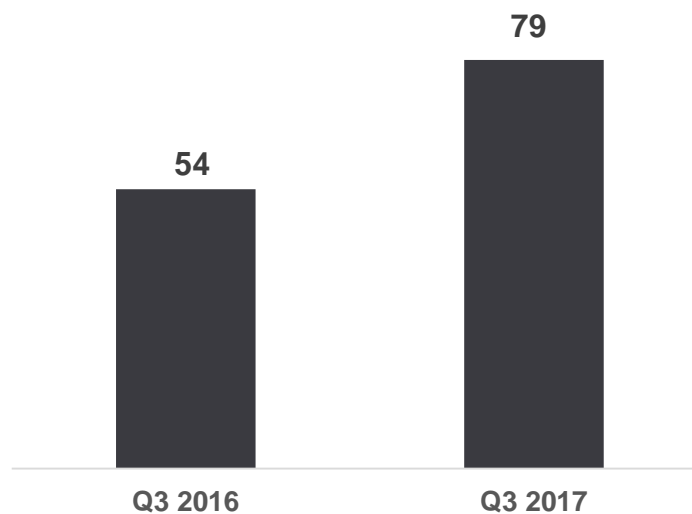
REVENUE EX-TAC (\$M)

+32%\*



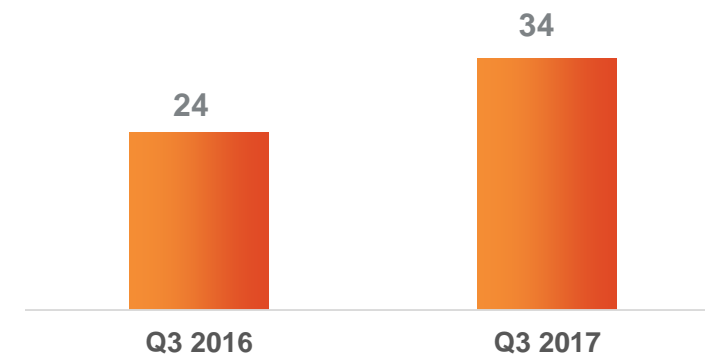
ADJUSTED EBITDA (\$M)

+45%\*



FREE CASH FLOW (\$M)

+43%



# Proven strong financial leverage

As a % of Revenue ex-TAC	FY 2013	FY 2014	FY 2015	FY 2016	LTM to Q3 2016	LTM to Q3 2017
Revenue ex-TAC	100%	100%	100%	100%	100%	100%
Other cost of Revenue*	7.9%	6.6%	6.1%	6.4%	6.4%	7.0%
<b>Gross margin</b>	<b>92.1%</b>	<b>93.4%</b>	<b>93.9%</b>	<b>93.6%</b>	<b>93.6%</b>	<b>93.0%</b>
R&D*	14.9%	12.5%	13.4%	14.2%	14.2%	15.0%
S&O*	43.6%	39.9%	39.8%	35.3%	36.1%	35.8%
G&A*	16.0%	14.8%	13.8%	13.2%	14.0%	11.5%
<b>Adjusted EBITDA</b>	<b>17.5%</b>	<b>26.2%</b>	<b>26.9%</b>	<b>30.8%</b>	<b>29.3%</b>	<b>30.7%</b>
<b>Revenue ex-TAC margin**</b>	<b>40.3%</b>	<b>40.8%</b>	<b>40.4%</b>	<b>40.6%</b>	<b>40.8%</b>	<b>40.6%</b>

\* Cost of revenue and operating expenses are expressed on a Non-GAAP basis, which excludes the impact of equity awards compensation expense, pension service costs, depreciation and amortization, acquisition-related costs and deferred price consideration.

\*\* As a % of revenue

# We have a clear set of operating priorities for Q4 2017

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1. **Execute successfully during the U.S. holiday season** across our core product
2. **Continue to roll out our solution for Apple users** and mitigate the impact of ITP on the core business
3. **Further build and leverage Criteo Shopper Graph** to further strengthen our product portfolio and for the benefit of our entire ecosystem
4. **Continue to develop and scale our latest products Criteo Customer Acquisition and Criteo Audience Match** and continue to expand these with new capabilities, such as lookalikes and app installs

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## Attractive financial profile

- Strong growth, increasing profitability and cash flow





# Appendix

# Revenue ex-TAC reconciliation

(\$ in thousands)	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17
<b>Revenue</b>	<b>258,245</b>	<b>294,489</b>	<b>294,172</b>	<b>299,306</b>	<b>332,674</b>	<b>397,018</b>	<b>401,253</b>	<b>407,201</b>	<b>423,867</b>	<b>566,825</b>	<b>516,667</b>	<b>542,022</b>	<b>563,973</b>
Less: Traffic acquisition costs	155,237	172,538	175,888	177,239	198,970	237,056	238,755	240,969	247,310	341,877	306,693	322,200	329,576
<b>Revenue ex-TAC</b>	<b>103,008</b>	<b>121,951</b>	<b>118,284</b>	<b>122,067</b>	<b>133,704</b>	<b>159,962</b>	<b>162,498</b>	<b>166,232</b>	<b>176,557</b>	<b>224,948</b>	<b>209,974</b>	<b>219,822</b>	<b>234,397</b>

(\$ in thousands)	2014	2015	2016
<b>Revenue</b>	<b>988,249</b>	<b>1,323,169</b>	<b>1,799,146</b>
Less: Traffic acquisition costs	585,492	789,152	1,068,911
<b>Revenue ex-TAC</b>	<b>402,757</b>	<b>534,017</b>	<b>730,235</b>

# Adjusted EBITDA reconciliation

(\$ in thousands)	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17	2014	2015	2016
<b>Net income</b>	<b>15,439</b>	<b>22,893</b>	<b>13,617</b>	<b>3,929</b>	<b>5,793</b>	<b>38,938</b>	<b>18,527</b>	<b>13,339</b>	<b>14,724</b>	<b>40,740</b>	<b>14,518</b>	<b>7,505</b>	<b>22,269</b>	<b>46,896</b>	<b>62,276</b>	<b>87,329</b>
Adjustments:																
Financial (income) expense	(7,502)	(1,473)	(3,920)	2,546	6,650	(735)	1,317	94	570	(1,435)	2,333	2,094	2,886	(11,390)	4,541	546
Provision for income taxes	4,205	4,118	7,143	1,365	5,388	(4,378)	7,944	4,450	7,574	13,161	4,201	3,665	7,858	17,578	9,517	33,129
Equity awards compensation expense	5,754	6,142	6,317	5,325	4,600	7,748	8,370	7,695	13,965	13,229	14,940	14,918	22,028	19,601	23,989	43,259
Pension service costs	125	129	112	110	110	109	129	131	132	133	290	299	320	504	441	524
Depreciation and amortization expense	8,256	9,001	8,428	10,278	11,892	13,967	12,516	13,300	14,771	16,190	20,167	22,306	23,755	31,213	44,565	56,779
Acquisition-related costs	-	-	-	-	-	-	-	148	1,793	980	6	-	-	-	-	2,921
Acquisition-related deferred price consideration	128	110	109	115	54	(2,172)	40	44	3	(3)	-	-	-	950	(1,894)	85
Restructuring	-	-	-	-	-	-	-	-	-	-	-	3,299	-	-	-	-
Total net adjustments	10,966	18,027	18,189	19,739	28,694	14,539	30,316	25,862	38,808	42,255	41,936	46,581	56,847	58,456	81,159	137,243
<b>Adjusted EBITDA</b>	<b>26,405</b>	<b>40,920</b>	<b>31,806</b>	<b>23,668</b>	<b>34,487</b>	<b>53,477</b>	<b>48,843</b>	<b>39,201</b>	<b>53,532</b>	<b>82,995</b>	<b>56,454</b>	<b>54,086</b>	<b>79,116</b>	<b>105,352</b>	<b>143,435</b>	<b>224,572</b>

# Free Cash Flow reconciliation

(\$ in thousands)	Q3 2016	Q3 2017
<b>CASH FROM OPERATING ACTIVITIES</b>	<b>43,631</b>	<b>61,727</b>
Acquisition of intangible assets, property, plant and equipment	<b>(15,792)</b>	<b>(20,999)</b>
Change in accounts payable related to intangible assets, property, plant and equipment	<b>(4,115)</b>	<b>(6,774)</b>
<b>FREE CASH FLOW</b>	<b>23,724</b>	<b>33,954</b>

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