

# Q1 2018 Financial Results



Investor Presentation  
May 2018



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# Safe harbor statement



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, and nothing in this presentation should be regarded as a representation by any person that these beliefs or assumptions will take place or occur. 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, and the Company’s Quarterly Report on Form 10-Q filed with the SEC on November 8, 2017, 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.

# Compelling investment thesis



1

## Large market opportunity

Commerce Marketing is quickly emerging as the next big marketing category

2

## Clear vision

Build the highest performing and open commerce marketing ecosystem

3

## Competitive moats

Technology  
Scale and network effects  
Openness

4

## Proven track-record

Strong client growth with close to 90% retention  
Exceeded guidance 18 quarters in a row

5

## Attractive financial profile

Fast growth  
Increasing profitability  
Strong 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.



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# Commerce marketing is deeply rooted in our DNA



# Our vision



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

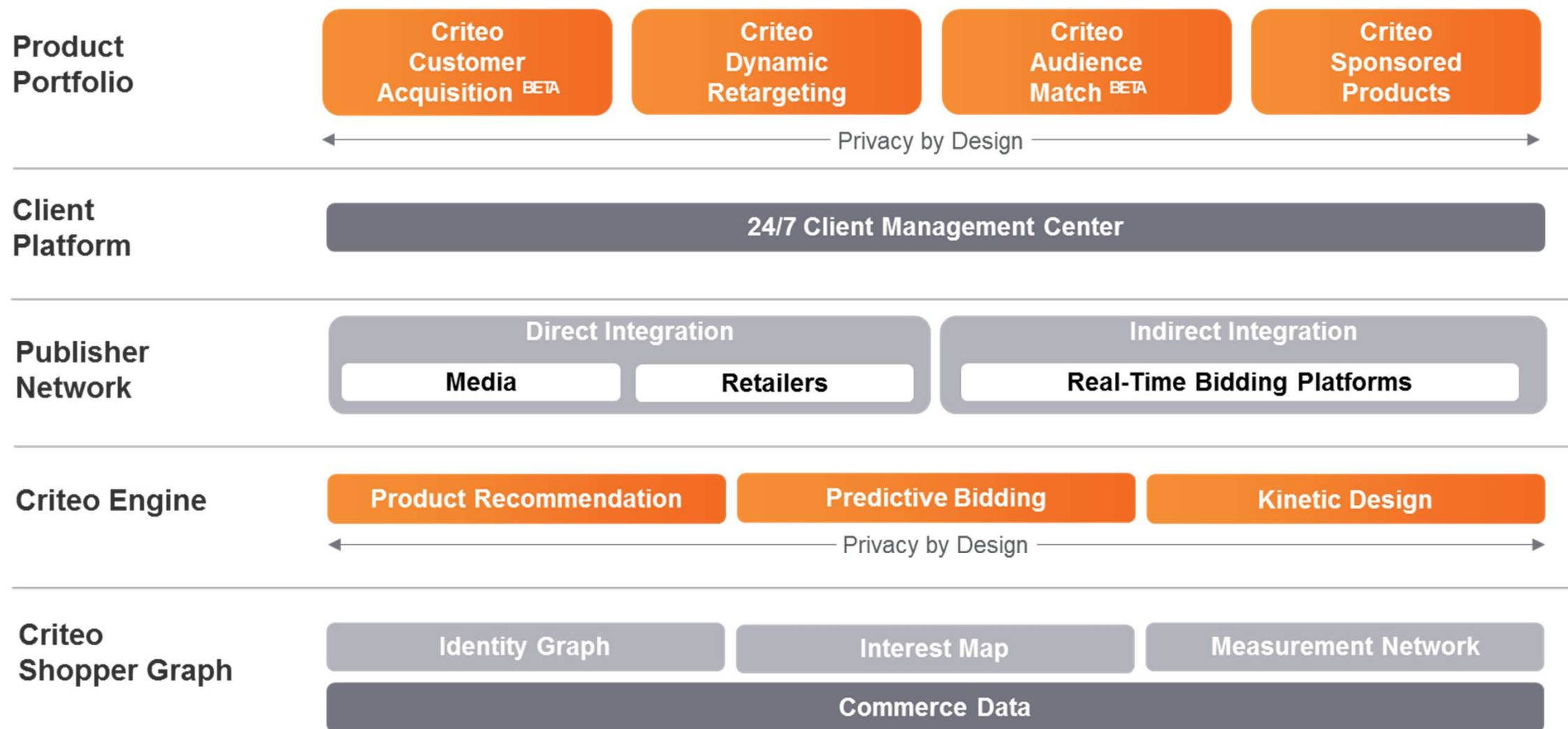


**Connect shoppers to the  
things they need and love**

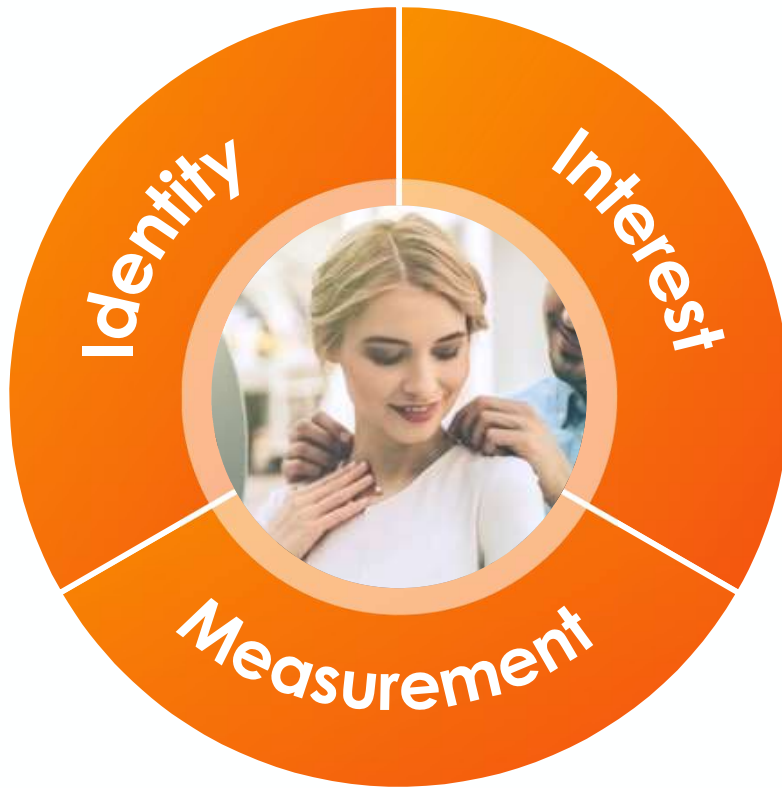


**Deliver performance at  
scale to participating  
retailers and brands**

# The Criteo Commerce Marketing Ecosystem



# Criteo Shopper Graph: one of the world's largest datasets focused on shoppers



## Three trusted data collectives

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Carefully designed using our guiding principles

### Open

Two-way exchange of data

### Transparent

Clear and permission-based usage

### Secure

Highest data security and privacy

### Fair

Value gained exceeds contribution

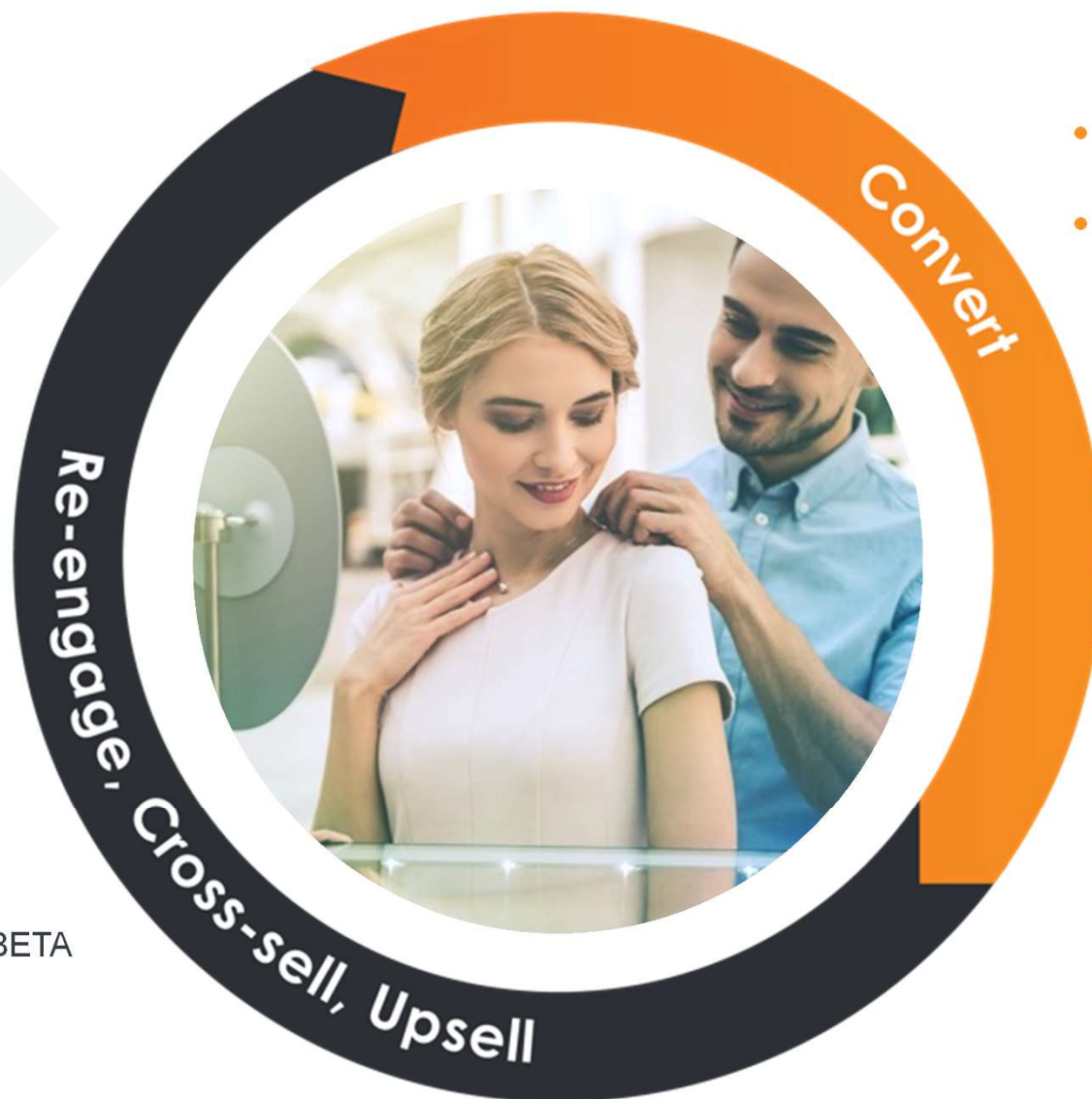


# Offering data-driven solutions across the entire shopper journey



## ACQUIRE

- Criteo Customer Acquisition <sup>BETA</sup>
- Criteo Audience Match <sup>BETA</sup>



- Criteo Sponsored Products
- Criteo Dynamic Retargeting

# Our large scale drives strong network effects



# Why do marketers work with Criteo



## Performance at scale

- Integrated, purpose-built technology
- Massive reach across media and retailers
- Machine learning on \$615B+ commerce sales and 600TB+ daily shopper data



## Trusted partner

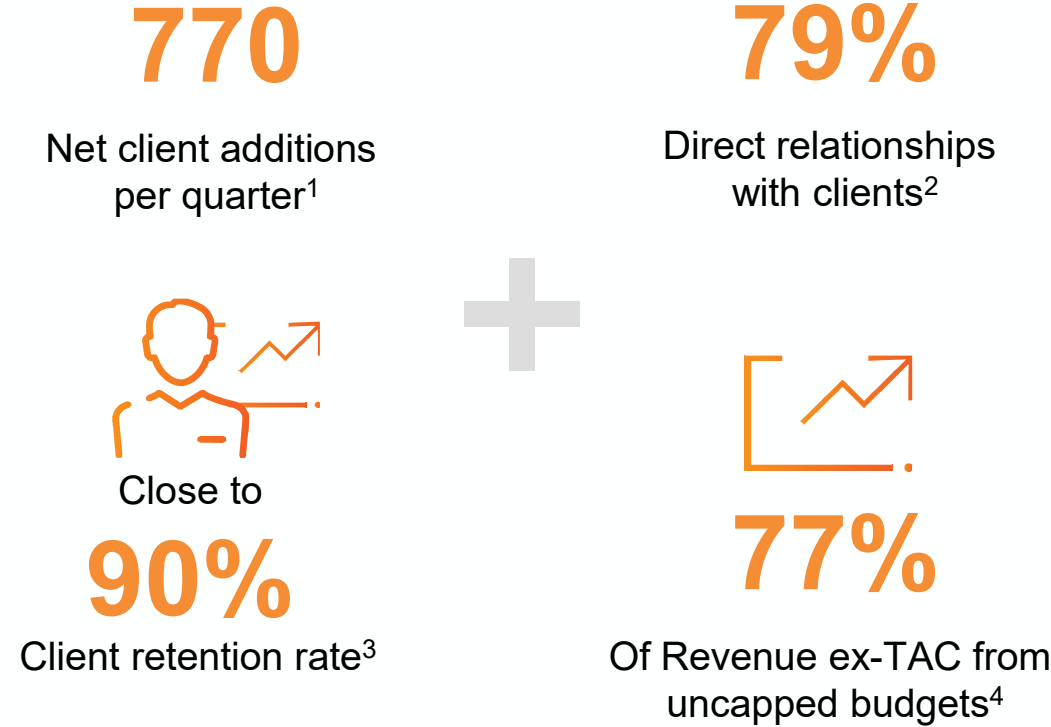
- No competing business agendas
- Our success is entirely aligned with marketers'



## Openness

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

# Our business model has unique attributes

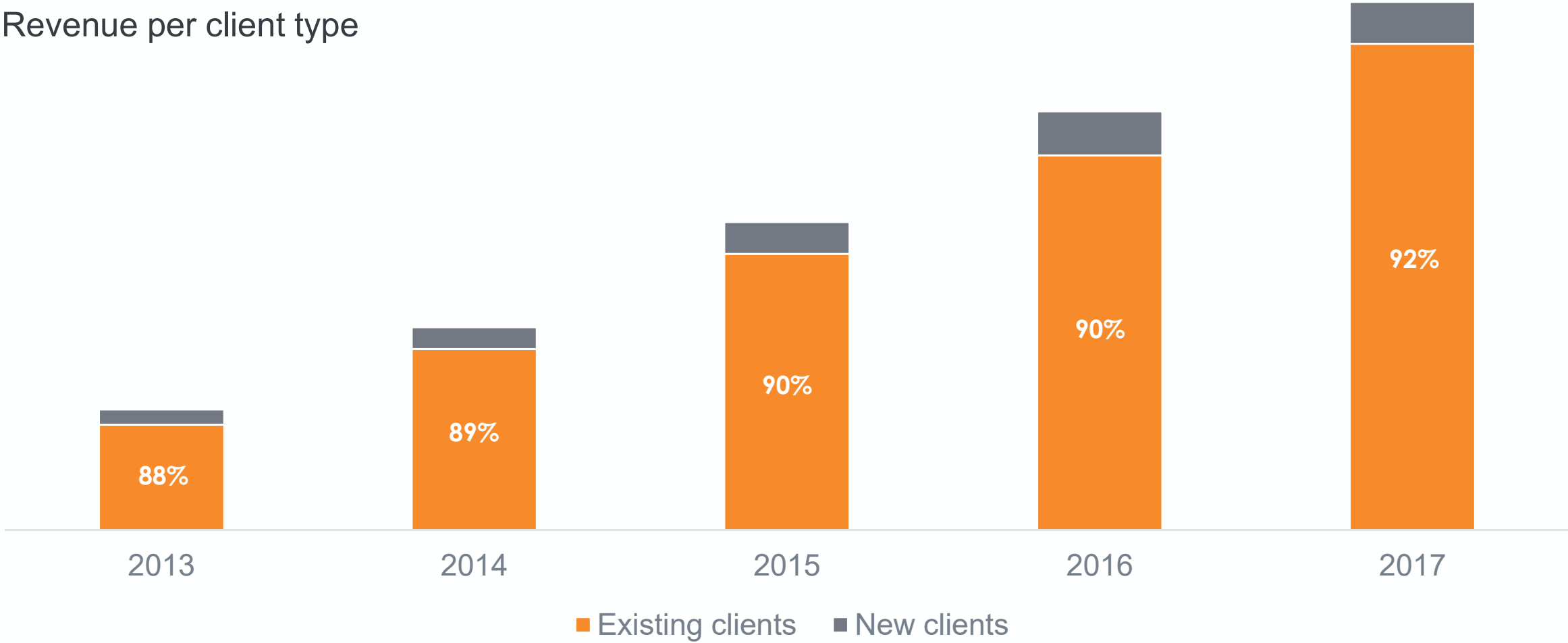


<sup>1</sup> On average over the last four quarters through Q1 2018  
<sup>2</sup> Last twelve months to Q1 2018; excluding Criteo Sponsored Products  
<sup>3</sup> On average over the last 26 quarters through Q1 2018; including all products  
<sup>4</sup> On average over the last four quarters through Q1 2018; excluding Criteo Sponsored Products. Represents uncapped budgets of our clients, which are either contractually uncapped or so large that the budget constraint does not restrict ad buys

# A large portion of our business is recurring



Revenue per client type



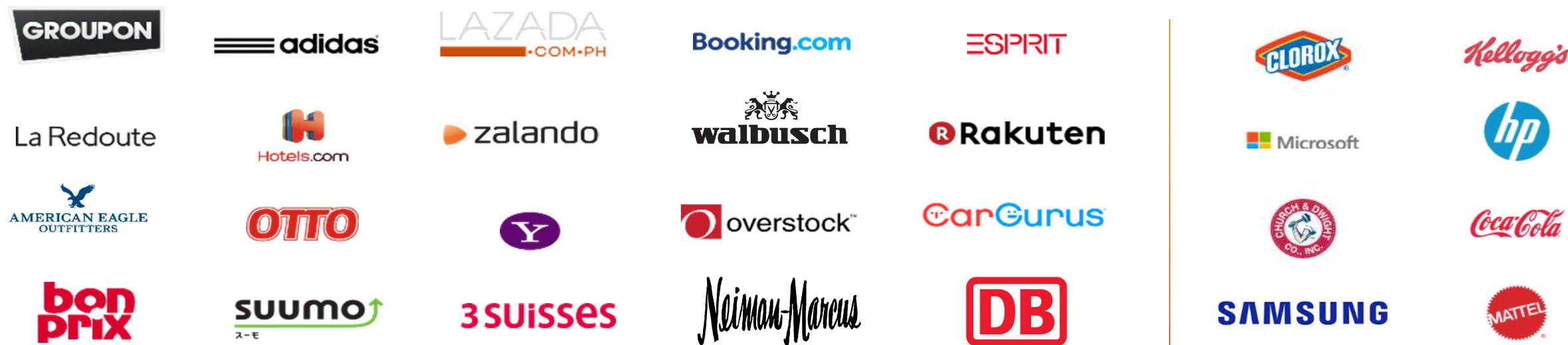
Includes all products.  
Existing clients in a given year are clients that started working with Criteo prior to that given year.  
New clients in a given year are clients that started working with Criteo within that given year.



# Direct relationships with premium commerce companies and brand manufacturers



## Commerce: Retail, Travel and Classifieds



over 18,500 clients\*

\* 18,528 clients at the end of Q1 2018

# Direct partnerships with large, high quality publishers



ALL MAJOR PUBLIC EXCHANGES, GLOBAL AND LOCAL



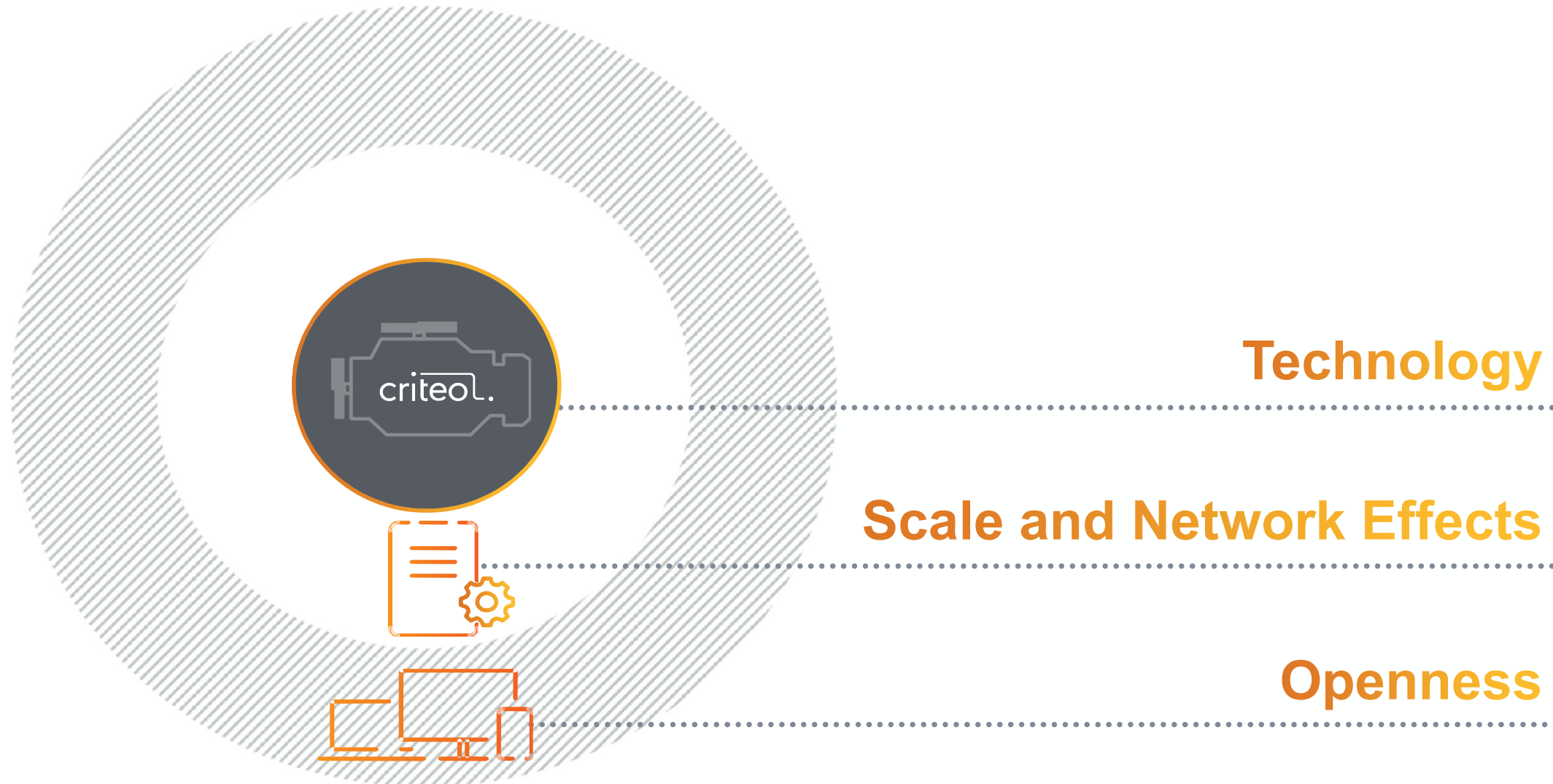
PREFERRED ACCESS TO PREMIUM MEDIA INVENTORY



PREFERRED ACCESS TO RETAILER INVENTORY



# Our core competencies are difficult to replicate



# Our growth strategy is based on two strong pillars



## Grow the ecosystem

- Evolve go-to-market strategy for Tier 1 and midmarket
- Further scale midmarket operations worldwide
- Drive international expansion of Criteo Sponsored Products



## Increase our value for clients and partners

- Enhance core technology
- Grow and leverage Criteo Shopper Graph
- Develop and upsell new products
  - for commerce clients
  - for brand manufacturers
- Broaden supply of quality inventory

# We invest in growing areas in Commerce Marketing



**Marketing objectives**

Flexible audience-targeting platform



- Look alike\*
- App Install\*

**Shopping environments**

Omnichannel marketing



- CRM onboarding\*
- Store-to-web retargeting\*

**Media**

Incremental inventory



- In-App
- Video

**Criteo Shopper Graph**, built on data pooling among ecosystem participants, is the foundation of all new product investments

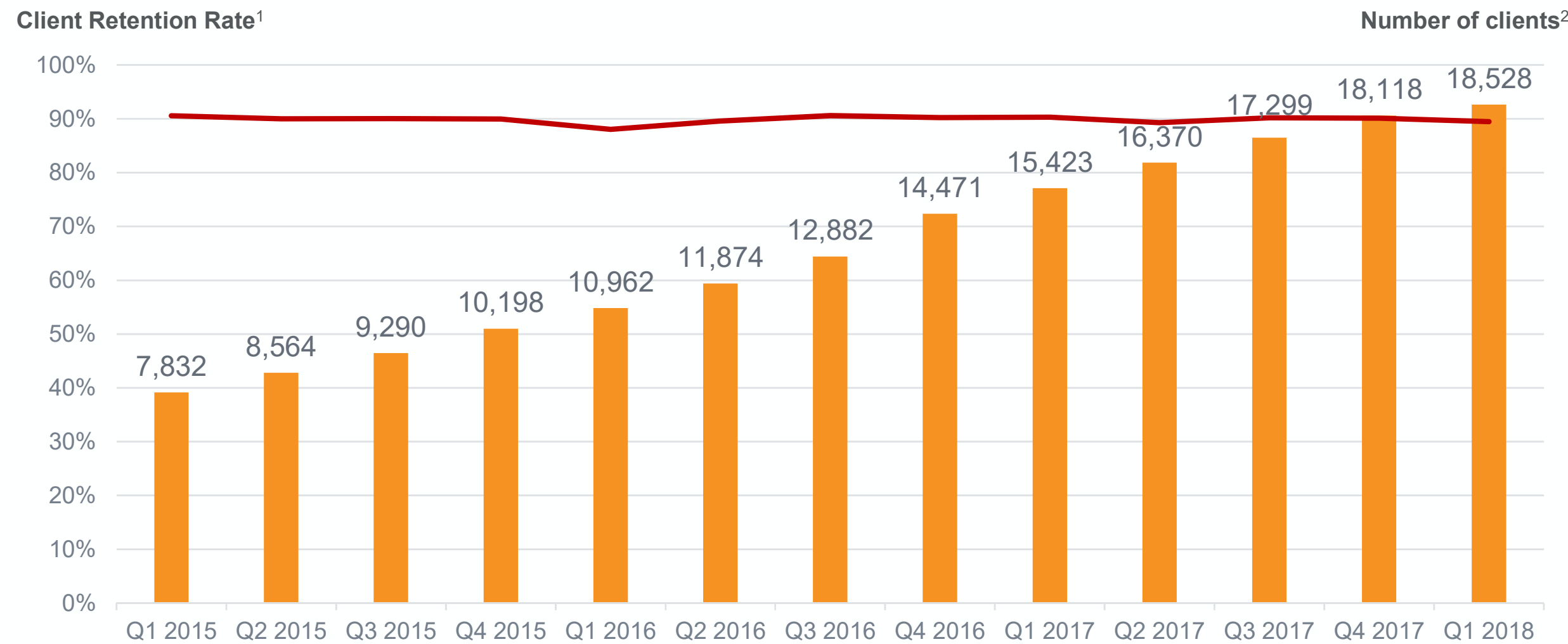


# Healthy, profitable growth and strong cash flow – Q1 2018



- Grew Revenue ex-TAC **8%\* to \$240 million**,  
Adj. EBITDA **22%\* to \$78 million**,  
Free Cash Flow **224% to \$52 million**
- Ended Q1 with over 18,500 clients and maintained **client retention at close to 90%** for all products
- Criteo employees stood at **2,700** across 30 offices worldwide
- Continued to **innovate**
  - Criteo Shopper Graph
  - Beta products roll-out
  - Mobile apps
- Clients using **at least two Criteo products** grew 90% quarter over quarter to around 1,200
- **Criteo Direct Bidder** now deployed with 2,000 large publishers worldwide

# We add many clients while maintaining high retention



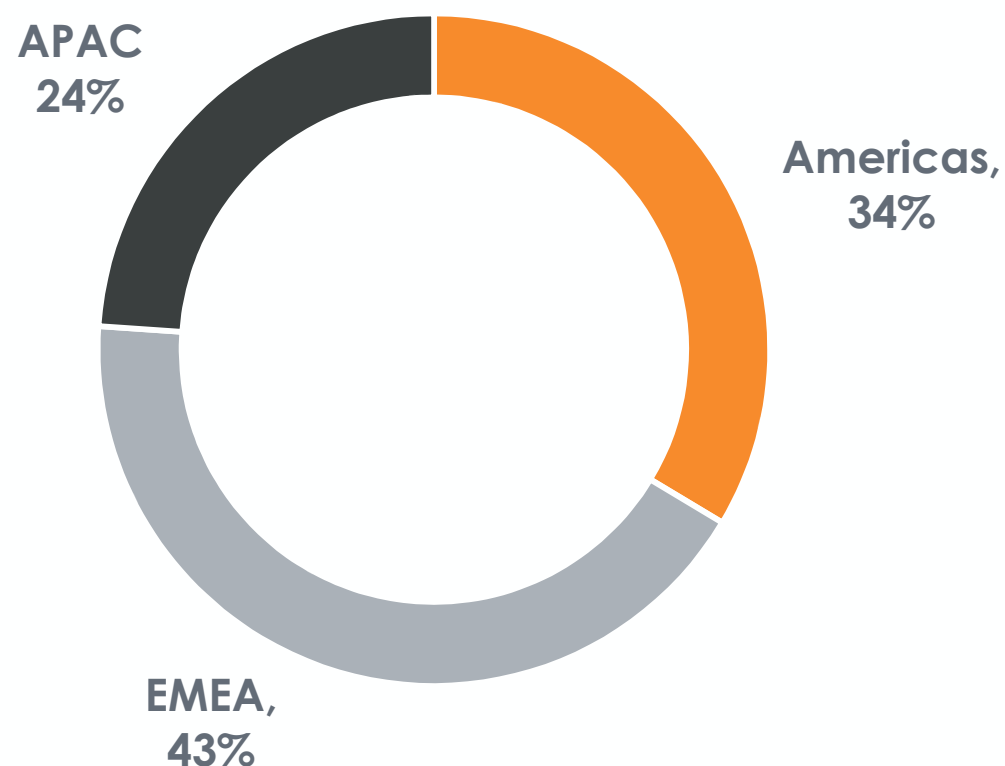
<sup>1</sup> The retention rate represents the percentage of live clients during the previous quarter that continued to be live clients during the current quarter. All products excluding Criteo Sponsored Products.

<sup>2</sup> Including all products

# Good performance across all regions – Q1 2018



Q1 2018 Revenue ex-TAC mix by Region



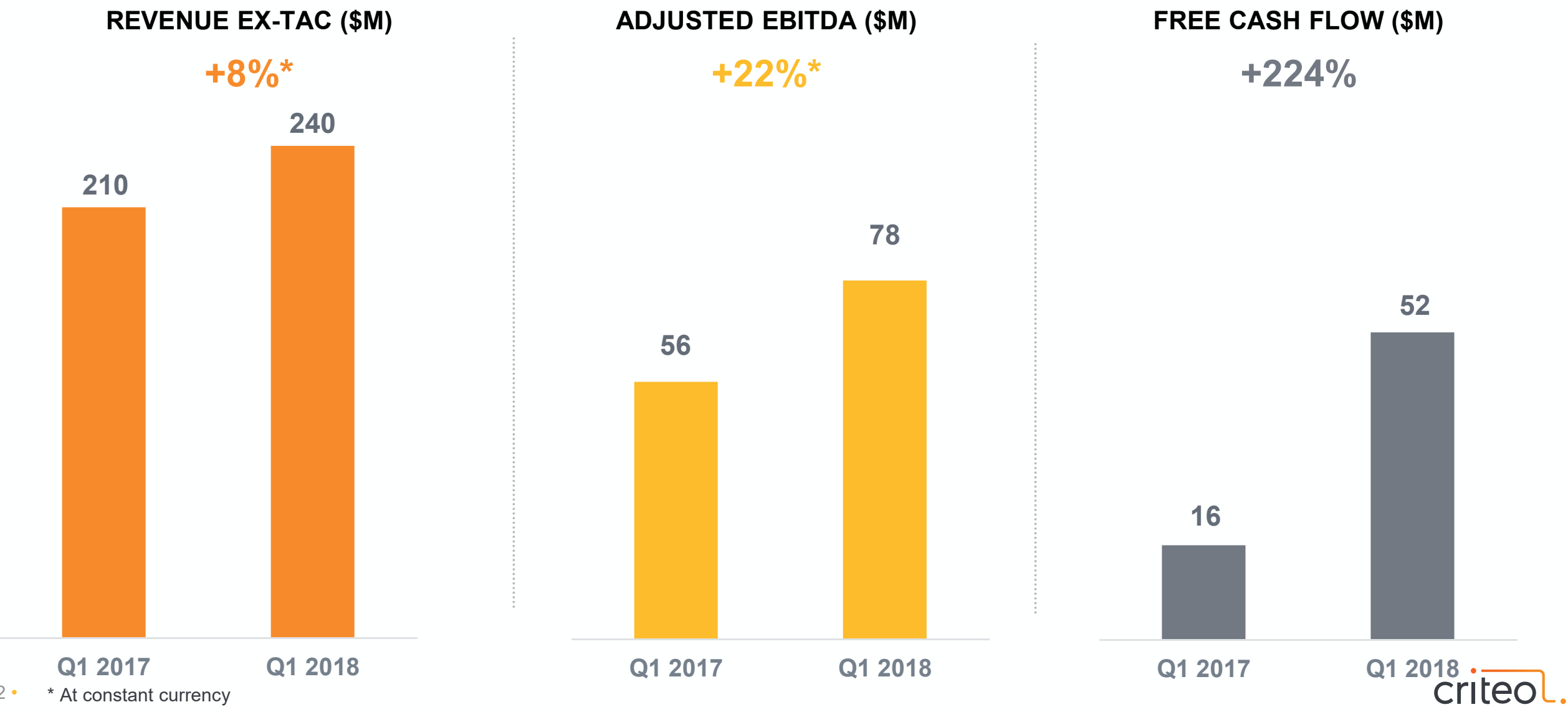
Q1 2018 Revenue ex-TAC Growth\* by Region

**+3%** Americas (+7% U.S.)

**+11%** EMEA

**+10%** APAC

# Healthy, profitable growth and strong cash flow – Q1 2018



# Strong financial leverage



As % of Revenue ex-TAC	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	LTM Q1 2017	LTM Q1 2018
Revenue ex-TAC	100%	100%	100%	100%	100%	100%	100%
Other cost of revenue*	7.9%	6.6%	6.1%	6.4%	6.9%	6.8%	6.6%
<b>Gross margin</b>	<b>92.1%</b>	<b>93.4%</b>	<b>93.9%</b>	<b>93.6%</b>	<b>93.1%</b>	<b>93.2%</b>	<b>93.4%</b>
R&D*	14.9%	12.5%	13.4%	14.2%	14.7%	14.6%	14.8%
S&O*	43.6%	39.9%	39.8%	35.3%	34.8%	35.7%	34.1%
G&A*	16.0%	14.8%	13.8%	13.2%	10.7%	13.0%	10.4%
<b>Adjusted EBITDA</b>	<b>17.5%</b>	<b>26.2%</b>	<b>26.9%</b>	<b>30.8%</b>	<b>32.9%</b>	<b>29.9%</b>	<b>34.1%</b>
<b>Revenue ex-TAC margin**</b>	<b>40.3%</b>	<b>40.8%</b>	<b>40.4%</b>	<b>40.6%</b>	<b>41.0%</b>	<b>40.6%</b>	<b>41.4%</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, restructuring and deferred price consideration.

\*\* As a % of revenue



# Our key priorities for 2018



**Continue to invest in Criteo Shopper Graph:**  
Reinforce leadership position with a particular focus on user coverage and consent management



**Bring more brands and retailers onto our Sponsored Products marketplace**



**Expand footprint in the fast-growing mobile in-app market**

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# Appendix



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# Revenue ex-TAC reconciliation



(\$ in thousands)	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18
Revenue	401,253	407,201	423,867	566,825	516,667	542,022	563,973	674,031	564,164
Less: Traffic acquisition costs	238,755	240,969	247,310	341,877	306,693	322,200	329,576	397,087	323,746
Revenue ex-TAC	162,498	166,232	176,557	224,948	209,974	219,822	234,397	276,944	240,418

(\$ in thousands)	2016	2017
Revenue	1,799,146	2,296,692
Less: Traffic acquisition costs	1,068,911	1,355,556
Revenue ex-TAC	730,235	941,136



# Adjusted EBITDA reconciliation



(\$ in thousands)	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	2016	2017
<b>Net income</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>52,368</b>	<b>21,090</b>	<b>87,329</b>	<b>96,659</b>
Adjustments:											
Financial (income) expense	1,317	94	570	(1,435)	2,333	2,094	2,886	2,221	1,325	546	9,534
Provision for income taxes	7,944	4,450	7,574	13,161	4,201	3,665	7,858	15,927	12,386	33,129	31,651
Equity awards compensation expense	8,370	7,695	13,965	13,229	14,940	14,918	22,028	20,464	19,303	43,259	72,351
Pension service costs	129	131	132	133	290	299	320	321	434	524	1,231
Depreciation and amortization expense	12,516	13,300	14,771	16,190	20,167	22,306	23,755	24,570	23,646	56,779	90,796
Acquisition-related costs	-	148	1,793	980	6	-	-	-	-	2,921	6
Acquisition-related deferred price consideration	40	44	3	(3)	-	-	-	-	-	85	-
Restructuring	-	-	-	-	-	3,299	-	4,057	(252)	-	7,356
Total net adjustments	30,316	25,862	38,808	42,255	41,936	46,581	56,847	67,560	56,842	137,243	212,925
<b>Adjusted EBITDA</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>119,928</b>	<b>77,932</b>	<b>224,572</b>	<b>309,584</b>

# Free cash flow reconciliation



(\$ in thousands)	Q1 2017	Q1 2018
<b>CASH FROM OPERATING ACTIVITIES</b>	<b>44,238</b>	<b>84,527</b>
Acquisition of intangible assets, property, plant and equipment	(23,267)	(7,413)
Change in accounts payable related to intangible assets, property, plant and equipment	(4,939)	(25,154)
<b>FREE CASH FLOW</b>	<b>16,032</b>	<b>51,960</b>