



# Investor Presentation



Q2 2019 Earnings

# 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 and other actions by our counterparties.

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, 2019, and in subsequent Quarterly Reports on Form 10-Q, including the Risk Factors set forth therein and the exhibits thereto, as well as future filings and reports by the Company, 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 thesis



1

## Large market opportunity

Digital advertising is large and growing fast

2

## Clear vision

Be the leading advertising platform for the open Internet

3

## Competitive moats

Shopper Data  
Platform Technology  
Scale/Reach

4

## Proven track-record

Large client base  
~90% client retention for all solutions combined

5

## Attractive financial profile

High profitability and growing  
Strong cash flow

OUR VISION:

**To be the leading advertising platform  
for the open internet**

# The open Internet offers multiple benefits to advertisers & publishers



## Choice

Advertisers and publishers choose **which partners to work with and how**



## Control of data

Advertisers and publishers keep **control of their own data**



## Neutrality

We have **no conflicting interests** with advertisers and publishers



## Transparency

Advertisers and publishers determine **how to measure** success

# Our open internet vision delivers benefits for all



# We have strong, defensible core assets



**Shopper  
Data**



**Platform  
Technology**



**Scale/  
Reach**

# Criteo Shopper Graph: one of the largest data sets on shoppers

A unified understanding of a shopper's online journey and real-time intent data



## Identity Graph:

2B Criteo IDs matched across device, same device, and online/offline, only 6% of IDs solely rely on cookies



## Interest Map:

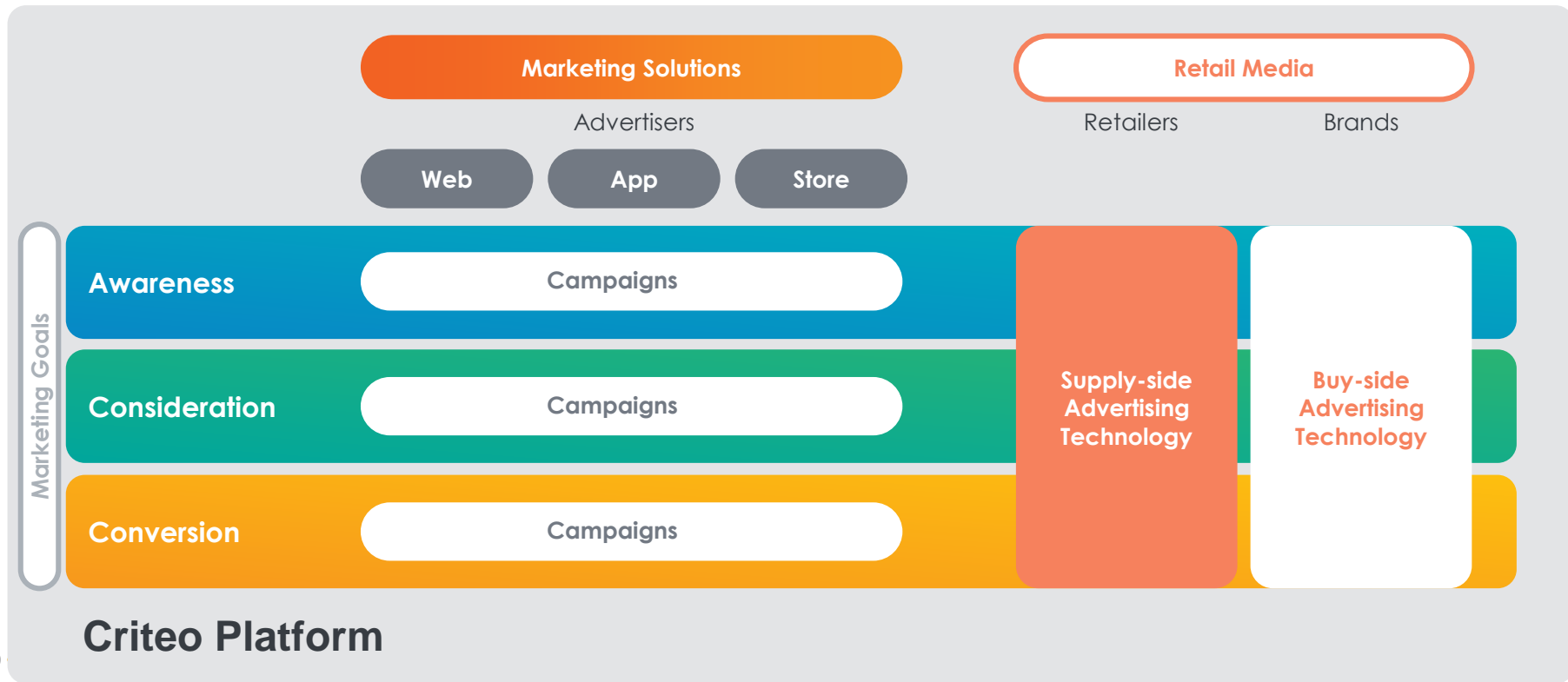
anonymized shopper interest across products

## Measurement Network:

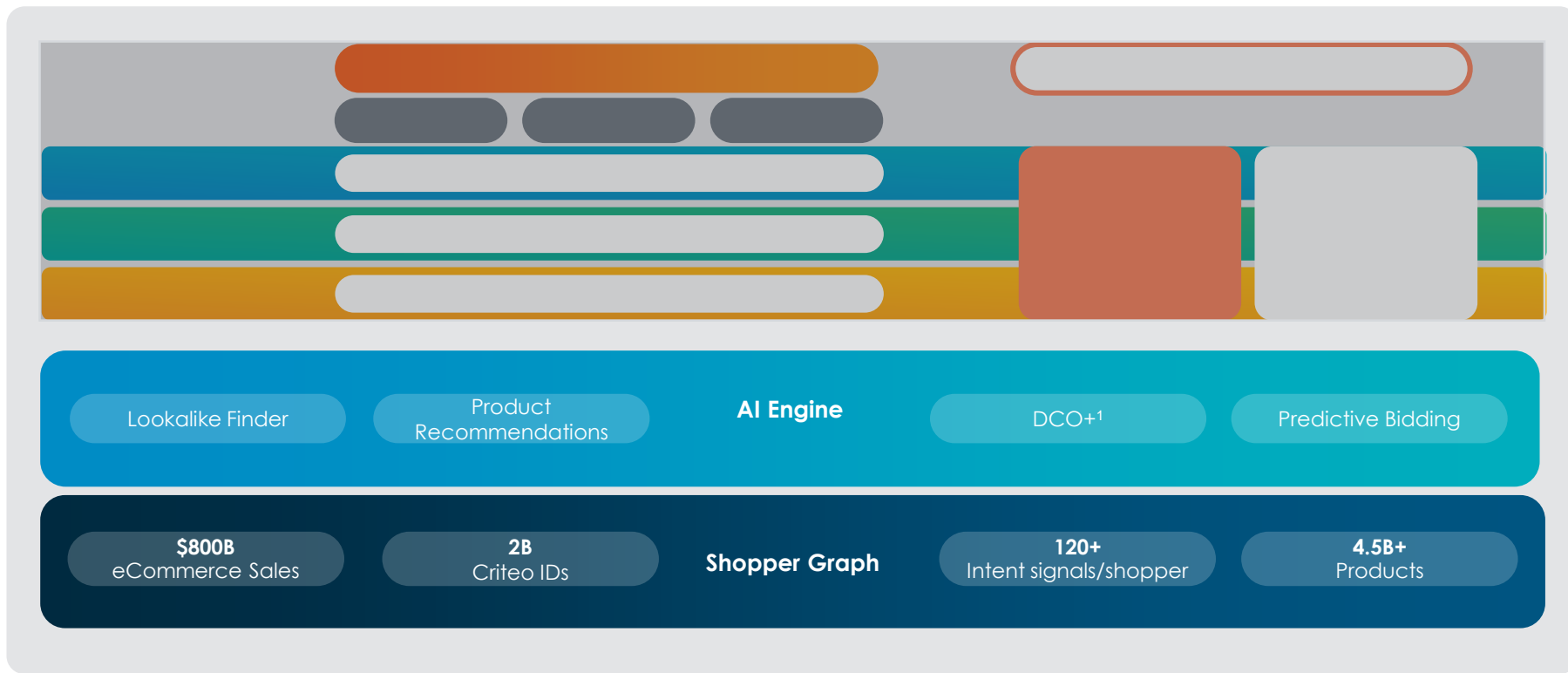
conversion and sales across retailers



# Criteo Platform delivers a breadth of full-funnel advertising opportunities for commerce and brand advertisers

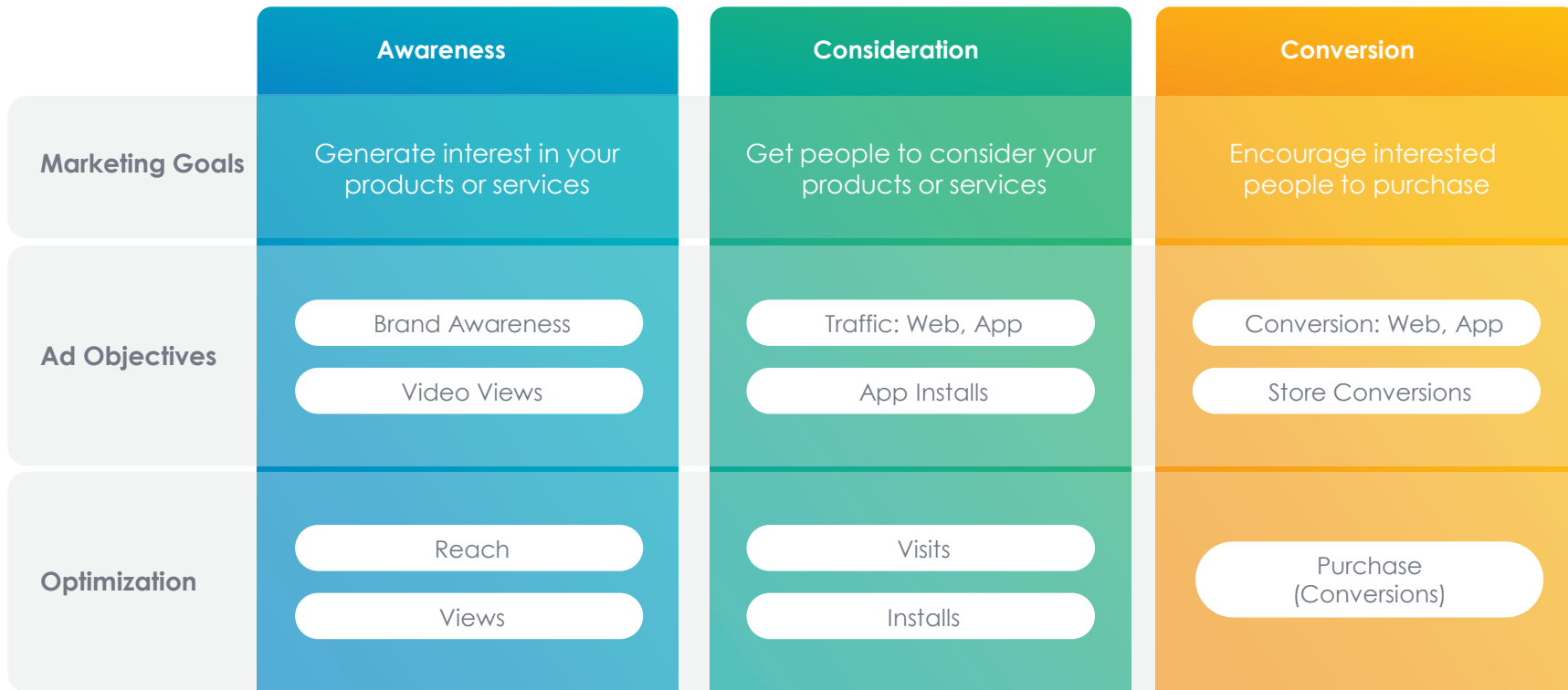


# Fueled by a unique commerce data set and powered by AI



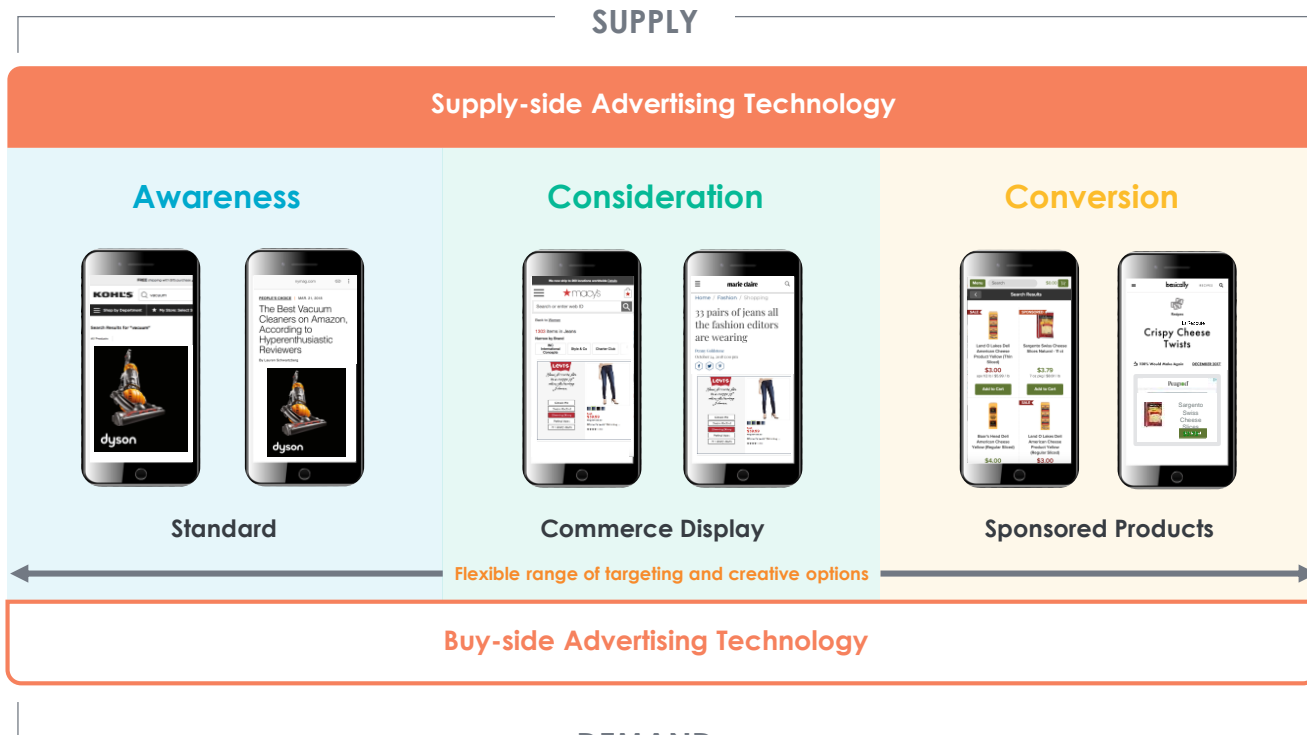
# Marketing Solutions

Full-funnel capability addressing the entire customer journey



# Retail Media

Enabling brands to connect with key retail audiences at all stages of their shopping journey



# A full end-to-end onboarding flow for Midmarket



For self-service client activation

## Self Registration

1. Contact form
2. Business details
3. Payment & billing details
4. Accept T&C's

## Campaign Creation

1. Choose the objective
2. Identify target audience
3. Finalize campaign details (Budget, Bid Strategy, Creative, Tracking)

## Technical Onboarding

1. Onboarding tools for new clients
2. OneTag Integration (Troubleshooting & monitoring)
3. Product catalog (Monitoring, Troubleshooting, Advanced settings)

## Creative Creation

1. Create new banners from scratch
2. Update existing creative
3. Track your creatives
4. Manage promotions with coupons

# Full self-service campaign workflow for all clients

API and managed service options



## Campaign Creation & Optimization

The screenshot shows a web interface for creating a campaign. It has a top navigation bar with four steps: 1. OBJECTIVE, 2. BUDGET, 3. PARAMETERS, and 4. LAUNCH. The current step is 'Parameters'. The interface includes several sections: 'Choose the name of your campaign\*' with a text input field; 'Specify budget\*' with 'Specify budget type\*' (dropdown set to 'Campaign') and 'Specify an amount\*' (input field with '50000' and 'EUR' selected); 'Scheduling\*' with 'IMMEDIATE LAUNCH' (selected) and 'SCHEDULED' options, and an 'ADD MORE DATA' button; and 'Select creatives\*' with three radio button options: 'Select creatives from the campaign' (selected), 'Select creatives from previous campaigns', and 'Add our creative experts for a new creative item'. A 'PREVIEW' button is also visible.

## Analytics & Insights



# A global company with scale and broad reach



\$800B+

Annual  
ecommerce sales

20,000

Advertisers  
(incl. 1000+ Brands)

2B

Criteo IDs

1,300B+

Ads served in 2018

3,800+

Publishers connected to  
Direct Bidder

200+

App Developers  
connected to Direct Bidder

95+

Countries

2,900

Employees  
(incl. 720+ in RD/Product)

# Direct relationships with many premium commerce and brand clients



DIAGEO



Soft Surroundings

NEW LOOK





# Extensive supply partnerships ensure audience access



## Direct partnerships

3,800+ Premium publishers,  
200 app developers

## Exchange partners

Long-tail & emerging formats

## Closed environments

Additional Reach



- **Flexible buying technology:** RTB/S2S, Criteo direct bidder, SDK, API
- **Any relevant creative formats/environment:** IAB, Native, In-App, Video, Google AMP

# Our strategy is based on two pillars



## Further grow the customer base

- Win and retain clients with our self-service platform
- Scale large and midmarket clients
- Add more brand and retailer clients globally

## Increase our value for clients

- Cover more marketing scenarios
- Broaden self-service capabilities
- Grow and leverage Criteo Shopper Graph
- Broaden direct access to quality inventory

# We are transforming our Company to support our strategic goals

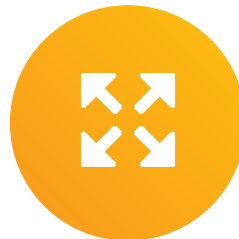
Further strengthening the leading advertising platform for the open Internet



**Further broaden our  
suite of solutions**

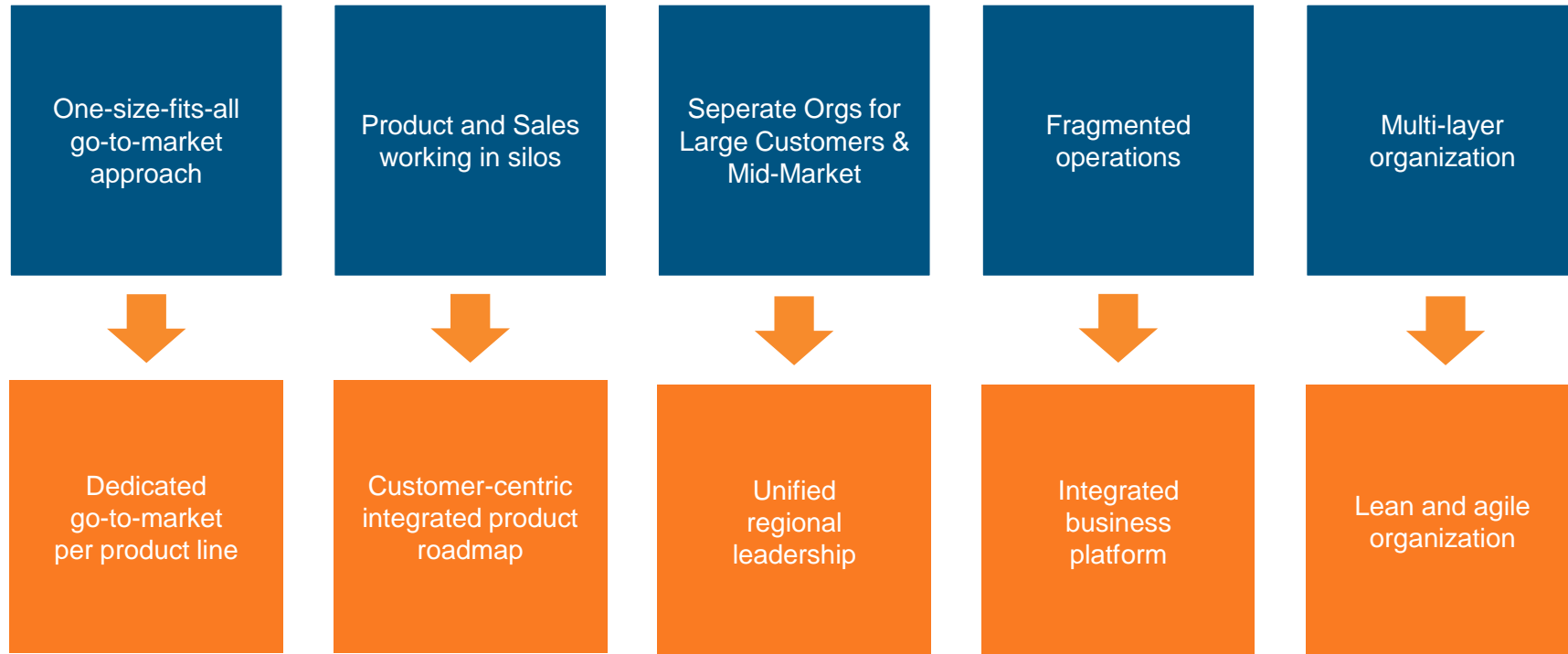


**Deliver solutions as self  
service, API or  
managed service**



**Adapt  
go-to-market**

# We are evolving our capabilities to accelerate transformation



# New go-to-market organization enables unified customer conversation



# New Criteo leadership team to maximize execution



**JB Rudelle**  
CEO



**Benoit Fouilland**  
CFO



**Diarmuid Gill**  
CTO



**Isabelle Leung-Tack**  
Global  
Communications



**Ryan Damon**  
General Counsel



**Denis Collin**  
People  
Management



**Jess Breslav**  
Americas



**Kenneth Pao**  
APAC



**Shruthi Chindalur**  
EMEA



**Thomas Jeanjean**  
Platform &  
Operations



**Cédric Vandervynkt**  
Web



**Geoffroy Martin**  
Supply & Retail  
Media



**Alex Valle**  
App & Store

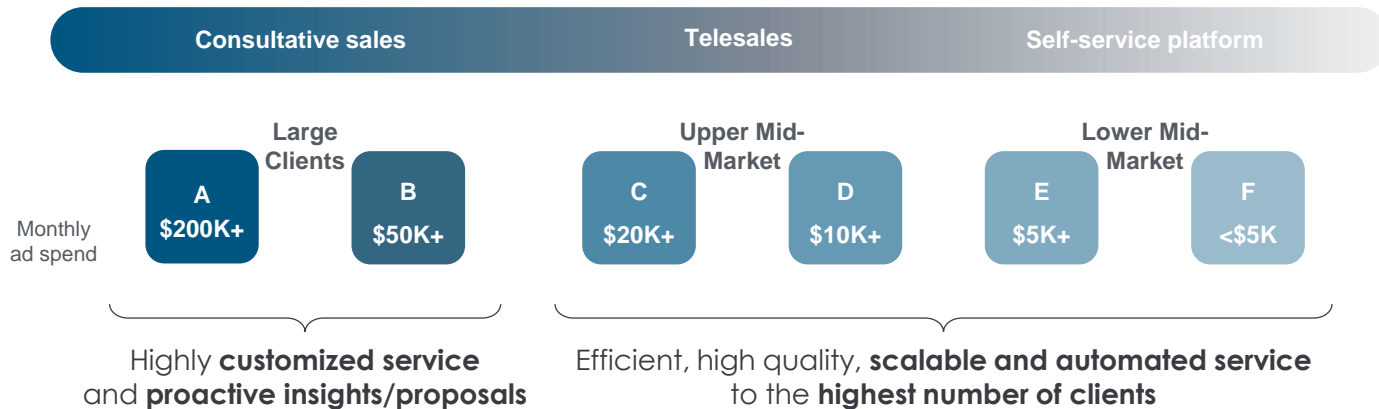
# A tailored go-to-market approach to best serve our clients



## Objectives

- 1 Adapt sales organization to a **multi-solution** offering
- 2 Provide the **right level of service** to each client
- 3 Scale **operations** and enhance **profitability**

## Client tiering



# We invest in growing areas in digital advertising – and beyond



## Advertiser control

- Build flexible and modular client platform



- Self-service campaign optimization modules

## Marketing goals

- Complete expansion of solution suite



- Consideration, Awareness\*

## Shopping environments

- Leverage strong growth of apps
- Store advertising



- App
- Store-to-web retargeting\*

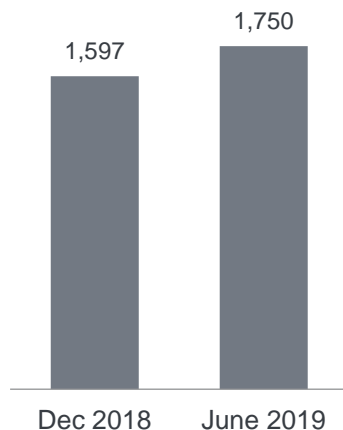


# Our financial structure offers significant flexibility



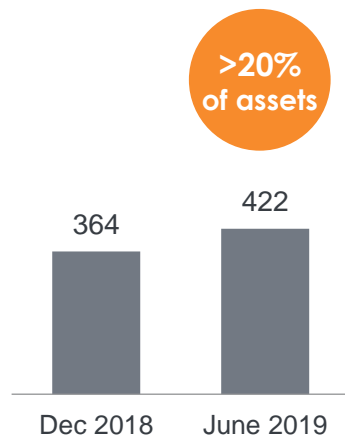
## Strong balance sheet

Total assets (in \$M)



## Significant cash pile

Cash & cash equivalents (in \$M)



## Very low debt

Financial liabilities (in \$M)



**\$422M**

cash

*As of June 30, 2019*

**€350M**

committed financing

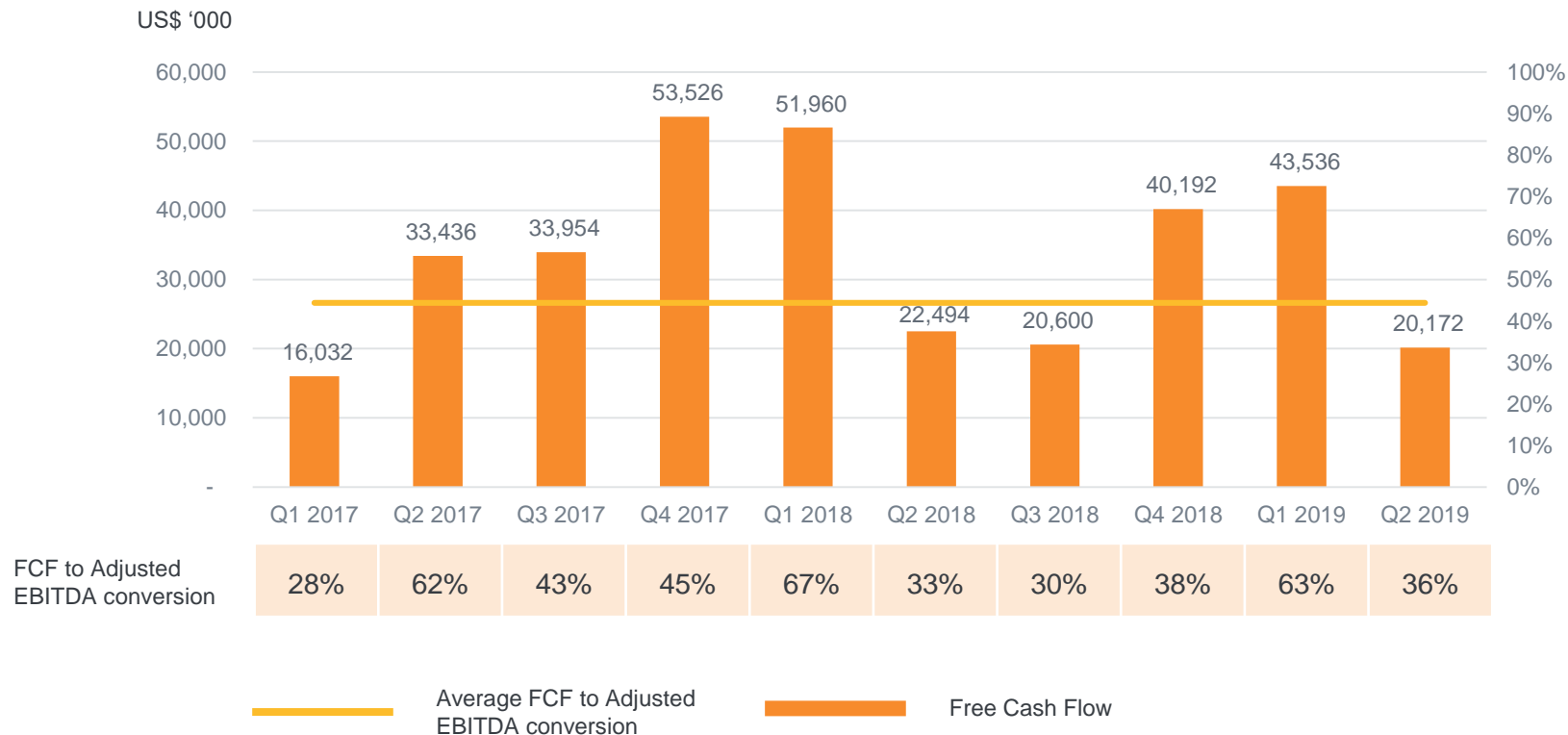
**\$150M**

equity raise capacity\*

**Share buy-back**

authorization\*\*

# Robust Free Cash Flow and strong conversion into Adjusted EBITDA



# Flexible capital allocation more geared to shareholder returns

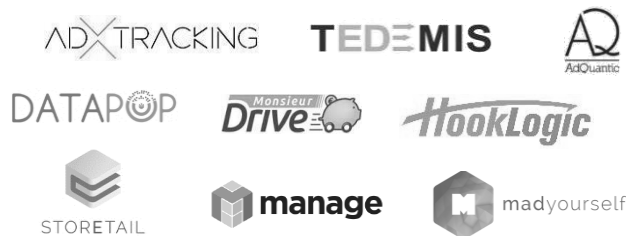


## Organic growth

- CapEx targeted at **5% of revenue** (or ~12.5% of Revenue ex-TAC)
- Investment **focused on hosting** (~80%) and facilities & internal IT (~20%)

## M&A

- **Active yet disciplined approach**
- **So far, acquisitions of**
  - Adjacent **technology**
  - **Product**
  - Key **talent**



## Share repurchase program

- 2019 shareholder meeting provided us with **more flexibility around share buybacks**
- Board authorized a **new \$80 million share buyback** after the one executed in Q4 2018
- Primarily to **limit dilution from future equity awards** and **fund potential M&A**

# 2019 is a year of transition with higher focus on profitability

Increased focus on profitability going forward



**More scalable way  
to sell entire  
product suite**



**Increased focus on  
effective cost  
management**



**Maintain 2019  
profitability outlook,  
increased focus  
going forward**

# Key Figures – Q2 2019

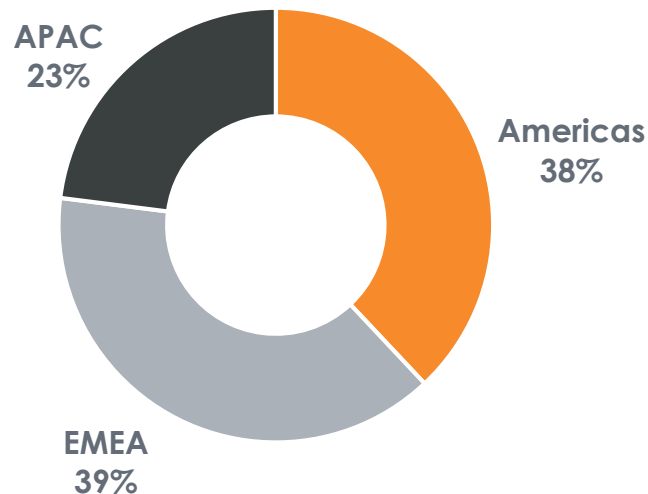


- Revenue ex-TAC was **\$224 million**,  
Adj. EBITDA was **\$56.4 million**,  
Free Cash Flow was **\$20 million**
- Revenue ex-TAC from **new solutions** represented **10%** of total Revenue ex-TAC, growing **61%** yoy
- **2,900** Criteo employees across 31 offices globally
- **Close to 20,000 clients** with retention at **close to 90%** for all solutions combined
- **Criteo Direct Bidder** now deployed with **3,800+** large publishers and **200** app developers

# Regional performance – Q2 2019



Q2 2019 Revenue ex-TAC  
Mix by Region



Q2 2019 Revenue ex-TAC  
Growth\* by Region

**-3%** Americas  
(-2% U.S.)

**+4%** EMEA

**-2%** APAC

# Key figures – Q2 2019

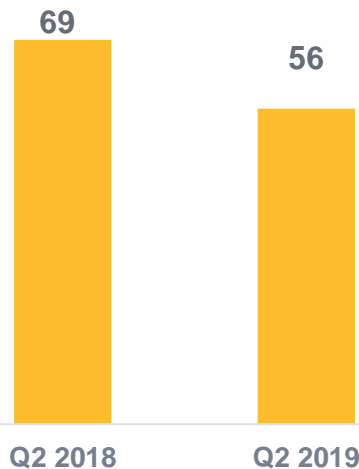


## REVENUE EX-TAC\* (\$M)



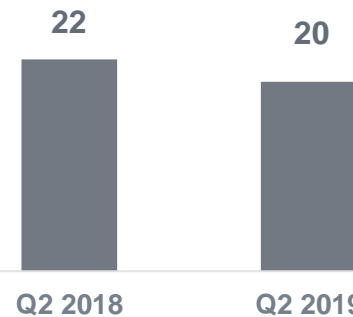
## ADJUSTED EBITDA\* (\$M)

25.2%  
of Revenue ex-TAC



## FREE CASH FLOW\* (\$M)

36%  
of Adj. EBITDA



\* Revenue ex-TAC, Adjusted EBITDA, and Free Cash Flow are not measures calculated in accordance with U.S. GAAP. We have provided a reconciliation of those measures to the most directly comparable GAAP measures, which is available in the Appendix slides.

\*\* At constant currency

# Solid financial model: doubled Adj. EBITDA margin since IPO



As % of Revenue ex-TAC	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	LTM Q2 2018	LTM Q2 2019
Revenue ex-TAC	100%	100%	100%	100%	100%	100%	100%	100%
Other cost of revenue*	7.9%	6.6%	6.1%	6.4%	6.9%	6.7%	6.3%	7.3%
<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>93.3%</b>	<b>93.7%</b>	<b>92.7%</b>
R&D*	14.9%	12.5%	13.4%	14.2%	14.7%	15.2%	14.9%	15.2%
S&O*	43.6%	39.9%	39.8%	35.3%	34.8%	33.6%	33.1%	34.5%
G&A*	16.0%	14.8%	13.8%	13.2%	10.7%	11.3%	10.5%	11.7%
<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>33.2%</b>	<b>35.2%</b>	<b>31.4%</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>42.0%</b>	<b>42.0%</b>	<b>41.8%</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



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Large client base  
~90% client retention for all solutions combined

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High profitability and growing  
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# Appendix



# Foreign Exchange impact on actual results and guidance



## Q2 2019 Actual

<i>USD million</i>	@ Q2 2018 FX	FX impact	Actual	@ Q2 guidance FX	FX impact	Actual
Revenue ex-TAC	\$ 231.0	\$ (7.0)	\$ 223.9	\$ 225.4	\$ (1.5)	\$ 223.9

## Q3 2019 Guidance

<i>USD million</i>	@ Q3 2018 FX	FX impact	Guidance Midpoint*
Revenue ex-TAC	\$ 221.0	\$ -	\$ 221.0

## Fiscal Year 2019 Guidance

<i>USD million</i>	@ FY 2018 FX	FX impact	Guidance Midpoint*
Revenue ex-TAC	\$ 975.8	\$ (18.8)	\$ 957.0

\* Based on FX assumptions for Q3 2019 and Fiscal Year 2019 published in the July 31, 2019 earnings release

# Revenue ex-TAC reconciliation



(\$ in thousands)	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19
<b>Revenue</b>	<b>516,667</b>	<b>542,022</b>	<b>563,973</b>	<b>674,031</b>	<b>564,164</b>	<b>537,185</b>	<b>528,869</b>	<b>670,096</b>	<b>558,123</b>	<b>528,147</b>
Less: Traffic acquisition costs	306,693	322,200	329,576	397,087	323,746	306,963	305,387	398,238	322,429	304,229
<b>Revenue ex-TAC</b>	<b>209,974</b>	<b>219,822</b>	<b>234,397</b>	<b>276,944</b>	<b>240,418</b>	<b>230,222</b>	<b>223,482</b>	<b>271,858</b>	<b>235,694</b>	<b>223,918</b>

(\$ in thousands)	2017	2018
<b>Revenue</b>	<b>2,296,692</b>	<b>2,300,314</b>
Less: Traffic acquisition costs	1,355,556	1,334,334
<b>Revenue ex-TAC</b>	<b>941,136</b>	<b>965,980</b>

# Adjusted EBITDA reconciliation



(\$ in thousands)	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19	2017	2018
<b>Net income</b>	<b>14,518</b>	<b>7,505</b>	<b>22,269</b>	<b>52,368</b>	<b>21,090</b>	<b>14,707</b>	<b>17,948</b>	<b>42,134</b>	<b>21,401</b>	<b>12,537</b>	<b>96,659</b>	<b>95,879</b>
Adjustments:												
Financial (income) expense, net	2,333	2,094	2,886	2,221	1,325	1,006	1,007	1,746	1,974	1,354	9,534	5,084
Provision for income taxes	4,201	3,665	7,858	15,927	12,386	8,638	6,821	18,299	10,018	5,683	31,651	46,144
Equity awards compensation expense	14,940	14,918	22,028	20,464	19,303	20,245	17,261	10,267	13,882	14,391	72,351	67,076
Pension service costs	290	299	320	321	434	419	419	419	394	391	1,231	1,691
Depreciation and amortization expense	20,167	22,306	23,755	24,570	23,646	23,560	25,619	30,675	19,296	21,315	90,796	103,500
Acquisition-related costs	6	-	-	-	-	-	516	1,222	-	-	6	1,738
Restructuring	-	3,299	-	4,057	(252)	199	-	-	1,890	728	7,356	(53)
Total net adjustments	41,936	46,581	56,847	67,560	56,842	54,067	51,643	62,628	47,454	43,862	212,925	225,180
<b>Adjusted EBITDA</b>	<b>56,454</b>	<b>54,086</b>	<b>79,116</b>	<b>119,928</b>	<b>77,932</b>	<b>68,774</b>	<b>69,591</b>	<b>104,762</b>	<b>68,855</b>	<b>56,399</b>	<b>309,584</b>	<b>321,059</b>

# Free cash flow reconciliation



(\$ in thousands)	Q2 2018	Q2 2019
<b>CASH FROM OPERATING ACTIVITIES</b>	<b>40,341</b>	<b>52,964</b>
Acquisition of intangible assets, property, plant and equipment	(18,880)	(28,812)
Change in accounts payable related to intangible assets, property, plant and equipment	1,033	(3,980)
<b>FREE CASH FLOW</b>	<b>22,494</b>	<b>20,172</b>