



Aaron Kessler: Great. Welcome, everybody. I'm Aaron Kessler, Senior Internet Analyst at Raymond James covering advertising as well as e-commerce companies. I'm pleased to have with us for our first presentation Sarah Glickman, who recently joined Criteo as CFO in September, so welcome, Sarah. Maybe for those who don't know Criteo as well, maybe if you provide a quick overview of the company, maybe what Criteo does, maybe how Criteo has been evolving? Second, you've been with the company, I believe, since early September now, so welcome to Criteo and the company, and ad tech as well. It would be good to get maybe your first impressions of the company. What attracted you to Criteo, as well?

Sarah Glickman: Yeah, absolutely. Well, thank you. A pleasure to be here. Yeah, maybe I'll answer both questions. I joined Criteo because ... Plus, I love the technology space. While I haven't been in technology, every company I've worked at has evolved to be a software company, including pharmaceuticals and industrials. That was a huge appeal, to be in technology. I actually started my life in advertising companies many years ago when I was at PWC, so quite familiar with the advertising world and the evolution, which has obviously just launched into a whole new area with e-commerce.

But Criteo, we see ourselves as the company or the ad tech company that really is focused on the open internet. The history of Criteo is that it's a French company that grew very rapidly, very focused on re-targeting, and very successful, and then it has evolved over time to take on new products. We're a global company. We operate in 33 countries. We have a terrific company list. What attracted me is really our assets. Our people, obviously, is first, but also our assets. We have what we call the shopper's graph, which is continuously updated every day with millions of real shop transactions. Just the value of what we bring to our customers was appealing, right on the other side of e-commerce and logistics. From the other side of e-commerce over to the sales side felt like an exciting area to be.

Yeah, for me coming to Criteo, it was the people. Megan Clarken, our CEO, is fantastic, and that was a real appeal, to have the head of the board as a woman. The head CEO's a woman, I guess I'm a woman, so that's nice to be in a company led by women, and very focused on being inclusive and diverse. The culture for me was incredibly important, and where we're going. We're in a transformation, so transformation is something I've been involved with my whole life. It's part of my DNA, and I thought it was a super exciting opportunity to transform what is already a great company, and move it to the future.

Aaron Kessler: Great. Thank you, Sarah. Maybe just on your point, obviously you're new to the company. Megan is, I guess, still relatively new. You've made a number of other key hires as well. Can you just talk about some of your key hires, and how they're equipped to attack that opportunity in front of Criteo, and maybe some of the changes here going forward?

Sarah Glickman: Yeah, absolutely. Well, first of all, I'll say we've gelled as a leadership team. I think three of us have onboarded remotely. Actually, we just announced today a new Chief Marketing Officer. Yeah, we all know each other very, very well through Zoom and through all kinds of sitting rooms.

I would start with Todd Parsons, who's our Chief Product Officer, who is born and bred in the ad tech world, understands everything about ad tech, is fantastic to speak with, and really inspiring. Actually, I say to him I get giddy when I speak to him, because he really just has so much excitement about the future. He's our Chief Product Officer, and David Fox is our Chief Commercial Officer. He comes from an entrepreneurial background. He knows Megan from a while back, and very focused on the front end of sales, really ensuring that we drive our go-to-market strategies. Those are probably the key hires that we have. Yeah, great team, and we spend a lot of time as a leadership team really focused on our future and on our strategy, and that's been, I think, a good way to onboard, but also to get excited about the future.

Aaron Kessler: Got it. Sounds great. Maybe a first question, I guess my second question, the impact of COVID, I think we've seen an obviously uneven impact from COVID on the advertising landscape and e-commerce landscape in 2020. Can you just, maybe for those who weren't aware, what's been the COVID impact on your business, and how that's progressed? Throughout the years, obviously we've seen pretty strong e-commerce growth, and advertising appears to be coming back for a lot of the sector. Where are we at now in terms of COVID, and what does that mean as we go into 2021 here?

Sarah Glickman: Sure, absolutely. For us, COVID has had an impact. We have a classified business, so really around jobs and travel, your holiday cottages and things like that. That has been obviously impacted. We have a huge travel business, especially in Europe, and classifieds in Asia, so that has been an impact for us. We also have over 20,000 customers. They range from the giants of e-tail, if you will, to the retailers that have quickly adopted e-commerce, to the smaller retailers that are not necessarily struggling, but are evolving to this new world. We serve all those customers.

What we see is in our large customers really a mix. We have some on fire. We have others where, unfortunately, they haven't survived the storm, and we have some that are really trying to change the way that they look at marketing, and allocate their marketing dollars more into the digital world. It's good to be in the forefront, but I would say everyone's still learning quickly how to spend, and then how to ensure that we meet our end customer needs.

Aaron Kessler: Yeah, great. That's helpful, Sarah. Hopefully we don't go too much into the technology weeds, but obviously a key question we still get from investors is the impact of some of the privacy regulations, IDFA, which is coming up, I believe, in January or February, as well as third-party cookies going away likely in early '22. If you can talk about the potential impacts there on the business, as well as maybe early thoughts around some of the non-cookie targeting technologies you might be working on in partnership with other players, such as Trade Desk in the space. What's the likelihood we see some of these gain some more traction, and then how is Criteo positioned, with some of your other assets as well, to weather the removal of some of these ad targeting techniques as well?

Sarah Glickman: Okay. Thanks for the question. I'm still learning this whole area.

Aaron Kessler: High level.

Sarah Glickman: Yeah. No, no, definitely it's real, I'll say that. Clearly, our company evolved due to cookies, right, so in some ways that was our starting point. Cookies are old. They've been around for quite a while, so it's definitely time for the next generation. We do have what we call a privacy impact statement. That being said, we're really focused on how do we look at, first, what we call first party data, really marrying the data that we have in our shopper graph. We have just a ton of information in our shopper graph. We have access to 5,000 publishers, so really having the ability to get, if you will, quality data is what we're focused on.

In terms of what the impact will be, we have had an impact. It's been smaller than we expected so far, which is a good thing. It does depend a little bit, especially for something like explicit consent, on how our customers actually roll that out to their end customer. We've seen adoption rates of 97% down to 40%. It really does depend, and we're obviously on the forefront with the regulators as well as with our customers as to how to do that in the best way. But ultimately, we see ourselves as the company of the open internet, and with partners like the Trade Desk, we're really evolving to how do we come to one unified ID that we can then use going forward, marry that, and really think through that for the future. We will see traction. We're already seeing traction. There's been a switch, a bit of a change to more targeted advertising, as well as really focused on contextual as well. We feel that we're in a fantastic position there with the assets that we have, and that's actually a big focus of our future roadmap as well.

Aaron Kessler: Got it. Great. Then maybe just switching a little bit to some of your non-retargeting businesses for investors that don't know, what are some of your core or key non-retargeting businesses today? I know previously Criteo had a goal of reaching 30% from non-retargeted. I'm not sure if that's still the goal, but maybe you can update us on that, including the retail media business? You talked about more of your e-commerce, DSP platform, self-service. Maybe you can provide an overview of some of the key non-retargeting businesses?

Sarah Glickman: Yeah, absolutely. Our new businesses, our retail media is growing. Last quarter I think it was over 65%. We're also focused on Omnichannel and then CTV, and then our product roadmap really is focused much more on contextual CTV and video. Those are the areas that we're focused on. We do see that being around, over time, around 30%, as you say, and we're on track to move towards that over time. Retargeting for us is still, of course, the base business, and a pretty large part of that. We have seen some move between retargeting and targeting, audience targeting within that as well. Yeah, we're in good shape. We're absolutely focused on the future and how we look at these new areas, but they're growing as we expect. We're putting the right investments in them, the right focus on the product roadmap as well as the go to market, as well as the partnerships.

Aaron Kessler: Got it. The other area you've talked about and Megan's talked about is shifting the platform a little bit. Historically, Criteo has been a little bit more of a managed platform, a little bit more of a move to a software- like or software platform, going forward maybe self-service, as well as becoming more of an e-commerce DSP. Can you just talk about that transition, and what that means for the business potentially as well?

Sarah Glickman: Sure. Yeah, what we're focused on is what we call the commerce media platform. That thinking has actually really evolved, I would say, especially with Todd coming on board. What we're really focused on is how do we take overall the commerce markets, which would include classified, retail, the travel market as well some other potential verticals that are relatively small now, but obviously we hope to grow. We're really looking at both our partnerships with others as well as our own product roadmap around really, for the most part, contextual video. Then how can we deliver the right offering to our customers in the most holistic way? It's evolved from more the technology play to, I would say, a holistic play for technology as well as partnerships, as well as the data, and then the machine learning to put that all together for our customers.

Aaron Kessler: Got it. Great. Maybe a question for you as CFO, how are you thinking about managing growth here as well as investments in some of the newer areas, as well as trying to maintain solid margins as we've seen in the past from Criteo as well?

Sarah Glickman: Well, I'll start with retail media, which is obviously a big growth area for us. That's really taking the best of the retailers as well as the brands, and marrying the two. That's been a phenomenal success. That, for us, we really leverage the benefit of having those relationships on both sides, and having the right margin with our customers. What we're focused on there is on the gross media spend, and how do we take, if you will, our fair share of that gross media spend. Clearly, as the products evolve there is a different take rate, if you will, on some of the new products that we're rolling out. We feel we're very competitive, that the value that we have as their customer in terms of our data really does give us the right, if you will, to ask for some paper for performance. We're able to get

that, and we are able to demonstrate the value of that to our customers as well. That would be, I would say, the key area.

We feel good about the margins that we're delivering, and the EBITDA that we're delivering. We have, I would say, good robust controls in the process on the revenue line, very, very, very focused on growth, very focused on mitigating the impact of privacy, and then ensuring that we deliver shareholder value as well.

Aaron Kessler: Got it. Great. I think when we started you mentioned that you were really attracted to some of the data assets that Criteo had. Is there a view within the company that ... Obviously you've had this nice shopper graph, a lot of direct connections with publishers. You had the business, historically, obviously focused more on retargeting. Is there a view that a lot of this data that you've had has been underutilized, and that's obviously going to be behind some of this new product expansion as well, going forward?

Sarah Glickman: Yeah. I would say yes, we do. I don't think it's necessarily been underutilized, but I would say that we have an incredible source of data that is incredibly rich. Megan will say it was one of her best surprises when she came in. I would say Todd said the same, that they really feel that we have this unbelievable wealth of asset, and how do we leverage that to the best of its ability?

In the kind of "privacy light" world, if you will, that's going to become more and more important. We see that as a huge asset for us going forward, a lot more than it was in the past. We didn't necessarily need to rely on that as much, but our customers really will rely on that and the fact that we have very rich data that's continuously updated, and it's global. It's over 33 countries, and how we marry that, especially coming with our retail media business as well. We get direct sources to shop for data, and we definitely see that's the future. That's something that we have that others do not have, so being able to take that asset and leverage it is going to be a huge part of our future.

Aaron Kessler: Got it. Just a quick question on sales strategy. Would you say there's any change to the sales strategy over the last couple of years? I think the narrative was you were fairly penetrated with some of the larger clients. You're much more aggressively going after maybe small, medium sized clients, whether it was the lower penetration rates. Would you say that's still a strategy, or with some of these product changes, has that strategy shifted a little bit on the sales execution here?

Sarah Glickman: I would say that our primary focus is, of course, on our large customers, as well as what we call the mid market. That's really the key area of focus for us. What we're doing with our large market, it's still a very tailored and customized solution. There's an ask and a need, which comes up a little bit back to the margin rate as well, for a more hands-on experience, and that's what we deliver.

With our mid market, and those include some pretty big brands as well, we obviously of course want to make sure we're doing the right thing for them. Then it goes down towards more of a self-service as we go to smaller clients, and that's what they're asking for. I wouldn't say there's been a shift, but I would say we definitely see in our mid market we're doing incredibly well. Probably a bit of a shift from the very, very small clients as the offerings become a bit more sophisticated, but we're happy about our client base, and we expect that to continue to grow.

Aaron Kessler: Yep. Got it. Okay, great. Then maybe just quickly on geographically, I think you mentioned a little bit of some uneven performance this year with travel, maybe a higher concentration in Europe. Can you just briefly talk through some of the geographic performance in 2020 here?

Sarah Glickman: Sure. I apologize. I've got to try to wave. My landscaper is literally outside my windows. Hopefully you can still hear me.

Aaron Kessler: No problem.

Sarah Glickman: Usually, they come on a Tuesday. I apologize, I forgot what the question was.

Aaron Kessler: Oh, just, yeah, geographically, if you could talk-

Sarah Glickman: Yes, yes. Yeah, I would say Asia-Pac has been impacted with the classifieds. That's a huge business for us. That being said, they actually did turn around in Q3, and what we see both in Asia-Pac and in Europe, as soon as they reopened travel just comes right back. Not necessarily at the levels it was pre-COVID, but obviously a big delta shift. We have less travel in Americas, so for us Asia-Pac is growing in a different area. We've seen the impact of the classifieds and jobs that's now tracking back up in Q3. They came out earlier, they went in earlier.

What we have seen, though, also in Asia is one of our largest retailers that basically doesn't need any marketing support at all. The supply chain challenges of our customers really means that some of these e-tailers are just on fire. They need no support. They're actually struggling just to get the goods out to their customers. America is still struggling a little bit with the large customer. Dollar for dollar what we've seen is there's probably \$0.94 in the dollar being spent versus \$1 dollar, maybe \$5 last year, right? There's been a little bit of a shift there year on year, and that's really the focus.

But for us we are on track, I would say. With the guidance that we gave, which we're happy about. We definitely see what we expected to see in the cyber six area. We're just going through our '21 plan now so I won't share much, but I will say we're seeing good growth, continued growth in Europe, Asia-Pac with the classifieds, and travel picking up again. Then America is a little tougher at the beginning of the year, and then tracking in the right direction. I think that

probably tracks the economy, and what we're expecting from a macro perspective as well.

Aaron Kessler: Got it. Yeah. Maybe on the Q4 data, we've seen obviously a little bit of uneven performance on maybe the cyber five period. We saw pretty strong growth, black Friday, maybe Thanksgiving. There will be a little bit softer than expected growth for Cyber Monday. Would you say that's been in line with your thinking maybe, that we saw some pull forward of e-commerce demand earlier in the period, obviously Amazon Prime day? Maybe just the traditional Cyber Monday wasn't as strong?

Sarah Glickman: Yeah, I think we saw a little bit of a shift. I think some of it was ... Yeah, we saw a bit of a shift. It was still a good, I would say, lower period, obviously a little muted as you would expect year on year, as it's been well said. But Monday/Tuesday was a little bit of a tail off, but continuing. We've all seen that there's continued traction as people really focus on getting the right holiday season here, so ...

Aaron Kessler: Right, got it. Okay, that's helpful. Then I think we have time for questions. I don't know if there are any on the line? Operator, can you see if there's any questions on the line? Are we taking questions? I believe we are.

Speaker 3: Aaron, they would come through to your email.

Aaron Kessler: Oh, to my email? Okay. Well, if you do have questions, feel free to email me at [Aaron.kessler@raymondjames.com](mailto:Aaron.kessler@raymondjames.com). In the meantime, I'll continue to ask a few questions here. Maybe just quickly on capital allocation, obviously I assume that falls under you as well, Sarah. Just brief thoughts on your cash position, potential use of cash, share repurchases, maybe some smaller acquisitions as well. Do Megan, Todd and yourself feel you helped make the right assets to go forward here? Do you think maybe tuck-in acquisitions would be helpful at this point as well?

Sarah Glickman: Yeah. I'll start with cash is king, and we know we have cash, so we feel good about our financial position. We do have a running list of acquisitions that we look at, and as our strategies evolve we see more interesting tuck-ins, so we expect to do a few of those. Then we are also looking at potentially some bigger players as well. We feel good about the dry powder that we have, and the assets that we can see that would be a good connection with what we do already. We don't need much for our own investment. We have a strong R&D organization that we continue to invest in, so there may be some incremental internal investment where we feel pretty good about who we have and what we're doing. There may be some shifts there with some more people that we bring in, but relatively small. On the M&A front, I would say more tuck-ins, a few interesting areas that we're focused on. We have not done a live share buyback recently. We obviously have done that in the past, but it's been more incremental. That's what we're spending, what we're focused on right now.

Aaron Kessler: Great. At this point, I don't see any questions, so I believe we will wrap up. Once again I want to thank Sarah Glickman, CFO of Criteo, for joining us today. Hopefully you get the yard work finished up. It sounds like it is.

Sarah Glickman: I know, terrible, sorry.

Aaron Kessler: That's no problem, but great, I appreciate you joining us today. I wish you the best of the rest of Q4 in December here, and we'll talk to you in the new year.

Sarah Glickman: All right. Sounds good. Thank you.

Aaron Kessler: Take care. Thank you, Sarah.

Sarah Glickman: Have a good holiday season. Bye-bye.