

Criteo Strategic Update & Q3 2020 Earnings

Investor Presentation

October 28, 2020



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. Importantly, at this time, the COVID-19 pandemic is having a significant impact on Criteo’s business, financial condition, cash flow and results of operations. There are significant uncertainties about the duration and extent of the impact of the virus. The dynamic nature of these circumstances means that what is said in this presentation could materially change at any time.

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 2, 2020, 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. Reconciliations also are available in our earnings release for the third quarter of 2020, which is available on our website at www.criteo.com.



Megan Clarken
CEO

Our Vision & Strategy

Powerful Secular Trends Support Our Vision

1

ecommerce is Booming

- Ecommerce expected to grow from **16% of global sales** today to **23%** in 2023
- Open Internet retailers represent **~40%** of global ecommerce
- COVID has **accelerated the use of the Open Internet** for product search and shopping

2

Trade Marketing Shifts to Digital

- Digital Trade Marketing grew **82% CAGR** between 2016-2019
- **\$23B** global market in 2020
- Brands expected to **accelerate shift** with boom in ecommerce
- **92%** of brands say their growth depends on retail media advertising*

3

Adtech Remains Key for Brands and Retailers

- Media owners **depend more on Adtech to monetize audiences** in an identity-restricted world
- Retailers and brands **rely on digital marketing to deliver** audience reach, sales and loyalty
- Emergence of **big retailers as the new media moguls** online

Marketers Need Better Commerce Media

Marketers Needs

- **Understand** the consumer path to purchase
- **Target** and **Reach** the right consumers at scale
- **Drive** Customer Lifetime Value
- **Measure** impact and demand accountability for every \$ spent

VS.

Market Dynamics

- ✗ Marketers heavily rely on **Walled Gardens** for advertising
- ✗ **Transparency** not always up to Brands and Retailers standards
- ✗ Growing **privacy issues** around targeting for advertising
- ✗ **White space exists** for Commerce Media on Open Internet

Solving for...

- Commerce outcomes
- Activating the right data to ...
... connect the right consumer to the right product on the right media at the right step of the buyer journey
- Privacy-focused transparent single platform for digital marketing

Connect commerce data and media to change how commerce is done.

We Will Lead Commerce Media for Brands and Retailers

Marketers Needs

- **Understand** the consumer path to purchase
- **Target** and **Reach** the right consumers at scale
- **Drive** Customer Lifetime Value
- **Measure** impact and demand accountability for every \$ spent

We Can...

- ✓ expand our business **deeper into ecommerce**
- ✓ focus even more on **commerce-driven ads**
- ✓ extend **reach** for brands on open Internet
- ✓ embrace **identity**
- ✓ provide deep **Commerce Insights**

Value Proposition

- Commerce insights on every consumer journey
- Targeting and Retargeting for Commerce – maximizing ROI
- Broad reach across Retail Media and Open Internet
- Full-funnel measurement
- Privacy-focused 1P media network

Enable brands' and retailers' business growth through Commerce Media.

Differentiated Assets Uniquely Position Us for Success



Shopper Data

Shopper Graph

aggregates \$2B daily online sales across 4B product SKUs

ID Graph with matched non-cookie identifiers for over 2.5B users globally



Reach

Exclusive access to large **retailers'** **on-site inventory and 1st-party data**

Preferred access to **5,000 premium publishers** on Open Internet



Retail Media

Unique opportunities for brands to advertise on retailers' on-site media

Profitable **revenue generation for large retailers**

Industry first self-service transparent Retail Media Platform



Insights & Measurement

Ability to **measure against product sales at Product SKU level**

Commerce Insights to bring together organic shopping data with paid media metrics



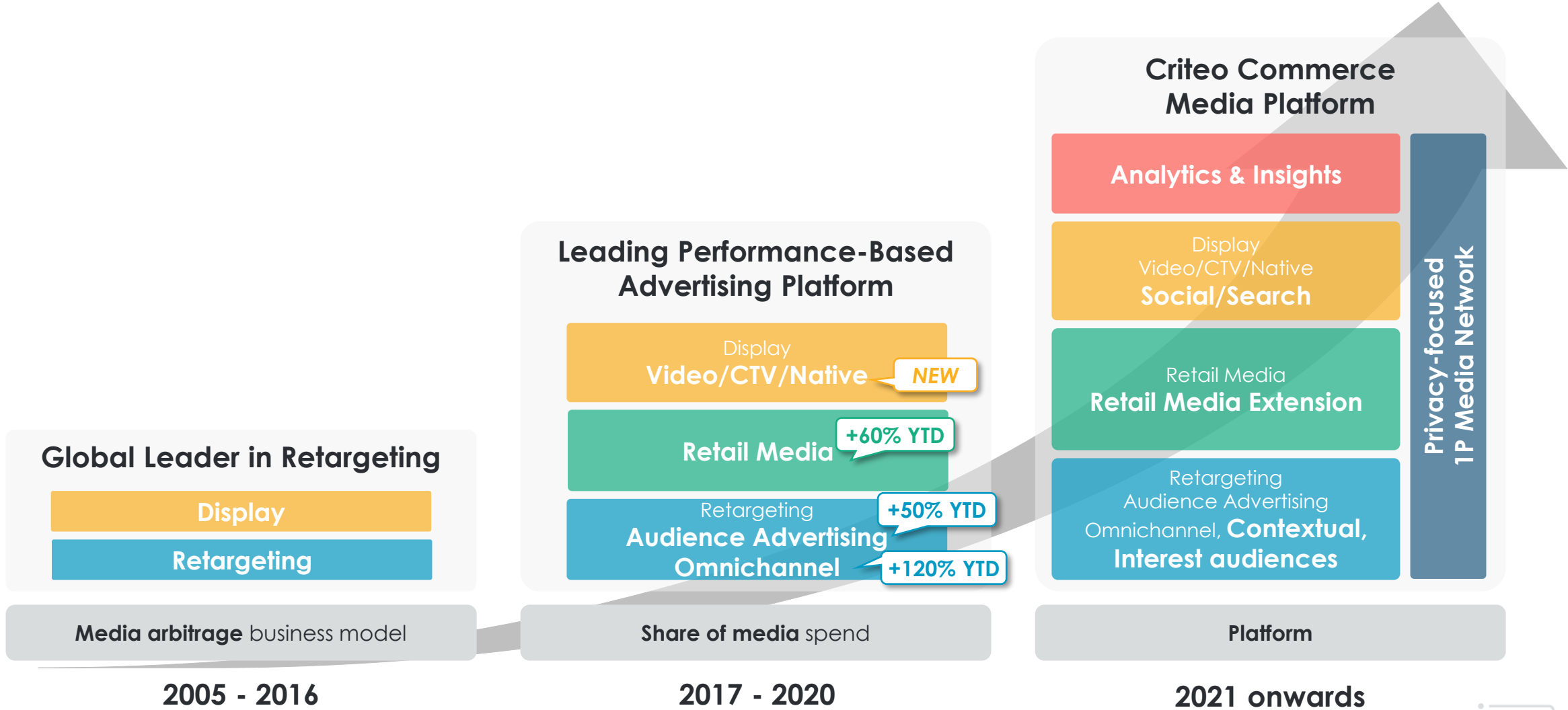
Global Presence & Financial Profile

20,000+ clients across **100+ markets** worldwide

Solid **margin and cash flow generation** with strong **Balance Sheet**

Our Transformation Is Already Generating Results

Criteo's assets enhancing partner solutions are growing 53% YTD and represent ~20% of the business



Why We Will Succeed

- **Global reach** with 20,000+ advertisers across 100+ countries
- **Extensive Shopper data** and **1st-party** media network
- **New growth engines** already representing ~20% of our business today, growing at 50%+
- **Solid product roadmap** surrounding the identity challenge
- **Massive ecommerce tailwinds**, increasing TAM, superior commerce marketing assets
- **Strong balance sheet** and reinvestment strategy to further transform our business

Position Criteo for sustainable growth building on strengths in Commerce Media



Todd Parsons

Chief Product Officer

Product Update

Product Objective 1: Grow Strong Base of Data, AI & Supply Assets



DATA Scaled (1p) Commerce Data in Real Time

- **\$2B** commerce transactions daily
- **4B** SKUs, **3,500** product categories
- **75M** daily buyer journeys
- **500M** DAUs **50%** identified by hashed email
- **100+/DAU** daily ad opportunities



TECHNOLOGY Automated Incrementality

- Maps complete **buyer journey**
- Personalizes **cross publisher experiences**
- Lookalikes **extend reach** while **preserving performance**
- Predictive bidding **ups win-rate** and **lowers cost**



REACH First-Party Ad Network

- **20K** client site integrations
- **5,000** direct publisher integrations
- Exclusive access to **100+** top retailers
- **20+** Customer Data Platforms
- **5** identity partners extend 1p
- **11B** daily commerce events logged



Product Objective 2: Navigate our Customers to Post-Cookie Marketing

We have the right combination of assets and network effects to succeed
almost irrespective of where the industry is heading

1

Next Addressable Advertising

Expand Permission Data (1p Network)

Improve Open Internet interoperability (UID2.0)



Privacy-by-design
user-level signals

2

Next Audience Advertising

Industry Group* leadership on
optimized and measurable
advertising



Interest groups/cohorts
validated by 1p truth set

3

Next Contextual Advertising

Machine-learning at the
intersection of contextual and
commerce



Content/Contextual
signals validated by 1p
truth set

“Identity-light” commerce activations for superior customer acquisition and remarketing – today and tomorrow

- Evolved addressable buying journeys
- Optimization without persistent identity
- Audience-first Measurement Solutions

Product Objective 3: Become the Network Operator of the Buyer Match



3-year vision: Move to Open Commerce Media Platform



Sarah Glickman

CFO

Financial and Operational Performance Update

We Delivered Stronger Than Expected Q3

		% YoY	Pre-COVID % YoY	vs. Midpoint of Q3 Outlook
Revenue	\$470 Million	-11%*	+4%	
Revenue ex-TAC	\$186 Million	-16%*	-2%	+8%
Adj. EBITDA	\$49 Million	-27%*		+55%
Non-GAAP EPS	\$0.40	-26%	COVID impact**	Privacy Headwinds**
Free Cash Flow	\$38 Million	+98%	<ul style="list-style-type: none"> • \$(33)M Q3 / 15 pts • \$(80)M 9M / 12 pts 	<ul style="list-style-type: none"> • \$(10)M Q3 / 5 pts • \$(21)M 9M / 3 pts

Solid Execution Along Our Four Strategic Pillars

1

Strengthen the Core

- ✓ Introduce multi-year MSA contracts with large clients
- ✓ Large clients +10pp vs. Q2
- ✓ 206 net new clients to 20,600 clients
- ✓ 88% client retention
- ✓ Retargeting -7% pre-COVID

2

Expand Product Portfolio

- ✓ New solutions +43% YoY, +53% YTD to 19% of total
- ✓ Retail Media ~+60% YoY, +62% YTD
- ✓ Retail Media: \$200M gross media spend activated
- ✓ Retail Media same-client accelerate to +70% RexT
- ✓ Omnichannel +120% YoY, +121% YTD

3

Explore Strategic Game Changers

- ✓ Launched CTV campaigns
- ✓ Criteo/The Trade Desk partnership on UDID2.0

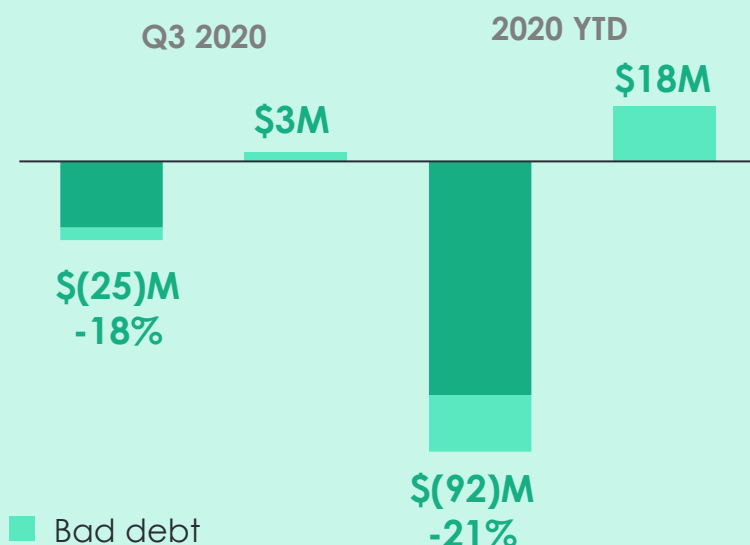
4

Drive Tech & Operational Excellence

- ✓ Invest in Retail Media, DSP, Insights and Identity
- ✓ Ahead of cost control plan with \$(92)M savings YTD*

Delivering Strong Cost Performance While Investing in Growth

Non-GAAP Opex Decline (YoY, \$M / %)

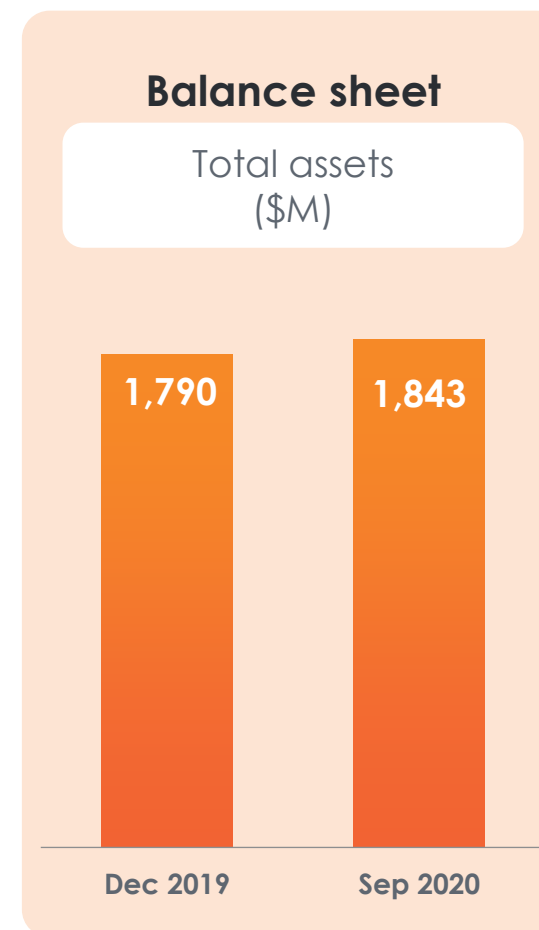
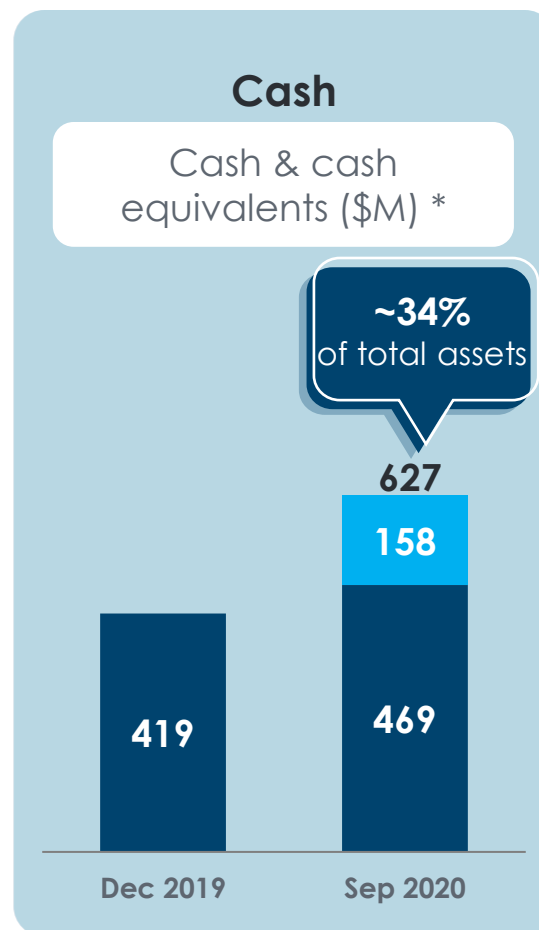
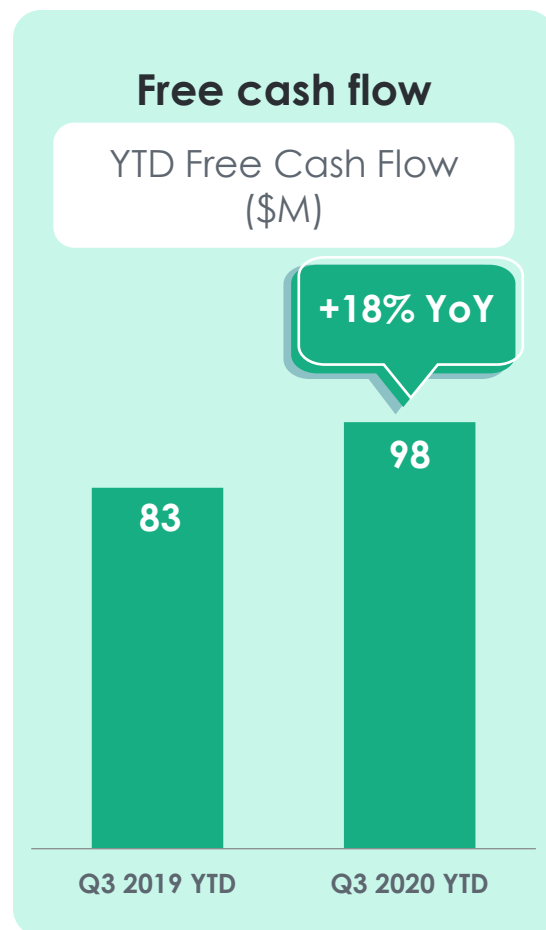


- ✓ Actively manage open roles
- ✓ Optimize real-estate footprint
- ✓ Re-invest in Product and Retail Media
- ✗ \$5M Hosting cost headwind in 2020 YTD
- ✗ \$6M Q3 bad debt provision, \$23M YTD

Restructuring and Transformation-related expenses(\$M)

	2019 YTD	2020 YTD
(Gain) from forfeitures of share-based compensation awards	(3)	-
D&A expenses	1	-
Facilities and impairment-related costs	2	9
Payroll-related costs	3	5
Transformation-related consulting fees	-	2
Total	\$3M	\$16M

We Have a Strong Balance Sheet, Cash and Liquidity



\$870M+
total financial liquidity

\$627M*
Cash as of Sep 30, 2020

€350M*
Committed financing until March 2022

\$44M
Share Repurchase in 2020 (\$18M Q1 / \$15M Q2 / \$11M Q3)

\$100M**
equity raise capacity

* In September 2020, includes \$158M Revolving Credit Facility drawdown expected to be repaid in November 2020

** Based on a \$1.0bn market capitalization, pursuant to the 2020 AGM authorization to issue up to 6.6m shares

Encouraging and Realistic Q4 outlook

“As of now, we continue to see a significant impact to our business related to the pandemic, continued economic uncertainty, customer demand and supply chain logistics of our clients”

Revenue ex-TAC

\$223-\$230 million or **-15%** YoY decline at midpoint

- Assumes less concentrated peak Holiday Season vs. prior years
- Assumes continued slow rebound in Travel and Classifieds
- Assumes \$(17)M of Privacy headwinds impact

Adjusted EBITDA

\$81-\$88 million or **37%** Adj. EBITDA margin at midpoint

- Est. \$(6)M bad debt provision

Implied FY 2020

Based on Q4 outlook midpoint

~\$800 million Rev ex-TAC, **\$232 million** Adj. EBITDA, **29%** margin

CFO Priorities to Foster Growth and Operational Excellence

Support Profitable Growth

- Ensure **best resource and investment allocation**
- Shift to **high-growth markets**
- Focus on **multi-year commercial contracts**
- Insulate core business against **identity** headwinds
- Remain **disciplined on M&A**
- **Redeploy cash** to highest value use while maintaining flexibility

Drive Operational Excellence

- **Reduce fixed costs** including data centers and office footprint
- **Optimize support functions** automation
- Improve **contribution margins** and cash conversion
- **Maintain flat share count** - Evaluate potential share buy backs



Megan Clarken
CEO

Closing Remarks

CEO Achievements

- ✓ Taken a client-first focus across the company
- ✓ Refined company vision and strategic roadmap to return to sustainable growth
- ✓ Strengthened product roadmap to revive growth and address identity challenges
- ✓ Expanded ecommerce exposure through Retail Media - Position it as central piece of strategy
- ✓ Reshaped C-level leadership and created Transformation Office
- ✓ Kept our people safe through a solid work-from-home model
- ✓ Overachieved expectations despite COVID-19
- ✓ Developing a culture of innovation, performance and accountability

We Are Focused on the Future and Driving Shareholder Value

- 1 Plan against our Commerce Media Platform strategy to drive growth
- 2 Deliver product roadmap embracing identity
- 3 Execute with discipline and focus
- 4 Implement organization and cost structure to support strategic plan
- 5 Invest in compelling opportunities for growth to address \$60B+ TAM*

Further Questions? Please Contact Investor Relations

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Appendix

Commerce Media Platform Addresses Marketer/Retailer Needs

Brands and Retailers Want to...

1. **Understand every buyer journey**
2. **Grow business through smart marketing**
3. **Execute all digital marketing through single partner**
4. **Measure lifetime value of every customer**

Criteo Commerce Media Platform Brings

- ✓ Deep commerce insights through data and analytics
- ✓ State-of-the-art user matching technology
- ✓ Commerce-friendly ads, Retailer on-site media
- ✓ Single platform for Targeting and Retail Media
- ✓ Tools for customer acquisition and targeting
- ✓ Large, privacy-focused 1st-party media network
- ✓ Preferred access to over 5,000 media properties
- ✓ Exclusive access to large retailer's onsite media
- ✓ Video and CTV campaigns enablement
- ✓ Linking offline and online outcomes
- ✓ Measurement along entire buyer journey

We Are a Global Company



Campaigns in **100+** countries
28 offices in **19** countries
80+ nationalities

Revenue ex-TAC Reconciliation

\$ in millions	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19	Q4'19	Q1'20	Q2'20	Q3'20
Revenue	564.2	537.2	528.9	670.1	558.1	528.1	522.6	652.6	503.4	437.6	470.3
Less: Traffic acquisition costs	323.7	307.0	305.4	398.2	322.4	304.2	301.9	386.4	297.4	257.7	284.4
Revenue ex-TAC	240.4	230.2	223.5	271.9	235.7	223.9	220.7	266.3	206.0	179.9	185.9

\$ in thousands	2018	2019
Revenue	2,300.3	2,261.5
Less: Traffic acquisition costs	1,334.3	1,314.9
Revenue ex-TAC	966.0	946.6

Adjusted EBITDA Reconciliation

\$ in millions	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19	Q4'19	Q1'20	Q2'20	Q3'20	2017	2018	2019
Net income	21.1	14.7	17.9	42.1	21.4	12.5	20.6	41.5	16.4	6.2	5.3	96.7	95.9	96.0
Adjustments:														
Financial expense	1.3	1.0	1.0	1.7	2.0	1.4	0.9	1.5	0.3	1.0	0.5	9.5	5.1	5.7
Provision for income taxes	12.4	8.6	6.8	18.3	10.0	5.7	7.9	15.8	7.0	2.6	2.3	31.7	46.1	39.5
Equity awards compensation expense	19.3	20.2	17.3	10.3	13.9	14.4	11.7	9.1	8.5	7.2	6.8	72.4	67.1	49.1
Pension service costs	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.6	1.2	1.7	1.6
Depreciation and amortization expense	23.6	23.6	25.6	30.7	19.3	21.3	22.4	30.5	24.1	20.2	21.8	90.8	103.5	93.5
Acquisition-related costs	-	-	0.5	1.2	-	-	-	-	-	-	0.1	0.0	1.7	-
Restructuring-related & transformation costs	(0.3)	0.2	-	-	1.9	0.7	0.3	10.7	2.2	1.2	12.2	7.4	(0.1)	13.6
Total net adjustments	56.8	54.1	51.6	62.6	47.5	43.9	43.7	68.0	42.8	32.8	44.2	212.9	225.2	203.0
Adjusted EBITDA	77.9	68.8	69.6	104.8	68.9	56.4	64.2	109.5	59.2	38.9	49.5	309.6	321.1	299.0

Free Cash Flow Reconciliation

(\$ in millions)	Q3 2019	Q3 2020
CASH FROM OPERATING ACTIVITIES	43.3	51.2
Acquisition of intangible assets, property, plant and equipment	(27.2)	(16.3)
Change in accounts payable related to intangible assets, property, plant and equipment	3.3	3.4
FREE CASH FLOW	19.3	38.3

Foreign Exchange Impact on Actual Results and Guidance

Q3 2020 Actual						
USD million	@ Q3 2019 FX	FX impact	Actual	@ Q3 2020 guidance FX	FX impact	Actual
Revenue ex-TAC	\$ 184.3	\$ 1.6	\$ 185.9	\$ 180.9	\$ 5.0	\$ 185.9

Q4 2020 Guidance			
USD million	@ Q4 2019 FX	FX impact	Guidance Midpoint*
Revenue ex-TAC	\$ 226.4	\$ 0.1	\$ 226.5

* Based on FX assumptions for Q4 2020 published in the Oct 28, 2020 earnings release

Q4 Events

EARNINGS

- October 28 Q3 2020 Virtual earnings call (before market) **CEO, CFO, CPO**

ROADSHOWS

- October 29 *Virtual* “Boston” roadshow with BMO Capital Markets **CEO & CFO**
- October 30 *Virtual* “New York” roadshow with Deutsche Bank **CEO & CFO**
- November 2 *Virtual* “London” roadshow with Berenberg **CEO & CFO**
- November 3 *Virtual* “Paris” roadshow with Société Générale **CEO & CFO**

CONFERENCES & EVENTS (All virtual)

- November 12 Berenberg CEO Conference **CEO**
- November 17 Criteo Industry Analysts Update **CEO, CPO, CTO, GM of Retail Media**
- November 18 Berenberg West Coast Consumer & Ecommerce Conf IR only
- November 19 Morgan Stanley TMT Conference **CEO**
- Dec 7 Raymond James Conference **CFO**
- Dec 11 Susquehanna Bus Tour **CEO, CPO**

More to come...