



# Q1 2020 Financial Results

**Investor Presentation**

May 2020

criteol.

# 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.

# Investment thesis



## Compelling Mission

Power the world's marketers with trusted and impactful advertising



## Large market

\$47B market opportunity across the open Internet



## Competitive moats

Shopper Data  
Unmatched ID Graph  
AI Technology  
Large client base  
Broad consumer reach



## Proven track-record

Close to 90% client retention for all solutions combined



## Attractive financial profile

High profitability  
Strong balance sheet, cash flow and financial liquidity

A green square graphic with a white border, located on the left side of the slide.

OUR MISSION

To power the world's  
**MARKETERS**  
with trusted and  
impactful advertising

# Our market opportunity is enormous



# We have unique assets to win



## Global Footprint

**100+** markets

**29** offices in 19 countries



## Advertisers & Publishers

**20,400+** advertisers

Incl. **1,000+** brands

**4,600+** direct publishers



## Data & Reach

**Well over 2B users**  
in ID Graph



## Technology

**14 years** of AI Tech expertise

**1,300B+** ads served in 2019



## Financial Model

**Profitable**, with ability to invest

**Cash** generative

Solid financial **liquidity**



## Talent

**2,700+** employees

**630** in R&D

## Direct relationships with many premium commerce and brand clients

DIAGEO



*P&G*

NEW LOOK



ROCKPORT®

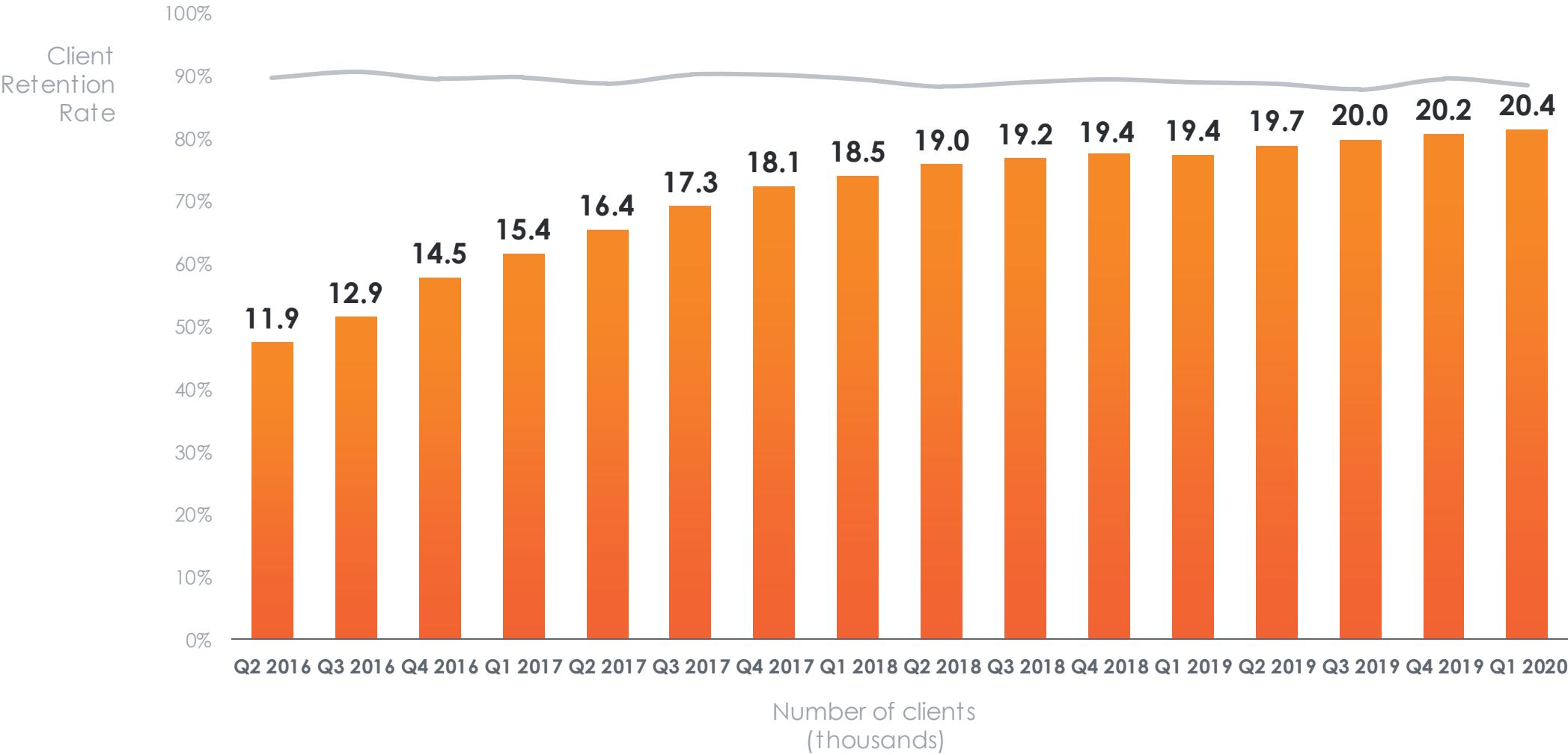


Soft Surroundings



**THRIVE**  
- MARKET -

# We maintain high retention across our large client base





# Extensive supply partnerships ensure broad audience access

## Direct partnerships

4,600 Premium publishers

## Exchange partners

Long-tail & emerging formats

## Closed environments

Long-tail & emerging formats

**Flexible buying technology:** RTB/S2S, Criteo direct bidder, SDK, API

**Any relevant creative formats/environment:** IAB, Native, In-App, Video, Google AMP



Los Angeles Times



# Criteo Shopper Graph: The world's largest set of shopper data

A Unique Understanding of the Customer Journey

## Exclusive Shopping Intent Data

### Identity Graph

Stitches together device IDs across billions of user timelines

**Well over 2B** users in ID graph, matched cross-device and same device

Deterministic Foundation  
**60%** match rate

A large orange circle containing the Criteo logo and the text "Shopper Graph".

criteo.  
Shopper  
Graph

### Intent Map

Finds patterns of behavior & listens to signals of intent

**13B+** advertiser & publisher events captured

**120+** intent signals per shopper

# Criteo Identity Graph

Stitches together device identifiers across billions of user timelines

## Criteo's Advantages

**~75%** of clients participate

**Well over 2B users** in ID Graph

**Global Coverage**

## Persistent

96% of Criteo IDs also contain long-term identifiers such as hashed emails or app identifiers besides cookies

## Open, transparent, secure, fair

Encrypted and double-hashed personal identifiable information (PII)

Access at no additional cost

## Participation

Opt-in by sending hashed identifiers via OneTag or App Events SDK



# Criteo Intent Map

Finds patterns of behavior and listens to signals of intent

## Criteo's Advantages

Access to **10B+** products

Large consumer reach **worldwide**

Understand performance of  
product attributes

**120+** shopping intent signals  
evaluated per shopper

**21B** product interactions per month

**600TB** daily shopper data

## Open, transparent, secure, fair

Data isolated unless opt-in

All data anonymized

No free riders

Contribution capped at 15% of pool

Access at no additional cost

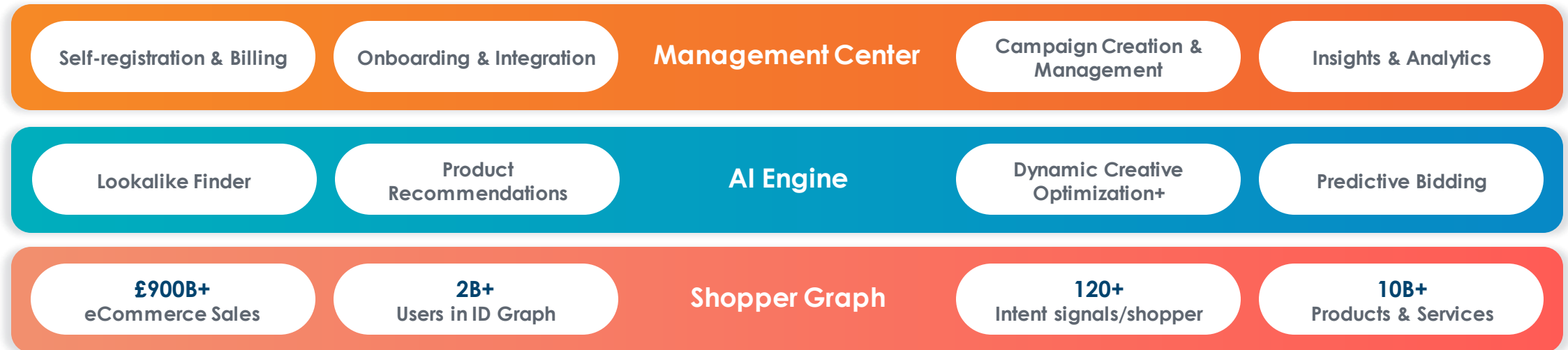
## Participation

Opt-in to share anonymized data

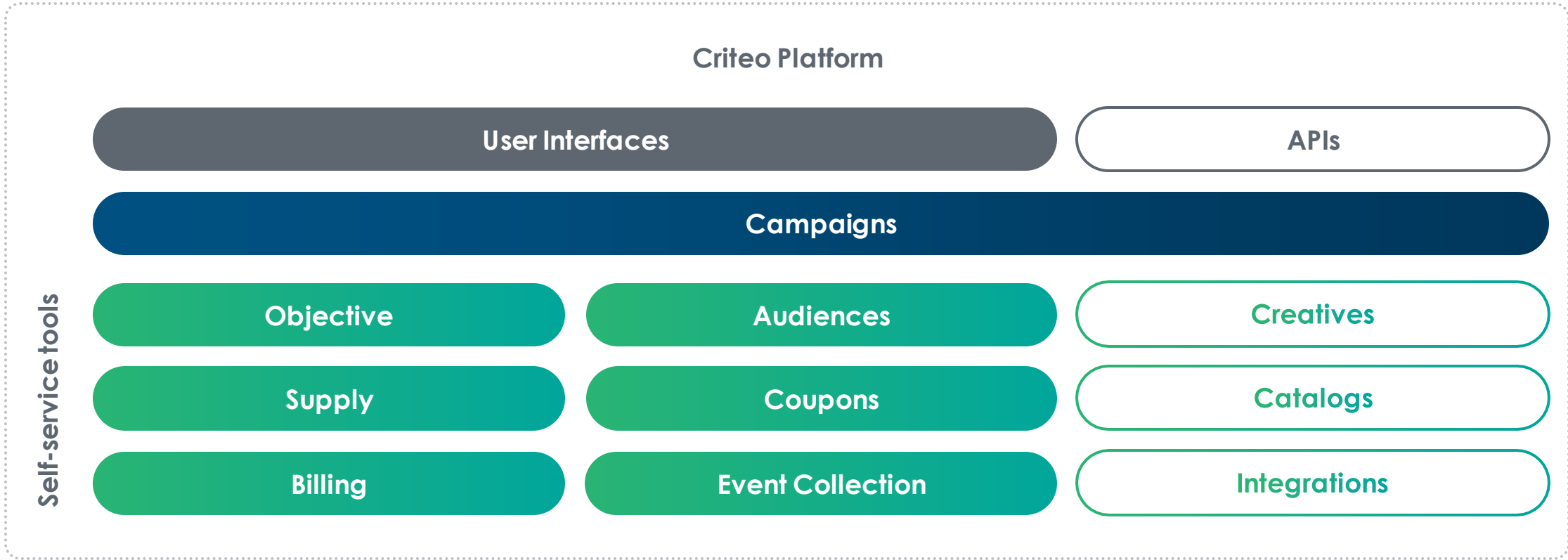
Opt-out to use client data only



# Criteo Platform



# Criteo Management Center



# The new Criteo Retail Media Platform – launching Q2 2020 – provides one platform for the open retail media ecosystem



# Criteo Executive Leadership Team



**Megan Clarken**  
CEO



**Dave Anderson**  
Interim CFO



**David Fox**  
Chief Development  
Officer & Acting Chief  
Commercial Officer



**Geoffroy Martin**  
EVP and GM,  
Growth  
Portfolio



**Diarmuid Gill**  
Chief Technology  
Officer



**Ryan Damon**  
General  
Counsel



**Denis Collin**  
EVP, People



**Thomas Jeanjean**  
Chief Transformation  
Officer



# Our strategic pillars drive our 2020 execution roadmap

1



**Strengthen  
the Core**

2



**Expand Product  
Portfolio**

3



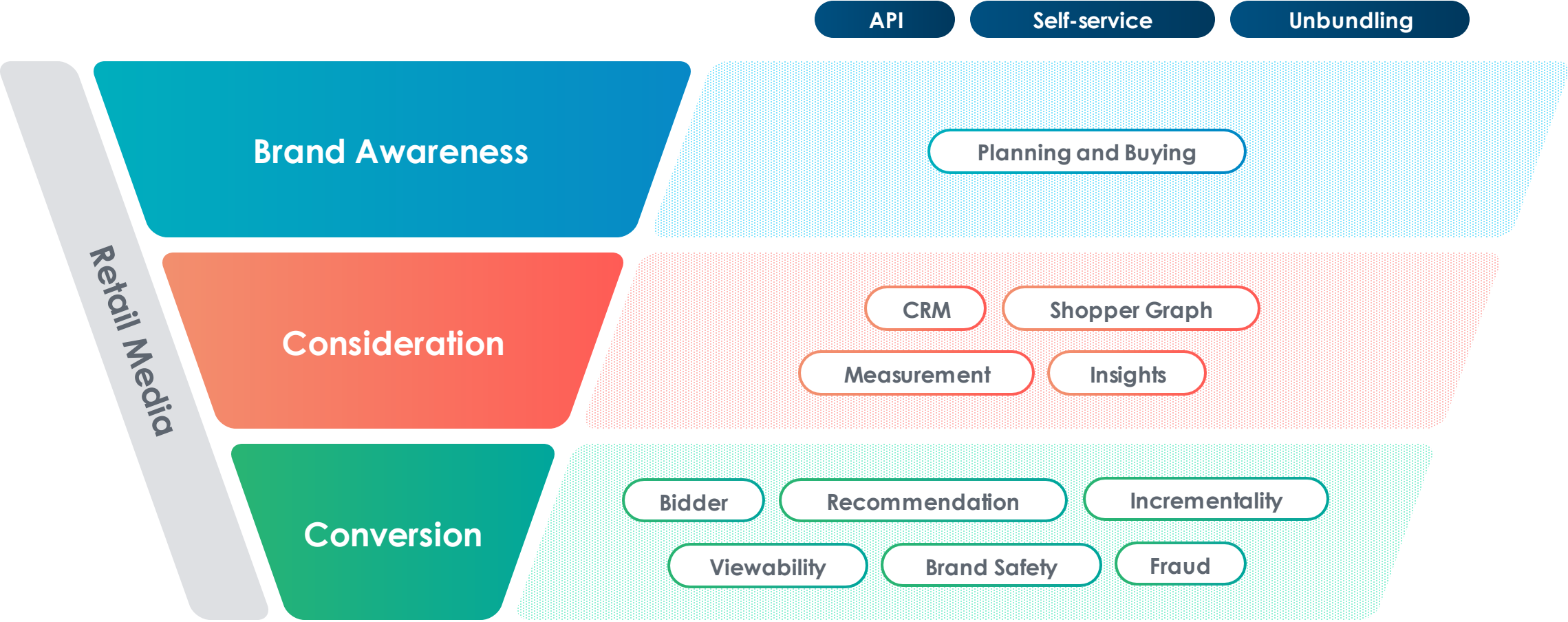
**Explore Strategic  
Game Changers**

4



**Drive Tech &  
Operations Excellence**

# Product Strategy



# Criteo has a clear and strong position on online identification

Since inception, we've had **strong convictions** on identification and privacy, about what's right for the user and where we think the industry should be heading.

1

Users' control over their ad experience creates **trust**

2

User-personalized ads provide multiple benefits **when it's done right**

3

Browsers and devices should not control user data portability - **users should.**

# Criteo's trusted and impactful advertising builds on five key assets for online identification

1

Privacy by  
design  
approach

2

Large  
first-party  
footprint

3

Unrivalled  
Identity  
Graph

4

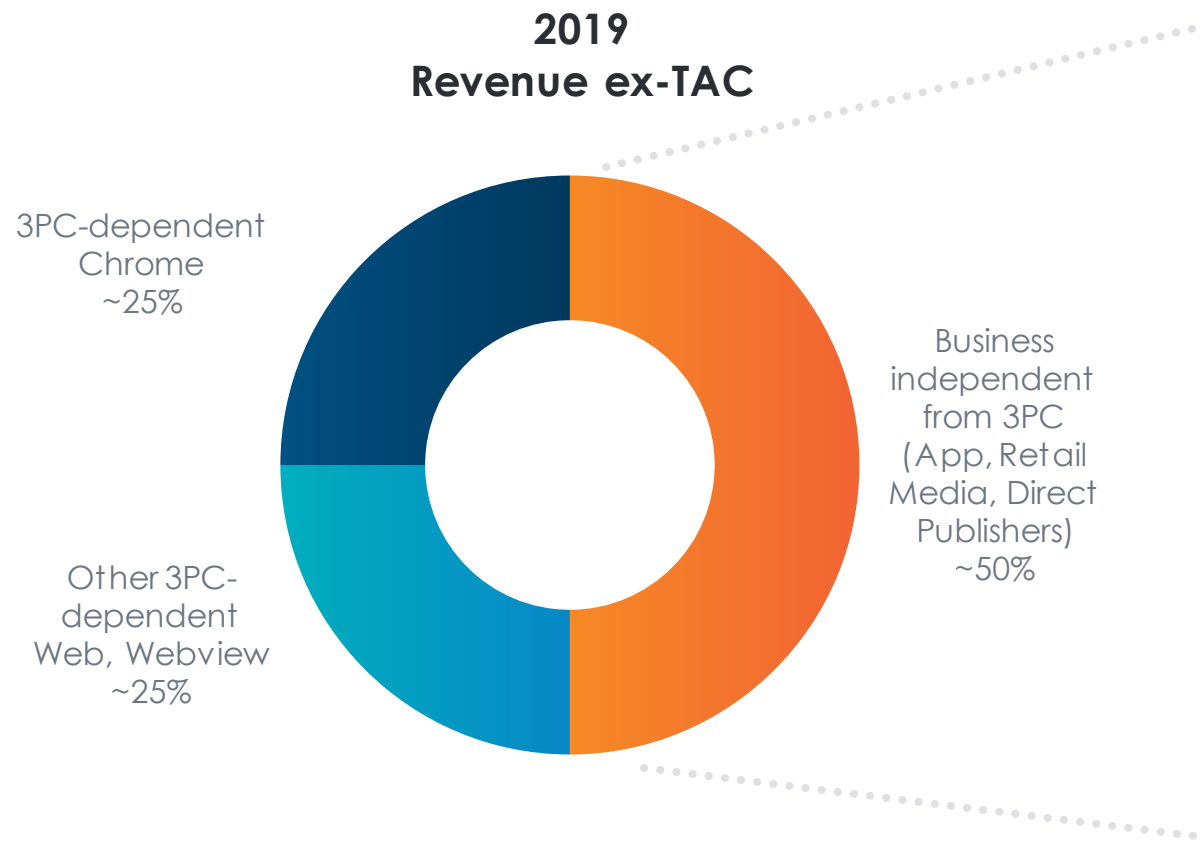
Exposure to  
cookie-less  
environments

5

World-class  
technology  
& R&D

# Half of our business does not rely on third-party cookies

Our goal is to become **100% independent**



- Advertising in app uses **app identifiers**, not cookies  
“App” includes “Web-to-App”, which uses **web demand**, i.e. shopping intent captured on advertisers’ websites (where we access **1P cookies**) to buy **app inventory**
- Retail Media only uses **1P cookies** and contextual data
- Criteo Direct Bidder gives us direct access to supply, i.e. **first-party inventory**

# Our online identification strategy has four complementary layers



**First-party  
footprint**



**Consumer data  
& ID Graph**



**Product  
portfolio**



**Industry  
leadership**

# First-party footprint



As a **trusted partner**, we are integrated into all our advertisers' and direct publishers' websites

We have a **privileged position** to embed ourselves into their workflow

This means that large amounts of our data are **first party** and provide us the means to create identification solutions for our clients, including for user-personalized advertising

We grow our first-party data footprint through

- More **direct publisher integrations** on both web and app
- Onboarding **first-party identifiers** (like hashed emails) from our advertisers and publishers



Daily **Mail**.com



**The Telegraph**

**Voodoo**

# Consumer data & Identity Graph



Criteo Shopper Graph contains more than **2 billion+ users** matched across multiple identifiers

**96%** of identities include **non-cookie identifiers**

We enrich the Criteo Shopper Graph to ensure it becomes even less cookie-dependent over time, through

- Additional **persistent identifiers**
- New identification capabilities through trusted **partnerships**





# Product Portfolio



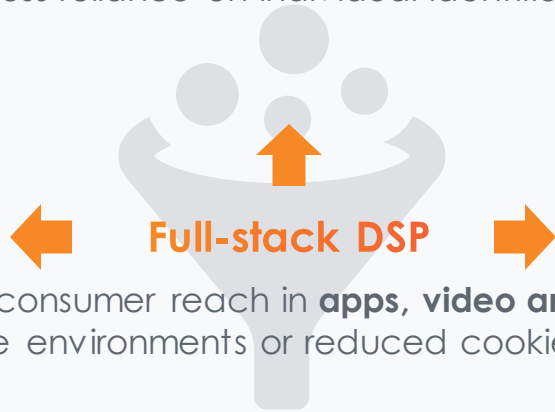
We have **diversified** our solutions over the past years

We operate using multiple **cookie-less solutions** to personalize ads in Criteo's App and Retail Media businesses

Our **full-stack DSP** product strategy reduces our cookie exposure along two dimensions

- Going **upper-funnel**
- Broadening **consumer reach** across multiple non-cookie channels

Going "**upper- funnel**" means  
less reliance on individual identifiers



Broadening consumer reach in **apps, video and CTV** means  
either non-cookie environments or reduced cookie exposure overall

## What this mean for our product roadmap

- Grow **audience-based targeting**  
(e.g. with our Consideration solutions)
- Expand **contextual** advertising capabilities
- Adapt **measurement** to non-cookie environments

# Industry leadership



Criteo is **the largest independent ad tech** company in the world

We are in a strong position to partner with other players, trade associations, and regulators to help define **new industry standards** for privacy-first, personalized advertising

Criteo subscribes to W3C influence groups

- Privacy Community Group
- Improving Web Advertising Business Group



With a focus on driving **privacy, control and transparency**, we continue to make sure digital advertising funds the open Internet, keeping services free to users and empowering them to choose their browsing experience

## Industry Leadership: Investing in Best Practices

Criteo has an extensive number of certifications that are reviewed annually by governing and standards bodies, and supports initiatives that deliver greater transparency and control to users. We were early adopters of the following:



# We plan to build internally and to partner

## Audiences



## Measurement



## eCommerce Platforms



## Feed Management



## Tag Management



## Supply Quality



## Offline



## Key Figures – Q1 2020

Revenue ex-TAC

**\$206 Million**

Adj. EBITDA

**\$59 Million**

Free Cash Flow

**\$45 Million**



**20,400+** Clients with retention at close to **90%** for all solutions combined



**4,600+** Direct publishers in web and apps, deployed with Criteo Direct Bidder



**2,700+** Criteo employees across **29** offices in **19** countries

Revenue ex-TAC from **new solutions** represented **13%** of total Revenue ex-TAC in Q1, growing **49%** yoy.

# Covid-19 impacted Q1 2020 Revenue ex-TAC by \$10 million

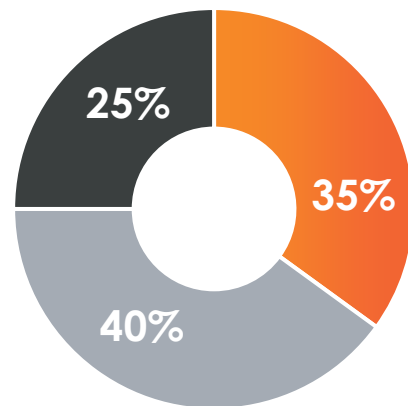
We started feeling the COVID-19 impact from mid-February on

|                       | <b><u>Reported<br/>number</u></b> | <b><u>YoY<br/>decline<br/>at CC</u></b> | <b><u>COVID<br/>impact</u></b> |
|-----------------------|-----------------------------------|---|--------------------------------|
| Revenue ex-TAC (RexT) | \$ 206M                           | -11%                                    | 4 points*                      |
| Retargeting RexT      |                                   | -16%                                    | 5 points*                      |
| Same client RexT      |                                   | -9%                                     | 5 points*                      |
| RexT Americas         | \$ 72M                            | -16%                                    | \$3M                           |
| RexT EMEA             | \$ 82M                            | -9%                                     | \$5M                           |
| RexT APAC             | \$ 53M                            | -7%                                     | \$2M                           |

\* Points of year-over-year growth

## Regional performance – Q1 2020

### Q1 2020 Revenue ex-TAC Mix by Region



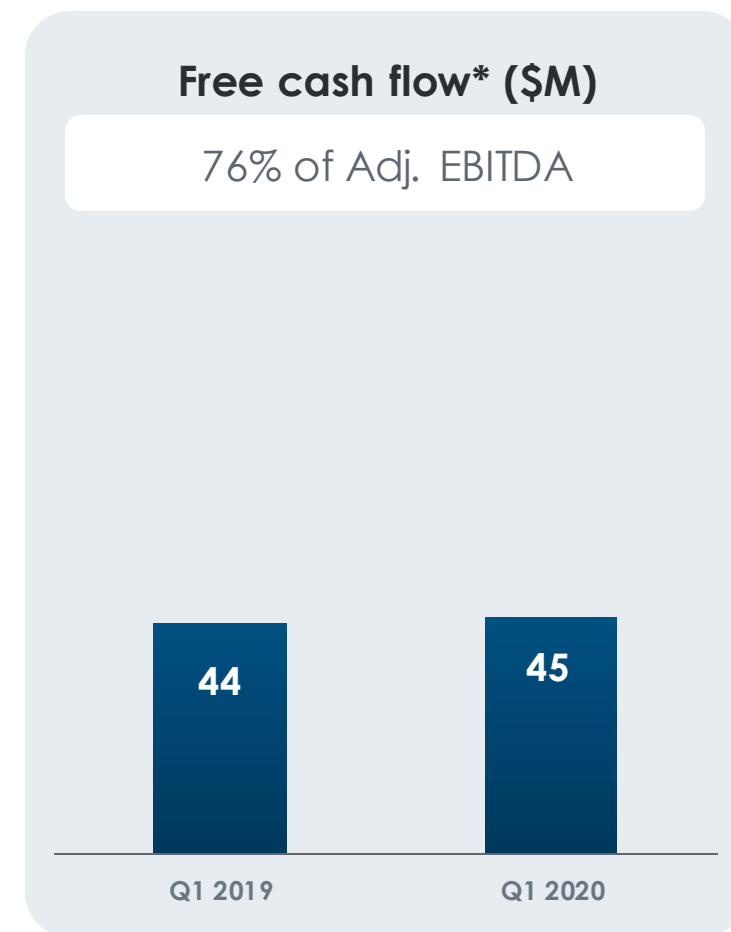
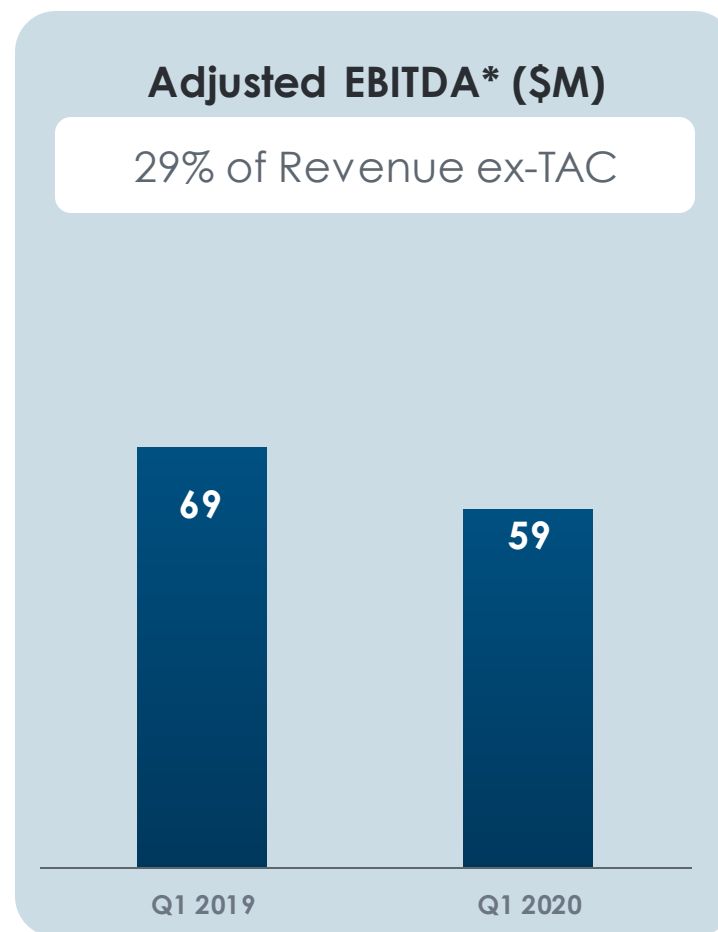
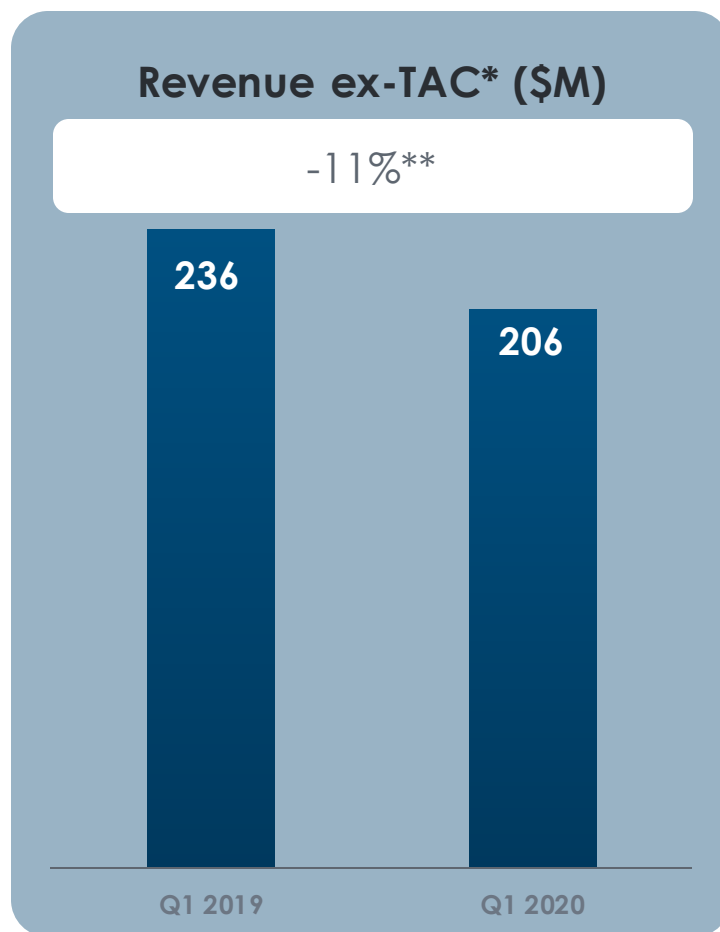
Growth\* by Region:

**-16% Americas**

**-9% EMEA**

**-7% APAC**

# Key Figures – Q1 2020



\* 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: nearly doubled Adj. EBITDA margin since IPO

| As % of Revenue ex-TAC         | FY 2013      | FY 2014      | FY 2015      | FY 2016      | FY 2017      | FY 2018      | FY 2019      |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Revenue ex-TAC                 | 100%         | 100%         | 100%         | 100%         | 100%         | 100%         | 100%         |
| Other cost of revenue*         | 7.9%         | 6.6%         | 6.1%         | 6.4%         | 6.9%         | 6.7%         | 7.7%         |
| <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>92.3%</b> |
| R&D*                           | 14.9%        | 12.5%        | 13.4%        | 14.2%        | 14.7%        | 15.2%        | 14.6%        |
| S&O*                           | 43.6%        | 39.9%        | 39.8%        | 35.3%        | 34.8%        | 33.6%        | 34.0%        |
| G&A*                           | 16.0%        | 14.8%        | 13.8%        | 13.2%        | 10.7%        | 11.3%        | 12.1%        |
| <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>31.6%</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> |

\* 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



# Covid-19 Assumptions for Q2 and the second half of 2020

We are currently modelling a slow recovery out of the crisis but no full return to pre-COVID levels by end-2020

As of April 29, 2020

## Q2 2020

We expect a **\$60-\$65M impact** on a Revenue ex-TAC basis

## H2 2020

**Slightly larger impact in the 6 months of H2** than in the 3 months of Q2

- **high-20s YoY** percentage decline in Q3 on a Revenue ex-TAC basis
- **high-teens YoY** percentage decline in Q4 on a Revenue ex-TAC basis

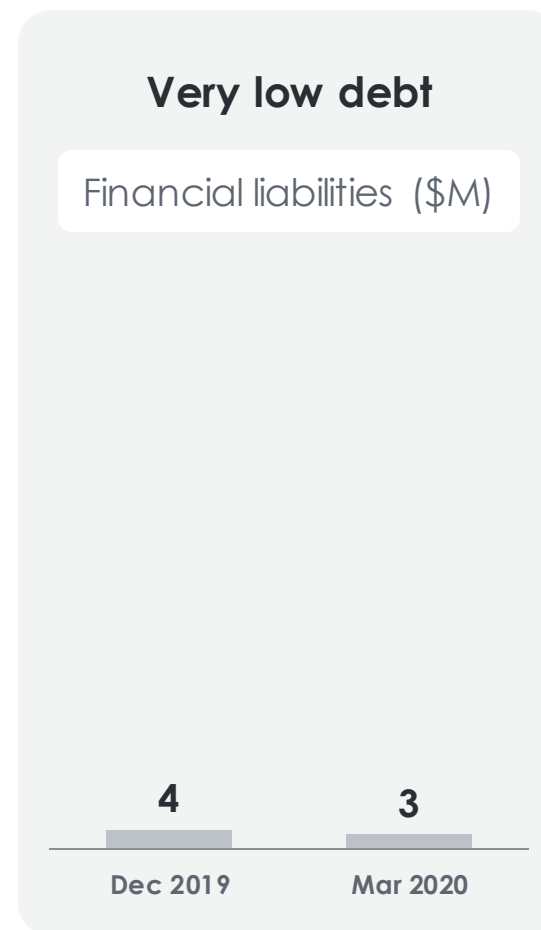
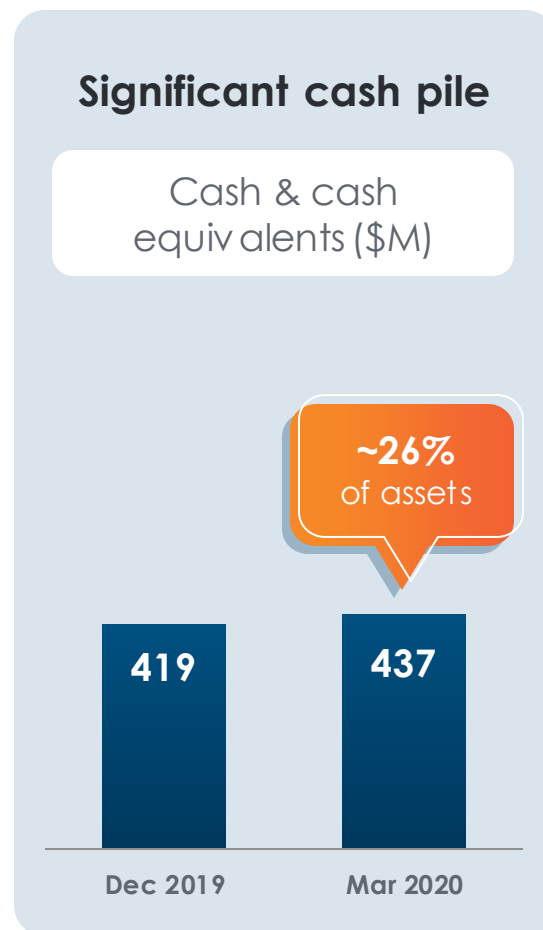
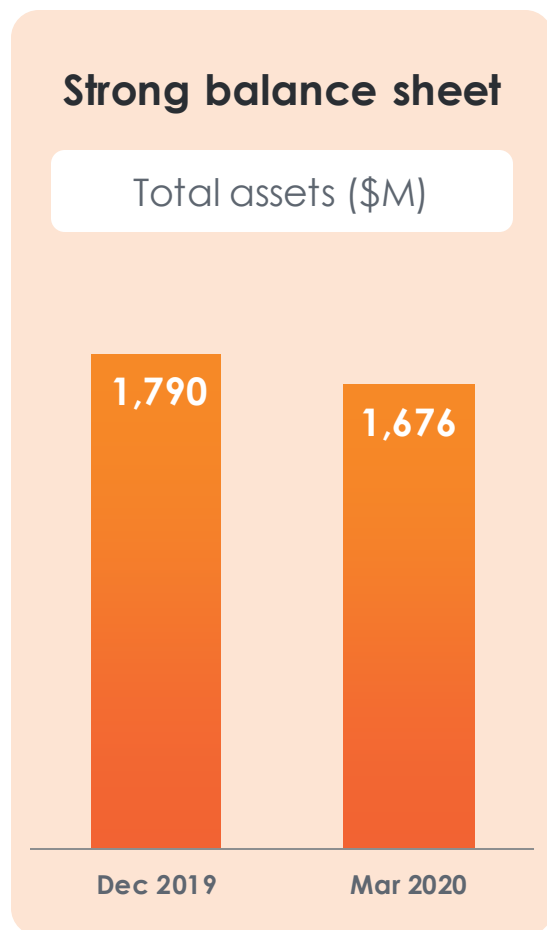
# We're taking meaningful cost containment measures

We're hyper-focused on managing our cost base and protecting both our profitability and our cash

As of April 29, 2020

- In 2020, we plan to spend **\$77 Million less non-GAAP expenses** than in 2019
  - This represents about **\$46M incremental savings** compared to our original 2020 plans
- **About two thirds** of these incremental projected savings are **employee-related** and largely driven by our strict hiring freeze until further notice
- The remaining one third in savings are across
  - business travel
  - marketing spend and events
  - third-party services
  - hosting costs
- We've also planned to **significantly reduce capex** by more than 10% of our original envelope for 2020
  - We now anticipate our capex for 2020 to represent **about 3% of gross revenue**
- We prioritize the use of our cash primarily for **building and partnering** and intend to remain extremely thoughtful about any potential new M&A going forward

# More than \$820M financial liquidity offers significant flexibility



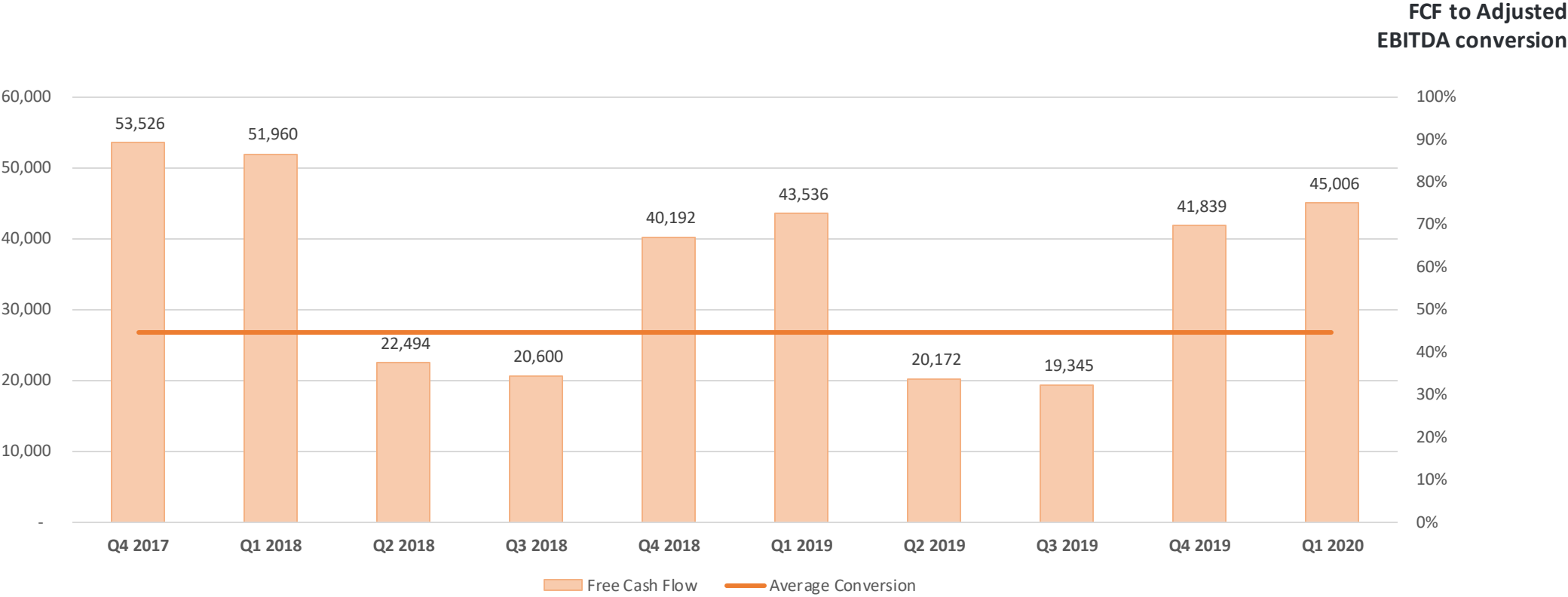
**\$437M**  
Cash as of Mar 31, 2020

**€350M**  
Committed financing

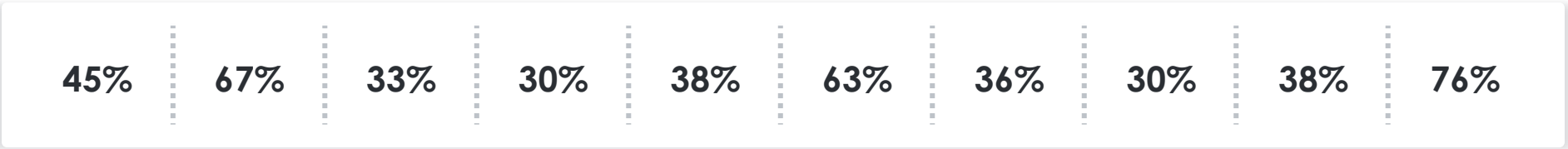
**\$100M**  
equity raise capacity\*

**Share buyback**  
authorization

# Robust free cash flow and strong conversion into Adj. EBITDA



FCF to Adjusted EBITDA conversion



# Flexible capital allocation geared to shareholder returns

## Organic Growth

CapEx: targeted at **3% of revenue in 2020**  
(or ~8% of Revenue ex-TAC)

Investment: **focused on hosting** (~80%)  
and facilities & internal IT (~20%)

### Share repurchase program

2019 shareholder meeting provided us with **more flexibility around share buybacks**

Board authorized **\$30 million share buyback** in April 2020

We commit to **incur no future dilution** from equity grant and vesting for at least a year

## M&A

**Active yet disciplined approach**

**So far, acquisitions of**

Adjacent **technology**

**Product**

Key **talent**

AD TRACKING

TEDEMIS

AQ  
AdQuantic

DATAPOP

Monsieur  
Drive

HookLogic



STORETAIL



manage



madyourself

# Investment thesis



## Compelling Mission

Power the world's marketers with trusted and impactful advertising



## Large market

\$47B market opportunity across the open Internet



## Competitive moats

Shopper Data  
Unmatched ID Graph  
AI Technology  
Large client base  
Broad consumer reach



## Proven track-record

Close to 90% client retention for all solutions combined



## Attractive financial profile

High profitability  
Strong balance sheet, cash flow and financial liquidity

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# Appendix



# Foreign Exchange impact on actual results and guidance

| Q1 2020 Actual |              |           |          |                       |           |          |
|----------------|--------------|-----------|----------|-----------------------|-----------|----------|
| USD million    | @ Q1 2019 FX | FX impact | Actual   | @ Q1 2020 guidance FX | FX impact | Actual   |
| Revenue ex-TAC | \$ 209.6     | \$ (3.6)  | \$ 206.0 | \$ 207.3              | \$ (1.3)  | \$ 206.0 |

| Q2 2020 Guidance |              |           |                    |
|------------------|--------------|-----------|--------------------|
| USD million      | @ Q2 2019 FX | FX impact | Guidance Midpoint* |
| Revenue ex-TAC   | \$ 148.7     | \$ (5.2)  | \$ 143.5           |

\* Based on FX assumptions for Q2 2020 published in the April 29, 2020 earnings release

# Revenue ex-TAC reconciliation

| \$ in thousands                 | Q1'18          | Q2'18          | Q3'18          | Q4'18          | Q1'19          | Q2'19          | Q3'19          | Q4'19          | Q1'20          |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Revenue                         | 564,164        | 537,185        | 528,869        | 670,069        | 558,123        | 528,147        | 522,606        | 652,640        | 503,376        |
| Less: Traffic acquisition costs | 323,746        | 306,963        | 305,387        | 398,238        | 322,429        | 304,229        | 301,901        | 386,388        | 297,364        |
| <b>Revenue ex-TAC</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> | <b>220,705</b> | <b>266,252</b> | <b>206,012</b> |

| \$ in thousands                 | 2018           | 2019           |
|---------------------------------|----------------|----------------|
| Revenue                         | 2,300,314      | 2,261,516      |
| Less: Traffic acquisition costs | 1,334,334      | 1,314,947      |
| <b>Revenue ex-TAC</b>           | <b>965,980</b> | <b>946,569</b> |

# Revenue ex-TAC reconciliation

| (\$ in thousands)                     | Q1'18         | Q2'18         | Q3'18         | Q4'18          | Q1'19         | Q2'19         | Q3'19         | Q4'19          | Q1'20         | 2017           | 2018           | 2019           |
|---------------------------------------|---------------|---------------|---------------|----------------|---------------|---------------|---------------|----------------|---------------|----------------|----------------|----------------|
| <b>Net income</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>20,557</b> | <b>41,474</b>  | <b>16,428</b> | <b>96,659</b>  | <b>95,879</b>  | <b>95,969</b>  |
| Adjustments:                          |               |               |               |                |               |               |               |                |               |                |                |                |
| Financial (income) expense, net       | 1,325         | 1,006         | 1,007         | 1,746          | 1,974         | 1,354         | 900           | 1,521          | 334           | 9,534          | 5,084          | 5,749          |
| Provision for income taxes            | 12,386        | 8,638         | 6,821         | 18,299         | 10,018        | 5,683         | 7,913         | 15,822         | 7,040         | 31,651         | 46,144         | 39,496         |
| Equity awards compensation expense    | 19,303        | 20,245        | 17,261        | 10,267         | 13,882        | 14,391        | 11,700        | 9,089          | 8,503         | 72,351         | 67,076         | 49,132         |
| Pension service costs                 | 434           | 419           | 419           | 419            | 394           | 391           | 388           | 383            | 538           | 1,231          | 1,691          | 1,556          |
| Depreciation and amortization expense | 23,646        | 23,560        | 25,619        | 30,675         | 19,296        | 21,315        | 22,388        | 30,489         | 24,138        | 90,796         | 103,500        | 93,488         |
| Acquisition-related costs             | -             | -             | 516           | 1,222          | -             | -             | -             | -              | -             | 6              | 1,738          | -              |
| Restructuring                         | (252)         | 199           | -             | -              | 1,890         | 728           | 303           | 10,661         | 2,209         | 7,356          | (53)           | 13,582         |
| Total net adjustments                 | 56,842        | 54,067        | 51,643        | 62,628         | 47,454        | 43,862        | 43,662        | 68,025         | 42,762        | 212,925        | 225,180        | 203,003        |
| <b>Adjusted EBITDA</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>64,219</b> | <b>109,499</b> | <b>59,190</b> | <b>309,584</b> | <b>321,059</b> | <b>298,972</b> |

# Free cash flow reconciliation

| (\$ in thousands)  | Q1 2019       | Q1 2020       |
|--|---------------|---------------|
| <b>CASH FROM OPERATING ACTIVITIES</b>  | <b>67,220</b> | <b>56,743</b> |
| Acquisition of intangible assets, property, plant and equipment                        | (13,292)      | (11,258)      |
| Change in accounts payable related to intangible assets, property, plant and equipment | (10,392)      | (479)         |
| <b>FREE CASH FLOW</b>  | <b>43,536</b> | <b>45,006</b> |