

Q4 and Fiscal Year 2018 Financial Results



Investor Presentation
February 2019



criteo.

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, 2018, including the Risk Factors set forth therein and the exhibits thereto, the Company’s Quarterly Report on Form 10-Q filed with the SEC on August 2, 2018, the Company’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2018, that was filed with the SEC on November 5, 2018, 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.

Compelling 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

Technology
Scale
Openness

4

Proven track-record

Client growth
~90% client retention for all solutions combined

5

Attractive financial profile

Plan to return to growth
Increasing profitability
Strong cash flow

OUR VISION:

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



What's the open Internet?



Where advertisers and publishers are in control and free to choose:



**How to work with
different partners**



**Whether to share
customer data**

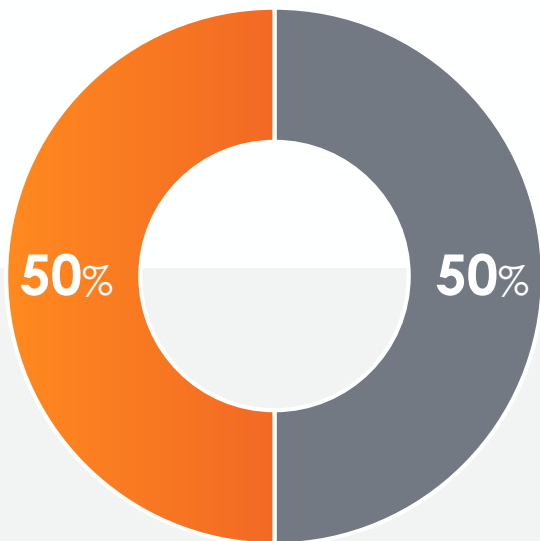


**How to
measure
success**

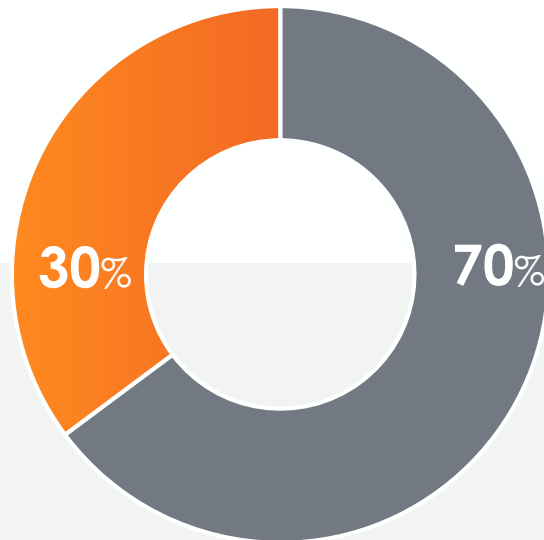
The open Internet offers significant opportunity



Time Spent



Digital Ad Spend

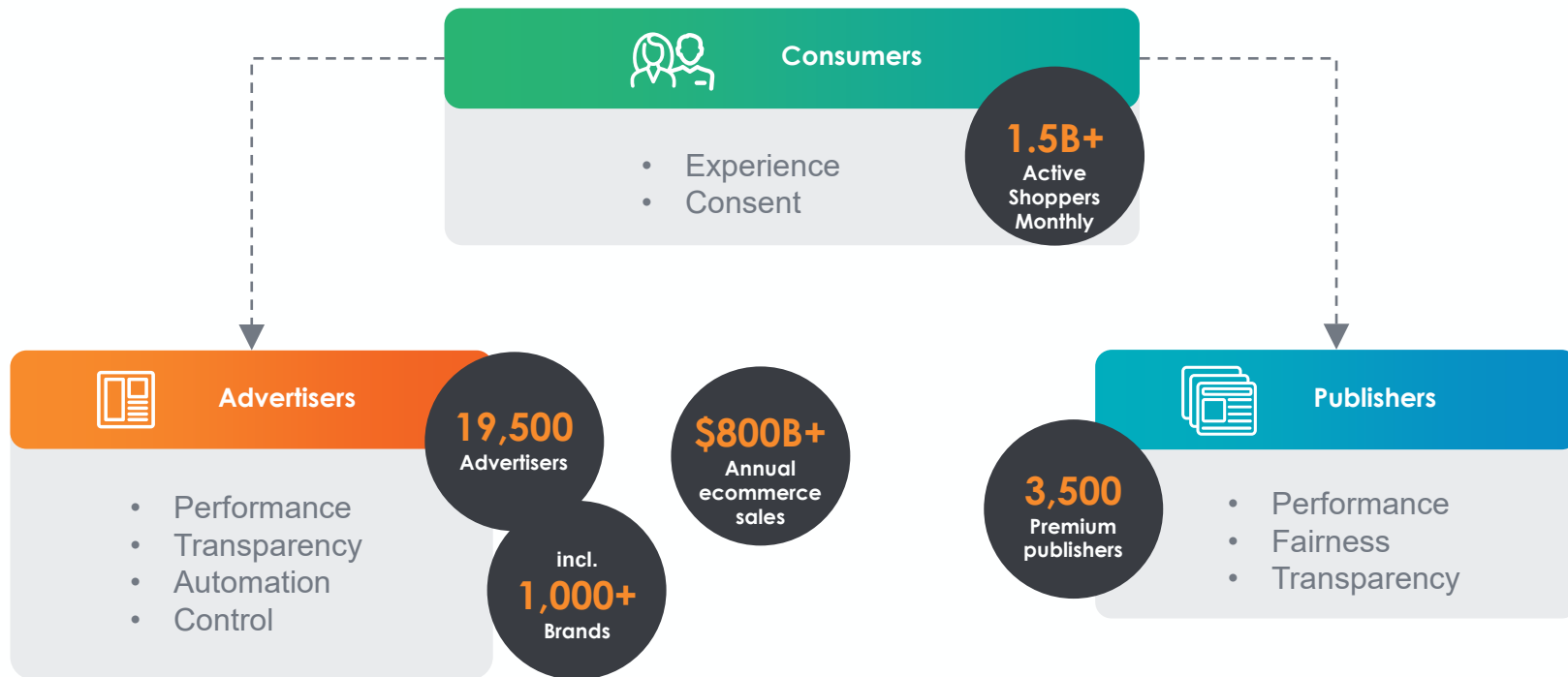


Open Internet



Google/Facebook

Our open Internet vision delivers benefits for all



Direct relationships with many premium commerce and brand clients



Commerce: Retail, Travel and Classifieds



Booking.com

ESPRIT

La Redoute

zooplus



DEBENHAMS

Rakuten

3SUISSES



OTTO

SEPHORA

bon
prix

★macy's

suumo

Office
DEPOT



Brands



Kellogg's

FIAT



Coca-Cola

SAMSUNG



Close to 19,500 clients*

Extensive supply partnerships

Ensures inventory-agnostic access to users



Direct partnerships

3,500 Premium publishers



Exchange partners

Long-tail & emerging formats



Walled gardens

Access to massive scale



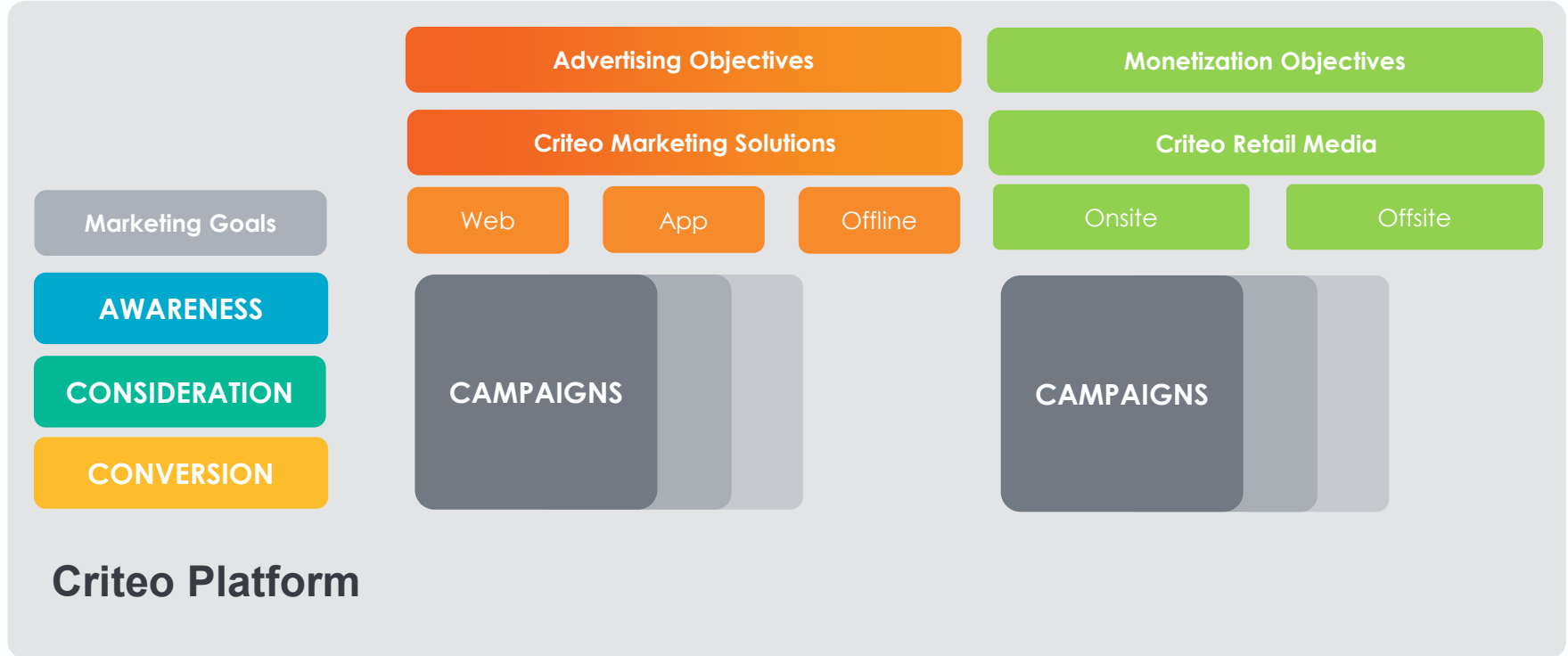
Retail partner

For Criteo Retail Media

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

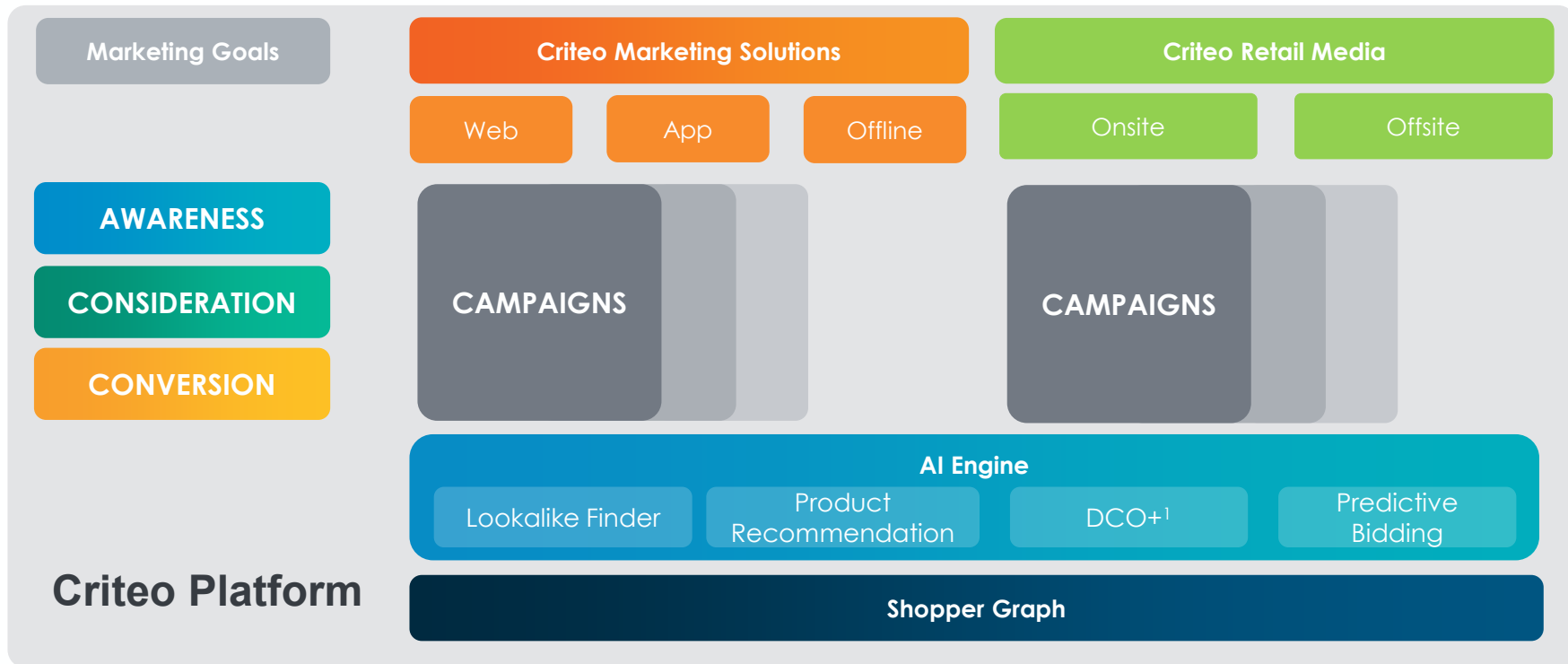


The Criteo Platform supports advertising and monetization objectives



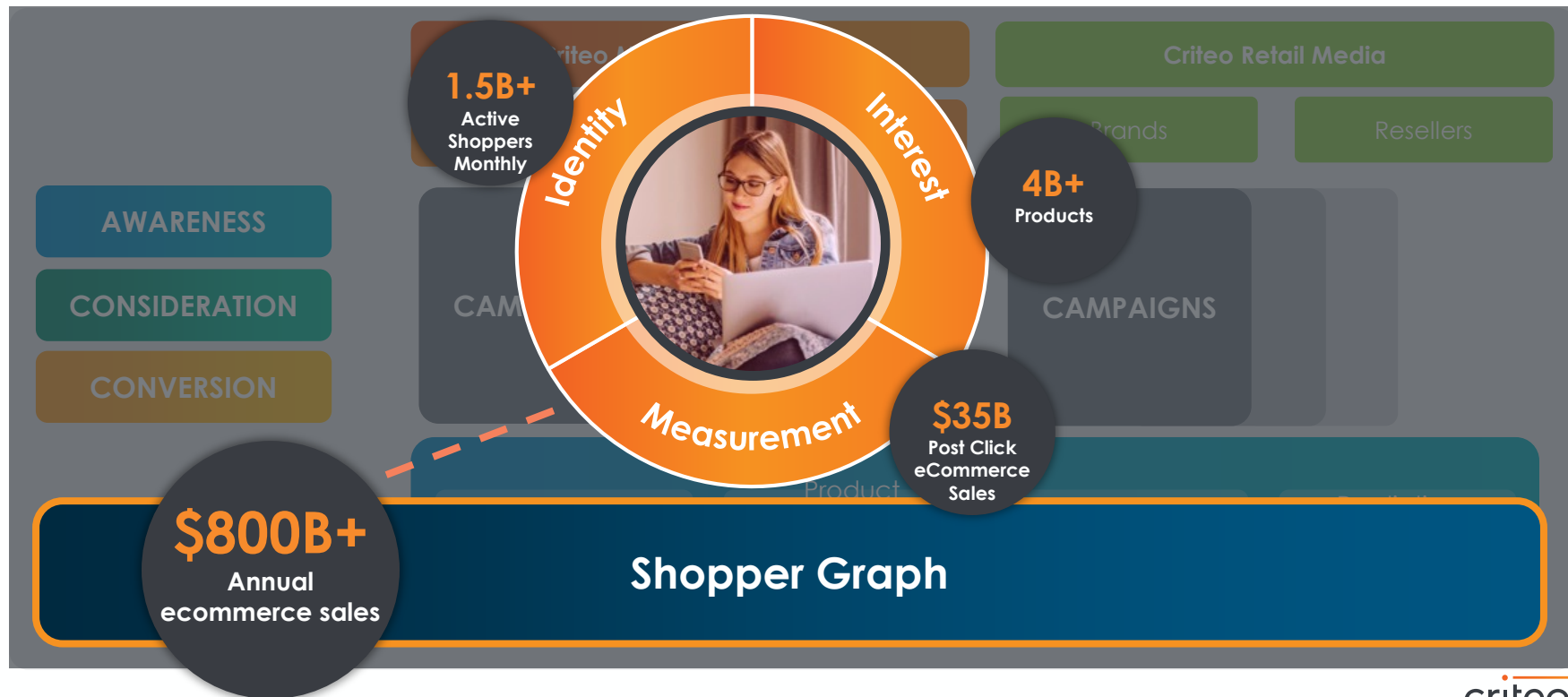
Fueled by a unique data set and powered by Artificial Intelligence

Leveraging the world's largest open commerce data set

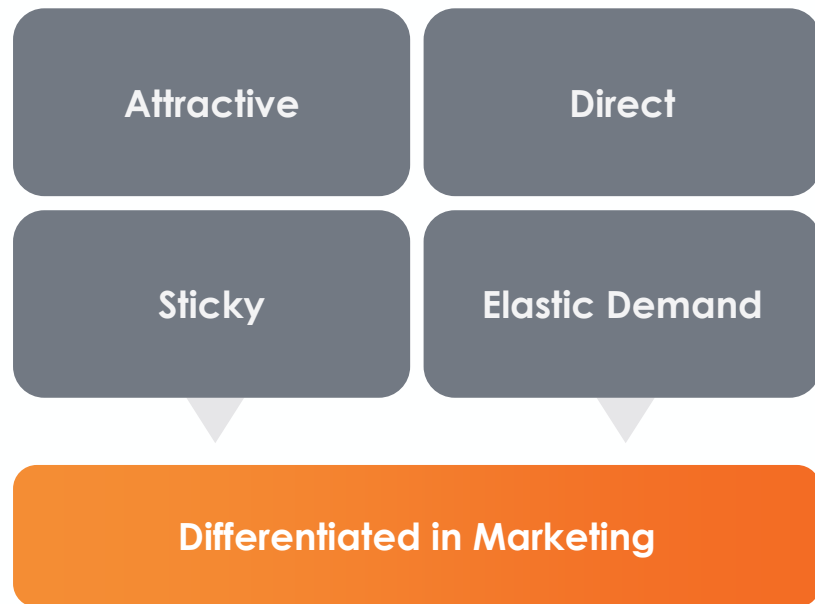


Fueled by a unique data set and powered by Artificial Intelligence

Leveraging the world's largest open commerce data set



Our business model has unique attributes



325

Net client additions
per quarter¹



~90%

Client retention rate³

75%

Direct relationships
with clients²



73%

Of Revenue ex-TAC from
uncapped budgets⁴

¹ On average over the last four quarters through Q4 2018

² Last twelve months to Q4 2018; excluding Criteo Retail Media

³ Quarterly retention rate for all solutions combined – close to 90% for 35 consecutive quarters

⁴ On average over the last four quarters through Q4 2018; excluding Criteo Retail Media. Represents uncapped budgets of our

13 • clients, which are either contractually uncapped or so large that the budget constraint does not restrict ad buys

Our core competencies are difficult to replicate



Technology



Scale



Openness

Our growth strategy is based on two strong pillars



Grow the customer base

- Evolve go-to-market strategy for large and midmarket clients
- Further scale and automate midmarket operations worldwide
- Add new brand and retailer clients globally



Increase our value for clients and partners

- Enhance AI/Deep Learning technology
- Grow and leverage Criteo Shopper Graph
- Enhance self-service capabilities
- Expand Marketing Solutions & Retail Media
- Broaden quality supply of inventory

Go-to-market & client service

Adapting our go-to-market to best serve our clients across all solutions



Objectives

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

New 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



- Awareness*, Consideration

Shopping environments

- Leverage strong growth of apps
- Store advertising



- App
- Store-to-web retargeting*

Key Figures – Q4 2018



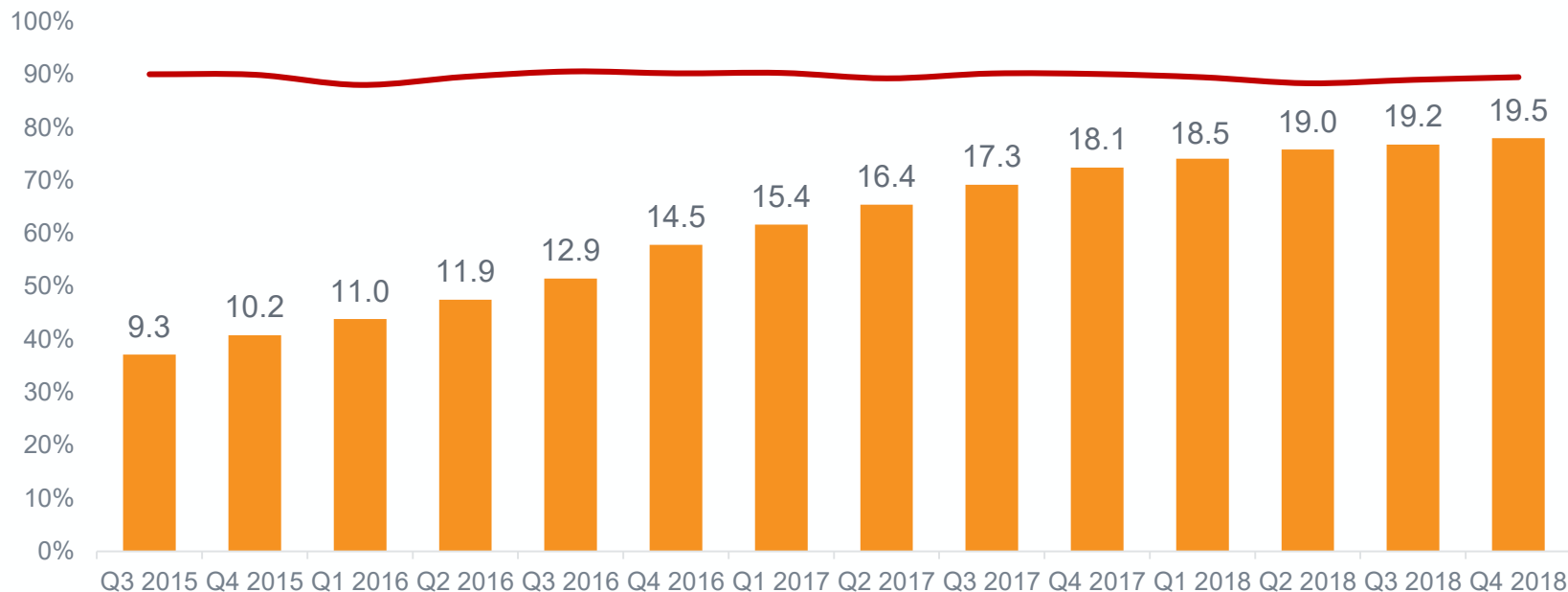
- Revenue ex-TAC was **\$272 million**,
Adj. EBITDA was **\$105 million**,
Free Cash Flow was **\$40 million**
- Revenue ex-TAC from **new solutions** represented **13%** of total Revenue ex-TAC, growing **54%** yoy
- Criteo employees stood at over **2,700** across 31 offices worldwide
- Ended Q4 with close to 19,500 clients and maintained **client retention at close to 90%** for all solutions combined
- **Criteo Direct Bidder** now deployed with 3,500 large publishers worldwide

We continue to add clients while maintaining high retention



Client Retention Rate¹

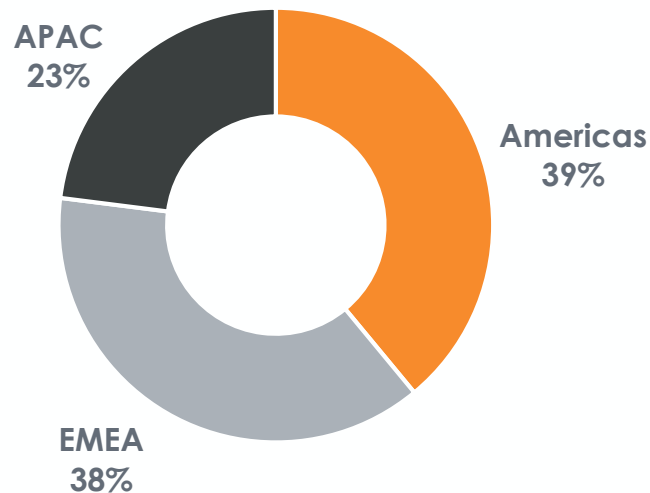
Number of clients (in thousands)



Regional performance – FY2018



FY2018 Revenue ex-TAC
mix by Region



FY2018 Revenue ex-TAC
Growth* by Region

+2% Americas (**+5%** U.S.)

0% EMEA

+5% APAC

Profitable growth and strong cash flow – FY2018



REVENUE EX-TAC (\$M)

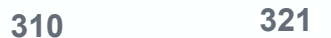


FY2017

FY2018

ADJUSTED EBITDA (\$M)

33% margin
(% of Revenue ex-TAC)



FY2017

FY2018

FREE CASH FLOW (\$M)

42%
of Adj. EBITDA



FY2017

FY2018

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
Revenue ex-TAC	100%	100%	100%	100%	100%	100%
Other cost of revenue*	7.9%	6.6%	6.1%	6.4%	6.9%	6.7%
Gross margin	92.1%	93.4%	93.9%	93.6%	93.1%	93.3%
R&D*	14.9%	12.5%	13.4%	14.2%	14.7%	15.2%
S&O*	43.6%	39.9%	39.8%	35.3%	34.8%	33.6%
G&A*	16.0%	14.8%	13.8%	13.2%	10.7%	11.3%
Adjusted EBITDA	17.5%	26.2%	26.9%	30.8%	32.9%	33.2%
Revenue ex-TAC margin**	40.3%	40.8%	40.4%	40.6%	41.0%	42.0%

* 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

2019 is a year of accelerating growth momentum

We invest to drive a rebound in growth and profitability in 2020 and beyond



Driven by healthy business fundamentals and our investments into

- ▶ Continuing to grow our app business
- ▶ Growing our new solutions to drive broader marketing goals for clients
- ▶ Accelerating client additions through our self service platform
- ▶ Improving the pace of hiring

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Investor Relations Contacts: IR@Criteo.com



Edouard Lassalle

VP, Head of Investor Relations
32, rue Blanche
75009 Paris
+33 1 7621 2166
e.lassalle@criteo.com



Friederike Edelmann

Director, Investor Relations
387 Park Ave South, 12th Floor
New York, NY 10016
+1 917 837 8617
f.edelmann@criteo.com

Appendix



Foreign Exchange impact on actual results and guidance



Q4 2018 Actual						
USD million	@ Q4 2017 FX	FX impact	Actual	@ Q4 guidance FX	FX impact	Actual
Revenue ex-TAC	\$ 277.2	\$ (5.4)	\$ 271.9	\$ 273.8	\$ (1.9)	\$ 271.9
Fiscal Year 2018 Actual						
USD million	@ FY 2017 FX	FX impact	Guidance Midpoint			
Revenue ex-TAC	\$ 957.3	\$ 8.7	\$ 966.0			
Q1 2019 Guidance						
USD million	@ Q1 2018 FX	FX impact	Guidance Midpoint*			
Revenue ex-TAC	\$ 243.9	\$ (9.9)	\$ 234.0			
Fiscal Year 2019 Guidance						
USD million	@ FY 2018 FX	FX impact	Guidance Midpoint*			
Revenue ex-TAC	\$ 1,009.7	\$ (14.2)	\$ 995.5			

* Based on FX assumptions for Q1 2019 and Fiscal Year 2019 published in the Feb 13, 2019 earnings release

Revenue ex-TAC reconciliation



(\$ in thousands)	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18
Revenue	401,253	407,201	423,867	566,825	516,667	542,022	563,973	674,031	564,164	537,185	528,869	670,096
Less: Traffic acquisition costs	238,755	240,969	247,310	341,877	306,693	322,200	329,576	397,087	323,746	306,963	305,387	398,238
Revenue ex-TAC	162,498	166,232	176,557	224,948	209,974	219,822	234,397	276,944	240,418	230,222	223,482	271,858

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

Adjusted EBITDA reconciliation



(\$ in thousands)	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18	2017	2018
Net income	18,527	13,339	14,724	40,740	14,518	7,505	22,269	52,368	21,090	14,707	17,948	42,134	96,659	95,879
Adjustments:														
Financial (income) expense, net	1,317	94	570	(1,435)	2,333	2,094	2,886	2,221	1,325	1,006	1,007	1,746	9,534	5,084
Provision for income taxes	7,944	4,450	7,574	13,161	4,201	3,665	7,858	15,927	12,386	8,638	6,821	18,299	31,651	46,144
Equity awards compensation expense	8,370	7,695	13,965	13,229	14,940	14,918	22,028	20,464	19,303	20,245	17,261	10,267	72,351	67,076
Pension service costs	129	131	132	133	290	299	320	321	434	419	419	419	1,231	1,691
Depreciation and amortization expense	12,516	13,300	14,771	16,190	20,167	22,306	23,755	24,570	23,646	23,560	25,619	30,675	90,796	103,500
Acquisition-related costs	-	148	1,793	980	6	-	-	-	-	-	516	1,222	6	1,738
Acquisition-related deferred price consideration	40	44	3	(3)	-	-	-	-	-	-	-	-	-	-
Restructuring	-	-	-	-	-	3,299	-	4,057	(252)	199	-	-	7,356	(53)
Total net adjustments	30,316	25,862	38,808	42,255	41,936	46,581	56,847	67,560	56,842	54,067	51,643	62,628	212,925	225,180
Adjusted EBITDA	48,843	39,201	53,532	82,995	56,454	54,086	79,116	119,928	77,932	68,774	69,591	104,762	309,584	321,059

Free cash flow reconciliation



(\$ in thousands)	FY2017	FY2018
CASH FROM OPERATING ACTIVITIES	245,458	260,726
Acquisition of intangible assets, property, plant and equipment	(122,203)	(116,984)
Change in accounts payable related to intangible assets, property, plant and equipment	13,692	(8,494)
FREE CASH FLOW	136,947	135,248