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CRTO.OQ - Criteo SA Investor Day

EVENT DATE/TIME: JUNE 03, 2021 / 12:00PM GMT

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## PRESENTATION

**Edouard Lassalle** - *Criteo S.A. - SVP Market Relations & Capital Markets*

Good morning, everyone, and welcome to Criteo's Investor Day. We're thrilled to have you all with us today. My name is Edouard Lassalle. I'm Senior Vice President in charge of Market Relations. On behalf of Criteo's leadership team, I'm really honored to welcome all of you in opening this special day for Criteo. Today, our team will tell you the new Criteo story, a story of transformation, business resilience and sustainable growth.

Let me introduce the team who will take you through our story today: our CEO, Megan Clarken; Chief Product Officer, Todd Parsons; Chief Commercial Officer, David Fox; General Manager of our Growth Portfolio, Geoffroy Martin; and our Chief Financial Officer, Sarah Glickman. Today, this team will tell you more about our Commerce Media Platform strategy; how our product vision and road map support this strategy; how we're positioned to win in the marketplace; how we commercialize our offering; and of course, our financial profile.

We want to make your experience as pleasant and complete as possible. That's why we also offer a blend of client testimonials, short videos on our AI lab and ESG profile as well as a panel discussion with some of our customers. We hope this content will help you better understand where Criteo is heading and how we set up to sustainably grow our business now and in the future.

Our agenda is comprehensive, but don't worry, we're being mindful of Zoom fatigue, and you'll have opportunities to take a few breaks between presentations. Of course, while the content you're about to see was recorded in advance, you'll also get a chance to ask live questions to management at the end of our presentations. We'd like to invite those of you who received a Zoom link by email to use this link after our presentation, and we'll transition you into the main webcast platform.

Now I'd also like to remind everyone that our presentations and remarks today will include forward-looking statements. As always, these statements reflect Criteo's judgment and analysis only as of today, and actual results may differ materially from current expectations. In particular and importantly, we'd like to remind you that at this time, there is still significant uncertainty regarding the timing and scope of proposed changes to the Google Chrome browser. For more information, please refer to the risk factors discussed in our most recent filings with the SEC.

Now before we get started, let me give you again a warm welcome to our exciting event. And with no further ado, let's now kick it off with a short video on the new Criteo. Thank you.

(presentation)

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**Megan Clarken** - Criteo S.A. - CEO & Director

Good morning, everybody. The video that you just saw is an intro into what's ahead, a transformation story and a new Criteo. But first, I'd like to say that I'm delighted to welcome you to our investor day. As Ed said, this is an important time for Criteo. And together with Todd, David, Geoffroy and Sarah, my close team of leaders, we're going to take you through Criteo's transformation story.

I'm really excited to unveil our new branding with you today because it represents the size and scope of our work. This is the new Criteo. I hope you like our new logo, new branding and new tagline: The Future is Wide Open. This tagline connects us to our purpose of supporting a fair and open Internet that enables discovery, innovation and choice. It also speaks to the vast opportunity in front of us.

But it's more than that, being open, to us, means being collaborative and willing to evolve for the good of the marketers, media owners, the consumers that they serve, and the advertising industry as a whole. This new brand solidifies that we're no longer only a retargeting point solution but rather a global technology company driving outcomes for marketers and media owners through the world's leading Commerce Media Platform.

Now let's talk about what that means. I want to explain what commerce media is, and then I want to focus on the market opportunity and how we're seizing it to help drive growth for our stakeholders as well as for Criteo.

So what is commerce media? Commerce media is a new approach to advertising that uses commerce data and machine learning to target consumers throughout their shopping journey. It greatly enhances marketers' and media owners' ability to drive commerce outcomes like awareness, leads and sales.

Now you may wonder why targeting to commerce media is any different to the standard targeting that we see today. Well, actually it's vastly different. It's focused on generating greater results in a more complex, competitive but restricted environment. It's focused on commerce, and it requires superior ad tech capabilities to make it work.

It's about putting targeting on steroids. So if you have a massive commerce data set comparable only to the walled gardens, if you have superior AI capabilities, if you have enormous reach across a network of media assets and if you have years of experience in performance and driving outcomes, only then can you launch targeting to these new heights. Our commerce media capabilities will power the world's marketers and media owners with trusted and impactful advertising across a fair and open Internet.

Commerce media is the future state of ad tech. This is echoed by industry experts like Terry Kawaja at LUMA Partners, and we agree. In a direct quote, Terry said that the commerce media opportunity is significant for all marketers as it looks to widen the marketing funnel with more media scale and improve conversion with more effective targeting. Here, again, we agree with Terry, and we sit right in the center of this future.

We see 4 major trends driving the market in our direction, and let me tell you what they are. Starting with commerce. Online shopping has seen amazing acceleration since early 2020 through a massive surge in customer adoption and stickiness from consumers. Commerce outside of China is predicted to grow by 24% each year until 2024, with about 75% of that happening outside of Amazon. This boom already drives rapid shifts in brand loyalty towards brands and retailers that reside on the open Internet.

75% of U.S. shoppers tried new brands during the lockdown, and 80% of them intend to continue to use these brands. That means multiple direct-to-consumer brands and smaller retailers play a rapidly expanding role in the growth of e-commerce outside of walled gardens. Meeting their advertising needs requires a massive network across the open Internet with access to data and media to support them.

The huge potential that first-party data is unlocking for retailers is also a strong and secular trend. Amazon opened the way in the commerce media category, and other large retailers like Walmart and Walgreens leverage their shoppers' first-party data to drive momentum to their advertising revenue. Many more retailers are now following suit and creating media experiences around their content assets, utilizing their data to curate and monetize their audiences.

Driving advertising spend to their content requires ad tech and a huge network of shared data. Trade marketing is rapidly shifting online, both fueled by and accelerating the commerce media traction. As retailers use first-party data to grow their business, 92% of European brand advertisers say that their growth depends on driving their advertising directly off retailers' media. Trade marketing represents massive but still largely untapped online budgets, which can be unlocked by cross-media highly effective audience targeting, and as technology quickly evolves, ad tech becomes increasingly critical for marketers.

34% of retailers see creating deeper partnerships with tech companies and media platforms as their largest opportunity. Changes in online identity make the environment more complex for them around addressability and measurement and require brands and retailers to better leverage ad tech providers to solve these problems for them. These partners need to know what they're doing.

Criteo's contribution to commerce media is to provide the platform and suite of products and services that activates the world's largest set of commerce data and capabilities to help marketers and media owners reach and monetize audiences to drive commerce outcomes. We make commerce media work for everyone.

Marketers get new or existing customers because we provide superior targeting across media, including Retail Media. Media owners get new audiences and attract advertisers because we provide superior targeting and outcomes. And retailers get brands to spend on retailers' own media properties because we provide enhanced promotional spots and effective product placement. At the center of all of this is the consumer, and we all know that the Internet is all about the consumer.

So what do we bring to consumers like you and I? We bring more relevant experiences by delivering the most personalized brand awareness and product recommendation ads; in other words, no ads for things that you don't want. We bring a more trustworthy marketplace by providing brand-safe and controllable environments. We create a more enjoyable experience by helping brands tell their stories through great looking, engaging ads on a broad set of cutting-edge formats, and we bring more diversity and choice by operating in the most diverse, accessible space online, the open Internet, representing a vast array of content for consumer choice and keeping the internet open and alive for everyone. Commerce media and our position here is the future of advertising technology.

Looking at the larger opportunity our vision opens up, today, we service a market that was worth \$45 billion in 2020. That will grow to \$80 billion in 2024. By expanding into additional areas, we open up a \$100 billion total addressable market by 2024, representing annual growth of 22% compared to our current market.

We expand our long-term growth potential by growing our business along several dimensions: by creating an open garden for brands to advertise across Retail Media customers and our entire first-party media Network on the open internet; by fully exposing our wealth of commerce insights for post-cookie audience planning and advertising on online video and CTV, activating rich shopper experiences and tying each and every one of them to a commerce outcome; by doubling down on creating privacy-safe, post-cookie audiences that provide superior performance for marketers and monetization for media owners; and by rapidly scaling monetization across our direct network through new mediums, modern commerce formats and scaled connections to third-party demand. Most importantly, against this huge opportunity, our plan is to not only expand our market but also to continue to gain share on all of our existing markets.

Additive to this, we see upside potential for more trade marketing dollars shifting online and from working with walled gardens. No matter how you look at it, our market opportunity is truly massive. With our eye on this massive TAM, we know we haven't even started to fully mobilize our amazing assets towards realizing our huge opportunity, and yet, even today, we are a global powerhouse in commerce media.

The numbers speak for themselves, they're huge. We drive \$36 billion of commerce outcomes for our customers. We're essential to their businesses. This is the scale of the value we deliver through the network that supports our stage 1 version of the Commerce Media Platform, a network made up of brands, retailers and media owners and the billions of consumers who engage with their products every single day.

I've talked about the essential need for scale and superior ad tech capabilities in this business. Let's go through ours and why we have a first-mover advantage. It's about our scale, our network, our data, our tech and more.

Our first-party media network is the foundation of an ecosystem where identity and commerce data can flow seamlessly within our network, enabling us to deliver better ads to a massive number of consumers across the open Internet. Every day, we reach 650 million daily active users globally, providing unmatched scale outside of the walled gardens. Remember this very large pool of users is an essential ingredient for identity.

Our 21,000 customers provide unparalleled access to more than \$900 billion worth of first-party commerce data. This means we see \$2.5 billion in commerce transactions happening every day across our client network, a bigger value than what Amazon generates on its platform. Our best-in-class AI is purpose-built for commerce prediction, consumer engagement and measurement. Close to 700 R&D and product engineers constantly optimize our tech stack to drive essential commerce outcomes for clients.

We have unique Retail Media capabilities, including our Retail Media platform. We already work with more than 50% of the top retailers in the U.S. and Europe, creating powerful retailer promotion and sales opportunities for brands at scale. We have our unified tech platform supported by robust first-party data rights management and offering a combination of demand- and supply-side capabilities, catering for the needs of both marketers and media owners.

No one else in independent ad tech provides this combination that powers the \$36 billion in commerce outcomes that we drive for our customers. And with a global footprint across 100-plus markets, we're a partner of choice to support many of the largest and most global brands in virtually every market. This is the type of scale it takes to be a global powerhouse in commerce media, and this is precisely the strengths that we're building on as we expand into the space and drive sustainable growth for Criteo.

Before I move on to showing you the results that we're starting to generate, I want to take a few minutes to debunk a few myths that have plagued the company since before I started in late 2019. Here's what they are and here's our response.

Rumor would have it that we could not survive after Chrome deprecates third-party cookies. This argument is largely misguided on at least 3 counts. First, on audiences. Remember that our on-site Retail Media business, growing faster than the market, only leverages first-party data and does not rely on third-party identifiers. This is critical in light of the central role Retail Media plays in our Commerce Media Platform. Across our marketing solutions, we're strengthening our multiple methods of audience addressability across one-to-one advertising leveraging first-party data, contextual advertising leveraging commerce data and cohort advertising to drive superior performance in cookie-less environments.

Second, on scale. Our first-party media network is built on demand-side connections with over 21,000 customers and supply-side connections with thousands of publishers and a massive permission-based Identity Graph. Now we're told it's the largest such network across the open Internet. With our huge customer and publisher ecosystem, we're simply the most globally scaled ad tech company outside of Google.

And finally, openness. We're making the first-party data of our clients and partners interoperable within our first-party media network, and we invest in infrastructure to increase this seamless flow of data. We're partnering with leading privacy-safe players like The Trade Desk and LiveRamp to build innovative solutions such as UID2.0 and OpenPass, and we stay at the forefront of market responses to Google's privacy sandbox by actively leading our industry's influence on the topics. Overall, we feel good about our position for a non-cookie world. We're already a leader in driving performance advertising, and we focus on strengthening our lead in driving better performance than the market for the next evolution of marketing.

The second myth is that Criteo is not effective outside of retargeting. I hope that from what I've already spoken about, you've seen that our scope goes well beyond retargeting. And while we're the global leader in retargeting, our business is already well diversified. And as a matter of fact, brand marketers continue to need all of our capabilities, and we don't see that changing.

Our differentiated Retail Media business powering the brands with exclusive exposure on the world's largest retailers sites is a central piece of our Commerce Media Platform and is positioned to continue to support monetization and marketing needs alongside our retargeting service. Our full-funnel marketing offering, leveraging high-growth ad formats and channels, allows us to service upper-funnel needs both online and offline, analyzing consumer touch points across their journey. And our first-party commerce data drives targeted results across all of our solutions, focusing on outcomes.

What I just talked about falls into the category of new solutions. Our new solutions are expected to reach about 30% of our business in 2021, and let's talk about these further. Our new solutions already represent 21% of our business, growing 60% in Q1 2021.

Retail Media has grown dramatically, accelerating to 122% in Q1. Our omnichannel offering also grew by 160% last quarter, and our video and CTV ads show explosive growth, surging over 1,000% in Q1. These terrific growth areas validate our strategy and demonstrate our strong capabilities and focused execution on further expansion. While this track record positions us well for success, we're not done yet, and we continue to focus on investing to strengthen our offering and executing on our vision.

Let me talk about the changes we've made to our business. We've come a long way over the past 18 months to move the company along a new path and into a new Criteo. We still have a lot of work to do, but I'm proud of the speed and agility that the organization has shown and our commitment towards our commerce media vision.

We're transforming our approach to talent, from managing attrition to attracting and retaining world-class talent, personified by our new leadership team. Our culture is evolving too, from inside out to outside in, meaning we think client first always. We've upgraded our product strategy from developing individual full-funnel point solutions to building the first-of-its-kind first-party media-based platform, driving rapid innovation across our portfolio of solutions for identity, marketing and media monetization.

We're evolving our commercial strategy from managing IO-driven campaigns to multiyear customer engagements, again with our client-first focus in everything that we do. We implemented a "design, build, run, sell" operating model, leveraging client focus and scalability, and we're self-funding organic growth investments through increased productivity. We switched our financial focus from maximizing our profit margin to driving sustainable profitable growth, with growth now the single highest priority across the company. And we're adapting our communications from lacking presence to being transparent and driving thought leadership across the industry.

Criteo is a people company, and our people are by far our greatest asset. I'm proud of the bright, diverse and engaged talent base that we've built around the globe. Our Open, Together, Impactful values drive our behavior, what we do and what we say, from designing and building our products to running operations and selling our solutions to customers.

Our culture promotes diversity, equity and inclusion across all teams, and I'm really pleased with the progress and achievements in this area. And our global teams and talented leaders are seasoned and world-class, spanning 7 nationalities. The leaders that you see here have more than 300 years of combined experience across technology, online media, retail, e-commerce, logistics and business software.

As each of us sticks to a strict "We do what we say we'll do" discipline, we all drive high performance and accountability into everything that we do. We're a tight team, and we deliver with a strong and thoughtful strategic plan, careful and thorough upfront planning, constant attention to our clients and the shifting market and a mindset of delivery always.

Before closing, I want to reaffirm our laser-focus on our 3 priorities for the midterm: first, growth. We look to accelerate the momentum we've built, focusing on strong secular trends in e-commerce, first-party data and trade marketing, investing in our growth areas and continuing to attract and retain the best and brightest talent.

Second, execution, always applying a strict "We do what we say we'll do" discipline. We nurture a culture of high performance and accountability in everything that we do. And last but not least, first-party data. We're using our competitive moat of protecting first-party data across our advertiser and media network, enhancing the various techniques we have to drive better performance than the market post cookies.

In closing, let me summarize our convictions on why we're poised to win in commerce media. Our strong client demand and massive commerce tailwinds support a \$100 billion TAM. Our first-mover advantage and defensible moats in technology, first-party data interoperability and global scale all leverage our differentiated assets purpose-fit for commerce media. Our unified technology platform is built for first-party data-based marketing and monetization.

Our leadership team is fully committed to steady execution against our strategic growth plan, and our strong balance sheet provides the means to invest in our growth. We're confident in being best positioned for sustainable growth. As we continue to transform our business with conviction for Criteo, the future is wide open.

With that, we're going to show you a video of customers sharing their insights. After that, Todd will speak about our product vision and road map. Thank you.

(presentation)

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**Todd Parsons** - *Criteo S.A. - Chief Product Officer*

Hello, everyone. My name is Todd Parsons, and I'm Criteo's Chief Product Officer. I joined in August last year, and I'm thrilled to be here today to present you our product vision and road map.

As Megan laid out earlier, our vision is to bring richer experiences to every consumer, and by doing so, it is our goal to help marketers and media owners achieve superior outcomes. Our approach to providing these outcomes is to bring consumers commerce experiences that span their brand discovery, product selection and purchases across the open Internet. We think it's a bold vision, and I'm going to share today our strategy for achieving it.

Before we do that, I want to level set on the consumer behavior that's most interesting to our marketer and media owner clients by highlighting 3 points. Today, the average consumer spends 66% of their online time on the open Internet, outside of Google, Facebook and other platforms. Add to this that 73% of consumers' online shopping is done directly with open Internet retailers, not with Amazon, and further, consumers turn to the open Internet 84% of the time to discover new businesses.

Yet, as I'm sure most of you will agree, we consumers typically suffer a commerce experience that is less and less friendly on the open Internet. With too many ads, usually irrelevant, with too many consent banners, with extra navigation to get to where we need and with poor personalization once we're there, it is this disjointed commerce experience that we believe is behind an asymmetry of marketing spend, roughly 60% of advertising towards the platforms versus the open Internet. With these consumer behaviors in mind, let's look at the root cause behind delivering rich commerce experiences on the open Internet and what's driving the asymmetry of spend that I described.

Looking at the supply chain of open Internet advertising. Consumers sit in the middle of an advertiser to publisher business relationship that's been redefined by programmatic trading over the last 10 years. During this time, innovation and competition created a complex and flawed infrastructure with multiple inefficiencies.

In this illustration, it's estimated that only 51% of marketers' spend reaches media owners, with the remaining 49% being trapped in what's known as tech tax, comprised of multiple demand and supply take rates and technology fees. Indeed, the delivery of programmatic advertising is so complex that some of the lost marketing spend is nearly untraceable. Perhaps more important to the future of programmatic, each of the hops in our supply chain not only reduces total working media but reduces the accuracy of data needed to provide the richer experiences we seek to deliver.

Contrast this to walled gardens: less hops, less tax and most importantly, scale audiences with consumer identity, permission and personalization data built in. We argue that it's this command of supply that makes a walled garden so powerful and with it, their ability to create the richer experiences that perform for marketers. To the degree possible, we must replicate this approach for the open Internet to survive and thrive. What I believe this calls for is a new age of programmatic advertising, one that comes with deep simplification, a significant removal of the tech tax, the forefront of which is a new command of supply.

As I touched on in the prior slide, programmatic marketers and media owners face significant data accuracy challenges well before recent changes to third-party tracking and the haymaker to come when Google decides to pull the plug officially on third-party cookies. Our industry has lauded first-party data as the solution, and we wholeheartedly agree. But it's not a simple fix. A marketer's use of first-party data is not new, and it comes with significant loss in reliability as multiple hops of matching, syncing and enrichment compound data loss across our supply chain.

It's ironic that industry tech built to help manage data, CRM, data management platforms, on borders, DSPs and SSPs, actually team to degrade data as it's passed between them before an actual audience is reached. And of course, for the unprepared marketer, the depreciation of the cookie and mobile IDs will make matters even worse.

On top of this and as I just shared, tech tax causes massive loss of economic value for media owners, the purveyors of audiences, well before data depreciation threatens the marketer's ability to achieve desired outcomes. To bridge gaps in data and technology and the economic consequences that they face, media owners require expertise and resources that most simply do not possess. I provided a lot of background that leads to programmatic advertising not meeting the needs of marketers and media owners today relative to the walled gardens.

No single provider yet has solved for this challenge for the open Internet because attacking it requires deep demand and supply-side integrations and first-party data assets that few companies possess. We think this represents a singular opportunity for Criteo and that the key to unlocking this opportunity centers on solving supply challenges at scale so like the walled gardens, marketers can continue to invest in advertising on the open Internet with confidence. Because Criteo is deeply integrated on our markets' buy and sell sides, we believe we can provide a walled garden-like audience solution for the open Internet, one that reduces data depreciation and the tech tax and by doing so, will enable superior marketing outcomes and media monetization.

Our vision for post identity programmatic is simple: data, specifically first-party data, must interoperate seamlessly and safely across the open Internet, directly between its owners to compete against platforms with logged-in audiences. Because first-party data integration is well ahead on the demand side in our marketplace, indeed, Criteo operates first-party data with every single marketer client. Doing the same on the supply side is now critical to providing a sustainable response to the problems that I've outlined. We know that building a better first-party data solution for the supply side will be propelled by our control of the demand side data and spend, and it brings the ability for us to reduce this multi-hop data loss that we talked about before.

Finally, we know that once data is no longer transmissible between cookies and other third-party identifiers, that first-party data interoperability will be the only opportunity for marketers to effectively advertise and media owners to monetize across the open Internet. Criteo's commerce media Platform is our solution. The Commerce Media Platform serves both marketers, brands, retailers or any other commerce company and media owners, whether traditional publishers or large retailers.

Our Commerce Media Platform provides a differentiated marketing solutions through our demand-side platform, DSP; and monetization capabilities through our supply-side platform, SSP, by directly connecting first-party data across what we call our first-party media network. Through these 3 components of our platform, Criteo enables marketers and media owners to address shopper audiences where they spend time discovering brands, making their product choices and making purchases on the open Internet, all future-proofed against data depreciation and tech tax.

For brands, agencies and retailers, our marketing platform or DSP enables advertisers to deliver effective advertising to consumers across their path to purchase using first-party commerce data. For retailers and publishers that sell media, our monetization platform or SSP enables the effective monetization of audiences, inventory and data in a privacy-compliant manner. I mention the term privacy a lot in my presentation because addressing the tension between consumer expectations of the use of their data and personalized buying experiences across the open Internet is central to providing competitive marketing solutions today, and enabling a seamless private use of first-party data across the open Internet media

is critical to creating sustainable marketing advantages for years to come. On the SSP side, we're working on solutions for helping media owners do just that, and I'll provide more details shortly.

So the Commerce Media Platform addresses both supply and demand sides directly across the open Internet just as the walled gardens do in their platforms, providing tools to the supply side to manage and enrich first-party data and connect this data more directly to marketers and their first-party data at great scale. Ultimately, this provides consumers with richer commerce experiences on the open Internet, experiences they can control with and from the brands that they most trust. Our first-party media network will fuel both retail media and marketing solutions to solve data management issues for our customers on both sides of the ecosystem as we realize our bold vision.

Now let me walk you through 3 main components of our Commerce Media Platform in greater detail: our first-party media network, our DSP and our SSP. At the center of the diagram that you see, Criteo's first-party media network is all about connecting our clients and partners' data across marketer and media owners footprints and making it available for Criteo artificial intelligence that provides privacy-safe personalization.

We're often asked what kind of first-party data for marketers and media owners are we talking about exactly. While the collection includes consented CRM data, data extracted from CDPs or customer data platforms, lead data, website and app visitor and event logs and offline transaction data, we believe we operate more data of these types directly on behalf of marketers than anyone else on the open Internet. And with the first-party media network, we aim to do the same across our vast set of media owner connections already directly integrated with programmatic.

To operate this data towards superior marketing and monetization outcomes, Criteo has spent the last 15 years building artificial intelligence to find the perfect audience and personalized commerce experiences. These 2 capabilities are core to making our DSP and SSP unique, taking their functions well beyond competing media planning and buying and ad inventory aggregation, respectively. I'll explain more about each technology and walk you through my road map for the mid- and longer term.

For both sides of this diagram, marketers and media owners extract maximum value from their first-party data and from Criteo's scale through what we call our buyer index. The buyer index is an audience planning and activation tool set for the pre- and post-cookie Internet. It uses shopper intent data mapped to contextual signals and user identifiers and can be easily extended to new cohort audience approaches, all from the first-party media network. The buyer index turns our raw massive shopper graph data into simple, easy-to-use audiences and personalization segments based on any combination of these identifiers in order to drive superior marketing outcomes.

On the left side of the diagram, using buyer index audiences, marketers can execute value-based bidding against a campaign goal, an audience or inventory. They can personalize every creative, orchestrate sequential messaging and add product recommendations in real time, and they can measure brand lift, incrementality and attribution. On the right side, media owners can now easily and safely enrich their first-party data, whether audience or contextual, with Criteo shopper attributes.

The Commerce Media Platform enables activation of any first-party data set by supporting alternative identifiers to cookies such as Trade Desk, UID2.0, LiveRamp's IdentityLink and also a host of unauthenticated signals. Media owners can match this data to display online video, connected TV and in-app inventory to maximize their monetization, and they can curate this enriched audience data with their highest value-add inventory to activate it for direct marketer access.

Finally, we'll talk a little bit more in a bit about work we're doing to help media owners collect first-party data from their consumer audiences while preserving data privacy and advertising choice on how this data is used once it's deployed. It's this combination of next-generation data, demand and supply technology grounded in consumer privacy that makes Criteo the partner of choice for marketers and media owners. You've seen how 3 components of our Commerce Media Platform enable marketers and media owners to address their marketing and monetization objectives. Again, our platform delivers outcomes using 2 customer-facing applications, a DSP and an SSP, distinguished from traditional media buying or supply aggregation peer products by a complete focus on delivering results or what we call outcomes.

Now let's talk a bit more specifically about the outcomes that our platform is driving and how. For marketers, Criteo DSP drives a wide array of commerce marketing outcomes, addressing audiences from the top to the bottom of the marketing funnel as they conduct their full buying journey. From the upper part of the funnel, driving brand introduction and recall outcomes through video and content views; through the mid-funnel

outcomes of driving traffic, qualified visits and leads; to the lower part of the funnel by retargeting visitors, driving subscriptions and in-store visits for omnichannel campaigns, these outcomes are achieved by reaching audiences curated with Criteo's first-party data and defined by its machine learning, first, commerce audiences using our Shopper Graphs data; second, customer audiences using marketer's first-party data; and third, audiences using external signals like context or browsing behaviors or in-store cohorts.

Today, in our Retail Media business, marketers pay a DSP platform fee calculated as a percentage of media as well as additional fees for incremental services, analytics and data. We will progressively look to provide the same options to our marketing solutions customers as time goes on.

For media owners, Criteo SSP drives various monetization outcomes applicable to both publishers and the retailers we work with on Retail Media, including audience data collection, monetization of content, of ad spaces and of audience data as well as yield optimization and analysis and importantly, user privacy management. These outcomes are achieved through various types of curated audiences, ad formats and auctions and draw on our technology for dynamic creative and product recommendation. Again, our Retail Media retailers pay an SSP platform fee based on a percentage of media, and we will look to progressively provide the same options to publishers in our first-party media network.

Let me walk you through our road map for those 3 core components: first-party media network, DSP and SSP. The next milestones of our first-party media network include open sourcing our single sign-on solution for media owners and marketers. This follows the creation of OpenPass, the SSO solution on which we collaborated with The Trade Desk, and we'll provide a free tool set for consumer first-party data collection and management to our media owner partners and our marketers. Supporting consumer choice of both logged and non-logged personalization, this will pave the way for many more publisher and advertiser partnerships, driving our first-party media network towards scale.

Next, we're improving our enterprise tool set for marketers' first-party data management and developing a new enterprise tool set for media owners' first-party data management. Together, this will enable agencies and brands to activate their first-party data and cohort models and for media owners to create and activate curated first-party data audiences and cohorts, both on Criteo infrastructure.

Finally, we will open our network to many more third-party demand partners than those that we are in the process of testing today. Our midterm objectives for the first-party media network will be to provide data clean room support, to create a measurement data co-op and to test a marketplace for first-party data co-marketing and monetization, both very hot needs of our stakeholders.

On the marketer side, our near-term DSP road map includes the following: first, enabling a variety of cohort capabilities through our proprietary first-party data. These will drive marketers' outcomes in privacy-safe ways using offline commerce data in tandem with privacy-safe online data. The second thing is opening our APIs to our buyer index, performance bidder, product recommendations and measurement, which will enable marketers to drive outcomes from campaigns created and managed in their own applications rather than a Criteo application.

And a big, big push into video. We've been running our video solution for about a year now, making Criteo's proprietary audiences available for video advertising, driving incremental traffic through online video and CTV and onboarding CTV publishers, and we'll be accelerating this program in a big way. In particular, we will improve measurement capabilities to enable marketers to connect video and CTV advertising to brand and product recommendation, consideration and purchasing outcomes.

A little further out, we plan a large overhaul of Criteo's management center, adding self-service support for most of the products I just covered. Additionally, we will test shoppable formats for video, display and on site. We have ambitious objectives at the product level to address supply side needs that I covered earlier.

For retailers, we'll reinforce capabilities for co-marketing campaigns where brands' Retail Media spend, based on onboarded first-party data, goes off site on the open Internet and redirects customers and consumers to retailer properties. We'll increase our direct integrations with publishers, quickly evolving our Criteo Direct Bidder product to full SSP, with support for first-party data audience curation, always-on deals and private marketplaces.

As mentioned earlier, we will be ramping our third-party demand connections to all users of our SSP, new power for our network. And a little further out, we plan to expand our media reach and mediums we address, for example, audio, auto and in home. And we'll be very focused on adding native and other formats to this mix. As mentioned before, shoppable video and display are good examples whose time has come.

Before transitioning to our next session about Criteo's competitive positioning, I'd love to make a few important points which probably will be more valuable for our investor community regarding what is happening right now with our Commerce Media Platform. Our recently launched contextual product has had a very successful start with commercial traction ramping. We currently have tens of advertisers live across 5 geos and a similar number in integration only a few weeks after launch. Our unique product, based on offline buying cohorts' affinity for targetable online content, already generates very positive results with lift in audience incrementality and great promise with driving cost for qualified visits.

Early results from our mid-funnel testing makes a bullish case for upper funnel as well with both ultimately tied to performance outcomes. We're making a big market push in omnichannel with our store footfall and click-to-collect pickup solutions, focusing on markets that are reopening offline retail as COVID-19 restrictions lift. We expect a lot of that in the second half of this year. As mentioned earlier, support for off-site advertising for our Retail Media customers is slated to be launched in Q3. You'll hear more from Geoffroy Martin on this exciting development later.

Finally, there are 2 notes of interest we want to share for the coming few months. I'd say it was an elephant in the room, but that would mean nobody was talking about it. That is the upcoming change to data collection in Chrome. We believe we can provide a differentiated audience solution through Google's Privacy Sandbox, which is just being made available for initial testing. We're participating in the FLoC origin trials and are especially excited to test the FLEDGE framework when Google makes it available later this year. From our many discussions with Google, we believe we can combine our first-party buyer cohorts with Chrome browsing cohorts tagged in Criteo's network to enable optimization and measurement capabilities that other players in our ecosystem will struggle to provide. Much more to come here, and we'll continue to update you throughout the year.

Last, we've recently held in-depth conversation with the large ad agency holding companies, and we plan to increase our partnering with them over the coming months. You should hear us talk about this much more in the near future.

Now we'll take a break to see a short video on Criteo's R&D capabilities, after which you'll hear me talk about our Commerce Media Platform's positioning in the digital advertising ecosystem and our competitors.

(presentation)

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**Todd Parsons** - Criteo S.A. - Chief Product Officer

Hopefully, you enjoyed a look inside our deep technical know-how at Criteo, and we're ready to shift gears. I've walked you through our product vision and our road map and would like to now address how we think about our competitive positioning within the commerce media market.

Let me start by quickly reminding what the benefits of commerce media are for the ecosystem. As Megan said earlier, Amazon opened the way and created the commerce media category for shoppers, brands, publishers and obviously, for themselves. Using their own shopper data set and technology, Amazon Advertising has been brilliantly built into a \$20 billion business over recent years, clearly proving that commerce media can drive several things: one, relevant advertising that supports a better native shopping experience for consumers; two, demonstrable ROI and brand-safe targeting for brands; and three, high inventory prices for publishers outside of the platform, which is known as the Amazon DSP. With this world-class reference in mind, I'll now explain to you how we believe Criteo is best positioned to be the Amazon Advertising of the open Internet.

Let's start by reinforcing where commerce is happening. 73% of e-commerce outside of China is happening outside of Amazon. That represents a huge opportunity for open Internet retailers to monetize their shopper data, their audiences and their media assets. It's also a great opportunity for brands to find and attract prospects and to reach our own customers across a myriad of e-commerce retailers that make up the open Internet. Megan shared earlier that Criteo already powers close to \$40 billion worth of commerce outcomes for the world's largest marketers and media owners. The scale of the value we deliver makes us confident we're in a great position to complement Amazon for both brands and retailers.

Before looking at the competitive landscape, let's go quickly through how our Commerce Media Platform works for each of our stakeholders. Referring you back to our vision, we're delivering richer consumer experiences On behalf of marketers and media owners to consumers. We serve those through a DSP and an SSP, respectively. Using our unified platform, all marketers, whether consumer, brand, e-commerce, retailer or other online commerce player, can achieve their various marketing outcomes using our demand-side capabilities. And all media owners, whether e-commerce, retailers or open Internet publishers, can get the best monetization and yield out of their media using our supply-side capabilities.

As I explained earlier, all of this is supported by what we believe is the largest first-party media network across the open Internet. In short, Our unified Commerce Media Platform enables the seamless flow of marketing and monetization data and dollars in an integrated way across our ecosystem. And this benefits all stakeholders, marketers, media owners and as importantly as ever, consumers.

Looking at the commerce media landscape on the open Internet, what's striking is the fact that it's very much scattered into multiple silos and solutions across the value chain. In other words, existing players outside of Google do not enable a seamless flow of marketing and monetization data and dollars across brands, retailers and publishers that make our ecosystem. And that's because existing players are either pure-play demand-side platforms much like The Trade Desk, Viant or DV360; pure-play supply-side platforms like Magnite, PubMatic or Google Ad Manager; and finally, retail SSPs like PromoteIQ or CitrusAd, that only focus on monetizing retailers' media. In the open Internet landscape, no other player than Criteo covers the full spectrum of marketing and monetization services at the heart of Commerce Media through a unified end-to-end platform as Criteo. There is a clear white space in our market. We intend to fill it using our Commerce Media Platform.

Understanding the key factors for winning in commerce media, we think 2 are ultimately critical: one we call commerce experience or in lay terms, the ability to drive impactful commerce experiences for the benefit of consumers through marketers and media; and the second factor called network intelligence or the ability to leverage large-scale connections between shopper data and media to enable these commerce outcomes.

Zooming in, we believe commerce experience takes 4 critical components and capabilities: first, consumer experience, as I mentioned, the ability to deliver data-driven native shopping experiences to consumers, serving product discovery, consideration and purchase across complementary media and making each aspect of the buying journey more relevant to the consumer; second, advertising performance and ROI or driving commerce outcomes, if you will, for marketers across every stage of the buying experience and measuring ROI at each step of the way as well; third, media monetization or driving superior inventory, yield, fill for all media owners; and last, what we call commerce supply or the direct access to retailers media purposely fit for consumer shopping at the point of sale.

The second winning factor, network intelligence, relies on 4 critical capabilities as well: first, commerce insights or providing real-time granular analytics into consumer shopping patterns to optimize brand marketing and retailer shelves; second, commerce data, that is amassing vast amounts of shopping intent and purchase data transactional data and using artificial intelligence to make sense of this data to enrich both audiences and consumer experiences; third, consumer reach at scale, finding consumers across the breadth of the open Internet; and last but not least, interoperating first-party identity or enabling advertising addressability as it's sometimes called through first-party data interoperability between commerce players and media owners who both have it. Commerce experience and network intelligence are not only essential for winning in commerce media, but when possessed on a large scale, we believe they mutually feed each other and enable powerful network effects, each making the other stronger.

Before looking at how these winning factors apply to market players, let's talk about the specific needs of our business stakeholders, starting with marketers. Now any marketer is ultimately looking for solutions that do some of the same things: plan, personalize and measure their advertising so that they can go about acquiring, engaging and converting the right audiences in brand safe ways, and they're profitable. Yet, given how complex and challenging online advertising has become, especially around user identity, all marketers now expect is seamless addressability if they can get it and measurement of their marketing. That's a much lower bar for the open Internet.

What's different today and will be so different tomorrow when third-party identifiers do disappear is that all marketers will increasingly need to optimize their advertising around only their first-party data and turn their solutions into something that works from an addressable standpoint but reaches further into audiences that are privacy safe but lack identifiers. That's becoming a massive real challenge for every single marketer, and Criteo feels well positioned to overcome and turn that problem into a great opportunity not only for marketers but for the company.

Turning to the needs of media owners. The situation is actually quite similar. Any publisher or retailer in a media seller capacity will tell you they're simply looking to optimize the yield of their inventory and the fill of it in order to maximize revenue. Given the complexity of the tech tax that we talked about in my product presentation, every publisher is also looking to regain their take rate in the value chain.

What's now different in the new identity world is that publishers monetization will be at the risk of declining because of addressability issues that marketers have and are willing to pay higher prices for media because of. That means that media owners need new innovative solutions to manage their own first-party data, rights and activation. This is what we're starting to do with our OpenPass solution. Publishers will also need to find new revenue through packaged audiences and media solutions that leverage their first-party data. This is partly what our new contextual advertising solution helps achieve.

So I'll give you 2 examples of how we're leaning into our media owner partners newly at Criteo to help them regain their take rate and avoid the tech tax. Let's now look at how we compare Commerce Media against open Internet players. As I've said, there are 3 types of players: traditional DSPs, traditional SSPs and retail SSPs. Overall, we see retail SSPs coming closest to Criteo capabilities given their focus on retail media monetization but noting that they drive lower ROI for marketers because of lower scale and network effects.

As mentioned, we're not just a traditional DSP. Traditional DSPs are primarily about media buying and have largely lost their foothold on supply. While we already have our supply rocket on the launching pad, traditional SSPs are largely focused on undifferentiated media and gathering as much of that as possible. They're not about connecting first-party data across the buyer and seller landscape, and they're not about powering post-cookie audiences. While we continue to invest in consumer experience, commerce insights and first-party identity capabilities, we see our unified offering being much more competitive than any other players. As 92% of brand spend happens outside of Amazon, we see a great opportunity to be the brands' complementary partner for their commerce media on the open Internet.

We can't leave the walled gardens out. So let's look at Facebook and Instagram on the one hand and Amazon on the other. As many consumers would agree, Instagram is doing an amazing job at providing great consumer experience and driving commerce outcomes for brands on their platform. Just ask anyone who is on the ground. Leveraging their broad reach and huge logged-in database, they make this easy with great consumer experiences. However, neither Facebook nor Instagram really enjoys close integration with retailers, which means that the amount of insights that they can bring back into the buying experience that they provide is more difficult.

Now let's look at Amazon. As a creator of the category, they score high across all criteria relevant for commerce media. However, because we work with so many retailers across our network, about \$900 billion plus of commerce data a year, it's actually bigger than Amazon's base. And we believe our strong tech leading position on the open Internet and importantly, the absence of being conflicted with a retail selling agenda as Amazon makes us a really viable partner for brands and marketers. Overall, we're ideally positioned to complement Amazon and to be the advertising source for the open Internet for commerce rather than behind the walled gardens. What this means is simply that as marketers typically manage their social marketing with Facebook and other platforms and their search marketing with Google, that we want to be their natural partner for commerce media on the open Internet, full stop.

Closing and summarizing everything that I've shared. We're poised to own commerce media on the open Internet, and that is for 3 specific reasons I'll leave you with. One, we have huge scale on the 73% of e-commerce happening outside of Amazon. Two, we have strong defensible moats, in particular, the network effects we're creating from connecting first-party, consented first-party data across both demand and supply. And finally, three, we have no conflict of agenda in our commerce media. In other words, we can drive unbiased value for all stakeholders in a way that others can't. In short, we believe the future is wide open for Criteo and commerce media.

And with that, we're going to share a short video of our customers sharing their insights followed by a 10-minute break. After this break, you'll get a chance to hear directly from more of our customers during our customer voices panel moderated by EMD of Europe, Shruthi Chindalur. Thank you.

(Break)

**Shruthi Chindalur** - *Criteo S.A. - Executive MD of EMEA*

Hi, everyone. Welcome back from the short break. Thank you all for joining us for our very exciting partner panel today. My name is Shruthi Chindalur. I'm the Executive Managing Director for the EMEA region at Criteo. I'm joining you from almost sunny Barcelona, which is actually Criteo's second largest office and a global hub for some of our functions. I'm really excited about what Megan and Todd just shared with us and our mission to power the world's marketers and media owners with trusted and impactful advertising.

Also, I'm very happy to have 3 of our marketers and media owners with us today to talk about their experience partnering with Criteo and how they see the future with us. Let's hear directly from the 3 of them. They come from different backgrounds, and they're all engaged with Criteo in -- each in a different way.

I would now like to give a very warm welcome to our special guests today, Sascha Vitzthum, CMO for home24, Berlin, Germany. Hey, Sascha.

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**Sascha Vitzthum**

Hello.

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**Shruthi Chindalur** - *Criteo S.A. - Executive MD of EMEA*

Hey, Roberta Fabretti, e-commerce marketing lead Europe for Mondelez International Europe, joining us from Zurich, Switzerland. Hi, Roberta.

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**Roberta Fabretti**

Hello, everybody.

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**Shruthi Chindalur** - *Criteo S.A. - Executive MD of EMEA*

And last but definitely not the least, Jeremy Hlavacek, CRO for IBM Watson Advertising, joining us from New York.

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**Jeremy Hlavacek**

Hi. Nice to see you.

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**Shruthi Chindalur** - *Criteo S.A. - Executive MD of EMEA*

Great to see you, Jeremy. Hello. So if it's okay with everybody, I'm going to begin with Roberta. Roberta, thank you for being with us today. We are glad to have you on this panel. In the context of a global pandemic, obviously, all the brands of Mondelez International have become just that more necessary in our life thanks the likes of Cadbury and Milka, LU, Toblerone, et cetera. And with Europe being, I believe, the largest region for you, representing 40% of your global business, how is it going?

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**Roberta Fabretti**

Well, thanks, Shruthi. It's a pleasure to be here with you today, and I'm very flattered by this invite. As you can imagine, yes, for all manufacturers and businesses involved in the e-commerce world, the pandemic here has been phenomenal in terms of results. We experienced an acceleration that we didn't expect at all. And so we estimate that we accelerated 9 years in 1 just in this 2020 unfortunate pandemic situation. But therefore, agility was our keyword, I think, for 2020 because we needed to adapt. We needed to switch investments from more traditional media to e-commerce

media, and therefore, we have seen our partnership with Criteo growing very fast and accelerating during 2020 and up for more coming in the next few months, I think.

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**Shruthi Chindalur** - *Criteo S.A. - Executive MD of EMEA*

Awesome. We've seen -- we've had this wonderful opportunity to see how different companies similar to yours have adapted, and really those that were agile and they adapted in speed definitely saw the returns much more than the others that didn't. So great to hear that.

And you're also a historical client, right? We acquired Storetail and we hence had you as a customer in 2018 when the acquisition happened. How was your transition into Criteo Retail Media?

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**Roberta Fabretti**

So we started working with Storetail at the time back in 2017, '18. That was a hell of a journey. And now we are here with several countries working with you directly. So we have France, our biggest spender with Criteo, and then we have Spain. We have the U.K. and hopefully soon, Germany as well.

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**Shruthi Chindalur** - *Criteo S.A. - Executive MD of EMEA*

Great. And I think the more retailer websites that are on e-commerce, that's going to help you more in Germany.

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**Roberta Fabretti**

Definitely, definitely. For our brands in the snacking business, so chocolates and biscuits and gum and candy, of course, we need the grocery retailers. And therefore, yes, very excited about the partnership with Carrefour coming up and the integration of the Carrefour inventory in several markets where we are active, so from Spain and Italy but also Poland coming soon and REWE, of course, in Germany.

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**Shruthi Chindalur** - *Criteo S.A. - Executive MD of EMEA*

Brilliant. Yes, we are very excited as well with our latest Carrefour partnership. Thank you for that, Roberta.

So keeping with the very important theme of retailers, let's switch to one of our very important retailers that we have, home24. Sascha, delighted again to have you with us today.

In the context of a global pandemic, out of which we are, I would say, just reemerging, it has become even more important to be comfortable at home, being able to find online everything that is needed for a good living situation. So with your mission statement, which is to be the online destination for home and living, we can probably align in being confident of your positive growth trajectory, I think. And I think also you went public in mid-2018. I remember that it's a key step towards new ambitious goals for you. And if you can introduce yourself a little bit more and home24, of which, if I'm right, you've been there for 5 years.

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**Sascha Vitzthum**

Yes. Thank you, Shruthi, for having me. It's a pleasure to participate in this panel. Yes, so I've been leading home24's marketing efforts in the last 5 years, have been selling online furniture now for the last decade or so, so it seems very long in terms of online. And for us, as you already alluded to, I mean, people being stuck at home has been a boon for the home living industry. There's no better advertisement and people just being -- looking at their surroundings and seeing what can be improved day in and day out. And then we've been certainly been very fortunate to have an

agile and resilient business model that could really satisfy the good portion of that demand. And yes, in general, we aspire to be the #1 online shop for home and living in our core markets, and we are convinced that it will take not only a great assortment and excellent shopping experience and overall great customer satisfaction as a whole but also marketing technology leadership to really scale our business in the long run and to meet our aspirations.

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**Shruthi Chindalur** - Criteo S.A. - Executive MD of EMEA

Totally. It's really good to see that as a large retailer, you're leaning strongly on the marketing technology leadership to scale and also to meet your aspiration, which is super important. So I'll dive right into the topic of the relationship between home24 and Criteo.

home24 has been a long-standing, trusting Criteo customer and partner also, I would say, for several years now. You've obviously seen Criteo come a long way. So as we expand and enhance our capabilities, I would love to just get your thoughts on Criteo's strategy of becoming a Commerce Media Platform.

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**Sascha Vitzthum**

Yes. So I think it's been a cool evolution in a sense, right? I mean we've been growing up together, Criteo and home24. It's been now since 2010 also a good 10 years that we've worked together, and obviously, we're always keen on trying to find new ways to scale and believe what Criteo's plans are for the Commerce Media Platform, that this effort aligns pretty much pretty well with the home24 strategy of expanding across the full funnel and across new markets.

We -- as a marketer, we always want to innovate with our partners. And the Criteo offering, the Commerce Media Platform allows us to play at all touch points in the customer journey, and that is certainly a step in the right direction. We've been super happy with the retargeting over the years. And obviously, this has been your bread and butter. But also, we are thinking now, okay, how do we expand, how do we not just get more efficient in the lower funnel, but how do we leverage our partners and their platforms to grow bigger? So what are the future relevant targeting opportunities for us in contextual targeting? How can we do cohort targeting? And how can first-party data management help us to fuel this growth, not just efficiency?

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**Shruthi Chindalur** - Criteo S.A. - Executive MD of EMEA

That's great. That's great to hear. And you said something very important to hit all the touch points of the entire customer journey. That's exactly what we are striving to fulfill. So we are very happy that we are aligned with the needs of large retailers such as home24, Sascha. Thank you for that.

Speaking about publishers and media owners, we are truly privileged to have one of our largest publishers amongst our panel today. Jeremy, can you please tell us a little bit about your role? How is IBM Watson Advertising doing? What's new?

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**Jeremy Hlavacek**

Yes. No, thanks for having me. It's nice to be here. I'm also pleased to be among these marketers. I can tell you that we bought a lot of chocolate and home furniture over the last year. So it's a very good crowd.

Yes. So at IBM Watson Advertising, we use Watson AI to build ad products, but we also own and operate The Weather Company properties. So Weather.com, The Weather Channel app, our mobile websites, Weather Underground. So we have a large portfolio, a publishing portfolio of weather properties. And it's been a great business for us. We've had a long-standing relationship with Criteo for close to a decade, starting with our desktop properties and now into our mobile apps and mobile web experiences. And it's been a great partnership for both of us. We've grown the business very successfully together, and I know the teams work well together. So it's been really great.

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**Shruthi Chindalur** - *Criteo S.A. - Executive MD of EMEA*

Awesome. That's really good to hear. And I would love to know more about why. Like can you share the reasons why IBM Watson Advertising prefers to work with Criteo in this way and having that long-standing relationship and your general experience, I would say, of the partnership?

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**Jeremy Hlavacek**

Yes. So we've known for a long time that Criteo represents a really healthy source of advertising demand from the retail market, right? And it's no secret that commerce, media and e-commerce has grown exponentially over the pandemic. But really, over our relationship, it's been nothing but up into the right, it's only accelerated in the last year. So we feel we have to work with a partner who represents so many great advertisers and so much great demand. And it fits well with our audience because our weather properties have huge scale, large reach and frequency. So most of the United States and much of the world wakes up in the morning and the first thing they do is check in with one of our properties. So we're a great destination for advertisers who want to get their message out at scale.

And at the same time, we have a lot of rich data, whether it's localized targeting or weather or other things like that. So Criteo has just been a great fit for us in terms of being able to monetize our properties at the scale that we need. There's very few people who can operate at that level.

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**Shruthi Chindalur** - *Criteo S.A. - Executive MD of EMEA*

That's good to know. And I can promise you, even in Europe, I still -- I used to live in the U.S., and I still open up one of those weather apps or the weather websites every morning.

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**Jeremy Hlavacek**

Good, good. Good to hear.

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**Shruthi Chindalur** - *Criteo S.A. - Executive MD of EMEA*

One of the areas that you worked with Criteo is the straightforward integrations with Criteo. Obviously, with the move towards integrated supply becoming more and more important, can you please tell us a little bit more about how you're integrated with Criteo right now?

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**Jeremy Hlavacek**

Yes. So again, this is an area where we found Criteo to be one of the more innovative partners in terms of different ways to integrate with publishers and also quite easy to work with. So over the years, we've done a number of different experiments in terms of where Criteo might sit in our ad stack or access to different pools of inventory, but probably the most notable change or advancement we've made in recent years is integrating the Criteo SDK into our app. For us, the migration of our audience from desktop to mobile has been going on for a number of years. And we've always looked for great partners to help us monetize that audience.

But at the same time, mobile app is a lot more difficult. It requires installing an SDK. And we have a very high bar and kind of a strict set of requirements for that. We don't have many ad partners in our app because the first priority is to serve consumers and give them accurate and timely weather forecast.

However, we did get the integration done with Criteo, I believe, just in the last year or 2, which has been tremendous. It's helped the business grow a ton. And really, Criteo is among a small handful of partners that we actually have in our app. So in terms of supply path optimization and thinking

about the right supply with the right marketers, we're probably not going to be adding many more ad partners to our app. The security concerns and the speed and performance is too important, so we're really looking for Criteo to be a key partner there.

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**Shruthi Chindalur** - *Criteo S.A. - Executive MD of EMEA*

We're happy to meet those high standards, Jeremy, and also that you feel safe about any security concerns. That's great to hear. Thank you for that.

Today, Todd shared with us our product road map as Criteo becomes the world's leading commerce media platform. So I'm going to go back to Roberta. Roberta, from your perspective as one of the largest manufacturers in the world, what most excites you about our partnership for the year ahead?

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**Roberta Fabretti**

Yes. So the integration of all your Retail Media solution into the Retail Media platform is extremely exciting for us. And especially for the European team, which I represent because this will give us access to the full range of campaigns and activity that we are doing with you across all our territories in one go. So that is an amazing opportunity and will allow us to be more strategic and more transparent and check our KPIs regularly. So this is a very, very exciting feature coming up.

And as already mentioned, the integration of the Carrefour inventory is a big one for us. And hopefully, more grocery retailers coming up in the offering that you do is our biggest plus. And of course, our brands are moving into also direct-to-consumer business. Not all of them, but in the chocolate business, especially we have the Cadbury brand that this has -- that's quite relevant direct-to-consumer businesses. And in the U.S., there's Oreo as well as and Sour Patch Kids. So the possibility to integrate those elements in our campaigns through retargeting is very, very exciting as well.

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**Shruthi Chindalur** - *Criteo S.A. - Executive MD of EMEA*

We'll be happy to work with you on that. And we actually clearly see this convergence happening more and more these days.

Jeremy, I'd love to hear your thoughts on this with our road map about becoming the world's leading commerce media platform. As one of the largest media owners in the world, what most excites you about our partnership for the year ahead?

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**Jeremy Hlavacek**

Yes. Look, we're super bullish on the commerce media space and retail media. I have a little bit more of a U.S. perspective, but it's great to hear the international side kind of aligning here. I think when we look out in the marketplace and we look at where ad demand is being generated, there's no secret that very large e-commerce companies have built huge advertising businesses like Amazon. But even other large retailers, we see them kind of creating their own advertising businesses.

So that's an indicator to us that there's a lot of interest and demand here. And if I were to think like a CMO or a media buyer, it would be extremely appealing to me to spend money through very measurable kind of ROI-driven media channels, which is how I think about retail and commerce media. So -- and the last piece I would add is that I think everyone here knows that e-commerce growth accelerated tremendously during the pandemic, and it's certainly not going to be going back, right? That trend is only going to continue.

So all of those factors together make commerce and retail media extremely attractive. And then certainly, as we look to capture ad dollars and help our clients succeed, we want to make sure we're working on that space with the best partners that we can, and we certainly consider Criteo to be among that group.

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**Shruthi Chindalur** - Criteo S.A. - Executive MD of EMEA

That's great. We're going to be all about commerce outcomes. Definitely, there's no question about that. Sascha mentioned this as well. So I'll ask you this. What about first-party data? What role does first-party data play in your road map in IBM Watson Advertising?

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**Jeremy Hlavacek**

Yes. So this is another major trend in the industry that I'm sure everyone on this call is aware of, first-party data becoming incredibly important. So we're building out an infrastructure where we can work with our consumers directly to build first-party profiles. The benefit for us as a large publisher, we're 1 of the top 5 most trusted brands. This is a research-backed statement that we've looked at before. The Weather Channel is extremely trusted by its consumers. So we actually have an amazing opportunity to partner with our users and consumers and build a first-party database that can really help them get the experience that they want, and that might be an advertising-based experience, that might be a subscription-based experience, but we have a large-scale audience that trust us. So we're going to be investing heavily there.

And the last piece I'll mention is obviously being part of IBM helps. We have access to tremendous engineering and AI resources that are helping on that project. But the net of all that will be that we expect to have a very strong first-party data set that we will use to partner with marketers with the right ad tech companies because that's really going to be the future of digital advertising. It's first-party relationships where consumers have a lot more choice and a lot more say in how their data is used and how they want to interact with media properties and with advertisers, so a huge piece of the strategy for us and expect to partner with Criteo and others as we develop that.

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**Shruthi Chindalur** - Criteo S.A. - Executive MD of EMEA

That's really good to hear. And first-party data is going to be at the center of everything we are doing. So that alignment definitely helps. Sascha, you wanted to say something as well about first-party data.

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**Sascha Vitzthum**

Well, yes, I think certainly, if we don't have first-party data, we're always having sources that we don't completely trust, right? First-party data is the only source that we can truly trust. And obviously, we're also, as a retailer, working on making our own first data better, right, and making sure that this funnels back to our advertisers.

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**Shruthi Chindalur** - Criteo S.A. - Executive MD of EMEA

Absolutely. How do you see the changes to online identity, Sascha, brought by the browsers and regulations impacting your business? How does that affect your digital advertising strategy, let's say, and also your relationship with Criteo?

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**Sascha Vitzthum**

Yes. In general, obviously in the EU in particular, right, I mean privacy and cookies, in particular, have been at the focus in the last 5 years in terms of regulations. And one might argue whether the regulations is really doing the thing that it's supposed to do, but cookies in general are only one way to establish identity. Looking at your initiatives and ideas around the Commerce Media Platform, identity solutions and the first-party networks, I believe you're on the right track to provide a playground that is -- that helps both the users, the publishers and the advertisers.

And I think as long as Criteo can orchestrate the first-party network and make sure that we have widespread user consent, there shouldn't be really any major losses, I believe, in terms of marketing efficiency in a cookie-less world. And if you can predict stable cohorts and advertise to them on an aggregate level, I think the -- we're doing the right thing. And as long as privacy is safeguarded, everybody wins.

**Shruthi Chindalur** - Criteo S.A. - Executive MD of EMEA

The recent launch, obviously, of our contextual product is very exciting. We really take pleasure and pride in accompanying all our advertisers on all steps of the media buying strategies. Is full funnel also relevant to you at home24?

**Sascha Vitzthum**

We grew up as a pure online, lower funnel, "let's make the conversion" type of company, right? It was always about getting those few people in there, making sure they convert -- that we convert. But obviously, as we set our sails to further grow, we also have to look at expanding the audience. And so we have to look at the upper funnel. And we're very happy that you guys are also going into that direction because we cannot make a living of just fishing in a small pond. We have to expand the pond. We have to work in the ocean. And I think you guys certainly have the capabilities also with your contextual product to help us be successful there as well.

And if I kind of look at what's coming up, right, that's always with marketing. What's the next hot thing? I think you have certainly set your sails on the right things, display, native, video, over-the-top, connected TV. All of those are playgrounds that are new to us and that you guys are certainly investing in and that we're hoping to build an experience together with so we can co-innovate and grow those spaces.

And in the past, we -- it was always -- we always felt comfortable in what we can directly measure, what's the click and so on. But we also know that the upper funnel is not as easy to check, right? You have to come up with different attribution models. You have to look at impressions and all that kind of stuff. And I believe you guys have data -- you have the data analyzing capabilities to help us make better measurement and better attribution possible. And yes, so we are confident that if we can leverage your data asset and you can also create that consented and privacy-safe environment, then we are ready to succeed together there.

**Shruthi Chindalur** - Criteo S.A. - Executive MD of EMEA

Thanks for that. Yes. Measurement is something we are going to have as a pillar in everything we do really. So that's very good to hear. And that's very valuable feedback. My last question for you, Sascha, is, what can we do to ensure we stay relevant for you and home24 apart from what you've shared with us?

**Sascha Vitzthum**

Yes. I think it always helps to just be agile and nimble, right, kind of make sure that your company is set up to react to what's going on, not kind of setting your own way and kind of saying, "This is what we do and this is what we're going to do forever," but quite the contrary, kind of figuring out what is going to change and how we're going to adapt to it. So if I just look at the past 10 years -- and you have done that very well. So if that is a good indicator of the future, then yes, you should be ready to help us out to go together because we think about the same thing, right?

I mean it's not stable. We are certainly not in an environment where we were 10 years ago. And we have changed, right? We're now looking at -- where we looked at clicks before, now we're looking at incrementality. And Criteo certainly has been helping us on looking on emphasizing incremental testing setups and developing bidding solutions that are incremental. And this is what marketers want these days, I would say. This wasn't in the forefront back 5 years ago, but now this is where the -- where you can really differentiate yourself.

And at the end, it's all about performance, right? As long as you guys can deliver products that are based on our KPIs, that can be measured based on our KPIs, we will use those and we will use your products, and we will certainly continue even more using them. So yes, we've been super happy with -- obviously, with your bread and butter with the retargeting for the past years and we're -- but we're certainly expecting, right? And this is kind of like the bar -- setting the bar at a height that anything you do in the upper funnel will provide incremental uplift as well. So yes, we're looking forward to it.

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**Shruthi Chindalur** - *Criteo S.A. - Executive MD of EMEA*

Jeremy and Roberta, is there anything else you want to share today about your specific companies or about Criteo?

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**Jeremy Hlavacek**

Yes. I would just add that one thing that's great for me is hearing marketers having such enthusiasm for the product. To me, that means that we're going to be able to continue working together for a long time. So great for you to bring both sides of the ecosystem together here.

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**Shruthi Chindalur** - *Criteo S.A. - Executive MD of EMEA*

Thank you so much to the 3 of you for your time, your expertise and your encouragement. It's really uplifting for us. And like I mentioned before, trust with Criteo, that is the most important piece. Roberta and Sascha, have a lovely rest of your day. And Jeremy, have a fantastic, great day.

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**Jeremy Hlavacek**

Thank you.

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**Shruthi Chindalur** - *Criteo S.A. - Executive MD of EMEA*

Thanks.

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**Sascha Vitzthum**

Thank you very much.

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**Roberta Fabretti**

Thank you. The same to you, Shruthi.

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**David Fox** - *Criteo S.A. - Chief Development Officer & Chief Commercial Officer*

Good morning, everyone. My name is David Fox. I'm the Chief Commercial Officer and Chief Development Officer here at Criteo. I joined the company back in April 2020, and I couldn't be more excited to be part of this amazing company and talented leadership team that Megan has built around her. Today, I'll walk you through how our Marketing Solutions commercial strategy contributes to making our Commerce Media Platform win in the marketplace and how it fuels our future growth. We've heard from Megan and Todd about our vision to bring richer experiences to every consumer, and I'm thrilled to be sharing more with you and more about how the Criteo teams are serving our clients and their growing commerce opportunities. Our mission is to power the world's marketers and media owners with trusted and impactful advertising, and you'll soon see how our commercial organization is geared to drive our mission forward.

Criteo Marketing Solutions clients are all commerce companies. First, it's important to highlight that we work with commerce companies. And what we mean by this is that our customer base encompasses much more than online retail pure players or what has been historically been referred to as e-commerce. And it's growing fast. The lion's share of Commerce Media Platform's \$100 billion-plus total addressable market sits right in the wheelhouse of Marketing Solutions. We can serve any company selling products or services online either directly, indirectly through our Commerce Media Platform.

Here, you can see a few logos, and this is just a snapshot of the wide range of businesses that we work with. While 87% of our existing marketing services revenue comes from our foothold in retail, travel and classifieds and we see space to grow here, we are also leveraging our 15 years of experience and strength in performance marketing to serve new customers and new industries and verticals. Insurance, auto, telco and gaming are now part of our expanding client portfolio. Today, most of our current revenue base relates to demand capture or conversion. Now with almost half of retail digital programmatic ad spend allocated to demand generation, we are capturing an opportunity to increase share of wallet with core retailers and selling new products and solutions to expand our addressable market.

We're focused on succeeding with retailers and replicating the success across other key verticals. And as Megan said, we've been at the forefront of the e-commerce boom while at the same time are laser-focused on broadening our client base, including adding more direct-to-consumer brands. Recently, we also started tapping into the trade marketing budgets from large, fast movers and CPG clients, and we've only just begun to scratch the surface. As more and more incredible businesses are beginning to partner with us, we're strengthening our data assets and expanding our total addressable market. This all represents significant upside for Criteo.

Let's take a closer look at our customer needs and how they've evolved over time. The trend here is that marketers, whether in retail, consumer, brand or agency space, are becoming more sophisticated with their online marketing no matter the size of their business. Let's take one example, a large, complex omnichannel New York-based retailer. We traditionally serve their web retargeting campaigns, but as the industry and consumer behavior changed over time, they started building in-house advertising expertise and technology, leveraging ad platforms like Criteo that offer valuable automation and have AI at the core of their capabilities.

So why are they doing this? Answer is simple: to optimize their ad spend for maximum impact. Their overarching advertising goals, however, remain the same: reach the right audience at the right time with the right ad to the right channel and convert potential shoppers into loyal clients. But their opportunities to do that have become more complex. In response, we listened carefully to their needs and pain points, growing from working with the world's best retargeting companies, the one that can mobilize our cutting-edge capabilities, bringing them the solid tech partnership that they can count on to grow their business.

This led us to support their broader objectives across the marketing funnel; driving on-site monetization for them via Retail Media, and you'll be hearing more about that from Geoffroy in a few minutes; helping them tap into the brand funded commercial opportunity; linking their granular off-line sales, example, first-party data with online data on both web and app and more; but above all, this led us to provide the control they needed via more self-service and to bring more transparency into our pricing and bidding. More recently, several retailers of this scale have been actively engaged in our identity road map plans and the first-party media network discussion. This is just one exciting example of how we've been enhancing our Commerce Media Platform to help boost our clients' results and take their business to the next level.

Another example which is very new for us at Criteo is the business of large brands through the big 6 agency holding companies. This wasn't a key priority for us in the past as retargeting wasn't as relevant to them. Today, as we expand our agency and brand portfolios within Criteo Marketing Solutions, we're helping brands promote new lines of business through video brand awareness campaigns, whether it's introducing a new hot chocolate line for a CPG brand or promoting a new car model for an auto brand, and the media agencies that are helping these brands are very keen to adopt cookie-less solutions early, like our new contextual targeting solution powered by first-party data and real-time contextual signals. Mid-market and smaller, less sophisticated clients also see their digital market needs evolve as digital marketing and advertising matures.

So now our Commerce Media Platform is leading the way when it comes to supporting and driving marketing goals throughout the consumer journey across multiple environments and formats as well as provide insights, self-service and on-site monetization via Retail Media.

Let's have a look at the evolution of Criteo supply side or what has evolved for media owners. Criteo was one of the first DSPs to develop client-side publisher technology, enabling us to identify the highest value impressions for our clients. At the same time, we forged partnerships with SSPs, including Google, Magnite, Index Exchange and many others to give us access to more breadth and long-tail publishers. But as we're transforming from one-to-one targeting to a combination of one-to-one cohorts and contextual, Criteo's supply strategy is transforming, too. And as Todd mentioned, with our partners' consent, we're utilizing our client-side technology to collect more first-party publisher data to build the foundation of the first-party media network. We're also opening up our direct supply access to third-party buyers, enhancing the impression request with our proprietary commerce data, and we're working in partnership with our product team to support audience-based and contextual buying solutions.

As cookies fade away over the next year, value will accrue to the supply side from the demand side, and we intend to become one of the largest, independent, curated supply-side platforms in the world, nothing short of that. And as Megan introduced earlier, our Commerce Media Platform makes commerce media work for all of our clients. This includes both our demand, our supply-side partners as well as the customers they serve. Our first-party media network and unique commerce data sit at the center of what drives better outcomes for both marketers and media owners. In this context, publishers and our Marketing Solutions business is the backbone of our relationship with both sides, which translates to better, more transparent and trustworthy experiences for consumers. It becomes a virtuous circle of amazing results and benefits for the entire market, all fueled by our powerful Commerce Media Platform.

We all know that the market is moving fast. This, of course, means that our clients' needs are evolving, and so are we. That includes our commercial strategy. Sales and operations teams around the world are adapting to best deliver our value proposition and maximize our impact on our customers' businesses as well as our own. We're sitting at the table with our customers as they navigate the shift to digital budgets and partnering with CMOs to offer solutions to protect the impact and accountability of their marketing budget. At a high level, Criteo's commercial strategy is built on 4 foundational blocks. We've done the following: refined our client segmentation; tailored our go-to-market approach for each of these client segments; just started to scale our solution pricing model; and all of this enables us to sell our New Solutions with speed and impact.

Digging into our client segmentation, you'll see that it's designed to optimize our service level based on our clients' needs and potential for multiproduct relationships. Before our segmentation model, we used to rely only on our clients' historic spend. The more clients spend, the higher level of service they receive.

Today, we've simplified our segmentation into 3 segments, strategic, core and tail, based on historic spend but also on the potential for sustainable long-term relationships in consideration of their respective evolving needs today and in the future. This includes consideration of the digital strategy and sophistication of our larger customers as well as addressing the very different needs for smaller businesses to be their digital advertising partner. And we've aligned our operating model to best meet the specific expectations of each of these 3 segments and bring the right level of expertise. As a result, we can tap into a broad team of sales professionals and deliver a tailored approach by adapting our value proposition to our clients, large and small, in retail or other verticals.

Client needs are changing. We know that. Historically, we've only worked directly with advertisers. Now we're tapping into new sources of ad spend via advertising agencies and other third parties. Of course, we still keep a strong direct channel to serve our customers to provide both a consultative selling and managed service to our large customers and self-service to our smaller and long-tail clients, thereby maximizing control and flexibility. As we engage clients with a full-funnel marketing mix, we're also elevating conversations higher up in the organization.

Next to our direct channel, we've built and continue to scale our global agency engagement model to support both large and global holding companies as well as existing performance agencies. In addition, we run several indirect channel programs to extend our coverage of the ecosystem. Today, close to 30% of our Marketing Solutions revenue is made through agencies or indirect channel. And our indirect channel and agency strategy is an important growth driver for Criteo, allowing us to unlock new ad spend from brands, independent performance agencies and resellers. And through resellers, we can penetrate markets where we don't have a Criteo presence by providing advertisers and agencies not only managed services but also with the mix of self-service so that everyone can provide value to the end advertiser. The best part is that we see increasing synergies for cross-selling Marketing Solutions and Retail Media to brands and retailers. And obviously, this convergence opportunity makes Criteo an increasingly strategic partner for these large clients, offering a unique, holistic and compelling value proposition.

On the topic of convergence, we see clear opportunities to further grow both sides of our business and unleash the full power of the Commerce Media Platform for the benefit of our customers. We intend to accelerate our new revenue streams for the retailers using Marketing Solutions by driving more revenue through the Marketing Solutions stack via existing retailer relationships, extending our core offering to include audience monetization strategy via display platform, and leveraging Criteo expertise at driving margin from sale and extend the value proposition to brands via our existing retail customer base. We also intend to accelerate our Retail Media business into off-site campaigns for brands by doing the following: leveraging our common assets to enable the Retail Media off-site offering, including first-party identity, our broad supply in the open Internet and bidder infrastructure; also addressing common Marketing Solutions and Retail Media, retailer customers and prospects with a holistic set of marketing and monetization solutions supported by the Commerce Media Platform.

Let's transition to our pricing model. In the past, we used to only leverage transactional pricing, meaning that the clients sign an insertion order with Criteo for a specific campaign for a specific budget, typically for a month, renewal indefinitely. With our Commerce Media Platform, broader solution suite and exciting product road map, we now have tremendous opportunities to open new doors. Today, we're offering more solution pricing options to our key customers that are more value-based. They provide higher transparency and result in stronger and more predictable commercial relationships on both sides of the table. Based on longer-term contractual agreements or solution client spend, these new pricing models help drive a larger share of wallet through a broader solution mix that covers full-funnel marketing objectives.

Thanks to our robust go-to-market strategy, our highly talented team that's executing, and our focus on client-centricity, we're expecting to grow our New Solutions and the commerce Marketing Solutions team between 40% and 50% in 2021. These are some impressive results that put these New Solutions on a strong growth trajectory. We grew 160% on omnichannel last quarter, which is almost entirely third-party cookie resilient and has extremely low customer churn. Thanks to our powerful commerce audience, we grew 32% last year on our audience targeting solutions. And after a very successful recent alpha launch of our first-of-its-kind contextual advertising solution, we see tremendous traction on a fast-growing pipeline for the coming quarters. We've tested some large CTV budgets and renewals for this new product, which has opened up new avenues to agency budgets.

In summary, we have 4 key priorities for the commercial team to continue to execute on. First, we'll continue to protect our core business to be resilient. Our growth continues to be robust here, as we saw in our Q1 results and guidance for 2021. Second, we have a laser focus on our New Solutions that's leading the way and is a key foundation of our transformation, as you know. Third, we're working with our partners to secure more first-party data to ensure we can continue to deliver on performance targeting across our business. And then lastly, solution contracts, still in the early stages but fueled by a strong appetite from our large customers, some of which have been seeking this for a number of years. As we continue to execute on these priorities, our world-class commercial organization is well positioned, and our future is truly wide open. With the commercial strategy towards realizing our vision, we believe we're strongly and confidently set up for success in a cookie-less future and gearing towards a new phase of growth.

Before I hand it over to Geoffroy to talk about Retail Media, let's take a look at some of the common large clients that use both of our Marketing Solutions and Retail Media solutions. We think this is a really impressive list of clients, speaks to the early success of our Commerce Media Platform. This is an incredibly exciting time in Criteo's history, and we continue to grow together and create broader value for our customers.

With that, let's now hear more about Retail Media from Geoffroy. Thank you so much.

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**Geoffroy Martin** - *Criteo S.A. - Executive VP & General Manager Growth Portfolio*

Hello, everybody. My name is Geoffroy Martin. I am Executive Vice President, Growth Portfolio, and General Manager of our Retail Media division. I'm really excited to talk to you today about the massive Retail Media market opportunity, how we are achieving rapid growth powering the world's largest open retail media ecosystem and the highly defensible SaaS-like business we have built through our unique technology and operating model. But first, let me remind you of our vision for commerce media and Retail Media's role within it.

As you heard from Megan, commerce media is a new approach to advertising, which turns commerce data and artificial intelligence into commerce outcomes for marketers and media owners by targeting consumers throughout their shopping journey. Retail Media is a cornerstone of our commerce media strategy, helping brands and marketplace sellers increase and measure product sales while generating new high-margin revenue streams for retailers and marketplaces.

For those of you unfamiliar with Retail Media, let me quickly explain the concept and why we are so excited about the market. In short, Retail Media is brand-funded advertising on retailer websites and mobile apps. In many ways, it's the e-commerce version of the trade and shopper marketing that has long been a staple of physical retail stores, but importantly, it leverages first-party retailer data to provide granular targeting and sales-based measurement without the use of any third-party cookies. Due to this combination of attributes, Retail Media is uniquely suited to attract below-the-line trade marketing spend as these dollars follow consumers to the digital point of purchase. Moreover, Retail Media is increasingly capturing above-the-line national media spend that needs advanced targeting and measurable media in a post-cookie world.

Given these factors, it should be no surprise that Retail Media is a massive addressable market with significant runway for growth. According to McKinsey, Retail Media is a \$14 billion market today, excluding Amazon and China, and it will grow at a 22% CAGR to \$32 billion in 2024, including commerce insights. Several trends will drive this growth, including, one, the rise of e-commerce; two, new retailer entrants into the retail media ecosystem and the corresponding flow of traditional trade dollars; three, shopper marketing funds; and finally, national media spend migrating to digital. Again, Retail Media is ideally positioned for the post-cookie world, combining highly differentiated ad inventory with unique first-party data, and Retail Media stands to benefit as brands seek addressable media opportunities in a new identity landscape. Retail Media is a large market. It will continue to grow quickly. And as you'll see, Criteo is ideally positioned to capture this opportunity and outpace the market due to our unique technology and operating model.

So let's dive deeper into Criteo's specific role in Retail Media. Today, Criteo powers the largest retail media ecosystem outside of the walled gardens. Our technology powers retail media for over 100 retailers and thousands of brands. This year, we expect our Retail Media solutions will drive about \$700 million in media monetization for retailers and well over \$3 billion in product sales for brands. Agencies play a critical role in this ecosystem as well. They are strength for our Retail Media business and accounts for upward of half our revenue. Today, we count over 120 agency customers, including the top 6 holding companies. And as we'll discuss later, we have embedded ourselves deeply in several agencies such as Flywheel and Tinuiti via our APIs. By powering both the demand and supply sides of the retail media ecosystem, we drive superior outcomes and efficiencies for our customers while creating meaningful network effect and a scalable operating model for our business.

Speaking of our operating model, our technology underpins a highly scalable, SaaS-like business with consistent and predictable revenue. We see over 80% revenue retention with brand clients and over 92% revenue retention with retailers and have long-term committed contractual agreements with our retailer partners. In fact, we have long-term contracts of at least 2 years with 60% of our top 40 retailer customers, and more than 35% of our revenue comes from retailers with whom we have exclusive contract, a number that we expect to continue to grow. This predictable recurring revenue stream is the foundation of our business. As a result, our operating model enables us to sustainably scale the business. Our direct contribution margin for our Retail Media business has grown from 10% in 2019 and 28% in 2020 to a forecasted 41% in 2021. We've achieved all of this while accelerating growth in the business. That's a clear sign of the scalability of our SaaS-like model.

We support all of this through our proprietary Retail Media technology and a dedicated Criteo Retail Media team that's unmatched in size, global footprint and retail media experience. Our 400-plus member team, supported by the broader Criteo team, spans 10 countries on 4 continents, servicing clients in over 20 markets. The team includes 110 software engineers and product developers, and we're quickly growing the team to support our rapid growth.

Most importantly, nobody has more experience in Retail Media than Criteo. Our 10 years of experience gives us the knowledge and expertise to solve the toughest technical challenges for our customers, from ensuring a seamless relevant ad experience to normalizing product data sets across retailers and provides us the credibility to act as a strategic interested partner to our customers. One such client who benefits from these unique assets is Ulta. As one of the leading beauty retailers in the U.S., Ulta has been a Retail Media customer since 2019 and seen enormous growth, leveraging our sponsored products and demand generation capabilities. Together, we're expanding into new channels, helping beauty brands address the full shopper journey via Ulta's Retail Media program and making it easier for brands to buy Ulta inventory via Criteo's API partner ecosystem.

In addition to Ulta, our market leadership position manifests itself in deep relationships with some of the largest retailers in the world. Today, we work with over 50% of the top 25 U.S. retailers with monetization programs and over 50% of the top 20 in Europe. Combined, revenue associated with these retailers grew 123% year-over-year in Q1 2021. These relationships provide a strong foundation for our business but also reflect the fact that we have ample headroom for growth in the form of both new retailer business but also upsell and cross-sell opportunities with existing customers. Signing new retailers, such as our recent win of a major U.S. home improvement retailer, is a meaningful opportunity, and we have a large group of retailers actively in our sales pipeline, including over 30 retailers in the Americas and over 100 retailers in Europe, not to mention hundreds of retailers in new geographies, as we'll discuss next.

Additionally, we have a significant opportunity to continue to grow within our existing retailer base through execution against existing monetization efforts, cross-sell into new ad formats, securing more placement and launching new capabilities and new properties within a retailer's portfolio. For example, we recently signed a 3-year global preferred partnership with Carrefour. This agreement calls for the deployment of the Criteo Retail

Media platform in 9 Carrefour group countries, starting with France, where Criteo is the exclusive partner for the marketing of all Retail Media inventories and solutions to advertisers and agencies.

On top of landing new retailers and growing our business with existing customers, we are in the early stages of expanding our solutions into new geographies and sectors of e-commerce. We are actively working to launch our first APAC clients and are expanding our Retail Media team across Japan, Korea, Singapore and Australia to better service clients in the region.

We're also aggressively expanding our technology capabilities to serve new type of customers. As we announced recently, our acquisition of Mabaya enhances our Retail Media capabilities to better meet the unique needs of marketplaces and marketplace sellers. Mabaya brings us sponsored products and media monetization technology optimized for marketplaces as well as an impressive list of marketplace and retailer customer across the globe. Mabaya perfectly complements our existing leadership position with omnichannel retailers, brands and agencies, and we can now address an even broader range of customers on a global scale.

In addition to helping us address a new set of customer, Mabaya also helps us meet the needs of traditional omnichannel retailers as they build out their own marketplace business lines. Several of our top retailer clients, including the likes of Target and Best Buy, have burgeoning marketplace offerings, and no company is better positioned than Criteo to help them drive monetization across the entire e-commerce businesses. We have already seen strong excitement from clients as to what the combination of Criteo and Mabaya will bring to the market. Mabaya only enhances what is already a considerable moat around our business. This moat is supported by significant network effect, our growing partner ecosystem, deep technology advantages and, as I mentioned earlier, our exclusive commercial agreements.

As discussed, our model of operating both demand and supply-side solutions at scale is unique to Retail Media and creates network effect that benefit brands, agencies, retailers and also Criteo. Whereas our competitors focus on supporting individual retailer walled gardens, our unique multi-retailer ecosystem enables brands to optimize campaigns across multiple leading retailers from a single platform and also enables retailers to access the broader set of advertiser demand.

Supporting this is proprietary technology that enables unique capabilities in market, including consolidated campaign management, cross-retailer reporting and flexible, AI-based optimization. We have also made this technology open and accessible to a growing roster of marketing technology companies and agencies who build on top of our APIs. These APIs and our partner enables brands, agencies and retailers to leverage their campaign management, analytics and ad operations tools they use today and embed our platform deep within their workflows.

Our technology advantages are also highly visible in our retailer-facing tools, where we deliver critical Retail-Media-specific functionality for low-latency ad delivery, ad relevancy and yield management. Nothing matters more to our retailer customers than protecting the shopper experience while maximizing their ad revenue. Our deep server-to-server integrations ensure that ads seamlessly match the look and feel of retailer sites and apps while respecting factors like local product availability and also user personalization.

Moreover, our AI-powered relevancy and yield management engines leverage 15 years of Criteo AI expertise and infrastructure to make certain that every ad fits within the organic shopper experience and that retailers maximize revenue on every ad impression. No traditional ad tech vendor or retail media competitor can match this combination of Retail-Media-specific features, nor can they equal the deep Retail Media expertise and robust AI infrastructure that support our solutions. As you can see, we're addressing the large retail media market opportunity with unique technology that supports a rapidly growing business and considerable moat that will help sustain our leadership position moving forward.

On top of our existing portfolio of solutions, we're also investing across multiple strategic opportunities to expand our product portfolio, increase share of wallet from existing customers and land new clients.

First is insights. Through our deep technical integrations with retailers, we have privileged access to unique data sets whose applications go well beyond advertising. And we now have a dedicated product and R&D team focused on translating this unique data access into highly differentiated and actionable commerce insights. Our new-to-market commerce insights solution leverages these data and Criteo's deep AI and machine learning experience to help brands better understand and take action against all the attributes that drive product sales and capture market share from product content to digital shelf presence to, yes, Retail Media investment. No company is better positioned to help brands connect organic

commerce data to media performance and influence Retail Media planning, optimization and e-commerce operations in the process. We are actively piloting this solution with a number of major brands and have seen highly encouraging results in the form of increased product sales and Retail Media performance.

Our second major strategic opportunity is off-site. According to McKinsey, approximately 50% of all Retail Media dollars are spent outside of a retailer site. Off-site advertising enables campaigns to run with massive scale and reach across the open Internet. And the success of Amazon DSP has proven the viability of leveraging retailer data for targeting and measuring in this environment. Given Criteo's unique data access, identity assets and direct connection to large open Internet supply, we think we're in a unique position to enable off-site advertising for Retail Media and sustain it in a post-cookie world. In this effort, we can recognize extensive synergies with our Marketing Solutions business, leveraging common identity capabilities, supply integrations and bidder infrastructure to power off-site Retail Media globally. We've already seen strong success with our off-site advertising solutions in Europe and are focused on extending these capabilities across market.

Finally, we have marketplaces. As I mentioned earlier, Mabaya provides us the capabilities to address this critical sector of e-commerce and provides the foundation for us to extend our insights and off-site advertising capabilities to this customer as well. We're really excited about the acquisition and expansion of our serviceable market.

So to sum things up, Retail Media is a massive market and core to our commerce media strategy. With our Retail Media solutions, we address the needs of brands, retailers, marketplaces and sellers and play a key role in a market that is prime to reach \$32 billion in 2024. We operate the largest retail media ecosystem outside of the walled gardens and are well positioned to capitalize on this market opportunity. We've built a formidable moat around our business, supported by significant network effects, highly differentiated technology, exclusive commercial relationships and deep partnerships across the marketing technology landscape.

Moreover, we have multiple vectors for continued growth, including via our core offerings as well as through strategic investment in insights, off-site advertising and new client segments like marketplaces. And critically, we're executing against this opportunity very effectively with rapid growth and a highly scalable operating model. As you all know, our Retail Media business grew 122% year-over-year in Q1 2021 and 53% year-over-year in 2020, and the predictable recurring nature of our revenue positions us very well for the future.

Thank you for your time today and looking forward to answering any questions you may have.

(presentation)

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**Sarah J. S. Glickman** - *Criteo S.A. - CFO & Principal Accounting Officer*

Good morning, everyone. My name is Sarah Glickman, and I am Criteo's Chief Financial Officer. I'm delighted to be with you today to discuss how our Commerce Media Platform translates into profitable growth and how strong our capital flexibility enables us to execute on our strategy.

Let me start by providing a brief update on our 2021 growth outlook. In light of the positive momentum we saw across our business in Q1, which is continuing into Q2, with particular strength in retail, we are upgrading our revenue ex TAC growth outlook for 2021 to a range of 5% to 7%. This assumes year-over-year growth of around 50% in New Solutions in 2021 with expected growth of around 55% in Retail Media, including our recent Mabaya acquisition, and around 40% to 50% for our Targeting business, also part of our New Solutions.

We also reconfirm our adjusted EBITDA margin outlook of over 30% in 2021. What this means for our Q2 guidance, which we confirm today, is that we expect to deliver approximately \$208 million in revenue ex TAC, including around \$160 million in retargeting, representing 10% growth compared to Q2 2020, and year-over-year growth of around 40% in both Targeting and Retail Media. The impact of the Mabaya acquisition closing will be minor for Q2. We are feeling good about the positive momentum we continue to see across our business.

Let's now take a look at our broader financial profile. Criteo has a long history of being a profitable growth company. And after 3 tough years with industry challenges in 2018 and '19 and the unprecedented COVID situation in 2020, we are excited to return to growth in 2021. Throughout the years, Criteo has delivered solid margins and profitability and impressive cash flow generation.

Looking forward, we are laser-focused on our transformation to the new Criteo to ensure we maintain a resilient performance marketing business, continue to grow Retail Media incredibly fast and power our full commerce media platform offering. We will continue to deliver good EBITDA margins and robust cash flows. We see our strategy delivering significant benefits to our customers and driving strong returns to our shareholders.

Our sustainable business performance and attractive financial position stem from the strong relationships we have built with our customers over time. Our 21,000 global client base has broad scale and deep focus on commerce and is also diversified in terms of client size. We have 360 top-tier clients for each of whom we activate more than \$1 million of media spend per annum, representing 52% of our media activation. Another 15% of our business are smaller clients for whom we activate less than \$100,000 of media spend per annum.

We maintain long-standing relationships with our customers, and the value we deliver to marketers and media owners drive high, steady retention within our client base. Over the past 34 quarters, our quarterly client retention rate has been close to 90% on average. This speaks highly to the impact of the commerce outcomes we drive for our customers.

Looking at our market opportunity. As Megan indicated, we have \$100 billion TAM in front of us. I would like to take some additional perspective on how we think about this dynamic market opportunity. To take a different cut of the TAM, we have spent time over the past few months looking at the latest trends in retargeting, targeting and retail media.

Let's start with the bigger opportunity: targeting. We see a \$58 billion addressable market in targeting by 2024, growing 17% per annum. This is massive and represents only the open Internet. Retail media provides a \$32 billion opportunity by 2024, including commerce, insights for brands and retailers, growing 22% per annum. Retail media is on fire, and we love our leadership position here.

And then there is the retargeting market. McKinsey expects this market to decline by 12% per annum over the midterm to \$5 billion in 2024, largely due to regulatory and industry restrictions to one-to-one targeting, including the upcoming changes to the Chrome browser. We know Chrome will impact our business, but we also believe that we can outperform the competition, take share from smaller players and, as we have done in the past few years, be resilient and deliver better performance in the market.

Our clients really like the performance that we deliver, and this trust is powering our growth in 2021. Simply put, we see Criteo as the best provider to bring a performance-focused value proposition for our customers now and in the future.

Today, around 30% of all our customers already use more than one of our solutions. For the future, our Commerce Media Platform enables us to continue to deliver strong performance, with our incredible AI capabilities powering impactful commerce outcomes for our customers.

Finally, we see an additional \$5 billion opportunity in driving third-party demand across the breadth of our supply partners. For now, this is an untapped opportunity for Criteo, and we are excited about this potential and the best way to leverage and operationalize this opportunity in the midterm. We also see opportunities incremental to our \$100 billion TAM around more digital trade marketing and potentially working with the walled gardens. Our market opportunity is huge, and we are excited to expand our playing field while gaining share on all our existing markets.

As background, I will now walk you briefly through the drivers for our existing revenue model. Let's start with retargeting. As you know, retargeting is a very performance-focused use case that drives consumer conversion for our customers. Reflective of this performance focus, we have typically priced our retargeting product on a cost-per-click basis, or CPC, just like most search marketing campaigns. While CPC still represents 50% of our retargeting campaigns, many customers have moved to a pricing model where our AI optimizes campaign outcomes against our clients' budget or Return-on-Ad-Spend objectives.

For the supply side, we typically buy inventory on a cost per impression, or CPM, basis. We generate a net revenue margin of around 40%, securing a fair value distribution between publishers, advertisers and ourselves, reflecting the strong ROI that our retargeting product drives for marketers through our powerful shopper graph, world-class AI and broad access to supply. About 19,000 of our 21,000 customers currently use our retargeting product. Around 45% of our retargeting revenue is from clients spending over \$1 million a year, complemented by a broad and growing list of clients in our Core and Tail segments.

Following up on retargeting, let's now reiterate our plans for future-proofing and transforming performance advertising after third-party cookie deprecation. To state the obvious, our entire industry and Criteo will be significantly impacted by the Chrome changes that we expect to occur in 2022. As of now, we do not have full visibility to timing and impact, and this is why we are not providing a formal midterm outlook today.

This is also a large reason why we are on our transformation journey. Retargeting has been the best and most effective and most cost-efficient way to capture demand and convert consumers. We are laser-focused on how we replicate this success in the future and ensure that Criteo gains an even bigger leading position in the open Internet.

Our intention is to retain our retargeting business and, in the midterm, capture new advertising dollars by building durable ID solutions and deliver performance for non-retargeting display as well as online video. We have multiple paths to achieve this, and we're investing in all of these, including our focus on building our first-party media network with our marketers and publishers; continuing to invest in our proprietary shopper graph, AI tech and insights; building our own cohorts on top of leveraging expected, although not yet tested, benefits from FLoC and FLEDGE. We expect to perform at broad scale.

To illustrate our broad scale, let's dig deeper into the 650 million Daily Active Users that we see every day across our network. In the U.S., our largest single market and the biggest advertising market in the world, our daily active user reach is over 50% of the U.S. population, higher than Facebook's, and represents a broader coverage of the demographics that are relevant for full funnel advertising. We believe this is a strong competitive moat, one that is certainly largely unappreciated by the market today.

We see a future where we have multiple ways to target a customer with relevant curated advertising. We can capture demand and generate more demand by moving through the funnel. For example, through our new first-of-its-kind contextual product, we can execute campaigns by directly targeting consumers and broadening our audience reach. We will, of course, update you regularly on our progress here.

Let's move now to our targeting solutions revenue model. Our various Targeting solutions, including Audience Targeting, Contextual or Omnichannel, typically cover marketing use cases for upper- and mid-funnel objectives. That means driving brand awareness, traffic on websites and apps and consideration for our clients' products, whether these are campaigns run on our display, native or new video formats.

In line with industry standards, we charge most of our targeting campaigns on a CPM basis. Our clients can also choose a budget target model that provides stronger focus on outcome optimization. We also pay for inventory on a CPM basis. And depending on the solution and type of inventory we run our ads on, whether web or app display, video or CTV, our revenue ex TAC margin on targeting solution ranges from 20% to 40%. This reflects how we enrich our media buying and bring added value to both marketers and media owners.

On the volume side, with Targeting being a more recent group of solutions for us, we currently have about 6,000 customers using Targeting, spending on average \$30,000 per client annually. All these 6,000 clients use Targeting on top of our core Retargeting product. And close to 40% of our Targeting revenues are made with customers spending over \$1 million annually on our new Targeting solutions.

Let's now take a look at how we think about the midterm growth for our Targeting solutions. We expect our Targeting business to grow between 40% and 50% in 2021. Looking beyond this, we see these solutions grow at around 3x market growth in the midterm based on the \$58 billion addressable market and 17% CAGR that I discussed earlier. We see multiple drivers sustaining this midterm outlook, starting with the stronghold we're building on our first-party media network that will support the growth of our first-of-its-kind contextual product as well as the development and growth of cohort-based advertising, including through FLoC and FLEDGE inside of Chrome.

Our thesis is that the shield that our first-party media network provides will enable us to be resilient in market post third-party cookie. Our growth in Targeting will, of course, also be driven by our continued growth in our other new solutions, including our Omnichannel and Consideration solutions across display as well as video and CTV.

Overall, growing our Targeting solutions over the midterm at 3x a market growing 17% per annum is a quite exciting prospect for us. And all our teams are getting lined up to execute strongly with discipline and focus on what is a promising outlook.

Let's now close our revenue model walk-through with our second type of new solutions, Retail Media. Retail Media is brand-funded advertising on retailer websites and apps, serving both the brands as the demand side and retailers as the supply side. We deliver our Retail Media solutions through our first-in-market Retail Media platform that we're rolling out to all our Retail Media clients, brands and retailers.

On pricing, we charge technology fees to both retailers and brands, reflecting the value we create across the supply and demand sides of our Retail Media ecosystem. This pricing model enables us to address a full array of retailer ad sales strategies and brand campaign management preferences.

For retailers, we charge a supply-side platform fee, typically calculated as a percentage of all ad revenue running through our platform. In some cases, for example, where retailers wish to use our platform to promote their own house brands, we may also apply a subscription-like monthly fee. These fees apply no matter if a retailer uses the platform to just manage its own directly sold ad campaigns or if the retailer receives demand from advertisers operating via our Retail Media DSP or one of our API partners.

For brands and agencies who wish to use our Retail Media DSP to manage campaigns across retailers, we charge a DSP fee calculated as a percentage of a brand's spend through the platform. This DSP fee is incremental to the SSP fee charged to the retailer.

We also offer both brands and retailers access to additional services for incremental fees. These services include campaign management, creative design and additional insights and analytics. On average, this revenue model currently translates into a 20% average take rate for retail media.

Our Retail Media platform revenue is recognized on a net basis. So revenue and revenue ex TAC are the same. On the volume side, over 1,900 customers currently use Retail Media across brands and retailers. For each of these customers, we currently drive an average of \$240,000 of media spend per annum. This is fast growing. And as Geoffroy mentioned, we expect to enable \$700 million of media spend through Retail Media this year, up from around \$400 million in 2020.

As I said, we expect revenue ex TAC for Retail Media to grow by around 55% in 2021, including our recent Mabaya acquisition. In the midterm, the Retail Media addressable market is expected to grow at 22% CAGR. And we expect our own Retail Media business to grow at around 2x market growth. The drivers of this anticipated growth are multiple and complementary, from growing our market share for on-site advertising with more retailers and expanding our share of wallet with existing retailers and brands, to growing our offering for off-site advertising and further expanding into the retail marketplace opportunity. We also anticipate to further expand geographically, in particular, in our Asia Pac markets.

Now what does this all mean for Criteo's overall growth profile in the midterm? Here, we show you the growth in media spend that has been activated by our Commerce Media Platform. What we call media spend activation is for our Marketing Solutions revenue and the media spend that we activate through our Retail Media business, in other words, the underlying spend to which we apply our take rate.

Last year, this metric represented north of \$2.2 billion, and we expect it to grow 18% in 2021 to around \$2.6 billion. Looking beyond 2021, we anticipate media spend activation increasing by around 20% CAGR to \$4.5 billion or more in the midterm across all our solutions. Beyond the growth in the underlying media spend market, this 20% CAGR is supported by our expanding product portfolio over the period. We are excited about how we can expand our existing relationships and, of course, add new clients.

We also see optionality for activating an even bigger share of media spend over time through multiple levers. These include new innovative products, tuck-in and strategic M&A, channeling third-party demand through our large number and growing number of supply partners and expanding our business on the supply side of our ecosystem. We will keep you updated on developments here.

While this fast growth in media spend will likely come with a lower blended take rate than in our historical Retargeting business, we are confident in our ability to drive our solutions at scale with a competitive and fair price, driving attractive, sustainable, profitable growth for our business.

As you know, we enjoy solid margins and are highly focused on driving sustainable, profitable growth now and in the future. For 2021, we reiterate our guidance of an adjusted EBITDA margin to be above 30%. And for the midterm and through our transformation, we expect to maintain an adjusted EBITDA margin between 28% and 32%. As we execute on the Commerce Media Platform, we will invest to unlock sustainable profitable

growth in the midterm and the longer term. We are transitioning fast to a new target operating model, enabling both smart investments in organic growth and efficiency gains in how we operate our global business and our functions.

My overarching goal as a CFO is to foster profitable growth and operational excellence across Criteo. You have heard a lot on our top line growth. So now I will walk through some of our other priorities in more detail.

Starting with our growth investments. Criteo is a growth company, and our clear financial focus across the company is to fuel this growth. We are investing across our business, in particular, in product and R&D, go-to-market strategies and our sales approach.

On the product and R&D side, we are doubling down our investments in multiple growth areas, starting with our first-party media network and the infrastructure supporting it; our new solutions, including Contextual, Cohort and Targeting on video and CTV; and of course, Retail Media remains a key focus of our growth investments in product, R&D and sales.

On the go-to-market side, we are investing in launching a comprehensive repositioning of the Criteo brand, with deep focus on telling our Commerce Media Platform story to our customers and partners, investing in packaging our multiproduct solutions suite, optimizing our pricing structure and tailoring our go-to market for each of our client segments.

In Retail Media, we are investing in expanding our market coverage and geographic footprint, in particular, in Asia Pac. Focusing on sales, we are upskilling our capabilities to enable the solution selling of our Commerce Media Platform, starting with our most strategic clients. We are also redefining how we better leverage the agency channel across the Commerce Media Platform.

In all of this, we are supported by our world-class marketing team, a huge asset for us as we transform Criteo. Today, you saw a glimpse of this with our new Criteo branding. Our investments today are not incremental, and we are self-funding growth investments by driving productivity and cost optimization across the board. For 2021 alone, we expect to generate \$40 million of cost savings that we fully reinvest in our growth areas. This comes in addition to the \$103 million reduction for non-GAAP OpEx we generated in 2020.

Our Criteos are one of the most important investment areas. In 2021, we are launching impactful new training programs across teams as well as rewards and recognition programs. We also are proud to be at full pay parity across the company. We are creating new contemporary workplaces for our Criteos when they return to the office this summer.

Over the past year, we have taken a deep look how we operate and refined our operating model to drive process and organizational efficiencies across the company. One key lever is the hub and managed service approach we are taking across our various functions. This approach leverages automation and looks to manage our R&D, operations and G&A resources in a scalable and cost-effective way. While we serve clients in over 100 markets globally, we have an established presence in 19 countries across 28 offices.

We have long had our main R&D center located in Paris, our global headquarters, with Ann Arbor in Michigan primarily serving as Retail Media's R&D team. We are creating hubs for operations management in each of our 3 regions that support key operating needs of our teams for that region, including sales, sales support, our digital finance reporting hub and some other back-office activities. These hubs have global and regional responsibilities and are located in Boston, USA; Barcelona, Spain; and Gurgaon India. In addition, we have proactively rightsized our real estate footprint and renegotiated key data center contracts over the past year, generating savings, some of which we've reinvested into our growth initiatives.

Now switching to our balance sheet and cash position. Criteo has long been a cash-rich company, and our efficient financial model continues to yield very healthy cash flows. In 2021, we expect to generate around \$125 million in free cash flow in line with 2020 and improve our EBITDA conversion rate to around 47%. At the end of March 2021, we had total liquidity of around \$1 billion, including \$566 million in cash and marketable securities and virtually no financial debt. While we have room to leverage our balance sheet should we wish to, we also have authorizations in place to issue equity in proportions respectful of shareholder dilution. Overall, our balance sheet cash position and liquidity are all very strong. And we intend to put our capital to work in the best interest of our shareholders.

Talking about capital allocation, our approach is very clear. The highest single priority is investing for organic growth. This is what we're doing. And as you've just heard, we expect to generate very healthy free cash flow again this year, even after increasing our organic investments for growth. Going forward, we intend to continue to focus on investing in our organic growth.

Our second capital allocation priority is M&A. Our strategy around our Commerce Media Platform is clear. And we intend to use all our build, buy and partner levers to execute on it. In other words, we'll buy if we think it is more effective and faster than building or partnering.

Our Mabaya acquisition, which allows us to expand our Retail Media solutions to online marketplaces and further accelerate our retail media growth for the next multiple years, is a good illustration of how we think about M&A. We typically look for tuck-in or bolt-on acquisitions that allow us to complement our product portfolio and capabilities. We may also consider more strategic M&A to accelerate our growth if a target company makes strong strategic sense.

While we have a very active M&A pipeline, our approach is very disciplined and selective. We look for high-quality assets with proven revenue and profitability. And we'll continue to be very mindful in how we deploy our capital for M&A.

Finally, we use our cash for shareholder return and share buyback. We've completed 3 buyback programs since 2018, and we are currently executing on our fourth program. These programs combined total over \$280 million in committed purchases.

While they were primarily designed to offset potential shareholder dilution from our employee equity incentives, some of the shares we've repurchased can also be used for M&A purposes. On this front, I'm pleased with a 226% ROI we generate on these shares and the potential value creation we could generate, if and when we decide to use them for funding inorganic growth.

On closing, let me summarize in 5 key points how we intend to execute on our commitment to create long-term value for our shareholders. First, we see a compelling outlook for Criteo, in particular, in our Targeting Solutions and Retail Media. Executing on our Commerce Media Platform strategy, our entire team is focused on driving sustainable growth across all areas of our business. Second, we have a strong plan and multiple initiatives to future-proof and transform performance for advertising and leapfrog the competition in the post-cookie world. Third, we are investing in multiple areas of organic growth to address our massive TAM. Fourth, we continue to evolve our operating model to support our strategic plan and self-fund for our organic investments. And last, but not least, we have a strong balance sheet and the capital flexibility to accelerate our inorganic growth plans. In short, we are confident in being best positioned to drive sustainable, profitable growth for shareholders and win in commerce media.

With that, we will now share a few words from our clients before Megan closes our presentations with a brief wrap-up.

(presentation)

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**Megan Clarken** - Criteo S.A. - CEO & Director

Over the past hours, you've heard Todd, David, Geoffroy and Sarah tell you about Criteo's strong product road map, market position, commercial strategies and financial profile. I hope you saw their passion, dedication and conviction. They are the talent I'm lucky to be surrounded with every day as we execute on our transformation. I'm deeply grateful for everything that they do.

I also want to take this opportunity to thank our Investor Relations dream team, Edouard and Clemence, for their incredible dedication to make this Investor Day a success. And thank you to our Chief Marketing Officer, Brendan McCarthy, and his team for their vision and creativity to launch our new brand. Finally, I want to thank our 2,500 Criteos for their innovation, resilience and outstanding performance.

Before we go into Q&A, I want to leave 5 simple messages with you about why we're poised to win in commerce media and drive sustainable growth for Criteo and our shareholders: one, massive commerce tailwinds support strong client demand and our \$100 billion TAM; two, our first-mover advantage and defensible moats in tech, first-party data and global scale, all leverage our strong assets, purpose-fit for commerce media; three, our unified first-party database platform is built to address the evolving needs of our marketers and media customers; four, our entire

team is fully committed to thoughtful execution against our growth plans; and five, we have the financial means to invest in our sustainable, profitable growth. Criteo has unique strengths in commerce media, and we'll use all of those to serve consumers, marketers and media owners. The future is wide open for Criteo.

With that, let's hear once more from our clients, and then our whole team will be happy to take your questions. Thank you.

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## QUESTIONS AND ANSWERS

**Edouard Lassalle** - *Criteo S.A. - SVP Market Relations & Capital Markets*

Hello, everyone, and welcome to our live Q&A session.

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**Clemence Vermersch** - *Criteo S.A. - IR Director*

(Operator Instructions) Our first question comes from Doug Anmuth from JPMorgan.

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**Douglas Till Anmuth** - *JPMorgan Chase & Co, Research Division - MD*

Two questions, if I could. First, just one of the big changes you talked about between old Criteo and new Criteo is just that you're partnering much more closely with agencies. Just curious if you could talk more about how the reception has been thus far, and just where you are in terms of building out those relationships and partnerships and how does that help you go up the funnel more. And then maybe I'll just hold for my second question.

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**Megan Clarcken** - *Criteo S.A. - CEO & Director*

Yes. I'll steer the traffic here, Doug. Good to see you again. I think you and I caught up last week. So thanks for joining us today. Let me start at a really high level. And then I'll throw it to either David or Geoffroy, or both, just to give you some color into the 2 sides of the business and the relationships that we're building across both sides.

I think I've said for a long time that our relationships with agencies has not -- have not been as strong as what they could or should be, and that agencies are so critically important to ad tech and to our business. It sort of starts with the way you position yourself inside of the agency, who you're selling to. I think it's incredibly important for Criteo -- as part of the new Criteo to build up our relationships all the way through the agencies right up to the very, very top. And my belief is that you do that by bringing something to them, bringing them outcomes, making their life easy, making sure that the products that you're positioning in front of them are those that are going to drive their business. And so that's the journey we're on.

Now having said that, we do a lot of business with agencies anyway right now. But we do see it as an opportunity to really wrap this more holistic strategy around it and take it to the next level. I can see Geoffroy nodding. Geoffroy from a Retail Media perspective, let me check it across to you, Geoffroy. And then if you want to throw it across to David to weigh in there as well, I think that would be good.

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**Geoffroy Martin** - *Criteo S.A. - Executive VP & General Manager Growth Portfolio*

Yes. Great. Thank you, Megan, and thanks for the question, Doug. So as Megan said, our relationship with agencies has been increasing and improving drastically over the past 2 years. And what's interesting with the Retail Media business is that, as of right now, more than 50% of our revenue is already going through agencies, and we've been enjoying quite good relationship with our agency partners. As you heard from the

presentation, we have more than 120 agency partners. And we have relationships, and sometimes long-term agreements, with all of the top 6 holding agencies.

So we feel very good about now being a part of the ecosystem. Agencies are very important in the ad tech ecosystem, especially in the context of the Commerce Media Platform. As a matter of fact, we took their input a lot when we designed our first-to-market Retail Media platform. And we've been enjoying very, very good [relationship with these agencies].

So we are recognizing the importance of agencies in the ecosystem. We are progressing quite well. We are doing great progresses as well in the Marketing Solution division, and that's why I'm going pass on now the floor to David so he can share what they're doing there.

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**David Fox** - *Criteo S.A. - Chief Development Officer & Chief Commercial Officer*

Sure. Yes. Thanks, Doug. Nice to meet you in this is format. On the Marketing Solutions side, we've already got a significant business with the agencies as you probably all know. I mean it's roughly about 30% of our business, I think almost exactly 28% of the last 12 months' revenue. And our objective is to grow the agency business, to strengthen those relationships with the evolution of our product offering. And it makes us more relevant to agencies as we start to build our funnel as you point out.

A couple of things to add here. We launched Contextual. It's triggering a lot of inbound from ad agencies across the board, where we've opened up in market. And as Todd indicated today, we've got a number of ongoing discussions with top holding companies and are planning on increasing our business with them overall. So I'll leave it at that, but it's a strong business and continuing to grow.

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**Douglas Till Anmuth** - *JPMorgan Chase & Co, Research Division - MD*

Okay. Great. And if I could just follow-up with one more for Sarah. Just curious about how you think about the timing tied to the mid-term margins, the EBITDA margins, the 28% to 32%, and how long it might take to get through the upcoming Chrome changes? And when you think about the lower half of that outlook, is that just tied to the uncertainty around Chrome? Or is it other investments in particular?

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**Sarah J. S. Glickman** - *Criteo S.A. - CFO & Principal Accounting Officer*

Well, as you know, we didn't have a -- first of all, great to see you here. We didn't give a formal 3-year outlook, but it really would be a 3-year mid-term. So I would say we're looking kind of '22, we're still in significant transformation, given obvious Chrome impact and others, and then kind of rolling out to '23, '24.

So our aim is to have sustainable growth throughout that period. And obviously, with the uncertainty that we spoke a lot about in 2022, kind of understanding when will that tidal wave kind of happen and then when we'll get through that. Depending on timing, depending on whether it's a sharp cliff or a, I would say, a more structured and constructive way to move through that, we expect to continue to grow top line, we expect to be resilient and we expect to continue to be profitable throughout that period, including investing for our future growth and for the first-party data kind of network that we also spoke about.

So our intention is to be steady, predictable, focused, continue to grow new solutions, while obviously, navigating through kind of obvious industry impacts that we -- we're keeping a close eye on and we're abreast of. But unfortunately, we don't have obvious kind of timing or impact of that and when that will occur.

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**Clemence Vermersch** - *Criteo S.A. - IR Director*

And our next question comes from Sarah Simon from Berenberg.

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**Sarah Simon** - *Joh. Berenberg, Gossler & Co. KG, Research Division - Analyst*

Yes. If I can be greedy, I've got 4 questions. First one was for Sarah. You -- I went back and checked the transcript, you talked about retaining the retargeting business. Do you mean holding the revenues flat? What do you mean by that?

Second question is on the cost growth side. So you previously indicated that you expected to hold non-GAAP OpEx flat this year. You're obviously kind of become a bit more optimistic on the outlook. So should we think that costs start to grow a bit more? Or are you holding to that?

Third one, there's been a lot of discussion about how your strategic -- one of your moats is your direct integration with the publishers. And we can obviously kind of track how that's progressed over the quarters as you report those numbers. Should we expect a step change in that going forward? Because obviously, one would assume you've done direct integration with the big ones, and then it's got to become sort of incrementally less valuable with the smaller ones. But how should we think about that?

And then fourth one was, can you just give us an update on your anti -- your competition lawsuit with Facebook, please?

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**Sarah J. S. Glickman** - *Criteo S.A. - CFO & Principal Accounting Officer*

I'm happy to address the first 2 and then hand over to others if that makes sense.

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**Megan Clarken** - *Criteo S.A. - CEO & Director*

Yes. Sarah, do you want to do the first 2 and then hand it straight to Todd? I think he's in the best position. And then I'll take the last one, the Facebook one.

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**Sarah J. S. Glickman** - *Criteo S.A. - CFO & Principal Accounting Officer*

Sure. Okay. Can you hear me?

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**Sarah Simon** - *Joh. Berenberg, Gossler & Co. KG, Research Division - Analyst*

Yes.

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**Sarah J. S. Glickman** - *Criteo S.A. - CFO & Principal Accounting Officer*

Okay, perfect. So yes, our intention is to retain our retargeting business and to be resilient through in the next year. We've done an incredible job this year. We continue to do an incredible job. And the team are selling, and our customers love what we do. So our intention is to not lose sight of that and to continue to -- when it pays, it plays. And it's -- our customers have terrific ROI on our retargeting product, and we expect them to continue to be sticky.

We also are at the forefront of discussions with not only the industry from a regulatory as well as a kind of a thought leadership perspective, but also with our customers on thinking through how do they think bigger. How do they look from the retargeting to kind of broader strategies and how do we give more a suite of products? So our first-of-a-kind Contextual will be part of how we see the transition from kind of classic third-party retargeting to a more, I would say, a sophisticated product, but still focused on those strong ROIs.

So that's our intention. And again, we can't navigate through what we don't know. We haven't yet tested FLoC and FLEDGE. We're in very preliminary stages on FLoC. We haven't yet tested FLEDGE. And so our intention is to be sticky and to ride as much as we can in terms of keeping our customer

base, actually adding to our customer base. So one of our expectations is that our investments and our focus will ensure that we can actually gain share from other parties that are, I would say, less sophisticated.

On the second question around growth and EBITDA, so yes, we are on the right side, I would say, of the revenue ex-TAC. And so that gains us leverage onto the EBITDA line. We obviously enjoyed very strong EBITDA in Q1. So our expectation is that we'll continue to be over 30% EBITDA.

In terms of growth investments, we do expect to invest in new skill sets, especially in the areas where both -- I mean that Todd, David and Geoffroy spoke about. So investing in our commercial solution selling skill sets, new -- well, some of our new products require much more, I would say, different skill sets. So we're looking to upgrade there or add to, I would say, our unbelievable sales force that we already have.

And then in the R&D space, it's really more kind of focusing from running our product as it is now to look into how do we build a much more robust platform for the future that is broader. We do anticipate that the cost savings that we've had up till now will continue to reinvest and pay for that, but it is scalable. So that's our expectation.

And we have, I would say, the outward plan that we expect to -- the EBITDA would drop to the bottom line, if you will, if RexT is better than we anticipate. And when we look at the 28%, it really is saying, we don't want to be held to kind of 30% as the target, knowing that we want to reinvest in some key areas that are for that mid-term view.

So steady, predictable, focused. Every quarter, we look at our investments for the next quarter. But definitely not turning the tap on, off on what we think are very critical investments on the top line and driving our productivity in stack as well.

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**Sarah Simon** - *Joh. Berenberg, Gossler & Co. KG, Research Division - Analyst*

Okay. And sorry, just before we go to the third question, when you talk about contextual, should we think about the contextual solution as part of the retargeting business as opposed to new solutions? Were you talking about it as a way to retain the retargeting business, which I think maybe I was thinking before this was a new solution. I mean, it is a new solution, but it's...

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**Sarah J. S. Glickman** - *Criteo S.A. - CFO & Principal Accounting Officer*

Yes. Yes, you're correct. We think of it as one of our mitigations. So classic retargeting right now enjoys, of course, having third-party cookies. So as long as that's there, we'll continue to leverage that as well to ensure we get the highest performance.

As we look at mitigation, we look at those 3 areas, the first-party data being the most obvious, but first-of-a-kind kind of contextual is now being included and in our new solutions. And we anticipate there will be kind of a dual approach where, in the future, and actually even starting sooner than Chrome deprecation, that we will have a way, and Todd can talk to this more, but have a way where we will have an overall budget for a client. And we will find multiple ways to target for them and retarget for them within that kind of solution selling suite. That's the expectation.

Right now, we measure that separately. Over time, we'll need to think about how we report that in the future. But right now, we do track that new revenue stream within our new solutions. I think Todd -- yes, on...

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**Todd Parsons** - *Criteo S.A. - Chief Product Officer*

I can jump in and answer the question.

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**Sarah Simon** - *Joh. Berenberg, Gossler & Co. KG, Research Division - Analyst*

So the question was really about -- sorry, I couldn't hear you. You go.

**Todd Parsons** - *Criteo S.A. - Chief Product Officer*

I think you were asking about publisher or supply side integration, Sarah. Maybe before we get to that, just to reinforce a point that Sarah made that's really important, which is we are providing targeting solutions, outcome-based solutions across the full funnel now. So the idea of things that are complementary to retargeting is probably -- it's another way of looking at the question that you just asked.

So launching these new solutions helps us in terms of mitigation of risk from our core retargeting business. But we also look at it, I think, more importantly look at it as expansive opportunity for the company. We're working with directly with 21,000 companies. And it stands to reason that we can call on other buying functions within those companies and their agencies, as was pointed out, and take a much larger share of wallet. So that's kind of the view on just to close out service question.

In terms of integrations, yes. I mean, you nailed it. We are, right now, at a point where we're doing about 60% roughly, a little bit more than that of our traffic acquisition on a direct basis with the publisher community and the traditional publisher community. But set aside Retail Media for a moment, which is even more deeply integrated than our header connections, our direct header connections with traditional publishers.

What we're looking to do with that direct buying is to expand it so that services, the new products like contextual -- and from a product, pure product standpoint, we are rolling things that help publishers collect first-party data, that's our OpenPass solution, manage that data and there's some very cool SSP features that you will look for us -- for as we roll them out this year. And then to activate that data in those direct connections we have with marketers.

So 3 things for -- that actually kind of take the existing relationships we have with traditional publishers and move them quite a bit further in their importance. And with that, we feel like we're really going to help those publishers monetize better in a tricky post-cookie world.

**Megan Clarken** - *Criteo S.A. - CEO & Director*

Okay. I'll take the last one. Good to see you, Sarah. Thanks for the question. This one is really timely. Let me see if I can do this justice.

So for some background, we initiated a competition claim against Facebook with the French Competition Authority in late 2019. So that's what this comes out of. It was related to Facebook's termination of our partnership, under which we were leveraging our own optimization technologies and our Shopper Graph to buy ads on Facebook. So in other words, we were using our technology and our IP to buy ads on Facebook, and they terminated the partnership.

So today, to your point, the French Authority published Facebook's proposed commitments, which they put forward to address the competition issues, and they published them for a public view and comment.

We're encouraged by the fact that Facebook have put something together and that they have put it forward, that they are committed or showing that they're committed to maintaining an objective and nondiscriminatory partner program. We're reviewing those commitments over the coming weeks, and we hope that the result is positive and that we achieve those primary goals of making sure that there's fairness in the system.

We're always -- again, our goal here is to create conditions for an open Internet that are healthy and transparent and that allow competition and ultimately service the consumer in a privacy-safe and fair way. And that's the intent of what we're looking for here. So again, they published something today. We'll take a few weeks to look at -- to look through it. There's a process from here, but that's what you saw today.

**Clemence Vermersch** - *Criteo S.A. - IR Director*

And our next question comes from Dan Salmon from BMO.

**Daniel Salmon** - *BMO Capital Markets Equity Research - Analyst*

Let's see, I want to try to connect a few parts in the prepared remarks just to see if we can understand your revenue model a little bit better. So on Slide 42, Todd identified Criteo's competitors as being in the DSP and SSP spaces, and then on Slide 26 shows the estimated DSP tax at 8% and SSP tax at 8% for a total of 16%. And I think Todd was suggesting that the total tax would remain under pressure. But then in Sarah's slides, she spoke about your businesses generating take rates between 20% and 40%.

So can you just help us understand the gap there? You talked about some accounting differences and subscription elements to your business. Does that explain it entirely? Or is there a defensible sort of competitive advantage there as well? And then just one follow-up after that for Sarah.

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**Megan Clarken** - *Criteo S.A. - CEO & Director*

Sarah, do you want to start that? Or do you want Todd to lay a background for it? Or how do you want to work this one?

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**Sarah J. S. Glickman** - *Criteo S.A. - CFO & Principal Accounting Officer*

Well, I'm happy, Todd, if you want to kind of address the tax piece, I can certainly address the take rates. So...

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**Todd Parsons** - *Criteo S.A. - Chief Product Officer*

Yes. Let me just do that quickly, Dan. Good to see you. Yes, that is -- was more of an example to the -- how the take rates across the ecosystem are putting publishers under pressure and marketers' performance under pressure. It is not meant to be tied to accounting differences for us, which are all based on the value we deliver. Sarah can talk about that.

I do want to make one point that I think was nuanced in your question, which is, our view is that our DSP and SSP approach is distinguished by 2 things. I mentioned delivering performance outcomes, which has not been traditionally what a DSP or SSP are doing. And that -- and then the second thing is that we are distinguished by always using our very deep source of commerce data and first-party data to make those outcomes possible, which does something really important for this group to acknowledge. And that is, it gives us the opportunity to partner with DSPs, to add more value to marketers and to do the same with SSPs to add more value to publishers as we go forward using those 2 very specific assets that we have.

What is unclear, Dan, is how that overall take rate is going to be redistributed. But if you zoom out from it, I think you could argue very easily that the take rate has to ultimately foot to a marketing outcome that couldn't be replaced by say, a walled garden. So you know what your bogey is. And it's just a question of who you're partnering with to deliver the outcome that the marketer wants and the yield that the publisher wants. And if they're not adding value, then you're probably partnered in the wrong place. That's as much as I can say on that topic. Sarah?

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**Sarah J. S. Glickman** - *Criteo S.A. - CFO & Principal Accounting Officer*

Yes. Well, first of all, I mean, we don't have kind of accounting differences. So it's definitely -- our take rate is fairly clear cut, and hopefully, that came across in our presentation.

The value that we drive, especially with kind of the AI and the way that we do what we do, which we think is different to a lot of, if you will, our pure-play competitors. They are pieces of the ecosystem, we have a more holistic approach. And to me, that's kind of the tie together of what Todd was talking about and kind of how we see ourselves. And we're able to enjoy the take rates that we think drive the value. Not only we have the return on investments for our customers, but also what we bring to the table, which is a more holistic and more, I would say, sophisticated kind of product than all the pieces.

And especially when we look at the DSP and then the SSP, first of all, there is, of course, our customers know the industry standards, and that's what we have. Our take rates are kind of very much focused on what our customers' willingness to pay. And they're willing to pay for value, and that's what we drive.

There are other new -- especially on the newer product side, we will have lower take rates with some of those, and that's driven by, again, the customers. But what we see that we bring is that more holistic solution. We're definitely very focused on that. That is the Commerce Media Platform, and it is both. It's the technology that we drive as long well -- along with the data and the information and the way that we put that together and the value that we give to customers.

And that's kind of the -- probably not the scripted version of Commerce Media Platform, but certainly how we look at our value proposition and how we are able to sell that into the customers. So I think we've given more color on the take rates than maybe you've seen before, but certainly happy to address more tactical questions if we have them, especially related to modelling. So we're happy to address those.

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**Daniel Salmon** - *BMO Capital Markets Equity Research - Analyst*

Okay. No, it does sound like it's apples-to-apples, and it's fairly much performance and total package related. Just a quick follow-up for you, Sarah, was the -- on Slide 97, you note \$200 million of equity raise capacity. And I think you were speaking about that exclusively for M&A purposes, correct? I just want to clarify that.

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**Sarah J. S. Glickman** - *Criteo S.A. - CFO & Principal Accounting Officer*

Yes. So yes, we have a very solid cash position and balance sheet, pretty incredible. I'm very happy being the CFO in a company like ours. And so if we need to raise capital, we have absolute capacity to do that. So it's not something that we've had to lean on, but we have that capability.

It is -- would be for M&A. We do not need that for any operational investments. And that's both short term and long term. We have -- we continue to drive cash every single quarter. And we have -- as we said on the slide, kind of \$90 million is our -- the worst day of the worst month in the worst year, that's kind of what we need to be able to deliver. And we obviously have well in excess of that. So we feel very comfortable, not only with our own cash position, but obviously, the ability to finance potential M&A in the future in a smart way that drives the right kind of focus on the balance sheet as well.

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**Clemence Vermersch** - *Criteo S.A. - IR Director*

And our next question comes from Andrew Boone from JMP.

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**Andrew M. Boone** - *JMP Securities LLC, Research Division - Director & Equity Research Analyst*

So I've got 2, please. So the first one is just if I think about the 30% of clients that use more than one product, can we just take the inverse of that? And can you help us understand the conversations with the 70% that don't -- that are just using retargeting? Like what are they waiting for to kind of adopt our performing products? And then I have a follow-up.

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**Megan Clarken** - *Criteo S.A. - CEO & Director*

David, right. Right place to start?

**David Fox** - *Criteo S.A. - Chief Development Officer & Chief Commercial Officer*

Sure. Well, on retargeting, we're going to continue to work on retargeting as long as there's third-party business. You're talking about the long tail of a lot of small accounts that are in a long tail of that 70%. And the 30% is really the big growth engine, particularly as you get to the large clients, and we've got over 360 clients paying over \$1 million a year with us that we can provide a whole suite of services to, which is where we're headed and where we're going. And a lot of the small clients just aren't eligible for multiproduct or don't have a lot of sophistication to support it. So I'll leave it at that and see if [others] want to jump in. I don't know if that answers the question, Andrew, but...

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**Sarah J. S. Glickman** - *Criteo S.A. - CFO & Principal Accounting Officer*

Yes. I mean, I can just -- just to add to that. I mean that's clearly, the client teams that we're focused on are the broader -- as David said, they're larger clients, largely because they have -- I don't want to say larger budgets, but they have -- they're more advanced in terms of as they think about trade marketing as well as kind of the Commerce Media Platform.

That being said, we have new products, especially the contextual product as well as our video product that are valuable to a number of our customers. And they're in, I would say, they're in launch. But effectively, they're in launch stage. They're new, very new. And we are having customer discussions with those, and we do anticipate that 30%, that's actually part of our mid-term strategy to get to the \$4.5 billion of media spend is that we will continue to drive and increase the number of clients that we have taking more than one solution.

So solutions will evolve over time. But we clearly are focused on the larger customers to get, I would say, wins on the board, but also good stories. And we need the good stories for the larger clients and the more holistic kind of focus to be able to sell what is effectively a performance marketing product to others with add-ons.

So we need to make a name for ourselves in some of those products, and that's -- we're spending time on that. And we actually have some terrific stories straight out of the gate. So that's definitely part of our growth story in '22. So more to come there.

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**Megan Clarken** - *Criteo S.A. - CEO & Director*

It's an opportunity, too, for -- I'll throw one more thing in here because it's an opportunity in terms of our transformation. The Criteo we -- today, it launches the new Criteo. Yesterday, a company that for 15 years sold retargeting. So we have a very big commercial organization that are -- that needs -- that we need to move them towards a multiproduct sales organization, solution sales organization and bring them together, selling our Commerce Media Platform, looking for those opportunities and clients and asking questions that they might not have asked before because they were specifically tied to retargeting.

So we do see it as part of the transformation program as well. It's a very big part of the transformation, the go-to-market, the realigning of our commercial teams. And that's what David and Geoffroy are pushing very hard for.

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**Andrew M. Boone** - *JMP Securities LLC, Research Division - Director & Equity Research Analyst*

So let me try that in a slightly different manner then. So in terms of kind of where you guys are on the stage of new product adoption, is it more educational? Are you guys now going head-to-head with other performance-based products? Like where are you with kind of that 360 large client set that you guys have? And how do I think about that ramping kind of over the next kind of near term as more products get live? Does that make more sense?

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**Megan Clarken** - *Criteo S.A. - CEO & Director*

Yes, it does. I'll start it and then between David and Geoffroy, feel free to jump in here. We -- we're in sort of early stages, I would say, of taking products that we have to the breadth of clients that we have. And we see it as a massive opportunity.

So when we -- in some elements of what we do, particularly in retargeting and performance-based marketing, we're it. We're the best player in town. And that, for us, is more obvious place for us to start.

Extending out to targeting, particularly in a world where there are still third-party cookies available, extending that to targeting is where we bump into competition. The targeting opportunity is an exciting one because we know that we have the ultimate alternative for third-party cookies. And it's a process to extend what we do today with clients and say, retargeting or Retail Media, to have them understand that we're moving up the funnel with the new solutions coming out, to have them understand that we have the, and we think we're the only game in town that has the solution for once there's no third-party cookies left. And that is -- that's a process, and that's what the team are working towards.

I feel incredibly excited by that opportunity because again, it just marks the significance of moving away from just being a bespoke product company to being a solution set that I think Todd eloquently described it as going across the ad tech ecosystem and being able to apply it across all of the value adds that's offered throughout the ad tech ecosystem, giving better results and taking away tech tax. So anyway, that's -- it's a big story, and that needs a big effort from the commercial teams and from the entire organization to wrap their arms around it and go.

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**Andrew M. Boone** - JPM Securities LLC, Research Division - Director & Equity Research Analyst

Super helpful. And then I wanted to go to Retail Media, just better understanding the moat there for that business. Why does some large partners kind of in-house that versus working with a Criteo? And so what is it that you guys truly bring? Like what's the value-add if I think about it on a very basic level? Is it kind of aggregating the advertiser demand? Is it your ad format? Is it the AI? Clearly, it's all those pieces, but I want to better understand that versus retailer's ability to kind of in-house it.

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**Megan Clarcken** - Criteo S.A. - CEO & Director

So Geoffroy?

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**Geoffroy Martin** - Criteo S.A. - Executive VP & General Manager Growth Portfolio

Thank you, Andrew. And yes, that's a great question. And the one thing that's very interesting with the Retail Media ecosystem is, to your point, we are in a unique position where we provide very advanced bespoke made technology to allow retailers to monetize the gold mine that they are sitting on, which is their customer first-party data and their untapped traffic as well.

And it's actually something that's really hard to do from a technology point of view. If you look at the landscape, short of the leader in the field, which is a walled garden, Amazon, they are a pure-play commerce company. They're a tech company first. There are -- you can count on just the 5 fingers on 1 hand the retailers who are trying to do that themselves. And some of them are actually not succeeding, and they're going back to trying to work with partners like us.

To be able to do Retail Media at scale and with the right performances, you need to have the right relevancy. You need to have -- making sure that you show the right ad at the right time. You need to work on latency. And very importantly, you need to leverage the 10 or 15 years of AI and machine learnings that we've been developing at Criteo to again optimize the most important metrics that brands are looking for, which is return on ad spend.

And that is extremely hard to do. We have, obviously, a leadership position in that field. We enjoy a leadership position in Retail Media. And that is thanks to the result of years and years and years of development.

So if you're a retailer, you have several different choices. First one, again, is you're going to try to build it yourself. But retailers are very good at what they do, which is sell packaged goods to folks in an omnichannel point of view. They're not always a technology company. So that's the choice again, that a few -- very few retailers have made and very few of them have been successful.

The other choice, which is the obvious choice, is to work with specialists like us. And we are the leader in the field, and we can talk more about the moat that we've built there.

And then a few retailers are looking at trying to look at the ecosystem and maybe have multiple supply partners to try to have them compete against each other's placement, which is actually a very inefficient way of doing Retail Media. And it's going to result and is resulting in lower return on ad spend.

So back to your question on what is the choices for the retailer, the best choice is to work with partners like Criteo. And within those partners, we are the best there for all of the reasons that I highlighted in my presentation.

But at the high level, we are able to offer an open ecosystem, which we're the only one doing that. So if you're a brand and if you're trying to optimize your ad spend across full network of retailers, we are the only solution that allows you to do that.

And if you're a retailer, we give you access to more demand than anybody else, especially to brands who want to advertise not only on one retailer, on one small walled garden, but across the full ecosystem.

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**Clemence Vermersch** - Criteo S.A. - IR Director

Thank you, Geoffroy. So the next question comes from Tim Nollen from Macquarie.

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**Timothy Wilson Nollen** - Macquarie Research - Senior Media Analyst

I would like to double check a few numbers, if I could, actually. And I know you're not going to talk about retargeting into next year. But just to make sure I have this setup correct for this year, Sarah, I think you said retargeting revenues of \$160 million in Q2, which would be up about 10% year-over-year, if I'm right. And then if I just put the rest of the numbers through that you gave for targeting and for Retail Media for full year and for Marketing Solutions, that would have to mean that retargeting goes down 5% to 10% into the second half, which is what it was in Q1.

So can I just double check that I've got those numbers about right, up in Q2 is just on a very easy comp with Q2 last year. That's the first big question.

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**Sarah J. S. Glickman** - Criteo S.A. - CFO & Principal Accounting Officer

Yes. Okay. Well, hopefully, it's actually not such a big question, so appreciate the question, and great to see you, Tim. Retargeting is doing well. So it's buoyant. It's doing well, and it's off -- as you say, last year was obviously the kind of a pivot point for us. We are -- we have -- our guidance is at \$208 million for the quarter, and we're trending well for the quarter so far. So we feel good about that.

In terms of the second half, we haven't mentioned it in the call yet, which has actually been great. But we have the obvious other privacy impacts kind of offsetting what we expect to be a more normalized focus on a more normalized kind of trend for Q3 and Q4 on the retail. So we do see an increased trend. We see the right buoyancy and the right renewal rates, and everything is good on the retargeting business. However, we do anticipate we will have more impact from those privacy impacts in Q3 and Q4. So that's really what we're showing in the numbers. And sorry, I think I missed if you had a second half of that question.

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**Timothy Wilson Nollen** - Macquarie Research - Senior Media Analyst

No, that answers that, actually. That's fine. Maybe leads me to a second question, which would be -- just to make sure I'm getting what you're saying on the sort of mid-term outlook for targeting and Retail Media. I think you're implying both of those, for Criteo, can grow around 50%. And you were saying CAGR for the medium term or something like that. So maybe after this year, those are both pretty steadily 50-ish percent of our businesses, right?

**Sarah J. S. Glickman** - *Criteo S.A. - CFO & Principal Accounting Officer*

Yes. I mean, our expectation, these are massive markets. So one of the reasons that we spent the time to really think about what are the target addressable markets now, and they've changed. They've changed even in a year just given this kind of huge tidal wave, especially around the Retail Media space as well as around just kind of more online activity. So yes, we think we're in a leading position. And we think we're at the beginning of a journey here.

We feel very good about the product road map. We feel very good about our customer base. We feel good about the kind of way that we're thinking about how do we win. And we're seeing the wins on the board. So we're seeing them this year, especially Retail Media. I mean, it's been phenomenal, and we keep winning the RFPs. So that's going to continue to grow. And that's -- we're pretty bullish on that.

And then targeting solutions, which really is kind of that transition to first-party data to one-of-a-kind contextual, to these new products, to video, those are massive markets for us. And as we said before, we're starting at the beginning here, and we do see massive growth for us. So that is the expectation.

And we feel pretty confident, very confident, I would say, as a team that we're going to win. Win share and win the renewal rates and get to the right solution sells with the larger customers that we can kind of do more for those customers. So that's the expectation. So yes.

**Timothy Wilson Nollen** - *Macquarie Research - Senior Media Analyst*

Got it. And if I can just slip in one more on the numbers, please. I think you said -- and by the way, I really like the characterization of the Retail Media business as a SaaS business. So my question just to double check. I think you said 60% of Retail Media customers are on long-term contracts of a couple of years or so. Just maybe make sure I got that right. And then I think you said 80% or 90% of client retention rates on these.

I'm assuming you mean number of clients that come back and re-signed, but their incremental spending actually would be higher than that. So a net retention rate as is often used in SaaS land will be above 80% or 90%, hopefully, over 100% somewhere.

**Geoffroy Martin** - *Criteo S.A. - Executive VP & General Manager Growth Portfolio*

Yes. Thank you, Tim. That's a great question. So you're right. I mean, 60% of our retailers, because remember, the particularity of Retail Media is you have 2 sets of customers. On one hand, you're actually allowing the retailers to do monetization. On the other hand, you are giving access to premium inventory for the brands, and they actually are -- the money is coming from the brands and that feeds the ecosystem.

So you're absolutely right, 60% of all of our retailer relationships are currently on multiyear agreements. And the other number that is very important to remember is that 35% of our revenue is coming from retailers with whom we have exclusive relationship, and that number is up from zero 2 years ago, and it's growing fast. So that's an interesting component as well.

As it relates to the 80% and the 92%, 80% meant that at -- as of right now, 80% of our revenue is coming from brands who were already clients a year ago, right? And there, 92% of our revenue is coming from retailers who were already live a year ago, right?

So back to your comment on the SaaS-like business, the reason why we are very excited about that aspect of the business is the 3 attributes you want to see: it's technology-based. So check, right? It's high recurring revenue, check as well, and high retention rates, check as well, right? So that's why we are very bullish about this business and why we are now sharing these type of numbers.

**Timothy Wilson Nollen** - *Macquarie Research - Senior Media Analyst*

And is it fair to assume they're spending more with you as they go along?

**Geoffroy Martin** - *Criteo S.A. - Executive VP & General Manager Growth Portfolio*

Absolutely.

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**Timothy Wilson Nollen** - *Macquarie Research - Senior Media Analyst*

Retaining those clients and they spend more.

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**Geoffroy Martin** - *Criteo S.A. - Executive VP & General Manager Growth Portfolio*

You're right, Tim. And one slide also that was in my presentation is not only did we grow at 122% in Q1, but for our top retailers, we actually grew at 123%, right? So not only are we retaining them, but we're growing faster with them, which is kind of the double-whammy effect of the beauty of the Retail Media ecosystem is from a growth point of view, not only are we adding retailers every quarter, but for each of the retailers that we have, we're getting more and more of the brand spend.

Another thing that I think is important for you and the rest of the folks to understand is if you look at the overall Retail Media pie, there's been -- for a long time, there's been monetization of retailers through IAB display through Google Ad Manager. And that is like the old ways of doing monetization. That part of the monetization is actually not growing very fast.

What's growing very fast is what we do, right? So it's native ads, it's sponsored products, it's intelligent preferred deals, it's even offsite. And that part, not only is the full pie growing at the 30% CAGR that we explained, but within that pie, you have a very strong growth of the true Retail Media, which is what we do, which is cannibalizing, but that's good for us, the traditional IAB display, right?

So you -- that's why we are able to grow faster than the market overall. And that's why we feel that we have a very long runway ahead of ourselves.

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**Clemence Vermersch** - *Criteo S.A. - IR Director*

Our next question comes from John Egbert from Stifel.

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**John Peter Egbert** - *Stifel, Nicolaus & Company, Incorporated, Research Division - Associate*

Just following up on the mitigation of the Chrome changes. So when you look at the 1/3 of retargeting customers using targeting solutions today, it sounds like many of these are fairly sophisticated, large or mid-market clients. When you speak to these folks about the range of scenarios after the Chrome changes next year, do you get a sense that a good chunk of budgets unable to be deployed towards retargeting after next year might naturally transition over targeting solutions that aren't dependent on third-party cookies?

And then as a follow-up, for the long tail customers who don't use or aren't eligible to use the broader product suite, are you looking to adapt some of your tools to fit their needs a little better so their budgets don't just drop off abruptly when the changes hit? Do you have products in place that you think can put their needs or the traction just isn't there yet? Maybe they're good candidates for cohort-based alternative solutions that are in development? I guess just any color on that would be helpful, too.

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**Megan Clarken** - *Criteo S.A. - CEO & Director*

John, good to see you. I think both of them are right into a Todd's sweet spot. So go for it, Todd.

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**Todd Parsons** - *Criteo S.A. - Chief Product Officer*

Thanks, Megan. So I mean, the tension is pretty straightforward. Everyone knows that there's going to be less overall retargeting inventory, meaning addressable inventory available on the open Internet as we go forward into a post-cookie landscape.

What they don't know is 2 things. One, how much? And two, how they're going to reach this very large consumer set that doesn't hang out in the platforms? They're doing their brand discovery. They're doing their product discovery. They're buying things outside of the platform. So the tension actually is very much in our favor because, of course, our product strategy is to get as much -- accumulate as much addressable, directly addressable inventory as possible post cookie.

And then from that launching point, John, we're building new products on top of them. And I think you said, are you early in terms of understanding how those perform? Yes, sure. I mean, the contextual product that we launched is only 5 or 6 weeks old, but we're starting to get very good data points that show not just incrementality, meaning we're bringing new visitors that are qualified to our marketers, but we're also showing that the economics are lining up to be pretty favorable going down the funnel towards the more pointed retargeting performance.

We don't know how far that's going to go. But I would say if you're going to bet on a horse, you would look at us and say, "Well, you've got the breadth of network. You've got the first-party data, and you've got the AI. It's pretty likely, at least for the open Internet, you've got a better chance than most to make this happen."

So it's -- and then with retargeting, just it's going to -- we're going to keep riding that as hard as we can until the last moment because every marketer is riding that to the last moment. So we kind of get to double dip a little bit as we go into the future here, which I think reinforces Megan's point about how massive the opportunity is. And that should give you a little color about where our customers are. They're looking to us for those solutions, and they're happy to come along for the ride as we go do things that perform and pays for them.

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**John Peter Egbert** - *Stifel, Nicolaus & Company, Incorporated, Research Division - Associate*

Got it.

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**Edouard Lassalle** - *Criteo S.A. - SVP Market Relations & Capital Markets*

One more question, John? Another one?

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**John Peter Egbert** - *Stifel, Nicolaus & Company, Incorporated, Research Division - Associate*

I guess one follow-up on, I guess, an extension of a prior EBITDA question, but -- and maybe for Sarah. I mean, how do you think about the balance between investing in growth and then the potential need to be fairly abruptly rightsizing certain parts of your headcount maybe to account for these hard-to-predict declines in retargeting revenue after the Chrome changes roll out? I guess does it inhibit your ability to invest the way that you would like to? Does it hit some lines like sales maybe a little harder than R&D or you could easily redeploy folks working on one thing to another? I guess any thoughts there?

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**Sarah J. S. Glickman** - *Criteo S.A. - CFO & Principal Accounting Officer*

Yes. I mean, I -- well, first of all, we're not looking for any kind of hard impacts. I mean, we're focused on investment, and we're focused on ensuring that our global employee base has a solid customer base to continue to sell to and to continue to deliver value to.

So I would say, we spent a lot of time over the last year looking at our transformation and kind of setting out the right guidepost in the right kind of playing field. We feel very good about the, I would say, structural moves. We've made largely lower hosting costs, real estate, the obvious kind of, in some ways, you don't even want to say benefits of COVID, but the obvious benefit of having kind of lower travel, et cetera.

We have a relatively young employee base. And so there is a natural kind of focus on where do we need the skill sets, what skill sets do we need and how do we promote talent into different roles. So it's very flexible. But we're not looking at any, I would say, hard -- there's no need. There's no need to look at hard change.

We have a scalable cost base. We have a terrific revenue ex-T (sic) [ex-TAC] line. We obviously have, I would say, upward scenarios. And we have some potential downside scenarios. But they're just that, they're just scenarios, and they're certainly not areas that we're looking to tap into.

We have a very good strategy. We feel good about the growth for this year. We feel good about the mid-term strategy and the focus, and it will all be in line. And as I said, I think it was in line with Sarah's question, there is some flexibility on that cost line. There has to be. You can never have everything kind of all moving in the same direction in the right way. So some of these new launches will take longer than we anticipate. The uptick, especially with those smaller customers, may take longer because we need -- there's a lot of focus on how do we have the right, I would say, collateral from our side to be able to show that those -- where it pays, it plays for retargeting. How do we demonstrate that for kind of broader, newer solutions, and we feel good about it.

Our new brand today was one step in that same direction. So the team are focused. They're definitely infused by it, and we want to keep them that way. And they're driving and delivering massive value for us today, and that's the plan going forward as well.

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**Edouard Lassalle** - *Criteo S.A. - SVP Market Relations & Capital Markets*

Well, thank you, Sarah. Thank you, team. And this now concludes the Q&A session. Thanks, John. We hope you enjoyed the event today, and we -- and we want to thank everyone for attending it. We also like to apologize for the late rocky start. That's completely beyond our control, but we do apologize for that.

The replay of the Investor Day will be on our website very soon. And as always, Clemence and myself are very pleased to address any follow-ups or request you guys may have. So we wish you all a very good end of day, and thank you again for joining. Thank you.

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**Megan Clarken** - *Criteo S.A. - CEO & Director*

Thank you, everybody.

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**Todd Parsons** - *Criteo S.A. - Chief Product Officer*

Thank you, everybody.

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**Sarah J. S. Glickman** - *Criteo S.A. - CFO & Principal Accounting Officer*

Bye-bye. Thank you.

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**Geoffroy Martin** - *Criteo S.A. - Executive VP & General Manager Growth Portfolio*

Thank you.

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**Clemence Vermersch** - *Criteo S.A. - IR Director*

Goodbye. Thanks a lot.

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