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PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by, and welcome to the Cimpress Midyear Strategy Update Webcast. (Operator Instructions) I would now like to hand the conference over to your speaker today, Meredith Burns, Vice President of Investor Relations and Sustainability. Thank you. Please go ahead, madam.

Meredith Burns - *Cimpress plc - VP of IR*

Thanks, Maddie. Hello, everyone, and welcome to the webcast. This call serves as a midyear update to address questions about our business and strategy that arise between annual Investor Day events. We expect the call to be 90 minutes with the bulk of the time spent on content that we think is important for investors to know and/or questions that were presubmitted. (Operator Instructions)

Before we get started, I remind everyone that we will discuss our thoughts about our future on this call. We may be wrong about our projections, and actual results may differ materially. Please see the risks associated with investing in Cimpress on this slide and in more detail in our most recently filed 10-K.

On the call with me today are Robert Keane, Founder, Chairman and CEO of Cimpress and Vistaprint; Sean Quinn, Chief Financial Officer of Cimpress and Vistaprint; and Maarten Wensveen, Chief Technology Officer of Cimpress' and Vistaprint. And we're happy to introduce Ricky Engelberg, Chief Marketing Officer of Vistaprint. He joined the company 18 months ago from Nike and Converse where he spent nearly 2 decades in brand experience and innovation roles. We're really excited for you to meet him today.

Now I will hand things over to Robert Keane. Robert?

Robert S. Keane - *Cimpress plc - Founder, Chairman & CEO*

Hey, thank you, Meredith, and thank you to all our shareholders, our debt holders, analysts and potential investors who've joined us today.

Let me start by saying that we are clearly still being impacted by the pandemic, and I'll talk about that very briefly. But as Chairman, CEO and a major shareholder, I'm very happy to say that the actions that we've taken over the last year have put us in a position to return our focus to the future that will come after the pandemic.

And for Cimpress, that's an exciting future. We operate in a huge market. We're the clear leader in that market's transition through an online, mass customized business model. We remain committed to revolutionizing this market. And I'm really excited about the positive signs that we are seeing in terms of return to normalcy.

Our excitement about the future also comes from the work that we've done in the recent years to ready ourselves to accelerate whether that be through improved execution or investing in new capabilities and seeing how we can leverage those. So let's dive in.

In order to understand where we are today and where we're going, it's important to briefly provide the context over the last 2 years, and I'd encourage you to read my annual letters to investors, our quarterly earnings letters and the transcript of our August Investor Days if you want more detail. But in summary, just about 2 years ago, in January 2019, we announced a series of changes throughout Cimpress focused on improving what we described as foundational basics. And we started upon a multiyear transformation that was, in the first instance, focused on improving what we are already doing and strengthening our technology, our culture, our execution and our cost structure.

That work was progressing well, and we were seeing the results of this in our prepandemic financial results a year ago, which were strong. Our adjusted EBITDA and adjusted free cash flow were at all-time highs, and we had meaningful increases in our return on invested capital. Our estimated steady-state free cash flow improved. And we are able to prove out the underlying actual cash flow generation ability of our businesses when we reduced some of the prior investment, which we did not feel was needed to maintain steady state in advertising and, importantly, was not returning the ROI that we expected as well as addressing some investments we've been making in early-stage businesses.

Then the pandemic hit. And we've already described our response in detail. But in summary, we took immediate, defensive and offensive action with the mindset of putting the business back into a position to continue to execute on our prior plans and to invest in the capabilities that will be critical for our return to growth in the future. And we are still dealing with the effects of the pandemic today. And as we mentioned in our December quarterly earnings document just recently, our consolidated bookings in January were down by about 20% year-over-year, and that remains roughly the case last week.

Now as we get into March, we are going to begin lapping last year's pandemic-impacted results. So looking ahead, this image is from one of our recent advertisements that Ricky will talk to later. The theme of that campaign is opportunity in this evolving world. And that applies to Cimpress as well as to Vistaprint's customers. Our businesses are ready to accelerate in the post-pandemic world, leveraging our considerable advantages and the changes that are happening in our market dynamics.

Over the past 2 years, we've strengthened our foundations even as we've had to respond in the last year to the pandemic. And as we advance through this calendar year, we expect to have the opportunity to start to allocate more resources and focus across Cimpress to customer innovation, and to capabilities that leverage our improved foundations. And in summary, there are a lot of reasons why I and others at Cimpress are excited about our future. And that's where we'd like to spend the remainder of our time today.

I'll start with our large addressable market. Our market remains huge, and we're clearly the market leader in this transformation from off-line to online, from traditional production to mass customization. Additionally, our recent acquisition of 99designs adds to our total addressable market. We've done a sizing exercise in 2 of our largest markets, the U.S. and Germany, where small, medium businesses spent roughly \$6 billion annually on design services alone, not related to the actual purchases they make for the print or the digital products behind that. And even more importantly, as Ricky is going to share later on when discussing 99designs, professional design services are a key driver of purchases of physical products, where we -- we, Cimpress, know so well how to produce at scale and very profitably. So the integration of professional graphic services into Vistaprint opens up a major opportunity to move into a part of the small, medium business market where Vistaprint has not traditionally competed since we were previously focused only on simple, do-it-yourself design.

Now there was a presubmitted question about our thoughts on how our market has changed and whether there's been any permanent impairment of certain product categories. So let me address that here. They're absolutely -- we expect there will be puts and takes. On the positive side, the increase in new business formation, new product introductions among our customers, the acceleration of businesses from off-line to online should help increase our directly addressable market, in addition to what I said a moment ago about design.

We do think there will be some permanent impact to the overall off-line/online market for some of our products, although it's impossible to quantify with any precision. And we have indications that the shift from off-line to online will offset any shrinkage in the total of the market opportunity for us. So importantly, we are also seeing an acceleration in product categories like packaging, where we believe they are here to stay and play very well into the macro trends behind the surge in e-commerce and the competitive cost and quality and delivery advantages of a mass customization business model.

So let me go through some of these more specifically in terms of why we are optimistic about the future. Data shows that new business formation is increasingly -- is increasing meaningfully. This slide shows new business registrations or birth in France and in the U.S., and we've seen similar data for markets like Germany and the U.K. On the right, the U.S. chart shows the strong expansion in applications for self-employed businesses in the last 2 quarters of calendar year 2020. And in both charts, I'd encourage you to look also, not just on the right-hand side, but the fact that, horizontally, this represents 15 years of history and there's a steady, regular growth of small business formation whether it's boom time or bust.

These new businesses have a need to market themselves in order to establish and grow their businesses. And as we've done in past economic downturns, we have an opportunity to serve millions of individuals who take up self-employment or freelance roles. We also have the opportunity to serve a broader set of needs so that when someone is in the beginning of their journey, we're here to help them.

Now while it's encouraging, of course, the pandemic has negatively impacted so many businesses as well as some of the small business owners that will be starting businesses, we also see that the existing businesses in the U.S., for example, so that 34% of the businesses that were opened a year ago are closed right now. That doesn't necessarily mean they no longer exist, just that they are not open. So in multiple parts, the small business data, we see signs for hope.

In terms of the next slide in e-commerce and the shift to e-commerce, we've also seen a dramatic shift in the behavior of consumers and business owners to purchase online. McKinsey has estimated the U.S., for example, the 10 years of e-commerce adoption was compressed into 3 months during the pandemic simply out of necessity. And there are similar trends and reports you can find around the world.

That has a few implications for our business who largely sell online, all the Cimpress businesses. While most of our market is served by traditional suppliers who -- and most of the revenue today are coming from products that are physical in nature. So let's look at some of that. First of all, we see evidence that the pandemic is taking a toll on traditional suppliers, including local print shops, sign shops and the like. We certainly don't celebrate that fact. But the reality is that the conditions have been very difficult for small traditional suppliers. And we think are not -- quite a significant percentage of these businesses are unlikely to last beyond the period of time that they're receiving government aid.

We see through this, some actual data, which is anecdotal. But we do see that some of our small businesses that sell to these suppliers, in the Cimpress businesses, we sell to resellers, the bookings from those channels have been harder hit than our direct to business end customers.

One of the reasons for this is that the small traditional suppliers as well as some of the online competitors have a far narrower range of products. So if demand on one of the products dropped significantly, even temporarily, there's less room to maneuver. We've, in the past, estimated a large majority, roughly 80-something, 80% or something in that range of the pre-pandemic value of the market for small and medium runs of marketing materials, signs, apparel, promotional products and packaging was spent with players in the highly fragmented, subscale, off-line part of our market. And we believe Cimpress will benefit from an accelerated online shift in this space.

Next, we believe that even among larger businesses, there's a continuing trend towards smaller print runs or decoration runs that we believe will benefit players like us who are real masters of mass customization. Then the real question becomes, what's the impact of the increased digitization in this transition with the pandemic? With -- the question we've heard is and we ask ourselves, will small businesses use pure physical marketing items as they push more online?

Vistaprint has asked its customers, and the results were not surprising to us, but it should be reassuring to our investors. First, during the pandemic, about an equal number of Vistaprint customers increased as well as decreased their marketing efforts. And there were net increases to a number of products and services our customers offered as well as to the customer's digital presence. Much of the increased use of digital marketing activities was in prechannels like e-mail and social media. But when things change and begin opening, customers expect to see the largest increase in print and in event-based marketing.

Another data point which gives us confidence in these trends is what we see at Vistaprint in quarter-to-date Australia and New Zealand numbers. This is our largest market that is operating on the other side of the pandemic in terms of business activity and reduced restrictions.

Quarter-to-date, until 2 days ago, February 22, in Australia and New Zealand, Vistaprint has had flat year-over-year bookings compared to declines in North America and Europe, where in North America, Europe, the pandemic remains severe, and we've seen roughly 20% overall declines quarter-to-date, and excluding masks, about 25%. So again, excluding masks in Australia, we see about flat.

So note that in Australia and New Zealand, we're also on our new technology platform. And for the reason to the bottom of the slide, some of which we'll be covering later in the call with Maarten, we are very optimistic that going forward, the capabilities of our new platform will improve our performance well beyond the quarter-to-date levels we're seeing now.

When I think about how we've been able to pivot during this pandemic, we owe that to the way we operate and for doing so for the past several years, and that makes us stronger and better able to execute. That's going to help us stay nimble through -- beyond the pandemic and capitalizing the opportunities I've just discussed. Through our -- even though all of our businesses operate largely autonomously, they are stronger together. And that's why we believe Cimpress has performed better during the pandemic than other online players who serve small and medium businesses.

We are all down year-over-year, but Cimpress has been impacted less. For the first half of this fiscal year, Cimpress revenues were down about 10% year-over-year. And several online competitors, who, like Cimpress, focused primarily on small and medium businesses, were down 35% to 40%. In other words, we think we are not only taking market share from our off-line competitors who serve small and medium businesses, but from our online competitors as well.

Our business model and our scale enable us to serve customers with a fundamentally more competitive, lower-cost manufacturing and service model than the highly fragmented, subscale, traditional competitors as well as those smaller online competitors. And the select few shared strategic capabilities at Cimpress, invest in centrally, play a strong role as well, whether in the amount we can invest in technology development, which we amortize over a larger revenue share, or leveraging scale advantages and innovation and procurement that helps the largest and the smallest of our businesses, lower their costs and avoid the risk of business disruption and also the investments we're making in keeping our data safe and secure and the access to capital that our central teams facilitate for our various businesses.

Over the last 2 years, we've seen a very concrete pickup in the benefit of our shared strategic capabilities. Our mass customization platform services are leveraged more and more in all of our businesses. And on the back of significant technology investments in our Upload and Print businesses, in National Pen and Vistaprint, the flexibility and speed of those businesses is increasing tremendously. And you can also see the increased use of the MCP through the intersegment revenue, which we report each quarter, which is either leading to new production -- new product introductions and/or lower costs. These were relative advantages for -- that we had during the pandemic. And they're getting stronger as we execute on the strategy, and we expect these advantages to continue to increase.

Now let's go through a couple of examples in our businesses, starting with Vistaprint. The benefit to this operational focus is very apparent in Vistaprint where we are 2 years into our transformation journey to, as we say internally, reinforce our foundational basics and move to develop jaw-dropping customer value. As I mentioned in the Investor Day in August, the pandemic has impacted Vistaprint's trajectory along this journey and delayed our investment in the second phase of the journey as we go to customer value improvements.

But there have also been some places where our teams have used the pandemic as catalysts for improvements. Because we have been so focused for the past 2 years on foundation building and on pandemic response, customers have not really seen what we mean when we say jaw-dropping customer value. But we are confident that over the course of the next year, the shift between the foundational work and the jaw-dropping customer value work will become much more visible. And the opportunity cost that we invested to rebuild those foundational basics has been and is significant, but it was a critical investment for Vistaprint to be positioned to return to growth. So we'll get -- we're going to share some examples of our progress now, mostly on foundational basics, but we will add in some customer-facing work as well.

Very, very importantly, we've hired great talent for Vistaprint over the past 2 years to complement the key members we already have here, and this continues and, in fact, has accelerated our leadership team -- as our leadership team has been in place now for more than a year. On the right-hand side of the slide are some of the companies where our senior level new hires have come from recently. We also recently decided to move to a remote first model, both in Vistaprint and in the central teams for Cimpress, for roles which allow it. And this also has allowed us to source talent

for many more locations and to drive more diversity of ideas in background. We received a presubmitted question on this topic, so we'll come back to that later.

Sean, do you want to walk through a few other examples?

Sean Edward Quinn - Cimpress plc - Executive VP & CFO

Yes, that's great. Thanks, Robert. So let me turn to data products and financial rigor, which are both being used more pervasively throughout Vistaprint. And you may recall back at our August Investor Day, our Chief Data Officer, Sebastian spent some time on this topic as well.

As it relates to advertising, first, in other forums, we've described what we've done over the past 2 years to drive efficiency after a period in which our returns on advertising spend had deteriorated. And the slide here shows trends in our advertising spend as a percentage of revenue, which is not our goal, but shows the roughly 600 basis points of margin leverage in the advertising line, coming down from the low 20s percentages prior to calendar year 2019 to about 15% of revenue today.

And after initial brute force changes that we've talked about in the past, the maturity of our data-driven approach continues to improve. So we expect to maintain this efficiency, but also see further opportunity. We've implemented new tooling for performance channels. And with that, we've seen meaningful additional improvements in the returns on our advertising spend in recent quarters.

And we're continuing to roll those improved data-driven approaches out into more markets and channels. And as we've started spending more materially in upper funnel spend as well, our teams are getting more sophisticated with our approach to media mix modeling, and we're increasing the collection of data around brand awareness and other attributes to evaluate the impact of that spend as well.

And next, our execution focus, financial rigor and data-driven everything approach has led to improvements in many other areas as well. Here, you see on the slide, our customer complaint rate, which is now at historical lows; and our product quality scores, where we've seen a dramatic and continual improvement over the past 2 years. And I mentioned these briefly just as 2 of many examples of continually getting better that are collectively having an impact throughout Vistaprint. One of the key enablers of these particular improvements is machine learning that's detecting and fixing errors that wouldn't be possible without the scale and training data at the Cimpress level to make those fixes.

And that now provides a natural point to hand over to Maarten to share some more examples in technology.

Maarten Wensveen - Cimpress plc - Executive VP & CTO

Thanks, Sean. It's also nice to see that you see some return on investment coming back on machine learning here, which is awesome. So I'm excited to talk a little bit about our journey of supercharging our technology. And first off, our best platform migration, which is very important to understand, it's not a technology that is just throughout the whole company, our processes, how we work, our people, everywhere, is our #1 priority in Vistaprint. And I'm growing more and more excited and confident about the amazing opportunities that still lie ahead of us with this technology.

So let us remind a little bit what is this again. It's just an entire set of upgraded, modular, service-oriented microservices and the best-of-breed of third-party vendors where we should not try to differentiate ourselves, where we're not unique. We use the best of the SaaS providers out there, mixed in with things that Vistaprint needs to be specifically unique, the blue boxes over there, and then mix that with things that we need in mass customization, the Cimpress MCP components in it. This makes us extremely flexible in terms of our tech stack and able to swap things out when they fall out of grace or we have to rejuvenate and that we don't get into the same situation where everything was lumped together, where we need to do -- run major things. So I'm very excited of what we have over there.

Now what really are the benefits of this particular platform? These are 6 things basically, but you can sort of group it together. One of which, the speed. So we have faster innovation, formal capabilities towards our customers. Internally, we can get projects just done in a significant smaller amount of time and also just the speed of product introductions for our customers.

And it brings us to the second thing, which we call inversion of control a little bit, but it's sort of self-service towards the rest of the organization. In Vistaprint, currently, and not in this new tech stack, it takes a whole set of engineers to actually get a product live on the website. And what happens there is that it's important to mention that it goes much quicker -- that it goes much quicker for an individual country to just launch account -- that launch out products and don't have to basically use technology. The flexibility, like I mentioned, of swapping our technology stacks here for the best-of-breed, we can finally unlock mobile-friendly customer experiences, which has proven to be very difficult in our old stack, and we have richer data decisions.

If we then go to our technology investments, where are we basically right now? So we had launched 7 countries at the moment: Ireland, Portugal, Spain, Italy, Australia, New Zealand and Singapore. And granted, I wish that we had some more countries, like I talked about in August, already, live. But what we focused a little bit in the pandemic on was, of course, making sure we were ready to handle the headwinds of the pandemic. But also, we did something which we also talked a little bit about in August, we launched the mask microsite experience, which has been tremendously successful, and it really showed that we can pull off a mobile experience. But not insignificant, the sales also really offset, somewhat, the softer demand in our other product categories.

To date, we've done \$90 million of [mask] bookings at Vistaprint alone. And so this really shows that we can put some water through the pipes of this new tech platform and basically show that it is working. Also, this is live in all but 2 countries across the world, which makes us already put the capabilities in place in many of the countries where the core experience of Vistaprint might not have been migrated, but some of the foundation of the new tech platform is live there.

Last but not least, I already said that a little bit, but it's very important to understand that what a lot of work behind the scenes is making sure that all the customer care centers around the world know how to use new platform, and we're training those muscles. Our marketing is using the new tools, which I will talk about in a second and are very exciting. Finance, data and analytics from Basti Klapdor, our Chief Data Officer's organization, and of course, really unlocking, for Vistaprint, MCP tools with this new product introduction that people can do themselves.

If we then go to -- starting to really tie the mobile understanding, how can we create a personalized customer experience, we have had some really early interesting results on that, which we sort of expected, otherwise, we wouldn't have built this, but it's really exciting to see the first results. Vistaprint has an 8% conversion rate [increase] by making it much more personalized in terms of a recommendation from a cross-sell perspective or 10% click-through rate [increase] on e-mail campaigns that are much more personalized. But keep in mind, these are still small tests. We still have some runway and some time to really make -- drive big incremental value, but it's very exciting to see these early results tick up.

Key to understand, this is not where we stop. We can do this in a site experience. We can do that from a customer care perspective. We can do that in our design offering. These underwater techniques to really understand the personalization of our customer better is one of the things that we will build as a foundation throughout all of our experiences in the future. We can all talk about that a little bit more.

So when do we launch the rest of this platform out? Well, again, I was in August saying we had some delay in that. And this is a little bit how I felt. We, as an organization, we're in this cockpit, looking at these dials and things that have been near-stable, conversion rate, bookings in certain categories where it was very easy to basically describe if there was a little dip or a little bit on uptime. All of a sudden, like a magnet went over our cockpit, all the dials flew in every direction all of a sudden. And that's scary. You don't launch a country. We want to be doing right by our customers. And we want to do it right by long-term shareholders to make sure when we migrate these things. So the good news is that we have put a ton of work since last year into getting better telemetry, getting better reporting, a ton of work on data, marketing, finance to get more confidence. And now we have our trend lines much more worked out. And so we're ready to start really going at it. But it took us some while understanding what COVID impact across the world and lockdowns really did. So I'm pretty confident where we are going to go right now and especially what we're going to lock with that.

And that is my end, I will hand over to Ricky.

Ricky Engelberg

Thanks so much, Maarten. Excited to be here today. It's great to be able to connect with you all. As you see on the screen here, make small feel big. That is -- something Vistaprint has done for a very long time. Through mass customization, our scale-based advantages, we've helped some of the smallest business in the world feel big. The opportunity to be able to make things that were once not possible for them happen. We've come a long way on this journey over the years, but there's still so much more potential for us to do more for the small businesses that power the world's economy. That's why I was excited to come to Vistaprint 18 months ago and get to work. Our goal is to be seen by our customers as the partner that makes their business look and feel legitimately incredible. To do that, we must transform our experience from a product-focused, transactional experience to solutions-focused, relationship-based experience. We need to move up the hierarchy of small business needs.

We envision every small business -- we envision every small business thinking of Vistaprint start-up. You think about all the new small businesses that Robert referred to that are starting around the world right now. Vistaprint, in the past, would have viewed someone buying a grand opening banner for day one of their store being open as a nice success. This is a product beyond business cards. That was a year from now, I'd be disappointed as there are so many other things we can do to help them get to that point of grand opening.

Let's pretend a new coffee shop were opening. Before they get to that grand opening, they would have had to do the following from a design identity standpoint, to name a few: get their company name; design, find a logo; get an Instagram page; get listed in search engines; figure out what their coffee shop should look like; take products of the coffees with the little hearts on them; design and host a website; design menus; get aprons with embroidered names; get stickers, pens, aprons, signs that say they're open. I could go on for hours with all the potential things they might need for their coffee shop.

One of the last things they need to open is printing a grand opening banner. All of those things that I named are things that we either provide for them, or now with the 99designs acquisition, have the chance to now provide going forward. That ability to move upstream, to be there on day minus 180 is what is so much opportunity for us to truly be their design and marketing partner.

In order to do that, we need to start from the moment that the business becomes real. There's lots of things, legal, tax, hiring real estate we can't help them with. But anything related to their identity, anything related to their marketing, to their design, that's where we need to be on that day minus 180 for them and on day 1,000 for them on their journey.

In order to go from items to solutions and from a printer to partner, we had to shift our entire mindset internally and the mental real estate we occupy externally. Many of design helps illustrate the potential for small businesses is a critical early component of the small business life cycle. Vistaprint successfully extended our design offering beyond templates only starting about 5 years ago as we ramped up the design help, which today operates at scale and do it for you design for logos, for example, which we haven't fully scaled up. But they've had a great customer response in terms of satisfaction and also improving customer value. We've conducted customer research, in this case, in the German and U.S. markets to understand where small businesses allocate their marketing dollars. These numbers are based on information from businesses with either 1 to 10 employees or 1 to 25 employees. So the data is not biased to only look at a typical Vistaprint customer in that 1 to 10 employee range. But it's encompassing business up to 1 to 25.

So here you see that we estimate, from a research, the design services represents about 20% of the wallet share for small business marketing spend. And that by investing, as we've done in design help, and by adding 99designs, which enables do-it-for you design at scale, this opens up additional opportunity for us to serve the broader needs of our target customers and, if we execute well, capture more share of wallet.

But it doesn't just -- but it doesn't stop at just adding opportunity for design services revenue. The spend on design is a fundamental driver in gateway into the spending on physical marketing materials and for digital marketing opportunities as well as websites and social media marketing. We can illustrate that by diving into the spend on print digital advertising and branding, excluding their design service spend, smaller businesses who pay for design services represents a meaningful minority of the populations of small businesses, 32% in the U.S., 47% in Germany. For this group of small businesses who pay for design services represent a majority of the share of marketing spend, 64% of the U.S., 76% in Germany. This is why we started investing in design services about 5 years ago and why we extended our offering through the acquisition of 99designs this year. We want to offer a wide range of design services from DIY templated design to do with help to do-it-for-you as well as all of the supported graphic services that help reduce errors.

We can continue to capture revenue from customers who have historically been core to Vistaprint success. And importantly, bringing the 99designs do-it-for-you design network to existing and potential customers, which allows us to delight our highest value customers, retain them longer, capture more of their marketing spend and attract more customers like them. Design services also acts like an important bridge between physical and digital marketing.

So let's talk about the acquisition of 99designs now. 99designs is a 2-sided creative platform that helps designers and customers connects them all over the world. They support over 100,000 designers in 190 countries. And they've helped those designers earn over \$320 million for the work they do for customers. Vistaprint has some full-time designers on staff. And we've had success with our DIFY offering, but we haven't yet scaled that offering.

Given the fact that Vistaprint serves 15 million customers per year, the scalable on-demand nature of 99designs' platform will allow us to serve the underlying need for design services in our customer base and then a broader SMB space as well.

We've been working with the team at 99designs now for months. During and after acquisition process, many, many, many Zooms with the team in Melbourne at all sorts of different times. When we talk to each other, it feels like we've been on the same journey together with the same ambitions. This notion of how you make small feel big is something that has been at the core of 99's existence since day 1.

Vistaprint and 99designs complement each other from an offering perspective and also from a brand perspective. This is data from a recent brand tracking survey of small business owners. 99designs' strengths squarely match with Vistaprint's opportunities for improvement. 99designs is perceived as design experts with a very good design experience. That is an opportunity for us to immediately elevate our game. Elevating Vistaprint's design services through 99designs and getting 99designs' community designers access to a larger volume of great customers is a chance to truly deliver value for all parts of the ecosystem.

Since the acquisition, we have developed an integration road map and have just launched 99designs by Vistaprint with a light touch integration for Vistaprint sites and supporting marketing campaigns. A full integration of 99designs relies on our continued e-commerce platform rolled in all markets as well as the development of new technology and supporting processes that will transform how a customer engages with Vistaprint. Until then, we will continue to find more and more natural integration points that expose the Vistaprint customer base to 99designs and vice versa.

There's a lot of exciting work ahead. I thought I would share with you our dreams of how this will come to life. What I'm about to show is a conceptualization of where we're going, but I think a powerful illustration of what's possible by bringing these 2 companies together.

This example of how to get the perfect logo for a fictitious pizza place in Boston, Massachusetts, Ricky's Pizza. If this was a Zoom, this would be more awkward for me. But let's just say, I'm starting my own pizza shop here. Here are some screen shots in the next couple of slides. But of course, a customer would be stronger swiping on her mobile device.

In this case, I uploaded my headshot to have a logo made for Ricky's Pizzeria here in Boston. With this experience, it's not just about getting the logo. It's about showing the solutions that this new pizza place might need. All these are products we offer in some form at Vistaprint already today. But this experience shows the opportunity of holistic solutions for small businesses, powered by truly great design and custom product.

We started with giving a few options on the logos that you see on this slide, so you can see some that are more name-based Ricky's Pizza looking like a Pixar character, Ricky's Pizza that looks a little more like an homage to me. But I choose Ricky's Pizza with the headshot one. And from there, I can see how that comes to life on the T-shirts that the team members wear. You can see how it comes to life on a branded snapback having coordinating colors or the vehicle magnet on the delivery truck.

Again, that idea that it's not just about a logo that lives as a digital file, but rather, it becomes the representation of all the possibilities of a brand. It gives them a chance to understand this is that opportunity for you to say, "Click yes and be able to unlock that legitimacy and credibility that you need in your small business and really help you have that time back to focus on making the best pizza possible."

So when we look at the 99designs acquisition, it's in combination with the design services we already offer and the new capabilities for development. It helps us make amazing design accessible to every small business. It really is about democratizing design. Every small business in the world should feel like they have what they need to be able to succeed. Their dream should not be limited by their ability to use design software or trying to convince a friend to help them. They should feel they have all the tools that they need.

They need access to great partners that can help them achieve their goals. With 99designs and Vistaprint, customers are not constrained. Everyone has a chance to make an impact on the world. The idea that all of a sudden, you can have top, unbelievable designers that will create unique logos for you, create the perfect book cover, the perfect label for a bottle or a perfect website design. The scale of the 99designs has done that -- can offer is incredible, and they really helped create an entire industry. We're able to help make that impact in the world, that small businesses feel big and help every designer feel like you can earn a living with us, there's a chance to fundamentally impact the world. Needless to say, we are incredibly excited for the opportunities with 99designs by Vistaprint. It's been awesome to welcome them into the family. And we can't wait to be able to have many -- so many of our customers use their amazing services.

Moving on from the 99designs acquisition. We also see opportunities to form and leverage partnerships in other aspects of small business needs. As an example, we recently announced we had teamed up with PayPal to offer a contactless payment solution for small businesses. Think how many small businesses around the world have had to pivot during the pandemic to contactless payments and how tricky that is. With this partnership with PayPal, we help make it easy for a small business. Using our Vistaprint design team, a small biz can easily get all their print needs taken care of or transition to contactless payment with PayPal. We will continue to seek this type of partnerships that help simplify life for the small business owner and give them access to these broader solutions that they need to be able to continue to evolve their business, an ideal that solutions that link design and physical marketing products together. In this PayPal partnerships in this nascent stages, but incredibly exciting. Again, it just helps remove that friction for small businesses.

So with all the work we've been doing to elevate our brand through our offering and the way we interact with our customers, we've also begun the layer on brand advertising and sponsorship investments that we believe will reinforce Vistaprint's value proposition as the marketing partner to small businesses. We are building muscles in new areas by forming high-impact partnerships and leveraging a diverse portfolio of best-in-class agencies and partners to make great advertising that truly breaks through.

Couple of examples. Here is our sponsorship with the Boston Celtics. It's incredibly exciting. We believe it will positively impact the awareness and perception of our evolving Vistaprint brand. The Boston Celtics, for those of you who might not know, are one of the most storied teams in professional sports and one of the most iconic brands in the National Basketball Association. We've embarked on a 4-year partnership with the Boston Celtics as their official jersey patch partner with the designation of being an exclusive marketing and design partner of the Celtics. The opportunity for new small business owners to discover it in high prestige places like the Celtics, be it court, on players like Jason Tatum, or in a video game like NBA2K, one of the most popular video games in the world helps us elevate us as a brand that people could trust and be proud to use.

The relationship with the Celtics isn't just about awareness, though. It is truly about partnership with small businesses. Small businesses, since day one of our conversations with the Celtics, we felt like small businesses should feel like they are a cosponsor of the Celtics with us. Together, we will showcase and support hundreds of small business owners in the greater Boston area by supporting them financially, providing resources such as marketing, design services and education.

We'll also promote and shine a spotlight on local small businesses by giving them special access to our partnership assets in arena, in game, in content, in community. So much of this partnership expands as arenas open back up, and the chance that our relationship with the Celtics and small businesses relationships is incredibly exciting.

A great example of that is, last week, we announced Power Forward Small Business Grant. It's aimed at how our black-owned small businesses throughout New England by teaming up with NAACP, Vistaprint and the Celtics to award \$25,000 grants on a rolling basis. Vistaprint has been more active in general in giving back to our communities. Since the start of pandemic, Vistaprint has committed over \$6 million in cash and in-kind donations related to mass sales and small business grants around the world. And really, that was how Celtics' relationship began for us.

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Early in the pandemic, they approached us wanting to see if we want to deliver meals together from small businesses to frontline essential workers. And what we saw there is that ability for us collectively, as partners, to shine a spotlight on local small businesses just open up the world of possibilities as being that true partner for small business. So lots more exciting things there to share.

But another example of recent brand investments that we're incredibly excited for is this different 2021 ad campaign, Partners in the Ever-Changing World, which we just launched last week. It's based on the insight that what's most important to small business owners right now is adaptability and marketing a business that they're in right now with professionalism, credibility, and one of the biggest things is tenaciousness. We see it time and time again from small business owners is this absolute tenaciousness.

This campaign introduces us to 3 female entrepreneurs, all relatable, capable, professional owners that faced unexpected crises. And Vistaprint products has helped them pivot their businesses with face -- with this, in the case of the ad campaign, combating unexpected change. We'd love for you all to check out the new ads of the Vistaprint channel on YouTube. I'm incredibly excited to have them out to the world, in the U.S., France, the U.K. and Australia over the months ahead.

But don't just take our word for it. The marketing world is taking notice of the new work we're doing, but more importantly, the role we play with small business owners. This is from Adweek last Friday. And there's one full quote in particular, I want to highlight. Vistaprint is a brand that is a vital partner in small business success. This is just one sign of many. We're beginning to see the shifting in the mental real estate we occupy externally. It is not about us being a vendor to small businesses, but rather that vital partner in their success. It's a small case that we're focused on in terms of building our customer-obsession foundation and using it to start delivering jaw-dropping customer value. We look forward to delivering results with our team that'll help Vistaprint be the partner for small businesses everywhere and drive strong returns on our investments.

Thank you so much for your time today. I can't wait to share much more with you in the near future. With that, I'll turn things back over to Robert.

Robert S. Keane - Cimpress plc - Founder, Chairman & CEO

Thank you, Ricky. Thank you, Maarten. Really, I hope some of the enthusiasm we have for the future came through in both those. It's an exciting time at Vistaprint.

I would like to step beyond Vistaprint to talk about some great work that's happening elsewhere in Cimpress, so starting with Upload and Print. The reorganization we started a little more than 2 years ago into PrintBrothers and Print Group has been a big success. We continue to drive efficiency, cost reductions and better customer value from the sharing of best practices, but also from the introduction of products across the different businesses in each group. And the pandemic actually accelerated these activities with even stronger cross -- cost savings and faster new product introduction.

Like many parts of Cimpress, we are deploying MCP technology into these businesses. And we're making very steady regard -- progress in that regard in terms of the technology rollout. All of these things have helped our profitability in this group given the larger exposure that these businesses have to things that are event-driven marketing, like trade shows that remain very suppressed. And as revenues return to normal levels in the coming year, we expect to see strong additional benefits of the investments we've made here.

Now in terms of National Pen, they also have very high exposure to event-driven revenue. And like Upload and Print have -- that's created some significant revenue challenges over the past 11 months.

National Pen has also taken the opportunity to use a catalyst this pandemic. And by bolstering their revenues with new product introductions and also using their operations and their fulfillment capabilities to work on behalf of other Cimpress businesses. It also drove efficiencies through operational cost reductions while continuing to double down and increase the investment in technology platforms to allow e-commerce platform to roll out. That e-commerce platform is based on the Cimpress technology, MCP commerce platform.

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National Pen's e-commerce business is performing well on a relative basis. And even though it's still a minority of National Pen's revenue, it's getting more and more significant, and we expect, over the long term, it will become a majority of the business and even though the direct mail business we have will remain an important part of that connection of the -- to the customers.

Now let's move to the all other business segment and BuildASign, the largest business we have in the state, continues to excel operationally and financially. Its team members are executing very well. And much of its product range was a pandemic winner because consumer products like canvas wall art and wall prints helped customers stay connected with loved ones, and we saw a strong growth there.

We also, in our early-stage businesses, have really made great progress. Printi and YSD are executing well with a very clear focus on their market opportunities, continuing to reduce cash burn while improving execution. Sean?

Sean Edward Quinn - Cimpress plc - Executive VP & CFO

Great. So yes, just before we wrap up and turn over to Q&A, I'm going to finish with 2 minutes on capital structure and capital allocation to round us out here.

First, during the pandemic, while our leverage has been elevated relative to historical trends, our gross debt relative to our trailing 12-month EBITDA has been right around 3.5x levered over the last year, including our most recently reported quarter ending last December. And in the last 3 quarters, we paid down about \$400 million of debt while continuing to fund the important organic and inorganic investments, many of which we've spoken about today. And our liquidity increased to over \$600 million at the end of December.

Last week, we amended our credit facility and elected to end our covenant suspension period as well. We issued a press release and the 8-K last week. And so I'll just mention that, and you can look to those documents for more details.

But with that amendment and the waiver of our covenant suspension period, that does a few things. First, it paves the way for us to refinance our \$300 million of 12% second lien debt in mid-May, which would materially lower our cash interest. As of now, we do intend to use our credit facility to execute on that early redemption. Second, it allows us to still have an extra half turn of cushion on our total leverage covenant relative to our pre-pandemic financial maintenance covenants through September of 2022. And last, it lifts the tight restrictions that we had on M&A and share repurchases.

So with that, turning to capital allocation. Our philosophy and approach remains unchanged. And while we're just now kicking off our planning cycle for next fiscal year, which will start in July, and well, of course, share more details in the summer months related to that, for now, our priority is organic investment across the broad set of capabilities that we've talked about today. And after significant permanent cost reductions that we executed back in the June quarter last year in response to the pandemic, over the last 2 quarters, we've been increasing organic investment levels, particularly in Vistaprint against the opportunities that you've heard about.

There are interesting M&A opportunities that exist. But we do expect that, at least for the near term, anything we execute would be kind of tuck-in or relatively small investments in new capabilities.

And then lastly, on the share repurchase front, our overall approach is unchanged there as well. But given our current leverage and our other capital allocation priorities, we're unlikely to do anything material in terms of repurchases in the near term.

So with that, let me turn it back to Robert before we move to Q&A.

Robert S. Keane - Cimpress plc - Founder, Chairman & CEO

Thanks, Sean. There's so much exciting work going on across Cimpress that makes us feel confident in our future. We did receive this presubmitted question you see on the screen, and I'd like to address it before moving on to other questions.

And it says during our virtual annual meeting a few months ago, we talked about our flywheel, in other words, aggregating orders via the Internet, which allows us to set up -- have lower setup costs, which results in better prices for our customers, which leads to higher order volumes and even lower prices. And Robert commented that we are doing our best to get it spinning again. And so what's the state of our flywheel.

Well, I fundamentally believe and the reason I said it back then, as you alluded to, that great companies thrive or companies become great and thrive when they drive a flywheel that builds compounding momentum. And I believe that over the last 2 years, we have really started the movement, again, of that spinning. And in the next year, we're going to be accelerating that momentum. We see that acceleration already happening. Some of the things you've heard about today.

We've been investing significantly, and we've been executing well. And we still, despite that, have very significant portions of our teams who are building for the future, things like the technology investment and the infrastructure that will unlock large opportunities that don't yet significantly impact the customer.

For example, at Vistaprint, we're starting to see new customer growth year-over-year again in the last 2 quarters. Now we're not declaring victory, but we are excited about what's next.

And with that, let's move to some of the other presubmitted questions that haven't been addressed as well as any live questions to come in via the webcast. Meredith?

QUESTIONS AND ANSWERS

Meredith Burns - Cimpress plc - VP of IR

Thank you, Robert. We will go through the presubmitted questions that we haven't already fully addressed with our prepared content, and then we'll take any live questions that people submit. We've had a couple so far using the Ask-a-Question tab in the upper-right corner of the webcast viewer.

So here is our first presubmitted question that we'll go through here. The question is on Q3 trends. And the question is, in your Q2 report, you mentioned a 20% decline in revenue in January. Can you directly attribute that decline to lockdowns that were new compared to December, that is on a region-by-region basis? And I'll throw that to Sean.

Sean Edward Quinn - Cimpress plc - Executive VP & CFO

Yes, sure. Happy to take it. And I'll just bring that question forward, and Robert alluded to this, I think, earlier in the remarks. But that 20% decline in January has roughly remained the case on a consolidated basis from a bookings perspective through the last days in February, so quarter-to-date.

So we can attribute much of it to new restrictions, but not all. In Europe, for example, we saw a really clear and direct impact of the restrictions in some countries where lockdowns were really significant. And that was the case really, kind of as we -- just as we entered into the new calendar year.

But there's a few other contributors as well as we look at kind of the recent trends relative to at least the December quarter. The first one is that we have less consumer concentration in our March quarters, the current quarter versus the December quarter. And there's also been less COVID-related revenue in the mix. So those 2 things definitely have an impact in the trend relative to the last quarter or 2.

But I think that Australia example that Robert went through earlier, does paint the picture of the delta between countries where operating in a more closer to normal environment relative to those in North America and Europe where there are severe restrictions. And that delta is very real. And so that gives us confidence that -- of what might be on the other side as we return to more activity.

Meredith Burns - *Cimpress plc - VP of IR*

Great. Thank you, Sean. Moving on. We've got a presubmitted question. What is your best estimate of the growth differential between online and off-line printers? I'll throw this one over to Robert.

Robert S. Keane - *Cimpress plc - Founder, Chairman & CEO*

Okay. As I mentioned in my earlier comments, we think that market dynamics definitely are favoring online players. We don't have precise data on what that differential is right now between online and offline. And those -- what we do see are further polluted by just the general depression with the pandemic. As things settle, we'll be able to take a closer look at this. But unfortunately, I can't give you more precise data today.

Meredith Burns - *Cimpress plc - VP of IR*

Okay. We will move on to a presubmitted question on remote-first work and then another one that is sort of related on cost reductions. So please discuss the recent decision to transition to remote-first working. What trade-offs or challenges do you anticipate, especially to Cimpress' powerful and unique culture?

Also, how should we expect it to change the long-term financial model, if any?

And then the next question on fixed cost cuts, is there any more work to be done on this that is reducing office footprint with the Waltham [now] lease termination, perhaps in other geos? Or should we think about the \$30 million as the full amount of permanent expense cuts going forward? So I will throw this one over to Sean.

Sean Edward Quinn - *Cimpress plc - Executive VP & CFO*

Yes. Absolutely. And Robert, please feel free to add on. I mean this is -- I'm happy to get the question. Remote work has been a big transition. It's something that we're actually quite excited about. And if you think about it, it has a big impact on the way work gets done around large parts of the company. So we've been working on this for a number of months now. And for the roles that allow it, we want to make remote-first work and competitive advantage for us in terms of hiring great talent, but also increasing engagement and, in turn, retention for all of our team members that this would apply to.

We've made a lot of progress here. And like any cultural shift, it's going to take time to get it right. But we feel strongly that we have to be really intentional about this shift. It has a big impact. And as the question refers to, we'll have a big impact on our culture. And so we need to make sure that we continue to invest behind that and nourish that and are intentional about it. And we're doing that. We've been learning from other companies that have done this well before the pandemic hit. So companies that used to operate in this way. And there's a spectrum of how those companies operated, but we're learning from them. But we're also, very importantly, getting regular feedback from our team members to inform the approach that we're taking.

It can really have a profound impact on the way work gets done. But that does require us to build some new muscles, and some of this is a little bit tactical, but things like not relying so much on meetings or improving documentation and writing things down and building a culture of kind of writing things down. And there's many other things that go into this, but we're doing those things. It's going well.

Our team members have been seen to be very productive working this way. And so we think this is going to be much better when we can also couple the current environment where everyone's kind of forced to be working remotely with in-person collaboration as well. So it's something we're really excited about. And I'd say, we're on the more progressive end of the spectrum here, and that's what we hear from candidates as well.

Moving to remote-first was not a decision that we took lightly. It's a big transition and the primary motivation wasn't cost savings. But we do believe it will get us net savings. If we felt like it was something that was going to deteriorate our culture or our ability to attract and retain great talent, then, of course, those cost savings wouldn't be worth it.

So the savings that we will realize from a reduced office footprint will be partially reinvested and have already started to be partially reinvested in making remote-first work a towering strength and we've seen that impact.

In Vistaprint, it's really been amazing to see our most recent senior hires, most of them have not been based or are not based in a city where we previously had an office location. So it's really opened the aperture from a talent perspective. On the second part of the question, which was specific to cost reductions, yes. There's more savings we can achieve beyond just the Waltham office footprint that we referred to in our January earnings document.

Over the next year, I think we can unlock most of that just based on when kind of our contractual expirations happen for our lease portfolio. But collectively, I would say that those savings in our real estate footprint outside of Waltham are likely to be something like less than half of the Waltham space, just based on the scale of our footprint beyond Waltham. So yes, there's more cost savings available, but the scale of those, I think, will be less.

I would be remiss if I didn't also mention that we are, as I said before, increasing our organic investment in Vistaprint and elsewhere in recent quarters. And so we're kind of doing that at the same time that we're finding these cost-saving opportunities as well.

Meredith Burns - Cimpress plc - VP of IR

Great. Thank you, Sean. All right. Moving on to another question. On corporate focus, so for a while now a meaningful part of your corporate focus has been on implementing major transformative projects, for example, changing your customer focus, making large acquisitions, decentralizing the organization, reformulating executive compensation, rebuilding underlying technology. We've been busy. Will the launch of the U.S. website signal a shift to a period in which a much higher part of your corporate focus can be on more business as usual incremental improvements to take advantage of the platform you've built? And I'll ask Robert to answer this one, please.

Robert S. Keane - Cimpress plc - Founder, Chairman & CEO

So the short answer, I would say, is yes. And I alluded to that earlier. We've been very focused on organic investment over the last 2 years. And I think we're at a point where we'll be enabling a much broader swath of our teams to iterate and make this type, what you're terming is incremental improvements. And I think more of those improvements will be customer-facing and customer-visible. That being said, with the context of the large market that we have and the market opportunity, one, there are occasionally going to be transformative activity to drive future growth and innovation. 99designs and our investment there is one example of that, which was driven by deep researching to customer needs, but bringing in capabilities we simply didn't have.

I'd also say that, yes. There's incremental improvements. So we think there's massive step-change improvements. And at the risk of simplifying too much, I think that if you go back over the 20 years of Cimpress' history, we have a decade where we poured investment nonstop in 2000 to 2010, ahead of the curve in technology in marketing, in data and analytics, in talent acquisition. And we did do a lot of changes as we kind of got past the USD 800 million, USD 900 million revenue. And over the last decade, we spent a lot of time in other areas. Some of them have been huge success, like our Upload and Print businesses and others.

But the -- I think that the I would say, again, the short answer is yes to this question, but it's not just incremental. The compounding effect, that flywheel effect of this relentless focus on improvement, in culture and data and technology and customer understanding can drive much, much more than incremental improvements in the aggregate.

Meredith Burns - *Cimpress plc - VP of IR*

Anyone else want to add? Just checking on that one. All right, one more...

Sean Edward Quinn - *Cimpress plc - Executive VP & CFO*

Meredith If I will just add, I think the -- I think it's across a broad spectrum. And I think, just referencing back to the examples that everyone heard already on the call, there are a lot of things, big and small that are being improved. And as Robert said, the collective impact of that can be really significant. So yes, hopefully, the examples were clear as we went through the slides earlier.

Meredith Burns - *Cimpress plc - VP of IR*

Great. Okay. One last presubmitted question, and then we've got several live questions as well. So this one is, how should we think about advertising spend going forward, given the softer demand in January bookings? Do you expect to continue ramping up? Or should we expect to see some pullback? And Sean, if you'd like to answer this, please?

Sean Edward Quinn - *Cimpress plc - Executive VP & CFO*

Yes, happy to do so. So yes, in our Q2 earnings document, we mentioned that we'll continue to be flexible here. I think we are and again, hopefully, clear throughout this call, we are very much looking to a post-pandemic future, and we need to start to lay the groundwork for that. We've been doing that. As it relates to advertising, our performance channels are self-adjusting to an extent. We have return thresholds that we set for the kind of the marginal dollar that's invested there. And if there's less demand or less clicks or whatever it might be, then we'll spend less. So that is kind of self-adjusting.

On the upper funnel spend piece, we had increased our spend there in the December quarter. We did pause that a bit in January. But as Ricky referenced earlier, we started to -- in the back half of this month of February, started to roll out the campaign that Ricky referenced, and then we'll continue to judge that in March and beyond based on a number of factors.

The good thing there is that we can ramp that up and down pretty quickly. And so we have our kind of hands firmly on the steering wheel there. So we're investing in that future, but very much watching where performance is as well. Despite bookings being down, I wouldn't expect that when you put all that together, that as a percentage of revenue, that we'd be above 15%, which is where we were in the December quarter in terms of advertising as a percentage of revenue for Vistaprint.

Meredith Burns - *Cimpress plc - VP of IR*

Great. Thank you, Sean. And while we're on the topic, so we've got some live questions here of the revenue being down in the quarter that we're in right now. Just a quick clarification that somebody is asking for on the bookings trajectory for Vistaprint quarter-to-date relative to Cimpress in total?

Sean Edward Quinn - *Cimpress plc - Executive VP & CFO*

Yes. We didn't say that specifically. So let me just go back through what we did say, which is that in our earnings document, we said in January, consolidated bookings were down about 20%. I said earlier and Robert said that, that remains roughly the case on a consolidated basis through basically today, so quarter-to-date. Vistaprint, as a component of that, we didn't give the Vistaprint bookings specifically. But I would say it's a -- on a total basis, it's a little bit better than that consolidated number. But, I mean, just given Vistaprint's size in the whole -- that, obviously, kind of mathematically has to kind of go with the consolidated number as well. So it's a little bit -- Vistaprint, a little bit better than that consolidated number.

Meredith Burns - *Cimpress plc - VP of IR*

Great. Thank you. All right. I've got another live question. Ricky, this one is going to be for you. Can you discuss the opportunity for Vistaprint to market to potential new business customers through partnerships with website builders such as GoDaddy, which focuses on micro businesses in places, deals from GoDaddy partners from companies such as Yelp and their customer dashboard page?

Robert S. Keane - *Cimpress plc - Founder, Chairman & CEO*

Thanks, Meredith. As it relates to our digital partnership strategy, we continue to refine it. We recently hired a new GM in the digital space who started 2 months ago, who we work every day to continue to push forward on how we're able to best serve the small businesses through everything that emerges in the digital standpoint. With 99designs by Vistaprint, it's incredibly interesting we as offer design services for almost every major website builder, Squarespace, Wix, Shopify. We have trained designers around the world and we're going to help you make the best website possible for those platforms.

And as you can see, with the PayPal partnership, we're going to keep being aggressive in pursuing high-impact partnerships that truly helps small businesses live this year. So as it relates to something like what -- with GoDaddy, I think we view anyone that's helping small businesses as a potential partner and a way for us to help make small businesses lives easier. But there's some great examples, such as the 99designs by Vistaprint design offering and PayPal who are already doing these things.

Meredith Burns - *Cimpress plc - VP of IR*

Great. Thank you very much. All right. There's a question here around JDCV, jaw-dropping customer value. Can you please provide some tangible examples of how JDCV will manifest itself in Vistaprint this year and next, I guess, beyond what we have already talked about during the conversation..

Robert S. Keane - *Cimpress plc - Founder, Chairman & CEO*

Sure. Thanks for the question. I'm going to answer that 2 ways. One, I think, may not be the way you intended the question to be asked, but I think it's probably more important.

And then a second way which may be more directly. I think the way it's going to manifest the most is a fundamental cultural change in how we, at Vistaprint, think. It's saying that great businesses are not built on just incremental change, to that last question. They're simply providing a radically better, a jaw-dropping, better customer value proposition. And again, that radical value improvement can come through an incessant series of incremental change. But it's -- I think the biggest impact is on how we think about the business. And it's very much, I would say, Vistaprint has to go back to thinking like a start-up even if we're a \$1.5 billion revenue start-up.

In terms of specific ways, it's going to drive value for the customers, it's -- i.e., the other interpretation of that question, it's very much around helping do the things that Ricky spoke about today, that I alluded to, which is how do we really help a small business owner look and feel very credible, very legitimate, very proud of his or her business across the board with design as being a big part of it, but integrated, whether it's partnerships with the digital firms, and the other question asked about or, whether it's in all the areas of physical media, that could be packaging, apparel, signage, print and the like. And that integrated partnership offering or partnership-based relationship offering is how we foresee that type of jaw-dropping customer value manifesting in terms of what the customer perceives.

Meredith Burns - *Cimpress plc - VP of IR*

Great. Thank you, Robert. So we've got a question here on advertising spend and how we approach it. So I'm going to throw this one over to Sean.

With respect to Vistaprint's performance channel ad spend, can you discuss the importance and status of moving away from a budget approach to an ROI-based threshold?

Sean Edward Quinn - *Cimpress plc - Executive VP & CFO*

Yes, happy to. Yes, I would say that this has certainly been a journey of continual progress since January, February of 2019. We've made a tremendous amount of progress here. I would say that the approach that we use today is very much in our performance channels, very much based on looking at the marginal dollar that we spend and the return on advertising spend on that marginal dollar. And then sort of designing the way that we operationally make decisions all around that such that, that is the kind of the guiding light for how these decisions get made and that as much of that as possible is made algorithmically.

So I think that we've advanced quite far here. As I said in some of my remarks earlier, we had this sort of brute-force approach. We put in new tooling. We put in new processes. We had new people involved in these processes as well with the kind of organizational construction of our data team as well. They are far more involved in these processes. And all that combined has led to a tremendous amount of maturity here.

But it doesn't stop there. We are continuing to improve that tooling, improve the way we use data, refine that. And just in the last couple of quarters, we've seen even more incremental improvement in the returns on those advertising dollars. So more work to be done always here, but we've come quite a long way, and I feel good about where the team is at.

Robert S. Keane - *Cimpress plc - Founder, Chairman & CEO*

I think just to add on to that, I think the ROI-based approach is one that -- I think it is a nimble approach that allows us to maximize capturing customer demand. And I think it's something where I've existed -- I've seen budgeting process in the past where it's this false trade-off of demand creation dollar or demand capture dollar. When the reality is, is that and the customer -- if we can efficiently capture a customer, it'd be -- is the -- always a good use of a dollar to officially capture our customer. And I think that's what ROI-based approach and our strong partnerships with people like Google and Facebook allows us to continually be on the cutting-edge of how to optimize our performance spend.

Maarten Wensveen - *Cimpress plc - Executive VP & CTO*

And this is maybe from me also, this is Maarten. We do that also throughout many of our processes throughout the whole organization to actually be in that ROI margin, including technology. If the ROI is there, it's going to be good for the customer. We expand the technology investment, and we shrink it when we know that an investment doesn't reach a certain hurdle that Sean set. And so that's a very major extremely adaptive towards -- in good. And that's one of the big changes throughout the organization that we have been implementing in the last years.

Meredith Burns - *Cimpress plc - VP of IR*

Excellent. Thank you all. So this is maybe a quick one. Any insight on the percentage of small businesses that are closed in Australia right now versus the U.S. since we had talked then first on the other side of a pandemic than we are here in North America?

Robert S. Keane - *Cimpress plc - Founder, Chairman & CEO*

Yes. We don't have specific information. Although Victoria was shut down again for another, I think, 10 days, a very tight shut down in the last -- they're now reopened. But they had 4 or 5, I think, COVID cases. And the government was extremely strong in and around Melbourne. So the government, all over, when they have any type of crop up. But we don't have the numbers to translate that into what percentage of businesses are back. We do have operations, as you know, in Australia, both for Vistaprint and 99designs. We talk a lot with our teams there. And life is much more returning to normal in Australia.

Meredith Burns - *Cimpress plc - VP of IR*

Great. Robert, I'm going to stick with you here. What is your vision for the growth capability of the businesses 2 to 3 years out after the pandemic? And many internal transformations are behind you, what gives you confidence in that vision?

Robert S. Keane - *Cimpress plc - Founder, Chairman & CEO*

So I would, as always, refrain from saying we can grow by x percent in the future. But I'll answer that in a more broad-based question. I think that, whether it's in Vistaprint or in the rest of Cimpress, we see, across the board, very numerous green shoots coming up out of the pandemic, where it's customer satisfaction levels.

Sean spoke to a little bit about its new product introductions, it's technology investments, it's brand shifting, it's the cultural rigor we've built for the focus on foundational basics at Vistaprint that get back to that flywheel. And we are in an enormous market where, yes, we have the pandemic.

But if we look out through the meta market opportunity in the TAM and our competitive advantages in service operations, now in network-based graphic design, in manufacturing, in the ability to recruit great talent, we really look forward to getting back to a growth rate, which certainly, we aspire to be well into the double digits, but we don't want to specifically say when we would do that, and we may never get there if we don't see the ROI on that. So I -- we are all trying to get there. We believe it's possible.

But we're not going to just chase growth for growth's sake, which is why the answer came in that wasn't -- a question, which was not presubmitted, but it was great to hear, Ricky, our CMO and Maarten, our CTO, give answers that make me and our CFO, Sean, happy when they say, well, it's an ROI-based question on how we spend ad dollars or develop technology. And I think that type of cultural rigor and focus, combined with the focus on customers, can't help but allow us to grow the business.

Meredith Burns - *Cimpress plc - VP of IR*

All right. I'm going to do one more live question before we turn things back over to Robert to close things out. But this is a fun one think about to it. And Robert, you can start out, but maybe anybody who wants to can join in. Are there areas at Cimpress that you think may provide upside surprises in a post-pandemic world?

Robert S. Keane - *Cimpress plc - Founder, Chairman & CEO*

I think that there are places across Cimpress where I see the teams executing. And I think the -- going through the fire of the pandemic just makes us feel stronger. And I think that it's that -- it's -- overall, the ability to get back to the organizational execution, that flywheel, I think, is going to lead to all types of opportunity. And I think that, that -- I'm not sure if that's, for the person who asked the question, a surprise, but I think that will generate a lot of exterior or results that are visible from the exterior. But the core surprise, so to speak, would be something that we all expect internally, which is to go back to that type of organizational flywheel and culture. I'd love to hear the perspective of others on the call.

Sean Edward Quinn - *Cimpress plc - Executive VP & CFO*

Yes, I'll jump in. I think one of the things -- this might not answer directly, but one of the things that -- and we try to get it across in examples of this call as well as like over the last 2 years, there has been a lot that we've improved. There has been a lot of investment as well. And a lot of that has been in these sort of more foundational-type things, which doesn't necessarily mean that they have external impact.

And I think that we are -- this is sort of unrelated to whether or not we're coming out of the pandemic or not. But we're at this moment where I think over the next 12 months, we'll have the opportunity to start to shift more of that towards things that do unlock capabilities and impact for customers. And I'm not sure that, that's necessarily going to be a surprise as such.

But I think it's something that everyone needs to realize is that we've been focused on all these things that have driven improvements, improve the foundation, improve the baseline. And we've been investing significantly, especially in technology and data, but a lot of that is yet to be unleashed externally. And that movement is, I think, relative to some that may not have studied us as deeply. I think that would be an area of maybe relative surprise.

Ricky Engelberg

I'll hop in with one thing here, where if I look back at the heart of the pandemic, last April, when we realized that if you look across Cimpress, we have the opportunity to go and make masks at scale. Tapping into the best of the different portions of the Cimpress companies to be able to serve a world that need with a high-quality, unbelievably designed product that tapped into our entire global family and built on top of the tech capabilities that have been there for -- been under construction for many years so that we can make masks happen in 5 weeks.

I think what I'm personally most excited about is all of those scenarios we will have in the future, not global pandemics, but areas where we're able to build on top of capabilities that the team has been working on for many years and be able to take the best of Cimpress to be able to deliver unbelievable customer value. That, to me, is -- was -- no one ever wants to talk positively about a global pandemic, but it was exciting to see how the company was able to truly help small businesses around the world in a way that wouldn't have been possible if it wasn't for what's been built here.

Maarten Wensveen - Cimpress plc - Executive VP & CTO

Indeed, it's a fun question there to think a little bit, dream ahead of it. I'm sure everybody is looking forward to a post pandemic world. I think the acceleration of people really understanding kind of order or why is accelerating in every industry, in our industry is, nonetheless. So that tailwind is actually only going to accelerate towards our particular verticals coming faster online.

They might not order it right now, but in a post pandemic world, more people will be much more okay with everything going online and the whole transaction on it. So that's in every industry. And I think the remote thing is interesting, which is more -- I haven't literally wrapped my head completely around it, but like with so many people shifting where they're going to work, because we're not the only company that is doing this. If you follow the news, there's many companies that have been doing that. Besides working remote -- will -- some of our family members and ourselves also become local businesses at other locations and back, will the entrepreneurial shift change a little bit in that? I personally believe there's always that physical need for those products that come with that. And that is an interesting dynamic to keep our eyes on in the post-pandemic growth.

Meredith Burns - Cimpress plc - VP of IR

Excellent. Thank you, everybody. I am going to hand things over to Robert to take it home.

Robert S. Keane - Cimpress plc - Founder, Chairman & CEO

Great. So thank you very much for all of you for spending the time today. I just want to close with the points you see on the screen here. First of all, we have, both, in the trailing 12 months up to February 2020, a year ago, and during the pandemic in the last 11 months, really demonstrated the ability of this business to generate cash, to be profitable. And we are -- we've also taken significant steps. And we're looking at steps, as Sean mentioned, to reinforce our capital structure, which is the 0.5 here. That puts us in a great position.

We see significant opportunity out in the evolving world. The strategy we've been pursuing for the last several years, our business model enable us to really capitalize on that opportunity. And as we look forward to the coming year, coming several years, we look forward to investing to build on those advantages and to grow Cimpress. And successful execution on all these points, along what is really a very clearly defined path for us,

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should help us continue to expand our intrinsic value per share and also, very importantly, drive great value for our customers and great career opportunity for all of our team members.

So thank you again, for spending time with us today, for entrusting your capital with us. We look forward to the continued execution and improved market macro dynamics in the coming year. Have a great day, everyone.

Operator

This concludes today's webcast. You may now disconnect.

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