THOMSON REUTERS STREETEVENTS

EDITED TRANSCRIPT

CMPR.OQ - Cimpress PLC Investor Day

EVENT DATE/TIME: AUGUST 05, 2020 / 12:30PM GMT

CORPORATE PARTICIPANTS

Emily Whittaker

Florian Baumgartner

Maarten Wensveen *Cimpress plc - Executive VP & CTO*

Meredith Burns *Cimpress plc - VP of IR*

Paolo Roatta

Peter Kelly *National Pen Co. LLC - CEO and President*

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

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

Sebastian Klapdor

PRESENTATION

Meredith Burns - *Cimpress plc - VP of IR*

Hello, and welcome to Cimpress' 2020 Investor Day. My name is Meredith Burns, Vice President of Investor Relations.

Our presentations will begin in just a couple of minutes. You can see from the agenda here that we will have a mix of presentations and moderated panel discussions and then a Q&A session with your presubmitted and live questions at the end.

Today, we will hear from many executives from around Cimpress. On this slide, you see all of our top executives from large businesses. In the middle of the slide are Robert Keane, Sean Quinn and Maarten Wensveen, who hold CEO, CFO and CTO roles, respectively, for both Cimpress and Vistaprint. On the left side of the slide, you see chief executives from our businesses other than Vistaprint, and on the right side of the slide are other Vistaprint executives. So here are the executives who are participating today. Robert, Sean and Maarten will kick things off with presentations. And then joining for our panel discussions, we'll have Peter Kelly, CEO of National Pen; Paolo Roatta, CEO of the Print Group; Florian Baumgartner, President of Vistaprint's International business; Sebastian, or as you'll hear us call him, Basti, Klapdor, Vistaprint's Chief Data Officer; and Emily Whittaker, President of Vistaprint's North American business.

So we all wish that we could meet with you in person. But since it's not safe, we're bringing you a virtual event that we hope will be engaging and informative. The format will give us the opportunity to let you hear from leaders that you have heard from before and also some that you haven't. We received a number of presubmitted questions prior to the event so thank you for those. We will be addressing many of them in the prepared remarks of the presentations and panel discussions or at the end of the event. Attendees on the live Zoom video webinar can submit questions anytime using the Q&A button in your Zoom app, and we will take as many as we can in the Q&A session at the end. The audio and slides from this event are being streamed live on ir.cimpress.com. After the event, we will replace the audio stream with a video recording of this Zoom webinar. We will also post a transcript as we typically do.

We appreciate the time commitment that you're making to spend the next 3.5 hours with us. To make this tolerable and even fun, we will have quick 3- to 5-minute breaks in between each session to give you a chance to stretch your legs or refresh your coffee. Attendees who logged on to the webinar a few minutes early today also saw us demonstrate Zoom's polling feature. You can expect additional polls to pop up on your screen in some of the breaks today.

Now some of the numbers that we'll show or discuss today are non-GAAP. You can find reconciliations to GAAP measures posted on ir.cimpress.com.

And finally, you can expect that we will be sharing our thoughts on the future. So this is a great time to note that our actual results may differ materially from these statements about the future due to risk factors that are outlined in detail in our SEC filings and also here on this slide. We invite you to read them.

With that, I'd like to turn the presentation over to Robert Keane. Robert?

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

Well, thanks, Meredith. And I'd also like to say thank you to our shareholders, our debt holders, analysts and potential investors who are joining us today.

So let me start by going over in summary what is in the title of this presentation. We're going to go over the state of Cimpress and how we were doing before the pandemic; secondly, the pandemic response and looking at FY '20 and the highlights across all the different segments of Cimpress; and then importantly, looking to the future and why we believe and have confidence that we can win.

So in the annual letter to shareholders, I wrote just last week that we cannot let the spectacularly negative short-term impact of the pandemic obscure 3 important highlights of the past fiscal year. First, we demonstrated great resilience in the face of this challenge. Secondly, we had strong execution and progress in laying foundations for our future across the businesses and central teams that happened before and during the pandemic. And third, that 8 months into the year through February, in other words, just before the pandemic hit most of our businesses, we have made great progress in improving the key proxy by which we measure the multiyear changes to our intrinsic value per share.

This time last year, we shared with you our view that, looking back to fiscal year 2019, so 12 to 24 months ago, we had important opportunity to improve ourselves and our returns ahead if we were -- get to just simply focus on execution in many of our businesses. And that focus on execution over the past year can be seen in some of the examples that are showing on the screen right now. There's also many more. They range from the launch of new e-commerce technologies in multiple businesses, including specific markets, for instance, in Vistaprint, National Pen, through innovative new product launches, which have lowered the cost of high-quality custom marketing materials and services; two, an expansion of BuildASign's production facilities and other investments around the company.

As we made progress operationally, we made progress financially as well. If you compare the trailing 12-month period through February 2020 through the full year fiscal 2019 ending June 2019, in other words, not even a full year after June 2019, we had improved our trailing 12-month EBITDA by 23% and our adjusted free cash flow by 44%. And that was on relatively flat revenues as we focused on eliminating revenue streams that were not generating good economic returns.

I'm going to steal a little bit of Sean's thunder here, but we're also very excited by the fact that our focused execution was translating into improved financial returns, specifically in the way we look at the steady state free cash flow of our business. And of course, this estimate needs to be evaluated over a multiyear period in order to understand changes, but we think it's a key driver to our intrinsic value per share. And the fact remains that we were starting to really deliver on that opportunity that we described 12 months ago at our most recent Investor Day.

But then, of course, as for the entire world, the pandemic hit. And in -- by mid-March, we realized we needed to take immediate, decisive and defensive actions. So first, we focused on safeguarding the safety of our team members while ensuring that we continue to produce and deliver orders to our customers. And this was the result of tireless effort across the business aided by benefits from our MCP, the mass customization platform, which we provide -- which allowed us to help improve business continuity by shifting production between different facilities. We also took quick action to cut costs and to preserve liquidity by reducing remuneration and benefits, by partnering with suppliers to delay payments, by running down pools of unused vacation, by stopping hiring, by eliminating travel and implementing a host of other difficult but necessary steps given the uncertainty.

Now cutting costs would not have been enough in the worst-case scenarios which we had to have in our list of scenarios in the early -- the March and early April time frame. By that time, we've refinanced a portion of our debt at materially higher interest rates with significant deal costs, and we issued warrants that will result in -- assuming there's a net issuance of shares in a cashless exercise, we'll eventually dilute our pre-existing shareholders by about 740,000 shares. That financing was not because we needed to preserve liquidity per se. But rather, we wanted to be sure to pay down a portion of the debt owed to our credit facility banking partners so that we could, in return, suspend our prior financial maintenance covenants through December 2021. And we did that because we wanted to have ample flexibility navigating through the uncertainty that we faced ahead. And that flexibility, very importantly, was something we sought in order to return to our operational priorities that we had set well before the pandemic and to continue to fund our major investment projects across Cimpress and to continue the progress that I just spoken about up through February.

In terms of pandemic response, we also went on the offense in addition to taking those offensive measures. So we introduced many new products, and several of our businesses pivoted to produce products like face shields and face masks or content that was specific for their products related to the pandemic. And the chart here shows our weekly bookings since the beginning of January, and we've indexed it each week to the same week in the year 2019 fiscal year. And the solid horizontal line near the top represents 100% of last year's bookings. And you can see, there is this precipitous drop which we had at the end of March and into April, with several weeks where our consolidated revenues fell more than 60% versus last year. And frankly, some of our businesses fell much more than that. The black line that starts in week 19 shows that our booking -- what our bookings would have been without the newly introduced products that we did like face masks, and the delta between that black line and blue line is the uplift of the new products that we've created.

These have been an important aid to our recovery, and we're proud of the nimbleness we had and the teams exhibited in delivering those new products. You should note that more of the difference between the trough and where we are today has come from the sale of existing products, whether for existing use cases or for new ones. For example, A [large sign] that might have normally advertised a house painter was customized or changed to offer a content for families who wanted to celebrate their child's graduation from high school or restaurants converted to produce takeout-only customized signs and brochures for the need to shift that restaurant's business model. Even more recently, as government restrictions have been lifted, we've seen small business customers getting back into business with signage and marking materials that are continuing to go up to allow them to open up safely.

Now the Cimpress of 3, 4, 5 years ago, frankly, I believe, would have had struggled to react to the pandemic at this speed because we would have been, I believe, too slow, too centralized, too top heavy to respond with the speed which was necessary. And we were so different back then. We've been able to react by being entrepreneurial, with each of our businesses focusing on a specific objective that they set based on their specific circumstances autonomously. And this is why Cimpress organizes largely as decentralized teams. They have the mandate, the resources and the decision rights to achieve their defined objectives as autonomously as possible. Our decentralization does allow for that high-speed pivoting across the diverse parts of our organization.

Now we may be autonomous, but we fundamentally believe we are stronger together than we are apart. And we do, as you know, invest in these select few strategic capabilities that we invest in essentially but improve their value across Cimpress, and that was very much the case during the pandemic.

Our mass customization platform, MCP, allows -- again, as I mentioned before, allows us to shift volume between our different businesses and manufacturing facilities. Our central procurement teams, working in concert with team members in each of the businesses, helped drive cash and cost savings. Our central finance and legal teams fortified our balance sheet. And importantly, there was great peer-to-peer knowledge sharing and cooperation between different team members and different parts of Cimpress willingly and generously supporting each other.

Now I'd like to provide a brief strategic update on the various parts of our business. And later, Sean is going to go through these in terms of a financial update. But I'll start with us, Vistaprint. So when we entered FY '20, we were 6 months into what we call a transformation journey to deliver jaw-dropping customer value. And the pandemic and the energy and focus that's taken across Cimpress to respond has definitely impacted the trajectory on this journey and delayed by 4 to 6 months our investment in the second phase of this journey you see in the greenish yellow in the upper right-hand corner of this diagram. But we really don't believe it has materially damaged our ability to do that over the long term.

And as I said before, I do believe there has been -- in some places, where our teams have used the pandemic as a catalyst for improved results, especially in terms of the first phase. And that first phase was, and it remains, to rebuild Vistaprint's foundational basics. Because no matter how big our opportunity or how great our strategy, we can only grow as tall and as fast as our foundations will support.

Foundational basics are the fundamental building blocks that are present in any successful company. And they're not strategy per se. They're simply must haves. Our businesses and team members who master these foundational basics can apply them in many different domains. In FY '20, Vistaprint made great progress to build or rebuild or fortify the basics that you see on this slide. We were focusing on them to get our rigor and efficiency back. We're investing in our capabilities that return us to cutting-edge and best-in-class technology, data, analytics, marketing, manufacturing, design and service. We were changing our ways of working to build execution-oriented empowered teams. It's about excelling in all the basics in order to create a foundation upon which we will drive new levels of innovation and service of jaw-dropping customer value; identifying and earning exactly what we will need to succeed; the best practices and experiences for our customers to the smartest tools and rewarding -- most rewarding opportunities for our team members around the world.

Now this is a chart that we've shown at Investor Day over many years, and it demonstrates the progress or -- and sometimes, in the past years, a stagnation of Vistaprint's per customer cumulative gross profit for each annual cohort of customers. And this measure is important because in one single measure, it combines factors such as customer churn, repeat performance and the cost of producing and servicing our customers. And last year, I pointed out how this measure had stagnated over the last few years. And you can see that if you look at the slide and see how many of the slides between, say, 2015 and 2018 didn't really move.

Now today, we're showing not a fiscal year, but once again, the trailing 12 -- I'm sorry, the calendar year to December. And I'm happy to report that, that newest cohort has started to demonstrate growth and moved beyond that stagnation that had happened over the last few years. The first order value -- gross profit was higher than the first order value of prior years, and the trajectory in the future years -- year 1 was steeper than other cohorts. And we believe that this is a direct result of the focus on customer value journey that we've been going through and the investments we've been doing across the board, for example, in reducing what we call the death by a thousand cuts or improving our use of data and many other things we're doing across Vistaprint. I really believe this is just the beginning of a long-term trend we can do to improve the cohort value at Vistaprint.

Now I'll turn to Upload and Print, where our businesses delivered continued innovation; strong progress driving, what I'll call, normal operations through February; and very strong success in reacting to the pandemic. You'll recall that less than 18 months ago, we organized these businesses into 2 subsets: PrintBrothers and Print Group. And we eliminated or deployed to the front line a layer of management that was too far from the -- our front line previously. And we did so to drive efficiency, cost reduction and better customer value from the sharing of best practices and products across the subsidiary businesses in each of those 2 groups, and this has been a real success. Since the onset of the pandemic, it's accelerated, and both groups have actually accelerated our activities in terms of cost savings, but also new product introduction. And as revenues have returned toward normal levels, we expect to see strong benefits as a result.

Both PrintBrothers and Pixartprinting also were key contributors in working across Cimpress to introduce pandemic-specific products and to respond to the sudden drop in business via proactive cost controls.

Like many parts of Cimpress, in this segment, we are also investing heavily in a multiyear project to rebuild the technology infrastructure on top of the MCP platform, and we're making steady progress in that regard.

Now I'll move to National Pen. And as was the case with other parts of Cimpress, a year ago, we looked back to the prior year and we talked about how FY '20 would need to be a change and be instead a year of strong execution with a focus on lowering cost structures, improving our direct marketing returns through investment and accelerating investment in technology and our e-commerce capabilities. And through February, this was very much on track, the significant improvements to service operations, production capabilities, country-by-country rollout of e-commerce platforms, once again based on MCP's capabilities.

The pandemic, when it hit, acted as a catalyst for National Pen to accelerate its cost reductions to introduce a large number of new products, and that was really done at a previously unprecedented pace. And importantly, during the deepest trough of the pandemic, we maintained and even increased our investment in technology and new production capabilities and e-commerce talent that we identified as being so important for the long term.

The newest business in the Cimpress portfolio, BuildASign, had a very strong year, and that's both before and during the pandemic. Early in the year, we completed a major expansion of the production operations in Texas and introduced multiple new products and e-commerce capabilities. The pandemic created significant disruption, but the team members in BuildASign worked tirelessly to introduce new products, new content and to shift focus in how we went about marketing and production. This included finding signage and signage content for businesses to adopt and adapt to the pandemic. For example, doubling down on consumer products, such as auto and wall decor the customers earned to in order to keep in contact with loved ones. And BuildASign ended the year with strong growth and strong profitability, not only before the pandemic but across all 4 quarters.

And finally, in our early-stage businesses, we significantly reduced our losses as a result of a narrowed scope and strong execution at Printi by traction at what is still a nascent business, but a very exciting business at YSD in China and the sale of our investment in VIDA. And the 2 new businesses, Printi and YSD, are remaining investments for us, but we feel that both are on the right track to become strong market leaders with strong prospects for growth in the future. Once again, first, in China, and then in Brazil, the teams here have had to be incredibly minimal and proactive and decisive in responding to the extremely unique challenges of the pandemic, and I commend them for doing that.

Importantly, across Cimpress, in FY '20, we also continued to make great progress against our corporate social responsibility, or CSR, objectives, which have long included a commitment to sustainable forestry and to the reduction of carbon emissions. We actually accelerated that by expanding our commitments to CSR, including a Cimpress-wide commitment to reduce plastics in our packaging and our products and increasing our commitment to a company culture which promotes and protects diversity and inclusion.

Now I'll talk -- I'd like to talk about why despite and even because of the curveball that this pandemic has thrown us we believe that we will emerge in a stronger position. First of all, we've done this before. We've had to manage through multiple difficult economic periods several times in our 25-year history. And in each of those historical examples, our belt-tightening enabled us to maintain key investments despite a difficult macro environment, which allowed us to improve customer value delivery, to lower cost structures and to set the stage for subsequent growth. And following each of these periods, we benefited from a competitive landscape that accelerated the shift of demand from traditional suppliers to the mass customization paradigm where we excel. And we have the opportunity to ensure that this current situation yields a similar result, as what has happened in the past.

The pandemic also accelerated millions of people to e-commerce at the expense of traditional off-line competitors. In the shelter-at-home experiences, everyone has lived through and is living through, are making e-commerce and services at a distance like ours even more mainstream. And the 20-year megatrend from off-line to online has just accelerated, and we, as a leader in online in our market, are benefiting from that. 10 years from now, this will be -- and e-commerce will really become the standard, not the exception, and we believe we'll continue to benefit and expand our leadership because of that.

Next, for every failed or failing small business, and unfortunately, there are a lot of those happening now or will be happening over time, there's also a new entrepreneur. And as we have done in the past economic downturns, we have an opportunity to serve millions of individuals who take up self-employment or freelance roles or create a small business in response to their need to find new ways to earn a living.

Next, our business model enables us to serve our customers with a fundamentally more competitive, lower-cost manufacturing model than the highly fragmented subscale traditional competitors. And on this slide, you see on the lower left our Canadian facility, on the lower right our Italian facility, and the scale at which we operate across Cimpress is simply unprecedented. And that gives us enormous ability to have very focused production lines which are highly efficient and to invest in automation and capital that makes our production operations really the envy of the industry.

But the advantages don't stop with production. We also have scale advantages from high-quality, low-cost service operations. And on this slide, you see operations we have in Manila, in Jamaica, in Tunisia, and really India, around the world. And we use a combination of workflow software and automation of our customer relationship management combined with a huge number of talented team members operating around the clock around the globe. And that has given us incredible capabilities, not just on the back end for manufacturing, but on the front end of our service operation.

And finally, I'd say the fact that we have these select few shared strategic capabilities of MCP, of a global procurement and Cimpress India, where we're investing heavily in the talent infrastructure, that gives us great advantages that we can deploy across all of Cimpress.

And as you see on the left hand side, we do have this yin and yang approach of being very clear on providing autonomy and decentralization, yet increasingly creating guardrails of accountability that have each of our teams clearly understand how they need to deliver value, both for the shareholders but, importantly, for the customers.

So in summary, we look to the period before and during the pandemic, and we're happy with the value creation we drove across Cimpress. And for the reasons I just outlined, we look forward to the other side of the current conditions and hope to come out even stronger than we went in.

I hope today's presentations and discussions help you share the same conviction and enthusiasm we have in that regard. With that, I'll turn it back to you, Meredith, for the next step.

Meredith Burns - *Cimpress plc - VP of IR*

Excellent. Thank you so much, Robert. I appreciate that. We are going to take a very quick break, about 4 or 5 minutes, and we will see you back. You will see a 60-second countdown timer on the screen when you know it's time to start paying attention again. So see you very shortly. Thank you.

(Break)

Meredith Burns - *Cimpress plc - VP of IR*

And welcome back. We hope you were bopping along to the music. We were in here in the room in our socially distanced pods here. So we just heard from Robert, and now I'm going to turn things over to Sean to talk about capital allocation. So take it away, Sean.

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

Great. Thanks so much, Meredith, and thanks, everyone, for joining virtually, and good morning.

So let me start off by just covering the agenda for this session here, which will be, first, to look back and cover in a little bit more detail than Robert did the momentum that we were making from a financial perspective through February and then also cover our full year fiscal 2020 results; and then get into some topics around capital allocation, capital structure; and then look forward to fiscal year 2021 and what gives us confidence from a financial perspective.

All right. Let's get into it. I'm going to start here with revenue. And you can see our track record of growth over the last decade. In Robert's earlier slides, this graph extended all the way back to the year that we went public, which makes that track record even clearer. Because of the changes that we had planned in fiscal 2020, including reductions in advertising spend in both Vistaprint and National Pen that we spoke about at this very event last year, our consolidated constant currency growth that you can see here had shifted down to 3% for the trailing 12-month period to February, excluding the impact of acquisitions. And of course, when the pandemic hit, as we've talked about in some of our other public remarks, that had a significant impact on revenue starting in March. And for the full fiscal year, our reported revenue declined by 10% and our organic constant currency growth declined by 11%, the first ever annual decline as a public company for us.

On the next slide, I'll go through profitability. And just to orient you here, on the left is our GAAP operating income. And on the right is our adjusted EBITDA, which shows the trajectory of our profitability when you remove the impact of restructuring costs and impairments and certain impacts of acquisitions like amortization, but also includes our currency hedging gains or losses. And as you can see, we were delivering record performance through the trailing 12-months that ended February, and not by a little bit. Adjusted EBITDA had expanded $90 million compared to fiscal year 2019, which, if you think about it, is really only an 8-month difference between those 2, and that was the prior high mark that you can see on the slide here in fiscal 2019. We weren't satisfied with our performance everywhere. But overall, we were executing well on what we had talked about at this event last year, and we believe that we were gaining momentum as well.

We believe most of the factors that drove that EBITDA expansion are sustainable, although, more recently, are certainly blurred by the impact of the pandemic, and you can see that here as well. For the full fiscal year, we still grew adjusted EBITDA to $400 million for the year, but that's certainly dulled by the year-over-year decreases in our adjusted EBITDA over the last 4 months of the fiscal year.

I want to highlight just a few of the drivers that led to that expansion through February, some of which I'll cover later as well. The single largest was our improvement in Vistaprint's advertising efficiency, which, coupled with other improvements that we had made in Vistaprint, allowed us to maintain basically flat revenue year-over-year while significantly reducing our advertising spend. But we also had expansion in each of our other segments as well, driven from operational improvements, organizational improvements and top line growth. And in our early-stage businesses, we experienced reduced EBITDA burn, especially in Printi in Brazil, which had executed a significant restructuring in the beginning of the fiscal year and also improved their focus.

And importantly, these results, including for the full fiscal year, were achieved while we were protecting key investments throughout the business, some of which Robert outlined in his prior session. And you'll also hear about some of those investments from Maarten in a bit.

On the next slide here, you can see our cash flow trends over the last decade. On the left is our cash flow from operations. And on the right, our adjusted free cash flow, which also shows the cash interest we've paid related to borrowing so that you can get back to unlevered free cash flow. Each of these metrics does have some volatility in it depending on the levels of organic investment we have each year. But you can see the progress that we've made, not only over time, but most notably, again, in that trailing 12-month period through February with unlevered free cash flow that was $360 million and adjusted free cash flow of $293 million. And much of that improvement was the flow-through of the adjusted EBITDA expansion that I reviewed on the prior slide.

And again, you can see the impact of the pandemic for the full fiscal year, although we were able to protect cash flow to an extent by partnering with many of our suppliers to delay payments and also delaying indirect tax payments where governments had allowed us to do that.

On the next slide here, you see our return on invested capital over the last decade as well, and it's really the same story here. The return on invested capital for the trailing 12-month period through February was the highest it's been since 2011. And that's on an average invested capital base for that period, which was $1.3 billion compared to the 2011 period, which was $260 million. And there's a number of things that impacted that. I mentioned earlier the improvements that we had made in Vistaprint and the reduced cash burn from early-stage investments, but also a full year of BuildASign results; the year-over-year growth there as well; lower cash taxes, 2 of which have been aided by acquisitions that we've made over recent years.

And over the last 3 years, I think it becomes very clear in this chart as well, you can really see the impact of overall improvements that we've made to our cost structure. And while the pandemic certainly weighed on returns for the full fiscal year in 2020, you see that like tick down for the full year, our return on invested capital was still up slightly year-over-year, and that's why we continue to have material organic growth investments that weigh on the numerator.

Okay. These next few slides here just give a quick overview of the financial results for our segments over the last 3 years. And we, again, include that reference point for the trailing 12-month period through February. We included these same charts in Robert's annual letter to shareholders that we released last week. So I'm not going to go through these in a lot of detail, but I'll run through them quickly.

And the first one is for revenue. Our results for revenue were in line with our previously set expectations at the beginning of the year through that February period in almost all of our segments. And then again, you see the pandemic-driven fall-off for the full year, with the one exception of BuildASign, which actually grew in the last 4 months of the year.

As I discussed on the earlier consolidated EBITDA slide, we had improvements across the board in our trailing 12-month February period for all of our segments from an EBITDA perspective. And for the full year, we still had growth in segment EBITDA in 3 out of the 5 businesses -- or groups of businesses that you see on the slide despite the impact of the pandemic.

And then lastly, for our unlevered free cash flow, the story here has a very similar theme to our consolidated results and also the segment EBITDA chart. But the overall story being improvement in our results through that February period with a pretty big drop-off for the full fiscal year, except in BuildASign and in our early-stage businesses, which continued year-over-year improvement, grew all the way through the end of the fiscal year.

On the next slide here, you see on the left our net debt over the last decade, going from that starting point of cash position to $1.4 billion of net debt by the end of fiscal year 2020. I'm going to come back to capital structure and debt levels and provide some more details and thoughts on that, including our more recent capital raise that we did in April and closed in May. And I'll also come back to share repurchases, which you see on the right-hand side of the slide. That was a significant use of capital for us in this last fiscal year, and you can see that in the chart on the right. And you can also see on that chart on the right that both our diluted share count as well as our basic shares outstanding have declined roughly 40% over the last decade due to the extent of the share repurchases that we've executed over that time.

All right. I'm going to switch gears now to our uppermost financial objective. And financially -- and we've said this consistently for the last 5 years. From a financial perspective, our priority is to maximize intrinsic value per share, which is defined, as you see on the slide here, as the unlevered free cash flow per share that in our best judgment will occur between now and into the long-term future, which we then appropriately discount back to reflect our cost of capital, and then we take out our net debt per share. And we need to grow our estimates of intrinsic value per share at rates that are above our cost of capital if we're creating economic value. There's, of course, a lot of estimation in this number, especially as it relates to future returns from the potential value of both our past and future growth investments. But we believe that there's a critical part of evaluating the progress that we're making in our intrinsic value per share, which is understanding the evolution of our steady-state free cash flow. So let me give an update on our latest estimates there, which Robert had also referenced in his session earlier.

So we define steady state as having a sustainable and defensible business that's capable of growing after-tax free cash flow at the rate of U.S. inflation over the long term. And we continue to learn from and improve the analysis that we do in this space, but we think that our precision has increased over recent years. And that's really been helped by the clarity that we now have in the decentralized structure on both the extent of the investments that are needed for growth, but also being able to hold people accountable for those. And we believe we've made a lot of progress in that area, and it's made this analysis more meaningful as a tool for us to use over time.

For this last fiscal year, rather than trying to attempt to estimate what the impact of the pandemic was on that steady-state free cash flow, we chose to perform our estimates as of the end of February to understand the cash generation ability of the business in a steady-state environment. And in so doing, we haven't factored in any of the permanent cost reductions that I'll talk about a little bit later that were implemented in the last 4 months of this last fiscal year in response to the pandemic.

Let me just step through these estimates. So we start with our adjusted free cash flow, and then we add back our cash interest related to borrowings to get to an unlevered free cash flow. We then make a few pro forma adjustments. Typically, this would be to take out our nonsteady-state working capital benefits and to include any of the full year impact of acquisitions or cost savings from restructurings, and we've done that here. One of the things we've also done for this particular estimate is to include $20 million of burden, so a reduction of cash flow, for a nonsteady-state cost in Vistaprint, recognizing that we were operating at low levels of advertising and we're also doing some hiring that we didn't have the full year impact of and we viewed as maintenance bids. So we burden these estimates with both of those. Now given what we now know about both advertising efficiency but also the permanent cost reductions that we've done since the time of these estimates, it's certainly possible that a portion of that is needed.

And that gets us to our pro forma unlevered free cash flow. From there, we add back an estimated range of the growth investments that we believe are not needed to maintain that steady state. A good example would be our early-stage investments or even the investment portion of our mass customization platform, and that gets us to a range of $455 million to $485 million for the February trailing 12-month period, as Robert also included in his recent letter.

We've certainly experienced a large increase in the range of our steady-state free cash flow estimates. Robert, again, mentioned this before, which is a pretty similar trajectory to the actual profitability and cash flow expansion that I covered earlier. The impact is really from across all of our businesses and central teams. But the single largest impact comes from Vistaprint, where, as I mentioned before, much of the advertising spend that we've been able to reduce while maintaining flat revenue was previously assumed to be needed to maintain steady state. So that has a big impact on these calculations. And we had experienced only a little bit of that benefit in fiscal year 2019, which is why you see that big step-up in the most recent estimate.

Similar to our adjusted EBITDA trends, here you can see the impact of the growth of our businesses over time as well and how that's improved our steady-state free cash flow. But very importantly, the impact of improvements in our cost structure, whether that be from organizational improvements over the last 3-or-so years, leveraging technology, getting benefit from our shared strategic capabilities like procurement and many other things that have led to these improvements.

So before I get to look forward to fiscal year 2021, let me touch on a few capital allocation and capital structure topics as well, including financial leverage. Since we don't have any expectation of paying dividends, there's really 4 ways that we can allocate capital for future value creation, and we've talked about this in the past, and that is executing on the types of organic investments that we outlined at last year's Investor Day, like we have this year; and M&A, repaying debt or repurchasing our own shares. We certainly had those organic investments over the last year. And from an M&A perspective, we did really very minimal activity there with some small tuck-in investments. But I think in total, it was $4 million or $5 million, so not significant.

Share repurchases, on the other hand, have been a very substantial allocation of capital since 2009, where they, in total, have been about $1.5 billion to repurchase half of our shares that were outstanding at the beginning of that period. But also in this last fiscal year, where we allocated a very substantial amount of capital, spending $627 million to repurchase 5 million shares at an average price of $125 per share. And I should note that, as you see on the right-hand side of the slide here, we now have just under 26 million shares outstanding at the end of June with minimal dilution from equity awards since the PSUs, which form most of the equity awards still outstanding. We'll only be dilutive if we're able to achieve future performance targets that are based on future share price averages. And then, of course, we have the warrants issued in our recent financing, which is a maximum of 740,000 shares assuming net debt settlement, as Robert referred to earlier. So that means that for every roughly $27 million of improvement in our cash flow going forward, we would generate roughly an additional $1 per share of cash. So that's very, very significant.

Now we don't repurchase shares all the time, but we do so when we believe that our shares are trading at a significant discount to our estimates of intrinsic value per share. And prior to the pandemic, if you refer back to the slides that I just went through, we had experienced a significant expansion in our estimates of steady-state free cash flow and also our actual cash flow. And our comfort level with those estimates was increasing, as I referred to before. And we believe that we were also building momentum based on what we were seeing throughout our businesses.

This, coupled with the cash flow yield on share repurchases relative to other capital allocation opportunities, informed our belief that this was an attractive opportunity, and we were doing these repurchases while maintaining levels of leverage right around 3x trailing 12-month EBITDA, which we believe was an appropriate level of leverage for the reasons we've talked about in the past. And of course, in hindsight, which, unfortunately, no one has when making any decision, while we believe that those repurchases that we did in fiscal 2020, which were significant, will still have good absolute returns over time, we recognize that there was a very significant opportunity cost to those repurchases, both given the share price levels that we've experienced over the last 4 months, but also what would have most likely meant avoiding the need to raise expensive capital to get the financial flexibility that we wanted. And we've certainly reflected on that, both what is an appropriate leverage level and how aggressive we should be or should not be on capital allocation relative to the extent of capital we allocated to repurchases last year. And I'd say nothing has changed in our broad capital allocation approach that Robert updates on in his annual letter each year. And we haven't made any specific changes to our views on longer-term leverage. That said, as we look forward, and with the experience of the last 4 or 5 months, we certainly continue to evaluate the intensity of investment relative to the value of dry powder and financial flexibility. Both of those things are things that we very much value.

On this next slide here, the chart on the left provides our historical leverage ratio by quarter going back to the beginning of fiscal year 2016; and on the right, our current capital structure as of the end of this past fiscal year. You see the uptick in leverage in Q3 and Q4 of fiscal year 2020, the last 2 data points there on the left, given the pandemic-driven year-over-year decreases in our EBITDA in those quarters. And at the end of June, we had liquidity of $469 million between both cash that we had on the balance sheet and access to capital for our revolver, which increased during the fourth quarter despite the impact of the pandemic.

And during the period that our maintenance covenants are suspended, given the credit facility amendment that we executed on at the end of April, which will extend all the way through December 2021, we are not able to repurchase shares during that suspension period. And we're limited to the extent of acquisitions that we can do, which is a $50 million cap.

So in fiscal 2021, we expect to pay down debt with excess cash while at the same time, maintaining organic investment. Actually, we received a presubmitted question. It was around this topic. And so I'm just going to grab it here while we're on it. And let me just read the question which was, "What was the thinking behind suspending maintenance covenants and raising expense of capital in April. At that time, it seems unlikely that any covenants would be breached until the second quarter of fiscal year 2021? Did you consider waiting longer to see how things play out over the next couple of quarters?"

So I think I answered part of this already in terms of the thinking. We did consider waiting longer, and we did consider other instruments, but the question references the second quarter of 2021, which -- as the quarter in which we would first be up against our financial maintenance covenants, which for us would be the December quarter of this current calendar year. And if we were down at the level -- from a revenue perspective, if we were down at the levels that we were at in second 2 weeks -- or the last 2 weeks of March and into April, our maintenance covenants would have been an issue sooner than that. And so we wouldn't have the benefit to wait that long, although we did consider waiting longer than reacted.

Frankly, our own recovery to the current demand levels that we've talked about, down 5% in the month of July was quicker than we had anticipated. And also the capital markets, including the high-yield market has been far more constructive than those earliest days of the pandemic, helped by the amount of liquidity that's been pumped into the market. So our view, which certainly can be criticized, was that we wanted to move quickly to ensure that we had the flexibility we needed to protect investments and focus on driving forward for a post pandemic world and that the value of that over the long-term would be far greater than the near-term cost of more expensive debt and also the dilution from the warrants. And in so doing, we did attempt to have a debt instrument that also had flexibility in its optional redemption features as well so that we could participate in that if the recovery was quicker than expected. Hopefully, that answers your question.

So let me now turn to looking forward to fiscal year 2021. And before I share some of the things that we know, let me just start with acknowledging what we don't know, which is that we are, of course, operating in an environment where there remains a lot of uncertainty on the timing and extent of a full demand recovery. And any volatility that could and very well may occur from continued changing government restrictions or the evolving macro environment in the geographies that we operate in. So we recognize that uncertainty that we can't control. But let me share some of the reasons that we have confidence from a financial perspective, and why we were confident making the statement that we did in last week's earnings document that at current demand levels, assuming historical seasonality, we think that we can be roughly back to the December 2019 trailing 12-month EBITDA results, which we reported and were very similar to the February numbers that I went through earlier.

Before I do that, let me just make sure that, that statement that we made was clear. We did get a couple of follow-up questions on that. And when saying current demand levels were there referring to the fact that we were down about 5% in July in consolidated bookings and a little more than that in the last weeks of June relative to the pre pandemic period. So when we say similar demand levels, you should take that commentary to mean relative to the same month in the trailing 12-month December period, so prior to the pandemic. Hopefully, that's clear. Okay.

So this slide here is, of course, the same slide that Robert went through earlier, so I'm not going to go through it in detail, but I did want to use it to show this view in terms of what gives us confidence going forward. Consolidated bookings were down about 5% year-over-year in July. You see that on the right-hand side of the chart. And that was certainly helped by COVID-specific products that were introduced like mask. And you can see that if we remove those products, we'd be operating at that black line in the graph, which is a little bit lower. But the demand recovery that we've experienced has been broad-based, both on a product dimension, but also on a geographic dimension, although there are certainly some product categories that have benefited and some that have lagged. But we've shown the ability to quickly identify pockets of demand over the last 4 months through new product innovation or adaptation, and we have confidence that we can continue to do that despite any volatility that might be ahead.

From an advertising spend perspective, as I mentioned a few times earlier, we've seen advertising spend efficiency gains with the use of new tooling or better use of data and also new talent as well in Vistaprint being the main driver of the improvements that we've made to our advertising spend in terms of efficiency, but also helped more recently by lower cost as well, lower cost per click and paid search and so on, given just less competition in some of those auctions. And in this chart, you'll see that in fiscal 2018, which is the far left there, advertising spend as a percentage of revenue was about 17% at a consolidated level. In fiscal 2019, we had started to work on those improvements. We talked about that at this event last year. And in fiscal year 2020, that had dropped down to 12% with very similar revenue levels to fiscal year 2018. It's not necessarily where we will stay, and we've already begun to expand marginal payback thresholds beyond the very constrained levels that we were operating at in the fourth quarter, which for the most part, was first order payback. That said, we do believe that advertising efficiency, especially in Vistaprint relative to past years will and can continue to be significant.

On the next slide here, let me just discuss some of the structural cost reductions and cost levers that we've identified and we expect to maintain in this fiscal year ahead of us. First, in our pandemic response, and we've talked about this in our earnings document as well, we permanently removed about $30 million of annualized costs from our cost structure that we will not bring back. Intangible examples of that are the technology restructuring that was executed, which is about $9 million of annualized benefit and the sale of VIDA, which will reduce cost by about $5 million compared to the prior run rate.

Second, we've identified roughly $20 million of fiscal year 2021 savings from temporary cost reductions that will be added back in throughout the year. And so we don't expect that they'll persist beyond this fiscal year. An example of that, just to make it tangible, would be reinstating suspended benefits for some of our team members, where we will experience some benefit in the beginning part of the year, but not the full year and not beyond this fiscal year 2021. We'll also continue to seek to keep our variable costs roughly flat as a percentage of revenue. In other words, changing up and down with demand. I think we executed well on this in the fourth quarter as shown by our gross margins, which were on a consolidated basis, flat year-over-year. And we also experienced leverage in advertising spend, of course, as I previously noted. And while we've reduced cost, we also plan to sustain or increase investments across technology, data, full funnel advertising spend and a number of other areas.

This next slide here shows those cost reductions in fiscal year 2021, both the temporary cost reductions and permanent cost reductions by segment in comparison to the trailing 12-month December period as a point of reference. I'm not going to walk through these in detail, but we thought this might be a helpful reference point for all of you as you think about modeling these benefits. Not surprisingly, the largest numbers here are in our largest business, Vistaprint. And then that basically takes us all the way from starting our revenue all the way through our EBITDA.

Let me just touch on a few considerations from a free cash flow perspective for the year ahead, also to help you with any modeling. The first one is cash interest. We expect to have increased cash interest if debt levels stay the same due to increased mix of higher interest debt. As a reminder, we had done a follow-on issuance of $200 million of 7% high-yield notes back in February, but we'll have the full year impact of that. And then, of course, we have the $300 million of 12% second lien debt that we closed on at the beginning of May, and we'll have the full year of that, which leads to roughly $20 million to $30 million of higher cash interest relative to the December trailing 12-month period, which didn't include either of those.

The next one is cash taxes. We expect cash taxes to remain low this year relative to past year's trends, helped by refunds from our net operating loss carryback provisions that are available to us in the U.S. as a result of the CARES Act.

From a cash restructuring standpoint, relative to the trailing 12-month December period, we don't really expect there to be material changes relative to what we know today based on our accrued restructuring charges at the end of the fiscal year.

From a working capital perspective, and we've talked about this in last week's earnings document as well, we were able to partner with many of our suppliers around the world to delay payments but also took advantage of opportunities to delay indirect tax payments or payroll tax payments, where governments were allowing companies to do that. The sum total of that is about $50 million of delayed payments. And we expect about 65% of those delayed payments to be paid in the first quarter, about 30% of those delayed payments to be paid in the second quarter and then the remaining 5% to be paid in the third quarter. So we'll experience that WIP from a working capital perspective.

Now I do expect that, that will be partially offset by working capital favorability from any revenue growth that we experienced relative to last year and certainly in the fourth quarter with revenue being impacted by the pandemic. For the full year, I expect we'll have some working capital filling back in and offsetting that WIP back of the delayed payments.

For our capital expenditures, these still are being tightly controlled, focused on required maintenance spend, but also where we have opportunities to invest in projects or equipment that have very clear ROI like new product introduction, and we'll continue to do that.

For capitalized software, we're still making investments in new software in fiscal year 2021. Across our businesses, that's a key theme, and we're starting to see the returns come through from those past investments. I would expect similar levels of intensity here compared to the December trailing 12-month period, which was about $50 million. And then lastly, I'll just note that we do expect to have a year-over-year impact of currency on EBITDA and cash flow, which should be unfavorable based on our average hedge rates this year relative to last year. And that, of course, can change given recent dollar, U.S. dollar weakening, but that's what we see right now.

So in summary, we're executing -- we were executing well prior to the pandemic through February, as I talked about. Over the last four months, we've, I think, also executed well, but in response to the pandemic and everything that we outlined back in April in terms of what we were going to do in response to the pandemic. From a capital allocation perspective, the year ahead is going to be primarily focused on organic investment and then using excess cash to repay debt. But beyond this period, I expect that we'll be in a position to have a broader mix of capital allocation as we've done in the past. I want to just say thank you again for your time today and for your continued partnership, and I certainly look forward to taking any of your questions that you have as we get to that session later today. Thank you.

Meredith Burns - *Cimpress plc - VP of IR*

Excellent. Thank you so much, Sean, right on time. We are going to move to a 4-minute break right now, and this is going to be one of those breaks that has a poll question. So feel free to share your thoughts on the question. Thank you so much. See you soon.

(Break)

Meredith Burns - *Cimpress plc - VP of IR*

And welcome back. I -- before we move into the next session, I am very curious about the results from that poll. And here we are showing them -- Oh, excellent. Everybody is very smart on this webcast. You've chosen that coworker employee of the month is your spouse or partner, who is the best in every way, and you can't live without. For me, it was very, very close between my dog and my husband, but my husband definitely went out.

So we could take that poll down. And without further ado, I'm going to turn things over to Maarten Wensveen, who's going to talk about MCP and technology.

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

Great. Thank you, Meredith. Good morning, good afternoon, good evening.

Today, I'm going to talk about MCP, a little bit of an overview, the adoption. What has happened a little bit throughout the pandemic. And also what is coming next for MCP, but especially most of the focus today is going to be drilling in, anything that I also talked about last year in Investor Day that we are focusing more on rating the sort of modular components that are necessary to build a great e-commerce experience. And so I'll dive specifically a little bit more into that today.

First, let's [discuss] a little bit again what is mass customization? And why are we doing this? Why we are rebuilding this platform? Both sides of it. And it is basically to have skilled advantages from a simple perspective, which can help us to get incremental revenue or basically lower the cost profile to do these things at scale. But also to help the customers to just make it more efficient, more simple to get through our experience. And to make it more magic, we'll take care of all the hassle. And then also, while we have those skilled advantages, bring that lower cost to the customer.

So in the next slide, how do we basically do that is through always building that now in a microservices modular way of building software? We haven't always done that many, many years ago, but now everywhere, to all the Cimpress businesses, this is happening. And this helps us to be flexible, but also to have businesses use these software components in sort of different product sets and basically keep their unique identity. So that we don't all have businesses that are just exactly the same, they can mix and match them in different forms. Some of these products actually sort of lump together in a magical sort of solution, a superset, and that has been a good focus to make that as easy as possible for our businesses to adopt.

Let's go into that in the next slide a little bit, where I would say the main 5 sort of solutions, supersets that you will see in MCP is the first one where majority started a little bit is our artwork pipeline. This is where a customer can come in with a logo that has a background, has low resolution. It's basically definitely not print ready or ready to be lasered or ready to be stitched on a baseball cap. We do all that magic behind the work by transferring these images real-time as fast as possible and making that simple for them.

Marketplace, the buying and selling of our products. Our market is quite fragmented within both print, both the laser products, embroidery, the whole thing and making sure that flyers and flyers and flyers across our particular industry while the businesses can keep their uniqueness themselves, but having an easy way to buy and sell from each other to really leverage skill is where marketplace has been designed for. But it is also actually very nice in these -- as a sort of added benefit while we were in a pandemic, which is definitely, of course, a bad thing, we were able, with marketplace, to transfer orders quite quickly and efficiently.

Logistics and optimization, how do you optimize the flow of products flowing over -- throughout all of our businesses. And also, how do you, within the factory, create those efficient cells that can produce orders, small orders, but in large volume in aggregate.

E-commerce, I will dive in a little bit later. And this all underpins for all of these other solutions with that data platform. The data lake, where we have an extreme low hurdle to store every event, every individual moment that happens and then later to analyze those or even do advanced data science on that to create more insight. And even further, if you think about that across all of our businesses, we have this unique sort of lens on the whole landscape of what happens within volume shifts between all of that in Europe or all of that in the U.S. This gives us great insight and which is, I think, a thing that we will tap in more and more value in over the coming years while we keep investing in MCP. Next slide.

A couple of nonpandemic related, I would say, definitely wins. Some of those manufacturing systems, for instance, in National Pen, we have been working together with them, really get a much deeper automatization stand within their factory where everything now can start to get real-time monitored. That is not 100% of all their product flow, but it is rapidly going throughout the -- throughout our production facilities, which is a great win. But getting also more and more of the businesses going deep into the logistics part of it, where we have more efficiency in terms of cross-border shipping, in terms of calculating what the best path is or what the optimum shipping time versus the production time in the factory would be to get the best cost profile out of that.

E-commerce, Printdeal completely live on the, I would say, A to Z, from MCP all the way to the e-commerce stack that MCP offers. It is a great collaboration with them, and you see -- and they're still sort of stabilizing and getting more and more out of that, but it's awesome to see that the businesses are starting to pick that up. And then, for instance, deeper Cimpress Integration even in third-party tools with MCP, think about many of the third-party factories that some of the businesses like to collaborate with, not only our own factories, where we have integration in the more popular manufacturing information systems and make that very easy to just hook up their factory in terms of MCP and start producing for one of our businesses.

So let's go to the next part of it. You can clearly see that in the tech adoption. And me, as the technologist, I'm very pleased to see, this is a little bit anonymized, but the amount of APIs that get caught or utilized by our businesses is just going up massively. On the sort of black chart, you see in production, which is always a very important thing from a technology perspective. This means actual business is conducted over these services is increasing. But also in exploring, is basically, they're developing right now on it and getting ready to put it in production. So this is still -- there's a growth rate still coming, and that is definitely an indicator of usage of MCP. But if we go then from a business perspective to the next slide, you see on the left axis, quarter-by-quarter, gross sales, basically from that marketplace perspective, the sales of products going up and down. That is also really going up. And of course, the last quarter, very much so, given to the pandemic going on, and people had to do emergency switching

THOMSON REUTERS

towards each other. And also just we've been creating and making it easier to actually adopt MCP, and we'll continue to do that to make just the easiest path to do business with each other is a thing that is really starting to pay off. So I'm pretty excited about that.

So in the next slide, what are we investing in from an MCP perspective in FY '21? Well, mobile is a big team, making sure that everything is infused in mobile. That's not only those e-commerce front-end parts of it. But it even goes to back-end tools, all of those doc tools that how do you have low latencies and really cater towards the mobile experience and everything we can do. Keep making more modular production optimization where one factory can use the expertise of another with a very low investment footprint based on the technology and software that they would need. More and more adoption in those core document images, where we use machine learning, neural networks, the large data sets and the neural nets to basically, in this particular example, break an image completely apart. And the different thing that we need out of it from this is the image or the logo itself to this is probably the company name or this is the tag on quote, really breaking that down and giving that as fast as possible back to both e-commerce experience or other parts of the GSO, the graphical services organization to really start lowering the cost, but also making it more magic for the customer to get through it, which you can use for e-commerce and the personalization part. If we really want to get that personalized shopping experience, we need to get really good at breaking the problems away for the customer to get quick with us and in terms of getting their job done. They don't have a massive amount of time. So how do we get that simplicity for them really nailed down. And again, everything underlying with data.

So if we then go a little bit more specific into e-commerce. So how -- e-commerce, especially for the Cimpress businesses, we're not selling stock keeping units, right. Fixed products with an article number, right? There is a recipe to many of them, be it in Upload and Print, be it in Vistaprint. So really breaking those things down and making that easy to immediately start working is a thing, that this e-commerce thing, is while the businesses still create their unique front-end experience, look and feel on it so that they don't lose their identity, again, all driven with data.

Let's go into the next one. All of these businesses are basically on this journey. They already have a great footprint. But to adopt really past 2020, the -- even the newer techniques, many of them and almost in every industry, that's not even unique to our particular industry. If you didn't change your tech stack every 5 to 10 years, you're probably getting antiquated on this. And so making this easier to continuously have that refreshing thing going on in your e-commerce stack is just good hygiene, and that is really starting to happen throughout all of our businesses. So I'm -- this is maybe one of the things that I'm most excited at the moment about seeing this transition happen.

But let's dive in the next slide a little bit more specific in Vistaprint that many of you might have asked -- are asking about.

Last year, I showed on the bottom part of this particular slide, the time line from 2019 Investor Day. We are still aiming, and we're still on that journey to complete all of these country launches by the end of FY '21. But the road towards that goal might have changed a little bit, and not all of the individual countries will be launched like I did originally in the quarters because a pandemic hit us, of course. And what you see there a little bit is that some of the metrics that we have built around, is the conversion the same, which are normally year-on-year, pretty much, you can say almost you watch towards it, where all of a sudden now we saw massive product swings from one category to another one, and that make the telemetry and the [dials] for when do we switch a country but a little bit less secure. So we're rebuilding them up then come back into it and go quicker. But also, we just have a little bit of a delay but because we refocused some of our talent towards I would say, opportunities like the masks that Robert also spoke about. And let's go a little bit into that in more detail, the opportunity that it gave us also.

If we go into the next slide in the architecture slide, I first want to ground you again what we have been doing there, right? So while Vistaprint originally had built practically everything itself in this newer tech architecture, we took the best of the best from what Vistaprint really used to do well themselves in those blue boxes. We took from MCP, the best of the best, which we can leverage across all of Cimpress. And then we mix that up with just best-in-class third-party companies out there to integrate with. This gave us a great foundation to get much quicker and much more agile, as you like to say, in the technology industry. We're just much more quicker to adopt certain things.

Now with that new platform that is live in a couple of our countries, we also thought, why don't we go a little bit further out? And with great collaboration with all of Cimpress and with Vistaprint, we said, why don't we introduce a product like mask, if we go to the next slide. In a new way where we say, this is more of what we want to be in the future.

Now again, this is a mask, in this particular case, this is applicable to many other products. You can imagine that an embroidery on a baseball cap is not that dissimilar or stickers or there's many -- or many different type of products are -- will fit this particular experience. I'm extremely happy to see also here that the mobile sales, especially when you also include tablet in mobile, is over 50% of the sales in this product. That is not always the case in most of our product categories. And I would highly advise you all because this is live, go to vistaprint.com/mask, not now, but after the session, and check out this experience. And also, by the way, buy a mask, maybe we can meet in person and one day for this Investor Day again. But it is a great experience. I'm pretty proud of what that could do. We really try to focus on the simplicity of I'm a shop owner or I'm on the road. I Have my mobile, and I need to order this right now. And I think we show a little bit more of what we could do in the future, especially when we start applying that on the different product categories. Because what we're doing in the platform migration is, of course, changing the jet engines on the entire plane. And we need to do that a little bit more carefully, and we will do that very diligently on one side. But also, this was very fun to show. We take all the techniques that we have and immediately go a little bit further.

So with that, let me show a little bit of data underlining with that. For instance, everything is infused on the data together with the data and analytics team that Basti meets, we implemented to say, "Hey, how can we improve these -- the cells in it?" For instance, if you take example 1, you can clearly see where it's more red, where it's probably where customers are still reading where it's blue, probably you don't want the most important messages on this scan. On number two, you can guess probably what is one more -- the more popular design for people click on. Or on 3, what are the buttons we need to make sure it works really well because customers use those quite often. Or all the way to, let's analyze a complete session of a customer and break it down and really start improving that. And these are things that we did, to some extent, in Vistaprint also before, but we're really going into supercharge mode on that right now.

Now I got a little movie that basically shows it because I'm pretty proud on the -- on what we pulled off here collectively at Cimpress and Vistaprint. And I'm just going to talk a little bit about it, while there's a mask being ordered. And again, you can do this yourself, please try that, too.

So for instance, you see here, modern tailwind, modern way of building up our website completely mobile-based, where we actually have an upload or a send ready file technique, but of course, also our Vistaprint, where we're known for design-it-yourself. You take an image. And in the background, we hit MCP, where we update any of the lower-quality resolution. We strip off a background. We're making sure that, that image is immediately ready. We do all the magic in the background. Customer doesn't have to have perfect shot. Then we place it on the mask with a color that is the same as the logo. So we give it the best possible background on it. And we give a limited selection of the amount of images for placement areas on the mask to just make it easier. And then in 3D, we show this to the customer, which they can move with their finger to really make that mask come alive and understand a little bit how it would work. Oh, you change it to a different background. And here, you've got your beautiful mask.

Then we do another service where we -- 2D vendor this, which is great for the checkout and give that product, which we've created. Also, compacts, change the size in the background. We changed all the attributes to make that still what you see is what you get. And then a modern checkout mobile experience with the latest and greatest payment techniques all in one go. I think this really shows a little bit of a different kind of a flow and a little bit of a glimpse in what we're doing and what these techniques can prove up for us in the future.

With that, thank you so much. Take out that mask experience and buy one.

Meredith Burns - *Cimpress plc - VP of IR*

Thank you, Maarten. That mask experience is so easy that even my mother was able to order them. So we are going to go to a very short break, 3 minutes, and we'll be back with our panelists for a 3-panel discussions. See you soon.

(Break)

Meredith Burns - *Cimpress plc - VP of IR*

Welcome back. So now we will move into moderated Q&A discussions with our executives. The topics are on managing risk and looking ahead to the future, the role of data and value creation and innovation during and after the pandemic. We chose these topics because they're important.

And also, they featured heavily in presubmitted questions we received as well as many of the investor conversations that we've had over the recent months, and we're excited to be able to cover them with the people around the organization who are living these topics day in and day out.

Before we start on the first discussion, I'd actually like each of our panelists, besides Robert, Sean and Maarten to briefly introduce themselves. So if we could start with Peter Kelly from National Pen. Peter, are you there?

Peter Kelly - *National Pen Co. LLC - CEO and President*

Yes. Hopefully, you can see me. Thanks, Meredith. Can you hear me okay?

Meredith Burns - *Cimpress plc - VP of IR*

Yes, we can.

Peter Kelly - *National Pen Co. LLC - CEO and President*

Yes. I'm Peter Kelly, I'm the CEO of National Pen. I've been with National Pen since 2006, heading up our European and International operations until 2016 when I became CEO just prior to the acquisition by Cimpress. National Pen is a 54-year old company specializing in promotional products to small and medium-sized businesses in 23 markets globally.

Meredith Burns - *Cimpress plc - VP of IR*

Wonderful. Thanks, Peter. Now let's hear from Paolo Roatta from The Print Group.

Paolo Roatta

My name is Paolo Roatta, and I am the CEO of The Print Group. I joined Cimpress in 2016, and I'm very excited to be able to share with you some of the key things that we're doing in this company.

Meredith Burns - *Cimpress plc - VP of IR*

Excellent. Let's move on to Florian Baumgartner from Vistaprint.

Florian Baumgartner

Hello, everyone. My name is Florian Baumgartner. I'm the President International of Vistaprint. I joined the company in October last year. I joined from Amazon, where I held various leadership roles over the past 10 years. My last role, I was part of the German Management Board and led Amazon's consumer business in Germany.

Meredith Burns - *Cimpress plc - VP of IR*

Excellent. Thank you. And how about Basti Klapdor?

Sebastian Klapdor

Hey, everyone. Yes, I'm Basti Klapdor. I'm the Chief Data Officer at Vistaprint. I joined just 1 month after Florian, so around about 9 months ago. Before that, I was a partner at McKinsey & Company, 12 years with McKinsey, and what I did is that help clients in B2C industries and B2B industries to drive analytics transformation, data transformation, build data strategies, but also very hands on, bring in teams of data scientists, analysts, traditional consultants, software developers to solve business problems with data and analytics, and I'm super excited to be now part of the Vistaprint's executive team and do that with Vistaprint.

Meredith Burns - *Cimpress plc - VP of IR*

Excellent. Thank you, Basti. Okay. And last but not least, Emily Whittaker.

Emily Whittaker

Hello and good morning. I joined Vistaprint just about 10 years ago from a career in management consulting. And since joining Vistaprint, I've had a variety of different roles, whether that be from supporting the technology that runs our manufacturing facilities to launching new products or managing the signage portfolio. I then switched to Cimpress and worked alongside Maarten to bring the MCP platform to life. And then I rejoined Vistaprint and had a role in customer experience and have just recently taken the role of President of North America.

Meredith Burns - *Cimpress plc - VP of IR*

Wonderful. Thank you so much. So let's get started then on our first discussion on managing risks and looking ahead. So the first question, I will throw out to several people here. So can you take us back to the time when you first realized that this pandemic was going to materially change things at Cimpress? What made you realize that you had to act quickly? And what systems and processes did you put in place to help you through this? And we'll start with Sean Quinn.

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

Yes. Sure. So I think Robert may have mentioned this before, but we have a small business in China that was experiencing really severe impact in December and January and relative to the total Cimpress, that wasn't a raw material impact. But in late February, then the business that Paolo runs, so you just head again, which is based in Northern Italy, has started to see the impacts from the first government restrictions that were put in place in that region. And I can still remember Paolo calling me on a Saturday afternoon, U.S. time and late in the evening, his time, which was really upon reflection, the start of what was ahead of us.

From there, we saw steep sequential declines each week, which expanded beyond our business in Italy and to Spain than to other countries throughout Europe and then the U.S. and beyond until it eventually reached Brazil. And since we couldn't -- we -- Robert and I could see the wave coming through the discussions we're having with Paolo and also the business in China. We started to alert leaders throughout Cimpress to start moving quickly to prepare first -- to prepare for the health and safety of our team members around the world, but also business continuity, and then that was quickly followed by the cost reductions that we put in place and the focus on preserving liquidity, which we talked about.

And in hindsight, that was really an incredible advantage to have that early warning system. And our view was at the time that we'd rather be criticized in hindsight for overreacting and underreacting. And so we set up regular touch points with business leaders and with finance leaders. And we established very quickly data to monitor performance so that it was actionable across the group, and we could give everyone across Cimpress the benefit of what we were learning so that we could act very quickly.

Meredith Burns - *Cimpress plc - VP of IR*

Florian, how about you?

Florian Baumgartner

Yes. I want to echo many of the things that Sean has said. So we clearly could see the impact that the pandemic had first in our Vistaprint Italy business, later on also in some other European businesses. So it was very clear to us early on that this would be coming to all of our markets, including the larger ones. The systems and processes that we then put in place really focus around 3 things. So number one, keeping employees safe, which we accomplished. And secondly, managing cost. And as Sean mentioned, we were able to scale our costs in line with demand as the months progressed. And then thirdly, on seizing opportunities that arose from changed customer demand. And oftentimes, that's little things, like making sure we have localized design templates to respond to a small -- smaller shop owner's need for a banner, explaining local distancing rules or later on announcing that they're back in business. All of that in the look and feel that local customers expect.

Meredith Burns - *Cimpress plc - VP of IR*

And Paolo, you were on the front lines of this for quite a while. Why don't you help us -- take us at that time?

Paolo Roatta

Absolutely. Yes. Well, during the most crucial moment of the pandemic when -- especially when it hit us, we had to take some very hard decisions. Like, for example, whether to keep the plants open, and potentially risk the lives of our own people. And this was a very challenging time. And I have to say, I'm very proud how the teams across Cimpress and across The Print Group have been able to react to the continuous changes of the local requirement imposed by the government and to put together and work nonstop. And this allowed us to go through this difficult time. And also, as Sean has mentioned, it was a great opportunity for us to exchange information across the different business units. For other business units away from the epicenter of the COVID, that was Italy. If you remember, it was the first country that went in full lockdown in the globe. And then sharing information was a great opportunity for us to set the stage to collaborate and to have any information flow that we are going to be benefiting also in the future.

Meredith Burns - *Cimpress plc - VP of IR*

Okay. Next question. What would you say were the most important advantages you already had in place that helped you manage through the period of greatest uncertainty? And we're going to start out with Robert on this one.

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

Well, 3 things came to mind when I was thinking about this question. First of all, the decentralized model we have did allow our local teams to react very nimbly and very much in function of the local situation. Each of them were perceiving that situation itself changed at many different times, and that nimbleness was very important. Secondly, there were capabilities that were resident across the different parts of Cimpress, that the different team members worked with each other to knit those together into fast, innovative ways to introduce products, which would have been very difficult for one individual part of Cimpress to do by themselves. The global supply chain we built very quickly for masks being one prominent example of that. And third, although it's not a -- it may not seem like a specific near-term advantage, I do think that the fact that we've always taken a long-term perspective to how we build Cimpress. The culture inside the business, people understood that as bad as this was, whether it took 6 months or 3 years to get to the other side, that we needed to look not to only the near term but also the long term. And we -- that's why we made some of the decisions we did in fortifying the balance sheet. That's why we decided very early on to continue making the investments for the long term. We also gave perspective to team members to say, "This is a bad storm, but we will get through to the other side."

Meredith Burns - *Cimpress plc - VP of IR*

Robert, that's great. Maarten, how about you?

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

Yes. Well, of course, like introducing new products with our e-commerce investments has been huge and just having the business do that quickly, but maybe a little bit more of an internal operations, all of our office workers across the world. We've been investing already for a couple of years in making 0 trust, which is a security philosophy, where you don't have an internal and an external network, but really much more connectivity with the tools directly. We've been investing in that for a while, which gives you Zoom, like we're on today, Box, like a bunch of these tools. We are already on those tools, luckily. And that made it like very seamless to get everybody work in remote. That went almost without a hiccup. It was almost a weird kind of feeling. Still is. That luckily helped us a lot.

Meredith Burns - *Cimpress plc - VP of IR*

Florian, what about you? What advantages were in place already that you took advantage of?

Florian Baumgartner

Yes. I must say that when the crisis hit, this was really when the power of the mass customization platform that Maarten explained earlier started to come in really handy, especially in Europe. With MCP, we were able to define contingency plans that gave us great resilience, and in fact, would have allowed us to switch orders among our EU-based manufacturing sites and protect customer promises in case of severe interruptions in one of our plants.

Beyond that, I will say that when I look back, clearly, the crisis also was a catalyst that helped us accelerate adoption of shared standards and practices, particularly around MCP platform, which will serve us very well even beyond this period of uncertainty. For example, when a product is set up according to the standards that we jointly define, we can launch products from our sister companies in WIRmachenDRUCK or Pixartprinting now very, very fast and disciplined in a matter of days, actually, not weeks. And so in Q4 alone, for example, we launched more than 30 new products using this capability.

Meredith Burns - *Cimpress plc - VP of IR*

And Sean, how about from a financial perspective?

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

Yes, sure. From a financial perspective, I mean, I think the team and the capabilities that we have in place allowed us to move really quickly in so many different areas, whether that be global cash management, whether that be our hedging programs, thinking about capital structure, and everything that we did there, both before the pandemic but also during the pandemic. And our businesses were also able to leverage all of our central capabilities as well, which allowed us to collectively move just a lot quicker. And that includes things like the procurement team, which is one of our shared strategic capabilities, which allowed us to work with our suppliers not only to do things like delay payments to preserve liquidity but also to make sure that we are monitoring the health of our supply chain and our ability to deliver to our customers, which was a very, very active process.

So I think the advantage in this case was flexing the strong capabilities that we've worked really hard to develop and put in place over time. And those are resources that if you think about it, most companies in our space simply don't have access to those kinds of resources. And for each of our individual businesses, what it meant is that it allowed them to focus on their operations, on their customers compared to what they would have had to do if they were a stand-alone business and didn't have the benefit of teams that were taking the burden of some of those other things.

Meredith Burns - *Cimpress plc - VP of IR*

Thanks, Sean. So you mentioned competitors there. That's a good segue into our next question, which is what are we seeing from competitors and other players in the industry over the last several months? And we'll start out with a Vistaprint perspective from Florian.

Florian Baumgartner

Thank you. So first of all, let me say that we're not overly focused on competitors. We're much more focused on customers. And when we look at what the best competitors can do well, it's how the small and focused ones, particularly in this time of crisis, were able to respond to new customer demands more quickly than us. And this really inspired us to further simplify our processes, accelerate our transformation towards putting execution closer to customers.

I would say that historically at Vistaprint, it seems like we've too often made a trade-off between scale advantages on the one hand side and extreme localization and nimbleness on the other side. And what really we're now driving towards is a much better balance between the 2 that allows us to get the best of both worlds.

Just one example. During the pandemic, country teams now work really closely with Vistaprint central product design teams to set up a new process for which they can initiate the creation of design templates with more locally relevant content in a much shorter amount of time.

Meredith Burns - *Cimpress plc - VP of IR*

Thanks, Florian. And Sean, what are we seeing from competitors maybe more broadly?

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

Yes. We've certainly seen signs of impact to our competitive set, but I'd be hesitant to make any comments on any specific competitors. I think if you keep in mind, most of our large market that we serve remains served by offline traditional players, some of which or many of which had to shut down for an extended period of time but also just have less financial flexibility when there's that big drop in demand because of their size but also oftentimes have a much narrower product portfolio than we do.

And so generally speaking, we do think that we will benefit relative to our competitive set because of our financial strength, because of our scale, because of our product diversity and our ability to find pockets of demand and quickly pivot to those to help our customers, our ability to drive negotiations and discussions with suppliers at a global scale, our ability to share product development and so on.

And so we know that a lot of our smaller competitors have had a difficult time. When we step back, we do think that there will be some calling here, and in general, a more rational approach to addressing the market. And this is where -- and we've said this in the past, that we believe we have a differentiated cost structure, and we do think that in these moments that really shows through and provides us with an advantage that has been very visible over these last 3, 4, 5 months.

Meredith Burns - *Cimpress plc - VP of IR*

All right. Let's shift into how customers have been responding to the pandemic, and I'm going to ask a question of Emily and Paolo. The question is, what can you tell us about how customer behavior has changed during the pandemic and as they get back to business? Are people expressing concern about using physical marketing materials like business cards, flyers or pens? Emily?

Emily Whittaker

Yes. Thank you. We're watching this very closely. As we've seen shifts in product mix away from trade show products and more to [online], but throughout the pandemic, we've seen consistent performance of products that enable our customers to brand, communicate, celebrate or even inform their customers of their adopting strategies. This has resulted in a relatively consistent average order value despite the pandemic, indicating that businesses are figuring things out and adapting.

So we need to continue to be there for our customers. Like we move quickly to deliver masks or signage or shields when our customer needed them. And as businesses have begun to open up and welcome our customers back again, physical marketing materials like business cards have actually come back.

And as we watch their behavior, they're still using them in traditional forms. And if tastes change over time, I think the experience we've had with rapid new product introduction into completely new spaces bodes well for our ability to pivot over the long term, if necessary. We also continue to expect to see benefit or even an accelerating tailwind from the shift from offline to online in these times.

Meredith Burns - *Cimpress plc - VP of IR*

Thanks, Emily. Paolo, how about from The Print Group's perspective?

Paolo Roatta

Yes. Well, the Upload and Print customer is slightly different from the customers served by Vistaprint, as Emily has described. So these are more like professionals, larger businesses, agencies, resellers. And while the business in the Upload and Print group is steadily recovering, it is still lagging a little bit behind that -- the one of Vistaprint.

And this is due to a number of reasons: number one, a geographic reason, the concentration of the business of Upload and Print is more in Europe, where -- and in countries where the government restrictions and the lockdown hit the market the hardest, like namely Italy and Spain, also where more customers depending -- whose business is depending from the trade events or the larger events that are still canceled. And finally, a number of resellers that we are serving have been closed due to the height of the government restrictions.

But as a partial offset to that, I have to say that the breadth of our offering, the size of our portfolio allows us to introduce new products, many of them are showing a very interesting rate of growth. So this is a good thing that help us compensate partially the situation of The Print Group.

Meredith Burns - *Cimpress plc - VP of IR*

All right. Let's stick with customers for a second here, and I'm going to ask a question of Emily, Paolo and Peter. What do you know about the quality of customers that you've been acquiring and serving during the pandemic? Are they likely to become repeat customers for your core products? Or are they more likely to churn? Emily?

Emily Whittaker

Yes, sure. I'll get started. So this is a very similar to the question above. But from a small business perspective, we see great momentum on products that help the business emphasize their brands or communicate to their customers. We've also been able to offer them brand-new products, as we described previously, the masks or or face guards or face shields. And they come to us because we've been able to adapt our offering to meet their needs.

It will be up to us to earn their repeat relationship by continuing to find solutions that help them either through this pandemic but beyond. We realize it is not easy to be a small business owner, especially right now. So we're aiming to prove that we are there for them with the products and the support that they need to aid in their recovery. Our opportunity is to prove that we can serve as their partner.

We've also acquired a new audience from our mask offering. We're seeing that people really love our masks. We're highly rated in key media reviews like NY Magazine or T3 in the U.K., and we've seen a nice trend since launching custom masks, which we believe overlaps nicely with our core value proposition of customer -- custom print products. We think that this creates a natural bridge to other Vistaprint products. And so we'll be using this new audience to test new marketing approaches like personalization.

Meredith Burns - *Cimpress plc - VP of IR*

Thanks, Emily. Paolo, how about from your perspective?

Paolo Roatta

I have to say that the first-time customers that we acquired in this period are customers that are coming from segments that we traditionally don't serve, like those that normally buy off-line. So during the COVID pandemic, there's been a number of new customers that came online and came to buy from us. And many of them, not all of them but a good portion of them are naturally bridging to some other products. And this is a very good thing for the future.

Meredith Burns - *Cimpress plc - VP of IR*

And Peter, how about from the National Pen perspective?

Peter Kelly - *National Pen Co. LLC - CEO and President*

Well, yes, most of the activity of National Pen during the pandemic has been to focus more on existing customers and not on prospecting for new customers with longer payback at this time. So -- and we've seen that our existing customers react well to the expanded product range like masks or PPE products. But we also see our regular campaigns on existing products like pens and other products have also continued to work. So that means that they're actually purchasing both new and existing products.

Meredith Burns - *Cimpress plc - VP of IR*

Thanks, Peter. Okay. I'm going to shift gears a little bit to talk -- to focus inwardly. Within the last 2 years, you announced leadership or structural other changes in several of your businesses, citing that you weren't achieving your full potential and needed to materially improve performance. How are you doing at addressing this? And I'll first turn it over to Sean.

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

Yes. Sure. So before I give my thoughts, I'd just reference back to what Robert spoke about in his letter but also my session earlier, say that the improvements that we were making in our financial results through that February period were very clear and significant. And we really felt like we were building momentum.

Now the question is how do we maintain that and continue to improve it. And there's definitely been an evolution in the way we interact over recent years after the move to a decentralized structure, whether that be parity of guardrails for our businesses, whether it be the infrastructure that we have and need to have to evaluate performance and also assess capital allocation, including things like quarterly business reviews.

And I mean one of the things about decentralization is it makes all of this incredibly clear. We know how much revenue, how much EBITDA, how much cash flow each business creates. We know how much capital they're consuming, and we know who's responsible for it. And even in our central teams like in Maarten's team in Cimpress Technology, there's far more granular P&L data available and ROI visibility and accountability distributed throughout the team to make sure that there's clear ownership for costs and investments but also what's generated from those costs and investments. So I think all of that has really contributed and will continue to contribute.

And finally, we've also evolved our incentives for senior team leaders, and we spoke a little bit about this last year as well. But most notably for our businesses other than Vistaprint, we now have long-term incentives in place that are based on the results of the leader's business using an ROI-based framework that we think is completely compatible with how we want to create financial value across Cimpress. So I think that will really help and will continue to help as we go.

Meredith Burns - *Cimpress plc - VP of IR*

Thanks, Sean. Florian, would you like to weigh in from a Vistaprint perspective?

Florian Baumgartner

Yes, sure. I mean we've made a lot of operational improvements within Vistaprint over the past quarters. And all of them are really designed to ensure the teams are 100% aligned behind the most important work pieces and also leveraging new data insights.

One such example, which Sean is also actually referring to just now, is our country-level weekly business reviews. In these business reviews, we're bringing the entire cross-functional teams from all parts of the business together around one table to review jointly the input data that tell us how we're doing in front of customers locally. And this really has allowed us to make a lot of timely decisions.

For example, we improved product quality on a number of products in the past quarter. We were also, during the times of epidemic, managing on-time delivery performance to a large extent through these mechanisms. And if you recall, I mean, many carriers, particularly in Europe, were badly impacted by delays due to the pandemic. So having strong mechanisms like the one I just mentioned really is key to rally the entire business and the cross-functional teams behind one common goal and to improve performance.

Meredith Burns - *Cimpress plc - VP of IR*

Thanks, Florian. Emily, would you like to add to that?

Emily Whittaker

Absolutely, yes. To elaborate the point that Florian just made, our [LOB] structure, to me, allows for the relentless focus on product quality, as Florian described. We have a vertical integration structure of cross-functional teams that meet regularly to review quality metrics. That includes team members from care or manufacturing, marketing and quality. Together, these teams identify outages and move really, really, really quickly to resolve those.

We've seen that without this, teams make decisions that locally optimize. That's often at the expense of customer experience. Our new structure resolves that. In the past quarter alone, we've made material improvements to our complete -- or sorry, excuse me, our complaints and credit rates, ultimately in pursuit of a much improved overall customer experience.

Meredith Burns - *Cimpress plc - VP of IR*

Thanks, everyone. All right. We've got one more question in this part of the panel discussion. So this is a question that I'm going to throw to Maarten and Florian and Paolo. Did this pandemic increase or decrease your risk tolerance? And what are some examples? I'll start with Maarten.

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

Yes, for sure. It's actually increased it a little bit. Like being too risk averse is actually risky in itself. By moving fast, you can actually reduce risk. Being too slow is actually more dangerous. We moved fast with working remote. We got over large volumes of order flows between factories, which we just had to do. We launched completely new product lines in a new different way to experiment with it. So I would actually say it's almost a cliche but it isn't like -- it's a thing where we had to go into this, and it made us stronger to go quicker because of the risk that we had to take.

Meredith Burns - *Cimpress plc - VP of IR*

Thanks, Maarten. Florian?

Florian Baumgartner

Yes. It's a difficult one. I mean I personally would not say that it broadly impacted how we think about taking risks. Certainly, as I said earlier, it was a catalyst for change. And if I go [answer] beyond that, then it's also clear that in the middle of epidemic, you also sometimes are forced to choose between taking defensive actions to protect the business and cash flows and pursuing a mid- to longer-term agenda to drive foundational basics in [JDCB]. I would say that overall, we're happy with the balance that we were able to strike between some of these shorter- and longer-term focused agendas.

And just to mention a couple of examples for how we tested and iterated even during the pandemic, a couple of things come to mind. So for example, we tested a free delivery above a threshold offer in Germany that yielded very promising results. We also ran a time-limited 3-logo design test in France that had very good reaction from customers. And so these learnings that we generated during the pandemic will serve us very well, both during and after, I'm sure.

Meredith Burns - *Cimpress plc - VP of IR*

Thanks, Florian. And Paolo, how about the last word in this panel?

Paolo Roatta

Yes. I agree with what Maarten has said. I mean not running fast is actually a risk. And so I have to say during the pandemic, when we launched the mask, for example, we didn't have the time to do the full research of the product, of the market, of the customer. So we just launched, and we did a lot of iterations live. So we changed every single part of the product, the band, the material, the shape, everything while the product was already on the market.

And so ultimately, we did run fast, and we did break things. But if we were not to do this, if we did a proper study, so if we wanted to shield from any risk and take the proper time to do it, we would have missed the largest opportunity. So this was a great lessons -- lesson for us.

Meredith Burns - *Cimpress plc - VP of IR*

Thanks, Paolo. Well, so thinking about my metrics of on-time delivery, I feel like we're doing pretty well here. We have ended this panel right in line with where we thought we would be. That means it's time for a 3-minute break and another poll. So we'll see you in 3 minutes.

THOMSON REUTERS

(Break)

Meredith Burns - *Cimpress plc - VP of IR*

Hello, and welcome back. Let's see the poll results from this poll on the use of data that you'd most like to see. Maybe we'll feed it into the product development time line here. It is improved return on advertising and prospecting spend, while we are coming into our panel -- you can take that down, please -- we're coming into our panel on use of data, the role of data and value creation. So we are going to have Peter, Paolo, Maarten and Basti participating in this panel. And I think you're going to hear a lot actually on improving returns on advertising among many, many other uses of data in this panel.

So let's get started. We're going to start with the first question. So a couple of things have evolved in the last 12 months that have improved our ability to tap into and use data. For example, Vistaprint returned to foundational basics and rebuilding the data team and capabilities as well as increased adoption of our mass customization platform. Can each of you talk about how your use of data has evolved in your part of Cimpress and what benefits it has brought you? So we're going to start with Basti. Take it away.

Sebastian Klapdor

Thanks, Meredith. Yes. So my vision as the CDO of Vistaprint is really to transform Vistaprint into one of the world's most iconic data-driven companies. And I truly believe there is so much value from doing that because on the one hand side, actually, Vistaprint is an e-commerce company. So Vistaprint does have a ton of data, and there are millions of customers interacting with our website every day. There are millions of customer interactions with our care and care specialists every day. So there are millions of document upload, picture uploads, content upload of our customers. So there's so much data, but we currently do not use it at scale.

So I first kind of started over a year ago, when I was first getting in touch with Vistaprint, we're still at the McKinsey side at that point in time. And then there were people sitting in Barcelona, manually changing the prices for the product. There were people manually curating customer list to send out customer e-mails. And this clearly is not top-notch e-commerce leading best practice. So from the players and the companies I've served in my time at McKinsey, I've seen and have helped them actually building data systems to do that at scale automatically, that have test and learn algorithms that continuously measure the outcomes and improve the algorithms. And that -- I think that's a big, big, big massive opportunity for us to do.

And the key mantra here is basically to make sure in our decentralized business line that we get the data into the hands of the decision makers. Like, for example, [to our handsets] on the WBR that we make this data available of these input KPIs to the people that drive the business decisions. And so the question is, how are we going to do that? The idea is to do -- we're focusing on 2 things basically.

One thing is seeing data as a product -- as a data product, as a scale of the data product that we can then spread out to the different -- different parts of the company can use to drive better decisions. It's -- in the end, like pieces of software, tools that help you to make better business decisions. For example, the tool, it helps to set list prices.

Now in the first 7 months of the D&A, so data and analytics organization, we already implemented a couple of these data products. And they are now, as of today, generating tens of millions of incremental annual profits. So I think this is just a testament to see how much value and impact and opportunity there is.

And one of these products, and spot on to all of the viewers here, is actually a machine learning product that helps us to improve our advertising spend for our paid search advertising. So spot on. And this is already in production. This is like if you actually have a big, big, big, long road map of further product ideas to implement, this will yield many, many more multiple of that impact we already have achieved basically in terms of incremental annual profit. Because as you can imagine, with a 1.5 million baseline of revenue, just incrementally optimizations of a couple of percent yield to really big absolute dollar numbers in terms of incremental profit. So one thing is building these scalable data products, data at scale, to put the data in the hands of the decision makers.

Now the second thing we are focusing on is building the foundation so that we can do that very efficiently and so that we create basically a data flywheel. More data products and being able to build them faster. So -- and these foundations are, for example, data culture, right? It all starts with the right mindset towards data, and we have a big way to go here to really transform the minds of our people to see data as an asset from the person that produces data to the person that uses data. So we've set up a big change management program to achieve that.

Other thing is data technology. So we're using the mask optimization platform and the built-in beta platform, which is great because this is really top-notch data technology. I haven't seen so often with my previous clients, I have to say. So this is really, really good. But we also need to learn how to use it. We need to enhance it every day and make it fit to our use cases, the data products basically. Then there are things like data architecture, data governance to make sure that we are finding the data, refining it as they are very fast, and again, finding and using it.

And finally, and I think this is one of the most important foundations, it's talent. And what we need to achieve and we focus a lot of time in the last 7 months is making Vistaprint super magnetic to the best D&A talents out there. And these are things like defining attractive career pathways for data scientists, setting up great learning and development programs but also being much bolder externally when we talk about our employer value proposition for data and analytics team, which I think is great because at Vistaprint, you can come in as a data scientist and build the freaking version 1 of the pricing algorithm, whereas with one of these big tech companies, you are 1 of 2,000 data scientists optimizing the last 0.1% or something.

So I think the proposition is good and it works actually really well. We've been able to hire multiple great people from McKinsey, from Google, from top-notch e-commerce companies. So I think in the last 7 months, we already made a good step into that -- into becoming top notch in data and analytics.

Meredith Burns - *Cimpress plc - VP of IR*

Thanks so much, Basti. Your enthusiasm is wonderful. We appreciate it here in the room because we've just been staring at each other for several hours this morning, which is great. I'm going to turn things over to Peter to talk about data use in National Pen, please.

Peter Kelly - *National Pen Co. LLC - CEO and President*

Thanks, Meredith. Yes, National Pen has historically been data-driven in our direct mail, having embarked on a significant investment in building a data warehouse and the introduction of data modeling as early in 2012. This has evolved over the years to sophisticated data modeling and targeting in our native channel, but we've not really been successful in being able to use that data across all sales channels.

So over the past year in particular, we've accelerated our efforts to build a solid foundation to allow us to become more data-centric. We started migration of our data to Snowflake and embarked on using Looker as a key business information tool going forward. We recently hired a team to focus on data infrastructure, security and data engineering to make big data more accessible to our -- all business users. We also changed our data modeling structures to move more resources from our advanced native analytics team to provide greater support to e-commerce and telesales channels.

The result of all of this is that we now have a more solid foundation on which to become data-centric. And we can actually see some results already. We are using data to recruit customers, being able to look at their overall lifetime value, for example. We've also changed the customer contact strategy in telesales over the past year, resulting in reduced sales expense. We've also started to use our data to build audiences in Google to allow us to improve our return on investment on marketing spend, especially in acquisition. The road to building a data-centric organization is a long one, but I feel we've made good progress over the last year in particular.

Meredith Burns - *Cimpress plc - VP of IR*

Thanks, Peter. Good see those return on advertising investments improving as well. So let's hear from Paolo now, please.

Paolo Roatta

Yes. In The Print Group, in general, in the Upload and Print group, we use data in various places. And of course, it is important that there is a free flow of information and data between the 2 parts of our businesses: the production on one hand and the marketing on the other hand, which I spoke about during Investor Day last year.

So for example, in production, we use data to track KPIs and identify best-in-class cases or procedures. And then we use them as target of reference across the different plants that we have in Europe. And this is something we were not doing before we were joining forces within The Print Group or within PrintBrothers.

So also, this is something that a small individual competitor does not have the ability to do. And just to give you some concrete examples, in one of our largest production lines family of products, we have -- by doing this comparison of KPIs, we were able, during this past fiscal year, to improve the efficiency of the production by 20 points. This means reducing the scrap and increasing the profitability, reducing the cost. And we expect to do another 15 points this year. That, in total, will translate to a 10% extra profit, and therefore, cash flow at the end on this particular business line, which is one of the largest within the Upload and Print. So this is production.

On the marketing side, we like to use data, as Basti has very clearly explained, across all the different functions and features that are performed in this form. For example, when I look at competitors, we use, within The Print Group, a very sophisticated system of tracking prices and the differences of pricing between us and our competitors. And this means we're talking about a dozen families of products, and every family is around 10 to 12 products. And each of them has hundreds of combination.

That means that we track regularly millions of data points, allow us to better serve our customers and align our offer to what the demand of the market is. And also, for example, using data to track the profitability of the newly acquired customers, we are able to understand the profitability of the lifetime value, of the 1-year value of the customer. And therefore, we are able to allocate our marketing budget in a better way.

Meredith Burns - *Cimpress plc - VP of IR*

Thank you, Paolo. And now that we've heard from the businesses, let's hear the Cimpress perspective from Maarten.

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

I'm just super pleased to hear all of this progress. I mean like there's a long journey ahead of us before that like seeps into every part of the organization and decision-making with that foundation. And you heard Peter said Looker and Snowflake and some of these vendors and tools, and that's the same -- that's the foundation from MCP that is starting to get into all parts of the businesses and very much where Basti is also going far with all of these data foundations.

We've enhanced them a little bit. And then at Cimpress, what we did with these tools is create airgaps that all of these businesses can really easily start building their data lake and start building our own muscle in terms of analytics and data science on it at varying speeds between those businesses. And then basically, it becomes huge centers of our data, and we at least have that base foundation of your data lake ready for you so that you can do that extra step.

The key thing between it is that we also keep airgaps between those businesses because there's, of course, customer data, maybe competitive data and these kind of things. But that doesn't cross-pollinate. But basically, we have all of the data at the Cimpress side. This is -- there's many years to go on this. But imagine all of our businesses, all of the data enrichment, third-party data, be it from Google, be it from all these kind of things, what kind of insights we could generate on our scale is the base foundation that we're building here. And yes, I am -- I'm very excited about the opportunity that we'll embark on.

Meredith Burns - *Cimpress plc - VP of IR*

Thanks, Maarten. Okay. I'm going to ask Basti to answer a question on how data helped us through our pandemic response and how it will help with our recovery. What lessons have we learned on this topic that will be useful?

Sebastian Klapdor

Yes. Thanks, Meredith. So I mean similar to all aspects of all of our lives, right, and COVID was super disruptive with regards to data as well. It was actually so disruptive that I decided to write an article just on LinkedIn about how to survive and navigate COVID as a Chief Data Officer. So check it out if you want to do that. So examples for things we did right during that time learnings made during the time because disruption always also means big, big learnings.

For example, search. So we are spending a lot of activity on search because a lot of traffic for our website comes from such. So our search teams had to completely retrain the prediction models behind the paid search keyboard bidding so that we are able to handle both the reductions in volume because less people were searching but also the reductions in marketing spend. We were taking back our payback timing basically, while we had to maintain top positions for very important products that were still thriving as well as also return on ROI.

So we did all of that at the same time. It's like a Rubik's cube, solving that through data and analytics. But it was super interesting and super good to work through that.

Also what we did on search, and it comes even on top, is super heavily ramped up our organic search activities. So because organic search is basically free traffic that comes in, so what -- we were able is to shift a lot of our basically incoming tracking ones to organic search. And from that, we also created a ton of -- ton of learnings, actually how to substitute paid with search and further optimize our paid search spend, coming back the advertising ROE point that you all like so much.

Now another example is, for example, pricing and promotion. So what we also had to ensure is that our offerings we have on the website, they match the new expectations, behaviors and needs of our customers during that time, right? So what we did then, we remodeled our price elasticities to make sure that we still are offering an everyday fair price to our customers because, especially in that time, it mattered most to them, right?

So what we also then did is we looked -- actually, we looked more -- take more qualitative insights because there's also qualitative data, not quantitative data. And we started putting bundles together, so back to business bundles basically and launched them for certain industry verticals so that they could announce, these small businesses to their customers, "Hey, we are back or we are still online through the crisis. Please help us and support us."

And then finally, what we also did is basically to find out -- to fine-tune our searches on the website, the research results so that people, customers that come in and search, that they are seeing more relevant results with regards to COVID, for example, specific COVID templates, specific COVID products. And they see them faster on their website than they would regularly see through the search because the search algorithms can't train as fast. So we had to manually adjust them.

Now last but not least, 2 examples. One example is about how we improved our revenue. So what we did is also looking more and more and more granular in the data. I call that granularity of growth because if you stop looking at averages but actually look into the data, double-click, double-click, double-click, even more you still find pockets of growth. And we discovered a ton of pockets of growth in certain product categories and certain product items, in certain geographies. And that really helps us, again, to optimize our email campaigns, our website, merchandising text, images, homepage content to further drive basically our sales.

And then last but not least, so we also did in the pandemic how -- in the pandemic that has never been there before, how do you actually know -- and that was a big question we had to answer, whether we are tracking with the overall economy. Are we on track, falling behind, accelerating our recovery? So what we did there is we took basically mobility data from Google, from Apple and put them into our forecasting more so that we are creating basically an artificial baseline we are tracking against, and we are now using that artificial baseline to track. In all of our countries, we are active to see whether we are back on track, again, accelerating or falling behind.

So again, many, many, many learnings that we made to manage the crisis. But also actually, that will help us in case the next crisis comes, but also that would really help us to drive -- to get to a better data-driven decision making in our regular day-to-day decision-making.

Meredith Burns - *Cimpress plc - VP of IR*

Thanks, Basti. Okay. This is the last question in this panel discussion on data. And I'm going to throw it to Maarten and then Basti. So last year at Investor Day, we showed that the end stage of data usage is being able to drive a customer experience that is completely personalized to each customer. How much progress have we made in this area during this year? And what else needs to happen for us to really succeed in this space. Maarten?

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

Yes. I think we've made great progress in terms of foundational, but there is much work to do before you will see it in the end results. And it starts really into having that self-service of utilizing data. I showed, I think, a little bit of sort of like a cascading sort of version of advancement on that. And I think we're seeing more and more people utilize data in the day-to-day decision-making, but that is also a cultural shift. So there's still a lot of work to be done. Just having the data doesn't mean you utilize the data perfectly throughout it. And that is really going on now.

Meredith Burns - *Cimpress plc - VP of IR*

Basti?

Sebastian Klapdor

Yes. So personalization is one of the biggest opportunity areas and value pools we see on our -- or we have on our data product road map. And we do the same. We have the same approach with personalization, with all of the data products we are building.

We're actually tackling it from 2 sides. One side is defining a really compelling top-notch vision, which is out there, which we are working against. So defining the future of it. And then also from the -- coming from the other side from the as is and have as many value drops as possible, as early as possible to show and prove that they add value and we can create value early on.

So let me talk quickly about the vision. So on the vision, we are working with our colleagues from marketing, from customer experience to really understand what is the future customer journey or the future journey we want to have for our customers, what are the really wow moments and decisive moments we can really completely wow our customers and then how can we personalize these touch points, both from an experience standpoint but also from an offer standpoint, showing relevant products, relevant templates on the products, all of that. And there's so much you can do even today with unidentified traffic where you don't even have any cookie or any previous history of the customer. So that's the long-term vision. It's really exciting.

But then what is also equally exciting is deliver on these use cases short term. And therefore, we already started actually with 2 use cases in the last month. One is we are identifying basically when customers do have design issues. So when they try to design something on a website and they have an issue, they don't get through that. We proactively reach out to them and offer help. So this is one thing where we personalize that touch point.

THOMSON REUTERS

Another thing is that for customers that we expect to get a late shipment, we also now start reaching out proactively, informing them about that. So obviously, always the kind of impact and the first measurements are very positive. And again, we have many, many more of these value drops use cases lined up against our future vision and will incrementally develop -- deliver against them.

So -- and I just have to say that, again, our tech platform helps us a lot. I don't get paid for saying that. That's true because, again, the tech platform is the new -- the tech platform is very flexible, and we can just, on the one side, draw as much data almost as we want from the platform but also integrate our data products in terms of personalization onto the new website, which is great.

Meredith Burns - *Cimpress plc - VP of IR*

Wonderful. Well, hopefully, our audience on the webcast can see both the excitement that we have for using data in the business but also the vast opportunities. We have to use it in all areas of the business.

So let me just, before we go to a very quick break, orient on where we are in the session. So we're now through 2 of the 3 moderated panel discussions that we have on tap. We've got one left. It's a little bit shorter. It is on innovation. And then after that, another quick break, and then we're going to go into the live Q&A session, where we have many questions that were presubmitted that we will try to get through. And we also have some questions that were submitted live and still can be submitted live if you click on the Q&A button at the bottom of your Zoom screen.

So we're going to go to a 3-minute break and we will see you shortly. Thank you.

(Break)

Meredith Burns - *Cimpress plc - VP of IR*

Hello, and welcome back. We are at the beginning of our third and final moderated panel discussion before we go into the live Q&A session. This panel is going to be on the topic of innovation during and after the pandemic, and we're going to hear from our business leaders. And we're going to hear from Paolo, Peter, Florian and Emily. And we might hear from Robert as well.

So let's get going. The first question that we have here is actually to think not about the pandemic but to think about prior to the pandemic, how important was innovation to your business? And did that level of importance change during the pandemic response period? And we'll start with Paolo.

Paolo Roatta

Yes. So innovation is at the heart of everything we do in the Upload and Print group. And this is true for the print group, that's the division that I lead. And the PrintBrothers is part of Upload and Print, which is led by Kees Arends. So our DNA is to challenge the status quo. It's to leverage the production technology in a way that we make it possible to use it to better serve our customers and create more efficiency and productivity. So what we do, we strive to work with our technology, manufacturing technology providers that we call partners in this mission, in order to increase efficiency and productivity. And this is a benefit that we transfer to the customer. So we are able to deliver better products for the same cost and, therefore, price. Or for the same product, we're able to give a better price proposal. So this is something that makes us very competitive towards our customers but also very competitive towards our suppliers. They very often fight to be able to serve us at the Upload and Print group, because I understand that if they're able to make it and enter our shop floor and work together with us and, in many cases, we are at the front edge of the technology, then they are able to make it big within Cimpress but also, in general, in the market of the commercial printing.

Meredith Burns - *Cimpress plc - VP of IR*

Thanks, Paolo. Peter, over to you.

Peter Kelly - *National Pen Co. LLC - CEO and President*

Yes. I would say, prior to joining Cimpress, National Pen was definitely slow to innovate. Since joining Cimpress 4 years ago, we've seen considerable speed and innovation, in particular, in areas of the business, for example, contact center migration, manufacturing and research and development of new print processes and innovation in e-commerce with the introduction of our CimCommerce platform.

During the pandemic, we reacted with superspeed right across the business. Most noticeable was the introduction of many new products and getting products to markets only in a matter of weeks. The old saying necessity being the mother of invention certainly held true in National Pen over the past 18 weeks and continues to do so as we look for every opportunity to improve our financial performance during the pandemic.

Meredith Burns - *Cimpress plc - VP of IR*

Thanks, Peter. And now let's here from Emily, who had a product role for a long time in Vistaprint, so is uniquely suited to provide that perspective.

Emily Whittaker

Absolutely. I'd say innovation is extremely important to Vistaprint. But truth be told, we are rebuilding this muscle. I think historically, there are 2 drags -- primary drags to what prevented our innovation in the past: One, our eroded data systems and tech platforms; and two was the functional nature of our organization structure. It obscured the end-to-end connections that actually deliver customer value. And as I reflect into that product role, the rate or the quality of our new product introductions, we have the ability to do comprehensive tests and learning agendas to ensure that the products that we were launching drove the right customer value. But our data and tech platforms eroded and slowed our ability to move quickly in this space. It's exciting, as you guys have seen with the recent investments in both the data discipline and the products that Basti and Martin showed. And along with the technology innovations, I think we're returning to these innovative behaviors.

The second drag that I've observed is the organization structure. Shifting from that functional alignment into a line of business model that operates in the way that Florian and I both described with our team members that have financial accountability, founded autonomy and have therefore been enabled to operate with the utmost of speed, we started to really see teams act in innovative ways. The biggest example of that is the success with masks. We see both our structure and our technology coming together to enable that innovation. We were able to launch a new site in just 2.5 weeks. And since that launch, we've been able to test, learn and optimize. And this is a promising sign of what we can do. And we know that we have more work to be done, but I think we're headed in the right direction.

Meredith Burns - *Cimpress plc - VP of IR*

Thanks, Emily. So you ended on masks. We're going to stick there for a moment because there was, as you can imagine, from hearing everybody talking about this today, a big effort across many parts of Cimpress to make this happen as quickly as we did.

So I'm going to throw this next question out to Peter and Paolo, whose teams were right at the center of this innovation process on the product side. So several businesses and central teams worked together to bring new products like masks to market quickly. How did that come about? And how did you work together to achieve the results? So we'll start with Peter.

Peter Kelly - *National Pen Co. LLC - CEO and President*

Yes. Well, thanks, Meredith. While Cimpress clearly operates a decentralized business model, we experienced greater levels of collaboration right across the business during the pandemic. We saw great benefit of sharing certain capabilities to respond to extraordinary pandemic conditions. So while peer-to-peer working is encouraged in our decentralized model, we certainly saw this operates well for the benefit of individual businesses in Cimpress overall during the pandemic. Paolo will take you through some examples of this collaboration to working together.

Meredith Burns - *Cimpress plc - VP of IR*

Paolo?

Paolo Roatta

Yes. Yes. Thank you, Peter. Yes, we did collaborate quite intensively, especially in the trumask case. And this is the beauty of Cimpress, because there are capabilities across this group that allow us to do things that we cannot do on our own on our single business unit or divisions. And I'm thinking of leveraging, for example, the procurement services of National Pen, the division of Peter, or the supply chain of Pixartprinting or the expertise we have on-site from our Chinese operations at YSD with [Ling Bae] or leveraging the Vistaprint market reach governed by our CMO, Ricky Engelberg. So we have a huge competitive advantage that is deriving from the size and the scale of the company.

But at the same time, this is combined with the speed that is the characteristic of the ability to get quick decisions because we are decentralized. We are acting all as entrepreneurs. So the launch of our new mask product with a replaceable filter is a demonstration why Cimpress is uniquely positioned to get through this pandemic and to get out of it stronger, stronger than we were before and stronger than our competitors because there are not many companies that can achieve what we've done in such a short time -- period of time.

For example, we were able to take a concept, from the bare idea to the product being offered on the site, on the Internet site in only 3 weeks. And we leveraged a team of people that is about as geographically dispersed as possible with people working in Mexico in National Pen and Tijuana and San Diego, all the way through -- if we pass through all the globe, so U.S., Boston, Massachusetts, Texas and then Europe, the U.K., Switzerland, Italy and then India and then China across 15 different time zones. So this is something that is possible because Cimpress has a scale that not many other companies have and has the ability to react quickly. And this is something that not many companies can do and not just in our sector.

So we not only launched a new product, but we embarked into a totally new category, a new industry, the fast fashion market, something that requires a highly responsive supply chain that can support a vast and frequently changing product assortment, an industry that is ripe for a mass customization revolution. And this is where we play our role. And this is something that an industry that allows for a unit of one, customization, and on-demand production.

So the trumask is just the first result. We keep iterating. We already extended the portfolio to a new product that we internally call the [Ninja Pro], which is a more affordable mask for a larger audience. And through this initiative, we are able to put together and leverage this selection of strategic capabilities across the group.

So I would say that without our scale coming from the geographical distribution and competence extension, one could not source something from Shanghai to be sold in Chicago with a product presentation shop in Venice and edited in Tunis, while supported by a team in Boston and a team in Shanghai, all during Easter Sunday. So this is simply something that is incredible. So all of this with a quick and nimble attitude that can make opportunities materialize as fast as 3 weeks.

And something that I would like to underline is that all this is made possible, thanks to our mask customization platform that has been clearly explained in the course of this day and in the previous presentations, where most of the software integration that is needed to receive the orders, to prepare the deliveries, to ship to customers across 2 continents with the proper invoicing is already available. And then also, MCP is able to include services like the one that we call [Vortex], that is something that provides that wow factor to our customer experience. So all these ingredients that are mentioned are those that make the magic formula that puts Cimpress ahead of the rest of competition.

Meredith Burns - *Cimpress plc - VP of IR*

Thanks, Paolo. Okay. We are going to stick with Paolo and Peter for the last question in this session. And this is about lessons learned. So what did the pandemic teach you in the area of innovation? Have you implemented any lasting changes to your focus on innovation or the way that you will operationalize it going forward? So Paolo, let's go to you first.

Paolo Roatta

Sure. So during the pandemic, we had the opportunity to learn and launch many new products in a very fast and agile way. And we learned that this is a very effective way to come with some killer solutions like the face mask that we talked about so much today. So the pandemic, to use the word mentioned by Florian, has been a catalyst for us in this sense. So we were forced to switch to a survival mode, i.e. trying to -- every possible way to resurrect the business that, in many cases, in many territories, we're shattered and reduced to 10% of the normal value of the business we would have had in that period. So this made us launch a multitude of new products and very fast. And honestly, some of them were dogs, maybe 70% of those. Some of them were good, maybe 20%, 25% of those, and some of them were like killer products, killer solutions, like probably 5%. And we were able to do this because of the many iterations that we were able to implement. And we have a benefit working in this industry, where we have no inventory because we are able to iterate and put new proposals and new products on the market because the cost of production and the cost of materials is only there, the moment that the product is ordered.

Meredith Burns - *Cimpress plc - VP of IR*

Thanks, Paolo. And Peter, last word.

Peter Kelly - *National Pen Co. LLC - CEO and President*

Yes. What the pandemic has taught me that despite such a major potential risk we have within our control, the ability to adapt, learn, grow and survive, I guess it's taught me that during a pandemic or other huge risks, the answer is not fear when to take decisive action and quickly to protect the business. When most people think about innovation, they think about product or process. But innovation relates to every aspect of the business, including financial management, control of spending, management of cash, control of communications, et cetera. It also, of course, relates to all matters related to the ability to generate additional revenues, and this means innovation around product merchandising (inaudible). The biggest lasting change for us as an organization has been the relentless pursuit of greater speed of change across all areas of the business. This being said, not all the change is the same. So provided we work within clearly defined priorities of speed and focus, this will make us more successful as an organization as we move forward.

Meredith Burns - *Cimpress plc - VP of IR*

Thanks so much, Peter. Thanks, everybody, for the panel discussion on innovation. We are going to take a 3-minute break. There will be a poll, very exciting, and we will come back and take your questions live and also lots of pre-submitted questions. See you soon.

(Break)

Meredith Burns - *Cimpress plc - VP of IR*

All right. Now you're going to see how we do with live questions coming in fast and furious and also some pre-submitted questions as well. But before we do that, we would like to share the poll results. I haven't seen these yet. "Next time, this time next year, I want to be attending this meeting in person in the Cimpress office." I love that answer. We wish that you were all here now. And we really do hope that by this time next year, we can see you in person again. Yes, you may need to bring your masks. And as Maarten is reminding me that you can buy those masks on vistaprint.com/masks, and you can even customize them.

All right. Let's get going into this Q&A.

QUESTIONS AND ANSWERS

Meredith Burns - *Cimpress plc - VP of IR*

So the first question that we want to cover. So data products sounds analogous to MCP. Are these data tools similar to the MCP tools/Lego blocks? Can different business units adopt them piecemeal or are they pushed out in a centralized manner? So why don't we start Basti on this one?

Sebastian Klapdor

Yes. Happy to, Meredith. Thanks. So yes, what I learned something in the last 12 years, working for clients building data products, it's really focus, focus, focus. So this is so important. Therefore, my focus and the focus of my team, the data analytics team at Vistaprint is, first and foremost, to build these data products for Vistaprint and scale and get value very fast from that. But in doing that, we obviously only, of course, work with Maarten and the MCP team to identify whenever we can leverage the data product for other businesses that we will start building these capabilities also in the mask customization platform. And the good thing is that the mindset, how we build this data product, is very much in line with the platform thinking and inversion of control. So that's the good thing. But again, the focus of my team and personally of me is really getting Vistaprint to a global leading data-driven iconic company.

Meredith Burns - *Cimpress plc - VP of IR*

Thanks. Maarten, do you want to add anything?

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

I have one thing. Like, again, the underlying foundation, especially at Vistaprint, while we're going through it, is very similar in MCP on how we build things. Now of course, Vistaprint won't build everything immediately in what you call multi-tenant, that it's ready for every other business. But especially the data products there, I keep a close eye on it. And I would say any of the businesses invent something amazing that is great for other businesses, I'll be knocking at their doors. Like that is basically what we continuously keep doing.

Meredith Burns - *Cimpress plc - VP of IR*

Thank you so much. Okay. Moving into the next question. "What are you seeing on business card demand given COVID concerns about personal contact with printed materials? Do you expect you will need to change your go-to-market if business card demand declines for this reason?" Emily, how about you?

Emily Whittaker

Yes. Absolutely. So heading into the pandemic, we saw business cards in North America performing above expectations. Clearly, once the pandemic hit, we saw a low point in April. But we slowly started to rebound throughout the fourth quarter. Through this time, we did monitor the customer behavior closely. And we didn't see any meaningful trends in terms of the use cases or types of business cards that customers were ordering. But we are now actually seeing a shift in our assortment to premium shape. We're also seeing a shift in how customers are ordering, and that's towards mobile devices, which makes sense that through the pandemic, customers wanted to order on their phone on the go. And so this is a major area of focus for us. So despite not having the platform this year, we actually made meaningful improvements in our merchandising experience across business cards and resulting in a conversion rate lift of the business card category.

Meredith Burns - *Cimpress plc - VP of IR*

I think -- Great. Thank you so much. Okay. I'm just going to give Sean a heads-up on this one. This question is going to be for you. "If you continue to see stabilization/growth in demand, would you consider reinstating maintenance covenants early so that you can restart share buybacks if the share price warrants it?"

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

So yes, we would definitely consider it. We'll consider it. That said, that decision wouldn't be based on where the share price is, which is part of the question, I think, but rather where we are in terms of the progress of our EBITDA and our ability to get back to our prior maintenance covenants.

Now just so everyone is aware on how that would work, we only have the opportunity to end that maintenance covenant suspension period if our annualized EBITDA gets us to a point where we are meeting our prior maintenance covenants, so for example, 4.75x total leverage. But I think there is annualized, not TTM. So because it's annualized, that means you have to take that quarter's EBITDA and multiply it by 4. And we only have an opportunity to -- in that suspension period early if we meet that for 2 consecutive quarters. If you think about our historical seasonality of our profitability, that just has some practical implications on that math. And so it's not like every quarter we'll have an opportunity to do that. We have to meet that criteria.

I would say the way that we would evaluate that is to look at the extent to which we feel comfortable that we would be under our prior maintenance covenants as well as how much we want that continued flexibility from that point through the end of the suspension period, which is December 2021. We -- obviously, we embarked on the process that we did for a reason. It was costly, but we wanted that financial flexibility. And so we would only take that decision if we felt like we had the financial flexibility that we still wanted and needed to navigate any uncertainty that might [exist] in the future.

Meredith Burns - *Cimpress plc - VP of IR*

Thanks, Sean. That's great. Okay. Robert, you're on deck for this next question. "Over the years, you seem to have been on a steep learning curve. From a small transactional business, you went into M&A, discovered the beauty of decentralization and shifted the focus on cost efficiency and capital allocation. Can you share with us some of your learnings and how your long-term vision of our business has evolved?"

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

Excuse me. I set myself on mute. So let me start by just addressing something that is not specifically in the question, which is 25 years into this, we've been on a steep learning curve for 25 years, and I certainly hope 25 years later, from -- past to now, we'll still look back and say, "We remained on a steep learning curve because we'll just get better as we go." And companies that don't change and evolve don't thrive over the long term. I think that -- I'd say the long-term vision of our business at the Cimpress level has been very stable in the last 3-plus years since we moved to this world of decentralized autonomous businesses with a select few strategic advantages. And I think that has proven our ability to get back to something that's very important for me personally, but important for any company that wants to thrive, which is to keep an entrepreneurial passion and speed and nimbleness.

I think if we look at Vistaprint, where, as I said before, it's an incredible business and has an incredible history behind it and a incredible future in front of it, I think one of the things that I'd say about that vision of Vistaprint that has evolved is I think in the last 5 or 6 years, and if you go back from 2 years ago to 5 years prior to that, we stopped changing and stopped evolving. And we actually were, I think, working too much on driving the business model we had forward. Of course, we did new product introductions. We did a lot of different investments, but we didn't keep that passionate desire to invest in technology, to invest in customers, understanding to evolve our data capabilities. And so getting back to that, where, I think, traditionally, the business came from has been an evolution that we've talked about ultimately for the last 18 months and we're all very excited about. So at the highest level, I'd say, largely, our long-term vision has been stable in the last several years. But you can characterize that as a commitment and a success in moving back to entrepreneurial passion, even though we're well over $2 billion in revenue, keeping the sense and the speed of being a start-up that can break new ground and continually improve on our capabilities.

Meredith Burns - *Cimpress plc - VP of IR*

Thanks, Robert. I'm going to stick with you for this next one as well. "Excluding the impact of the pandemic, what prevents Cimpress from growing faster? Is the online -- sorry, the offline-to-online transition no longer a tailwind?"

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

I certainly believe the offline-to-online transition is a tailwind. We don't have precise numbers on that, but we certainly believe that's happening, and I would hazard a guess, in 10% plus per year of the markets shifting or the market -- and the market online is growing something like 10% per year. And we certainly should be growing at that or faster if we want to take market share. I think the constraints to us growing faster have been more internal than external. We -- at our scale, we need to continue to invest in data systems, technology and customer value propositions and be able to solve the riddle, which I just referred to, which is how do we stay small and nimble as we get big and large.

And so we are optimistic that we will get back to growth. In the Vistaprint example, specifically, the last 12 months, we made a very conscious effort, and we actually did the same thing at National Pen, to reduce the focus on top line growth so we could make sure that we have the core financial, operational, technological, customer standards and foundational basics in place. But if we -- and when we get those right and in a post-pandemic world, we certainly believe those will be key, and they will be enablers to us to start growing again.

Meredith Burns - *Cimpress plc - VP of IR*

Questions, one pre-submitted and one that just came in live that are a little bit an offshoot of that question. "So first of all, what impact has the pandemic had on the broader printing market? How has this differed for online and offline printers? And are your recent results benefiting from brick-and-mortar print shop temporary closures? Are you seeing new customers that like we needed to find an online print solution?" So in this general area.

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

In all honesty, we have not had the time to go out and do market reserve and understand what's happening, to answer that question with precision. So what I'll give is more my perceptions based on what we're seeing. I mean, clearly, all of us in all of our lives, and we believe in this market, have seen a shift to e-commerce and distance services. And that's certainly -- although we don't have precise market research, I think it's hard to imagine that, that's not benefiting us.

Secondly, I think that the -- all of -- the fact that we're having this video conference today instead of being in-person or that you have so many interactions with friends via Zoom or living off of e-commerce and DoorDash, customers are very much used to and getting much more used to that type of remote approach. So I do think that's helping us.

Now clearly, they are parts of the printing market that have been at least temporarily hurt by the pandemic. Paolo mentioned that in Upload and Print, we do a very large amount of business with trade shows and think of the signs and banners and trade booths and brochures that are given out in those events. Those will come back. I just don't believe the economy long term will not go back to those in-person events. But on the other hand, we've seen a boom in other products like the signage products or other areas. And there, again, to the question specifically, we do know anecdotally, a lot of the local competition, which is underfunded, often has had to be shut down, is losing as far as we can see from a qualitative perspective relative to online competitors.

Meredith Burns - *Cimpress plc - VP of IR*

Robert. Okay. The next question was a pre-submitted one. I'm going to ask Robert, Maarten and Paolo, I think, to weigh in on this one. "What initiatives have you fast-tracked or delayed as a result of the pandemic?" Some of this we've already covered. "What impact do you foresee this having on our business 12 to 18 months from now?"

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

I'll start out by saying with the obvious example of fast-tracking, everything we could do to have crisis management. But it could be the reductions in force, the cost cutting, the introduction of new products. Of course, those are hyper-fast-tracked. But if you step back from that, I would say, importantly, we stepped into the new financing structure we did this spring, specifically so that we can get back to the strategy, which we had already set out and we were successfully pursuing for the first 8 months of the fiscal year. So there, they were slowed down because in the few months around March, April, May, we had really ramped down on expenses, and we stopped investing in -- on those until we solidified our balance sheet but then very much, we got back to the same type of rate that we want to be as we're really ramping back up into that. So I'd say most of those are going as planned.

Meredith Burns - *Cimpress plc - VP of IR*

Maarten?

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

Yes. Maybe I zoom a little bit first and then the part of the question there. But what do you see in having an impact in 12 and 18 months? And that has actually been more of a core thing. I do not want our strategy and our investments to have too much impact. So that was like first top of mind. And actually, by now, I say, I don't think we have big impacts in terms of the negative side of it. I mean, we had definitely some tough times where we had to restructure, look at costs and these kind of things, but it was a very short list to make sure that how do we respond. Then on the positive side, product standards has been accelerating. Indeed, like what is a flyer versus a flyer and a flyer in the business for those product adoptions? And indeed, masks are now live at every country on the new platform, right? Like basically, the new platform is live in the United States for Vistaprint because we are launching masks over it. So those things are more -- again, also short-lived impact things that are actually positive for that. But I think long term, the effects are, as I see, not significant towards us.

Meredith Burns - *Cimpress plc - VP of IR*

Do you want to add something here?

Paolo Roatta

Yes. Actually, I'd like to say that I think what will stay with us after the virus or in 12 to 18 months from now is the antibodies that we developed against this virus. And when I say that I believe that we're going to be stronger than we were before and stronger than our competitors, this is because we faced some very sudden changes and we had to react and adapt very quickly. And this enabled us to think fast and identify new ways of reacting to changes in the market. And we had to cut drastically all sorts of costs and investment, where everything that was not essential was cut out or postponed. But the good thing is that all these strategic investments and the long-term investment that we had planned have not been compromised. And I'm thinking of the cases of the investments we're doing in France, for example, to develop a center of excellence in production, which is the largest market we have in the print group, or the investments we are doing in packaging and label in these areas that actually, during the call, they never stopped to increase. And actually, where -- these were some areas where we were working on 3 shifts. We've been working on 3 shifts during the whole time of the COVID.

Meredith Burns - *Cimpress plc - VP of IR*

So this next question, I could go to Robert or Paolo and Peter to answer. So let's ask the question. "Looking at each segment, which percentage of revenues used to be from clients buying products to be used in events like conferences?" I think we don't have a precise figure on this for our businesses, but we can weigh in from a different segment perspective.

Paolo Roatta

Yes. Well, I can say...

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

I'm sorry, Paolo. Just to give some context, it is the Upload and Print and, to a lesser extent, National Pen, where we have the most exposure. And within Upload and Print, it very much varies by business. So I will turn it to you, Paolo, and then we go to Peter.

Paolo Roatta

Yes. Exactly. So it really depends on the different business units. So we have some business units are very developed in the area of the trade event like Easyflyer, for example, where up to 30%, like 1/3 of the business is in that area. And so these are segments that are hit the most. And some others that are less [branded] in the segment, I'm thinking, for example, the average rate for this -- for products for this market probably -- is probably 10% to 15%, like in the case of the Pixartprinting.

Peter Kelly - *National Pen Co. LLC - CEO and President*

Yes. I think for National Pen, it's probably not too surprising, most people are coming for giveaway pens or other writing instruments, whether it's plastic pens, metal pens, or sometimes a gimmicky giveaway is like sort of earrings or -- so all kinds of like physical kind of promotional products but predominantly writing instruments.

Meredith Burns - *Cimpress plc - VP of IR*

Thanks, Peter. All right. We've got a question here on Vistaprint. "Vistaprint had a strong rebound. How has the mix of consumer and business revenue, I guess, changed?" Sean, how about you start out with that one, at least?

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

Yes. Sure. Happy to take that. I mean, we really haven't seen any big changes, though. Consumer concentration for Vistaprint is the largest in the December quarter in the holiday period. But over the last 3, 4 months relative to past periods, [so for] those months, we haven't seen any material change.

That said, if you think back to that chart where we had the line of the demand recovery and then that same line, excluding COVID-specific products, for Vistaprint, the biggest product that provides that delta between those 2 lines is masks. And I think masks have had more of a consumer orientation, at least up until now. So that chunk of new product revenue has more of a consumer orientation. We now have custom design available. And so I think that could (inaudible) if that to more of a small business focus, well, that remains to be seen. But otherwise, we haven't seen (inaudible).

Meredith Burns - *Cimpress plc - VP of IR*

Sean, I'm going to stick with you for the next question. It's on PSUs, and I am about to ask you to answer briefly the question about PSUs, which might be a challenge. But I know that you're up for it. The question is, "Can you provide an update or overview on how the PSU compensation plan is tracking?"

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

Sure. Well, I'll do my best to answer that concisely, and then I'll refer to some other public documents that I have for people that are less familiar. But I guess, let me just start with a little bit of context because not everyone is familiar with the PSU plan. So starting back in 2016, we had changed the long-term incentive programs that we have in place for most of our leaders throughout Cimpress. And we had changed it to basically 2 instruments, one of which was performance shares and one of which was a cash retention bonus. The performance shares or the PSU component only can pay out or turn into actual shares that could in the future be sold if we achieve a certain minimum threshold of a compound annual growth rate on our 3-year moving average share price. So that's kind of the summary. There's a lot more you can read about in our public documents if you're not familiar.

The first 3 grants that we did, the performance criteria was 6 years out from the grant date, which meant that those grants could not become actual shares or have an opportunity to be actual shares until that first measurement date, 6 years from the grant date. Then we actually shortened that in last year's grant to be 4 years. And so many of our senior leaders across Cimpress, as I said, have a material part of their compensation in PSUs. Some of that has changed as we've moved towards more business-focused, cash-based LTI plans, as I mentioned in my earlier presentation. But nonetheless, it's material for leaders across Cimpress.

So let me get into a couple of the specifics in response to the question. We have the 3-year measurement period, which is the relevant measurement for whether or not these grants become actual shares. For the first grant, it requires a 3-year moving average share price hurdle of $129 roughly as of August of 2022. So that's the first potential payout. And again, I want to reiterate, that's a 3-year moving average of $129 as the minimum threshold. In order for -- I update the math on this fairly regularly. In order for that to become a reality, if you look at our actual share price for the first year of that period and say, "What do we need to have as a share price for the remaining 2 years?" It's about $140, a little over that.

For the 2017 grant and also the 2019 grant, the 3-year moving average measurement period for the first potential payout starts essentially next week. And for those, we need to have a 3-year moving average share price of about $155 at August of 2023. And again, we're about to enter that period where the first measurement will happen.

So I'll emphasize again. Those are all 3-year moving averages. But basically, we're entering into a period where 3 of the grants that have been made will be measured for a potential payout. And so our leaders, of course, will be very focused on trying to make that happen through continued execution of the things that we've been talking about today.

Meredith Burns - *Cimpress plc - VP of IR*

Great. Thank you, Sean. Okay. I just had a question come in that, I think, is a good one to float out there. I'm going to throw this to Robert. With much demand for websites, can you update us on how Webs, and I'll put in parentheses Vistaprint Digital, is doing? Is it still in your focus?

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

Yes. Just to clarify, Webs, which still exists as a brand, is not our primary focus. Really integrating it into the Vistaprint experience and Vistaprint Digital is the focus. I fully agree with the premise of the question. Clearly, websites and digital marketing is increasingly important, and the pandemic is accelerating that in the market. It is an area where I believe the last 4 or 5 years, 6 years, we lost the focus we should have had on that. And in the last 12 to 18 months, we've been accelerating the migration to our most recent tech stack for that. We also are looking at different partnership opportunities where we've been approached by different people, and we think there's a lot of opportunity here.

So our near-term focus is working with the website products specifically that we have, but there's a lot of other digital marketing areas as well, we feel, that are opportunities for us. Our customers who buy from us are very, very strong, high-quality customers with great economics. And unfortunately, most of our customers don't even know that we offer that. So we are seeing very positive retention numbers on our new tech stack. Our churn rates are down. Our retention is up. We are seeing improvements in terms of new customers. That being said, it's an area where we do believe we need to focus more and certainly an increasing area of focus over the coming years.

Meredith Burns - *Cimpress plc - VP of IR*

Robert. I think we've got time maybe for 1 or 2 quick answers before we close out here. So I'm going to throw this to Robert. "The team has mentioned that the small format business model has become better understood. Does that mean that the proprietary technology we once relied on is now widely available and not a differentiator? Or what's the right way to think about this?"

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

Okay. So for those of you who aren't familiar with the details and what this question is referring to, small format, I think your rectangles, it certainly could be a business card or a postcard or a flyer. In 1999, way back in our first production operations in the U.K. and then the Netherlands and eventually in the U.S. a few years later, we had really an incredible cost advantage by aggregating large numbers of diverse independent orders into -- across the Internet via e-commerce through software into a repetitive production. And when I've talked about that being understood, certainly, in the last 5, 10, 15 years, people have understood the cost economics relative to a bespoke custom production at just a radically lower cost. But there are a lot of people who do that. It's still the minority of the market, but we -- our best competitors certainly understand -- understood that for a decade.

That being said, I do think you have to move beyond that paradigm of 20 years ago, where there was a very limited number of products to today. One of the complexities of this is you need an enormously deep and broad product selection. And as those products go into apparel, into signage, into different formats, into folded products, stapled products, on promotional products, the ability to aggregate together into single rectangles become something that has a percentage in the market. Any given product, it's a very small portion. And so yes, there is enormous understanding of the basics of that. But the scale leaders and especially Cimpress are able to basically do a sortation into -- of our $1 billion, $2 billion of revenues into a very finely sorted production lines, which get very efficient because they're so specialized.

And importantly, there's a whole economics of the cost of a customer acquisition versus the cash flow of a customer, which is dependent on having many different products, products other than, say, a business card or a flyer, get into long-tail products very quickly. And you need to have scale to be able to apply those economics.

So in summary, just replicating what we did will get you lower costs if you have the volume on those rectangles. Most people don't have the volumes. And more importantly, it's the breadth and depth of products and the brand proposition and the software and the capabilities to be into hundreds of products, that is really what's driving competitive advantage in this business.

Meredith Burns - *Cimpress plc - VP of IR*

Great. Thank you, Robert. So that is all the time that we have for this Q&A session. I am going to ask one last question of Robert to sort of close things out. We did have a few pre-submitted questions that we didn't have a chance to cover fully. Those of you who e-mailed us with those questions, of course, we will write back to you with answers later this week.

So Robert, for your closing remarks, we said, in your shareholder letter, that we think that this pandemic has not impaired our intrinsic value per share, and that we think that we can get back to levels of financial performance that we were at pre-pandemic and beyond. What do you have to believe in order for that statement to be true?

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

Well, we do believe it to be true. And the reasons are what I described at the end of my opening presentation. And just to summarize this, we have several times in our history used challenges and tough economic times to drive improvements and then subsequent growth. And we know how to. And second, the pandemic is accelerating the shift to online, where we are the leader. Third, small businesses, especially single person micro businesses, sole proprietorships where Vistaprint thrives, typically grow in number during recessions as people have to find new ways to earn a living. Fourth, our business model is fundamentally more competitive than off-line alternatives but still are the vast majority of the addressable market. And it's -- as we just were talking about, it's not just the production operations, but it's a service operation to the graphic design capabilities, the ability to invest in world-class technology and data systems. And I think fifth, very importantly, although there are a lot of scale advantages, one of the things we've worked on a lot over the last multiple years is to have a clear and effective structure that balances autonomy and focus in accountability and entrepreneurial capabilities with the leverage of a few select strategic advantages that can drive value across our company. And that has allowed us to address this balance between -- or this need to have both scale and focus at the same time.

So more broadly, after the shock of the pandemic, we are back on track with the same strategy we were pursuing before the pandemic but with a significantly improved structure and a heightened understanding of what we've been capable of and how fast we can move and how nimble we are. And like what, Paolo, you just said it a few moments ago, it's the -- after the virus has gone, the antibodies will stick around in the corporate being of Cimpress. And we are really working to permanently embed these more competitive methods, the lower cost structures into how we work. And we are using what we've learned to capture opportunities in this current FY '21 but also into the future.

So in summary, we've evolved a lot over the last few years. And today, we benefit from a great combination of the right people, the right technology, the right market position, the right management incentives, the right scale advantages and the right entrepreneurial passion. And that creates incredible opportunity for the future. And we look forward to demonstrating how we are going to regain and accelerate that momentum and capture that opportunity for the coming year, fiscal 2021. So thank you very much for joining us.

Meredith Burns - *Cimpress plc - VP of IR*

Thanks, Robert, and thank you, everybody, who stuck with us through 3.5 hours of this virtual presentation. I want to thank our panelists for participating in this event as well. To our shareholders and debt holders and other investors, we will be sending a survey to you either later today or tomorrow morning. We would love to capture your feedback on this event so that we can do better next time if it is a virtual event or if it is back in person, which we would love to see you again as well.

And then finally, I just want to thank all of the people inside of Cimpress who helped make this event successful, I think, because I don't want to like bias your answers on the survey, sorry. But there's this very small but incredible team of people that made this all happen. And I just really, really, really appreciate you all, [Julie] and [Steve] and [John] and the extended team who helped on the finance and the legal and the technology side. Thank you. Thank you. We'll see you guys later. Thanks.
