



# MID-YEAR STRATEGY UPDATE CALL

**ROBERT KEANE - FOUNDER, CHAIRMAN & CEO**

**SEAN QUINN - EVP & CFO**

**FEBRUARY 24, 2020**

## **Operator**

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

**Meredith Burns** - Cimpress plc - VP of IR

Thank you, Krystal. Hello, everyone, and welcome to the call and webcast. We apologize for being late. There was a technical difficulty. This call is being hosted by Robert Keane, Founder, Chairman and CEO of Cimpress as well as CEO of Vistaprint; and Sean Quinn, Executive Vice President and CFO of Cimpress and also CFO of Vistaprint.

# SAFE HARBOR STATEMENT

*This presentation, our accompanying commentary, and the question and answer session that follows contain statements about our future expectations, plans, and prospects of our business that constitute forward-looking statements for purposes of the safe harbor provisions under the Private Securities Litigation Reform Act of 1995, including our expectations for the growth, development, and performance of our businesses, the projected market for mass customization, planned investments and improvement activities in our businesses and the anticipated effects of our investments and improvements, and the expected performance and benefits of our mass customization platform. Forward-looking projections and expectations are inherently uncertain, are based on assumptions and judgments by management, and may turn out to be wrong. Our actual results may differ materially from those indicated by our forward-looking statements as a result of various important factors, including but not limited to flaws in the assumptions and judgments upon which our forecasts are based; our failure to execute our strategy; our inability to make the investments and improvements in our business that we plan to make or the failure of those investments and improvements to achieve the results we expect; the failure of our mass customization platform to drive the efficiencies and competitive advantage we expect or our failure to realize the expected returns on the capital expended to develop the platform; the failure of our decentralization and organizational changes to have the effects that we expect; loss of key personnel; unanticipated changes in our markets, customers, or business; our failure to address performance issues in some of our businesses, in particular our Vistaprint business; our failure to attract new customers and retain our current customers; our failure to manage the growth and complexity of our business and expand our operations; the failure of the businesses we acquire or invest in to perform as expected; the willingness of purchasers of customized products and services to shop online; changes in the laws and regulations, or in the interpretations of laws and regulations, that affect our businesses; our failure to maintain compliance with the covenants in our senior secured revolving credit facility and senior unsecured notes or to pay our debts when due; competitive pressures; general economic conditions; and other factors described in our Form 8-K filed with the launch of our recent debt offering on February 10, 2020 and the other documents we periodically file with the U.S. SEC.*

*In addition, our statements and projections represent our expectations and beliefs as of the date of this presentation, and subsequent events and developments may cause these expectations, beliefs, and projections to change. We specifically disclaim any obligation to update any forward-looking statements. These forward-looking statements should not be relied upon as representing our expectations or beliefs as of any date subsequent to the date of this presentation.*



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## **Meredith Burns - Cimpress plc - VP of IR**

Before we get started, I remind everyone that we will discuss our thoughts about our future on this call. We may be wrong about our projections and actual results may differ materially. Please see the risks associated with investing in Cimpress on this slide and in more detail in the 8-K filed with the launch of our recent debt offering on February 10, 2020. Additionally, we have posted a reconciliation of the non-GAAP measures we refer to on this webcast on [ir.cimpress.com](http://ir.cimpress.com), which can be downloaded directly from the webcast viewer.

## CONTEXT FOR THIS CALL

- This call serves as a mid-point update where we can address questions about the business and strategy
- Will give an update but spend most of our time answering the questions submitted to us in advance of the call



**Meredith Burns** - Cimpress plc - VP of IR

Before we begin, I'd like to provide some context for this call. We seek long-term shareholders and debt investors who appreciate businesses that both think and act long term. We hope to create a meaningful dialogue with our shareholders and our debt investors so that: one, they have enough information to assess the intrinsic value of our business and the returns we are driving on the capital they entrust to us; and two, we are able to learn from their views and experience, which we greatly value and have directly and positively contributed to our evolution as a company. Our long-term shareholders and debt investors have given us positive feedback on our annual Investor Day events, which we typically hold in August. As we did last year for the first time, this call serves as a midpoint update to address questions about our business and strategy that arise between those annual Investor Day events. We think this is an efficient way to update all of you. We expect the call to be 90 minutes with a roughly 20-minute update to start, and then the remainder of the time will be spent answering your pre-submitted questions that cover a range of topics. We will do our best to answer all of the pre-submitted questions. Each of you will -- each of which you will see unaltered from the ones we received from investors with a couple of exceptions. First, when we received multiple questions on the same topic, we combined them or took 1 representative question to cover the same ground; and two, in some cases, we made slight changes necessary to allow them to be presented in these slides and in the audio webcast format. Now I will turn the call over to Robert for the business update.

# BUSINESS UPDATE



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

## LOOKING BACK ON THE PAST YEAR



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

Good morning, everyone. Thank you for joining us today. As you will recall, my quarterly earnings document of January 2019, this was my annual letter to investors last July and our annual Investor Day last August, all shared common themes regarding the challenges Cimpress was facing and our plans to this fiscal year 2020, address them by focusing on execution. We made this commitment to operational improvements because we weren't driving sufficient returns on the significant capital we had invested over recent years and because we need to strengthen our capabilities and our operational excellence, if we were to deliver differentiated value to customers that is needed to drive sustained and ROI attractive growth, slightly more than halfway through the fiscal year, we are making good progress in line with those plans.

We are gaining momentum under the new Upload and Print organizational structure, which we described in January 2019 in our quarterly earnings document. We are making major investments in technology, data capabilities and customer-facing value improvements across most of our businesses. We have implemented long-term financial incentives for many of our key leaders that are tied to delivering returns on invested capital that exceed hurdle rates, which ensure a positive return on Cimpress' investment. And rather than pursuing any large M&A, we have been focusing our time and energy on improving the businesses that we have and deploying our capital to the repurchase of our own shares.

Before we get to the pre-submitted questions, we'll take a quick tour through each of our reportable segments and our central themes in order to highlight their respective areas of focus since our August Investor Day meeting.



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

And first, we'll look at Vistaprint. As you know, last January, I returned as CEO, among with other changes we made in the business at that time.

# Vistaprint: Foundational Basics

*Between CY2019 and CY2021, Vistaprint is investing in the following areas to improve the foundations upon which it can drive jaw-dropping customer value*

Financially Rigorous	Execution Oriented	Customer Obsessed	Technology Supercharged	Data Driven	Cost Competitive	Magnetic to Talent
Decision-making frameworks to ensure valid ROI criteria	Consistently deliver on well defined objectives and key results	Start with the customer and work backwards, striving vigorously to earn and keep customer trust	Leading-edge software-driven capabilities that integrate people, process and technology	World-class analytical and data science capabilities	Low-cost producer even as we improve conformance to specifications	Attract and retain talent energized by foundational basics



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

We have told you about the transformational journey we've been on in Vistaprint since last January, which we expect to be a multiyear effort. The first part of that journey is to restore what I call foundational basics. In other words, the fundamental building blocks that are present in any successful company. These are not strategy. They're really the core muscles we need to be strong in order to pursue any given strategy, a great company is only as strong as its foundations, which is why we chose to focus on these first and foremost.

We've seen a lot of progress on our foundational basics since we saw many of you last August, let me run through a few examples. In terms of being financially rigorous, we've applied much more realistic and data-driven criteria to our advertising performance measurement, leading us to eliminate spend, which wasn't meeting our hurdle rates. We have embedded financial professionals deeper into all parts of the Vistaprint organization to act as partners with our front-line leaders. And we are structuring our financial operational reporting to provide profit and loss ownership and accountability at much deeper levels of the Vistaprint organization than we did in the past.

Secondly, in terms of being execution oriented. We are pushing and teaching team members to be decisive and to move faster. We have introduced weekly, monthly and quarterly business reviews to drive a cadence of accountability and a root cause improvement to what impacts our customers every day.

Next, in terms of being customer obsessed, we are systematically and significantly reducing customer pain points in our user experience, improving delivery consistency and raising quality. Most of these changes are individually small, but cumulatively make a big impact. And we have plans to do many more. We have also begun to simplify our pricing and discounting structures to be more transparent with customers.

Next, in terms of becoming technology supercharged. We are almost 1 year into a 2- to 3-year process of rebuilding from scratch, Vistaprint's technology platform and more proactively leveraging Cimpres' mass customization platform capabilities that we've built over the past years. This technology investment won't require significant incremental cost per se, but it is a large opportunity cost of investment, since we have the vast majority of Vistaprint's technology resources focused here rather than on making incremental improvements to our legacy systems.

In terms of being data-driven, we have actively been hiring and expanding our teams of analysts and data scientists. We are building and starting to roll out new data capabilities that help drive business insights. It allow for more informed and data-driven decision making. We've seen clear benefits of this in several areas in terms of better customer experience and higher profitability.

In terms of being cost competitive, Vistaprint is working much closer than before with Cimpres procurement, resulting in major benefits. And our teams are focused on optimizing the cost of many new product lines that we have introduced in the recent years.

In terms of being magnetic to talent, we are attracting great talent and seeing improved engagement scores of our existing Vistaprint team members. This is thanks to the energy and the direction that we have created via our major investments in technology, data capabilities, user experience and our new executive team.

# Vistaprint: New Executive Team



## Robert Keane

Founder and CEO

Experience: Cimpress 25 years; prior experience GM of a small OEM electronics engineering company

Education: B.A. economics, Harvard College; M.B.A., INSEAD



## Sean Quinn

EVP & Chief Financial Officer

Experience: Cimpress 10 years increasing scope in finance roles; prior experience as a certified public accountant, 8 years at KPMG

Education: B.S. accounting, Saint Joseph's University

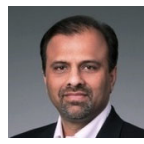


## Florian Baumgartner

EVP & President, International Business

experience: 9 years at Amazon and 9 years at McKinsey & Company

Education: business administration and management, Ecole de Management de Lyon; M.B.A. and Ph.D., WHU Otto Beisheim Graduate School of Management



## Vikram Singh

EVP & President, North American Business

Experience: 9 years at eBay/PayPal, 4 years at Amazon and 1 year at Lowes

Education: B.S. business management, University of Phoenix; M.B.A. international business, California State University-Dominguez Hills



## Ricky Engelberg

EVP Chief Marketing Officer

Experience: 20 years Nike and Nike's Converse subsidiary

Education: B.A. marketing, new media, University of Georgia



## Maarten Wensveen

EVP & Chief Technology Officer

Experience: CTO at Cimpress, CTO of Alburprinter; company founder

Education: Hugo Grotius College



## Sebastian Klapdor

EVP & Chief Data Officer

Experience: 12 years at McKinsey & Company

Education: M.S.c. finance and information management, The Hong Kong University of Science and Technology; Ph.D. digital marketing / quantitative methods, Technische Universität München



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

In terms of that executive team, many of you have already looked up the LinkedIn profiles of our new Vistaprint executive team members. So I won't go into their backgrounds here, other than to say, I believe that we've hired a combination of experienced, energized, talented leaders who all understand and believe in Vistaprint's potential to be a great growing business. The next level down from these leaders, we have brought in many new talented team leaders with similarly impressive experience throughout Vistaprint, who are joining up with a great talent that already exists here.



# Improving Vistaprint's advertising, offers and promotions

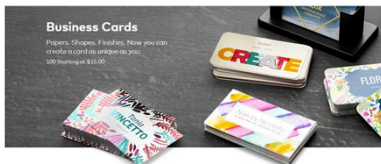
Actions

## Better ROAS Metrics & Rigor

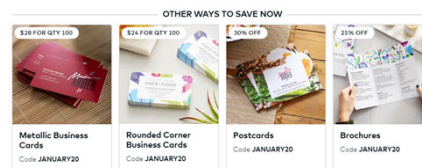


## Testing of New Offers

NOW INTRODUCING | FREE SHIPPING ON ALL BUSINESS CARDS. Code: FREESHIP



## More Targeted Discounting



Results



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

Good morning, everyone. This is Sean. We received a few questions about the results we're seeing from the reductions in Vistaprint advertising and what the new leadership team has accomplished to focus marketing operations on customer lifetime value. We'll go a little -- into a little bit of that detail here because it's been so fundamental to the Vistaprint results over the past year, and we'll answer other questions on the topic a bit later in the call.

I described at our August Investor Day that the changes we made to pull back our advertising spend in the back half of fiscal year 2019, used a brute force method. And at the same time, we began to refine and, in some cases, rebuild the tools or teams that our teams used to test, learn, invest in and track the performance of our advertising spend.

In fiscal year 2020, we've continued to advance our analysis and tools as we seek to ensure our advertising spend that is clearly measurable is returning within our desired return and payback thresholds. And at the same time, we're being more explicit about testing and investing in new channels and brand spend, even though those areas are, in many cases, harder to evaluate quantitatively.

In recent quarters, we've also begun to test and roll out some changes to our ad messaging, to our offers and discounting based on work we started last fiscal year. The goal is that the choices we make in these areas are driven by data and are financially rigorous. We're still in the early phases of building robust and dynamic capabilities in our analytics and financial measurement systems, but combined with the ad spend changes, they're together having a significant impact, as can be seen in our recent financial results.

On the slide here, you can see some of the ways these collective changes have flowed through our operating metrics and financial results. As we expected, the significant ad spend pullback has impacted the number of new customers we're bringing into Vistaprint. However, the majority of this reduced new customer count has come from customers, which we now believe were destroying financial value because they had below hurdle and often negative return on advertising spend. Not surprisingly, this is where we saw a lot of overlap in excessive ad spend in offers that were attractive to the most price-sensitive customers and unhealthy deep discounting.

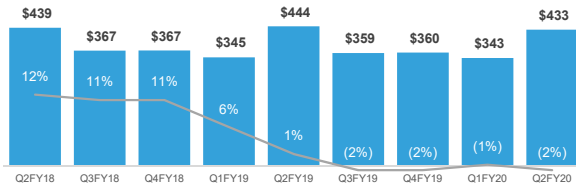
Through a number of different triangulation points, what we can see is that the combination of all the things we've been doing, not just in advertising spend, but beyond that, have been effective in reducing new and repeat customer acquisition that was destroying capital yet still acquiring and retaining financially attractive customers. So to put it simply, the mix and quality of the revenue that we've had over recent quarters has improved relative to recent years.

Importantly, we have early indications that our profitable customers are reacting positively to the changes we've been making, in particular, to the increased pricing transparency and to increasing our customers' perception of pricing fairness.

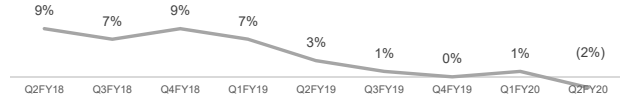
So that provides some visibility to what's been happening under the surface of Vistaprint's roughly flat revenue but significant EBITDA expansion. We believe our work to date has created a new, more profitable baseline from which we can further optimize and ultimately begin to grow from and has allowed us to reallocate investment spend to areas that we believe are critical to Vistaprint's future. These investment areas, for example, in data capabilities, in technology, quality, service operations, customer experience and brand will take some time to bear fruit, which is why we continue to expect our top line at Vistaprint to either be flat or to slightly decline for the near term. But on the other side of this change, we hope to and expect to drive top line growth that is fully compatible with shareholder value creation.

# VISTAPRINT: QUARTERLY RESULTS

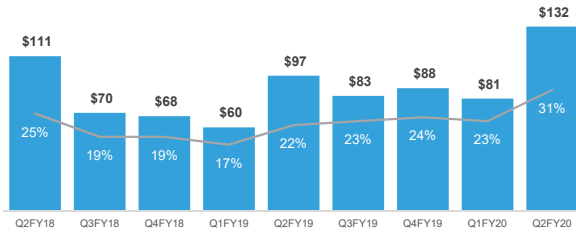
## REVENUE & REPORTED REVENUE GROWTH



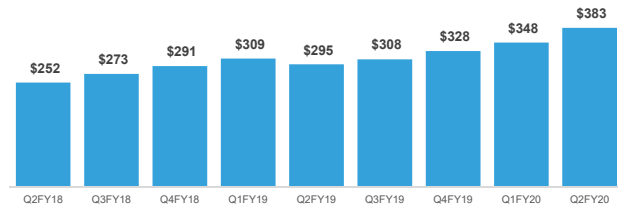
## ORGANIC CONSTANT-CURRENCY REVENUE GROWTH



## EBITDA & EBITDA MARGIN



## TTM EBITDA

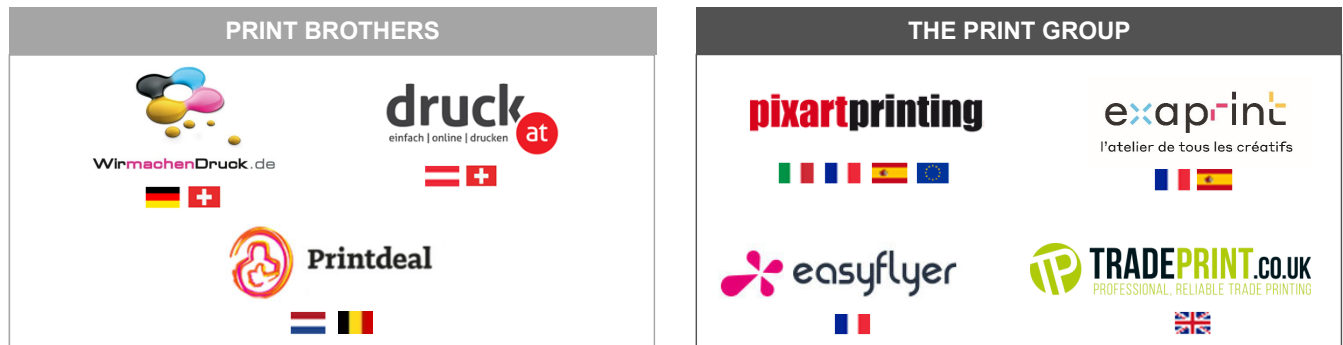


Note: All segment financial results have been recast to reflect recent reporting changes. See [ir.cimpress.com](http://ir.cimpress.com) for a reconciliation of non-GAAP measures.

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

And this is how it's played out to date financially. There's nothing new here on this slide, but revenue growth has come down about 1% year-to-date in constant currency, while profitability and margins have, as you've seen, expanded significantly.

# UPLOAD AND PRINT BUSINESSES



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

Okay. Next, let's look at the Upload and Print businesses. As you recall, they're all located in Europe. And prior to this time last year, we managed them as a portfolio of 7 distinct businesses. A bit more than a year ago, we reorganized these businesses into the 2 groups you see on this slide in order to position our leaders closer to frontline operations to lower cost and to drive a more execution-oriented culture as well as to deploy common underlying technologies that improve customer and financial outcomes. This has enabled us to align incentives to break down prior organizational barriers and to reduce the friction of these businesses working together.

## UPLOAD AND PRINT: ADVANTAGES & OPPORTUNITY FROM RE-ORG INTO TWO GROUPS

### The whole is greater than the sum of its parts



- Leveraging common assets
- Sharing knowledge and innovation
- New product introduction
- Smart allocation of production volume to improve customer value and reduce cost
- Planning for longer-term specialization in production facilities



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

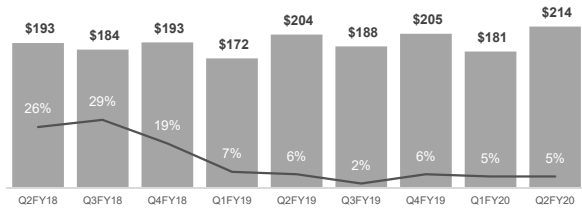
This was a slide that Paolo Roatta, the Chief Executive Officer of Print Group used at our August 2019 Investor Day to describe how the combination of our Upload and Print businesses is greater than the sum of their parts because they have advantages that smaller stand-alone businesses do not. Some of the tangible examples of improvements that we've seen in the past 6 months across our Upload and Print businesses include increased sharing of supply chains that have been facilitated by the Cimpres MCP. We are starting to direct order flow for production into specialized and higher volume production lines. For example, Easyflyer is deeply integrating with the supply chain of Print Group, which puts it on a path to be significantly more profitable.

We've also made good progress on a multiyear migration to a common e-commerce technology across most of our Upload and Print businesses, which will combine MCP Technologies with best-in-class third-party components. This is a multiyear project, but we are live in one and about to be fully live in a second of our businesses.

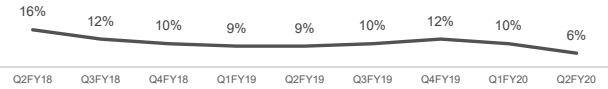
We've expanded our use of shared services, operations in Cimpres India for many of these Upload and Print businesses.

# UPLOAD AND PRINT: COMBINED QUARTERLY RESULTS

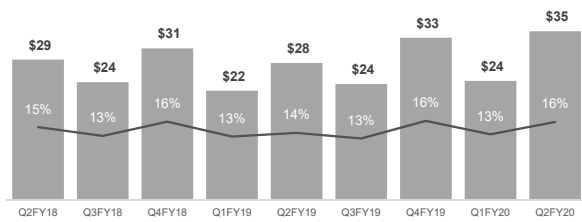
REVENUE & REPORTED REVENUE GROWTH



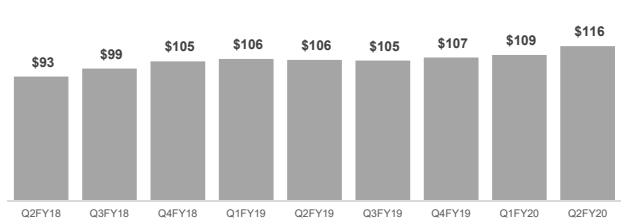
ORGANIC CONSTANT-CURRENCY REVENUE GROWTH



EBITDA & EBITDA MARGIN



TTM EBITDA



Note: All segment financial results have been recast to reflect recent reporting changes. See [ir.cimpress.com](http://ir.cimpress.com) for a reconciliation of non-GAAP measures.

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

So these areas that Robert just highlighted and other changes are making us more competitive in our Upload and Print businesses. And even though we've noted that this market is quite price competitive at the current time, we found that when we lower cost and in turn, lower prices, we grow volume faster than revenues. This is a good indication that we can continue to gain market share, and it reinforces our commitment to play for the long term.




The charts here on the slide illustrate that we've seen revenue -- slower revenue growth but EBITDA margins slightly improved. We see similar strength in cash flow metrics and some of the impact to revenue growth is from reducing prices in certain product lines or businesses due to competition. And some is due to trimming non-core revenue streams.



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

Next, let's discuss National Pen.

## NATIONAL PEN: ON TRACK FOR IMPROVED FY2020 RESULTS AFTER A DISAPPOINTING FY2019

FY2019	FY2020
 Aggressive prospecting	Smooth and reduce prospecting activity
 Contact strategy going too deep on customer file	Refine contact strategy for lowest performing customer segments
 Mail delivery issues	Have begun transition for European customers from Mexico to Europe
On-going investment in service operations and e-commerce team and technology	



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

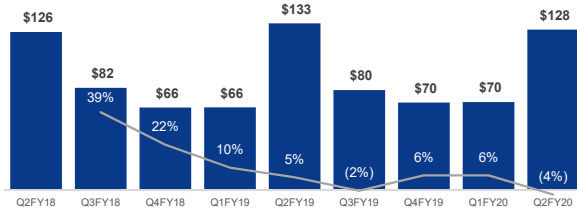
Next, let's discuss National Pen. And this slide is very similar to a slide that Peter Kelly, CEO of National Pen presented at our 2019 Investor Day. As previously described, National Pen is focused on -- during fiscal year 2020, on improving profitability while continuing to invest in capabilities that we believe will longer-term drive financially attractive growth, and we are on track with those plans.

Some examples of progress from FY '20 to date include reducing prospect mailing to more ROI attractive levels, which has led to strong operational H1 and improved overall returns on spend.

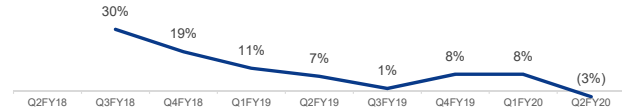
Next, we've improved contact strategies based on more effective segmentation analysis, we've expanded service centers and reduced turnaround times for service operations and we've made continuing significant investments in e-commerce, both in terms of its team and the technology.

# NATIONAL PEN: RECENT QUARTERLY RESULTS

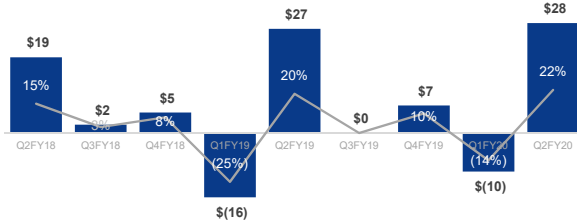
## REVENUE & REPORTED REVENUE GROWTH



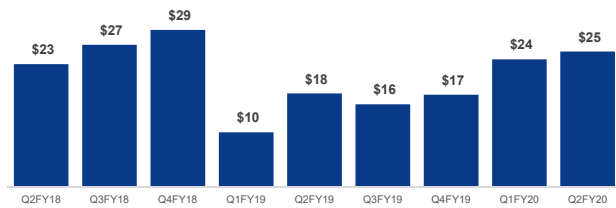
## ORGANIC CONSTANT-CURRENCY REVENUE GROWTH



## EBITDA & EBITDA MARGIN



## TTM EBITDA



Note: All segment financial results have been recast to reflect recent reporting changes. See [ir.cimpress.com](http://ir.cimpress.com) for a reconciliation of non-GAAP measures.

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

And again, here on the slide, you can see how that's impacted our financial results for National Pen. We've had lower revenue growth but improved profits. And although it's not specifically shown on this slide, the year-to-date EBITDA through the December quarter is up from \$11 million last year to \$18 million this year.



# ALL OTHER BUSINESSES

BuildASign



Early-Stage Businesses

**Printi**

**VIDA**



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

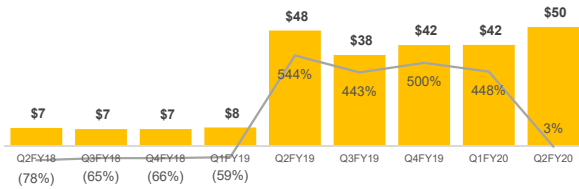
Moving to our all other businesses segment. Since our October 2018 acquisition of BuildASign, that business has focused on continuing their pre-closing executional strength, but also leveraging Cimpress' shared strategic capabilities. This includes expanding their production facility significantly to support future growth, making good cross-functional execution in the high season of the December quarter, making significant cost reductions from working with the Cimpress procurement team, producing multiple products for Vistaprint via the Cimpress mass customization platform and leveraging Cimpress India to complement BuildASign software development.

In our other early stage businesses -- I'm sorry, in our early-stage businesses, which are also part of this all other business group, we've seen a significant reduction of losses year-over-year. There are 3 businesses that are early-stage businesses that make part of this group, as you can see on the slide. The one I'll comment on is Printi. Since we changed the leadership last year, Printi restructured to dramatically reduce its fixed cost base and the team is now focused only on the most promising areas. They have begun to tap into the Cimpress share of strategic capabilities, leveraging MCP, Cimpress procurement and learning about best practices from other Cimpress businesses.

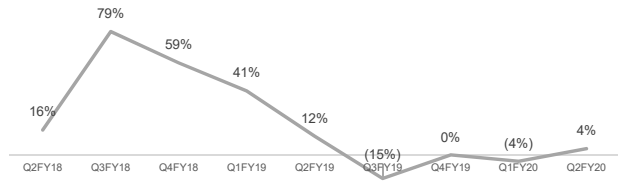
The cash burn at Printi is down significantly from the unacceptably high levels in fiscal year 2019 with a path forward for profitable growth in the large Brazilian market.

# ALL OTHER BUSINESSES: RECENT QUARTERLY RESULTS

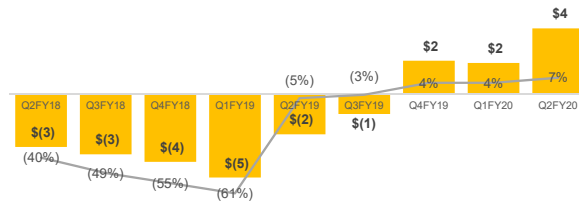
REVENUE & REPORTED REVENUE GROWTH<sup>1</sup>



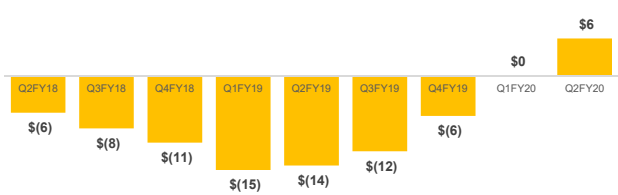
ORGANIC CONSTANT-CURRENCY REVENUE GROWTH



EBITDA & EBITDA MARGIN



TTM EBITDA



<sup>1</sup>Reported revenue growth rates impacted by the timing of acquisitions. Note: All segment financial results have been recast to reflect recent reporting changes. See [ir.cimpress.com](http://ir.cimpress.com) for a reconciliation of non-GAAP measures.

Sean Edward Quinn - Cimpress plc - Executive VP & CFO

And here, again, on this slide, you can see how all of that has impacted our financial results for the reportable segment. And I would just note that BuildASign came into these numbers in our second quarter of fiscal year 2019 and it came into the organic growth rate only in the second quarter of fiscal year 2020.

## SHARED STRATEGIC CAPABILITIES

### MCP

- Continued rebuilding of e-commerce technology in multiple Cimpres businesses
- Accelerating volume of cross-business wholesale transactions
- Significant uptake of pre-press, content and design creation tools

### CIMPRESS INDIA

- Total number of on-board team members has grown ~30% over calendar year 2019 to almost 1,200
- 13 different Cimpres businesses and central operating units have team members in Cimpres India

### PROCUREMENT

- Multiple examples of large-scale cost and working capital improvements
- Partnering even deeper with our businesses and suppliers to ensure the best cost structure for our customers



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

We also continue to make progress in the select few shared strategic capabilities that we believe have the greatest potential to create Cimpres wide value. With the mass customization platform, we see continued traction across many Cimpres businesses. This includes rebuilding e-commerce platforms that leverage third-party and MCP tools, orchestrated to meet the needs of our customers.

Our businesses also continue to adopt MCP micro services that support improved customer conversion, automate manufacturing processes and connect our businesses to our internal and third-party fulfiller network. We believe that the returns on our investment levels here are good.

In India, we continue to ramp our talented teams for technology development, graphic services, analytics and other capabilities. These teams allow our businesses to efficiently add value for customers and get access to talent pools that they wouldn't otherwise be able to efficiently access if they were independent and subscale.

And in procurement, we've been partnering even deeper with our businesses and with our suppliers to improve our cost structure and to deliver value for our customers. These efforts have resulted in significant year-over-year improvements and working capital benefits.

# LONG-TERM INCENTIVES ALIGNED WITH VALUE CREATION

## CEO AND BOARD

- CEO compensation is fully at risk\* in performance share units (PSUs)
- CEO and Board PSUs feature a performance condition based on driving at least an 11% CAGR of our 3YMA share price over a 6-10 year period
- Additionally, over 40% of our equity is represented on Cimpres's Board

## LEADERS IN VISTAPRINT & CENTRAL CIMPRESS TEAMS

- Mix of PSUs and cash retention bonuses
- PSUs based on at least a 4-year performance condition with a minimum 3YMA CAGR threshold
- Cash retention bonuses pay out ratably over 4-year period
- More senior leaders are required to take a higher percentage of PSUs

## LEADERS IN ESTABLISHED BUSINESSES (other than Vistaprint)

- Performance-based cash LTI plan that seeks to reward leaders based on the returns on invested capital in their specific business
- Programs feature a performance condition based on driving ROIC above our WACC over a 4-year period, with significantly higher reward for ROIC above 12%
- ROIC measured by the unlevered FCF generated by the business (constant-currency if applicable), and factors in entry and exit EBITDA-based valuations, M&A and divestitures, if any



\*other than legally required minimum wage

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## Sean Edward Quinn - Cimpres plc - Executive VP & CFO

Over the past 6 months, we've also made significant progress, as Robert mentioned earlier, in evolving the incentives for our leaders that are aligned to long-term value creation in each of their businesses. Our decentralization has allowed us to be much more granular in these incentive programs. So while Robert and I and other leaders in our central teams and Vistaprint continue to have at risk performance share units at the heart of our long-term incentives, for our smaller businesses, we've implemented business specific, long-term incentive programs that reward leaders based on the return on invested capital they generate in their own business or business group.

We've had some questions from investors for today on how these new business-specific programs work. So on the slide here, I won't go through the details of the first 2 columns, since nothing has changed there. But let me highlight some of the features of the new programs for our established businesses other than Vistaprint that you see in the last column. These programs are all cash-based and include a performance condition based on delivering return on invested capital above our weighted average cost of capital over a 4-year period, with a multiplier on payouts that starts to increase, starting at a return on invested capital above 12%.

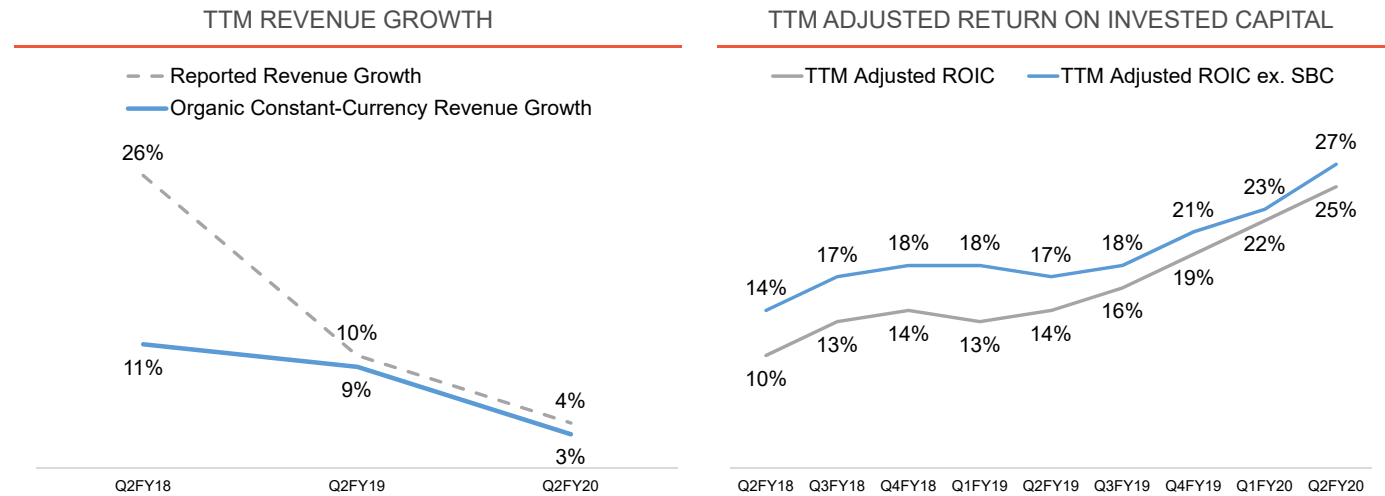
The return on invested capital is measured by valuing the business at the grantee, which becomes the starting invested capital and then taking account of all cash flow generated or used by the business in constant currencies, if applicable, over a 4-year period and then including an exit valuation. Both the entry and exit enterprise value calculations are EBITDA based with a sliding EBITDA multiple based on revenue growth. This map also includes any M&A or divestitures, if that's applicable.

Because we award grants annually, we believe there is no incentive for leaders in these businesses to unnaturally depress the starting valuation or inflate and exit valuation because that would significantly impact their ability to achieve performance-based targets for their other grants.

While I've only hit on the headlines, we believe this design appropriately incentivizes value-creating revenue growth, investing in CapEx in other areas where returns will be higher than their hurdle, efficient working capital and thinking about cash taxes. Formulaic entry and exit valuations are certainly never perfect, but the sensitivity of the multiples to revenue growth is pretty low. So we think any imprecision there is fine since we use the same approach at entry and exit. And similar to our PSU program, payout calculations are net of the dilution or the cost in this case of the award. So we think if these hurdles are achieved, we should happily share more of the returns with the leaders that drove them as the performance gets differentially higher.

For our early-stage investments, we use variations of this design that are largely also based on growing values beyond hurdle rate on invested capital.

# SIGNIFICANT IMPROVEMENT IN RETURN ON INVESTED CAPITAL



Note: See [ir.cimpress.com](http://ir.cimpress.com) for a reconciliation of non-GAAP measures.

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

As we look at our consolidated financial results from the many things we just went through, our revenue growth has slowed, but our returns on invested capital are up significantly, as you can see on the slide here. An obvious question and one which we've been asked in the pre-submitted questions for this call is whether we care only about optimizing what we have or if we want to and have the ability to return to revenue growth.

Let me just start at the top level. We happily deploy capital for investments that we believe will generate returns in excess of our hurdle rates. Unfortunately, we now realize that nearly 1/3 of the capital we were putting into Vistaprint advertising did not meet that basic criteria in recent years. And on a much smaller scale, and as we've already discussed, we've also stopped investing in bad ROI projects in several other parts of Cimpress.

We've also chosen to forego revenues by, for example, embarking on multiyear projects to rebuild technology platforms rather than use our constrained engineering resources to optimize legacy systems. And as previously mentioned, we restructured multiple businesses over the last year, including reducing revenue from sources or channels where the ROI was not satisfactory. All of these changes depress revenue growth, but in our opinion, lead to better use of capital. And you can see that in the return on invested capital in this chart.

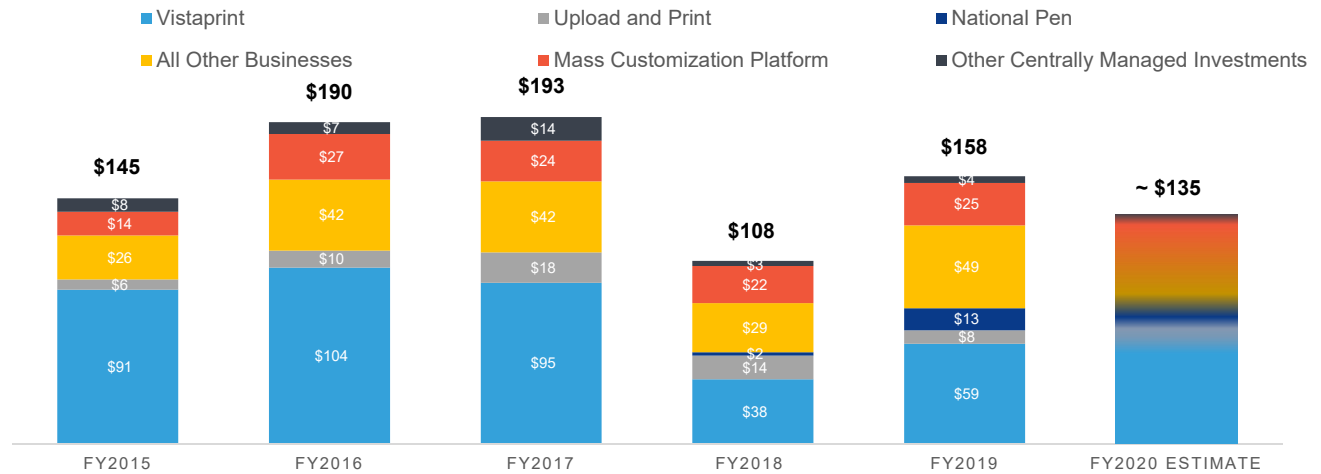
We believe revenue growth has to be an outcome of strong competitive positioning and above hurdle investments, not an objective in and of itself. It must come from our market opportunity, from competitive advantages, from investing capital where returns are acceptable, from focused execution and specific operational levers our businesses have.

With that said, there's no change to our view on our opportunity or our advantages. Our execution and ability to use the levers that drive revenue growth was not where it should have been a year ago. And since then, our execution has improved significantly, and our focus on those improvements was and still is, in our opinion, unquestionably the most value-creating use of our time and resources.

And at the same time, we continue to invest in our future with technology, with talent, including new executives in Vistaprint that Robert outlined earlier, with data capabilities, service operations and elsewhere, which, over time, we believe, should generate economically healthy growth. That very much includes Vistaprint. But as we said in our most recent earnings document, we won't change our annual revenue guidance for Vistaprint to include growth until we actually get there. And that's because we don't want to make any public statements that potentially come back to frustrate shareholders if we were to forgo revenue growth in favor of a future choice about the right long-term decision.

# HISTORY OF ORGANIC INVESTMENTS

**IMPACT OF INVESTMENTS ON UNLEVERED FCF (\$M)**  
*Midpoint Estimate of Portion Not Needed in a Steady State*



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

And here are those estimated aggregate organic growth investments that we showed at our August Investor Day, again, nothing new here. We're not updating the specific breakdown by reporting segment. But overall, we're on track with the plans we described in August, as to the total level of Cimpress wide organic growth investment for the year. And that level of organic growth investment is lower than what we experienced in our FY '19 net investments, but it's still, of course, significant.

# CAPITAL ALLOCATION UPDATE

February extension of credit facility and addition to senior notes provides long-term flexibility; recently clarified our leverage policy

## ORGANIC INVESTMENTS

On track with organic growth investments for the year, at a lower pace than FY19 investments

## M&A

Currently taking a break from material M&A years to focus our capital and management time on our current business

## SHARE REPURCHASES

\$542M shares repurchased YTD through February 7, 2020 at an average price per share of \$126.57.

## DEBT REPAYMENT

Leverage as of December 31, 2019 was 2.99x



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

And let me just add a few other updates on capital allocation beyond the organic investments on the prior slide. Since our August Investor Day, we've done quite a bit. We redomiciled our parent company from the Netherlands to Ireland, which will provide future capital allocation flexibility. We very recently extended our credit facility and issued a \$200 million add-on to our high yield notes. We clarified our stance on our leverage policy, which you can see in the housekeeping section of our most recent earnings document. And while we've been focused on execution, we've taken the advantage of the opportunity to allocate significant capital to share repurchases, where through February 7, which was the last time we disclosed this, we've repurchased \$542 million of our own shares, which represents 14% of the shares we had outstanding at the beginning of the fiscal year.

And I'll touch on M&A, just quickly. One year ago on this call, we said that we believe M&A remains an attractive opportunity for us, but the hurdle rate had increased meaningfully. And at our August Investor Day, I had said that we didn't expect to do any large M&A in fiscal year 2020. All that still holds true, and we still have no plans for large M&A in the near term.

Now that's not scientific. For now, we're continuing to focus our time and resources on the improvements within our already owned businesses. Of course, if an opportunity came up that was unique, we would consider it, but the hurdle rate relative to focusing on what we already own would have to remain high.

So in summary, we've made good progress since we were last together in August. We've allocated significant capital between share repurchases and what is still significant organic investment throughout our businesses, all while maintaining modest leverage. We think we have good clarity and a runway to continue our work in these areas that we outlined at Investor Day, which is where we will continue with focused execution for the remainder of the fiscal year.

And with that, let's get to the pre-submitted questions.

# STRATEGIC QUESTIONS



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**Meredith Burns** - Cimpress plc - VP of IR

Excellent. Thank you, Sean. So we've organized these into categories. The first set is going to be a set of strategic questions.



## QUESTION ON COMPETITIVE ADVANTAGES

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- I always thought of your businesses as having a strong competitive moat, but it seems like you have been impacted by competitors to a large extent.
- Do you still have a moat? What specific advantages do you have, and to what degree (brand, unit cost, etc.)?

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**Meredith Burns** - Cimpress plc - VP of IR

So first up question. I always thought of your businesses as having a strong competitive moat. But it seems like you've been impacted by competitors to a large extent, do you still have a moat? What specific advantages do you have? And to what degree, brand, unit cost, et cetera? This question on competitive advantages is one of several similar questions that we received on the topic.

# STRONG COMPETITIVE BARRIERS BUILT THROUGH YEARS OF INVESTMENT

- \$3.1B of technology and manufacturing investments:
  - About \$1B of cumulative capital investments
  - Over \$2B of cumulative investments in software and manufacturing engineering
  - 295 issued patents
- \$3.3B of cumulative advertising investments; significant brand equity built over many years targeting small businesses is difficult to replicate
- Other scale-based benefits that are hard for smaller businesses to replicate:
  - Procurement advantages
  - Know-how, infrastructure and talent including talent infrastructure in India
  - Scaled customer service operations in locations such as Tunisia, Philippines, and Jamaica



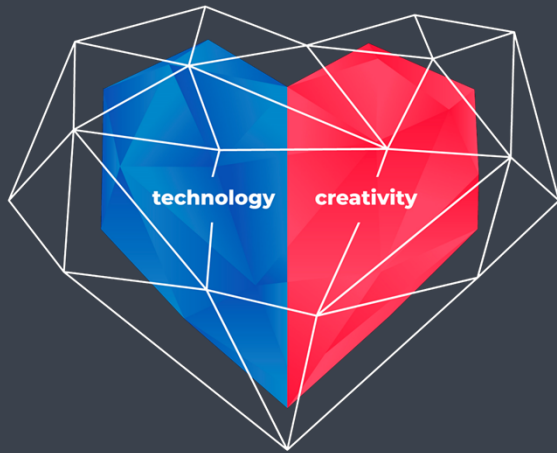
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**Robert S. Keane** - Cimpress plc - Founder, Chairman & CEO

Well, our stance on our competitive moat has not changed, and we hope you see from the focused execution that we've been describing that we continue to invest money and investing opportunity cost in enhancing that moat. I won't go through the points on this slide in great detail, but they are all things that we've described in the past. I will double-click on the area that we've seen the most -- where we've seen the most noise from a competitive perspective, which is in the European Upload and Print space.

# THE MOST INTENSE COMPETITION IS IN UPLOAD AND PRINT SPACE: WE CONTINUE TO DRIVE CUSTOMER VALUE AND PROFIT IMPROVEMENTS

*Opportunity to deliver value to customers*



**Our advantages versus the competition**



Growing steadily



Delivering significant profit



Leveraging production advantages



Innovation budget



Willing to invest for the long term

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

This is another slide that Paolo Roatta showed in our August 2019 Investor Day, and it's worth reminding ourselves that despite what we believe is often economically illogical VC funded pursuits of growth for growth sake from some of the smaller competitors in certain markets and certain product lines, we expect that we will outrun and outlast our competition because of our scale advantages.

Our Upload and Print businesses, though they have been seeing some revenue impacts from responding to the competition, continue to grow revenue and grow profit. And that's a testament to the strength on this slide and to the execution of our teams who continue to build on these advantages and the heightened competition has even fueled further innovation and the need to leverage the broader Cimpres capabilities.

## QUESTION ON COMPETITION

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- Are your businesses (particularly the ones that are not growing) losing market share to competitors, and if so, who?

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**Meredith Burns** - Cimpress plc - VP of IR

Excellent. Next question, also on competition. Are your businesses, particularly the ones that are not growing, losing market share to competitors? And if so, who?

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

To start, I'd say there's no new competitor taking material share away from what we can see, although we don't have precise information because most of our competitors are private. That being said, we have a pretty good feel for this based on our market insights. For Vistaprint, in the small business space, we believe that quite a bit of the revenue which we are foregoing as we reduce bad advertising spend was actually for marginal impulse purchases, which we ourselves prompted by deep discounts. Some of that volume is likely going to competitors, but overall, we think our share is stable in the United States. For Vistaprint consumer products, since we largely approach that part of our business opportunistically and because we have a significant amount of bad return on ad spend, which we've now stopped, it's likely that others have gained share in the consumer space. In Europe, some of the competitive pressure of Upload and Print overlaps with Vistaprint customers in some countries. But as Cimpress, overall, we think our share is stable to growing. For Upload and Print, we've described this in our earnings documents. In commoditized products like postcards and flyers, especially where -- I'm sorry, excuse me, in flyers, especially there is what we view as some irrational startup behavior that has driven some revenue away from our businesses. Some of these very small businesses are growing fast, some of these small competitors, but our overall growth rate is still equal to or perhaps better than the overall market.

Also, as already mentioned, targeted price reductions have helped our business grow volumes faster than revenues in those product lines. So we believe we are still taking market share from volume. And for National Pen, their lower growth has likely -- partially shifted to some competitors but the e-commerce part of the business is growing at much faster rates than our average. So while there are some e-commerce competitors that are also growing well organically, the e-commerce component of National Pen's business is keeping pace.

## QUESTION ON COMPETITION OUTSIDE SMALL FORMAT PRODUCTS

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- Have you seen increased competition in some of the product areas where you've been growing faster and that are more recent to mass customization, e.g., signage, promotional products, apparel, gifts, textiles and packaging?

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**Meredith Burns** - Cimpress plc - VP of IR

Great. Moving on to the next question. Have you seen increased competition in some of the product areas where you've been growing faster and that are more recent to mass customization, for example, signage, promotional products, apparel gifts, textiles and packaging?

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

We see relatively fewer competitors in these areas than, for example, in the small format paper-based products in Vistaprint or Upload and Print, as these areas are less well understood, harder to scale in and require leveraging equipment, technology and production processes in different ways. That is not to say we don't have good competitors here, and we need to continue to innovate in these areas. This has been a consistent trend over time where equipment and technology advances, combined with the ability to drive volume of heterogeneous orders through highly specialized homogeneous workflows, allows new product categories to enter the mass customization paradigm. Those new categories usually have high growth and high margins that mature over time, creating these many S curves underneath the service of our consolidated growth.

## QUESTION ON CAPITAL ALLOCATION



- We are happy to see that management is taking advantage of the wide (and increasing) price to value gap to repurchase shares and agree that this is among the best uses of capital at the moment.
- In comparing possible IRRs across the 5 possible capital allocation activities, how does the target IRR for share repurchases compare to that of organic investments in developed markets (10%), M&A of established, growing, and profitable businesses (15%), and early stage M&A (25%)?
- Related to the above, what is the time period management uses to estimate the IRR for share repurchases (3 years, 5 years, etc.)?

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**Meredith Burns** - Cimpress plc - VP of IR

Great. Moving on to a question on capital allocation and share repurchases, in particular. In comparing possible IRRs across the 5 possible capital allocation activities, how does the target IRR for share repurchases compare to that of organic investments in developed markets at 10% M&A have established, growing and profitable businesses to 15% and early-stage M&A at 25%? And related to the above, what is the time period management uses to estimate the IRR for share repurchases?

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

Yes, thanks. There's a number of components to this. Let me try and hit on all of them. So first of all, our hurdle rate for share repurchase is 10%. So it's similar to organic investments in our established profitable businesses. And it's worth noting that as with any hurdle rate, we hope to perform well above that for the capital we deploy. So it's not a target, it's a hurdle. And the hurdle rate for repurchases is lower than M&A and much lower than early stage investments for a number of reasons. The first one is that we have a better -- or we think we have a better ability to forecast our own results versus a business that we don't know. The second one is that share repurchases don't require significant attention from key leaders in our business. And so internal bandwidth is neither a constraint nor a future risk associated with the transaction. And then the last one is that share repurchase can be executed by handing instructions to an agent versus an M&A where there's months of due diligence and negotiation, potentially mismatched incentives between buyers and sellers, debating inevitable adjustments to EBITDA that investment bankers will put forth time and effort on integration, potential cultural change or conflict and execution on synergies. For the question of the time period related to the IRR for share repurchase, we actually use a little bit of a different approach. The appendix on Page 19, if you look at it, Robert's July 31, 2019, letter to investors, explains how we estimate our intrinsic value per share. So I'd encourage you to look back to that. We then seek to purchase our own shares when they are trading at or below the conservative end of our intrinsic value per share estimate. And we tend to be more aggressive, the bigger that gap or margin of safety. We often reality check by using some proxies like calculating a range of steady state free cash flow per share and express that as a yield on a repurchase. That's not an IRR, but we think is a valid short hand to understand relative returns, even if it doesn't factor in future returns on reinvestment of that same steady state free cash flow.

## QUESTIONS ON LEVERAGE POLICY



- Why did you decide to formally reinstitute your 3.5x leverage target in your last earnings release?
- How should investors think about the impact of this guideline on future share repurchases?
- How does the current leverage position constrain your ability to ramp opex investments back up, even once you're more confident in the returns on the spending?

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**Meredith Burns** - Cimpress plc - VP of IR

Great. Moving on to some questions on our leverage policy. Why did you decide to formally reinstitute your 3.5x leverage target in your last earnings release? How should investors think about the impact of this guideline on future share repurchases? And how does the current leverage position constrain your ability to ramp OpEx investments back up even once you're more confident in the returns on the spending?

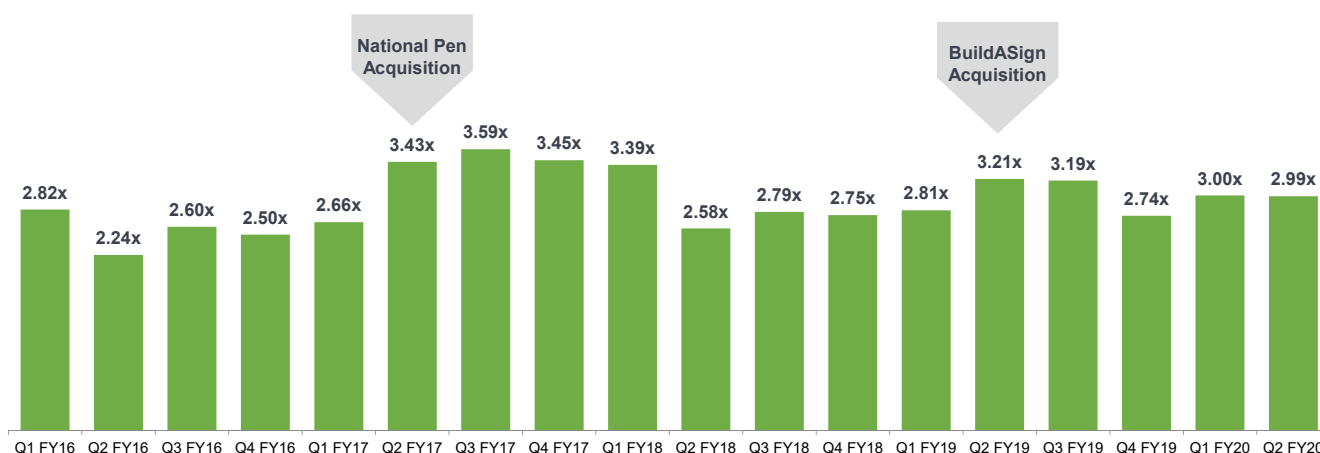
**Sean Edward Quinn** - Cimpress plc - Executive VP & CFO

Sure. Yes. So actually, I'll cover the answer to that in the coming slide. But first, I just need to correct an incorrect premise that's in the question on the slide here. We don't have a target for where we want to maintain leverage because we're not trying to use leverage to optimize our cost of capital. So rather, what we have recently clarified is that we will not intentionally take leverage beyond 3.5x for share repurchases, tuck-in M&A and organic investment, but that's an upper end. It's not a target. We've also noted that if we were to pursue larger M&A opportunities at some point in the future, we would not intentionally take leverage above 4x and would only go up to 4x with a clear deleverage path. Again, the maximum, not a target.

# PRUDENT BALANCE SHEET MANAGEMENT

Track record of de-levering after significant investments

## Historical Leverage Ratio<sup>1</sup>



<sup>1</sup> As defined by our debt covenants

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

So turning to the overall question of debt levels, the chart that you see here shows our historical leverage with a maximum of 3.59x following our acquisition of National Pen, and our highest ever period of organic investment, after which we quickly delevered to 2.58x in 3 quarters, as you can see on the chart. And since then, we've been in a range of roughly around 3x, again, despite significant investment in M&A, organic growth and share repurchases. We believe that the recently clarified maximum, again, maximum levels are appropriate for 2 main reasons. The first one is because it would take a significant drop in our trailing 12-month EBITDA before leverage at that level would leave us without a sufficient liquidity cushion relative to our quarterly maintenance covenants. And the second one is that, given our cash flow generation, we can delever back to comfortable levels to take advantage of other opportunities, if desired. Last year, we received a question on the same call. And I won't go through the specific math of what I shared back then, but I would encourage you to reference the transcript, if you want to go through the detailed math that I provided last year. The reason we provided more clarity on this policy now is because we've repurchased a significant amount of shares, and we've also driven major expansion of our EBITDA. We've also recently discussed this with our Board in terms of what our approach should be. So we thought it was important to provide that clarity externally as well. A 3.5x max leverage for repurchases is what we concluded as a result of those discussions and a tier for larger M&A, as previously mentioned, since that would come with cash flow and EBITDA. I think it's anyway important to understand when we don't want to intentionally increase leverage. A year ago on this call, I said that in the near-term because we had made significant changes to our businesses and had, therefore, introduced uncertainty, we didn't feel it was appropriate to intentionally take leverage up for share repurchases until we saw that the changes we're making, we're having the intended benefit to our financial results. And that was despite the fact that we could have repurchased shares as low as \$75 at that time. And believe me, looking back, it's tough to see that because since then, we repurchased over \$0.5 billion of our shares at prices much higher than that. But we discussed this at the time, including with our Board and concluded that, that was the right choice.

On the question about whether this puts constraints on our ability to invest organically, we're already making fiscal year 2020 investments at the levels that we think we need and can from an execution bandwidth perspective handle and are factoring that into our other capital allocation choices. So no, we don't think this constrains us. And in the end, if we were to intentionally take leverage up to the constraint that we set in making that choice, we would have been debating relative returns of share repurchases versus increased organic investments along the way. We also expect to generate cash flow that we can use to delever or fund further investment.



## QUESTION ON CORPORATE LEVEL PERFORMANCE AND OPERATIONAL CRITERIA



- You've discussed the need to set more explicit performance and operational criteria at the corporate level for your autonomous, decentralized businesses, and to be more rigorous in your verification that those criteria are being met.
- Has this level of oversight been implemented? If so, is it working and are your businesses still able to operate autonomously within the boundaries that have been set?

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**Meredith Burns** - Cimpress plc - VP of IR

Great. The next question. You've discussed the need to set more explicit performance and operational criteria at the corporate level for your autonomous decentralized businesses and to be more rigorous in your verification that those criteria are being met. Has this level of oversight been implemented? If so, is it working? And are your businesses still able to operate autonomously within the boundaries that have been set?

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

Yes. This level of oversight has been implemented. And let me give you a few basic but important examples. We now have a Cimpress wide process for each of our businesses and each central team to come to a quarterly business review that focuses on debating key strategic and capital allocation questions as well as recent financial performance. We have implemented business-specific long-term incentive programs and targets, as discussed by Sean earlier in the call. We've clarified the operating guardrails and expectations across some nonnegotiable operating routines, such as legal and financial compliance, information security, sustainability programs, branding and pricing guardrails and others. In some cases, we've embedded Cimpress' resources and gone very deep in a business either as part of that verification or to help increase the probability of success.

As to the second question on this slide, if our businesses are able to still operate autonomously, the answer is also yes. Internally, we speak of Cimpress' guardrails and accountability as being like driving a car. You have the freedom to react and to drive where you need, but you need to follow the rules of the road and you have to remember that Cimpress owns the car, the leaders of our decentralized businesses all understand and support this approach.

## QUESTION ON CUSTOMER FOCUS

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- As you take steps to become a more customer-centric company, have you run across any scenarios where it doesn't make financial sense to always "please the customer," or will serving the customer always take precedence in all of your strategic and financial decisions?

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**Meredith Burns** - Cimpress plc - VP of IR

Great. The next question. As you take steps to become a more customer-centric company, have you run across any scenarios where it doesn't make financial sense to always please the customer? Or will serving the customer always take precedence in all of your strategic and financial decisions?

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

It is possible to find specific scenarios where if you measure in the short-term or you look at an isolated case, there's a financial hit to being truly customer centric. But that does not change our commitment to be more customer centric. We are trying to change our culture, so we start with the customer and work backwards. And always work vigorously to earn and keep the customers' trust. And we believe that the financial benefits, especially over the longer-term of getting our entire company culture aligned to that philosophy and of being logged by customers will easily outweigh those few corner cases in what's striving to always please a customer doesn't make financial sense.

## QUESTION ON SUSTAINABILITY

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- Many Cimpress products are paper based and are thrown away after they have served their purpose.
- In what way is the trend for more sustainability a threat to Cimpress — and in what way is it an opportunity?

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**Meredith Burns** - Cimpress plc - VP of IR

Okay. The next question is on sustainability. Many Cimpress products are paper-based and thrown away after they have served their purpose. In what way is the trend for more sustainability, a threat to Cimpress? And in what way is it an opportunity?

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

So beyond our long-standing commitment to sustainability from the perspective of a corporate social responsibility program, we think that growing consumer demand for sustainability can be an opportunity for Cimpress. Sustainability has always been important to us. Nearly 100% of our paper is certified as being sustainable by globally recognized environmental organizations, primarily the Forest Stewardship Council. Also, we've invested to regularly reduce our carbon emissions, which we have reduced by more than 10% per year for each of the past 3 years, and we have clear in place plans to continue reducing carbon emissions pollution in the future. We have multiple other promising, although still small pilot projects to reduce our use of plastics and to replace much of our plastic like waste with non petroleum-based alternatives. We also think that we could be much better at letting our customers know about how much we've already done and how much we're going to continue to do in this area, which would be another opportunity for us.

# VISTAPRINT QUESTIONS



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**Meredith Burns** - Cimpress plc - VP of IR

Excellent. Okay, we're going to move into some questions on Vistaprint, in particular.

## QUESTION ON VISTAPRINT ADVERTISING SPEND



- In your 2018 investor day presentation for Vistaprint, you showed a slide that categorized Vistaprint's advertising spend (then >20% of revenue) into these categories:
  - **Replenish (40%-45%):** to acquire new customers as they churn
  - **Activating Repeat (40%-45%):** to drive repeat purchases to maintain their value
  - **Growth Investment (15%-20%):** this includes investment in brand, net new customers acquired, and increasing LTV as we launch new products and categories
- Now that you have a year of data from reduced ad spend/improved returns, does your view of the above change?

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**Meredith Burns** - Cimpress plc - VP of IR

The first one. In your 2018 Investor Day presentation for Vistaprint, you showed a slide that categorized Vistaprint's advertising spend, which was then greater than 20% of revenue into the categories of replenish, activating, repeat or growth investment. Now that you have a year of data from reduced ad spend and improved returns, does your view on the above change?

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

Yes. The short answer to the question is yes. Our view of the data from that 2018 Investor Day slide has changed. And frankly, there was a lot that we now realize was incorrect about large portions of our advertising spend, as I referenced earlier. The biggest takeaway from, at least for me, from that 2018 slide would have been that we believe at the time that 80% to 85% of Vistaprint's advertising was for replenishing new customers and activating repeat. So therefore, simply to maintain revenue. And clearly, in retrospect, we no longer think that, that's true. We've cut Vistaprint advertising spend by roughly 1/3 and our revenues are roughly stable and our cash flow is up materially. We're investing in the talent and the technology for our data-driven measurement and attribution capabilities, but that work remains at an early stage. So we're not ready even internally to provide updated estimates with this level of precision that's implied by these 2018 numbers.

## QUESTION ON VISTAPRINT ONLINE MARKET SHARE

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- Vistaprint does not disclose printing volumes per se. Based on your best estimates, are you now gaining or losing online market share by volume?

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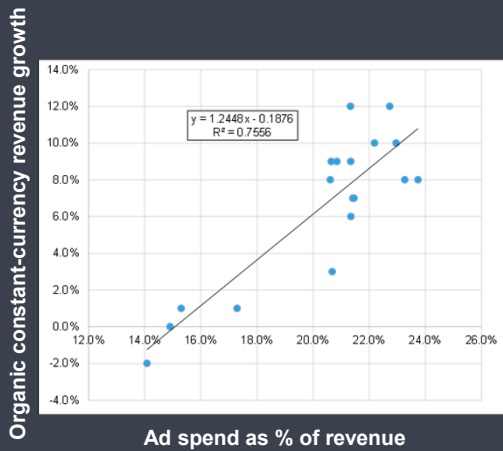
**Meredith Burns** - Cimpress plc - VP of IR

Thank you. Next question. Vistaprint does not disclose printing volumes per se, based on your best estimates, are you now gaining or losing online market share by volume?

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

We don't disclose that type of data for any of our businesses due to competitive reasons. However, what we can say is that in the past 12 months, we've intentionally walked away from some volume because we have been driving that volume by loss-making choices and deep discounts, heavy advertising and the pursuit of impulse driven purchases that Robert mentioned earlier. So in that example, we've lost online market share by volume, but we think that was absolutely the right choice for us.

## QUESTION ON RELATIONSHIP BETWEEN VISTAPRINT AD SPEND AND REVENUE GROWTH



- A simple regression analysis on Vistaprint's marketing spend and how that's historically correlated to same period organic growth shows a statistically significant relationship (p-value < 0.01) between marketing (as a % of sales) and organic growth (please see regression [on left side of the slide]; we realize the residual plot isn't great but it's probably good enough).
- Given marketing spend at Vistaprint has been cut back from ~21-22% to ~14-15% of sales, it's no surprise that organic growth for Vistaprint has also come down.
  - How does the team feel about our new processes for measuring ad spend? Can you give us a sense for what has changed operationally in how we make decisions?
  - Will there be a return to spending high-teens / low-20s % of sales on marketing / advertising and if so is that timeframe measured in months or years?
  - Do you expect (i) fewer, (ii) about the same, (iii) or more marketing dollars will be required to achieve comparable levels of organic growth and why (i.e., will the slope [in the chart] get steeper, remain the same or get flatter)?



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**Meredith Burns** - Cimpress plc - VP of IR

Okay. Next question. A simple regression analysis on Vistaprint shows statistically significant relationship between marketing as a percentage of sales and organic growth. Given the marketing spend at Vistaprint, and I believe it means the advertising spend at Vistaprint, has been cut back from about 21% to 22% to about 14% to 15% of sales. It's no surprise that organic growth for Vistaprint has also come down. How does the team feel about our new processes for measuring ad spend? Can you give us a sense for what has changed operationally and how we make decisions? Will there be a return to spending high teens, low 20s as a percent of sales on marketing and advertising? And if so, is that time frame measured in months or years? And do you expect: One, fewer; two, about the same; or three, more marketing dollars will be required to achieve comparable levels of organic growth and why? This particular investor sends us a helpful regression analysis. This shows a quarterly data for the last 18 quarters.

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

To answer your specific questions, first, we feel good about the new processes. They are a big improvement, but we also think we have a long way to go until we are really world class. What has changed operationally for these decisions is the segregation of the responsibility for measurement so that it is no longer with the marketing teams and is instead under our finance and central data teams. We've also instituted regular reviews of financial returns, and we've stopped the practice that Vistaprint used to have of at least implicitly, having revenue growth or new customer counts as objectives when evaluating our level of advertising. Now it's purely a payback objective.

We would only see an increase to high teens spending if and when we're very confident about the returns, but we don't see that happening anytime soon. And as to the question about what level of marketing dollars will be required to achieve comparable levels of growth organically and the future shape of the chart, frankly, we don't yet know. That being said, it's important to realize that we firmly believe advertising should not be the only driver of our growth. If we make wise investments in technology, data and analytics, product quality and service levels, those areas drive improvements to our capabilities and our customer value proposition, which then, in turn, drive growth that is much less correlated to advertising. For example, after seeing your question, we took a look at the same scatter plot of data not from the last 18 quarters, but rather from a high-growth stage in Vistaprint's history from 2008 to 2011. And you can -- in that data, actually see the reverse correlation. During that earlier -- into the earlier part of that 2008 to 2011 time period, we were investing significantly in technology, production capacity, expanding our product portfolio and entering new geographies. Our growth rates were between 50% and 55% in 2008, and they trended down to about 20% by the end of 2011, while over the same time period, ad spend as a percent of revenue increased from below 18% to above 22%. Don't get me wrong. We have nothing against good return on investment advertising, but it shouldn't be our only lever for growth. We think that our current heavy investment into these other areas of site experience, mobile, personalization, service, quality and so on are all drivers of growth and are much more related to driving customer satisfaction than advertising is.

## QUESTION ON VISTAPRINT INITIATIVES



- Now that you are lapping the ad spend reduction in Vistaprint year over year, should we expect that the only catalyst you have for further profit expansion in this business is revenue growth?
- What does the future trajectory of your advertising strategy look like? Will you continue to reduce marketing expenses?

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**Meredith Burns** - Cimpress plc - VP of IR

Thank you. Next question. Now that you are lapping the ad spend reduction in Vistaprint year-over-year, should we expect that the only catalyst you have for further profit expansion in this business is revenue growth? What does the future trajectory of your advertising strategy look like while you continue to reduce marketing expenses?

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

There's still some year-over-year ad spend efficiency, we think, we'll have in the back half of fiscal 2020, due both to what we're seeing in our recent trends, but also the timing of last year's changes. We're starting to test more significantly into some new channels, but based on what we know today, we don't see a meaningful inflection point in advertising spend as a percentage of revenue for the remainder of the fiscal year. We're just now kicking off the process through which we'll align on our fiscal year 2021 budget. So we'll give a more full update as we get into our normal communications in the summertime. What I can say is that if we were to decrease spend, it would only be because we determined some portion of our spend to be inefficient. And if we were to increase it, it would either be because new channels or data capabilities that we've been investing in, gave us confidence that we could spend more with sufficient returns or because we were spending to test into new areas or doing more on the brand side. I think one important change in mindset will be making sure our teams are thinking about \$1 of ad spend, no different than \$1 spent on other valuable investments, for instance, technology upgrades, quality improvement or talent recruitment. And beyond advertising, our operating expense base is growing in Vistaprint, with some of the investments we previously outlined, mostly headcount-related in areas like technology and data and general managers for lines of business within Vistaprint. These investments are partially offset by a wind down in consulting costs that we had in the first year of this transformation journey. And so when you put that together, yes, we think the biggest catalyst for future further profit expansion, not over the next few quarters, but over the next few years and beyond will be revenue growth. And we think we're investing in the right things to drive that. But in near term, I would again reiterate that we think the things we've been doing over the last year, in our opinion, are the most valuable in the near term, even though we are intentionally deemphasizing revenue growth as we reset this baseline. Revenue growth, as I mentioned before, itself, is not our objective. It has to be an outcome of good execution, serving our customers well and good ROI uses of capital.



## QUESTION ON VISTAPRINT REVENUE BY GEOGRAPHY

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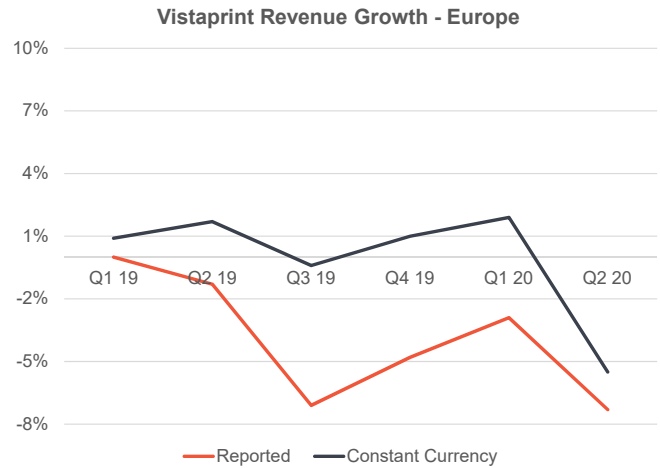
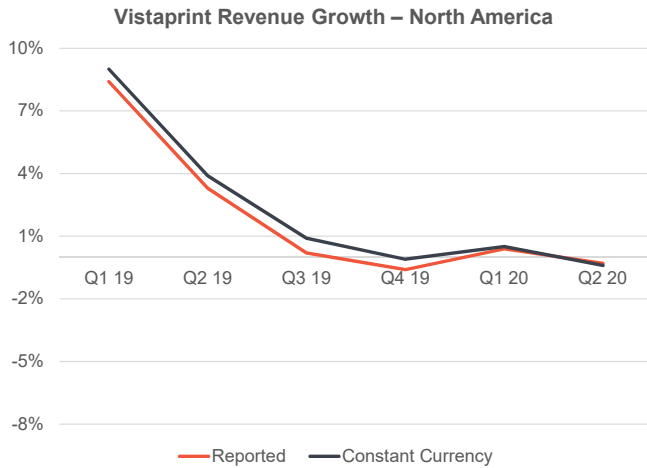
- In analyzing Vistaprint's revenue by geography, there seems to be a growth divergence when comparing Europe to North America, similar to what we saw a few years back.
- Can you give us an estimate (qualitative is fine) of how much of this growth is due to factors that are outside of our control (e.g., macro, FX) versus ones that we control (e.g., execution, etc.)?
- If mostly the latter, what are we doing to address these issues?

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**Meredith Burns** - Cimpress plc - VP of IR

Great. Moving on to a question on Vistaprint revenue by geography. In analyzing Vistaprint's revenue by geography, there seems to be a growth divergence when comparing Europe to North America, similar to what we saw a few years back. Can you give us an estimate, qualitative is fine, of how much of this growth is due to factors that are outside of our control versus ones that we do control is mostly the latter, what are we doing to address these issues?

# VISTAPRINT PERFORMANCE BY GEOGRAPHY



Note: See [ir.cimpress.com](http://ir.cimpress.com) for a reconciliation of non-GAAP measures.

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

Sure. Yes. So on the slide here, you can see on the left, revenue growth for North America over recent quarters. And on the right, revenue growth for Europe, the orange line is reported and the black line is constant currency. Vistaprint's European revenue has been hurt by currency movements, and you can see that in the chart here on the right side. However, there was also lower growth in Europe than North America coming into these advertising spend reductions, though the ad spend reductions have pulled the performance closer together more recently. There are multiple factors that go into that difference, including historical customer response to Vistaprint's heavy discounting practices, greater friction caused by the collective issues with our site experience as a result of country-specific preferences not being addressed as well as European market that, as Robert talked about before, is more competitive, generally, including some of the areas of overlap between Vistaprint and our Upload and Print businesses. And as we've discussed throughout the session and you can see from what we've been doing over the last year, we believe there's an opportunity for improved Vistaprint performance around the world. That ranges from technology and data and analytics, marketing, brand evolution, pricing and discounting approaches and beyond. One other change that I think is very relevant for Vistaprint's European business is the changes in our organizational structure and Florian who was referenced in the executive team slide for Vistaprint is our new President of International, which includes all countries outside of North America. And the structure underneath Florian is country based, while leveraging central technology, data, marketing and other platforms. And we believe the combination of getting these country-based teams much closer to their customer and understanding the country's performance more granularly, combined with the flexible technology platform that we're now building will accommodate country-specific differences more easily that can have a big impact over time.

## QUESTION ON VISTAPRINT GROSS MARGIN EVOLUTION



- In the FY18 investor day meeting, Trynka mentioned that about  $\frac{2}{3}$  of the gross margin compression experienced by Vistaprint as a result of new product ramps was expected to be recovered.
- Does that estimate still hold true and where are we on the path to recovery (please ballpark % completed if possible)?

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**Meredith Burns** - Cimpress plc - VP of IR

Okay. This next question goes back to something we said at 2018 Investor Day where we mentioned that about 2/3 of the gross margin compression experienced by Vistaprint was a result of new product ramps was expected to be recovered. Does that estimate still hold true? And where are we on the path to recovery, please ballpark or say completed it, if possible?

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

Sure. I wouldn't want to confirm that specific comment since we haven't gone back and researched it. But it's absolutely true that in the last 2 years, the introduction of new products did add complexity. And a shift of our product mix to less mature product lines whose unit costs, pricing and option upselling was far from optimized. Given the time since fiscal year 2018, which is referenced in the question, the last year where we've stopped new product introduction in favor of fixing what has already been launched. Our teams have been able to drive improvements in our production and our product teams have worked on price and option upsell testing. So we're definitely recovering some of that margin. That said, we prefer to focus on gross profit dollars versus gross margin. For example, if some promotional products have lower gross margins but higher order values, the cash flow per customer can be very good and better than high margin but low order value products.

## QUESTION ON VISTAPRINT BRAND PERCEPTION

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- Can you speak about how the Vistaprint brand is perceived by our target customers and what, if anything, needs to be improved?

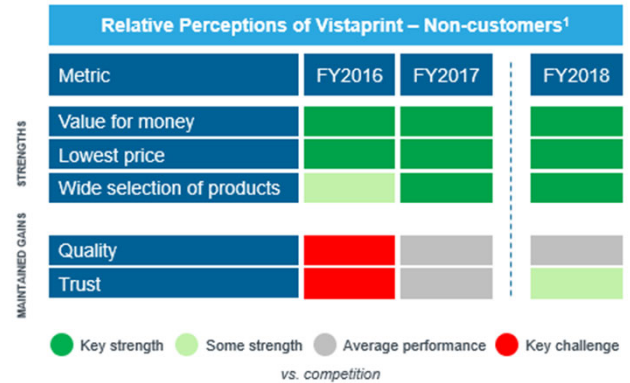
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**Meredith Burns** - Cimpress plc - VP of IR

Great. And next question. Can you speak about how the Vistaprint brand is perceived by our target customers? And what, if anything, needs to be improved?

# CUSTOMER PERCEPTIONS OF VISTAPRINT BRAND

- As described at August 2019 investor day, some clear strengths but also areas for opportunity
- Customers see Vistaprint as strongest on transactional dimensions like value for money and product selection
- Biggest opportunity to connect with customers on a more emotive level by helping them look legitimate and credible
- Marketing team has done much research on this topic and there's more to come; will be a longer-term effort with what we hope will be incremental progress



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

As described in our August 2019 Investor Day, we have some clear strengths, but also areas of opportunity. Customers see Vistaprint as being strongest on transactional dimensions like value for money and product selection. Our biggest opportunity is to connect with customers on more of an emotive level by helping them look legitimate incredible. We've done a lot of recent quantitative and qualitative research on this topic and there is more to come. This will be a longer-term effort with what we hope will be incremental progress along the way, including over the next few quarters. Ricky, who is our new CMO, in Vistaprint, comes with a tremendous amount of brand experience, having spent 20 years at Nike, and he's leading a lot of this work.

## QUESTION ON VISTAPRINT'S SHIFT TOWARD E-COMMERCE NORMS

- You've discussed the need to move closer to "e-commerce norms" for Vistaprint. How far along is the company on this journey, what else is there to do, and what results are you seeing from these efforts?



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**Meredith Burns** - Cimpress plc - VP of IR

Great. Moving on to the next question. You've discussed the need to move closer to e-commerce norms for Vistaprint. How far along is the company on this journey? What else is there to do? And what results are you seeing from these efforts?

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

I would say that we are still, roughly speaking halfway at best towards e-commerce norms. And that term itself is ambiguous, but it includes transparent pricing, fast delivery and enjoyable mobile experience, personalization, great quality and free shipping. And the bar for what constitutes e-commerce norms is rising every year. We've achieved a lot in the past year. Clearer pricing, a promotional offer of free shipping for business cards in several major markets, fixing many minor but irritating site experiences, fixing quality issues. We are seeing higher satisfaction rates and lower credit rates. However, in terms of what else there is to do, our list is long. For instance, we really need to get the technology platform we are developing and testing in order to have true personalization and a quality mobile experience.

# UPLOAD & PRINT QUESTIONS



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**Meredith Burns** - Cimpress plc - VP of IR

Okay. We're going to move into a new section away from Vistaprint to Upload and Print.

## QUESTION ON UPLOAD & PRINT PROFITABILITY



- It's good to see Upload and Print EBITDA growing even with the competitive price pressures.
- How far along are you in the optimization of these businesses? How much more can you grow profits in the future?

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**Meredith Burns** - Cimpress plc - VP of IR

Questions here. It's good to see Upload and Print EBITDA growing even with the competitive price pressures, how far along are you in the optimization of these businesses? And how much more can you grow profits in the future?

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

We think there's a multiyear runway of optimization, including opportunities to lower our cost, to improve our e-commerce capabilities and to introduce new products. So we remain relatively early in terms of that optimization. Efforts from FY '20 are adding several million euros of annualized cash flows. And a few examples I could give you are reducing noncore revenue streams to create capacity for more profitable core production, in-sourcing of certain production from third parties even as we grow our outsourced volumes with other products, shifting production of certain products to lower cost sources within our existing production network and leveraging new technology and MCP services to improve customer experience and data capabilities.

In terms of how much we can grow profits in the future, I'll hold off on commentary. But we are confident that the steady state cash flow of these businesses is healthy relative to our investment and that it will continue to improve over time.



# OTHER QUESTIONS



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**Meredith Burns** - Cimpress plc - VP of IR

Okay. And we'll move into a series of other questions. The first one being about the early stage businesses.

## QUESTION ON EARLY-STAGE BUSINESSES

- How long is the runway that emerging businesses like Printi, VIDA, etc. have to prove their viability as cash flow generators?
- How do we avoid falling prey to the “institutional imperative” where progress, not absolute measures, are used as the benchmark for success?



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**Meredith Burns** - Cimpress plc - VP of IR

How long is the runway that emerging businesses like Printi, Vida, et cetera, have to prove their viability as cash flow generators? And how do we avoid falling prey to the institutional imperative where progress, not absolute measures, are used as a benchmark for success?

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

Our early-stage investments are inherently high-risk in nature. And though, of course, we don't know where, at the outset, we do expect some will fail and some will succeed in terms of generating economic value add. We've learned a lot more about how to create the right environment to improve our chances with each year that passes. And we found that early on, when it's impossible to measure cash flow as a success metric, it's important to get the proxies of value creation right. We've refined our measurement proxies to -- and our incentive structures over time because we have been burned in the past on this front, and we've destroyed capital rather than creating it. These lessons have been valuable to us, not only in looking at early stage investments, but when thinking about any growth investment, regardless of where they are in Cimpress.

As far as to the specific runway that our current portfolio has to prove their viability, it's different for the different businesses. As mentioned earlier in the call, the largest early stage business cash drain from fiscal year '19, by far, was from Printi and the Printi losses are significantly reduced this year. Printi won't be profitable in FY '20, but we see the path to profitable growth, and we expect EBITDA losses to decrease, not increase from here. Vida and YSD are smaller, and we expect relatively modest investments in these businesses for at least a couple more years. We are holding each of these early stage businesses accountable to business-specific return on investment, long-term incentive plans, attract and reward true long-term value creation based on returns on the capital we're investing. We completely agree with the question of not wanting to fall victim to the "institutional imperative," which I think is a reference to a Warren Buffet shareholder letter. That's not to say that we haven't made those mistakes before. But hopefully, it's clear for our past and our very recent behavior that we try to be rational and aren't afraid to make tough decisions to stop things. Our past investment in China or even the recent changes in Printi are examples of it being in these early-stage businesses, but even the bad ROI past advertising spend at Vistaprint falls into that institutional imperative concern as well. Needless to say, we've learned a lot when it comes to these early-stage investments, and I'd say we're now more discerning about the level of investment than we once were.

## QUESTION ON MACROECONOMIC SENSITIVITY

- How sensitive are your customers and businesses to an economic slowdown?
- What levers do you have, if any, in a downturn?



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**Meredith Burns** - Cimpress plc - VP of IR

Next question. How sensitive are your customers and businesses to an economic slowdown? What levers do you have, if any, in the downturn?

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

Today, we haven't found any data that suggests the correlation between periods of macroeconomic weakness and slower revenue growth in our businesses. And in fact, there's some evidence that in weak economies, our businesses do well for a couple of reasons. The first one is that our businesses offer a lower cost alternative to traditional sources of printed marketing products and decorated apparel and businesses in the downturn so our customers -- or potential customers often become more price-sensitive in those times, which could help the shift from traditional to mass customized sources. And when unemployment increases, individuals start their own businesses to make ends meet. And these are the type of customers that often come to Vistaprint to be served. If we look back to the economic recessions of the early 2000s or to the 2008 -- sorry, 2007 to 2008 world financial crisis, we were able to grow because of those same reasons. And in terms of the second question, levers to pull in a downturn, we actually think downturns are great times to invest. Talents, more readily recruitable in a recession and competitors are pulling back. And we also keep our debt leverage with a comfortable cushion to our covenants. But if we need to pull back, we have flexibility and discretionary growth investments that I outlined earlier that we think provide a good cushion as well against really bad economic times.

## QUESTION ON CASH TAXES

- Historically, there has been considerable volatility in our cash taxes.
- Can you give us insight into what's the best way to think about cash taxes moving forward and has that changed as a result of the transition over to Ireland?



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**Meredith Burns** - Cimpress plc - VP of IR

Great. Next up, I can't get away from this call without a question on taxes. Historically, there has been considerable volatility in our cash taxes. Can you give us insight into what's the best way to think about cash taxes moving forward? And has that changed as a result of the transition over to Ireland?

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

Sure. Love the question. Let me try to provide some details here. So our cash taxes are impacted by a number of discrete items as well as timing of payments and, therefore, inherently not stable from quarter-to-quarter, even in many cases, year-to-year. Some of that's related to M&A activity as well, where, in some instances, we may pay cash taxes to merge the new acquisition into our existing tax structure, which is something that we did with National Pen when we acquired it. And in some instances, we get cash tax synergies either from increased debt or, for example, in the case of the BuildASign acquisition, we acquired a partnership, and so we received the full step-up in tax basis for our purchase price.

But let me add a few just overarching thoughts that will hopefully help you over the next few years. The first is for our Upload and Print businesses, there are some benefits from R&D credits or similar incentives and interest expense. But in general, those businesses, cash taxes will increase as profits increase. For the rest of our businesses, there's a more -- there's certainly a lot more integration of the tax structure. As mentioned, our BuildASign acquisition created a step-up in our United States tax basis for that company. We've also used debt to fund that transaction. And in our other business in the U.S., we have R&D credits. We had deductions from share-based compensation as well. So we don't expect any material increase in cash taxes in the U.S. in the next couple of years and that applies to Vistaprint, but also BuildASign and National Pen.

For Vistaprint, our intellectual property is owned and paid for and developed and maintained on behalf of our Swiss entity and therefore, we're benefiting -- in our Swiss entity, we're benefiting from net operating losses that will keep our cash taxes low, roughly through fiscal year 2022, after which we'll pay based on statutory tax rates, adjusted for the recent transitional relief measures from Swiss tax reform that were described in our second quarter earnings documents. So last quarter. And in our early-stage businesses, we, of course, have been generating losses. So we don't expect to pay cash taxes for some time. And lastly, as to the question about our transition to Ireland, that will actually increase our cash taxes slightly. We moved to Ireland because of our growing operations there and for the flexibility that country's laws provide in terms of capital allocation, not to lower our income taxes.

## QUESTION ON CROSS-COLLABORATION OF CIMPRESS BUSINESSES



- How far along are you in the process of cross-pollinating product offerings between Cimpres businesses, e.g., offering National Pen and BuildASign products on Vistaprint and vice versa?
- Are there practical limits as to how far you would go with this process?

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**Meredith Burns** - Cimpres plc - VP of IR

Okay. Next question. How far along are you in the process of cross-pollinating product offerings between Cimpres businesses, for example, offering National Pen and BuildASign products on Vistaprint and vice versa? And are there practical limits as to how far you would go in this process?

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

We've made good progress here that has resulted in improved customer offerings and financial results, with many examples of this already from many of our different businesses. Nonetheless, we remain in early stages relatively on this front. And we expect more to come as our businesses continue to adopt and leverage MCP to make it easier to tap into the network and the product offerings from across Cimpres. In terms of limits, yes, there are some limits that might make sense. We want to find win-win opportunities, but not search for ones that could degrade the value of decentralization and focus, which we have in each of our businesses.

## QUESTION ON BOARD REPRESENTATION

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- Although some members of the Board are well aligned through share ownership, why is the incumbent Board of Directors suitable given the disclosed strategic oversights which occurred during their tenure?

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**Meredith Burns** - Cimpress plc - VP of IR

Okay. Next question. Although some members of the Board are well aligned through share ownership, why is the incumbent Board of Directors suitable given the disclosed strategic oversights, which occurred during their tenure?

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

I give 3 reasons. First, because the Board collectively owns about 40% of the company and is very focused on long-term value creation. Second, because value creation doesn't happen in a straight line and all members of this Board have been instrumental to our acknowledgment of how we need to improve as we work our way to the future. And third, because outside of Cimpress, each of our non-executive Board members has a strong track record of being either an executive or pursuing investment success. Overall, I'd say, we believe that being candid and self-critical of our past errors is a strength, not a weakness. And when viewed over the long term, Cimpress is a strong success in terms of creating both shareholder value and customer value. When viewed over the short-term of the past 12 months, we've also made great progress in demonstrating the underlying profitability of this company. Our Board of Directors has been a really key driver in our recognition of the need to evolve.

## QUESTION ON CORONAVIRUS



- What impact will the Coronavirus have on your business? How exposed are you to China in terms of customers and your supply chain?

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**Meredith Burns** - Cimpress plc - VP of IR

Okay. And then a question on coronavirus. What impact will the coronavirus have on your business? How exposed are you to China in terms of customers and your supply chain?

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

Yes, I'll take this. We're monitoring the situation. To the specific question, the business with the most meaningful supply chain exposure to China is National Pen as much of its raw materials are sourced there. And National Pen has stocks up on inventory ahead of the Lunar New Year, and it did so conservatively this year, which is a good thing. National Pen also is the only major writing instrument supplier that we're aware of with production in the U.S., which it can ramp up to meet demand, if an emergency arises. An extended shutdown of our Chinese supply chain will be painful in this area, but the same is true for all of our competitors as well. We're also monitoring the situation in Europe, where over the weekend in Italy they imposed a quarantine on some small towns in Northern Italy, our Pixartprinting facility is outside of but has not been disrupted as of now. That said, overall, while we haven't seen any material financial impact on our businesses, to this point, it really is impossible to predict what future impact that coronavirus may have, particularly if it's scope broadens, or if the situation worsens, including further lockdowns in Europe, where we have significant revenues and operations.

# THANK YOU



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**Meredith Burns** - Cimpress plc - VP of IR

Okay. That is the end of the pre-submitted questions that we had. So I'll turn it back over to Robert.

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

Well, we covered a lot of ground with some great questions today. I'd like to thank you for investing your time and your capital in Cimpress. We hope to continue our focus on execution and on driving returns on the capital, which we have been and are investing in our various initiatives. We look forward to speaking with you again at our Annual Investor Day, this August, and from time to time when you have questions about the company. Have a great day.