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PRESENTATION

Meredith Burns - *Vistaprint N.V. - VP of IR*

Hello and welcome to Vistaprint's 2014 Investor Day. My name is Meredith Burns, Vice President of Investor Relations. I would like to welcome our guest in attendance here in New York and also those that are here on the webcast. Our presentations will begin in just a few moments after I finish a couple of quick announcements. First I would like to introduce today's presenters.

Robert Keane is President and Chief Executive Officer. He founded Vistaprint in 1995 and has been the driving force behind the Company's long track record of profitable growth by creating a disruptive approach to a highly fragmented market and by building a winning Company culture.

Trynka Shineman is President of the Vistaprint business unit. Trynka joined Vistaprint in 2004 and has been instrumental in helping the Company grow in various marketing and operations roles, including Chief Customer Officer and Executive Vice President of Global Marketing before assuming her current position. She has been instrumental in crafting Vistaprint's strategy to improve our customer value proposition.

Next is Don Nelson, he is the President of our Software & Manufacturing Platform. Don joined the Company in 2006 and has helped shape our success by bringing together people, process and technology to support marketing, manufacturing and geographic expansion. Prior to joining Vistaprint he served as Chief Information Officer at Sapient.

And finally Ernst Teunissen is our Chief Financial Officer responsible for all finance functions and corporate strategy. He joined Vistaprint in 2009 as Vice President of Strategy. Prior to that Ernst was a technology and telecom investment banker, first with Deutsche Bank and then with Morgan Stanley. He began his career in strategy consulting with Monitor Group.

For those here in New York, if you have questions for any of our presenters I'd like to ask you to hold them until the Q&A session at the end of today's presentation.

Just a couple of housekeeping items and please note there is a Wi-Fi password up at the top of the screen for those here in the room. So first off, the restrooms are located outside the room, down this hall to the right.

Second, if you need to leave the room during today's session, please do it from the entrance in the rear and please also enter the room from that as well. You will notice that it would be pretty disruptive to come into these two doors over here.

And finally, please make sure that all of your mobile devices are turned to silent mode.

And finally, definitely last but not least before we get started, I would like everyone to note that during today's events we will make statements about our expectations for the future. Our actual results may differ materially from these statements due to risk factors that are outlined in detail in our SEC filings. We invite you to read them. With that I would like to turn the presentation over to Robert Keane.

Robert Keane - *Vistaprint N.V. - President & CEO, Chairman of Mgmt. Board*

So thank you, Meredith, and I would like to join Meredith in welcoming all of you to our annual Investor Day. Each year we spend quite a bit of time at this event with the objective of providing you a deeper, richer understanding of our Company than would be possible just listening to the quarterly earnings releases and investor calls. And those of you who've seen our prior Investor Day presentations will recognize a consistency in our aspirations and in many of our initiatives.

First of all, we do remain resolutely focused on the long term. Second, our core Vistaprint brand is the clear market leader for micro-business marketing products, yet we are bringing it further by moving its value proposition to address a larger segment in that micro-business market. Third, no one in our industry matches our technology and our manufacturing operational skills. And we are committed to investing strongly in those capabilities to further our competitive lead. And fourth, as you have heard before, scale drives competitive advantage.

You will also note that we have made changes or we will be making changes and that our strategy is evolving. And we have spoken about some of these evolutions in the past, for instance, what we are doing with the Vistaprint brand. We will speak more about different changes today.

Our willingness to make certain course corrections is founded in our recognition that we are human and that, despite the many successes we've had, not everything we has attempted has gone to plan. Most notably, our organic revenue growth has not achieved the type of rebound that we expected when three years ago we announced a turn towards customer value as defined and as valued by those customers.

Of course we don't like to fail to meet our objectives, but we remain steadfast because we believe that we are still in the early innings in terms of market consolidation. And that by persevering, innovating and adapting we will achieve our aspiration of transforming this industry.

Which brings us to the question of, what exactly constitutes this industry? Are we a printing Company, a small business marketing Company who uses templates and self-service, do-it-yourself graphic design? What about our revenues to our home and family customers? And what about the new acquisitions we just made who, among other things, are really good, really excellent at serving print retailers who in turn maintain the customer relationship with a business that is actually consuming the products that we manufacture? What ties all of our Company together?

Internally we spent a lot of time on that question and it is because as good of a Company as we already are, we want to be a great Company and a transformational enduring Company that builds enormous value for our customers, for our employees, and for our long-term investors.

Jim Collins, many of you have read his book, Good to Great, notes that a hallmark of great companies are people who are very clear about what their focus is. And that focus lies at the intersection of three areas: what they're passionate about; what are they can be the best in the world at; and what drives their economic engine. And I would like to walk you through each of those as it relates to our Company.

First what are we passionate about? And we are really truly passionate about helping and empowering people to make an impression. We make it very easy and affordable for our customers to communicate through customized physical products, the thoughts, the messages, the sentiments that are important to them. And when we do that we help them nourish pride, joy, identification, personal connection and the satisfaction they get from pursuing their own dream.

This is one picture of the tens of millions of customers who've purchased from us and who relies on us for their success in building their business and making an impression. And what matters to her is what gets us excited.

The next area is what we can be the best in the world at? And this photo shows and lot of inventory, it is part of our one of our larger manufacturing facilities. And the shelves you see hold finished goods inventory. It is waiting for software to match it up and to consolidate it into the same shipping box with other products we are producing for the same orders.

The average rate at which we turn these finished goods inventories sitting on our shelves is incredibly fast, under four hours. Last year we served 17 million customers, we took over 30 million orders and we produced over 80 million sets of customized products. Yet each and every one of those had to be manufactured on demand based on the designs that were set by individual customers and every one of the products is different from the other.

Achieving this speed requires enormous amounts of computing power and proprietary software systems. And it is the domain of computer integrated manufacturing, or CIM, and we aspire to be the best in the world at that. Computer integrated manufacturing harnesses the power of computers and software to control the entire production process to make manufacturing safer, faster, less error-prone, more flexible, higher quality and lower cost.

CIM is a sophisticated multidisciplinary engineering intensive capability. And we aspire to the best in the world in terms of CIM both for the professional challenge of being the best, but, importantly, in order to build lasting competitive advantage and therefore value.

And finally what drives our economic engine, which is large scale in small quantities? I have often used graphs like this one to describe how do we make our money. And on the horizontal scale you see the volume of production of a given product, and on the vertical scale or axis you see the per unit cost of producing something.

Producing customized products is expensive traditionally speaking. Low value markets are represented by the dot in the upper left-hand corner of the graph. And producing high volume is much lower cost often by an order of magnitude or more.

For our entire history we've sought to create markets in the lower left-hand corner where very few people can play. We do that by deploying the power of our technology and the reach of the Internet to aggregate huge volumes of orders, each individually very small. And this enables us to achieve the cost and quality of high volume production while selling to customers that only need small volumes.

In our business model driving massive volumes of very small individual orders through our software, our manufacturing facilities and our supply chain is the single most important factor in terms of competitive advantage. Being bigger results in lower cost, broader and deeper product lines, higher quality, it funds more innovation and it delivers stronger cash flow.

So at the intersection of those three circles is our focus of mass customization. Mass customization is about producing with the reliability, quality and affordability of mass production small individual orders where each and every one embodies the personal relevance inherent to customized digital products. That is where we are focused.

This is a photo that I showed three years ago at our 2011 Investor Day in this very room. It is a picture of a moat that I use to invoke the concept of a competitive moat. And we have a lot of competitive advantages but none of them is as strong or as important as scale.

And every time we have doubled the volume of our production that we have run through our systems and our facilities we have seen significant improvements to our product breadth, our throughput speed, the amount of labor per unit of output, our supplier purchasing power, the amortization of our fixed overhead and to the effectiveness of our quality assurance systems.

Our production volumes last year in fiscal 2014 were over 10 times what they were when we filed to go public 10 years before in fiscal 2004. And if by some magical feat of time travel we could go back to 2004 and the Vistaprint 2014 could compete against that former Company, the value advantage we have today would overwhelm our prior selves. And these advantages of scale are why we're working so hard to stay a growth Company, why we think it is worth the multiple year investment to reposition our core Vistaprint brand.

As we have spoken publicly about many times, our early marketing success was that we can drive enormous volumes of orders via free and deeply discounted offers with aggressive in transaction cross-selling. Trynka is going to, in the next presentation, talk about how we are moving beyond that old brand positioning to meet the needs of higher expectation micro business customers.

Now from a financial perspective and an operational and strategic perspective, we are making that move because we believe the market is much bigger and still highly fragmented in the higher expectation segment that we are targeting than it is in the price primary segment in which we originally built the last decade of volume and scale.

But very importantly, we believe that the operational and technology skill that we built for our traditional market segment is highly relevant competitively speaking when deployed to serve other types of customers, for instance, as I mentioned before, locally focused micro-businesses who want high touch service that only a local provider or reseller can provide.

That is a customer profile that describes many of the best Pixartprinting and People & Print customers. Or companies with 10 to 250 or even more employees, larger companies who despite their size still often need low volumes of certain types of products. And home and family customers for items like baby announcement and holiday cards, photo gifts and other products.

And across additional geographies, which is why we are investing for long-term success in Japan, India, China and elsewhere. In other words, our skills and mass customization and the advantages of scale that we want to drive toward are not limited to one end market segment.

Don is going to speak today about the investments we have been making, and that we will continue to make, to package our technology and our operational capability into a shared computer integrated manufacturing platform that we could leverage across multiple front-end brands and across multiple geographies.

Each brand will go to market with different market positions and different customer value propositions. But importantly, as a corporation we will aggregate the volume of each of those front-end brands into a common large-scale technology and operational system that, because of the aggregation, achieves advantages to scale that no single brand could achieve on its own.

We believe that combined with an eventual return to robust growth in our core Vistaprint brand, doing so will deepen and widen the competitive moat of scale-based advantage. And in brief, that is why we have begun to pursue disciplined merger and acquisition opportunities.

We want to acquire strong market positions in new [owned] segments that have customer value propositions that are distinct and differentiated from Vistaprint and from our other brands. Yet which nonetheless bring the market mass customized products where our shared CIM platform can drive meaningful competitive advantage to our acquired companies.

Importantly, acquisitions can also strengthen our operational capabilities in the shared platform itself. For instance, by expanding the breadth and the depth of our product selection and by more quickly reaching high production volumes of products which we already produce for other brands.

So what does this mean for you as investors? Let me describe how we look at driving financial returns and what we expect to see over the coming fiscal year. Our objective is based on a per share view of long-term value which we measure as DCF. We look to build intrinsic value per share through a thoughtful combination of organic revenue growth, margin expansion, capital expenditure, M&A and share buybacks.

We are happy to report the last fiscal year was a turning point and which were able to drive margin expansion despite revenue headwinds associated with the important long-term repositioning of our Vistaprint brand value proposition. And we look forward to additional growth in our profitability in the coming fiscal year.

For the rest of today's presentation, as Meredith mentioned, today you will hear from me, Trynka, Don and Ernst, plus a Q&A session. Key themes will include the following. We remain steadfast in our move to reposition the Vistaprint brand even though it continues to create headwinds because we believe it is an important thing in terms of value creation for the long-term.

Next our manufacturing investments and intensive software systems that control our operations have been driving very significant value and we are going to continue to invest in this domain. Scale drives competitive advantage and disciplined M&A has a place in our future. We anticipate continued improvements to profitability and, as always, we are looking to the long-term to transform our industry for the mutual benefit of our customers, our team members and our long-term investors.

Now I'd like to turn the presentation over to Trynka to talk about how we are moving the Vistaprint value proposition.

Trynka Shineman - *Vistaprint N.V. - EVP, Global Marketing & Chief Customer Officer, Dir. of Mgmt. Board*

Thank you, Robert. Today I'm going to be providing an update on the Vistaprint brand.

Vistaprint is the leader in the micro business online marketing space. We have understood at the past year that while we have been incredibly successful that we were positioning our value proposition to a small but important sub segment of the overall micro business space. So moving forward we are looking to re-center and also widen our target to position ourselves for the right long-term growth potential.

We understand that this strategy has not delivered the top-line growth that we've expected, but we're confident in the future and I want to share why as we go through the presentation today.

So today I'm going to talk about how we are repositioning the Vistaprint brand. I'm going to start by sharing some context and then I'm going to go through some specific examples of some of the changes that we've made over the past fiscal year. And then I'm going to turn to the results and talk about why we are confident in the future.

I'm going to start by taking a look at the context starting with the market size. The micro business market is large. We estimate that the market opportunity is about $30 billion in size. We segment the market into three different types of print buyers: customers that we call price primary; higher expectations; and locally focused customers. There are some similarities and differences in these segments that I will get to in a little bit.

The price primary customer is about 10% of the overall market. This is where Vistaprint's value proposition has traditionally been focused and we have significant share and are by far the leader in that space.

Higher expectation customers are more than a third of the overall market. We believe that we have the opportunity moving forward to both acquire more higher expectation customers and increase our share of wallet of customers that we have acquired already on our base. So I am going to talk a little bit about that as we move forward. We are confident this is the right direction and we are committed to this -- we are committed to making these changes.

So as you think about the value proposition changes that we embarked on three years ago, we had a view at the time that just by getting better, faster and cheaper we would be able to reaccelerate our growth in our price primary segment. But we came to learn that while we could grow the price primary segment that growth was more limited than we expected and that we were facing diminishing returns.

So our value proposition was squarely centered and targeted to the price primary customer. Moving forward we're both recentering our target and widening our bull's-eye to encompass the higher expectation customer and our goal is to do that while continuing to dominate with price primary customers.

In the near-term this has created some revenue headwinds as we recenter our target as the revenue headwinds from price primary customers, but over the long-term we believe that this positions the Vistaprint brand best for long-term growth.

I want to talk a little bit about the similarities and differences between these segments. we have spoken a lot in the past around the differences and we've used that to help you to understand the types of investments that we are making that we otherwise would not have made if we hadn't made this shift in our value proposition and in the center of the target.

However, one of the reasons that we are confident that we can make this shift and really target both sets of customers is that there are also a number of similarities. So I will start here by talking a little bit about who these customers are and the types of print that they are buying.

Higher expectation customers, the key difference is that they are actually spending more on marketing. They purchase more frequently and they also purchase both online and off-line where price primary customers spend a little bit less and shop primarily online. But there are a lot of similarities. They are very similar in terms of the business tenure, the industry, the size of the business. And importantly they're also very similar in terms of the types of products and services that they purchase.

We have also done an enormous amount of research to understand what are the needs and what is the value proposition that best resonates with each of these types of print buyers. And again, we see some similarities and differences. I'm going to start on the left hand column talking about price primary.

As the name suggests, these are customers that are very price sensitive. What is most important to these customers are the promotions and deals that they see, the lowest quantities, the most basic products and the lowest entry prices. Price is what is primary for them, this is what is driving their purchase decision. And they're able and willing to put up with tension and friction in other parts of the sales process if the price of the deal resonates with them.

But there are other things that they care about too and these are similar to higher expectation customers. Both of them want to work with a company that provides a relevant value proposition, that understands them and is suited for them. They are both looking for an e-commerce standard expense, they want to shop at a company that is reputable. They want to great value, they want to make sure that they are really buying a product that is good quality and they are also looking for a coherent pricing experience.

Important, one of the things that we find is that there is also a lot of similarities in the graphic design help that both segments need. Graphic design is something that Vistaprint has focused on since our inception.

As you think about these customers that we are targeting, these are business owners that are trying to do their own marketing, these are not graphic design professionals. And to be able to do their own marketing they sometimes need design help. Sometimes they're comfortable doing it themselves, sometimes they want a little bit of help and sometimes they want someone to do it for them.

Vistaprint, with our thousands of design templates and browser-based studio has been successful with micro-business owners because of our focus on design. And this is an area that we continue to focus on and we'll focus more on in the future and an area that we believe will help us create and widen our value proposition for both segments of customers moving forward.

Higher expectation customers in addition are focused more on reputation of the Company. They are also focused more on value added services, they have a little bit higher expectation on the services that they expect. They are also focused on a broader assortment both in terms of product but also the range of quantities of products and depth of products that they purchase.

So when you take a look at this I guess there are a couple things I would like you to take away. First, if you think about where Vistaprint is focusing our value proposition, we are aiming a little right of the center here. We are focusing on biasing slightly towards our higher expectation customers but looking to do that without alienating the strong position we have with price primary.

Second, we believe we can be successful because while there are differences in these segments there are also a number of similarities that would look to leverage as we invest in creating the value proposition over time. Our goal, of course, is to center around -- make sure that we are addressing the similarities and differentiating the value proposition where we know that there are customer differences.

The third is that we've been making a number of investments in the value proposition over the past three years. We have been doing it based on an in-depth understanding of our customer needs. And I guess I would like you to take away the types of understanding and the types of insights that we have and this is driving a lot of our investment decisions.

So with that as context I am going to transition in a minute to give you some specific examples of the recent changes that we've made in the value proposition. But it is important to note that we are on the third year of making significant changes and we believe that we have reached a critical mass and our customers are starting to take note.

So I just wanted to share for a moment an unscripted testimonial of one of our customers and how he is experiencing Vistaprint and how things have changed for him over time. You can play the video.

(Video in progress).

So with that as context I would like to get into some specific examples. I'm going to talk about some specific examples, but one thing to note is as we have approached -- embarked on this journey we have really approached the value proposition from the fundamentals up. Our goal is to build an enduring and transformational brand. We want to ensure that we are really positioned strongly and for the future.

And so there is four different categories of investment that I will talk about today. One is how we are thinking about our customer communications. The second area is about our end-to-end experience, our purchasing experience, and that encompasses both our website and our service offering.

We'll talk about the products that we offer, both the quality and the range of the products to target to the customers' needs. And finally we will end on pricing, pricing is obviously an area that has been a big area of focus for us.

It is important to note that we are at different stages of investment in each of these areas. As an example, several years ago we made some changes to our service offering, localizing our service offering and improving our accessibility and today we are where we want and need to be.

Pricing, on the other hand, is something that we've recently launched across our major markets and we are at more of an optimization stage really learning how to optimize our new go-to-market. Our product offering is something that is earlier stage and you will hear more about that today from me, but then also from Don later in this presentation.

So I'm going to talk about some specific examples, but it is important to note that by the end of this year virtually every element of the customer value proposition will have changed from where it was three years ago, including an end-to-end design of our website. We are really pleased with where we are.

So starting with an example on a communications. Over the last few years we've made investments in the tone and the messaging of our communications. This past year we focused a lot on personalization and relevancy. I spoke earlier to both price primary and higher expectation customers are looking to work with a company that has a relevant customer experience.

And so we've had a lot of success with personalization in a couple different eras. One, looking at the browsing behavior to understand which products the customers are interested in. And the second area is leveraging the content that customers have purchased and looking at both that content itself as well as matching products to create a relevant experience in ordering and email experience.

So there is a specific campaign here on the (inaudible) that I will walk through in more detail. This is a campaign that is sent to customers who have browsed our website but haven't completed a purchase. The product on the campaign highlighted is a product that the customer has browsed. The content design shown to the template that is shown is actually a template that matches a document that the customer has ordered in the past.

A campaign like this and this specific campaign had an increasing performance of 9% for those customers targeted. We have also seen success using this type of relevant communication and personalization and the order process as we look at the products that we show in the cart as well as with replenishment campaigns.

The other areas that we're looking at is really [speaking] much more brand forward in our communications. We believe that brand is another competitive moat that Vistaprint can build given our scale that will make it hard for competitors to get traction in the micro business space.

So if you think about our brand I want to just preview our new visitor homepage that we will be launching in September. Just a few areas that I will highlight. As you can see at the top of the page right, front and center we are calling out our brand promise and customer guarantee absolutely guaranteed. This is really important for customers who have purchased products both online and off-line and are wondering whether they should purchase more of their products online. It is important to know that we stand behind our products.

We have a section on featured products to continue to improve our category awareness and we've improved the imagery to ensure that customers understand the level of personalization and also the quality of the offering. We are trying to humanize Vistaprint to ensure that we are building a foundation for a strong relationship. And we will have pictures of real employees that our customers interact with.

We're also going to be including real reviews of customers right on the homepage to ensure that we are continuing to leverage the reputation that we have and the success we have with the tens of millions of orders and happy customers that we have each year.

I want to (inaudible) and talk about our end-to-end experience. So in the end-to-end experience our goal on the site and on service is to really create an experience that is e-commerce standard. We want to make sure that as customers are searching for products and browsing the website and checking out they're interacting in a way that is familiar to them. We believe this is the easiest and simplest way to help these customers place these orders on line.

But the area where Vistaprint focuses on differentiation is in the area of design. So design -- we talked earlier that design is a common need for both price primary and higher expectation customers. Customers want and need design help. These are not graphic professionals. Sometimes they lack the skill artistically or technically and the time to do the design themselves. Other times they are happy to use our templates, but they might want to customize the document more than they're able to do on their own to create a truly unique for them look.

As we look across our price primary higher expectations and even locally focused customers, we find about half of the time customers are -- when they place an order are using documents they have created on their own. But the other half of the time they are asking for help, whether it is help and assistance or truly do it for you.

Vistaprint has traditionally focused on the gray bar, the do-it-yourself aspect of the value proposition. But moving forward we are going to start expanding the types of design services that we offer.

We have been doing a number of tests and pilots across the design spectrum over the past year. I'm going to talk a little bit about the types of services that we are evaluating as we move forward.

So on the left starting with do-it-yourself. Do-it-yourself is a sweet spot for Vistaprint, we are the market leader in do-it-yourself templates in our browser based studio and it's an area of continued investment.

So we have done customer research, we understand and get feedback from customers on the types of templates that they want and the level of customization that they need. We understand how they're interacting with our studio and the types of investments that we need to make to ensure that it is even easier to use in the future. This will continue to be an area of significant investment.

But as we move to the right I'll start first with do-it-with-help. As we think about do-it-with-help, there are different types of help that customers need. Sometimes it is technical help, sometimes it is layout help.

As the example shown here, sometimes it is help recruiting a document that they have ordered elsewhere that they would like to now order online because they need to replenish their stock, they need to make a change on the phone number or maybe have a card for a different employee. This is an area where Vistaprint has been doing some testing and I will share that in a minute.

Also sometimes customers want a completely new design, do-it-for-you. And this is some examples of some tests that we have done where we'll actually create a full design for customers. So we are really learning and figuring out where we are going to target across the spectrum.

But it is important to note that we think that Vistaprint can be very differentiated in the design space because of our scale. This is evidenced in the do-it-yourself space where we have thousands of templates and the industry's best design studio.

But as we look across the service as an integrating service into the design offering, Vistaprint also has the ability to develop scalable processes and scalable design centers in low-cost locations and with our scale this effort is worthwhile.

So I'm going to go into some very specific examples. First, I will introduce a new design studio, this will be launched in September. As we looked at our design studio and conducted research there were a number of changes that we looked to make to optimize and continue to improve our experience.

First, we want to make sure that our studio is really usable across multiple devices so the studio will be even easier to use on tablets. Second, we want to embed help into the studio to help customers who are not design professionals complete the best design. So we have smart guides, for example, for easy alignment and we have error detection to ensure that customers understand if they are creating a document whether they have any issue like overlapping text or designs that are falling outside of the border and might be cut off.

We've also integrated and made more prominent our access to customer support to ensure that customers know that if they need help they are welcome to call.

Second, on the website we made changes to improve the product rendering. The reason this is important in the design process if you [stutter] realistic images, help people understand what the product is going to look like when they receive it in their hand at home.

So you can see in the middle when you see the product in context you get a better sense of the size of the font and you can also see what the document will look like when it is cut, trimmed and delivered. This is both improved our conversion rate as well as lowered our design error rate of our customers.

And on the right [stop-loss] animation, so picking options is also part of the customization process and we are looking at different types of animation to ensure customers know what they are getting when they are buying online.

Now I want to talk about an exciting service that we have been proof of concepting over the past six months. This is our recreation service, we call it SNAP-2-3. This is an incredibly fast and we think very high quality service and something that will be rolling out this year.

So basically the concept is if a customer needs to re-create a document what they can do is they can take a snapshot of their business card, or other products as well, upload it, add any messages and on the types of changes they might need, for example, a change in color or a change in text or a change in an employee's name.

We create the document for them, we create it not as a static image but as an image that they can subsequently edit in our design studio. The customer confirms that this is correct and they place the order. This whole process is complete within a single business day, so it is a very quick and high quality process.

You can see some of the examples of real designs that were re-created in this process on the right hand side of the screen. We are really excited about this. And this is the type of design offering that we are looking at expanding and getting into overtime.

So I'm going to transition now to talk about the product aspect of our value proposition. We have talked a lot in the past about quality and the improvements that we needed to make to our product quality. We have improved things like our paper substrate and the size of an aspect ratio of our products in Europe.

But as we have looked at quality and we think about the barriers for customers purchasing online, the perception that they have of quality is what we call delivered quality, so it is the quality of the product that they perceive when they get it in their hands at home. And what we have learned is that about 50% of the quality issues they perceive are actually customer design errors that they introduced in the purchasing process.

We believe that it is important as an online player to take ownership of the full delivered quality, to not just look at how we can improve our manufacturing but also make sure that we are looking at how we can ensure customers create the highest quality design product early in the process.

So there are two types of services that we introduced this year. The first is preprinting design checks on those documents that are more likely to have customer induced errors. And the second is do-it-yourself error detection technology which I shared with you just a few moments ago in our new studio.

The second way we are evolving our product evolution is in our product assortment. Vistaprint historically has focused on introducing products that are at the very center of the product demand bell curve. This was sufficient to target our price primary customers. But as we move to higher expectation customers we know we need to go a bit broader.

So moving forward in the categories that most matter we will be moving from a limited selection per category to more of what we'll call a credible assortment. We are not looking to replicate all of the SKUs that a customer can get when they go to an off-line printer or some of the other online competitors.

What we want to do is make sure that when customers think about a product they want to buy, that they think and know that Vistaprint will have the types of options that are necessary for them and that meet their needs. This is important both from a conversion perspective but also from a brand perspective and we look to get more higher expectation customer purchasing with Vistaprint.

This type of approach requires a very different approach to new product development and this is going to be enabled by the platform that Don Nelson will talk about in a few minutes.

As we embarked on our journey of our value proposition we understood that category assortment was something that we would need to address over time. But we chose to start with many of the fundamentals. We chose to start with introducing an 800 number and making sure that the products that we have are high quality.

However, if you look at Vistaprint's history, new product introductions have fueled growth in the past. And starting in the back half of this year we have a strong pipeline of many new products that will be introduced to the Vistaprint customer and we are confident that this will help to accelerate our growth rates.

The other area from a product perspective that I would like to talk about is digital, our digital products. We continue to improve our digital product offering. Vistaprint's sweet spot in the digital space is in the intersection of the digital and physical products.

A great example of that is our website offering where a customer creates a business card, we can then take the digital assets, the design assets that they create in that business card and automatically create them a matching website to get them started online.

This is an example of a new product that is in beta that we are quite excited about. This is developed by our digital team and basically it is a Facebook post card distribution. So what we are hearing from our customers is that they know social media marketing is important, they feel it's important but they are not sure how to get started.

So for customers that order a postcard with Vistaprint we are going to automatically create a Facebook ad that they can then use to distribute and target customers in their local area on Facebook. This is really early in testing but we are seeing strong demand and we think this is a great example of the type of place where Vistaprint can innovate in physical and digital.

I'll turn now to pricing. We've talked a lot about pricing with you over the past year. And we get a lot of questions around why did we need to reinvent -- was it necessary to reinvent all of our pricing and what was the rationale for that. And so I want to talk to four key drivers.

The first driver is that our shipping prices were too high. Customers did not like our high shipping prices, they were a high percent of their overall order value that they were spending with Vistaprint. If you think about it from a customer perspective, they might spend two or three hours, sometimes more, creating and perfecting their customized documents. At that time they don't have visibility into what the shipping prices will be.

They get to the checkout experience and they see a shipping price that is higher than what they think is reasonable. But at that point in time they feel like they need to proceed. So they place the order but it leaves a bad taste in their mouth. This is not good for long-term customer loyalty.

The second area is that we focused a lot on proactive cross-selling and up selling. If you think about the Vistaprint business model and our old free marketing approaches, our model was basically using highly deep discounted products, oftentimes free products, getting customers to the site and then aggressively up selling and cross-selling them to build our order value over time.

This was effective, customers certainly liked the free offers, but they did not like the up selling and cross-selling and it hurt customer trust and satisfaction. This was especially true when we are charging for things that they felt like we shouldn't charge for, things that weren't adding value to them like PDF proofs or digital image uploads that have really low perceived value.

Third is as we were looking at pricing we were optimizing pricing at a channel level so we would have a person in paid search figure out what price was best for them and someone who was looking at online displays, figure out the price that is best for them and so on and this created a lot of pricing inconsistency in the market. This trained customers to hunt for the lowest prices. We had a lot of confusion around how to get the best price but it also created a lot of complexity in the buying process.

And this leads me to the fourth point which meant that our pricing was inconsistent by channel but oftentimes our paid channels were discounted more than our free channel. And this meant that we were actually incenting customers to use channels that were costing us money from an advertising perspective.

And when you look at this together, really we had a system that we perfected with these free offers, this cross-selling/up selling, this higher-than-expected shipping price -- these things work in concert so you can't just change one of them, you have to change the system. And this is what we have done.

We have lowered our shipping prices, we've removed fees and up charges for things that we felt like didn't add a lot of value and we have less aggressive on our cross-selling. We have also created more coherence and consistency in the promotions that we are using across channel.

This is a really big change for Vistaprint, it is a big change for our channel managers, it is a big change for our customers. And we are at the beginning of a learning curve and a new optimization curve. There is a lot that we have done to improve already the implementation of this in market. I will give you a couple of examples, but we are really early and there's a lot of optimization yet to come.

So as one specific example, we talked about price primary earlier and how price-sensitive they are. They really like our free offers. They really like the low free entry point of the products. And so, for price primary customers, one of the things that we have done is implemented even lower quantity products for our best selling products. For example, 50 business cards and 50 postcards. This lets us get to market for price primary and attract them to the site with a low price point that really resonates with them.

But then as you think about differentiation, what we have done is we have created consistency in campaigns, for example here is a campaign that is 50% off business cards. On the right you could see that we're talking about 50 business cards for $2.99. On the left this is a campaign that goes to higher expectations, we talk about a more industry standard quantity of 250 for $7.49.

This type of approach has been quite successful. But I just want to emphasize that we are very early in the learning curve and we have a lot of optimization we continue to do.

So if you look at the types of investments that we've made, these are just illustrative examples. But over time we have made significant changes in our value proposition, we feel we have hit critical mass and we are very excited about the future.

We get a lot of questions about how can we become confident, obviously the top-line growth is not where we expected to be. But we are confident and bullish on the future and I want to share some market-by-market results and some comparisons of the types of results that we are seeing that give us confidence that this will translate to great shareholder returns in the future.

I'm going to start by talking about Canada. I will get into then also the UK, US and Germany. Of course these markets have a lot of differences. They're different in terms of our penetration of customers, they're different in terms of the approach that we took in rolling out some of the pricing and go-to-market changes. The competitive situation is different as well as how we look at external marketing. That said, we are seeing some similarities in the results across the board.

So Canada, as you know, has accelerated its growth rate from the mid-20% two years ago to the mid-30% and 33% this past year. But if you look underneath the high-level growth rates there are some metrics that we have seen moving over time. Soon after launch we saw improvements in customer satisfaction.

A year later we saw promising trends in profit per customer. And more recently we are seeing better retention rates and also improved external marketing spend leverage. So as a specific point we will get to, while the Canadian growth was 33% year-over-year our external marketing growth was essentially flat.

Here are some specific KPIs. You can see here with the dotted line when we launched to reinvent in Canada. You see that new customer NPS started to move up, but it has been a gradual move as we've improved our implementation over time. And the bottom left you see the gross profit growth for new [in year] customers. There was a lag of about nine months before we started seeing the new customer cohorts generating a greater gross profit.

And then it took two years to see the better retention rates. You can see at-the-market level for the past four consecutive quarters that our retention rates have grown year over year. The other thing that we are excited about is the year-over-year spend. So again on the green line you can see that while the overall revenue was growing in the 30% range, our year-over-year spend was essentially flat.

We think these are great -- obviously we are excited about the top-line growth, but these metrics show that the market is really healthy at an underlying customer level.

So I'll move next to UK. In the UK we launched about a year ago and, if you compare it to Canada, we are seeing similar results in customer satisfaction, in fact even more dramatic results which I will share in a minute. But we're also seeing promising trends in profit per customer and we are seeing this earlier than we thought in the Canadian implementation.

So one, this is a graph of our UK new customer NPS. NPS, I should have mentioned, is our net promoter score, it is our measure of customer satisfaction. We started implementing some changes in Canada in Q3 fiscal year 2013, but then did the majority of the changes in September of 2014 -- fiscal year 2014. And you can see the significant increase in NPS. Not only is new customer NPS at record highs, but actually overall net promoter score for the UK is at record highs with this change in strategy.

The other thing that we are seeing is we saw a big increase in gross profit growth per customer for new in year customers and we saw this earlier than we saw in Canada and we think that is quite promising.

And now when you look at US and Germany, these are two markets that we completed our reinvents in January of this year. You can see from Q2 to Q3 when we made the changes that we saw a big spike up in our net promoter score for new in year customers. This is the first thing that we expect to see and we are pleased to see the magnitude of the change in both markets.

One question that we are asked is with this change in net promoter score why we don't see an earlier lift in repeat rates. So I just want to give a little bit of insight in terms of the type of dynamic that we are seeing.

This is an example in Canada of the percent of customers each year that came in on different cohorts. The blue line are customers -- active customers in year that were acquired prior to the reinvent strategy. In this year 2011, prior to the implementation, that was 100% of the customers on our base. And you can see that this has declined over time.

When you think about what we're doing in our go-to-market strategy is we are making a fundamental change in our brand position. We are re-centering the brand and changing our go-to-market strategy. And we have a large embedded base of customers that have been -- that are used to the Vistaprint strategy of promotions and free offers. And while over time you see they can adjust to the new strategy, in the near-term it creates revenue headwinds and by far the biggest lift we see is from new customers that we acquire once the changes are made.

So in Canada in fiscal year 2012 about a third of our customers were customers that we acquired with the new strategy. Fiscal year 2013 is about 60% and about 70% in fiscal year 2014. And it wasn't until fiscal year 2014 that we saw the repeat rates changing at a market level.

Now earlier, obviously earlier at the cohort level we are seeing higher value of new customers acquired and repeat rates with them, but it takes a while to move the market and this is a dynamic that we are seeing in other markets as well.

So moving forward as we are successful we expect to see strong results. We expect that we'll have a higher quality customer in our base. We expect that our advertising will get more efficient and we've started to see some of that in this past year. We also believe that we will be building stronger brand loyalty. And we believe that the three of these together will create an acceleration of growth rates for the Vistaprint brands.

So I want to close by bringing us back to our customers. Vistaprint is the market leader in online businesses. We have the highest brand awareness, we have the most loyal customers, most number of loyal customers. We have spent the most on advertising, we have the best technology and we believe that we are really well-positioned to build an enduring brand.

But we recognized a few years ago that the revenue rocket we were on was limited, that we need to reshift and center the brand towards higher expectation customers. And with that we have really gone back to basics to build a strong foundation, focusing on the fundamentals of what customers need to ensure that we are setting ourselves up for long-term success. We believe we are well on our way and are confident in the future.

But I think one of the ways to illustrate that is to really hear from some of our customers and what they see and how they experience the Vistaprint brand. So this is a video that will show you several of our customers talking about Vistaprint. And at the end of the video you will see an introduction of a new logo that will be coming out in September that for us just basically indicates to customers -- is a way of taking credit and indicating to customers the changes that we have made. So with that we will end on the video.

(Video in progress).

All right, so I'm going to turn now to Don Nelson to talk about the platform.

Don Nelson - *Vistaprint N.V. - President, Software & Manufacturing Platform, Dir. of Mgmt. Board*

Thank you, Trynka, good morning, everyone. My presentation today is in two parts, the first part will speak to the current state of our manufacturing and supply chain efforts, I'll speak about how we captured scale advantages and where we are going in the future.

The second part of the presentation will focus on the changes we are bringing about in order to support our strategy. I will speak about computer integrated manufacturing and the platform that we are creating, and our focus on driving competitive advantage across product selection, cost and conformance.

Finally, I will speak about how we intend to extend these competitive advantages across acquired companies and partners.

Manufacturing and supply chain is committed to providing speed and value to our customers while operating with the best-in-class internal cost and providing a safe workplace for our employees. Within the manufacturing facilities we have more than 1,000 people worldwide focused on manufacturing products for more than 17 million customers worldwide.

We also have more than 150 people focused in the areas of technology, engineering and supply chain, partnering with all of our manufacturing facilities to harness the benefits of scale and to drive increases in operational excellence.

The manufacturing and supply chain is a global operation across nine locations designed to service global a customer base with more than 1 billion in output. With have manufacturing facilities in Canada, the Netherlands, Italy, Australia and India. We have a software development center in Massachusetts. We have a design and technology center in Switzerland and we also have a sourcing hub in Hong Kong.

We are in the process of including a three-year program that greatly improved our operational capabilities and performance. This has reinforced our competitive advantage of combining scale and operational excellence in mass customization environments. As result of this effort we have improved our delivery of customer value while capturing reductions in key areas such as cost of goods sold.

We have also laid a strong foundation for the future and the next phases of our mass customization strategy. As a result of these efforts we have driven significant operational improvements in key customer facing areas. We have significantly improved the experience for our customers by improving delivered quality. This has resulted in a 38% reduction in customer complaints and we've also reduced late delivery to our customers by more than 62%.

Within our plants we have improved our operational performance. Our product throughput times are 72% lower than they were in 2010 and 2011 and we have also increased our direct labor productivity by 48%, we have improved it. Said another way, we can now deliver our 2011 volumes with 48% less labor than we had at that time. This improved performance results in better conformance to our customer expectations at lower cost.

We've been able to achieve operational improvements while dramatically scaling our operations. This creates competitive advantages that competitors just cannot match. In the last fiscal year, as examples, we've produced more than 5.5 billion individual business cards. That is one business card for about 79% of the world's population of 7 billion people. It will be interesting in the future to stand on this podium to say that one year we actually produced enough business cards to actually give everyone in the world their own business card.

We also produce more than 4 million signs and 5.6 million garments. We ship more than 90,000 orders on an average date with peak days being considerably higher. And as Robert said, on a yearly basis we ship more than 30 million orders comprised of more than 80 million products set ups to 17 million customers, close to 17 million customers.

For each order shipped we have very little direct labor and low material costs. We leverage our 90,000 orders shipped on an average day with more than 150,000 pounds of materials to drive better pricing and higher delivered service across our suppliers. And we manufactured more than $1 billion in output in the past year across more than 1 million square feet of manufacturing space with 24-hour operations.

We are able to translate this scale in performance directly into reductions in cost of goods sold and improved margin. By increasing volumes and revenue flow across our equipment and facilities with 24-hour operations we improve our return on invested capital. Channeling the power of 90,000 shipments a day and the usage of 150,000 pounds of materials on a daily basis helps us drive down costs in shipping and drive to the lowest cost material prices.

Our proprietary scheduling and lean production increases our labor efficiency as well. The powerful aspect of what we are accomplishing here is our ability to translate these savings into quality improvements as well as offsets for inflation or increases in gross margin. And as we continue to do this, as Robert had the picture of the moat around the castle, we continue to make it harder and harder for competitors to keep pace.

With Vistaprint today we offer a limited set of products across the site. For example, we have eight colors of men's embroidered polos, we offer one or two pens, one mug, we have several tee-shirt colors and a limited set of paper substrates. Even as our costs are well below our competitors, we know that we need to increase our product diversity.

As we wrap up our multi-year focus on operational excellence we're beginning to embark on a new project of similar scope and ambition to dramatically increase our product diversity and we'll see expansion in keys areas such as product types and categories, delivery options, decoration methods and new order quantities.

I will now talk about the changes that we are bringing about to support this strategy. It is important to note that our ability to move into these new strategic areas is based on the software and manufacturing capabilities that we have built over the years. We are extending these capabilities to create new opportunities to reach new geographies, new customer segments and more product categories, all the while continuing to drive scale and the advantages that result from scale.

We've created a single global organization that we call Orion. Orion is comprised of our manufacturing supply chain teams, software engineering, product development and merger integration teams. These teams are coming together to build a shared computer integrated manufacturing platform that will be leveraged across multiple customer facing brands.

As part of this strategy we'll drive significant improvements in selection, cost and conformance. As I speak about selection, I will speak about significantly increasing both the breadth of the product SKUs that we offer and the depth of selection options that we offer within those products.

For example, with each SKU that we add we will also be considering additional options for that SKU such as product substrates, more colors, sizes and shipping options than we have traditionally in the past. We will be increasing both product SKUs by the thousands and within each SKU selection options will be increased and this results in a combination effect of options that are dramatically increased for our customers.

Within the area of cost the selection set that we choose to offer we will develop at the lowest cost. And for all of these options and all of these products we will consistently manufacture with exacting conformance and specifications.

This is not an easy task. Some of the reasons why -- we need to significantly increase our SKUs while keeping our inventory under control. We need to develop systems -- we need to further develop systems to manage the complexity of massive increases in products and selection options.

We still continue to see the challenge in the industry from a manufacturing equipment perspective where off-the-shelf manufacturing equipment is mostly focused either on small jobs -- job shops or on massive volumes. Small job shop equipment might work for very short runs, but is often unreliable and has very high unit costs. Equipment focused on massive volumes often results in high set-up costs that are not economic for small order volumes.

To do this differently and to capture more competitive advantage we need to continue to innovate in our usage of digital driven equipment, we need to continue and also invest in proprietary production methods that enable extremely low order volumes.

In prior presentations that we've had here we've spoken about what we've done in the space of embroidery. Several years ago as an example we acquired a company called Soft Sight that allowed us to automatically convert customer uploads into embroidery stitch patterns that we could then automatically route to embroidery equipment.

We then went on to digitally drive networks of embroidery equipment in a manner that enabled us to end-to-end disrupt the embroidery market by offering embroidered shirts in quantities of one at prices that were previously unavailable to customers. This is an example of how we've been able to use technology and manufacturing to be able to both scale and offer lower-cost to our customers while producing 5.6 million custom garments in the past fiscal year.

Our computer integrated manufacturing platform will enable us to move down the long tail of products and selection options. Our traditional Vistaprint offering is focused on a small set of highly standardized products, and Trynka showed the middle of the bell curve in her presentation. And I've spoken earlier in the presentation about the fact that we have one mug and two pens and a limited set of paper substrates as examples.

The power is that this standardization has allowed us to drive large amounts of volume and scale and then we've been able to capture the benefits that results from that scale. We are now focused on designing more flexible manufacturing automation to enable us to expand selection while maintaining similar levels of operational excellence.

Each product in the middle here under flexible automation as an example might in and of itself have lower volumes than our traditional Vistaprint offerings, but the collection of these products and similar products in this space further out in the long tail still represent massive volumes and similar scale advantages will apply.

It is important to emphasize that we are augmenting our strategy of products with highly automated and scaled manufacturing techniques with flexible approaches that allow us to operate with lower volumes. We are not wholesale moving away from one approach to the other.

It is also possible and desirable that certain lower volume products today will increase in volume over time and justify increased levels of investment in higher volume automation. We are also exploring outsourcing as a means to move even further out into the long tail products and also the concept of in sourcing of products for decoration only to enable us to reach out further into the long tail.

We started FY14 with approximately 600 SKUs under Vistaprint. We are adding approximately 1,800 SKUs as a result of our People & Print Group and Pixartprinting acquisitions. We have also launched a beta offering in apparel and soft goods that is live now with the intent of increasing our SKUs by more than 3,000 additional SKUs in FY15. This represents more than an 800% increase in SKUs and we are only getting started.

It is important to emphasize that this is possible only after years of focusing on operational excellence and technology development. These capabilities enable us to expand SKUs in this manner while holding onto our cost competitive advantages.

As an example I would like to speak about the banners that we now offer under Vistaprint today. Today we offer four sizes and two substrates. In FY15 we will materially expand our Vistaprint banner offering through the knowledge gained from our People & Print Group and Pixartprinting acquisitions.

We are seeking to increase the number of banner sizes from 4 to 10 to 15 sizes and also increasing the number of substrates that we offer and increasing the features such as grommets and banner stands as well. And in the future we will further expand posters, signs and decals.

As we look to what we want to do in the near term, People & Print Group and Pixartprinting already today offer a near infinite variety of banner sizes. Each customer gets to choose not only their size but the shapes of their banners, and they go from very small banners to banners that are the size of whole sides of buildings.

And we will design a feature in the platform to be able to provide this variety of signage to the portfolio of customer facing brands and partners. And that is a key concept of the platform that we are developing that as we had each individual acquisition that we pull their capabilities into the benefits of the broader portfolio of companies that are actually leveraging our computer integrated manufacturing platform.

So as I said earlier, we already launched the beta offering that is called PromoSpot and there are some examples of some of the products in the back of the room that you can check out later on. This is focused on the decorated apparel and soft goods market where selection is a key driver to success.

We will be launching over the course of this year thousands of apparel and soft good options for our customers. We will have significantly more colors, as you can see on this slide. I think there is probably -- it is hard for you to see -- there's probably three or four or five different shades just of blue on this slide.

We will upgrade our style options from casual clothing to dress clothing as well. And more categories such as outerwear which will include products such as vests and jackets and fleeces and sweaters, which is a far cry from where we have come from with a handful of eight different colors of polo shirts, a handful of colors of T-shirts that we offer in our more standardized offering. But this will enable customers to customize the product to meet their very specific needs and their budgets.

Within proprietary -- we've been developing proprietary capabilities to enable our entry into this market. Traditionally the micro business segment has been locked out of this type of an offering due to the high file processing and set-up costs that result in prices and quantities that are beyond the reach of micro-businesses. This is another example of Robert's slide of the challenges associated with low unit costs only being associated with the highest volume orders.

We have been developing capabilities that enable us to break these constraints and to truly bring the decorated apparel and soft goods offering to the micro business segments. Our goal by the end of FY15 is to be able to make a large portion of these products that we have offered in beta today available starting at quantities of one.

This disrupts the market for decorated apparel and soft goods that is currently arrayed in such a way, as I said, at the lowest cost and prices are reserved for those who purchase in the highest quantities. So moving from the right to the left, we see Asian suppliers and other suppliers selling in very large quantities to resellers, importers and decorators who in turn are forced to go to market with high minimum order quantities and high unit prices.

Our capabilities will enable us to break those constraints and go to market with very low quantities, in many cases quantities of one, at prices not previously available to customers in that marketplace.

We define conformance as the ability to consistently manufacture to well designed product specifications. And we believe that it's possible to have greater consistency while also expanding our selection.

Conventional wisdom says that as you significantly increase selection and customization that conformance becomes significantly more difficult. As a matter of fact, the Vistaprint story has largely been written around the connection between standardization scale and quality. And we believe that we have the strong manufacturing capabilities and the operational foundation in place to enable us to not only scale but also to increase selection and continually improve our conformance to specification as we progress through the future.

We believe that our competitive advantage that we have built over the years are just as relevant in a future of expanded selection. Our automated file preparation capabilities, our lean manufacturing capability, our ability to drive scale advantages in shipping and material costs and our ability to drive high levels of utilizations across our plants and our equipment in the plants directly translate into a world of greater selection.

We will carry over our expertise in fully automated high-volume processing and we will augment this with more flexible automation when needed to drive greater selection. We will also be transferring many of our capabilities and cost advantages to our new acquisitions and partners.

Some examples of our unique capabilities that will benefit others will be our proprietary software, our lean manufacturing expertise in mass customization, our proprietary production platforms are some examples. Also from the scale advantages, some examples there are material purchasing advantages and our supply chain and logistics and engineering scale.

As an example of the benefits we are able to bring are our Albumprinter acquisition. When we bought Albumprinter they were under the impression that they needed to expand their plant to be able to keep up with their volume. We were able to help defer the need for expansion through a focus on operational excellence that resulted in improvements in labor productivity and decreases in production time throughput. We were also able to reduce their cost of purchasing materials. This helped them to avoid the need for the plant expansion.

We believe that we have similar opportunities with People & Print Group and with Pixartprinting. And we are in the process now of making sure that we can make these advantages more modular and easy for us to share not only with the acquisitions that we have now, but any acquisitions that we have in the future and partners that we will work with in the future.

In summary, we've been able to demonstrate the ability to deliver improvements in quality, cost, reliability and throughput time by continuously focused on building world-class technology enabled operational capabilities. We will continue to invest in these areas to further these advantages.

We're also focused on continuing to build out new capabilities that break the traditional constraints of low volume production while maintaining low cost, all in support of our goal to build a common backend platform that drives scale advantages in selection, cost and conformance.

Now I will turn it over to Ernst to continue with the presentation.

Ernst Teunissen - *Vistaprint N.V. - EVP & CFO, Dir. of Mgmt. Board*

Thank you, Don. So I will do the fourth of these presentations and then we will open it up for a more interactive Q&A. But I'm going to talk to you about our long-term financial strategy. I have done this every year here in this room and I want to talk to you about how our financial strategy actually underpins and enables the strategy that you have heard about today, the big picture strategy that Robert painted as well as the specific strategies in the Vistaprint brand that Trynka talked about and the platform that we are building that Don just talked about.

I want to start with to talk about what we are after really and Robert started to talk about that in his opening remarks. Fundamentally what we are aiming to do is create fundamental value of our shares, the intrinsic DCF value of our shares.

And what we look at internally is for all the projects that we do, all the initiatives that we undertake is what is the expected impact on our free cash flow per share over the long-term and what does it mean for the returns, cash returns that we are getting for those free cash flow returns. So that is going to fundamentally drive what our DCF per share is going to be.

And the way we think about that is in a number of ways, the way that sort of translates into our strategies in a number of ways. First of all we are aiming to bring in our core Vistaprint brand, the core Vistaprint brand that Trynka just talked about. We are aiming to get back to margin levels that we enjoyed before fiscal year 2012, before the time that we started to make some significant investments in the brand.

We are not forecasting that to happen in fiscal year 2015, as you have seen from our guidance, but we do believe over the longer term we will be able to get back to that kind of level of profitability.

And driving margins is not the only objective that we have to pursue high free cash flow per share from the Vistaprint brand. Obviously the top-line is important too. So you see and you have heard we're continuing to make -- despite the margin objectives, continuing to make investments that will in our plans drive the top-line as well.

The second important component is that we believe that we have an opportunity outside of that core business, outside of that Vistaprint business to drive value as well, to drive DCF per share there as well. And we have been and we plan to continue to use the cash flow that we generate in our core business as well as our balance sheet to drive DCF per share in other areas too.

One important area, and we have just made two acquisitions in that vein, is to look at synergistic M&A. Synergistic in the sense that it helps us create more scale, more scale for the platform that Don just talked about, but also allows us to bring our scale to bear for these acquisitions.

The other area outside of our core is share repurchases. And you have seen us make over the last three years repurchases of our shares which we have not done as a structural program, but really because at times we believed it was a great value and great DCF per share to achieve by buying our own shares given the share prices at the time.

And finally, we are actively prioritizing our investments and our opportunities to invest across the core share repurchases, M&A by thinking about what impact will it have on our DCF per share and how do we compare returns that we are making in different areas.

So, for instance, we have a DCF-based model and way of looking at our advertising expense. So what is the DCF value of a dollar invested in a particular channel in a particular country? We also use DCF models for our CapEx investments, trading off different types of equipment that we may deploy in our plants. And (inaudible) of course we look at DCF values for our M&A transactions too.

So let's start with that first part of -- that part of how do we drive free cash flows per share over time. We have guided and reported on GAAP EPS and non-GAAP EPS. And on this graph you see the green GAAP EPS progression since fiscal year 2006, since we went public, and including the guidance that we just given for fiscal year 2015 as a range. And on the Orange line the non-GAAP EPS that is corresponding with that.

What you see is that the investments that we were making in fiscal year 2012 and 2013 have lowered the trajectory that we had originally set for our GAAP and non-GAAP EPS. But you also see that as a result of margin expansion, but also as a result of share repurchases, both GAAP and non-GAAP EPS are trending up again after a period of investment.

Free cash flow per share, which is an important metric too, which we don't guide to, but look at internally as an important measure of value creation -- you see has followed a similar pattern and has moved in conjunction with GAAP and non-GAAP EPS. It changes from non-GAAP EPS from time to time depending on CapEx versus the more and durable depreciation and also swings in working capital. We have from time to time working capital timing differences for accrued expenses or for tax and other payables as well.

But you see that in the last two years our free cash flow per share was sort of in between the green and the Orange for GAAP and non-GAAP EPS. We don't give guidance to free cash flow per share, as I said, but the indication that I can give you today is that embedded in our guidance for fiscal year 2015 is an expectation that free cash flow, the blue line will again, like in fiscal year 2013 and 2014, land in between the GAAP EPS and the non-GAAP EPS metric.

So as it says on the top of this slide, we believe we are still at the beginning of our journey to drive free cash flow per share. And we believe that the strategy that Robert laid out is going to over time help us grow that free cash flow per share as we go into the 5, 6, 7, 10 year horizon going forward.

So margins I talked about margins and our ambition to get margins for our core business to get closer to our pre-fiscal year 2012 levels. This is for both GAAP and non-GAAP net income margin, the progression of our margin -- margin as a percent of our revenues. And you see that margin expanded in fiscal year 2014 on both GAAP and non-GAAP measures and that we see a progression for that into fiscal year 2015 if you take the midpoint -- all the midpoints of our guidance. So the midpoint of revenue and the midpoint of our GAAP and non-GAAP EPS guidance.

You see also on this chart that our GAAP EPS came down more in fiscal year 2013 than our non-GAAP EPS, that is to do not just with the investments that we've made, but also in amortization of intangibles from our acquisitions.

In fiscal year 2015 we see some expansion of our margins again, it is embedded in our guidance, but less so than the expansion in fiscal year 2014 that has a number of drivers which I will go into in more detail. It is partly because our fiscal year 2014 margins came in higher than we originally planned for and anticipated when we put our plans together for fiscal year 2014.

It is importantly through some lower advertising spend in fiscal year 2014 than we anticipated. So we are more likely to slightly increase for the core, for the Vistaprint core, increase our advertising year on year in fiscal year 2015. So in some sense we took a bit of an advance on our margin in fiscal year 2014 versus our longer-term trajectory.

So digging a little bit deeper in what has driven our margin increase in fiscal year 2014. So this chart you see a breakdown of our different cost component and it ends up at the top in operating income. So it is different from the previous chart you saw where we looked at GAAP net income and non-GAAP net income. This is adding up to operating income.

You see that our gross margin has steadily improved through lower COGS and more efficiency in our manufacturing facilities. The fiscal year 2014 number is slightly distorted because we have included our acquisitions, Pixartprinting and People & Print Group, that have much lower gross margins.

But if I were to take that out, that effect out, then you would see about a 100 basis points improvement of gross margin, lowering of COGS as a percent of revenue moving from fiscal year 2011 to fiscal year 2014. That is a very important one and the scale advantage that we are building in our manufacturing that Don just talked about has been a core factor in that. And we are continuing to work on that every day.

The other important set of moments that you see is in the marketing and selling line. We have expanded from fiscal year 2011 to fiscal year 2013 as you see. We expanded our total advertising, marketing and selling expense which includes advertising but also the non-advertising OpEx by 500 basis points, which is quite a significant investment to support the type of changes that Trynka just talked about.

So you see on this line item in fiscal year 2014 an important deceleration of that -- an important reduction of that, which has come through higher advertising efficiency in particular, but also we are coming out of a few years of significant investment in our OpEx in 2012 and 2013 as well.

As I said, in our plans this number at a 34.6% of marketing and selling was a little higher which is underpinning my statement about having taken a bit of an advance there fiscal year 2015. The reduction in ad spend was partly being sort of prudent in the wake of the changes that we are making particularly in Europe.

We had seen in the past deteriorating economics in Europe on a per customer basis, which we have been very successful at improving over the last year. But we thought it was prudent to have a lower advertising as a percent of revenue in the wake of uncertainty around the returns and therefore the DCF models that I just talked about for our cash flow -- for our customer returns.

Tech and dev is an area where we have seen the least leverage probably in fiscal year 2014 and we might also see the least leverage going forward into fiscal year 2015. We are still making significant investments in tech and dev to support all the changes that Trynka talked about, to support all the changes that Don just talked about. But also for our development in Asia.

And after an initial increase in G&A you saw from 2011 to 2012, we have seen some leverage there and we expect more leverage to come in fiscal year 2015.

So embedded in that guidance for the next year I have produced our expectations on the key P&L items between what it would look like before the two acquisitions that we have made and what it would look like including the two acquisitions that we have just made.

And the reason I do that is because these acquisitions are actually making a significant impact in the distribution in our P&L. As I said, they have much lower gross margins, higher COGS as a percent of revenue but also much lower advertising as a percent of revenue and lower G&A as a percent of revenue. And as a result very attractive EBITDA margins but they make analyzing our P&L line items year-by-year a little bit more complicated.

So let's talk about gross margin first. We in our core, so excluding these acquisitions, we expect increased manufacturing productivity again. But it is offset by some investments that we are making in the product quality and selection -- the product enhancement and portfolio enlargement products that Don just talked about in his presentation. So year on year that is offsetting that improvement of otherwise pure productivity.

And as I said before, including acquisitions we see a lowering of our gross margin. It was 64.5% in fiscal year 2014, but we expect it more to be in the low 60% range in FY15 mostly driven by inclusion of those new acquisitions. Advertising we project to be a little lower as a percent of revenue, but that is mostly driven by the inclusion of the acquisitions which have a low percent of revenue. As I said before on the Vistaprint brand, we might see a slight increase as a percent of revenue.

Then other operating expenses will be lower, there are many puts and takes there. We are driving for efficiencies in G&A. We are making some more technology investments and we have some integration cost on the acquisition side. So all in all our operating income margin will be slightly bigger.

Our different profit margins are making different improvements in fiscal year 15 depending if it is EBITDA margin, operating income margin, GAAP or non-GAAP and it is anywhere between up to 100 basis points of margin improvement in our Vistaprint core business that we are going to see in our plans for fiscal year 2015 at the midpoint of our guidance.

And we are achieving this margin improvement -- I just want to underline this -- while making very significant investments. We continue to make significant investments in the disciplined brand, continue to upgrade product substrate, formats, shipping options, all the changes that you have just heard about.

We are making these pricing and marketing changes in Europe, Trynka talked about us having made changes in Germany and the UK. But we this quarter, this first quarter of our fiscal year we are also making some important changes in France, so that continues.

We see in the long term an opportunity to get leverage from advertising as a percent of revenue, but for next year for fiscal year 2015 we see an opportunity to increase it after the lower levels of the fiscal year 2014. Increase very modestly, I want to say. And then we are driving design service expansions that Trynka talked about.

So for the whole Vistaprint, for the Vistaprint core business the margin -- the impact of all of these investments will be less than in fiscal year 2014, it is a modest incremental investment although large in absolute size.

And then we have some other new capabilities that we are building and are investing in and we have done so over the last years and we are continue to do that into fiscal year 2015. New product capabilities that Don talked about, particularly around apparel and soft goods, but also around signage and our expansion of product capabilities there is an important area of investment.

And so is creating this platform to support multiple front ends that Don talked about, the multiple brands that we have, making sure that they are all knitted together around this platform.

And finally, new geographies in Japan, our joint venture there, our joint venture where we own 51% is going to invest in a new production facility, which is really going to power our ability to serve this market at the right delivery speed and cost that is required for the Japanese market.

So in aggregate these investments on this page are contributing about $40 million to $45 million of our CapEx budget for next year, which is about half of the CapEx budget that we have guided to. And it puts some strain on our ability also to create margin. So this is a drag on the margins that I described that is included in the outlook I described.

So that is about margin and how we think about margin and margin expansion in our business. The next point I talked about in the summary slide that I gave you is M&A. So I want to talk a little bit about how we think about M&A and what our approach is.

So our most important starting point for M&A is the scale that Robert talked about in his presentation. Scale matters. And it matters on a number of fronts, it matters on unit manufacturing cost, it matters for the ability to invest in product breadth and delivery options. It matters for quality and scale is a fundamental therefore driver of our approach. What acquisitions could add to our scale and in terms of overall size, in terms of product availability and for what acquisitions can we actually bring our scale to bear.

So we have a good interest in pursuing M&A, as you have seen from the two acquisitions that we have just made. We think it can help us accelerate the scale. What we are looking for is really brands and customer propositions that are very different from our Vistaprint brand. We are ambitious for our Vistaprint brand and we would like to focus our M&A around those areas where we think the Vistaprint brand does not naturally go or naturally scale to.

And so, it is very different from a frontend brand perspective and perhaps how you go to market, which segments you serve perspective. But it is similar and it can really benefit from a common operational platform. So that combination is really what we are looking for when we think about M&A.

And we are very determined to remain disciplined around that. So we do want it to add to our DCF per share over the long-term, so we are very disciplined in thinking through. Does it actually meet our strategic objectives? Does it create the synergies that we think we can create with it? And is the risk adjusted returns on our investment really better than other investments we can make in the Company or by buying back our shares, for instance?

And buying back our shares has been, as you know, one of the ways we have allocated capital. We have not purchased as many shares in the last 12 months in the fiscal year 2013 and 2014 period as we purchased in fiscal year 2012, but we believe that at the right circumstances compared to other alternatives we have and of course the right share price, we think this is an additional instrument that we are very interested in to improve our returns and improve our overall DCF per share.

So how has that netted out together? I talked about margin, I've talked about our core business, I talked about M&A, I talked about share repurchases. What has that really meant in the last five years for us in how we have sourced our capital and how we have actually used our capital.

So on the left-hand side on the graph you see how our net debt position has evolved. So in fiscal year 2010 and 2011 we had a net cash position, we were generating operating cash flows at the time and free cash flows at the time and we had a net cash position. And since fiscal year 2012 we have used debt in addition to that and we have actually moved to a net debt position over time.

On the right-hand side you see actually a $1.2 billion of cumulative over the five years sources and uses of those cash flow movements. And so what you see in the last five years we have generated about $750 million of operating cash flow. We've complemented that operating cash flow by increasing our debt levels by about $420 million. And then we had some cash at the beginning of the five years when we started. So that adds up to a total of $1.2 billion of cash source.

On the right-hand side then you see how we used that. We spent over the last five years about $375 million, $370 million on CapEx and capitalized software, so about half our operating cash flow. Then we have made a little over $400 million worth of M&A and/or minority equity investments in that same period.

The large jumps of that were our acquisitions of Albumprinter, Webs, Pixartprinting and People & Print Group, but also our investments in [printers] in Asia are part of that. And then we have used about $470 million of share repurchases.

Now this profile is not necessarily a predictor for the next five years so we are not saying the next five years will look exactly like that. But it is not unlikely that we will continue to make similar kinds of trade-offs as we look forward in our capital allocation.

For instance, continuing to combine cash generation with some external funding as well, debt funding. And a continuation to combine organic capital investments with external investment M&A and/or share repurchases. So the actual combination of these (inaudible) depend on the circumstances and opportunities we will find on our path.

So double-clicking a little bit on the financial leverage that I described in the previous page. At the end of June we had a pro forma, leverage pro forma for the acquisitions that we made throughout the year. Pro forma leverage of 2.5 times EBITDA, debt over EBITDA. That is well within our total covenant in our credit facility that we have of 3.25 times EBITDA.

We have some limitations in the short term of how much we can draw on that total of $800 million that we have in our credit facility as we are restricted by some limits around M&A and share repurchases. Those limits are 2.75 times pro forma, EBITDA for M&A and for share repurchases.

And how we think about our capital structure then going forward is an important question too. Assuming that we will have opportunities that are attractive in the future, we believe it is possible that we will continue to have debt on our balance sheet as a source of funding. And that we will not necessarily use the cash flows we generate in our business to pay down that debt. Again, depending on the opportunities that we see.

We feel comfortable with the current levels of debt that we have and that we are allowed under in our credit facility. For the right opportunity we could even see our leverage go up temporarily from there as we have a lot of free cash flow to reduce leverage if we had to.

We'll continue to evaluate various instruments going forward. We've so far exclusively tapped the bank market in the forms of revolving credit and a Term Loan A which has been very attractive for us. It is a low but floating interest rate.

Going forward we may consider alternatives as well including longer-term debt to complement our credit facility. We have not baked any further financing into our guidance for fiscal year 2015, so it is possible that during fiscal year 2015 we would seek further financing instruments in fiscal year 2015.

So in summary of this presentation about our financial strategy, we believe we have multiple levers for driving long-term profit and cash flow growth and therefore DCF per share. We have demonstrated over the last 12 months that we have potential to expand our profit margin and our free cash flow growth and that will be a focus for us over the years to come.

And we believe that the investment options that we have created by leveraging our balance sheet are creating long-term shareholder value and we'll have further opportunity for long-term shareholder value going forward. Thank you.

Robert Keane - *Vistaprint N.V. - President & CEO, Chairman of Mgmt. Board*

So I hope that the last hour and a half or two hours has helped you understand in greater detail what we are trying to do as a Company. Trynka has certainly laid out what we believe is a compelling direction for taking our leading brand, Vistaprint. And Don has described how we proactively are extending our technology enabled operational advantages.

And Ernst just reviewed how we think about driving DCF per share over the long-term and in the shorter-term how we foresee working on our profit and increasing those even as we make substantial investments in multiple parts of the business.

Today Vistaprint encompasses an increasingly wide set of brands, each has a very distinct value proposition. And the logos you see on this slide are in fact only a subset of those various customer facing identities that are part of our Company.

And as I discussed in my introduction, what unites our team members throughout the Company, whether people work in corporate functions, operational platform or in one of our growing portfolio of brands, is our shared focus on becoming the undisputed leader worldwide in mass customization.

That discipline that lies at the intersection of what we are passionate about, empowering people to make an impression, where we can be the best in the world, computer integrated manufacturing, and what drives our economic engine, that is large-scale in small quantities.

And for those of you in the room who are long-term followers of Vistaprint, you will notice a great deal of consistency in what we are focusing on even as our strategy has evolved and has changed in some very important ways.

We work hard to recognize where we were wrong, to learn from those mistakes and to move on. But we also recognize our significant number of successes and we work hard to reinforce our commitment to those areas. Our current strategy reflects and acknowledges the reality of where we have moved over the past several years.

Our technology driven operational strength are a clear competitive advantage shared across multiple brands. And we are very excited about the strategy, we want to align all of our stakeholders, including our long-term investors, around that vision.

But Vistaprint and the term or the word Vistaprint has come to mean different things to different stakeholders. We see an increasing divergence between Vistaprint the brand on one hand, in other words the best place to market your small business, and Vistaprint the corporation, in other words this compilation of brands, our common mass customization CIM platform and our corporate functions in the holding Company.

And importantly, our strategy is to preserve the differentiation and the independence of the acquired company brands as well as the Vistaprint brand. And we believe that creates a compelling reason to clarify the distinction between our brand and our corporate again beat specifically by changing the name of our corporate parent Company.

And we want to have a standalone identity for our overall Company that allows our business units their own brand autonomy. We want a compelling parent Company name that connects all of our team members, in other words all of whatever part of the business they work in. So we plan to change the name of the holding Company to a name that I would like to introduce to you today.

Now let me be clear. In no way do we plan to stop investing in the Vistaprint brand. Everything that Trynka just described and more will happen under the Vistaprint brand and will form a distinctive and increasingly compelling Vistaprint brand in the minds of our Vistaprint customers. The same thing is true at Albumprinter, Pixartprinting, People & Print Group and elsewhere. The change to the name will be to the parent holding Company group alone.

When we searched for an appropriate group or corporate name we wanted to find one that was intentionally broad allowing for future evolution of our business, but also a name that would deliberately evoke some key elements of our corporate focus. And I have short video that I would like to introduce to you the new corporate name that we have chosen. So could you please run that video?

(Video in progress).

And importantly (inaudible) was told to say that is not the actual logo. But we did not take the decision to change the name of our Company, the holding Company from Vistaprint to Cimpress lightly. But we do believe that names help identify -- help people self identify with who we want to become. And the change to Cimpress will help align our entire team as well as other important stakeholders around the strategy and the vision we have for the future.

Now let me please reiterate that we will not be selling products under the Cimpress name. Rather each Cimpress customer facing business unit will retain its own brand name or sets of brand names. Those brands retain their own unique value proposition, they will remain focused on doing what they do best, delivering great product and services through their specific customer segment or their specific geography.

The corporate name change is not immediate. Under Dutch law it is subject to shareholder approval and it -- so it will be on our proxy for our 2014 annual shareholder meeting in November. And for those of you who are shareholders in the room, I certainly ask for your support and thank you in advance for your support in this change. The actual change of name to Cimpress with the corresponding change in our ticker symbol would occur shortly after the annual meeting.

You have heard a lot today, so let me step way back and put all this into the context of a bigger picture by saying even though we have a history that we are very proud of, we are not looking to the past but rather to the future. And we are steadfast in our belief that we can drive excellent long-term returns by consolidating this industry.

We are positioning the Vistaprint brand to be the undisputedly best place for a small business to market their business and we are taking the long view on that objective by focusing on customer value proposition improvements in the belief that great customer value will eventually drive strong revenue growth.

But our corporate focus, mass customization, is a very big concept applicable to many different segments, geographies and means of going to market. Given such a big and diverse opportunity we believe that a sustained investment in a shared mass customization platform will enable us to reach much greater scale and therefore drive competitive advantage that helps all of our brands win in their respective market segments.

Much remains to be proven about our recent acquisitions. But they already illustrate how thoughtful disciplined acquisitions can accelerate our advancement towards that vision. As I've said hundreds of times before, we seek to build a transformational and enduring business for the mutual benefit of our team members, our customers and very importantly our long-term investors.

In regard to investors, we measure our value and the creation of that value in terms of intrinsic value per share, or more specifically discounted cash flow per share and what we believe we can drive in the future. We hope that today's presentation helps you believe that we are going to be successful in that financial objective.

This January we are going to recognize the 20th anniversary of my founding of the Company. And nine months after that we are going to recognize the 10th anniversary of when we went public in 2005. So in terms of decades we remain a very young Company. And of course we worry about making steady progress year after year.

But if you want to understand who we are as a Company and to decide whether or not this is the right place for you to invest your money, you really need to appreciate that I and the entire Company do think in terms of decades. And when we are up here on our 40th anniversary 20 years from now looking back to today we want to look back and be very proud of the decisions that we made and of the very positive impact those decisions had for all of our stakeholders including very importantly our long-term investors.

Thank you for your attention, for your interest in our Company. And we certainly look forward to moving to questions.

QUESTIONS AND ANSWERS

Meredith Burns - *Vistaprint N.V. - VP of IR*

So, Katy and I are going to walk around the room with microphones and we are going to go back and forth. And I see our first hand here in the air. And here is the microphone.

Bob Peck - *SunTrust Robinson Humphrey - Analyst*

Bob Peck, SunTrust. Robert, as you are moving your target marketing going higher end, you're going more towards mass customization, could you talk about the changing competitive landscape around you and who you may be competing with now that maybe you weren't with as much before?

Robert Keane - *Vistaprint N.V. - President & CEO, Chairman of Mgmt. Board*

So, although we did not articulate it to ourselves, we in many ways were competing against the same types of people we're competing against now, we just have a clearer understanding of that. So let me start with what we have always talked about as the focus of our market which is micro businesses, small business with less than 10 employees.

There are a huge number, 50 million, 60 million of those in North America, Europe, Australia. And from our IPO public debut a few years ago we would have grouped those together. But through the value of the customer initiatives we had started in 2011 we did millions of dollars and continue to do millions of dollars per year of customer research which led to the segmentation that Trynka has talked a lot about.

And that gave us a much deeper understanding of what I will call the [cycle] demographics of why a small business with 10 employees or less can often home-base one employee and choose one supplier versus the other and leading to this view that we needed to evolve our value proposition.

So we were competing in that market already but we were most effective in a sub segment of that market. When we look at the locally focused component on some of these slides where the Vistaprint brand we feel won't stretch for a very long time. And we come across companies like People & Print Group and Pixartprinting who are very effective at selling to retailers, local graphic designers, local printers who in turn resell to those small businesses, still under 10 employees.

We would have traditionally said those effect the local printer who is our competitor. We increasingly see that they could become our customer as well because they are often small undercapitalized and very frustrated with anything from labor laws to capital tie up to the difficulty of managing the production operations. And they can instead focus on the high value touch they have over the locally focused small business.

So that has expanded who we see as competitors but also expanding who we see as potential market partners. We look to our business with Albelli, the Albumprinter primary brand or the photo (inaudible) purchase we just made in Norway. And the operations, as Don mentioned, are very, very similar -- we are making photo books rather than brochures or flyers, but we were able to drive major economic advantage through that.

So coming to how we look at competition again, we think that the competition always existed, we talked about a $30 billion market as a TAM, it could be bigger, it is bigger when you include different geographies.

But however you slice and dice the market, the corporate -- Vistaprint the Corporation today is the biggest single supplier, yet we are a fraction, a small-single-digit percentage of the overall market. And our aspiration is to become a much bigger percentage and so we look I think with wider eyes at who we should consider as competition.

Bob Peck - *SunTrust Robinson Humphrey - Analyst*

And just as a quick follow-up here. As we think about M&A and your portfolio of assets, I heard scale is a big part of what you'll be focusing on. Could you help us think about what types of assets would help you increase the scale you are looking for? Thank you.

Robert Keane - *Vistaprint N.V. - President & CEO, Chairman of Mgmt. Board*

Sure. I get asked typically about the same two or three US quoted public companies that we would immediately think we would go to. And not to say never say never, but those are not high on our list right now. No one I think in this room probably would have heard of Pixartprinting or People & Print Group before (inaudible) before we bought them.

We certainly believe in the future we will be making acquisitions or we will be considering acquisitions in the US -- happens to be in terms of just when you look at the ratio of cash flows to enterprise value, you need to pay from strength of market position, we felt those were much better deals.

But importantly there are also not -- we are not trying to take the obvious approach to just rolling up a market. I mean market rollups don't necessarily work and often they fail utterly. And we are trying to look for places where we can have direct synergies across this different front end.

Don mentioned how when we look at the signage offering of the two recent acquisitions, it is enormous compared to what the Vistaprint brand is. Because those brands sell to professional graphic designers. We won't have that brought in the new -- and the new signage offering under the Vistaprint brand, but it will help us drive a much greater breadth than we have in the past.

Likewise, we are now literally as we speak, this summer integrating the Dutch production facility of People & Print Group, we are moving into our Benelux facility which we believe will drive very significant economic advantage.

So we will look for deals that have the combination I think Ernst alluded to, a very clear precise and defensible segment position be it geographically or market facing combined with very clear opportunities for operational synergies and that will define where we look. And that is a very long list. We've looked at 100 plus companies in the last 6, 12 months and I think we will look at many, many more.

Victor Anthony - *Topeka Capital Markets - Analyst*

Vic Anthony. A question, Robert. When I speak to my friends (inaudible) with small businesses, some of which I think can be classified within that high expectation bucket, the pushback I get on discipline is a lack of human element in the design process. So as you focus on design maybe you can help us understand how you could address that concern?

Robert Keane - *Vistaprint N.V. - President & CEO, Chairman of Mgmt. Board*

Yes, I think that what Trynka alluded to is very important. So she mentioned multiple examples about the SNAP-2-3 is one of those examples. When you pull out your cell phone, you take a picture of your document, you upload it, or your digital camera, you upload that photo.

And we have large numbers of teams in low cost countries doing design for you. You are a telephone call away someone who will walk you through that. And it is a much higher touch than we have done in the past. And there is many things we will be doing like that.

So I want to first of all say we think that the Vistaprint brand will expand in that direction. But maybe even more to your point, we recognize that there are companies with sometimes one, two, three employees, five employees who don't want to use self-service. Not everybody uses Intuit, QuickBooks for their small business. Some people actually have an accountant help them do their business.

And it is a great value sometimes for small businesses to have face-to-face service in whatever product or service they are buying, whether it is printing or accounting services or otherwise. And so this strategy shift which we are taking is recognizing that we should have brands that can or go-to-market methodologies that can address people like the person that you were talking to. And again, Pixartprinting and People & Print are a perfect example of that.

They certainly sell direct to small businesses, but a material portion of the revenues and a very quickly growing portion of their revenues are selling to the local graphic designer or the printer or the copy shop that's in the community who will sit down face to face who will take that design understanding give a very high value of service, but doesn't want to get into the hassle and cost of producing and trying to produce against people like Vistaprint. And they subcontract it out to Pixartprinting.

So this gets back to one of the fundamental reasons why we think this multi-brand approach is attractive. And they each have different positions in the market.

Youssef Squali - *Cantor Fitzgerald - Analyst*

Youssef Squali, Cantor Fitzgerald. Two questions starting with you, Robert. At other Analyst Days, at least the last two or three years, you have talked a great deal about lifetime value customers. And that was as a justification for increasing (inaudible), right.

Now we are talking about primarily DCF per share. And I am trying to understand why the shift, how are we used to looking at lifetime value. Has there been a shift? Maybe there hasn't and it is just a nomenclature issue. But --.

Robert Keane - *Vistaprint N.V. - President & CEO, Chairman of Mgmt. Board*

So let me just jump into that. I think the first thing is the shift that we have noted there our top-level metric has gone from GAAP EPS to a DCF per share. So we thought the last five, eight years if we had one single metric defining where we want to go we would have often said or always said our GAAP EPS. We believe that cash flow type metrics are closer to where we want to go.

I'm going to turn this over to both Trynka and Ernst for further content on this, but when we look at lifetime value of customers in its relation to (inaudible), that is very much a DCF calculation. How much do we spend to acquire a customer given a channel or cohort and how much cash do they generate and what is that DCF?

We'll not spend, not knowingly and intentionally spend beyond the logical IRR that we want to have our hurdle rate. So that for me though is a subsidiary question, just like how much should we invest in a new plant or in a share buyback or in an acquisition or any other type of use of our capital and we see advertising as a use of capital.

It dates back in the immediate period it's not a use of capital, it's an expense. But to the extent it goes to a multi-year payoff. So Trynka or Ernst, do you want to add anything on the way we look at it?

Ernst Teunissen - *Vistaprint N.V. - EVP & CFO, Dir. of Mgmt. Board*

No, I was going to say the same thing. It is actually the LTV concept is a DCF concept. I was going to say the same thing which is how much you have to invest the funds in over time and how much do we get in return. So the way we look at advertising and the payback hurdles that we have for it is in a DCF framework.

Youssef Squali - *Cantor Fitzgerald - Analyst*

So just a follow-on on that. It seems like from your comments that in this focus or with this strategy the focus is not on trying to increase (inaudible) increase tax on value, it is to increase (inaudible) to increase lifetime value. Are we looking at it the right way?

Robert Keane - *Vistaprint N.V. - President & CEO, Chairman of Mgmt. Board*

You're thinking of gross profit per year and discounted back to the future. And Trynka, do you want to talk about the trends you see in gross profit per customer?

Trynka Shineman - *Vistaprint N.V. - EVP, Global Marketing & Chief Customer Officer, Dir. of Mgmt. Board*

Yes. So we talked a little bit about gross profit per customer, particularly new cohorts, and we see that the value of those customers is going up. We are actually pretty agnostic on whether that value comes from increased AOV or order growth. We see that these -- and I think you understand that most recently the growth has been coming from an increase in AOV.

But ultimately what we are trying to do is really growth the lifetime value of customers over time. That gives us better returns, but also more opportunity to then invest in additional acquisition channels in the future.

Youssef Squali - *Cantor Fitzgerald - Analyst*

Okay, that is helpful. And then, Ernst, I know you didn't discuss this today, but when you guys reported earnings your guidance for 2015 implied maybe mid- to high-single-digits growth in core. And I was wondering if maybe you can help us parse out growth by geography and where do you guys have the most confidence of the growth versus maybe areas of weakness, potentially France where you haven't instituted the big changes yet? Thank you.

Ernst Teunissen - *Vistaprint N.V. - EVP & CFO, Dir. of Mgmt. Board*

I will start and then I'll have Trynka comment as well. So we have not broken out the growth rate that we anticipate in Europe or in North America. But the mid- to high-single-digit growth implies a growth overall year on year for our core business. And we are expecting to see both that growth in Europe and in North America. So incremental growth both in North America and in Europe from the fiscal year 2014 levels. And maybe, Trynka, you can talk a little bit in more detail about --.

Trynka Shineman - *Vistaprint N.V. - EVP, Global Marketing & Chief Customer Officer, Dir. of Mgmt. Board*

I'll just maybe add that qualitatively, if you look at (inaudible), we have made a number of significant changes in Germany and that UK. But we have changes to make still in the remaining market. And while Germany and the UK are our largest markets, the combination of the others do matter.

And so, we are still a little bit earlier in the change process in Europe and in North America, but we expect growth rates in both to be higher this year than last.

Chris Merwin - *Barclays Capital - Analyst*

Chris Merwin, Barclays. just a question on M&A, and obviously that is more of a focus in this year's presentation. So if you could just talk about why the shift there and how you prioritize M&A versus buy backs in terms of your capital allocation? I think last year you gave a longer-term EPS target, I didn't see a target this year. So is $5 in EPS still possible in 2016?

And then secondly, just a question on -- you gave some really helpful disclosure on the progress you are making in Canada and the UK. Are you also able to talk about the impact of the pricing changes and what that has meant for order growth in AOV specifically and also what you are seeing so far in the US as you make those changes? Thanks.

Robert Keane - *Vistaprint N.V. - President & CEO, Chairman of Mgmt. Board*

So let me start with the first question and with Ernst and then turn the second question to you, Trynka. So I think Ernst's presentation showed the use of capital in the last five years had, especially in the last three years, had a number of different acquisitions which used about a third of the cash flow generated. And we have had a large chunk put back into other things, internal capital expenditures and certainly share buybacks.

We believe strategy matters a lot and we think -- we try to think strategically. And that being said, we are agnostic about the use of capital. It is an allocation choice that we try to allocate where these returns are the highest. And depending on the point of time and the many different things going on, any of those various areas are perfectly valid uses of capital.

We do have more of an emphasis on M&A in today's presentation giving this recognition that we have had, as much as we were excited about we are going with the Vistaprint brand, it has taken as much longer than we thought to turn that corner and we do not want to and we won't go back as we are halfway across the river to the shore from which we came.

So that means that we are going to continue on. We think we can move to a point we will see increased organic growth in the Vistaprint brand next year because we will see more of that the following year. But we certainly do not believe that is the only brand positioning that can leverage the capabilities we have built in our operations and technology. And so, that has led to this focus on M&A. Ernst, do you have any additional comments?

Ernst Teunissen - *Vistaprint N.V. - EVP & CFO, Dir. of Mgmt. Board*

One thing is that the second we have added free cash flow per share to those two other lines of GAAP EPS growth and non-GAAP EPS growth is not because we believe that growth in GAAP EPS or non-GAAP EPS will be different from what we were thinking about in the past.

It is -- we expect GAAP EPS and non-GAAP EPS to continue to grow over time in conjunction with free cash flow per share. So there was definitely not an indication of saying we no longer believe that GAAP EPS or non-GAAP EPS can grow over time.

Robert Keane - *Vistaprint N.V. - President & CEO, Chairman of Mgmt. Board*

Trynka, do you --?

Trynka Shineman - *Vistaprint N.V. - EVP, Global Marketing & Chief Customer Officer, Dir. of Mgmt. Board*

Yes. So to just the question on AOV and order growth. One point that I want to make it is that AOV and order growth are really correlated metrics. And so, we have shown an ability in the past to go out with deeper discounts to greatly increase our order growth. And when you look at the contribution profit or the profit of those customers coming in or that group of customers coming in the cohort of customers.

And so, we know that these are correlated metrics. We can lower the AOV and increase the orders, we can increase AOV and it has a decrease in order rate. So what we have seen most recently is we have seen a significant increase in AOV. You see this in our overall numbers and two drivers of that are a move away from some of the free offer marketing that we had been doing, particularly early moves in our major markets.

And also we are seeing an increase in the number of products in a customer's order as they go through the process. And we think some of that is around the relevancy of some of the cross sells and the qualification of the customer coming into the order flow.

With that, depending on the market, we are seeing either a little bit slower order growth or lower order growth year over year. But ultimately what we are looking at is the net impact of that from a customer cohort perspective where in all cases we are seeing that the lifetime value of new customer cohorts is looking positive versus prior cohorts, it is just a little bit of a mix of a change in how they are purchasing.

Unidentified Audience Member

Kevin (inaudible). A question regarding retention rates. I was looking at slide 44 and I know this was probably not the point that you wanted to make with this slide, but just kind of backing into some numbers off that. It looks like it is possible that first year retention numbers are getting slightly better.

I was wondering if you could comment on that and then particularly in terms of Canada the improvement that you started to see two years in in Canada. How much of that was a result of first year retention, i.e. getting better customers in the door from the beginning?

Trynka Shineman - *Vistaprint N.V. - EVP, Global Marketing & Chief Customer Officer, Dir. of Mgmt. Board*

Yes. So we have (inaudible) and you can in the chart see some changes perhaps at the trajectory of repeat rates. We are seeing higher repeat rates of newer cohorts of customers. We see this at a cohort level, it is just that we don't see at a market level until we reach a critical mass of the percent of customers coming in.

So we are seeking that change as you look at that. And as we are seeing that we are also starting to see that in some of the newer markets that have gone through the reinvention.

Unidentified Audience Member

Okay, and just a note on that slide, it looks like the new customers in fiscal 2014 is incorrect. So I don't know if that is correctable, but I like to back into the numbers from the other things. So --.

Trynka Shineman - *Vistaprint N.V. - EVP, Global Marketing & Chief Customer Officer, Dir. of Mgmt. Board*

Yes, it is -- I would have to double check that. But it is the percent of active customers, so it is not a volume number, it is percent of active customers. So it is possible.

Unidentified Audience Member

I had a question for Don on the expansion in the number of SKUs. Have you been able to test the one plant for some type of SKU increase, because obviously it is a big one? Just wanted to get a sense of what you've been doing to prepare for this.

Don Nelson - *Vistaprint N.V. - President, Software & Manufacturing Platform, Dir. of Mgmt. Board*

Yes, it comes in many layers. So there is preparing on the software side to make sure that we can manage that complexity. There is also preparation on our proprietary platforms and we have been working on this for years.

With regards to new technology that in the past I think we have either purchased technology or used technology that was very, very tied to a single substrate or a single type of a product. And now we have been able to either buy or change technology to enable us to be able to print on many, many substrates or to (inaudible) many different types of substrates or to decorate across many.

So I would say that it is less of a wholesale kind of a plant aspect of it than it is kind of the layers of making sure the supply chain is ready, making sure the technology is ready, the software is ready, making sure that we are ready on the production platform perspective and also making sure that we are ready on the Vistaprint website perspective to be able to display all those options.

It is much easier to be able to show a customer a handful of options and let them choose than suddenly when they have thousands to choose from you have to think through a way in which you can present that. So we have been working steadily at each level. And we have been doing it over the past several years. And it is less of a turn a plan on and now this plan is flexible and it can move forward with a wide variety of [SBUs].

Robert Keane - *Vistaprint N.V. - President & CEO, Chairman of Mgmt. Board*

I would like to add maybe a little in that Don's team has been doing some very impressive things. He mentioned there are millions and millions of customized custom decorated garments which we have been shipping for years with limited SKUs. But that was allowing us to test the equipment for the decorations.

Likewise, for instance, it may sound very pedestrian or detail oriented, but saying like how do you get thousands of SKUs to the line without having enormous amounts of floor space used and how do you have near-term buffers and then buffers at suppliers and a lot of that logistics has been an area a lot of the development that we've been working on. And one of the reasons this is still in beta is because we are still testing those internally.

Unidentified Audience Member

And maybe just one more. You mentioned that you do have a number of big new products coming in fiscal 2015. Is it more back half of the fiscal year?

Don Nelson - *Vistaprint N.V. - President, Software & Manufacturing Platform, Dir. of Mgmt. Board*

Second-half.

Robert Keane - *Vistaprint N.V. - President & CEO, Chairman of Mgmt. Board*

Yes, second half.

Unidentified Audience Member

And if you wanted to highlight your favorite --.

Don Nelson - *Vistaprint N.V. - President, Software & Manufacturing Platform, Dir. of Mgmt. Board*

My favorite. Well, we talked about some today, our expansion of signage and things of that nature and also you see some of the PromoSpot products in the back. That is where you will really see the explosion of products in the next 12 to 24 months. So I would highlight those two.

Unidentified Audience Member

You guys highlighted the really good improvement in repeat rates and average order value. But one of the areas that has been some investor concern is new customers and overall customer growth. Can you maybe talk about some of the strategies for that, especially while you are cutting back marketing and how you could improve that? You did address a little bit, maybe delve into it a little bit more.

And then one question for Ernst is you talked about the growth rates for the acquired businesses. Can you maybe delve a little bit into the margin impact on the guidance and how much of the improvement in margin or the profitability rather is coming from the acquired businesses?

Robert Keane - *Vistaprint N.V. - President & CEO, Chairman of Mgmt. Board*

Trynka, do you want to take the first?

Trynka Shineman - *Vistaprint N.V. - EVP, Global Marketing & Chief Customer Officer, Dir. of Mgmt. Board*

Sure. So as you know from our quarterly announcement that our new customer acquisition is slightly down year over year in terms of the number of new customers acquired. That said, we are seeing significant AOV increases and we believe that the quality of the customers we are acquiring is higher than prior cohorts of customers. So we are pretty happy with that mix.

Some of the things that change or impact the number of customers acquired are things like moving away from free offers, which worked very well from a volume of customers and getting lots of customers in the acquisition funnel, but it wasn't setting as strong of a foundation for a long-term relationship.

So overall (technical difficulty) to move forward, we are at the very beginning of the changes that we have made in pricing. With that we have seen some changes in channels that are more or less effective in the new pricing model. And we continue to optimize to understand and test different approaches to ensure that we are able to grow our customer acquisition over time.

But I just want to reiterate, although it's slightly down in terms of numbers of customers, the value of the cohort of customers we believe is much stronger.

Robert Keane - *Vistaprint N.V. - President & CEO, Chairman of Mgmt. Board*

Ernst, you want to talk about the --?

Ernst Teunissen - *Vistaprint N.V. - EVP & CFO, Dir. of Mgmt. Board*

The impact of the acquisitions on the overall margin is depending really on which margin you look at. So if you look at a GAAP net income margin it is dilutive because of the amortization of intangibles in particular. On a non-GAAP basis and EBITDA basis it is not very material and that's mostly because of acquisitions -- sorry, integration costs that we incur.

So on those metrics net-net it's not a huge impact on the overall. Going forward though, after -- if you just look on margins like EBITDA for instance, going forward after we have done the integration they will be accretive to our overall margin.

Robert Keane - *Vistaprint N.V. - President & CEO, Chairman of Mgmt. Board*

Could you talk about specifically, Ernst. in FY15 the EBITDA, operating income and net GAAP income lines -- if we had not done the three recent acquisitions, what would have happened in the business that existed prior to those acquisitions given our guidance?

Ernst Teunissen - *Vistaprint N.V. - EVP & CFO, Dir. of Mgmt. Board*

Yes, so what would have happened in the business prior to our guidance is we would see, depending on the metrics you look at, up to 100 basis points of margin improvement in our business that we owned before. And so, depending on the metric you look at, if it is -- it includes the raw exclusive depreciation or amortization for SBC but up to that point. So there is an improvement in our core business, the improvement is not driven by the acquisition.

Trynka Shineman - *Vistaprint N.V. - EVP, Global Marketing & Chief Customer Officer, Dir. of Mgmt. Board*

I actually would like to clarify, from a non-GAAP perspective the combination of acquisitions will be accretive in absolute dollars, but they will be dilutive to the margin itself.

Unidentified Audience Member

Let me just clarify my question. Would you guys consider disclosing the impact on EBITDA dollars excluding the acquisitions and including?

Ernst Teunissen - *Vistaprint N.V. - EVP & CFO, Dir. of Mgmt. Board*

So we have not disclosed EBITDA dollars embedded in our guidance either for the total or for the acquisitions. But the margin, the EBITDA margin of the collective Pixartprinting and [PP&G] is about 22% over the last 12 months.

And that is higher than the overall margin that we have in Vistaprint. It just gets weighed down in fiscal year 2015 by the integration cost. So that 22% margin was looking backwards, the integration cost are going to weigh that down in the short-term. But the margin is higher in that business.

Unidentified Audience Member

Got it. And then just a follow-up question on the customer acquisition. At what point should we assume that new customer growth will come back? Because -- and then part two is how long can you grow that average order value? And is there a risk that if AOV doesn't continue improving if customers don't come back -- new additional customers don't improve that will weigh on the results?

Trynka Shineman - *Vistaprint N.V. - EVP, Global Marketing & Chief Customer Officer, Dir. of Mgmt. Board*

So the two things that I will mention is embedded in our guidance this year is an increase in advertising, a slight increase for Vistaprint and that is based on our belief that we can accelerate customer acquisition from where it was this year.

But that said, we are looking at the quality of the customers acquired as opposed to the number of customers acquired. So if it is slightly fewer customers but higher value customers for us, that is a great outcome and we are okay with that.

The second part of your question, I'm sorry, can you repeat that?

Unidentified Audience Member

Yes, going forward is there -- how much more can you get out of average order value? And then on the flip side of that is, as that some point tops out is there a risk -- that increased number of customers as a total rather than the quality, could that impact the numbers?

Trynka Shineman - *Vistaprint N.V. - EVP, Global Marketing & Chief Customer Officer, Dir. of Mgmt. Board*

Yes. So we don't have an explicit goal of growing our average order value. What we are looking to grow is our customer lifetime value. We think that this $40 range plus or minus is a pretty nice sweet spot for the Vistaprint brand and for our micro businesses. We could see that increasing over time; we could also see that decreasing depending on the product mix and the mix of customers coming in.

So overall we are looking at that balance of average order value growth and frequency of purchase. Our goal really is to get the right average order value. So that is the sweet spot for Vistaprint where we are differentiated, we could grow the customer orders within that. So it is not an explicit target for us. Again we are focused on lifetime value.

Meredith Burns - *Vistaprint N.V. - VP of IR*

I think one of the interesting things here, just really quickly, is, as you heard Trynka talk about where we have targeted in the price primary, where we seek to target even more in the higher expectations customer space, there is a lot of untapped territory in that higher expectation space from a value perspective. And some of that we would expect to come from getting new folks there. But some of it we would expect to come from higher share of wallet. So it could go either way as Trynka says.

Unidentified Audience Member

Thank you. Ernst, as a follow-up question to the GAAP/non-GAAP question, on slide 74 the GAAP improvement in net income margins is forecasted to be up by 190 basis points it looks like, versus the non-GAAP will be up by 20 basis points. The GAAP, I believe as you said, will include the amortization drag from the acquisitions.

So I'm trying to reconcile why the non-GAAP verse GAAP improvement is so different. I think as part of your prepared remarks you said that the 8.1% was actually better because of lower advertising spend. But that was I believe included in both GAAP and non-GAAP. So I am just trying to reconcile the difference in the improvements between those two measures (inaudible).

Ernst Teunissen - *Vistaprint N.V. - EVP & CFO, Dir. of Mgmt. Board*

It's a very important factor and that is in fiscal year 2014 we had this write down of about $12 million for our China investment, which is included in our GAAP results. It is not included in our non-GAAP -- it has been added back to our non-GAAP results. So the larger incremental improvement in GAAP is largely driven by that.

Unidentified Audience Member

Okay, great. Thank you.

Unidentified Audience Member

(Inaudible). Just a question on the SKU expansion. As your SKU expansion reaches a certain cash flow threshold of a couple thousand or more would you be open to targeting more of the consumer kind of customer versus business or do you plan to stay focused on the micro and small (inaudible)?

Robert Keane - *Vistaprint N.V. - President & CEO, Chairman of Mgmt. Board*

So, today we already have roughly speaking 20% of our revenues from consumer type businesses between Albumprinter and the portion of the Vistaprint brand which sells -- over the very long-term we see a lot of similarities and we think that those are important mass customization markets. There is some very big opportunities there.

In terms of sequencing, although for instance we just did a minor tuck-in acquisition in Northern Europe recently in that space. We believe that that near-term sequencing will bring us more towards business applications, small business applications of this concept, more akin to what you see with Pixartprinting and People & Print Group than for instance with the photo producing.

So organically clearly Albumprinter is going to continue to grow in that space in the Scandinavian and Dutch Benelux markets, the Vistaprint brand has a strong especially December quarter in home and family products and throughout the year some business in there. So we will continue to grow that business but it is not the primary focus in the near term.

That is not a statement that we don't think long-term over a multi-year horizon there couldn't be some interesting opportunities, because that is a classic example of a differentiated content brand that leverages a lot of the same backend skill sets and competencies.

Unidentified Audience Member

Okay. And then we didn't talk a whole lot about retail, but it seems like the growth in that bucket kind of stagnated over the last year. Is it fair to assume that as a customer acquisition picks up again growth in this will pick up again or is that a different (inaudible)?

Robert Keane - *Vistaprint N.V. - President & CEO, Chairman of Mgmt. Board*

So I am going to have Trynka speak to that, but just to put digital into perspective for when we explicitly run our web business as part of the Vistaprint business unit, certainly selling to page (inaudible) and web as brands for the vast majority of our digital revenue come through the Vistaprint brand and the types of cross-selling that we have done to sell that. And 100% of the digital technology that we use in the Vistaprint brand is created by the team led out of Webs. So I am going to turn that to you, Trynka.

Trynka Shineman - *Vistaprint N.V. - EVP, Global Marketing & Chief Customer Officer, Dir. of Mgmt. Board*

So digital -- digital did not grow as much as the rest of the core business in the past year. And there is a couple of things that drive that. First of all a lot of our digital business comes from a cross-selling of the orders that we generate for our physical business. And as we see a change in order growth related to the pricing changes, this has a direct impact on our ability to cross sell digital products.

We also -- we have also tempered the cross-selling that we use, so we've become less aggressive there which has had some impact on subscriber growth in digital. That said, we are making a lot of improvements to the digital product.

We have focused a lot on the integration of the technology. We believe the technology is very good and we are seeing improvements in our customer satisfaction and also in our churn rates of those customers coming in.

So long-term the changes that we have seen in the near-term don't mean that we are over the long-term changing our digital strategy, we are pretty excited about the innovations and changes happening from a product perspective and believe that the value of those customers will grow over time.

Unidentified Audience Member

Just as a follow-up to that. Is digital part of your -- the focus for M&A, do you see that as a big opportunity for you because you have made a few acquisitions?

Robert Keane - *Vistaprint N.V. - President & CEO, Chairman of Mgmt. Board*

No, absolutely not. We paid a lot for Webs and we felt it was very important to protect. We have a very high margin stream of digital business coming through the Vistaprint business. Originally we thought we would cross much more. Frankly speaking the Webs product line is sold as a free offer that [that is sold].

But with the benefit of hindsight we saw that because we shifted the Vistaprint value proposition away from free everything, that ability to cross sell free really was a fraction of what we thought it could have been. That being said, we think it is very valuable within the context of the Vistaprint value proposition and brand promises being simply the best place to market your small business.

So the key we have we've kept until this spring. (Inaudible) who presented here a few years ago still leads product development there. We are very excited about that, but we are doing it within the context of the Vistaprint brand for two reasons.

I'd say, one, it's focused on the core growth in an area where we think we can be the best in the world at and it gets into the physical products. It is a nice, very important cross sell within the Vistaprint brand.

But secondly, we see the vast majority of properties in the digital space as very challenged in terms of the cash flow generation by customer relative to the cost of customer acquisition. We benefit from the fact that we already are part of the customers in the physical space and the cross-selling for free. But we do not foresee our -- when you talk about M&A as having a digital component to that.

Unidentified Audience Member

Follow-ups. Absent from your presentation was a meaningful discussion on mobile. So maybe you could discuss (inaudible) what percentage of your revenues (inaudible) mobile and what are the challenges you have there?

Robert Keane - *Vistaprint N.V. - President & CEO, Chairman of Mgmt. Board*

So I am going to turn that to Trynka to talk about some of the tablet work we are doing in mobile.

Trynka Shineman - *Vistaprint N.V. - EVP, Global Marketing & Chief Customer Officer, Dir. of Mgmt. Board*

Yes. So, if you take a look at our website now and particularly three months from now, you can see that we continue to make a lot of investments in making our site optimized for touch and mobile, really prioritizing tablet though over phone as we think about the Vistaprint value proposition.

We do see an increasing number of sessions on mobile, we don't separate out the impact, but I think like other people in the space and probably more so for Vistaprint with the customized product, we see mobile being more of a research or follow up on an order type use case where people are more converting and designing products on tablet and desktop.

So it is -- we don't break out the specific sales. But it is an area of continued investment. And I think if you took a look at the site today and then three months from now you will see some of the major changes that are coming out.

Unidentified Audience Member

So there have been a few questions about average order value and annual spend and lifetime value. But these are averages. Can you discuss the distribution of AOV annual spend and customer lifetime value? In other words, roughly what portion of your customers account for 30%, 50%, 80% of your AOV?

And then relatedly, I imagine I have a sense of what the answer might be, but can you describe how the changes in your strategy should change this mix over time?

Robert Keane - *Vistaprint N.V. - President & CEO, Chairman of Mgmt. Board*

The first question I would just say, we don't publicly disclose distribution. We have a minutely small sub single-digit fraction of our customers who buy more than $5,000 a year under the Vistaprint brand. It is not skewed at 4% or a small percentage of our customers pull the average, the mean and the average are not that -- the mean and median are not that different. But we don't go into more detail. If you want to talk about the next part.

Trynka Shineman - *Vistaprint N.V. - EVP, Global Marketing & Chief Customer Officer, Dir. of Mgmt. Board*

Yes, so I think one of the things that is interesting if you look at the change in pricing strategies, to some extent what we have done is we have narrowed the distribution of AOV.

So we have moved away from some of these very low value free offers, we have also tried to make the discounts and promotions more coherent. So it is more likely that a customer coming in on a channel like our direct type in is going to see the types of promotions that other (inaudible) only price (inaudible) would say.

So to some extent, as you think about AOVs, what we have done is a little bit of narrowing the distribution but also shifting it up as we think about the mix of that from a customer perspective.

Unidentified Audience Member

Similarly on both lines, in some of this charts, such as the Canada example, some of the other ones where you talk about the retention rates as well as the other metrics, you point to sort of the year-over-year changes in each which is helpful and I appreciate the point that it might be more -- the (inaudible) rate of decline on those retention rates might be moderating. Could you talk a little bit about maybe the absolute retention rates and what you are seeing that on an absolute basis and on a year-over-year basis?

Trynka Shineman - *Vistaprint N.V. - EVP, Global Marketing & Chief Customer Officer, Dir. of Mgmt. Board*

So from a Canada perspective as you look at absolute retention rates we did see a year-over-year increase in the percent retained. We also saw a year-over-year increase in the absolute when you compare fiscal year 2014 to fiscal year 2013. This is the market that we are talking about that we are not yet at a point where we are seeing this at a market level in the other markets.

Meredith Burns - *Vistaprint N.V. - VP of IR*

Any other questions? Yes.

Unidentified Audience Member

So just one on the pricing strategy. You obviously talked about widening the bull's-eye. Can you talk about just from a marketing perspective how you are able to broaden that out? I mean obviously here in New York for instance you still do a lot of TV buys. How are you able to refocus the marketing dollars to better target the higher value customer?

Is it a movement away from media types that are like TV that have a much broader reach and doing more focused performance-based advertising online? I'm just curious how you -- what the plan is to execute in terms of widening that bull's-eye. Thanks.

Trynka Shineman - *Vistaprint N.V. - EVP, Global Marketing & Chief Customer Officer, Dir. of Mgmt. Board*

Yes. So from a channel mix perspective we are seeing some shifts in channel mix as we look at our new pricing strategy. We continue to think that broadcast and search are great ways of acquiring above price primary and higher expectation customers.

We are seeing some shifts in some of the more kind of paid acquisition [tactical] channels that we saw online and that tended to work -- some of those channels, for example affiliate is a strong channel for us, affiliate marketing. But some areas tend to work better with free offers or group buying as another really great example.

So we are seeing a little bit of a shift, but the channels that were the largest before continue to be our largest now. And we are also testing into new channels and ways of acquiring customers. For example, targeted acquisition or direct mail or some of these other channels in the future that might skew up a little higher in the future.

Meredith Burns - *Vistaprint N.V. - VP of IR*

One more question.

Unidentified Audience Member

Sorry to do it to you. Just as you focus away from price primary, how do you make sure that they stay with you no matter what, even if they want to chase a deal down? Has there been anybody trying to occupy that spot of free and can they even touch your prices?

Trynka Shineman - *Vistaprint N.V. - EVP, Global Marketing & Chief Customer Officer, Dir. of Mgmt. Board*

Yes. So from a price primary perspective we are not moving. We are shifting a little bit, but we do plan to continue to target price primary. And that is more challenging when we are focused on a broader target.

As we have moved away from free offers we have seen some competitors get more aggressive in the free space, particularly in search. And we believe some of the ways that we augment that are going to be through lower quantities of the products that we offer -- brand and continuing to build the brand because that matters as we think about which company you think of first.

But we also are quite early and the optimization curve. So we have seen a little bit of a decline in customer acquisition, number of customers acquired. It is not substantial to the point that we are concerned about that. We feel like we can optimize our way back into growth in that in the future.

Meredith Burns - *Vistaprint N.V. - VP of IR*

Okay, I am going to turn it back to Robert.

Robert Keane - *Vistaprint N.V. - President & CEO, Chairman of Mgmt. Board*

Thank you, Meredith, and thank you all again for your time and your interest in the Company. We are very excited about the future. Hopefully as we said at the beginning of this several hours we have given you a chance to dive several layers deeper in who we are as a Company, where we are going beyond our quarterly calls, not that those are not very important because we look forward to the next quarterly call and all those afterwards. But we hope today you've walked away with a better appreciation of our Company. Thank you very much.
