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PRESENTATION

Meredith Burns

Well, hello, everybody, and welcome to Cimpress's 2018 Investor Day. My name is Meredith Burns, Vice President of Investor Relations. I'd like to welcome our guests in attendance here at our Waltham, Massachusetts facility as well as those who are on the webcast who are unable to join us in person today. Our presentations will begin in just a few moments after I finish a couple quick announcements.

First, I would like to introduce the presenters.

Robert Keane is our Founder and Chief Executive Officer. He founded the company in 1995 and has been the driving force behind our long track record of value creation.

Trynka Shineman is CEO of Vistaprint. Since joining the company in 2004, she has been instrumental in growing the business and transforming Vistaprint's customer value proposition.

Kees Arends is the President of Cimpress' Upload & Print businesses, where he oversees the strategic direction and overall performance of the portfolio. Kees first came to Cimpress via our 2011 acquisition of albumprinter, where he was CEO.

Peter Kelly is the CEO of National Pen. Peter has a strong operating track record at National Pen for over 10 years, managing the business in Europe and Asia before becoming CEO in 2016.

Maarten Wensveen, our Chief Technology Officer, is responsible for the creation of microservices and standards for our mass customization platform. Maarten joined the company in 2011, also along with the acquisition of albumprinter.

And Sean Quinn is our Chief Financial Officer, responsible for central Cimpress services such as corporate finance, legal and procurement. He first joined Cimpress in 2009 and has held various financial and operating roles, including Global Controller and Chief Accounting Officer.

For those here in Waltham, if you have any questions, please hold them until the Q&A session at the end of the meeting.

Moving on, I'd like to make a few quick housekeeping notes for those are here in the room. First, there are 2 sets of restrooms. They're marked on the map in green, and they flank the main lobby of the building where you entered today. We are going to have a brief break in the middle of the presentations to give you a chance to stretch your legs.

Please turn your mobile devices to silent mode. And finally, we hope you have a chance to check out our product display in the main lobby during the break or after the event. Thank you.

Before we get started, I'd like everyone to note that during today's event we will make statements about our expectations for the future. Our actual results may differ materially from these statements due to the risk factors that are outlined in detail in our SEC filings and also here on this slide. We invite you to read them.

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

Robert S. Keane - *Cimpress N.V. - Founder, President, CEO & Chairman of the Management Board*

Thank you, Meredith, and welcome to everyone. It's great to see you. I shook hands with a few of you coming in in the lobby, and I know there are a lot of people who have known Cimpress and before that Vistaprint for a very long time. I also know there are several of you or multiple of you who are relatively new to the story.

So, as most of you know, we give a lot of detailed quantitative information in many different formats, and it's in our public documents, and certainly today we're going to touch on some of that. Sean specifically will go through quite a bit of the capital allocation and financial information.

But equally important for our investors to understand, we believe, is the qualitative side of who we are as a company, and that's really the primary objective of this meeting, which we have once a year. So thank you for making the trip to Waltham or tuning in via the webcast. And let's just jump into it.

So we've been in business since 1994, with strong growth for more than two decades. This slide shows our growth from when we went public, the year after we went public. We went public in September of 2005, and fiscal year 2006 is on the left-hand-most column here. And many shareholders who've been here since our evolution have seen our evolution. Some of you have been here since the IPO itself.

We also recognize that many of you, because of that, bought into the company and started to become aware of the company when we were Vistaprint. And, that being said, we're a very different company not only from when we were going public in 2005, but really from where we were in 2011, 2012.

And Vistaprint clearly, as you'll hear later today from Trynka, remains a very vibrant and important part of Cimpress, with more than half of our revenues and three-quarters of the operating profit that we generate from our various businesses. So, that being said, the other parts of Cimpress are increasingly important.

And this slide compares two aspects, comparing 2011 and fiscal year 2018, which we just ended. So 2011 we believe was an interesting year, because, as those of you who knew us in the summer of 2012 and the winter going to 2012, 2013 -- I'm sorry, 2011 to 2013, that was when we really announced in our fiscal year 2012 plans to reinvigorate growth of the business.

We had some great successes there. We've had some great challenges there that we'll talk more about. But about 7 years ago our intent was to try to ensure that we would have future decades that were as prosperous and growth-oriented as the original years from, say, 1995 until 2010.

So on the left you see revenues, and you see the growth of revenues. And the blue at the bottom is Vistaprint, and it's grown 79% organically since 2011, so certainly good growth. But as a company we've grown 217%. And that obviously includes the benefit of acquisitions, of organic growth following those acquisitions, and, to a lesser extent, growth from some nascent start-up businesses which we've created organically.

Our revenue growth in 2011 was about 22%. This year, in 2018, we just finished up with about 11%, so about half the growth rate. But, as the chart on the right hand illustrates, the absolute amount of market share we're grabbing or taking per year has grown significantly, and because we're growing, although it's 11% versus 22%, we're growing off of a much larger base. And last year our revenues grew $242 million organically, versus $147 million organically in 2018.

I would remind you these are -- we look at constant currency growth for our growth comparisons internally. Of course, we publicly report the actual currency, impacted currency growth rates. But, again, when we think of growth we discount the benefits and the headwinds of year-to-year changes in currency.

So, again, we're growing. We're growing nicely as a business. We think we should be able to continue growing well into the future.

So, our strategy today is exactly the strategy that I spoke about a year ago, and it's, just to step through it, we want to invest in and we want to build customer-focused entrepreneurially mass customization businesses for the long term, and we want to manage those in a decentralized manner. You'll hear a lot about the benefits of that today.

We do believe we have significant advantages as an entity that combines these different businesses, so we drive competitive advantage across Cimpress by investing in these few select share capabilities that we believe have the greatest potential to create company-wide value, and we really try to limit all other central activities to only those which really must be performed in the center.

So, let me just step back and talk about something. Again, for those of you who've known us for a long time this will be a repetitive slide, but for those of you who are new to the story, mass customization refers to producing goods or it could be services that meet individual customer needs with near mass production efficiency. And it's a business model that allows companies, including ourselves, of course, to deliver great improvements to customer value.

And it can be applied across a wide variety of products. The graph here shows you in the vertical scale you can think of a unit cost of producing something. On the horizontal scale you think of the volume produced of any given product.

So, traditionally there's the orange line represents a cost curve. To get a custom-made product is typically very expensive. It could be a custom car, a custom suit, a custom anything. On the other hand, mass-produced products -- cell phones, toothpaste, you name it -- are very high quality, very consistent, very low cost.

And the issue has always been that to do a combination of customization and relevance that's very specific to an individual customer at the cost structure of mass production has not been possible. Mass customization solves that tradeoff.

Now, sometimes I hear people speak about Cimpress or ask me questions about Cimpress and they go well, why don't you just call yourself a printing company as opposed to really this focus on mass customization? And there are really 2 answers to that.

First of all, Cimpress is not, and we certainly do not want to be, a traditional supplier of any of these products, be it printing or otherwise. I've often said that one of the last bastions of job shop economics in the economy is the printing industry. We actually see there's other markets, as well.

But most customized products are still produced using business models that accept those high per-order setup costs, and they just assume that that's a given, and therefore impose on customers things like high minimum order quantities or long lead times or high prices and complexity in ordering, because it's not just ordering something off a shelf. There's a whole process of defining and communicating exactly what you want.

On the other hand, we apply the principles of mass customization to really free the customers from those traditional constraints. And that drives the significant customer value that translates into the growth we've had as a business.

And if you do look at a printing industry you see here it could be traditional commercial printing, embroidery and custom-logo clothing, sign shops, and the like. These are very small businesses. The chart on the left shows that in the commercial printing industry in the U.S., and the same thing would be true in Europe or other parts of the world, the vast majority of the competitors are very, very small businesses themselves and operating in these job shop economics.

So that's our first reason we don't like to think of ourselves as a printer. But I think the other reason is that we believe that there are opportunities well beyond anything that traditionally would be considered a printing market.

Now, often these use printing technologies -- packaging, signage, customized promotional products and the like. So it doesn't mean that there's no printing in that, but there's often using other techniques -- laser cutting or screen printing or the like -- where we've purposely tried to stretch our mind. So it's a combination of the business model and the market opportunity, which is why we talk about this broader focus as a business.

Now, we address this breadth and depth of this opportunity by managing a portfolio of businesses. Each is specialized on a very specific aspect of customer value and how do they deliver that value and what products to deliver and really what customers to focus on. And our emphasis on this specialization is why today we operate as 15 distinct businesses, which you see on the screen here, grouped into the four groups that are represented by the quadrants here that we speak about in our reporting segments.

So in the relatively recent past, in the last 18 months, and certainly we've made a lot of progress in the last 12 months, we've moved to this decentralized approach with the objective of staying small as we get big. And, again, to put -- I often try to put this in perspective of people in the business, and I showed you that chart of where we were years ago when we went public in 2005. For those of you who followed us then, in 2006, '07, and ['08], by 2008 we were over $300 million.

When you look at our growth we're trying to generate at a business of $2.5 billion in revenue, if we're going to be in the double-digit or low double-digit growth we basically have to grow in the order of magnitude revenues each year by the amount of total revenues we had 3 or 4 years after those of you who got to know us at an IPO.

And we've found that for us decentralization is an important way to keep the speed of decisions and the quality of decisions better, to be much more entrepreneurial, to remain entrepreneurial as a company, very importantly to give our team members, even in spite of our size, clear accountability for customer satisfaction, for investment returns. And, very importantly, we found that relative to the way we ran the business before we've been able to significantly lower our cost structure. And Sean will talk a little bit more about that.

So despite or in addition to pushing for autonomy and decentralization, as I mentioned before, we do see value in the aggregate Cimpress as a corporate entity, but when we moved towards this decentralized approach we really stepped back and said where are the areas which were in our center at a time which were the most valuable and which can drive the most competitive advantage across the business.

So we in effect stripped away or either decentralized into Vistaprint or elsewhere or removed from the business large portions of what we used to do centrally that we would've, at that time, considered to be strategically important, and focused on these 4 areas. So it's technology, aspects of the technology framework and architecture and microservices. You're going to hear quite a bit about that today from Maarten.

Central procurement we won't speak about in detail, but I believe that Peter will speak about some of the benefits, as will Kees, that we're able to get in the individual businesses leveraging the global scale of our procurement for things like equipment and paper and plates and shipping services.

We have a -- at Vistaprint we have a very successful history of building up customer service and other operations in countries ranging from India to Tunisia to [Jamaica] and the Philippines, that have given us a real competitive advantage. Our smaller businesses don't have the scale and infrastructure to be hiring engineering or graphic service operators or customer service operations, so we have a talent infrastructure we've built in India which allow each of our businesses to quickly ramp up it could be just 5 people or it could be 50 people without the overhead. Those team members still work explicitly and exclusively for a given business, but be it the recruiting or the value proposition we give to potential employees who come to the company is managed centrally.

And, finally, we have peer-to-peer knowledge sharing and talent rotation. And this is just the reality that we're doing a lot of similar things. And so we encourage all of our team members to be open to picking up a phone or taking a videoconference call and sometimes visiting and sharing their knowledge, and in multiple instances we take some of our high-performing team members and rotate them from one position in the business to another.

So other than that we obviously have some very important components of our business which we talk about that we maintain centrally, but those are the corporate functions, which we just don't believe otherwise we could do. And we really focus most of our value and what I'll call the strategic differentiation on those 4 areas.

Now, despite our breadth and depth of businesses, we also do ask people to have 3 characteristics of their culture or their mindsets which they use. We do not go into great depth about describing each one of these things -- customer-focused, entrepreneurial, and long-term -- but we do very much say that we expect these to be clearly evident and obvious in the cultures of the businesses that we build.

So for time I'm not going to go through each one of those. I think they're fairly self-explanatory. But they are areas which, by being very explicit about who a Cimpress business should be culturally have really helped create some cohesion across the business.

Now, we have, as you'll hear today, some very exciting businesses, a lot of exciting businesses, and we're investing heavily to grow those businesses. That being said, we increasingly believe that we can look to acquisitions as a supplemental or an additional way where we can deploy significant amounts of capital at attractive returns if we're successful.

And a combination of factors -- actually we'll just go back a little before jumping to this slide -- a combination of factors have strengthened our belief in M&A as an activity and a potential target for our capital allocation.

One is we see a robust pipeline of interesting mass customization businesses that we've gotten to know over the years, and we talk to dozens of companies for every one we ever might invest in. But we're finding that in this decentralized approach, importantly, the management teams, and especially founders, are attracted to the Cimpress value proposition of having perpetual capital, of having strategic focus, and an owner who's strategically focused and relevant to their business and who brings some true value-add in those areas I described before.

So we see a nice pipeline. We also see the decentralized operations driving the intended benefits that we've had, which is freeing up executional bandwidth for the company. And, importantly, we have a strong cash flow and a leverage policy which we've recently evolved which gives us, for the right opportunity, the capital to deploy.

So we certainly are not going to become an M&A machine, but we do see this as an increasing opportunity. So what I wanted to do is spend a little bit of time touching on something which I described in the shareholder letter. So I won't go into great detail here today. But I'll give you one perspective, and it's only one of multiple frameworks which we use to evaluate M&A.

But we have looked at the market, and we said you can think of this as also a two-axis chart where horizontally you can think about the degree to which a market is starting to be impacted by the precepts or concepts of mass customization. On the left it's a very traditional market. It's not being impacted at all. On the right are things where, although it's still probably a minority of the business, there are significant material businesses growing by applying these concepts of standardization and aggregation and the ability to play in that lower left-hand corner of the chart that I described before.

On the vertical axis you think about whether or not there are competitors who are starting to develop strong relative market share, so relative market share being their size relative to the next closest competitors. In each one of these markets there's no company that has 40%, 50%, 70% of the market, but we do see firms pulling away from competitors.

So a classic example is in the upper right-hand corner. That would, I would say, traditionally be Vistaprint. We have moved the customer value proposition. Trynka's going to speak a lot about today. It's for microbusiness owners.

But if you look at the product we make it's printed rectangles on traditionally it's business cards and postcards and flyers. We moved that from a very traditional market on the left to a market that we are -- a business model on the right, and today -- and 5 years ago the Vistaprint relative market share in that area was very strong.

We pushed for larger scale, and in the upper right-hand corner there are two circles. We pushed into larger scale by buying into the upload and print businesses, which approached that opportunity in a different way but still produced basic products.

In the middle we talk about consolidating. These are markets where we've often entered a market, so, for instance, with our Columbus project the last multiple years, we tested and it grew into the promotional product space, and then we bought into the National Pen business to significantly help consolidate the business. I would say the vast majority of the M&A money we have spent in the past and what we expect to spend in the future will be in those consolidate and scale areas.

On the lower left we certainly are investing, and we'll talk later on today about some of our investments in nascent start-up businesses. But if you take the size of the investment will put it in the lower left-hand corner. It's a fraction of what we'd be putting in the middle or in the upper right.

And we see some other areas we personally will avoid and for time I'm not going to get into, but it's talked about in my letter that I sent out last week in the lower right. And in the upper right there are some excellent businesses that just have very strong value propositions, are great businesses, but they are, we believe, fully valued, and we don't think we would be interested in it. We know we wouldn't be interested in deploying capital there unless we really had some type of dislocation where we felt we could get a great deal. But that's certainly not where we expect to invest most of our money.

So stepping back from M&A and talking about capital allocation overall -- Sean's going to go into more detail -- but on the left is in many ways an obvious chart. We are happy to invest money upfront for future cash flows. And we look at that, whether it's a balance sheet investment, a wire transfer of money for an acquisition, or whether it's an investment that comes through our profit and loss or cash flow statements, we see that as the same use of -- type of use of capital. And our intent, obviously, is to grow this intrinsic value over time.

Now, if you look at how we've invested capital over the last 4 years and where we forecast investing capital over the next fiscal year you'll see that we've consistently invested roughly $250 million, sometimes more, sometimes a little less, into our existing organic businesses, and that level is about what we expect to do going forward.

And we've had some significant variation in the amount of money we've invested into share repurchases and M&A. And that's just the fact of life is that we can sometimes talk to people in an M&A world for years and know them for years and until the time is right not have the opportunity to make an acquisition. And being patient is, I think, one of the key success factors in M&A.

Likewise in share buybacks, we try to -- we very definitively do not have a process where we say every year we want to buy back X percent of our shares. We internally, at the executive level and at the board level spend a lot of time speaking about what the true value or the intrinsic value per share is, and we see the opportunity to buy back our shares as an opportunity to do so when we believe we are undervalued.

So I'm only going to touch on this for a minute. Sean's going to go into this a little bit more. But one thing over the least year we've started to do is to think about stepping way back and take a multiyear view, how are we doing as a business? And we speak a lot about steady state free cash flow, again, in my letter and in Sean's presentation. But when we look at steady state free cash flow that's really what we could generate as a business if we continue to operate basically in stable state for a long time into the future and we stripped out the investments we're making to grow the business beyond that.

And it's very straightforward, you see. Divide that by our cost of capital and that's basically the amount we would need to generate to get that would mean a given value. Take off the debt we owe to our debt partners. And that divided by the number of shares gives us kind of the basic value of the business.

Now, of course there's other value inherent in the business that's not yet coming through to the P&L, and we have debt that's related to that. And for time I won't get into detail because Sean's going to speak on this overall in more detail. But we do as a company believe that this type of tracking mechanism is important, and again at the board level and at the executive level we look at this as one of the important indicators of how we're doing as a business.

I will say, actually, one last thing, and I said in the letter, when we look at how we did in this metric since the 2011 time frame we think we have slightly beaten our cost of capital, which is better than being under it. But we certainly believe we can and should do better than that as a company, and we invite you to do your own calculations. You'll have to do some approximation.

And we believe that one of the key things that we need to prove over the next coming 1, 2, 3 years is some of the innate value that is not yet showing up in the steady state free cash flow. And I think when you listen to the presentations later today you'll start to see some of the promise we see in those types of investments.

So I'll pause there, and when Meredith was introducing us she went through the same list, so I won't repeat the introductions here. But I certainly hope today that you find a lot of value in hearing about these qualitative aspects of the business. Again, we will certainly give some quantitative tidbits here and there, as well. But by the end of the day hope you walk away with a better understanding of who we are as a business.

So thank you very much, and with that I'd like to turn the presentation over to Trynka Shineman, CEO of Vistaprint.

Trynka Shineman

Thank you, Robert. Welcome, good morning. I'm Trynka Shineman, for those of you that don't know me, CEO of Vistaprint. I'm excited to talk to you today to give you an update on how we're performing.

This year was a really important year for the company as we completed some foundational investments, continued to see strong feedback from our customers, and continued to see growth in many areas of the business. Today what I'm going to talk to you about is how Vistaprint creates value. We'll talk about the components of value, give you an update on some of the KPIs that we look at to measure our success and our progress.

We'll talk about some of -- give you some insight into some of the long-term investments that we're making that will continue to maintain and extend our competitive advantage in the future. And then we'll close with what impact that has both on our customers as well as our investors.

So if you think about Vistaprint, obviously Vistaprint is a significant contributor to the overall value creation of Cimpress. Last year we were about $1.5 billion in revenue, grew 9% from a constant currency perspective, and generated almost $250 million in unlevered free cash flow.

As we think about how we create value, there's really 3 components that we talk about. First is our unique focus on the microbusiness owner segment of the market and our ability to acquire, retain, and build relationships with them.

Second, we focus on the addressable market and how we're increasing our addressable market primarily through the new product introductions that we've done over the past few years and will continue to do in the future. An important component of that is, of course, the gross margin of our product portfolio, and I'll give you an update on the progress that we've made and some of the data that we're seeing there.

Finally, the third component that we look at is where we're investing, so what are the growth investments that we're making in the business that will continue to extend our competitive advantage in the future?

As you look at the sum of these parts, Robert in his investor letter described Vistaprint as a gem of a business, and I think as you look at the sum of these parts it will be evident why Vistaprint is really well positioned to continue to drive profitable market share growth and continue to deliver value to our investors.

So I'm going to start by going through each of those components, starting with our customers. To understand Vistaprint it's really important to start with an understanding of the segment of the market that we serve, which is one of the areas in which we are very unique, and it's that focus on the microbusiness owner.

We estimate that there's about 70 million microbusiness owners in the markets that we serve, most of whom are sole proprietors. They spend on average about $500 a year in the categories in which we offer, creating an addressable market size of about $35 billion. This is a really significant and large addressable market, and I think one of the questions that we often get is why don't we see more competitors in this space, so why don't other people also focus on the microbusiness owner.

And the reason is that the microbusiness owner, while a significant segment, also has some inherent complexities to service, for example, the high churn rate that we see of businesses going in, starting up, and going out of business; their relatively low budgets, paired with the low expertise that they have, so they need a lot of help; and they also have very high expectations around the type of service and the type of companies that they'll work with. They want to work with companies that treat customers the way they treat their own customers.

So, as a result of that, Vistaprint is really unique in our focus on this market, and we have a demonstrated ability to acquire, to serve them, to build loyalty with them, which is foundational to the value we create across the business.

We talk a lot about the transformation that we made as an organization starting in 2011 to be more focused on customers. And there's a lot of ways in which we can describe the transformation, but I believe a picture tells a thousand words, and so I'm just going to show an example of how we went to market in 2011, and today what some of our go-to-market looks like.

What you could see on the left is this is clearly a company that is focused on transactions. We were really focused on driving numbers -- large numbers of transactions using free offers, using tactics like giving away the farm, aggressively cross-selling and upselling customers to generate revenue and create value. While this had some benefits in terms of order growth and lowering barriers to entry it certainly wasn't a company that was building long-term relationships with customers.

If you take a look at the right, this is representative of the type of marketing that we do now in 2018. And hopefully what you see here is that the marketing and the decisions that we're making in every step of our value chain, whether it's in our marketing, this is true also true in our advertising, our customer service, our manufacturing, are all made based on a deep understanding but also respect for the segment of customers that we serve, the microbusiness owner. So we've seen quite a transformation in the business.

There's a lot of ways that we look at metrics within the business to measure our progress along these lines, and I'm going to walk through a few of them for you today. I'm going to start by talking about shifting perceptions in our brand.

This is our data from our brand tracker, and I know that not all of you, in fact probably very few of you have marketing background or have been exposed to data like this in the past, so I'm going to walk through this in a bit of detail, because I think it's very important.

What you could see here is data from our brand tracker, which tracks perceptions of Vistaprint versus competitors in the market along a number of attributes. If you look at the colors, green represents those areas where we're seen as stronger than competition; yellow is areas where we're seen at parity with the market; and red are areas where we're seen as kind of lower than competition, and competition in this case might be other companies that customers consider, whether that be other online printers or also the offline local printer or local copy shop.

And so what you could see is the top half of the chart are really those attributes that are important for customers as they make transactions. So these are really highly associated with transactional relationships, for example, value for money, design experience, ease of use, the selection of products, and, importantly, quality. This has always historically been a strength for Vistaprint, and you could see it remains a strength today.

I'd say one thing that we're really excited where we've seen progress on the transaction is the perception of quality. We've always been known for great prices, but I think now if you hear from customers they say, wow, I can get these really amazing prices but I'm not compromising on quality.

I'm getting the same quality that I'd see at competitors, whether that be other online shops, but also, importantly, the local printer. So we're really excited about the progress that we've made there.

The bottom part of the chart are areas or attributes that are more associated with relationships, so building that long-term relationship and loyalty. These are things like trust, confidence using, offers something different, understands me, personal service and attention. And what you can see is that many of these attributes have moved from red to yellow and even green. And what this does it indicates that we're building a really strong foundation for relationships moving forward, and so it's one of the important ways at which we measure our progress.

There's still some work that we want to do from a perception perspective, but, and particularly thinking a little bit about the association that Vistaprint has with business cards, which we want to continue to broaden in the market, but we're really pleased with the progress, because we've seen a lot of behavioral metrics moving over time, but the perception changes have taken some time to come along.

The second thing we look at is Net Promoter Score. We've shared this data every year. And you can see that we're maintaining the high Net Promoter Score that we have globally. We're maintaining even as we're introducing many, many new products and entering new areas, and we're pleased to see these numbers.

We also look at behavioral metrics. We look at these on a portfolio level. We look at them on a per customer level as well as a cohort level.

First, as we look at the portfolio of the business, we look a little bit at the combination of new and repeat customers. We look at the number of orders from our new customers versus those returning, as well as the percent of revenue.

If you start on the left what you can see is that we continue to acquire between 7 million and 7.5 million new customers every year. This has come down a little bit between '17 and '18, but has been broadly within those historical ranges. We are focused more on the quality of customers than the quantity acquired, but I will tell you that both of those are important, and this is something that we expect to be stable or low single-digit growth moving forward.

We also look at the number of repeat customers and the retention rate that underlies this, which I'll share in a minute. And one of the things that I just want to highlight is that in 2018 for the first time we're seeing actually more orders from repeat customers than new customers, which is consistent with the strategy that we've set forth. So you can see that growing over time but that kind of crossing of the lines in 2018.

On the right-hand side, another way of looking at this, of course, is the bookings of the portfolio. And again you could see that increasing revenue from returning customers over time. The new-customer revenue in this case includes the first purchase as well as subsequent purchases made from new customers acquired in a given year.

So we're really pleased when we look at this on a portfolio level, but also it's important to look at this on a per-customer level. From a per-customer perspective there's a couple things we look at. We look at repeat rate. That's simply those customers who purchased last year who returned this year, and we continue to see that growing at 32%.

We also look at the bookings of those buyers coming in, so how much are they spending? And you could see we're really excited to continue to see that step up in the value of customers every year. You could see that growth from $122 to $131 this past year.

Finally, we look at this from a cohort perspective. This isn't data that we were able to share last year, as we were rebuilding some of our cost systems, and so we're happy to bring it back for you this year.

What you can see is between 2016 and 2017, while our spend per acquired customer was increasing, we know that our gross margin was under pressure, so the overall gross profit per acquired customer was flat. We can see that in 2018, while our gross margin continues at the rates we saw in '17, we're starting to see that gross profit per customer for these acquired cohorts growing again, so we're pleased with these results.

So as you look across these, whether it's our ability to acquire customers, to activate, to grow the value, to change the brand perception so we can build that relationship, one thing that's really key in our ability to do that is our ability to efficiently leverage our external marketing spend. We spend about 22% of revenue on external marketing, and our ability to do this efficiently and at scale is a key competitive advantage for the company.

As we think about external marketing, this 22%, we think about 40% of that is to replenish customers. This is a really key component of serving the microbusiness owners. The Small Business Association estimates that for every business that starts up 50% of them fail within 5 years, and we believe that that failure rate is even higher in the microbusiness segment. So about 40% of our external marketing is used to replenish, to refill the bathtub, replenish customers as they churn.

About 40% is used to drive repeat purchasers, so activating customers. Think about these business owners who are really busy. We want to make sure that we're talking to them, presenting them with opportunities, encouraging them to continue to market their business.

And we categorize about 15% to 20% of this spend as growth investment, which includes investments in brand, includes investments in acquiring net new customers, and also the investments that we make to cross-sell or sell new product categories to repeat customers.

If you think about external marketing, we apply a tremendous amount of analytics, data, and rigor to the spend that we have. We use a lot of modeling, attribution modeling, media mix modeling. We do a lot of testing. We go dark in different markets, we A/B split run test, all with an end of really understanding how incremental is this spend and how we can better leverage and continue to change and evolve the portfolio of our spending to make sure that we have the most impact.

Overall our external marketing, on average, pays back within a 12-month period, but we know that our marginal returns at the tail of the portfolio are still paying back comfortably above our cost of capital.

So if you think about Vistaprint and how we create value, I wanted to spend a little bit of time on just a market that we serve, because this is so unique to who we are as a company, but also foundational to how we create value now and in the future.

The second area that we think about is, say that's the who, what, what it is we offer them. And one of the things we've been focused is creating a capability to more quickly expand our addressable market, and by that we talk a lot about the new products that we're introducing. There are three way in which we've looked at curating our selection for our customers or expanding our assortment.

First it's about product depth. So you think of a product category like business cards, and you could see in the top left box 3 years ago what our assortment is, so a very narrow assortment. We thought about our assortment as 80/20, so what are the 20% of SKUs that represent 80% of the revenue, and created the processes to do that.

But what we found as we continue to scale is that was a little bit limited, and we needed to go deeper in our product assortment, so we've gone in and really gone for depth, thinking about ensuring we have the right quality attributes, good, better, best; ensuring that we had the right specialization for customers so that they could make something that really represents their unique brand, so things of different shapes and sizes, like rounded corners, square, slim, cracked paper, you could see some of the examples here.

The second way we expand our assortment is about breadth. So signage is a great example of that. While we've been in the signage category for a number of years, really what we were doing is selling just a few signage products in hindsight. We focused on banners, car-door magnets, lawn signs, and posters. As we started understanding a bit more about our customers and how they needed to use signage -- for example, to outfit a store, to go to a farmers' market, to attend an event -- we realized that we had some really big gaps in our portfolio.

And so the other thing we do is really go for the breadth of the portfolio. So you think about signage, we've introduced everything from flags to stand-up signs to tents, tablecloths. You can get a sense of the range that we have now and the assortment to really make sure that we have the category and the products that our customers need to do what they need to do.

The third way in which we expand our assortment is through actually entering brand new categories. Robert in his investor letter talked about the investments that we've made in Columbus, or the promotional products, apparel, and gifts. We market this under the brand name Promotique.

This entry, category entry, was based on some insights that actually customers needed sometimes to create a more coordinated look and feel for their employees to make sure that they were looking credible and professional when they were serving their customers, or sometimes needed to offer durable goods to their customers as an ongoing reminder of their brand at the right points in time. So promotional products, apparel, and gift packaging, these are some of the new categories that we enter, and certainly that's something that we continue to evaluate.

As you look across depth, breadth, and new categories, what we find is that those categories where we're adding, going deeper, we're seeing good growth, with stronger growth in those categories where we're extending breadth or, of course, in net new categories. So we look at this overall from a portfolio perspective, but we also look at what is the customer behavior, so what are we seeing from a customer perspective that helps us understand are we better meeting their needs.

What you could see here is that new product introductions are helping us meet new customer needs. So what you could see on the left is an example where we've gone deeper in a product category, and 23% of the sales are now coming in from new products that we've introduced. On the right you could see that's where we've gone for product breath, and 36% of the sales are coming in from new products that we've introduced.

Not all of these are incremental, but as we look at this, what this says is that our prior selection was not doing a great job of actually meeting customer needs. One of the ways in which we see this showing up, in addition to the growth, overall revenue growth, is also through those changes in perceptions. One area that we've really seen an increase in perceptions is that area of quality which I mentioned earlier, and a lot of that is because we now have the assortment that customers need.

So if you think about a customer going to a farmers' market who comes to Vistaprint for the supplies they might need, before they might have ordered a banner and duct-taped it to a table, and now they can go and get a tablecloth. And so you understand that we have the products that are fit for purpose and really helping customers put the best foot forward as they go into the market.

The other way we look at this is at an overall portfolio level, and what you can see is over the last 5 years the percent of revenue coming from new products introduced is now 35% in 2018. So this is great, again, shows the progress that we're making in expanding our addressable market. This has driven a lot of our growth. But also we know, importantly, that this has had some impact on the gross margin of our product portfolio.

And I'm going to give you an update to how we stand on gross margin and how we think about that moving forward. As you look at gross margin, what you see on this chart are the reported gross margin in the light blue line and then the operational gross margin in the orange line. The operational gross margin backs out currency movements as well as intercompany revenue and transfers.

And so we know between 2016 and 2017 we saw quite a compression of margin, from 65% to 61%. About a third of this was as a result of the lower shipping prices that we implemented across our markets, and the balance is primarily due to the changes in the products and services that we're offering, so product mix.

Between 2017 and 2018 you can see that our gross margin stabilized but didn't grow. And what I think is interesting is to say while you see that stable number, actually under the waterline there's a lot of dynamics happening that really impact gross margin, and I think it's helpful to unpack that a little bit for you so you can understand a bit about how this might progress in the future.

The first dynamic that we see is we see an increase in the number of new products that we're introducing. We've invested in process, people, capabilities, technology to be able to more rapidly launch new products. And we've decreased the time to launch a product over the last 2 years by 80%. As a result, what you could see is an increase in new products that's almost a doubling of the SKUs introduced between 2017 and 2018.

We're really pleased with this. We think this has been very important, to be able to create the category assortment that our customers need that's consistent with the brand positioning that we're headed.

But the other thing that's interesting is that each product has a maturity curve in terms of margin as well as quality. What you could see here is a micro example of retractable banners. Retractable banners were introduced in Q3 2017. In the 18 months since they were introduced we saw revenue quadruple, but we also saw the gross margin double.

There's a lot of things that impact the maturity curve of products, and each one has a different curve. Not all of them double in 18 months. But there are some things that -- some attributes of the growth that really help us to improve the margin over time.

First of all, there's scale. As we scale we're able to get procurement benefits, to put more products through our existing processes, to leverage those processes, obviously the machinery but also the labor that we have more efficiently.

The second is the maturity of our processes. As we learn more about products we're able to improve quality, which reduces our reprints and scrap. We're able to make changes to our workflows to improve our labor productivity. We're able to invest in light automation where we find that it makes sense.

And the third area that impacts the maturity of our product margin is price optimization, which as we launch we launch with a price point, but then we optimize that as we continue to go into the market. So all products, as I say, have a different maturity curve, but all of them do improve in both quality as well as margin over time.

So as you think about the gross margin of our product portfolio, we do expect over time over the long term that we'll see that growing, but we have these underlying dynamics of new products added and the maturity of those products underneath that.

We are focused more on gross profit dollars than on gross margin percent, so we'll continue to make the tradeoff where we know that that's adding value to the organization. We just wanted to give you some indication of how we think about margin and how that might progress moving forward.

So, who we serve, our business owners; what we offer them is the expanding assortment to really meet more of that addressable market, expand our addressable market. The other area that we think about is how we're improving our value proposition, or, importantly, how we think about the other areas of growth investment in the organization.

Robert in his investor letter shared that the growth investment of the capital invested in Vistaprint, about 60% to 70% is maintenance, 30% to 40% is growth. One aspect of this is external marketing, which I've talked about earlier, but the other areas, large areas, we think about are our OpEx and our CapEx, and I wanted to give you some visibility to how we think about that.

I'll start with OpEx. How we look at OpEx, so as you think about our OpEx you could think about where are we spending in the organization. About 45% of the OpEx within Vistaprint is associated with technology, about 20% is our customer service or care group, and the balance is G&A and marketing and data.

We know that OpEx as a percent of revenue has gone down materially over the last 2 years. We can't show a longer term trend because of all the structural changes that we've made with the transition from Vistaprint to Cimpress.

But you can see over the last 2 years we've gone from 24% of revenue to 20% of revenue, and there's 2 drivers to that, one, decentralization that Robert talked about earlier, and the second is just that we're more efficiently operating the business. So we've made some changes this year as a result of decentralization as we assimilated those teams, but also looked at things like the number of managers that we have per employee, the globalization of functions, which tends to be more efficient, and the technology that we're using to bring that operating expense as a percent of revenue down.

As we think about OpEx as a percent of revenue we think we'll continue to see some scale benefits as we grow, so we expect that we'll continue to be able to see some leverage in this area. Importantly, a lot of this investment, as we say, is used to maintain the business, but also I want to talk about some of the growth investments that we're making from an OpEx perspective.

As you think about those, one of the ways in which we measure the growth investments and are we extending our competitive advantage, are we building a stronger company for the future, is the satisfaction from customers with our site experience. You can see here the increase that we've seen in the satisfaction metrics.

And essentially we ask customers how satisfied are you with the site experience. They answer on a 10-point scale. And this is the percent of customers who give us a 9 or 10. This is impacted by, of course, changes that we're making to our website experience, but also things like our lower shipping prices.

We also measure things like how easy is it for customers to get done what they need to get done, and we measure conversion rate. And both of those metrics have been growing slightly, although we're seeing some pressure recently with the increased adoption of mobile, so that's something certainly that we're focused on.

So within this there's kind of 3 categories how we think about this from a customer journey perspective, so mobile kind of cut the (inaudible), but one is about search and scalable infrastructure. And this scalable infrastructure has been where the bulk of our growth investment has gone over the last few years.

The purpose of that was to create the technology and the capabilities to be able to more rapidly introduce new products, to standardize, to ensure that we had something that was scalable so that customers could easily navigate and find what they need. And we talked about the impact of that in terms of the 80% reduction in the time to launch new products earlier.

We continue to focus some on this, but less so than we have in the last few years, ensuring now that customers are able to flexibly order and change their mind about product attributes and flexibility, ease, relevancy, and mobile, as we think about this moving forward.

The second area that we focus on is in design and matching. So one thing that's unique about the Vistaprint customer is the fact that they come to Vistaprint often without a graphic file. So they come to Vistaprint and they need to create a document. Sometimes they have a logo and we need to help them design around that. And so we help them with the upfront design process but also invest a lot in the technology and the algorithm to create matching documents and also to cross-sell and expose those matching documents at the right points in time in our order process.

You can see some examples of some of the things that we're doing here, whether it's improving our cross-sell on the back end of our website, or exposing, actually matching on the left in a brand store, so really upfront, to help to inspire customers about the possibilities for their brand.

The third area as we think about our customer experience is in the area of customer service. As we think about customer service the goal of customer service is to help to make it really easy for customers to complete their transactions. We spend about 20% of our OpEx on customer service, and that's a percent that's grown over time.

We measure our teams on the ease to complete -- how easy it is for customers to get done what they want to get done, and we're seeing really amazing progress. And that's a result of empowering our front-line agents, who are simply amazing, to really make the call and fully serve the customer, to respond and handle the customer's needs on the front line.

We're also continuing to innovate and experiment with different ways of delivering service and different ways of interacting with customers. And what you could see here is a video chat, and it's a co-design process that we're experimenting with right now. I'm going to share a quick video for you, 30 seconds, just to show you what this is.

(presentation)

Trynka Shineman

So just a vignette to show you some of the experiments that we're doing, but that's an area where we're -- that pilot is something that our customers are loving, and so we're continuing looking for ways to raise the bar to really make sure that we're delivering service in a way that really helps our customers do what they need to do.

The other area that we think about from a growth investment perspective is our CapEx. From a CapEx perspective, about 70% of our CapEx is manufacturing, about 30% non-manufacturing, things like expanding our customer service locations and other CapEx around the business.

I wanted to specifically talk about a growth investment that we'll be making this year that we've announced recently, which is an investment in increasing our capacity in the North American market. In North America if we continue to grow at rates that we've seen we're growing close to $100 million a year. And at that continued rate of growth we see -- we foresee that we would need to expand our production capacity every few years.

Our strategy has been to create a network of midsize plants around the U.S. to ensure that we're matching our customer needs. We announced recently that the first of those will be in Dallas, with a 200,000-square-foot facility and up to a $50 million investment over a multiyear period of time.

We're really excited about this investment. It really represents a lot of the growth and traction that we're seeing in the market, and the returns on this are well above our hurdle rates, so they're really attractive returns. We look forward to giving you an update on this next year, as we expect to have this production facility up and running before holiday fiscal year '20.

So as you pull it all together and you think about how Vistaprint creates value, it's our unique focus on business owners, the expansion of our addressable market, and our willingness to invest in the long term to continue to extend our competitive advantage and serve our customers even more.

The sum of that has quite a significant impact on both our customers and investors. I want to start by showing a video of one of our customers that pulls it all together and shows when we're at our very best what the impact of all of the investments means for them.

(presentation)

I want to close as well by talking about the impact that all of this has on our investors.

We believe as a result of the investments and the strength and the brand that we've created and the relationship with customers, that we're really well positioned to capture profitable market share moving forward. We continue to make investments in our value proposition to drive long-term competitive advantage to position us well into the future. And we're laser-focused on expanding our steady-state free cash flow and increasing the returns on the invested capital so we can grow returns on the invested capital over time.

Thank you very much. I am going to now turn it to Kees, who's going to give you an overview of Upload and Print.

[Music]

Cornelis David Arends - *Cimpress N.V. - Executive VP and President of European Upload & Print Businesses*

Thank you, Trynka. Good morning, ladies and gentlemen. My name is Kees Arends. And as an Executive Vice President of Cimpress, I have the pleasure of being responsible for our 7 Upload and Print businesses all located in Europe. So my presentation to you this morning is structured as follows. First, I will briefly re-explain to you, like in the 2 previous years actually, how we see the market opportunity for our Upload and Print group of companies. I will then describe to you how we have positioned ourselves to continue to grow and to be able to capture this opportunity, followed by a financial update and then I will take you through our main strategic investments and priorities for the fiscal year '19.

And for those of you who have attended or tuned in to our prior years' Investor Days, you may recognize some of the first couple of slides that I use. However, in this year's presentation, I will not go into the same level of detail as in the previous years about how the Upload and Print businesses are different from the Vistaprint businesses. And for those of you in the room who are listening in interested in those explanations, feel free to listen to the transcripts of those presentations of the past years.

So this morning, Robert spoke already about the overall opportunity to transform traditional markets through mass customization. So within Upload and Print space, the trends Robert spoke about are the same. We are in the midst of an industry movement from traditional print shops to most of the time Internet-based order aggregation. And we believe that our pure business-to-business focus positions us very well to both drive and capture the shift from the off o the online markets.

Today, roughly only 20% of our addressable market is online and we expect this percentage to grow for the years to come, thus providing a significant opportunity for our businesses to continue to grow. Therefore, it's not a surprise that our Upload and Print markets in Europe are competitive. There are multiple businesses with a turnover of more than $50 million competing as a fulfillment partner to small and medium businesses, particularly in the small format products like flyers and brochures.

With that said, at the same time, it's a relatively tough business to scale effectively. There are only a handful of companies that have more than $100 million in annual revenue in this space. And just as a reminder to all of you, our customer groups are different from the typical do-it-yourself or do-it-with-help customers that normally go to Vistaprint. Upload and Print customers are all graphically savvy people and do not need the design support that is so important for a typical Vistaprint customer. Upload and Print customers are using and uploading press-ready files. They tend to spend more money per year on marketing. They have both a higher average order of value as well as a higher order frequency on a yearly basis and they form a targeted group of customers for us to market to.

Finally, they all have a deep understanding of what they are looking for and want to be able to make choices from both a very wide and deep offering of product categories that we supply to them.

So on this slide, you see the core components of the strategy that we introduced to you also last year. We still believe this is the right strategy to pursue. And today, I will provide you with an update on the progress we have made in fiscal year '18 on each of the five key components presented.

We own a diverse group of brands, positioned within Europe's biggest markets each serving different geographies and specific customer groups. At the same time, each of our individual businesses strives for the highest level of customer satisfaction and centricity both by effectively acquiring as well as retaining their customers. And we see a significant opportunity for our Upload and Print businesses to leverage both are MCP tools as well as our MCP marketplace. MCP tools being developed and built for Cimpress-wide usage help as structure a great cost and efficiency advantage by sharing relevant APIs amongst our businesses. While connecting to the MCP marketplace, more and more enables and helps our businesses to not only accelerate the introduction of new products but it also at the same time gives our businesses the ability to find the best COGS, the best cost of goods sold available in our fulfillment network.

And then the last box on the slide shown, talking about global procurement, expressing the aggregated scale of all our businesses either at the Upload and Print level or across Cimpress, that drive material leverage and cost advantages that could not be achieved individually. Upload and Print being the second biggest spend unit within Cimpress, and global procurement being, therefore, one of our key performance improvement drivers.

As explained before, we tried to position ourselves best in the European markets for Upload and Print with our different brands each serving its specific customer audiences. At the same time, we continue to screen the markets for further investments if we, A, can access new regions, or, on the other hand, gain access to new strategically compelling competencies for our business.

Customer centricity is at the essence and at the heart of everything that we are doing in the Upload and Print business. All of our companies provide their customers access to a deep and broad portfolio of products manufactured to their specifications and delivered at variable delivery options at attractive pricing. Our German founder-led business, WIRmachenDRUCK, for instance, is an interesting best practice example to share. The company has more than 80,000 positive German customer Trustpilot reviews which is an outstanding accomplishment. For your reference, even an established German business-to-consumer company like [auto] with an annual turnover of close to EUR 14 billion has just close to 30,000 of those positive Trustpilot reviews.

In terms of pricing, it is important to mention that there are indications in the market that price competition in some geographies is increasing. We are convinced that strategies that are mainly focused on lowering prices in the long run will not be beneficial to our customers. At the same time however, we are more than confident that we, as a geographically spread profitable and vertically integrated company with significant order volumes are very well positioned to potentially address these developments where and when required with full strength.

With regards to the development and rollout of shared technologies, in fiscal year '18 we had an important year for our Upload and Print group of companies during which we made strong progress. We successfully launched a new e-commerce architecture that first went live in the U.K. for our Tradeprint Brands. This e-commerce spec has its product catalogs seamlessly integrated in MCP. The first results that we have seen are promising, a significant increased conversion rate, faster page load times and an easier process for registering new products are our initial findings there.

At this moment, all of our other brands in the group are in the process of modernizing and modularizing their e-commerce technology specs accordingly and we expect more adoption of MCP in fiscal year '19, as those upgrades are and will be completed

Our platform strategy enables us to leverage owned as well as third-party manufacturing capabilities across our companies. Through these production and fulfillment networks we are able to offer a wide and often limitless product selection which requires a different and specific set of skills and capabilities to manufacture. Three examples of this internal specialization that our Upload and Print businesses are leveraging at the moment are, for instance, Pixartprinting for packaging, Printdeal for promotional products, apparel and gifts, and WIRmachenDRUCK for large format printing out of Germany.

On global procurement, the skill benefits of Cimpress continue to offer to the relatively small businesses within Upload and Print, providing material savings because of large scale capital equipment and commonly used commodities such as paper, ink, plates and shipping, add up to a material portion of our Upload and Print cost of goods sold.

By making good and smart use of our combined Cimpress-wide volumes, each of our businesses in Upload and Print has access to attractive purchasing prices that, given their individual sizes, they would not have had in a standalone situation.

I will now turn over to some of our financial results. So the aggregated Upload and Print businesses are performing well, and last year again achieved revenue growth at double-digit rates.

More specifically, fiscal year '18 revenue for the group was $730 million and growing at a 13% year-over-year organic constant currency basis. For fiscal year '18, all businesses and revenue growth were considered organic as we did not do any acquisitions in the prior 12-month period.

Fiscal year '18 group profit was $79 million with an 11% margin.

And taking a closer look into our investment returns to date, we feel confident that the capital we deployed for our Upload and Print companies has already delivered good returns and will continue to do so in the future. For fiscal year '18, our unlevered free cash flow yield was 12% of the total consideration paid to date, adjusted for the initial equity ownership of Exagroup and WIRmachenDRUCK, and this number is the unlevered free cash flow after accounting for organic investments that reduce our unlevered free cash flow by EUR 70 million in fiscal year '18, of which only a portion was required for the support of our steady-state free cash flow.

On a steady-state free cash flow basis, we estimate that the yield increased to 14% since many of the investments we made in the segment in fiscal year '18 were aimed at growing the business in excess of its steady state.

For the foreseeable future, we feel confident that the revenues and steady-state free cash flow of the Upload and Print group will continue to grow at attractive rates.

Looking ahead for fiscal year '19 and beyond, the focus areas that we continue to work on are and will be, first of all, to significantly enhance the experiences our customers have and the service that we offer to them. One of the benefits we have already seen from operating in our decentralized structure is that we have been able to gain efficiency and speed in addressing customer needs. However, the fact that some of our businesses were amongst the first to go to market many years ago or are currently the biggest online printer in their respective countries, does not necessarily guarantee success in markets where we are confronted with more and more fast and innovative competitors.

One of the key components of this customer centricity is the acceleration of our pace of new product introductions since, again, depth and breadth of our product offerings are a key success factor for Upload and Print. The MCP marketplace combined with the adoption of the newly developed e-commerce spec, are key enablers of this objective.

And the last focus area is to continue to work on our production cost optimization so that we can keep our prices at a competitive level and where and when needed are able to easily counter and attack moves from our more price aggressive competitors.

We are convinced that if we execute well against these priorities we will be able to drive increased returns from the capital we have invested in our businesses and, thus, contributing successfully to the long-term intrinsic value of our Cimpress shares.

I want to thank you very much for your attention, and I will hand over to Meredith now to the coffee waiting for you in the room outside. Thank you.

Meredith Burns

Kees is right, there is coffee waiting. Sorry to the folks that are on the webcast. You're going to have to hold on for about 15 minutes while we take a quick break for folks to stretch their legs and check out our product displays in the main lobby which also includes a technology demo. So it's very exciting. Please be back here in 15 minutes, so 10:02. Thank you.

(Break)

Meredith Burns

We're going to get started. I'd like to introduce Peter Kelly, the CEO of National Pen.

Peter Kelly - *Cimpress N.V. - Executive VP & CEO of National Pen*

Good morning, everyone. I'm Peter Kelly, and I'm the CEO of National pen. So during today's presentation, I hope to help you understand more about National Pen, why Cimpress remains excited to count National Pen amongst the companies in its portfolio and how we at National Pen are benefiting from being part of Cimpress.

The first few slides I will show are ones that were used at the Investor Day last year. Today I will present these overview slides briefly, but then I can spend more time talking about what we've accomplished in fiscal year 2018. Then I'll discuss the financial returns we've already delivered since Cimpress acquired us 18 months ago. And finally, we talk about some of our plans for fiscal year 2019. So let's get started.

So who is National Pen? National Pen is the largest provider of customized writing instruments in the direct B2B segment. Our net revenue in fiscal year 2018 was $333 million, and roughly 70% of that came from writing instruments. Our customers are predominantly small- and medium-size businesses. National Pen offers one of the lowest minimum order quantities in the industry offering a low entry price point and an extensive product selection. Through a combination of traditional direct mail marketing and fast-growing online marketing, we were able to serve more than 1.2 million customers last year across 23 countries in North America, Western and Central Europe, Australia, New Zealand and Japan.

Robert spoke today about scale-based competitive advantage. And I believe this is one of the reasons Cimpress made an investment in National Pen. Many people are familiar with the competitive advantages Vistaprint has in the business card space in aggregating enormous volumes of very small orders to mimic the economics of mass production, along with high quality, reliability and fast delivery speeds.

Vistaprint's advantages in the business card space are impressive and they have been able to leverage that advantage over many years to grow a strong customer value proposition in business cards and beyond.

National Pen's scale in writing instruments has allowed us to operate a similar model in our space. With more than 10x the revenue in writing instruments versus the rest of Cimpress at the time of the acquisition, we have driven vertical integration across the supply chain leading to significant customer value advantages relative to both Cimpress' prior position and to competition. This advantage ranges from marketing and customer service to the sourcing of products and materials to decoration, technology and processes.

Now, if you look at the right-hand side of the slide, we show that there is a very large and relatively untapped market within the promotional products apparel and gift space. So even though National Pen has significant scale here, there's a lot of room for future growth within writing instruments and beyond.

So now I'd like to tell you about the value proposition we offer to our customers. Many businesses, small and large, use promotional products to cost-effectively market their businesses. So take pens, for example. No, seriously, we take the pens from everyone everywhere you go - restaurants, hotels, small bars, restaurants bars, so that our customers will have to come back and reorder.

Businesses use custom logo pens and other promotional items to delight customers, keep top of mind and most likely spread the word to family and friends. These marketing materials stay in circulation sometimes for 6 and 7 times, creating lasting impressions and high returns for the businesses that invest in them.

Our decorating technologies allow great flexibility and a beautiful end result for customers and our multi-channel marketing and customer service give us multiple ways to reach these hard-to-find small customers in ways that are convenient for them.

So in looking at the differentiation via global reach, on this slide we ask how else are we differentiated from the competition. First, we have strong experience in operating around the world and can count many successes over the last 50 years in which we've optimized our value chain and scaled our operations. That globally integrated value chain is located in places where we can attract the best talent for a wide variety of disciplines. And our business model requires multiple competencies to succeed, including in direct marketing analytics, manufacturing, Asian sourcing, customer service and graphic operations, and attracting and serving customers in more than 20 countries.

Over the years we have built talented teams and operations in the U.S., Mexico, Ireland, France, Tunisia, Jamaica, India and Japan. This is very difficult for others to replicate, thus, creating a strong competitive mold.

So before I talk about specific accomplishments in 2018, I'd like to provide some context for the fluctuations you've seen in our financial and operating results under Cimpress ownership. First, remember that I took over as CEO at National Pen just before the sale to Cimpress. The part of National Pen I managed before taking on the role was operating well, but there were some inconsistencies in performance in other parts of the business. Just after Cimpress acquired us, we were reviewing underperforming parts of the business with a view to making improvements.

Early in our history with Cimpress, we reorganized some of our marketing teams and cut back marketing campaigns that were not delivering attractive returns. This led to a decline in first-time buyers and a significant slowdown in our overall revenue growth.

I am sure that many of you in the audience were wondering why are growth slowed down quite soon after the acquisition. Fortunately, Cimpress had the confidence and patience in us to make some important changes in the business. We were laser-focused on identifying the attributes of our best-performing campaigns and to apply those insights to ensure we move forward with only the best campaigns with healthy returns. Once our reorganization was complete in September 2017, we rolled out those campaigns, leading to an acceleration of first-time buyer and overall growth rates starting in the second quarter of fiscal year 2018.

More recently we have been evaluating where we can invest deeper in marketing based on attractive returns driven by our expectations of customer lifetime value even if that means a near-term reduction in unlevered free cash flow.

So this leads me to look at the benefits of being part of Cimpress. Prior to the acquisition, National Pen had been owned for more than 10 years by 2 different private equity firms. There is a clear difference in strategic versus financial ownership. First, as part of Cimpress National Pen is now part of a broader group of businesses within mass customization space. We don't focus on exactly the same things, but we are excited about learning from and sharing with our colleagues different ideas about manufacturing, marketing and technology know-how.

We have become part of a business with an international culture, perspective and operations. And we also have more colleagues with direct marketing focus and experience. All of these similarities mean that we can leverage each other in ways that are impossible under a financial firm without a strategic focus within its portfolio.

Next, we can take advantage of Cimpress' size and scale in ways that have already resulted in material recurring improvements to our cash flows. Examples of this are in supplier negotiations and having credibility with business development opportunities.

Next, there are clear differences of being owned by a company that focuses on maximizing the value of all future cash returns versus one that has a fixed investment horizon. It's already led to an increase in growth-oriented investments and technology where we were under investing in the past. It has also led to investments in the things that drive team member satisfaction, including upgraded talent and leadership to upgraded facilities and amenities. I'm a strong believer in the financial returns that come from team members who are proud to come to work every day.

Finally, Cimpress recognize that it needs to allow and even enable us to maintain autonomy if we are to extend the competitive advantages and financial returns that attracted Cimpress to us in the first place. Cimpress learned this over time. But certainly by the time National Pen became part of the family, it was well understood and we appreciate the benefit it creates for us.

Overall, our experience has been positive. Cimpress has helped us move faster in so many areas because we can leverage experience, technology and talent of others in the business, not to mention that we have new distribution channels for our products in many of Cimpress' brands.

I'd like to share a few examples of the progress we've made in the fiscal year 2018 across several different fronts. This is by no means an exhaustive list.

First, an upgrade on synergies. Last year I provided some of these examples as we were able quite quickly after the acquisition to find many areas to leverage each other's strengths. There are a few areas in which National Pen has leveraged Cimpress. Firstly, we have saved about $3.2 million in financial year 2018 in freight costs either through tapping into Cimpress' contracts with shipping carriers or by leveraging Cimpress' larger scale in our own negotiations. These savings are in the area of customer delivery costs, freight shipping from our suppliers and also savings from inter-company freight.

Another example is that we have new distribution channels through other Cimpress brands made possible by the connections we have in the business and by Cimpress' mass customization platform technologies. We have just started to scratch the surface on this front in 2018.

We've also been able to leverage Cimpress' expertise and infrastructure in India to bring graphic services operations in-house. This is something National Pen had previously outsourced. And we were able to improve the quality of our service by lowering cost as part of Cimpress.

Next, in fiscal year 2018, other Cimpress businesses began to leverage National Pen by adding new revenue and profit streams fulfilled by National Pen and by upgrading the quality and breadth of existing writing instrument offerings.

The next example of a great accomplishment in fiscal year 2018 is that we have positioned ourselves to scale our customer service operations to support our growth much faster and more cost-effectively than would have been able on our own. We have recently opened up customer service operations in India, in Jamaica and Tunisia which complement our existing support centers in the U.S. and Ireland. We believe superior customer service is a competitive differentiator, and being able to add high-value capabilities in low-cost centers, we facilitate further successes in this area as we continue to grow.

The last example I'd like to share is one I described as an investment area last year. That is the area of e-commerce. While National Pen's primary marketing channels are off-line, we also have a small but rapidly growing e-commerce channel. National Pen was one of the first providers of custom writing instruments to launch a website. But as part of the private equity portfolio with a fixed investment horizon, we did little to upgrade our capabilities in this area over the years. And so our e-commerce technology and online marketing capabilities have much room for improvement.

In 2018, we began re-architecting our e-commerce sites by leveraging Cimpress' platform technology. Some of the work that the Upload and Print businesses have done in this area as well as some of the mass customization platform technologies, are directly relevant to our effort.

We believe that we will ultimately invest less and have higher return potential because we can benefit from the work of others in the Cimpress family as we build out our online value proposition for our target customers. This investment is ongoing and will continue into fiscal years 2019 and 2020.

These are just some examples of our accomplishments in fiscal year 2018. What I'm most proud of, however, is the entrepreneurial spirit being displayed by team members across all divisions and departments within National Pen. They have shown adaptability and passion for change during what has been a fast-paced and dynamic year.

So moving on to our financial results for the last 18 months. You can see that our pro forma revenue growth shifted from essentially no growth in the first 9 months under Cimpress to very strong growth in the past 9 months. Our segment profit has also grown during the period, although at a slower pace compared to revenue growth because of the long-term investments we're making in the business in terms of customer acquisition.

Overall, we achieved net revenues of $333.3 million, a financial year-on-year growth in constant currency of 20%.

This slide is a parallel to the one Kees showed for the Upload and Print business in which we provide a view on the investment returns on the acquisition for fiscal year 2018 as well as a view of our steady-state free cash flow. First, you see the simple unlevered free cash flow from fiscal year 2018 was $24 million, our yield of 11% relative to the investment consideration of $211 million. Then we made $4 million of investment in fiscal year 2018 that takes longer than 12 months to pay back. And we estimate that about half of that was a growth investment. Therefore, the steady-state free cash flow for the National Pen business is roughly $26 million or 12% of the total investment consideration. Note that this does not include any National Pen-dependent synergies and other Cimpress businesses.

As noted in Robert's Annual Letter to Investors, we expect National Pen's revenue to continue to grow. While we have more work to do to capture the returns, we do believe it is possible that National Pen could over the coming several years reach and then grow beyond the point where it is generating annual steady-state free cash flow which exceeds 15% of the consideration Cimpress paid.

Now I close with a glimpse into the fiscal year 2019 in our core focus in terms of effort and investment. We are focused on continuing and expanding what we've started in fiscal year 2018 throughout the next year. In the interest of growing the business and leveraging Cimpress' know-how and experience, 2 major areas are of particular focus. Firstly, technology and e-commerce infrastructure and, secondly, scaling up and enhancing the responsiveness of our customer service operations.

Next, we will continue our relentless focus on reducing costs as a means to increase our competitive efficiency and also free up capital to invest in new capabilities. And finally in marketing, we went to extend our recent successes in improving the returns on our marketing investment via data and expertise. We also want to continue to explore investing more deeply into customer lifetime value to see where we can enhance the long-term value of our business.

I'd like to thank you for your time today. I've enjoyed sharing more about the business and how we both benefit from and contribute to Cimpress. I'm very proud of the work our team has done this year and look forward to reporting to you again next year. Thank you. I think I pass you over to Robert

Robert S. Keane - *Cimpress N.V. - Founder, President, CEO & Chairman of the Management Board*

Thank you, Peter. So you've just heard about some of our established businesses - Vistaprint, Upload and Print and National Pen. I'd like to turn now to the reporting segment which we refer to as All Other Businesses. And this is really a 2-part or 2-pronged story with 2 very different aspects.

So the first aspect is, frankly, not enjoyable to get up and report, but the reality is, in our past attempts to grow startup businesses, we have done some significant restructuring. But if you look back over the history, we have not done well from a value creation perspective.

The second aspect of the story, however, is more optimistic. And we do have, despite those past losses, some very exciting and strongly growing businesses in this group. And we believe over time they can add significant value to Cimpress.

Importantly, we've also learned over the last 8-plus years of making these investments that we needed to and we have made changes in our management style. We believe the changes we've made have significantly increased the odds of our success.

So let me step back for a moment and talk a little bit about the approach that we take in these businesses and why we make these investments. Our intent and aspiration is to expand into large and potentially attractive new markets. We want to stay with businesses that are founded on the principles of mass customization, but we intentionally want to go into areas that are different from our existing businesses. Be it because of significant localization or that need to develop competencies that are different or because of different value propositions or different customer groups.

We do see this as a portfolio of investments that are inherently high risk and high reward. And I think in the end, often this type of portfolio will be made or broken on whether or not we can get 1 or 2 really large successes. And we do see a long-term commitment of view. We want to build differentiated value chains that deliver great value to customers. That's the first thing that we ask of our team is start with that customer value. We want them to hire and develop great entrepreneurial teams and really to embrace the risk and innovation inherent in startups.

So the components of this business are shown on this table. And there are 6 businesses now at the top which now constitute the All Other Business reporting segment. I should also note that the team that runs Vistaprint Corporate is the same team which we evolved over time that had run our strategic partnerships business with people like Staples or FedEx Office. And that's not specifically listed here, but it's the same team that's evolved over time.

At the bottom of that slide I'll come back to it, but there are number of projects which we have now restructured and closed down.

If you look at the revenue history on the left-hand side of this chart, first of all, a few technical points. This excludes Albumprinter which we divested about a year ago. Also, because of the overlap of the Vistaprint Corporate Solutions group, which I just mentioned, and the fact that they had been managing the Staples and other partnerships, we've not excluded that. There's a note to that on the left-hand side of this slide. But a substantial portion of the revenues in the 2014, '15, '16 timeframe were coming from those strategic partnerships.

So if you back those out, you see in the past fiscal year we generated about $75 million from this collection of businesses, and growth has been solidly in the solid double-digit space.

Now on the right-hand side you see how much we've invested in this. And again, a few technical notes. It's a total of $219 million invested through the end of last fiscal year. Please note that, once again, I'd mentioned before that we intentionally combined balance sheet investments and profit and loss or cash flow investments because it's all cash that comes out of our bank accounts. So at the bottom of the columns you see here, the gray areas are equity investments or balance sheet investments. And the blue represents what came through in cash flow.

You should also note on the chart that in summary, if you look at this, this is the past cash flow. We, of course, don't own 100% of these businesses. We have minority in a few --we have majority, but other team members, often the founders owning portions of these businesses. So this takes a view of the entirety.

When I talked in my letter about the fact that if we had made a hypothetical 15% return on this, you could simply take these cash flows, compound them at a 15% return over time and adjust for the minority positions we don't own. And we recognize that for this to have been a financial success, it really would have to be something that approaches $400 million in value.

And we certainly think there's material value here, but, as a company, we've had to acknowledge the failure to deliver value and actually the destruction of value we've had there.

But it's not all dire news. Again, I want to talk to you in a moment about some of the exciting opportunities that we have in front of us. And of course, if we could relive history, we would not make those same steps in the past. But we do acknowledge that those are [sunk] costs, and we're moving forward with our business.

So let me just step back before I go into the individual businesses to talk a little bit about what we've learned. And it's an obvious statement. But early-stage investments are high risk, and we've certainly seen that ourselves. We've also learned some hard lessons about how we need to organize for this. Again, for time, I won't go into details. But I spoke about this once again in my letter last week. We tried to leverage a lot of the capabilities that we have as a business -- they are very impressive capabilities, specifically in Vistaprint -- at the time and apply those over to these new businesses. And although they are very helpful in many ways in a larger organization, the ability to be highly nimble and agile in change in function of customer needs for what is a very small startup business in the context of a much larger business, just didn't work.

So today, we have gotten much more to an approach where the businesses are entrepreneurial and autonomous. Increasingly, to the extent we can, we actually really look to compensate the leadership teams as co-owners with radically lower salaries and cash compensations than someone would get in other parts of Cimpress, but with equity specifically in the business that they are managing so that we're really managing alongside them as co-owners. And we do believe that it's possible to build a portfolio of fast-growing profitable businesses that over time could generate significant value.

So today, if you think about the current portfolio, the 6 logos on this slide talk about. And they're all different businesses. But broadly, you can think of the three columns here on the left, the middle and the right as grouping them into similar approaches to creating value.

On the left we have businesses that are close derivatives of the Vistaprint business in the sense that we leverage the Vistaprint technology infrastructure and many aspects, but certainly not all of the business model of Vistaprint. Where they're different is that we really have to do much more deep localization. If you look at European derivative cultures, be it United States or Australia or Europe itself, culturally, they're relatively similar and the products are relatively similar across those markets in Vistaprint. As we get into India and Japan, we have material differences to make them our product and service operations relevant from a domestic perspective. Service levels are different. Pricing is different. As an example, in India, where we are growing very nicely and we're very happy with that business, we intentionally do not price trying to be the value leader. We have a slight premium to many of the people in the market. And we really differentiate by extreme levels of service, great quality product which is even higher overall to the market than what Vistaprint does in the other markets, and we very rarely, if ever, discount in India because it's been very successful. So again, it's very closely related in many ways, but different from the Vista print model.

In the middle you see where we are taking capabilities or understandings of markets that we have elsewhere to Cimpress and we are leveraging those capabilities, but we're doing it in very different ways. So if I start with printi' -- or in different geographies. Printi' is very much a company when the founders, [Flore and Montay] created that, they're European and they're German descent, but they wanted to bring the European upload and print businesses like we have been very successful with, to the Americas, specifically starting with Brazil, where that's a great business and growing very nicely. And now taking that same business model as well into the United States where it's a small but growing business.

Vistaprint Corporate leverages the fact that the Vistaprint brand is really well known, the amount of be it search advertising or television advertising or other types of marketing and word-of-mouth, means that many people have heard of Vistaprint. And even though, as Trynka spoke about, Vistaprint is laser-focused on the micro business owner who's a 1- or 2-person business, many people think of Vistaprint as a place where I should be able to get printing online. And so Vistaprint Corporate leverages that brand recognition and reputation but uses a very different value proposition. So if you were to go through the actual process of ordering and setting up an account it's very much targeted at larger organizations. And most of you in this room who are working for larger financial firms, would be much more akin or appropriate as a Vistaprint Corporate customer than a Vistaprint customer. So again leveraging capabilities we have.

And on the right, these are intentionally pushing the envelope of where we can run as a business beyond where we are. So in China, the ysd.com product is looking to develop a supply chain platform for intellectual property owners, brand owners, e-games who are looking to have customized products on demand. And in the Vida case, we are looking to do retail-grade products sold in conjunction with and through artists who are able to upload their own artwork and create beautiful products which they offer to their own customer.

So again, those are pushing the envelope, all the concepts of mass customization into new directions.

So I'm going to close by saying we have a lot -- we've learned a lot. We certainly could have done much better than we did in the past. But we, in sum, we're able to look to the future of this and believe we can grow some significant value here.

Let me close with a little bit of a housekeeping expectations, because there's been so many different moving parts of what is in this reporting segment. Q1 that we're currently in right now will be the last quarter where we have some impact of the divestiture of Albumprinter. So it's still impacting our reported rates. It's likely that you will see fluctuations in the growth rates, and there could be meaningful fluctuations over time, because these are immature businesses that are in a start-up stage.

We also do expect significant operating losses in this portfolio and cash flow losses for the next several years as we continue to build these foundations. But we expect the level of those to decrease, again, even with the addition of VIDA, again, into this portfolio as we go into the next fiscal year.

So with that let me ask Maarten to come up and speak a little bit about our investments in MCP.

Maarten Wensveen - *Cimpress N.V. - Senior VP & CTO*

Good morning, everybody. My name is Maarten Wensveen. I'm the CTO for Cimpress. And I will talk a little bit more today about mass customization platform and our investments in that platform and our strategy in that.

So I'm very excited about the last year and where we have gotten. The team has done tremendous work, but also a lot of the businesses have been tremendously in terms of interacting with each other. Really the beginning of the strategy is starting to show through. And I want to take today a little bit of a step through of like the transformation that we went through, talk a little bit about this modernization of our software capabilities which we use internally and also here [externally] the Lego bricks analogy, see them as modular blocks.

The team autonomy with [house] decentralization and autonomy impacting that, and how are we making sure that from a technology perspective we're also doing that. And really modernizing our tech approach, the languages, cloud-based computing, all that -- the good stuff, I should say.

After that, adoption. What -- are people using it? Where -- how much are we using it? What are we doing with it? And seeing some real impact, actually, that it actually provides to some of the businesses.

Then, sharing some stories and talking a little bit about the financial results

(technical difficulty)

that we expect out of this.

But let me start. To go back a little bit, why were we building this mass customization platform to begin with? While we realized many, many, many [years] ago already that Vistaprint has amazing capabilities, but they were locked sort of inside of Vistaprint in a monolithical software structure at that time. While Vistaprint has been chipping away and actually building a much better tech stack, which Trynka already said to you, and a better (inaudible), some of these components we've been extracting and actually been exposing (inaudible) within MCP.

And around them we have actually also been starting to build more of these components to actually have them exposed to our businesses, to really have them be more competitive out there and, like I said, accelerate them. And we see actually this being picked up, and I will share a little bit later on it, but we're also starting to see that actually some of these businesses are providing some services back and some insights back that Vistaprint is picking up. An example for that, for instance, is that the Upload and Print space has much more complex product modeling technologies that are actually also being picked up by Vistaprint. Or how do you manage to (inaudible) large-scale third-party manufacturers and deal with all these contract negotiation methodologies that we've built into software? Vistaprint is picking these up. So there's cross benefits going up and down more and more, which I'm super excited about.

So basically we went from this super platform, which was monolithic and all stuck together to this more modular line of bricks kind of a methodology. I talked about that a little bit last year, so I won't dive in too deep further in it. But that's an important mindset to have, that every individual business can choose themselves which of these pieces they actually want to use. We don't force it upon them. We don't mandate it, but they can definitely see what would help them to accelerate in their mission.

Now just a handful and not per se the winners -- it's a little bit [anonymized] -- but just a handful of these services that we have and I'll pick 2 of them just as an example.

Take for instance, the right-top one, Prep4Print. We take the design capabilities, so the things that we can do in a browser, with everything we know about how to model a product. And then everything we know how artwork that all of our businesses receive from their customers to actually get on a particular product. Some of them, and especially in Upload and Print, but also in other businesses, this kind of artwork still needs to be a little bit touched up. Kees talked about press ready. Upload and Print often is press ready, but sometimes they're not press ready. And how much labor do we actually spend on that? Prep4Print really reduces the time for that. And we've created these tools with all the knowhow throughout the business and really reduced the labor time of it, and also the speed towards actually giving feedback to the customer, which has been tremendously successful and almost every business is picking those kind of services up.

A complete other example is Routing. When you take the marketplace from MCP, which is more a collection of these services, because some of them individually you can use, but Routing is more of a collection of these things, that is how you model all your products inside of MCP. And we have this ever-expanding manufacturing network. Now we've got real-time data inside to say -- what are the prices, what is the quality attributes in these other factories and can you make smarter choices as a business, where your products will be produced? And we're really seeing the beginning of that starting to pick up. This has been a long build in multiple years, actually, but now we're really seeing that being picked up. And I'll show a little bit later -- have that in some stories.

To really ground this for the last part of the technology part of it, it's not just building the software. It's been a big journey to really change our processes throughout all of Cimpress and also how we basically have our organizational structures working with each other. And a key thing really to go into this autonomy and decentralization is also to have individual software engineers together with maybe a financial person, a UI/UA specialist, these kind of things, to really own their mission A to Z. They directly interact with the business. They listen to what is needed and start immediately building on it. I do not sit on top of it myself with a roadmap and say this is what we're going to do or this is what we're going to do. There is a big amount of autonomy for all of these teams to work directly with the businesses.

They do fall together in a larger group, which we call tribes, which is more of a domain expertise. Think about it, all of logistics or all of document artwork or all of routing and marketplace techniques. So there is a little bit of that kind of a grouping that's more for specialism between the engineers. But there is a huge amount of autonomy within that.

And within that, actually, we also have done a big change in terms of the mindset on it. We used to think of implementing software as a project. This project needs to be run. Maybe there's a Gantt chart or these kind of things going on. But we really started more getting into a mindset of building products. Every one of these bricks is a product. This product has results. It has customers using it, businesses internally using it and they have financial results towards it. And then we really start to think differently about creating software where it's a product with results and people start owning that also. That's been a big transformation that is not just [good]. It's also people and how we interact with our software.

So to sort of sum that up, more the statements around it, we have a microservices architecture, small pieces of software that individually can be used, with some standards between all of the Cimpress businesses, is how we interact with them. They are API-first, with RESTful JSON endpoints for the more techie people in the room. But that's almost a different standard to start using then, and it makes it quick for other teams to start actually interacting with these services. And we don't force any particular code language. You cannot ask us, "Oh, do you use more Microsoft or more -- "We have a polyglot of languages. We've got LAMP stacks. We've got all kinds of different coding languages and databases going on, because everything can choose then. Because, again, we have these standards in the middle of how you interact with them, which makes us also more agile and quicker to actually react on these things. So that's been a big transformation.

So what we've done, basically take a look at what is in this journey. Well, I just talked a little bit about the journey on building this platform foundation. We've also been, in FY '17 and FY '18, really been activating and start implementing this with the business. So this has been a big journey on Cimpress side, but also sometimes on the businesses, because some of the businesses were also not really ready to receive this. They were mini monoliths in themselves and they'd been investing also a lot into getting more flexible and getting to a modern tech stack.

We're not over the hump yet, but we're definitely far into the journey and we're seeing the first progress of that. And we're really seeing the first progress in terms of the optimization and some of the potential financial results that we can get out of this scenario.

But let's take a look a little bit in this adoption curve. Like even last year, if all the orange blocks that you see here at the bottom represent, indeed, our businesses, just a handful were using some of the services. One of them is even Vistaprint and these services were originally coming from them. Today every business has been adopting, which makes me extremely proud because, again, this is not a mandate. They want to use it. They see the benefit for it and they've been starting to implement this stuff. This is great.

And actually, we see a ramp up even of people that are exploring these new services. This means there is a developer or marketer that is testing some of these new services and thinking, "Wow, there might be a benefit on it." It's ramping up, so excited about that.

Now, like I already mentioned, is that you can use certain of these services individually. You don't need to have your order flowing over MCP. You can just give it, for instance, an image and some result comes back which has a benefit to your business. But more and more the businesses are seeing the benefit of having your orders flow over the platform. And we already heard Kees, Peter and Trynka talk about being quicker towards product introduction. And that is really a key accelerator. So you see that also here with the bump of course being the seasonality and where there is a steady ramp up of products that are flowing over the MCP, instead of in their internal network. So all great results of flow growing up.

How do we think about this then, eventually? Is this actually worth anything to us? Why are we doing this activity? And so here I'm going to spend a little bit of time on this particular slide. We broke this down to 6 categories. I think every piece of software that we have created, every process, every service that we have created needs to fall into these 6 categories. Sometimes multiple, but often -- they need to hit at least 1.

The first one we've already talked about a lot. We need to have these services to accelerate new product introductions for the businesses, just make it quicker. Where it used to take months it's now weeks and some businesses do it in a few days. Marketing ready, prices out, boom, it's out there in the market, which is just an amazing improvement.

And improving site experience. Think about ton of conversion of e-commerce. Right? The customer comes in and had to go through steps. We've implemented -- and some of them I won't talk about from a competitive perspective, but we've implemented multiple services that make the conversion rate really spike, because it makes it easier for customers. And so we have lots of adoption around those kind of services, too.

And also easier geographic expansion, cross-border shipping manifests, how do you deal with multilinguals, these kind of things. It makes it easier for a smaller business to go into the next geography.

And these of course, these first 3, have benefits for the customers in terms of, like, their user experience. And they have incremental revenue which is of course is important for intrinsic value per share.

The other 3 are better value, lower price for our customers, or have an expense reduction, it's going to drive lower fulfillment costs. Again, the routing reference that I just did. If you find a product that you think from a quality perspective is the same, but you can create it for a lower price people start experimenting with that. That's an immediate impact. But the effort to actually switch it becomes a little bit of a click of the button versus the big project that it used to be for many of the businesses.

Automate manual tasks. That's what brings us to Prep4Print example that I just had. Just make it less laborious to do certain activities in the past because of our collective technology that we [use for it].

And (inaudible) [the table stakes]. I'll talk for a second about that later also. But it's, like, avoid IT expenses. Cloud computing, sharing global contracts, all of these kind of things, it helps a lot. You can have the negotiating power to sit next -- sit at the Amazon table. We do, so that helps for a smaller company.

So let's take a look at some of the stories. Faster new product introduction. I mean, it used to take a long time to think about how do I die cut and laser out these stickers exactly, these kind of things. Now with what we've done in MCP to immediately get the right instructions, we've got the documentation ready for the internal business to say, "This is how you implement it on the website. This is what you need to ask for your customers." And you can go live for it in a matter of a few weeks instead of multi months thinking about, "How am I going to sell stickers on a roll," all of a sudden for some of the businesses.

Another thing is like by driving these lower fulfillment costs, not only from a contract perspective, but also from an overall software perspective, how you do fulfillment, we have seen a lot of uptick in our shipping APIs, in our logistical software stacks with all of our businesses. They have been using it more and more. So Vistaprint has already been using it really as powerhouses, but more and more of the businesses are switching to it too. Because it's quicker to do new line-hauling. It's quicker to add carriers. It's quicker to think about extra shipping selections and these kind of things. We're doing that work once; everybody benefits from it. So there is really interesting progress on these things.

Improved customer experience goes from multiple steps. So we have, for instance, basically art uploads API. Artwork comes in in that, right? So there is -- from all the businesses there is some form of information that comes in which we actually have to use to produce that product. We immediately have this in a high-scalable global system where we automatically generate some fields and give lower latencies to websites so that they don't themselves have to work with Amazon [Asterisk] and then figure out all the layers that they have to build (inaudible). Out of the box we're ready, start uploading at a global scale.

When you do that, we actually can even go deeper in that information if you want to, so give immediate feedback, which we call [file check]. Picture doing this for instance. Even these graphical-savvy designers, it's nice when we [caught] -- "There is a [low] font somewhere deeper inside of your artwork and you probably won't be able to read it given this product dimension that you're going to print it on." So there's nice feedback. "Oh, thanks, I'll correct that real quickly." So there's a lot of these things that will give them instant feedback instead of a-day-later feedback when somebody -- when a human actually checks these kind of things.

And then we even go further and go all the different layers when you think about improved customer experience, and take the design and you can see a little bit outside also with some of the expert that we have. Take 3D rendering. You take this ingredient of how to (inaudible) to create packaging. And even, again, if you're a graphical expert, it's still nice to immediately see the 3D-rendered end result of a rendered box, because you can see a little bit more how your design actually sits on top of it. Again, using an aggregation of all these different services it makes it very easy for a smaller company even also to start implementing these kind of capability.

So let's dive for a second here a little bit in the investments and first in the operating cost advantage. So the portion of MCP that we report out as the central operating costs, I'm very comfortable that we're generating good benefits on these as well. These are basically costs that pay back within the year. What I talked a little bit before about some of them are table stakes. Right? AWS costs -- we need to have servers, we need to have hosting, we need to have these kind of things. And we share some of these costs for all of -- we incur some of these costs for all of Cimpress, because it doesn't make sense to do it individually all over it, and it's not differentiating, which is the most important thing.

And advanced technologies -- big contracts for analytical software, these kind of things. We do it once, but all the businesses can use for it and it makes it just easier for it. But also repetitive and sort of simpler tasks, like what kind of software and infrastructure do you need in a lower geography -- well, I'm sorry -- lower-cost geography location. And we set that up. We incur those costs centrally, but to the benefit of all of the businesses.

The actual investment part, which is $25 million for MCP each fiscal year, I'm really comfortable that that basically returns annually $5 million of reoccurring leveraged free cash flow. So that means next year there's another $5 million on top of that coming in, because the first services we're actually seeing these kind of results coming off. That basically means that's a 20% cash-on-cash return on these things. And I hope to see this growing. We're just seeing the beginning of it and we're currently building a process out to not only have excited technologists like me verify the numbers of these individual services, but together with the financial departments in all of the businesses basically sign off and saying, "This particular service has saved me X or gained me Y," and to really get more of a -- get it into our DNA. But it's looking very exciting for us.

So with that, I would like to thank you for your time and welcome questions. Sean Quinn will take the stage now. Thank you.

Sean Quinn: I'm glad you ended that on a financial note, Maarten, to transition me away from RESTful JSON. So thank you very much, Maarten, and good morning to everyone that's here in the room or on the webcast. Thanks for spending some time with us this morning.

So my name is Sean Quinn. I'm in the role of Executive Vice President and Chief Financial Officer. I joined the company just about 9 years ago and I've been in the role of CFO since October of 2015.

So I'm going to cover 6 topics with you today in this last session before we head into some Q&A with all the presenters. The first is to dive into our financial results to give you some context for the journey that we've been on as a company over the last decade. That section is more targeted to some of the folks that are newer to Cimpress. And then like I've done in past years, I'll then provide an overview of our philosophy around capital allocation and our history there. I'm then going to provide an overview of our investments, both looking backwards over the last 4 or so years, but then also later on looking forward to 2019 as we head into that year. Next I'll give an overview of our steady-state free cash flow. Robert outlined that in his Annual Letter to Investors that was published last week. I'll go into some more detail on that. I'm going to update you on our balance sheet, some of the things that we've evolved there and why we're positioned to take advantage of future opportunities. And then lastly I'll go through out outlook and just some housekeeping items that hopefully will help you, again, as we get into the new year here.

So let me start with revenue, revenue growth. As you can see on the left-hand side of the chart here, we have a long track record of revenue growth over the past decade. Earlier in the first session Robert showed this same graph going back to our IPO in our fiscal 2006, which demonstrates that even further.

After 2011 we embarked on multiple years of investment in Vistaprint across many dimensions to reinvigorate growth there. And you heard a lot about that from Trynka and the great business we have in Vistaprint today.

In 2014 you can see here in this chart revenue started to increase also from the acquisitions. We had begun doing what is now our Upload and Print portfolio. You heard about that from Kees. And then at the end of our calendar in 2016 we acquired National Pen and, again, you heard about that from Peter.

So organic growth combined with these and other acquisitions and some of the equity investments that Robert talked about has led to $2.6 billion of revenue for this past year and 11% organic constant currency growth.

On this slide here you see our cash flow. On the left, just to orient you, is our cash flow from operations and on the right is our free cash flow and also our cash interest, all over the last decade. So we have expanded our free cash flow significantly in fiscal 2018, as you would have seen. Included this year in our cash flow from operations for GAAP purposes on the left is $49 million of earn-out payments that we made. And we exclude that on the right for our free cash flow, because we view that as acquisition consideration. And then both of these charts for 2018 are burdened by $17 million of restructuring payments that we made this past year.

While I'm on this slide for cash flow, there's just a few concepts that I wanted to highlight here. The first is that internally we use our unlevered free cash flow as the primary metric for our quarterly and annual budgeting. That was a shift that we made this year, and we think that it more closely aligns our management teams to one of our core components of our intrinsic value per share. Just so that you can reference it on the slide, our unlevered free cash flow here would be the sum of the blue and the grey bars on the right.

Our unlevered free cash flow fluctuates and has certainly fluctuated from year to year, both from our operating performance, which of course is first and foremost what's driving that, but also from varying levels of investment spending. And that's certainly evident from the trends that you can see, again, on the chart on the right.

But it's also important to be clear that our objective is not to maximize our unlevered free cash flow. We actively seek to deploy capital into projects that exceed our hurdle rates, even if doing so reduces our unlevered free cash flow in the near term. And we've certainly done that over recent years. When used for budgeting, though, our unlevered free cash flow can take account of the investments that we plan to take in a given year and it can therefore be an effective means to track our performance.

And then, our unlevered free cash flow is of course an input into our steady-state free cash flow, which we evaluate once per year internally, both for our purposes but also to share that with our investors. And I'll talk more about that later.

On this chart you see our profitability. And, again, just to orient you, on the left-hand side is our GAAP operating income and on the right-hand side our adjusted net operating profit. And you can see here that, again, over the last decade that we've had a long track record of profitability which, as I referenced when we went through the cash flow, also fluctuates year-to-year depending our levels of investment spending, amongst other things.

From a balance sheet perspective, you can see that we've certainly evolved our balance sheet over the last decade as well. On the left-hand side is our net cash, or net debt. And in earlier periods of this decade you can see that we were in a net cash position. And we've used over time our balance sheet and debt to fund the significant investments that we've made and we'll talk about later in the session.

Our investments include $817 million to repurchase roughly 20 million of our outstanding shares at an average price of roughly $40 over this decade. And then you can see how that's reflected on the right-hand side here, which is our diluted shares outstanding, again, over the last decade.

I'll talk more about debt later but we do view debt as an important source of capital that when we manage it at the right level it can help us to maximize our intrinsic value per share. And, again, we'll talk about capital structure later.

So I'll spend a few moments now on capital allocation philosophy. Our approach for assessing investment opportunities and how we decide on where we're going to invest our capital has remained very consistent over the recent years. So let me just go through this, and this is very consistent with what we've talked about in this event over the last few years.\

First, we endeavor to invest large amounts of capital at returns that are materially above our cost of capital in support of our uppermost objective of maximizing our intrinsic value per share. We consider any use of cash that's expected to require more than 12 months to pay back as a corporate-level allocation of capital. And that's what I include in the later slides here and we talk about as our organic investments.

Now I've talked to some of you about this and I think some of you -- part of what we describe as maintenance investments as simply just a cost of the business, which is really not inconsistent with our approach that we take and in any case reduces our steady-state free cash flow. In practical terms, what this means for us is that the decision making for these items is not delegated to each of our business leaders.

We do continue to see many opportunities for investment that meet or exceed our return hurdles -- and hopefully it's clear throughout the presentations today what some of those are -- which results in a portfolio of investments including M&A, share repurchases and also organic investments. Our investments have varying profiles of risk and return levels and payback periods.

And then lastly, all of this is balanced by our debt guardrails, execution bandwidth and our desire for dry powder.

We take our debt covenants extremely seriously. We've said that consistently since we've had debt. And we've been fortunate to attract valuable debt investors alongside our long-term shareholders.

This is a slide here that I've also used in the past several Investor Days, so I'm not going to go through this in detail, but just a few things that I wanted to point out. We have differentiated hurdle rates as we look at capital allocation opportunities. And of course all of these hurdle rates as a starting point are above our cost of capital, which you can see here we estimate at 8.5%. And then from there they differ based on varying risk and payback periods.

Just some examples to note, which are mentioned on the slide -- extensions of our core business, which have well known payback characteristics, may have a hurdle rate that's just a little bit above our cost of capital. For M&A of profitable or established businesses we generally use 15% as a hurdle rate. And then for riskier investments, many of which Robert outlined in the All Other businesses section, with a longer-term payback and more subjective forecasts we use a hurdle rate of 25%.

As Robert outlined in his Letter to Investors, we're also well aware that achieving returns above these hurdle rates, or even possibly well above these hurdle rates, does not necessarily mean that we've made good capital allocation decisions. We need to look at the opportunity costs of potentially higher returns that might come from deploying that same capital elsewhere. And we've certainly learned a lot about that over the years.

And then lastly on this topic, sometimes it's nice to show the slide and talk about hurdle rates, but that can also be a fairly theoretical framework. And so one of the things that we use as a shorthand when evaluating large capital allocation opportunities is to look at the annual cash-on-cash returns of a given investment combined with the future growth potential. For example, Kees referenced in the Upload and Print section that the Upload and Print businesses this year had a 12% cash-on-cash return using our unlevered free cash flow. He referenced 14% using an estimate of the steady-state free cash flow. And that's a business that grew 13% organically, constant currency, over the last year.

Peter also mentioned this in his section. We estimate that for National Pen we had 11% cash-on-cash returns, slightly higher than that at 12% if you use the steady-state for cash flow. And, again, you saw that that's a business that's growing very nicely.

So those are some financial highlights over the last decade, a bit of an update or refresh on our capital allocation approach and philosophy. So I'm now going to spend just a few minutes on our recent investments over the last 4 years.

So here's a look on this slide at our historical organic investment spend. And, again, just to orient you, on the left-hand side here you see the unlevered free cash flow impact of that investment and on the right-hand side the adjusted net operating profit impact of that investment. As a reminder, as I referenced on an earlier slide, our organic investment here is anything that doesn't pay back within 1 year. As you can see, we've invested a significant amount of our capital organically. If you add these up on the left-hand side it's over $1 billion. And before that time we didn't think about our capital in this way. But if we had, then of course the number would be that much larger.

I do want to emphasize that because this is anything that we believe doesn't pay back within a year, a large portion of this is required to maintain our steady-state, as we'll come to in a moment.

As you can see, our level of organic spend came down over the last year. A portion of this is due to reduced investment, including areas where there's overlap in some of the savings from our reorganizations over the last 2 years, which is roughly $10 million of decrease year-over-year. We've also had decreases in certain growth investments in 2008 due to the underlying growth of those businesses or initiatives and the related absorption of fixed costs.

Project Columbus is a good example of that. Between 2015 and 2017 we invested roughly $100 million to develop a line of logo apparel, promotional products and corporate gifts. And Trynka actually mentioned this in the Vistaprint section as she was talking about new product introduction. Today this is a strongly growing, breakeven business with more than $50 million in revenues. It's no longer a net investment within these charts and so now we have the task of making sure that we can grow this into a significantly cash-flow-positive business to prove out the returns on that significant investment.

Our fiscal year 2011 is a year that we also refer back to because it ended a period of what we believe was, in retrospect, a period of relative underinvestment in the business. Since then we've allocated roughly $3 billion toward the portfolio of organic investments, share repurchases and M&A. I've already gone through the organic portion of that, which totals $1.1 billion since 2014, which is when we started to track things in this way organically.

From an M&A perspective, we've allocated over $1 billion since our fiscal 2011. As a portfolio we believe this has been a good use of capital, both on the expected financial returns -- and we updated you on those earlier -- but also the value of what we've learned from each of these businesses. And, again, you've heard about a lot of that today. And Robert goes though that in quite some detail in his letter.

And since 2011 we've also allocated close to $800 million on share repurchases, purchasing almost 18 million shares at an average price of just over $43.

So we've allocated significant capital to all these things I was just outlining. Let's take a look at our returns on invested capital over the same timeframe. Again, just to orient you on the slide, the 2 lines here show our return on invested capital. The one on the bottom includes share-based compensation and the one on the top excludes share-based compensation. And part of the reason that we do that is because of the increased share-based compensation expense we've had over recent years due to the timing of expense recognition for our performance share unit program.

In terms of the returns on invested capital, which includes all that investment that I just outlined, much of the multiyear organic investment and even the acquisitions that we've done weigh on our returns in the near term with an expectation for returns or for higher returns in future years. Now in fiscal 2017 you can see on the chart, saw a different trend from prior years due to a few things -- significant organic investment that we were making; the National Pen acquisition that was included in the denominator but we did not have a full year of their results; the loss of 2 partner relationships; increased share-based compensation from our new compensation program; as well as some inefficiencies we experienced in the December quarter last year. And that was partially offset by the full year results of our WIRmachenDRUCK acquisition.

In 2008 (sic - 2018) however we saw a significant improvement in our return, and that was driven by a significant increase in our net operating profit from revenue growth, but also from the significant restructuring savings that we've realized, a full year of results from National Pen, as well as lower organic spend year-over-year.

And what I haven't included in this chart, but as you'll see when we get into the components of our steady-state free cash flow and also the drivers of our intrinsic value per share, one dynamic we have is we've made significant growth investments in recent years, some of which are very long term in nature. Columbus I talked about before. Robert went through our All Other businesses. Maarten just talked about our mass customization platforms. If you add those up alone over the last 4 years, that represents over $300 million of cash flow investment. So those investments weigh on our profitability, which is the numerator here. And the cumulative impact of these longer-term growth investments also increases our invested capital, which is the denominator.

Lastly, our decentralized structure has already helped to make this much clearer for us internally and in turn I hope it will make it clear for all of you what the returns on our capital are that we're investing. And it's also made it much clearer from the accountability for returns internally. And, again, we've seen significant improvement in that over the last year.

As I talk about the impact of growth investments here, I do want to be clear I'm not suggesting at all that we should ignore them. But it is important to understand their impact on some of these things that we're showing. The question then is when and to what extent will we achieve returns on those investments. And you've heard throughout the morning today about the progress we're making in each of these areas and also the reasons that we're optimistic about the future.

So I'm now going to transition to a discussion of one of the components of our intrinsic value per share. Robert used this slide earlier to frame the way we calculate our intrinsic value per share. He also referenced this equation earlier and I'll use this as context, as kind of a lead-in to a discussion of our steady-state free cash flow.

Over long periods of time if we create value then we should be able to grow the result of this equation you see here at a compound annual growth rate that exceeds our cost of capital. That said, this formula isn't and doesn't represent all the components of our intrinsic value per share. The reason that's the case is because it doesn't capture the potential value of our past and our future growth investments, [though] past growth investments of course do impact our net debt, which forms part of this formula.

As I described when I outlined our returns on invested capital, in order for us to achieve the types of returns that we seek to deliver, it will be highly dependent on the success of our past and future investments as they begin to impact our steady-state free cash flow over time and relative to the capital we've invested that, as I said before, is already included in our net debt.

Referencing back to 2011 again, and Robert summarized this as well, we believe we've grown the result of this equation at a compound annual growth rate that's a little bit above our cost of capital. And of course our share repurchases have been a part of those returns. So in order for us to improve that, we really need to prove out the past investments that don't yet impact our steady-state free cash flow, and of course that's what we're very focused on. And, again, that's what you've heard about so far this morning.

So with that, let me jump into our steady-state free cash flow, which is a concept that we first introduced here about 3 years ago in this event. First is, definitionally we define our steady-state as having a sustainable and defensible business that's capable of growing after-tax free cash flow at the rate of U.S. inflation over the long term.

The reality is that our businesses today are growing at a rate that's higher than steady-state, even without growth investment which is, of course, a good thing. We're still learning a lot about this and improving upon the analysis that we do. But it's something that we've made significant progress on over the last few years, and we feel comfortable that our position here has increased which over time makes this a more meaningful tool for us to use as we think about our intrinsic value per share, to use as an input to share repurchase considerations, but also to hold ourselves accountable to the returns on the full portfolios of our investments over time.

So let me just spend a few minutes here going through the mechanics of the calculation as it relates to this past fiscal year, fiscal 2018. On the far let here you see our free cash flow as we report it. We then add back our cash interest expense, which is what I showed earlier on in the presentation. We then make certain adjustments to normalize for things that are not considered steady state, so we'll adjust for things like the full-year impact of M&A that we might do. And over the last 2 years in particular we've adjusted for restructuring activities so that we include a full year of the benefit and exclude the restructuring payments. From there we then subtract the estimated range of our investment that we believe is required to maintain our steady state. And this gets us ultimately on the right-hand side to our steady-state free cash flow. And just for ease of reference, of the $238 million that we described as our organic investment in 2008 (sic - see slide 2018), we estimate that between $88 million and $128 million of that was for growth.

So we're now in our fourth year of providing these estimates to all of you, and also looking at these internally. And as each year passes, as I said before, our understanding of these concepts has really improved. And as our competencies in these estimates has increased, you'll see that we've narrowed our range of estimates. And for this year we have a range of $300 million to $340 million.

So let me now just spend a few minutes on kind of the trends over time and some of the details behind them. The first thing logically -- and I wouldn't fault anyone for doing this -- the first thing that most people do is to look at the midpoint here and the related trend. And while the midpoint is I think increasingly meaningful because we've been able to narrow the range, in our first year, which was 2015, so the far-left here, you'll see that we intentionally added back all of our investments to arrive at the high end of our range, so that inflates that midpoint.

Throughout this session I've shown the significant capital we've invested over recent years. And as I referenced before, much of our past growth investments does not yet impact our steady-state free cash flow. So over time our success will be determined by the extent to which we can grow our steady state free cash flow, again, in function of the capital that we've invested.

So with that said, just a few things I wanted to highlight as you digest these ranges. The first thing is that a significant portion of our investment is required to maintain steady state. These investments still need to return above our cost of capital, but they're not growth investments. And you've heard about some of those maintenance investments throughout the morning. Trynka talked about that as it relates to the Vistaprint business, which is a significant source of that investment. There's also a sizeable portion of our past growth investments that are long-term in nature, like everything Robert just summarized for our All Other businesses and what Maarten spoke about in our mass customization platform.

Second, the starting point of this calculation is our free cash flow in any given period. And so our range estimate of steady-state free cash flow is impacted first and foremost by that and by our performance.

When comparing fiscal 2017 to 2018, there are also quite a few material impacts that I just wanted to call out. The first is that we've recognized over $65 million in net restructuring savings compared to last year. A large portion of that we adjusted for in our 2015 calculation, as you saw when I went through the mechanics of the calculation. And then additionally our cash taxes were lower this year compared to fiscal 2017.

Another thing just to point out is we don't try to retroactively update or adjust these ranges. And so what you see here in '15 and '16 and '17 is as it was reported despite the fact that each year we get better and better with the precision of these estimates.

Okay. So now I'm going to transition the last two topics, the first of which is an update on our balance sheet, and then I'll talk about our capital structure, including a discussion of our capital structure and capital availability and then turn to the outlook for 2019.

So as it relates to the balance sheet, let me start with share repurchases. What this slide shows is visually -- a visual representation of something I described earlier. On the left-hand side, the blue pieces of the pie represent the share repurchases that we did in each year when we did share repurchases over the last decade, and you can see that we've repurchased roughly 40% of our shares over that time period. And we believe that that's been a great use of capital for us and a contributor to our intrinsic value per share today.

Let me now turn to debt. So we've used debt, as I referenced earlier, to fund much of our capital allocation opportunities over the recent years. And over the years, we've communicated that we'd be willing to temporarily bring our leverage ratio up above our previously stated long-term target of 3x trailing twelve months EBITDA for the right opportunity.

In 2017, we had done just that. We did the National Pen acquisition. We had a year of significant organic investment. We also had some share repurchases. And at that time, we stated that we were committed to delevering by the end of calendar 2017 through a combination of debt repayment but also expansion of our EBITDA. And we executed successfully on that, giving us increased confidence in our ability to do it again if the right capital allocation opportunities present themselves. What you can see on the slide here is our quarterly leverage over recent years, including that increase and then the subsequent decrease in 2017 and 2018.

In June, we issued $400 million of Senior Unsecured notes with a 7% interest rate due in 2026. We also amended, at the same time, our credit facility to increase the size of our revolver while also lowering the interest rate spread on that revolver.

As part of these changes, we also increased our total leverage covenants to 4.75x trailing twelve months EBITDA, with a step up temporarily to 5x for 12 months after material acquisition. Our Senior Secured covenants remained at 3.25x trailing 12 month EBITDA and also steps up temporarily to 3.5x for 12 months after a material acquisition.

And we value having flexibility to allocate capital to high return investments, and we've thus updated our financial policy accordingly. We no longer have a specified leverage target. We continue to be willing to take leverage up for the right investments, and this will be guided by our capital allocation opportunities and also balanced by our quarterly maintenance covenants with sufficient cushion and desire for dry powder. The new notes offering that I just described and our credit facility amendment were opportunistic to increase that long-term flexibility and not for any specific use.

Let me outline why we made these changes, and that's a question that we've gotten from some of you over recent months. First, as I hope is clear from throughout the morning, over the past five years, we've diversified Cimpress across many dimensions, be that customer segments, geographies, product categories, brands, go to market strategies, acquisition channels.

We also have significant discretionary long-term investment that can be ramped up and down if needed, and you've also seen us demonstrate that over recent years. Then lastly, just over 40% of our equity is represented by long-term focused members of our supervisory management boards, including Robert, that are incentivized not to take undue risk with leverage.

So for those reasons, we're comfortable with our evolved financial policy. Our leverage going forward, as I said, will be guided by our capital allocation opportunities, but also importantly within the context of our quarterly maintenance covenants and not taking undue risk.

So we're well-positioned for the long term with increasing access to capital because of our expanding profitability. And we also have access to the actual capital to deploy if we see good opportunities for high returns. You can see on the slide here on the left is our availability under our credit facility, which as we finished the last fiscal year was $568 million.

Robert outlined our framework for M&A at the beginning of the morning, and our current balance sheet, as you can see, allows us to act on opportunities in this category of capital allocation when or if they exist. We continually speak with and evaluate potential targets and, of course, will remain disciplined in our investment approach that I outlined earlier.

So now just a few moments on covering some outlook topics. The first is revenue. So most of you know, we don't give revenue guidance for a specific year, but what this slide highlights -- and it's also highlighted in Robert's letter to investors -- is how we see our revenue trends over time. I'm not going to go through this in detail. It's mostly a replication of what's in the letter, but I wanted to make sure you had it in your materials. It's just for ease of reference.

Next is our estimated investments for 2019, and here I'm describing investments as it relates to the unlevered free cash flow impact. These are also outlined in Robert's letter too if you're looking for more detail. So first, these estimates represent roughly a $32 million increase over 2018. However, the impact of our organic investments on our profitability is actually expected to decrease by roughly $20 million compared to 2018. Both the cash flow and profitability impact of our organic investments, as you can see in some of the materials and the letter, are expected to be down from 2017 if you compare it back to then.

So if you look at the detail of the investments, the biggest drivers of the difference between the expected impact on our cash flow, which again is an increase, and the impact on our profitability, which is a decrease, is from investments in CapEx and capitalized software.

Trynka mentioned in her section the expansion of the Vistaprint production footprint in North America, and specifically with the planned facility in the Dallas area, and that's a significant portion of this. Although just to note, a portion of that facility is planned to be leased, not purchased, so that's reflected in here as well.

We also have growth CapEx in Upload and Print and elsewhere around the business. And then as you heard throughout the morning, there are a number of places throughout our businesses that we're investing in technology, and of course, that's reflected here as well.

I think one other thing just to note is that in our All Other Businesses segment, investment is planned to decrease again this year, despite the inclusion of VIDA, as those businesses in the portfolio continue to grow and so there's more absorption of the fixed cost there. And then lastly going forward, we won't separately track and report, as an investment, the shipping price reductions that Vistaprint undertook in 2017, and that's because it's now baked into our run rate, and in any case, it's a maintenance investment that reduces our steady-state free cash flow, so certainly no impact from that standpoint.

Okay. Lastly, just a few items for 2019 from a housekeeping perspective. Robert actually mentioned this earlier. We are lapping the divestiture of Albumprinter at the end of August. So our Q1 will -- last year's Q1 results still include two months of Albumprinter. Just so you know as we report our Q1 results this year.

We have had significant restructuring savings over the last two years due to some of those actions. Some of that benefit is still ahead of us, and we have $13 million of year-over-year savings that we expect to see in the first half of the fiscal year, so that's a year-over-year impact largely from the Vistaprint restructuring initiative.

Our share-based compensation we estimate to be, this upcoming year, roughly between $45 million and $50 million. That can be volatile, and the reason for that is there is a subset of those awards that have a mark-to-market valuation and also are dependent on the probability of meeting certain performance conditions. So just to note could be some volatility there.

There's a new revenue recognition standard that we're required to adopt at the beginning of this fiscal year. For some of the companies that you follow, this may be a big topic. Just to note here, there's really not much material impact for us. There is some impact on the timing of expense recognition for some of the direct mailing costs for National Pen, but in general, not all that material.

From a currency perspective, in 2019, we do expect favorable year-over-year impact of currency kind of across the board on our EBITDA, on our net operating profit, on our free cash flow, as we realize the contracted rates from hedges entered into previously. Currency was actually a negative impact in 2018.

And then lastly, I mentioned the notes offering that we did and then the credit facility amendment, so just factor those things in as you think about our interest cost in 2019.

So in summary, before we turn to Q&A with all of today's speakers, capital allocation remains at the heart of executing against our strategic and financial objectives. We believe our decentralization has and will continue to strengthen accountability for driving returns on our past and current investments, which is a critical component of our intrinsic value per share, as hopefully was demonstrated today. We've increased our capital availability as a result of EBITDA expansion, but also our recent debt offering.

And if you put all these together, we continue to be encouraged by the numerous opportunities we see to deploy capital to value-creating investments in line with our ultimate objectives. We take very seriously our responsibility as stewards of our equity and debt investors' capital, and I am fortunate to get a chance to interact with many of you throughout the year. I just want to say thank you for your continued thoughtfulness and partnership.

And with that, we now look forward to taking any questions that you have.

QUESTIONS AND ANSWERS

Meredith Burns

Excellent. Thank you, Sean. We are going to invite our executive team up onto the stage, and we're going to just -- if you guys could bear with us for just a moment while we move some chairs around -- and we will start the Q&A. My colleague Jenna is somewhere. Oh, she's moving chairs. Jenna has a microphone. I have a microphone. And so as we take your questions, just raise your hands when you've got them, and we'll be right around to give you the mic so that the people on the webcast can benefit from hearing your questions as well. The vamp is done. Everybody's on the stage. The chairs are on the stage. And so our first question comes from Youssef Squali.

Youssef Squali

Youssef Squali of SunTrust. So I guess I have a couple questions either for Robert or Trynka. You talked at the outset about a $35 billion TAM at $1.5 billion for Vistaprint in Europe at less than 5%. One, could you update us as to what is the online penetration of that TAM is today? And any reason why -- I'm assuming it's still a relatively small -- why is that business still stubbornly offline still? Why aren't we seeing kind of a maybe little faster growth? And then a question around -- there was a lot of talk about capital allocation and M&A, etc. On the Columbus business in particular, I think that business is generating about $50 million of about $100 million investment to date. Maybe just help us understand the gating factors to faster growth there. And is that one area you're considering potentially augmenting with M&A, i.e. through promotional business?

Robert S. Keane - *Cimpress N.V. - Founder, President, CEO & Chairman of the Management Board*

So why don't you take the first one, and then maybe we can tagteam on the second one?

Trynka Shineman

Great. So if you think about the total addressable market for Vistaprint or what the microbusiness centers are spending, there's a couple dynamics. I think one remains a very highly fragmented market, both online and offline. So I think Vistaprint is certainly the leader online. There are lots of other players, including, I think, a little bit of those customers buying from some of the other companies within Cimpress as well, although not a high degree of overlap. But very many numbers of players online as well as a vast fragmentation offline. You see different adoption rates of products depending on the complexity of the products. So business cards have moved online first. I think you see a higher movement online. You can estimate that maybe 25% online. I think products like signage are going to be on the other end of that, so kind of much lower adoption online. So it's a little bit of a work in progress. I think it's about lowering barriers to entry, ensuring that you have the right selection available, but then also the business processes, the technology, the service to enable customers to make those changes. So it is slow to move in some areas. I think underneath the overall $1.5 billion, what you see is some categories that are moving online at a higher rate with a much higher growth rate, some categories that are a bit more mature, still growing, but at a lower rate of growth.

Youssef Squali

Is there anything you can do on your end to kind of help accelerate that? Is it a -- obviously, it doesn't seem to be a marketing issue because, if anything, out of Q4, you guys seem to be pulling back a little bit on sales and marketing. So why isn't it potentially helped by growing marketing? Although I know you folks have ROIC, so maybe just help us.

Trynka Shineman

Yes. So I would say that, one, we're very early in the selection that we've -- the assortment that we've created online. I think one of the things that I talked about was the fact that Vistaprint, while we've moved perceptions around trust and reliability and some of these relationship aspects, relationship attributes, we're still largely known for business cards. So I think some of that is just mindset and awareness that Vistaprint offers these products. We've just newly introduced so many of them. It's about ensuring that we have -- we're learning how best to serve customers in these products, putting in the right support mechanisms, learning a bit more about the go to market. So how do you encourage people to know that they can try something they might consider a little higher risk or that they might not be as qualified to buy online? We've worked through these, I think, on each of the different categories. The investments in Columbus, which we can talk about in a minute, were a great example of really going after that in a big way to set up the big transformation in the market. So we continue to learn. I think, in terms of external marketing, we're not pulling it back deliberately. It's just a little bit of timing and a little bit about the opportunities that we might see in a given quarter so that I don't think you should read anything into that in Q4.

Robert S. Keane - *Cimpress N.V. - Founder, President, CEO & Chairman of the Management Board*

I would add a little bit to the first question. I personally think -- and correct me if you disagree, Trynka -- one of the other constraints is that as we get beyond the simple products like business cards and mugs and T-shirts that Vistaprint traditionally sold, the complexity of graphic layout expands significantly, and the ability to have templates algorithmically generated across a vast breadth and depth of product range is more difficult. So a lot of the investments in technology the team have been doing is related to that. And a lot of the investments in moving from -- as our quality and reliability has improved, refocusing some of the service operations around much more higher, value-added service operations like the video chat, codesign. Experimentation allows people who are not graphically savvy to be able to comfortably design good-looking products in what is a much more complex layout than a business card. So I think that's another constraint you guys have been dealing with. I just -- to come to the Columbus and promotional products and apparel question, so I'd say one -- just some context on it. Although it seems from a customer perspective potentially to be very related -- somebody has a brochure, and they're standing behind the counter wearing a matching embroidered apron or they have custom pens to give out -- if you look at how Vistaprint traditionally and even today largely runs the business, it's a relatively limited set of substrates, of stock keeping units, which through content has a vast variety of products. As you move into promotional products, you have a vast variety of substrates with overprinting, and so everything from inventory systems to how the entire catalog is managed is very different. And so three, four years ago, we recognized the customer applicability of these areas, and Vistaprint, at the time, had been already quite successful in introducing a single item in each of multiple categories: one type of pen, one type of mug, one type of T-shirt. We said, how could we go to address the broader promotional products industry, which largely today -- it's a very large industry -- but largely exists to serve larger customers like a Cimpress or some of the financial institutions you all work for where minimum order quantities and values are quite high. We said, how can we develop this ability to go after the very, very small orders and still customize them? That took a lot of effort. We did a skunk works approach. We tried to separate it because there were so many differences in systems. That skunk works approach was helpful in going fast. But we then found that it was very -- I should also say, this is concurrent with a time where we were changing our approach to the business. We had a lot of centralization back then. In the last two years, we've decentralized. And so when we put that back in -- it was primarily put back into the Vistaprint business -- it was -- although we had gone fast -- and you can even see today it was largely a tab next to the Vistaprint business -- it's only very recently that the technology changes on Vistaprint and the Columbus project have allowed an integration of those products into the core flow of Vistaprint. So it's taken longer than, I think, ideally it would've done. We still believe that that's a multi-hundred million dollar potential business that can be profitable in the future. There's no guarantee, but we like that business. It's a huge space, and Vistaprint certainly has the brand attributes and customer loyalty to support that type of a product. Now your last question was would that lead to other M&A? I would say clearly the success that we started seeing of National Pen as we started getting to know the market, where National Pen's real niche is in terms of an average order value that is a fraction of the traditional promotional products order value. We saw that ability to apply some of the tenets of mass customization to this area on a scale which we just, as Peter showed in his chart, couldn't achieve in any foreseeable future. And so that led to that acquisition. So I mean, it was a way for us to test in and learn about and like a market. And then that did lead to a market awareness, and we spoke to many people and eventually felt that National Pen was the best. Certainly any of the businesses' areas that we're in right now, be it promotional products or others, are areas that I would see us -- and going back to the XY matrix I showed of the framework of thinking about acquisitions -- that would be an area in that central "consolidate." And there's opportunities there. It may be years or it may be never before we would make that. Currently, we do live in a world where there's a lot of private equity, which is doing irrational pricing of assets, and we just won't win those deals. But it's a potential area for M&A, certainly in the future.

Meredith Burns

Other questions?

Clifford A. Sosin - *CAS Investment Partners, LLC - Founder, Managing Member, Portfolio Manager, and Investment Manager*

Cliff Sosin from CAS Investment Partners. If I track the contribution margin in the Vistaprint business unit over a period, the vast majority of the profits seem to be just from the restructuring. And of the remaining contribution margin, they seem very much below average when you factor everything in. And I guess, when you guys look out -- I realize that there's a mix shift happening and that can lower overall margins, but at what point do you think we're going to be at a point where we're seeing dollar gains in [NOPE] from more sales?

Trynka Shineman

Yes. So I'll first comment on '17 to '18. We did see dollar gains from more sales, so we saw about a 9% revenue increase, and we saw that translate direct -- more or less directly in terms of contribution profit from an operational perspective. There's a little intercompany noise there, but gross margins, external marketing -- gross margins were similar to the year before and external marketing showed a bit of leverage. Now but if you compare to '16, certainly we've seen this trajectory down, and some of us -- and that's largely due to the mix shifts that we're seeing in the business. As we acknowledge that and saw that happening in the business, that's one of the reasons that we really looked to restructure OpEx. So some of the OpEx was due -- as a result of decentralization, some of it was an acknowledgment that the business model is changing and a commitment to ensure that we're creating the returns holistically. So we expect to see the contribution profit -- we are managing to that over time -- drive significant growth in value, but we're also managing to our overall kind of unlevered free cash flow dollars as well as percent margin.

Meredith Burns

Other questions?

Unidentified Analyst

You shared some very helpful statistics with regard to the Vistaprint unit on new and existing customers as well as bookings per customer. Are you willing to share any similar metrics for Upload and Print or National Pen?

Robert S. Keane - *Cimpress N.V. - Founder, President, CEO & Chairman of the Management Board*

I think both of you -- can I ask you both to speak about it? I would just say, what we choose -- has chosen to put out publicly, we don't want to expand on that, but you can talk broadly speaking about what trends you're seeing.

Cornelis David Arends - *Cimpress N.V. - Executive VP and President of European Upload & Print Businesses*

Yes. So to the extent that Vistaprint is presenting those numbers in detail, in Upload and Print, due to the fact that we operate with seven relatively different businesses in seven totally different geographies -- and those businesses are also addressing different customer typologies -- it would make no sense to present these to you at a high, aggregated level. At the same time, I would feel uncomfortable presenting the detailed numbers on each of the separate businesses with you. What I can say is that if we look at tbe KPIs and key figures like Vistaprint, and if we compare them to Vistaprint, we do see, in comparison to Vistaprint, we see a way higher average order frequency overall in our customer base and overall in our various countries. And we see higher average order values at the same time also, in combination with the fact that the retention rates that overall we see are higher.

Peter Kelly - *Cimpress N.V. - Executive VP & CEO of National Pen*

Yes. Look, for National Pen, I think we -- first of all, we have all the same metrics as Vistaprint, so the good news is I think we're probably looking at the same metrics, which is important. I think in the National Pen numbers, one significant thing which I talked about is -- and one of my charts actually was -- the first-time buyer rate for this year. So National Pen's looking at the free cash flow for 2018. We could, in theory, have actually been better, but we chose to invest in longer-term investments. So certainly while our growth rate was 20%, our growth of first-time buyers was significantly more than that, which was a choice we made to invest more in lifetime value base as we look into the future. I think when we look at Vistaprint and we look at the metrics -- for example, for Upload and Print, for Vistaprint and National Pen, our target audience is slightly different actually, so sometimes the metrics are a bit different. So while we --Trynka tends to have a lower average order value and maybe a different retention, but she's targeting a customer that's maybe from 1 unit up to 50 units. So it's a different kind of audience. The National Pen customer tends to be 50 units to 250 units, so a higher average order spend, a different type of retention, maybe more akin to something like cases where you have maybe a more loyal customer who's a professional buyer. Maybe it's more like B2C. So the businesses are kind of different, so it's kind of hard to compare. The main take away is, I think it's just very good direct marketing practice that we're all actually using these metrics, which is the core metrics to determine how successful you are in the business, both in the short term and the longer term.

Andrew V. McQuilling - *UBS Investment Bank, Research Division*

Andrew McQuilling, UBS O'Conner. Had a question about how you approach the B2B customer in North America. So Printi is making an effort. Vistaprint corporate's making an effort. National Pen could somehow get involved at some point. National everything. How do the different businesses tackle that market in different ways? How do they cooperate?

Robert S. Keane - *Cimpress N.V. - Founder, President, CEO & Chairman of the Management Board*

Yes. To speak to what you said, B2B, business-to-business. So you didn't mention Vistaprint. But although they act often as consumers, these are businesses. They're just very, very small businesses. And I think that in each of those cases -- and we see this very much in Europe where all those businesses are operating and we have the Upload and Print businesses being much bigger than Printi is in North America. We find that there are some overlaps, but when you actually look at the database of customers, it's surprisingly low levels of overlap. And the vast majority of these businesses are still doing traditional approaches of offline. And so we accept some of that competition, but for instance, if you look at the National Pen product range -- and let's take Europe where -- certainly, we think the same thing will play out in North America -- but the customer value, so the average order value, the annual values of National Pen are much closer to the Upload and Print values. And the product lines are so different, and the focuses are so different, and the marketing approaches are so different that we find we hear very little noise from the teams that are worrying about that overlap. Even in the Vistaprint comparison, while if you talk to the teams, they certainly are aware of each other, but the customers are just different. We do -- so that being said, I would expect over time we will see more overlap. And I think in any business that has multiple brands -- it could be a hotel business with multiple -- the Marriott Corporation with six hotels in the same town or it could be automotive or fast food and consumer goods -- I think there is a brand architecture, which we will eventually become more sophisticated at. We do have a brand and pricing committee, which I chair and which all the people up here, with the exception of Maarten, sit on, and it's once a quarter. And we certainly look primarily for hotspots. We don't try to proactively manage a detailed architectural map of our brands, but when, for instance, in Europe where we see it most often, one of the Upload and Print businesses is competing against another Upload and Print business, even though it's under case of -- if it's really getting tight, we'll make intercompany optimization decisions. Or maybe we'll decide to let that competition play out because we think it's better to see what the customer wants. It's not a big problem, but we're -- I think as we grow as a business and we grow the number of businesses on the Cimpress team, we know we have to strengthen our capabilities in those areas.

Meredith Burns

Andrew, were you asking a little bit too about how we are approaching the Upload and Print opportunity within North America?

Andrew V. McQuilling - *UBS Investment Bank, Research Division*

(inaudible).

Meredith Burns

Okay.

Robert S. Keane - *Cimpress N.V. - Founder, President, CEO & Chairman of the Management Board*

Did I successfully avoid the comment? So Upload and Print -- oh, sorry. I totally misunderstood your question. We think Upload and Print is a very interesting market. There are multiple businesses in the United States that are in that. Frankly, we just have not found something that has been a rational acquisition. Some excellent companies out there. And so we've decided to come in organically.

Meredith Burns

Other questions?

Unidentified Analyst

So on the total addressable market, you break out the $500 annual on advertising. So does that advertising bucket include marketing collateral or is that just cash paper advertising on Facebook and Google and so forth.

Trynka Shineman

Yes. So that advertising -- this is the Vistaprint total addressable market. That advertising is primarily the marketing collateral, so people get those also on a product category basis to understand. But it's -- excuse me -- mostly the printed products.

Jose Perez

Jose Perez from Sunco Capital. Two questions, one on Vistaprint. The chart on Slide 27 is pretty interesting about shifting perceptions of the brand. Are those ranked based off of what micro businesses care about, I guess is number one. And then the second question is about the All Other Businesses. At roughly what scale are those breakevens? I guess there's about 85 in top line right now. Roughly what scale does it need to be for that to be breakeven?

Trynka Shineman

For Vistaprint, you're referring to the brand chart, and I think the question is is, are they in rank order of customer importance? No, so they're categorized. The top half is really transactional, and the bottom half are really more about relationship and loyalty, so they're roughly grouped. We do also understand things like value for money is very important for customers, but really it's not a stack rank in terms of importance.

Robert S. Keane - *Cimpress N.V. - Founder, President, CEO & Chairman of the Management Board*

In terms of the All Other Businesses, and was the question at what scale do they get to breakeven?

Jose Perez

Yes.

Robert S. Keane - *Cimpress N.V. - Founder, President, CEO & Chairman of the Management Board*

I think it depends on the business. There are -- I can tell you, Vistaprint broke even from a cash flow basis at $35 million in revenue and from a GAAP basis at about $55 million in revenue. And so I certainly would love to see some of these businesses breakeven much before that. We have some smaller businesses in our portfolio outside of AOB, All Other Businesses, that clearly have been profitable while below those numbers. So I think it's a business-by-business question.

Ryan Mendlik

Ryan Mendlik from Ironvine Capital Partners. Question kind of around MCP generally. The information that Maarten shared today was super helpful. So multiple parts, I guess. So at some point in the past -- and I think, Robert, you mentioned a letter -- you used to talk about almost like a marketplace concept where it was sort of like the Cimpress brands were the commercial piece, and it was fulfilled third party. Is that still a part of it or not? That's the one question. And then there's also good discussion around Vistaprint and other brands being somewhat monolithic and making tech investments so that we could plug in the Lego blocks. So where do the various -- where is that at? Like is Vistaprint most -- 50% of the way off being monolithic or 2/3 or -- and then also other businesses, where do they fit into that too?

Robert S. Keane - *Cimpress N.V. - Founder, President, CEO & Chairman of the Management Board*

So to your first question, the vision we pursued for the platform, two, three years ago, was different in multiple ways, but I'd highlight two of them. One, it was much broader in what we wanted to do in a platform. So it included graphic service operations offshore. It included product management. It included manufacturing. It included -- so it was a broad-based -- and that is no longer the case. So the Lego block approach which Maarten spoke about is really the focus. And secondly, there was an intent to open up in a platform marketplace sense like you can think of many other platform plays, which was focused on third-party both fulfillers but also what we called "merchants" who would transact across that. And we had a Cimpress Open project which, if you looked in the All Other Businesses, we've basically curtailed. It still exists. We have some business that runs through that that is a remnant of that business, but that open marketplace approach has definitively been shut down, as has the first aspect of a broader-based approach, and we're focusing just on what Maarten spoke about.

Trynka Shineman

With that said though, the third-party fulfillers are still a part of the mix in terms of order routing and where is the best place to get either a specialty product produced or get to introduce new products quickly. Things like that. So the platform does allow for easy connection between our businesses and each other as well as the third-party fulfillers that are in the mix for those businesses.

Robert S. Keane - *Cimpress N.V. - Founder, President, CEO & Chairman of the Management Board*

So I agree with you. Meredith. Sorry. I do want to be clear. What we no longer do, in any sense, is treat that third-party fulfillers as a platform. Each of our businesses can manage and bring on fulfillers that they want, and if others want to use them, that second attachment or connection is greatly facilitated, if it's only platform, because it's just plug and play. But we do nothing to manage, centrally across the platform, third-party fulfillers. Most, if not all, of our businesses have third-party fulfillers, and they are starting to use the services to manage those. But it's not a platform in any sense that you would think of from a marketplace platform other than internal, wholesale transactions.

Maarten Wensveen - *Cimpress N.V. - Senior VP & CTO*

And maybe to add, I would say where MCP originally was strongly mandated, had all kinds of departments and people to say, this is how the businesses should run. Very much the technology stack that we've done built is what we have today -- and again, I'm very proud of that -- but it's neutral. The businesses can choose themselves how to utilize it. And actually, that created the on ramp that it actually went quicker, and there was less, we will tell you how to run it. The businesses will take it and make the best out of it, and that is, I think, a big change from the mindset perspective on it.

Robert S. Keane - *Cimpress N.V. - Founder, President, CEO & Chairman of the Management Board*

To your second question, on the monolith, I'm going to turn that to Trynka with the introduction to say that one of the successful things we did -- which was a painful experience, but it was, I think, needed -- was three, four years ago when we went to the bigger platform concept, we did split our code in half and take a lot of the backend half -- not exclusively; there's still parts of the backend that are managed, but have gone back to Vistaprint -- and that was the first cut of the monolith in half. And then we started building interfaces between that, and then both on Maarten's team and on Trynka's team, those remaining paths were then broken up. And if you want to talk about your --

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Trynka Shineman

Yes. We with Vistaprint are making a lot of progress on breaking down the monolith with some of the same thought process that Maarten's team has had around tribes and squads and agile processes, but also the technology infrastructure around services. So and we're doing this combined with where we want to make the impact on customers. So the first place we did that is in the front end of the website to enable this rapid launch of new products, and we've made a lot of progress there. We've just wrapped that up. It's taken -- it was a really big investment. But as we start doing and focusing on other areas, what we're doing is carving them out of the monolith and moving to micro services architecture as well. So making good progress, but our view is we'll probably always have some core of monolith that we haven't touched yet in terms of driving that impact, but certainly were we're finding that impact or wanting to invest and move quicker for customers, we're doing that with the technology architecture investments at the same time.

Maarten Wensveen - *Cimpress N.V. - Senior VP & CTO*

Maybe two last bits on that also. The volume slide that I showed is -- a big part of it is actually Vistaprint volume, which is completely monolith-less because that is where they can move so quick, so that's awesome. And the second thing is also, again, the demo that we show outside is literally a combination of backend MCP services and sort of the R&D app on Vistaprint that are building these kind of things together. So it's taken a while, but we have great progress on both sides of it, where it's very much, what do we want to do for the customer starts with Vistaprint, and we'll deliver, on the MCP side, engines for it to actually make it run.

Meredith Burns

I think Martin coined a new word there, monolith-less.

Maarten Wensveen - *Cimpress N.V. - Senior VP & CTO*

Yes. Sorry.

Clifford A. Sosin - *CAS Investment Partners, LLC - Founder, Managing Member, Portfolio Manager, and Investment Manager*

Cliff Sosin again. Sorry. I want to try my question maybe slightly differently. When do you think the drag on profitability from the introduction of immature products will roughly be offset by the maturation of existing products that are currently immature such that the overall profit impact should go from negative to zero?

Trynka Shineman

Yes. So, hopefully in a long time because we see a lot of opportunity to introduce a lot of new products, and we think that that's going to create the right long-term value for our customers. We are working very aggressively at improving the maturity and the margin of those products. As they come onboard, we look at things that I talked about around how you manage [skill] advantage, how you think about price, building capabilities to do that in different ways as opposed to, for example, price optimization. When you have a smaller product catalog, can be done more manually. As you move to a larger catalog, you need to build the capabilities to do that more algorithmically. So we're building these capabilities. We also want to continue to see lots of opportunities to launch new products, so we're not guiding on a very specific trajectory. We would just say, long-term, we do expect it to continue to increase, which -- I understand more specifics would be helpful there. But we're seeing a lot of dynamics happening and just focused on creating that value over the long-term.

Clifford A. Sosin - *CAS Investment Partners, LLC - Founder, Managing Member, Portfolio Manager, and Investment Manager*

Just to follow up on that, marketing as a percent of bookings has been roughly flat. Bookings per customer have risen. And the number of customers acquired per year has been roughly flat. So that implies that customer acquisition costs have been rising. Why have customer acquisition costs been rising given the substantial increases in quality and assortment and variety and everything else? Shouldn't these things, since we're bringing some -- and lower shipping costs and so forth -- shouldn't these things, in fact, lower customer acquisition costs?

Trynka Shineman

Yes. So as you think about external marketing, one of the things I shared today is a bit about the use of external marketing. I think you could take a look at the 22% of revenue, divide by customers acquired and come to like an implied COCA, but the reality is, we use that money to acquire customers. So yes, certainly that is one primary use of it, but also to activate customers and to introduce new products. So there's really those three uses. We do look at contribution percent in total, and I know that we've seen that decline over the past three years and we've maintained over the last one year. And we're not managing to a particular percent. What we're doing is -- so while the percent has been flat, that's not how we manage the business. We manage the business based on identifying where there are opportunities to invest that create returns. We are starting to see the gross profit per customer increase again, so we are starting to see that. It looks flat in the slide, but it's a few percent increase. We believe that will continue to grow and that we, from '16 to '17, saw that kind of flatten as we reset and really thought about mix in a different way. But we're starting to see that grow and expect that to continue to grow as we move forward, which should open up additional opportunities.

Meredith Burns

Any other questions?

Unidentified Analyst

I have a question for Kees about the Upload and Print business. So last quarter, you showed a bit of a deceleration, and I think it was due to some increased price competition in certain countries for certain products. I'm not sure exactly what, so maybe if you can provide a little more color, that would be helpful. That's one. And two, it seems like the strategy now is to try to be more cost competitive or price competitive to help reaccelerate the growth in that business because you're guiding to low teens, up from 10% last quarter. So does that mean that that's going to come at the expense of margins, at least in the short term?

Cornelis David Arends - *Cimpress N.V. - Executive VP and President of European Upload & Print Businesses*

Yes. So to your first point, what we see, and which I presented this morning, is that given the market structure, where we and our competitors, as online players, we are playing and, let's say, delivering value to customers in only 20% of the total addressable market. So what we see is that there's a huge market, for all of our businesses, to be conquered. Given that fact, we do not see that it makes a lot of sense to enter into huge price battles, into a market that still is showing such a big potential. However, what we do see is that, in some geographies, some of our competitors act, in our view, in some irrational way. And sometimes we see strategic reasons to address those actions, and we observe and we act swiftly and hard but intelligently. And then we move on, let's say, with the building of our long-term and more sustainable approach of business. To your second question, so are we, let's say, reigniting our growth by having these price initiatives, etc.? The answer is, that is not the key area where we are looking into. What we do see is that we still have a healthy double-digit growth in all of our Upload and Print businesses. However, if you look at different geographies, again there we see some differences in growth rates, where for instance, in some countries, specific companies that serve reseller customers show a different growth rate than in other countries where companies have a bigger cohort of customers that is made up of end-users. But in general and overall, it is not a policy for us to use this price mechanism, as you say, to reignite or trigger the growth again. There we are way more focusing on the elements that I mentioned this morning, which is swifter and faster new product introductions; getting way closer to our customers; expanding in customer care, both in means and methodologies in which the customers can get access to us as well as expanding in hours that we are accessible; in combination with great delivery options, like next day deliveries and have more choice in your delivery options than we had before.

Robert S. Keane - *Cimpress N.V. - Founder, President, CEO & Chairman of the Management Board*

Okay. It's just me -- or Youssef, just maybe one clarification. So Kees' portfolio grew 13% organic. Your constant currency last year -- 10% in Q4, as you reference. The commentary that we give there on future growth is over the foreseeable future for Upload and Print, and so that's not intended to be what we expect the growth rate to be this quarter or the quarter after that. But over the foreseeable future, we think that, as Kees just mentioned, is a portfolio of businesses that we think can grow in the low double digits.

Meredith Burns

Excellent. Just one more question.

Andrew V. McQuilling - *UBS Investment Bank, Research Division*

Andrew McQuilling again. I had a question for Kees. When some of the original Upload and Print businesses were bought, they were growing so fast that there was this desire not to mess with a really good thing. But if you look at that big number of cost of goods, the ability for these things to be brought together, where do you think you are? In what inning are you in terms of making the best of that procurement opportunity, making the best of using new software? You talked about how you had replatform a number of these Upload and Print businesses. What inning are you in in terms of kind of getting the power of Cimpress behind the Upload and Print?

Cornelis David Arends - *Cimpress N.V. - Executive VP and President of European Upload & Print Businesses*

Yes. So actually there is two parts to the answer to your question. One is we are very convinced that the model that we are currently operating on where the decentralized and autonomous structure of our businesses is in charge of taking decisions, like to what extent they want to use the centrally developed technologies, to what extent they want to make use of the centrally provided services. However, what we do see and what we did see in the past 12 months is that while these services -- for instance, coming from Cimpress technology or coming from procurement became more available and became more attractive for the businesses, we now see a great pull coming from the management teams and the managing directors from those businesses to use them. And so to your second point, to what extent are we completed or are we, let's say, using 100% there? I don't know. What I can say is that we have made a lot of progress in the past 12 months with regards to the usage and with regards to this pull mentality coming from the businesses. And looking at the future, the potential in the Upload and Print businesses using these centrally provided assets is still big.

Robert S. Keane - *Cimpress N.V. - Founder, President, CEO & Chairman of the Management Board*

I would like to clarify one thing. Kees mentioned one of the businesses that had replatformed, which is different than what I think I heard you say. There's multiple other Upload and Print businesses, which are now changing out components of their technology stack and moving towards a replatform, using the core technologies we have available from the center or, if they want, to others. But we are, in that, in the very early stages. It's certainly not something that's been completed.

Meredith Burns

Excellent. Well, on behalf of the company, I would like to thank everybody for attending here in person and also on the webcast. We really appreciate you coming to see us or spending the time with us online. And we hope you have a great year, and we look forward to reporting on our progress at this event next year. Thank you very much.

Robert S. Keane - *Cimpress N.V. - Founder, President, CEO & Chairman of the Management Board*

Thank you, everyone.