



# BIC Group

Full Year 2006 Results

MARCH 8, 2007

Investor Relations Department: +33 (0)1 45 19 52 26  
[sandra.cadiou@bicworld.com](mailto:sandra.cadiou@bicworld.com)  
[www.bicworld.com](http://www.bicworld.com)



# 2006 Highlights



- Net sales: + 4.6% on a comparative basis, driven mainly by lighters and shavers
  - **Stationery: BIC** continued to gain market share in a price sensitive market
  - **Lighters:** the Americas remained the key driver for **BIC** sales growth
  - **Shavers: BIC**'s triple-blade segment continued to drive the category sales

# 2006 Highlights



- Normalized\* IFO growth higher than Net Sales growth on a comparative basis reflecting operational efficiencies and favorable impact of USA restructuring

	Net Sales growth**	Normalized IFO growth**		Normalized IFO margin
Group	+ 4.6%	+ 7.6%	➔	17.9%
Stationery	+ 2.6%	+ 4.5%	➔	14.9%
Lighter	+ 5.6%	+ 7.3%	➔	32.5%
Shaver	+ 6.2%	+ 14.3%	➔	9.9%

- Currency fluctuation had a negative impact of 0.1 points on sales growth and 0.8 points on net income for the full year 2006
- Group Net Income: **170 million euros**, up 8.8% as reported and 9.8% on a normalized\* basis

\* Normalized means excluding USA restructuring and real estate gains

\*\* On a comparative basis. Comparative basis means at constant currencies and at constant perimeter. For the 4th Quarter and the full year 2006, comparative basis excludes the additional sales of the recently acquired Pimaco Company (consolidated from October 1, 2006). There was no change in perimeter in the lighter and shaver categories. Constant currency figures are calculated by translating the current year figures at prior year monthly average exchange rates.

# 2006 Highlights



- Share buyback and cancellation:  
In 2006, BIC bought and cancelled 1,009,629 shares
- As of December 31, 2006, the authorized share capital of SOCIÉTÉ BIC is made up of 49,485,956 shares
- On the 7<sup>th</sup> of March 2007, the Board of Directors decided to increase the number of shares of the capital by 218,405 shares due to the exercise of stock subscription options since the 1<sup>st</sup> of March, 2006. Upon completion of this transaction, the common stock of SOCIÉTÉ BIC is made up of 49,704,361 shares
- Dividend that will be proposed at the Annual Shareholders' Meeting on May 23, 2007: **€1.30** per share

# Key Figures



**BIC Group**  
In million euros

	2005 <sup>(1)</sup>	2006	Change	Change on a comparative basis <sup>(2)</sup>
<b>Net Sales</b>	<b>1,380.8</b>	<b>1,448.1</b>	<b>+ 4.9%</b>	<b>+ 4.6%</b>
<b>Gross Profit</b>	<b>674.1</b>	<b>709.6</b>	<b>+ 5.3%</b>	<b>+ 5.1%</b>
<b>Income from Operations</b>	<b>238.2</b>	<b>253.9</b>	<b>+ 6.6%</b>	<b>+ 6.8%</b>
<b>Normalized IFO <sup>(3)</sup></b>	<b>240.9</b>	<b>258.7</b>	<b>+ 7.4%</b>	<b>+ 7.6%</b>
<b>Income before Tax</b>	<b>238.2</b>	<b>257.0</b>	<b>+ 7.9%</b>	<b>+ 8.2%</b>
<b>Group net income</b>	<b>156.4</b>	<b>170.2</b>	<b>+ 8.8%</b>	<b>+ 9.3%</b>
<b>Tax rate</b>	<b>34.3%</b>	<b>33.6%</b>		
<b>EPS</b>	<b>3.11</b>	<b>3.43</b>	<b>+ 10.3%</b>	<b>+ 10.8%</b>
<b>Normalized EPS <sup>(3)</sup></b>	<b>3.14</b>	<b>3.49</b>	<b>+ 11.3%</b>	<b>+ 11.8%</b>
<b>Number of shares <sup>(4)</sup></b>	<b>50,330,582</b>	<b>49,661,931</b>		

<sup>(1)</sup> Restated of the impact of the retroactive application of SoRIE IAS 19 amendment. The cancellation of the amortization of actuarial gain/loss had a negative impact of 0.1 million euros on 2005 IFO.

<sup>(2)</sup> Comparative basis means at constant currencies and at constant perimeter. For the 4<sup>th</sup> Quarter and the Full Year 2006, comparative basis excludes the additional sales of the recently acquired Pimaco Company (consolidated from October 1, 2006). There was no change in perimeter in the lighter and shaver categories. Constant currency figures are calculated by translating the current year figures at prior year monthly average exchange rates.

<sup>(3)</sup> Normalized means excluding USA restructuring and real estate gains

<sup>(4)</sup> Weighted average number of shares net of treasury shares

# Normalized IFO



## BIC Group

In million euros

	2005	2006	Change
<b>As Reported</b>	<b>238.2</b>	<b>253.9</b>	<b>+ 6.6%</b>
<b>Non Recurring:</b>			
<b>Gain on Real State</b>	<b>(4.5) <sup>(1)</sup></b>		
<b>USA Restructuring</b>	<b>7.2 <sup>(2)</sup></b>	<b>4.8 <sup>(2)</sup></b>	
<b>Normalized</b>	<b>240.9</b>	<b>258.7</b>	<b>+ 7.4%</b>

(1) included in other operating income / (expense)

(2) included in cost of goods

# Gross Margin



## 2005 Gross Margin

48.8%

### *Change vs. 2005*

Material price increase offset by price adjustments

+ 0.0 points

Volume and FX impact on product cost

- 0.8 points

USA restructuring

+ 1.0 points

### **Total change**

**+ 0.2 points**

## 2006 Gross Margin

49.0%

# Other operating income / (expense)



*In million euros*

- 2005

Gain & loss on PP&E

Other restructuring and impairment

**2005 impact**

- 2006

Gain & loss on PP&E

Impairment

**2006 impact**

**Non-recurring impact**

4

(8)

-----

**(4)**

1

(2)

-----

**(1)**

**Change  
06/05**

**€3m**

## 2005 IFO Margin

17.3%

### *Change vs. 2005*

Gross margin increase

+ 0.2 points

Freight & distribution

+ 0.2 points

Brand support

- 0.2 points

Operating expenses

- 0.2 points

Other operating income/(expense)

+ 0.2 points

**Total change**

**+ 0.2 points**

## 2006 IFO Margin

17.5%

# Normalized IFO Margin



## 2005 Normalized IFO Margin

17.5%

### *Change vs. 2005*

Gross margin increase

+ 0.0 points

Freight & distribution

+ 0.2 points

Brand support

- 0.2 points

Operating expenses

- 0.2 points

Other operating income/(expense)

+ 0.6 points

**Total change**

**+ 0.4 points**

## 2006 Normalized IFO Margin

17.9%

# Tax rate



- 2004 Effective tax rate 35.5%
- 2005 Effective tax rate 34.3%
- 2006 Effective tax rate **33.6%**

# Condensed Balance Sheet



## BIC Group

In million euros

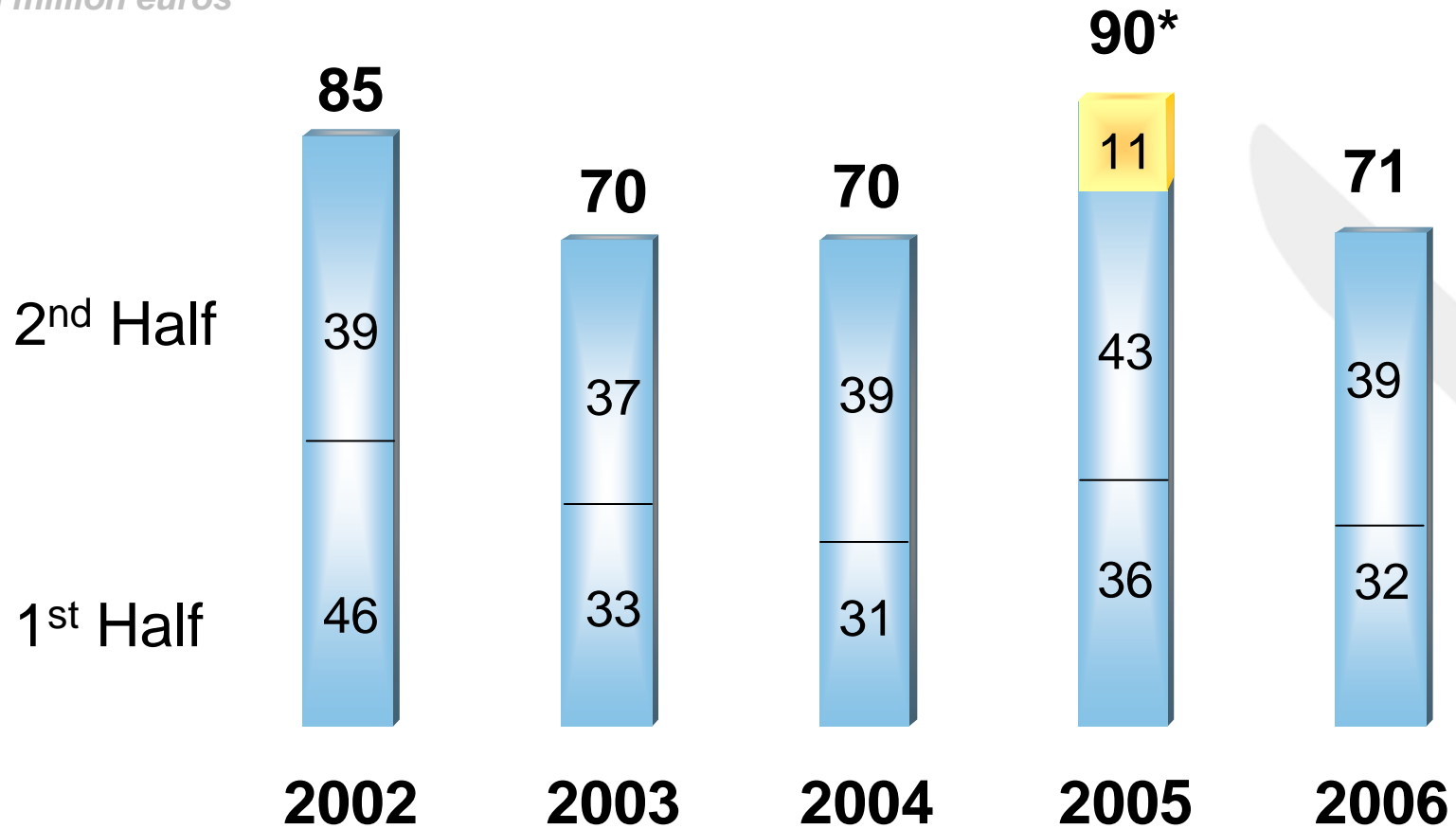
	2005 <sup>(1)</sup>	2006	Change
<b>Non-current assets</b>	746	731	(15)
<b>Current assets</b>	710	715	5
<b>Cash &amp; cash equivalents</b>	112	177	65
<b>Total Assets</b>	<b>1,568</b>	<b>1,623</b>	<b>55</b>
<b>Shareholder's equity</b>	1,052	1,111	59
<b>Minority interests</b>	1	1	0
<b>Non-current liabilities</b>	199	219	20
<b>Current liabilities</b>	316	292	(24)
<b>Total liabilities and shareholders' equity</b>	<b>1,568</b>	<b>1,623</b>	<b>55</b>

<sup>(1)</sup> Restated of the impact of the retroactive application of SoRIE IAS 19 amendment. The impact on December 31, 2005 Shareholders' equity was -14.9 million euros.

# Capex



In million euros



\* Shelton real estate acquisition (€ 11m)

# Restructuring in the US

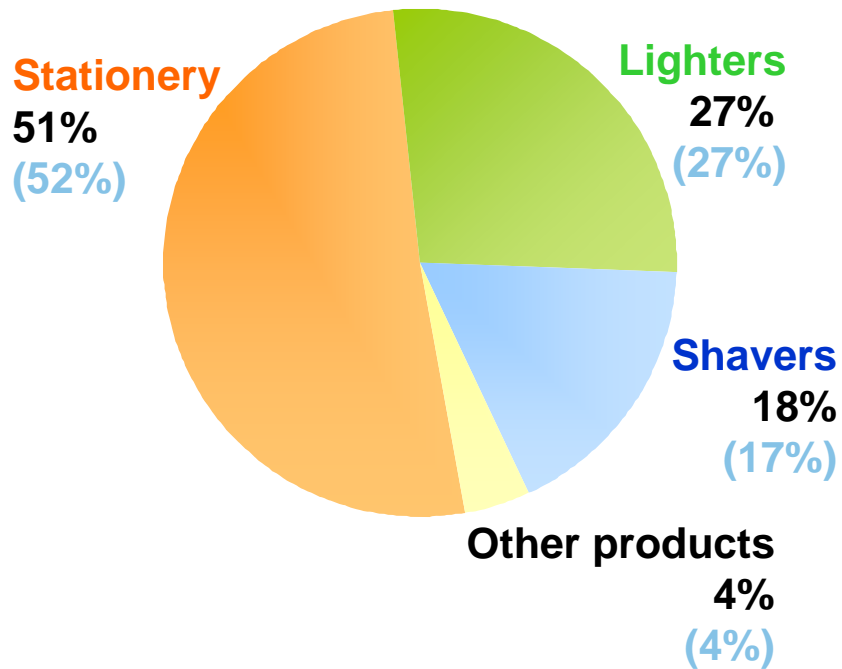


- Estimated impacts: \$ 90m
- \$ 25m related to pension reflected as an adjustment to equity
- P&L impact: \$ 66m vs estimation of \$ 65m, with \$ 35m non-cash
  - Full Year 2004: \$ 51m (€ 40m)
  - Full Year 2005: \$ 9m (€ 7m)
  - Full Year 2006: \$ 6m (€ 5m)
- Expected savings: \$ 25m on a full year basis in 2007 and savings of **\$ 18m** in 2006
- Payback: approximately 3.5 years and a little less than 2 years on a cash basis

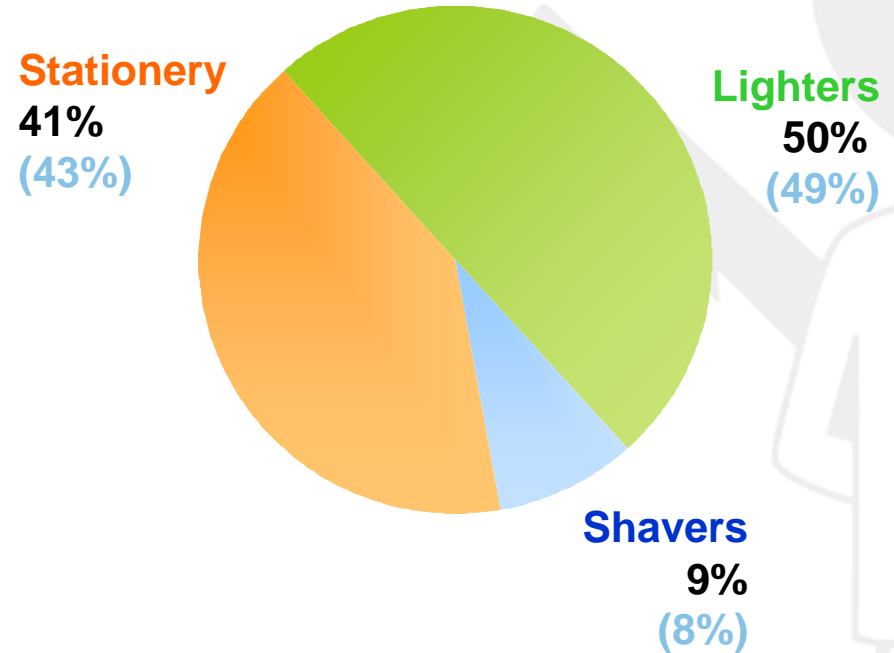
# 2006 Category Breakdown



## Net Sales



## IFO

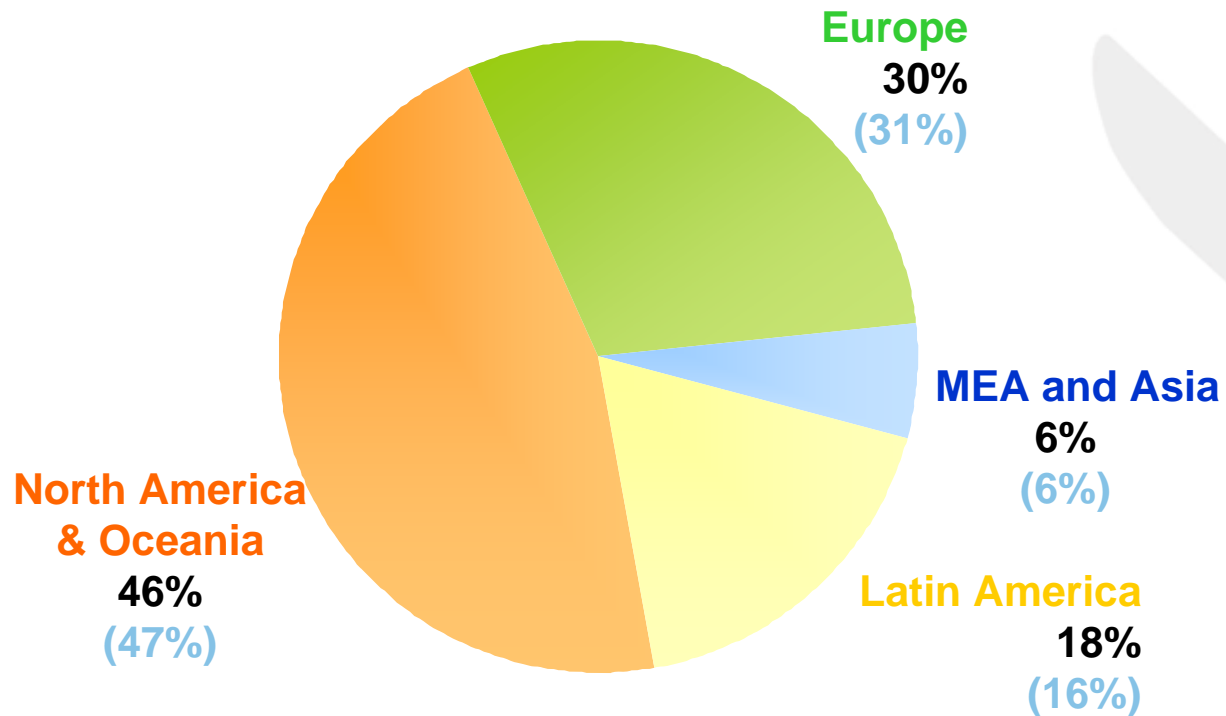


(Full Year 2005 category breakdown)

# 2006 Geography Breakdown



## Net Sales



(Full Year 2005 geography breakdown)

- **Our vision:** Keep best-in-class quality as a founding principle of our strategy. Continue to develop our leading position in value for money.

- **Our strategy:**

## Innovate

↪ **Strengthen our leadership in our historical segments**

**Improve** our existing products

Offer consumers products that meet their **needs** and their **desires**, leading to added-value products

Leverage our **brand name**

↪ **Enter new market segments**

Develop the **research** for new technologies and new designs

Study acquisition opportunities to **expand** either our **portfolio** or our **geographic presence**

↪ **Improve our margins**

**Control** costs

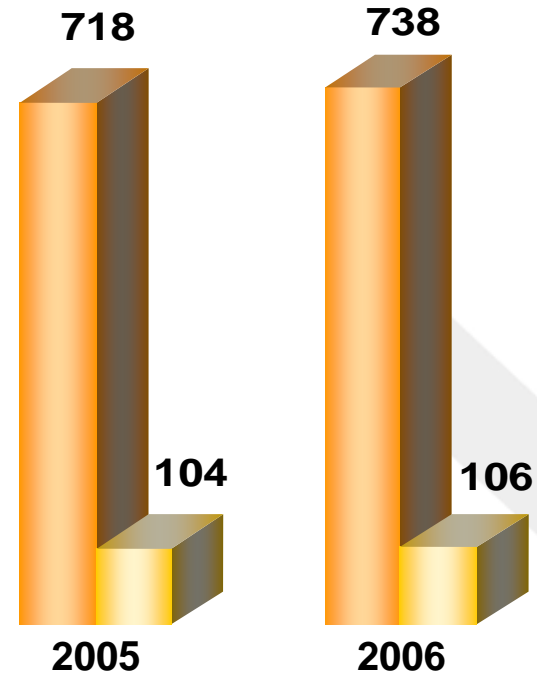
Sell more **added-value products**

# Stationery



In million euros

- Net Sales
- IFO



Change in sales	+ 6.5%	+ 2.7%
Change on a comparative basis	+ 3.9%	+ 2.6%
IFO margin	14.4%	14.4%
Normalized IFO margin	14.8%	14.9%

**Mid-term IFO margin target: 16-17 %**

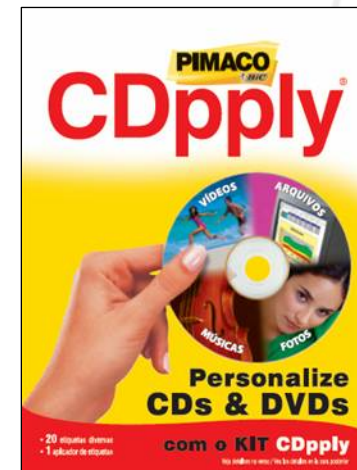
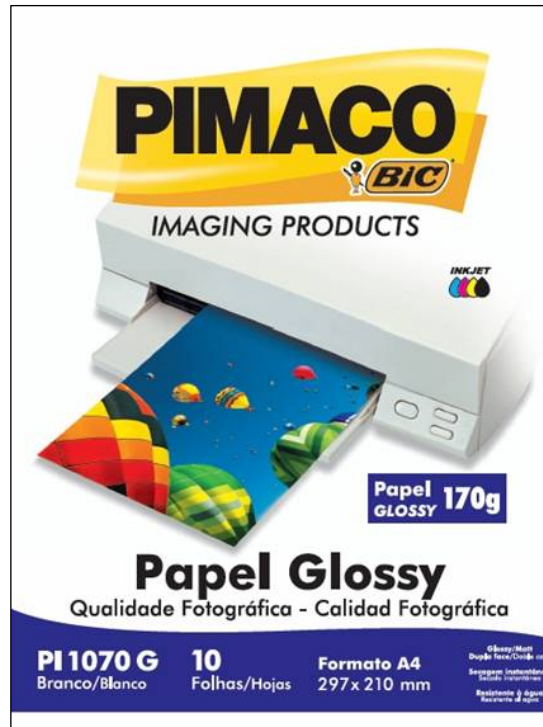
## ● Integration of Pimaco Company

- A single, combined dedicated Stationery sales force selling both BIC and Pimaco product lines by March 31, 2007
- A single marketing and trade marketing operation by March 31, 2007
- Cost savings effect to be seen as of April 2007 due to the implementation of the synergy program
- Introduction of the Pimaco product line in most Latin America countries

# Enter new market segments



- New branding strategy effective April 2007
  - Re-branding of the Pimaco brand with new logo and packaging



## ● BIC's challenges

- Private label growth
- Price pressure from branded companies

  
Increasing  
price-sensitivity

## ● BIC's answers

- Consistency of quality, manufacturing millions of units per day
- Continue to build the BIC® brand
- Bring innovation to the category with new and more value-added products
- Provide excellent customer service

 However, **BIC** again grew faster than the market, which is flat to slightly declining

# Brand building activities



## Consumer support programs



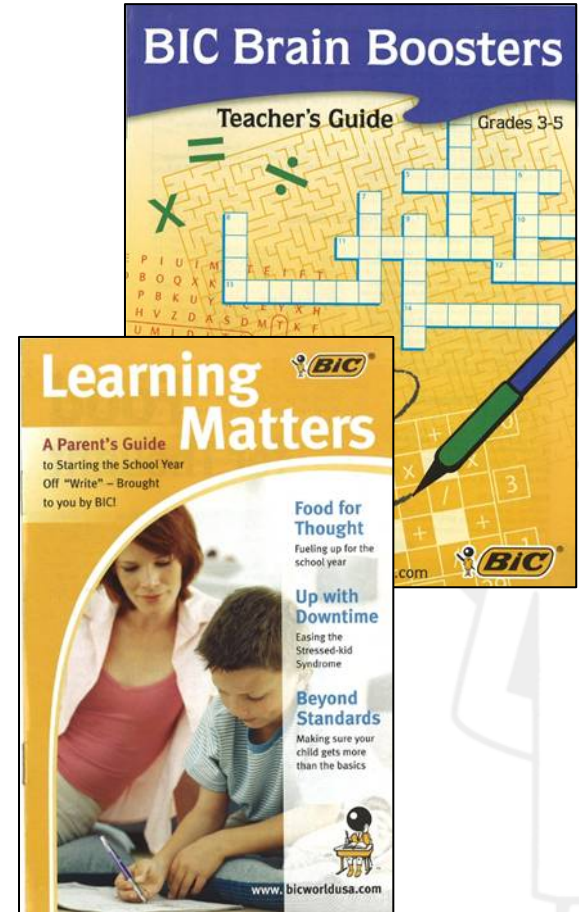
Europe BTS in store display



Partnership with Nestlé during Brazil BTS



USA print ad



USA Student/Parent/Teacher program

# Brand building activities



## Viral marketing to the “Baccalauréat”

rejouer / music on/off

Defends toi, il y a pire que toi!

Carreau voir le film > envoyer à un ami

Fécondité voir le film > envoyer à un ami

Galilée voir le film > envoyer à un ami

Encore 3 autres gaffes à recevoir prochainement

inscris-toi!

- ➔ Révisions, quelques liens utiles
- ➔ 1000 CristalGel et gagner pour les promoteurs certifiés. Cliquez ici!
- ➔ Et toi ton style BIC, c'est quoi?

Internet advertising campaign for the back-to-school selling season in the US

TV ads in Mexico and Brazil

BIC

Send some love in their lunchbox in three easy steps!

1. Choose a friend or family member who loves lunch.
2. Click here to get BIC products to use in your lunchbox.
3. Click here to start!

CLICK TO SAVE \$2.00 on most BIC® products BIC® producer

X-présate con...

no sabe fallar

BIC EasyClic

Découvrez en avant-première le film du stylo-plume qui va crever l'écran.

BIC EN PÔLE POSITION SUR LE MARCHÉ DE L'ÉCRITURE !

LE STYLO-PLEUME QUI RÉVOLUTIONNE LE MARCHÉ.

Une campagne TV pour une rentrée sur les chapeaux de roue!

DU 16 AOÛT AU 6 SEPTEMBRE : OMNIPRÉSENT EN TV SUR

TF1 2 3 5

comair JETIX Gulli

SAFUSO

34 MILLIONS DE CONTACTS

Back-to-school advertising for Easy Clic™

BIC DUO

The BIC® DUO makes it easy to write and highlight without missing a beat.

Try it!

Pen Colors

Paper Type

Highlighter Clear All

Click Here to save \$1 on the new BIC® DUO™!

Bic Evolution. O lápis preto ponta firme.

Europe

USA

Latin America

# 2006 New and more value-added products



Easy Clic™



Mini Shake'n  
Squeeze



BIC Wite-Out® DeleteO™  
correction tape



Pro+ Ball  
Pen & Gel



Duo/Briefing™



BIC® Mark-it



Clic Matic

# 2007 New and more value-added products



**BIC Reaction™**



**Cristal® Clic**



**BIC Mark-It®  
Retractable**



**Briteliner  
Refresh**



**Mini BIC Matic**

- **Our vision:** strengthen our position as **the only branded lighter** with worldwide strengths
- **Our strategy:**

↪ **To be present everywhere**

Leverage **communications** on the product quality and reinforce the brand **visibility** (3-color logo on every lighter)

↪ **Accelerate development of added-value lighters**

**Pocket lighters:** rejuvenate colors, sleeve themes, and cases

**Multipurpose lighters:** strengthen our presence in the trade

↪ **Fight against the Asian imports**

Enhance communications about **quality** and **safety** of the **BIC®** lighter

Reinforce **anti-counterfeiting actions**

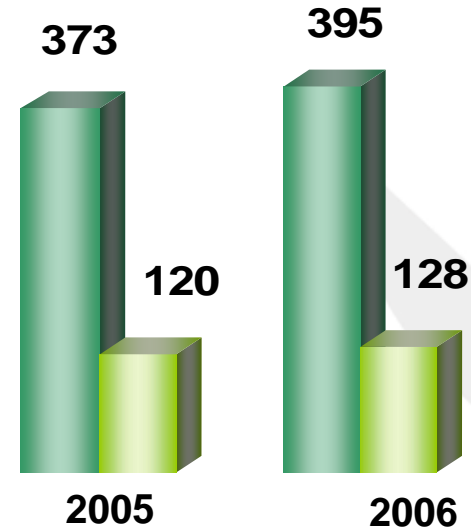
Work with governments to make **safety rules enforced**

# Lighters



In million euros

■ Net Sales  
■ IFO



	2005	2006
Change in sales	+ 15.7%	+ 5.9%
Change on a comparative basis	+ 12.5%	+ 5.6%
IFO margin	32.3%	32.5%
Normalized IFO margin	31.9%	32.5%

Minimum mid-term IFO margin target: 26-27%

# Lighter new legislation in Europe



## Conform ISO 9994



- **ISO 9994 compliance now mandatory**

➔ All BIC® lighters meet or exceed ISO 9994 safety specifications

- **“Child-Resistant”** - It will be forbidden to import or produce non “Child-Resistant” lighters intended for sale as of March 11, 2007 and to sell non “Child-Resistant” lighters to consumers as of March 11, 2008

➔ BIC is prepared to place “Child-Resistant” lighters in the marketplace

➔ BIC reminds consumers that a “Child-Resistant” lighter is not a child-proof lighter as nothing can replace proper adult supervision

- **Ban of novelty lighters** - Within the same deadlines as “Child-Resistant” requirements

➔ BIC neither manufactures nor sells novelty lighters

# BIC's communication on new legislation in Europe



N°1

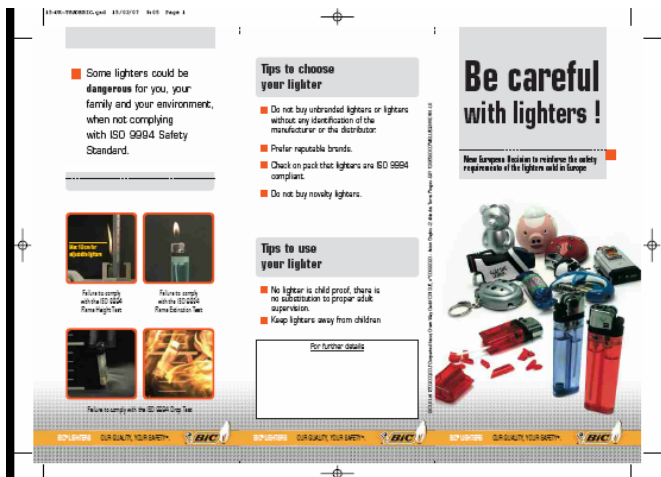


N°2



- « BICareful » magazines
  - February 2006:** first newsletter on the quality and the safety of BIC® lighters sent to the Trade
  - December 2006:** second newsletter and press release on new legislation
  - March 2007:** third newsletter dedicated to “Child Resistant”

- New Legislation leaflet
  - 60,000** leaflets available for customers



## Action against Chinese lighters:

- fraudulently imported
- non-compliant with the safety standards



### PRESS RELEASES

#### OLAF (JANUARY 30, 2007) AND BIC GROUP (FEBRUARY 8, 2007)

- The European Anti-Fraud Office (OLAF) announced on January 30, 2007, that it had detected:

*“A scheme of illegal trade in cigarette lighters from Asia, with a financial impact for the European Community of at least 20 million euros in evaded duties”*

*“Malaysia alone was used for transshipments of more than 300 million lighters from China during the past four years”*

- **The press release from OLAF confirms what BIC has been claiming for years: the systematic circumvention of the anti-dumping duty, which has been in effect since 1991**



## *Action against Chinese lighters:*

*- fraudulently imported*

*- non-compliant with the safety standards*



### PRESS RELEASES

OLAF (JANUARY 30, 2007) AND BIC GROUP (FEBRUARY 8, 2007)

- BIC Group supports the recent action of OLAF against fraudulently imported Chinese lighters and continues to require the effective enforcement of lighter safety regulations

➔ **“The enforcement of regulations is the only efficient way to ensure consumer safety and to preserve the European industry”**

# New products



Metal Series case



Baseball sleeves



Sleeve Pocket



BIC Gripper case



Surf Limited Edition

Europe

USA

Latin America

- **Our vision:** offer our consumers quality products at reasonable prices in all segments of the Shaver Category

**BIC® ... A quality shave at a reasonable price!**

- **Our strategy:**

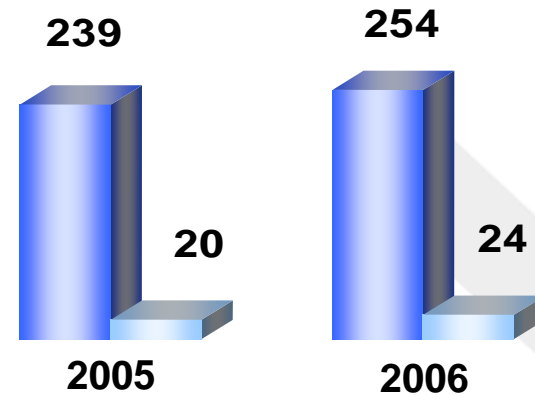
- ↳ Position our products to offer a better value than the high-priced competitors
- ↳ Develop and invest in new products that meet consumers' rising expectations
- ↳ Focus on the growing triple-blade segment for both Women and Men
- ↳ **Gain market share in the large women's system segment**

# Shavers



In million euros

■ Net Sales  
■ IFO



Change in sales	+ 11.7%	+ 6.3%
Change on a comparative basis	+ 9.2%	+ 6.2%
IFO margin	8.5%	9.5%
Normalized IFO margin	9.2%	9.9%

Mid-term IFO margin target: 11-13%

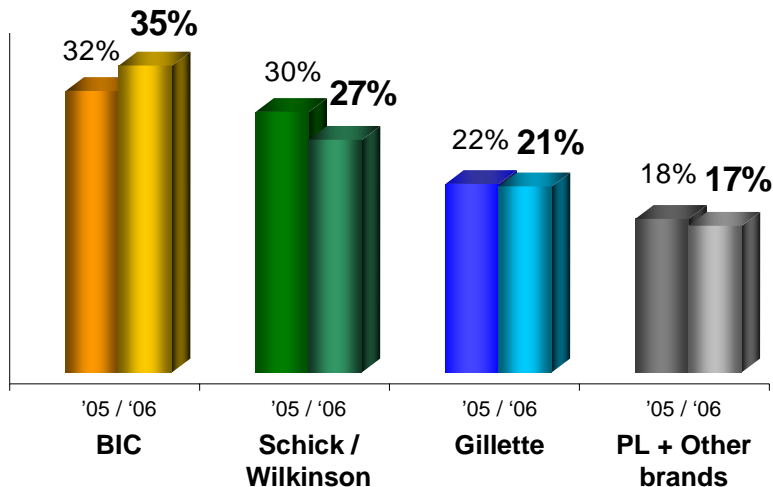
# Triple-blade shavers in the US



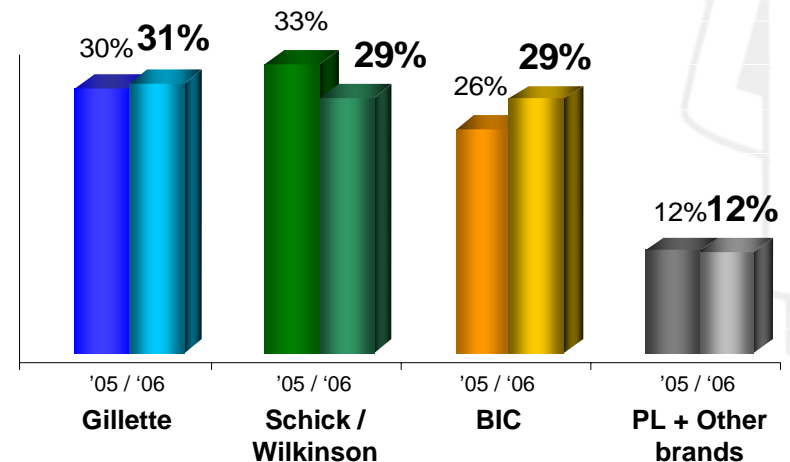
- Last 52-week report shows BIC's volume share leadership growing in triple-blade segment, ahead of both Gillette and Schick/Wilkinson
- Key drivers: Continued success of BIC® Soleil™, BIC Comfort 3® and BIC Comfort 3® Advance™ ranges

## Market Share of one-piece triple-blade shavers

in volume



in value

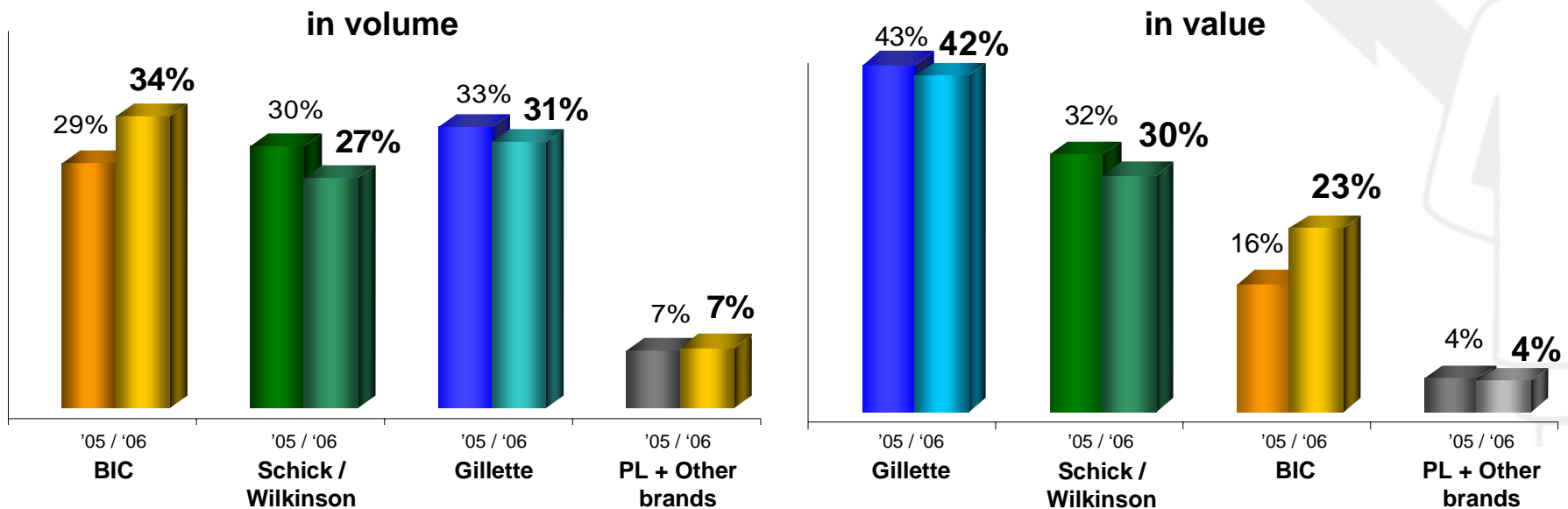


# Triple-blade shavers in Europe



- In Europe, BIC has #1 volume share of triple-blades, ahead of Gillette and is the market growth driver both in volume (+42% vs. 05) and value (+24% vs. 05)
- Key drivers: the launches of BIC® Pure 3™ Lady and Comfort 3® Advance and BIC® 3

## Market Share of one-piece triple-blade shavers

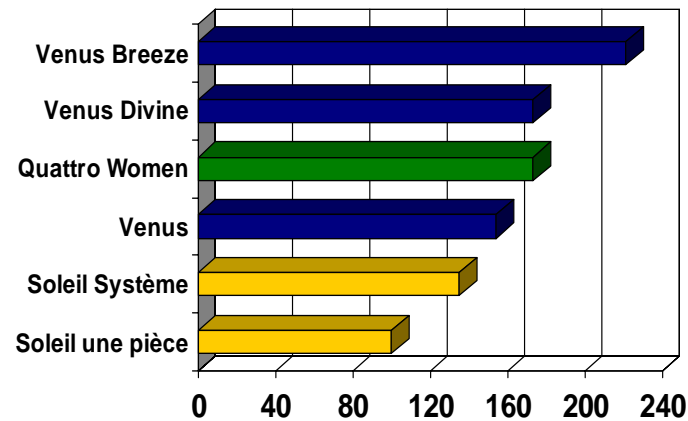


# Soleil® System



- Over 900 women interviewed in various market research studies
- Soleil Family Look & Feel
- Improved performance
  - New Head
  - New Blade Edge
- Improved Ergonomics
  - Longer handle
  - Improved grip
- Best Value for money

Starter kit and 4-Pack Refill Retail price index



US data

# Soleil® System Communication Plan Highlights



- TV ad



# Soleil® System Communication Plan Highlights



- Print ad

Let the **sunshine** in™

**new** BIC *Soleil*

INTRODUCING SOLEIL™ WITH REPLACEMENT BLADES.

Sunny Soleil makes every day brighter, every shave more luxurious. Its Soothing Moisture Strip™ with aloe and shea butter and its three-blade pivoting head glides easily over your body's contours and pampers your skin for a flawlessly smooth shave.

Feel the Soleil™

feelthesoleil.com

# Soleil® Range of Products



2004

BIC®  
Soleil™



2005

BIC®  
Soleil™  
Scent™ / Twilight™



2007 Launch

BIC®Soleil®  
Citron®  
with pivot head



BIC®Soleil®  
with cartridge refills



Non-refillable

System

- 2007: an important transition year that will strategically position the Group to achieve significant gains for the future
  - **FY07 sales:** focus on sales growth, expecting to deliver a total sales growth of **4 to 5%** on a comparative basis.
  - **FY07 IFO:** growth at a slower rate than sales growth as a result of our investment in new products and increased brand building
- 2007 highlights by category
  - **Stationery:** price pressure remaining an issue
  - **Lighters:** transition to the “child-resistant” lighter in Europe
  - **Shavers:** launch of the Soleil® System shaver

# Calendar



-  **1<sup>st</sup> Quarter 2007 Net Sales** **April 19, 2007**
-  **Annual Shareholders' Meeting** **May 23, 2007**
-  **1<sup>st</sup> Half 2007 Net Sales** **July 19, 2007**
-  **1<sup>st</sup> Half 2007 Results** **August 30, 2007**

**BIC**

**Group**



**Full Year**

**2006**

**Results**

# Appendix

Investor Relations Department: +33 (0)1 45 19 52 26  
[sandra.cadiou@bicworld.com](mailto:sandra.cadiou@bicworld.com)  
[www.bicworld.com](http://www.bicworld.com)

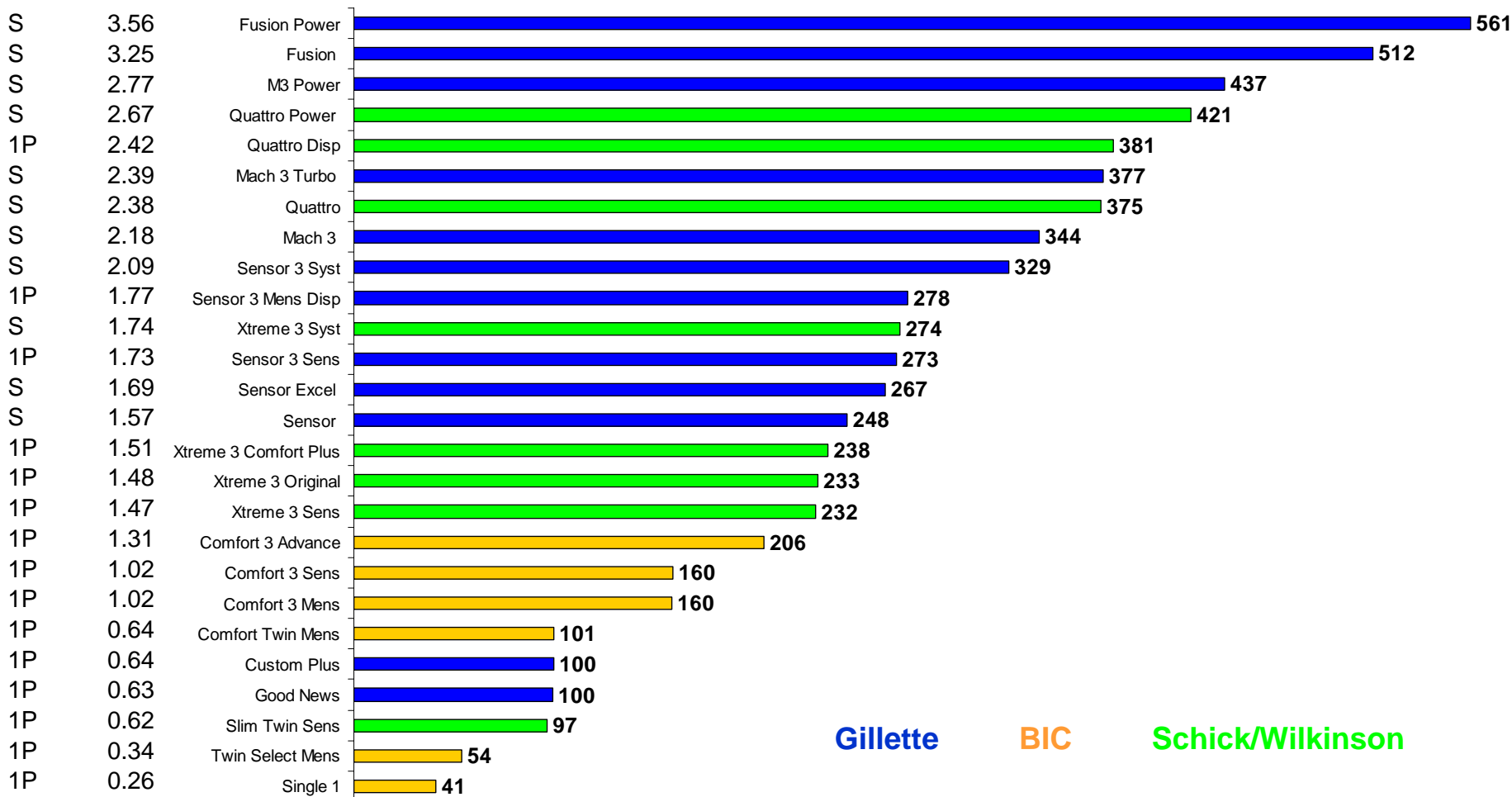


# Shaver Retail Pricing Umbrella US Men's market



Syst or 1P Average Price in USD

Average price index



Gillette

BIC

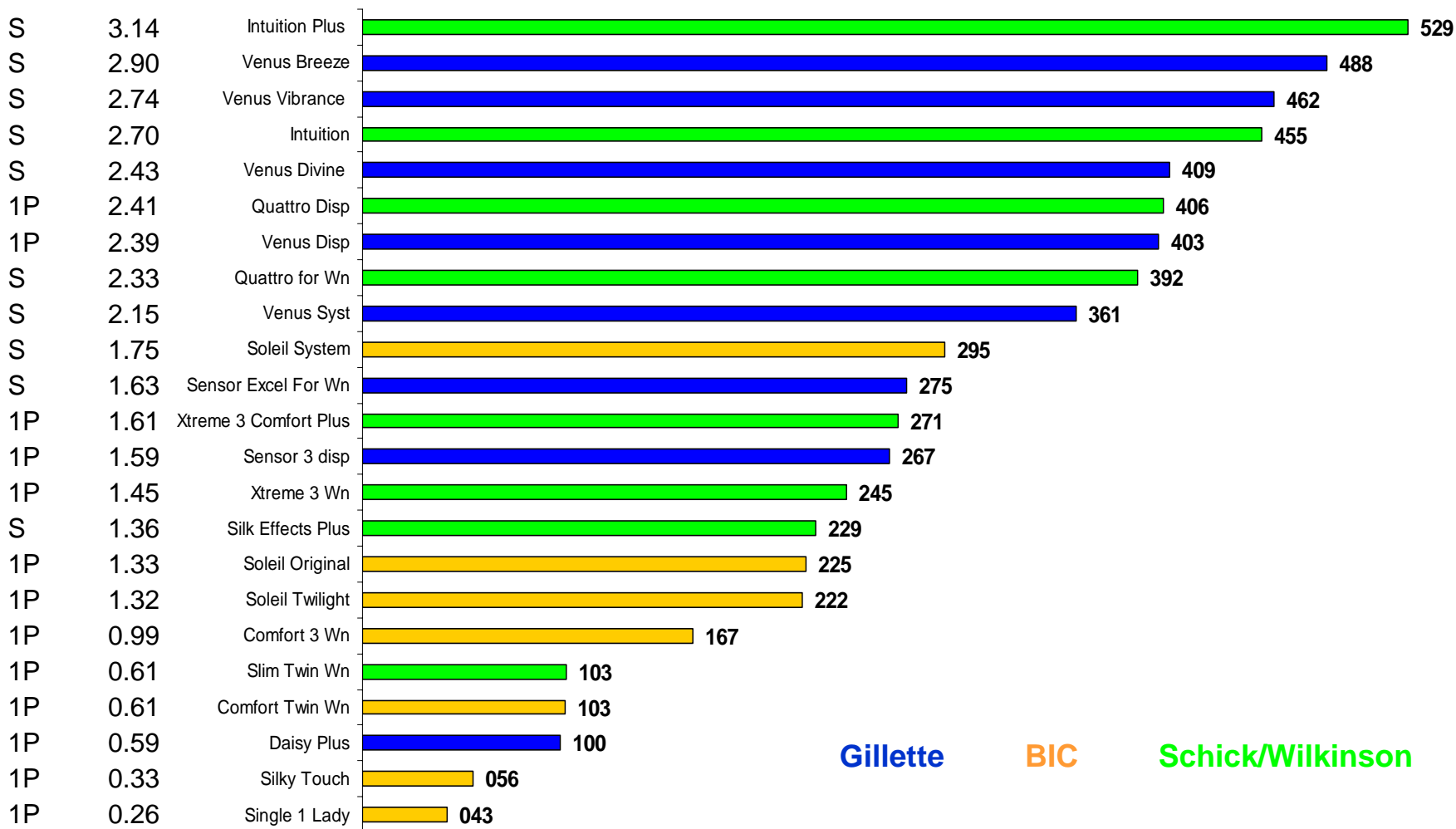
Schick/Wilkinson

# Shaver Retail Pricing Umbrella US Women's market



Syst or 1P Average Price in USD

Average price index



Gillette

BIC

Schick/Wilkinson

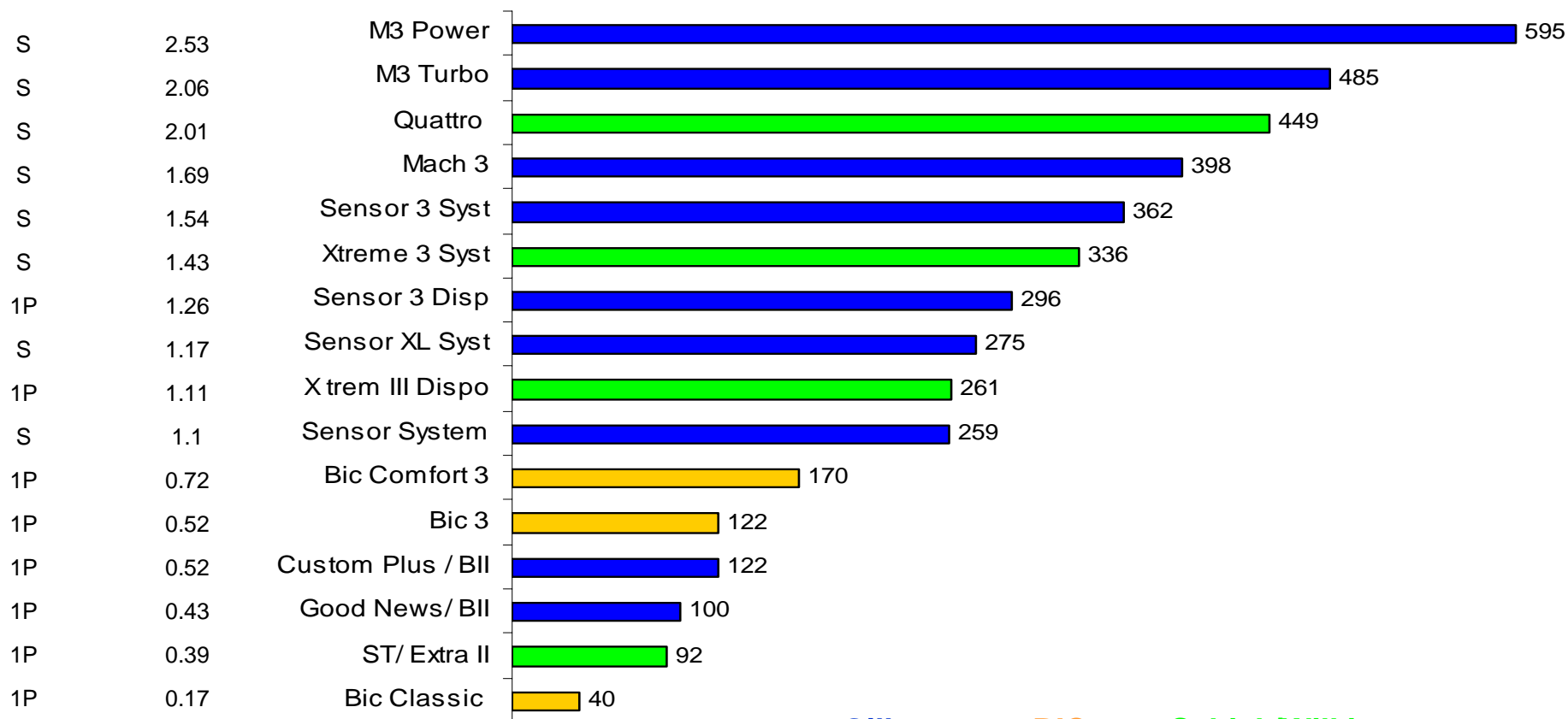
Source: IRI - U.S. FDMX – Latest 52 wks Period Ending 14-Jan-07  
Non Promoted Price per shaver (1P) or per refill blade (System)

# Shaver Retail Pricing Umbrella Europe Men's market



**Syst or 1P Average Price in €**

**Average price index**



**Gillette**

**BIC**

**Schick/Wilkinson**

Source: Nielsen Average RSP, including promotions

Period latest 52 weeks

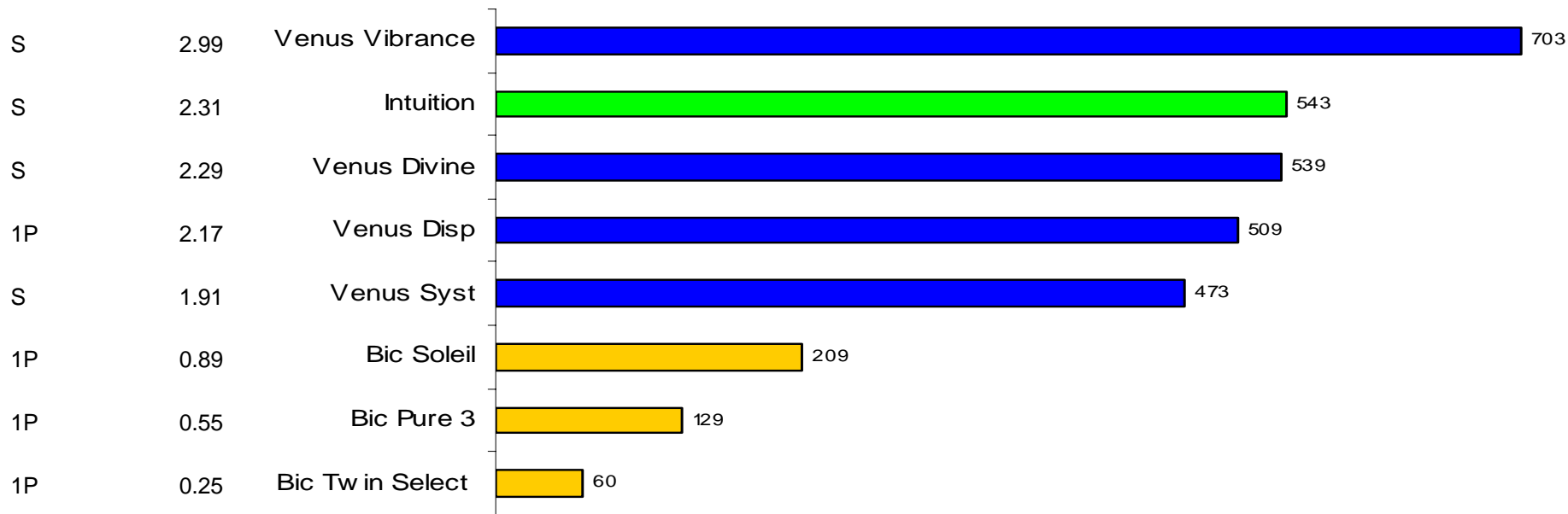
Price per shaver (1P) or per refill blade (System)

# Shaver Retail Pricing Umbrella Europe Women's market



Syst or 1P Average Price in €

Average price index



Gillette

BIC

Schick/Wilkinson

Source: Nielsen Average RSP, including promotions

Period latest 52 weeks

Price per shaver (1P) or per refill blade (System)