

September 9, 2004



# ***BIC Group Half Year 2004 Results***

« Honor the past, ...Invent the future »

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# 1<sup>st</sup> Half 2004 Highlights

- Net sales: **+ 5.8%** on a comparative basis\*, driven by good performance in the three categories
  - **Stationery**: Consumer segment increased in all regions, and imprinted segment continued to improve
  - **Lighters**: both North and Latin Americas continued to drive the growth. Multipurpose lighters did well
  - **Shavers**: The success in the 3-blade segment (**BIC Comfort 3™** + **BIC® Soleil™**) more than offset the decline of the single and twin-blades in value
- Operating margin increased by 0.7 point vs 1<sup>st</sup> Half 2003, to 15.3%

**Stationery** margin ↗ to 14.4%     **Lighter** margin ↗ to 26.9%  
**Shaver** margin ↘ to 7.6%



- Currency fluctuation continued to have a negative impact on our sales and earnings (6 to 7 points), but to a much lesser degree
- Share buyback and cancellation:  
in the 1<sup>st</sup> Half 2004, BIC bought 971,456 shares (as of today 1,770,683) and cancelled 389,456 shares
- Acquisition of Kosaido and Stypen



# Key figures

<b>BIC Group</b> <i>In million Euro</i>	<b>1<sup>st</sup> Half</b> <b>2003</b>	<b>1<sup>st</sup> Half</b> <b>2004</b>	<b>Change</b>	<b>Change on a</b> <b>comparative</b> <b>basis*</b>
Net Sales	676	683	+1.0%	+ 5.8%
Gross Profit	366	366	-0.2%	+ 4.3%
Income from operations	99	105	+6.0%	+ 14.6%
Income before tax	97	90	-7.2%	+ 1.3%
Tax provision	37	34	-7.8%	+ 0.6%
Group net income	60	56	-6.7%	+ 1.9%
Tax rate	38 %	38 %		
EPS	1.09	1.04	- 4.7%	+ 4.0%
Goodwill / share	0.10	0.09	- 10.4%	
Number of shares**	54,882,455	53,735,904		

\* Comparative basis means at constant currencies and at constant perimeter. Constant currency figures are calculated by translating the current year figures at prior year monthly average exchange rates

\*\* Weighted average number of shares net of treasury shares



# Currency and perimeter impact on sales

<b>BIC Group</b>	<b>Actual currencies</b>		<b>Comparable basis</b>
Western Europe	+1.2%		-1.3%
North America and Oceania	-0.3%		+8.4%
Latin America	+1.3%		+12.0%
EEMEA* and Asia	+9.2%		+10.8%
<b>Total Group</b>	<b>+1.0%</b>		<b>+ 5.8%</b>

\* Eastern Europe, Middle-East and Africa



# Net Sales - by Geographies

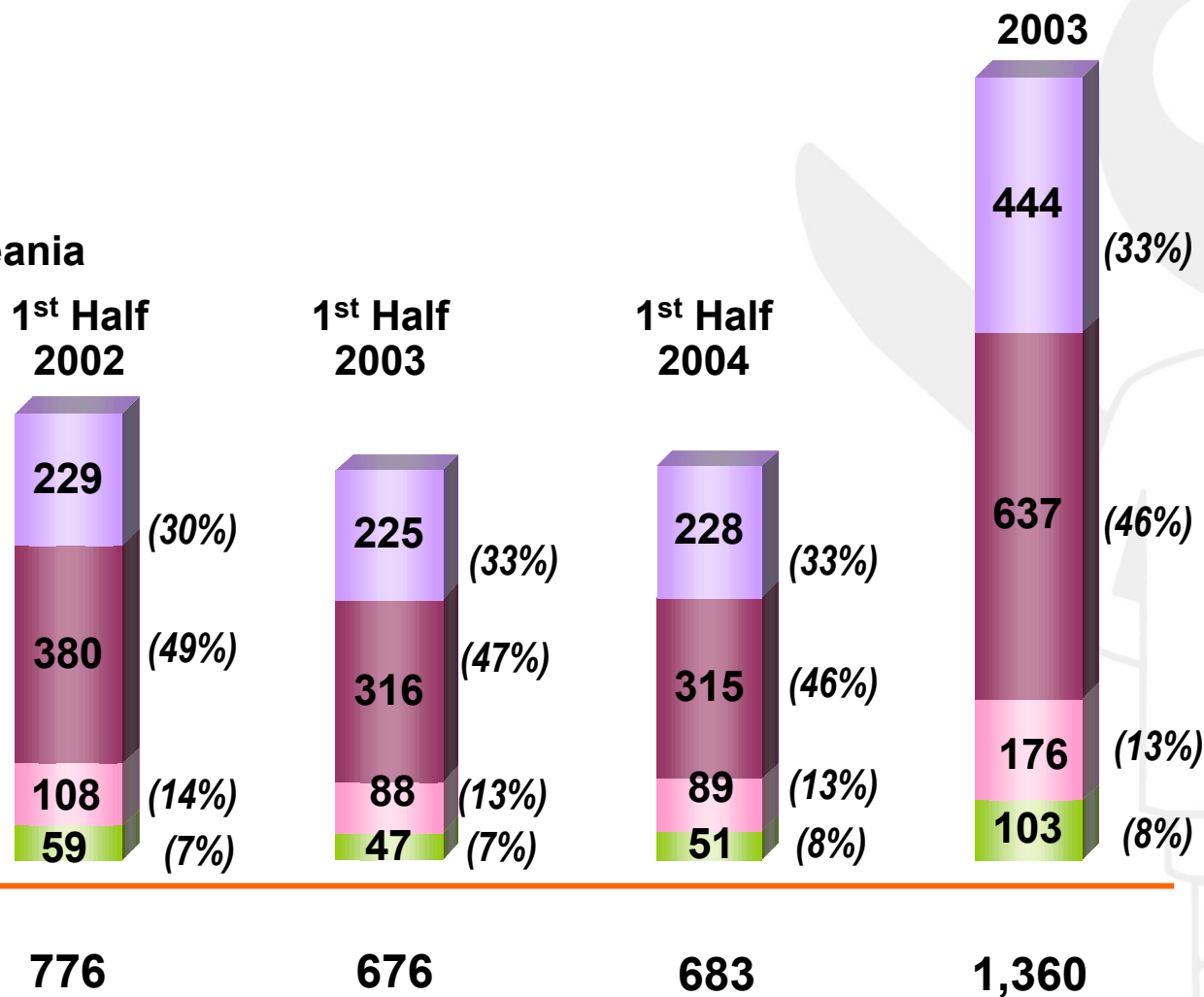
In million Euro

Western Europe

North America and Oceania

Latin America\*

Eastern Europe, Middle-East, Africa and Asia



\* Latin America includes Mexico, Central America and South America

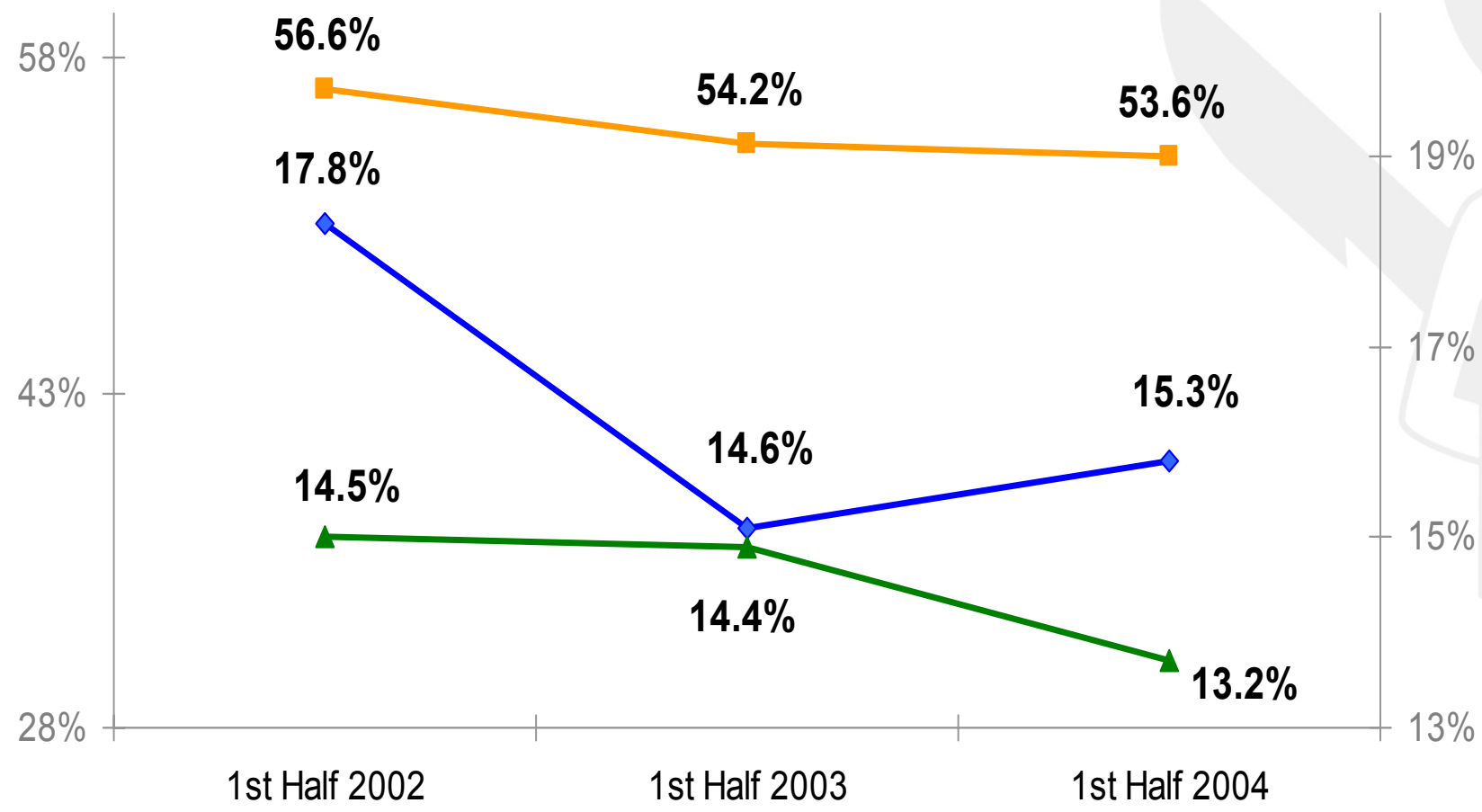


# Margin evolution

In % of sales

Gross margin

◆ Operating margin  
▲ Pre-tax margin





**Gross Margin 1<sup>st</sup> Half 2003** **54.2%**

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***Changes vs. 2003***

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FX impact on product costs	- 0.4 point
Volume effect	- 0.1 point
Other	- 0.1 point
<b>Total change</b>	<b>- 0.6 point</b>

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**Gross Margin 1<sup>st</sup> Half 2004** **53.6%**



**Operating margin 1<sup>st</sup> Half 2003** **14.6%**

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*Changes vs. 2003*

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Gross margin decrease	- 0.6 point
Freight & Distribution costs	+ 0.2 point
Brand support	- 0.1 point
Other operating expenses	+1.2 point
<b>Total change</b>	<b>+0.7 point</b>

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**Operating margin 1<sup>st</sup> Half 2004** **15.3%**



# Bridge from IFO to IBT

<b>BIC Group</b> <i>In million Euro</i>	<b>1<sup>st</sup> Half</b> <b>2003</b>	<b>1<sup>st</sup> Half</b> <b>2004</b>	<b>Change</b>
<b><i>Income from operations</i></b>	<b>99</b>	<b>105</b>	<b>+6%</b>
Finance income / (costs) net	(1)	(3)	
Other income / (expenses)	4	(7)	
Goodwill amortization	(5)	(5)	
<b><i>Income before tax</i></b>	<b>97</b>	<b>90</b>	<b>-7.2%</b>



# Finance income / (costs)

*In million Euro*

● 1 <sup>st</sup> Half 2003				
FX gain	5			
Cash discounts and interest expense	(6)			
	-----			
<b>1<sup>st</sup> Half 2003 impact</b>	<b>(1)</b>	}	<b>Change 04/03</b> <b>€ (2)m</b>	
● 1 <sup>st</sup> Half 2004				
FX gain	3			
Cash discounts and interest expense	(6)			
	-----			
<b>1<sup>st</sup> Half 2004 impact</b>	<b>(3)</b>			



# Other income / (expense)

*In million Euro*

● 1 <sup>st</sup> Half 2003	
Gain on real estate	13
Stationery streamlining	(5)
Other non-recurring	(4)
	-----
<b>1<sup>st</sup> Half 2003 impact</b>	<b>4</b>
● 1 <sup>st</sup> Half 2004	
Restructuring in the US	(7)
	-----
<b>1<sup>st</sup> Half 2004 impact</b>	<b>(7)</b>

**Change 04/03**  
**€ (11)m**



- 2003 Effective tax rate **38%**
- 1<sup>st</sup> Half 2004 Effective tax rate **38%**
- 2004 Target range **38 - 39%**



# Condensed Balance Sheet

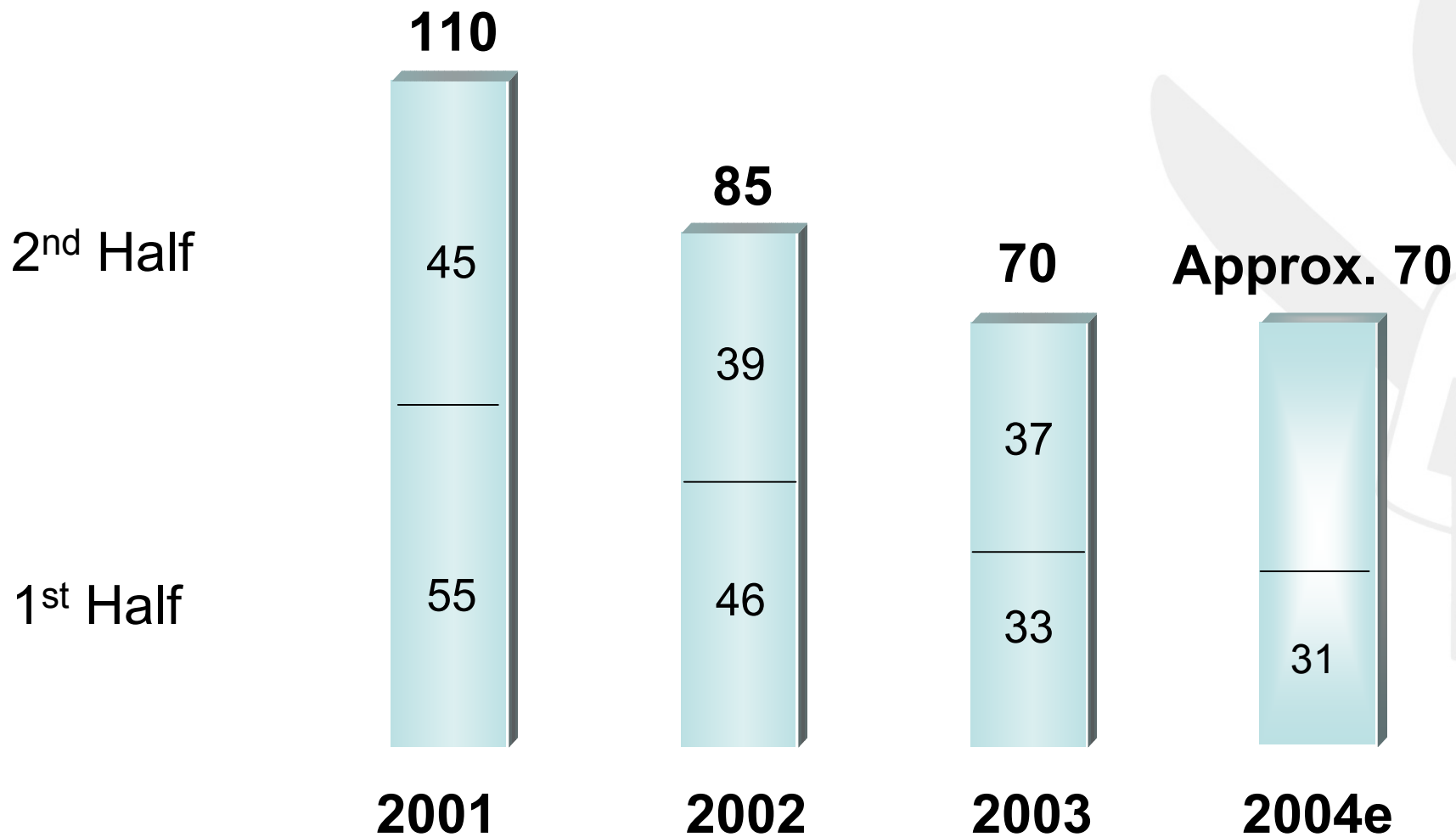
<i>In million Euro</i>	<b>Jun. 30 2003</b>	<b>Dec. 31 2003</b>	<b>Jun. 30 2004</b>	<b>Change vs Dec</b>	<b>Change vs June</b>
Non-current assets	792	724	715	(9)	(77)
Current assets	647	553	667	114	20
Cash & cash equivalents	74	181	106	(75)	32
<b>Total Assets</b>	<b>1,513</b>	<b>1,458</b>	<b>1,488</b>	<b>30</b>	<b>(25)</b>
Shareholder's equity	1,116	1,110	1,106	(4)	(10)
Minority interests	2	2	2	-	-
Long-term liabilities	110	90	95	5	(15)
Current liabilities	285	256	285	29	-
<b>Total liabilities and shareholders' equity</b>	<b>1,513</b>	<b>1,458</b>	<b>1,488</b>	<b>30</b>	<b>(25)</b>



- Slight increase of the working capital, by **5%**, to **€ 408m**
- Inventories remained roughly **flat** at constant currencies, while sales increased



In million Euro





## *Restructuring in the US*

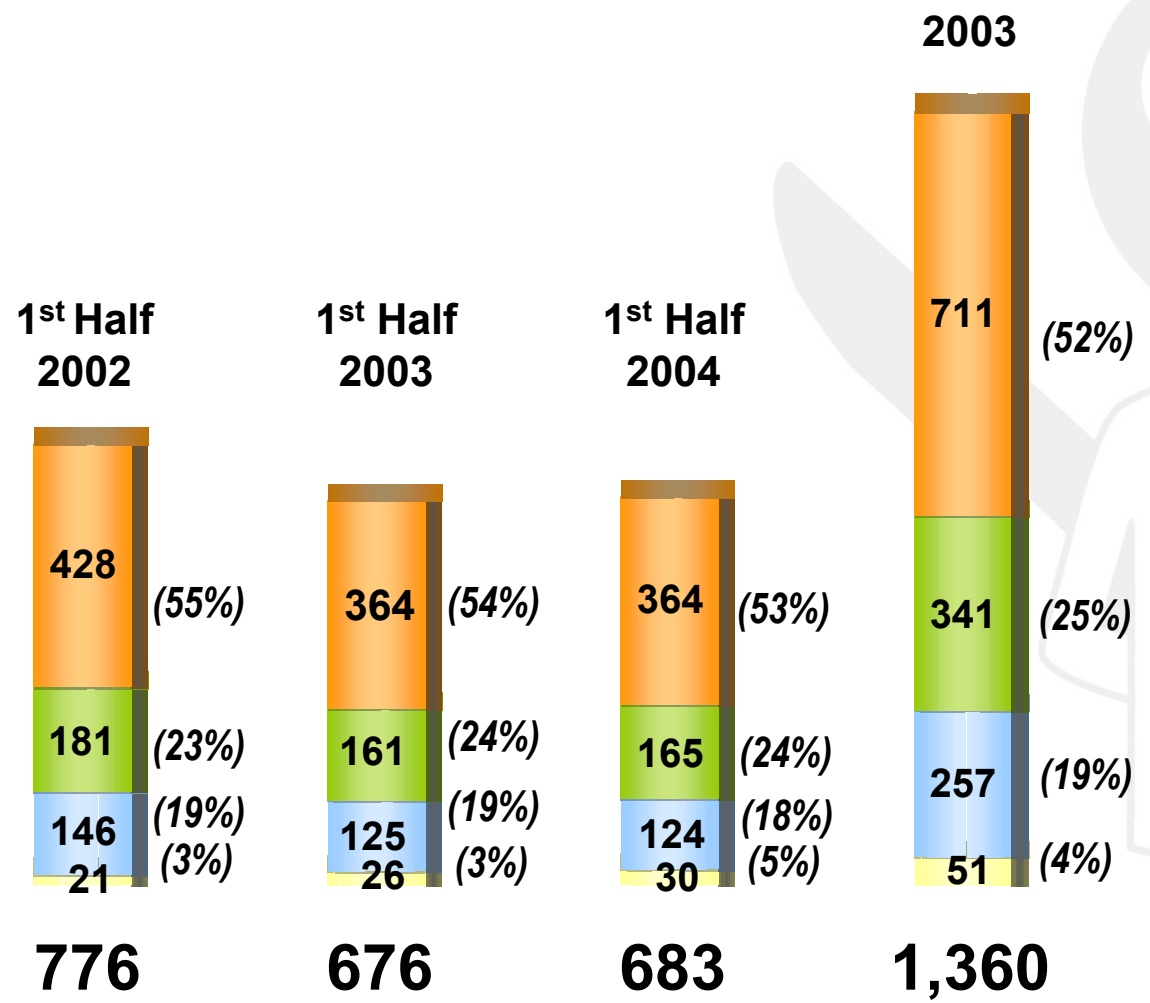
- Estimated impacts: \$ 90m
- \$ 25m related to pension reflected as an adjustment to equity
- P&L impact: \$ 65m, with \$ 35m non-cash
- 1<sup>st</sup> Half 2004: \$ 8m
  - Full Year 2004: \$ 45m to \$ 55m
  - Full Year 2005: \$ 5m to \$ 10m
  - Full Year 2006: \$ 5m to \$ 10m
- Expected savings: \$ 25m on a full year basis (fully from 2007) with savings expected to begin as early as the 2<sup>nd</sup> Half of 2005
- Payback: approximately 3.5 years and a little less than 2 years on a cash basis



# Net sales – by categories

In million Euro

- Stationery
- Lighters
- Shavers
- Other products

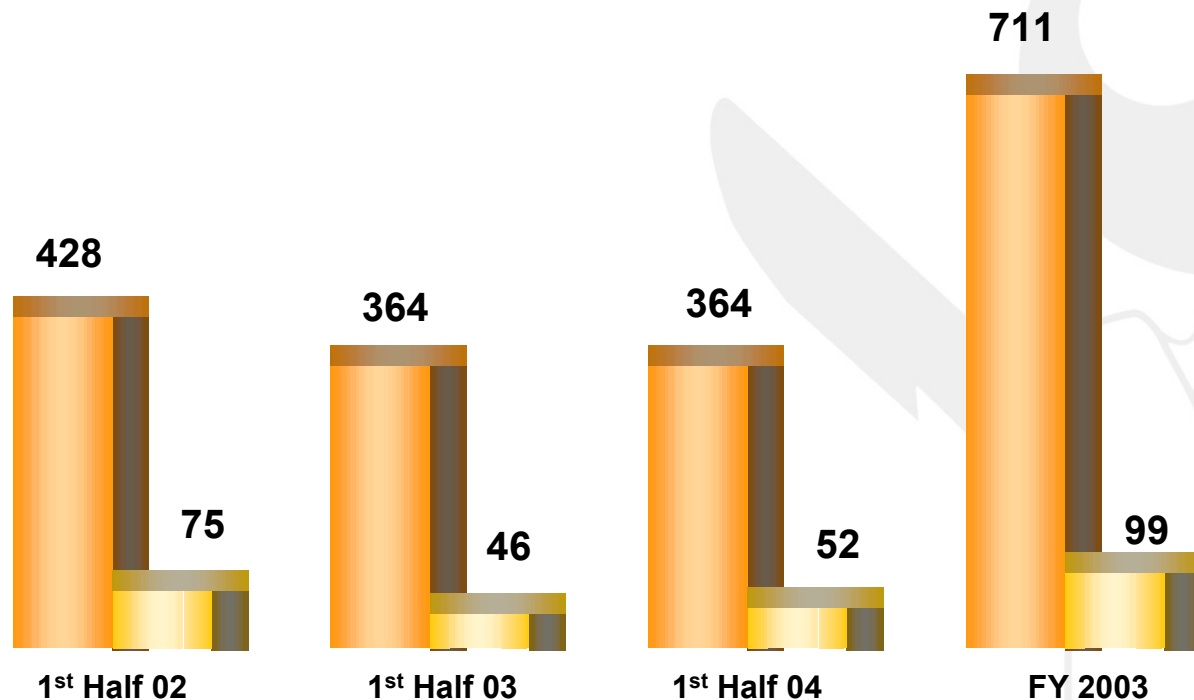


**Total Group**



*In million Euro*

Net Sales  
 IFO



<b>Change in sales</b>	<b>+ 4.8%</b>	<b>- 14.8%</b>	<b>- 0.1%</b>	<b>- 10.2%</b>
<b>Change on a comparative basis</b>	<b>+ 7.5%</b>	<b>- 0.2%</b>	<b>+ 4.9%</b>	<b>+ 1.4%</b>
<b>Operating margin</b>	<b>17.6%</b>	<b>12.7%</b>	<b>14.4%</b>	<b>13.9%</b>



# New products



**BIC Graphic**

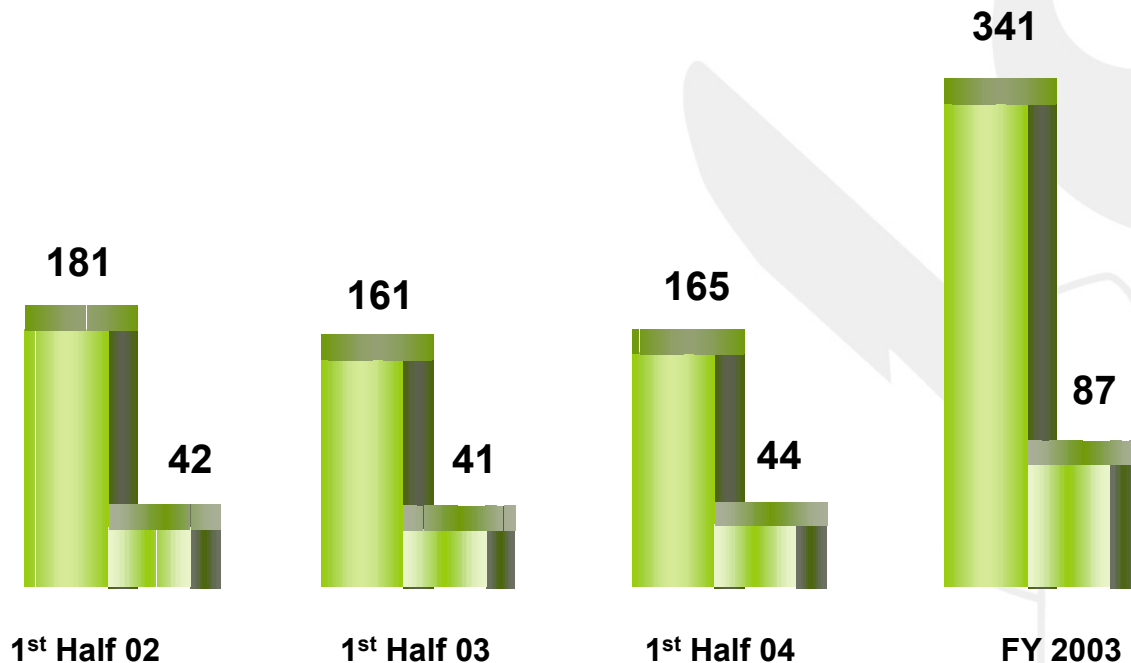




*In million Euro*

■ Net sales

■ IFO



**Change in sales**

**+ 2.1%**

**-11.2%**

**+2.6%**

**-7.6%**

**Change on a comparative basis**

**+3.7%**

**+4.7%**

**+8.6%**

**+ 4.5%**

**Operating margin**

**23.5%**

**25.2%**

**26.9%**

**25.6%**



# Lighter summary

*5 Points of Difference*

Market Leadership    Quality & Value    Consumer Preference

Customer Support    Education

*All lighters are not created equal.*

**Lighter**

**Flick Your BIC®**

[www.bicworld.com](http://www.bicworld.com)

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**Express your lighter side**

With dozens to choose from, it's easy to pick the BIC® that expresses the real you.

**flick your**

KEEP AWAY FROM CHILDREN  
NO LIGHTER IS CHILD-PROOF. THERE IS NO SUBSTITUTE FOR PROPER ADULT SUPERVISION.  
READ ALL WARNINGS BEFORE USING LIGHTER.

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*New product*

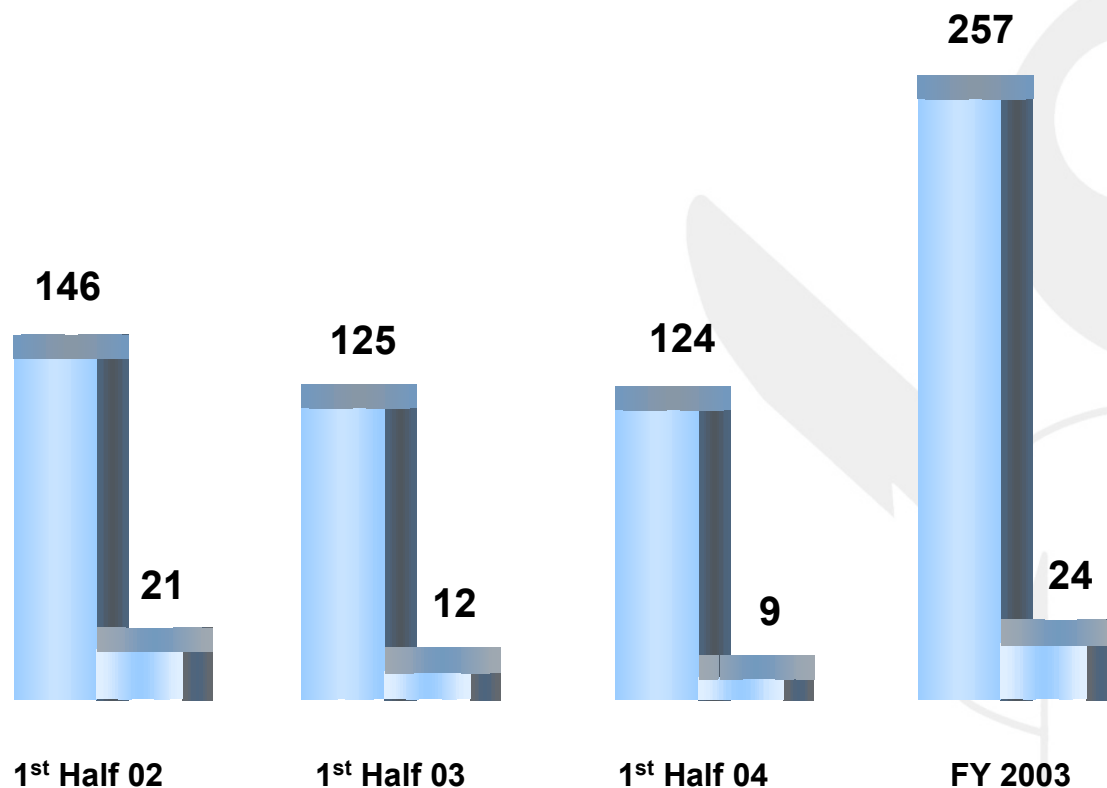


**BIC® C2 Metal™**



*In million Euro*

- Net sales
- IFO



<b>Change in sales</b>	<b>+ 1.0%</b>	<b>- 14.0%</b>	<b>- 1.4%</b>	<b>- 10.7%</b>
<b>Change on a comparative basis</b>	<b>+ 6.1%</b>	<b>+ 0.5%</b>	<b>+ 3.4%</b>	<b>+ 0.3%</b>
<b>Operating margin</b>	<b>14.4%</b>	<b>9.7%</b>	<b>7.6%</b>	<b>9.3%</b>



# Shaver summary



- Encouraging launch of **BIC® Soleil™**
- Continued growth of **BIC Comfort 3™** market shares in North America and Europe
- Single and twin-blade segments continue to decrease in value, but more slowly
- Slight margin improvement in the 2<sup>nd</sup> Half





# New product



- 1 major launch a year  
2003 : **BIC Comfort 3™**  
2004 : **BIC® Soleil™**  
2005 : **BIC Comfort 3™ Advance™**
- **BIC Comfort 3™ Advance™** = response to consumer expectations

A 1-piece shaver at BIC price with

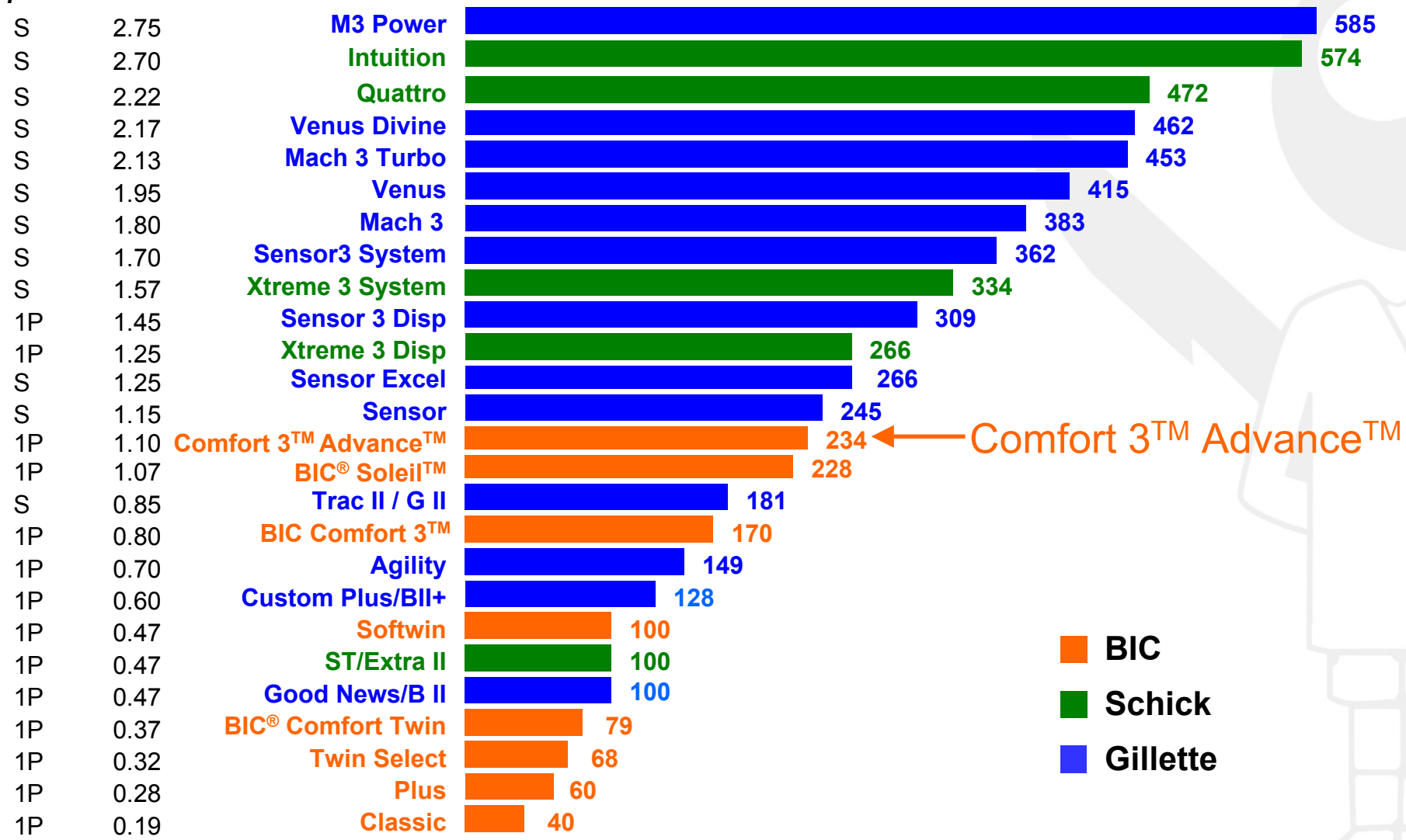
- pivot head
  - heavy handle for better control
- } Improved shave



# Shaver retail pricing umbrella

System Average price  
or 1-piece in Euro

Average price index



← Comfort 3<sup>TM</sup> Advance<sup>TM</sup>



Source: BIC category information



- FY04 sales: we confirm a growth target of approximately **+5%** on a comparative basis
  - **Stationery**: we expect both classic and new products continue to do well
  - **Lighters**: Asian imports in Europe remain the challenge, while we should continue to grow in the Americas and with multipurpose lighters
  - **Shavers**: continued growth of **BIC Comfort 3™** and of **BIC® Soleil™**



→ **3<sup>rd</sup> Quarter 2004 Net Sales**

**14 October 2004**

→ **2004 Net Sales**

**20 January 2005**

→ **2004 Results**

**3 March 2005**