



worlds  
of evolution

**Annual Shareholders' Meeting**  
**May 24, 2006**



worlds  
of evolution

**2005 Highlights**

## BIC Group Strategy



- Support our core products 
  - Meet the consumers' needs and desires through **innovative products** 
  - Improve our quality and manufacturing efficiency
  - Leverage the  **brand**
  - Expand our geographic presence
  - Capitalize on external opportunities and alliances
- ➔ **Deliver profitable growth, faster than the market**

2

## BIC Group's Strengths



- Our workforce: **8,474** people worldwide
- No debt; a net cash position of **€103m** at the end of 2005
- Innovation: **25%** of Net Sales achieved with new products, **2%** invested in R&D
- Large presence in various distribution channels
- Our productivity: from 46 plants in 1997 to **24** at the end of 2005, with efficient manufacturing organization
- Our BIC® brand: well-known throughout the world, and linked to **quality** and affordable price for consumers

3

## 2005 Highlights



- 2005, a record year:
  - ↳ Record **Net Income**: € 157m
  - ↳ Record **number of lighters sold**: more than one billion
  - ↳ **100 billionth ball-pen sold**
- BIC listed in two major Sustainability indexes
  - FTSE4Good Europe**      **ASPI Eurozone**
- Opening of BIC manufacturing plant in China

4

## Our Performance



- Net Sales growth<sup>1</sup> in 2005: **+ 6.5%**, compared against **+ 5%** on average over the past 3 years
- Net Sales<sup>1</sup> by category in 2005:
  - Stationery**      **+ 3.9%**
  - Lighters**        **+ 12.5%**
  - Shavers**         **+ 9.2%**
- IFO margin exceeded 15% for the 12<sup>th</sup> year in a row, at **17.3%**<sup>2</sup> of Net Sales in 2005

<sup>1</sup> On a comparative basis

<sup>2</sup> Under IFRS

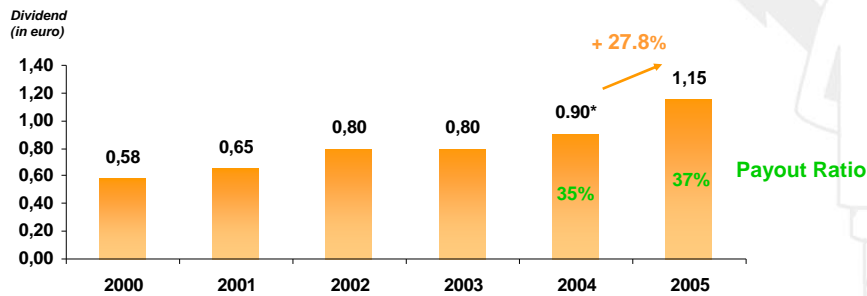
5

## Distribution Policy



- Dividend proposed at Annual Shareholders' Meeting: **€1.15** per share
- Payment as of **June 1, 2006**

2000 – 2005: + 15% yearly average



\* Excluding special dividend of 1.00 euro per share

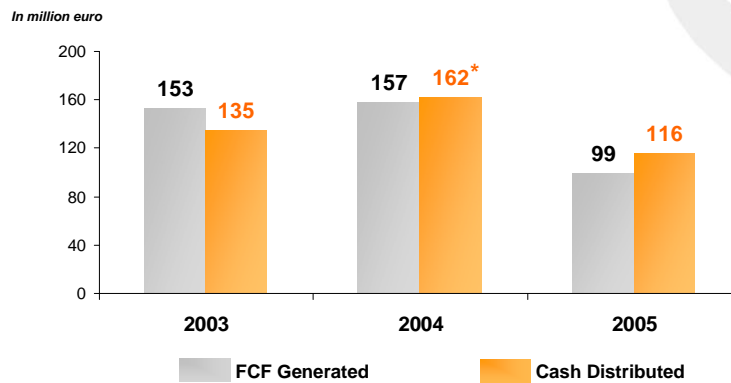
6

## Distribution Policy



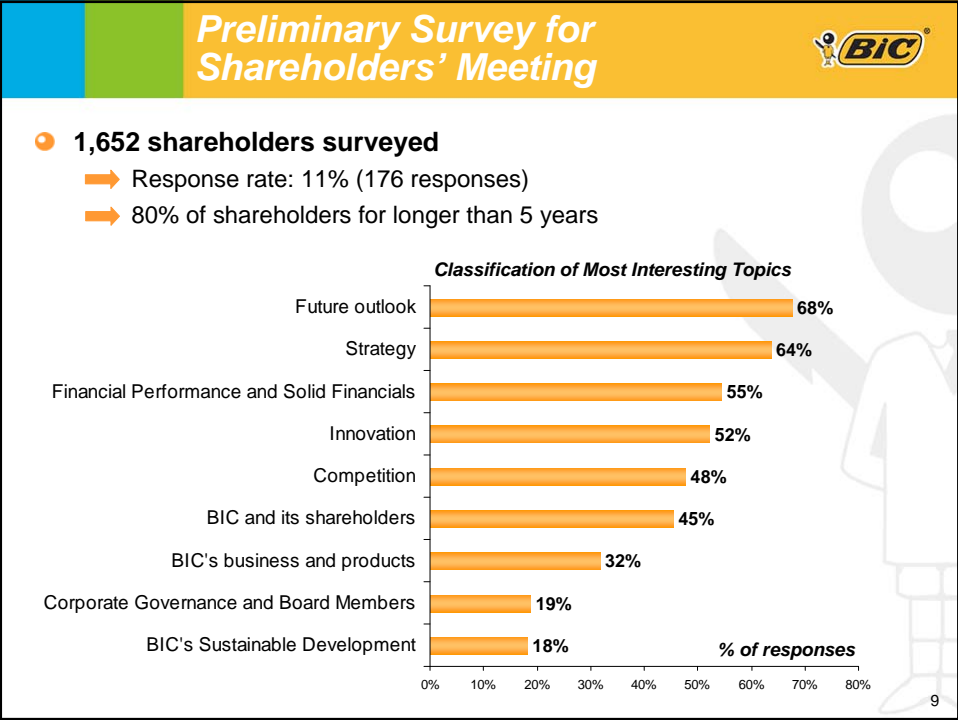
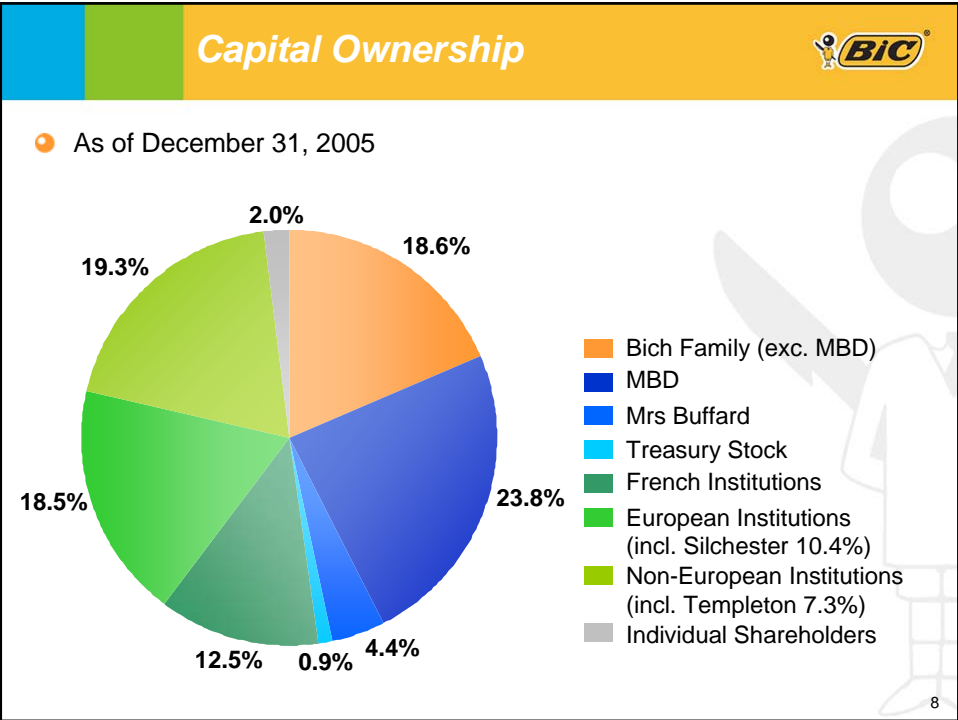
- Free cash flow given back to shareholders through dividends\* and share buyback

2003 – 2005: 101% of cash flow redistributed




\* Including special dividend

7





**Corporate Governance** 

- 9 members, of whom 4 are non-affiliated
  - Proposing nomination of a 10<sup>th</sup> member today
- Complementary competencies
  - Management, Finance, Marketing
- A real international vision with 3 different nationalities
- Familiarity with the Group and its competitive environment: a reality and a true added-value
  - Regular contact with management during Board Meetings
  - Site visitations
  - Up to date on the evolution of the market and the competitive environment

11

## Function of the Board of Directors



- Internal regulation formalizing missions, organization and ethical principles
  - Conforming to the Viénot and Bouton reports
- Board of Directors activity in 2005
  - 6 meetings, an average attendance rate of 82%
- 2 Specialized Committees
  - Audit Committee
    - 3 meetings in 2005
    - Main Tasks: internal control and Law of Financial Security, controlling transition to IFRS
  - Compensation Committee
    - 3 meetings in 2005
    - Main Tasks: fixed and variable compensation for senior management and company officers, stock-options, free share attribution

12

## Corporate Governance



**New organization of the BIC Group approved by the Board of Directors on February 28, 2006**

Bruno Bich: Chairman of the Board

Mario Guevara: Chief Executive Officer

13



**Mario GUEVARA**

46 years old

**Chief Executive Officer since March 1, 2006**

Board Member since 2001

**14 years in the BIC Group**

2004	BIC Group	Executive Vice-President, Chief Operating Officer
2001	North and South America	General Manager
1998	South America	General Manager
1993	BIC Mexico	General Manager
1992	BIC Mexico	Finance Director

14



- Election of new Board Member proposed to shareholders: M.B.D.

  - Family owned holding company that has 23.8% of the capital and 32.7% of the voting rights as of December 31, 2005
- Represented by its Managing Director: Édouard Bich

  - 42 years old
  - Wharton MBA
  - 8 years experience with Procter & Gamble

15



# worlds of evolution

## Presentation of Results

### Key Figures Under IFRS



<i>BIC Group</i> <i>In million euro</i>	2004	2005	Change	Comparative Basis <sup>(1)</sup>
Net Sales	1,264.9	1,380.8	+ 9.2%	+ 6.5%
IFO	172.6	238.4	+ 38.2%	+ 34.4%
Normalized IFO <sup>(2)</sup>	205.0	241.1	+ 17.6%	+ 14.6%
Group net income	113.9	156.5	+ 37.4%	+ 33.7%
EPS	2.15	3.11	+ 44.4%	+ 40.4%
Dividend <i>(without special dividend)</i>	0.90	1.15	+ 27.8%	
Pay-out ratio <i>(without special dividend)</i>	35%	37%		
Number of shares <sup>(3)</sup>	52,882,591	50,330,582		

<sup>(1)</sup> Comparative basis means at constant perimeter and constant currencies

<sup>(2)</sup> Excluding USA restructuring and real estate gains

<sup>(3)</sup> Weighted average number of shares outstanding net of treasury shares

17

## Normalized IFO



BIC Group In million euro	2004	2005	Change
As reported	172.6	238.4	+ 38.2%
Non recurring:			
- Gain on real estate	(7.8) <sup>(1)</sup>	(4.5) <sup>(1)</sup>	
- USA restructuring	40.2 <sup>(1)</sup>	7.2 <sup>(2)</sup>	
<b>Normalized</b>	<b>205.0</b>	<b>241.1</b>	<b>+ 17.6%</b>

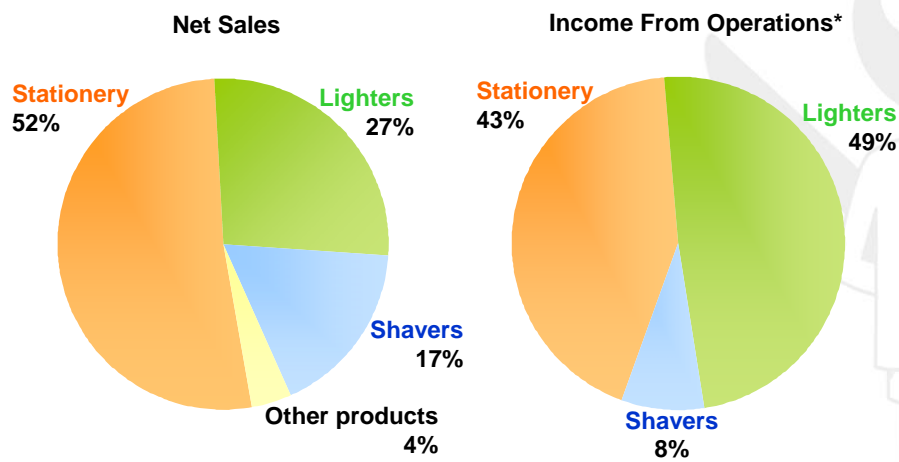
<sup>(1)</sup> Included in other operating income / (expense)  
<sup>(2)</sup> Included in cost of goods

18

## 2005 Category Breakdown



### 2005 Full Year Results



\* Excluding "Other products"

19

## Currency and Geographic Impact on Sales



BIC Group	As reported	On a comparative basis	% of Group Net Sales
Europe*	- 0.5%	- 1.9%	31%
North America and Oceania	+ 10.9%	+ 10.2%	47%
Latin America	+ 26.7%	+ 14.3%	16%
MEA** and Asia	+ 9.7%	+ 8.3%	6%
<b>Total Group</b>	<b>+ 9.2%</b>	<b>+ 6.5%</b>	<b>100%</b>

\* Europe now combines Western and Eastern Europe  
 \*\* Middle-East and Africa

20

## Condensed Balance Sheet

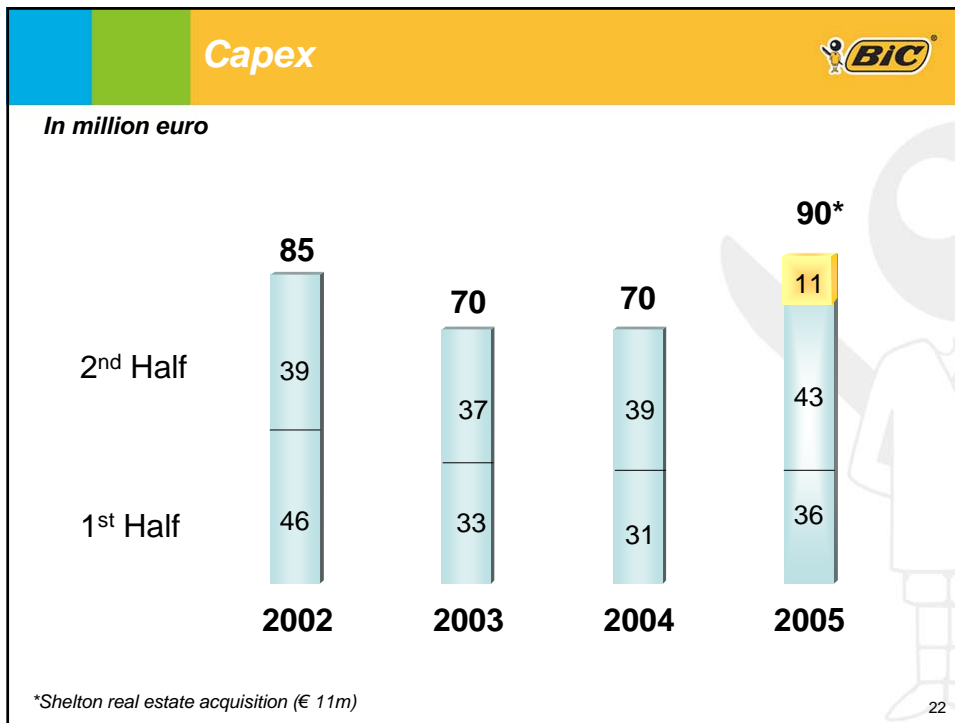



### ● Strong balance sheet: no debt

In million euro (under IFRS)	2004	2005	Change
Non-current assets	687*	738	51
Current assets	560*	710	150
Cash & cash equivalents	179	112	(67)
<b>Total Assets</b>	<b>1,426</b>	<b>1,560</b>	<b>134</b>
Shareholder's equity	993	1,066	73
Minority interests	2	1	(1)
Non-current liabilities	167	177	10
Current liabilities	264	316	52
<b>Total liabilities and shareholders' equity</b>	<b>1,426</b>	<b>1,560</b>	<b>134</b>

\*Assets held for sale reclassified from non-current assets to current assets

21

worlds  
of evolution

**Presentation of Categories**



**Stationery: Vision and Strategy** 

- 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**

<p> <b>Strengthen our leadership in our historical segments</b></p>	<p><b>Improve</b> our existing products Offer consumers products that meet their <b>needs</b> and their <b>desires</b>, leading to added-value products Leverage our <b>brand name</b></p>
<p> <b>Enter new market segments</b></p>	<p>Develop the research for <b>new technologies</b> and designs Study acquisition opportunities to <b>expand</b> either our <b>portfolio</b> or our <b>geographic presence</b></p>
<p> <b>Improve our margins</b></p>	<p><b>Control</b> costs Leverage added-value products</p>

**Innovate**

25

## 2005 Highlights



- Private label growth and price pressure from branded companies made the category increasingly more price sensitive.  
**BIC** answers:
  - Continue to build the brand
  - Consistency of quality
  - New and more value-added products
  - Increased promotional activities
- BIC** continued to gain market share in a flat to slightly declining market

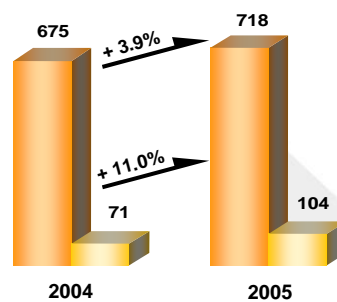
26

## Key Figures



In million euro (under IFRS)

■ Net Sales  
 ■ IFO



	2004	2005
Change in Net Sales	NA	+ 6.5%
Change in Net Sales – On a comparative basis	NA	+ 3.9%
IFO Margin	10.5%	14.4%
Normalized IFO Margin	14.2%	14.8%

NA = Not Applicable

➔ **Mid-term IFO Margin target: 17-18%**

27

## Innovation - Strategic Segments



- Prioritize innovation and renewal offers
  - New products, line extensions, “refresh” of existing products



Ball Pen

Mechanical Pencil

Correction

28

## Innovation - New Products



- New products simplify consumers' lives with innovative technology



Duo/Briefing™

Easy Clic™

29

## Innovation - Positioning



- Increase in arts and crafts market
  - Market valued at €25b in the U.S., with steady growth
  - Mostly a female consumer
- Growth opportunities with existing products
  - Permanent marker becomes more feminine



30

## Innovation - License Partnerships



- Net Sales of licenses doubled in 3 years



31

## Innovation - Merchandising



- Unique shelf placement of our products for back-to-school



Europe



Latin America

32

## Innovation - Consumer Promotions



- Targeted and creative promotions



Latin America



Europe



USA

33

## Innovation - Consumer Communication Platform



- Viral marketing to the “Baccalauréat”

rejouer music on/off

Detends toi, il y a pire que toi!



Encore 3 autres gaffes à recevoir prochainement

inscris-toi!

- ➔ Révisions, quelques liens utiles
- ➔ 1000 Cristal Gel à gagner pour les premiers curieux. Cliquez ici!
- ➔ Et toi ton style BIC®, c'est quoi?

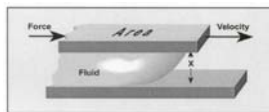


## Innovation - Production



- Innovative technologies
  - New generation of ink, softer and more fluid

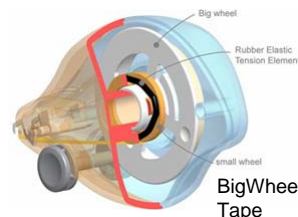
The viscosity of the ink decreases, The ball turns more easily



Easy Glide Ink



- New patented systems
  - Ex: The “O” Ring



BigWheel Correction Tape

## Innovation - Production



### Quality: a pragmatic course

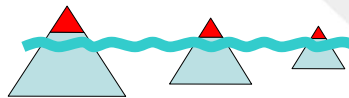
- Listen to the customer



- Approach QRQC

"Quick Response Quality Control"

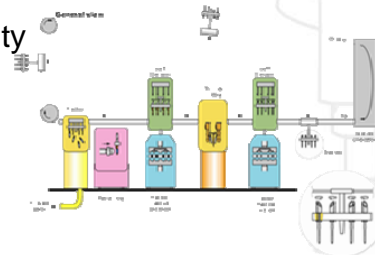
To reduce customer problems, we must reduce the iceberg of non-quality in our factories and in our projects!



### Industrial effectiveness / Productivity

Main points:

- Standardization of molds
- High machining precision



## Innovation - New Process

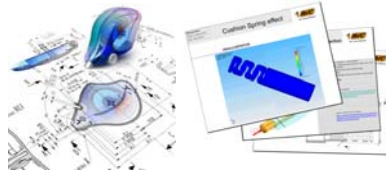


### Objective: accelerate product to market time

#### Design and Engineering integrated

#### Industrializable design

Prototype integrated



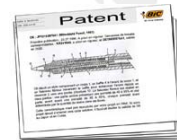
#### Capitalizing on experience

Defining "Best Practices"  
Expert technology



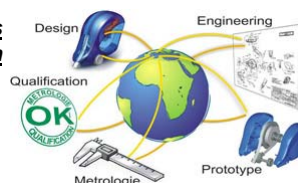
#### Structure oriented on product description

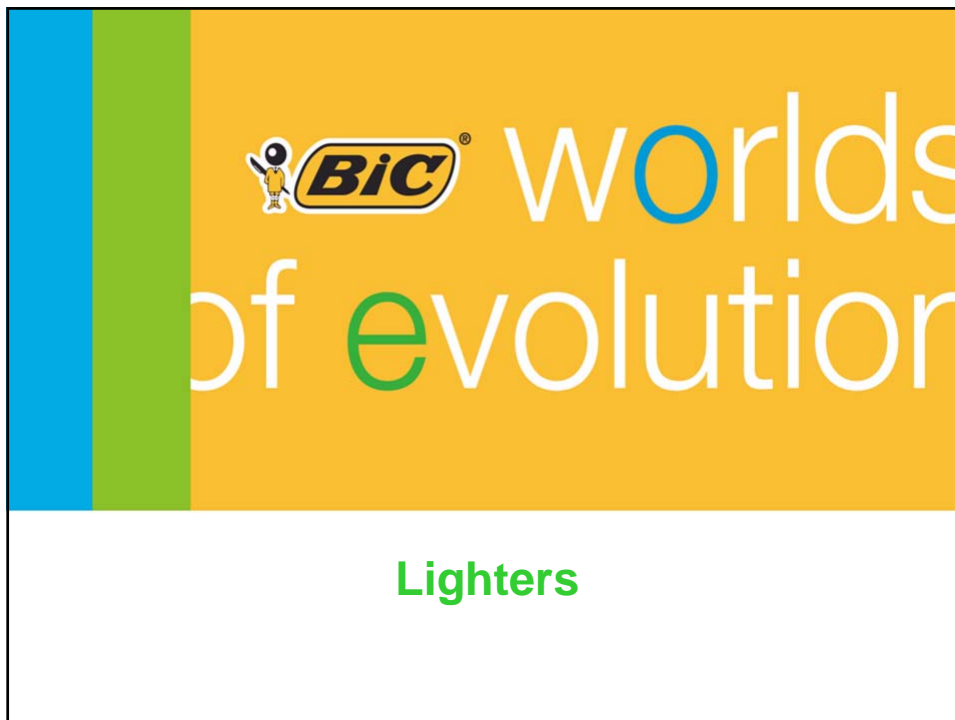
Better understanding of patents  
Analyze competition



#### Organized to work on different continents With a central location

Optimize resources  
Multicultural team





**Lighters: Vision and Strategy** 

- **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 sleeve themes, the colors and the cases  
**Multipurpose lighters:** strengthen our presence in the trade
  - ↪ **Fight against Asian imports** | Enhance communications about **quality** and **safety** of the **BIC**® lighter  
Reinforce **anti-counterfeiting actions**  
Work with governments to make **safety rules enforced**

39

## Lighters



- Product placement in stores



Latin America



U.S.

40

## 2005 Highlights



- Strength continuously supported from North America and Latin America
- More than **1 billion** BIC® lighters sold
- Record IFO margin: **32.3%** of Net Sales

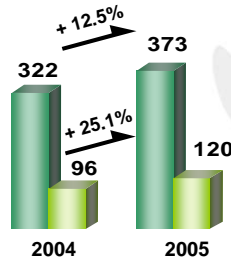
41

## Key Figures



In million euro (under IFRS)

■ Net Sales  
■ IFO



Change in Net Sales	NA	+ 15.7%
Change in Net Sales – On a comparative basis	NA	+ 12.5%
IFO Margin	29.7%	32.3%
Normalized IFO Margin	29.5%	31.9%

NA = Not Applicable

➔ **Minimum Mid-term IFO Margin target: 24-25%**

42

## Safety



- On **February 9, 2006**, the 25 Member States of the European Commission (EC) adopted a decision requiring all lighters placed on the market in the EU to be **“Child-Resistant”**, except luxury and some semi-luxury lighters.
- Beginning **March 18, 2007**, manufacturers must no longer put non **“Child-Resistant”** lighters on the EU market.
- There will be an additional **12 month delay** for retailers.
- After this time, the European consumer will no longer be able to buy a lighter without a **“Child-Resistant”** feature.

43

Child Guard



BIC® lighter with “Child-Resistant” feature

- “Child-Resistant” lighters have 2 characteristics:
  - More difficult to light
  - Slightly more expensive
- When both “Child-Resistant” and non “Child-Resistant” lighters are sold in the market, this gives way to nearly exclusive sales of non “Child-Resistant” lighters
- The 25 EC Member States are committed to enforce the “Child-Resistant” rules

- The 25 Member States of the EC decided that in the future they will have to not only pull all the non “Child-Resistant” lighters from the market, but also those that do not respect ISO 9994 safety standards. ISO 9994 is the standard that defines the specifications of **safety** of lighters (flame height, resistance to rising temperature, resistance to flame continuance, rate of gas refilling ...).
- **BIC** is currently participating in the development of these control measures with the relevant authorities in the 25 EC Member States who are going to be in charge of ensuring adequate control of “Child-Resistant” and ISO 9994 safety requirements.

## Safety



- In countries where safety standards are respected because of enforcement, Asian lighter imports will diminish leaving room for lighters that respect all **safety rules**.
- The safety of the consumer is then improved and **BIC** will be able to find new growth opportunities in both volume and value.  
North and South America are good examples.

46

## Innovation - New Products



Stripe Sleeves

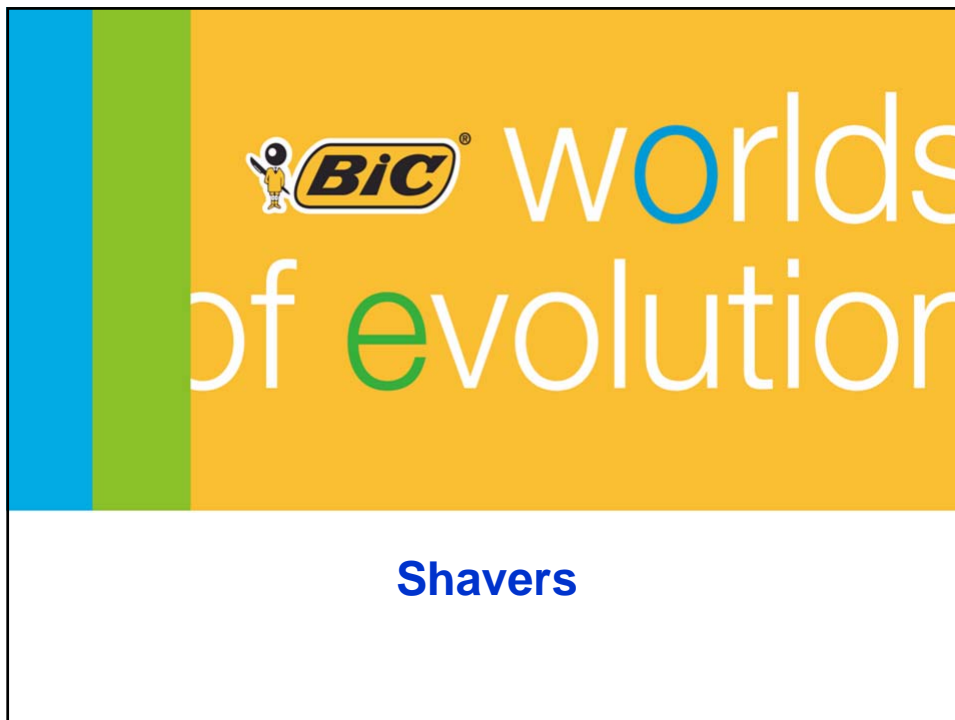


C2 Select Pearl Case



C2 Select Case

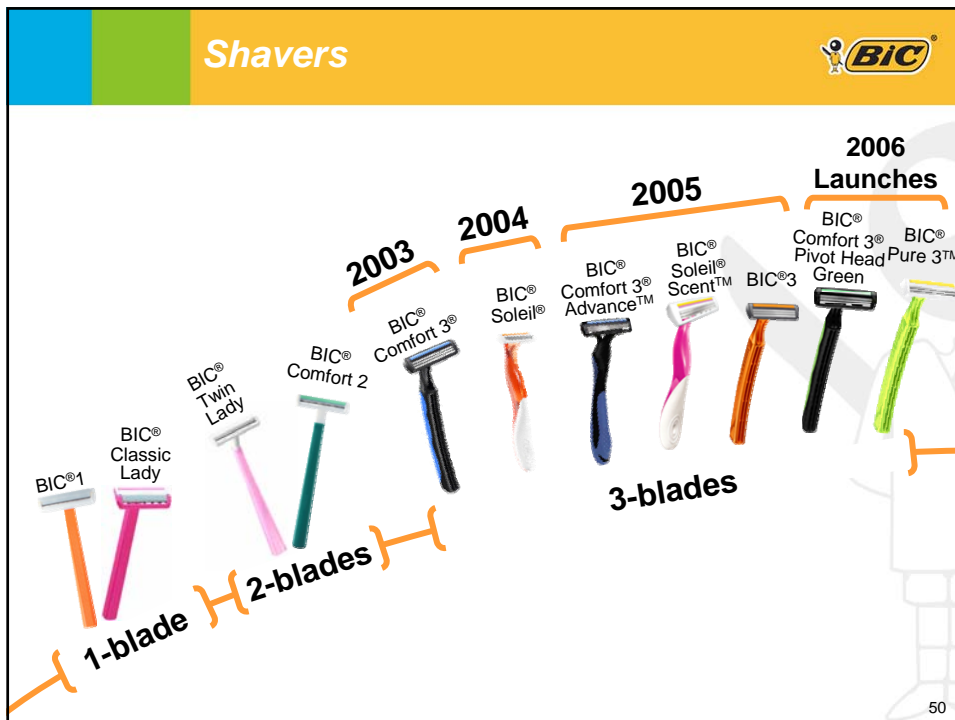
47



**Shavers: Vision and Strategy** 

- **Our vision:** offer our consumers quality products at reasonable prices in all segments of the One-Piece Shaver Category
  - BIC® ... A quality shave at a reasonable price!**
- **Our strategy**
  - ↪ Develop and invest in new products that meet consumers' rising expectations
  - ↪ Focus on the growing triple-blade segment for both Women and Men
  - ↪ Position our products to offer a better value than the high-priced competitors

49



## 2005 Highlights

- Strong performance of triple-blades: 28% of the BIC category sales versus 20% in 2004
- Sales growth driven by North America
- Continued decline of single and twin-blade shavers

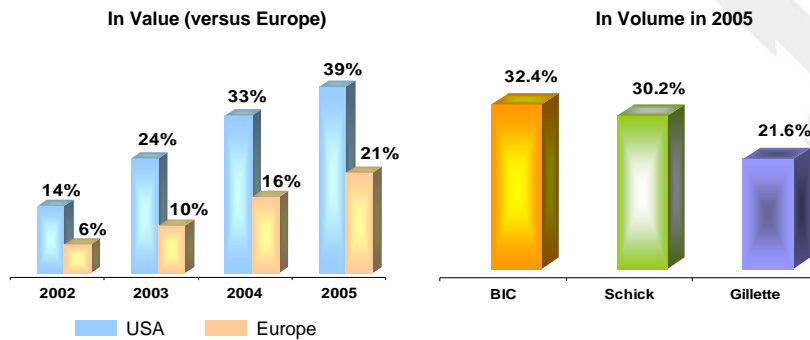
51

## Triple-Blades in the U.S.



- In the USA, we achieved #1 volume share of triple-blades, ahead of both Gillette and Schick.
- Key drivers: the launch of BIC® Soleil® and BIC® Comfort 3® Advance™

### Triple-Blade Market Share in the U.S.



Source: IRI FMDX w/o Wall\*Mart for USA – Full Year 2005  
AC Nielsen for Europe – Full Year 2005

Source: IRI FMDX w/o Wall\*Mart – Full Year 2005

52

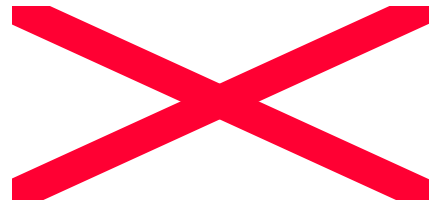
## Key Figures



In mill

■ Net

■ IFO



+ 9.2%

+ 19.5%

	2004	2005
Change in sales	NA	+ 11.7%
Change in Net Sales – On a comparative basis	NA	+ 9.2%
IFO margin	4.5%	8.5%
Normalized IFO margin	8.6%	9.2%

NA = Not Applicable

➔ Mid term IFO Margin target: 11-13%

53

## Innovation in Consumer Approach

- It all starts with the consumer: how they shop, how they shave, what they need, what they like



54

## Innovation in Product Design

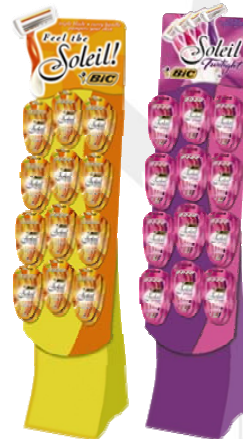
- BIC® Soleil®**: first one-piece shaver specifically designed for Women
- BIC® Soleil® Scent™**: 4 new exciting colors, and a subtle lavender fragrance



**BIC® Soleil® Original**



**BIC® Soleil® Scent™**



**Soleil Displays**

55

## Innovation in Consumer Promotion

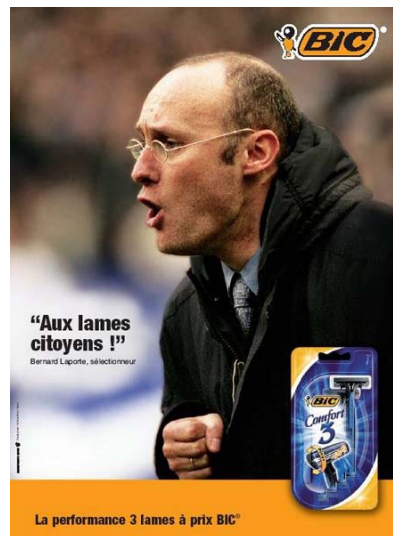


- New ways to connect with our consumers
- Synergies with BIC Sport



56

## Innovation in Advertising



"I always put 3 fine blades in the front row"

57



*BIC and the Sustainable Development* 

● **Our 8 priorities:**

1. Minimize **product impact** on the environment
2. Safe and clean **factories**
3. Respect of the **International Labor Organization (ILO)** standards
4. Light and practical **packaging**
5. Commitment to **ethics**, an everyday reality
6. Development and training of our **employees**
7. Our **spirit of solidarity**
8. Trust based relationship with our **customers** and **consumers**

59

## Our Advances in 2006



- Our products, our principle responsibility
  - BIC products: simple without excess, that endure, with minimal impact on the environment
  - Form R&D teams for **ecodesign method**
  - Presentation of **ecodesign method** to our clients and expert institutions
- Employee awareness and training for BIC's Sustainable Development program
- A Second Sustainable Development report
  - Focus on a concrete case: factory in Manaus, Brazil
- Consult our stakeholders
  - Objective: collect their opinions and expectations
  - Concrete results

60



worlds  
of evolution

Outlook

## 1st Quarter 2006



- 1st Quarter 2006 Net Sales: € 341m,  
+ 13.5% as reported and + 5.1% at constant currency

	As reported	At constant currency
<b>Stationery</b>	+ 12.8%	+ 5.1%
<b>Lighters</b>	+ 15.8%	+ 5.3%
<b>Shavers</b>	+ 11.1%	+ 3.1%

62

## 2006 Outlook



- **2006 Net Sales:** confirm our full year Net Sales growth target growth of approximately 4% on a comparative basis
  - **Stationery:** price sensitivity remains an issue for back-to-school in Europe and in the USA
  - **Lighters:** strong sales in North America, competition is always tough from Asian lighters in Europe
  - **Shavers:** continue development of the triple-blade segment

63

## Our Assets for Sustainable Growth

- Ingenuity and talent of the women and men of the Group
- Our **BIC**® brand is timeless, global,...but especially local
- Our focus on Quality, the number 1 priority of the Group
- Our healthy and solid financial situation
- Our capacity for innovation.....

64

## Outlook - Fuel Cell

- **BIC** explores Fuel Cell Cartridge technology through alliances with other companies, associations and regulators as a way to leverage its expertise in high-quality consumer products and global distribution
  - Fuel cell is an emerging technology. It will supplement the power in portable electronic devices to be able to extend "hours per use"
  - With more than 30 years of expertise in lighter, **BIC** is working to create fuel cell cartridges, bringing its know-how 1/ in producing cartridges containing liquid fuel and 2/ in lighter valve technology
  - By 2010, some experts predict that fuel cells may begin to replace lithium ion batteries

65



# worlds of evolution

## Summary of Resolutions

### Summary of Resolutions



- Authorization by June 3<sup>rd</sup>, 2004 and May 19<sup>th</sup>, 2005 Shareholders' Meetings to operate on **BIC shares** in 2005 resulted in the following:
  - Number of shares bought back: 1,633,452
  - Number of shares cancelled: 1,808,435
- Renewal of authorization given to the Board of Directors to operate on **BIC shares**
  - Maximum amount of shares: 10% of authorized capital for a maximum amount of € 370m
  - Maximum purchase price: € 75 per share
  - Duration of authorization: 18 months

## Summary of Resolutions



- Reappointment as Directors of the Board for a 3 year term:
  - Mr. François BICH
  - Mrs. Marie-Henriette POINSOT
  - Mr. Olivier POUPART-LAFARGE
  - Mr. Antoine TREUILLE
  - Mrs. Marie-Pauline CHANDON-MOET
  - Mr. Frédéric ROSTAND
- Appointment of **Société M.B.D.** as a new Director of the Board

68

## Summary of Resolutions



- Other authorizations given to the Board of Directors
  - ➔ renewal of existing authorizations to:
    - Increase share capital with or without waiver of preferential rights of subscription for shareholders
    - Increase share capital by incorporation of reserves, profits or premiums
    - Increase share capital reserved to employees
    - Reduce share capital by canceling shares
    - Provide share subscription and/or purchase options to officers and employees

69

## Summary of Resolutions



- Modification of Articles of Association
  - Removal of age limit for the capacities of Director, Chairman, CEO and Executive Vice-President
    - ➔ Therefore the legal age limits apply:
      - 70 year age limit for Directors
      - 65 year age limit for Chairman, CEO and Executive Vice-President
  - Attendance of Board Meetings by telecommunication means (law of July 26, 2005)

70



worlds  
of evolution

**Annual Shareholders' Meeting**  
**May 24, 2006**