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PRESENTATION

Gonzalve Bich - *Société BIC SA - CEO & Director*

(foreign language) Good afternoon, good morning, good evening, to those of you connecting to this webcast, and thank you for joining us for this presentation today.

Our presentation has 2 parts. First, Jim and I will go through our 2018 results. I'll start with a brief summary and then hand it over to Jim to take you through our consolidated results and financial performance. The second part of this meeting, I'll be joined on stage by 4 of our new Executive Committee Members, Thomas Brette, Peter Dalsberg, François Clément-Grandcourt and Benoit Marotte. We'll together present an update of our plan 2022, which we call Invent The Future. At the end of this meeting, I'll close with a Q&A session.

So let's start with our full year 2018 results. Operationally, we achieved our outlook and delivered solid results in the year across our 3 categories, and we achieved our outlook growing in each category on a comparative basis.

Before I comment specifically on our operations and full year '18 results, I think it's important to take a step back and look from a macro perspective at the numerous headwinds our business faced last year. We navigated through raw material price increases globally, currency volatility, transportation strikes in Latin America, as well as political and economic uncertainties, not to mention the Yellow Jacket protest in France.

Performance in Stationery was driven by e-commerce growth, robust back-to-school sell-in and success of our added-value products. In Lighters, growth was fueled by ongoing distribution gains globally. Finally, our Shaver business grew thanks to successful product launches and enlarged distribution despite continued market disruption in the U.S.

Throughout the year, we invested in growth opportunities as we expanded our geographical footprint. In Africa, for example, we acquired the Stationery leader, Haco Industries, in Kenya.

So let me now give a brief summary of our financial performance for the year. As mentioned before, we achieved our outlook in 2018 with net sales up 1.5% on a comparative basis and a normalized income from operations margin of 18.1%. Normalized EPS group share was EUR 5.87, and our net cash position remained strong at EUR 161.5 million at the end of December. Jim will provide you with more detail in our consolidated figures a little later.

If we turn to shareholder remuneration now, based on these results, the board has proposed an ordinary dividend of EUR 3.45 per share for 2018, in line with our use of cash strategy and priorities. This will be subject to approval at our AGM in May.

Let's now take a closer look at our businesses and performance in 2018 beginning with Stationery. Stationery net sales in 2018 increased by 1.7% on a comparative basis. In Europe, while markets declined 1.4% in value at year-end, BIC outperformed the market, gaining 0.5 points share driven by strong back-to-school period across most European markets. Net sales grew low single digits with e-commerce sales growing 34% year-on-year.

Looking at North America, net sales grew single digit. With the strong back-to-school season, growth drivers included success of added-value products, especially in gel and e-commerce, where we outperformed the market gaining 0.8 points value share with a growth of 55 versus the prior year.

In Latin America, net sales increased mid-single digits, driven again by a robust back-to-school season in Mexico, where we outperformed the market in spite of a highly competitive environment. This performance more than offset a challenging year in Brazil, subject to ongoing retailer-led inventory adjustments, the May transportation strike and further consumer trade-downs on entry prices.

In India, Cello Pens domestic net sales increased low single digits as Cello continued its strategy of portfolio streamlining and focusing on its champion brands, such as Butterflow and Butter Gel. Full year 2018 Normalized Income From Operations margin was 8.1% compared to 8.3% last year in 2017 due to an increase in raw material costs and investments in operating expenses.

Let's now shift to Lighters. 2018 net sales increased 2.4% on a comparative basis. In Europe, net sales growth was driven by both Western and Eastern Europe while strong results in Russia, where we gained further distribution throughout the year.

In the fourth quarter, net sales were favorably impacted by customers buy-in ahead of a price adjustment implemented in January of 2019. The purpose of this price increase is to offset recent raw material cost increases.

In North America, the market declined, impacted by the growth of competitive imports and increased competition. Nevertheless, BIC continued to outperform the market. Net sales grew low single digit, driven by further distribution gains and growth of our added-value sleeve design.

In Latin America, we posted mid-single-digit growth with continued solid performance in Mexico, fueled by further distribution gains and growth in the traditional trade. Net sales in Brazil were negatively impacted by the inventory adjustments by customers as well as the transportation strike in May. Normalized income from operations margin for Lighters was 36.0% compared to 39.2% in 2017. This decline is attributable to higher cost of production and higher investments in brand support and operating expenses.

Now looking at our Shaver business. Net sales were up 1.7% on a constant-currency basis. In Europe, our net sales increased mid-single digits, driven by a strong route-to-market execution, again, in Eastern Europe. Russia remains a strong growth driver as we outperformed the wet shave market thanks to enlarged distribution and the success of BIC Flex 3 Hybrid. In Western Europe, we outperformed the market in both France and the U.K. thanks to the Flex range and the Soleil range.

In North America, our net sales were relatively flat. In a challenging and competitive environment, highlights included successful '18 launches as well as orders for new lines available for 2019. In the U.S., the One Piece segment declined 3.8% in value, and our market share declined by 0.5 points due to increased competitive pressure on both price and promotion.

In Latin America, we delivered mid-single-digit net sales growth. BIC outperformed the overall market, growing value share in all major countries thanks to wider distribution and product mix.

In Brazil, despite the one-piece market declining 3.4% in value, BIC gained 2 points in value share with sales boosted by positive mix, specifically higher volumes on triple blades. In Mexico, BIC's strong performance was driven by expansion in convenience stores. One -- our full year 2018 normalized income from operations was 10.4% compared to 13.1% in 2017. This decline is due to increased raw material costs and higher operating expenses, mitigated in part by slightly lower brand support investments.

Let me now give the floor to Jim, who'll take you through our consolidated results in more detail.

James DiPietro - *Société BIC SA - CFO & Executive VP*

Thank you, Gonzalve. Okay. I'll begin by reviewing the net sales evolution for both the fourth quarter and the full year 2018.

On an as-reported basis, fourth quarter net sales were up 2.7% versus last year. On a comparative basis, net sales were up 5.4%. There was an unfavorable impact of currency fluctuations of minus 1.8% mainly due to the changes in the Brazilian real.

For the full year, 2018 net sales were EUR 1,949,800,000, down 4.5% as reported but up 0.9% on a constant currency and up 1.5% on a comparative basis. The unfavorable impact of currency fluctuations mainly due to the U.S. dollar and the Brazilian Real. Europe grew 1.8%, while North America grew 1.4%, and developed markets grew 1.5%, all on a comparative basis.

The application of hyperinflation accounting in Argentina, from July 1, 2018, and unfavorable evolution of the peso had a negative impact of 0.6 points on a full year and 0.9 points negative for the fourth quarter in 2018.

On Slide 11, we can see the key elements of the summarized P&L results for the year. For the full year, gross profit margin came in at 52% compared to 52.4% last year. Full year 2019 Normalized IFO margin -- I'm sorry, normalized IFO was EUR 352.4 million compared to EUR 399.6 million last year with normalized IFO margin 18.1% compared to 19.6% in 2017.

We'll now review the key components of the change in normalized IFO margin versus last year, starting with the fourth quarter. Cost of production was unfavorable by 2.7 points versus last year. As we experienced in the first half, our fourth quarter cost of production was negatively impacted by raw material cost, by unfavorable absorption and higher depreciation. Brand support was higher by 1 full point in the fourth quarter as we expected and forecasted. Operating expenses and other expenses were lower by 1 point versus the fourth quarter of 2017.

For the full year, cost of production was unfavorable 0.5 points. This unfavorable cost of production was due to an increase of raw material, depreciation and unfavorable fixed cost absorption. As expected, the negative impacts of raw material absorption and depreciation became more significant in the second half as we had less of a favorable offset versus the first half of 2018. Total brand support investments were slightly higher by 0.1 point, and we increased the operating expenses and other expenses by 0.9 points versus last year.

On this slide, we can see normalized IFO to net income for the full year of 2018. The nonrecurring items for the year are as follows: Cello goodwill impairment and impairment of goodwill for Pimaco included or totaled EUR 74.2 million. Restructuring expenses were EUR 15.4 million, which included Stationary and Lighter manufacturing reorganization, organizational review expenses and expenses related to the acquisition of Haco also the loss related to BIC Sport divestiture of EUR 4.9 million.

The last nonrecurring item is the positive impact of EUR 0.9 million resulting from the adoption of IAS 29 accounting standards with Argentina considering it as a hyperinflation country. Income before tax for 2018 was EUR 261.6 million compared to EUR 396.7 million in 2017.

Net income group share was EUR 173.4 million, down 39.7% as reported. Net finance revenue was EUR 2.8 million compared to EUR 21.8 million last year. 2018 was negatively impacted by the Argentina hyperinflation accounting for EUR 5.9 million and benefit -- and 2017 benefited from EUR 18.2 million related to the exchange difference on the intercompany payment of BIC Graphic loans.

In 2018, the effective tax rate was 33.7% and 26.3% excluding Cello and Pimaco goodwill impairment compared to 25.9% last year. Full year 2018 EPS group share was EUR 3.80 compared to EUR 6.18 last year, down 38.5%. Normalized EPS group share decreased to EUR 5.87 compared to EUR 6.26 last year.

Looking at CapEx. In 2018, we invested EUR 125.4 million in CapEx. This was lower than expected as some projects shifted into 2019. Based on the shifts, we currently forecast 2019 level to be in the range of EUR 130 million to EUR 140 million.

When we compare 2018 versus 2017 working capital, we see the following changes. Inventories increased to EUR 449.2 million. On a year-to-year comparison, inventories increased EUR 20.2 million driven primarily from the Stationery category. Trade and other receivables increased to EUR 534.7 million, and trade and other payables were EUR 137.7 million.

Looking at net cash position, here we see the summary versus the evolution of last year. Net cash from operating activities was EUR 303.9 million with EUR 394.6 million in operating cash flow. The negative EUR 90.7 million is the change in working capital and other mainly driven from accounts receivable and compared to last year. Net cash position was also impacted by investments of CapEx, dividends and share buyback as well as the acquisition -- net cash was impacted by the investments of CapEx, dividend payments and share buyback as well as the acquisition in Haco, and the proceeds of BIC Sport. Our net cash position at the end of December was EUR 161.5 million.

This ends the fourth quarter and full year consolidated results. Now I'll give the floor back to Gonzalve.

Gonzalve Bich - *Société BIC SA - CEO & Director*

Thank you, Jim. To conclude this first part of the meeting, I'll now take you through our outlook for 2019. We expect 2019 net sales to grow slightly on a comparative basis and normalized income from operations margin to be between 16.5% and 18%. In a continued challenging trading environment, overall sales performance may be subject to macroeconomic uncertainties and continued competitive pressure in Shavers in the U.S.

Growth drivers will include distribution gains and success in added value new products. Gross profit will be impacted by increasing raw material costs, the impact of unfavorable foreign exchange trends and the potential impact of sales volumes on cost. Normalized income from operations will also be affected by additional brand support investments.

This concludes the first part of our meeting. Next, let's now look ahead to our future.

In December, we announced the launch of an organizational review. One objective of this review is to reinvigorate the way we manage BIC by putting the consumer at the heart of what we do so we can delight them every day with our high-quality affordable and innovative products. This is inherent to our DNA.

Such an initiative requires that we drive productivity even harder and that we increase efficiency to fuel accelerated growth. The process is ongoing and will take a few months to complete. Today, I want to share with you the first steps of the organizational changes, along with a few of my new Executive Committee members. For this, I'd like to invite Peter Dalsberg, Thomas Brette, François Clément-Grandcourt and Benoit Marotte to join me on the stage. We call this plan, BIC 2022 Invent The Future.

Let me now start with how we see the current business context. Evidence of the ever-changing nature of our business environment is all around us in ways big and small. Survival requires companies to evolve, yet to thrive requires speed and agility. Nonbranded and digital native brands have reshaped the retail environment in years past. They create competitive difference and carve their place alongside long-established brick-and-mortar industry leaders with compelling consumer propositions.

In the U.S. Shaver systems market, for example, direct-to-consumer e-commerce strategies offer consumers a heavy mix of entry-level value with premium-level convenience. The result has been fierce competition. Multibrand online retailers, like Amazon, have disrupted traditional routes to market with unprecedented levels of convenience and personalized offers, underpinned with credible consumer reviews.

In response, traditional retailers are having to reimagine their consumer proposition, and we see the emergence of Click and Collect, shopping, home delivery with, "You shop. We drop," and other initiatives to keep shoppers coming into store with freshly sourced local food and even offers a free coffee. And in some markets, consumers are becoming increasingly aware of product life cycle and circular economy.

Our business relies on a dynamic resource ecosystem. In the meantime, we have seen increased fluctuation in raw material costs. The use of specialist materials in our products to meet our exacting standards along with compliance regulations that our suppliers must bear, means that scarcity of raw materials can be an occasional issue. In any case, we must adapt to this evolving market as we drive distribution further. By 2021, we estimate that nearly EUR 1 in EUR 5 in the global retail market will be spent in online channels.

Distribution models are changing and long-established retail channels are under pressure. Many are forming purchasing alliances in a bid to compete against business models that operate with lower overhead and efficient supply chains. Along with our growing distribution and innovation with our retail partners, we must embrace omnichannel presence worldwide ensuring that BIC products are increasingly available for everyone, everywhere and at any time they so choose.

But it is not enough to simply be available. Delighting consumers requires more. My grandfather would often say that the consumer was his best friend, and that listening to consumers was the key for success. This remains as true today as it was all those years ago because consumer behaviors are changing.

Today, consumer touch points have multiplied, from search to research and discovery. Furthermore, consumers use a multitude of resources both on and off-line. A recent study by Deloitte showed that now that more than 1/3 of consumers are expressing an interest in purchasing personalized products.

Social purpose also bears considerable importance. When the consumer has a choice and the opportunity to purchase at a reasonable price, then brands with strong environmental, social and societal purpose are more likely to drive conversion.

Socially responsible consumption is becoming a major switching factor in consumer decision making. We view this as an opportunity to evolve our communication to be more explicit in talking about our sustainable development commitments and our devotion to improve the equity in education.

However, such evolution requires significant opportunity for us. Our foundational positions allow us to meet current challenges head-on and convert them into future opportunities. Our business model provides a platform for growth.

We're an industrial company, and our mass production process relies on operational excellence. Our technological expertise allows us to develop and evolve innovative manufacturing processes, which when deployed in mass production, enable us to ensure quality, consistency and minimal cost. In short, we create, develop and deploy state-of-the-art fast, efficient and reliable machines worldwide.

I'd like to take this opportunity to express my pride and appreciation for BIC production employees worldwide. Their diligence and flexibility are critical to our operating model. And this is the case all over the BIC globe.

As you know, 92% of our products are produced in BIC-owned factories. This allows us to ensure the consistency of the manufacturing process which is so key to our safety, quality and affordability.

What you'll see in this slide is our manufacturing footprint 10 years ago. And now, you see it today. In 10 years, we've significantly strengthened our production capabilities in fast-growing markets. The most recent example, in Kenya, with the acquisition of Haco. We now rely on 26 state-of-the-art factories on 4 continents to be as close to our customers and consumers as possible.

Shifting from production, the BIC brand has become ubiquitous around the world and is a key asset. I hope some of you had the opportunity to visit the BIC art collection last year in Paris, of which my extended family is very, very proud. This is a fantastic example of the leadership and resonance of our brand. We are #2 worldwide in Stationery, #1 worldwide in branded pocket lighters, and #2 in volume, in Europe, the U.S. and Brazil for nonrefillable Shavers.

We've also developed and grown a number of brands, like Conte and BIC Kids for coloring as well as Tipp-Ex and Wite-out for correction, 2 strong examples of BIC M&A success stories. In India, Cello is the #1 writing instruments brand.

In Shaver, our female brand, BIC Soleil has become a genuine franchise. Awareness of BIC stationery, lighters and shavers is phenomenal in major markets around the world, including the U.S. and Brazil, with nearly 100% brand familiarity rating. Such familiarity and trust by association provides a fantastic basis from which we will continue to write our growth story.

If we now look at our financial performance. Over the past 5 years, we've delivered an average growth in organic sales of 3.6% on a comparative basis. However, a slowing growth rate in the past 24 months means reinvigorating our growth model will be a key output of our transformation path.

Our normalized IFO margin remains robust. And BIC is a strong performer amongst its peer group. However, our advantage has slimmed in recent years. Accelerating long-term growth and protecting our margins is a key objective of this plan. Our group remains highly cash generative, enabling us to fund capital expenditures and support healthy returns to shareholders through ordinary dividends, share buybacks and exceptional dividends.

Since becoming CEO, I have become even more convinced of our growth potential. So now it's time to call on my team to share just how we're reinventing the future. I'd like to welcome Peter Dalsberg to the stage to explain what we're doing in Stationery to become the preferred brand of choice notably for young consumers.

Peter Dalsberg - *Société BIC SA - Group Supply Chain Officer*

Thank you, Gonzalve, and well, good afternoon to everybody. So first, I want to go through the Stationery total market. As you can see on this slide, during the last 5 years, it has increased with a 5.2% CAGR. And it's still poised for further increase.

And based on UNESCO's Institute of Statistics, we have today 1 billion children within the age of 0 to 6, and also, 1 billion children between 6 and 14. And global population is estimated to grow at a 1.1% CAGR. So all-in-all, this is very positive for the total Stationery, which means that a lot of new potential customers, consumers will enroll in schools.

In addition, global literacy rates for use between 15 and 24 has increased 14% over the last 3 decades, creating great opportunities, again, for the Stationary market. Our position today is a strong #2 in the world, and we have a 9% global markets share. And we have the leading position in Europe, Latin America, Africa and India.

Every day, we deliver more than 20 million products around the world to our consumers. Our key strength is ball pen, which is the biggest segments within Stationery and where we have by far the main position.

If we go to our strategy. Then our strategic priorities is to focus on our strengths to continue to act as a leader and to deliver the highest quality ball pens to consumers around the world. At the same time, we are animating our brand with initiatives such as Cristal and 4-Color flagship. And we're also focusing on other writing occasions, such as smoother and more vivid gel, which is a fast-growing segment. To strengthen our positions, we want to recruit and trade-out new consumers through innovation thanks to better insights.

Finally, in an effort to better understand our consumers, we are conducting market research and ensuring stronger differentiation on shelf. By doing so, we are strengthening our positions in coloring to help attract consumers towards the big brand from an early stage -- early age, which is linked -- very much linked to our focus on education. We are committed to deliver quality and value for money for our loyal consumer base.

Then speaking about innovation. Then our innovation team have been working hard to deliver break-through innovation, and I'm very happy to present the latest one, which is this new BodyMark product, and you will have kind of a sample of this in your gift pack. So this is a totally new product that we have just launched. And it actually combined the art and the coloring for body art.

Our primary focus group is people between 13- and 24-years old. And alone in U.S., 53% of that age group have within the last 12 months tried to put on a sample of body art or a tattoo on their body. So this is a great example that we have been listening to our consumers and acting on giving them an opportunity to express themselves through personalization.

We have been developing this in cocreation with a celebrity tattoo artist, called Miryam Lumpini, who has been acting as the Co-Director for the development and by using her insights. She has today 250,000 followers on the social media, and she's very -- obviously, very experienced within this new segment for us. She will also act in the next couple of years as an ambassador for us.

The reception or the reaction from our consumers has been extremely positive, so we have launched this on Amazon globally, and it will come in retail in U.S. in May/June. Our customers has been extremely positive. And some of them even saying that they have been waiting for this for a couple of years.

So this is a great example of growth opportunities that we are utilizing in the whole -- that the whole -- total market for Stationery, which is also very positive with the population growing and more consumers getting into school enrollments.

So by this, I will invite François to come on stage to talk about the Lighter category.

François Clément-Grandcourt - *Société BIC SA - General Manager of Lighters*

Thank you. Good afternoon. So BIC Lighters is the branded leader worldwide with 50% market share in value. That means as this 50% is an average that there are some continents which are below this average and some critical continent are. When I mentioned 50% market share worldwide, that exclude Asia. But our premium positioning in price do impact this market share. If we exclude this and look at volume, we have 30% market share worldwide, excluding Asia, again.

So let's look now at the continents where we can grow. On that chart, the more red, the higher our market share. And you can see that we can significantly grow in Latin America and significantly grow as well in Europe. You see as well that Africa, Middle East, India and Asia are untapped potential for BIC Lighters. In those geographies, including China, we have pilots underway in order to prepare the future. So if there is one key point to keep in mind about our potential in Lighters, this is the critical one.

Quality and safety is BIC DNA, and that will remain so. We do inform for years authorities. We do inform customers. And since last month, we are even now directly informing consumers, in France, starting today in Germany and more countries to follow in the next months with a TV commercial, explaining the difference. In major markets, in addition to being the champion of quality and safety, we have to capture added value with more flexibility in our production, making sure that consumers or customers can have very short runoff production or even just few lighters. To that purpose, the production site, the pilot one was opened beginning of January so that we industrialize that service. And this is in the U.S. that this pilot site is open.

Now traditional trade. It is critical to speak about Internet and web, but we have to say that traditional trade is critical already today for Lighters. And in some geographies, where we will have to grow in the future, this is even the only channel available.

But even if we forget those countries and the countries where we are already strong, for example, in Mexico, we are growing as well because we are going deeper and deeper to tinier shops, even in the United States, up to recently, we're focusing very much our efforts on what we call the tracked market. Tracked market is hypermarkets, supermarket and convenience store. It does remain that roughly 1/4 of the market is not tracked. This is mom-and-pop shops, eco-stores, bodegas and dispensaries.

So here you see that Lighters are not just strong assets, but Lighters add as well a strong growth potential.

I will now ask Thomas to come and to explain us how we'll succeed in a disrupted market like Shavers. Thank you.

Thomas Brette - *Société BIC SA - General Manager of Group Shavers*

Thank you. Good afternoon. Wet Shave. So the Wet Shave market is a $12 billion market. This is very large market, which is majority in developed markets of North America and Europe, and 40% in developing market with Latin America being the biggest part of it with 15%. In terms of product segmentation, 60% of the market is done with refillable products, which we call system -- consumer accounting systems and about 40% are done with disposable.

That split, 60-40, is slightly different by region. In North America and Europe, it is about 2/3 for system, 1/3 for disposable, while developing market it's the reverse and especially in Latin America. We, BIC, are the key challenger on that disposable market. We are the #2 player, and we are selling more than 6.8 million Shavers per day.

Let's speak about the dynamic of this market, and that's important. What we see there is a challenging picture. We see some markets that are declining and other that are slowing down. In Europe, North America, the market was slowing down in the past. Since recent years, it is now declining, and those are 3 main drivers: The first one is shaving frequency reduction. The second one is the disruption from emerging new general distribution, and the third one is price deflation. And then we've gone back on those trends in the next slide.

In developing markets, the dynamic is relatively different: first, it is not decreasing, but it is not growing as fast as in the past. And the main driver there are not the one that I mentioned before, but they are mostly economical slowdown as well as political economical challenges. So different dynamic slowing down but not decreasing.

Let's now look at it more in detail at the U.S. market. What you could see on that slide is actually the 3 drivers that I was mentioning before: shaving frequency reduction, the new channel of distribution emergence as well as the price deflation. Shaving frequency has a direct impact on volume. And what we have seen over the last 10 years is that the consumer are -- changed their habit shaving every 2 days 10 years ago to every 3 days today, decreasing the volume of Shaver that are being purchased per year and despite an equal level of penetration of wet shaving in those markets. So it's the frequency which is decreasing.

The second driver is the direct-to-consumer change that we see. And actually, what we see in the U.S. is that now this represents 18% of the market, e-commerce represent 18% of the market. So it's not, per se, disruption of -- it is a disruption, but it's not a driver of decline of the markets. It's mostly an increased competitive environment that we see happening from there. And that is mostly impacting the system. And we can see the impact clearly on the volume chart, where in 2015, the system market have been declining by 8%.

The third driver is about price deflation. And actually, that's directly related to the one I was just mentioning before. In 2016, you can see that we saw a significant price decrease on the system products, which will have direct reaction to the gain of the direct-to-consumer competitors. And that massive price reduction has resulted in, first, a decrease of price gap between system and disposables, so lower competitive advantage for disposable, and a regain of volume for system. So we were seeing a bit the trend between disposable and system in term of volume trends.

So if we take a pragmatic view to the dynamic of the markets, we have consumer trends better, and we also have structural drivers. Some of them will slow down, other will reverse but new will emerge. And at the end of the day, that category will remain a challenging category and a very competitive one.

However, in that context, we believe that we have the right to play and to succeed. And the main reason for that is our technology. We have made tremendous progress over the last 10 years and even more recently. We have increased our investment, and it is paying off. And the situation is that we have an unbalanced situation between our market share, 6% worldwide, and the level of our technology. We have -- with the latest product that we have launched on the market, the best repeat rate that we can have from -- even most premium disposable users.

And we have more to come. That's only with the technology that we have put on the markets, and we have a lot of technologies and innovation that are ongoing. So our strategy moving forward is basically leveraging our technology, not only to protect our territories, the current one, but also to conquer new one. So concretely, I will take you through the 3 pillars that we have developed, which is first to recruit the twin-blade user; second, to continue the trade-up of our disposable consumers; and last, recruit system users.

So let's start with the first one: twin-blade user. Three years ago, we decided to focus on the premium segments, 3-blade and more, and we've done many of our developments into that direction, and we had great successes. So we decided to left aside the twin-blade segment, but that segment is about 50% of the volume of disposable today. So it is time to also answer the needs of those more value-conscious consumers. And that's what we will do, and we will do that thanks to our technology. Part of our innovation program is to bring our technology to the bottom of our portfolio by improving the efficiency of those technologies.

We want to make technology affordable. We want to democratize technology. And we've succeeded to do that. And the first move in that direction is the launch that is currently happening in the U.S., which is Flex 2. In Flex 2, we succeeded to incorporate our movable blade technology at a very affordable price for the consumer, making it affordable for twin-blade user. And that will probably be the best twin-blade shaver on the market. So it is being launched in the U.S. as we speak now, and we are working on a plan to expand to the rest of the world. So that's the first pillar.

The second pillar is to protect what is extremely important, our current business, our disposable range. Over the last year, we have increased our product portfolio, for both men and women, and we have created different layers of brands. BIC 1-2-3, which is our brand portfolio, which is focusing on efficiency and the entry price. The Comfort range, which is focusing on comfort and affordability; and the Flex range of Soleil for women, which is focusing on smoothness and affordability also.

Moving forward, we will continue to improve performance and benefits for consumers for our different range. We will focus on the top, continuing to expand our portfolio on the more premium items. But we will also continue to customize this product portfolio for developing markets.

And this is fueled by our innovation process, which has 4 different directions: performance, costs, consumer experience and benefits, and sustainability. And they are all embedded into our process of innovation, and we have a lot of project which are ongoing to fuel this portfolio.

Last but not least, the third pillar, which is to extend our playground and recruit system users. We have nothing to be ashame of with our technology. We are delivering equal or better shaving performance than the system competitors, being the market leader or the disruptors, and we have made great progress, and we have many projects that are ongoing.

So the first step we are currently working on is at the project stage, and it's an initiative which is putting together teams from different area of the world to develop a digital native brand, a brand that will be focusing on delighting the consumer that are more demanding.

And it will not be also a new brand. It will be a product portfolio that will be large. So it's a pilot. It's an agile and the team are focusing to be fast, and we hope to be able to give you some news in more communication.

So that conclude our rapid presentation about the 3 strategic pillars that we have for Shavers. And I will now turn the floor back to Gonzalve. Thank you.

Gonzalve Bich - *Société BIC SA - CEO & Director*

(foreign language) As you've heard, our team is incredibly focused and motivated. They're seizing opportunities supported by clear ideas to pursue them. As I pointed out earlier, 2018 confirmed the need for agility, rapid execution to continue to be best-in-class, increase operational effectiveness and accelerate long-term growth. We must now become more effective, innovation-driven and consumer-centric. We must improve our distribution to become truly omnichannel.

All of these actions are at the heart of our Invent The Future plan. I am confident that this initiative will enable us to become a more future-ready, building on our strengths. Now let me take you through Invent the Future in a little bit greater detail.

To execute this plan, we've adapted our organization to enable us to move more swiftly and with greater focus as a team. First, we are placing the consumer at the very center of our thought process, and we're building insights to fuel our innovation ecosystems and brand.

Second, we're enhancing our global manufacturing efficiency and optimizing our procurement processes and supply chain models. As I mentioned, we've established a state-of-the-art industrial footprint, but this needs to be supported by continuous improvement.

Third, we are sharpening our commercial operations to drive genuine omnichannel go-to-market strategy, both on and off-line. Finally, we're securing the unique manufacturing processes and research and development of our Lighter business in addition to its distinctive safety and quality standards. To deliver these strategic, operational and organizational priorities, we have set clear roles and lines of accountability.

And to address the first priority, a new group insights and innovation function will be led by Thomas Brette. We're also creating a group supply chain function, led by Peter Dalsberg. Peter will manage all manufacturing operation and global supply chain for both our Stationery and Shaver businesses, including center-led procurement.

Benoit Marotte will lead group commercial operations. And finally, leadership of our Lighter category will remain separate with François Clément-Grandcourt for the reasons I talked about earlier.

To implement our strategy, I've decided to form an Executive Committee, in addition to Thomas, François, Peter and Benoit, the Executive Committee also includes Jim DiPietro, our CFO; Alison James, our CHRO and a Global Strategy and Business Development Officer. This newly created team is now responsible to execute the 4 strategic pillars, and they are: effectiveness, innovation, consumer-centric brands and omnichannel distribution.

But what does it mean to be effective? Let -- I'll now give the floor over to Peter and then Benoit, who will go into more detail and into more depth.

Peter Dalsberg - *Société BIC SA - Group Supply Chain Officer*

So part of the DNA for BIC in the past has been acting entrepreneurial, and that will also continue in the future. But in some areas, we need to be more focused on standards and processes. Our future demand forecast will be developed in the end-to-end supply chain in the future by utilizing technology better, and then it will be aligned with the relevant sales expertise in the S&OP process. That will make us have only one set of numbers in the company. It will be linked to our business information systems, and it will set the [tectum] for the whole supply chain.

When looking at global procurement department, then they will deliver significant cost savings through economy of scale, enhanced capabilities and also an improved methodology. At the same time, it's critical to improve the quality from our suppliers, as it remains the root cause for our quality issues. And lastly, we will have to improve over contingency.

As you heard from Gonzalve previously, we have been kind of impacted previously on the current global demand, supply by the matrix. And we have the segments like plastic, as an example, where we have seen prices increase. Even though we are a great company, we are still a small prayer globally. It takes only 2 hours to procure -- to produce all our yearly demand on a global scale. So we are a little player, and it's difficult to impact globally. That means that we need to have alternative plans ready in case of those increases.

As Gonzalve also presented today, we have a good global footprint, which is matching our global sales on a global and a regional scale. In some areas, we have centers of excellence, where we have that need. In other areas, we have local manufacturing due to import-export duties as well. We are -- have a very lean setup in our factories today, which gives good kind of cost competitiveness, but we also have to increase our level of agility, taking the trend of personalization into context.

So we need to find the right balance between lean and agile. And how can we do that by utilizing Factory 4.0 opportunities. So the technology is getting cheaper. And now we can have a better return on investment if we invest in things like cobots and AGVs in order to create efficiencies in our factories.

Still within manufacturing, the highest priority remains the safety of our people. And we have seen during 2018 that we have decreased the number of accidents by 25%. But the fact that our objective is 0 accidents with -- we still have a lot of work to do.

When we look into delivery, then today, we have 13,000 SKUs delivered by more than 20 factories around the world. And that goes through copacking, warehousing distribution channels. The objective for delivery, which is the same objective for the whole supply chain, is to find the optimal tradeoff between customer service, the efficiency, the capacity utilization and then the working capital, such as inventory levels and CapEx requirements.

So we have a good starting point with our manufacturing footprint, where we today deliver great quality in a sustainable way. But we also have a lot of opportunities by focusing on operational excellence, continuous improvement, doing benchmark not only internally but also externally with the best players, such as Procter & Gamble, where we then can raise the bar.

Strategies, such as postponement and make, buy decisions. You heard also that we today are doing 92% ourselves, so that is also something that we have to look into. And then the constant focus on increasing the capabilities for our own people but also talent attraction.

If we look into the global procurement department, then today, our procurement is spread out in the whole organization around the world and mainly managed locally. By development, this global procurement functions, we will structure our spending of not only direct but also indirect. And today, we purchased for more than EUR 1 billion a year. And that is done by 15,000 suppliers, which is far too many. So the opportunity is to challenge all nonvalue-adding complexity. It is also to getting better deals together with existing suppliers and, lastly, to change suppliers where it makes sense. By that, we have a good potential of delivering at least EUR 20 million savings by 2022.

Thank you. And now, I'll invite Benoit onstage.

Benoit Marotte - *Société BIC SA - Group Commercial Officer*

Thank you, Peter. Good afternoon.

If you look at the past decade at BIC, over the last 10 years, we've been building strong relationship with our consumers and strong partnership with our retailers, and that's been a real key to our success over the past years. But as Gonzalve mentioned and presented to you, the world is changing fast. The retailers are changing fast. The consumer have a wide access to more channels of sales and more information. Our competitors are evolving fast as well. That's the real transformation we are going through, which just tell us that we need to reinvent ourself and rethink how we accelerate on transformation.

Our group-level organization will be a key lever to that transformation. And what we are going to do, you can separate in 3 components. The first one is that we are going to put together all of the continents. When you look at the BIC continents, we have a lot of channel of trade, and that's one of the complexity of our business. We're selling to schools. We're selling to office suppliers. We're selling to modern trade. We're selling to e-commerce. We're selling to all of those channels.

And when you look at the world, in some of the regions, we're very expert in one. If you go to the U.K., we are very good in B2B in office supply. If you go to the U.S., we've built very strong relationship with modern trade with customers, such as Walmart. Very close relationship. We meet them pretty much every other week and even to the top level.

If you go to Brazil, we have a very strong expertise in traditional stores. That's a strategy that is widespread. One of the benefit of our new organization is that we're going to be able to take the best of our expertise and really use the knowledge, the teams, the capabilities of those teams to widespread that knowledge.

The other major challenge in the commercial organization is the development of our capabilities with 2 areas of focus. The first one is dedicated to commercial strategy and analytics. Here, the idea is to bring together all the knowledge and all the capabilities but also build the team to really share the best of the category management, the best of training and learning to build the next generation of leaders and sales leaders within organization to really take revenue growth management to its next level, to how we're going to manage that is also through the integration of analytics and much deeper analytics within the organization so that we can really help the countries and help all the countries besides the countries which are themselves structured to divide by themself.

The second capability is really dedicated to e-commerce and digital marketing. Today, e-commerce already represent 5% of our sales. That's an achievement, and we strongly accelerated over the last 2 years. Gonzalve presented you the results of 2018 in North America and in Europe, but we want to go further, and we want to further accelerate.

In that area, we will regroup experts in retail, digital marketing, direct to consumers, not only to disseminate to more countries around the world, and we started e-commerce in countries where it's still at the early stage like Brazil, India, China, early stage for us, in China, for sure. And the idea is to really build that knowledge, build that intimate relationship with consumers through state-of-the-art CRM so that we can really add value, build the relationship and keep the consumers at the center of all the things we are doing, teams to help the other teams but also to accelerate and be more experts in are we going to invest in e-commerce or are we going to build that business.

And I would like now to leave the floor back to Thomas, who's going to tell you a bit more about our innovation, and I know that consumers is not only our best friend but is really the center of all the things that we are doing. Thank you.

Thomas Brette - *Société BIC SA - General Manager of Group Shavers*

Innovation. This is the second pillar of our transformation, and that should be and will be a significant source of growth or value creation for the future. The way we'll do that is threefold: revisiting our mission; revisiting our approach; and revisiting our organization and way of working.

Let's start with the ambition. Obviously, our mission is to delight consumer's life. This is how a product is being loved, purchased and repurchased. And that we will do not only by bringing better performance, better technology or lower cost, but also by delivering unique, different and proprietary solutions that we can own, hence the ability that we are setting for ourself to increase the level of a transformation that we will do every year.

To do that, we need to change our approach, and that will be done in 3 chapters. The first one, as we said before, it's to be consumer-centric and put the consumer at the center. That means that we will give access to all the teams in the world -- R&D, marketing, sales, finance, supply chain -- to the consumer, and we will do that with interactive tools that are modern and that are giving live feedbacks.

We already have many of those tools in place. We will spread them throughout the organization and improve them and bring new ones. And we will also include and use those tools at every steps of the innovation process, not only when we have done innovation and want to try it but when we try the ID, the concept, the problem, the solution or the commercialization strategy that we put in place.

So the second element we will change in our approach is that we will have a end-to-end view. An end-to-end view means that innovation is not just about product performance. It's also about sentiment from the consumer. And that we will integrate in our way of working, the way it looks, it's appearance, it's the way to -- the consumer feels it, to design the branding and the story. And we will work on that at every steps of the innovation process not only at the end when the innovation is ready and that when we try to find a commercial solution.

The last element is sustainable development, and that's a very important pillar for the company. And we have a very strong and ambitious program writing the future together, which is in place, ongoing and that will continue. What will be new sustainable development is that it will be embedded into the innovation process so that we think about the product as well as the consumer with a sustainable development mindset from the beginning, and that will turn sustainable development into a competitive advantage.

The last element in our approach is the organization and the way of working. We will build center of expertise. Today, we have knowledge, which is spread all over the world. We will regroup them in tribes -- teams that will build those competencies, bring new ones or improve the one they have and bring new ones that are necessary. And we'll do that for consumer knowledge insights. We will do that for technology. And we will do that for brands as well.

And those team will be working in an agile way. We do that already, but we will reinforce and favor it. That means putting together teams specific projects, and their goal and the end goal is be precise and be fast, and that's already ongoing to its credits.

And the last element is partnership. We are doing many partnership with company that are bringing to us competencies that we don't have and for which we can bring and build a win-win situation with them. We will favor that and launch the number of partnership that we are doing. And we already have some in IoT, Internet of Things, connected device as well as artificial intelligence, and that will continue.

And the third and fourth pillar, which is very close to my heart, which we spoke about, which is the brand, Benoit will cover that for you.

Benoit Marotte - *Société BIC SA - Group Commercial Officer*

Thank you, Thomas. The consumer is at the center of all the actions we put in place. The consumer is at the center of all the innovations we develop but also all of the communication we build. We have here are a few illustrations and people talk a lot about digital marketing and how we get in touch with consumers of some of the digital actions we developed over the last year.

Some of them are pure communication, like the 4-Color example that we developed as a company in Europe using YouTube channel but also connecting with our more than 500,000 fans on Facebook in Europe.

But some of them go further than that. And here you have an example of the Design on Fire, initially, which is for Lighters and which allow consumers -- which allow you to select your favorite decor for Lighters. And the most preferred decors are produced and sold. You are the actor of the product you buy.

But we go even further in being consumer centric. Today, people are looking more and more for personalization. You heard that trend from Gonzalve, but it's in the world we're living everywhere. I want a product. I want a design. I want a look which is me and myself, represent who I am and which is different from my neighbors.

So we asked a question to our consumers in the U.S. and 70% of them answered favorably to the question about personalized lighter. Yes, if you were able to do personalized lighter, I would definitely buy or probably buy that lighter. So we took action, and we launched that service on BIC.com, which is our direct-to-consumer site in the U.S.

You can act. You upload the picture of you, your family, your dog, or whatever you like, the photo of your wedding, and if you want to offer a lighter to each of the participants. You order them, and we ship directly the lighters to your home.

The studied -- that survey studied in Q4 last year, and it really works. And people are really eager to pay the price and to pay a price premium to buy that lighter, which directly drives me to our fourth pillar and that's about omnichannel distribution.

Being consumer centric, it's also being able to offer our products to consumers where they want, whenever they want, the product they want, the product they're dreaming of. Today, the products are available in more than 4 million stores around the world. From kiosk to traditional stores, traditional mom-and-pop, mass retailers such as Walmart or Carrefour, to office suppliers, to tobacconists.

We hear a lot and you hear a lot about the transformation of the retail, how the world is switching to e-com to in line. But those retailers remain the bulk of the sales today, remain the bulk of our products, and they're very important to us. So today, we more focused than ever in creating value for them for them, with them and with [indefinalitics,] new offers and reinforce partnerships. Those customers are key, and we're building plans with them to restore value and grow value.

At the same time, e-commerce is growing, and it's a growing reality. I mentioned e-commerce is already representing 5% of our sales, and our objective is to reach 10% by 2022, which represent a CAGR of almost 20% until then. And we're here talking about additional sales, not substitution. And to get those sales, we're also developing specific products for those channels to attract new consumers.

But to get there, there are several milestones. The first one is people. You need to have the team, you need to have the expertise, you need to have the tools. In a word, you need to have the capabilities. We're building that capability around the world with bringing in experts. We're bringing technology, and that's what is going to allow us to facilitate the transition to more sales in e-commerce.

The second is a strict selection of opportunities. And you have all heard about the vast transformation of e-commerce, the different forms of e-commerce. The new forms appearing pretty much every day. The new players are appearing every day. And as a company, our duty is also to go back to you, go back to our shareholders. We're selecting the best opportunities in the best countries, not to try to do a bit of everything just to kind of look good.

The third one is we need to stay curious and open because there is not one way and nobody knows what will be the key leaders for tomorrow in 2 or 3 years from now. Again, new players are appearing every day, and we have to be agile to adapt to that evolution and to really build the knowledge in all the forms of e-commerce, from pure players, be it Amazon or Alibaba in China, from brick-and-mortar, from direct-to-consumer. And we have, Thomas mentioned, BIC SHAVE CLUB or BIC.com in North America. We're trying to learn and encompass all those forms of e-commerce and just build our own route to success.

But all these approaches require complementary expertise. They all have very different business models, very different logic, very different profitability. And we need to deal with that complexity, and that's a key to our future success. We need to develop advanced analytics to get there. Artificial intelligence. That's the expertise we're building internally to really make the difference and really target precisely where we want to go.

Being available at the right time with the right product at the right place, as defined by our consumers, and here, again, they are the center of what we're doing. We want to be where they want us to be. That's the key to win in the changing worlds. That's what we're building to continue and accelerate our successful journey.

And now I'm going to hand over back the floor to Gonzalve.

Gonzalve Bich - *Société BIC SA - CEO & Director*

Thank you, Benoit. As you just heard, investing in our people is absolutely at the heart of BIC in e-commerce but in all other aspects of the organization. Being more effective, innovation-driven, consumer-centric and a best-in-class omnichannel specialist requires enhanced skills and capabilities.

Reinventing BIC requires additional digital skills, like data insights, more technical expertise and robotics, 3D printing and of course, process engineering. We also need to increase our expertise in digital marketing and brand management.

Our existing expertise in the traditional trade will be supplemented with enhanced knowledge of e-commerce, advanced analytics and CRM. This is an exciting moment to be working at BIC, and I commit to upskilling our team members to ensure that we're all equipped to contribute to our planned success.

We are also committed to our sustainable development program, convinced that it's the right way to ensure a sustainable growth. As Thomas mentioned, sustainable development and, in particular, our 2025 commitments are now fully embedded directly in our day-to-day business and coordinated by a sustainable development director responsible for the overall execution of that program.

Now as a conclusion, let me wrap up on our ambitions. Here is what you've heard from us today. I'll not go into further detail other than to say we are fully committed to execute our plan to support BIC's future growth. You should be expecting further initiatives in the coming months as we progress on implementation, notably in supply chain and around innovation and new products that will support our growth.

The road map for our ambition is as follows. This year, we're laying the foundations and putting in place the building blocks with a focused and agile organization and a newly formed Executive Committee. In 2020 and 2021, we will operate to strengthen our market position and extend brand leadership. We will expand into e-commerce, increase the pace of innovation and accelerate new product launches while reinforcing overall efficiency. By 2022, with the full impact of the plan, we will be a more effective and inclusive company addressing engaged consumers.

We will update you as we progress through the plan, but I want to reiterate our operational targets. First, achieving at least EUR 20 million of annualized savings by 2022 for enhanced centralized procurement. Second, we seek to increase by 20% new patent submissions per year as a measure of our commitment to innovation. Third, we plan to engage directly with 20% of our consumers. And finally, we wanted to double the proportion of sales coming from e-commerce to reach 10% by 2022.

These initial goals are driven by the first steps of our journey, including the creation of the executive committee, our new commercial organization, the implementation of a centralized procurement function as well as select growth initiatives. You should be expecting further initiatives to come as we progress through implementation.

Throughout the plan, we will maintain our capital allocation policy. We will continue to invest in CapEx and accelerated selected M&A. Our shareholder remuneration policy remains unchanged with regular share buybacks and exceptional dividend from excess cash complementing annual ordinary dividend.

Before opening to the Q&A session, allow me to conclude with BIC's mission and purpose, which is so deeply ingrained in our DNA. Since my grandfather created BIC, our mission has been to offer high-quality, inventive and reliable products for everyone everywhere and in a way that is respectful of our environment. As a responsible company, it is essential to create long-term value for all our stakeholders, including consumers, employees, local communities, customers and shareholders.

We are convinced that this is a powerful way to build a sustainable future for everyone and to improve the equity of education. This is why we're committed to enhancing learning conditions for students all over the world.

Our long-term ambition is to deliver profitable growth. We will succeed by continuously investing in our people, our products and our brands. We will succeed by increasing productivity and maintain strong cash generation to sustain total shareholder remuneration. And we will succeed thanks to the hard work and dedication of our 15,000 proud BIC employees globally.

Thank you very much. And we'll now take your questions.

QUESTIONS AND ANSWERS

Nicolas Langlet - *Exane BNP Paribas, Research Division - Research Analyst*

Nicolas from Exane. I've got couple of questions. First on Lighters. Are you able to quantify what was the impact of the prebuying in Europe in Q4? And what's the implication for Q1? Second question, aside from the price increase in Europe, do you expect price increase in other region for lighter, notably North America? And lastly, if you look at the mid-term set growth outlook for the division, clearly, we saw a deceleration in past years. You have those growth driver with distribution gain, personalization, et cetera, but what's your outlook for the market -- the enduring market? Because we saw a clear deceleration of combustible segment throughout the past years. Do you really think that those driver will be able to more than offset the market decline or the enduring market decline? And then one question on the -- or maybe we can...

Gonzalve Bich - *Société BIC SA - CEO & Director*

That's 5, Nicolas. Maybe I'll let François answer a couple of the first ones, then I'll come back to the other ones.

François Clément-Grandcourt - *Société BIC SA - General Manager of Lighters*

So we want the dynamic of the market worldwide. The dynamic of the market in Lighters is not decreasing. It's going increasing. And it's planned on the 3, 4 year future to go on increasing. The dynamic behind this is that a massive part of this growth is linked to the development of the population worldwide. So that's the key element to take into account, and that allows you to relate to what I presented earlier.

Gonzalve Bich - *Société BIC SA - CEO & Director*

Non-European price increase, I think that was your second question, right, Nicolas?

François Clément-Grandcourt - *Société BIC SA - General Manager of Lighters*

So about...

Benoit Marotte - *Société BIC SA - Group Commercial Officer*

Okay. So when you look at the pricing actions you've heard about the price increase in Europe and -- which is driven by the commodity prices and the raw material. So we will, and that's our policy, adapt to the evolution of raw materials and apply price increase when required. Taking into consideration the competitive positions we have in each and every market, clearly, in Europe, we're really lagging behind North America, so the choice was really to take into consideration the context to apply that price increase. Looking forward, nobody can tell about the raw material, the evolution of the commodities, so I cannot really tell you if that's a trend and how it's going to evolve. We will adapt to the reality, and we will adapt to the competitive environment. Specifically, about the U.S. and if you look at the past years, we've been applying regular price increase. And here again, we've taken profit of the unique position and the unique quality of our products. And that's really the focus we're going to put on is really explain to the consumers why your products are unique, and François mentioned, why your products are the safest in the world so that they can understand that the care we put into our products and the reasons why pricing can be increased. So no guidelines at this point. We will seize opportunities, and we will adapt to trends and raw material trends.

Gonzalve Bich - *Société BIC SA - CEO & Director*

As we layed out during the presentation, the things that give me confidence about our growth perspectives for Lighter on a mid-term perspective. First is that map. Our market share is not as high as we would like it in many markets of the world, and we have teams focused on going to try and build distribution, BIC seen, BIC sold, and then gain the repeat loyalty on BIC Lighter that we've gained in many markets around the world, one. Two, geographic expansion, continued expansion of route-to-market as we have the increase of modern mass distribution in many of the markets in Africa, Asia and continuing in Latin America as well as I talked about this in our Q2 -- Q3, here in Europe, we still have great potential, and that's why we've taken the opportunity, not only to file the (foreign language) against France and Germany but also to launch the TV commercials that you should have seen here in France in the last couple of weeks, and we'll be launching a little bit through Europe in the weeks to come. Finally, there is the noncombustible-related use of cigarettes. So that's creating fire. And fire is linked to cooking. It's linked to clean water. And in many parts of the world, those are what people really want. And a BIC Lighter is a trusted, high-quality reliable tool to access those things on a daily basis. We believe that, that will lead us to continued growth.

Nicolas Langlet - *Exane BNP Paribas, Research Division - Research Analyst*

Just one last question on the EUR 20 million savings you expect. What's the phasing in the next 4 years? Will it be linear? Or it's more like a (inaudible)? And then you said you want to reinvest most of those gains. Where do you plan to invest? And will you wait to generate the saving before reinvesting? Or do you plan to reinvest everything now and then offset it through the future cost optimization?

Gonzalve Bich - *Société BIC SA - CEO & Director*

Okay. So when we speak about '19, we've identified several million euros of existing savings, and those are already baked into our 2019 outlook today. As the project scales up and the teams that Peter told you about start reviewing all of that spend, as we identify more savings, we'll come back to you with continued updates on the number. We will not be investing ahead of the curve. This is about identifying pockets of potential, seizing them and then reinvesting them. I'm sorry. We will reinvest across our 4 pillars that we talked to you about: omnichannel, manufacturing efficiency and efficiency more broadly, innovation, and consumer-centric brands. So that's digital marketing, systems and people specialized in omnichannel and the intersection between the on and the off-line world, more research and development in Stationery and Shaver as well as other manufacturing -- or other efficiencies operationally.

Marie-Line Fort - *Societe Generale Cross Asset Research - Equity Analyst*

Marie Fort, Societe Generale. For your plan, would you need some additional CapEx to achieve your plan, first question? Second question is about online. Do you believe that online might weight on your margin further? That's my 2 questions, please.

Gonzalve Bich - *Société BIC SA - CEO & Director*

Jim, maybe the CapEx question.

James DiPietro - *Société BIC SA - CFO & Executive VP*

Let me address the CapEx question. Is the mic on? There we go. The CapEx question, so as we stated earlier, this year, 2019, the forecast is between EUR 130 million and EUR 140 million, and as we said, some of that is because of the shift of projects at the end of '18 that moved into '19. As we progress past 2019, we're still evaluating where we are in capacity and the new plans, and then we'll come back to you what the future CapEx plans will be later in the year.

Gonzalve Bich - *Société BIC SA - CEO & Director*

On your questions about online impact to margins, I think, Benoit, provided us with a good growth path. We're being selective in how we built our online capabilities. It's a rabbit hole that's easy to chase down, and to your point, erode margins. But we're being selective to make sure that we're finding the right intersection between the online distribution that is required in today and tomorrow's world in delighting consumers while building it in a smart way with partners.

Marie-Line Fort - *Societe Generale Cross Asset Research - Equity Analyst*

Last question. Could you also give some indication about extra growth you can benefit from your plan -- part online? We understood that online should represent 18% CAGR. But bottom line, do you believe that you can come back to normative historical growth for each division? And for -- will it be more focused on one of your division among the 3 division you've got?

Gonzalve Bich - *Société BIC SA - CEO & Director*

So I announced this initiative to all of you mid-December. Today, 2 months later, so quickly, we're coming back with the initial steps of the plan, the reorganization, the team, how we're going to work. It's too early for me to provide any further guidance. It would be imprudent.

Steve Levy - *MainFirst Bank AG, Research Division - Analyst*

Steve from MainFirst. Just a question on your target 20% D2C or engaged-to-consumer, which was -- which is not D2C. Can you explain what the difference between the direct-to-customer and the engagement-to-customer in terms of, I guess, where you are today and how you will reach this 20%? Maybe if you can give us an idea about how many data scientists you have already involved? Second question is on full year's basis, your promotion spending is almost flat this year. Does that mean that you -- or I will say differently, at the same level of spending, do you generate the same amount of revenue going forward? And the third question is, on inventories and trade receivables, it's increased quite significantly. Can you give us an explanation on that?

Gonzalve Bich - *Société BIC SA - CEO & Director*

I'm happy to handle the first one. The second one, I'm sorry, Steve, I didn't catch it. Can you repeat the question?

Steve Levy - *MainFirst Bank AG, Research Division - Analyst*

Sure. Your spending on promotion and brand support are almost the same this year. Does that mean if we stay at this level -- does that mean that we'll the same level of (inaudible)?

Gonzalve Bich - *Société BIC SA - CEO & Director*

Sorry. Let me tackle the first one, and then I'll let Jim answer the brand support and the other question. So to be clear, the 20% is engaging with consumers. It's not direct-to-consumer. It's not a sales number. It's an objective for us to connect with our consumers, either through CRM or promotions, websites. There are millions -- tens of millions, I'm definitely sure, hundreds of millions of loyal BIC consumers around the world, people who love our products and want to hear from us. So what we're engaged with is connecting with them, up to 20%, at the end of the plan. The 10%, that's on e-commerce sales, again, not only direct-to-consumer but all e-commerce sales.

James DiPietro - *Société BIC SA - CFO & Executive VP*

So Steve, on the other 2 questions, on promotional spending. In 2019, the promotional spending will be higher than it was '18 versus '17. So there is an increased investment in 2019 versus '18. I think, Gonzalve referenced during the presentation earlier, as an example, the Lighter advertising in Europe is going to be one campaign that will have incremental this year versus last. Inventory and receivables, as we discussed during the presentation, both of those to your point were higher. Inventory was higher primarily because of Stationery. Some of that was related to the inventory build and then the fourth quarter sales, so some of that inventory obviously is carrying over to 2019. Receivables as well higher at the end of the year with the strong fourth quarter in sales, and what we we're seeing is, obviously, some of that being cash received in the beginning of this year.

Steve Levy - *MainFirst Bank AG, Research Division - Analyst*

Just one additional question about the guidance on the margin, that includes IFRS 16 or not?

James DiPietro - *Société BIC SA - CFO & Executive VP*

Yes. What we've done, if you notice on the sales side, we're excluding Argentina from the [CB] sales.

Steve Levy - *MainFirst Bank AG, Research Division - Analyst*

So the -- 16% -- 1-6% on the margin.

James DiPietro - *Société BIC SA - CFO & Executive VP*

Sorry, 2019 sales will exclude Argentina. So sales on a comparative basis for 2019 will exclude Argentina, and the margin also will exclude the impact of Argentina.

Charles-Louis Scotti - *Kepler Cheuvreux, Research Division - Research Analyst*

Charles-Louis from Kepler Cheuvreux. A couple of questions from my side. The first one, you gained 100 basis points on Q4 on lower OpEx. But in the meantime, you recollected a EUR 15 million below (inaudible) infrastructure. Can you detail this restructuring in 2018? Then can you give us the impact -- an idea of the impact of -- on sales, EBIT in 2019 of the Haco and the BIC Sport transaction? Then today for the Lighters business, what prevents you today to address emerging market? Is your price premium a drawback in your development strategy? And if yes, do you think there is a chance that you can lower the cost price of lighters? And that's it.

James DiPietro - *Société BIC SA - CFO & Executive VP*

So let me start with the OpEx, and then I'm going to ask you to repeat the second and third to make sure I fully got the question. The OpEx in fourth quarter '18, which was favorable versus a year ago, was primarily due to timing of spending 1 quarter versus the prior year as well as timing within 2018 as we had lower timing of spending in the fourth quarter of this year. The second question, were you asking regarding some restructuring, if they were deductible from a tax perspective?

Charles-Louis Scotti - *Kepler Cheuvreux, Research Division - Research Analyst*

Just if you can detail the restructuring? Can you detail the restructuring?

James DiPietro - *Société BIC SA - CFO & Executive VP*

Detail, okay. It goes back to the discussion we had during the presentation. So if we go back to Slide 13, what we have in there is the goodwill impairment for Cello and Pimaco. And then the restructuring, some of that was related to Stationery and Lighter manufacturing reorganization during the year as well as some costs related to the organizational review that were in the beginning processes and talking about currently, okay. And the sport -- BIC Sport divestiture was also EUR 4.9 million of that, okay.

Gonzalve Bich - *Société BIC SA - CEO & Director*

François, maybe do you want to tackle that question?

François Clément-Grandcourt - *Société BIC SA - General Manager of Lighters*

Regarding Lighters, we have had to refocus on developed countries. But in fact, research show and that experience showed that we thought we were too expensive for some consumers in developing countries, which in fact, to reveal not true. For example, we have in certain regions of the world a situation where we have a massive market share in slums. In fact, we discovered even that people with extremely low revenues at the level -- at the threshold of poverty were preferring BIC Lighters because they were sure to get a flame, and this is critical for them. What appears as well is that, as Gonzalve mentioned, 60% of the flame in the world are used for heating, cooking and lighting. So we speak about here a massive part of the market, and that's the reason why we think that there is a real potential in emerging market even for BIC Lighters, which is a premium product.

Charles-Louis Scotti - *Kepler Cheuvreux, Research Division - Research Analyst*

Just on the impact of Haco and divestiture of the Sport business, can you all please quantify the impact on 2019 account?

James DiPietro - *Société BIC SA - CFO & Executive VP*

The impact on 2019 related to the Sport divestiture?

Charles-Louis Scotti - *Kepler Cheuvreux, Research Division - Research Analyst*

Yes.

James DiPietro - *Société BIC SA - CFO & Executive VP*

It will be around 20 to 30 basis points of a benefit.

Christophe Chaput - *ODDO BHF Corporate & Markets, Research Division - Analyst*

Christophe from ODDO. I have one question on the Lighter, so you develop about personalization. The question is, how does it affect the volume sold? I mean, if you look at the crystal ball, a classic crystal ball, if you buy, let's say, 4 lighters per quarter, is it going to be to buy, let's say, 5 or 6 lighters because of the personalization? Or it's too early for you to tell or to have feedback about the effect of this in term of sales?

Gonzalve Bich - *Société BIC SA - CEO & Director*

It is too early to tell, but I'm seriously hoping that you'll be giving all of your friends lighters with pictures of you skiing down the mountains, Christophe.

Christophe Chaput - *ODDO BHF Corporate & Markets, Research Division - Analyst*

And the second question is about, could you, let's say, give us a picture of the competitive landscape in U.S. on the Lighter? Is it more or less stable? Or do you see some price pressure from other competitors? What's happened out there, please?

Gonzalve Bich - *Société BIC SA - CEO & Director*

Benoit?

Benoit Marotte - *Société BIC SA - Group Commercial Officer*

Yes. I can answer about the picture of the U.S. Basically, the U.S., you know that we're very strong leader locally, then pretty much the only kind of competitor is mostly Asian lighters, and we try that through imports. If you look at the previous years, this kind of stable position of the import lighters which are mostly sold, as François was mentioning, in the nontracked channels, so the kind of bodegas or dispensaries, so the kind of nonofficial retailers, which are relatively difficult to tackle because when you talk to the mass retailers, they're very conscious of the risk and the safety conditions. So those guys that have quality teams who would precisely check the quality of the lighters, and select BIC lighters. When you go through the small informal trade, that's more disseminated, and there is no real kind of leading quality body. So what we're doing is really going after them. And as soon as we organize, we're going through (inaudible) sellers and also going through the government bodies to really push for the application of the safety control, controlling each and every lighter so that we're sure about the products which is sold. So we have a full program there to really go to the mass of small stores so that they have the information and they have to select what is an obvious solution, which is the BIC Lighter. So the proportion is relatively stable, and you've seen from Gonzalve that our market share in -- or from François, sorry, that our market share in Lighters in the U.S. is relatively stable.

Etienne Balmer

Etienne Balmer from AFP, French Press Agency. A couple of questions. Wanted to know if there are any other activities or assets that you could sell in the frame of this transformation plan that could be like noncore activities or noncore assets, just like you did with the BIC Sport in couple of years ago with selectivities of BIC Graphic? Another question is about -- regarding your digital transformation. Other companies in other sectors has -- have been faster in transforming themselves. For example, it's not the same sector, but I'm covering L'Oréal, for example. And -- they've just made 10% of their sales online last year, so which is your objective in 3 years. So of course, the sector is very different. But -- so can you tell me is it not too late regarding maybe how would you evaluate your peers in your own sectors? Is it not too late? Or is it just the right time for your sectors right now? And maybe a quick follow-up on your (foreign language) in front of the European commission. I don't know the exact term in English, regarding lighters? And also, any -- do you fear any impact on the Brexit for your U.K. activities or categories?

Gonzalve Bich - *Société BIC SA - CEO & Director*

François, do you want to tackle (foreign language) first and then...

François Clément-Grandcourt - *Société BIC SA - General Manager of Lighters*

Yes. So the infringement procedure, which was initiated against Netherlands in 2010 by the Europe Commission, based on information provided by BIC, is still in the discussion with the European Commission. This is long, but the topic is still on the table and still being discussed, and we've exchanged it between the commission and the country. The 2 additional infringement procedures, which we opened in October versus the France and Germany with the same process, is, in fact, progressing. But the European Commission has got 1 year to take position of the claim. So for the time being, it's too early to say anything about those claims. I would just mention the fact that the current environment is an interesting time for opening those case. So we see how it comes out, but it is interesting. I take advantage of this question to just correct one figure I gave earlier. I said that 60% of the flame worldwide were for eating, cooking and lighting. In fact, I wanted to say that 60% of the users are using their lighter, their flame for eating, cooking and lighting. So just to make sure it's clear. Thank you.

Gonzalve Bich - *Société BIC SA - CEO & Director*

Jim, do you want to talk Brexit?

James DiPietro - *Société BIC SA - CFO & Executive VP*

Yes. Brexit, obviously, is something that we follow, and the teams are currently evaluating different plans. What we do know is the competitive state -- our competitors will have similar situations because everything is really being imported into the U.K. So that's something we're evaluating, and the plans are being put in place.

Gonzalve Bich - *Société BIC SA - CEO & Director*

Benoit, you want to tackle digital?

Benoit Marotte - *Société BIC SA - Group Commercial Officer*

Yes. So -- about your question about e-commerce and the weight of e-commerce, and if we're not too late, well, first, when you see e-commerce and the speed of things evolving on e-commerce, you are never too late. And that's something which is very interesting is that, in the past, you've been very often talking about the advantage of being a prime mover. I know you see new brands appearing on e-commerce which were not existing 2 or 3 years ago and which all of a sudden gain massive market share coming from nowhere, not even brands but brands which had just build up. So the notion of time has re-evolved, and today, that type of commerce is never too late. That being said, when you look at our competitors, and obviously, that's varying depending on the categories, we have very different competitors in Lighters, in Stationery and in Shavers. If you look at Lighters, there is very little e-commerce today because of the nature of product. And that's not a product you can ship easily. And if you do so, we got the question you must take, it can be dangerous. So when we sell lighters on e-commerce, we're very cautious, and we're making sure that we have all of the approval for shipping the products. So relatively small for Lighters today. If you look at the Stationary, we're very advanced in North America and in Europe, less in the other geographies. And when you look at our competitors, which are usually more local companies, they are not much better than we are. And I would tell and if you go to some of the e-commerce sites, which I invite you to do, you will see that we develop a full range of products, basically good for e-commerce, and we're pretty very much one of the only stationery manufacturer having done so with the developing products which are adapted to the channel of sales. So here, we're in the best of class, and in many countries, we have a market share in e-commerce which is higher than our market share in traditional trade, which is the right indicator to benchmark if we're doing well or not. But still, there is a lot to grow and a lot to improve. If you looked at Shavers, Shavers that's probably the most spread category. It you go to traditional pure players or brick-and-mortar, that's a relatively small category in e-commerce, but then you have the direct-to-consumer players, notably in the U.S. with [I realize the last] SHAVE CLUB, and here it's growing fast. That's mostly a system offer today, so that's not exactly where we're competing, but well, watch out.

Gonzalve Bich - *Société BIC SA - CEO & Director*

And finally, to your question about further potential divestitures. We're focused today on our organization, and the 3-core businesses that we operate in: Stationery, Lighter and Shaver. But if there is anything for us to tell you, we will in due course.

I have 2 webcast questions, so unless I have more questions from the room here, I'll handle the webcast questions. Okay. First question, and I'm sorry, I no longer have the name of the person who asked it. So my apologies, but thank you very much for your question. Will you be looking for a fourth pillar outside of your Stationary, Lighter and Shaver business?

I think that's the question I just answered, which is we're extremely focused on the growth perspectives of those 3 categories. That having been said, we have never and will not take out the possibility of looking in other product categories.

The second question is, can you give us -- thank you, from [Boyd Kipbinga], and I apologize for the spelling. Can you give us examples of initiatives that you're working on to improve the environmental sustainability of your products? Thank you for your question.

So the first is light and long lasting. BIC products always have to adhere to that principle of maximum use at minimum weight. When you think about the Cristal Pen, for 6 grams, you get 3,000 meters of writing. That's an incredible use of the product at an affordable price but also at a minimum impact. The second is process improvement. We're continuously improving the different processes and their impacts to make sure that they have the minimum environmental impacts so that can be either use of energy or water involved in the process, and we're always mindful from an industrial perspective internally but also externally. And that's part of our 2025 commitments writing the future together to ensure that we're partnering with our suppliers on their environmental impact as well. Fourth -- third, I'm sorry, life cycle analysis. We make sure that, as part of our R&D process, we're always eco-designing and understanding the life cycle of our products. So it's not just about the product itself, but it's the upstream and the downstream impacts. And finally, and Thomas mentioned it, the research and development in alternative materials so that they have lesser environmental impact over time.

We have a question for you, Jim, here regarding the application of IFRS 16.

James DiPietro - *Société BIC SA - CFO & Executive VP*

And so the question is around IFRS 16 and the impact within the financials. So IFRS 16, again, regarding leases, quite honestly, from the BIC standpoint, it was not and is not material on the accounts, and we'll have that detailed within the reference document as far as the specifics.

Gonzalve Bich - *Société BIC SA - CEO & Director*

We're happy to take more questions. There are no more questions on the webcast. Thank you so much for coming today. Thank you for joining us online. Have a great day.