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BB.PA - Q120 19 Societe BIC SA Earnings Call

EVENT DATE/ TIME: APRIL 25, 2019 / 2:00 PM GMT



## APRIL 25, 2019 / 2:00PM, BB.PA - Q12019 Societe BIC SA Earnings Call

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### PRESENTATION

Operator

Hello, and welcome to the BIC First Quarter 2019 Results Call. My name is Mahan, and I'll be your coordinator for today's event. (Operator Instructions)

I am now handing you over to your host, Sophie Palliez, to begin today's conference. Thank you.

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Sophie Palliez-Capian - Société BIC SA - VP Corporate Stakeholder Engagement

Hi, thank you. So good afternoon, and good morning, everyone. Welcome to BIC Q1 '19 results presentation. The call today will be hosted by Gonzalve Bich; Chief Executive Officer; and Jim DiPietro; Chief Financial Officer. We'll start by a short presentation, including highlights for the 3 categories and then go through the usual Q&A session.

Let me give the floor to Gonzalo.

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Gonzalve Bich - Société BIC SA - CEO & Director

Thank you, Sophie. Good morning, and good afternoon, everyone. I'll start with an overview of our first quarter results and then hand it over to Jim to take you through our consolidated results and financial performance for the period. Finally, I'll conclude by going through the rollout of our BIC 2022 Invent The Future plan and our full year 2019 outlook.

As an introduction, it's fair to say that after a strong fourth quarter in 2018, we delivered soft first quarter results with a decline in both organic net sales and normalized IFO margin.

We continue to experience a challenging trading environment in most countries where we do business. Markets are soft. The pace of business is quickening and consumer shopping habits and customer demand continue to transform rapidly. However, in this challenging environment, we have maintained or gained market share in our 3 categories, in both mature and developing regions. I'm particularly pleased with the progress that we've made in Shavers, our most disrupted category. After 2 years of decline, our market share is growing again in the United States, particularly within the female segment. The team has built momentum following last year's launch of BIC Soleil Balance and the recent introduction of BIC Soleil Click 5, for which we see positive signs.

We also grew shares in most countries in stationery and started to regain momentum in Lighters in Brazil, where we are the market leader. Clearly, this did not happen by chance. This forward trajectory is driven by our ability to execute as we adapt our strategy to the reality of this new competitive



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environment. We are evolving our products to meet consumer needs and modernizing our route to market to incorporate emerging, fast-evolving distribution channels. Products, such as our recently launched temporary tattoo markers, BIC BodyMark, which were available online are a great example of this.

Yet, in today's environment, these key assets are no longer enough to maintain and ultimately accelerate BIC sustainable growth. Today's shoppers are powerful, focused on their own needs as well as those of their communities. They are all seeing and all knowing. Their shopping values are based on financial stability, less stress and greater well-being. Their purchasing behavior is adapting quickly and so must ours to allow us to remain true to our motto of BIC seen, BIC sold, whether it be in store, online or on the new platforms of tomorrow.

To address these new dynamics, we launched our BIC 2022 Invent The Future plan in February to reimagine BIC, so that we become more agile, innovative and consumer-centric as an organization. It's been just 2 months since we unveiled the details of our journey towards BIC 2022. And I'm excited to share with you today that the plan is on track and that major early milestones have been met.

In February, we announced the formation of our executive committee and the creation of 3 new group functions: commercial operations, supply chain, and insights and innovation. Since then, 2 significant organization changes have been achieved, as we'll see in more detail during this presentation.

In early April, we implemented the first phase for our new commercial organization, which will improve collaboration and drive sustainable growth across regions, ensuring that the consumer is at the heart of everything that we do. We also created 2 global centers of expertise. The first focused on e-commerce and digital marketing and the second focused on advanced analytics and revenue growth management. The centers of expertise will combine existing BIC teams with new hires who specialize in new retail, digital marketing and data. This new organization will help accelerate our e-commerce growth to reach our goal of 10% of net sales by 2022. In fact, we're already progressing well towards this goal.

In the first quarter, we grew e-commerce net sales by 27% compared to the same period last year, signed a partnership with Alibaba to distribute Lighters in the Chinese market and strengthened our direct-to-consumer business with the launch of shopbic.com in France.

The second organizational change occurred 2 days ago, when we announced the first phase of our new group supply chain organization, with the creation of a strategic procurement team. This is a major step in our journey to achieving our EUR20 million annual savings target by 2022. These are the initial building blocks of our transformation journey, and we'll update you with our progress and new initiatives regularly.

There are many hurdles in our path. And yet positive momentum is building. This momentum is not just the result of our 2022 plan. It's also due to the passion of our team members, the loyalty of our consumers, who rely on our iconic products every day, and the fortitude and long-term vision that remain an inherent part of our DNA.

A few comments now on our financial performance during the first quarter of 2019.

First quarter net sales were down 2% on a comparative basis at EUR415.4 million. Normalized IFO margin was 13.1%, down 3.6 points versus prior year, while normalized EPS group share decreased 16% to EUR0.89.

From a geographical standpoint, Europe net sales grew 2.4% on a comparative basis, while North America and developing markets declined 2.2% and 5.8% on a comparative basis. Our net cash position remained strong at the end of March at EUR135 million. Later, Jim will take us through our consolidated figures in more detail.

Let's now take a closer look at our 3 categories. Starting with Stationery. As we navigated through soft markets in Europe, we were able to grow our sales slightly with a relentless focus on e-commerce growth, largely fueled by pure players like Amazon. I'm proud of the ongoing efforts from our teams to increase our share online, where we were lagging behind in the past, enabling us to engage more effectively with our consumers. In France, we outperformed a sluggish market, gaining 1.6 points of share in value, led by our performance in gel, notably with new products, such as Gelocity Full Grip, which performed better than expected. In North America, our sell-in performance was in good place driven by both online and off-line sales. I'm excited by the introduction of our breakthrough innovation BIC BodyMark temporary tattoo marker, where we see traction

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and positive trends with a 4.1 out of 5 star rating on Amazon. Furthermore, we gained 16.1% in value share in the gel segment over the last 52 weeks.

Looking now at Latin America. While net sales decreased high single digits, both Brazil and Mexico performed well, propelled by further distribution gains in coloring and marking and market share gains during the key back-to-school season in Brazil. However, our performance in the region was overall negatively impacted by some order delays from Pimaco, our adhesive labels business in Brazil, and by increased competitive pressures in Ecuador. In Argentina, our brand is performing well in a harsh economic environment, and we outperformed the market by 7 points in value share.

In the Middle East and Africa region, I have the great pleasure of efficiently inaugurating our new facility in Kenya in March, following the transfer of Haco Industries' manufacturing and distribution activities. This marked an important milestone for us as we strengthen our presence in Kenya, enabling us to further grow in this promising East African market, following 4 decades of presence in the region through our local partner.

In line with our goal to strengthen our Cello business to prepare for future growth in India -- in the Indian market, we made some management changes during the first quarter. While we started the year with the inauguration of our new facility, domestic net sales in the first quarter were weak, due to our decision to reduce our shipments to super stockists in favor of a more consumer-centric route-to-market strategy to secure long-term profitable growth in India.

Let's now turn to Lighters, where first quarter net sales declined by 5.5% on a comparative basis. In Europe, as I mentioned to you back in February, major advertising campaign was launched during the first quarter in France, Germany and Belgium. This campaign is key for us as it's the first time that we've addressed consumers directly in an effort to raise awareness on the safety issues affecting the lighter industry and their safety as consumers. Although it is too early to assess the full impact of the campaign from a sales perspective, we see some encouraging reaction from consumers. For instance, post-test conclusions from an Ipsos study show that the campaign succeeded in engaging our consumers through its very clear messaging on lighter safety. In all 3 countries, where it was broadcasted, the image of our brand was reinforced as a trustworthy high-quality and leading brand on the market. I invite you to watch our campaign if you haven't seen it already. During the first quarter, we progressively implemented a price increase across the European parameter, and we expect the full impact to materialize in the second half.

In North America, while first quarter '18 benefited from a prebuy impact prior to the April 2018 price increase, our first quarter 2019 sell-in was negatively impacted by wholesalers' inventory adjustments in a declining market. Consequently, our net sales decreased low double-digit. On a positive note, our sleeve business continued to grow, in line with our strategy towards more added-value products, and our personalized production facility in Virginia is up and running since the beginning of the year. While it still represents a small portion of our U.S. business, Lighters direct-to-consumer sales doubled during the first quarter. And this is a good example of our efforts to strengthen our digital capability.

Now turning to Latin America. Following a good sell-out performance end of last year, Brazil net sales increased slightly during the quarter with higher sales volumes ahead of the upcoming April price increase. In April, in Argentina, despite the adverse economic environment, we increased our efforts of communication with retailers regarding safety, putting us in a solid position to enhance our brand awareness in the country.

Lastly, in Shavers, our performance was strong in the first quarter net sales, increasing 10% on a comparative basis. If we first look at Europe, we outperformed most of our markets driven by the success of our added-value products. For instance, we saw accelerated growth on our BIC Flex 3, increased distribution on BIC Flex 5 and BIC Miss Soleil Sensitive, which has been well received in the French and Nordic markets.

In Eastern Europe, more specifically, we continue to gain distribution in Russia with net sales growing over 30% versus last year. Again, thanks to key products including BIC Flex 3 Hybrid and BIC Flex 5 Hybrid.

In North America, as I mentioned earlier, we managed to resume market share growth in a declining 1-piece market, driven by a solid performance in female where we gained 1.7 points value share. I'm pleased with the continued momentum of BIC Soleil Balance, launched last year and #1 innovation on the female disposable market in United States. Furthermore, our new 5-blade BIC Soleil Click 5 already represents 5% in value of the women's 1-piece, 5-blade segment in only 3 months following its launch.



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In Latin America, we grew sales and market share across the region, gaining 0.2 points in value. We outperformed our 2 key markets in Brazil and Mexico, propelled by further distribution expansion notably in convenience stores. The success of our trade-up strategy paid off as we saw the strong momentum on our 3-blade offer in men disposable with BIC Comfort 3 and BIC Flex 3 and in female with SLA range.

This concludes our operating review. I'll now turn it over to Jim to take you through our consolidated results.

James DiPietro - Société BIC SA - CFO & Executive VP

Thank you, Gonzalve. I'll start with the first quarter net sales results. Net sales were EUR415.4 million in the first quarter, flat as reported and down 2% on a comparative basis. Currency fluctuations had a favorable impact of plus 2.6%, mainly due to the stronger dollar versus the euro. Parameter impact adjustment includes the sales from Haco Industries acquisition effective December 31, 2018 as well as the net sales impact from the BIC Sport divestiture. As shared in February, due to Argentina's hyperinflation, we are excluding Argentina from our comparative sales basis this year.

On Slide 8, we have the key elements of the summarized P&L. First quarter gross profit was EUR211.3 million or a gross profit margin of 50.9%, compared to 53.8% first quarter last year. 2019 first quarter normalized IFO was EUR54.6 million, compared to EUR69.6 million last year. Normalized IFO margin for the first quarter was 13.1% compared to 16.7% in the first quarter of 2018.

As we look at the key components of the change of normalized IFO margin versus prior year, we see cost of production was unfavorable by 2.9 points. Cost of production impact is mainly due to unfavorable foreign currency impact versus last year, mainly Brazilian real and the Mexican peso, also an increase in raw material cost. Brand support was higher by 1.4 points, mainly due to the Lighter advertising campaign in Europe. OpEx and other expenses were lower versus last year by 0.7 points.

To conclude, as we guided for the full year of 2019, we expect gross profit to continue to be impacted by raw material cost, unfavorable foreign exchange trends, while absorption will depend on sales volumes. Normalized IFO will also be affected by additional brand support investments compared to last year.

Slide 10 shows normalized IFO to net income for the first quarter of 2019. Income before tax decreased to EUR55.4 million compared to EUR67.6 million in the first quarter of 2018. Net finance revenue was EUR0.8 million compared to a negative EUR2 million last year. In the first quarter, we had a positive impact of fair value adjustments of financial assets denominated in US dollars when compared to the December 2018, whereas, it was the opposite impact last year. Net income group share was EUR39.3 million, a 19% decrease as reported. The effective tax rate for the quarter was 29%. EPS group share was EUR0.87 compared to EUR1.06 in the first quarter of 2018. Normalized EPS group share decreased by 16% to EUR0.89, compared to EUR1.06 in the first quarter of '18.

When comparing December 2018 versus March of 2019, we see the following changes in the main elements of working capital. Inventory increased to EUR508.7 million. Remember, we came into this year with a high level of inventories. Also, in the first quarter, we increased inventory in Stationery as we built and continue to build for back-to-school shipments. Trade and other receivables decreased to EUR509.4 million and trade and other payables were EUR131.9 million.

Slide 12 summarizes the evolution of our net cash position between December of 2018 and March of 2019. Net cash from operating activity was EUR30.2 million, compared to EUR62.9 million in operating cash flow. The negative EUR32.7 million change in working capital and other mainly driven by the increase of inventory compared to December of 2018. The net cash position was also impacted by investments in CapEx, share buybacks as well as the acquisition of Haco Industries. Our net cash position at the end of March this year was EUR135 million.

This ends the review of the first quarter consolidated results. And I'll give the floor back to Gonzalve.

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Gonzalve Bich - Société BIC SA - CEO & Director

Thank you, Jim. Before concluding with our 2019 outlook, let me now give you an update on the progress of our BIC 2022 Invent The Future transformation plan, which I'm extremely enthusiastic about. Now and more than ever, it's key for us to be focused on executing our plan to accelerate our sustainable growth in today's markets, where competition continues to intensify and consumer channels and trends continue to develop quickly. As I mentioned, when we launched the plan in February, we must evolve the way we work and transform our organization to become more agile, integrated and innovative and put the consumer at the very heart of everything we do. This is the heart of our transformation journey.

During the first quarter, we rolled out several initiatives addressing each of our 4 strategic pillars on effectiveness, innovation, consumer-centric trends and omni-channel distribution. To increase efficiency throughout our global manufacturing operations, we implemented a centralized solution for health, safety and environment processes and announced the creation of a new global strategic procurement team. Among our first quarter key innovations was the BIC BodyMark, which is available with Amazon and progressively available in stores. Also in Stationery, we launched BIC Intensity Medium, which I'm personally using as we speak. Extending our offer to all consumer needs in the Writing Felt Pens segment with both a fine point and medium point. In Shavers, BIC Soleil Click 5 is already on pace to match. Big Soleil Balance is success, as I mentioned earlier. In line with our goal to connect more effectively with consumers, we performed various innovative marketing campaigns across all categories and geographies, during the beginning of this year. A great example is the restaging of our BIC Men's select shaver range in the U.S., with more modern and impactful graphics, highlighting our advanced technology. In Latin America, we held the BIC Evolution Coloring Contest, Drawing your city, to drive consumer preference. Again, I firmly believe that putting the consumer at the very heart of everything we do is key to the success of our plan and is part of our job on every day.

Finally, we need to become a genuine omni-channel specialist. Our new commercial organization will advance our go-to-market strategies and develop next-generation commercial capabilities.

As I mentioned earlier, we also created 2 global centers of expertise. The first e-retail in digital, which includes 30 digital specialists in e-commerce, data, content and digital marketing, while the commercial strategy and analytics is a dedicated team of 30 experts in sales channel, category management and advanced analytics. We also continue to grow e-commerce sales and introduced our online direct-to-consumer website, shopbic.com, in France. I'm convinced we're on the right track with the deployment of our plan, and I'm pleased with our progress to date. As mentioned, we'll keep you updated as we take further initiatives in the coming months, including the deployment of our global innovation and insights organization.

As a conclusion, we entered 2019 with a broad transformation agenda in a challenging environment. As we continue to focus on execution throughout over markets, I'm confident in our ability to achieve our 2019 financial outlook, growing slightly organic net sales with a 16.5% to 18% normalized IFO margin. While it is still early, we do see positive trends in the 2019 back-to-school in Europe, notably in France and southern countries. For the balance of the year, we will focus on improving Cello performance in India, continue to grow in e-commerce, gain distribution and leverage our added-value products. In Lighter in the U.S., we expect first quarter inventory adjustment headwinds to lessen over the balance of the year. Across the globe, our teams continue to focus on improving day-to-day effectiveness in delivering quality products to meet the needs of our consumers. We will continue to deploy our BIC 2022 Invent The Future plan, transforming ourselves rapidly to take advantage of emerging opportunities and to meet market challenges head on as they arrive to deliver long-term profitable growth.

This concludes our first quarter 2019 results conference call. And we're now ready to take your questions.

## QUESTIONS AND ANSWERS

Operator

(Operator Instructions) At the moment, we have 3 questions in the queue. The first one comes from the line of Steve Levy from MainFirst.



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Steve Levy - MainFirst Bank AG, Research Division - Analyst

Do you hear me well?

James DiPietro - Société BIC SA - CFO & Executive VP

We do, Steve.

Steve Levy - MainFirst Bank AG, Research Division - Analyst

Three questions, if I may. The first one is on the Lighter. I understand that the market decreased by 3.2% in value terms, but given your market share, can you give us a bit about your marketing volume rather than value? And did you decrease your pricing in Q1? That's my first question. The second question is on the India market with Stationery. I understand that you take decision that could be a one-off. Can we expect this -- some impact in the Q2 as well? And can you give us a bit of an idea of the market evolution in Q1? And when you think you can catch up the market growth? And the third question is on the guidance. You keep on trend the guidance, but H2 is a quite at high comps. I'm pretty sure that you're convinced to stick to your guidance for the moment, but how do you feel with the guidance -- the current guidance now?

Sophie Palliez-Capian - Société BIC SA - VP Corporate Stakeholder Engagement

Steve, this is Sophie. So on your question on the U.S lighter market and U.S lighter market share, we grew 0.2 points in volumes over the first quarter, and we grew 0.4 points in value. Is that answer to your question?

Steve Levy - MainFirst Bank AG, Research Division - Analyst

Yes. And did you change your pricing in Q1?

Gonzalve Bich - Société BIC SA - CEO & Director

No, Steve. As we've explained, over the -- we have a multiyear pricing strategy and as we told you we took price last year in April, so this year we haven't taken price. But it's an ever-evolving strategy over multiple years. To your second question related to India, the decision that we took to reduce shipments to super stockists in the first quarter to reduce inventory levels in the market is something that we expect to taper off over the year. It was our decision, and the focus is really to avoid obsolete stocks as well as support new product launches. As well I come back to what we talked about last year, we also have the effect of the rationalization of a very large product portfolio that we've taken down to be more focused on those champion brands that win in the market. The market total India pen, as measured by panels, was flat in the first quarter.

Operator

Our next question comes from the line of Nicholas Langlet from Exane.

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

I've got 3 questions, please. The first one on lighter. If you exclude the trade inventory adjustment in Q1, what would have been the underlying like-for-like for the division? Second question for Lighters in the U.S. In absence of price increase this year and given there was a weak Q1, do you think you can grow top line for Lighters in the U.S. in 2019? And third question on the gross margin. Do you expect the same kind of headwind in Q2 compared to Q1? Or should we already see some sequential improvement, notably from

(inaudible).



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Gonzalve Bich - Soci t  BIC SA - CEO & Director

Nicolas, I'll address the lighter and will come back to the other part. So as mentioned during our presentation, the first quarter sell-in numbers were impacted by inventory adjustments in the trade, and we were gaining share in a measured market in both volume and value. To be specific, these adjustments were completed by master wholesalers, an expanding channel, selling mostly to small independents bodegas and very small retailers. These master wholesalers were carrying inventory at the end of 2018 and adjusted them in the first quarter. We expect this first quarter headwind went to lessen over the balance of the year. In this challenging environment, we're going to be driving our growth by the launch and drive to be the safety ambassadors with dedicated digital advertising campaign to convey safety messages versus low-quality lighters. We're also focused on improving distribution in both the measured and unmeasured market, as we did in the first quarter in food and the dollar store channels. This also includes plans to improve on-shop availability and continued promotional support and targeted promotions of digital coupons or multipack buys.

James DiPietro - Soci t  BIC SA - CFO & Executive VP

So Nicolas, this is Jim. Let me address the gross margin question. Let me start with the first quarter explaining that a bit and then moving into the balance of the year to answer your question. At the group level in the first quarter, obviously, as we've seen and discussed, we're down 2.9 points gross profit versus a year ago. Raw material and FX, as we discussed back in February, are the 2 main headwinds we're experiencing this year and true in the first quarter. The other piece that was significant in the first quarter were carryover deferred variances from last year production cost that rolled off the balance sheet into the P&L first quarter of this year. Remember, last year that roll-off was favorable. This year it was unfavorable, so year-to-year change was pretty significant. So going into the second quarter, we would still see some of that deferral impact to second quarter and the continuation of raw material and FX. We'll start to see the variance then tail off in the second quarter and then the balance of the year should be the impact primarily of raw material and FX, and then the question, as we discussed back in February, was then current year sales levels and the impact that would have on current year absorption. So again to summarize, first quarter impacted by raw materials and FX, also had the unfavorable change versus a year ago in the deferral of variances rolling to the P&L. We'll still see a bit of that in the second quarter and then the balance of the year should primarily be the impact of materials and FX.

Gonzalve Bich - Soci t  BIC SA - CEO & Director

So if I can come back -- I'm sorry, Nicolas, do you have any follow-on question?

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

Yes, just on the -- do you have an estimate for the impact of the production variance on the Q1 gross margin decline?

James DiPietro - Soci t  BIC SA - CFO & Executive VP

The impact that was rolled off the balance sheet in the first quarter?

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

Yes. That about the 290 basis point decline of gross margin was the production variance -- inseparable production variance a big drag?

James DiPietro - Soci t  BIC SA - CFO & Executive VP

Yes, it was. Of the 2.9 points, you could probably say more than 50% of that was -- closer to the 60% is probably raw materials and FX. And then the balance of that was primarily driven by the variance impact year-to-year.





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Gonzalve Bich - Société BIC SA - CEO & Director

Before the next question, we jumped ahead to Steve's original question on guidance, I want to get back to it. I didn't forget about you, Steve. And I'm confident in our ability to achieve our full year guidance both on sales and IFO. First quarter net sales were soft. And it's fair to say, to some extent, disappointing in Stationery and Lighter. In Stationery, underperformance was mostly due to Cello. As we explained, we took the decision to reduce those shipments to super stockists to adjust their inventory levels. This will not repeat over the balance of the year. In addition, we have positive early signs of back-to-school in Europe, particularly in France and Southern Europe, and we'll continue to grow our sales in e-commerce. In Lighters, net sales softness was driven by North America, as we were impacted by inventory reduction in those convenience store channels in the U.S, which we expect to lessen over the balance of the year.

Operator

So the next question comes from the line of Charles Scotti from Kepler.

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

A couple of questions from my side. The first one is, can you give us an idea of the profitability of Cello as we speak today? The second question is on the Lighters business. Can you remind us how much of the Lighters sales are generated in the U.S? And is the U.S sales profitability in line with the rest of the business in Europe and Latin America? And my third question is still on the U.S Lighters business. What explains, in your view, the decline of the U.S Lighters market in Q1 in value? And do you think it's -- there are some one-off reasons? Or do you think it's true to you all? And my fourth question, can you also give us an idea of the margin impact of the TV marketing campaign on lighter safety? And do you intend to continue this marketing campaign -- to roll out this marketing campaign in neighboring countries, in Europe as well in the U.S for example? And my last question is on the profitability. It seems that you are very active on your strategic plan with online initiatives that are probably quite costly. Do you think you will need to rebuild the profitability -- the overall profitability of the group to be able to tackle all these new gross opportunities?

James DiPietro - Société BIC SA - CFO & Executive VP

So let me start with the -- can you just repeat before I start with the Lighter question on advertising, the Cello question?

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

I'm just wondering what is the profitability of Cello today.

James DiPietro - Société BIC SA - CFO & Executive VP

We don't disclose the Cello profitability separately. What we have said is obviously with the sales decline, there's been a significant impact on manufacturing cost and absorption. So the profitability has declined with the sales and especially over the last 2 years, as the export business in Cello, which was a good margin business decline that also had an impact.

Let me jump to the question on the advertising margin for Lighter and the impact we've seen in the first quarter. As you mentioned, and as Gonzalve discussed during the presentation, the advertising campaign in Lighter in Europe was focused as planned across Europe in the first quarter and that will continue a bit into the second quarter. So from a first quarter marginal aspect, a little less than half of the total normalized IFO impact is related directly to the increase of advertising campaign in Europe.



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Gonzalve Bich - Société BIC SA - CEO & Director

To your question about the market, first quarter Lighter in the U.S, there's 3 things that I think about. The first is the evolution of the cigarette market. The second is a number of weather impacts on the business and how consumers shop the category. And the third one is the government shutdown and the timing for which people were getting checks that are connected to that either government employees or people who get checks from the governments and the impact that that had on consumer trips into the store. To the question about how we see the industry over the balance of 2019, our goal is to grow value sales over the year, focused on being that safety ambassador, improving distribution in both measured and unmeasured markets and, importantly, to increase our availability and momentum at point of sale, through increased on-shelf product availability in modern retail and targeted promotions.

Operator

So the next question comes from the line of Namita Samtani from Bank of America.

Namita Samtani - BofA Merrill Lynch, Research Division - Research Analyst

I have a question on the Lighters division particularly in the U.S. given the current industry dynamics of cigarettes with all 3 pointing out that cigarette industry volumes declined by 5% in Q1? And just looking forward into the next few quarters, if as expected cigarettes volume decline to continue and also the age of buying cigarettes in the U.S. has been raised, does this have a direct impact on performance in the Lighters division going forward?

Gonzalve Bich - Société BIC SA - CEO & Director

Thanks for your question. Just one thing, I think that we need to -- in light of buying of cigarettes, age hasn't been adjusted in the U.S. from a federal perspective, at least that I know of as of today. 1 major customer has made the choice proactively on their own. But to your lighter point about what is the correlation between cigarette consumption and lighter sales, if you look at from a historical perspective, lighter sales -- cigarette sales in the United States have declined between 0% and 2% for the last 5 years. And lighter volume sales over the same period, as you'll know, has increased. So while there is a correlation between the use of one and the buying of the other, lighters are not only used for cigarettes. There's a lot of other uses that consumers work on. In addition, we're focused on added-value sales, so those sleeves and decors that allow the purchase from an impulse perspective as well as distribution and continued market share gains. I'll remind you, we've been gaining share this quarter and over the last year. So we continue to grow our share of the U.S. lighter market.

Operator

Okay. So we do not have any more questions. (Operator Instructions) And we do not have any questions coming through. So I'll hand back over to your hosts.

Sophie Palliez-Capian - Société BIC SA - VP Corporate Stakeholder Engagement

Okay. So if there is no more questions, we may end this call. As usual, we are at your entire disposal for any follow-up question, either today or tomorrow or in the coming days. Thank you very much. And have a good day.

Gonzalve Bich - Société BIC SA - CEO & Director

Thank you.



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James DiPietro - Société BIC SA - CFO & Executive VP

Thank you.

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Operator

Thank you for joining today's call. You may now disconnect your handsets.

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