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Speakers: Mario Guevara and Jim DiPietro

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Misprints and repetitions have been corrected.

Operator: Ladies and gentlemen, welcome to the First Quarter 2015 Results BIC Conference Call. I now hand over to Mr Mario Guevara, Chief Executive Officer and Mr Jim DiPietro, Chief Financial Officer. Gentlemen, please go ahead.

Mario Guevara: Thank you. Good afternoon. Good morning. Thank you, all of you, for being here with us today. Let me start with the first quarter Group key figures. Our sales reached €508.10 million, a 6.8% increase on a comparative basis, where our Consumer business grew 7.4% with a robust result in developed markets.

Our BIC Graphic net sales increased 2.4%, driven by the growth in developing markets. Income from operations increased 33.7% to €97.6 million and normalised IFO, which excludes non-recurring items, was €101.8 million, up 39.4%. And normalised IFO margin was 19.9% compared to the 16.8% in the first quarter of 2014.

The EPS group share was €1.64, up 53.3%, and our net cash position at the end of March reached €398.2 million. And Jim will explain later, in more detail, the evolution of our net cash position compared to the previous year.

As you can see on the slide 5, our Consumer business increased 7.4% on a comparative basis.

Developed markets show a very good performance with sales up 8% in Europe, with a solid growth in all categories and in both Western and Eastern regions. North America increased 11%, thanks to the very good execution in Lighter and Shaver categories. Developing markets: net sales grew 3.9% with Latin America performance at high single-digit growth. The Middle East and Africa grew a low-single digit, facing a high comparison basis. And Asia, particularly Cello Pens, fell back the overall performance.

Let me now comment on sales performance by category, starting with Stationery. The first quarter 2015, net sales increased 1.8% on comparative basis. In Europe, we continue to see strong positive trend with high single-digit growth, driven by both Western and Eastern Europe. Sales grew in Retail in office products and across a large range of products, including our champion brands, BIC Cristal and BIC 4-Colour, as well as colouring and correction products.

In North America, net sales were slightly down. This slow start of the year is due to the office superstore channel which is compared to a strong Q1 in 2014 and has been impacted by market concentration with over 300 stores close in 2014. Our performance was good in other distribution channels where trade response to our champion brand strategy and new product introduction has been quite positive. Overall, our market share was flat in a low single-digit growth market.

In developing markets, net sales decreased low single-digit on a comparative basis. Latin America ended the quarter with double-digit growth, and Back to School was quite good in the Southern Hemisphere with a strong result and market share gains in Brazil. In Mexico, market share was flat. The decrease of net sales in the Middle East and Africa was due to a very high comparative basis, while fundamentals remained solid. Cello pens' first quarter net sales decreased, due mainly to manufacturing bottlenecks which negatively impacted the fulfilment of customer orders. Q1 2015 in Stationery normalised IFO margin was 13.6% compared to 10.8% in 2014 as a result of favourable fixed-cost absorption as well as positive effect on raw materials and FX on gross profit.

Turning to Lighters on slide 7, you can see that net sales increased 9.7% on a comparative basis. In Europe, sales increased high single-digit. The growth was driven by distribution gains in Western Europe and a strong performance in Eastern Europe, with an increase in volumes and prices to compensate the currency impact.

In North America, net sales increased low double-digit. This very good performance reflects both, market share gains driven by expanded distribution, the success of their sleeve designs and buy-in ahead of price adjustment implemented as of 1st April 2015. Developing markets grew high single-digit. In Latin America, net sales grew mid single-digit with a good performance in both Brazil and Mexico. The Middle East and Africa and Asia performance was notably driven by distribution gains in Asia, where we gained 2,000 additional listings in convenience stores.

The Q1 2015 Lighters normalised IFO reached 37.6% compared to 36.6% in 2014. The improvement is due to strong net sales growth and positive raw material impact.

Turning to slide number 8, BIC Shavers' net sales increased 14.7% on a comparative basis. Net sales increased double-digit in all our geographies. In Europe, the performance was driven by the success of our new shaver for men, BIC Flex 3 Comfort and the good resilience of our products such as BIC 3 in France and BIC Miss Soleil in Eastern Europe. In North America, we continued to out-perform both, the US and Canadian one-piece market. At the end of March, the total US wet shave market was flat in value, with system segments down 3.4% and the one-piece segment up 4.6%. BIC achieved a 26.6% market share at the end of the first quarter 2015. BIC first quarter benefit was the solid sell-in performance due to the launch of new products like BIC Flex 5 for men, that has been very well-accepted by the trade, and BIC Simply Soleil Click for women. We also grew in our core products BIC Soleil and BIC Hybrid 3.

In developing markets, Latin America performance was driven by the success of BIC Soleil and BIC 3 Action shavers. We also registered a good momentum in the Middle East and Africa, thanks to our single, twin and triple-blade products. In South Africa, we consolidated our leadership in one-piece shavers. Q1 2015 Shavers' normalised IFO margin was 21.3% compared to 17.4% in 2014. The increase of the margin is driven by strong net sales growth and lower brand support expenses in Q1 2015 compared to the previous year.

Let me now turn to other consumer products. Q1 2015 net sales decreased -1.6% on a comparative basis. This segment includes various activities in different countries, also includes BIC Sport, which net sales grew double-digit on a comparative basis. Other consumer products: Q1 2015 normalised IFO was -€0.7 million, including the expenses related to the portable fuel cell project of €1.1 million compared to €2.2 million in the first quarter of 2014. As you may remember, we closed the sales of our portable fuel cell technology to Intelligent Energy early April of this year.

Let me now turn to slide number 10. BIC Graphic net sales increased 2.4% on a comparative basis, driven by Stationery and Hard Goods sales across all regions, and we continue to focus on offering distributor and corporate accounts a wide range of safe and compliant products.

In Europe, net sales were driven by Writing Instruments and new product launches. In North America, we experienced a softer sales due to a weaker calendar business season, while Hard Goods performed in line with our expectations. In developing markets, we continue to grow at double-digit rate.

Q1 2015 normalised IFO margin was -6.7% compared to -7.2% in 2014, with a positive impact due to a better gross profit in this category. Let me now give the microphone to Jim who will comment in more detail our consolidated accounts.

Jim DiPietro: Thank you, Mario. I'll start by reviewing the summarised P&L results on slide 12. In the first quarter 2015, net sales increased 17.6% as reported and 6.8% on a comparative basis. Gross profit increased 23%, while normalised IFO increased 39.4%. The €4.2 million difference between normalised IFO and IFO is related to restructuring costs, mainly distribution reorganisation in the Middle East and Africa regions.

On slide 13, we look at the evolution net sales between the first quarter of 2014 and 2015. On an as-reported basis, net sales increased 17.6%. On a comparative basis, our sales grew 6.8%. Foreign currency translation impact was favourable 11.4% for €49 million. The strength of the US dollar compared to the euro accounted for €40 million of the translation increase. Other changes came from the Indian rupee (€4 million impact). The Mexican peso had a €2 million impact. On the negative impacts, Russian-Ukrainian currencies combined had a -€2 million effect. The perimeter impact in the quarter is related to the sale of Sheaffer.

Now reviewing normalised IFO for the first quarter compared to the first quarter of 2014, on slide 14. We can see an increase of 2.3 points in gross margin, benefiting from the first quarter sales growth; favourable manufacturing costs both coming from absorption and raw materials as well as favourable FX. Brand support decreased 0.2 points. And OPEX and other operating expenses were down six-tenths of a point. Brand support impact is timing versus last year and we'll see that being invested in the balance of the year.

On slide 15, net finance revenue increased €12.7 million compared to €1.5 million last year. This is due to a favourable revaluation of financial assets denominated in US dollar.

Income before tax increased 48%, as reported, to €110.3 million. And the first quarter tax rate was 30%, consistent with last year at 30.3%. Net income Group share increased 54%. And finally, EPS Group share increased to €1.64, compared to €1.07 in the first quarter of last year.

On slide 16, we see the evolution of our cash position between December and March. We generated solid cash from operating activities which funded our €23.7 million CAPEX investment. The cash received through stock options exercised net of liquidity contracts was €6.2 million. As a reminder, the net cash position is impacted by the future value of Cello's remaining put option. This ends the review of our first quarter results and I'll give the floor back to Mario.

Mario Guevara: Thank you, Jim. Let me summarise the first quarter results on the slide number 18. The solid performance of our Consumer business was spread across all geographies, with mature markets growing even faster than developing markets. We experienced an outstanding achievement in Lighters and Shavers.

Stationery showed good results, although impacted by the disappointing performance of Cello pens where transition remains challenging. But it's important to say that we remain confident in the mid and long-term potential of Cello pens. BIC Graphic confirmed positive sales momentum, driven by Hard Goods growth in North and Latin America.

Normalised IFO margin was favourably impacted by foreign currency fluctuations and by a decrease in raw material prices. We saw an improvement in all our categories. Finally, our net cash position remains healthy, thanks to sustained operating cash flow generation and in spite of an increase in inventories in line with the expected sales for the balance of the year.

This very good performance has reinforced our confidence and optimism to achieve our full-year guidance. As shared with you in February, we expect 2015 net sales to grow between 4% and 5% on a comparative basis. As regards to profitability, we anticipate Consumer business normalised IFO margin to be consistent with 2014 and BIC Graphic normalised IFO margin to improve and draw near the mid single-digit level.

Recently, we have all experienced how company results may be affected by the current volatile currency environment and you also know that we prefer to take a prudent stand in terms of outlook. However, based on current currency rates and their translational impact on net sales, it is fair to mention that we could have a potential upside in full-year Consumer business normalised IFO margin compared to initial expectations. Thank you and now we're ready to answer your questions.

Operator: Thank you, sir. Ladies and gentlemen, if you wish to ask a question, please press 01 on your telephone keypad. We have the first question from Nicolas Langlet, Natixis. Sir, please go ahead.

Nicolas Langlet: Hi. Good afternoon, everyone. I've got three questions, please. First of all, on the gross margin development in Q1: So it's at 230 basis points. Is it possible to split it between the different elements mentioned – between the geographical mix, raw material impact and operating leverage?

Second question on Cello. Can you give us the – what was the like-for-like trend in Q1 at sales level? And also, what was the adjusted EBIT margin for Cello in Q1? You mentioned some problem in the production. Did it have a major impact on sales or on Q1? And lastly, on the transaction position you have in terms of currency, have you finalised to hedging the short position in euro and what is the rate for 2015? Thank you.

Mario Guevara: Hi, Nicolas. It is Mario. I will answer your question on Cello.

Nicolas Langlet: Yes.

Mario Guevara: On the soft growth, the sales experienced a double-digit decline in the first quarter of 2015. And as I mentioned, this is related to production issues where we have bottlenecks. What happens is we're polishing our quality standards to the Cello manufactured products and this caused a bottleneck in terms of production output. So we were not able to ship out the orders that we had by the end of Q1.

That being said, as I explained during the call, the transition period has been more challenging than expected. And we foresee this situation to continue through the rest of the year, with a gradual improvement in sales quarter after quarter.

Nicolas Langlet: Okay. Is it fair to say that you expect a stable like-for-like in the country? After the nine years double-digit decline in Q1, do you think that in the coming quarters, the growth could permit to be at least stable for the full year?

Mario Guevara: Well, we aim to improve quarter by quarter. But as I said, you know, the transition humble us and we continue learn and – I would say in a hard way. So what we know is this improvement will take time. And we expect to see again improvement quarter after quarter, Nicolas.

Nicolas Langlet: Okay.

Operator: Thank you, sir. We have –

Mario Guevara: We –

Operator: Sorry, sir.

Mario Guevara: Oui. We still have two points from the –

Operator: The questions? That's right.

Mario Guevara: Yes. And Jim, could you help me with the other two?

Jim DiPietro: Yes. So Nicolas, I think your first question was on gross profit increase and the composition of the gross profit?

Nicolas Langlet: Yes.

Jim DiPietro: So if we look at the gross profit, again, we've had the benefit of the strong sales which comes from both, category growth and geographical mix, if you will. The absorption benefit coming across most of the factories as well as favourable raw materials and favourable FX. If we look at those

– call it four different drivers, it's pretty equally weighted between all four. So really, the gross profit increase of 2.3 points or 230 basis points. It's pretty equal weighting again between – call it the sales mix, coming from the category, geography, absorption, raw material benefits on the lower cost versus a year ago and favourable foreign exchange.

Nicolas Langlet: Okay. Okay. And in terms of raw material, do you think the positive impact could be sustained in the coming quarters?

Jim DiPietro: That's obviously the key question. I think we're starting to see maybe some changes. We have some purchases that we made in the beginning of the year and the first quarter that we'll use again in production for the upcoming quarter. So we'll probably have a little bit more favourability in the second quarter, based on the materials we've just purchased. And I think the second half of the year is going to be contingent on what happens with the supply and the market itself.

Nicolas Langlet: Okay.

Jim DiPietro: Could you repeat your last question on FX? Was it regarding hedging?

Nicolas Langlet: Yes, exactly. Because I think you hedged 80%. In February, you had 80% hedge of the short position in euro at 1.28 euro/USD. I was just hoping if you finalised the hedging?

Jim DiPietro: Yes. For this year – 2015, we have finalised the hedging. We are now 100%, at a little less than 1.26. So it's actually around 1.2580.

Nicolas Langlet: Okay. And given the average rate of last year, you should have a positive impact this year?

Jim DiPietro: Yes. Again, last year, if you remember, we were a little lower than 1.32. So in round numbers, you can compare 1.32 to 1.26.

Nicolas Langlet: Okay. And in my estimate, I've got roughly a €10 million positive impact. Does it – looks fair for you?

Jim DiPietro: Yes. The only thing you have to keep in mind is while you have to change our hedge last year to this year and the amounts of dollar exposure, some of it's going to end up in inventory, right?

Nicolas Langlet: Yes.

Jim DiPietro: So some of it's going to be – so there's always going to be the timing towards the end of the year of how much of that is production that's in inventory not sold. So –

Nicolas Langlet: Okay. Thank you.

Jim DiPietro: You're welcome.

Operator: Thank you, gentlemen. So we have the next question from Aurélie Husson-Dumoutier, Kepler Cheuvreux. Madame, please go ahead.

Aurélie Husson-Dumoutier: Thank you. Good afternoon, everyone. I have several question actually. The first is on Shavers. I have a question about the saving of the marketing support. You said that you spent a little bit less in Q1. So is it fair to assume that most of the Flex 5 brand support would happen in Q2? That's my first question.

I have a question also on the restructuring costs. What can we expect for the full year?

And finally, on Cello. In India, you said that you had some problem with quality that caused the production bottlenecks. Do you have actually problem with workers over there? What is the quality you link to? Thank you very much.

Mario Guevara: Thank you, Aurélie. Let me start with the last question you raised. Let me expand on – it's not a quality issue on the market, we raised our quality standards in the factories. And now, we're training our workers to reach those quality standards and that's why we didn't pass all the production. And that's how we ended with a shortage of product to supply the market.

So that's the extent of the problem in manufacturing. And also, we have decided to refurbish part of the equipment and the moulds because also that produces a different level of quality. Again, as I explained, we're raising the standards of the Cello manufactured products to the BIC standards in the short term. Obviously, that will cost a disruption on the supply.

Aurélie Husson-Dumoutier: Okay. So we can expect the disruption on the supply to – to last a little bit longer than only three months?

Mario Guevara: Well, as I – as we explained, hopefully not, you know. Depends on how fast things could be fixed. But as I explained to Nicolas previously, we expect a gradual recovery of Cello for the remaining of the year.

Aurélie Husson-Dumoutier: Okay. Thank you.

Mario Guevara: On your first question on Shavers, yes, we plan to invest, as we said last year on the launch of our new products, specifically Flex 5 and other launches around the world. Then, these brands' support will be spread in the second, third and fourth quarter.

Jim DiPietro: Your question number two, we couldn't – because it broke up a bit. Was it related to restructuring cost?

Aurélie Husson-Dumoutier: Yes, exactly.

Jim DiPietro: Okay. Yes, so the restructuring cost that we announced here in the first quarter is related to, again, distribution within Middle East-Africa. And that is to the extent of the cost of restructuring that we've announced. There's no other restructuring plans that we've announced or have planned at this moment for 2015.

Aurélie Husson-Dumoutier: I'm sorry. So what could be expected for the full year?

Jim DiPietro: Right now, €4.2 million which we announced in the first quarter is – is all that we have recorded and there's no other plans beyond that €4.2 million.

Aurélie Husson-Dumoutier: Okay. Thank you.

Operator: Thank you. We have the next question from Hermine de Bentzmann, Raymond James. Madame, please go ahead.

Hermine de Bentzmann: Hi. Good morning to you. I have a few questions, please. The first one on the capital revaluation of the financial asset denominated in USD. I was wondering what we can expect in terms of finance revenue for the full year. My second question is on Stationery. I was wondering if you expect an improvement in the US through the year after the weak start. And lastly, on Shavers, I was wondering as well if you plan a roll-out of BIC Flex 5 in other regions. Thank you.

Mario Guevara: Okay, Hermine. Let me start with your last question. It's the easiest one. Today, we're serving the market in North America and we have plans only to deploy it in North America in 2015. On the Stationery, as I've mentioned, the selling was decline of a low single-digit. But our POS in the first quarter is in line with the market growth. So we have not experienced a market share loss.

On next quarters, we expect a good Back to School. But we have to be mindful that we always have a switch on shipments between Q2 and Q3 and that's contingent to retailers when they want their orders. And these retailers drive the sales orders to Q2 or Q3, depending on their space that free up from the summer sales. So, in summary, our view for Stationery in North America remains positive.

Jim DiPietro: Okay. And on your first question regarding the revaluation of financial assets denominated in USD, it's important to remember that there's a couple of factors here. One is the absolute balance. So again, it's cash balances and accounts. It's the absolute balance as well as any rates in the revaluation of the balances based on current exchange rates.

Remembering that there is seasonality in the business as well as use of cash, and then the rates obviously will be determined into the future. So the one thing to remember is the balance will fluctuate based on the seasonality of the business as well as the use of cash and the needs of use of cash.

So the – the short answer is you can't take the first quarter and multiply it by four. It's going to depend on the – again, the use of cash needs and the seasonality of the business as well as the exchange rate fluctuations throughout the year.

Hermine de Bentzmann: Okay. Thank you. And just another question on the developing markets because we've seen a deceleration in Q1. You mentioned Cello, but also you have based a comparison in Middle East and Africa. Is there other markets that are decelerating this quarter?

Mario Guevara: The high basis of comparison was mainly on the Stationery.

Hermine de Bentzmann: Yes.

Mario Guevara: And, as I said, the basis remains quite solid. So we expect the rest of the year to recover in Middle East and Africa.

Hermine de Bentzmann: Okay. Thank you.

Operator: Thank you. We have the next question from Mourad Lahmidi, MainFirst. Sir, please go ahead.

Mourad Lahmidi: Yes. Hello, Mario. Hello, Jim. I have several questions. The first one – can you give – can you share with us the regional split of BIC Graphic, please? I have another question on Cello. What is – I mean, in – in Q4, you talked about some competitive pressure in India from a low-cost manufacturer and some pricing pressure as well. Can you update us on this situation?

I have a third question on the Lighters business. You mentioned in the press release that there were early purchase by clients because you will pass on some price hikes in April. So do you basically expect volumes to decline following the price hike? And the last one is Stationery. How do you see the US market in terms of the office product and the consolidation of the stores in this channel? Thank you very much.

Mario Guevara: Okay, Mourad. Could you just clarify your first question? It's the split of BIC Graphic percentage of sales or the total company?

Mourad Lahmidi: No, no, no. In terms of you know, within the Graphic, what is the percentage of the US, Europe and developing markets?

Mario Guevara: Okay. Well, the majority of the sales are in North America and it's about less than 10% in developing markets. Cello – what you mentioned is the competitive environment and the writing instruments of less than 5 rupees. Yes, this has continued and, indeed, it has increased due to the reduction in raw material cost which makes the manufacturers of the less than 5 rupees pens be more aggressive in the market.

On Lighters – your question on the price adjustment in – at the beginning of April, it's hard to measure exactly what is the volume due to the early purchase due to the price adjustment in North America. What we can share with you is that the POS during the first quarter of Lighters in North America remains healthy, at around mid single-digit. And also, the success is due obviously not only to the price adjustment, but again, distribution gains and an increase in our sleeve value-added lighters.

On the office products, I guess the segment continues to experience the restructuring that has been announced – so with the store closings. We are managing as it. So the sale decrease will continue to be a challenge for the remainder of the year. On the other hand, other class of trade are making up the difference in sales growth, at least, for us.

Mourad Lahmidi: Okay. Thank you very much, Mario.

Mario Guevara: You're welcome, Mourad.

Operator: Thank you. We have the next question from Christophe Chaput, ODDO. Sir, please go ahead.

Christophe Chaput: Yes. Good morning. Christophe from ODDO. Few question, please. First, on the Lighter division. So you mentioned a price increase. What's the level of magnitude of this price increase in US? And if I may, are you going to pass also some price increase in Europe or in developing countries?

And then, two other question. What will be the amount on the Shaver business, so the brand support regarding the Q2, Q3 and Q4, please? And the last one is, could you give the normalised IFO margin on Cello regarding the Q1? Because I didn't get to – you did not answer, let's say, to Nicolas' question. Thank you.

Jim DiPietro: On the Lighter price increase, I would say on average, we're probably talking low to mid single-digit on annualised basis. What was the second question? I'm sorry, you broke up a bit.

Christophe Chaput: Yes. Sorry. You passed this price increase in US, if I'm right. Are you going to do so in Europe or the developing country?

Jim DiPietro: Outside of the US and some of the developing countries, we will take it based on either inflationary pressures or devaluation pressures as we have historically done. So again, really to offset any of the currency or inflationary pressures.

Christophe Chaput: Okay. And you could do it, let's say, in US because of your huge market share – that is to improve the margin?

Jim DiPietro: In where – I'm sorry?

Christophe Chaput: You pass, in fact, this price increase because you got a huge market share and it definitely improve your gross margin.

Jim DiPietro: In the US, as we've done historically, we've managed and monitored the price increases on a regular basis. Not every year, but on a – again, regular basis.

Christophe Chaput: Okay.

Jim DiPietro: And then, the brand support in Shaver. As we talked about in the beginning of the year in February and as Mario just mentioned a few seconds ago, we'll continue to invest in Shaver across the balance of the year in each of the quarters. Flex 5, that'll be advertising as well as coupons as we move towards the end of 2015.

Christophe Chaput: Okay. But I – I mean, it's difficult, let's say, to communicate for you on certain – on the kind of amounts excluding coupons?

Jim DiPietro: Well, coupons, you have to remember – in the US especially – is a very important brand support vehicle. With the accounting, it's above net sales, but it is still brand support. Once again, coupons within the market – and especially for our – for us, it's a very important brand support advertising vehicle to the consumer to -- again, to get the message out on – on Flex 5 as well as drive some of the consumption.

Christophe Chaput: Okay.

Jim DiPietro: On your question on the first quarter of Cello, what we have to remember is the first quarter in our calendar year is really the fourth quarter in Cello's fiscal year. So what we have seen and experienced in March year-to-date and their fourth quarter is some year-end reserves that impact their IFO margin.

If you remember, we had a similar situation in September when we booked some reserves. I think as we've progressed from September to their year-end, we again took some additional reserve for inventory and returns and which we've booked in, again, March of our quarter and their fiscal year-end. If it excludes –those one-time reserves, the EBIT, or call it the IFO margin, will be really low double-digit in the first quarter.

Christophe Chaput: Okay. Thank you very much for that.

Jim DiPietro: You're welcome.

Operator: Thank you. We have the next question from Hubert d'Aillières, BPI. Sir, please go ahead.

Hubert d'Aillières: Yes. Hello, everyone. I just have a quick question, please. Could you please say what is the like-for-like growth of your EBIT in Q1?

Jim DiPietro: That's something we don't communicate.

Hubert d'Aillières: Okay.

Operator: Thank – do you have another question, sir?

Hubert d'Aillières: No, it's okay. Thank you.

Operator: Okay. Thank you. We have the next question from Nicolas Langlet, Natixis. Sir, please go ahead.

Nicolas Langlet: Yes. Hi, again. I've got three quick question, please. First of all, can you give us an update regarding the new Lighter factory in China? When do you plan to start producing within this factory?

Second point, on the CAPEX guidance, I think you are expecting €125 million of CAPEX for the full year. But given the recent euro/USD move, should we be looking at an amount a bit higher than that?

And lastly, on BIC Graphic, in terms of margin in Q1, have you been decreasing – reducing the marketing effort versus last year? And how should we look at it for the full year in terms of marketing expenses for APP?

Mario Guevara: Yes, Nicolas – Mario. The new Lighter factory in China is going according to the calendar – the ramp-up calendar that we shared with you in the previous quarter. So manufacturing should start in the next few months. It will be fully operational by the end of the year.

Nicolas Langlet: Okay.

Mario Guevara: Then on BIC Graphic, the improvement, as I mentioned, was due to improvement in gross profit. So we didn't reduce the brand support. The consumers support in BIC Graphic, it turns out, is not that significant. And the outlook for BIC Graphic in terms of normalised IFO – it's the one that I communicated in the outlook.

Nicolas Langlet: Okay.

Jim DiPietro: And Nicolas, on CAPEX, the guidance that we had given back in February was in the range of €120 million to €130 million. Right now, we would still stay within that range.

Nicolas Langlet: Okay.

Jim DiPietro: We've invested, as you would've seen in the cash page, around €24 million for the first three months of this year. And most of the investments – a good chunk will be euro-based. When we look at it, it doesn't really change much on currency fluctuation. And as we progress through the year, we'll update, as needed, any guidance on the CAPEX investments.

Nicolas Langlet: Okay. Thank you.

Jim DiPietro: You're welcome.

Operator: Thank you. We have the next question from Mourad Lahmidi, MainFirst. Sir, please go ahead.

Mourad Lahmidi: Yes. I have another on Asia. I think that you've mentioned that you had about 2,000 point of sales during the first quarter. Can you just update us on – on how many point of sales now do you cover in Asia? And in which countries basically – where is the – the highest penetration that you have over there? Thank you.

Mario Guevara: Yes, Mourad. In Asia, we cover different countries. But convenience stores are an important channel of distribution for Lighters – in Japan, the most important one for us. And then, you have countries like Thailand, Malaysia, Hong Kong, Philippines and even a small part in China. So this 2,000 additional listings in convenience stores should be around another 6% coverage of the total convenience stores that we can reach in – in the region.

Mourad Lahmidi: And how many in total? I think it's more than 30,000 or something like that.

Mario Guevara: Yes. That's, I guess, the potential convenience store market and that is around 50,000.

Mourad Lahmidi: Okay.

Mario Guevara: And we have a coverage close to 30,000.

Mourad Lahmidi: Okay. Thank you.

Operator: Thank you. We have not more questions for the moment. As a reminder, ladies and gentlemen, if you wish to ask a question, please press 01 on your telephone keypad. Gentlemen, we currently have no more questions.

Speaker: Okay. Well, thank you, everyone. As usual, please feel free to call us for any further questions after this call. And just a very quick reminder that we would be very happy to welcome you in Clichy for our 2015 Annual Shareholders' Meeting that will be held on 6th May in the morning. So please feel free to join us. Thank you.

Operator: Ladies and gentlemen, this concludes the conference call. Thank you all for your participation. You may now disconnect.