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Misprints and repetitions have been corrected.

Mario Guevara: Good afternoon, and welcome to all of you here to our headquarters in Clichy, and to the ones who are connected by phone, to the BIC Group Full-Year 2015 Results Presentation. Obviously, we're very pleased you can join us today for this business review. The agenda for today is as follow : Jim DiPietro, the Group Chief Financial Officer, and I will review the Group's results with the main highlights by category. I will then share with you our perspectives for this year by category and for the Group as well, and also our long-term strategic priorities. Then our chairman, Mr Bruno Bich, will explain you the change in governance. And last but not least, we will be open to your questions.

So if you allow me, let me begin on slide number 3, with a summary of the major achievements during the last year. First, I'm very proud to share with you the results of my team, where we delivered another strong year with robust and well-balanced sales growth across all the regions of the world, in a further improvement in the normalised income from operation. And this was driven by the success of our classic products, and also the new products. The net sales did increase in all consumer categories, with an outstanding performance in lighters and shavers. Developed markets showed a very solid performance, and developing markets registered a high-single-digit growth; particularly in Latin America, with low-double digit growth. BIC Graphic net sales improved despite a challenging and fast changing environment. And last but not least, we also maintained a strong cash generation.

So if we look at the key figures on slide number 4, you can see that ourselves were €2,241.7 million, an increase of 6.2% on a comparative basis. Focusing on Consumers, who grew 6.9%, and I just mentioned we had very good momentum in all geographies. BIC Graphic did increase sales 1.6%, and it was in line with our expectations. We'll come back in more details on the BIC Graphic performance in the following pages. The income from operations increased 19.1% to €439.9 million. We just take the normalised income from operation which excludes, as you know, non-recurring items. The margin was 19.3%. That compares favourably to the 18.7% in 2014.

And please allow me to highlight once again that these performances, that were solid, have been achieved without sacrificing our investment in brand support across all categories and all the regions. And with a sustained level of CAPEX at 5.4% of sales, that compares almost in line with the previous year at 5.7%. Development CAPEX represented 44% of the total in 2015. On the net income, the company reached the €325 million mark, a 24% increase compared to last year as reported, and the earnings per share was €6.89, up 23.7%.

As you recall, BIC maintains a strong cash generation, and this is one of our key objectives today and in the future. As you can see on slide 7, and consistent with this strategy, we maintained a strong cash generation, and a sustained net cash from operation activity. The free cash flow reached €263 million before acquisitions and disposals, and was €203.6 million after acquisitions and disposals. Our net cash position at the end of December 2015 reached €448 million, and Jim will explain later in more details the evolution of our net cash position compared to the previous year.

Just today, in confidence in the sustainability of the Group financial situation, and our use of cash policy, the Board of Directors will propose to pay an ordinary dividend of €3.40 per share, that represents an increase of 19% and a 49% pay-out ratio. And also, in light of the 2015 solid performance and considering the short- and mid-term outlook, our Board of Directors has also decided to recommend an exceptional dividend of $2.50 per share.

Let me now turn to give you more details on the Group performance by geography and by category. As you can see on the slide number 10, our Consumer business did increase 6.9% on a comparative basis. If we look at developed markets, which did show a very solid performance, we can see that Europe grew at 5.7%; a very remarkable growth rate in this part of the world. North America grew at 7.3%, and we can highlight the very good performance of the Shavers category in this region of the world. Developing market net sales grew at 7.5%; again, with a special emphasis on Latin America who grew high-single digits.

Let me now give you few highlights and performance by category, starting as usual with the Stationery category. As I already shared with you in October, the stationery markets grew both in Europe and the US. In Europe, the market was growing mid-single digit at the end of August, with a strong performance in the retail mass market. In the US, the Stationery category was up 5% at the end of December, with office products and food, drug channels growing at 3%. Brick and mortar channels, which include modern mass market grew at 5%, and e-commerce registered the strongest performance with plus 22%, although from a smaller base.

On the next slide, we can see that our market share trends remain positive in the different regions of the world where we have presence. As you can see, we gained or maintained market share in all geographies. This was achieved thanks to the success of our Champion brand strategy, fuelled by the successful introduction of new products, the continued investment in brand support and the sustained investments in geographical expansion.

In terms of the results, the Stationery net sales did increase 3.6% on a comparative basis, with volumes up 2%. In 2015, our sales grew in all geographies where we have presence. In Europe for example, we recorded net sales growth of high-single digit. The Back-to-School season was good and we gained market share in most of the countries. And this performance reflected the success of our core segment such as ball pen, colouring and correction, and also is the result of the Champion brand strategy. 2015 was also a year of successful social media strategy. For example, the TV campaign to promote the BIC Kids Learners range that was run during the Back-to-School period here in France. It’s a great example.

In North America, we generated net sales growth with low-single-digit growth, reflecting the good execution of our Champion brands strategy, and the success of our new products such as the range of BIC Atlantis, the BIC Xtra Fun graphite pencil. And for the second consecutive year in the US, and for the first time in Canada, we leveraged our campaign, ‘BIC Fight for your write’ which is a multi-layer multi-facet initiative to promote the benefits of handwriting. So these benefits provide learning and developmental skills.

In developing markets, net sales increased low-single digit. In Latin America, our successful expansion continued in key countries like Brazil, where we gained leadership in colouring, and in Mexico where we reversed the trend and regained market shares. In the Middle East and Africa, BIC gained market share and distribution across the region. In South Africa, BIC gained market share for the third consecutive year, reinforcing its solid leadership position in this category. We also reinforced our proximity strategy with the creation of a new subsidiary in the country of Morocco. In India, Cello pens net sales decreased low-single digit. It’s important to highlight that the domestic sales were flat. As you recall, the increase in Cello ownership to 100% last December will allow us to focus our efforts on improving operations, and on building capacity to regain growth in 2016 and beyond.

Let me now turn to Lighters on slide 14. Here you can see that we grew our market share in all regions of the world, with the exception of Asia. Turning to slide 15, the 2015 lighter net sales did increase 8.3% on a comparative basis, and volumes around the world were up 5%. In Europe, net sales grew mid-single digit. These good results were driven by continuous growth in Northern and Western Europe, thanks to distribution gains and consumer preference for our products. Eastern European countries show very dynamic trends, with high-single-digit growth thanks to distribution gains. In North America, net sales growth increased high-single digit, driven by the impact of the second quarter price adjustment, continued distribution gains and market share gains, as well as the success of the added-value sleeve designs, notably the special edition series.

Developing markets grew double digits. Latin America, the sales growth in Lighters benefited from the distribution gains, especially in Mexico and Brazil. In key countries such as Mexico and Brazil, the strategy of converting match users to BIC lighters did contribute to improve distribution in areas where consumption and use of matches remain prevalent. In the Middle East, growth continued to be strong, thanks to our proximity strategy aimed at gaining distribution and visibility in this region. In Asia, we continue to focus on building distribution through the convenience store channel. In Oceania, BIC extended its market leadership position through increased distribution of pocket lighters into petrol and convenience store channels, as well as the successful launch of the utility lighter range into the modern trade.

Let me now turn to Shavers. The market of shavers continued to decline in Western Europe, with a minus 1.1% for total wet shavers at the end of October of last year. And particularly disposables were down 1.8%. In the US, the total reported wet shaver market was down 1.9% at the end of December. The one-piece segment though, was growing 2.3% in value terms. The refillable segment was down 4.6% excluding the online sales performance, which represents – according to our estimate – slightly over 15% of the total men's refillable market, which grows at a faster rate.

If we turn to BIC Shavers' performance around the world, we can see that we grew our market share in all the regions. In the US, our largest market as you know, we grew the market share for the fifth year in a row. And at the end of December, the last 52 weeks BIC market share of disposable was 26.7 in value. That means 1.7 points higher than the previous year. BIC Shaver net sales increased 11.9% on a comparative basis, and volumes were up 1%. In Europe, the net sales increased high-single digit, as we continued to show solid trends in both Western and Eastern regions thanks to the success of our triple blade products such as BIC 3 for men, BIC Miss Soleil for women.

In North America, we continued to gain market share in both men's and women's, and this is the result our best quality and value positioning across the entire range of products, and a robust introduction of new products. In men's shavers in the US, the BIC Flex 5 introduction was supported by the, 'Men, it's Time to Smooth Up' digital campaign. And I invite you to see it online. In women's shavers, BIC Soleil was supported by a strong North American, 'Make your own sun' consumer campaign which incorporated TV, social, digital and print campaigns.

In developing markets, net sales grew double digits with a solid performance across all the regions. In Latin America, sales growth was driven by a strong performance in Mexico and continued growth in Brazil, thanks notably to the success of our triple-blade disposable shavers such as BIC Soleil and BIC Comfort 3. In the Middle East and Africa, we grew across all regions and in all product segments, from double-edged to triple blades.

So, a few words on other products. The full-year 2015 net sales increased 3.9% on a comparative basis. Particularly BIC Sport, net sales reached €31.1 million; an increase of 5% on a comparative basis. And this was driven by the Stand-Up Paddle product range. Other consumer products 2015 normalised IFO was minus 3.4%; that compares favourably with minus 11.3% in 2014, which if you remember includes €9.6 million expenses related to the Fuel Cell project that – we sold this activity in April 2015.

Let me now focus on the fourth quarter Consumer category normalised IFO margin. The Consumer business normalised IFO margin was 16.9% in 2013. That compares unfavourably to the 19% in the fourth quarter of 2014. In Stationery, the normalised IFO margin was 2% compared to 9.3% in the Q4 of 2014, and Stationery was negatively impacted by the higher production cost as well as an increase in brand support investment. In Lighters, the normalised IFO margin was 33.7%. That compares to 35.3% in the Q4 2014, as a result of higher advertising and operating expenses. Finally, the Shaver normalised IFO margin with 16.5%. That compares favourably to the 16.2% on Q4 2014, and this was driven by net sales growth, and despite an acceleration of investments in research and development and brand support.

If we look to the full-year normalised IFO, the Consumer business margin reached 21.9%. That compares favourably with 21.1% in 2014. In Stationery, this margin was 11.5%. That compares unfavourably to the 12.5% of 2014, as a result of higher manufacturing costs and brand support investments such as promotional activities. The Lighter normalised IFO margin was 38.2%; this compares favourably to 37.7% in 2014 due to the dynamic sales growth, the impact of the Q2 2015 price adjustments in the US and lower raw material costs. And finally, Shaver normalised IFO margin was 18.5% compared to 17.8% in 2014 driven by net sales growth and positive FX impact on gross profit, which more than offset the increase in brand support compared to the previous year.

Let me now turn to BIC Graphic, starting with the evolution of the promotional product market in the US. In the US, the overall market increased 3.4% in 2015, and this was driven by the apparel segment that grew at plus 5%. And as you remember, we don't participate in this segment. The Hard Goods and Writing Instrument segment grew 3% and 4% respectively. The Calendar segment declined 3%. In Europe, the Northern countries continued to show signs of recovery, and the Southern countries were stable.

BIC Graphic net sales increased 1.6% on a comparative basis. In Europe, the growth was driven by the Stationery segment, thanks to the success of the new product launches. The Hard Goods segment, sales were driven by the innovative britePix imprint technology and key products in the bags and gym wear segments. In North America, the consolidation of the industry accelerated on both sides, suppliers and distributors, and the online business continues to grow faster. In the Stationery, we benefited from new product launches and our good value product offering. In Hard Goods, performance was supported by the success of the good value range, and the good value price items. New products and the britePix technology also contribute to the growth. The US promotional industry overall has been challenging, as we saw in the previous slide, and our sales continued to be unfavourably impacted by this dynamic. Developing markets benefited from a strong performance in Latin America, as we continue to focus on the expansion of new segments.

Let me now give the floor to Jim, who will comment in more details on our consolidated accounts.

Jim DiPietro: Thank you, Mario. I'll start by reviewing the summarised P&L results on slide 25. In 2015, net sales increased 13.3% as reported and 6.2% on a comparative basis. Gross profit increased 14.6% while normalised IFO increased 16.7%. On slide 26, we see the evolution of net sales between the fourth quarter of 2014 and the fourth quarter of 2015. On an as-reported basis, net sales increased 8.9%. On a comparative basis, our sales grew 7.3%.

Foreign currency translation impact was favourable 2%, or €10 million. The strength of the US dollar compared to the euro accounted for €33 million of FX translation impact. Just as we had seen for the nine-month results, the other currency changes had a negative translation impact. The Brazilian currency impact was unfavourable €18 million due to the strong decrease of Brazilian currency during the fourth quarter. The Mexican peso and the Russian and Ukrainian currencies also had a negative impact of €4 million in total.

On slide 27, the evolution on this page shows the change between full-year 2014 and full-year 2015 net sale. On an as-reported basis, net sales increased 13.3%. On a comparative basis, our net sales grew 6.2%. Foreign currency translation impact was favourable 7.7%, or €152 million. The strength of the dollar compared to the euro again accounted for the biggest piece of the change; €172 million of favourable FX translation. The Indian rupee also had a positive impact of €10 million. Other currency changes had a negative translation impact. The Brazilian currency impact was unfavourable €34 million. The Russian and Ukrainian currencies had a negative impact of €9 million in total.

I'll now review the change of normalised IFO for the fourth quarter of 2015 compared to the fourth quarter of 2014. We can see a decrease of 0.7 points in gross profit margin. This is primarily the impact of the fourth quarter 2015 Stationery gross profit margin. Brand support increased one point, due to higher investments across all categories as planned. OPEX and other expenses were up 0.1%.

Now turning to the full-year normalised IFO margin analysis on slide 29. 2015 normalised IFO margin was 19.3% compared to 18.7% last year. As we have seen throughout 2015, the gross profit change was a main driver of the normalised IFO improvement. Gross profit margin increased 0.4 points versus last year as a result of lower production costs year-on-year. Brand support increased 0.1 points versus

2014, as a result of higher investments in the second half of 2015. OPEX and other expenses were favourable 0.3 points compared to last year, as 2014 included the expenses related to Fuel Cell.

Now we can review the non-recurring items in 2015. This will explain the difference between normalised and reported IFO. -€3.6 million were recorded in 2015 related to the revaluation of Argentinean inter-company accounts payable. The impact of the lump-sum election for terminated vested pension participants amounted for €4.6 million. And the Fuel Cell divestiture, net of restructuring costs, amounted to €2.2 million. We also have €9.2 million of gain on real estate transactions this year. Finally, we incurred restructuring costs of €4.5 million, mainly related to distribution reorganisation in the Middle East and Africa regions. In total, non-recurring items had a net impact of €7.9 million in 2015 compared to €0.7 million in 2014.

On slide 31, net finance revenue was €26.8 million compared to €11.1 million in 2014, mainly due to the increase of US dollar against other currencies during the year, generating a favourable impact on the valuation of financial assets denominated in currencies and higher interest income. Income before tax increased 22.7% as reported, to €466.7 million. The 2015 tax rate was 30%, consistent with last year. Net income Group share increased 24%. And finally, EPS Group share increased to €6.89 compared to €5.57 in 2014.

On slide 32, we will review the CAPEX investments for 2015. We can see in total, we invested €121 million at the Group level. As we look at 2016, we would estimate the investment would be in the range of 50% higher than 2015, or approximately €180 million.

On slide 33, we can see the end of the year change in our working capital. As a percentage of sales, working capital is 27% in 2015 compared to 30% in 2014. Inventories increased by €37 million across all categories, but as a percent of sales inventories were reduced one point to 21.3%.

On slide 34, we see the evolution of our net cash position between December 2014 and December 2015. We generated solid cash from operating activities, which funded our €121 million CAPEX investment, and €161 million of dividend and share buy-back. The cash received through stock options exercised net of liquidity contract was €9.6 million. Finally, the cash received following the sale of Fuel Cell was €14 million. And as a reminder, in December 2014 the net cash position included €77 million related to Cello's remaining put option. The 25% minority interest was bought in the fourth quarter of 2015 for €74 million.

This ends the review of the 2015 consolidated results, and I'll give the floor back to Mario.

Mario Guevara: Thank you, Jim. Let's turn to slide 36. Let me make a brief pause and show you what we have done in the last five years. As you can see, here we have demonstrated that our business model is effective, and creates significant value. Our annual organic growth average in the last five years was 4.1%, with an acceleration of the growth since 2012; notably thanks to increased added-value product introduction, market share and distribution gains. The average normalised IFO margin was 18.6% over the past five years, and 21.5% for the Consumer business. Last but not least, maintaining a strong cash generation has been a key priority for our Group, and the free cash flow generation was on average €172 million since 2011, after acquisitions and disposals.

The 2016 outlook is as follows. We will continue to deliver solid sales growth, and we will focus on paving the way for profitable growth in the long term. This will lead to an increase in brand support in all regions, either to strengthen our existing market positions or to support new product launches. We will also invest more in research and development and have a significant increase in development CAPEX, and I would talk about some of these projects later in this presentation.

Let me focus on the Stationery. During the past year, we have anticipated and accompany the new consumer needs and desires, with new product launches under the umbrella of our Champion brand strategy. New products represented 25% of the Stationery net sales in 2015, and they are really a big growth driver for the category. As you can see in this slide, what we call the Champion brand umbrella represented 45% of the sales last year; that compares favourably to 36% only five years ago. In 2015, the stationery market continued to demonstrate strong resilience. We expect this trend to be maintained in the mid-term. In this context, all regions should benefit from these market dynamics.

In developed markets, the main driver will be the demand for improved quality and for innovative products. And we will continue to leverage our Champion brand strategy in these regions of the world. In developing markets, higher income and a better access to education should be the growth drivers. More specifically in India, we will focus on improving operations and building capacity to sustain the growth of Cello pens. In conclusion, our 2016 objective is to grow Stationery organic sales mid- to high-single digits, thanks to our robust geographical footprint, the quality of our products and our product innovation.

In the Lighter category, for the past five years we have benefited from the tremendous success of our sleeve trade-up strategy. As you can see, the sales of BIC sleeve pocket lighters have been growing much faster than the total Lighter growth since 2012, with a 10.8% growth on average for the sleeve. That compares favourably with a plus 6.3% for the total Lighter category. In 2016, we will continue to rely on our safety and best quality added-value lighters. And particularly in Europe and developing markets, where we will widen our distribution and we will strengthen our in-store visibility. We'll also continue to leverage our added-value sleeve design strategy in both Europe and North America, notably through new special edition introductions and new creative marketing campaigns. In developing markets, we will continue to increase our brand awareness in the different countries.

In the Shaver category, our position remains the same: offer enhanced shaving performance always at a fair price. It is true across our entire range of products, from one blade to five blades. Since 2011, this best-value quality positioning has led to a regular trading-up of our product offering, with a very strong new value-added product pipeline. The weight of the value-added products in the total shaver net sales did increase from 49% to 61% from 2011 to 2015. In 2016, the continued success of BIC Flex 5 in North America and the BIC Soleil in Latin America, as well as the introduction of our first five movable blade shaver for women, the BIC Soleil Shine, launched in the US at the beginning of this year, will support the sales growth in 2016.

Now, BIC Graphic. Considering the recent evolution of the promotional product industry's environment, the Board has decided to initiate a review of the strategic alternatives for this division. You will ask yourselves, 'Why launch the review now?' Let me give you a little more background. When we acquired Antalis and Norwood back in 2009, our objective was to adapt to the evolution of the advertising and promotional industry by enlarging our portfolio of product offerings to become a one-stop shopping store for our distributors. In a more adverse than expected economic environment, we also launched an ambitious integration plan that included a new ERP implementation. We did execute it too quickly, and this situation led us to significant disruption in customer service and market share losses, as you may recall. In January 2013, we decided to appoint a new management team. Their first goal was to come back to sales growth, and they did reach it. A great job has been made by our teams on the sales side, with growth resumed thanks to new product introduction and improved customer service, and they also have simplified and enhanced their marketing strategy.

However, in the meantime, and particularly for the last 12 months, this industry has continued to transform itself, particularly in the US where new entrants and consolidation among players has increased significantly. This is why we have decided to initiate this review aimed at finding the best solution for the long term. The conclusions of this strategic review are expected to be concluded at the end of this year.

In 2016, and capitalising on our strong financial structure, we decided to strengthen our investment in order to enhance the mid- and long-term growth potential. This includes increases in brand support in all regions to accompany the launch of new products; to increase our existing presence in developing markets; improve in-store visibility and strengthen the big brand awards. We will also increase investment in research and development in order to continue to improve the quality and performance of BIC products, and also to launch and develop new technologies, and introduce new added-value products.

Let me now turn to slide 43. The increase in investments will also lead to an acceleration of development CAPEX. Development CAPEX include investments in capacity, investments in new buildings, land, and new products. For the last five years, development CAPEX have represented on average 46% of the total CAPEX. We expect they will account for 60% in 2016. As Jim mentioned, the investments in 2016 could be 50% higher than the 2015 investment level. This means that the developmental CAPEX can double in 2016.

Let me now give you some examples of the projects that will be initiated in 2016. In the Stationery category, we will increase our capacities to again enhance and support the Champion brand strategy, and increase in our manufacturing capacity in Evolution pencils, in four colours, in gel pens. We will also invest in additional production lines in Cello in India. In the Lighter category, we will invest in additional capacities in our factories in Redon, France and Milford, USA, and in Tarragona, Spain. In the Shaver category, we will build a new factory in Manaus in Brazil, expand our building in Saltillo, Mexico and create a new R&D centre in Athens, Greece.

Let me now give you the outlook for 2016. Our 2015 solid results have reinforced our confidence and optimism about the short- and long-term prospects for our company. In 2016, we expect net sales to grow mid-single digits on a comparative basis. And considering our strong financial structure, we have decided to strength our investment in order to enhance, as I said, mid- and long-term growth. So we expect that, excluding major macroeconomic disruptions or currency fluctuations, normalised IFO margin should decline between a 100–150 basis points as a result of these accelerated investments. We also expect net cash flow from operating activities to be maintained, despite an increase in development CAPEX.

Let me now conclude my presentation with a more long-term vision. Since the inception, our business model has relied on unchanged values and strong assets: a brand that is ubiquitous; products that are have quality, are reliable, are affordable and are very innovative; a wide distribution network across the world; and the exemplary commitment of the BIC teams around the world. This winning formula will continue to be the centrepiece of our long-term strategic priorities. Because we believe in our business model, and all the BIC men and women implemented it in more than 160 countries, we are convinced that our company will continue to create long-term value by outperforming its markets. This will be notably achieved through an expanded distribution network in all geographies, an increased focus on value-added segments in developed markets and an enlarged customer base in developing markets. While increasing our sales low- to mid-single digits on an annual basis, we will grow normalised income from operations through increased productivity while continuing to invest in our people and research and development, with a focus on quality and innovative products. Our strong cash generation will continue to fund strategic bolt-on acquisitions and to sustain total shareholder remuneration.

And now, let me pass the microphone to Bruno.

Bruno Bich: Thank you. Just a few words on this long-term presentation. For us, that’s really what’s important. That is, the strength of our company in the long term is what’s important. We’re a family affair with deeply entrenched values, and our growth in the last years – which were difficult years from a political or economic point of view – shows that our model is a good one. It’s based, first of all, on people, and delegating authority in types of management, and a special attention given to product quality; what we call the product function. And we always attempt to improve the products and to work on bringing costs down in order to bring these products to people the world over at the right price.

And now that approach has worked out well. Today, we really need to enhance our productive capacity, as Mario said. there’s practically no back order, but there’s not enough capacity really to improve the machines on an ongoing basis. Therefore, the level of investment, the higher level of investment is necessary if we're to prepare for our future. One of the strengths of our company is our balance sheet, which makes it possible for us to make that investment, which amounts to virtually double in capacity terms. Our cash position is such that we can, in the long term interest of the company, reduce the profit margins for 2016. But I'm convinced that it's in the best long-term interest of our company.

And then when it comes to governance changes, I've been speaking with Mario and then with the Board for the last few months – for several months in fact – in order to come up with a date for when Mario will retire. And then we agreed last month that that would be at the general shareholders' meeting, which I think is the best opportunity to thank Mario, and to have the shareholders there thank him, and that will give us more time over the next three months to work closely – we've been working closely for the last quarter of a century, so we know each other very well, but it will give us another three months really to prepare for things. Because the Board of Directors asked me to take on the responsibilities of being a Director General as well as Chairman – or General Manager as well as the Chairman of the Board.

So therefore, we asked the age statutes to be changed to go from 70 to 72 years of age, which would give me another two and a half years, more or less, to continue to prepare a successor to me. Gonzalve Bich; we have in my son Gonzalve Bich someone who I thought and Board thought would be a worthy successor – potential successor, that is. But he still needs preparation. The value of our managers often comes from their training, their preparation. That's true for all levels. This is what we do here with BIC University.

And Mario; well, I'll miss him. 25 years we've been working together. I can understand why he wants to retire. He's going to remain as a director. Thank you, Mario. We can draw on there for all his expertise and all his experience. My brother François too will retire on 1st March. He has also groomed a successor, François Clément-Grancourt who has been with us for several years. And he's been in Lighters for eight years, and for three years he's been groomed by François when it comes to production and basically quality and safety. François began in 1969. He was really the architect of our major worldwide lighter success stories. He will remain as a director. So we'll also be able to count on his experience and his expertise.

We have a management team that I think is very good, well-trained, young. They've helped us the results and the margins that we have, as well as gaining a market share; that's the proof of the management team's strength. We will continue to improve our teams. And as Mario said, we have very strong values: human values, and values with respect to our consumers and our products.

But there's also – and this is the second part of our philosophy – honour the past and prepare the future. We have to continue to bring consumers the world over more and more innovative, and more and more upscale products, for mature products like North America. Today, undoubtedly the Americans are buying more single-body BIC than Gillette razors, and they outsell Gillette for women's razors to the tune of two and a half times more. That's the proof of our industrial strength, which is perhaps less obvious than the strength of our brand. But it's really the basis for BIC's success after our human basis.

We will continue to perform well throughout the world, I am convinced of that. This is what we have always done ever since BIC was founded. We are stronger than ever. So I'm sorry that Mario is leaving us, but it's a time in which our company is strong, our management teams are strong, and I'm sure that we will continue to enjoy high performance.

So we're in your hands, if you have any questions now.

Operator: Ladies and gentlemen, if you wish to ask a question please press the 01 on your telephone keypad.

Nicolas Langlet: Nicolas Langlet from UBS. I have got three questions please. First, on CAPEX: so beyond the 2016 increase, should we expect the CAPEX to come back to a non-normalised level, or are you embarking in a two to three years' higher investment plan?

Second question on Cello: now that you have the full control of the company, can you tell us the action plan and how it should translate in figures? And maybe if you can just give us the EBIT margin for 2015 for Cello?

And last question, on BIC Graphic strategic review. So first of all, or did you already have contact with a potential buyer for the division? And secondly, if you sell it to do you intend to sell the entire division or – because I think that you produce internally the writing instruments. So if you sell it, you will have to sell production plants for writing instrument. Are you okay with that? Thank you.

Jim DiPietro: So Nicolas, let me start with the CAPEX. As we said this year, 2016 the estimate is currently in the range of €180 million, which is the 50% we referenced greater than 2015. For the next two years beyond, so call it from 2016 to 2018, currently we think €180 million for each of those three years is currently the estimate. And with that being said, obviously we'll have go/no go decisions along the way to make sure it is the right level. But right now, the forecast would be for the next three years annually investing €180 million, with decisions along the way to make sure that it is the right capacity decision based on the volumes.

Mario Guevara: On BIC Graphic, to your question Nicolas: as we said in the strategic review, we're open to different options. Obviously all the options are open, whether to sell the totality of the business around the world, maybe to sell one of the geographies or the business in one of the geographies, or not to sell it at all. And we'll continue the operations and make it more profitable in the future. But as I shared with you, a lot of movement is taking place in the industry, and the Board considers that it is at a right time to study all these strategic alternatives.

Bruno Bich: Let me add that, as Mario described, market developments are such that it's not something which today is really in BIC's DNA. So we'd really like to focus on markets where we're truly experts, that are part of BIC's genetic makeup; to grow faster, to grow in the international competitive landscape with companies that are much bigger than us. I think the focus would be a good thing.

Jim DiPietro: So Nicolas, on Cello: obviously now with 100%, the focus will be on growing the business. We know historically the issues that we've had. So right now as we finish the year, as Mario mentioned domestic sales were flat. So obviously the focus is regaining the sales growth in India, as well as looking at the industrial plan going forward.

The EBIT margin, IFO margin for 2015: if you remember, earlier in the year we had some of the one-time events, or call it clean up of the balance sheet, when we took over majority. If we adjust for that the EBIT margin, IFO margin would be high-single digits, low-double digits; roughly around 10%.

Bruno Bich: The work that we're undertaking today will be a long-term effort. India is a difficult country; the experience that we had was the most challenging that I've had in all the countries where we worked. There are two parts to this. The first part is production, where without a doubt they have quality levels that are good. But the consistency of quality isn't on a par with BIC, so there's really in-depth work both in terms of capacity and also to work for the sales teams and marketing teams that are more analytical, better consumer inside analysis by distribution channel, in order to improve our position in the Indian market. 1.2 billion people; I mean, that's capital. Reminds me of the start of the US operations, where it took time to build but over the long term it's a key milestone for us in India.

Aurélie Husson-Dumoutier: I was wondering; you increased all the marketing support: do you see a toughening environment, and that would be the reason why you do that?

And also in your guidance 2016, what divisions will be impacted more by the marketing expenses? Is it minus 100 basis points across the board, or is it more in Stationery or more in Lighters?

And finally, on the – I would say the 2017 and beyond guidance: shall we expect that the new margin target of around 18% is a new space for the Group? Is it an investment year in 2016, and then after that we can go back to around 20% level? Thank you.

Mario Guevara: On 2016, as I shared with you, there are several drivers of this increased investment and brand support and advertising. The majority are driven to, again, extend our geographical presence and to reinforce our positions in some developing markets. Others are to defend our core, particularly Stationery in the United States or some Western European countries. So it's a mix of both. So the majority of the investment will be in the Stationery and shavers.

Jim DiPietro: Right now, as we said, the 2016 margin is going to have the investments. I think we'll hesitate in giving exact guidance for 2017, because it's going to be, one: the realisation of the additional investments moving into 2017, and then when some of the benefits or returns on those investments may be at the sales growth, etc. So we'll give 2017 guidance probably about a year from now.

Aurélie Husson-Dumoutier: And on the environment? Do you see any toughening environment, more pressure ?

Mario Guevara: Well, you know, 2016 we see like 2015; probably it's slightly tougher than 2015. But the fact of life is that we have experienced very challenging times since 2009 after the crisis, right. Then it got a little bit easier, and then it started to toughen up again 2014–2015. And also, it depends on which region of the world and which category. So overall, again, like Bruno said we have a very strong balance sheet. We consider that we need to invest not only for 2016, but probably important for 2016 and beyond. I mean, some of our plans are five years; even in a couple of categories we are looking ten years, like we discussed in Cello or some new products and factories in Shavers. So we have the luxury to have the cash to decide where to invest, and we feel like as management we need to take the risk. Because if we don't take the risk, even though the environment is risky, we would not generate more options to improve our presence and our market share in a manner in different parts of the world.

Bruno Bich: Competition: I mean, it's tough to read whether it's heightening or not. When I read the comments of some of our peers' razors, I mean they're playing the blame game for increasing promotions, pointing the finger. They're both doing it. And we, from time-to-time – without a doubt I think that our positioning of a quality product with the prices that we have is really the key, the basis of our strength. And we see this in Writing, where we've regained market share from the distributor brands. There's one thing that our products offer the consumer throughout the world, is that they're reliable. And at a time when there are a lot of new products hitting the market, there are a fair number of products out there that disappoint the consumer. And in our business it's consumers, families trust us. Maybe our price is slightly higher than distributor brands, but they're remarkably reliable in that sense throughout the world.

Now, has competition heightened? I mean, has it increased difficulties in negotiating? Yes, it's tougher. Things are particularly tough in France for those negotiations, but I mean it's not just us.

Mourad Lahmidi: Yes, good evening, Mourad from MainFirst. I have two questions please. To come back on the brand support, the increased level that you're expecting for 2016: should we take it as a new level for the next two to three years?

And another question on this topic: do you have a way to internally measure the return on investment of your brand support spending? Thank you.

Mario Guevara: In terms of the measures: yes, we have even higher – you know, qualified people to develop these marketing plans and trade marketing plans and sales plans, precisely to make it more scientific, right, as much as possible with the information we can collect from the market, criss-crossing some information just like other consumer goods companies do it. So that's our firm goal, to have more measurable KPIs. So, as Jim said, we will decide to continue, not to continue, stop. Or increase if the case be, because we will see that the opportunities start to bring back dividends. And again, that's our mindset, to be more proactive than in the defensive side.

Bruno Bich: Yeah, I think that during the past few years, our knowledge, our consumer insights, basic consumer research, shoppers' behaviour, has been substantially increased without a doubt, because of Shavers, where we're fighting against people who are bigger than we are, who have market analytics far more detailed and in-depth than Writing or Lighters. We've made huge progress with really great teams. For example, for Shavers the analysis to know where our consumers come from for the Flex 5 in the US: does it come from the system, does it come from the competition in a single-piece shaver? I mean, it's an analytic to continue to strategies. I mean that's key, in the world.

Mourad Lahmidi: Just another one on – you mentioned expanding your geographic presence. Can you be more specific? I know that you had some ambitions accelerating in Africa in Stationery for example.

Mario Guevara: Right, like – let me just say we create a subsidiary in Morocco, so we have ambitious plans to grow our market share in some Northern African countries, also the Sub-Saharan countries. And again, to reinforce our presence in certain countries in Latin America. Again, to be more aggressive in Eastern European countries, where – I shared with you – we have experienced a good growth despite the economic and socio-political instability. So again, we place our investment and see how those roll out. And if the results are coming back like they just came back at the end of last year, that's where we decide to place an increasing investment, because we're receiving the benefits of these investments.

Leyla Karabasheva: Hi, Leyla Karabasheva from Bank of America. Two questions if I may. So number one is: can you give us a bit of colour on the China factory traction?

Number two is: can you maybe give a bit more detail about the split of cost inflation between brand support and production costs for the Stationery margins?

And finally, do you worry about any corporate governance issues combining the Chairman and CEO roles? Thank you.

Mario Guevara: Let me take the first question on China. We are proud to say that our lighter factory in China is already producing, so we're already selling the product. So, as we shared with you, the goal was to have the factory fully operational at the end of last year. That has taken place, and now it's just to increase sales. Because we need it, we need more production to support the sales growth, as we shared. So, everything – all the output from this factory will be – again, as planned – used to supply the goods of lighters in the Asian region.

Jim DiPietro: On the Stationery margins, you're referring to the fourth quarter? Correct? Okay. So the fourth quarter on the IFO margin change between 2015 and 2016: it's roughly 50:50 between brand support items, and that would be items above net sales as well as true traditional advertising, and cost of goods.

Bruno Bich: There was a question of uniting the responsibility of the chairman and CEO. That would be a temporary thing, as I said. You know, two years. It's not a recommendation of the MEDEF, but we have several companies in France that do this. You have a lot of it in America. The Board thinks that at this time it's the best way to operate. And that's what counts; the best for the company.

Eric Blain: Eric Blain, Tradition Securities. What is this increase in cost of goods for Stationery? Is it due to raw materials? Is it due to anything else? And can you elaborate a little on how you see 2016 in the raw materials and in FX impact on sales and earnings?

And just the last point: you said, Mr Bich, that BIC is very good for preparation. Mr Mario Guevara is retiring – I think it was forecast since some time. So I am a little surprised perhaps, and the market also, about why have you not taken a decision before of the new person after Mario?

Bruno Bich: How to answer? It's not the best – it's not the best situation, I agree. Those things happen. Okay, Mario has talked to us about taking his retirement and, you know, it's his – I understand how he did. I mean, I slowed down ten years ago and I got to come back and work a little bit harder for two years. I mean, those are the things of life. It's not perfect but it is what it is, and we can handle it. It's not perfect.

Jim DiPietro: In the fourth quarter for Stationery: on the gross profit side, the cost of goods change year to year is driven, one: from a change of absorption through the factories that impacted the P&L, as well as timing of manufacturing costs and variances against prior year. For 2016, FX right now, we estimate it to be fairly neutral year to year, because you may have some strength from the dollar but the Latin American currencies are weak. So at total Group level, we see the currency impact right now being neutral. Obviously, that can change depending on how currencies move. Material costs, we would see maybe a slight improvement year to year, but then some other costs depending on absorption could offset that. So year-to-year total category – all categories, I should say – gross profit's going to be relatively stable, so maybe slightly better in 2016 versus 2015. And again, most of what we're going to be seeing in 2016 will be the brand support and R&D investments.

Marion Boucheron: Hi, good afternoon. Marion Boucheron, Raymond James. I had two more questions. I think in your guidance in Stationery you are guiding for mid- to high-single-digit growth. I was wondering what leaves you confident in an acceleration next year? Is it innovation, or maybe an improvement at Cello?

And the second question was on the decision in the press release mentioned to shut the stationery plant in China. Does that affect your strategy for this huge market mid-term, or what is the impact? Thank you.

Mario Guevara: Yes, our guidance is mid- to high-single digits. So part of the investment that we have done in 2015, like the opening of the distribution company in Morocco, obviously within the transition we couldn't sell anything. So just as that alone is going to be a good driver for growth in 2016, at Cello as you heard from me and Jim, domestic sales were flat. So just growing sales in the normal course of business should help us to drive growth.

Next, our growth in Europe, as I shared with you, has been mid- to high-single digits. Our teams continue to deliver great results despite the very competitive environment, especially at the retail level, where they've found the ways to remain very relevant to the trade and to the consumers. Our growth that we experienced in certain countries in Eastern Europe also makes us optimistic about the growth. We mentioned more brand support, and we stay selective so there are selected countries where we are making significant inroads in Eastern Europe. We shared with you that we will regain share, for example, in some Latin American countries. So an increased investment and keep that momentum makes us to remain optimistic. To consolidate the leadership role in some segments in the Brazilian market also is very encouraging.

Now, obviously we have some headwinds in those regions, like the movement in the currency. On the one side we have the positive momentum, on the other side we have to cope with currency adjustments, and that means pricing and that means consumer – we need to test the levels of pricing to see how much the consumer can take at this point, right? The North American market will remain very competitive as you alluded, so that makes us be – but we will be optimistic but cautious in this market.

And the overall picture that we believe will delivered to us in 2016 is based on these assessments that my teams and our teams, and our strengths and the new products and all that I just shared with you, will combine and will deliver in 2016 for the Stationery business.

Ah, China, I forgot about China. This factory in China, it was gradually reducing its output now that we have other sites in the developing markets. When we started our factory in China more than 10 years ago, we didn't have the footprint that we have today. We have a very strong footprint in North Africa as you remember, our factory in Tunisia. Now we have Cello, we have reinforced our investments in South Africa, in Mexico. So the industrial team have assessed this new footprint, and considered that in order to gain, you know, more productivity, more cost advantages, the best location for that industrial output is in other factories. And again, we never gained the real scale, so for us it was not, let's say, a strategic industrial site to keep it in the future. And as you know, we don't sell too many writing instruments in this market.

Marion Boucheron: Do you have any ideas about sell-out trends for the Back to School in Latin America, or is it too early to give us any flavour?

Mario Guevara: For Brazil?

Marion Boucheron: Yes.

Mario Guevara: No, they have not reported back to me. You know, information in these countries are not as fast as in others. What I can share to you is that our selling was very good. Our visibility – our share of shelf – was increased, did increase compared to last year. Clearly it now is waiting for the consumers to shop the stores, so you have mixed reviews from different retailers, right? Casino, Walmart... But also, the traditional market is quite robust and especially the division Office – it remains relevant. And again, I mean, with the changes in movements in currency, local operations become more competitive. So what is going to be the outcome of all of this? Stay tuned; we will share with you in the conference call over the next months.

Bruno Bich: Yeah, but I think it's a good example, like Russia and Ukraine, where the quality of our product at the price that they are can deliver in difficult headwinds, in countries. And we don't leave. I mean, we have been now in Latin America for, you know, 50 years. And I think one of the reasons we are so strong there is because we never left. When we invest, in the hard times we trim the sales a little bit, but we don't let people go; we run the plant, we keep the sales force, we penetrate, we – I remember years ago, I remember when we were – the local manager was allowing credit because he knew the account so well, he knew how much he could trust and for how many days, by account. But because we did this, we gained a relationship with the account, we had the distribution when the others lost it, and that's how you build in those countries. And that's what we want to do in the Middle East and Africa and India.

Nicolas Langlet: Thank you. Nicolas Langlet from UBS. Two quick questions on your online strategy. First of all, can you tell us how much of your sales are made with pure-player today, and how you manage these specific clients?

And secondly, on the US Shaver market: can you give us your view of the Dollar Shave Club? Is that a system you could consider offering with BIC products or not? What's your view? Thank you.

Mario Guevara: Let me take the first question on the online sales. As you saw in our presentation, obviously the online sales for men's systems in the US is quite relevant; we estimate it accounts for 15% of the market. So clearly the segment is very dynamic. Fortunately, as of today it's not affecting us, but we're mindful that we need to make inroads in this regard. So again, we spoke about investments, right? So another investment that we're doing is we're reinforcing our knowledge and we're hiring people who know more than the ones who are running the company – we are too old – to learn what could be a good strategy for online sales. So as we speak we study formulas and alternatives in Europe and North America, primarily. That being said, we participate with some online sites of our retailers: we co-operate with our retailers, we sell through Amazon. But still, you know, like I said, you saw in the stationery market still e-commerce is only 6% – growing very fast, but still from a lower base. We are not growing as fast as these online retailers, but we're making our inroads and we're increasing our knowledge on this channel.

In the Lighter category, it's probably one of the categories that we could do something, but we face a different type of challenge due to the nature of shipping. They have to have a special packaging and special authorisation. But whoever cracks the formula will have a great business. And remember that we acquired some experience in the Graphic business of dealing with the B2B type of online sales.

Steve Levy: Hello, Steve Levy from Natixis. Can you come back just on the Q4 on Stationery and the cost production inflation? I probably missed something, but I really wanted to be sure where this inflation is coming from.

And still on the Stationery, 2% margin on the Q4 means that your competitor is making the environment tough: does that mean opportunity will arise in 2016 in terms of concentration acquisition and so on?

And maybe the third point: changing the CEO and the Managing Director of the Lighters at the same time, is it cautious enough? Thank you.

Jim DiPietro: Let me go back to the Stationery fourth quarter, the gross margin impact. There are a couple of dynamics. One is the pure cost of goods, and that's really driven by the year-to-year change on absorption being less favourable this year versus last, as well as total manufacturing variances; not specifically inflation, but just the total cost of manufacturing, be it deficiencies, etc.

The other impact that affects gross profit would be brand investments that are recorded above net sales, okay? So there are some investments, and one example that's true in both Stationery and Shavers is coupon expense. In the US we have coupon redemptions. That's treated as an expense above net sales. So you have those events that impact gross margin, even though they're more brand support investments.

Bruno Bich: On your second question, I would say that François, you know, is remaining a director of the company, and is obviously for several reasons absolutely available if François Clément-Grancourt, his successor, needs to talk with him. I mean, he built the business, he's got a passion for the business and he's got substantial investment in the company.

So it's been well prepared, and if it's one area where we're extremely cautious, it's in the Lighter business. You know, we have lived through 156 lawsuits in the United States over Lighters. We've won 153. The key word there in the presentation of both François Bich and of François Clément-Grancourt this morning was a talk of security. You know, we sell 6.5 million lighters a day. If we have a one per 1,000 defect, we will be out of business. So, as you may know this, I think now 54 checks in each of the factories before a single lighter comes out of the factory – or is it a single part? So the assembly, the weight, flame height and so on. So no, I'm confident that François would not have left that job if he didn't feel confident that his successor was ready.

As to Mario and I, we have worked for 25 years together. I hired Mario 25 years ago and promoted him to Brazil and the whole of Latin America, and then North America and then CEO and so on. And so what you are seeing today is what Mario presented to the Board, and I defended this position. You know, we have worked together, we have built the company together for the last 25 years, and the team. So I'm sure if I call Mario and say, 'Hey, Mario in Brazil, what about this?' he will take the phone. Now, I will know where to find him, maybe, maybe. It might take a day.

Question: consolidation in the stationery market?

Bruno Bich: I think I know pretty much all the families who are in the industry, because many of them are industry. I remember meeting a few years ago with the nephew of a family who just became the CEO because his uncle passed away. And we had known each other and everything, and I said, 'You know, if ever you want to sell, give me a call. You know, we'd be interested.' And he looked at me for two seconds and he said, 'Bruno, are you going to sell your company?' And I looked for a half second and I said, 'No.' And he said, 'Not me either.' There's not many companies in stationery, really, that change hands. If there was one, particularly in a country where we're not strong, it'd be interesting – if the price was right, because some of the prices in some of those countries have frankly gone very high, you know, just like some of the start-ups. And, you know, something will come, and if something does come then we have the cash to do it, and I think we will have the management today to handle it too.

Eric Blain: It's not a question. I used to follow a lot of companies since a very long time – too long, perhaps. And I just want to say that we have to thank Mario Guevara for the fantastic job done during that time. And I think that you can be very proud of what you have done, and the success of the company is quite fantastic.

Bruno Bich: I agree.

Mario Guevara: Thank you. Thank you for saying your kind words.

Etienne Balmer: Thank you. Etienne Balmer from Agence France Presse, AFP. Mr Guevara, I'm sorry, I have a very personal question to ask. Can you specify maybe on the reason why you quit your function as CEO, and what are you going to do next since you are still rather young?

And Mr Bich, after, I would like you to say – you said that maybe your son would be a good and potential successor. But did you already identify other potential successors to Mr Guevara inside the company or already outside? How many are they? Thank you.

Mario Guevara: I'll take your question, obviously. As Bruno said, I have been having discussions, prior discussion with the Board for – I would say we have planned for a long time, but recently about my potential retirement, and again I thank Bruno and the Board for accepting my request. I've been working for a long time, and like I tell my children, right, 'I want to enjoy the life like you guys do.' Cause I started to work when I was 14 years old and, you know, one day we'll have a glass of wine, I can tell you all the things that I have done to survive and to go through life. So I promised my wife that before we both died we will spend good, quality time together. And there's no right or wrong – it's simply I have made my mind. I said, 'I want a date and I don't want to be in a situation where my health or my mind would not allow me to do the things that I left behind for so many years.'

Bruno Bich: 14 years old, it's a long time. And Mario has worked very hard. The answer to your question: Gonzalve is a candidate that we look at today, okay? He has been with us, the company, for 14 years in different responsibilities – he's been in Asia, he's been in HR, he's been in Shaver marketing, he managed Northern Europe for four years or something, and now three years he has been managing international development. So that's where we will concentrate our efforts, okay? I think he's – what do we say in French? In American, a valid potential candidate. In French I understand we should translate by *un bon candidat*. I think that – I'm not going to tell you that we are the best company in the world. I'm not going to tell you we have the best value.

But as you have said sir, thank you, we have done a hell of a job in the last 20 years, going through a founder which ran the business very much like a founder, to a strong management team, where our brand globally is very strong, short of Asia, today. The products are better and better, they are reliable, it's solid, we have solid people, we are – I think that's the word; we are very solid today. And that, we don't want to lose. One of our philosophies for example is ingenuity. The advertising budget for Gillette on blades is 80% of our sales, so we cannot compete head-on with them. And when it comes to manufacturing, we have been very ingenious. I think the design of the lighters, the manufacturing of the lighters, where today in the United States we have more than 70% of the market, and we have resisted both North America, Latin America, to the challenge of the Chinese lighter. It's a proof of it; the market share that we have created in North America in the Shaver is a proof of the investment.

The reason we don't have the same market share in Europe is because the European government and the French government don't defend their industrial companies. It's a fact of life, and we have said it for 20 years, is that the majority of the Chinese lighter models don't pass international safety rules; and they don't enter the US, they don't enter Canada, they don't enter Brazil. In addition to that, they pay 2.7% duty, import tax. When we import a lighter in China, we have to pay 25% import tax. So that's not what I call fair competition. But because of the quality, because of the machines that were designed by us for those of you who have visited our factory, it's such that we can produce a lighter which gives 3,000 lights versus a Chinese at 1,000.

Now, we do sell to the consumer at a higher price, but not to a higher price per light. That is the strength of BIC: The people who really design those machines, the people who run the machines, the people who create the marketing team, the marketing projects, the advertising budget. Also, we have to be ingenious, because again we don't have the money to compete in the blade business head-on with Gillette. But we have done it: we're number one in disposable, in value, today in the US. So that aspect, obviously, we want to do it. But the way we look at inventing the future on Shavers is clearly visible.

Any other questions? I want to thank Mario, also, more than you. In the name of my family, and in the name of the 16,000 employees and their families, because when we think about operating we think about the 16,000 employees and their families. Thank you very much.

Mario Guevara: Thank you.