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Speakers: Sophie Palliez, Mario Guevara, Jim DiPietro and Bruno Bich

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Misprints and repetitions have been corrected.

Operator: Ladies and gentlemen, welcome to the First Quarter 2016 Results BIC Conference Call. I now hand over to Ms Sophie Palliez. Please go ahead.

Sophie Palliez: Thank you. Thank you and welcome. So the call today will be hosted by Bruno Bich, Chairman; Mario Guevara, Chief Executive Officer; and Jim DiPietro, our Chief Financial Officer. We'll have a short presentation to start, and then we go through the usual Q&A session.

Let me now give the floor to Mario.

Mario Guevara: Thank you, Sophie. Let me start with the first quarter key figures. Our sales reached €517.3 million, an increase of 6.9% on a constant currency basis. The consumer business grew 7.2%, with robust results particularly in Europe and developing markets. BIC Graphic net sales increased 4.6%. Income from operations decreased 21.8% to €76.4 million. And normalised IFO, which excludes non-recurring items, reached €76.4 million, down 25%, and normalised IFO margin was 14.8%; that compares unfavourably to the 19.9% in the first quarter of 2015.

As we announced last February, we have decided to pay a special bonus to all BIC employees that have not been granted with performance share plans in 2015. The cost of this bonus has been accounted during this first quarter. The total amount was €11.4 million. Excluding the special employee bonus, our normalised IFO margin would have been 17%; down 2.9 points compared to the first quarter 2015, notably attributable to increased investment in brand support and research and development.

Let me turn to slide 4. The earnings per share was €1.08, down 34.1%. It was impacted by a negative net finance revenue. Our net cash position at the end of March reached €387.1 million, impacted by the lower income for the period and income tax payment timing differences. Jim will explain later in more details the evolution of our net cash position compared to last year.

Let's turn to slide number 5. Our consumer business increased a healthy growth of 7.2% on a constant currency basis. Developed markets registered good performance with sales up 10.1% in Europe, showing a solid growth in all categories and in both Western and Eastern European regions. North America increased 4.1%, thanks notably to the strong performance in Stationery. Developing markets net sales grew 8.7%. Latin American performance was very good, with a high single-digit growth. The Middle East and Africa grew at double-digit rates and growth was particularly good in South Africa.

Let me now comment on sales performance by category, starting as usual with Stationery. Stationery first quarter 2016 net sales increased by 7.9% on a constant currency basis. In both Europe and North America, the increase in net sales was in the high single digits. In Europe, the performance was good across all regions, particularly in southern countries such as Spain and Italy and the eastern countries like Poland and Russia.

In North America, we benefit from the success of our champion brand strategy, notably with the BIC Atlantis range. Our new products were well received by the trade and by consumers. The new products were BIC Cristal Xtra Precision and BIC Atlantis Bold. In developing markets, growth in net sales was in the mid-single digits. In Latin America, the Q1 2016 was very strong so we faced a challenging comparison base. Nevertheless, in the southern hemisphere back to school season was quite successful, and we continue to gain market shares in Brazil.

In the rest of the regions, we benefit from the success of our classic ball pens and colouring products. In the Middle East and Africa, we deliver double-digit growth with a very good back to school season in South Africa. Sale of domestic pen sales increased around 10%. And in all regions of India, sales showed positive trends thanks to continuous efforts from our sales team. We hired more distributors and we have much better product availability compared to the previous quarters. In addition, first-quarter promotions helped to sustain this growth.

Q1 2016 Stationery normalised IFO margin was 7.1% compared to 13.6% in 2015. Excluding the impact of the special employee bonus, normalised IFO margin for Stationery would have been 9.1%. The year-on-year drop was attributable to the negative impact of Latin America and currency fluctuations in the first quarter of this year, and an increase in operating expenses including research and development.

Let me now turn to Lighters on slide 7. As you can see, net sales increased by 5.4% on a constant currency basis. The Europe region delivered high single-digit growth. In Western Europe, the results were good in France and Germany, and we've registered a strong growth in Eastern Europe, mostly coming from countries like Russia, Ukraine and Turkey.

North America achieved a low single-digit growth. As a reminder, we had a strong Q1 in 2015, as we benefited from customers buying ahead of the price adjustment implemented in the second quarter of 2015. In developing markets, the Q1 2016 net sales grew high single digits. In Latin America we enjoy high single-digit growth, with a strong performance in Mexico thanks to distribution gains. In the Middle East and Africa, net sales increased double digits.

Q1 2016 normalised IFO for Lighters was 38% compared to 37.6% in Q1 2015. Excluding the impact for the special employee bonus, normalised IFO margin for the Lighters would have been 39.5%. Thanks to a higher gross profit margin, that in addition to the price increase implemented in the US in Q2 2015, this had a positive impact in the profitability of this category.

Let's turn now to slide number 8. BIC Shavers' net sales increased 10.9% on a constant currency basis. In Europe, net sales were in the double digits, driven by good performance across all regions. We benefit from the success of our added-value shavers such as BIC 3, BIC Miss Soleil and BIC Flex 4 Comfort shaver.

In North America, thanks to ongoing brand support initiatives and to our shaving quality at a fair price positioning, we continue to gain market share in both men and women segments. In value, our market share increased by 1.9 points at the end of March 2016, taking our market share to 27.3%. That performance was mainly driven by our added-value products and our new product pipeline. Our recent innovation in women products, the BIC Soleil Shine shaver, received a strong support within key customers. And BIC Flex 5 shaver, launched last year in the US, continued to show good results.

In developing markets, we've registered a double-digit growth. In Latin America, sales growth was driven by our good value, market positioning and strategy. All product ranges contribute to the performance, especially the BIC 3 shaver and BIC Soleil shaver which was supported by a TV campaign in Brazil, and the social effectiveness of this campaign.

In the Middle East and Africa, we achieved high single-digit growth thanks to our single- and triple-blade products. Q1 2016 normalised IFO margin for shaver was 10.7% compared to 21.3% in Q1 2015. Excluding the impact of the special employee bonus, normalised IFO margin for shavers would have been 12.9%. This year-on-year decrease was due to lower gross profit margin, and increased investment in research and development and in brand support.

In the US, as I shared with you, we supported the launch of our new BIC Soleil Shine shaver and continue to invest for the BIC Flex 5 shaver.

Let me now shortly comment on the other consumer products. Q1 2016 net sales decreased minus 5.2% on a constant currency basis. The other consumer product business includes various activities in different countries, the most important being BIC Sports which registered a double-digit decline in its net sales during the first quarter.

Other consumer products Q1 2016 normalised IFO was minus €0.4 million, but if we exclude the special employee bonus the normalised IFO margin would have been minus €0.3 million. That compares favourably to the minus €0.7 million in Q1 2015.

Now let's turn to BIC Graphic. BIC Graphic net sales increased 4.6% on a constant currency basis. The net sales were good in all three segments: Writing Instruments, Hard Goods and Calendars. All regions contribute to the growth. In Europe, countries like France, Germany and Spain performed well. In North America, our Good Value line and new product introduction continue to perform well, supporting both the Hard Goods segment and the Writing Instruments growth.

The Q1 2016 normalised IFO margin for BIC Graphic was minus 14%. That compares to the minus 6.7% in Q1 2015. Excluding the impact of the special bonus, BIC Graphic normalised IFO margin would have been minus 9.3%, impacted by lower gross profit margin.

As you'll remember, we announced the strategic review of this business last February, and I am pleased to say that process is proceeding as planned.

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

Jim DiPietro: Thank you, Mario. I'll start by reviewing the summarised P&L results on slide 12. In the first quarter 2016, net sales increased 1.3% as reported, and 6.9% on a constant currency basis. Gross profit decreased 4.5% and normalised IFO decreased 25%. When we look at normalised IFO, it is important to highlight that it was impacted by the special employee bonus, which amounted to €11.4 million.

On slide 13, we look at the evolution of net sales between the first quarter of 2015 and the first quarter of 2016. On an as-reported basis, net sales increased 1.3%. On a constant currency basis, net sales grew 6.9%.

Foreign currency translation impact was unfavourable 5.6% or €28 million. The strength of the US dollar compared to the euro accounted for a translation increase of €5 million. However, the Brazilian currency impact was unfavourable €12 million, and the currency of Argentina impact was unfavourable €8 million. The Mexican peso had a negative impact of €5 million. The Indian rupee and the Russian and Ukrainian currencies had a total negative impact of €2 million.

I will now review the change of normalised IFO for the first quarter of 2016 compared to the first quarter of 2015. We can see a decrease of 1.2 points in cost of production, due to the higher manufacturing cost partially offset by favourable raw materials. As planned, the total brand support, which includes consumer and business development support and advertising, increased by 0.8 points. OPEX and other expenses grew 0.9 points, which includes the planned increase in R&D.

In conclusion, without the impact of the special bonus, normalised IFO shows a 2.9 points decrease versus first quarter of 2015. A little less than half the decrease is related to planned investments. The balance is related to cost of production, which we expect to improve in the balance of the year.

On slide 15, net finance revenue was unfavourable €3.4 million, compared to last year where it was favourable €12.7 million in the first quarter of 2015. This is due to the fair value adjustments of financial assets denominated in US dollars compared to December, compared to the fair value adjustments booked in the first quarter of 2015 which were favourable.

Income before tax decreased to €73 million and the effective tax rate was 30%, consistent with last year's level. Net income Group declined 34% to €51 million. And finally, EPS Group share decreased to €1.08 compared to €1.64 in the first quarter of 2015.

Slide 16 summarises the evolution of our net cash position between December 2015 and March 2016. The net cash from operating activities was plus €116.1 million compared to almost €80 million in operating cash flow. The negative impact on working capital of almost €64 million was mainly driven by the increase in inventories compared to December, as we produced inventory to meet the forecast activity for the balance of this year. We invested a little over €33 million in CAPEX and the share buyback in the first quarter was €30 million.

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

Mario Guevara: Thank you, Jim. Let me now summarise the Q1 results on slide 18. With a solid 6.9% organic sales growth, Q1 2016 net sales were slightly ahead of target. We experienced an outstanding achievement in Stationery and Shavers. Lighters and BIC Graphic categories showed good results. As expected, we increased research and development and brand support investments to fuel the mid- and long-term growth.

The Q1 2016 normalised income from operation was also impacted by increasing gross profit and higher operating expenses, including the impact of the special employee bonus. Finally, our net cash position was impacted by the lower results and income tax payment timing differences.

Let me now give the floor to Bruno Bich.

Bruno Bich: Thank you, Mario. I can only add really that it was a very good quarter from a sales point of view, as Mario pointed out, and doing well across the world in a more competitive world. What we just indicated to you and in the press release is that we're confident to achieve the objectives that we gave you at the beginning of the year. You know us as conservative people for a lot of years, and we are still really sticking conservative, so I am confident that we will achieve those objectives that we gave you. Thank you.

Okay, now we can turn over to the questions that you have.

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

So we have the first question from Christophe Chaput from Oddo. Please go ahead, sir.

Christophe Chaput: Yeah, good afternoon. This is Christophe Chaput from Oddo. A few questions please. The first one is on Stationery. So you experienced a negative impact of Latin America currency: could you please quantify this impact? And why is it specific to Stationery, and why don't we have a negative impact also on Lighters for example?

The second one is regarding Cello. So Cello is growing double digits: is it sustainable, let's say on a full-year basis, considering that the quality of your product could be now conformed to your standard?

The third one is: could you help us to, let's say, add more detail on the phasing of the brand support for the full Group? Because it was minus 0.8% in Q1; what could it be for Q2 and Q3? Thank you very much.

Jim DiPietro: So, Christophe, let me take those questions in order. First, Stationery. As you mentioned and as we've discussed, the impact of FX, primarily Latin America, had a significant impact on Stationery; of the total normalised IFO margin change, excluding the special premium impact, it's almost I would say two-thirds, a little bit more than two-thirds of the total impact. That's coming from Brazil, Argentina. Those currencies obviously year to year, first quarter to first quarter had significant devaluations, and also some impact from Mexico.

I think we see an impact greater in Stationery than the other categories just by the size of the business of Stationery, as well as some of the seasonality knowing that Brazil is in the back to school season. So again, some of that is a little bit higher levels as far as proportionate sales. So again, Stationery significantly impacted in the first quarter with Latin America FX. And year to year, remembering a lot of the Latin American currencies start to weaken in the second half of last year, so if those currencies stabilise the impact year to year should be lessened as we move forward.

Christophe Chaput: Okay.

Jim DiPietro: I think Cello, to Mario's comments, where we grew a little over 10% in sales in the first quarter, I think the view for the full year is very consistent with what we've seen in the first quarter. So again, I would say consistent to what we've experienced for the first three months of this year.

Christophe Chaput: Okay.

Jim DiPietro: The phasing of brand support: you know, again we go back to I think the consistent outlook that we have on the investments between 100 and 150 basis points. We'll see a little bit of movement plus or minus the remaining orders, knowing we had a heavy investment this quarter on Shaver. We're moving to back to school, so Stationery is going to be a little bit higher. So there shouldn't be, I would say, significant fluctuations. If you look at the total investment level, brand support, R&D, some of the additional I would say acceleration-type investments, we're right in the middle of the range; probably around 120, 130 basis points this quarter. So in total, I think the remaining three quarters should be within that range.

Christophe Chaput: Okay. And just to be sure, considering the changing cost of production, so minus 1.2% for the Q1; and you say that it's going to improve in the Q2, Q3 and Q4, or it will be flat in Q2, Q3, Q4?

Jim DiPietro: Yeah, if we look at the total Group, the 1.2% that you referenced –

Christophe Chaput: Yeah.

Jim DiPietro: – there are a couple of different dynamics. Obviously, currency has an impact to that as we just discussed. So that obviously impacts the Group level. We have some higher manufacturing costs, which we'll probably see as we mentioned throughout the year. However, some of the variances were a little bit higher year to year on the first quarter. And then we had some packaging costs that were increasing this year. Again, some of that we would expect throughout the year, but also some of that was seasonal to the first quarter based on displays and promotional packs that were shipped different timing this year versus last. And then lastly, we did experience some favourable raw materials.

So if we look at the 1.2%, there's probably a good piece of that that we had a more heavily influenced first quarter impact than we would experience in the balance of the year; primarily the FX, the variances and some of the special displays that impacted first quarter, again, related more so to Shaver.

Christophe Chaput: Okay. Thank you very much.

Jim DiPietro: Welcome.

Operator: So we have another question from Mr Nicolas Langlet from UBS. Please go ahead.

Nicolas Langlet: Hi, good afternoon, everyone. I've got three questions please. First of all, on the Lighters division, can you give us a bit more detail from the margin improvement in Q1? Because you said it's related to improving gross margin, but what were the key drivers of the improvement?

Secondly, on FX, the EBIT impact for the full year: you said at full-year presentation that you expected roughly a neutral impact at EBIT level, with the benefit of the USD offset by other currencies. Now, given the real strengthening versus euro over the past week, don't you think that we could have a positive FX impact in the coming quarters and notably end of year?

And third question on the financial result: if we assume that the euro/USD stay at current level, what level should we put it in our model for the full year? Thank you.

Jim DiPietro: Okay. So Nicolas, let me start with Lighter first and I'll get to the FX questions. Lighter, really the whole, I would say, significant portion of the normalised IFO improvement is coming from gross profit. What we see in Lighter is the benefit of the first quarter of this year versus last with, I would say, some mix, but primarily the benefit of the price increase that was put into place second quarter of last year; we have a full quarter benefit year to year in this period. Also, raw materials are more favourable.

And then Lighter did benefit a bit from the euro/dollar; again, with some of the strength of the size of the Lighter business in the US. So again, raw materials favourable, price increase benefit and a little bit of the favourability of foreign currency as it relates to the dollar.

Nicolas Langlet: Okay. And the price increase impact, can you quantify it?

Jim DiPietro: It's probably a little less – call it roughly one-third of the total normalised IFO impact.

Nicolas Langlet: Okay.

Jim DiPietro: Full-year FX outlook, this probably falls in the category if we – you know, if we really knew – we've had this conversation I know, you know, a lot. We would still stay and we do still stay with our forecast that it should be relatively neutral on a full-year basis. Obviously, we've had a little negative impact in the first quarter because of the significant variations quarter to quarter for Latin American currencies. We would hope that that softens a bit, becomes less unfavourable as the year progresses. It looks like the real has, you know, balanced a little bit, stabilised from where it was in the last couple of months. If that maintains itself then that would be a little bit favourable to the first quarter, but Argentina still obviously softer than it was last year and Mexico is still softer. And we still have some Eastern European countries that obviously are still softer year to year.

So again, in total, we stay with the same outlook. Obviously, that could change and will change if the currency markets move as they always do. But based on where we see it right now, we would still stay with the neutral outlook and currency for the full year.

Nicolas Langlet: Okay.

Jim DiPietro: Alright. Your last question, euro/dollar, remind me specifically what you're looking at there?

Nicolas Langlet: No, at the financial result, because we had this minus €3.4 million in Q1.

Jim DiPietro: Oh okay, the finance revenue.

Nicolas Langlet: Yeah.

Jim DiPietro: Alright. Yeah, obviously, that's the revaluation of our US – mainly US dollar bank accounts with the cash we have sitting in dollar last year. Because the dollar strengthened a lot in 2015 compared to a year ago, we had a favourable revaluation. Here, we have a slight decrease of the dollar versus December, hence the revaluation of a little over €3 million in the first quarter. If the dollar stays stable, then that number of revaluation should be relatively stable. That's going to move quite honestly with the degree of the dollar strength or weakness to the euro.

Nicolas Langlet: Okay. And was the deterioration between Q1 2016 and Q1 2015 fully related to the FX impact, or the financial revenues on your asset also declined slightly?

Jim DiPietro: No, no, no. It's related primarily to the US dollar accounts that we have, right? All the bank accounts that are denominated in US dollar.

Nicolas Langlet: Okay. Okay, thank you.

Jim DiPietro: Okay. You're welcome.

Operator: We have another question from Marion Boucheron from Raymond James. Please go ahead, madame.

Marion Boucheron: Hi, good afternoon. I had three questions. The first one is that in the presentation you mentioned Q1 growth came in ahead of your expectation; ours also. So I was wondering on which division you were the most surprised and which region?

And then about Europe, that had really strong growth in the quarter: is it related to more market share gains or increased distribution, or the market also underlying trend has improved?

And finally, on Shavers, I was wondering if you found the growth rate as sustainable? Thank you.

Mario Guevara: Thank you, Marion. Yes, we shared that the growth rate was good, and was particularly ahead of our targets in – especially in Shavers. The Shaver – the Stationery growth, as I mentioned, in Europe was in the high single digits. This is due to better execution in different countries like Italy, Spain, Eastern Europe, the UK, France. So we don't have the market share numbers but we'd guesstimate that we are, at least in this first quarter, we are gaining market share.

In the US, the selling was good. Although the POS is not as good as the selling, but we are replenishing inventories that were depleted in the previous months. In Europe, particularly, is a great execution of our teams in the different countries. So also, the results of Shavers are finally kicking in and also delivering great results. That should drive just slightly our market growth in disposable.

In Lighters, again, we continued with a good trend, especially in Eastern Europe. We are growing faster than the market; that's our estimate. And the results in Germany and France were also very encouraging during the first quarter.

So all in all, it's a great execution; particularly the Stationery market we believe is growing to mid-single digits in Europe in the first quarter at least. Our sales were higher, were faster than this growth.

Now, your last question on Shavers: the market didn't grow in North America and we don't believe it grew in Europe. Now, could we maintain this growth? We're going to do everything in our possibilities to maintain this growth. But as we said, you know, our outlook I guess encompasses on one side, we're growing faster than we – our outlook for the rest of the year, we don't expect everything to be maintained. We expect to be within our outlook. On the other hand, like Jim said, we expect our profits to improve in the remainder of the year.

Would you like to add something Bruno?

Bruno Bich: What I would add with that is, you know, we always look at market share in volume before we look at value, because market share in volume is indicates what, you know, percentages of consumers who use your project every day are satisfied. So if you look at Flex 5 in the US, there's no doubt that the average consumer, male consumer in the US, has been increasingly trying the product and a high percentage is very satisfied. And the launch of our latest Lady 5 shaver is also encountering very good sell-out. So now we have to look what the repeat business is. But I'm confident or we're confident that the improved quality of each successive shaver that we put in the market is being very well received by consumers. Now, there's some increased competitors, no doubt. But we – our team thinks that we will continue to do well. Yeah.

Marion Boucheron: Okay, great. Thank you.

Operator: So we have another question from Steve Levy from Natixis. Please go ahead.

Steve Levy: Good evening, everyone. A lot of questions have been asked already. But I just wanted to focus a bit more on the Shaver division. Can you give us a bit more detail on why the margin dropped, and maybe an idea of the split between the volume and the price? And what has been the driver for the fall in US margin?

The second question will be on BIC Graphic; if you can elaborate a bit more and at least give us a better timing during the year to see what the plan will be? And that's all for me, thank you very much.

Jim DiPietro: Steve, this is Jim. Let me go through your Shaver margin question, and I'll discuss the Graphic timing as well. On Shaver, obviously as you've mentioned, you know, we see the decrease of margin year to year. And if we try to break down the components, cost to production, if you will, is probably a little less; almost probably about 40% of the total decline.

Some of that is a few major components. One, there is an FX piece of that that's coming from Mexico that's impacting us in the first quarter. Raw materials were favourable and we expect, as we have mentioned across all categories, would expect that to continue. But the biggest probably cost to production impact that we experienced in the first quarter is related to packaging cost and the cost of bonus packs and displays. And again, that's a heavy influence in the first quarter. But on a full-year basis, the number of those packs will be similar to last year. It is just the timing difference of when those were shipped. Last year, there were little quantities of special packs displays shipped for Shaver in the first quarter, and this year, the timing is just such that it's more evenly spread out, that we see it more heavily impacting the first quarter versus the balance of the year. So again, on a full-year basis, not a big change. But we're going to see and we have seen the first quarter impact here, and then that should neutralise itself over the remaining nine months of the year.

In addition to the cost of production side, we have R&D as we talked about coming into the year, especially in Shaver where we continue to invest in research and development for the long term. So that's probably a little less than two points of the total decline of margin in the first quarter. And some of that were just the heavy, I would say, project spends or invest levels in the first quarter as far as the timing aspect versus the full year.

And then brand support is probably almost three points in the first quarter. Obviously, that relates to calendars, promotional calendars, and obviously linked to some of the planning of activity in special packs that we've shipped as well.

So if you look at the total decline of 8.4 points, you can say cost to production is roughly one-third, R&D is about 20% of it, brand supports the other one-third. The balance is sitting in OPEX. And OPEX there is probably made up of a couple of components. Some of that is part of the investment plans as we continue to build structure to support the acceleration in certain countries. And then the balance of that is some Latin American cost which is impacted by the inflationary pressures in some countries.

Steve Levy: Okay, thank you. On the BIC Graphic?

Jim DiPietro: BIC Graphic. As Mario mentioned, right now the timing is still in line for the end of the year. We still feel comfortable that we would have a conclusion of the alternative review by year-end. At this point, we don't have any more clear visibility specifically on what it would be. So right now, we're still comfortable that by year-end, we should have news to come back to internally as well as externally.

Steve Levy: Thank you very much.

Jim DiPietro: You're welcome.

Operator: So we have another question from Mourad Lahmidi from MainFirst. Please go ahead, sir.

Mourad Lahmidi: Yes, I have actually three questions. The first one on the Stationery business, specifically in the US. You've been doing quite well; I think it's a high single-digit organic growth. How have you been doing against your big competitor over there, that has been also trending well? I was just wondering whether you gained market share during Q1?

And also, a follow-up on the Stationery business. You mentioned sell-out figures that were soft: should we expect these trends to slow down in the next quarter?

Mario Guevara: It's Mario, Mourad. In the US, we got a good sell-in, as I mentioned, high single digits. However, I mentioned that their POS was soft. So total market at the end of February was plus 1%. And we were slightly below that 1%. So we've been maintaining our market share, or slightly losing a few basis points in the last 12 months. Now, we expect the next back to school to be very, very competitive. But we have developed plans exactly to face this very competitive back to school environment.

Mourad Lahmidi: Okay. And I have another question on your outlook, especially the margin outlook. When you say you expect 100–150 basis points decrease for the current year, is it excluding the special bonus to employees?

Mario Guevara: Yes, yes.

Mourad Lahmidi: Okay. Okay. Thank you.

Operator: So we have another question from Aurélie Husson-Dumoutier from Kepler Cheuvreux. Please go ahead, madame.

Aurélie Husson-Dumoutier: Good afternoon, everyone. I have actually three questions. And also, Jim, the breakdown that you gave about Shavers was very, very useful: could you maybe give us the same for Stationery?

I also have a question on Stationery. I was wondering, could you give us the margin evolution year-on-year for Cello, just an indication? Is it up, is it down? Is it up double digit? Do we still have a double-digit margin at Cello?

And sorry if I missed it, but was there some price effect in the Q1 growth, organic growth in Lighters especially?

And finally, I was wondering – I wanted to make some clarifications about the guidance. If you assume a 150-basis-point decline in IFO margin, considering what has been done in Q1, that would imply that you expect more or less for the rest of the year, considering 5% organic growth, an EBIT margin of 18.6% versus the 19% last year on the quarters to Q4. So is it correct to assume that? Am I right with my figures? So that mean that most of the brand support has been done in Q1. So if you can give us some clarification on this. Thank you.

Jim DiPietro: Okay. So let me start; you had a lot of questions, I may come back for clarity on some of the questions. Stationery: again, if we look at the composition above the margin, normalised IFO margin decline, cost to production is roughly half of that decline. And of that, you can see, as I mentioned earlier, FX is really the main driver of that. Raw materials were favourable, but that was offset by some other cost increases. So again, the main impact of total cost to production is going to be impacted by currency, which again is roughly half of the normalised margin.

The balance is coming from R&D and some other operating expenses. Within the operating expenses, again, we have some Latin American cost associated with future investments as well as additional, I would say, market-type research expenses within first quarter. Does that help answer the Stationery question?

Aurélie Husson-Dumoutier: Yeah, sure. And so cost of production 50%, R&D and brand support, 50%?

Jim DiPietro: Correct.

Aurélie Husson-Dumoutier: Thank you.

Jim DiPietro: I'm sorry: R&D and OPEX, the other 50%. That's our data.

Aurélie Husson-Dumoutier: Okay. So you don't give any special details about the brand support that was done in Q1 in Stationery?

Jim DiPietro: Brand support we're going to see in Stationery is going to be more heavily influenced in second and third quarter, tied more to back to school in developed countries.

Aurélie Husson-Dumoutier: Okay. Thank you.

Jim DiPietro: Cello margin, what we've seen in the first quarter is very consistent with what we've seen in the end of last year, with the full year of 2015. Remember, what we had said last year was Cello was around 10%, excluding all of the – call it one-time adjusted items. And for the first quarter, using the same definition of excluding some of those adjustments, they were almost at 10%, a little less than 10%. So very consistent to where they were in full-year 2015.

And similar comments what I made a few minutes ago on sales. We would see their sales number as well as their margin number for the full year be very close to what we have realised in the first quarter as far as both sales growth and margin.

Aurélie Husson-Dumoutier: Okay, thank you.

Jim DiPietro: Okay. And Lighter, was the price increase question?

Aurélie Husson-Dumoutier: Yes.

Jim DiPietro: Was that on the margin or…?

Aurélie Husson-Dumoutier: Was there a price effect on the Lighters growth?

Jim DiPietro: On the sales growth?

Aurélie Husson-Dumoutier: Yes.

Jim DiPietro: Yeah. There is obviously, with some of the price increase being taken in the second quarter of 2015, there is some impact on price in the first quarter sales results.

Aurélie Husson-Dumoutier: Okay. But no additional price increase?

Jim DiPietro: No, no.

Aurélie Husson-Dumoutier: Okay. Thanks.

Jim DiPietro: And again, we get back to the outlook and the guidance: in total, the investments – and again brand support, R&D and then any operating type expenses related to any future growth – in the range of 100–150 basis points. As I mentioned earlier in the first three months of the year, the average of all those investments was in the range of 120–130 basis points. So really, right in the middle of the full-year guidance. And we would still see that the balance of the year for those total investments to be within the outlook and the range we've given.

Now, it may fluctuate a bit by category; as we've just discussed, Shaver had a heavily impacted first quarter, and as I've just mentioned, back to school in developed countries will be starting in second and third, so you can see changes by category. But at the total Group level, we still feel confident with that outlook and range of 100–150 basis points.

Aurélie Husson-Dumoutier: Okay. Thank you.

Jim DiPietro: You're welcome.

Operator: So we have no other question, sir.

Sophie Palliez: Okay. So thank you. Thank you, everyone. So as usual, we remain at your disposal for any follow-up questions. And we'll be very happy to welcome you in Clichy on 18th May for our next annual general meeting. Thank you.

Jim DiPietro: Thank you.

Mario Guevara: Thank you.

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