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| **Speakers: Sophie Palliez, Bruno Bich, Gonzalve Bich and Jim DiPietro** |  |
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**Operator:** Ladies and gentlemen, welcome to the Bic Conference Call. I’ll now hand over to Sophie Palliez. Please go ahead.

**Sophie Palliez:** Well, thank you. Good afternoon, welcome. And thanks for joining us. Very quickly a short introduction: as you are aware, and the market regulations reinforced by the recent models, it is compulsory to communicate as soon as possible to the market information that are likely to have an impact on the share price. Yesterday management came to the view that 2018 outlook was lending below consensus. This is the reason why we communicate today on our 2017 analysis result and 2018 outlook. The conference call will be chaired by Bruno Bich Chairman and Chief Executive Officer. And we have also around the table Gonzalve Bich Chief Operating Officer and Jim DiPietro, Chief Financial officer. Bruno, I’ll give you the floor.

**Bruno Bich:** Thank you, Sophie. So, as you know 2017 was a challenging year with an unprecedented level of volatility. Regarding sales we achieved solid performance in Europe throughout the year. Our performance in North America was affected by inventories reduction by major retailer and major disruption by our much larger competitor in the wet shaving industry. Our operations in Brazil were affected by the softness – continued softness in the Brazilian economy. Our normalised IFO margin was affected by the increased cost of production, our sustainable targeted brand supports investment, higher OPEX. And I will now give you a few more details.

Our sales which €2,020.3 down 0.3% as reported and 1.4% increase on a comparative basis. Europe and developing group markets grew by 4.9% and 2.2% respectively, while North America declined by 1.7%. All those numbers are on a comparative basis. Normalised IFO was €400.9 million, which represented a normalised IFO margin of 19.8%, a decrease of 80 bps compared to last year. Our net income group share reached €288.3 million up 15.5% and our earnings per share was €6.2 and normalised EPS group share €6.28.

As you can see our net cash generation remains solid at €262.2 million with a CAPEX of €185.8 million level. Our net cash position at the end of the year was €204.9 million compared to €222 million at the end of December 2016. Confident in the[?] group situation – financial situation, sustainability and consistent with our use of cash policy, we will propose a payment of an ordinary dividend of €3.45 per share to the shareholder at our March shareholder meeting.

I now give the floor to Gonzalve who will comment in more detail our performance by category. And then Jim will explain in more detail the evolution of our cash position and other financial information.

**Gonzalve Bich:** Thank you, Bruno. Good afternoon. As shown on the chart, stationery full year 2017 net sales increased by 3.4% on a comparative basis. Full year 2017 volumes grew by 2.4%. Net sales grew mid‑single digit in Europe; the back‑to‑school season was good in both Western and Eastern Europe notably in France. At the end of September, we were gaining share in a slightly declining European market. In a slightly declining market in all segments except in gel, North America’s net sales were slightly up. Bic market share remained flat, but we outperformed the market in core segments such as ball pens, mechanical pencils, highlighters and correction. Back‑to‑school campaign was strong.

In Latin America, net sales increased low single digit. We continued to support our growth across the region with impactful advertising notably in the ball pen segment. We also registered positive growth on the back of the successful back‑to‑school season across the entire range mostly driven by our core products. In the Middle East and Africa region, delivering strong solid growth along with an outstanding performance in South Africa. In India, Cello Pens domestic net sales increased high single digit driven by the increased focus on champion brands especially the Butterflow product. New product launches and continued development of our visibility strategy, a Cello seen is a Cello sold.

Fourth quarter 2017 net sales were up 4.6% fuelled by a strong performance in Europe notably in France and in the UK. In North America, net sales increased slightly with positive momentum across multiple trade channels, especially in e‑commerce. Brazilian sales were flat as back‑to‑school was affected by continued customer inventory reduction. Full year 2017 stationery normalised IFO margin with 8.4 compared to 9.4 in 2016 excluding the impact of the special employee bonus, due to higher brand support investment. Full year 2017 net sales of lighters grew by 2.2 on a comparative basis. Full year 2017 volumes were up 0.8%. In Europe, net sales increased mid-single digit driven by both Western Europe and Eastern Europe. In North America, 2017 net sales grew low single digit in a slightly growing market. We continued to gain market share as a result of constant development of our added value sleeve designs, increased debt of distribution, and continued consumer trust in our leading standards of product safety and quality.

Despite continued inventory reductions of customers in Brazil, Latin America posted low single digit growth. This performance was mostly driven by distribution gains in Mexico through new in-store displays and key visual strategy. Fourth quarter 2017 net sales were up 8.2 on a comparative basis. Remembering that the third quarter was weak because of several customers reducing their inventories. During the last quarter of the year, sales regained momentum in North America; developing markets performance was driven by Latin America. Full year 2017 normalised IFO margin for lighters was 39.5 compared to 40.2 in 2016 excluding the impact of the special employee bonus, due to lower gross profit, lower brand support and higher operating expenses.

Turning now to Shaver; our full year 2017 net sales decreased by 2.2% on a constant currency basis. Full year 2017 volumes were up 3%. Europe’s net sales increased high single digit. In Eastern Europe, performance was driven by success of the Bic’s Flex 3 Hybrid and Bic Soleil ranges. Available in France since March 2017 and in the UK since November 2017, the Bic Shave Club performed well supported by high levels of customer loyalty. The North American market continued to be heavily disrupted with increased competitive activity, unprecedented levels of promotion, pricing pressures from major competitors and increased activity from private labels.

At the end of December 2017, the total US wet shave market decreased by 8.2% and the one-piece segment declined by 3.2. In this environment, net sales declined double digit end Bic’s one-piece segment market share was 26.7 declining 1.3 points when compared to December 2016. We continued to gain market share in the high added value one-piece five blade segment and consolidated our number one position with 36.8% market share of men’s five blade one-piece market segment up 8.7 points compared to last year.

Despite increased competitive pressure in Mexico and Brazil, Latin America delivered mid‑single‑digit growth supported by a large distribution across the whole region. Fourth quarter 2017 net sales were up 4.8 on a constant currency basis driven by continuous positive momentum in Europe primarily due to Eastern Europe as well as developing markets. In the US, the total Wet Shave Market showed a slight improvement with the one-piece segment on a more positive trend down 1.3%. Fourth quarter 2017 North American net sales were stable, promotional activities were more efficient and we also benefited from advance shipment of the launch of Bic Soleil Balance, our new women’s disposable product.

Full‑year 2017 normalised IFO margin for shaver with 13.3 compared to 15.4 in 2016 excluding the impact of the special employee bonus due to decline in North American net sales at higher operating costs. I'll now turn it over to Jim.

**Jim DiPietro:** Thank you, Gonzalve. I’ll begin by reviewing the change in the fourth quarter 2017, normalised IFO margins compared to last year. Fourth quarter 2017 margin was 19.9% in the fourth quarter compared to 19.5% last year. In the fourth quarter of this year, production costs were lower by two tenths of a point. Brand support investments were flat in the quarter compared to fourth quarter of 2016 while OPEX and other operating expenses decreased two tens per point. Full‑year 2017 normalised IFO margin ended at 19.8% compared to a margin of 20.6% in 2016. So, the full‑year cost of production was higher by 30 bps, while brand support investments increased 20 bps, OPEX and other operating expenses also increase 30 bps for the full‑year.

CAPEX investments for 2017 were €186 million. As we look at 2018, we would estimate the investment level to be approximately €150 million. On Slide 13, we can see the end of year change in working capital. As a percent of sales, working capital was 28.8% in 2017 compared to 31.7% in 2016. Inventory as a percent of sales ended 2017 at 21.2% versus 23.1% last year. Slide 14 summarises the evolution of our net cash position between December 2016 and December 2017. And net cash from operating activities was €380.6 million with €411.3 million in operating cash flow.

The impact of the change in working capital and others was minus €30.7 million. Cash generation before dividend and share buyback remained strong. The dividend payment was a €161 million and the share buyback and net of exercise of stock options and liquidity contract was €94.2 million. The proceeds of the sale of Bic Graphic North America and Asian Sourcing was €55.7 million. A negative €12.6 million in others included FX translation impact. This ends our review of our full‑year 2017 consolidated results and I’ll give the floor to Bruno.

**Bruno Bich:** Thanks, Gonzalve and Jim. As I said at the beginning, 2017 was a challenging year characterised by unprecedented level of volatility. Our markets are changing rapidly in an increasingly competitive environment. Empowered by new technologies, consumers are more and more – more than ever in fact looking for convenience and product customisation. As we are a long‑term-oriented company, we remain focused on our long-term growth potential while managing short‑term head winds.

We expect our group sales in 2018 to increase between 1% and 3% on a comparative basis with the three categories contributing to the growth. Major factor affecting sales performance would include continued competitive pressure in shavers, further inventory reduction from retailers and continued softness in the Brazilian economy. Gross profit will be impacted by an increase in raw material cost, higher depreciation, while we will continue to invest in targeted brand support and operating expense. Normalising of operation was also impacted by our sales performance and based on this factor we expect normalised income from operation margins to be between 17% and 18% in 2018. Thank you.

And, we will now take your questions.

**Operator:** Thank you. Ladies and gentlemen, if you wish to ask a question, please press 01 on your telephone keypads now. We have a first question from Nicolas Langlet from Exane BNP Paribas. Please go ahead.

**Nicolas Langlet:** Hello. Good afternoon everyone. I’ve got three questions, the first one on your margin guidance for 2018 which implies between 250 and 150 bps margin deterioration. Any chance you can help us to understand the different drivers and notably the magnitude between the raw material, the brand support and the FX impact for 2018? Second question on the tax rate for 2018, can you tell use given the tax reform in the US, what we should look at 2018 and the year after And finally, on your CAPEX guidance, are you still looking at around €180 million for 2018? Thanks.

**Jim DiPietro:** Nicolas, hi. This is Jim. So, let me take the three questions in order. 2018 margin, what we see in 2018 currently is a couple of the dynamics starting with gross profit. We would anticipate deprecation to be higher as a result of the investments we’ve made over the last few years; obviously with the sales volume being a bit lower than we had initially planned and built into the CAPEX assumptions, depreciation will be higher in 2018 versus 2017. Second, raw materials; we see the commodities increasing – at least forecasted to increase. And then with some of the absorption as we Bruno and Gonzalve spoke about this earlier in the softness in Brazil primarily, we’ll probably continue in 2018. So, we see some of that absorption impact in there.

So, gross profit really being impacted by depreciation, materials increasing versus last year and unfavourable throughput or absorption versus a year ago. In addition to gross profit, brand support – we’ll continue invest in brand support as well as OPEX and other longer term operating costs that will we continue to invest in as we’ve had for the last few years. Those would be, I would say the big drivers of change versus a year ago. And then obviously any impact on sales would also have a bit of an impact on the margin as we move forward.

Tax rate for 2018 as you referred to, the US tax reform; currently we would expect the tax rate to be roughly around 28%. So, if you look historically, we’ve been at 30 outside of unusual onetime events, so 30 down to 28. The US tax reform itself has an impact of a little more than two points of favourability on the effective tax rate. But we have some other items that are increasing. So, the net change will be roughly two points lower in 2018 versus what we would have seen prior to the US tax reform. So, in total, we forecast at a rate roughly 28%.

CAPEX, as I mentioned on the CAPEX slide a few seconds ago, we would expect the rate of investment in 2018 this year to be approximately 150, 150 versus our expectation earlier three years around 180. We reduced that down to 150 as obviously we evaluate the investments we’ve made, the volumes, the market conditions where we are. So, right now we would anticipate the investment level of this year being €150 million.

**Nicolas Langlet:** Okay. Just to come back on the higher depreciation of 2018, can you tell us how much it will represent to increase the percentage of sales?

**Jim DiPietro:** Roughly at a group level probably be – current level is around 50 bps.

**Nicolas Langlet:** Okay, 50 bps for 2018.

**Jim DiPietro:** 50.

**Nicolas Langlet:** Yeah, okay. Okay, thank you.

**Jim DiPietro:** You're welcome.

**Operator:** Thank you. The next question is from Peter Testa and One Investments. Please go ahead.

**Peter Testa:** Hi. Thank you for taking my question. Just on the promotional strategy, I was wondering if you could give us a sense of whether you thought the net balance of promotion would be similar like it was last year in terms of net zero, but there – net bias 20 bps, but with a significant shift between promotion and A&T[?], your advertising and whether – or whether you felt there would be a different need on either the promotion or the advertising line? And, the second was just on the restocking or destocking comments on lighters. Would you say that Q4 was clean of any restock or destock impact in lighters and in shavers whether you could give us some understanding of the Soleil selling impact? Thank you.

**Gonzalve Bich:** So, good afternoon Peter. Thank you for your question. Promotional strategy and advertising as we shared with you last year – kind of [inaudible]. arc here in the US, but globally as well as it’s driven by number of internal factors but also external factors. There’s our own strategy around continuing to promote the brand. That’s something that we believe in for the long term. But with the advent of market practices, like everyday low price, that has an impact on how we’ll continue to evolve our promotional strategies above and below the line. In addition to that, there's digital coupons. So, there’s the old FSIs in the US and now there’s digital coupons and that’s evolving here, but also in other countries as well.

So, as we go into 2018, we build plans to continue to focus around our core products, but also new and innovative products like the Soleil Balance that you mentioned that will allow us to drive consumer awareness, preference and purchase and will evolve those as market conditions of all. I’m sorry, you had a follow-on question?

**Peter Testa:** Yes, just to understand whether – you had made some considerable mix changes last year. Do you think the mix changes will continue in that direction or there will be some tracking back in the reference to the margin guidance on one leg or the other?

**Gonzalve Bich:** No –

**Peter Testa:** Can you give me more promotion or returned to add more A&P to support the brand for the long-term investment?

**Gonzalve Bich:** Yes, it kind of depends on what the competitors do and how the retailers put that in stores and then how we have to react. It’s not a static game. It’s an ever evolving one. And so, some of our major competitors have talked to the market in the last week and they have their strategy and we’ll evolve as that happen. But as I said, the focus is high quality products, consumer visibility, awareness and preference and continued to focus on core, the history of the business as well as new products like Soleil Balance that are part of the incremental future to our business.

**Peter Testa:** Okay.

**Gonzalve Bich:** Q4 destocking of lighters, I think it's again important to highlight that those destockings have a lot to do with retailer – their own retail strategy. As they managed their own balance sheet, some of them have very publicly made statements about their intention to reduce inventory levels. What's important to us as a business is to make sure that all retailers have adequate availability of inventory, we don’t want empty shelves, we definitely don’t want consumers walking into a store not finding the Bic product they came to purchase. And that’s what the sales and marketing teams are very focused on. We’ll make sure that from a supply chain perspective that’s on target. We work with major retailers around the world to make sure that that’s the case.

**Peter Testa:** Okay. I guess my question on that was, more on whether you felt that in Q4 whether you had a return on growth in lighter sales, whether that was clean of any restock or destock after the destocking impact described in Q3?

**Gonzalve Bich:** Oh, I'm sorry I didn’t understand – no I mean the lighter business is an on demand business right, it's a retail business. So, customers chose to order what they needed to replenish their inventory levels.

**Peter Testa:** Okay.

**Gonzalve Bich:** And as we said – or as I said during my slide about lighters, it's still a slightly increasing market and we increase in gaining share. So, I think it's really important bit. So, the early advanced shipments of Soleil Balance, we’re in line with our expectations, we don’t provide specific information on how much those were, but they were in line with our expectation.

**Peter Testa:** All right. Okay. Thank you for the answer.

**Gonzalve Bich:** Thank you, Peter.

**Operator:** Thank you. The next question is from Etienne Balmer of AFP. Please go ahead, sir.

**Etienne Balmer:** Hi, everyone. I had some side questions on, for example, the Bic Shave Club, which is one initiative of Bic in order to adapt to the new technologies that Bruno Bich was talking about earlier. Can you tell us how many sales did it generate last year and if you plan to extend this platform to other European countries this year after the UK at the end of last year – are you going to accelerate in this way? Another question would be what about – what about the future of the head of the company? Is Gonzalve going to be introduced or proposed as the next CEO on the next General Assembly in May? Thanks.

**Gonzalve Bich:** Good afternoon. Etienne So Bic Shave Club – we’re nine months into the project in France and we’re happy with the results at this point. We won't be sharing exact numbers on how much sales or how many subscribers we have. But in near future we’ll be sharing a little bit more information with you; not today. But I think that what's interesting in Bic Shave Club as I discussed is that we’re building new capabilities and driving a business that’s new territory for us and with consumers. We launched in the UK in November and I'm happy to tell you that that’s also going well, but we have no plans to announce further extensions of the project at this point.

**Etienne Balmer:** Okay. So, it's not that you are not going to do it, it's just that you don’t want to announce it right now, right?

**Gonzalve Bich:** You’ve understood my comments very precisely.

**Etienne Balmer:** Okay. And so, on my second question?

**Bruno Bich:** The second question we announced that Gonzalve was potential successor and we have built a training program for him, which I will say – in which we’ll say he is doing very well. And it's difficult year also the numbers are not what we like as a manager or as an owner. I will say that the works that has been done in depths is very substantial in many areas and the board will – this is really a board decision. As you know, I'm 71 and I will be 72 in October. So, I think you understood my answer, just like you understood Gonzalve’s answer.

**Etienne Balmer:** Yeah. Another last question if I may ask. I'm sorry I just missed the introduction of Sophie at the beginning. So, can you repeat and explain again why did you published by surprise to this evening the – or this afternoon for you the results much earlier than expected?

**Sophie Palliez:** So, yes. Etienne as I mentioned, I mean the market regulations including the models make it compulsory to communicate as soon as possible any market information that may have an impact on the share price. As a matter of fact, yesterday the management came to the view that our perspective for 2018 were lending below the consensus that has been published and figure out by the sell-side analysts, and this is the reason why we communicate today on both unaudited 2017 results and 2018 outlook.

**Etienne Balmer:** Okay. So, the perspective to 2018 were below the consensus right. It was the perspective to 2018 that you –

**Sophie Palliez:** That is correct, that is only 2018 numbers.

**Etienne Balmer:** Yeah, okay. And, you didn’t have any objective on sale for last year, did you?

**Gonzalve Bich:** I'm sorry for 2018?

**Etienne Balmer:** No for 2017 it was not, it was not – did you have any objective perspective on sale for 2017?

**Sophie Palliez:** Yes. The most recent objective communicated to the market for 2017 numbers was an increase of net sales on a comparative basis slightly below 2%.

**Etienne Balmer:** Okay. Okay thanks; thank you.

**Operator:** Thank you. The next question is from Marion Boucheron of Raymond James. Please go ahead, ma’am.

**Marion Boucheron:** Hi good evening. I have a few questions still. First one on pricing: so you say you expect raw material prices to increase, is there any chance that you can take it also on lighters for example, so how lighter price increase this year? Second question, do you have any insight of how the back‑to‑school went in Latin America and what we can – we could be expecting for sell out for Q1? Third on the financial results it's short up Q4 what has driven this and for the last one and it fell over last one, how are you looking at your operating expenses for next year is that in for an increase or shall we look for stable OPEX Thanks.

**Gonzalve Bich:** Yeah. Good afternoon, Marion. Your question on raw materials is and the connected price increase is an interesting one. Given the volatility of the markets, given the competitive pressures of course we when possible seek to take price and that remains our strategy. That having been said, since we haven't communicated to the market our pricing strategy and that is a strategic element, I'm not going to comment further on that.

**Marion Boucheron:** Okay.

**Gonzalve Bich:** Latin American back‑to‑school, well actually the key sell-out period in Brazil is another two weeks away to start. So, I really can't comment on that. We’ll be in a better position to talk about that after the first quarter.

**Marion Boucheron:** Okay.

**Jim DiPietro:** On the financial results, the question was regarding fourth quarter normalised IFO as you see through the presentation, we had a benefit in cost to production remembering the sales growth itself from the fourth quarter as well as in favourability, throughout I would say the cost of production within the manufacturing operations. Also, a reduction, slight lowering of spending in operating expenditures within the last three months of the year. So, those are really the two main drivers of the 40 bps improvement versus a year ago.

As we look to 2018, operating expenses as I mentioned in a reply to Nicholas question is part of the increase that we would anticipate in our planning on and forecasting in 2018, as we continue to invest for the future of the business and the structure going forward in the business, where operating expenses would be due to be higher in 2018 than they were in 2017.

**Marion Boucheron:** Okay. And now for financial result, I was talking about the financial result the €23 million, the €22.7 million as an income in Q4 that you had versus for example €23 million last year – where did it come from?

**Jim DiPietro:** Some of the biggest impact in fourth quarter of this year was the settlement of some obligations and loan arrangements that were related to the divestiture that we had in Bic Graphic.

**Marion Boucheron:** Okay. How should we look at this for next year?

**Jim DiPietro:** That was a one‑time event in fourth quarter of 2017.

**Marion Boucheron:** Okay.

**Gonzalve Bich:** To your question about operating expenses and how we see those moving into 2018, we said in our statement that we are a long-term-oriented company and we remained focused on our long-term growth potential while managing short term headwinds and I think that’s exactly how I view it. In 2017, we decided to pull back on some of the investments that we – that weren't paying the dividends that we wanted to in the business, that having been said in 2018 we need to continue to invest for the long term.

So, let me give you an example. In E‑commerce, over the last 24 months we’ve invested in people, we’ve invested in knowledge, we’ve invested in systems in order not only to build things like the Bic Shave Club that Etienne asked about a second ago, but also to be excellent in execution with all the other dot com retailers, so you can think about the dot coms of the big‑box stores and also the pure players.

When we think about how we need to invest our operating expenses moving forward, I think that’s a great example, another example would be international expansion as we continue to grow in our developing markets business and operating expenses that people, that’s buildings, that’s offices – that presence on the ground that’s so important to penetrating new markets.

**Marion Boucheron:** Okay. Yeah, like Africa for an example.

**Gonzalve Bich:** Great example, absolutely like Africa.

**Marion Boucheron:** All right. Thanks.

**Operator:** Thank you. Ladies and gentlemen as a remainder if you wish to ask a question please press zero one on your telephone keypads, we have a follow‑up question from Nicolas Langlet from Exane. Please go ahead.

**Nicolas Langlet:** Hello, again, just to precision on my side, the first one on FX for 2018. I guess that at current rate it will be a headwind for you, if you include it in your guidance, in your margin guidance and the second question to come back on the comment on pricing, so you said you might have some price adjustment in 2018. Did you include that already your guidance or not? Thank you.

**Jim DiPietro:** So Nic, on the FX, the impacts of FX as we see it today is included in our guidance. With that being said, obviously we’ve had this conversation a bit in the past. Rates are obviously volatile. So, rates change dramatically whether its dollar or Latin American currencies and things can change, but as we see the markets – and the FX **markets** today, that is included in the outlook. But, again if something dramatically changes, then that could lead rise to a change in our view of impact on margin.

**Gonzalve Bich:** Related to your follow up question on pricing, I think at a macro level Nicolas – at the risk of repeating ourselves, volatility is the key word here. And, we had a good Q4, continue to talk with retailers about pricing and promotional strategy and growth plans for the full year. Q1 will be tough. I think that we’re saying it, all the other CPG companies are saying it, Q1 is going to be tough for everyone, for the markets and that’s something that we’ve also embedded, like pricing, into our full‑year outlook.

**Nicolas Langlet:** Okay. Okay. And now if we look at your full year sales guidance +1% to +3%, I mean the market conditions remain tough. There are some chances that it will stabilise at some point compared to what you had in 2017. Income base will be quite available in 2018; which regions or category you are the most concerned regarding 2018?

**Gonzalve Bich:** We’re going to be consistent: in the US and Brazil. I mean you know they're very big for US I’m not going to talk about the volatility in Brazil because everybody is talking about the volatility in Brazil. So, those would be really my two – that are on my mind. That having been said, the growth potential around the world for our business is there.

I’d love to think about India and I’m really proud of the work that was accomplished by the teams last year there. We gained a lot of traction, the business is in a better place, we’ve got a strong management team. Visibility is up. We’re still number one. The advertising that we put to the market did well. Manufacturing, we’re getting there and the Greenfield project that we talked to you, has a new manufacturing site that we talked to you about at the end of last year, those are all things I think we can get really excited about. In volatility, there’s opportunity as well.

**Nicolas Langlet:** Okay, thank you.

**Operator:** Thank you. We have a next question from Steve Levy of Natixis. Please go ahead.

**Steve Levy:** Good evening, everyone. Thank you for taking my question and a lot of questions have already been asked. Just wanted to come back on the impact on the margin for 2018. Is that fair that basically depreciation in raw material will equally impact all the three divisions? But the branch you’ve got in conversion will be heavy in stationery and shaver for 2018. That’s my first question. And the second question is still on the raw material.

Can you explain why we don’t have such an impact in H2 this year? Has raw materials increased – start of the raw materials increase at the end of last year – at the end of H1 and why it impacted more in 2018 rather than 2017? Just – the third question, on the follow‑up on the e‑commerce strategy and so on; that said, you invested in people for – e‑commerce and to be state of the art in terms of e‑commerce know how. Can you give us a number or at least could you tell us how much we’ve got to see the magnitude on the operating margin?

**Jim DiPietro:** So, Steve, this is Jim, let me start with the margin and then the raw materials question, Gonzalve agian address the e‑commerce. The margin in ’18 is your reference deprecation of raw materials. I would say raw materials, your comment is fair to say across all three categories. Depreciation as well, except that we just note that depreciation will probably have a greater impact on shavers, slightly greater impact on shavers than it would on the other two categories.

Raw material regarding the timing, I think as we discussed a bit during the year, last year, we – I think came into the year with some inventory. We had lower prices, the end of 2016, beginning of 2017. So, again the use of that inventory in production and then the sale of that inventory obviously gave us some favourability in 2017, just based on timing of producing and then the timing of selling. As the markets increase towards the end of 2017, the new purchases will be used in ’18 in production and then they reflect it in cost that goes in 2018.

**Steve Levy:** Understood. Understood.

**Gonzalve Bich:** In e‑commerce –

**Steve Levy:** Is that in terms of brand promotion? Can you – brand support will be higher for shavers and stationary in 2018 compared to 2017?

**Jim DiPietro**: Yeah, I think the increase – yeah, that’s true.

**Steve Levy:** Okay. Thank you very much.

**Gonzalve Bich:** Your question on e‑com investment – yes, people. And then I won't be specific on how many or what the dollar amount is. What I’d like to expand on is, it’s not just people. It’s also the capabilities that those people bring to the business either because we’ve built them internally through training and development programs or because we went out and found experts to help us kick start programs, it’s experience. And it’s also tools because people in digital don’t get you the results by themselves. So, it’s also all the tools around them to make their ecosystem work and so we can drive increased growth. And as an example, our e‑com business and stationary in the US in the fourth quarter grew 24%.

**Steve Levy:** Sorry, can you say it again? I missed the number.

**Gonzalve Bich:** 24% growth.

**Steve Levy:** But just on that point, on the fall of 150 bps in terms of margin, can you tell us how much each represents in those investments?

**Gonzalve Bich:** Can you please repeat that?

**Steve Levy:** On the full margin for 2018, what is the impact of those investments – hiring on the margin for the – the following margin?

**Jim DiPietro:** Yeah, we don’t have the e‑commerce OPEX broken out. As far as communication, what we’ve said is total OPEX, operating expenses will increase in 2018 for a number of different initiatives as we build towards the future.

**Steve Levy:** Okay. Thank you very much.

**Jim DiPietro:** You’re welcome.

**Operator:** Thank you. The next question is from [inaudible]. Please go ahead.

**Speaker:** Yes, hello everyone. Good evening. Just a question on the EBIT margin for 2018. You quantified the impact of being something like 50 basis, if I’m correct. Can you give us a bit more colour on the raw material impact and currency impact in terms of this please?

**Jim DiPietro:** Yeah. So, within cost – within gross profit, it’s probably fairly evenly weighted between raw materials depreciation as well as absorption, just the impact of volumes next year.

**Speaker:** You mean, it will be equaly splited between the three-different ranges?

**Jim DiPietro:** Pretty much.

**Speaker:** Okay. We have a decrease of 230 basis in the mid-range. So, if I has 60 basis, explained by the DNA impact on the IFO margin, the remaining 220 basis is a – 210 basis is explained by the raw material and brand support cost?

**Jim DiPietro:** I said in gross profit, you're going to have absorption, which is really the throughput of the factory impacts. Raw materials and depreciation – so, from a gross profit standpoint, those three are pretty evenly weighted.

**Speaker:** Okay. Okay, thank you.

**Operator:** Thank you. Ladies and gentlemen, once again, if you wish to ask a question, please press zero one on your telephone keypad. We have a follow up question from Peter Testa of One Investment. Please go ahead.

**Peter Testa:** Okay, thank you. I just wanted to follow up again on this capacity and depreciation, amortisation. Now on your slide 12, you have depreciation that’s been relatively stable for the last three years despite CAPEX somewhat about – well above depreciation. What is it now that’s coming on? Is it basically that you’ve held these factories from producing and now they're like complete and they have to come on? But why all of a sudden, €10 million or so increase in depreciation and another €10 million or so increase in absorption?

**Jim DiPietro:** Yeah, because if you look again in slide 12, what you can see in the last two years of 2016 and 2017 was the acceleration of CAPEX investments in the range of €181 million and €186 million, those two years respectively, so a 50% increase versus 2014 to 2015 levels. So, obviously the depreciation that goes out, that’s become now in use, it’s going to start kicking in. Unfortunately, with volume – based on the market situation that we had seen in 2017 as well as forecasted in 2018, the volumes that we’re experiencing today are a bit lower than the volumes we expected when we built and invested in those machines a couple of years ago. So, that leads to one, a higher depreciation overall and then two, a slight unfavourable impact of absorption because of that volume difference of what we had expected a couple of years ago.

**Peter Testa:** Okay. So, these were two-year construction projects basically? Okay.

**Jim DiPietro:** Well, it’s construction projects that take months, some 12, 18 months, some longer, so it depends. But what you say, I think the takeaway is over the last couple of years we’ve had an accelerated investment that we communicated back at the end of 2005, again delving for the future – 2015, I’m sorry – for the future; unfortunately what we have expected to occur – obviously things change in the shaver category, things changed a bit in some countries as Gonzalve has spoken about Brazil and the overall market conditions themselves were slightly lower in volume than what we’ve realized in the planning of two to three years ago.

**Peter Testa:** Okay. And then the cash impact of this – the past year is essentially under absorption part, are there some other OPEX below the gross margin line of cash impact as these investments come on stream…?

**Jim DiPietro:** I mean the cash impact of the investments of 2016 and 2017 are pretty much gone because we made them. So, depreciation –

**Peter Testa:** I mean operating – operating cash, sorry, operating profit because you have the depreciation effect, non‑cash on the operating profit. I was wondering about the cash impact on the P&L from these investments, is that essentially the – roughly similar under absorption cost, is that gross profit or is there also some impact at OPEX?

**Jim DiPietro:** No, no. The under-absorption issue is purely just manufacturing throughput dynamic.

**Peter Testa:** Right, okay. Okay, thank you.

**Jim DiPietro:** Your welcome.

**Operator:** Thank you. We currently have no further questions.

**Sophie Palliez:** Okay, thank you. Thank you everybody for joining this call with such short notice. As usual, we remain at your disposal for any further questions. Thank you.

**Gonzalve Bich:** Thank you.

**Jim DiPietro:** Thank you.

**Bruno Bich:** Thank you very much.

**Operator:** Ladies and gentlemen, thank you for your attendance. This call has been concluded. You may now disconnect.