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CORPORATE PARTICIPANTS

Gonzalve Bich Société BIC SA - CEO & Director

James DiPietro Société BIC SA - CFO & Executive VP

Sophie Palliez-Capian Société BIC SA - VP of Corporate Stakeholder Engagement and External & IR Director

CONFERENCE CALL PARTICIPANTS

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

Marie-Line Fort Societe Generale Cross Asset Research - Equity Analyst

Nicolas Langlet Exane BNP Paribas, Research Division - Research Analyst

PRESENTATION

Operator

Hello, and welcome to the BIC's Full Year 2019 Results Call.

My name is Mahan, and I'll be your coordinator for today's event. (Operator Instructions)

I will now hand over to your host, Sophie Palliez-Capian, to begin today's conference. Thank you.

Sophie Palliez-Capian - Société BIC SA - VP of Corporate Stakeholder Engagement and External & IR Director

Thank you. Good morning and good afternoon, everyone, and welcome to our full year 2019 earnings call.

Our agenda today will be the following. Gonzalve Bich, our CEO, will give you an overview of our full year results performance. Then James DiPietro, our CFO, will take you through our consolidated financial results in detail. And finally, Gonzalve will conclude the call with our thoughts and guidance 2020 before moving to the Q&A session.

Let me leave the floor to Gonzalve.

Gonzalve Bich - Société BIC SA - CEO & Director

Thank you, Sophie. And good day, everyone.

Let me begin by saying that, while we saw pockets of growth and momentum in our markets, overall our 2019 top line performance was disappointing and fell below our expectations. We started the year expecting to deliver a slight increase in organic net sales and finished with a decrease of 1.9%. Like many consumer packaged goods companies today, we're operating in a tough trading environment, facing market-driven challenges in numerous geographies.

The strongest of headwinds come from a noticeable slowdown and, in some cases, decline in our three categories. However, I think it's important to highlight that in this context we had robust sell-out performance and grew or maintained share in 80% of the major category-country combinations in which we measure market share. For example, in Stationery, we performed particularly well and gained market share in South Africa for the fifth consecutive year, driven by consistent and successful back-to-school selling periods. In Shavers, we outperformed the market in all of our geographies. We finished the year with plus 1.9-point share gain in the U.S. and also grew share in Russia for the fourth consecutive year, thanks to our flex hybrid range. The only market in which we lost share was France, down 40 basis points, although we managed to increase profitability. Finally, although the U.S. pocket lighter market ended with a significant 8.2% drop in volume and 5.9% drop in value compared to a flat market performance in 2018, we continued to outperform both the pocket and utility lighter markets.

Some of our low lights included back-to-school sell-in and sell-out in both the U.S. and Mexico, where delivery of our sales objectives fell below expectations. We also underperformed in India as we continued to struggle with the high level of inventory carried by superstockists in a fragmented and complex route to market. In response to this trading environment, our team is focused on excellence and execution, fighting daily for greater onshelf availability and increased visibility across all trade channels.

E-commerce grew by 13% in 2019 with expanded distribution in high-traffic sites such as Amazon, eBay, Wish and Rakuten. We demonstrated our ability to seize new growth opportunities in fast-growing regions with the integration of HACO Industries in Kenya; and the acquisition of Nigeria's #1 stationery manufacturer, Lucky pens. These moves will augment and strengthen our presence in Africa, reinforcing our competitive positions in this future growth region. To support net sales growth, we invested, we continued to invest in targeted brand support with an increased focus on return on investment. Finally, despite a soft top line as well as FX and raw material headwinds, we achieved our initial full year profitability goals by delivering 17% normalized income from operations margin.

A year ago, we embarked on an ambitious transformation journey. At the end of 2019, we were fully on track in each of the 4 pillars of our transformation: efficiency, innovation, consumer centricity and omnichannel. We started to deliver savings through a number of cost effectiveness programs, including the establishment of a centralized procurement organization. We also improved productivity across our supply chain and manufacturing processes, building the foundations to achieve EUR 45 million annualized savings by the end of 2022.

A key objective of our transformation is to ground our organization on consumer insight as a compelling brand bringing relevant products to the market. We've achieved important milestones in 2019, including the creation of a global market and consumer insights team which merges our stationery and shaver design and engineering capabilities, allowing for greater cross-fertilization of projects and technology. We saw the first tangible benefits of this innovation mindset with the acceleration of our patent submissions, up 20% last year; and the presentation of the Next BIC Thing, our collaborative, innovative platform, at the 2020 CES show in Las Vegas. Last year, we also invested in and implemented a global CRM platform allowing us to connect and engage with over 1 million consumers around the world. Additionally, we're on track towards our 2022 goal to achieve 10% net sales online, with our new e-commerce team onboard. Thanks to a more compelling customer and consumer offer, we grew in all channels, with sales doubling on marketplaces and growth of 50% with Amazon.

In line with our BIC 2022 Invent the Future plan, we are evolving the way we run the company in terms of efficiency, productivity and consumer-focused growth. This is crucial to sustain both long-term growth and profitability. Despite short-term headwinds, I'm convinced that our categories have solid potential that can be leveraged by becoming more agile, innovative and consumer centric. While executing the plan, we will continue to evolve our business. Our persistent focus on innovation to drive growth in our 3 categories and expanding in markets and channels where we have both the ability and the right to win will create sustainable value.

Now a few high-level comments on our 2019 financial performance, which Jim will provide more details on in a few minutes.

Full year 2019 net sales were down 1.9% on a comparative basis at EUR 1.949,4 billion. As previously mentioned, this is the low end of our revised guidance and softer than we initially expected. Normalized IFO margin was 17%, down 110 basis points versus last year, while normalized EPS group share was EUR 5.47, down 6.8%. Our net cash position remained strong at EUR 146.9 million.

Before turning to shareholder remuneration, I'd like to spend a couple of minutes on our 2019 nonfinancial performance. Since the company was founded a little over 75 years ago, sustainability has been an essential part of our day-to-day operations. Today, I'm convinced that the 5 pillars of our sustainability program will not only reduce our impact on the planet over time, but they will also have a material positive impact on our long-term competitive advantage, improving our operational performance and creating meaningful value. As these examples show, we made significant progress in 2019. We've decreased our direct CO_2 emissions by 1%; and used 76% of renewable electricity across our worldwide operations, an 8-point increase compared to 2018. In Lighters, 100% of the electricity we used came from renewable resources.

We believe that providing our employees with a safe workplace is a prerequisite to excellence, and we are aiming for 0 accidents by 2025. This is an ambitious target requiring the intensification of our safety procedures; and the full development and adoption of a genuine health, safety and well-being culture across all our operations. In 2019, the number of reportable accidents decreased 12%, and 55 of our sites achieved 0 accidents. Although this is significant progress, I won't be satisfied until there are 0 accidents, and until that time, we will continue to pursue our safety goals tirelessly.

As a company inherently involved with education, we believe that improving lives through education and promoting the developmental benefits of handwriting is part of our calling. And since 2018, we have improved the learning conditions of 61 million children globally.

Consistent with our capital allocation policy and based on the solid 2019 cash generation, the Board will propose the payment of an ordinary dividend of EUR 3.45 per share to the shareholders at the AGM next May 20th, unchanged versus last year.

Let's now take a closer look at how our 3 categories performed during the year, beginning with Stationery.

While markets remained highly competitive, we pursued growth in e-commerce, invested in innovative products and grew market share in most of the countries in which we operate. However, our performance was negatively impacted by the decrease in Cello net sales in India and by Latin America's soft results. In Europe, we outperformed flat markets, growing share in key countries such as France and the U.K., where I'm pleased to say that both added-value products and new products performed well. Our e-commerce business in Europe grew double digit and weighed positively on our overall European Stationery results.

In the U.S., the Stationery market grew slightly by 0.5 points in value, and we were in line with the market. However, our overall performance in the region was impacted by a soft sell-out during back-to-school, as mentioned during our Q3 call. Nevertheless, we outperformed the market in added value segments, and I'm proud to see BodyMark's growing success. For example, it's now #1 selling item at one of our major customers. We also enjoyed a solid performance in e-commerce, gaining share in most of our segments and reaching 13% market share in value for the full year.

In Africa, we launched our new East African subsidiary following the HACO Industries acquisition. In 2019, we also acquired Nigeria's #1 writing instruments player, Lucky Stationery.

Elsewhere and on a slightly less-positive note, in Latin America, the year was negatively impacted by several factors, including a soft back-to-school season in Mexico in a highly competitive market. By contrast, in Brazil we outperformed the declining market, driven by great in-store execution and distribution efforts, gaining share in both permanent marker and coloring. Finally, in India, I reiterate it was a very difficult year for us. We operated in a complex market environment where the recovery was slower than expected, and we were impacted by the high level of superstockist inventory. Additionally, our strategy of portfolio streamlining initiated last year has yet to bear fruit even though our champion brands in the over INR 10 segment continued to perform well.

Let's now turn to Lighters. Overall, the category was challenged by a declining U.S. pocket lighter market affecting our sell-in performance. For the full year, the market was down 8.2% in volume and 5.9% in value. In the face of this, we maintained market share in both volume and value. I should highlight that the U.S. utility market continues to be up mid-single digits in value; and we outperformed the market, gaining 3.8 points in value share with additional distribution in modern mass market channel. Additionally, we continue to grow our sleeve business, now representing 36.5% of net sales.

In both Europe and Latin America, we grew net sales low single digits. In Europe, we increased prices across the region and launched our first lighter advertising campaign in several countries. More specifically, the fourth quarter was flattish, as we anniversaried strong comp at the end of last year, ahead of the price increase implementation. In Latin America, both Brazil and Mexico grew on average mid-single digits driven by a price increase in Brazil and distribution gains in the convenience store channel in Mexico.

Lastly, in shaver, we had a solid year as we regained our momentum. Thanks to the outstanding effort of the team and despite adverse market trends, we outperformed our major markets in North America, Europe and developing markets. Sell-in performance was also robust throughout our geographies, with net sales growing mid-single digit.

To give you a few examples. In Europe, the success of both added-value and new products, including our BIC Flex and BIC Flex Hybrid ranges, boosted our performance in both Eastern and Western Europe. In the U.S., while the one-piece shaver market continued to be highly competitive, declining mid-single-digit in value, BIC showed strong results fueled by market outperformance in the 1-piece female segment, in which we gained 3.3 points of value share. Here again I'd like to highlight the success of new product launches such as BIC Soleil Click 5 and our new online brands Made For YOU. Even so, the fourth quarter performance was soft by comparison, as we anniversaried the delivery of 2019 new product pipe fill in Q4 2018. In Latin America, we performed solidly in Mexico, where in a competitive and declining market we gained 1 value point in share, boosted by distribution gains, the robust performance of premium products and the new launches of the BIC Flex 3 Hybrid and BIC Soleil Click 5. In Brazil, our trade-up strategy paid off, lifting the performance of our 3-blade offerings. And we reached a historical record high in market share with 28.2% in volume and 21.9% in value share.

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

James DiPietro - Société BIC SA - CFO & Executive VP

Thank you, Gonzalve.

I'll begin by reviewing the net sales results for both the fourth quarter and full year 2019.

Regarding the fourth quarter, on an as-reported basis, fourth quarter net sales were down 1.9% versus last year. On a comparative basis, net sales were down 3.8%. Currency fluctuations had a favorable impact of 1.6%. This is mainly due to the stronger U.S. dollar versus the euro. The perimeter impact adjustment includes the sales for HACO Industries and Lucky Stationery Nigeria acquisitions as well as the net sales impact from the BIC Sport divestiture. As a reminder, due to Argentina hyperinflation, we are excluding Argentina from our comparative basis sales results.

For the full year 2019, net sales were EUR 1.9494 billion, flat as reported and down 1.9% on a comparative basis. Here again the favorable impact of currency fluctuations of 2.3% was mainly due to the U.S. dollar.

On Slide 12, you can see the key elements of our summarized P&L results. Full year 2019 gross profit margin came in at 50.1% compared to 52% for 2018. Full year 2019 normalized IFO was EUR 331.8 million compared to EUR 352.4 million last year, with normalized IFO margin of 17% versus 18.1% in 2018.

I'll now review the normalized IFO margin change versus last year for both the fourth quarter and full year, starting with the fourth quarter. Cost of production was unfavorable 1.4 points versus last year. Total Brand support investments were higher by 0.1 points, while OpEx and other expenses were lower by 2.6 points versus the fourth quarter of 2018. The fourth quarter normalized IFO was positively impacted by lower incentive costs versus prior year. This had a positive impact of 1.8 points.

Looking at the full year. Cost of production was unfavorable 1.9 points versus last year. We were negatively impacted by raw material costs but also and mostly by unfavorable FX trends. The brand support investments were higher by 0.4 points primarily due to the lighter advertising campaign in Europe. OpEx and other expenses were lower by 1.2 points versus last year, positively impacted by lower incentive costs versus 2018, on a full year basis a positive impact of 0.6 points.

This slide shows the normalized IFO to net income for the full year of 2019.

Full year income before tax was EUR 251.4 million compared to EUR 261.6 million last year. Net finance revenue was negative EUR 1.3 million compared to a positive EUR 2.8 million last year.

Net income group share was EUR 176.1 million as reported compared to EUR 173.4 million in 2018. Normalized net income group share was EUR 246.7 million compared to EUR 267.8 million last year. The effective tax rate in 2019 was 30%. The effective tax rate excluding the impairment impacts would have been 27.3%.

EPS group share was EUR 3.91, up 2.9% compared to EUR 3.80 last year. Normalized EPS group share decreased 6.8% to EUR 5.47 compared to EUR 5.87 last year.

In 2019, we invested EUR 113.6 million in CapEx. The overall CapEx level was lower than originally planned due to both phasing of investments and a lower level of investments due to market trends.

On this slide, we see the main elements of working capital. We experienced increases in both inventories and accounts receivable. Inventories increased to EUR 455.6 million and accounts receivable to EUR 545.6 million. Trade and other payables were EUR 126.4 million. Almost half of the inventory at the end of the year was associated with the Stationery category.

This slide summarizes the evolution of our net cash position between December 2018 and December 2019. Net cash from operating activities was EUR 318.2 million, including EUR 334.5 million in operating cash flow. Net cash was impacted by investments in CapEx as we invested EUR 113.6 million in 2019, a dividend payment of EUR 155.2 million, share buyback of EUR 39.2 million and the acquisition investments of HACO and Lucky Stationery of EUR 16.2 million. Our net cash position at the end of 2019 was EUR 146.9 million.

This ends the review of our fourth quarter and full year consolidated results, and I'll give the floor back to Gonzalve.

Gonzalve Bich - Société BIC SA - CEO & Director

Thanks, Jim.

I'll now take us through our 2020 global market assumptions, which are internal estimates based on market panel data.

In Europe, we expect markets to be flat to slightly declining in value for all 3 of our categories. In North America, we expect the U.S. stationery market to remain stable or increase slightly in value. As I mentioned in October, we anticipate the U.S. [pocket] lighter market to decline between 4% and 5% in value. For shaver, we expect the U.S. one-piece shaver market to follow a similar trend to 2019 and decline between 4% and 5% in value. In Latin America, we expect a low single-digit increase for all 3 of our categories in value.

Before I conclude with our 2020 financial outlook, let me share with you what I believe will be driving our performance for 2020.

We will continue to launch new and innovative products as well as line extensions such as BodyMark ultra fine and new BIC Kids coloring range in the U.S. With Lighters, I'm excited to announce the launch of a new multipurpose lighter, EZ Reach, in North America. EZ Reach is a hybrid of the pocket and utility lighter that fits in both your hand and pocket. As we estimate that more than 60% of consumer lighting occasions are nontobacco related, we believe EZ Reach will enhance consumer trade-up and boost our utility lighter performance. In shaver, we'll extend our successful Soleil range with the launch of BIC Miss Soleil aqua colors in Europe and BIC Soleil Sensitive Advanced in the U.S. For men, we will launch our BIC Flex Hybrid range in Latin America. Finally, we're also launching Us, another gender-neutral razor for everybody; and a grooming product range at selected off-line customers in the U.S. We anticipate a solid performance, based on early retailer interest.

We will continue to focus on gaining distribution, expanding geographically and enhancing our route to market, as we successfully did last year in Africa. Last but not least, commercial excellence will also remain key to driving our performance; and will be enhanced under the stewardship of a recent addition to our team, Chester Twigg. We've already started and will continue to leverage new commercial capabilities as part of our "Invent the Future" plan, in particular revenue growth management. Our e-commerce business will continue to grow, thanks to our team's relentless efforts to seize new opportunities, enabling us to become increasingly present both off-line and online.

Now looking at normalized IFO main drivers for 2020. Gross profit margin will stabilize and brand support efficiency will be improved. Nevertheless, this will be more than offset by the costs related to the implementation of the new organization and the unfavorable impact of higher incentive plan costs versus 2019.

In summary, our 2020 outlook is as follows. First, we expect full year 2020 organic net sales growth to be between minus 1% to plus 1% compared to full year 2019, with the year-on-year growth being weighted towards the second half. From a profitability perspective, full year 2020 normalized income from operations margin is expected to be between 16% and 17% of net sales, with a focus on cash generation.

Across the globe, our teams will continue to focus on improving effectiveness and delivering quality products that meet the needs of our consumers. We will continue to deploy our BIC 2022 Invent the Future plan, seize emerging opportunities and meet challenges as they arise to deliver long-term profitable growth.

This concludes our full year 2019 results conference call, and we're now ready to answer your questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) So we already have some questions in the queue, the first one being from the line of Charles Scotti from Kepler.

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

Yes. I've got 4 questions. The first one, why did you stop your share buyback program end of June? The second question then, on your IFO margin guidance for 2020. You said that it will be impacted by the cost implementation, but isn't it considered as a one-off and is excluded from the adjusted EBIT margin target? And then third question, on restructuring expenses in 2020. Can you give us an idea of the amount both for the P&L and the cash flow statement? And the last question, does your guidance include a price increase in the Lighters division; and if yes, in which geography?

James DiPietro - Société BIC SA - CFO & Executive VP

So first, on the share buyback. In the second half of the year, obviously as we managed through ITF and some of the initiatives there, we were a bit more conservative in the share buyback program. We'll look again, as we move into 2020, to resume share buyback as part of our use-of-cash policy. The second question, if I understood it correctly, you were asking about the cost of the new organization related to ITF. That cost is not a one-off. That's not a part of restructuring. That's the costs of building the capabilities related to the new organization of global group supply chain, of consumer insights and innovation, of commercial operations, of the centers of expertise that we are building across the organization. That started in 2019 and will continue in 2020.The restructuring for 2020, we will be incurring some restructuring costs. It's probably a bit premature to give an indication of that amount since that's still in process, and the communication of that will happen throughout the year.

Gonzalve Bich - Société BIC SA - CEO & Director

Finally, to your question about lighter price increases. So as we built the operating plan for 2020, we looked at price increase as part of our ongoing RGM efforts around the world, in lighter included. First and foremost, I think it's really important that we accept that we're navigating in unprecedented waters in the lighter industry, especially in the U.S. Large tobacco companies expect cigarette volumes to decline between 4% and 6% for 2020. And some of them, as you may have noticed in the last couple of weeks, have decided not to provide any more multiyear guidance. In this environment I think our objective has to be, and moving forward, to focus on value as we address volume declines in the U.S. market. This means leveraging our sleeve segment and really focusing on those added-value designs that more than 1/3 of U.S. consumers are buying in 2019. I hope that we'll continue to do that 2020 moving forward. Developing direct-to-consumer personalized lighters through our Design My BIC online platforms continues to be a growth lever for us. Adjusting price if and where relevant, and we've talked about this in calls past, we have a sequential pricing strategy over years and channels. And we'll be implementing that in 2020, potentially in the back half of 2020, in the U.S. strengthening our positions in multipurpose lighters by launching the new products. And I'm really excited about what EZ Reach can do because it was a space that we weren't covering between pocket and utility, and there's really a need for consumers who are maybe lighting candles or other things and needed something different. We also have distribution gain opportunities in measured and unmeasured markets, notably in food and dollar. And we're going to continue to make "BIC seen, BIC sold" a priority and increase point-of-sale momentum through on-shelf availability.

Operator

Okay. So the next question in the queue comes from the line of Nicolas Langlet from Exane BNP Paribas.

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

So I've got 4 question as well. And the first one, on the U.S. lighter. So you expect the market to be down 4% to 5% in value term in full year '20. What is your volume assumption in that outlook? Back in Q3, you were expecting something like high single-digit volume decline in the U.S. in 2020. Is it still the case? And another related question on the Lighters in the U.S., do you have visibility on the level of inventories at retailers level at the end of the year? Second question, on the cost optimization linked to BIC 2022 plan. Have you already generated some savings in 2019? What's the outlook for 2020? And are you still comfortable with the EUR 45 million objective communicated before?

And third question on the -- now that we are well advanced in the BIC 2022 plan, are you able to share with us your aspiration in terms of margin at the end of the plan? And last question, Cello India. Do you think the situation is now stabilized, or do you expect further headwind in 2020?

Gonzalve Bich - Société BIC SA - CEO & Director

Okay. So first question, Lighters. It's still -- so our outlook for 2020 from a volume perspective remains high single digits decline. And we'll continue to stay really close to that throughout the year, but that's our current view. Lighter inventory: So I think, if we take the 4 quarters of 2019, we think about how the year started. And the volatility in Q2 then Q3 and even lending into Q4 as we work with our trading partners and retailers to make sure that there's the right level of inventory at all parts of the chain has been a challenge. As industry, the tobacco industry, has released different data and has reacted to the swings in their industry, it's put a lot of pressure on all of us. And it's something that we need to stay really close to in 2020, but as I said, one of the things that I'm, the teams are really focused on in the U.S. is making sure that we have outstanding on-shelf availability to make sure that the entire range of products at retailers is visible and ready for sale. Jim, will you tackle the next one?

James DiPietro - Société BIC SA - CFO & Executive VP

Yes.

James DiPietro - Société BIC SA - CFO & Executive VP

Yes. Nicolas, on the ITF savings, the 2-part question, 1 for 2019 and then for 2020. For 2019, we said coming into the year we would expect to realize a few million of euro savings; and we did realize that, which is good news. And that is obviously reflected in the results of 2019. As we move towards 2020, the forecast of what we look at right now is suggesting a range of EUR 5 million to EUR 10 million of savings. And then we'll obviously give you updates as we progress through the year, on how much of that and when we realize that EUR 5 million to EUR 10 million.

Gonzalve Bich - Société BIC SA - CEO & Director

With regards to your question about Cello, I think I said it during my opening comments. It's been difficult. 2019 was a difficult year. It was a disappointing year. We achieved a lot but not what we hoped; from an industrial perspective, really excited about what the Karembeli factory can mean for us over time, but the rationalization strategy that we talked to you about, and I said, it hasn't borne the fruits, bear the fruits that we had hoped. And we continue to drive rationalization because it will help us over the long term simplifies the choice that consumers have to make at point of sale to find the right Cello product, but it is an extremely tough market to operate in. I think a lot of CPGs are finding it's fragmented. It requires a lot of finesse, and it's something that we're going to work hard at. I'm really happy that Chester Twigg has joined us. He's got relevant experience in the market. He was born in the market, and I'm excited to have him join the team and add his thoughts to how we can continue to grow in India over time.

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

Okay. And on the margin question in 2022.

Gonzalve Bich - Société BIC SA - CEO & Director

Sorry. So no, we are not giving guidance on final margin or planned margin. I think it's a little bit too early given the volatility we have in our market; and all the programs and projects that we're putting in place to transform our organization, how we operate and capture value in the different pockets of growth that we can find around the world.

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

Okay. And just to come back on Jim's comment on the ITF savings, the EUR 5 million to EUR 10 million. Is it additional to the few millions generated in '19? Or it's cumulated.

James DiPietro - Société BIC SA - CFO & Executive VP

It's additional.

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

Okay, additional. All right.

Operator

(Operator Instructions) And the next question comes from the line of Marie Fort from SG.

Marie-Line Fort - Societe Generale Cross Asset Research - Equity Analyst

I've got one questions about Stationery. Could you detail further your new product strategy for 2020? The division is struggling with very low operating margin. It's partly due probably to Cello, but what is your strategy on the Stationery division? I've got a second question to know what level of CapEx you are expecting for 2020. And also, could you precise what today your percentage of online sales?

James DiPietro - Société BIC SA - CFO & Executive VP

Yes. So let me address the CapEx question. As we move into 2020 right now, our estimate of planned CapEx investments for this year will be in the range of EUR 100 million to EUR 110 million.

Gonzalve Bich - Société BIC SA - CEO & Director

Your question on Stationery. You're right. It's a challenging category, but we like challenges. And new products and line extensions have to be part of our strategy moving forward as we continue to invest in innovation. And innovation in Stationery takes time, from an industrial perspective, to bear fruit, but what I'm excited for 2020 about is BodyMarks and the launch in Europe, so we'll be launching in France, Belgium, some Latin American markets; as well as a first extension of the BodyMark range with the ultra fine product in the U.S. And when we launched BodyMark early last year, to good, actually great, interest from retailers and solid interest and repeat from consumers, one of the things that we figured out, we used a brush tip on that product, was that people really wanted fine to be able to do high level of details. They were expressing themselves on their skin, and this product does that. Also Gelocity quick dry in Europe, the U.K., Spain, Italy, Nordics; and Illusion gets extended into Latin America and Brazil. The Intensity felt pen launch in Mexico and new coloring ranges in the U.S. under the BIC Kids coloring franchise as well as extension in France and in India. We're also enhancing our route to market and planning on gaining distribution, notably in Europe, in stationeries and discounters, where there are some white spaces for us to capture; and in Brazil, in the independent stationery sector. Of course, in the emerging markets, working in those important African markets, not only South Africa, Morocco and some of the other historic markets, but Nigeria and Kenya, where we have a growth plan over time. And finally and to Nicolas's question, continue to work on India.

Commercial innovation and e-commerce acceleration. I'm really pleased with what we've been able to achieve in the last 18 months. I have a lot of confidence in what the team is putting together, notably in the U.S. and Europe, and there are some other things that we can do. And then planning for the back-to-school season in Europe, the U.S. and in Brazil.

Marie-Line Fort - Societe Generale Cross Asset Research - Equity Analyst

Could you tell us what the Cello part of the operating margin decline for the Stationery division in 2019?

James DiPietro - Société BIC SA - CFO & Executive VP

No, we still don't, as you know, report on Cello separately. Obviously it's had a negative impact on the total group, but we don't report Cello separately.

Operator

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

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

Yes. I've got actually 4 additional question. The first one, can you help us to quantify the raw material and FX tailwinds in 2020? The second question, can you give us a little bit more detail on the Us brand, razor brand, that you will launch? The third question, the share of new product as a total percentage of group sales has declined quite dramatically from 30% to less than 10%, I guess, today. So can you tell us the reason behind that? And how do you expect to revive the momentum for new products? And the last question, I'm just curious to hear your thoughts on the decision of the FTC to block the deal between Harry's and Edgewell Personal Care?

James DiPietro - Société BIC SA - CFO & Executive VP

Let me start on the first question of raw material and FX as we look at 2020. Raw material costs would be viewed to be going up. However, some of the ITF procurement savings that we have forecasted in the plan for 2020 would help to neutralize that because, as we gain better procurement negotiations, that should help, hopefully, offset some of the raw material increases that we would see in the year. So that should help neutralize raw material net level. FX, we will -- I think as we've said, we're going to be hedged on commercial flows at $1.1445 this year compared to $1.19 last year. In total, that should give us about 60 basis points of favorability moving forward into 2020.

Gonzalve Bich - Société BIC SA - CEO & Director

So to your question about the launch of Us. We've listed it at 3 big U.S. retailers. Us is an another gender-neutral shaving system that allows everybody with anybody to experience a great shave at a fair price. It will be in stores sometime during 2020, and we'll update you when we have exact in-store date. Our plan is to achieve about 30% ACV over this year. New products, the drop in the percentage of value of new products as a percentage of total net sales: I think what you're seeing is the lag in the emphasis that we put on innovation in years past, right? So innovation today doesn't drop into the business tomorrow. From a FEED perspective, we're not where we want to be. And that's part of the ITF reorganization. I told you about the standing up of the consumer and market insight team, that we've merged the Stationery and shaver design engineering and NPD teams that will allow us over the years to come to roll out more products like BodyMark. And definitely our aim is to get back in the right direction, not in the direction that it's at right now. And it's a critical part of the ITF transformation journey.

To your question about the recent FTC communication related to the Edgewell-Harry's what was merger, no longer; and then the press releases by their respective boards. I think the speed of evolution, of change in the world is incredible; and it's going to continue to increase. And to be competitive, we need to be agile and seize opportunities as they arise and strive to create new ones constantly. It's a permanent mindset that we need to have. And our team in the U.S. is focused on this and executing the launch of that Us product that we talked about as well as some others, but it's going to continue to be a really interesting space, shaver, and one that we continue to watch.

Operator

We have no further questions in the queue. (Operator Instructions) Okay, so we have no questions coming through, so I'll hand back over to the hosts now.

Sophie Palliez-Capian - Société BIC SA - VP of Corporate Stakeholder Engagement and External & IR Director

Okay. Thank you. Thank you, everyone, for your time on and interest in BIC. Next on our financial agenda will be Q1 results on April 23. And we're also looking forward to seeing you on May 19 for our Capital Markets Day in Paris. In the meantime, as usual, if you have any further questions, do not hesitate to call us. Thank you.

Gonzalve Bich - Société BIC SA - CEO & Director

Thank you.

James DiPietro - Société BIC SA - CFO & Executive VP

Thank you.

Operator

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