2019 Half Year
Financial Report •

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1.1 KEY FIGURES

(in million euros)			H1 2019 *vs.* H1 2018				
	H1 2018	H1 2019	As reported	FX impact [1] (in pts)	Change in Perimeter [2] (in pts)	Argentina impact (in pts)	Comparative basis
Group							
Net Sales	**959.3**	**960.2**	**+0.1%**	**+2.4**	**(0.7)**	**-**	**(1.6)%**
Gross Profit	507.4	478.5					
Normalized Income From Operations (NIFO)	188.2	153.1	(18.7)%				
Normalized IFO margin	***19.6%***	***15.9%***					
Income From Operations (IFO)	119.5	126.1	+5.4%				
IFO margin	12.5%	13.1%					
Net Income Group Share	**70.8**	**89.6**	**+26.6%**				
Net Income Group Share excluding Cello Goodwill Impairment & restructuring costs	139.5	108.4	(22.3)%				
Normalized Earnings Per Share Group Share *(in euros)*	**3.05**	**2.43**	**(20.3)%**				
Earnings Per Share Group Share *(in euros)*	1.55	1.99	+28.4%				
Stationery							
Net Sales	**401.3**	**400.8**	**(0.1)%**	**+2.1**	**+1.5**	**(0.1)**	**(3.6)%**
Normalized IFO	47.0	34.2					
Normalized IFO margin	***11.7%***	***8.5%***					
IFO	(21.8)	23.7					
IFO margin	*-5.4%*	*5.9%*					
Lighters							
Net Sales	**317.7**	**319.7**	**+0.6%**	**+3.3**	**-**	**-**	**(2.7)%**
Normalized IFO	117.7	105.3					
Normalized IFO margin	***37.1%***	***32.9%***					
IFO	117.7	95.9					
IFO margin	*37.1%*	*30.0%*					
Shavers							
Net Sales	**210.5**	**224.5**	**+6.7%**	**+2.3**	**+0.2**	**(0.1)**	**+4.2%**
Normalized IFO	24.6	16.1					
Normalized IFO margin	***11.7%***	***7.2%***					
IFO	24.6	9.3					
IFO margin	*11.7%*	*4.2%*					
Other products							
Net Sales	**29.8**	**15.2**	**(48.7)%**	**(0.2)**	**(43.6)**	**-**	**(4.9)%**
Normalized IFO	**(1.0)**	**(2.5)**					
IFO	(1.0)	(2.9)					

(1) Forex impact excluding Argentinian Peso (ARS).

(2) Haco Industries Ltd and BIC Sport.

1.2 H1 2019 HIGHLIGHTS

NET SALES

- **Stationery:** 400.8 million euros (-3.6% on a comparative basis)
- **Lighters:** 319.7 million euros (-2.7% on a comparative basis)
- **Shavers:** 224.5 million euros (+4.2% on a comparative basis)

RESULTS

- **Normalized Income From Operations (NIFO):** 153.1 million euros (-18.7% as reported)
- **Normalized IFO margin:** 15.9% compared to 19.6% in H1 2018
- **Reported Income From Operations (IFO):** 126.1 million euros (+5.4% as reported)
- **Earnings Per Share Group share:** 1.99 euros (+28.4% as reported)
- **Normalized Earning Per Share Group share:** 2.43 euros (-20.3% as reported)
- **Net cash position as of June 30, 2019:** -11.0 million euros

1.3 H1 2019 GROUP OPERATIONAL TRENDS

NET SALES

H1 2019 Net Sales totaled 960.2 million euros, up 0.1% as reported and down 1.6% on a comparative basis[1]. The favorable impact of currency fluctuations (+2.4%) was due to the strong U.S. dollar against the euro [2]. Europe grew slightly by 0.2% on a comparative basis , while North America and Developing Markets declined by 2.3% and by 2.6%, respectively.

INCOME FROM OPERATIONS AND NORMALIZED INCOME FROM OPERATIONS

H1 2019 Gross Profit margin was 49.8%, compared to 52.9% in H1 2018, due to negative foreign exchange impact versus last year and increase in Raw Material costs.

H1 2019 Normalized IFO was 153.1 million euros compared to 188.2 million euros in H1 2018, with Normalized IFO margin of 15.9% *vs.* 19.6% in H1 2018. The decline in Normalized IFO margin was driven by lower gross profit margin and increase in Brand Support, mainly in Lighters, partially offset by a decrease in OPEX.

KEY COMPONENTS OF THE CHANGE IN NORMALIZED IFO MARGIN

(in points)	Q1 2019 *vs.* Q1 2018	Q2 2019 *vs.* Q2 2018	H1 2019 *vs.* H1 2018
• Change in Gross Profit (Cost of Production)	(2.9)	(3.1)	(3.1)
• Brand Support	(1.4)	(1.0)	(1.2)
• OPEX and other expenses	+0.7	+0.4	+0.6
TOTAL CHANGE IN NORMALIZED IFO MARGIN	**(3.6)**	**(3.7)**	**(3.7)**

NON-RECURRING ITEMS

	Q1		Q2		H1	
(in million euros)	2018	2019	2018	2019	2018	2019
Income From Operations	**69.6**	**54.6**	**50.0**	**71.4**	**119.5**	**126.1**
As % of Net Sales	**16.7%**	**13.1%**	**9.2%**	**13.1%**	**12.5%**	**13.1%**
Restructuring costs (transformation plan)	-	-	-	27.0	-	27.0
Cello goodwill impairment in 2018	-	-	68.7	-	68.7	-
Normalized IFO	**69.6**	**54.6**	**118.7**	**98.5**	**188.2**	**153.1**
As % of Net Sales	**16.7%**	**13.1%**	**21.8%**	**18.1%**	**19.6%**	**15.9%**

2018 Cello goodwill impairment is explained by lower growth perspectives in both domestic and export sales.

2019 Restructuring costs amounted to 27.0 million euros and are related to the transformation plan "BIC-2022 Invent The future".

(1) Excluding Argentina
(2) This excludes the Argentinian peso.

NET INCOME AND EPS

H1 2019 Income before tax was at 124.4 million euros, compared to 125.3 million euros in H1 2018. Net finance revenue was negative 1.7 million euros compared to a positive 5.8 million euros in H1 2018. H1 2018 benefited from a favorable impact of the fair value adjustments to financial assets denominated in USD (BRL and €), while H1 2019 is negatively impacted by hyperinflation accounting related to Argentina.

H1 2019 Net Income Group Share was 89.6 million euros as reported, compared to 70.8 million euros in H1 2018. H1 **Net Income Group share excluding restructuring costs and Cello goodwill impairment** was 108.4 million euros compared to 139.5 million euros last year. The effective tax rate was 28.0%.

Q2 2019 Net Income Group Share was 50.3 million euros compared to 22.2 million euros in Q2 2018. **Q2 2019 Net Income Group Share excluding restructuring costs and Cello goodwill impairment** was 69.1 million euros compared to 90.9 million euros last year.

H1 2019 EPS Group share was 1.99 euros, up 28.4%, compared to 1.55 euros in H1 2018. **Normalized H1 2019 EPS Group share** decreased 20.3% to 2.43 euros, compared to 3.05 euros last year.

Q2 2019 EPS Group Share was 1.11 euros up 126.5%, compared to 0.49 euros in Q2 2018. **Normalized Q2 2019 EPS Group share** decreased 22.1% to 1.55 euros, compared to 1.99 euros last year.

NET CASH POSITION

At the end of June 2019, the Group's net cash position stood at -11.0 million euros.

CHANGE IN NET CASH POSITION

(in million euros)	2018	2019
NET CASH POSITION (BEGINNING OF PERIOD - DECEMBER)	**204.9**	**161.5**
• Net cash from operating activities	+83.1	+79.6
• *Of which operating cash flow*	*+197.7*	*+164.7*
• *Of which change in working capital and others*	*(114.6)*	*(85.1)*
• CAPEX	(51.6)	(47.5)
• Dividend payment	(157.8)	(155.2)
• Share buyback program	(23.9)	(39.2)
• Net cash from the exercise of stock options and the liquidity contract	+1.4	(0.8)
• Haco Industries Ltd acquisition	-	(1.8)
• Proceeds from the sale of BIC Graphic North America and Asian Sourcing	+9.2	-
• Others	(10.2)	(7.6)
NET CASH POSITION (END OF PERIOD - JUNE)	**55.1**	**(11.0)**

Net cash from operating activities was +79.6 million euros, including +164.7 million euros in operating cash flow. The negative 85.1 million euros **change in working capital,** and others was notably driven by accounts receivables and inventory increased when compared to December 2018 mainly due to preparation for Back-to-School season reinforced by a negative phasing impact from June to July. Net cash was also negatively impacted by investments in CAPEX as well as the dividend payments and share buybacks.

SHAREHOLDERS' REMUNERATION

- Ordinary dividend of 3.45 euros per share paid in June 2019.
- 39.2 million euros in share buy-backs by Société BIC at the end of June 2019 (478,667 shares purchased at an average price of 81.83 euros).

1.4 H1 2019 OPERATIONAL TRENDS BY CATEGORY

Stationery

Stationery H1 2019 Net Sales were flat as reported, down 1.1% at constant currency and down 3.6% on a comparative basis. Q2 2019 Net Sales were up 1.2% as reported, down 0.6% at constant currency and 2.3% on a comparative basis.

- In **Europe**, in a slightly growing market up 1.8% in value[1], BIC gained 0.1 points in value share. H1 Net Sales were down low-single digit impacted by a negative Back-to-School phasing in France during Q2, with shipments to customers postponed from June to July . This more than offset the good performance of our added-value products such as BIC® Gelocity Quick Dry and recently launched BIC® Intensity Medium felt pen.
- In **North America**, we performed in line with a flattish U.S. Stationery market and we were able to gain shares in added-value segments such as Gel and Permanent Marker and in e-commerce (+0.7 points in value)[2]. H1 Net Sales were flat, impacted by a negative phasing of Back-to-School shipments from June to July. We continued to see new products such as BIC® Gelocity Ultra and BIC® BodyMark tattoo marker performing successfully.
- H1 Net Sales **in Latin America** were down mid-single digit as we were overall impacted by Pimaco (our manufacturer and distributor of adhesive labels) in Q1 as well as by weak performance in Ecuador during H1. In Mexico, despite a highly competitive environment, BIC is outperforming the market[3] notably in Ball Pen and Marking. In Brazil our performance was fueled by distribution gains in Ball Pen and Graphite segments as we gained 0.8 pts in value[4] in a declining market.
- **In the Middle-East and Africa region,** we continued to see the benefits from the transfer of Haco Industries Ltd' manufacturing facilities and distribution activities during H1. Our change in route-to-market in East Africa drove a double-digit increase in Net Sales in the region.
- **Cello Pens** H1 Domestic Sales were down low-double digit as we were negatively impacted by our initiative to reduce shipments to superstockists in India to support our change in route-to-market strategy. However, as expected we started to recover in Q2, with Domestic Net Sales growing mid-single digit, fueled by the performance of our Champion Brands such as Butterflow.

H1 2019 Normalized IFO margin for Stationery was 8.5%, compared to 11.7% in H1 2018 mainly driven by higher Raw Material costs, unfavorable forex trends and higher Brand Support investments. **Q2 2019 Normalized IFO margin was 12.8%,** compared to 15.0% in Q2 2018.

(1) GFK YTD May 2019 in value.
(2) NPD YTD June 2019 in value.
(3) Nielsen YTD June 2019 (Home panel - 25% coverage), in value
(4) Nielsen YTD June 2019 (Home panel - 10% coverage), in value

Lighters

Lighters H1 2019 Net Sales increased by 0.6% as reported, down 1.9% at constant currency, and down by 2.7% on a comparative basis. Second Quarter 2019 Net Sales were up by 3.0% as reported, by 0.7% at constant currency, and flat on a comparative basis.

- H1 Net Sales were up low-single digit **in Europe** as we progressively implemented price adjustments across countries and distribution channels. Our first major advertising campaign launched in France, Belgium and Germany to address directly our consumers showed encouraging results and reinforced BIC's brand image of quality and safety.
- **The U.S.** Non-Refillable Pocket lighter market declined by 5.0% in value year-to-date[(1)], in which BIC gained 0.2 points in market share. In this challenging environment, following a weak Q1, North America H1 Net Sales decreased mid-single digit.
- In **Latin America**, H1 Net Sales were up low-single digit fueled by Brazil. Both customer pre-buys ahead of the April price increase and further distribution gains drove overall performance in the region.

H1 2019 Normalized IFO margin for Lighters was 32.9%, compared to 37.1% in H1 2018, the decrease was mainly driven by unfavorable forex trend and higher Brand Support investments in particular with the lighter campaign in Europe. **Q2 2019 Normalized IFO margin was 34.5%,** compared to 38.4% in Q2 2018.

Shavers

Shavers H1 2019 Net Sales increased by 6.7% as reported, by 5.6% at constant currency, and also increased by 4.2% on a comparative basis. Q2 2019 Net Sales increased by 1.8% as reported, by 0.8% at constant currency and decreased by 0.7% on a comparative basis.

- In **Europe**, BIC outperformed a flat market, gaining 0.5 points in value[(2)], while H1 Net Sales were up mid-single digit. In Western Europe, performance was driven by both added-value products such as BIC® Flex 3, BIC® Miss Soleil and BIC® Flex 5, and by recent launches with BIC® Miss Soleil Sensitive. In Russia, the continued momentum of BIC® Flex 3 Hybrid and successful launch of BIC® Flex 5 Hybrid, coupled with further distribution gains drove growth during H1.
- **North America** H1 Net Sales were up low-single digit, propelled by both value and high-end products. In a declining U.S. one-piece market (down by 5% in value [(3)], BIC gained 1.9 points thanks to Women one-piece segment with the introduction of commercial innovations on BIC® Silky Touch, solid performance of our BIC® Soleil franchise (BIC® Soleil Sensitive, BIC® Soleil Bella, BIC® Soleil Balance), in addition to the successful launch of BIC® Soleil Click 5.
- **Latin America** H1 Net Sales were up mid-single digit. BIC outperformed in a relatively flat market in Mexico, gaining 1.1 points in value [(4)] driven by further product premiumization towards the three-blade offering with BIC® Miss Soleil Sensitive and BIC® Flex 3. Brazil performance was also key as BIC gained 0.3 points in a declining market (down by 1.1% in value), with continued distribution gains, in line with our product trade-up strategy.
- H1 Net Sales were up low double digit in **Middle-East and Africa**, fueled by the Flex range in Morocco and South Africa, and by strong promotional activities with BIC®1 during the African Cup of Nations in West African countries and in South Africa.

H1 2019 Normalized IFO margin for Shavers was 7.2% compared to 11.7% in H1 2018. Sales volume increase were offset by unfavorable forex trends as well as by higher Raw Material costs and increase in Brand Support. **Q2 2019 Normalized IFO margin was 7.3%,** compared to 14.9% in Q2 2018.

Other Products

H1 2019 Net Sales of Other Products decreased by 48.7% as reported and by 4.9% on a comparative basis. Q2 2019 Net Sales decreased by 56.3% as reported and by 4.3% on a comparative basis.

H1 2019 Normalized IFO for Other Products was negative 2.5 million euros, compared to a negative 1.0 million euros in H1 2018 including BIC Sport for a positive 1.0 million euros. **Q2 2019 Normalized IFO for Other Products was negative 0.9 million euros**, compared to positive 1.2 million euros last year including BIC Sport for a positive 1.1 million euros.

(1) IRI YTD Period ending June 30, 2019, in value
(2) Nielsen YTD April 2019 – Total disposable Market – EU 5 average : France, Italy, Poland, UK and Russia - in value
(3) IRI YTD Period ending June 30, 2019 - in value
(4) Nielsen – Shaver Disposable – YTD May 2019 - in value

1.5 BIC GROUP NET SALES BY GEOGRAPHY

(in million euros)			Q2 2019 *vs.* Q2 2018				H1 2019 *vs.* H1 2018	
	Q2 2018	Q2 2019	As reported	Comparative basis	H1 2018	H1 2019	As reported	Comparative basis
Group								
Net Sales	543.9	544.8	+0.2	(1.3)	959.3	960.2	+0.1	(1.6)
Europe								
Net Sales	176.1	167.9	(4.6)	(1.3)	300.3	290.7	(3.2)	+0.2
North America								
Net Sales	224.9	227.5	+1.1	(2.4)	379.8	389.3	+2.5	(2.3)
Developing Markets								
Net Sales	142.9	149.4	+4.6	+0.3	279.1	280.2	+0.4	(2.6)

1.6 IMPACT OF CHANGE IN PERIMETER AND CURRENCY FLUCTUATIONS ON NET SALES (EXCLUDES ARGENTINIAN PESO)

(in %)	Q2 2018	Q2 2019	H1 2018	H1 2019
Perimeter	**(0.8)**	**(1.0)**	**(1.2)**	**(0.7)**
Currencies	**(6.1)**	**+2.4**	**(7.4)**	**+2.4**
Of which USD	*(2.6)*	*+2.0*	*(3.6)*	*+2.4*
Of which BRL	*(1.2)*	*(0.1)*	*(1.3)*	*(0.3)*
Of which INR	*(0.3)*	*+0.1*	*(0.4)*	*-*
Of which MXN	*(0.7)*	*+0.5*	*(0.5)*	*+0.4*
Of which RUB and UAH	*(0.3)*	*+0.1*	*(0.3)*	*-*

1.7 RECONCILIATION WITH ALTERNATIVE PERFORMANCE MEASURES

NORMALIZED IFO RECONCILIATION

(in million euros)	H1 2018	FY 2018	H1 2019
Income From Operations	**119.5**	**258.8**	**126.1**
Cello and Pimaco goodwill impairment	+68.7	+74.2	-
Restructuring costs (Stationery and Lighters manufacturing reorganization, transformation plan, Haco Industries acquisition related costs, transformation plan)	-	+15.4	+27.0
BIC Sport Divestiture	-	+4.9	-
Argentina hyperinflationary accounting (IAS 29)	-	(0.9)	-
Normalized IFO	**188.2**	**352.4**	**153.1**

NORMALIZED EPS RECONCILIATION

(in euros)	H1 2018	FY 2018	H1 2019
EPS	**1.55**	**3.80**	**1.99**
Cello and Pimaco goodwill impairment	+1.50	+1.62	-
Restructuring costs (Stationery and Lighters manufacturing reorganization, transformation plan, Haco Industries acquisition related costs, transformation plan)	-	+0.23	+0.41
BIC Sport Divestiture	-	+0.10	-
Argentina hyperinflationary accounting (IAS29)	-	+0.12	+0.03
Normalized EPS	**3.05**	**5.87**	**2.43**

NET CASH RECONCILIATION

(in million euros – rounded figures)	December 31, 2018	June 30, 2019
Cash and cash equivalents (1)	+157.5	+182.3
Other current financial assets (2)[(1)]	+12.8	+9.3
Current borrowings (3)[(2)]	(8.9)	(199.8)
Non-current borrowings (4)	-	(2.8)
NET CASH POSITION (1) + (2) - (3) - (4)	**161.5**	**(11.0)**

(1) In the balance sheet at June 30, 2019 and at December 31, 2018, the line "Other current financial assets and derivative instruments" also includes respectively 3.1 million euros and 5.3 million euros worth of derivative instruments.

(2) Excluding financial liabilities following IFRS16 implementation.

1.8 SHARE REPURCHASE PROGRAM – CANCELLED SHARES

SOCIÉTÉ BIC obtained at the Annual Shareholders' Meeting on May 22, 2019 to renew its shares repurchase program.

During the First Half of 2019:

- SOCIÉTÉ BIC repurchased 478,667 shares under the share repurchase program authorized by the Annual Shareholders' Meeting held on May 16, 2018, excluding shares acquired under the liquidity agreement;
- SOCIÉTÉ BIC repurchased, under the liquidity agreement Natixis - ODDO BHF, 97,014 shares for a total value of 7.66 million euros and sold 79,208 shares for a total value of 6.34 million euros.

SHARE BUY-BACK PROGRAM – SOCIÉTÉ BIC

	Number of shares acquired	**Average weighted price** *(in euros)*	**Amount** *(in million euros)*
February 2019	272,388	83.24	22.7
March 2019	126,408	82.41	10.4
April 2019	44,871	76.63	3.4
May 2019	35,000	75.42	2.6
June 2019	-	-	-
TOTAL	**478,667**	**81.83**	**39.2**

The number of free, performance-based shares transferred to beneficiaries by SOCIÉTÉ BIC was 114,755 during the first half of 2019. The number of free, non-performance-based shares transferred to beneficiaries by SOCIÉTÉ BIC was 14,350.

Moreover, SOCIÉTÉ BIC proceeded to 162,025 free performance-based share grants and 17,550 non-performance-based share grants in 2019.

1.9 RELATED-PARTY TRANSACTIONS

This paragraph is aimed at ensuring transparency in the relationship between the Group and its Shareholders (and their representatives), as well as in the links between the Group and related companies that the Group does not exclusively control (*i.e.* joint ventures or investments in associates).

Significant related-party transactions are described in the Note 24 – Related parties on page 240 of the Group BIC 2018 registration document filed with the *Autorité des Marchés Financiers* (AMF) on March 20, 2019. During the First Half of 2019, no other significant related-party transactions have been identified.

1.10 CAPITAL EVOLUTION

As of June 30, 2019, the total number of issued shares of SOCIÉTÉ BIC was 46,010,907 shares, representing:

- 67,688,129 voting rights;
- 66,668,443 voting rights excluding shares without voting rights.

Total number of treasury shares held at the end of June 2019: 1,019,686.

1.11 MATERIAL EVENTS THAT OCCURRED IN H1 2019

On June 6th 2019, BIC took the next step in its "BIC 2022-Invent The Future" transformation plan with additional annualized savings of 25 million euros by 2022, to be reinvested in growth and help protect margin sustainability during the plan. A total of 45 million euros of annualized savings by 2022 is now expected.

1.12 MATERIAL EVENTS THAT OCCURRED AFTER JUNE 30, 2019

On July 25th, 2019 BIC announced it has signed a definitive agreement to acquire 100% of Lucky Stationery Nigeria Ltd (LSNL). The closing is expected end of 2019.

1.13 DESCRIPTION OF THE PRINCIPAL RISKS AND UNCERTAINTIES FOR H2 2019

BIC pursues an active and dynamic approach to risk management. The purpose of this approach is to enhance the Group's capacity in identifying, managing and monitoring major risks that could affect:

- its personnel, assets, environment or reputation;
- the Group's ability to reach its objectives and abide by its values, ethics or laws and regulations.

The approach is based on identification and analysis of the main risks to which the Group is exposed, particularly those related to the following areas: financial markets, legal, industry and environment, strategy and operations.

A description of the main risks identified by the BIC Group is available in the section entitled "Risks" of the 2018 registration document (page 37) filed with the *Autorité des Marchés Financiers* (AMF) on March 20, 2019 and which is available online, following this link: http://www.bicworld.com/en/finance/publications/.

No additional significant risk or uncertainties have been identified for the second half of 2019.

1.14 FULL-YEAR 2019 OUTLOOK

We expect 2019 Group Net Sales to grow slightly on a comparative basis[(1)] :

- In a continued challenging trading environment, overall sales performance will continue to be subject to macro-economic uncertainties and continued competitive pressure;
- H2 performance will be driven by favorable Back-to-School phasing, continuous growth in e-commerce, further distribution gains and the success of our added-value products in Stationery and Shavers. While the U.S. market will continue to be challenging, Lighters Net Sales should benefit from the positive impact of the price increase in Brazil.

Full Year 2019 Normalized Income from Operations margin is expected to be between 16.5% and 18%:

- While Full Year Gross Margin will continue to be impacted by unfavorable foreign exchange trends, H2 should benefit from more favorable Raw Material costs and positive fixed costs absorption;
- Brand Support should be lower in H2 vs H1, notably in Lighters.

1.15 GLOSSARY

- **Constant currency basis:** constant currency figures are calculated by translating the current year figures at prior year monthly average exchange rates.
- **Organic change or Comparative basis:** at constant currencies and constant perimeter. Figures at constant perimeter exclude the impacts of acquisitions and/or disposals that occurred during the current year and/or during the previous year, until their anniversary date. All Net Sales category comments are made on a comparative basis. Organic change excludes Argentina Net Sales for both 2018 and 2019.
- **Gross profit** is the margin that the Group realizes after deducting its manufacturing costs.
- **Normalized IFO:** normalized means excluding non-recurring items.
- **Normalized IFO margin:** Normalized IFO as a percentage of Net Sales.
- **Net cash from operating activities:** principal revenue-generating activities of the entity and other activities that are not investing or financing activities.
- **Net cash position:** Cash and cash equivalents + Other current financial assets - Current borrowings - Non-current borrowings (except financial liabilities following IFRS 16 implementation).

(1) For 2019 Net Sales, on a comparative basis will exclude Full Year 2018 BIC Sport's Net Sales and 2019 Haco Industries Ltd incremental Net Sales.

2

HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

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2.1 CONSOLIDATED INCOME STATEMENT

(condensed financial statements)

(in thousand euros)	Notes	June 30, 2018	June 30, 2019
Net sales	2-2	959,294	960,200
Cost of goods	4	(451,864)	(481,654)
Gross profit[(a)]		**507,430**	**478,546**
Distribution costs	4	(138,969)	(145,333)
Administrative expenses	4	(105,156)	(96,234)
Other operating expenses	4	(73,435)	(82,741)
Other income	5	1,424	5,742
Other expenses	5	(71,754)	(33,929)
Income from operations		**119,540**	**126,051**
Income from cash and cash equivalents	6	3,348	2,725
Net finance income/(Net finance costs)	6	2,426	(4,342)
Income before tax		**125,314**	**124,434**
Income tax expense	7	(54,520)	(34,841)
Net income from consolidated entities		**70,794**	**89,593**
Net income from continuing operations	8	70,794	89,593
Net income from discontinued operations		-	-
Consolidated income of which:		**70,794**	**89,593**
Non-controlling interests		-	-
Net income Group share	**8**	**70,794**	**89,593**
Earnings per share Group share (in euros)		1.55	1.99
Continuing operations	*8*	*1.55*	*1.99*
Discontinued operations		-	-
Diluted earnings per share Group share (in euros)[(b)]		1.54	1.97
Continuing operations	*8*	*1.54*	*1.97*
Discontinued operations		-	-
Average number of shares outstanding net of treasury shares over the period	8	45,755,483	45,120,558

(a) Gross profit is the margin that the Group realizes after deducting its manufacturing costs.

(b) The dilutive elements taken into account are stock options and free shares.

2.2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(condensed financial statements)

(in thousand euros)		Notes	June 30, 2018	June 30, 2019
GROUP NET INCOME	**A**		**70,794**	**89,593**
OTHER COMPREHENSIVE INCOME				
Actuarial differences on post-employment benefits not recyclable to the income statement[(a)]			21,942	(6,477)
Deferred tax on actuarial differences on post-employment benefits			(4,911)	1,555
Total actuarial differences not recyclable to the income statement – Net of tax	**B**		**17,031**	**(4,921)**
Gain/(Loss) on cash flow hedge			(17,254)	(2,257)
Exchange differences arising on translation of overseas operations[(b)]			(31,564)	14,067
Equity instruments at fair value			(3)	3
Deferred tax and current tax recognized on other comprehensive income			7,221	397
Other comprehensive income recyclable to the income statement – Net of tax	**C**		**(41,600)**	**12,210**
TOTAL COMPREHENSIVE INCOME	**D = A + B + C**		**46,225**	**96,881**
Attributable to:				
• BIC Group			46,225	96,881
• Non-controlling interests			-	-
TOTAL			**46,225**	**96,881**

(a) The impact of actuarial differences is mainly due to U.S. plans.

(b) The main items impacting the translation reserve variance for the period, by currency, are as follows: Brazilian real 4.6 million euros, U.S. dollar 1.6 million euros, Indian rupee 2.2 million euros, Argentinian peso -1.3 million euros and Mexican peso 3.8 million euros.

2.3 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(condensed financial statements)

Assets

(in thousand euros)	Notes	Dec. 31, 2018	January 1, 2019*	June 30, 2019
Goodwill	9	210,158	210,158	211,315
Property, plant and equipment		699,755	699,755	698,925
Intangible assets		76,413	76,413	77,247
Investment properties		1,742	1,742	1,695
Other non-current assets	10	27,921	27,921	24,591
Deferred tax assets		141,968	141,968	146,240
Derivative instruments	18	44	44	3
Non-current assets		**1,158,001**	**1,158,001**	**1,160,017**
Inventories	11	449,152	449,152	494,760
Income tax advance payments		34,755	34,755	29,598
Trade and other receivables	11, 20-1	534,683	534,683	639,624
Other current assets		14,703	14,703	21,597
Derivative instruments	18	5,289	5,289	3,058
Other current financial assets	20, CF (h)	12,855	12,855	9,312
Cash and cash equivalents	20, CF	157,533	157,533	182,338
Current assets		**1,208,970**	**1,208,970**	**1,380,288**
TOTAL ASSETS		**2,366,971**	**2,366,971**	**2,540,305**

* *Opening balance sheet – First application IFRIC 23 – Uncertainty over income tax treatments.*

CF: see consolidated cash flow statement.

Equity and liabilities

(in thousand euros)	Notes	Dec. 31, 2018	January 1, 2019*	June 30, 2019
Share capital	12-1	173,269	173,269	171,866
Accumulated profits		1,464,857	1,451,455	1,356,577
Shareholders' equity Group share		**1,638,126**	**1,624,724**	**1,528,443**
Non-controlling interests		-	-	-
Shareholders' equity	**SHEQ**	**1,638,126**	**1,624,724**	**1,528,443**
Non-current borrowings	13, 20-2	32,032	32,032	32,420
Other non-current liabilities		994	994	6,247
Employee benefits obligation		163,823	163,823	171,871
Provisions	14	43,507	56,909	80,231
Deferred tax liabilities		41,735	41,735	24,424
Derivative instruments	18	37	37	100
Non-current liabilities		**282,127**	**295,529**	**315,293**
Trade and other payables	11	137,729	137,729	151,031
Current borrowings	13	22,580	22,580	213,607
Current tax due		15,869	15,869	40,188
Other current liabilities	15	259,107	259,107	279,696
Derivative instruments	18	11,433	11,433	12,047
Current liabilities		**446,718**	**446,718**	**696,570**
TOTAL EQUITY AND LIABILITIES		**2,366,971**	**2,366,971**	**2,540,305**

* *Opening balance sheet – First application IFRIC 23 – Uncertainty over income tax treatments.*
SHEQ: See consolidated statement of changes in equity.

2.4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in thousand euros)	Notes	Share capital	Accu-mulated profits	Addi-tionnal paid in capital	Actuarial differences recognized in equity	Trans-lation reserve	Cash flow hedge derivatives	Share-holders' equity Group share	Non-controlling interests	Share-holders' equity
December 31, 2017		**175,141**	**1,693,439**	**7,851**	**(99,387)**	**(85,697)**	**10,823**	**1,702,170**	**-**	**1,702,170**
IFRS 9 adjustment – Financial assets depreciation		-	(3,583)	-	-	-	-	(3,583)	-	(3,583)
Hyperinflation impact in Argentina on the opening***		-	3,239	-	-	-	-	3,239	-	3,239
At January 1, 2018 restated		**175,141**	**1,693,095**	**7,851**	**(99,387)**	**(85,697)**	**10,823**	**1,701,826**	**-**	**1,701,826**
Dividends paid	*CF, 16*	*-*	*(157,762)*	*-*	*-*	*-*	*-*	*(157,762)*	*-*	*(157,762)*
Decrease in share capital[(a)]		*(2,626)*	*(51,399)*	*-*	*-*	*-*	*-*	*(54,025)*	*-*	*(54,025)*
Increase in share capital		*261*	*4,096*	*-*	*-*	*-*	*-*	*4,357*	*-*	*4,357*
Treasury shares		*493*	*(930)*	*-*	*-*	*-*	*-*	*(437)*	*-*	*(437)*
Recognition of share-based payments	*CF, 17*	*-*	*-*	*8,404*	*-*	*-*	*-*	*8,404*	*-*	*8,404*
Hyperinflation impact in Argentina		*-*	*4,999*	*-*	*-*	*-*	*-*	*4,999*		*4,999*
Other		*-*	*(2)*	*-*	*-*	*(2)*	*(4)*	*(8)*	*-*	*(8)*
Total transactions with Shareholders		***(1,871)***	***(200,998)***	***8,404***	*-*	***(2)***	***(4)***	***(194,472)***	*-*	***(194,472)***
Net income for the period		*-*	*173,350*	*-*	*-*	*-*	*-*	*173,350*	*-*	*173,350*
Other comprehensive income		*-*	*1,394*	*-*	*4,439*	*(33,244)*	*(15,166)*	*(42,578)*	*-*	*(42,578)*
Total comprehensive income		***-***	***174,744***	*-*	***4,439***	***(33,244)***	***(15,166)***	***130,772***	*-*	***130,772***
At December 31, 2018		**173,269**	**1,666,841**	**16,255**	**(94,948)**	**(118,943)**	**(4,347)**	**1,638,126**	**-**	**1,638,126**
First application IFRIC 23 – Uncertainty over income tax treatments impact		-	(13,404)	-	-	-	-	(13,404)	-	(13,404)
At January 1, 2019 restated		**173,269**	**1,653,437**	**16,255**	**(94,948)**	**(118,943)**	**(4,347)**	**1,624,724**	**-**	**1,624,724**
Dividends paid	*CF, 16*	*-*	*(155,228)*	*-*	*-*	*-*	*-*	*(155,228)*	*-*	*(155,228)*
Decrease in share capital[(a)]		*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Increase in share capital		*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*	*-*
Treasury shares		*(1,403)*	*(38,967)*	*-*	*-*	*-*	*-*	*(40,370)*	*-*	*(40,370)*
Recognition of share-based payments	*CF, 17*	*-*	*-*	*113*	*-*	*-*	*-*	*113*	*-*	*113*
Hyperinflation impact in Argentina		*-*	*2,334*	*-*	*-*	*-*	*-*	*2,334*	*-*	*2,334*
Other		*-*	*(6)*	*-*	*-*	*(5)*	*-*	*(11)*	*-*	*(11)*
Total transactions with Shareholders		***(1,403)***	***(191,867)***	***113***	***-***	***(5)***	*-*	***(193,161)***	***-***	***(193,161)***
Net income for the period		-	89,593	-	-	-	-	89,593	-	89,593
Other comprehensive income		-	(205)	-	(4,921)	14,067	(1,652)	7,288	-	7,288
Total comprehensive income		-	***89,387***	-	***(4,921)***	***14,067***	***(1,652)***	***96,881***	**-**	***96,881***
At June 30, 2019		**171,866**	**1,550,921**	**16,368**	**(99,869)**	**(104,845)**	**(5,998)**	**1,528,443**	**-**	**1,528,443**

(a) No share has been cancelled during the first half 2019.

CF: see consolidated cash flow statement.

2.5 CONSOLIDATED CASH FLOW STATEMENT

(in thousand euros)	Notes	June 30, 2018	June 30, 2019
Operating activities			
Net income Group share	IS	70,794	89,593
Income and expense without cash impact:			
Non-controlling interests	IS	-	-
Argentina hyperinflationary accounting		-	1,460
Depreciation and amortization of intangible and tangible assets and investment properties	2	53,001	57,110
Impairment loss		(47)	(280)
Goodwill impairment	9, (a)	68,709	-
Provision for employee benefits		8,953	8,723
Other provisions (excluding provisions on current assets)	14	790	36,947
Unrealized foreign currency gain/loss	(b)	(4,938)	1,246
Hedging and derivative instruments	18	929	762
Option premium expense	18	560	1,033
Recognition of share-based payments	17, SHEQ	5,614	113
Deferred tax variation		(6,631)	(32,270)
(Gain)/Loss from disposal of fixed assets	5, (c)	(50)	218
Cash flow from operations		**197,684**	**164,655**
(Increase)/Decrease in net working capital	11, (d)	(134,405)	(106,263)
Payments related to employee benefits	(e)	(6,843)	(7,869)
Financial expense/(income)	6	(1,244)	(385)
Interest (paid)/received		1,365	450
Income tax expense		61,151	53,710
Income tax paid		(34,592)	(24,666)
NET CASH FROM OPERATING ACTIVITIES		**83,116**	**79,633**
Investing activities			
Disposal of fixed assets	(c)	603	136
Purchases of property, plant and equipment	(g)	(48,324)	(44,777)
Purchases of intangible assets	(g)	(3,281)	(2,766)
(Increase)/Decrease in other investments		73	30
Sale of other current financial assets	(h)	5,021	3,587
Purchase of Haco Industries Kenya	(i)	-	(1,807)
NET CASH FROM INVESTING ACTIVITIES		**(45,908)**	**(45,596)**
Financing activities			
Dividends paid	SHEQ, 16, (j)	(157,762)	(155,228)
Borrowings/(Repayments)	13, (k)	100,929	103,835
Payments of obligations under leases		(7,292)	(8,294)
Purchase of financial instruments	18	(659)	(1,102)
Increase in treasury shares	(l)	(23,919)	(39,995)
Exercise of stock options	(l)	1,444	-
NET CASH FROM FINANCING ACTIVITIES		**(87,259)**	**(100,784)**
Net cash variation		**(50,051)**	**(66,747)**
Opening cash and cash equivalents net of bank overdrafts	BS, 13	186,969	149,795
Exchange difference		(3,189)	1,582
CLOSING CASH AND CASH EQUIVALENTS NET OF BANK OVERDRAFTS	**BS, 13**	**133,729**	**84,629**

IS: See consolidated income statement.
SHEQ: See consolidated statement of changes in equity.
BS: See consolidated balance sheet.

As of June 30, 2019 cash and cash equivalents amounted to 182.3 million euros and bank overdrafts to 97.7 million euros.

Net Cash From Operating Activities

H1 2019 net cash from operating activities amounted to 79.6 million euros and included 3.0 million euros in payments related to restructuring (1.9 million euros during the first half 2018).

During the first half 2018, a partial Cello goodwill impairment was booked for 68.7 million euros (see Note 9)[a] and constituted a non-cash event.

The Group recorded foreign exchange (gains)/losses with no cash impact in financial income and restated these in the consolidated cash flow statement[b].

There was no significant disposal of fixed assets during the first half 2018 and 2019[c].

The working capital (see *Note 11* for the definition) increase amounted to 106.3 million euros compared to an increase during the first half 2018 of 134.4 million euros. The 2019 variance is mainly explained by an increase in trade receivables[d].

The payments related to employee benefits were mainly driven by the U.S. [e].

Net Cash From Investing Activities

Net cash from investing activities amounted to -45.6 million euros during the first half 2019 compared to -45.9 million euros during the first half 2018.

During the first half 2019 and 2018, there was no disposal of individually significant fixed assets[c].

During the first half of 2019, the BIC Group disbursed 47.5 million euros of property, plant and equipment and intangible assets (including 2.5 millions euros related to assets payables variance)[g].

Purchases of property, plant and equipment do not include finance leases booked as a counterpart to a financial debt, as these transactions do not have any impact on cash[g].

The amount of financial assets classified under "Other current financial assets" refers to investments not eligible for classification as cash & cash equivalents under IAS 7. As of June 30, 2019, these investments consisted of units of UCITS and negotiable debt securities, all of which are liquid within 5 days[h].

End of 2018, the transfer of Haco Industries Kenya Ltd stationery manufacturing and distribution to BIC was completed (i). 1.8 million euros were paid during the first half 2019.

Net Cash From Financing Activities

Net cash from financing activities amounted to -100.8 million euros during the first half 2019 compared to -87.3 million euros during the first half 2018.

The dividends paid represent the dividends paid by SOCIÉTÉ BIC to its Shareholders (see Note 16)[j].

As of June 30, 2019, new borrowings amounted to 103.8 million euros compared to 100.9 million euros during the first half 2018. They are short-term financing to ensure the ad hoc liquidity needs of SOCIÉTÉ BIC [k].

During the first half 2019, 478,667 shares were repurchased by SOCIÉTÉ BIC for 39.2 million euros [l]. Under the liquidity agreement, SOCIÉTÉ BIC bought 97,014 shares for 7.7 million euros and sold 79,208 shares for 6.3 million euros.

During the first half 2018, 296,932 shares were repurchased by SOCIÉTÉ BIC for 23.8 million euros and 1,706 shares were repurchased by BIC Corporation for an amount of 0.2 million euros. Under the liquidity agreement, SOCIÉTÉ BIC bought 314,097 shares for 26.6 million euros and sold 312,216 shares for 26.5 million euros. In addition, 15,526 options were exercised in the period for 1.0 million euros, including 0.1 million euros which have not yet been received at end of June 2018. Moreover, in early 2018, SOCIÉTÉ BIC received 0.7 million euros related to stock options exercised at the end of 2017[l].

2.6 NOTES TO THE HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 1 MAIN RULES AND ACCOUNTING POLICIES

1-1 Accounting policies

1-1-1 General

Pursuant to European regulation n°1606/2002 of July 19, 2002 concerning international accounting standards, the consolidated financial statements of the BIC Group have been prepared in accordance with accounting principles as defined by the International Accounting Standards Board (IASB) as adopted by the European Union. International Financial Reporting Standards are available on the European Union website at http://ec.europa.eu/internal_market/accounting/ias/index_en.htm.

The international standards include the IFRS (International Financial Reporting Standards), the IAS (International Accounting Standards), as well as their SIC (Standing Interpretation Committee) and IFRIC (International Financial Reporting Interpretations Committee) interpretations.

The condensed half-year consolidated financial statements as of June 30, 2018 and June 30, 2019 have been prepared in compliance with IAS 34 – Interim financial reporting. The financial statements have been prepared on the historical cost basis, except for the valuation of certain financial instruments.

IAS 34 allows presentation of a selection of notes to the condensed half-year consolidated financial statements that should be read in conjunction with the consolidated financial statements of December 31, 2018.

The measurement procedures used for the interim condensed consolidated financial statements are as follows:

- interim period income tax expense results from the estimated annual Group effective income tax rate applied to the pre-tax result of the interim period excluding non recurring material items. The income tax charge related to any unusual item in the period is accrued using its actual tax expense;
- regarding the main pension plans and other employee benefits (United States, Canada), actuarial valuations are performed every six months. Amounts recognized in the interim statement of financial position are based on estimates made at the end of the previous year and on the discount rates as of June 30. Regarding share-based payments and other benefits plans, expenses are recognized in the period on a *pro rata* basis of the estimated costs for the year.

The principal accounting policies remain unchanged compared to last year except for adoption of the following standard, effective since January 1, 2019.

1-1-2 Adoption of new and revised International Financial Reporting Standards, interpretations and amendments

New standards, amendments and interpretations of mandatory application for financial years beginning on or after January 1, 2019

The following standards and amendments are effective since January 1, 2019 and have been applied to the consolidated financial statement as of June 30, 2019:

- IFRIC 23 – Uncertainty over Income Tax Treatments. IFRIC 23 is an interpretation which provides guidance on how to account for uncertain tax treatments and positions.

  It clarifies and set up principles for recognition and measurement of assets and liabilities over income tax related risks, when there is uncertainty over tax positions taken. Only income tax is in the scope.

  This Interpretation is effective for annual reporting beginning January 1, 2019 using the partial retrospective method.

  We have adjusted negatively the Shareholders' equity from 13 million euros as of January 1, 2019 (counterpart provision for risks and charges see Note 14). This risk relates to a tax uncertainty on one of our Brazilian subsidiaries and the tax deductibility of certain expenses recognized in the financial statements of this subsidiary.
- Amendments to IAS 19 – Employee Benefits – Plan Amendment, Curtailment or Settlement;
- Annual improvements to IFRSs 2015-2017 Cycle:
  - IAS 12 – Income Taxes,
  - IFRS 3 – Business Combinations.

New standards, interpretations and amendments that may be applied early for financial years beginning on or after January 1, 2019

As of June 30, 2019, the Group did not elect to early apply any standard, interpretation or amendment.

Standards, interpretations and amendments that may not be applied early for financial years beginning on or after January 1, 2019

- Amendment of the references of the conceptual framework in ifrs standards.

Analysis on the practical consequences of these new regulations is in progress.

1-2 Change in Group structure

No significant change in Group structure.

1-3 Subsequent events

No subsequent event occurred between July 1, 2019 and the reporting date.

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NOTE 2 OPERATING SEGMENTS

2-1 General information

BIC Group operating segments have been determined based on the reports regularly provided to the management and used to make strategic decisions.

The management, composed of operational representatives responsible for the continent, representatives of the categories and cross-functional functions, considers the business from a product category perspective, knowing that each category can be reviewed for a specific geographic area if necessary.

The categories are as follows: Stationery, Lighters, Shavers, Other Products.

These operating segments receive their revenues from the production and distribution of each product category.

2-2 Information on the income statement and assets by activity

All indicators are determined according to IFRS, except for:

- normalized income from operations, which is the income from operations restated for non-recurring items (in particular real estate gains, the gain or loss on the sale of businesses and restructuring costs). It constitutes the key financial metrics used within the Group;
- capital additions, which are the purchases and internal generation of property, plant and equipment and intangible fixed assets for the period.

	June 30, 2018					June 30, 2019				
(in million euros)	Stationery	Lighters	Shavers	Other Products	Total	Stationery	Lighters	Shavers	Other Products	Total
Income Statement										
• Net sales	401	318	210	30	959	401	320	224	15	**960**
• Depreciation and amortization	(16)	(11)	(15)	(11)	(53)	(16)	(12)	(17)	(12)	**(57)**
• Impairment loss	(69)	-	-	-	(69)	-	-	-	-	-
• Income from operations	(22)	118	24	(1)	119	24	96	9	(3)	**126**
Restatements made to obtain the normalized income from operations										
• Cello Goodwill impairment	69	-	-	-	69	-	-	-	-	**-**
• restructuring costs	-	-	-	-	-	10	9	7	-	**27**
Normalized income from operations	47	118	24	(1)	188	34	105	16	(2)	**153**

As of June 30, 2019, the BIC Group had not identified any major customer with which it realized more than 10% of its net sales over the period.

	June 30, 2018					June 30, 2019				
(in million euros)	Stationery	Lighters	Shavers	Other Products	Total	Stationery	Lighters	Shavers	Other Products	Total
Capital additions[(1)]	11	19	13	9	51	13	13	11	8	**45**
Net inventories	216	132	106	17	470	242	141	103	9	**495**

(1) Excluding capital additions cashed out in 2019 related to 2018 amounting 2.5 million euros.

2-3 Information by geography

The geographies identified by the management are: France, Europe (excluding France), North America and Developing markets.

	June 30, 2018					June 30, 2019				
(in million euros)	France	Europe excluding France	North America	Developing markets	Total	France	Europe excluding France	North America	Developing markets	TOTAL
Net sales	109	191	380	279	959	95	196	389	280	**960**

	June 30, 2018					June 30, 2019				
(in million euros)	France	Europe excluding France	North America	Developing markets	Total	France	Europe excluding France	North America	Developing markets	TOTAL
Non-current assets*	262	203	231	297	993	261	204	222	326	**1 013**

* *Other than financial instruments (3 thousand euros in 2019 and 136 thousand euros in 2018), deferred tax assets (146.2 million euros in 2019 and 105.0 million euros in 2018).*

NOTE 3 EXCHANGE RATES OF FOREIGN CURRENCIES

The following table shows foreign currency equivalents of one euro (for instance: average 2019 is 1 euro = 1.13 U.S. dollars).

	Average	Average	June 30, 2018	June 30, 2019
Foreign currencies	Euro	Euro	Euro	Euro
U.S. dollar – USD	1.21	1.13	1.17	1.14
Australian dollar – AUD	1.57	1.60	1.58	1.62
Canadian dollar – CAD	1.55	1.51	1.54	1.49
Swiss franc – CHF	1.17	1.13	1.16	1.11
Chinese renminbi – CNY	7.70	7.67	7.72	7.82
British pound – GBP	0.88	0.87	0.89	0.90
Hong Kong dollar – HKD	9.48	8.86	9.15	8.89
Indian rupee – INR	79.53	79.10	79.81	78.52
Japanese yen – JPY	131.46	124.10	129.04	122.60
Korean won – KRW	1,302.30	1,295.42	1,297.00	1,315.00
Malaysian ringgit – MYR	4.77	4.65	4.71	4.71
New Zealand dollar – NZD	1.69	1.68	1.72	1.70
Philippine peso – PHP	62.97	58.97	62.17	58.34
Polish zloty – PLN	4.22	4.29	4.37	4.25
Swedish krona – SEK	10.16	10.52	10.45	10.56
South African rand – ZAR	14.89	16.05	16.05	16.12
Argentinian peso – ARS	26.26	47.45	34.43	48.44
Brazilian real – BRL	4.15	4.34	4.49	4.35
Mexican peso – MXN	23.09	21.65	22.88	21.82
Ukrainian hryvnia – UAH	32.33	30.42	30.70	29.78
Russian ruble – RUB	71.96	73.70	73.16	71.60

To date we do not see any significant impact attributable to Brexit. The British subsidiary of the BIC Group, BIC UK, has been importing most of its products from BIC factories located in the Euro zone for years and is invoiced in euros by these entities.

The fluctuation of the exchange rate of the British Pound against the Euro is fully integrated into our foreign exchange risk management processes.

The exposure of our british perimeter amounts 15.4 million euros as of June 30, 2019.

NOTE 4 OPERATING EXPENSES

(in thousand euros)	June 30, 2018	June 30, 2019
Raw materials, consumables used and change in inventory	228,455	239,100
Staff costs	262,838	262,025
Depreciation and amortization expenses	53,001	57,110
Other operating expenses	225,130	242,708
Impairment loss on manufacturing equipment	-	(172)
Profit on operational foreign currency translation	-	5,191
TOTAL	**769,424**	**805,962**

Other income and expenses are not included in the total amount and are disclosed in Note 5.

Other operating expenses mainly include outside services.

Research and development costs recognized under operating expenses for the first semester of 2019 amounted to 15.3 million euros as for 2018.

They include the French research tax credit for 1.4 million euros as for 2018.

NOTE 5 OTHER INCOME AND EXPENSES

(in thousand euros)	June 30, 2018	June 30, 2019
Royalties income	5	102
Gain on disposal of fixed assets	50	-
Other	1,369	5,640
Other income	**1,424**	**5,742**
Impairment loss on goodwill	(68,661)	-
Cost reduction plans	-	(27,006)
Other	(3,093)	(6,923)
Other expenses	**(71,754)**	**(33,929)**
TOTAL	**(70,330)**	**(28,187)**

Other income and expenses incurred in the first half 2019 mainly include the restructuring costs amounting 27 million euros related to deploying the second phase of the transformation plan announced on June 6th, 2019. Out of the 27 million euros, 22.6 million euros is classified as a provision for risks and charges (see Note 14), 3 million euros has been cashed out (see cash flow statement) and 1.4 million euros is recorded as a current liability.

Other income and expenses incurred in the first half 2018 mainly include the partial Cello goodwill impairment amounting to 68.7 million euros.

NOTE 6 FINANCIAL INCOME

(in thousand euros)	June 30, 2018	June 30, 2019
Interest income from cash and cash equivalents	1,872	1,099
Interest on bank deposits	1,476	1,626
Income from cash and cash equivalents	**3,348**	**2,725**
Interest expense	(1,376)	(1,585)
Cost of financial debt – IFRS 16	(728)	(755)
Argentina hyperinlfation accounting - IAS 29	-	(2,845)
Net financial foreign exchange difference	4,530	843
Net finance income/(Net finance costs)	**2,426**	**(4,342)**
FINANCE (COSTS)/REVENUE	**5,774**	**(1,617)**

The decrease in financial income during the first half of 2019 compared to the first half of 2018 comes from several factors:

- During the first semester of 2018, the appreciation of the U.S. dollar against the euro generated a very favorable impact, on the valuation of financial assets denominated in U.S. dollars;
- First half of 2019 was negatively impacted by Argentina hyperinflation accounting for 2.8 million euros;
- Income from cash and cash equivalents decreased compared to the previous period due to lower interest rates.

NOTE 7 INCOME TAX

7-1 Income tax expense

(in thousand euros)	June 30, 2018	June 30, 2019
Income before tax	125,314	124,434
Tax charge	54,520	34,841
TAX RATE	**43.51%**	**28.00%**

At the end of June 2019, the Group effective tax rate is determined on an annual basis. The Tax charge is calculated by applying the estimated average rate for the 2019 full year to income before tax (excluding non recurring material items), taking into account any tax rate changes voted by June 30, 2019 and effective after June 30, 2019. The income tax charge related to any non recurring items in the period is accrued using the actual tax expense.

As of June 30, 2018, the Cello goodwill had been partially impaired for an amount of 68.7 million euros and had generated an increase in the Group effective tax rate.

7-2 Deferred and current tax recognized in other comprehensive income

Deferred and current taxes recognized in other comprehensive income result from the following items:

At June 30, 2019

(in thousand euros)	Other comprehensive income	Deferred taxes
Actuarial differences on post-employment benefits (1)	(6,477)	1,555
Other comprehensive income (2)	11,814	398
Cash flow hedge	*(2,257)*	*605*
Foreign exchange impact	*14,067*	*(209)*
Other	*3*	*2*
TOTAL (1)+(2)	**5,337**	**1,952**

At June 30, 2018

(in thousand euros)	Other comprehensive income	Deferred taxes
Actuarial differences on post-employment benefits (1)	21,942	(4,911)
Other comprehensive income (2)	(48,821)	7,221
Cash flow hedge	*(17,254)*	*5,974*
Foreign exchange impact	*(31,564)*	*558*
Other	*(3)*	*689*
TOTAL (1)+(2)	**(26,879)**	**2,310**

NOTE 8 EARNINGS PER SHARE GROUP SHARE

Earnings per share (Group share) and diluted earnings per share (Group share) correspond to the Group net income divided by the relevant number of shares.

The number of shares used to calculate the earnings per share (Group share) is the weighted average number of ordinary shares outstanding during the period less the weighted average number of shares held in treasury stock by SOCIÉTÉ BIC during the period and presented as a reduction to equity.

The number of shares used to calculate the diluted earnings per share (Group share) is the weighted average number of shares potentially in circulation during the period, which corresponds to the number of shares used for basic earnings per share Group share, adjusted for the dilutive effect of stock options.

As of June 30, 2019, there are no shares with relutive impact and the maximum dilutive effect from unvested free shares is around 0.6% of the share capital.

	June 30, 2018	June 30, 2019
Numerator *(in thousand euros)*		
Net income Group share from continuing operations	70,794	89,593
Denominator *(in number of shares)*		
Weighted average number of ordinary shares in circulation	45,755,483	45,120,558
Dilutive effect of stock options	278,408	293,590
Diluted weighted average number of ordinary shares in circulation	46,033,891	45,414,148
Earnings per share Group share from continuing operations *(in euros)*		
Earnings per share Group share from continuing operations	1.55	1.99
Diluted earnings per share Group share from continuing operations	1.54	1.97

NOTE 9 GOODWILL

(in thousand euros)	Gross value	Impairment loss	Net value
At January 1, 2019	**297,459**	**(87,301)**	**210,158**
Argentina hyperinflation	(2)	-	(2)
Exchange differences	2,332	(1,173)	1,159
At June 30, 2019	**299,789**	**(88,474)**	**211,315**

The balance, as of June 30, 2019, includes the following principal net goodwill:

(in thousand euros)	At December 31, 2018	June 30, 2019
BIC CORPORATION – stationery[a]	51,904	52,156
BIC CORPORATION – lighter[a]	41,190	41,408
Cello Pens	23,919	24,277
BIC Violex	70,516	70,630
Kenya	5,550	5,575
PIMACO[a]	-	-
Others[a]	17,080	17,269
TOTAL	**210,158**	**211,315**

(a) These goodwill amounts are linked to cash-generating units represented by distribution subsidiaries.

To perform the impairment tests, the Group used the following discount and perpetual growth rates:

	Weighted average cost of capital (WACC) before tax		Perpetual growth rate	
	2018	2019	2018	2019
BIC CORPORATION				
Stationery	9.7%	9.5%	1.5%	1.5%
Lighter	9.4%	9.2%	1.5%	1.5%
Cello Pens	14.9%	14.1%	4.8%	4.8%
BIC Violex	14.3%	13.1%	1.9%	1.9%
Kenya	-	15.7%	-	5.0%
PIMACO	23.9%	20.4%	-15.0%	-1.5%

Each goodwill item has been allocated to a cash-generating unit ("CGU") representing the lowest level at which goodwill is monitored by the Group.

The goodwill on BIC CORPORATION is thus mainly allocated to cash-generating units linked to the distribution by BIC CORPORATION of stationery products and lighters.

The goodwill on Cello Pens is allocated to the cash-generating units linked to the production and distribution of stationery products by Cello.

The remaining goodwill on BIC Violex is allocated to the cash-generating unit linked to shavers developed and/or produced by BIC Violex and sold all over the world. This cash-generating unit also includes the portion of BIC CORPORATION goodwill allocated to shavers.

The goodwill on Kenya is allocated to the cash-generating units linked to the production and distribution of stationery products by BIC East Africa.

As every year, as of June 30, 2019, the Group performed annual impairment tests on these goodwill amounts.

The goodwill impairment test methodology is based on a comparison between the recoverable amount of each of the Group's cash-generating units and the corresponding assets' net book value (including goodwill).

Such recoverable amounts correspond to the value in use and are determined using discounted future cash flow projections over a maximum of five years and a terminal value using the perpetual annuity method, including notably the following:

- the discount rate before taxes used is the weighted average cost of capital. Particular attention has been paid to the analysis of the main market items used for the calculation of the discount rate;
- the perpetual growth rates were determined based on external (inflation rate) and internal (business growth) sources. Perpetual growth rates above 2% take into account market specifics.

Considering the partial impairment last year on Cello goodwill, any negative variance of drivers (WACC, performance and perpetual growth rate) would lead to an additional impairment.

The sensitivity of the other impairment tests to changes in the key assumptions indicates that no reasonably likely change would lead to impairment, taking into account the observed headroom on the other tests conducted.

NOTE 10 OTHER NON-CURRENT ASSETS

(in thousand euros)	December 31, 2018	June 30, 2019
Guarantee deposits	4,431	4,439
Deferred pensions	2,935	3,038
Deferred compensation in the U.S. (other than pension)	7,702	7,750
Other non-current assets	12,853	9,364
TOTAL	**27,921**	**24,591**

NOTE 11 CHANGE IN NET WORKING CAPITAL

(in thousand euros)	December 31, 2018	Cash flows impact	Foreign exchange and others	June 30, 2019
Net inventory	449,152	42,467	3,140	494,760
• *Inventory – Gross value*	*463,250*	*42,303*	*3,225*	*508,779*
• *Inventory – Impairment*	*(14,098)*	*164*	*(86)*	*(14,019)*
Trade and other receivables	534,683	101,476	3,465	639,624
Trade and other payables	(137,729)	(19,453)	6,151	(151,031)
Other assets and liabilities	(224,886)	(18,229)	(4,132)	(247,248)
NET WORKING CAPITAL	**621,220**	**106,261**	**8,624**	**736,105**

CF: See consolidated cash flow statement.

The working capital is used to finance the Group's operating cycle. Details of the elements used in the calculation are presented above.

NOTE 12 SHARE CAPITAL

12-1 Share capital

(in thousand euros)	December 31, 2018	June 30, 2019
Authorized, issued and fully paid-up share capital	175,762	175,762
Repurchase of shares of the Company	(2,492)	(3,895)
SHARE CAPITAL	**173,269**	**171,866**

As of June 30, 2019, the registered share capital of SOCIÉTÉ BIC was 175,761,664.74 euros divided into 46,010,907 shares of 3.82 euros each. Registered shares held for more than two years carry double voting rights.

In addition, SOCIÉTÉ BIC holds 1,019,686 treasury shares, acquired at an average price of 84.93 euros in accordance with Article L. 225-209 of the French Commercial Code, which represent 2.22% of the share capital.

12-2 SOCIÉTÉ BIC shares held in treasury stock and share repurchase program as of June 30, 2019

Purpose of the repurchase	Number of shares	Average acquisition price *(in euros)*	% of the share capital
Liquidity agreement [(a)]	32,539	70.39	0.07%
Free share grants [(a)]	987,147	85.41	2.15%
TOTAL	**1,019,686**	**84.93**	**2.22%**

(a) Article L. 225-209 of the French Commercial Code.

In accordance with the liquidity agreement, transferred by Natixis to ODDO on June 27, 2018 in respect of SOCIÉTÉ BIC shares, as of June 30, 2019, the liquidity account contained the following:

- 32,539 BIC shares;
- 910,195.55 euros.

At initial set-up, the liquidity account contained the following:

- 2,312 BIC shares;
- 912,744.48 euros.

SOCIÉTÉ BIC obtained authorization from the Annual Shareholders' Meeting on May 22, 2019, to renew its share repurchase program (see 2018 registration document, section 8, p.288).

Number of shares purchased in 2019 [(b)]	
• Share repurchase program authorized by the Annual Shareholders' Meeting held on May 16, 2018	478,667
• Share repurchase program authorized by the Annual Shareholders' Meeting held on May 22, 2019	-
Average share repurchase price for the purchases during the first half of 2019 (in euros)	81.83

(b) Excluding shares repurchased under the liquidity contract.

During the first half of 2019, SOCIÉTÉ BIC cancelled no shares.

To the best of the Company's knowledge, as of June 30, 2019, Shareholders holding more than 5%, 10%, 15%, 20%, 25%, 33.33%, 50%, 66.66%, 90% or 95% of the share capital and/or of the voting rights of the Company were as follows:

	June 30, 2019	
	% of shares (approx.)	% of voting rights (approx.)
SOCIÉTÉ M.B.D.	27.68%	37.75%
Bich Family	17.09%	23.18%

NOTE 13 BORROWINGS AND FINANCIAL LIABILITIES

(in thousand euros)	Bank overdrafts	Current borrowings and financial liabilities	Non-current borrowings and financial liabilities	Current lease liability	Non-current lease liability	Total
At January 1, 2019	**7,738**	**1,174**	**3**	**13,668**	**32,028**	**54,610**
Cash Flows	89,993	100,945	2,889	(8,293)	(139)	185,395
"Non-cash" variations	(23)	(25)	(46)	8,512	(2,399)	6,021
• Variations in obligations under leases - IFRS 16	-	-	-	8,349	(2,410)	5,940
• Exchange difference	(23)	(25)	(46)	81	94	81
At June 30, 2019	**97,708**	**102,095**	**2,847**	**13,806**	**29,573**	**246,027**

Bank overdrafts are due within one year.

Bank loans and financial liabilities have the following maturities:

(in thousand euros)	December 31, 2018	June 30, 2019
On demand or within one year	1,174	102,095
In the 2nd year	3	1
In the 3rd year	-	-
In the 4th year	-	-
In the 5th year	-	2,846
TOTAL	**1,177**	**104,941**

Main bank loans/credit lines and financial liabilities are as follows:

Borrowing country		Euro equivalents	
(in thousand euros)	Currency	December 31, 2018	June 30, 2019
• France	EUR	-	100,000
• Kenya	KES	-	2,846
• South *Korea*	KRW	1,174	1,141
• India	INR	-	954
TOTAL		**1,174**	**104,941**

Information on interest rates

As of June 30, 2019, outstanding loans and credit lines were contracted with floating rates ranging between 0.2% and 12%.

Relative exposure, deemed not significant, has not been hedged.

Information on covenants

None of the loans contain any covenants that could trigger early repayment of the debt.

NOTE 14 PROVISIONS

(in thousand euros)	Tax and social risks and litigation	Llitigation	Product liability	Other risks and charges	Total
At January 1, 2018	**27,052**	**10,129**	**1,151**	**3,837**	**42,170**
Additional provisions	7,055	8,301	1,014	1,021	17,390
Reversals of provisions utilized	(3,573)	(2,508)	(985)	(1,225)	(8,291)
Reversals of provisions not utilized	(4,610)	(2,410)	-	(476)	(7,496)
Exchange differences	(79)	(177)	25	(570)	(801)
BIC Sport divestiture	-	(180)	-	(35)	(215)
Reclassification	(8)	(19)	-	777	750
At December 31, 2018	**25,837**	**13,136**	**1,205**	**3,329**	**43,507**
First application IFRIC 23 – Uncertainty over income tax treatments impact (see Note 1)	13,404	-	-	-	13,404
At January 1, 2019	**39,241**	**13,136**	**1,205**	**3,329**	**56,911**
Additional provisions	768	3,114	1	22,900	26,783
Reversals of provisions utilized	(713)	(148)	-	(148)	(1,009)
Reversals of provisions not utilized	(102)	(2,098)	-	(31)	(2,231)
Exchange differences	(36)	(113)	8	(81)	(222)
Reclassification	(10)	-	-	10	-
At June 30, 2019	**39,147**	**13,892**	**1,213**	**25,979**	**80,231**

As of June 30, 2019, it was not deemed necessary to book provisions for the risks described in the Part 1 "Group Presentation" that could affect:

- the Company's personnel, assets, environment or reputation;
- the Group's ability to reach its objectives and abide by its values, ethics or the laws and regulations.

Tax and social risks and litigation

Provisions for tax and social risks and litigation relate mainly to:

- tax risks;
- U.S. workers' compensation.

Tax audits are carried out regularly by local tax authorities which may dispute positions taken by Group subsidiaries. In accordance with the Group's accounting policies, it may be decided to record provisions when tax-related risks are considered likely to generate a payment to local tax authorities.

The Group reviews the evaluation of all its tax positions on a regular basis, using external counsels and considers that its tax positions are adequately provided for. However, the Group cannot predict the ultimate outcome of future audits.

Litigation

As of June 30, 2019, the litigation provision mainly represents distributor and commercial agent risks for 2.2 million euros, as at December 31, 2018.

Other risks and charges

As of June 30, 2019, other provisions for risks and charges are mainly related to the restructuring provision for an amount of 22.6 million euros (see Note 5).

Product liability

Product liability mainly relates to the U.S.

NOTE 15 OTHER CURRENT LIABILITIES

(in thousand euros)	December 31, 2018	June 30, 2019
Social liabilities	90,557	87,066
Other tax liabilities	10,741	29,991
Accrued Business Development Fund	87,055	85,285
Other current liabilities	70,754	77,354
OTHER CURRENT LIABILITIES	**259,107**	**279,696**

NOTE 16 DIVIDENDS

For the 2018 fiscal year, an ordinary dividend of 3.45 euros per share was distributed to Shareholders on May 22, 2019.

For the 2017 fiscal year, an ordinary dividend of 3.45 euros per share was distributed to Shareholders on May 30, 2018.

NOTE 17 SHARE BASED PAYMENTS

As of June 30, 2019, the fair value of options and shares granted amounts 113 thousand euros and is booked in staff costs.

The Board of Directors of February 12, 2019 decided to grant 162,025 free shares to 496 beneficiaries subject to performance conditions and 17,550 free shares to 239 beneficiaries without performance conditions. The plans' unit fair value is 81.14 euros.

NOTE 18 FINANCIAL INSTRUMENTS

18-1 Impact of interest rate and foreign exchange risk hedging on the consolidated financial statements as of June 30, 2019

The following amounts have been booked as the fair value of derivatives as of June 30, 2019 (*in thousand euros*):

Derivative instruments and revaluation	Hedge qualification/ hedged risk	Net financial Income/ (expense) before tax - Note 6	Income from operations - Note 4	Other compre-hensive income before tax [(a)]	Current assets [(b)]	Non Current assets	Current Liabilities	Non-current Liabilities
Hedging revaluation impact								
Commercial flows	Cash flow hedge/Foreign exchange risk	71	(748)	(665)	2,963	3	(5,522)	(100)
Dividends	Net investment/Foreign exchange risk	-	-	(1,592)	-	-	(6,490)	-
Subtotal (1)		**71**	**(748)**	**(2,257)**	**2,963**	**3**	**(12,012)**	**(100)**
Revaluation of cross-currency swaps backed by cash positions in foreign currencies	At fair value through P&L/Foreign exchange risk	(14)	-	-	95	-	(34)	-
Subtotal (2)		**(14)**	**-**	**-**	**95**	**-**	**(34)**	**-**
TOTAL 1+2		**57**	**(748)**	**(2,257)**	**3,058**	**3**	**(12,047)**	**(100)**

(a) This corresponds to mark-to-market of hedging instruments in the portfolio at June 30, 2019, restated for the reversal of the mark-to-market of the portfolio of hedging instruments as of December 31, 2018.

(b) Including options not yet exercised held by SOCIÉTÉ BIC representing current assets for 999 thousand euros.

18-2 Impact of interest rate and foreign exchange risk hedging on the consolidated financial statements as of December 31, 2018

The following amounts have been booked as the fair value of derivatives as of December 2018 (*in thousand euros*):

Derivative instruments and revaluation	Hedge income qualification/ hedged risk	Net financial Income/ (expense) before tax – Note 6	Income from operations – Note 4	Other compre-hensive income before tax (a)	Current assets (b)	Non-current assets	Current Liabilities	Non-current Liabilities
Hedging revaluation impact								
Commercial flows	Cash flow hedge/Foreign exchange risk	-	(4,608)	(19,411)	5,058	44	(7,346)	(37)
Dividends	Net investment/Foreign exchange risk		-	(3,932)	-	-	(3,930)	-
Subtotal (1)			**(4,608)**	**(23,344)**	**5,058**	**44**	**(11,276)**	**(37)**
Revaluation of cross-currency swaps backed by cash positions in foreign currencies	At fair value through P&L/Foreign exchange risk							
Subtotal (2)		**249**	**-**	**-**	**231**	**-**	**(157)**	**-**
TOTAL 1+2		**249**	**(4,608)**	**(23,344)**	**5,289**	**44**	**(11,433)**	**(37)**

(a) This corresponds to mark-to-market of hedging instruments in the portfolio at December 31, 2018, restated for the reversal of the mark-to-market of the portfolio of hedging instruments as of December 31, 2017.

(b) Including options not yet exercised held by SOCIÉTÉ BIC representing current assets for 928 thousand euros.

NOTE 19 CONTINGENT LIABILITIES

As of June 30, 2019, neither SOCIÉTÉ BIC nor its subsidiaries had no knowledge of any contingent liabilities.

NOTE 20 EXPOSURE TO MARKET RISKS

20-1 Credit risk

(in thousand euros)	Note	December 31, 2018	June 30, 2019
Gross trade receivables			
Not yet due or past due for less than 60 days		451,856	548,832
Past due for 60 to 90 days		11,309	7,334
Past due for 90 to 120 days		7,740	6,622
Past due for more than 120 days		23,602	25,678
Total gross trade receivables		**494,507**	**588,466**
Doubtful receivables		11,987	12,912
TOTAL BEFORE ALLOWANCE (A)		**506,494**	**601,378**
Allowance on trade receivables not yet due or for less than 60 days past due		(4,644)	(4,913)
Allowance on trade receivables for 60 to 90 days past due		(284)	(709)
Allowance on trade receivables for 90 to 120 days past due		(396)	(853)
Allowance on trade receivables for more than 120 days past due		(20,679)	(21,926)
TOTAL ALLOWANCE (B)		**(26,003)**	**(28,412)**
Allowance on specific trade receivables		*(21,387)*	(22,254)
Allowance on statistically calculated trade receivables		*(4,616)*	(6,158)
Other receivables (C)		**54,192**	**66,658**
TRADE AND OTHER RECEIVABLES – NET (A)+(B)+(C)	**11**	**534,683**	**639,624**

20-2 Fair value of financial assets and liabilities

Accounting categories and fair value of financial instruments

June 30, 2019				Breakdown by category of instruments				
Balance sheet items *(in thousand euros)*	**Note**	**Balance sheet value**	**Fair value**	**At fair value through the income statement**	**Derivative hedging instruments**	**Receivables at amortized cost**	**Debts at amortized cost**	**At fair value through equity**
Financial assets		**833,686**	**833,686**	**93,216**	**3,061**	**737,409**	**-**	**-**
Non-current								
• Derivatives financial instruments	18	3	3	-	3	-	-	-
• Other investments		31	31	31	-	-	-	-
Current								
• Trade and other receivables	11	639,624	639,624	16,081	-	623,543	-	-
• Derivative financial instruments	18	3,058	3,058	-	3,058	-	-	-
• Other current financial assets		9,312	9,312	9,312	-	-	-	-
• Cash and cash equivalents		181,658	181,658	67,792	-	113,866	-	-
Financial liabilities		**408,524**	**408,524**	**-**	**12,147**	**-**	**396,378**	**-**
Non-current								
• Borrowings	13	32,338	32,338	-	-	-	32,338	-
• Derivative instruments	18	100	100	-	100	-	-	-
Current								
• Borrowings	13	213,009	213,009	-	-	-	213,009	-
• Derivative instruments	18	12,047	12,047	-	12,047	-	-	-
• Trade and other payables	11	151,031	151,031	-	-	-	151,031	-

December 31, 2018				Breakdown by category of instruments				
(in thousand euros)	**Note**	**Balance sheet value**	**Fair value**	**At fair value through the income statement**	**Derivative hedging instruments**	**Receivables at amortized cost**	**Debts at amortized cost**	**At fair value through equity**
Financial assets		**710,432**	**710,432**	**65,338**	**5,333**	**639,761**		
Non-current								
• Derivatives financial instruments	18	44	44	-	44	-	-	-
• Other investments		28	28	28	-	-	-	-
Current								
• Trade and other receivables*	11	534,683	534,683	12,751	-	521,932	-	-
• Derivative financial instruments	18	5,289	5,289	-	5,289	-	-	-
• Other current financial assets		12,855	12,855	12,855	-		-	-
• Cash and cash equivalents		157,533	157,533	39,704	-	117,829	-	-
Financial liabilities		**203,811**	**203,811**	**-**	**11,470**	**-**	**192,341**	**-**
Non-current								
• Borrowings	13	32,032	32,032	-	-	-	32,032	-
• Derivative instruments	18	37	37	-	37	-	-	-
Current								
• Borrowings	13	22,580	22,580	-	-	-	22,580	-
• Derivative instruments	18	11,433	11,433	-	11,433	-	-	-
• Trade and other payables	11	137,729	137,729	-	-	-	137,729	-

* *Restated for IFRS 15 – Revenue from Contract with Customers.*

The valuation methods adopted for financial instruments are as follows:

- Financial instruments other than derivatives recorded in the balance sheet:

  The book values used are reasonable estimates of their market value except for marketable securities whose carrying values used are determined based on the last known net asset values as of June 30, 2019.
- Derivative financial instruments:

  Market values were calculated internally or by an external third-party on the basis of last-known closing prices as of June 30, 2019. They are consistent with valuation reports provided by financial institutions.

Fair value valuation method

The tables below set out the fair value method for valuing financial instruments, using the following three levels:

- level 1 (quoted prices in active markets): money market UCITS and other current financial assets;
- level 2 (observable inputs): derivatives – hedge accounting;
- level 3 (non-observable inputs): no such instruments are held as of June 30, 2019.

	June 30, 2019			
Category of instruments *(in thousand euros)*	**Total**	**Level 1**	**Level 2**	**Level 3**
At fair value through the income statement – Assets	93,216	93,216	-	-
Derivative hedges – Assets	3,061	-	3,061	-
Derivative hedges – Liabilities	12,147	-	12,147	-

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AUDITOR'S REPORT

For the period from January 1 to June 30, 2019

This is a translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting and in accordance with the requirements of Article L. 451-1-2 III of the French monetary and financial Code (Code monétaire et financier), we hereby report to you on:

- the review of the accompanying condensed interim consolidated financial statements of SOCIETE BIC, for the period from January 1 to June 30, 2019;
- the verification of the information presented in the half-year management report.

These condensed interim consolidated financial statements are your Board of Directors' responsibility. Our role is to express a conclusion on these financial statements based on our review.

I - Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

Without qualifying our conclusion expressed above, we draw your attention to the note 1.1.2 to the condensed interim consolidated financial statements, which describes the impacts related to the first application of the standard IFRIC 23 - Uncertainty over Income Tax Treatments, as of January 1, 2019.

II - Specific verification

We have also verified the information presented in the half-yearly management report on the condensed interim consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed interim consolidated financial statements.

Neuilly-sur-Seine and Paris La Défense, July 31, 2019

The Statutory Auditors

French original signed by

Grant Thornton
French member of Grant Thornton International
Vianney Martin

Deloitte & Associés
François Buzy

STATEMENT ON THE HALF-YEARLY REPORT 2019

NAME AND FUNCTION

Gonzalve Bich

Chief Executive Officer

DECLARATION BY RESPONSIBLE PERSON OF THE HALF-YEAR REPORT

"I hereby declare that, to the best of my knowledge, the condensed consolidated financial statements for the half-year ended June 30, 2019 have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and the profit of the Company and the entities included in the scope of consolidation of the Group and that the First Half Management Report includes a faithful representation of the major events which occurred during the first six months of the financial year, their impact on the financial statements, of the main related-party transactions, as well as a description of the major risks and uncertainties for the remaining six months of the year. "

On July 31, 2019

Gonzalve Bich

Chief Executive Officer

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