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Market Intelligence

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FH1 2021 Earnings Call Transcripts

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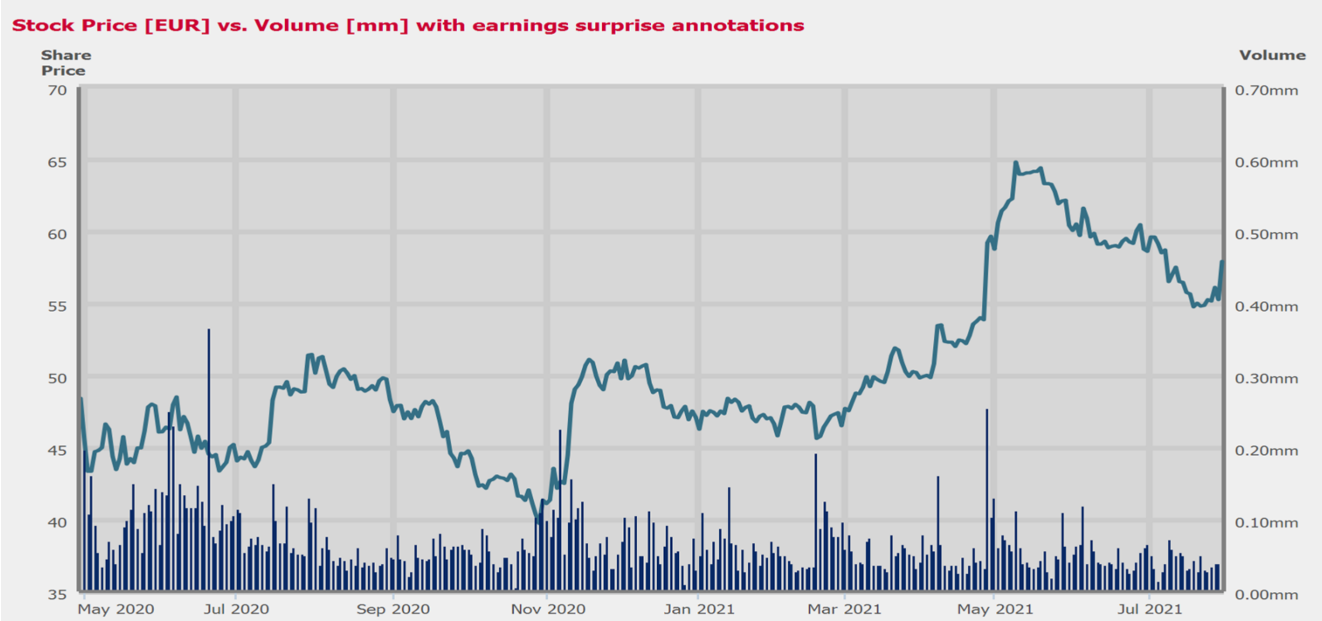
S&P Global Market Intelligence Estimates

	-FH1 2021-			-FY 2021-	-FY 2022-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS
EPS Normalized	NA	NA	NA	4.17	NA
Revenue (mm)	850.40	NA	NA	1763.94	NA

Currency: EUR
Consensus as of Jul-29-2021 3:42 PM GMT



- EPS NORMALIZED -	CONSENSUS	ACTUAL	SURPRISE
FH1 2020	NA	NA	NA
FH1 2021	NA	NA	NA

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Call Participants

EXECUTIVES

Chad J. Spooner
Chief Financial Officer

Gonzalve Bich
CEO & Director

Sophie Palliez-Capian
Vice President of Corporate Stakeholder Engagement

ANALYSTS

Marie-Line Fort
Societe Generale Cross Asset Research

Nicolas Langlet
Exane BNP Paribas, Research Division

Presentation

Operator

Hello, and welcome to the BIC Q2 and H1 2021 Results Call. My name is Jody, and I'll be your coordinator for today's event. Please note that this call is being recorded. [Operator Instructions] I will now hand you over to your host, Sophie Palliez to begin today's conference. Thank you.

Sophie Palliez-Capian
Vice President of Corporate Stakeholder Engagement

Thank you. So good afternoon, and good morning, everyone, and welcome to this First Half Conference Call for BIC. The call will be hosted today by Gonzalve Bich, BIC's Chief Executive Officer; and Chad Spooner, BIC's Chief Financial Officer.

We will start, as usual, by a full presentation followed by a Q&A session. Let me give the floor to Gonzalve.

Gonzalve Bich
CEO & Director

Thank you, Sophie. Welcome, everyone, and thanks very much for joining us today. Before we start reviewing our first half financial results in detail, I'd like to take a moment to thank our BIC team members all over the world for their contribution to our strong H1 results. The team delivered solid execution across the board, and I'm proud of their continued dedication and commitment to excellence in these trying times.

Now on to our results. As a starting point, net sales were up across all divisions. We recovered to our pre-COVID levels on a comparative basis despite these challenging markets. This is largely due to the success of the strategic choices we've made as part of our transformation journey Invent the Future in support of our long-term Horizon Plan.

Let's get into each of the categories. Our Flame for Life division experienced exceptional growth with U.S. Pocket and Utility Lighters having a solid start to the year, driven by market trends that we don't expect to repeat in the second half. More on this later. In addition to gaining market share overall, we're starting to see the benefit of our more value-driven model with our EZ Reach lighter success with consumers and the early positive impact of our revenue growth management strategy. The Latin American region also contributed to the positive results in Flame for Life with robust market growth. And lastly, in Europe, I'm pleased to see on track performance of our recent acquisition Djeep.

Turning to our Human Expression division. Our entry into digital writing has proved a success. In fact, we almost doubled Rocketbook sales over the last year. In line with our Horizon Plan, we've leaned further into creative expression as we see gains in strategic segments like Coloring in key markets. Today, coloring makes up close to 10% of all stationery sales. Core writing instruments, however, continued to be challenging across geographies, particularly in Latin America and India. As for Blade Excellence, our 5-blade & hybrid shavers in the U.S. and 3-blade ranges in Latin America overcame challenging markets to deliver overall good H1 performance. However, all regions faced ongoing headwinds in an intensely competitive landscape in the disposable segment.

On the B2B side, our BIC blade tech initiative, I'm thrilled to share that we've completed our first shipments to initial customers in the second quarter, and we're already working with them on the next steps to expand our collaboration. We also just signed a development contract with a third partner, all of which is very exciting for the future.

Now I'd like to provide an update on our transformation. With the Horizon Plan as our North Star, we now have significant proof points that show our progress. Our e-commerce business is up 26% compared to last year, supported by all sales channels and with growth in all regions.

Our recent acquisitions are performing well and delivering on their promise. Rocketbook sales have grown over 90% in H1 year-on-year, and the integration is running smoothly. In Nigeria, Lucky Stationery, another recent acquisition, has more than doubled its sales versus last year, demonstrating the success and strength of our route-to-market strategy in Africa. Our Invent the Future plans are also resulting in continued improvement in manufacturing efficiencies and costs.

A particular point of pride for me is our ongoing commitment to ESG, which comes to life in our products, innovation and operations. This is nothing new for our company, but we're doubling down on our efforts in every aspect of our business and operations. The vast majority of products we launched in H1 this year have sustainability benefits. Among them is Cristal ReNew, our first refillable metallic cristal ballpoint pen. We also launched the first carbon neutral certified shaver, which boasts a responsibly sourced bamboo handle.

In the fourth quarter of this year, we will launch our new sustainable Maxi pocket lighter in Europe with 30% less CO2 emission equivalent than a classic Maxi lighter, another step in this important journey.

In operations, we achieved our initial commitment of 80% renewable electricity 5 years ahead of schedule, and we now aim for 100% in 2025. During our last AGM, we pledged to define a complete CO2 emissions road map during the upcoming months, which I'll unveil in our next AGM in May 2022.

As an industrial leader, reducing the ecological footprint of our industrial sites and buildings around the world has always been a key component of our sustainability program. Most of the buildings that have been built over the last 10 years are certified, including all of our lighter factories.

I'm proud to share that our future headquarters in Clichy will be certified green, therefore, meeting the highest environmental performance criteria. These are just a few examples of how embedded sustainability is in all that we do.

Our new BIC bamboo shaver that I just mentioned and Cristal ReNew pen are relevant examples of our global innovation pipeline. Over the last 18 months, we launched a complete range of hybrid shavers, and we introduced fixed soleil sensitive advance with the new head offering a smoother shaving performance.

In Stationery, we're also launching our first antibacterial pen, BIC PrevaGuard, that continues to do well in different geographies.

Turning to the rest of the year. I remain cautiously optimistic as I believe that the coming months will bring us further confirmation that our strategy is working and that we are on track. I'm confident in our ability to deliver growth and value for all our stakeholders. As we continue to execute our Horizon Plan into the future.

Let's now take a look at a snapshot of our financial performance in H1 2021, which Chad will take us through in a lot more detail later in the call. Net sales for the first half were EUR 506 million, up 22.5% on a comparative basis and up 26.2% at constant currencies. Adjusted EBIT was EUR 166.1 million with an 18.1% margin. Adjusted earnings per share were EUR 2.51, up 34% versus last year. Before acquisitions and disposals, free cash flow was EUR 103.7 million, and our net cash position at the end of the first half was EUR 366.7 million, including the sale of our Clichy headquarters.

Moving to a geographical overview. You can see on the slide that our net sales growth by key countries. These are our top 10 countries, representing more than 70% of sales. I'd like to take you on a quick tour of what these bubbles mean in terms of our top line performance for H1 in our key markets.

In Europe, we've not only regained pre-COVID levels, our net sales change versus 2019, is up 0.3%, and the 12-month rolling run rate is at mid-single-digit growth. Our stationery business's performance was outstanding in the region and the momentum continues. We anticipate that total back-to-school sell in performance should grow mid-single digits for 2021, which will lead to more than 10% growth between 2021 over 2019.

We're especially pleased with our Cristal ReNew pen, which has done extremely well since its launch in Europe only a few months ago. In our lighter category, our newly acquired Djeep products contributed successfully to net sales growth. I'm also happy to see that our Invest to Grow countries, Russia and Turkey, grew double-digit in lighters.

Looking in North America, the U.S. was clearly the primary driver of our overall group net sales performance in the first half of this year. The success of our EZ Reach utility lighter is the cornerstone of this achievement, reaching 3.4% value market share and bringing additional distribution and a favorable mix to our portfolio. In line with our focus on all flame occasions, utility lighters successfully contributed to 30% of our U.S. lighter net sales growth.

Improved market trends contributed to positive results, but do so -- but so did solid execution, something I'll come back to in a moment. The U.S. contribution is all the more impressive as product availability issues, [weakened] U.S. stationery performance sell in this first half.

Moving to Latin America. Strong growth came from a rebound in our lighter business. Flame occasions multiplied with uses extending well beyond smoking. For instance, the white goods appliance market, including stoves grew over 20% in volume. And as I touched on before, shavers did well, thanks to successful implementation of a trade-up strategy that helped consumers shift towards our 3-blade offerings. It's great to see that we had equal success of our offerings for both men and women, namely Comfort 3 and Simply Soleil shavers.

A few months ago, we moved some of our Latin America operations to an indirect model and created a new center of excellence to better operate with partners and gain efficiency. This new model has already started to bear fruit, and our Latin America indirect business is growing 30% over the first half.

Finally, India, which remains a particular area of concern, strong -- saw a strong rebound in net sales on the back of improved domestic market conditions in the first quarter and solid e-commerce performance. Nonetheless, we remain cautious given the market turbulence caused by new lockdowns in April, causing mobility restrictions as well as some office closures.

I now want to take a step back to discuss the market environment of our 3 divisions and BIC sellout performance. While key markets for human expressions like the U.S. and U.K. bounced back, Latin American markets remain challenging, mostly due to the fallout from the pandemic. However, we are gaining market share in the strategic segments of coloring and pens. U.S. stationery market rebound, which has been driven mainly by the Gel segment, which gained 3 points to represent 1/4 of the category.

In a highly competitive landscape, the market leader outperformed significantly leading to share declines for BIC and other players. However, despite this intense competition, our distribution remains steady and we're gaining share in core segments such as ballpoint pens by 50 basis points and correction by 250 basis points. We also outperformed the Coloring segment by 20 basis points in the latest 12 months.

As a whole, we've maintained our double-digit e-commerce growth across key geographies. This is confirmation of our progress against our strategy to become an omnichannel specialist, both on and off-line. While -- meanwhile, the market for lighters has rebounded in all our geographies, Europe, Latin America and the U.S., and BIC performed in line. We're on track with our strategy of balancing our focus on volumes towards a more value-driven model in our Flame for Life category. Utility lighters are 1 component of our approach, now representing 12% of our overall net sales and lighters.

In the U.S., we successfully outperformed this segment, gaining 6.8 points in the last 12 months. Similarly, we continued to grow and outperform in decorated lighters in the U.S., also known as [sleeves] gaining 70 basis points of market share year-to-date.

Turning to Blade Excellence. Our key markets, particularly the U.S. and Europe remain challenging due to intense competition, especially in the disposable segment. In the U.S., Systems gained 6.9% market share, while in-store disposable market declined 3.1% in value. We lost market share in women's 3-Blade & Men's hybrid segments, largely driven to aggressive promotional strategy with strong media activations from the competition and new value products entering brick-and-mortar space.

In spite of these headwinds, we remain focused on premium segments as part of our Horizon Plan and have successfully gained 70 basis points in value on the form 5-Blade segments overall. Likewise, for e-commerce, we continue to gain share online, gaining 90 basis points in the U.S.

Now that we've reviewed the big picture, I want to talk a little bit more about Flame for Life division, which fueled our first half, and more specifically, the drivers behind the exceptional start to the year in U.S. lighter, contributing approximately 10 points to H1 group net sales growth on a comparative basis. Fixed sell-in performance grew over 55%. We achieved this as a result of strong market growth, accounting for approximately 33 points, driven by improved market trends. Another driver with customers' recalibration of orders during the first 4 months of the year to meet unexpected consumer demand.

The total U.S. market expanded 6.2% year-to-date June, while BIC grew 7% in value over the same period for Pocket Lighters and 8% in the Utility segment. We do not anticipate this to repeat during the second half, because we expect the market to normalize for the balance of the year. Our assumptions for the full year are a low single-digit growth in value with BIC outperforming. Another contributor to our performance was distribution gains at around 8 points, both in convenience and modern mass market retailers, including a boost from our new EZ Reach utility lighter. Pricing delivered some 7 points of growth, thanks to efficiency in our pricing strategies, including revenue growth management and price increase implemented in April 2020. The prebuy, following our most recent price -- low single-digit price increase in May 2021, likewise, added around 7 points.

As we already communicated, the increase in raw material market prices and current disturbances in overall freight and distribution will impact our overall cost base for the year as it is for many companies today. We continue to see ongoing pressure from raw material market price inflation. H1 price increases, which account for close to -- sorry, H1 plastic prices, which account for close to 50% of our total purchases, were up 43% on average compared to Q4 2020, affecting all 3 divisions. Metal market prices soared 15% during the same period, and H2 trends are expected to be similar.

In addition to raw material prices, we've started to be impacted by the -- impacted by the current sea freight disruption, notably the global shortage in containers. We use transatlantic sea freight to supply our North American stationery, Pocket Lighter and Shaver businesses from our French and Greek factories and we ship our utility lighters assembled in China, mostly to the U.S. The China to U.S. lines are the most affected by the current disruption due to lack of containers and port [indiscernible] . We're implementing several action plans to mitigate the impact of this adverse environment and our procurement and supply and delivery teams are working day and night to find solutions to secure shipments and limit the impact of cost increases.

I strongly believe that we have the discipline and determination to weather these headwinds in the midterm.

To conclude this introduction, I would highlight 3 takeaways from our first half 2021. We're delivering growth beyond market rebounds through creative solutions to address challenging markets. Our Horizon Plan is working across all divisions and demonstrating share gains in creative expression and strong performance in high-value and Utility lighters and premium shavers. And lastly, we're continuing our healthy buildup in e-commerce. In short, we're making demonstrable progress in every dimension of our transformation journey, including our commitment to sustainability.

And now let me give the floor to Chad, who will take you through our consolidated results.

Chad J. Spooner
Chief Financial Officer

Thanks, Gonzalve. I will begin by reviewing the net sales results for the first half of 2021. On an as-reported basis, first half net sales totaled EUR 916.7 million, up 18.2% versus last year. On a comparative basis, our net sales were up 22.5%, mainly explained by the exceptional performance in North America lighters. Currency fluctuations had a negative impact of minus 7.2 points, excluding the foreign exchange impact from Argentina. This was mainly due to the continuing decline in the U.S. dollar and the Brazilian real against the Euro. The perimeter impact adjustment includes mainly the acquisitions of Rocketbook, plus 2.7 points and Djeep plus 0.9 points, partially offset by the Pimaco divestiture and the Asian business closure.

On an as-reported basis, second quarter net sales totaled EUR 505.7 million, up 20.7% versus last year. On a comparative basis, our net sales were up 23.9%, mainly explained by the good performance in North America and Latin America lighters and BIC Stationery business rebound in Europe. Currency fluctuations had a negative impact of minus 5.5 points, mainly due to declining -- the continued decline of the U.S. dollar against the Euro. The perimeter impact includes mainly the acquisitions of Rocketbook of plus 2.0 points and Djeep, plus 0.7 points, partially offset by the Pimaco divestiture and the Asian business closure.

As a reminder, due to Argentina's hyperinflation, we are excluding Argentina from our net sales on a comparative basis. As Gonzalve already commented on our net sales performance by category, let me give you a quick overview on the change in EBIT margin in each of our divisions.

In Human Expression, H1 adjusted EBIT margin was 8.3% compared to 6.5% in 2020. This increase was driven by higher net sales, including Rocketbook and manufacturing and raw material procurement efficiencies, partially offset by unfavorable Forex from Latin American currencies versus the U.S. dollar and higher freight and distribution costs.

In Flame for Life, H1 adjusted EBIT margin was 39.6% compared to 32.5% in 2020, driven by the strong increase in net sales, and the favorable impact of price adjustments in U.S. lighters, higher brand support investments compared to the same period last year and higher freight and distribution costs partially offset the previously mentioned favorable impacts.

Finally, looking at Blade Excellence performance, H1 adjusted EBIT margin was 16.2% compared to 10.9% in 2020, impacted positively by operating leverage from net sales growth and manufacturing and raw material procurement efficiencies.

Let me now review the adjusted EBIT margin change for the first half of 2021 versus 2020. The H1 gross profit margin increased by 3.9 points at 51.7% compared to 47.8% in H1 of 2020. Excluding 2020 under absorption of fixed costs due to the COVID-19 pandemic, the gross profit margin increased by 1.7 points. The improvement was driven by the strong increase in North America lighter sales, a decrease in brand support above net sales and from manufacturing raw material cost savings. This was partially offset by adverse Forex from Latin America currencies against the U.S. dollar.

Favorable raw material cost impact was driven by procurement efficiencies from the second half of 2020, deferred to the first half of 2021 gross profit. As previously communicated, we expect raw materials to negatively impact full year gross profit margin.

The adjusted EBIT margin has been favorably impacted by 8.8 points from operating leverage from net sales growth. The increase in overall freight and distribution costs is driven by the acceleration of customer demand. Brand support and operating and other expenses were higher by respectively 0.8 points and 1.6 points, mainly driven by the net sales rebound versus last year.

As you can see on this slide, the second quarter adjusted EBIT margin drivers are similar to the first half trend, leading to an increase in adjusted EBIT margin by 4.8 points versus last year.

On Slide 13, you can see the key elements of the summarized P&L results. As just mentioned in previous slide, the gross profit margin for H1 2021 increased by 3.9 points to 51.7% compared to 47.8% in H1 of 2020. Adjusted EBIT for the first half of 2021 was EUR 166.1 million, compared to EUR 92.9 million last year, with an adjusted EBIT margin of 18.1% this year versus 12.0% for the first half of 2020. As we look at the EUR 166.5 million of nonrecurring items in H1 of 2021, we had EUR 167.7 million net gains for the sale of our Clichy headquarters, EUR 3 million net gain from the Pimaco divestiture and EUR 4.2 million related to transformation plan costs.

First half 2021 income before tax was EUR 328.5 million compared to EUR 33.9 million in 2020. Net finance revenue was negative EUR 4 million compared to a positive EUR 9.9 million for the same period in 2020. This is explained by the strong favorable impact of the fair value adjustments to financial assets denominated in U.S. dollars versus the Brazilian real and Mexican peso in the first half of 2020. Net income group share was EUR 230.2 million as reported for the first half of 2021, compared to EUR 22.1 million in the first half of 2020. Adjusted net income group share was EUR 112.7 million compared to EUR 84 million last year for the same period.

EPS group share for H1 2021 was EUR 5.12 compared to EUR 0.49 in the first half of 2020. Adjusted EPS group share for first half of 2021 increased 34% to EUR 2.51 compared to EUR 1.87 last year.

In the first half of 2021, we invested EUR 30 million in CapEx with the greatest focus in lighters, which accounted for 36% of the total.

On Slide 15, we see the main elements in working capital. Inventories ended the period at EUR 443 million, trade and other receivables ended at EUR 531 million. Trade and other payables were EUR 167.3 million at the end of the first half of 2021. After an exceptional COVID year in 2020, both receivables and inventories in days have come back to 2019 levels. Overall, working capital improved versus June of 2020.

This next slide summarizes the evolution of our net cash position between December of 2020 and June of 2021. Net cash from operating activities was EUR 134 million, including EUR 230.3 million in operating cash flow, and EUR 96.3 million of negative impact from the change in working capital and others. Among the drivers of working capital were the increase in accounts receivables of about EUR 114 million compared to December 2020 due to strong first half sales. Inventory contributed by EUR 56 million and was partially offset by an increase in accounts payable of EUR 66 million.

We received cash proceeds of EUR 177.3 million, EUR 173.9 million for the sale of our headquarters building in Clichy, EUR 3.4 million for the Pimaco divestiture. The tax-related to the HQ sale, which will be EUR 46 million, will be paid later in the year. In the first half of 2021, we invested EUR 7.2 million related to HACO Industries, Djeep and Rocketbook acquisitions. Net cash was also impacted by investments in CapEx as we invested EUR 30.3 million in the first half of this year. The dividend payment was EUR 80.9 million, and we bought back EUR 15.7 million worth of shares in the first 6 months of 2021.

Our net cash position at the end of June 2021 was EUR 366.7 million.

This ends a review of our first half 2021 consolidated results. Now let me give the floor back to Gonzalve.

Gonzalve Bich
CEO & Director

Thank you, Chad. I'll focus now on how we see the rest of 2021 from a market perspective, including our 2021 global market assumptions, which we've slightly revised based on the market dynamics observed during the first half. These are based on Euromonitor and internal estimates.

In Europe, we now expect a slight increase in value for lighters, given the rebound of the market in several countries such as France and Germany, with less restrictions versus prior year. In shave, given challenging market trends, we now expect the market to decline high-single-digit. In stationery, our assumptions are unchanged.

In North America, we now expect a mid-single-digit increase in stationery, driven by a strong rebound versus 2020 in the U.S. market. In lighter, we now expect the Pocket Lighter market to grow low-single-digits versus the flat to slight increase previously expected. In shavers, our assumptions are unchanged.

In Latin America, given the market environment in stationery with both the Brazilian and Mexican markets declining over 20% in value for the first half, we now anticipate markets to decrease high single to double digits. In lighters, given the market improvements with increased flame occasions, we now expect the market to increase mid-single digit. In shavers, our assumptions are unchanged.

In India, we still expect the market to grow. However, as I pointed out already, the market environment remains extremely challenges -- extremely challenging, affected by mobility restrictions and new lockdowns.

Before I conclude, I'd like to share with you the main drivers of our operational performance for the full year. Top line will continue to be driven by an increase in volumes versus 2020, new product launches and line extensions and a drive for further market share gains in key markets. Commercial excellence and notably, revenue growth management will continue to be a key component of our growth as well as the addition of new businesses. Full year gross margin should be flat, as higher sales volumes and price increases will be offset by an increase in input costs and adverse Forex. In line with Horizon and despite higher freight and distribution, our adjusted EBIT margin is expected to strengthen versus last year, driven by the decrease in our operating expenses as a percentage of net sales, thanks to the numerous benefits of our Invent the Future program and further operating expense reductions, which will more than offset increases in brand support, research and development and innovation.

We will continue to focus on free cash flow generation while building strategic inventory to respond to consumer demand and effectively protect our supply and delivery to our customers. Given our solid first half performance and the current market assumptions I just mentioned, we've upgraded our full year 2021 guidance, and now expect to deliver 9% to 11% total net sales growth at constant currencies, which is almost twice our initial expectations. For the balance of the year, we will continue to seize all growth opportunities, pursuing our path towards our Horizon Plan trajectory. Comps will be more challenging and the overall trading environment should remain volatile. However, we see pockets of growth in all regions and divisions, fueled by the deployment of new products and additional brand support investments.

Our revenue growth management strategy will continue to bear fruit and will enhance value driven growth. All in all, we expect H2 2021 net sales growth at constant currencies to be flat. Our free cash flow target for the year remains above EUR 200 million.

To sum up, we remain focused on controlling what we can control and the pursuit of our transformation journey guided by our Horizon Plan. I remain hopeful and determined that the capabilities we're building throughout the organization and the execution of our new consumer-focused strategy and business model will drive profitable growth in the long-term and create value for all our stakeholders.
Thank you. And I'll now open the floor to your questions.

Question and Answer

Operator

[Operator Instructions] The first question is coming from the line of Nicolas Langlet from Exane BNP.

Nicolas Langlet
Exane BNP Paribas, Research Division

So I've got 4 questions, please. The first 1 on your full year sales guidance, you just said it implies a stable sales like-for-like in H2. While the comparable basis is not that challenging. And you mentioned some pocket of growth potential in many countries. So is it more cautious approach given the uncertainties in H2? Or there are tangible elements that explain your consciousness sales in H2?

Second, specifically on the Lighter division, which has seen quite a stellar growth in turn. Are there elements in that performance that boosted H1 that should reverse in H2 or should we expect basically your performance to converge towards the market evolution?

Third question on the raw material and freight costs. Can you quantify the headwind you expect for H2 '21? And I guess there will be some embarked impact as well for 2022. So have you already planned some price adjustment to partly offset at least those headwinds?

And the final question on the Blade Excellence initiative. So you mentioned first shipment and [indiscernible] other contract signature. Can you tell us a bit more about the size of the contracts? And what are the profile of your clients?

Gonzalve Bich
CEO & Director

Just give us 1 second, Nicolas. You talked unusually fast this morning, and Chad and I are both writing all your questions. It's okay. It's okay. I think we got -- you got it. All right. So on H2, so your math is correct. And I think your -- the way you laid out your question is going to drive a lot of my answer. There are a lot of reasons to be optimistic about H2, and there are a lot of reasons to stay cautious about H2, both on the top and the bottom lines. I'll let Chad talk about raw materials and those a little bit later.

But on the top line, in many parts of the world, we are very fortunate where we're seeing eased restrictions. Our life is going back to the next normal, not the last normal, but a new variety. And I think that's 1 of the things that's driving some of the changes that we're seeing. We have to accept that a lot of how we live our lives, we consume products, we use products, has fundamentally changed. And that's 1 of the reasons we've seen a lot of the e-commerce growth that we have. I think, fundamentally, omnichannel is no longer an option. I'm really happy that we made the investments and the pushes that we've made over the last 18 to 24 months and that are starting to bear fruit.

We're confident in being able to deliver our 9% to 11% growth over the total year. And that does mean that H2 is softer than our H1. There's the reasons that I outlined earlier. I do see pockets of opportunity, and you can be absolutely convinced that when they present themselves, we'll be capturing them on the upside.

Lighter, again, so I can go into the detail or remind us of how U.S. lighter the first half has been impacted by the market trends, price, growth of distribution and the launch of EZ Reach. H2 will not be as strong as H1 was from a growth perspective, and it will converge to the total growth rate that we've expected, which is still very significant. The market itself remains driven by consumption at home, barbecuing, candles, that's in the U.S. and other markets. And as I mentioned, in developing countries, you're also seeing trends that support all flame occasions. And that's really 1 of the things that I think is so important about our performance over the last 6 months, but also 12 months is the launch of EZ Reach really leaning into those all flame occasions of our Flame for Life strategy that will continue to bear out into 2022.

Chad J. Spooner
Chief Financial Officer

In regards to raw material and freight, as you can imagine, we started the year anticipating some raw material inflation, but the great work of our procurement team, had savings in place there with some plastic hedges as well. But what we're speaking about now specifically is an incremental EUR 8 million because of raw material and freight for the second half of the year.

Gonzalve Bich
CEO & Director

And on BIC blade tech or the B2B initiative in Shave, we have three partners. One partner is an existing shave brand that has looked at us to improve the quality of their products and roll out new extensions, and we're very excited about what that means. One of the partners is, what I would term as, a more nascent brand with whom we're partnering in their growth profile. And the third one that we've signed a new development agreement is somewhere between those 2. So as I said, when we launched this initiative 9 months ago, we're really looking to partner and power brands that have long-term growth potential leveraging our advanced innovation and technology, which translates into consumer performance. So really excited about what those means.

We won't be providing the names of our clients. As you can imagine, that's quite confidential information. But I think that what we've said and what I continue to believe is, this year, it's not material to our Shaver business, but by next year, we'll start being able to give you more information, because it will start having a material impact in our shave profile globally.

Nicolas Langlet
Exane BNP Paribas, Research Division

Okay. Okay. Perfect. And just to come back on that comment on the raw material and freight cost. Have you planned any price adjustment so far? And I guess, the EUR 8 million you mentioned, this is something we should also expect for H1 2022, assuming the current market prices prevail, right?

Chad J. Spooner
Chief Financial Officer

So assuming the current market prices prevail, obviously, we'll continue to have impact in 2022, and our procurement team will continue to do everything they can to help offset. And that's where we focus. As Gonzalve always says, is all the things that we can control. So we continue to look for opportunities with Invent the Future and other things to offset these type of cost increases that we do see.

And in terms of price increases, as Gonzalve also said, we've been very successful last year and the beginning of this year with executing some price increases. And we might selectively do future price increases in U.S. and countries with high volatility, and we may do things in 2020. But as you can imagine, we'd first involve our customers as we always do in those type of decisions.

Operator

[Operator Instructions] The next question in the queue is coming from the line of Marie Fort from Societe Generale.

Marie-Line Fort
Societe Generale Cross Asset Research

First question's on Stationery. I would like to understand why the division is lagging in its recovery compared to other divisions? I suspect it's partly because of the mix. And I was asking also what part of the organic decline in 2020 was due to the COVID? And what part was due to the mismatch of your mix to the market? This is to have a better idea to judge the external factors in the rebound -- the potential rebound for the stationery.

The second question is for lighters. Given the strong growth in the Utility Lighters, I would like to know if you intend to launch new products in the field to support the market growth?

For Shavers, I want to know -- you partly understand to the question. But apart the contracts that you have signed and mentioned during the call, have you got all the contracts in the pipeline?

And finally, last question is on raw materials. I would like to know what will be the division the more impacted by the raw mat inflation? Or would it be equally split in both divisions?

Gonzalve Bich
CEO & Director

Thanks for your questions. I'll start. In -- with regards to your question on Stationery. So if we break it down into its constituent parts, which I heard you're looking to understand. In 2020, the decline was, by and large, driven by impact of COVID across the globe, whether that was out-of-home schooling, whether that was store closures, mobility closures. And really, we saw a ton of that in Latin America and India region, which has started to rebound, but still remains in a difficult place in 2021. In 2021, the growth was driven in Human Expression by Rocketbook and some of the new initiatives that we've put forward.

Core writing, though, continues -- and you're right, continues to lag behind the category dynamics. Some of that is due to -- not structural to the category, but usage and the way people are living. So kids not being fully back in school in many parts of the world or back-to-school being done in a very different way with the rise of online. And that's something that we're going to continue to address through strategic shifts in our marketing programs, but also through innovation. The whole strategy behind Human Expression is that going where there's pockets of growth like digital writing, like skin and adult creative, and you should start seeing the fruits of that over the next 12, 18 months.

On lighters, I'm really pleased with how EZ Reach has done here in the U.S. You have to remember, it's not -- it wasn't a full global launch. So we're currently in our rollout in Europe right now. And then next year, all the markets will have rolled out. We also have the rollout of Djeep, where we're extending distribution and growing the business at a global level. We do have a strong pipeline of future products in lighter, in utility as well that will deploy when they're ready to do so. I think what we take away from EZ Reach is you really have to focus on what are those consumer pain points that you're solving and have an adequate or a seller marketing program that goes with it to really get the bang for the buck.

And then to your third question on BIC blade tech and pipeline. Yes, we have a pipeline of other potential partners that we're working with. Of course, I can't reveal names or the types of programs that we're working on. But the inbound asks of partnership with us have really been focused around leveraging our technology, leveraging our manufacturing expertise, leveraging our ability to bring product to market at a global level. So I'm very excited about what that means for our future as part of Horizon.

Chad J. Spooner
Chief Financial Officer

And in regards to your question about raw materials, stationery will be the category that's definitely impacted the most followed by lighters and shavers should be the least impacted.

Operator

[Operator Instructions] There are no questions in the queue at the moment. [Operator Instructions] Okay, there are no further questions in the queue. So I would like to hand it over back to your host to conclude today's call.

Sophie Palliez-Capian
Vice President of Corporate Stakeholder Engagement

Okay. Thank you. This is Sophie. So I guess there's no -- my understanding is that there are no further questions. So first of all, thank you again. As usual, the Investor Relations team remains at your disposal to any follow-up question you may have, and we're looking forward for our next results for our Q3 results in October. Thank you. Gonzalve and Chad, thank you very much.

Gonzalve Bich
CEO & Director

Thank you all for attending this afternoon.

Chad J. Spooner
Chief Financial Officer

Thank you.

Operator
Thank you, everyone for connecting to today's call. You may now disconnect your handsets.