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PRESENTATION

Operator

Hello and welcome to the BIC First Half 2020 Results Conference Call. My name is Rinkle, and I will be your coordinator for today's event. Please note, this conference 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 - *Société BIC SA - VP of Corporate Stakeholder Engagement*

Thank you. Good morning, and good afternoon, and welcome to our first half 2020 earnings call. Our agenda for today will be the following: Gonzalve Bich will give an overview of operational performance; then Chad Spooner, BIC's Chief Financial Officer, will take you through our consolidated financial results in more detail before Gonzalve concludes and opens the Q&A session. Jim DiPietro, Strategic Adviser to the CEO, will assist us during the Q&A session.

I now leave the floor to Gonzalve.

Gonzalve Bich - *Société BIC SA - CEO & Director*

Thank you, Sophie. Good day, everyone. Let me start this first half 2020 call by introducing our new Chief Financial Officer, Chad Spooner. Chad joined us 3 weeks ago. His extensive background and knowledge of the finance function and his strong focus on value capture will be key assets in our continued transformation journey. So Chad, on behalf of everyone at BIC, welcome.

I'd also like to thank Jim for his leadership and many contributions to BIC's success over the last 20 years. Jim has been a pillar during his tenure as CFO, and I look forward to his guidance as Strategic Adviser.

Now for the topic at hand. The last 6 months have been some of the most challenging for our company and the business community at large has faced in the recent past. In the face of flat to declining category trends, we've had to concurrently manage the spread of the pandemic. Visibility is low on how the sporadic resurgence of the virus will reshape our trading environment in the long run, but there are some things we already know.

The short-term impacts of the pandemic on our business are asymmetrical. Developing markets are now more affected than mature markets. As you know, Latin America, India and Africa depend heavily on traditional multilayer channels. Our products are sold in small mom-and-pop shops or convenience stores. People tend to pop around the corner, if you will, and distributors manage their business and cash day by day. Supply and delivery chains are fragile and lack the organization found in more modern retail chains. We navigate this well in a normal business environment and even during tough economic times. However, the situation today is unprecedented, with some shops forced to close overnight by sudden lockdown orders.

In terms of impacts, at one end of the spectrum is India, one of the most severely affected countries for BIC. There, the pandemic has compounded an already tough trading environment. The country was in total lockdown for nearly 3 months. As the peak of the first wave is yet to pass, reopening is tentative at best. Mobility remains restricted, guidelines are unclear, resulting in a sharp decline in consumer confidence and reduced spending. The short-term situation is extremely concerning on both a human and business level, and the timing and visibility of recovery are almost nil at this juncture.

Mature markets in Europe and North America demonstrated better resilience as a whole, and mobility restrictions have started to ease. However, we should not underestimate the short- and long-term impacts of lockdowns on key distribution channels, such as superstores or office supply and convenience stores. The sources of impacts for these mature markets revolve around a set of common trends. In almost all European countries, schools and universities were closed for 2 months or more. They remain closed here in the United States. Business activity saw a lull, and nonessential shops and restaurants were closed, leading to an unprecedented increase in unemployment, which despite furlough measures and stimulus checks, has resulted in less demand for office supplies. Convenience stores and gas stations saw less foot traffic, especially in the United States. Many closed shop and [restaurants] (added by company after the call) went out of business. Those surviving have have shifted their offer to hygiene and food to improve in-store traffic and kept their inventory low to protect cash.

We also saw an unprecedented shift in consumer demand and shopper dynamics. Some changes will be permanent, while others will continue to evolve as COVID restrictions progress as well as global and local trades stabilize. Most consumers are naturally being more mindful of their spending and are searching for increased value and convenience in their product choices. Many shoppers with limited mobility and a desire to stay safe have locally increased -- have logically increased their online purchase repertoire, and it's a habit that we expect to continue and become second nature. This is certainly true for our categories, not just in Stationery but also in Shaver and even Lighters. Against this backdrop of change and uncertainty, we have focused on what we can control and influence versus what we cannot.

Moving quickly to reprioritize our operation, we have shown improved resilience during the first half and achieved success in several areas. Let me share a few highlights. Firstly, as in any tough market, a key focus must be gaining market share. I'm proud to say we maintained or gained market share across our 3 categories and in almost all key geographies.

Shavers are a good example. We gained share in almost all key markets driven by value positioning, quality and convenient products. In the U.S. market, we gained 1.5 share points year-to-date with a strong performance in both male and female disposable segments.

We gained 5.4 points market share in a booming U.S. utility lighter segment in the context of increased home cooking and grilling during the lockdown. At the end of the second quarter, we successfully implemented a targeted price increase on pocket lighter in the U.S. We also expanded our digital arena and grew our e-commerce sales by 14%. Focusing on consumer online retail, we witnessed substantial growth via Amazon where we've more than doubled our sales. This was partially offset by the softness in office supplies and B2B. Adapting to the change in consumer habits, we shifted almost all our brand support to digital. Some 80% of our promotional and advertising spend went online in H1 2020.

Focusing on operating cash flow, we managed our operating expenses prudently, adjusting our investments and selectively reducing CapEx, staying mindful of returns. As a result, we maintained a solid cash position with EUR 41.5 million net cash position at the end of June. Despite all the flux in the external environment, we have forged ahead and made progress with the implementation of our operating model, making clear choices and seizing growth opportunities at speed.

We are also fully on track on the rollout of our transformation plan, BIC 2022 - Invent the Future, and we will achieve the EUR 50 million annualized savings we announced by the end of 2022. We initiated this ambitious program before the spread of the pandemic. The current environment adds many new challenges to our journey, but it also enables us to move forward with increased speed and conviction.

We consolidated our Latin America manufacturing footprint by closing our Stationery factory in Ecuador for improved industrial efficiency, and we strengthened our Lighter business with the acquisition of Djeep. This addition will help us accelerate our trade-up strategy and gain access to higher-price-point segments.

Last but not least, we implemented structured and scalable remote working guidelines worldwide. We are convinced that it will increase our agility and productivity while enhancing employee satisfaction, an all-around win. This will also allow us to revisit our corporate real estate needs. In Clichy in France, for instance, we're in the middle of the tender process of selling our main historical office and will remain in the same area but move to a more modern workplace, more in line with our future needs.

Before going into details on our first half results, I want to be clear about our mindset here at BIC. As I mentioned a moment ago, the current environment demands that we focus on what we can control. We are determined to weather the current economic -- the current conditions, and we plan to emerge stronger and bolder from this crisis by leveraging the core strengths of BIC. First, with our powerful consumer brands, in particular, the iconic BIC brand, with which we will continue to pursue market share gains strategically. Second, our value proposition, a key asset in today's new normal. Hitting a sweet spot of quality and price has been a hallmark of ours since the beginning, and we strive to maximize consumer satisfaction. Third, our manufacturing excellence, which will allow us to hone our processes for greater profitability. This does not, however, mean we don't see further opportunities to improve on our operational efficiency. We do, and we will do so in due course. Finally, the strength of our financial position, which means we are ready to take advantage of further acquisitions that are in line with our strategic horizon planning.

While we're focused today on what we can control and action during this time of uncertainty, we're also looking to the future and to our strategic horizons. This includes how we can evolve and expand our 3 categories to continue to accelerate growth. We look forward to sharing these plans with you during our Capital Markets Day planned for mid-November, laying out our thinking for our growth plans for the business and the capabilities to deliver on those ambitions. Depending on how the pandemic evolves, this will likely be a virtual event.

With this bigger picture in mind, let's move to a few high-level comments on our first half operational and financial performance, which Chad will provide more detail on in just a few minutes. H1 2020 net sales were down 18.2% on a comparative basis at EUR 775.8 million. Normalized income from operation margin was 12%, down 3.9 points versus prior year, while normalized EPS group share was EUR 1.87, down 18.1%. We generated EUR 85.7 million net cash from operating activities, and our net cash position at the end of June stood at EUR 41.5 million.

Now let's take a closer look at our operational performance, starting with Stationery. Of our 3 categories, Stationery was most affected by the pandemic due to strong exposure to superstores, office suppliers and traditional stores. In Europe and North America, these sales channels were diluted by school closures and lower business activity during the various quarantines and lockdowns. While mobility restrictions started to ease mid-May, consumers remain concerned about their purchasing power and are shifting to value products. In this context, we gained share in both Europe and the United States, thanks to solid performance in core products and the success of new launches like BodyMark fine temporary tattoo marker.

Leveraging our quality and price positioning, we have actively prepared the next back-to-school season with our retailers. Our total sell-in is expected to be roughly in line with last year's levels despite negative phasing impact from June to July as some products were temporarily unavailable. However, the outcome of the back-to-school sellout remains uncertain at this stage.

In -- Latin America, the Middle East, Asia and India were all heavily hit by lockdown measures and the disruption of supply chains due to the multilayered organization of the trade there. Brazil was also affected by closures on the part of large customers as well as modern mass market prioritizing essential goods.

The overall trading environment in Mexico remains difficult. Visibility on any return to school in September is almost nil at this stage, and back-to-school orders have been delayed -- some back-to-school orders have been delayed as a result.

In India, the continued softness of our domestic business is further compounded by the total lockdown and the several-months-long closure of our factories. As I said, we are very cautious on India's economic and business perspectives. Net sales were down high double digits driven by an almost total halt of activity in April and May. Consumer spending is falling sharply and is expected to decrease by 6% in 2020.

Our performance in Lighters was significantly impacted by limited in-store traffic as well as by closures amongst tobacconist chains and convenience stores, not to mention bars in countries like Brazil. This was only partially offset by distribution gains in modern markets, which resisted better than traditional channels, with an especially good performance in e-commerce in the United States.

U.S. pocket lighters remained under pressure despite a positive momentum in the second quarter driven by partial reopening in several states. Convenience stores, which account for around 60% of our sales in the United States, have seen in-store traffic significantly reduced during the quarantine period. More importantly, they have pivoted their sales towards essential goods and food, scaling down other products, such as lighters.

Utility lighter saw continued growth, boosted by increased home cooking and grilling during the pandemic. Call it a tailwind of the lockdown, if you will.

Looking now at the performance of the Shaver category, which evolving consumer habits have continued to drive down, compounded by changes in personal routines during the lockdown. Consistent with our focus on what-we-can-control approach, we kept our focus on gaining market share, and we succeeded in almost all of our key geographies. We gained share in Europe, notably in the U.K.; Latin America; and the U.S.; across both our male and female products. The U.S., our largest revenue and profit pool, gained 1.5 points value share year-to-date in an ongoing declining disposable market. Success was driven by our Flex range, notably the Flex 5 and Flex 5 Hybrid for men and by new product launches like BIC Soleil Sensitive Advanced. Also in the U.S., our rechargeable, gender-neutral shaver showed a promising start at Dollar General, and we anticipate increased distribution in the coming weeks.

Before turning to Chad for the review of our consolidated results, I'd like to share a few examples of our success with you. In these challenging times, one of our main objectives is to outperform our markets and maintain or grow our leadership position everywhere. This is key to maintaining a strong relationship with customers, securing listings and adding distribution. It's also an important component of ensuring that consumers continue to have access to high-quality and affordable essential products everywhere. The drivers behind these market share gains are multidimensional. Firstly, this is about offering the right products at the right time. In France, our overall market share gains in Stationery were driven by the strong performance of our coloring products, notably, during the confinement. In Lighters, we leveraged the recent changes in consumer habits and category trends by focusing on the utility segment. And in Brazil, we continued to focus on quality and value to drive our Shaver business. Secondly, and we can see on this slide, this is all about our ability to increase visibility through commercial execution, including on-shelf placement and front-end exclusivity, notably in the seasonal section. This is true both on and offline.

With this, let me turn to Chad, who will take you through our consolidated results.

Chad J. Spooner - *Société BIC SA - CFO*

Thank you, Gonzalve. I will begin by reviewing the net sales results for both the second quarter and the first half of 2020.

Regarding the second quarter, on an as-reported basis, second quarter net sales were down 23.1% versus last year. On a comparative basis, our net sales were down 21.5%. Currency fluctuations had a negative impact of minus 1.5 points. This was mainly due to the continuing sharp decline of the Brazilian real, partly offset by the strong U.S. dollar against the euro. The drop of 21.5% in net sales on a comparative basis is mostly attributable to the COVID-19 outbreak.

Regarding the first half of 2020, net sales totaled EUR 775.8 million, down 19.2% as reported and down 18.2% on a comparative basis. Here again, the negative impact of currency fluctuations of minus 1 points was mainly attributable to the decline of the Brazilian real. The COVID-19 impact on the decrease in first half net sales is estimated between 11 and 12 points. The perimeter impact adjustment includes mainly our recent acquisition of Lucky Stationery in Nigeria. As a reminder, due to Argentina's hyperinflation, we are excluding Argentina from our net sales on a comparative basis.

On Slide 10, you can see the key elements of summarized P&L results. First half 2020 gross profit decreased by 2 points at 47.8% compared to 49.8% in the first half of 2019. Excluding the COVID-19 impact, first half 2020 gross profit margin slightly increased by 0.2 points, driven by favorable foreign exchange and a decrease in raw material costs, partly offset by unfavorable manufacturing cost absorption, which was not COVID-19 related, and an increase in brand support above net sales.

First half 2020 normalized IFO was EUR 92.9 million compared to EUR 153.1 million last year, with normalized IFO margin of 12% versus 15.9% in the first half of 2019.

Let me now review the NIFO margin change versus prior year for the second quarter of 2020. The gross profit margin remained broadly stable, while brand support investment were lowered by 1.1 points. Normalized OpEx and other expenses were higher by 3.2 points, resulting from the sharp decline in net sales and the cost of the implementation of the new organization, partly offset by savings across all geographies.

Second quarter 2020 nonrecurring items included EUR 41.7 million related to Cello impairment on property, plant and equipment and trademark, driven by the impact of COVID-19 on net sales and production volumes. COVID-19 had an impact of EUR 17.2 million on cost of goods. These one-off charges were generated by unfavorable cost absorption due to plant closures and low product demand. We lost close to 300 days of production since the beginning of the outbreak. We also had EUR 2.1 million included in OpEx and other expenses. Lastly, there was EUR 5.5 million of restructuring costs, of which the closure of our Stationary factory in Ecuador is included.

Now looking at the bridge for NIFO margin for the first half of 2020. The gross profit margin decreased by 2 points at 47.8%. Excluding under absorption of fixed costs due to the COVID-19 pandemic, the gross profit margin increased by 0.2 points driven by favorable foreign exchange and a decrease in raw materials costs. This was partially offset by unfavorable manufacturing cost absorption and increase in brand support above net sales.

OpEx and other expenses were higher by 4.6 points, resulting from the sharp decline in net sales and the cost of the implementation of the new organization partially offset by second quarter savings across all geographies. Approximately EUR 7 million to EUR 9 million of the OpEx reduction announced in May has been realized in the first half of the year.

Slide 13 shows normalized IFO to net income for the first half of 2020. First half 2020 income before tax was EUR 33.9 million compared to EUR 124.4 million in the first half of 2019. Net finance revenue was positive EUR 9.9 million compared to a negative EUR 1.7 million in the first half of 2019. The increase is explained by 2020's higher favorable impact of the fair value adjustments to the financial assets denominated in U.S. dollar versus Brazilian real and Mexican peso.

First half 2020 net income group share was EUR 22.1 million, as reported, compared to EUR 89.6 million in the first half of 2019. Normalized net income group share was EUR 84.0 million compared to EUR 108.4 million last year.

The effective first half 2020 tax rate was 34.8% versus 28.0% last year.

EPS group share was EUR 0.49 compared to EUR 1.99 in the first half of 2019. Normalized EPS group share decreased 23.1% to EUR 1.87 compared to EUR 2.43 last year.

On this slide, we see the main elements in working capital. Inventories amounted to EUR 484.9 million and accounts receivable to EUR 517.1 million. Trade and other payables were EUR 140.0 million. Inventories and days increased as a result of the sharp net sales decline.

This slide summarizes the evolution of our net cash position between December 2019 and June 2020. Net cash from operating activities was EUR 85.7 million, including EUR 95.6 million in operating cash flow. The negative EUR 9.9 million change in working capital was mainly driven by an inventory increase compared to December 2019. This was due to the sharp net sales decrease and seasonality of back-to-school.

Net cash was also impacted by investments in CapEx as we invested EUR 31.2 million in the first half of 2020. The dividend payment was EUR 110.2 million, and we bought back EUR 7.4 million of shares in the first half of the year. The EUR 39.6 million of other is mostly FX. Our net cash position at the end of June 2020 was positive EUR 41.5 million.

This ends the review of our second quarter and first half 2020 consolidated results. Now let me give the floor again to Gonzalve.

Gonzalve Bich - *Société BIC SA - CEO & Director*

Thank you, Chad. Let me now conclude on our outlook for the balance of the year. While we expect a gradual recovery during the second half, the visibility on market trends remains low, and most of the risks associated with the pandemic will remain.

Firstly, prolonged lower consumer spending, coupled with reduced in-store traffic, will affect our 3 categories. This will continue to dilute performance within the office superstore and office supplier channels and drag on category growth.

Secondly, despite our shared excitement with customers to return the upcoming back-to-school season into a special moment for families after months of homeschooling, the timing and conditions of school and university reopenings remains uncertain in many European countries, North America and is still unknown in Mexico. In the United States, many school districts are currently reconsidering their reopening plans. A few days ago, California's 2 largest districts announced that schools will not reopen for in-person instruction in August as planned and that students will continue to learn remotely. This uncertainty could endanger the back-to-school sellout in the Northern Hemisphere and affect our second half performance.

Finally, with sporadic outbreaks of the virus continuing and the prospect of a second wave towards the end of the year, further compounded by the onset of the flu season, the prospect of imminent economic recovery, particularly in either the Indian or Latin American economies, seems increasingly unlikely, the result of which will almost certainly impact our performance in these regions for the second half of the year.

In this challenging environment, we will continue to focus on protecting operating cash flow generation and further strengthening the resilience of our solid balance sheet. We are determined to continue to implement our operating model, and you should expect us to continue to make choices that will define our long-term potential that will allow us to emerge from this crisis stronger, bolder, more inclusive and more sustainable.

We're now ready to move to the Q&A section of this call. Thank you.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) We have a few questions in the queue, and the first question comes from the line of Nicolas Langlet from Exane.

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

I've got three questions. The first one on top line, so excluding the impact of COVID-19, the H1 like-for-like would have been down 6% to 7%. Do you expect kind of the same trend looking at H2 '20? Or are there any specific initiatives or market development that could help to do somewhat better?

Second question on the under absorption impact on COGS and OpEx you included in nonrecurring items in H1. Do you expect to book additional one in H2? Or most of it is now booked?

And finally, on Lighter, specifically in the U.S. First to clarify, I think you said you already passed the price increase at the end of Q2. Is that right? And then when we look at the sellout data for lighters in the U.S., they are much better than what you reported with the minus 10% in Q2. So do you expect some restocking effect in Q3? Or the level of inventories at retailers is sufficient at this level?

Gonzalve Bich - *Société BIC SA - CEO & Director*

So I'll tackle the first one related to H2. I think in the second half, we're expecting H2 to be better than H1. And as I said during my preamble, it's going to be heavily dependent on back-to-school sellout trends and economic recovery or not in Latin America and India. I think it's kind of easy to gloss over just how difficult both the sanitary and business realities of those parts of the world are, and we're very cognizant of it.

However, we've been working -- I mean you all know the business quite well. We've been working on back-to-school plans for months and months and months with a lot of the largest customers in the Western Hemisphere. And they're keen to make back-to-school a big and special moment for their shoppers who are back in stores. And when I see the layouts that have been set in France and the United States, the brand couldn't be more forward for the consumer, more visible in store, also a lot more visible online. I think the current champion in the display competition internally is 85 displays in 1 store in France, so it's incredible.

We see improved trends in July, right? Positive back-to-school phasing impact across the major geographies, so Europe, the U.S. and Brazil. Lighter business up in Europe and in the United States, as you noted yourself, but continued soft performance in Latin America, notably in Mexico and then in India.

So H1 -- H2 better than H1, but it's still going to be -- it's very difficult out there from a trading perspective.

Chad, do you want to talk about the...

Chad J. Spooner - *Société BIC SA - CFO*

Yes. Nicolas, in regards to your second question about the impact in the second half, yes, we do expect some impact from the COVID, but less than H1 at this phase. And depending on what happens to COVID in the second half, if the second wave materializes, but we anticipate it being less than the first half. And to date, there are no mandatory -- mandated lockdowns for any of our production facilities, but we're always keeping a very close eye on locations, such as India, where the situation remains very volatile.

Gonzalve Bich - *Société BIC SA - CEO & Director*

Your third question, yes, we did take the price increase that we talked about a couple of months ago. It's in the market, and we're working with customers. H2, I think you're going to continue to see soft performance in convenience stores, right? That channel of distribution remains very challenged with lower foot traffic as well as they're trying to reinvent their own business models, shifting in part to food, hygiene and proximity versus a reliance on some of the other categories that they've had historically. But we did see improvement in July, sales were up.

And really, there's something that comes to mind for me, which is finding new avenues for growth or creating them, right? So if we think about the acquisitions that we did in the last couple of years in Africa, which were about creating and reinforcing strongholds for the brand but also bringing new brands into the portfolio, like Lucky. And then to your question, and it goes directly back to your Lighter question, Djeep, right, also a new brand in the portfolio that offers us opportunities to create growth and play in new price tiers in the market, which we weren't doing before, and providing consumers with complementary value in choice.

So it's really about being nimble, being agile and seizing opportunities when they present themselves.

Operator

We have a next question from the line of Charles Scotti from Kepler.

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

I've got a couple of questions, the first one on the restocking impact. Do you still expect some positive restocking in Q3 and especially in the Stationary segment?

Also, another question on the Lighter division. Do you have an idea on how much volumes the U.S. decision to prevent import of lighters imitating BIC's appearance can bring in the future?

And two other question. Can you break down the EUR 19 million COVID-19 impact on EBIT by product category for H1? And finally, can you tell us how much of the EUR 15 million to EUR 20 million OpEx savings has already been booked in H1?

Gonzalve Bich - *Société BIC SA - CEO & Director*

So thank you for your questions, Charles. So restocking, I think, is a little bit difficult in the supply-and-demand equation that we're living in where it's very dependent on the shifts in foot traffic. But in Stationery, let's face it, in the Western Hemisphere, the pandemic struck the market at its low, right? So as I've -- we've shared with you before, Stationery is a category that's shopped 1.5 to 2.5 time a year by the shopper in general. So mom wasn't out there trying to buy stationery in March, April, May, or she wouldn't have been under normal circumstances. And really, that's the buildup to back-to-school that we talked about.

And we've worked with our partners for 6 months, and it's been a very intense 6 months as we've all tried to understand how the pandemic would affect shopping behaviors, both in-store and out of store. And if I recall, last year, during our Q3 call or maybe it was the full year call, I told you that one of the things that was important to us was making sure that we got out there fast and early, right? So back-to-school displays in store generally hit anytime between the 15th of July and the 1st of August, depending on where you are in the world, maybe a little bit earlier in the south of the U.S., but really getting out there earlier and capturing those early sales as early as June. And the programs that we put in place in Stationery this year, both -- mostly online with both brick-and-mortar dotcom, but also with Amazon and some of the larger trading partners in that space, really drove what we were looking for them to do. So the consumer connect is there. That having been said, it's all going to come down to sellout, sell-through, and that's going to be dependent on the back-to-school.

With your -- with regards to your question on Lighter, I'm especially pleased that we were able to have the positive outcome that we sought with the ITC. So the brand of look-alike lighters that we were targeting in the suit originally was 6 million lighters last year, so that's kind of marginal in comparison to the total volumes that we sell here in the United States, not insignificant, but not massively material.

I think, though, you need to take a step back and think more broadly about what it means for the consumer. So the first of which is, those imitation lighters were nonconformed, noncompliant, and so therefore, potentially unsafe for consumers. And that -- so this decision has a twofold effect. One, it protects consumer safety; but two, it also protects and reinforces the strength of the BIC brand so that never a consumer might misinterpret look-alike or uncompliant products for our own. It also gives us strength with our retail partners to continue to build distribution. Protecting the brand in all 3 categories, but especially in Lighter, has always been absolutely core to our philosophy in the market.

Chad J. Spooner - *Société BIC SA - CFO*

And Charles, regards to your third question about the breakdown of the EUR 19 million, as you would expect, the majority of it is in Stationery. Roughly 2/3 was in Stationery and the other 1/3 was almost evenly split between the Lighter and Shaver divisions -- categories.

And your fourth question about how much of the EUR 15 million to EUR 20 million announced in May did we achieve in the first half. We achieved EUR 7 million to EUR 9 million by the end of June, so we feel that we are on track for the full year delivery of the amount we communicated.

Operator

We currently have one question in the queue. (Operator Instructions) We have our next question from the line of Christophe Chaput from ODDO.

Christophe Chaput - *ODDO BHF Corporate & Markets, Research Division - Analyst*

Two quick questions for me. The first one is on Stationery. So basically, you say that the sell-in should be the same in 2020 versus '19 regarding the back-to-school. Would you say as well that the gross margin is the same? I mean do you see on the market more promotion or things like that? Could you, let's say, elaborate about the competitive landscape?

And the second one is, in Q2, you benefited from 110 bps improvement in the operating margin due to lower brand support, which is natural in the current environment. What does this imply for H2? I mean should we expect the opposite effect or a more important brand support in H2?

Gonzalve Bich - *Société BIC SA - CEO & Director*

Thanks, Christophe. So back-to-school sell-in, you're right, I said roughly in line with 2019. Timing effects, as we saw, June to July, but overall, that's the plan. The key element is going to be, to your point, around a very, very competitive space because, of course, we're all fighting for market share, either through value of our products or some of the innovation that we've launched. I'm really happy with year 2 of the BodyMark program and how it's gaining traction on social media and then in the schools and other places that you can find that product.

The margin impact of back-to-school is always a significant one. It's going to depend on how many displays end up getting out there and what the mix is. So we'll tell you more about that over the quarter and then the second half. But fundamentally, it's really going to be about keeping the brand strong with shoppers and making sure that it's out there, very visible and dynamic. And during this pandemic, we've seen consumers go to brands that they trust. And we know that, that trust has to be earned every day through the continued satisfaction of the user. And that's why, for me, quality is absolutely so key.

If you think, though, about one of the key strengths of BIC historically and today, it's distribution, right? So it's BIC seen, BIC sold. It's our strong partnership with key global retailers, both on and offline. And we are on track. We're winning online. We're gaining share, both online and offline. And we're pulling ahead. And as I reflect on the last 18 months of transformation and the different capabilities that we've been able to bring to the company, and that through the people that we've hired, the excellent people that we've hired, the e-commerce team really is one of those standout teams that's allowed us to grow and be competitive in the market.

Chad J. Spooner - *Société BIC SA - CFO*

And Christophe, in regards to your second question about brand support, we definitely plan on investing in brand support in the second half of the year. But as we said, we'll be monitoring how sales develop, so we can adjust what that amount is going to be. But we do look to support our brand in the second half.

Christophe Chaput - *ODDO BHF Corporate & Markets, Research Division - Analyst*

Okay. And just a quick follow-up. Again, in Stationery, you say that the consumer is shifting to value products. So regarding this, it means that you can, let's say, gain much more market share? Or you mean that it have -- it could have an impact on your margin, let's say, related to a mix effect?

Gonzalve Bich - *Société BIC SA - CEO & Director*

No, I'm sorry. So when I talk about value, I'm talking about that performance to price equation. And so the value of the product in their eyes as it's lived through the continued satisfaction every day of the use of the product. Listen, at the end of the day, if you're a mom or dad, because I do some back-to-school shopping with my kids, too, and you walk into a store and you see that massive train in many countries of stationery products, branded BIC branded -- you've been buying for your kids for years, you probably -- your mom probably bought for you all those years ago, that's value.

Operator

We have our next question again from the line of Nicolas.

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

I've got three additional questions. The first one on the gross margin. Looking at H2, are there any specific element to have in mind? Or do you expect roughly the same trend as in H1?

Second question on e-commerce. So it outperformed materially the other channels in H1. Are you seeing since early July some sign of normalization? Or you expect the trend to be sustained? And looking forward, what are the implications of higher online sales in terms of margin?

And the last question in terms of cash return and the share buyback. Given the resilient cash generation in H1 and the current share price, do you plan to at least start the share buyback in H2 or not?

Chad J. Spooner - *Société BIC SA - CFO*

So Nicolas, thank you for your questions. In regard to the first one, regarding gross margin for the second half, we are expecting similar trends with favorable FX and raw material cost, absent any type of changes with back-to-school. As we said, we'll continue to monitor, right? So similar benefits from FX and raw materials.

And I'll also take your third question, and then I'll let Gonzalve go back to your second question about e-commerce. In regards to the cash returns and our buyback program, currently, our share program is still suspended, and there's no change to that as of now.

Gonzalve Bich - *Société BIC SA - CEO & Director*

So to your question about e-commerce, I'm going to answer it but I want to go a little bit more broad. As I said, we have a really ambitious change program, and we initiated that before the current pandemic last year. And while the pandemic has presented challenges to us, it's undeniable, it's also enabled us to move forward with our intent on this agenda with both speed and conviction. And one of the examples I would give you is on e-commerce. And I'm sure you've all read a lot of the reports from some of the major distributors how e-commerce has been a drag on their profitability, and it's probably some of the nexus for your question. We've been thinking about SKUs for online for 20 months, 30 months. And it's really important as we think about growth to make sure that each choice we make is a profitable one for the future. And that mix is going to be a negotiation with major distribution partners for the years to come, right? But as we bake that into programs like SKU rationalization internally, making our operations more agile, more lean, we should be able to protect margins in the e-commerce channel and, if anything, continue to find sources of growth. Remember, I said, you're either finding avenues for growth or you're creating them, and I think that the e-commerce space is a really great example of that.

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

Okay. And for example, at the end of H1, what was the share of online sales? And what was the level in H1 '19?

Gonzalve Bich - *Société BIC SA - CEO & Director*

Give me a second while I look that up, I don't have it off the top of my head.

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

Sure. Well, I will use that time for another quick question on the tax rate for the full year, maybe for Chad.

Gonzalve Bich - *Société BIC SA - CEO & Director*

Okay.

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

Based on H1 level, what sort of effective tax rate do you expect for the full year?

Chad J. Spooner - *Société BIC SA - CFO*

So the one thing that you should note, the H1 tax rate, the difference you see is really because of the Cello impairment. So we are consistent ex that at a 28% rate, which is consistent with the end of 2019.

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

Okay. 28%.

Gonzalve Bich - *Société BIC SA - CEO & Director*

Nicolas, rather embarrassing. I don't have that specific version of the question to hand. Sophie will follow up with this.

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

Sure. No problem at all.

Operator

We have no further questions in the queue. (Operator Instructions) We have no questions coming through, so I will hand it back to yourself, Sophie, for any closing remarks. Thank you.

Gonzalve Bich - *Société BIC SA - CEO & Director*

Sophie? Okay. So Sophie's line might be having -- experiencing difficulty. So I'm going to be Sophie, and thank you all for your attendance at this call, and wishing you great summer holidays, for those of you who are taking it. We look forward to seeing -- hearing you at our Q3 conference call as well as our Capital Markets Day, which, as I said, will be sometime in mid-November, and we should be giving you more details for that soon.

Thank you very much for attending this call.

Operator

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