

Shareholders' Newsletter



No. 2 OCTOBER 2004



CHAIRMAN'S MESSAGE

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NEWS

- BIC organized its **first information meeting for shareholders** with the participation of Bruno Bich at the Forum de l'Investissement on October 1, 2004 at the Paris Palais des Congrès.
- An **interim dividend** of 0.40 Euro per share will be issued and paid on November 3, 2004.

Ladies, Gentlemen, Dear Shareholders,

I am pleased to welcome you to the second issue of BIC Group's *Shareholders' Newsletter*. It will be issued twice a year to keep you updated on the Group's performance and new product launches.

In the first half of 2004, the BIC Group continued to grow (net sales are up 5.8% at constant currencies and perimeter) and increase market share in its three categories, despite the effects of an uncertain global economy on household consumption. Sales of BIC's classic products, as well as new products that still account for more than 20% of total sales, were strong. Building on this performance, we will continue to innovate and create functional, quality products sold at an affordable price, which is truly the hallmark of the BIC® brand.

Thanks to our focus on controlling operating costs, the operating margin is up 0.7 point to 15.3% of net sales in the first half. Also, to consolidate worldwide operations, we announced that we will close BIC® ballpoint pen and BIC® shaver manufacturing operations in Milford, Connecticut, USA, and the SHEAFFER® pen manufacturing facility in Ford Madison, Iowa, USA by the end of 2006. Our Group net income is down as a result of the initial costs involved in closing these operations. The restructuring costs will impact 2004 results; yet, in 2005 and 2006, the first savings realized should soften the remaining costs.

The two acquisitions we made during the first half are good examples of our company's strategy of expanding our technologies and enhancing our presence in world markets. We expanded our line of writing instruments through the acquisition of STYPEN, a French company founded in 1934, which specializes in the school refillable fountain pen segment. We have also strengthened our position in Japan with the acquisition of our long-time distributor BIC KOSAIDO K.K.

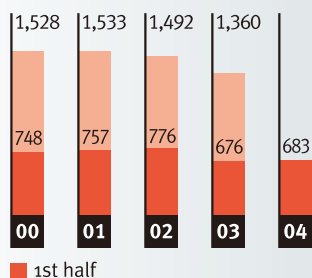
Our company strategy - dynamic, attuned to changes in the world economy, but prudent - reflects the determination of the Board of Directors to ensure sustained and profitable growth to our shareholders.

I invite you to take a look at the mini-catalogue of the products that are the pride of the BIC Group, which is attached to this letter. I want to thank you for the support and confidence you have demonstrated as a BIC shareholder.

Bruno Bich
Chairman and CEO



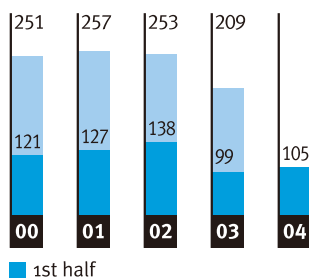
Half-Year 2004 Key Figures



NET SALES

683 million Euro

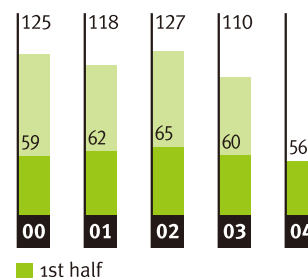
Sales increased by 5.8% on a like-for-like basis (at constant exchange rates and exclusive of the acquisitions made in 2004).



INCOME FROM OPERATIONS

105 million Euro

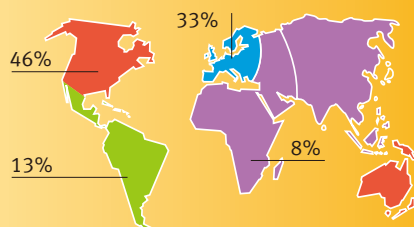
Operating income grew by 6% and the operating margin reached 15.3% of sales, an improvement of 0.7 point over the first half of 2003.



NET INCOME

56 million Euro

The Group's net income declined by 6.7%, and earning per share by 4.7%.



NET SALES BY GEOGRAPHIC AREA



OUR PERFORMANCES

22 million stationery products
4 million lighters
11 million shavers
 sold each day by BIC

OUR TARGETS

MID-TERM OPERATING MARGIN

Stationery **16-17%**
 Lighters **23-24%**
 Shavers **10-12%**

Key Events of the Half-Year Period

Sales up in all three categories

In the first half of 2004 sales are up in all geographic regions except Western Europe, where the lighter business faces heavy competition from Asian imports.

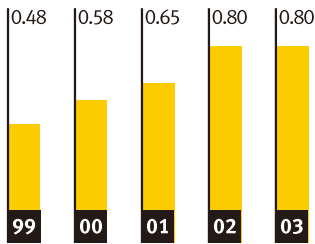
Stationery sales growth was driven by the ball pen classic segment, BIC® Cristal® Gel roller, mechanical pencils and correction products. The imprinted advertising business continued to grow, driven by strong sales of BIC® Sticky Note® adhesive notepad products. In addition to the solid performance of the pocket lighter segment, sales of multipurpose lighters grew, led by BIC® Megalighter™ for Candles multi-position lighter. Growth in the shaver category was driven by sales of the BIC Comfort 3™ and BIC® Soleil™ triple-blade shavers. Soleil™ was launched in Europe and the United States in the second quarter of 2004. Partially offsetting the growth of the triple-blade products was the decline of single-blade shaver sales in most regions, but at a lower rate than in the first half of 2003.

Acquisition of our Japanese distributor BIC KOSAIDO K.K.

BIC has bought out its long-time Japanese distributor of 30 years. This acquisition is an important first step for BIC Group's expansion strategy in Asia. The manager of BIC KOSAIDO K.K., Mr. Yanagisawa, will bring to BIC his 22 years of experience in stationery, in particular with the Japanese manufacturer Pentel. Japan, which has 120 million inhabitants with strong purchasing power, is the world's second market for shavers and stationery products.

Acquisition of STYPEN SA, French manufacturer of school refillable fountain pens

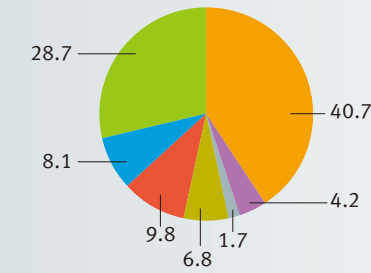
STYPEN has been manufacturing writing instruments since 1934. Sales in 2003 were 17 million Euro, mainly in France. The acquisition of STYPEN gives BIC a 10% share of the school refillable fountain pen segment, one of the largest writing instrument segments in France today.



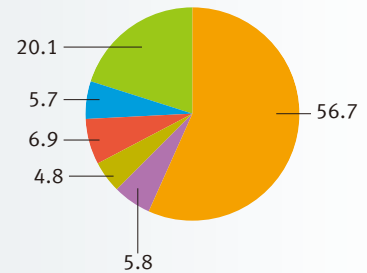
→ NET DIVIDEND

0.80 Euro

The net dividend (exclusive of tax credit) for fiscal year 2003 remained stable relative to that for 2002, despite the decline in net income.



→ CAPITAL OWNERSHIP
in % as of June 30, 2004



→ VOTING RIGHTS
in % as of June 30, 2004

- Bich family, including MBD
- Franklin Templeton
- Mrs. Édouard Buffard
- Silchester International Investors
- Treasury shares
- AIM TRIMARK
- Free Float

→ HIGHLIGHTS



BIC® DISNEY Magic Artist coloring kit

Winnie the Pooh, Mickey Mouse and Cinderella: these three coloring kits link the Disney universe with BIC®'s know-how. These kits, a year-round gift item for birthdays, demonstrate BIC's development of stationery products that are not linked to "back-to-school."

BIC® Megalighter™ for Candles

This lighter for candles is part of BIC's line of multipurpose lighters. Its three positions make it possible to light the wicks of all types of candles. The Megalighter™ for Candles is a perfect example of the Group's strategy of innovation in value-added products.



BIC Comfort 3™ advertising

Launched in 2003, the triple-blade BIC Comfort 3™ shaver continues to increase sales. In the first half of 2004, this commercial, using the tune of Elvis Presley's *Blue Suede Shoes*, was aired in many European countries and contributed significantly to sales performance.

BIC® Soleil™

The first one-piece triple-blade shaver especially designed for women was launched at the end of March 2004. It has already been very well received by consumers in Europe and the United States.



→ FOCUS

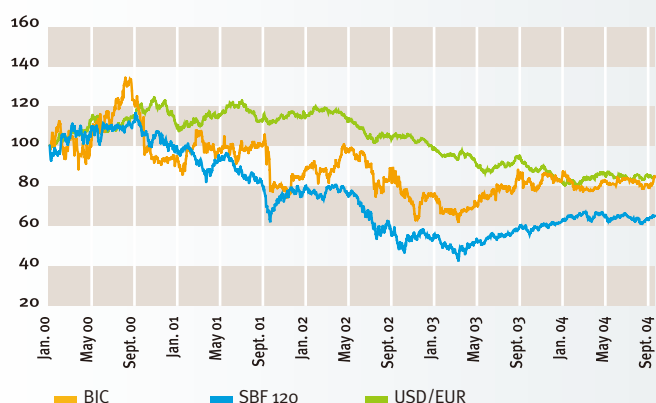


BIC® Collection

BIC® Collection, attached to this *Shareholders' Newsletter*, is a mini-catalogue that will enable you to see the breadth of the BIC Group's product line and the latest innovations.

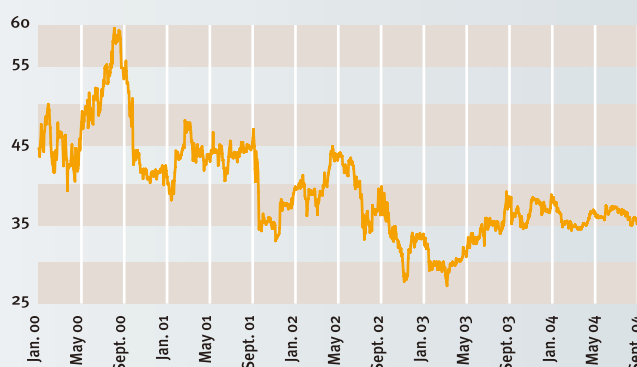
Information on the Share

→ BIC SHARE PRICE VS. SBF 120 AND USD/EUR REBASED 100 AT JANUARY 2000



This graph, rebased 100 at 3 January 2000, shows the correlation between the BIC share price, the SBF 120 and the USD/EUR fluctuations.
Financial data as of mid-September 2004.

→ BIC SHARE PRICE



In the 2000-2004 period, the highest price was 58.9 Euro in August 2000 and the lowest was 27 Euro in March 2003. Since this date, BIC Group's performance succeeded in offsetting the negative impact of currencies on results, and made BIC shares attractive again.

→ BIC SHARE

As of June 30, 2004

- **Capital:** 204,464,812.4 Euro
- **Number of common stocks:** 53,524,820 shares at 3.82 Euro face value.
- **Quoted in Paris**
- **ISIN Code:** FR 0000120966
- **Average daily volume** (in the 1st Half 2004): 43,000 shares
- **Index:** SBF 120

→ KEY DATES FOR SHAREHOLDERS

October 14, 2004

- 3rd Quarter 2004 Net Sales

January 20, 2005

- 4th Quarter and Full Year 2004 Net Sales

March 3, 2005

- Full Year 2004 Results

May 19, 2005

- Shareholders' General Meeting

→ CONTACT

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If you want to receive BIC Shareholders' newsletter, please contact us.



→ OUR ANSWERS TO YOUR QUESTIONS

Will you pay an interim dividend in 2004?

Yes. On the 8th of September, 2004, SOCIÉTÉ BIC's Board of Directors decided to issue an interim dividend of 0.40 Euro per share, to be paid on November 3, 2004.

Why does BIC give so much importance to exchange rates in its financial communications?

Based in France, the BIC Group publishes its financial statements in Euro. However, BIC sells its products the world over, and 65% of sales are in foreign currencies, in particular the U.S. dollar and the Brazilian real. These currencies have been weakening against the Euro for the last three years. For example, a product that sold for \$1.00 at the beginning of 2000 was worth exactly 1 Euro, while this same product selling at \$1.00 in 2004 is worth only about 81 Euro cents. Since foreign exchange fluctuations can reduce BIC's reported sales figures, we also publish Group income statements at constant currencies, i.e., as if the currencies did not fluctuate over the financial year. This enables the shareholder to measure the Group's real operating performance, without foreign exchange effects.

What is the compensation policy for BIC's senior managers?

The Board of Directors emphasizes both equity and competitiveness in the compensation of its senior managers, so that it both provides motivation and serves to attract quality executives, without being excessive. There are variables, depending on company earnings, in the compensation of the Chairman and the Executive Vice-Presidents and other members of the Leadership Team. In addition, Bruno Bich, Chairman and CEO, and François Bich, Executive Vice-President, decided that they would not benefit from any stock options. Compensation for members of the Board of Directors is available and detailed in the 2003 Reference Document (page 15).

Is the BIC Group concerned about sustainable development?

Yes. The BIC Group has a team dedicated to sustainable development, including officials responsible for different business areas on different continents. This team has identified best practices, including an action plan. The company will give an account of how this program is advancing in its first sustainable development report to be published in 2005.