

15th December 2016

Luxury & Consumer Goods

BIC

Price EUR125.05

Gonzalve Bich appointed COO effective 1st January 2017

Fair Value EUR124 (-1%)

NEUTRAL

Bloomberg	BB FP
Reuters	BICP.PA
12-month High / Low (EUR)	154.9 / 114.4
Market Cap (EURm)	5,994
Avg. 6m daily volume (000)	52.80

	1 M	3 M	6 M	31/12/15
Absolute perf.	5.0%	-2.5%	9.3%	-17.5%
Consumer Gds	5.8%	0.0%	5.1%	-3.3%
DJ Stoxx 600	5.2%	5.1%	11.0%	-2.8%

	2015	2016e	2017e	2018e
P/E	18.4x	20.7x	18.8x	17.6x
Div yield (%)	4.7%	2.8%	3.0%	3.2%

ANALYSIS

- Yesterday BIC announced that Gonzalve Bich would be appointed BIC COO effective as of 1st January 2017. He will be in charge of the entire Consumer Business (i.e. Stationery, Lighters and Shavers) across the globe, in addition to heading up Human Resources and IT. His father Bruno Bich, Chairman and CEO, will continue to focus on the group's LT strategy, certain central functions (Finance, Legal, etc.) as well as BIC Graphic and BIC Sport.
- This announcement is not surprising and was well prepared within the group. When CEO Mario Guevara announced his retirement in February (effective after the AGM in May), Bruno Bich temporarily merged the Chairman and CEO functions for the first time since 2005, as he confirmed that this solution should not exceed two years, which should be enough time for the Board to find the right CEO successor. At that time, he was already mentioning Gonzalve Bich as a potential successor.
- Gonzalve Bich has been working for BIC since 2003. After occupying various positions within the group, he was promoted General Manager for Developing Markets mid-2013. Interestingly, he took responsibility for BIC Consumer Business & Latin America in spring 2016 and he was just appointed Executive VP of Société BIC in June 2016, confirming that the succession plan was well underway. As of 31st December 2015, the Bich family held 42.7% of shares and 58.8% of voting rights

VALUATION

- At 12.7x 2017e EV/EBIT, the stock is trading at a 22% premium to its 2004-16 historical average.

NEXT CATALYSTS

- BIC is due to report FY16 results on 15th February 2017.

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Distribution of stock ratings

BUY ratings 72%

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