Société BIC SA ENXTPA:BB

FQ4 2021 Earnings Call Transcripts

Wednesday, February 16, 2022 7:30 AM GMT

S&P Global Market Intelligence Estimates

	-FQ4 2021-			-FY 2021-			-FY 2022-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS
EPS Normalized	NA	NA	NA	4.52	4.29	(5.09 %)	4.37
Revenue (mm)	409.10	436.80	6.77	1818.56	1831.90	0.73	1921.50

Currency: EUR
Consensus as of Feb-16-2022 8:56 AM GMT

	- EPS NORMALIZED -		
	CONSENSUS	ACTUAL	SURPRISE
FQ1 2021	NA	NA	NA
FQ2 2021	NA	NA	NA
FQ3 2021	NA	NA	NA
FQ4 2021	NA	NA	NA

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Call Participants

EXECUTIVES

Chad J. Spooner
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CEO & Director

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Nicolas Langlet
BNP Paribas Exane, Research Division

Presentation

Operator

Hello, and welcome to the BIC 2021 Full Year Results Call. My name is Jess, and I'll be your coordinator for today's event. [Operator Instructions] I will now hand over to your host, Sophie Palliez, to begin today's call. Thank you.

Sophie Palliez-Capian
Vice President of Corporate Stakeholder Engagement

Thank you, and good morning, everyone. Welcome to BIC Full Year 2021 Results Conference Call. The call will be hosted by Gonzalve Bich, Chief Executive Officer; and Chad Spooner, CFO. They will start by an overall presentation of our 2021 performance and 2022 outlook. We will then open to your questions. Gonzalve?

Gonzalve Bich
CEO & Director

Thank you, Sophie. Welcome, everyone, and thank you for joining us this morning. I'll start this presentation with an overview of our 2021 achievements and then cover the key drivers of those achievements in more detail.

Now as I begin, I want to formally recognize the outstanding work of our teams in 2021 across the world. And despite the ongoing turbulent trading environment, they worked relentlessly to execute our Horizon Plan and achieve our 2021 objectives. With determination and passion, they focused and delivered on what they could control to mitigate headwinds while staying agile in our reactions to external factors.

As I reflect on what we achieved, the 4 things that stand out for me are: net sales growth, our resilience to external headwinds, our continued progress on sustainability and maintaining our strong cash flow. Now I'll provide a little color on each of these.

Our growth was outstanding at plus 15.9% net sales at constant currencies compared to initial expectations of 5% to 7%. Now BIC has -- had a reputation for cautiousness and for delivering rather than promising. Yet at this time last year, it was inconceivable that growth rates would more than double. However, these results are not an accident. They are the tangible outcomes of our transformation into a fast-moving, consumer-centric company with Rocketbook and Lucky Stationery in Nigeria and our solid performance in Latin America. I'd also mention the outstanding execution of our e-commerce teams worldwide, particularly in developing countries where sales growth was more than 60%.

Now in addition to organic growth, our recent acquisitions, Rocketbook and Lucky Stationery in Nigeria, had a remarkable performance. Rocketbook contributed 3.7 points to our growth last year. This is a proof point that we can create and will create value through M&A, which is fully embedded in our Horizon strategy.

The second point is our resilience to external headwinds. Throughout the year, we successfully managed raw material scarcity, price increases, sea freight disruption, a shortage of local transportation and ongoing mobility restrictions in many countries. The swift response and proactive actions taken meant we could manage almost all of these issues. Now the big takeaway here is that the deep set initiatives we've been working on for these last 3 years as part of our Invent the Future plan paid off in 2021 and will continue to pay off. This is the important proof point of our increased agility.

The third highlight is the continued progress in our sustainability journey. While facing external headwinds, we did not let our guard down. We launched innovative products with reduced environmental impact and continued to execute our Writing the Future, Together commitments.

Finally, we maintained robust cash flow and reached our EUR 200 million target while building strategic inventories to protect our raw material supply and ensure product delivery in 2022. Our balance sheet is purposefully strong because we believe that a sound financial situation is key in the current volatile environment. It is also critical to continue to invest in our organic growth and a prerequisite to funding external growth.

As I said, acquisitions is a key pillar of Horizon. Since the launch of the plan, we acquired 2 fast-growing companies, Rocketbook and Inkbox, in addition to Djeep bought in June of 2020. We also divested our label business in Brazil, PIMACO, and sold our French headquarters. You should expect us to continue to actively manage our portfolio to increase our exposure to fast-growing businesses in fast-growing countries.

With that in mind, let's take a look at a snapshot of our financial performance in 2021. As I said, net sales for the full year were EUR 1.8 billion, up 15.9% at constant currencies. Our adjusted EBIT was EUR 279.8 million with a 15.3% margin. Adjusted earnings per share were EUR 4.29, up 21% versus last year. And lastly, free cash flow before acquisitions and disposals stood at EUR 205.7 million. Chad will take us through the financial performance in more detail a bit later.

This next slide illustrates some of our key nonfinancial KPIs for 2021. The central tenet is the fight against climate change, and this is why many of our sustainability initiatives are geared towards reducing our CO2 emission. In 2021, we committed to reaching 100% renewable electricity in 2025, and we are fully confident to reach this target.

2021 was year 1 of our virgin plastics reduction road map. As you can see, we did very well in packaging with a 17.1 point increase in our use of reusable, recyclable and compostable plastic in our packaging. We still have work to do to reduce the use of virgin plastic in our products with some initiatives delayed due to industrial constraints. However, we remain on track to achieve both our 2025 and 2030 goals.

Finally, we continued to improve the learning conditions for children to help them succeed in their education. In 2021, we reached more than 40 million children around the world. Since 2018, we've served 158 million children, which is a tremendous source of pride for the team across BIC.

Moving now to shareholder remuneration. In line with our Horizon Plan Capital Allocation Policy, the Board will propose a EUR 2.15 per share ordinary dividend at the next Annual General Meeting for a payout ratio of 50% and an increase of 19.4% compared to 2021. In addition to the ordinary dividend, we launched a EUR 40 million share buyback program -- as in 2021, an ESG component will allow us to allocate funds to the Abdul Latif Jameel Poverty Action Lab and the BIC Corporate Foundation for Education.

Walking the talk of corporate purpose and long-term sustainability is important for all companies today, and at BIC, that's not new. This innovative program accelerates our path towards genuine, long-term value creation for all of our stakeholders, which I'm extremely proud of.

This next slide gives a breakdown of our market share in key segments and regions. As you can see, we grew or held our positions in 60% to 70% of countries in our 3 divisions despite challenging markets. In Brazil and Mexico, we powered up highly effective back-to-school programs focused on the consumer. We also held share in the 1-piece shavers segment, outpacing the strategic 3-blade segment in both countries.

In the U.S., we gained 1.2 points market share in Lighters, leaning towards a more added value-driven model with products like EZ Reach. In less than 2 years, EZ Reach has achieved 4.3% market share of the total pocket lighter market in value. This is a tremendous performance, boosted by the groundbreaking Snoop and Martha advertising campaign, which clearly resonated with consumers. This also demonstrated that our all flame occasion strategy is relevant and can sustain growth in lighter.

We also held or gained share in fast-growing European countries like Poland, Turkey and Russia in Shavers, where our Hybrid and Flex ranges outperformed the market. And we outpaced both the lighter and stationery markets in South Africa, reinforcing our leadership in the region and growing in strategic segments such as coloring. These robust results are important achievements for 2021, but more importantly, they position us strongly against our competitors in 2022.

In 2021, we shifted gears in e-commerce and grew BIC e-commerce net sales by 21%. To achieve this double-digit online growth, we need 3 things. First, to grow in all markets. We achieved this in 2021. Second, to grow in all regions. We achieved this in 2021 with notable performance in developing markets where we grew more than 60% overall. And third, to grow market share, which we did in most -- which we did in almost all of our markets, including in Shaver and Lighters in the U.S. and Stationery in the U.K., France and Germany. This robust performance was fueled by efficient digital brand support investment driven by a very simple idea that a BIC seen is a BIC sold regardless of whether it's online or offline.

As I said in my introduction, Rocketbook performance was outstanding with a 55% growth rate in 2021. In addition to strong domestic sales, I want to highlight their successful deployment outside the United States, notably in Europe, and in the B2B and education channels, where sales more than doubled. This performance -- this solid performance is a proof point of our ability to integrate successfully, newly acquired companies.

The recent acquisition of Inkbox, the leading semi-permanent tattoo direct-to-consumer brand, will strengthen our position in e-commerce further and help build our social media capabilities. With the inclusion of Inkbox, the proportion of BIC's e-commerce net sales from D2C in 2021 would be 14% versus circa 3% beforehand. This is a great step forward for us.

So we've looked at growth and we've looked at how e-commerce is thriving, let me now take a step back to look at sustainability from a product lens. In 2021, we launched several innovative new products with reduced environmental impact. The 4 products you can see on this slide are good examples: the BIC Cristal Re'New in France; the BIC ReVolution range in the U.S., the new range of Hybrid shavers; and our new BAMBOO razor, which launched successfully online and offline in Sweden during the second quarter. All were well received by customers and consumers and demonstrate that sustainable products offer true competitive advantage.

To ensure that our innovation funnel is filled with exciting new products, we also boosted our global innovation pipeline. A perfect illustration of our open innovation strategy is the announcement and development of a new recycled material in partnership with Avient. Their technology will help increase the percentage of recycled material used in the handle of the upcoming refillable BIC Click Soleil 5 shaver. This launch is planned for the spring.

Now before I give the floor to Chad, I want to say a word about our Invent the Future plan. I'm extremely pleased to say that we've achieved each of the 4 operational targets defined in 2019 now 1 year ahead of schedule. While meeting our Invent the Future targets was challenging, this helped us to better weather the impacts of COVID-19 on our business. Reaching the targets a year early in the midst of the pandemic and continued volatile trading conditions is a testament to the strength of our model and an outstanding achievement by the teams.

On that note, here's Chad, who will now -- who will step in now to present our operational and consolidated financial results.

Chad J. Spooner
Chief Financial Officer

Thanks, Gonzalve. I'll now review our operational and consolidated results for the fourth quarter of 2021 and full year 2021.

Starting with our performance in Human Expression division. Net sales were EUR 683.8 million, up 21.3% at constant currencies. Adjusted EBIT was EUR 36.8 million with a 5.4% margin. Performance was notably driven by robust commercial execution in Europe, Latin America, Middle East and Africa and by further market share gains in strategic segments, including Coloring. The successful integration of recent acquisitions also drove performance as Rocketbook net sales grew 55% and Lucky Pens in Nigeria grew more than 100%.

The back-to-school seasons in most countries were strong, notably in Mexico and the U.K. However, as already mentioned, supply chain issues impacted our operations, leading to a weak full year performance in the U.S. despite a rebound in the fourth quarter.

As we make progress in our Horizon transformation journey, 26% of Human Expression net sales came from creative and digital expression segments.

Full year 2021 Human Expression adjusted EBIT margin decreased by 0.4 points. The increase in raw material, freight and distribution costs more than offset the positive impacts from net sales growth and manufacturing efficiencies.

In our Flame For Life division, net sales were EUR 718.5 million, up 20.3% at constant currencies. Adjusted EBIT was EUR 270.2 million with a 37.6% margin. Improved market dynamics in the U.S., a rebound in both traditional and modern mass channels in Europe and strong growth in Latin America drove the division's performance.

In the U.S., we outpaced the lighter pocket market by gaining 1.2 points market share in value, fueled by distribution gains, positive price and mix impact and RGM. We also pursued our strategy to lean towards more added value-driven growth.

Thanks to the success of BIC EZ Reach in the U.S. and the addition of Djeep Lighters in Europe, added value products accounted for almost 36% of total sales in 2021, on track to reach our 50% objective in 2025.

Full year 2021 Flame For Life adjusted EBIT margin improved by 2.6 points, fueled by the strong increase in net sales, partially offset by higher brand support and higher freight and distribution costs.

Now looking at our Blade Excellence division. Net sales were EUR 401.2 million, up 3.0% at constant currencies. Adjusted EBIT was EUR 57.4 million with a 14.3% margin. Performance was driven by the ongoing success of added value segments in the U.S. and Latin America and of our sustainable products in Europe, such as the Hybrid range and BIC BAMBOO.

In the U.S., we were faced with the continued challenging competitive environment, affected by aggressive promotional activity and value segments. However, we managed to successfully gain market share in premium ranges.

Finally, our B2B blade business, BIC Blade-Tech, has started to execute as planned and started to ship to its first customers since September of 2021.

Full year 2021 Blade Excellence adjusted EBIT margin improved 1.9 points, thanks to manufacturing and raw material efficiencies and more efficient brand support, notably in the U.S., where we successfully chose to improve the balance between promotional support, visibility and profitability.

Let's now review our consolidated results starting with the fourth quarter 2021 net sales evolution. On an as-reported basis, net sales for Q4 2021 totaled EUR 436.8 million, up 6.5% versus last year. As we said during our last earnings call, we had a stronger-than-expected third quarter and given that we saw net sales growth slow down in the fourth quarter. Currency fluctuations had a positive impact of 2.9 points, excluding the foreign exchange impact from Argentina. This was mainly due to the increase of the U.S. dollar against the euro. The perimeter impact adjustments are mainly driven by the acquisitions of Rocketbook, 3.4 points, partially offset by the PIMACO divestiture and Asian business closures.

On an as-reported basis, net sales for full year 2020 (sic) [2021] totaled EUR 1.832 billion, up 12.5% versus last year. On a comparative basis, our net sales were up 12.2%, explained by a strong performance in Europe, North America and Latin America Lighter as well as BIC Stationary business rebound across most geographies. Currency fluctuations had a negative impact of minus 2.8 points, excluding the foreign exchange impact from Argentina. This was mainly due to the decline of the U.S. dollar and the Brazilian real against the euro. The perimeter impact adjustments are driven by the acquisition of Rocketbook, plus 2.8 points; and Djeep, plus 0.5 points, partially offset by PIMACO divestiture.

Let me now review the adjusted EBIT margin change versus prior year for the fourth quarter of 2021. The Q4 gross profit margin increased by 0.9 points to 49.0% compared to 48.1% in Q4 of 2020. Excluding 2020 under absorption of fixed cost due to the COVID-19 pandemic and Rocketbook, the gross profit margin decreased by 2.5 points. This decline is mainly explained by 4.1 points of negative impact from raw material costs and sea and airfreight costs, which ended higher than we communicated last October. We expect raw materials and freight costs to negatively impact 2022 gross margin. Gonzalve will explain in more detail how we expect to mitigate these impacts.

The adjusted EBIT margin has been favorably impacted by 0.3 points from operating leverage from net sales growth. Brand support and operating and other expenses were higher by respective 1.6 points and 1.2 points as we continue to invest in our brands and our organization to support short- and long-term growth.

Let me now review the adjusted EBIT margin change for the full year of 2021 versus 2020. The full year gross profit margin increased by 2.7 points at 50.8% for 2021 compared to 48.1% in 2020. Excluding 2020 under absorption of fixed cost due to the COVID-19 pandemic and Rocketbook, the gross profit margin variance was flat versus last year. The increase in raw material cost and sea and airfreight costs was offset by manufacturing efficiencies.

The adjusted EBIT margin has been favorably impacted by positive 4.6 points from operating leverage from net sales growth. The increase in overall freight and distribution costs was driven by the acceleration of customer demand. Brand support and operating and other expenses were higher by respective 0.9 points and 1.2 points, mainly driven by the net sales rebound versus last year. The adjusted EBIT margin has been favorably impacted by 0.2 points from Rocketbook.

This next slide shows the impact of input cost inflation on gross profit in 2021 in millions of euros. We can see here that the biggest impact from rising raw materials and sea and airfreight costs happened during the fourth quarter.

As Gonzalve mentioned earlier, we successfully reached our Invent the Future plan operational and financial targets 1 year ahead of when we committed to. We achieved our objective EUR 50 million cost savings, thanks to improved efficiency of our commercial operations and global supply chain in 2021. In 2022, as we pursue our transformation towards a more agile organization, we're confident to continue in this direction and we are planning additional savings, which will help mitigate headwinds.

On Slide 17, you can see the key elements of the summarized P&L results. Adjusted EBIT for full year 2021 was EUR 279.8 million compared to EUR 229.1 million last year with an adjusted EBIT margin of 15.3% this year versus 14.1% last year. As we look at the EUR 172.2 million of nonrecurring items in 2021, it was mainly driven by EUR 167.7 million net gain for the sale of our Clichy headquarters and EUR 3.0 million net gain from the PIMACO divestiture.

Full year 2021 income before tax was EUR 447.8 million with a 29.8% tax rate compared to EUR 155.3 million in 2020.

Net finance revenue was negative EUR 4.2 million compared to a negative EUR 1.4 million for the same period in 2020. This is explained by the strong favorable impact of fair value adjustments to financial assets denominated in U.S. dollars versus the Brazilian real in full year 2020.

Net income group share was EUR 314.2 million as reported for 2021 compared to EUR 93.7 million for 2020. Adjusted net income group share was EUR 191.7 million compared to EUR 159.4 million last year for the same period.

EPS group share for full year 2021 was EUR 7.02 compared to EUR 2.08 in full year 2020. Adjusted EPS group share for full year 2021 increased 21% to EUR 4.29 compared to EUR 3.54 last year.

In 2021, we invested EUR 75 million in CapEx. As we move towards more efficient capital allocation, the greatest focus was in our Flame For Life division, which accounted for 40% of the total. We ended up with lower CapEx spend than initially anticipated due to supply chain issues, which affected our ability to realize our initial investment plans.

On Slide 19, we see the main elements in working capital. Inventories ended the period at EUR 490 million. This increase was driven by the strategic inventory we said we would invest in and an increase in stationery inventories ahead of the 2022 back-to-school sell-in, which our customers have asked for earlier delivery given the uncertainty of global supply chain constraints and delivery issues.

Trade and other receivables ended at EUR 418 million. Trade and other payables were EUR 149 million at the end of 2021.

This next slide summarizes the evolution of our net cash position between December 2020 and December of 2021. Net cash from operating activities was EUR 280.6 million, including EUR 410.3 million in operating cash flow and EUR 129.7 million of negative impact from the change in working capital and others. Among the drivers of the working capital were the increase in inventories of EUR 97 million.

We received cash proceeds of EUR 132.5 million, EUR 127.9 million for the sale of our headquarter building in Clichy and EUR 4.6 million for the PIMACO divestiture.

In 2021, we invested EUR 7.2 million related to the HACO Industries, Djeep and Rocketbook acquisitions. Net cash was also impacted by investments in CapEx as we invested EUR 75 million during 2021.

The dividend payment was EUR 80.9 million, and we bought back EUR 39.2 million worth of shares in 2021.

Our net cash position at the end of December 2021 was EUR 400.1 million.

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

Gonzalve Bich
CEO & Director

Thanks, Chad. Let's now look forward to 2022. I'll focus now on how we see this new year shaping up from a market perspective starting with our global market assumptions based on Euromonitor and internal estimates.

Taking Europe first, we expect to see flat to low single-digit increases in Lighter and Shavers and a low to mid-single-digit decrease in Stationery.

In North America, the Stationary market should be flat to slightly increasing, following vigorous growth in 2021. In Lighters, we expect the market to decrease low to mid-single digits, following a very strong performance in 2021. The disposable Shaver market will continue to be challenging with the anticipation of several new competitor product launches.

In Latin America, we expect an overall increase in both Stationery and Shaver with a rebound anticipated in Brazil and Mexico, notably in Stationery. Lighters should decrease low to single digit.

And lastly, we expect a continued rebound in India, which to date has been severely impacted by the pandemic.

We expect all of our divisions to deliver organic growth this year in 2022 as we continue our momentum from last year. We will sharpen our focus on consumer-centric innovations and drive commercial excellence even further.

In Human Expression, we expect market share gains in the U.S. and solid growth in Latin America and India. Of course, we will continue to push ahead to achieve greater performance in e-commerce. In line with Horizon, we will focus on creativity with the launch of a new writing felt pen color range and a brand -- a new brand concept for BodyMark.

The performance of our Flame For Life division should come from growth across all regions, including the U.S. In addition to our successful core products, added value items such as EZ Reach and Djeep will continue to grow and we plan to launch new decorated additions for both products this year.

In Blade Excellence, while we do not expect the challenging environment in the U.S. to ease, growth will come from added value segments. We will launch BIC Soleil Escape, a new 1-piece shaver with a unique sensorial experience to elevate BIC brand perception of quality and modernity. We will also see further innovations such as the sustainable BIC Click Soleil 5 shaver developed with Avient as mentioned earlier. And of course, our new B2B business, BIC Blade-Tech, will continue to ramp up and contribute sustainably to the division's growth and profitability in 2022.

Now before I conclude with our 2022 financial outlook, I'd like to share the factors that will underpin our financial performance this year. We expect mid- to high single-digit organic growth driven by higher volumes, new product launches and pricing. The consolidation of Inkbox should add between 1 and 2 points of growth. And therefore, growth at constant currency should be between 7% and 9%, slightly ahead of our Horizon trajectory.

Raw material and import freight costs will remain at very high levels. Our goal is to mitigate their impact on our P&L as much as possible and to protect our margins and we have action plans. First, we will increase volumes, which will positively impact our fixed cost absorption. Second, we will increase prices in Stationery. We have low single-digit price increase planned in both office products and modern mass channels in the first half in Europe and a mid-single-digit price increase starting in February in the U.S.

In Lighters, the increase in pocket in U.S. Lighter will be mid single digit and will be implemented between February and May of this year in both modern mass market and convenience channels. In Europe, we will implement a mid-single-digit price increase across all channels starting in March.

In Shaver, we will focus on revenue growth management to leverage price pack architecture and promotional effectiveness to ensure we deliver a portfolio to meet consumer needs in Europe and the U.S. And finally, in Latin America, mid- to high single-digit price increases will be implemented in the first quarter across all divisions.

Finally, leveraging what we've learned and achieved in our Invent the Future plan, we expect to generate an additional EUR 15 million of annualized savings from further procurement initiatives and manufacturing efficiencies. Inkbox will contribute positively to gross profit. Adjusted EBIT will be impacted by an increase in brand support to support 2022 net sales growth and more R&D and OpEx to support long-term growth.

Inkbox's investments in growth will weigh between 50 and 80 basis points on 2022 adjusted EBIT margin. We expect material improvement in 2023, and as mentioned in January, Inkbox should be EBIT positive in 2024.

We will continue to focus on operating cash flow with cautious inventory management to protect our supply and delivery. CapEx is expected to be around EUR 100 million.

Building on 2021's momentum and the execution of the Horizon Plan, we expect full year 2022 net sales to grow between 7% and 9% at constant currencies. This includes 1 to 2 points growth from Inkbox, and all divisions will contribute to organic growth.

Consistent with our Horizon Plan's target, 2022 free cash flow is expected to be above EUR 200 million.

Now before opening the floor to questions, I'd like to take a step back to reflect on the main themes that stand out during this presentation with 3 words: momentum, determination and growth.

Momentum. While the world is facing another potentially unpredictable year, we're confident that what we built in 2021 will carry us forward and we have the traction for further acceleration.

Determination. In 2021, we demonstrated that we've evolved into an organization equipped to face adverse conditions through innovation and commercial excellence. Thanks to our team's outstanding commercial execution, we begin the year with deeper and more enriched customer relations founded upon improved consumer understanding.

And the third is growth. Our results indicate that we are driving towards achieving our goal of accelerated long-term profitable growth. Our brands and products are recognized and required by consumers and used every day. With our eyes set firmly on the horizon, I'm convinced that we will achieve our growth ambition of sustainable and profitable mid-single-digit growth. Thank you for your attention.
Thank you all for being with us this morning, and we'll now open the floor to questions.

Question and Answer

Operator

[Operator Instructions] And the first question comes from the line of Nicolas Langlet from BNP Paribas.

Nicolas Langlet
BNP Paribas Exane, Research Division

So I've got 3 questions. The first one, the raw material and freight costs. So you mentioned the minus EUR 8 million and minus EUR 13 million for 2021. What impact have you factored in your guidance for 2022 for those 2 items? And are the price adjustment expected to fully offset those 2 headwinds?

The second question on the margin overall. So you mentioned a lot of ups and downs in the gross profit and EBIT margin cadence. So if we take all them together, do you expect to protect the adjusted EBIT margin in '22 compared to '21?

And finally, on the Blade-Tech B2B business on Shaver, what contribution are you expecting from that initiative in 2022? And looking more in the mid- to long term now that you have worked on that initiative for a couple of quarters, what sort of market opportunity do you see in the mid to long term?

Chad J. Spooner
Chief Financial Officer

So why don't I start off with your first question, raw material and freight, what was factored into 2022 and will price fully offset that. So what you can -- what we had talked about in Q4 was an impact of that 200 to 300 basis points. And we said the -- we have a continued impact of raw material in 2022, but we haven't given a specific guidance or the pieces of how much is raw material.

I'd like to think of the gross profit, probably I think it's a more holistic conversation to talk about gross profit in general and how we think about that because there's many elements to it. And as we talk about the gross profit and the headwinds, we talked about the volume.

So Gonzalve talked about how we're increasing our volumes and notably through continued market share gains, and we're going to get market share increases of 60% to 70% across most of all of our markets. And this is going to continue in 2022. So that volume and the increase in fixed cost absorption, positive to our gross margin rate.

In addition, Gonzalve talked about the myriad of price increases in Stationery, Lighter and Shaver, that also is going to offset. And then in addition to that, we also have other savings that we're going to be getting on top of our Invent the Future, right? So manufacturing efficiencies and procurement savings.

So what we like to say is, all in all, we expect to protect our gross margins, including the positive impact from consolidating Inkbox because Inkbox has a very strong gross profit margin. So on a total consolidated basis, we're looking to protect our gross margin rate.

Gonzalve Bich
CEO & Director

Thanks for your question on BIC Blade-Tech, which I'm super excited about. It was really one of the things that stood out when we launched Horizon a little bit over a year ago as a new and exciting growth lever.

Last year, we -- as I said in October and we confirmed in the fourth quarter, we're shipping our first customers. We started doing so in September of last year. This year, for 2022, we expect sales of BIC Blade-Tech to be between EUR 15 million and EUR 20 million. So off to a convincing and strong start.

From a midterm perspective, I think that we could think about BIC Blade-Tech accounting for between 1/4 and 1/3 of total Blade Excellence sales. So very much a strong contributor to the total division in the midterm and accretive to profit margins.

Chad J. Spooner
Chief Financial Officer

And Nicolas, if I can jump back. I answered your question on gross profit, I just want to continue because the question will come again about the EBIT margins.

So as we move from gross profit to EBIT, one of the things that Gonzalve talked about is our continued brand support, so we can get that net sales growth in 2022. And we'll continue to look to supporting our R&D as well as we look to long-term innovation.

Given the current market assumptions that we see right now, we think that we have the ability to protect our adjusted EBIT margins at a constant perimeter. But you need to be mindful that with, as we've communicated before, Inkbox is an investment for growth and that will weigh on our 2022 adjusted EBIT margins. And as Gonzalve mentioned, that could have -- that will have an anticipated 50 to 80 basis points negative impact on our margins in 2022. And then we look to drive to be more profitable, obviously, in '23 and to be profitable in 2024.

Nicolas Langlet
BNP Paribas Exane, Research Division

Okay, okay. Perfect. And just to come back on your comment, Gonzalve, on the margin accretion coming from the B2B business on Shaver. Can you be a bit more specific? Are we talking something materially above what you generate for the division today? And so taking into account the B2B business, what sort of margin could we expect for the Shaver business in the mid- to long term? Nothing too precise, but just around...

Gonzalve Bich
CEO & Director

Nothing too precise, right, Nicolas? So you know I'm not going to give you that number, but what I can give you is that it is materially accretive to the overall Blade Excellence division and something that you can continue to ask me about as we go quarter-to-quarter and strength to strength.

Operator

Next question comes from the line of Marie Fort from Societe Generale.

Marie-Line Fort
Societe Generale Cross Asset Research

Just one -- first question is, how do you anticipate the phasing of your turnover in 2022, particularly given the high basis comps during the first half.

Another question is about your margin. Would you say that Q4 '21 margin are the lowest due to the absence of price increase and soft organic growth? And probably, could you help us also to monetize our margins in terms of phasing for all over the year?

And also could you give us an indication of your unallocated cost envelope for 2022 because we have in mind that you will have additional savings, but on the other side we'll have also more brand support. So if we can have an idea, it would be helpful.

Chad J. Spooner
Chief Financial Officer

I'll take those. First question is on the phasing for 2022. We expect a very strong first half of the year, so it will be above -- in the high end of the 7% to 9% range that Gonzalve gave on the organic sales. So -- and it will also positively impact profitability, okay? So that's what we'll see.

And then we'll expect to see -- and this is going to be driven really by a gradual recovery in the overall supply chain. We're going to have solid growth in Lighters with strong demand from our customers in the U.S. resulting from some delayed shipments at the end of Q4, we talked about this in October potentially, and some prebuys ahead of the 2022 price increases. So a strong first half of the year.

And also, we expect to see a positive back-to-school phasing in both Europe and North America as our customers wish to phase shipments ahead of their 2022 back-to-school seasons.

The second half will be on the low end of our net sales range. So that's how you can think about phasing from first half to second.

Your question on Q4 margin, I think, was pretty well stated given that we didn't have pricing in Q4, et cetera. That would be definitely a low point for you to consider. That's a very fair assumption. And you shouldn't -- that would not be something we'd anticipate in the future at those rates.

And then unallocated costs for 2022, I guess the way that I would think about this is, on a total year basis, it shouldn't be materially different. So we're not planning significant increases in unallocated costs is a way to think about it.

Operator

The next question comes from the line of Charles Scotti from Kepler.

Charles-Louis Scotti
Kepler Cheuvreux, Research Division

I've got 3 questions from my side. The first one, you said at the beginning of the call that you will actively, well, reshuffle the portfolio of activity to accelerate the organic sales growth of the company. Can this include some disposals as well? Or are you only talking about potential external growth?

Second question, still on M&A and disposals. You ended the year with EUR 400 million of net cash, and you did not distribute any extraordinary dividend. So shall we expect a sizable M&A transaction? Or are you going to continue to focus on bolt-on acquisitions?

And finally, well, the line was not great, I don't know if it was from my side or on your side. But when you listed the price hikes that you intend to pass through in 2022, the line was not great. Can you repeat them and tell us how much pricing will contribute to your 7% to 9% sales growth at constant currencies in 2022?

Gonzalve Bich
CEO & Director

Yes. No problem. Thanks very much for your questions. I'll take the first 2, which are really growth related. And if I go back to our Horizon strategy, the 2 things that we talked about and we continue to talk about and we're super laser-focused on is growth in the core and then growth through inorganic operations.

And we'll talk about disposals as well because, to your point, rotation is not just about acquiring it, sometimes you need to accept that a project is over. And when we disposed of PIMACO last year, that was a perfect example. We held PIMACO for a little bit over a decade, did really well, did a lot of -- did what we needed it to do while we held it in PIMACO -- when we held it in Brazil. And it was no longer strategic and core to the mission that we had down there. And so we divested it and it's on to a future that it has.

So we're definitely not afraid. And if you go back a few years prior to that, we also disposed of BIC Sport. So we're not afraid of disposals. If anything, I think that they're an interesting way to create dynamism in a portfolio. Right now, though, we're very focused also on building. And you saw that in the acquisition of Rocketbook, which was the first step in our digital writing platform. Super exciting 2021, 55% growth. Good pipeline of new products and new projects to animate 2022.

And then just a few short weeks ago, after having launched BodyMark over 4 years ago, which was a great initial learning step in Skin Creative, we confirmed our understanding of the space. We confirmed our conviction that it's exciting. It has the type of margins that we're looking for. And one of the things I'm most excited about is it's about creating a new space because we're good at fighting the fight in very mature markets, it's a totally different business when you start creating from scratch. And although Tyler and Braden kind of did that for us, but we're going to take it to a totally different level with those 2 gentlemen.

So definitely acquisitions, some divestitures, but really leaning into growth is what my team, Chad and I, do day in and day out and are super, super laser-focused on.

And it kind of answers your second question, which is, yes, you should see us continue to do bolt-ons where they make sense. Things like Lucky Stationery in Nigeria, the business that we did in Kenya a few years ago or even Djeep, which was really a bolt-on because Djeep compared to the total BIC business is rather small. But again, let me come back to, we acquired Djeep because it had critical capabilities that make the total bigger, stronger, faster, better.

And so we're not afraid to sometimes do those smaller bolt-ons. But you should see us also take bigger bites as we add pearls to the string in digital expression, Skin Creative or the broader creative expression space. There's other things that we could be doing. So you should expect more of that from us in 2022.

Chad J. Spooner
Chief Financial Officer

And in regards to price, Gonzalve gave quite a thorough breakdown. So I'll just repeat the fact that we have plans to increase prices in all categories and regions, and I'll walk through those again for you slowly.

In Stationery, we have low single-digit price increases planned in both office products and modern mass channels in the first half in Europe. And we plan a mid-single-digit price increase starting in February in the U.S. So that's Stationery.

In Lighters, the increase in pocket U.S. lighters should be on average mid-single digit and implemented between February and May in modern mass and convenience channels. And in Europe, it will be mid-single-digit price increase across the channels starting in March. That was for Lighter.

In Shaver, we'll focus on RGM to leverage price pack architectures and promotional effectiveness to ensure that we're delivering the right portfolio to meet the customer needs in both Europe and the U.S. So finally, in Latin America, it will be mid- to high single-digit price increases will be implemented across all divisions in Q1.

And I think with that level of detail and clarity, you can back into an approximation of how price impacts the top line.

Operator

We currently have no questions in the queue. [Operator Instructions] We have no further questions in the queue. So I will hand the call back to your host to close today's call.

Sophie Palliez-Capian
Vice President of Corporate Stakeholder Engagement

Okay. Thank you. Thank you for your questions. Thank you, Gonzalve. Thank you, Chad. So this ends our call today. The Investor Relations team remains at your disposal to answer any follow-up questions.

And as a reminder, our Q1 results will be released on 25th of April and our next AGM will be held on May 18. Thank you, and have a good day.

Gonzalve Bich
CEO & Director

Thank you.

Chad J. Spooner
Chief Financial Officer

Thank you.

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