

8 December 2011

**PZ Cussons Plc**  
**(the “Group”)**

**TRADING UPDATE**

PZ Cussons Plc announces its trading update in respect of the half year to 30 November 2011.

**First half trading**

The Group’s businesses in its core markets of the UK, Indonesia and Nigeria have achieved continued momentum with good revenue growth in the period, however a continued high level of raw material costs and adverse exchange rate movement have impacted margins. In addition, trading conditions in Australia, and in the smaller markets of Greece, Thailand and the Middle East, have been challenging. As a result profit overall for the period has been below expectations.

The financial position of the Group is strong with negligible net borrowings at the end of the period.

**Trading - Update**

Europe

The UK washing and bathing division has experienced good revenue growth despite worsening consumer confidence although continued high levels of promotional activity in the retailers and high raw material prices have put some pressure on margins. New product launches in the period have been well received and include Carex ‘Protect Plus’ with a new technology that kills bacteria for up to two hours after use.

The newly formed beauty division, created following the acquisition of The Sanctuary and more recently St Tropez, has performed well with an increase in revenue and profit despite tougher trading conditions in all UK distribution channels. New product launches have been successful and include the Charles Worthington ‘Salon at home’ range which has experienced good sales rates since launch in September.

Performance in Poland has been robust with revenue and profit ahead of the prior period. Trading conditions in Greece have been difficult as a result of the domestic economic situation.

Asia

Revenue and profit in Australia are lower than the previous period due to competitive trading conditions in the retailers and high raw material costs.

Continued positive momentum in Indonesia has delivered another period of revenue and profit growth largely from the market leading Cussons Baby range.

Trading in the Middle East has been affected by social and political unrest in those territories. Supply from Thailand was affected by the recent floods although the situation is now returning to near normal.

## Africa

In Nigeria, revenue growth in all business units has been strong as economic and political stability returns to the country following elections earlier this year. Continued high levels of raw material costs together with a weaker naira have, however, impacted margins in the period. The effect of higher cost of stock together with longer port clearance times have also lead to higher inventory levels as the territory enters peak trading season.

Construction of the palm oil refinery with Wilmar in Nigeria is on schedule with completion due by the end of the 2012 calendar year.

Performance in Ghana and Kenya has been robust and ahead of the prior period.

## **Directors**

As announced last month, Helen Owers and Ngozi Edozien will join the board as non-executive directors on 1 January 2012.

## **Full year outlook**

The trading environment will continue to be difficult given increasing pressures on consumer spending power in all markets, continued high levels of promotional activity in developed markets and the UK in particular, and ongoing high level of input costs.

Our focus remains on driving profitable growth for the year through continued brand renovation and margin improvement in all territories.

Our strong financial position will enable us to invest in attractive medium term growth opportunities in our core markets in Europe, Asia and Africa.

## **Interim Announcement**

Interim results for the half year to 30 November 2011 will be announced on Tuesday 24<sup>th</sup> January 2012.

An analysts' presentation will be given at 9:30am on that day at the offices of Panmure Gordon, Moorgate Hall, 155 Moorgate, London EC2M 6XB.

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