10 April 2014

PZ Cussons Plc
(the "Group")

Interim Management Statement

PZ Cussons Plc today issues the following interim management statement which covers the period 22 January 2014 to 9 April 2014.

Overview of financial performance and position

The board is pleased to announce that the overall performance of the Group during the period has been in line with management expectations. The financial position of the Group remains strong with cash generation during the period also meeting expectations.

Trading Update

Europe

In the UK washing and bathing division, Imperial Leather, Carex and Original Source have performed well driven by a significant renovation and innovation programme. Product portfolios continue to be optimised both for the big four supermarkets as well as further increasing distribution in other channels. The Cussons Mum & Me range, launched almost two years ago, has been refined to focus on the successful top selling products and has been complemented by products for toddlers and young children under the Little Explorers sub-brand.

In the beauty division, consumer demand for St Tropez continues to grow boosted by Kate Moss as brand ambassador. The Sanctuary, Charles Worthington and Fudge brands have performed well in the UK and new overseas distribution will begin before the end of the financial year.

In Poland, the sale of the homecare brands completed in the period with £46.6m received in cash. Performance in the period was strong pre-sale for the homecare business with focus now on investing in and growing the personal care brands of Luksja, Original Source and Carex.

Performance in Greece continues to show some improvement as the economy begins to stabilise.

Asia

Whilst profitability in Australia has been affected by the weaker Australian dollar, the core brands of Morning Fresh and Radiant have performed well with the re-listing of the Duo mid-priced detergent brand also achieved in the period. Rafferty's Garden has seen a number of new product launches and the international expansion will begin to be executed before the end of the calendar year.

Continued positive momentum in Indonesia has delivered another period of revenue growth although a weaker rupiah has impacted profits. Growth has been achieved across both the babycare and non-babycare portfolios as well as continued progress being made with distribution in other South East Asian territories.

Overall trading in the smaller territories of Thailand and the Middle East has been broadly in line with expectations.

Africa

In Nigeria, unrest in the North of the country has continued with some disruption in the period. Economically, interest rates have been maintained at a high level reducing liquidity in the trade whilst the naira has come under pressure ahead of a change in the central bank governor in June. In personal care and home care, growth has been achieved in the value add portfolio driven by a significant brand renovation programme, whilst commodity products have had to trade in an extremely competitive environment. Good growth has been achieved in the electricals business as well as in Nutricima, the nutritional beverage JV with Glanbia.

The palm oil joint venture with Wilmar has performed very well with the refinery already operating towards capacity and ahead of expectations. Good growth has been achieved in the consumer brands of Mamador and Devon Kings with the balance of output sold business to business.

Profitability in Ghana has been impacted by the significant weakening in the cedi. Kenya has performed well and in line with expectations.

Supply chain optimisation programme

The supply chain optimisation programme was completed on budget early in this financial year, and the realisation of the benefits remains in line with previous expectations. During the programme further opportunities to reduce the Group's supply chain cost base were identified and an exceptional charge of £20m is being taken in the current financial year in respect of this extended programme. The £20m charge comprises a cash cost of £5m, most of which will be incurred in this financial year, and an additional non-cash charge of circa £15m relating to the write-down of various manufacturing assets.

The above charges together with those previously announced for the Group Systems and Structure Project will be more than offset by the net exceptional credit of circa £30m on the disposal of the Polish assets.

Outlook

Performance for the full year continues to be in line with expectations, despite trading conditions in most markets remaining challenging with a competitive trade environment in developed markets and weakening currencies adding to the cost base of both consumers and businesses in emerging markets. Some raw material input costs have also shown an upward trend.

Looking ahead, the Group is focussed on a dynamic and fast brand renovation and innovation programme, an ongoing cost reduction programme and successful delivery of new areas of growth such as Rafferty's Garden and the Wilmar joint venture. These initiatives will help counter the ongoing macro challenges and the reduction in profits from Poland as a result of the homecare sale.

The Group's balance sheet remains strong and well placed to pursue new areas of growth.

A further trading update will be made on 12 June 2014 after the close of the financial year.

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