

14 December 2017

PZ Cussons Plc
(the “Group”)

TRADING UPDATE

PZ Cussons Plc announces its trading update in respect of the half year to 30 November 2017.

Overview

Revenue for the half year to 30 November 2017 was slightly higher than the prior period with performance underpinned by a robust and innovative product pipeline.

First half operating profits will be approximately 10% lower than the previous period with strong profitability in Asia offset by reduced margins in some business units in Europe and in particular Africa as a result of the economic environment and competitive trading conditions.

Performance in these business units is expected to improve in the second half as a result of new product launches and distribution expansion, together with the usual seasonal uplift in Nigeria.

Brand initiatives planned across the Group for the second half are expected to deliver a full year outturn broadly in line with the prior year.

The Group’s balance sheet remains strong with the seasonal increase in working capital in Nigeria expected to unwind during the second half.

First half trading

Europe

In the UK, consumers are shopping cautiously reflecting general cost inflation outstripping wage growth, and broader economic uncertainty. This has created tough conditions in the trade in the first half which has adversely affected performance. Further brand initiatives are planned for the second half across Imperial Leather, Carex and, in particular, Original Source.

Performance in the Beauty division has been robust across Sanctuary, St Tropez, Charles Worthington and Fudge. The new millennial Sanctuary Being range is now in store in the US and Canada in addition to its UK distribution.

Performance in the smaller markets of Poland and Greece has been in line with expectations.

Asia

In Australia, profitability has improved across all categories of Personal Care, Home Care and Food & Nutrition, continuing the positive momentum of the second half of the prior year.

In Indonesia, profitability has also been good with mix improvement across both the core Cussons Baby range as well as from recent new product launches under Imperial Leather and Cussons Kids.

Performance in the smaller markets of Thailand and the Middle East has been in line with expectations.

Africa

In Nigeria, the Naira has been stable against the US dollar on the interbank market and has strengthened slightly on the secondary market as a result of improved dollar liquidity levels. However, Naira credit availability in the trade has been tight during the first half and the environment for consumers remains challenging following the very significant cost inflation of recent years.

Performance in Personal Care and Home Care and in the PZ Wilmar joint venture has been robust. Tougher trading conditions have been evident in sales of bulk milk as a result of competitor pricing pressure and in Electricals which is reliant on discretionary spend affordability, with profitability in these business units significantly impacted in the first half. A number of initiatives across the Nigeria business, including distribution expansion and new product launches, are planned for the remainder of the year to improve performance as the business enters peak season.

Performance in the smaller markets of Ghana and Kenya has been in line with expectations.

Full year outlook

The strength of the Group's brand portfolio and innovation pipeline continues to ensure that the market shares of our products remain strong in all markets.

Whilst tough trading conditions are expected to continue for the full year with the consumer under pressure in all markets, brand initiatives planned for the second half are expected to deliver a full year outturn broadly in line with the prior year.

The Group's balance sheet remains strong and well placed to pursue new opportunities as they arise.

Interim Announcement

Interim results for the half year to 30 November 2017 will be announced on Tuesday 30 January 2018.

Notes

1. Financial results for the Nigeria listed entity will be released in Nigeria today in accordance with local market requirements and in line with the commentary provided above.

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