

Interim Results

PZ Cussons Plc
Half Year Ended
30 November 2018



Group Highlights

Revenue

Reported revenue 10.4% lower than prior period and 4.6% lower on a constant currency basis mainly driven by Nigeria.

Profits

Adjusted profit before tax slightly lower than prior period with good performance in Europe and Asia offset by extremely challenging conditions in Nigeria.

Balance Sheet

Strong balance sheet with net debt lower than the prior period comparative.

Interim dividend maintained at 2.67p per share.

Outlook

Continuing good performance expected in Europe and Asia.

Full year PBT now expected to be towards £70 million due to Nigeria impact.

Initiatives

Strategic initiatives to streamline the Group's portfolio of activities and to limit Nigeria volatility.

Focus on investment behind key brands across Europe and Asia.

Challenging Consumer Environment

What we're doing:

- Stepping up pace of innovation and distribution in Europe and Asia
- Fewer, Bigger, Better
- Specific strategic initiatives being launched to reduce volatility
- Investment to drive key initiatives in Personal Care and Beauty
- Preserving market share in key sectors in Nigeria

Group results

	Half year to 30 Nov 2018	Half year to 30 Nov 2017 (restated)*	Reported % change	Constant currency % change
Revenue	£335.1m	£373.9m	(10.4%)	(4.6%)
Adjusted operating profit	£35.4m	£36.8m	(3.8%)	(1.1%)
Adjusted profit before tax	£32.8m	£33.3m	(1.5%)	1.5%
Adjusted EPS	5.67p	5.62p	0.9%	
Dividend per share	2.67p	2.67p	-	
Net debt	(£177.2m)	(£191.2m)		

*Restated for the following:

1. To reflect the impact of accounting for revenue under IFRS 15 using the full retrospective approach (2017 impact: £11.5m reduction in revenue with a corresponding reduction in expenses therefore nil impact on operating profit); and
2. To reflect a change in accounting policy in relation to recognition of pension surpluses (2017 impact: £0.7m reduction in operating profit).

Europe results

	Half year to 30 Nov 2018	Half year to 30 Nov 2017 (restated)*	Reported change %	Constant currency change %
Revenue	£128.2m	£126.7m	1.2%	1.4%
Operating profit	£24.6m	£24.2m	1.7%	1.6%

*Restated for the following:

1. To reflect the impact of accounting for revenue under IFRS 15 using the full retrospective approach; and
2. To reflect a change in accounting policy in relation to recognition of pension surpluses.

- Good overall performance despite macro uncertainty in the UK
- Significant step up in new product launches driving good revenue growth in UK washing and bathing division
- Strong revenue growth achieved in Beauty division driven by both innovation and distribution expansion online and offline, particularly in US

Asia results

	Half year to 30 Nov 2018	Half year to 30 Nov 2017 (restated)*	Reported change %	Constant currency change %
Revenue	£95.6m	£102.6m	(6.8%)	(0.7%)
Operating profit	£9.6m	£8.5m	12.9%	20.1%

**Restated to reflect the impact of accounting for revenue under IFRS 15 using the full retrospective approach*

- Good growth in profitability in Australia across all categories of Personal Care, Home Care and Food & Nutrition
- Good mix improvement in Indonesia driven by new product launches across Cussons Baby, Cussons Kids and Imperial Leather
- Rafferty's Garden distribution gaining momentum in China and Vietnam

Africa results

	Half year to 30 Nov 2018	Half year to 30 Nov 2017 (restated)*	Reported change %	Constant currency change %
Revenue	£111.3m	£144.6m	(23.0%)	(13.3%)
Operating profit	£1.2m	£4.1m	(70.7%)	(67.7%)

**Restated to reflect the impact of accounting for revenue under IFRS 15 using the full retrospective approach*

- Weak consumer environment, higher supply chain costs and lower exchange rate contributing to lower prices, volumes and margins in Nigeria
- Impact of significant port disruption in Nigeria (higher costs and lost sales) is estimated to be £5.5 million for the full year
- Nigerian portfolio under continuous review with market shares held or grown during the period
- Ongoing optimisation of supply chain operations

Notes

1. Nigeria represents approximately 80% of Africa revenue.
2. PZ Wilmar revenue (not consolidated) £57.0m (2017: £74.7m at reported rate, £65.4m at constant currency rate).
3. 2018 results for Nigeria translated at NIFEX rate. 2017 results for Nigeria translated at CBN rate.

Cash Flow and Net Debt



- Strong balance sheet with net debt of 1.6 x EBITDA
- Working capital outflow much lower than comparative prior period due to improved working capital management
- Capex for the period was lower than depreciation

Outlook

- Product innovation and distribution expansion to underpin good results in Europe and Asia
- Full year PBT now expected to be towards £70 million due to Nigeria impact
- Specific strategic initiatives approved to streamline Group activities and limit exposure to Nigeria volatility; additional details in due course
- Balance sheet strong, five year refinancing completed, net debt improving

Thank you



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