

Year End Results

PZ Cussons Plc
31 May 2018



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Group Highlights

Revenue

Reported revenue 5.8% lower than prior year and 2.3% lower on a constant currency basis.

Profits

Adjusted operating profit 18.2% lower largely as a result of the macro economic situation in Nigeria.

Initiatives

Group wide initiatives underway to strengthen brand portfolios and reduce cost base.

Net debt

Strong balance sheet with net debt at 1.5 x EBITDA.

Dividend

Full year dividend maintained at 8.28p per share.

Regional Macro Themes

Africa

- Strong foreign exchange reserves
- High interest rates
- Naira relatively stable but low liquidity at both trade and consumer level
- General elections early 2019

Europe

- UK retail trading conditions remain challenging
- Volumes very sensitive to price points
- Beauty robust in both UK and US

All regions

- Consumer disposable income under pressure
- Cost inflation ahead of wage growth
- Exchange rates volatile
- Strong brands, innovation and consumer focus critical

Asia

- Australia retail trading conditions challenging
- Higher costs in Indonesia impacting consumer
- Consumer responding well to product innovation
- General elections early 2019

Group Results

	Year ended 31 May 2018	Year ended 31 May 2017 (Restated)*	Reported % change	Constant currency % change
Revenue	£762.6m	£809.2m	(5.8%)	(2.3%)
Adjusted operating profit	£85.7m	£104.8m	(18.2%)	(15.7%)
Adjusted profit before tax	£80.1m	£102.0m	(21.5%)	(19.0%)
Adjusted EPS	13.39p	16.42p	(18.5%)	
Dividend per share	8.28p	8.28p		
Net debt	(£165.4m)	(£143.8m)		

*Restated to reflect a change in accounting policy in relation to recognition of pension surplus

Africa results

	2018	2017	Reported change %	Constant currency change %
Revenue¹	£275.6m	£305.6m	(9.8%)	(2.0%)
Operating profit	£6.3m	£28.3m	(77.7%)	(76.1%)

- Nigeria exchange rates relatively stable and foreign exchange reserves in the country strong as a result of higher oil price
- Significantly lower profits in Nigeria due to market contraction as a result of lack of liquidity in the trade and reduced consumer disposable income
- No structural change in the landscape of the categories in which we operate with No.1 and No.2 brand shares remaining strong

Notes

1. Nigeria represents 90% approximately of Africa revenue.
2. PZ Wilmar revenue (not consolidated) £141.6m (2017: £156.9m).
3. Above results for Nigeria translated at CBN rate. Nigeria results from 1 June 2018 to be translated using NIFEX rate.

Asia results

	2018	2017	Reported change %	Constant currency change %
Revenue	£212.0m	£222.7m	(4.8%)	(1.8%)
Operating profit	£18.6m	£15.9m	17.0%	21.6%

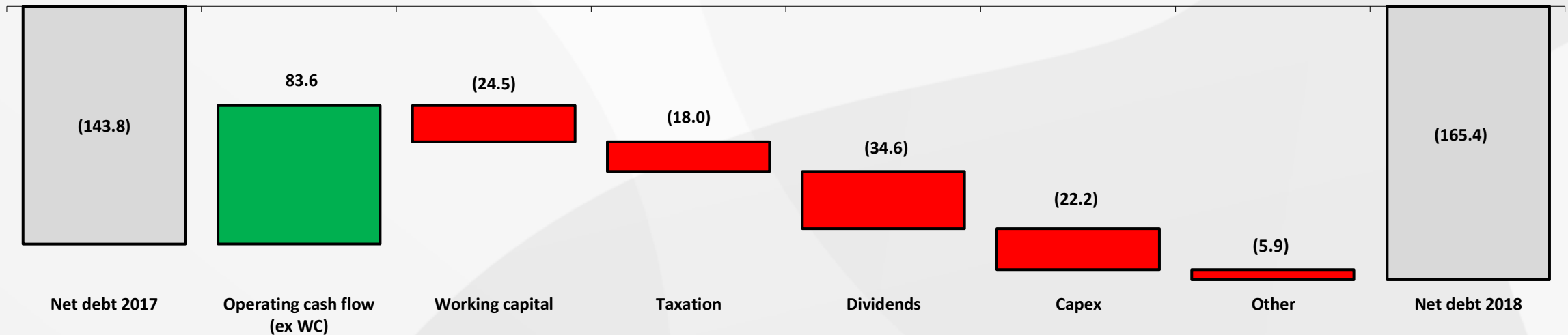
- Continued improvement in profitability in Australia across all categories of Personal Care, Home Care and Food & Nutrition
- Good mix improvement in Indonesia driven by successful new product launches across Cussons Baby, Cussons Kids and Imperial Leather
- Significant new product launches across all portfolios

Europe results

	2018	2017 (<i>restated</i>)	Reported change %	Constant currency change %
Revenue	£275.0m	£280.9m	(2.1%)	(3.0%)
Operating profit	£60.8m	£60.6m	0.3%	0.4%

- UK Washing and Bathing performance lower than the previous year due to tighter UK retail landscape, with volumes remaining very sensitive to price points and discounting
- Brand initiatives were accelerated in the second half of the year across Imperial Leather, Carex and Original Source with innovation increasingly important to secure distribution
- Good performance in Beauty division across all brands and in both UK and US markets
- Expanding distribution both in store and online continues to play an important part in the growth strategy

Cash Flow and Net Debt

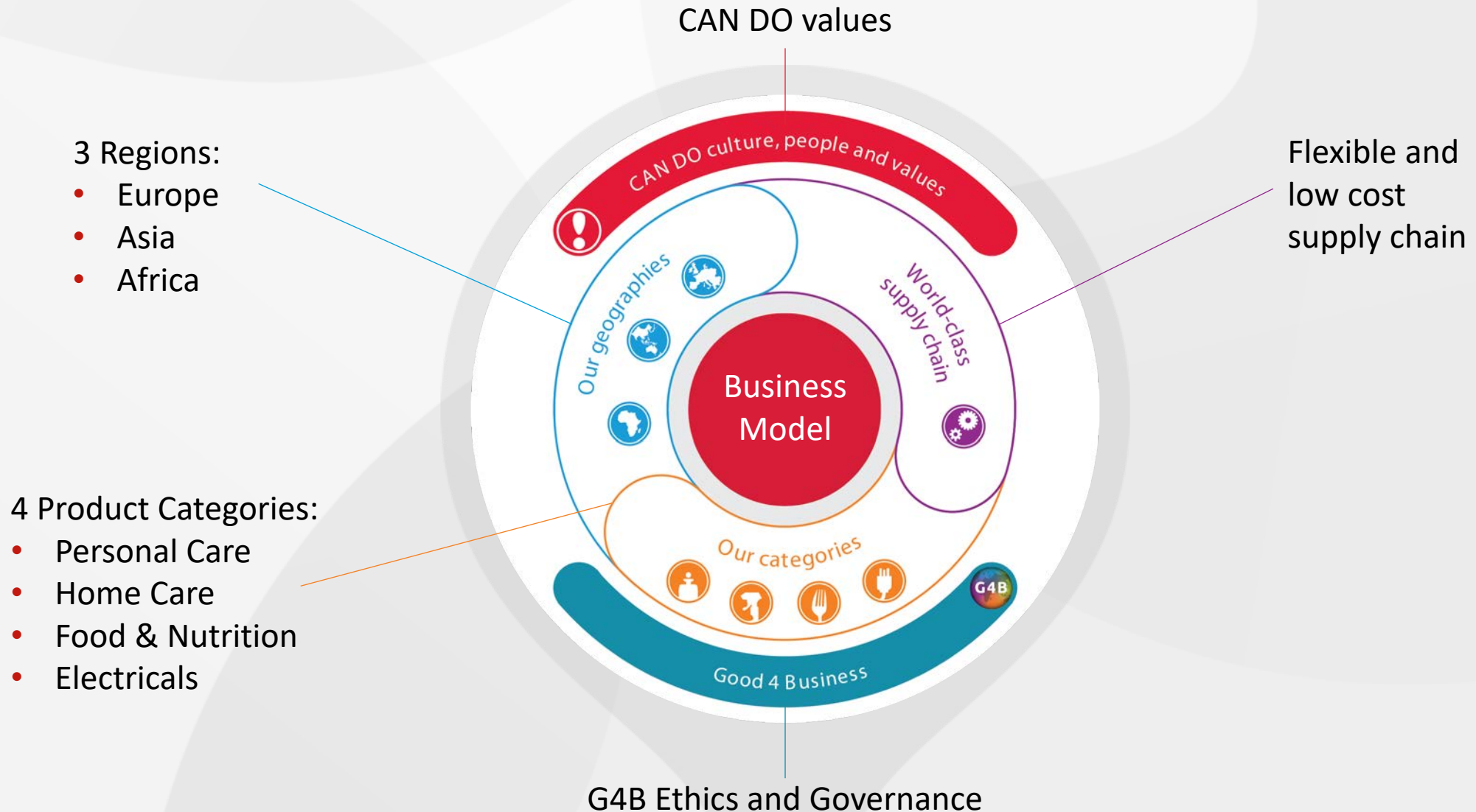


- Strong balance sheet with net debt of 1.5 x EBITDA
- Working capital improved since half year reported levels of c.£44m outflow
- Capex reflects final SAP costs following June 2017 go-live and lower on-going capex costs

Looking forward



Business Model



FY19 and beyond.....

Group wide initiatives

A further
optimisation of
the Group's
operating model

A detailed review
of the Group's
product portfolio in
Nigeria in HPC and
Nutricima

A review of product
costs with focus on
areas such as
packaging

A sharper consumer focus
driving a re-prioritisation
of the Group's new product
pipeline in all markets
to focus on fewer, bigger
projects

Evaluation of other
growth opportunities
utilising the Group's
product portfolio and
distribution capacity

Fewer, bigger projects..

Africa

Home and Personal
Care (HPC)



Fewer, bigger projects

Africa

Food & Nutrition and Electricals



SAVE ENERGY MONEY



Fewer, bigger
projects...

Asia

Indonesia



Fewer, bigger
projects...



Asia

Australia



Fewer, bigger projects...

Europe

UK Washing & Bathing



Fewer, bigger projects...

Europe

Beauty –UK and US



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Summary

- Market shares remain strong in all regions despite a challenging year
- Focus on fewer, bigger product launches to further differentiate brands
- Ongoing focus on product cost and overheads through further optimisation of the operating model
- Balance sheet remains strong
- Group is well placed to take advantage of any improvement in the economic climate



Thank you



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