

13 December 2018

PZ Cussons Plc
(the “Group”)

TRADING UPDATE

PZ Cussons Plc announces its trading update in respect of the half year to 30 November 2018.

Overview

Europe and Asia have seen continued good performance as a result of product innovation and distribution expansion. Africa trading remains challenging as a result of the economic situation in Nigeria. The balance sheet has strengthened further with good cash flow management and net debt lower than at the end of the previous first half.

First half trading

Europe

In the UK Washing and Bathing division, a significant number of new product launches have taken place in the first half, supported by innovative marketing campaigns. This has driven good growth across the key brands of Imperial Leather, Carex and Original Source, with increasing focus on trend-led products such as Imperial Leather ‘No Drama Llama’ Foamburst and Carex ‘Unicorn’ handwash.

In the Beauty division, new product launches and further expansion of on and off-line distribution channels, has driven growth across the portfolio of brands. Particularly pleasing has been the strong growth of St Tropez in the United States, which now accounts for approximately 15% of the Beauty division’s revenue.

Asia

Asia has seen good performance offset by the weakening of Asian currencies against sterling.

In Australia, performance was solid across all categories of Personal Care, Home Care and Food & Nutrition, with new product launches across all areas of the portfolio.

In Indonesia, Cussons Baby has continued to strengthen its number one position with launches to further expand the range, and Cussons Kids and Imperial Leather have also made good progress.

Africa

In Nigeria, consumer disposable income has remained weak ahead of the general election which is scheduled for February 2019. There have also been cost challenges from a further 10% weakening of the naira against the US dollar in the period and additional transport costs from significant disruption being faced in clearing goods at

the port. This will result in a lower first half profit contribution than the same period in the prior year.

With prices, volumes and margins therefore continuing to remain under pressure, the business has been focussing on optimising price points and pack sizes across the key brands in the portfolio. The Nutricima business, which was loss making last year, has moved towards a breakeven position.

We expect trading conditions in Nigeria to remain subdued, and we are continuing to actively manage and review the Nigerian portfolio to ensure that we mitigate short term volatility and are best placed for when growth returns to the market.

Full year outlook

We expect the consumer to remain under pressure in all of the markets in which we operate. Despite this, our unrelenting focus on continued product innovation and further expansion of our distribution are expected to underpin continuing good performance in Europe and Asia. The overall outturn for the full year will, as in prior years, depend in part on the macro environment in Nigeria during the seasonally-important second half of the year, and we continue to manage that business accordingly.

Interim Announcement

Interim results for the half year to 30 November 2018 will be announced on Tuesday 29 January 2019.

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