15 March 2018

PZ Cussons Plc
(the "Group")

TRADING UPDATE

PZ Cussons Plc, a leading international consumer products group, today issues the following trading update in respect of the year ended 31 May 2018.

Overview

At the time of our interim results announcement in January, we reported that performance in the first half of the year had been constrained by trading conditions in the UK and Nigeria, and that delivery of the full year result would be dependent on trading conditions in those markets for the balance of year.

It is now apparent that profit for the full year will fall short of expectations and the board anticipates that profit before tax will be in the range of £80 million - £85 million.

Results in the Group's other markets remain robust with performance in Australia, Indonesia and in the Group's beauty division ahead of the prior year.

A number of initiatives are underway to ensure the Group returns to profitable growth for the following year and an initial outline of these is set out below.

UK

The UK washing and bathing division has continued to experience lower levels of purchases reflecting consumer caution across all retail channels caused by economic uncertainty and inflation out-stripping wage growth. Whilst new product launches have been well received, they have not had the desired uplift in sales to compensate for the wider volume and margin shortfall.

Nigeria

Following the significant cost inflation of recent years, the Nigerian consumer's discretionary income remains under pressure with subdued buying levels. As a result the usual peak season uplift has not occurred to the expected level. Consequently inventory levels in the trade remain high leading to intense competition, most noticeably in the milk category, which in return is resulting in lower volumes, prices and margins.

Initiatives

In light of these pressures the Group has initiated the following actions:

- A reassessment of the structure of the Group's operating model to further reduce the overhead base
- A review of product costs with a focus on areas such as packaging reduction
- A review of the Group's milk business in Nigeria with an objective of returning it to profitability
- A re-prioritisation of the Group's new product pipeline to focus on fewer, bigger projects requiring lower levels of complexity

Outlook

We believe that the initiatives outlined above will strengthen the Group's brand portfolio to better withstand the subdued levels of consumer confidence and higher levels of competitive intensity which are being faced in most of the markets in which it operates.

The Group's balance sheet remains strong with net debt around 1.5 x EBITDA.

A further trading update will be made on 14 June 2018 after the close of the financial year.

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