Good day and thank you for standing by. Welcome to today's PZ Cussons Q3 Trading Update Conference Call. At this time, all participants are in listen-only mode. I must advise you that this conference is being recorded today, on Wednesday the 13th of April 2022.

I would now like to turn the conference over to your first speaker today, Jonathan Myers. Please go ahead.

Thank you, operator, and thank you, everyone, for joining for our third quarter trading update this morning. I'm here with Sarah Pollard, our CFO, and we'd like to take – to give you some color on our Q3 performance, spend a few moments talking about our recent acquisition of Childs Farm, and then open up for any questions you might have.

No doubt many of you will have already read this morning's announcement so I'm not going to repeat it all but let me pull out a few highlights.

In summary, we're making progress against our strategy. We're focused on building stronger brands with our Must Win Brands at our core, driving executional excellence, dramatically reducing complexity, and transforming our functional capabilities. And we're aligning our portfolio around the core categories of hygiene, baby and beauty in our priority markets and beyond.

We’re encouraged by the 8.5 percent growth in like-for-like revenue in our latest quarter driven primarily by price mix improvements with limited signs so far of volumes being adversely affected at a total group level. We have worked hard to mitigate cost inflation. And when necessary, use all revenue growth management levers to pass on pricing ranging from promotional optimization and mixed management through to straight cost price increases.
Our Q3 results demonstrate increasing momentum in revenue trends with year-on-year performance improving with each quarter from minus 9 percent decline in Q1 to plus 5 percent growth in Q2, and now 8.5 percent growth in Q3. And this sequential improvement trend is also true of our Must Win Brands. Those are the brands that are – which delivered the majority of our gross profit and benefit from the majority of our investment.

As Carex has cycled through the base effect of peak COVID demand, total Must Win Brand revenue has improved from a decline of minus 11 percent in our first half to getting back to fat in Q3 and we expect to return to strong growth in Q4. Excluding Carex, Must Win Brands group plus 5 percent in Q3. And when you take a longer term perspective to cut through the impact of COVID, then our total Must Win Brand revenue for Q3 was up 13 percent on a two year basis.

This improving momentum is in part due to shifting more of our marketing spend to our Must Win Brands but it’s also due to a greater focus on return on investment of our marketing funds helping us grow market share, whether on Carex hand hygiene in the U.K., Premier soap in Nigeria, or Morning Fresh washing up liquid in Australia.

Looking beyond the financial and commercial results, there’s also evidence of other good strategic progress underway. We have realized an additional 4 million pounds worth of value from residential property sales in Nigeria on top of the 13 million previously announced in our interim results and there is likely to be more value to be realized in Q4 and beyond.

We’ve dramatically simplified our systems architecture as part of our transition to cloud-based services, significantly reducing the overall number of systems and applications we are running. We’ve rolled out a new people information system to enable more effective talent development and workforce management. And finally, we’ve continued to strengthen our leadership.
With the two new leaders I announced at our interim results, Tracey Mann for our beauty business and Paul Yocum to lead our new business development unit, now both having started their roles and both having hit the ground running. Now of course, it goes without saying that the external environment is very challenging with ongoing input cost pressures, supply chain disruption, and the tightening of household budgets the world over. While far from easy, we are working hard to put plans in place to address these challenges and limit their impact as we move into our next fiscal year in June.

On the outlook for this year, we'll feel confident in delivering like-for-like revenue growth, how we expect to achieve FY22 profit before tax within the range of market expectations.

Finally, I’d like to provide a brief update on Childs Farm. Now obviously, it's only a little over three weeks since we announced the acquisition but we've been busy getting to know the team and the business. And we're all the more reassured about both. Childs Farm is the leader in the U.K. baby and child personal care category with a 15 percent market share, and a track record of strong revenue growth over time and strong gross margins in an attractive and core category for PZ Cussons.

We look forward to working with the team to unlock the significant opportunity for further growth, whether it be in the U.K. through more effective brand building to drive household penetration among young families, or through geographic expansion into international markets, in some of which we already have a strong presence in the baby category on the ground such as Australia where Rafferty's Garden is the number one baby food brand with strong presence in top grocery retailers.

And we're also getting on with the costs energy opportunities that exist in procurement, warehousing and distribution amongst others. So taken together, we see our Q3 results and the Childs Farm acquisition as evidence that we are making progress against our strategy, sustained revenue momentum as we fix our core businesses and then actions to grow them further both organically and through acquisition.
While very realistic about the challenges that exist in the external environment, we're pleased with our progress so far and we're working hard to maintain momentum in the business for the future.

And with that, I'll hand back to the operator for any questions.

Operator: Thank you. If you wish to ask a question, please press star and one on your telephone keypad and wait for the automated message advising your line is open. Please state your first and your last name before you ask your question. If you wish to cancel your request, please press star two. Once again, please press star and one if you wish to ask your question and star two to cancel your request.

We will now take our first question. Please state your question. Your line is now open.

Nicola Mallard: Hi, morning, Nicola Mallard, Investec. A couple of questions if I may. One on marketing spend, you said, obviously, you're getting more efficient and you're measuring the return on investment in marketing. Can you give us an idea on the scale of marketing in Q3, whether you spent more than you did last year or are we now at the sort of level where you're happy?

And the second question is on volumes overall not been impacted by the move in price and mix but are you seeing any evidence of trading down in any market at all at the moment? Thank you.

Jonathan Myers: OK. So let me just start a little bit with the marketing spend on efficiency. So we did two things in Q3, which were broadly in the direction that we've been talking to you about previously. One with we shifted more of the spend from our portfolio brands into our Must Win Brands so we saw a higher proportion being spent. And we continued to see year-on-year increase in absolute spend.

And I think, as we've talked before, we're shifting a little bit from a focus on, are we increasing our spend year-on-year? So are we getting too competitive investment levels for a given brand in the category in that
market? And I think as we've said, it varies dramatically whether we're talking about Premier soup in Nigeria compared to St. Tropez in the U.S.

And what we're looking to once we reach the efficiency to be competitive is then shifting our focus to maximizing the return on that investment so that we're able to draw a more direct link between the activation we're investing behind and driving stronger market share gains for the long term.

On the second question about volume elasticity and trade down, at a total group level, we held our volume broadly flat in Q3. By markets and by brand, we did see some elasticity. In some places, we grew price mix and group volume. In other places, we group price mix but at a cost of some slight volume decline. And overall, that's too flat for the group.

We haven't seen a significant amount of down trading within our portfolio yet. We have seen it in one or two of our markets just some early signs. But what we are working hard to do is make sure that we're protecting some critical price points for consumers over time.

And at the same time, we're also looking at our innovation programs to ensure that not only are we delivering added benefit innovation to support premium pricing, but we're also innovating as the value end of our brand offerings. So there's fantastic everyday value for the value conscious consumer and you'll see more of that coming to the market over the next quarter and we'll be happy to talk about it more next time we talk.

Nicola: Great. Thank you very much.

Operator: We will now move to our next question. Please ask your question. Your line is now open.

Matthew Webb: Good morning, everyone. It's Matthew Webb from Panmure Gordon. Couple questions on price mix. Obviously, very good number in Q3 but lots of factors influencing that, I guess. I wonder if you could just give us an idea of the average headline price increase maybe particularly in the developed markets that you've put through to pass the rising input costs on and also
whether you think you'll have to go back for further price increases given the ongoing input cost pressure.

And then just a point of clarification. Sorry, I should probably know this but am I right in thinking that 4 million of property proceeds is not included in the revenue numbers that you've reported this morning? Thanks very much.

Jonathan Myers: So I'll pass over to Sarah in a there in a moment just to explain how we report the property value because there are also some complexities in the fact that it's coming through Nigeria where we have a public listing. So on the price mix question, so we've worked very hard to try and drive in improve price mix.

Actually, we were looking at price mix pre-commodity inflation and labor inflation and it's one of the things we identified as we launched our strategy 12 to 18 months ago that we wanted to generate superior price mix versus our recent historic record so that we could then afford to invest behind our brands whilst ultimately translating that into sustained improvement in margin.

So I'm glad that we were working on it because those skills have come in very useful. So what we have looked at is a whole range of levers or tools within the toolkit of revenue growth management to help us affect that price mix improvement, some of which have had to be straight cost price increases.

And certainly in our more developed markets, what we have seen is mid single-digit cost price increases on average with that being maybe slightly lower in the U.K. and slightly higher in Australia, for example, where we have been more aggressive in cost price increases has been in our developing markets, including Indonesia where we have taken two to three rounds of pricing so far this year, peaking in Nigeria where we have taken multiple rounds each quarter.

But those are usually our last resort because of where we have sought to optimize price mix before getting to straight cost price increase has been through all the other levers that we have, promotion optimization,
innovation, reviewing trade terms with retailers, and there are many things you can do to affect price mix improvement without actually increasing price.

So we do believe that it will be necessary to look at driving more price mix next year as we continue to see not only this year's inflation flow through for a full financial year, but also there'll be another pent-up demand. And I'm sure all of us have seen the 7 percent on the U.K. inflation this morning reported. But we'll be looking to do that in a way that uses as many of the levers as we can thereby minimizing the volume elasticity.

Sarah, on the Nigeria properties.

Sarah Pollard: Thanks, Jonathan. Morning, Matthew. Let me – let me just quickly dissect our Nigeria business at a very – at a very top level. So roughly 50 percent – for our African business is circa 40 percent of our overall revenue of which 50 percent comes from our core hygiene baby and beauty business. We have an electrical business representing the other 50 percent of our Nigerian sales and we also have our palm oil JV with Wilmar.

So the asset disposals that we've referenced relate to our core hygiene baby and beauty business, we realized 13 million gross proceeds in the first half, another 4 million in the quarter just gone with the expectation of more to come in Q4, and also more to come in FY23.

The reference to gross proceeds is as Jonathan alluded to in FY23 in the cash flow, you'll see us giving back the element that is – that is owed to our minority interests of circa 25 percent in Nigeria. They are old, under or unutilized assets so no impact on revenue, no impact on our ability to drive operational savings from the business. They have been residential properties so far.

I think it's fair to expect that we will be broadening our definition of non-core assets. We have some old manufacturing assets and actually we even have some investments in Nigeria dating back many years. So we will continue to realize value for ourselves and our shareholders through that continued program.
Matthew: Fantastic. Thank you both very much.

Operator: Once again, that's star and one if you wish to ask a question. And we will now move to our next question. Please state your question. Your line is now open.

Darren Shirley: Hi, morning, Jonathan, morning, Sarah. It's Darren over at Shore. Can you just give us a bit of color in terms of St. Tropez and what happened there? Can you talk about supply challenges if are those been resolved, would you expect a better performance Q4, please?

Jonathan Myers: Yes. So let me do that. The first thing to give a complete reassurance on is we've continued to see strong double-digit retailer EPOS sales rates on St. Tropez on both sides of the Atlantic. And actually in the quarter, we saw double-digit net sales growth on St. Tropez in the U.K.

So let me explain there were two or three things going on, which combined to constrain our ability to supply in the U.S., as well as a little bit in some other markets as well. The first was we had a constraint on one critical ingredient that was related to a piece of innovation. That's now been resolved but it does mean some delays in getting that innovation to market.

A little more fundamentally have been some supply reliability issues at our manufacturing site, where along with many other players in many other sectors, we saw labor constraints really tripping us up over, could we reliably manufacture and deliver what we were requiring and that also limited our ability to respond to when we were seeing upside in demand above forecast.

And then the last element has been actually the challenge of getting it across the water and out of the U.S. ports. So again, along with many other people importing products into the U.S., we have seen some constraints getting the product out of the water and into the market, into the warehouses for distribution.

Good news is we're working through all of those. They are all improving and we're not quite out of the woods yet but we are seeing improving trends and
improving reliability. But as I say, in terms of retail demand, our EPOS data, which we look at on a weekly basis, continues to be very strong.

Darren: OK. Thanks for that, Jonathan. And then changes – I mean, obviously, after in some areas around petrochemicals which you guys are exposed to energy have sort of surged over the last month or so. Can you give us an idea of what sort of forward pullback if any you have in terms of hedging et cetera when they may fall off?

And I think you talked about sort of mid single-digit recovery in your more mature markets or developed markets. I mean, what sort of cost recovery you're looking for in '23 things stay where they are at the moment?

Jonathan Myers: Yes. I'll hand over to Sarah for that.

Sarah Pollard: Sure. And let me – it's a very good question. Let me – let me – let me answer it. So in terms of our overall commodity cost outlook, and of course, when I talk commodity, I mean not only raw materials and packaging, freight, given our Asia manufacturing base, and increasingly, labor inflation which we have been able to mitigate last year and energy. So we're not immune to any of those.

And at the time by interim results in February, we had signaled a circa plus 10 percent increase in those costs for the current financial year FY22 and roughly a 5 percent increase for FY23. Given what we've seen happen since February, our outlook for FY23 probably now sits within the high single-digit range in terms of commodity outlook. And we are hard at work pulling as he referenced some of the existing and proven levers through price and cost mitigation, but also some new ones.

Let me try to give you then some color on as you ask them forward cover and hedging. So we don't currently hedge any derivative commodities, but we are looking at all options with a renewed vigor and increased capability both internal and external. We have typically covered one quarter out.

And what we continue to monitor is what is the optimal moment to lock in prices vis-à-vis spots in market, but also our businesses (probing) inability to
take price. And that pricing mechanism differs in different markets, but quarterly serves as well right now although it clearly introduces some level of volatility given we aren't locked for FY23.

And in terms of cost recovery. So we have a few things we've been doing and a few things we'll do even more of. So again, in Nigeria, we have taken three rounds of pricing already in Q3. We will price again in Q4. We are looking increasingly at what we describe as productivity. So we've talked about marketing investments. We will take another look at our overhead cost base in FY23.

We will benefit from the carryover repricing we took in FY22 into ’23 and the teams are hard at work continuing to look at all those revenue growth management levers, as well as over the medium to long term checking, we have the right manufacturing, sourcing strategy and network. So lots we're doing, more to do difficult times that the team are hard at work, (Darren).

Darren: No, that makes sense. That's helpful (inaudible). And just last one, if you don't mind. I think you used the word dramatic in terms of the reduced reduction in complexity across the business. Can you just give us a – give us a bit of color in terms of what you're doing because it sounds as if there's a hell of a lot of change going on?

Jonathan Myers: Yes. So the reason we intentionally use that word is because actually it's the word we use at our capital markets day a year ago that our intent was to dramatically simplify this business and reduce complexity. And we said that that was the most pressing need for that was in Nigeria where we have many fantastic brands but we also have quite a burden of complexity that has built up over the years.

So we have tackled our complexity reduction at both the group level and also in Nigeria level. And the Nigeria level examples, I mean, obviously, the most tangible ones are those that we realized in genuine value out of which is releasing property sales which we're tying up a little bit of management time but certainly cash, right. But actually, there's been other things we've done in Nigeria that are less visible.
We have dramatically reduced the number of regional distribution centers as we've overhauled our route to market. And we have also cut off supplier base in Nigeria by something like 50 percent, right. But it's not just Nigeria where we've been looking. We've also been looking to simplify in other parts of our business.

And one of the examples I made just a moment ago is a good illustration of that where we have migrated for all sorts of good reasons not least improve cybersecurity. We have migrated to cloud-based solutions rather than running multiple apps and systems with our own architecture. And I was looking only earlier this week at the, if you'd like, the plumbing chart and it represents our systems architecture. And I can say that we've gotten from something like a plate of spaghetti to actually something that looks a little bit more reasoned and sensible.

And then, of course, at our most fundamental level, what we're doing is shifting our portfolio to focus on our core categories of hygiene, baby, and beauty. Although it's a bit of a distant memory for some, we are still having to reporting our numbers including and excluding 5:00 a.m. because it's still within the last 12 months that we exited that business hot on the heels of exiting the interesting with the year before. So hopefully some examples there of where we're trying to change this business was also significantly improve the reliability of our – of our delivery results.

Darren: No, that was useful as well, Jonathan. Thanks a lot. Cheers.

Jonathan Myers: Very good, (Darren).

Operator: (Inaudible) question. Please state your question. Your line is now open.

Marc Saint John Webb: Good morning. This is Marc Saint John Webb from Quaero Capital. Two questions if I may. Firstly, following a little bit from what you've just said, can you give us a little bit more granularity about the breakdown of your business today in Africa after the recovery? So how does – how does the breakdown work out in terms of percentage of sales? And give us a bit of a
feeling for what the dynamics there are and the trend in terms of profitability there excluding, of course, any sort of extraordinary factors such as real estate sales but that's the first question.

The second question was I wonder whether we could have a little bit more information about Childs Farm in terms of – in terms of size and dynamics and profitability. And following on from that with the asset sales in Nigeria and any other asset sales (but) this acquisition, what does that mean for your net debt which has come down to 10 million at the end of – end of the first half so roughly around where we – where are we in net debt at the moment and how is it likely strand? Thank you very much.

Jonathan Myers: OK, (Mark). Good morning. Why don't I deal with the first two and I'll hand over to Sarah for net debt and everything I've missed in answering your first two. So we continue to see a good evolution of the pattern or the – or the shape of our business in Africa. Let's remember, it's only two years ago that we were losing money and declining revenue in that market.

So what we effectively have in terms of reported revenue are four parts of the business. We have our main Nigeria family care business which is essentially hygiene and baby fitting with our corporate core categories globally. We then have an electrical joint venture which primarily trades under the Thermocool brand.

We then have two other markets in Africa where we have operations on the ground, those are Kenya and Ghana and Kenya and Ghana also, if you like, represent the hygiene and baby businesses that you would see elsewhere in our – in our portfolio. So in that sense, Nigeria is the outlier.

And the essentially what we see is electricals and our family care business are broadly similar in size in terms of revenue and then Kenya and Ghana adding on a smaller percentage on top of that. We do also have a joint venture on cooking oil but that is only consolidated below the line so we don't report the revenue on that. And we have a very large and significant brand there called Devon Kings.
I think in terms of the dynamics, what we have been able to do over the last 18 to 24 months is significantly improve the reliability of delivery of results coming out of Nigeria which is a difficult challenge to meet because it's a volatile month in which to operate, be it oil, be it FX, be it political situations, and the team has done a good job of not only landing significant rounds of pricing but also driving mix intentionally as it combines with an upgrade in our route to market where we're really trying to break Nigeria down to being not one large amorphous Nigeria but Nigeria is actually many Nigerias.

And therefore the consumer and shopper habits in the north, east and the south are all quite different. And we need to make sure that we are getting the right SKUs at the right price points to the right parts of Nigeria and therefore overhauling our routes to market and working with our active distributors and then wholesalers beyond them to get the right things is really working for us.

On our Must Win Brands, I mentioned Premier soap grew market share, it also grew revenue by 50 percent, over 50 percent in our third quarter. But we're also seeing high double-digit growth on some of our local portfolio brands, which are not well known outside Nigeria, but are very well known inside Nigeria such as Stellar, and Rob.

And so it's that combination of price mix and then improves distribution because we are getting our SKUs into more outlets across Nigeria. And that is all combining to deliver improved profitability. Obviously, we improve last year because we were back into making money having lost money the year before and we are on track for improved margins this year as well.

Childs Farm. So as I said, we're getting to know the team. We are visiting their famous barn from which it is run in Hampshire. Everyone's getting very jealous of working at a barn in the home county. And we are really pleased with how we're working with the team and what we're seeing.

Early signs are positive. Actually, their initial trading, I mean, we've only been there with them for three weeks, but initial trading is running a little bit ahead of expectations which is great. Some of their most recent innovation
is also trading very well. So they recently launched OatDerma, the first
skincare line launched in 2017. And we're seeing good results on that.
They're seeing good results on our team doing a really good job.

They are also seeing sustained strong growth, double-digit growth in their
online business, whether that be through third parties such as Amazon, or
actually they have a very good direct to consumer business themselves. And
the good news from that holding up is that even as we see bricks and mortar
business coming back online, it's not diminishing the rates of growth that we
were seeing at peak of the pandemic for e-commerce.

So we're very confident and we're looking and working hard with them on
how we can help them stay focused on driving growth. Whilst we can then
look at how can we help them do so more effectively with the benefit of
being part of PZ Cussons family.

And on net debt, let me hand it to Sarah.

Sarah Pollard: Thanks, Jonathan. Morning, (Mark). So let me just spend a moment on the –
on the balance sheet more broadly then. So we have a strong and flexible
balance sheet and we continue to prove ourselves to be a cash generous as
business and that is due to some more strategic structural choices we've
made in terms of divesting of working capital, heavy food and nutrition
businesses, but also our day to day focus on improving our working capital
cycle.

In terms of our capital allocation approach, you'll have heard us at the
prelims in September talked about a sustainable dividend which last year
equated to a 5 percent increase in line with earnings. We held flat at the half
year signaling the board's confidence in our long term momentum and
resilience. And of course, we'll consider that dividends in the round at the
year end depending on results and outlook.

But as well as that dividend, we also said we have the flexibility to invest
behind organic growth which to date has been defined as marketing
investment behind our structurally advantage Must Win Brands, but also
resetting CapEx back up to sector norms. And in Childs Farm, you see our first foray into disciplined and strategically compelling M&A as another driver of shareholder value.

So we will have opened this current financial year with net debt of around 30 million. My expectation for the closing position this year will be a lower net debt position and we continue to consider what represents our most efficient capital structure and therefore leverage but continued strength and flexibility continued discipline and with a lower net debt position than we started (BMO).

Marc: Thank you very much. So you've given a number of parts to the jigsaw puzzle but just wanted to see if we could get a few extra details in terms of the size of Childs Farm both in terms of sales and maybe the cost of acquisition that'd be great.

Jonathan Myers: Well, we – yes. So the – one good source for you to look at is obviously going to be company's house where they last reported their revenues for 2020 and you'll see that they reported revenues then of 17 million pounds, all right, based on very strong growth for over the pre-pandemic years, all right.

Sarah Pollard: But in terms of – in terms of cost of integration, so we've signaled a circa half million cost in the current financial year as we integrate that business and roughly a 1 million cost into FY23 as they and we continue to deliberately invest ahead of – in strategic capabilities and marketing to deliver the growth.

Marc: Great, thank you very much. And I wonder whether I can sneak in a quick third question. Just in Nigeria, the palm oil joint venture is presumably seeing a bonanza this year. Can you just remind us what's size of that and the implications of the probably huge profitability of that business this year?

Jonathan Myers: So it's actually slightly more complex than the – it would look from the – from the outside. The reason I say that is we have both a job to do buying and a job to do selling so where we have a shared ownership of a plantation
clearly there are some benefits of that plantation comes to fruition if you excused the palm and we are able to sell the product thereof.

The issue is that we have to actually buy or PZ Wilmar, which is the name of the joint venture, we actually have to buy at the open market rates which are at an all-time high at the moment. Therefore what you see is that we have both the mix of plantation revenue but also procurement for buying on the open market and then the whole job to be done of refining.

And so it's not quite as obvious as, "Hey, you know what? Prices are sky high therefore we must be benefiting from the selling because we're also having to pay those prices to get the raw material in to produce the cooking oil." And then we report 50 percent of the after-tax profitability below the line which is roughly – I'm looking to Sarah for the rough number that we reported last year below the line, 5 million.

Marc: So just understand, that below the line is the contribution to your profits is 5 million?

Jonathan Myers: Yes, last year.

Sarah Pollard: So we can we consolidate 50 percent of that joint ventures profit after tax in our operating profits. It was circa 5 million last year. It's fair to say it will be at least 5 million this year.

Marc: One might – hope it might be double that. If we look at the other companies in the same situation. Thank you very much. Wonderful.

Operator: We'll now move wonderful our final question today. Please ask your question. Your line is now open.

Damian McNeela: Hi, morning, everybody. It's Damian from Numis here.

Jonathan Myers: (All right).

Damian: Just – I've got a couple of questions. I think the first one is around the sort of U.K. hand wash category. And clearly, we're seeing a sequential
improvement in the Carex brand but I was just wondering how the overall category was performing versus your expectations and whether we should expect the category to return to growth from a sort of settled level post-COVID normalization is the first question.

Jonathan Myers: So (Damian), why don't I pick that up why you think about what your second question is going to be, right?

So as we have talked before, I mean the good news and the strength of the Carex brand is that it has grown share even as the peak of the pandemic has slipped away to more normalized levels of category consumption. And to answer the question where exactly has the category landed after the pandemic depends a little bit on what time period you look at.

On a three to six month basis, if you would look at the last three to six months, what you would see is that the hand wash category was normalizing around a 20 percent uplift on pre-pandemic levels, right. If you were to look at the last four weeks, you would see it being nearer in line with pre-pandemic levels.

So what we don't want to do is take one short-term data point and extrapolate that but what we're seeing is volatility even in the last three to six months, right. So it's been as high as plus 20 percent and has been as low in inverted commas as flat. What we will see is particularly as the summer comes people are out and about a little bit more whether that picks back up as normal shopper habits kick in.

What we're working hard to do is to make sure that we keep the category relevant and not only the category but then our brand as being the brand that is perfectly placed with its sweet spot of protecting and caring so that as you go outside and want to start living your life again, you're able to do that with the confidence of Carex.

What I would say is that the sanitizer gel market remains significantly up on pre-pandemic levels even though it wasn't at quite the heady highs it was 18 months ago, it's still running at about double the pre-pandemic level. And
when you take the two categories together, we continue to see that not only we’re market leader despite all those that piled in over the last 12 to 18 months, some of them with some big checkbooks but we have grown our market share during that period.

Damian: OK, yes. That's very clear. Thank you, Jonathan. Yes, my second questions are a number of quantification questions that Sarah may or may not wish to answer. So – but firstly is the sort of, you've talked about these sort of additional property asset sales in Nigeria. Are you able to sort of give a ballpark number that we could expect for the sort of the entire program would be the first one.

The second one, you've talked about the integration costs on Childs Farm but I think in your comments, you talked about realizing cost synergies from Childs Farm. I just wonder whether you could quantify those is possible. And I think you sort of given a really sort of thorough answer on where the simplification is happening across the group and I just wondering also whether you could provide an indication of what the sort of the cost savings could be or are likely to be from that simplification, please? And then I've got one last – one last question on Australia.

Jonathan Myers: OK.

Sarah Pollard: I think I'm going to say thanks, (Damian), but let me try. So in terms of Nigeria asset realization, I think you should assume the number that we will report for the full year to be about halfway through that journey. That's probably a sensible rule of thumb.

You'll excuse me if I'm not drawn on Childs Farm synergies given we wouldn't necessarily talk that specifically about, a, other Must Win Brand. What we do have is a clear acquisition case and hurdle rate that we set for ourselves within a baby/hygiene acquisition and we will monitor our progress against that very tightly. It is also fair to say we continue to believe in the growth-led nature of that acquisition.
So where we can leverage our scale and be of help to the Childs Farm team, we will do so. And if we see some cost synergies, we'll absolutely go after it but we are here to preserve and accelerate the growth of that brand and the integrity of the talented management team there.

We will have something in warehousing. We will have something in distribution as it moves from a brand in – purely a brand in hand marketing campaign to one where we can pull the digital lever harder and therefore more cost effectively, we will also do that in terms of cost savings from the simplification program.

So I will be talking in September in a little bit more detail around particularly the future of our supply chain network and where we think we can leverage some gross margin benefits through looking at that footprint which may or may not require some below the line charges.

I think (Damian), the better way for me to answer the question is we remain committed to our strategy of sustainable profitable revenue growth, remain comfortable with our long-term margin targets which we had always said would be slightly more pedestrian in the early years as we invest behind growth. It's fair to say that for a business making roughly 70 million a profit having to absorb 70 million of cost inflation over a two-year basis has seen us working very hard but we continue to look at all opportunities to drive structural and tactical cost savings through to that mid-10 operating margin ambition if that's of help.

Damian: Yes, no, no, that's great. Thank you very much, Sarah.

Sarah Pollard: (You’re welcome).

Damian: And my last question I think is just on Australia. I think you're recently back from visiting that market. I was just wondering whether you could sort of give us a sort of headline thoughts from the trip and how you sort of perhaps see the wider sort of Asia strategy if you can please.
Jonathan Myers: Let me do that. First of all, obviously (kind of lead) back to your first question to Sarah, (Damian). If you are interested in a holiday home in the middle belts of Nigeria, just let us know and we'll send you the details, all right?

Damian: Yes. Yes, yes, yes. Well, you've got my e-mail.

Jonathan Myers: So we had a really good trip to Australia. Absolutely, it was a bit of a whirlwind challenging on the old jet lag but actually what we saw and found for ourselves with a well-run business with a motivated team with a strong portfolio of brands.

And not only is that, the Must Win Brand that we've talked about many times on calls such as this Morning Fresh which in many ways is going from strength to strength in the manual dishwashing market and seeing not only distribution gains which are good sustainable ways of growing the business for the long term in a highly developed market like Australia but we are also seeing consistent market share improvement over a 12, 6 and 3 month time horizon.

So we're feeling that we're beginning to get the PZ Cussons customs growth wheel spinning in Australia and are therefore comfortable to give it sufficient M&C investment as we have been increasing over the last two years already.

What was also striking though was a brand that is one of our portfolio brand therefore one we don't talk about very much but Rafferty's Garden is really quite impressive with its in-store presence. And obviously the acquisition of Childs Farm gives us a unique position because not only do we have the number one and number one by quite a long way baby food in Australia, we also have therefore trade relations with the very strong grocery buyers who happen to be the same buyers that buy baby toiletries.

So it gives us some confidence that we are able to um look at Australia as an opportunity for accelerated expansion. It's already in the market but there may be some more things we're able to do in the future.

And then more broadly, yes, we remain very excited about Asia as a whole. The thing to remember and I think we have learned at our cost in the past is
Asia is actually many, many different markets, many different consumer needs, many different levels of consumer spending power. Yes, we have two real power brands if I can use that phrase for a moment in the shape of Morning Fresh in Australia and Cussons Baby in Indonesia and we don't want to distract from those. We've got to be sufficient to win in our core but what we are looking to do is go beyond those markets.

And as you'll recall last time when we talked about our interims, we talked about the creation of a business development unit which is where for the first time under the leadership of Paul Yocum, we're taking what previously been on the whole third-party distributor markets and they could be elsewhere in Europe and they could be elsewhere in Southeast Asia.

And we're grouping those together as a chance for us to take a look at accelerated growth there without asking the leaders of our priority markets to do it on a Friday afternoon because we don't want to distract from the priority markets. That's the essence of our strategy but we are now moving from a position where we're saying we've begun to stabilize in our priority market and get growth so that gives us confidence that we can with a dedicated resource look beyond those and hence business development. There you go.

Damian: Yes, that's very clear. Thank you very much, Jonathan.

Operator: We have no other questions. Please continue.

Jonathan Myers: All right. So let me just quickly wrap up. Thanks for joining everyone. I would say I know it's a busy morning whether it be (Tesco's) or inflation, there are a number of demands on your time so I appreciate you joining us. Hopefully you get a sense that we are pleased with our third quarter results but we are in no way sense any sense of self satisfaction or smugness. There are massive challenges out there. We're working really hard to navigate them.

Clearly some of our confidence from how we have navigated challenges this year gives us confidence for next year and it's that demonstration that
encourages us that we will be able to maintain strong momentum on the business for the long term and I’m just as excited today about that future potential as I was when I joined, very nearly two years ago when we get to the beginning of May and my two year anniversary. So thanks a lot.

Operator: That does conclude our conference for today. Thank you for participating. You may all disconnect.

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