



13 April 2022

**Strong revenue momentum and 2022 outlook unchanged
Sustained growth and continued strategic progress**

PZ Cussons plc today issues a trading update for the third quarter, ended 28 February 2022.

	Q3 Revenue		
	£m	LFL %	2-year LFL % vs. Q3 FY20
Europe & Americas	41.8	(5.3)%	+3.2%
Asia Pacific	43.8	+4.3%	+7.7%
Africa	60.2	+25.8%	+29.8%
Other	0.5	n/m	n/m
Group	146.3	+8.5%	+13.9%

Group Summary

- Q3 like for like revenue growth⁽¹⁾ of +8.5%, driven by price/mix contribution of over 8%, with volumes maintained
- Continued improvement in revenue trends following -9.3% revenue decline in Q1 and +5.5% growth in Q2, resulting in YTD LFL revenue growth of +1.3%
- Must Win Brands revenue improved to flat year on year, and grew +12.6% versus Q3 FY20
- Cost headwinds in the quarter partly offset by pricing and productivity actions, enabling continued marketing investment to build our Must Win Brands
- Simplification of our Nigeria business is ongoing, including realising an additional £4 million gross proceeds from the sale of residential properties, with further sales expected in Q4
- Acquisition of Childs Farm, the UK's leading baby and child personal care brand, which we will seek to expand internationally while strengthening its position in the UK
- FY22 outlook unchanged. Expect to deliver growth in like for like revenue and adjusted PBT within the range of current expectations

Jonathan Myers, Chief Executive Officer, commented:

"It is just over a year since we set out our new strategy, to return PZ Cussons to sustainable, profitable revenue growth. We are focusing on building our Must Win Brands, driving executional excellence, dramatically reducing complexity and transforming our functional capabilities. We are aligning our portfolio around the core categories of Hygiene, Baby and Beauty and our priority markets. Our strategy is working, with revenue momentum from our Must Win Brands improving, and up 12.6% compared to before the pandemic. We also have a stronger portfolio following the disposal of non-core assets and the recent acquisition of Childs Farm.

The external environment is amongst the most challenging many of us have seen. Input costs have continued to escalate in recent weeks, and it is likely that household budgets will soon come under pressure. Our teams are working hard to address both of these dynamics. We are removing costs that the consumer does not value, and have plans in place to meet evolving consumer needs, including innovation to offer everyday great value as well as more premium-priced launches. While the coming months will continue to be challenging for us and the wider consumer goods sector, the strength of our brands and our strategic progress gives me confidence in the long term prospects for the business."



Group performance

Like for like revenue growth of +8.5% was driven by a price/mix contribution of over 8%, with volumes maintained. Reported revenue growth of +0.7% primarily reflects an adverse FX headwind related to the general strengthening of Sterling as well as the disposal of five:am which was completed in June 2021.

Year to date, like for like revenue grew by +1.3%, and declined by 5.5% on a reported basis.

Business performance by geographical region

Europe and Americas (29% of Q3 2022 revenue)

UK Hand Hygiene category sales remain lower year on year as we cycle through the impact of demand related to COVID, but Carex has again taken share in the quarter, driven in part by a national marketing campaign in January. Revenue remains above pre-pandemic levels and momentum continues to improve, with the rate of year on year decline ameliorating. The recovery of Original Source continues, and while Imperial Leather declined during the quarter, we expect the upcoming relaunch of the brand to improve revenue momentum and profitability.

In Beauty, revenue growth continued to be very strong across most brands, driven by a combination of successful marketing activation and distribution gains. In St.Tropez in the US, demand remained high with double-digit growth in 'sell-out' data, but revenue has been affected by supply challenges.

Asia Pacific (29% of Q3 2022 revenue)

In Hygiene, Morning Fresh performed well, extending its market-leading position in Australia, and Radiant also grew strongly.

Revenue in Cussons Baby Indonesia declined as COVID restrictions significantly disrupted retail channels, while Rafferty's Garden, the market-leader in baby food in Australia, saw good growth.

Africa (41% of Q3 2022 revenue)

In Hygiene, most of our major brands grew double digits, including Robb and Stella, driven primarily by a series of price increases over the last year, and expansion of distribution. Premier grew revenue over 50%, with continued gains in market share despite also implementing price increases ahead of competitors.

Cussons Baby continued to perform well.

Our Electricals business, which represents approximately 40% of our revenue in Africa, grew double digits driven by ongoing price/mix improvements.



Business performance by Category

Hygiene revenue grew +7.7% with growth across all major brands more than offsetting the decline in Carex which reflected challenging comparatives.

Baby revenue grew +0.9% with a softer performance in Cussons Baby offset by good growth in Rafferty's Garden.

Beauty revenue declined -1.7% as strong growth across most of the business was offset by the decline in St.Tropez US.

Outlook

The journey to return PZ Cussons to sustainable, profitable growth is firmly on track and we expect to report like for like revenue growth for the current financial year.

Since our interim results on 10 February, we have seen a further escalation in input costs. However, with good near-term visibility on performance trends and mitigating actions in place, the impact on the current year's results is likely to be limited. We therefore expect to deliver adjusted PBT within the range of current expectations.

As we move into FY23, our teams remain focused on reducing the impact of these headwinds, to enable us to continue to invest in the business for the long term given the significant growth potential we see.

Reporting calendar

PZ Cussons will report results for the year ended 31 May on 22 September and will issue a brief update on trading following the end of the financial year.

Conference call

PZ Cussons management will host a call for analysts and institutional investors today at 08:00 UK time. Dial in details are as follows:

Dial-in: 0808 238 9622 (UK) / +44 (0) 207 192 8501 (International)
Conference ID: 2692907

Contact details:

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Notes to Editors

⁽¹⁾ Unless otherwise stated, all references to revenue growth are on a like for like ('LFL') basis which adjusts for constant currency and excludes the impact of continuing operations disposals (five:am), and relate to the quarter ended 28 February 2022.

References to market share performance are based upon the twelve weeks to the end of February, unless otherwise stated.

About PZ Cussons

PZ Cussons is a FTSE250 listed consumer goods business, headquartered in Manchester, UK. We employ over 3,000 people across our operations in Europe, North America, Asia-Pacific and Africa. Since our founding in 1884, we have been creating products to delight, care for and nourish consumers. Across our core categories of Hygiene, Baby and Beauty, our trusted and well-loved brands include Carex, Imperial Leather, Original Source, Cussons Baby, Sanctuary Spa, St.Tropez, Morning Fresh and Premier. Sustainability and the wellbeing of our employees and communities everywhere are at the heart of our business model and strategy, and captured by our purpose: For everyone, for life, for good.

Cautionary note regarding forward-looking statements

This announcement contains certain forward-looking statements relating to expected or anticipated results, performance or events. Such statements are subject to normal risks associated with the uncertainties in our business, supply chain and consumer demand along with risks associated with macro-economic, political and social factors in the markets in which we operate. Whilst we believe that the expectations reflected herein are reasonable based on the information we have as at the date of this announcement, actual outcomes may vary significantly owing to factors outside the control of the Group, such as cost of materials or demand for our products, or within our control such as our investment decisions, allocation of resources or changes to our plans or strategy. The Group expressly disclaims any obligation to revise forward-looking statements made in this or other announcements to reflect changes in our expectations or circumstances. No reliance may be placed on the forward looking statements contained within this announcement.