

PUT A TINGLE  
IN YOUR RINGLE

TINGLE MINT & TEATREE  
ORIGINAL SOURCE  
SHOWERS

A FORCE  
OF NATURE

**2022 FULL YEAR RESULTS**  
**MOVING FROM TURNAROUND TO TRANSFORMATION**  
22 SEPTEMBER 2022

## **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 PZ Cussons 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 PZ Cussons 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.



# AGENDA

**01.**  
INTRODUCTION

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**02.**  
FINANCIAL REVIEW

**03.**  
STRATEGIC UPDATE

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**04.**  
SUMMARY



# MOVING FROM TURNAROUND TO TRANSFORMATION

## TWO YEARS OF STRATEGIC PROGRESS AND CONSISTENT PERFORMANCE STRONG FOUNDATIONS FROM WHICH TO TRANSFORM THE BUSINESS



### SECOND YEAR OF STRATEGIC PROGRESS

- Second year of positive Like for like (LFL) revenue growth
- Must Win Brand (MWB) share gains, with stronger Brand Investment
- Strong cash flow and improved net debt position



### MANAGING NEAR-TERM VOLATILITY

- Pricing and productivity initiatives largely offsetting 11% (£40m) cost inflation
- FY22 profit before tax in line with expectations



### GOOD PROGRESS IN ADDRESSING OUR LEGACY ISSUES

- Strengthening of team, processes and capabilities
- Greater category focus, with significant business simplification and operational improvement
- Unlocking value in Nigeria



### CONFIDENT IN OUR STRATEGY AND LONG- TERM OUTLOOK

- Childs Farm progressing well
- Right strategy in place to deliver
- Good start to FY23 and outlook in line with expectations
- Improved long-term growth ambitions

# WE ARE BUILDING BRANDS FOR LIFE. TODAY AND FOR FUTURE GENERATIONS

## INCREASED MUST WIN BRAND INVESTMENT VS. FY20 AND IMPROVED RETURNS



ST.TROPEZ



 **#1**  
IN MANUAL DISHWASH

 **#1**  
IN PRESTIGE TANNING

 **#1**  
IN BABY TOILETRIES<sup>3</sup>

 **#1**  
IN LIQUID HAND WASH

**47.9%**

**Market share<sup>1</sup>**

Larger than next 4 competitors combined

**20.0%**

**Market share<sup>2</sup>**

+300bps vs. 2021 on distribution gains

**20%+**

**Market share<sup>3</sup>**

Top 3 player in most sub-categories; highly attractive margins

**37.1%**

**Market share<sup>4</sup>**

Refills alone now bigger than next largest competitor

<sup>1</sup> Nielsen Australia Grocery Scan, 12 months to April 2022

<sup>2</sup> Total tanning market share via combined data: NPD Group and Nielsen, 12 months to August 2021

<sup>3</sup> Internal estimates based upon Nielsen and Kantar data and based upon the sub-categories in which Cussons Baby operates. 12 months to end May 2022

<sup>4</sup> Share of Hand Hygiene category, 12 months to end May 2022. Source: IRI

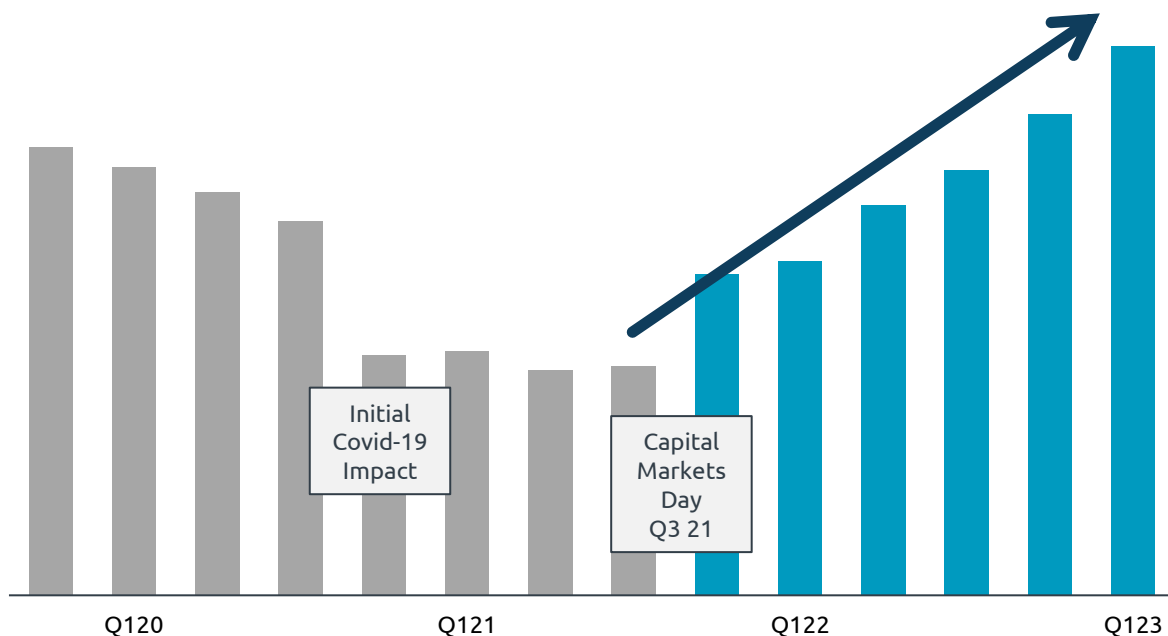


# UNDERLYING TRADING MOMENTUM IS STRONG

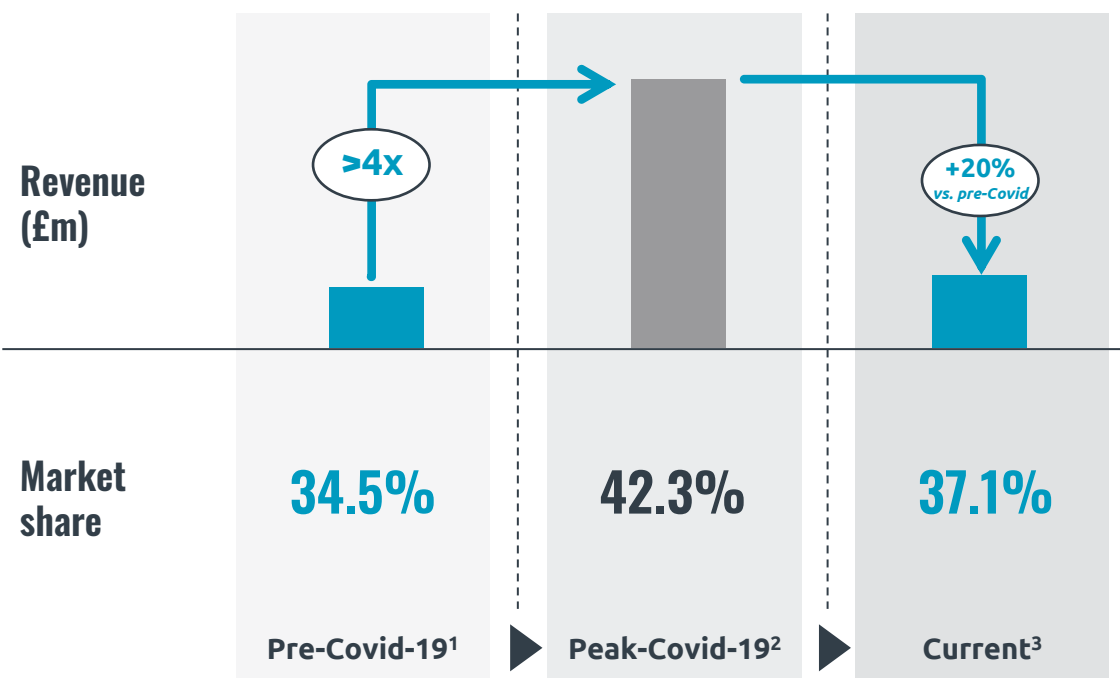
## SEQUENTIAL REVENUE IMPROVEMENTS UNDER OUR NEW STRATEGY

### HYGIENE, BABY, BEAUTY REVENUE (EX. CAREX) IS UP 19% SINCE CMD

Rolling annual total revenue, by quarter, £m



### BRAND INVESTMENT UP 80% VS. FY20 REVENUE AND MARKET SHARE HIGHER THAN PRE-COVID



<sup>1</sup> FY19 market share

<sup>2</sup> 'Peak COVID' market share of 42.3% based upon 10 weeks to end April 2020

<sup>3</sup> FY22 market share

All market shares are Carex UK



# FINANCIAL REVIEW

SARAH POLLARD, CHIEF FINANCIAL OFFICER





# SUMMARY FINANCIALS

£m, unless otherwise stated	FY22	FY21
Revenue	£592.8m	£603.3m
LFL revenue growth	2.9%	7.1%
Operating profit	£67.9m	£71.0m
Operating profit margin	11.5%	11.8%
Profit before tax	£66.6m	£68.6m
Earnings per share	12.71p	13.12p
Dividend per share	6.4p	6.1p
Free cash flow	£58.0m	£64.4m
Net debt / EBITDA	0.1x	0.3x

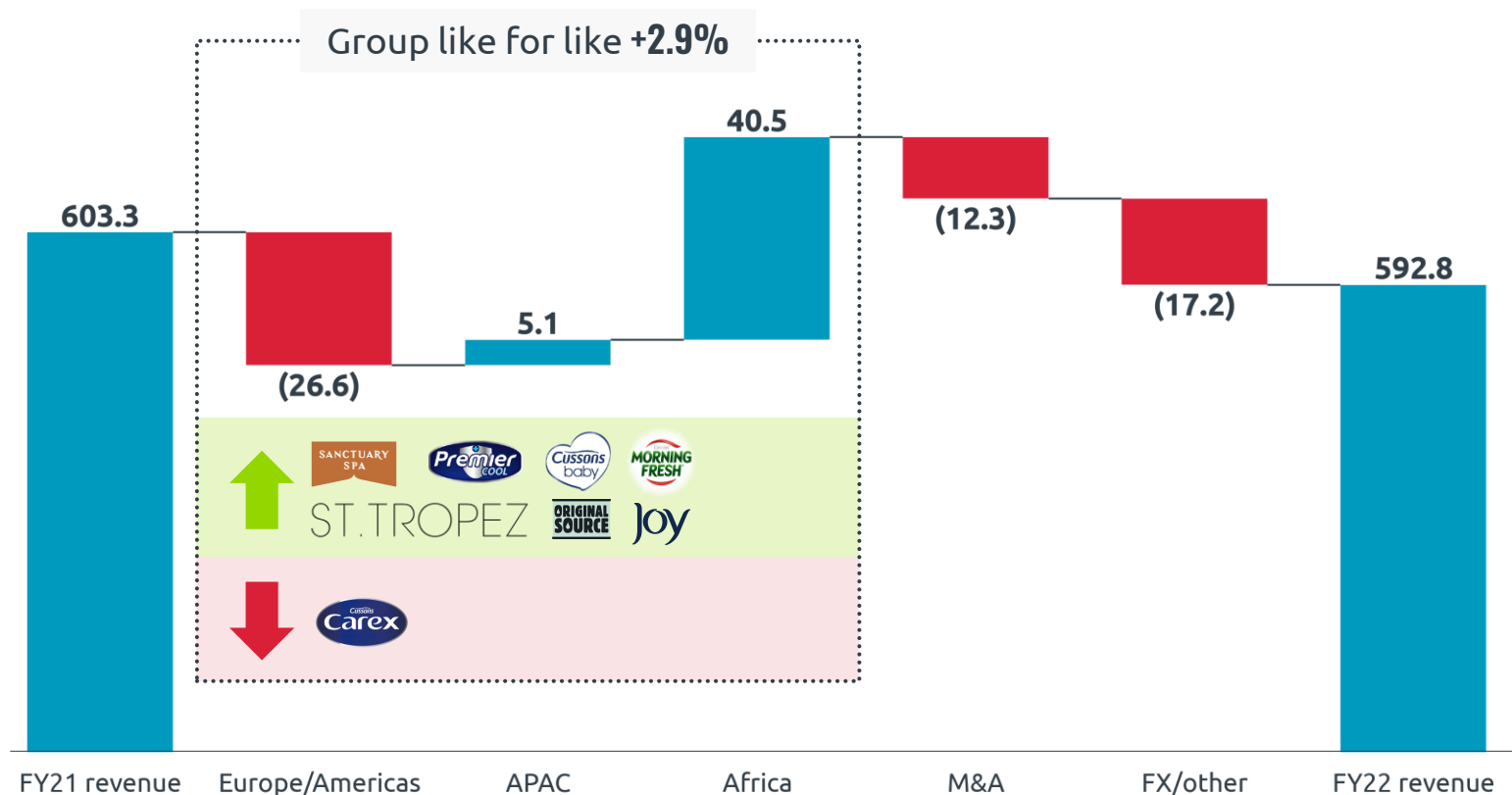
- Second year of LFL revenue growth
- Reported revenue declined 1.7%, with LFL growth more than offset by disposals and FX
- MWB revenue declined 4.8% due to normalisation of Carex volumes
- Adjusted operating profit largely unchanged despite £40m (11%) cost inflation
- Margin decline limited to 30bps given pricing, Revenue Growth Management initiatives and cost mitigation
- Cash flow and balance sheet remain strong, with recommended dividend reflecting Board's confidence in the long term

Like for like ('LFL') growth adjusts for constant currency and excludes the impact of disposals and acquisitions  
All items shown on an Adjusted basis unless otherwise stated

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# GROUP REVENUE

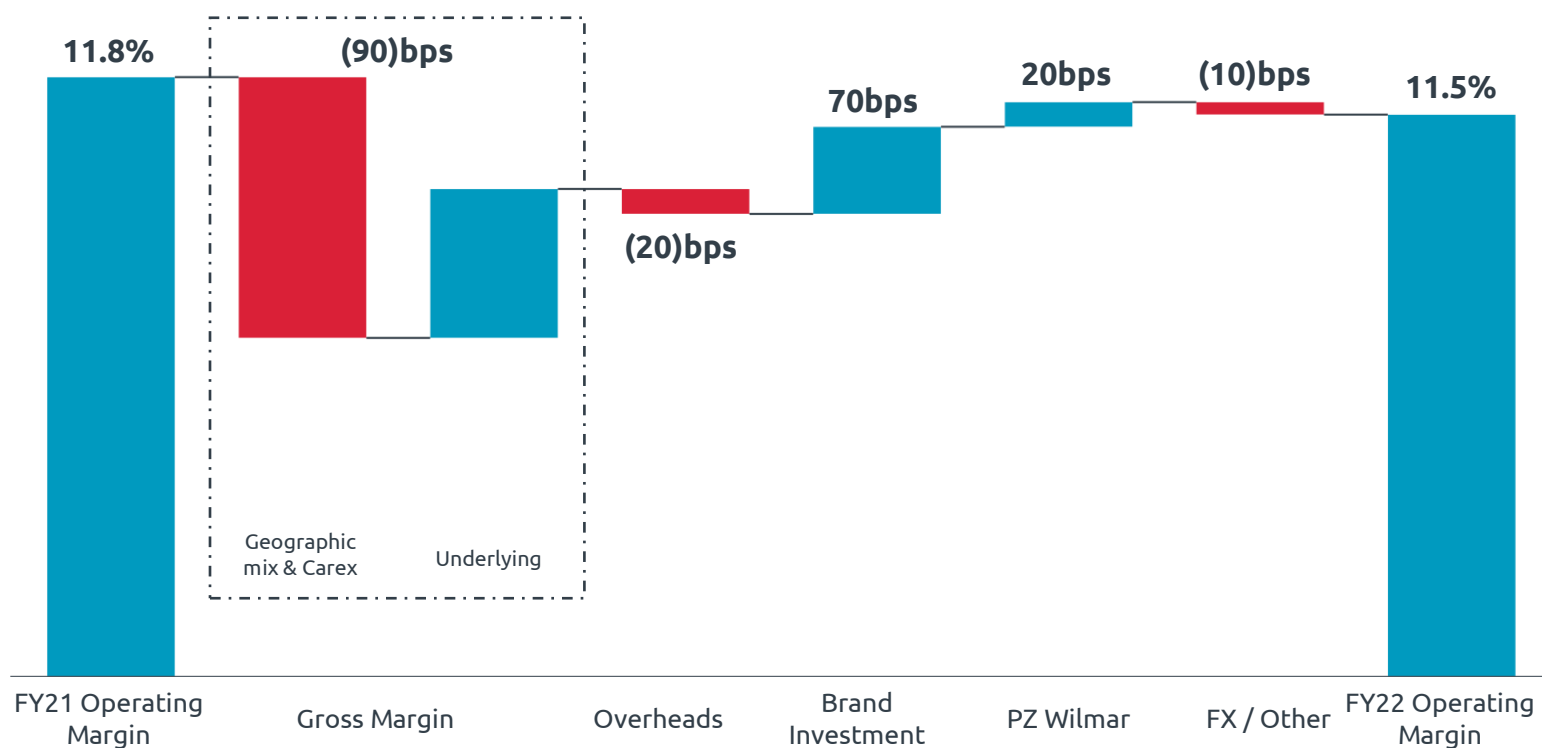
## LIKE FOR LIKE GROWTH DRIVEN BY AFRICA AND APAC



- 2.9% LFL revenue growth driven by Africa and APAC. Europe/Americas decline driven by Carex normalisation in the UK
- Growth in 7/8 of our existing Must Win Brands
- Price/mix growth of 5.9%. Volume (3.0)%
- M&A: disposal of five:am in June 2021 and acquisition of Childs Farm in March 2022
- FX: primarily devaluation of Naira

# MARGIN BRIDGE

## COST MITIGATION AND UNDERLYING GROWTH OFFSETS ADVERSE MIX AND CAREX



- Gross margin decline driven by adverse geographic revenue mix and Carex, offset by broad-based improvement elsewhere
- Reduction in Brand Investment vs. FY21 primarily due to Carex normalisation, and greater overall ROI focus
- Growth in overheads driven by increased investment in capabilities
- PZ Wilmar strong performance in H1 due to palm oil prices

# COST INFLATION

£40M COST INFLATION IN FY22 LARGELY OFFSET BY PRICING AND COST MITIGATION

## IMMEDIATE AND ONGOING OPPORTUNITIES

### 01. REMOVING COSTS THE CONSUMER DOESN'T SEE OR VALUE

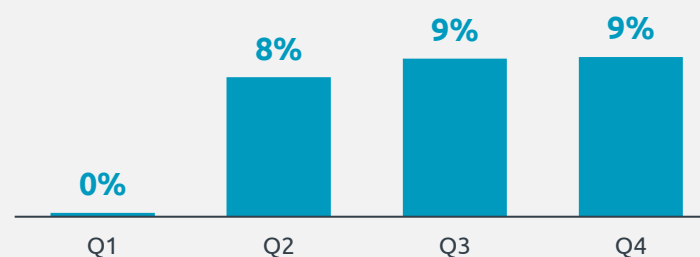
- Procurement savings
- Logistics optimisation
- Overheads reduction



### 02. PRICING AND REVENUE GROWTH MANAGEMENT

- List price increases
- Optimisation of trade investment
- Pack price architecture
- Channel and promotional mix

Price/mix growth FY22 by quarter



## LONG-TERM OPPORTUNITIES

### 03. INVEST FOR PRODUCTIVITY GAINS

- 'Near-shoring' procurement
- Supply configuration and footprint
- Factory automation





# SEGMENTAL PERFORMANCE

	Europe and Americas	APAC	Africa	Total Group
Revenue	£193.0m	£173.8m	£222.0m	£592.8m
LFL revenue growth	(12.3)%	+3.0%	+22.3%	+2.9%
Operating profit	£35.0m	£20.9m	£22.3m	£67.9m
Operating profit margin (vs. FY21)	18.1% (590)bps	12.0% +90bps	10.0% +440bps	11.5% (30)bps
Q4 LFL revenue growth	(4.7)%	+7.2%	+18.8%	+7.1%

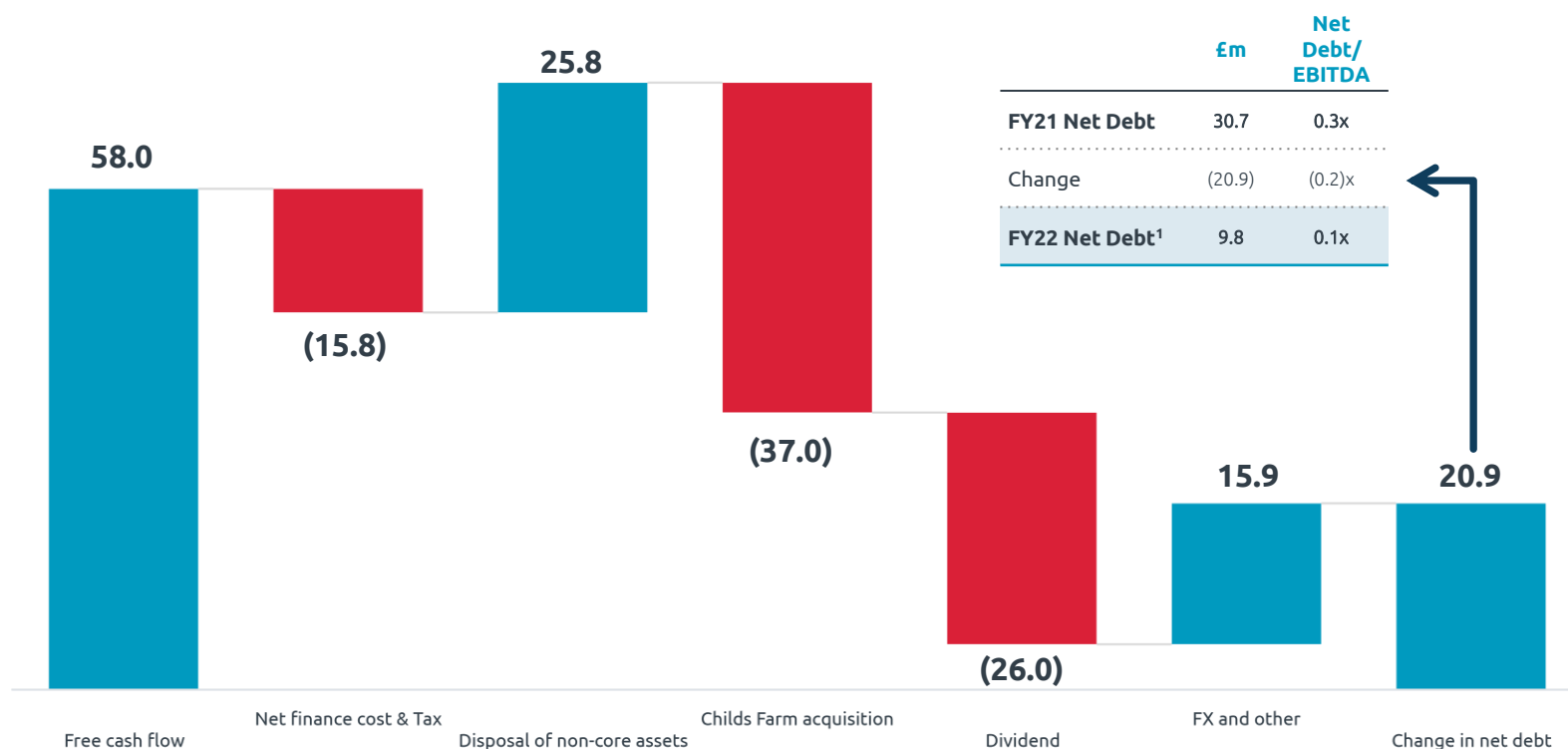
- Europe and Americas LFL revenue grew mid-single-digits, excluding Carex. Carex gained share as the category normalised post Covid-19
- Europe and Americas margin down due to Beauty Brand Investment and Carex normalisation more than offsetting cost mitigation
- APAC LFL revenue driven by Morning Fresh share gains. Cussons Baby down slightly due to lockdown restrictions and pro-active focus on higher-margin segments
- Africa driven by improved route-to-market, with multiple price increases and growth across each major brand
- Total Hygiene, Baby and Beauty revenue of £487.2m

Table excludes Central revenue and operating profit

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# CASH FLOW AND NET DEBT

## OPERATING CASH FLOW AND NIGERIA PROPERTY SALES FUNDING INVESTMENT AND DIVIDEND



- Reduction in net debt to £9.8m in 2022 (0.1x net debt/EBITDA)
- Gross proceeds from asset sales of £25.8m
  - Five:am: £6.4m
  - Nigeria property: £18.4m
- Childs Farm investment of £37.0m

Free cash flow includes interest, tax, working capital movements and loans to JV

<sup>1</sup> Net debt is shown excluding leases

# Q1 TRADING UPDATE

## STRONG START TO FY23

	Q1 FY23
Europe and Americas	(5.3)%
APAC	9.8%
Africa	14.1%
<b>Group LFL revenue growth</b>	<b>6.7%</b>

- Good start to the year with continued price/mix improvement
- Morning Fresh in Australia and Premier in Nigeria key performers
- Europe and Americas growth from Sanctuary Spa re-launch and Original Source marketing
- Carex declined, but with improved trend vs. Q4 22
- St.Tropez decline due to very tough comparatives
- Reported revenue growth of 23.8% includes 7 percentage points phasing benefit<sup>1</sup>

<sup>1</sup> Phasing benefit is the result of an additional 6 days in the reporting calendar in Q1 FY23 vs. Q1 FY22. This effect will reverse in Q4 and there is no impact for Q2 FY23, Q3 FY23 or for FY23 as a whole

# FY23 OUTLOOK AND GUIDANCE

## CONTINUED STRONG MOMENTUM, H2-WEIGHTED

### FY23 OUTLOOK

*Notwithstanding the significant challenges related to cost inflation and consumer spending, which will remain uncertain over the coming months, we expect to deliver FY23 results in line with current consensus forecasts*

### TECHNICAL GUIDANCE

- Interest charge: £4m
- ETR: 22-24%
- Capex: 2% of revenue
- Transformation investment: £20m over FY22-25<sup>1</sup>



See full year results RNS announcement for full outlook statement

<sup>1</sup> Majority of transformation costs expected to be incurred in FY23-24 and accounted for as an Adjusting item. Cash costs only





# STRATEGIC UPDATE

MOVING FROM TURNAROUND TO TRANSFORMATION

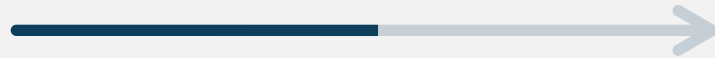
JONATHAN MYERS, CHIEF EXECUTIVE OFFICER



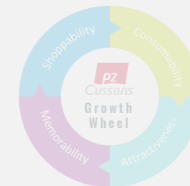
# THE TURNAROUND



**TURNAROUND**  
FIX THE CORE



**TRANSFORMATION**  
EXPAND FROM THE CORE



**OLD PZC**

**NEW PZC**

# THE TURNAROUND

## WE HAVE MADE GOOD PROGRESS ADDRESSING OUR LEGACY ISSUES

### DRIVERS OF OUR PREVIOUS UNDERPERFORMANCE

(presented in March 2021 Capital Markets Day)

Took our eyes off the consumer

Lack of growth led to underinvestment in our brands

Diversified portfolio spread resources too thinly

Internal distraction of implementing large multinational model

Lost talent and belief  
We forgot how to win

### COMPREHENSIVE, GROUP-WIDE RESPONSE

REFOCUSED  
INNOVATION AND  
IMPROVED INSIGHTS  
AND ANALYTICS

1/3 INCREASE IN TOTAL  
BRAND INVESTMENT VS.  
FY20  
AND IMPROVED  
EFFICIENCY OF SPEND

ESTABLISHED CLEAR  
PORTFOLIO CHOICES  
TO DRIVE FOCUS

RENEWED MULTI-  
LOCAL FOCUS

STRENGTHENED  
LEADERSHIP TEAM.  
REFRESHED VALUES  
AND ESTABLISHED  
CORPORATE PURPOSE

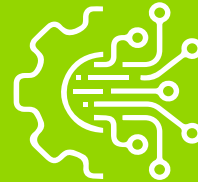
# OUR STRATEGY IN SUMMARY



**BUILD  
BRANDS**



**SERVE  
CONSUMERS**



**REDUCE  
COMPLEXITY**



**DEVELOP  
PEOPLE**



**GROW  
SUSTAINABLY**



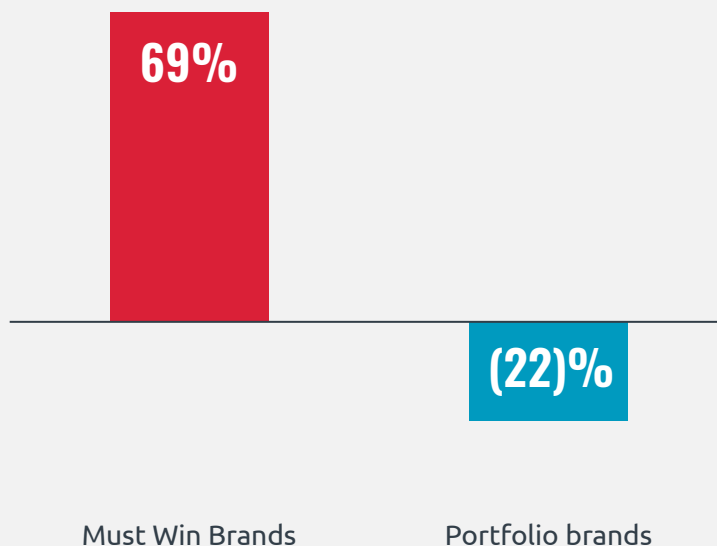
# BUILD BRANDS

BUILD  
BRANDSSERVE  
CONSUMERSREDUCE  
COMPLEXITYDEVELOP  
PEOPLEGROW  
SUSTAINABLY

## HIGHER AND MORE EFFICIENT BRAND INVESTMENT

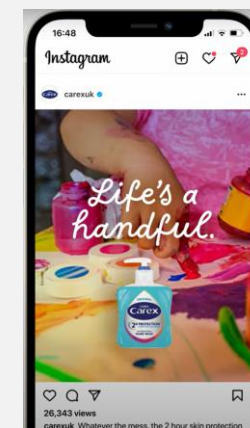
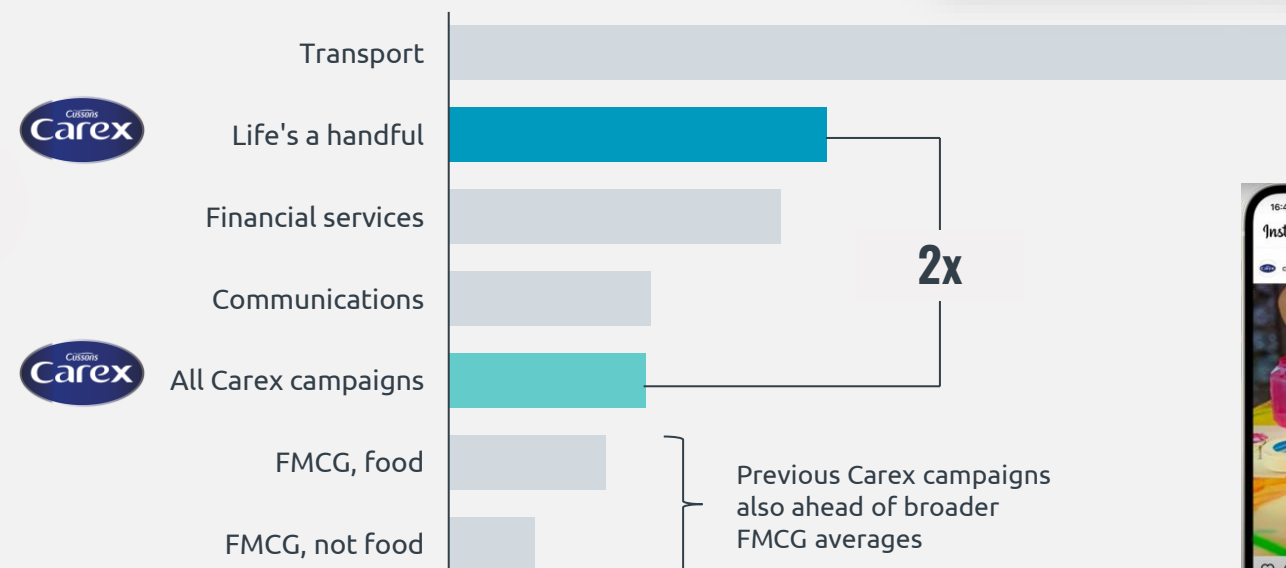
### Brand Investment has continued to shift towards Must Win Brands ...

% change in £m Brand Investment spend, FY22 vs. FY20



### ... and efficiency of media spend has also increased

Revenue per £ of campaign spend vs. FMCG and other sectors<sup>1</sup>



<sup>1</sup> Benchmarking analysis by Magic Numbers consultancy

SANCTUARY  
SPA

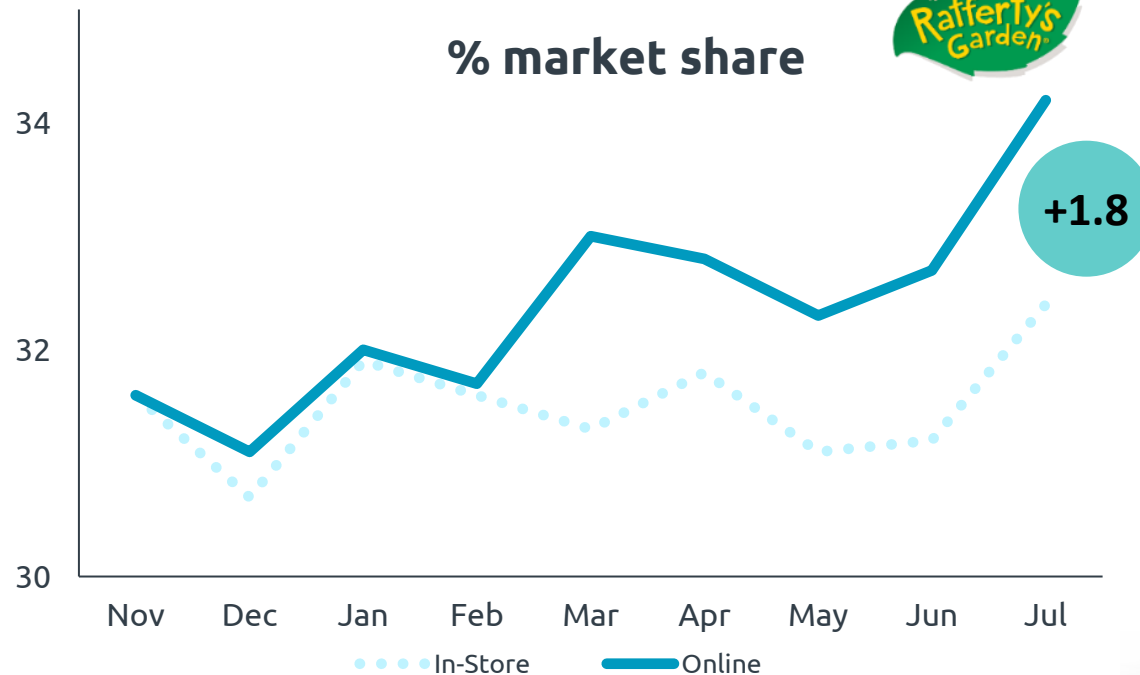
# SERVE CONSUMERS



## WINNING WHERE THE SHOPPER SHOPS



E-Commerce strategy driving Rafferty's Garden share gains



Successful Amazon Prime Day growth in Beauty<sup>1</sup>



Source: Nielsen

<sup>1</sup> Growth rates shown are for sales over Prime Day period (10-16<sup>th</sup> July 2022) vs comparable period in 2021

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# REDUCE COMPLEXITY

## SIGNIFICANT PORTFOLIO AND BUSINESS SIMPLIFICATION



### UK SKU rationalisation and supplier consolidation

Previously

Today



87 SKUs



50 SKUs

UK  
Marketing

>70  
AGENCIES

<20  
AGENCIES



### Nigeria Simplification



**Better Route-to-Market:**  
number of distribution centres reduced from 26 to 3



**Non-core disposals:**  
proceeds from residential property sales of £18.4m



# DEVELOP PEOPLE

## INVESTMENT IN BUILDING A STRONGER CULTURE AND TEAM

Hiring externally and promoting internally, newly-created roles include:



Revenue Growth  
Management Director



Governance and  
Controls team



Sustainability  
team



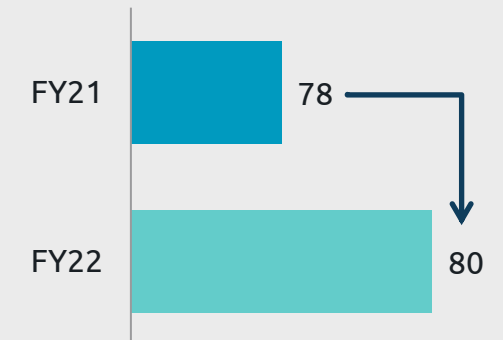
Digital  
team

## REFRESH OF CORPORATE VALUES



**'LEADERS AT  
ALL LEVELS'  
PROGRAMME LAUNCHED**

**2% INCREASE IN  
EMPLOYEE WELLBEING KPI**



# GROW SUSTAINABLY

## INVESTING IN SUSTAINABILITY AND FOR SUSTAINABLE GROWTH

### EVOLVING CONSUMER DEMAND



### NEW SUSTAINABILITY GOALS

- ▶ Carbon neutral in our operations by 2025
- ▶ Net zero emissions by 2045
- ▶ 30% reduction in water intensity by 2030
- ▶ 1/3 reduction in virgin plastics by 2030
- ▶ Inspire responsible consumption and disposal through pack communications

# GROW SUSTAINABLY

## INVESTING IN SUSTAINABILITY AND FOR SUSTAINABLE GROWTH

### ACQUISITION OF CHILDS FARM

- Launch of OatDerma trading ahead of expectations
- Specific synergies already identified in supply chain
- Integration of key talent and capabilities
- Significant international opportunity



B Corp  
accreditation  
achieved in  
July 2022



### INVESTMENT IN OUR BUSINESS

#### SUPPLY CHAIN TRANSFORMATION

- Procurement optimisation
- Invest for productivity

#### COMMERCIAL CAPABILITIES

- RGM
- Brand planning

#### ENABLING FUNCTIONS

- Controls transformation
- Innovation and R&D
- Digital

# FROM TURNAROUND TO TRANSFORMATION

BUILDING A HIGHER GROWTH, HIGHER MARGIN, SIMPLER AND MORE SUSTAINABLE BUSINESS



**TURNAROUND**  
FIX THE CORE



**TRANSFORMATION**  
EXPAND FROM THE CORE



**OLD PZC**

**NEW PZC**

# OUR STRATEGY IN SUMMARY

**WE BUILD BRANDS TO SERVE CONSUMERS BETTER WITH HYGIENE, BABY AND BEAUTY AT OUR CORE**

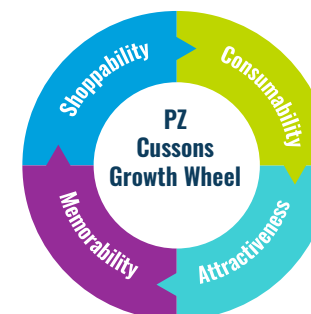
**LOW TO MID SINGLE-DIGIT REVENUE GROWTH, WITH MID-TEENS MARGINS**

## WHERE TO PLAY

Focus on leading brands  
in priority markets

## HOW TO WIN

PZ Cussons  
Growth Wheel



SUSTAINABILITY

CULTURE

LEADERSHIP

CAPABILITIES

**DRAMATICALLY REDUCE COMPLEXITY AND ENABLE TRANSFORMATION**



# OUR STRATEGY IN SUMMARY

WE BUILD BRANDS TO SERVE CONSUMERS BETTER WITH HYGIENE, BABY AND BEAUTY AT OUR CORE

**MID** ~~LOW TO MID~~ SINGLE-DIGIT REVENUE GROWTH, WITH MID-TEENS MARGINS

## WHERE TO PLAY

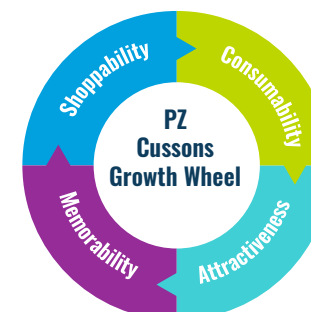
Must Win Brands in  
Priority Markets

New markets  
and adjacencies

New Must  
Win Brands

## HOW TO WIN

PZ Cussons  
Growth Wheel



SUSTAINABILITY

CULTURE

LEADERSHIP

CAPABILITIES

DRAMATICALLY REDUCE COMPLEXITY AND ENABLE TRANSFORMATION

# SUMMARY

**pz**  
Cussons



# MOVING FROM TURNAROUND TO TRANSFORMATION

**BUILDING A HIGHER GROWTH, HIGHER MARGIN, SIMPLER AND MORE SUSTAINABLE BUSINESS**



**SECOND YEAR OF  
STRATEGIC PROGRESS**



**MANAGING NEAR-TERM  
VOLATILITY**



**GOOD PROGRESS IN  
ADDRESSING OUR LEGACY  
ISSUES**



**CONFIDENT IN OUR  
STRATEGY AND LONG  
TERM OUTLOOK**



Q&A

**PZ**  
Cussons



# APPENDIX



# GLOSSARY

Term	Definition
<b>Adjusted net debt</b>	Cash, short-term deposits and current asset investments, less bank overdrafts and borrowings. Excludes IFRS 16 lease liabilities
<b>B Corp</b>	A B Corp is a company that has been certified by the non-profit organisation B Lab as meeting rigorous standards of environmental, social and governance performance, accountability and transparency
<b>Brand Investment</b>	An operating cost related to our investment in brands (previously 'Media & Consumer')
<b>Adjusted earnings per share</b>	Basic earnings per share from continuing operations adjusted for the impact of adjusting items
<b>Employee wellbeing</b>	% score based upon a set of questions within our annual survey of employees
<b>Free cash flow</b>	Cash generated from operations less capital expenditure
<b>Free cash flow conversion</b>	Free cash flow as a % of adjusted EBITDA from continuing operations
<b>Like for like ('LFL')</b>	Growth on the prior year, adjusting for constant currency and excluding the impact of disposals and acquisitions
<b>Must Win Brands</b>	The brands in which we place greater investment and focus. They comprise: Carex, Childs Farm (acquired in March 2022), Cussons Baby, Joy, Morning Fresh, Original Source, Premier, Sanctuary Spa and St Tropez
<b>Portfolio Brands</b>	The brands we operate which are not Must Win Brands
<b>PZ Cussons Growth Wheel</b>	Our 'repeatable model' for driving commercial execution, comprising 'Consumability', 'Attractiveness', 'Shoppability' and 'Memorability'
<b>Revenue Growth Management</b>	Maximising revenue through ensuring optimised price points across customers and channels and across different product sizes
<b>SKUs</b>	Stock keeping unit
<b>Through the line</b>	Marketing campaign incorporating both mass reach and targeted activity