

Childs Farm®

Childs Farm Capital Markets Event

4TH July 2023



Welcome to the world of Childs Farm

Childs Farm®



Childs Farm®

Introduction



AGENDA



- 1** Introduction
- 2** Global Baby Market
- 3** Introduction to Childs Farm
- 4** Childs Farm Overview
- 5** Our Winning Formula
 1. Elevating the brand proposition
 2. New product development
 3. Leveraging our brand-building playbook to “recruit new mums”
 4. International expansion
- 6** Financials & Summary
- 7** Q&A



Childs Farm®



SPEAKERS

Sarah Pollard

Chief Financial Officer

Andrew Geoghegan

Group Chief Marketing Transformation Officer

Paul Yocum

Group Managing Director of Business Development

Katie Barker

Global Head of Sales and Marketing, Childs Farm

CHILDS FARM - A HIGHLY SUCCESSFUL ACQUISITION

Childs Farm®

PZ
Cussons

- ✓ A unique brand in an attractive market
- ✓ Highly complementary fit for PZ Cussons
- ✓ Good progress to date, building on strong foundations
- ✓ Multiple growth levers and on track to triple revenue
- ✓ Our success with Childs Farm is repeatable



LEVERAGING PZ CUSSONS' STRATEGY TO GROW CHILDS FARM

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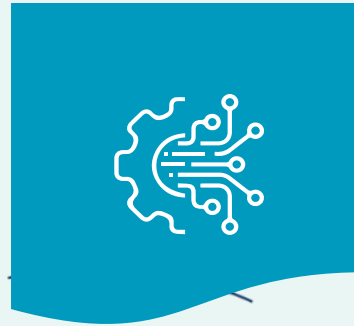
PZ
Cussons



**BUILD
BRANDS**



**SERVE
CONSUMERS**



**REDUCE
COMPLEXITY**



**DEVELOP
PEOPLE**



**GROW
SUSTAINABLY**





Childs Farm®

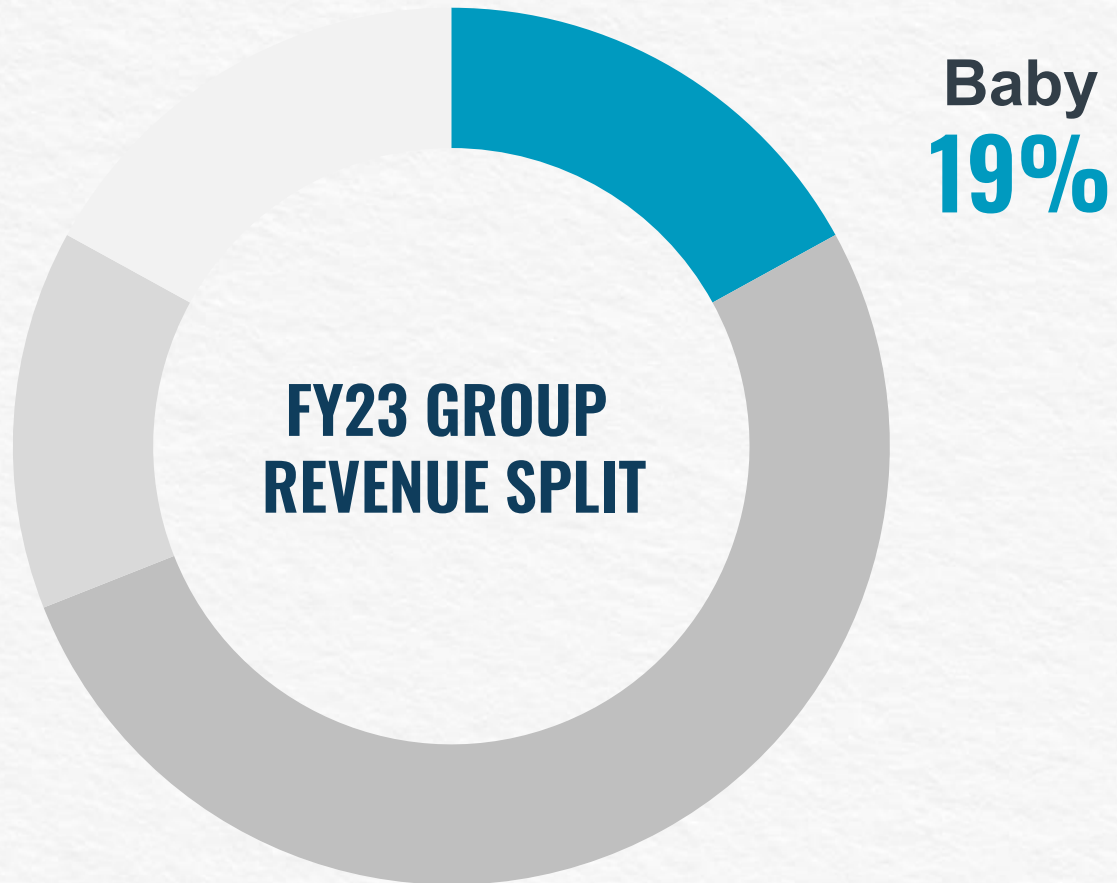
Global Baby Market



PZ CUSSONS' BABY BUSINESS IN CONTEXT

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PZ
Cussons



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**BABY
PERSONAL CARE**



**BABY
FOOD**

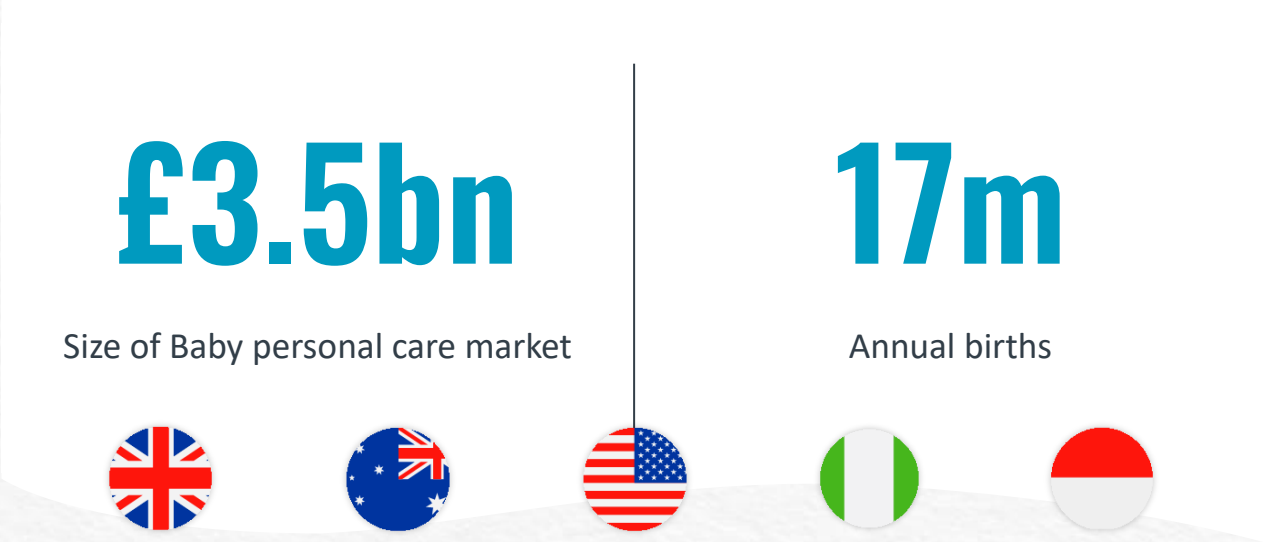
CATEGORY ATTRACTIVENESS

- Higher margin
- Resilient demand
- Synergies with broader portfolio

BABY PERSONAL CARE IS A LARGE CATEGORY GROWING AROUND 10% PER ANNUM BASED UPON OUR GEOGRAPHIC FOOTPRINT



PRIORITY MARKETS OF UK, ANZ, INDONESIA, NIGERIA AND USA



WE ARE ALREADY IN 2 OF THE TOP 5 MOST IMPORTANT BABY MARKETS

Country	Annual births (m)
India	23.1
China	10.9
Nigeria	7.9
Pakistan	6.7
Indonesia	4.5



10% growth based upon Euromonitor data 2016-22 and weighted by size of PZ Cussons Baby revenue in each of UK, ANZ, Indonesia, Nigeria and US. Category growth driven primarily by Indonesia and Nigeria. Includes wipes, excludes nappies.

GROWTH DRIVERS DIFFER BY TYPE OF MARKET



DEVELOPING MARKETS DRIVEN BY VOLUME GROWTH ...



Rising disposable incomes

Growth in birth rates



DEVELOPED MARKETS DRIVEN BY PREMIUMISATION...



Increasing importance
of babies and children

Branded products



**GLOBAL CONSUMER
TRENDS:**

“PLAY AND EXPLORATION”

“PROTECT AND NURTURE”

SUSTAINABILITY

WE UNDERSTAND BOTH THE UNIVERSAL FACTORS AND LOCAL NUANCES DRIVING THE CATEGORY



UNIVERSAL FACTORS

Hygiene, sleep, and comfort

Importance of a successful recruitment model

Understanding and addressing the evolving needs from new-born to child

LOCAL NUANCES



Indonesia

Bathing typically a mid-afternoon routine

Telon oil for warmth and insect repellent

Baby cologne on clothes and blankets



Africa

Importance of local, naturally beneficial ingredients such as cocoa pod ash, shea butter, and palm kernel oil

Under-developed SPF market



WE HAVE STRONG TECHNICAL AND COMMERCIAL EXPERTISE FROM THE WIDER PZ CUSSONS GROUP

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PZ
Cussons



Existing capabilities....

UNDERSTANDING OF SKIN AND HAIR



SUSTAINABILITY



FRAGRANCE KNOW-HOW



EXPERT RELATIONSHIPS

(e.g. Sleep Experts, Paediatric Dermatologists)



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Newly-formed 'Parentology Council' to formally share understanding and best practice

INSIGHTS

CORE BRAND AND RANGES

INNOVATION

CONSUMER CONNECTIONS

REVENUE GROWTH MANAGEMENT

Introduction: a few words from our founder



A few words from our founder

Childs Farm®



Joanna Jensen
Founder of Childs Farm





Childs Farm®

Childs Farm Overview



Childs Farm today

Childs Farm®

Revenue

£14m

Market share in UK

13%

Industry-leading
Net Promoter Score

43



>100,000 total distribution points in the UK:

High Street

Boots

wilko

M&S

HOLLAND & BARRETT

Superdrug ☆

Grocery

TESCO

Sainsbury's

Waitrose

ASDA

Morrisons
Since 1899

Online

amazon

moonpig

next

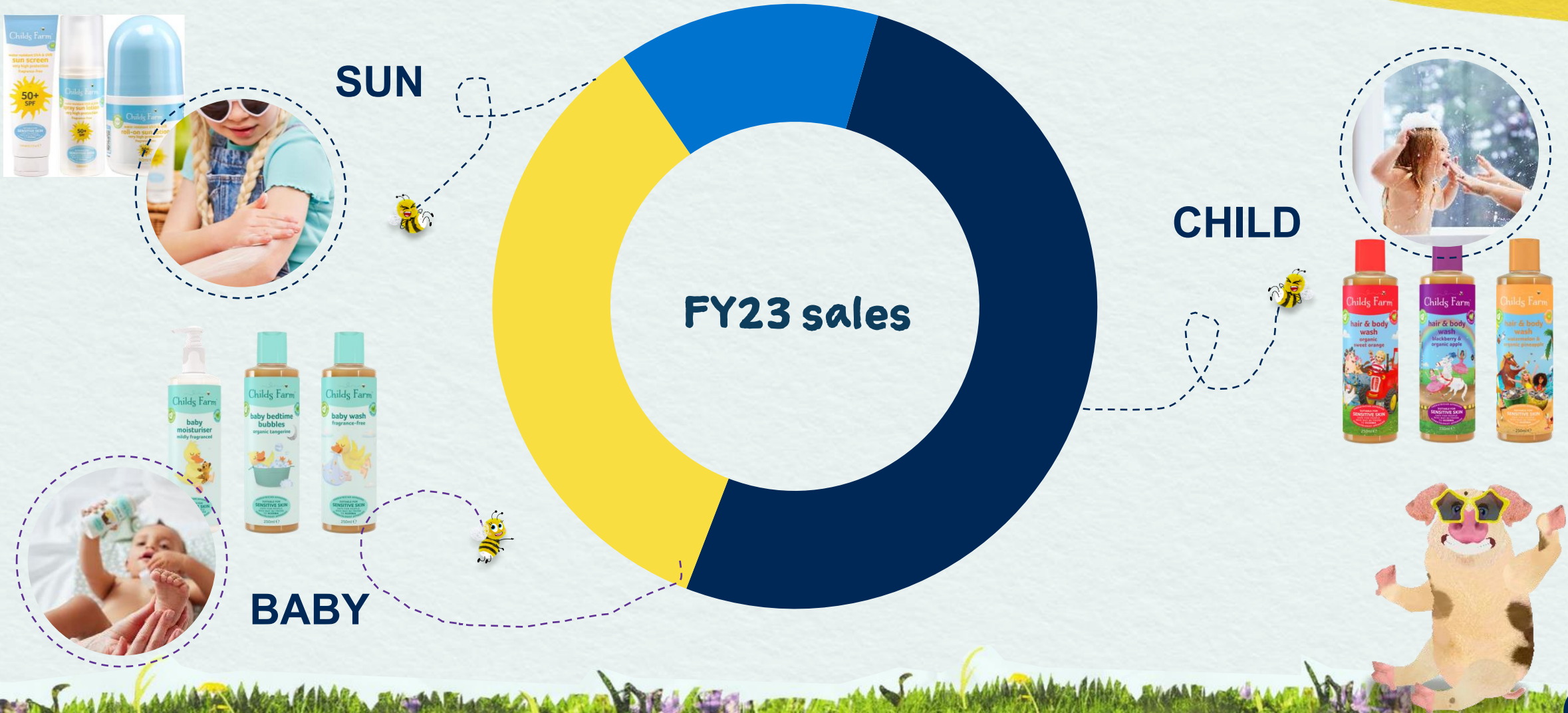
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ocado

FY23 revenue. Market share based upon total Child and Baby category for 52 weeks ended 10 June 2023.
See appendix for further details on Net Promoter Score.

Childs Farm product split

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Our Consumer – The Mindful Mum

Wants to do right by her child, herself and the planet

Demographics

- 25-44 (30-40)
- ABC1 (50-74k)
- Educated with a bachelors degree or masters degree
- Lives in the suburbs of key cities

Touchpoints

- Social media: Facebook & Instagram
- Web: researching
- Word of mouth
- In store: Boots & Tesco

Motivations & Usage

- 2.7 frequency of purchase
- Has a child with sensitive or reactive skin
- Prefers products that are natural and sustainable

3.7m households in the UK buy baby/child specific hair/skincare of which only 1.6m households are currently aware of Childs Farm

98% of parents are open to the Childs Farm proposition

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Unweighted base: Children aged 0-7 in HH (Nat rep) (n=171)
ONS 2021dataQuant U&A data: April 2023

18

Key Childs Farm brand attributes dominate share of importance for purchasing

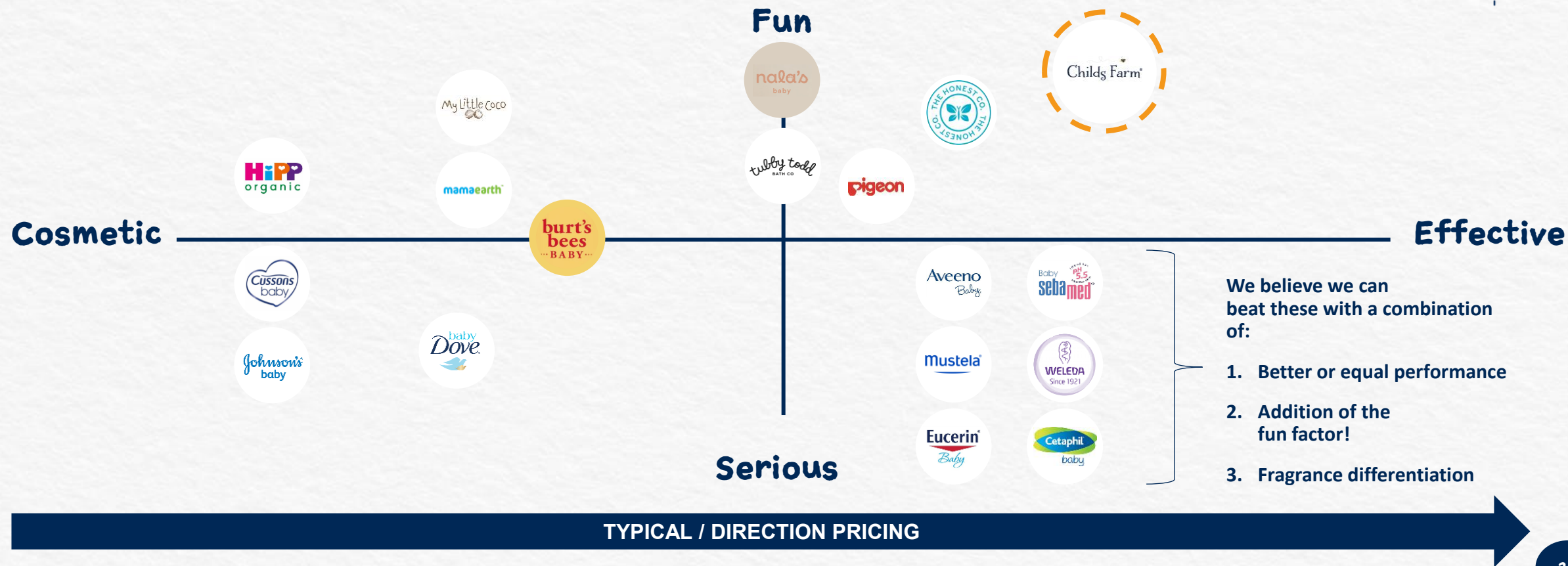
Relative share of importance of each attribute when purchasing



There is clear white space to win

More effective than medicinal brands, plus fun and engaging for the children

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Brand strength provides the potential for expansion in to adjacent categories over time



9 IN 10

consumers are interested in product extensions



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Our winning
formula



The brand was ripe for acceleration

1. ELEVATING THE BRAND PROPOSITION



2. NEW PRODUCT DEVELOPMENT



3. LEVERAGING THE PZC PLAYBOOKS TO "RECRUIT NEW MUMS"



4. INTERNATIONAL EXPANSION

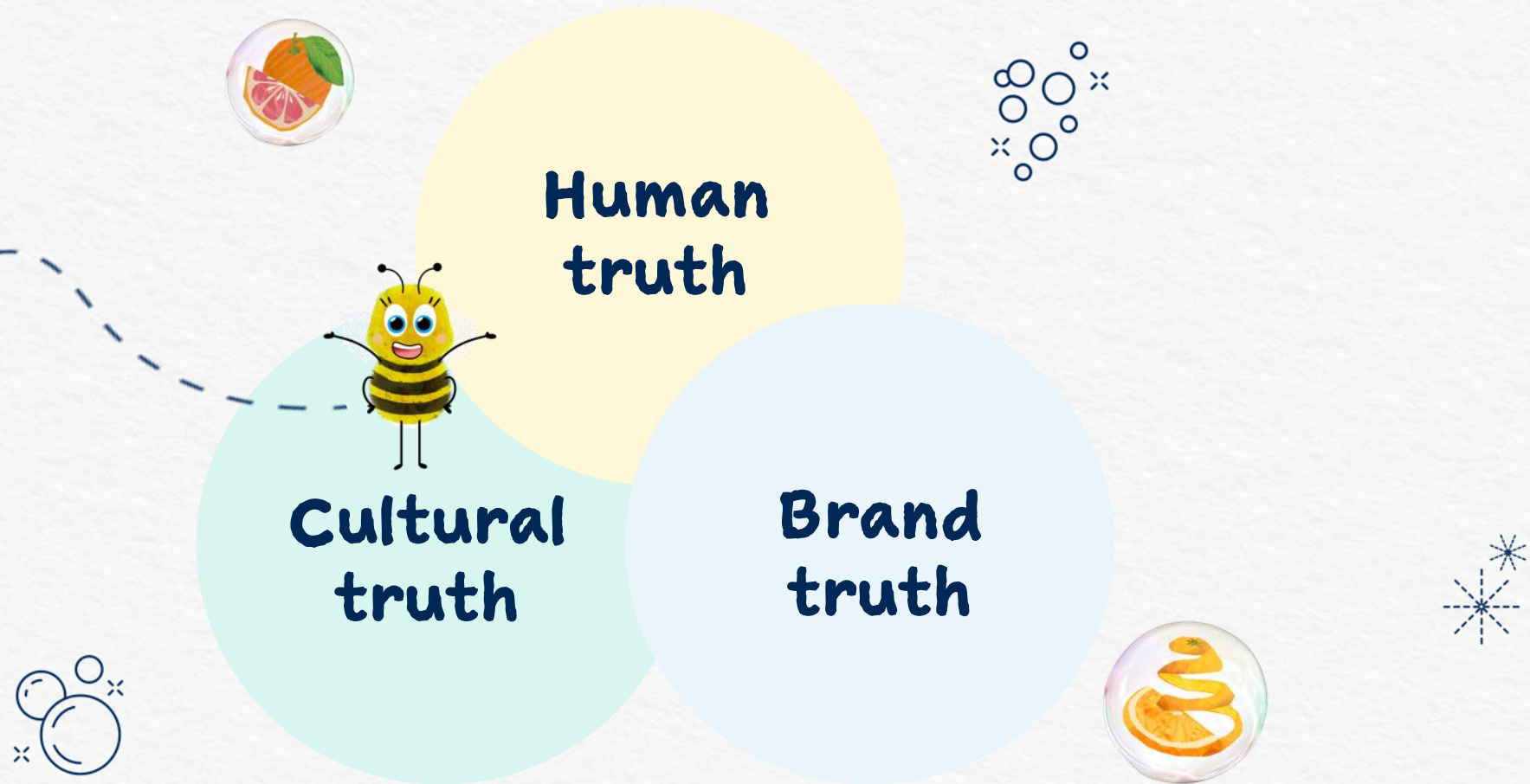


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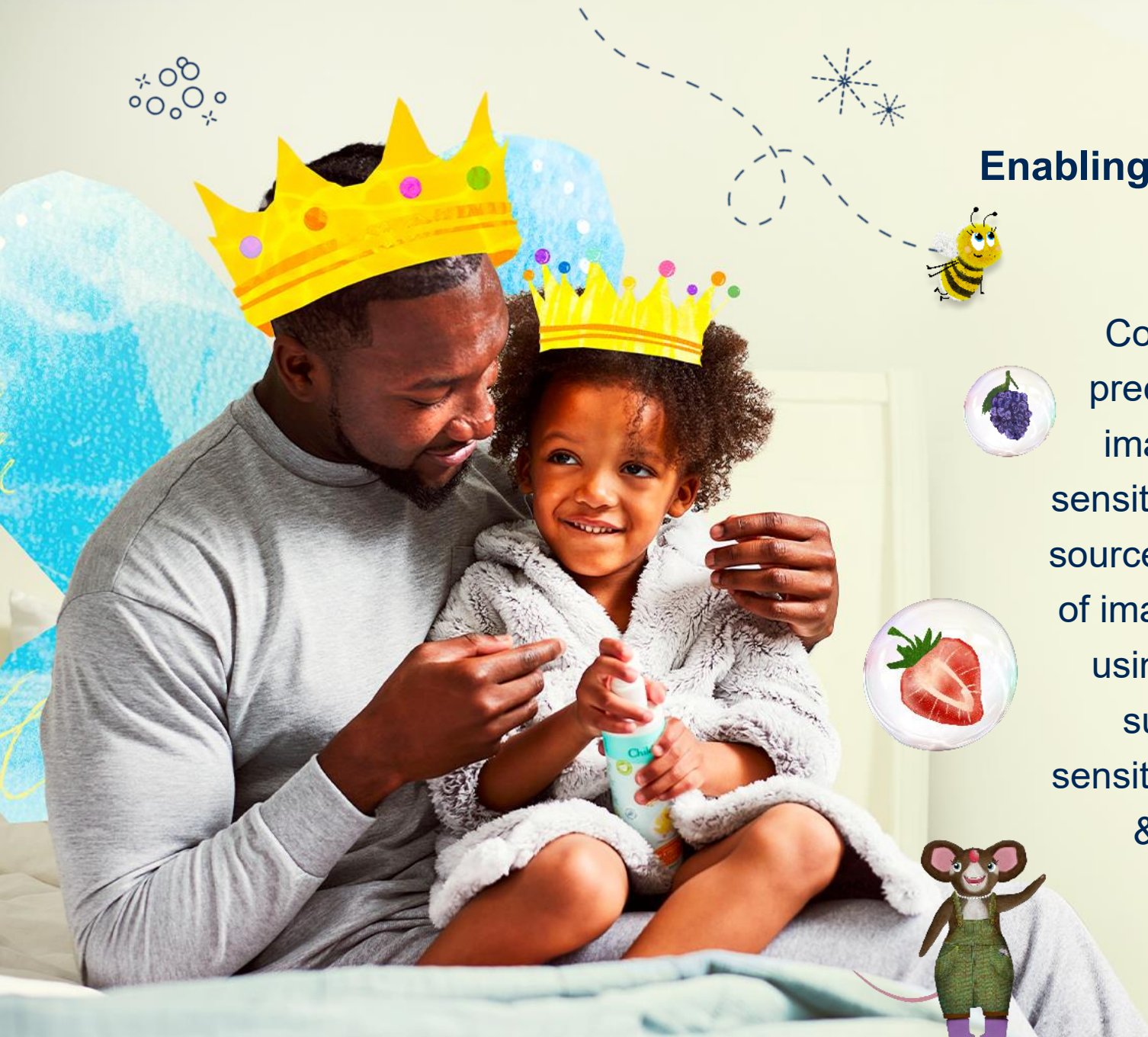
I. Elevating the brand proposition



We have a clear mission to unlock the world for children with sensitive skin



Core Brand Belief: Care without fun takes the joy out of childhood



Our Magic Formula:

Enabling children and parents to live in an open
Funbelievably Kind world

Connection between a parent and child is precious. Love lives in these moments, and imagination runs free. But when you have sensitive skin it's not like that. Touch becomes a source of stress not solace and the playful world of imagination is out of reach. We open this up, using the magic of fragrance, foam & fun in sustainable products proven to work on sensitive skin. We unlock a world of imagination & kindness to release moments of joy.

We are
funbelievably kind.

Everything we do,
starts with serving
our parents'
everyday need
occasions

Childs Farm®

Bathroom

- Fruity fun • Fragrant magic
• Splash • Bubbles • Scrummy scents
• Bathtime chaos • Pop of a bubble
• Giggles/belly laughs

Nursery

- Delicate • Precious • Calm • Cosy
• Velvety bubbles • Gentle massage
• Sleepy magic • Sweet dreams • Giggles
• Tiny toes • Sprinkle of magic

Child bedroom

- Happy skin • Fragrant magic
• Fuss-free skincare • Independence
• Giggles • Story telling • Sweet dreams
• Sleepy magic • Sprinkle of magic

Outdoors

- Sunny Fun • Safety Protection
• Adventure • Giggles • Beach day chaos
• Sandy toes • Family time • Holiday

Combined with deeper understanding of a baby/child's skin, our products deliver on more occasions and needs



A diverse product range of superior experiences

A complete offering for new-borns to children across all personal care sub-categories & formats

Baby

Calm and gentle, nurturing products for newborns & babies, a more muted colour palette representing reassuring quality



Child

Making every bath time fun with reassuringly gentle products and packaging that stimulates the imagination



Suncare

We bring our fun outdoors with sun care clearly highlighting our SPF protection and proven sensitive skin formulas



OatDerma™

Superior nourishment infused with colloidal oatmeal for dry & itchy skin with calming packaging focusing on the benefits of Oats



SlumberTime™

Our distinctive Lavender & Moon milk fragrance and proven 3-step routine packaged in a giftable and recognisable purple packaging to meet consumer sleep cues



Sustainability has been top of Joanna's vision from the start and we continue that today

Childs Farm®

16
million bottles
prevented
from going
into the
ocean*



All of this gives us a right to win against our key competitors



Minimum
95% Natural
Origin



Responsibly
& ethically
sourced



No animal
testing



Vegan



PCR content/
Sustainable
packaging



Carbon
Neutral Plus
organisation



Only
sustainable
palm oil
derivatives



B Corp



Not Made in
China

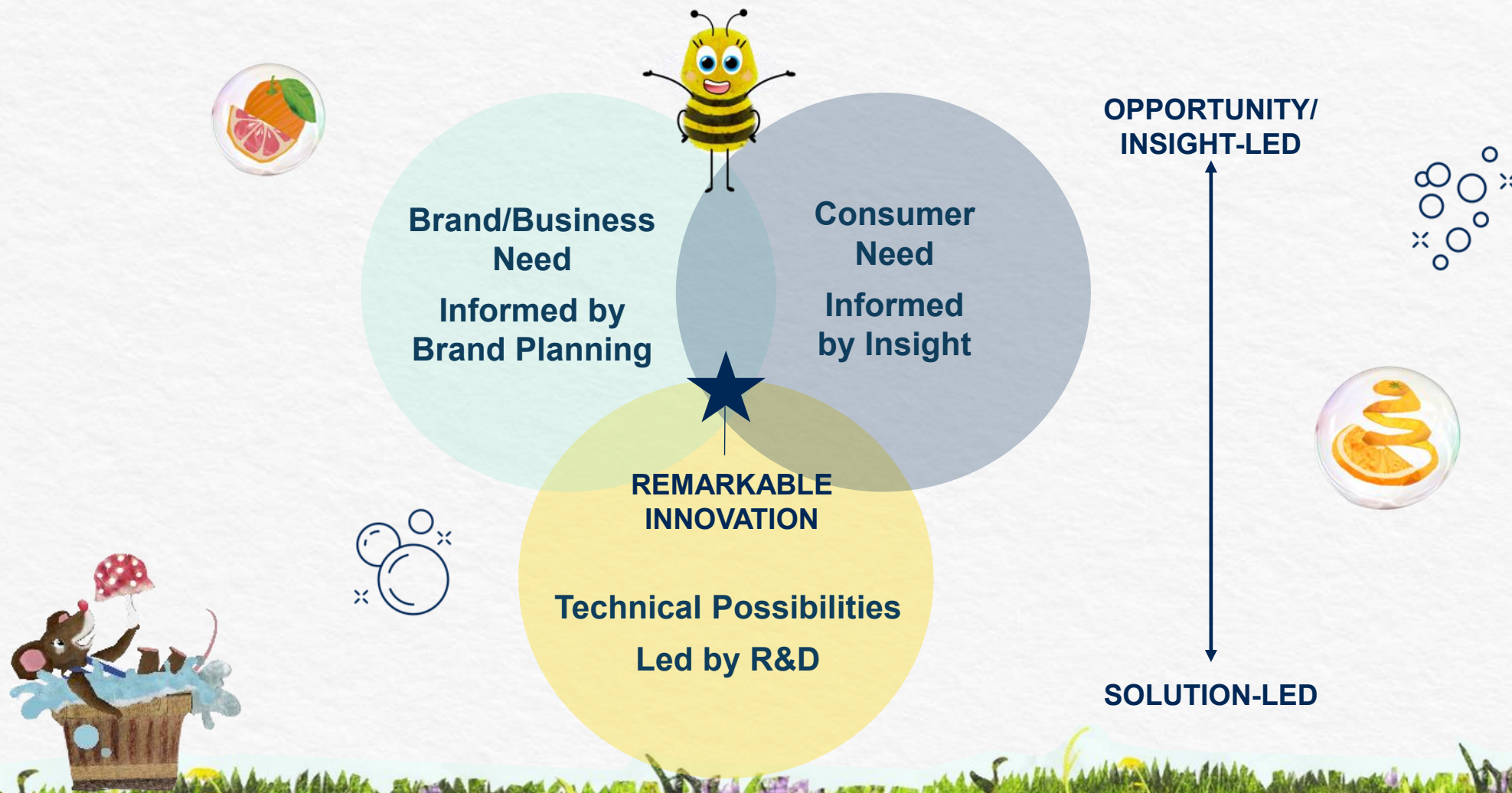
	Minimum 95% Natural Origin	Responsibly & ethically sourced	No animal testing	Vegan	PCR content/ Sustainable packaging	Carbon Neutral Plus organisation	Only sustainable palm oil derivatives	B Corp	Not Made in China
	✓	✓	✓	✓	100%	✓	✓	✓	✓
	✗	✓	✗	✗	50%	✗	✓	✗	✓
	✗	✓	✗	✗	✗	✗	✓	✗	✓
	✗	✓	✗	✗	100%	✗	✓	✗	✓
	✗	✗	✓	✓	✗	✗	✗	✗	✗
	✓	✗	✓	✓	✗	✗	✗	✗	✓
	✗	✗	✓	✓	✗	✗	✗	✗	✗

2. New Product Development

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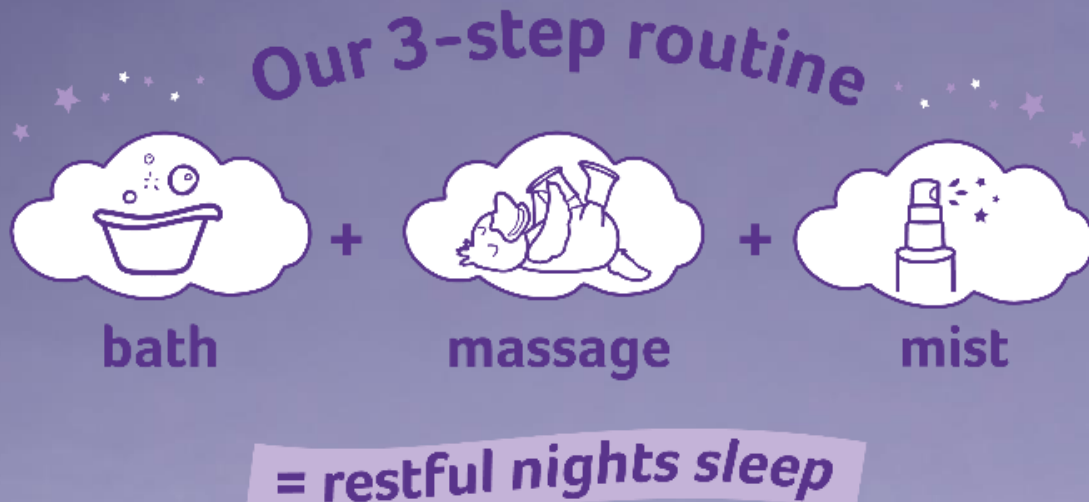


PZ Cussons Approach to Innovation



Successful launch of SlumberTime

The 1st 3 step routine to calm both babies skin & their senses





A Strong Early Response

#1

Rate of Sales SKU in
Baby in Boots and Tesco

+10%

Incremental
category sales in
Boots and Tesco

15%

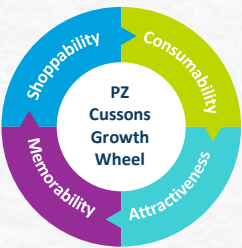
of total D2C revenue
with **70%**
of customers new to
the site



3. Leveraging our brand-building playbook to recruit new Mums

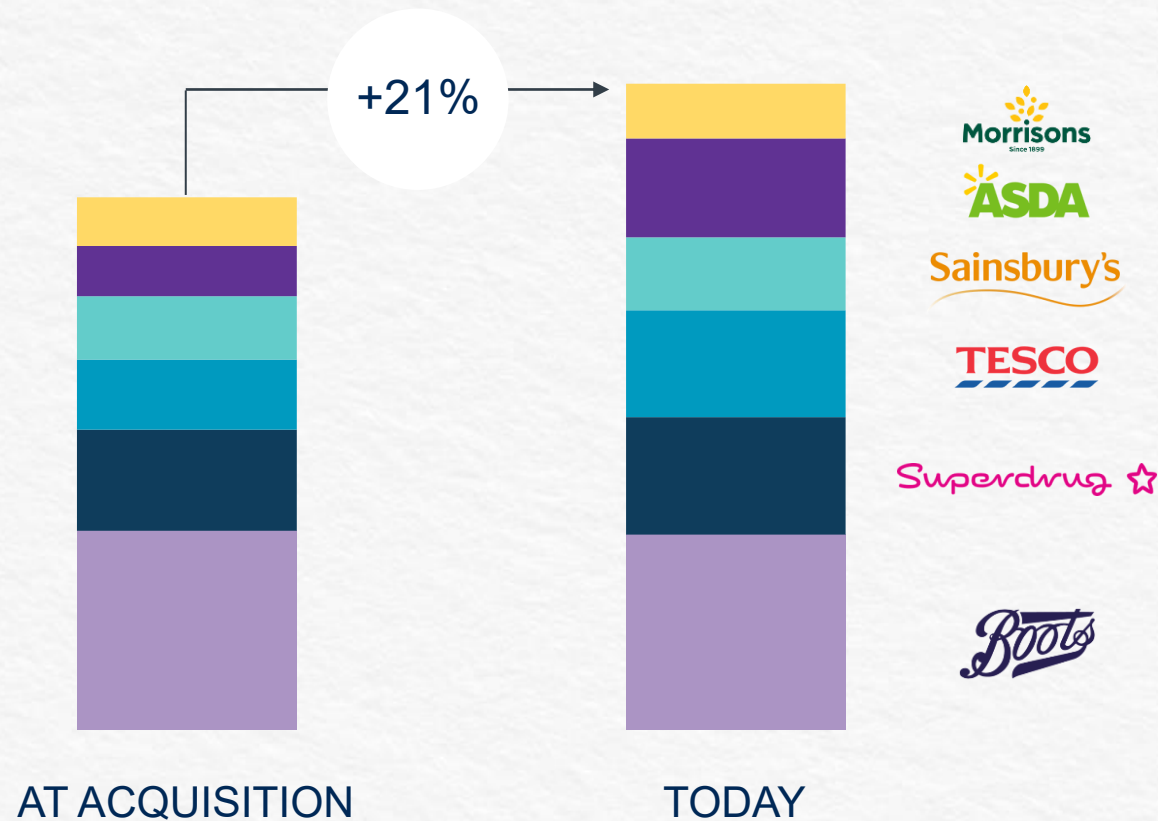


THE PZ CUSSONS BRAND-BUILDING PLAYBOOK



Significant growth in total distribution under PZ Cussons' ownership

We have grown distribution across our existing customers....



....And added new customers.

April 2023

 JUSTMYLOOK

June 2023



Sept 2023



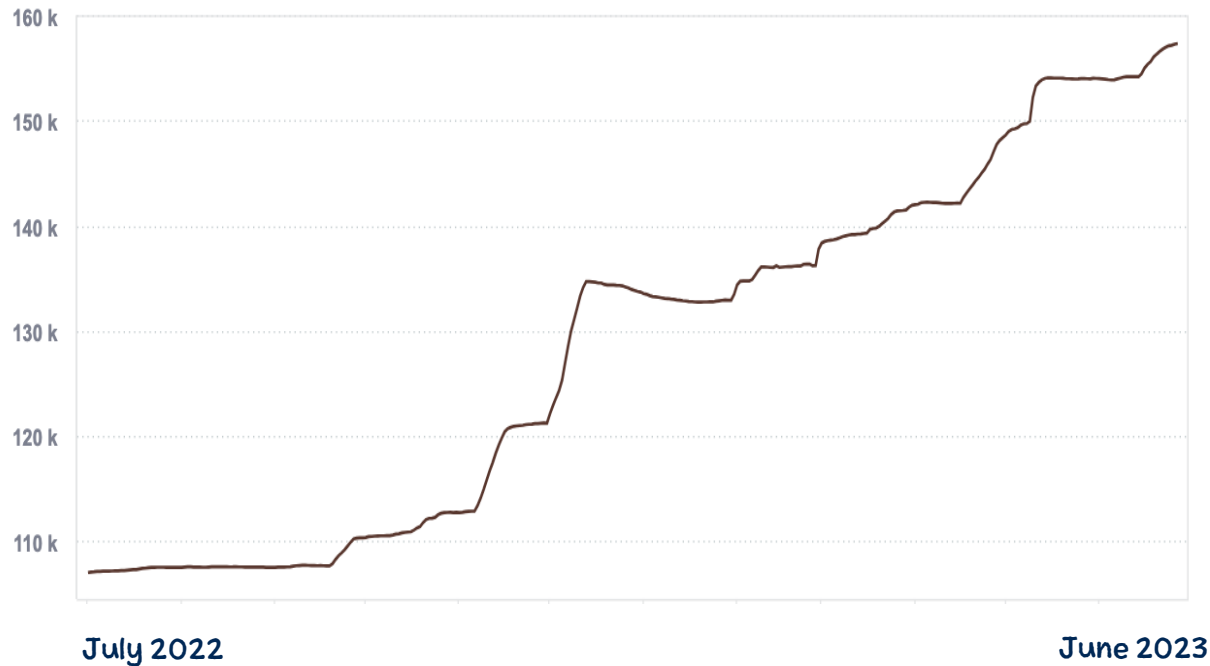
Oct 2023

M&S

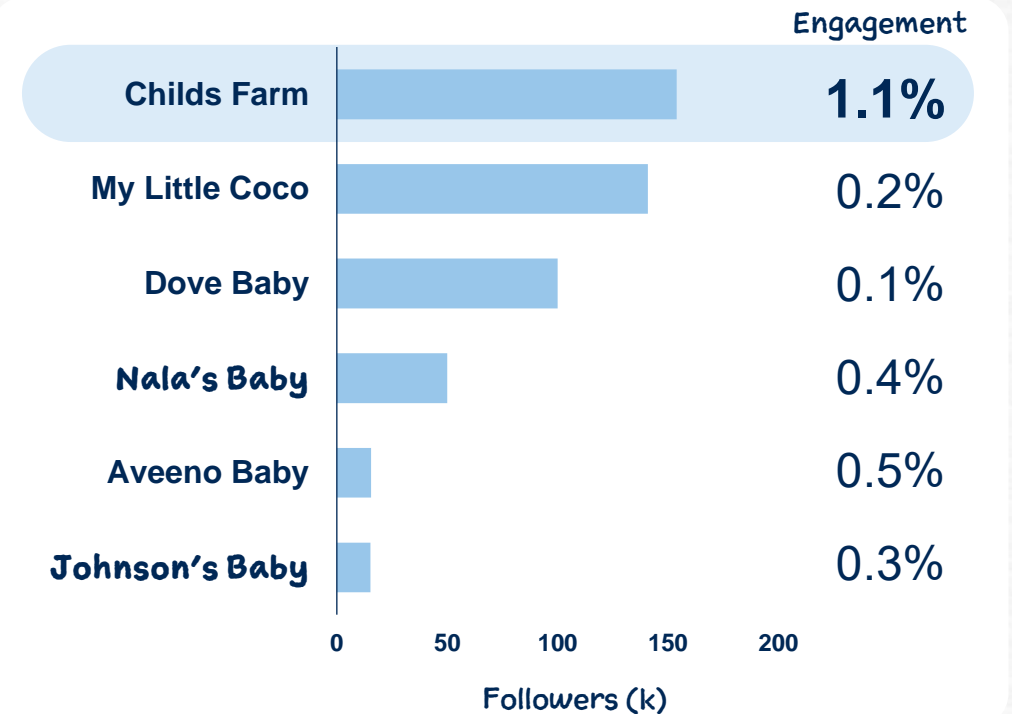
Brought together in a social led game plan focused on recruiting new mums



+46% Follower growth in 10 months



Followers and engagement are ahead of the competition



Engagement rate = (likes + comments + shares) / followers

Build an authentic credible partnership with an ambassador to endorse our proposition & products



Combined
reach of over 4
million

Stories
Engagement:
3.2%

15 pieces of tier 1 press coverage



UK & Ireland
PR event
70+ organic story mentions



Childs Farm's first ever TV Commercial

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4. International expansion



Ambition to establish Childs Farm as the No.1 choice for our mindful mums across key international markets



In markets with a proven right to win



Targeted retail channels, focusing on brand experience and discovery



Leverage 'differentiated dualism': sensitive skin + fun



Targeting upper premium tier in the category



Utilise our provenance, founder and British cache

Partnering with best-in-class distributors and agencies to optimise our strategy based on local market insights

The UK is just the beginning...



Today

FY24

FY25+

TRANSFORM
EXISTING TRADING
MARKETS

MUST WIN NEW
TERRITORIES

TEST, LEARN AND
EXPLORE

Market:



UK



ANZ Ireland Thailand



DE AU



Spain India



Middle East



CH USA

Market
Size:

£0.2bn
(c.13%
share)

£0.5bn

£1.4bn

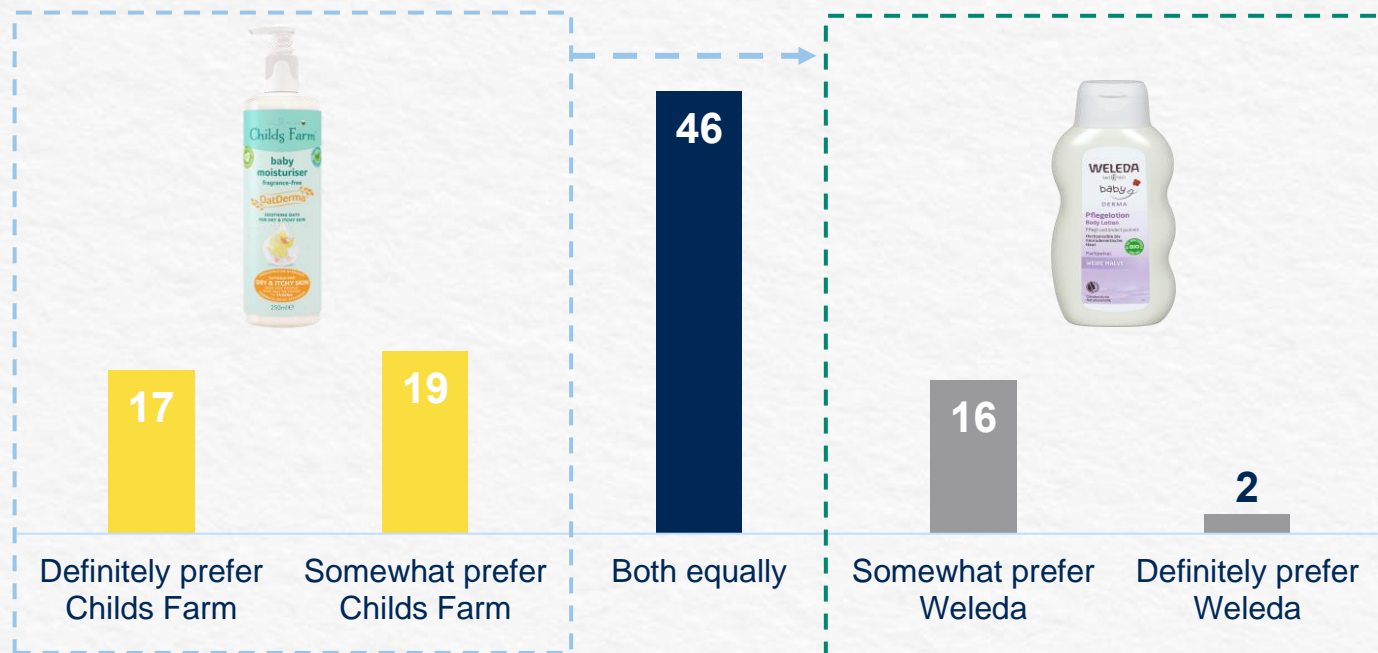
£0.6bn

Market sizes exclude nappies and includes wipes and are based on Euromonitor data and management estimates

In Germany our product beats the leading brand 2 to 1 in a blind test



Statistically significant preference of Childs Farm over Weleda Derma



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BIPA

Source: Ayton in-home Usage study, Kids Moisturiser Product Comparison Germany December 2022

45

Online-first approach to the £1bn US market



Online

Regional launch

National launch



FY24

FY25+

June
Amazon launch



July-Aug
DTC
Launches

Wegmans
meijer



Partnership and endorsement from the leading US distributor

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The Emerson Group
A Consumer Products Equity Organization



"Once I saw the data and the background of how it has grown in the UK....I can see in the US that, because of Joanna and what she's built, how we can succeed. So we're really excited to launch in the US."

Scott Emerson,
CEO and founder,
The Emerson Group



Financials and Summary

Ambition to triple revenue over five years with operating profit margins reaching 20%+



CHILDS FARM - A HIGHLY SUCCESSFUL ACQUISITION

- ✓ A unique brand in an attractive market
- ✓ Highly complementary fit for PZ Cussons
- ✓ Good progress to date, building on strong foundations
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- ✓ Our success with Childs Farm is repeatable



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Cussons



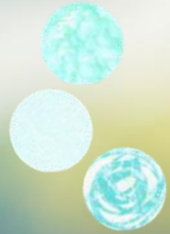
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Q&A



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Appendix



Today's Speakers



Sarah Pollard
Chief Financial
Officer



Andrew Geoghegan
Chief Marketing
Transformation Officer



Paul Yocum
Managing Director,
Business Development



Katie Barker
Global Head of Sales and
Marketing, Childs Farm

Experience at
PZ Cussons:

2+ years

2 years

2 years

15 years

Overview:

Board member and Executive
Director at PZ Cussons,
co-leading the strategic
transformation of the Group

Over 20 years of experience
in commercial finance

Responsible for driving
growth across the Group's
portfolio through
brand building

Marketing Week Top 100
Most Effective Marketer; and
Marketing Week columnist

Responsible for overseeing
Childs Farm as well as
expansion of other Group
brands in to new markets


20+ years in leadership
positions at P&G

Responsible for sales and
marketing of Childs Farm

Previously worked in
marketing and product
development within PZ
Cussons' Beauty business

Previous experience:

TESCO **DIAGEO** *Unilever*
Nomad Foods

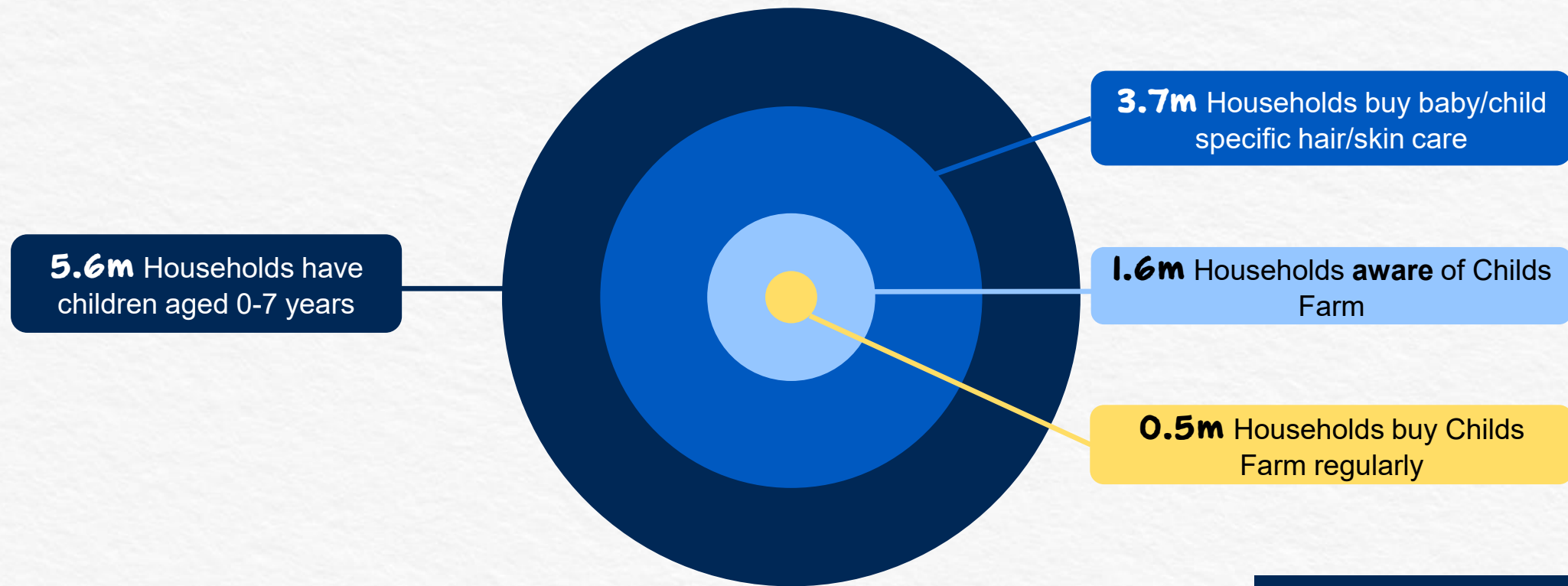
DIAGEO  **PEPSICO**

P&G **SWAROVSKI**

 **LIZ EARLE**



Significant headroom for UK growth given half of Households buying the category are not currently aware of Childs Farm



We have established a PZ Cussons 'Parentology Council' to share understanding and best practice

INSIGHTS

Examples

What are the trends across Baby markets in our existing and new markets?

Competitor intelligence

CORE BRAND AND RANGES

How can we better use our portfolio of brands across our markets?

Where are potential supply chain synergies?

INNOVATION

Packaging innovations

Prioritisation to leverage R&D

CONSUMER CONNECTIONS

Which messages tend to be most powerful?

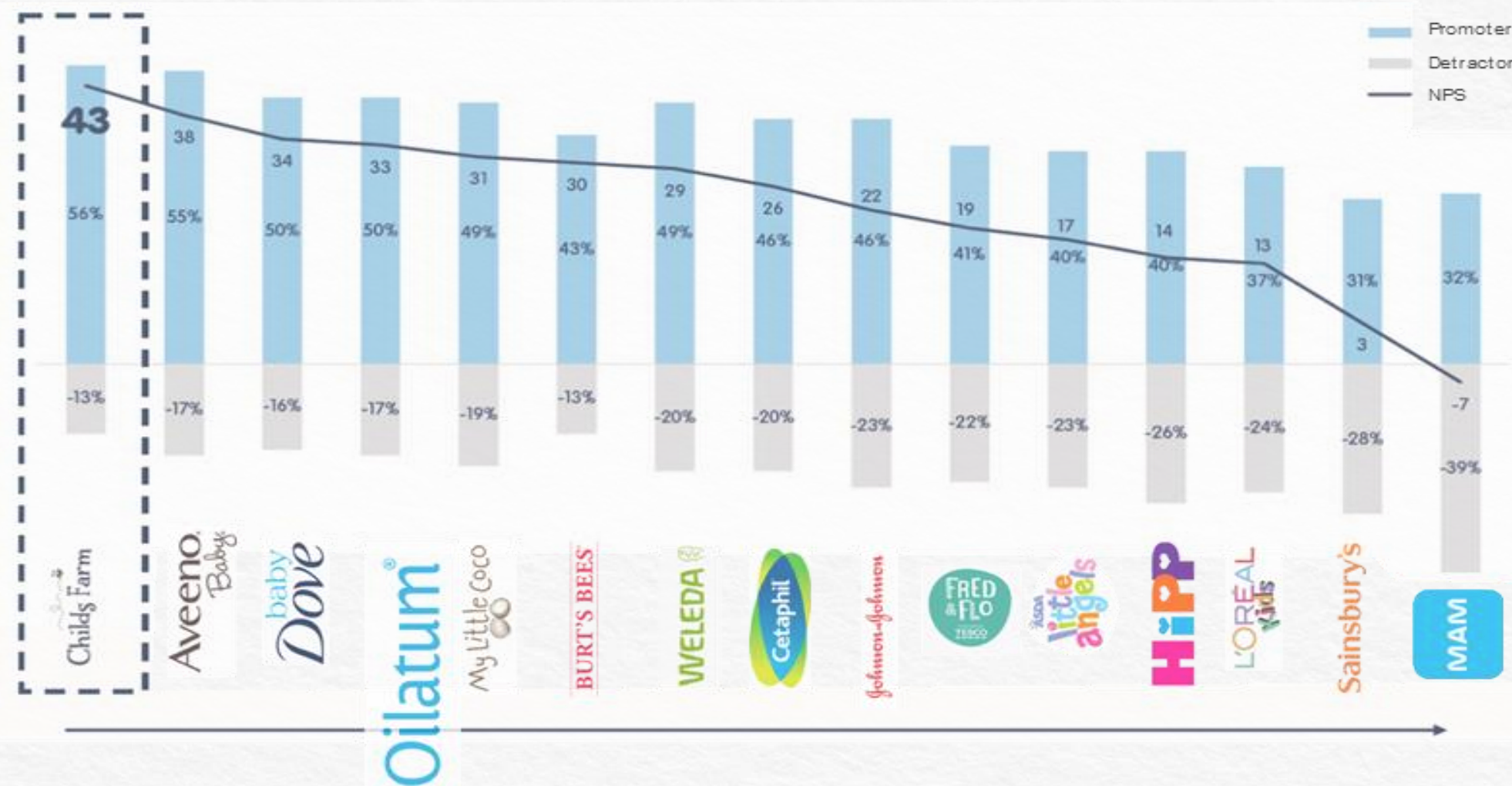
Learnings from advocacy and influencers

REVENUE GROWTH MANAGEMENT

Pricing and promotion learnings

Tiering and pack price architecture

Net Promoter Score analysis



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Disclaimer

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.