



23 November 2023

## AGM TRADING STATEMENT

Ahead of its Annual General Meeting which takes place today, PZ Cussons issues the following update on current trading and developments in Nigeria.

### Trading update

Trading has continued to be in line with expectations and consistent with the FY24 outlook provided at our FY23 full year results on 26 September.

The Group expects to report low-single-digit like-for-like revenue growth for H1 FY24. This reflects strong growth in Nigeria and ANZ offset by a decline in Indonesia. Our Europe and Americas business is stable overall, with significantly-improving momentum in our UK washing and bathing brands offset by a decline in our Beauty business.

We expect to deliver a robust year-on-year operating margin improvement in H1 FY24 and both revenue growth and operating margin to improve in H2 compared to H1. Further guidance will be provided at our interim results, including the FY24 effective tax rate, non-controlling interest and net interest charge, each of which will be largely driven by trading in Nigeria and other developments there.

### Nigeria update

Building on the strategic progress already made in Nigeria since the loss-making position in FY20, trading in the first half of the year has continued to be strong. The majority of our brands have held or gained market share and we have seen no material change in our volume trends in recent weeks<sup>1</sup>. We expect to achieve an improvement in both gross and operating profit margins in the first half of the year, despite very high levels of inflation.

As noted in September at our full year results, the lack of availability of US Dollars in Nigeria has created significant challenges for the day-to-day funding of the Nigerian business and the repatriation of cash to the Group's holding companies. This issue was exacerbated in June 2023, following the new government's liberalisation of the FX regime and resulting devaluation of the Naira. We have since accelerated both our operational and corporate plans, enabling us to mitigate these risks so far in FY24. More broadly, in recent weeks, FX market liquidity has shown tentative signs of improvement.

As a result:

- Our business in Nigeria expects to be able to continue to meet its needs for the foreign currency required for day-to-day operations, which will eliminate the need for further lending from the Group's holding companies.
- We have also started to repatriate cash in recent weeks which, combined with underlying strong free cash flow, is expected to result in a c. £20 million reduction in Group gross debt since 31 May 2023<sup>2</sup>.
- Based on prevailing rates, the current Naira cash balance is equivalent to c. £80-100 million<sup>3</sup>. Assuming current market conditions persist, the Group aims to repatriate a further £30-50 million of cash by the end of FY24.

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<sup>1</sup> Source: market share for the Nigeria Hygiene, Baby and Beauty business based on the 12 months to September 2023 (Nielsen Retail Audit)

<sup>2</sup> As at the end of November, after the payment of the FY23 final dividend

<sup>3</sup> £80-100 million based upon NGN/USD rates of 1,000 and 1,200 which is the range within which US Dollars have been sourced during October and November and compares to a current official rate of approximately 800

- The proposed transaction to de-list and buy out the minority shareholdings of PZ Cussons Nigeria plc is progressing as planned. The Group welcomes the recent recommendation of the Board of PZ Cussons Nigeria to minority shareholders to accept a revised offer of ₦23 per share<sup>4</sup> and expects the transaction to complete before 31 May 2024. The purchase of the minority shareholdings will be funded from our local Naira cash balance.
- We therefore expect only a minimal surplus cash position remaining in Nigeria, beyond that required for trading, by the end of this financial year.

Additional sensitivities and implications of the devaluation in the Naira, which will impact the H1 FY24 reported results, were set out in our Trading Statement on 27 June 2023.

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The Group will report its FY24 interim results on Wednesday 7 February 2024.

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**Notes to Editors**

**About PZ Cussons**

PZ Cussons is a FTSE250 listed consumer goods business headquartered in Manchester, UK. We employ nearly 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, Childs Farm, Cussons Baby, Imperial Leather, Morning Fresh, Original Source, Premier, Sanctuary Spa and St. Tropez. 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.

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<sup>4</sup> Equivalent to £25 million based on USD/GBP rate of 1.24 and an assumed NGN/USD rate of 800 which is the approximate current official rate