EDISON

Spotlight — flash

PZ Cussons

Adjusted operating profit ahead of expectations

Investors will be encouraged by the broad spread of momentum within the PZ Cussons business. The company reported like-for-like revenue growth of 5.8% in FY26, including volume growth of 1.5%, with growth across each of the four main markets and the top 10 brands. The improvement to the balance sheet has been confirmed, with net debt at £25m, greatly reducing the risk from any wayward future movement in the naira. The new financial year has started in line with management expectations, with good underlying momentum in the business. The board expects to deliver adjusted operating profit in line with current market expectations for FY27.

Adjusted operating profit shows strong momentum

The June trading statement stated that FY26 adjusted operating profit was expected to be at, or slightly above, the upper end of guidance of £53–57m (having started the financial year at £48–53m). The result was £59.5m, an increase of £11.7m (excluding the contribution from the now-sold PZ Wilmar JV), a near-25% increase y-o-y. Fx contributed £5.4m, while £8.5m of cost savings was offset by an increase in marketing investment of £3.5m, the greatest investment of recent years. EPS decreased by 3% because of the increased minority interest in Nigeria and a higher effective tax rate. Accordingly, the dividend was increased by 2.8%.

Brand management the key

The key to greater success lies in the group's ability to manage its brands. The increase in marketing investment is important, as is the breadth of gains in FY26. Further encouragement can be taken from the performance of St Tropez in the US, its most important market, where the new distribution partnership has started to produce positive results, with 6.9% growth, after two years of double-digit declines.

Valuation remains undemanding

The group's improved position has been reflected by a strong share price performance ytd, albeit from depressed levels. With the EBIT margin improving 30bp to 11.0% and continued like-for-like growth, valuation multiples ought to narrow the gap with peers over time. Combined with a 3.5% yield, we expect attractive total shareholder returns.

Consensus estimates

Year end	Revenue (£m)	PBT (£m)	EPS (p)	DPS (p)	P/E (x)	Yield (%)
5/25	513.8	41.1	7.30	3.60	14.5	3.4
5/26	541.4	50.1	7.14	3.70	14.9	3.5
5/27e	557.4	53.0	7.90	3.70	13.4	3.5
5/28e	575.5	57.0	8.50	3.80	12.5	3.6

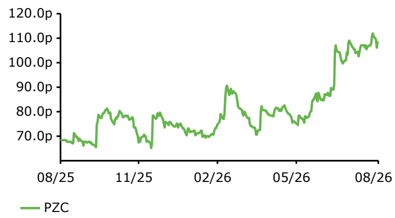
Source: PZ Cussons, LSEG Data & Analytics. Note: PBT and EPS are normalised, excluding amortisation of acquired intangibles and exceptional items.

Consumer

6 August 2026

Price	**106.20p**
Market cap	**£455m**

Share price performance



Share details

Code	PZC
Listing	LSE
Shares in issue	428.7m
Net cash/(debt) at FY26	£(25.0)m

Business description

PZ Cussons is an international fast-moving consumer goods company focused on Personal, Home and Baby brands.

Bull points

- 60% of revenues in developed markets and 40% in faster-growing emerging markets.
- Brand management has come to the fore with an emphasis on backing winners.
- Childs Farm provides a template for a successful M&A strategy.

Bear points

- Africa carries currency risk (both ways) for profit and the balance sheet but there are new guardrails to limit the risk.
- UK consumer confidence remains weak as cost of living pressures have historically resulted in softer trading.
- M&A can create significant value, but discipline is required.

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