EDISON

Spotlight — flash

PZ Cussons

Consumer

17 June 2026

Profit guidance raised for FY26

PZ Cussons expects to report like-for-like revenue growth of c 6% for the year to May 2026. The rate of sales growth has been easing through the quarters as the rate of inflation in Nigeria has moderated. We believe that after 6.3% growth in Q3, Q4 was closer to 3%. Importantly, growth was seen in all four of the lead markets: the UK, Australia and New Zealand, Nigeria and Indonesia. We note that management has had greater control over the group's activities than historically has been the case.

Guidance for operating profit has been rising steadily through the year. The strength of trading, and a stable naira, means that FY26 adjusted operating profit is now expected to be at, or slightly above, the upper end of guidance, which stood at £53–57m. At the end of March, the company was indicating 'towards the upper end'. At the start of the financial year it stood at £48–53m, so the increase through the year is c 10%.

There is no reason for expectations on the rate of growth to change. While the conflict in the Middle East had raised concerns on the cost of goods, and the price and supply of oil is important, these concerns have eased. In addition, management has already taken actions to offset a large majority of any cost inflation.

Investors ought to be increasingly confident in the capabilities of PZ Cussons, not only because of its performance in FY26, but also because it has successfully become a brand manager. Our March 2026 initiation note highlighted the fundamental reset of the group's operations in recent years, with an emphasis on brand building. For example, management has guided that PZ Cussons' 2027 R&D spend will be twice that of 2025, with the mix changing from 90% renovation and 10% innovation to 50% each. This will transmit to sales growth over time.

Investor concerns in other areas continue to recede, with the balance sheet being the most important. At May 2025, net debt stood at £112m. Consensus estimates expected net debt at May 2026 to be £31m, following disposals of businesses and non-trading assets. Currently, helped by the profit performance, guidance is for below £30m. Perhaps more importantly than the most recent change in guidance, the financial guardrails that management is embedding to mitigate volatility in Nigeria have continued to reduce the group's sensitivity to future movements in the naira.

The geographic profit mix is weighing on EPS in the current year. Nevertheless, EPS growth is now expected to be at almost 10%. The yield currently stands at close to 4%, offering a total shareholder return in the high teens with a P/E ratio of 12.7x.

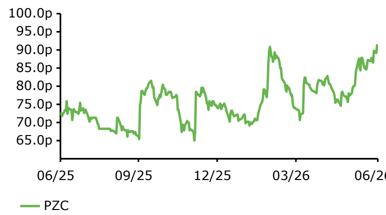
Consensus estimates

Year end	Revenue (£m)	PBT (£m)	EPS (p)	DPS (p)	P/E (x)	Yield (%)
5/24	527.9	44.7	8.00	3.60	11.4	3.9
5/25	513.8	41.1	7.30	3.60	12.5	3.9
5/26e	540.0	53.0	7.20	3.60	12.7	3.9
5/27e	557.4	53.0	7.90	3.70	11.6	4.0

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

Price	**91.40p**
Market cap	**£383m**

Share price performance



Share details

Code	PZC
Listing	LSE
Shares in issue	428.7m
Net cash/(debt) at 31 May 2025	£(112.0)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.

Analysts

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