PZ Cussons

Higher margins, higher valuation multiples

PZ Cussons' focus on brand management for the long term is driving steady growth in the like-for-like sales of core brands, the most powerful route to higher group EBIT margins. In our view, investors value the earnings quality and certainty that comes from higher profitability. There is also a much more disciplined approach to capital allocation, particularly M&A, which could also drive higher EBIT margins. The focus of this note is on M&A, how PZ Cussons' approach has changed and what it can do to boost the quality and quantity of earnings.

Focusing on higher-growth, higher-margin brands

The contribution to overhead (gross profit less marketing spend) varies significantly across the brand portfolio, depending on the strength of the brand and the intensity of competition. In the UK, haircare brands (Charles Worthington, Fudge) are probably delivering margins below average. Original Source, Sanctuary Spa and Carex are likely to be in the middle of the range, while Childs Farm is at the higher end, reflecting the importance of trust in its product area of sensitive skin and the absence of major competitors. The higher-margin brands are driving a virtuous circle of innovation, marketing spend and growth.

Inorganic growth offers potential

Childs Farm was acquired four years ago and is proving to be a success. Sales have grown in the UK market, costs have been cut and manufacturing margin captured. It is now in every Walmart store in the US. This is encouraging, although it is obviously very early days, and such a large market requires significant investment support. Other opportunities to acquire founder-led brands will likely come PZ Cussons' way, as might brands that no longer fit the strategies of larger players. Pushing more revenues through an overhead that is largely fixed is good for EBIT margins, but quality and fit are also important.

Valuation still attractive

Adjusted net debt/EBITDA is down to 0.7x, well below the target range of 1.0–1.5x, so management is able to pursue a broader capital allocation policy. Beyond the progressive dividend policy, we believe that a stronger brand portfolio is more important to most shareholders than cash returns. With a 3.8% dividend yield and 12.4x P/E multiple in FY27e vs the median peer estimates of 2.9% and 15.8x, PZ Cussons seems attractive.

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	13.4	3.7
5/26	541.4	50.1	7.14	3.70	13.7	3.8
5/27e	557.4	53.0	7.90	3.70	12.4	3.8
5/28e	575.5	57.0	8.50	3.80	11.5	3.9

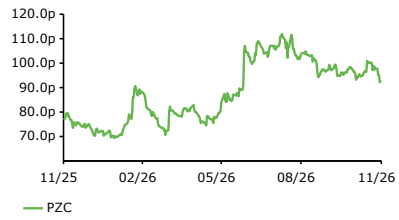
Source: PZ Cussons, LSEG Data & Analytics. Note: PBT and EPS are normalised, excluding amortisation of acquired intangibles and exceptional items.

Consumer

23 November 2026

Price	**98.00p**
Market cap	**£420m**

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 now 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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PZ Cussons is a research client of Edison Investment Research Limited

Investment summary

PZ Cussons, an international consumer goods business, is demonstrating the benefits of sharper operational focus and improved execution. Its stated ambition is to deliver annual mid-single-digit revenue growth and high-single-digit growth in earnings per share, delivering a double-digit return for shareholders given the 3.7p dividend.

PZ Cussons' four main markets are the UK, Nigeria, Indonesia and Australia. 60% of sales are generated in developed markets, but emerging economies typically outperform on revenue growth, such that the split is expected to reach 50/50. This balance ought to offer superior growth to that of more global peers whose businesses operate predominantly in developed economies.

PZ Cussons is not a conventional multinational but a multi-local business. It brings a degree of global scale to local consumer needs. Its products are more attuned to its local markets than those of its global competitors, whose products' geographic breadth results in shallower local consumer appeal. The company's 'locally loved' approach has delivered some very large market shares.

PZ Cussons is focused on three core categories: Personal, Home and Baby Care. Its brands include Carex, Imperial Leather, Original Source, Premier (the leading Nigerian bar soap), Sanctuary Spa, Morning Fresh and St Tropez.

In recent years, management has increased its emphasis on its winners. Other brands see maintenance levels of investment, or less if they are not required to support a must-win brand in the marketplace. Management expects R&D spend in 2027 to be double that of 2025, with the mix going from 90% renovation and just 10% innovation to 50/50. In our view, this ought to transmit to sales growth over time.

The group's activities are more focused, with non-core activities, such as cooking oil, sold recently, following the exit of other food businesses. The outliers that remain (electricals in Nigeria, and, to a lesser extent, baby food in Australia) are market leaders. The acquisition of Childs Farm offers a template for inorganic growth. Childs Farm is helping to accelerate top-line growth and increases cohesion in the brand portfolio. With 80% of its volumes produced in an existing PZ Cussons factory, profit and margins have been boosted and overhead has been cut. Being listed by Walmart (carried in every store) offers the potential of strong future growth.

After being stressed by the devaluation of the naira in 2023, the balance sheet has been restored to health through business disposals, the sale of unused assets and cash generation. Controls are in place to ensure the experience is not repeated.

The board has put in place a capital allocation policy that defines the priorities of surplus cash after re-investment:

1. Adjusted net debt/adjusted EBITDA to be in the range of 1.0–1.5x (0.7x at May 2026). This adjustment excludes cash held in Nigeria (£24.5m at May 2026), plainly a prudent approach, to the point that some might argue overly prudent.
2. A progressive dividend.
3. Bolt-on M&A to be considered alongside cash returns to shareholders.

Management intends to increase EBIT margins through two main measures. First, by pushing its strongest brands, which typically have higher contribution margins, through innovation, range extension and marketing support. Second, by acquiring brands that have the potential to add to revenue growth, helping to deliver operating leverage and also, over time, enhance group margin. They might also add to the cohesion of the brand portfolio.

Higher EBIT margins typically command higher valuation multiples across the sector.

Brand management and capital allocation discipline

For a considerable time, PZ Cussons was seen by investors as an underachiever. Strong cash flow from some high-quality assets too often found its way into M&A, the record of which was patchy and unfocused. Furthermore, many brands and a general lack of coherence undermined the investment case.

To address the core issues of the group, the board appointed Jonathan Myers as CEO in May 2020. A 21-year veteran at P&G and former COO at Avon Products, he was tasked with reducing complexity, accelerating growth and improving the quality of earnings. Most importantly, his task was to turn PZ Cussons into a manager of brands rather than a pursuer of opportunities. Inevitably, this meant taking the decisions that previous CEOs had shied away from, prioritising brands ruthlessly and being rigorous with the assessment of investment returns for capex, innovation, acquisition and marketing. With the approach clearly set out, the group was able to start competing more effectively, both in the daily hand-to-hand combat of generating sales, and strategically.

The focus of this note is on M&A, how PZ Cussons' approach has changed and what it can do to boost the quality and quantity of earnings. M&A carries risk and will always be secondary to driving forward the group's largest and most established brands, but when done well new brands can not only contribute in their own right but add strength to a portfolio within a category.

M&A: Standard practice in Personal Care

Upcycling is a term used within ESG, sustainability and recycling, a useful term at a time when the UK government recently imposed the Extended Producer Responsibility packaging tax, a £3m burden in FY25 for PZ Cussons.

Brand portfolios can be pruned, re-shaped or perhaps upcycled, whereby those brands with less potential get less attention and less investment. For these brands there is a process of controlled withering, extracting as much value as possible, which is fed to the winners, allowing them to generate the momentum that drives their virtuous circles of innovation, marketing spend and growth.

It is worth noting that Unilever, whose portfolio is constantly being re-shaped, has changed its approach, moving from 'more', driving for greater market share in its categories, to 'better', which is also PZ Cussons' approach.

Risk

M&A carries risk and PZ Cussons has some scars to prove it.

In the past, Paterson Zochonis (PZ) traded food commodities, among other things. This heritage encouraged an undisciplined strategy of M&A, which was largely unwound in recent years.

- In 2019, Minerva (a Greek food producer acquired in 1977) was sold to Mirties for £41m,
- In 2020, Luksja (a Polish personal care brand and other assets) was sold to Athens-based Sarantis Group for £9.2m (it had been acquired in two deals, one in 1993 for an undisclosed sum and the other for US$7.8m in 1995),
- In 2020, Nutricima (milk and milk products) was sold for US$21m (having acquired Glanbia's 50% stake for £21m in 2015),
- In 2021, five:am (an Australian yoghurt brand acquired for £44m in 2014) was sold to Barambah Organics for an undisclosed sum, and
- In 2025, it sold its 50% stake in PZ Wilmar to Wilmar International for £51m (the joint venture was established in 2010).

Other acquisitions and diversifications remain, including Rafferty's Garden, the market leader in the Australian wet baby food sector, acquired for £42m in 2013, and Thermocool, the leading cooling appliance business in Nigeria. Market leadership underlines the view that both of these are sound businesses.

Closer to the core of the group's current activities, the previous lack of discipline and clear investment criteria are visible. In 2004, Charles Worthington, a haircare brand, was acquired for around £25m. In 2012, Fudge, an Australian haircare brand, was acquired from the Sabre Group for £25.5m. Haircare, and shampoo in particular, is a category dominated by global players, including L'Oréal (Elvive, Garnier), Unilever (Tresemme) and Procter & Gamble (Head & Shoulders). Does PZC have a right to play in this market? Neither were identified as 'must win' brands when Myers assessed the group's assets after his arrival, and with good reason.

Discipline and cohesion required

A disciplined approach to M&A is crucial, and PZC has a number of criteria when identifying potential acquisitions:

- in a lead market – UK, Australia, Indonesia, Nigeria, with Nigeria least likely;
- in an existing PZC category, such as Washing & Bathing;
- an overlap in channels, such as supermarkets;
- bolt-on in terms of size, offering cost savings in overhead and probably by moving some manufacturing in-house; and

- investment will deliver a better return for shareholders than cash distribution.

Being rigorous in the application of these criteria will maximise the chances of operational success, and there is value in being cohesive when it comes to suppliers, distributors and operations. But management also needs to be disciplined regarding financial success, which is largely driven by the price paid. This has to be weighed against the value to shareholders of distributing surplus cash through special dividends or buying back shares.

Childs Farm: What a successful acquisition looks like

The acquisition of Childs Farm offers a template for inorganic growth. Childs Farm is helping to accelerate top-line growth and increases cohesion in the brand portfolio in the Washing & Bathing category. With 80% of its volumes now produced in an existing PZ Cussons factory, margins have been boosted. Overhead has been cut, with the business fully subsumed within PZ Cussons. Childs Farm forms part of conversations with retailers in the same way as other brands in the category. Indeed, if Childs Farm were not part of the group, overhead would be the same.

Against the volatile trading background post-pandemic, PZ Cussons showed its determination to concentrate on the strategic by acquiring 92% of Childs Farm for £37m in March 2022. Childs Farm is a market-leading baby and child personal care brand, with an accent on sensitive skin, with eczema, vegan and cruelty-free credentials along with best-in-class sustainability practices (becoming the first children's personal care business in the UK to be certified as 'B Corp', in July 2022).

Revenue at Childs Farm for the year ended December 2020 was £14m by PZ Cussons' definition, and the business lost £0.9m before tax. Unsurprisingly, Childs Farm entered the group as a 'must win' brand.

With a market share of 13% and an industry-leading net promoter score of 43, Childs Farm appeals most strongly to higher-income 'mindful mums'. Awareness was relatively low in 2022/23, with only 1.6m households of the 3.7m buying baby/child-specific hair/skincare products aware of Childs Farm. The brand was launched in 2012 with a line of six products, going nationwide in 2014.

Rationale for the acquisition

For a group looking to reduce complexity, making a number of disposals to do so, the acquisition seemed out of place to some observers. There were four reasons for the acquisition:

1. Childs Farm offered growth to PZ Cussons, with an ambition of tripling sales by 2028 by leveraging PZ Cussons' brand-building capabilities. Management hopes that Childs Farm will become a £50m brand. At that level of sales, profitability becomes high.
2. Childs Farm offered what most acquisitions in the past had not: a highly complementary fit and a market-leading business. Childs Farm products include body and face washes, haircare, bubble bath, moisturisers and sun protection, meaning a high overlap with the existing portfolio. The scope for brand extensions was also clear. SlumberTime, a range of lavender-scented products for bathing, massage and misting to calm babies before sleep, was launched in spring 2023. The group has significant insight and experience in this area in Indonesia under the Cussons Baby line, which is also sold in Nigeria, Kenya and Ghana.
3. Recycling of assets to make the group more cohesive is core to the strategy.
4. Childs Farm offered potential to add UK distribution and deliver international growth. Within a little over a year, PZ Cussons had been able to increase distribution across Childs Farm's existing customers (Boots, Superdrug and the mainstream grocers) by 21%, and added new customers such as Savers, M&S, Moonpig and Justmylook.com. Finding new customers was also pursued by increasing investment in social media, with high-profile brand ambassadors recruited. The greatest challenge is taking Childs Farm into new geographies successfully. Missing from the list below are the countries where Cussons Baby already operates: Indonesia, Nigeria, Ghana and Kenya. Childs Farm was significantly preferred in a blind test to the market leader in Germany. Distributors were added, already including amazon.de and Rossmann, a 4,000-strong multinational drug store chain based in Germany. Attention was diverted, however, to the US.

Progress made

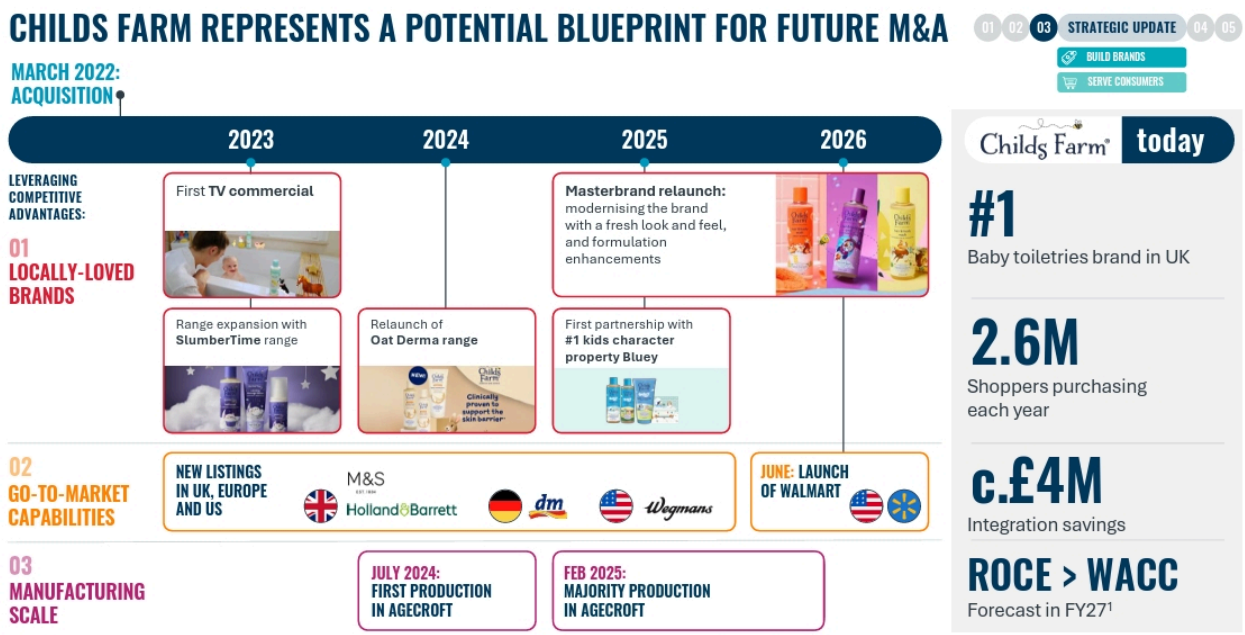
Having not made an acquisition for many years, and having seen a great deal of change within key teams such as Finance, Manufacturing and Supply Chain, the company was rather rusty. Nevertheless, the first full year of ownership

(FY23) saw 12% revenue growth and FY24 'double-digit growth', helped by a 5% increase in distribution points. Market share was also increased by 'continued strong commercial execution and ongoing brand strengthening with awareness improving and a near doubling of social media followers over the past two years'. FY25 saw 'continued growth', but this may have been an overly modest description, as revenue in FY26 is expected to be around £20m, a near-50% increase on FY22's result (and implying c 8% per year for the last two years).

The business was making a small loss before acquisition, moving into a small profit when PZ Cussons acquired the founder's remaining 8% in FY25, held back by the investment in innovation and growth. Around 80% of Childs Farm revenues are now manufactured at the group's highly efficient Agecroft facility (lotions and creams will continue to be outsourced) and this has delivered c £2m of gains from capturing margin and spreading overhead. Consensus estimates of an operating profit of £3–4m in FY26, with a strong growth trajectory, stands as good progress.

This level of profitability combined with impressive revenue growth has confirmed Childs Farm as a successful acquisition. This might have been achieved sooner; as noted above, it took longer for Childs Farm to be integrated fully into the group than expected and international expansion was slower.

Exhibit 1: Update on Childs Farm



Source: PZ Cussons, FY26 presentation

Potential in North America

Amazon and regional retailers started carrying some of Childs Farm's lines two years ago, but the real hope is PZ Cussons' distribution partner in North America, Emerson, which is one of the leading distributors of consumer packaged goods in the US. It can afford to be selective in the brands that it is prepared to take on. Emerson's scale and relationships are already working for St Tropez, which is now back in growth.

The exciting development is that Emerson has managed to get Childs Farm listed by Walmart. It is carried in every store, with a bigger range online. The product's positioning is attractive, with a better performance than long-established brands like Johnson's Baby and more fun than brands that emphasise their medical properties. It seems that Walmart is keen to inject some life into the category.

It is early days, of course, and the consumer reaction will be the deciding factor, but there are grounds for encouragement. Where Walmart leads, others will follow.

This more than justifies Childs Farm working with Emerson, as it does with St Tropez, a brand that had allowed itself to be overtaken by events.

A blueprint?

Unsurprisingly, Childs Farm ticked all the requirements in the group's acquisition criteria set out above, although having 20% of its sales in Australia and/or the US might have made it even more attractive.

There are a number of factors that offer hope that more acquisitions can be made that fit as neatly as Childs Farm, although patience is often required if discipline is maintained:

- The consumer arena in general is characterised by innovation, much of it founder-led.
- When revenues reach £10–20m, different challenges are presented to founders, whose skill sets are often limited. Internationalisation is difficult. Emerson, for example, would not be approachable by such businesses.
- Faced with risk and uncertainty, with significant further effort required, many decide they have reached the stage in life that they are happy to cash out. They may well have been underpaying themselves from the outset in order to generate higher growth.
- PZC is in a good place to buy such brands because they are too small for the likes of Unilever, Reckitt, P&G and Beiersdorf. These businesses look for brands with global potential, which rules out some opportunities that would suit PZ Cussons' 'locally loved' approach. The main competition is private equity, whose approach is different, with less synergy, less internationalisation and more debt. PZ Cussons can develop relationships at an early stage with attractive brands and position itself effectively.

The other source of potential acquisitions is when large players decide to shed brands that no longer fit their strategies. This may be because the category or geography is seen as no longer attractive. As discussed above, there is constant churn by the majors. Such brands are less likely to be high margin, high growth and so high value, but the right acquisition can be quickly earnings enhancing, with a lower multiple paid, and more revenue through the same overhead and possibly manufacturing profits to be captured on top.

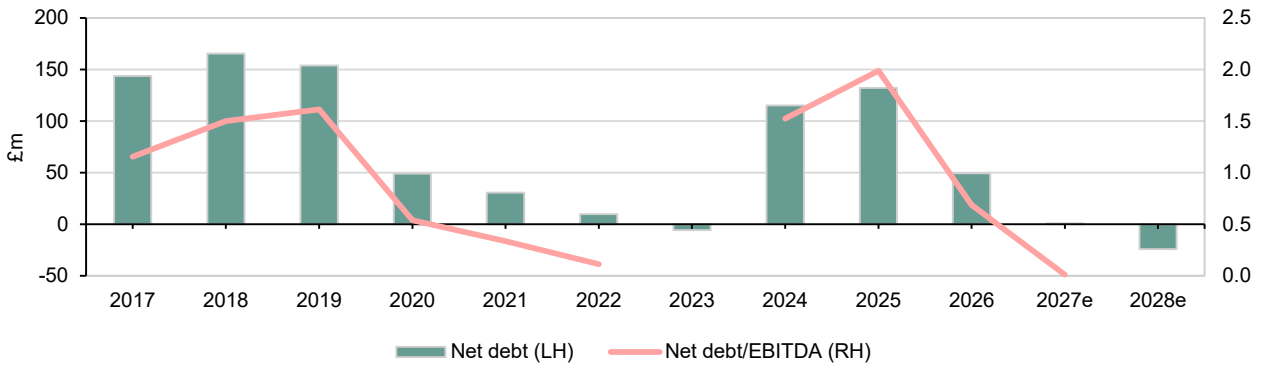
Any future acquisition is likely to be smoother now that PZC has one under its belt. Being in disposal and clean-up mode, PZ Cussons had not made a significant acquisition for eight years, but the rust has been knocked off now. It would have been easier if the acquisition had come a little later; the relatively new management team was still implementing and bedding in the new strategy, along with dealing with the devaluation of the naira. It was operationally stretched, which slowed things down a little. The organisation could have done with a bit more integration muscle and being more practised at knowing the integration-related questions to ask. With the business in good shape now, assessment, planning and integration could all be achieved more quickly.

Financials

Balance sheet

Net debt in recent years shows clearly the impact of the devaluation of the naira, and management's response to it. The problem for the balance sheet was that the group had significant cash deposits in Nigeria, more than £200m, which the company could not fully access and repatriate. On devaluation that reduced by more than 30%. Separately the local business held US dollar-denominated liabilities (part inter-company and part to third parties), which, on devaluation, resulted in large losses. Those liabilities have now been largely removed.

Exhibit 2: Net debt (LHS) and net debt/EBITDA ratio (RHS)



Source: PZ Cussons, LSEG Data & Analytics, Edison Investment Research. Note: 2025 and 2026 net debt are adjusted to exclude cash held in Nigeria.

Gross debt has now reduced by £174.3m over the last three years, aided by the sale of surplus assets and cash repatriation from Nigeria to the UK. Reported net debt at May 2026 was £25.0m including £24.5m of cash in Nigeria. Adjusted net debt excludes this cash.

Exhibit 3: Reconciliation of adjusted net debt

£m	FY26	FY25
Total cash	51.9	45.1
Gross cash	76.9	157.1
Net debt	**25.0**	**112.0**
Add back Nigeria cash	24.5	20.2
Adjusted net debt	**49.5**	**132.2**
Adjusted EBITDA	72.0	66.5
Adjusted net debt/EBITDA (x)	**0.7**	**2.0**

Source: PZ Cussons, Edison Investment Research

The fall in debt is the result of:

- cash generation (free cash flow in 2026 was £54.7m),
- business disposals (£47.8m from the sale of the group's 50% stake in the PZ Wilmar joint venture), and
- the sale of surplus and non-operating assets generating £27.6m. Two-thirds of the total will have come from Africa. Some of this is an inheritance from historical forays into Nigerian property development, both residential and commercial, but there are also under-employed warehouses and factories. Once again, it shows that discipline is being imposed on a business that was loosely managed for a considerable time.

Bringing the balance sheet back into kilter was an important step forward in the investability of the shares. With no easy asset sales left, the board's guardrails, which are examined at every scheduled board meeting, are essential to avoid a repeat. These controls are most important around foreign exchange management and the continued repatriation of cash. The quoted £20m adjusted net debt is a target, a figure around which the balance fluctuates, according to the working capital needs of the local business.

The intention is for a progressive dividend policy. FY26 saw an increase of just under 3% in the dividend from 3.6p to 3.7p. The yield is therefore slightly under 4%

Sensitivities

- PZ Cussons is sensitive to UK consumer spending patterns. The UK is the group's most important country. Although the brands might seem defensive in nature, particularly in personal care, the reality is that there is elasticity to the economic environment. This was seen, for example, in 2023 with a 3% decline in the UK's Washing & Bathing category. Trading up and down is a constant feature, and it has an impact. The range of products within the UK portfolio allows the business to satisfy the prevailing demand of consumers, but a buoyant economy would be preferred. Nevertheless, Sanctuary Spa saw strong growth in Christmas gift sets in FY26, showing that

execution can trump a damp trading environment. Consumer confidence remains negative, which it has been for 10 years, with a recovery over the summer of 2026. The key drivers of consumer spending are employment and real wages. The total number of hours worked is running flat, despite an increasing population, and real wage growth has eased over the last 12 months.

- US partnership with Emerson: Emerson is a leading US-based partner to brand owners, with an impressive portfolio of clients, many of which have been on the books for over a decade. Under the agreement, Emerson provides customer management, logistics services and brand activation in the US. Success is dependent on the volume increase that both parties expect to achieve, and for which Emerson will be well rewarded. If traction is hard to find, Emerson's efforts may wane. Critical to the partnership's success will be the strength of Emerson's broad relationships with key retailers. It has started well enough, with H126 showing 12% revenue growth at St Tropez (FY26 +7%).
- Leveraged UK grocers are losing share to the limited assortment discounters (ALDI and Lidl) whose offers are led by own-brands and who carry less range, making them less attractive distributors for PZ Cussons' ranges. The bonds of ASDA and Wm Morrison are trading at discounts to par. That said, the sites are always going to trade as supermarkets, so even in the event of a corporate failure the space will not change, but there will be plenty of disruption along the way. Fewer players would mean their buying power would be more concentrated – Sainsbury held discussions with Morrison earlier in 2026 and was prevented from acquiring ASDA by the Competition and Markets Authority in 2019.
- Emerging market exposure: Nigeria has obviously been the focus in recent years, but with 40% of revenues coming from emerging markets there is a broader risk than just Nigeria. Shareholders understand that this is the flip side of premium growth rates. Any future devaluation of the naira ought to have much less impact than was the case in the last two years because the company has put in place controls, which are expected to limit the damage. In addition to currency risk, emerging nations also carry a measure of political risk.
- M&A carries risk. While academic statistics tell us that the majority of acquisitions are unsuccessful, and it could be argued that PZ Cussons' experience supports that view, the ones that work can work very well. By learning from both its failures and successes, the company has produced a model that will limit the risks while still ensuring some deals get through.

Valuation

Historically, PZ Cussons was not seen as a glamour stock. Investors have long memories, and the years of downgrades, the disparate assets and unclear strategy, and weak communication dragged on sentiment. The dire impact of the 2023 naira devaluation on profit and particularly the balance sheet did nothing to turn sentiment and obscured the positive fundamental changes that were well underway.

However, investors are also quick to react when fundamental changes are seen to bear fruit and credibility increases. The performance of the shares this year shows this. From a low of 70p in January to a high of 112p (currently 99p), it is clear that investors are aware the group is moving in the right direction. There is potentially some way to go: the shares stood at over 200p five years ago. The story this year has been:

- a stronger set of H1 results than expected, and continued upgrades;
- a suppressed share price following the announcements in the preceding months that both Africa and St Tropez were being retained;
- a growing acknowledgement that the business is being run, at long last, by a brand manager;
- the naira has been stable, or slightly up; and
- the announcement of revenue and earnings growth targets at a successful capital markets event, which explained clearly the advantages of the 'locally loved' collection of assets.

Management's ambition is to deliver annual mid-single-digit revenue growth and high single-digit growth in earnings per share, giving a double-digit return for shareholders given the 3.6p dividend. The dividend was not increased at H1, but the FY26 dividend was increased by nearly 3%, to 3.7p.

The dividend was increased even though EPS fell slightly because of a higher minority charge and higher tax rates driven by growth in Africa. One of the reasons for the board's confidence is that the interest charge is expected to fall further following the reduction in net debt. Following £14.1m in FY25, the charge fell to £9.4m in FY26, with consensus pencilling in £5m for FY27, thereby delivering the bulk of the expected increase in EPS. The group's operating margin has scope to increase further, in our view, though this is not yet visible in consensus forecasts.

Being something of an idiosyncratic business, PZ Cussons has no direct comparables. In Europe, the sector is made up of very large branded consumer goods companies like Unilever, Henkel, Reckitt and Haleon and smaller private-label players like McBride in the UK. McBride has operating margins typically in the 7–9% range and a P/E ratio of 7–9x. This valuation reflects the absence of brand equity, together with the economic reality of having profitability controlled by its powerful customers. Its multiples are the bare minimum for a branded operator. The sector leviathans, as a rule of thumb, see EBIT margin and P/E multiples march in step. A company with a 20% EBIT margin could be expected to enjoy a 20x P/E; this is the price for quality and certainty that investors are prepared to pay.

The most comparable company is probably Edgewell Personal Care in the US, which sells Wilkinson Sword and other razor brands, male grooming, and sunscreen, including Hawaiian Tropic. Its forward P/E ratio has risen to 13x, albeit on depressed profit. Though much bigger, Essity (hygiene, personal care and health), based in Sweden, is closest in market cap to PZ Cussons and there are similarities in its categories. Essity has an operating margin of c 14% and trades on a prospective P/E multiple of 15.5x.

Although this set of companies is different in many ways, there is a correlation between P/E and operating margin (which feeds through into free cash flow yield and earnings certainty). On this basis, PZ Cussons is in the range, with an operating margin of c 11.0% in FY26 and a P/E of 12.5x. However, the growth in central costs has obscured the divisional margin performance. Consensus expects central costs to fall back in FY27 as the costs of strategic reviews are not repeated and resource is tailored more appropriately.

The liquidity of the shares is perhaps a factor behind the valuation multiples, with c 42% owned by family trusts.

Exhibit 4: Peer valuation table

	Share price (local)	Currency	Market value (local m)	Sales growth May '27 (%)	Sales growth May '28 (%)	EBIT margin May '27 (%)	EBIT margin May '28 (%)	EPS growth May'27	EPS growth May '28	P/E May '27 (x)	P/E May '28 (x)	Div yield May '27 (%)	Div yield May '28 (%)
Unilever PLC	4,988	GBp	107,545	(0.8)	3.9	20.0	20.0	(2.7)	5.8	15.8	15.0	3.8	4.0
Henkel AG & Co. KGaA	79	EUR	36,026	3.1	4.0	15.3	15.5	7.4	5.9	13.3	12.6	2.8	3.0
Reckitt Benckiser Group PLC	5,702	GBp	36,133	(3.9)	2.9	24.5	25.2	(0.3)	5.7	16.4	15.6	4.2	4.1
Haleon PLC	345	GBp	30,299	3.0	3.7	23.8	24.2	8.8	7.1	16.2	15.1	2.4	2.6
McBride PLC	180	GBp	310	9.9	10.8	6.0	6.6	(0.6)	13.1	8.7	7.7	1.8	2.0
Edgewell Personal Care Company	27	USD	1,257	(2.8)	1.7	8.5	9.1	(6.7)	5.2	13.8	13.1	2.2	2.2
Essity AB (publ)	292	SEK	199,514	(2.1)	3.0	12.9	12.4	(1.2)	(0.2)	15.3	15.3	3.0	3.2
Average				**0.9**	**4.3**	**15.9**	**16.1**	**0.7**	**6.1**	**14.2**	**13.5**	**2.9**	**3.0**
Median				**(0.8)**	**3.7**	**15.3**	**15.5**	**(0.6)**	**5.8**	**15.3**	**15.0**	**2.8**	**3.0**
PZ Cussons PLC	**97.7**	**GBp**	**419**	**4.2**	**3.8**	**10.8**	**10.8**	**6.1**	**9.4**	**13.0**	**11.9**	**3.9**	**4.1**

Source: PZ Cussons, LSEG Data & Analytics, Edison Investment Research. Note: Prices at 16 November 2026.

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