PZ Cussons

Consumer

25 March 2026

Impressive growth continues into Q3

Guidance for PZ Cussons' FY26 adjusted operating profit has been nudged higher again on the back of 6.3% like-for-like revenue growth in Q3, slightly slower than H1 but achieved against more demanding comparatives. FY27 consensus is unchanged, reflecting the beginnings of macro concerns.

PZ Cussons has reported group like-for-like revenue growth of 6.3% in Q3. A slowdown was expected from H1's 9.5%, as the comparative became more demanding. This is particularly so in Africa, which reported 28% like-for-like revenue growth in H1 last year, and 35% for FY25, implying over 40% growth in H2. Plainly, this rate of growth, which came largely from price increases, was unsustainable. That there was still strong growth in H1 (Nigeria was up 28%) is obviously encouraging, but with inflation slowing further moderation is expected.

Before the H1 results, guidance for adjusted operating profit for the full year to May 2025 was £50–55m. At the interims this was raised to £53–57m. With Q3 to February in the bag, and only two months of the financial year still to run, the company is now guiding towards the upper end of this range. This is a significant upgrade in a little over a month.

Guidance is conditional on the naira continuing to hold steady, although any impact would be lessened by the measures that management has put in place. Cost management continues to be careful. Gross cost savings of £5–10m this year will largely be reinvested in marketing, brand building and people.

Our initiation note of 11 March 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 going from 90% renovation and 10% innovation to 50% each. This will transmit to sales growth over time.

Investor concerns have largely been addressed, the biggest of which is the balance sheet. At May 2025, net debt stood at £112m. Consensus expects net debt at May 2026 to be £31m, following disposals of businesses and non-trading assets.

Geographic profit mix is weighing on EPS in the current year, but consensus expects low-teens EPS growth in FY27. The yield stands currently at close to 5%, offering a total shareholder return in the high teens with a P/E ratio of 10.5x.

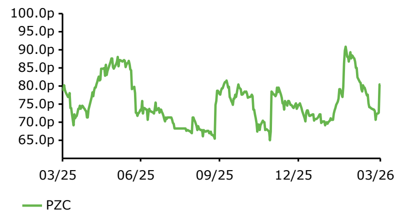
Consensus estimates

Year end	Revenue (£m)	PBT (£m)	EPS (p)	DPS (p)	P/E (x)	Yield (%)
5/24	527.9	44.7	8.00	3.60	10.1	4.5
5/25	513.8	41.1	7.30	3.60	11.1	4.5
5/26e	551.9	46.5	6.80	3.60	11.9	4.5
5/27e	569.7	52.0	7.70	3.70	10.5	4.6

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

Price	**80.80p**
Market cap	**£346m**

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

Russell Pointon	+44 (0)20 3077 5700
Nick Hawkins	+44 (0)20 3077 5700
Chloe Wong	+44 (0)20 3077 5700

consumer@edisongroup.com

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London | New York | Frankfurt
20 Red Lion Street
London, WC1R 4PS
United Kingdom