PZ CUSSONS PLC

25 July 2017

FINAL RESULTS
FOR THE YEAR ENDED 31 MAY 2017

PZ Cussons Plc, a leading international consumer products group, announces its final results for the year ended 31 May 2017.

Reported results (before exceptional items[1])	**Year ended 31 May 2017**	**Year ended 31 May 2016**	Reported % change	Constant currency % change[3]	Like for like % change[4]
Revenue[2]	**£809.2m**	**£821.2m**	(1.5%)	0.9%	0.9%
Operating profit	**£106.3m**	**£108.5m**	(2.0%)	(0.9%)	(0.9%)
Profit before tax	**£103.5m**	**£103.0m**	0.5%	1.7%	1.7%
Adjusted basic earnings per share	**16.85p**	**17.22p**	(2.1%)	(2.2%)	(2.2%)
Statutory results (after exceptional items[1])					
Operating profit	**£90.8m**	**£89.2m**			
Profit before tax	**£88.0m**	**£83.7m**			
Basic earnings per share	**15.34p**	**16.16p**			
Total dividend per share	**8.28p**	**8.11p**			
Net debt[5]	**(£143.8m)**	**(£147.1m)**			

[1] Exceptional items before tax (2017: costs £15.5m; 2016: costs £19.3m), relate to various items which are detailed in note 2.
[2] Excludes joint ventures revenue of £157m (2016: £176m).
[3] Constant currency comparison (2016 results retranslated at 2017 exchange rates).
[4] Like for like comparison after adjusting 2016 for constant currency and 2017 for acquisitions and disposals in current and prior year.
[5] Net debt, above and hereafter, is defined as cash, short-term deposits and current asset investments, less bank overdrafts and borrowings (refer to note 9).

Highlights

Group

- Solid performance with profit before tax slightly ahead of the prior year despite a challenging macro environment particularly in the Group's largest market of Nigeria
- Brand shares maintained or growing in all the Group's major markets and categories
- Successful on time completion of three year project to implement SAP in all markets
- Strong balance sheet with net debt at 1.1 x EBITDA
- Dividend increased 2.1% marking 44th consecutive year of year on year increases

Africa

- All businesses in Nigeria traded relatively well despite significant year-on-year currency devaluation and lack of liquidity
- Group's diverse brand portfolio working well with product offerings at all price points catering for a consumer under significant inflationary pressure

Asia

- Strong second half performance in Asia driven by continued improvement of results in Australia
- A further year of good growth momentum in Indonesia with new product launches performing well

Europe

- Robust performance in UK washing and bathing division underpinned by product renovation and despite competitive market conditions
- Significant innovation within Beauty division including the launch of a new range of products targeting millennials under the Being by Sanctuary sub-brand

Commenting today, Caroline Silver (Chair) said:

"The Group has delivered a solid set of results with profits slightly ahead of the previous year. This is despite a significant year-on-year currency devaluation in the Group's largest market Nigeria and general tough trading conditions in most of the markets in which we operate.

Our strategy of ongoing brand innovation and renovation continues to underpin the Group's ability to maintain or grow our market shares.

During the year we completed a number of significant launches including a refresh of the Group's largest brand Imperial Leather, a relaunch of the Cussons Kids range in Indonesia and the launch of a new range of products within the Beauty division specifically targeting the millennial consumer.

In Nigeria, our experience and flexibility to ensure our products are sold in the right sizes and at the right price points has enabled us to deliver a creditable result against the backdrop of a weaker currency and poor liquidity.

The successful completion of the three year project to implement a standard SAP solution across the Group marks an important step towards completion of the transformation agenda and positions the Group well to deliver future growth.

Despite consumer confidence remaining fragile in most markets, the Group remains well placed to deliver full year expectations and, with a strong balance sheet, to pursue growth opportunities as they arise.

The Board is pleased to declare a final dividend of 5.61p, which represents the Company's 44th consecutive year of full year dividend growth."

Press Enquiries

PZ Cussons	**Brandon Leigh (Chief Financial Officer)**
Instinctif	**Tim Linacre / Guy Scarborough**

On 25 July c/o Instinctif on 020 7457 2020
After 25 July to Brandon Leigh on 0161 435 1236

Investor / Analyst Enquiries

An investor presentation will be published on the Group's website (www.pzcussons.com) immediately following this announcement. PZ Cussons CEO Alex Kanellis and CFO Brandon Leigh are available for one-to-one calls.

Please contact Tim Linacre at Instinctif Partners on 020 7457 2020 if you would like to arrange a call with the management team.

PZ CUSSONS PLC

FINAL RESULTS
FOR THE YEAR ENDED 31 MAY 2017

Basis of Presentation

In our financial statements we use performance metrics that are not recognised under IFRS. These performance metrics are used to help the readers of our financial statements understand underlying business performance.

Reported results, also termed adjusted, are presented before exceptional items which include certain foreign exchange losses in Nigeria, the partial recovery of a trade receivable previously provided for and restructuring costs.

The reported results for the current year are presented with variances to reported prior year results and also as variances between the current and prior year on a constant currency basis. The constant currency impact was derived by retranslating the 2016 result using 2017 foreign currency exchange rates. The adverse translational impact on revenue and operating profit was £18.9m and £1.2m respectively. As there were no acquisitions and disposals in the current or prior period the like for like impact equals the constant currency impact.

Business Review

Group Overview

The Group has delivered a solid set of results with revenue and profit before tax slightly ahead of the previous year on a constant currency basis. This is despite a significant year on year currency devaluation in the Group's largest market Nigeria and general tough trading conditions in most markets.

Brand shares have either been held or grown in all the Group's main markets and categories. Significant brand renovation has included a complete refresh of the Imperial Leather range across the Group and the relaunch of the Cussons Kids range in Indonesia. Innovative new launches have included a new sub-brand within the Beauty division, Being by Sanctuary, which is specifically targeting the millennial consumer.

Margin improvement initiatives have taken place across the Group's supply chain to mitigate the largely currency related increases in raw material costs, and overall there has been a tight control of overheads to ensure the Group's cost base is optimised for the challenging trading conditions that are likely to persist.

The successful on time completion of the three year project to implement a standard SAP solution across the Group marks an important step towards completion of the transformation agenda and positions the Group well to deliver future growth.

Regional Overview

Africa's results show a decline in reported revenue and operating profit of 14.5% and 6.9% respectively, and on a constant currency basis revenue and operating profit were 4.7% and 15.8% ahead of the prior year. Africa's results have mainly been affected by the translation impact of an approximate 50% devaluation of the Naira to US Dollar on the interbank market as well as a further weakening in the secondary market which has caused a transactional impact through higher costs. Successive changes to relative pricing during the course of the year have been necessary to mitigate these higher costs resulting in lower volumes being sold at higher prices. Achievement of a sterling profit result for Africa only slightly lower than the previous year represents a good performance considering the significant level of price, cost and volume volatility.

Asia's revenue was 18.3% higher on a reported basis and 0.1% higher in constant currency. Asia's reported revenue growth is driven by the translation benefit of a stronger Australian Dollar and Indonesian Rupiah. Asia's operating profit was 3.1% lower on a reported basis and 17.9% lower in constant currency. The first half of the year delivered low profitability in Asia as a result of particularly tough trading conditions in Australia and additional brand costs in Indonesia relating to new launches. A stronger performance in the second half of the year with good constant currency profit growth, driven by a continued improvement in profitability in Australia as well as good growth momentum in Indonesia, has delivered an overall reported profit only slightly lower than the previous year.

Europe's reported revenue and operating profit have improved by 1.9% and 0.6% respectively, and on a constant currency basis revenue and operating profit were 2.4% and 2.2% lower than the prior year. Europe's results remain the largest component of overall Group profit delivery. Results were underpinned in particular by a robust performance in the UK washing and bathing division driven by a strong product portfolio, a world-class manufacturing facility and excellent customer service, and a good performance in the Beauty division particularly in the second half of the year.

European and Australian business units went live on SAP on 5 June 2017. Sales in the final two weeks of the financial year were slightly higher as a result of selling in to key customers ahead of the system down time required for the transition to SAP.

Financial Position Overview

The Group's balance sheet remains strong with net debt at 1.1 x EBITDA at the year end. The key elements that affect the Group's net debt position are working capital movements and capital expenditure. Working capital was well managed during the year with a small overall net inflow. The year to 31 May 2017 was the final year of a three year project to implement SAP across the Group and hence capital expenditure levels have been higher. Going forward, no major capital projects are currently planned and therefore capital expenditure will fall to be closer to depreciation levels.

Regional reviews

Performance by region

Revenue[1] (£m)	**2017**	2016	Reported % change	Constant currency % change[2]	Like for like % change[3]
Africa	**305.6**	357.2	(14.5%)	4.7%	4.7%
Asia	**222.7**	188.2	18.3%	0.1%	0.1%
Europe	**280.9**	275.8	1.9%	(2.4%)	(2.4%)
	809.2	821.2	(1.5%)	0.9%	0.9%

Operating profit before exceptional items[4] (£m)	**2017**	2016	Reported % change	Constant currency % change[2]	Like for like % change[3]
Africa	**28.3**	30.4	(6.9%)	15.8%	15.8%
Asia	**15.9**	16.4	(3.1%)	(17.9%)	(17.9%)
Europe	**62.1**	61.7	0.6%	(2.2%)	(2.2%)
	106.3	108.5	(2.0%)	(0.9%)	(0.9%)

[1] Excludes joint venture revenue of £157m (2016: £176m).
[2] Constant currency comparison (2016 results retranslated at 2017 exchange rates).
[3] Like for like comparison after adjusting 2016 for constant currency and 2017 for acquisitions and disposals in current and prior year.
[4] Exceptional items before tax (2017: costs £15.5m; 2016: costs £19.3m), relate to various items which are detailed in note 2.

Africa

In **Nigeria**, low oil prices have contributed to an environment of reduced income for the country leading to continued pressure on the currency. The introduction of a new flexible exchange rate regime in June 2016 led to a 50% devaluation of the Naira to US Dollar on the interbank market. Liquidity at this rate has generally been poor throughout the year although there has been some improvement during the second half. Further currency requirements have therefore been obtained through the secondary market where rates have been volatile and significantly higher than the interbank rate. All businesses in the Nigerian market have therefore been changing pricing and sizing of products to reflect both their blended actual cost as well as future replacement costs.

PZ Cussons remains well placed to deal with these challenges with strong local brands, local manufacturing for all products and an extensive distribution network. The Nigerian consumer is under significant inflationary pressure with most of their staple purchases, both local and imported, doubling in cost over the last year. The consumer's preference is therefore to buy trusted local brands and PZ Cussons is able to tailor sizes to key price points to ensure consumer needs are met. In addition, as a result of the reduced currency availability, priority has been given towards purchases of materials for our larger faster moving product lines.

All business units across Personal Care, Home Care, Electricals and Food & Nutrition have performed relatively well in this challenging trading environment with market shares either held or grown, although volumes in all categories are lower as a result of changes to relative pricing. Achievement of a sterling profit result for Africa only slightly lower than the previous year represents a good performance considering the significant level of price, cost and volume volatility.

Nigeria results and assets are translated into sterling using the interbank exchange rate in compliance with International Financial Reporting Standards. Revenue in the PZ Wilmar joint venture was £156.9m (2016: £175.8m) with profit before tax at £5.8m (2016: £6.4m). The joint venture is equity accounted for and therefore whilst the revenue is not consolidated, the Group's 50% share of profit after tax is included within the Africa regional result.

In terms of the smaller African markets, whilst profitability in **Ghana** was lower than the previous year due to tough trading conditions and a volatile exchange rate, profitability in **Kenya** was ahead of the prior year.

Asia

In **Australia**, tough trading conditions were evident in all categories, particularly during the first half of the year. A stronger second half performance was achieved through a significant refresh of the Rafferty's Garden and five:am brands, the launch of new products across all categories as well as margin improvement projects across the business. The improvement in profitability is successfully being maintained and the business is now well placed to achieve growth across the broad portfolio of Personal Care, Home Care, Beauty and Food & Nutrition.

In **Indonesia**, continued revenue and profit growth was achieved for the year significantly ahead of country GDP growth. This was achieved through successful renovation and innovation across the market leading Cussons Baby brand as well as significant new product launches across Imperial Leather and Cussons Kids which took place during the second half of the year. The Imperial Leather range was completely refreshed with new products such as body perfumes and the Cussons Kids range was also completely relaunched.

Overall profitability for the smaller Asian businesses in **Thailand** and the **Middle East** was in line with the prior year.

Europe

In the **UK**, performance in the washing and bathing division has been robust with renovation and innovation continuing to drive good performance across Imperial Leather, Carex and Original Source despite competitive market conditions. The Imperial Leather range has been completely relaunched during the year and successful product launches have taken place under the Carex and Original Source brands. Operational excellence and customer service, underpinned by the world class factory and innovation centre in Manchester, remains important in servicing the broad customer and consumer base.

In the **Beauty** division, whilst first half performance was affected by a poor summer last year which impacted sales of St Tropez in the UK, performance in the second half across St Tropez, Sanctuary, Charles Worthington and Fudge has been strong. A full relaunch of the Sanctuary brand took place with a new product range and a more premium look and feel. A new sub-brand, Being by Sanctuary, was launched towards the end of the financial year targeting younger 'millennial' consumers with a range of 46 products. A number of new product launches have taken place across the other brands including a new-to-market St Tropez self-tan face mask. Growth of St Tropez in selected premium retailers in the US has been strong and US sales now represent approximately 20% of the division's revenue.

Profitability in the smaller markets of **Poland** and **Greece** was slightly ahead of the prior year.

Exceptional items

A net exceptional charge of £15.5m before tax was recorded during the year (2016: charge of £19.3m). £18.6m of this charge relates to previously announced items, being the current year cost of the Group Structure and Systems project (£6.6m) and the foreign exchange losses in Nigeria relating to long outstanding trade payables denominated in US Dollars that were settled on the secondary market at higher than official exchange rates (£12.0m) in the first half of the year. An exceptional credit of £3.1m has also been recognised relating to the partial recovery of a trade receivable in Europe that was provided against in the prior year.

All of the above have been tax effected along with a deferred tax credit relating to adjustments made to the UK Corporation Tax rate applied to certain deferred tax positions held in the balance sheet. Please see note 2 for further detail.

The Group Structure and Systems project, previously announced as a total cost of £10.0m over financial years FY17 and FY18 is being extended in scope with a revised total cost of £15.0m. The additional cost relates to additional refinements to the Group operating model in order to optimise the overhead base for the future. £6.6m has been incurred in the year to 31 May 2017 and therefore £8.4m is expected to be incurred in the year to 31 May 2018 which will mark the completion of the project.

Taxation

The effective tax rate before exceptional items was 26.8% (2016: 25.5%).

Dividend

The Group aims to pay an attractive, sustainable and growing dividend. The Board is recommending a final dividend of 5.61p (2016: 5.50p) per share making a total of 8.28p (2016: 8.11p) per share for the year, a 2.1% increase and the 44th successive year of dividend increases.

The overall dividend remains some 2.0 times covered by adjusted earnings per share. Subject to approval at the AGM, the final dividend will be paid on 5 October 2017 to shareholders on the register at the close of business on 11 August 2017.

Outlook

The strength and agility of the Group’s brand portfolio continues to generate solid performance in all regions and new product launches are performing well. Tight control of costs together with further margin improvement initiatives are successfully countering ongoing raw material and exchange rate volatility.

Despite consumer confidence remaining fragile in most markets, the Group remains well placed to deliver full year expectations and, with a strong balance sheet, to pursue growth opportunities as they arise.

PZ CUSSONS PLC

Consolidated income statement for the year ended 31 May 2017

		Year ended 31 May 2017			Year ended 31 May 2016		
		Before exceptional items	**Exceptional items (note 2)**	**Total**	Before exceptional items	Exceptional items (note 2)	Total
	Notes	**£m**	**£m**	**£m**	£m	£m	£m
Continuing operations							
Revenue	1	809.2	-	**809.2**	821.2	-	**821.2**
Cost of sales		(497.4)	-	**(497.4)**	(510.1)	-	**(510.1)**
Gross profit		311.8	-	**311.8**	311.1	-	**311.1**
Selling and distribution costs		(130.9)	-	**(130.9)**	(134.1)	-	**(134.1)**
Administrative expenses		(77.5)	(15.5)	**(93.0)**	(71.7)	(19.3)	**(91.0)**
Share of results of joint ventures		2.9	-	**2.9**	3.2	-	**3.2**
Operating profit/(loss)	1	106.3	(15.5)	**90.8**	108.5	(19.3)	**89.2**
Finance income		2.7	-	**2.7**	0.6	-	**0.6**
Finance costs		(5.5)	-	**(5.5)**	(6.1)	-	**(6.1)**
Net finance costs	3	(2.8)	-	**(2.8)**	(5.5)	-	**(5.5)**
Profit/(loss) before taxation		103.5	(15.5)	**88.0**	103.0	(19.3)	**83.7**
Taxation	4	(27.8)	6.7	**(21.1)**	(26.3)	12.3	**(14.0)**
Profit/(loss) for the year		75.7	(8.8)	**66.9**	76.7	(7.0)	**69.7**
Attributable to:							
Owners of the Parent		70.5	(6.3)	**64.2**	72.1	(4.4)	**67.7**
Non-controlling interests		5.2	(2.5)	**2.7**	4.6	(2.6)	**2.0**
		75.7	(8.8)	**66.9**	76.7	(7.0)	**69.7**
Basic EPS (p)	6			**15.34**			**16.16**
Diluted EPS (p)	6			**15.34**			**16.15**
Adjusted basic EPS (p)	6			**16.85**			**17.22**
Adjusted diluted EPS (p)	6			**16.85**			**17.21**

PZ CUSSONS PLC

Consolidated statement of comprehensive income for the year ended 31 May 2017

	2017 £m	2016 £m
Profit for the year	**66.9**	69.7
Other comprehensive (expense)/income		
Items that will not be reclassified to profit or loss		
Remeasurement of post-employment benefit obligations	**(1.9)**	9.4
Deferred tax on remeasurement of post-employment benefit obligations	**0.5**	(1.2)
Tax on items that will not be subsequently reclassified to profit or loss	**0.4**	-
Total items that will not be reclassified to profit or loss	**(1.0)**	8.2
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translation of foreign operations	**(53.4)**	15.2
Cash flow hedges – fair value gain in year	**0.6**	0.7
Tax on items that may be subsequently reclassified to profit or loss	**0.7**	(0.1)
Total items that may be subsequently reclassified to profit or loss	**(52.1)**	15.8
Other comprehensive (expense)/income for the year net of taxation	**(53.1)**	24.0
Total comprehensive income for the year	**13.8**	93.7
Attributable to:		
Owners of the Parent	**25.0**	88.5
Non-controlling interests	**(11.2)**	5.2

PZ CUSSONS PLC
Consolidated balance sheet as at 31 May 2017

	Notes	31 May 2017 £m	31 May 2016 £m
Assets			
Non-current assets			
Goodwill and other intangible assets	7	**403.4**	357.1
Property, plant and equipment		**177.0**	227.0
Other investments		**0.3**	0.3
Net investment in joint ventures		**23.1**	31.9
Trade and other receivables		**1.6**	1.4
Retirement benefit surplus		**55.4**	51.3
		660.8	669.0
Current assets			
Inventories		**163.3**	150.5
Trade and other receivables		**190.3**	174.5
Current asset investments		**0.3**	0.3
Derivative financial assets		**1.5**	-
Cash and short term deposits		**150.6**	175.1
		506.0	500.4
Assets classified as held for sale		**2.2**	-
Total current assets		**508.2**	500.4
Total assets		**1,169.0**	1,169.4
Equity			
Share capital		**4.3**	4.3
Capital redemption reserve		**0.7**	0.7
Hedging reserve		**2.4**	1.8
Currency translation reserve		**(58.6)**	(19.1)
Retained earnings		**543.9**	515.7
Attributable to owners of the Parent		**492.7**	503.4
Non-controlling interests		**33.8**	46.5
Total equity		**526.5**	549.9
Liabilities			
Non-current liabilities			
Trade and other payables		**0.6**	0.6
Deferred taxation liabilities		**48.1**	48.2
Retirement benefit obligations		**17.9**	17.0
		66.6	65.8
Current liabilities			
Borrowings		**294.7**	322.5
Trade and other payables		**248.9**	198.5
Derivative financial liabilities		**-**	0.2
Current taxation payable		**28.4**	27.8
Provisions		**3.9**	4.7
		575.9	553.7
Total liabilities		**642.5**	619.5
Total equity and liabilities		**1,169.0**	1,169.4

PZ CUSSONS PLC

Consolidated statement of changes in equity for the year ended 31 May 2017

	Attributable to owners of the Parent						
	Share capital £m	**Currency translation reserve £m**	**Capital redemption reserve £m**	**Retained earnings £m**	**Hedging reserve £m**	**Non-controlling interests £m**	**Total £m**
At 1 June 2015	4.3	(31.1)	0.7	478.1	1.2	43.8	497.0
Profit for the year	-	-	-	67.7	-	2.0	69.7
Other comprehensive income / (expense)							
Remeasurement of post-employment obligations	-	-	-	9.4	-	-	9.4
Exchange differences on translation of foreign operations	-	12.0	-	-	-	3.2	15.2
Cash flow hedges - fair value gains in year	-	-	-	-	0.7	-	0.7
Cash flow hedges - tax on fair value gains	-	-	-	-	(0.1)	-	(0.1)
Deferred tax on remeasurement of post-employment obligations	-	-	-	(1.2)	-	-	(1.2)
Total comprehensive income for the year	-	12.0	-	75.9	0.6	5.2	93.7
Transactions with owners:							
Ordinary dividends	-	-	-	(33.3)	-	-	(33.3)
Acquisition of shares by ESOT	-	-	-	(4.2)	-	-	(4.2)
Deferred tax on share based payments	-	-	-	(0.3)	-	-	(0.3)
Acquisition of non-controlling interest	-	-	-	(0.5)	-	(0.3)	(0.8)
Non-controlling interests dividend paid	-	-	-	-	-	(2.2)	(2.2)
Total transactions with owners recognised directly in equity	-	-	-	(38.3)	-	(2.5)	(40.8)
At 31 May 2016	**4.3**	**(19.1)**	**0.7**	**515.7**	**1.8**	**46.5**	**549.9**
At 1 June 2016	**4.3**	**(19.1)**	**0.7**	**515.7**	**1.8**	**46.5**	**549.9**
Profit for the year	**-**	**-**	**-**	**64.2**	**-**	**2.7**	**66.9**
Other comprehensive (expense) / income							
Remeasurement of post-employment obligations	**-**	**-**	**-**	**(1.9)**	**-**	**-**	**(1.9)**
Exchange differences on translation of foreign operations	**-**	**(39.5)**	**-**	**-**	**-**	**(13.9)**	**(53.4)**
Cash flow hedges - fair value gains in year	**-**	**-**	**-**	**-**	**0.6**	**-**	**0.6**
Deferred tax on remeasurement of post-employment obligations	**-**	**-**	**-**	**0.5**	**-**	**-**	**0.5**
Deferred tax on other equity related items	**-**	**-**	**-**	**1.1**	**-**	**-**	**1.1**
Total comprehensive (expense) / income for the year	**-**	**(39.5)**	**-**	**63.9**	**0.6**	**(11.2)**	**13.8**
Transactions with owners:							
Ordinary dividends	**-**	**-**	**-**	**(34.2)**	**-**	**-**	**(34.2)**
Acquisition of shares by ESOT	**-**	**-**	**-**	**(1.2)**	**-**	**-**	**(1.2)**
Acquisition of non-controlling interest	**-**	**-**	**-**	**(0.3)**	**-**	**(0.1)**	**(0.4)**
Non-controlling interests dividend paid	**-**	**-**	**-**	**-**	**-**	**(1.4)**	**(1.4)**
Total transactions with owners recognised directly in equity	**-**	**-**	**-**	**(35.7)**	**-**	**(1.5)**	**(37.2)**
At 31 May 2017	**4.3**	**(58.6)**	**0.7**	**543.9**	**2.4**	**33.8**	**526.5**

PZ CUSSONS PLC

Consolidated cash flow statement for the year ended 31 May 2017

	Notes	2017 £m	2016 £m
Cash flows from operating activities			
Cash generated from operations		**110.9**	106.4
Taxation paid		**(14.3)**	(17.9)
Interest paid		**(5.5)**	(6.1)
Net cash generated from operating activities		**91.1**	82.4
Cash flows from investing activities			
Interest income		**2.7**	0.6
Purchase of property, plant and equipment		**(40.6)**	(35.5)
Proceeds from sale of property, plant and equipment		**0.9**	2.6
Net cash used in investing activities		**(37.0)**	(32.3)
Financing activities			
Dividends paid to non-controlling interests		**(1.4)**	(2.2)
Purchase of shares for ESOT		**(1.2)**	(4.2)
Dividends paid to Company shareholders		**(34.2)**	(33.3)
Acquisition of non-controlling interests		**(0.4)**	(0.8)
Increase in borrowings		**6.3**	45.4
Net cash (used in)/generated from financing activities		**(30.9)**	4.9
Net increase in cash and cash equivalents		**23.2**	55.0
Cash and cash equivalents at the beginning of the year		**104.6**	47.8
Effect of foreign exchange rates		**(11.7)**	1.8
Cash and cash equivalents at the end of the year	9	**116.1**	104.6

Reconciliation of profit before tax to cash generated from operations for the year ended 31 May 2017

	2017 £m	2016 £m
Profit before tax	**88.0**	83.7
Adjustment for net finance costs	**2.8**	5.5
Operating profit	**90.8**	89.2
Depreciation and amortisation	**19.9**	21.8
Impairment loss on tangible fixed assets	**-**	0.2
Loss on sale of tangible fixed assets	**0.2**	0.3
Difference between pension charge and cash contributions	**(5.7)**	(9.0)
Share of results from joint ventures	**(2.9)**	(3.2)
Operating cash flows before movements in working capital	**102.3**	99.3
Movements in working capital:		
Inventories	**(27.9)**	19.4
Trade and other receivables	**(8.6)**	9.2
Trade and other payables	**45.6**	(10.5)
Provisions	**(0.5)**	(11.0)
Cash generated from operations	**110.9**	106.4

1 Segmental analysis

The Chief Operating Decision-Maker (CODM) has been identified as the Executive Board which comprises the three Executive Directors on the Plc Board.

The CODM reviews the Group's internal reporting in order to assess performance and allocate resources. The CODM has determined the operating segments based on these reports which include an allocation of central revenue and costs as appropriate.

The CODM considers the business from a geographic perspective, with Africa, Asia and Europe being the operating segments. The CODM assesses the performance based on operating profit before any exceptional items. Other information provided, except as noted below, to the CODM is measured in a manner consistent with that of the financial statements.

Revenues and operating profit of the Europe and Asia segments arise from the sale of Personal Care, Home Care and Food & Nutrition products. Revenue and operating profit from the Africa segment arise from the sale of Personal Care, Home Care, Food & Nutrition and Electrical products.

2017	**Africa £m**	**Asia £m**	**Europe £m**	**Eliminations £m**	**Total £m**
Gross segment revenue	**307.2**	**235.0**	**417.0**	**(150.0)**	**809.2**
Inter segment revenue	**(1.6)**	**(12.3)**	**(136.1)**	**150.0**	**-**
Revenue	**305.6**	**222.7**	**280.9**	**-**	**809.2**
Segmental operating profit before exceptional items and share of results of joint ventures	**25.4**	**15.9**	**62.1**	**-**	**103.4**
Share of results of joint ventures	**2.9**	**-**	**-**	**-**	**2.9**
Segmental operating profit before exceptional items	**28.3**	**15.9**	**62.1**	**-**	**106.3**
Exceptional items	**(12.3)**	**(2.9)**	**(0.3)**	**-**	**(15.5)**
Segmental operating profit	**16.0**	**13.0**	**61.8**	**-**	**90.8**
Finance income					**2.7**
Finance cost					**(5.5)**
Profit before taxation					**88.0**
Depreciation and amortisation	**7.7**	**4.6**	**7.6**		**19.9**

2016	Africa £m	Asia £m	Europe £m	Eliminations £m	Total £m
Gross segment revenue	359.2	197.7	408.3	(144.0)	821.2
Inter segment revenue	(2.0)	(9.5)	(132.5)	144.0	-
Revenue	357.2	188.2	275.8	-	821.2
Segmental operating profit before exceptional items and share of results of joint ventures	27.2	16.4	61.7	-	105.3
Share of results of joint ventures	3.2	-	-	-	3.2
Segmental operating profit before exceptional items	30.4	16.4	61.7	-	108.5
Exceptional items	(7.8)	(2.6)	(8.9)	-	(19.3)
Segmental operating profit	22.6	13.8	52.8	-	89.2
Finance income					0.6
Finance cost					(6.1)
Profit before taxation					83.7
Depreciation and amortisation	9.3	3.8	8.7		21.8
Impairment	-	-	0.2		0.2

There are no differences from the last annual financial statements in the basis of segmentation or in the basis of measurement of segment profit.

The Group analyses its net revenue by the following categories:

	2017 **£m**	2016 £m
Personal Care	**431.0**	413.2
Home Care	**127.6**	124.5
Food & Nutrition	**156.5**	165.6
Electricals	**87.9**	111.7
Other	**6.2**	6.2
	809.2	821.2

2 Exceptional items

The Group adopts a columnar income statement format to highlight significant items within the Group's results for the year. Such items are considered by the Directors to be exceptional in nature rather than being representative of the underlying trading of the Group, and may include, but are not limited to, items such as certain foreign exchange losses, restructuring costs, acquisition related costs, material impairments of non-current assets, including receivables, material profits and losses on disposal of property, plant, equipment and brands, material pension settlements and amendments and profit or loss on disposal or termination of operations. The Directors apply judgement in assessing the particular items, which by virtue of their magnitude and nature should be disclosed in a separate column of the income statement and notes to the financial statements as 'Exceptional items'. The Directors believe that the separate disclosure of these items is relevant to an understanding of the Group's financial performance.

Year to 31 May 2017	**Exceptional items before taxation**	**Taxation**	**Exceptional items after taxation**
Exceptional items included within operating profit:	**£m**	**£m**	**£m**
Group structure and systems project	**6.6**	**(1.7)**	**4.9**
Partial recovery of trade receivable in Europe provided for in prior year	**(3.1)**	**1.9**	**(1.2)**
Foreign currency devaluation in Nigeria	**12.0**	**(3.6)**	**8.4**
Deferred tax benefit of reduction in UK Corporation tax rate relating to acquired brands	**-**	**(3.3)**	**(3.3)**
	15.5	**(6.7)**	**8.8**

Year to 31 May 2016	**Exceptional items before taxation**	**Taxation**	**Exceptional items after taxation**
Exceptional items included within operating profit:	**£m**	**£m**	**£m**
Group structure and systems project	4.8	(0.8)	4.0
Supply chain optimisation project with associated restructuring costs	2.1	(0.5)	1.6
Provision against trade receivable in Europe	5.9	(1.5)	4.4
Foreign currency devaluation in Nigeria	6.5	(2.0)	4.5
Finalisation of tax position relating to a prior year disposal	-	(3.3)	(3.3)
Deferred tax benefit of reduction in UK Corporation tax rate relating to acquired brands	-	(4.2)	(4.2)
	19.3	(12.3)	7.0

Explanation of exceptional items

Year to May 2017

Group structure and systems project
The Group has incurred exceptional costs of £6.6 million relating to the project to realign the non-manufacturing organisation design to create a more effective Group operating model and to implement a new ERP system. These costs mainly consist of restructuring, advisory and IT related costs.

Partial recovery of trade receivable in Europe provided for in prior year
A credit of £3.1 million has been recognised relating to the partial recovery of a trade receivable in Europe, which was fully provided for in the prior year. This position has now been finalised.

Foreign currency devaluation in Nigeria
During the first half of the year, transactional foreign exchange losses were recognised in Nigeria relating to long outstanding brought forward trade payables denominated in US dollars that have been settled at higher exchange rates than originally recognised due to the introduction of the flexible exchange rate regime on 20 June 2016 which has resulted in a devaluation of the Naira of greater than 50%. The Directors have deemed this charge to be exceptional due to the nature and magnitude of this effective currency devaluation.

Deferred tax benefit of reduction in UK Corporation tax rate principally relating to brands
The UK corporation tax rate reduces to 17% from 1 April 2020. As a result of this change, the deferred tax balances relating to UK assets and liabilities have been reduced to take account of the substantively enacted rate change. The largest single effect of the rate change was in relation to the deferred tax liabilities recognised when the Sanctuary, St Tropez and Charles Worthington brands were acquired.

Year to May 2016

Group structure and systems project
The Group incurred exceptional costs of £4.8 million relating to the project to realign the non-manufacturing organisation design to create a more effective Group operating model. These costs mainly consisted of restructuring and advisory costs.

Supply chain optimisation project with associated restructuring costs
The Group incurred exceptional costs of £2.1 million relating to further opportunities to reduce the Group's supply chain cost base identified in the prior year. The costs related to restructuring costs associated with supply chain optimisation.

Provision against trade receivable in Europe
A provision of £5.9 million was made against a trade receivable due from a European customer.

Foreign currency devaluation in Nigeria
During the final quarter of the year to 31 May 2016 the Group’s Nigerian subsidiaries accessed the secondary currency market in Nigeria in order to settle a number of long outstanding US Dollar denominated trade payables. This resulted in a transactional foreign exchange loss of £6.5m which the Directors deemed to be exceptional due to the nature and magnitude of this effective currency devaluation.

Finalisation of a tax position relating to a prior year disposal
During the year to 31 May 2016, the Group recognised a tax credit of £3.3 million following the finalisation of a position relating to a disposal made in a prior year.

Deferred tax benefit of reduction in UK Corporation tax rate principally relating to brands
The UK corporation tax rate reduces to 18% from 1 April 2020. As a result of this change, the deferred tax balances relating to UK assets and liabilities were reduced to take account of the substantively enacted rate change. The largest single effect of the rate change was in relation to the deferred tax liabilities recognised when the Sanctuary, St Tropez and Charles Worthington brands were acquired.

3 Net finance costs

	2017 £m	2016 £m
Finance income:		
Interest receivable on cash deposits	**2.7**	0.6
Finance income	**2.7**	0.6
Finance expense:		
Interest payable on bank loans and overdrafts	**(5.5)**	(6.1)
Finance expense	**(5.5)**	(6.1)
Net finance costs	**(2.8)**	(5.5)

4 Taxation

	2017 £m	2016 £m
Current tax		
UK corporation tax charge for the year	**5.3**	6.5
Adjustments in respect of prior years	**(1.1)**	0.5
Double tax relief	**(2.1)**	(1.1)
	2.1	5.9
Overseas corporation tax charge for the year	**17.7**	10.2
Adjustments in respect of prior years	**(2.8)**	(1.0)
	14.9	9.2
Total current tax charge	**17.0**	15.1
Deferred tax		
Origination and reversal of temporary timing differences	**6.2**	2.4
Adjustments in respect of prior years	**1.2**	0.7
Effect of rate change adjustments	**(3.3)**	(4.2)
Total deferred tax charge/(credit)	**4.1**	(1.1)
Total tax charge	**21.1**	14.0

UK corporation tax is calculated at 19.83% (2016: 20.00%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The Group has chosen to use a weighted average tax rate rather than the UK rate for the reconciliation of the charge for the year to the profit before taxation per the consolidated income statement. The Group operates in a number of overseas jurisdictions which have tax rates in excess of the UK rate. As such, a weighted average tax rate is believed to provide more meaningful information to users of the financial statements. The approximate tax rate for this comparison is 25.01% (2016: 24.13%).

The tax charge for the year can be reconciled to the profit per the consolidated income statement as follows:

	2017 £m	2016 £m
Profit before tax	**88.0**	83.7
Tax at the weighted average tax rate of 25.01% (2016: 24.13%)	**22.0**	20.2
Adjusted for:		
Tax effect of expenses / revenue that are not deductible / taxable	**4.2**	(1.6)
Effect of UK rate change on deferred taxation	**(3.3)**	(4.1)
Tax effect of share of results of joint ventures	**(0.9)**	(1.0)
Overseas withholding tax suffered on dividends	**0.3**	-
Adjustment to amount carried in respect of unresolved tax matters	**2.3**	-
Derecognition of deferred tax assets	**-**	0.3
Research and development relief	**(0.8)**	-
Adjustments in respect of prior periods	**(2.7)**	0.2
Tax charge for the year	**21.1**	14.0

Taxation on items taken directly to equity and other comprehensive income was a debit of £1.6 million (2016: £1.5 million credit, £1.2m credit to other comprehensive income) and relates to deferred tax on pensions, deferred tax on revalued land and buildings, share option schemes and financial derivatives recognised in the hedging reserve.

5 AGM and dividend

The Board is recommending a final dividend of 5.61p (2016: 5.50p) per share, making a total dividend for the year of 8.28p (2016: 8.11p) per share. The gross amount for the proposed final dividend is £23.5 million (2016: £23.6 million).

The date of the Annual General Meeting has been fixed for 27 September 2017. Subject to shareholder approval, dividend warrants in respect of the proposed final dividend will be posted on 5 October 2017 to members on the register at the close of business on 11 August 2017.

6 Earnings per share

Basic earnings per share and diluted earnings per share are calculated by dividing profit for the year attributable to owners of the Parent by the weighted average number of shares in issue.

	2017	2016
Basic weighted average (000)	**418,412**	418,808
Diluted weighted average (000)	**418,423**	418,888

The difference between the average number of Ordinary Shares and the basic weighted average number of Ordinary Shares represents the shares held by the Employee Share Option Trust, whilst the difference between the basic and diluted weighted average number of shares represents the potentially dilutive effect of the Executive Share Option Schemes and the Performance Share Plan. The average number of shares is reconciled to the basic and diluted weighted average number of shares below:

	2017	2016
Average number of Ordinary Shares in issue during the year (000)	**428,725**	428,725
Less weighted average number of Ordinary Shares held by the Employee Share Option Trust (000)	**(10,313)**	(9,917)
Basic weighted average Ordinary Shares in issue during the year (000)	**418,412**	418,808
Dilutive effect of share incentive plans (000)	**11**	80
Diluted weighted average Ordinary Shares in issue during the year (000)	**418,423**	418,888

The profit attributable to owners of the Parent for the year is as follows:

	2017	2016
	£m	£m
Profit attributable to owners of the Parent	**64.2**	67.7
Exceptional items	**6.3**	4.4
Adjusted profit	**70.5**	72.1

	2017	2016
Basic earnings per share	**15.34p**	16.16p
Exceptional items	**1.51p**	1.06p
Adjusted basic earnings per share	**16.85p**	17.22p
Diluted earnings per share	**15.34p**	16.15p
Exceptional items	**1.51p**	1.06p
Adjusted diluted earnings per share	**16.85p**	17.21p

7 Goodwill and other intangible assets

	Goodwill	**Software[1]**	**Other intangible assets[2]**	**Total**
	£m	**£m**	**£m**	**£m**
At 31 May 2015	62.2	-	294.4	356.6
Currency retranslation	0.3	-	0.2	0.5
At 31 May 2016	**62.5**	**-**	**294.6**	**357.1**
Transfers from property, plant and equipment	-	45.7	0.3	46.0
Amortisation	-	(0.9)	-	(0.9)
Currency retranslation	0.6	-	0.6	1.2
At 31 May 2017	**63.1**	**44.8**	**295.5**	**403.4**

[1] Transfers from property, plant and equipment represent the capitalised element of the implementation of a new ERP system, amortised over ten years at the point which the asset comes into use.

[2] Other intangible assets include the Group's acquired brands which are deemed to have an indefinite life.

8 Business combinations

i) Acquisition of 0.25% of share capital of PZ Cussons Nigeria Plc

Cost of acquisitions	£m
0.25% of share capital of PZ Cussons Nigeria Plc	**0.4**

Throughout the year to 31 May 2017, the Group has acquired additional share capital of its existing subsidiary PZ Cussons Nigeria Plc, increasing the Group's stake from 73.03% to 73.28%. The consideration for these additional shares was £0.4 million, resulting in the acquisition of a non-controlling interest of £0.1 million and an amount debited to retained earnings through the consolidated statement of changes in equity of £0.3 million.

9 Net debt

	2017 £m	2016 £m
Cash at bank and in hand	**134.5**	160.4
Short-term deposits	**16.1**	14.7
Overdrafts	**(34.5)**	(70.5)
Cash and cash equivalents	**116.1**	104.6
Current asset investments	**0.3**	0.3
Loans due within one year	**(260.2)**	(252.0)
Net debt	**(143.8)**	(147.1)

Loans due within one year include the Group's main borrowing facility which is provided by a syndicate of three UK banks in the form of a £285 million committed multi-currency revolving credit facility with a final termination date of February 2020. In addition, the Group has a further £40 million of bilateral facilities which are utilised for general working capital and trade finance purposes and of which £14 million was utilised at 31 May 2017 (2016: £50 million of bilateral facilities which are utilised for general working capital and trade finance purposes and of which £12 million was utilised).

Overdrafts do not form part of the Group's main borrowing facility and arise as part of the Group's composite banking arrangement with Barclays Bank Plc. Under the terms of this arrangement, cash and overdraft balances recognised by the Overdraft's Obligor Group are considered as one cash pool with the net position being monitored by the Directors and by Barclays. These overdraft balances have been presented gross with a corresponding increase in cash at bank and in hand.

10 Accounting policies

Whilst the financial information in this preliminary announcement has been computed in accordance with IFRS, this announcement does not itself contain sufficient information to comply with IFRS.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted for use in the European Union (EU), including International Accounting Standards (IAS) and interpretations issued by the International Financial Standards Reporting Interpretations Committee (IFRS IC).

The financial statements have been prepared on a historical cost basis, modified for fair values under IFRS.

Not adopted by the Group

The Group is currently assessing the impact of the following new standards, amendments and interpretations that are not yet effective and will provide a further assessment of the potential impacts in future years.

The Group does not currently believe adoption of these would have a material impact on the consolidated results or financial position of the Group. The following new standards, amendments and interpretations are effective from the dates stated below:

- IFRS 9, 'Financial Instruments' (effective 1 January 2018, EU endorsed 22 November 2016)
- IFRS 15, 'Revenue from contracts with customers' (effective 1 January 2018, EU endorsed 22 September 2016)
- IFRS 16, 'Leases' (effective 1 January 2019, not yet endorsed by EU)

11 Basis of financial statements

This announcement was approved by the Board of Directors on 25 July 2017. The financial information in this announcement does not constitute the Group's statutory accounts for the year ended 31 May 2017 or 31 May 2016 but it is derived from those accounts. Statutory accounts for 31 May 2016 have been delivered to the Registrar of Companies, and those for 31 May 2017 will be delivered after the Annual General Meeting. The auditors have reported on those accounts; their reports were unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The audited consolidated financial statements from which these results are extracted have been prepared under the historical cost convention in accordance with IFRS (International Financial Reporting Standards), as adopted by the EU, IFRS IC interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The standards used are those published by the International Accounting Standards Board (IASB) and endorsed by the EU and effective at the time of preparing these financial statements (July 2017).

After making enquiries, the Directors have reasonable expectations that the Group has adequate resources to continue to operate for a period of at least 12 months from the date of approving the financial statements. Accordingly they continue to adopt the going concern basis in preparing the consolidated financial statements.

12 Statement of Directors' responsibilities

Each of the Directors confirms that, to the best of their knowledge:

- The financial statements within the full Annual Report and Accounts from which the financial information within this Final Results announcement has been extracted, have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Company and the undertakings included in the consolidation taken as a whole; and
- The outlook, trading performance overview and regional reviews include a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

Approved by the board of Directors on 25 July 2017.