



PZ Cussons to acquire Charles Worthington haircare business

1 July 2004

PZ Cussons, the international consumer products group, announces a further strengthening of its personal care business with the acquisition of the Charles Worthington hair care range. Settlement will be in the form of an initial cash consideration of £25 million and further cash consideration over 5 years of between £5 million and £12 million dependent on future sales' performance. PZ Cussons expects to be able to expand the Charles Worthington brand through its international subsidiaries in Australia, Eastern Europe and the Far East, and to resolve the current trading losses in the USA. PZ Cussons will fund the acquisition from existing cash resources and will acquire net assets of £2.5 million free from any funding indebtedness.

The Charles Worthington Business

The acquisition of the hair care products business does not include the salon business of Charles Worthington. In the UK, the Charles Worthington Hair and Beauty Company has an exclusive sales agreement with Boots the Chemist for its complete product range. UK Sales, including exports of haircare products, are forecast at £18.7 million for the year to 30th June 2004 (2003 audited £20.1 million). This business is forecast to achieve profits for the year before interest and taxation of £2.8 million (2003 audited £2.8 million). The recent venture of launching in the USA has required significant investment and losses of £1.3 million are forecast in 2004 (2003 audited £1.1 million). Profits of the acquired haircare range are therefore forecast to be £1.5 million in 2004 (2003 audited £1.7 million).

Strategy

PZ Cussons international policy remains to focus on specific geographical markets with potential for growth. The Charles Worthington haircare range complements the strong personal wash brand portfolio of the UK subsidiary and has the potential to add to the brand and category portfolios in other units of the Group.

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