



Acquisition of Sanctuary Brand and Spa for £75m

29 January 2008

PZ Cussons Plc, a leading consumer products group in personal care and household products, announces the acquisition of The Sanctuary Spa Holdings Limited ("Sanctuary Spa Holdings") for a consideration of £75m in cash.

Sanctuary Spa Holdings comprises two elements: a premium range of beauty and body care products sold under the Sanctuary brand, representing some 70% of revenue, and the Sanctuary Spa, the UK's largest day spa, based in London's Covent Garden.

90% of the Sanctuary personal care products are sold in the UK through an exclusive distribution agreement with Boots the Chemist, where it is the no. 1 indulgent bathing brand and the no. 2 beauty brand behind only Boots' "No.7" skincare range. The range includes shower and bath products, salt scrubs, body lotions, body oils and a small but growing skincare line.

The exclusively female Sanctuary spa attracts some 64,000 visitors per year, and plays an important part in the development of the Sanctuary range of products both through the expertise of the spa personnel and customer feedback.

As at the year ended 31st August 2007, Sanctuary Spa Holdings had gross assets of £26.9m, including £15.8m of goodwill. Earnings before depreciation, amortisation, interest and tax for the year ended 31st August 2007 were £5.8m. Profit before tax for the year ended 31st August 2007 was £3.9m. The business is being acquired on a cash and debt free basis.

Alex Kanellis, Group Chief Executive of PZ Cussons Plc, said:

"The Sanctuary business represents an excellent strategic opportunity for PZ Cussons, giving us a greater presence in the premium segment of the UK's personal care market through an established and well respected brand. It further strengthens our UK position as leader in the Personal Wash category, and bolsters our developed market presence thereby enhancing the balance of the Group.

"We see considerable opportunities to create further value from the Sanctuary business, through combining our new product and brand development expertise with theirs, developing the brand's international sales, and exploring opportunities to develop the spa concept further. There are also synergies to be derived, particularly in the area of supply chain.

"Following this acquisition our balance sheet remains strong, giving flexibility for further investment opportunities as they arise."

PZ Cussons Plc's interim results for the half year to 30th November 2007 have been published today – see separate announcement.
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