PZ Cussons cheers Imperial Leather TV ad success as profits rise in tough market

P
Z Cussons' first Imperial Leather television campaign in seven years has helped reinvigorate declining sales of the soap brand as the group's half-year profits leapt higher despite cost pressures.

The healthcare and consumer goods firm – which also owns brands including Original Source, Childs Farm and Carex – said it had seen a positive response to its Imperial Leather advertising push and new launches, which came after years of falling sales for the range.

Overall, the company said it notched up a 7.8% jump in underlying pre-tax profits to £40.5 million for the six months to December 31, but earnings slumped by nearly 50% across the UK, European and Americas division.

Group-wide revenues rose 18.8% to £336.9 million, boosted by the recent acquisition of the Childs Farm business, favourable foreign exchange rates and extra reporting days in the period.

On a like-for-like basis, revenues rose 6.1%, but this was propped up by price increases, with sales by volume down 5.4%.

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In the Europe and Americas division, PZ Cussons saw earnings plunge 48.8% to £4.1 million as it faced soaring costs and slumping UK consumer confidence.

Like-for-like sales in the arm fell 6%, partly also as a result of falling demand for its Carex hand sanitiser products as Covid fears ease.

Shares in the group fell 6% in morning trading on Wednesday.

Chief executive Jonathan Myers said the results came against a tough trading backdrop.

“Our performance in the first half of the year has continued to be impacted by a challenging macro environment, with ongoing high cost inflation and reduced consumer confidence,” he said.

“We have nevertheless delivered a robust financial performance with continued like-for-like revenue growth, and our expectations for the full year are unchanged.”

The group is expecting trading to improve over the second half of its financial year as cost pressures ease across Europe and the Americas division, helped also by recent action to increase prices.

“We expect margins to improve significantly in the second half due to improved trends in Carex and St Tropez, the full period effect of price increases implemented during the first half and more favourable cost phasing,” the company said.