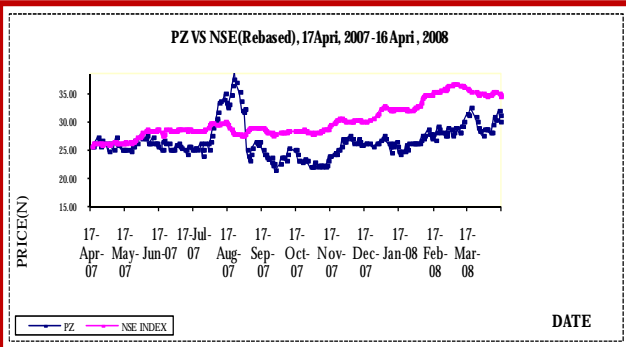


Ticker	PZ
Sector	Conglomerates
Yr of Incorporation	4-Dec-48
Date of Listing	18-Feb-74
Financial Year End	May
Number of Shares	3,176,381,636
Capitalisation(N)	95,291,449,080
NSE Mkt Cap.(N)	11,956,372,354,834
NSE Mkt Cap.(US\$)	102,427,588,065
% of NSE Cap.	0.80
52 Wk High (N)	38.8
52 Wk Low (N)	21.44
52 Wk Return (%)	49.26
YTD(%)	17.19
52 Wk Ave. Trade	994,570
Beta Value	0.61
Current EPS (N)	1.36
Current PE (x)	22.04

Q3	2008	2007	Ch (%)
Turnover	47,441	38,153	24.34
PBT	3,916	3,093	26.61
PAT	2,418	1,914	26.33
PBT Margin	8.25	8.11	0.15
PAT Margin	5.10	5.02	0.08

Full Year	2007	2006	Ch (%)
Turnover	54,217	42,225	28.40
PBT	5,356	4,804	11.49
PAT	3,512	3,236	8.55
PBT Margin	9.88	11.38	(1.50)
PAT Margin	6.48	7.66	(1.18)



Equity Research Report HOLD

Result Period: Q3, 2008
Date: 17, April, 2008
Fair Value: N28.75
Company: PZ CUSSONS

Modest Growth by Making Life Better

The unaudited Q3, '08 results of **PZ Cussons** for the period ended 29 February, 2008 released recently showed that its Turnover grew by 24.3% to N47.44billion, compared with N38.15billion in the corresponding period of 2007. Profit Before Tax (PBT) grew by 26.61% between 2007 and 2008 to N3.92billion from N3.09billion in the corresponding period of 2007. The tax and minority interest which increased by 27% between 2007 and 2008 to N1.497billion from N1.179billion in 2007 brought about a Profit After Tax (PAT) of N2.42billion as against N1.914billion in 2007, representing a growth of 26.30%.

A cursory look at the company's profit margins reveals that the operating environment in the country, specifically, infrastructure deficiencies are impacting negatively on the operations of the company. This is reflected in the low PBT margin which increased marginally to 8.25% in Q3, '08 from 8.11% as at Q3, 07, but down from 9.88% as at the end of the financial year in May, 2007. This shows that the company's total cost as a percentage of Turnover stood at 91.75 % in Q3, 08 down marginally from 91.89% in the corresponding period in 2007. PAT Margin currently stands at 5.10% up from 5.02% in the corresponding period in 2007 but down from 6.48% as at FY, 07.

The results also indicate that the percentage of the Turnover, PBT, and PAT in the Q3 result to the Full Year Audited Turnover, PBT and PAT for the period ended May, 2007 are: 87.53%, 73.89% and 68.84%, respectively. This suggests that while the company may surpass its previous year's Turnover, it may need to aggressively cut avoidable costs for it to achieve last years' bottom-line.

The company's cost of goods sold increased in 2007 over 2006 by 31.94% to N40.91bn. The increase was higher than the increase in Turnover which was up by 28.40% to N54.22bn, thereby leading to a marginal increase of 18.61% in gross profit to N13.30bn. This resulted in a decline in the gross profit margin from 26.56% in 2006 to 24.54% in 2007. The operating profit grew marginally by 10.25% in 2007 to N5.47bn while profit after tax and after minority interest grew marginally by 8.55% to N3.51bn. Both the capital employed and the shareholders' funds increased by 2.60% (to N33.44bn) and 6.11% (N30.57bn) respectively over the previous year. The Return on Capital Employed (ROCE) and Return on Equity (ROE) stood at 16.36% and 11.49% respectively in 2007. The company paid a dividend of 71kobo and a bonus of 1 for 4 as benefits for its shareholders at the end of 2007 financial year end.

Valuation/Analyst Recommendation

We project a conservative PAT of **N3.64bn** for FYE 2008, based on the assumption that it will generate **1.51x** of the 9months result to end the year. This will generate a forward EPS of **N1.15** and a DPS of **N0.74** based on a dividend payout of **64.24%**. The forecast dividend represents a growth of 4.23% over the previous year's figure of **N0.71kobo**. Applying Forward PE ratio of **25x**, on the EPS generates **N28.75** per share which is our fair value.

PLEASE SEE PAGE 2

Company	T/O(Nbn)	PBT(Nbn)	PAT(Nbn)	PAT Marg.(%)	ROE(%)	EPS*	P/E*
PZ	54.22	5.36	3.51	6.48	11.49	1.36	22.04
Unilever	33.99	2.01	1.08	3.17	21.42	0.34	67.14
Dangote Sug.	80.65	30.66	21.48	26.63	82.75	1.79	19.60
Nestle	44.03	8.46	5.44	12.36	87.26	8.24	31.91
Flour Mills	105.67	9.79	7.47	7.07	32.97	4.60	19.14
Benue Cement	5.47	1.87	1.25	22.88	13.03	0.40	117.59

** Current* *Note: Result as at Audited 2007 but with different Financial Year End*

Contact us at Our Offices:**Disclaimer Policy**

Lagos Office: UAC House (6th-8th Floors) 1/5 Odunlami Street, P.M.B 12913 Lagos. (Tel.) 234-1-2640160-9 (Fax) 234-1-2702890

Port Harcourt:

AfriBank Bank Building (2nd floor, 5 Trans Amadi Road, Port Harcourt. (Tel) 234-084-463308 (Fax) 234-084-463174

Abuja Office:

NAL Abuja Complex, Plot 990, Cadastral Zone A O, Central Business District, (behind Leventis Stores), Abuja FCT (Tel) 234-09-6700535

(Website)

www.fsdhgroup.com,

www.fsdhsecurities.com

(Email)

fsdhsecurities@fsdhgroup.com

This publication is produced by FSDH Securities (FSDH Sec) a subsidiary of First Securities Discount House Limited (FSDH) solely for the information of users who are expected to make their own investment decisions without undue reliance on any information or opinions contained herein. The opinions contained in the report should not be interpreted as an offer to sell, or a solicitation of any offer to buy any investment. FSDH Sec may invest substantially in securities of companies using information contained herein and may also perform or seek to perform investment services for companies mentioned herein. Whilst every care has been taken in preparing this document, no responsibility or liability is accepted by any member of FSDH or FSDH Sec for actions taken as a result of information provided in this publication.