

# PROCTER & GAMBLE NYSE-PG

RECENT PRICE **137.16** P/E RATIO **23.2** (Trailing: 23.6; Median: 21.0) RELATIVE P/E RATIO **1.52** DIV'D YLD **2.7%** VALUE LINE **1191**

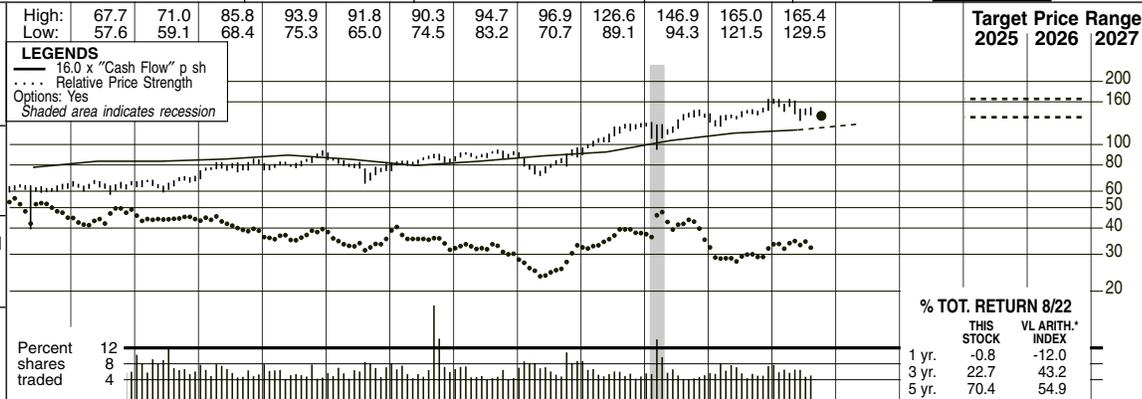
**TIMELINESS** 4 Lowered 6/10/22  
**SAFETY** 1 Raised 1/11/02  
**TECHNICAL** 2 Lowered 9/2/22  
**BETA** .70 (1.00 = Market)

High: 67.7 71.0 85.8 93.9 91.8 90.3 94.7 96.9 126.6  
 Low: 57.6 59.1 68.4 75.3 65.0 74.5 83.2 70.7 89.1  
**LEGENDS**  
 — 16.0 x "Cash Flow" p sh  
 ... Relative Price Strength  
 Options: Yes  
 Shaded area indicates recession

**18-Month Target Price Range**  
 Low-High Midpoint (% to Mid)  
 \$125-\$184 \$155 (15%)

**2025-27 PROJECTIONS**  
 Price Gain Ann'l Total  
 High 165 (+20%) 7%  
 Low 135 (Nil) 3%

**Institutional Decisions**  
 4Q2021 1Q2022 2Q2022  
 to Buy 1607 1534 1530  
 to Sell 1234 1360 1324  
 Hlds(000) 153012815134721525727



| 2006   | 2007   | 2008   | 2009   | 2010   | 2011   | 2012   | 2013   | 2014   | 2015   | 2016   | 2017   | 2018   | 2019   | 2020   | 2021   | 2022   | 2023          | © VALUE LINE PUB. LLC             | 25-27  |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------------|-----------------------------------|--------|
| 21.46  | 24.42  | 27.53  | 27.09  | 27.81  | 29.85  | 30.45  | 30.69  | 30.64  | 28.10  | 24.47  | 25.48  | 26.75  | 27.02  | 28.61  | 31.33  | 33.50  | <b>34.80</b>  | Sales per sh <sup>A</sup>         | 40.70  |
| 3.51   | 4.25   | 4.97   | 4.86   | 4.87   | 5.21   | 5.20   | 5.33   | 5.57   | 5.31   | 4.97   | 5.21   | 5.52   | 5.76   | 6.53   | 7.08   | 7.33   | <b>7.85</b>   | "Cash Flow" per sh                | 9.25   |
| 2.64   | 3.04   | 3.64   | 3.58   | 3.53   | 3.93   | 3.85   | 4.05   | 4.22   | 4.02   | 3.67   | 3.92   | 4.22   | 4.52   | 5.12   | 5.66   | 5.81   | <b>6.00</b>   | Earnings per sh <sup>AB</sup>     | 7.50   |
| 1.15   | 1.28   | 1.45   | 1.64   | 1.80   | 1.97   | 2.14   | 2.29   | 2.45   | 2.59   | 2.66   | 2.70   | 2.79   | 2.90   | 3.03   | 3.24   | 3.57   | <b>3.65</b>   | Div'ds Decl'd per sh <sup>C</sup> | 4.15   |
| .84    | .94    | 1.00   | 1.11   | 1.08   | 1.20   | 1.44   | 1.46   | 1.42   | 1.38   | 1.24   | 1.33   | 1.49   | 1.34   | 1.24   | 1.15   | 1.32   | <b>1.60</b>   | Cap'l Spending per sh             | 1.50   |
| 19.33  | 20.87  | 22.46  | 21.18  | 21.20  | 24.14  | 22.87  | 24.64  | 25.40  | 22.83  | 21.34  | 21.45  | 20.78  | 18.47  | 18.40  | 18.73  | 19.57  | <b>20.60</b>  | Book Value per sh <sup>D</sup>    | 28.40  |
| 3178.8 | 3131.9 | 3032.7 | 2917.0 | 2838.5 | 2765.7 | 2748.0 | 2742.3 | 2710.8 | 2714.5 | 2668.1 | 2553.3 | 2498.1 | 2504.8 | 2479.7 | 2429.7 | 2393.8 | <b>2350.0</b> | Common Shs Outst'g <sup>E</sup>   | 2200.0 |
| 21.5   | 20.5   | 18.6   | 16.4   | 17.0   | 16.0   | 16.7   | 17.8   | 19.0   | 20.9   | 21.4   | 22.3   | 20.1   | 20.7   | 23.3   | 23.8   | 25.7   |               | Avg Ann'l P/E Ratio               | 20.0   |
| 1.16   | 1.09   | 1.12   | 1.09   | 1.08   | 1.00   | 1.06   | 1.00   | 1.00   | 1.05   | 1.12   | 1.12   | 1.09   | 1.10   | 1.20   | 1.27   | 1.40   |               | Relative P/E Ratio                | 1.10   |
| 2.0%   | 2.1%   | 2.1%   | 2.8%   | 3.0%   | 3.1%   | 3.3%   | 3.2%   | 3.1%   | 3.1%   | 3.4%   | 3.1%   | 3.3%   | 3.1%   | 2.5%   | 2.4%   | 2.4%   |               | Avg Ann'l Div'd Yield             | 2.8%   |

**CAPITAL STRUCTURE as of 6/30/22**  
 Total Debt \$31.493 bill. Due in 5 Yrs \$14.200 bill.  
 LT Debt \$22.848 bill. LT Interest \$1.150 bill.  
 (Tot. Int. Coverage: 36.9x)  
 (33% of Tot. Cap'l)  
**Leases, Uncapitalized Annual Rentals** \$206 mill.  
**Pension Assets-6/22** \$10.173 bill.  
**Oblig.** \$12.608 bill.  
**Pfd Stock** \$843 mill. **Pfd Div'd** \$281 mill.  
 (ESOP owns 49.3 mill Class A shares and 57.2 mill Class B shares; convertible into common stock.)  
**Common Stock** 2,389,553,883 shares  
 as of 7/31/22  
**MARKET CAP: \$328 billion (Large Cap)**

|        |        |        |        |        |        |        |        |        |        |              |                         |                             |       |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------------|-------------------------|-----------------------------|-------|
| 83680  | 84167  | 83062  | 76279  | 65299  | 65058  | 66832  | 67684  | 70950  | 76118  | 80187        | <b>81800</b>            | Sales (\$mill) <sup>A</sup> | 89500 |
| 22.6%  | 22.3%  | 23.7%  | 23.4%  | 26.2%  | 26.4%  | 25.9%  | 25.2%  | 27.0%  | 27.8%  | 26.0%        | <b>26.0%</b>            | Operating Margin            | 28.5% |
| 3204.0 | 2982.0 | 3141.0 | 3134.0 | 3078.0 | 2820.0 | 2834.0 | 2824.0 | 3013.0 | 2735.0 | 2807         | <b>3325</b>             | Depreciation (\$mill)       | 3800  |
| 11344  | 11869  | 12220  | 11535  | 10441  | 10733  | 11205  | 11877  | 13442  | 14733  | 14742        | <b>15100</b>            | Net Profit (\$mill)         | 16500 |
| 24.2%  | 23.2%  | 23.5%  | 20.2%  | 24.6%  | 23.8%  | 21.5%  | 19.4%  | 16.9%  | 18.1%  | 18.1%        | <b>18.5%</b>            | Income Tax Rate             | 21.0% |
| 13.6%  | 14.1%  | 14.7%  | 15.1%  | 16.0%  | 16.5%  | 16.8%  | 17.5%  | 18.9%  | 19.4%  | 18.4%        | <b>18.5%</b>            | Net Profit Margin           | 18.4% |
| d2997  | d6047  | d2109  | d144.0 | 3012.0 | d3716  | d4917  | d7538  | d4989  | d10041 | d25867       | <b>d15850</b>           | Working Cap'l (\$mill)      | 1500  |
| 21080  | 19111  | 19811  | 18329  | 18945  | 18038  | 20395  | 23537  | 23099  | 22848  | <b>21000</b> | Long-Term Debt (\$mill) | 20000                       |       |
| 64035  | 68709  | 69976  | 63050  | 57983  | 55778  | 52883  | 47194  | 46521  | 46378  | 46854        | <b>48620</b>            | Shr. Equity (\$mill)        | 62500 |
| 13.8%  | 13.9%  | 14.0%  | 14.6%  | 13.9%  | 14.9%  | 15.5%  | 17.9%  | 19.5%  | 21.6%  | 21.0%        | <b>21.5%</b>            | Return on Total Cap'l       | 20.0% |
| 17.7%  | 17.3%  | 17.5%  | 18.3%  | 18.0%  | 19.2%  | 21.2%  | 25.2%  | 28.9%  | 31.8%  | 31.5%        | <b>31.0%</b>            | Return on Shr. Equity       | 26.5% |
| 8.3%   | 7.9%   | 7.7%   | 6.9%   | 5.3%   | 6.4%   | 7.5%   | 8.9%   | 11.8%  | 13.6%  | 12.7%        | <b>13.5%</b>            | Retained to Com Eq          | 12.0% |
| 54%    | 55%    | 57%    | 63%    | 71%    | 67%    | 65%    | 65%    | 60%    | 58%    | 59%          | <b>57%</b>              | All Div'ds to Net Prof      | 55%   |

| CURRENT POSITION | 2020  | 2021  | 6/30/22 |
|------------------|-------|-------|---------|
| Cash Assets      | 16181 | 10288 | 7214    |
| Receivables      | 4178  | 4725  | 5143    |
| Inventory (FIFO) | 5498  | 5983  | 6924    |
| Other            | 2130  | 2095  | 1914    |
| Current Assets   | 27987 | 23091 | 21195   |
| Accts Payable    | 12071 | 13720 | 14882   |
| Debt Due         | 11183 | 8889  | 8645    |
| Other            | 9722  | 10523 | 9554    |
| Current Liab.    | 32976 | 33132 | 33081   |

| ANNUAL RATES    | Past 10 Yrs. | Past 5 Yrs. | Est'd '19-'21 to '25-'27 |
|-----------------|--------------|-------------|--------------------------|
| change (per sh) |              |             |                          |
| Sales           | 5%           | 1.0%        | 6.0%                     |
| "Cash Flow"     | 2.5%         | 4.0%        | 6.0%                     |
| Earnings        | 3.5%         | 5.0%        | 6.5%                     |
| Dividends       | 5.5%         | 3.5%        | 5.0%                     |
| Book Value      | -2.0%        | -4.5%       | 7.5%                     |

| Fiscal Year Ends | QUARTERLY SALES (\$ mill.) <sup>A</sup> | Full Fiscal Year |
|------------------|---|------------------|
|                  | Sep.30 Dec.31 Mar.31 Jun.30             |                  |
| 2019             | 16690 17438 16462 17094                 | 67684            |
| 2020             | 17798 18240 17214 17698                 | 70950            |
| 2021             | 19318 19745 18109 18946                 | 76118            |
| 2022             | 20338 20953 19381 19515                 | 80187            |
| 2023             | <b>20650 21350 19575 20225</b>          | <b>81800</b>     |

| Fiscal Year Ends | EARNINGS PER SHARE <sup>AB</sup> | Full Fiscal Year |
|------------------|----------------------------------|------------------|
|                  | Sep.30 Dec.31 Mar.31 Jun.30      |                  |
| 2019             | 1.12 1.25 1.06 1.10              | 4.52             |
| 2020             | 1.37 1.42 1.17 1.16              | 5.12             |
| 2021             | 1.63 1.64 1.26 1.13              | 5.66             |
| 2022             | 1.61 1.66 1.33 1.21              | 5.81             |
| 2023             | <b>1.65 1.70 1.35 1.30</b>       | <b>6.00</b>      |

| Cal-endar | QUARTERLY DIVIDENDS PAID <sup>C</sup> | Full Year |
|-----------|---------------------------------------|-----------|
|           | Mar.31 Jun.30 Sep.30 Dec.31           |           |
| 2018      | .69 .72 .72 .72                       | 2.85      |
| 2019      | .72 .746 .746 .746                    | 2.96      |
| 2020      | .746 .791 .791 .791                   | 3.12      |
| 2021      | .791 .87 .87 .87                      | 3.40      |
| 2022      | .87 .913 .913                         |           |

**BUSINESS:** The Procter & Gamble Company makes branded consumer packaged goods, which are marketed and sold in more than 180 countries around the world. Operations incl. Fabric Care (23% of '22 sales); Home Care (12%); Baby Care (10%), Skin & Personal Care (9%), Hair Care (9%), Family Care (9%), Oral Care (8%), Shave Care (6%), Feminine Care (6%), Personal Health Care (6%),

**Procter & Gamble closed fiscal 2022 (ended June 30th) on solid footing.** In all, share earnings climbed 3%, on a 5% sales advance. Organic sales, which exclude portfolio adjustments and currency effects, increased 7% last year. The company faced a rough business backdrop over the past several quarters, as inflationary pressures and supply-chain issues elevated operating expenses. Nevertheless, pricing initiatives bolstered returns and aided the top line. Ongoing productivity improvements and strategic investments in its holdings also began to bear fruit in recent months.

**The company should continue to make progress in the year ahead.** Management updated its fiscal 2023 guidance. It expects organic sales to grow between 3% and 5%, with total sales increasing 2%, and at their low end, core earnings will probably come in line with the year-ago figure, but may advance up to 4%. We have adjusted our estimates accordingly, and look for the top and bottom lines to expand at a low single-digit clip this year. P&G also plans to allocate about 5% of sales to capital expenditures this year, and

we imagine productivity improvements as well as product innovation will remain key priorities.

**Market headwinds will likely persist.** Higher commodity costs and inflationary pressures may well continue to weigh on margins. Too, the acceleration of the U.S. dollar may temper gains from its business overseas. The company benefited from a surge in stockpiling household goods in the early days of the pandemic, however much of the consumer demand for its products has tapered. P&G's pricing action helped boost the top line as sales volume fell, and ought to continue to aid returns.

**The blue chip doesn't stand out for near- or long-term price momentum.** The stock has pulled back about 15% since we rang in 2022, and is ranked to trail the broader market averages in the year ahead. Likewise, the issue offers limited upside appreciation over the coming 3 to 5 years. On the other hand, the equity has an attractive dividend yield. Moreover, PG earns top marks for Financial Strength (A++) and Safety (1), adding to its overall conservative appeal.

*Orly Seidman* September 16, 2022

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