

PROCTER & GAMBLE NYSE-PG

RECENT PRICE **81.31**

P/E RATIO **20.2** (Trailing: 20.6 Median: 18.0)

RELATIVE P/E RATIO **1.13**

DIV'D YLD **3.3%**

VALUE LINE

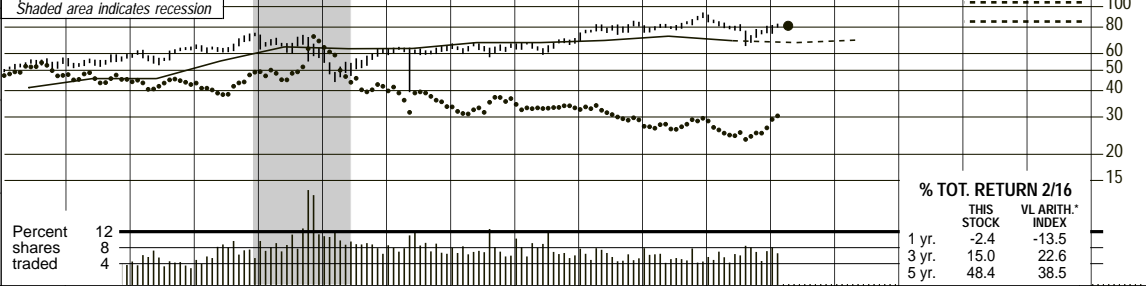
TIMELINESS 3 Raised 1/8/16
SAFETY 1 Raised 1/11/02
TECHNICAL 2 Raised 3/25/16
BETA .65 (1.00 = Market)

High: 59.7 64.7 75.2 73.8 63.5 65.4 67.7 71.0 85.8
 Low: 51.2 52.8 60.4 54.9 43.9 39.4 57.6 59.1 68.4
LEGENDS
 — 13.0 x "Cash Flow" p sh
 Relative Price Strength
 2-for-1 split 6/04
 Options: Yes
 Shaded area indicates recession

2019-21 PROJECTIONS
 Price **105** Gain **(+30%)** Ann'l Total Return **10%**
 High **105** Low **85** (+5%) **5%**

Insider Decisions
 M J J A S O N D J
 to Buy 0 0 0 0 0 0 0 0 0 0
 Options 1 0 0 6 8 15 2 8 5
 to Sell 4 0 0 12 1 6 6 1 5

Institutional Decisions
 202015 302015 402015
 to Buy 838 897 901
 to Sell 856 805 850
 Hld's(000)162649216381951610295



2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	© VALUE LINE PUB. LLC	19-21
15.30	15.14	15.47	16.72	20.21	22.95	21.46	24.42	27.53	27.09	27.81	29.85	30.45	30.69	30.64	28.10	24.25	25.15	Sales per sh ^A	32.30
2.41	2.53	2.55	2.82	3.18	3.51	3.51	4.25	4.97	4.86	4.87	5.21	5.20	5.33	5.57	5.31	5.20	5.35	"Cash Flow" per sh	7.25
1.48	1.56	1.80	2.04	2.32	2.53	2.64	3.04	3.64	3.58	3.53	3.93	3.85	4.05	4.22	4.02	4.00	4.15	Earnings per sh ^{AB}	6.00
.64	.70	.76	.82	.93	1.03	1.15	1.28	1.45	1.64	1.80	1.97	2.14	2.29	2.45	2.59	2.75	2.85	Div'ds Decl'd per sh ^C	3.30
1.16	.96	.65	.57	.80	.88	.84	.94	1.00	1.11	1.08	1.20	1.44	1.46	1.42	1.38	1.40	1.45	Cap'l Spending per sh	1.50
4.04	3.98	4.64	5.63	6.19	6.47	19.33	20.87	22.46	21.18	21.20	24.14	22.87	24.64	25.40	22.83	24.10	25.70	Book Value per sh ^D	32.05
2611.7	2591.5	2601.5	2594.4	2543.8	2472.9	3178.8	3131.9	3032.7	2917.0	2838.5	2765.7	2748.0	2742.3	2710.8	2714.5	2685.0	2675.0	Common Shs Outst'g ^E	2650.0
29.7	21.4	22.4	21.6	21.3	21.5	21.5	20.5	18.6	16.4	17.0	16.0	16.7	17.8	19.0	20.9	24.0%	24.0%	Avg Ann'l P/E Ratio	16.0
1.93	1.10	1.22	1.23	1.13	1.14	1.16	1.09	1.12	1.09	1.08	1.00	1.06	1.00	1.00	1.06	16.5%	16.0%	Relative P/E Ratio	1.00
1.5%	2.1%	1.9%	1.9%	1.9%	1.9%	2.0%	2.1%	2.1%	2.8%	3.0%	3.1%	3.3%	3.2%	3.1%	3.1%	69%	67%	Avg Ann'l Div'd Yield	3.5%

CAPITAL STRUCTURE as of 12/31/15
 Total Debt \$31.526 bill. Due in 5 Yrs \$19.750 bill.
 LT Debt \$17.595 bill. LT Interest \$4.65 bill.
 (Tot. Int. Coverage: 24.3x)

(22% of Tot. Cap'l)
Leases, Uncapitalized Annual Rentals \$259 mill.
Pension Assets-6/15 \$10.6 bill.

Oblig. \$16.0 bill.
Pfd Stock \$1.1 bill. **Pfd Div'd** \$259 mill.
 (ESOP owns 49.3 mill Class A shares and 57.2 mill Class B shares; convertible into common stock.)
Common Stock 2,704,565,560 shares

MARKET CAP: \$220 billion (Large Cap)

CURRENT POSITION	2014	2015	12/31/15
(\$MILL.)			
Cash Assets	10686	11612	14277
Receivables	6386	4861	4721
Inventory (FIFO)	6759	5454	5125
Other	7786	7719	12224
Current Assets	31617	29646	36347
Accts Payable	8461	8257	7717
Debt Due	15606	12021	13931
Other	9659	9512	10405
Current Liab.	33726	29790	32053

ANNUAL RATES	Past 10 Yrs	Past 5 Yrs	Est'd '13-'15 to '19-'21
of change (per sh)			
Sales	4.0%	1.5%	1.0%
"Cash Flow"	5.5%	2.0%	5.0%
Earnings	6.0%	2.5%	6.5%
Dividends	10.0%	8.5%	5.0%
Book Value	15.0%	2.5%	5.0%

Fiscal Year Ends	QUARTERLY SALES (\$ mill.) ^A	Full Fiscal Year
	Sep.30 Dec.31 Mar.31 Jun.30	
2013	20739 22175 20598 20655	84167
2014	20830 21897 20178 20157	83062
2015	20186 20161 18142 17790	76279
2016	16527 16915 15830 15828	65100
2017	16850 17075 17175 16225	67325

Fiscal Year Ends	EARNINGS PER SHARE ^{AB}	Full Fiscal Year
	Sep.30 Dec.31 Mar.31 Jun.30	
2013	1.06 1.22 .99 .79	4.05
2014	1.05 1.20 1.02 .95	4.22
2015	1.04 1.06 .92 1.00	4.02
2016	.98 1.04 .90 1.08	4.00
2017	1.00 1.05 1.00 1.10	4.15

Cal-endar	QUARTERLY DIVIDENDS PAID ^C	Full Year
	Mar.31 Jun.30 Sep.30 Dec.31	
2012	.525 .562 .562 .562	2.21
2013	.562 .602 .602 .602	2.37
2014	.602 .644 .644 .644	2.53
2015	.644 .663 .663 .663	2.63
2016	.663	

BUSINESS: The Procter & Gamble Company makes branded consumer packaged goods, which are marketed and sold in more than 180 countries around the world. Has five reportable segments: Beauty/Hair/Personal care (24% of fiscal 2015 sales); Grooming (10%); Health Care (10%); Fabric Care & Home Care (29%); Baby, Feminine & Family Care (27%). International operations accounted for 65% of fiscal 2014 top line, 45% of earnings. Wal-Mart Stores accounted for 14% of fiscal 2015 sales. Employs about 110,000. Officer & directors own less than 1% of common stock (8/15 proxy). Chairman, President & CEO: A. G. Lafley, Incorporated: Ohio. Address: One Procter & Gamble Plaza, Cincinnati, Ohio 45202. Telephone: 513-983-1100. Internet: www.pg.com.

Procter & Gamble will probably register sluggish comparisons in fiscal 2016. (Year ends June 30th.) Over the past few years, the consumer goods conglomerate was hard hit by a difficult operating environment. Too, the strength of the U.S. dollar has eroded much of the gains from overseas markets. And in the second quarter, the top and bottom lines slipped 9% and 2%, respectively. All told, we think revenues will fall nearly 15% in fiscal 2016. Still, management's efforts (discussed below) should bolster margins, helping share net come in flat for the year. **The company has been pruning its portfolio.** In late February, P&G completed the transfer of Duracell to Berkshire Hathaway. Procter contributed \$1.8 billion in cash to its battery business in a pretransaction recapitalization in exchange for Berkshire Hathaway's 52 million shares of PG stock. And soon after, P&G announced that it would be divesting the *Hipoglos* diaper rash cream brand in Brazil to Johnson & Johnson. The terms of the deal have not been disclosed, but we expect the sale to close in the next four to six months. Further, P&G plans to close

the sale of its beauty business in the second half of calendar 2016. All told, the company will probably use the proceeds from these divestitures to strategically invest in its remaining brands. **Management's moves ought to help brighten the long-term horizon.** Indeed, P&G's emphasis on productivity improvements has generated about \$7 billion in cumulative savings over the past five years. Moreover, efforts to increase supply-chain management, and strengthen its manufacturing centers and distribution channels (including its e-commerce platform) ought to be accretive to profits further down the road. Plus, branding initiatives and stronger media reach, coupled with global growth efforts, should help PG capture additional market share. **These shares are neutrally ranked for year-ahead price performance.** And PG is already trading near the low end of our projected 2019-2021 Target Price Range. Still, this issue does boast conservative appeal. Its strong finances and perfect scores for Financial Strength (A++) and Price Stability give it some investment luster. *Orly Seidman* *March 25, 2016*