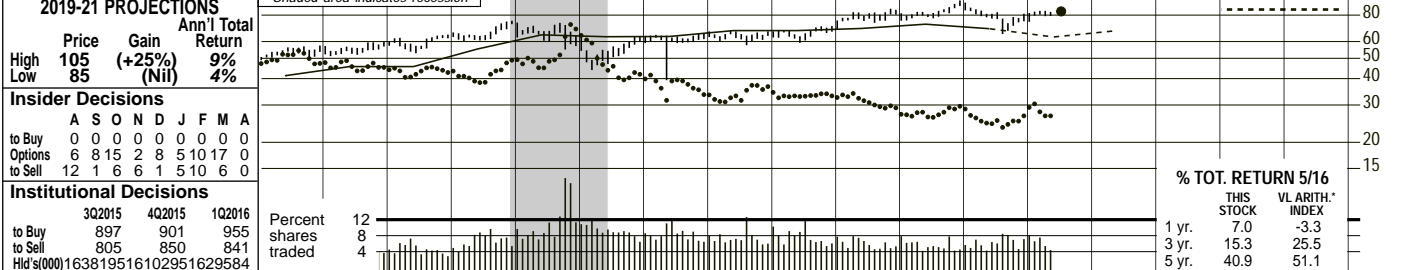


# PROCTER & GAMBLE NYSE-PG

RECENT PRICE **83.35** P/E RATIO **23.0** (Trailing: 21.5; Median: 18.0) RELATIVE P/E RATIO **1.27** DIV'D YLD **3.2%** VALUE LINE

TIMELINESS <b>3</b> Raised 1/8/16	High: 59.7	64.7	75.2	73.8	63.5	65.4	67.7	71.0	85.8	93.9	91.8	83.9	Target Price Range
SAFETY <b>1</b> Raised 1/11/02	Low: 51.2	52.8	60.4	54.9	43.9	39.4	57.6	59.1	68.4	75.3	65.0	74.5	2019 2020 2021
TECHNICAL <b>2</b> Lowered 5/20/16	LEGENDS 13.0 x "Cash Flow" p sh Relative Price Strength 2-for-1 split 6/04 Options: Yes Shaded area indicates recession												
BETA .65 (1.00 = Market)													



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	24.55	25.55	Sales per sh <sup>A</sup>	32.90
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	4.85	5.20	"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	3.65	4.00	Earnings per sh <sup>AB</sup>	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 <sup>C</sup>	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	1.30	1.40	Cap'l Spending per sh	1.45
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	22.50	24.55	Book Value per sh <sup>D</sup>	29.55
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	2650.0	2635.0	Common Shs Outst'g <sup>E</sup>	2600.0
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	<b>Bold figures are Value Line estimates</b>		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			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%			Avg Ann'l Div'd Yield	3.5%

<b>CAPITAL STRUCTURE as of 3/31/16</b>																			
Total Debt \$32.815 bill. Due in 5 Yrs \$19.750 bill.																			
LT Debt \$19,134 bill. LT Interest \$4.65 bill.																			
(Tot. Int. Coverage: 24.3x)																			
(24% 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 2,661,851,865 shares																			
<b>MARKET CAP: \$222 billion (Large Cap)</b>																			
<b>CURRENT POSITION</b>																			
(SMILL.)																			
Cash Assets	10686	11612	13819																
Receivables	6386	4861	4591																
Inventory (FIFO)	6759	5454	4957																
Other	7786	7719	10950																
Current Assets	31617	29646	34317																
Accts Payable	8461	8257	7795																
Debt Due	15606	12021	13681																
Other	9659	9512	9881																
Current Liab.	33726	29790	31357																

<b>ANNUAL RATES</b>																			
of change (per sh)																			
10 Yrs.	Past	Past	Est'd '13-'15																
5 Yrs.	10 Yrs.	5 Yrs.	to '19-'21																
Sales	4.0%	1.5%	1.5%																
"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%	3.0%																

<b>QUARTERLY SALES (\$ mill.) <sup>A</sup></b>																			
Fiscal Year Ends	Sep.30	Dec.31	Mar.31	Jun.30	Full Fiscal Year														
2013	20739	22175	20598	20655	84167														
2014	20830	21897	20178	20157	83062														
2015	20186	20161	18142	17790	76279														
2016	16527	16915	15755	15903	65100														
2017	16850	17075	17175	16225	67325														

<b>EARNINGS PER SHARE <sup>AB</sup></b>																			
Fiscal Year Ends	Sep.30	Dec.31	Mar.31	Jun.30	Full Fiscal Year														
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	.86	.77	3.65														
2017	1.00	1.00	1.00	1.00	4.00														

<b>QUARTERLY DIVIDENDS PAID <sup>C</sup></b>																			
Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year														
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	.67																	

(A) Fiscal years end June 30th. (B) Diluted earnings. Excludes nonrecurring: '00, (24c); '01, (53c); '02, (25c); '03, (19c); '08, (12c); '09, (64c); '10, 58c; '11, (61c); '12, (73c); '13, d19c; '14, d21c. EPS may not sum. Next earnings report due late July. (C) Dividends historically paid in Feb., May, Aug., and Nov. ■ DRIP available. (D) Includes intangibles. In '15: \$74.1 bill., \$27.30 a share. (E) In millions, adjusted for split.

**Company's Financial Strength** A++  
**Stock's Price Stability** 100  
**Price Growth Persistence** 35  
**Earnings Predictability** 100

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**Procter & Gamble will probably put in a weak showing for fiscal 2016.** (Year ends June 30th). The consumer goods conglomerate continued to struggle during the third quarter, causing the top and bottom lines to decline at a 7% clip. The unfavorable currency exchange environment persisted, and a flat pricing and product mix hindered results. Plus, these factors offset much of the benefits from management's productivity improvements. And recent brand divestitures (including the sale of *Duracell* to Berkshire Hathaway) will likely impact year-to-year comparisons. All told, we believe share earnings will fall another 5%-10%, on a 15% revenue decrease for the full year.

**We think things will begin to pick up next year.** The U.S. dollar has already begun to rebound, and this, combined with P&G's restructuring efforts, and other growth initiatives should put the company on the mend in fiscal 2017. All told, share earnings are liable to recoup their 2016 setback, and revenues ought to recover 3% next year.

**Management has been hard at work.** P&G should rely on the proceeds from the

divestitures to invest in its remaining businesses. And ongoing cost-savings measures and efforts to increase operating efficiencies should help expand margins going forward. Too, it ought to focus on gaining market share, specifically through product innovation and new launches. Likewise, advertising campaigns should bolster its brand equity.

**The company has been rewarding its shareholders.** The board increased the second-quarter dividend 1% to \$0.6695 a share. In all, it has earmarked \$7 billion toward dividends this year. Plus, P&G plans to allocate between \$8 billion and \$9 billion toward stock repurchases in fiscal 2016 (which included the \$4.2 billion worth of shares it exchanged during the closing of the *Duracell* divestiture).

**These shares do not stand out for near- or long-term price momentum.** But this stock may appeal to conservative or income-oriented investors. P&G's top scores for Safety and Financial Strength, and low Beta, add to its investment luster. Plus, the equity holds an above-average dividend yield.

*Orly Seidman*  
 June 24, 2016