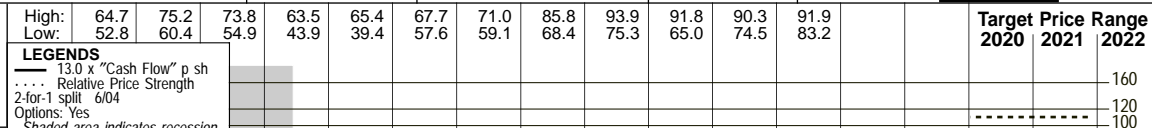


# PROCTER & GAMBLE NYSE-PG

RECENT PRICE **91.00** P/E RATIO **23.5** (Trailing: 24.2; Median: 18.0) RELATIVE P/E RATIO **1.20** DIV'D YLD **2.9%** **VALUE LINE**

**TIMELINESS** 2 Lowered 1/20/17  
**SAFETY** 1 Raised 1/11/02  
**TECHNICAL** 3 Lowered 1/13/17  
**BETA** .70 (1.00 = Market)



**2020-22 PROJECTIONS**

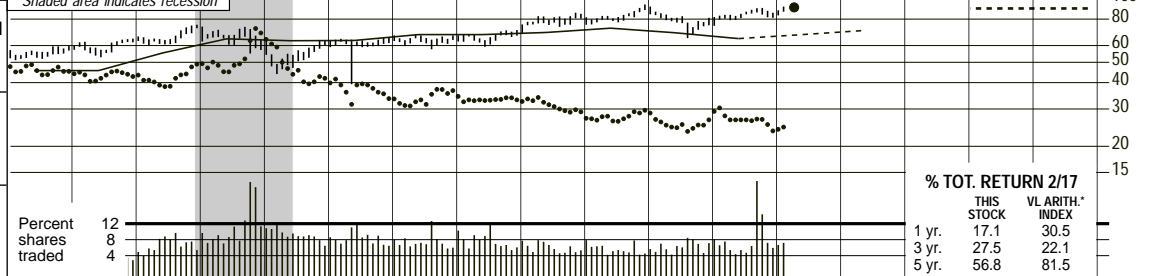
Price	110	Gain	(+20%)	Ann'l Total Return	8%
High	90		(Nil)		3%
Low					

**Insider Decisions**

	M	J	A	S	O	N	D	J
to Buy	0	0	0	0	0	0	0	0
Options	3	6	0	19	8	9	0	6
to Sell	7	1	0	17	2	0	5	0

**Institutional Decisions**

	202016	3Q2016	4Q2016
to Buy	883	830	909
to Sell	900	981	1000
Hlds(1000s)	15756301	18054901	1540528



2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	© VALUE LINE PUB. LLC	20-22
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	24.47	<b>25.70</b>	<b>26.35</b>	Sales per sh <sup>A</sup>	<b>32.00</b>
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	4.97	<b>5.20</b>	<b>5.45</b>	"Cash Flow" per sh	<b>7.60</b>
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	3.67	<b>3.85</b>	<b>4.15</b>	Earnings per sh <sup>AB</sup>	<b>6.20</b>
.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	2.66	<b>2.72</b>	<b>2.85</b>	Div'ds Decl'd per sh <sup>CA</sup>	<b>3.70</b>
.96	.65	.57	.80	.88	.84	.94	1.00	1.11	1.08	1.20	1.44	1.46	1.42	1.38	1.24	<b>1.35</b>	<b>1.40</b>	Cap'l Spending per sh	<b>1.45</b>
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	21.34	<b>21.15</b>	<b>23.00</b>	Book Value per sh <sup>D</sup>	<b>26.30</b>
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	2668.1	<b>2535.0</b>	<b>2525.0</b>	Common Shs Outst'g <sup>E</sup>	<b>2500.0</b>
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	21.4	<i>Bold figures are Value Line estimates</i>		Avg Ann'l P/E Ratio	<b>16.0</b>
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	1.05	1.12			Relative P/E Ratio	<b>1.00</b>
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%	3.4%			Avg Ann'l Div'd Yield	<b>3.7%</b>

**CAPITAL STRUCTURE as of 12/31/16**  
 Total Debt \$29.467 bill. Due in 5 Yrs \$20.00 bill.  
 LT Debt \$16.460 bill. LT Interest \$3.950 bill.  
 (Tot. Int. Coverage: 24.3x)

(23% of Tot. Cap'l)  
**Leases, Uncapitalized Annual Rentals** \$259 mill.  
**Pension Assets-6/16** \$10.3 bill.

**Oblig.** \$17.3 bill.  
 Pfd Stock \$1.1 bill. Pfd Div'd \$63 mill.  
 (ESOP owns 49.3 mill Class A shares and 57.2 mill Class B shares; convertible into common stock.)  
**Common Stock** 2,556,477,220 shares

**MARKET CAP: \$233 billion (Large Cap)**

76476	83503	79029	78938	82559	83680	84167	83062	76279	65299	<b>65150</b>	<b>66500</b>	Sales (\$mill) <sup>A</sup>	<b>80000</b>
24.3%	24.2%	24.3%	24.2%	22.6%	22.6%	22.3%	23.7%	23.4%	26.2%	<b>26.5%</b>	<b>26.5%</b>	Operating Margin	<b>28.0%</b>
3130.0	3166.0	3082.0	3108.0	2838.0	3204.0	2982.0	3141.0	3134.0	3078.0	<b>3185</b>	<b>3225</b>	Depreciation (\$mill)	<b>3500</b>
10340	12075	11293	10946	11797	11344	11869	12220	11535	10441	<b>10000</b>	<b>10520</b>	Net Profit (\$mill)	<b>15500</b>
29.7%	24.9%	26.3%	27.3%	22.3%	24.2%	23.2%	23.5%	20.2%	24.6%	<b>24.0%</b>	<b>24.0%</b>	Income Tax Rate	<b>24.0%</b>
13.5%	14.5%	14.3%	13.9%	14.3%	13.6%	14.1%	14.7%	15.1%	16.0%	<b>15.3%</b>	<b>15.8%</b>	Net Profit Margin	<b>19.4%</b>
d6686	d6443	d8996	d5500	d5323	d2997	d6047	d2109	d144.0	3012.0	<b>2050</b>	<b>1800</b>	Working Cap'l (\$mill)	<b>1500</b>
23375	23581	20652	21360	22033	21080	19111	19811	18329	18945	<b>16000</b>	<b>16000</b>	Long-Term Debt (\$mill)	<b>16000</b>
66760	69494	63099	61439	68001	64035	68709	69976	63050	57983	<b>53580</b>	<b>54650</b>	Shr. Equity (\$mill)	<b>65875</b>
12.1%	13.8%	14.3%	13.8%	13.5%	13.8%	13.9%	14.0%	14.6%	13.9%	<b>14.5%</b>	<b>15.0%</b>	Return on Total Cap'l	<b>19.0%</b>
15.5%	17.4%	17.9%	17.8%	17.3%	17.7%	17.3%	17.5%	18.3%	18.0%	<b>18.5%</b>	<b>19.0%</b>	Return on Shr. Equity	<b>23.0%</b>
9.4%	10.9%	10.1%	9.1%	9.0%	8.3%	7.9%	7.7%	6.9%	5.3%	<b>5.5%</b>	<b>6.0%</b>	Retained to Com Eq	<b>9.5%</b>
41%	39%	45%	50%	49%	54%	55%	57%	63%	71%	<b>70%</b>	<b>69%</b>	All Div'ds to Net Prof	<b>60%</b>

**CURRENT POSITION** 2015 2016 12/31/16 (\$MILL.)

Cash Assets	11612	13348	13454
Receivables	4861	4373	4729
Inventory (FIFO)	5454	4716	4787
Other	7719	11345	2602
Current Assets	29646	33782	25572
Accts Payable	8257	9325	8300
Debt Due	12021	11653	13007
Other	9512	9792	7584
Current Liab.	29790	30770	28891

**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 (18% of fiscal 2016 sales); Grooming (11%); Health Care (11%); Fabric Care & Home Care (32%); Baby, Feminine & Family Care (28%). International sales accounted for 59% of fiscal 2016 sales and Wal-Mart Stores accounted for 15%. Div. battery business in 2/16. Has 105,000 employees. Off. & dir. own less than 1% of stock; BlackRock, 5.8%; Vanguard, 6.3% (8/16 proxy). Chairman: A. G. Lafley. President/CEO: David S. Taylor. Inc.: Ohio. Address: 1 Procter & Gamble Plaza, Cincinnati, Ohio 45202. Tel.: 513-983-1100. Internet: www.pg.com.

**ANNUAL RATES** Past 10 Yrs. Past 5 Yrs. Est'd '14-'16 of change (per sh) to '20-'22

Sales	2.5%	-5%	2.5%
"Cash Flow"	4.5%	1.0%	6.0%
Earnings	4.5%	1.5%	7.5%
Dividends	9.5%	7.5%	6.5%
Book Value	8.0%	1.0%	2.0%

**Procter & Gamble's earnings ought to begin to rebound in fiscal 2017.** (Fiscal year ends June 30th.) The company got off to a strong start this year, and share net increased roughly 4% during the first six months of fiscal 2017. Much of its recent progress was spurred by management's efforts (discussed below). Revenues, on the other hand, limped along during the first half. P&G continued to face headwinds from unfavorable currency exchange rates and tough operating environment. We imagine a similar story will unfold for the full year. As a result, we look for the bottom line to rebound 5%, while the top line remains virtually flat. And share earnings will likely climb another 5%-10%, on a 2% revenue advance next year.

**QUARTERLY SALES (\$ mill.) <sup>A</sup>**

Fiscal Year Ends	Sep.30	Dec.31	Mar.31	Jun.30	Full Fiscal Year
2014	20830	21897	20178	20157	83062
2015	20186	20161	18142	17790	76279
2016	16527	16915	15755	16102	65299
2017	16518	16856	15725	16051	65150
2018	16600	16875	16000	17025	66500

**Margin improvements have been a key priority of late.** The company has made several divestitures over the last couple of years, and most recently sold its beauty brands to Coty. We think these asset sales will enable P&G to focus on its core operating segments. Meanwhile, management has been implementing supply-chain improvements to increase the productivity of its operations. Likewise, careful

**EARNINGS PER SHARE <sup>AB</sup>**

Fiscal Year Ends	Sep.30	Dec.31	Mar.31	Jun.30	Full Fiscal Year
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	.79	3.67
2017	1.03	1.08	.94	.80	3.85
2018	1.05	1.10	1.00	1.00	4.15

**cost controls have also helped bolster profitability.** **P&G ought to expand its market reach.** The company has also been strengthening its distribution network, to offset sagging sales. Too, it may ramp up its advertising campaign as part of brand-building efforts. Likewise, P&G will likely turn to product development and technological innovation to enhance its roster. All told, we look for organic sales to make decent progress in the near term, even though much of this will be negated by the currency drag.

**QUARTERLY DIVIDENDS PAID <sup>CA</sup>**

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2013	.562	.602	.602	.602	2.37
2014	.602	.644	.644	.644	2.53
2015	.644	.663	.663	.663	2.63
2016	.663	.67	.67	.67	2.67
2017	.67				

**These shares are fairly valued at this juncture.** This issue has trended upward nicely over the past few months and is favorably ranked for year-ahead price performance. But it is already trading within our 2020-2022 Target Price Range, thereby limiting its long-term appreciation potential. That said, this blue chip offers good conservative appeal. And its tendency to trade within a narrow band, perfect score for Price Stability, and worthwhile dividend yield add to its risk-adjusted total return prospects.

*Orly Seidman* March 24, 2017

(A) Fiscal years end June 30th. (B) Diluted core earnings. Excludes nonrecurring: '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 April. (C) Dividends historically paid in Feb., May, Aug., and Nov. ■ DRIP available. (D) Includes intangibles. In '16: \$68.9 bill., \$25.82 a share. (E) In millions, adjusted for split.

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**Company's Financial Strength** A++  
**Stock's Price Stability** 100  
**Price Growth Persistence** 25  
**Earnings Predictability** 100

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