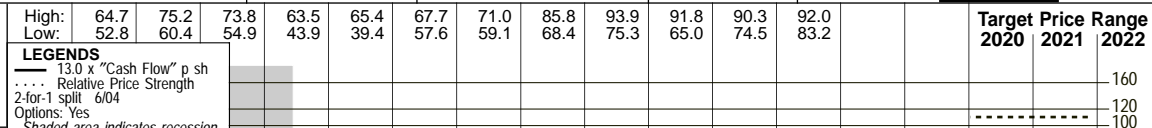


# PROCTER & GAMBLE NYSE-PG

RECENT PRICE **88.06** P/E RATIO **22.4** (Trailing: 22.8; Median: 18.0) RELATIVE P/E RATIO **1.12** DIV'D YLD **3.1%** VALUE LINE

**TIMELINESS** 3 Lowered 4/28/17  
**SAFETY** 1 Raised 1/11/02  
**TECHNICAL** 3 Lowered 6/16/17  
**BETA** .70 (1.00 = Market)



**2020-22 PROJECTIONS**

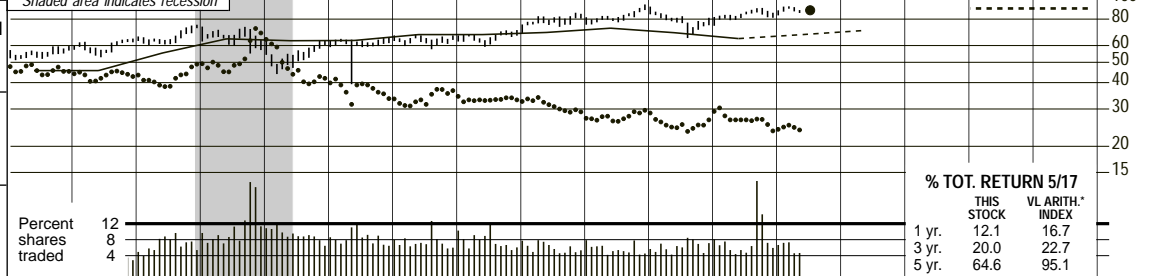
Price	110	Gain	(+25%)	Ann'l Total Return	9%
Low	90		(Nil)		4%

**Insider Decisions**

	A	S	O	N	D	J	F	M	A
to Buy	0	0	0	0	0	0	0	0	0
Options	19	8	9	0	6	6	15	14	0
to Sell	17	2	0	5	0	6	15	10	0

**Institutional Decisions**

	3Q2016	4Q2016	1Q2017
to Buy	830	909	828
to Sell	981	1000	1080
Hlds(000)	1805490	1540528	1700043



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>25.40</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>3.90</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>C</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>21.55</b>	<b>22.95</b>	Book Value per sh <sup>D</sup>	<b>28.25</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	<b>21.5</b>	<b>21.5</b>	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	<b>1.12</b>	<b>1.12</b>	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%	<b>3.4%</b>	<b>3.4%</b>	Avg Ann'l Div'd Yield	<b>3.7%</b>

**CAPITAL STRUCTURE as of 3/31/17**  
 Total Debt \$30.414 bill. Due in 5 Yrs \$20.00 bill.  
 LT Debt \$16.633 bill. LT Interest \$3.950 bill.  
 (Tot. Int. Coverage: 24.3x)  
 (23% of Tot. Cap'l)  
**Leases, Uncapitalized Annual Rentals** \$259.3 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** 2,557,614,388 shares

76476	83503	79029	78938	82559	83680	84167	83062	76279	65299	<b>64350</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>15.5%</b>	<b>15.8%</b>	Net Profit Margin	<b>19.4%</b>
d6686	d6443	d8996	d5500	d5323	d2997	d6047	d2109	d1440	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>54650</b>	<b>57975</b>	Shr. Equity (\$mill)	<b>70625</b>
12.1%	13.8%	14.3%	13.8%	13.5%	13.8%	13.9%	14.0%	14.6%	13.9%	<b>14.0%</b>	<b>14.0%</b>	Return on Total Cap'l	<b>18.0%</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>15.0%</b>	Return on Shr. Equity	<b>22.0%</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>68%</b>	All Div'ds to Net Prof	<b>60%</b>

**MARKET CAP: \$225 billion (Large Cap)**

**CURRENT POSITION**

	2015	2016	3/31/17
Cash Assets	11612	13348	14327
Receivables	4861	4373	4358
Inventory (FIFO)	5454	4716	4754
Other	7719	11345	2446
Current Assets	29646	33782	25885
Accts Payable	8257	9325	8076
Debt Due	12021	11653	13781
Other	9512	9792	7225
Current Liab.	29790	30770	29082

**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 common stock; BlackRock, 5.8%; Vanguard, 6.3% (8/16 proxy). Chairman/President/CEO: David S. Taylor. Inc.: Ohio. Address: 1 Procter & Gamble Plaza, Cincinnati, Ohio 45202. Telephone: 513-983-1100. Internet: www.pg.com.

**Procter & Gamble will probably put in a mixed showing for fiscal 2017.** (Year ends June 30th.) All in all, the consumer goods conglomerate likely made a fair amount of progress this year. Its restructuring efforts and margin expansion helped spur profits, while pricing initiatives and an improved product mix offset the negative impact from recent brand divestitures and aided organic revenues. That said, continued headwinds, mainly the currency fluctuations and geopolitical concerns interrupting certain overseas business, overshadowed some of the good news. Consequently, we believe profits will rebound about 6%, to \$3.90 a share, while the top line comes in flat.

**ANNUAL RATES**

of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '14-'16 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%

**The company is well positioned for next year.** Share earnings ought to advance at an upper-single-digit clip in fiscal 2018. Moreover, the top line ought to rebound 3%.

**en margins.** Procter divested a few minor brands over the past couple of years, and ought to invest the proceeds of these asset sales in its remaining segments. Looking ahead, we would not be surprised if it sought some tuck-in acquisitions or other streamlining moves to better position its operations.

**Fiscal Year Ends**

	2014	2015	2016	2017	2018	Full Fiscal Year
QUARTERLY SALES (\$mill.) <sup>A</sup>						
Sep.30	20830	21897	20178	20157		83062
Dec.31	20186	20161	18142	17790		76279
Mar.31	16527	16915	15755	16102		65299
Jun.30	16518	16856	15605	15371		64350
	16600	16875	16000	17025		66500

**The company has been strengthening its portfolio.** Over the past several months, management focused on a widescale restructuring campaign. And we believe it will continue to rely on productivity improvements and cost-savings initiatives to widen

**The company has been widening its footprint.** Brand-building efforts may help Procter & Gamble capture additional market share. Too, the company has been bolstering its e-commerce arm, which should better diversify its revenue streams moving forward.

**Fiscal Year Ends**

	2014	2015	2016	2017	2018	Full Fiscal Year
EARNINGS PER SHARE <sup>AB</sup>						
Sep.30	1.05	1.20	1.02	.95		4.22
Dec.31	1.04	1.06	.92	1.00		4.02
Mar.31	.98	1.04	.86	.79		3.67
Jun.30	1.03	1.08	.96	.83		3.90
	1.05	1.10	1.00	1.00		4.15

**P&G has been strengthening its portfolio.** Over the past several months, management focused on a widescale restructuring campaign. And we believe it will continue to rely on productivity improvements and cost-savings initiatives to widen

**These shares appear to be well valued at this juncture.** The stock is already trading near the low end of our 2020-2022 Target Price Range, thereby limiting much of its long-term capital gains potential. Nevertheless, the blue chip carries a fair amount of conservative appeal. Plus, income-oriented investors may want to take a closer look. The board of directors recently raised the quarterly payout by nearly 3%, to \$0.69 a share. And PG offers an above-average dividend yield.

**Cal-endar**

	2013	2014	2015	2016	2017	Full Year
QUARTERLY DIVIDENDS PAID <sup>C</sup>						
Mar.31	.562	.602	.602	.602		2.37
Jun.30	.602	.644	.644	.644		2.53
Sep.30	.644	.663	.663	.663		2.63
Dec.31	.663	.67	.67	.67		2.67

**Orly Seidman**  
 June 23, 2017

**Orly Seidman**  
 June 23, 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 July. (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.

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

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