

# PROCTER & GAMBLE NYSE-PG

RECENT PRICE **119.88** P/E RATIO **25.2** (Trailing: 26.5; Median: 19.0) RELATIVE P/E RATIO **1.48** DIV'D YLD **2.5%** VALUE LINE **1192**

TIMELINESS <b>1</b> Raised 3/8/19	High: 73.8	63.5	65.4	67.7	71.0	85.8	93.9	91.8	90.3	94.7	96.9	123.4								Target Price Range
SAFETY <b>1</b> Raised 1/11/02	Low: 54.9	43.9	39.4	57.6	59.1	68.4	75.3	65.0	74.5	83.2	70.7	89.1								2022 2023 2024
TECHNICAL <b>2</b> Raised 9/20/19	<b>LEGENDS</b> 14.0 x "Cash Flow" p sh Relative Price Strength Options: Yes Shaded area indicates recession																			
BETA .70 (1.00 = Market)																				

2022-24 PROJECTIONS		Ann'l Total Return	
Price	Gain	Price	Gain
High <b>130</b>	<b>(+10%)</b>	High <b>130</b>	<b>(+10%)</b>
Low <b>105</b>	<b>(-10%)</b>	Low <b>105</b>	<b>(-10%)</b>
<b>Insider Decisions</b> N D J F M A M J J to Buy 0 0 0 0 0 0 0 0 Options 18 7 2 10 18 3 11 6 to Sell 19 2 2 10 6 5 13 0			
<b>Institutional Decisions</b> 4Q2018 1Q2019 2Q2019 to Buy 1044 992 975 to Sell 1125 1204 1203 Hlds(000) 153680 11562263 1670508			
Percent shares traded: 12, 8, 4			
% TOT. RETURN 8/19 THIS STOCK INDEX 1 yr. 49.4 -9.8 3 yr. 51.4 20.7 5 yr. 69.7 29.0			

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	© VALUE LINE PUB. LLC 22-24	
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	25.48	26.75	27.02	<b>28.75</b>	Sales per sh <sup>A</sup>	<b>33.35</b>
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	5.21	5.52	5.76	<b>6.20</b>	"Cash Flow" per sh	<b>7.95</b>
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	3.92	4.22	4.52	<b>4.85</b>	Earnings per sh <sup>AB</sup>	<b>6.50</b>
.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	2.70	2.79	2.90	<b>3.00</b>	Div'ds Decl'd per sh <sup>C</sup>	<b>3.50</b>
.57	.80	.88	.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	<b>1.50</b>	Cap'l Spending per sh	<b>1.50</b>
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	21.45	20.78	18.47	<b>21.45</b>	Book Value per sh <sup>D</sup>	<b>29.45</b>
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	2553.3	2498.1	2504.8	<b>2450.0</b>	Common Shs Outst'g <sup>E</sup>	<b>2400.0</b>
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	22.3	20.1	20.7		Avg Ann'l P/E Ratio	<b>18.0</b>
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	1.12	1.09	1.17		Relative P/E Ratio	<b>1.00</b>
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%	3.1%	3.3%	3.1%		Avg Ann'l Div'd Yield	<b>3.0%</b>

<b>CAPITAL STRUCTURE as of 6/30/19</b>				79029	78938	82559	83680	84167	83062	76279	65299	65058	66832	67684	<b>70250</b>	Sales (\$mill) <sup>A</sup>	<b>80000</b>
Total Debt \$30.092 bill. Due in 5 Yrs \$20.40 bill.				24.3%	24.2%	22.6%	22.6%	22.3%	23.7%	23.4%	26.2%	26.4%	25.9%	25.2%	<b>25.0%</b>	Operating Margin	<b>28.0%</b>
LT Debt \$20.395 bill. LT Interest \$1.250 bill.				3082.0	3108.0	2838.0	3204.0	2982.0	3141.0	3134.0	3078.0	2820.0	2834.0	2824.0	<b>3150</b>	Depreciation (\$mill)	<b>3500</b>
(Tot. Int. Coverage: 30.1x)				11293	10946	11797	11344	11869	12220	11535	10441	10733	11205	11877	<b>12000</b>	Net Profit (\$mill)	<b>15600</b>
(30% of Tot. Cap'l)				26.3%	27.3%	22.3%	24.2%	23.2%	23.5%	20.2%	24.6%	23.8%	21.5%	19.4%	<b>22.0%</b>	Income Tax Rate	<b>21.0%</b>
Leases, Uncapitalized Annual Rentals \$255 mill.				14.3%	13.9%	14.3%	13.6%	14.1%	14.7%	15.1%	16.0%	16.5%	16.8%	17.5%	<b>17.1%</b>	Net Profit Margin	<b>19.5%</b>
Pension Assets-6/19 \$11.382 bill.				d8996	d5500	d5323	d2997	d6047	d2109	d144.0	3012.0	d3716	d4917	d7538	<b>d3250</b>	Working Cap'l (\$mill)	<b>1500</b>
Oblig. \$1,037 bill.				20652	21360	22033	21080	19111	19811	18329	18945	18038	20863	20395	<b>20000</b>	Long-Term Debt (\$mill)	<b>20000</b>
Pfd Stock \$928 mill.				63099	61439	68001	64035	68709	69976	63050	57983	55778	47194	<b>52500</b>	Shr. Equity (\$mill)	<b>70625</b>	
(ESOP owns 49.3 mill Class A shares and 57.2 mill Class B shares; convertible into common stock.)				14.3%	13.8%	13.5%	13.8%	13.9%	14.0%	14.6%	13.9%	14.9%	15.5%	17.9%	<b>16.5%</b>	Return on Total Cap'l	<b>17.0%</b>
Common Stock 2,502,259,668 shares as of 7/31/19				17.9%	17.8%	17.3%	17.7%	17.3%	17.5%	18.3%	18.0%	19.2%	21.2%	25.2%	<b>23.0%</b>	Return on Shr. Equity	<b>22.0%</b>
MARKET CAP: \$300 billion (Large Cap)				10.1%	9.1%	9.0%	8.3%	7.9%	7.7%	6.9%	5.3%	6.4%	7.5%	8.9%	<b>9.0%</b>	Retained to Com Eq	<b>10.0%</b>
CURRENT POSITION				45%	50%	49%	54%	55%	57%	63%	71%	67%	65%	65%	<b>61%</b>	All Div'ds to Net Prof	<b>54%</b>

Cash Assets	15137	11850	10287	<b>BUSINESS:</b> 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 (19% of fiscal '19 sales, 22% of earnings); Grooming (9%, 13%); Health Care (12%, 13%); Fabric & Home Care (33%, 29%); Baby, Feminine & Family Care (27%, 23%). Walmart accounted for 15% of '18 sales and 73% of earnings from continuing operations came from outside the U.S. Div. battery business in 2/16. Has 97,000 employees. Off. & dir. own 1.75% of stock; BlackRock, 6.8%; Vanguard, 7.8% (8/19 proxy). Chairman/CEO: David S. Taylor. Inc.: Ohio. Address: 1 Procter & Gamble Plaza, Cincinnati, Ohio 45202. Telephone: 513-983-1100. Internet: www.pg.com.
Receivables	4594	4686	4951	
Inventory (FIFO)	4624	4738	5017	
Other	2139	2046	2218	
Current Assets	26494	23320	22473	
Accts Payable	9632	10344	11260	
Debt Due	13554	10423	9697	
Other	7024	7470	9054	
Current Liab.	30210	28237	30011	

<b>ANNUAL RATES</b>	Past 10 Yrs	Past 5 Yrs	Est'd '17-'19 to '22-'24
of change (per sh)	-	-3.0%	5.0%
Sales	-	-3.0%	5.0%
"Cash Flow"	1.5%	.5%	7.5%
Earnings	2.0%	1.0%	9.0%
Dividends	6.5%	4.0%	4.5%
Book Value	-5%	-3.5%	8.0%

Fiscal Year Ends	QUARTERLY SALES (\$ mill.) <sup>A</sup>				Full Fiscal Year
	Sep.30	Dec.31	Mar.31	Jun.30	
2016	16527	16915	15755	16102	65299
2017	16518	16856	15605	16079	65058
2018	16653	17395	16281	16503	66832
2019	16690	17438	16462	17094	67684
2020	<b>17450</b>	<b>18325</b>	<b>16950</b>	<b>17525</b>	<b>70250</b>

Fiscal Year Ends	EARNINGS PER SHARE <sup>AB</sup>				Full Fiscal Year
	Sep.30	Dec.31	Mar.31	Jun.30	
2016	.98	1.04	.86	.79	3.67
2017	1.03	1.08	.96	.85	3.92
2018	1.09	1.19	1.00	.94	4.22
2019	1.12	1.25	1.06	1.10	4.52
2020	<b>1.20</b>	<b>1.25</b>	<b>1.20</b>	<b>1.20</b>	<b>4.85</b>

Cal-endar	QUARTERLY DIVIDENDS PAID <sup>C</sup>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2015	.644	.663	.663	.663	2.63
2016	.663	.67	.67	.67	2.67
2017	.67	.69	.69	.69	2.74
2018	.69	.72	.72	.72	2.85
2019	.72	.746	.746		

(A) Fiscal years end June 30th. (B) Diluted core earnings. Excludes n/r gains/losses: '03, (39¢); '09, (68¢); '10, 58¢; '12, (73¢); '13, (19¢); '14, (24¢); '15, (96¢); '16, (18¢); '17, (23¢) '18, (55¢); '19 (\$3.09). EPS may not sum. Next earnings report due late October. (D) Includes intangibles. In Fiscal '19: \$64.5 bill., \$25.75 a share. (E) In millions. (C) Dividends historically paid in Feb., May, Aug., and Nov. ■ DRIP available.

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**Procter & Gamble is poised to do well in the near term.** The household goods conglomerate made decent progress in fiscal 2019 (which ended June 30, 2019). Organic sales growth, thanks to stronger volume, and an improved product and pricing mix, will likely continue to drive growth. Likewise, management's efforts (more below) and a better business backdrop ought to enable P&G to build momentum in the coming quarters. In all, we expect share earnings will advance at an upper-single-digit clip, on a 3%-5% revenue gain in fiscal 2020.

**Some operating headwinds may persist.** Higher input costs have been taking a toll on margins. Likewise, currency fluctuations, and the impact of the United States' ongoing global trade negotiations, may temper some of the company's gains from overseas markets. Too, during the fourth quarter, P&G recorded a large writedown at its Gillette Shave Care business. With this \$8 billion noncash goodwill impairment charge, the bottom line fell into the red, and GAAP earnings slumped 61% to \$1.43 per share, for fiscal 2019. And rumors persist that the company will

put the razor business on the auction block.

**The company has been hard at work.** Over the past few years, management overhauled its portfolio, divesting several brands. Moreover, its focus on improving productivity helped boost its remaining segments. Looking ahead, P&G ought to bolster its brands through innovation and product development and packaging improvements. Increased marketing and advertising efforts and better retail execution should also help gain market share. Too, it has been expanding distribution and maximizing its reach by ramping up its e-commerce business.

**The blue chip is favorably ranked for the year ahead.** These shares have been trending nicely, and are up 12% in value since our June review. Plus, P&G offers an above-average dividend yield, and will likely continue to return cash to shareholders through buybacks and dividends, enhancing its risk-adjusted income appeal. That said, much of the good news we anticipate over the 2022-2024 pull is already baked into the recent quotation.

*Orly Seidman* *September 20, 2019*

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

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