



Krause Fund Research

Fall 2025 | November 18, 2025



Procter&Gamble

Analysts

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Recommendation

BUY

NYSE: PG

Current Price: \$147.73

Target Range: \$172 - \$180

Company Overview

Procter & Gamble (P&G) is a global leader in consumer staples, offering trusted brands across fabric and home care, baby and feminine care, beauty, grooming, and health care. P&G operates in over 180 countries, driving growth through product innovation, efficiency, and disciplined execution.

Financial Snapshot

Krause Fund Valuation Summary

DCF/ EP: \$179.07

DDM: \$172.50

Relative Valuation: \$125.77 - \$130.56

WACC: 5.88%

Beta: 0.36

Stock Performance Highlights

52-Week Range: \$144.09 - \$180.43

Market Cap: \$347.6B

Shares Outstanding: 2.34M

2025 Key Ratios & Metrics

ROE: 31.77%

ROIC: 44.39%

ROA: 12.98%

Debt-to-Equity: 1.4x

Earnings Estimates

Year	2025	2026E	2027E	2028E
EPS	6.67	6.38	6.67	7.06
Growth	7.9%	(4.4%)	4.5%	5.9%

Investment Thesis

We recommend a **BUY** rating on P&G, with a **target price of \$172-180**.

Thesis Drivers

- P&G's sustained competitive advantage supports its ability to command a pricing premium over peers, reinforcing long-term ROIC and margin assumptions.
- Fiscal Year 2026 and 2027 revenue normalization across key segments and a steady 2-3% long term sales CAGR, supporting intrinsic upside.
- Premiumization, led by Beauty and Grooming, strengthens mix and supports margin stability as inflation cools, reinforcing our DCF/EP assumptions.

Risks to Thesis

- Weak North American demand could slow FY2026 volume recovery, particularly in price-sensitive household categories.
- A decline in consumer sentiment or renewed inflation could increase private-label trade-down and limit premium mix gains embedded in our forecasts.
- International volatility (e.g. slower China recovery) could trim reported growth, though these risks are not central to our thesis.

3 Year Performance



Company Description

Procter & Gamble (P&G) is the world's largest manufacturer and marketer of consumer-packaged goods, operating across ten key product categories organized into five segments: Fabric & Home Care, Health Care, Grooming, Beauty, and Baby, Feminine & Family Care (**Figure 1.1**). P&G manages a diverse portfolio of 65 brands, including roughly 20 billion-dollar names such as Bounty, Tide, and Gillette. P&G serves consumers in more than 180 countries.

Category	Major Brands
Fabric Care	Downy, Gain, Tide
Home Care	Cascade, Dawn, Febreze, Mr. Clean
Baby Care	Luvs, Pampers
Family Care	Bounty, Charmin, Puff
Hair Care	Head & Shoulders, Herbal Essences, Pantene
Skin and Personal Care	Olay, Old Spice, Secret, Native
Grooming	Braun, Gillette, Venus
Oral Care	Crest, Oral-B, Vicks
Feminine Care	Always, Always Discreet, Tampax
Personal Health Care	Neurobion, Pepto-Bismol, Vicks

Figure 1.1 - Source: P&G 10K

P&G's strategy is built around a focused portfolio of daily-use categories where performance drives brand choice, supported by superiority in product performance, packaging, communication, and retail execution. Management continues to increase investment in innovation and demand creation, reinforcing its ability to grow categories, strengthen brand equity, and sustain competitive leadership¹.

This strategic foundation sets the stage for our analysis of P&G's recent revenue trends, segment dynamics, and long-term growth outlook.

Revenue Breakdown and Discussion

Our revenue analysis begins by assessing P&G's recent performance to establish the base of our forward projections. We reviewed historical segment trends and management disclosures to identify the short-term headwinds that constrained FY2025 sales, then incorporated these insights into our outlook for growth normalizing as pricing and international volumes recover from a year of stagnation.

P&G generated \$84.3 billion in net sales during FY2025, a 0.3% increase year over year². The subdued top-line performance reflects temporary pressures: a one-percent FX drag, softer volumes in Europe and China, and category-specific weakness in Beauty and Baby Care as consumers traded down amid elevated price sensitivity.

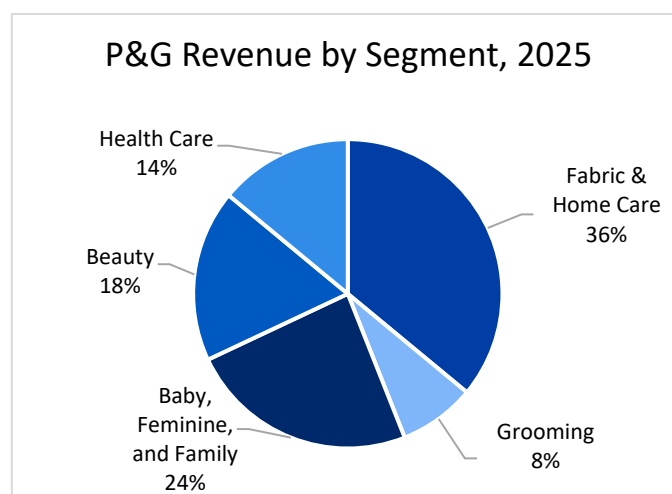


Figure 1.2 - Source: P&G 10K

Segment results reflected these near-term pressures. Fabric & Home Care (36% of sales) was flat, with pricing gains and favorable product mix offset by volume declines in international markets. Baby, Feminine & Family Care (24%) declined slightly as lower diaper volumes and competitive pricing weighed on growth, partially balanced by North American mix improvement. Beauty (18%) contracted modestly due to weaker skin care demand in Asia. Health Care (14%) remained a modest growth driver, supported by Oral-B and Vicks

strength, while Grooming (8%) stabilized, supported by innovations in razors and expanded direct-to-consumer reach through Gillette.

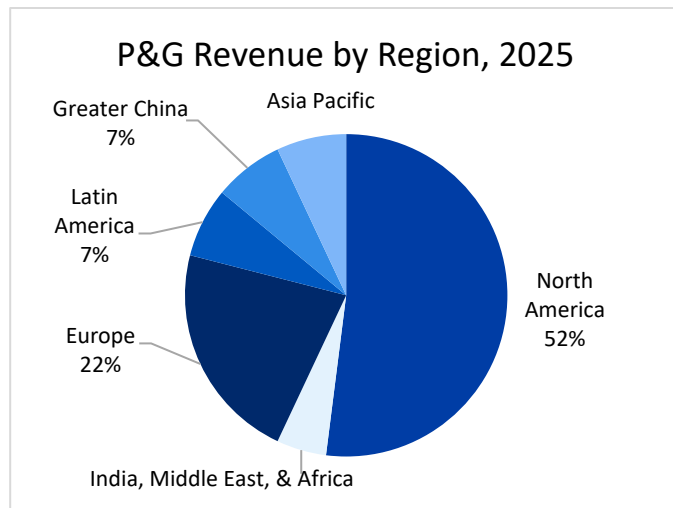


Figure 1.3 - Source: P&G 10K

P&G maintained a balanced geographic revenue base, with 52% of sales generated in North America, 22% in Europe, and 7% in China. The remaining revenue was distributed across Asia-Pacific, Latin America, and the IMEA region. While geographic diversity supports long-term stability, it also amplified FX translation risk, limiting reported growth in FY2025.

Momentum improved immediately in FY2026 (Figure 1.4). In the first quarter of FY2026, reported sales increased 3% and organic sales 2%, led by Beauty (+6%) and Grooming (+5%); a reversal of the prior year's stagnation³. All five segments showed volume stabilization, and management reaffirmed guidance for 1-5 percent all-in sales growth and flat-to-4 percent organic growth, indicating a sustained recovery⁴.

Our FY2026 estimates forecast total sales of \$87.0 billion, or 3.2% growth, in line with early results. We attribute 1 percentage point of growth to higher pricing and 1 point to favorable mix, consistent with the industry's premiumization trend: consumers trading up to differentiated products across skin care, razors, and oral health. The remaining growth stems from volume recovery in Greater China, Latin America, and emerging Asia-Pacific, offsetting a slight volume dip in North America as demand normalizes post-inflation.

Our model projects Beauty (+5.2%) and Grooming (+4.4%) as FY2026 growth leaders, supported by last year's increased Capex (+17% and +34%, respectively) and a pipeline of innovation. Health Care (+3.5%) benefits from demographic tailwinds and ongoing OTC expansion, while Fabric & Home Care (+2.6%) and Baby, Feminine & Family Care (+2.0%) remain slower but stable contributors. Beyond FY2026, growth moderates toward 2.6% CAGR through FY2030, reflecting a mature but resilient Consumer Staples trend.

In sum, P&G's flat FY2025 sales reflected transitory macro pressures, not weakness in its core portfolio. The early FY2026 rebound, supported by favorable pricing, premium mix, and renewed emerging-market demand, reinforces our conviction in a 2-3% long term sales CAGR, led by Beauty, Grooming, and Health Care, while Fabric & Home Care and Baby Care provide steady cash generation.

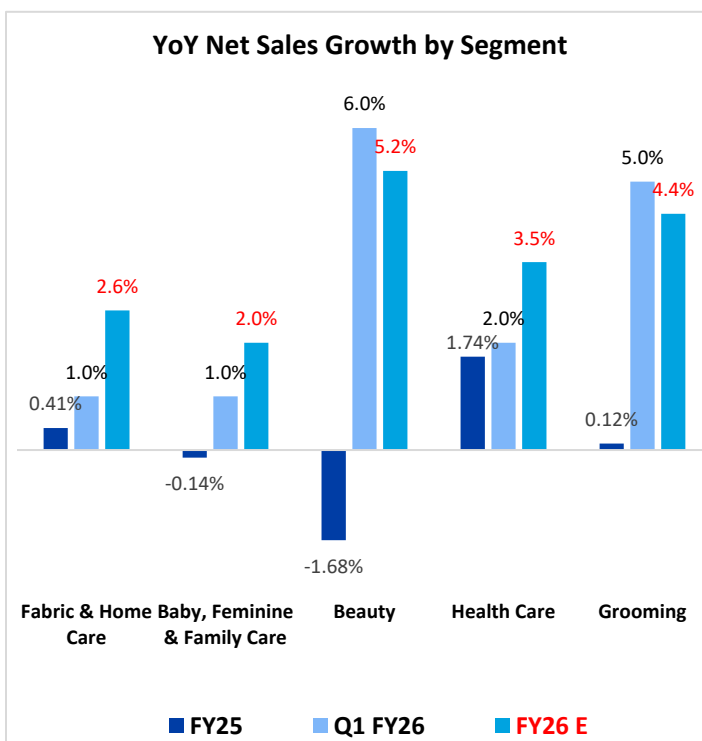


Figure 1.4 - Source: P&G 10K, P&G 8K

Cost Structure and Margin Analysis

Following the recovery of top-line momentum, we evaluate P&G's cost structure to understand how the firm converts its pricing and mix advantages into operating profitability. P&G's cost base is concentrated in two areas: Cost of Products Sold (~48% of FY2025 net sales) and Selling, General & Administrative expenses (~24%), with Research and Development embedded within SG&A. These ratios have remained stable over the past several years, showcasing the resilience of P&G's operating model even during periods of FX pressure and volume stagnation.

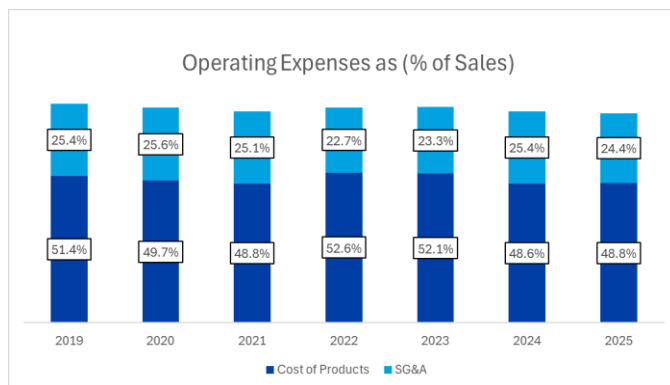


Figure 1.5 – Source: P&G 10K

Cost of products sold is driven primarily by raw materials such as paper pulp, resins, packaging supplies, and energy inputs. While a meaningful portion of P&G's sourcing is domestic, the company imports nearly 77 percent of its wood pulp from Canada, Latin America, and Europe.⁵ This dependency exposes the business to input price volatility – and importantly in FY2026 – tariff risk. Beginning September 2025, the U.S. imposed a 10 percent tariff on wood-based imports, directly affecting paper-based categories such as Bounty, Charmin, and Pampers⁶. P&G must choose between absorbing higher costs or passing them through to consumers, a decision heavily influenced by each category's competitive intensity and elasticity. Historically, P&G demonstrated the ability to offset input pressure with selective pricing and mix and is a key reason why margins held firm even as FY2025 volumes softened.

On the SG&A side, P&G continues to balance disciplined spending with reinvestment in brand equity. The firm allocates approximately 2.5% of sales to research and development, a level consistent with its focus on product superiority and innovation-led differentiation. Marketing and advertising represent the majority of SG&A. While spending has been somewhat variable year to year, P&G delivered consistent leverage through productivity programs and streamlined organizational structures. This enables P&G to reinvest behind priority brands, particularly in Beauty and Grooming, without materially expanding its SG&A ratio.

Our model reflects these structural dynamics. We forecast Cost of Sales as 50.7% of revenue in FY2026, gradually tapering by roughly 10-15 basis points per year through FY2030 as modest economies of scales materialize and pricing/mix benefits support gross margin stability. To isolate the operational cost profile, we removed depreciation and amortization from Cost of Sales and forecasted it independently.

Similarly, SG&A is projected to decline from 24.6% of sales in FY2026 to 24.2% in FY2030, reflecting ongoing productivity savings and digital marketing efficiencies rather than broad cost-cutting. Overall, our assumptions reflect a mature Consumer Staples cost framework, where incremental margin gains are achieved through scale, mix, and discipline.

Taken together, P&G's cost structure supports our broader thesis: the company's ability to maintain gross and operating margin stability through volatile input cycles is a competitive advantage. The combination of pricing power, premiumization, and global sourcing diversification positions P&G to protect profitability while continuing to invest behind its most attractive categories. As revenue growth normalizes, we expect these efficiencies to support steady operating margin expansion over the forecast horizon.

Capital Expenditures

P&G directs capital expenditures toward maintaining and improving its global manufacturing base, with investments concentrated in equipment upgrades, automation, and technology enhancements that support long-term productivity and product superiority. The company spent \$1.2 billion in the first three months of FY2026, consistent with management's stated plan, outlined in its recent 8-K, to maintain Capex at 4-5% of sales.

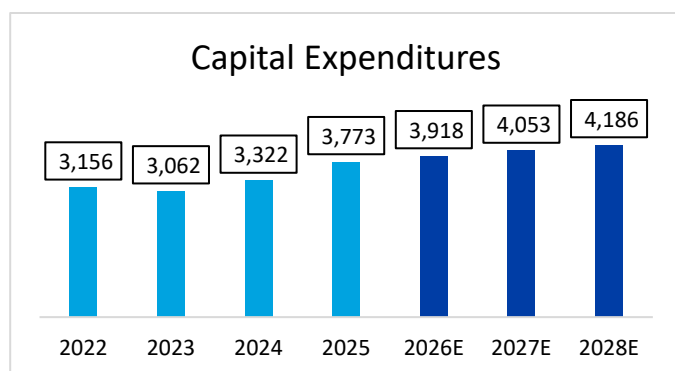


Figure 1.6 – Source: P&G 10K

In our model, we apply a 4.5% Capex-to-sales ratio, representing the midpoint of management's guidance and in line with P&G's historical reinvestment range. This yields a projected \$3.9 billion of capital expenditures in FY2026, a 3.8% increase from FY2025. We maintain the ratio throughout the forecast horizon to reflect P&G's disciplined reinvestment strategy, which supports innovation, manufacturing resilience, and the company's ability to sustain leadership across core segments.

Debt and Interest Expense

Procter & Gamble maintains one of the strongest balance sheets in the Consumer Staples sector, supported by consistent free cash flow generation and a conservative capital structure. The firm carries \$33.5 billion in total debt, representing a 1.6x leverage ratio (Total Debt/ EBITDA), and produces more than \$17.8 billion in annual operating cash flow; providing ample coverage for interest obligations and upcoming maturities. Even in years

with elevated maturities, such as FY2026 when \$4.4 billion of debt is scheduled to roll off (Figure 1.6), P&G can refinance at competitive terms due to its investment-grade credit rating and stable operating profile.

Fiscal Year	Payment (\$mil)
2026	4,358
2027	3,405
2028	2,274
2029	2,170
2030	4,166
Thereafter	17,183

Figure 1.7 - Source: P&G 10K

P&G's debt is intentionally staggered across maturities, reducing concentration risk and supporting flexibility in varying rate environments. P&G uses debt primarily to fund working capital, routine capital expenditures, and shareholder returns rather than large-scale, risky expansion. Given the scale and predictability of P&G's cash flow, we see no concerns regarding the firm's ability to service or extend its current and future obligations.

Our modeling approach reflects this stability. We forecast long-term debt as a steady proportion (21.5%) of non-cash assets, consistent with historical leverage. Short-term debt is tied directly to the maturity schedule reported in P&G's FY2025 10-K. Interest expense is projected using prevailing yields on P&G corporate bonds, applying a 3.65% rate to short-term borrowings and 3.3% to long-term debt. These assumptions produce a stable and predictable interest expense profile across our forecast horizon, aligning with the company's disciplined balance-sheet management.

Ultimately, P&G's combination of scale, strong cash conversion, and access to low-cost financing reinforces a highly manageable capital structure. We do not expect leverage or interest expense to constrain reinvestment, dividend growth, or long-term shareholder returns.

Payout Policy

Procter & Gamble consistently delivers value to its shareholders through a balanced combination of dividends and share repurchases. As a dividend aristocrat, the company has paid a dividend for 135 consecutive years and increased it for 69 straight years. Over the past decade, P&G's dividend has grown at a 4.65% CAGR⁷, supported by a payout ratio averaging around 62% in the past five years. In FY2025, P&G returned a total of \$16.5 billion to shareholders, including \$10 billion in dividends and \$6.5 billion through share repurchases.

In our model, we adopt a conservative approach by forecasting dividend growth at a flat 4% annually beyond the already-announced FY2026 increase. This reflects P&G's historical discipline while avoiding overly optimistic assumptions, particularly in a mature industry where excess cash is deployed across dividends, repurchases, and reinvestment.

Industry Analysis

The consumer staples industry consists of companies producing essential goods such as food, beverages, personal care products, and household items. Demand for these categories is largely non-cyclical, providing stability even in weaker economic environments. Although industry growth tends to remain in the low-to-mid single digits, firms continue creating value through premiumization, targeted innovation, and expansion in higher-growth international markets. Brand equity remains a critical competitive advantage, driving loyalty, pricing power, and sustained category leadership.

Competitor Snapshots

Church & Dwight (CHD):

A cost-efficient challenger with niche brands (e.g., Arm & Hammer). CHD's strength in value-orientated categories makes it a reference point for trade-down risk, but its limited scale prevents meaningful pressure on P&G outside specific categories.

Unilever (ULVR):

P&G's closest global peer by breadth. Strong in Beauty and Personal Care (e.g. Dove, Axe), but with weaker margins and slower execution. Unilever's challenges in portfolio complexity and innovation pace reinforce P&G's advantage in category focus and operational discipline.

Kimberly Clark (KMB):

A major player in diapers and paper products. Its higher input-cost sensitivity (pulp, energy) underscores P&G's advantage in procurement scale and broader diversification across categories.

Colgate-Palmolive (CL):

Dominant in oral care with premium global share. CL is the toughest competitor to P&G's Oral-B and Crest franchises but is far less diversified. P&G benefits from broader category adjacency, enabling better cross-segment reinvestment.

Clorox (CLX):

Strong in cleaning and disinfecting with high brand trust. Recent margin volatility highlights P&G's relative strength in supply-chain sophistication and its ability to navigate cost shocks with less earnings pressure.

Peer Comparison

Firm	TTM Revenue	P/E	Oper. Margin	Net Margin
Procter & Gamble (PG)	84.9B	21.6	24.6%	19.0%
Church & Dwight (CHD)	6.1B	26.9	19.1%	9.6%
Unilever (ULVR)	59.8B	23.1	18.4%	9.5%
Kimberly Clark (KMB)	19.7B	17.7	16.2%	12.7%
Colgate (CL)	20.1B	22.1	21.8%	14.4%
Clorox (CLX)	6.8B	16.5	16.6%	11.4%

Figure 1.8 – Source: FactSet

P&G generates the highest revenue in the peer group at \$84.9 billion, reflecting its unmatched scale and global reach. Despite this size, the firm also delivers the highest operating margin (24.6%) and net margin (19.0%), significantly outperforming competitors such as Church & Dwight, Unilever, and Clorox⁸. These superior margins demonstrate P&G's ability to leverage scale, maintain pricing power, and manage costs more effectively than peers. Although P&G trades at a P/E of 21.6, its profitability metrics justify this premium relative to firms with lower earnings efficiency. P&G's combination of industry-leading scale, strong profitability, and solid valuation underscores its position as one of the most operationally efficient and financially resilient companies in the consumer staples space.

Firm	Total Debt/EBITDA	Int. Coverage	Div. Yield	Payout Ratio
Procter & Gamble (PG)	1.5x	20.1	2.86 %	62.6 %
Church & Dwight (CHD)	1.6x	12.3	1.38 %	47.9 %
Unilever (ULVR)	2.3x	10.0	3.37 %	75.9 %
Kimberly Clark (KMB)	1.9x	12.0	4.84 %	64.6 %
Colgate (CL)	1.6x	15.0	2.65 %	56.4 %
Clorox (CLX)	1.8x	11.7	4.74 %	75.2 %

Figure 1.9 – Source: FactSet

Procter & Gamble demonstrates clear financial strength relative to other major consumer staples companies through its debt levels, coverage ratios, and dividend metrics. P&G maintains the lowest leverage in the peer group at 1.5x Debt/EBITDA, highlighting disciplined balance sheet management. The company also posts an industry-leading interest coverage ratio of 20.1x, well above competitors such as Church & Dwight (12.3x) and Clorox (11.7x), reinforcing the resilience of its cash flows and supporting its strong credit profile. While P&G's 2.86% dividend yield sits in the middle of the peer set, below higher-yielding firms like Kimberly-Clark (4.84%) and Clorox (4.74%). Its 62.6% payout ratio reflects a healthy balance between returning capital to shareholders and preserving flexibility for future

investment. Taken together, P&G's conservative leverage, exceptional coverage, and disciplined dividend policy underscore the firm's financial stability and strategic flexibility.

Private Labels

Many retailers now offer their own private-label brands, such as Costco's Kirkland Signature, Walmart's Great Value, and Target's Good & Gather and Up&Up. These products directly compete with national consumer packaged goods companies (CPG) by providing similar offerings at lower prices. While name-brand firms often maintain higher quality standards, retailers have invested heavily to close that gap. During periods of economic pressure, consumers increasingly gravitate toward cheaper alternatives, benefiting private labels. In fact, recent surveys show that many consumers struggle to distinguish between name-brand and private-label products. In January, U.S. sales of store-brand products rose 4% to \$271 billion⁹. As retailers continue strengthening their private-label portfolios, consumer staples companies face mounting competitive challenges, especially in categories where products are viewed as interchangeable and consumer spending remains under pressure.

Catalysts for Growth

While Consumer Staples typically grows modestly above real GDP, several structural trends create outsized opportunities for companies with scale and strong brands. In Beauty, IBISWorld highlights rising demand for "affordable luxury" as consumers balance price sensitivity with interest in high-quality products. This has fueled growth in South Korean and Japanese cosmetics, which offer innovative formulations at competitive prices, benefiting from a strong U.S. dollar¹⁰. These trends reinforce the importance of product differentiation, where P&G's ongoing investments in Olay, SK-II, and dermatology products position it to compete effectively as the category's innovation cycle accelerates.

Digital distribution remains another key tailwind. Direct-to-consumer (DTC) players such as Harry's and Dollar Shave Club reshaped expectations within Grooming by emphasizing personalization, convenience, and subscription-based replenishment. While these entrants pressured Gillette in earlier years, they also elevated category engagement and shifted more volume online. P&G's strengthened e-commerce and digital marketing capabilities now allow it to defend share while shifting more sales toward higher margin online and DTC channels.

International markets add a third catalyst. The expanding middle class in Asia-Pacific and Latin America continues to boost demand for branded staples and premium personal care as disposable incomes rise¹¹. P&G's established footprint in Greater China, India, Brazil, and Mexico, combined with recent Capex concentration in Beauty and Grooming, supports our expectation that emerging markets will contribute an increasing share of long-term growth.

Finally, sustainability-driven preferences for low-waste packaging, gentler formulations, and plant-based ingredients continue to reshape the category. P&G's scale advantage enables it to commercialize these innovations efficiently, reinforcing its leadership in mature segments like Fabric & Home Care and Baby Care.

Overall, premiumization, global beauty innovation, digital channel expansion, and emerging-market income growth create a favorable long-term backdrop. P&G's brand strength and global reach position it to capture these tailwinds more effectively than most peers.

Porter's Five Forces Analysis

Threat of New Entrants – Low to Moderate

The threat of new entrants ranges from low to moderate depending on the segment. In household and fabric care, barriers remain high due to

entrenched brand equity, long-term retailer contracts, and the global scale required to efficiently source, manufacture, and distribute products. In persona care and beauty, entry barriers are somewhat lower: digitally native startups frequently gain traction through targeted marketing, DTC strategies, and premium positioning. However, these emerging brands rarely challenge incumbents at scale and are often acquired before reaching mass distribution. Across categories, P&G's breadth, supply-chain efficiency, and investment in performance-driven innovation insulate it from meaningful competitive disruption.

Bargaining Power of Suppliers - Moderate

Supplier power is moderate, shaped by volatility in key raw materials like pulp, resins, petrochemicals, among others. Many of these inputs are tied to commodity cycles, creating cost variability across the industry. Tariffs on imported wood-based inputs add further pressure, particularly in tissue and diaper products. Additionally, when producer prices (PPI) rise faster than consumer prices, firms must absorb margin compression unless they can offset it through pricing or mix improvements. P&G mitigates these changes through its global procurement scale and the ability to rebalance pricing across segments, giving it greater insulation than smaller peers from raw material shocks.

Bargaining Power of Buyers - High

Buying power is high, driven by the concentration of large retailers dominating distribution channels. According to P&G's 10K, Walmart and its affiliates account for roughly 16% of total company sales, and the firm's top ten customers represent 43% of net sales. This concentration gives major retailers, like Walmart and Target, substantial negotiating leverage on pricing, promotional funding, shelf placement, and product mix.

Threat of Substitutes – Moderate to High

Substitution pressure is moderate and varies by category. Private-label products remain the most significant substitutes for household care and paper-based goods, offering lower prices and increasingly comparable quality. In beauty and personal care, alternatives such as eco-friendly refill systems, lower-cost “dupe” products, and emerging clean-beauty brands create additional substitution vectors. However, these offerings tend to supplement rather than fully replace national brands, especially in segments where performance and technology drive consumer choice. P&G’s investment in product superiority and dermatologist-backed innovation helps defend against erosion from substitutes.

Industry Rivalry – Very High

Industry rivalry is very high, intensified by the presence of global leaders such as Unilever, Colgate-Palmolive, L’Oréal, and Kimberly-Clark, each competing across multiple overlapping categories. Switching costs for consumers are minimal, leading to continuous competition on advertising, promotional spending, packaging upgrades, and product launches. Private labels add another layer of competition within existing retail channels, while category overlap forces large firms to compete even against their own brand portfolios (e.g., Tide and Gain within P&G). The maturity of the industry means growth often comes from market share capture rather than category expansion, elevating competitive intensity and making operational scale a critical advantage.

Mergers & Acquisitions

Performance in the consumer staples industry is heavily driven by the strength and quality of a company’s brands. As a result, firms frequently buy and sell brands to optimize their portfolios and maximize long-term shareholder returns. Recently, the consumer and retail sector has seen a decline in deal activity, with M&A volume down 5.2% quarter over quarter and 14.6% year over year¹². Although the number of deals has fallen, total deal value has

increased, reflecting a shift toward fewer but larger transactions as companies reposition themselves in a changing economic environment.

A notable recent example is Kimberly Clark’s \$47.8 billion acquisition of Kenvue, which combines leading household and consume brands such as Huggies, Kleenex, Aveeno, Band-Aid, and Listerine¹³. The merger underscores a broader industry trend: large players are consolidating to depend on category leadership, expand into higher-growth personal care and OTC segments, and capture scale efficiencies. For P&G, this competitive backdrop reinforces the importance of continued investment in brand superiority and targeted portfolio management. While P&G has not pursued large-scale acquisitions recently, its disciplined approach and focus on core categories position it well as consolidation reshapes the competitive landscape.

Demographic Changes

A growing emphasis on health and wellness is reshaping demand within the consumer staples industry. Consumers are increasingly seeking personal, beauty, and home care products with cleaner ingredient profiles, such as dye-free, fragrance-free, and dermatologist-tested formulations. This trend also supports demand for gentler household cleaning solutions, safer hygiene products, and wellness-oriented brands. As shoppers prioritize transparency and skin sensitivity, companies that invest in health-focused innovation are better positioned to capture growth from this expanding consumer segment.

Overall

Market leaders like Procter & Gamble benefit from strong brand recognition, scale advantages, and deep customer loyalty, all of which reinforce their competitive standing. P&G’s unmatched economies of scale create a structural cost advantage over peers, allowing it to operate more efficiently and invest more aggressively in core categories. Within the consumer staples sector, retailers hold significant bargaining power, particularly when they offer

private-label products that compete directly with P&G's brands. These dynamics highlight the importance of P&G maintaining industry-leading brand equity and consistently investing in marketing, product innovation, and category leadership. P&G's global reach, strong market positioning, and sustained commitment to innovation support our confidence that the company will continue to lead the industry well into the future.

Economic Outlook

The near-term economic outlook is shaped by a mix of moderate inflation, elevated interest rates, and ongoing consumer uncertainty. Although the October 2025 federal government shutdown delayed several key data releases from the Bureau of Labor Statistics and Bureau of Economic Analysis, available indicators still point to a gradually normalizing macro environment. For P&G and the broader Consumer Staples industry, trends in inflation, interest rates, consumer sentiment, and real GDP growth are critical inputs shaping pricing power, volume recovery, and cost structure across our forecast horizon.

Inflation Measures

The Producer Price Index¹⁴ (PPI) tracks inflation in producer input costs, while the Personal Consumption Expenditures (PCE) index reflects the final prices consumers pay and serves as the Federal Reserve's preferred inflation gauge. PPI is typically more volatile and leads PCE, which adjusts more gradually as firms smooth pricing to consumers.

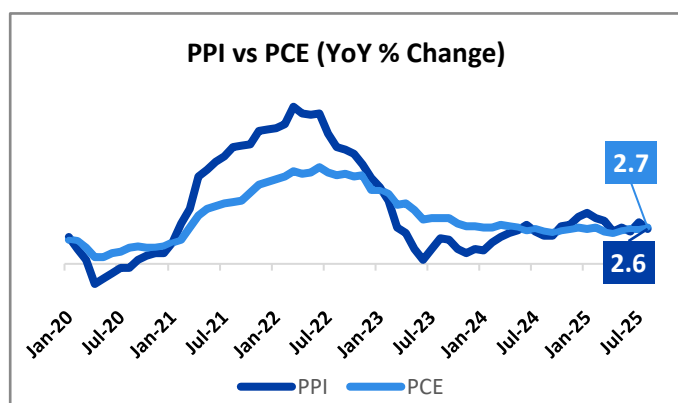


Figure 2.0 – Source: BLS and BEA

Over the past 5 years, PPI swung more sharply than PCE, but both measures converged in August 2025 at around 2.6-2.7%, signaling a return to more normal pricing dynamics after the supply-chain shocks of 2021-2022¹⁵. We expect inflation to continue stabilizing into 2026 as commodity and freight pressures ease. For P&G, this creates a more predictable cost environment and reduces the risk of sudden margin compression; particularly relevant given input-heavy segments such as Fabric & Home Care and Baby.

Moderating consumer inflation also helps reduce trade-down behavior observed in FY2025. With consumers regaining some purchasing power and producer-level costs leveling out, P&G can rebalance from defensive pricing to deliberate price-and-mix strategies tied to innovation and premiumization. Although the October 2025 shutdown temporarily delayed economic releases, the broader inflation trend remains supportive of our thesis: P&G enters FY2026 with a clearer margin outlook and improving volume potential.

Cost of Borrowing

Short term interest rate expectations remain stable. According to CME Group's FedWatch tool¹⁶, markets assign a 55.6% probability the Federal Reserve will keep the federal funds rate unchanged at 3.75-4.00%, with the remaining 44.4% pricing in a single 25 bps cut to 3.50-3.75%. Meanwhile, long-term borrowing costs, reflected in the 10-year Treasury yield of 4.15%, remain elevated relative to pre-pandemic levels but showed reduced volatility compared to 2022-2023 (Figure 2.1)¹⁷.

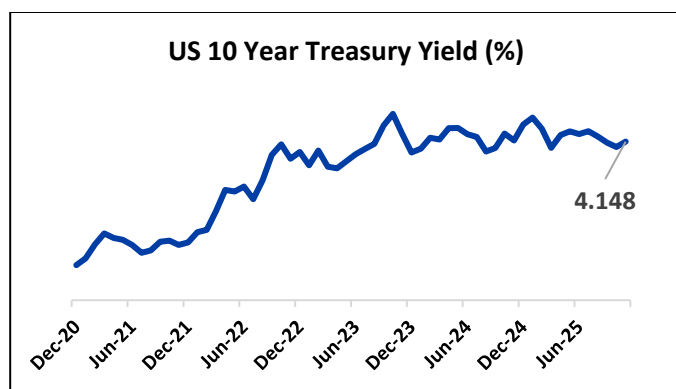


Figure 2.1 – Source: Yahoo Finance

For P&G, the key implication is a stable refinancing environment. With \$4.4 billion of debt maturing in FY2026, predictable long-term yields reduce the risk of interest expense surprises. P&G’s conservative 1.5x leverage and strong interest coverage mean higher-for-longer rates represent a manageable headwind rather than a structural issue.

At the sector level, elevated rates generally weigh on discretionary categories but have limited impact on essentials. A stable rate backdrop supports the defensive profile of Consumer Staples and reinforces our thesis that P&G will continue to compound through steady cash generation regardless of the rate path. We expect borrowing conditions to gradually ease through 2026 as inflation cools, and the Fed shifts toward a more neutral stance.

Consumer Confidence

The Conference Board’s U.S. Consumer Confidence Index edged down to 94.6 in October, with the Present Situation Index improving and the Expectations index falling to 71.5, remaining below the recession-warning threshold of 80. Inflation continues dominating consumer concerns, and confidence remains uneven across income groups, with optimism concentrated among households earning above \$75k¹⁸.

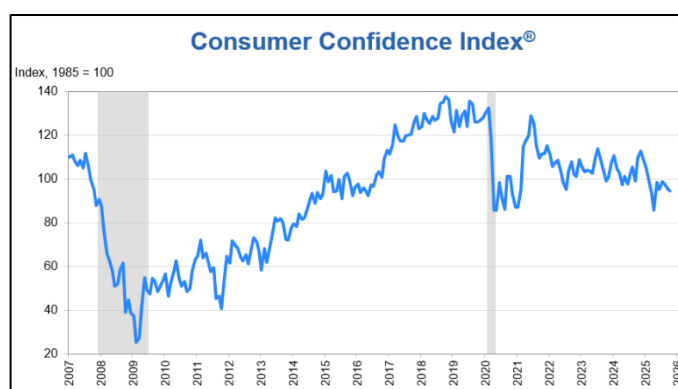


Figure 2.2 – Source: The Conference Board

This sentiment pattern aligns with P&G’s recent results. Lower-income consumers remain more price-sensitive, sustaining some ongoing risk of trade-down in value categories. Higher-income consumers, the core driver of premiumization, remain relatively resilient. As inflation pressures ease and real wages improve, we expect confidence to stabilize into 2026, supporting a slow but steady recovery in volumes. P&G’s scale and brand equity leave it well-positioned to capture this incremental improvement.

Gross Domestic Product

U.S. Real GDP contracted by 0.6% in Q1 2025 before rebounding sharply to 3.8% growth in Q2, driven primarily by stronger consumer spending and a pullback in imports¹⁹. We expect GDP growth to continue trending upward over the next year as economic conditions stabilize.

For consumer staples, GDP swings typically have a limited effect on baseline demand, but improving growth reduces trade-down pressure and supports steadier volume. As the economy strengthens, we expect a gradual lift in category consumption, reinforcing the stability of P&G’s outlook without materially altering its long-term growth trajectory.

Valuation

Assumptions

Our valuation uses a five-year forecast period, consistent with Procter & Gamble's status as a mature company with steady and reliable growth. To estimate the cost of equity, we apply the 10-year U.S. Treasury yield as of 11/14/25 (4.15%) as the risk-free rate, along with P&G's three-year adjusted beta of 0.36 from FactSet and the 1928–2024 geometric average equity risk premium of 5.48%. These inputs produce a cost of equity of 6.12%. For the cost of debt, we use the same risk-free rate and the yield to maturity on a Procter & Gamble 10-year bond of 4.48%, implying a 0.33% default spread. Applying the firm's marginal tax rate of 22% results in an after-tax cost of debt of 3.48%. Using capital structure weights consistent with P&G's balance sheet approximately 90.84% equity and 9.16% debt we arrive at a weighted average cost of capital (WACC) of 5.88% for Procter & Gamble.

Discounted Cash Flow and Economic Profit

Estimated Share Price: **\$179.07**

Our DCF and economic profit models estimate a fair value of \$179 per share for Procter & Gamble, implying 21.2% upside from the current price. Both models use a five-year forecast period (2026–2030) followed by continuing value assumptions. Our base-case long-term NOPLAT CV growth rate of 2.25% reflects P&G's mature business profile while incorporating growth opportunities in emerging markets. Using a 42.97% CV-year ROIC and a 5.88% WACC, both models produce intrinsic valuations above the current market price.

Dividend Discount Model

Estimated Share Price: **\$172.50**

Our dividend-discount model projects a fair value of \$172.50 per share for P&G, implying 16.8% upside from the current price. Key assumptions include a 2.5% continuing-value EPS growth rate and a 30.8% CV-year ROE. We believe this long-term EPS growth rate is appropriate, as it aligns with typical

U.S. GDP growth and P&G's historical organic sales performance. Given P&G's status as a Dividend Aristocrat, with decades of uninterrupted increases, we assumed a 4% dividend growth rate during the forecast period. Since the company has never cut its dividend and has consistently raised payouts across market cycles, we model dividends as continuing to grow steadily throughout both the forecast period and the terminal horizon

Relative Valuation

Estimated Share Price: **\$125.77 - \$130.56**

Our relative P/E model projects a price of \$126 for P&G, which represents a 14.7% downside from its current price. This discount arises because peers operating in similar categories currently trade at lower valuation multiples. We believe P&G's premium valuation is justified, as the company is the clear industry leader in consumer-packaged goods and consistently delivers superior operating margins compared to its competitors. Even so, P&G's valuation is not dramatically above the peer group, resulting in a relative valuation that is close to where the stock currently trades. Overall, we believe the DCF and DDM models provide more accurate insight into P&G's intrinsic value than the relative P/E approach.

Valuation Thesis

For a stable, premium operator like P&G, intrinsic valuation provides the most reliable measure of fair value. Our DDM result of \$172 serves as a conservative floor, while our DCF/ EP valuation of \$179 reflects the realistic baseline under steady operating conditions. Given P&G's history of trading at a justified premium to its peers, we placed no weight on relative valuation. Therefore, we set a **target price range of \$172-180**, supporting our **BUY** rating.

Sensitivity Analysis

Beta and Equity Risk Premium

		Beta							
		180.73	0.24	0.28	0.32	0.36	0.40	0.44	0.48
Equity Risk Premium	5.38%	220.74	206.43	193.77	182.49	172.39	163.28	155.03	
	5.42%	220.07	205.73	193.06	181.78	171.68	162.57	154.33	
	5.44%	219.73	205.38	192.71	181.43	171.33	162.22	153.98	
	5.48%	219.06	204.69	192.01	180.73	170.62	161.53	153.29	
	5.52%	218.39	204.01	191.31	180.03	169.93	160.83	152.60	
	5.56%	217.72	203.33	190.62	179.34	169.24	160.15	151.93	
	5.60%	217.06	202.65	189.94	178.65	168.55	159.47	151.25	

Both Beta and Equity Risk Premium (ERP) are major drivers of the cost of equity, which represents roughly 90% of Procter & Gamble's capital structure. As shown in the sensitivity table, changes in these two inputs have a significant impact on the company's intrinsic value. This wide range demonstrates that P&G's valuation is highly sensitive to variations in key cost of equity assumptions, underscoring the importance of selecting reasonable parameters when estimating the firm's fair value.

CV Growth of NOPLAT and WACC

		CV Growth of NOPLAT							
		180.73	1.50%	1.75%	2.00%	2.25%	2.50%	2.75%	3.00%
WACC	5.50%	168.97	178.51	189.42	202.00	216.68	234.03	254.85	
	5.60%	164.47	173.48	183.74	195.53	209.22	225.32	244.51	
	5.70%	160.18	168.69	178.36	189.43	202.23	217.20	234.93	
	5.80%	156.13	164.19	173.32	183.73	195.72	209.68	226.13	
	5.90%	152.18	159.82	168.44	178.24	189.48	202.50	217.77	
	6.00%	148.45	155.70	163.85	173.09	183.65	195.83	210.04	
	6.10%	144.88	151.76	159.48	168.21	178.14	189.56	202.81	

Our sensitivity analysis demonstrates how changes in both WACC and the NOPLAT continuing value (CV) growth rate materially affect our valuation estimate for Procter & Gamble. Even modest adjustments to these assumptions result in meaningful shifts in the implied share price. As shown in the table, lower WACC values paired with higher terminal growth rates lead to significantly elevated valuations, while higher discount rates and more conservative growth assumptions reduce the estimated share price. This highlights the importance of carefully selecting long-term growth and cost of capital assumptions when evaluating P&G's intrinsic value.

Tax Rate and Pre-Tax Cost of Debt

		Marginal Tax Rate							
		180.73	20.80%	21.30%	21.80%	22.30%	22.80%	23.30%	23.80%
Pre-Tax Cost of Debt	4.03%	185.58	184.53	183.49	182.44	181.39	180.34	179.29	178.24
	4.18%	184.98	183.95	182.91	181.86	180.82	179.78	178.73	177.68
	4.33%	184.39	183.36	182.33	181.29	180.26	179.22	178.18	177.14
	4.48%	183.81	182.78	181.76	180.73	179.70	178.67	177.64	176.61
	4.63%	183.23	182.21	181.19	180.16	179.14	178.11	177.09	176.06
	4.78%	182.65	181.63	180.62	179.60	178.59	177.57	176.55	175.53
	4.93%	182.07	181.06	180.06	179.05	178.03	177.02	176.01	175.00

This sensitivity table illustrates how changes in the pre-tax cost of debt and the marginal tax rate impact our valuation of Procter & Gamble. Compared to the cost of equity sensitivities, this portion of the WACC calculation has a much smaller effect on the implied share price. This limited movement reflects P&G's relatively low reliance on debt financing, meaning that adjustments to debt-related inputs have a muted impact on the firm's overall weighted average cost of capital. As a result, P&G's intrinsic value is far less sensitive to changes in debt assumptions.

2026 COGS and SG&A as a % Revenue

		2026 Cost of Products Sold as % of Revenue							
		180.73	44.61%	45.11%	45.61%	46.11%	46.61%	47.11%	47.61%
2026 SG&A as % of Rev.	23.10%	181.60	181.45	181.31	181.16	181.02	180.87	180.73	180.73
	23.60%	181.45	181.31	181.16	181.02	180.87	180.73	180.58	180.58
	24.10%	181.31	181.16	181.02	180.87	180.73	180.58	180.44	180.44
	24.60%	181.16	181.02	180.87	180.73	180.58	180.44	180.30	180.30
	25.10%	181.02	180.87	180.73	180.58	180.44	180.30	180.16	180.16
	25.60%	180.87	180.73	180.58	180.44	180.30	180.16	180.02	180.02
	26.10%	180.73	180.58	180.44	180.30	180.16	180.02	179.88	179.88

This sensitivity table examines how variations in 2026 Cost of Products Sold (COGS) as a percentage of revenue and 2026 SG&A as a percentage of revenue affect our valuation estimate for Procter & Gamble. The results show that while operating cost assumptions do influence the model, the impact is relatively minuscule. This limited sensitivity reflects P&G's stable and predictable margin profile, where small changes in operating expenses do not meaningfully alter long-term cash flows or enterprise value. Overall, the intrinsic value of P&G remains highly resilient to reasonable adjustments in forward COGS and SG&A assumptions.

2026 Sales Growth in 2 Major Segments

		2026 Fabric & Home Care Sales % Growth							
		179.07	0.80%	1.40%	2.00%	2.60%	3.20%	3.80%	4.40%
2026 Beauty % Growth	2.20%	176.59	177.03	177.46	177.90	178.33	178.77	179.21	
	3.20%	176.98	177.42	177.85	178.29	178.72	179.16	179.60	
	4.20%	177.37	177.81	178.24	178.68	179.11	179.55	179.98	
	5.20%	177.76	178.20	178.63	179.07	179.50	179.94	180.37	
	5.40%	177.84	178.27	178.71	179.14	179.58	180.02	180.45	
	5.60%	177.92	178.35	178.79	179.22	179.66	180.09	180.53	
	5.80%	177.99	178.43	178.86	179.30	179.74	180.17	180.61	

This sensitivity table tests two core assumptions in our thesis: Beauty leading FY2026 growth and Fabric & Home Care normalizing after a flat FY2025. Even under downside scenarios where Beauty slows to 2-3% and Fabric and Home Care grows below 1%, the implied valuation only softens to \$176-178, indicating limited downside. Moderate outperformance in either segment moves valuation slightly above \$180. Overall the analysis shows our Buy rating doesn't rely on aggressive assumptions; even with softer than expected growth in these categories, intrinsic value remains comfortably above the current market price.

Normal Cash Estimate and CV ROIC

Normal Cash (% Net Sales)	CV Year ROIC							
	179.07	34.00%	37.00%	40.00%	42.97%	46.00%	51.00%	54.00%
	3.54%	176.73	177.69	178.50	179.19	179.80	180.66	181.09
	3.64%	176.69	177.65	178.46	179.15	179.76	180.62	181.05
	3.74%	176.65	177.61	178.42	179.11	179.72	180.58	181.01
	3.84%	176.61	177.56	178.38	179.07	179.68	180.54	180.97
	3.94%	176.57	177.52	178.34	179.03	179.64	180.50	180.93
	4.04%	176.53	177.48	178.30	178.99	179.60	180.45	180.89
	4.14%	176.49	177.44	178.25	178.95	179.56	180.41	180.85

This sensitivity table evaluates how changes in our normal cash assumption (a key driver of invested capital and CV-year ROIC) affect P&G's intrinsic value. Even when normal cash ranges from 3.5% to 4.1% of net sales, and CV ROIC varies widely from 34% to 54%, the implied valuation remains tightly clustered between \$176–\$181, with our base case of \$179 sitting at the midpoint. The narrow valuation range confirms that our Buy thesis is not highly sensitive to working-capital assumptions or minor shifts in long-run ROIC, reinforcing confidence in the robustness of our DCF and EP outcomes.

Disclaimer

This report was created by students enrolled in the Applied Equity Valuation (FIN:4250) class at the University of Iowa. The report was originally created to offer an internal investment recommendation for the University of Iowa Krause Fund and its advisory board. The report also provides potential employers and other interested parties an example of the students' skills, knowledge and abilities. Members of the Krause Fund are not registered investment advisors, brokers or officially licensed financial professionals. The investment advice contained in this report does not represent an offer or solicitation to buy or sell any of the securities mentioned. Unless otherwise noted, facts and figures included in this report are from publicly available sources. This report is not a complete compilation of data, and its accuracy is not guaranteed. From time to time, the University of Iowa, its faculty, staff, students, or the Krause Fund may hold a financial interest in the companies mentioned in this report.

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Proctor & Gamble
Revenue Decomposition

<i>Fiscal Years Ending June 30th</i>	2023	2024	2025	2026E	2027E	2028E	2029E	2030E
Fabric & Home Care	28,371	29,495	29,617	30,387	31,238	32,050	32,819	33,574
growth	2.96%	3.96%	0.41%	2.60%	2.80%	2.60%	2.40%	2.30%
Baby, Feminine & Family Care	20,217	20,277	20,248	20,653	21,128	21,635	22,133	22,575
growth	2.44%	0.30%	-0.14%	2.00%	2.30%	2.40%	2.30%	2.00%
Beauty	15,008	15,220	14,964	15,742	16,592	17,339	17,946	18,484
growth	1.82%	1.41%	-1.68%	5.20%	5.40%	4.50%	3.50%	3.00%
Health Care	11,226	11,793	11,998	12,418	12,915	13,457	13,995	14,527
growth	3.71%	5.05%	1.74%	3.50%	4.00%	4.20%	4.00%	3.80%
Grooming	6,419	6,654	6,662	6,955	7,275	7,552	7,778	7,988
growth	-2.55%	3.66%	0.12%	4.40%	4.60%	3.80%	3.00%	2.70%
Corporate	765	601	794	798	802	806	810	814
growth	2.82%	-21.44%	32.11%	0.50%	0.50%	0.50%	0.50%	0.50%
Net Sales	82,006	84,039	84,284	86,953	89,950	92,839	95,481	97,963
growth	2.27%	2.48%	0.29%	3.17%	3.45%	3.21%	2.85%	2.60%

Proctor & Gamble
Income Statement

In \$M

<i>Fiscal Years Ending June 30th</i>	2023	2024	2025	2026E	2027E	2028E	2029E	2030E
Net sales	82,006	84,039	84,284	86,953	89,950	92,839	95,481	97,963
Cost of products sold	(42,760)	(40,848)	(41,164)	(43,298)	(44,712)	(46,040)	(47,271)	(48,312)
<i>Other costs of products sold</i>	(40,046)	(37,952)	(38,317)	(40,094)	(41,395)	(42,641)	(43,797)	(44,740)
<i>Depreciation & amortization expenses</i>	(2,714)	(2,896)	(2,847)	(3,204)	(3,317)	(3,399)	(3,474)	(3,573)
Selling, general and administrative expense	(19,112)	(21,305)	(20,569)	(21,390)	(22,038)	(22,653)	(23,202)	(23,707)
Research & Development	(2,000)	(2,000)	(2,100)	(2,296)	(2,375)	(2,451)	(2,521)	(2,586)
Indefinite-lived intangible asset impairment charges	-	(1,341)	-	-	-	-	-	-
OPERATING INCOME	18,134	18,545	20,451	19,969	20,825	21,695	22,487	23,357
Interest expense	(756)	(925)	(907)	(1,023)	(1,007)	(929)	(937)	(1,022)
Interest income	307	473	469	349	163	181	141	186
Other non-operating income, net	668	668	154	-	-	-	-	-
EARNINGS BEFORE INCOME TAXES	18,353	18,761	20,167	19,294	19,981	20,947	21,691	22,521
Income taxes	(3,615)	(3,787)	(4,102)	(4,303)	(4,456)	(4,671)	(4,837)	(5,022)
NET EARNINGS	14,738	14,974	16,065	14,992	15,525	16,276	16,854	17,499
Less: Net earnings attributable to noncontrolling interests	(85)	(95)	(91)	(126)	(130)	(136)	(141)	(147)
NET EARNINGS ATTRIBUTABLE TO PROCTOR & GAMBLE	14,653	14,879	15,974	14,866	15,395	16,139	16,712	17,352
Less: Preferred Dividends	(282)	(284)	(291)	(284)	(276)	(269)	(262)	(255)
NET EARNINGS ATTRIBUTABLE TO P&G Available to common shareholders	14,371	14,595	15,683	14,582	15,119	15,870	16,450	17,097
Basic EPS	6.07	6.18	6.67	6.38	6.67	7.06	7.38	7.74
Total Shares Outstanding	2,362	2,357	2,342	2,320	2,298	2,275	2,253	2,230
Weighted Average Shares Outstanding	2,368	2,359	2,350	2,331	2,309	2,287	2,264	2,241
Dividend Per Share	3.68	3.83	4.08	4.24	4.41	4.59	4.77	4.96

Proctor & Gamble
Balance Sheet

In Millions of \$

Fiscal Years Ending June 30th	2023	2024	2025	2026E	2027E	2028E	2029E	2030E
Assets								
CURRENT ASSETS								
Cash and Cash equivalents	8,246	9,482	9,556	4,455	4,948	3,860	5,100	8,474
Accounts Receivable	5,471	6,118	6,185	6,009	6,216	6,415	6,598	6,770
Total Inventories	7,073	7,016	7,551	6,893	7,131	7,360	7,569	7,766
Prepaid expenses and other current assets	1,858	2,095	2,100	2,800	2,897	2,990	3,075	3,155
TOTAL CURRENT ASSETS	22,648	24,709	25,392	20,157	21,192	20,625	22,342	26,165
PROPERTY, PLANT and EQUIPMENT, NET	21,909	22,152	23,897	24,914	25,942	26,976	28,004	29,018
GOODWILL	40,659	40,303	41,650	41,650	41,650	41,650	41,650	41,650
TRADEMARKS AND OTHER INTANGIBLE ASSETS	23,783	22,047	21,910	21,602	21,304	21,049	20,844	20,665
OTHER NONCURRENT ASSETS	11,049	12,283	11,456	11,874	12,308	12,757	13,222	13,705
Operating lease right-of-use assets (non current)	781	875	925	964	1,004	1,044	1,084	1,123
TOTAL ASSETS	120,829	122,370	125,231	121,161	123,400	124,101	127,146	132,326

Liabilities and Shareholders' Equity

CURRENT LIABILITIES								
Accounts payable	14,598	15,364	15,227	13,900	14,379	14,840	15,263	15,659
Accrued and other liabilities	10,929	11,073	11,318	10,845	11,218	11,579	11,908	12,218
Debt due within one year	10,229	7,191	9,513	5,377	4,606	2,142	2,027	3,996
TOTAL CURRENT LIABILITIES	35,756	33,627	36,058	30,121	30,203	28,561	29,198	31,873
LONG TERM DEBT	24,378	25,269	24,995	25,117	25,492	25,877	26,266	26,654
DEFERRED INCOME TAXES	6,478	6,516	5,774	6,270	6,783	7,322	7,879	8,458
OTHER NONCURRENT LIABILITIES	7,152	6,398	6,120	6,343	6,575	6,815	7,064	7,321
TOTAL LIABILITIES	73,764	71,811	72,946	67,851	69,053	68,575	70,407	74,307
SHAREHOLDERS' EQUITY								
Convertible Class A preferred stock	819	798	777	757	737	718	700	682
Common Equity	70,565	71,693	72,778	75,115	77,452	79,789	82,126	84,463
Reserve for ESOP debt retirement	(821)	(737)	(672)	(611)	(551)	(490)	(429)	(368)
Accumulated other comprehensive loss	(12,220)	(11,900)	(12,143)	(12,143)	(12,143)	(12,143)	(12,143)	(12,143)
Treasury stock	(129,736)	(133,379)	(138,702)	(144,797)	(151,109)	(157,726)	(164,578)	(171,693)
Retained earnings	118,170	123,811	129,973	134,592	139,433	144,714	150,258	156,126
Noncontrolling interest	288	272	272	398	528	664	806	952
TOTAL SHAREHOLDERS' EQUITY	47,065	50,559	52,284	53,310	54,347	55,526	56,740	58,019
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	120,829	122,370	125,231	121,161	123,400	124,101	127,146	132,326

Proctor & Gamble
Common Size Income Statement

<i>Fiscal Years Ending June 30th</i>	2023	2024	2025	2026E	2027E	2028E	2029E	2030E
Net sales	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of products sold	52.14%	48.61%	48.84%	49.79%	49.71%	49.59%	49.51%	49.32%
Other cost of products sold	48.83%	45.16%	45.46%	46.11%	46.02%	45.93%	45.87%	45.67%
Depreciation and amortization expenses	3.31%	3.45%	3.38%	3.68%	3.69%	3.66%	3.64%	3.65%
Selling, general and administrative expense	23.31%	25.35%	24.40%	24.60%	24.50%	24.40%	24.30%	24.20%
Research & Development	2.44%	2.38%	2.49%	2.64%	2.64%	2.64%	2.64%	2.64%
Indefinite-lived intangible asset impairment charges	0.00%	1.60%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
OPERATING INCOME	22.11%	22.07%	24.26%	22.97%	23.15%	23.37%	23.55%	23.84%
Interest expense	0.92%	1.10%	1.08%	1.18%	1.12%	1.00%	0.98%	1.04%
Interest income	0.37%	0.56%	0.56%	0.40%	0.18%	0.19%	0.15%	0.19%
Other non-operating income, net	0.81%	0.79%	0.18%	0.00%	0.00%	0.00%	0.00%	0.00%
EARNINGS BEFORE INCOME TAXES	22.38%	22.32%	23.93%	22.19%	22.21%	22.56%	22.72%	22.99%
Income taxes	4.41%	4.51%	4.87%	4.95%	4.95%	5.03%	5.07%	5.13%
NET EARNINGS	17.97%	17.82%	19.06%	17.24%	17.26%	17.53%	17.65%	17.86%
Less: Net earnings attributable to noncontrolling interests	0.10%	0.11%	0.11%	0.14%	0.14%	0.15%	0.15%	0.15%
NET EARNINGS ATTRIBUTABLE TO PROCTOR & GAMBLE	17.87%	17.70%	18.95%	17.10%	17.12%	17.38%	17.50%	17.71%
Less: Preferred dividends	0.34%	0.34%	0.35%	0.33%	0.31%	0.29%	0.27%	0.26%
Net EARNING ATTRIBUTABLE TO P&G's COMMON SHAREHOLDER	17.52%	17.37%	18.61%	16.77%	16.81%	17.09%	17.23%	17.45%

Proctor & Gamble
Common Size Balance Sheet

Fiscal Years Ending June 30th	2023	2024	2025	2026E	2027E	2028E	2029E	2030E
Assets								
CURRENT ASSETS								
Cash and Cash equivalents	10.06%	11.28%	11.34%	5.12%	5.50%	4.16%	5.34%	8.65%
Accounts Receivable	6.67%	7.28%	7.34%	6.91%	6.91%	6.91%	6.91%	6.91%
Total Inventories	8.62%	8.35%	8.96%	7.93%	7.93%	7.93%	7.93%	7.93%
Prepaid expenses and other current assets	2.27%	2.49%	2.49%	3.22%	3.22%	3.22%	3.22%	3.22%
TOTAL CURRENT ASSETS	27.62%	29.40%	30.13%	23.18%	23.56%	22.22%	23.40%	26.71%
PROPERTY, PLANT and EQUIPMENT, NET	26.72%	26.36%	28.35%	28.65%	28.84%	29.06%	29.33%	29.62%
GOODWILL	49.58%	47.96%	49.42%	47.90%	46.30%	44.86%	43.62%	42.52%
TRADEMARKS AND OTHER INTANGIBLE ASSETS	29.00%	26.23%	26.00%	24.84%	23.68%	22.67%	21.83%	21.09%
OTHER NONCURRENT ASSETS	14.43%	15.66%	14.69%	13.66%	13.68%	13.74%	13.85%	13.99%
Operating lease right-of-use assets (non current)	0.95%	1.04%	1.10%	1.11%	1.12%	1.12%	1.14%	1.15%
TOTAL ASSETS	147.34%	145.61%	148.58%	139.34%	137.19%	133.67%	133.16%	135.08%
Liabilities and Shareholders' Equity								
CURRENT LIABILITIES								
Accounts payable	17.80%	18.28%	18.07%	15.99%	15.99%	15.99%	15.99%	15.99%
Accrued and other liabilities	13.33%	13.18%	13.43%	12.47%	12.47%	12.47%	12.47%	12.47%
Debt due within one year	12.47%	8.56%	11.29%	6.18%	5.12%	2.31%	2.12%	4.08%
TOTAL CURRENT LIABILITIES	43.60%	40.01%	42.78%	34.64%	33.58%	30.76%	30.58%	32.54%
LONG TERM DEBT	29.73%	30.07%	29.66%	28.89%	28.34%	27.87%	27.51%	27.21%
DEFERRED INCOME TAXES	7.90%	7.75%	6.85%	7.21%	7.54%	7.89%	8.25%	8.63%
OTHER NONCURRENT LIABILITIES	8.72%	7.61%	7.26%	7.30%	7.31%	7.34%	7.40%	7.47%
TOTAL LIABILITIES	89.95%	85.45%	86.55%	78.03%	76.77%	73.86%	73.74%	75.85%
SHAREHOLDERS' EQUITY								
Convertible Class A preferred stock	1.00%	0.95%	0.92%	0.87%	0.82%	0.77%	0.73%	0.70%
Common Equity	86.05%	85.31%	86.35%	86.39%	86.11%	85.94%	86.01%	86.22%
Reserve for ESOP debt retirement	-1.00%	-0.88%	-0.80%	-0.70%	-0.61%	-0.53%	-0.45%	-0.38%
Accumulated other comprehensive loss	-14.90%	-14.16%	-14.41%	-13.96%	-13.50%	-13.08%	-12.72%	-12.40%
Treasury stock	-158.20%	-158.71%	-164.57%	-166.52%	-167.99%	-169.89%	-172.37%	-175.26%
Retained earnings	144.10%	147.33%	154.21%	154.79%	155.01%	155.88%	157.37%	159.37%
Noncontrolling interest	0.35%	0.32%	0.32%	0.46%	0.59%	0.72%	0.84%	0.97%
TOTAL SHAREHOLDERS' EQUITY	57.39%	60.16%	62.03%	61.31%	60.42%	59.81%	59.43%	59.23%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	147.34%	145.61%	148.58%	139.34%	137.19%	133.67%	133.16%	135.08%

Proctor & Gamble*Historical Cash Flow Statement*

Fiscal Years Ending June 30th	2023	2024	2025
CASH, CASH EQUIVALENTS BEG. YEAR	7,214	8,246	9,482
OPERATING ACTIVITIES			
Net Earnings	14,738	14,974	16,065
Depreciation and amortization	2,714	2,896	2,847
Share-based compensation expense	545	562	476
Deferred income taxes	(453)	(244)	149
Loss/(gain) on sale of assets	(40)	(215)	755
Indefinite-lived intangible asset impairment charge	-	1,341	-
Change in accounts receivable	(307)	(766)	45
Change in inventories	(119)	(70)	(324)
Change in accounts payable	(447)	878	(542)
Other	217	491	(1,653)
TOTAL OPERATING ACTIVITIES	16,848	19,846	17,817
INVESTING ACTIVITIES			
Capital expenditures	(3,062)	(3,322)	(3,773)
Proceeds from asset sales	46	346	107
Acquisitions, net of cash acquired	(765)	(21)	(11)
Other investing activity	281	(507)	(141)
TOTAL INVESTING ACTIVITIES	(3,500)	(3,504)	(3,818)
FINANCING ACTIVITIES			
Dividends to shareholders	(8,999)	(9,312)	(9,872)
Additions to short-term debt	17,168	3,528	8,020
Reductions in short-term debt	(13,031)	(7,689)	(6,512)
Net additions/(reductions) to other short-term debt	(3,319)	857	(1,138)
Additions to long-term debt	3,997	3,197	2,237
Reductions in long-term debt	(1,878)	(2,335)	(1,977)
Treasury stock purchases	(7,353)	(5,006)	(6,500)
Impact of stock options and other	1,269	1,905	1,707
TOTAL FINANCING ACTIVITIES	(12,146)	(14,855)	(14,036)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(170)	(251)	112
CHANGE IN CASH, CASH EQUIVALENTS	1,032	1,235	75
CASH, CASH EQUIVALENTS END OF YEAR	8,246	9,482	9,556

Proctor & Gamble*Forecasted Cash Flow Statement*

Fiscal Years Ending June 30th	2026E	2027E	2028E	2029E	2030E
Operating Cash Flows					
Net Income	14,866	15,395	16,139	16,712	17,352
Deprecation	3,204	3,317	3,399	3,474	3,573
Change in Accounts receivables	176	(207)	(200)	(183)	(171)
Change in Total Inventories	658	(238)	(229)	(209)	(197)
Change in Prepaid expenses and other current assets	(700)	(97)	(93)	(85)	(80)
Change in Accounts payable	(1,327)	479	462	422	397
Change in Accrued and other liabilities	(473)	374	360	330	310
Change in Deferred income taxes	496	514	538	557	579
Net cash flows from operating activities	16,899	19,538	20,377	21,019	21,762
Investing Cash Flows					
Capital Expenditures	(3,913)	(4,048)	(4,178)	(4,297)	(4,408)
Change in Other noncurrent assets	(418)	(433)	(449)	(466)	(483)
Change in Operating lease assets	(39)	(40)	(40)	(40)	(39)
Change in Other noncurrent liabilities	223	232	240	249	258
Change in Noncontrolling interest	126	130	136	141	147
Net cash flows from investing activities	(4,021)	(4,159)	(4,291)	(4,412)	(4,526)
Financing Cash Flows					
Repurchases of Stock (change in treasury stock)	(6,095)	(6,312)	(6,617)	(6,852)	(7,114)
Common stock dividends paid	(9,964)	(10,278)	(10,589)	(10,906)	(11,229)
Preferred dividends paid	(284)	(276)	(269)	(262)	(255)
Change in short-term debt	(4,136)	(771)	(2,464)	(115)	1,969
Change in long-term debt	122	376	385	388	389
Change in Preferred stock	(20)	(20)	(19)	(18)	(18)
Change in Common Equity	2,337	2,337	2,337	2,337	2,337
Change in Reserve for ESOP debt retirement	61	61	61	61	61
Net cash flows from financing activities	(17,979)	(14,884)	(17,175)	(15,367)	(13,862)
Change in cash	(5,101)	494	(1,089)	1,240	3,374
Beginning of year cash	9,556	4,455	4,948	3,860	5,100
End of year cash	4,455	4,948	3,860	5,100	8,474

Proctor & Gamble
Value Driver Estimation

Fiscal Years Ending June 30th	2014	2023	2024	2025	2026E	2027E	2028E	2029E	2030E
NOPLAT:									
EBITA:									
Net Sales	74,401	82,006	84,039	84,284	86,953	89,950	92,839	95,481	97,963
Other costs of products sold	(35,889)	(40,046)	(37,952)	(38,317)	(40,094)	(41,395)	(42,641)	(43,797)	(44,740)
Depreciation & amortization expense	(3,141)	(2,714)	(2,896)	(2,847)	(3,204)	(3,317)	(3,399)	(3,474)	(3,573)
SG&A Expenses	(19,551)	(19,112)	(21,305)	(20,569)	(21,390)	(22,038)	(22,653)	(23,202)	(23,707)
R&D Expense	(1,910)	(2,000)	(2,000)	(2,100)	(2,296)	(2,375)	(2,451)	(2,521)	(2,586)
Plus: Implied Interest on Operating Leases	56	35	39	41	43	45	47	49	50
EBITA	13,966	18,169	19,925	20,492	20,012	20,870	21,742	22,536	23,408
Less: Adjusted Taxes									
Income Tax Expense	2,851	3,615	3,787	4,102	4,303	4,456	4,671	4,837	5,022
+ Tax shield on implied interest on operating leases	14	8	9	9	10	10	10	11	11
+ Tax shield on intangible impairment charges	-	-	307	-	-	-	-	-	-
+ Tax Shield on interest expense	172	167	212	202	228	225	207	209	228
- Tax on interest income	(24)	(68)	(108)	(105)	(78)	(36)	(40)	(31)	(42)
- Tax on other non-operating income	(51)	(148)	(153)	(34)	-	-	-	-	-
Total adjusted Taxes	2,962	3,574	4,054	4,175	4,463	4,654	4,849	5,025	5,220
Add: Change in Deferred Tax Liability	(44)	(453)	(244)	149	496	514	538	557	579
NOPLAT	10,961	14,142	15,628	16,467	16,045	16,730	17,432	18,068	18,767
Invested Capital (IC):									
Operating Working Capital:									
Normal Cash	2,860	3,152	3,230	3,240	3,342	3,458	3,569	3,670	3,766
Accounts Receivable	6,386	5,471	6,118	6,185	6,009	6,216	6,415	6,598	6,770
Inventories	6,759	7,073	7,016	7,551	6,893	7,131	7,360	7,569	7,766
Prepaid expenses and other current assets	3,845	1,858	2,095	2,100	2,800	2,897	2,990	3,075	3,155
Total operating current assets	19,850	17,554	18,459	19,076	19,045	19,701	20,334	20,913	21,456
- Accounts Payable	(8,461)	(14,598)	(15,364)	(15,227)	(13,900)	(14,379)	(14,840)	(15,263)	(15,659)
- Accrued and other liabilities	(8,999)	(10,929)	(11,073)	(11,318)	(10,845)	(11,218)	(11,579)	(11,908)	(12,218)
Total operating current liabilities	(17,460)	(25,527)	(26,437)	(26,545)	(24,744)	(25,597)	(26,419)	(27,171)	(27,877)
Net Working Capital	2,390	(7,973)	(7,978)	(7,469)	(5,699)	(5,896)	(6,085)	(6,258)	(6,421)
Property, plant, and equipment, net	22,304	21,909	22,152	23,897	24,914	25,942	26,976	28,004	29,018
Net Other Operating Assets (net of depreciation/ amortization)									
+ Trademarks and other intangible assets	30,843	23,783	22,047	21,910	21,602	21,304	21,049	20,844	20,665
+ Operating lease right-of-use assets (other assets)	1,601	781	875	925	964	1,004	1,044	1,084	1,123
Total Net Other Operating Assets	32,444	24,564	22,922	22,835	22,566	22,308	22,093	21,928	21,788
Invested Capital (IC)	57,138	38,500	37,096	39,263	41,781	42,355	42,984	43,673	44,386
Free Cash Flow (FCF):									
NOPLAT	10,961	14,142	15,628	16,467	16,045	16,730	17,432	18,068	18,767
Change in IC		(219)	(1,404)	2,166	2,518	574	630	689	712
FCF	14,361	17,031	14,300	18,633	18,563	17,304	18,062	18,757	19,479
Return on Invested Capital (ROIC):									
NOPLAT	10,961	14,142	15,628	16,467	16,045	16,730	17,432	18,068	18,767
Beginning IC		38,719	38,500	37,096	39,263	41,781	42,355	42,984	43,673
ROIC		36.52%	40.59%	44.39%	40.87%	40.04%	41.16%	42.03%	42.97%
Economic Profit (EP):									
Beginning IC		38,719	38,500	37,096	39,263	41,781	42,355	42,984	43,673
x (ROIC - WACC)	-5.88%	30.65%	34.71%	38.51%	34.99%	34.16%	35.28%	36.16%	37.09%
EP	0	11,866	13,365	14,286	13,738	14,274	14,943	15,541	16,200

Proctor & Gamble

Weighted Average Cost of Capital (WACC) Estimation

Cost of Equity:

Risk-Free Rate	4.15%
Beta	0.36
Equity Risk Premium	5.48%
Cost of Equity	6.12%

ASSUMPTIONS:

10Y Treasury
5Y Monthly Beta
1928-2024 geometric average over 10Y Treasury

Cost of Debt:

Risk-Free Rate	4.15%
Implied Default Premium	0.33%
Pre-Tax Cost of Debt	4.48%
Marginal Tax Rate	22%
After-Tax Cost of Debt	3.48%

10Y Treasury bond

YTM on PG's 10Y bond

Market Value of Common Equity:

Total Shares Outstanding	2,342
Current Stock Price	\$147.73
MV of Equity	345,968.89
Preferred Shares	777
MV of Equity & Preferred	346,745.89

MV Weights

90.72%

Market Value of Debt:

Short-Term Debt	9,513
Current Portion of LTD	0
Long-Term Debt	24,995
PV of Operating Leases	956
MV of Total Debt	35,464.00

9.28%

Market Value of the Firm

382,209.89

100.00%

Estimated WACC

5.88%

Proctor & Gamble*Discounted Cash Flow (DCF) and Economic Profit (EP) Valuation Models*

Key Inputs:

CV Growth of NOPLAT	2.25%
CV Year ROIC	42.97%
WACC	5.88%
Cost of Equity	6.12%

Fiscal Years Ending June 30th	2026E	2027E	2028E	2029E	2030E
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DCF Model:

Free Cash Flow (FCF)	13,527	16,156	16,802	17,379	18,054
Continuing Value (CV)					490,229
PV of FCF	12,776	14,412	14,157	13,829	390,105

Value of Operating Assets:	445,279
Non-Operating Adjustments	
Excess Cash	6,316
Noncontrolling interest	(272)
Total Debt	(35,464)
Preferred Stock	(777)
Underfunded Pension Plan	(1,484)
Overfunded Retirement Benefits	4,391
PV of ESOP	(3,842)
Value of Equity	414,147
Shares Outstanding	2,342
Intrinsic Value of Last FYE	\$ 176.84
Implied Price as of Today	\$ 179.07

EP Model:

Economic Profit (EP)	13,738	14,274	14,943	15,541	16,200
Continuing Value (CV)					446,555
PV of EP	12,975	12,733	12,590	12,367	355,351

Total PV of EP	406,016
Invested Capital (last FYE)	39,263
Value of Operating Assets:	445,279
Non-Operating Adjustments	
Excess Cash	6,316
Noncontrolling interest	(272)
Total Debt	(35,464)
Preferred Stock	(777)
Underfunded Pension Plan	(1,484)
Overfunded Retirement Benefits	4,391
PV of ESOP	(3,842)
Value of Equity	414,147
Shares Outstanding	2,342
Intrinsic Value of Last FYE	\$ 176.84
Implied Price as of Today	\$ 179.07

Proctor & Gamble

Dividend Discount Model (DDM) or Fundamental P/E Valuation Model

<i>Fiscal Years Ending</i>	2026E	2027E	2028E	2029E	2030E
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EPS	\$ 6.38	\$ 6.67	\$ 7.06	\$ 7.38	\$ 7.74
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Key Assumptions

CV growth of EPS	2.50%
CV Year ROE	30.84%
Cost of Equity	6.12%

Future Cash Flows

P/E Multiple (CV Year)						25.37
EPS (CV Year)						\$ 7.74
Future Stock Price						\$ 196.40
Dividends Per Share	\$ 4.24	\$ 4.41	\$ 4.59	\$ 4.77	\$ 4.96	
Discounted Cash Flows	\$ 4.00	\$ 3.92	\$ 3.84	\$ 3.76	\$ 154.851	

Intrinsic Value as of Last FYE	\$ 170.36
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Implied Price as of Today	\$ 172.50
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Proctor & Gamble

Relative Valuation Models

Ticker	Company	Price	EPS 2026E	EPS 2027E	P/E 26	P/E 27
CHD	Church & Dwight	\$88.08	\$3.71	\$3.91	23.74	22.53
KVUE	Kenvue	\$14.96	~~\$1.02~~	~~\$1.07~~	~~14.67~~	~~13.98~~
CL	Colgate	\$78.75	\$3.86	\$4.13	20.40	19.07
EL	Estee Lauder	\$102.52	~~\$1.97~~	~~\$2.85~~	~~52.04~~	~~35.97~~
MDLZ	Mondelez	\$62.81	\$3.25	\$3.54	19.33	17.74
UL	Unilever	\$62.89	\$3.49	\$3.73	18.02	16.86
KMB	Kimberly Clark	\$120.70	~~\$7.11~~	~~\$7.67~~	~~16.98~~	~~15.74~~
CLX	Clorox	\$119.59	\$5.73	\$6.60	20.87	18.12
Average					20.47	18.86

PG	Proctor & Gamble	\$147.73	\$6.38	\$6.67	23.2	22.2
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Implied Relative Value:

P/E (EPS26) \$ 130.56

P/E (EPS27) \$ 125.77

Proctor & Gamble*Key Management Ratios*

<i>Fiscal Years Ending June 30th</i>	2023	2024	2025	2026E	2027E	2028E	2029E	2030E
Liquidity Ratios:								
Current Ratio (current assets/current liabilities)	0.63	0.73	0.70	0.67	0.70	0.72	0.77	0.82
Quick Ratio (Current Assets-Inventory)/Current Liabilities	0.44	0.53	0.49	0.44	0.47	0.46	0.51	0.58
Cash Ratio (cash/current liabilities)	0.23	0.28	0.27	0.15	0.16	0.14	0.17	0.27
Asset-Management Ratios:								
Cash Turnover Ratio (Revenue/Cash)	9.94	8.86	8.82	19.52	18.18	24.05	18.72	11.56
Asset Turnover Ratio (Revenue/Average Total Assets)	0.69	0.69	0.68	0.71	0.74	0.75	0.76	0.76
Working Capital Turnover Ratio (Revenue/(Current Assets - Current Liabilities))	-6.26	-9.42	-7.90	-8.73	-9.98	-11.70	-13.93	-17.16
Financial Leverage Ratios:								
LT Debt/Total Equity	0.52	0.50	0.48	0.47	0.47	0.47	0.46	0.46
LT Debt/Total Assets	0.20	0.21	0.20	0.21	0.21	0.21	0.21	0.20
Total Debt/Total Assets	0.29	0.27	0.28	0.25	0.24	0.23	0.22	0.23
Profitability Ratios:								
Return on Equity (NI/Beg TSE)	31.46%	31.82%	31.77%	28.67%	29.12%	29.95%	30.35%	30.84%
Gross Margin	47.86%	51.39%	51.16%	50.21%	50.29%	50.41%	50.49%	50.68%
Return on Assets (NI/Avg Total Assets)	12.38%	12.31%	12.98%	12.17%	12.70%	13.15%	13.42%	13.49%
Operating Margin	22.11%	22.07%	24.26%	22.97%	23.15%	23.37%	23.55%	23.84%
Payout Policy Ratios:								
Dividend Payout Ratio (Dividend/EPS)	60.64%	61.95%	61.11%	66.48%	66.13%	64.97%	64.61%	64.06%
Total Payout Ratio ((Divs. + Repurchases)/NI)	111.59%	96.23%	102.49%	108.02%	107.76%	106.61%	106.26%	105.71%

Proctor & Gamble*Effects of ESOP Exercise and Share Repurchases on Common Stock Account and Number of Shares Outstanding*

Number of Options Outstanding (shares):	97
Average Time to Maturity (years):	5.00
Expected Annual Number of Options Exercised:	19

Current Average Strike Price:	\$ 120.96
Cost of Equity:	6.12%
Current Stock Price:	\$147.73

Fiscal Years Ending June 30th	2026E	2027E	2028E	2029E	2030E
Increase in Shares Outstanding:	19	19	19	19	19
Average Strike Price:	\$ 120.96	\$ 120.96	\$ 120.96	\$ 120.96	\$ 120.96
Increase in Common Stock Account:	2,337	2,337	2,337	2,337	2,337
Share Repurchases (\$)	6,095	6,312	6,617	6,852	7,114
Expected Price of Repurchased Shares:	\$ 147.73	\$ 152.62	\$ 157.68	\$ 162.90	\$ 168.30
Number of Shares Repurchased:	41	41	42	42	42
Shares Outstanding (beginning of the year)	2,342	2,320	2,298	2,275	2,253
Plus: Shares Issued Through ESOP	19	19	19	19	19
Less: Shares Repurchased in Treasury	41	41	42	42	42
Shares Outstanding (end of the year)	2,320	2,298	2,275	2,253	2,230

Proctor & Gamble*Valuation of Options Granted under ESOP*

Current Stock Price	\$147.73
Risk Free Rate	4.15%
Current Dividend Yield	2.81%
Annualized St. Dev. of Stock Returns	21.57%

Range of Outstanding Options	Number of Shares	Average Exercise Price	Average Remaining Life (yrs)	B-S Option Price	Value of Options Granted
Range 1	96.6	120.96	5.00	\$ 39.77	\$ 3,842
Total	97	\$ 120.96	5.00	\$ 55.00	\$ 3,842

Proctor & Gamble
Sensitivity Tables

		Beta						
	179.07	0.24	0.28	0.32	0.36	0.40	0.44	0.48
Equity Risk Premium	5.38%	218.35	204.31	191.88	180.80	170.87	161.90	153.77
	5.42%	217.68	203.62	191.19	180.11	170.17	161.21	153.08
	5.44%	217.35	203.28	190.84	179.76	169.82	160.86	152.74
	5.48%	216.69	202.61	190.15	179.07	169.13	160.17	152.06
	5.52%	216.04	201.93	189.47	178.38	168.44	159.49	151.39
	5.56%	215.38	201.26	188.79	177.70	167.77	158.82	150.72
	5.60%	214.74	200.60	188.12	177.02	167.09	158.15	150.05

CV Growth of NOPLAT								
WACC	179.07	1.50%	1.75%	2.00%	2.25%	2.50%	2.75%	3.00%
	5.50%	168.64	178.16	189.04	201.59	216.24	233.55	254.32
	5.60%	164.15	173.14	183.37	195.14	208.80	224.85	244.00
	5.70%	159.87	168.36	178.01	189.05	201.82	216.75	234.45
	5.80%	155.83	163.87	172.98	183.36	195.33	209.25	225.66
	5.90%	151.89	159.51	168.11	177.88	189.09	202.08	217.32
	6.00%	148.17	155.39	163.53	172.74	183.28	195.43	209.61
	6.10%	144.61	151.47	159.17	167.87	177.78	189.17	202.40

Pre-Tax Cost of Debt	Marginal Tax Rate							
	179.07	20.80%	21.30%	21.80%	22.30%	22.80%	23.30%	23.80%
	4.03%	183.88	182.85	181.81	180.77	179.73	178.69	177.65
	4.18%	183.29	182.26	181.23	180.20	179.17	178.13	177.10
	4.33%	182.70	181.68	180.66	179.63	178.61	177.58	176.55
	4.48%	182.12	181.10	180.09	179.07	178.05	177.03	176.01
	4.63%	181.54	180.53	179.52	178.50	177.49	176.48	175.46
	4.78%	180.96	179.96	178.95	177.95	176.94	175.93	174.92
	4.93%	180.39	179.39	178.39	177.39	176.39	175.39	174.39

2026 Cost of Products Sold as % of Revenue								
	179.07	44.61%	45.11%	45.61%	46.11%	46.61%	47.11%	47.61%
2026 SG&A as % of Rev.	23.10%	179.94	179.79	179.65	179.50	179.36	179.21	179.07
	23.60%	179.79	179.65	179.50	179.36	179.21	179.07	178.92
	24.10%	179.65	179.50	179.36	179.21	179.07	178.92	178.78
	24.60%	179.50	179.36	179.21	179.07	178.92	178.78	178.64
	25.10%	179.36	179.21	179.07	178.92	178.78	178.64	178.50
	25.60%	179.21	179.07	178.92	178.78	178.64	178.50	178.36
	26.10%	179.07	178.92	178.78	178.64	178.50	178.36	178.22

2026 Fabric & Home Care Sales % Growth								
2026 Beauty % Growth	179.07	0.80%	1.40%	2.00%	2.60%	3.20%	3.80%	4.40%
	2.20%	176.59	177.03	177.46	177.90	178.33	178.77	179.21
	3.20%	176.98	177.42	177.85	178.29	178.72	179.16	179.60
	4.20%	177.37	177.81	178.24	178.68	179.11	179.55	179.98
	5.20%	177.76	178.20	178.63	179.07	179.50	179.94	180.37
	5.40%	177.84	178.27	178.71	179.14	179.58	180.02	180.45
	5.60%	177.92	178.35	178.79	179.22	179.66	180.09	180.53
	5.80%	177.99	178.43	178.86	179.30	179.74	180.17	180.61

Normal Cash (% Net Sales)	CV Year ROIC							
	179.07	34.00%	37.00%	40.00%	42.97%	46.00%	51.00%	54.00%
	3.54%	176.73	177.69	178.50	179.19	179.80	180.66	181.09
	3.64%	176.69	177.65	178.46	179.15	179.76	180.62	181.05
	3.74%	176.65	177.61	178.42	179.11	179.72	180.58	181.01
	3.84%	176.61	177.56	178.38	179.07	179.68	180.54	180.97
	3.94%	176.57	177.52	178.34	179.03	179.64	180.50	180.93
	4.04%	176.53	177.48	178.30	178.99	179.60	180.45	180.89
	4.14%	176.49	177.44	178.25	178.95	179.56	180.41	180.85