

Company: The Procter & Gamble Company	Ticker: PG	Current Price: \$141.74	Industry: Consumer Staples
Target Price: \$155.82	TTM P/E: 23.71	Beta: 0.39	Market Cap: \$312.87b
Stop Loss: \$125	Forward P/E: 23.42	Credit Rating: A-	Avg Vol: 6,552,945
52 Week High/Low: \$165.35 – \$122.18	EPS: 5.77	Rating Outlook: stable	Dividend Yield: 2.77%

Company Background:

The Procter & Gamble Company (P&G) is an American multinational consumer goods corporation, founded in 1837 by William Procter and James Gamble. It specializes in a wide range of personal/consumer health, personal care and hygiene products of what it considers to be superior quality and value to improve the lives of the world's consumers.

Industry Outlook:

Consumer staples generally consist of necessities, such as food and beverages and personal products. The business in this sector includes producers of goods as well as retail companies that sell goods. This sector has remained above pre-pandemic levels due to increased work-from-home adoption and other newly formed habits.

Investment Thesis:

We strongly believe that the Procter & Gamble is currently undervalued and has significant competitive advantages. PG has been moving with strong momentum for several years (even before Covid-19), attributing to consistently strong execution and a robust strategy for growing sales, expanding margins, and generating cash. Besides, it has the best-in-class supply and dominant pricing power during this difficult operating environment. Over the long term, we think retailers will allocate more shelf space to companies like PG that innovate and drive category growth.

Investment Risks:

- Weaker elasticity trends, including consumers trading down to private label
- Prolonged FX and commodity cost headwinds
- Market is highly competitive, and products compete against similar products of many companies

3-5 Takeaways from last quarter investor call transcripts

- \$1.57 EPS in Q1 2023, beating the EPS in Q4 2022 of \$1.21
- Revenue of \$20.61 billion in Q1 2023, up 1.35% on a year-over-year basis
- Price-to-earnings ratio of 23.7

Financial Performance

	2018	2019	2020	2021	2022
Revenue	66832	67684	70950	76118	80187
Operating Profit	13689	14207	16103	18792	18694
Net Income	9750	3897	13027	14306	14742
Revenue Growth %	2.7%	1.3%	4.8%	7.3%	5.3%
EBITDA %	-0.4%	3.1%	12.2%	12.6%	-0.1%
Operating Profit %	20.48%	20.99%	22.70%	24.69%	23.31%
Net Income Margin	14.6%	5.8%	18.4%	18.8%	18.4%
D/E	24.8	26.2	28.5	29.1	28.9
EPS	3.75	1.45	5.13	5.69	6.00
PE Ratio	16.8	17.1	18.4	20.8	22.3
Current Ratio	0.83	0.75	0.85	0.7	0.65
ROE	18.2%	7.9%	27.7%	30.7%	31.6%
ROA	7.2%	7.6%	8.5%	9.8%	9.9%
Dividend Per share	3.3%	4.0%	4.5%	7.0%	8.7%
FCF	8796.4	10337.3	11891.8	13392.9	10159.4

Discounted Cash Flow

WACC	6.60%
Unleveraged Free Cash Flow	\$8,465.22
Present Value of Free Cash Flow	\$5,768.92
Terminal Value	\$492,863.76
Present Value of terminal Value	\$335,879.62
Enterprise Value	\$404,551.49
(+) Cash	\$7,214.00
(-) Debt	\$22,848.00
Equity Value	\$388,917.49
Number of Shares	2496
Implied Price Per Share	\$155.82

Analyst Opinion

Buy: 10	Hold: 2	Sell: 0
	Rating	Target
S&P Net Advantage	Buy	\$163
Yahoo Finance	Buy	\$136.81

Relative Valuation

Company	Ticker	Mkt Cap(B)	P/E	Fair value	Yield (%)	ROE (%)	LTD to Cap (%)
The Procter & Gamble Company	PG	315.028	23	103.99	2.7	32.2	27.5
Central Garden & Pet Company	CENT	2.153	15	N/A	N/A	11.7	43.3
Church & Dwight Co., Inc.	CHD	17.673	24	67.05	1.4	20.5	33
Colgate-Palmolive Company	CL	60.779	24	55.48	2.6	203.1	88.4
The Clorox Company	CLX	16.988	36	132.92	3.4	79.6	66.8

Total Return %

	PG	Consumer Staple	S&P 500
YTD	-16.21%	-5.98%	-16.21%
2021	-6.11%	-0.10%	-18.76%
Last 3 Years	13.50%	18.20%	21.99%
Last 5 Years	54.67%	32.35%	46.28%