

ModernGraham Valuation

Company Name:

Procter & Gamble Co

Company Ticker PG

Date of Analysis

7/8/2016



Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass 6 out of the following 7 tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$227,770,028,411	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.09	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	-7.22%	Fail
6. Moderate PEmg Ratio	PEmg < 20	24.90	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	4.11	Fail

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	1.09	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	6.46	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Fail

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$3.44
MG Growth Estimate	-1.75%
MG Value	\$17.20
MG Value based on 3% Growth	\$49.95
MG Value based on 0% Growth	\$29.28
Market Implied Growth Rate	8.20%

MG Opinion

Current Price	\$85.77
% of Intrinsic Value	498.69%
Opinion	Overvalued
MG Grade	C-

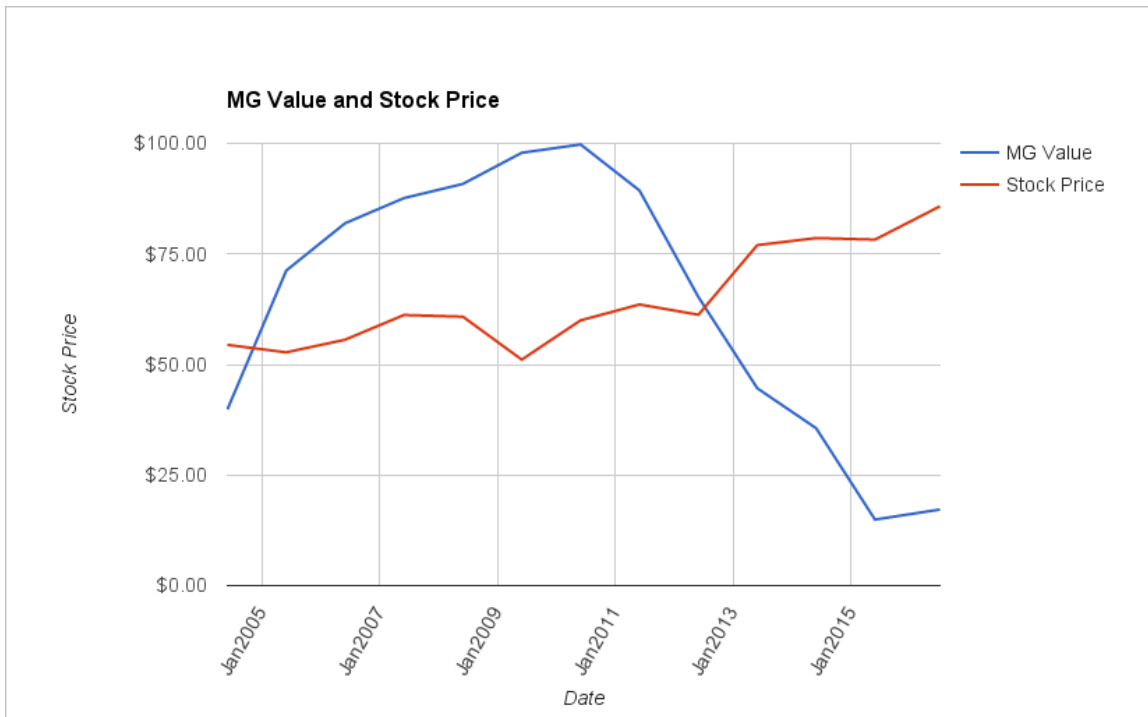
Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$11.99
Graham Number	\$42.64
PEmg	24.90
Current Ratio	1.09
PB Ratio	4.11
Current Dividend	\$2.65
Dividend Yield	3.09%
Number of Consecutive Years of Dividend Growth	20

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$3.70	Next Fiscal Year Estimate	\$3.44
Jun2015	\$2.44	Jun2015	\$3.40
Jun2014	\$4.01	Jun2014	\$3.90
Jun2013	\$3.86	Jun2013	\$3.88
Jun2012	\$3.66	Jun2012	\$3.90
Jun2011	\$3.93	Jun2011	\$3.95
Jun2010	\$4.11	Jun2010	\$3.82
Jun2009	\$4.26	Jun2009	\$3.53
Jun2008	\$3.64	Jun2008	\$3.06
Jun2007	\$3.04	Jun2007	\$2.68
Jun2006	\$2.64	Jun2006	\$2.40
Jun2005	\$2.66	Jun2005	\$2.15
Jun2004	\$2.32	Jun2004	\$1.79
Jun2003	\$1.85	Jun2003	\$1.49
Jun2002	\$1.55	Jun2002	\$1.30
Jun2001	\$1.04	Jun2001	\$1.18
Jun2000	\$1.24	Jun2000	\$1.23
Jun1999	\$1.30	Balance Sheet Information 3/1/2016	
Jun1998	\$1.28	Total Current Assets	\$34,317,000,000
Jun1997	\$1.14	Total Current Liabilities	\$31,357,000,000
Jun1996	\$1.01	Long-Term Debt	\$19,134,000,000
		Total Assets	\$127,508,000,000
		Intangible Assets	\$69,308,000,000
		Total Liabilities	\$68,321,000,000
		Shares Outstanding (Diluted Average)	2,835,000,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

Recommended Reading:

Other ModernGraham posts about the company

- [5 Most Overvalued Dow Components – July 2015](#)
- [5 Most Overvalued Dow Components – June 2015](#)
- [5 Most Overvalued Dow Components – May 2015](#)
- [5 Most Overvalued Dow Components – February 2015](#)
- [40 Companies in the Spotlight This Week – 2/21/15](#)

Other ModernGraham posts about related companies

- [International Flavors & Fragrances Inc Valuation – June 2016 \\$IFF](#)
- [Kimberly-Clark Corporation Valuation – June 2016 \\$KMB](#)
- [Estee Lauder Companies Inc Valuation – May 2016 \\$EL](#)
- [Colgate-Palmolive Co Valuation – January 2016 Update \\$CL](#)
- [International Flavors & Fragrances Valuation – December 2015 Update \\$IFF](#)
- [International Flavors & Fragrances Valuation – December 2015 Update \\$IFF](#)
- [The Estee Lauder Company Valuation – October 2015 Update \\$EL](#)
- [International Flavors & Fragrances Inc. Analysis – August 2015 Update \\$IFF](#)
- [Estee Lauder Companies Analysis – August 2015 Update \\$EL](#)
- [International Flavors & Fragrances Inc. Quarterly Valuation – May 2015 \\$IFF](#)