

ModernGraham Valuation

Company Name:

Procter & Gamble Co

Company Ticker PG

Date of Analysis

2/25/2018



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	\$204,327,307,733	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.94	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	6.75%	Fail
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	19.75	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	4.00	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	0.94	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-11.72	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		Pass
	Score		

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$4.10
MG Growth Estimate	0.80%
MG Value	\$41.48
MG Value based on 3% Growth	\$59.52
MG Value based on 0% Growth	\$34.89
Market Implied Growth Rate	5.62%

MG Opinion

Current Price	\$81.05
% of Intrinsic Value	195.37%
Opinion	Overvalued
MG Grade	C

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$15.48
Graham Number	\$42.87
PEmg	19.75
Current Ratio	0.94
PB Ratio	4.00
Current Dividend	\$2.70
Dividend Yield	3.33%
Number of Consecutive Years of Dividend Growth	20

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$3.85	Next Fiscal Year Estimate	\$4.10
Jun2017	\$5.59	Jun2017	\$4.13
Jun2016	\$3.69	Jun2016	\$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	\$3.52
Jun2008	\$3.64	Jun2008	\$3.04
Jun2007	\$3.04	Jun2007	\$2.63
Jun2006	\$2.64	Jun2006	\$2.32
Jun2005	\$2.53	Jun2005	\$2.05
Jun2004	\$2.20	Jun2004	\$1.71
Jun2003	\$1.70	Jun2003	\$1.43
Jun2002	\$1.55	Jun2002	\$1.27
Jun2001	\$1.04	Balance Sheet Information 12/1/2017	
Jun2000	\$1.17	Total Current Assets	\$31,214,000,000
Jun1999	\$1.27	Total Current Liabilities	\$33,107,000,000
Jun1998	\$1.18	Long-Term Debt	\$22,186,000,000
		Total Assets	\$126,644,000,000
		Intangible Assets	\$69,848,000,000
		Total Liabilities	\$72,532,000,000
		Shares Outstanding (Diluted Average)	2,669,600,000





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

- [Colgate-Palmolive Co. Valuation – April 2017 \\$CL](#)
- [Coty Inc Valuation – Initial Coverage \\$COTY](#)
- [Signet Jewelers Ltd Valuation – Initial Coverage \\$SIG](#)
- [Inter Parfums Inc Valuation – Initial Coverage \\$IPAR](#)
- [Church & Dwight Co Inc Valuation – Initial Coverage \\$CHD](#)
- [Service Corporation Intl Valuation – Initial Coverage \\$SCI](#)
- [Avon Products Inc Valuation – July 2016 \\$AVP](#)
- [Proctor & Gamble Co Valuation – July 2016 \\$PG](#)
- [International Flavors & Fragrances Inc Valuation – June 2016 \\$IFF](#)
- [Kimberly-Clark Corporation Valuation – June 2016 \\$KMB](#)