



Procter & Gamble, Co. PRESENTATION TO THE CELANI FUND

Sebastian Schisel | April 5, 2021

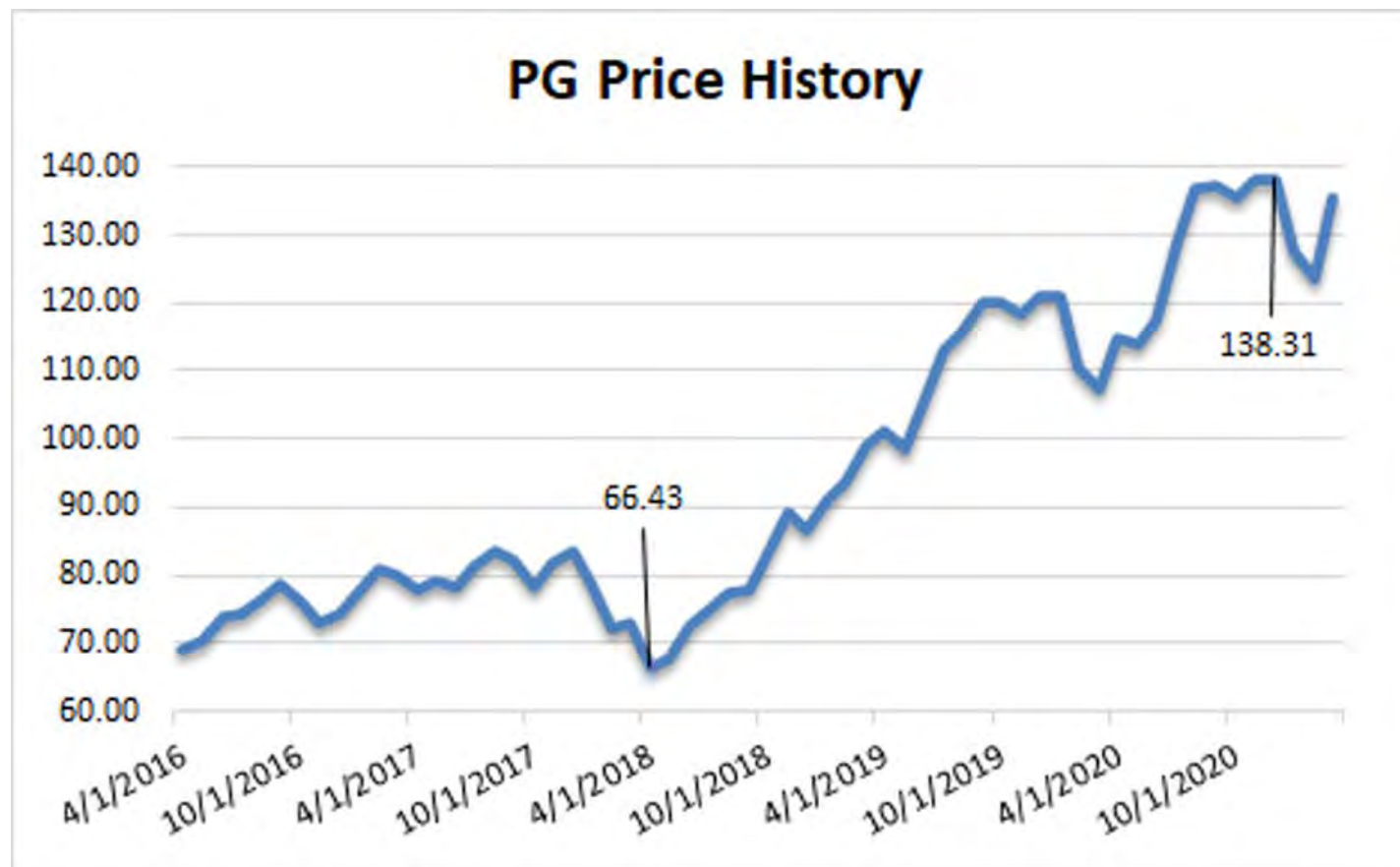
Recommendation: Buy

13.73% 12-Month Total Return
(11.40% upside with 2.34% dividend yield)

P&G Market Data
Market cap (\$mm): 336,740 | P/E Ratio: 22.1

Buy	
Current Price	135.45
12-Month Target Price	150.89
Upside	11.40%
Dividend Yield	2.34%
Total Return	13.73%

Market Data	
Price, as at 03/31/21	135.45
Quarterly Dividend	0.7907
Annual Dividend Yield	2.34%
Market Cap. (\$mm)	336,740
P/E Ratio	22.1
Beta	0.39



The Proctor and Gamble Company (P&G)

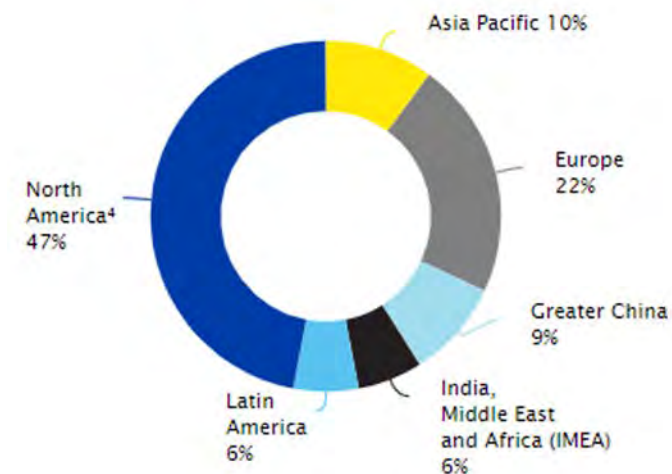
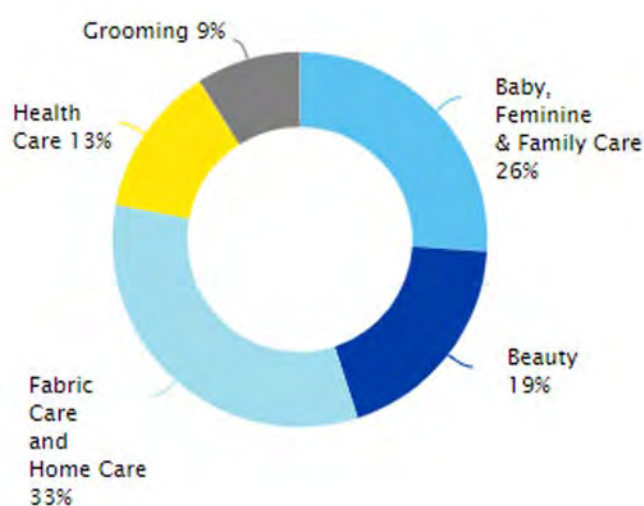
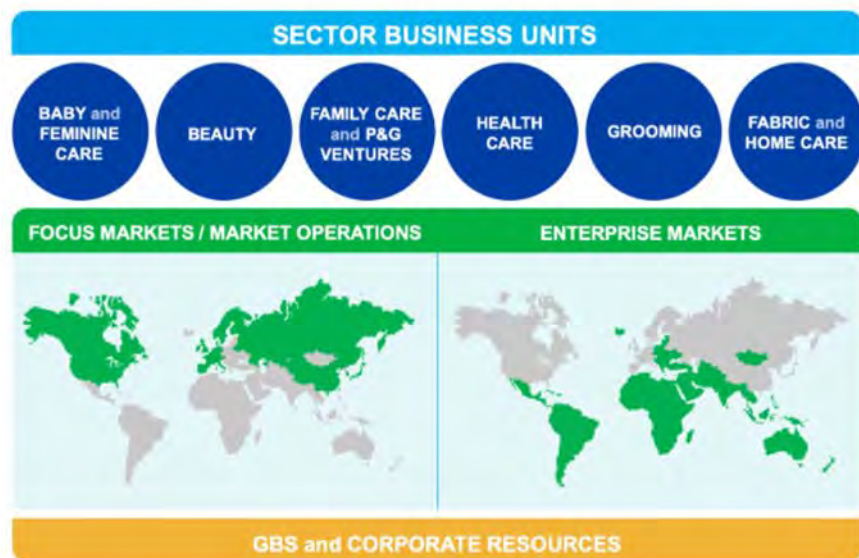
- Originated as a simple soap and candle company in 1837.
- Provides branded consumer packaged goods in North and Latin America, Europe, the Asia Pacific, Greater China, India, the Middle East, and Africa.
- P&G has operations in more than 80 countries. Its nearly 300 brands are sold in more than 160 countries.
- Roughly 90,000 employees worldwide.



Picture Source: nytimes.com



Picture Source: Businesswire.com



Reportable Segments	% of Net Sales ⁽¹⁾	% of Net Earnings ⁽¹⁾	Product Categories (Sub-Categories)	Major Brands
Beauty	19%	21%	Hair Care (<i>Conditioner, Shampoo, Styling Aids, Treatments</i>) Skin and Personal Care (<i>Antiperspirant and Deodorant, Personal Cleansing, Skin Care</i>)	Head & Shoulders, Herbal Essences, Pantene, Rejoice Olay, Old Spice, Safeguard, Secret, SK-II
Grooming	9%	10%	Grooming ⁽²⁾ (<i>Shave Care - Female Blades & Razors, Male Blades & Razors, Pre- and Post-Shave Products, Other Shave Care; Appliances</i>)	Braun, Gillette, Venus
Health Care	13%	12%	Oral Care (<i>Toothbrushes, Toothpaste, Other Oral Care</i>) Personal Health Care (<i>Gastrointestinal, Rapid Diagnostics, Respiratory, Vitamins/Minerals/Supplements, Pain Relief, Other Personal Health Care</i>)	Crest, Oral-B Metamucil, Neurobion, Pepto-Bismol, Vicks
Fabric & Home Care	33%	31%	Fabric Care (<i>Fabric Enhancers, Laundry Additives, Laundry Detergents</i>) Home Care (<i>Air Care, Dish Care, P&G Professional, Surface Care</i>)	Ariel, Downy, Gain, Tide Cascade, Dawn, Fairy, Febreze, Mr. Clean, Swiffer
Baby, Feminine & Family Care	26%	26%	Baby Care (<i>Baby Wipes, Taped Diapers and Pants</i>) Feminine Care (<i>Adult Incontinence, Feminine Care</i>) Family Care (<i>Paper Towels, Tissues, Toilet Paper</i>)	Luvs, Pampers Always, Always Discreet, Tampax Bounty, Charmin, Puffs

⁽¹⁾ Percent of Net sales and Net earnings from continuing operations for the year ended June 30, 2020 (excluding results held in Corporate).

⁽²⁾ The Grooming product category is comprised of the Shave Care and Appliances operating segments.

Competitive Positioning

Integrated Growth Strategy

- Creation of a diverse and successful **portfolio**, maintaining **superiority** in their ability to win consumers, pushing **productivity** in both improvements in operations and ability to fuel investments.
- **Constructive Disruption** showing a willingness to change, adapt, and create new trends. Maintaining an agile, empowered, and accountable **organization**.

Big, Predictable and Profitable Innovation

- Continued growth and success of existing brands and products, as well as the creation of new innovative products and brands.
- Value creation for the consumer through high-quality and reasonable prices.

Impact on Sales

- Net sales increased 8% to \$39.1 billion.
- Net earnings were \$8.2 billion, an increase of \$835 million or 11% versus the prior year period due to the increase in net sales and an increase in operating margins.

ORGANIC SALES FY 2020

Home Care	+16%
Personal Health Care	+13%
Family Care	+11%
Fabric Care	+7%
Feminine Care	+7%
Skin and Personal Care	+6%
Hair Care	+5%
Oral Care	+4%



P&G Brand	Rank	U.S. Market Share ⁽¹⁾	P&G Share vs. #2 Competitor	P&G Brand	Rank	U.S. Market Share ⁽¹⁾	P&G Share vs. #2 Competitor
<i>always</i>	#1	54%	3.0x	Downy	#1	40%	3.0x
<i>Bounty</i>	#1	44%	5.5x	Gillette	#1	66%	5.0x
<i>Cascade</i>	#1	64%	3.0x	Oral-B	#1	34%	2.0x
<i>Charmin</i>	#1	28%	2.0x	TAMPAX	#1	49%	2.5x
Crest	#1	36%	1.0x	<i>Tide</i>	#1	41%	4.0x
DAWN	#1	50%	2.5x	<i>Venus</i>	#1	47%	3.0x

Three Months Ended December 31, 2020

	Net Sales Growth	Foreign Exchange Impact	Acquisition & Divestiture Impact/Other ⁽¹⁾	Organic Sales Growth
Beauty	6%	(1)%	—%	5%
Grooming	5%	1%	—%	6%
Health Care	9%	—%	—%	9%
Fabric & Home Care	12%	—%	—%	12%
Baby, Feminine & Family Care	6%	—%	—%	6%
Total Company	8%	—%	—%	8%

⁽¹⁾ Acquisitions/Divestiture impact/Other includes the volume and mix impact of acquisitions and divestitures and rounding impacts necessary to reconcile net sales to organic sales.

The Procter and Gamble, Co. Ratios											
Liquidity Ratios	Efficiency	Financial Leverage	Profitability	Growth and valuation	Activity Ratio						
Cash ratio	0.49	Days receivables	21.49	Debt to total assets	0.29	Return on common equity (ROE)	28.0%	One-year sales growth	4.6%	Asset turnover	0.59
Acid test (Quick ratio)	0.62	Days payables	124.99	Leverage Ratio	1.57	Return on assets	8.6%	One-year operating income growth	65.1%	Accounts receivable turnover	16.98
Current ratio	0.85	Days of inventory	56.93	Long-term leverage ratio	0.50	Return on invested capital	12.6%	One-year net income growth	69.73%	Inventory turnover	6.41
		Debt to Equity	0.74	Gross margin	50.3%	Enterprise multiple	17.5	Enterprise value-to-sales	4.6	Cash conversion cycle (days)	(46.57)
		Total debt to EBITDA	1.85	EBITDA Margin	26.4%	P/E ratio	22.9				
		Interest cover ratio	33.78	Operating margin	22.1%						
				Pre-tax margin	22.3%						
				Net income margin	18.5%						

Other Key Financial Metrics

Key Financial Metrics

- Growth, Valuation, & Liquidity
 - One-year sales Growth: 4.6%
 - Interest coverage ratio: 33.78
 - Enterprise value-to-sales: 4.8
- Dividend Information
 - Div. Yield (LTM): 2.34%
 - DPS: \$3.12
 - DPS 5Y CAGR: 3.44%
- Margins:
 - EBITDA: 26.4%
 - Pre-tax: 22.3%
 - Net Income: 18.5%
- Net Working Capital:
 - Days Payable: 124.99
 - Inventory Turnover: 6.41x
 - Days Receivable: 21.49



P&G Comparable Analysis

P&G

COMPARABLE ANALYSIS - USD (\$) in Millions

	Procter & Gamble (SPG)	Colgate-Palmolive (SCL)	Church & Dwight (SCHD)	The Clorox Company (SCLX)	Average (Excluding P&G)
Market Price, as at Fiscal Year End	117.46	85.04	86.96	216.05	129.35
Shares Outstanding	2,486	859	252	128	413
Market Capitalization	292,016	73,075	21,931	27,583	40,863
Debt					
Short-Term	11,183	267	351	0	206
Long-Term	23,537	7334	1,813	2780	3,976
Total Debt	34,720	7,601	2,164	2,780	4,182
Enterprise Value	326,736	80,676	24,095	30,363	45,045
EBIT	15,706	3,885	1,030	1,284	2,066
Depreciation & Amortization	3,013	539	190	180	303
EBITDA	18,719	4,424	1,219	1,464	2,369
EBITDA Multiple	17.45	18.24	19.76	20.74	19.58
Earnings per Share	5.13	3.15	3.18	7.46	4.60
P/E Ratio, as at Fiscal Year End	22.90	27.00	27.35	28.96	27.77
Procter & Gamble (SPG)					
EBIT	15,706	15,706	15,706	15,706	15,706
Depreciation & Amortization	3,013	3,013	3,013	3,013	3,013
EBITDA	18,719	18,719	18,719	18,719	18,719
Enterprise Value	326,736	341,359	369,885	388,232	366,492
Less: Debt	34,720	34,720	34,720	34,720	34,720
Equity Value	292,016	306,639	335,165	353,512	331,772
Shares Outstanding	2,486	2,486	2,486	2,486	2,486
Value per Share	117.46	123.34	134.82	142.20	133.45
Price, as at Fiscal YE	117.46	117.46	117.46	117.46	117.46
Under (Over) Valued (%)	0%	5%	15%	21%	14%



Procter&Gamble



Valuation - Discounted Cash Flow

FREE CASH FLOWS - USD (\$) in Millions

Discounted Cash Flow Model	2021E	2022E	2023E	2024E	2025E
Operating Earnings	16,570	17,315	17,825	18,201	18,585
Less: Taxes	25.97%	25.97%	25.97%	25.97%	25.97%
Net Operating Profit After Taxes	12,267	12,819	13,196	13,475	13,759
Less: CAPEX, Net	(1,195)	(905)	(661)	(589)	(561)
Net Working Capital Changes	549	474	324	239	244
Free Cash Flow	11,621	12,389	12,859	13,125	13,442
Weighted Average Cost of Capital	3.45%				
Net Present Value of Free Cash Flows	\$57,231				

Additional Valuation Information

- NOPAT calculated using tax rate averaged from 2018-2020.
 - This was an increase from PY of 8.7%.
- CAPEX based on predetermined purchase orders found in 10-K and tied to sales.

Long-Term Growth Rate	
Net Reinvestment	
CAPEX & Depreciation	561
NWC Changes	(244)
Net Reinvestment	317
NOPAT	13,759
Net Reinvestment Rate	2.31%
Return on Invested Capital	
NOPAT	13,759
Invested Capital	114,482
ROIC	12.02%
Long-Term Growth Rate	
	0.28%
Terminal Value	
Numerator	14,042
Denominator	3.17%
Terminal Value	442,732
Present Value of Terminal Value	373,693
Enterprise Value	
Enterprise Value	430,924
Less: Net Debt	34,720
Add: Short-Term Investments	-
Equity Value	396,204
Diluted Weighted Average Common Shares Outstanding	2,626
Value per Share	150.89
Market Price, as at date of 10-K (06/30/2020)	
Market Price, as at date of 10-K (06/30/2020)	117.46
Market Price, as at March 31st 2021	135.45
Undervalued, as at June 30, 2020	
Undervalued, as at June 30, 2020	28.46%
Undervalued, as at March 31st 2021	
Undervalued, as at March 31st 2021	11.40%

DCF Target: \$150.89 (11.40% upside)

WACC:
3.45%

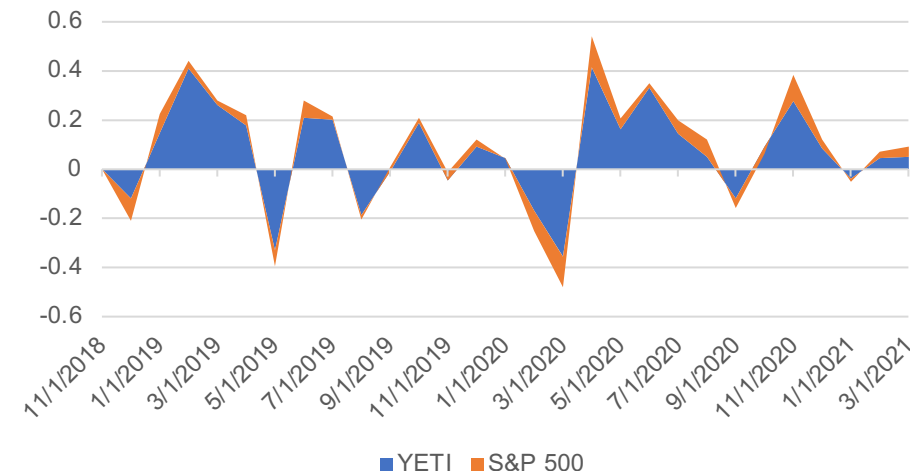
Terminal Growth:
0.28%

		Weighted Average Cost of Capital					
		150.89	1.50%	2.50%	3.45%	4.50%	5.50%
LT-Growth Rate	0.75%	674.85	280.55	176.62	122.90	93.88	
	0.50%	507.37	246.04	161.99	115.44	89.35	
	0.28%	415.77	221.81	150.89	109.54	85.67	
	0.10%	363.81	205.78	143.13	105.28	82.97	
	0.05%	351.43	201.67	141.08	104.14	82.24	

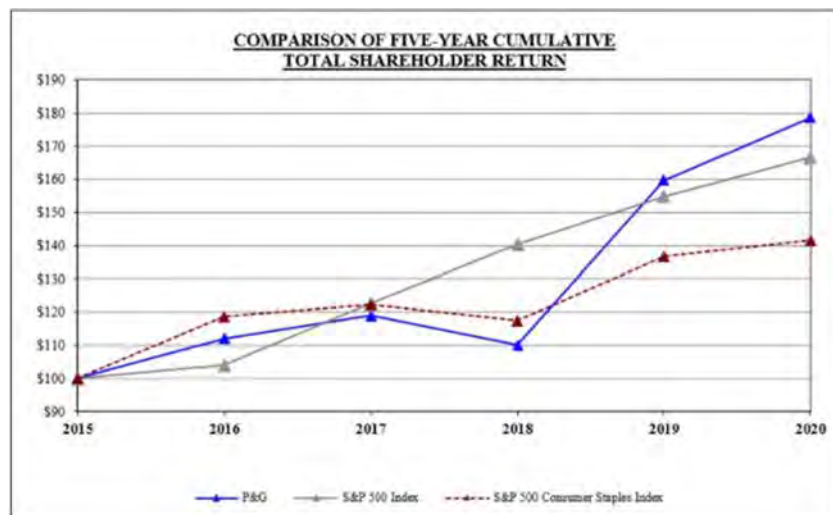
Correlation and Performance

- Considering a 5-year monthly beta of 0.39 P&G tends to follow overall market trends, but with a lesser degree of volatility in price swings.
- The 2.5-year CAGR for P&G is 24.52%.
- The 2.5-year CAGR for the S&P 500 is 15.15%.
- Consistent dividends in addition to muted lows helps provide solid returns and even a potential hedging opportunity for investors.

YETI vs SPY Historical Volatility of Returns



P&G vs. The S&P 500



Investment Risks

- Business results depend on their ability to manage disruptions in their global supply chain.
- Reliance on third parties in many aspects of their business creates additional risk.
- Disruptions in credit markets or changes to their credit ratings may reduce their access to credit.
 - Currently holding an AA- long-term credit rating from Standard & Poor's with a stable outlook.

Supply Chain Management

BIG IDEAS
in supply chain
with P&G

DISTRIBUTION CHANNELS



- P&G supply chain ranked among top five “Supply Chain Masters” by Gartner.
- Rapid Response system created by Kinaxis to assist in real-time supply chain management.

Conclusion & Recommendation

Current/Proposed Portfolio Information	
Current Position (P&G)	\$19,685.87
Current Portfolio Weighting	0.77%
Current Industry Weighting (Consumer Staples)	2.54%
Proposed Position	~\$100,000.00
Proposed Industry Weighting (Consumer Staples)	~5.50%

Buy	
Current Price	135.45
12-Month Target Price	150.89
Upside	11.40%
Dividend Yield	2.34%
Total Return	13.73%



**Investment Recommendation:
Buy \$80,000 of PG**

- P&G's low beta will assist in achieving an improved Treynor and Sharpe ratio for our overall portfolio metrics.
- P&G provides consistent and regularly increasing dividend income in addition to the potential 11.40% upside of the stock price.
- Median 12-month target estimates from many other analysts result in an anticipated price of \$150.88-\$154.00.

Exit Strategy (Barring Abnormal Market Movement)

In April 2022, if P&G has a price per share of \$105.30 or lower (10% under lowest analyst price targets)



**Liquidate
50%**



In April 2022, if P&G has a price per share of \$183.70 or higher (10% over highest analyst price targets)

Questions

Celani Fund | April 5, 2021

Appendix

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Appendix 1: Assumptions

Assumptions	Actuals	Projections				
	Year	2020A	2021E	2022E	2023E	2024E
Income Statement:						
Sales Growth	4.83%	5.50%	4.50%	2.94%	2.11%	2.11%
Gross Margin	50.3%	50.3%	50.3%	50.3%	50.3%	50.3%
Selling, General and Administrative	28.2%	28.2%	28.2%	28.2%	28.2%	28.2%
Investment Income, Interest (acquisition and divestiture gains)	155	155	155	155	155	155
Other Non-Operating Income	438	438	438	438	438	438
Tax Rate	17.20%	25.97%	25.97%	25.97%	25.97%	25.97%
Balance Sheet:						
Minimum Cash		4,239	4,239	4,239	4,239	4,239
Days Sales Outstanding (DSO)	21.49	21.49	21.49	21.49	21.49	21.49
Days Sales Inventory (DSI)	56.93	56.93	56.93	56.93	56.93	56.93
Prepaid Expenses (% of Sales)	3%	3%	3%	3%	3%	3%
Property, Plant and Equipment, *(Purchases required per purchase agreements and tied to sales - see below for more information)	20,692	21,887	22,792	23,453	24,042	24,603
Liabilities:						
Days Payable Outstanding (DPO)	124.99	124.99	124.99	124.99	124.99	124.99
Accrued and Other Liabilities, Current (% of Cost of Sales)	27.58%	27.58%	27.58%	27.58%	27.58%	27.58%
Long-Term Debt	23,537			Plug-It		
Deferred Income Tax Liabilities, Net	6,199	6,199	6,199	6,199	6,199	6,199
Other Liabilities, Noncurrent	11,110	11,110	11,110	11,110	11,110	11,110
Stockholders' Equity:						
Common Stock	4,009	4,009	4,009	4,009	4,009	4,009
Additional Paid in Capital	64,194	64,194	64,194	64,194	64,194	64,194
Reserve for ESOP Debt Retirement	(1,080)	(1,080)	(1,080)	(1,080)	(1,080)	(1,080)
Retained Earnings (Accumulated Deficit)	100,239	Previous Balance plus Net Income				
Stockholders' Equity Attributable to Noncontrolling Interest	0.36%	0.38%	0.40%	0.42%	0.43%	0.45%

*Has purchase commitments for materials, supplies, services and property, plant and equipment as part of the normal course of business. Commitments made under take-or-pay obligations are as follows: Such amounts represent minimum commitments under take-or-pay agreements with suppliers and are in line with expected usage. These amounts include purchase commitments related to service contracts for information technology, human resources management and facilities management activities that have been outsourced to third-party suppliers. Due to the proprietary nature of many of our materials and processes, certain supply contracts contain penalty provisions for early termination. We do not expect to incur penalty payments under these provisions that would materially affect our financial position, results of operations or cash flows.

Fixed/Variable Cost Split Calculations			
Year	2020	Year	2019
Sales Change	3,266	Sales Change	852
COGS	482	COGS	336
% Variable	15%	% Variable	39.44%
Variable COGS	5,202	Variable COGS	13,711
Fixed COGS	30,048	Fixed COGS	21,057
Total COGS	35,250	Total COGS	34,768
SGA Change	910	SGA Change	47
% Variable	28%	% Variable	5.52%
Variable SGA	5,571	Variable SGA	1,053
Fixed SGA	14,423	Fixed SGA	18,031
Total SGA	19,994	Total SGA	19,084

Appendix 2: Income Statement Forecast



CONSOLIDATED STATEMENTS OF EARNINGS - USD (\$) in Millions

	2020A	2021E	2022E	2023E	2024E	2025E
Income Statement						
Net Sales	\$ 70,950	\$ 74,852	\$ 78,221	\$ 80,520	\$ 82,219	\$ 83,954
Cost of Goods Sold (Deprecated 2018-01-31)	35,250	37,189	38,862	40,005	40,849	41,711
Selling, General and Administrative Expense	19,994	21,094	22,043	22,691	23,170	23,659
Goodwill & Indefinite Lived Intangible Asset Impairment Charges	0	0	0	0	0	0
Operating Income	15,706	16,570	17,315	17,825	18,201	18,585
Interest Expense	(465)	(139)	0	0	0	0
Investment Income, Interest	155	155	155	155	155	155
Other Nonoperating Income (Expense)	438	438	438	438	438	438
Earnings from Continuing Operations Before Income Taxes	15,834	17,023	17,908	18,418	18,794	19,178
Income Taxes on Continuing Operations	2,731	4,420	4,650	4,782	4,880	4,980
Net Earnings	13,103	12,603	13,258	13,635	13,914	14,198
Less: Net Earnings Attributable to Noncontrolling Interest	76	73	77	79	81	82
Net Income (Loss) Attributable to Proctor & Gamble	\$ 13,027	\$ 12,530	\$ 13,181	\$ 13,556	\$ 13,833	\$ 14,116

Appendix 3: Balance Sheet Forecast

CONSOLIDATED BALANCE SHEETS - USD (\$) in Millions						
	2020A	2021E	2022E	2023E	2024E	2025E
CURRENT ASSETS						
Cash and cash equivalents	\$ 16,181	\$ 4,239	\$ 6,241	\$ 19,539	\$ 33,103	\$ 46,984
Available-for-sale Securities	-	-	-	-	-	-
Accounts Receivable, after Allowance for Credit Loss, Current	4,178	4,408	4,606	4,742	4,842	4,944
INVENTORIES						
Inventory, Raw Materials and Supplies, Gross	1,414	1,492	1,559	1,605	1,639	1,673
Inventory, Work in Process, Gross	674	711	743	765	781	798
Inventory, Finished Goods, Gross	3,410	3,598	3,759	3,870	3,952	4,035
Total Inventories	5,498	5,800	6,061	6,240	6,371	6,506
Prepaid Expense and Other Assets, Current	2,130	2,247	2,348	2,417	2,468	2,520
Total Assets, Current	27,987	16,694	19,257	32,938	46,784	60,954
Property, Plant and Equipment, Net	20,692	21,887	22,792	23,453	24,042	24,603
Goodwill	39,901	39,901	39,901	39,901	39,901	39,901
Trademarks and Other Intangible Assets, Net (Excluding Goodwill)	23,792	23,792	23,792	23,792	23,792	23,792
Other Assets, Noncurrent	8,328	8,328	8,328	8,328	8,328	8,328
Total Assets	\$ 120,700	\$ 110,603	\$114,070	\$128,412	\$142,847	\$157,578
CURRENT LIABILITIES						
Accounts Payable, Current	12,071	12,735	13,308	13,699	13,988	14,283
Accrued and Other Liabilities, Current	9,722	10,257	10,718	11,033	11,266	11,504
Debt, Current	11,183	-	-	-	-	-
Total Liabilities, Current	32,976	22,992	24,026	24,733	25,254	25,787
Long-term Debt, Excluding Current Maturities	23,537	10,825	-	-	-	-
Deferred Income Tax Liabilities, Net	6,199	6,199	6,199	6,199	6,199	6,199
Other Liabilities, Noncurrent	11,110	11,110	11,110	11,110	11,110	11,110
Total Liabilities	73,822	51,126	41,335	42,042	42,563	43,096
SHAREHOLDERS' EQUITY						
Convertible Class A preferred stock, stated value \$1 per share (600 shares authorized)	897	897	897	897	897	897
Non-Voting Class B preferred stock, stated value \$1 per share (200 shares authorized)	-	-	-	-	-	-
Common stock, stated value \$1 per share (10,000 shares authorized; shares issued: 2020 - 4,009.2, 2019 - 4,009.2)	4,009	4,009	4,009	4,009	4,009	4,009
Additional Paid in Capital	64,194	64,194	64,194	64,194	64,194	64,194
Reserve for ESOP Debt Retirement	(1,080)	(1,080)	(1,080)	(1,080)	(1,080)	(1,080)
Accumulated Other Comprehensive Income (Loss), Net of Tax	(16,165)	(16,165)	(16,165)	(16,165)	(16,165)	(16,165)
Treasury stock, at cost (shares held: 2020 - 1,529.5, 2019 - 1,504.5)	(105,573)	(105,573)	(105,573)	(105,573)	(105,573)	(105,573)
Retained Earnings (Accumulated Deficit)	100,239	112,765	125,946	139,502	153,335	167,451
Stockholders' Equity Attributable to Noncontrolling Interest	357	430	507	586	667	749
Total Stockholders' Equity, Including Portion Attributable to Noncontrolling Interest	46,878	59,477	72,735	86,370	100,284	114,482
Total Liabilities and Equity	\$ 120,700	\$ 110,603	\$114,070	\$128,412	\$142,847	\$157,578
Difference	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Appendix 4: Cash Flow Forecast



CONSOLIDATED STATEMENTS OF CASH FLOWS - USD (\$) in Millions						
	2020A	2021E	2022E	2023E	2024E	2025E
Cash, Cash Equivalents, Restricted Cash and Restricted Cash Equivalents, Beginning Balance	\$ 4,239	\$ 16,181	\$ 4,239	\$ 6,241	\$ 19,539	\$ 33,103
OPERATING ACTIVITIES						
Net Earnings	13,103	12,599	13,258	13,635	13,914	14,198
Depreciation, Depletion and Amortization	3,013	0	0	0	0	0
Gain (Loss) on Extinguishment of Debt	0	0	0	0	0	0
Share-based Payment Arrangement, Noncash Expense	558	0	0	0	0	0
Deferred Income Tax Expense (Benefit)	(596)	0	0	0	0	0
Gain (Loss) on Disposition of Business (Sale of Assets)	7	0	0	0	0	0
Goodwill and Indefinite-lived Intangibles Impairment Charges Including Disc Ops	0	0	0	0	0	0
Increase (Decrease) in Accounts Receivable	634	(230)	(198)	(135)	(100)	(102)
Increase (Decrease) in Inventories	(637)	(302)	(261)	(178)	(132)	(134)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	1,923	664	573	391	289	295
Increase (Decrease) in Other Operating Assets and Liabilities, Net	(710)	535	462	315	233	238
Other Noncash Expense	108	(117)	(101)	(69)	(51)	(52)
Net Cash Provided by (Used in) Operating Activities	17,403	13,148	13,732	13,959	14,153	14,442
INVESTING ACTIVITIES						
Payments to Acquire Property, Plant, and Equipment (CAPEX)	(3,073)	(1,195)	(905)	(661)	(589)	(561)
Proceeds from Sale of Productive Assets	30	0	0	0	0	0
Payments to Acquire Businesses, Net of Cash Acquired	(58)	0	0	0	0	0
Payments to Acquire Short-term Investments	0	0	0	0	0	0
Proceeds from Sale of Short-term Investments	6,151	0	0	0	0	0
Payments for (Proceeds from) Other Investments	(5)	0	0	0	0	0
Net Cash Provided by (Used in) Investing Activities	3,045	(1,195)	(905)	(661)	(589)	(561)
FINANCING ACTIVITIES						
Payments of Dividends to Shareholders	(7,789)	0	0	0	0	0
Proceeds from (Repayments of) Short-term Debt	2,345	(11,183)	0	0	0	0
Proceeds from Issuance of Long-term Debt (Additions to LT Debt)	4,951	0	0	0	0	0
Repayments of Long-term Debt	(2,447)	(12,712)	(10,825)	0	0	0
Payments for Repurchase of Common Stock (Treasury Stock Purchase)	(7,405)	0	0	0	0	0
Proceeds From Stock Options Exercised And Other Financing Activities	1,978	0	0	0	0	0
Net Cash Provided by (Used in) Financing Activities	(8,367)	(23,895)	(10,825)	0	0	0
EFFECT OF EXCHANGE RATE CHANGES ON CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(139)	0	0	0	0	0
CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	11,942	(11,942)	2,002	13,298	13,564	13,881
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR	16,181	4,239	6,241	19,539	33,103	46,984
Difference	0	0	(0)	(0)	0	0

Appendix 5: Valuation

FREE CASH FLOWS - USD (\$) in Millions

Discounted Cash Flow Model	2021E	2022E	2023E	2024E	2025E
Operating Earnings	16,570	17,315	17,825	18,201	18,585
Less: Taxes	25.97%	25.97%	25.97%	25.97%	25.97%
Net Operating Profit After Taxes	12,267	12,819	13,196	13,475	13,759
Less: CAPEX, Net	(1,195)	(905)	(661)	(589)	(561)
Net Working Capital Changes	549	474	324	239	244
Free Cash Flow	11,621	12,389	12,859	13,125	13,442
Weighted Average Cost of Capital	3.45%				
Net Present Value of Free Cash Flows	\$57,231				

		Weighted Average Cost of Capital					
LT-Growth Rate	150.89	1.50%	2.50%	3.45%	4.50%	5.50%	
	0.75%	674.85	280.55	176.62	122.90	93.88	
	0.50%	507.37	246.04	161.99	115.44	89.35	
	0.28%	415.77	221.81	150.89	109.54	85.67	
	0.10%	363.81	205.78	143.13	105.28	82.97	
	0.05%	351.43	201.67	141.08	104.14	82.24	

Long-Term Growth Rate	
Net Reinvestment	
CAPEX & Depreciation	561
NWC Changes	(244)
Net Reinvestment	317
NOPAT	13,759
Net Reinvestment Rate	2.31%
Return on Invested Capital	
NOPAT	13,759
Invested Capital	114,482
ROIC	12.02%
Long-Term Growth Rate	0.28%

Terminal Value	
Numerator	14,042
Denominator	3.17%
Terminal Value	442,732
Present Value of Terminal Value	373,693
Enterprise Value	430,924
Less: Net Debt	34,720
Add: Short-Term Investments	-
Equity Value	396,204
Diluted Weighted Average Common Shares Outstanding	2,626
Value per Share	150.89
Market Price, as at date of 10-K (06/30/2020)	117.46
Market Price, as at March 31st 2021	135.45
Undervalued, as at June 30, 2020	28.46%
Undervalued, as at March 31st 2021	11.40%

Market Data	
Price, as at 03/31/21	135.45
Quarterly Dividend	0.7907
Annual Dividend Yield	2.34%
Market Cap. (\$mm)	336,740
P/E Ratio	26.4
Beta	0.39

Buy	
Current Price	135.45
12-Month Target Price	150.89
Upside	11.40%
Dividend Yield	2.34%
Total Return	13.73%

Appendix 6: Comparable Analysis

COMPARABLE ANALYSIS - USD (\$) \$ in Millions					
EBITDA Multiple	Procter & Gamble (\$PG)	Colgate-Palmolive (\$CL)	Church & Dwight (\$CHD)	The Clorox Company (\$CLX)	Average (Excluding P&G)
Market Price, as at Fiscal Year End	117.46	85.04	86.96	216.05	129.35
Shares Outstanding	2,486	859	252	128	413
Market Capitalization	292,016	73,075	21,931	27,583	40,863
Debt					
Short-Term	11,183	267	351	0	206
Long-Term	23,537	7334	1,813	2780	3,976
Total Debt	34,720	7,601	2,164	2,780	4,182
Enterprise Value	326,736	80,676	24,095	30,363	45,045
EBIT	15,706	3,885	1,030	1,284	2,066
Depreciation & Amortization	3,013	539	190	180	303
EBITDA	18,719	4,424	1,219	1,464	2,369
EBITDA Multiple	17.45	18.24	19.76	20.74	19.58
Procter & Gamble (\$PG)					
EBIT	15,706	15,706	15,706	15,706	15,706
Depreciation & Amortization	3,013	3,013	3,013	3,013	3,013
EBITDA	18,719	18,719	18,719	18,719	18,719
Enterprise Value	326,736	341,359	369,885	388,232	366,492
Less: Debt	34,720	34,720	34,720	34,720	34,720
Equity Value	292,016	306,639	335,165	353,512	331,772
Shares Outstanding	2,486	2,486	2,486	2,486	2,486
Value per Share	117.46	123.34	134.82	142.20	133.45
Price, as at Fiscal YE	117.46	117.46	117.46	117.46	117.46
Under (Over) Valued (%)	0%	5%	15%	21%	14%

Appendix 7: Ratios

The Procter and Gamble, Co. Ratios

Liquidity Ratios		Efficiency		Financial Leverage		Profitability		Growth and valuation		Activity Ratio	
Cash ratio	0.49	Days receivables	21.49	Debt to total assets	0.29	Return on common equity (ROE)	28.0%	One-year sales growth	4.6%	Asset turnover	0.59
Acid test (Quick ratio)	0.62	Days payables	124.99	Leverage Ratio	1.57	Return on assets	8.6%	One-year operating income growth	65.1%	Accounts receivable turnover	16.98
Current ratio	0.85	Days of inventory	56.93	Long-term leverage ratio	0.50	Return on invested capital	12.6%	One-year net income growth	69.73%	Inventory turnover	6.41
				Debt to Equity	0.74	Gross margin	50.3%	Enterprise multiple	17.5	Cash conversion cycle (days)	(46.57)
				Total debt to EBITDA	1.85	EBITDA Margin	26.4%	Enterprise value-to-sales	4.6		
				Interest cover ratio	33.78	Operating margin	22.1%	P/E ratio	22.9		
						Pre-tax margin	22.3%				
						Net income margin	18.5%				

Appendix 8: Additional Calculations

The Procter and Gamble, Co.	
5-Year Monthly Beta	
Covariance	0.00076890
Variance	0.001949862
Beta	0.39

Cost of Equity	
10-Year Risk Free Rate (as of 03/31/2021)	1.73%
Beta	0.39
Market Risk Premium (Geometric Mean)	5%
Cost of Equity	3.70%

Cost of Debt	
Cost of Debt	1.78%
Effective Tax Rate (Averaged from 2018-2020)	25.97%
After Tax Cost of Debt	1.32%

WACC	
Cost of Equity	3.70%
Weighted Equity	89.37%
After Tax Cost of Debt	1.32%
Weight of Debt	10.63%
WACC	3.45%

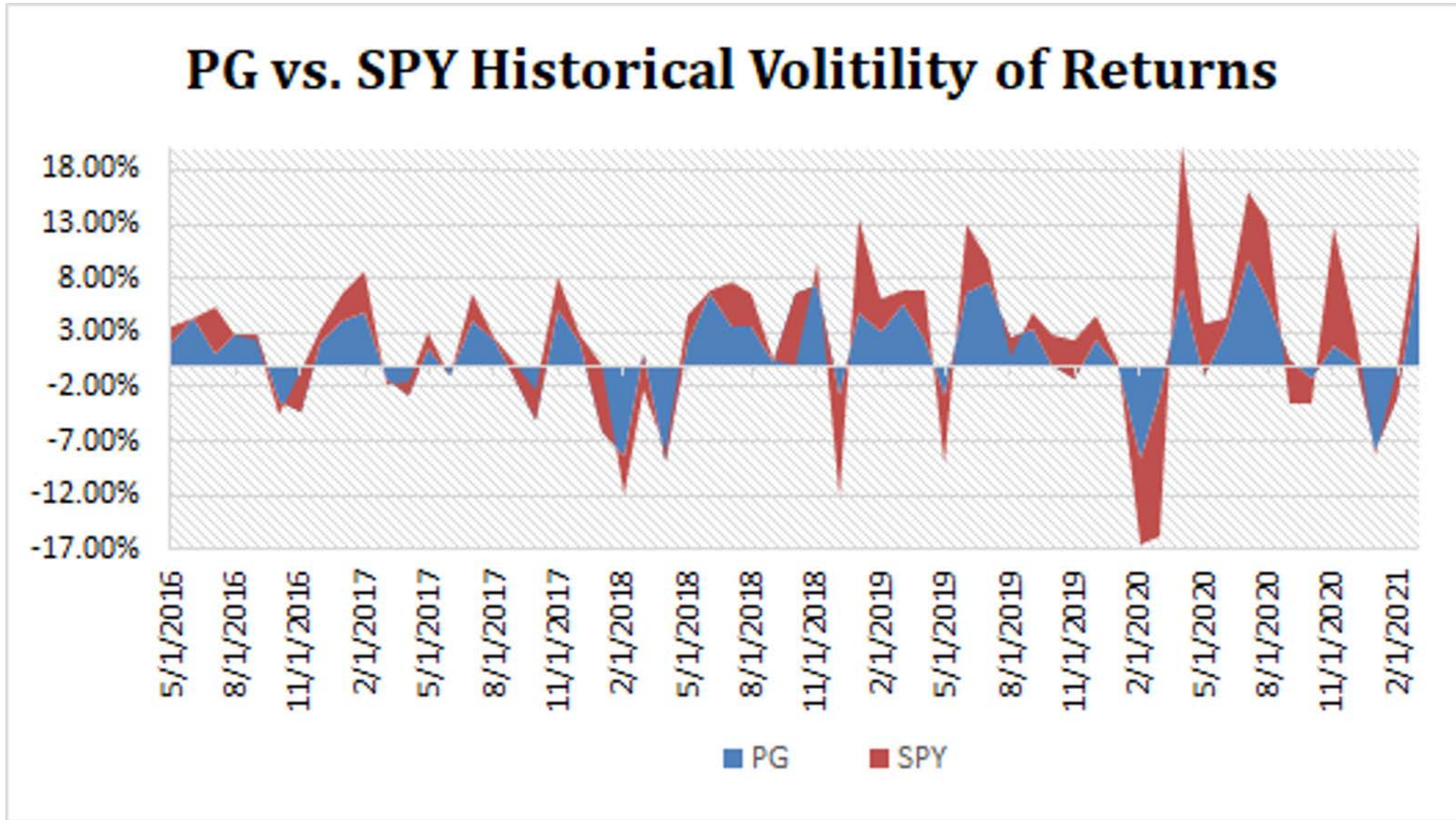
Enterprise Value	
Market Value of Equity	292,015,742,842.32
Market Value of Debt	34,720,000,000
Enterprise Value	326,735,742,842.32
Shares Outstanding	2,486,086,692
Market Price, June 30, 2020	\$ 117.46

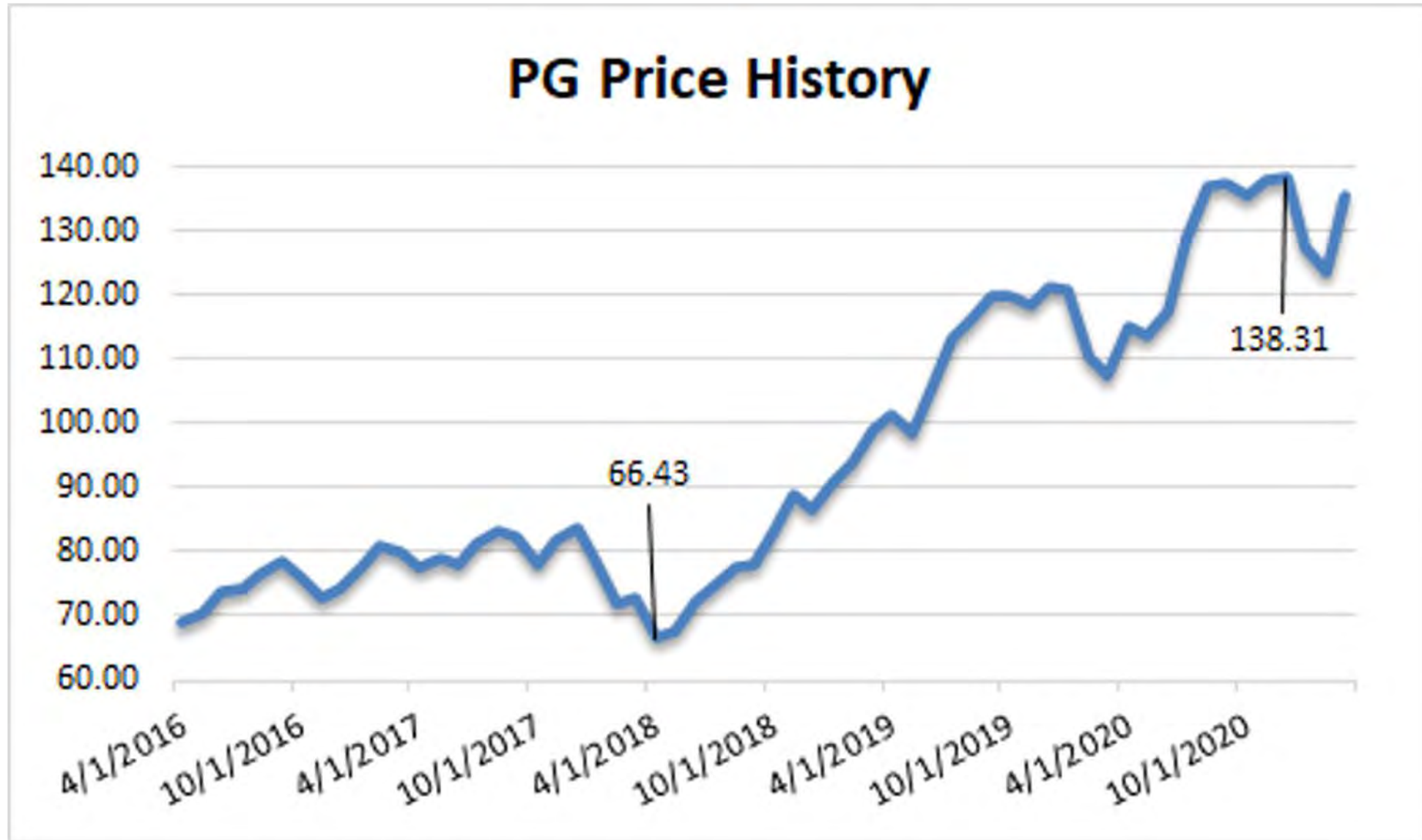
Capital Structure	
Weight of Equity	89.37%
Weight of Debt	10.63%

Interest Rate Calculation (\$Millions)		
	2020	2019
Total Debt	34,720	30,092
Long-term Debt	23,537	20,395
Long-term weight average interest rates	2.30%	2.40%
% of Debt	67.79%	67.78%
Short-term Debt	11,183	9,697
Short-term weighted average interest rates	0.70%	0.50%
% of Debt	32.21%	32.22%
Weighted Average Cost of Debt	1.78%	1.79%

*Interest expense was \$465 million in fiscal 2020, a decrease of \$44 million versus the prior year due primarily to a reduction in U.S. interest rates, partially offset by an increase in debt.

LT-Growth Rate	Weighted Average Cost of Capital					
	150.89	1.50%	2.50%	3.45%	4.50%	5.50%
0.75%	674.85	280.55	176.62	122.90	93.88	
0.50%	507.37	246.04	161.99	115.44	89.35	
0.28%	415.77	221.81	150.89	109.54	85.67	
0.10%	363.81	205.78	143.13	105.28	82.97	
0.05%	351.43	201.67	141.08	104.14	82.24	





Appendix 12: 5-Year Shareholder Returns

