

The Henry Fund

Henry B. Tippie College of Business
Jack Gorsche [jack-gorsche@uiowa.edu]



Procter & Gamble Co. (PG)

11/19/2025

Consumer Staples – Household & Personal Products

Stock Rating: **Buy**

Investment Thesis

Target Price **\$180**

We rate **Procter & Gamble (PG)** a **Buy** with a target price of **\$180**, representing ~22% upside. Our DCF and DDM valuations reflect durable brand equity, strong pricing power, and consistent capital returns. As a defensive staple leader, P&G's resilient cash flows and productivity initiatives — including workforce reductions and supply chain automation — support margin expansion and long-term value despite tariff and cost pressures.

Drivers of Thesis

- Defensive product mix insulates PG from trade down risk during recessionary or stagflationary environments.
- The company is cutting ~7,000 non-manufacturing jobs, expected to save **\$1.25B annually in SG&A**.
- We forecast a **3.4% revenue CAGR through 2030**, driven by steady demand and premiumization.
- Strong free cash flow supports reliable dividends (69 consecutive dividend increases) and ongoing share repurchases.

Risks to Thesis

- A prolonged downturn, stagflation, or escalation of tariffs could pressure volumes and margins. While P&G is more insulated than peers, sustained macro weakness could still weigh on results.
- Continued price increases raise the risk of share losses to lower-cost private labels, especially in commoditized categories such as diapers, paper products, and basic personal care.

Henry Fund DCF	\$186
Henry Fund DDM	\$175
Relative Multiple	\$124
HF % Upside	22%

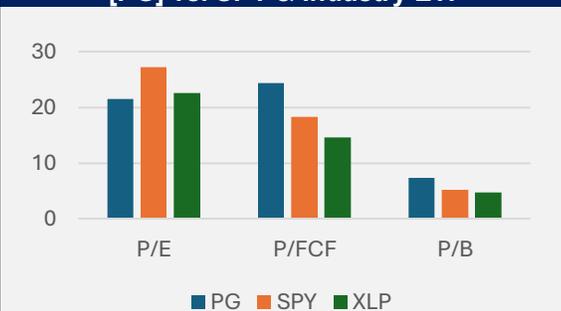
Price Data

Current Price	\$147
Date of Price	11/19/25
52wk Range	\$144 - 180
Consensus Price Target	\$170
Consensus % Upside	16%

Key Statistics

Market Cap (B)	358.38
Diluted Shares Out. (M)	2.45
Institutional Ownership	70.11%
Beta	0.44
Dividend Yield	2.77%
WACC	6.13%

[PG] vs. SPY & Industry ETF



Earnings / EBITDA Estimates

Year	2023	2024	2025	2026e	2027e	2028e
HF EPS	-	-	-	6.54	7.05	7.31
% Growth	-	-	-	-2%	7.8%	3.7%
Street EPS	6.07	6.18	6.67	7.00	7.41	8.18
% Growth	1.2%	1.8%	7.9%	5%	13.3%	16%
HF EBITDA	-	-	-	23716	24959	25553
% Growth	-	-	-	1.8%	5.2%	2.4%
Street EBITDA	20848	22782	23298	24170	25296	26632
% Growth	1.1%	9.3%	2.3%	3.7%	4.7%	5.3%

Price Performance



Balance Sheet / Cash Flow Snapshot

	2023	2024	2025	2026e	2027e	2028e
Net Debt	26361	22978	24952	20936	20797	20007
Debt/Equity	1.57	1.42	1.4	1.43	1.39	1.33
FCF	14492	17626	13428	16789	16960	17181
CFO	16848	19846	17817	21223	19130	20047

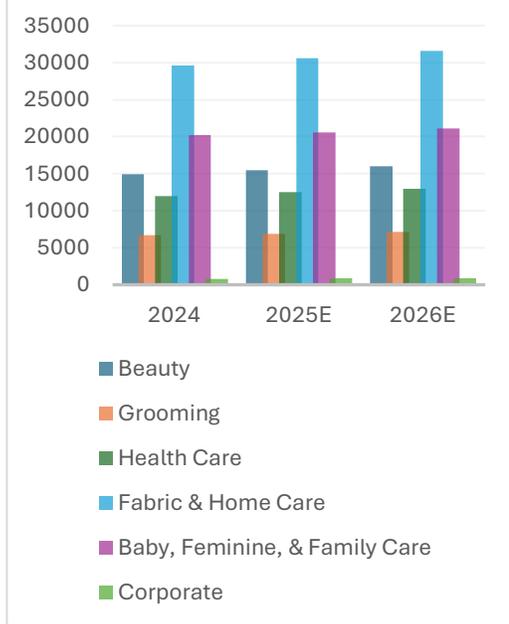
Profitability

	2023	2024	2025	2026e	2027e	2028e
HF EBITDA	20848	22782	23298	23716	24959	25553
Gross Margin	47.9%	51.4%	51.2%	50.1%	49.9%	49.7%
Net Margin	18.0%	17.8%	19.1%	17.6%	18.1%	18.0%
ROA	12.2%	12.2%	12.8%	11.8%	12.4%	12.6%
ROE	31.3%	29.6%	30.7%	28.5%	29.5%	29.3%
ROIC	36.8%	42.0%	41.9%	41.8%	44.5%	45.0%

[PG] vs. Peer Group – Sales Growth

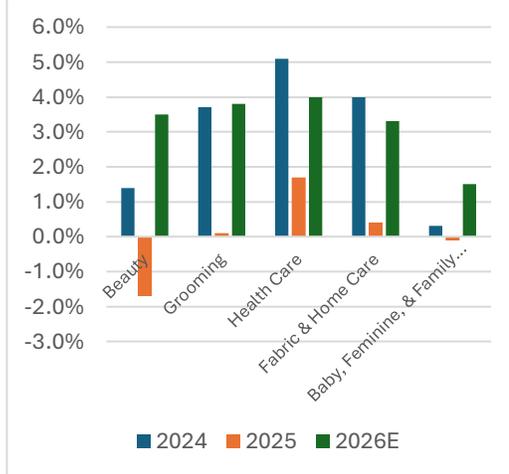
Year	2026e	2027e	2028e
PG	3.0%	3.2%	3.2%
CL	0.9%	3.4%	3.6%
CHD	1.5%	3.9%	3.5%
KMB	-17.8%	2.6%	2.5%
CLX	-8.6%	4.9%	2.9%

Figure #1: Revenue by Product Line (\$)



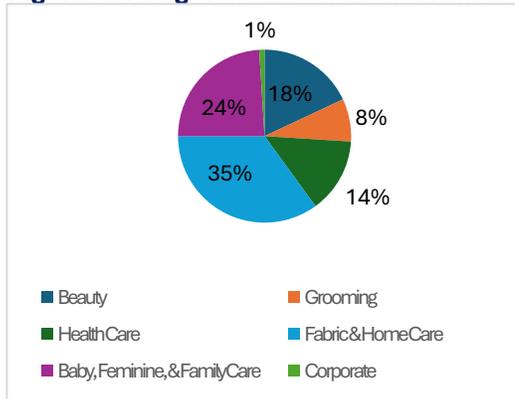
Source: PG 10k

Figure #2: Revenue by Product Line (%)



Source: PG 10k

Figure #3: Segment % of Total Revenue



Source: PG 10k

Company Description

Procter & Gamble (PG) is widely regarded as one of the premier blue-chip companies in the global equity markets. Founded in 1837 and headquartered in Cincinnati, Ohio, P&G has grown into the world's largest consumer packaged goods (CPG) company, with operations in more than 180 countries and a market capitalization of nearly \$400 billion. The company's scale, global reach, and portfolio of household-name brands provide it with durable competitive advantages that have enabled consistent growth and resilience across economic cycles.

P&G operates across five business segments: Fabric & Home Care, Baby, Feminine & Family Care, Beauty, Health Care, and Grooming. Within these categories, the firm owns more than 20 billion-dollar brands, including Tide, Pampers, Gillette, Crest, Charmin, Olay, and Oral-B. These brands enjoy dominant market positions and are known for their superior product quality, which allows P&G to command pricing power and maintain customer loyalty even during periods of economic strain. This breadth and strength of its portfolio define P&G's status as a consumer staples leader.

The company has also established itself as a reliable compounder of shareholder value. P&G has paid a dividend for 135 consecutive years and has increased its dividend for 69 straight years, solidifying its reputation as a dividend aristocrat. Its strong free cash flow generation supports both this dividend growth and consistent share repurchases, underscoring a disciplined capital allocation strategy that appeals to long-term investors.

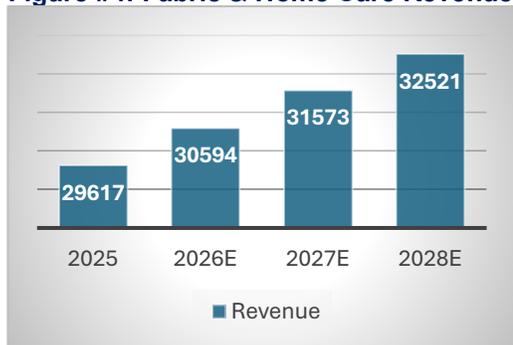
The firm generated \$84.3 billion in revenue in 2025, a 0.3% year-over-year (YoY) increase, with organic sales growth of 2% as pricing gains offset flat to declining volumes in several categories. P&G maintains a highly diversified revenue mix across its five business segments. Fabric & Home Care leads with 36% of total sales, followed by Baby, Feminine & Family Care at 24%, Beauty at 18%, Health Care at 14%, and Grooming at 8%. This revenue distribution has remained steady over the past five years, underscoring the company's balance across categories and geographies. We forecast a slight mix shift away from Baby Care toward Fabric & Home Care, Health Care and beauty through 2030, though the overall distribution will remain relatively consistent.

Segment profitability is also remarkably stable. In 2025, P&G delivered operating income of \$20.5 billion, reflecting an operating margin of ~24%, in line with its long-term average. Segment margins generally range between 20% and 25%, highlighting the consistency of P&G's business model and its ability to defend profitability even in the face of FX headwinds, commodity inflation, and tariffs. Fabric & Home Care and Health Care remain the strongest contributors to profitability, while Baby Care lags due to price sensitivity and elevated competition from private labels.

Fabric & Home Care

Fabric & Home Care is P&G's largest and most profitable segment, generating 36% of revenue in FY25 and anchored by category leaders Tide, Ariel, Downy, Gain, Dawn, Cascade, and Febreze. P&G is the global leader in laundry and holds dominant share in dish care, supported

Figure #4: Fabric & Home Care Revenue



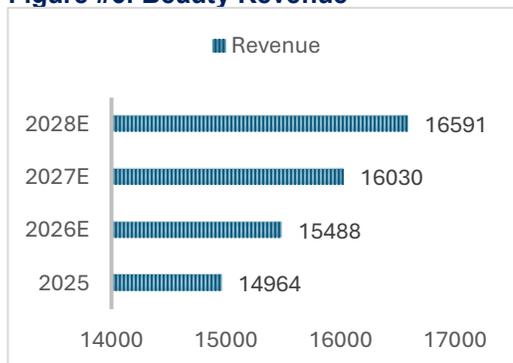
Source: PG 10k

Figure #5: Baby, Feminine, & Family Care Revenue



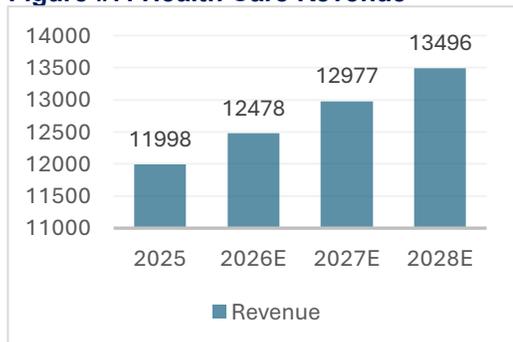
Source: PG 10k

Figure #6: Beauty Revenue



Source: PG 10k

Figure #7: Health Care Revenue



Source: PG 10k

by scale, brand loyalty, and category-expanding innovation. FY25 sales rose in the low single digits despite tariff and input cost headwinds, demonstrating the resilience of the segment and the company's ability to sustain pricing. New products such as Tide evo and Dawn Powerwash highlight P&G's ability to expand usage occasions and trade consumers into premium formats, reinforcing market share leadership. We forecast segment revenue to grow at roughly 3.2% CAGR through 2030, in line with professional analyst estimates, supported by steady demand, premiumization, and scale efficiencies, while profitability remains strong with margins near the corporate average. Fabric & Home Care is expected to remain the cornerstone of P&G's revenue and cash flow generation over the long term.

Baby, Feminine, & Family Care

Baby, Feminine & Family Care accounted for 24% of sales in FY25, led by Pampers, Luvs, Always, Tampax, Charmin, and Bounty. Segment performance was uneven: Baby Care organic sales rose only ~1%, as tariffs, higher pricing, and private-label competition weighed on volumes globally, though P&G gained share in China where sales grew double digits. Family Care offset this weakness with mid-single-digit growth driven by product innovations such as Charmin Ultra Soft Smooth Tear, while Feminine Care remained steady with brand loyalty in developed markets. We forecast segment revenue to grow at ~2.6% CAGR through 2030, in line with analyst estimates, as Baby Care continues to face headwinds from demographics and price sensitivity, while Family and Feminine Care provide more stable contributions.

Beauty

Beauty contributed 18% of FY25 sales through brands such as Pantene, Head & Shoulders, Olay, SK-II, and Native. P&G maintains leading global share in retail hair care, but performance has been mixed: Hair Care delivered low-single-digit growth, while premium skincare brand SK-II continued to struggle in China amid weak consumer demand. Offsetting this, Olay and Native performed well in North America, supported by innovation and premium positioning. We forecast Beauty to grow at 3.6% CAGR through 2030, consistent with analyst estimates, reflecting a strong recovery in luxury skincare with innovation in premium and natural products sustaining modest growth.

Health Care

Health Care represented 14% of FY25 sales and remains P&G's fastest-growing segment, anchored by Crest and Oral-B in oral care and Vicks, Pepto-Bismol, and Metamucil in over-the-counter health. Oral-B's iO platform drove high-single-digit power brush sales in FY25, while OTC brands delivered steady mid-single-digit gains. With strong brand equity and leadership in premium oral care, we forecast Health Care to grow at ~4% CAGR through 2030, in line with analyst estimates, supported by replenishment-driven ecosystems, rising global health awareness, and expanded distribution in emerging markets. This makes Health Care a structural growth engine within P&G's portfolio.

Grooming

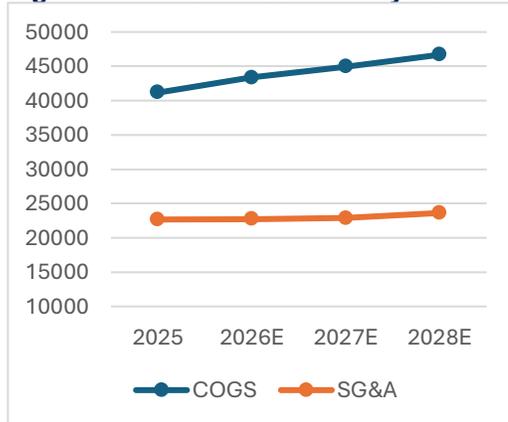
Grooming made up 8% of FY25 sales, led by Gillette, Venus, and Braun. While P&G remains the global leader in men's shaving, the category continues to face headwinds from evolving grooming habits and direct-to-consumer competitors. In FY25, segment sales were stable overall, with

Figure #8: Grooming Revenue



Source: PG 10k

Figure #9: Cost Structure Analysis



Source: PG 10k

Figure #10: SG&A Cost Cuts (%)



Source: PG 10k

Venus delivering mid-single-digit growth following its largest product upgrade in decades, partially offsetting flat results in men's razors. We forecast Grooming to grow at 3.9% CAGR through 2030, aligned with analyst estimates, driven by innovation in women's grooming and emerging market demand, though men's razors will likely remain challenged.

Cost Structure Analysis

P&G's cost structure has been remarkably stable over time, reflecting both its scale advantage and the resilience of its categories. Historically, cost of goods sold (COGS) has averaged about 50% of revenue, a ratio we maintain in our forecast as we expect the company to continue passing higher input costs through to consumers via price increases. This pricing power, supported by P&G's dominant brand portfolio, enables the company to preserve profitability even in periods of inflation or tariff pressure.

In FY25, P&G generated \$20.5 billion in operating income, representing an operating margin of roughly 24%, while gross margin held near 51%, both consistent with long-term averages. These results highlight the company's ability to protect margins through disciplined pricing and productivity initiatives despite FX headwinds and rising commodity costs.

Looking forward, we anticipate that profitability will remain broadly consistent, with modest upside from cost savings. Management's plan to cut ~7,000 non-manufacturing jobs, expected to yield \$1.25 billion in annual SG&A savings, along with ongoing supply chain automation, should create incremental efficiency gains. At the same time, mix shift toward faster-growing, higher-margin segments such as Health Care and premium Beauty provides additional support for earnings stability.

Overall, we forecast operating profit margins to remain resilient through 2030, as P&G's scale, pricing power, and productivity programs enable the firm to offset rising costs and maintain its long track record of profitability.

Strategic Position

Procter & Gamble operates in a monopolistic competitive market, where many firms sell similar consumer goods but differentiate through branding, quality, and innovation. While competitors such as Unilever, Colgate-Palmolive, and Kimberly-Clark offer household and personal care products, P&G distinguishes itself by consistently producing premium products with superior quality and performance. The company invests heavily in R&D and supply chain excellence to ensure its products deliver measurable benefits — from the cleaning power of Tide to the comfort of Pampers and the technology embedded in Oral-B toothbrushes.

P&G's strongest differentiator is its brand equity. With over 20 billion-dollar brands, including Tide, Pampers, Gillette, Olay, and Crest, the company commands leading market share in nearly every category it competes in. This brand recognition not only drives customer loyalty but also allows P&G to exercise pricing power, passing on higher input costs to consumers with limited impact on volumes. This dynamic reinforces its ability to maintain gross margins around 50% while competitors with weaker brands often see greater erosion from inflation and private label competition.

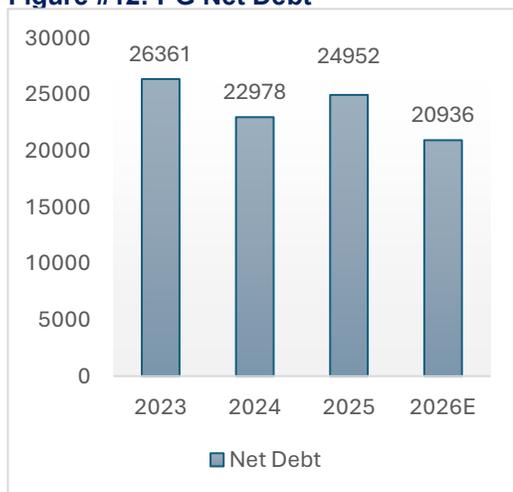
By combining high-quality ingredients, premium product positioning, and unparalleled brand loyalty, P&G has created a durable competitive

Figure #11: Debt Maturity Analysis

Fiscal Year	Coupon (%)	Payment (\$m)
2026	2.55%	5377
2027	3.26%	4606
2028	2.56%	2142
2029	2.88%	2027
2030	2.24%	3996
Thereafter	3.36%	4749
Total	2.84%	22987

Source: PG 10k

Figure #12: PG Net Debt



Source: PG 10k

Figure #13: ESG Peer Comparison



Source: Morningstar Sustainalytics

advantage within a commoditized industry. This strategy supports the company's long-standing ability to sustain market share leadership, defend against private labels, and deliver stable cash flows through economic cycles.

Debt Maturity & Liquidity Analysis

P&G maintains a conservative balance sheet and one of the strongest credit profiles in the consumer staples sector, with all long-term debt issued as senior unsecured notes. According to the firm's FY25 10-K, the long-term debt maturity schedule includes upcoming obligations of \$5.4B in 2026, \$4.6B in 2027, and \$2.1B in 2028, followed by maturities of \$3–4B annually through the early 2030s. FactSet data confirms that the 2026 obligations are almost entirely composed of bonds, making it the largest near-term refinancing hurdle. While the 2026 maturity is larger than usual, it represents less than half of annual operating cash flow, and the company's current cash position, revolving credit availability, and strong free cash flow generation place it in a favorable position to manage the refinancing.

Liquidity remains robust, with P&G generating \$17–18B in annual operating cash flow and maintaining free cash flow productivity above 90%. The firm's net debt-to-EBITDA ratio is comfortably below 2x, and interest coverage is well into the double digits, reflecting strong solvency. With an AA– credit rating, P&G faces minimal refinancing risk, even with the 2026 maturity cluster. Moreover, the broader interest rate environment is supportive: markets are pricing in at least three additional rate cuts by year-end, which should lower P&G's refinancing costs relative to the past two years of elevated rates.

Taken together, P&G's liquidity and solvency profile remains exceptionally strong. Even with a larger maturity in 2026, the company's predictable cash flows, disciplined capital allocation, and premium credit rating ensure ample flexibility to refinance or retire debt as needed without compromising shareholder returns.

Compared to peers, P&G maintains the strongest credit profile in the sector with its AA– credit rating. This is one notch above Unilever (A+) and Colgate-Palmolive (A+), and well ahead of Clorox (BBB+) and Church & Dwight (BBB+). The stronger rating reflects P&G's superior scale, diversification, and free cash flow generation, which reduce refinancing risk and secure lower borrowing costs relative to competitors.

ESG Analysis

Environmental (E):

P&G has committed to achieving net zero greenhouse gas emissions across its operations and supply chain by 2040, with interim 2030 goals including 100% renewable electricity and a 50% reduction in operational emissions. The company is a leader in sustainable packaging, pledging to make 100% of packaging recyclable or reusable by 2030, and has already transitioned major brands like Tide, Pampers, and Gillette to reduced-plastic or recyclable formats. Water efficiency initiatives are underway in emerging markets, where scarcity is a growing issue, and P&G invests in product formulations that lower water and energy use (e.g., Tide Cold Water, Ariel Pods). These initiatives reinforce P&G's alignment with evolving consumer preferences and regulatory standards.

Figure #14: ESG Peer Comparison



Source: S&P Global

Figure #15: ESG Score

MSCI	A (Average)
Sustainalytics	25.68 (Moderate Risk)
S&P Global	38 (CSA Score 32)
Ethos ESG Impact	B (68.3)

Source: MSCI, Morningstar, S&P Global, Ethos ESG

Figure #16: Expected vs. Actual Results



Source: Yahoo Finance

Social (S):

P&G’s product portfolio directly impacts global consumers’ daily lives, giving it an outsized role in public health and hygiene. The company invests heavily in product safety, quality control, and health awareness campaigns, such as Oral-B’s dental hygiene programs and Always’ “Like a Girl” empowerment campaign. P&G is also active in community engagement, contributing over \$2 billion in cash and products to social causes in the past decade. On the workforce side, P&G emphasizes diversity and inclusion, with women representing nearly half of management roles, and has been recognized as an employer of choice across global markets. However, the company continues to face scrutiny over supply chain labor practices and sourcing transparency, particularly in emerging markets, which remain ongoing areas of monitoring.

Governance (G):

P&G maintains a robust governance structure, with a majority-independent Board of Directors and clear separation of Chair and CEO roles. The company’s proxy statement highlights a strong focus on executive accountability, with compensation tied to long-term value creation and ESG-linked performance metrics. Shareholder rights are well protected, with annual director elections and proxy access. P&G consistently earns high marks in governance ratings relative to peers, reflecting transparency, shareholder alignment, and risk oversight. Notably, the company has avoided the governance controversies that have challenged some consumer peers, reinforcing investor confidence in its stability.

Sustainability Rating:

Morningstar assigns P&G a sustainability rating of 25.68, which reflects a moderate ESG risk profile. This indicates that while P&G has made meaningful progress on environmental and social initiatives, there remain material areas for improvement, particularly around supply chain transparency and raw material sourcing.

Recent Developments

Recent Earnings Announcement

Procter & Gamble reported first-quarter fiscal year 2026 results on October 24, 2025, showing net sales of \$22.4 billion, up 3% year-over-year, while organic sales rose 2% (volume +0%, mix +1%, pricing +1%). Core diluted EPS came in at \$1.95, compared to an expected ~\$1.90, thus beating estimates. The company reaffirmed full-year guidance for reported sales growth of 1-5%, organic growth of 0-4%, and core EPS of \$6.83-\$7.09 per share.

Despite competitive pressures and cost headwinds, PG highlighted positive momentum in its Beauty segment (organic growth ~6%) and leveraged pricing and mix to compensate for static volumes. Free cash flow remained robust and the company reiterated its shareholder return commitment, with plans to continue dividends and share buybacks in line with its long-term payout policy.

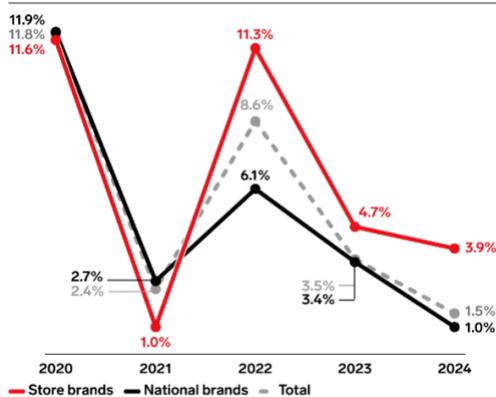
Figure #17: AI's Effect on Margins



Source: Bank of America

Figure #18: Private Label Rapid Growth

Private Label Growth Has Surged Ahead of National Brands in the Grocery Sector
 % change in US grocery store brand vs. national brand sales, 2020-2024



Note: dollar sales value
 Source: Private Label Manufacturers Association (PLMA), "2025 Private Label Report," Jan 16, 2025

352368 **EM** | EMARKETER
 Source: Private Label Manufacturers Association

Management cited approximately \$400 million in after-tax tariff costs as a headwind for FY2026 but noted productivity gains and favorable foreign-exchange trends as tailwinds.

Industry Trends

Supply Chain Optimization with AI

Consumer-staples supply chains are being transformed by AI-driven operations. Leading consumer packaged goods (CPGs) are layering demand sensing, network optimization, and planning automation onto traditional systems to reduce waste, compress lead times, and raise service levels. At the retail end, Walmart has become a bellwether: the company is piloting AI-driven logistics routing, store-level replenishment, and inventory forecasting that integrates POS, weather, and local demand signals. Such enhancements allow Walmart to reduce out-of-stocks, lower inventory buffers, and tighten lead times—forcing CPGs to keep pace or risk losing shelf relevance.

Implications for P&G:

- **Margin protection:** Enhanced forecasting and optimization help protect gross margins amid inflation and commodity volatility.
- **Lower working capital:** By reducing excess inventory and transit times, P&G can preserve free cash flow even while maintaining service levels.
- **Better execution at retail:** Fewer stockouts for key products means P&G can sustain pricing and premium product mix.
- **Forecasted benefits (2026–2030):** We bake modest annual productivity gains into our SG&A forecast and expect small improvements in COGS efficiency. The upside is meaningful if P&G fully integrates AI insights across suppliers, plants, and distribution. Execution, however, hinges on digital maturity and data continuity with large retailers such as Walmart and Amazon.

Private Labels

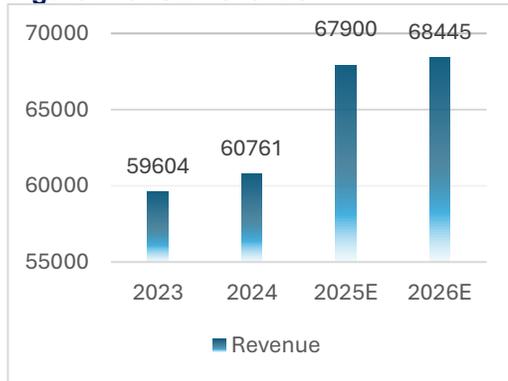
Retailer brands have accelerated as inflation and value hunting push consumers to test “good-enough” alternatives. Retailers are pairing improved private-label quality with prime shelf placement, sharp price gaps, and retail-media support. Penetration tends to be highest in commoditized, high-frequency categories (paper, basic personal care, some baby products) and lower where performance and trust dominate (oral care devices, premium laundry, premium skincare). As inflation cools, some trade-down reverses, but private labels keep structural share thanks to better quality and retailer economics. Promotion intensity and price gaps will remain the swing factors.

Markets and Competition

[PG]’s Peer Group

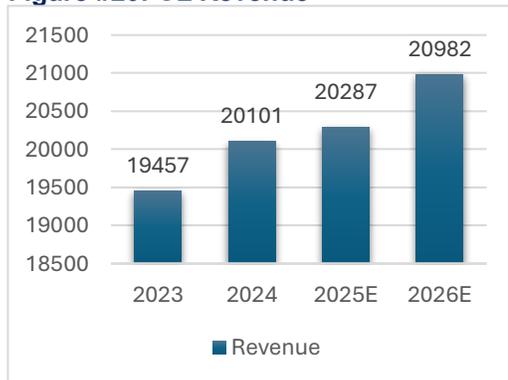
Procter & Gamble operates within the global household and personal care (HPC) industry, a sector defined by nondiscretionary, recurring demand and dominated by a handful of multinational players. While the

Figure #19: UL Revenue



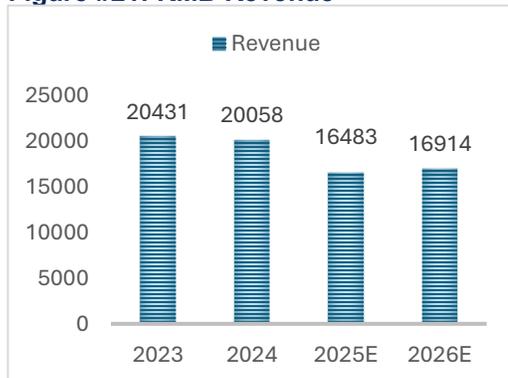
Source: Factset

Figure #20: CL Revenue



Source: Factset

Figure #21: KMB Revenue



Source: Factset

Figure #22: CHD Revenue



market is fragmented in terms of brand choice, the global competitive landscape is highly concentrated, with only a few firms controlling the majority of shelf space across key categories. P&G's closest peers were chosen based on portfolio overlap, scale, geographic reach, and competition across multiple product categories such as fabric care, baby care, grooming, oral care, and personal care. These firms share several characteristics: they all market branded consumer staples, maintain global distribution networks, invest heavily in R&D and marketing to defend share, and rely on pricing power to offset cost inflation. Together, these companies represent the major players of the HPC space, including Procter & Gamble, Unilever, Colgate-Palmolive, Kimberly-Clark, and Church & Dwight, with other competitors such as Clorox and Reckitt Benckiser competing more narrowly. The industry is strategically stable, with each major player holding leadership in specific niches—P&G in fabric care and baby, Colgate in oral care, Kimberly-Clark in paper products, and Unilever in personal care—yet competition remains intense as firms innovate and adjust pricing to protect their positions.

Unilever (UL)

Unilever is a global consumer goods company with operations spanning personal care, home care, and foods, though it is best known for its beauty and hygiene brands such as Dove, Rexona, and Lifebuoy, alongside detergents like Omo and Surf. It competes directly with P&G in laundry and personal care but differs strategically due to its significant food and ice cream exposure. With broad geographic coverage and strong positions in emerging markets, Unilever offers higher EM growth potential but has historically operated with lower margins than P&G.

Colgate (CL)

Colgate-Palmolive is the undisputed global leader in oral care, with the Colgate brand holding dominant global share in toothpaste and strong momentum in electric toothbrushes, competing directly with P&G's Crest and Oral-B. The firm also operates in pet nutrition (Hill's Science Diet) and home and personal care through brands like Palmolive and Softsoap. Colgate has exceptional penetration in emerging markets, making it one of the most global peers, though its narrower category scope leaves it more reliant on oral care than P&G's diversified portfolio.

Kimberly-Clark (KMB)

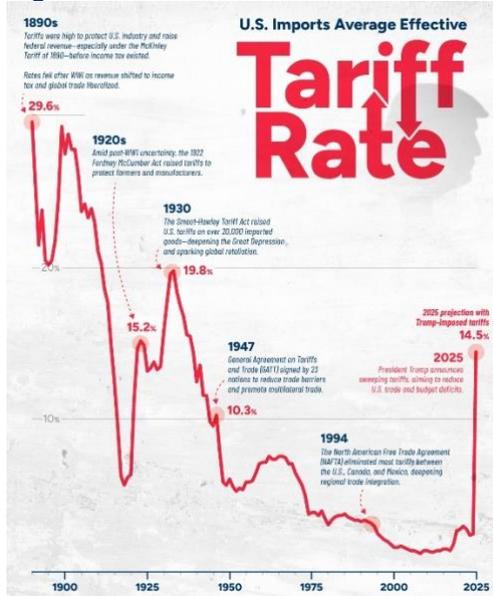
Kimberly-Clark is heavily concentrated in baby care and paper products, with household brands including Huggies, Pull-Ups, Kleenex, and Scott. It competes directly with P&G in Baby Care (Pampers vs. Huggies) and Family Care (Charmin and Bounty vs. Kleenex and Scott). Kimberly-Clark is more exposed to input cost swings in pulp and paper and faces significant private-label competition, which has pressured its margins relative to P&G. Its growth levers are premium-tier diapers and international expansion, particularly in developing markets.

Church & Dwight (CHD)

Church & Dwight is a mid-sized competitor centered around its Arm & Hammer master brand, which extends across laundry detergents, oral care, and deodorants. It also owns niche, high-margin brands such as Trojan in sexual wellness and Waterpik in oral care devices. While smaller in scale and less geographically diversified than P&G, Church &

Source: Factset

Figure #23: US Historical Tariff Rate

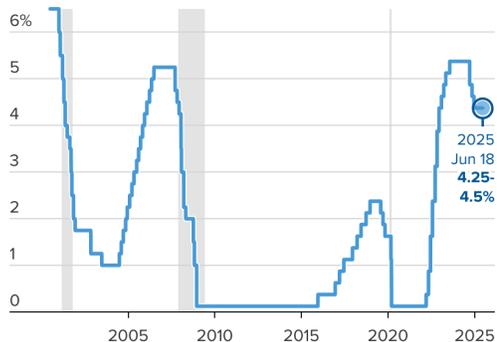


Source: Timetrex

Figure #24: Historical Fed Funds Rate

U.S. federal funds target rate

July 2000–June 2025



Source: Federal Reserve Bank of New York

Dwight consistently generates strong cash flow and competes effectively in value and mid-tier segments where price competition is more intense.

Economic Outlook

Tariffs

Tariffs remain a significant and unpredictable headwind for global consumer staples. The United States continues to impose Section 301 tariffs on more than \$300 billion of Chinese imports, with many categories subject to 25% duties and strategic goods such as electric vehicles taxed at 100%. In 2025, the government also raised tariffs on steel and aluminum imports to 50%, further inflating the costs of packaging and equipment. For P&G, these trade barriers translate directly into higher cost of goods sold, particularly for products that rely on globally sourced raw materials and packaging components. While several lawsuits have challenged the legality of the tariff regime, even a potential Supreme Court ruling against certain measures would likely be followed by the administration reintroducing trade restrictions under different authorities. As a result, tariffs create a structural and unpredictable cost overhang for P&G, forcing management to balance between protecting margins and passing on costs to consumers.

Interest Rates & Inflation

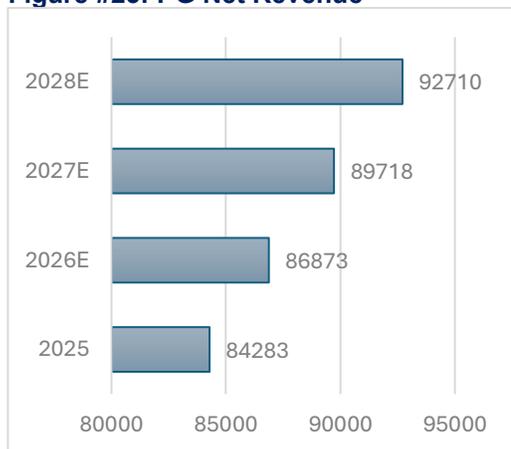
Tariff-driven cost increases feed directly into inflation across the consumer staples industry. Although headline U.S. inflation has cooled from its 2022 peak, tariffs on intermediate goods and raw materials ensure that companies like P&G continue to face elevated manufacturing and distribution costs. P&G has historically leveraged its brand equity and pricing power to offset these pressures, successfully passing higher costs through to consumers without severe volume erosion in core categories like Fabric & Home Care. However, price sensitivity is visible in Baby Care, where organic sales growth has slowed to about 1% as consumers trade down to lower-priced alternatives. Looking ahead, we expect inflationary pressures to remain sticky, weighing on volume growth while reinforcing P&G's reliance on productivity initiatives and premiumization to defend profitability.

The interest rate environment offers a partial offset to tariff and inflation pressures. The Federal Reserve has begun cutting rates, with the policy rate now down to 4.0–4.25%, and markets pricing in at least three more cuts before year-end following weak labor market reports. Lower funding costs improve P&G's financial flexibility, particularly with a \$5.4 billion bond maturity due in 2026, which is likely to be refinanced at more favorable terms than previously expected. However, many economists caution that the full inflationary effects of tariffs have not yet flowed through the economy, raising the risk of stagflation—a combination of weak growth, poor employment, and persistent inflation. In such an environment, P&G would face sustained cost pressures and weaker consumer demand, but its defensive product mix, reliable free cash flow, and premium brands position it to outperform smaller or less diversified peers.

Valuation

Revenue Assumptions

Figure #25: PG Net Revenue



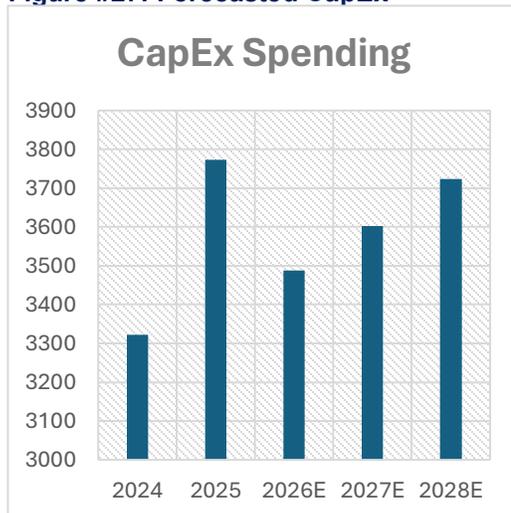
Source: PG 10K

Figure #26: Forecasted EBIT Margin



Source: Our Forecast

Figure #27: Forecasted CapEx



Source: PG 10K

Our revenue model assumes Procter & Gamble grows consolidated sales at a 3.4% CAGR through 2030, reflecting the company's ability to maintain steady top-line momentum despite a mature industry backdrop. While we adjusted growth rates at the segment level to reflect differences in expected performance, our emphasis is on the durability of total company revenue. Fabric & Home Care is forecast to remain the leading growth engine given its scale, premium positioning, and ongoing innovation pipeline, while Health Care contributes steady growth supported by Oral-B and Crest's strength in oral care. In contrast, Baby Care is expected to see slower growth following recent organic sales softness and greater price sensitivity, while Beauty should recover gradually from weakness in China and SK-II. These segment adjustments net out to a consolidated trajectory that is modest but reliable, underscoring P&G's core advantage as a defensive staple's leader. Importantly, this growth outlook is in line with professional analyst estimates, reinforcing our confidence in the realism of our assumptions.

Cost Assumptions

Our cost structure assumptions reflect P&G's consistent historical performance and recently announced productivity initiatives. We hold COGS at ~50% of revenue, consistent with long-term averages, as the company has repeatedly demonstrated its ability to pass on higher commodity and tariff-related input costs to consumers. This assumption reflects P&G's pricing power, supported by its premium brands and broad distribution scale. On the SG&A side, we explicitly model the impact of P&G's plan to eliminate approximately 7,000 non-manufacturing jobs, which is expected to generate \$1.25 billion in annual cost savings. These savings are phased evenly across 2026 and 2027, with \$625 million reflected in each year. This comes out to roughly a 0.7% reduction in SG&A expenses both years. As a result, we forecast modest margin expansion beginning in 2026 as savings are realized and productivity benefits flow through, though overall profitability remains relatively stable in the near term. The stability of margins reflects management's ability to balance inflationary cost pressures with disciplined pricing and cost control.

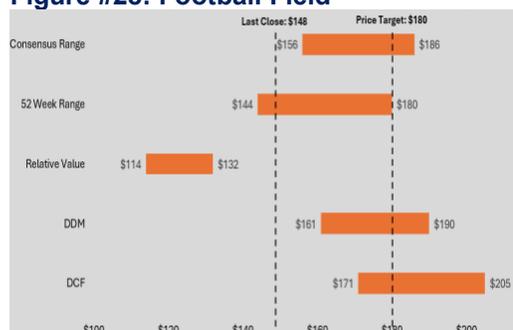
CapEx Assumptions

Capital expenditures are modeled at 4% of revenue, consistent with P&G's long-term historical average. In the absence of formal guidance for FY26 and beyond, we believe this assumption reflects the company's disciplined capital allocation approach: CapEx is sufficient to sustain manufacturing efficiency, innovation investments, and sustainability initiatives while preserving strong free cash flow generation. P&G's steady CapEx intensity demonstrates its balance between reinvestment and shareholder returns—by neither overspending on growth capex nor underinvesting in its core categories, the company sustains long-term competitiveness. This assumption also aligns with historical patterns of capital spending relative to peers, where P&G typically invests slightly below Unilever but at a higher absolute scale due to its broader portfolio.

WACC Calculation

We calculate a weighted average cost of capital (WACC) of 6.88%, reflecting P&G's low-risk profile as a defensive blue-chip company. The cost of equity was estimated using a risk-free rate of 4.11% (based on the

Figure #28: Football Field



Source: Yahoo Finance

10-year Treasury yield), a five-year weekly beta of 0.44 (from Bloomberg), and the Henry Fund's flat 5.0% equity risk premium, which we use for conservatism and consistency with long-term geometric averages. The resulting cost of equity is well below that of most consumer discretionary peers, underscoring P&G's defensive characteristics. For the cost of debt, we used the yield-to-maturity on P&G's 30-year corporate bond. With an AA- credit rating, P&G benefits from one of the lowest borrowing costs in its sector. Altogether, this yields a WACC of 6.88%, a rate consistent with P&G's stable cash flows, diversified portfolio, and industry-leading balance sheet strength.

DCF/EP

Our discounted cash flow and economic profit model yields an implied intrinsic value of \$186.25 per share. This valuation reflects our forecast of 2.75% revenue CAGR through 2030, stable operating margins supported by P&G's pricing power and productivity initiatives, phased-in SG&A savings of \$1.25 billion over 2026–2027, CapEx at 4% of sales, and a terminal growth rate aligned with long-term GDP growth. The DCF highlights P&G's ability to consistently generate free cash flow above its cost of capital, which drives long-term value creation. Our economic profit model reinforces this conclusion, as P&G's returns on invested capital are expected to remain comfortably above its WACC through the forecast period. The result supports our view that P&G is well-positioned to compound shareholder value steadily in the years ahead, even in a sluggish macroeconomic environment.

Figure #29: Henry Fund vs. The Street

Estimates			
	Rev	2026e EPS	EBITDA
HF	86873	6.54	23716
Street	87005	7.00	24170
% Diff.	0.2%	6.8%	1.9%

Estimates			
	Rev	2027e EPS	EBITDA
HF	89718	7.05	24959
Street	89598	7.41	25296
% Diff.	0.1%	5%	1.3%

Estimates			
	Rev	2028e EPS	EBITDA
HF	92710	7.31	25553
Street	92635	7.84	26632
% Diff.	0.1%	7%	4.1%

DDM & Dividend Payout Policy

Procter and Gamble maintains one of the most established shareholders return policies in the consumer staples sector, supported by more than six decades of uninterrupted dividend growth. The company has raised its dividend for 69 consecutive years and remains a member of the S&P Dividend Aristocrats Index. In FY2025, PG returned approximately \$16.4 billion to shareholders, consisting of \$9.9 billion in dividends and \$6.5 billion in share repurchases, reflecting continued commitment to a balanced payout structure.

Dividends are funded primarily through stable free cash flow generation, which historically exceeds 90 percent of net income. Management targets free cash flow productivity of 85 to 90 percent annually, ensuring sufficient liquidity to support consistent dividend increases even during periods of macroeconomic pressure. The dividend payout ratio typically ranges from 55 to 65 percent of core earnings, a level that reflects both the predictability of PG's operating cash flows and management's desire to preserve balance sheet strength. Given the resilience of PG's category mix and its recurring cash flow base, we expect the payout ratio to remain within this range over the forecast period.

Share repurchases represent the second pillar of PG's payout policy. Buybacks are used primarily to offset dilution from equity compensation and to supplement dividend returns when cash flow exceeds capital requirements. Management has guided to approximately \$15 billion in combined dividends and buybacks in FY2026, with \$10 billion allocated to dividends and \$5 billion to repurchases. This level of capital return is consistent with our long-term forecasts and aligns with PG's historical approach to distributing excess cash while maintaining flexibility to

reinvest in product innovation, supply chain enhancements, and productivity programs.

Our dividend discount model incorporates a long term dividend growth rate tied to forecasted earnings and free cash flow growth, consistent with management's forward guidance for core EPS expansion. PG's high quality credit rating, stable margin profile, and disciplined capital allocation strategy support continued dividend increases throughout the projection horizon. As the company executes its productivity savings program and maintains strong cash generation from Fabric and Home Care, Health Care, and Beauty, we expect PG to continue delivering reliable dividend growth consistent with its historical track record.

Given P&G's 69-year streak of consecutive dividend increases, we utilized the DDM, which produced an implied value of \$175 per share. The DDM assumes dividend growth aligned with our earnings forecast, reflecting P&G's commitment to returning cash to shareholders. With free cash flow productivity consistently above 90%, management has ample flexibility to sustain dividend growth while continuing share repurchases. The DDM's high valuation underscores the importance of dividends to P&G's shareholder value proposition and highlights the company's unique status as a dividend aristocrat.

Relative Multiple

Our relative valuation, based on 2026 and 2027 forward P/E multiples of peers, yielded a price target of \$124 per share. We assign little weight to this approach, as industry-wide multiples are currently depressed by macroeconomic headwinds, including input cost inflation, tariff uncertainty, and private label competition. P&G's relative premium valuation is justified by its superior scale, brand portfolio, and margin stability, which are not fully captured by simple P/E comparisons. As such, we believe intrinsic valuation models (DCF and DDM) are more appropriate for capturing P&G's true long-term earnings power.

Henry Fund vs. The Street

Our blended target price of \$180 per share—based on a weighted average of our DCF and DDM—represents approximately 22% upside from the current price and is above the Street consensus of \$170. We believe our higher valuation is justified as consensus underestimates P&G's ability to sustain pricing power, the full impact of SG&A savings, and the resiliency of its product portfolio in a potential recessionary or stagflationary environment. The Street appears overly cautious on volumes in Baby Care and Beauty, while our analysis accounts for upside from incremental pricing and premiumization in Fabric & Home Care and Health Care. We also believe consensus underappreciates P&G's defensive positioning relative to macro risks, as well as the compounding effect of consistent dividend growth and share buybacks. In our view, P&G's risk-reward profile is stronger than reflected in current market expectations, supporting our Buy rating and \$180 target.

References

1. Bloomberg
2. FactSet
3. Yahoo Finance
4. P&G 10-K
5. Church & Dwight 10-K
6. Kenvue 10-K
7. Colgate-Palmolive 10-K
8. Estee-Lauder 10-K
9. Mondelez 10-K
10. Unilever 10-K
11. Kimberly-Clark 10-K
12. Clorox 10-K
13. Morningstar Sustainalytics

Procter & Gamble
Income Statement

Fiscal Years Ending	Historical						Forecasted				
	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E
Products Segments:											
Beauty	13359	14417	14740	15008	15220	14964	15488	16030	16591	17288	17893
growth %	3.6%	7.9%	2.2%	1.8%	1.4%	-1.7%	3.5%	3.5%	3.5%	4.2%	3.5%
Grooming	6069	6440	6587	6419	6654	6662	6915	7185	7472	7771	8082
growth %	-2.1%	6.1%	2.3%	-2.6%	3.7%	0.1%	3.8%	3.9%	4.0%	4.0%	4.0%
Health Care	9028	9956	10824	11226	11793	11998	12478	12977	13496	14063	14625
growth %	9.9%	10.3%	8.7%	3.7%	5.1%	1.7%	4.0%	4.0%	4.0%	4.2%	4.0%
Fabric & Home Care	23735	26014	27556	28371	29495	29617	30594	31573	32521	33724	34736
growth %	7.5%	9.6%	5.9%	3.0%	4.0%	0.4%	3.3%	3.2%	3.0%	3.7%	3.0%
Baby, Feminine, & Family Care	18364	18850	19736	20217	20277	20248	20552	21066	21697	22457	23131
growth %	3.1%	2.6%	4.7%	2.4%	0.3%	-0.1%	1.5%	2.5%	3.0%	3.5%	3.0%
Corporate	395	441	744	765	601	794	846	888	932	998	1047
growth %	-18.4%	11.6%	68.7%	2.8%	-21.4%	32.1%	6.5%	5.0%	5.0%	7.0%	5.0%
Net Sales	70950	76118	80187	82006	84040	84283	86873	89718	92710	96300	99514
growth %	4.8%	7.3%	5.3%	2.3%	2.5%	0.3%	3.0%	3.2%	3.2%	3.7%	3.2%

Procter & Gamble

Income Statement

All figures in millions of U.S. Dollars except per share items

<i>Fiscal Years Ending June 30</i>	Historical						Forecasted				
	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E
Net Sales	70950	76118	80187	82006	84039	84284	86873	89718	92710	96300	99514
COGS	-35250	-37108	-42157	-42760	-40848	-41164	-43346	-44938	-46679	-48128	-49358
Other COGS	-32237	-34373	-39350	-40046	-37952	-38317	-40413	-41899	-43535	-44881	-46010
Depreciation & Amortization Expense	-3013	-2735	-2807	-2714	-2896	-2847	-2933	-3039	-3145	-3247	-3348
Gross Profit	35700	39010	38030	39246	43191	43120	43526	44780	46030	48172	50156
SG&A	-19994	-21024	-20217	-21112	-23305	-22669	-22743	-22860	-23622	-24537	-25356
Indefinite-Lived Intangible Asset Impairments	-	-	-	-	-1341	-	-	-	-	-	-
EBIT	15706	17986	17813	18134	18545	20451	20783	21920	22408	23635	24800
Interest Expense	-465	-502	-439	-756	-925	-907	-1794	-1840	-1828	-1727	-1748
Interest Income	155	45	51	307	473	469	342	517	536	555	575
Other Non-Operating Income (Loss), Net	438	86	570	668	668	154	0	0	0	0	0
EBT	15834	17615	17995	18353	18761	20167	19330	20597	21115	22462	23626
Income taxes	-2731	-3263	-3202	-3615	-3787	-4102	-4059	-4325	-4434	-4717	-4962
Net Income	13103	14352	14793	14738	14974	16065	15271	16271	16681	17745	18665
Net Income Attributable to NonControlling Interests	-76	-46	-51	-85	-95	-91	-87	-92	-94	-101	-106
Net Income Attributable to Procter & Gamble	13027	14306	14742	14653	14879	15974	15185	16179	16587	17645	18559
Earnings Per Share											
Basic	\$ 5.13	\$ 5.69	\$ 6.00	\$ 6.07	\$ 6.18	\$ 6.67	\$ 6.54	\$ 7.05	\$ 7.31	\$ 7.86	\$ 8.36
Weighted Average Shares											
Basic	2487	2466	2410	2368	2360	2350	2322	2295	2269	2244	2220
Dividends Per Share											
	\$ 3.12	\$ 3.40	\$ 3.61	\$ 3.74	\$ 3.96	\$ 4.13	\$ 4.19	\$ 4.52	\$ 4.68	\$ 5.04	\$ 5.36

Procter & Gamble

Common Size Income Statement

Fiscal Years Ending June 30	Historical						Forecasted				
	2020	2021	2022	2023	2024E	2025	2026E	2027E	2028E	2029E	2030E
Net Sales	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
COGS	-49.68%	-48.75%	-52.57%	-52.14%	-48.61%	-48.84%	-49.90%	-50.09%	-50.35%	-49.98%	-49.60%
Other COGS	-45.44%	-45.16%	-49.07%	-48.83%	-45.16%	-45.46%	-46.52%	-46.70%	-46.96%	-46.61%	-46.23%
Depreciation & Amortization Expense	-4.25%	-3.59%	-3.50%	-3.31%	-3.45%	-3.38%	-3.38%	-3.39%	-3.39%	-3.37%	-3.36%
Gross Profit	50.32%	51.25%	47.43%	47.86%	51.39%	51.16%	50.10%	49.91%	49.65%	50.02%	50.40%
SG&A	-28.18%	-27.62%	-25.21%	-25.74%	-27.73%	-26.90%	-26.18%	-25.48%	-25.48%	-25.48%	-25.48%
Indefinite-Lived Intangible Asset Impairments	0.00%	0.00%	0.00%	0.00%	-1.60%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
EBIT	22.14%	23.63%	22.21%	22.11%	22.07%	24.26%	23.92%	24.43%	24.17%	24.54%	24.92%
Interest Expense	-0.66%	-0.66%	-0.55%	-0.92%	-1.10%	-1.08%	-2.07%	-2.05%	-1.97%	-1.79%	-1.76%
Interest Income	0.22%	0.06%	0.06%	0.37%	0.56%	0.56%	0.39%	0.58%	0.58%	0.58%	0.58%
Other Non-Operating Income (Loss), Net	0.62%	0.11%	0.71%	0.81%	0.79%	0.18%	0.00%	0.00%	0.00%	0.00%	0.00%
EBT	22.32%	23.14%	22.44%	22.38%	22.32%	23.93%	22.25%	22.96%	22.78%	23.33%	23.74%
Income taxes	-3.85%	-4.29%	-3.99%	-4.41%	-4.51%	-4.87%	-4.67%	-4.82%	-4.78%	-4.90%	-4.99%
Net Income	18.47%	18.85%	18.45%	17.97%	17.82%	19.06%	17.58%	18.14%	17.99%	18.43%	18.76%
Net Income Attributable to NonControlling Interests	-0.11%	-0.06%	-0.06%	-0.10%	-0.11%	-0.11%	-0.10%	-0.10%	-0.10%	-0.10%	-0.11%
Net Income Attributable to Procter & Gamble	18.36%	18.79%	18.38%	17.87%	17.70%	18.95%	17.48%	18.03%	17.89%	18.32%	18.65%

Procter & Gamble

Balance Sheet

All figures in millions of U.S. Dollars except per share items

<i>Fiscal Years Ending June 30</i>	Historical						Forecast				
	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E
Assets											
<i>Current Assets</i>											
Cash and Cash Equivalents	16181	10288	7214	8246	9482	9556	14456	14362	13206	15299	19864
Accounts Receivable	4178	4725	5143	5471	6118	6185	5762	6063	6350	6665	6929
Inventories	5498	5983	6924	7073	7016	7551	7265	7595	7941	8238	8501
Prepaid Expenses & Other Current Assets	2130	2095	2372	1858	2095	2100	2311	2336	2391	2422	2545
Total Current Assets	27987	23091	21653	22648	24709	25392	29794	30355	29888	32625	37839
Property, Plant and Equipment, Net	20692	21686	21195	21909	22152	23897	24760	25622	26454	27279	28106
Goodwill	39901	40924	39700	40659	40303	41650	41650	41650	41650	41650	41650
Trademarks and Other Intangible Assets, Net	23792	23642	23679	23783	22047	21910	21602	21304	21049	20844	20665
Other Non-Current Assets	8328	9964	10981	11830	13158	12381	12060	12776	13379	14016	14505
Total Assets	120700	119307	117208	120829	122370	125231	129866	131706	132421	136414	142764
Liabilities											
<i>Current Liabilities</i>											
Accounts Payable	12071	13720	14882	14598	15364	15227	15600	16253	16808	17391	18014
Accrued and Other Liabilities	9722	10523	9554	10929	11073	11318	11492	11798	12087	12735	13143
Debt Due Within One Year	11183	8889	8645	10229	7191	9513	10362	9710	7359	7356	9429
Total Current Liabilities	32976	33132	33081	35756	33627	36058	37455	37760	36254	37482	40586
Long-Term Debt	23537	23099	22848	24378	25269	24995	25030	25449	25855	26267	26654
Deferred Income Taxes	6199	6153	6809	6478	6516	5774	5774	5774	5774	5774	5774
Other Noncurrent Liabilities	11110	10269	7616	7152	6398	6120	8094	7610	7675	7887	8265
Total Liabilities	73822	72653	70354	73764	71811	72946	76352	76593	75558	77410	81280
Shareholders Equity											
Preferred Stock	897	870	843	819	798	777	748	719	690	661	632
Common Stock	68203	68857	69804	70565	71693	72779	73343	73906	74470	75034	75597
Reserve for ESOP Debt Retirement	-1080	-1006	-916	-821	-737	-672	-600	-528	-456	-384	-311
Accumulated OCI	-16165	-13744	-12189	-12220	-11900	-12143	-12143	-12143	-12143	-12143	-12143
Treasury Stock	-105573	-114973	-123382	-129736	-133379	-138702	-143707	-148711	-153716	-158720	-163725
Retained Earnings	100239	106374	112429	118170	123811	129973	135514	141418	147471	153910	160683
Noncontrolling Interest	357	276	265	288	272	272	359	451	545	646	751
Total Shareholders' Equity	46878	46654	46854	47065	50559	52284	53514	55113	56862	59004	61485
Total Liabilities and Shareholders' Equity	120700	119307	117208	120829	122370	125231	129866	131706	132421	136414	142764

Procter & Gamble

Common Size Balance Sheet

	Historical						Forecasted				
Fiscal Years Ending June 30	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E
Assets											
<i>Current Assets</i>											
Cash and Cash Equivalents	23%	14%	9%	10%	11%	11%	17%	16%	14%	16%	20%
Accounts Receivable	6%	6%	6%	7%	7%	7%	7%	7%	7%	7%	7%
Inventories	8%	8%	9%	9%	8%	9%	8%	8%	9%	9%	9%
Prepaid Expenses & Other as % of sales	3%	3%	3%	2%	2%	2%	3%	3%	3%	3%	3%
Total Current Assets	39%	30%	27%	28%	29%	30%	34%	34%	32%	34%	38%
Property, Plant and Equipment, Net	29%	28%	26%	27%	26%	28%	29%	29%	29%	28%	28%
Goodwill	56%	54%	50%	50%	48%	49%	48%	46%	45%	43%	42%
Trademarks and Other Intangible Assets, Net	34%	31%	30%	29%	26%	26%	25%	24%	23%	22%	21%
Other Non-Current Assets	12%	13%	14%	14%	16%	15%	14%	14%	14%	15%	15%
Total Assets	170%	157%	146%	147%	146%	149%	149%	147%	143%	142%	143%
Liabilities											
<i>Current Liabilities</i>											
Accounts Payable	17%	18%	19%	18%	18%	18%	18%	18%	18%	18%	18%
Accrued and Other Liabilities	14%	14%	12%	13%	13%	13%	13%	13%	13%	13%	13%
Debt Due Within One Year	16%	12%	11%	12%	9%	11%	12%	11%	8%	8%	9%
Total Current Liabilities	46%	44%	41%	44%	40%	43%	43%	42%	39%	39%	41%
Long-Term Debt	33%	30%	28%	30%	30%	30%	29%	28%	28%	27%	27%
Deferred Income Taxes	9%	8%	8%	8%	8%	7%	7%	6%	6%	6%	6%
Other Noncurrent Liabilities	16%	13%	9%	9%	8%	7%	9%	8%	8%	8%	8%
Total Liabilities	104%	95%	88%	90%	85%	87%	88%	85%	81%	80%	82%
Shareholders Equity											
Preferred Stock	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Common Stock	96%	90%	87%	86%	85%	86%	84%	82%	80%	78%	76%
Reserve for ESOP Debt Retirement	-2%	-1%	-1%	-1%	-1%	-1%	-1%	-1%	0%	0%	0%
Accumulated OCI	-23%	-18%	-15%	-15%	-14%	-14%	-14%	-14%	-13%	-13%	-12%
Treasury Stock	-149%	-151%	-154%	-158%	-159%	-165%	-165%	-166%	-166%	-165%	-165%
Retained Earnings	141%	140%	140%	144%	147%	154%	156%	158%	159%	160%	161%
Noncontrolling Interest	1%	0%	0%	0%	0%	0%	0%	1%	1%	1%	1%
Total Shareholders' Equity	66%	61%	58%	57%	60%	62%	62%	61%	61%	61%	62%
Total Liabilities and Shareholders' Equity	170%	157%	146%	147%	146%	149%	149%	147%	143%	142%	143%

Procter & Gamble

Common Size Balance Sheet

	Historical						Forecasted				
Fiscal Years Ending June 30	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E
Assets											
<i>Current Assets</i>											
Cash and Cash Equivalents	23%	14%	9%	10%	11%	11%	17%	16%	14%	16%	20%
Accounts Receivable	6%	6%	6%	7%	7%	7%	7%	7%	7%	7%	7%
Inventories	8%	8%	9%	9%	8%	9%	8%	8%	9%	9%	9%
Prepaid Expenses & Other as % of sales	3%	3%	3%	2%	2%	2%	3%	3%	3%	3%	3%
Total Current Assets	39%	30%	27%	28%	29%	30%	34%	34%	32%	34%	38%
Property, Plant and Equipment, Net	29%	28%	26%	27%	26%	28%	29%	29%	29%	28%	28%
Goodwill	56%	54%	50%	50%	48%	49%	48%	46%	45%	43%	42%
Trademarks and Other Intangible Assets, Net	34%	31%	30%	29%	26%	26%	25%	24%	23%	22%	21%
Other Non-Current Assets	12%	13%	14%	14%	16%	15%	14%	14%	14%	15%	15%
Total Assets	170%	157%	146%	147%	146%	149%	149%	147%	143%	142%	143%
Liabilities											
<i>Current Liabilities</i>											
Accounts Payable	17%	18%	19%	18%	18%	18%	18%	18%	18%	18%	18%
Accrued and Other Liabilities	14%	14%	12%	13%	13%	13%	13%	13%	13%	13%	13%
Debt Due Within One Year	16%	12%	11%	12%	9%	11%	12%	11%	8%	8%	9%
Total Current Liabilities	46%	44%	41%	44%	40%	43%	43%	42%	39%	39%	41%
Long-Term Debt	33%	30%	28%	30%	30%	30%	29%	28%	28%	27%	27%
Deferred Income Taxes	9%	8%	8%	8%	8%	7%	7%	6%	6%	6%	6%
Other Noncurrent Liabilities	16%	13%	9%	9%	8%	7%	9%	8%	8%	8%	8%
Total Liabilities	104%	95%	88%	90%	85%	87%	88%	85%	81%	80%	82%
Shareholders Equity											
Preferred Stock	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Common Stock	96%	90%	87%	86%	85%	86%	84%	82%	80%	78%	76%
Reserve for ESOP Debt Retirement	-2%	-1%	-1%	-1%	-1%	-1%	-1%	-1%	0%	0%	0%
Accumulated OCI	-23%	-18%	-15%	-15%	-14%	-14%	-14%	-14%	-13%	-13%	-12%
Treasury Stock	-149%	-151%	-154%	-158%	-159%	-165%	-165%	-166%	-166%	-165%	-165%
Retained Earnings	141%	140%	140%	144%	147%	154%	156%	158%	159%	160%	161%
Noncontrolling Interest	1%	0%	0%	0%	0%	0%	0%	1%	1%	1%	1%
Total Shareholders' Equity	66%	61%	58%	57%	60%	62%	62%	61%	61%	61%	62%
Total Liabilities and Shareholders' Equity	170%	157%	146%	147%	146%	149%	149%	147%	143%	142%	143%

Procter & Gamble

Historical Cash Flow Statement

All figures in millions of U.S. Dollars except per share items

Fiscal Years Ending June 30	2020	2021	2022	2023	2024	2025
Operating Activities						
Net Income	13103	14352	14793	14738	14974	16065
Depreciation and Amortization	3013	2735	2807	2714	2896	2847
Loss on Early Extinguishment of Debt	0	512	0	0	0	0
Share-Based Compensation Expense	558	540	528	545	562	476
Deferred Income Taxes	-596	-258	-402	-453	-244	149
Loss/(Gain) on Sale of Assets	7	-16	-85	-40	-215	755
Goodwill and Intangible Asset Impairment Charges	0	0	0	0	1341	0
Change in Net Working Capital	1920	740	-512	-873	41	-822
Other	-602	-234	-406	217	491	-1653
Total Operating Activities	17403	18371	16723	16848	19846	17817
Investing Activities						
Capital Expenditures	-3073	-2787	-3156	-3062	-3322	-3773
Proceeds From Asset Sales	30	42	110	46	346	107
Acquisitions, Net of Cash Acquired	-58	-34	-1381	-765	-21	-11
Other Investing Activity	6146	-55	3	281	-507	-141
Total Investing Activities	3045	-2834	-4424	-3500	-3504	-3818
Financing Activities						
Dividends to Shareholders	-7789	-8263	-8770	-8999	-9312	-9872
Change in Short Term Debt	2345	-3333	-150	818	-3304	370
Change in Long Term Debt	2504	-570	2042	2119	862	260
Treasury Stock Purchases	-7405	-11009	-10003	-7353	-5006	-6500
Impact of Stock Options and Other	1978	1644	2005	1269	1905	1706
Total Financing Activities	-8367	-21531	-14876	-12146	-14855	-14036
Effect of Rate Changes on Cash and Cash Equivalents	-139	101	-497	-170	-251	112
Cash and Cash Equivalents, BOY	4239	16181	10288	7214	8246	9482
Cash and Cash Equivalents, EOY	16181	10288	7214	8246	9482	9556
Increase (Decrease) in Cash and Cash Equivalents	11942	-5893	-3074	1032	1235	75

Procter & Gamble*Forecasted Cash Flow Statement*

All figures in millions of U.S. Dollars except per share items

Fiscal Years Ending June 30	2026E	2027E	2028E	2029E	2030E
<u>Operating Activities</u>					
Net Income	15271	16271	16681	17745	18665
Depreciation and Amortization	2933	3039	3145	3247	3348
Change in Accounts Receivable	423	-300	-287	-316	-264
Change in Inventory	286	-330	-347	-296	-263
Change in Prepaid Expenses & Other Current Assets	-211	-25	-55	-32	-122
Change in Accounts Payable	373	652	556	582	623
Change in Accrued and Other Liabilities	174	306	289	648	408
Change in Other Noncurrent Liabilities	1974	-484	65	212	378
Total Operating Activities	21223	19130	20047	21791	22773
<u>Investing Activities</u>					
Capital Expenditures	-3488	-3602	-3723	-3867	-3996
Change in Other Non-Current Assets	321	-716	-604	-636	-489
Total Investing Activities	-3167	-4318	-4326	-4503	-4485
<u>Financing Activities</u>					
Dividends to Shareholders	-9730	-10367	-10628	-11306	-11892
Change in Short Term Debt	849	-652	-2351	-3	2073
Change in Long Term Debt	35	419	406	412	387
Change in Treasury Stock Purchases	-5005	-5005	-5005	-5005	-5005
Change in Preferred Stock	-29	-29	-29	-29	-29
Change in APIC	564	564	564	564	564
Change in Reserve for ESOP Debt Retirement	72	72	72	72	72
Change in Noncontrolling Interest	87	92	94	101	106
Total Financing Activities	-13157	-14906	-16877	-15194	-13723
Cash and Cash Equivalents, BOY	9557	14456	14362	13206	15299
Cash and Cash Equivalents, EOY	14456	14362	13206	15299	19864
Increase (Decrease) in Cash and Cash Equivalents	4899	-94	-1156	2093	4565

Procter & Gamble
Value Driver Estimation

Fiscal Years Ending June 30	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E
NOPLAT:											
Sales	70950	76118	80187	82006	84039	84284	86873	89718	92710	96300	99514
(-) COGS	-32237	-34373	-39350	-40046	-37952	-38317	-40413	-41899	-43535	-44881	-46010
(-) Depreciation & Amortization	-3013	-2735	-2807	-2714	-2896	-2847	-2933	-3039	-3145	-3247	-3348
(-) SG&A	-19994	-21024	-20217	-21112	-23305	-22669	-22743	-22860	-23622	-24537	-25356
(+) Implied Interest on Operating Losses	54	46	44	42	42	47	50	52	53	55	57
EBIT:	15760	18032	17857	18176	19928	20498	20833	21971	22461	23690	24857
Income Tax Provision	-2731	-3263	-3202	-3615	-3787	-4102	-4059	-4325	-4434	-4717	-4962
(-) Interest Income Tax	33	9	11	64	99	98	72	109	113	117	121
(-) Non-Operating Income	92	18	120	140	140	32	0	0	0	0	0
(+) Interest Expense Tax Shield	-98	-105	-92	-159	-194	-190	-377	-386	-384	-363	-367
Total Adjusted Taxes	-2704	-3341	-3164	-3569	-3742	-4162	-4364	-4603	-4706	-4963	-5208
(+)Change in Deferred Taxes	-700	-46	656	-331	38	-742	0	0	0	0	0
NOPLAT	12356	14645	15349	14276	16225	15595	16468	17368	17755	18726	19649
Invested Capital (IC):											
Normal Cash	2838	3045	3207	3280	3362	3371	3475	3589	3708	3852	3981
A/R	4178	4725	5143	5471	6118	6185	5762	6063	6350	6665	6929
Inventory	5498	5983	6924	7073	7016	7551	7265	7595	7941	8238	8501
Prepaid Expenses and Other CA	2130	2095	2372	1858	2095	2100	2311	2336	2391	2422	2545
Operating CA	14644	15848	17646	17682	18591	19207	18814	19582	20390	21178	21956
A/P	12071	13720	14882	14598	15364	15227	15600	16253	16808	17391	18014
Accrued Liabilities	9722	10523	9554	10929	11073	11318	11492	11798	12087	12735	13143
Operating CL	21793	24243	24436	25527	26437	26545	27093	28051	28895	30126	31157
Net Operating WC	-7149	-8395	-6790	-7845	-7846	-7338	-8279	-8469	-8505	-8948	-9201
(+) Net PPE	20692	21686	21195	21909	22152	23897	24760	25622	26454	27279	28106
Trademarks and Other Intangible Assets	23792	23642	23679	23783	22047	21910	21602	21304	21049	20844	20665
Operating Lease Right-of-Use Assets	652	631	760	781	875	925	991	1025	1058	1091	1124
(+) Total Other Operating Assets	24444	24273	24439	24564	22922	22835	22593	22329	22107	21935	21789
Invested Capital	37987	37564	38844	38628	37228	39394	39074	39482	40056	40266	40694
Free Cash Flow (FCF):											
NOPLAT	12356	14645	15349	14276	16225	15595	16468	17368	17755	18726	19649
Change in IC	-2078	-423	1281	-216	-1401	2167	-321	408	574	210	427
FCF	14434	15069	14069	14492	17626	13428	16789	16960	17181	18516	19221
Return on Invested Capital (ROIC):											
NOPLAT	12356	14645	15349	14276	16225	15595	16468	17368	17755	18726	19649
Beginning IC	40065	37987	37564	38844	38628	37228	39394	39074	39482	40056	40266
ROIC	30.84%	38.55%	40.86%	36.75%	42.00%	41.89%	41.80%	44.45%	44.97%	46.75%	48.80%
Economic Profit (EP):											
Beginning IC	40065	37987	37564	38844	38628	37228	39394	39074	39482	40056	40266
x (ROIC - WACC)	24.71%	32.43%	34.74%	30.63%	35.88%	35.76%	35.68%	38.32%	38.85%	40.62%	42.67%
EP	9902	12319	13048	11896	13859	13314	14055	14975	15337	16273	17182

Procter & Gamble

Weighted Average Cost of Capital (WACC) Estimation

Cost of Equity:

Risk-Free Rate	4.11%
Beta	0.44
Equity Risk Premium	5.00%
Cost of Equity	6.32%

ASSUMPTIONS:

10-year Treasury bond
Average 5 year weekly beta

Cost of Debt:

Risk-Free Rate	4.11%
Implied Default Premium	1.09%
Pre-Tax Cost of Debt	5.20%
Marginal Tax Rate	21%
After-Tax Cost of Debt	4.11%

10-year Treasury bond
YTM on Procters 30-year corporate bond

Cost of Preferred Stock:

Annual Pfd. Dividend	\$ 4.13
Price of Pfd. Shares	60
Cost of Preferred:	6.88%

Market Value of Common Equity:

Total Shares Outstanding	2350
Current Stock Price	\$152.50
MV of Equity	358,390

MV Weights

90.02%

Market Value of Debt:

Short-Term Debt	9513
Long-Term Debt	24995
PV of Operating Leases	956
MV of Total Debt	35,464

8.91%

Market Value of Preferred Stock:

Total Shares Outstanding	71
Price of Pfd. Shares	60
MV of Preferred	4,260.00

1.07%

Market Value of the Firm

398,114

100.00%

Estimated WACC

6.13%

Procter & Gamble

Discounted Cash Flow (DCF) and Economic Profit (EP) Valuation Models

Key Inputs:

CV Growth of NOPLAT	2.50%
CV Year ROIC	48.80%
WACC	6.13%
Cost of Equity	6.32%

Fiscal Years Ending June 30	2026E	2027E	2028E	2029E	2030E
-----------------------------	-------	-------	-------	-------	-------

DCF Model:

Free Cash Flow (FCF)	16789	16960	17181	18516	19221
Continuing Value (CV)					514207
PV of FCF	15820	15059	14374	14598	405378

Value of Operating Assets:	465229
Non-Operating Adjustments	
(+)excess cash	6185
(-) total debt	-35464
(-)preferred stock	-4260
(-) PV of ESOP	-915
(-) Pension	-1484
(+) Overfunded Retirement Benefits	4391
(+) Non-controlling Interest	272

Value of Equity	433953
Shares Outstanding	2350
Intrinsic Value of Last FYE	\$ 184.65
Implied Price as of Today	\$ 186.25

EP Model:

Economic Profit (EP)	14055	14975	15337	16273	17182
Continuing Value (CV)					473940
PV of EP	13244	13296	12832	12829	373634

Total PV of EP	425835
Invested Capital (last FYE)	39394
Value of Operating Assets:	465229
Non-Operating Adjustments	
(+)excess cash	6185
(-) total debt	-35464
(-)preferred stock	-4260
(-) PV of ESOP	-915
(-) Pension	-1484
(+) Overfunded Retirement Benefits	4391
(+) Non-controlling Interest	272

Value of Equity	433953
Shares Outstanding	2350
Intrinsic Value of Last FYE	\$ 184.65
Implied Price as of Today	\$ 186.25

Procter & Gamble

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

Fiscal Years Ending	2026E	2027E	2028E	2029E	2035E
EPS	\$ 6.54	\$ 7.05	\$ 7.31	\$ 7.86	\$ 8.36
Key Assumptions					
CV growth of EPS	2.50%				
CV Year ROE	30.36%				
Cost of Equity	6.32%				
Future Cash Flows					
P/E Multiple (CV Year)					24.05
EPS (CV Year)					\$ 8.36
Future Stock Price					\$ 201.02
Dividends Per Share	\$ 4.19	\$ 4.52	\$ 4.68	\$ 5.04	
Discounted Cash Flows	3.94	4.00	3.90	3.94	\$ 157.34
Intrinsic Value as of Last FYE	\$ 173.12				
Implied Price as of Today	\$ 174.61				

Procter & Gamble

Relative Valuation Models

Ticker	Company	Price	EPS 2026E	EPS 2027E	P/E 26	P/E 27
UL	Unilever PLC	\$59.28	\$3.66	\$3.89	16.20	15.24
KMB	Kimberly Clark	\$122.23	\$7.65	\$7.90	15.98	15.47
CLX	Clorox	\$124.39	\$6.11	\$6.91	20.36	18.00
CHD	Church & Dwight	\$86.70	\$3.73	\$3.97	23.24	21.84
MDLZ	Mondelez	\$63.36	\$3.02	\$3.32	20.98	19.08
JNJ	Johnson & Johnson	\$179.71	\$11.38	\$12.16	15.79	14.78
CL	Colgate Palmolive	\$79.36	\$3.94	\$4.24	20.14	18.72
Average					18.96	17.59
PG	Procter & Gamble	\$152.50	\$ 6.54 	\$ 7.05 	23.3	21.6

Implied Relative Value:

P/E (EPS26) \$ 123.96

P/E (EPS257) \$ 124.01

Procter & Gamble
Key Management Ratios

<i>Fiscal Years Ending June 30</i>	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E	2029E	2030E
Liquidity Ratios:											
<i>Current Ratio</i>	84.87%	69.69%	65.45%	63.34%	73.48%	70.42%	79.55%	80.39%	82.44%	87.04%	93.23%
<i>Quick Ratio</i>	61.74%	45.31%	37.35%	38.36%	46.39%	43.65%	53.98%	54.09%	53.94%	58.60%	66.02%
<i>Cash Ratio</i>	49.07%	31.05%	21.81%	23.06%	28.20%	26.50%	38.59%	38.03%	36.43%	40.82%	48.94%
Solvency Ratios:											
<i>Debt to Assets Ratio</i>	61.16%	60.90%	60.02%	61.05%	58.68%	58.25%	58.79%	58.15%	57.06%	56.75%	56.93%
<i>Equity Ratio</i>	38.84%	39.10%	39.98%	38.95%	41.32%	41.75%	41.21%	41.85%	42.94%	43.25%	43.07%
<i>Debt to Equity Ratio</i>	1.57	1.56	1.50	1.57	1.42	1.40	1.43	1.39	1.33	1.31	1.32
<i>Interst Coverage Ratio</i>	13.68	14.18	13.50	13.78	14.12	14.48	14.89	11.91	12.26	13.68	14.18
Asset-Management Ratios:											
<i>Inventory Turnover Ratio</i>	6.70	6.46	6.53	6.11	5.80	5.65	5.85	6.05	6.01	5.95	5.90
<i>A/R Turnover Ratio</i>	15.54	17.10	16.25	15.45	14.50	13.70	14.54	15.17	14.94	14.80	14.64
<i>A/P Turnover Ratio</i>	3.02	2.88	2.95	2.90	2.73	2.69	2.81	2.82	2.82	2.81	2.79
<i>Days Inventory Outstanding</i>	54.44	56.46	55.88	59.74	62.95	64.58	62.38	60.35	60.74	61.35	61.89
<i>Days Sales Outstanding</i>	23.48	21.35	22.46	23.62	25.17	26.64	25.10	24.05	24.43	24.67	24.93
<i>Days Payable Outstanding</i>	120.79	126.84	123.82	125.82	133.86	135.62	129.79	129.36	129.26	129.68	130.91
<i>Cash Conversion Cycle</i>	-42.87	-49.03	-45.49	-42.46	-45.75	-44.40	-42.31	-44.96	-44.08	-43.67	-44.08
<i>Total Asset Turnover Ratio</i>	0.60	0.63	0.68	0.69	0.69	0.68	0.68	0.69	0.70	0.72	0.71
Profitability Ratios:											
<i>Gross Margin</i>	50.32%	51.25%	47.43%	47.86%	51.39%	51.16%	50.10%	49.91%	49.65%	50.02%	50.40%
<i>Operating Margin</i>	22.14%	23.63%	22.21%	22.11%	22.07%	24.26%	23.92%	24.43%	24.17%	24.54%	24.92%
<i>Profit Margin</i>	18.47%	18.85%	18.45%	17.97%	17.82%	19.06%	17.58%	18.14%	17.99%	18.43%	18.76%
<i>ROA</i>	10.86%	12.03%	12.62%	12.20%	12.24%	12.83%	11.76%	12.35%	12.60%	13.01%	13.07%
<i>Return on Equity (NI/Beg TSE)</i>	27.95%	30.76%	31.57%	31.31%	29.62%	30.73%	28.54%	29.52%	29.34%	30.07%	30.36%
Payout Policy Ratios:											
<i>Dividend Payout Ratio (Dividend/EPS)</i>	0.61	0.60	0.60	0.62	0.64	0.62	0.64	0.64	0.64	0.64	0.64
<i>Total Payout Ratio ((Divs. + Repurchases)/NI)</i>	1.17	1.35	1.27	1.12	0.96	1.02	0.97	0.95	0.94	0.92	0.91

Procter & Gamble

Effects of ESOP Exercise and Share Repurchases on Common Stock Account and Number of Shares Outstanding

Number of Options Outstanding (shares):	23
Average Time to Maturity (years):	5.00
Expected Annual Number of Options Exercised:	5
Current Average Strike Price:	\$ 120.96
Cost of Equity:	6.32%
Current Stock Price:	\$152.50

Fiscal Years Ending June 30	2026E	2027E	2028E	2029E	2030E
Increase in Shares Outstanding:	5	5	5	5	5
Average Strike Price:	\$ 120.96	\$ 120.96	\$ 120.96	\$ 120.96	\$ 120.96
Increase in Common Stock Account:	564	564	564	564	564
Share Repurchases (\$)	5,005	5,005	5,005	5,005	5,005
Expected Price of Repurchased Shares:	\$ 152.50	\$ 157.91	\$ 163.51	\$ 169.31	\$ 175.31
Number of Shares Repurchased:	33	32	31	30	29
Shares Outstanding (beginning of the year)	2,350	2,322	2,295	2,269	2,244
Plus: Shares Issued Through ESOP	5	5	5	5	5
Less: Shares Repurchased in Treasury	33	32	31	30	29
Shares Outstanding (end of the year)	2,322	2,295	2,269	2,244	2,220

Procter & Gamble

Valuation of Options Granted under ESOP

Current Stock Price	\$152.50
Risk Free Rate	4.11%
Current Dividend Yield	2.77%
Annualized St. Dev. of Stock Returns	16.60%

Range of Outstanding Options	Number of Shares	Average Exercise Price	Average Remaining Life (yrs)	B-S Option Price	Value of Options Granted
Range 1	23	120.96	5.00	\$ 39.28	\$ 915
Total	23	\$ 120.96	5.00	\$ 55.83	\$ 915

Procter & Gamble

Sensitivity Tables

		Beta							
		186.25	0.29	0.34	0.39	0.44	0.49	0.54	0.59
Equity Risk Premium	5.18%	228.49	211.09	196.05	182.90	171.32	161.03	151.84	
	5.28%	226.41	209.00	193.95	180.83	169.28	159.03	149.88	
	5.38%	224.36	206.94	191.90	178.80	167.28	157.08	147.97	
	5.48%	222.35	204.92	189.89	176.82	165.33	155.16	146.10	
	5.58%	220.37	202.93	187.92	174.87	163.42	153.30	144.27	
	5.68%	218.43	200.98	185.99	172.97	161.56	151.47	142.49	
	5.78%	216.52	199.07	184.10	171.11	159.73	149.68	140.75	

		CapEx							
		186.25	3.72%	3.82%	3.92%	4.02%	4.12%	4.22%	4.32%
Risk Free Rate	3.81%	201.97	201.97	201.97	201.97	201.97	201.97	201.97	201.97
	3.91%	196.39	196.39	196.39	196.39	196.39	196.39	196.39	196.39
	4.01%	191.09	191.09	191.09	191.09	191.09	191.09	191.09	191.09
	4.11%	186.05	186.05	186.05	186.05	186.05	186.05	186.05	186.05
	4.21%	181.25	181.25	181.25	181.25	181.25	181.25	181.25	181.25
	4.31%	176.69	176.69	176.69	176.69	176.69	176.69	176.69	176.69
	4.41%	172.33	172.33	172.33	172.33	172.33	172.33	172.33	172.33

		WACC							
		186.25	5.83%	5.93%	6.03%	6.13%	6.23%	6.33%	6.43%
CV Growth of NOPLAT	1.75%	171.30	166.86	162.62	158.58	154.71	151.02	147.48	
	2.00%	180.77	175.81	171.10	166.61	162.33	158.26	154.36	
	2.25%	191.57	185.98	180.69	175.68	170.91	166.38	162.07	
	2.50%	203.98	197.63	191.65	185.99	180.64	175.57	170.75	
	2.75%	218.41	211.12	204.27	197.83	191.76	186.03	180.61	
	3.00%	235.39	226.91	218.98	211.57	204.61	198.07	191.92	
	3.25%	255.66	245.64	236.34	227.69	219.62	212.07	205.00	

		Normal Cash Estimate							
		186.25	2.50%	3.00%	3.50%	4.00%	4.50%	5.00%	5.50%
Short Term Debt %	2.31%	187.19	186.88	186.56	186.25	185.93	185.62	185.30	
	3.31%	187.19	186.88	186.56	186.25	185.93	185.62	185.30	
	4.31%	187.19	186.88	186.56	186.25	185.93	185.62	185.30	
	5.31%	187.19	186.88	186.56	186.25	185.93	185.62	185.30	
	6.31%	187.19	186.88	186.56	186.25	185.93	185.62	185.30	
	7.31%	187.19	186.88	186.56	186.25	185.93	185.62	185.30	
	8.31%	187.19	186.88	186.56	186.25	185.93	185.62	185.30	

		Marginal Tax Rate							
		186.25	18.00%	19.00%	20.00%	21.00%	22.00%	23.00%	24.00%
Pretax Cost of Debt	4.60%	195.83	193.41	190.97	188.53	186.09	183.63	181.18	
	4.80%	195.01	192.60	190.18	187.76	185.34	182.90	180.47	
	5.00%	194.19	191.80	189.40	187.00	184.59	182.18	179.76	
	5.20%	193.38	191.01	188.63	186.25	183.86	181.46	179.06	
	5.40%	192.58	190.22	187.86	185.50	183.12	180.75	178.36	
	5.60%	191.78	189.44	187.10	184.75	182.40	180.04	177.67	
	5.80%	190.98	188.67	186.34	184.01	181.68	179.33	176.98	

		Cost of Equity							
		186.25	6.02%	6.12%	6.22%	6.32%	6.42%	6.52%	6.62%
Depreciation Rate	9.27%	189.52	189.56	189.61	189.65	189.70	189.74	189.79	
	10.27%	188.28	188.33	188.37	188.42	188.46	188.51	188.55	
	11.27%	187.15	187.20	187.24	187.29	187.33	187.37	187.42	
	12.27%	186.12	186.16	186.21	186.25	186.30	186.34	186.39	
	13.27%	185.18	185.22	185.27	185.31	185.36	185.40	185.45	
	14.27%	184.33	184.38	184.42	184.46	184.51	184.55	184.59	
	15.27%	183.57	183.61	183.65	183.70	183.74	183.79	183.83	