



Procter & Gamble Co. (PG)

Updated August 18th, 2025, by Aristofanis Papadatos

Key Metrics

Current Price:	\$154	5 Year CAGR Estimate:	5.6%	Market Cap:	\$362 B
Fair Value Price:	\$140	5 Year Growth Estimate:	5.0%	Ex-Dividend Date¹:	10/17/25
% Fair Value:	110%	5 Year Valuation Multiple Estimate:	-1.9%	Dividend Payment Date:	11/14/25
Dividend Yield:	2.7%	5 Year Price Target:	\$178	Years Of Dividend Growth:	69
Dividend Risk Score:	A	Sector:	Consumer Staples	Rating:	Hold

Overview & Current Events

Founded in 1837 and headquartered in Cincinnati, Ohio, Procter & Gamble is a consumer products giant that sells its products in over 180 countries. Notable brands include Pampers, Luvs, Tide, Gain, Bounty, Charmin, Puffs, Gillette, Head & Shoulders, Old Spice, Dawn, Febreze, Swiffer, Crest, Oral-B, Scope, Olay and many more. The \$362 billion market capitalization company generated \$84 billion in sales in fiscal 2024 and 2025. Procter & Gamble has paid a dividend for 134 years and has grown its dividend for 69 consecutive years – one of the longest active streaks of any company.

On April 8th, 2025, Procter & Gamble raised its dividend by 5%, from \$1.0065 per quarter to \$1.0568.

In late July, Procter & Gamble reported (7/29/25) results for the fourth quarter of fiscal 2025 (its fiscal year ends June 30th). Its sales and organic sales grew 2% over last year's quarter, thanks to higher prices. Core earnings-per-share grew 6%, from \$1.40 to \$1.48, beating the analysts' consensus by \$0.06. The firm sales amid sustained price hikes are a testament to the strength of the brands of Procter & Gamble. However, we note a remarkable deceleration in price hikes in the last five quarters. This indicates that the company cannot keep raising its prices aggressively anymore. Due to soft consumer spending amid increased economic uncertainty, Procter & Gamble provided modest guidance for fiscal 2026. It expects 0%-4% growth of organic sales and 0%-4% growth of core earnings-per-share. Accordingly, we expect core earnings-per-share of \$6.98. Procter & Gamble has beaten the analysts' estimates in 29 of the last 31 quarters.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	\$3.67	\$3.92	\$4.22	\$4.52	\$5.12	\$5.66	\$5.81	\$5.90	\$6.59	\$6.83	\$6.98	\$8.91
DPS	\$2.66	\$2.70	\$2.79	\$2.90	\$3.03	\$3.24	\$3.52	\$3.68	\$3.82	\$4.08	\$4.23	\$5.12
Shares²	2,668	2,553	2,498	2,505	2,480	2,430	2,523	2,478	2,472	2,444	2,410	2,300

Procter & Gamble has grown its earnings-per-share by 7.1% per year on average over the last decade. Sales have grown 2% per year on average over this period, and net profit margin has increased. The company has gone through a major transformation in recent years. It has sold a significant number of low-margin, low-growth brands and has reduced its brand count from ~170 to 65. This transformation has weighed on the top line, but it should allow Procter & Gamble to focus on its strongest, most profitable brands moving forward. Indeed, the company has returned to solid growth mode in the last seven years. Inflationary pressures have increased in the last three years, but over time Procter & Gamble has proven capable of sustaining price hikes to offset this headwind thanks to its strong brands. Overall, we expect 5% average annual growth of earnings-per-share, roughly in line with the 5-year average growth rate.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	21.4	22.3	20.1	20.7	23.3	23.8	25.7	24.3	23.5	24.6	22.1	20.0
Avg. Yld.	3.4%	3.1%	3.3%	3.1%	2.5%	2.4%	2.4%	2.6%	2.5%	2.4%	2.7%	2.9%

¹ Estimated date.

² In millions

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.



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Procter & Gamble has traded at an average price-to-earnings ratio of approximately 22.6 over the last decade. We assume a fair earnings multiple of 20.0, taking into consideration the high quality of the company, weighed against modest growth prospects. The stock is currently trading at a price-to-earnings ratio of 22.1. If it reaches our fair valuation level over the next five years, it will incur a -1.9% annualized drag in its returns.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	72%	69%	66%	64%	59%	57%	61%	62%	58%	60%	61%	57%

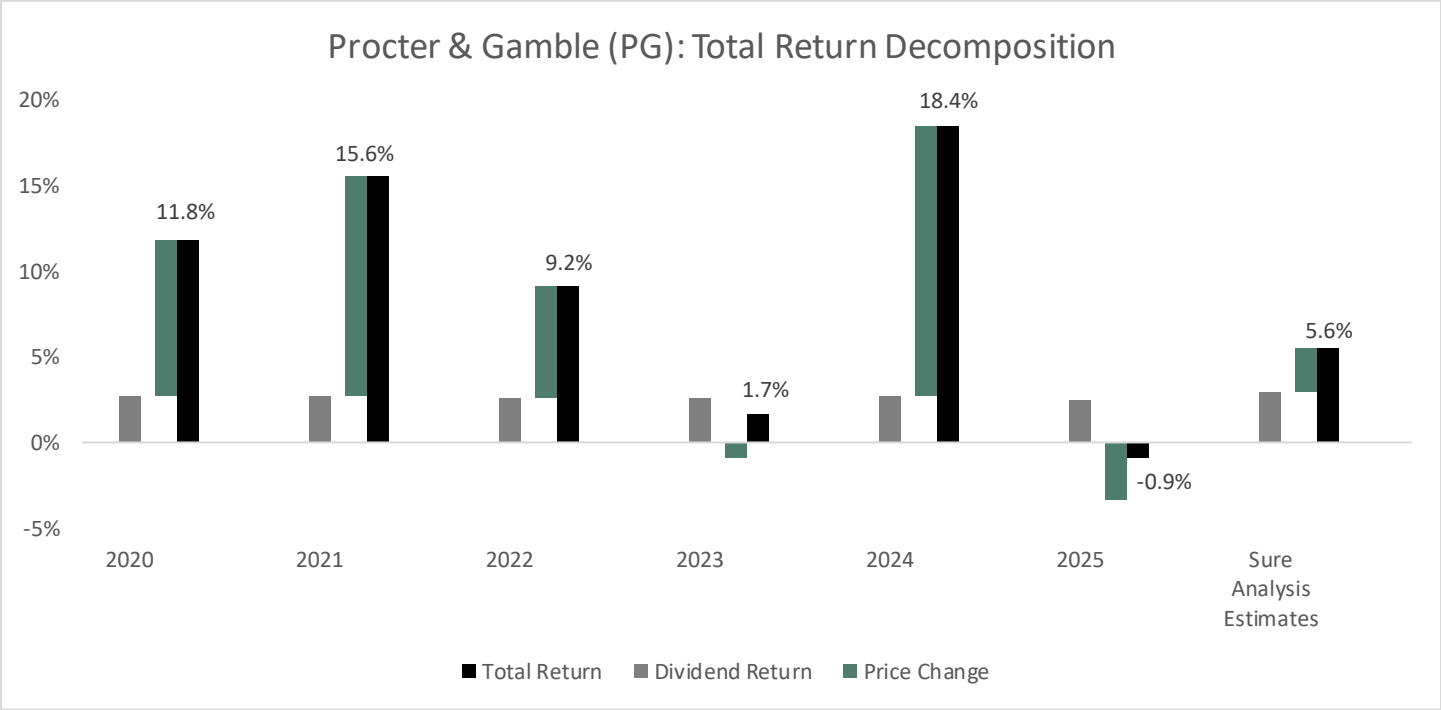
Procter & Gamble’s dividend payout ratio has oscillated between 50% and 75% in the last decade, with the current mark at 61%. This is somewhat high for your typical company, but well within a reasonable range for such a high-quality firm. We believe that the company can keep growing its dividend at a rate roughly in line with earnings-per-share growth going forward.

Procter & Gamble has significant competitive advantages thanks to its strong brands. The company has several category-leading brands such as Crest, Tide, Gillette, Bounty, Febreze, Old Spice, Pampers, and many more. These brands provide Procter & Gamble with pricing power and consistent profits, in good times or bad. During the Great Recession, the company posted earnings-per-share of \$3.04, \$3.64, \$3.58, \$3.53, and \$3.93 in the 2007 through 2011 stretch, while the dividend kept on rising. Moreover, during the COVID-19 pandemic, Procter & Gamble proved resilient once again, with record earnings in each of the last five years.

Final Thoughts & Recommendation

Procter & Gamble has demonstrated strong performance in all environments, with an impressive operating history. However, the stock is trading at a rich valuation level and hence it could offer just a 5.6% average annual return over the next five years, as its 5.0% growth and its 2.7% dividend may be partly offset by a -1.9% valuation headwind. Procter & Gamble is appealing to risk-averse investors who seek reliable dividend growth. However, due to its rich valuation, the stock maintains its hold rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	65299	65058	66832	67684	70950	76120	80187	82006	84039	84284
Gross Profit	32390	32420	32400	32916	35700	39010	38030	39246	43191	43270
Gross Margin	49.6%	49.8%	48.5%	48.6%	50.3%	51.2%	47.4%	47.9%	51.4%	51.3%
SG&A Exp.	18949	18654	19037	19084	19990	21020	20217	21112	23305	-
D&A Exp.	3078	2820	2834	2824	3013	2735	2807	2714	2896	2847
Operating Profit	13441	13766	13363	13832	15710	17990	17813	18134	19886	20706
Op. Margin	20.6%	21.2%	20.0%	20.4%	22.1%	23.6%	22.2%	22.1%	23.7%	24.6%
Net Profit	10508	15326	9750	3897	13030	14310	14742	14653	14879	16065
Net Margin	16.1%	23.6%	14.6%	5.8%	18.45	18.8%	18.4%	17.9%	17.7%	19.1%
Free Cash Flow	12121	9369	11150	11895	14330	15580	13567	13786	16524	14045
Income Tax	3342	3063	3465	2103	2731	3263	3202	3615	3787	4102

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets (\$B)	127	120	118	115	120.7	119.3	117.2	120.8	122.3	125.2
Cash & Equivalents	7102	5569	2569	4239	16180	10290	7214	8246	9482	9556
Acc. Receivable	4373	4594	4686	4951	4178	4725	5143	5471	6118	6185
Inventories	4716	4624	4738	5017	5498	5983	6924	7073	7016	7551
Goodwill & Int.	68877	68886	69077	64488	63690	64570	63379	64442	62350	63560
Total Liabilities	69153	64628	65427	67516	73820	72650	70354	73764	71812	72947
Accounts Payable	9325	9632	10344	11260	12070	13720	14882	14598	15364	15227
Long-Term Debt	30598	31592	31286	30059	34720	31990	31493	34607	32460	35464
Total Equity	56303	54178	51326	46266	46520	46650	45746	45958	49488	51235
D/E Ratio	0.53	0.57	0.60	0.64	0.75	1.56	0.68	0.74	0.65	0.68

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	8.2%	12.4%	8.2%	3.3%	11.1%	11.9%	12.5%	12.3%	12.2%	13.0%
Return on Equity	17.9%	27.7%	18.5%	8.0%	28.4%	31.0%	32.3%	32.0%	30.5%	31.2%
ROIC	11.5%	17.4%	11.4%	4.8%	16.4%	17.9%	18.8%	18.3%	18.1%	18.7%
Shares Out.	2669	2553	2498	2425	2626	2601	2539	2484	2472	2454
Revenue/Share	22.96	23.74	25.16	26.65	27.02	29.26	31.58	33.02	34.00	34.34
FCF/Share	4.26	3.42	4.20	4.68	5.46	5.99	5.34	5.55	6.68	5.72

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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