PROCTER & GAMBLE CO/THE

Procter & Gamble, with headquarters in Cincinnati and sales in over 180 countries, manufactures daily-use household, personal care, food, and paper products. The company's major brands include Tide, Gillette, Pampers, Bounty, Crest, Ivory, Head & Shoulders, Scope, Oral-B, Swiffer, Tampax, and Charmin. It has approximately 109,000 employees. The shares are a component of the S&P 500.

Analyst's Notes

Analysis by Taylor Conrad, April 28, 2026

ARGUS RATING: BUY

- Recent relative weakness provides buying opportunity
- The PG shares have underperformed the S&P over the past quarter, rising 1% compared to gains of 2% for the S&P 500 and 1% for the Consumer Goods industry ETF IYK.
- Procter & Gamble recently reported fiscal 3Q26 earnings that beat the consensus estimate.
- The company has a long history of dividends and management has shown confidence with the most recent 3% increase in the dividend, which now yields about 2.9%.
- Our target price of $180 implies a multiple of 25-times our FY27 EPS estimate.

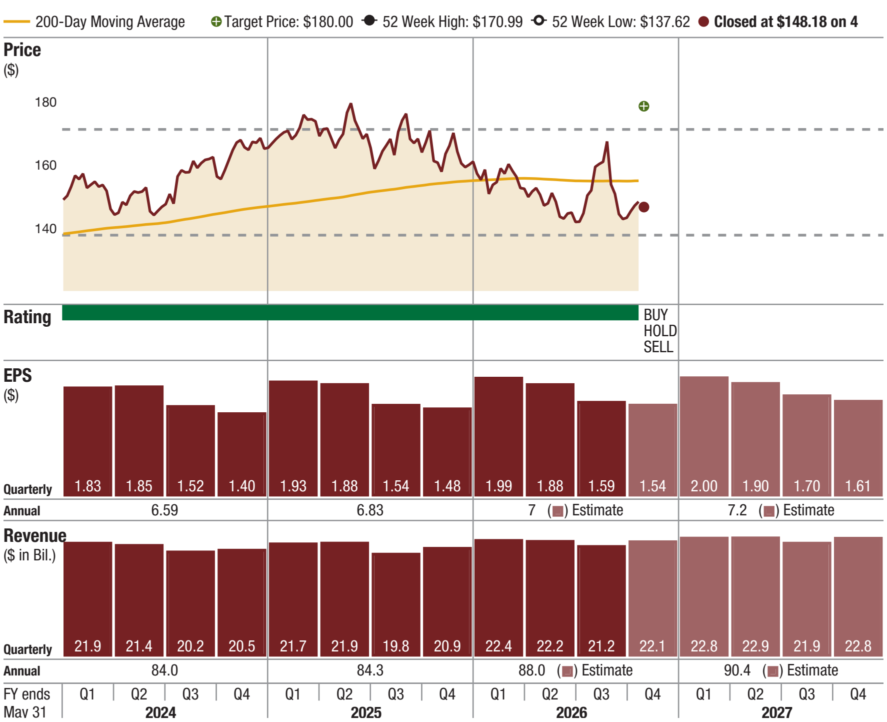
INVESTMENT THESIS

Our rating on Procter & Gamble Co. (NYSE: PG) is BUY. We look for long-term earnings and share-price gains to be driven by product innovation, productivity improvements, and better advertising. Innovative products such as Dawn Powerwash, which helps dissolve baked-on food from pots and pans, have led to other innovative products like Fairy Skip the Soak in the U.K. and are gaining market share. This type of innovation has also allowed P&G to raise prices to offset inflation, even as some customers trade down to store brands or to less expensive brands within the P&G portfolio.

Despite higher raw material and distribution costs, the company continues to manage its margins with productivity initiatives. We also like P&G's record of dividend growth and note that management's 3% dividend hike in April showed

Market Data

Pricing reflects previous trading week's closing price.



Argus Recommendations

	SELL	HOLD	BUY
Twelve Month Rating	SELL	HOLD	**BUY**
Five Year Rating	SELL	HOLD	**BUY**
Sector Rating	Under Weight	**Market Weight**	Over Weight

Argus assigns a 12-month BUY, HOLD, or SELL rating to each stock under coverage.

- BUY-rated stocks are expected to outperform the market (the benchmark S&P 500 Index) on a risk-adjusted basis over the next year.
- HOLD-rated stocks are expected to perform in line with the market.
- SELL-rated stocks are expected to underperform the market on a risk-adjusted basis.

The distribution of ratings across Argus' entire company universe is: 74% Buy, 26% Hold.

Key Statistics

Key Statistics pricing data reflects previous trading day's closing price. Other applicable data are trailing 12-months unless otherwise specified.

Market Overview

Price	$148.40
Target Price	$180.00
52 Week Price Range	$137.62 to $170.99
Shares Outstanding	2.33 Billion
Dividend	$4.35

Sector Overview

Sector	Consumer Staples
Sector Rating	MARKET WEIGHT
Total % of S&P 500 Market Cap.	5.30%

Financial Strength

Financial Strength Rating	HIGH
Debt/Capital Ratio	40.4%
Return on Equity	30.3%
Net Margin	19.2%
Payout Ratio	0.61
Current Ratio	0.70
Revenue	$86.72 Billion
After-Tax Income	$16.62 Billion

Valuation

Current FY P/E	21.20
Prior FY P/E	21.73
Price/Sales	3.98
Price/Book	6.43
Book Value/Share	$23.08
Market Capitalization	$345.56 Billion

Forecasted Growth

1 Year EPS Growth Forecast
2.49%

5 Year EPS Growth Forecast
8.00%

1 Year Dividend Growth Forecast
4.41%

Risk

Beta	0.47
Institutional Ownership	68.96%

Please see important information about this report on page 5

Analyst's Notes ...Continued

confidence in future performance. On the fundamentals, the stock trades at 21-times our FY27 EPS forecast, above the peer average of 17-times. Our target price of $180 implies a multiple of 25-times our FY27 EPS estimate.

RECENT DEVELOPMENTS

PG shares have underperformed the S&P over the past quarter, rising 1% compared to gains of 2% for the S&P 500 and 1% for the Consumer Goods industry ETF IYK. Over the past year, the shares have fallen 7%, compared with gains of 29% for the index and 1% for the industry. Over the past five years, the shares have underperformed the index and industry. The beta on PG is 0.47.

Procter & Gamble recently reported fiscal 3Q26 earnings that beat the consensus estimate. The company reported core EPS of $1.59, up 3% from the prior year and above the consensus of $1.56. Net sales of $21.2 billion were up 7% from the prior year on a reported basis and up 3% organically. Organic results reflected a 1% increase in pricing and 2% higher volume, with flat mix. The currency-neutral core gross margin narrowed by 100 basis points to 50.0%, while the currency-neutral core operating margin also narrowed by 100 basis points to 22.3%. In the first three quarters, the company has earned $5.50 per share.

Along with the 3Q results, management reaffirmed its FY26 guidance. It expects sales growth to be in the range of 1%-5% versus the prior year with a 1% benefit from the net impacts of foreign exchange rates and acquisitions and divestitures. Organic sales growth is expected to be in the range of flat-4% compared to a year earlier. It looks for core EPS of $6.83-$7.09, implying a range of flat to up 4%. It also expects a headwind from commodity costs of $150 million, and higher costs from tariffs of $400 million. Management targets adjusted free cash flow productivity of 85%-90% and expects to pay around $10 billion in dividends and to repurchase approximately $5 billion of common shares in fiscal 2026.

EARNINGS & GROWTH ANALYSIS

Procter & Gamble reports results for five segments: Beauty (18% of 3Q26 sales), Grooming (8%), Health Care (14%), Fabric & Home Care (35%), and Baby, Feminine & Family Care (24%).

Organic sales rose across all five segments in fiscal 3Q. Organic sales rose 7% in Beauty and 1% in Grooming, and 2% in Health Care, driven by innovation-based pricing. Organic sales also rose 3% in both Fabric & Home Care and in Baby, Feminine & Family Care, driven by volume increases. 26 of the top 50 category-country combinations saw stable or higher market share year-to-date.

Organic volume saw mixed results. Organic volume rose 5% in Beauty, 2% in Fabric & Home Care and 3% in Baby, Feminine & Family Care. Volume declined 2% in both Grooming and in Health Care.

Procter & Gamble has a long history of growth and profitability and as a mature company, has relatively low, but stable, growth. The company's revenues have grown 11% over the past five years, and core operating income has grown 14%. The core operating

Growth & Valuation Analysis

GROWTH ANALYSIS

($ in Millions, except per share data)	2021	2022	2023	2024	2025
Revenue	76,118	80,187	82,006	84,039	84,284
COGS	37,108	42,157	42,760	40,848	41,164
Gross Profit	39,010	38,030	39,246	43,191	43,120
SG&A	21,024	20,217	21,112	23,305	22,669
R&D	--	--	--	--	--
Operating Income	17,986	17,813	18,134	19,886	20,451
Interest Expense	457	388	449	452	438
Pretax Income	17,615	17,995	18,353	18,761	20,167
Income Taxes	3,263	3,202	3,615	3,787	4,102
Tax Rate (%)	19	18	20	20	20
Net Income	14,306	14,742	14,653	14,879	15,974
Diluted Shares Outstanding	2,601	2,539	2,484	2,472	2,454
EPS	5.50	5.81	5.90	6.02	6.51
Dividend	3.24	3.52	3.68	3.83	4.08

GROWTH RATES (%)

	2021	2022	2023	2024	2025
Revenue	7.3	5.3	2.3	2.5	0.3
Operating Income	14.5	-1.0	1.8	9.7	2.8
Net Income	9.8	3.0	-0.6	1.5	7.4
EPS	10.9	5.6	1.5	2.0	8.1
Dividend	7.0	8.7	4.5	4.0	6.5
Sustainable Growth Rate	11.8	12.3	13.2	9.4	12.7

VALUATION ANALYSIS

	2021	2022	2023	2024	2025
Price: High	$164.98	$165.35	$158.38	$180.43	$179.99
Price: Low	$121.54	$122.18	$135.83	$146.28	$138.14
Price/Sales: High - Low	5.6 - 4.2	5.2 - 3.9	4.8 - 4.1	5.3 - 4.3	5.2 - 4.0
P/E: High - Low	30.0 - 22.1	28.5 - 21.0	26.8 - 23.0	30.0 - 24.3	27.6 - 21.2
Price/Cash Flow: High - Low	23.3 - 17.2	25.9 - 19.1	22.2 - 19.0	23.2 - 18.8	23.3 - 17.9

Financial & Risk Analysis

FINANCIAL STRENGTH	2023	2024	2025
Cash ($ in Millions)	8,246	9,482	9,556
Working Capital ($ in Millions)	-13,108	-8,918	-10,666
Current Ratio	0.63	0.73	0.70
LT Debt/Equity Ratio (%)	54.3	52.4	50.2
Total Debt/Equity Ratio (%)	77.1	67.4	69.2

RATIOS (%)	2023	2024	2025
Gross Profit Margin	47.9	51.4	51.2
Operating Margin	22.1	23.7	24.3
Net Margin	17.5	17.4	18.6
Return on Assets	12.1	12.0	12.7
Return on Equity	31.3	30.6	31.1

RISK ANALYSIS	2023	2024	2025
Cash Cycle (days)	-42.5	-45.8	-44.4
Cash Flow/Cap Ex	5.5	6.0	4.7
Oper. Income/Int. Exp. (ratio)	25.3	21.3	23.2
Payout Ratio	61.8	60.2	67.1

Please see important information about this report on page 5

Analyst's Notes ...Continued

margin has ranged from 22.1% to 24.3% over that period.

Management keeps an eye on margins. The fiscal 3Q currency-neutral core gross margin narrowed by 100 basis points to 50.0%, while the currency-neutral core operating margin also narrowed by 100 basis points to 22.3%. Margins were pressured by higher costs from tariffs, unfavorable mix, and product reinvestments; partially offset by increased pricing and productivity savings.

Turning to our estimates, based on recent trends and management's guidance, we are maintaining our FY26 core EPS estimate of $7.00. Our estimate is above the midpoint of management's guidance range and implies growth of 3%. We look for growth in FY27 but are concerned with potential price increases and supply chain disruptions resulting from conflict in the Middle East. As such, we are lowering our FY27 core EPS estimate to $7.20 from $7.35.

FINANCIAL STRENGTH & DIVIDEND

Our financial strength rating on Procter & Gamble is High, the highest rank on our five-point scale. The company receives above-average scores on our criteria of fixed-cost coverage, profitability, and debt levels.

At the end of 3Q26, P&G had cash and cash equivalents of $12.3 billion. Long-term debt was $23.9 billion, down from $25.0 billion at end of FY25, and the company's debt/total capitalization ratio was 30%. Currency-neutral core operating income in fiscal 3 Q covered interest expense by a factor of 21.

The company repurchases stock. In 3Q26, it repurchased 3.9 million shares for approximately $625 million. In the first three quarters, the company repurchased 27.5 million shares for approximately $4.1 billion. It plans to repurchase approximately $5 billion in FY26.

Procter & Gamble pays a dividend. The current annual rate is $4.35 per share for a yield of about 2.9%. The company has paid a dividend for over 135 consecutive years and has increased the dividend for 70 straight years. Over the last five years, P&G has raised its dividend at a compound annual rate of 5%. We believe the dividend is secure and likely to grow. Our dividend estimates are $4.26 for FY26 and $4.41 for FY27.

MANAGEMENT & RISKS

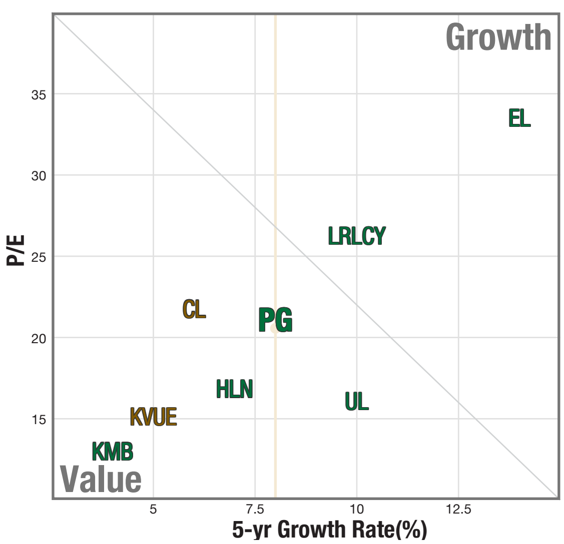
Shailesh Jejurikar was appointed as Procter & Gamble's CEO as of January 1, 2026. Mr. Jejurikar previously served as the COO. He succeeds Jon R. Moeller, who remains with the company as the executive chairman of the board. Andre Schulten has been the CFO since 2021.

In the near term, the company faces risks from still-elevated inflation, which has raised raw material and transportation costs and weighed on consumer spending, and from a potential recession in the U.S. and Europe. It also faces risks from intense competition and the maturity of its brands. P&G owns some of the most recognized brands in the U.S. and in many parts of the world, but a walk down the aisles at a Walmart or local supermarket shows the

Peer & Industry Analysis

The graphics in this section are designed to allow investors to compare PG versus its industry peers, the broader sector, and the market as a whole, as defined by the Argus Universe of Coverage.

- **The scatterplot shows how PG stacks up versus its peers on two key characteristics: long-term growth and value. In general, companies in the lower left-hand corner are more value-oriented, while those in the upper right-hand corner are more growth-oriented.**
- **The table builds on the scatterplot by displaying more financial information.**
- **The bar charts on the right take the analysis two steps further, by broadening the comparison groups into the sector level and the market as a whole. This tool is designed to help investors understand how PG might fit into or modify a diversified portfolio.**



Ticker	Company	Market Cap ($ in Millions)	5-yr Growth Rate (%)	Current FY P/E	Net Margin (%)	1-yr EPS Growth (%)	Argus Rating
PG	**Procter & Gamble Co/The**	**345,564**	**8.0**	**21.2**	**19.2**	**2.9**	**BUY**
LRLCY	L'Oreal SA	232,222	10.0	26.4	13.9	9.1	BUY
UL	Unilever PLC	125,635	10.0	16.2	20.6	4.2	BUY
CL	Colgate-Palmolive Co	67,530	6.0	21.9	10.5	6.5	HOLD
HLN	Haleon plc	42,185	7.0	16.9	15.1	7.1	BUY
KVUE	Kenvue Inc	33,656	5.0	15.2	9.7	4.3	HOLD
KMB	Kimberly-Clark Corp	32,612	4.0	13.1	12.3	3.3	BUY
EL	Estee Lauder Cos Inc/The	27,817	14.0	33.6	-1.2	39.1	BUY
Peer Average		**113,403**	**8.0**	**20.6**	**12.5**	**9.6**	

Please see important information about this report on page 5

Analyst's Notes ...Continued

extent of the competition, including increased competition from store and private-label brands. It has also become increasingly difficult to generate growth from established brands in developed markets. P&G should benefit from untapped demand in emerging markets but will need to invest in brand building and make product modifications to meet local preferences.

Walmart is P&G's biggest customer, representing about 16% of sales. No other customer accounts for more than 10% of sales. The company's top 10 customers represented 43% of total sales in FY25, 42% in FY24, and 40% in FY23.

COMPANY DESCRIPTION

Procter & Gamble, with headquarters in Cincinnati and sales in over 180 countries, manufactures daily-use household, personal care, food, and paper products. The company's major brands include Tide, Gillette, Pampers, Bounty, Crest, Ivory, Head & Shoulders, Scope, Oral-B, Swiffer, Tampax, and Charmin. It has approximately 109,000 employees. The shares are a component of the S&P 500.

VALUATION

We believe that PG shares are attractively valued at current prices near $150, slightly below midpoint of their 52-week range of $137-$171. The shares have been in a volatile pattern but have risen from recent lows. We believe the recent relative weakness provides a buying opportunity.

On the fundamentals, the stock trades at 21-times our FY27 EPS forecast, above the peer average of 17-times. The price/sales multiple of 4.2 is above the peer average of 2.8, and the dividend yield of about 2.9% is below the peer average of 3.9%. Given the company's ability to innovate and leverage its well-established brands, our rating remains BUY. Our target price of $180 implies a multiple of 25-times our FY27 EPS estimate.

On April 28 at midday, BUY-rated PG traded at $150.74, up $2.34.

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About Argus

Argus Research, founded by Economist Harold Dorsey in 1934, has built a top-down, fundamental system that is used by Argus analysts. This six-point system includes Industry Analysis, Growth Analysis, Financial Strength Analysis, Management Assessment, Risk Analysis and Valuation Analysis.

Utilizing forecasts from Argus' Economist, the Industry Analysis identifies industries expected to perform well over the next one-to-two years.

The Growth Analysis generates proprietary estimates for companies under coverage.

In the Financial Strength Analysis, analysts study ratios to understand profitability, liquidity and capital structure.

During the Management Assessment, analysts meet with and familiarize themselves with the processes of corporate management teams.

Quantitative trends and qualitative threats are assessed under the Risk Analysis.

And finally, Argus' Valuation Analysis model integrates a historical ratio matrix, discounted cash flow modeling, and peer comparison.

THE ARGUS RESEARCH RATING SYSTEM

Argus uses three ratings for stocks: BUY, HOLD, and SELL. Stocks are rated relative to a benchmark, the S&P 500.

- A BUY-rated stock is expected to outperform the S&P 500 on a risk-adjusted basis over a 12-month period. To make this determination, Argus Analysts set target prices, use beta as the measure of risk, and compare expected risk-adjusted stock returns to the S&P 500 forecasts set by the Argus Market Strategist.
- A HOLD-rated stock is expected to perform in line with the S&P 500.
- A SELL-rated stock is expected to underperform the S&P 500.

Argus Research Disclaimer

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