

Procter & Gamble Co/The

Procter & Gamble manufactures and markets consumer products in countries around the world. The company manufactures products in the laundry and cleaning, paper, beauty care, food and beverage, and healthcare segments. The products are sold primarily through mass merchandisers, grocery stores, membership club stores, drug stores, and neighbourhood stores. For Q1 FY 2022/23, P&G reported good organic (org.) growth of 7% y/y, albeit entirely driven by pricing, while volumes (vol.) continued to decline. Also, margins continued to be impacted by cost inflation. Net revenues grew 1% y/y to USD20.6bn (1% above cons. Org. growth stood at 7% y/y (165bps beat), on positive pricing (+9ppt) and favourable product mix (+1ppt), partly offset by lower vol. (-3ppt). Org. vol. fell (y/y) in all segments (except Grooming, which grew 1% y/y): F&HC (-4%), BF&FC (-3%), HC (-2%), and Beauty (-1%). Org. sales in HC increased 8% y/y (reported: +3% y/y to USD2.8bn) on higher sales (y/y) in Personal HC (up highteens) and Oral Care (up low single digits). Org. sales in Grooming rose 5% y/y (reported: -4% y/y to USD1.6bn), led by price hikes. Furthermore, org. sales in Beauty improved 4% y/y (reported: flat y/y to USD4.0bn) on mid-single digits y/y growth in both Hair Care and Skin and Personal Care business. Org. sales in F&HC rose 8% y/y (reported: +1% y/y to USD7.1bn) on growth in Home Care and Fabric Care businesses (up high single digits y/y each). Org. sales in BF&FC grew 6% y/y (reported: +1% y/y to USD4.9bn), reflecting broad-based growth (y/y) across businesses: Feminine Care (up double digits), Baby Care (up mid-single digits), and Family Care (up low single digits). The GM narrowed 160bps y/y (c.c.: -130bps y/y) to 47.4%, owing to impacts from higher commodity, input, and freight costs (-550bps), and adverse product mix (-130bps). The OM contracted 70bps y/y (c.c.: +10bps y/y) to 24.0%. The NM deteriorated 110bps y/y to 19.1%. Core EPS fell 2% y/y to USD 1.57 (vs cons.: USD 1.55). OCF declined to USD4.1bn (-12% y/y). Also, for Q1 FY 2023, the board declared a DPS of USD 0.91 (+5% y/y). P&G now expects USD3.9bn higher costs from commodities in FY 2022/23 (vs USD3.3bn previously). However, it maintained its FY 2022/23 guidance for org. growth (up 3%-5% y/y vs cons. of +4.8% y/y) and core EPS (flat y/y to +4% y/y).

| Corporate Ratings | Periodicity | Fiscal Quarterly | Currency | Default | Parent/Consolidated | C | Data | Adjusted (if Available) |
|-------------------|-------------|------------------|----------|---------|---------------------|---|------|-------------------------|
| S&P | AA- | | | | | | | |
| Outlook | Stable | | | | | | | |
| Moody's | Aa3 | | | | | | | |
| Outlook | Stable | | | | | | | |
| Fitch | - | | | | | | | |
| Outlook | - | | | | | | | |

| CDS Data | 03/23 E | 12/22 E | LTM | 09/22 Q | 06/22 Q | 03/22 Q | 12/21 Q | 09/21 Q | 06/21 Q | 03/21 Q | 12/20 Q |
|--------------|---------|---------|-----|---------|---------|---------|---------|---------|---------|---------|---------|
| 5 YR CDS | 40.30 | | | | | | | | | | |
| % 3 Months | 2.21 | | | | | | | | | | |
| % 6 Months | 43.58 | | | | | | | | | | |
| % 1 Year | 58.73 | | | | | | | | | | |
| 52 Week Low | 21.59 | | | | | | | | | | |
| 52 Week High | 49.40 | | | | | | | | | | |

| Profitability | 03/23 E | 12/22 E | LTM | 09/22 Q | 06/22 Q | 03/22 Q | 12/21 Q | 09/21 Q | 06/21 Q | 03/21 Q | 12/20 Q |
|-------------------------|---------|---------|-----|---------|---------|---------|---------|---------|---------|---------|---------|
| EBIT | 17,716 | | | | | | | | | | |
| Operating Margin | 22.02 | | | | | | | | | | |
| Pretax Margin | 22.30 | | | | | | | | | | |
| Return on Assets | 12.34 | | | | | | | | | | |
| Return on Common Equity | 32.43 | | | | | | | | | | |
| Return on Capital | 19.18 | | | | | | | | | | |
| Asset turnover | 0.68 | | | | | | | | | | |

| Structure | 03/23 E | 12/22 E | LTM | 09/22 Q | 06/22 Q | 03/22 Q | 12/21 Q | 09/21 Q | 06/21 Q | 03/21 Q | 12/20 Q |
|----------------------------|---------|---------|-----|---------|---------|---------|---------|---------|---------|---------|---------|
| Current Ratio | 0.62 | | | | | | | | | | |
| Quick Ratio | 0.34 | | | | | | | | | | |
| Total Debt to Total Assets | 28.38 | | | | | | | | | | |
| Total Debt to Com Equity | 76.32 | | | | | | | | | | |
| Acct Receivable Turnover | 14.14 | | | | | | | | | | |
| Inventory Turnover | 6.14 | | | | | | | | | | |
| Gross Margin | 47.01 | | | | | | | | | | |
| EBIT / Total Inter | 39.11 | | | | | | | | | | |

| Growth Potential | 03/23 E | 12/22 E | LTM | 09/22 Q | 06/22 Q | 03/22 Q | 12/21 Q | 09/21 Q | 06/21 Q | 03/21 Q | 12/20 Q |
|--------------------|---------|---------|-----|---------|---------|---------|---------|---------|---------|---------|---------|
| Sales 1yr Growth | 5.35 | | | | | | | | | | |
| Asset 1yr Growth | -1.76 | | | | | | | | | | |
| Capital 1yr Growth | -0.43 | | | | | | | | | | |

| Income Statement Summary | 03/23 E | 12/22 E | LTM | 09/22 Q | 06/22 Q | 03/22 Q | 12/21 Q | 09/21 Q | 06/21 Q | 03/21 Q | 12/20 Q |
|-----------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Revenue | 18,897.5 | 20,598.9 | 80,461.0 | 20,612.0 | 19,515.0 | 19,381.0 | 20,953.0 | 20,338.0 | 18,946.0 | 18,109.0 | 19,745.0 |
| Operating Income | 4,111.6 | 4,892.9 | 17,716.0 | 4,938.0 | 3,597.0 | 4,022.0 | 5,159.0 | 4,950.0 | 3,648.0 | 3,784.0 | 5,443.0 |
| Pretax Income | 4,141.5 | 4,923.5 | 17,944.0 | 4,996.0 | 3,649.0 | 4,069.0 | 5,230.0 | 4,962.0 | 3,672.0 | 3,876.0 | 5,452.0 |
| Income bef XO Items | 3,324.7 | 3,961.7 | 14,630.0 | 3,963.0 | 3,058.0 | 3,367.0 | 4,242.0 | 4,126.0 | 2,908.0 | 3,249.0 | 3,887.0 |
| Net Income | 3,342.3 | 3,951.3 | 14,558.7 | 3,938.2 | 3,051.2 | 3,353.4 | 4,215.9 | 4,054.3 | 2,991.3 | 3,268.2 | 4,330.8 |
| Basic EPS Before XO Items | -- | -- | 5.95 | 1.62 | 1.24 | 1.37 | 1.72 | 1.64 | 1.19 | 1.30 | 1.72 |
| Basic EPS | 1.34 | 1.60 | 5.77 | 1.57 | 1.21 | 1.33 | 1.66 | 1.61 | 1.13 | 1.26 | 1.64 |
| Diluted EPS Before XO Items | | | 5.77 | 1.57 | 1.21 | 1.33 | 1.66 | 1.59 | 1.16 | 1.26 | 1.65 |
| Diluted EPS | | | 5.77 | 1.57 | 1.21 | 1.33 | 1.66 | 1.61 | 1.13 | 1.26 | 1.47 |
| Dividends per Share | 0.92 | 0.91 | 3.6 | 0.91 | 0.91 | 0.87 | 0.87 | 0.87 | 0.87 | 0.79 | 0.79 |
| EBITDA | 4,847.0 | 5,573.7 | 20,476.0 | 5,602.0 | 4,308.0 | 4,714.0 | 5,852.0 | 5,734.0 | 4,250.0 | 4,468.0 | 6,051.0 |
| Return on Common Equity | 18.8 | 21.8 | 32.5 | 32.5 | 32.4 | 31.8 | 31.4 | 30.1 | 30.8 | 31.0 | 29.7 |

| Balance Sheet Summary | 03/23 E | 12/22 E | LTM | 09/22 Q | 06/22 Q | 03/22 Q | 12/21 Q | 09/21 Q | 06/21 Q | 03/21 Q | 12/20 Q |
|-------------------------------|---------|---------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Total Current Assets | | | 22,521.0 | 22,521.0 | 21,653.0 | 23,416.0 | 25,545.0 | 24,336.0 | 23,091.0 | 22,608.0 | 24,655.0 |
| Total Long-Term Assets | | | 93,761.0 | 93,761.0 | 95,555.0 | 96,801.0 | 95,871.0 | 95,333.0 | 96,216.0 | 94,170.0 | 95,457.0 |
| Total Assets | | | 116,282.0 | 116,282.0 | 117,208.0 | 120,217.0 | 121,416.0 | 119,669.0 | 119,307.0 | 116,778.0 | 120,112.0 |
| Total Current Liabilities | | | 36,618.0 | 36,618.0 | 33,081.0 | 34,401.0 | 38,027.0 | 36,589.0 | 33,132.0 | 32,016.0 | 31,744.0 |
| Total Long-Term Liabilities | | | 35,330.0 | 35,330.0 | 37,273.0 | 40,070.0 | 38,496.0 | 36,672.0 | 39,521.0 | 37,843.0 | 39,828.0 |
| Total Liabilities | | | 71,948.0 | 71,948.0 | 70,354.0 | 74,471.0 | 76,523.0 | 73,261.0 | 72,653.0 | 69,859.0 | 71,572.0 |
| Total Shareholders' Equity | | | 44,334.0 | 44,334.0 | 46,854.0 | 45,746.0 | 44,893.0 | 46,408.0 | 46,654.0 | 46,919.0 | 48,540.0 |
| Shares Outstanding | | | 2,369.7 | 2,369.7 | 2,393.8 | 2,399.3 | 2,397.1 | 2,419.9 | 2,429.7 | 2,448.2 | 2,462.5 |
| Book Value per Share | 18.8 | 18.5 | 18.2 | 18.2 | 19.0 | 18.6 | 18.3 | 18.7 | 18.7 | 18.7 | 19.2 |
| Tangible Book Value / Sh | | | -8.0 | -8.0 | -7.4 | -8.3 | -8.4 | -7.7 | -7.8 | -7.6 | -7.3 |
| Shareholder Equity/Total Liab | | | 38.1 | 38.1 | 40.0 | 38.1 | 37.0 | 38.8 | 39.1 | 40.2 | 40.4 |

| Cash Flow Summary | 03/23 E | 12/22 E | LTM | 09/22 Q | 06/22 Q | 03/22 Q | 12/21 Q | 09/21 Q | 06/21 Q | 03/21 Q | 12/20 Q |
|-------------------------------|---------|---------|-----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Net Income | 3,324.7 | 3,961.7 | 14,569.0 | 3,939.0 | 3,052.0 | 3,355.0 | 4,223.0 | 4,112.0 | 2,906.0 | 3,269.0 | 3,854.0 |
| Depreciation and Amortization | 685.2 | 685.2 | 2,518.0 | 583.0 | 640.0 | 611.0 | 684.0 | 634.0 | 710.0 | 605.0 | 592.0 |
| Change in Working Capital | | | -1,844.0 | -2,669.0 | -443.0 | 1,497.0 | -229.0 | -2,212.0 | -633.0 | -2,319.0 | -3,107.0 |
| Cash - Operating Activities | | | 16,150.0 | 4,070.0 | 3,713.0 | 3,246.0 | 5,121.0 | 4,643.0 | 4,121.0 | 4,087.0 | 5,424.0 |
| Capital Expenditures | | | -2,955.0 | -890.0 | -692.0 | -747.0 | -626.0 | -1,091.0 | -714.0 | -656.0 | -567.0 |
| Cash - Investing Activities | | | -4,250.0 | -832.0 | -682.0 | -1,776.0 | -960.0 | -1,006.0 | -791.0 | -665.0 | -549.0 |
| Cash - Financing Activities | | | -15,560.0 | -3,742.0 | -4,343.0 | -4,488.0 | -2,987.0 | -3,555.0 | -3,049.0 | -5,356.0 | -6,326.0 |
| Net Changes in Cash | | | -3,660.0 | -504.0 | -1,312.0 | -3,018.0 | 1,174.0 | 82.0 | 281.0 | -1,934.0 | -1,451.0 |
| Free Cash Flow | 2,690.9 | 4,797.2 | 13,195.0 | 3,180.0 | 3,021.0 | 2,499.0 | 4,495.0 | 3,552.0 | 3,407.0 | 3,431.0 | 4,857.0 |

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