

The Procter & Gamble Company

Sales grew, but operating profit slipped, and shareholder payouts matched free cash flow.

US household and personal care group (brands include Tide, Pampers, Gillette and Olay). Net sales grew 3.3% while operating profit fell 3.4%, so operating margin eased to 22.7% from 24.3%. Dividends and buybacks together were 101% of free cash flow.

Net sales	Operating profit	Operating margin	Cash returned to shareholders
\$87.03bn	\$19.75bn	22.7%	\$15.26bn
▲ +3.3% vs FY25	▼ -3.4% vs FY25	▼ from 24.3% in FY25	incl. \$5.03bn of buybacks

Business health score

FY2022–FY2026 window

Total across four areas

28 / 40

Calculated from P&G's published numbers using fixed thresholds. Not a rating. The previous window (FY21–FY25) scored 26/40.

How to read this

The score describes how the business has been run and funded, area by area. A higher or lower score is a point of comparison between companies, not a statement that one is better than another.

The two-point rise from 26 comes entirely from Liquidity, where FY26 cash conversion (99%) replaced FY25's 87%. Two results sit close to a band edge: cash conversion (99% against a 100% top band) and the working-capital change (+1.1 pts against a 1.0 boundary); each would add a point if it crossed. Every threshold is public in the [scoring rubric](#).

Operations

5 / 10

Is the business making more from what it sells?

WHAT DRIVES THE SCORE

Operating margin **22.7%** in FY26 against **22.2%** in FY22 (+0.5 pts); net sales grew **2.1%** a year.

COMMENT

Margin was broadly flat over the window: 22.2% in FY22, 22.1% in FY23, a peak of 24.3% in FY25, then 22.7% as operating costs rose 5.5% against gross profit up 1.3%. Growth is modest in US dollars; management reports FY26 organic sales up 1%, all from pricing.

Margin change +0.5 pts **3/5**

Sales growth 2.1% a year **2/5**

Liquidity

6 / 10

Does profit turn into cash?

WHAT DRIVES THE SCORE

Cash conversion **99%** of operating profit in FY26; net working capital is **-2.4%** of sales (negative: suppliers fund more than stock and receivables).

COMMENT

Conversion improved from 94% in FY22 to 99% (87% in FY25), measured after cash interest and tax. Net working capital moved from -\$2.8bn to -\$2.1bn, which the rule reads as a small rise in cash tied up. Inventory days rose from 59 to 69.

Cash conversion 99% **4/5**

Working capital +1.1 pts **2/5**

Solvency

7 / 10

How comfortable is the debt?

WHAT DRIVES THE SCORE

Net debt (borrowings and leases less cash) **1.27×** operating profit; interest cover **22.5×**. One trend deduction applies.

COMMENT

Debt is \$35.0bn against \$9.9bn of cash, steady at about 1.2×–1.5× operating profit since FY21. One point is deducted because interest cover fell from 40.6× to 22.5× as net interest expense roughly doubled (\$439m to \$877m); cover is still high.

Net debt ÷ profit 1.27× **3/5**

Interest cover 22.5× **5/5**

Trend deduction **-1**

Qualitative

Are the habits and disclosures consistent?

WHAT DRIVES THE SCORE

All five yes/no rules passed (2 points each). The largest segment, Fabric & Home Care, is 35% of sales, below the 50% limit.

COMMENT

The dividend per share rose every year (\$3.52 to \$4.26) and free cash flow covered dividends every year. The audit opinion on the FY26 10-K (Deloitte, 4 August 2026) is unmodified and no prior-year figures were restated. The dividend test excludes buybacks, which add a further \$5.0bn in FY26.

Dividend paid every year, none cut ✓

Dividends covered by free cash flow (5 of 5 years) ✓

No segment above 50% of sales (largest 35%) ✓

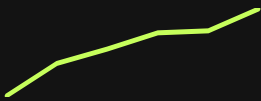
Audit opinion unmodified (FY26 audited) ✓

No restatement (FY26 audited) ✓

Six-year trend

FY21 → FY26, US\$m unless noted

Net sales



\$87,032m

up 14% since FY21

Operating profit



\$19,748m

up 10% since FY21

Operating margin



22.7%

peak 24.3% in FY25

Operating cash flow



\$19,556m

up 10% in FY26

Free cash flow



\$15,147m

up 8% in FY26

Dividends + buybacks



\$15,260m

101% of FCF (FY25: 117%)

Net debt (incl. leases)



\$25,083m

1.27× operating profit

Inventory days



69 days

59 in FY21

Revenue mix

FY2026, US\$m, approximate

Four other segments	<div><div></div></div>	56,571
Fabric & Home Care	<div><div></div></div>	30,461

P&G reports five segments. Fabric & Home Care, the largest, is 35% of net sales (a rounded percentage from the 10-K). The make-up of the other segments changed between filings, so only this one is tracked. Management reports FY26 Beauty growing mid-single digits, Health Care, Grooming and Fabric & Home Care low single digits, and Baby, Feminine & Family Care declining low single digits.

What sits behind the scores

Direction of travel, not a rating

Operations

▼ Margin off its peak

- Operating margin was **23.6%** in FY21, peaked at **24.3%** in FY25 and was **22.7%** in FY26.
- FY26 gross profit grew **1.3%** but operating costs grew **5.5%**, so operating profit fell 3.4%.
- Net earnings rose 0.5% and diluted EPS **1.7%** to **\$6.62**; the faster EPS growth implies a lower average share count after buybacks.

Liquidity

■ Steady, cash conversion up

- Operating cash flow was **99%** of operating profit (FY25: 87%).
- Capital spending rose to **\$4.41bn** (5.1% of sales), the highest of six years.
- Inventory days rose in each of the last five years from **59** to **69**; payables (137 days) fund more than the stock.

Solvency

■ Steady, cover lower

- Net debt including leases was **\$25.08bn**, 1.27× operating profit, and has stayed near that level since FY21.
- Dividends and buybacks (\$15.26bn) were **101%** of free cash flow; they were 100% or more in five of six years (FY24: 87%).
- Interest cover is **22.5×**, down from 40.6× in FY22 as net interest expense roughly doubled.

Bottom line

P&G is a very large, cash-generative business with **stable but slow-growing** sales (2.7% a year in US dollars since FY21) and an operating margin that has moved within a narrow band (22.1%–24.3%). FY26 was a softer year for operating profit, while EPS rose 1.7%.

In FY26 the company paid \$10.23bn of dividends and \$5.03bn of buybacks, about equal to the \$15.15bn of free cash flow it generated. Its debt of \$35.0bn is carried alongside \$9.9bn of cash. Whether that suits a given portfolio is a question of individual goals and risk appetite, which this scorecard does not address.

What to watch next

Jan 2027	Second-quarter FY27 results (quarter to 31 December 2026). P&G reported on 22 January 2026 last year; the date for this year was not confirmed when this was written.
From 1 Oct 2026	The Thorne acquisition took effect on 1 October 2026; management raised all-in FY27 sales growth guidance to 2–4% for it. Organic sales (1–3%) and core EPS (\$6.89–\$7.11) guidance were unchanged.
FY27	Management expects about \$10bn of dividends and about \$5bn of buybacks, and free cash flow productivity of 85–90%. The latest quarterly dividend was \$1.0885 per share.
~Aug 2027	FY27 Form 10-K; the audit-opinion and restatement checks in this score will be re-tested on it.

This scorecard presents a descriptive summary of The Procter & Gamble Company's published financial results for FY2021–FY2026 (years to 30 June, US GAAP, US dollars). FY26 figures are from the audited Form 10-K filed on 4 August 2026; the first-quarter FY27 results of 22 October 2026 are mentioned for context only. The business health score is a description of the business based on fixed, published thresholds; it is not a rating, and a higher or lower score does not mean one company is better than another. It does not constitute financial, investment or tax advice, a recommendation to buy, hold or sell any security, or a valuation or price target. Clearview Financial (Pty) Ltd is not a licensed financial services provider.

Holdings: the author holds no shares in Procter & Gamble.

Source: Procter & Gamble Form 10-K filings and earnings releases, FY2021–FY2026 · [sec.gov](#) · [us.pg.com](#)