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Brad Morgan
Founder and Managing Director, Beyond Wealth Partners


Keith Hamberg
Managing Partner


Nate Kunkel
Principal Wealth Advisor


Hunter Cloud
Principal Wealth Advisor

Earnings Write Up

Procter & Gamble reported earnings for the fourth quarter and full fiscal year 2026 on July 29, 2026. We will break this report into three segments: Q4 and Fiscal 2026 in Review, Looking Ahead to Fiscal 2027, and Watch-Board Items for the Company.

Q4 and Fiscal 2026 in Review

P&G closed its fiscal year with a mixed fourth quarter. Net sales increased 2% to $21.2 billion, supported by favorable currency movement, while organic sales, volume, pricing and product mix were essentially unchanged from the prior year. Core earnings per share came in at $1.43, a 3% decline. Beauty was the strongest business segment, producing 4% organic sales growth, while Health Care declined 1% and Baby, Feminine and Family Care declined 2%.

The headline sales figures may not tell the entire story, particularly in North America. P&G reported a 1% organic sales decline in the region, but consumer purchases of P&G products increased approximately 2%. Management attributed the three-percentage-point difference primarily to retailer inventory reductions, sales that were pulled forward into the third quarter and the timing of Amazon Prime Day. Although quarterly inventory movements generally balance out over longer periods, management acknowledged that stronger underlying growth is needed so these timing differences have less influence on reported results.

Looking at the full year provides a more balanced picture. Fiscal 2026 net sales increased 3% to $87 billion, organic sales grew 1% and core earnings per share rose 1% to $6.89. Nine of P&G's ten product categories and all seven geographic regions held or grew organic sales for the year. Greater China was a notable area of improvement, growing organic sales by 4%, while P&G's global market-share trends stabilized during the second half of the year. The company also generated $19.6 billion of operating cash flow and returned more than $15 billion to shareholders through $10.2 billion in dividends and $5 billion of share repurchases.

Looking Ahead to Fiscal 2027

P&G enters fiscal 2027 with modest expectations. The company is projecting organic sales growth of 1% to 3%. Core earnings per share are expected to range from $6.89 to $7.11, representing growth of between 0% and 3% and placing the midpoint of the range at approximately $7.00 per share. The guidance assumes that the categories in which P&G competes will grow by approximately 2% and that the company will produce modest market-share gains.

A primary challenge will be absorbing a projected $1.4 billion of after-tax headwinds, equivalent to approximately $0.56 per share—or an 8% drag on core earnings growth. Roughly $1 billion of that pressure is expected to come from higher raw-material, energy and transportation costs, with the remaining headwinds coming from higher interest expense, lower non-operating income and unfavorable currency movement. Management expects the cost pressure to be concentrated in the first half of the fiscal year and cautioned that first-quarter earnings per share could decline by 5% or more. The company does expect results to improve as the year progresses.

P&G's response is not expected to rely on broad price increases or widespread discounts. Instead, management mentioned investments in product performance, innovation, brand communication and consumer value. One example highlighted on the call was the recent improvement to Tide Original liquid detergent. P&G upgraded the product while maintaining the same price, and the business moved from declining sales to high-single-digit growth. Tide Evo, a new fiber-based laundry format, is also scheduled for national expansion during fiscal 2027. Management believes the combo of improving the company's core products while introducing entirely new product formats can help the company return to a healthier balance of volume, pricing and product-mix growth.

Watch-Board Items for Fiscal 2027

Can improving consumer demand become consistent sales and market-share growth? P&G ended fiscal 2026 with global market share essentially unchanged, which marked an improvement from the declining trends seen earlier in the year. Management noted progress among its largest U.S. customer and brand combinations, with the percentage holding or gaining share improving from less than 10% during the first half of the year to approximately 50% in the second half. Greater China also returned to market-share growth for the first time in nearly 4 years. The next step will be translating these early improvements into consistent growth, particularly in the United States and Europe.

Will restructuring and productivity savings be enough to fund continued investment? P&G's portfolio and productivity plan is expected to generate between $1 billion and $1.6 billion of pretax restructuring costs over two fiscal years. More than half of those costs were recognized in fiscal 2026, with the remainder expected during fiscal 2027. Management indicated that approximately half of the planned headcount reductions have already occurred and that the benefits should begin flowing through the income statement. The balancing act

will be realizing those savings without reducing the product innovation, advertising and consumer-value investments needed to restore stronger growth.

How will geopolitical developments affect costs and consumer behavior? P&G's guidance assumes an effective Brent crude oil price of approximately $90 per barrel. Continued disruption in the Middle East could create additional pressure through energy prices, transportation surcharges, supplier inflation and higher costs for consumers. Management emphasized that geopolitical developments and oil prices represent some of the largest variables within the company's fiscal 2027 guidance range.

What does the next stage of leadership and technology investment look like? Shailesh Jejurikar will add the role of Chairman of the Board effective August 1, 2026, as Jon Moeller concludes his 38-year P&G career. Under Jejurikar, the company is placing greater emphasis on AI enabled brand building, automated internal processes, faster research and development, and what it calls "Supply Chain 3.0." Investors and employees should receive additional details on these initiatives when P&G holds its Investor Day in Cincinnati on November 19, 2026.

Overall, P&G's fourth quarter was not a breakout performance, but the company still completed fiscal 2026 within its original guidance ranges despite a difficult economic and geopolitical environment. P&G enters the new fiscal year with improving consumer momentum and more stable market-share trends, but also with significant cost pressure and limited room for execution errors. The next several quarters will show whether continued innovation, productivity and targeted value investments can convert that stabilization into more consistent top- and bottom-line growth.

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