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Earnings Write Up:

Procter & Gamble reported earnings for the 4th quarter of their Fiscal Year 2025 on 7/29/2025. We will be breaking this report up into 3 segments: Q4 2025 in Review, Looking forward to the 2026 Fiscal Year, and Watch-Board Items for the company as it enters an upcoming period of change and restructuring.

Quarter 4 2025 in Review:

PG was trading up about 0.8% in the pre-market after reporting earnings, as of 8:30 AM EST. In a big quarter of news for the company, PG posted better than anticipated earnings and sales, and also expanded upon their announcement of the company's new CEO, current COO Shailesh Jejurikar, a veteran of the company since 1989. Following up Q3's mixed bag of earnings, PG reported higher earnings per share (\$1.48 vs. \$1.42 expected) and higher revenue (\$20.89bn vs. \$20.82bn expected). Net Income, Net Sales, and Organic Sales (a measure that strips out acquisitions, divestitures, and currency moves) were all higher in the quarter. While this quarter shows a fairly resounding beat across the board, it comes on the backend of Quarter 3's earnings call where PG trimmed its outlook for the remainder of the 2025 Fiscal Year – likely leading to the muted market response.

Looking Forward to the 2026 Fiscal Year:

The future for PG is not without uncertainty. First, Current CEO Jon Moeller will be transitioning out of his role into the role of Executive Chairman on January 1st, 2026, and will be replaced by the company's current COO Shailesh Jejurikar. Jejurikar will be charged with overseeing the company's restructuring plan, which includes an effort to cut down and estimated 7,000 non-manufacturing jobs, or 15% of that workforce over the coming two years.

The restructuring comes amidst an environment, economically, that PG is bracing for. The company has warned of higher costs (to the tune of \$1 billion) from tariffs, and expects this cost, along with unfavorable commodity costs, higher net interest expenses, and its core effective tax rate to translate into a 6% drag on core earnings per share growth. Earnings Per Share estimates for the 2026 Fiscal Year come in at the range of \$6.83 vs. \$7.09, compared to a Wall Street consensus of \$6.99. As a tool to combat some of the headwinds and rising costs, PG may look back to an old and simple move – price hikes. Moeller alluded to further price hiking in the Q3 call, and hinted that this would be seen in the 2026 Fiscal Year.

Watch Board Items for the Remainder of 2025, and the 2026 Fiscal Year:

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There are a few items that are top of mind for PG employees and executives as we move through 2025: Restructuring and the potential for packages that come with it, continued tariff uncertainty as policy is hashed out in a piece meal fashion with countries across the globe, and potential divestitures of brands.

In a previous restructuring round for the company, PG cut its workforce from 126,000 in 2011 to 92,000 in 2018. As a part of that, dozens of brands were divested, including Iams, Duracell, and over 40 beauty brands. This rendition of restructuring will likely be smaller and quicker, with the company projecting that half of the cost associated with the restructure to come in the 2026 Fiscal, with the second half of the cost hitting in fiscal 2027. This is a part of the company's plan to improve its cost structure and competitiveness across markets.

Tariff uncertainty remains in view for the company as well. While PG expects the impact to be somewhat muted due to boots-on-the-ground manufacturing across global markets, if there is an underestimation of the impact that could lead to ever-shrinking margins, and potentially heavier pricing increases passed on to the consumer. It has been some quarters since PG has incurred price increases, but we expect hikes to resume in the coming fiscal year.

Sources:

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