

Q4 2021 Earnings Call

Company Participants

- Andre Schulten, Chief Financial Officer
- David Taylor, Chairman of the Board, President and Chief Executive Officer
- Jon R. Moeller, Vice Chairman and Chief Operating Officer

Other Participants

- Andrea Teixeira
- Bill Chappell
- Chris Carey
- Dara Mohsenian
- Javier Escalante
- Jonathan Feeney
- Kevin Grundy
- Lauren Lieberman
- Mark Astrachan
- Peter Grom
- Steve Powers
- Wendy Nicholson

Presentation

Operator

Good morning, and welcome to Procter & Gamble's Quarter End Conference Call. Today's event is being recorded for replay.

This discussion will include a number of forward-looking statements. If you will refer to P&G's most recent 10-K, 10-Q and 8-K reports, you will see a discussion of factors that could cause the Company's actual results to differ materially from these projections. As required by Regulation G, Procter & Gamble needs to make you aware that during the discussion the Company will make a number of references to non-GAAP and other financial measures. Procter & Gamble believes these measures provide investors with useful perspective on underlying business trends and has posted on its Investor Relations website, www.pginvestor.com, a full reconciliation of non-GAAP financial measures.

Now, I will turn the call over to P&G's Chairman of the Board, President and Chief Operating Officer, David Taylor.

David Taylor {BIO 15435092 <GO>}

Good morning, everyone, and thank you for joining us. Last evening, we announced that I will retire as CEO on November 1st, and Jon Moeller was elected as the incoming CEO. I will remain as Executive Chair of the Board. We also announced that Shailesh Jejurikar has been elected Chief Operating Officer effective October 1st, 2021, transitioning behind Jon Moeller. These moves have been thoughtfully planned and provide P&G with highly capable and experienced leadership going forward. I truly have full confidence and strongly support these changes.

Jon, you know well, he has a distinguished track record throughout his 33-year career with P&G, including more than 12-years as a CFO. More recently, Jon added responsibilities of Vice Chairman and then Chief Operating Officer with [ph] responsibility and ownership for our enterprise markets. In my nearly 6-years as CEO, I've had the benefit of partnering with Jon and an outstanding global leadership team to integrate a comprehensive set of strategies to guide our choices and priorities.

Now, go back in 2012, Jon led the initial work to make productivity an integral part of P&G's business. Our team double down on the strategy when we announced our second 5-year, \$10 billion cost-savings program in 2017. Today, productivity is built into our operating model and is an ongoing part of our strategy and every part of our business. We work together for several years to focus the company's portfolio and faster-growing more profitable daily use categories where products solve problems and performance drives consumer brand choice. The team largely completely this work with the divestiture of several fashion-driven beauty categories in 2016. This strategy continues to guide our disciplined approach to managing our category and brand portfolio.

At the CAGNY conference in 2016, we first discussed the test we were doing on a new approach to our organization design. We were finding formalize the plans and announce the new focus market and enterprise market design at our November 2018 Analyst Day. Our objective was to create a more engaged, agile, and accountable organization, which is exactly what we've done.

In April 2017, we first discussed our work to set a much higher bar for measuring the success of our innovation and execution across products, packaging, brand communication, retail execution, and value. If there were any doubts about the importance of consistently delivering irresistible superiority, our results over the last few years should have put those to bit.

And finally, in 2018, we first talked about the need to lead constructive disruption in our highly dynamic and competitive industry. We continue to drive disruption in innovation, brand-building, digitization, supply chain transformation and with our citizenship and ESG efforts. Over several years through many challenges, our organization responded brilliantly, as we integrated each element of the strategy, building momentum that is evident in our results in the past three fiscal years. The team fully embraced the idea that we must be willing to change anything and everything needed to win. The only things we will not change are our purpose, values, and principles and our commitment to winning.

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Bloomberg Transcript

This has been especially evident during the continuing COVID crisis, where the organization is demonstrated tremendous agility to meet the needs of consumers while ensuring the safety of our employees and supporting communities around the world to deal with the impacts of this crisis. Through all of it, delivering results that should delight owners and do it in a way that makes us proud to be P&G [ph]. Put simply our strategies are working, our team is outstanding, and I could not be more confident in the next generation of leadership that will take the range of P&G later this year.

Now, I'll turn it over to Andre Schulten, Chief Financial Officer to lead us through the fiscal year 2021 fourth quarter and year end earnings announcement. Andre?

Andre Schulten {BIO 22079652 <GO>}

Thank you, David. Good morning, everyone. Joining David and me on the call today are Jon Moeller, Vice Chairman, Chief Operating Officer; and John Chevalier, Senior Vice President, Investor Relations.

I'll start with an overview of company results for fiscal '21 and fourth quarter, and David will add perspective on our immediate priorities and strategic focus areas. We'll close with guidance for fiscal '22 and then take your questions. Fiscal 2021 was another very strong year. Our focus on superiority and strong investment in the business, funded with strong productivity improvements and cost savings, drove market growth and in turn strong sales, share earnings and cash results, leading to balance growth and value creation.

Organic sales for the fiscal year grew more than 6%, up more than 12% on a 2-year stack. Growth was broad-based across business units with each of our 10 product categories, growing or holding organic sales. Home Care up high teens. Oral Care up double-digits. Skin & Personal Care up high-single-digits. Grooming, Fabric Care, Feminine Care, Hair Care, and Personal Health Care organic sales each up mid-single-digits. Family Care grew low-singles. Baby care was in line with prior year.

We delivered strong results in our two largest and most profitable markets annualizing strong base periods. Organic sales were up 8% in the U.S. and 12% in Greater China for the fiscal year. Focused markets grew 7% for the year. Enterprise markets were up 5% despite significant market growth impacts from the pandemic. E-commerce sales were up 35% for the year at over \$10 billion in sales, representing 14% of company total.

Global aggregate market share increased 50 basis points, 33 of our top 50 category country combinations, held or grew share for the fiscal year. All outlet value share in the U.S. improved through the year growing from 33% over the past 12-months to 33.5% for the past 6-months, to 34% over the past quarter. One of the highest absolute value shares in the last 20-years. Consumers are increasingly choosing P&G brands.

We translated the strong top line growth into strong earnings and cash results. Core earnings per share grew 11% for the year. Currency Neutral Core EPS was also up 11%. Within this core gross margin expanded 20 basis points, up 60 basis points, excluding currency impacts. Core operating margin grew 80 basis points, up 130 points excluding currency impacts. Productivity improvements helped operating margin by 250 basis

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points enabling strong reinvestment in marketing programs, advertising was a 10.8% of sales and increase of more than 40 basis points. Adjusted free cash flow productivity was 107%. We increased our dividend by 10% and return \$19 billion of value to share owners, \$8 billion in dividends, and \$11 billion in share repurchase.

Moving on to the April-June quarter. Organic sales grew 4%. Volume, pricing and mix each contributed more than 1.2 top line growth. Growth rates by market reflected the volatility and shipments in the base period. Organic sales were down 1% in the U.S. However, this is still 18% growth on a 2-year stack. Recall that in the April-June quarter last year, organic sales were up 19% in the U.S. 13 points of [ph] channel sales as we work to restock deeply to trade inventories. Organic sales in Greater China were up 5%, also comping a strong base period on a 2-year stack Greater China, up 19%. Focused markets were up 2%. Enterprise markets were up 14% in the quarter. Strong market share trends with aggregate global value share up 70 basis points. All outlet share in the U.S. increased 260 basis points for the quarter to 34.1%.

On the bottom line, core earnings per share were \$1.13, down 3% versus prior year, down 4% on a currency neutral basis, mainly due to gross margin pressure from higher input costs as we had anticipated. Core gross margin decreased 260 basis points. Currency neutral core gross margin also down 260 points. This includes 220 basis points impact from higher commodity and freight costs nearly \$400 million in just this quarter. We also saw a sharp headwind from mix of 210 basis points, mainly geographic mix impacts.

Recall that in our fourth quarter last year, the U.S. and China accounted for more than 100% of organic sales growth. In this year's fourth quarter enterprise markets lead to growth. Core operating margin decreased 230 basis points. Currency neutral core operating margin declined 210 basis points. Productivity improvements were 320 basis point help to the quarter. Adjusted free cash flow on the quarter was 117%.

In summary, we exceeded each of our going and targets for the year, organic sales growth, core EPS growth, free cash flow productivity, and cash return to shareholders. Our team is operated with excellent discipline in a challenging and volatile environment.

And with that, I'll pass it back to David.

David Taylor {BIO 15435092 <GO>}

Thanks, Andre. As I said at the outset, our team has done some outstanding work over the last 18-months to manage the challenges of the COVID crisis and make our business even stronger in the process. In our April earnings call last year, we said we would step forward into the challenge of COVID not back. We said we would double down to serve consumers and that's exactly what our team is done.

As we continue to manage the crisis, we will remain focused on the three priorities that have been guiding our near-term actions and choices. First is ensuring the health and safety of our P&G colleagues around the world. Second, maximizing the availability of our products to help people and their families with their cleaning, health, and hygiene needs. And third priority, supporting the communities, relief agencies, and people who are on

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the front lines of this global pandemic. The strategic choices are outlined earlier or the foundation for balanced top and bottom line growth and long-term value creation. Portfolio daily use products many providing cleaning, health and hygiene benefits and categories where performance plays a significant role in brand choice.

In these performance-driven categories, we've raised the bar in all aspects of superiority product, package, brand communication, retail execution and value. Superior offerings delivered with superior execution drive market growth. I'd like to share just a few examples, first, in our oral care business, superior offerings are driving market growth across forms. Last summer, we launched Oral-B iO power brush, which offers an irresistible consumer brushing experience. The value of this superior performance is evident to the consumers, even with the premium price. P&Gs global value share in the brush segment is up more than 2.5 over the past year. In the U.S. power brush category is up nearly 14 points since the innovation launched with iO contributing more than half of the category growth.

We recently launched the next breakthrough in teeth whitening, crest whitening emotions create a micro-thin layer of concentrated peroxide droplets, enabling consumers to move beyond occasion-based whitening. The product that we can use up to 4x per day with no rinsing or brushing needed. This innovation is a leading contributor to our more than 20% organic sales growth of our tooth whitening business in fiscal '21 and is driving two-thirds of the U.S. whitening category growth.

In personal health care, NyQuil and DayQuil honey launched last summer, offering a great-tasting formula while also delivering powerful relief. NyQuil honey is the number one new item in the U.S. respiratory market and our Vicks share is up 90 basis points over the past 12-months. Despite the soft market due to the very weak cough-cold season, when consumers are shopping the category, they're increasingly choosing Vicks. For some consumers, the environmental aspects of a product offering are taking on increased importance in their assessment of superiority. We are offering superior performing products or products that are more sustainable and educating consumers on the benefits of those products with superior brand communication.

I'll switch to Fabric here. Here Tide and Ariel innovating to extend their superior cleaning performance advantages while encouraging consumers to reduce their carbon footprint. Ariel's new campaign, every degree makes the difference, advocates lower washing temperatures, up to 60% of laundries carbon footprint comes from heating the water in the washing machine, lowering the wash temperature is the single most important thing we can do to reduce the environmental impact of laundry. To achieve our goals, we continue to innovate to ensure superior fabric cleaning performance in cold water and we utilize superior communication to educate the consumer on the benefits. This innovation is helped contribute to global fabric care's a 120 basis points of value share growth over the past 12 months.

Our European safe care business, we're driving superiority across all five vectors and improving sustainability along the way. We're moving to a plastic free packaging on a racer systems, simplifying our lineup, improving on shell fundamentals, and improving margin for our retail partners. This innovation contributed to mid-single-digit organic sales

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growth in our European grooming business in fiscal 21 with market share up on point. Good business results and good for the environment, this packaging innovation will save the equivalent of 85 million water bottles per year when fully launched around the world. More important than one example, is the common theme of superior innovation and execution that drives market growth.

Leading category growth builds business for our retail partners in mathematically builds market share for P&G. We've made investments to strengthen the long-term health and competitiveness of our brands and will continue to invest to extend our margin of advantage and quality of execution improving options for consumers around the world. The strategic need for investment to contribute to strengthen the long-term health and competitiveness of our brands. The short-term need to manage through the crisis and the ongoing need to drive balanced top and bottom line growth including margins expansion, underscore the importance of ongoing productivity.

We're driving cost savings and cash productivity in all facets of our business. And cost of goods we're delivering flexible formulations that can allow us to change between ingredients to lower cost or create supply chain flexibility while ensuring no impact on consumer preference for our brands. We're optimizing plastic bottle designs reduce the amount of plastics we use while also lowering costs.

We're improving the efficiency and effectiveness of our advertising investments, bringing some media planning work in-house to achieve greater cost efficiency while also enabling us to place ads with greater precision, based on more granular analytics to reduce waste and increase effectiveness. No area of cost is left untouched. We've given more authority and accountability to the business units to decide how to balance the need for more resources in some areas of the business with the opportunities for savings in other areas. They need to make their choices that are best for their business, is they work to deliver balanced top and bottom-line growth.

A success in our highly competitive industry also requires agility that comes with the mindset of constructive disruption. A willingness to change, adapt, and create new trends in technologies that will shape our industry for the future. In the current environment that agility and constructive disruption mindset are even more important. Our organizational structure, yields a more empowered, agile, and accountable organization with little overlap or redundancy, flowing to meet new demands, seamlessly supporting each other to deliver against our priorities around the world.

These strategic choices on portfolio, superiority, productivity, constructive disruption, and organizational structure and culture are not independent strategies. They reinforce and build on each other. When executed well, they grow markets, which in turn grow share, sales, and profit. These strategies were delivering strong results before the crisis, have served us well during the crisis, and they will serve us well and the other end of this crisis. We're confident, they remain the right strategic choices as we move through and beyond the pandemic.

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We delivered strong results in fiscal '21 in a very challenging environment, while we're pleased with these results in the overall strength of our business, the external environment continues to be volatile and difficult to predict and our eyes are wide open to the many challenges we face. We compete in product categories against highly capable, multi-national and local competitors. Raw material and transport freight costs have risen sharply, increased social unrest and economic distress in many parts of the world are putting pressure on local GDP growth.

In the pandemic continues to create risk for consumers, retail partners, and supply chains. With these challenges, there are also opportunities as we emerge from the pandemic. The relevance of our categories and consumers' lives likely remains elevated. We will serve what will likely become a forever altered cleaning, health and hygiene focus for consumers, who use our products daily on multiple times each day. There may be a continued increase focus on home, more time at home, more meals at home with related consumption impacts.

The importance of noticeably superior performance potentially grows. There is potential for increased preference for established, reputable brands that solve newly framed problems better than alternatives, potentially less experimentation. Potential for lasting shift to e-commerce, both e-tailers and omni-channel, our experience today makes us believe we are generally well-positioned in this environment. We're discovering lower-cost ways of working with fewer resources. Today's necessity giving rise to the productivity inventions of tomorrow.

New digital tools are being brought to the forefront, providing another productivity driver on the factory floor in our labs and in our office environment. Our business exhibited strong momentum well before the crisis, we strengthen our position further during the crisis, and we believe P&G is well-positioned to serve the heightened needs and new behaviors of consumers and our retail and distributor partners post-crisis. We have the right strategies, we have the right portfolio, we have the right organization structure. We have a team of 100,000 employees focused on executing to delight consumers, win with customers, and deliver balanced growth in value creation.

With that, I'll hand it back to Andre to outline our guidance for fiscal 2022. Andre?

Andre Schulten {BIO 22079652 <GO>}

As David said, we will undoubtedly experience more volatility as we move through the crisis. Quarterly results will be heavily influenced by top line volatility embedded in base period results, along with the realities of current year cost pressures, and continued effects of the global pandemic. Input costs have risen sharply, current spot price raw materials such as resins, chemicals, and other ingredients are up anywhere from 30% to 200% versus April 2020. Most of the material cost increases occurred in this calendar year and will disproportionately affect the first half of fiscal 2022.

Based on current spot prices, we estimate a \$1.8 billion after-tax commodity cost headwind in fiscal '22. Freight costs have also increased substantially due to several factors affecting the supply of drivers and the demand for drivers and trucks, and diesel fuel prices are up

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35% so far in the calendar. We currently expect freight and transportation costs to be an incremental \$100 million after-tax headwind in fiscal '22. We will offset a portion of these higher costs with price increases, but there is a lag between the time when cost begin to rise and when pricing is implemented to provide an offset.

As discussed last quarter, our Baby Care, Feminine Care, and Adult Incontinence businesses have announced increases in the U.S. that will go into effect in mid-September. Earlier this year, we executed a significant product upgrade on our Japan liquid Ariel detergent coupled with a 35% price increase. In U.S. Fabric here, we recently announced the list price increase on Tide Simply, Cheer, and Era liquid detergents effective in September. In U.S. Home Care, we've announced double-digit price increases across all products [ph] of the Swiffer brand, these increases are effective mid-September. We have announced price increases in many Central Eastern European markets to offset a portion of recent currency impacts. In Latin America, we've taken a cumulative high-single-digit price increased across our business over the past 12-months.

We are analyzing input costs and foreign exchange rate impacts in other categories and markets, and we are assessing the need for additional pricing moves, when opportunities allow we will close couple price increases with new product innovations, adding value for consumers along the way. We believe this is a temporary bottom line rough patch to grow through, not a reason to reduce investment in the business, and not a reason to redesign our strategy that has been working well before and during the COVID crisis.

Our guidance ranges for fiscal '22 incorporate these dynamics. We expect organic sales growth in the range of 2% to 4%, the high end of this range assumes global markets continue growing at above 3% or so. And P&G continues to grow above market level. The lower end of this range assumes deceleration in global markets to 2% or lower with P&G growth at or above underlying markets. This range also reflects the strong organic sales growth more than 8% that we delivered in the first half of fiscal '21. Given this base period dynamic, we expect organic sales growth to be stronger in the back half of fiscal 22 versus the front half.

On the bottom line, we expect core earnings per share growth in the range of 3% to 6%, this outlook includes headwinds of approximately \$1.9 billion from after-tax from commodity costs afraid. As I mentioned earlier with a modest offset of around a \$100 million after-tax from foreign exchange rate benefits. The combined impact of materials freight and FX is approximately a \$0.70 per share headwind to EPS or a 12% point headwind to EPS growth in fiscal '22.

Considering the cost challenge is weighted heavily towards the front half of the year, earnings growth is expected to be much stronger in the back half of fiscal '22. We are targeting adjusted free cash flow productivity of 90% starting the year. We expect to pay all the \$8 billion in dividends and to repurchase between \$7 billion and \$9 billion of common stock, combined plan to return \$15 billion to \$17 billion of cash to share owners this fiscal year. This outlook is based on current market growth rate estimates, commodity prices, and foreign exchange rates. Significant currency weakness, commodity cost increases, additional geopolitical disruption, major production stoppages, or store closures are not anticipated within this guidance range.

Now back to David for closing comments.

David Taylor {BIO 15435092 <GO>}

Thanks, Andre. Our business exhibited strong momentum well before the COVID crisis. We strengthen our position further during the crisis. We believe P&G is well-positioned to grow through and beyond the crisis. We will manage what is likely to be a volatile near-term, consistent with the strategy we've out my many times and against the immediate priorities of ensuring employee health and safety, maximize the availability of our products that we serve, cleaning, health, and hygiene needs and helping society overcome the COVID challenges that still exists in many parts of the world. We'll continue to step forward toward our opportunities not back, we remain committed to our strategies and fully invested in our business. We remain committed to driving productivity improvements to fund investment and to maintain balanced top and bottom line growth over the long-term. We're doing this in our interest, in society's interest, and in the interest of our long-term share owners.

Now, we'd be happy to take your questions.

Questions And Answers

Operator

(Question And Answer)

(Operator Instructions). Your first question comes from the line of Lauren Lieberman with Barclays.

Q - Lauren Lieberman {BIO 4832525 <GO>}

Great. Thank you. Good morning, everyone. And I wanted to talk a little bit about marketing both in terms of the efficiencies, you've been realizing over the last several years and sort of thought process on the amount of spending necessary kind of going forward. So think and also relevant to the succession plans announced last night. So you've delivered 2 billion in media spending efficiencies over five years, right? And then marketing reinvestment, this quarter was way stronger than we had expected. I think was up a 170 basis points on top of a 270 basis point investment last year. So one, how much is really left to go for on that efficiency side of the equation? Two, as you think about incremental reinvestment, there's so much funding in the base from the past two years. How are you thinking about that for fiscal 22? And then finally, I've been asked a few times over email, just CFO becoming a CEO, should the marketers be worried? I'd love to hear everyone's perspective, thank you.

A - David Taylor {BIO 15435092 <GO>}

Okay, let me start with the last part first and then out to Andre can hit some of that, the marketing spending numbers. But first know, the marketer should not be worried, the marketer should feel wonderful and that we've got a senior leadership that is maintaining a high degree of consistency and you all know Jon very, very well. He has supported these

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investments in media to the extent they grow the market and grow market share and are helping drive awareness and trial of superior products and brands, that's a good thing. It's about creating value not reducing or increasing one element of cost. And Jon has been very engaged with me and the leadership team in these decisions.

The other thing about our organization's structure, we leave it to the sector CEOs, and the enterprise leader to decide how much to invest in their businesses. This is not a decision we make at the headquarters, it's a decision made by each one of made by each one of the business leaders. And we hold them accountable to create the top and bottom line growth in cash generation for their business. And I think the results for the last three years speak for themselves. So they actually should feel very good as do I that the leadership of the company and the organization structure is working very well.

And one comment on the marketing spending efficiency, then Andre can add some additional comments. We have increased meaningfully the investment in marketing. But we have also increased the rate of meaningful innovation that grows the markets. And one of the key parts is you have to help consumers understand what the product is, how to use it, and then help drive awareness in trial. And these investments have done that. It's evidenced and again, in the top line growth, you recall very well. And if you go back four or five years ago, our average growth was about 2%. We moved up to past four years. We've at past five years, we've averaged 4% in the last three years, 6% and we've got the strongest share growth we've seen in many years which tells me the combination of the superiority strategy and the brilliant execution by our people is really working and will continue to invest behind both brands that are winning and invest to make sure we get the trial.

Andre any comments on the specific numbers?

A - Andre Schulten {BIO 22079652 <GO>}

Look, I think we've increased our ad spending year-over-year in fiscal '21 verses '20 by \$850 million and as David said, superior communication is a core element of our security framework and we've not reached the point of diminishing return on those investments. So we'll continue to invest at around that level in percent of sales. We also do believe that there is significant productivity improvements still within the media spent, when you think about shift into digital media improve targeting capabilities with first-party audiences or third-party audiences and ability to sharpen our focus even on TV audiences with our own data. So there continues to be a significant leverage in terms of direct media spend efficiencies that we can create to improve quantity of reach and quality of reach. In the indirect space, we're also striving to continue to improve production costs, agency structures. So you'll see us continue to work in that direction, mostly to reinvest in superiority and superior communication.

Operator

And your next question will come from the line of Steve Powers with Deutsche Bank.

Q - Steve Powers {BIO 20734688 <GO>}

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A great. Thanks and good morning. And congrats to you both this morning, Jon and David. It feels like the businesses being passed off with great momentum. So again, congrats to you both. I guess my question, I think, it's probably a question for Andre mostly. Andre, I think you said the China was up 5% in the quarter. I don't know if you provided a U.S. growth rate in the quarter, but if you have one that would be great. And I'm thinking, the question really is that as you said both those businesses had very difficult comps from the year-ago quarter, those difficult comparisons continue in the first half of '22. So I just, -- in terms of the makeup of growth first half, second half geographically, is there anything to call out there? Do you feel like the U.S. can stay positive in the first half? Just anything to call out in terms of the context of growth biogeography? Thank you.

A - Andre Schulten {BIO 22079652 <GO>}

Yes, very good. So US quarter four growth was minus 1%, if you look at a two-year stack basis, that's 18% last year's quarter four was 19% growth and the strong growth in last year's quarter was mainly driven at about 13 points, I believe by restocking retailer inventories after strong consumption. So, in comparison minus 1% on a 19% base. The U.S. consumption I think, we believe at this point in time will return to normal levels. Most importantly, we see our shares at record levels in the U.S.. Our brands are continuing to strive. We're gaining share across categories. Our retail partnerships are strong and we have very strong innovation program sitting in the U.S. So we remain confident, but I think you're rightfully cautious, in terms of base period effects, especially in the first half.

On the China side, we expect the market to continue to grow mid singles. Our mantra is to grow ahead of that and I would tell you the same thing I told you for the U.S., we feel good about the strength of our brands. In China, we feel good about our mark -- go-to-market capabilities and we will continue to invest in innovation and supporting those innovations in the market. Same comment considering base period is going to be prudent for China and the entire focus markets environment.

Operator

Your next question comes to Dara Mohsenian with Morgan Stanley.

Q - Dara Mohsenian {BIO 3017577 <GO>}

Hey guys. So just take a step back, now that we've got a full quarter in the books where you've cycled a period where COVID was unfortunately with us, and the leadership change going forward, I was just hoping you could review maybe some of the more enduring consumer changes that you see post COVID again from a consumer perspective and how you think P&G is positioned relative to those changes and then, regarding the CEO change down the road, any sort of tweaks and strategy here or areas of just increased emphasis either in that post COVID environment, or with the change in leadership? Thanks

A - David Taylor {BIO 15435092 <GO>}

A couple of comments about the consumer changes that we think are enduring and then certainly Andre and Jon can jump in with some comments as well.

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We do believe that the health cleaning and hygiene brands will continue to play an increased role. There's the statistics that I saw while back that pre-pandemic about 5% of people work from home and then post pandemic estimated 20%, I don't know what the number will be but will be but certainly there's a significant number of people that will be in home more than they were pre-pandemic, that bodes well for us. I believe the strength of our brands and actually this shift toward trusted brands will likely last a good while. We've had meaningful increased household penetration on some of our brands as there was a stock up and then people got exposed to the superior performance. I think that will have a lingering positive impact. So you've got both more people at home, not take the US, especially more occasions at home. You've got a shift toward trusted brands and the role that health cleaning hygiene plays will anniversary some tough comps but the health of the brands and the share of momentum to me, gives me a lot of confidence going forward.

The US and Europe, so I call it our biggest focus markets, are having some of the strongest share progress they've had in every one of those categories. And absolute share is higher than they were pre-pandemic with the exception of Family Care that had a supply issue for the first part, just couldn't supply because the increased demand and they're growing share in the fourth quarter. So we've got good momentum, consumers continue to vote for trusted superior performing brands, and I think those consumer habit changes will likely last.

A - Andre Schulten {BIO 22079652 <GO>}

What I'd say, maybe I think our portfolio positions as well. There were many categories that did not benefit from COVID tailwinds in our portfolio, when you think about adult incontinence, deodorants, shave care, some of the tooth whitening that we see coming back, personal health care had a very low cough cold season with everyone wearing mask, and our professional business, certainly that serves hotels and restaurants did not do well.

So as mobility increases, those businesses pick-up. and we see that as a positive going forward obviously. Geographically many of the markets we operate in specifically the enterprise markets never did see a benefit in terms of consumption from COVID as consumers and retailers were impacted by the crisis. So hopefully as these markets work through the pandemic, that will also provide a tailwind from a geographic standpoint.

A - Jon R. Moeller {BIO 16200095 <GO>}

And relative to the question on strategic changes as we go forward, we will always be responsive to consumers and customers whose needs will continue to evolve over time. I don't foresee that leading to any major change in the strategies that the team has been executing with excellence. But again, we will continue to be very attentive to and responsive to consumer and customer needs.

Q - Dara Mohsenian {BIO 3017577 <GO>}

Great. Thanks.

Operator

Next question will come from the line of Wendy Nicholson with Citi.

Q - Wendy Nicholson {BIO 2081269 <GO>}

Hi. My first question actually, David sort of before you go. One of the categories that seems to sort of -- I don't want to say persistently weak, but kind of lagging, in terms of sustained global market share improvements is baby-care. And I know, the last 12 months have been really funny, you've actually had some market share recovery, because they were depressed last year given supply issues. But still just sort of in totality baby-care just looks to be such a competitive marketplace. I think Kimberly sounded more aggressive and more optimistic about their market share positions. You've obviously got lots of fragmentation in the category with more organic or natural players, sort of trying to gain traction. So can you kind of give us a state of the union on baby care in particular where you think Procter is? Why you think there -- it's been sort of a stubborn business for you in terms of being able to really make progress especially in China? That would be great. Thank you.

A - David Taylor {BIO 15435092 <GO>}

Sure. Happy to. First, it has been a challenging category for several years and as we were very open several years ago, it would take time because the technical changes we need to make to deliver product superiority. And we continue to make those changes. But I'm actually very encouraged by the progress they've made. Our focus markets grew top line and profits last year, all in profits increased, global baby care made progress. Our North America business especially was plus 3%, the highest it's been in six years. We're leading the category growth. We actually have strong share growth now in in North America. Most recent period, it's up a point or more.

Our superiority metric which is really important back several years ago was 25%, which is unacceptable. It's up to 60% rising and we'll continue to be investing to get into light consumers, but with North America doing better, Europe returned to growth for the first time in six years, you're right it's been challenging both the birthright, but returned to growth, expanded the margins we address. Some of the challenges we had in our enterprise markets. John and his team did a great job there, working to make sure we had structurally profitable businesses in adjusting the business model and supply systems, where need be.

So when you look across those and then this shift toward fast road segments. Our wipes business was up 10%, our pants business was up 12%. We doubled our bed wetter segment growth to 12%, behind the successful men jamas launch. So there's a number of things going well. We still have much work to do and we understand that. Baby care does take time but this was the best year we've had in 6 years. And the trends are positive, we're now playing and fast growing segments and the product superiority is getting better each year. So I become more optimistic on baby care each year. I think the leader and their team are doing a really nice job recognizing that this is a mid to long-term gain and they're continuing to make the right investments.

Operator

Our next question will come from Javier Escalante with Evercore ISI.

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Q - Javier Escalante {BIO 20617629 <GO>}

Hi, good morning, everyone and congratulations to David and John from Robert and I, well deserved. My question has to do with your plan to upset the increases in raw material, the \$1.9 billion hit [ph]. And if you could split the pricing versus savings, how much you're going to need in terms of not taking pricing? How much is pricing? And if you could help us understand what is happening geographically, we have a good sale feel of the U.S. We do not above [ph] Western Europe in particular and both two of your competitors, Colgate and Unilever reported negative pricing invested in Europe, which is surprising. And I think that we were even talk about deflation. So if you can talk about pricing in general and what's leading this deflation is it consumer, is it a retailer, is it competitive dynamic? Thank you.

A - David Taylor {BIO 15435092 <GO>}

I'll give one quick comment, and turn it to Andre. I mean, we have many tools to deal with the commodity cost increase and one thing that is very clear, is that hits everybody, that hits local brands, International brands equally and in many ways more severely if you don't have scaled supply systems and the buying power that a company like P&G does where we work collaboratively with our suppliers. So we've got the tools that include innovation, which I think is the strongest I've seen it in years. We have certainly pricing, but we have a very active productivity program, so we've got the tools. If you get into specifics for Europe and others, I'm going to turn it to Andre to get into. But again I think we're well positioned to deal with it and we have our eyes wide open that it's going to be meaningful and especially in some of the categories that have some of the increased amounts of raw materials that have been hit the most.

Andre, you want to give any specific comments about Europe?

A - Andre Schulten {BIO 22079652 <GO>}

What I would say is similar to what David mentioned. I think productivity is going to be a core driver of the offsets that we will continue to focus on. The commodity pressures that we're seeing, as you have heard our broad base in the industry and therefore the same pressures exist in the market around the world. In terms of pricing, we've mentioned that we've taken and announced pricing in Central and Eastern European markets. We've announced pricing in the US, which you referenced, and we've also have taken pricing cumulatively high-single digits in Latin America over the past 12 months. We will continue to evaluate pricing opportunities around the world, and we are encouraged, I think by our ability to execute pricing in the markets where we have announced, but I cannot comment on any additional pricing that we might or might not take again that is within the discretion of the sector leaders and will come out as we see fit.

Operator

All right, next question will be from the line of Kevin Grundy with Jeffries.

Q - Kevin Grundy {BIO 16423871 <GO>}

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Great, thanks. Good morning, everyone and congratulations to David and Jon. Broader portfolio question just to kind of pull back a little bit, so really beyond fiscal '22 and it relates specifically, around strategic priorities and where you see the greatest opportunities to accelerate profitable growth. So, Jon understanding your comments, that the strategies indeed working, just going to be sort of a continuation execution against that. And David, you talked about what the company has done with respect to productivity, structure, culture and innovation. And I think, there's sort of general recognition among the investment community. Look at the market share momentum and the results. It is a strategy that's clearly working but that being said, as you look across your geographies, your categories and your cost structure I would like to get your perspective on the areas where you see the greatest opportunity to accelerate growth and maximize profitability. And Jon, how you intend to prioritize those? Thank you.

A - David Taylor {BIO 15435092 <GO>}

Yes, I'll comment now, then I'll turn it to Jon. First, there are many opportunities but it starts right here in the U.S., it's our largest market. We have -- we declared several years ago, the U.S. is a growth market. We don't have any markets, that aren't growth markets. It's our job to create the innovation that drives the growth and I think it's best to illustrated by the U.S. We are averaging 1% to 2% and we've moved to mid-singles and certainly the last two years, we've been in high-singles. And it has driven by the innovation and the communication just the superiority strategy being brought to health executed in very good way.

We have had some bolt-on acquisitions that you're well aware of. There've been some categories that we've been open about. We added the Merck international business to our health healthcare and that's done very well. And you've seen the growth recently in the -- in our healthcare business. That remains an interesting segment. You've seen some bolt on acquisitions in the beauty care business. Again, that remains an interesting business as well. And each of the sector leaders has the opportunity to evaluate whether they see bolt on acquisitions or acquisitions that would be helpful. The core though is most important. Driving the core in the focus markets and then continuing to have smart growth in value creations in the Enterprise markets is working. And I believe that's the right strategy. I'll turn it to Jon to offer any comments about how he's thinking about the future. But we've worked together on these and then very aligned at the, it starts with delivering the core and seeing market growth is a key responsibility of each category.

A - Jon R. Moeller {BIO 16200095 <GO>}

Kevin, I really like -- you've heard me talk about this before, each of the categories that we've decided to play in as we've focused and strengthened our portfolio. And I firmly believe that they all have opportunity to grow and to create value, and you're seeing that and the results that Andre described for example, there's very broad progress that's occurring across those businesses.

The (inaudible) from a geographic standpoint are -- what people would view as mature markets have significant growth potential that exists within them. You've seen the results in the US. If you look at category development outside of the US, on average is 20% of US levels. So there's significant opportunity across geographies to continue to develop these categories to grow markets an increased consumption. And historically, while we probably

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felt that way for the focus markets, we were a little bit concerned about what kind of future the enterprise markets held for us. But the team there has made significant progress in the last couple of years and dramatically increasing the structural profitability of those businesses. So there are investment grade and we can take advantage of the population on income growth that will occur in those markets and do so in a very profitable value accretive way. We exited last year with one country and the well over 100 countries and the enterprise markets losing any money. So the majority are contributing positively to the company's top line and bottom line.

So I don't want to in any way back hand the question, but I really do believe that we have opportunities for growth and value creation in each of our categories and broadly across the global geography. And then it becomes executing the strategy that we've all talked about the number of times and that as Andre mentioned, we will continue to double down on, stepping forward, not back.

Operator

The next question will be from the line of Mark Astrachan with Stifel.

Q - Mark Astrachan {BIO 15313233 <GO>}

Thanks, and good morning everybody. Wanted to ask about thoughts on sustainability of EBIT margin expansion that we've seen in recent years. I get the comments about the roughly three points or so if my math is right over them put commodity cost headwinds for 22. So I guess the broader picture 21 sounds like you're saying that's a base you think it can obviously expand over time in a normalized world. I guess maybe you could just talk a bit about how holistically you're thinking about that? And then, maybe drilling in a little bit as well. Looking at segments, most of the -- where the strongest rate of expansion is come from household products, whether it's a household care or fabric or baby and et cetera. So how sustainable is that, what can you do there to further improve, as I said broadly kind of how are you thinking about margins? Thank you.

A - Andre Schulten {BIO 22079652 <GO>}

So I think as David explained and Jon explained, we're very pleased with a categories we're operating in. I think they all offer continued growth opportunity. If you think about either growing the market via innovation with the examples that David mentioned earlier. If you think about trading consumers up into premium propositions will have superior profitability in terms of penny profit for us, if you -- for example, liquid, fabric enhancers, household also penetration in the U.S. is only 37% and only 52% of those households use the fabric enhancer with every load. So, there's tons of runway when you think about bps, those numbers are even lower.

Those propositions are accretive to our portfolio are accretive to our margin. We will continue to focus on those and they provide a good source for future growth both top and bottom line. Productivity is another key lever that still has enormous runway across the balance sheet and across the P&L. Our supply chain continues to have significant opportunity in terms of synchronization, but also every innovation that we bring basically creates a new cost as [ph] curves that we can then optimize from. We talked about media and advertising spend as a significant source of profitability -- of future profitability growth

and productivity. And I would add go-to-market, specifically in terms of go-to-market logistics, but also go-to-market spend as a source. So we feel confident in our ability to deliver even with cost headwinds, which is reflected in our guidance for next year. And we do believe there's enough levers in the portfolio from trade-up to usage expansion to be able to continue to do so.

A - David Taylor {BIO 15435092 <GO>}

There's a, some of you have heard me talk about this before, but there's a chart that I share with our leadership team whenever we're together. That highlights the importance of growth on both the top-line and margin, and delivering top third total shareholder return. We need to do both to dependably deliver our top third shareholder return over a reasonable period of time. So that will continue to be the focus on the emphasis. Having said that, margin as a metric has many issues associated with it. The first being, I can't put margin in a bank, I can't return margin to share owners. What matters most is what Andre referred to, which is penny profit and overall profit and profitability. And we've got to make sure that we keep our eyes firmly on that as we work to grow the top line.

Operator

Next question, will come from the line of Andrea Teixeira with J.P. Morgan.

Q - Andrea Teixeira {BIO 1941397 <GO>}

Good morning and congrats to all of you and particularly, David, and thanks for your leadership and congrats to Jon and Shailesh. I have a question on the beauty and follow-up on baby care. What are you expecting for fiscal '22 in terms of recovering skin care in Japan and China for both SK-II and Olay. And for baby, David, your comments of improvement most recently, are you putting in a question [ph] of which on more money behind innovation this fall, curious to -- because Pampers Pure was a good amount but it seems that core Pampers is still lagging. In a clarification on the \$1.9 billion headwind for fiscal '22, are you embedding that commodities and transportation costs will be stabilized or decline? Or have you conservatively assumed that this cost pressures will linger at current levels, given understandably, a wide EPS range that you gave?

A - David Taylor {BIO 15435092 <GO>}

Let me start with a couple of those here. Quite a few questions there, so you have to help me if we don't answer each one of them. First, you mentioned our Beauty business and specifically SK-II. I'm very pleased, if I just take SK-II, as an example, you would expect it to get hit very, very hard because of travel retail, virtually stopping in Asia and it's certainly a huge channel. But the team pivoted amazingly well and was able to actually grow the business. Last year, the business was up double-digits up 13%. So SK-II is actually healthy and continues to run nicely, because the consumption that did not happen and travel retail happened in the home market. And then there was the duty free area in Hainan province. They did a really nice job, making sure that the brand was both available, and had the innovation and communication to win.

So SK-II is healthy and I expect -- I don't know, when travel retail will resume. You can take - you would guess. It looks like it's going to be a while, but the good news is, at the strong growth that we're seeing already, we're not dependent on that. That'll be -- it could be a

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help, if a window opens up anytime soon. More broadly, the skin and personal care business had a strong year last year as to the overall beauty business. So again I feel very good about the business, how strong it goes next year will be depending again on many of the factors that we've already mentioned. There's -- we there's meaningful cost headwinds, the innovation that both hair care, skin, and personal care is launched and will be launching, I feel very good about. So both businesses have strong years on the top and bottom line, and I feel good about those.

Baby-care. I made a number of comments earlier. So I'm not sure what else would be helpful. Yes, we are very committed to the category. The innovation coming and will continue to come. We are on the multi-year innovation program, certainly part of it has hit the market. You see that improvement in percent superiority from 25% to 60%, will continue to work to move that up significantly. And we also recognize that for many consumers and the many markets. The premiumization is critically important in these high growth areas and that allows us to offset some of the challenges that you're well aware of on the birth rate and still grow the category, and grow share, and create value and baby care did create value this year it's a very strong year, strong improvement. So, all these businesses to me have meaningful upside and especially the beauty business has very good momentum and baby care is accelerating. So I feel good about both.

A - Andre Schulten {BIO 22079652 <GO>}

And Andrea to answer your question, on the commodity exposure, and trade exposure. We are forecasting a spot, so we assume that spot that spot prices will sustain throughout the year, so we don't expect an easing of these commodity pressures within the guidance that we've given.

Operator

Okay. Next question will be from Chris Carey with Wells Fargo Securities.

Q - Chris Carey {BIO 21810941 <GO>}

Hi, good morning. So just two specific questions and, I'll keep it brief. So just on grooming volumes up for the first time in a while, on a fiscal year pricing as well. Have we turned the corner in the business? I'm also conscious there could be some cyclical recovery with return to office. Any perspective on just where you think the business fits on this recovery curve. And if that's by geography or priced here and any perspective would be helpful and then just one quick follow-up on SK-II. I notice that here in the press release talked about in pricing premium addition, but not volume. Is it safe to assume it's been more driven by price of late and not belonging to any clarification there would be helpful? Thanks so much.

A - David Taylor {BIO 15435092 <GO>}

No. It's actually very balanced volume and pricing. But let me take one and then we can give the specific numbers. First on grooming. Grooming had a very strong year; they grew mid-single digits on the top and double digit on the bottom. Importantly, they grew share almost every segment. Across, whether it was male shave, female shave, appliance all of those making very good progress, which contributed to the strong growth. And as you rightfully said, as people return to working outside the home, I think that will benefit the

category and what the team has done, which I think is very strong and very important going for the future. We're no longer in a wet shave business. We're truly a grooming business with growth in wet shave -- with dry shave which we call appliances. We're also growing in many of the new areas, like IPL the intense pulse light area. All of those to me give me confidence and it's in a new segments as well. We have innovation coming King C. Gillette which helps people with facial hair. So it's a broader portfolio, innovation across all those different forms and segments and it's leading to mid singles top and double digit bottom. So that's the strongest year we've had in many, many years in grooming, and the reason it's strong should continue because it's innovation-driven consumer-driven.

A - Andre Schulten {BIO 22079652 <GO>}

And on SK-II, what David said is certainly right growth is very strong 13% as David mentioned, for the fiscal year, but 35% for quarter four. The pricing taken was mid-single. So by far, there's a significant volume component to it, as the team shifted consumption in to Hainan which is a big part of the offset to travel retail reduction. So again the growth on SK-II is both volume and price mix driven.

Operator

The next question will be from the line of Peter Grom with UBS.

Q - Peter Grom {BIO 16488235 <GO>}

Hey, good morning, everyone. And David and John, I want to offer my congratulations, as well. So I guess, I just wanted to ask about the business momentum and growth from here. And I mean, the -- quarterly performance and what we can see in the data is very impressive. So congrats on that. And I know the health of the brands is very strong, but when you think about the magnitude of growth versus your peers I mean do you expect this level of outperformance to continue. You mentioned record share. How much room do you have on the share side? Because a lot of your competitors are really implementing a similar playbook and attempting to innovate with superiority as well. So just like any comments on the relative outperformance from here would be really helpful. Thanks.

A - David Taylor {BIO 15435092 <GO>}

I won't speculate too much in the relative outperformance. What I can say is the strength of just what you said, the brand is strong and the measures we use which I think are really important. Our superiority metrics are relative to the best competitor in each brand in each country. So it pushes us to maintain and try to extend the advantage we have. Now we have full respect for our competitors and you're right, we have very strong growth in both North America, Europe and Latin America. And in those markets, we will see what happens next year. But if this share growth has been now sustained in North America for three years and in Europe for three years, so the focus markets are performing very well. And as Jon mentioned, we have very strong progress in the Enterprise markets. We are mid-singles with double-digit growth in a very, very difficult environment.

So that gives me confidence we are at least well positioned. But the other thing is very real. You have to earn it every day. And so, our teams understand that our competitors are refocusing and those that lost share will come back with their innovations and investments, and it's our job to go earn it. But it's very clear that's what they're

accountable to deliver. And based on the last three years, I've got confidence we'll continue.

A - Jon R. Moeller {BIO 16200095 <GO>}

And just a reminder. -- Excuse me. How you gain share? How we gain share is very important and the answer to this question. And Dave has talked many times in our discussion this morning. As, did Andre about our intent to be a disproportionate driver of market growth. The math that falls out of that create share growth. But the notion that, we're taking business from competitors and it's only a matter of time and that's not how we look at things. Our job is to be constantly expanding this pie, constantly expanding the number of households that we serve and if we do that, well there's no reason that growth shouldn't be sustainable.

Operator

All right, we'll next go to Bill Chappell with Truist Securities.

Q - Bill Chappell {BIO 1737315 <GO>}

Thanks. Good morning. Hey, I'm not one who typically says congratulations on these type of calls but I just want to take a step David, the retirement, couldn't be more deserved. Looking back 6 years ago in terms of where the company was and especially where investor sentiment was, it's remarkable that where we are today. And Jon, knowing you for decade-plus and how integral you've been and the turnaround I mean you are, I think most people would agree on the call Mr.P&G. So, well deserved and I applaud the board and everyone for making these changes because I think it's just well done.

So with that, moving on to the actual question, Kind of on trade promotion as we look back with pandemic, trade promotion, dropped off. It's not coming back just kind of to full extent as you would expect as you're taking pricing and what have you. And then just kind of wanted to understand if you think this is kind of a permanent change, if we've kind of made a shift back to where marketing and innovation really take the lead in terms of investment dollars and trade promotion. Never really kind of goes back to where it was pre-pandemic levels or if you do see it starting to creep back into pre-pandemic levels. Any thoughts there would be appreciated? Thank you.

A - David Taylor {BIO 15435092 <GO>}

I'll just offer a couple of out [ph] first, thank you for the kind words. The organization deserves a ton of credit and the total leadership team but I appreciate your comments on me and very much agreeing the comments on Jon. In terms of trade promotion, certainly it's in our best interest to bring to our retail partners programs that build their business and build their margin. I do believe as you said that can best be done by innovation and market growing plans and there's roles they play with us in making sure things like the shelf -- virtual or physical shelf is arranged in a way that creates market growth and helps consumers find the brands that are most apt to use. We work with retail partners around the world and the ones we partner with best success as they grow, the market grows, the margin grows, and then we help them do it. We get rewarded.

So we will continue with that certainly objective. And certainly our eyes are wide open. I expect from a very low base. We will see an increase in trade spending. Do I believe it'll go all the way back to what it was before? I think many retailers are very interested in finding smart ways and they have the same pressures that we do with commodity costs. They need as well as we to find ways to create values. So I'm hopeful that we'll see some thoughtful change in promotion strategy that is more value creating for the market.

A - Andre Schulten {BIO 22079652 <GO>}

And then to add a few numbers to David's statements quarter four in the US, we saw trade promotions, volume sold on deal back to 27%, which was in line with quarter three but it's still below pre-pandemic levels which was around 33%. So we are certainly getting back to a more normalized level in quarter four.

Operator

All right. And your final question will come from the line of Jonathan Feeney with Consumer Edge.

Q - Jonathan Feeney {BIO 2268157 <GO>}

Thanks very much and let me add my congratulations, David, Jon have known better. The quick one and then a little bit more involved [ph] one please. The quick one, does the point guidance you gave us on cost headwinds and forex [ph] benefits, does that include hedging, current or anticipating? And then second maybe a little more and follow-up one is we've had a lot of discussions with consumers (inaudible) leaders in the past, really two weeks about the state of retailer inventory. And that's largely a U.S. question, but it seems all over the Board. A lot of retailers are seeing better foot traffic. Certain retailers, certain channels have had, unprecedented volume that's stuck around and there's a little bit of a mentality of maybe taking on more inventory and shipping, maybe not matching up with measured take away. Not only in the U.S., but other places. And I think it cuts both ways. So I know there's a lot to that question, but anything you could say about retailer inventories, where you think that is, and you have to say big, your big markets, say your focused markets. Where you stand and how that plays into your guidance for '22, with your thoughts about that how that plays in? I'd appreciate it. Thank you.

A - David Taylor {BIO 15435092 <GO>}

I'll let Andre comments on the hedging question just a second. The way I think about the retailers approach to their business, I don't really think about it through an inventory lens so much as I think about it through a desire to maintain dependability of supply and those manufacturers that can offer that assurance are often being rewarded with increased shelf space and increased focus on the part of our retail partners. There's a small amount of inventory build, but that's not really the focus. The focus is on, how do we ensure supply and maintain the satisfaction of our shoppers and that's a very fertile place for us to play. With regard to hedging Andre?

A - Andre Schulten {BIO 22079652 <GO>}

So yeah the short answer is that \$1.9 billion that we've communicated is the net impact to P&G.

A - David Taylor {BIO 15435092 <GO>}

Good. Thank you very much. I think that concludes the call. We very much appreciate your engagement. P&G has got strong momentum. We've got a strong leadership, leadership team and organization. And we will continue to work aggressively to deliver strong results and value for our shareholders. Thank you all for your support and your comments today.

Operator

Ladies and gentlemen, that concludes today's conference. Thank you for your participation. You may now disconnect. Have a great day.

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