

Colgate-Palmolive Company

Condensed Consolidated Statements of Income

For the Twelve Months Ended December 31, 2016

(Dollars in Millions Except Per Share Amounts) (Unaudited)

	<u>2016*</u>
Net sales	\$ 15,195
Cost of sales	6,072
Gross profit	9,123
Gross profit margin	60.0%
Selling, general and administrative expenses	5,143
Other (income) expense, net	25
Operating profit	3,955
Operating profit margin	26.0%
Non-service related postretirement costs	118
Interest (income) expense, net	99
Income before income taxes	3,738
Provision for income taxes	1,152
Effective tax rate	30.8%
Net income including noncontrolling interests	2,586
Less: Net income attributable to noncontrolling interests	145
Net income attributable to Colgate-Palmolive Company	\$ 2,441
Earnings per common share	
Basic	\$ 2.74
Diluted	\$ 2.72
Average common shares outstanding	
Basic	891.8
Diluted	898.4

*The Company adopted ASU No. 2017-07, "Compensation—Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost," on January 1, 2018. The adoption of this standard resulted in the non-service related postretirement costs being presented separately in the income statement from the service cost component and the non-service related postretirement costs no longer being included in Operating profit. As this standard was applied retrospectively, as required, the Company reclassified certain amounts to a new line below Operating profit called Non-service related postretirement costs. The reclassification had no effect on Net income attributable to Colgate-Palmolive Company, Earning per common share or Cash flow.

See Table 2A "Supplemental Condensed Consolidated Statements of Income Information", Table 5A "Supplemental Segment Information" and Table 9A "Supplemental Non-GAAP Reconciliations Information" for reconciliations to previously reported amounts for the twelve months ended December 31, 2016.

Colgate-Palmolive Company

Supplemental Condensed Consolidated Statements of Income Information

Impact of the adoption of ASU No. 2017-07, "Compensation—Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost"

For the Twelve Months Ended December 31, 2016

(Dollars in Millions Except Per Share Amounts) (Unaudited)

	Pre-Adoption of ASU No. 2017-07	Post-Adoption of ASU No. 2017-07	Impact of Adoption
Selling, general and administrative expenses	\$ 5,249	\$ 5,143	\$ (106)
Other (income) expense, net	37	25	(12)
Operating profit	3,837	3,955	118
Operating profit margin	25.3%	26.0%	+70 bps
Non-service related postretirement costs	—	118	118
Net income including noncontrolling interests	2,586	2,586	—
Less: Net income attributable to noncontrolling interests	145	145	—
Net income attributable to Colgate-Palmolive Company	\$ 2,441	\$ 2,441	\$ —

Note: The reclassification had no effect on Net income attributable to Colgate-Palmolive Company, Earning per common share or Cash flow.

Table 5

Colgate-Palmolive Company

Segment Information

For the Twelve Months Ended December 31, 2016

(Dollars in Millions) (Unaudited)

	2016
Net Sales	
Oral, Personal and Home Care	
North America	\$ 3,183
Latin America	3,650
Europe	2,342
Asia Pacific	2,796
Africa/Eurasia	960
Total Oral, Personal and Home Care	12,931
Pet Nutrition	2,264
Total Net Sales	\$ 15,195
	2016*
Operating Profit (Loss)	
Oral, Personal and Home Care	
North America	\$ 1,087
Latin America	1,139
Europe	586
Asia Pacific	888
Africa/Eurasia	187
Total Oral, Personal and Home Care	3,887
Pet Nutrition	677
Corporate ⁽¹⁾	(609)
Total Operating Profit (Loss)	\$ 3,955

Corporate Operating profit (loss) for the twelve months ended December 31, 2016 includes charges of \$216 related to the Global Growth and Efficiency Program, charges of \$17 for a litigation matter and a gain of \$97 resulting from the sale of land in Mexico.

Note:

(1) Corporate operations include costs related to stock options and restricted stock units, research and development costs, Corporate overhead costs, restructuring and related implementation costs and gains and losses on sales of non-core product lines and assets.

*The Company adopted ASU No. 2017-07, "Compensation—Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost," on January 1, 2018. The adoption of this standard resulted in the non-service related postretirement costs being presented separately in the income statement from the service cost component and the non-service related postretirement costs no longer being included in Operating profit. As this standard was applied retrospectively, as required, the Company reclassified the non-service components from Operating profit to a new line below Operating profit called Non-service related postretirement costs. See Table 5A "Supplemental Segment Information" for reconciliations to previously reported segment information for the twelve months ended December 31, 2016.

Colgate-Palmolive Company

Supplemental Segment Information

Impact of the adoption of ASU No. 2017-07, "Compensation—Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost"

For the Twelve Months Ended December 31, 2016

(Dollars in Millions) (Unaudited)

	Pre-Adoption of ASU No. 2017-07	Post-Adoption of ASU No. 2017-07	Impact of Adoption
Operating Profit			
Oral, Personal and Home Care			
North America	\$ 1,030	\$ 1,087	\$ 57
Latin America	1,132	1,139	7
Europe	579	586	7
Asia Pacific	887	888	1
Africa/Eurasia	186	187	1
Total Oral, Personal and Home Care	3,814	3,887	73
Pet Nutrition	653	677	24
Corporate	(630)	(609)	21
Total Operating Profit	<u>\$ 3,837</u>	<u>\$ 3,955</u>	<u>\$ 118</u>

Table 9

Colgate-Palmolive Company

Non-GAAP Reconciliations

For the Twelve Months Ended December 31, 2016

(Dollars in Millions Except Per Share Amounts) (Unaudited)

Gross Profit	2016
Gross profit, GAAP	\$ 9,123
Global Growth and Efficiency Program	46
Gross profit, non-GAAP	<u>\$ 9,169</u>
Gross Profit Margin	2016
Gross profit margin, GAAP	60.0 %
Global Growth and Efficiency Program	0.3 %
Gross profit margin, non-GAAP	<u>60.3 %</u>
Selling, General and Administrative Expenses	2016*
Selling, general and administrative expenses, GAAP	\$ 5,143
Global Growth and Efficiency Program	(77)
Selling, general and administrative expenses, non-GAAP	<u>\$ 5,066</u>
Selling, General and Administrative Expenses as a Percentage of Net Sales	2016*
Selling, general and administrative expenses as a percentage of Net sales, GAAP	33.8%
Global Growth and Efficiency Program	(0.5)%
Selling, general and administrative expenses as a percentage of Net sales, non-GAAP	<u>33.3 %</u>
Other (Income) Expense, Net	2016*
Other (income) expense, net, GAAP	\$ 25
Global Growth and Efficiency Program	(93)
Gain on sale of land in Mexico	97
Charges for a litigation matter	(17)
Other (income) expense, net, non-GAAP	<u>\$ 12</u>
Operating Profit	2016*
Operating profit, GAAP	\$ 3,955
Global Growth and Efficiency Program	216
Gain on sale of land in Mexico	(97)
Charges for a litigation matter	17
Operating profit, non-GAAP	<u>\$ 4,091</u>
Operating Profit Margin	2016*
Operating profit margin, GAAP	26.0%
Global Growth and Efficiency Program	1.4 %
Gain on sale of land in Mexico	(0.6)%
Charges for a litigation matter	0.1 %
Operating profit margin, non-GAAP	<u>26.9 %</u>
Non-Service Related Postretirement Costs	2016*
Non-service related postretirement costs, GAAP	\$ 118
Global Growth and Efficiency Program	(12)
Non-service related postretirement costs, non-GAAP	<u>\$ 106</u>

Colgate-Palmolive Company

Non-GAAP Reconciliations

For the Twelve Months Ended December 31, 2016

(Dollars in Millions Except Per Share Amounts) (Unaudited)

	2016						
	Income Before Income Taxes	Provision For Income Taxes ⁽¹⁾	Net Income Including Noncontrolling Interests	Less: Income Attributable To Non-controlling Interests	Net Income Attributable To Colgate-Palmolive Company	Effective Income Tax Rate ⁽²⁾	Diluted Earnings Per Share
As Reported GAAP	\$ 3,738	\$ 1,152	\$ 2,586	\$ 145	\$ 2,441	30.8 %	\$ 2.72
Global Growth and Efficiency Program	228	59	169	1	168	(0.3)%	0.19
Gain on sale of land in Mexico	(97)	(34)	(63)	—	(63)	(0.1)%	(0.07)
Benefits from tax matters	—	35	(35)	—	(35)	0.9 %	(0.04)
Charges for a litigation matter	17	6	11	—	11	— %	0.01
Non-GAAP	<u>\$ 3,886</u>	<u>\$ 1,218</u>	<u>\$ 2,668</u>	<u>\$ 146</u>	<u>\$ 2,522</u>	<u>31.3 %</u>	<u>\$ 2.81</u>

The impact of non-GAAP adjustments may not necessarily equal the difference between “GAAP” and “non-GAAP” as a result of rounding.

*The Company adopted ASU No. 2017-07, “Compensation—Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost,” on January 1, 2018. The adoption of this standard resulted in the non-service related postretirement costs being presented separately in the income statement from the service cost component and the non-service related postretirement costs no longer being included in Operating profit. The reclassification had no effect on Net income attributable to Colgate-Palmolive Company, Earning per common share or Cash flow.

See Table 9A “Supplemental Non-GAAP Reconciliations Information” for reconciliations to previously reported amounts for the twelve months ended December 31, 2016.

Notes:

(1) The income tax effect on non-GAAP items is calculated based upon the tax laws and statutory income tax rates applicable in the tax jurisdiction(s) of the underlying non-GAAP adjustment.

(2) The impact of non-GAAP items on the Company’s effective tax rate represents the difference in the effective tax rate calculated with and without the non-GAAP adjustment on Income before income taxes and Provision for income taxes.

Colgate-Palmolive Company

Supplemental Non-GAAP Reconciliations Information

Impact of the adoption of ASU No. 2017-07, "Compensation-Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost"

For the Twelve Months Ended December 31, 2016

(Dollars in Millions Except Per Share Amounts) (Unaudited)

	Pre-Adoption of ASU No. 2017-07	Post-Adoption of ASU No. 2017-07	Impact of Adoption
Selling, General and Administrative Expenses			
Selling, general and administrative expenses, GAAP	\$ 5,249	\$ 5,143	\$ (106)
Global Growth and Efficiency Program	(77)	(77)	—
Selling, general and administrative expenses, non-GAAP	<u>\$ 5,172</u>	<u>\$ 5,066</u>	<u>\$ (106)</u>
Selling, General and Administrative Expenses as a Percentage of Net Sales			
Selling, general and administrative expenses as a percentage of Net sales, GAAP	34.5 %	33.8%	-70 bps
Global Growth and Efficiency Program	(0.5)%	(0.5)%	— bps
Selling, general and administrative expenses as a percentage of Net sales, non-GAAP	<u>34.0 %</u>	<u>33.3 %</u>	<u>-70 bps</u>
Other (Income) Expense, Net			
Other (income) expense, net, GAAP	\$ 37	\$ 25	\$ (12)
Global Growth and Efficiency Program	(105)	(93)	12
Gain on sale of land in Mexico	97	97	—
Charges for a litigation matter	(17)	(17)	—
Other (income) expense, net, non-GAAP	<u>\$ 12</u>	<u>\$ 12</u>	<u>\$ —</u>
Operating Profit			
Operating profit, GAAP	\$ 3,837	\$ 3,955	\$ 118
Global Growth and Efficiency Program	228	216	(12)
Gain on sale of land in Mexico	(97)	(97)	—
Charges for a litigation matter	17	17	—
Operating profit, non-GAAP	<u>\$ 3,985</u>	<u>\$ 4,091</u>	<u>\$ 106</u>
Operating Profit Margin			
Operating profit margin, GAAP	25.3 %	26.0%	+70 bps
Global Growth and Efficiency Program	1.5 %	1.4 %	-10 bps
Gain on sale of land in Mexico	(0.7)%	(0.6)%	+10 bps
Charges for a litigation matter	0.1 %	0.1 %	— bps
Operating profit margin, non-GAAP	<u>26.2 %</u>	<u>26.9 %</u>	<u>+70 bps</u>

Note: The reclassification had no effect on Gross profit, Net income, Earning per common share or Cash flow.

The impact of non-GAAP adjustments may not necessarily equal the difference between "GAAP" and "non-GAAP" as a result of rounding.