

Table 1

Colgate-Palmolive Company
Condensed Consolidated Statements of Income
For the Three Months Ended December 31, 2017
(Dollars in Millions Except Per Share Amounts) (Unaudited)

	2017*
Net sales	\$ 3,892
Cost of sales	1,564
Gross profit	2,328
Gross profit margin	59.8%
Selling, general and administrative expenses	1,345
Other (income) expense, net	23
Operating profit	960
Operating profit margin	24.7%
Non-service related postretirement costs	36
Interest (income) expense, net	28
Income before income taxes	896
Provision for income taxes	543
Effective tax rate	60.6%
Net income including noncontrolling interests	353
Less: Net income attributable to noncontrolling interests	30
Net income attributable to Colgate-Palmolive Company	\$ 323
Earnings per common share	
Basic	\$ 0.37
Diluted	\$ 0.37
Average common shares outstanding	
Basic	878.0
Diluted	883.3

*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, Earnings per common share or Cash flow.

See Table 1A "Supplemental Condensed Consolidated Statements of Income Information", Table 5A "Supplemental Segment Information" and Table 8A "Supplemental Non-GAAP Reconciliations Information" for reconciliations to previously reported amounts for the three months ended December 31, 2017.

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 Three Months Ended December 31, 2017

(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	\$ 1,373	\$ 1,345	\$ (28)
Other (income) expense, net	31	23	(8)
Operating profit	924	960	36
Operating profit margin	23.7%	24.7%	+100 bps
Non-service related postretirement costs	—	36	36
Net income including noncontrolling interests	353	353	—
Less: Net income attributable to noncontrolling interests	30	30	—
Net income attributable to Colgate-Palmolive Company	\$ 323	\$ 323	\$ —

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

Table 2

Colgate-Palmolive Company
Condensed Consolidated Statements of Income
For the Twelve Months Ended December 31, 2017
(Dollars in Millions Except Per Share Amounts) (Unaudited)

	2017*
Net sales	\$ 15,454
Cost of sales	6,174
Gross profit	9,280
Gross profit margin	60.0%
Selling, general and administrative expenses	5,400
Other (income) expense, net	173
Operating profit	3,707
Operating profit margin	24.0%
Non-service related postretirement costs	118
Interest (income) expense, net	102
Income before income taxes	3,487
Provision for income taxes	1,313
Effective tax rate	37.7%
Net income including noncontrolling interests	2,174
Less: Net income attributable to noncontrolling interests	150
Net income attributable to Colgate-Palmolive Company	\$ 2,024
Earnings per common share	
Basic	\$ 2.30
Diluted	\$ 2.28
Average common shares outstanding	
Basic	881.8
Diluted	887.8

*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, Earnings 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, 2017.

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, 2017

(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	\$ 5,497	\$ 5,400	\$ (97)
Other (income) expense, net	194	173	(21)
Operating profit	3,589	3,707	118
Operating profit margin	23.2%	24.0%	+80 bps
Non-service related postretirement costs	—	118	118
Net income including noncontrolling interests	2,174	2,174	—
Less: Net income attributable to noncontrolling interests	150	150	—
Net income attributable to Colgate-Palmolive Company	\$ 2,024	\$ 2,024	\$ —

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

Colgate-Palmolive Company

Segment Information

For the Three and Twelve Months Ended December 31, 2017

(Dollars in Millions) (Unaudited)

	2017	
	Three Months Ended December 31	Twelve Months Ended December 31
Net Sales		
Oral, Personal and Home Care		
North America	\$ 798	\$ 3,117
Latin America	976	3,887
Europe	610	2,394
Asia Pacific	670	2,781
Africa/Eurasia	245	983
Total Oral, Personal and Home Care	3,299	13,162
Pet Nutrition	593	2,292
Total Net Sales	\$ 3,892	\$ 15,454
	2017*	
	Three Months Ended December 31	Twelve Months Ended December 31
Operating Profit (Loss)		
Oral, Personal and Home Care		
North America	\$ 277	\$ 1,043
Latin America	288	1,171
Europe	154	605
Asia Pacific	197	842
Africa/Eurasia	45	180
Total Oral, Personal and Home Care	961	3,841
Pet Nutrition	178	677
Corporate ⁽¹⁾	(179)	(811)
Total Operating Profit (Loss)	\$ 960	\$ 3,707

Corporate Operating profit (loss) for the three months ended December 31, 2017 includes charges of \$80 related to the Global Growth and Efficiency Program. Corporate Operating profit (loss) for the twelve months ended December 31, 2017 includes charges of \$313 related to the Global Growth and Efficiency Program.

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 three months and twelve months ended December 31, 2017.

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 Three and Twelve Months Ended December 31, 2017

(Dollars in Millions) (Unaudited)

	Three Months ended December 31, 2017		
	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	\$ 263	\$ 277	\$ 14
Latin America	284	288	4
Europe	152	154	2
Asia Pacific	197	197	—
Africa/Eurasia	45	45	—
Total Oral, Personal and Home Care	941	961	20
Pet Nutrition	172	178	6
Corporate	(189)	(179)	10
Total Operating Profit	<u>\$ 924</u>	<u>\$ 960</u>	<u>\$ 36</u>
	Twelve Months ended December 31, 2017		
	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	\$ 986	\$ 1,043	\$ 57
Latin America	1,162	1,171	9
Europe	599	605	6
Asia Pacific	841	842	1
Africa/Eurasia	179	180	1
Total Oral, Personal and Home Care	3,767	3,841	74
Pet Nutrition	653	677	24
Corporate	(831)	(811)	20
Total Operating Profit	<u>\$ 3,589</u>	<u>\$ 3,707</u>	<u>\$ 118</u>

Table 8

Colgate-Palmolive Company

Non-GAAP Reconciliations

For the Three Months Ended December 31, 2017

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

Gross Profit	2017
Gross profit, GAAP	\$ 2,328
Global Growth and Efficiency Program	24
Gross profit, non-GAAP	<u>\$ 2,352</u>
Gross Profit Margin	2017
Gross profit margin, GAAP	59.8 %
Global Growth and Efficiency Program	0.6 %
Gross profit margin, non-GAAP	<u>60.4 %</u>
Selling, General and Administrative Expenses	2017*
Selling, general and administrative expenses, GAAP	\$ 1,345
Global Growth and Efficiency Program	(26)
Selling, general and administrative expenses, non-GAAP	<u>\$ 1,319</u>
Selling, General and Administrative Expenses as a Percentage of Net Sales	2017*
Selling, general and administrative expenses as a percentage of Net sales, GAAP	34.6 %
Global Growth and Efficiency Program	(0.7)%
Selling, general and administrative expenses as a percentage of Net sales, non-GAAP	<u>33.9 %</u>
Other (Income) Expense, Net	2017*
Other (income) expense, net, GAAP	\$ 23
Global Growth and Efficiency Program	(30)
Other (income) expense, net, non-GAAP	<u>\$ (7)</u>
Operating Profit (Loss)	2017*
Operating profit (loss), GAAP	\$ 960
Global Growth and Efficiency Program	80
Operating profit, non-GAAP	<u>\$ 1,040</u>
Operating Profit Margin	2017*
Operating profit margin, GAAP	24.7 %
Global Growth and Efficiency Program	2.0 %
Operating profit margin, non-GAAP	<u>26.7 %</u>
Non-Service Related Postretirement Costs	2017*
Non-service related postretirement costs, GAAP	\$ 36
Global Growth and Efficiency Program	(7)
Non-service related postretirement costs, non-GAAP	<u>\$ 29</u>

Colgate-Palmolive Company

Non-GAAP Reconciliations

For the Three Months Ended December 31, 2017

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

	2017					
	Income Before Income Taxes	Provision For Income Taxes ⁽¹⁾	Net Income Including Noncontrolling Interests	Net Income Attributable To Colgate- Palmolive Company	Effective Income Tax Rate ⁽²⁾	Diluted Earnings Per Share
As Reported GAAP	\$ 896	\$ 543	\$ 353	\$ 323	60.6 %	\$ 0.37
Global Growth and Efficiency Program	87	26	61	61	(2.7)%	0.07
U.S. tax reform	—	(275)	275	275	(28.0)%	0.31
Non-GAAP	<u>\$ 983</u>	<u>\$ 294</u>	<u>\$ 689</u>	<u>\$ 659</u>	<u>29.9 %</u>	<u>\$ 0.75</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, Earnings per common share or Cash flow.

See Table 8A “Supplemental Non-GAAP Reconciliations Information” for reconciliations to previously reported amounts for the three months ended December 31, 2017.

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 Three Months Ended December 31, 2017

(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	\$ 1,373	\$ 1,345	\$ (28)
Global Growth and Efficiency Program	(29)	(26)	3
Selling, general and administrative expenses, non-GAAP	<u>\$ 1,344</u>	<u>\$ 1,319</u>	<u>\$ (25)</u>
Selling, General and Administrative Expenses as a Percentage of Net Sales			
Selling, general and administrative expenses as a percentage of Net sales, GAAP	35.3 %	34.6%	(70 bps)
Global Growth and Efficiency Program	(0.8)%	(0.7)%	10 bps
Selling, general and administrative expenses as a percentage of Net sales, non-GAAP	<u>34.5 %</u>	<u>33.9%</u>	<u>(60 bps)</u>
Other (Income) Expense, Net			
Other (income) expense, net, GAAP	\$ 31	\$ 23	\$ (8)
Global Growth and Efficiency Program	(34)	(30)	4
Other (income) expense, net, non-GAAP	<u>\$ (3)</u>	<u>\$ (7)</u>	<u>\$ (4)</u>
Operating Profit			
Operating profit, GAAP	\$ 924	\$ 960	\$ 36
Global Growth and Efficiency Program	87	80	(7)
Operating profit, non-GAAP	<u>\$ 1,011</u>	<u>\$ 1,040</u>	<u>\$ 29</u>
Operating Profit Margin			
Operating profit margin, GAAP	23.7 %	24.7%	+100 bps
Global Growth and Efficiency Program	2.3 %	2.0%	(30 bps)
Operating profit margin, non-GAAP	<u>26.0 %</u>	<u>26.7%</u>	<u>+70 bps</u>

Note: The reclassification had no effect on Gross profit, Net income, Earnings 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.

Table 9

Colgate-Palmolive Company

Non-GAAP Reconciliations

For the Twelve Months Ended December 31, 2017

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

Gross Profit	2017
Gross profit, GAAP	\$ 9,280
Global Growth and Efficiency Program	75
Gross profit, non-GAAP	<u>\$ 9,355</u>
Gross Profit Margin	2017
Gross profit margin, GAAP	60.0 %
Global Growth and Efficiency Program	0.5 %
Gross profit margin, non-GAAP	<u>60.5 %</u>
Selling, General and Administrative Expenses	2017*
Selling, general and administrative expenses, GAAP	\$ 5,400
Global Growth and Efficiency Program	(86)
Selling, general and administrative expenses, non-GAAP	<u>\$ 5,314</u>
Selling, General and Administrative Expenses as a Percentage of Net Sales	2017*
Selling, general and administrative expenses as a percentage of Net sales, GAAP	34.9 %
Global Growth and Efficiency Program	(0.5)%
Selling, general and administrative expenses as a percentage of Net sales, non-GAAP	<u>34.4 %</u>
Other (Income) Expense, Net	2017*
Other (income) expense, net, GAAP	\$ 173
Global Growth and Efficiency Program	(152)
Other (income) expense, net, non-GAAP	<u>\$ 21</u>
Operating Profit	2017*
Operating profit, GAAP	\$ 3,707
Global Growth and Efficiency Program	313
Operating profit, non-GAAP	<u>\$ 4,020</u>
Operating Profit Margin	2017*
Operating profit margin, GAAP	24.0 %
Global Growth and Efficiency Program	2.0 %
Operating profit margin, non-GAAP	<u>26.0 %</u>
Non-Service Related Postretirement Costs	2017*
Non-service related postretirement costs, GAAP	\$ 118
Global Growth and Efficiency Program	(20)
Non-service related postretirement costs, non-GAAP	<u>\$ 98</u>

Colgate-Palmolive Company

Non-GAAP Reconciliations

For the Twelve Months Ended December 31, 2017

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

	2017					
	Income Before Income Taxes	Provision For Income Taxes ⁽¹⁾	Net Income Including Noncontrolling Interests	Net Income Attributable To Colgate- Palmolive Company	Effective Income Tax Rate ⁽²⁾	Diluted Earnings Per Share
As Reported GAAP	\$ 3,487	\$ 1,313	\$ 2,174	\$ 2,024	37.7 %	\$ 2.28
Global Growth and Efficiency Program	333	87	246	246	(1.0)%	0.28
U.S. tax reform	—	(275)	275	275	(7.2)%	0.31
Non-GAAP	<u>\$ 3,820</u>	<u>\$ 1,125</u>	<u>\$ 2,695</u>	<u>\$ 2,545</u>	<u>29.5 %</u>	<u>\$ 2.87</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, Earnings 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, 2017.

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, 2017

(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	\$ 5,497	\$ 5,400	\$ (97)
Global Growth and Efficiency Program	(89)	(86)	3
Selling, general and administrative expenses, non-GAAP	<u>\$ 5,408</u>	<u>\$ 5,314</u>	<u>\$ (94)</u>
Selling, General and Administrative Expenses as a Percentage of Net Sales			
Selling, general and administrative expenses as a percentage of Net sales, GAAP	35.6 %	34.9%	-70 bps
Global Growth and Efficiency Program	(0.6)%	(0.5)%	+10 bps
Selling, general and administrative expenses as a percentage of Net sales, non-GAAP	<u>35.0 %</u>	<u>34.4%</u>	<u>-60 bps</u>
Other (Income) Expense, Net			
Other (income) expense, net, GAAP	\$ 194	\$ 173	\$ (21)
Global Growth and Efficiency Program	(169)	(152)	17
Other (income) expense, net, non-GAAP	<u>\$ 25</u>	<u>\$ 21</u>	<u>\$ (4)</u>
Operating Profit			
Operating profit, GAAP	\$ 3,589	\$ 3,707	\$ 118
Global Growth and Efficiency Program	333	313	(20)
Operating profit, non-GAAP	<u>\$ 3,922</u>	<u>\$ 4,020</u>	<u>\$ 98</u>
Operating Profit Margin			
Operating profit margin, GAAP	23.2 %	24.0%	+80 bps
Global Growth and Efficiency Program	2.2 %	2.0%	-20 bps
Operating profit margin, non-GAAP	<u>25.4 %</u>	<u>26.0%</u>	<u>+60 bps</u>

Note: The reclassification had no effect on Gross profit, Net income, Earnings 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.