

Colgate-Palmolive Company

Non-GAAP Reconciliations

For the Nine Months Ended September 30, 2020 and 2019

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

	2020	2019	
Gross Profit			
Gross profit, GAAP	\$ 7,374	\$ 6,911	
Acquisition-related costs	4	—	
Global Growth and Efficiency Program	—	9	
Gross profit, non-GAAP	<u>\$ 7,378</u>	<u>\$ 6,920</u>	
Gross Profit Margin			Basis Point Change
Gross profit margin, GAAP	60.7 %	59.2 %	150
Global Growth and Efficiency Program	— %	0.1 %	
Gross profit margin, non-GAAP	<u>60.7 %</u>	<u>59.3 %</u>	<u>140</u>
Selling, General and Administrative Expenses			
Selling, general and administrative expenses, GAAP	\$ 4,386	\$ 4,163	
Global Growth and Efficiency Program ⁽¹⁾	3	(42)	
Selling, general and administrative expenses, non-GAAP	<u>\$ 4,389</u>	<u>\$ 4,121</u>	
Selling, General and Administrative Expenses as a Percentage of Net Sales			Basis Point Change
Selling, general and administrative expenses as a percentage of Net sales, GAAP	36.1 %	35.6 %	50
Global Growth and Efficiency Program	— %	(0.3)%	
Selling, general and administrative expenses as a percentage of Net sales, non-GAAP	<u>36.1 %</u>	<u>35.3 %</u>	<u>80</u>
Other (Income) Expense, Net			
Other (income) expense, net, GAAP	\$ 72	\$ 125	
Global Growth and Efficiency Program ⁽¹⁾	13	(43)	
Acquisition-related costs	(2)	(18)	
Other (income) expense, net, non-GAAP	<u>\$ 83</u>	<u>\$ 64</u>	
Operating Profit			% Change
Operating profit, GAAP	\$ 2,916	\$ 2,623	11 %
Global Growth and Efficiency Program ⁽¹⁾	(16)	94	
Acquisition-related costs	6	18	
Operating profit, non-GAAP	<u>\$ 2,906</u>	<u>\$ 2,735</u>	<u>6 %</u>
Operating Profit Margin			Basis Point Change
Operating profit margin, GAAP	24.0 %	22.5 %	150
Global Growth and Efficiency Program ⁽¹⁾	(0.1)%	0.8 %	
Acquisition-related costs	— %	0.1 %	
Operating profit margin, non-GAAP	<u>23.9 %</u>	<u>23.4 %</u>	<u>50</u>
Non-Service Related Postretirement Costs			
Non-service related postretirement costs, GAAP	\$ 56	\$ 79	
Global Growth and Efficiency Program	—	(4)	
Non-service related postretirement costs, non-GAAP	<u>\$ 56</u>	<u>\$ 75</u>	

Table 9
Continued

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For the Nine Months Ended September 30, 2020 and 2019

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

	2020					
	Income Before Income Taxes	Provision For Income Taxes ⁽²⁾	Net Income Including Noncontrolling Interests	Net Income Attributable To Colgate-Palmolive Company	Effective Income Tax Rate ⁽³⁾	Diluted Earnings Per Share
As Reported GAAP	\$ 2,753	\$ 585	\$ 2,168	\$ 2,048	21.2 %	\$ 2.38
Global Growth and Efficiency Program ⁽¹⁾	(16)	(3)	(13)	(13)	— %	(0.02)
Subsidiary and operating structure initiatives	—	71	(71)	(71)	2.7 %	(0.08)
Acquisition-related costs	6	2	4	4	— %	0.01
Non-GAAP	<u>\$ 2,743</u>	<u>\$ 655</u>	<u>\$ 2,088</u>	<u>\$ 1,968</u>	<u>23.9 %</u>	<u>\$ 2.29</u>
	2019					
	Income Before Income Taxes	Provision For Income Taxes ⁽²⁾	Net Income Including Noncontrolling Interests	Net Income Attributable To Colgate-Palmolive Company	Effective Income Tax Rate ⁽³⁾	Diluted Earnings Per Share
As Reported GAAP	\$ 2,431	\$ 586	\$ 1,845	\$ 1,724	24.1 %	\$ 2.00
Global Growth and Efficiency Program	98	23	75	75	— %	0.09
U.S. tax reform	18	4	14	14	— %	0.01
Non-GAAP	<u>\$ 2,547</u>	<u>\$ 613</u>	<u>\$ 1,934</u>	<u>\$ 1,813</u>	<u>24.1 %</u>	<u>\$ 2.10</u>

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

Notes:

(1) During the nine months ended September 30, 2020, the Company adjusted the accrual balances related to certain projects approved prior to the conclusion of the Global Growth and Efficiency Program, which ended on December 31, 2019, resulting in a reduction of \$16 (\$13 aftertax). No new restructuring projects were approved for implementation during the nine months ended September 30, 2020.

(2) 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.

(3) 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.