

Colgate-Palmolive Company

Non-GAAP Reconciliations

For the Three Months Ended September 30, 2017 and 2016

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

	2017	2016	
Gross Profit			
Gross profit, GAAP	\$ 2,383	\$ 2,324	
Global Growth and Efficiency Program	16	11	
Gross profit, non-GAAP	<u>\$ 2,399</u>	<u>\$ 2,335</u>	
			Basis Point
Gross Profit Margin	2017	2016	Change
Gross profit margin, GAAP	60.0 %	60.1 %	(10)
Global Growth and Efficiency Program	0.4 %	0.3 %	
Gross profit margin, non-GAAP	<u>60.4 %</u>	<u>60.4 %</u>	<u>—</u>
Selling, General and Administrative Expenses	2017	2016	
Selling, general and administrative expenses, GAAP	\$ 1,429	\$ 1,322	
Global Growth and Efficiency Program	(22)	(9)	
Selling, general and administrative expenses, non-GAAP	<u>\$ 1,407</u>	<u>\$ 1,313</u>	
			Basis Point
Selling, General and Administrative Expenses as a Percentage of Net Sales	2017	2016	Change
Selling, general and administrative expenses as a percentage of Net sales, GAAP	36.0 %	34.2 %	180
Global Growth and Efficiency Program	(0.6)%	(0.2)%	
Selling, general and administrative expenses as a percentage of Net sales, non-GAAP	<u>35.4 %</u>	<u>34.0 %</u>	<u>140</u>
Other (Income) Expense, Net	2017	2016	
Other (income) expense, net, GAAP	\$ 27	\$ (69)	
Global Growth and Efficiency Program	(20)	(22)	
Gain on sale of land in Mexico	—	97	
Charge for a previously disclosed litigation matter	—	(6)	
Other (income) expense, net, non-GAAP	<u>\$ 7</u>	<u>\$ —</u>	
Operating Profit	2017	2016	% Change
Operating profit, GAAP	\$ 927	\$ 1,071	(13)%
Global Growth and Efficiency Program	58	42	
Gain on sale of land in Mexico	—	(97)	
Charge for a previously disclosed litigation matter	—	6	
Operating profit, non-GAAP	<u>\$ 985</u>	<u>\$ 1,022</u>	<u>(4)%</u>
Operating Profit Margin	2017	2016	Basis Point
Operating profit margin, GAAP	23.3 %	27.7 %	(440)
Global Growth and Efficiency Program	1.5 %	1.1 %	
Gain on sale of land in Mexico	— %	(2.5)%	
Charge for a previously disclosed litigation matter	— %	0.1 %	
Operating profit margin, non-GAAP	<u>24.8 %</u>	<u>26.4 %</u>	<u>(160)</u>

Table 8
Continued

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For the Three Months Ended September 30, 2017 and 2016

(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⁽³⁾
As Reported GAAP	\$ 900	\$ 250	\$ 650	\$ 607	27.8 %	\$ 0.68
Global Growth and Efficiency Program	58	19	39	39	0.3 %	0.05
Non-GAAP	<u>\$ 958</u>	<u>\$ 269</u>	<u>\$ 689</u>	<u>\$ 646</u>	<u>28.1 %</u>	<u>\$ 0.73</u>
	2016					
	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⁽³⁾
As Reported GAAP	\$ 1,046	\$ 300	\$ 746	\$ 702	28.7 %	\$ 0.78
Global Growth and Efficiency Program	42	10	32	32	(0.2)%	0.04
Gain on sale of land in Mexico	(97)	(34)	(63)	(63)	(0.6)%	(0.07)
Benefits from previously disclosed tax matters	—	22	(22)	(22)	2.2 %	(0.02)
Charge for a previously disclosed litigation matter	6	2	4	4	— %	—
Non-GAAP	<u>\$ 997</u>	<u>\$ 300</u>	<u>\$ 697</u>	<u>\$ 653</u>	<u>30.1 %</u>	<u>\$ 0.73</u>

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.

(3) The impact of non-GAAP adjustments on Diluted earnings per share may not necessarily equal the difference between GAAP and non-GAAP as a result of rounding.