

Colgate-Palmolive Company

Non-GAAP Reconciliations

For the Nine Months Ended September 30, 2019 and 2018

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

	2019	2018	
Gross Profit			
Gross profit, GAAP	\$ 6,911	\$ 6,978	
Global Growth and Efficiency Program	9	19	
Gross profit, non-GAAP	<u>\$ 6,920</u>	<u>\$ 6,997</u>	
			Basis Point
Gross Profit Margin	2019	2018	Change
Gross profit margin, GAAP	59.2 %	59.5 %	(30)
Global Growth and Efficiency Program	0.1 %	0.1 %	
Gross profit margin, non-GAAP	<u>59.3 %</u>	<u>59.6 %</u>	<u>(30)</u>
Selling, General and Administrative Expenses	2019	2018	
Selling, general and administrative expenses, GAAP	\$ 4,163	\$ 4,061	
Global Growth and Efficiency Program	(42)	(24)	
Selling, general and administrative expenses, non-GAAP	<u>\$ 4,121</u>	<u>\$ 4,037</u>	
			Basis Point
Selling, General and Administrative Expenses as a Percentage of Net Sales	2019	2018	Change
Selling, general and administrative expenses as a percentage of Net sales, GAAP	35.6 %	34.6 %	100
Global Growth and Efficiency Program	(0.3)%	(0.2)%	
Selling, general and administrative expenses as a percentage of Net sales, non-GAAP	<u>35.3 %</u>	<u>34.4 %</u>	<u>90</u>
Other (Income) Expense, Net	2019	2018	
Other (income) expense, net, GAAP	\$ 125	\$ 114	
Global Growth and Efficiency Program	(43)	(64)	
Acquisition costs	(18)	—	
Other (income) expense, net, non-GAAP	<u>\$ 64</u>	<u>\$ 50</u>	
Operating Profit	2019	2018	% Change
Operating profit, GAAP	\$ 2,623	\$ 2,803	(6)%
Global Growth and Efficiency Program	94	107	
Acquisition costs	18	—	
Operating profit, non-GAAP	<u>\$ 2,735</u>	<u>\$ 2,910</u>	<u>(6)%</u>
Operating Profit Margin	2019	2018	Basis Point Change
Operating profit margin, GAAP	22.5 %	23.9 %	(140)
Global Growth and Efficiency Program	0.8 %	0.9 %	
Acquisition costs	0.1 %	— %	
Operating profit margin, non-GAAP	<u>23.4 %</u>	<u>24.8 %</u>	<u>(140)</u>
Non-Service Related Postretirement Costs	2019	2018	
Non-service related postretirement costs, GAAP	\$ 79	\$ 65	
Global Growth and Efficiency Program	(4)	(8)	
Non-service related postretirement costs, non-GAAP	<u>\$ 75</u>	<u>\$ 57</u>	

Table 9
Continued

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

2019							
	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	\$ 2,431	\$ 586	\$ 1,845	\$ 1,724	24.1 %	\$ 2.00	
Global Growth and Efficiency Program	98	23	75	75	— %	0.09	
Acquisition costs	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>	
2018							
	Income Before Income Taxes	Provision For Income Taxes⁽¹⁾	Net Income Including Noncontrolling Interests	Less: Income Attributable To Noncontrolling Interests	Net Income Attributable To Colgate- Palmolive Company	Effective Income Tax Rate⁽²⁾	Diluted Earnings Per Share
As Reported GAAP	\$ 2,632	\$ 717	\$ 1,915	\$ 121	\$ 1,794	27.2 %	\$ 2.05
Global Growth and Efficiency Program	115	25	90	(3)	93	(0.2)%	0.11
Benefit from a foreign tax matter	—	15	(15)	—	(15)	0.5 %	(0.02)
U.S. tax reform	—	(80)	80	—	80	(2.9)%	0.09
Non-GAAP	<u>\$ 2,747</u>	<u>\$ 677</u>	<u>\$ 2,070</u>	<u>\$ 118</u>	<u>\$ 1,952</u>	<u>24.6 %</u>	<u>\$ 2.23</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) 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.