

Table 9

Colgate-Palmolive Company

Non-GAAP Reconciliations

For the Twelve Months Ended December 31, 2019 and 2018

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

	2019	2018	
Gross Profit			
Gross profit, GAAP	\$ 9,325	\$ 9,231	
Global Growth and Efficiency Program	8	31	
Acquisition-related costs	3	—	
Gross profit, non-GAAP	<u>\$ 9,336</u>	<u>\$ 9,262</u>	
			Basis Point
Gross Profit Margin	2019	2018	Change
Gross profit margin, GAAP	59.4 %	59.4 %	—
Global Growth and Efficiency Program	0.1 %	0.2 %	
Acquisition-related costs	— %	— %	
Gross profit margin, non-GAAP	<u>59.5 %</u>	<u>59.6 %</u>	<u>(10)</u>
Selling, General and Administrative Expenses	2019	2018	
Selling, general and administrative expenses, GAAP	\$ 5,575	\$ 5,389	
Global Growth and Efficiency Program	(60)	(33)	
Selling, general and administrative expenses, non-GAAP	<u>\$ 5,515</u>	<u>\$ 5,356</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	35.5 %	34.7 %	80
Global Growth and Efficiency Program	(0.4)%	(0.2)%	
Selling, general and administrative expenses as a percentage of Net sales, non-GAAP	<u>35.1 %</u>	<u>34.5 %</u>	<u>60</u>
Other (Income) Expense, Net	2019	2018	
Other (income) expense, net, GAAP	\$ 196	\$ 148	
Global Growth and Efficiency Program	(57)	(88)	
Acquisition-related costs	(21)	—	
Value-added tax matter in Brazil	30	—	
Other (income) expense, net, non-GAAP	<u>\$ 148</u>	<u>\$ 60</u>	
Operating Profit	2019	2018	% Change
Operating profit, GAAP	\$ 3,554	\$ 3,694	(4)%
Global Growth and Efficiency Program	125	152	
Acquisition-related costs	24	—	
Value-added tax matter in Brazil	(30)	—	
Operating profit, non-GAAP	<u>\$ 3,673</u>	<u>\$ 3,846</u>	<u>(4)%</u>
Operating Profit Margin	2019	2018	Basis Point
Operating profit margin, GAAP	22.6 %	23.8 %	(120)
Global Growth and Efficiency Program	0.8 %	0.9 %	
Acquisition-related costs	0.2 %	— %	
Value-added tax matter in Brazil	(0.2)%	— %	
Operating profit margin, non-GAAP	<u>23.4 %</u>	<u>24.7 %</u>	<u>(130)</u>
Non-Service Related Postretirement Costs	2019	2018	
Non-service related postretirement costs, GAAP	\$ 108	\$ 87	
Global Growth and Efficiency Program	(7)	(9)	
Non-service related postretirement costs, non-GAAP	<u>\$ 101</u>	<u>\$ 78</u>	

Colgate-Palmolive Company

Non-GAAP Reconciliations

For the Twelve Months Ended December 31, 2019 and 2018

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

	2019					
	Income Before Income Taxes	Provision For Income Taxes ⁽¹⁾	Net Income Including Non- controlling Interests	Net Income Attributable To Colgate- Palmolive Company	Effective Income Tax Rate ⁽²⁾	Diluted Earnings Per Share
As Reported GAAP	\$ 3,301	\$ 774	\$ 2,527	\$ 2,367	23.4 %	\$ 2.75
Global Growth and Efficiency Program	132	30	102	102	— %	0.12
Acquisition-related costs	24	4	20	20	— %	0.02
Value-added tax matter in Brazil	(30)	(10)	(20)	(20)	(0.1)%	(0.02)
Swiss income tax reform	—	29	(29)	(29)	0.8 %	(0.04)
Non-GAAP	<u>\$ 3,427</u>	<u>\$ 827</u>	<u>\$ 2,600</u>	<u>\$ 2,440</u>	<u>24.1 %</u>	<u>\$ 2.83</u>

	2018						
	Income Before Income Taxes	Provision For Income Taxes ⁽¹⁾	Net Income Including Non- controlling 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	\$ 3,464	\$ 906	\$ 2,558	\$ 158	\$ 2,400	26.2 %	\$ 2.75
Global Growth and Efficiency Program	161	37	124	(1)	125	(0.1)%	0.15
Benefit from a foreign tax matter	—	15	(15)	—	(15)	0.4 %	(0.02)
U.S. tax reform	—	(80)	80	—	80	(2.3)%	0.09
Non-GAAP	<u>\$ 3,625</u>	<u>\$ 878</u>	<u>\$ 2,747</u>	<u>\$ 157</u>	<u>\$ 2,590</u>	<u>24.2 %</u>	<u>\$ 2.97</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.