

## **Colgate Announces Record Results -- 4th Quarter Net Income Up 14% -- Unit Volume Up 6% -- 20 Million Share Repurchase Program Announced**

**New York, New York, February 2, 1998 ...** - Colgate-Palmolive Company (NYSE:CL) achieved new records in sales and net income for both the fourth quarter and year ended December 31, 1997. The results include sharply higher volume, double-digit profit increases and record cash generation. Consistent with Colgate's long-standing objective of building and delivering increased shareholder value, the Company also announced a new 20 million share stock buyback program.

Unit volume increased 6 percent in the fourth quarter, and every division worldwide achieved solid growth. Gross profit margin continued to improve and overhead expense was reduced, providing extra funds to sharply increase advertising as well as net income. Net income rose 14 percent to \$206.4 million. Basic earnings per share were \$.68 or a 13 percent increase vs. \$.60 in the fourth quarter of 1996. Sales from continuing businesses were up 2 percent to \$2.3 billion and would have risen 8 percent if not for foreign currency weakness, primarily in Asia and Europe.

For the year, Colgate's unit volume rose 7 percent, all internally generated, with healthy increases in every division. Net income increased 17 percent to \$740.4 million. Basic earnings per share, also up 17 percent, were \$2.44 vs. \$2.09. Worldwide sales increased 4 percent to \$9.1 billion and would have risen 8 percent without foreign currency translation.

Reuben Mark, Colgate Chairman and CEO, said: "We are very pleased with the strong growth in worldwide volume and profitability. The momentum in our global consumer brands is substantial, fueled by sharp increases in advertising and new product launches. Almost a third of our sales are now from new products introduced in the past five years.

"Manufacturing efficiencies, supply chain savings and SAP implementation resulted in gross profit margin increasing 160 basis points for the full year, and 140 points for the fourth quarter of 1997 vs. 1996. Cash generation set a new record and rose 20 percent for full-year 1997, to \$1.1 billion."

### **Share Repurchase Program**

Mr. Mark also announced that consistent with all other efforts to build value for Colgate shareholders and reflecting confidence in the Company's future prospects, the Board of Directors today authorized a new share repurchase program. The Company plans to purchase up to 20 million common shares over the next three years. The shares may be purchased in open-market or privately negotiated transactions. As of January 31, 1998, the Company has approximately 296 million shares outstanding.

Mr. Mark said: "Share repurchases, in conjunction with strong growth in sales and per share earnings, have historically been an excellent investment for Colgate shareholders. Since 1985, Colgate has repurchased 120 million shares at an average price of \$17, as compared to today's price in excess of \$70 per share. We believe that this new program represents further opportunity to contribute to shareholder value and reflects our confidence in the future."

Following are comments about divisional results:

### **Colgate-North America (22 percent of Company sales)**

Sales increased 9 percent on 10 percent unit volume growth in the fourth quarter. Strong new product sales included the successful launch of Colgate Total, which is the first toothpaste cleared by the FDA for its ability to help prevent gingivitis, plaque and cavities. For the year, North American sales and unit volume each increased 7 percent.

It was Colgate's third consecutive year of strong and profitable growth in North America. Colgate-U.S. introduced 12 new products and gained significant national market share in the key categories of toothpaste, dishwashing liquid, deodorants/antiperspirants and bar & liquid soap. In the fourth quarter, concurrent with the launch of Colgate Total, the Company gained U.S. market leadership in toothpaste, as measured by AC Nielsen national value shares, for the first time since 1962.

Among the many other new products fueling growth are Colgate tartar control whitening toothpaste, Colgate whitening with baking soda & peroxide toothpaste, Palmolive for pots & pans dishwashing liquid, Speed Stick Ultimate antiperspirant with odor protection, and Softsoap bodywash with vitamin E.

### **Colgate-Latin America (26 percent of Company sales)**

Sales and unit volume each increased 7 percent in the fourth quarter. Widespread growth throughout Colgate's largest division included sizable gains in Mexico, Colombia, Venezuela and Central America. For the year, sales increased 11 percent on 10 percent unit volume growth.

Colgate supported its important Latin American business with record levels of new product introductions and advertising. New Colgate Double Cool Stripe toothpaste, Colgate baking soda & peroxide and Colgate Sensation whitening helped produce

strong growth in oral care. Personal care sales also expanded significantly, fueled by the introductions of Protex Fresh soap, Lady Speed Stick Invisible Dry antiperspirant and new hair care styling products under the Palmolive Optims and Caprice brand names. New formulas of fabric softener and all-purpose cleaner contributed to growth as well.

#### **Colgate-Europe (22 percent of Company sales)**

Innovative new products are driving Colgate's growth in Europe. Unit volume grew almost 5 percent in the fourth quarter, with large increases in Germany, Italy, the United Kingdom, the Nordic Group and Poland. It was the eighth consecutive quarter of positive volume growth in Europe. Sales declined 5 percent, but would have risen 6 percent if not for currency translation. For the year, unit volume increased 5 percent; sales declined 5 percent but would have been up 5 percent if not for currency.

Colgate-Europe increased market shares for over half of the categories in which it competes in 1997. For example, the success of new Colgate Sensation whitening and Acticlean together with continued gains for Colgate Total strengthened the Company's toothpaste market leadership across Europe. New Ajax Fête des Fleurs with long-lasting fragrance and Ajax Expel cleaner with insect repellent are building Colgate's leadership in cleaners. Palmolive shower gel, the Colgate Sensation toothbrush and Palmolive antibacterial dishwashing liquid also contributed to growth.

Colgate is coming on line with a pan-European integrated computer system as part of the worldwide SAP implementation, which further increases profitability, cash generation and customer responsiveness.

#### **Colgate-Asia/Africa (19 percent of Company sales)**

Unit volume from continuing businesses increased 5 percent in the fourth quarter, paced by China, Hong Kong, and Australia. Sales declined 9 percent, primarily reflecting currency translation in the ASEAN countries. Of the ASEAN countries undergoing economic problems, Colgate competes only in Malaysia, Philippines and Thailand, where combined volume declined by 3 percent in the quarter. These three countries represent less than 4 percent of total Company sales and earnings. Colgate's Asia/Africa volume excluding these ASEAN countries increased a strong 9 percent. For the full year, unit volume in the division rose 5 percent on flat dollar sales. Sales would have risen 6 percent had currency rates been stable.

Colgate continues to build its business in Asia. 1997 toothpaste unit volume rose 9 percent, boosted by the success of new Colgate Fresh Stripe gel, Colgate Sensation whitening and the introduction of a popular priced toothpaste in China. New offerings also helped Colgate gain incremental business in the fabric softener, all-purpose cleaner and dishwashing paste categories.

#### **Hill's Pet Nutrition (11 percent of Company sales)**

The global leader in specialty pet food, Hill's increased sales 5 percent in the fourth quarter on 4 percent higher unit volume. Growth was led by Japan, where Hill's has introduced 11 new products and begun successful television advertising, and Europe, where new manufacturing capacity is enabling Hill's to meet growing demand. Recently introduced Science Diet savory recipes Feline Maintenance contributed to good growth in the U.S.

Hill's sales increased 11 percent on 9 percent volume growth for the full year, and gross profit margin expanded. Hill's now sells its nutritional pet foods in 68 countries.

Colgate-Palmolive is a leading global consumer products company tightly focused on Oral Care, Personal Care, Household Care, Fabric Care and Pet Nutrition. Colgate sells its quality products in 212 countries and territories under such internationally recognized brand names as Colgate, Palmolive, Mennen, Kolynos, Ajax, Soupline, Suavitel and Fab, as well as Hill's Science Diet and Hill's Prescription Diet pet foods.

(Table Attached)

Colgate-Palmolive Company Summary of Consolidated Results  
Three Months and Years Ended December 31, 1997 and 1996  
(Dollars in Millions Except Per Share Amounts)

	Fourth Quarter	Fourth Quarter	Years	Years
	1997	1996	1997	1996
Net Sales	\$2,311.5	\$2,297.4	\$9,056.7	\$8,749.0
Cost of Sales	1,131.7	1,158.6	4,461.5	4,451.1
Gross Profit	1,179.8	1,138.8	4,595.2	4,297.9
Selling, General and Administrative Expenses	848.1	832.5	3,309.4	3,145.9
Earnings Before Interest and Taxes	331.7	306.3	1,285.8	1,152.0
Net Interest Expense	44.2	46.8	183.5	197.4
Income Before Income Taxes	287.5	259.5	1,102.3	954.6
Provision for Income Taxes	81.1	77.8	361.9	319.6
Net Income	206.4	181.7	740.4	635.0
Preferred Dividends, Net of Tax	5.3	5.3	21.1	21.4
Basic Earnings Per Common Share	\$ .68	\$ .60	\$ 2.44	\$ 2.09
Average Common Shares Outstanding (in millions)	295.7	94.2	295.3	293.3

Diluted earnings per common share were \$.63 vs. \$.56 in the fourth quarter and \$2.27 vs. \$1.96 in the full year. Average common shares used in the diluted computation were 325.6 vs. 323.1 for the fourth quarter and 325.1 vs. 321.7 in the full year.