

# Barclays Consumer Staples Conference

September 4, 2019

September 2019

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Our presentation and the related webcast contain non-GAAP financial measures, which differ from our reported results prepared in accordance with U.S. generally accepted accounting principles (GAAP). These non-GAAP financial measures of operating results, such as gross profit margin and operating profit, exclude items that, either by their nature or amount, management would not expect to occur as part of the Company's normal business on a regular basis, such as restructuring charges, charges for certain litigation and tax matters, gains and losses from certain divestitures and certain unusual, non-recurring items. We may also refer to organic sales growth, which is Net sales growth excluding, as applicable, the impact of foreign exchange, acquisitions and divestments, or to free cash flow before dividends, which we define as Net cash provided by operations less Capital expenditures. A complete, quantitative reconciliation between our reported results and these non-GAAP financial measures is available in the "Investor Center" section of our website at <https://www.colgatepalmolive.com>.

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*Today*

*Our Focused Strategy*

# Oral Care



# Pet Nutrition



# Personal Care



# Home Care

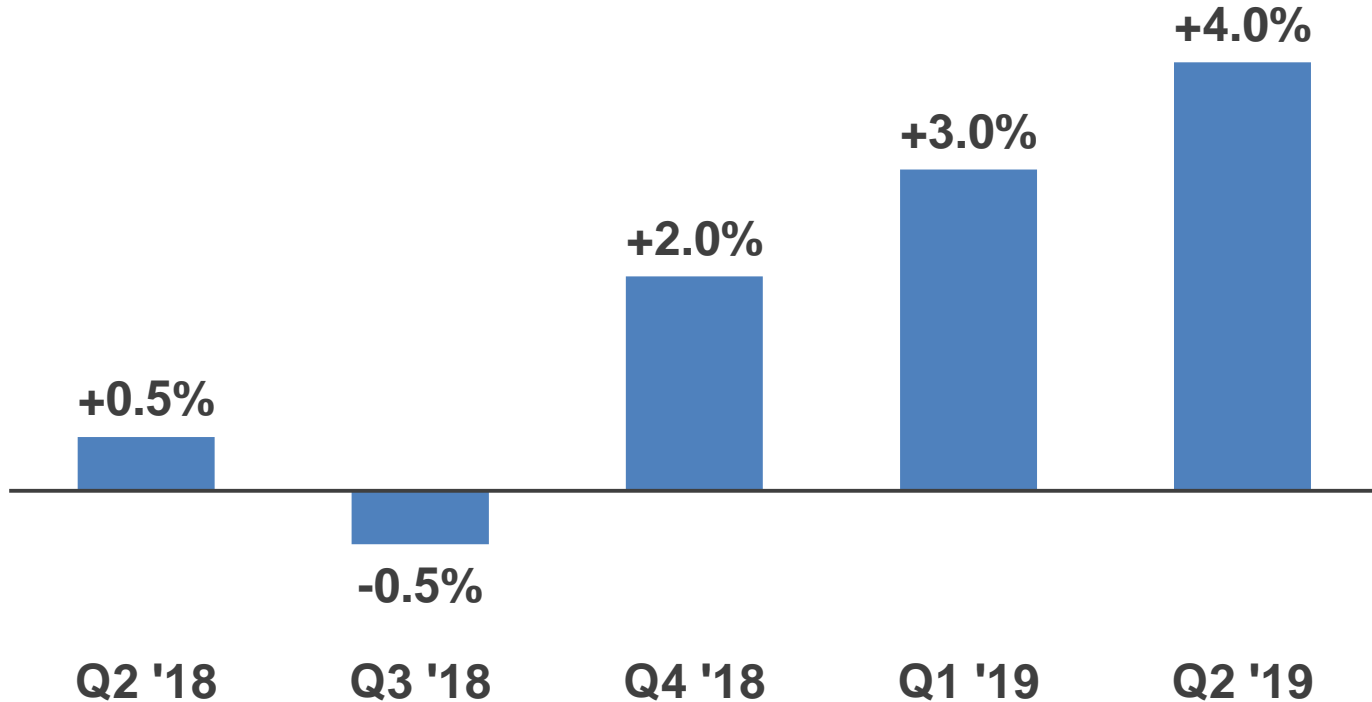


# *The Market Environment*

2019

*Building organic sales growth momentum*

# *Organic Sales Growth*



# *Organic Sales Growth*

- Broad-based improvement across geographies and categories over the past few quarters
- Growth in developed and emerging markets
- Delivering pricing and volume growth

# *Our Priorities*

- Driving Organic Sales Growth
- Maximizing Productivity Across the P&L
- Effective Deployment of Cash Flow
- Leading to Win



# *Our Priorities*

- Driving Organic Sales Growth
- Maximizing Productivity Across the P&L
- Effective Deployment of Cash Flow
- Leading to Win

# *Five Key Focus Areas*

- Accelerating growth through core innovation and improved brand building
- Innovating to gain share in high growth segments and adjacencies
- Expanding in new channels and markets
- Maximizing growth online
- Investing to drive penetration in growing populations

# *Five Key Focus Areas*

- Accelerating growth through core innovation and improved brand building
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- Investing to drive penetration in growing populations

# *Driving Our Core Businesses to Accelerate Growth*

- Advancing our core toothpaste portfolio
- Relaunching our Science Diet portfolio

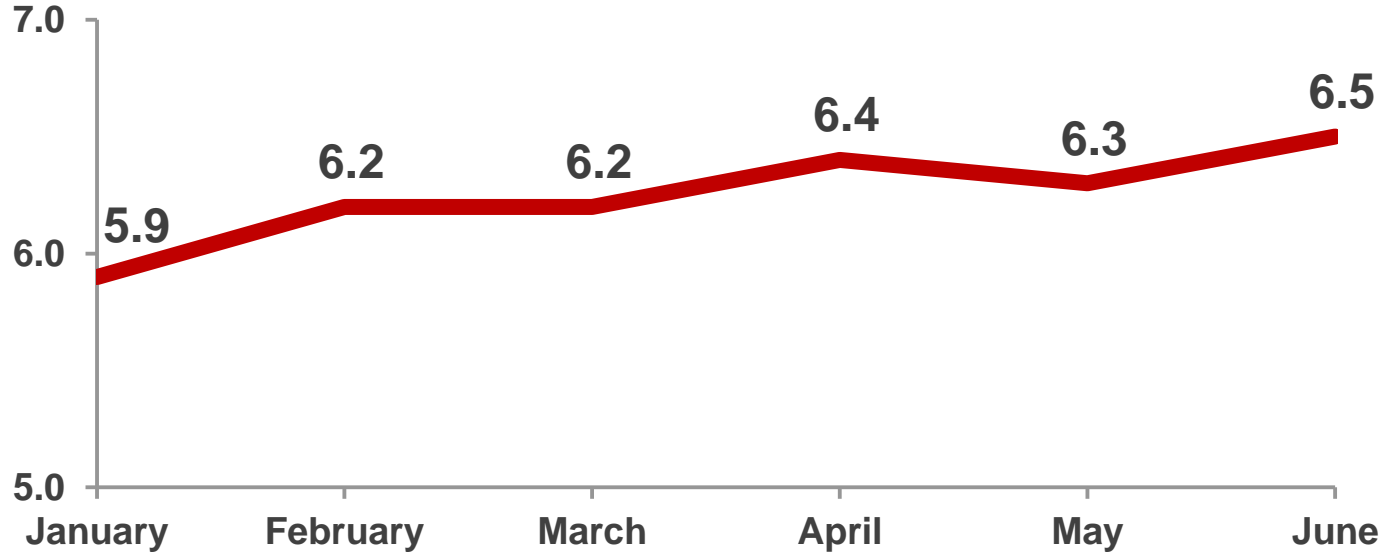
# Colgate Total Relaunch



# *Colgate Total Relaunch*

- Relunched in over 100 countries
- Helping to drive organic sales growth in 2019 YTD
- Colgate Total worldwide pricing growth of 10% in Q2 '19
- Improving global market share

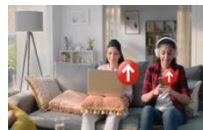
# Colgate Total Worldwide Market Share



**Europe**



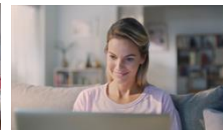
**North America**



**Asia**



**Latin America**



**South  
Pacific**



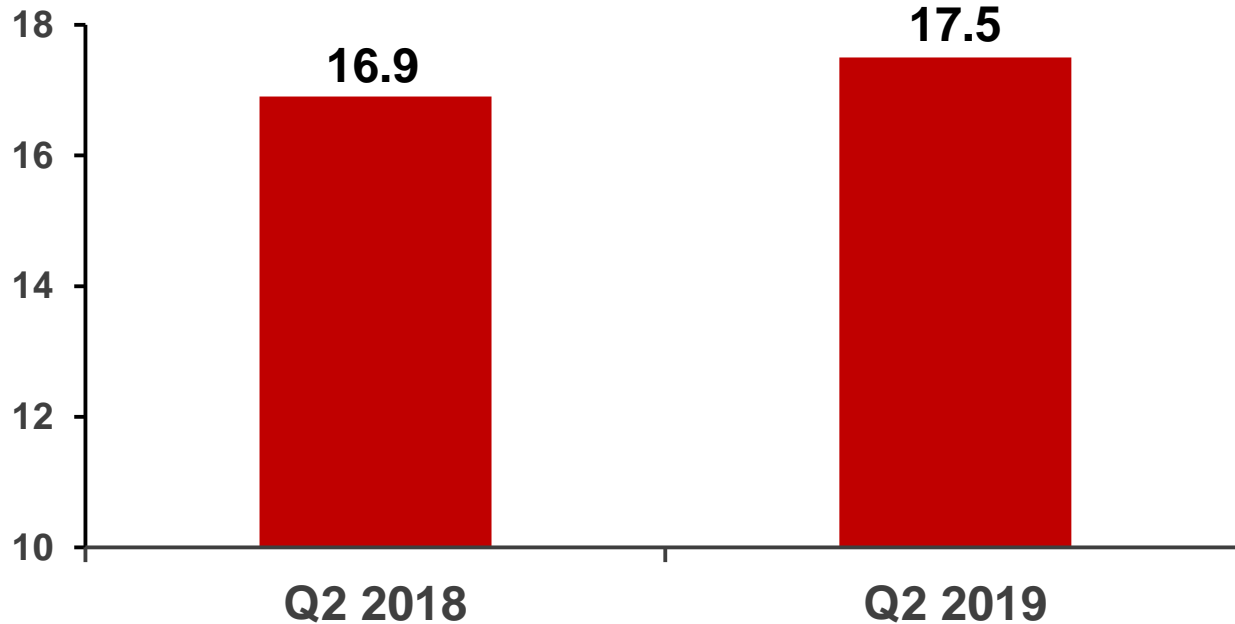
**Africa/Eurasia**

**Go-live:**

# Brazil Market Share



## Colgate Total Toothpaste

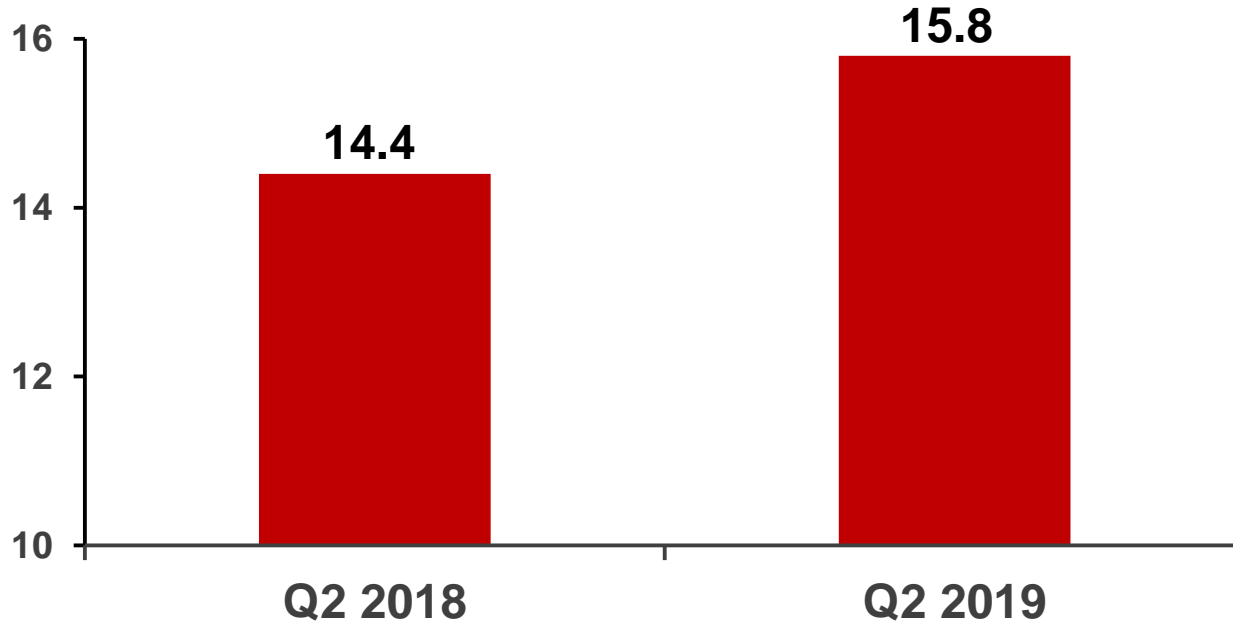




# Mexico Market Share



## Colgate Total Toothpaste



# *Driving Our Core Businesses to Accelerate Growth*

- Advancing our core toothpaste portfolio

- Relaunching our Science Diet portfolio

# *Hill's Science Diet*

- Almost half of Hill's business globally
- Available in over 80 countries
- #1 recommended by U.S. veterinarians

# *Hill's Science Diet Relaunch*

- Enhanced ingredient profile, taste and kibble size
- Improve pricing in all markets
- Optimize pack sizes with focus on eCommerce packaging
- Improve portfolio mix with emphasis on Small Paws and Specialty segments
- Elevate brand purpose to emphasize brand identity

# *Elevated Brand Purpose*

- Make science more relatable

A close-up photograph of a dog, possibly a pit bull mix, sitting at a wooden table. The dog is wearing a blue harness and is eating from a white rectangular bowl filled with brown kibble. The background is slightly blurred, showing a wooden floor and a white wall.

**SCIENCE IS  
AT THE HEART OF  
BIOLOGY-BASED  
NUTRITION**

# *Elevated Brand Purpose*

- Make science more relatable
- Share our commitment to shelter animals

# *Elevated Brand Purpose*

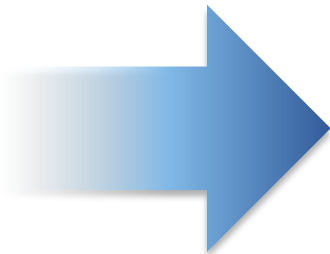
- Make science more relatable
- Share our commitment to shelter animals
- **Bring our purpose to life on our packaging**



# The Old Science Diet



# The New Science Diet



# Back Panel Messaging



## “Goodness Box”



### U.S. VETERINARIANS' #1 RECOMMENDED

Veterinarios de EE. UU. #1 marca recomendada  
 Vétérinaires Américains #1 marque recommandée



PROUD TO HAVE HELPED  
**9 MILLION SHELTER PETS**  
 FIND A FOREVER HOME & COUNTING

Fier de soutenir 9 millions d'animaux domestiques trouver une maison pour toujours et compter  
 Orgullosos de apoyar a 9 millones de mascotas refugio encontrar un hogar para siempre y contar

### CHICKEN ingredient #1

Ingrediente de pollo #1  
 Poutet #1 ingrédient

### NATURAL ingredients

Ingredientes naturales  
 Ingrédients naturels

### NO chicken by-product meal

SIN harina de subproducto de pollo  
 AUCUN repas de sous-produits de poulet

### CLINICALLY PROVEN antioxidants, Vitamin C+E, for a healthy immune system

Antioxidantes clínicamente probados para un sistema inmunológico saludable  
 Antioxydants cliniquement prouvés pour un système immunitaire sain

# Roll-out

Launched in North America  
in First Half 2019

Global roll-out:

Europe

Q4 2019

Rest of World

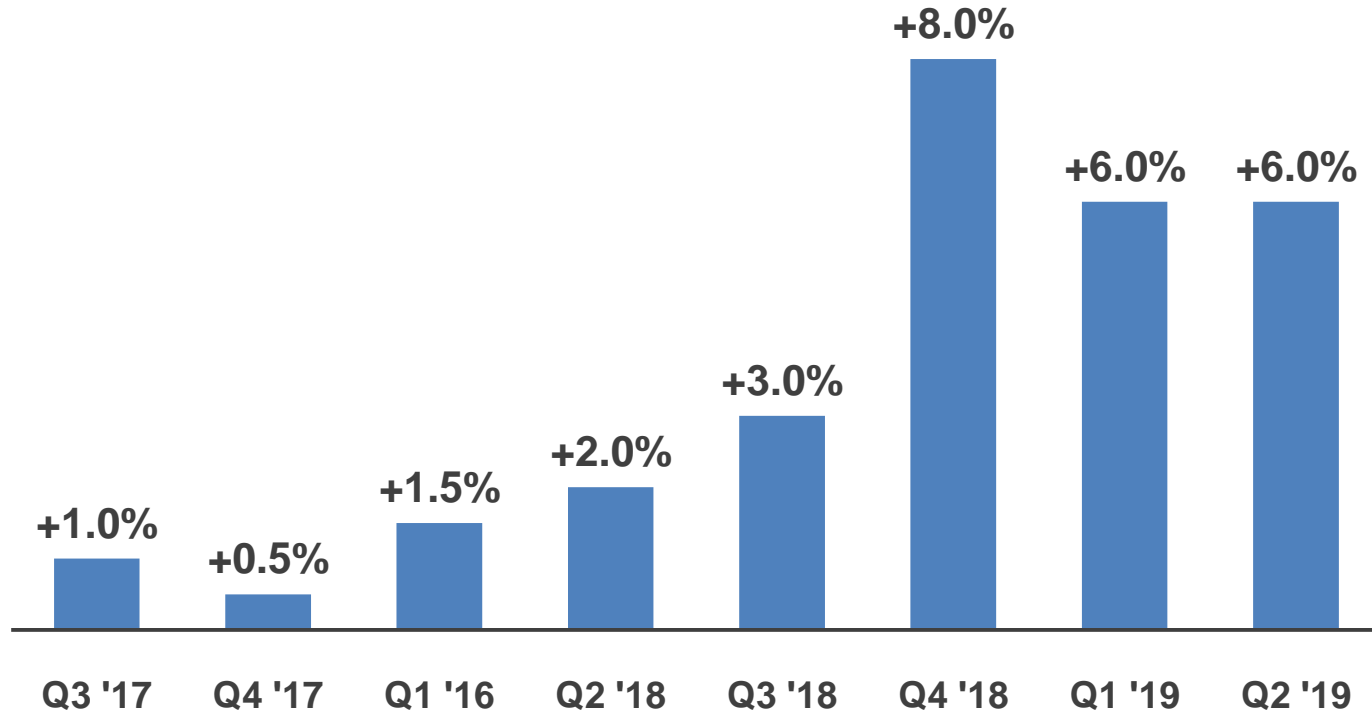
2020



# *Transforming a Core Brand*

- Invest to drive growth behind brand purpose
- Improve product offering to drive premiumization
- Expand offerings to appeal to more pet parents

# *Driving Organic Sales Growth – Hill's*



# *Five Key Focus Areas*

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# *Naturals Toothpaste Segment*

- Fastest growing benefit segment – 3X category growth
- 10.6% of category value globally – now larger than Freshness segment
- Colgate growing share within segment



# *Colgate Share of Naturals Toothpaste Segment*

2018 YTD

**22.7**

2019 YTD

**23.6**

# Premium Naturals: Oral Care



*In over 75 markets*

# North America

Strong digital media support

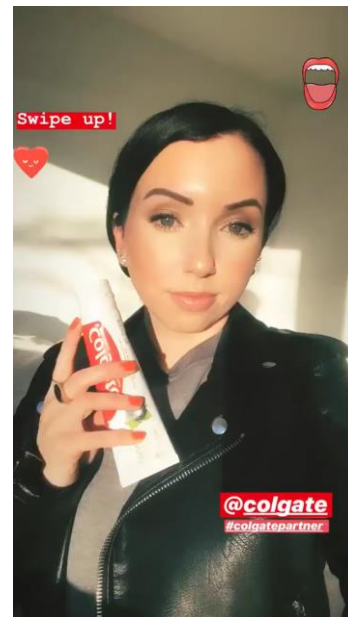


CH  
AR  
CO  
AL

Colgate

Engagement through influencers

7.3MM impressions



# Latin America

Launched in  
August



# Panjaved – Thailand



# Premium Naturals: Personal Care



## Palmolive Pure & Delight

# Premium Naturals: Personal Care



**Sanex  
Natur Protect  
Bamboo Powder**

# *Five Key Focus Areas*

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# elmex/meridol Expansion



# *elmex/meridol Expansion – 2018/2019*



# *meridol Launch in Turkey*

- Driving dental recommendation through gum health benefits
- Sold exclusively in pharmacies
- Regimen approach to drive category value
- Premium positioning



# *Turkey Market Shares*

	<u>2018 YTD</u>	<u>2019 YTD</u>
<b>Toothpaste</b>	<b>28.4</b>	<b>33.7</b>
<b>Toothbrush</b>	<b>25.1</b>	<b>27.7</b>

# PCA Skin / EltaMD



# Filorga



# *Filorga*

- Highly premium and profitable business
- Will build on our high-growth Skin Care portfolio
- Will provide exposure to high-growth markets and channels, like pharmacies
- Estimated to close in Q3 2019

# *Five Key Focus Areas*

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# Direct-to-Consumer: New Colgate Magik



1st manual toothbrush to use augmented reality to teach kids better brushing

# MAGIK™

The new augmented reality brushing experience  
from Colgate Connect™

PLAY VIDEO



# *Five Key Focus Areas*

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# *Bright Smiles, Bright Futures*

- Worldwide Community Health Initiative
- Provides children worldwide with free dental screenings and oral health education



# Reach

- One billion kids to date
- Goal: 1.3 billion kids by 2020





# *Five Key Focus Areas*

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# *Our Priorities*

- Driving Organic Sales Growth

- Maximizing Productivity Across the P&L

- Effective Deployment of Cash Flow

- Leading to Win



# *Maximizing Productivity Across the P&L*

- Global Growth and Efficiency Program

# ***Global Growth and Efficiency Program***

- Savings are projected to be in the range of \$550–575MM after-tax, once all projects are approved and implemented
- Rate of return greater than 30%
- Payback averaging 3–4 years

# *Maximizing Productivity Across the P&L*

- Global Growth and Efficiency Program
- Funding the Growth

# *Funding the Growth Overview*

- Key component of Colgate's financial strategy
- Sustained global process with systematic tracking of savings initiatives
- Deeply ingrained way of working that gives Colgate a competitive advantage
- Generates funds to reinvest in the business for growth

# *Digital Printing in India*

- Indian law requires that the Maximum Retail Price be visible on Toothbrush packaging
- Pricing changes had a 6-8 week lead time to update artwork and get inventory through supplier
- Digital printing technology has reduced lead time to 24 hours



# Faster Changes at Point of Sale



Laser printed



# *Funding the Growth and Speed to Market*

- Colgate is first to market with this technology
- Provides cost savings
- Lowers inventory
- Allows us to change prices much more quickly during volatile times



# *Maximizing Productivity Across the P&L*

- Global Growth and Efficiency Program
- Funding the Growth
- Working differently



# *Working Differently*

- Changing how we work to drive growth

# *SAP Transformation to Drive Agility*

## **Today: Five SAP Systems**



**Multiple touchpoints**

# ***SAP: Upgrade to S/4HANA***

## ***Tomorrow: One Global System***

Hill's

North  
America  
&  
Corporate

Latin  
America

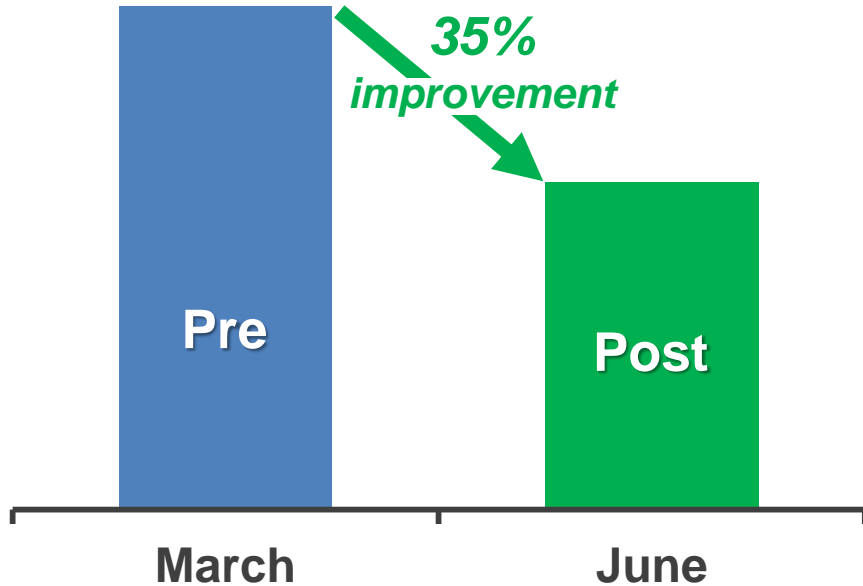
Europe  
&  
Africa/  
Eurasia

Asia  
Pacific

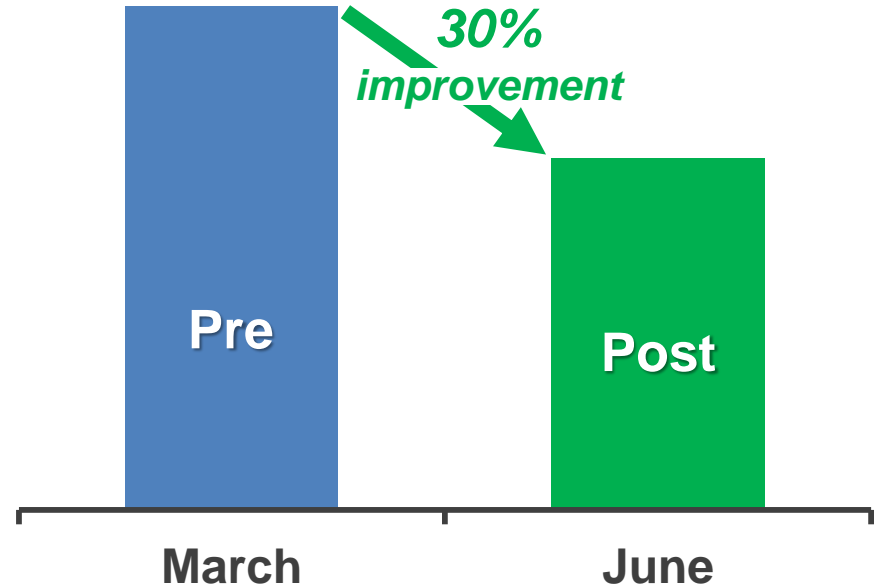
- Drive simplification, efficiency and standardization
- Increased speed, transparency and agility

# Improving System Performance With S/4HANA

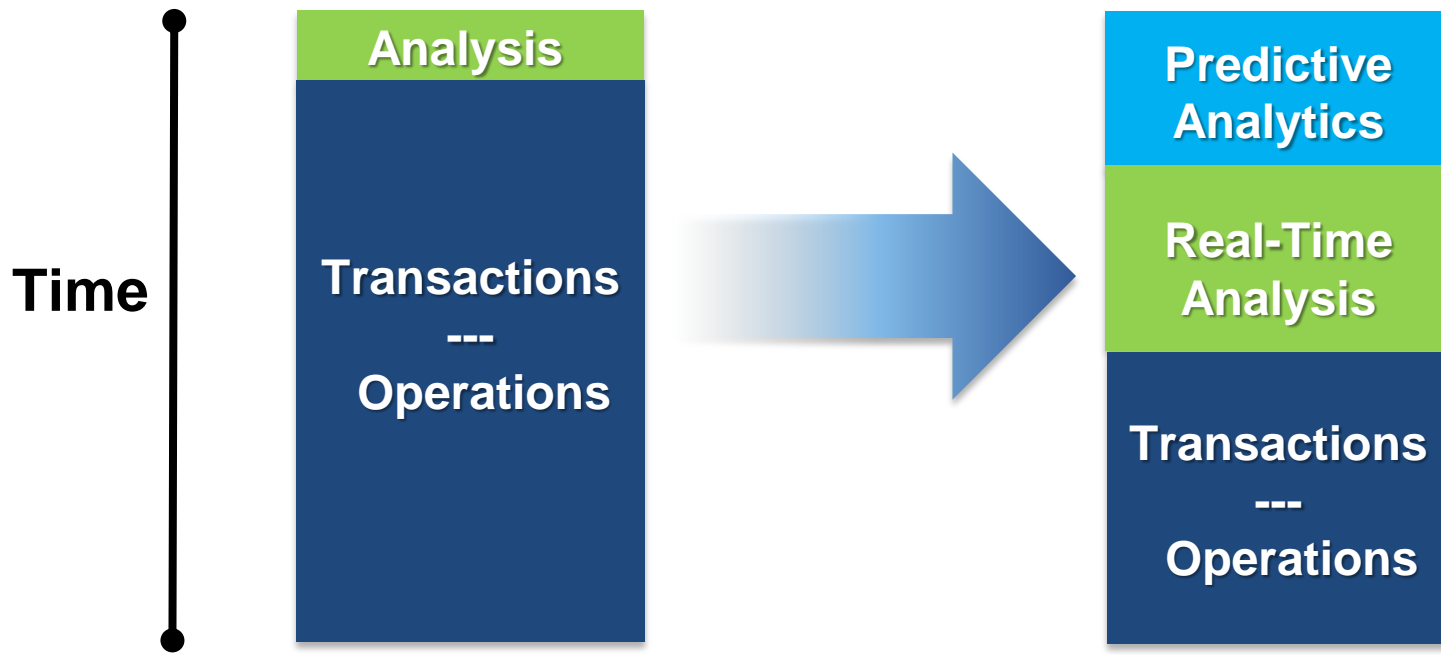
## Background Jobs Response Time



## User Wait Time



# *Work Shifts to Analytics for Growth*



# *Working Differently*

- Changing how we work to drive growth
- Changing the way we innovate

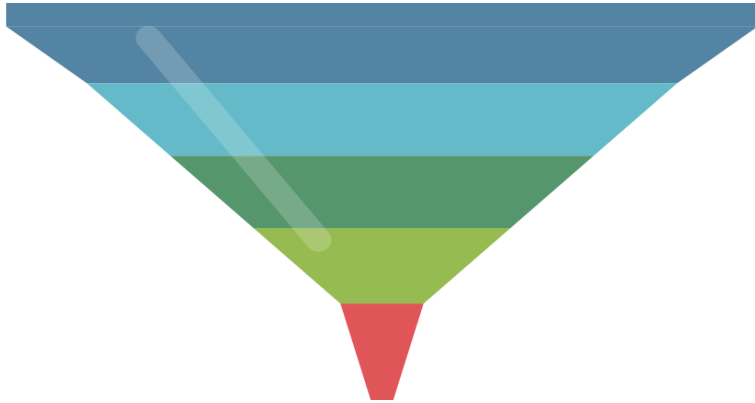
# ***New Reality Demands Innovation Reset***

- Faster
- Visual
- Authentic and culturally relevant
- Iterative (working prototypes)

# *Innovation Reimagined*

## BEFORE

Standard five-stage  
innovation funnel



## AFTER

Agile, people-centric,  
iterative model





# *Faster New Product Development*



>18  
months



6–12  
months

# *Changing the Way We Innovate*



# *Sanxiao Toothbrush Innovation*

- Reinvented the brand to better connect with Chinese consumers



# Consumer Communication



Before



After

# *Sanxiao Toothbrush Innovation*

- Reinvented the brand to better connect with Chinese consumers
- New products and packaging, using novel materials and processes



# New Product Designs



# *Sanxiao Toothbrush Innovation*

- Reinvented the brand to better connect with Chinese consumers
- New products and packaging, using novel materials and processes
- Developed in less than six weeks at lower cost



# *Agile Process*

- Passionate cross-functional team
- Committed external partners
- Empowered decision making





# *Our Priorities*

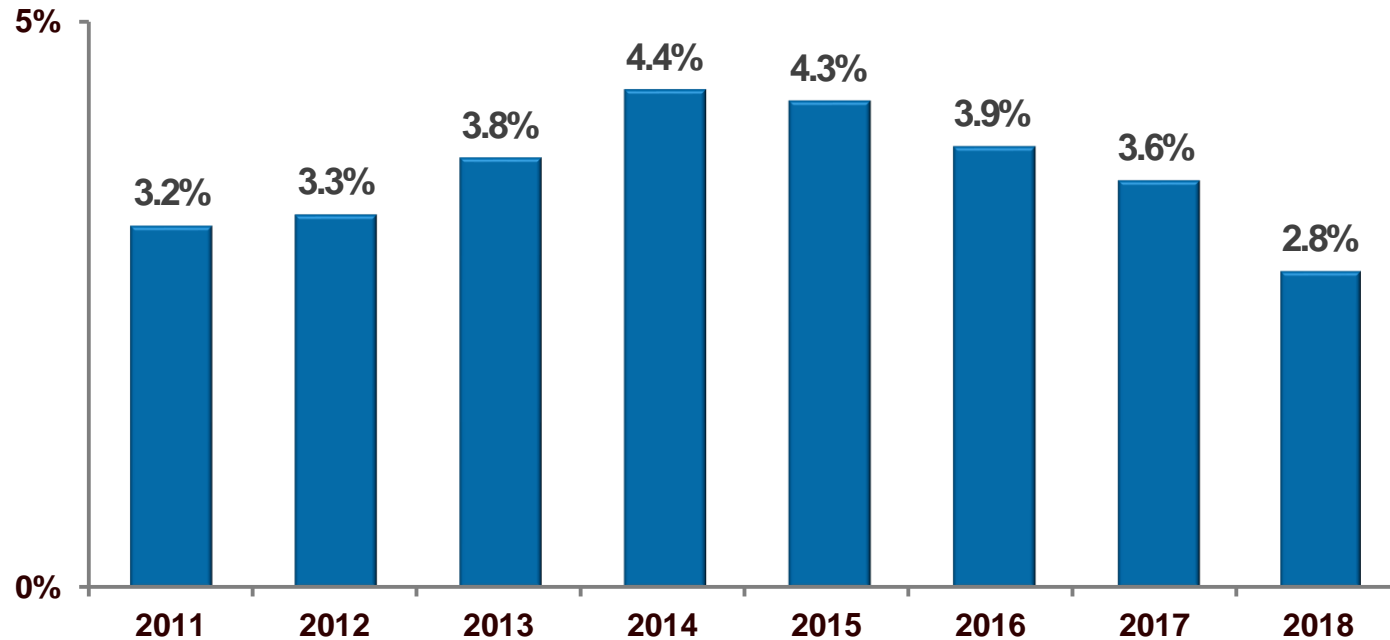
- Driving Organic Sales Growth
- Maximizing Productivity Across the P&L
- Effective Deployment of Cash Flow
- Leading to Win

# *Effective Deployment of Cash Flow*

- Capital expenditure for growth and savings

# Capital Expenditures

## % to Sales



# *Hill's – Pet Nutrition Center Expansion*



# *Strengthen Focus on “Small Paws”*

- Small and mini dogs are a faster-growing demographic
- Have distinctive nutritional needs
- Estimate that 50% of small dogs are not eating optimal food\*
- Capturing our fair share of Small Paws market is a significant incremental opportunity

# *Effective Deployment of Cash Flow*

- Capital expenditure for growth and savings
- Acquisitions
  - GABA (2004)
  - Tom's of Maine (2006)
  - Sanex (2011)
  - PCA Skin (2018)
  - EltaMD (2018)
  - Filorga (est. Q3 2019)

# *Effective Deployment of Cash Flow*

- Capital expenditure for growth and savings
- Mergers and acquisitions
- Dividends and share repurchase

# *Dividends Paid*





# *Our Priorities*

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# *Colgate Values*

- Caring
- Continuous Improvement
- Global Teamwork

# Colgate's Sustainability Commitments

## 2015 – 2020

### People



Helping  
Colgate  
People and  
Their Families  
Live Better



Contributing  
to the  
Communities  
Where We Live  
and Work



### Performance



Delighting  
Consumers and  
Sustaining Our  
World with Our  
Brands



### Planet



Making  
Every Drop  
of Water  
Count



Reducing  
Our Impact  
on Climate  
and the  
Environment



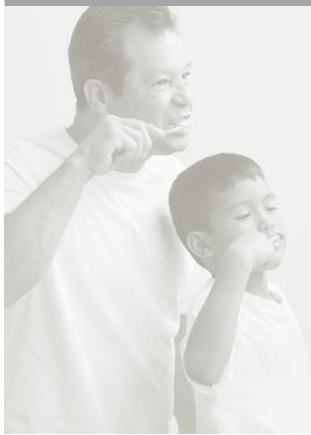
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### Planet



Reducing  
Our Impact  
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and the  
Environment



# *Our 2025 Commitments*

- 100% recyclable (reusable, compostable) in all categories
- 25% recycled content for plastic packaging
- Colgate joined the Ellen MacArthur Foundation's New Plastic Economy initiative

# FAST COMPANY

06.18.19 | WORLD CHANGING IDEAS

## Colgate redesigned the toothpaste tube so it's actually recyclable

The new design will be fully rolled out by 2025.



# recycling today

News and Information for Recycling Professionals



Colgate used HDPE to construct its recyclable toothpaste tube.

## Colgate designs recyclable toothpaste tube

APR has recognized the tube through its Design for Recycling program.

# *Driving Toward Zero Waste*

- Industry-leading performance on TRUE Zero Waste\*
- We have received TRUE Zero Waste\* certification at 30% of our manufacturing facilities, with 50% projected through 2021
- More projects in more regions than any other company
- We have the first TRUE Zero Waste\* plants in Latin America, continental Europe, India, China and Vietnam

*\* United States Green Building Council Certification Program*

# Driving Toward Zero Waste





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