

Table 9

Colgate-Palmolive Company

Non-GAAP Reconciliations

For the Twelve Months Ended December 31, 2018 and 2017

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

	2018	2017	
Gross Profit			
Gross profit, GAAP	\$ 9,231	\$ 9,280	
Global Growth and Efficiency Program	31	75	
Gross profit, non-GAAP	<u>\$ 9,262</u>	<u>\$ 9,355</u>	
			Basis Point
Gross Profit Margin	2018	2017	Change
Gross profit margin, GAAP	59.4 %	60.0 %	(60)
Global Growth and Efficiency Program	0.2 %	0.5 %	
Gross profit margin, non-GAAP	<u>59.6 %</u>	<u>60.5 %</u>	<u>(90)</u>
Selling, General and Administrative Expenses	2018	2017⁽¹⁾	
Selling, general and administrative expenses, GAAP	\$ 5,389	\$ 5,400	
Global Growth and Efficiency Program	(33)	(86)	
Selling, general and administrative expenses, non-GAAP	<u>\$ 5,356</u>	<u>\$ 5,314</u>	
			Basis Point
Selling, General and Administrative Expenses as a Percentage of Net Sales	2018	2017⁽¹⁾	Change
Selling, general and administrative expenses as a percentage of Net sales, GAAP	34.7 %	34.9 %	(20)
Global Growth and Efficiency Program	(0.2)%	(0.5)%	
Selling, general and administrative expenses as a percentage of Net sales, non-GAAP	<u>34.5 %</u>	<u>34.4 %</u>	<u>10</u>
Other (Income) Expense, Net	2018	2017⁽¹⁾	
Other (income) expense, net, GAAP	\$ 148	\$ 173	
Global Growth and Efficiency Program	(88)	(152)	
Other (income) expense, net, non-GAAP	<u>\$ 60</u>	<u>\$ 21</u>	
Operating Profit	2018	2017⁽¹⁾	% Change
Operating profit, GAAP	\$ 3,694	\$ 3,707	— %
Global Growth and Efficiency Program	152	313	
Operating profit, non-GAAP	<u>\$ 3,846</u>	<u>\$ 4,020</u>	<u>(4)%</u>
Operating Profit Margin	2018	2017⁽¹⁾	Change
Operating profit margin, GAAP	23.8 %	24.0 %	(20)
Global Growth and Efficiency Program	0.9 %	2.0 %	
Operating profit margin, non-GAAP	<u>24.7 %</u>	<u>26.0 %</u>	<u>(130)</u>
Non-Service Related Postretirement Costs	2018	2017⁽¹⁾	
Non-service related postretirement costs, GAAP	\$ 87	\$ 118	
Global Growth and Efficiency Program	(9)	(20)	
Non-service related postretirement costs, non-GAAP	<u>\$ 78</u>	<u>\$ 98</u>	

Table 9
Continued

Colgate-Palmolive Company

Non-GAAP Reconciliations

For the Twelve Months Ended December 31, 2018 and 2017

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

	2018						
	Income Before Income Taxes	Provision For Income Taxes⁽²⁾	Net Income Including Non- controlling Interests	Less: Income Attributable To Non- controlling Interests	Net Income Attributable To Colgate- Palmolive Company	Effective Income Tax Rate⁽³⁾	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>

	2017						
	Income Before Income Taxes	Provision For Income Taxes⁽²⁾	Net Income Including Non- controlling Interests	Less: Income Attributable To Non- controlling Interests	Net Income Attributable To Colgate- Palmolive Company	Effective Income Tax Rate⁽³⁾	Diluted Earnings Per Share
As Reported GAAP	\$ 3,487	\$ 1,313	\$ 2,174	\$ 204	\$ 2,024	37.7 %	\$ 2.28
Global Growth and Efficiency Program	333	87	246	—	246	(1.0)%	0.28
U.S. tax reform	—	(275)	275	—	275	(7.2)%	0.31
Non-GAAP	<u>\$ 3,820</u>	<u>\$ 1,125</u>	<u>\$ 2,695</u>	<u>\$ 204</u>	<u>\$ 2,545</u>	<u>29.5 %</u>	<u>\$ 2.87</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 Company adopted ASU No. 2017-07, “Compensation—Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost,” on January 1, 2018. The adoption of this standard resulted in the non-service related postretirement costs being presented separately in the income statement from the service cost component and the non-service related postretirement costs no longer being included in Operating profit. The reclassification had no effect on Net income attributable to Colgate-Palmolive Company, Earnings per common share or Cash flow. Refer to the Company’s website for reconciliations to previously reported amounts for all quarters of 2017 as well as for years 2017 and 2016.

(2) 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.

(3) 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.