

Colgate Announces 16% Increase In Second Quarter Earnings July 23, 1998

New York, New York, July 23, 1998 ... - Colgate-Palmolive Company (NYSE:CL) net income increased 16 percent in the second quarter to \$203.5 million, on significantly improved profitability. Basic earnings per share also rose 16 percent, to \$.67 per share vs. \$.58 in 1997. Strong increases in operating profits at Colgate-North America, Colgate-Latin America and Colgate-Europe more than offset the expected profit decline in Asia/Africa, which is smaller than the three other Colgate regions.

Global unit volume increased 3.5 percent in the second quarter, a strong performance on top of the year-ago quarter's 9 percent worldwide volume growth rate. The largest increases came from Colgate-North America and Colgate-Latin America, up 8 percent and 7 percent, respectively. Worldwide sales were \$2.26 billion, which as expected were impacted by negative exchange, coming in slightly less than the record 1997 level of \$2.3 billion. Sales would have risen 5 percent if not for currency translation.

Reuben Mark, Colgate Chairman and CEO, said: "We are pleased at this continuation of our strong earnings growth of recent years, even while parts of the world are in economic turmoil. Market share gains here in the United States and most locations abroad led to good unit volume increases. Quarter after quarter, Colgate people worldwide are increasing every measure of profitability. Earnings before interest and taxes rose 11 percent in the second quarter and would have risen 17 percent without the exchange negative. Gross profit margin increased to 52.0 percent of sales, up from 50.8 a year ago. The combination of increasing margin and reducing overhead again allowed us to increase worldwide advertising to build market share while at the same time generating an excellent earnings increase. "

Colgate-Latin America (27 percent of Company Sales)

Strong volume and profit growth continues in this region of 34 countries and over 500 million people. Unit volume rose 7 percent in the latest quarter, driven by excellent economic recovery in Mexico and healthy volume increases in Brazil, Colombia, Peru, Ecuador and Central America. This volume increase more than offset the impact of translating weaker Latin American currencies into the U.S. dollar, allowing sales to rise 2 percent.

Adding strength to Colgate's Oral Care leadership across the region are Colgate Double Cool Stripe and Colgate Sensation whitening toothpastes, several new toothbrushes and Colgate's multifaceted marketing and education programs to increase per capita consumption. Personal Care contributors to growth include Palmolive shower gel, Lady Speed Stick gel, Caprice Naturals and Botanicals hair care products, and Palmolive Naturals shampoo. New fragrances and more affordable sizes aided growth in fabric softeners, while the introductions of Ajax glass cleaner and Axion antibacterial dish paste brought gains in Household Care.

Colgate-North America (23 percent of Company Sales)

Fueled by new products and increased advertising, unit volume grew 8 percent. Sales expanded 9 percent and profitability increased through manufacturing efficiencies, overhead reductions and business streamlining enabled by SAP integrated software.

U.S. market shares continued to climb in the 1998 second quarter, rising for 8 out of 12 categories in which Colgate competes versus the fourth quarter of 1997. With the success of Colgate Total, introduced at 1997 year-end, the Company's overall toothpaste market share has moved up significantly, consolidating a clear No. 1 position in the U.S. Other recent introductions driving market share growth are Softsoap antibacterial hand gel, Speed Stick Ultimate odor-fighting antiperspirant and Lady Speed Stick gel. Continuing its new products drive, Colgate recently began shipping Palmolive lemon dishwashing liquid and antibacterial hand soap, the Colgate Total Professional toothbrush, and Colgate tartar control plus whitening gel toothpaste.

Colgate-Europe (22 percent of Company Sales)

Colgate continues to strengthen its European market shares. Unit volume grew 1 percent in the second quarter, on top of a 9 percent increase in the year-ago quarter. Italy, Greece, Belgium and Poland did particularly well, while Russian volume declined on economic weakness. Sales declined 3 percent in the most recent quarter, due to lower European currency values, while operating profits rose above strong year-ago levels as Colgate reduced costs by capitalizing on Pan-European efficiencies. Colgate-Europe is implementing the powerful SAP integrated system and related process changes, which went live in France during the quarter.

Colgate-Europe also has strong new products momentum. A major relaunch of Colgate Total toothpaste in all European markets began at the quarter's end. Advertising highlights new clinical findings on Colgate Total's efficacy in working above and below the gum line to retard gum disease. In Personal Care, Palmolive shower gel continues its rapid growth throughout Europe. Introduced in 13 countries, this growing line now consists of 10 varieties, the latest three incorporating fruit fragrances. Also doing well are Ajax anti-static window cleaner, Palmolive antibacterial dishwashing liquid and Ajax Fête des Fleurs cleaner.

Colgate-Asia/Africa (17 percent of Company Sales)

Unit volume declined 3 percent, as the effect of widespread economic contraction in most of Asia was partially offset by healthy growth in China, Taiwan, Turkiye and Australia. Sales decreased 14 percent, reflecting foreign currency declines partially offset by price increases. As expected, operating profit declined in the region.

Colgate continues to invest in China, where unit volume rose sharply, reflecting the recent launch of Colgate Total toothpaste and market share growth of regular Colgate and Palmolive Optima shampoo. Increased distribution and selling activities are also contributing to Colgate's growth in China. Elsewhere in the region, the introduction of Lady Speed Stick deodorant to new countries, continued market share gains for Fabuloso cleaner, and the launches of Palmolive Botanicals shampoo in Australia and the Philippines and of Softlan fabric softener in Taiwan all brought incremental business.

Hill's Pet Nutrition (11 percent of Company Sales)

Led by Europe and Japan, Hill's increased unit volume 3 percent in the second quarter. Sales rose 2 percent and would have climbed 4 percent were it not for foreign currency translation. Hill's-International benefited from new products and increased advertising in Japan, the expansion of Science Diet brand pet food into pet stores in the South Pacific, and increased sales coverage in Europe. New products doing well in the U.S. include Science Diet Feline Maintenance Savory Recipes, Science Diet Feline Maintenance Savory Cuts, and new Prescription Diet formulas for allergic and urinary problems. A new national ad campaign began airing in May and reinforces the Science Diet brand's status as the one most veterinarians feed to their own pets.

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 215 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.

Colgate-Palmolive Company Summary of Consolidated Results
Three Months and Six Months Ended June 30, 1998 and 1997
(In Millions Except Per Share Amounts) (Unaudited)

Diluted earnings per common share were \$.62 vs. \$.54 for the second quarter and \$1.22 vs. \$1.06 for the first six months ended June 30, 1998 and 1997. Average common shares outstanding used in the diluted calculation were 325.8 vs. 325.9 in

the second quarters and 325.7 vs. 325.8 in the first six months.

