

Table 9

Colgate-Palmolive Company

Non-GAAP Reconciliations

For the Twelve Months Ended December 31, 2017 and 2016

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

	2017	2016	
Gross Profit			
Gross profit, GAAP	\$ 9,280	\$ 9,123	
Global Growth and Efficiency Program	75	46	
Gross profit, non-GAAP	<u>\$ 9,355</u>	<u>\$ 9,169</u>	
			Basis Point
Gross Profit Margin	2017	2016	Change
Gross profit margin, GAAP	60.0 %	60.0 %	—
Global Growth and Efficiency Program	0.5 %	0.3 %	
Gross profit margin, non-GAAP	<u>60.5 %</u>	<u>60.3 %</u>	<u>20</u>
Selling, General and Administrative Expenses	2017	2016	
Selling, general and administrative expenses, GAAP	\$ 5,497	\$ 5,249	
Global Growth and Efficiency Program	(89)	(77)	
Selling, general and administrative expenses, non-GAAP	<u>\$ 5,408</u>	<u>\$ 5,172</u>	
			Basis Point
Selling, General and Administrative Expenses as a Percentage of Net Sales	2017	2016	Change
Selling, general and administrative expenses as a percentage of Net sales, GAAP	35.6 %	34.5 %	110
Global Growth and Efficiency Program	(0.6)%	(0.5)%	
Selling, general and administrative expenses as a percentage of Net sales, non-GAAP	<u>35.0 %</u>	<u>34.0 %</u>	<u>100</u>
Other (Income) Expense, Net	2017	2016	
Other (income) expense, net, GAAP	\$ 194	\$ 37	
Global Growth and Efficiency Program	(169)	(105)	
Gain on sale of land in Mexico	—	97	
Charge for a litigation matter	—	(17)	
Other (income) expense, net, non-GAAP	<u>\$ 25</u>	<u>\$ 12</u>	
Operating Profit	2017	2016	% Change
Operating profit, GAAP	\$ 3,589	\$ 3,837	(6)%
Global Growth and Efficiency Program	333	228	
Gain on sale of land in Mexico	—	(97)	
Charge for a litigation matter	—	17	
Operating profit, non-GAAP	<u>\$ 3,922</u>	<u>\$ 3,985</u>	<u>(2)%</u>
			Basis Point
Operating Profit Margin	2017	2016	Change
Operating profit margin, GAAP	23.2 %	25.3 %	(210)
Global Growth and Efficiency Program	2.2 %	1.5 %	
Gain on sale of land in Mexico	— %	(0.7)%	
Charge for a litigation matter	— %	0.1 %	
Operating profit margin, non-GAAP	<u>25.4 %</u>	<u>26.2 %</u>	<u>(80)</u>

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Non-GAAP Reconciliations

For the Twelve Months Ended December 31, 2017 and 2016

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

	2017						
	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 ⁽³⁾	
As Reported GAAP	\$ 3,487	\$ 1,313	\$ 2,174	\$ 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	\$ 3,820	\$ 1,125	\$ 2,695	\$ 2,545	29.5 %	\$ 2.87	

	2016							
	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 ⁽³⁾	
As Reported GAAP	\$ 3,738	\$ 1,152	\$ 2,586	\$ 145	\$ 2,441	30.8 %	\$ 2.72	
Global Growth and Efficiency Program	228	59	169	1	168	(0.3)%	0.19	
Gain on sale of land in Mexico	(97)	(34)	(63)	—	(63)	(0.1)%	(0.07)	
Benefits from tax matters	—	35	(35)	—	(35)	0.9 %	(0.04)	
Charge for a litigation matter	17	6	11	—	11	— %	0.01	
Non-GAAP	\$ 3,886	\$ 1,218	\$ 2,668	\$ 146	\$ 2,522	31.3 %	\$ 2.81	

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.

(3) The impact of non-GAAP adjustments on Diluted earnings per share may not necessarily equal the difference between "GAAP" and "non-GAAP" as a result of rounding.