

Table 2

Colgate-Palmolive Company
Condensed Consolidated Statements of Income
For the Twelve Months Ended December 31, 2015
(Dollars in Millions Except Per Share Amounts) (Unaudited)

	2015*
Net sales	\$ 16,034
Cost of sales	6,635
Gross profit	9,399
Gross profit margin	58.6%
Selling, general and administrative expenses	\$ 5,354
Other (income) expense, net	49
Charge for Venezuela accounting Change	1,084
Operating profit	2,912
Operating profit margin	18.2%
Non-service related postretirement costs	123
Interest (income) expense, net	26
Income before income taxes	2,763
Provision for income taxes	1,215
Effective tax rate	44.0%
Net income including noncontrolling interests	1,548
Less: Net income attributable to noncontrolling interests	164
Net income attributable to Colgate-Palmolive Company	\$ 1,384
Earnings per common share	
Basic	\$ 1.53
Diluted	\$ 1.52
Average common shares outstanding	
Basic	902.2
Diluted	909.7

*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. As this standard was applied retrospectively, as required, the Company reclassified certain amounts to a new line below Operating profit called Non-service related postretirement costs. The reclassification had no effect on Net income attributable to Colgate-Palmolive Company, Earning per common share or Cash flow.

See Table 2A "Supplemental Condensed Consolidated Statements of Income Information", Table 5A "Supplemental Segment Information" and Table 9A "Supplemental Non-GAAP Reconciliations Information" for reconciliations to previously reported amounts for the twelve months ended December 31, 2015.

Colgate-Palmolive Company

Supplemental Condensed Consolidated Statements of Income Information

Impact of the adoption of ASU No. 2017-07, "Compensation—Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost"

For the Twelve Months Ended December 31, 2015

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

	Pre-Adoption of ASU No. 2017-07	Post-Adoption of ASU No. 2017-07	Impact of Adoption
Selling, general and administrative expenses	\$ 5,464	\$ 5,354	\$ (110)
Other (income) expense, net	62	49	(13)
Charge for Venezuela accounting Change	1,084	1,084	—
Operating profit	2,789	2,912	123
Operating profit margin	17.4%	18.2%	+80 bps
Non-service related postretirement costs	—	123	123
Net income including noncontrolling interests	1,548	1,548	—
Less: Net income attributable to noncontrolling interests	164	164	—
Net income attributable to Colgate-Palmolive Company	\$ 1,384	\$ 1,384	\$ —

Note: The reclassification had no effect on Net income attributable to Colgate-Palmolive Company, Earning per common share or Cash flow.

Colgate-Palmolive Company

Segment Information

For the Twelve Months Ended December 31, 2015

(Dollars in Millions) (Unaudited)

	2015
Net Sales	
Oral, Personal and Home Care	
North America	\$ 3,149
Latin America	4,327
Europe	2,411
Asia Pacific	2,937
Africa/Eurasia	998
Total Oral, Personal and Home Care	13,822
Pet Nutrition	2,212
Total Net Sales	\$ 16,034
	2015*
Operating Profit (Loss)	
Oral, Personal and Home Care	
North America	\$ 1,031
Latin America	1,221
Europe	621
Asia Pacific	888
Africa/Eurasia	180
Total Oral, Personal and Home Care	3,941
Pet Nutrition	636
Corporate ⁽¹⁾	(1,665)
Total Operating Profit (Loss)	\$ 2,912

Corporate Operating profit (loss) for the twelve months ended December 31, 2015 includes a charge of \$1,084 related to a Venezuela accounting change, charges of \$237 related to the Global Growth and Efficiency Program, charges of \$38 related to the remeasurement of the Company's Venezuelan subsidiary's local currency-denominated net monetary assets as a result of effective devaluations, charges of \$14 for litigation matters and a gain of \$187 on the sale of the Company's laundry detergent business in the South Pacific.

Note:

(1) Corporate operations include costs related to stock options and restricted stock units, research and development costs, Corporate overhead costs, restructuring and related implementation costs and gains and losses on sales of non-core product lines and assets.

*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. As this standard was applied retrospectively, as required, the Company reclassified the non-service components from Operating profit to a new line below Operating profit called Non-service related postretirement costs. See Table 5A "Supplemental Segment Information" for reconciliations to previously reported segment information for the twelve months ended December 31, 2015.

Colgate-Palmolive Company

Supplemental Segment Information

Impact of the adoption of ASU No. 2017-07, "Compensation—Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost"

For the Twelve Months Ended December 31, 2015

(Dollars in Millions) (Unaudited)

	Pre-Adoption of ASU No. 2017-07	Post-Adoption of ASU No. 2017-07	Impact of Adoption
Operating Profit			
Oral, Personal and Home Care			
North America	\$ 974	\$ 1,031	\$ 57
Latin America	1,209	1,221	12
Europe	615	621	6
Asia Pacific	888	888	—
Africa/Eurasia	178	180	2
Total Oral, Personal and Home Care	3,864	3,941	77
Pet Nutrition	612	636	24
Corporate	(1,687)	(1,665)	22
Total Operating Profit	<u>\$ 2,789</u>	<u>\$ 2,912</u>	<u>\$ 123</u>

Table 9

Colgate-Palmolive Company

Non-GAAP Reconciliations

For the Twelve Months Ended December 31, 2015

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

Gross Profit	2015
Gross profit, GAAP	\$ 9,399
Global Growth and Efficiency Program	20
Gross profit, non-GAAP	<u>\$ 9,419</u>
Gross Profit Margin	2015
Gross profit margin, GAAP	58.6 %
Global Growth and Efficiency Program	0.1 %
Gross profit margin, non-GAAP	<u>58.7 %</u>
Selling, General and Administrative Expenses	2015*
Selling, general and administrative expenses, GAAP	\$ 5,354
Global Growth and Efficiency Program	(64)
Selling, general and administrative expenses, non-GAAP	<u>\$ 5,290</u>
Selling, General and Administrative Expenses as a Percentage of Net Sales	2015*
Selling, general and administrative expenses as a percentage of Net sales, GAAP	33.4%
Global Growth and Efficiency Program	(0.4)%
Selling, general and administrative expenses as a percentage of Net sales, non-GAAP	<u>33.0 %</u>
Other (Income) Expense, Net	2015*
Other (income) expense, net, GAAP	\$ 49
Global Growth and Efficiency Program	(153)
Venezuela remeasurement charges	(38)
Charges for litigation matters	(14)
Gain on sale of South Pacific laundry detergent business	187
Other (income) expense, net, non-GAAP	<u>\$ 31</u>
Operating Profit	2015*
Operating profit, GAAP	\$ 2,912
Global Growth and Efficiency Program	237
Venezuela deconsolidation	1,084
Venezuela remeasurement charges	38
Charges for litigation matters	14
Gain on sale of South Pacific laundry detergent business	(187)
Operating profit, non-GAAP	<u>\$ 4,098</u>
Operating Profit Margin	2015*
Operating profit margin, GAAP	18.2%
Global Growth and Efficiency Program	1.5 %
Venezuela deconsolidation	6.8 %
Venezuela remeasurement charges	0.2 %
Charges for litigation matters	0.1 %
Gain on sale of South Pacific laundry detergent business	(1.2)%
Operating profit margin, non-GAAP	<u>25.6 %</u>
Non-Service Related Postretirement Costs	2015*
Non-service related postretirement costs, GAAP	\$ 123
Global Growth and Efficiency Program	(17)
Venezuela remeasurement charges	4
Non-service related postretirement costs, non-GAAP	<u>\$ 110</u>

Colgate-Palmolive Company

Non-GAAP Reconciliations

For the Twelve Months Ended December 31, 2015

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

	2015						
	Income Before Income Taxes	Provision For Income Taxes ⁽¹⁾	Net Income Including Noncontrolling Interests	Less: Income Attributable To Non-controlling Interests	Net Income Attributable To Colgate-Palmolive Company	Effective Income Tax Rate ⁽²⁾	Diluted Earnings Per Share
As Reported GAAP	\$ 2,763	\$ 1,215	\$ 1,548	\$ 164	\$ 1,384	44.0 %	\$ 1.52
Venezuela deconsolidation	1,084	26	1,058	—	1,058	(11.7)%	1.16
Global Growth and Efficiency Program	254	69	185	2	183	(0.3)%	0.20
Venezuela remeasurement charges	34	12	22	—	22	— %	0.02
Gain on sale of South Pacific laundry detergent business	(187)	(67)	(120)	—	(120)	(0.2)%	(0.13)
Charges for litigation matters	14	—	14	—	14	(0.1)%	0.02
Charge for a tax matter	—	(15)	15	—	15	(0.4)%	0.02
Non-GAAP	<u>\$ 3,962</u>	<u>\$ 1,240</u>	<u>\$ 2,722</u>	<u>\$ 166</u>	<u>\$ 2,556</u>	<u>31.3 %</u>	<u>\$ 2.81</u>

The impact of non-GAAP adjustments may not necessarily equal the difference between “GAAP” and “non-GAAP” as a result of rounding.

*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, Earning per common share or Cash flow.

See Table 9A “Supplemental Non-GAAP Reconciliations Information” for reconciliations to previously reported amounts for the twelve months ended December 31, 2015.

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.

Colgate-Palmolive Company

Supplemental Non-GAAP Reconciliations Information

Impact of the adoption of ASU No. 2017-07, "Compensation-Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost"

For the Twelve Months Ended December 31, 2015

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

	Pre-Adoption of ASU No. 2017-07	Post-Adoption of ASU No. 2017-07	Impact of Adoption
Selling, General and Administrative Expenses			
Selling, general and administrative expenses, GAAP	\$ 5,464	\$ 5,354	\$ (110)
Global Growth and Efficiency Program	(64)	(64)	—
Selling, general and administrative expenses, non-GAAP	<u>\$ 5,400</u>	<u>\$ 5,290</u>	<u>\$ (110)</u>
Selling, General and Administrative Expenses as a Percentage of Net Sales			
Selling, general and administrative expenses as a percentage of Net sales, GAAP	34.1 %	33.4%	-70 bps
Global Growth and Efficiency Program	(0.4)%	(0.4)%	— bps
Selling, general and administrative expenses as a percentage of Net sales, non-GAAP	<u>33.7 %</u>	<u>33.0%</u>	<u>-70 bps</u>
Other (Income) Expense, Net			
Other (income) expense, net, GAAP	\$ 62	\$ 49	\$ (13)
Global Growth and Efficiency Program	(170)	(153)	17
Venezuela remeasurement charges	(34)	(38)	(4)
Charges for litigation matters	(14)	(14)	—
Gain on sale of South Pacific laundry detergent business	187	187	—
Other (income) expense, net, non-GAAP	<u>\$ 31</u>	<u>\$ 31</u>	<u>\$ —</u>
Operating Profit			
Operating profit, GAAP	\$ 2,789	\$ 2,912	\$ 123
Global Growth and Efficiency Program	254	237	(17)
Venezuela deconsolidation	1,084	1,084	—
Venezuela remeasurement charges	34	38	4
Charges for litigation matters	14	14	—
Gain on sale of South Pacific laundry detergent business	(187)	(187)	—
Operating profit, non-GAAP	<u>\$ 3,988</u>	<u>\$ 4,098</u>	<u>\$ 110</u>
Operating Profit Margin			
Operating profit margin, GAAP	17.4 %	18.2%	+80 bps
Global Growth and Efficiency Program	1.6 %	1.5%	-10 bps
Venezuela deconsolidation	6.8 %	6.8 %	— bps
Venezuela remeasurement charges	0.2 %	0.2 %	— bps
Charges for litigation matters	0.1 %	0.1 %	— bps
Gain on sale of South Pacific laundry detergent business	(1.2)%	(1.2)%	— bps
Operating profit margin, non-GAAP	<u>24.9 %</u>	<u>25.6%</u>	<u>+70 bps</u>

Note: The reclassification had no effect on Gross profit, Net income, Earning per common share or Cash flow.

The impact of non-GAAP adjustments may not necessarily equal the difference between "GAAP" and "non-GAAP" as a result of rounding.