

Colgate-Palmolive Company

Non-GAAP Reconciliations

For the Six Months Ended June 30, 2019 and 2018

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

	2019	2018	
Gross Profit			
Gross profit, GAAP	\$ 4,595	\$ 4,709	
Global Growth and Efficiency Program	8	11	
Gross profit, non-GAAP	<u>\$ 4,603</u>	<u>\$ 4,720</u>	
			Basis Point
Gross Profit Margin	2019	2018	Change
Gross profit margin, GAAP	59.3 %	59.7 %	(40)
Global Growth and Efficiency Program	0.1 %	0.1 %	
Gross profit margin, non-GAAP	<u>59.4 %</u>	<u>59.8 %</u>	<u>(40)</u>
Selling, General and Administrative Expenses	2019	2018	
Selling, general and administrative expenses, GAAP	\$ 2,734	\$ 2,692	
Global Growth and Efficiency Program	(14)	(15)	
Selling, general and administrative expenses, non-GAAP	<u>\$ 2,720</u>	<u>\$ 2,677</u>	
			Basis Point
Selling, General and Administrative Expenses as a Percentage of Net Sales	2019	2018	Change
Selling, general and administrative expenses as a percentage of Net sales, GAAP	35.3 %	34.1 %	120
Global Growth and Efficiency Program	(0.2)%	(0.2)%	
Selling, general and administrative expenses as a percentage of Net sales, non-GAAP	<u>35.1 %</u>	<u>33.9 %</u>	<u>120</u>
Other (Income) Expense, Net	2019	2018	
Other (income) expense, net, GAAP	\$ 94	\$ 88	
Global Growth and Efficiency Program	(46)	(56)	
Other (income) expense, net, non-GAAP	<u>\$ 48</u>	<u>\$ 32</u>	
Operating Profit	2019	2018	% Change
Operating profit, GAAP	\$ 1,767	\$ 1,929	(8)%
Global Growth and Efficiency Program	68	82	
Operating profit, non-GAAP	<u>\$ 1,835</u>	<u>\$ 2,011</u>	<u>(9)%</u>
			Basis Point
Operating Profit Margin	2019	2018	Change
Operating profit margin, GAAP	22.8 %	24.5 %	(170)
Global Growth and Efficiency Program	0.9 %	1.0 %	
Operating profit margin, non-GAAP	<u>23.7 %</u>	<u>25.5 %</u>	<u>(180)</u>
Non-Service Related Postretirement Costs	2019	2018	
Non-service related postretirement costs, GAAP	\$ 52	\$ 47	
Global Growth and Efficiency Program	(3)	(7)	
Non-service related postretirement costs, non-GAAP	<u>\$ 49</u>	<u>\$ 40</u>	

Table 9
Continued

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For the Six Months Ended June 30, 2019 and 2018

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

2019							
	Income Before Income Taxes	Provision For Income Taxes⁽¹⁾	Net Income Including Noncontrolling Interests	Net Income Attributable To Colgate- Palmolive Company	Effective Income Tax Rate⁽²⁾	Diluted Earnings Per Share	
As Reported GAAP	\$ 1,637	\$ 419	\$ 1,218	\$ 1,146	25.6 %	\$ 1.33	
Global Growth and Efficiency Program	71	18	53	53	— %	0.06	
Non-GAAP	<u>\$ 1,708</u>	<u>\$ 437</u>	<u>\$ 1,271</u>	<u>\$ 1,199</u>	<u>25.6 %</u>	<u>\$ 1.39</u>	
2018							
	Income Before Income Taxes	Provision For Income Taxes⁽¹⁾	Net Income Including Noncontrolling Interests	Less: Income Attributable To Noncontrolling Interests	Net Income Attributable To Colgate- Palmolive Company	Effective Income Tax Rate⁽²⁾	Diluted Earnings Per Share
As Reported GAAP	\$ 1,812	\$ 459	\$ 1,353	\$ 82	\$ 1,271	25.3 %	\$ 1.45
Global Growth and Efficiency Program	89	21	68	(3)	71	(0.1)%	0.08
Benefit from a foreign tax matter	—	15	(15)	—	(15)	0.8 %	(0.02)
Non-GAAP	<u>\$ 1,901</u>	<u>\$ 495</u>	<u>\$ 1,406</u>	<u>\$ 79</u>	<u>\$ 1,327</u>	<u>26.0 %</u>	<u>\$ 1.51</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 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.