

## Colgate Announces Sales and Earnings Increases For Second Quarter

**New York, New York, July 21, 1994 ...** - Colgate-Palmolive Company (NYSE symbol - CL) today announced record sales and increased earnings per share for the three months and first half ended June 30, 1994.

Worldwide unit volume increased 9% in the second quarter. Sales rose 7% to \$1.9 billion, and would have increased 9% excluding foreign currency changes.

Earnings per share increased 13% to \$.97 versus \$.86, and earnings increased 4% to \$148 million, before reflecting a one-time charge of \$5 million for the sale of a non-core business, Princess House. EPS after the charge was \$.93, up 8%, and net income was at the prior year's level of \$143 million. There were 8% fewer average shares outstanding than in 1993 as a result of Colgate's share buyback program.

Reuben Mark, Chairman and CEO, said: "We are pleased that our efforts to accelerate Colgate's worldwide unit volume growth are succeeding. Very strong unit growth in Europe, the developing world and Hill's more than offset trade downstocking in the U.S., leading to the best total Company volume performance in many quarters. The growth in worldwide base volume, without the consolidation of our Indian business and the recent European liquid soap acquisition, was between 5 and 6%. This again demonstrates the power of our broad global presence to generate sustained profitable growth despite results in any one geographic location. The strong volume was a direct result of accelerated global new product activity and continued increases in advertising support which, for the entire Company, rose 14% from the 1993 second quarter."

Gross profit margin increased for every international division and for Hill's. These improvements in large part offset the impact of Colgate-North America's lower gross profit, so that the Company's overall gross profit margin declined only slightly in the second quarter to 47.7% from 48.0%. Total Company gross margin increased in the first half to 48.2% from 47.9%, and is expected to increase for the full year 1994. Total Company overhead as a percent to sales decreased in the quarter by almost a full percentage point, thus providing additional funds for advertising and new products.

In the first half, unit volume increased 8%. Sales increased 5% to \$3.7 billion and would have been up 8% excluding foreign currency changes. Earnings per share rose 14% to \$1.95 versus \$1.71 and earnings increased 5% to \$297 million before reflecting a one-time charge for the sale of Princess House. EPS after the charge was \$1.91, up 12%, and net income was \$292 million, up 3%. The impact of a one-time mandatory accounting change is excluded from the 1993 results.

### Worldwide Oral, Personal and Household Care

Following is a summary by geographic division for the second quarter:

Colgate-Europe achieved 16% volume growth, augmenting the 11% growth in its base business with an additional 5% from strategic acquisitions. Colgate's four largest subsidiaries -- France, Italy, Germany and the United Kingdom -- all had excellent growth. Across Europe, Colgate has increased market shares in eight of its 12 major product categories from the late 1993 levels. Such new products as Colgate Total plaque-fighting toothpaste, the Colgate Precision toothbrush, Ajax gel bleach cleaner, Palmolive 2-in-1 wash and cream, and Fabuloso fragranced cleaner are making Colgate a stronger competitor.

Colgate-Latin America increased its unit volume by 10%, led by strong growth in Mexico, where Colgate had continued gains in both household and personal care products. Increased advertising support for new and existing products throughout the region and Colgate's geographic expansion also contributed to the division's growth, offsetting soft economies in Brazil and Venezuela. Recent increases in already high toothpaste market shares are further building Colgate's strong leadership position in Oral Care. Toothbrush shares in many Latin American countries increased as a result of heavy sampling.

The 24% volume increase for Colgate-Asia/Africa included 15% from the mid-1993 consolidation of Colgate-India. Operations in Malaysia, Hong Kong and China were ahead strongly. Australia and South Africa also showed good growth, and Colgate has strengthened market shares across major categories in these countries. Among the new products contributing to growth in Asia/Africa are Colgate Total plaque-fighting toothpaste, Palmolive Nouriche treatment shampoo and conditioner, the Colgate Precision toothbrush, Axion dishwashing gel, and Ajax gel bleach cleaner.

Inventory reductions by retailers in the USA were primarily responsible for almost 9% lower volume in Colgate-North America. Syndicated data indicates that domestic consumer purchases of Colgate products have remained stable for the past six months, but the trade has lowered inventory coverage by approximately 10 days versus the second quarter of 1993. Aggregate

Colgate market shares have improved sequentially in each of the past two quarters, and Colgate has increased new product activity. Palmolive antibacterial dishwashing liquid, Irish Spring waterfall clean soap, Murphy's kitchen care, a new line of kitchen products that includes an all-purpose cleaner and a glass and surface spray cleaner, and Colgate Platinum whitening toothpaste have been introduced nationally within the last few weeks.

#### **Hill's Pet Nutrition**

The following is a second quarter summary for Hill's Pet Nutrition, the world leader in specialty pet food.

Hill's increased its pet food unit volume 16% over the 1993 second quarter. Significantly higher advertising contributed to growth in both domestic and international pet foods. In the USA, Hill's is benefiting from expanded marketing programs to encourage sales of its Science Diet brand in pet stores and the success of its new brand of wellness products, Prescription Diet HealthBlend, which is sold exclusively through veterinarians. Internationally, Hill's has expanded to over 40 countries, achieving large volume gains in Europe and Asia during the second quarter.

#### **Other Events**

After the second quarter ended, Colgate entered into an agreement to sell its Princess House subsidiary to an affiliate of South Street Capital, a private investment partnership. A one-time charge of \$5.2 million aftertax or \$.04 per share has been reflected in second quarter results. A non-core business for Colgate, Princess House sells crystal tableware and other decorative items through the home party plan method. Terms of the sale were not disclosed. Also, at the end of the quarter, Hill's disposed of its veterinary drug distribution business at approximately book value.


Colgate-Palmolive is a leading global consumer products company, focusing on the core businesses of Oral Care, Personal Care, Household Surface Care, Fabric Care and Pet Dietary Care. Colgate markets its products in over 170 countries under such internationally recognized brand names as Colgate, Palmolive, Ajax, Mennen, Fab, Irish Spring and Softsoap, as well as Hill's Science Diet and Hill's Prescription Diet.

Colgate-Palmolive Company Summary of Consolidated Results

Three Months and Six Months Ended June 30, 1994 and 1993

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

	Second Quarter	Second Quarter	First Half	First Half
	1994	1993	1994	1993
Net Sales	\$ 1,891.1	\$ 1,775.1	\$3,661.1	\$3,477.8
Cost of Sales	988.4	923.9	1,896.3	1,811.8
Gross Profit	902.7	851.2	1,764.8	1,666.0
Selling, General and Administrative Expenses	671.1	622.5	1,282.4	1,207.8
Net Interest Expense	15.8	10.3	36.4	21.5
Income Before Income Taxes (see footnote below*)	215.8*	218.4	446.0*	436.7
Provision for Income Taxes	73.3	76.0	153.9	153.5
Income Before Changes in Accounting (see footnote below*)	142.5*	142.4	292.1*	283.2
Cumulative Effect on Prior Years of Accounting Changes	-	-	-	(358.2)**
Net Income (see footnote below*)	142.5*	142.4	292.1*	(75.0)**
Preferred Dividends, Net of Tax	5.4	5.7	10.8	10.9
Earnings Per Common Share:				
- Before Changes in Accounting	\$ .93*	\$ .86	\$ 1.91*	\$ 1.71
- Cumulative Effect on Prior Years of Accounting Changes	-	-	-	(2.25)**
- Net Income (Loss)	\$ .93*	\$ .86	\$ 1.91*	\$ (.54)**
Average Common Shares Outstanding (000)	146,766	158,945	147,267	159,658
Earnings Per Common Share Assuming Full Dilution:				
- Before Changes in Accounting	\$ .87*	\$ .81	\$ 1.78*	\$ 1.61
- Cumulative Effect on Prior Years of Accounting Changes	-	-	-	(2.06)**
- Net Income (Loss)	\$ .87*	\$ .81	\$ 1.78*	\$ (.45)**
Average Common Shares Outstanding, Assuming Full Dilution (000)	160,478	173,774	161,166	174,423



\* Includes a one-time charge of \$5.2 aftertax or \$.04 per share for the sale of a non-core business, Princess House.

\*\* Reflects a first quarter adjustment for changes in accounting for Other Postretirement Benefits, Postemployment Benefits and Income Taxes.