

## Colgate Announces Record 4th Quarter and Year, Exceeding Expectations

NEW YORK, NEW YORK, February 1, 2001 ... Colgate-Palmolive (NYSE-CL) today announced strong worldwide unit volume growth and record net income for the fourth quarter and year ended December 31, 2000. Global volume increased more than 6% worldwide in the latest quarter, driven by record sales from new products and widespread market share gains. Every operating division increased volume in both the quarter and the year. Earnings per share for the quarter increased 12% to a record \$.46 on a diluted basis, up from \$.41 in 1999, which was also a record. Net income was up 10% to \$286.7 million after a tax rate of 31.2%, a full point higher than the level of the 1999 fourth quarter. Global sales at \$2.4 billion in the quarter rose 8%, excluding currency. The currency translation effect was a negative 5%, reducing the reported sales gain to 3%.

Colgate's strong focus on increasing productivity and reducing overhead continues to drive profit margin higher. Operating profit margin reached a new all-time record of 18.9% in the latest quarter, up 140 basis points vs. the year ago quarter. Gross profit in the quarter climbed 70 basis points to 54.2%. For the year, after tax return on capital reached a new record of 26.4% compared to 22.8 % in 1999.

Reuben Mark, Colgate Chairman and CEO, said: "The strength and breadth of our top line volume growth are extremely encouraging, and reinforce our optimism for 2001.

"Our strict financial discipline again generated funding for accelerated new product activity, while producing record earnings at the same time. For both the quarter and the year, we achieved best-ever levels of working capital and cash generation. Our worldwide initiatives to increase productivity are exceeding our objectives, and we expect to surpass our goal of reaching 55% gross profit margin by 2002. Importantly, SAP enterprise software now supports operations accounting for more than 80% of Colgate's revenues, and efficiencies and marketing benefits will continue to accrue as we implement even more advanced applications and extend this powerful tool to additional countries."

For the full year, Colgate's unit volume rose 6% with all divisions up in volume. Earnings per share rose 16% to \$1.70 vs. \$1.47 on a diluted basis, and net income increased 13% to a record \$1,063.8 million. Sales rose 7% excluding exchange. Global market shares increased, fueled by such innovative new products as the Colgate Actibrush battery-powered toothbrush, Colgate Fresh Confidence toothpaste, Colgate Herbal toothpaste, Palmolive Naturals soap and shower gel, Colgate Sparkling White toothpaste and Hill's Science Diet Feline Hairball Control. Categories gaining share included toothpaste, toothbrushes, dishwashing liquid, bar and liquid soap, liquid cleaners and pet nutrition.

Profitability expanded sharply on the larger revenue base. Gross profit margin reached a record 54.4% for the year, up 70 basis points from 1999, and operating margin rose 140 basis points to a record 18.6%. Colgate's disciplined emphasis on controlling working capital helped raise cash flow from operations by 19% to a record \$1.5 billion in 2000. During the year, Colgate purchased 19.1 million common shares at a cost of \$1,040.6 million as part of its previously announced share buyback program.

At 11:00 a.m. EST today Colgate will host a conference call to further elaborate on fourth quarter and year results and to discuss the Company's expectations for 2001. To access this call as a webcast, please go to the Colgate internet site, [www.colgatepalmolive.com](http://www.colgatepalmolive.com)

On the conference call, the Company will re-confirm external expectations for double digit EPS growth in the first quarter and year 2001.

Following are comments about divisional performances.

### Colgate-North America (25% of Company sales)

Unit volume grew 10% in the fourth quarter, fueled by brisk new product sales and market share gains. Sales increased 11% and operating profits rose strongly. The latest period marked Colgate-North America's sixth consecutive year of strong growth, with volume and sales each increasing 8% for 2000. New products delivered a record 61% of U.S. sales, from introductions over the five most recent years.

Colgate-U.S. boosted market shares in nine of its 12 major product categories in the fourth quarter, scoring impressive gains in toothpaste, toothbrushes, dishwashing liquid and body cleaning. Oral Care was the Company's fastest-growing category, with gains from Colgate 2-in-1 toothpaste & mouthwash, the Colgate Actibrush battery-powered toothbrush, Colgate Sparkling White toothpaste, and new Colgate Total Plus Whitening, which began to ship at the end of December. Notably, Colgate further increased its leadership in the U.S. toothpaste market, reaching a 32.6% share for the quarter, topping any quarter in recent history, and 33.3% in December. Higher market shares for both bar and liquid soap reflected success of Irish Spring aloe, Softsoap Fruit Essentials body wash & hand soap and Softsoap 2-in-1 with moisturizing lotion.

Continuing its aggressive schedule, Colgate-U.S. has already announced five new product introductions for early 2001 including Colgate Actibrush Bzzz for kids, and Lady Speed Stick with aloe for sensitive skin.

### **Colgate-Latin America (27% of Company sales )**

Colgate-Latin American sales increased by 8% in the fourth quarter on 4% unit volume growth. The two largest markets, Mexico and Brazil, both had good volume gains. Operating profits in the division also increased significantly, both absolutely and as a percentage of sales, even as Colgate increased advertising to support many new products launches. For the year, Colgate-Latin America increased sales and volume each by 6%.

Colgate Fresh Confidence, a refreshing clear green gel targeted to a youthful consumer, is contributing to toothpaste market shares in various markets. Also driving Oral Care growth are new herbal toothpastes, Sorriso Fresh toothpaste, Colgate Triple Action striped toothpaste, and the Colgate Navigator toothbrush. Standouts in Personal Care include Lady Speed Stick Dry Cream deodorant, which further drove Colgate's category market leadership in Venezuela, Protex cream soap, and Palmolive Botanicals soap and shampoo. Ajax Antibacterial cleaners, Axion Cinnamon Fantasy Dishwashing paste and Suavitel Peach fabric softener produced gains in the Household and Fabric Care segments.

### **Colgate-Europe (20% of Company sales)**

Colgate-Europe delivered strong 5% unit volume growth in the fourth quarter, driven by the widespread success of new products. The gains are especially impressive in comparison with a very strong final quarter in 1999. France, the United Kingdom, Austria, the Nordic group and Russia were among the strongest performers. The weakening Euro caused reported sales to decline 8% while sales in local currency rose 5%. Operating profits improved on a local currency basis and as a percentage of sales but declined somewhat in dollars. For the year, both unit volume and sales in local currency increased 4%. Sales declined 7% after currency translation.

The Colgate Actibrush battery-powered toothbrush and Colgate Fresh Confidence toothpaste helped drive strong Oral Care growth across Europe. Colgate has moved up to or strengthened its Number One positions in the United Kingdom, Ireland, Portugal and France, where it doubled its market share in manual and battery-powered toothbrushes. The success of new Colgate Herbal toothpaste helped drive strong growth in Central Europe and Russia. New varieties of Palmolive shower gel fueled Personal Care growth, especially Palmolive Vitamins with Vitamin E Complex for long-lasting skin protection. In Household Care, Palmolive Spring Sensations, expanded from North America, is building share in dishwashing liquid, consistent with the Company's strategy to rapidly launch new products across geographic markets.

### **Colgate-Asia/Africa (16% of Company sales)**

Fourth quarter unit volume rose 6% for the region. Overall sales decreased 2% due to currency translation, while increased productivity enabled the division to still achieve an increase in operating profits. For the year, unit volume advanced 7% and sales increased 2%.

Colgate's market leadership in toothpaste continues to expand in China, where our national market share now stands at almost 26%. During the year, Colgate widened distribution to 498 cities, successfully launched Colgate herbal toothpaste, and formed a joint venture with Sanxiao, China's No. 1 toothbrush maker.

India, the Philippines and Vietnam also generated strong growth. Introductions of Colgate Fresh Confidence and Colgate Herbal toothpastes did well in the region, as did the Colgate Actibrush and Colgate Navigator toothbrushes.

### **Hill's Pet Nutrition (12% of Company sales)**

Hill's increased fourth quarter sales and unit volume each by 5% in an impressive showing against the very strong year-ago period. New products and consumption building programs contributed to growth in both North America and internationally. Operating profit also rose in the quarter. World leader in premium pet food, Hill's increased sales and unit volume by 5% for the full year.

Hill's-U.S. increased consumption of Science Diet in the specialty retail channel, where its growth is outpacing category growth, and also enjoyed increased sales of Prescription Diet in the veterinary channel. New Science Diet products for Sensitive Skin and Sensitive Stomach in dogs and cats had a very successful sell-in, with national TV advertising beginning this month. The reformulation of the entire Science Diet line with a proprietary antioxidant formula drove growth as well.

International growth was strong across Europe, Japan, the South Pacific and Latin America. New product launches including Science Diet feline Hairball Control helped drive growth in Europe and Japan, as did effective in-store/in clinic merchandising programs.

\* \* \*

About Colgate-Palmolive: Colgate-Palmolive is a leading global consumer products company, tightly focused on Oral Care, Personal Care, Household Surface Care, Fabric Care and Pet Nutrition. Colgate sells its products in over 200 countries and territories around the world under such internationally recognized brand names as Colgate, Palmolive, Mennen, Softsoap, Irish Spring, Protex, Sorriso, Kolynos, Ajax, Axion, Soupline, Suavitel and Fab, as well as Hill's Science Diet and Hill's Prescription Diet pet foods. For more information about Colgate's global business, visit the Company's web site on the Internet at [www.colgatepalmolive.com](http://www.colgatepalmolive.com).

The Company's annual meeting of shareholders is currently scheduled for May 10, 2001.

This press release (other than historical information) contains forward-looking statements. Actual events or results may differ materially from those statements. Investors should consult the Company's filings with the Securities and Exchange Commission (including the Company's Form 8-K dated November 13, 1998) for information about factors that could cause such differences. Copies of these filings may be obtained upon request from the Company's Investor Relations Department.

Colgate-Palmolive Company Summary of Consolidated Results  
Three Months and Years Ended December 31, 2000 and 1999  
(Dollars in Millions Except Per Share Amounts) (Unaudited)

	Fourth Quarter 2000	Fourth Quarter 1999	Year 2000	Year 1999
Net Sales	\$2,412.9	\$2,343.9	\$9,357.9	\$9,118.2
Cost of Sales	1,106.1	1,090.5	4,265.5	4,224.0
Gross Profit	1,306.8	1,253.4	5,092.4	4,894.2
Gross Profit Margin	54.2%	53.5%	54.4%	53.7%
Selling, General and Administrative Expenses	850.5	843.5	3,351.9	3,328.0
Earnings Before Interest and Taxes	456.3	409.9	1,740.5	1,566.2
Operating Profit Margin	18.9%	17.5%	18.6%	17.2%
Net Interest Expense	39.7	37.7	173.3	171.6
Income Before Income Taxes	416.6	372.2	1,567.2	1,394.6
Provision for Income Taxes	129.9	111.6	503.4	457.3
Tax Rate	31.2%	30.0%	32.1%	32.8%
Net Income	286.7	260.6	1,063.8	937.3
Net Earnings Per Common Share				
- Basic	\$.49	\$.44	\$1.81	\$1.57
- Diluted	\$.46	\$.41	\$1.70	\$1.47
Average Common Shares Outstanding				
- Basic	571.5	581.8	574.9	583.1
- Diluted	623.2	637.2	627.3	638.8