

Table 8

Colgate-Palmolive Company

Non-GAAP Reconciliations

For the Three Months Ended December 31, 2019 and 2018

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

	2019	2018	
Gross Profit			
Gross profit, GAAP	\$ 2,414	\$ 2,253	
Global Growth and Efficiency Program	(1)	12	
Acquisition-related costs	3	—	
Gross profit, non-GAAP	<u>\$ 2,416</u>	<u>\$ 2,265</u>	
			Basis Point Change
Gross Profit Margin	2019	2018	
Gross profit margin, GAAP	60.1 %	59.1 %	100
Global Growth and Efficiency Program	— %	0.3 %	
Acquisition-related costs	0.1 %	— %	
Gross profit margin, non-GAAP	<u>60.2 %</u>	<u>59.4 %</u>	<u>80</u>
Selling, General and Administrative Expenses	2019	2018	
Selling, general and administrative expenses, GAAP	\$ 1,412	\$ 1,328	
Global Growth and Efficiency Program	(18)	(9)	
Selling, general and administrative expenses, non-GAAP	<u>\$ 1,394</u>	<u>\$ 1,319</u>	
Selling, General and Administrative Expenses as a Percentage of Net Sales	2019	2018	Basis Point Change
Selling, general and administrative expenses as a percentage of Net sales, GAAP	35.2 %	34.8 %	40
Global Growth and Efficiency Program	(0.5)%	(0.2)%	
Selling, general and administrative expenses as a percentage of Net sales, non-GAAP	<u>34.7 %</u>	<u>34.6 %</u>	<u>10</u>
Other (Income) Expense, Net	2019	2018	
Other (income) expense, net, GAAP	\$ 71	\$ 34	
Global Growth and Efficiency Program	(14)	(24)	
Acquisition-related costs	(3)	—	
Value-added tax matter in Brazil	30	—	
Other (income) expense, net, non-GAAP	<u>\$ 84</u>	<u>\$ 10</u>	
Operating Profit (Loss)	2019	2018	% Change
Operating profit (loss), GAAP	\$ 931	\$ 891	4 %
Global Growth and Efficiency Program	31	45	
Acquisition-related costs	6	—	
Value-added tax matter in Brazil	(30)	—	
Operating profit, non-GAAP	<u>\$ 938</u>	<u>\$ 936</u>	<u>— %</u>
Operating Profit Margin	2019	2018	Basis Point Change
Operating profit margin, GAAP	23.2 %	23.4 %	(20)
Global Growth and Efficiency Program	0.8 %	1.2 %	
Acquisition-related costs	0.1 %	— %	
Value-added tax matter in Brazil	(0.7)%	— %	
Operating profit margin, non-GAAP	<u>23.4 %</u>	<u>24.6 %</u>	<u>(120)</u>
Non-Service Related Postretirement Costs	2019	2018	
Non-service related postretirement costs, GAAP	\$ 29	\$ 22	
Global Growth and Efficiency Program	(3)	(1)	
Non-service related postretirement costs, non-GAAP	<u>\$ 26</u>	<u>\$ 21</u>	

Table 8
Continued

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For the Three Months Ended December 31, 2019 and 2018

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

	2019						
	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	
As Reported GAAP	\$ 870	\$ 188	\$ 682	\$ 643	21.6 %	\$ 0.75	
Global Growth and Efficiency Program	34	7	27	27	— %	0.03	
Acquisition-related costs	6	—	6	6	(0.1)%	0.01	
Value-added tax matter in Brazil	(30)	(10)	(20)	(20)	(0.5)%	(0.02)	
Swiss income tax reform	—	29	(29)	(29)	3.3 %	(0.04)	
Non-GAAP	<u>\$ 880</u>	<u>\$ 214</u>	<u>\$ 666</u>	<u>\$ 627</u>	<u>24.3 %</u>	<u>\$ 0.73</u>	

	2018						
	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
As Reported GAAP	\$ 832	\$ 189	\$ 643	\$ 37	\$ 606	22.7 %	\$ 0.70
Global Growth and Efficiency Program	46	12	34	2	32	0.2 %	0.04
Non-GAAP	<u>\$ 878</u>	<u>\$ 201</u>	<u>\$ 677</u>	<u>\$ 39</u>	<u>\$ 638</u>	<u>22.9 %</u>	<u>\$ 0.74</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.