Colgate-Palmolive Company

Prepared Management Remarks
Second Quarter 2026
July 31, 2026

Please review the following prepared management remarks in conjunction with our second quarter 2026 earnings press release and earnings presentation. These prepared management remarks include forward-looking statements and non-GAAP financial measures. For more information, see “Cautionary Statement on Forward-Looking Statements” and “Non-GAAP Financial Measures” below.

We also invite you to listen to our live question and answer webcast with Noel Wallace, Chairman, President and Chief Executive Officer, Stan Sutula, Chief Financial Officer, Claire Ross, EVP, Investor Relations, and John Faucher, EVP, M&A and Special Projects, which will begin today at 8:30 a.m. Eastern Time. The live audio webcast can be accessed on our website at www.colgatepalmolive.com. For those unable to participate during the live webcast, a recorded version of the webcast will be made available through the Investor Center section of our website at www.colgatepalmolive.com/investors.

Management Commentary

We are pleased to have delivered another strong quarter of both top- and bottom-line growth. Our net sales and organic sales growth momentum continued in the second quarter of 2026 even with a volatile macroeconomic backdrop. The growth was broad-based with net sales and organic sales growing in three out of the four categories and four out of the five divisions.

We have maintained our full-year guidance for net and organic sales growth, advertising and GAAP earnings per share. We now expect GAAP and Base Business gross profit margin to be roughly flat versus down previously. We have raised our Base Business earnings per share growth guidance to mid-single digits versus low- to mid-single digits previously.

This improved guidance is driven by our revenue growth management and productivity efforts, including our funding-the-growth initiatives and the Strategic Growth and Productivity Program, which have helped offset the increased costs from higher oil and commodity prices, including higher tariff costs year over year.

We continue to expect advertising to be up for the year as we spend robustly behind our brands.

Our 2030 strategy, with its focus on perceivable brand superiority, premium innovation, investment in advertising and capabilities and a winning culture, leaves us well positioned to continue to deliver in this volatile environment. We have built flexibility into our P&L through our operating model, our funding-the-growth initiatives and the Strategic Growth and Productivity Program. The Strategic Growth and Productivity Program will also help us build the organizational structure needed to win in the future. We believe our strategy positions us to deliver on our long-term aspirations of consistent, compounded earnings per share growth and top-tier total shareholder return.

Second Quarter Overview

We delivered strong net and organic sales growth with continued balance between volume and pricing growth. Net sales were $5.4 billion in the second quarter, a 4.9% increase versus Q2 2025. Organic sales growth was 2.4% and included a negative 0.4% impact from our exit from the private label pet food business. We grew organic sales in three of our four categories–oral care, pet nutrition and home care.

We grew organic sales in every division except North America, which was impacted by continued weakness in U.S. category growth rates, some market share losses, as well as retail inventory reductions. We are laser focused on returning to sales growth in North America behind improved execution, increased brand support and strong premium innovation. Developed market organic growth was slightly positive in the quarter driven by Hill’s and Europe. Emerging markets delivered solid mid-single-digit organic sales growth, with continued strength in Latin America and Asia Pacific.

Volume growth of 0.9% included a 10 basis point benefit from the acquisition of the Prime100 pet nutrition business. Organic volume growth was 0.8% and included a negative 0.4% impact from our exit of the private label pet food business. Excluding this impact, organic volume growth was 1.2%.

Pricing growth was 1.6% in the quarter as our revenue growth management strategies, including PromoAI, are delivering solid pricing to help offset increased raw material and packaging costs.

Foreign exchange was a 2.4% benefit to net sales in the quarter, driven primarily by Latin America.

On both a GAAP and a Base Business basis, our gross profit margin in the quarter was 61.5%, a 140 basis point improvement year over year. Versus Q2 2025, pricing was a 60 basis point benefit to gross profit margin, while raw materials, including the impacts of tariffs and tariff refunds, had a 220 basis point negative impact. Our funding-the-growth initiatives delivered a 280 basis point benefit to gross profit margin. Mix was favorable to gross profit margin by 20 basis points. Roughly one-third of the year-over-year gross margin expansion came from tariff refunds in the quarter.

SG&A as a percentage of net sales was up 130 basis points year over year on a GAAP basis and up 120 basis points on a Base Business basis. Advertising was up 120 basis points as a percentage of net sales and up 15% on a dollar basis as we increased investment across our businesses.

GAAP operating profit was down year over year for the second quarter due to charges related to the Strategic Growth and Productivity Program. On a Base Business basis, operating profit was up 5%.

For the second quarter, on a GAAP basis, we delivered earnings per share of $0.86. On a Base Business basis, earnings per share was up 8% to $0.99.

Higher net income excluding non-cash items in the period, combined with our discipline on working capital, drove strong cash flow performance. Year to date through the second quarter, our free cash flow is up 18% and we have returned $1.4 billion to shareholders through share repurchases and dividends.

Second Quarter Divisional Summaries

North America

North America net sales and organic sales declined 3%. Volume decreased 3.9%, while pricing increased 0.9% and foreign exchange was flat for the quarter.

In the United States, the Company's value share of the toothpaste market is 31.9% year to date and its value share of the manual toothbrush market is 43.4% year to date.

The U.S. market remains challenging, as category growth rates slowed in May, but slightly rebounded in June. Our organic growth was impacted negatively by the slower category growth rates, market share losses, heightened competitive activity and inventory reductions at key retailers.

We are determined to improve our North America performance with a sharp focus on our premium innovation, particularly our Colgate Optic White Pro Series with ActivShine Technology. We plan for continued strong brand support in the second half as we look to drive the impact of our innovation.

The increased innovation behind Fabuloso continues to perform well led by Fabuloso 3-in-1 Clean Spray and Fabuloso Watermelon cleaners.

EMEA

The EMEA division delivered a strong quarter of net sales, organic sales and operating profit growth. Net sales increased by 3.5%, with organic sales growth of 2.0% and a 1.6% benefit from foreign exchange. Organic sales growth was driven by strong volume growth of 3.2%, while pricing was down 1.2%, entirely driven by skin health, primarily China. Organic sales growth was broad-based across hubs, while skin health was down in the quarter.

Volume growth was led by oral and personal care with some weakness in home care. The conflict in the Middle East had a roughly 1% negative impact on organic sales growth for the division through impacts to our business in that region.

We continue to see record market shares for our toothpaste business in Europe behind the strength of our innovation on elmex and Colgate. The share gains are fueling our growth momentum as we have now achieved 24 consecutive quarters of organic sales growth for toothpaste in Europe. Our focus on omni-channel demand generation is delivering double-digit e-commerce growth in toothpaste year to date.

In personal care, premium innovation is driving growth for Sanex, including significant distribution gains on the Sanex Skin Therapy range.

Latin America

Latin America delivered another strong quarter of net sales, organic sales and operating profit growth. Net sales grew 13.7%, with 5.3% organic sales growth and an 8.4% benefit from foreign exchange. Organic sales growth was balanced, with 2.6% volume growth and 2.8% pricing growth.

As was the case last quarter, the growth was broad-based, as all three categories delivered solid organic sales growth. Growth was also geographically broad-based with growth in every hub. Mexico grew organic sales by mid-single digits, while Brazil grew high-single digits. Both countries delivered pricing and volume growth.

Brazil benefited from Colgate Total market share gains, while elmex delivered very strong sales growth. In Mexico, Colgate Maximum Cavity Protection and Colgate Triple Action toothpastes are performing well.

Our cleaners and fabric softeners businesses continued to deliver growth in the quarter driven by strong performance by Fabuloso Ultra Frescura liquid cleaners with 24 hours of long-lasting fragrance and the recent launch of Suavitel Complete fabric refresher spray.

Asia Pacific

Asia Pacific delivered its third consecutive quarter of net sales growth. Net sales grew 4.9% in the quarter, with organic sales growth of 5.2%. Foreign exchange had a 0.3% negative impact. Organic sales growth was led by double-digit growth in India.

We also saw solid organic sales and volume growth in both Colgate China and our H&H joint venture, driven by our omni-channel demand generation efforts. Colgate Optic White Purple and Darlie Magnificent White, with its dual chamber tube design, continue to have strong momentum. The relaunch of Colgate Total continues to perform well across the division.

Hill's Pet Nutrition

Hill's delivered a solid quarter with 3.4% net sales growth and 2.1% organic sales growth including a negative 2.0% impact from our exit from the private label pet food business. Foreign exchange was a 0.6% benefit to net sales in the quarter. Hill's U.S. delivered mid-single-digit organic sales growth in the quarter.

Reported volume decreased 1.2% in the quarter, which included a 60 basis point benefit from the acquisition of Prime100. Excluding the negative impact from our exit from the private label pet food business, organic volume would have been flat. Pricing increased 3.9% with positive pricing in every hub.

Growth was led this quarter by strong performance from Hill's Prescription Diet with both volume and pricing growth. Hill's Prescription Diet grew across the dog and cat segments with strong growth driven by e-commerce and omni-channel activations. We continue to gain market share in the therapeutic category. In July, we began the phased roll out of Hill's Science Diet Single Protein dog food, our new offering in the fresh segment.

Guidance

We maintained our 2026 net sales, organic sales, advertising and GAAP EPS guidance and raised our 2026 gross profit margin and Base Business EPS guidance in our earnings press release.

We still expect net sales to be up 2% to 6% versus 2025. We still expect organic sales growth to be 1% to 4%. At current spot rates, foreign exchange is still expected to be a low-single-digit benefit to net sales growth. Our guidance includes the final impact from our planned exit from the private label pet food business in 2025. We expect the full-year impact of this exit to net and organic sales growth to be approximately 30 basis points in 2026. This impact was predominantly in the first half of the year.

We now expect gross profit margin to be roughly flat year over year versus down previously, on both a GAAP and Base Business basis.

Versus our previous forecast, we now expect slightly less underlying raw and packaging material and logistics cost inflation from the impact of the conflict in the Middle East on oil and other commodities. This is based on our cost projections, which may differ from spot prices.

Given recent tariff announcements, we now expect additional headwinds versus our previous forecast as recently announced tariff increases more than offset the tariff refunds we received in the second quarter.

Advertising is still expected to be up on both a dollar basis and as a percentage of net sales.

We still expect double-digit earnings per share growth on a GAAP basis. We now expect EPS on a Base Business basis to be up mid-single digits versus up low- to mid-single digits previously.

Given the outlook for interest rates and lower debt levels, we still expect interest expense to be flat in 2026. Our tax rate is still expected to be between 23.0% and 24.0% for the full year, on both a GAAP and Base Business basis.

Cautionary Statement on Forward-Looking Statements

These prepared remarks include forward-looking statements (as that term is defined in the U.S. Private Securities Litigation Reform Act of 1995 or by the Securities and Exchange Commission (SEC) in its rules, regulations and releases) that set forth anticipated results based on management's current plans and assumptions. Such statements may relate, for example, to sales or volume growth, net selling price increases, organic sales growth, profit or profit margin levels, earnings per share levels, financial goals, category growth rates, the impact of foreign exchange, the impact of developments in global trade relations and tariffs, the impact of geopolitical events and tensions, wars and military conflicts, such as in Ukraine and the Middle East, cost reduction plans (including the Strategic Growth and Productivity Program), tax rates, interest rates, new product introductions, digital capabilities, commercial investment levels, acquisitions, divestitures, share repurchases or legal or tax proceedings, among other matters. These statements are made on the basis of our views and assumptions as of July 31, 2026. We undertake no obligation to update these statements whether as a result of new information, future events or otherwise, except as required by law or by the rules and regulations of the SEC. Moreover, we do not, nor does any other person, assume responsibility for the accuracy and completeness of these statements. We caution investors that any such forward-looking statements are not guarantees of future performance and that actual events or results may differ materially from those statements. For more information about factors that could impact our business and cause actual results to differ materially from forward-looking statements, investors should refer to our filings with the SEC (including, but not limited to, the information set forth under the captions "Risk Factors" and "Cautionary Statement on Forward-Looking Statements" in the Company's Annual Report on Form 10-K for the year ended December 31, 2025 and subsequent filings with the SEC).

Non-GAAP Financial Measures

These remarks also include a discussion of non-GAAP financial measures (which exclude certain items from reported results), including those identified in Tables 4, 6, 7, 8 and 9 of the second quarter earnings press release. A full reconciliation to the corresponding GAAP financial measures and related definitions are included in the earnings press release, which is available on our website.