



Prepared Management Remarks

First Quarter 2025

April 25, 2025

Please review the following prepared management remarks in conjunction with our first quarter 2025 earnings press release and earnings presentation, and additional information regarding our non-GAAP financial measures, including GAAP to non-GAAP reconciliations, which are available in the Investor Center section of our website at www.colgatepalmolive.com/investors and in Tables 3, 5 and 6 of the first quarter earnings press release.

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, and John Faucher, Chief Investor Relations Officer & EVP, M&A, 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.

Cautionary Statement

These prepared remarks include forward-looking statements. Actual results could differ materially from these statements. Forward-looking statements inherently involve risks and uncertainties and are made on the basis of our views and assumptions as of April 25, 2025. We undertake no obligation to update them, except as required by law or by the rules and regulations of the SEC. Please refer to the earnings press release and our most recent filings with the SEC, including our 2024 Annual Report on Form 10-K and subsequent SEC filings, all available on our website, for a discussion of the factors that could cause actual results to differ materially from these statements. These remarks also include a discussion of non-GAAP financial measures (which exclude certain items from reported results), including those identified in Tables 3, 5 and 6 of the first 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.

Management Commentary

We delivered solid results in the first quarter of 2025 in the midst of a challenging operating environment. We delivered low-single-digit GAAP and mid-single-digit base business EPS growth despite a mid-single-digit headwind from foreign exchange, macroeconomic and geopolitical volatility and a difficult consumer environment.

As we look to the balance of 2025 we will continue to invest behind our brands to reaccelerate volume growth, and take prudent pricing and drive productivity to help offset foreign exchange, raw and packaging material cost increases and incremental tariff costs. We expect the operating environment to remain volatile, but we believe the strength and breadth of our portfolio, combined with the flexibility we have built into our P&L over the past few years and the strength of our balance sheet and cash flow, leave us well positioned as we look to drive total shareholder return (TSR) at the high end of our peer group.

First Quarter Overview

We delivered pricing-driven organic sales growth in the first quarter of 2025 as category growth softened across many of our geographies, particularly in the United States.

Net sales were \$4.9 billion in the first quarter, -3.1% versus the year ago period including a -4.4% impact from foreign exchange. Organic sales grew 1.4%, including the 0.4% negative impact from our previously disclosed plans to exit the private label pet business this year, against a 9.8% comparison (our most difficult comparison of the year). Volume growth was -0.1% in the quarter, +0.3% excluding the impact of the private label pet business, with growth in Europe and Latin America offset by declines in North America, Asia Pacific and Africa/Eurasia. Hill's volume growth in the quarter excluding the impact of private label was 1.7% with volume growth on both Hill's Science Diet and Hill's Prescription Diet.

Pricing growth was 1.5% in the quarter, driven by our revenue growth management and premium innovation strategies. As discussed on the Q4 call, we continue to see lower contribution versus full year 2024 from inflation-driven pricing across most geographies and less hyperinflationary pricing in markets like Argentina, Türkiye and Nigeria. We will continue to execute against our revenue growth management strategies and, while pricing growth is expected to remain muted in the second quarter, we believe it will accelerate in the second half of the year.

Foreign exchange had a -4.4% impact on net sales in the quarter, driven predominantly by year-over-year declines in the Mexican peso and Brazilian real.

On both a GAAP and Base Business basis, our gross profit margin in the quarter was up 80 basis points year over year to 60.8%. For the quarter, pricing was a 60 basis point benefit to gross profit margin, while raw materials, including the additional impact of transactional foreign exchange, had a 240 basis point negative impact. Our funding-the-growth initiatives delivered a 210 basis point benefit to gross profit margin. Mix was favorable to gross profit margin by 50 basis points given the strength of higher margin brands like elmex toothpaste and Hill's Prescription Diet as well as lower private label sales.

SG&A as a percentage of net sales was up 80 basis points year over year on a GAAP basis and up 50 basis points on a Base Business basis. We continued to invest behind our brands to drive household penetration and brand health with advertising spend up 30 basis points as a percentage of net sales and roughly flat on a dollar basis.

Operating profit was up low-single-digits in the quarter on both a GAAP and Base Business basis as our organic sales growth and gross margin expansion more than offset the impact of foreign exchange and higher levels of investment.

For the first quarter, on a GAAP basis, we delivered earnings per share of \$0.85. On a Base Business basis, earnings per share was up 6% to \$0.91 on top of 18% growth in Q1 2024.

First Quarter Divisional Summaries

North America

North America net sales declined 3.6%, with organic sales of -3.0% and a 60 basis point negative impact from currency. Volume declined 2.3% in the quarter, driven by personal care and home care. Pricing improved sequentially from the fourth quarter to -0.7%.

As we discussed at multiple investor conferences during the quarter, growth rates in our categories in the U.S. decelerated sequentially from January into February. All 12 categories in which we compete saw lower Nielsen sales growth in February. This slowdown continued into March with further deceleration across the majority of our categories.

The deceleration was driven by volume declines across most of our categories as macroeconomic uncertainty led to lower levels of repurchase.

Growth rates in our categories remain challenging, but the data shows some improvement through the middle of April; we believe category growth rates will remain below where they were in 2024 this year.

In the United States, the Company's value share of the toothpaste market is 32.7% year to date and its value share of the manual toothbrush market is 42.4% year to date.

Volume growth in oral care was driven by low-single-digit volume growth in toothpaste led by the rollout of new Colgate Total and hello.

Europe

Europe delivered another quarter of strong growth with 2.5% net sales growth and 5.4% organic sales growth with all hubs in the region delivering organic sales growth in the quarter. Europe delivered volume growth of 3.0%, driven by oral care. Pricing growth was 2.4%, with positive pricing in all three categories: oral care, personal care and home care. Foreign exchange was a 2.9% headwind to net sales.

We continue to gain toothpaste value market share in Europe with particular strength on the elmex brand, as we discussed at the CAGNY conference in February. Share gains for the Colgate brand were driven by our whitening portfolio, aided by the recent launch of Colgate Max White Clinical in the UK. Colgate Max White Clinical has a clinically proven whitening ingredient and has been launched at a key price point that is helping to bring new users into the franchise.

Europe also delivered organic sales growth in personal care, driven by body wash.

Latin America

Latin America delivered solid underlying performance in the first quarter in the face of significant foreign exchange headwinds, less hyperinflationary pricing and economic uncertainty. Net sales declined 8.7% in the quarter as 4.0% organic sales growth was more than offset by a 12.7% headwind from foreign exchange. Every hub delivered organic sales growth in the quarter.

Latin America delivered its eighth consecutive quarter of volume growth, with 2.7% growth against a difficult 6.2% comparison. Pricing was up 1.2% in the quarter, driven by Argentina, Mexico and Brazil. We have implemented additional pricing in Latin America on a year-to-date basis and expect pricing for the Latin America division to improve sequentially through the year.

Our premiumization strategy in toothpaste continues to drive growth at the higher end of our portfolio with strong market share performance behind Colgate Total, Colgate Luminous White and Colgate Sensitive Pro Relief.

In home care, we are relaunching our premium Suavitel Complete fabric conditioner with an upgraded formula with improved color protection and a powerful fragrance system to maintain freshness between washes.

Asia Pacific

Asia Pacific net sales declined 5.0% in the first quarter, as organic sales declined 3.1% with volume -3.4% and pricing +0.4%. Foreign exchange was a 1.9% headwind.

The volume decline was driven predominantly by our H&H joint venture in China where our business was impacted by the timing of Chinese New Year and market share weakness. Volume was also softer than expected in India where the slowdown in urban markets continued into the first quarter.

Our significant core and premium innovation across the Asia Pacific division continues to drive volume growth and household penetration. In India, we are relaunching Colgate Strong Teeth toothpaste, the #1 sub-brand in the country, with Calcium Boost + Arginine technology that provides 2x stronger teeth versus regular fluoride toothpaste. Colgate Optic White Purple toothpaste and serum, Colgate Max Fresh with improved cooling technology and the improved Colgate whitening wand are bringing impactful innovation across the region.

Africa/Eurasia

Africa/Eurasia delivered another quarter of organic sales growth, +1.8%, but net sales declined 1.5% in the quarter due to negative foreign exchange.

Volume declined 2.3% in the quarter while pricing growth improved sequentially in the quarter to +4.1%, driven by improved pricing in toothpaste and bar soap.

Our continued investment in Africa/Eurasia, despite economic and political uncertainty in the region, is paying off through strong toothpaste value market share performance. The strong share growth in 2024 continued in the first quarter with share growth for the total division and gains across many top markets, led by record high market shares in South Africa, Nigeria and Saudi Arabia.

Hill's Pet Nutrition

Hill's net sales grew 1.5% and organic sales grew 2.9% in the first quarter, including a -2.1% impact from the planned reduction of private label volume. Reported volume declined slightly, -0.3% in the quarter (+1.7% excluding the private label impact), while pricing was +3.2%. Hill's U.S. grew organic sales mid single digits with growth in both volume and pricing, while Hill's Canada delivered double-digit organic sales growth in the quarter.

In the first quarter, we relaunched our Hill's Science Diet core lifestage portfolio with ActivBiome+ Multi-Benefit, a blend of prebiotic fibers and antioxidants that support digestion, immune system and organ health.

Hill's also launched a new equity advertising campaign in the U.S. in March built on the key insight that pet parents sometimes feel guilty that they can't love their pets as much as their pets love them. This new advertising is a key part of our strategy to drive household penetration and brand health.

Guidance

We issued revised 2025 guidance this morning in our earnings press release. We now expect net sales to be up low single digits versus 2024, versus roughly flat previously. At current spot rates, foreign exchange is expected to be a low-single-digit headwind to net sales growth, versus a mid-single-digit headwind previously. We now expect organic sales growth of 2-4%, versus 3-5% previously, given the macroeconomically-driven weaker category growth in the first quarter, which we expect to at least partially continue into the second quarter. Our guidance continues to include the impact of the planned exit from private label pet nutrition over the course of 2025. Over the course of the year we would expect the impact of the private label exit to net and organic sales growth by quarter to be greater than the Q1 impact, which was roughly 40 basis points at the total company level.

We currently expect modest **underlying** raw and packaging material cost inflation (excluding incremental tariffs as discussed below), driven by slightly higher commodity prices and the impact of transactional foreign exchange. This forecast is based on our cost projections, which may differ from spot prices.

Our initial 2025 guidance, which we provided on January 31, 2025, did not include any incremental impact from tariffs. We now expect tariffs to have an **incremental** gross impact of approximately \$200 million dollars to our cost of goods sold in 2025 versus our previous estimate, given the tariffs **announced and in effect** as of April 24, 2025 by all countries, particularly those announced by the United States and China. These increased tariff costs are included in our guidance and we will use multiple levers to

attempt to mitigate these incremental costs, including additional productivity, revenue growth management and optimizing sourcing, production and formulas.

This incremental cost does not include tariffs that have been announced and delayed. If those tariffs come into effect, or if there are additional tariffs announced and implemented, we could incur additional costs.

Given the incremental costs of tariffs, we now expect our gross margin to be roughly flat in 2025 on both a GAAP and Base Business basis due to the benefits from revenue growth management and the strength of our funding-the-growth initiatives.

Advertising is now expected to be roughly flat as a percentage of net sales versus flat to up slightly on both a dollar basis and as a percentage of net sales previously.

Given the outlook for interest rates and lower debt levels, we still expect interest expense to be flat or down slightly in 2025.

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.

On a GAAP and Base Business basis, we expect earnings per share to be up low single digits including the approximately \$200 million negative impact from the additional tariffs announced and in effect since our first quarter earnings release on January 31, 2025.