

Table 8

Colgate-Palmolive Company

Non-GAAP Reconciliations

For the Three Months Ended December 31, 2018 and 2017

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

Gross Profit	2018	2017	
Gross profit, GAAP	\$ 2,253	\$ 2,328	
Global Growth and Efficiency Program	12	24	
Gross profit, non-GAAP	<u>\$ 2,265</u>	<u>\$ 2,352</u>	
Gross Profit Margin	2018	2017	Basis Point Change
Gross profit margin, GAAP	59.1 %	59.8 %	(70)
Global Growth and Efficiency Program	0.3 %	0.6 %	
Gross profit margin, non-GAAP	<u>59.4 %</u>	<u>60.4 %</u>	<u>(100)</u>
Selling, General and Administrative Expenses	2018	2017⁽¹⁾	
Selling, general and administrative expenses, GAAP	\$ 1,328	\$ 1,345	
Global Growth and Efficiency Program	(9)	(26)	
Selling, general and administrative expenses, non-GAAP	<u>\$ 1,319</u>	<u>\$ 1,319</u>	
Selling, General and Administrative Expenses as a Percentage of Net Sales	2018	2017⁽¹⁾	Basis Point Change
Selling, general and administrative expenses as a percentage of Net sales, GAAP	34.8 %	34.6 %	20
Global Growth and Efficiency Program	(0.2)%	(0.7)%	
Selling, general and administrative expenses as a percentage of Net sales, non-GAAP	<u>34.6 %</u>	<u>33.9 %</u>	<u>70</u>
Other (Income) Expense, Net	2018	2017⁽¹⁾	
Other (income) expense, net, GAAP	\$ 34	\$ 23	
Global Growth and Efficiency Program	(24)	(30)	
Other (income) expense, net, non-GAAP	<u>\$ 10</u>	<u>\$ (7)</u>	
Operating Profit (Loss)	2018	2017⁽¹⁾	% Change
Operating profit (loss), GAAP	\$ 891	\$ 960	(7)%
Global Growth and Efficiency Program	45	80	
Operating profit, non-GAAP	<u>\$ 936</u>	<u>\$ 1,040</u>	<u>(10)%</u>
Operating Profit Margin	2018	2017⁽¹⁾	Basis Point Change
Operating profit margin, GAAP	23.4 %	24.7 %	(130)
Global Growth and Efficiency Program	1.2 %	2.0 %	
Operating profit margin, non-GAAP	<u>24.6 %</u>	<u>26.7 %</u>	<u>(210)</u>
Non-Service Related Postretirement Costs	2018	2017⁽¹⁾	
Non-service related postretirement costs, GAAP	\$ 22	\$ 36	
Global Growth and Efficiency Program	(1)	(7)	
Non-service related postretirement costs, non-GAAP	<u>\$ 21</u>	<u>\$ 29</u>	

Table 8
Continued

Colgate-Palmolive Company

Non-GAAP Reconciliations

For the Three Months Ended December 31, 2018 and 2017

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

	2018						
	Income Before Income Taxes	Provision For Income Taxes⁽²⁾	Net Income Including Non-controlling Interests	Less: Income Attributable To Non-controlling Interests	Net Income Attributable To Colgate-Palmolive Company	Effective Income Tax Rate⁽³⁾	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>

	2017						
	Income Before Income Taxes	Provision For Income Taxes⁽²⁾	Net Income Including Non-controlling Interests	Net Income Attributable To Colgate-Palmolive Company	Effective Income Tax Rate⁽³⁾	Diluted Earnings Per Share	
As Reported GAAP	\$ 896	\$ 543	\$ 353	\$ 323	60.6 %	\$ 0.37	
Global Growth and Efficiency Program	87	26	61	61	(2.7)%	0.07	
U.S. tax reform	—	(275)	275	275	(28.0)%	0.31	
Non-GAAP	<u>\$ 983</u>	<u>\$ 294</u>	<u>\$ 689</u>	<u>\$ 659</u>	<u>29.9 %</u>	<u>\$ 0.75</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 Company adopted ASU No. 2017-07, “Compensation–Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost,” on January 1, 2018. The adoption of this standard resulted in the non-service related postretirement costs being presented separately in the income statement from the service cost component and the non-service related postretirement costs no longer being included in Operating profit. The reclassification had no effect on Net income attributable to Colgate-Palmolive Company, Earnings per common share or Cash flow. Refer to the Company’s website for reconciliations to previously reported amounts for all quarters of 2017 as well as for years 2017 and 2016.

(2) 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.

(3) 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.