

This commentary, the remarks made during our third quarter 2016 earnings release conference call and our third quarter 2016 earnings press release filed with the SEC are integrally related and are intended to be presented and understood together.

Colgate-Palmolive Company
Third Quarter 2016
Earnings Release Prepared Remarks
Thursday, October 27, 2016

Today's conference call will include forward-looking statements. Actual results could differ materially from these statements. Please refer to the earnings press release and the most recent Form 10-K and subsequent SEC filings, all available on Colgate's website, for a discussion of the factors that could cause actual results to differ materially from these statements. This conference call will also include a discussion of non-GAAP financial measures, including those identified in Tables 8 and 9 of the earnings press release. A full reconciliation with the corresponding GAAP measures is included in the earnings press release and is available on Colgate's website.

Good morning and welcome to our third quarter earnings release conference call. This is John Faucher, Senior Vice President for investor relations. Joining me this morning are Ian Cook, Chairman, President and CEO, Dennis Hickey, CFO, Victoria Dolan, Corporate Controller, Elaine Paik, Treasurer, and Bina Thompson, Chief Investor Relations Officer.

On a reported basis, our net sales were down 3.5% in the third quarter due to the impact of foreign exchange, the impact of the Venezuela deconsolidation and the divestiture of our detergent business in the South Pacific. That said, we continued to deliver strong organic sales growth in the third quarter, with organic sales up 4.5%, within our targeted range of four to seven percent, despite a continued difficult global macro environment. Our organic sales growth was driven by a combination of volume growth (excluding the impact of divestitures and the deconsolidation of Venezuela) and improvement in pricing. We delivered organic sales growth in every division this quarter, but I would particularly point out Latin America, where we delivered double-digit growth on a double-digit comparison.

Excluding charges from the Restructuring Program in both periods, gross profit margin was up 160 bps in third quarter 2016 versus third quarter 2015, led by cost savings from our Funding the

Growth initiatives and our Restructuring Program. This gross margin expansion allowed us to increase worldwide advertising year over year both on an absolute basis and as a percentage of sales. On a GAAP basis, gross profit margin was up 140 basis points versus the year ago period.

Excluding the items specified in table 8 of our press release, our operating profit grew 1% in dollar terms and our earnings per share were \$0.73, also up 1% year over year. On a GAAP basis operating profit decreased 6% to \$1,071 million and earnings per share in Q3 were \$0.78, compared with \$0.80 in the third quarter of 2015.

Through strong working capital performance we continue to grow our free cash flow, further strengthening our balance sheet. Year to date, our free cash flow before dividends is up 17% year-over-year and our net cash provided by operations is up 10% year-over-year.

We continue to be faced with macroeconomic challenges in many parts of the world, coupled with an uncertain currency environment. Despite this, the Colgate team remains committed over the long term to delivering sustainable 4-7% organic sales growth, with productivity driven gross profit margin expansion, and double-digit earnings per share growth on a dollar basis.

Now we'll go through the performance in the divisions.

North America

North America posted net sales, volume, organic sales and operating profit growth in the quarter. Market shares are up year to date in most of our key categories, and our innovation continues to perform well, with a strong pipeline planned as we head into 2017.

A few North America highlights in the quarter:

- Our US toothpaste business continues to grow and increase market share, with year to date market shares up 30 basis points; in Q3, our market share was up 70 basis points year over year.
- Our new products like Colgate Optic White High Impact White and Colgate Total Daily Repair toothpastes are driving volume growth at premium prices. Colgate Total Daily Repair has helped the Colgate Total franchise to a 10.5% share of market on a year to date basis. Colgate Optic White High Impact White has helped the Colgate Optic White

franchise to its highest share ever, at 6.8% in the third quarter, versus 6.5% year to date and 5.7% for full year 2015.

- We are also seeing sequential and year over year improvement in market shares for our sensitivity business, helped by our latest launch of Colgate Sensitive Smart White toothpaste.
- Our US manual toothbrush share is up 50 basis points year to date; the Colgate 360 franchise continues to perform well, with market share of almost 23% year to date, up from 20.4% for full year 2015.
- In particular, the recent new product launches of the Colgate 360° Enamel Health Whitening toothbrush and the Colgate 360° Total Advanced 4 Zone manual toothbrush, which just launched in Q3, have added one full share point year to date.
- Tom's of Maine also posted good growth in the quarter, with year to date market share up 20 basis points versus last year, driven by new products, particularly Rapid Relief toothpaste.
- In personal care, we continue to gain share in both liquid hand soap and body wash, driven by new products. Softsoap Pure foaming hand soap and Softsoap Luminous Oils and Irish Spring Signature For Men body washes are all contributing to year to date share growth in personal care.

Latin America

The strong organic sales growth posted by Latin America in the first half continued into Q3. Organic sales growth accelerated to 10.5%, despite a sequentially more difficult comparison. Latin America also returned to volume growth in Q3, following flat volumes in Q2. All of this is excluding the impact of the deconsolidation of Venezuela.

While currency and the impact of the Venezuela deconsolidation resulted in a net sales decline in this division, productivity from Funding the Growth and pricing helped deliver 410 bps of operating profit margin expansion. This led to operating profit being down just slightly despite a mid-single digit headwind from foreign exchange.

There are several highlights across the division:

- In toothpaste, our share year to date is up 20 basis points year over year. In our oral care business we also saw share gains in mouthwash and power toothbrushes.
- In Brazil, our toothpaste share is at 73.2% year to date, up 1.1 share points year over year. We are seeing strong share growth in both Colgate Triple Action, and Colgate Maximum Cavity Protection.
- We are also seeing toothpaste share gains year to date in Peru, Paraguay, Uruguay, and Puerto Rico.
- In Mexico, we maintained toothpaste market leadership with a greater than 80% share behind strength in our Colgate Luminous White brand. We believe we possess solid momentum as we head towards 2017, not just in toothpaste, but across our entire portfolio in Mexico, with significant new product activity across many categories.
- Other highlights in the quarter for Latin America include market share gains in mouthwash behind the Plax Ice Infinity brand across the region; share gains in the kids oral care segment behind the Minions regimen; and share gains on our underarm protection business in Mexico behind Speed Stick, Lady Speed Stick, and Stefano. Also, we had significant new product activity in our household segment. In our fabric care business with Suavitel Superior Care and Suavitel Sweet Pleasures, and on cleaners with Fabuloso Pure Cleaning continuing to add incremental share year to date.

Europe

Europe delivered another quarter of positive organic sales growth, despite a difficult market environment impacted by macroeconomic conditions, Fx, and retail dynamics. Organic sales were up 1.5% in the quarter, with positive volumes and negative pricing in the market. Net sales were down year over year impacted by foreign exchange headwinds.

Market share performance in Europe is strong. We continued our toothpaste share leadership with over 35% of the market, flat year to date versus year ago. We have seen share of market gains year to date in manual and battery toothbrushes, body wash, bar soap, body lotion, and fabric softener.

Q3 highlights in the European division include:

- We continue to gain significant share in manual toothbrushes in Europe behind the strength of our toothbrush plus whitening pen. This premium priced product has allowed us to gain more than 200 basis points of market share in the manual toothbrush category year to date.
- Our share momentum in body wash is continuing, up 40 basis points year to date behind both Sanex and Palmolive.
- On Palmolive, we are expanding the roll out of our Palmolive Gourmet line, and are seeing strong results across many markets.
- While still early days, we are encouraged by the performance of Sanex Men, which includes body washes, shampoo, and underarm protection. This line is focused on men's skin health. This launch is also driving solid growth in underarm protection in France and Spain.
- Fabric care grew nicely in the quarter in Europe, driven primarily by Germany. We will see further roll-out of the Soupline Complete Care line of fabric conditioners in the fourth quarter.

Asia Pacific

Organic sales growth in Asia Pacific was 3%, driven predominantly by volume, with pricing up slightly year over year. Volume growth in the division was led by the Philippines and India. Net sales were down in the quarter primarily due to the divestiture of the laundry detergent business in the South Pacific.

Operating profit was up slightly year over year despite the net sales decline as the benefits from pricing, mix, and savings from Funding the Growth and the Restructuring Program more than offset increases in raw material costs and advertising investment.

Some Q3 highlights in Asia Pacific include:

- In the Philippines, on a year to date basis, our toothpaste share increased 350 basis points versus year ago to 62.8%, driven by strength across multiple price tiers. Colgate Triple Action and Colgate Sensitive have combined to add more than 3 share points year to date.

- Other markets with share growth in toothpaste included Hong Kong, Taiwan, New Zealand, Vietnam, and Pakistan.
- Both India and the Philippines saw share growth in manual toothbrushes year to date, with both markets up more than 1% in share of market behind the Colgate Zig Zag franchise.
- We have many new product launches in the second half of the year that we think will drive continued top line growth heading into 2017.

Africa/Eurasia

Our business across the division remains solid despite macroeconomic challenges and continued currency headwinds. Organic sales growth in the quarter was 8.5% driven by growth across most of the region. The organic sales growth was driven by double-digit pricing, with volume down 2%. Net sales and operating profit were up year over year despite a 7% foreign exchange headwind. Significant margin improvement was driven by strong pricing and Funding the Growth savings partially offset by higher raw materials and packaging costs.

Overall, our toothpaste market shares in Africa/Eurasia continue to trend positively.

Q3 highlights in the Africa/Eurasia division include:

- Our toothpaste market share in Turkey continues to grow year over year, driven by Colgate Total. Colgate Total brand market share is up 80 basis points year to date, driven by the Colgate Total Pro line with share growth of Pro Breath Health and Pro White.
- In South Africa, we continue to grow share year over year and our market share is above 50% year to date, after finishing just below 50% in 2014 and 2015.
- We had strong new product activity in the quarter behind both toothpaste, with two Colgate Optic White variants launching in South Africa and North Africa/Middle East, and toothbrushes, with Colgate 360 Charcoal Gold and Colgate Slim Soft Sensitive Gum Care.

Hill's

Q3 was a challenging quarter for Hill's as strong growth in emerging markets was offset by challenges in developed markets. Organic sales were up 1.5% in the quarter, driven by pricing,

as volume was down 2.0%. Net sales were also up and included a benefit from slightly favorable currency.

Operating profit grew 3%. Gross margin was up slightly as Funding the Growth savings and pricing offset higher costs.

Volume in the quarter was negatively impacted by a difficult retail environment in most developed markets. We continue to see solid growth in the vet and neighborhood pet channels, with particularly strong growth on-line.

Developing market volumes were up nicely, driven by Hill's Prescription Diet Metabolic + Mobility and Metabolic + Urinary, Hill's Prescription Diet Derm Defense, and Hill's Prescription Diet z/d.

Summary

So, to sum up...In what is proving to be a difficult macro environment for consumer packaged goods companies, we are pleased with how 2016 is progressing. We are delivering organic sales growth within our targeted range, and Colgate people around the world are working diligently, through Funding the Growth initiatives and our Global Growth and Efficiency Program, to deliver notable gross profit margin improvement. Our outlook for 2017, while still taking shape, is balanced, in order to continue our path of sustainable growth into next year and beyond. Our innovation pipeline is full and we're excited about what is yet to come.