

Colgate-Palmolive Company
Third Quarter 2015 Earnings
Conference Call Prepared Remarks
Friday, October 30, 2015

Today's conference call will include forward-looking statements. These statements are made on the basis of the Company's views and assumptions as of this time and are not guarantees of future performance. Actual events or results may differ materially from these statements. So, for information about certain factors that could cause such differences, investors should consult the Company's reports filed with the Securities and Exchange Commission and available on Colgate's website, including the information set forth under the captions "Risk Factors" and "Cautionary Statement on Forward-Looking Statements".

This conference call will also include a discussion of non-GAAP financial measures, which differ from the Company's results prepared in accordance with GAAP. Colgate will discuss organic sales growth, which is net sales growth excluding foreign exchange, acquisitions and divestitures. The Company will also discuss gross profit, gross profit margin, SG&A, SG&A as a percent of Net sales, operating profit, operating profit margin, net income and earnings per share on a diluted basis excluding the impact of the items described in the press release. A full reconciliation with the corresponding GAAP measures is included in the press release and is posted in the For Investors section of Colgate's website at www.colgatepalmolive.com.

Good morning and welcome to our third quarter 2015 earnings conference call. With me this morning are Ian Cook, President, Chairman and CEO, Dennis Hickey, CFO, Victoria Dolan, Corporate Controller and Elaine Paik, Treasurer.

We are pleased with the continued solid organic sales growth. Of course negative foreign exchange continues to be a major challenge, but as you will hear our market shares are strong and growing, one of the best indications of the health of a business. Happily, gross profit margin increased in the quarter as a result of our Funding the Growth initiatives, pricing actions and our Global Growth and Efficiency Program. Worldwide, our overhead costs are down on a dollar basis.

While reported advertising was down on a dollar basis, we think we are getting good results from the dollars we spend, both in store and out. Digital advertising is growing. In fact, as an example, in Latin America, we are increasing our investment in Digital to better reach our younger audiences as well as to drive engagement. As we have focused on developing strategic collaborations with partners such as Google and Facebook, we are better able to measure the results of our investment. Marketing Mix Model studies from several countries across Latin America show an ROI for Digital investment that is 3 to 4 times higher than TV, confirming this shift is right to drive our business.

Our balance sheet remains solid and we are making very good progress on working capital.

Let's turn to the divisions.

North America

Innovation continues to fuel our success in North America. As mentioned in the press release, our market shares are up year-to-date in toothpaste, manual toothbrushes, mouthwash, liquid hand soap, body wash and fabric conditioners. This was true on a quarter-over-quarter comparison as well. At the same time we have seen a decline in private label shares in many of our categories, indicating the consumer's preference for branded products and the strength of our equities.

In the toothpaste category, the launch of Colgate Total Daily Repair, supported by an engaging media campaign and strong in-store shopper materials, has added incremental share to the base line products. In the whitening segment we offer a full range of products – toothpaste, toothbrushes and mouthwash. Our Colgate Optic White toothpaste has grown share from 2.4% in the third quarter of 2011 to a 5.7% share in the most recent quarter. Colgate Enamel Health has also seen good growth momentum – increasing a full share point quarter-over-quarter. Another exciting opportunity is the sensitivity segment where we are a strong number two player. That segment has seen a compound growth of 7.7% over the last four years versus 2.8% for toothpaste overall.

In the mouthwash category, where our share is up year-to-date 20 basis points, both Colgate Total for Gum Health and Colgate Enamel Health mouthwash are picking up momentum. Our Colgate Total for Gum Health variant is the number one new item in a leading retailer and receiving full support in store.

In liquid hand soaps, our year-to date-share is up almost a full point to a leading 30.6% while private label products have declined almost two full points year-to-date to the lowest level in at least five years. Premium offerings such as Softsoap fragrant foaming collection and Décor Collection foaming hand soaps offer distinctive benefits. Similarly, Softsoap Fresh and Glow body wash with real extracts – with a unique formula giving you healthy looking skin that glows, launched earlier in the year, has increased our share in that category by almost a full point year-to-date.

Fabric conditioners also continue to perform well. Suavitel Fragrance Pearls – in wash scent boosters which provide five times longer lasting fragrance versus detergent alone – which we told you about last quarter – have helped increase our national share almost a full point year-to-date, now approaching 20% of the market. More trial focused programs are expected to drive further growth in the fourth quarter.

As you would expect, our new product grid is well populated and we will share with you some more exciting innovation slated for early 2016 on future calls.

Europe/South Pacific

Our business in Europe/South Pacific is showing encouraging signs of recovery with innovation playing a critical role. Our market shares are up year-to-date in toothpaste, manual toothbrushes, body wash, shower gels, underarm protection and fabric conditioners.

In toothpaste we are very excited about the early successes of our launch of Colgate Max White Expert White toothpaste, the latest premium offering in this fast growing segment. Launched in the UK in June, it achieved a 2.7% share in August and was named the “Best New Toiletries Launch for 2015” by one of our larger drug retailers.

Two products under the Elmex brand, developed specifically for the pharmacy channel, Elmex Sensitive professional and Elmex Anti Caries professional, have driven our pharmacy share in France to a leadership position of 26.3% year-to-date and now ahead of the nearest competitor by 150 basis points.

In manual toothbrushes, our leading market share in Europe is up 130 basis points year-to-date to 24.6% with our nearest competitor down to 17.4%. Driving these excellent results has been the relaunch across the region of our Colgate 360° manual toothbrush line. Priced at the super premium tier, these brushes deliver superior cleaning for a whole mouth clean and have been supported by a full shopper program.

We are also very encouraged by our launch of Sanex Advanced range of body washes, underarm protection and body and hand lotion. This innovation brings dermatological expertise for skin specific needs to a third growth pillar for Sanex, leading the brand towards a more professional approach in mass. Early results are excellent. Since launch, Sanex is the fastest growing brand in both body washes and underarm and in our top markets of France, Spain, and the UK, our market shares are up in both categories.

In fabric conditioners, our market shares are up 20 basis points year-to-date to 24% across the European region, with the most recent read at 24.5%. Contributing to this success is Soupline Fruity Sensations with a striking look and feel and new, different and long lasting fragrances.

More innovation is planned across our categories for the rest of this year and into 2016. Specifically, in oral care, we will be launching the Colgate Expert White Toothbrush and Built-In Whitening Pen. As you know, that product form has helped drive our manual toothbrush share to new record highs here in the U.S.

In toothpaste we will be launching Colgate Total Proof. This innovation uses breakthrough color change technology that turns the white paste into a blue foam while brushing, giving consumers the confidence of the ultimate clean feeling.

Latin America

Turning now to Latin America. Business across the region is solid and, as elsewhere, innovation has driven market share increases. Our regional market shares are up year-to-date in toothpaste, manual toothbrushes, mouthwash, toilet soap, liquid soap, shampoo, hand dish and liquid cleaners. And even in the face of some economic uncertainties in countries such as Brazil, our categories still show solid local currency growth.

Our regional toothpaste share is up two full points year-to-date to 78.2%. In Brazil, our market share is up 50 basis points year-to-date to 72%, the highest share in over 20 years and in the face of continued heightened competitive activity. Colgate Total 12, relaunched in August with a positioning of protects 100% of the surfaces of the mouth, now has an 18.5% share in the most recent period. In Mexico, our share is up 1 point year-to-date to 81.3% with the most recent read

at 81.6% while our major competitor shows continued share decline. Contributing to this success is our premium priced Colgate Luminous White Advanced, Colgate's most advanced whitening toothpaste formulated to intensify the whiteness of teeth by three shades.

In manual toothbrushes, our market share is up 230 basis points year-to-date to 45.4% with the most recent read at 49.8%. In Mexico, we recently re-introduced our Colgate 360° line with a new packaging structure with premium finishing and improved benefit communication –whole mouth clean with 151% more bad breath bacteria removal. As a result the Colgate 360° equity is up 110 basis points year-to-date, reaching a record 11.1% share.

Our leading year-to-date bar soap share is at 30.8% with the most recent read at 32%. Record high shares were achieved in Mexico, Colombia and Guatemala. And our two equities, Protex and Palmolive, continue to hold the number one and two positions across the region.

In Mexico, where we have a strong home care business, our results are excellent across the three sub categories – hand dish, liquid cleaners and fabric conditioners. Our market shares are up on a year-to-date basis 230, 40 and 150 basis points, respectively, to 52.6%, 33.5% and 48.4%.

Looking ahead, to further boost our leading manual toothbrush share we are now in the process of launching Colgate Slim Soft White with 17 times slimmer tip spiral bristles which provide both whitening and deep, yet gentle, cleaning.

An innovation launching now in fabric conditioners is Suavitel Goodbye Rinse – the market leading Suavitel with an improved no rinse formula.

As you would expect, more innovation is planned for 2016 to continue the momentum in this region.

Asia

In Asia, we are pleased with the strength of the business, particularly in our two largest markets, China and India, which both delivered good volume growth. Category growth rates remain mid-single digit in China while in India our categories are growing as well.

In India, our year-to-date toothpaste share is at almost 55% on a national basis and close to 59% in rural markets. Our market leading manual toothbrush share is 43.6% year-to-date. Our launch of Colgate Sensitive Pro-Relief Enamel Repair toothpaste, while in its early days, is doing well. Our Colgate 360° Charcoal Gold toothbrush, launched earlier in other Asian markets, is now contributing to the results in India. This successful innovation, with antibacterial bristles, provides a whole mouth clean and has achieved strong shares across the region in the most recent period: 1.4% in Hong Kong, 2.5% in the Philippines, 1.3% in Taiwan and 0.8% in Malaysia and has been incremental in each market.

More innovation is slated for this quarter and beyond. In China, we will be launching two new products developed to appeal to local consumer preferences: Colgate Power White Lemon Salt toothpaste for freshness and whitening experienced with a lemon and sea salt flavor and Colgate 360° Gold Ginseng Gum Care toothpaste which contains ginseng essence and enhances the gums' power of defense.

Two popular Colgate Total variants –Charcoal Deep Clean and Pro Gum - will now be available in a gel format in addition to the paste.

And in Thailand, in the personal care category, we are launching products for both men and women: for men, Protex Men 3 in 1, an all in one body cleansing solution with antibacterial protection, and for women Protex Intimate with antibacterial protection for long lasting freshness and well-being sensation every day.

Africa/Eurasia

As you know, several of our larger markets in the Africa/Eurasia region have been facing major currency headwinds. Despite the pricing actions we have taken to combat the currency headwinds, our organic sales growth is holding at mid-single digit. Market shares are increasing and successful innovation is fueling our growth.

Our regional toothpaste share is up a full point year-to-date to almost 33%. In Russia, our share is up 230 basis points year-to-date to 34.2%, hitting a record share of 35.1% in the most recent period. We recently launched Colgate Maximum Cavity Protection with Sugar Acid Neutralizer, which has already reached a 0.7% share year-to-date and contributed to the share gain. In South Africa, our share grew 150 basis points year-to-date to 50.2%, driven by a new marketing campaign behind Colgate Total.

In toothbrushes, our share declined in only one country and was up in the majority of our markets. In Russia, where we achieved incremental listings in Russia's number one retailer, our toothbrush share grew 270 basis points year-to-date to 48.1%, with the most recent read at 49.4%. In Turkey, our share grew 10 basis points year-to-date to 28.6%, with the most recent read at 29.7%. In South Africa, our share was up 30 basis points year-to-date to 38.2%, with the most recent read at 38.6%.

Our bar soap business continued with strong momentum in our two biggest markets, Russia and South Africa. The recent introduction of Protex Men Power contributed to a regional share gain of 150 basis points year-to-date to almost 24%.

More innovation is slated for this quarter. Across the region we will be relaunching our base Colgate Sensitive toothpaste and our line of Plax mouthwash. In the personal care category, we will be launching a body wash occupying the new “energizing” segment for men’s body wash, Palmolive Men Citrus Crush. It invites the consumer to experience an intense invigorating shower with bergamot and grapefruit ingredients sourced from the purest substances of nature and a sparkling citrus fragrance to spoil the senses.

Hill's

Hill's delivered another solid quarter of organic sales growth with a good balance of volume and price. Here in the U.S., superstore retail consumption showed a good increase. Innovation across Hill's Prescription Diet and Hill's Science Diet, as well as volume growth in our Ideal Balance brand contributed to our good results.

Our Prescription Diet Metabolic canine and feline foods continued to gain share around the world. Our new stews form has accelerated our growth in the wet segment. We continue to

receive endorsement from key thought leaders. The global roll-out this year of Prescription Diet Metabolic Plus, breakthrough dual efficacy food with nutrition clinically proven to address obesity and concurrent conditions, has added to the momentum of the business. It is now selling in 38 countries and has benefited from extensive sampling to drive awareness and trial. Our ongoing global integrated marketing campaign includes professional print, on-line media, in-clinic seminars and recommendation tools and testimonial videos to showcase efficacy.

In our wellness business, one of our newer launches, Hill's Science Diet Urinary & Hairball Control, is meeting with excellent results. The only wellness food that addresses the two most common conditions in healthy cats, it was among the top three wet variants in the U.S. market during the first three months after its launch and has a very high star rating on Amazon.com. It has been the product focus for our nutritional consultants at PetSmart and Petco and has received good in-store activation feedback. Building on our success in the U.S., it has just been launched in Europe.

As we look into 2016 there is more exciting innovation news which we will discuss with you on future calls.

Summary

We are pleased with the continued solid organic sales growth and market share gains around the world. Our innovation pipeline is as full as ever and our savings programs are on track. Colgate people around the world continue to focus on our four strategic initiatives delivering consistent results. We look forward to sharing our results with you as we finish the year.