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Colgate-Palmolive Company
Fourth Quarter/Full Year 2015 Earnings Release
Conference Call Prepared Remarks
Friday, January 29, 2016

This 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 fourth quarter 2015 earnings release conference call. With me this morning are Ian Cook, Chairman, President and CEO, Dennis Hickey, CFO, Victoria Dolan, Corporate Controller, and Elaine Paik, Treasurer.

We are delighted to have finished 2015 with continued strong organic sales growth in the fourth quarter. The 5% growth was well within our targeted growth rate of 4-7% and is impressive coming on top of strong growth in the year ago quarter. Our gross profit margin was up 20 basis points despite continued pressures from foreign exchange related transaction costs. Although down on a year-over-year basis, our advertising as a percentage of net sales was up sequentially from the third quarter. As you will hear in more detail as I go through the divisions, our market shares around the world are growing. Innovation has played an important role and will continue to do so as we enter 2016.

Our Global Growth and Efficiency Program is on track and our ongoing Funding the Growth initiatives continue to deliver substantial savings.

Our balance sheet is strong and working capital is under very good control.

As you read in this morning's press release, we have taken the decision, effective December 31, 2015, to change our accounting method for our Venezuelan operations and, as a result, in future periods we will no longer include the results of our Venezuelan operations in our consolidated financial statements. As we stated in the press release, we expect the EPS impact in 2016 resulting from the change in accounting for our Venezuelan operations will be \$(0.10) for the full year. We would expect this impact to be \$(0.02) to \$(0.03) per quarter.

So now let's turn to the divisions.

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North America

We are pleased with the continued solid organic sales growth in this region. As mentioned in the press release, our market shares increased year to date in toothpaste, manual toothbrushes, mouthwash, liquid hand soap, body wash, liquid cleaners and fabric conditioners. As you would expect, innovation was an important contributor to these excellent results.

In the third quarter of 2015 we launched Colgate Total Daily Repair toothpaste. This toothpaste remineralizes weakened enamel to help prevent cavities and maintain stronger teeth as well as kills bacteria that cause gingivitis for healthier gums. In addition, we engaged in a targeted outreach to consumers with diabetes. People with diabetes are two times more likely to develop gum disease. We reached both dentists and consumers and developed retailer partnerships. As a result, our overall market share for Colgate Total toothpaste grew to 10.3% from 10% at the beginning of 2015.

Our Colgate Optic White toothpaste franchise is growing as well – up to 5.7% at our last read of 2015 thanks to the launch of Colgate Optic White Platinum Express White. With the help of a comprehensive IMC plan, support from dental professionals and strong in-store activities, Colgate Enamel Health toothpaste has grown share as well.

Toothpaste innovation will continue in the first quarter. Building on the success of our whitening franchise, we are launching Colgate Optic White Platinum High Impact White which provides four shades visibly whiter teeth in six weeks and starts working in just three days. Also we are introducing premium priced Colgate Enamel Health Mineral Repair toothpaste with an accompanying mouthwash and whitening toothbrush. The toothbrush and mouthwash help replenish natural calcium for stronger enamel.

To bolster our toothbrush business we are launching Colgate Kids Interactive, the only talking powered toothbrush featuring kids' favorite licensed characters which coach you to better brushing – the brush features a two minute timer to help ensure effective brushing.

Also in Q1, Tom's of Maine is launching Tom's Natural Rapid Relief Sensitive toothpaste with a clinically proven arginine and calcium carbonate formula to provide rapid relief and long lasting protection. With no artificial dyes, sweeteners or preservatives, it will be premium-priced.

Our liquid hand soap share was up 90 basis points year to date and our year-to-date body wash share increased 80 basis points. More innovation this quarter should help maintain this healthy momentum. In liquid hand soap, we are launching Softsoap Foaming Hand Soap for kids that makes hand washing fun as well as Softsoap Pure Foaming Hand Soap with a simple formula that is dye free, alcohol free, has 100% natural fragrance, yet effectively cleans and purifies. In body wash, we are launching Softsoap Luminous Oils – one variant with avocado oil and iris, and the other with macadamia oil and peony – designed to leave skin feeling soft.

Europe/South Pacific

We are delighted with the return to positive organic sales growth in this region. Across Europe our market shares increased in toothpaste, toothbrushes, body wash, underarm and fabric conditioners.

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In the toothpaste category, we have seen strong results. In France our market share is up 80 basis points year to date to 22.4%. In Poland, we grew share 160 basis points to 47.6% year to date and in Italy, we increased share 30 basis points to 24.6% year to date.

Similarly in manual toothbrushes our market shares increased year to date. Overall in the region our market shares are up 120 basis points to 24.7% year to date with excellent results in areas such as the UK, which is up 340 basis points to 39.3%, Germany, which is up a full point to 21% and Italy, which is up 60 basis points to 16.4%.

As in the U.S., our innovation grid for the first quarter in Europe is very full. In the toothpaste category we are introducing Colgate Total Deep Clean which features high cleaning prophylactic silica, the same ingredient dentists use for in-office cleaning. The product provides a deep-cleaning user experience and is unique among the current variants in the Colgate Total portfolio. In addition, we are restaging the Colgate Total toothpaste premium line with a new design that better communicates higher quality, healthier and scientific and therapeutic benefits. New icons visually convey the variant benefits, enhancing differentiation, relevance and shopability.

In the toothbrush category we are launching Colgate 360° Expert White Toothbrush plus Pen, the toothbrush and whitening pen that has helped increase market shares here in the U.S. under the Colgate Optic White name.

In personal care we are relaunching Palmolive Gourmet shower gels with high density creamy formulas and a new packaging technology that provides a premium look with high quality satin finishing and strong shelf impact. Vanilla Pleasure, Chocolate Passion, Peach Delight and Strawberry Touch will enchant consumers at point of sale. Also in personal care is the Palmolive Skin Garden line, a premium offering with a regimen approach. The shower gel, bath foam, liquid hand soap, bar soap and body lotion contain irresistible fragrances, natural ingredients rooted in the garden such as violet and honey, peony, pear and Mirabelle plum, sensorial and vivid textures and cutting edge packaging – all reinforcing the Palmolive equity.

As we told you last quarter, our Sanex business is performing well and we have new news to report here as well. Our line of Sanex Advanced Shower Oils is bringing the shower oil trend from pharmacy to mass. The shower oils provide a feeling of comfort in the shower and are formulated to minimize the risk of irritation. These are even suitable for children, a new consumer target. Also inspired by the pharmacy channel are our new Sanex Advanced Body Balms in a new stand-up tube format with a thicker, richer formula and premium pricing. Sanex Men will also be launched, which is the first mass personal care range truly focused on men's skin health.

As you know, we have a very strong, market leading home care business in this region. An exciting innovation in this category is a line of Ajax specialty sprays which facilitate difficult everyday tasks in the kitchen. Priced at a premium, individual variants tackle different surfaces: the oven and microwave, vitroceraamic and stainless steel.

Latin America

Despite some macroeconomic challenges in certain countries such as Brazil and Venezuela, the division delivered solid organic sales growth. Severe devaluations across the region have necessitated fairly significant price increases. Despite that, our regional market shares are solid

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and increased year to date in toothpaste, manual toothbrushes, mouthwash, toilet soaps, shampoos and liquid cleaners.

In Brazil, our toothpaste market share continues to climb, up 100 basis points year to date to 72.4% with the most recent read at 73.4%. Innovations across our portfolio have contributed to this success. In Mexico, despite continued competitive pressure, our market share is up 120 basis points to 80.8%. One of our newest innovations, Colgate Maximum Cavity Protection with Neutrazucar, increased 70 basis points to almost two points.

Our market leading manual toothbrush share is up 350 basis points year to date across the region. This excellent performance has been driven by innovation in the super premium category with products such as Colgate Slim Soft and Colgate 360.

In toilet soaps we increased our leadership share 40 basis points to 30.9% year to date. Protex and Palmolive continue to hold the number one and two positions in the region and we achieved record shares in Mexico, Colombia and Guatemala.

More innovation is planned for this year. In the oral care whitening category we have three exciting launches. In toothpaste, we are launching Colgate Luminous White Advanced Expert, which delivers three shades whiter teeth. A companion Colgate Luminous White mouthwash with an alcohol-free zinc and anti-tartar salts formula that helps deliver an anti-stain white smile, and Colgate Luminous White Advanced toothbrush and whitening pen with a claim to provide whiter teeth in two days, will both be launched later this year.

In mouthwash, a graphics relaunch of Colgate Plax 2 in 1 mouthwash clearly explains the benefit “see the removed bacteria for a fresh and clean mouth” and should drive growth for the category.

In personal care, under the Protex name we are launching a range of bar soap, shower gel and liquid hand soap: Protex Pro-Hydrate. Developed from the consumer insight that to have healthy and moisturized skin, it is necessary to deeply clean skin before moisturizing. This innovation has a formula that eliminates 99.9% of bacteria and has a Macadamia oil complex that glides over your skin for a soft sensation. A similar range under the Palmolive equity will be Palmolive Almond and Omega Oil with a nourishing formula.

In underarm, a relaunch of premium priced Lady Speed Stick Clinical and Speed Stick Clinical will provide the benefits of superior sweat protection, neutralizing the source of bad odor, hypoallergenic, anti-stain technology and advanced skin care.

Asia

While organic sales growth was somewhat muted in this region in the fourth quarter, we are pleased that volume increased in our larger businesses, Greater China and India, and this despite some overall slowing in category growth rates. As elsewhere, innovation has helped drive growth.

In India, our toothpaste share is up to 54.7% year to date. Colgate Sensitive Pro-Relief Repair and Prevent and a relaunch of the rest of our sensitivity line have met with success. In addition, Colgate Total Charcoal with a unique anti-bacterial formula which reduces bacteria on 100% of your mouth surfaces has added market share. Elsewhere in the region, our toothpaste shares

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were a little soft on a year-to-date basis but market shares for the fourth quarter increased versus fourth quarter 2014 in China, Thailand, the Philippines, Singapore, Taiwan and Pakistan.

Our year to date toothbrush shares are also up in India, the Philippines, Malaysia, Taiwan, Hong Kong and Pakistan. A particular success has been Colgate Slim Soft Charcoal Gold toothbrush with less than .01mm charcoal gold slim tip antibacterial bristles for deep gentle cleaning. In the most recent period it achieved 2.1, 3.6 and 2.2 share points respectively in Malaysia, Hong Kong and Singapore. In the fourth quarter in Hong Kong we launched our Colgate Optic White Toothbrush and Whitening Pen and it has a 6.4% share in the latest read.

Our mouthwash business is strong. Across the region our market share is up to 25.7% year to date, up 70 basis points year on year with the most recent read at 26.5%

We have some exciting innovation launching this quarter. In China, where natural ingredients resonate very strongly with the consumer, we will be introducing Colgate Naturals toothpaste. There are five variants: Tea Tree Oil Gum Care, Lemon Zesty Radiating White, Jasmine Chamomile Healthy Refreshing, Lotus Jade Green Soothing Gum and Seaweed Salt Pure White. The packaging visually communicates the different ingredients.

We have a number of new products in the toothbrush category: Colgate Slim Soft Sensitive, a silky soft brush for sensitive teeth and gums, Colgate Super Flexi Black with a flexible neck and improved handle, and a line of mid-tier brushes for kids with tapered bristles.

To maintain our momentum in mouthwash we are launching in China Colgate Plax Extreme Icy Mint mouthwash, which delivers long lasting prevention of bad breath with dual mint essence as well as anti-bacterial protection.

Africa/Eurasia

As you know, currency headwinds in this part of the world have necessitated some significant pricing in countries such as Russia but market shares are solid and growing.

Our year-to-date regional toothpaste market share is at 33.2%, up a full point from the year ago period. In Russia our share is up 260 basis points year to date to 34.5% reaching a record high of 35.2% in the most recent period. In South Africa our market share is up 80 basis points year to date to 49.6%. Our recent launch of Colgate Maximum Cavity Protection with Sugar Acid Neutralizer in both these countries has contributed to these strong results.

In manual toothbrushes, our market shares are up in many countries across the region. In Russia our year to date share is up 260 basis points to 48.4%. Excellent in-store execution played an important role in these results. In Israel, two new products, Colgate Extra Clean and Colgate Slim Soft, helped increase our year to date share by 300 basis points to 51.2% with the most recent share read at a record 55.6%.

Our bar soap business is strong as well, up 80 basis points to 21.7% on a year-to-date basis. In South Africa, the Protex brand is helping grow the business and our market share is up 20 basis points on a year-to-date basis. In Russia, Palmolive is leading growth, driven by promotional support as well as strong in-store execution. Our year to date share is up 50 basis points.

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We have some exciting innovation for this part of the world as well. This quarter we will be launching Colgate Total Pro Breath Health toothpaste across the division. The differentiated packaging with icons on the pack clearly explains the benefits which include a unique breath freshening technology: ON12 Complex. Another toothpaste launch will be the Colgate Sensitive Pro-Relief Repair and Prevent line extension. This premium priced toothpaste repairs the cause of sensitivity and prevents further sensitivity from gum recession. An innovation for the Russian market is Colgate Altai Herbs Ginseng with an exclusive blend of Altai herbs and Ginseng.

In the personal care category we are relaunching our existing line of Palmolive Aroma Sensations body washes and adding two new variants, Feel Good and So Dynamic.

Hill's

Hill's finished the year with a strong quarter, both here and abroad. All three brands – Prescription Diet, Science Diet and Ideal Balance – are doing well. In fact, Hill's Prescription Diet, our flagship line of therapeutic pet foods, became a \$1 billion brand in 2015. In the U.S., superstore retail consumption is growing in both Petsmart and Petco, which contributed to our solid results.

In Europe, our Ideal Balance line is now fully rolled out across all key countries and doing well. We are seeing a steady build of distribution and volume. Our integrated marketing campaign is focusing on trial and repurchase.

And we are very excited about our upcoming innovation. Just launched at the North American Vet Conference is Prescription Diet Derm Defense for dogs. This diet is the first and only nutrition formulated to reduce signs of environmental allergy by helping to disrupt the internal allergy response and create a barrier against future episodes in dogs. It is available in dry and delicious stews forms, and of course will be supported by a full IMC campaign to engage the increasingly millennial vet population.

Hill's will also be entering the “wearables” space. Hill's has formed a strategic alliance with AGL to advance veterinary health care with the development of a wearable sensor for dogs that is sophisticated enough to distinguish the acts of scratching and shaking from running. Coupled with a robust data and analytics platform, it is designed to more quickly alert veterinarians and pet owners to potential health concerns as part of an ongoing monitoring program. It will be recommended for dogs that need to be regularly monitored, including those with dermatological conditions, arthritis or obesity.

New news in the wellness category is premium priced Hill's Science Diet Healthy Cuisine for dogs and cats, which uses our new alginate technology to deliver superior looking tasty wet food. The new formulas are loaded with tasty morsels, tender vegetables and savory sauce.

Before I wrap up, I want to cover two more housekeeping items relative to your models. Net interest in 2016 should be between \$30 and \$35 million dollars per quarter with the loss of interest income in Venezuela. Average diluted common shares outstanding were 896.5 million for the three months ended December 31, 2015. Because we had a GAAP loss in the fourth quarter of 2015 due to the one-time charge for Venezuela, this number excludes 6.6 million of net incremental common shares outstanding assumed issued from the exercise of in-the-money

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stock options as they are anti-dilutive. We would expect the 6.6 million shares to be included in diluted common shares outstanding in the first quarter of 2016, as they should not be anti-dilutive in the period.

Summary

We are extremely pleased with the way that we finished the year 2015. Our organic sales growth was strong around the world, our gross margin increased and our market shares are healthy. Colgate people around the world are all focused on our strategies and priorities thereby delivering these consistent strong results. Our Global Growth and Efficiency Program is on track as is our ongoing Funding-the-Growth Program. Our innovation pipeline is full and we are excited about the many new product initiatives we just told you about. We expect this momentum to continue in 2016 and look forward to sharing our progress with you as we go throughout the year.