

Colgate-Palmolive Company
First Quarter 2015 Earnings Release
Conference Call Prepared Remarks
Thursday, April 30, 2015

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

Today's conference call will include forward-looking statements. These statements are made on the basis of our 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 our most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission and available on our 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 our results prepared in accordance with GAAP. We will discuss organic sales growth, which is net sales growth excluding foreign exchange, acquisitions and divestitures. We 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 our website at www.colgatepalmolive.com.

We are pleased with how this year has started out with solid organic sales growth and encouraging gross margin improvement despite the major currency headwinds we have been facing. Our business is on track. As Ian said in this morning's press release, our anticipated full-year earnings-per-share decline reflects a double-digit increase on a currency-neutral basis, of course excluding restructuring charges.

As you will hear in more detail shortly, we have made very good market share progress across categories and divisions. This is a result of ongoing innovation around the world supported by a healthy level of advertising. While our reported advertising was down absolutely versus the year ago quarter, the 10.6% level as a percent to sales is up meaningfully from the fourth quarter 2014 level of 9.7%, and compares to a level in last year's first quarter of 11.1% - the highest for last year. As we have said on many occasions, it is the combination of this reported advertising and our very impactful in-store activities which drive volume and market share growth.

Our efforts in the area of efficiency continue to pay off with our Funding the Growth initiatives off to a very good start. In fact, it is the strongest first quarter we have had in that area in some time. In addition, our Global Growth and Efficiency Program is on track and delivering the savings we had projected.

As referenced in the press release, our balance sheet is strong and working capital levels are below last year.

So – let’s turn to the divisions.

North America

Our North American business continues to grow. As mentioned in the press release, our year to date market share is up in toothpaste and manual toothbrushes. In addition, it is up in mouthwash, body wash, liquid hand soap and fabric conditioner.

In the toothpaste whitening category the February launch of Colgate Optic White Platinum Express White has added incremental share. Our year to date share for whitening is 5.8 percent which grew to 6.8 percent in March. Part of our successful integrated marketing campaign included the use of YouTube beauty experts to engage our millennial consumer. Another 2015 toothpaste innovation is Colgate Enamel Health Multi-Protection Toothpaste which includes premium packaging.

In the body wash category, our year to date share is up over a full point to almost ten percent. Our February launches of both Irish Spring Signature for Men and Softsoap Fresh and Glow have contributed to these results. Our liquid hand soap share is at 31.4% year to date with the most recent share at 33.1% largely driven by the Softsoap Fragrant Foaming Collection.

We are also very pleased with our Tom’s of Maine business which is growing very strongly. Innovation as well as increased distribution have played a role. We are getting good traction with our recent launch of a line of baby products. Our in-store execution has been excellent including a very impactful Earth Day event.

You will hear about more new products later in the year.

Europe/South Pacific

Momentum is strong across this division and market shares are growing. Our strong organic volume growth of 5.5% is the highest in almost five years. Our year to date market share is up in toothpaste, manual toothbrushes, liquid hand soap, shower gel and fabric conditioner.

Our year to date toothpaste share is at 36.4%, up 40 basis points with the most recent reading at 37%. Toothpaste innovation this quarter includes Colgate Total Daily Repair. This new product helps reverse early damage for better oral health. It is an everyday, multi-benefit toothpaste with proactive repair benefits and is priced at a premium to the base business. In the whitening category, we are launching Colgate Max White for Men with powerful stain removal for whiter teeth. More toothpaste innovation is planned for the second half of this year.

Our manual toothbrush share is up two full points to 26.9% on a year to date basis with the most recent share at 27.2%. Innovative products such as Colgate 360 degree and Colgate Slim Soft toothbrushes, supported by excellent in-store execution have helped drive these results. The UK and Australia had particularly good performance with year to date toothbrush shares up 660 basis

points and 240 basis points, respectively, clearly strengthening already robust leadership positions.

In the personal care category, we are also launching a new men's variant, Palmolive Men Fresh Care. This is a three-in-one product which combines a face, body and hair wash in one convenient package.

We told you last quarter about a new line under the Sanex brand – Sanex Advanced. This has had excellent trade acceptance and in-store implementation. We expect that share results should follow soon.

Our year to date fabric conditioner share is up 80 basis points to 27.4% with the most recent period at 27.7%. This was helped by the launch of Soupline Paradise Sensations which brings new trends to the fabric conditioner category with its powerful bundle impact and sophisticated fragrances. The pipeline of products moving forward is strong with the relaunch of Soupline Perfect Glide and Magic Moments, offering easy ironing and superior long lasting fragrance. The new premium look with outstanding on-shelf impact and a high performing formula commands a premium price.

Latin America

Organic sales growth was strong in this region, despite a strong year ago comparison. As elsewhere, premium innovation has helped drive results.

Our regional toothpaste share is up 150 basis points to 77.7% on a year to date basis with good gains in many countries. In Brazil we are up 40 basis points year over year to 71.7% while our nearest competitor has seen sequential declines in the last three bi-monthly share periods. In Mexico we are up 110 basis points to 80.6% and this despite continued promotional pressure from some of our competitors.

In manual toothbrushes, premium offerings such as Colgate 360° and Colgate Slim Soft have contributed to share growth in many countries. In Mexico our leadership share increased 80 basis points to 43.1% on a year to date basis widening the gap between our nearest competitor to 150 basis points. In Colombia our year to date share increased 30 basis points to 46.7%.

In bar soaps, the year has started strong with the division holding market leadership at 30.7%. Both equities, Palmolive and Protex, continue to be the number 1 and 2 brands across Latin America. We achieved record high shares in Mexico, Colombia and Guatemala.

Our market leading fabric conditioner business in Mexico expanded its market share by 50 basis points to 47.2% on a year to date basis. Newly launched Suavitel Aroma Intense achieved a 1.4% share in the direct trade in the first quarter and a new smaller base business size helped compete with low priced local competitors in the bodega retail environment.

Innovation in Latin America continues this quarter across categories. To build on our success in the whitening category we are launching Luminous White Advanced toothpaste in Brazil. This is Colgate's most advanced whitening toothpaste which intensifies the white of your teeth three shades whiter. Its unique formula contains the same ingredient dentists use and you can feel it

working while you brush. As a companion product we will offer Colgate 360 degree Luminous White toothbrush with stain erasing cups and a two times whitening action.

In the mid-tier segment and as a companion to our Colgate Maximum Cavity Protection plus Neutrazucar toothpaste, we are relaunching Colgate Zig Zag Maximum Cavity Protection toothbrush. The product has multi-angled bristles and a flexible neck which help with plaque removal.

In the personal care category we have just launched a new line under the Protex brand – Protex Complete 12 body wash, hand soap and bar soap – providing long-lasting antibacterial protection.

Asia

As you have seen, organic sales performance in this region was somewhat muted this quarter. Going forward, we have a full pipeline of new products to reignite growth.

In India our toothpaste share is up 30 basis points to 54.6% on a year to date basis fueled by the launch of Colgate Active Salt and Colgate Max Fresh. In the Philippines our toothpaste share increased 120 basis points to 60.9% with the most recent read at 61.2%. Colgate Maximum Cavity Protection toothpaste has achieved almost a 3% share of the market.

Our manual toothbrush shares increased in five of 10 countries around the region with our divisional year to date share at 29.9%, down modestly from the year ago period and still the market leading position.

We continue to grow our mouthwash business. Our regional share is up 30 basis points to 24% on a year to date basis. In India, Colgate Plax Active Salt and Colgate Plax Visible White helped drive our market share up 100 basis points to 18.2% while in the Philippines Colgate Plax Jasmine Tea was the major driver of a 220 basis point increase to 26.8%, with the most recent read at 27.9%.

In the second quarter, the innovation continues. In toothpaste, we will launch Colgate Sensitive Pro-Relief Repair and Prevent which repairs the sensitive areas of teeth and with regular use provides lasting protection to prevent sensitivity from returning. In the base sensitivity line, comes Colgate Sensitive with Sensifoam to reach all areas of the teeth. For the Thai market, we are launching Colgate Salt Charcoal. As you know, charcoal is an attractive ingredient to consumers in this region based on local insights.

In manual toothbrushes, we have just introduced Colgate Slim Soft Gold Charcoal toothbrush with less than .01mm slim tip antibacterial bristles for deep but gentle cleaning. And we are extending charcoal to the value portion of our toothbrush business with Colgate Zig Zag Charcoal toothbrush.

In personal care in Thailand, we will launch a line of soap, body wash and hand soap: Protex Omega 3, body wash with Omega 3 Essential Oil and which washes away 99.9% of bacteria while keeping your skin feeling moisturized. Also in that market we will introduce Protex Intimate Care feminine wash, the bundle now selling in Brazil.

Africa/Eurasia

Organic sales in this region were strong, building on the momentum we saw as we exited 2014. Innovation has driven these good results across categories.

Our regional toothpaste share is up 90 basis points year to date to 33.7% with market share increases in virtually every country. Our share in Russia was up 160 basis points, in South Africa 120 basis points and in Turkey 130 basis points. Similarly our toothbrush share increased everywhere with the exception of East/West Africa. Shares in Russia, South Africa and Turkey increased 170 basis points, 90 basis points and 50 basis points, respectively.

Our bar soap share was also up across the region – up 290 basis points year to date. In South Africa our share increased 180 basis points to 32.4% thanks to the new products we told you about in previous quarters: Protex Men and Protex African Therapy.

More innovation is planned for this quarter.

In toothpaste, we will be launching Colgate Optic White Whiten and Restore. The formula with an active mineral complex and fresh mint flavor provides one shade whiter teeth in one week while helping to restore enamel strength. The consumer can have the confidence of always being able to look her best without compromising the health of her mouth.

In Russia, following on the success of our Altai Herbs bundle, we will be introducing Colgate Plax Forte Oak Bark and Fir mouthwash. Oak bark and fir are attractive ingredients to consumers in this part of the world based on local insights.

And in the shower gel category we are adding a new variant to our successful Palmolive Spa Gourmet line – Mint Shake with an uplifting mint fragrance and rich creamy formula infused with natural mint extract that leave your skin feeling pampered. To build on our success in bar soaps we are launching Protex Complete 12, similar to the bundle launching across Latin America.

Hill's

Hill's solid organic sales growth was a good balance between volume and price, both here and overseas. In addition, it is encouraging that gross profit margin is up year over year. As you may recall, we indicated that this would indeed happen despite initial costs associated with reformulation of new and existing products.

We are pleased that in the U.S. market, retail consumption in the large format retailers is up nicely. Among the drivers are our new premium Hill's Science Diet offerings which have been supported in store with impactful displays and are growing faster than the rest of the Hill's Science Diet line. This quarter we have begun a 10 Week Turnaround campaign to support Hill's Science Diet Perfect Weight. The objective is to educate consumers about pet weight loss, creating awareness and buzz around the product to drive trial. Consumer engagement activities will be both in store and online.

Hill's Ideal Balance also continues to perform well. Hill's Ideal Balance Crafted was launched in the first quarter. This new sub line with its premium positioning offers authentic ingredients prepared with care. A full support campaign has included new product kits and feeding trials along with online ratings and reviews.

The packaging and messaging relaunch of our Hill's Prescription Diet line is off to a good start. Here in the U.S. it has received excellent feedback from the profession. The packaging is seen as being more consumer-friendly with increased and clearer descriptives. This is now rolling out across Europe.

Summary

In summary, we are very pleased with the way 2015 has started out. The momentum we saw as we exited 2014 has continued in many regions of the world. Our new product pipeline is full across all categories and our ongoing savings programs as well as our Global Growth and Efficiency Program are providing funds to support that robust innovation. As we implement our Global Growth and Efficiency Program our people are becoming even more focused on winning on the ground each and every day. We look forward to sharing our progress with you as we go forward through the year.