

COLGATE-PALMOLIVE COMPANY

Consolidated Statements of Income

For the years ended December 31,

(Dollars in Millions Except Per Share Amounts)

	2017	2016	2015
Net sales	\$ 15,454	\$ 15,195	\$ 16,034
Cost of sales	6,174	6,072	6,635
Gross profit	9,280	9,123	9,399
Selling, general and administrative expenses	5,497	5,249	5,464
Other (income) expense, net	194	37	62
Charge for Venezuela accounting change	—	—	1,084
Operating profit	3,589	3,837	2,789
Interest (income) expense, net	102	99	26
Income before income taxes	3,487	3,738	2,763
Provision for income taxes	1,313	1,152	1,215
Net income including noncontrolling interests	2,174	2,586	1,548
Less: Net income attributable to noncontrolling interests	150	145	164
Net income attributable to Colgate-Palmolive Company	\$ 2,024	\$ 2,441	\$ 1,384
Earnings per common share, basic	\$ 2.30	\$ 2.74	\$ 1.53
Earnings per common share, diluted	\$ 2.28	\$ 2.72	\$ 1.52

See Notes to Consolidated Financial Statements.

COLGATE-PALMOLIVE COMPANY
Consolidated Statements of Comprehensive Income
For the years ended December 31,
(Dollars in Millions)

	2017	2016	2015
Net income including noncontrolling interests	\$ 2,174	\$ 2,586	\$ 1,548
Other comprehensive income (loss), net of tax:			
Cumulative translation adjustments	302	(137)	(645)
Retirement plan and other retiree benefit adjustments	54	(109)	196
Gains (losses) on available-for-sale securities	—	(1)	(7)
Gains (losses) on cash flow hedges	(14)	5	2
Total Other comprehensive income (loss), net of tax	342	(242)	(454)
Total Comprehensive income including noncontrolling interests	2,516	2,344	1,094
Less: Net income attributable to noncontrolling interests	150	145	164
Less: Cumulative translation adjustments attributable to noncontrolling interests	17	(12)	(11)
Total Comprehensive income attributable to noncontrolling interests	167	133	153
Total Comprehensive income attributable to Colgate-Palmolive Company	\$ 2,349	\$ 2,211	\$ 941

See Notes to Consolidated Financial Statements.

COLGATE-PALMOLIVE COMPANY

Consolidated Balance Sheets

As of December 31,

(Dollars in Millions Except Share and Per Share Amounts)

	<u>2017</u>	<u>2016</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,535	\$ 1,315
Receivables (net of allowances of \$77 and \$73, respectively)	1,480	1,411
Inventories	1,221	1,171
Other current assets	403	441
Total current assets	<u>4,639</u>	<u>4,338</u>
Property, plant and equipment, net	4,072	3,840
Goodwill	2,218	2,107
Other intangible assets, net	1,341	1,313
Deferred income taxes	188	301
Other assets	218	224
Total assets	<u>\$ 12,676</u>	<u>\$ 12,123</u>
Liabilities and Shareholders' Equity		
Current Liabilities		
Notes and loans payable	\$ 11	\$ 13
Current portion of long-term debt	—	—
Accounts payable	1,212	1,124
Accrued income taxes	354	441
Other accruals	1,831	1,727
Total current liabilities	<u>3,408</u>	<u>3,305</u>
Long-term debt	6,566	6,520
Deferred income taxes	204	246
Other liabilities	2,255	2,035
Total liabilities	<u>12,433</u>	<u>12,106</u>
Commitments and contingent liabilities	—	—
Shareholders' Equity		
Common stock, \$1 par value (2,000,000,000 shares authorized, 1,465,706,360 shares issued)	1,466	1,466
Additional paid-in capital	1,984	1,691
Retained earnings	20,531	19,922
Accumulated other comprehensive income (loss)	(3,855)	(4,180)
Unearned compensation	(5)	(7)
Treasury stock, at cost	<u>(20,181)</u>	<u>(19,135)</u>
Total Colgate-Palmolive Company shareholders' equity	<u>(60)</u>	<u>(243)</u>
Noncontrolling interests	303	260
Total equity	<u>243</u>	<u>17</u>
Total liabilities and equity	<u>\$ 12,676</u>	<u>\$ 12,123</u>

See Notes to Consolidated Financial Statements.

COLGATE-PALMOLIVE COMPANY

Consolidated Statements of Cash Flows

For the years ended December 31,

(Dollars in Millions)

	2017	2016	2015
Operating Activities			
Net income including noncontrolling interests	\$ 2,174	\$ 2,586	\$ 1,548
Adjustments to reconcile net income including noncontrolling interests to net cash provided by operations:			
Depreciation and amortization	475	443	449
Restructuring and termination benefits, net of cash	91	(9)	69
Venezuela remeasurement charges	—	—	34
Stock-based compensation expense	127	123	125
Gain on sale of land in Mexico	—	(97)	—
Gain on sale of South Pacific laundry detergent business	—	—	(187)
Charge for Venezuela accounting change	—	—	1,084
Charge for U.S. tax reform	275	—	—
Deferred income taxes	108	56	(51)
Voluntary benefit plan contributions	(81)	(53)	—
Cash effects of changes in:			
Receivables	(15)	(17)	(75)
Inventories	(8)	(4)	(13)
Accounts payable and other accruals	(96)	100	(67)
Other non-current assets and liabilities	4	13	33
Net cash provided by operations	3,054	3,141	2,949
Investing Activities			
Capital expenditures	(553)	(593)	(691)
Sale of property and non-core product lines	44	—	9
Purchases of marketable securities and investments	(347)	(336)	(742)
Proceeds from sale of marketable securities and investments	391	378	599
Proceeds from sale of land in Mexico	—	60	—
Proceeds from sale of South Pacific laundry detergent business	—	—	221
Payment for acquisitions, net of cash acquired	—	(5)	(13)
Reduction in cash due to Venezuela accounting change	—	—	(75)
Other	(6)	(3)	7
Net cash used in investing activities	(471)	(499)	(685)
Financing Activities			
Principal payments on debt	(4,808)	(7,274)	(9,181)
Proceeds from issuance of debt	4,779	7,438	9,602
Dividends paid	(1,529)	(1,508)	(1,493)
Purchases of treasury shares	(1,399)	(1,335)	(1,551)
Proceeds from exercise of stock options	507	446	347
Net cash used in financing activities	(2,450)	(2,233)	(2,276)
Effect of exchange rate changes on Cash and cash equivalents	87	(64)	(107)
Net (decrease) increase in Cash and cash equivalents	220	345	(119)
Cash and cash equivalents at beginning of year	1,315	970	1,089
Cash and cash equivalents at end of year	\$ 1,535	\$ 1,315	\$ 970
Supplemental Cash Flow Information			
Income taxes paid	\$ 1,037	\$ 932	\$ 1,259
Interest paid	\$ 150	\$ 162	\$ 131

See Notes to Consolidated Financial Statements.