

COLGATE PALMOLIVE CO
Form 10-Q
July 21, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2017

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____ .

Commission File Number: 1-644

COLGATE-PALMOLIVE COMPANY

(Exact name of registrant as specified in its charter)

DELAWARE

13-1815595

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

300 Park Avenue, New York, New York 10022

(Address of principal executive offices) (Zip Code)

(212) 310-2000

(Registrant's telephone number, including area code)

NO CHANGES

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Smaller reporting company

Non-accelerated filer (Do not check if a smaller reporting company)

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

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| Class | Shares Outstanding | Date |
|--------------------------------|--------------------|---------------|
| Common stock, \$1.00 par value | 880,841,977 | June 30, 2017 |

PART I. FINANCIAL INFORMATION

COLGATE-PALMOLIVE COMPANY

Condensed Consolidated Statements of Income
(Dollars in Millions Except Per Share Amounts)
(Unaudited)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|-----------------------------------|---------|---------------------------------|---------|
| | 2017 | 2016 | 2017 | 2016 |
| Net sales | \$3,826 | \$3,845 | \$7,588 | \$7,607 |
| Cost of sales | 1,526 | 1,541 | 3,019 | 3,055 |
| Gross profit | 2,300 | 2,304 | 4,569 | 4,552 |
| Selling, general and administrative expenses | 1,333 | 1,320 | 2,695 | 2,674 |
| Other (income) expense, net | 114 | 40 | 136 | 67 |
| Operating profit | 853 | 944 | 1,738 | 1,811 |
| Interest (income) expense, net | 24 | 25 | 47 | 53 |
| Income before income taxes | 829 | 919 | 1,691 | 1,758 |
| Provision for income taxes | 269 | 281 | 520 | 546 |
| Net income including noncontrolling interests | 560 | 638 | 1,171 | 1,212 |
| Less: Net income attributable to noncontrolling interests | 36 | 38 | 77 | 79 |
| Net income attributable to Colgate-Palmolive Company | \$524 | \$600 | \$1,094 | \$1,133 |
| | | | | |
| Earnings per common share, basic | \$0.59 | \$0.67 | \$1.24 | \$1.27 |
| | | | | |
| Earnings per common share, diluted | \$0.59 | \$0.67 | \$1.23 | \$1.26 |
| | | | | |
| Dividends declared per common share * | \$0.40 | \$0.39 | \$1.19 | \$1.16 |

* Two dividends were declared in the first quarter of 2017 and 2016.

See Notes to Condensed Consolidated Financial Statements.

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COLGATE-PALMOLIVE COMPANY

Condensed Consolidated Statements of Comprehensive Income

(Dollars in Millions)

(Unaudited)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|--------------------------------------|-------|---------------------------------|---------|
| | 2017 | 2016 | 2017 | 2016 |
| Net income including noncontrolling interests | \$560 | \$638 | \$1,171 | \$1,212 |
| Other comprehensive income (loss), net of tax: | | | | |
| Cumulative translation adjustments | 98 | (43) | 230 | 83 |
| Retirement plans and other retiree benefit adjustments | 12 | 12 | 25 | 23 |
| Gains (losses) on available-for-sale securities | — | — | — | — |
| Gains (losses) on cash flow hedges | (3) | 7 | (13) | (4) |
| Total Other comprehensive income (loss), net of tax | 107 | (24) | 242 | 102 |
| Total Comprehensive income including noncontrolling interests | 667 | 614 | 1,413 | 1,314 |
| Less: Net income attributable to noncontrolling interests | 36 | 38 | 77 | 79 |
| Less: Cumulative translation adjustments attributable to noncontrolling interests | 2 | (6) | 9 | (5) |
| Total Comprehensive income attributable to noncontrolling interests | 38 | 32 | 86 | 74 |
| Total Comprehensive income attributable to Colgate-Palmolive Company | \$629 | \$582 | \$1,327 | \$1,240 |

See Notes to Condensed Consolidated Financial Statements.

COLGATE-PALMOLIVE COMPANY
Condensed Consolidated Balance Sheets
(Dollars in Millions)
(Unaudited)

June 30, December 31,
2017 2016

| Assets | | |
|--|----------|----------|
| Current Assets | | |
| Cash and cash equivalents | \$ 1,241 | \$ 1,315 |
| Receivables (net of allowances of \$75 and \$73, respectively) | 1,526 | 1,411 |
| Inventories | 1,199 | 1,171 |
| Other current assets | 589 | |