

Club Activity
bivio Club Meeting Meeting
October 2010

Colgate (CL) – Becoming Comfortable with Income Statements

1. Find the most recent Income Statement Released by the Company
 1. <http://www.sec.gov/edgar/searchedgar/companysearch.html>
 2. Search for CL
 3. In the list of filings on the left, find 10-Q
 4. Select the “Documents” button in the Format column
 5. On the next page, in the “Document Format Files” at the bottom, select the link in the “Document” Column next to 10-Q
 6. Scroll down till you see the financial report called “Condensed Consolidated Statement of Income
 7. Fill in columns A and C in the form on the next page with the numbers from the Income Statement that you find in the columns labeled “6 months ending June 2010” and “6 months ending June 2009”
 8. Calculate the percentages as shown to fill in columns B, D and E
 9. Answer the questions on Page 3.

	A. 6 Months ending June 2010 (from Income Stmnt)	B. % of Net Sales 2010 (Calculate) (A/7643)	C. 6 Months ending June 2009 (From Income Stmnt)	D. % of Net Sales 2009 (Calculate) (C/7248)	E. % Change 2009-2010 (C-A)/C
Net sales	7643	100%	7248	100%	$=(7643-7248)/7248$ =5.4%
Cost of sales	3133	$=3133/7643$ =41%	3044	$=3044/7248$ =42%	$=(3133-3044)/3044$ =2.9%
Gross profit	4510	$=4510/7643$ =59%	4214	$=4214/7248$ =58%	7.0
Selling, general and administrative expenses					
Other (income) expense, net					
Operating profit					
Interest expense, net					
Income before income taxes					
Provision for income taxes					
Net income including noncontrolling interests					
Less: Net income attributable to noncontrolling interests					
Net income attributable to Colgate- Palmolive Company					

1. Do you see any big changes either in the percentages of types of expenses each year or in the change in expenses year to year?

2. Are their explanations in the Management Discussion and Analysis Section that describe the reasons for the changes?

3. ManifestInvesting has a projected return for Colgate of 15.5% over the next 5 years. It is based on a Revenue Growth rate of 6.3%, a net profit margin of 17.2% and an Average P/E of 17.0 Do you agree with these judgments? Why or why not?
