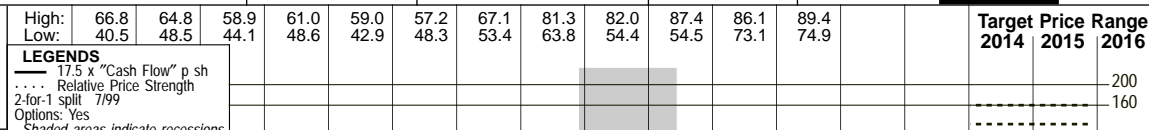


# COLGATE-PALMOL. NYSE-CL

RECENT PRICE **88.92** P/E RATIO **17.6** (Trailing: 18.6; Median: 21.0) RELATIVE P/E RATIO **1.11** DIV'D YLD **2.7%** VALUE LINE

TIMELINESS **3** Raised 7/1/11  
 SAFETY **1** Raised 10/11/02  
 TECHNICAL **2** Raised 6/3/11  
 BETA .55 (1.00 = Market)



**2014-16 PROJECTIONS**

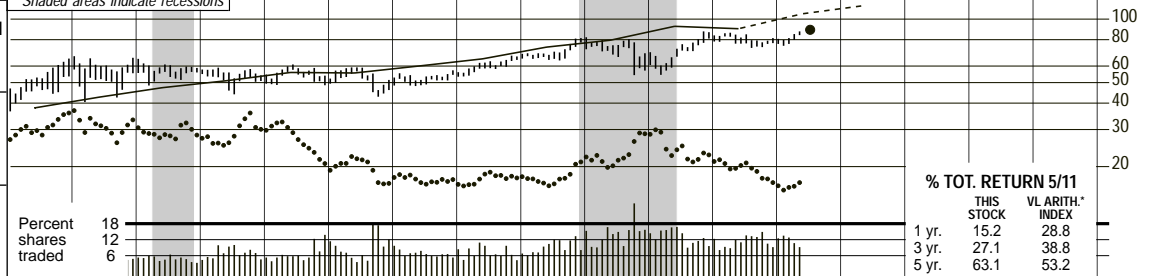
Price	Gain	Ann'l Total Return
High <b>160</b>	<b>(+80%)</b>	<b>18%</b>
Low <b>130</b>	<b>(+45%)</b>	<b>12%</b>

**Insider Decisions**

	A	S	O	N	D	J	F	M	A
to Buy	0	0	0	0	0	0	0	0	0
Options	6	0	5	0	0	0	0	0	0
to Sell	5	8	1	9	1	1	2	0	2

**Institutional Decisions**

	3Q2010	4Q2010	1Q2011
to Buy	383	389	377
to Sell	471	523	513
Hlds(000)	357683	349819	347111



1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	© VALUE LINE PUB. LLC	14-16
14.33	14.87	15.33	15.33	15.75	16.51	17.12	17.34	18.59	20.10	22.08	23.87	27.09	30.57	31.02	31.45	<b>35.95</b>	<b>39.15</b>	Sales per sh <sup>E</sup>	<b>46.65</b>
1.41	1.58	1.76	1.98	2.17	2.44	2.70	2.92	3.20	3.18	3.42	3.71	4.21	4.54	5.29	5.14	<b>6.05</b>	<b>6.65</b>	"Cash Flow" per sh	<b>8.65</b>
.90	1.05	1.22	1.31	1.47	1.70	1.91	2.19	2.46	2.42	2.64	2.91	3.38	3.66	4.37	4.31	<b>5.05</b>	<b>5.55</b>	Earnings per sh <sup>A</sup>	<b>7.30</b>
.44	.47	.53	.55	.59	.63	.68	.72	.90	.96	1.11	1.25	1.40	1.56	1.72	2.03	<b>2.27</b>	<b>2.50</b>	Div'ds Decl'd per sh <sup>B</sup>	<b>3.20</b>
.74	.78	.81	.67	.64	.65	.62	.64	.57	.66	.75	.93	1.15	1.36	1.16	1.11	<b>1.25</b>	<b>1.35</b>	Cap'l Spending per sh	<b>1.70</b>
2.19	2.79	3.04	2.92	2.21	1.61	.54	d.37	.63	1.84	2.12	2.32	4.10	3.47	5.96	5.41	<b>5.50</b>	<b>6.70</b>	Book Value per sh <sup>C</sup>	<b>15.55</b>
583.42	588.54	590.81	585.42	578.86	566.66	550.72	536.00	532.61	526.63	516.17	512.66	509.03	501.41	494.17	494.85	<b>470.00</b>	<b>460.00</b>	Common Shs Outst'g <sup>D</sup>	<b>450.00</b>
19.2	19.7	25.4	32.2	33.9	32.7	29.8	24.8	22.3	21.8	19.7	20.6	20.5	19.8	16.1	18.6	<b>19.2</b>	<b>18.6</b>	Avg Ann'l P/E Ratio	<b>20.0</b>
1.28	1.23	1.46	1.67	1.93	2.13	1.53	1.35	1.27	1.15	1.05	1.11	1.09	1.19	1.07	1.20	<b>1.25</b>	<b>1.20</b>	Relative P/E Ratio	<b>1.35</b>
2.6%	2.3%	1.7%	1.3%	1.2%	1.1%	1.2%	1.3%	1.6%	1.8%	2.1%	2.1%	2.0%	2.2%	2.5%	2.5%	<b>2.5%</b>	<b>2.5%</b>	Avg Ann'l Div'd Yield	<b>2.2%</b>

STRUCTURE as of 3/31/11  
 Total Debt \$3804 mill. Due in 5 Yrs \$2049 mill.  
 LT Debt \$3166 mill. LT Interest \$90.0 mill.  
 (57% of Cap'l)

Leases, Uncapitalized Annual rentals \$187 mill.

Pension Assets-12/10 \$1.81 bill. Oblig. \$2.69 bill.

Pfd Stock None  
 Common Stock 488,893,996 shs.

MARKET CAP: \$43.5 billion (Large Cap)

9427.8	9294.3	9903.4	10584	11397	12238	13792	15330	15327	15564	<b>16900</b>	<b>18000</b>	Sales (\$mill) <sup>E</sup>	<b>21000</b>
24.0%	23.0%	24.9%	24.6%	24.5%	23.8%	24.0%	23.2%	26.6%	26.8%	<b>27.0%</b>	<b>27.3%</b>	Operating Margin	<b>28.0%</b>
336.2	296.5	315.5	327.8	329.3	328.7	333.9	347.6	351.0	376.0	<b>395</b>	<b>410</b>	Depreciation (\$mill)	<b>500</b>
1174.6	1288.3	1421.3	1375.1	1466.6	1601.5	1835.7	1957.2	2291.0	2203.0	<b>2450</b>	<b>2640</b>	Net Profit (\$mill)	<b>3400</b>
30.8%	31.1%	30.4%	33.6%	35.2%	31.9%	32.9%	33.1%	32.2%	32.6%	<b>32.5%</b>	<b>32.6%</b>	Income Tax Rate	<b>33.0%</b>
12.5%	13.9%	14.4%	13.0%	12.9%	13.1%	13.3%	12.8%	14.9%	14.2%	<b>14.5%</b>	<b>14.7%</b>	Net Profit Margin	<b>16.2%</b>
79.9	79.4	51.1	9.2	14.1	d168.1	455.8	756.7	211.0	2.0	<b>200</b>	<b>350</b>	Working Cap'l (\$mill)	<b>750</b>
2812.0	3210.8	2684.9	3089.5	2918.0	2720.4	3221.9	3585.3	2821.0	2815.0	<b>3100</b>	<b>2600</b>	Long-Term Debt (\$mill)	<b>2500</b>
846.4	350.3	887.1	1245.4	1350.1	1410.9	2286.2	1922.1	3116.0	2675.0	<b>2575</b>	<b>3075</b>	Shr. Equity (\$mill)	<b>7000</b>
34.5%	37.9%	41.3%	32.9%	35.8%	40.5%	34.6%	36.5%	39.4%	41.0%	<b>54.0%</b>	<b>47.0%</b>	Return on Total Cap'l	<b>36.5%</b>
NMF	NMF	NMF	NMF	NMF	NMF	NMF	NMF	73.5%	82.4%	<b>95.0%</b>	<b>85.0%</b>	Return on Shr. Equity	<b>48.5%</b>
NMF	NMF	NMF	86.4%	78.4%	77.7%	52.0%	65.0%	47.4%	43.8%	<b>52.0%</b>	<b>47.0%</b>	Retained to Com Eq	<b>27.0%</b>
34%	32%	36%	39%	41%	42%	41%	42%	39%	47%	<b>45%</b>	<b>45%</b>	All Div'ds to Net Prof	<b>44%</b>

**CURRENT POSITION (SMILL.)**

	2009	2010	3/31/11
Cash Assets	600	490	686
Receivables	1626	1610	1787
Inventory (FIFO)	1209	1222	1331
Other	375	408	470
Current Assets	3810	3730	4274
Accts Payable	1172	1165	1181
Debt Due	361	609	638
Other	2066	1954	2463
Current Liab.	3599	3728	4282

**ANNUAL RATES**

Past 10 Yrs.	Past 5 Yrs.	Est'd '08-'10 to '14-'16
of change (per sh)		
Sales	7.0%	9.0%
"Cash Flow"	8.5%	9.5%
Earnings	10.5%	10.0%
Dividends	11.5%	10.5%
Book Value	8.0%	21.0%

**QUARTERLY SALES (\$ mill.)**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2008	3713	3964	3988	3664	15329
2009	3503	3745	3998	4081	15327
2010	3829	3814	3943	3978	15564
2011	3994	4166	4360	4380	16900
2012	<b>4300</b>	<b>4400</b>	<b>4650</b>	<b>4650</b>	<b>18000</b>

**EARNINGS PER SHARE <sup>A</sup>**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2008	.86	.92	.94	.94	3.66
2009	.97	1.07	1.12	1.21	4.37
2010	.69	1.17	1.21	1.24	4.31
2011	1.16	1.25	1.30	1.34	5.05
2012	<b>1.28</b>	<b>1.38</b>	<b>1.43</b>	<b>1.46</b>	<b>5.55</b>

**QUARTERLY DIVIDENDS PAID <sup>B</sup>**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2007	.32	.36	.36	.36	1.40
2008	.36	.40	.40	.40	1.56
2009	.40	.44	.44	.44	1.72
2010	.44	.53	.53	.53	2.03
2011	.53	.58			

**BUSINESS:** Colgate-Palmolive Company is the second-largest domestic maker of toiletries, and other household products. Major brands: Ajax, Fab, Murphy, Javex, Palmolive cleansers; Colgate toothpaste; Irish Spring, Palmolive, Softsoap soaps; Mennen shave cream; Hill's pet food brands—Science Diet and Prescription Diet. Foreign operations: About 75% of 2010 sales. 2010 depreciation

**Colgate's shareholders should be smiling.** Since our April 1st report the issue has risen from \$78.43, and recently reached an all-time peak. We believe investors concerned about stock market volatility, feel comfortable that Colgate's retailers and consumers haven't resisted the price increases instituted to offset higher raw materials costs. Shareholders also benefited from the company's 49th consecutive annual dividend hike.

**We're maintaining our 2011 share earnings estimate at \$5.05.** Colgate started the year slowly with weaker-than-expected organic sales resulting from sluggish growth in developed markets. The sharp increase in commodity costs caused the company's gross margin to decline eighty basis points to 58.4% (where it's likely to remain through 2011) as cost savings and price increases (below the inflation rate to mitigate a consumption backlash) should prevent additional erosion. However, constant currency sales in emerging markets have been solid, a trend we expect to continue through the year-end. New product introductions should lead to positive second-half earnings com-

parisons. Our 2012 earnings estimate has been raised by a nickel, to \$5.55 a share, to reflect the Sanex acquisition.

**Emerging markets are the company's growth engine.** Forecasts indicate that such markets will contain 88% of the world's population by 2015. Colgate has products for citizens of these countries, ranging from the lowest to the highest income levels. Also, these goods are sold in outlets everywhere from rural areas to major cities (the company, years ago, built its distribution and wholesale networks from rural areas towards the population centers). Interestingly, Colgate has a 52.4% toothpaste market share in emerging areas, which is considerably better than its 45% global market share. Note: Colgate is not a one category company, as it has strong positions in other sectors.

**Colgate stock has average long-term appreciation potential.** The stock's recent strength discounts some of its 3-to 5-year capital gains prospects. Conservative investors might want to wait for a pullback before purchasing this premier marketing giant's shares.

Jerome H. Kaplan  
 July 1, 2011

(A) Basic through '96, dil. thereafter. Excludes nonrec. gains/(losses): '95, (1.27); '01, (\$0.03); '09, (0.53); '10, (0.52). Includes '08, \$0.21 restructuring charge. Next egs. rpt. due July 28th. (B) Dividends historically paid in mid-February, mid-May, mid-August, and mid-November. (C) Div'd reinvest. plan available. (D) In mill., adjusted for stock split. (E) '97 through '01 sales restated due to change in acctg. procedure.

**Company's Financial Strength** A++  
**Stock's Price Stability** 100  
**Price Growth Persistence** 50  
**Earnings Predictability** 100