

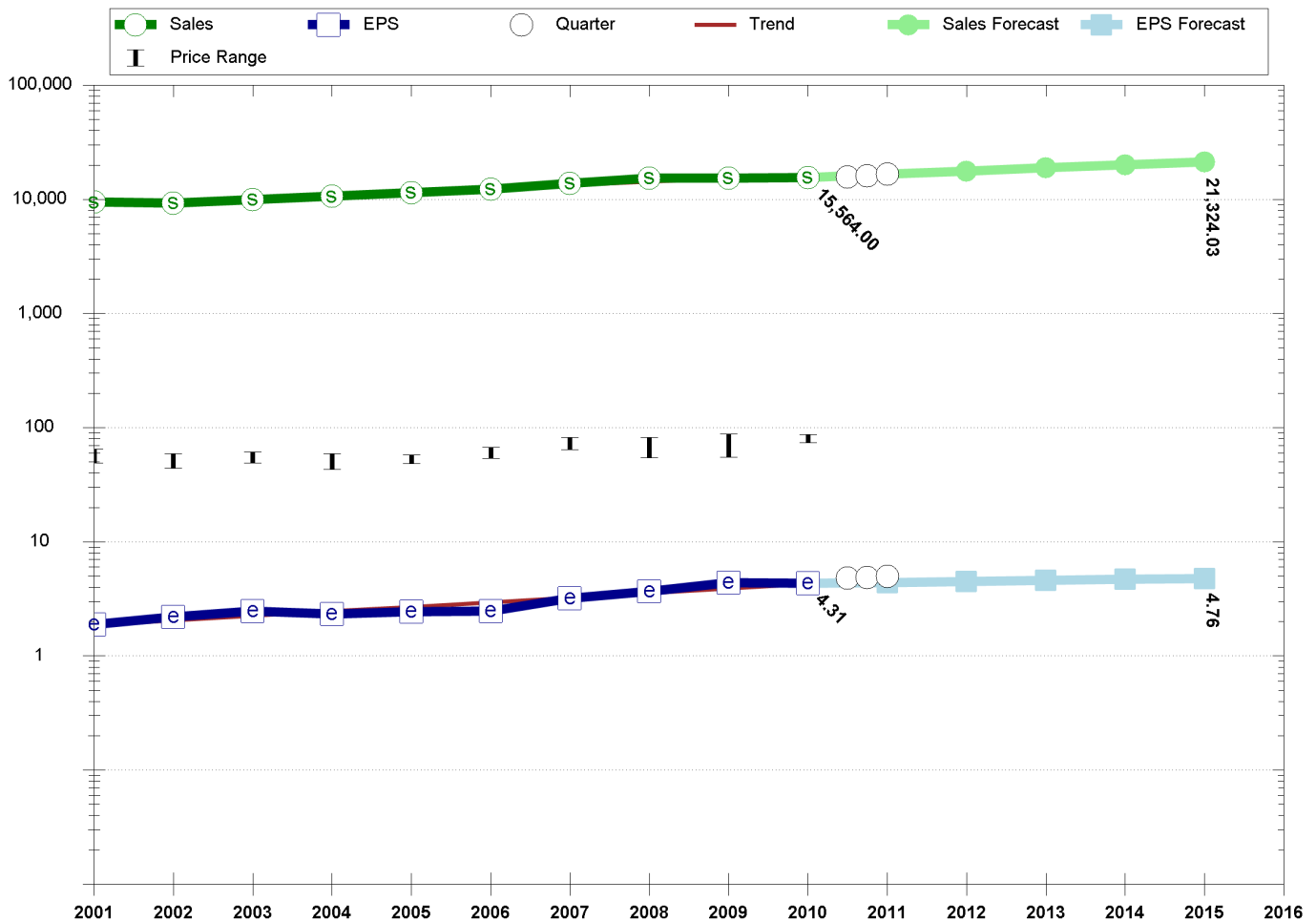
Company <u>Colgate-Palmolive Co</u>		Date <u>11/11/2011</u>	
Prepared by <u>Poy</u>		Data taken from <u>BI Stock Data</u>	
Where traded <u>NYSE</u>		Industry <u>Household & Personal Products</u>	
Capitalization --- Outstanding Amounts		Reference	
Preferred (\$M)	0.0	% Insiders	% Institution
Common (M Shares)	486.7	2.2	78.6
Debt (\$M)	4,756.0	% to Tot Cap	64.1
		% Pot Dil	0.8

Stock Selection Guide

Symbol: CL

1 VISUAL ANALYSIS of Sales, Earnings, and Price

FY2010 QuarterEnding (09/11)	Sales (\$M)	Earnings Per Share
Latest Quarter	4,383.0	1.31
Year Ago Quarter	3,943.0	1.21
Percentage Change	11.16%	8.26%



- | | | | |
|-----------------------------------|-------|--|-------|
| (1) Historical Sales Growth | 6.9% | (3) Historical Earnings Per Share Growth | 9.7% |
| (2) Estimated Future Sales Growth | 6.50% | (4) Estimated Future Earnings Per Share Growth | 2.00% |

2 EVALUATING Management

Colgate-Palmolive Co

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Last 5 Year Avg.
Pre-tax Profit on Sales (Net Before Taxes/Sales)	17.70%	20.12%	21.22%	19.56%	18.24%	17.61%	18.51%	19.08%	23.08%	22.04%	20.06%
% Earned on Equity (E/S / Book Value)	206.44%	4,319.53%	222.42%	127.20%	114.82%	106.48%	78.10%	106.04%	73.28%	79.74%	88.73%

3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is building block for translating earnings into future stock prices.

PRESENT PRICE 89.2

HIGH THIS YEAR 94.89

LOW THIS YEAR 74.86

	A	B	C	D	E	F	G	H
Year	Price		Earnings	Price Earnings Ratio		Dividend	% Payout	% High Yield
	High	Low	Per Share	High A / C	Low B / C	Per Share	F / C * 100	F / B * 100
1 2006	67.08	53.41	2.46	27.27	21.71	1.250	50.81	2.34
2 2007	81.27	64.16	3.20	25.40	20.05	1.400	43.75	2.18
3 2008	81.98	54.36	3.66	22.40	14.85	1.560	42.62	2.87
4 2009	87.39	54.51	4.37	20.00	12.47	1.720	39.36	3.16
5 2010	86.15	73.12	4.31	19.99	16.97	2.030	47.10	2.78
6 TOTAL		299.6		115.1	86.1		223.6	
7 AVERAGE		59.9		23.0	17.2		44.7	
8 AVERAGE PRICE EARNINGS RATIO 20.1					9 CURRENT PRICE EARNINGS RATIO 17.9			

4 EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE - NEXT 5 YEARS

Avg. High P/E 22.00 X Estimate High Earnings/Share 4.75 = Forecasted High Price \$ 104.50

B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 17.00 X Estimate Low Earnings/Share 4.20 = Forecasted Low Price \$ 71.40

(b) Avg. Low Price of Last 5 Years 59.91

(c) Recent Market Low Price 54.51

(d) Price Dividend Will Support $\frac{\text{Present Dividend}}{\text{High Yield}} = \frac{2.320}{2.80\%} = 82.86$

Selected Forecasted Low Price 71.40

C ZONING using 33%-33%-33%

Forecasted High Price 104.50 Minus Forecasted Low Price 71.40 = 33.10 Range. 33% of Range 11.03

Buy Zone 71.40 to 82.43

Hold Zone 82.43 to 93.47

Sell Zone 93.47 to 104.50

Present Market Price of 89.17 is in the **Hold** Zone

D UPSIDE DOWNSIDE RATIO (POTENTIAL GAIN VS. RISK OR LOSS)

$\frac{\text{High Price} - \text{Present Price}}{\text{Present Price} - \text{Low Price}} = \frac{104.50 - 89.17}{89.17 - 71.40} = \frac{15.33}{17.77} = 0.86$ To 1

E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

$\frac{\text{High Price}}{\text{Present Market Price}} = \frac{104.50}{89.17} = 1.17$ X 100 = 117.19 - 100 = 17.19 % Appreciation

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

A $\frac{\text{Present Full Year's Dividend \$}}{\text{Present Price of Stock}} = \frac{2.320}{89.17} = 0.03 = 2.60\%$ Present Yield

B AVERAGE YIELD - USING FORECAST HIGH P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{44.73\%}{22.00} = 2.03\%$

C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation 3.22 %

Average Yield 2.03 %

Annualized Rate of Return 5.26 %