

COLGATE-PALMOLIVE (CL:NYSE)

INVESTMENT THESIS

Introduction to Colgate-Palmolive: Colgate-Palmolive (CL) is a global consumer products company operating in the Oral, Personal, Home Care, and Pet Nutrition markets. The company is the world's leading brand in toothpaste and toothbrushes by market share in 2025. Colgate-Palmolive's strategy focuses on premium product innovation and operational efficiency. Analysts project consistent growth in earnings, with consensus estimates indicating an increase in net income from approximately USD 3.0B in 2026 to around USD 3.5B by 2028, reflecting a mid-single-digit annual growth rate. Capital expenditures are expected to stay close to 3% of annual sales, equivalent to roughly USD 600–700M per year through 2029.

Premiumisation driving growth: Colgate-Palmolive continues to pursue a premiumisation strategy to support growth and margins. In 2025, this led to a 1.4% increase in organic sales. The company is shifting its portfolio toward higher-value offerings while maintaining broad price coverage. In Latin America, premium toothpaste lines have accounted for 80% of revenue growth. Recent launches, including the expansion of Elmex in Europe, have driven share gains in whitening and therapeutic niches. In pet nutrition, Hill's Science Diet and Prescription Diet are leveraging research-led innovation to support premium pricing and share growth. Advertising remains above 13% of sales, reinforcing brand awareness and pricing power. While not implying a rapid upside acceleration, these dynamics reflect a resilient model capable of selective organic expansion. This supports a Hold rating with modest upside.

Margin Pressures and Competitive Environment: Colgate-Palmolive faces ongoing margin pressure caused by rising raw material costs, tariffs, and currency exchange rate volatility. Although strategic pricing actions have been put into place to partially offset these headwinds, the company's 2026 guidance points to flat EBITDA margin at around 24%. Competitive intensity remains high: in Oral Care segment, Colgate defends its leadership against Procter & Gamble; in Personal Care, Unilever and Church & Dwight compete aggressively on innovation and price; and in Pet Nutrition, Hill's contends with Mars in a contested premium segment. In short, future earnings growth will be determined by increased revenues rather than an increase in margins.

February 9th 2026

HOLD



3.7%

Current Price

USD 94.16

Price Target

USD 97.66

10/02/2026 PA Close

Market Cap (USD M)

75,908

Capital IQ

CL:US

Consensus Estimate

1.23%

Share data

Shares Outstanding (M)

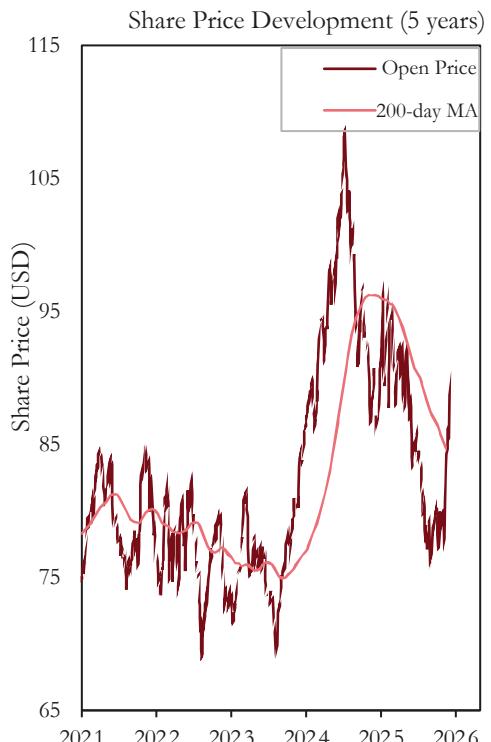
806.16

Ex. Dividend Yield (%)

2.21

30D Avg. Trading Volume (USD M)

7,148



COLGATE-PALMOLIVE (CL:NYSE)

VALUATION SUMMARY

- Summary of the Results:** Our valuation yields a target price of USD 97.66, implying a 3.7% upside. The valuation is based on a blended approach combining Discounted Cash Flow (85%) and Trading Multiples (15%). The DCF methodology carries more weight as it better captures Colgate-Palmolive's stable cash flow generation, strong brand-driven pricing power, and defensive business profile. The multiples-based valuation shows wider dispersion across peers due to differences in portfolio mix and geographic exposure.
- Financials Forecasts:** Revenues were projected by business segment and geography, reflecting Colgate's diversified exposure across Oral, Personal, Home Care, and Pet Nutrition. Higher growth was assigned to Hill's Pet Nutrition, supported by premiumisation of pet food and the acquisition of Prime100, while Oral Care growth reflects Colgate's global leadership and resilient demand. Capital expenditures were modelled in line with historical averages, consistent with Colgate's efficiency-focused operating model.
- WACC Computation:** The Cost of Equity was estimated at 6.90%, reflecting Colgate's low-risk profile, strong brand equity, and defensive cash flows. The Cost of Debt was set at 4.70%, consistent with the company's investment-grade credit quality. The capital structure reflects Colgate's conservative leverage, with D/(D+E) of 8.87% and E/(D+E) of 91.13%, resulting in a WACC of 6.60%.
- DCF Results:** The DCF analysis results in an intrinsic value of USD 102.8 per share, based on a 6.60% WACC, a 3.19% perpetual growth rate, and a capital reinvestment rate of 8.52%, consistent with Colgate's long-term growth and reinvestment discipline. The present value of FCFO for 2026–2029 amounts to USD 11.1B, while the PV of Terminal Value is USD 80.8B, leading to an Enterprise Value of USD 91.8B. After a negative bridge-to-equity of USD 8.9B, total Equity Value stands at USD 82.9B.
- Multiples Results:** Relative valuation was conducted using EV/Sales, EV/EBITDA, and P/E multiples derived from a global peer group of Fast-Moving Consumer Goods and consumer staples companies. Even if there are no significant outliers, to mitigate their impact in the valuation, only median multiples were considered. This approach results in a multiples-based price of USD 68.09 per share.

February 9th 2026

TARGET PRICE **USD 97.66**

METRICS

WACC

Cost of Equity	6.90%
Cost of Debt	4.60%
D/(D+E)	8.87%
E/(D+E)	91.13%
WACC	6.60%

DCF

PV FCFO 2026-2029	11,057
Perpetual Growth Rate	3.19%
Capital Reinvestment Rate	8.52%
PV Terminal Value	80,787
Enterprise Value	91,845
Bridge-to-Equity	(8,911)
Equity Value	82,934
Shares Outstanding (M)	806
DCF-side price	102.88
DCF Weight	85%

Multiples

EV/Sales Price	64.99
EV/EBITDA Price	78.45
P/E Price	65.07
Multiples-side price	68.09
Multiples Weight	15%

COMPANY OVERVIEW

Colgate-Palmolive is a **leading global consumer products** company with operations in over 200 countries and territories. Its business is organized around four core product categories: **Oral, Personal and Home Care**, and **Pet Nutrition**. Supported by flagship brands such as **Colgate**, the company holds a global toothpaste market share of over **41%** (2025), underscoring its strong competitive position.

Geographically, Colgate-Palmolive benefits from a well-diversified revenue base across five operating regions. In 2025, **Latin America** generated approximately **USD 4.7B**, representing about **25%** of **total sales**, followed by **North America** with around **USD 4B** (20%). **Europe** and **Asia-Pacific** each account for roughly **14%** of revenues, while **Africa/Eurasia** contributes about **5%**. **Emerging markets**, particularly Latin America and Asia, are key **drivers of growth**, with expected increase in market size by **5-7% CAGR**, while more developed markets, such as **North America** and **Europe**, remain a **stable source of profitability**.

Oral, Personal and Home Care



77%
of revenues

Toothpaste, toothbrushes, mouthwash, soaps, body wash, shampoos, household cleaners, surface care, and other miscellaneous self-care products

Pet Nutrition



23%
of revenues

Premium pet food and **therapeutic nutrition** under **Hill's Science Diet** and **Prescription Diet**, supported by **veterinary** channels and scientific research.

Target customer

Mass-market consumers and households across developed and emerging markets, spanning all income levels.

Target customer

Pet owners and **veterinary professionals**, with a focus on premium and science-based nutrition for companion animals.

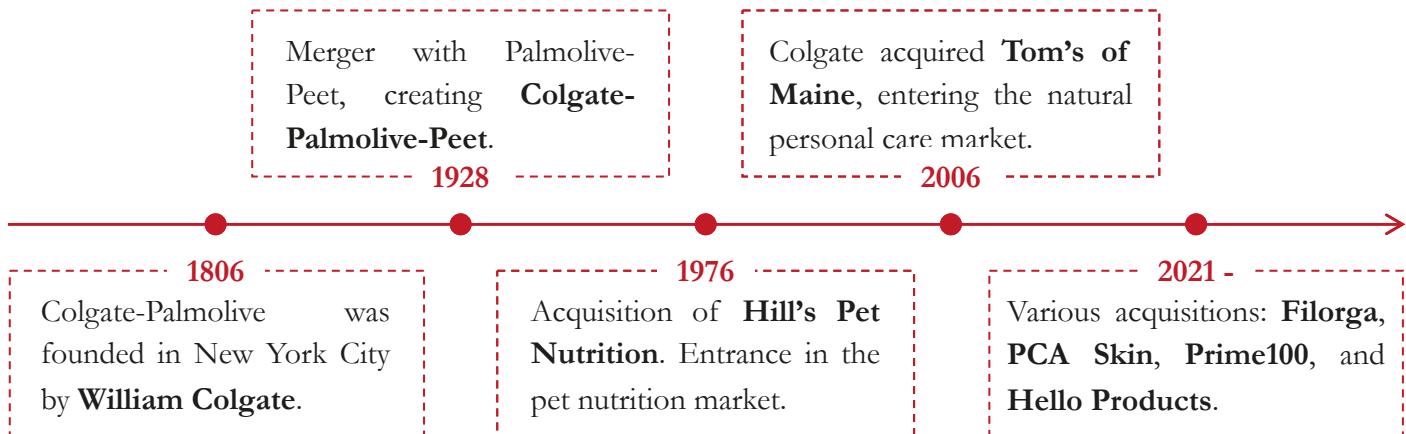
Competitors



Competitors



Company History



Shareholder Structure

Approximately **85%** of the company's outstanding shares are **owned** by **institutional investors**, including **mutual funds**, **pension funds**, and **ETFs**. Major asset managers play a key role, with **The Vanguard Group** holding about **10.3%** of shares, **BlackRock** around **8.6%**, and other large institutions owning the rest. This is due Colgate's position as a **large cap, blue chip company** included in major indices. **Retail investors** own roughly **14%** of the shares, while insiders and executives hold well below **1%**.

Management Team



Noel Wallace
Chairman, President & CEO

- CEO since **2019**, Chairman since **2020**
- Over **35 years** at **C-P**, with a strong background in global marketing
- Focused on **innovation, premiumisation, and emerging market growth**



Stanley J. Sutula III
CFO

- CFO since **2020**
- Former senior executive at **IBM** and **Pitney Bowes**
- Oversees **finance, IT, and M&A** divisions



Shane Grant
COO – Americas

- Joined Colgate in **2025** directly as COO of the Americas operations
- Former CEO of **Danone North America**
- Responsible for **North America and Latin America** operations



Panos Tsourapas
COO – APAC & LATAM & EMEA

- Over **30 years** at **C-P**
- Former President of the **Latin America** division
- Oversees **EMEA and APAC** operations



John Hazlin
Chief Growth Officer

- Leads **global marketing, innovation, and brand strategy**
- **Former President** of the **Hill's Pet Nutrition** division
- Focused on **category leadership** and **product innovation**



Jennifer Daniels
Chief Legal Officer & Corporate Secretary

- Oversees **legal, compliance, and governance** divisions
- Extensive experience in **multinational corporate law**
- Supports Colgate's global **risk management** and **ESG compliance**

SHARE PRICE DEVELOPMENT

Cost Inflation

During 2021–2022, Colgate-Palmolive faced unprecedented **cost inflation** driven by sharp increases in raw materials and global freight costs. In response, the company implemented broad-based **pricing actions** across geographies, **cost-savings** initiatives, and **accelerated productivity** to protect profitability. While these measures provided **partial damage mitigation**, they were **insufficient** to fully offset cost headwinds. The resulting margin compression led to a **deterioration in investor sentiment**, with C-P's **share price declining** by approximately 20% from its late-2021 peak to the 2022 lows.

FX Headwinds

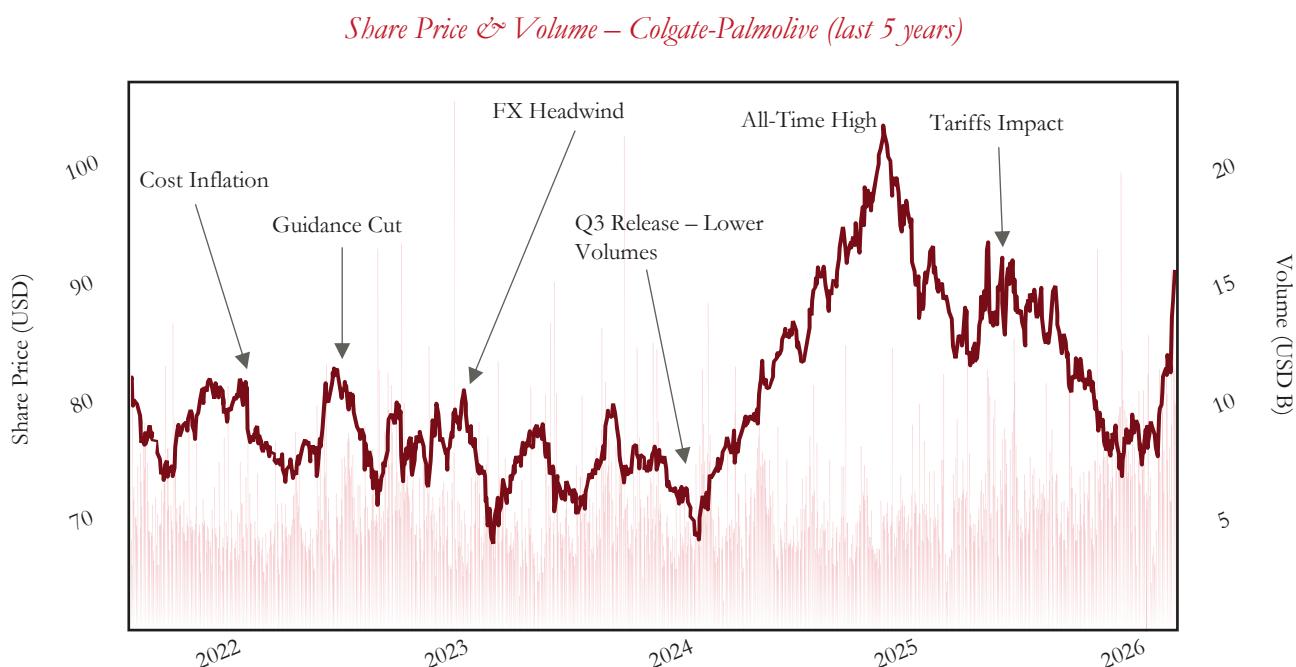
In 2023, C-P faced significant **foreign exchange headwinds** driven by a **strong US dollar**, particularly **impacting results in Latin America, Asia-Pacific, and other emerging markets**. Despite solid underlying organic growth in local currencies, **reported revenues** and earnings were **negatively affected** by the adverse currency exchange rate fluctuations.

All-Time High

In 2024, C-P delivered a strong **operational recovery** supported by pricing execution, margin expansion, and improving volume trends. Financial performance was driven by the continued rollout of the **Global Productivity Initiative**, which delivered incremental **cost savings**, and introduced **higher-margin** mixes for Oral Care and Pet Nutrition products.

Tariffs' Impact

In 2025, the introduction of new **trade tariffs** represented an additional **margin headwind**, increasing the cost base by an estimated **USD 75M**. The company responded through targeted **pricing actions** and **supply chain optimisation**, including sourcing adjustments and productivity initiatives. While C-P tried to **preserve profitability** through disciplined **cost control**, adjusted **gross margin declined**, leading management to lower its **organic sales growth** outlook to **2%–4%**. After that, C-P's price per share dropped from over **USD 90** to roughly **USD 80**.



BUSINESS MODEL

Overview

Colgate-Palmolive adopts a **house-of-brands** strategy, a common approach among global FMCG companies. Under this model, the parent company manages a **portfolio of distinct brands**, each designed to serve different market segments. This structure allows the firm to effectively address a **heterogeneous customer base** through clearly differentiated price tiers. As a result, C-P ranked as the **most penetrated brand** worldwide in **2025**. Moreover, this business model provides the **flexibility** to tailor offerings to diverse geographical markets, as shown by the large percentage of the company's **sales** generated **outside** the US.

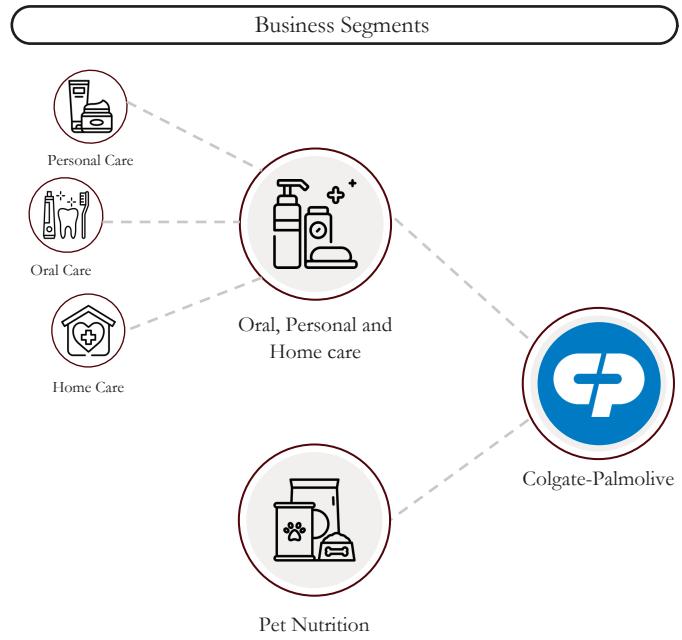
Oral, Personal and Home Care

Oral, Personal and Home Care represents the main revenue stream for Colgate-Palmolive, accounting for **77% of revenues in 2025**: **43%** coming from the Oral Care market, **18%** from the Personal Care market, and **17%** from the Home Care segment.

Value Proposition and Market Targets

Oral, Personal and Home Care's value proposition focuses on delivering **high-quality, reliable products** to the everyday consumer. This wide range of products allows the company to reach all types of customers, from **healthcare professionals** to **retail consumers** by providing:

- **Oral hygiene** products to customers of all ages;
- **Personal care** products, primarily targeting adults and women;
- **Household care** solutions designed for everyday cleaning and the maintenance of household textiles.



Performance Analysis

Oral Care achieved **robust organic growth** in **2024** and **2025**, driven primarily by **strong demand** for **toothpaste** and **manual toothbrushes**. C-P cemented its global market leadership in Oral Care. For full-year 2025, the company's worldwide **toothpaste market share reached 41.4%** and its **manual toothbrush share was 32.4%**. Personal Care delivered **positive growth** in 2025, with organic sales increasing across most sub-categories. Furthermore, growth in Home Care was primarily driven by **dishwashing liquids** and **multipurpose household cleaners**, and supported by sustained demand for **toilet care** and **surface cleaning products**. Furthermore, growth in Home Care was pushed by strong exposure to **emerging markets**, and by the **Funding-the-Growth cost savings program** which aimed at mitigating input cost inflation.

Overall, performance in 2025 reflects broad-based **organic growth** across **all core categories**, supported by category leadership in Oral Care and sustained volume expansion in Personal and Home Care.

Regional Breakdown

Revenue in the segment is primarily driven by the **Latin America** region, which accounts for approximately **23%** of revenues. North America follows with **19.5%**, while Europe contributes **15.61%**. Asia-Pacific represents **13.92%** of revenues, and Africa accounts for **5.79%**.

Across its core Personal, Oral and Home Care divisions, C-P shows a **strong** and **differentiated competitive positioning** across all regions. In **North America**, the company demonstrates clear market leadership with a **41% market share**. In **Latin America**, C-P operates as the **dominant player** in a highly consolidated market with **limited competitive pressure**. In **Europe** the market presents a more duopolistic structure, where **C-P and Procter & Gamble together** account for roughly **60%** of the **market share**. In **Asia-Pacific**, competition is more fragmented, with **three main leaders**: Unilever, C-P, and Procter & Gamble. Finally, although **Africa** represents a **smaller market (USD 5B)**, C-P maintains a leading position.

Pet Nutrition

Hill's Pet Nutrition, C-P's pet nutrition brand, delivered one of the **strongest performances** of the company's portfolio in **2025**. Growth was particularly pushed by **therapeutic** and **wellness** pet food lines.

The global pet care market was estimated to be worth around **USD 270B** in 2025, with Hill's Pet Nutrition holding an approximate **2-3%** global market share.

The segment's performance was supported by calculated **pricing increases** and **cost-saving** initiatives, alongside a sustained emphasis on higher-value offerings and **highly targeted premium products**, tailored to specific consumer needs.

Value Proposition and Market Targets

Hill's Pet Nutrition's value proposition centers on premium **cat** and **dog food** developed through **veterinary research**. Key product lines, including Hill's Science Diet and Prescription Diet, are designed to **support** overall **health, growth**, and **specific pet needs**, such as weight management, organ function, and allergy care. Hill's portfolio spans both **everyday** and **therapeutic** diets, positioning the brand as a comprehensive nutrition solution.

The primary target customers are **cat and dog owners** purchasing dry and wet food, stews, and snacks, as well as **veterinarians** who actively recommend the products.

Performance Analysis

Colgate-Palmolive's competitive advantage supports an established **leadership** in **clinical nutrition for pets**. Through the Prescription Diet brand, Hill's is one of the **most recommended brands by veterinarians worldwide**. This link with the veterinary channel, built over time, guarantees **selective distribution** with **high added value**, that in turn protects margins and the premium perception of the brand. In 2025, Hill's **operating profit margin** reached **22.4%**.

Additionally, strategic acquisitions play a significant role: the agreement to **acquire Prime100**, announced in February 2025, was aimed at **expanding** the division into the **fresh pet food market**. The acquisition broadens the **product portfolio** and **increases exposure** to premium, higher-growth pet nutrition segments.

Overall, the Hill's Pet Nutrition operates in a **structurally high-growth segment**, characterized by **premium positioning**, **science-based differentiation**, and exposure to **resilient end-demand**.

COMPETITIVE OVERVIEW

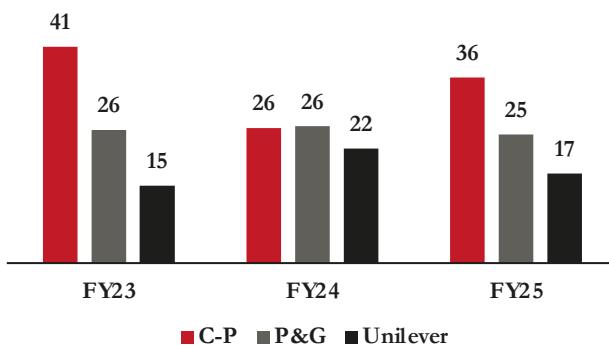
Procter & Gamble

Procter & Gamble stands as **one of the main players** in the Personal, Oral and Home Care market, and it is globally recognized as the **leader in marketing** due to its **substantial advertisement budget**, which represents around 10% of total sales. Furthermore, the company, **invests over USD 2B in R&D** annually, making it the **leader** in the market in terms of **innovation**. The most recognisable brands under Procter & Gamble's management are Ariel, Mr. Clean, and Swiffer. Colgate-Palmolive **competes** only **marginally** with Procter & Gamble, since it has no detergents or equivalently advanced products on the market.

Unilever

Unilever's **influence** is largely rooted in **emerging markets**, which account for over **55%** of its **revenues**. Compared with Colgate-Palmolive, Unilever offers a much **broader product portfolio**, spanning nearly all segments within the category. By contrast, Colgate-Palmolive has a more **selective product focus** and lacks extensive coverage in certain areas, such as laundry detergents, where it operates with a **narrower range of offerings**.

P/E Ratio Comparison Amongst Competitors



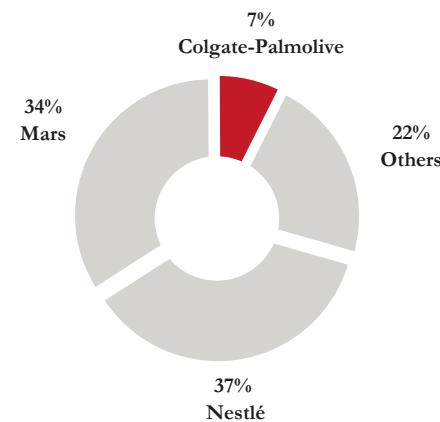
Mars Petcare

Mars Petcare represents a major player in the global **pet nutrition** market and a **key competitor** to Colgate-Palmolive. As part of the privately owned Mars group, the division leverages **substantial financial resources** coming from the other business lines, long-standing **industry expertise**, extensive industrial capabilities, and a **vast international presence**. Mars Petcare operates across a **wide spectrum of brands** and categories, addressing both everyday and specialized customer needs at different price levels. This **diversified positioning** allows Mars to reach a **broad and stable consumer base** and maintain a dominant position within the pet food industry.

Purina

Purina is one of the **leading competitors** of C-P in the **global pet nutrition market**. Operating under **Nestlé**, Purina benefits from strong scale, extensive distribution, and high brand recognition, allowing it to hold a **significantly larger market share** than **Hill's Pet Nutrition**. While Hill's is mainly focused on premium and veterinary-recommended nutrition, **Purina offers a broader product portfolio**, covering multiple price segments.

Pet Nutrition Market Share



TAILWINDS

Health & Hygiene Awareness

Post-pandemic consumers **invest in health** and **daily hygiene**, supporting structural demand for Oral, Personal, and Home Care products. Oral Care alone represents **43%** of Colgate's **net sales**, with **global toothpaste market share above 41%**, positioning the company as one of the **main beneficiary** of **sustained** category **demand**. Global spending on personal and oral care is projected to **grow steadily through 2029** (CAGR of 2.97%), driven by aging populations, higher hygiene standards, and high focus on disease prevention.

Digital, Data & Productivity Investments

AI-driven revenue growth, marketing optimization, and supply-chain automation support margin protection and efficiency gains. The “**Funding-the-Growth**” program (an internal cost-saving and productivity initiative) added **280 bps** to **gross margin** in **2024**, enabling reinvestment in brand and innovation without compromising profitability.

Funding Sources and R&D Tax Incentives

Colgate-Palmolive may be able to take **advantage** of various **programs** to **stimulate growth**. These subsidies usually come as general **R&D tax incentives**, like under the **Section 41** of the US **Federal Tax Credit Code**, the **UK's HMRC R&D Tax Relief Scheme**, and **Ireland's Tax Credit Schemes**.

Constant Demand for Products

Colgate-Palmolive faces **constant demand** for its **products** since toothbrushes, toothpaste, shampoo, and others are **demanded** in **all economic cycles**, leading to **resilience** of **revenues**, even in periods of **economic stagnation** or depression.

Premiumisation of Pet Nutrition

Smaller households in developed markets are structurally **increasing per-pet spending**, supporting a **move towards premiumization** across pet food categories. Furthermore, the global pet food market is growing at a **CAGR** of **5.8%**, driven by **pet humanization** and **demand for science-based** and therapeutic diets. Hill's Pet Nutrition focuses on **premium** and **veterinarian-recommended products**, putting C-P in a favourable position to capture growth within the segment, as demonstrated during FY24 and FY25, where it outperformed competitors. The premiumisation strategy has been further **strengthened by the acquisition of Prime100**, an Australian premium fresh pet food brand.

Emerging Markets Expansion

Rising disposable income and population growth in Latin America, Asia-Pacific and Africa/Eurasia support volume growth in mass-market Fast-Moving-Consumer-Goods. With **45%** of **sales** from **emerging markets** and leading brand penetration in LATAM, C-P benefits from **scale**, **local manufacturing**, and **strong distribution networks**.

Capital Expansion Incentives

C-P can use **local** and **state funding sources** to **produce factories**, **plants**, and **create jobs**, such as in 2022 with the **Ohio Colgate-Palmolive branch expansion**, which employed 75 workers. Another example is the **USD 25M project** for a **C-P manufacturing facility** in Morristown, Tennessee. Such opportunities allow Colgate-Palmolive to **gain a higher return on investment** by leveraging alternative sources of funding to expand business operations. These incentives **typically include state tax credits and job-creation grants**, property tax abatements, and **infrastructure support**.

HEADWINDS

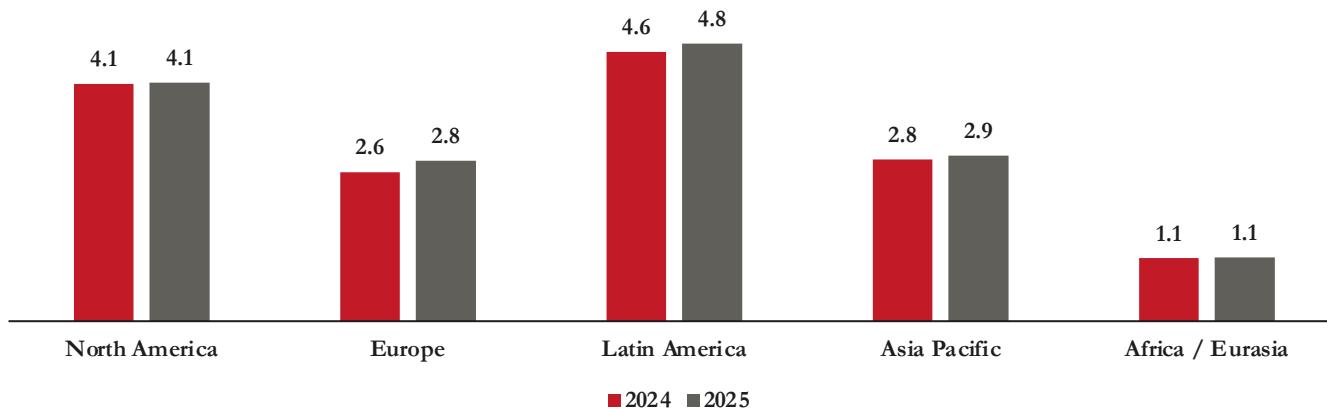
Input Cost Volatility

The key raw materials such as **palm oil**, **agricultural inputs** and **packaging materials** which are used by Colgate-Palmolive in their products are subject to **persistent price volatility** driven by climate events, geopolitical tensions and global supply-chain disruptions. Therefore, Colgate-Palmolive is particularly **exposed** to **fluctuations** in prices of **palm oil**, **resins**, **paper**, **agricultural inputs** and energy, which **directly affect COGS**. Although pricing actions and productivity programs mitigate part of the impact, **sharp commodity swings can temporarily pressure margins**, especially in price-sensitive markets.

Competitive Intensity in Mature Markets

The Oral and Personal Care markets in **North America** and **Europe** are **highly competitive** and **saturated**, with aggressive pricing, promotional pressure and innovation from players like P&G, Haleon and Unilever. This **limits volume growth** and **increases marketing expenditure requirements**. As a result, **developed markets are highly competitive**, and with limited room for sales volume expansions.

Net Sales (\$B) Geographic Segmentation 2024-2025



Regulatory and Cost Pressures

Stricter regulations with respect to plastics, chemicals, deforestation, and changes in product transparency requirements could lead to **compliance issues** and **increased R&D costs**, particularly in Europe, for C-P. Although **C-P is in-line with ESG targets**, ongoing regulatory changes may **weigh on short-term profitability**.

EU Deforestation Regulation

The EU Deforestation Regulation requires companies to **prove** that **key raw materials**, such as palm oil, **are not linked to deforestation**. For consumer goods companies like C-P, this implies **monitoring suppliers** and conducting detailed **due diligence** on **sourcing practices**, which can **increase compliance costs** and **operational complexity**, especially in **regions** where agricultural supply chains are less transparent.

FX and Macroeconomic Volatility

With **67% of sales generated outside the US** and a great portion of sales generated in emerging markets, Colgate is exposed to **foreign exchange headwinds** and **macro instability**. Currency depreciation and inflation can erode reported revenues and purchasing power, partially offsetting organic growth.

KEY RISKS

Commodity and Supply Chain Risk

Colgate-Palmolive's margin recovery in 2024, with gross profit rising over 200 basis points to around 60%, reflects **easing input costs and improved efficiency**. However, the outlook for 2026 remains exposed to **renewed inflation in raw materials** such as **fats, oils, and packaging**. **Trade-related risks** are also persistent: US tariffs introduced in late 2024, particularly on **Chinese imports**, added an **estimated USD 75M** to **annual costs** despite partial rollbacks and exemptions.

While Colgate has **strengthened its supply chain** through **local manufacturing, diversified sourcing**, and a multi-year efficiency program, any **resurgence in commodity inflation**, **new trade barriers**, or **geopolitical disruptions** could **pressure margins**. Sustaining **pricing power** and **supply chain agility** will be critical to **protecting profitability**.

Regulatory and ESG Risk

As of 2026, Colgate-Palmolive faces mounting **regulatory and reputational risk** related to **sustainability performance and disclosure**. The company's **target to make 100% of packaging recyclable, reusable, or compostable** by 2025 remains partially unmet, with progress plateauing at **90%** by the **end of 2025**. Management has acknowledged **delays in phasing out flexible plastics**, particularly in **pet food and personal care**, making **full compliance unlikely** within the original timeframe.

Meanwhile, **scope 3 emissions**, linked to **upstream suppliers** and consumer use, have proven **harder to reduce**, with Colgate-Palmolive falling behind its 2025 interim climate targets. These shortfalls increase **exposure to regulatory**

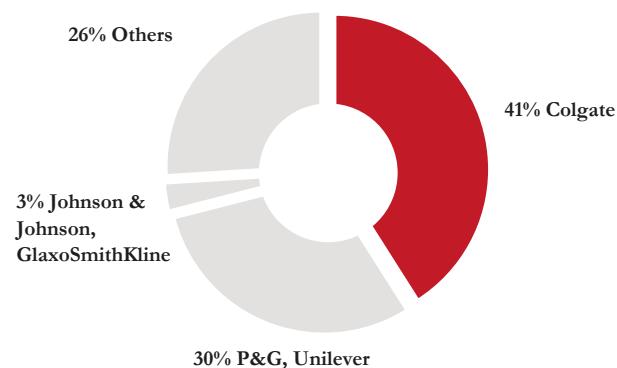
penalties (e.g., under **EPR schemes** in the EU and California), **litigation risk** over sustainability claims, and growing **scrutiny** from **ESG-focused investors**. Any acceleration in environmental regulation or stakeholder demands could lead to **higher compliance costs** and weigh on long-term brand equity.

Competition and Demand Risk

Colgate-Palmolive operates in highly **competitive FMCG** categories characterized by **low switching costs, high promotional intensity** and **increasing retailer bargaining power**.

In Oral Care, competition from **Procter & Gamble, Unilever** and **Haleon**, and in Pet Nutrition competition from **Mars** and **Nestlé Purina**, keep on intensifying through **aggressive pricing, innovation and channel partnerships**. At the same time, more **price-sensitive consumer demand** increases **vulnerability to competitive discounting** and **private-label substitution**, particularly in value tiers and emerging markets. As pricing headroom narrows, **Colgate** may need to rely more heavily on **promotions** to **defend volumes**, potentially **pressuring margins** and increasing the **risk of market share erosion** if competitors operate more effectively.

Market Share in the Oral Care Segment



Source: Colgate Annual Report 2024, FactSet, Future Market Insights

FUTURE OUTLOOK

Innovation and Digital Transformation

Innovation and **digital transformation** will be key aspects of Colgate-Palmolive's future growth and competitive advantage. The company is expected to further **accelerate R&D** with the goal of increasing **premiumisation** and **science-led innovation** across its core categories, with a strong focus on **higher-value** products, **advanced formulations**, and **differentiated solutions** that reinforce brand leadership.

At the same time, Colgate-Palmolive continues to **deepen** its **digital capabilities** and enhance the competency of its human capital. Example of this is the **data analytics training courses**, which 14,000 employees are planned to undergo. Additionally, planned utilisation of **AI-driven marketing** and **direct-to-consumer models** will enable sharper consumer insights, more **precise targeting**. These initiatives are indeed expected to cause **increases in profit margin** of up to **65%** compared to current levels in the next **3 years**. Internally, the **2030 productivity program** plans to employ several growth, cost-efficiency, and **organizational improvements** with the goal to **reduce overhead costs**.

Emerging Markets

Emerging markets are expected to become the primary long-term growth engine for Colgate-Palmolive. For example, it is estimated that market share reaches up to **70%** in **LATAM countries**.

In **FY25**, these regions expected to **outperform developed markets**, reinforcing management's confidence in **scaling penetration** across core **daily-use** categories. Oral Care products in these areas are still significantly under-consumed on a per-capita basis, therefore being a potential future revenue driver.

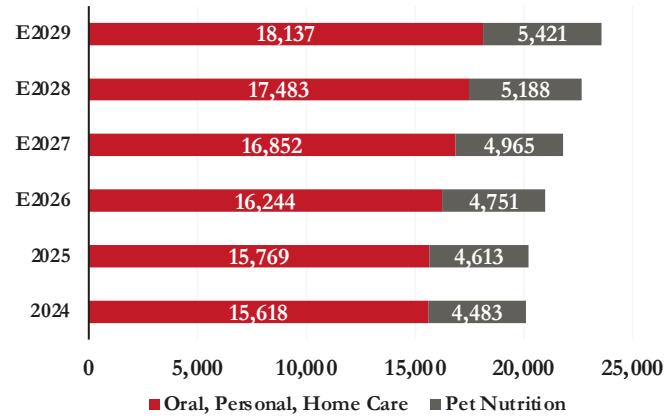
This allows C-P to **drive sustained volume growth** through **expanded distribution**. Although near-term volatility remains a factor, C-P's **strong local brands** support a higher **growth profile** in **emerging markets**, enabling the company to compound growth over the medium-to-long term and **offset** structurally **slower expansion** in **mature economies**.

Pet Nutrition

Strategic Premium Positioning

Hill's Pet Nutrition continues to serve as a **key growth driver** for Colgate-Palmolive, anchored in its strong positioning in the **premium, science-backed pet food** market. The brand has reinforced its differentiation through innovations like the **relaunch** of **Science Diet** with **ActivBiome+** prebiotics and expanded its therapeutic offering with **new Prescription Diet formulas**. Its strategic acquisition of **Prime100** in 2025 marked Hill's entry into the **high-growth fresh pet food** segment and strengthened its footprint in **Australia** and the **Asia-Pacific** region. The company is also **scaling** its **manufacturing capacity** and distribution in **Europe** and **North America**, while **expanding** **e-commerce** and specialty retail channels. These initiatives, coupled with rising global demand for specialized pet nutrition, support a **resilient long-term growth profile**.

Forecasted Total Sales, by product category



VALUATION AND SENSITIVITY

Revenue Forecast

Revenues are projected using a structured **bottom-up methodology**. Sales are first **segmented** between Oral, Personal and Home Care, and Pet Nutrition and then subdivided in **geographic regions** using **historical revenue weights**.

Assumptions have been created using historical data from 2022 to 2025, and forecast from **2026 to 2029**, according to **segment-specific CAGRs**.

Pet Nutrition revenues are assumed to grow at **4.5%**, reflecting market growth expectations and Hill's positioning within the segment. **Oral, Personal and Home Care** revenues **grow** at a weighted rate of **3.73%**, derived from individual category CAGRs and their historical incidence on total sales.

Due to Colgate-Palmolive's stable business model, the future revenue composition between Oral, Personal, and Home Care and Pet Nutrition is not expected to vary widely within the forecasted period.

Operating Costs and Margins

Operating costs are forecasted using **stable historical margins**, consistent with Colgate-Palmolive's mature operating model. The consolidated **EBITDA margin** is assumed **constant**, based on the **average of the past five years**, reflecting offsetting effects between geographic mix and business segment composition.

Segment-level **EBITDA margins** are derived mechanically. For Pet Nutrition, the **EBITDA margin** is calculated by adjusting the historical operating margin using the **average EBIT/EBITDA ratio**. The **EBITDA margin** for **Oral, Personal and Home Care** is computed as a **residual**, ensuring consistency with the consolidated margin.

Cost components (COGS, SG&A, and other operating costs) are projected as fixed percentages of revenues, using multi-year **historical averages**. This approach preserves **internal consistency** between **revenues, margins, and operating profitability**, while avoiding discretionary assumptions.

Sales Forecast 2026-2029

(USD M)	2022	2023	2024	2025	2026	2027	2028	2029
Sales Forecast								
Total Oral, Personal and Home Care	14.254	15.167	15.618	15.769	16.359	16.971	17.606	18.265
% of Total Sales	79,33%	77,95%	77,70%	77,37%	77,24%	77,11%	76,98%	76,85%
North America	3.816	3.925	4.113	4.045	4.368	4.539	4.717	4.902
% of Total Sales	21,24%	20,17%	20,46%	19,85%	20,62%	20,62%	20,62%	20,62%
EMEA	3.630	3.820	3.865	4.134	4.201	4.366	4.537	4.714
% of Total Sales	20,20%	19,63%	19,23%	20,28%	19,84%	19,84%	19,84%	19,84%
LATAM	3.982	4.640	4.782	4.776	4.928	5.121	5.321	5.530
% of Total Sales	22,16%	23,85%	23,79%	23,43%	23,27%	23,27%	23,27%	23,27%
APAC	2.826	2.782	2.858	2.814	2.862	2.945	3.031	3.119
% of Total Sales	15,73%	14,30%	14,22%	13,81%	13,51%	13,38%	13,25%	13,12%
Pet Nutrition	3.713	4.290	4.483	4.613	4.821	5.038	5.264	5.501
% of Total Sales	20,67%	22,05%	22,30%	22,63%	22,76%	22,89%	23,02%	23,15%
Total Sales	17.967	19.457	20.101	20.382	21.180	22.009	22.870	23.766

Investing Forecast

The investment forecast is based on a driver-focused framework, ensuring **consistency** with Colgate-Palmolive's **historical capital allocation** profile, and **avoiding** discretionary step changes.

- **Tangible capital expenditures** are projected using **CapEx-to-sales ratios** by asset class, applying recent **historical averages** and incorporating **depreciation**, which was forecasted using CapEx assumptions;
- **Intangible investments** are modeled mechanically: **goodwill** is forecast as a **stable percentage of revenues**; **other intangible assets** are projected as a **declining percentage of sales** based on normalised historical trends; **amortisation** is applied as a **constant share of revenues**;
- **Net working capital** is forecast using **historical efficiency metrics**. Trade receivables and payables are derived from **average days outstanding**, while **inventories** are modeled by sub-component as a **percentage of COGS** or **total inventories**;

- **Other balance sheet items**, including deferred taxes, are projected using **ratio-based drivers** linked to **EBT**, **revenues**, and **gross financial debt**.

Financing Forecast

The financing forecast is constructed using a **ratio-based approach** aligned with Colgate-Palmolive's **historical capital structure** and financial discipline.

Debt levels are modeled as a **percentage of sales**. **Short-term debt** is assumed to **normalise** after the temporary increase observed in 2024–2025 related to working capital needs and acquisition financing, while **long-term debt** follows a **gradual declining path**, consistent with **historical deleveraging** and **stable operating cash flows**.

Equity-related items are projected mechanically. **Share capital is held constant** as share issuances for compensation are fully offset by buybacks. **Treasury stock** evolves **in line with historical repurchase activity**. **Dividends** grow at a **stable rate** in line with past policy.

DCF asset side (FCFO)	2024	2025	2026	2027	2028	2029
EBIT	4.268	3.306	4.287	4.412	4.541	4.676
Operational taxes	(1.270)	(798)	(1.275)	(1.312)	(1.351)	(1.391)
NOPAT	2.998	2.508	3.012	3.099	3.190	3.285
CRR	(0,40)	(0,21)	(0,02)	(0,01)	(0,04)	(0,05)
FCFO	4.207	3.028	3.079	3.137	3.317	3.450
Discount factor (WACC)			0,94	0,88	0,83	0,77
Present value of FCFO			2.887,87	2.760,81	2.737,67	2.671,50
Terminal value						104.330,78
PV of FCFO	11.057,84					
PV of TV	80.787,89					
Enterprise value	91.845,74					
(Net debt)	(7.389,37)					
+/- Surplus assets & non-operating liabilities	(1.180,45)					
(Minorities)	(341,29)					
Equity value	82.934,62					
Number of shares (NOSH) (m)	806					
Equity value per share (\$)	102,88					
Implied EV / EBITDA 2025E multiple	18,35					
Weighted Price Per Share (85% DCF - 15% Multiples)	97,66					

WACC computation

The **cost of equity** was derived through the CAPM, using a **4.20%** risk-free rate equal to the 12-month average yield on the 10-year US Treasury. The unlevered beta was computed as the average of selected peers and subsequently re-levered at a **25%** corporate tax rate, resulting in a levered beta of **0.49x**.

The **equity risk premium** was calculated as a **revenue-weighted average** across North America, EMEA, LATAM, and APAC, using regional **ERPs sourced** from **Damodaran** (2025). This yielded a **cost of equity** of **6.90%**.

The **cost of debt** was estimated as the **sum** of the **risk-free rate** and a **credit spread** derived from Damodaran (Jan 2025). Based on an **interest coverage ratio** of **15.11x**, a **0.45%** credit spread was applied, resulting in a **pre-tax cost of debt** of **4.70%**.

The resulting **WACC** is estimated at **6.60%**.

WACC

10y Treasury rate (average 12m 2025)	4.20%
Levered beta	0.49x
Equity risk premium	5.53%
Levered cost of equity	6.90%
Spread on debt	0.45%
Cost of debt	4.70%
Corporate tax rate	25%
Market value of net debt (M)	(7,389)
Market capitalization at valuation date (M)	75,908
D/(D+E)	8.87%
E/(D+E)	91.13%
WACC	6.60%

Sensitivity Analysis

The sensitivity analysis assesses the impact of variations in the **WACC** and the **perpetual growth rate** on Colgate-Palmolive's equity valuation.

The analysis confirms that the implied value is **inversely related to WACC** and **positively correlated with the perpetual growth rate**, reflecting the mechanics of discounted cash flow valuation. Higher discount rates reduce the present value of future cash flows, while stronger long-term growth assumptions increase the portion of future earnings capitalized into today's valuation.

The **base-case perpetual growth rate** is set at **3.19%**, corresponding to **estimates of long-term inflation in 2029**, and is deemed appropriate for a mature, globally diversified consumer staples company such as Colgate-Palmolive. At a **WACC** of **6.60%** and a **perpetual growth rate** of **3.19%**, the base-case enterprise value is estimated at **USD 90.3B**.

A **decrease** in **WACC** enhances valuation through **lower discounting**, while an **increase** in the **perpetual growth rate** further **amplifies enterprise value**, highlighting the sensitivity of **long-term assumptions** in a steady-state framework. Overall, the analysis underscores the **importance of macroeconomic expectations**, particularly **inflation** and interest rate dynamics, in shaping Colgate-Palmolive's intrinsic valuation.

Perpetual Growth						
	EV	2,69%	2,94%	3,19%	3,44%	3,69%
5,60%	\$ 109.223	\$ 118.686	\$ 130.111	\$ 144.181	\$ 161.935	
6,10%	\$ 93.173	\$ 99.874	\$ 107.727	\$ 117.056	\$ 128.321	
6,60%	\$ 81.227	\$ 86.203	\$ 91.908	\$ 98.515	\$ 106.258	
7,10%	\$ 71.991	\$ 75.818	\$ 80.134	\$ 85.040	\$ 90.666	
7,60%	\$ 64.636	\$ 67.662	\$ 71.031	\$ 74.805	\$ 79.062	

Multiples Valuation

To complement the discounted cash flow analysis, a **relative valuation** was conducted using **market multiples**, benchmarking Colgate-Palmolive against a peer group of global consumer staples companies operating in the Personal, Oral and Home Care segments, as well as the Pet Food segment. This approach provides an **additional perspective** on Colgate's valuation by comparing its market metrics with those of comparable firms.

The **EV/Sales** multiple evaluates a company's valuation relative to its revenue generation, independent of profitability and capital structure. Colgate trades at **4.1x EV/Sales** and **3.9x forward EV/Sales**, compared to a peer median of **3.0x** on both a current and forward basis. This indicates that Colgate is **valued** at a **premium** on a revenue basis, reflecting **expectations** of **strong brand equity**, pricing power, and revenue stability relative to peers. However, this premium valuation also suggests limited upside potential unless Colgate delivers on its expectations

The **EV/EBITDA** multiple captures **operating performance** before financing and tax effects and serves as a proxy for core operating profitability. Colgate trades at **17.3x EV/EBITDA** on a trailing basis and **16.7x forward EV/EBITDA**, versus peer medians of **14.7x** and **12.6x**, respectively. This suggests that the market places a **premium** on Colgate's **operating earnings**, likely due to its resilient cash flows and defensive positioning within the consumer staples sector.

Finally, the **P/E** multiple reflects overall market sentiment by incorporating operating performance, capital structure, and firm-specific factors. Colgate's **trailing P/E** of **33.6x** exceeds the peer median of **23.2x**, while its **forward P/E** of **27.1x** is also above the peer median of **18.2x**, further reinforcing the view that the stock trades at a valuation premium.

Overall, the relative valuation analysis shows that Colgate-Palmolive **consistently trades** at a **premium** across all examined multiples, suggesting that much of its defensive quality and growth expectations are already priced into the stock.

Market Multiples Valuation

(USD M)	MULTIPLES					
	EV / Sales Actual	EV / Sales Forward	EV / EBITDA Actual	EV / EBITDA Forward	P/E Actual	P/E Forward
PROCTER & GAMBLE CO/THE	4,5x	4,4x	15,6x	15,6x	23,0x	21,6x
KIMBERLY-CLARK CORP	2,4x	2,3x	12,2x	8,8x	17,2x	13,6x
EDGEWELL PERSONAL CARE CO	1,0x	1,0x	14,6x	7,9x	5,9x	13,6x
KENVUE INC	2,8x	2,8x	13,5x	12,2x	19,4x	16,5x
CHURCH & DWIGHT CO INC	4,1x	4,0x	16,2x	17,0x	30,9x	24,5x
CLOROX COMPANY	2,6x	2,6x	12,2x	12,4x	17,2x	17,7x
HALEON PLC	3,8x	3,7x	15,9x	14,3x	23,5x	19,4x
UNILEVER PLC	3,1x	3,1x	14,7x	13,4x	23,4x	18,7x
RECKITT BENCKISER GROUP PLC	3,5x	3,6x	22,8x	12,9x	33,1x	17,0x
BEIERSDORF AG	2,1x	2,1x	10,1x	11,7x	26,0x	22,2x
Average	3,0x	3,0x	14,8x	12,6x	22,0x	18,5x
Median	3,0x	3,0x	14,7x	12,6x	23,2x	18,2x

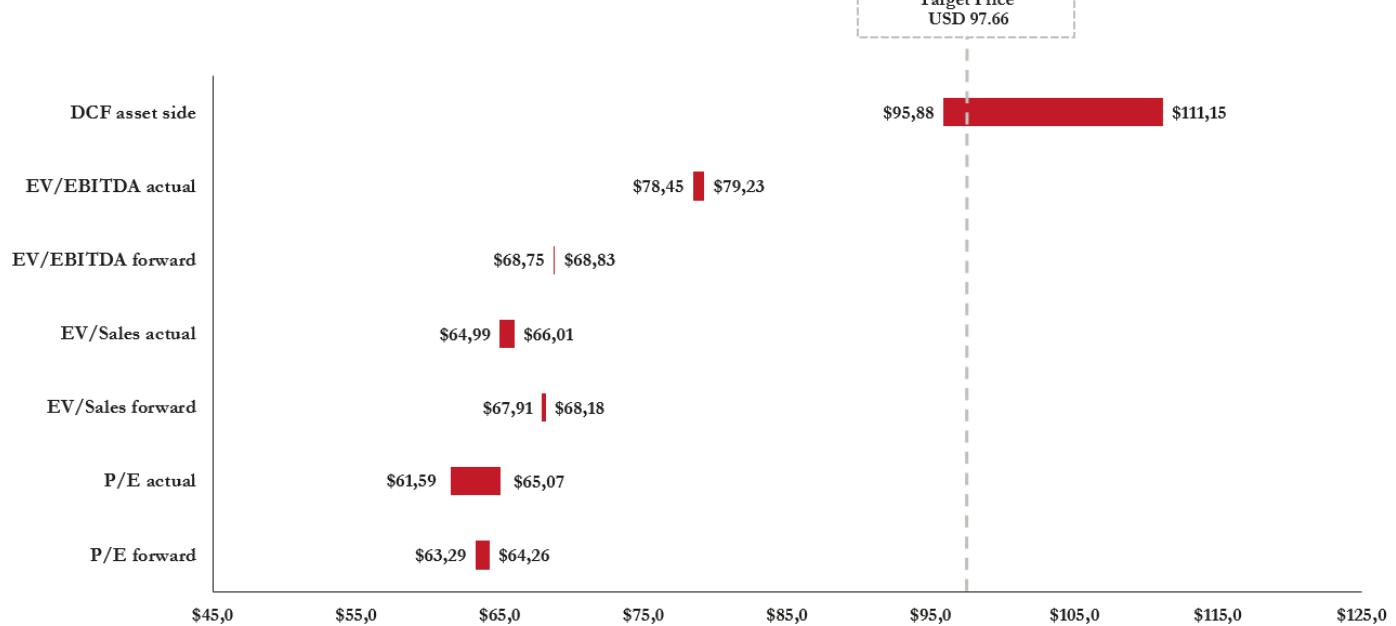
Football Field Analysis

The **football field** analysis summarises **visually** the range of implied equity values for Colgate-Palmolive derived from both intrinsic and relative valuation methodologies. This framework allows for a **direct comparison** between fundamental valuation and market-based pricing metrics, highlighting areas of convergence and divergence **across methodologies**.

The **DCF** method produces the **widest valuation range** and implies a **higher equity value** relative to the multiples-based approaches. This reflects the long-term nature of the DCF model, which captures Colgate-Palmolive's **strong brand portfolio**, stable cash-flow generation, and defensive business profile which shine in DCF-based valuation conditions.

Valuations derived from **EV/Sales** multiples imply **lower equity values** relative to EBITDA and earnings-based multiples, as these measures do not fully reflect Colgate's **superior profitability** and **operational efficiency** compared to peers.

Colgate-Palmolive Valuation – Football Field



The **EV/EBITDA**-based valuations cluster closer to the central range of the football field, indicating a more **balanced assessment** of Colgate's operating performance. These multiples reflect the company's **strong operating margins**, resilient cash flows, and disciplined cost management, while also accounting for its mature growth profile. As such, EV/EBITDA provides a valuation outcome that is **consistent** with Colgate's defensive positioning within the consumer staples sector.

P/E-based valuations, both on a trailing and forward basis, imply **equity** values broadly comparable to those derived from sales-based metrics. This reflects elevated market expectations embedded in Colgate-Palmolive's earnings multiples, which are supported by the company's **strong profitability**, **high earnings visibility**, and a track record of consistent shareholder returns. This suggests that a substantial portion of Colgate's quality, **defensive characteristics**, and long-term **stability** is already reflected in the current share price, thereby limiting the scope for further upside absent a material improvement in growth or profitability.

APPENDIX: COMPANY HISTORICAL FINANCIALS

(USD M)	2020	2021	2022	2023	2024	2025
Income Statement						
Total Sales	16,471	17,421	17,967	19,457	20,101	20,382
Total Revenue	16,471	17,421	17,967	19,457	20,101	20,382
Cost of Goods Sold	(5,915.00)	(6,490.00)	(7,174.00)	(7,564.00)	(7,335.00)	(7,511.45)
Gross Profit	10,556.00	10,931.00	10,793.00	11,893.00	12,766.00	12,870.55
SG&A Expenses	(6,019.00)	(6,407.00)	(6,565.00)	(7,151.00)	(7,729.00)	(7,903.00)
Other Operating Expenses	(113.00)	(65.00)	(69.00)	(191.00)	(164.00)	(123.00)
EBITDA	4,424	4,459	4,159	4,551	4,873	4,845
<i>Margin</i>	26.86%	25.60%	23.15%	23.39%	24.24%	23.77%
Depreciation	(451.00)	(467.00)	(465.00)	(495.00)	(530.00)	(542.75)
Amortization	(88.00)	(89.00)	(80.00)	(72.00)	(75.00)	(76.80)
Impairment Losses	-	(571.00)	(721.00)	-	-	(919.00)
EBIT	3,885	3,332	2,893	3,984	4,268	3,306
<i>Margin</i>	24%	19%	16%	20%	21%	16%
Exceptional Items	(74.00)	(70.00)	(80.00)	(360.00)	(87.00)	(55.00)
Interest Income/(Expense) net	(164.00)	(175.00)	(153.00)	(232.00)	(225.00)	(192.00)
EBT	3,647	3,087	2,660	3,392	3,956	3,059
Income Taxes	(787.00)	(749.00)	(693.00)	(937.00)	(907.00)	(798.00)
Net Profit	2,860	2,338	1,967	2,455	3,049	2,261
<i>Effective Tax Rate</i>	28%	32%	35%	38%	30%	35%
Minorities	(165.00)	(172.00)	(182.00)	(155.00)	(160.00)	(129.00)
Net Profit attributable to owners	2,695	2,166	1,785	2,300	2,889	2,132
<i>Margin</i>	16%	12%	10%	12%	14%	10%
Dividend distribution	1,654	1,679	1,691	1,749	1,789	1,823
Retained portion	62.9%	29.0%	5.6%	31.5%	61.5%	17.0%

APPENDIX: COMPANY HISTORICAL FINANCIALS

(USD M)	2020	2021	2022	2023	2024	2025
Balance Sheet						
Accounts Receivable	1,264.00	1,297.00	1,504.00	1,586.00	1,521.00	1,675.00
Inventories	1,673.00	1,692.00	2,074.00	1,934.00	1,987.00	2,032.00
Other Current Assets	513.00	576.00	760.00	793.00	713.00	714.00
Accounts Payable	(1,393.00)	(1,479.00)	(1,551.00)	(1,698.00)	(1,805.00)	(2,246.03)
Accrued Expenses	(2,341.00)	(2,085.00)	(2,111.00)	(2,377.00)	(2,891.00)	(2,961.34)
Income Taxes Accrued/Payable	(403.00)	(436.00)	(317.00)	(336.00)	(403.00)	403.00
NonCash Net Working Capital	(687.0)	(435.0)	359.0	(98.0)	(878.0)	(383.4)
Property, Plant, and Equipment	3,716.00	3,730.00	4,307.00	4,582.00	4,422.00	4,660.00
Goodwill	3,824.00	3,284.00	3,352.00	3,410.00	3,272.00	3,122.00
Other intangible assets	2,894.00	2,462.00	1,920.00	1,887.00	1,756.00	1,536.00
Fixed assets	10,434.00	9,476.00	9,579.00	9,879.00	9,450.00	9,318.00
Core Capital Employed	9,747.0	9,041.0	9,938.0	9,781.0	8,572.0	8,934.6
Deferred Income Taxes (asset)	291.00	193.00	135.00	214.00	195.00	201.52
Deferred Income Taxes (liability)	(426.00)	(395.00)	(383.00)	(361.00)	(343.00)	(370.00)
Other assets	857.00	974.00	904.00	1,021.00	1,084.00	1,099.02
Other liabilities	(2,655.00)	(2,429.00)	(1,797.00)	(2,115.00)	(2,111.00)	(2,111.00)
Surplus Assets and non-operating liabilities	(1,933.0)	(1,657.0)	(1,141.0)	(1,241.0)	(1,175.0)	(1,180.5)
Net Capital Employed	7,814.0	7,384.0	8,797.0	8,540.0	7,397.0	7,754.2
Long-term Debt	7,334.00	7,194.00	8,741.00	8,219.00	7,289.00	8,851.23
Notes payables	257.00	38.00	10.00	310.00	-	174.64
Current Portion of Long-Term Debt	9.00	12.00	14.00	20.00	660.00	(348.50)
Gross Financial Debt	7,600.0	7,244.0	8,765.0	8,549.0	7,949.0	8,677.4
Cash and Cash Equivalents	888.00	832.00	775.00	966.00	1,096.00	1,288.00
Net Financial Position	6,712.0	6,412.0	7,990.0	7,583.0	6,853.0	7,389.4
Retained earnings	23,699.00	24,350.00	24,573.00	25,289.00	26,145.00	26,677.71
Common stock	1,466.00	1,466.00	1,466.00	1,466.00	1,466.00	1,466.00
Additional paid income	2,969.00	3,269.00	3,546.00	3,808.00	4,181.00	4,484.00
Accumulated other comprehensive income	(4,345.00)	(4,386.00)	(4,055.00)	(3,937.00)	(4,222.00)	(4,205.50)
Treasury stock, at cost	(23,045.00)	(24,089.00)	(25,128.00)	(26,017.00)	(27,358.00)	(28,398.17)
Group equity	744.00	610.00	402.00	609.00	212.00	24.04
Minorities	358.00	362.00	405.00	348.00	332.00	341.29
Total Equity	1,102.0	972.0	807.0	957.0	544.0	365.0
Total Funds Invested	7,814.0	7,384.0	8,797.0	8,540.0	7,397.0	7,754.4

APPENDIX: COMPANY HISTORICAL FINANCIALS

(USD M)	2021	2022	2023	2024	2025
Cash Flow Statement					
EBIT	3,332	2,893	3,984	4,268	3,306
Operational Taxes	(1,067)	(1,019)	(1,521)	(1,270)	(798)
NOPAT	2,265	1,874	2,463	2,998	2,508
Depreciation	467	465	495	530	578
Amortization	89	80	72	75	82
Impairment	571	721	0	0	919
Gross Cash Flow	3,392	3,140	3,030	3,603	4,087
Tangible CAPEX	(1,052)	(1,763)	(770)	(370)	(501)
Intangible CAPEX	883	394	(97)	194	(63)
Change in Working Capital	(252)	(794)	457	780	(495)
FCFO	2,971	977	2,620	4,207	3,028
Tax shields	318	326	584	363	0
Exceptional Items	(70)	(80)	(360)	(87)	(55)
Other Financial Income (losses)	(175)	(153)	(232)	(225)	199
Change in gross debt	(356)	1,521	(216)	(600)	456
Change in surplus assets	(276)	(516)	100	(66)	5
FCFE	2,412	2,075	2,496	3,592	3,634
Dividends	(1,679)	(1,691)	(1,749)	(1,789)	(1,823)
Change in Minorities	4	43	(57)	(16)	9
Other Change in Equity	(793)	(484)	(499)	(1,657)	(1,628)
Net Change in Cash	(56)	(57)	191	130	192

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