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## Colgate-Palmolive Co. Q3 2008 Earnings Call Transcript

### Question-and-Answer Session

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**Operator**

(Operator Instructions) Our first question will come from Nik Modi with UBS

**Nik Modi - UBS**

Good morning, everyone.

**Ian Cook**

Good morning, Nik

**Nik Modi - UBS**

My question is on the pricing, given the magnitude of some of the price increases. How are you protecting your market share in your key markets? Are your competitors are following? Can you just give us some prospective around that? Thank you.

**Ian Cook**

Well, let me make a few comments, Nik. First of all, relative to competitive pricing moves, yes, these commodity cost impacts are affecting all manufacturers in the categories in which we do business, and we are seeing competitors take pricing at similar levels to us across the board. Obviously, there can be a little bit of a lead-lag, 30 days, 60 days, 90 days, in terms of the pricing getting to the shelf, competitor-to-competitor versus ourselves, but we are seeing everybody take price to similar levels and we are seeing that pricing move to the shelf.

What we have experienced is that you do see some slight pantry destocking by the consumer as they wait for the pricing to settle on the shelf and then they come back into the marketplace. That is the flow we have been seeing.

**Nik Modi - UBS**

Ian, just to follow up on that, correct me if I am wrong, but are you pricing to offset some of the currency devaluations in some of your key emerging market, and in that environment how does the competitive pricing look with your key competition?

**Ian Cook**

That is always been a factor for us in parts of the world where currency devalue impacts. So that is a normal course of business and that effect is felt by all people in those markets. So the answer is yes, in both cases, but relative to our pricing so far if year, we have offset through pricing the dollar impact of the raw materials. It is our savings and other initiatives that have allowed us to limit the pressure on our gross profit through this year.

**Nik Modi - UBS**

Thank you.

**Ian Cook**

Sure.

**Operator**

Our next question will come from Bill Schmitz with Deutsche Bank

**Bill Schmitz - Deutsche Bank**

Hi, good morning.

**Ian Cook**

Hi, Bill.

**Bill Schmitz - Deutsche Bank**

You have obviously been through this a number of times in emerging markets, but can you just talk about how the consumer environment differs from the commodity environment, stock market environment and the currency environment down there, and how it relates to emerging middle-class and people's consumption rates? I know it is a big question.

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