Ecolab

Second Quarter 2014 Teleconference Supplemental Data








Cautionary Statement

Forward-Looking Information This communication contains forward looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to, statements regarding our future financial and business performance and prospects, including forecasted 2014 third quarter and full year business results, including adjusted EPS, sales growth, volume, pricing, new business, innovation, synergies, Europe transformation savings, margin expansion, integration progress, efficiency opportunities, sluggish global economies, and unfavorable foreign currency impact. These statements are based on the current expectations of management of the Company. There are a number of risks and uncertainties that could cause actual results to differ materially from the forward-looking statements. These risks and uncertainties are set forth under Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2013 and other public filings with the Securities and Exchange Commission (the "SEC") and include our ability to successfully integrate Nalco and Champion and to realize the anticipated benefits of these transactions; the vitality of the markets we serve; the impact of worldwide economic factors such as the worldwide economy, credit markets, interest rates and foreign currency risk; exposure to economic, political and legal risks related to our international operations; the costs and effects of complying with laws and regulations relating to our operations; the occurrence of litigation or claims; and other uncertainties or risks reported from time to time in our reports to the SEC. In light of these risks, uncertainties and factors, the forward-looking events discussed in this communication may not occur. We caution that undue reliance should not be placed on forward-looking statements, which speak only as of the date made. Ecolab does not undertake, and expressly disclaims, any duty to update any forward-looking statement except as required by law.

Non-GAAP Financial Information This communication includes Company information that does not conform to generally accepted accounting principles (GAAP). Management believes that a presentation of this information is meaningful to investors because it provides insight with respect to ongoing operating results of the Company and allows investors to better evaluate the financial results of the Company. These measures should not be viewed as an alternative to GAAP measures of performance. Furthermore, these measures may not be consistent with similar measures provided by other companies. Reconciliations of certain non-GAAP measures to GAAP results are available in our news release furnished as an exhibit to our current report on Form 8-K dated July 29, 2014 and other of our SEC filings.

2Q Overview

- Earnings: Adjusted EPS +20%
  - Record adjusted EPS $1.03, +20%
  - Record reported EPS $1.02, +48%
- Sales: Solid growth
  - Reported sales +7%, reflecting solid underlying organic sales gains and benefits of the Champion acquisition
  - 5% acquisition adjusted fixed currency sales growth led by Energy, Specialty and Water growth with good gains in Latin America and Asia Pacific
  - Successful new account growth and new product introductions offset lackluster economies and unfavorable FX
- Operating Margin: Continued expansion
  - Acquisition adjusted fixed currency operating margin +140 bp
  - Benefits from volume, pricing, cost efficiency programs and synergies, including Europe transformation, more than offset Champion margin dilution
- Integration: Both on plan
- Outlook: Strong adjusted EPS growth
  - 3Q: +13% to 17%
  - 2014: +17% to 19%

ECOLAB

Please see Ecolab's news release dated July 29, 2014 for additional information, including with respect to the use of certain non-GAAP financial measures, such as fixed currency sales, adjusted operating income, adjusted fixed currency operating income, adjusted net income and adjusted EPS.

2Q 2014 Results

	Second Quarter Ended June 30 (unaudited)					
	Reported Second Quarter		%	Adjusted* Second Quarter		%
(Millions, except per share)	2014	2013	change	2014	2013	change
Net Sales	$3,568.2	$ 3,337.8	7%	$3,568.2	$ 3,337.8	7%
Operating Income	512.2	352.3	45%	507.2	441.1	15%
Net Income Attributable to Ecolab	311.4	213.1	46%	314.4	265.5	18%
Diluted Net Income Per Share	$1.02	$0.69	48%	$1.03	$0.86	20%

	Fixed Currency		%
(Millions, except per share)	2014	2013	change
Net Sales	$3,532.2	$3,278.6	8%
Adjusted Operating Income*	503.2	431.2	17%

* Operating income is adjusted for special gains and charges. Net income and diluted net income per share are adjusted for special gains and charges and discrete tax items.

Please see Ecolab's news release dated July 29, 2014 for additional information, including with respect to the use of certain non-GAAP financial measures, such as fixed currency sales, adjusted operating income, adjusted fixed currency operating income, adjusted net income and adjusted EPS.

2Q 2014 Sales Growth Detail

Global Industrial	Fixed Rate % Change	Acq./Div. Adj. % Change
Water	5%	
F&B	3%	
Paper	0%	-1%
Textile Care	1%	
Total Global Industrial	3%	3%
Global Institutional*		
Institutional	3%	3%
Specialty	7%	
Healthcare	3%	
Total Global Institutional	3%	4%
Global Energy	20%	8%
Other*		
Pest Elimination	6%	6%
Equipment Care	9%	
Total Other	7%	6%

Consolidated	% Change
Volume & mix	4%
Pricing	1%
Subtotal	5%
M&A	3%
Fixed currency growth	8%
Currency impact	-1%
Total	7%

* Amounts in the table above reflect rounding.

ECOLAB

Please see Ecolab's news release dated July 29, 2014 for additional information, including with respect to the use of certain non-GAAP financial measures, such as fixed currency sales, adjusted operating income, adjusted fixed currency operating income, adjusted net income and adjusted EPS.

2Q 2014 Income Statement / Margins

($ millions)	2014	% sales	2013	% sales	% change	Comments
Gross Profit	**$1,658.8**	**46.5%**	$1,527.6	45.8%	9%	Adjusted for acquisitions and special charges, the 2014 fixed currency gross margin was 46.6% and 2013 was 46.0%. The 60 bp margin improvement in 2014 was the result of volume gains, pricing and efficiency actions which more than offset growth within Global Energy (which on average has lower gross margin).
SG&A	**1,152.7**	**32.3%**	1,101.7	33.0%	5%	Adjusted for acquisitions, the 2014 fixed currency SG&A ratio was 32.4% and 2013 was 33.1%. The 70 bp improvement in 2014 was driven by growth within Global Energy (which on average has a lower SG&A ratio) and underlying improvement in sales leverage and cost savings.
Operating Income (fixed FX)						
Global Industrial	**162.0**	**13.3%**	149.4	12.7%	8%	Margin +60 bp, reflecting sales volume, pricing, synergies and cost savings.
Global Institutional	**200.0**	**18.6%**	194.2	18.6%	3%	Margin steady as sales volume, pricing and cost savings offset investments in the business.
Global Energy	**156.7**	**14.9%**	109.0	12.4%	44%	Margin +250 bp including the impact of Champion and Champion acquisition amortization; the acquistion adjusted OI margin was +340 bp due to volume, synergies, operating leverage and pricing.
Other	**29.5**	**15.4%**	27.7	15.4%	7%	Margin steady as sales volume, pricing and cost savings offset investments in the business.
Subtotal at fixed FX	**548.2**	**15.5%**	480.3	14.6%	14%	
Corporate						
Special Gains/(Ch.)	**5.0**		(88.8)			2014: Net gain primarily from a favorable licensing settlement. 2013: Net charges included restructuring charges as well as integration costs.
Corp. Expense	**(45.0)**		(49.1)			Includes Nalco intangible amortization of $45 million in 2014 and $46 million in 2013.
Total Corporate Exp.	**(40.0)**		(137.9)			
FX	**4.0**		9.9			
Consolidated Op. Inc.	**$512.2**	**14.4%**	$352.3	10.6%	45%	2014 adjusted margin was 14.2%, +100 bp vs. the 2013 adjusted margin of 13.2%. Adjusted for acquisitions and special charges, the 2014 fixed currency adjusted margin of 14.3% was +140 bp vs. 2013's 12.9%. The increase is primarily due to volume and pricing, merger synergies and cost efficiencies.

ECOLAB

Please see Ecolab's news release dated July 29, 2014 for additional information, including with respect to the use of certain non-GAAP financial measures, such as fixed currency sales, adjusted operating income, adjusted fixed currency operating income, adjusted net income and adjusted EPS.

2Q 2014 Balance Sheet / Cash Flow

($ millions)	June 30 2014	2013		June 30 2014	2013
Cash and cash eq.	**$187.0**	$375.2	Short-term debt	**$1,589.7**	$872.9
Accounts receivable, net	**2,637.3**	2,436.3	Accounts payable	**1,004.5**	912.0
Inventories	**1,414.3**	1,373.3	Other current liabilities	**1,372.7**	1,460.6
Other current assets	**533.5**	513.4	Long-term debt	**5,539.1**	6,635.3
PP&E, net	**2,938.9**	2,779.1	Pension/Postretirement	**797.4**	1,231.6
Goodwill and intangibles	**11,498.8**	11,807.3	Other liabilities	**1,850.3**	1,803.2
Other assets	**404.0**	369.7	Total equity	**7,460.1**	6,738.7
Total assets	**$19,613.8**	$19,654.3	**Total liab. and equity**	**$19,613.8**	$19,654.3

Selected Cash Flow items

($ millions)	Six Months Ended June 30 2014	2013
Cash from op. activities	**$531.9**	$393.0
Depreciation	**276.1**	250.4
Amortization	**159.3**	139.5
Capital expenditures	**321.7**	265.1

Selected Balance Sheet measures

	June 30 2014	2013
Total Debt/Total Capital	**48.9%**	52.7%
Net Debt/Total Capital	**48.2%**	51.4%
Net Debt/EBITDA*	**2.6**	3.3
Net Debt/adjusted EBITDA*	**2.5**	3.0

* EBITDA and Adjusted EBITDA are non-GAAP measures. EBITDA is defined as operating income plus depreciation and amortization. Adjusted EBITDA is defined as adjusted operating income plus depreciation and amortization. The 2013 EBIDTA includes Champion results from the April 2013 acquisition date forward.

Please see Ecolab's news release dated July 29, 2014 for additional information, including with respect to the use of certain non-GAAP financial measures, such as fixed currency sales, adjusted operating income, adjusted fixed currency operating income, adjusted net income and adjusted EPS.

Forecast

- 3Q 2014
  - Sustained global focus on new business and innovation drive accelerated sales growth
  - Continued integration and synergy delivery drive continued margin expansion
  - Adjusted EPS +13% to 17%
- 2014
  - Continued great execution delivers 17% to 19% adjusted EPS growth
    - Maintain focus on new business and innovation, particularly with largest customers
    - Integration synergies and Europe transformation savings benefit margins
  - Positioned for continued strong performance
    - Strong business portfolio: Food Safety, Clean Water, Abundant Energy, Healthy Environments
    - Ongoing synergy and efficiency opportunities
    - Solid momentum despite sluggish global economies and unfavorable currency

	3Q 2014	3Q 2013
Adjusted EPS	$1.18-$1.22	$1.04
	FY2014	**FY2013**
Adjusted EPS	$4.14-$4.20	$3.54

ECOLAB

Please see Ecolab's news release dated July 29, 2014 for additional information, including with respect to the use of certain non-GAAP financial measures, such as fixed currency sales, adjusted operating income, adjusted fixed currency operating income, adjusted net income and adjusted EPS.