Ecolab

Third 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 fourth 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, our most recent Form 10-Q 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 October 28, 2014 and other of our SEC filings.

3Q Overview

- Earnings: Adjusted EPS +16%
  - Record adjusted EPS $1.21, +16%
  - Record reported EPS $1.19, +19%
- Sales: Solid growth
  - Reported, fixed currency and acquisition adjusted fixed currency sales +6%, led by Energy, Specialty and Other growth with strong gains in Latin America and good results in North America and Asia Pacific
  - Successful new account growth and new product introductions offset lackluster economies
- Operating Margin: Continued expansion
  - Adjusted fixed currency operating margin +110 bp
  - Benefits from volume, pricing, cost efficiency programs and synergies, as well as Europe transformation
- Integration: Both on plan
- Outlook: Strong adjusted EPS growth
  - 4Q: +13% to 17%
  - 2014: +18% to 19%

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Please see Ecolab's news release dated October 28, 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.

3Q 2014 Results

	Third Quarter Ended September 30 (unaudited)					
	Reported Third Quarter		%	Adjusted* Third Quarter		%
(Millions, except per share)	2014	2013	change	2014	2013	change
Net Sales	$3,694.9	$ 3,484.0	6%	$3,694.9	$ 3,484.0	6%
Operating Income	571.4	476.0	20%	579.2	510.1	14%
Net Income Attributable to Ecolab	364.9	308.0	18%	368.7	318.1	16%
Diluted Net Income Per Share	$1.19	$1.00	19%	$1.21	$1.04	16%

	Fixed Currency		%
(Millions, except per share)	2014	2013	change
Net Sales	$3,662.4	$3,447.1	6%
Adjusted Operating Income*	574.8	503.7	14%

* 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.

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3Q 2014 Sales Growth Detail

	Fixed Rate % Change	Acq./Div. Adj. % Change
Global Industrial		
Water	4%	3%
F&B	4%	
Paper	-2%	-3%
Textile Care	-4%	
Total Global Industrial	3%	2%
Global Institutional		
Institutional	3%	4%
Specialty	9%	
Healthcare	-1%	
Total Global Institutional	4%	4%
Global Energy	14%	14%
Other		
Pest Elimination	6%	6%
Equipment Care	10%	
Total Other	7%	7%

Consolidated	% Change
Volume & mix	5%
Pricing	1%
Subtotal	6%
Acq./Div.	0%
Fixed currency growth	6%
Currency impact	0%
Total	6%

Amounts in the table above reflect rounding.

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3Q 2014 Income Statement / Margins

($ millions)	2014	% sales	2013	% sales	% change	Comments
Gross Profit	**$1,724.3**	**46.7%**	$1,617.9	46.4%	7%	Adjusted for special charges, the 2014 gross margin was 46.7% and 2013 was 46.6%. The 10 bps 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	**1,145.9**	**31.0%**	1,114.1	32.0%	3%	The 2014 SG&A ratio was 31.0% and 2013 was 32.0%. The 100 bps improvement in 2014 was driven by productivity gains, synergies, cost savings and growth within Global Energy (which on average has a lower SG&A ratio).
Operating Income (fixed FX)						
Global Industrial	**175.2**	**14.0%**	171.9	14.1%	2%	Margin -10 bps as pricing, synergies and cost savings were more than offset by the impact of volume declines in Paper.
Global Institutional	**237.5**	**21.1%**	225.8	20.8%	5%	Margin +30 bps as sales volume, pricing and cost savings more than offset higher delivered product costs and investments in the business.
Global Energy	**174.1**	**16.0%**	125.1	13.1%	39%	Margin +290 bps due to volume, synergies, operating leverage and pricing.
Other	**33.0**	**16.8%**	28.6	15.6%	15%	Margin +120 bps as sales volume and pricing more than offset investments in the business.
Subtotal at fixed FX	**619.8**	**16.9%**	551.4	16.0%	12%	
Corporate						
Special Gains/(Ch.)	**(7.8)**		(34.1)			Both periods impacted by restructuring charges as well as integration costs.
Corp. Expense	**(45.0)**		(47.7)			Includes Nalco intangible amortization of $45 million in 2014 and $46 million in 2013.
Total Corporate Exp.	**(52.8)**		(81.8)			
FX	**4.4**		6.4			
Consolidated Op. Inc.	**$571.4**	**15.5%**	$476.0	13.7%	20%	2014 adjusted fixed currency margin was 15.7%, +110 bp vs. the 2013 adjusted margin of 14.6%. The increase is primarily due to volume and pricing, merger synergies and cost efficiencies.

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3Q 2014 Balance Sheet / Cash Flow

Summary Balance Sheet

($ millions)	September 30 2014	2013		September 30 2014	2013
Cash and cash eq.	**$197.8**	$394.4	Short-term debt	**$1,922.8**	$713.2
Accounts receivable, net	**2,694.4**	2,488.9	Accounts payable	**1,047.3**	926.6
Inventories	**1,464.4**	1,378.1	Other current liabilities	**1,484.9**	1,560.8
Other current assets	**515.2**	534.6	Long-term debt	**4,874.0**	6,537.3
PP&E, net	**2,978.5**	2,786.1	Pension/Postretirement	**785.0**	1,242.4
Goodwill and intangibles	**11,432.2**	11,663.9	Other liabilities	**1,805.5**	1,787.4
Other assets	**403.3**	367.6	Total equity	**7,766.3**	6,845.9
Total assets	**$19,685.8**	$19,613.6	**Total liab. and equity**	**$19,685.8**	$19,613.6

Selected Cash Flow items

($ millions)	Nine Months Ended September 30 2014	2013
Cash from op. activities	**$1,145.0**	$929.2
Depreciation	**417.4**	381.3
Amortization	**236.6**	220.5
Capital expenditures	**488.7**	423.4

Selected Balance Sheet measures

	September 30 2014	2013
Total Debt/Total Capital	**46.7%**	51.4%
Net Debt/Total Capital	**45.9%**	50.0%
Net Debt/EBITDA*	**2.4**	3.0
Net Debt/adjusted EBITDA*	**2.3**	2.8

* 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.

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Forecast

- 4Q 2014
  - Sustained global focus on new business and innovation drive solid sales growth
  - Continued integration and synergy delivery drive continued margin expansion
  - Adjusted EPS +13% to 17%
- 2014
  - Continued great execution delivers 18% 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

	4Q 2014	4Q 2013
Adjusted EPS	$1.18-$1.22	$1.04
	FY2014	**FY2013**
Adjusted EPS	$4.16-$4.20	$3.54

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