Ecolab

Fourth 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 2015 first quarter and full year business results, including impact of oil prices, adjusted EPS, sales growth, new business, innovation, cost savings, synergies, margins, challenging global environment, investments in business systems, acquisition activity, and unfavorable foreign currency and pension expense 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 the vitality of the markets we serve, including the markets served by our Global Energy segment; 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. 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 February 24, 2015 and other of our SEC filings.

4Q Overview

- Earnings: Record adjusted EPS $1.20, +15%
  - Record reported EPS $1.10, +18%
- Sales: Strong growth
  - Reported, fixed currency and acquisition adjusted fixed currency sales +6%, led by Energy and Specialty growth and strong gains in Latin America
  - Strong new account growth and new product introductions offset lackluster economies and declining oil prices
- 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: Solid adjusted EPS growth, despite expected $0.35 per share full year headwind from FX/pension
  - 1Q: +5% to 12%
  - 2015: +8% to 12%

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4Q 2014 Results

	Fourth Quarter Ended December 31 (unaudited)					
	Reported Fourth Quarter		%	Adjusted* Fourth Quarter		%
(Millions, except per share)	2014	2013	change	2014	2013	change
Net Sales	$3,680.8	$ 3,559.5	3%	$3,680.8	$ 3,559.5	3%
Operating Income	520.5	470.6	11%	565.2	510.5	11%
Net Income Attributable to Ecolab	335.5	287.1	17%	366.2	318.4	15%
Diluted Net Income Per Share	$1.10	$0.93	18%	$1.20	$1.04	15%

	Fixed Currency		%
(Millions, except per share)	2014	2013	change
Net Sales	$3,731.1	$3,507.0	6%
Adjusted Operating Income*	573.3	502.0	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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4Q 2014 Sales Growth Detail

	Fixed Rate % Change	Acq./Div. Adj. % Change
Global Industrial		
Water	7%	5%
F&B	2%	
Paper	-1%	-3%
Textile Care	0%	
Total Global Industrial	4%	2%
Global Institutional		
Institutional	5%	
Specialty	8%	
Healthcare	4%	
Total Global Institutional	6%	6%
Global Energy	11%	11%
Other		
Pest Elimination	6%	5%
Equipment Care	3%	
Total Other	5%	5%

Consolidated	% Change
Volume & mix	5%
Pricing	1%
Subtotal	6%
Acq./Div.	0%
Fixed currency growth	6%
Currency impact	-3%
Total	3%

Amounts in the table above may reflect rounding.

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4Q 2014 Income Statement / Margins

($ millions)	2014	% sales	2013	% sales	% change	Comments
Gross Profit	**$1,700.9**	**46.2%**	$1,614.3	45.4%	5%	Adjusted for special charges, the 2014 gross margin was 46.4% and 2013 was 45.9%. The 50 bps margin improvement in 2014 was the result of volume gains, pricing and efficiency actions which more than offset Global Energy growth (which on average has lower gross margin).
SG&A	**1,142.1**	**31.0%**	1,123.5	31.6%	2%	The 2014 SG&A ratio was 31.0% and 2013 was 31.6%. The 60 bps improvement in 2014 was driven by productivity gains, synergies, cost savings and Global Energy growth (which on average has a lower SG&A ratio).
Operating Income (fixed FX)						
Global Industrial	**185.9**	**14.5%**	170.0	13.7%	9%	Adjusted for acquisitions, the 2014 operating margin was 14.4%. The 70 bps improvement was due to sales volume, pricing, synergies and cost savings.
Global Institutional	**228.2**	**20.4%**	202.4	19.1%	13%	Margin +130 bps as sales volume, pricing and cost savings more than offset higher delivered product costs.
Global Energy	**172.4**	**15.1%**	152.7	14.9%	13%	Margin +20 bps as sales volume, pricing and synergies offset investments in the business and other costs.
Other	**31.9**	**16.8%**	26.1	14.4%	22%	Margin +240 bps due to sales volume and pricing.
Subtotal at fixed FX	**618.4**	**16.6%**	551.2	15.7%	12%	
Corporate						
Special Gains/(Ch.)	**(44.7)**		(39.9)			Both periods impacted by restructuring charges as well as integration costs.
Corp. Expense	**(45.1)**		(49.2)			Includes Nalco intangible amortization of $45 million in 2014 and $46 million in 2013.
Total Corporate Exp.	**(89.8)**		(89.1)			
FX	**(8.1)**		8.5			
Consolidated Op. Inc.	**$520.5**	**14.1%**	$470.6	13.2%	11%	2014 adjusted fixed currency margin was 15.4%, +110 bps vs. the 2013 adjusted margin of 14.3%. The increase is primarily due to volume gains, pricing, synergies and cost efficiencies.

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4Q 2014 Balance Sheet / Cash Flow

Summary Balance Sheet

($ millions)	December 31 **2014**	2013		December 31 **2014**	2013
Cash and cash eq.	**$209.6**	$339.2	Short-term debt	**$1,705.4**	$861.0
Accounts receivable, net	**2,626.7**	2,568.0	Accounts payable	**1,162.4**	1,021.9
Inventories	**1,466.9**	1,321.9	Other current liabilities	**1,518.8**	1,605.8
Other current assets	**567.9**	469.3	Long-term debt	**4,864.0**	6,043.5
PP&E, net	**3,050.6**	2,882.0	Pension/Postretirement	**1,188.5**	795.6
Goodwill and intangibles	**11,173.8**	11,648.2	Other liabilities	**1,645.5**	1,899.3
Other assets	**371.2**	407.9	Total equity	**7,382.1**	7,409.4
Total assets	**$19,466.7**	$19,636.5	**Total liab. and equity**	**$19,466.7**	$19,636.5

Selected Cash Flow items

($ millions)	Twelve Months Ended December 31 **2014**	2013
Cash from op. activities	**$1,815.6**	$1,559.8
Depreciation	**558.1**	514.2
Amortization	**313.9**	302.0
Capital expenditures	**748.7**	625.1

Selected Balance Sheet measures

	December 31 **2014**	2013
Total Debt/Total Capital	**47.1%**	48.2%
Net Debt/Total Capital	**46.3%**	47.0%
Net Debt/EBITDA*	**2.2**	2.8
Net Debt/adjusted EBITDA*	**2.2**	2.5

* 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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2015 Plan

- **Successfully manage oil price decline: maximize the benefits, minimize the challenges**
  - Capture raw material price declines
  - Leverage consumer spending tailwinds – Institutional and Other segments
  - Exploit unsettled oil & gas markets to gain share
- **Drive continued organic growth acceleration**
  - Build on recent corporate account new business investments / momentum
  - Step up innovation
  - Leverage new field technology investments to increase selling time
- **Reignite M&A**
  - Continue pipeline rebuild
  - Look for opportunities in distressed markets
- **Deliver business improvements**
  - Continue Healthcare acceleration
  - Move Europe from margin focus to a combined growth and margin focus

2015 Adjusted Earnings Per Share Bridge

	2015 Forecast (adjusted EPS)					
	1Q		2Q - 4Q		Full Year	
	EPS $	% Growth	EPS $	% Growth	EPS $	% Growth
2014 (Adjusted)	**$0.74**		**$3.44**		**$4.18**	
Operating						
Industrial/Institutional/Other	0.05 - 0.08	7% - 11%	0.45 - 0.58	13% - 17%	0.50 - 0.66	12% - 16%
Energy	0.03 - 0.05	4% - 7%	0.03 - 0.05	1%	0.06 - 0.10	1% - 2%
Operating EPS	**0.82 - 0.87**	**11% - 18%**	**3.92 - 4.07**	**14% - 18%**	**4.74 - 4.94**	**13% - 18%**
Non Operating						
Taxes, Interest, Shares	0.02	3%	0.09	3%	0.11	3%
Operating + Non Operating EPS	**0.84 - 0.89**	**14% - 20%**	**4.01 - 4.16**	**17% - 21%**	**4.85 - 5.05**	**16% - 21%**
Exchange and Pension						
Exchange	(0.04)	-5%	(0.22)	-6%	(0.26)	-6%
Pension	(0.02)	-3%	(0.07)	-2%	(0.09)	-2%
Exchange and Pension EPS	**(0.06)**	**-8%**	**(0.29)**	**-8%**	**(0.35)**	**-8%**
2015 Plan (Adjusted)	**$0.78 - $0.83**	**5% - 12%**	**$3.72 - $3.87**	**8% - 13%**	**$4.50 - $4.70**	**8% - 12%**
Note: Operating EPS includes raw material cost savings (approx. evenly split between Industrial/Institutional/Other and Energy)	$0.05		$0.32		$0.37	

FX estimated at current rates of exchange and estimated mix of country operating income.
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