Ecolab

Second Quarter 2015 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 third quarter and full year business and financial results, the impact of oil prices, sales growth, innovation, cost savings, synergies, interest expense, income taxes, shares outstanding 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, 2014, 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.

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 28, 2015 and other of our SEC filings.

2Q Overview

- Earnings: Record adjusted EPS $1.08, +5%
  - Reported EPS $1.00, -2%
- Sales: Fixed currency growth +2%
  - Reported sales -5%; acquisition adjusted fixed currency sales +2%
  - Global Institutional, Global Industrial and Other segments +5%, more than offsetting lower Global Energy sales
  - Strong new account growth and new product introductions offset lackluster economies
- Operating Margin: Continued expansion
  - Adjusted fixed currency operating margin +80 bp
  - Benefits from delivered product cost savings, cost efficiency programs, synergies, lower variable compensation and pricing more than offset pension headwinds
- Integration: Both on plan
- Outlook: Solid adjusted EPS growth, despite expected $0.38 per share, or 9%, full year headwind from FX/pension
  - 3Q: +2% to 8%
  - 2015: +6% to 10%

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2Q 2015 Results

	Second Quarter Ended June 30 (unaudited)					
	Reported Second Quarter		%	Adjusted* Second Quarter		%
(Millions, except per share)	2015	2014	change	2015	2014	change
Net Sales	$3,389.1	$ 3,568.2	-5%	$3,389.1	$ 3,568.2	-5%
Operating Income	437.8	512.2	-15%	514.4	507.2	1%
Net Income Attributable to Ecolab	302.0	311.4	-3%	323.7	314.4	3%
Diluted Net Income Per Share	$1.00	$1.02	-2%	$1.08	$1.03	5%

	Fixed Currency		%
(Millions, except per share)	2015	2014	change
Net Sales	$3,455.2	$3,385.1	2%
Adjusted Operating Income*	522.0	483.1	8%

* 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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2Q 2015 Sales Growth Detail

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

Consolidated	% Change
Volume & mix	2%
Pricing	<1%
Subtotal	2%
Acq./Div.	<1%
Fixed currency growth	2%
Currency impact	-7%
Total	-5%

Amounts in the table above may reflect rounding.

* Total Other reflects the divestiture of non-core cleaning service business which was not included in the segment's operating units.

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2Q 2015 Income Statement / Margins

($ millions)	2015	% sales	2014	% sales	% change	Comments
Gross Profit	**$1,582.6**	**46.7%**	$1,658.8	46.5%	-5%	Adjusted for special charges, the 2015 gross margin was 47.0% and 2014 was 46.5%. The 50 bps margin improvement in 2015 was the result of delivered product cost savings and synergies.
SG&A	**1,079.2**	**31.8%**	1,152.7	32.3%	-6%	The 50 bps decrease in the 2015 ratio was primarily driven by synergies, cost savings and lower variable compensation costs which more than offset higher pension expense.
Operating Income (fixed FX)						
Global Industrial	**163.9**	**13.7%**	150.8	13.1%	9%	The 60 bps improvement was due to pricing gains and synergies, which more than offset investments in the business and other costs.
Global Institutional	**234.7**	**21.3%**	194.0	18.7%	21%	The margin rose 260 bps reflecting the net impact of sales volume increases pricing gains and cost efficiency actions, which more than offset investments in the business and other costs.
Global Energy	**134.6**	**14.0%**	152.4	15.0%	-12%	The margin declined 100 bp as the net impact of sales volume reductions and lower pricing more than offset delivered product cost savings and synergies.
Other	**33.0**	**16.9%**	29.7	16.0%	11%	The margin rose 90 bps due primarily to sales volume and pricing.
Subtotal at fixed FX	**566.2**	**16.4%**	526.9	15.6%	7%	
Corporate						
Special Gains/(Ch.)	**(76.6)**		5.0			2015: Venezuela devaluation, loss on the disposition of a business, restructuring charges, integration and other costs 2014: Net gain primarily from licensing settlement
Corp. Expense	**(44.2)**		(43.8)			Includes Nalco intangible amortization of $44 million in both 2015 and 2014.
Total Corporate Exp.	**(120.8)**		(38.8)			
FX	**(7.6)**		24.1			
Consolidated Op. Inc.	**$437.8**	**12.9%**	$512.2	14.4%	-15%	2015 adjusted fixed currency margin was 15.1%, +80 bps vs. the 2014 adjusted margin of 14.3%. The increase is primarily due to synergies, delivered product cost savings, lower variable compensation costs and pricing, which more than offset investments in the business and other costs, including higher comparable pension costs.

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2Q 2015 Balance Sheet / Cash Flow

Summary Balance Sheet

($ millions)	June 30 2015	June 30 2014		June 30 2015	June 30 2014
Cash and cash eq.	**$310.6**	$187.0	Short-term debt	**$2,185.3**	$1,589.7
Accounts receivable, net	**2,494.8**	2,637.3	Accounts payable	**961.0**	1,004.5
Inventories	**1,462.7**	1,414.3	Other current liabilities	**1,299.8**	1,372.7
Other current assets	**703.0**	533.5	Long-term debt	**5,124.2**	5,539.1
PP&E, net	**3,123.4**	2,938.9	Pension/Postretirement	**1,139.6**	797.4
Goodwill and intangibles	**10,744.4**	11,498.8	Other liabilities	**1,627.9**	1,850.3
Other assets	**378.4**	404.0	Total equity	**6,879.5**	7,460.1
Total assets	**$19,217.3**	$19,613.8	**Total liab. and equity**	**$19,217.3**	$19,613.8

Selected Cash Flow items

($ millions)	Six Months Ended June 30 2015	Six Months Ended June 30 2014
Cash from op. activities	**$636.6**	$531.9
Depreciation	**285.8**	276.1
Amortization	**149.9**	159.3
Capital expenditures	**327.5**	321.7

Selected Balance Sheet measures

	June 30 2015	June 30 2014
Total Debt/Total Capital	**51.5%**	48.9%
Net Debt/Total Capital	**50.4%**	48.2%
Net Debt/EBITDA*	**2.5**	2.6
Net Debt/Adjusted EBITDA*	**2.4**	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.

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Forecast

Sales

- Successfully manage low oil price environment
  - Exploit unsettled oil & gas markets to gain new business
- Build on recent corporate account wins and sales team investments
- Leverage product innovation
- Continue to drive market share gains in all businesses

Earnings

- Drive productivity, delivered product cost savings, synergies
- Realize raw material favorability
- Lower interest/tax/shares
- Deliver solid EPS growth while investing for the future
  - Expected FX and pension headwind $0.38

	3Q 2015	3Q 2014
Adjusted EPS	$1.24-$1.31	$1.21
	FY2015	**FY2014**
Adjusted EPS	$4.45-$4.60	$4.18

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