



Third Quarter 2019 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, the anticipated spin-off of our Upstream Energy business into a new stand-alone company, statements regarding our future financial and business performance and prospects, including forecasted 2019 fourth quarter and full year business and financial results, margins, pricing, delivered product costs, investments, M&A activity, and restructuring or efficiency initiative activities. These statements are based on the current expectations of management of Ecolab Inc. (“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 most recent Annual Report on Form 10-K and our other our 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 economic factors such as the worldwide economy, capital flows, interest rates and foreign currency risk, including reduced sales and earnings in other countries resulting from the weakening of local currencies versus the U.S. dollar; our ability to execute key business initiatives, including upgrades to our information technology systems; potential information technology infrastructure failures and cybersecurity attacks; the proposed spin-off of our Upstream Energy business may be delayed or not completed at all and may not achieve the intended benefits; our ability to attract and retain high caliber management talent to lead our business; our ability to develop competitive advantages through innovation and to commercialize digital solutions; exposure to global economic, political and legal risks related to our international operations including trade sanctions; difficulty in procuring raw materials or fluctuations in raw material costs; 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 our non-GAAP measures included within this presentation are included in the “Non-GAAP Financial Measures” section of this presentation.



3Q 2019 Overview

▲ Sales:

- Reported sales +2%; fixed currency sales +3% with acquisition adjusted fixed currency sales +2%. Steady growth in the Institutional and Other segments was partially offset by a 3% decline in Energy segment sales and moderately softer Industrial markets.

▲ Operating Income:

- Reported operating margin +160 bps; adjusted operating and adjusted fixed currency operating margin were both +140 bps.
- Reported operating income +14% with adjusted operating income +11%; adjusted fixed currency operating income +12%.
- Growth was led by double-digit gains in our Industrial and Energy segments, as pricing and cost efficiency initiatives more than offset investments in the business during the quarter.

▲ Earnings:

- Reported diluted EPS \$1.59, +7%.
- Adjusted diluted EPS \$1.71, +12% as strong operating income growth, led by pricing and cost efficiency initiatives, drove the gain.

▲ Outlook:

- 2019: Adjusted diluted EPS forecast narrowed to \$5.80 to \$5.90, +10% to 12%. The prior forecast was \$5.80 to \$6.00.
- 4Q 2019: Adjusted diluted EPS forecast of \$1.64 to \$1.74, +6% to 13%.

The outlook provided above is for consolidated Ecolab operations and continues to include the Upstream Energy business.

Please see Ecolab's news release dated October 29, 2019 for additional information, including additional discussion on use of Non-GAAP financial measures.



3Q 2019 Results

Third Quarter Ended September 30						
(unaudited) (millions, except per share)	Reported			Adjusted *		
	Public Currency Rates		%	Public Currency Rates		%
	2019	2018	Change	2019	2018	Change
Net sales	\$3,817.9	\$3,747.2	2 %	\$3,817.9	\$3,747.2	2 %
Operating income	587.6	516.2	14 %	659.3	595.4	11 %
Net income attributable to Ecolab	464.2	435.4	7 %	501.4	448.3	12 %
Diluted earnings per share	\$1.59	\$1.48	7 %	\$1.71	\$1.53	12 %

	Fixed Currency Rates *			Adjusted *		
	Fixed Currency Rates *		%	Fixed Currency Rates		%
	2019	2018	Change	2019	2018	Change
Net sales	\$3,855.3	\$3,740.2	3 %	\$3,855.3	\$3,740.2	3 %
Operating income	594.0	515.0	15 %	665.7	594.2	12 %

*See "Non-GAAP Financial Measures" section of this presentation for corresponding reconciliations.

3Q 2019 Sales Growth Detail

	Fixed Rate % Change	Acq./Div. Adj. % Change		% Change
<u>Global Industrial</u>			<u>Consolidated</u>	
Water	5%	5%	Volume & mix	0%
Food & Beverage	8%	4%	Pricing	2%
Paper	-2%	-2%	Subtotal	2%
Textile Care	2%	2%	Acq./Div.	1%
Life Sciences	32%	7%	Fixed currency growth	3%
Total Global Industrial	5%	3%	Currency impact	-1%
			Total	2%
<u>Global Institutional</u>				
Institutional	2%	2%		
Specialty	12%	9%		
Healthcare	3%	3%		
Total Global Institutional	4%	3%		
<u>Global Energy</u>	-3%	-3%		
<u>Other</u>				
Pest Elimination	6%	6%		
Colloidal Technologies	11%	11%		
Total Other	7%	7%		
Total	3%	2%		

3Q 2019 Income Statement / Margins

(\$ millions, unaudited)	2019	% sales	2018	% sales	% change	Comments*
Gross Profit	\$1,610.5	42.2%	\$1,556.5	41.5%	3 %	Adjusted gross margins were 42.5% in 2019 and 41.6% in 2018, increasing 90 bps, reflecting increased pricing and cost savings.
SG&A	962.5	25.2%	964.7	25.7%	0%	The ratio decreased 50 bps as sales leverage and cost savings actions more than offset investments in the business.
<u>Operating Income (fixed FX)</u>						
Global Industrial	240.1	16.9%	212.8	15.8%	13 %	Acquisition adjusted margins were 17.3% in 2019 and 15.7% in 2018. Margins increased 160 bps as pricing and cost savings more than offset investments in the business.
Global Institutional	313.0	23.1%	286.6	22.0%	9 %	Acquisition adjusted margins were 22.9% in 2019 and 22.0% in 2018. Margins increased 90 bps as pricing and cost savings more than offset investments in the business.
Global Energy	103.6	12.4%	88.9	10.3%	17 %	Acquisition adjusted margins were 12.4% in 2019 and 10.4% in 2018. Margins increased 200 bps as pricing, lower delivered product costs and cost savings more than offset the impact of lower volume.
Other	48.8	20.1%	48.0	21.1%	2 %	Acquisition adjusted fixed currency margins were 20.1% in 2019 vs. 21.1% in 2018. Margins declined due to investments in the business and the comparison to a strong period last year.
Subtotal at fixed FX	705.5	18.3%	636.3	17.0%	11 %	
FX	(6.8)		1.2			
Corporate						
Corp. Expense	(39.4)		(42.1)			Nalco intangible amortization
Special Gains/(Ch.)	(71.7)		(79.2)			2019: Primarily restructuring charges and Upstream Energy spin-off charges. 2018: Primarily restructuring charges.
Total Corporate Exp.	(111.1)		(121.3)			
Consolidated Op. Inc.	\$587.6	15.4%	\$516.2	13.8%	14 %	2019 acquisition adjusted fixed currency operating margins were 17.3%, a 140 bps increase vs. the equivalent 2018 margin of 15.9%. Pricing and cost savings initiatives more than offset the impact of investments in the business during the quarter.

*See "Non-GAAP Financial Measures" section of this presentation for corresponding reconciliations.

3Q 2019 Balance Sheet / Cash Flow

Summary Balance Sheet

(millions, unaudited)	September 30		(millions, unaudited)	September 30	
	2019	2018		2019	2018
Cash and cash eq.	\$135.9	\$203.6	Short-term debt	\$779.1	\$769.4
Accounts receivable, net	2,722.5	2,652.7	Accounts payable	1,269.4	1,195.3
Inventories	1,586.7	1,587.9	Other current liabilities	1,871.0	1,625.1
Other current assets	425.0	378.1	Long-term debt	5,966.9	6,334.8
PP&E, net	3,861.5	3,778.0	Pension/Postretirement	793.6	966.9
Goodwill and intangibles	10,948.9	10,898.8	Other liabilities	1,543.2	1,088.1
Other assets	1,155.1	463.5	Total equity	8,612.4	7,983.0
Total assets	\$20,835.6	\$19,962.6	Total liab. and equity	\$20,835.6	\$19,962.6

Selected Cash Flow items

(millions, unaudited)	Nine Months Ended September 30	
	2019	2018
Cash from op. activities	\$1,599.7	\$1,450.4
Depreciation	488.3	461.5
Amortization	240.2	238.9
Capital expenditures	550.4	634.1

Selected Balance Sheet measures

(unaudited)	September 30	
	2019	2018
Total Debt/Total Capital	43.9%	47.1%
Net Debt/Total Capital	43.4%	46.4%
Net Debt/EBITDA(*)	2.1	2.3
Net Debt/Adjusted EBITDA(*)	2.0	2.3

(*) EBITDA and Adjusted EBITDA are non-GAAP measures. EBITDA is defined as the sum of earnings before interest, taxes, depreciation and amortization. Adjusted EBITDA is defined as the sum of EBITDA and special (gains) and charges impacting EBITDA. The inputs to EBITDA reflect the trailing twelve months of activity for the period presented. See "Non-GAAP Financial Measures" section of this presentation corresponding reconciliations.

Appendix

Non-GAAP Financial Measures

(unaudited) (millions, except percent)	Third Quarter Ended September 30		Nine Months Ended September 30	
	2019	2018	2019	2018
Net sales				
Reported GAAP net sales	\$3,817.9	\$3,747.2	\$11,082.7	\$10,907.7
Effect of foreign currency translation	37.4	(7.0)	83.9	(155.9)
Non-GAAP fixed currency sales	3,855.3	3,740.2	11,166.6	10,751.8
Effect of acquisitions and divestitures	(36.6)	(1.5)	(92.4)	(13.3)
Non-GAAP acquisition adjusted fixed currency sales	\$3,818.7	\$3,738.7	\$11,074.2	\$10,738.5
Cost of Sales				
Reported GAAP cost of sales	\$2,207.4	\$2,190.7	\$6,505.2	\$6,409.1
Special (gains) and charges	11.3	3.6	22.8	3.5
Non-GAAP adjusted cost of sales	\$2,196.1	\$2,187.1	\$6,482.4	\$6,405.6
Gross Margin				
Reported GAAP gross margin	42.2 %	41.5 %	41.3 %	41.2 %
Non-GAAP adjusted gross margin	42.5 %	41.6 %	41.5 %	41.3 %
Operating income				
Reported GAAP operating income	\$587.6	\$516.2	\$1,453.4	\$1,365.1
Effect of foreign currency translation	6.4	(1.2)	11.9	(23.8)
Non-GAAP fixed currency operating income	594.0	515.0	1,465.3	1,341.3
Special (gains) and charges	71.7	79.2	173.4	117.2
Non-GAAP adjusted fixed currency operating income	665.7	594.2	1,638.7	1,458.5
Effect of acquisitions and divestitures	(3.9)	(0.6)	4.8	(0.2)
Non-GAAP acquisition adjusted fixed currency operating income	\$661.8	\$593.6	\$1,643.5	\$1,458.3
Operating Income Margin				
Reported GAAP operating income margin	15.4 %	13.8 %	13.1 %	12.5 %
Non-GAAP adjusted fixed currency operating income margin	17.3 %	15.9 %	14.7 %	13.6 %

Non-GAAP Financial Measures

(unaudited) (millions, except percent and per share)	Third Quarter Ended September 30		Nine Months Ended September 30	
	2019	2018	2019	2018
Interest expense, net				
Reported GAAP interest expense, net	\$46.1	\$55.7	\$145.0	\$168.4
Special (gains) and charges, after tax	-	-	0.2	-
Non-GAAP adjusted interest expense, net	\$46.1	\$55.7	\$144.8	\$168.4
Net Income Attributable to Ecolab				
Reported GAAP net income attributable to Ecolab	\$464.2	\$435.4	\$1,129.3	\$1,034.0
Special (gains) and charges, after tax	53.7	60.1	131.1	88.7
Discrete tax net expense (benefit)	(16.5)	(47.2)	(43.2)	(35.2)
Non-GAAP adjusted net income attributable to Ecolab	\$501.4	\$448.3	\$1,217.2	\$1,087.5
Diluted Earnings per Share Attributable to Ecolab ("EPS")				
Reported GAAP diluted EPS	\$1.59	\$1.48	\$3.86	\$3.53
Special (gains) and charges, after tax	0.18	0.20	0.45	0.30
Discrete tax net expense (benefit)	(0.06)	(0.16)	(0.15)	(0.12)
Non-GAAP adjusted diluted EPS	\$1.71	\$1.53	\$4.16	\$3.71
Provision for Income Taxes				
Reported GAAP tax rate	16.5 %	9.0 %	16.7 %	17.2 %
Special gains and charges	1.0	2.1	0.9	0.6
Discrete tax items	2.6	8.4	2.8	2.6
Non-GAAP adjusted tax rate	20.1 %	19.5 %	20.4 %	20.4 %
EBITDA (trailing twelve months ended)				
Net income including non-controlling interest	\$1,542.1	\$1,608.5		
Provision for income taxes	377.1	196.4		
Interest expense, net	198.9	246.2		
Depreciation	648.1	610.2		
Amortization	318.3	318.0		
EBITDA	\$3,084.5	\$2,979.3		
Special (gains) and charges impacting EBITDA	192.2	83.4		
Adjusted EBITDA	\$3,276.7	\$3,062.7		

Non-GAAP Financial Measures

Third Quarter Ended September 30

(millions)	2019			2018		
	Fixed Currency	Impact of Acquisitions and Divestitures	Acquisition Adjusted	Fixed Currency	Impact of Acquisitions and Divestitures	Acquisition Adjusted
Net Sales						
Global Industrial	\$1,418.9	(\$25.9)	\$1,393.0	\$1,348.5	(\$1.3)	\$1,347.2
Global Institutional	1,357.1	(9.9)	1,347.2	1,304.9	-	1,304.9
Global Energy	836.5	-	836.5	859.4	-	859.4
Other	242.8	(0.8)	242.0	227.4	(0.2)	227.2
Subtotal at fixed currency rates	3,855.3	(36.6)	3,818.7	3,740.2	(1.5)	3,738.7
Currency impact	(37.4)			7.0		
Consolidated reported GAAP net sales	\$3,817.9			\$3,747.2		
Operating Income						
Global Industrial	\$240.1	\$0.8	\$240.9	\$212.8	(\$0.8)	\$212.0
Global Institutional	313.0	(4.7)	308.3	286.6	-	286.6
Global Energy	103.6	0.1	103.7	88.9	0.2	89.1
Other	48.8	(0.1)	48.7	48.0	-	48.0
Corporate	(39.8)	-	(39.8)	(42.1)	-	(42.1)
Adjusted at fixed currency rates	665.7	(3.9)	661.8	594.2	(0.6)	593.6
Special (gains) and charges	71.7			79.2		
Reported OI at fixed currency rates	594.0			515.0		
Currency impact	(6.4)			1.2		
Consolidated reported GAAP operating income	\$587.6			\$516.2		

Non-GAAP Financial Measures

(millions)	Nine Months Ended September 30					
	2019			2018		
	Fixed Currency	Impact of Acquisitions and Divestitures	Acquisition Adjusted	Fixed Currency	Impact of Acquisitions and Divestitures	Acquisition Adjusted
Net Sales						
Global Industrial	\$4,102.0	(\$75.0)	\$4,027.0	\$3,828.9	(\$10.6)	\$3,818.3
Global Institutional	3,895.9	(16.4)	3,879.5	3,769.4	-	3,769.4
Global Energy	2,488.6	(0.1)	2,488.5	2,516.9	(2.5)	2,514.4
Other	680.1	(0.9)	679.2	636.6	(0.2)	636.4
Subtotal at fixed currency rates	11,166.6	(92.4)	11,074.2	10,751.8	(13.3)	10,738.5
Currency impact	(83.9)			155.9		
Consolidated reported GAAP net sales	\$11,082.7			\$10,907.7		
Operating Income						
Global Industrial	\$596.3	\$3.1	\$599.4	\$497.6	(\$2.4)	\$495.2
Global Institutional	767.8	1.8	769.6	729.3	-	729.3
Global Energy	270.9	0.1	271.0	243.9	2.3	246.2
Other	123.1	(0.2)	122.9	114.0	(0.1)	113.9
Corporate	(119.4)	-	(119.4)	(126.3)	-	(126.3)
Adjusted at fixed currency rates	1,638.7	4.8	1,643.5	1,458.5	(0.2)	1,458.3
Special (gains) and charges	173.4			117.2		
Reported OI at fixed currency rates	1,465.3			1,341.3		
Currency impact	(11.9)			23.8		
Consolidated reported GAAP operating income	\$1,453.4			\$1,365.1		