# PRESS RELEASES

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## Ecolab Reports 12% Earnings Per Share Gain, Record Results for Second Quarter 1998

ST.PAUL, Minn.--July 21, 1998--

1998 SECOND QUARTER HIGHLIGHTS:

* Record earnings per share +12% to $0.28

* Record earnings +15% to $38 million

* Record sales +14% to $468 million

* Strong domestic Institutional, Food & Beverage, Pest Elimination and Kay sales and profits lead growth

| 1998 (Millions, except per share) | Second Quarter | % Increase | Six Months | % Increase |
|---|---|---|---|---|
| Net Sales | $ 468 | 14% | $ 905 | 15% |
| Operating Income | $ 64 | 21% | $ 117 | 22% |
| Pretax Income | $ 58 | 17% | $ 107 | 18% |
| Taxes | 24 | 20 | 45 | 21 |
| Earnings from Joint Venture | 4 | 8 | 6 | 8 |
| Net Income | $ 38 | 15% | $ 68 | 16% |
| Diluted Net Income Per Share | $ 0.28 | 12% | $ 0.51 | 16% |
| Diluted Average Shares Outstanding | 133.8 | - | 133.9 | - |

Strong domestic business trends once again led results as Ecolab reported a 12% increase in diluted earnings per share for the second quarter ended June 30, 1998.

Ecolab's consolidated sales improved 14% to a record $468 million in 1998's second quarter. Net income rose 15% to a record $38 million, or $0.28 per diluted share, as the robust business performance benefited profits.

Sales for the six-month period ended June 30, 1998 rose 15% to $905 million. Net income grew 16% to $68 million, while diluted earnings per share also increased 16% to $0.51 per share.

Commenting on the quarter, Allan L. Schuman, Ecolab's President and Chief Executive Officer said, "Our domestic business reflected the best of Ecolab's culture -- aggressive sales efforts, successful new product growth, and delivery of the industry's leading service levels to customers. Continued strong results from our core domestic Institutional and Food & Beverage divisions, along with excellent sales growth in our Pest Elimination and Kay divisions, drove the quarter's earnings gain. Latin America once again posted significant double-digit earnings gains. Asia Pacific also showed improved results offsetting much of the regional economic turmoil through determined and resourceful efforts by our sales force and a good performance by our Gibson acquisition. These solid base business results, along with our successful acquisitions, enabled Ecolab to achieve outstanding double-digit sales and operating income gains in both our domestic and international operations. Further, the Henkel-Ecolab joint venture also reported an earnings gain.

"Our outlook for the second half continues to be positive. While we recognize that uncertain international economic and currency trends will continue to present challenges to our operations, we remain optimistic about our business prospects. The healthy domestic economy, broad opportunities for service solutions in our customer base, a strong pipeline of new products and services, our proven and cohesive Circle the Customer-Circle the Globe' strategy and our motivated and disciplined sales-and-service force should enable us to achieve record sales and earnings in the second half and for the full year 1998."

Second quarter sales for Ecolab's domestic operations rose 12% to $359 million. The Institutional, Food & Beverage, Pest Elimination and Kay divisions reported double-digit sales gains and led the growth, benefiting from aggressive new sales activity, new products and a favorable hospitality market. Both Institutional and Food & Beverage sales also benefited from acquisitions; excluding those acquisitions, U.S. sales rose 8% for the second quarter. U.S. operating income rose 22% to $57 million, reflecting a favorable business sales mix and benefiting from the higher sales volume.

Ecolab's international sales rose 18% to $109 million in the second quarter; in local currencies, sales rose 30%. Acquisitions were also significant to the International sales gains. Excluding acquisitions, International's reported sales were flat; in local currencies, and excluding acquisitions, International sales increased 10%. Excluding acquisitions, all regions contributed to International's overall local currency sales growth, with Latin America up at double-digit rates, as aggressive new account and new product sales benefited results. Operating income rose 18% to $8 million.

Joint venture earnings are included in the financial statements using the equity method of accounting. Joint venture sales continue to reflect difficult conditions in Europe's major economies and the janitorial and textile hygiene markets. When measured in deutsche marks, Henkel-Ecolab sales increased 11%, benefiting from good trends in its

Institutional and Food & Beverage businesses as well as acquisitions. When translated into U.S. dollars, joint venture sales comparisons suffered from the stronger U.S. dollar and increased 5% to $223 million compared with $213 million in the second quarter of last year. Ecolab's equity in the earnings of the Henkel-Ecolab joint venture rose 8% to $3.8 million compared with $3.5 million in the second quarter of last year.

In May 1995, Ecolab announced a 12 million share repurchase program. As part of that program, Ecolab purchased 7.1 million shares in June 1995 under a "Dutch auction" self-tender offer. At June 30, 1998 there were approximately 3.7 million shares remaining under the existing repurchase authorization. Additionally, consistent with its longstanding practice, Ecolab has acquired shares under a repurchase program to fund employee benefit plans. During the second quarter, 230,000 shares were purchased under these programs. The company intends to continue making purchases from time to time in open market and privately negotiated transactions.

Ecolab is the leading global developer and marketer of premium cleaning, sanitizing, maintenance and pest elimination products and services for the hospitality, healthcare and industrial markets. For the year ended December 31, 1997 Ecolab reported sales of $1.6 billion; including European joint venture sales of $0.9 billion, Ecolab's global sales coverage was $2.5 billion. Ecolab shares are traded on the New York Stock Exchange and the Pacific Exchange under the symbol ECL.

Ecolab news releases and other investor information are available on the Internet at http://www.ecolab.com; and by telephone at 1-800-FACT-ECL.

This news release contains various "Forward-Looking Statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements, which represent Ecolab's expectations or beliefs concerning various future events, are based on current expectations that involve a number of risks and uncertainties which could cause actual results to differ materially from those of such Forward-Looking Statements. Readers are referred to the Company's statement entitled "Forward-Looking Statements and Risk Factors" which is contained in the Company's Form 10-K for the year ended December 31, 1997 which discusses risk factors. Additional risk factors may be described from time to time in Ecolab's filings with the Securities and Exchange Commission.

ECOLAB INC

CONSOLIDATED STATEMENT OF INCOME

SECOND QUARTER AND SIX MONTHS ENDED JUNE 30, 1998

(Unaudited)

| | Second Quarter | | Six Months | |
|---|---|---|---|---|
| (thousands,except per share) | 1998 | 1997 | 1998 | 1997 |
| Net Sales | | | | |
| United States | $359,254 | $319,633 | $691,868 | $610,336 |
| International | 109,206 | 92,177 | 212,954 | 175,234 |
| Total | 468,460 | 411,810 | 904,822 | 785,570 |
| Cost of Sales | 210,116 | 183,322 | 406,025 | 349,048 |
| Selling, General and Administrative Expenses | 194,604 | 175,685 | 381,337 | 340,289 |
| Operating Income | | | | |
| United States | 57,369 | 47,184 | 104,905 | 85,625 |
| International | 7,850 | 6,669 | 14,944 | 12,539 |
| Corporate | (1,479) | (1,050) | (2,389) | (1,931) |
| Total | 63,740 | 52,803 | 117,460 | 96,233 |
| Interest Expense, Net | 5,400 | 3,054 | 10,806 | 6,052 |
| Income Before Income Taxes and Equity in Earnings of Joint Venture | 58,340 | 49,749 | 106,654 | 90,181 |
| Provision for Income Taxes | 24,475 | 20,397 | 44,764 | 36,974 |
| Equity in Earnings of Henkel-Ecolab Joint Venture | 3,824 | 3,542 | 6,387 | 5,891 |
| Net Income | $ 37,689 | $ 32,894 | $ 68,277 | $ 59,098 |
| Net Income Per Common Share | | | | |
| Basic | $ 0.29 | $ 0.25 | $ 0.53 | $ 0.46 |
| Diluted | $ 0.28 | $ 0.25 | $ 0.51 | $ 0.44 |
| Weighted Average Common Shares Outstanding | | | | |
| Basic | 128,667 | 129,779 | 128,813 | 129,664 |
| Diluted | 133,803 | 133,963 | 133,871 | 133,762 |

**Back to Press Releases**