PRESS RELEASES

Feb 28, 2000

Ecolab Reports 14% EPS Gain, Record Results For Full Year 1999

FOURTH QUARTER 1999 HIGHLIGHTS:

- Record diluted earnings per share +10% to $0.32

- Record earnings +8% to $42 million

- Record sales +7% to $516 million

- Double-digit growth in international and European joint venture earnings

- Twentieth consecutive quarter of double-digit EPS growth

FULL YEAR 1999 HIGHLIGHTS:

- Record diluted earnings per share +14% to $1.31

- Record earnings +14% to $176 million

- Record sales +10% to $2.1 billion

- Record cash flow from operations +7% to $293 million

- Increased annual dividend rate +14% to $0.48 per share

- Seventh consecutive year of double-digit EPS growth

	December 31, 1999			
(Millions, except per share)	Fourth Quarter	% Increase	Full Year	% Increase
Net Sales	$516	7%	$2,080	10%
Operating Income	$68	4%	$290	11%
Pretax Income	$62	5%	$267	11%
Taxes	26	2	109	8
Earnings from Henkel-Ecolab	6	18	18	14
Income from Continuing Operations	$42	8%	$176	14%
Diluted Income from Continuing Operations Per Share	$0.32	10%	$1.31	14%
Diluted Average Shares Outstanding	134.0	--	134.4	--

ST. PAUL, Minn., February 28, 2000: A near doubling in profits from international operations and strong results from Henkel-Ecolab, the company?s European joint venture operations fueled the solid earnings gain in Ecolab?s fourth quarter ended December 31, 1999, and closed out the seventh consecutive year of double-digit earnings growth for the company.

Ecolab?s fourth quarter sales grew 7% to $516 million. Earnings rose 8% to a record $42 million, or $0.32 per diluted share. This was the company?s 20th consecutive quarter of double-digit earnings per share growth.

Sales for the full year 1999 rose 10% to $2.1 billion, with earnings up 14% to $176 million, or $1.31 per diluted share. During the third quarter of 1999, Ecolab recognized a non-taxable gain of $1.5 million, or $0.01 per diluted share, on the receipt of shares from an insurance company that demutualized and issued shares in a public offering. Excluding the one-time gain, income from continuing operations increased 13% to $1.30 per share. This was Ecolab?s seventh consecutive year of double-digit earnings per share growth.

Allan L. Schuman, Ecolab?s President and Chief Executive Officer, stated ?Fourth quarter results were as we expected, with the exceptional international earnings rebound and Henkel-Ecolab?s growth providing all the fuel needed to reach our earnings goals for 1999. Domestic sales were also on target, as we realized good gains in our core Food & Beverage, Pest Elimination and Kay operations. Institutional sales rose modestly, and in line with our expectations, as we balanced international?s strong performance.

?We are proud of our performance in 1999, as our people worked hard to achieve the excellent results reported today. We continued to deliver strong growth, marking our 20th consecutive quarter and seventh consecutive year of double-digit growth in earnings per share. We set records in all of our key areas, including sales, profits, cash flow, customer growth and retention, and our sales-and-service force. We again demonstrated the strength of our Circle the Customer ? Circle the Globe strategy. And we laid the important groundwork for further above-average growth in the years ahead in terms of people, products and market development.

?We are very optimistic regarding our prospects for 2000. The underlying trends in our key domestic markets ? Institutional, Food & Beverage, Pest Elimination and Kay -- are solid, and our newer GCS and Vehicle Care businesses are showing excellent growth prospects. We expect further attractive earnings improvement in international and Henkel-Ecolab as they leverage expected improving economies. We continue to develop new product and service solutions for our global customers broadening needs and to add to our leading sales-and?service force. We believe 2000 will once again show why Ecolab remains the industry leader and a consistent above-average growth company, and we expect another year of aggressive efforts and record performance.?

Fourth quarter sales for Ecolab's United States Cleaning & Sanitizing operations rose 6% over the fourth quarter of 1998 to $343 million, led by the Food & Beverage and Kay operations. Institutional sales rose modestly. Ecolab's United States Cleaning & Sanitizing operating income was lower at $52 million compared with $56 million last year, primarily reflecting the lower mix of Institutional sales in the quarter and recognition of approximately $4 million of bad debt expense related to a large distributor.

United States Other Services sales increased 15% to $54 million in the fourth quarter. Operating income grew 37% to $6 million. Sales and profits benefited from good results in Pest Elimination and GCS.

Sales of Ecolab's International Cleaning & Sanitizing operations rose 6% in the fourth quarter when measured at fixed currency exchange rates to $115 million. In Asia Pacific, aggressive new account development and new product sales served to more than offset poor general economic conditions as sales growth improved. Latin American sales growth also improved in the quarter. International fixed currency operating income rose 98% to $11 million. The income improvement came from both Asia Pacific and Latin America, as higher sales volumes and cost controls benefited margins.

Earnings of the Henkel-Ecolab joint venture are included in the financial statements using the equity method of accounting. Henkel-Ecolab sales showed good results across the board in the fourth quarter. When measured in deutsche marks, Henkel-Ecolab sales increased 10%, benefiting from growth in all of its businesses as well as from acquisitions. When translated into U.S. dollars, joint venture sales decreased 1% to $245 million compared with $248 million in the fourth quarter of last year. Ecolab's equity in the earnings of Henkel-Ecolab rose 18% to $5.8 million compared with $5.0 million in the fourth quarter of last year.

Ecolab reacquired 300,200 shares of its common stock during the fourth quarter and 998,200 shares of its common stock during the full year 1999 under its two authorized share repurchase programs. Under one plan, Ecolab reacquires shares to fund current share needs for employee incentive and benefit plans. During any fiscal quarter, the number of shares reacquired is not intended to exceed approximate plan needs for such quarter. Under a second program, established in 1995, Ecolab reacquires shares for general corporate purposes, including certain acquisitions; as of December 31, 1999, approximately 3.1 million shares remained authorized under this plan. The company anticipates that it will continue to periodically reacquire shares under these two programs.

Ecolab is the leading global developer and marketer of premium cleaning, sanitizing, pest elimination, maintenance and repair products and services for the hospitality, institutional and industrial markets. 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 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 include statements concerning our 2000 financial and business prospects and performance on our expectations concerning continuation of share repurchases. 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 that 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-Q for the quarter ended September 30, 1999, for further discussion of risk factors. Additional risk factors may be described from time to time in Ecolab?s filings with the Securities and Exchange Commission.

Back to Press Releases