



future growth.”

### **Adoption of New Accounting Standards**

Beginning in 2018, Ecolab adopted the new FASB revenue recognition standard. We reviewed our product and service offerings under the new standard and the SEC requirement for separation of them in our income statement. As such, we now disclose product and service offerings separately in our income statement. We also reclassified certain costs, primarily compensation, from selling, general, and administrative (SG&A) expenses to cost of sales (COS), to align with the costs of providing newly classified service revenue. Adoption of the new revenue recognition standard reduced 2017 adjusted diluted earnings per share by \$0.01 and is expected to have a \$0.01 unfavorable impact on full year 2018 adjusted diluted earnings per share. We revised the 2016 and 2017 financial information to align with the new presentation, which was disclosed in our 8-K dated April 18, 2018.

Ecolab also adopted the new pension accounting standard beginning in 2018, recording the employee compensation cost of pension expense (the service component) in COS and SG&A, while all other non-service components of pension income are recorded below operating income in other (income)/expense. We adopted the new standard retrospectively and revised the 2016 and 2017 financial information to reflect the adoption of the pension accounting standard in the 8-K mentioned above.

### **First Quarter 2018 Consolidated Results**

Ecolab's first quarter reported sales increased 10% and fixed currency sales increased 6%. Acquisition and divestiture adjusted fixed currency sales increased 6% when compared to the prior year.

First quarter 2018 reported operating income decreased 1%, fixed currency operating income decreased 3%, and adjusted and acquisition adjusted fixed currency operating income both increased 2%. Pricing, volume growth and cost savings initiatives offset the impact of higher delivered product costs and investments in the business during the quarter.

Other income, which primarily consists of the return on pension assets and other costs of our pension obligations, increased 15% reflecting our expected return on increased pension assets.

Reported net interest expense decreased in the quarter primarily reflecting lower interest rate debt.

The reported income tax rate for the first quarter of 2018 was 21.8% compared with the reported rate of 17.4% in the first quarter of 2017. Excluding special gains and charges and discrete tax items, the adjusted tax rate was 22.0% in the first quarter of 2018 compared with 24.9% for the same period last year. The decrease in our adjusted tax rate was primarily driven by changes in the U.S. tax law.

First quarter 2018 reported net income attributable to Ecolab decreased 3%. Excluding the impact of special gains and charges and discrete tax items, adjusted net income attributable to Ecolab increased 13%.

Diluted earnings per share decreased 2%. Adjusted diluted earnings per share rose 14% when compared against first quarter 2017. Currency translation had a \$0.03 favorable impact on first quarter 2018 adjusted diluted earnings per share, and adoption of the new revenue recognition standard had a \$0.01 favorable impact on first quarter adjusted diluted earnings per share.

Ecolab reacquired 1.6 million shares of its common stock during the first quarter of 2018.

### **First Quarter 2018 Segment Review**

#### **Global Industrial**

(unaudited) (millions)	First Quarter Ended March 31		% Change	Acq. Adj. % Change
	2018	2017		
Fixed currency				
Sales	\$1,241.4	\$1,178.3	5%	3%
Operating income	129.9	135.6	(4)%	(5)%
Operating income margin	10.5%	11.5%		
Acq. adj. operating income margin	10.6%	11.5%		
Public currency				
Sales	\$1,226.0	\$1,114.2	10%	
Operating income	127.8	125.5	2%	

Global Industrial acquisition adjusted fixed currency sales rose 3% led by Water, Food & Beverage and Life Sciences. Latin America, North America and Europe led the Global Industrial regional sales growth. Acquisition adjusted fixed currency operating income decreased 5% as improved pricing and sales volume gains were more than offset by higher delivered product costs and investments in the business.

#### **Global Institutional**

(unaudited) (millions)	First Quarter Ended March 31		% Change	Acq. Adj. % Change
	2018	2017		
Fixed currency				
Sales	\$1,218.0	\$1,114.6	9%	5%
Operating income	198.7	186.8	6%	4%
Operating income margin	16.3%	16.8%		
Acq. adj. operating income margin	16.6%	16.8%		
Public currency				
Sales	\$1,206.2	\$1,074.5	12%	
Operating income	197.8	184.3	7%	

Global Institutional acquisition adjusted fixed currency sales grew 5% led by Specialty and Institutional. Sales for the segment showed good growth in North America and Asia Pacific. Acquisition adjusted fixed currency operating income rose 4% as pricing and sales volume gains more than offset new customer installation and innovation investments as well as higher delivered product costs.

## Global Energy

(unaudited) (millions)	First Quarter Ended March 31		% Change	Acq. Adj. % Change
	2018	2017		
Fixed currency				
Sales	<b>\$847.1</b>	\$775.7	9%	10%
Operating income	<b>70.9</b>	70.9	0%	2%
Operating income margin	<b>8.4%</b>	9.1%		
Acq. adj. operating income margin	<b>8.4%</b>	9.1%		
Public currency				
Sales	<b>\$842.9</b>	\$757.9	11%	
Operating income	<b>70.5</b>	69.8	1%	

Global Energy acquisition adjusted fixed currency sales increased 10% reflecting strong growth in the well stimulation business and good gains in production and downstream. Acquisition adjusted fixed currency operating income increased 2% as volume gains and pricing more than offset higher delivered product costs and a rebuild of prior period compensation reductions.

## Other

(unaudited) (millions)	First Quarter Ended March 31		% Change	Acq. Adj. % Change
	2018	2017		
Fixed currency				
Sales	<b>\$197.4</b>	\$221.8	(11)%	8%
Operating income	<b>27.1</b>	27.1	0%	14%
Operating income margin	<b>13.7%</b>	12.2%		
Acq. adj. operating income margin	<b>14.4%</b>	13.5%		
Public currency				
Sales	<b>\$195.8</b>	\$215.8	(9)%	
Operating income	<b>27.0</b>	27.0	0%	

Colloidal Technologies, which was previously included as part of the Water business in the Global Industrial Reportable segment, is now included in the Other segment. Other segment acquisition adjusted fixed currency sales increased 8% as Pest Elimination enjoyed strong growth, led by North America and Europe. Acquisition and divestiture adjusted fixed currency operating income increased 14% as pricing and sales volume gains more than offset increased field-related costs. The Equipment Care business was sold on November 1, 2017.

## Corporate

The corporate segment expense includes amortization expense of \$43 million in both the first quarter of 2018 and 2017 related to the Nalco merger intangible assets.

Corporate segment operating income also includes net special charges of \$26 million (\$20 million after tax) primarily related to a previously announced funding commitment to the Ecolab Foundation.

Total special gains and charges for the first quarter of 2017 were a net charge of \$8 million (\$5 million after tax) associated with Anios and Swisher acquisition and integration costs.

## Business Outlook

### 2018

Ecolab raised its forecast for full year 2018 adjusted diluted earnings per share to the \$5.30 to \$5.50 range, representing a 13% to 18% increase over 2017. The prior forecast range was \$5.25 to \$5.45.

When compared with our 2017 performance, we expect improved acquisition adjusted fixed currency sales growth in all of our segments. Versus the comparable measures last year, we anticipate a higher adjusted gross margin as volume gains, pricing and cost efficiency actions more than offset higher delivered product costs, with a similar SG&A ratio to sales, higher other income, and slightly higher interest expense and a lower adjusted tax rate versus 2017 reflecting the impact of the recently enacted U.S. Tax Cuts and Jobs Act and tax planning. Adoption of the new revenue recognition standard is expected to have a \$0.01 unfavorable impact on full year adjusted diluted earnings per share.

We expect special charges in 2018 to be \$0.12 to \$0.15 per share principally related to a previously announced \$25 million funding commitment to the Ecolab Foundation as well as integration of previously announced acquisitions. In addition, the discrete tax item related to excess tax benefits on share-based compensation is expected to be favorable. Other than this discrete tax item and special gains and charges noted above, other such amounts are not currently quantifiable.

At current rates of exchange, we expect foreign currency translation to have an approximate \$0.10 benefit to diluted earnings per share.

Our detailed outlook for the full year of 2018 (which reflects adoption of the new accounting standards) is as follows:

Adjusted Gross Margin, excluding special gains and charges	approx. 42%
SG&A % of Sales	27% to 28%
Other income and expense	approx. \$80 million
Interest expense, net	approx. \$240 million

Adjusted tax rate	21% to 22%
Noncontrolling interest	approx. \$0.07
Adjusted EPS, excluding special gains and charges	\$5.30 to \$5.50
Diluted shares	approx. 292 million

Reported 2017 diluted earnings per share of \$5.12 included special gains and charges and discrete tax items. Excluding these items, 2017 adjusted diluted earnings per share were \$4.68.

## 2018 – Second Quarter

Ecolab expects second quarter 2018 adjusted diluted earnings per share in the \$1.23 to \$1.29 range, rising 10% to 15% compared with adjusted diluted earnings per share of \$1.12 a year ago.

Versus the comparable measures last year, we expect year-on-year acquisition adjusted fixed currency sales growth in all our segments. Volume gains and higher pricing are expected to more than offset higher delivered product costs in the quarter. We expect consolidated gross margins to be similar to last year, with a higher SG&A ratio to sales, higher other income and an improved adjusted tax rate versus 2017 resulting from the new U.S. tax law referenced above and tax planning. Adoption of the new revenue recognition standard is expected to have a \$0.01 unfavorable impact on second quarter adjusted diluted earnings per share.

We expect special charges in the second quarter of 2018 to be \$0.04 to \$0.07 per share principally related to integration of previously announced acquisitions. In addition, the discrete tax item related to excess tax benefits on share-based compensation is expected to be favorable. Other than this discrete tax item and special gains and charges noted above, other such expected amounts are not currently quantifiable.

At current rates of exchange, we expect foreign currency to be favorable \$0.04 per share in the second quarter.

Our detailed outlook for the second quarter of 2018 (which reflects adoption of the new accounting standards) is as follows:

Adjusted Gross Margin, excluding special gains and charges	approx. 42%
SG&A % of Sales	approx. 28%
Other income and expense	approx. \$20 million
Interest expense, net	approx. \$60 million
Adjusted tax rate	20% to 21%
Noncontrolling interest	approx. \$0.02
Adjusted EPS, excluding special gains and charges	\$1.23 to \$1.29
Diluted shares	approx. 293 million

Reported second quarter 2017 diluted earnings per share of \$1.00 included special gains and charges and discrete tax items. Excluding these items, second quarter 2017 adjusted diluted earnings per share were \$1.12.

## About Ecolab

A trusted partner at nearly three million customer locations, Ecolab (ECL) is the global leader in water, hygiene and energy technologies and services that protect people and vital resources. With annual sales of \$14 billion and 48,000 associates, Ecolab delivers comprehensive solutions, data-driven insights and on-site service to promote safe food, maintain clean environments, optimize water and energy use, and improve operational efficiencies for customers in the food, healthcare, energy, hospitality and industrial markets in more than 170 countries around the world. For more Ecolab news and information, visit [www.ecolab.com](http://www.ecolab.com).

Ecolab will host a live webcast to review the first quarter earnings announcement and earnings guidance today at 1:00 p.m. Eastern Time. The webcast, along with related materials, will be available to the public on Ecolab's website at [www.ecolab.com/investor](http://www.ecolab.com/investor). A replay of the webcast and related materials will be available at that site. Listening to the webcast requires Internet access, the Windows Media Player or another compatible streaming media player.

## Cautionary Statements Regarding Forward-Looking Information

This communication contains certain statements relating to future events and our intentions, beliefs, expectations and predictions for the future which are forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. Words or phrases such as "will likely result," "are expected to," "will continue," "is anticipated," "we believe," "we expect," "estimate," "project," "may," "will," "intend," "plan," "believe," "target," "forecast" (including the negative or variations thereof) or similar terminology used in connection with any discussion of future plans, actions or events generally identify forward-looking statements. These forward-looking statements include, but are not limited to, statements regarding our financial and business performance and prospects, including forecasted 2018 second quarter and full-year financial and business results, including sales growth, adjusted gross margin, SG&A ratios to sales, interest expense, adjusted tax rate, noncontrolling interest, adjusted diluted earnings per share and diluted shares outstanding, volume, pricing, delivered product costs, global economic environment, investments in digital technology and information technology systems, foreign currency, special gains and charges and quantifiable discrete tax items and actions and impact associated with adoption of new accounting standards. 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 included in this communication. In particular, the ultimate results of any restructuring, integration and business improvement actions, including cost synergies, depend on a number of factors, including the development of final plans, the impact of local regulatory requirements regarding employee terminations, the time necessary to develop and implement the restructuring and other business improvement initiatives and the level of success achieved through such actions in improving competitiveness, efficiency and effectiveness.

Additional risks and uncertainties that may affect operating results and business performance are set forth under Item 1A of our most recent Form 10-K, and our other public filings with the Securities and Exchange Commission (the "SEC") and include the vitality of the markets we serve, including the impact of oil price fluctuations on 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; our ability to attract and retain high caliber management talent to lead our business; exposure to global economic, political and legal risks related to our international operations including trade sanctions; our ability to develop competitive advantages through innovation and to commercialize digital solutions; the costs and effects of complying with laws and regulations, including those relating to the environment and to the manufacture, storage, distribution, sale and use of our products; difficulty in procuring raw materials or fluctuations in raw material costs; pressure on operations from consolidation of customers, vendors or competitors; the occurrence of litigation or claims, including related to the Deepwater Horizon oil spill; restraints on pricing flexibility due to contractual obligations; our ability to acquire complementary businesses and to effectively integrate such businesses; changes in

tax law and unanticipated tax liabilities; potential loss of deferred tax assets or increase in deferred tax liabilities; our substantial indebtedness; public health epidemics; potential losses arising from the impairment of goodwill or other assets; potential chemical spill or release; potential class action lawsuits; the loss or insolvency of a major customer or distributor; acts of war or terrorism; natural or man-made disasters; water shortages; severe weather conditions; and other uncertainties or risks reported from time to time in our reports to the SEC. In light of these risks, uncertainties, assumptions 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 whether as a result of new information, future events or changes in expectations, except as required by law.

### **Non-GAAP Financial Information**

This news release and certain of the accompanying tables include financial measures that have not been calculated in accordance with accounting principles generally accepted in the U.S. ("GAAP"). These non-GAAP financial measures include:

- fixed currency sales
- acquisition adjusted fixed currency sales
- adjusted cost of sales
- adjusted gross margin
- fixed currency operating income
- fixed currency operating income margin
- adjusted operating income
- adjusted fixed currency operating income
- adjusted fixed currency operating income margin
- acquisition adjusted fixed currency operating income
- acquisition adjusted fixed currency operating income margin
- adjusted tax rate
- adjusted net income attributable to Ecolab
- adjusted diluted earnings per share

We provide these measures as additional information regarding our operating results. We use these non-GAAP measures internally to evaluate our performance and in making financial and operational decisions, including with respect to incentive compensation. We believe that our presentation of these measures provides investors with greater transparency with respect to our results of operations and that these measures are useful for period-to-period comparison of results.

Our non-GAAP adjusted financial measures for cost of sales, gross margin, operating income and interest expense exclude the impact of special (gains) and charges, and our non-GAAP measures for tax rate, net income attributable to Ecolab and diluted earnings per share further exclude the impact of discrete tax items. We include items within special (gains) and charges and discrete tax items that we believe can significantly affect the period-over-period assessment of operating results and not necessarily reflect costs associated with historical trends and future results. After tax special (gains) and charges are derived by applying the applicable local jurisdictional tax rate to the corresponding pre-tax special (gains) and charges.

We evaluate the performance of our international operations based on fixed currency rates of foreign exchange, which eliminate the translation impact of exchange rate fluctuations on our international results. Fixed currency amounts included in this release are based on translation into U.S. dollars at the fixed foreign currency exchange rates established by management at the beginning of 2018. We also provide our segment results based on public currency rates for informational purposes.

Acquisition adjusted growth rates exclude the results of any acquired business from the first twelve months post acquisition and exclude the results of divested businesses from the previous twelve months prior to divestiture. Acquisition adjusted growth rates also exclude sales to our Venezuelan deconsolidated subsidiaries from both the current period and comparable period of the prior year.

These non-GAAP financial measures are not in accordance with, or an alternative to, GAAP and may be different from non-GAAP measures used by other companies. Investors should not rely on any single financial measure when evaluating our business. We recommend that investors view these measures in conjunction with the GAAP measures included in this news release. Reconciliations of our non-GAAP measures are included in the following "Supplemental Non-GAAP Reconciliations" and "Supplemental Diluted Earnings per Share Information" tables included in this news release.

We do not provide reconciliations for non-GAAP estimates on a forward-looking basis (including those contained in this report) when we are unable to provide a meaningful or accurate calculation or estimation of reconciling items and the information is not available without unreasonable effort. This is due to the inherent difficulty of forecasting the timing and amount of various items that have not yet occurred, are out of our control and/or cannot be reasonably predicted, and that would impact reported earnings per share and the reported tax rate, the most directly comparable forward-looking GAAP financial measures to adjusted earnings per share and the adjusted tax rate. For the same reasons, we are unable to address the probable significance of the unavailable information.

(ECL-E)

**ECOLAB INC.**  
**CONSOLIDATED STATEMENT OF INCOME**  
(unaudited)

(millions, except per share)	First Quarter Ended March 31		%
	2018	2017	Change
Product and equipment sales	<b>\$2,847.2</b>	\$2,604.4	

Service and lease sales	\$623.7	\$558.0	
Net sales	\$3,470.9	\$3,162.4	10%
Product and equipment cost of sales	1,696.6	1,500.7	
Service and lease cost of sales	385.5	351.1	
Cost of sales (1)	2,082.1	1,851.8	12%
Selling, general and administrative expenses	1,008.5	947.2	6%
Special (gains) and charges (1)	26.0	6.2	319%
Operating income	354.3	357.2	(1)%
Other (income) expense	(19.4)	(16.8)	15%
Interest expense, net	56.4	62.5	(10)%
Income before income taxes	317.3	311.5	2%
Provision for income taxes	69.1	54.2	27%
Net income including noncontrolling interest	248.2	257.3	(4)%
Net income attributable to noncontrolling interest	0.9	3.3	
Net income attributable to Ecolab	\$247.3	\$254.0	(3)%
Earnings attributable to Ecolab per common share			
Basic	\$0.86	\$0.87	(1)%
Diluted	\$0.84	\$0.86	(2)%
Weighted-average common shares outstanding			
Basic	288.6	290.6	(1)%
Diluted	292.7	295.0	(1)%

(1) Special (gains) and charges in the Consolidated Statement of Income above include the following:

(millions)	First Quarter Ended March 31	
	2018	2017
Cost of sales		
Acquisition and integration costs (a)	-	1.5
Special (gains) and charges		
Restructuring activities	0.3	(0.3)
Acquisition and integration costs	0.5	6.3
Other	25.2	0.2
Subtotal	26.0	6.2
Total special (gains) and charges	\$26.0	\$7.7

(a) Acquisition and integration costs of \$1.5 million in the first quarter of 2017 were recorded in product and equipment cost of sales

**ECOLAB INC.**  
**REPORTABLE SEGMENT INFORMATION**  
(unaudited)

(millions)	First Quarter Ended March 31					
	Fixed Currency Rates			Public Currency Rates		
	2018	2017	% Change	2018	2017	% Change
Net Sales						
Global Industrial	\$1,241.4	\$1,178.3	5%	\$1,226.0	\$1,114.2	10%
Global Institutional	1,218.0	1,114.6	9%	1,206.2	1,074.5	12%
Global Energy	847.1	775.7	9%	842.9	757.9	11%
Other	197.4	221.8	(11)%	195.8	215.8	(9)%
Subtotal at fixed currency rates	3,503.9	3,290.4	6%	3,470.9	3,162.4	10%
Currency impact	(33.0)	(128.0)	*	-	-	*
Consolidated reported GAAP net sales	\$3,470.9	\$3,162.4	10%	\$3,470.9	\$3,162.4	10%
Operating Income						
Global Industrial	\$129.9	\$135.6	(4)%	\$127.8	\$125.5	2%
Global Institutional	198.7	186.8	6%	197.8	184.3	7%
Global Energy	70.9	70.9	0%	70.5	69.8	1%
Other	27.1	27.1	0%	27.0	27.0	0%
Corporate	(69.1)	(50.7)	*	(68.8)	(49.4)	*
Subtotal at fixed currency rates	357.5	369.7	(3)%	354.3	357.2	(1)%
Currency impact	(3.2)	(12.5)	*	-	-	*
Consolidated reported GAAP operating income	\$354.3	\$357.2	(1)%	\$354.3	\$357.2	(1)%

\* Not meaningful.

As shown in the "Fixed Currency Rates" tables above, we evaluate the performance of our international operations based on fixed currency exchange rates, which eliminate the impact of exchange rate fluctuations on our international operations. Amounts shown in the "Public Currency Rates" tables above reflect amounts translated at actual public average rates of exchange prevailing during the corresponding period, and are provided for informational purposes. The difference between the fixed currency exchange rates and the public currency exchange rates is reported as "Currency impact" in the "Fixed Currency Rates" tables above.

The Corporate segment includes amortization from the Nalco merger intangible assets. The Corporate segment also includes special (gains) and charges reported on the Consolidated Statement of Income.

**ECOLAB INC.**  
**CONSOLIDATED BALANCE SHEET**  
(unaudited)

(millions)	March 31 2018	December 31 2017	March 31 2017
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$175.5	\$211.4	\$212.1
Accounts receivable, net	2,574.3	2,571.4	2,355.6
Inventories	1,541.8	1,446.5	1,428.9
Other current assets	305.2	365.0	308.9
<b>Total current assets</b>	<b>4,596.8</b>	<b>4,594.3</b>	<b>4,305.5</b>
Property, plant and equipment, net	3,779.9	3,707.1	3,424.9
Goodwill	7,303.0	7,167.1	6,947.8
Other intangible assets, net	4,012.2	4,017.6	4,086.0
Other assets	492.4	477.4	459.3
<b>Total assets</b>	<b>\$20,184.3</b>	<b>\$19,963.5</b>	<b>\$19,223.5</b>
<b>Liabilities and Equity</b>			
<b>Current liabilities</b>			
Short-term debt	\$1,017.8	\$564.4	\$1,699.4
Accounts payable	1,229.1	1,177.1	1,039.3
Compensation and benefits	497.0	549.4	463.4
Income taxes	170.0	183.6	95.2
Other current liabilities	1,068.9	1,000.7	947.2
<b>Total current liabilities</b>	<b>3,982.8</b>	<b>3,475.2</b>	<b>4,244.5</b>
Long-term debt	6,397.7	6,758.3	5,841.6
Postretirement health care and pension benefits	1,027.7	1,025.5	1,014.4
Deferred income taxes	652.8	635.4	1,067.0
Other liabilities	453.4	415.3	207.0
<b>Total liabilities</b>	<b>12,514.4</b>	<b>12,309.7</b>	<b>12,374.5</b>
<b>Equity</b>			
Common stock	355.5	354.7	353.5
Additional paid-in capital	5,496.5	5,435.7	5,284.3
Retained earnings	8,097.0	8,011.6	7,093.8
Accumulated other comprehensive loss	(1,558.3)	(1,643.4)	(1,636.3)
Treasury stock	(4,789.7)	(4,575.0)	(4,315.4)
<b>Total Ecolab shareholders' equity</b>	<b>7,601.0</b>	<b>7,583.6</b>	<b>6,779.9</b>
Noncontrolling interest	68.9	70.2	69.1
<b>Total equity</b>	<b>7,669.9</b>	<b>7,653.8</b>	<b>6,849.0</b>
<b>Total liabilities and equity</b>	<b>\$20,184.3</b>	<b>\$19,963.5</b>	<b>\$19,223.5</b>

**ECOLAB INC.**  
**SUPPLEMENTAL NON-GAAP RECONCILIATIONS**  
(unaudited)

(millions, except percent and per share)	First Quarter Ended March 31	
	2018	2017
<b>Net sales</b>		
Reported GAAP net sales	\$3,470.9	\$3,162.4
Effect of foreign currency translation	33.0	128.0
<b>Non-GAAP fixed currency sales</b>	<b>3,503.9</b>	<b>3,290.4</b>
Effect of acquisitions and divestitures	(77.3)	(53.1)
<b>Non-GAAP acquisition adjusted fixed currency sales</b>	<b>\$3,426.6</b>	<b>\$3,237.3</b>
<b>Cost of sales</b>		
Reported GAAP cost of sales	\$2,082.1	\$1,851.8
Special (gains) and charges	-	1.5
<b>Non-GAAP cost of sales</b>	<b>\$2,082.1</b>	<b>\$1,850.3</b>
<b>Gross margin</b>		
Reported GAAP gross margin	40.0%	41.4%
Non-GAAP adjusted gross margin	40.0%	41.5%
<b>Operating income</b>		
Reported GAAP operating income	\$354.3	\$357.2
Effect of foreign currency translation	3.2	12.5
<b>Non-GAAP fixed currency operating income</b>	<b>357.5</b>	<b>369.7</b>
Special (gains) and charges	26.0	7.7
<b>Non-GAAP adjusted fixed currency operating income</b>	<b>383.5</b>	<b>377.4</b>
Effect of acquisitions and divestitures	(3.7)	(4.2)
<b>Non-GAAP acquisition adjusted fixed currency operating income</b>	<b>\$379.8</b>	<b>\$373.2</b>

Operating income margin	<b>10.2%</b>	11.3%
Reported GAAP operating income margin		
Non-GAAP adjusted fixed currency operating income margin	<b>10.9%</b>	11.5%

**ECOLAB INC.**  
**SUPPLEMENTAL NON-GAAP RECONCILIATIONS**  
(unaudited)

(millions, except percent and per share)	First Quarter Ended March 31	
	2018	2017
Net Income Attributable to Ecolab		
Reported GAAP net income attributable to Ecolab	<b>\$247.3</b>	\$254.0
Special (gains) and charges, after tax	<b>19.7</b>	5.2
Discrete tax net expense (benefit)	<b>(0.1)</b>	(22.8)
Non-GAAP adjusted net income attributable to Ecolab	<b>\$266.9</b>	\$236.4
Diluted Earnings per Share Attributable to Ecolab ("EPS")		
Reported GAAP diluted EPS	<b>\$0.84</b>	\$0.86
Special (gains) and charges, after tax	<b>0.07</b>	0.02
Discrete tax net expense (benefit)	<b>0.00</b>	(0.08)
Non-GAAP adjusted diluted EPS	<b>\$0.91</b>	\$0.80
Provision for Income Taxes		
Reported GAAP tax rate	<b>21.8%</b>	17.4%
Special gains and charges	<b>0.2</b>	0.3
Discrete tax items	<b>0.0</b>	7.2
Non-GAAP adjusted tax rate	<b>22.0%</b>	24.9%

**ECOLAB INC.**  
**SUPPLEMENTAL NON-GAAP RECONCILIATIONS**  
(unaudited)

(millions)	First Quarter Ended March 31					
	2018			2017		
	Fixed Currency	Impact of Acquisitions and Divestitures	Acquisition Adjusted	Fixed Currency	Impact of Acquisitions and Divestitures	Acquisition Adjusted
Net Sales						
Global Industrial	<b>\$1,241.4</b>	<b>(\$23.9)</b>	<b>\$1,217.5</b>	\$1,178.3	(\$1.6)	\$1,176.7
Global Institutional	<b>1,218.0</b>	<b>(45.0)</b>	<b>1,173.0</b>	1,114.6	(0.1)	1,114.5
Global Energy	<b>847.1</b>	<b>(0.3)</b>	<b>846.8</b>	775.7	(5.3)	770.4
Other	<b>197.4</b>	<b>(8.1)</b>	<b>189.3</b>	221.8	(46.1)	175.7
Subtotal at fixed currency rates	<b>3,503.9</b>	<b>(77.3)</b>	<b>3,426.6</b>	3,290.4	(53.1)	3,237.3
Currency impact	<b>(33.0)</b>			(128.0)		
Consolidated reported GAAP net sales	<b>\$3,470.9</b>			\$3,162.4		
Operating Income						
Global Industrial	<b>\$129.9</b>	<b>(\$0.9)</b>	<b>\$129.0</b>	\$135.6	(\$0.3)	\$135.3
Global Institutional	<b>198.7</b>	<b>(3.6)</b>	<b>195.1</b>	186.8	0.1	186.9
Global Energy	<b>70.9</b>	<b>0.7</b>	<b>71.6</b>	70.9	(0.7)	70.2
Other	<b>27.1</b>	<b>0.1</b>	<b>27.2</b>	27.1	(3.3)	23.8
Corporate	<b>(43.1)</b>	<b>-</b>	<b>(43.1)</b>	(43.0)	-	(43.0)
Adjusted at fixed currency rates	<b>383.5</b>	<b>(3.7)</b>	<b>379.8</b>	377.4	(4.2)	373.2
Special (gains) and charges	<b>26.0</b>			7.7		
Reported OI at fixed currency rates	<b>357.5</b>			369.7		
Currency impact	<b>(3.2)</b>			(12.5)		
Consolidated reported GAAP operating income	<b>\$354.3</b>			\$357.2		

**ECOLAB INC.**  
**SUPPLEMENTAL DILUTED EARNINGS PER SHARE INFORMATION**  
(unaudited)

The table below provides a reconciliation of diluted earnings per share, as reported, to the non-GAAP measure of adjusted diluted earnings per share.

	First Quarter Ended Mar. 31 2017	Second Quarter Ended June 30 2017	Six Months Ended June 30 2017	Third Quarter Ended Sept. 30 2017	Nine Months Ended Sept. 30 2017	Fourth Quarter Ended Dec. 31 2017	Year Ended Dec. 31 2017
Diluted earnings per share, as reported (U.S. GAAP)	\$0.86	\$1.00	\$1.86	\$1.34	\$3.20	\$1.92	\$5.12
Adjustments:							
Special (gains) and charges (1)	0.02	0.16	0.17	0.01	0.18	0.01	0.19
Discrete tax expense (benefits) (2)	(0.08)	(0.03)	(0.11)	0.03	(0.08)	0.54	(0.63)
Adjusted diluted earnings per share (Non-GAAP)	\$0.80	\$1.12	\$1.92	\$1.38	\$3.30	\$1.38	\$4.68

	First Quarter Ended Mar. 31 2018	Second Quarter Ended June 30 2018	Six Months Ended June 30 2018	Third Quarter Ended Sept. 30 2018	Nine Months Ended Sept. 30 2018	Fourth Quarter Ended Dec. 31 2018	Year Ended Dec. 31 2018
Diluted earnings per share, as reported (U.S. GAAP)	<b>\$0.84</b>						
Adjustments:							
Special (gains) and charges (3)	<b>0.07</b>						
Discrete tax expense (benefits) (4)	<b>0.00</b>						
Adjusted diluted earnings per share (Non-GAAP)	<b>\$0.91</b>						

Per share amounts do not necessarily sum due to changes in shares outstanding and rounding.

(1) Special (gains) and charges for 2017 included acquisition and integration costs of \$5.3 million, \$10.0 million, \$1.4 million, and \$1.8 million, net of tax, in the first, second, third and fourth quarters, respectively. Special (gains) and charges for 2017 also included restructuring gains of \$0.2 million, and charges of \$24.5 million, \$1.7 million and \$6.4 million, net of tax, in the first, second, third and fourth quarters, respectively. Special (gains) and charges for 2017 also included a gain of \$3.3 million, \$2.0 million and \$1.9 million, net of tax, during the second, third and fourth quarters, respectively, related to the recovery of previously written off Venezuelan intercompany receivables. Special (gains) and charges for 2017 also included charges of \$14.4 million, net of tax, related to a Global Energy vendor contract termination and litigation charges in the second quarter, litigation charges of \$1.4 million, net of tax, in the third quarter, and \$3.1 million, net of tax, primarily related to impairment of plant assets, litigation charges and settlement in the fourth quarter. The fourth quarter 2017 special (gains) and charges also included a gain on sale of Equipment Care of \$12.4 million, net of tax, and the charges on exchanged and extinguished debt of \$13.6 million, net of tax, which were partially offset by tax benefits on the repatriation of cash to the U.S. of \$7.8 million, net of tax.

(2) Discrete tax expense (benefits) were primarily driven by \$16.0 million, \$10.8 million, \$2.4 million and \$10.4 million of tax benefits associated with stock compensation excess tax benefits in the first, second, third and fourth quarters, respectively. The remaining \$6.8 million discrete tax benefits in the first quarter were driven primarily by the release of reserves for uncertain tax positions due to the expiration of statute of limitations in non-U.S. jurisdictions. The second quarter 2017 discrete tax expense of \$1.1 million was driven primarily by the release of reserves for uncertain tax positions due to the expiration of statute of limitations in non-U.S. jurisdictions. The third quarter 2017 discrete tax expense of \$10.7M was driven primarily by recognizing adjustments from filing our 2016 U.S. federal income tax return. The fourth quarter discrete tax benefits were driven primarily by \$319.0 million benefit for repricing of U.S. deferred tax positions to the U.S. tax reform rate along with the stock compensation excess tax benefits, partially offset by \$160.1 million expense for the U.S. tax reform one time repatriation tax on foreign earnings.

(3) Special (gains) and charges for 2018 primarily includes a commitment to the Ecolab Foundation of \$18.9 million, net of tax, along with restructuring activities of \$0.3 million, net of tax, acquisition and integration costs and \$0.3 million, net of tax, and other litigation charges of \$0.3 million, net of tax, in the first quarter.

(4) Discrete tax expense (benefits) were primarily driven by \$6.8 million of tax benefits associated with stock compensation excess tax benefits, the U.S. tax reform one time repatriation tax expense of \$11.3 million, and \$4.6 million of other tax benefits in the first quarter.

View source version on businesswire.com: <https://www.businesswire.com/news/home/20180501005921/en/>

**Ecolab Inc.**

Michael J. Monahan, 651-250-2809

or

Andrew C. Hedberg, 651-250-2185

Source: Ecolab Inc.

[Back to Press Releases](#)