



NEWS RELEASE

# Ecolab Delivers Very Strong First Quarter Operating Performance; Reported Diluted EPS \$0.82; Adjusted Diluted EPS \$0.88, +7%; Continue to Expect Further Performance Improvement Through 2023

2023-05-02

ST. PAUL, Minn.--(BUSINESS WIRE)-- FIRST QUARTER HIGHLIGHTS:

- Reported sales \$3.6 billion, +9% versus last year. Organic sales +13%, led by double-digit growth in the Institutional & Specialty, Industrial, and Other segment, and improved growth in the Healthcare & Life Sciences segment.
- Reported operating income +38%. Organic operating income growth accelerated to +19%, as continued strong pricing and productivity gains more than offset easing but ongoing delivered product cost inflation and challenging macroeconomic conditions.
- Reported operating income margin 9.8%. Organic operating income margin 10.6%, +50 bps versus last year, reflecting modest gross margin expansion and improved productivity.
- Reported diluted EPS \$0.82, +37%. Adjusted diluted EPS, excluding special gains and charges and discrete tax items were \$0.88, +7%. Currency translation and higher interest expense had a combined \$0.11 per share unfavorable impact on first quarter EPS.

2023 OUTLOOK



- 2023: Ecolab continues to expect to deliver quarterly adjusted earnings per share growth that accelerates towards its low double-digit historical performance.
- 2Q 2023: Expect second quarter 2023 adjusted diluted earnings per share in the \$1.15 to \$1.25 range, +5 to 14% versus last year.

(unaudited) (millions, except per share)	First Quarter Ended March 31					
	Reported Public Currency Rates		% Change	Adjusted Public Currency Rates		% Change
	2023	2022		2023	2022	
Net sales	\$ 3,571.6	\$ 3,266.7	9%	\$ 3,571.6	\$ 3,266.7	9%
Operating income	351.6	254.5	38%	379.3	331.5	14%
Net income attributable to Ecolab	233.4	171.9	36%	250.5	236.5	6%
Diluted earnings per share attributable to Ecolab	\$ 0.82	\$ 0.60	37%	\$ 0.88	\$ 0.82	7%
	Organic		% Change			
	2023	2022				
Net sales	\$ 3,533.8	\$ 3,137.7	13%			
Operating income	376.1	315.5	19%			

## CEO Comment

Christophe Beck, Ecolab's chairman and chief executive officer, said, "We had a very strong start to 2023 with our team delivering continued double-digit organic sales growth, consistent with our expectations. We continued taking steps to further strengthen our growth foundation, like making investments in our Life Sciences business to capitalize on its long-term growth opportunities. Overall, our efforts drove organic operating income margin expansion with continued strong pricing and further productivity gains, in addition to easing but ongoing inflationary headwinds. This excellent performance resulted in 19% growth in organic operating income and accelerating growth in adjusted earnings per share despite significant currency translation and interest expense headwinds in a challenging macroeconomic environment.

"Looking ahead, we are well positioned to build on our operating momentum and expect further performance improvement in 2023. While the macroeconomic headwinds and inflationary pressures are expected to persist, our focus remains on offense – driving robust sales growth as we leverage our leading customer value proposition and our innovation pipeline, as well as on capturing our significant operating margin expansion opportunity. As a result, we continue to anticipate strong organic sales gains, double-digit growth in organic operating income, and adjusted earnings per share growth that accelerates towards our low double-digit historical performance."

## First Quarter 2023 Consolidated Results

Ecolab's first quarter reported sales increased 9% and organic sales increased 13% when compared to the prior year.

First quarter 2023 reported operating income increased 38% and includes the impact of special gains and charges, which were a net charge primarily related to restructuring costs. Organic operating income growth accelerated to 19%, as strong pricing overcame investments in the business, higher delivered product costs, and softer volume.

Reported other income decreased \$6 million in the first quarter of 2023 due to higher pension costs.

Reported interest expense increased 40% reflecting the impact from higher average interest rates on floating rate debt and last year's fourth quarter debt issuance.

The reported income tax rate for the first quarter of 2023 was 18.0% compared with the reported rate of 20.7% in the first quarter of 2022. Excluding special gains and charges and discrete tax items, the adjusted tax rate for the first quarter of 2023 was 19.8% compared with the adjusted tax rate of 19.5% in the first quarter of 2022.

Reported net income increased 36% versus the prior year. Excluding the impact of special gains and charges and discrete tax items, adjusted net income increased 6% versus the prior year.

Reported diluted earnings per share increased 37% versus the prior year. Adjusted diluted earnings per share increased 7% when compared against the first quarter of 2022. Currency translation had a \$0.05 unfavorable impact on first quarter 2023 earnings per share.

## First Quarter 2023 Segment Review

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### Global Industrial

(unaudited) (millions)	First Quarter Ended March 31		% Change	Organic % Change
	2023	2022		
Fixed currency				
Sales	\$ 1,699.3	\$ 1,511.4	12%	12%
Operating income	215.6	179.9	20%	20%
Operating income margin	12.7%	11.9%		
Organic operating income margin	12.7%	11.9%		
Public currency				
Sales	\$ 1,709.4	\$ 1,565.7	9%	
Operating income	217.7	191.1	14%	

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The Industrial segment includes Water, Food & Beverage, and Paper

Effective January 1, 2023, the Company's former Downstream operating segment is now part of the Water operating segment. This change did not have any impact on the Global Industrial reportable segment.

## Global Institutional & Specialty

(unaudited) (millions)	First Quarter Ended March 31		% Change	Organic % Change
	2023	2022		
Fixed currency				
Sales	\$ 1,126.6	\$ 991.3	14%	14%
Operating income	125.7	108.6	16%	16%
Operating income margin	11.2%	11.0%		
Organic operating income margin	11.2%	11.0%		
Public currency				
Sales	\$ 1,128.8	\$ 1,009.4	12%	
Operating income	125.9	110.9	14%	

The Institutional & Specialty segment includes Institutional and Specialty

Organic sales growth accelerated to 14%. Continued double-digit growth in the Institutional division reflected strong pricing and new business wins. Specialty sales growth accelerated, driven by robust quickservice sales growth. Organic operating income growth accelerated to 16% as strong pricing overcame investments in the business, higher delivered product costs, and unfavorable mix.

## Global Healthcare & Life Sciences

(unaudited) (millions)	First Quarter Ended March 31		% Change	Organic % Change
	2023	2022		
Fixed currency				
Sales	\$ 378.6	\$ 348.2	9%	9%
Operating income	35.0	41.9	(16)%	(16)%
Operating income margin	9.2%	12.0%		
Organic operating income margin	9.2%	12.0%		
Public currency				
Sales	\$ 379.7	\$ 362.8	5%	
Operating income	35.2	44.3	(21)%	

The Healthcare & Life Sciences segment includes Healthcare and Life Sciences

Organic sales grew 9%, driven by double-digit growth in Life Sciences and strengthening Healthcare sales growth. Organic operating income decreased 16%, as strong pricing was more than offset by softer volume, targeted investments in the business, and higher delivered product costs.

## Other

(unaudited) (millions)	First Quarter Ended March 31		% Change	Organic % Change
	2023	2022		
Fixed currency				
Sales	\$ 329.3	\$ 286.8	15%	15%
Operating income	50.1	37.1	35%	35%
Operating income margin	15.2%	12.9%		
Organic operating income margin	15.2%	12.9%		
Public currency				
Sales	\$ 330.0	\$ 294.0	12%	
Operating income	50.2	37.9	32%	

The Other segment includes Pest Elimination, Textile Care and Colloidal Technologies

Organic sales growth accelerated to 15%, reflecting double-digit growth across all divisions, with continued strong performance in Pest Elimination. Organic operating income increased 35% as strong pricing overcame investments in the business, higher delivered product costs, and unfavorable mix.

## Corporate

(unaudited) (millions)	First Quarter Ended March 31	
	2023	2022
Public currency		
Sales	\$ 23.7	\$ 34.8
Corporate operating expense		
Nalco and Purolite amortization	50.2	52.7
Special (gains) and charges	27.7	77.0
Other	(0.5)	-
Total Corporate operating expense	\$ 77.4	\$ 129.7

First quarter of 2023 corporate segment includes:

- sales of \$24 million to ChampionX under the Master Cross Supply and Product Transfer agreements Ecolab entered into as part of the ChampionX separation

- amortization expense of \$29 million related to the Nalco merger intangible assets and \$21 million related to Purolite acquisition intangible assets
- special gains and charges were a net charge of \$28 million, primarily related to restructuring costs

Special gains and charges for the first quarter of 2022 were a net charge of \$77 million and primarily reflected Purolite acquisition costs, COVID-related charges, and charges related to our operations in Russia.

## Business Outlook

### 2023

Ecolab continues to expect to deliver performance that improves despite a challenging macro environment characterized by high delivered product costs and easing demand. In addition, higher interest expense and currency translation are estimated to have a combined \$0.30 per share unfavorable impact in 2023, or a 7% headwind to year-over-year earnings growth.

The Company expects double-digit growth in organic operating income, driven by continued robust sales growth, easing delivered product cost inflation, and improved productivity. This strong performance is expected to more than overcome the challenging environment to deliver quarterly adjusted earnings per share growth that accelerates towards our low double-digit historical performance.

### 2023 – Second Quarter

Ecolab expects second quarter 2023 adjusted diluted earnings per share in the \$1.15 to \$1.25 range, compared with adjusted diluted earnings per share of \$1.10 a year ago. This forecast includes an estimated unfavorable \$0.12 per share impact from higher interest expense and currency translation, or a 11% headwind to year-over-year earnings growth.

The Company currently expects quantifiable special charges in the second quarter of 2023 to be approximately \$0.08 per share, principally related to restructuring charges. Other than the special gains and charges noted above, other such amounts are not currently quantifiable.

## About Ecolab

A trusted partner for millions of customers, Ecolab (NYSE:ECL) is a global sustainability leader offering water, hygiene and infection prevention solutions and services that protect people and the resources vital to life. Building on a century of innovation, Ecolab has annual sales of \$14 billion, employs more than 47,000 associates and operates in more than 170 countries around the world. The company delivers comprehensive science-based

solutions, data-driven insights and world-class service to advance food safety, maintain clean and safe environments, and optimize water and energy use. Ecolab's innovative solutions improve operational efficiencies and sustainability for customers in the food, healthcare, life sciences, hospitality and industrial markets.

[www.ecolab.com](http://www.ecolab.com)

Ecolab will host a live webcast to review the first quarter earnings announcement 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.

### Cautionary Statements Regarding Forward-Looking Information

This news release 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 macroeconomic conditions, delivered product costs, demand, inflation, currency translation, and our financial and business performance and prospects, including sales, earnings, special charges, margins, interest expense, and productivity. 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 news release. In particular, the ultimate results of any restructuring initiative 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 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 impact of economic factors such as the worldwide economy, capital flows, interest rates, foreign currency risk, reduced sales and earnings in our international operations resulting from the weakening of local currencies versus the U.S. dollar, demand uncertainty, supply chain challenges and inflation; the vitality of the markets we serve; exposure to global economic, political and legal risks related to our international operations, including geopolitical instability, the impact of sanctions or other actions taken by the U.S. or other countries, and retaliatory measures taken by Russia in response, in connection with the conflict in Ukraine; difficulty in procuring raw materials or fluctuations in raw material costs; our ability to attract, retain and develop high

caliber management talent to lead our business and successfully execute organizational change and changing labor market dynamics; information technology infrastructure failures or breaches in data security; the effects and duration of the COVID-19 pandemic or other public health outbreaks, epidemics or pandemics; our ability to acquire complementary businesses and to effectively integrate such businesses, including Purolite; our ability to execute key business initiatives, including restructurings and our Enterprise Resource Planning system upgrades; our ability to successfully compete with respect to value, innovation and customer support; pressure on operations from consolidation of customers or vendors; restraints on pricing flexibility due to contractual obligations and our ability to meet our contractual commitments; the costs and effects of complying with laws and regulations, including those relating to the environment, climate change standards, and to the manufacture, storage, distribution, sale and use of our products, as well as to the conduct of our business generally, including labor and employment and anti-corruption; potential chemical spill or release; our commitments, goals, targets, objectives and initiatives related to sustainability; potential to incur significant tax liabilities or indemnification liabilities relating to the separation and split-off of our ChampionX business; the occurrence of litigation or claims, including class action lawsuits; the loss or insolvency of a major customer or distributor; repeated or prolonged government and/or business shutdowns or similar events; acts of war or terrorism; natural or man-made disasters; water shortages; severe weather conditions; changes in tax laws and unanticipated tax liabilities; potential loss of deferred tax assets; our indebtedness, and any failure to comply with covenants that apply to our indebtedness; potential losses arising from the impairment of goodwill or other assets; 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 news release 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
- organic sales, formerly known as acquisition adjusted fixed currency sales
- adjusted cost of sales
- adjusted gross profit
- adjusted gross margin

- fixed currency operating income
- adjusted operating income
- adjusted fixed currency operating income
- adjusted fixed currency operating income margin
- organic operating income, formerly known as acquisition adjusted fixed currency operating income
- organic operating income margin, formerly known as 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 financial measures for adjusted cost of sales, adjusted gross margin, adjusted gross profit and adjusted operating income exclude the impact of special (gains) and charges and our non-GAAP financial measures for adjusted tax rate, adjusted net income attributable to Ecolab and adjusted 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 and/or income 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 2023. We also provide our segment results based on public currency rates for informational purposes.

Our reportable segments do not include the impact of intangible asset amortization from the Nalco and Purolite transactions or the impact of special (gains) and charges as these are not allocated to the Company's reportable segments.

Our non-GAAP financial measures for organic sales, organic operating income and organic operating income

margin are at fixed currency and exclude the impact of special (gains) and charges, the results of our acquired businesses from the first twelve months post acquisition and the results of divested businesses from the twelve months prior to divestiture. In addition, as part of the separation, we also entered into a Master Cross Supply and Product Transfer agreement with ChampionX to provide, receive or transfer certain products for a period up to 36 months and for a small set of products with limited suppliers over the next few years. Sales of product to ChampionX under this agreement are recorded in product and equipment sales in the Corporate segment along with the related cost of sales. These transactions are removed from the consolidated results as part of the calculation of the impact of acquisitions and divestitures.

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 news release) 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 STATEMENTS OF INCOME  
(unaudited)

(millions, except per share)	First Quarter Ended March 31		%
	2023	2022	Change
Product and equipment sales	\$ 2,876.3	\$ 2,624.1	
Service and lease sales	695.3	642.6	
Net sales	3,571.6	3,266.7	9%
Product and equipment cost of sales	1,798.3	1,695.6	
Service and lease cost of sales	406.9	377.8	
Cost of sales <sup>(1)</sup>	2,205.2	2,073.4	6%
Selling, general and administrative expenses	990.3	914.7	8%

Special (gains) and charges <sup>(1)</sup>	24.5	24.1	
Operating income	351.6	254.5	38%
Other (income) expense	(13.1)	(18.8)	(30)%
Interest expense, net	74.2	53.0	40%
Income before income taxes	290.5	220.3	32%
Provision for income taxes	52.4	45.6	15%
Net income including noncontrolling interest	238.1	174.7	36%
Net income attributable to noncontrolling interest	4.7	2.8	
Net income attributable to Ecolab	\$ 233.4	\$ 171.9	36%
Earnings attributable to Ecolab per common share			
Basic	\$ 0.82	\$ 0.60	37%
Diluted	\$ 0.82	\$ 0.60	37%
Weighted-average common shares outstanding			
Basic	284.6	286.2	(1)%
Diluted	285.9	288.1	(1)%

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

(millions)	First Quarter Ended March 31	
	2023	2022
Cost of sales		
Restructuring activities	\$ 3.2	\$ 2.6
Acquisition and integration activities	-	27.6
COVID-19 activities, net	-	16.3
Russia/Ukraine activities	-	6.4
Subtotal <sup>(a)</sup>	3.2	52.9
Special (gains) and charges		
Restructuring activities	12.6	0.8
Acquisition and integration activities	5.0	7.5
COVID-19 activities, net	-	1.5
Russia/Ukraine activities	0.3	11.6
Other	6.6	2.7
Subtotal	24.5	24.1
Total special (gains) and charges	\$ 27.7	\$ 77.0

a) Special charges of \$0.8 million and \$52.0 million in the first quarter of 2023 and 2022, respectively, were recorded in product and equipment cost of sales. Special charges of \$2.4 million and \$0.9 million in the first quarter of 2023 and 2022, respectively, were recorded in service and lease cost of sales.

ECOLAB INC.  
REPORTABLE SEGMENT INFORMATION  
(unaudited)

(millions)	First Quarter Ended March 31					
	Fixed Currency Rates			Public Currency Rates		
	2023	2022	% Change	2023	2022	% Change
Net Sales						
Global Industrial	\$ 1,699.3	\$ 1,511.4	12 %	\$ 1,709.4	\$ 1,565.7	9%
Global Institutional & Specialty	1,126.6	991.3	14 %	1,128.8	1,009.4	12%
Global Healthcare & Life Sciences	378.6	348.2	9 %	379.7	362.8	5%
Other	329.3	286.8	15 %	330.0	294.0	12%
Corporate	23.6	34.6	(32) %	23.7	34.8	(32)%

Subtotal at fixed currency rates	3,557.4	3,172.3	12 %	3,571.6	3,266.7	9%
Currency impact	14.2	94.4	*	-	-	*
<b>Consolidated reported GAAP net sales</b>	<b>\$ 3,571.6</b>	<b>\$ 3,266.7</b>	<b>9 %</b>	<b>\$ 3,571.6</b>	<b>\$ 3,266.7</b>	<b>9%</b>
Operating Income (loss)						
Global Industrial	\$ 215.6	\$ 179.9	20 %	\$ 217.7	\$ 191.1	14%
Global Institutional & Specialty	125.7	108.6	16 %	125.9	110.9	14%
Global Healthcare & Life Sciences	35.0	41.9	(16) %	35.2	44.3	(21)%
Other	50.1	37.1	35 %	50.2	37.9	32%
Corporate	(77.4)	(129.0)	*	(77.4)	(129.7)	*
Subtotal at fixed currency rates	349.0	238.5	46 %	351.6	254.5	38%
Currency impact	2.6	16.0	*	-	-	*
<b>Consolidated reported GAAP operating income</b>	<b>\$ 351.6</b>	<b>\$ 254.5</b>	<b>38 %</b>	<b>\$ 351.6</b>	<b>\$ 254.5</b>	<b>38%</b>

\* 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 and Purolite transactions intangible assets. The Corporate segment also includes special (gains) and charges reported on the Consolidated Statement of Income.

ECOLAB INC.  
CONSOLIDATED BALANCE SHEETS  
(unaudited)

(millions)	March 31 2023	December 2022	March 31 2022
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 419.4	\$ 598.6	\$ 99.4
Accounts receivable, net	2,667.8	2,698.1	2,508.2
Inventories	1,727.3	1,792.8	1,589.9
Other current assets	458.3	404.7	407.0
<b>Total current assets</b>	<b>5,272.8</b>	<b>5,494.2</b>	<b>4,604.5</b>
Property, plant and equipment, net	3,312.7	3,293.4	3,285.7
Goodwill	8,062.2	8,012.7	8,081.0
Other intangible assets, net	3,616.8	3,680.7	4,138.3
Operating lease assets	430.6	448.2	385.8
Other assets	556.4	535.1	571.9
<b>Total assets</b>	<b>\$ 21,251.5</b>	<b>\$ 21,464.3</b>	<b>\$ 21,067.2</b>
<b>Liabilities and Equity</b>			
Current liabilities			
Short-term debt	\$ 1,118.1	\$ 505.1	\$ 493.1
Accounts payable	1,469.9	1,728.2	1,423.9
Compensation and benefits	450.2	493.6	469.6
Income taxes	171.6	197.6	108.6
Other current liabilities	1,279.8	1,285.9	1,136.1

Total current liabilities	4,489.6	4,210.4	3,631.3
Long-term debt	7,521.7	8,075.3	8,267.2
Pension and postretirement benefits	665.5	670.3	874.5
Deferred income taxes	496.1	505.6	619.2
Operating lease liabilities	323.4	337.8	275.2
Other liabilities	390.2	406.3	294.7
<u>Total liabilities</u>	<u>13,886.5</u>	<u>14,205.7</u>	<u>13,962.1</u>
Equity			
Common stock	365.0	364.7	364.5
Additional paid-in capital	6,626.5	6,580.2	6,501.5
Retained earnings	9,401.3	9,318.8	8,840.4
Accumulated other comprehensive loss	(1,737.2)	(1,726.6)	(1,563.6)
Treasury stock	(7,311.4)	(7,301.0)	(7,061.2)
<u>Total Ecolab shareholders' equity</u>	<u>7,344.2</u>	<u>7,236.1</u>	<u>7,081.6</u>
Noncontrolling interest	20.8	22.5	23.5
<u>Total equity</u>	<u>7,365.0</u>	<u>7,258.6</u>	<u>7,105.1</u>
<u>Total liabilities and equity</u>	<u>\$ 21,251.5</u>	<u>\$ 21,464.3</u>	<u>\$ 21,067.2</u>

ECOLAB INC.  
SUPPLEMENTAL NON-GAAP RECONCILIATIONS  
(unaudited)

(millions, except percent and per share)	First Quarter Ended March 31	
	2023	2022
Net sales		
Reported GAAP net sales	\$ 3,571.6	\$ 3,266.7
Effect of foreign currency translation	(14.2)	(94.4)
Non-GAAP fixed currency sales	3,557.4	3,172.3
Effect of acquisitions and divestitures	(23.6)	(34.6)
Non-GAAP organic sales	<u>\$ 3,533.8</u>	<u>\$ 3,137.7</u>
Cost of sales		
Reported GAAP cost of sales	\$ 2,205.2	\$ 2,073.4
Special (gains) and charges	3.2	52.9
Non-GAAP adjusted cost of sales	<u>\$ 2,202.0</u>	<u>\$ 2,020.5</u>
Gross profit		
Reported GAAP gross profit	\$ 1,366.4	\$ 1,193.3
Special (gains) and charges	3.2	52.9
Non-GAAP adjusted gross profit	<u>\$ 1,369.6</u>	<u>\$ 1,246.2</u>
Gross margin		
Reported GAAP gross margin	38.3%	36.5%
Non-GAAP adjusted gross margin	38.3%	38.1%
Operating income		
Reported GAAP operating income	\$ 351.6	\$ 254.5
Effect of foreign currency translation	(2.6)	(16.0)
Non-GAAP fixed currency operating income	349.0	238.5
Special (gains) and charges at fixed currency rates	27.6	77.0
Non-GAAP adjusted fixed currency operating income	376.6	315.5
Effect of acquisitions and divestitures	(0.5)	-
Non-GAAP organic operating income	<u>\$ 376.1</u>	<u>\$ 315.5</u>
Operating income margin		
Reported GAAP operating income margin	9.8%	7.8%
Non-GAAP adjusted fixed currency operating income margin	10.6%	9.9%
Non-GAAP organic operating income margin	10.6%	10.1%

ECOLAB INC.  
SUPPLEMENTAL NON-GAAP RECONCILIATIONS  
(unaudited)

(millions, except percent and per share)	First Quarter Ended March 31	
	2023	2022
<b>Net Income attributable to Ecolab</b>		
Reported GAAP net income attributable to Ecolab	\$ 233.4	\$ 171.9
Special (gains) and charges, after tax	21.1	63.6
Discrete tax net expense (benefit)	(4.0)	1.0
<b>Non-GAAP adjusted net income attributable to Ecolab</b>	<b>\$ 250.5</b>	<b>\$ 236.5</b>
<b>Diluted EPS attributable to Ecolab</b>		
Reported GAAP diluted EPS	\$ 0.82	\$ 0.60
Special (gains) and charges, after tax	0.07	0.22
Discrete tax net expense (benefit)	(0.01)	-
<b>Non-GAAP adjusted diluted EPS</b>	<b>\$ 0.88</b>	<b>\$ 0.82</b>
<b>Provision for Income Taxes</b>		
Reported GAAP tax rate	18.0%	20.7%
Special gains and charges	0.5	(0.9)
Discrete tax items	1.3	(0.3)
<b>Non-GAAP adjusted tax rate</b>	<b>19.8%</b>	<b>19.5%</b>

ECOLAB INC.  
SUPPLEMENTAL NON-GAAP RECONCILIATIONS  
(unaudited)

(millions)	First Quarter Ended March 31					
	2023			2022		
	Fixed Currency	Impact of Acquisitions and Divestitures	Organic	Fixed Currency	Impact of Acquisitions and Divestitures	Organic
<b>Net Sales</b>						
Global Industrial	\$ 1,699.3	\$ -	\$ 1,699.3	\$ 1,511.4	\$ -	\$ 1,511.4
Global Institutional & Specialty	1,126.6	-	1,126.6	991.3	-	991.3
Global Healthcare & Life Sciences	378.6	-	378.6	348.2	-	348.2
Other	329.3	-	329.3	286.8	-	286.8
Corporate	23.6	(23.6)	-	34.6	(34.6)	-
Subtotal at fixed currency rates	3,557.4	(23.6)	3,533.8	3,172.3	(34.6)	3,137.7
Currency impact	14.2			94.4		
<b>Consolidated reported GAAP net sales</b>	<b>\$ 3,571.6</b>			<b>\$ 3,266.7</b>		
<b>Operating Income (loss)</b>						
Global Industrial	\$ 215.6	\$ -	\$ 215.6	\$ 179.9	\$ -	\$ 179.9
Global Institutional & Specialty	125.7	-	125.7	108.6	-	108.6
Global Healthcare & Life Sciences	35.0	-	35.0	41.9	-	41.9
Other	50.1	-	50.1	37.1	-	37.1

Corporate	(49.8)	(0.5)	(50.3)	(52.0)	-	(52.0)
Subtotal at fixed currency rates	376.6	(0.5)	376.1	315.5	-	315.5
Special (gains) and charges at fixed currency rates	27.6			77.0		
Reported OI at fixed currency rates	349.0			238.5		
Currency impact	2.6			16.0		
Consolidated reported GAAP operating income	\$ 351.6			\$ 254.5		

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 2022	Second Quarter Ended June 30 2022	Six Months Ended June 30 2022	Third Quarter Ended Sept. 30 2022	Nine Months Ended Sept. 30 2022	Fourth Quarter Ended Dec. 31 2022	Year Ended Dec. 31 2022
Diluted earnings per share, as reported (U.S. GAAP)	\$ 0.60	\$ 1.08	\$ 1.67	\$ 1.21	\$ 2.88	\$ 0.93	\$ 3.81
Adjustments:							
Special (gains) and charges <sup>(1)</sup>	0.22	0.01	0.23	0.14	0.37	0.35	0.72
Discrete tax expense (benefits) <sup>(2)</sup>	0.00	0.01	0.02	(0.05)	(0.03)	(0.01)	(0.04)
Adjusted diluted earnings per share (Non-GAAP)	\$ 0.82	\$ 1.10	\$ 1.92	\$ 1.30	\$ 3.22	\$ 1.27	\$ 4.49

	First Quarter Ended Mar. 31 2023	Second Quarter Ended June 30 2023	Six Months Ended June 30 2023	Third Quarter Ended Sept. 30 2023	Nine Months Ended Sept. 30 2023	Fourth Quarter Ended Dec. 31 2023	Year Ended Dec. 31 2023
Diluted earnings per share, as reported (U.S. GAAP)	\$ 0.82						
Adjustments:							
Special (gains) and charges <sup>(3)</sup>	0.07						
Discrete tax expense (benefits) <sup>(4)</sup>	(0.01)						
Adjusted diluted earnings per share (Non-GAAP)	\$ 0.88	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

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

(1) Special (gains) and charges for 2022 includes charges of \$63.6 million, \$2.6 million, \$39.6 million and \$101.5 million, net of tax, in the first, second, third and fourth quarters, respectively. Charges were primarily related to acquisition and integration charges, reserves related to our operations in Russia, COVID-19 related inventory write downs and employee-related costs, restructuring charges, litigation and other charges and pension settlements.

(2) Discrete tax expenses (benefits) for 2022 includes \$1.0 million, \$3.7 million, (\$14.2) million and (\$2.3) million in the first, second, third and fourth

quarters, respectively. These expenses (benefits) are primarily associated with stock compensation excess tax benefits and other discrete tax benefits.

(3) Special (gains) and charges for 2023 includes charges of \$27.7 million, net of tax, in the first quarters. Charges were primarily related to restructuring charges, acquisition and integration charges and litigation and other charges.

(4) Discrete tax (benefits) for 2023 includes (\$4.0) million in the first quarter. These expenses (benefits) are primarily associated with stock compensation excess tax benefits and other discrete tax benefits.

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Source: Ecolab Inc.