



First Quarter 2016 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, statements regarding our future financial and business performance and prospects, including forecasted 2016 second quarter and full year business and financial results, sales growth, performance against the market, investments, innovation, cost efficiencies, unfavorable foreign currency, Venezuelan deconsolidation impact and merger and acquisition opportunities. 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. 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 worldwide economic factors such as the worldwide economy, credit markets, 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; exposure to economic, political and legal risks related to our international operations; the costs and effects of complying with laws and regulations relating to our operations; the occurrence of litigation or claims; 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 certain non-GAAP measures to GAAP results are available in our news release furnished as an exhibit to our current report on Form 8-K dated May 3, 2016 and other of our SEC filings.



Please see Ecolab's news release dated May 3, 2016 for additional information, including with respect to the use of certain non-GAAP financial measures, such as fixed currency sales, adjusted operating income, adjusted fixed currency operating income, adjusted net income and adjusted EPS.

1Q 2016 Overview

▲ Earnings: Adjusted EPS \$0.77, -4%

- Reported EPS \$0.77, flat versus last year
- Reported and adjusted include \$0.11 (14%) unfavorable currency

▲ Sales: Fixed currency flat

- Reported sales -6%; acquisition adjusted fixed currency sales -2%
- Global Institutional, Global Industrial and Other segments +4% acquisition adjusted fixed currency sales, offset by lower Global Energy sales
- Strong new business growth and new product introductions offset soft economies

▲ Operating Margin: Continued expansion

- Adjusted fixed currency operating margin +60 bp
- Good volume growth, pricing and lower delivered product costs in our Global Institutional, Global Industrial and Other segments was partially offset by a decline in Global Energy sales volume and pricing

▲ Outlook:

- 2Q: \$1.03 to \$1.11, including an \$0.08, or 7%, unfavorable impact from FX/Venezuelan deconsolidation
- 2016: \$4.35 to \$4.55, including a \$0.25 to \$0.30, or 6%, unfavorable impact from FX/Venezuelan deconsolidation



1Q 2016 Results

	<u>First Quarter Ended March 31</u>					
	(unaudited)					
	Reported			Adjusted*		
	First Quarter		%	First Quarter		%
(Millions, except per share)	<u>2016</u>	<u>2015</u>	<u>change</u>	<u>2016</u>	<u>2015</u>	<u>change</u>
Net Sales	\$3,097.4	\$ 3,297.6	-6%	\$3,097.4	\$ 3,297.6	-6%
Operating Income	371.5	387.7	-4%	377.8	396.1	-5%
Net Income Attributable to Ecolab	<u>230.8</u>	<u>233.4</u>	-1%	<u>230.4</u>	<u>241.3</u>	-5%
Diluted Net Income Per Share	\$0.77	\$0.77	0%	\$0.77	\$0.80	-4%
				Fixed Currency	%	
(Millions, except per share)				<u>2016</u>	<u>2015</u>	<u>change</u>
Net Sales				\$3,075.4	\$3,075.7	0%
Adjusted Operating Income*				373.6	354.0	6%

* Operating income is adjusted for special gains and charges. Net income and diluted net income per share are adjusted for special gains and charges and discrete tax items.

Please see Ecolab's news release dated May 3, 2016 for additional information, including with respect to the use of certain non-GAAP financial measures, such as fixed currency sales, adjusted operating income, adjusted fixed currency operating income, adjusted net income and adjusted EPS.

1Q 2016 Sales Growth Detail

<u>Global Industrial</u>	Fixed Rate % Change	Acq./Div. Adj. % Change	<u>Consolidated</u>	% Change
F&B	4%	4%	Volume & mix	-2%
Water	5%	2%	Pricing	0%
Paper	1%	1%	Subtotal	-2%
Textile Care	4%	4%	Acq./Div.	2%
Total Global Industrial	4%	2%	Fixed currency growth	0%
			Currency impact	-6%
			Total	-6%
<u>Global Institutional</u>				
Institutional	10%	5%		
Specialty	6%	6%		
Healthcare	1%	1%		
Total Global Institutional	8%	4%		
<u>Global Energy</u>	-15%	-15%		
<u>Other</u>				
Pest Elimination	9%	9%		
Equipment Care	10%	10%		
Total Other	9%	9%		

Amounts in the tables above may reflect rounding. Acq./Div. Adj. excludes Venezuela results. Please see Ecolab's news release dated May 3, 2016 for additional information, including with respect to the use of certain non-GAAP financial measures, such as fixed currency sales, adjusted operating income, adjusted fixed currency operating income, adjusted net income and adjusted EPS.

1Q 2016 Income Statement / Margins

(\$ millions)	2016	% sales	2015	% sales	% change	Comments
Gross Profit	\$1,466.0	47.3%	\$1,532.3	46.5%	-4%	The 80 bps margin improvement in 2016 was the result of lower delivered product costs, cost efficiencies and the impact of the decline in Global Energy (which on average has a lower gross profit margin).
SG&A	1,088.2	35.1%	1,136.8	34.5%	-4%	The unfavorable 60 bps change in 2016 reflects the impact of the decline in Global Energy (which on average has a lower SG&A ratio).
Operating Income (fixed FX)						
Global Industrial	128.7	11.9%	102.6	9.9%	25%	2016 acquisition adjusted fixed currency margins were 12.2% vs. 10.2% in 2015. The 200 bps improvement was due to volume gains, pricing, cost savings initiatives and lower delivered product costs.
Global Institutional	196.1	18.7%	166.3	17.1%	18%	2016 acquisition adjusted fixed currency margins were 19.6% vs. 17.0% in 2015. The 260 bps improvement reflected sales volume gains, pricing and lower delivered product costs which more than offset investments in the business.
Global Energy	60.4	7.9%	104.2	11.7%	-42%	2016 acquisition adjusted fixed currency margins were 7.5% vs. 11.8% in 2015. The 380 bps decrease reflected delivered product cost savings, synergies and cost reduction actions that were more than offset by the impact of sales volume declines and lower pricing.
Other	30.1	16.0%	23.1	13.4%	30%	The 260 bps improvement was due to pricing and sales volume gains.
Subtotal at fixed FX	415.3	13.5%	396.2	12.9%	5%	
Corporate						
Special Gains/(Ch.)	(6.3)		(8.4)			Primarily reflects restructuring and integration costs.
Corp. Expense	(41.7)		(42.2)			Includes Nalco intangible amortization of \$42 million in 2016 and 2015.
Total Corporate Exp.	(48.0)		(50.6)			
FX	4.2		42.1			
Consolidated Op. Inc.	\$371.5	12.0%	\$387.7	11.8%	-4%	2016 adjusted fixed currency margin was 12.1%, +60 bps vs. the 2015 adjusted margin of 11.5%. Good volume growth, pricing and lower delivered product costs in our Global Institutional, Global Industrial and Other segments was partially offset by a decline in Global Energy sales volume and pricing



Please see Ecolab's news release dated May 3, 2016 for additional information, including with respect to the use of certain non-GAAP financial measures, such as fixed currency sales, adjusted operating income, adjusted fixed currency operating income, adjusted net income and adjusted EPS.

1Q 2016 Balance Sheet / Cash Flow

Summary Balance Sheet

(\$ millions)	March 31			March 31	
	<u>2016</u>	<u>2015</u>		<u>2016</u>	<u>2015</u>
Cash and cash eq.	\$268.5	\$237.9	Short-term debt	\$1,756.6	\$1,797.2
Accounts receivable, net	2,248.8	2,546.9	Accounts payable	986.1	950.6
Inventories	1,386.1	1,503.0	Other current liabilities	1,416.8	1,372.9
Other current assets	291.5	634.0	Long-term debt	5,082.8	5,385.4
PP&E, net	3,227.0	3,115.1	Pension/Postretirement	1,112.4	1,140.8
Goodwill and intangibles	10,506.0	10,855.7	Other liabilities	1,335.0	1,645.5
Other assets	413.9	335.8	Total equity	6,652.1	6,936.0
Total assets	\$18,341.8	\$19,228.4	Total liab. and equity	\$18,341.8	\$19,228.4

Selected Cash Flow items

(\$ millions)	Three Months Ended	
	<u>2016</u>	<u>2015</u>
Cash from op. activities	\$472.5	\$112.5
Depreciation	139.6	142.1
Amortization	72.6	75.1
Capital expenditures	140.1	166.8

Selected Balance Sheet measures

	March 31	
	<u>2016</u>	<u>2015</u>
Total Debt/Total Capital	50.7%	50.9%
Net Debt/Total Capital	49.7%	50.0%
Net Debt/EBITDA*	2.7	2.4
Net Debt/Adjusted EBITDA*	2.3	2.4

* EBITDA and Adjusted EBITDA are non-GAAP measures. EBITDA is defined as the sum of operating income, depreciation and amortization. Adjusted EBITDA is defined as the sum of adjusted operating income, depreciation and amortization. The inputs to EBITDA reflect the trailing twelve months of activity for the period presented.

Please see Ecolab's news release dated May 3, 2016 for additional information, including with respect to the use of certain non-GAAP financial measures, such as fixed currency sales, adjusted operating income, adjusted fixed currency operating income, adjusted net income and adjusted EPS.

2016 Focus

- ▲ **Remain disciplined in a very challenging environment**
 - **Execute the Ecolab Model**
 - Drive growth through best product/best service to produce best results/lowest total use cost
 - Leverage corporate account new business investments and momentum
 - Expect continued mid-single digit growth in Global Institutional, Global Industrial and Other segments; Global Energy outperforms challenged industry
 - **Invest in the future**
 - Continued investments in critical areas
 - Product innovation and new field technology
 - Enterprise systems
- ▲ **Improve cost efficiency and effectiveness**
- ▲ **Focused M&A**
 - Technologies, products/services, geographic expansion, opportunities in distressed markets



Please see Ecolab's news release dated May 3, 2016 for additional information, including with respect to the use of certain non-GAAP financial measures, such as fixed currency sales, adjusted operating income, adjusted fixed currency operating income, adjusted net income and adjusted EPS.