

# Ecolab

Cleaner. Safer. Healthier.

Third Quarter  
2008  
Earnings  
Teleconference  
Supplemental  
Data



# Cautionary Statement

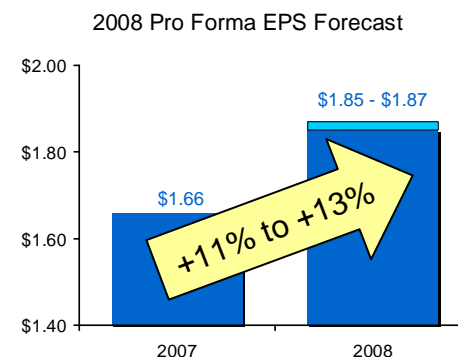
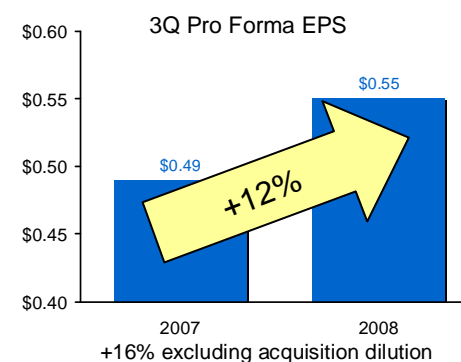
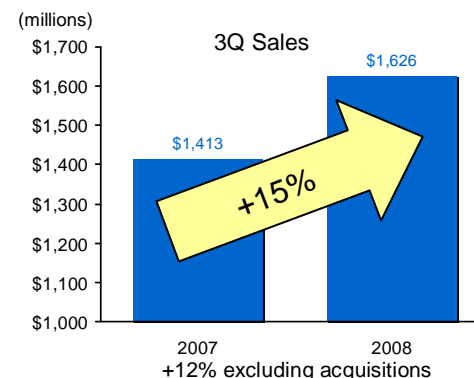
This presentation contains various “Forward-Looking Statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These statements, which represent Ecolab’s expectations or beliefs concerning various future events, are based on current expectations that involve a number of risks and uncertainties that could cause actual results to differ materially from those of such Forward-Looking Statements. Undue reliance should not be placed on Forward-Looking Statements, which speak only as of the date made. 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 include the vitality of the markets we serve; our ability to develop competitive advantages through innovation; restraints on pricing flexibility due to contractual obligations; pressure on operations from consolidation of customers, vendors or competitors; fluctuations in raw material costs; the impact of acquisitions, divestitures and investments to develop business systems or to optimize our business structure; the costs and effects of complying with laws and regulations relating to the environment and to the manufacture, storage, distribution, sale and use of our products; changes in regulations or accounting standards; the impact of economic factors such as the worldwide economy, interest rates and foreign currency exposure; the occurrence of litigation or claims, acts of war, terrorism, severe weather or public health epidemics; the loss or insolvency of a major customer, supplier or distributor; our ability to attract and retain high caliber management talent; and other uncertainties or risks reported from time to time in our reports to the Securities and Exchange Commission. Except as may be required under applicable law, we undertake no duty to update our Forward-Looking Statements.



Please see Ecolab’s news release dated Oct. 23, 2008 for additional information.

# 3Q Overview

- ▲ Strong sales and EPS despite very challenging market conditions and major increases in delivered product costs
- ▲ Driving new accounts, pricing, new products, cost savings
- ▲ Key investments for future growth continue to be made
- ▲ 2008 outlook remains strong
  - Diverse markets/geographies provide balance
  - Customers focused on cost savings – and our products/services deliver them
  - We have multiple programs to drive sales and profits
  - Full year pro forma EPS +11% to +13%



Please see Ecolab's news release dated Oct. 23, 2008 for additional information.

# 3Q Highlights

## ▲ Solid Organic Earnings Growth

- Organic growth more than offset higher delivered product costs, while FX and tax also benefited earnings. Strength helped fund Europe investments and offset acquisition investments.

## ▲ U.S.: Double-digit Kay and strong Institutional and Food & Beverage sales. Operating margins, adjusted for acquisitions, expanded.

- U.S. end markets: Full service restaurant and lodging markets softened; QSR, Food Retail, F&B processing, healthcare markets remain attractive.

## ▲ International: Latin America and Asia Pacific sales rose double-digits, Canada was strong, and Europe reported modest sales growth. Operating margins were off due to investments.

- Europe markets slowing, Latin America and Asia Pacific markets favorable

## ▲ Ecolab focus remains on sales growth, emphasizing products that provide customers with labor, energy, and water savings. In addition, we have undertaken productivity and efficiency improvements, aggressive cost savings and appropriate pricing.



# 3Q 2008 Income Statement

(millions, except per share)	Third Quarter Ended September 30		% change	<b>Sales Growth Components</b>	
	<b>2008</b>	2007			
Net sales	<b>\$ 1,626.3</b>	\$ 1,413.2	15%	<b>Consolidated</b>	
Cost of sales	<b>834.3</b>	690.1	21%	Volume & Mix	4%
SG&A	<b>578.5</b>	523.7	10%	Pricing	3%
Special (gains) and charges	<b>11.8</b>	27.8	-58%	Currency	5%
Operating income	<b>201.7</b>	171.6	18%	M&A	<u>3%</u>
Interest expense, net	<b>16.0</b>	12.8	25%	Total	15%
Pretax income	<b>185.7</b>	158.8	17%		
Provision for income taxes	<b>59.5</b>	44.8	33%		
Net income	<b>\$ 126.2</b>	<b>\$ 114.0</b>	11%		
Net income per share					
Basic	<b>\$ 0.51</b>	\$ 0.46	11%		
Diluted	<b>\$ 0.50</b>	\$ 0.46	9%		
Shares outstanding					
Basic	<b>247.5</b>	245.2	1%		
Diluted	<b>251.8</b>	249.7	1%		



Please see Ecolab's news release dated Oct. 23, 2008 for additional information.

# 3Q 2008 Sales Growth

## Divisions/Regions

<u>U.S. Cleaning &amp; Sanitizing</u>	<u>% Change</u>	<u>International Regions</u>	<u>% Change</u>
Institutional	6%	<u>Fixed exchange rates</u>	
Kay	21%	EMEA	2%
Textile Care	9%	EMEA ex-acq./div.	4%
HealthCare (includes Microtek)	262%	Asia Pacific	10%
HealthCare (excludes Microtek)	7%	Canada	8%
Food & Beverage (includes Ecovation)	14%	Latin America	15%
Food & Beverage (excludes Ecovation)	9%	Total International	6%
Vehicle Care	-8%	Total International ex-acq./div.	6%
Total U.S.C&S	15%		
Total U.S.C&S ex-acq.	8%		
		<u>International Regions</u>	<u>% Change</u>
<u>U.S. Other Services</u>	<u>% Change</u>	<u>Public exchange rates</u>	
Pest Elimination	8%	EMEA	14%
GCS	-3%	EMEA ex-acq./div.	16%
Total U.S.OS	5%	Asia Pacific	16%
		Canada	11%
		Latin America	24%
<u>Total U.S.</u>	<u>% Change</u>	Total International	17%
Total U.S.	13%	Total International ex-acq./div.	17%
Total U.S. ex-acq.	7%		



Please see Ecolab's news release dated Oct. 23, 2008 for additional information.

# 3Q 2008 Income Statement Margins

(millions)	<b>2008</b>	<b>% sales</b>	<b>2007</b>	<b>% sales</b>	<b>% increase</b>	<b>Comments</b>
Gross Margin	<b>\$792.0</b>	<b>48.7%</b>	\$ 723.1	51.2%	10%	Gross Margin ratio -250 bp: Pricing and costs savings actions did not offset acquisitions and delivered product costs
SG&A	<b>578.5</b>	<b>35.6%</b>	523.7	37.1%	10%	SG&A ratio -150bp: Sales leverage, cost controls and acquisitions impact exceeded investments in business efficiency, IT, R&D
<b>Operating Income</b>						
U.S. Cleaning & Sanitizing	<b>121.2</b>	<b>17.4%</b>	111.5	18.4%	9%	Volume, pricing, and improved cost efficiencies offset higher delivered product costs and investments; 2008 19.0% of sales w/o acq.
U.S. Other Services	<b>17.9</b>	<b>14.3%</b>	12.9	10.9%	38%	Pest gains and improved GCS drove growth
Total U.S.	<b>139.1</b>	<b>17.0%</b>	124.4	17.2%	12%	Adjusted for acquisitions, margins were 18.3% in 2008 vs. 17.2% in 2007
International	<b>78.5</b>	<b>10.2%</b>	86.2	12.0%	-9%	Sales increase offset by higher delivered product costs and investments
Corporate						
Special Gains/Ch.	<b>(11.8)</b>		(27.8)			Primarily one-time Europe office move costs
Corp. Expense	<b>(7.6)</b>		(6.4)			Europe systems and business structure costs
	<b>(19.4)</b>		(34.2)			
FX	<b>3.5</b>		(4.8)			
Consolidated Op. Inc.	<b>\$201.7</b>	<b>12.4%</b>	\$ 171.6	<b>12.1%</b>	<b>18%</b>	



Please see Ecolab's news release dated Oct. 23, 2008 for additional information.



# Earnings Forecast

- ▲ 4Q 2008 pro forma EPS growth 10% to 15%
- ▲ FY2008 pro forma EPS growth 11% to 13%

	<u>4Q 2008</u>	<u>FY2008</u>
Pro forma EPS	\$0.44-\$0.46	\$1.85-\$1.87
	<u>4Q 2007</u>	<u>FY2007</u>
Pro forma EPS	\$0.40	\$1.66

Pro forma EPS exclude special gains and charges and discrete tax items



Please see Ecolab's news release dated Oct. 23, 2008 for additional information.

# Summary

- ▲ **Solid 3Q performance**
  - **Steady gains across regions; Latin America continues strong**
  - **Solid organic growth offsets higher delivered product costs**
- ▲ **2008 outlook remains strong against tough market conditions**
- ▲ **Ecolab leveraging its diverse markets, strong positions, innovative products along with cost reductions and pricing while funding key investments for future growth**
- ▲ **4Q 2008 pro forma EPS forecast +10% to 15%**
- ▲ **Full year 2008 pro forma EPS forecast +11% to 13%**

