

ECOLAB INC  
Form 10-Q  
May 08, 2014

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended March 31, 2014**

**OR**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from                      to**

**Commission File No. 1-9328**

**ECOLAB INC.**

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(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**41-0231510**  
(I.R.S. Employer  
Identification No.)

**370 Wabasha Street N., St. Paul, Minnesota 55102**

(Address of principal executive offices) (Zip Code)

**1-800-232-6522**

(Registrant's telephone number, including area code)

**(Not Applicable)**

(Former name, former address and former fiscal year,  
if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulations S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐  
(Do not check if a smaller reporting company)

Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

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Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of March 31, 2014.

300,199,314 shares of common stock, par value \$1.00 per share.

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## PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

## ECOLAB INC.

## CONSOLIDATED STATEMENT OF INCOME

(millions, except per share amounts)	First Quarter Ended March 31		2013
	2014	(unaudited)	
Net sales	\$	3,336.6	\$ 2,872.1
Cost of sales (including special charges of \$6.0 in 2014 and \$2.0 in 2013)		1,819.2	1,539.7
Selling, general and administrative expenses		1,136.9	1,021.0
Special (gains) and charges		29.6	49.7
Operating income		350.9	261.7
Interest expense, net (including special charges of \$2.2 in 2013)		65.1	61.5
Income before income taxes		285.8	200.2
Provision for income taxes		91.3	39.2
Net income including noncontrolling interest		194.5	161.0
Less: Net income attributable to noncontrolling interest (including special charges of \$0.5 in 2013)		3.5	1.4
Net income attributable to Ecolab	\$	191.0	\$ 159.6
Earnings attributable to Ecolab per common share			
Basic	\$	0.64	\$ 0.54
Diluted	\$	0.62	\$ 0.53
Dividends declared per common share	\$	0.2750	\$ 0.2300
Weighted-average common shares outstanding			
Basic		300.6	295.4
Diluted		306.5	300.9

The accompanying notes are an integral part of the consolidated financial information.



ECOLAB INC.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)

(millions)	First Quarter Ended March 31	
	2014	2013
	(unaudited)	
Net income including noncontrolling interest	\$ 194.5	\$ 161.0
Other comprehensive income (loss), net of tax		
Foreign currency translation adjustments		
Foreign currency translation	(67.0)	(61.6)
Loss on net investment hedge	(3.7)	(2.2)
	(70.7)	(63.8)
Derivatives and hedging instruments		3.9
Pension and postretirement benefits		
Amortization of net actuarial loss and prior service cost included in net periodic pension and postretirement costs	2.6	10.4
Subtotal	(68.1)	(49.5)
Total comprehensive income, including noncontrolling interest	126.4	111.5
Less: Comprehensive income (loss) attributable to noncontrolling interest	3.5	(7.9)
Comprehensive income attributable to Ecolab	\$ 122.9	\$ 119.4

The accompanying notes are an integral part of the consolidated financial information.

ECOLAB INC.

CONSOLIDATED BALANCE SHEET

(millions)	March 31 2014	(unaudited)	December 31 2013
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 300.3	\$	339.2