

ECOLAB INC.
Form 10-Q
August 04, 2016

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 June 30, 2016

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	41-0231510
(State or other jurisdiction of incorporation or organization)	(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

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Non-accelerated filer

Smaller reporting company

(Do not check if a 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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of June 30, 2016.

291,595,269 shares of common stock, par value \$1.00 per share.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

CONSOLIDATED STATEMENT OF INCOME

(unaudited)

(millions, except per share amounts)	Second Quarter Ended June 30		Six Months Ended June 30	
	2016	2015	2016	2015
	\$	\$	\$	\$
Net sales	3,317.2	3,389.1	6,414.6	6,686.7
Operating expenses				
Cost of sales (including special charges (a))	1,785.2	1,806.5	3,416.6	3,571.8
Selling, general and administrative expenses	1,093.3	1,079.2	2,181.5	2,216.0
Special (gains) and charges	26.2	65.6	32.5	73.4
Operating income	412.5	437.8	784.0	825.5
Interest expense, net	65.3	61.2	131.4	123.7
Income before income taxes	347.2	376.6	652.6	701.8
Provision for income taxes	83.6	67.8	157.0	157.6
Net income including noncontrolling interest	263.6	308.8	495.6	544.2
Net income attributable to noncontrolling interest	5.2	6.8	6.4	8.8
	\$	\$	\$	\$
Net income attributable to Ecolab	258.4	302.0	489.2	535.4
Earnings attributable to Ecolab per common share				
	\$	\$	\$	\$
Basic	0.88	1.02	1.67	1.80
	\$	\$	\$	\$
Diluted	0.87	1.00	1.64	1.77
	\$	\$	\$	\$
Dividends declared per common share	0.350	0.330	0.700	0.660
Weighted-average common shares outstanding				
Basic	292.4	296.2	293.4	297.2
Diluted	296.5	301.1	297.5	302.2

(a) Cost of sales includes special charges of \$61.9 and \$11.0 in the second quarter of 2016 and 2015, respectively, and \$61.9 and \$11.6 in the first six months of 2016 and 2015, respectively.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)

(unaudited)

(millions)	Second Quarter Ended		Six Months Ended	
	June 30		June 30	
	2016	2015	2016	2015
	\$	\$	\$	\$
Net income including noncontrolling interest	263.6	308.8	495.6	544.2
Other comprehensive income (loss), net of tax				
Foreign currency translation adjustments				
Foreign currency translation	77.8	(35.4)	(18.5)	(344.8)
Gain (loss) on net investment hedges	(12.9)	21.8	(27.9)	78.8
	64.9	(13.6)	(46.4)	(266.0)