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 EXCHA**

For the quarterly period ended March 31, 2024

OR

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

For the transition period from to

Commission File No. 1-9328

ECOLAB INC.

(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.)

1 Ecolab Place, 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)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, $1.00 par value	**ECL**	**New York Stock Exchange**
2.625% Euro Notes due 2025	**ECL 25**	**New York Stock Exchange**

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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ◻

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

Large accelerated filer ☒	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company ☐
	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

The number of shares of each of the registrant’s classes of Common Stock outstanding as of March 31, 2024: 285,569,775 shares, par value $1.00 per share.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

CONSOLIDATED STATEMENTS OF INCOME
(unaudited)

(millions, except per share amounts)	First Quarter Ended March 31 2024	2023
Product and equipment sales	**$2,986.5**	$2,876.3
Service and lease sales	**765.4**	695.3
Net sales	**3,751.9**	3,571.6
Product and equipment cost of sales	**1,679.2**	1,798.3
Service and lease cost of sales	**448.9**	406.9
Cost of sales (including special charges (a))	**2,128.1**	2,205.2
Selling, general and administrative expenses	**1,077.7**	990.3
Special (gains) and charges	**28.2**	24.5
Operating income	**517.9**	351.6
Other (income) expense	**(12.6)**	(13.1)
Interest expense, net	**71.6**	74.2
Income before income taxes	**458.9**	290.5
Provision for income taxes	**42.3**	52.4
Net income including noncontrolling interest	**416.6**	238.1
Net income attributable to noncontrolling interest	**4.5**	4.7
Net income attributable to Ecolab	**$412.1**	$233.4
Earnings attributable to Ecolab per common share		
Basic	**$1.44**	$0.82
Diluted	**$1.43**	$0.82
Weighted-average common shares outstanding		
Basic	**285.7**	284.6
Diluted	**287.8**	285.9

(a) Cost of sales includes special (gains) and charges of $1.6 and $3.2 in the first quarter of 2024 and 2023, respectively, which is recorded in product and equipment cost of sales and service and lease cost of sales.

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited)

(millions)	First Quarter Ended March 31 2024	2023
Net income including noncontrolling interest	**$416.6**	$238.1
Other comprehensive income (loss), net of tax		
Foreign currency translation adjustments		
Foreign currency translation	**(46.6)**	11.1
Gain (loss) on net investment hedges	**8.9**	(16.7)
Total foreign currency translation adjustments	**(37.7)**	(5.6)
Derivatives and hedging instruments	**5.1**	(4.7)
Pension and postretirement benefits	**2.3**	0.2
Subtotal	**(30.3)**	(10.1)
Total comprehensive income, including noncontrolling interest	**386.3**	228.0
Comprehensive income attributable to noncontrolling interest	**5.0**	5.2
Comprehensive income attributable to Ecolab	**$381.3**	$222.8

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

CONSOLIDATED BALANCE SHEETS
(unaudited)

(millions, except per share amounts)	March 31 2024	December 31 2023
ASSETS		
Current assets		
Cash and cash equivalents	**$479.9**	$919.5
Accounts receivable, net	**2,786.6**	2,834.2
Inventories	**1,565.9**	1,497.2
Other current assets	**379.3**	393.2
Total current assets	**5,211.7**	5,644.1
Property, plant and equipment, net	**3,451.1**	3,474.6
Goodwill	**8,111.4**	8,148.2
Other intangible assets, net	**3,413.6**	3,493.5
Operating lease assets	**566.3**	553.5
Other assets	**544.4**	532.7
Total assets	**$21,298.5**	$21,846.6
LIABILITIES AND EQUITY		
Current liabilities		
Short-term debt	**$11.3**	$630.4
Accounts payable	**1,607.1**	1,566.3
Compensation and benefits	**527.0**	655.5
Income taxes	**201.6**	158.7
Other current liabilities	**1,354.1**	1,334.9
Total current liabilities	**3,701.1**	4,345.8
Long-term debt	**7,528.6**	7,551.4
Pension and postretirement benefits	**640.4**	651.7
Deferred income taxes	**352.0**	418.2
Operating lease liabilities	**434.0**	425.5
Other liabilities	**416.8**	381.8
Total liabilities	**13,072.9**	13,774.4
Commitments and contingencies (Note 16)		
Equity (a)		
Common stock	**366.8**	365.7
Additional paid-in capital	**6,917.6**	6,766.7
Retained earnings	**10,324.5**	10,075.4
Accumulated other comprehensive loss	**(1,881.2)**	(1,850.4)
Treasury stock	**(7,522.1)**	(7,312.7)
Total Ecolab shareholders' equity	**8,205.6**	8,044.7
Noncontrolling interest	**20.0**	27.5
Total equity	**8,225.6**	8,072.2
Total liabilities and equity	**$21,298.5**	$21,846.6

(a) Common stock, 800.0 shares authorized, $1.00 par value per share, 285.6 shares outstanding as of March 31, 2024 and 285.4 shares outstanding as of December 31, 2023. Shares outstanding are net of treasury stock.

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

(millions)	First Quarter Ended March 31 2024	2023
OPERATING ACTIVITIES		
Net income including noncontrolling interest	**$416.6**	$238.1
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation	**157.0**	158.7
Amortization	**77.8**	75.6
Deferred income taxes	**(74.4)**	(18.0)
Share-based compensation expense	**47.0**	31.4
Pension and postretirement plan contributions	**(15.3)**	(14.6)
Pension and postretirement plan (income) expense, net	**4.0**	2.6
Restructuring charges, net of cash paid	**0.2**	(27.3)
Other, net	**1.5**	2.3
Changes in operating assets and liabilities, net of effect of acquisitions:		
Accounts receivable	**49.0**	41.0
Inventories	**(65.5)**	70.6
Other assets	**21.3**	3.5
Accounts payable	**82.7**	(268.5)
Other liabilities	**(52.5)**	(97.2)
Cash provided by operating activities	**649.4**	198.2
INVESTING ACTIVITIES		
Capital expenditures	**(201.5)**	(173.7)
Property and other assets sold	**0.7**	4.8
Other, net	**(0.2)**	(20.5)
Cash used for investing activities	**(201.0)**	(189.4)
FINANCING ACTIVITIES		
Net issuances of commercial paper and notes payable	**7.2**	5.5
Long-term debt repayments	**(629.6)**	-
Reacquired shares	**(196.4)**	(10.6)
Dividends paid	**(175.2)**	(157.7)
Exercise of employee stock options	**105.5**	15.5
Hedge settlements	**-**	(18.4)
Other, net	**(0.8)**	(0.7)
Cash used for financing activities	**(889.3)**	(166.4)
Effect of exchange rate changes on cash and cash equivalents	**1.3**	(21.6)
Decrease in cash and cash equivalents	**(439.6)**	(179.2)
Cash and cash equivalents, beginning of period	**919.5**	598.6
Cash and cash equivalents, end of period	**$479.9**	$419.4

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

CONSOLIDATED STATEMENTS OF EQUITY

(unaudited)

(millions, except per share amounts)	Common Stock	Additional Paid-in Capital	Retained Earnings	AOCI (Loss)	Treasury Stock	Ecolab Shareholders' Equity	Non-Controlling Interest	Total Equity
	First Quarter Ended March 31, 2024 and 2023							
Balance, December 31, 2022	$364.7	$6,580.2	$9,318.8	($1,726.6)	($7,301.0)	$7,236.1	$22.5	$7,258.6
Net income			233.4			233.4	4.7	238.1
Other comprehensive income (loss)				(10.6)		(10.6)	0.5	(10.1)
Cash dividends declared (a)			(150.9)			(150.9)	(6.9)	(157.8)
Stock options and awards	0.3	46.3			0.2	46.8		46.8
Reacquired shares					(10.6)	(10.6)		(10.6)
Balance, March 31, 2023	$365.0	$6,626.5	$9,401.3	($1,737.2)	($7,311.4)	$7,344.2	$20.8	$7,365.0
Balance, December 31, 2023	$365.7	$6,766.7	$10,075.4	($1,850.4)	($7,312.7)	$8,044.7	$27.5	$8,072.2
Net income			**412.1**			**412.1**	**4.5**	**416.6**
Other comprehensive income (loss)				**(30.8)**		**(30.8)**	**0.5**	**(30.3)**
Cash dividends declared (a)			**(163.0)**			**(163.0)**	**(12.5)**	**(175.5)**
Stock options and awards	**1.1**	**150.9**			**0.6**	**152.6**		**152.6**
Reacquired shares					**(210.0)**	**(210.0)**		**(210.0)**
Balance, March 31, 2024	**$366.8**	**$6,917.6**	**$10,324.5**	**($1,881.2)**	**($7,522.1)**	**$8,205.6**	**$20.0**	**$8,225.6**

(a) Dividends declared per common share were $0.57 and $0.53 in the first quarter of 2024 and 2023, respectively.

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

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. CONSOLIDATED FINANCIAL INFORMATION

The unaudited consolidated financial information for the first quarter ended March 31, 2024 and 2023 reflects, in the opinion of management, all adjustments necessary for a fair statement of the financial position, results of operations, comprehensive income, equity and cash flows of Ecolab Inc. ("Ecolab" or "the Company") for the interim periods presented. Any adjustments consist of normal recurring items.

The financial results for any interim period are not necessarily indicative of results for the full year. The consolidated balance sheet data as of December 31, 2023 was derived from the audited consolidated financial statements but does not include all disclosures required by accounting principles generally accepted in the United States of America. The unaudited consolidated financial information should be read in conjunction with the consolidated financial statements and notes thereto incorporated in the Company's Annual Report on Form 10-K for the year ended December 31, 2023 filed with the Securities and Exchange Commission (“SEC”) on February 23, 2024.

With respect to the unaudited financial information of the Company for the first quarter ended March 31, 2024 and 2023 included in this Form 10-Q, PricewaterhouseCoopers LLP reported that they have applied limited procedures in accordance with professional standards for a review of such information. Their separate report dated May 2, 2024 appearing herein states that they did not audit and they do not express an opinion on that unaudited financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied. PricewaterhouseCoopers LLP is not subject to the liability provisions of Section 11 of the Securities Act of 1933, as amended (the "Act"), for their report on the unaudited financial information because that report is not a "report" or a "part" of a registration statement prepared or certified by PricewaterhouseCoopers LLP within the meaning of Sections 7 and 11 of the Act.

2. SPECIAL (GAINS) AND CHARGES

Special (gains) and charges reported on the Consolidated Statements of Income include the following:

	First Quarter Ended March 31	
(millions)	**2024**	2023
Cost of sales		
Restructuring activities	**$1.6**	$3.2
Cost of sales subtotal	**1.6**	3.2
Special (gains) and charges		
Restructuring activities	**18.1**	12.6
Acquisition and integration activities	**2.5**	5.0
Other	**7.6**	6.9
Special (gains) and charges subtotal	**28.2**	24.5
Total special (gains) and charges	**$29.8**	$27.7

For segment reporting purposes, special (gains) and charges are not allocated to reportable segments, which is consistent with the Company’s internal management reporting.

Restructuring activities

Restructuring activities are primarily related to the Combined Program which is described below. These activities have been included as a component of cost of sales and special (gains) and charges on the Consolidated Statements of Income. Restructuring liabilities have been classified as a component of other current and other noncurrent liabilities on the Consolidated Balance Sheets.

Combined Program

In November 2022 the Company approved a Europe cost savings program. In connection with these actions, the Company expected to incur pre-tax charges of $130 million ($110 million after tax). In February 2023, the Company expanded its previously announced Europe cost savings program to focus on its Institutional and Healthcare businesses in other regions. In connection with the expanded program (“Combined Program”), the Company expects to incur total pre-tax charges of $195 million ($150 million after tax). The Company expects that these restructuring charges will be substantially completed by the end of 2024. Program actions include headcount reductions from terminations, not filling certain open positions, and facility closures. The Combined Program charges are expected to be primarily cash expenditures related to severance and asset disposals.

In anticipation of this Combined Program, a limited number of actions were taken in the fourth quarter of 2022. As a result, the Company reclassified $19.3 million ($14.5 million after tax) from other restructuring to the Combined Program in the first quarter of 2023.

During the first quarter of 2024 and 2023, the Company recorded restructuring charges of $19.7 million ($15.8 million after tax) and $13.4 million ($10.2 million after tax), respectively, primarily related to severance and professional services. The Company has recorded $183.9 million ($152.7 million after tax) of cumulative charges under the Combined Plan. The net liability related to the Combined Program was $44.1 million and $43.1 million as of March 31, 2024 and December 31, 2023, respectively. The remaining liability is expected to be paid over a period of a few months to several quarters and will continue to be funded from operating activities.

Restructuring activity related to the Combined Program since inception of the underlying actions includes the following items:

(millions)	Employee Costs	Asset Disposals	Other	Total
2022-2023 Activity				
Recorded expense and accrual	$114.2	$14.0	$16.7	$144.9
Net cash payments	(90.4)	-	(16.7)	(107.1)
Non-cash charges	-	(14.0)	-	(14.0)
Reclassification	19.3	-	-	19.3
Net restructuring liability, December 31, 2023	43.1	-	-	43.1
2024 Activity				
Recorded expense and accrual	**2.3**	**0.4**	**17.0**	**19.7**
Net cash payments	**(15.9)**	**-**	**(2.4)**	**(18.3)**
Non-cash charges	**-**	**(0.4)**	**-**	**(0.4)**
Net restructuring liability, March 31, 2024	**$29.5**	**$-**	**$14.6**	**$44.1**

Acquisition and integration related costs

Acquisition and integration related costs reported in special (gains) and charges on the Consolidated Statements of Income include $2.5 million ($1.9 million after tax) and $5.0 million ($3.7 million after tax) during the first quarter of 2024 and 2023, respectively.

Further information related to the Company’s acquisitions is included in Note 3.

Other operating activities

Other special charges of $7.6 million ($5.4 million after tax) and $6.9 million ($5.4 million after tax) recorded in the first quarter of 2024 and 2023, respectively, which are recorded in special (gains) and charges on the Consolidated Statements of Income.

3. ACQUISITIONS

Acquisitions

The Company makes business acquisitions that align with its strategic business objectives. The assets and liabilities of acquired businesses are recorded in the Consolidated Balance Sheets based on estimates of the fair value of assets acquired, liabilities assumed and noncontrolling interests acquired as of the acquisition date. Goodwill is recognized in the amount that the purchase consideration paid exceeds the fair value of the net assets acquired. Purchase consideration includes both cash paid and the fair value of noncash consideration exchanged, including stock and/or contingent consideration, and is reduced by the amount of cash or cash equivalents acquired. No acquisitions occurred during the first quarter of 2024 or 2023.

4. BALANCE SHEETS INFORMATION

(millions)	**March 31 2024**	December 31 2023
Accounts receivable, net		
Accounts receivable	**$2,939.1**	$2,983.2
Allowance for expected credit losses and other accruals	**(152.5)**	(149.0)
Total	**$2,786.6**	$2,834.2
Inventories		
Finished goods	**$970.2**	$911.4
Raw materials and parts	**702.4**	704.7
Inventories at FIFO cost	**1,672.6**	1,616.1
FIFO cost to LIFO cost difference	**(106.7)**	(118.9)
Total	**$1,565.9**	$1,497.2
Other current assets		
Prepaid assets	**$153.5**	$143.9
Taxes receivable	**169.3**	186.9
Derivative assets	**7.2**	3.3
Other	**49.3**	59.1
Total	**$379.3**	$393.2
Property, plant and equipment, net		
Land	**$154.9**	$155.6
Buildings and leasehold improvements	**1,178.8**	1,171.0
Machinery and equipment	**2,146.7**	2,113.8
Merchandising and customer equipment	**2,817.7**	2,758.4
Capitalized software	**1,006.4**	985.9
Construction in progress	**454.1**	470.1
	7,758.6	7,654.8
Accumulated depreciation	**(4,307.5)**	(4,180.2)
Total	**$3,451.1**	$3,474.6
Other intangible assets, net		
Intangible assets not subject to amortization		
Trade names	**$1,230.0**	$1,230.0
Intangible assets subject to amortization		
Customer relationships	**3,374.8**	3,385.1
Patents	**505.2**	503.6
Trademarks	**404.4**	406.5
Other technologies	**551.0**	551.2
	4,835.4	4,846.4
Accumulated amortization		
Customer relationships	**(1,850.9)**	(1,805.0)
Patents	**(326.3)**	(319.4)
Trademarks	**(244.6)**	(238.0)
Other technologies	**(230.0)**	(220.5)
	(2,651.8)	(2,582.9)
Net intangible assets subject to amortization	**2,183.6**	2,263.5
Total	**$3,413.6**	$3,493.5
Other assets		
Deferred income taxes	**$122.0**	$119.3
Pension	**120.8**	118.4
Derivative asset	**26.5**	23.6
Other	**275.1**	271.4
Total	**$544.4**	$532.7

(millions)	March 31 2024	December 31 2023
Other current liabilities		
Discounts and rebates	**$442.1**	$438.8
Dividends payable	**163.0**	162.7
Interest payable	**64.6**	68.5
Taxes payable, other than income	**143.8**	153.2
Derivative liability	**1.2**	3.7
Restructuring	**48.8**	48.9
Contract liability	**118.0**	110.9
Operating lease liabilities	**130.1**	126.1
Other	**242.5**	222.1
Total	**$1,354.1**	$1,334.9
Accumulated other comprehensive income (loss)		
Unrealized gain (loss) on derivative financial instruments, net of tax	**$1.0**	($4.1)
Unrecognized pension and postretirement benefit expense, net of tax	**(532.4)**	(534.7)
Cumulative translation, net of tax	**(1,349.8)**	(1,311.6)
Total	**($1,881.2)**	($1,850.4)

5. DEBT AND INTEREST

Short-term Debt

The following table provides the components of the Company's short-term debt obligations as of March 31, 2024 and December 31, 2023.

(millions)	March 31 2024	December 31 2023
Short-term debt		
Notes payable	**$8.9**	$1.8
Long-term debt, current maturities	**2.4**	628.6
Total	**$11.3**	$630.4

Lines of Credit

As of March 31, 2024, the Company has a $2.0 billion multi-year revolving credit facility which expires in April 2026. The credit facility has been established with a diverse syndicate of banks and supports the Company's U.S. and Euro commercial paper programs. There were no borrowings under the Company's credit facility as of either March 31, 2024 or December 31, 2023.

Commercial Paper

The Company's commercial paper program is used as a potential source of liquidity and consists of a $2.0 billion U.S. commercial paper program and a $2.0 billion Euro commercial paper program. The maximum aggregate amount of commercial paper that may be issued by the Company under its commercial paper programs may not exceed $2.0 billion.

The Company had no outstanding commercial paper under its U.S. and Euro commercial paper programs as of March 31, 2024 or December 31, 2023.

Notes Payable

The Company's notes payable consists of uncommitted credit lines with major international banks and financial institutions, primarily to support global cash pooling structures. As of March 31, 2024 and December 31, 2023, the Company had $8.9 million and $1.8 million, respectively, outstanding under these credit lines.

Long-term Debt

The following table provides the components of the Company's long-term debt obligations, including current maturities, as of March 31, 2024 and December 31, 2023.

(millions)	Maturity by Year	March 31 2024	December 31 2023
Long-term debt			
Public notes (2024 principal amount)			
Seven year 2016 senior notes (€575 million)	2024	$-	$625.9
Ten year 2015 senior notes (€575 million)	2025	620.4	625.1
Ten year 2016 senior notes ($750 million)	2026	728.8	728.2
Ten year 2017 senior notes ($500 million)	2027	447.7	448.3
Six Year 2021 senior notes ($500 million)	2027	497.6	497.4
Five Year 2022 senior notes ($500 million)	2028	494.5	494.2
Ten year 2020 senior notes ($698 million)	2030	647.7	662.7
Ten year 2020 senior notes ($600 million)	2031	556.1	561.0
Eleven year 2021 senior notes ($650 million)	2032	645.3	645.2
Thirty year 2011 senior notes ($389 million)	2041	384.8	384.7
Thirty year 2016 senior notes ($200 million)	2046	197.4	197.4
Thirty year 2017 senior notes ($484 million)	2047	427.2	426.8
Thirty year 2020 senior notes ($500 million)	2050	491.2	491.1
Thirty year 2021 senior notes ($850 million)	2051	839.4	839.3
Thirty-four year 2021 senior notes ($685 million)	2055	539.7	539.2
Finance lease obligations and other		13.2	13.5
Total debt		7,531.0	8,180.0
Long-term debt, current maturities		(2.4)	(628.6)
Total long-term debt		$7,528.6	$7,551.4

Public Notes

The Company's public notes may be redeemed by the Company at its option at redemption prices that include accrued and unpaid interest and a make-whole premium. Upon the occurrence of a change of control accompanied by a downgrade of the public notes below investment grade rating, within a specified time period, the Company would be required to offer to repurchase the public notes at a price equal to 101% of the aggregate principal amount thereof, plus any accrued and unpaid interest to the date of repurchase. The public notes are senior unsecured and unsubordinated obligations of the Company and rank equally with all other senior and unsubordinated indebtedness of the Company.

Covenants

The Company is in compliance with all covenants under the Company's outstanding indebtedness as of March 31, 2024.

Net Interest Expense

Interest expense and interest income recognized during the first quarter of 2024 and 2023 were as follows:

	First Quarter Ended March 31	
(millions)	2024	2023
Interest expense	$94.5	$80.1
Interest income	(22.9)	(5.9)
Interest expense, net	$71.6	$74.2

Interest expense generally includes the expense associated with the interest on the Company's outstanding borrowings, including the impact of the Company's interest rate swap agreements. Interest expense also includes the amortization of debt issuance costs and debt discounts, which are both recognized over the term of the related debt.

6. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill

Goodwill arises from the Company's acquisitions and represents the excess of the fair value of the purchase consideration exchanged over the fair value of net assets acquired. The Company's reporting units are its eight operating segments. The Company assesses goodwill for impairment on an annual basis during the second quarter. If circumstances change or events occur that demonstrate it is more likely than not that the carrying amount of a reporting unit exceeds its fair value, the Company completes an interim goodwill assessment of that reporting unit prior to the next annual assessment. If the results of an annual or interim goodwill assessment demonstrate the carrying amount of a reporting unit is greater than its fair value, the Company will recognize an impairment loss for the amount by which the reporting unit's carrying amount exceeds its fair value, but not to exceed the carrying amount of goodwill assigned to that reporting unit. There has been no impairment of goodwill in any of the periods presented.

The changes in the carrying amount of goodwill for each of the Company's reportable segments during the first quarter ended March 31, 2024 were as follows:

(millions)	Global Industrial	Global Institutional & Specialty	Global Healthcare & Life Sciences	Global Pest Elimination	Other	Total
December 31, 2023	$4,140.6	$610.0	$3,158.4	$-	$239.2	$8,148.2
Segment changes (a)	102.9	-	-	136.3	(239.2)	-
December 31, 2023 recast	4,243.5	610.0	3,158.4	136.3	-	8,148.2
Effect of foreign currency translation	**(26.0)**	**(0.8)**	**(9.8)**	**(0.2)**	**-**	**(36.8)**
March 31, 2024	**$4,217.5**	**$609.2**	**$3,148.6**	**$136.1**	**$-**	**$8,111.4**

(a) Relates to reclassifications made to reportable segments in the current year. Effective January 1, 2024, the Company's former Textile Care and Colloidal Technologies Group ("CTG") operating segments are now part of the Water operating segment which continues to remain in the Global Industrial reportable segment. Additionally, the Pest Elimination operating segment, formerly aggregated with the Textile Care and CTG operating segments within Other, is now reported as the stand-alone Global Pest Elimination reportable segment. After these changes, the Company has eight operating segments aligned with eight reporting units. Refer to Note 15 for further information.

Other Intangible Assets

The Nalco trade name is the Company's only indefinite life intangible asset, which is tested for impairment on an annual basis during the second quarter. Based on the ongoing performance of the Company's reporting units associated with the Nalco trade name, an interim indefinite life intangible asset impairment assessment was not performed during the first quarter of 2024. There has been no impairment of the Nalco trade name intangible since it was acquired.

The Company's intangible assets subject to amortization include customer relationships, trademarks, patents and other technologies primarily acquired through business acquisitions. The fair value of intangible assets acquired in business acquisitions are estimated primarily using discounted cash flow valuation methods at the time of acquisition. Intangible assets are amortized on a straight-line basis over their estimated lives. Total amortization expense related to intangible assets during the first quarter of 2024 and 2023 was $77.8 million and $75.6 million, respectively. Amortization expense related to intangible assets for the remaining nine-month period of 2024 is expected to be approximately $224 million.

7. FAIR VALUE MEASUREMENTS

The Company’s financial instruments include cash and cash equivalents, accounts receivable, accounts payable, contingent consideration obligations, commercial paper, notes payable, foreign currency forward contracts, interest rate swap agreements, cross-currency swap derivative contracts and long-term debt.

Fair value is defined as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. A hierarchy has been established for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring the most observable inputs be used when available. The hierarchy is broken down into three levels:

Level 1 - Inputs are quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.
Level 2 - Inputs include observable inputs other than quoted prices in active markets.
Level 3 - Inputs are unobservable inputs for which there is little or no market data available.

The carrying amount and the estimated fair value for assets and liabilities measured on a recurring basis were:

	March 31, 2024			
(millions)	Carrying Amount	Fair Value Measurements Level 1	Level 2	Level 3
Assets				
Foreign currency forward contracts	**$21.6**	**$-**	**$21.6**	**$-**
Cross-currency swap derivative contracts	**33.1**	**-**	**33.1**	**-**
Liabilities				
Foreign currency forward contracts	**15.6**	**-**	**15.6**	**-**
Interest rate swap agreements	**167.6**	**-**	**167.6**	**-**
Cross-currency swap derivative contracts	**22.1**	**-**	**22.1**	**-**

	December 31, 2023			
(millions)	Carrying Amount	Fair Value Measurements Level 1	Level 2	Level 3
Assets				
Foreign currency forward contracts	$26.6	$-	$26.6	$-
Cross-currency swap derivative contracts	29.1	-	29.1	-
Liabilities				
Foreign currency forward contracts	27.0	-	27.0	-
Interest rate swap agreements	146.5	-	146.5	-
Cross-currency swap derivative contracts	24.9	-	24.9	-

The carrying value of foreign currency forward contracts is at fair value, which is determined based on foreign currency exchange rates as of the balance sheet date and classified within Level 2. The carrying value of interest rate swap agreements is at fair value, which is determined based on current forward interest rates as of the balance sheet date and are classified within Level 2. The cross-currency swap derivative contracts are used to partially hedge the Company’s net investments in foreign operations against adverse movements in exchange rates between the U.S. dollar and the Euro and the U.S. dollar and CNH (CNH is the Chinese Yuan traded in the offshore market). The carrying value of the cross-currency swap derivative contracts is at fair value, which is determined based on the income approach with the relevant interest rates and foreign currency current exchange rates and forward curves as inputs as of the balance sheet date and are classified within Level 2. For purposes of fair value disclosure above, derivative values are presented gross. Further discussion of gross versus net presentation of the Company's derivatives is within Note 8.

Contingent consideration obligations are recognized and measured at fair value at the acquisition date and thereafter until settlement or expiration. Contingent consideration is classified within Level 3 as the underlying fair value is determined using income-based valuation approaches appropriate for the terms and conditions of each respective contingent consideration. The consideration expected to be transferred is based on the Company's expectations of various financial measures. The ultimate payment of contingent consideration could deviate from current estimates based on the actual results of these financial measures. Contingent consideration was not material to the Company's consolidated financial statements.

The carrying values of accounts receivable, accounts payable, cash and cash equivalents, commercial paper and notes payable approximate fair value because of their short maturities and as such are classified within Level 1.

The fair value of long-term debt is based on quoted market prices for the same or similar debt instruments (classified as Level 2). The carrying amount, which includes adjustments related to the impact of interest rate swap agreements, premiums and discounts, and deferred debt issuance costs, and the estimated fair value of long-term debt, including current maturities, held by the Company were:

	March 31, 2024		December 31, 2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt, including current maturities	**$7,531.0**	**$6,765.9**	$8,180.0	$7,552.5

8. DERIVATIVES AND HEDGING TRANSACTIONS

The Company uses foreign currency forward contracts, interest rate swap agreements, cross-currency swap derivative contracts and foreign currency debt to manage risks associated with foreign currency exchange rates, interest rates and net investments in foreign operations. The Company does not hold derivative financial instruments of a speculative nature or for trading purposes. The Company records derivatives as assets and liabilities in the Consolidated Balance Sheets at fair value. Changes in fair value are recognized immediately in earnings unless the derivative qualifies and is designated as a hedge. Cash flows from derivatives are classified in the Consolidated Statements of Cash Flows in the same category as the cash flows from the items subject to designated hedge or undesignated (economic) hedge relationships. The Company evaluates hedge effectiveness at inception and on an ongoing basis. If a derivative is no longer expected to be effective, hedge accounting is discontinued.

The Company is exposed to credit risk in the event of nonperformance of counterparties for foreign currency forward exchange contracts and interest rate swap agreements. The Company monitors its exposure to credit risk by using credit approvals and credit limits and by selecting major global banks and financial institutions as counterparties. The Company does not anticipate nonperformance by any of these counterparties, and therefore, recording a valuation allowance against the Company's derivative balance is not considered necessary.

Derivative Positions Summary

Certain of the Company's derivative transactions are subject to master netting arrangements that allow the Company to net settle contracts with the same counterparties. These arrangements generally do not call for collateral and as of the applicable dates presented in the following table, no cash collateral had been received or pledged related to the underlying derivatives.

The respective net amounts are included in other current assets, other assets, other current liabilities and other liabilities on the Consolidated Balance Sheets.

The following table summarizes the gross fair value and the net value of the Company's outstanding derivatives:

	Derivative Assets		Derivative Liabilities	
(millions)	**March 31 2024**	December 31 2023	**March 31 2024**	December 31 2023
Derivatives designated as hedging instruments				
Foreign currency forward contracts	**$8.6**	$6.7	**$2.2**	$5.2
Interest rate swap agreements	**-**	-	**167.6**	146.5
Cross-currency swap derivative contracts	**33.1**	29.1	**22.1**	24.9
Derivatives not designated as hedging instruments				
Foreign currency forward contracts	**13.0**	19.9	**13.4**	21.8
Gross value of derivatives	**54.7**	55.7	**205.3**	198.4
Gross amounts offset in the Consolidated Balance Sheets	**(21.0)**	(28.8)	**(21.0)**	(28.8)
Net value of derivatives	**$33.7**	$26.9	**$184.3**	$169.6

The following table summarizes the notional values of the Company's outstanding derivatives:

	Notional Values	
(millions)	**March 31 2024**	December 31 2023
Foreign currency forward contracts	**$2,978**	$3,745
Interest rate swap agreements	**1,500**	1,500
Cross-currency swap derivative contracts	**976**	998

Cash Flow Hedges

The Company utilizes foreign currency forward contracts to hedge the effect of foreign currency exchange rate fluctuations on forecasted foreign currency transactions, including inventory purchases and intercompany royalty, intercompany loans, management fee and other payments. These forward contracts are designated as cash flow hedges. The changes in fair value of these contracts are recorded in accumulated other comprehensive income (loss) ("AOCI") until the hedged items affect earnings, at which time the gain or loss is reclassified into the same line item in the Consolidated Statements of Income as the underlying exposure being hedged. Cash flow hedged transactions impacting AOCI are forecasted to occur within the next year. For forward contracts designated as hedges of foreign currency exchange rate risk associated with forecasted foreign currency transactions, the Company excludes the changes in fair value attributable to time value from the assessment of hedge effectiveness. The initial value of the excluded component (i.e., the forward points) is amortized on a straight-line basis over the life of the hedging instrument and recognized in the same line item in the Consolidated Statements of Income as the underlying exposure being hedged for intercompany loans. For all other cash flow hedge types, the forward points are mark-to-market monthly and recognized in the same line item in the Consolidated Statements of Income as the underlying exposure being hedged. The difference between fair value changes of the excluded component and the amount amortized in the Consolidated Statements of Income is recorded in AOCI.

Fair Value Hedges

The Company manages interest expense using a mix of fixed and floating rate debt. To help manage exposure to interest rate movements and to reduce borrowing costs, the Company may enter into interest rate swaps under which the Company agrees to exchange, at specified intervals, the difference between fixed and floating interest amounts calculated by reference to an agreed upon notional principal amount. The mark-to-market of these fair value hedges is recorded as gains or losses in interest (income) expense and is offset by the gain or loss of the underlying debt instrument, which also is recorded in interest (income) expense. These fair value hedges are highly effective and thus, there is no impact on earnings due to hedge ineffectiveness.

In aggregate, the Company has entered into a series of interest rate swap agreements to convert $1.5 billion of its debt from a fixed interest rate to a floating interest rate. The fixed interest rates range from 1.3% to 4.8% and mature between 2026 and 2031. These interest rate swap agreements are designated as fair value hedges.

The following amounts were recorded in the Consolidated Balance Sheets related to cumulative basis adjustments for fair value hedges:

Line item in which the hedged item is included	Carrying amount of the hedged liabilities		Cumulative amount of the fair value hedging adjustment included in the carrying amount of the hedged liabilities	
	First Quarter Ended March 31		First Quarter Ended March 31	
(millions)	**2024**	2023	**2024**	2023
Long-term debt	**$1,333.6**	$1,348.9	**($168.7)**	($153.4)

Net Investment Hedges

The Company designates its outstanding €575 million ($621 million at the end of the first quarter of 2024) senior notes ("Euronotes") and related accrued interest as a hedge of its Euro denominated exposures from the Company's investments in certain of its Euro denominated functional currency subsidiaries.

The Company entered into a series of Euro cross-currency swap derivative contracts maturing in 2026 and 2030. These cross-currency swap derivative contracts are designated as net investment hedge of the Company's Euro denominated exposures from the Company's investments in certain of its Euro denominated functional currency subsidiaries. The cross-currency swap derivative contracts exchange fixed-rate payments in one currency for fixed-rate payments in another currency. As of March 31, 2024, the Company had €625 million ($674 million) cross-currency swap derivative contracts outstanding as a hedge of the Company's net investment in foreign operations. The changes in the spot rate of these instruments are recorded in AOCI in stockholders' equity, partially offsetting the foreign currency translation adjustment of the Company’s related net investment that is also recorded in AOCI. Any ineffective portions of net investment hedges are reclassified from AOCI into earnings during the period of change. The interest income or expense from these swaps are recorded in interest expense on the accompanying Consolidated Statements of Income consistent with the classification of interest expense attributable to the underlying debt.

During 2023, the Company entered into CNH cross-currency swap derivative contracts with a notional amount of CNH 1,094 million and CNH 1,098 million, respectively, both maturing in 2032. The cross-currency swap derivative contracts are designated as net investment hedges of its Chinese Yuan (“CNY”) denominated exposures from the Company’s investments in certain CNY denominated functional currency subsidiaries. The cross-currency swap derivative contracts exchange fixed-rate payments in USD for fixed-rate payments in CNH. As of March 31, 2024, the Company had in aggregate, CNH 2,192 million ($302 million) cross-currency swap derivative contracts outstanding as a hedge of the Company’s net investment in foreign operations. The changes in the spot rate of these instruments are recorded in AOCI in stockholders’ equity, partially offsetting the foreign currency translation adjustment of the Company’s related net investment that is also recorded in AOCI. The interest income or expense from these swaps is recorded in interest expense on the accompanying Consolidated Statements of Income consistent with the classification of interest expense attributable to the underlying debt.

The revaluation gains and losses on the Euronotes and cross-currency swap derivative contracts, which are designated and effective as hedges of the Company's net investments, have been included as a component of the cumulative translation adjustment account, and were as follows:

	First Quarter Ended March 31	
(millions)	**2024**	2023
Revaluation gain (loss), net of tax:		
Euronotes	**$2.5**	($15.1)
Cross-currency swap derivative contracts	**6.4**	(1.6)
Total revaluation gain (loss), net of tax	**$8.9**	($16.7)

Derivatives Not Designated as Hedging Instruments

The Company also uses foreign currency forward contracts to offset its exposure to the change in value of certain foreign currency denominated assets and liabilities held at foreign subsidiaries, primarily receivables and payables, which are remeasured at the end of each period. Although the contracts are effective economic hedges, they are not designated as accounting hedges. Therefore, changes in the value of these derivatives are recognized immediately in earnings, thereby offsetting the current earnings effect of the related foreign currency denominated assets and liabilities.

Effect of all Derivative Instruments on Income

The gain (loss) of all derivative instruments recognized in product and equipment cost of sales ("COS"), selling, general and administrative expenses ("SG&A") and interest expense, net ("interest") is summarized below:

	First Quarter Ended March 31					
	2024			2023		
(millions)	**COS**	**SG&A**	**Interest**	COS	SG&A	Interest
Gain (loss) on derivatives designated as hedging instruments:						
Foreign currency forward contracts						
Amount of gain (loss) reclassified from AOCI to income	**$-**	**$0.7**	**$-**	$5.3	($6.0)	$-
Amount excluded from the assessment of effectiveness recognized in earnings based on changes in fair value	**-**	**-**	**-**	-	-	2.0
Interest rate swap agreements						
Amount of (loss) gain reclassified from AOCI to income	**-**	**-**	**(0.5)**	-	-	(0.5)
Gain (loss) on derivatives not designated as hedging instruments:						
Foreign currency forward contracts						
Amount of gain (loss) recognized in income	**-**	**0.4**	**-**	-	(24.6)	-
Total gain (loss) of all derivative instruments	**$-**	**$1.1**	**($0.5)**	$5.3	($30.6)	$1.5

9. OTHER COMPREHENSIVE INCOME (LOSS) INFORMATION

Other comprehensive income (loss) includes net income, foreign currency translation adjustments, defined benefit pension and postretirement plan adjustments, gains and losses on derivative instruments designated and effective as cash flow hedges and non-derivative instruments designated and effective as foreign currency net investment hedges that are charged or credited to the accumulated other comprehensive loss account in shareholders' equity. Refer to Note 8 for additional information related to the Company's derivatives and hedging transactions. Refer to Note 13 for additional information related to the Company's pension and postretirement benefits activity.

The following tables provide other comprehensive income information related to the Company's derivatives and hedging instruments and pension and postretirement benefits:

	First Quarter Ended March 31	
(millions)	**2024**	2023
Derivative and Hedging Instruments		
Unrealized gain (loss) on derivative and hedging instruments		
Amount recognized in AOCI	**$6.6**	($5.1)
(Gain) loss reclassified from AOCI into income		
COS	**-**	(5.3)
SG&A	**(0.7)**	6.0
Interest (income) expense, net	**0.5**	(1.5)
	(0.2)	(0.8)
Other activity	**-**	0.1
Tax impact	**(1.3)**	1.1
Net of tax	**$5.1**	($4.7)
Pension and Postretirement Benefits		
Amount reclassified from AOCI into income		
Settlement charge	**$0.4**	$0.6
Amortization of losses and prior period service credits, net	**1.7**	1.6
	2.1	2.2
Other activity	**0.9**	(1.6)
Tax impact	**(0.7)**	(0.4)
Net of tax	**$2.3**	$0.2

The following table summarizes the derivative and pension and postretirement benefit amounts reclassified from AOCI into income:

	First Quarter Ended March 31	
(millions)	**2024**	2023
Derivative (gain) loss reclassified from AOCI into income, net of tax	**($0.1)**	($0.6)
Pension and postretirement benefits amortization of losses and prior period service credits, net and settlement charge, reclassified from AOCI into income, net of tax	**2.3**	0.2

10. SHAREHOLDERS' EQUITY

Share Repurchase Authorization

In February 2015 and November 2022, the Company's Board of Directors authorized the repurchase of up to 20,000,000 and 10,000,000, respectively, additional shares of its common stock, including shares to be repurchased under Rule 10b5–1. As of March 31, 2024, 12,083,711 shares remained to be repurchased under the Company's repurchase authorization. The Company intends to repurchase all shares under its authorization, for which no expiration date has been established, in open market or privately negotiated transactions, subject to market conditions.

Share Repurchases

During the first quarter of 2024, the Company reacquired 921,618 shares of its common stock, of which 833,386 related to share repurchases through open market and 88,232 related to shares withheld for taxes on the exercise of stock options and the vesting of stock awards and units.

During the first quarter of 2023, the Company reacquired 66,862 shares of its common stock related to shares withheld for taxes on the exercise of stock options and the vesting of stock awards and units.

11. EARNINGS ATTRIBUTABLE TO ECOLAB PER COMMON SHARE ("EPS")

The difference in the weighted average common shares outstanding for calculating basic and diluted EPS is a result of the dilution associated with the Company's equity compensation plans. As noted in the table below, certain stock options and units outstanding under these equity compensation plans were not included in the computation of diluted EPS because they would not have had a dilutive effect.

The computations of the basic and diluted EPS amounts were as follows:

	First Quarter Ended March 31	
(millions, except per share)	**2024**	2023
Net income attributable to Ecolab	**$412.1**	$233.4
Weighted-average common shares outstanding		
Basic	**285.7**	284.6
Effect of dilutive stock options and units	**2.1**	1.3
Diluted	**287.8**	285.9
Earnings attributable to Ecolab per common share		
Basic EPS	**$1.44**	$0.82
Diluted EPS	**$1.43**	$0.82
Anti-dilutive securities excluded from the computation of diluted EPS	**2.4**	4.6

Amounts do not necessarily sum due to rounding.

12. INCOME TAXES

The Company's tax rate was 9.2% and 18.0% for the first quarter of 2024 and 2023, respectively. The change in the Company's tax rate for the first quarter of 2024 compared to the first quarter of 2023 was driven primarily by the impact of discrete tax items and special (gains) and charges. Further information related to special (gains) and charges is included in Note 2.

The Company recognized net tax benefits related to discrete tax items of $48.2 million in the first quarter of 2024. This included a tax benefit of $41.9 million associated with transferring certain intangible property between affiliates and $8.6 million associated with share-based compensation excess tax benefits. The remaining net expense of $2.3 million is from other income tax adjustments including the impact of changes in tax laws, audit settlements, and other changes in estimates.

The Company recognized net tax benefits related to discrete tax items of $4.0 million in the first quarter of 2023 primarily due to changes in uncertain tax positions, prior year return adjustments, repricing of deferred tax balances, and other changes in estimates.

The Organization for Economic Co-operation's ("OECD") global minimum tax regime ("Pillar Two") became effective in certain countries where the Company operates starting in 2024. As such, an estimate of Pillar Two tax has been considered within the provision for income taxes. The Company continues to monitor these legislative developments, but based on information available does not anticipate material impacts to the 2024 financial statements.

13. PENSION AND POSTRETIREMENT PLANS

The Company has a non-contributory, qualified, defined benefit pension plan covering the majority of its U.S. employees. The Company also has non-contributory, non-qualified, defined benefit pension plans, which provide for benefits to employees in excess of limits permitted under its U.S. pension plans. Various international subsidiaries also have defined benefit pension plans. The Company also provides postretirement health care and life insurance benefits to certain U.S. employees and retirees.

The components of net periodic pension and postretirement health care benefit expense for the first quarter ended March 31 are as follows:

	U.S. Pensions		International Pensions		U.S. Postretirement Benefits	
(millions)	**2024**	2023	**2024**	2023	**2024**	2023
Service cost	**$11.6**	$10.2	**$4.9**	$5.4	**$0.1**	$0.1
Interest cost on benefit obligation	**21.8**	22.0	**12.4**	11.4	**1.3**	1.4
Expected return on plan assets	**(37.7)**	(36.3)	**(12.5)**	(13.8)	**-**	-
Recognition of net actuarial loss (gain)	**1.5**	-	**2.2**	3.5	**(0.8)**	(0.8)
Amortization of prior service benefit	**(1.1)**	(1.0)	**(0.1)**	(0.1)	**-**	-
Curtailments and settlements	**0.4**	0.7	**-**	-	**-**	(0.1)
Total expense (benefit)	**($3.5)**	($4.4)	**$6.9**	$6.4	**$0.6**	$0.6

Service cost is included as employee compensation cost in either cost of sales or selling, general and administrative expenses on the Consolidated Statements of Income based on employee roles, while non-service components are included in other (income) expense in the Consolidated Statements of Income.

As of March 31, 2024, the Company is in compliance with all funding requirements of each of its defined benefit plans.

During the first quarter of 2024, the Company made contributions of $2 million to its U.S. non-contributory non-qualified defined benefit plans and estimates it will contribute an additional $7 million to such plans during the remainder of 2024.

During the first quarter of 2024, the Company made contributions of $10 million to its international pension plans and estimates it will contribute an additional $35 million to such plans during the remainder of 2024.

During the first quarter of 2024, the Company made contributions of $3 million to its U.S. postretirement health care plans and estimates it will contribute an additional $9 million to such plans during the remainder of 2024.

14. REVENUES

Revenue Recognition

Product and Sold Equipment

Product revenue is generated from sales of cleaning, sanitizing, water treatment, process treatment and colloidal silica products. In addition, the Company sells equipment which may be used in combination with its specialized products. Revenue recognized from product and equipment sales is recognized at the point in time when the obligations in the contract with the customer are satisfied, which generally occurs with the transfer of the product or delivery of the equipment.

On June 3, 2020, the Company completed the separation of its Upstream Energy business ("ChampionX"). The Company entered into an agreement with ChampionX to provide, receive or transfer certain products for a transitionary period. Transitionary period sales of product to ChampionX under the agreement are recorded in product and equipment sales in the Corporate segment along with the related cost of sales, while purchases from ChampionX are recorded in inventory. The remaining sales to ChampionX are recorded in product and equipment sales in the Global Industrial segment along with the related cost of sales.

Service and Lease Equipment

Service and lease equipment revenue is generated from providing services or leasing equipment to customers. Service offerings include installing or repairing certain types of equipment, activities that supplement or replace headcount at the customer location, or fulfilling deliverables included in the contract. Global Industrial segment services are associated with water treatment and paper process applications. Global Institutional & Specialty segment services include cleaning and sanitizing programs and wash process solutions. Global Healthcare & Life Sciences segment services include pharmaceutical, personal care, infection and containment control solutions. Revenues included in Global Pest Elimination primarily relate to services designed to detect, eliminate and prevent pests. Service revenue is recognized over time utilizing an input method and aligns with when the services are provided. Typically, revenue is recognized over time using costs incurred to date because the effort provided by the field selling and service organization represents services provided, which corresponds with the transfer of control. Revenue recognized from leased equipment primarily relates to warewashing and water treatment equipment recognized on a straight-line basis over the length of the lease contract pursuant to Topic 842 Leases.

The Company's operating lease revenue was as follows:

	First Quarter Ended March 31	
(millions)	**2024**	2023
Operating lease revenue*	**$133.2**	$126.4

*Includes immaterial variable lease revenue

The following table shows principal activities, separated by reportable segments, from which the Company generates its revenue. The Corporate segment includes sales to ChampionX under the transitional supply agreement entered into as part of the ChampionX Separation. For more information about the Company's reportable segments, refer to Note 15.

Net sales at public exchange rates by reportable segment are as follows:

	First Quarter Ended March 31	
(millions)	**2024**	2023
Global Industrial		
Product and sold equipment	**$1,612.5**	$1,592.3
Service and lease equipment	**226.7**	216.8
Global Institutional & Specialty		
Product and sold equipment	**1,021.4**	920.8
Service and lease equipment	**245.3**	208.0
Global Healthcare & Life Sciences		
Product and sold equipment	**352.6**	352.6
Service and lease equipment	**27.3**	27.1
Global Pest Elimination		
Product and sold equipment	**-**	-
Service and lease equipment	**266.1**	243.4

Corporate		
Product and sold equipment	**-**	10.6
Service and lease equipment	**-**	-
Total		
Total product and sold equipment	**$2,986.5**	$2,876.3
Total service and lease equipment	**$765.4**	$695.3

Net sales at public exchange rates by geographic region for the first quarter ended March 31 are as follows:

	Global Industrial		Global Institutional & Specialty		Global Healthcare & Life Sciences		Global Pest Elimination		Corpora	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	20
United States	**$793.8**	$793.0	**$883.2**	$786.0	**$149.8**	$162.5	**$181.7**	$165.9	**$-**	$
Europe	**374.6**	377.4	**160.5**	146.5	**184.5**	174.4	**43.2**	38.7	**-**	
Asia Pacific	**230.7**	228.4	**59.3**	56.8	**23.4**	19.6	**7.6**	6.9	**-**	
Latin America	**189.6**	158.2	**49.9**	41.3	**5.5**	5.7	**14.5**	13.6	**-**	
Greater China	**97.7**	96.9	**44.7**	35.6	**9.4**	10.8	**14.7**	14.0	**-**	
India, Middle East and Africa	**99.2**	104.4	**15.5**	14.7	**5.4**	5.3	**1.7**	1.9	**-**	
Canada	**53.6**	50.8	**53.6**	47.9	**1.9**	1.4	**2.7**	2.4	**-**	
Total	**$1,839.2**	$1,809.1	**$1,266.7**	$1,128.8	**$379.9**	$379.7	**$266.1**	$243.4	**$-**	$1

Net sales by geographic region were determined based on origin of sale. The United States made up 54% of total revenues during both the first quarter ended March 31, 2024 and 2023.

Accounts Receivable and Allowance for Expected Credit Losses

Accounts receivable are carried at the invoiced amounts, less an allowance for expected credit losses, and generally do not bear interest. The Company’s allowance for expected credit losses estimates the amount of expected future credit losses by analyzing accounts receivable balances by age and applying historical write-off and collection experience. The Company’s estimates separately consider macroeconomic trends, specific circumstances and credit conditions of customer receivables. Account balances are written off against the allowance when it is determined the receivable will not be recovered.

The Company’s allowance for expected return of products shipped and credits related to pricing or quantities shipped was $73.5 million and $71.7 million as of March 31, 2024 and December 31, 2023, respectively. Returns and credit activity is recorded directly as a reduction to revenue.

The following table summarizes the activity in the allowance for expected credit losses:

	First Quarter Ended March 31	
(millions)	**2024**	2023
Beginning balance	**$77.3**	$71.9
Bad debt expense	**13.2**	14.7
Write-offs	**(10.6)**	(7.9)
Other (a)	**(0.9)**	(1.3)
Ending balance	**$79.0**	$77.4

(a) Other amounts are primarily the effects of changes in currency translations.

Contract Liability

Payments received from customers are based on invoices or billing schedules as established in contracts with customers. Accounts receivable are recorded when the right to consideration becomes unconditional. The contract liability relates to billings in advance of performance (primarily service obligations) under the contract. Contract liabilities are recognized as revenue when the performance obligation has been performed, which primarily occurs during the subsequent quarter.

The following table summarizes the contract liability activity:

First Quarter Ended March 31

(millions)	**2024**	2023
Contract liability as of beginning of the year	**$110.9**	$116.5
Revenue recognized in the period from:		
Amounts included in the contract liability at the beginning of the year	**(110.9)**	(116.5)
Increases due to billings excluding amounts recognized as revenue during the period ended	**118.0**	107.5
Contract liability as of end of period	**$118.0**	$107.5

15. OPERATING SEGMENTS

The Company's organizational structure consists of global business unit and global regional leadership teams. The Company's eight operating segments follow its commercial and product-based activities and are based on engagement in business activities, availability of discrete financial information and review of operating results by the Chief Operating Decision Maker at the identified operating segment level.

The Company's operating segments that share similar economic characteristics and future prospects, nature of the products and production processes, end-use markets, channels of distribution and regulatory environment have been aggregated into four reportable segments: Global Industrial, Global Institutional & Specialty, Global Healthcare & Life Sciences and Global Pest Elimination.

Comparability of Reportable Segments

Effective January 1, 2024, the Company's former Textile Care and Colloidal Technologies Group ("CTG") operating segments are now part of the Water operating segment which continues to remain in the Global Industrial reportable segment. Additionally, the Pest Elimination operating segment, formerly aggregated with the Textile Care and CTG operating segments within Other, is now reported as the stand-alone Global Pest Elimination reportable segment. The Company made other immaterial changes, including the movement of certain customers and cost allocations between reportable segments. These changes are presented in "Other" columns of the table below. Prior period amounts have been recast to conform with current period presentation.

The Company evaluates the performance of its non-U.S. dollar functional currency international operations based on fixed currency exchange rates, which eliminates the impact of exchange rate fluctuations on its international operations. Fixed currency amounts are updated annually at the beginning of each year based on translation into U.S. dollars at foreign currency exchange rates established by management, with all periods presented using such rates. The "Fixed Currency Rate Change" column shown in the following table reflects international operations at fixed currency exchange rates established by management at the beginning of 2024, rather than the 2023 established rates. The difference between the fixed currency exchange rates and the actual currency exchange rates is reported within the "Effect of foreign currency translation" row in the following table.

The impact of the preceding changes on previously reported full year 2023 reportable segment net sales and operating income is summarized as follows:

	December 31, 2023			
(millions)	2023 Reported Valued at 2023 Management Rates	Other	Fixed Currency Rate Change	2023 Reported Valued at 2024 Management Rates
Net Sales				
Global Industrial	$7,193.1	$407.3	$40.1	$7,640.5
Global Institutional & Specialty	4,994.0	-	20.6	5,014.6
Global Healthcare & Life Sciences	1,576.9	-	30.6	1,607.5
Global Pest Elimination	-	1,061.5	8.7	1,070.2
Other	1,442.3	(1,442.3)	-	-
Corporate	69.1	(26.5)	0.1	42.7
Subtotal at fixed currency rates	15,275.4	-	100.1	15,375.5
Effect of foreign currency translation	44.8		(100.1)	(55.3)
Consolidated reported GAAP net sales	$15,320.2	$-	$-	$15,320.2
Operating Income				
Global Industrial	$1,080.7	$39.0	$2.3	$1,122.0
Global Institutional & Specialty	823.0	14.9	3.9	841.8
Global Healthcare & Life Sciences	160.0	(6.7)	7.5	160.8
Global Pest Elimination	-	209.0	1.4	210.4
Other	255.0	(255.0)	-	-
Corporate	(331.7)	(1.2)	0.1	(332.8)
	1,987.0	-	15.2	2,002.2

Subtotal at fixed currency rates				
Effect of foreign currency translation	5.3	-	(15.2)	(9.9)
Consolidated reported GAAP operating income	$1,992.3	$-	$-	$1,992.3

Reportable Segment Information

Financial information for the Company's reportable segments, is as follows:

	First Quarter Ended March 31	
(millions)	**2024**	2023
Net Sales		
Global Industrial	**$1,841.7**	$1,808.2
Global Institutional & Specialty	**1,270.3**	1,131.2
Global Healthcare & Life Sciences	**382.9**	386.1
Global Pest Elimination	**266.8**	244.6
Corporate	**-**	10.7
Subtotal at fixed currency rates	**3,761.7**	3,580.8
Effect of foreign currency translation	**(9.8)**	(9.2)
Consolidated reported GAAP net sales	**$3,751.9**	$3,571.6
Operating Income		
Global Industrial	**$265.0**	$219.8
Global Institutional & Specialty	**248.0**	130.1
Global Healthcare & Life Sciences	**37.0**	35.4
Global Pest Elimination	**48.8**	44.5
Corporate	**(79.8)**	(77.4)
Subtotal at fixed currency rates	**519.0**	352.4
Effect of foreign currency translation	**(1.1)**	(0.8)
Consolidated reported GAAP operating income	**$517.9**	$351.6

The profitability of the Company's operating segments is evaluated by management based on operating income.

Consistent with the Company's internal management reporting, Corporate amounts in the table above include sales to ChampionX in accordance with the transitional supply agreement entered into with the Transaction, as discussed in Note 14. Corporate also includes intangible asset amortization specifically from the Nalco and Purolite acquisitions and special (gains) and charges, as discussed in Note 2, that are not allocated to the Company's reportable segments.

16. COMMITMENTS AND CONTINGENCIES

The Company is subject to various claims and contingencies related to, among other things, workers' compensation, general liability (including product liability), automobile claims, health care claims, environmental matters and lawsuits. The Company is also subject to various claims and contingencies related to income taxes. The Company also has contractual obligations including lease commitments.

The Company records liabilities when a contingent loss is probable and can be reasonably estimated. If the reasonable estimate of a probable loss is a range, the Company records the most probable estimate of the loss or the minimum amount when no amount within the range is a better estimate than any other amount. The Company discloses a contingent liability even if the liability is not probable or the amount is not estimable, or both, if there is a reasonable possibility that a material loss may have been incurred.

Insurance

Globally, the Company has insurance policies with varying deductible levels for property and casualty losses. The Company is insured for losses in excess of these deductibles, subject to policy terms and conditions and has recorded both a liability and an offsetting receivable for amounts in excess of these deductibles. The Company is self-insured for health care claims for eligible participating employees, subject to certain deductibles and limitations. The Company determines its liabilities for claims on an actuarial basis.

Litigation and Environmental Matters

The Company and certain subsidiaries are party to various lawsuits, claims and environmental actions that have arisen in the ordinary course of business. These include from time to time antitrust, employment, commercial, patent infringement, tort, product liability and wage hour lawsuits, as well as possible obligations to investigate and mitigate the effects on the environment of the disposal or release of certain chemical substances at various sites, such as Superfund sites and other operating or closed facilities. The Company has established accruals for certain lawsuits, claims and environmental matters. The Company currently believes that there is not a reasonably possible risk of material loss in excess of the amounts accrued related to these legal matters. Because litigation is inherently uncertain, and unfavorable rulings or developments could occur, there can be no certainty that the Company may not ultimately incur charges in excess of recorded liabilities. A future adverse ruling, settlement or unfavorable development could result in future charges that could have a material adverse effect on the Company’s results of operations or cash flows in the period in which they are recorded.

The Company currently believes that such future charges related to suits and legal claims, if any, would not have a material adverse effect on the Company’s consolidated financial position.

TPC Group Litigation

On November 27, 2019, a Butadiene production plant owned and operated by TPC Group, Inc. in Port Neches, Texas, experienced an explosion and fire that resulted in personal injuries, the release of chemical fumes and extensive property damage to the plant and surrounding areas in and near Port Neches, Texas.

Nalco Company LLC, a subsidiary of Ecolab, supplied process chemicals to TPC used in TPC's production processes. Nalco did not operate, manage, maintain or control any aspect of TPC's plant operations.

In connection with its provision of process chemicals to TPC, Nalco was named in numerous lawsuits stemming from the plant explosion. Nalco has been named a defendant, along with TPC and other defendants, in multi-district litigation ("MDL") proceedings pending in Orange County, Texas, alleging among other things claims for personal injury, property damage and business losses (In re TPC Group Litigation – A2020-0236-MDL, Orange County, Texas). Numerous other lawsuits were filed against Nalco, including TPC Group v. Nalco, E0208239, Jefferson County, Texas, a subrogation claim by TPC's insurers seeking reimbursement for property damage losses. Over 5,000 plaintiffs (including the subrogation matter) asserted claims against Nalco. All claims have been consolidated for pretrial purposes into the MDL.

All of these cases make similar allegations and seek damages for personal injury, property damage, business losses and other damages, including exemplary damages. Due to the large number of plaintiffs, the early stage of the litigation and the fact that many of the claims do not specify an amount of damages, any estimate of any loss or range of losses cannot be made at this time.

On June 1, 2022, TPC and seven of its affiliated companies filed for bankruptcy under Chapter 11 (Case No. 22-10493-CTG, United States Bankruptcy Court for the District of Delaware). In connection with the bankruptcy cases, TPC disclosed an estimated range of its liability related to the Port Neches incident to individuals and homeowners (including subrogation claims) of approximately $152 million to $520 million. As part of their bankruptcy plan, TPC and its affiliates announced a settlement which allows the MDL plaintiffs a $500 million claim solely for purposes of claim allowance in the chapter 11 case and distribution of value pursuant to TPC's bankruptcy plan. Other key terms of the settlement between TPC and the MDL plaintiffs include the establishment of a settlement trust for the benefit of certain general unsecured creditors, which is funded with $30 million and the assignment of TPC's claims and causes of action, if any, against certain third parties, including Nalco, related to the TPC plant explosion. As part of the bankruptcy process, TPC and its debtor affiliates received a discharge of all MDL related claims, as did certain non-debtor affiliates to the extent third parties did not opt out of the non-debtor releases. As a result, TPC is no longer a defendant in the MDL. Nalco opted out of these releases, preserving any direct causes of action it may have against non-debtors. Furthermore, the allowance of the $500 million claim should have no effect on any claims or defenses asserted against or by Nalco in the MDL litigation. On December 1, 2022, the bankruptcy court confirmed the TPC bankruptcy plan, including the approval of the settlement and establishment of the aforementioned settlement trust. On December 16, 2022, the TPC bankruptcy plan went effective. As a result of the bankruptcy, the MDL was stayed. The stay was lifted in the fourth quarter of 2023 and various activities advancing discovery have resumed.

The Company believes the claims asserted against Nalco in the lawsuits stemming from the TPC plant explosion are without merit and intends to defend the claims vigorously. The Company also believes any potential loss should be covered by insurance subject to deductibles. However, the Company cannot predict the outcome of these lawsuits, the involvement the Company might have in these matters in the future or the potential for future litigation.

Environmental Matters

The Company is currently participating in environmental assessments and remediation at approximately 25 locations, the majority of which are in the U.S., and environmental liabilities have been accrued reflecting management's best estimate of future costs. Potential insurance reimbursements are not anticipated in the Company's accruals for environmental liabilities.

17. NEW ACCOUNTING PRONOUNCEMENTS

Standards That Are Not Yet Adopted:

Standard	Date of Issuance	Description	Date of Adoption	Effect on the Financial Statements
ASU 2023-09 Income taxes (Topic 740): Improvements to Income Tax Disclosures	December 2023	The amendments in this Update require that public business entities on an annual basis (1) disclose specific categories in the rate reconciliation and (2) provide additional information for reconciling items that meet a quantitative threshold.	January 1, 2025	The Company is currently evaluating the impact of adoption and additional disclosure requirements.
ASU 2023-07 - Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures	November 2023	The amendments in this ASU are to improve the disclosures about reportable segments and add more detailed information about a reportable segment's expenses. The amendments in the ASU require public entities to disclose on an annual and interim basis significant segment expenses that are regularly provided to the chief operating decision maker ("CODM") and included within each reported measure of segment profit or loss, other segment items by reportable segment, the title and position of the CODM, and an explanation of how the CODM uses the reported measures of segment profit or loss in assessing segment performance and deciding how to allocate resources. The ASU does not change the definition of a segment, the method for determining segments, the criteria for aggregating operating segments into reportable segments, or the current specifically enumerated segment expenses that are required to be disclosed.	Effective for annual periods beginning after December 15, 2023	Entities are required to apply the disclosure amendments on a retrospective basis to all periods presented. The Company is currently evaluating the impact of adoption.

No other new accounting pronouncements issued or effective have had or are expected to have a material impact on the Company's consolidated financial statements.

18. Subsequent Events

On April 27, 2024, the Company reached a definitive agreement to sell its global surgical solutions business for total consideration of $950 million in cash, subject to certain working capital and other purchase price adjustments. The sale is expected to close in the second half of 2024, subject to regulatory clearances and other customary closing conditions. The Company expects to record an associated pre-tax gain within special (gains) and charges in the Consolidated Statements of Income.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Ecolab Inc.

Results of Review of Interim Financial Statements

We have reviewed the accompanying consolidated balance sheet of Ecolab Inc. and its subsidiaries (the "Company") as of March, 31, 2024, and the related consolidated statements of income, comprehensive income, equity and cash flows for the three-month periods ended March 31, 2024 and 2023, including the related notes (collectively referred to as the "interim financial statements"). Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of the Company as of December 31, 2023, and the related consolidated statements of income, comprehensive income, equity and cash flows for the year then ended (not presented herein), and in our report dated February 23, 2024, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet information as of December 31, 2023, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Basis for Review Results

These interim financial statements are the responsibility of the Company's management. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We conducted our review in accordance with the standards of the PCAOB. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the PCAOB, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

/s/ PricewaterhouseCoopers LLP

Minneapolis, Minnesota

May 2, 2024

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following management discussion and analysis ("MD&A") provides information we believe is useful in understanding our operating results, cash flows and financial condition. We provide quantitative or qualitative information about the material sales drivers including the impact of changes in volume and pricing and the effect of acquisitions and changes in foreign currency at the corporate and reportable segment level. We also provide quantitative information regarding special (gains) and charges, discrete tax items and other significant factors we believe are useful for understanding our results. Such quantitative drivers are supported by comments meant to be qualitative in nature. Qualitative factors are generally ordered based on estimated significance.

The MD&A should be read in conjunction with both the unaudited consolidated financial information and related notes included in this Form 10-Q, and Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2023. This discussion contains various Non-GAAP Financial Measures and also contains various Forward-Looking Statements within the meaning of the Private Securities Litigation Reform Act of 1995. We refer readers to the statements entitled "Non-GAAP Financial Measures" and "Forward-Looking Statements" located at the end of Part I of this report.

Comparability of Results

Impact of Acquisitions and Divestitures

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. As part of the separation of ChampionX in 2020, we entered into an agreement with ChampionX to provide, receive or transfer certain products for a transitionary period. Transitionary period 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. The remaining sales to ChampionX are recorded in product and equipment sales in the Global Industrial 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.

Comparability of Reportable Segments

Effective January 1, 2024, the former Textile Care and Colloidal Technologies Group ("CTG") operating segments are now part of the Water operating segment which continues to remain in the Global Industrial reportable segment. Additionally, the Pest Elimination operating segment, formerly aggregated with the Textile Care and CTG operating segments within Other, is now reported as the stand-alone Global Pest Elimination reportable segment. We made other immaterial changes, including the movement of certain customers and cost allocations between reportable segments. After these changes, we have eight operating segments.

Fixed Currency Foreign Exchange Rates

Management evaluates the sales and operating income performance of our non-U.S. dollar functional currency international operations based on fixed currency exchange rates, which eliminate the impact of exchange rate fluctuations on our international operations. Fixed currency amounts are updated annually at the beginning of each year based on translation into U.S. dollars at foreign currency exchange rates established by management, with all periods presented using such rates. Public currency rate data provided within the "Segment Performance" section of this MD&A reflect amounts translated at actual public average rates of exchange prevailing during the corresponding period and is provided for informational purposes only.

OVERVIEW OF THE FIRST QUARTER ENDED MARCH 31, 2024

Sales Performance

When comparing first quarter 2024 against first quarter 2023, sales performance was as follows:

- Reported net sales increased 5% to $3,751.9 million and organic sales increased 5%.
- Organic sales for our Global Industrial segment increased 1% to $1,815.6 million, as growth in Food & Beverage and Water more than offset the expected short-term decline in Paper sales.
- Organic sales for our Global Institutional & Specialty segment increased 11% to $1,252.3 million with double-digit growth in both the Institutional and Specialty operating segments.
- Organic sales for our Global Healthcare & Life Sciences segment decreased 1% to $382.9 million as lower Healthcare sales were offset by growth in Life Sciences.
- Organic sales for Global Pest Elimination increased 9% to $266.8 million.

Financial Performance

When comparing first quarter 2024 against first quarter 2023, our financial performance was as follows:

- Reported operating income increased 47% to $517.9 million. Organic operating income increased 44%.
- Net income attributable to Ecolab increased 77% to $412.1 million. Excluding the impact of special (gains) and charges and discrete tax items from both 2024 and 2023 reported results, our adjusted net income attributable to Ecolab increased 54%.
- Reported diluted EPS increased 74% to $1.43. Excluding the impact of special (gains) and charges and discrete tax items from both 2024 and 2023 reported results, adjusted diluted EPS increased 52% to $1.34 in the first quarter of 2024.
- Our reported tax rate was 9.2% during the first quarter of 2024, compared to 18.0% during the first quarter of 2023. Excluding the tax rate impact of special (gains) and charges and discrete tax items from both 2024 and 2023 results, our adjusted tax rate was 19.9% during the first quarter of 2024, compared to 19.8% during the first quarter of 2023.

RESULTS OF OPERATIONS

Net Sales

	First Quarter Ended March 31		
(millions)	**2024**	2023	**Change**
Product and equipment sales	**$2,986.5**	$2,876.3	
Service and lease sales	**765.4**	695.3	
Reported GAAP net sales	**$3,751.9**	$3,571.6	**5 %**
Effect of foreign currency translation	**9.8**	9.2	
Non-GAAP fixed currency sales	**$3,761.7**	$3,580.8	**5 %**
Effect of acquisitions and divestitures	**(44.1)**	(24.0)	
Non-GAAP organic sales	**$3,717.6**	$3,556.8	**5 %**

Product and sold equipment revenue is generated from providing cleaning, sanitizing and water treatment products or selling equipment used in combination with specialized products. Service and lease equipment revenue is generated from providing services or leasing equipment to customers. All of our sales are subject to the same economic conditions.

The percentage components of the period-over-period 2024 sales change are shown below:

	First Quarter Ended March 31
(percent)	**2024**
Volume	**2 %**
Pricing	**3**
Organic sales change	**5**
Acquisitions and divestitures	**1**
Fixed currency sales change	**5**
Foreign currency translation	**-**
Reported GAAP net sales change	**5 %**

Amounts do not necessarily sum due to rounding.

Cost of Sales ("COS") and Gross Profit Margin

(millions/percent)	First Quarter Ended March 31			
	2024		2023	
	COS	Gross Margin	COS	Gross Margin
Product and equipment cost of sales	**$1,679.2**		$1,798.3	
Service and lease cost of sales	**448.9**		406.9	
Reported GAAP COS and gross margin	**$2,128.1**	**43.3 %**	$2,205.2	38.3 %
Special (gains) and charges	**1.6**		3.2	
Non-GAAP adjusted COS and gross margin	**$2,126.5**	**43.3 %**	$2,202.0	38.3 %

Our COS and corresponding gross profit margin (“gross margin”) are shown in the table above. Gross margin is defined as net sales less cost of sales divided by net sales.

Our reported gross margin was 43.3% and 38.3% for the first quarter of 2024 and 2023, respectively. Special (gains) and charges included in items impacting cost of sales are shown within the "Special (Gains) and Charges" table below.

Excluding the impact of special (gains) and charges within COS, first quarter 2024 and 2023 adjusted gross margin was 43.3% and 38.3%, respectively.

Our adjusted gross margin increased when comparing the first quarter of 2024 against the first quarter of 2023 reflecting lower delivered product costs and strong pricing.

Selling, General and Administrative Expense

Selling, general and administrative ("SG&A") expenses as a percentage of sales were 28.7% for the first quarter of 2024 compared to 27.7% for the first quarter of 2023. The SG&A ratio to sales in the first quarter of 2024 increased as sales productivity was offset by growth-oriented investments in the business.

Special (Gains) and Charges

Special (gains) and charges reported on the Consolidated Statements of Income include the following items:

	First Quarter Ended March 31	
(millions)	**2024**	2023
Cost of sales		
Restructuring activities	**$1.6**	$3.2
Cost of sales subtotal	**1.6**	3.2
Special (gains) and charges		
Restructuring activities	**18.1**	12.6
Acquisition and integration activities	**2.5**	5.0
Other	**7.6**	6.9
Special (gains) and charges subtotal	**28.2**	24.5
Total special (gains) and charges	**$29.8**	$27.7

For segment reporting purposes, special (gains) and charges are not allocated to reportable segments, which is consistent with our internal management reporting.

Restructuring activities

Restructuring activities are primarily related to the Combined Program which is described below. These activities have been included as a component of cost of sales and special (gains) and charges on the Consolidated Statements of Income. Restructuring liabilities have been classified as a component of other current and other noncurrent liabilities on the Consolidated Balance Sheets.

Further details related to our restructuring charges are included in Note 2.

Combined Program

In November 2022, we approved a Europe cost savings program. In February 2023, we expanded our previously announced Europe cost savings program to focus on its Institutional and Healthcare businesses in other regions. In connection with the expanded program ("Combined Program"), we expect to incur total pre-tax charges of $195 million ($150 million after tax) or $0.52 per diluted share. We expect that these restructuring charges will be substantially completed by the end of 2024. Program actions include headcount reductions from terminations, not filling certain open positions, and facility closures. The Combined Program charges are expected to be primarily cash expenditures related to severance and asset disposals.

In anticipation of this Combined Program, a limited number of actions were taken in the fourth quarter of 2022. As a result, we reclassified $19.3 million ($14.5 million after tax) or $0.05 per diluted share from other restructuring to the Combined Program in the first quarter of 2023.

During the first quarter of 2024 and 2023, we recorded total Combined Program restructuring charges of $19.7 million ($15.8 million after tax) or $0.05 per diluted share, and $13.4 million ($10.2 million after tax) or $0.04 per diluted share, respectively, primarily related to severance. The net liability related to the Combined Program was $44.1 million and $43.1 million as of March 31, 2024 and December 31, 2023, respectively. The remaining liability is expected to be paid over a period of a few months to several quarters and will continue to be funded from operating activities.

The Combined Program has delivered $137 million of cumulative cost savings with estimated annualized cost savings of $175 million in continuing operations by 2024.

Acquisition and integration related costs

Acquisition and integration related costs reported in special (gains) and charges on the Consolidated Statements of Income include $2.5 million ($1.9 million after tax) or $0.01 per diluted share and $5.0 million ($3.7 million after tax) or $0.01 per diluted share in the first quarter of 2024 and 2023, respectively.

Other operating activities

Other special charges recorded in special (gains) and charges on the Consolidated Statements of Income in the first quarter of 2024 and 2023 were $7.6 million ($5.4 million after tax) or $0.02 per diluted share and $6.9 million ($5.4 million after tax) or $0.02 per diluted share, respectively.

Operating Income and Operating Income Margin

	First Quarter Ended March 31		
(millions)	**2024**	2023	**Change**
Reported GAAP operating income	**$517.9**	$351.6	**47 %**
Special (gains) and charges	**29.8**	27.7	
Non-GAAP adjusted operating income	**547.7**	379.3	**44 %**
Effect of foreign currency translation	**1.2**	0.8	
Non-GAAP adjusted fixed currency operating income	**548.9**	380.1	**44 %**
Effect of acquisitions and divestitures	**(0.9)**	(0.5)	
Non-GAAP organic operating income	**$548.0**	$379.6	**44 %**

	First Quarter Ended March 31	
(percent)	**2024**	2023
Reported GAAP operating income margin	**13.8 %**	9.8 %
Non-GAAP adjusted operating income margin	**14.6 %**	10.6 %
Non-GAAP adjusted fixed currency operating income margin	**14.6 %**	10.6 %
Non-GAAP organic operating income margin	**14.7 %**	10.7 %

Our operating income and corresponding operating income margin are shown in the previous tables. Operating income margin is defined as operating income divided by net sales.

Our reported operating income increased 47% in the first quarter of 2024 versus the comparable period of 2023. Our reported operating income for 2024 and 2023 was impacted by special (gains) and charges; excluding the impact of special (gains) and charges from 2024 and 2023 reported results, our adjusted operating income increased 44% in the first quarter of 2024.

As shown in the previous table, foreign currency had a zero percentage point impact on adjusted operating income growth for the first quarter of 2024. Foreign currency had a 5 percentage point impact on adjusted operating income growth for the first quarter of 2023.

Other (Income) Expense

	First Quarter Ended March 31		
(millions)	**2024**	2023	**Change**
Reported GAAP other (income) expense	**($12.6)**	($13.1)	**(4)%**

Reported other (income) expense decreased to ($12.6) million from ($13.1) million in the first quarter of 2024 compared to the first quarter of 2023, respectively, driven by higher pension costs.

Interest Expense, Net

	First Quarter Ended March 31		
(millions)	**2024**	2023	**Change**
Reported GAAP interest expense, net	**$71.6**	$74.2	**(4)%**

Reported net interest expense was $71.6 million and $74.2 million in the first quarter of 2024 and 2023, respectively. The decrease in interest expense reflected the favorable impact from lower outstanding debt and higher interest income earned on cash balances partially offset by higher interest rates on floating rate debt.

Provision for Income Taxes

The following table provides a summary of our tax rate:

(percent)	First Quarter Ended March 31 2024	2023
Reported GAAP tax rate	**9.2 %**	18.0 %
Tax rate impact of:		
Special (gains) and charges	**0.8**	0.5
Discrete tax items	**9.9**	1.3
Non-GAAP adjusted tax rate	**19.9 %**	19.8 %

Our reported tax rate was 9.2% and 18.0% for the first quarter of 2024 and 2023, respectively. The change in our tax rate for the first quarter of 2024 versus the comparable period of 2023 was driven primarily by discrete tax items and special (gains) and charges. The change in our tax rate includes the tax impact of special (gains) and charges and discrete tax items, which have impacted the comparability of our historical reported tax rates, as amounts included in our special (gains) and charges are derived from tax jurisdictions with rates that vary from our tax rate, and discrete tax items are not necessarily consistent across periods. The tax impact of special (gains) and charges and discrete tax items will likely continue to impact comparability of our reported tax rate in the future.

We recognized net tax benefits related to discrete tax items of $48.2 million in the first quarter of 2024. This included a tax benefit of $41.9 million associated with transferring certain intangible property between affiliates and $8.6 million associated with share-based compensation excess tax benefits. The remaining net expense of $2.3 million is from other income tax adjustments including the impact of changes in tax laws, audit settlements, and other changes in estimates.

We recognized net tax benefits related to discrete tax items of $4.0 million in the first quarter of 2023 primarily due to changes in uncertain tax positions, prior year return adjustments, repricing of deferred tax balances, and other changes in estimates.

The Organization for Economic Co-operation’s (“OECD”) global minimum tax regime (“Pillar Two”) became effective in certain countries where we operate starting in 2024. As such, an estimate of Pillar Two tax has been considered within the provision for income taxes. We continue to monitor these legislative developments, but based on information available we do not anticipate material impacts to the 2024 financial statements.

Net Income Attributable to Ecolab

(millions)	First Quarter Ended March 31 2024	2023	Change
Reported GAAP net income attributable to Ecolab	**$412.1**	$233.4	**77 %**
Adjustments:			
Special (gains) and charges, after tax	**23.1**	21.1	
Discrete tax net expense	**(48.2)**	(4.0)	
Non-GAAP adjusted net income attributable to Ecolab	**$387.0**	$250.5	**54 %**

Diluted EPS

(dollars)	First Quarter Ended March 31 2024	2023	Change
Reported GAAP diluted EPS	**$1.43**	$0.82	**74 %**
Adjustments:			
Special (gains) and charges, after tax	**0.08**	0.07	
Discrete tax net expense	**(0.17)**	(0.01)	
Non-GAAP adjusted diluted EPS	**$1.34**	$0.88	**52 %**

Per share amounts in the above tables do not necessary sum due to rounding.

Currency translation had an unfavorable impact of approximately ($0.01) per share on diluted EPS for the first quarter of 2024 when compared to the comparable period of 2023.

SEGMENT PERFORMANCE

The non-U.S. dollar functional international amounts included within our reportable segments are based on translation into U.S. dollars at the fixed currency exchange rates used by management for 2024. The difference between the fixed currency exchange rates and the actual currency exchange rates is reported as “effect of foreign currency translation” in the following tables. All other accounting policies of the reportable segments are consistent with U.S. GAAP and the accounting policies described in Note 2 of our Annual Report on Form 10-K for the year ended December 31, 2023. Additional information about our reportable segments is included in Note 15.

Fixed currency net sales and operating income for the first quarter of 2024 for our reportable segments are shown in the following tables:

Net Sales	First Quarter Ended March 31		
(millions)	**2024**	2023	**Change**
Global Industrial	**$1,841.7**	$1,808.2	**2 %**
Global Institutional & Specialty	**1,270.3**	1,131.2	**12**
Global Healthcare & Life Sciences	**382.9**	386.1	**(1)**
Global Pest Elimination	**266.8**	244.6	**9**
Corporate	**-**	10.7	**(100)**
Subtotal at fixed currency	**3,761.7**	3,580.8	**5**
Effect of foreign currency translation	**(9.8)**	(9.2)	
Consolidated reported GAAP net sales	**$3,751.9**	$3,571.6	**5 %**

Operating Income	First Quarter Ended March 31		
(millions)	**2024**	2023	**Change**
Global Industrial	**$265.0**	$219.8	**21 %**
Global Institutional & Specialty	**248.0**	130.1	**91**
Global Healthcare & Life Sciences	**37.0**	35.4	**5**
Global Pest Elimination	**48.8**	44.5	**10**
Corporate	**(79.8)**	(77.4)	**3**
Subtotal at fixed currency	**519.0**	352.4	**47**
Effect of foreign currency translation	**(1.1)**	(0.8)	
Consolidated reported GAAP operating income	**$517.9**	$351.6	**47 %**

The following tables reconcile the impact of acquisitions and divestitures within our reportable segments:

Net Sales	First Quarter Ended March 31					
	2024			2023		
(millions)	Fixed Currency	Impact of Acquisitions and Divestitures	Acquisition Adjusted	Fixed Currency	Impact of Acquisitions and Divestitures	Acquisition Adjusted
Global Industrial	**$1,841.7**	**($26.1)**	**$1,815.6**	$1,808.2	($13.3)	$1,794.9
Global Institutional & Specialty	**1,270.3**	**(18.0)**	**1,252.3**	1,131.2	-	1,131.2
Global Healthcare & Life Sciences	**382.9**	**-**	**382.9**	386.1	-	386.1
Global Pest Elimination	**266.8**	**-**	**266.8**	244.6	-	244.6
Corporate	**-**	**-**	**-**	10.7	(10.7)	-
Subtotal at fixed currency	**3,761.7**	**(44.1)**	**3,717.6**	3,580.8	(24.0)	3,556.8
Effect of foreign currency translation	**(9.8)**			(9.2)		

Consolidated reported GAAP net sales	**$3,751.9**			$3,571.6		

Operating Income	**2024**			2023		
(millions)	Fixed Currency	Impact of Acquisitions and Divestitures	Acquisition Adjusted	Fixed Currency	Impact of Acquisitions and Divestitures	Acquisition Adjusted
Global Industrial	**$265.0**	**$-**	**$265.0**	$219.8	($0.2)	$219.6
Global Institutional & Specialty	**248.0**	**(0.9)**	**247.1**	130.1	-	130.1
Global Healthcare & Life Sciences	**37.0**	**-**	**37.0**	35.4	-	35.4
Global Pest Elimination	**48.8**	**-**	**48.8**	44.5	-	44.5
Corporate	**(49.9)**	**-**	**(49.9)**	(49.7)	(0.3)	(50.0)
Non-GAAP adjusted fixed currency operating income	**548.9**	**(0.9)**	**548.0**	380.1	(0.5)	379.6
Special (gains) and charges at fixed currency rates	**29.9**			27.7		
Subtotal at fixed currency	**519.0**			352.4		
Effect of foreign currency translation	**(1.1)**			(0.8)		
Consolidated reported GAAP operating income	**$517.9**			$351.6		

Unless otherwise noted, the following segment performance commentary compares the first quarter of 2024 against the first quarter of 2023.

Global Industrial

	First Quarter Ended March 31	
	2024	2023
Sales at fixed currency (millions)	**$1,841.7**	$1,808.2
Sales at public currency (millions)	**1,839.2**	1,809.1
Organic sales change	**1 %**	
Acquisitions and divestitures	**1 %**	
Fixed currency sales change	**2 %**	
Foreign currency translation	**- %**	
Public currency sales change	**2 %**	
Operating income at fixed currency (millions)	**$265.0**	$219.8
Operating income at public currency (millions)	**265.4**	221.3
Fixed currency operating income change	**21 %**	
Fixed currency operating income margin	**14.4 %**	12.2 %
Organic operating income change	**21 %**	
Organic operating income margin	**14.6 %**	12.2 %
Public currency operating income change	**20 %**	

Percentages in the above table do not necessarily sum due to rounding.

Net Sales

Organic sales for Global Industrial increased in the first quarter of 2024 as growth in Food & Beverage and Water more than offset the expected short-term decline in Paper sales.

Water organic sales increased 2% in the first quarter of 2024 driven by sales growth in Downstream, Light and Heavy that overcame lower Mining sales. Light industry reported sales growth driven by continued strong performance in high-tech and growth in food & beverage and institutional segments. Heavy industry recorded sales growth in chemicals, primary metals, and power. Downstream industry reported sales growth driven by water treatment. **Food & Beverage** organic sales increased 3% in the first quarter 2024, driven sales growth in dairy, food, and beverage & brewery. **Paper** organic sales decreased 5% in the first quarter of 2024, reflecting new business wins that were more than offset by lower customer production rates.

Operating Income

Organic operating income and organic operating income margins increased for Global Industrial in the first quarter of 2024.

Organic operating income margins increased 2.4 percentage points during the first quarter of 2024 as the 4.0 percentage point positive impact of lower delivered product costs was partially offset by the 1.9 percentage point impact of investments in the business.

Global Institutional & Specialty

	First Quarter Ended March 31	
	2024	2023
Sales at fixed currency (millions)	**$1,270.3**	$1,131.2
Sales at public currency (millions)	**1,266.7**	1,128.8
Organic sales change	**11 %**	
Acquisitions and divestitures	**2 %**	
Fixed currency sales change	**12 %**	
Foreign currency translation	**- %**	
Public currency sales change	**12 %**	
Operating income at fixed currency (millions)	**$248.0**	$130.1
Operating income at public currency (millions)	**247.0**	129.8
Fixed currency operating income change	**91 %**	
Fixed currency operating income margin	**19.5 %**	11.5 %
Organic operating income change	**90 %**	
Organic operating income margin	**19.7 %**	11.5 %
Public currency operating income change	**90 %**	

Percentages in the above table do not necessarily sum due to rounding.

Net Sales

Organic sales for Global Institutional & Specialty increased in the first quarter of 2024 with double-digit growth in both the Institutional and Specialty divisions.

At an operating segment level, **Institutional** organic sales increased 11% in the first quarter of 2024, reflecting sales growth across foodservice, lodging and long term care. **Specialty** organic sales increased 10% in the first quarter of 2024, reflecting sales growth driven by quick service and food retail.

Operating Income

Organic operating income and organic operating income margin increased in the first quarter of 2024 for our Global Institutional & Specialty segment.

Organic operating income margins increased 8.2 percentage points during the first quarter of 2024, as the 8.8 percentage point positive impact from strong pricing, higher volumes, and lower delivered product costs were partially offset by the 1.1 percentage point impact from investments in the business.

Global Healthcare & Life Sciences

	First Quarter Ended March 31	
	2024	2023
Sales at fixed currency (millions)	**$382.9**	$386.1
Sales at public currency (millions)	**379.9**	379.7
Organic sales change	**(1)%**	
Acquisitions and divestitures	**- %**	
Fixed currency sales change	**(1)%**	
Foreign currency translation	**1 %**	
Public currency sales change	**- %**	
Operating income at fixed currency (millions)	**$37.0**	$35.4
Operating income at public currency (millions)	**36.3**	33.7
Fixed currency operating income change	**5 %**	
Fixed currency operating income margin	**9.7 %**	9.2 %
Organic operating income change	**5 %**	
Organic operating income margin	**9.7 %**	9.2 %
Public currency operating income change	**8 %**	

Percentages in the above table do not necessarily sum due to rounding.

Net Sales

Organic sales for Global Healthcare & Life Sciences decreased in the first quarter of 2024 as lower Healthcare sales was offset by growth in Life Sciences.

At an operating segment level, **Healthcare** organic sales decreased 2% in the first quarter of 2024, reflecting strategic low margin business exits. **Life Sciences** organic sales increased 1% in the first quarter of 2024 reflected improved underlying business momentum that offset soft near-term industry demand.

Operating Income

Organic operating income and organic operating income margins both increased in the first quarter of 2024 for our Global Healthcare & Life Sciences segment.

Organic operating income margins increased 0.5 percentage points during the first quarter of 2024, as the 6.7 percentage point positive impact from strong pricing and lower supply chain costs were partially offset by the 5.6 percentage point impacts from continued targeted investments in the business and lower volume.

Global Pest Elimination

	First Quarter Ended March 31	
	2024	2023
Sales at fixed currency (millions)	**$266.8**	$244.6
Sales at public currency (millions)	**266.1**	243.4
Organic sales change	**9 %**	
Acquisitions and divestitures	**- %**	
Fixed currency sales change	**9 %**	
Foreign currency translation	**- %**	
Public currency sales change	**9 %**	
Operating income at fixed currency (millions)	**$48.8**	$44.5
Operating income at public currency (millions)	**48.7**	44.3
Fixed currency operating income change	**10 %**	
Fixed currency operating income margin	**18.3 %**	18.2 %
Organic operating income change	**10 %**	
Organic operating income margin	**18.3 %**	18.2 %
Public currency operating income change	**10 %**	

Percentages in the above table do not necessarily sum due to rounding.

Net Sales

Organic sales for Global Pest Elimination increased 9% in the first quarter of 2024 driven by growth in food & beverage, restaurants, and food retail.

Operating Income

Organic operating income and organic operating income margins increased for Global Pest Elimination in the first quarter of 2024.

Organic operating income margins increased 0.1 percentage points during the first quarter of 2024, as the 4.3 percentage point positive impact from strong pricing and higher volumes were partially offset by the 4.2 percentage point impact of investments in the business.

Corporate

Consistent with our internal management reporting, Corporate amounts in the table on page 31 include sales to ChampionX in accordance with the transitional supply agreement entered into with the transaction post-separation, as discussed in Note 14, intangible asset amortization specifically from the Nalco and Purolite transactions and special (gains) and charges that are not allocated to our reportable segments. Items included within special (gains) and charges are shown in the table on page 29.

FINANCIAL POSITION, CASH FLOWS AND LIQUIDITY

Financial Position

Total assets were $21.3 billion as of March 31, 2024, compared to total assets of $21.8 billion as of December 31, 2023.

Total liabilities were $13.1 billion as of March 31, 2024, compared to total liabilities of $13.8 billion as of December 31, 2023. Total debt was $7.5 billion as of March 31, 2024 and $8.2 billion as of December 31, 2023. See further discussion of our debt activity within the “Liquidity and Capital Resources” section of this MD&A.

Our net debt to earnings before interest, taxes, depreciation and amortization (“EBITDA”) is shown in the following table. EBITDA is a non-GAAP measure discussed further in the “Non-GAAP Financial Measures” section of this MD&A.

The inputs to EBITDA reflect the trailing twelve months of activity for the period presented:

	March 31, 2024	December 31, 2023
(ratio)		
Net debt to EBITDA	2.2	2.4
(millions)		
Total debt	$7,539.9	$8,181.8
Cash	479.9	919.5
Net debt	$7,060.0	$7,262.3
Net income including noncontrolling interest	$1,571.5	$1,393.0
Provision for income taxes	352.4	362.5
Interest expense, net	294.1	296.7
Depreciation	615.0	616.7
Amortization	309.1	306.9
EBITDA	$3,142.1	$2,975.8

Cash Flows

Operating Activities

	First Quarter Ended March 31		
(millions)	2024	2023	Change
Cash provided by operating activities	$649.4	$198.2	$451.2

We continue to generate cash flow from operations, allowing us to fund our ongoing operations, acquisitions, investments in the business and pension obligations along with returning cash to our shareholders through dividend payments and share repurchases. Cash provided by operating activities increased $451 million in the first quarter of 2024 compared to the first quarter of 2023, driven primarily by a $223 million net favorable change in working capital and $179 million increase in net income. The cash flow impact from working capital was primarily driven by improvement in accounts payable, partially offset by an increase in inventory.

Investing Activities

	First Quarter Ended March 31		
(millions)	2024	2023	Change
Cash used for investing activities	($201.0)	($189.4)	($11.6)

Cash used for investing activities is primarily impacted by capital investments in the business.

We continue to make capital investments in the business, including merchandising equipment, manufacturing equipment and facilities. Total capital expenditures were $202 million and $174 million in the first quarter of 2024 and 2023, respectively.

Financing Activities

(millions)	First Quarter Ended March 31 2024	2023	Change
Cash used for financing activities	**($889.3)**	($166.4)	**($722.9)**

Our cash flows from financing activities primarily reflect the issuances and repayment of debt, common stock repurchases, proceeds from common stock issuances related to our equity incentive programs and dividend payments.

We had net issuances of commercial paper and notes payable of $7 million and $6 million in the first quarter of 2024 and 2023, respectively.

Shares are repurchased for the purpose of partially offsetting the dilutive effect of our equity compensation plans, to manage our capital structure and to efficiently return capital to shareholders. We reacquired a total of $196 million and $11 million of shares in the first quarter of 2024 and 2023, respectively. Cash proceeds and tax benefits from stock option exercises provide a portion of the funding for repurchase activity.

There was no long-term debt issuance activity through the first quarter of 2024 or 2023. We repaid $630 million of long-term debt in the first quarter of 2024.

We paid dividends of $175 million and $158 million in the first three months of 2024 and 2023, respectively.

Liquidity and Capital Resources

We currently expect to fund the cash requirements which are reasonably foreseeable for the next twelve months, including scheduled debt repayments, new investments in the business, share repurchases, dividend payments, possible business acquisitions and pension and postretirement contributions with cash from operating activities, and as needed, additional short-term and/or long-term borrowings. We continue to expect our operating cash flow to remain strong.

As of March 31, 2024, we had $480 million of cash and cash equivalents on hand, of which $195 million was held outside of the U.S. We will continue to evaluate our cash position in light of future developments.

As of March 31, 2024, we have a $2.0 billion multi-year credit facility which expires in April 2026. The credit facility has been established with a diverse syndicate of banks and supports our U.S. and Euro commercial paper programs. The maximum aggregate amount of commercial paper that may be issued under our U.S. commercial paper program and our Euro commercial paper program may not exceed $2.0 billion. At the end of the first quarter of both 2024 and 2023, we had no outstanding commercial paper under our U.S. program nor our Euro program. There were no borrowings under our credit facility as of March 31, 2024 or 2023. As of March 31, 2024, both programs were rated A-2 by Standard & Poor's, P-2 by Moody's and F-1 by Fitch.

There was no long-term debt issuance activity through the first quarter of 2024. We repaid $630 million of long-term debt in the first quarter of 2024.

We are in compliance with our debt covenants and other requirements of our credit agreements and indentures. We believe we have sufficient borrowing capacity to meet our foreseeable operating activities, as needed.

The schedule of contractual obligations included in the Financial Position and Liquidity section of our Form 10-K for the year ended December 31, 2023 disclosed total notes payable and long-term debt due within one year of $630 million. As of March 31, 2024, the total notes payable and long-term debt due within one year was $11 million. We had no outstanding commercial paper under our U.S. program as of March 31, 2024 and as of December 31, 2023.

Our gross liability for uncertain tax positions was $24 million as of March 31, 2024 and December 31, 2023. We are not able to reasonably estimate the amount by which the liability will increase or decrease over time; however, at this time, we do not expect significant payments related to these obligations within the next year.

GLOBAL ECONOMIC ENVIRONMENT

Global Economies

Approximately half of our sales are outside of the U.S. Our international operations subject us to changes in economic conditions and foreign currency exchange rates as well as political uncertainty in some countries which could impact future operating results.

Argentina and Turkey are classified as highly inflationary economies in accordance with U.S. GAAP, and the U.S. dollar is the functional currency for our subsidiaries in Argentina and Turkey. During the first quarter of 2024, sales in Argentina and Turkey represented less than 1% of our consolidated sales. Assets held in Argentina and Turkey at the end of the first quarter of 2024 represented less than 1% of our consolidated assets.

In light of Russia’s invasion of Ukraine and the sanctions against Russia by the United States and other countries, we have made the determination that we will limit our Russian business to operations that are essential to life, providing minimal support for our healthcare, life sciences, food and beverage and certain water businesses. We may further narrow our presence in Russia depending on future developments. During the first quarter of 2024, our Russian and Ukraine operations represented approximately 1% of our 2024 consolidated net sales.

NEW ACCOUNTING PRONOUNCEMENTS

For information on new accounting pronouncements, refer to Note 17 to the Consolidated Financial Statements.

SUBSEQUENT EVENTS

On April 27, 2024, we reached a definitive agreement to sell our global surgical solutions business for total consideration of $950 million in cash, subject to certain working capital and other purchase price adjustments. The sale is expected to close in the second half of 2024, subject to regulatory clearances and other customary closing conditions. We expect to record an associated pre-tax gain within special (gains) and charges in the Consolidated Statements of Income.

NON-GAAP FINANCIAL MEASURES

This Quarterly Report on Form 10-Q, including “Management’s Discussion and Analysis of Financial Condition and Results of Operation” in Item 2, contains financial measures that have not been calculated in accordance with accounting principles generally accepted in the U.S. (GAAP). These non-GAAP measures include:

- Fixed currency sales
- Organic sales
- Adjusted cost of sales
- Adjusted gross margin
- Fixed currency operating income
- Fixed currency operating income margin
- Adjusted operating income
- Adjusted operating income margin
- Adjusted fixed currency operating income
- Adjusted fixed currency operating income margin
- Organic operating income
- Organic operating income margin
- EBITDA
- Adjusted tax rate
- Adjusted net income attributable to Ecolab
- Adjusted diluted EPS

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 adjusted financial measures for cost of sales, gross margin and operating income exclude the impact of special (gains) and charges and our non-GAAP adjusted financial measures for tax rate, net income attributable to Ecolab and 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.

EBITDA is defined as the sum of net income including noncontrolling interest, provision for income taxes, net interest expense, depreciation and amortization. EBITDA is used in our net debt to EBITDA ratio, which we view as important indicators of the operational and financial health of our organization.

We evaluate the performance of our international operations based on fixed currency rates of foreign exchange. Fixed currency amounts included in this Form 10-Q are based on translation into U.S. dollars at the fixed foreign currency exchange rates established by management at the beginning of 2024. 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 our 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. As part of the separation of ChampionX in 2020, we entered into an agreement with ChampionX to provide, receive or transfer certain products for a transitionary period. Transitionary period 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. The remaining sales to ChampionX are recorded in product and equipment sales in Global Industrial 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 measures are not in accordance with, or an alternative to U.S. 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 U.S. GAAP measures included in this MD&A and we have provided reconciliations of reported U.S. GAAP amounts to the non-GAAP amounts.

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q, including “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Item 2, contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include our business performance and prospects; expectations concerning timing, amount and type of restructuring costs and savings from restructuring activities; Russian operations; working capital; capital investments, acquisitions and share repurchases; amortization expense; non-performance of financial counterparties; payments and contributions to pension and postretirement health care benefit plans; the impact of lawsuits, claims and environmental matters; impact of new accounting pronouncements and tax laws; cash flows, borrowing capacity and funding of cash requirements, including repayment of debt; payments related to uncertain tax positions; implementation of ERP system upgrade; and statements regarding the expected timing and likelihood of completion of the sale of our global surgical solutions business, including the timing, receipt and terms and conditions of any required governmental and regulatory clearance of the proposed transaction, the occurrence of any event, change or other circumstances that could give rise to the termination of the definitive agreement, the inability to consummate the proposed transaction due to the failure to satisfy other closing conditions, risks that the proposed transaction disrupts current operations, and the amount of the costs, fees, expenses and charges related to the proposed transaction.

Without limiting the foregoing, words or phrases such as “will likely result,” “are expected to,” “will continue,” “is anticipated,” “we believe,” “we expect,” “estimate,” “project” (including the negative or variations thereof) or similar terminology, generally identify forward-looking statements. Forward-looking statements may also represent challenging goals for us. These statements, which represent our 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. In particular, the ultimate results of any restructuring or efficiency initiative, integration and business improvement actions, including cost synergies, 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 or efficiency initiative and other business improvement initiatives and the level of success achieved through such actions in improving competitiveness, efficiency and effectiveness. We caution that undue reliance should not be placed on such forward-looking statements, which speak only as of the date made.

Some of the factors which could cause results to differ materially from those expressed in any forward-looking statements 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, 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 and the escalation of armed conflicts; our ability to successfully execute organizational change and management transitions; information technology infrastructure failures or breaches in data security; difficulty in procuring raw materials or fluctuations in raw material costs; the occurrence of severe public health outbreaks not limited to COVID-19; our ability to acquire complementary businesses and to effectively integrate such businesses; our ability to execute key business initiatives; 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. There can be no assurances that our earnings levels will meet investors' expectations. Except as may be required under applicable law, we do not undertake, and expressly disclaim, any duty to update our Forward-Looking Statements.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We use foreign currency forward contracts, interest rate swap agreements and foreign currency debt to manage risks associated with foreign currency exchange rates, interest rates and net investments in our foreign operations. We do not hold derivative financial instruments of a speculative nature or for trading purposes. For a more detailed discussion of derivative instruments, refer to Note 8, entitled "Derivatives and Hedging Transactions", of the consolidated financial statements located under Part I, Item 1 of this quarterly report on Form 10-Q.

Item 4. Controls and Procedures

As of March 31, 2024, we carried out an evaluation, under the supervision and with the participation of our management, including our Chairman and Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based upon that evaluation, our Chairman and Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures are effective.

During the period January 1, 2024 through March 31, 2024 there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

We are continuing our implementation of our enterprise resource planning ("ERP") system upgrades, which are expected to occur in phases over the next several years. These upgrades, which include supply chain and certain finance functions, are expected to improve the efficiency of certain financial and related transactional processes. These upgrades of the ERP systems will affect the processes that constitute our internal control over financial reporting and will require testing for effectiveness.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

Note 16, entitled "Commitments and Contingencies" located under Part I, Item 1 of this Form 10-Q is incorporated herein by reference.

Item 1A. Risk Factors

In our report on Form 10-K for the year ended December 31, 2023, filed with the Securities and Exchange Commission on February 23, 2024, we identify under Item 1A important factors which could affect our financial performance and could cause our actual results for future periods to differ materially from our anticipated results or other expectations, including those expressed in any forward-looking statements made in this Form 10-Q. See the section entitled Forward-Looking Statements located on page 40 of this Form 10-Q. We may also refer to such disclosure to identify factors that may cause results to differ from those expressed in other forward-looking statements made in oral presentations, including telephone conferences and/or webcasts open to the public.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Period	Total number of shares purchased (1)	Average price paid per share (2)	Number of shares purchased as part of publicly announced plans or programs (3)	Maximum number of shares that may yet be purchased under the plans or programs (3)
January 1-31, 2024	-	$ -	-	12,917,097
February 1-29, 2024	195,803	220.6220	107,571	12,809,526
March 1-31, 2024	725,815	226.9213	725,815	12,083,711
Total	921,618	$ 225.5830	833,386	12,083,711

(1) Includes 88,232 shares reacquired from employees and/or directors as swaps for the cost of stock options, or shares surrendered to satisfy minimum statutory tax obligations under our stock incentive plans.

(2) The average price paid per share includes brokerage commissions associated with publicly announced plan purchases plus the value of such other reacquired shares.

(3) As announced on February 24, 2015, our Board of Directors authorized the repurchase of up to 20,000,000 common shares. As announced on November 3, 2022, our Board of Directors authorized the repurchase of up to an additional 10,000,000 shares. Subject to market conditions, we expect to repurchase all shares under these authorizations, for which no expiration date has been established, in open market or privately negotiated transactions, including pursuant to Rule 10b5-1 and accelerated share repurchase program.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Rule 10b5-1 Plan Adoptions and Modifications

None.

Item 6. Exhibits

Exhibit No.	Document	Method of Filing
(a)	The following documents are filed as exhibits to this report:	
(15.1)	Letter regarding unaudited interim financial information.	Filed herewith electronically.
(31.1)	Rule 13a - 14(a) CEO Certification.	Filed herewith electronically.
(31.2)	Rule 13a - 14(a) CFO Certification.	Filed herewith electronically.
(32.1)	Section 1350 CEO and CFO Certifications.	Filed herewith electronically.
(101.INS)	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.	Filed herewith electronically.
(101.SCH)	Inline XBRL Taxonomy Extension Schema.	Filed herewith electronically.
(101.CAL)	Inline XBRL Taxonomy Extension Calculation Linkbase.	Filed herewith electronically.
(101.DEF)	Inline XBRL Taxonomy Extension Definition Linkbase.	Filed herewith electronically.
(101.LAB)	Inline XBRL Taxonomy Extension Label Linkbase.	Filed herewith electronically.
(101.PRE)	Inline XBRL Taxonomy Extension Presentation Linkbase.	Filed herewith electronically.
(104)	Cover Page Interactive Data File.	Formatted as Inline XBRL and contained in Exhibit 101.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

ECOLAB INC.

Date: May 2, 2024

By: /s/ Jennifer J. Bradway

Jennifer J. Bradway

Senior Vice President and Corporate Controller

(duly authorized officer and

Chief Accounting Officer)