

ModernGraham Valuation

Company Name:

Ecolab Inc.

Company Ticker ECL

Date of Analysis

6/24/2016



Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass 6 out of the following 7 tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$34,560,575,486	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.01	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	121.76%	Pass
6. Moderate PEmg Ratio	PEmg < 20	31.40	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	5.27	Fail

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	1.01	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	143.58	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Pass

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$3.71
MG Growth Estimate	11.59%
MG Value	\$117.40
MG Value based on 3% Growth	\$53.74
MG Value based on 0% Growth	\$31.50
Market Implied Growth Rate	11.45%

MG Opinion

Current Price	\$116.37
% of Intrinsic Value	99.12%
Opinion	Fairly Valued
MG Grade	C-

Stage 3: Information for Further Research

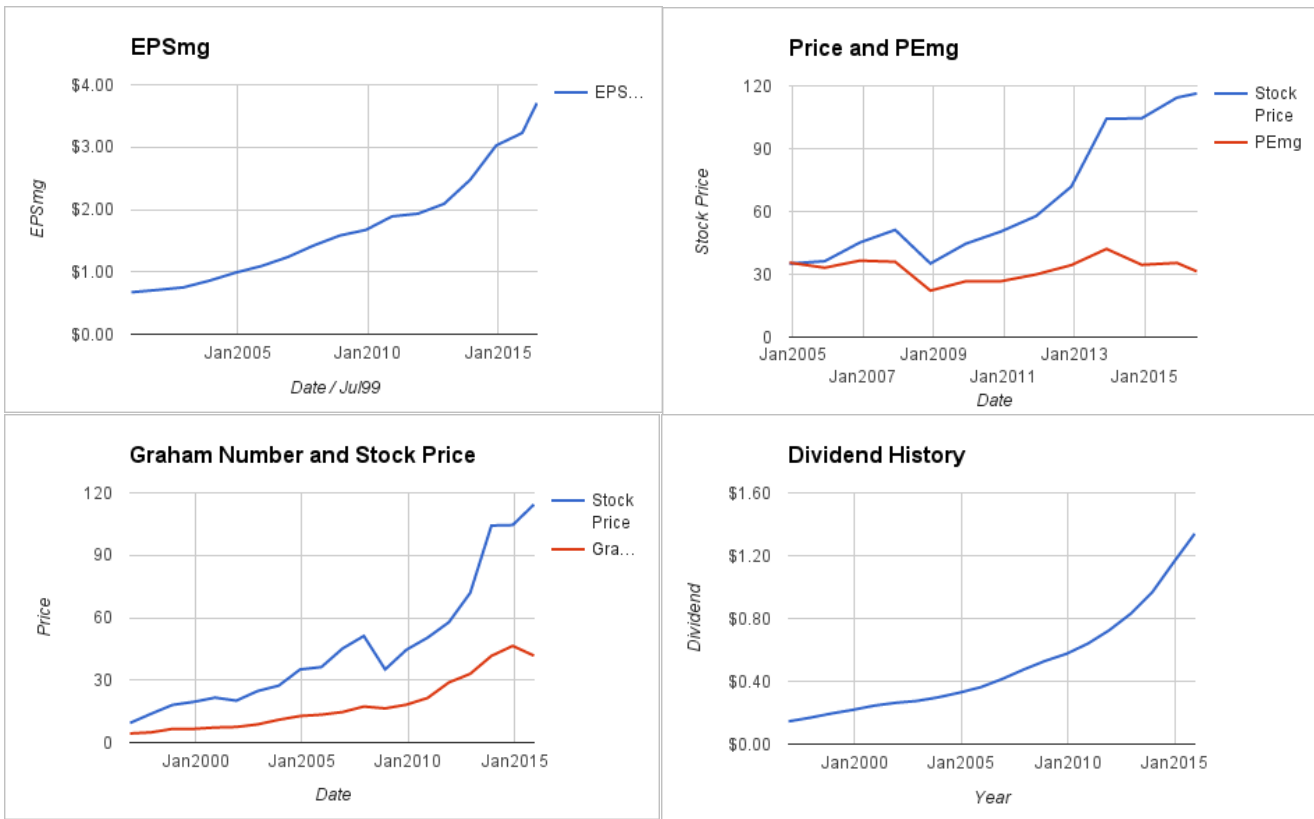
Net Current Asset Value (NCAV)	-\$25.36
Graham Number	\$46.97
PEmg	31.40
Current Ratio	1.01
PB Ratio	5.27
Current Dividend	\$1.36
Dividend Yield	1.17%
Number of Consecutive Years of Dividend Growth	20

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$4.37	Next Fiscal Year Estimate	\$3.71
Dec2015	\$3.32	Dec2015	\$3.23
Dec2014	\$3.93	Dec2014	\$3.03
Dec2013	\$3.16	Dec2013	\$2.48
Dec2012	\$2.35	Dec2012	\$2.09
Dec2011	\$1.91	Dec2011	\$1.93
Dec2010	\$2.23	Dec2010	\$1.89
Dec2009	\$1.74	Dec2009	\$1.67
Dec2008	\$1.80	Dec2008	\$1.58
Dec2007	\$1.70	Dec2007	\$1.42
Dec2006	\$1.43	Dec2006	\$1.24
Dec2005	\$1.23	Dec2005	\$1.09
Dec2004	\$1.19	Dec2004	\$0.99
Dec2003	\$1.06	Dec2003	\$0.86
Dec2002	\$0.80	Dec2002	\$0.75
Dec2001	\$0.73	Dec2001	\$0.71
Dec2000	\$0.78	Dec2000	\$0.67
Dec1999	\$0.66	Balance Sheet Information 3/1/2016	
Dec1998	\$0.72	Total Current Assets	\$4,194,900,000
Dec1997	\$0.50	Total Current Liabilities	\$4,159,500,000
Dec1996	\$0.42	Long-Term Debt	\$5,082,800,000
		Total Assets	\$18,341,800,000
		Intangible Assets	\$10,506,000,000
		Total Liabilities	\$11,760,400,000
		Shares Outstanding (Diluted Average)	298,300,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

Recommended Reading:

Other ModernGraham posts about the company

- [40 Companies in the Spotlight This Week – 2/21/15](#)
- [ECOLAB Inc. Annual Valuation – 2015 \\$ECL](#)
- [14 Companies in the Spotlight This Week – 2/22/14](#)
- [Ecolab Inc. \(ECL\) Annual Valuation](#)

Other ModernGraham posts about related companies

- [Paychex Inc Valuation – June 2016 \\$PAYX](#)
- [Automatic Data Processing Valuation – May 2016 \\$ADP](#)
- [Robert Half International Inc Valuation – February 2016 \\$RHI](#)
- [Accenture PLC Valuation – February 2016 \\$ACN](#)
- [Cintas Corp Valuation – December 2015 Update \\$CTAS](#)
- [Accenture PLC Valuation – February 2016 \\$ACN](#)
- [Cintas Corp Valuation – December 2015 Update \\$CTAS](#)
- [The Best Companies of the Business Support Industry – November 2015](#)
- [Paychex Inc. Valuation – November 2015 Update \\$PAYX](#)
- [Robert Half International Inc. Valuation – November 2015 Update \\$RHI](#)