

# ModernGraham Valuation

Company Name:

Ecolab Inc.

Company Ticker ECL

Date of Analysis

3/17/2018



## 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	\$39,893,292,320	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.34	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	145.92%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	29.82	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	5.32	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	1.34	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	5.80	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
	Score		

### Suitability

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>No</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$4.63
MG Growth Estimate	7.95%
<b>MG Value</b>	<b>\$113.03</b>
MG Value based on 3% Growth	\$67.14
MG Value based on 0% Growth	\$39.36
Market Implied Growth Rate	10.66%

### MG Opinion

Current Price	\$138.08
% of Intrinsic Value	122.16%
<b>Opinion</b>	<b>Overvalued</b>
<b>MG Grade</b>	<b>C-</b>

## Stage 3: Information for Further Research

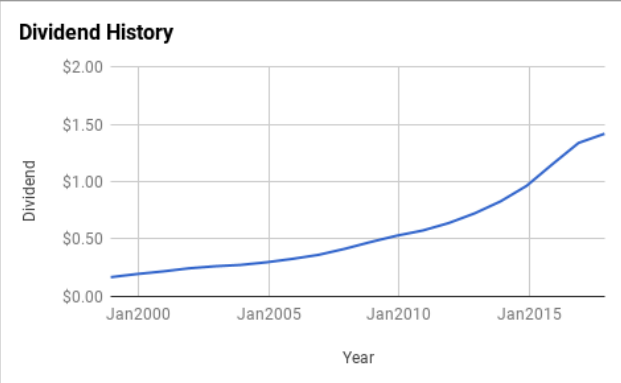
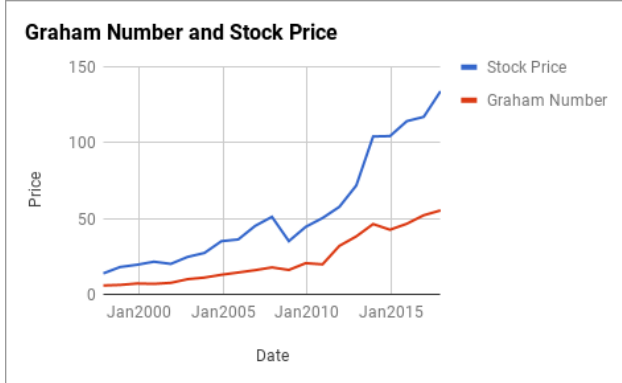
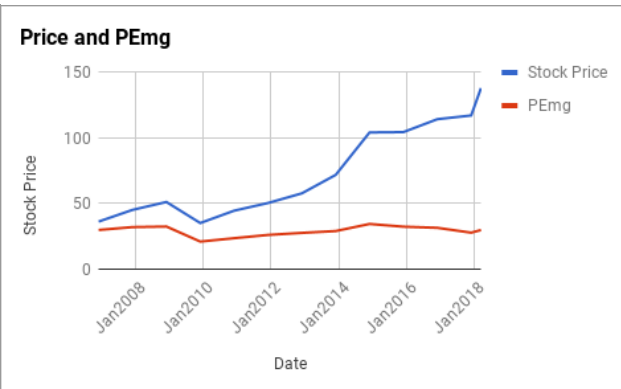
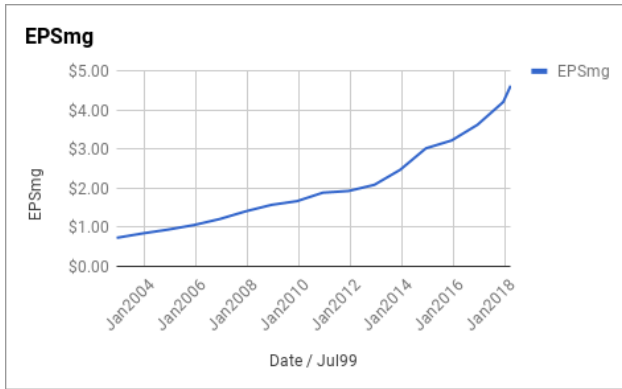
Net Current Asset Value (NCAV)	-\$26.41
Graham Number	\$55.45
PEmg	29.82
Current Ratio	1.34
PB Ratio	5.32
Current Dividend	\$1.52
Dividend Yield	1.10%
Number of Consecutive Years of Dividend Growth	20

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$5.19	Next Fiscal Year Estimate	\$4.63
Dec2017	\$5.13	Dec2017	\$4.21
Dec2016	\$4.14	Dec2016	\$3.63
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	\$1.41
Dec2006	\$1.43	Dec2006	\$1.21
Dec2005	\$1.23	Dec2005	\$1.06
Dec2004	\$1.09	Dec2004	\$0.94
Dec2003	\$1.06	Dec2003	\$0.84
Dec2002	\$0.75	Dec2002	\$0.73
Dec2001	\$0.72	<b>Balance Sheet Information 12/1/2017</b>	
Dec2000	\$0.78	Total Current Assets	\$4,596,400,000
Dec1999	\$0.65	Total Current Liabilities	\$3,431,800,000
Dec1998	\$0.72	Long-Term Debt	\$6,758,300,000
		Total Assets	\$19,962,400,000
		Intangible Assets	\$11,184,700,000
		Total Liabilities	\$12,343,900,000
		Shares Outstanding (Diluted Average)	293,400,000





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 – March 2018 \\$PAYX](#)
- [United Rentals Inc Valuation – September 2017 \\$URI](#)
- [Exponent Inc Valuation – Initial Coverage \\$EXPO](#)
- [ExlService Holdings Inc Valuation – Initial Coverage \\$EXLS](#)
- [Trueblue Inc Valuation – Initial Coverage \\$TBI](#)
- [Global Payments Inc Valuation – Initial Coverage \\$GPN](#)
- [Strayer Education Inc Valuation – Initial Coverage \\$STRA](#)
- [Robert Half International Inc Valuation – February 2017 \\$RHI](#)
- [Multi-Color Corporation Valuation – Initial Coverage \\$LABL](#)
- [Kinaxis Inc Valuation – Initial Coverage \\$TSE:KXS](#)