Ecolab Inc. (ECL)

Updated August 17th 2026 by Aristofanis Papadatos

Key Metrics

Current Price:	$276	**5 Year CAGR Estimate:**	1.1%	**Market Cap:**	$77 B
Fair Value Price:	$163	**5 Year Growth Estimate:**	11.0%	**Ex-Dividend Date:**	9/15/2026
% Fair Value:	169%	**5 Year Valuation Multiple Estimate:**	-10.0%	**Dividend Payment Date:**	10/15/2026
Dividend Yield:	1.1%	**5 Year Price Target**	$275	**Years Of Dividend Growth:**	34
Dividend Risk Score:	A	**Sector:** Materials		**Rating:**	Hold

Overview & Current Events

Ecolab Inc. is the global leader in water, hygiene, and energy technologies and services, with a presence in more than 170 countries. The company operates in four major business segments: Global Industrial, Global Institutional, Global Healthcare and Global Pest Elimination. Ecolab was founded in 1923 and has grown to a market capitalization of $77 billion with annual revenue of $16 billion. With 34 years of consecutive dividend increases, Ecolab is a member of the Dividend Aristocrats Index.

In late July, Ecolab reported (7/28/26) financial results for the second quarter of fiscal 2026. Organic sales grew 5% over the prior year's quarter, primarily thanks to accelerated growth in Food & Beverage and Institutional. Adjusted earnings-per-share grew 11%, from $1.88 to $2.09, in line with the analysts' consensus. Due to costs related to the recent acquisition of CoolIT, management has lowered its guidance for adjusted earnings-per-share from $8.43-$8.63 to $8.05-$8.25. Accordingly, we have lowered our forecast for this year from $8.53 to $8.15. Management also expects 6%-7% growth of organic sales and 19% growth of adjusted operating income in the second half of this year.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$4.37	$4.69	$5.25	$5.82	$4.02	$4.69	$4.49	$5.21	$6.65	$7.53	***$8.15***	***$13.73***
DPS	$1.42	$1.52	$1.64	$1.84	$1.88	$1.92	$2.06	$2.16	$2.36	$2.68	***$2.92***	***$3.84***
Shares[1]	291.8	293.6	292.2	292.6	288.7	289.5	285.8	287.1	285.7	284.2	***283.0***	***280.0***

Ecolab has significantly grown its earnings-per-share in the last decade, apart from the flat year in 2016, 2020 due to the pandemic and 2022 due to high inflation. This consistent growth record proves the strength of the business model and execution and reveals that the company is on a reliable growth trajectory. Ecolab grew its earnings-per-share by 10.9% per year during 2011-2019. We expect 11% average annual growth of earnings-per-share over the next five years, roughly in line with the historical growth rate of the company.

Ecolab's growth will partly come from bolt-on acquisitions. The company has historically implemented a strategy of acquiring smaller household products companies and scaling their products through its impressive supply chain. Ecolab recently acquired CoolIT for $4.75 billion in cash. CoolIT is a date center cooling company, which provides an end-to-end fluid management and cooling platform for AI data centers. Given the ongoing boom in data centers, we expect this acquisition to prove a meaningful growth driver for Ecolab. We expect more tuck-in acquisitions to materialize for Ecolab moving forward.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	26.3	27.5	27.6	31.8	49.2	46.7	36.9	33.1	35.2	34.7	***33.9***	***20.0***
Avg. Yld.	1.2%	1.2%	1.1%	1.0%	1.0%	0.9%	1.2%	1.3%	1.0%	1.0%	***1.1%***	***1.4%***

[1] In millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Ecolab is trading at a price-to-earnings ratio of 33.9, which is a markedly rich valuation level. Although the stock has traded at an average price-to-earnings ratio of 34.9 over the last decade, we believe that a fair earnings multiple for Ecolab is closer to 20. If the valuation approaches this level over the next five years, it will cause a -10.0% headwind to the annualized returns.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	32.5%	32.4%	31.2%	31.6%	46.8%	40.9%	45.9%	41.5%	35.5%	35.6%	***35.8%***	***28.0%***

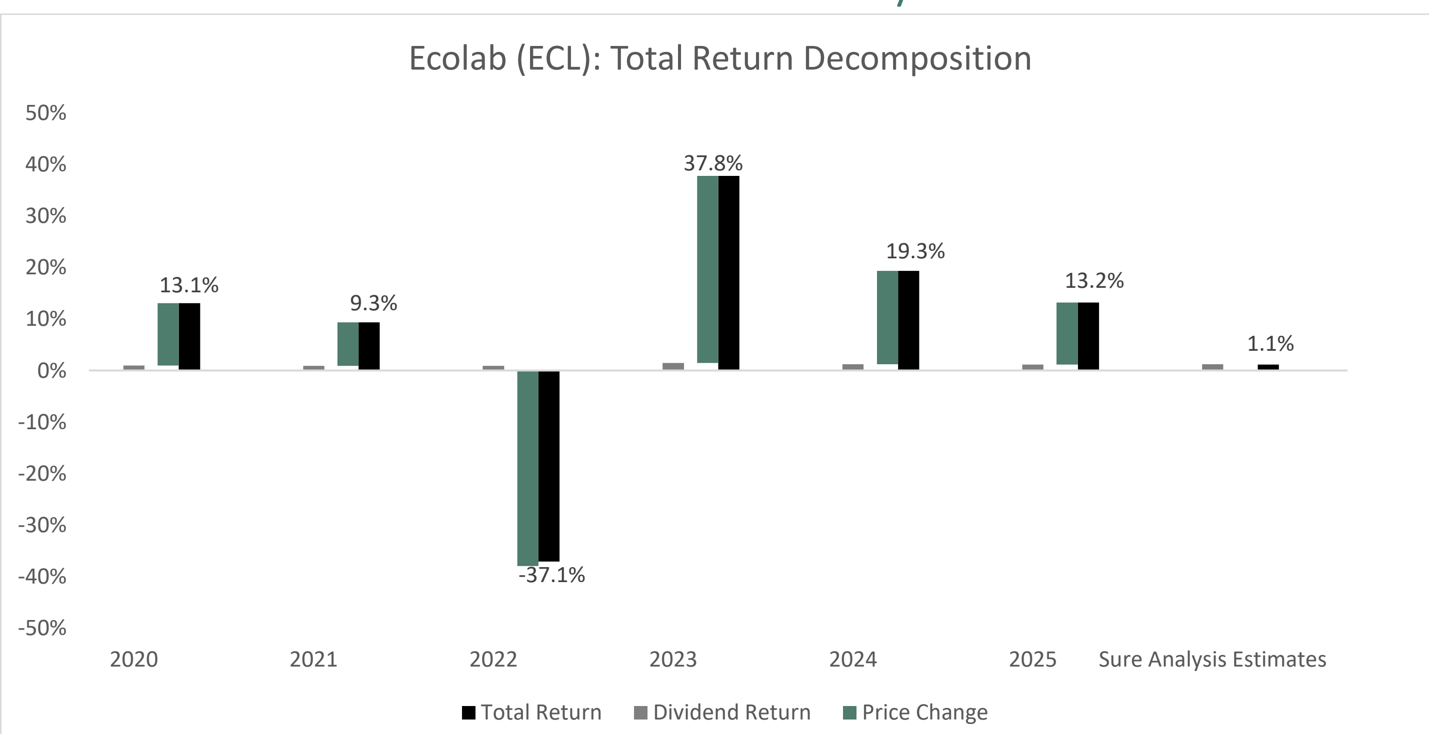
Thanks to its strong business performance and its relatively low shareholder distributions, Ecolab has a remarkably strong balance sheet, and its interest expense consumes just 8% of its operating income.

Ecolab's most compelling competitive strength is its scale, which allows it to aggressively invest in marketing, advertising, and research and development. Ecolab spends more than $1 billion on research and development each year, which has allowed it to create an intellectual property portfolio that contains more than 9,000 patents. All said, the company's size, scale, and research focus lead us to believe that many years of dividend growth are yet to come for this high-quality Dividend Aristocrat.

Final Thoughts & Recommendation

Ecolab has a remarkably consistent growth record, which is one of the most important features for investors. However, the stock has surged 75% off its bottom in 2023 and thus it has become richly valued again, after an interval of a few quarters. Ecolab could offer a 1.1% average annual return over the next five years, as 11.0% earnings growth and its 1.1% dividend may be partly offset by a -10.0% annualized valuation drag. We rate the stock as a hold and note that the market has already priced a significant portion of the future growth of Ecolab. The stock is likely to remain richly valued as long as the company thrives but the stock will have significant downside risk in the event of an unforeseen headwind, just like when the stock plunged during the pandemic and the surge of inflation.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	13,152	13,836	12,222	12,562	11,790	12,733	14,188	15,320	15,741	16081
Gross Profit	5,618	5,772	5,347	5,516	4,884	5,117	5,357	6,165	6,842	7158
Gross Margin	42.7%	41.7%	43.7%	43.9%	41.4%	40.2%	37.8%	40.2%	43.5%	44.5%
SG&A Exp.	3,708	3,825	3,506	3,551	3,309	3,416	3,654	4,062	4,228	---
D&A Exp.	851	893	730	775	813	843	939	924	935	---
Operating Profit	1,910	1,946	1,841	1,965	1,575	1,701	1,703	2,104	2,614	2913
Operating Margin	14.5%	14.1%	15.1%	15.6%	13.4%	13.4%	12.0%	13.7%	16.6%	18.1%
Net Profit	1,229	1,505	1,429	1,559	(1,205)	1,130	1,092	1,372	2,112	2093
Net Margin	9.3%	10.9%	11.7%	12.4%	-10.2%	8.9%	7.7%	9.0%	13.4%	13.0%
Free Cash Flow	1,183	1,223	1,499	1,689	1,371	1,419	1,076	1,637	1,819	---
Income Tax	403	244	321	289	177	270	235	363	439	455

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	18,330	19,964	20,075	20,869	18,126	21,206	21,464	21,847	22,388	24696
Cash & Equivalents	327	211	115	119	1,260	360	599	920	1,257	646
Accounts Receivable	2,341	2,571	2,663	2,382	2,274	2,478	2,698	2,834	2,865	3249
Inventories	1,319	1,447	1,546	1,082	1,285	1,492	1,793	1,497	1,465	1490
Goodwill & Int. Ass.	10,201	11,185	10,876	8,497	8,984	12,288	11,693	11,642	11,216	12916
Total Liabilities	11,359	12,310	12,021	12,143	11,925	13,953	14,206	13,774	13,599	14892
Accounts Payable	983	1,177	1,256	1,075	1,161	1,384	1,728	1,566	1,810	2071
Long-Term Debt	6,687	7,323	7,045	6,354	6,687	8,758	8,580	8,182	7,565	7962
Shareholder's Equity	6,901	7,584	8,003	8,685	6,167	7,224	7,236	8,045	8,757	---
D/E Ratio	0.97	0.97	0.88	0.73	1.08	1.21	1.19	1.02	0.86	0.904

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	6.6%	7.9%	7.1%	7.6%	-6.2%	5.7%	5.1%	6.3%	9.6%	8.9%
Return on Equity	17.8%	20.8%	18.3%	18.7%	-16.2%	16.9%	15.1%	17.9%	25.1%	22.5%
ROIC	9.1%	10.5%	9.5%	10.3%	-8.6%	7.8%	6.9%	8.6%	13.0%	11.7%
Shares Out.	291.8	293.6	292.2	292.6	288.7	289.5	286.6	286.5	286.6	285.2
Revenue/Share	44.33	47.06	41.74	42.95	40.61	44.04	49.50	53.47	54.92	56.39
FCF/Share	3.99	4.16	5.12	5.78	4.72	4.91	3.75	5.71	6.35	---

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.