

Ercros's ordinary Ebitda improves by 57%

Ercros consolidated income totalled 4.46 million euros in 2006, against 2005's 38.25 million euros. This was from 721 million euros in revenues, or 66.6% more than the previous year's 432.80 million euros.

Although gross operating profit (Ebitda) equalled 56.3 million euros –against 2005's 86.46 million euros –it is worth highlighting that under International Financial Reporting Standards, this caption includes certain non-recurrent items that significantly distort year-on-year comparisons. Between 2005 and 2006, it is remarkable the different effect that the loss on consolidation derived from the acquisitions of Grupo Aragonesas and Derivados Forestales have on each year, as well as the 8.11 million euros provision for the cost of Flix's marsh remediation work if its appeals against the writ of execution for the Tarragona court sentence are unsuccessful. The upshot of all this is a tumble in non-recurrent Ebitda from 2005's 57.60 million euros to 11.12 million euros in 2006.

This decrease in non-recurrent Ebitda contrasts with an improvement in the ordinary Ebitda caption, growing by 56.5% from 2005's 28.87 million euros to 45.18 million euros in 2006. This expansion is thanks mainly to the first full-year contribution from Grupo Aragonesas since its June 2005 purchase, plus the inclusion of the Intermediate Chemicals division with the acquisition of Derivados Forestales Group XXI on 19 May 2006. This all enabled the Company to compensate for the negative effects from increased prices for energies and major raw materials.

Activity advanced in all Ercros divisions in 2006. The chlorine and soda businesses' invoicing was 41.0% up on 2005, to 516.81 million euros. This set of closely inter-related activities includes: Basic Chemicals, with 19.4% sales growth to 282.05 million euros; Plastics, a 100.7% expansion to 172.75 million euros; Animal Feeds, 39.03 million euros in revenues, or 18.1% growth; and Water Treatment with a 102.3% expansion to 22.98 million euros. Developments in the other three areas of the Company's business structure were: Pharmaceuticals, a 12.6% increase in invoicing to 45.73 million euros; Emulsions, with 27.15 million euros, or 6.4% up; and lastly Intermediate Chemicals with 131.31 million euros in revenues between the acquisition date of 19 May 2006 and year-end.

For 2007, forecasts indicate an improvement in the ordinary Ebitda, supported by a dynamic caustic soda market, relatively cheaper prices for major raw materials and a sales expansion in all businesses. This is expected to compensate for the electricity price increase in the first few days of the year.

Consolidated Results

(According to IFRS)

	Million euros		
	2006 ^{1,2}	2005 ³	Variation %
Income	774.40	540.48	43.3
Expenses	-718.10	-454.02	58.2
Ordinary ebitda	45.18	28.87	56.5
Non-recurrent ebitda	11.12	57.60	-80.7
Gross operating profit	56.30	86.46	-34.9
Depreciation	-40.48	-27.59	46.7
Net operating profit	15.82	58.87	-73.1
Financial income and other	-13.42	-20.12	-33.3
Ordinary income	2.40	38.75	-93.8
Income taxes	2.44	-0.25	-
Minority interests	-0.38	-0.25	52.0
Consolidated income for the year	4.46	38.25	-88.3

Consolidated Balance

(According to IFRS)

	Million euros		
	2006 ^{1,2}	2005 ³	Variation %
ASSETS			
Non-current assets	652.63	513,84	26,3
Fixed assets	603.46	466,24	29,4
Other non-current assets	49.17	47,60	-4,6
Current assets	353.30	247,97	44,0
Inventory	102.77	70,08	46,6
Accounts receivable	212.22	149,65	41,8
Other current assets	38.31	28,24	49,0
Total assets	1,005.93	761,81	32,0
LIABILITIES			
Net worth	359.96	253,87	41,8
Share capital and reserves	353.54	213,08	65,9
Profits	4.46	38,25	-88,3
Minority interests	1.96	2,54	-22,8
Non-current liabilities	270.41	290,51	-11,1
Payable to banks	123.33	140,38	-12,1
Provisions	62.77	71,31	-12,0
Non-deferred taxes and other	84.31	78,82	-8,4
Current liabilities	375.56	217,43	78,3
Payable to banks	174.68	79,63	119,4
Creditors	160.88	106,24	51,4
Other current liabilities	40.00	31,56	65,1
Total liabilities	1,005.93	761,81	32,0

¹ Unaudited ³ Audited

² The perimeter of 2006 includes the activity of the Intermediate Chemicals Division since the date of its acquisition (19-05-2006)