

A more marked change of trend at Ercros

Ordinary ebitda, the notion which best expresses a company's operating business, was up by 15 million euros comparing first quarter 2010 with the like period from the previous year. In the first quarter of 2009 ordinary ebitda came in at -16.67 million euros, while in the first quarter of 2010 it showed -1.59 million euros. This significant improvement was brought about by recovery in those markets where the company operates and savings in overheads and personnel costs which the closure of factories under restructure plans (the Efficiency Improvement Plan and the Reorganisation Plan) have made possible. In the first quarter of 2010 overheads and staff costs were 5.62 million euros lower than in the like period in 2009. This is a saving that should be seen as the continuation of the corporate reorganisation process, which made it possible to cut costs under these two headings by 17.38 million euros over the 2009 annual period.

Despite the fact that at this highly volatile juncture it is risky to make forecasts for the rest of the year, the realisation of savings under the restructure plans, the overall improvement in markets and the additional increase in competitiveness brought about by a weaker euro, are all factors that point to a recovery that seems to have left behind the nadir within the crisis once and for all. Ebitda for first quarter of 2010 is a significant figure because, despite speaking for a seasonally weak quarter, it gives clear confirmation of a more marked change in trend for the chemicals market.

The improved trend in the company's operating results is eclipsed by the existence of a higher non recurring profit in the first quarter of 2009 (14.34 million euros, mainly due to the freeing up of a provision under a favourable ruling in the Marina de Badalona case) which compares to a far lower non recurring profit in the first quarter of 2010 (0.83 million euros). After amortisations, taxes and minority holdings this circumstance leaves the result for the first quarter of 2010 at a loss of -7.28 million euros compared to -7.68 million euros for the like period the previous year.

With respect to the balance sheet the notable facet is the stability and relatively low level of the company's borrowings, which, since December 2008 have managed to hold steady at around 130 million euros. The net financial debt to capital employed ratio as at 31 March 2010 is 33.6%, which just goes to show the low borrowings the company has in relation to its available assets.

Out of 132.86 million euros of net financial debt at the close of the last quarter, 78% is long term net financial debt, while short term financial debt falling due in 2010 represents a mere 20.8%.

Main Income Statement Items

Million euros

	1Q 2010	1Q 2009
Sales	147.63	158.75
Ebitda	-0.76	-4.20
Ordinary ebitda	-1.59	-16.67
Non-recurring ebitda	0.83	12.47
Depreciation and amortisation	-5.20	-4.06
Ebit	-5.96	-8.25
Ordinary finance income	-1.22	-1.25
Non-recurring finance income	-	1.87
Profit (loss) for the period	-7.28	-7.68

Economical Analysis of Balance Sheet

Million euros

	31-03-2010	31-12-2009
Non-current assets	326.90	321.88
Working capital	68.94	89.29
Current assets	228.45	240.80
Current liabilities	-159.51	-151.51
Utilisation of resources	395.84	411.17

Equity	198.74	205.38
Net financial debt (NFD)	132.86	130.99
Provisions and other financial liabilities	64.24	74.80
Total liabilities and equity	395.84	411.17
<i>NFD/Equity</i>	<i>33.6%</i>	<i>31.9%</i>