

Ercros achieves earnings of 9 million euros up to September

Accumulated turnover at Ercros over the first nine months of the year 2006 amounted to 519.13 million euros, 20.4% more than for the same period of the previous year, basically due to including the business of the Derivados Forestales Group within the scope of consolidation, and also to favourable progress by the principal products in the company's portfolio. Derivados Forestales Group was acquired by the company on 19 May 2006.

The Basic Chemicals Division, with a turnover of 213.65 million euros has effectively maintained the same level of business as that achieved up to September 2005. Plastics, with invoicing of 128.65 million euros, was up by 9.4%. Pharmaceuticals, at 32.95 million euros, was up by 14.5%. Animal Feed, at 28.86 million euros, was up by 7.2%. Emulsions, at 20.73 million euros, rose by 2%. Water Treatment, at 19.82 million euros, fell by 10.1%. Finally, the Intermediate Chemicals Division, which corresponds to the business of Derivados Forestales Group, invoiced 74.47 million euros during the period between the acquisition and the close of the quarter.

Gross operating profit (ebitda) amounted to 46.71 million euros, as against the 51.29 million euros achieved in the same period of the previous year. It should be pointed out, however, that in line with the International Financial Reporting Standards (IFRS), the ebitda figure includes non-recurring items which would have been reported as extraordinary income under the previous accounting standards, and this significantly distorts comparability. Specifically, the ebitda in 2005 includes in the profit figure the loss on consolidation of the Grupo Aragonesas, which is considerably greater than the loss on consolidation of Derivados Forestales, which is included in the ebitda for 2006.

Excluding these extraordinary income, recurrent ebitda, which is the indicator which best expresses the operating performance of the company, reached 37.15 million euros as against the 34.96 million euros of the year 2005, which means an increase of 6.3%.

Depreciation amounted to 27.83 million euros, 15.3% higher than in 2005, while the net financial expense stood at 9.43 million euros, 19.4% greater than the sum carried in the previous year. As a consequence of all these items, and in view of the fact that taxes and minority interests caused a reduction of 0.61 million euros, the accumulated consolidated earnings of Ercros up to September 2006 stood at 8.84 million euros.

It is expected that the movement in the markets during the last quarter of the year will be favourable. The high price levels for soda are being maintained and the weakening of the growth in the cost of ethylene is also making it possible to maintain margins in PVC and ethyl acetate.

Net Turnover¹

	3Q 2006	3Q 2005	Variation
	Million	Million	%
	euros	euros	
Basic Chemicals	213.65	215.50	-0.9
Intermediate Chemicals ²	74.47	-	-
Plastics	128.65	117.59	9.4
Pharmaceuticals	32.95	28.77	14.5
Animal Feed	28.86	26.93	7.2
Emulsions	20.73	20.32	2.0
Water Treatment	19.82	22.05	-10.1
Ercros	519.13	431.16	20.4

Consolidated Results¹

	3Q 06	3Q 05	Variation
	Million	Million	%
	euros	euros	
Turnover	519.13	431.16	20.40
Expenses	472.42	379.87	24.36
Ebitda	46.71	51.29	-8.93
Depreciation	-27.83	-24.14	15.29
Ebit	18.88	27.15	-30.46
Financial income	-9.43	-7.90	19.37
Ordinary income	9.45	19.25	-50.91
Taxes and minority interests	-0.61	-0.74	-17.57
Income for the year	8.84	18.51	-52.24

¹ Data corresponding to year 2005 include Grupo Aragonesas since 1-01-2005

² Intermediate Chemicals Division corresponds to the activity contributed by Derivados Forestales, included on the consolidation perimeter of Ercros since 19-05-2006