

## **Ercros increases its profit by 15.8% up to EUR 9 million**

Ercros has concluded the first quarter of 2017 with a profit of EUR 9.23 million, 15.8% higher than that obtained in the same period of the previous year, which amounted to EUR 7.97 million.

This increase of EUR 1.26 million is particularly relevant as it occurred in the context of a sharp rise in the price of the main raw materials, especially electricity and methanol, which have experienced increases of more than 50% compared to the first quarter of 2016. It is also indicative of the strength shown by most of our markets, which in addition to generating a higher volume of sales, is allowing an increase of margins.

Sales have risen to EUR 165.36 million in the first quarter of 2017, 14.8% higher than the first quarter of 2016, which amounted to EUR 144.03 million. The three businesses of the company have participated in the improvement of sales: the division of intermediate chemicals has increased its sales by 18.6%; the division of chlorine derivatives, by 12.7%, and the pharmacy division, by 10.9%.

The increase in the price of raw materials has been reflected in the expenses chapter, which as a whole increased by 11.6% to EUR 155.07 million (EUR 138.97 million in the first quarter of 2016). Within this chapter, the most significant variation was that of supplies (+25.5%), influenced by the aforementioned increase in the price of electricity; followed by procurements (+14.1%), mainly due to the increase in the price of methanol, also mentioned.

The highest increase in revenues (EUR 17.62 million) compared to expenses (EUR 16.10 million), raises the gross operating income (“ebitda”) in the first quarter of 2017 to EUR 17.47 million, compared to EUR 15.95 million in the first quarter of 2016, an increase of 9.5%.

From the balance sheet, it should be highlighted the increase in working capital by EUR 19.51 million, linked to the higher turnover in the quarter, which, together with the purchase of own shares and the payment of investments, has given rise to an increase in net financial debt of EUR 21.02 million, up to EUR 94.48 million.

During the first quarter of 2017, the Company invested EUR 9 million to purchase 3,106,860 of its own shares, in accordance with the shareholder remuneration plan put in place by the board of directors. The acquisition of these shares reduces equity, which hardly increases in the quarter despite the results obtained. The board of directors will propose to the next ordinary general meeting the amortization of these shares.

The strong demand and the economic environment envisages that, in the coming quarters, the trend seen in this first quarter is expected to consolidate, especially because of the lowering of the price of electricity after the peak seen in the first two months of the year .

On the other hand, in the last quarter of 2017, Ercros will face the shutdown and dismantling of chlorine production plants operating with mercury technology and the simultaneous commissioning of the expansion of facilities with membrane technology.

**Statement of profit and loss**

| <b>EUR million</b>                     | <b>1<sup>st</sup> quarter<br/>2017</b> | <b>1<sup>st</sup> quarter<br/>2016</b> | <b>Variation<br/>(%)</b> |
|--|--|--|--------------------------|
| <b>Revenue</b>                         | <b>172.54</b>                          | <b>154.92</b>                          | <b>11.4</b>              |
| Sale of goods                          | 165.36                                 | 144.03                                 | 14.8                     |
| Delivery of services                   | 12.21                                  | 10.03                                  | 21.7                     |
| Other income                           | 0.81                                   | 1.02                                   | -20.6                    |
| Changes in inventories                 | -5.84                                  | -0.16                                  | -                        |
| <b>Expenses</b>                        | <b>-155.07</b>                         | <b>-138.97</b>                         | <b>11.6</b>              |
| Raw materials and consumables used     | -80.10                                 | -70.23                                 | 14.1                     |
| Energies and other supplies            | -28.55                                 | -22.74                                 | 25.5                     |
| Other operating expenses               | -25.93                                 | -25.20                                 | 2.9                      |
| Employee benefit expenses              | -20.49                                 | -20.80                                 | -1.5                     |
| <b>Ebitda</b>                          | <b>17.47</b>                           | <b>15.95</b>                           | <b>9.5</b>               |
| Depreciation and amortisation expenses | -4.49                                  | -4.72                                  | -4.9                     |
| <b>Ebit</b>                            | <b>12.98</b>                           | <b>11.23</b>                           | <b>15.6</b>              |
| Financial expenses                     | -1.41                                  | -1.51                                  | -6.6                     |
| Exchange rate differences              | -0.09                                  | -0.21                                  | -57.1                    |
| <b>Profit before taxes</b>             | <b>11.48</b>                           | <b>9.51</b>                            | <b>20.7</b>              |
| Income tax expense                     | -2.25                                  | -1.54                                  | 46.1                     |
| <b>Profit for the period</b>           | <b>9.23</b>                            | <b>7.97</b>                            | <b>15.8</b>              |

**Economic analysis of the balance sheet**

| <b>EUR million</b>         | <b>31-03-2017</b> | <b>31-12-2016</b> | <b>Variation<br/>(%)</b> |
|----------------------------|-------------------|-------------------|--------------------------|
| Non-current assets         | 276.76            | 274.79            | 0.7                      |
| Working capital            | 83.04             | 63.53             | 30.7                     |
| <b>Capital employed</b>    | <b>359.80</b>     | <b>338.32</b>     | <b>6.3</b>               |
| Equity                     | 220.09            | 219.83            | 0.1                      |
| Net financial debt         | 94.48             | 73.46             | 28.6                     |
| Provisions and other debts | 45.23             | 45.03             | 0.4                      |
| <b>Source of funds</b>     | <b>359.80</b>     | <b>338.32</b>     | <b>6.3</b>               |

Barcelona, May 3, 2017