

## **Ercros will undertake a third expansion of the chlorine production plant in Vila-seca I**

Ercros has received today, June 11, the authorization from the Government of Catalonia to undertake a new expansion of the capacity of the chlorine and caustic soda production plant in the Vila-seca I factory that will optimize the use of existing equipment and facilities associated with membrane technology. This is the third time that Ercros has expanded this plant, on this occasion with an additional 26,000 t/year. When this investment will be operational, by mid-2019, global chlorine production capacity will be 217,000 t/year, so that Ercros will consolidate its leading position in the Iberian market.

The company has taken this decision in view of the excellent current and expected evolution of the market for caustic soda and chlorine derivatives and in order to meet the growing demand from customers. This evolution is influenced by the good performance of the general economy and by the global decrease in supply as a result of the reduction in production capacity of chlorine and caustic soda following the European ban on mercury technology beyond December 11, 2017.

According to the sector forecasts this situation will be maintained at least until the end of 2020, which is the estimated period that Europe will return to recover the production capacity lost due to the change of technology and, improves the balance between offer and demand.

Ercros partially compensated the chlorine production capacity lost due to the closure of the mercury plants at the end of 2017, with the commissioning in 2018 first quarter of 80,000 t/year with membrane technology -the best and more efficient technology available and, therefore, not affected by the European ban. In March of this year, the company announced a new expansion, also of 26,000 t/year, which is expected to enter into service later this year. With the commissioning of the announced expansion of another 26,000 t/year, Ercros chlorine production with membrane technology will be similar to the production prior to the closure of chlorine production plants with mercury technology.

The General Directorate of Environmental Quality and Climate Change of the Generalitat de Catalunya in its resolution authorizes Ercros to carry out further expansions of chlorine-caustic soda production capacity, which the company could consider based on the market's perspectives and the profitability of the investment.

### **Ercros' chlorine nominal production capacity with membrane technology**

| <b>t/year</b> | <b>Previous situation</b> | <b>Expansions</b> |                             |                             | <b>Final situation</b> |
|---------------|---------------------------|-------------------|-----------------------------|-----------------------------|------------------------|
|               |                           | <b>31-03-18</b>   | <b>31-12-18<sup>1</sup></b> | <b>30-06-19<sup>1</sup></b> |                        |
| Vila-seca I   | 55,000                    | +65,000           | +26,000                     | +26,000                     | 172,000                |
| Sabiñánigo    | 30,000                    | +15,000           | 0                           | 0                           | 45,000                 |
| <b>Total</b>  | <b>85,000</b>             | <b>+80,000</b>    | <b>+26,000</b>              | <b>+26,000</b>              | <b>217,000</b>         |

<sup>1</sup> Estimated dates.

Barcelona, June 11, 2018