



Ercros

May 25, 2022

Key figures 2021

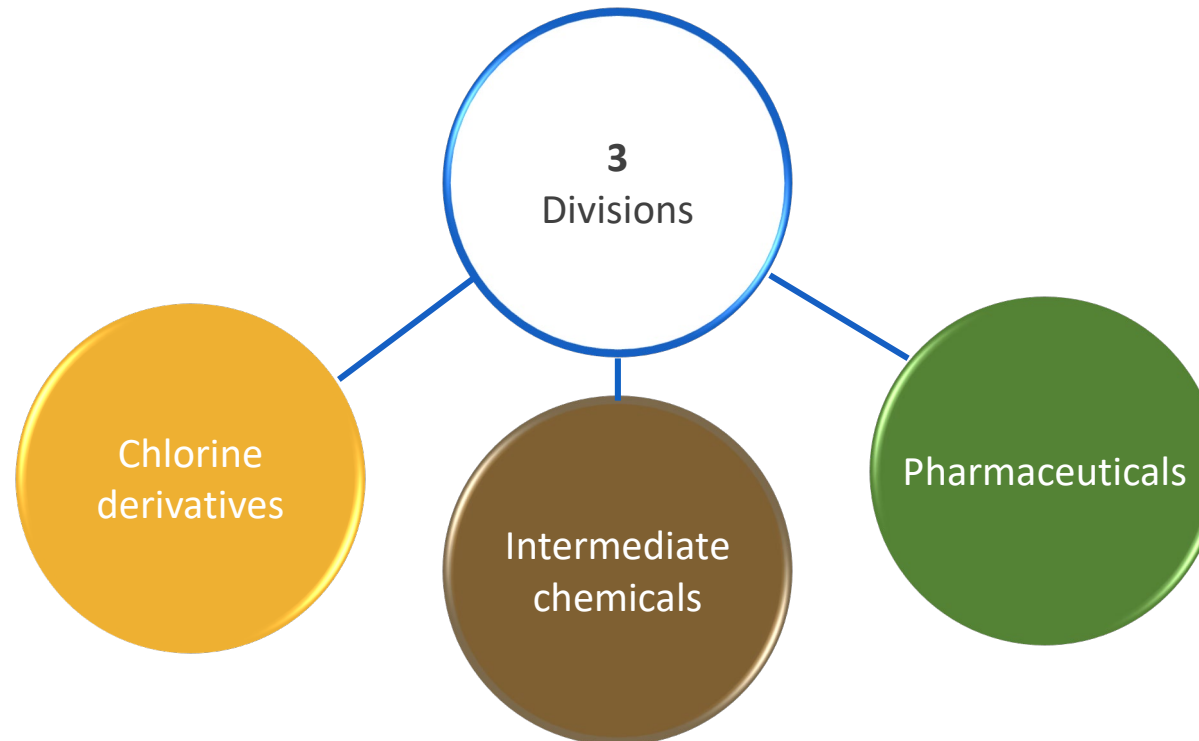
1989
Fusion
ERT y CROS

1,329
Workforce

10
Factories

772 M€
Sales

48%
Export
(>95 countries)



Factories



Chlorine derivatives

Intermediate chemicals

Pharmaceuticals

Profit of the year 2021

Thousands of euros	2021	2020	%
Sale of finished products	772,317	547,236	41.1
Services rendered	27,738	21,561	28.6
Other income	52,069	16,523	×3.2
Revenue	852,124	585,320	45.6
Procurements and supplies	-555,005	-340,140	63.2
Staff costs	-86,965	-84,296	3.2
Other expenses	-80,693	-76,801	5.0
Transport	-43,836	-34,482	27,1
Expenses	-766,444	-535,719	43.1
Ebitda (revenue-expenses)	85,680	49,601	72.7
Amortization and asset impairment	-31,999	-34,664	-7.7
Financial results	-2,525	-7,952	-68.2
Profit before taxes	51,156	6,985	×7.3*
Income taxes	-7,859	-728	×10.8*
Profit of the year	43,297	6,257	×6.9*

* Times the 2021 figure exceeds that of 2020 (in absolute terms).

Results per quarters 1Q 22 vs 1Q 21

Thousands of euros	1Q 22	1Q 21	Variation (%)
Revenue	273,688	177,272	54.4
Sales of finished products	256,599	168,422	52.4
Services rendered	9,871	5,646	74.8
Other income	6,817	3,188	113.8
Reversal of provisions and other extraordinary income	24	16	50.0
Increased inventories of finished and unfinished products	377	-	-
Expenses	-243,667	-157,424	54.8
Procurements	-126,123	-81,998	53.8
Reduced inventories of finished and unfinished products	-	-2,250	-
Utilities and supplies	-60,767	-21,450	×2.8*
Staff costs	-21,956	-21,834	0.6
Other operating expenses	-33,058	-28,408	16.4
Allocation of provisions and other extraordinary expenses	-1,763	-1,484	18.8
Ebitda	30,021	19,848	51.3
Amortisation	-7,440	-7,067	5.3
Ebit	22,581	12,781	76.7
Financial profit/loss	-1,555	-1,144	35.9
Before tax profits	21,026	11,637	80.7
Tax on earnings	-3,841	-2,914	31.8
Profit for the period	17,185	8,723	97.0

* Times the 2022 figure exceeds the 2021 figure (in absolute terms).

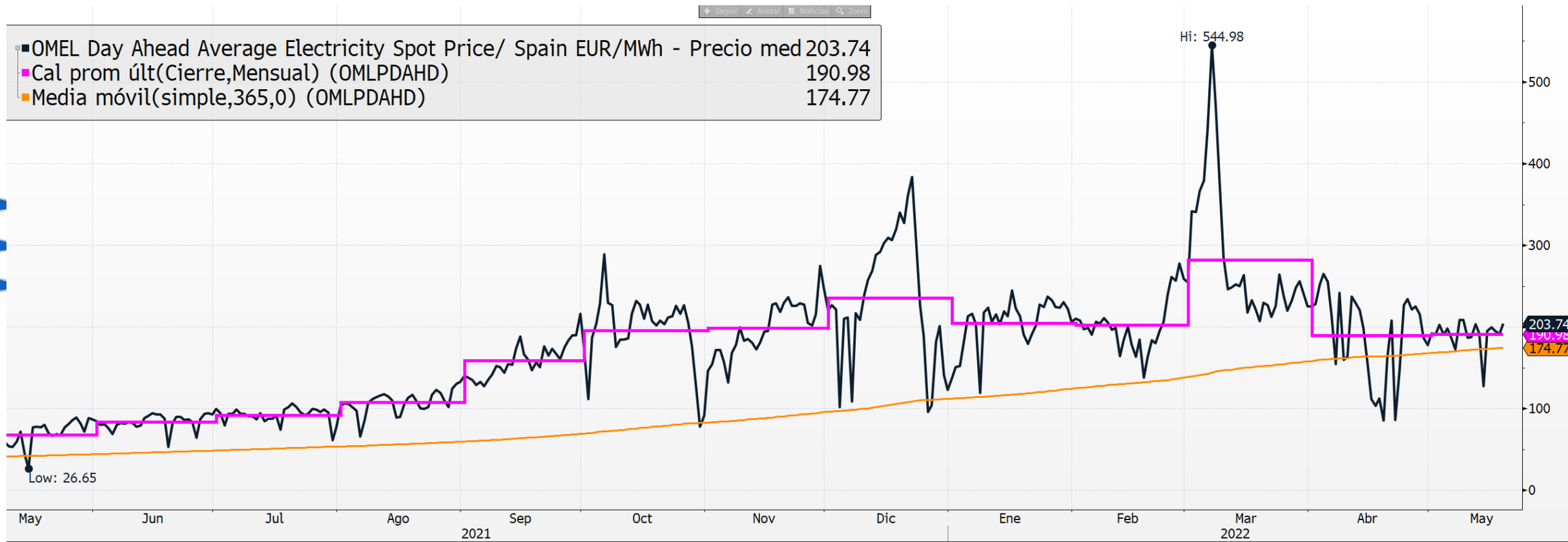
Consolidated profit and loss account for last 12 months

Thousands of euros	2Q 21	3Q 21	4Q 21	1Q 22	Last 12M
Revenue	202,145	209,907	265,050	273,688	950,790
Sale of finished products	191,543	191,449	220,903	256,599	860,494
Services rendered	6,310	7,473	8,309	9,871	31,963
Other income	3,179	5,589	11,384	6,817	26,969
Reversal of provisions and other extraordinary income	1,234	20	5,299	24	6,577
Increased inventories of finished and unfinished products	-121	5,376	19,155	377	24,787
Expenses	-178,161	-193,927	-239,182	-243,667	-854,937
Procurements and supplies	-99,483	-98,490	-120,041	-126,123	-444,137
Electricity, gas and supplies	-27,514	-42,117	-63,912	-60,767	-194,310
Employees expenses	-21,561	-21,728	-21,842	-21,956	-87,087
Transports	-11,172	-11,406	-11,208	-12,155	-45,941
Other operating expenses	-17,949	-19,420	-17,956	-20,903	-76,228
Allocation of provisions and other extraordinary expenses	-482	-766	-4,223	-1,763	-7,234
Ebitda	23,984	15,980	25,868	30,021	95,853
Amortisation	-7,065	-7,080	-7,337	-7,440	-28,922
Asset impairment loss			-3,450		-3,450
Ebit	16,919	8,900	15,081	22,581	63,481
Financial profit/loss	-1,688	-1,119	1,426	-1,555	-2,936
Profit before taxes	15,231	7,781	16,507	21,026	60,545
Tax on earnings	-3,689	-1,880	624	-3,841	-8,786
Profit for the period	11,542	5,901	17,131	17,185	51,759
Adjusted ebitda	23.232	16.726	24.792	31.760	96.510

PER: 6,1

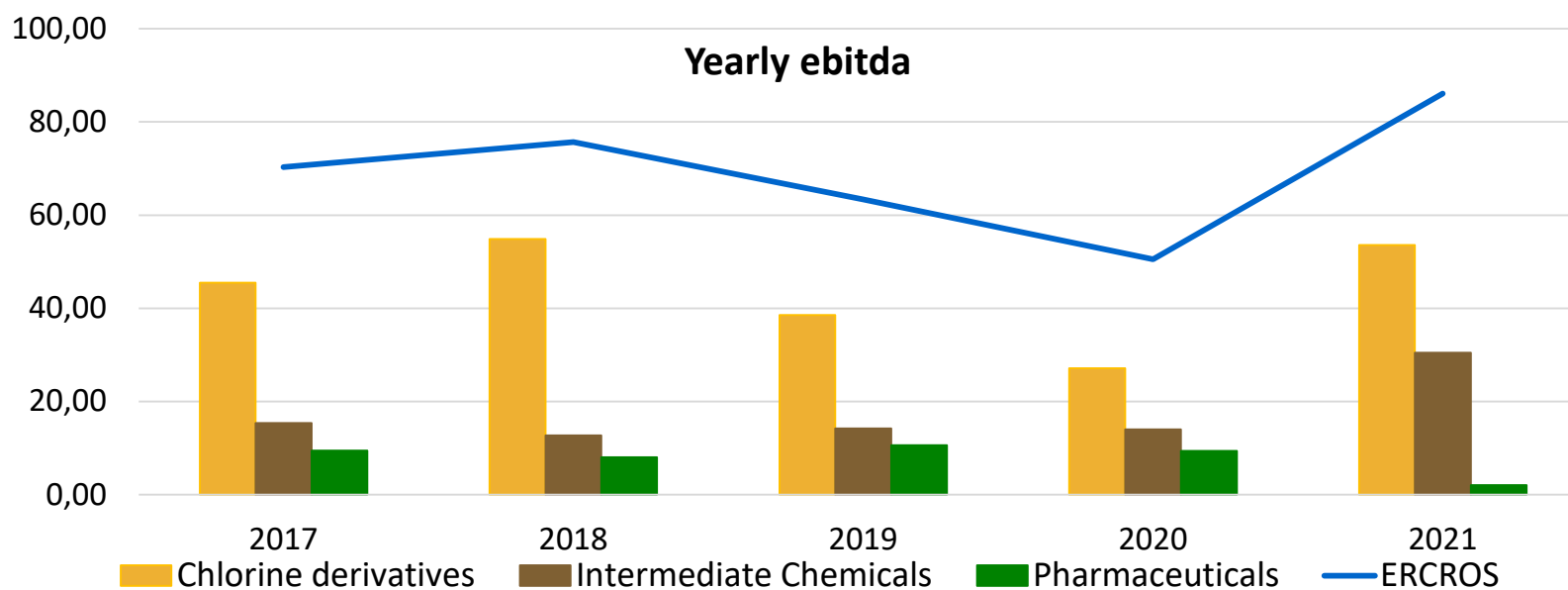
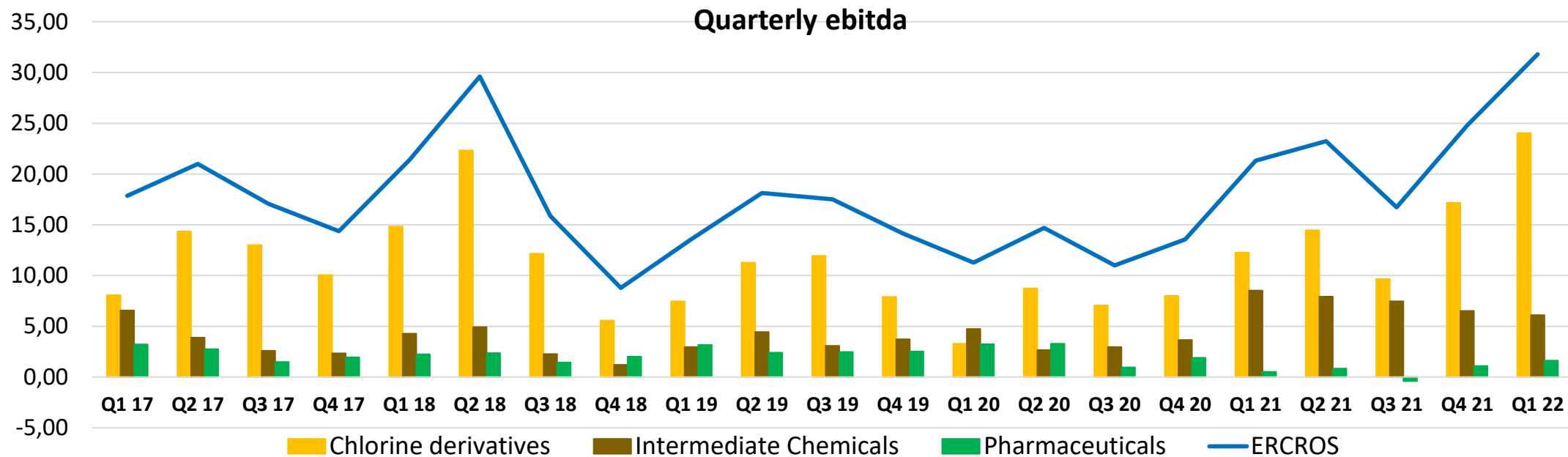
Considering the profit of the last 12 months, the number of shares after the capital reduction this year and the price of 23/05/2022.

Electricity price in Spain



Source: Bloomberg

Evolution of quarterly and annual ebitda by business (2017-1Q 22)



Market capitalization



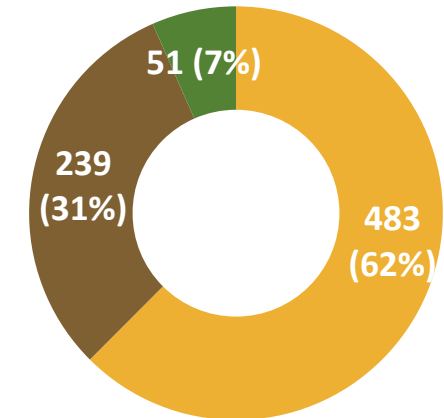
Fuente: Bloomberg

Results by business 2021

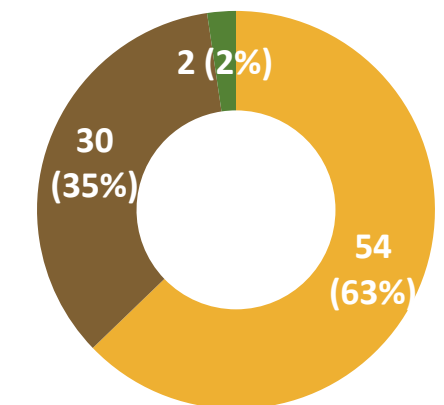
Thousands of euros	2021	2020	%
Chlorine derivatives division			
Product sales	483,047	330,961	46.0
Adjusted ebitda	53,516	27,191	96.8
Adjusted ebitda/product sales (%)	11.1	8.2	34.8
Intermediate chemicals division			
Product sales	238,567	158,737	50.3
Adjusted ebitda	30,486	13,961	×2.2*
Adjusted ebitda/product sales (%)	12.8	8.8	45.3
Pharmaceuticals division			
Product sales	50,703	57,538	-11.9
Adjusted ebitda	2,064	9,355	-77.9
Adjusted ebitda/product sales (%)	4.1	16.3	-75.0

* Times the 2021 figure exceeds that of 2020 (in absolute terms)

Sales (M€)

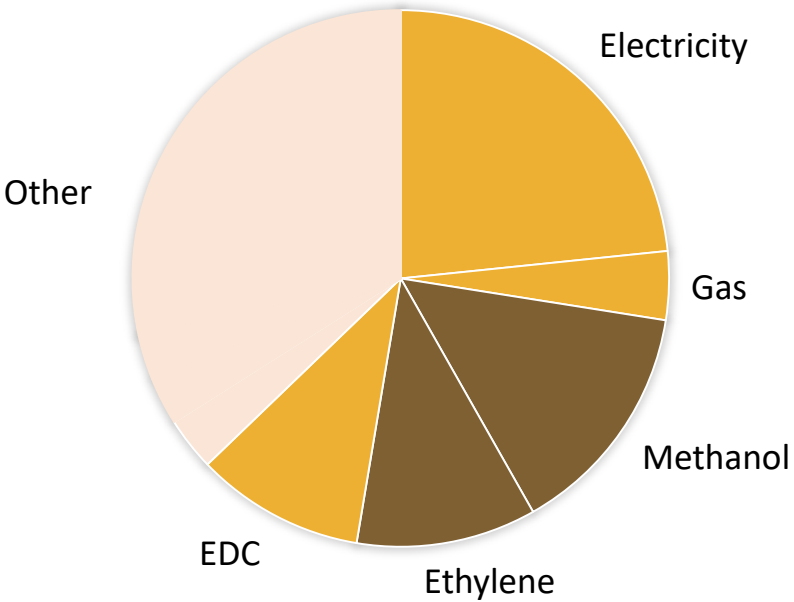


Adjusted ebitda (M€)

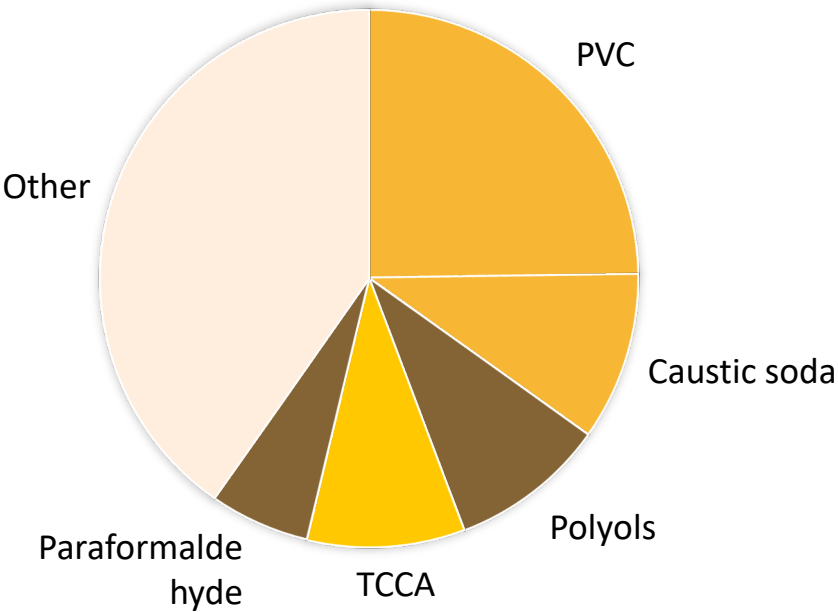


Purchases and sales (2021)

The main provisions and supplies



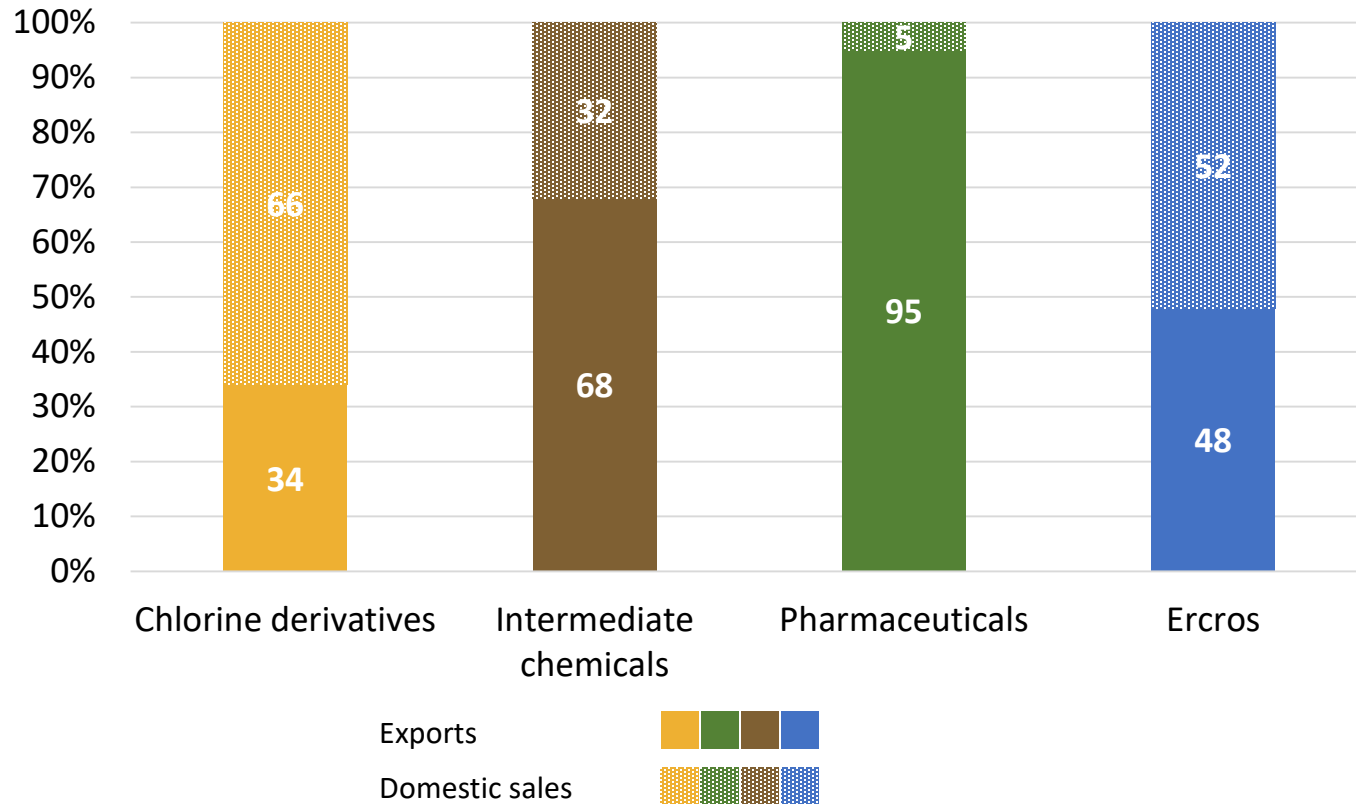
The main products sold



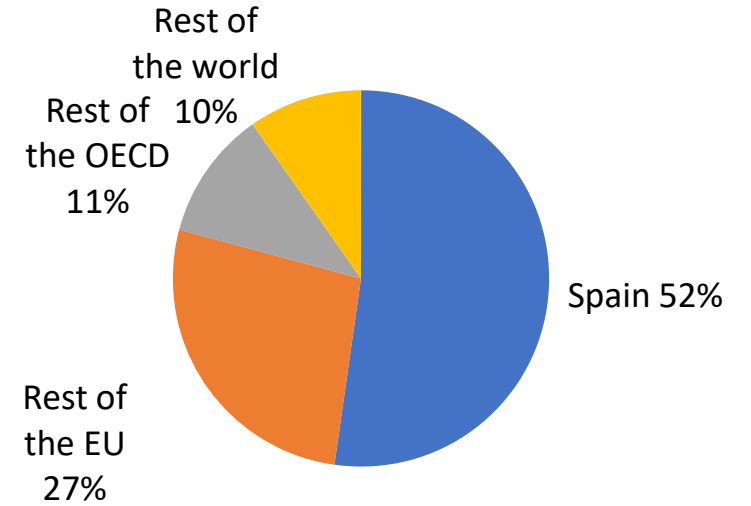
Foreing trade 2021

Exports by business 2021

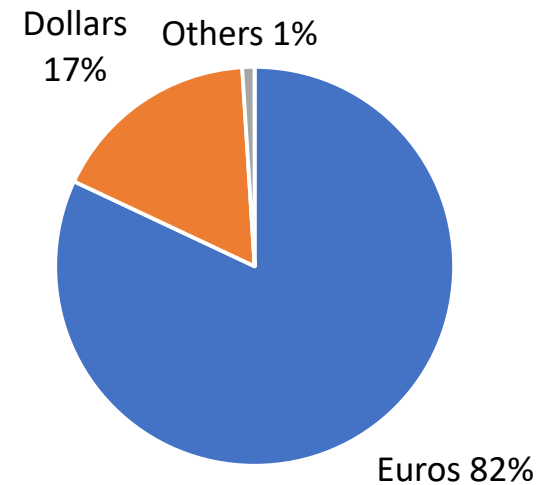
Export/domestic sales (%)




Sales destination



Currency



Economic analysis of the balance sheet



Thousands of euros	31/12/21	31/03/22	%
Non-current assets	358,713	375,117	4.6
Working capital	58,104	89,327	53.7
Current assets	248,876	289,712	16.4
Current liabilities	-190,772	-200,385	5.0
Resources used	416,817	464,444	11.4
Equity	331,613	341,809	3.1
Net financial debt	65,841	102,546	55.7
Provisions and other debts	19,363	20,089	3.7
Source of funds	416,817	464,444	11.4

Competitive position

	Spain	Europe	World
Chlorine derivatives			
TCCA	1st	1st	-
Sodium chlorate	1st	4th	-
Sodium hypochlorite	1st	11th	-
Caustic potash	1st	7th	-
PVC	1st	9th	-
Caustic soda	1st	9th	-
Intermediate chemicals			
Formaldehyde	1st	5th	-
Paraformaldehyde	1st	1st	1st
Polyols	1st	2nd	3rd
Moulding compounds	1st	2nd	3rd
Resins	2nd	7th	-
Pharmaceuticals			
Fusidic acid	-	2nd	2nd
Fosfomycins	1st	2nd	3rd
Erythromycins	1st	1st	-



Shareholder remuneration

Summary of shareholder remuneration (2016-2021)



Source: Infobolsa

Conditions of the shareholder remuneration policy

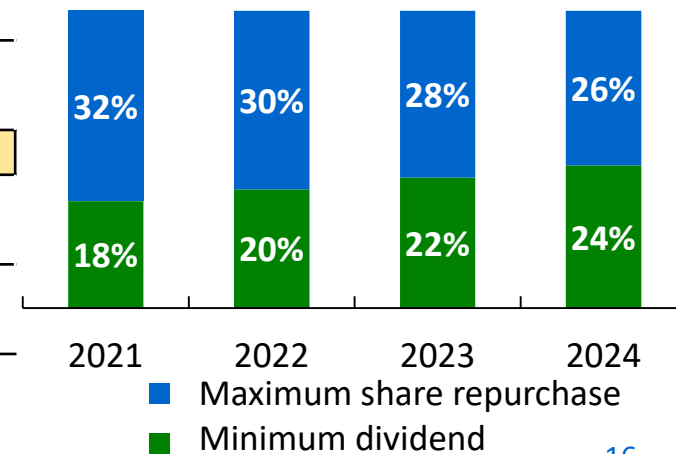
	2016	2017	2018	2019	2020	2021	LTM 2022
Profit (M€)	45,17	44,49	44,88	31,04	5,76	43,30	17,19
BPA (€/share)	0.396	0.396	0.408	0,292	0.061	0.429	0.513
PER	4.6	7.2	7.6	8.8	35.3	6.9	5.7
Solvency ratio ¹	1.26	1.20	1.78	1.74	1.68	0.77	1.06
Leverage ratio ²	0.33	0.36	0.46	0.38	0.30	0,20	0.30
Dividends distributed and proposed (M€)	4.4	5.4	6.3	5.0		8.2 ³	-
Amount repurchase or treasury shares (M€)	9.0	10.0	11.5	8.7	-	13.27	

¹ Solvency ratio: net financial debt ÷ ordinary ebitda.

² Leverage ratio: net financial debt ÷ net equity.

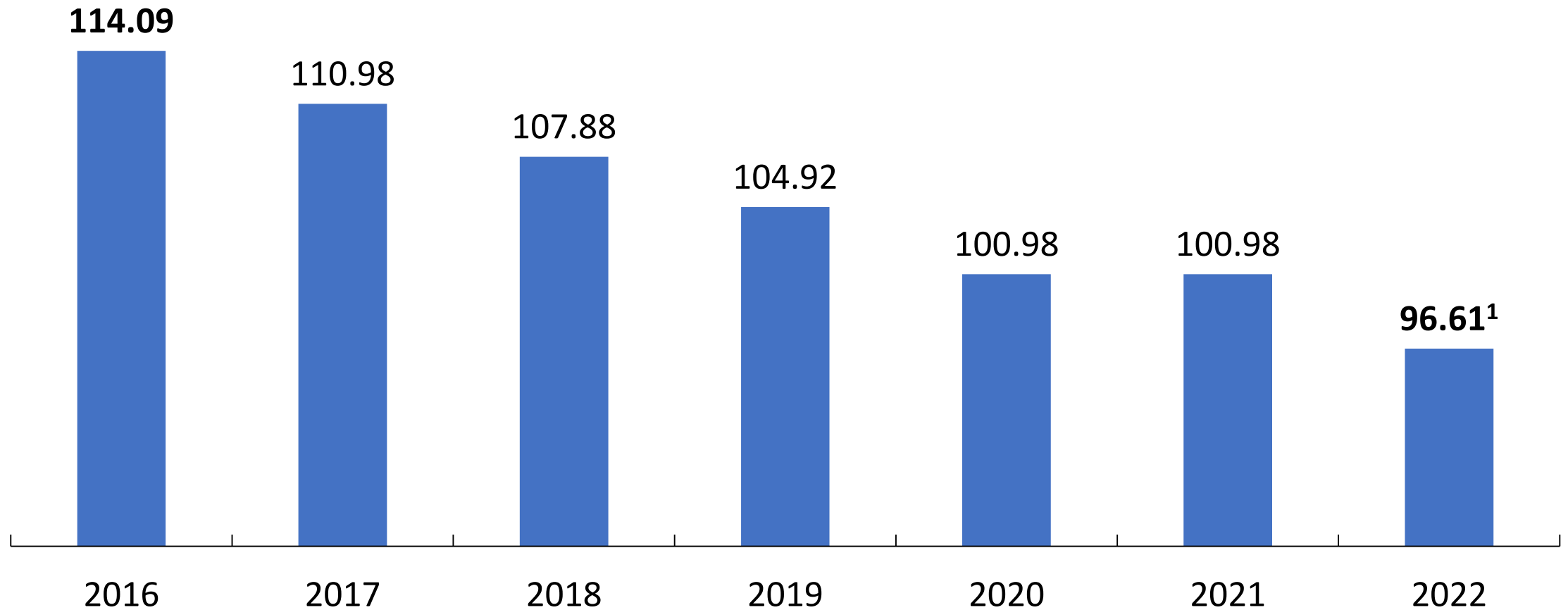
³ Figures pending approval of remuneration by the June 2022 AGM

Maximum payout (2021-2024)



Outstanding shares evolution (2016-2022)

Thousands of shares



¹ Capital reduction for amortization of own shares pending approval for execution by the June 2022 AGM.

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Última cotización: 2,5500 ←

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 **Ercros**

INICIO | ACERCA DE ERCCROS | NEGOCIOS Y PRODUCTOS | RESPONSABILIDAD SOCIAL | ACCIONISTAS E INVERSORES | SALA DE PRENSA



Plan estratégico Plan-3D

Noticias | Resultados | Mujeres con química

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TOSHIBA

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Plan 3D

3D Plan Investments

- The 3D Plan (2021-2029) contains **20 projects** with an accumulated investment of 92 million euros and an additional accumulated EBITDA of 194 million euros.
- **Projects in operation in 2021:**
 - Capacity expansion of the dipenta plant at the Tortosa factory (March).
 - Expansion of the capacity of the molding powder plant at the Cerdanyola factory (December).
- **Projects under construction:**
 - Expansion of the capacity of the polyol plant in the Tortosa factory (scheduled completion, due date, first half of 2022).
 - Expansion of the capacity of the sodium chlorite plant in the Sabiñánigo factory (f. p. second half of 2022).
 - Construction of a new extraction plant for the antibiotics vancomycin and gentamicin at the Aranjuez factory (fp. second half of 2022).

Big figures of the 3D Plan



Millions of €	2021	2022	2023	2024	2025	2026	2027	2028	2029	Acumulated
Annual ebitda	0.6	9.1	11.5	16.8	24.7	30.3	32.5	33.7	35.0	194.1
Annual capex	24.1	8.7	10.0	11.2	15.0	7.1	7.0	5.2	4.0	92.3

Progression of the 20 investment projects and their results (Millions of €)

	2021-2025	2026-2029	2021-2029
Total accumulated investment	69	23	92
Accumulated additional ebitda	63	131	194¹

¹ Additional contribution to Ebitda, accumulated: €194 million (annual average of €21.6 million).

Millions of €	2021	2022	2023	2024	2025	2026	2027	2028	2029
Accumulated ebitda	0.6	9.7	21.2	38.0	62.7	93.0	125.5	159.2	194.1
Accumulated investment	24.1	32.8	42.8	54.0	69.0	76.1	83.1	88.3	92.3

3D Plan

Diversification

- The aim of the diversification dimension is to control and, if possible, reduce Ercros' strong cyclical dependence on the chlor-alkali process. The four projects included in this dimension are geared towards enhancing the intermediate chemical and pharmaceutical divisions, along with the water purification segment that, although it belongs to the chlorine derivatives division, is not tied to the chlor-alkali process.
- These projects are highly profitable; they involve activities that are well known to Ercros (highly acceptable level of risk); and they manufacture products in markets with a supply deficit.

Total investment 2021-2025 (M€)	Contribution to Ebitda 2021-2025 (M€)
27.6	32.4

Digitalisation

- The purpose of the digitalisation dimension is to make Ercros more competitive by reducing operating costs, increasing production and sales, and strengthening customer loyalty.
- The eleven products included in this dimension will allow the firm to improve its management capacity for production, commercial, logistical, and administrative processes through automated data management. The projects are geared towards improving the company's value chain, focusing particularly on the maintenance, logistics, production, and information systems departments.

Total investment 2021-2025 (M€)	Contribution to Ebitda 2021-2025 (M€)
10.0	12.0

3D Plan: Decarbonisation

- The purpose of the decarbonisation dimension is to intensify Ercros's existing efforts to mitigate climate change and adapt to the new regulatory framework governing industrial activity.
- This dimension includes five major projects in the following areas: energy efficiency, adaptation to climate change, maximisation of hydrogen use, circular economy, and sustainability mobility.
- They affect all the company's businesses and the logistics department. Ercros hopes that, upon completion of the 3D Plan, in 2025, the direct CO₂ emissions generated by its activity will be cut by 39% regarding the current figures.

Total investment 2021-2025 (M€)	Contribution to Ebitda 2021-2025 (M€)	CO ₂ Reduction (2025 vs 2020)
31.4	18.3	-39%

Previous Ercros investments		
Energy efficiency (2015-2020)	climate change control (2015-2020)	Total (2015-2020)
86.2*	4.9	91.1

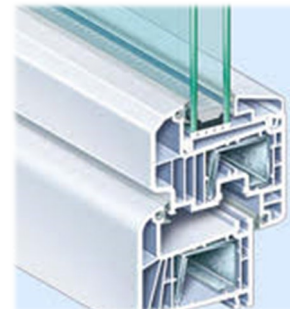
* 63.4 M€ in membrane electrolysis and related improvements.



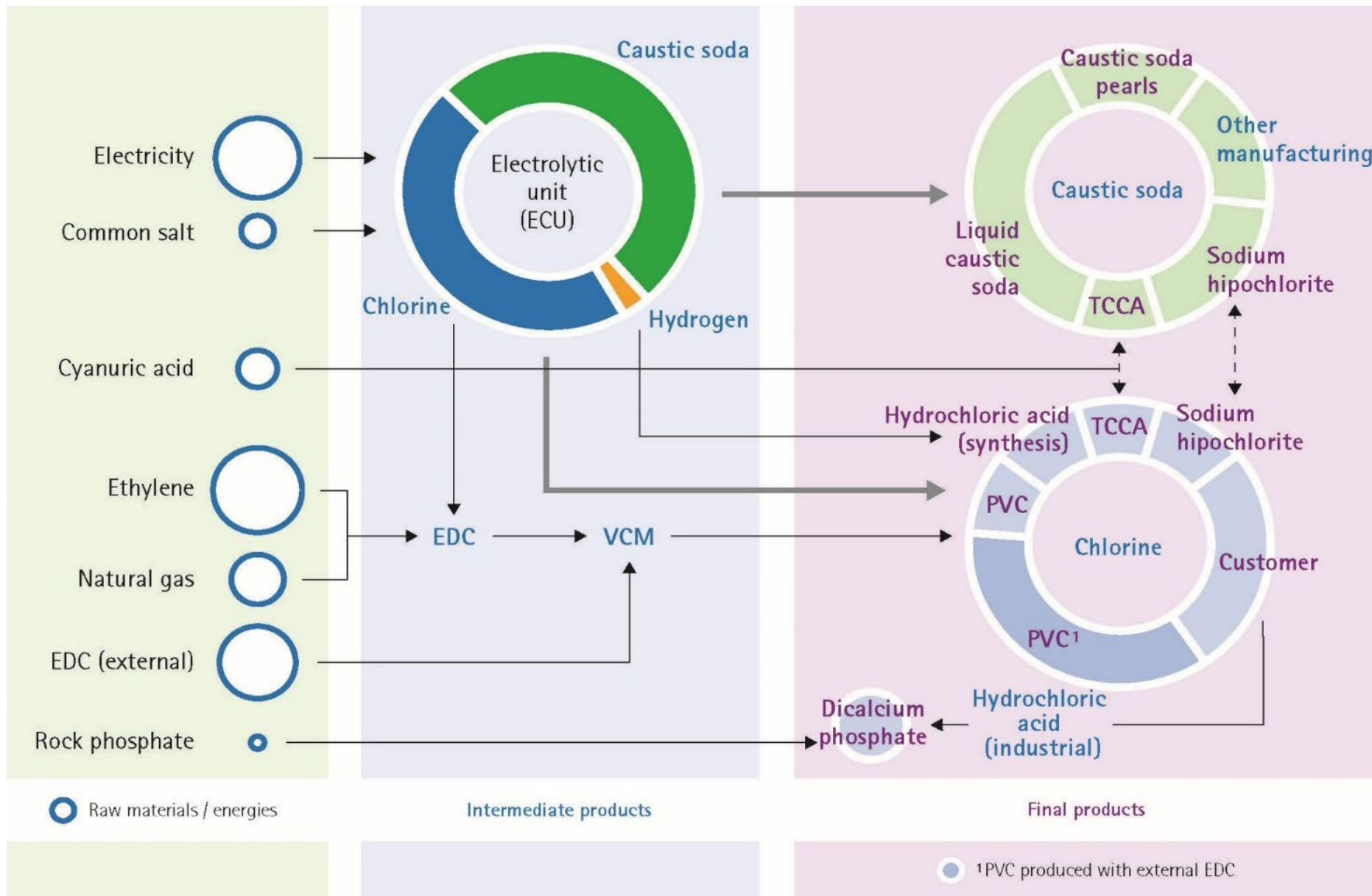
Chlorine derivatives division

Chlorine derivatives division

- Chlorine is the main common link at the chlorine derivatives division. Chlorine and caustic soda are obtained in the same production process, from electricity and sodium chloride (salt).
- Caustic soda is widely used in industry and its elasticity to GDP is 1.5.
- The chlorine produced is used in the manufacturing chain EDC/VCM/PVC and other derivatives and also sold to one customer.
- Ercros is the first agent at chlorine-caustic soda market in Spain, with a market share by 66%. It exports 34% of its sales.
- The main business' raw materials are electricity (in the manufacture of chlorine and caustic soda) and ethylene and EDC (in the manufacture of PVC).

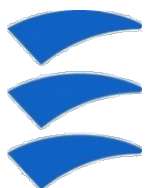


Caustic soda outlines





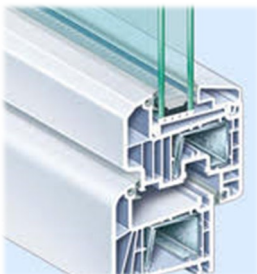
Chlorine production capacity (2018-2022)

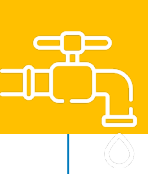


t/ año	2018	2022
Factories		
Vila-seca I	146,000	172,000
Sabiñánigo	30,000	45,000
Ercros	176,000	217,000

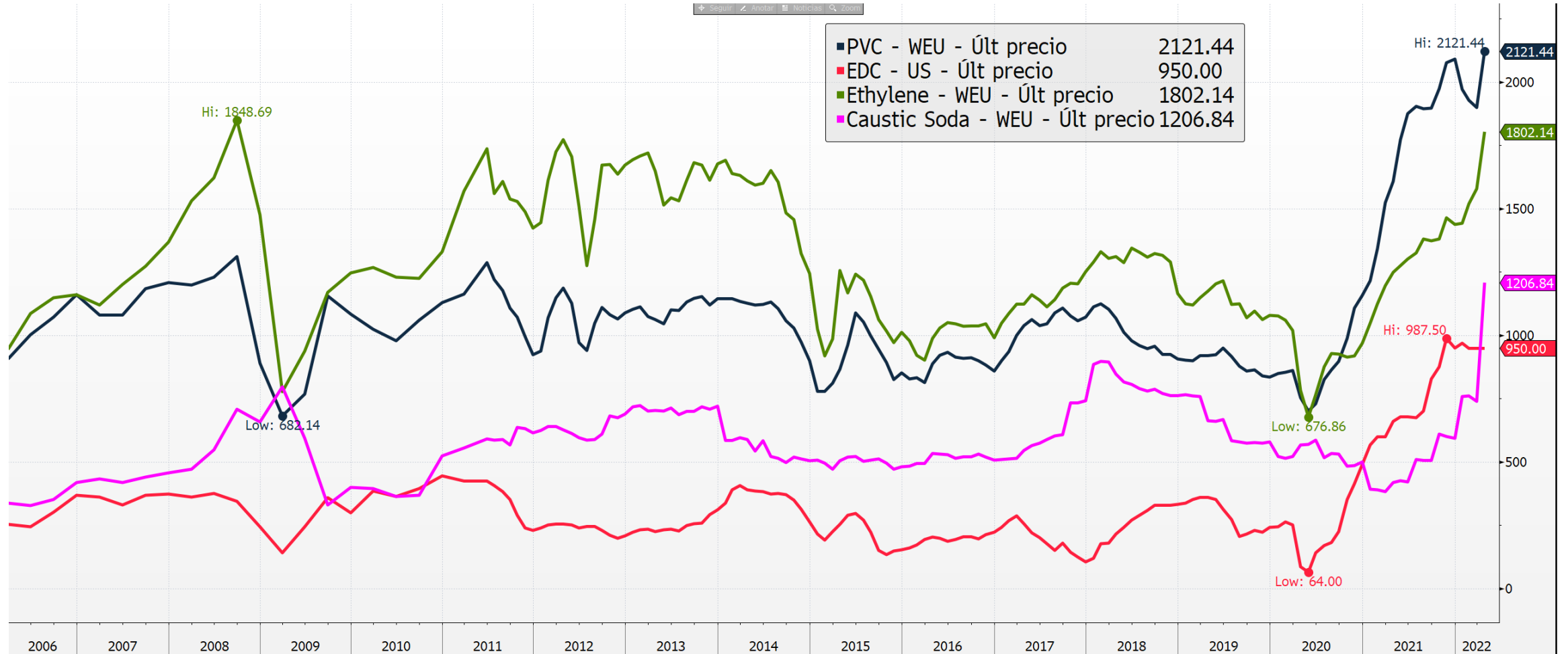
Production capacities of the chlorine derivatives division

Products	Thousand t/year	Applications
EDC	349	VCM Manufacturing
Sodium hypochlorite	347	Water treatment
Caustic soda	242	Chemical industry
Chlorine	217	Chemical industry
VCM	200	PVC manufacturing
PVC suspension	200	Construction
Hydrochloric acid (35%)	172	Chemical industry
Dicalcium phosphate	98	Animal feeding
Caustic soda pearls	66	Chemical industry
Caustic potash	47	Pharmaceutical industry
Sodium chlorate	46	Paper bleaching
Chloroisocyanurates (TCCA + DCCNa)	28	Swimming pool purification
PVC compounds	22	Construction
Potassium carbonate	15	Chemical industry and pharmaceutical
Potash scales	14	Pharmaceutical industry
Ammonia	13	Chemical industry
Peroxide	13	Chemical industry and pharmaceutical
Potassium chlorate	10	Chemical industry
Sodium chlorite	6	Water treatment





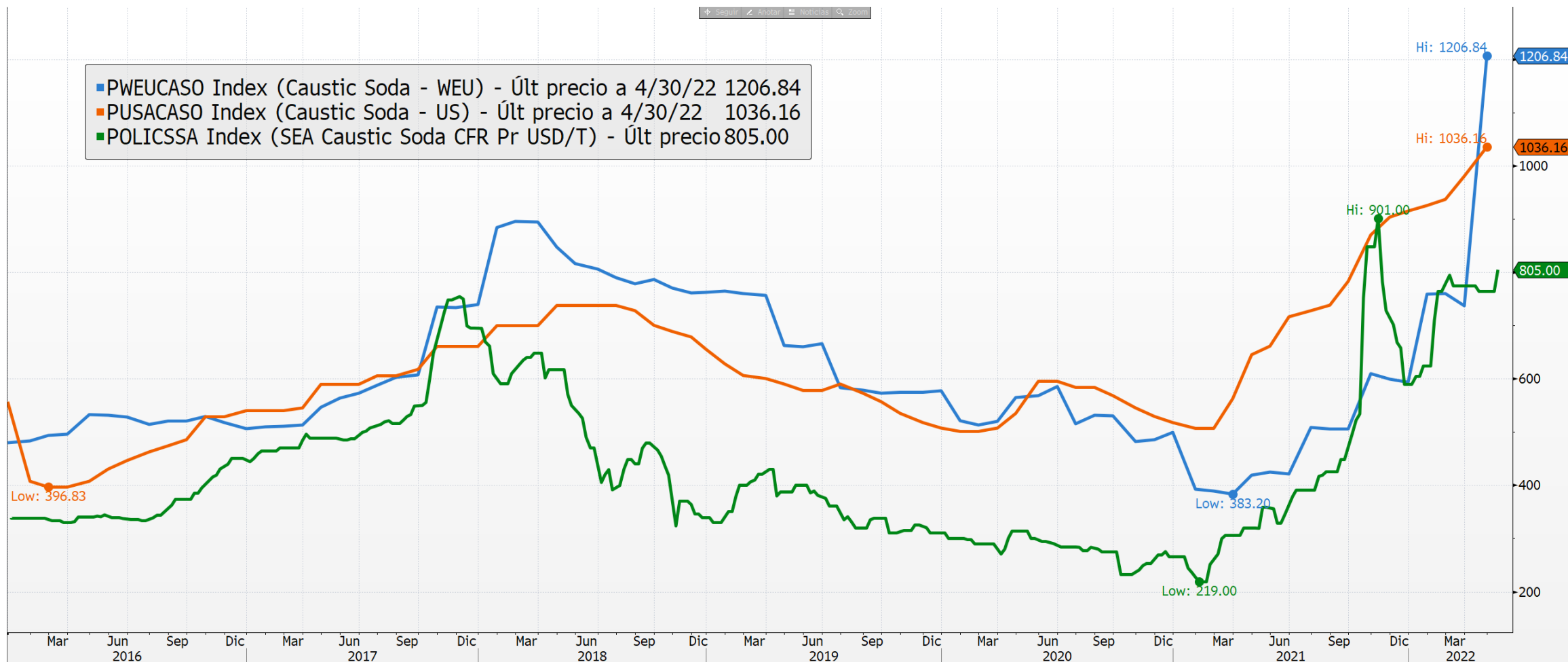
Evolution PVC, sosa, EDC and etileno



Fuente: Bloomberg

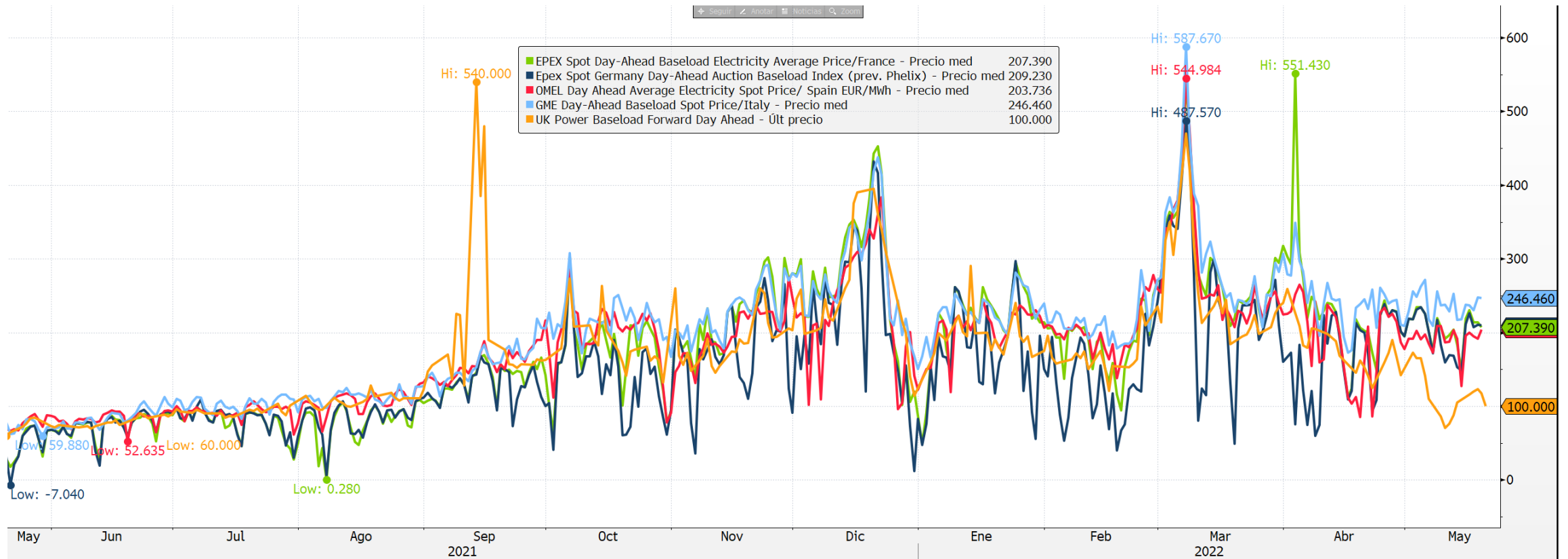


Evolution of the caustic soda price in Europe, USA and South Asia



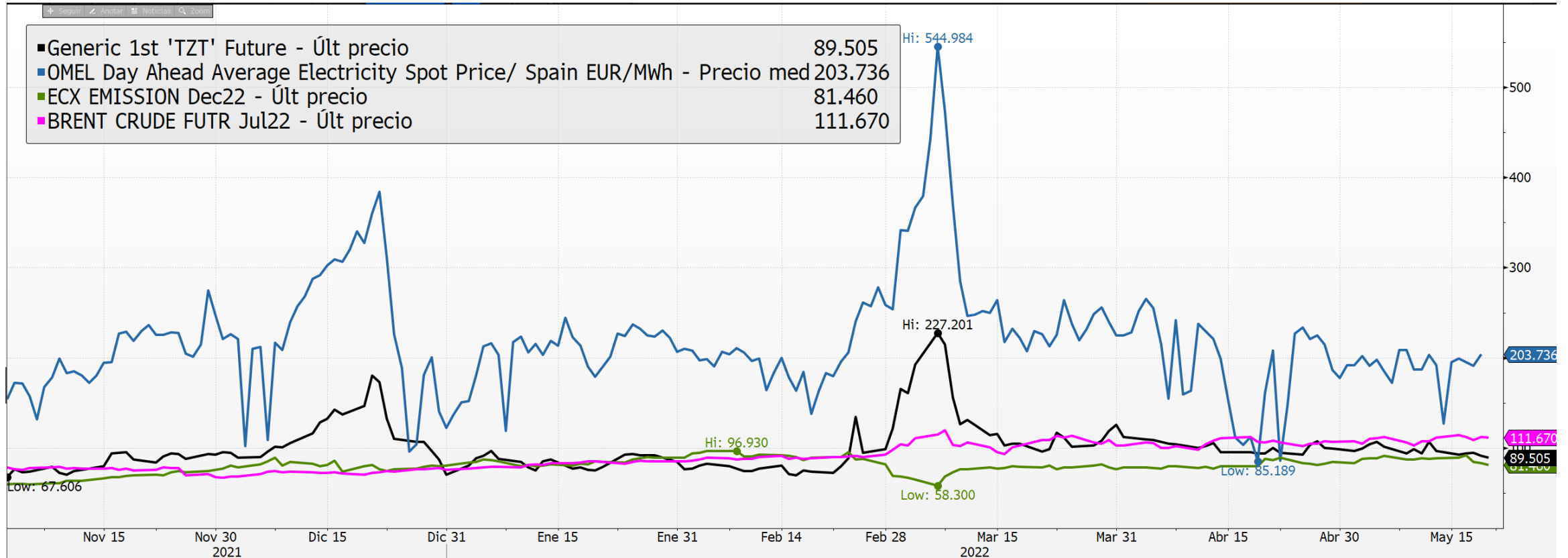
Fuente: Bloomberg

Evolution electricity Spain, France, Germany, Italy and UK

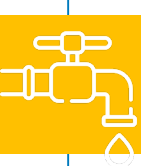


Source: Bloomberg

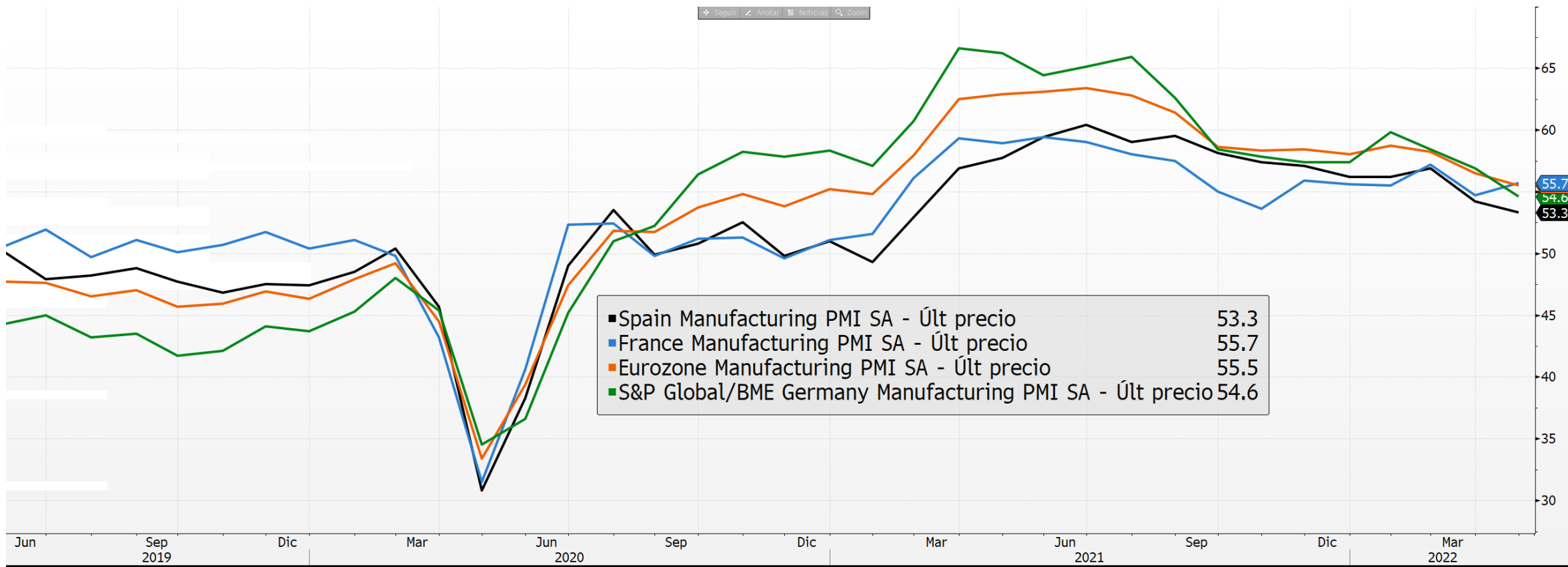
Evolution gas, electricity, oil and CO₂ right



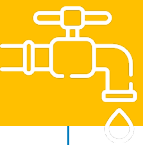
Source: Bloomberg



Evolution of the Manufacturing Purchasing Managers' Index



Source: Bloomberg



Chlorine production EU-27 and UK March 2022

06/05/2022

In March, the European chlorine production reached 734,815 tonnes. With 23,704 tonnes, the March 2022 average daily production was 14.3% lower than in the previous month (February 2022: 27,652 tonnes), and 8.8% lower than in March 2021 (25,993 tonnes).

With 209,896 tonnes, the March 2022 caustic soda stocks were 15.8% lower than in the previous month (February 2022: 249,217 tonnes), but 3,515 tonnes above the level of March 2021 (206,381 tonnes).

The following tables give the details of chlorine production and caustic soda stocks in the EU-27 countries plus Norway, Switzerland, and the UK in March 2022.

Chlorine production & capacity utilisation - EU 27 + Norway/Switzerland/UK

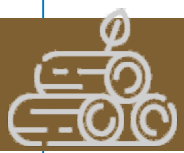
Month	Production (tonnes)			Capacity Utilisation (%)	
	2021	2022	% change	2021	2022
January	859,246	851,920	-0.9%	87.2%	86.5%
February	795,121	774,257	-2.6%	89.4%	87.0%
March	805,778	734,815	-8.8%	81.8%	74.6%

Caustic soda stocks (tonnes)

	2021	2022
January	233,430	225,409
February	254,122	249,217
March	206,381	209,896

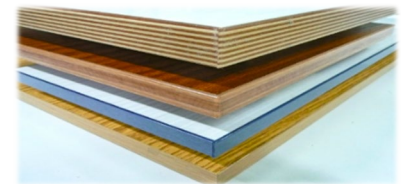


Intermediate chemicals division



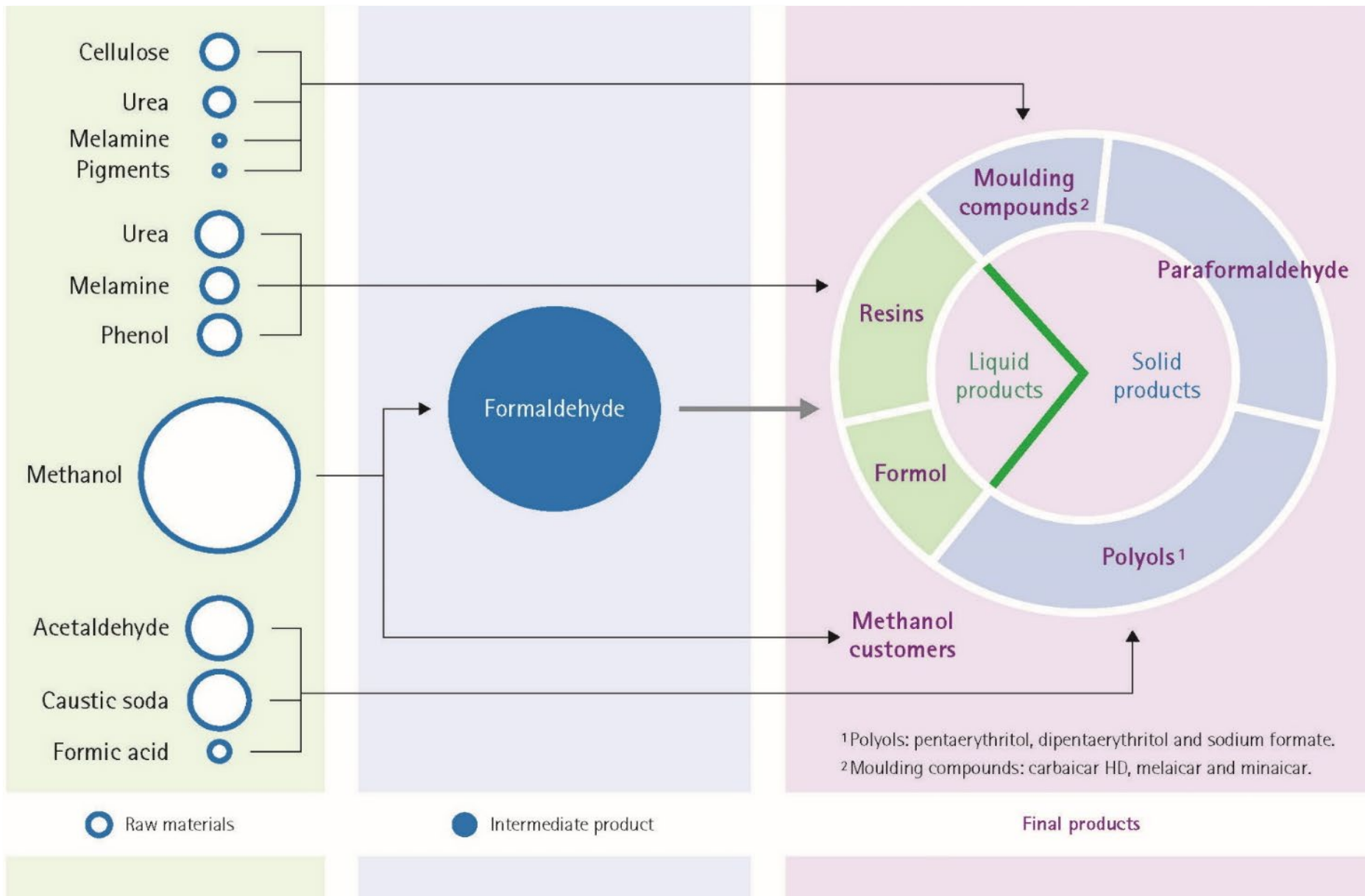
Intermediate chemicals division

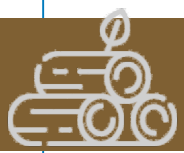
- Formaldehyde is the core product of this division, a product from which -in combination with urea, acetaldehyde, melamine, phenol and cellulose- solid derivatives (paraformaldehyde, polyols and moulding compounds) and liquids (glues and resins) are manufactured.
- Methanol is the main raw material. Ercros is the first methanol trader in Spain.
- The profitability of the division is based on the recognition of the quality of the products and the know-how applied to the production.
- Exports 68% of sales to about 70 countries.





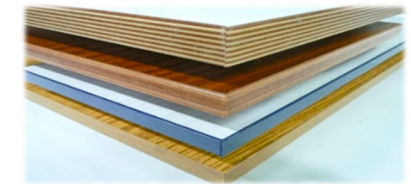
Productive outlines of the intermediate chemicals division





Production capacities of the intermediate chemicals division

Products	Thousand Kilos/year	Applications
Formaldehyde	700	Manufacture of derivatives
Urea resins	220	Wood Industry
Paraformaldehyde	115	Resins and agrochemical
Phenolic resins	35	Paper impregnation
Pentaerythritol	34	Paintings
Moulding compounds	25	Electric apparatus
Sodium formate	23	Chemical industry
Melamine resins	20	Paper impregnation
Dipentaerythritol	2	PVC stabilizers





Pharmaceuticals division



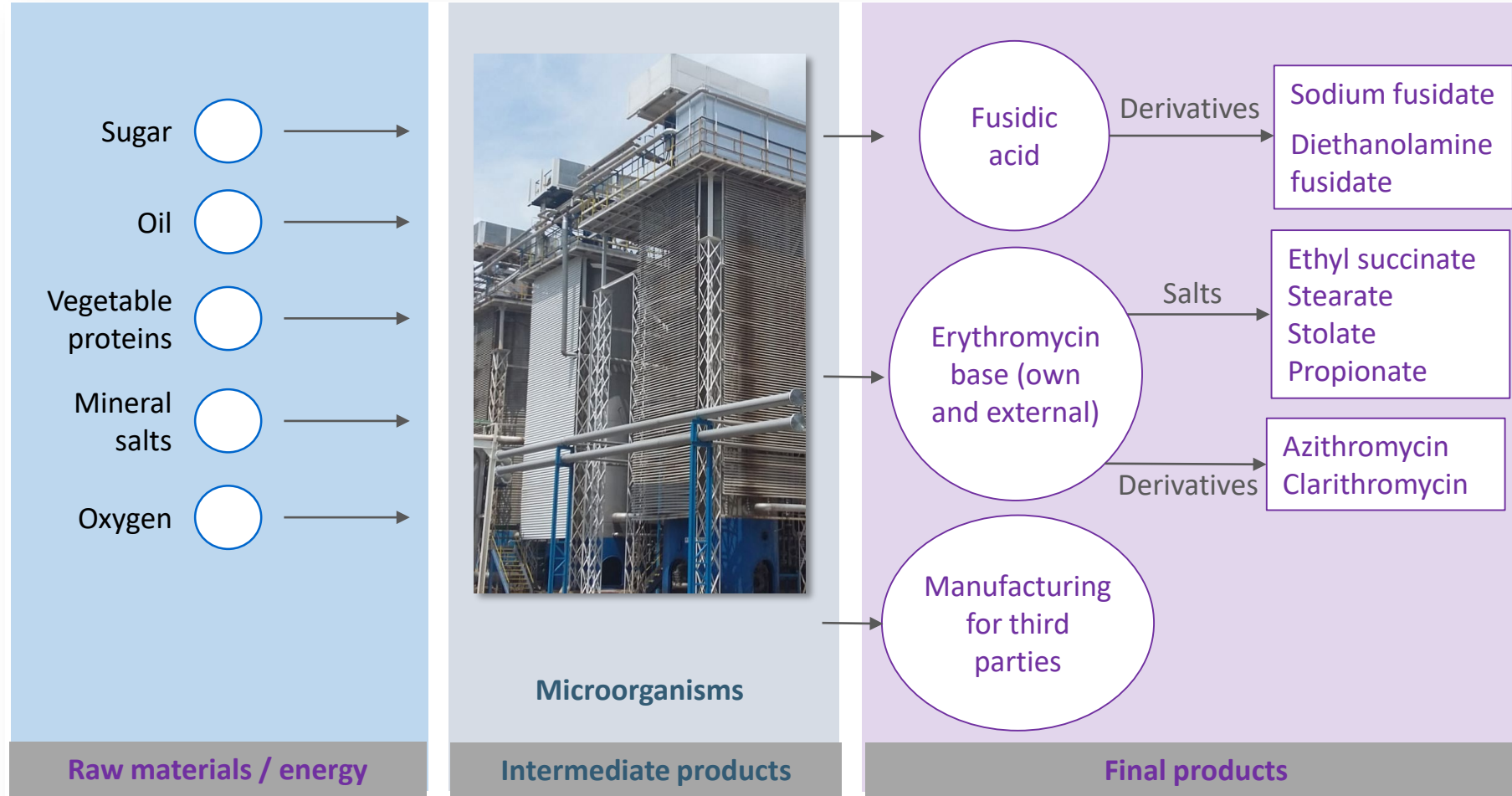
Pharmaceuticals division (API)

- The pharmaceuticals division activity focuses on the **production of Active Pharmaceutical Ingredients (API)** of the antibiotics family, both by fermentation and by chemical synthesis.
- Exports 95% of sales, mainly to a Italy, India, Turkey, México and France.
- Sales are intended for **pharmaceutical laboratories as well as commercial distributors**. The pharmaceuticals division has four main clients, which absorb a third of the sales, while the rest is sold to more than 200 clients, among which are the **main laboratories in the world**.
- **Characteristics of the APIs** that Ercros manufactures:
 - **Not** subject to **patent**.
 - Its manufacture and marketing is subject to **strict controls** by health authorities and customers.
 - There is a **small number of API producers in the world** manufactured by fermentation and sterile, due to the complexity of the processes.



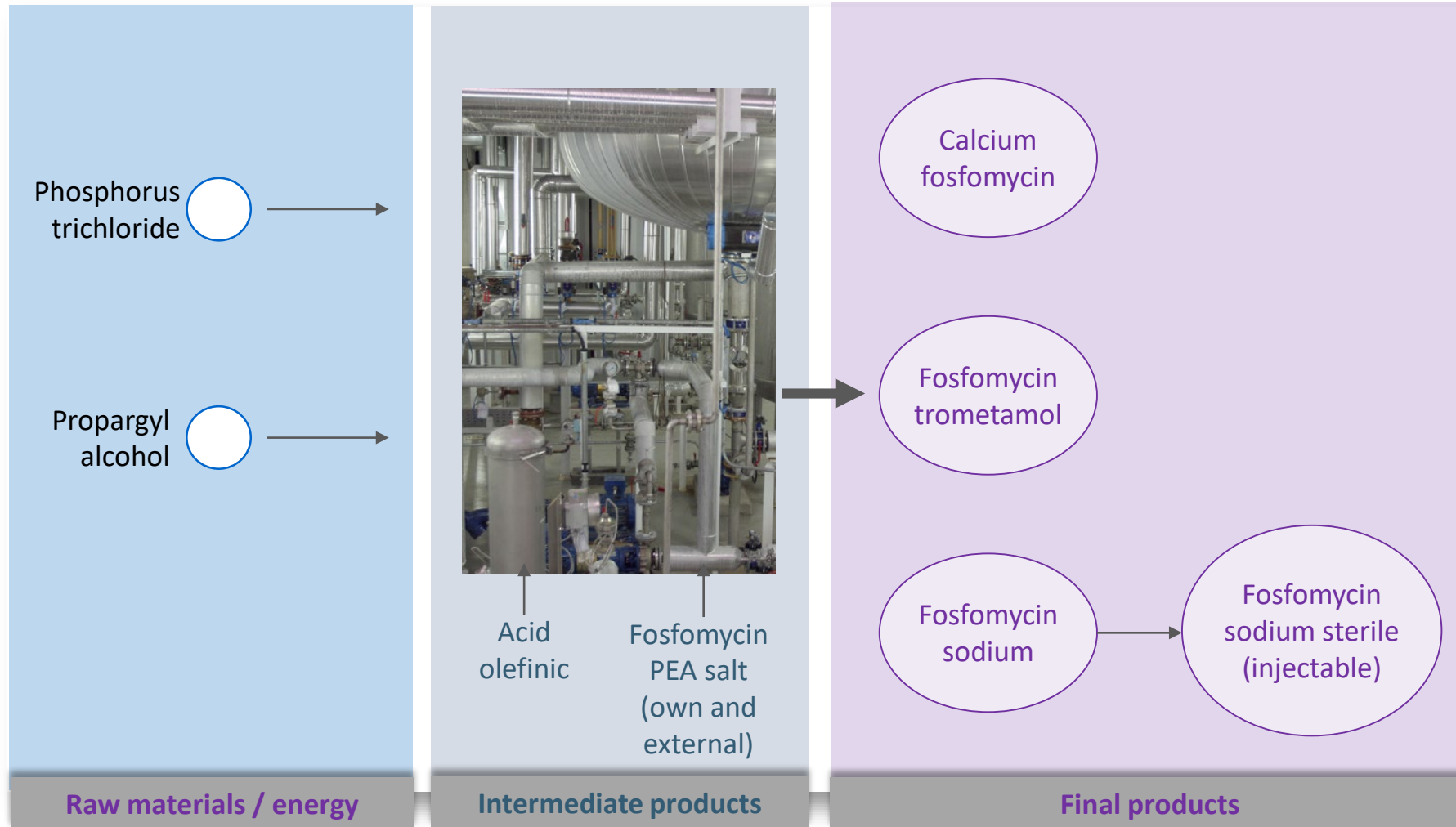


Productive scheme of biological manufacturing (fermentation)





Chemical manufacturing production scheme





Productive capacity of the pharmaceuticals division



Products	t/año	Applications
Fosfomicin ¹	400	Antibiotic
Erythromycin ¹	180	Antibiotic
Azithromycin	80	Antibiotic
Clarithromycin	70	Antibiotic
Fusidic acid	40	Skin infections
Famotidine	40	Antiulcer
Custom production ²		

¹ Stated in base product.

² Customer demand.



Environmental, social and governance (ESG) practices

ESG practices



	2021	2020	%
Workforce (people)	1,329	1,297	2.5
Women (% of workforce)	17.2	17.0	1.2
Productivity (€/person)	129,906	103,236	25.8
Accident frequency rate	1.8	2.8	-35.7
Absenteeism rate (%)	5.6	5.0	12.0
Training (yearly hours/person)	21.3	17.9	19.0
Expenditures on prevention and safety (M€)	6.41	6.25	0.2
Expenditure on environmental protection (M€)	18.29	17.17	5.8
Expenses and investment in R&D (M€)	6.64	6.34	4.8
CO ₂ emissions index (t of CO ₂ eq./t produced)	0.35	0.40	-13.5
Energy consumption (Gj/t produced)	4.95	5.37	-7.8
Water consumption (m ₃ /t produced)	8.92	9.51	-6.2
Waste generation (t/t produced)	0.043	0.055	-21.8
Salt residues eliminated (t)	313,737	360,721	-13.0



IEAF ESG Rating 2021



Overall score IEAF ESG Rating 2021¹:

A **77/100**

Results of Rating ESG:

Environmental (E)

 **A** **72**

Social (S)

 **A** **78**

Governance (G)

 **AA** **81**

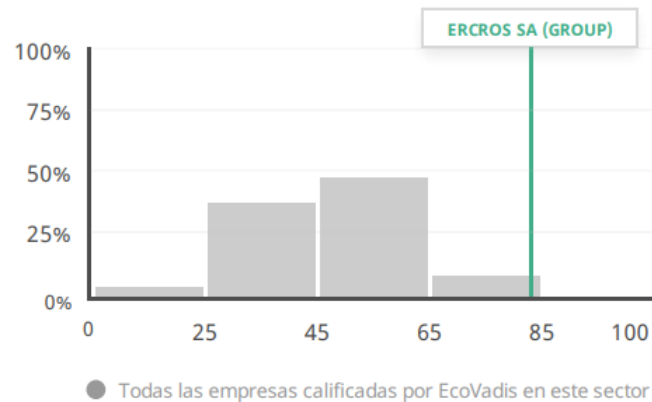
¹ Year 2020

Rating Ecovadis



Ercros has been awarded a platinum medal in recognition of its achievements in sustainability. To receive this medal, companies must have a global score of 73-100 (**Ercros 84/100**).

Overall rating distribution



Score breakdown



Sustainability accreditations

Quality



ISO 9001

Environment



ISO 14001

EMAS

ISO 14064

Energy management



ISO 50001

Prevention



ISO 45001

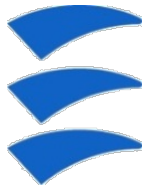
Sustainability



**Rating EcoVadis
Platinum**



**CSR
Excellence**





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Thank you very much

For further information

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