

**Ercros obtains a profit of EUR 36.35 million,
6.5% more than in the first nine months of the previous year**

The profit of Ercros in the first nine months of the year was EUR 36.35 million, 6.5% higher than in the same period of 2017. And the gross operating result ("ebitda") was EUR 55.05 million, in line with the same period of 2017.

These results have occurred in a context of rising prices of the company's main raw materials and energy, with electricity at the top of the list, which, although it has been possible to compensate with the high selling prices of the final products, has prevented to consolidate the improvement in profitability experienced in the first half of the year. During last September the prices of raw materials and electricity reached their maximum level. In October, however, a reduction process began that is bringing the prices of the main inputs closer to last year's levels.

Sales for the first nine months amounted to EUR 490.91 million and exceeded almost 1% those reached in the same period of 2017. Corrected by the currency effect, sales increased by 2%, supported in particular for the high prices of caustic soda and chlorine derivatives (sodium hypochlorite and hydrochloric acid).

The decrease in the supply item by 17.1%, despite the substantial increase in the price of electricity in the last three months (18% compared to the third quarter of the previous year), is a consequence of the reduction in electricity consumption derived from the higher energy efficiency of the new facilities and the lower temporary production of chlorine-caustic soda. To this higher electrical cost has been added the reduction in revenues for the interruptibility service recorded under the heading "Provision of services", which has experienced a decrease of 30.8%. Procurement, meanwhile, has reached EUR 248.44 million, representing an increase of 6.6%. This increase is due both to the increase in the cost of raw materials (mainly methanol and ethylene) and to the greater volume of purchases of EDC and VCM, the intermediate products used in the manufacture of PVC. Personnel expenses decreased by 8%, mainly due to the reduction in the workforce as a result of the chlorine business restructuring. The expense item also includes precautionary provisions for a variety of concepts, amounting EUR 6.20 million. As a whole, the expenses of Ercros in the first nine months of 2018 have experienced a contraction of 0.5%, similar to the 0.6% experienced by the revenues, which explains the maintenance of the ebitda in the area of the EUR 55 million.

Amortization has increased by 3.2% due to the investments made, while financial expenses have decreased by 15.8%, mainly due to the lower costs associated with the debt.

After the income from corporate tax of EUR 0.31 million, the profit for the first nine months of the year is EUR 36.35 million, 2.21 million more than in the same period of 2017.

At balance sheet shall be highlighted an increase in net equity of EUR 19.06 million after discounting from the profit of the period the amount destined to the purchase of treasury shares (EUR 11.55 million), to the payment of the dividend (EUR 5.37 million) and the payment of the attendance bonus to the shareholders' meeting (EUR 0.38 million). The net financial debt, amounting to EUR 101.26 million, has increased by EUR 12 million due to the investments implemented in the period and the increase in working capital.

At the end of September 2018, Ercros meets the three conditions established for the shareholders' remuneration: BPA –benefit of the last 12 months/number of shares– amounts to

EUR 0.42 (must be at least EUR 0.10); the solvency ratio –net financial debt/ebitda for the last 12 months– stood at 1.37 (must be less than or equal to 2); and the leverage ratio –net financial debt/total equity– stood at 0.38 (must be less than or equal to 0.5).

The third quarter of 2018 has been a period of particularly high costs, but we do not foresee that this episode will substantially alter the favourable expectations of the company's future. The gradual implementation, between the end of 2018 and the middle of 2019, of the capacity expansions of the chlorine–caustic soda and polyols production plants will allow us to increase the production volume and the sales of a range of products whose markets are experiencing a moment of special strength, caused fundamentally by a clear supply deficit regarding to the existing demand.

Barcelona, November 12, 2018

Consolidated statement of profit and loss

EUR thousand	3Q 2018	3Q 2017	%
Revenue	510,906	513,781	-0.6
Sale of goods	490,911	486,435	0.9
Delivery of services	24,201	34,975	-30.8
Other income	3,430	2,218	54.6
Reversal of provisions	679	1,181	-42.5
Stock variation	-8,315	-11,028	-24.6
Expenses	-455,854	-458,195	-0.5
Procurements	-248,439	-232,978	6.6
Supplies	-70,353	-84,889	-17.1
Employee benefit expenses	-58,575	-63,683	-8.0
Other operating expenses	-72,283	-76,645	-5.7
Precautionary provisions	-6,204	0	-
Ebitda	55,052	55,586	-1.0
Amortisation expense	-14,480	-14,026	3.2
Ebit	40,572	41,560	-2.4
Financial result	-4,533	-5,386	-15.8
Profit before tax	36,039	36,174	-0.4
Income taxes	310	-2,037	-
Profit for the period	36,349	34,137	6.5

Economic analysis of the balance sheet

EUR thousand	30-09-18	31-12-17	%
Non-current assets	334,508	318,507	5.0
Working capital	85,725	76,595	11.9
Resources employed	420,233	395,102	6.4
Total equity	266,555	247,492	7.7
Net financial debt ¹	101,255	89,257	13.4
Provisions and other borrowings	52,423	58,353	-10.2
Origin of funds	420,233	395,102	6.4

^{1.} All debts of a financial nature with non-banking entities are included in the net financial debt. Likewise, in addition to cash and other equivalent liquid assets, those deposits that guarantee debt commitments have been considered as lower financial debt (as of 30-09-18: EUR 8,435 thousand and at 31-12-17: 13,878 EUR thousand). Section B non-recourse of the syndicated factoring, which amounted to EUR 18,892 thousand at 30-09-18 and to EUR 8,410 thousand at 31-12-17, is not included.