

Ercros doubles profits to EUR 6 million

In the first nine months of 2015, Ercros' profits reached EUR 5.88 million, a 104% increase on the EUR 2.88 million obtained in the same period last year. This data confirms the vitality of the recovery of the markets in which the company operates.

During the period, turnover rose 1.2% from EUR 465.07 million in 2014 to EUR 470.76 million in 2015. The main reasons underlying this improvement include a considerable increase in both the volume of sales and the price of products in the Pharmaceuticals Division, due largely to a favourable euro/dollar exchange rate, and the boost in PVC sales, as a result of a rebound in the market during the summer season.

Year-on-year, expenses climbed 1.3%, with the greatest variation corresponding to operating expenses, which rose 14% on electricity bills equal to EUR 8.39 million. This significant increase in costs was partially offset by the good performance of procurements and supplies, driven down 5.7%, mainly by low ethylene and methanol prices. Personnel costs barely experienced any change in the period.

This scenario yielded an improvement of 14.9% in ordinary gross operating profit (ebitda), which rose from EUR 22.18 million as of 30 September 2014 to EUR 25.48 million in the first nine months of 2015, an increase of EUR 3.12 million.

This spike in ordinary ebitda has resulted in a clear improvement in the company's average margin. From Q3 2014 to Q3 2015, the ratio of ebitda-to-sales climbed from 4.8% to 5.4%.

The improvement in ebitda combined with the stability of amortisations and a 23.1% decrease in financial results –triggered by the appreciation of the dollar against the euro– explains the profits in the first nine months of the year which, as mentioned, reached EUR 5.88 million, up 3 million from the same period in 2014.

Comparing the economic analysis of the balance sheet between 31 December 2014 and 30 September 2015, we observe a EUR 9.53 million decline in non-current assets due to investment constraints, and a EUR 6.78 million advance in working capital on increased sales.

The growth in the company's net worth of EUR 6.47 million is the result of the profits obtained. In addition, the reduction in net financial debt of EUR 10.84 million is due to a higher cash balance derived from the generation of cash from the company's activities. As of the close of Q3 2015, net financial debt was EUR 88.68 million.

Barcelona, 9 November 2015

Income Statement for the Q3

EUR million	Q3 2015	Q3 2014	%
Income	467.92	459.05	1.9
Sale of goods	470.76	465.07	1.2
Variation in inventories	-4.73	-6.02	-21.4
Other non-recurrent income	1.89	0.00	-
Costs	-442.94	-437.19	1.3
Cost of sales	-220.72	-234.03	-5.7
Other operating expenses ¹	-160.38	-143.68	11.6
Personnel expenses	-59.45	-59.16	0.5
Severance payments	-0.17	-0.13	30.8
Other non-recurrent expenses	-2.22	-0.19	1.068.4
Ebitda	24.98	21.86	14.3
Ordinary ebitda	25.48	22.18	14.9
Non-recurrent ebitda	-0.50	-0.32	56.3
Depreciation and amortisation expense	-14.98	-14.02	6.8
Ebit	10.00	7.84	27.6
Finance costs	-4.43	-5.76	-23.1
Profit from discontinued operations	0.00	0.81	-
Profit before tax	5.57	2.89	92.7
Taxation and non-controlling interests	0.31	-0.01	-
Profit for the period	5.88	2.88	104.2

¹ Includes supplies of EUR 78.60 million in Q3 2015 and EUR 69.61 million in Q3 2014.

Economic Analysis of the Balance Sheet¹

EUR million	30-09-2015	31-12-2014	%
Non-current assets	253.97	263.50	-3.6
Working capital	46.58	39.80	17.0
Current assets	188.66	180.86	4.3
Current liabilities	-142.08	-141.06	0.7
Capital employed	300.55	303.30	-0.9
Equity	174.66	168.19	3.8
Net financial debt²	88.68	99.52	-10.9
Non-current debt	40.70	42.33	-3.9
Current debt	104.10	106.35	-2.1
Cash and deposits	-56.12	-49.16	14.2
Provisions and other liabilities	37.21	35.59	4.6
Source of funds	300.55	303.30	-0.9

¹ The company uses economic analysis of the balance sheet as a management tool. This is obtained from the consolidated balance sheet and making certain presentational restatements to reduce the number of operating figures for the sake of improving analysis.

² All financial debts with non-banking entities are included in the item of net financial debt. In addition to cash and cash equivalents, deposits guaranteeing debt commitments have also been treated as a reduction in the item net financial debt (on 30-09-2015: EUR 28.27 million and on 31-12-2014: EUR 29.10 million).