

Ercros closes the first quarter with profits

For the first time in the last four years, Ercros closes the first quarter with a positive result, despite the traditional seasonal weakness that chemical industry suffers in the early months of the year.

The accumulated profit of the first quarter was EUR 0.40 million compared to a loss of EUR 2.78 million incurred in the same period of 2014, a difference of EUR 3.18 million.

The amount of sales was EUR 152.41 million, 1.8% more than in the same period last year. The slight rebound in activity and the appreciation of the dollar against the euro have enabled an improved price of final products, particularly those for the dollar area, and an increase in sales volume due to the increase in exportation. This situation benefited mainly intermediate chemicals and pharmaceuticals divisions whose turnover is achieved mainly in the foreign market.

The costs have also experienced an increase, 1.7% in this case, reaching EUR 145.09 million. In this chapter, we must highlight the 2.4% increase in personnel costs, mainly due to the partial recovery of the wage freeze met in 2010 and 2011 financial years.

Under the heading of expenses, the most significant changes occur in the variable costs. On the one hand, the supplies fall (-6.7%), and on the other, the other operating expenses rise significantly (+ 17.6%), mainly due to the lower price of raw materials, in the first case, and the rising cost of supplies, in the second.

Specifically, the supplies have become by 38.9% more expensive, but the trend has been uneven across the various components: while the water and the gas bills have dropped slightly, the cost of electricity has experienced a significant rise. Comparing the first quarter of 2015 with the corresponding in 2014, altogether supplies have cost the company EUR 6.81 million more.

Despite this significant increase in the cost of supplies, the total ebitda for the quarter amounted to EUR 5.26 million, compared to EUR 4.42 million in the same period of 2014, this means an improvement of 19%. Ordinary ebitda was EUR 4.70 million (EUR 4.66 million in 2014) and non-recurring ebitda EUR 0.56 million (EUR -0.24 million in 2014).

Another remarkable fact of the first quarter accounts was the financial result, which amounted to EUR 0.11 million compared to the figure of EUR -2.45 million in the previous year. This shift is mainly due to exchange gains recorded by the appreciation of the dollar against the euro.

All this, together with amortization of EUR 4.98 million, in line with the figure reported in the first quarter of last year, leads to a result of EUR 0.40 million, that exceeds, as noted above, in EUR 3.18 million the result obtained in the same period in 2014, which was EUR -2.78 million.

In the balance sheet, we must note the increase in working capital by EUR 13.58 million, due to higher volume of current assets, which in turn reflects the increase in sales experienced during this quarter. The greater use of the syndicated factoring to finance current assets explains the increase in net debt by EUR 10.20 million.

This first quarter of 2015 confirms the uniqueness of 2014 fourth quarter and repositions the company on the recovery path last year targeted.

Among positive factors we must highlight the rebound in activity and the significant appreciation of the dollar against the euro, which are noticed both in prices of final products and in volume sold and margins. Again the counterpoint to this scenario comes from the side of cost of electricity.

Consolidated statement of comprehensive income

EUR million	1st Q 2015	1st Q 2014
Income	150,35	147,03
Turnover	152,41	149,69
Variation in inventories	-2,62	-2,66
Other extraordinary income	0,56	0,00
Expenses	-145,09	-142,61
Procurements	-74,22	-79,55
Other operating expenses ¹	-50,71	-43,13
Personnel expenses	-20,16	-19,69
Other extraordinary expenses	0,00	-0,24
Ebitda	5,26	4,42
Ordinary ebitda	4,70	4,66
Non-recurring ebitda	0,56	-0,24
Amortizations	-4,98	-4,65
Ebit	0,28	-0,23
Finance costs	0,11	-2,45
Profit/loss from discontinued operations	-	-0,10
Profit/loss before tax	0,39	-2,78
Non-controlling interests	0,01	0,00
Profit/loss for the period	0,40	-2,78

¹Includes supplies of EUR 24.30 million on the 1st quarter 2015 (EUR 17.49 million on the 1st quarter 2014).

Economic analysis of balance sheet

EUR million	31-03-2015	31-12-2014
Non-current assets	262,94	263,50
Working capital	53,38	39,80
Current assets	198,11	180,86
Current liabilities	-144,73	-141,06
Capital employed	316,32	303,30
Equity	169,31	168,19
Net financial debt	109,72	99,52
Non-current borrowings	40,96	42,33
Current borrowings	68,76	57,19
Provisions and other borrowings	37,29	35,59
Origin of funds	316,32	303,30

Barcelona, May 6, 2015