

## **Ercros obtains a profit over EUR 34 million**

Ercros ended the third quarter of 2017 with a profit of EUR 34.14 million, 25.2 % higher than the one obtained in the same period last year, and with an ebitda of EUR 55.59 million, a 14.5 % higher than the one reached in the first nine months of 2016.

Sales have reached EUR 486.44 million, being 13 % higher than those obtained in the first nine months of 2016. The increase in sales has been general in all business areas, and particularly pronounced in caustic soda and PVC markets.

Expenditures amounted to EUR 458.20 million, an increase of 9.5 % compared to the third quarter of 2016. This section includes the augmentation in supplies, which have raised the cost by 17.7 %, mainly due to the increase of the price of electricity, and of procurements, which have grown by 14.5 %, due to the increment in the price of the main raw materials, especially methanol. Personnel expenses, meanwhile, have increased its cost by 5.9 % due to the wage increment set in the sector agreement and to the application of agreements that have allowed the cancellation of the historical commitments acquired with the company's passive personnel.

Ebitda went from EUR 48.54 million in the first nine months of 2016 to EUR 55.59 million in the same period of present financial year, an improvement of EUR 7.05 million, equivalent to 14.5 %.

Amortizations, amounting to EUR 14.03 million, and financial expense, amounting EUR 5.39 million, have been reduced by 5.1 % and 10.6 % respectively.

As a consequence, the benefit of Ercros in the first nine months of 2017 was EUR 34.14 million compared to EUR 27.28 million obtained in the same period of 2016, an increase of EUR 6.86 million equivalent to 25.2 %.

In relation to the balance sheet, stands out the increase in working capital by 23.2 %, mainly due to the higher balance receivable from customers, and the net financial debt, which has grown by 21.6 % as a result of the execution of the investments provided for in the Act Plan.

The ratio of the net financial debt over the ebitda of the last 12 months is 1.36 and that of the net financial debt over equity is 0.37; both ratios comply, therefore, as of September 30, 2017, with the conditions imposed in the shareholder remuneration policy.

Facing the last quarter of the year, it is worth highlighting the maintenance of the strength on demand and the improvement of margins, thanks to which we can offset the increase in the cost of raw materials. It should also be noted that, for seasonal reasons, the fourth quarter of the year, and especially the month of December, usually presents a lower level of activity.

In addition, the fourth quarter of 2017 will be negatively impacted by the extraordinary costs of restructuring and dismantling resulting from the closure of chlorine production plants operating with mercury technology, on December 11. In spite of this, with the commissioning of the new chlorine production capacities with membrane technology, Ercros will improve its competitive position, which allows us to anticipate a good evolution of business in 2018.

Barcelona, November 13, 2017

**Statement of profit and loss at the third quarter**

<b>EUR thousand</b>	<b>3Q 2017</b>	<b>3Q 2016</b>	<b>%</b>
<b>Revenue</b>	<b>513,781</b>	<b>467,067</b>	<b>10.0</b>
Sale of goods	486,435	430,170	13.1
Delivery of services	34,975	30,466	14.8
Other income	3,399	3,800	-10.6
Stock variation of finished and ongoing products	-11,028	2,631	-
<b>Expenses</b>	<b>-458,195</b>	<b>-418,528</b>	<b>9.5</b>
Depreciation and amortization	-232,978	-203,478	14.5
Procurements	-84,889	-72,143	17.7
Supplies	-76,645	-82,786	-7.4
Other operating expenses			
Employee benefit expenses	-63,683	-60,121	5.9
<b>Ebitda</b>	<b>55,586</b>	<b>48,539</b>	<b>14.5</b>
Amortizations	-14,026	-14,784	-5.1
<b>Ebit</b>	<b>41,560</b>	<b>33,755</b>	<b>23,1</b>
Financial result	-5,386	-6,026	-10.6
<b>Profit before taxes</b>	<b>36,174</b>	<b>27,729</b>	<b>30.5</b>
Income tax	-2,037	-453	-
<b>Profit for the period</b>	<b>34,137</b>	<b>27,276</b>	<b>25.2</b>

**Economic analysis of the balance sheet <sup>1</sup>**

<b>EUR thousand</b>	<b>30/09/17</b>	<b>31/12/16</b>	<b>%</b>
Non-current assets	294,845	274,788	7.3
Working capital	78,276	63,526	23.2
<b>Capital employed</b>	<b>373,121</b>	<b>338,314</b>	<b>10.3</b>

Equity	240,145	219,826	9.2
Net financial debt <sup>2</sup>	89,319	73,460	21.6
Provisions and other debts	43,657	45,028	-3.0
<b>Source of funds</b>	<b>373,121</b>	<b>338,314</b>	<b>10.3</b>

1. For a better analysis and comparison, Ercros uses the economic analysis of the balance sheet as a management tool, which is obtained from certain reclassifications of presentation of the consolidated statement of financial position in order to reduce the number of operating magnitudes.
2. 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 means, those deposits that guarantee debt commitments have been considered as lower financial debt (as of 30/09/2017: EUR 14,251 thousand and as of 31/12/2016: EUR 26,432 thousand).