

## **Ercros anticipates a quick recovery of the current downward cycle of the chemical sector and allocates 40% of the profit to its shareholders**

The Ercros' ordinary general meeting of shareholders, which has been held today in Barcelona, has approved all items included on the agenda, among which stand out the shareholder remuneration measures, a total amount of EUR 18 million euros, which is equivalent to 40% of the 2018 profit, the maximum percentage provided by the shareholder remuneration policy for that year. In the last three years, Ercros will have paid EUR 47 million to remunerate the shareholders and will have reduced its social capital by more than 9 million shares, which represents a reduction of 8% of the initial capital.

The annual accounts and the management report for the 2018 financial year were also approved. The Ercros' president, Antonio Zabalza, pointed out that 2018 was a positive year as a whole thanks to the excellent performance of its first half. It was also the year in which the change of technology in the chlorine-caustic soda production was implemented, the capacity expansion of several production plants was started up, and a substantial reorganization of the entire company was conducted, which involved the change of location of 150 employees and a significant staff rejuvenation. And all this, added Zabalza, "we have achieved it without significant changes in the company's operations and obtaining at the same time a profit of EUR 45 million, 1% higher than the previous year".

According to Mr. Zabalza, Ercros is currently in a downward phase of the chemical cycle, which began after the first half of 2018, caused –despite the maintenance of sales– by the erosion of the main products margins, which were affected by the decrease in their sales prices and by a significant increase in variable production costs.

However, according to Mr. Zabalza, "2019 can be a special year". He acknowledged that "the first half of this year belongs to the downward phase of the cycle" but noted that "the second half does not have to repeat the adverse price configuration seen in 2018". On the contrary, he pointed out that the price of caustic soda is showing signs of picking up again and that the price of electricity and the price of the EDC will be lower than last year. Another positive factor, to which he gives a great importance, is the availability in the Vila-seca factory of a new electrolyser, which will increase the production capacity of chlorine-caustic soda by 26,000 t/y and "will increase the company's margin".

For the Ercros' president, "the descending phase of the current chemical cycle may reach the bottom by the end of 2019 or the beginning of 2020. We are not talking about a crisis; but of a descending phase of the cycle, of a pause that once concluded should take us again to recover the structural tendency of the chemical sector".

Regarding the future, he has ensured that, worldwide, "in the medium and long term, due to the technological adjustment in the production of chlorine-caustic soda, the growth of the demand will go ahead of the supply and the margins will grow again". According to Mr. Zabalza, "we have made the appropriate investments to increase our production volumes so that the cyclical recovery allows us to reach profitability levels in line with or higher than those seen recently. Precisely for this we have been preparing the company".

The meeting has been attended by 7,315 shareholders holding 78,974,341 shares, representing 73.208% of the subscribed capital.

Barcelona, June 14, 2019