

Ercros extends the Act Plan's investments by 10 million euros

Ercros has increased the amount by EUR 10 million, to EUR 63.7 million, of the actions foreseen in the Plan of adaptation to technological change (“Act Plan”), which covers the period 2016-2020 which is being executed according to the schedule.

The Plan Act defines Ercros' strategy to deal with the technological change resulting from the ban on chlorine production using mercury technology, starting on December 11, 2017, which is the maximum date imposed by the European Union for the cessation of this technology.

The plan also determines investments to expand the chlorine production capacity of plants currently operating with membrane technology, which is considered by European legislation to be the best available technology (“BAT”) and is therefore not affected by prohibition.

The increase in the cost of the plan is due to the greater increase in chlorine production capacity with membrane technology at the Vila-seca I plant, to complete the 120,000 t/year contemplated in the integrated environmental authorization, due to the best market prospects.

This action, together with the increase in the capacity of the Sabinánigo plant also foreseen in the plan, will raise the Ercros' chlorine production capacity with membrane technology to 165,000 t/year and shall situate the company as the first Spanish chlorine manufacturer.

The Plan is structured in two phases:

1. The first phase, prior to the cessation of the production of chlorine with mercury technology, covers the period 2016-2017 and foresees investments of EUR 45.7 million. The investments in this phase correspond mainly to the expansion of the capacity of chlorine production plants with membrane technology and to new plants of the pharmacy division. All of them are either finalized or advanced according to the scheduled time.
2. The second phase, following the cessation of the production of chlorine with mercury technology, covers the period 2018-2020 and provides investments by EUR 18 million. The investments in this phase correspond to the expansion of the plant that produces tablets for the treatment of pool water and to specific actions of the intermediate chemical division. All of them aim to increase the manufacturing capacity of those products whose facilities are close to reaching 100% of their capacity.

The Act Plan also considers the closure, by December 11, 2017, of chlorine production plants using mercury technology from Flix and Vila-seca I factories.

In order to finance the Act Plan, Ercros has obtained loans, mainly from the Ministry of Economy, Industry and Competitiveness. The rest, which represents 43.7% of the total amount of the plan, is expected to be financed mainly by the resources generated by the company itself, with the objective of maintaining current solvency and leverage ratios below 2 and 0.5, respectively.

Ercros has not yet been able to estimate the number of people who will be affected by the closure of the plants to the extent that the Company plans to offer alternatives to relocation to most of these employees.

Summary of the actions of the Plan Act, in EUR millions:

	Facilities	Investment	Term
Increase the capacity of membrane chlorine production	Vila-seca I Sabiñánigo	31.8	2016-2017
Increase the capacity to produce chlorinated derivatives ¹	Vila-seca I	9.0	2016-2017
Replacement of a reactor at the PVC plant	Vila-seca II	3.8	2016-2017
Increase the capacity of APIs production ²	Aranjuez	1.1	2016-2017
Increase the capacity production of pool water treatment tablets	Sabiñánigo	15.0	2018-2020
Increase the production capacity of formaldehyde derivatives ³	Tortosa Cerdanyola	3.0	2018-2020
Total		63.7	

¹ New production plants for sodium hypochlorite and hydrochloric acid.

² New fermenter to produce fusidic acid and erythromycin and expansion of the synthesis plant to produce fosfomicin and derivatives of erythromycin.

³ Expansion of pentaerythritol plants and molding compounds.

Change in chlorine production capacity expressed in t / year:

Facilities	Present situation			Act Plan	Final situation
	Mercury technology	Membrane technology	Total	Capacity extension	Membrane technology
Vila-seca I	135,000	55,000	190,000	+65,000	120,000
Flix	78,450	-	78,450	-	-
Sabiñánigo	-	30,000	30,000	+15,000	45,000
Ercros	213,450 (71.5%)	85,000 (28.5%)	298,450 (100.0%)	+80,000	165,000
Spain¹	575,950 (81.5%)	131,000 (18.5%)	706,950 (100.0%)		

¹ Ercros included.

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