

**Business description**

**Ercros** (ECR) is an industrial group manufacturing chemical products that operates through 3 divisions: (i) basic chemicals, (ii) intermediate chemicals and (iii) pharmaceuticals. The core activity is the production of chlorine-caustic soda, ECR being the main producer in Spain (60% of total installed capacity) and among the top 10 at the European level.

**Market Data**

Market Cap (Mn EUR and USD)	278,9	309,9
EV (Mn EUR and USD) <sup>(2)</sup>	431,6	479,6
Shares Outstanding (Mn)	91,4	
-12m (Max/Med/Mín EUR)	3,94 / 3,46 / 2,73	
Daily Avg volume (-12m Mn EUR)	0,21	
Rotation <sup>(3)</sup>	19,2	
Factset / Bloomberg	ECR-ES / ECR SM	
Close fiscal year	31-Dec	

**Shareholders Structure (%)<sup>(5)</sup>**

Víctor Manuel Rodríguez Martín	6,1
Joan Casas Galofre	6,0
Dimensional Fund Advisors, L.P.	5,0
Montserrat Garcia Pruns	3,6
Free Float	76,9

**Relative performance (Base 100)**

**Stock performance (%)**

	-1m	-3m	-12m	-5Y
Absolute	8,3	-6,2	-11,4	35,9
vs Ibex 35	-2,5	-11,3	-27,9	-32,7
vs Ibex Small Cap Index	-4,3	-13,9	-21,8	-20,3
vs Eurostoxx 50	-3,8	-5,9	-16,4	-27,3
vs Sector benchmark <sup>(4)</sup>	-1,1	-6,8	-8,0	-4,3

(2) The opinion regarding the results is on reported EBITDA with respect to our estimate for the year (12m). The impact reflects whether, due to the results, we envisage a significant revision (>5% - 10%, depending on the sector) of our EBITDA estimate (for any of the estimated years).

(3) Please refer to Appendix 1.

(4) Rotation is the % of the capitalisation traded - 12m.

(5) vs Stoxx Europe 600 Chemicals.

(5) Others: Samson Rock Event Driven Fund 1,4%, Blackrock INC 1,0%

(\*) Unless otherwise indicated, all the information contained in this report is based on: The Company, Factset and Lighthouse.

## 1Q25 results: losses of EUR 12Mn. Annus horribilis of the chemical sector.

**REVENUE DECLINE CONTINUES, DUE TO TERRIBLE SECTOR MOMENTUM.** Sales reach EUR 184.5Mn (-2.2%). By division, chlorine derivatives (56% of the mix) stand out with a -5.0% drop, and intermediate chemicals (27% of the mix) with -2.1%. Only pharma (+15.7%) grows clearly. Poor results explained exclusively by weak demand (especially in construction and autos) which, in a context of oversupply, does not allow growth (volume down -8.2%).

**2025 WILL BE A BAD YEAR.** The drop in revenue in a context of high raw material costs and, especially, energy costs (electricity, +42.0% and gas, +10.2%) leads to a collapse in 1Q25 EBITDA, falling to break-even (vs. EUR 14.3Mn in 1Q24). And it drags Net Profit into losses of EUR -12.2Mn (vs. EUR 3.1Mn in 1Q24). Both weak demand and pressure on costs and margins will continue for the rest of the year, making 2025 an absolute "trough" year, prolonging/worsening the losses of 2024. The recovery is delayed until at least 2026.

**RESULTS THAT WILL NOT BE PRICED IN. ONLY TAKEOVER BIDS MATTER.** Despite their clear negativity, the 1Q25 results will not be priced in. And the stock will remain "supported" by the takeover bids (TOBs) from Bondalti (EUR 3.505/share) and Esesco (EUR 3.745/share). Following the move of both TOBs to phase 2 at the competition authority (CNMC), the entire process is slowing down. A CNMC ruling would be expected in July or September, after which the CNMV must give its authorization, in a process that could extend until 1Q26. The terrible sector momentum increases the attractiveness of the offers (although these are still far from ECR's fundamental value based on its potential at the midpoint of the cycle). And the central scenario remains that of a "bidding war" with an improvement of the current offers.

**Results table**

EUR Mn	3m25 vs		
	3m25	3m24	3m24
<b>Total Revenues</b>	<b>184.5</b>	<b>188.7</b>	<b>-2.2%</b>
Chlorine derivatives	103.5	108.9	-5.0%
Intermediate chemicals	50.1	51.2	-2.1%
Pharmaceuticals	19.2	16.6	15.7%
Other revenues	11.7	12.0	-2.5%
<b>Recurrent EBITDA</b>	<b>0.0</b>	<b>14.3</b>	<b>n.a.</b>
Rec. EBITDA/Revenues	0.0%	7.6%	-7.6 p.p.
<b>EBITDA</b>	<b>0.0</b>	<b>14.2</b>	<b>n.a.</b>
EBITDA/Revenues	0.0%	7.5%	-7.5 p.p.
<b>EBIT</b>	<b>-8.2</b>	<b>6.5</b>	<b>n.a.</b>
<b>PBT</b>	<b>-12.3</b>	<b>3.4</b>	<b>n.a.</b>
<b>NP</b>	<b>-12.2</b>	<b>3.1</b>	<b>n.a.</b>
Tons sold (thousand)	223	243	-8.2%
			<b>3m25 vs</b>
	<b>3m25</b>	<b>12m24</b>	<b>12m24</b>
Net Debt <sup>(1)</sup>	136.2	119.6	13.9%

(1) Net Debt adjusted to exclude the impact of IFRS 16.

## Appendix 1. EV breakdown at the date of this report

	EUR Mn	Source
Market Cap	278,9	
+ Minority Interests	-	12m Results 2024
+ Provisions & Other L/T Liabilities	26,8	3m Results 2025
+ Net financial debt	136,2	3m Results 2025
- Financial Investments	10,3	12m Results 2024
+/- Others		
<b>Enterprise Value (EV)</b>	<b>431,6</b>	

## Appendix 2. Main peers (2025e)

	EUR Mn	Europe				USA			
		BASF SE	Solvay	Covestro AG	Average	DowDuPont	Olin Corp	Westlake	Average
<b>Market data</b>	Ticker (Factset)	BAS-DE	SOLB-BE	1COV-DE		DOW-US	OLN-US	WLK-US	
	Country	Germany	Belgium	Germany		USA	USA	USA	
	Market cap	39.892,7	3.294,9	11.207,7		19.707,1	2.368,6	9.885,6	
	Enterprise value (EV)	61.551,7	5.085,9	14.175,3		34.585,7	5.237,9	13.043,4	
<b>Basic financial information</b>	Total Revenues	65.758,9	4.719,0	14.524,2		37.712,0	6.005,8	10.696,7	
	Total Revenues growth	0,8%	-8,0%	2,4%	-1,6%	-2,5%	2,0%	-2,1%	-0,8%
	2y CAGR (2025e - 2027e)	4,1%	3,1%	4,2%	3,8%	3,3%	3,8%	5,9%	4,3%
	EBITDA	7.805,4	996,6	1.140,3		3.704,2	742,1	1.668,5	
	EBITDA growth	0,3%	-0,7%	49,3%	16,3%	-17,0%	-7,3%	-10,9%	-11,7%
	2y CAGR (2025e - 2027e)	12,2%	5,6%	20,9%	12,9%	18,9%	18,3%	17,5%	18,3%
	EBITDA/Revenues	11,9%	21,1%	7,9%	13,6%	9,8%	12,4%	15,6%	12,6%
	EBIT	3.751,7	671,8	232,1		1.282,2	258,7	523,1	
	EBIT growth	-1,0%	-2,2%	397,6%	131,4%	-31,0%	-16,1%	-39,8%	-29,0%
	2y CAGR (2025e - 2027e)	20,8%	7,8%	82,9%	37,2%	39,2%	48,3%	52,8%	46,8%
	EBIT/Revenues	5,7%	14,2%	1,6%	7,2%	3,4%	4,3%	4,9%	4,2%
	Net Profit	2.222,5	362,5	2,2		343,6	72,6	358,2	
	Net Profit growth	71,2%	62,5%	100,8%	78,2%	-65,4%	-25,7%	-33,5%	-41,5%
	2y CAGR (2025e - 2027e)	29,2%	13,9%	n.a.	21,6%	89,8%	n.a.	58,3%	74,1%
CAPEX/Sales %	7,9%	7,3%	5,2%	6,8%	6,4%	3,3%	7,9%	5,9%	
Free Cash Flow	612,2	291,7	107,9		540,8	226,4	450,1		
Net financial debt	20.268,7	1.521,0	2.619,0		11.133,7	2.409,8	1.681,2		
ND/EBITDA (x)	2,6	1,5	2,3	2,1	3,0	3,2	1,0	2,4	
Pay-out	92,8%	71,1%	621,3%	261,7%	515,2%	117,2%	69,5%	234,0%	
<b>Multiples and Ratios</b>	P/E (x)	14,3	8,0	n.a.	11,1	42,6	27,1	29,8	33,2
	P/BV (x)	1,1	2,3	1,7	1,7	1,4	1,4	0,8	1,2
	EV/Revenues (x)	0,9	1,1	1,0	1,0	0,9	0,9	1,2	1,0
	EV/EBITDA (x)	7,9	5,1	12,4	8,5	9,3	7,1	7,8	8,1
	EV/EBIT (x)	16,4	7,6	n.a.	12,0	27,0	20,2	24,9	24,1
	ROE	7,9	28,8	0,2	12,3	3,3	5,0	2,8	3,7
	FCF Yield (%)	1,5	8,9	1,0	3,8	2,7	9,6	4,6	5,6
	DPS	2,31	2,45	0,07	1,61	2,52	0,72	1,94	1,72
	Dvd Yield	5,2%	7,9%	0,1%	4,4%	9,0%	3,5%	2,5%	5,0%

Note 1: Financial data, multiples and ratios based on market consensus (Factset).

Note 2: All ratios and multiples on EBITDA refer to total EBITDA (not to recurrent EBITDA).

## LIGHTHOUSE

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Date of report	Recommendation	Price (EUR)	Target price (EUR)	Period of validity	Reason for report	Analyst
13-May-2025	n.a.	3.05	n.a.	n.a.	3m Results 2025	Alfredo Echevarría Otegui
26-Feb-2025	n.a.	3.04	n.a.	n.a.	12m Results 2024	Alfredo Echevarría Otegui
07-Nov-2024	n.a.	3.62	n.a.	n.a.	9m Results 2024	Alfredo Echevarría Otegui
30-Jul-2024	n.a.	3.88	n.a.	n.a.	6m Results 2024 - Estimates downgrade	Enrique Andrés Abad, CFA
28-Jun-2024	n.a.	3.42	n.a.	n.a.	Important news	Enrique Andrés Abad, CFA
27-May-2024	n.a.	3.43	n.a.	n.a.	Small & Micro Caps (Spain)	Alfredo Echevarría Otegui
30-Apr-2024	n.a.	3.46	n.a.	n.a.	3m Results 2024	Enrique Andrés Abad, CFA
08-Mar-2024	n.a.	3.35	n.a.	n.a.	Important news	Enrique Andrés Abad, CFA
29-Feb-2024	n.a.	2.36	n.a.	n.a.	12m Results 2023	Enrique Andrés Abad, CFA
08-Nov-2023	n.a.	2.79	n.a.	n.a.	9m Results 2023 - Estimates downgrade	Enrique Andrés Abad, CFA
27-Jul-2023	n.a.	3.15	n.a.	n.a.	6m Results 2023	Enrique Andrés Abad, CFA
14-Jun-2023	n.a.	3.16	n.a.	n.a.	Important news - Estimates downgrade	David López Sánchez
12-Jun-2023	n.a.	3.13	n.a.	n.a.	Small & Micro Caps (Spain)	David López Sánchez
03-May-2023	n.a.	3.96	n.a.	n.a.	3m Results 2023	David López Sánchez
11-Apr-2023	n.a.	4.22	n.a.	n.a.	Review of estimates	David López Sánchez
22-Feb-2023	n.a.	3.73	n.a.	n.a.	12m Results 2022	David López Sánchez
09-Nov-2022	n.a.	3.12	n.a.	n.a.	9m Results 2022	David López Sánchez
03-Aug-2022	n.a.	3.26	n.a.	n.a.	6m Results 2022	David López Sánchez
15-Jun-2022	n.a.	3.11	n.a.	n.a.	Estimates upgrade	David López Sánchez
04-May-2022	n.a.	3.12	n.a.	n.a.	3m Results 2022	David López Sánchez
25-Feb-2022	n.a.	2.79	n.a.	n.a.	12m Results 2021	David López Sánchez
10-Nov-2021	n.a.	3.25	n.a.	n.a.	9m Results 2021	David López Sánchez
29-Jul-2021	n.a.	3.10	n.a.	n.a.	6m Results 2021 - Estimates upgrade	David López Sánchez
12-May-2021	n.a.	2.92	n.a.	n.a.	3m Results 2021 - Estimates upgrade	David López Sánchez
26-Feb-2021	n.a.	2.23	n.a.	n.a.	12m Results 2020	David López Sánchez
16-Nov-2020	n.a.	1.86	n.a.	n.a.	9m Results 2020	David López Sánchez
03-Aug-2020	n.a.	1.60	n.a.	n.a.	6m Results 2020 - Estimates upgrade	David López Sánchez
15-May-2020	n.a.	1.76	n.a.	n.a.	3m Results 2020	David López Sánchez
30-Apr-2020	n.a.	2.40	n.a.	n.a.	Estimates downgrade	David López Sánchez
02-Mar-2020	n.a.	2.06	n.a.	n.a.	12m Results 2019	David López Sánchez
06-Nov-2019	n.a.	2.19	n.a.	n.a.	9m Results 2019 - Estimates upgrade	David López Sánchez
29-Jul-2019	n.a.	1.73	n.a.	n.a.	6m Results 2019	David López Sánchez
03-Jun-2019	n.a.	1.96	n.a.	n.a.	Initiation of Coverage	David López Sánchez

