



Quarterly Report IV/2010

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Business Development

With consolidated sales to the tune of €158 million, the fourth quarter of 2010 turned out to be the strongest quarter within fiscal 2010. Cumulative consolidated sales as per December 31, 2010 thus reached approximately €583 million. Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) increased by another €5 million and came in at +€14 million by the end of 2010 - in line with our forecast II for the past fiscal year. However, earnings before tax (EBT) as expected remained negative in the fourth quarter of 2010 due to the continued high debt service, and will reach between -€15 million and -€20 million as per December 31, 2010. Final sales and earnings figures will be released on our Web site (www.pcc-finanzinformationen.de) in the course of the second quarter 2011, once they have been audited.

In the fourth quarter of 2010, the Chemicals Division continued to be the PCC Group's main source of revenues and earnings. The division's sales reached €408 million in 2010, which is €68 million more than in the previous year. Rising sales volumes, as a consequence of a substantial improvement in economic performance compared with 2009, coupled with rising sales prices can be identified as the main reasons for this revenue increase. Likewise, the division's earnings performance was thoroughly favourable: PCC Rokita SA, Brzeg Dolny and PCC Synteza S.A., Kędzierzyn-Koźle (both Poland) as well as PCC Chemax Inc., Piedmont (USA) were able to beat our expectations and closed fiscal 2010 above forecast. The very sharp rise in commodity prices during the final weeks of the last year, which can usually be passed on to our clients only with a delay, impacted negatively on earnings, especially in the surfactants business and at Kosmet-Rokita Sp. z o.o.. However, at PCC Rokita SA this effect was overcompensated by the continued strong performance of the polyols business as well as improved results in the chlorine business due to a sharp rise in sales prices for caustic soda and lye, respectively.

The PCC Group's two most important trading companies, Petro Carbo Chem GmbH, Duisburg (Germany), and PCC Morava-Chem s.r.o., Český Těšín (Czech Republic), registered a substantial rise in revenues and earnings in the fourth quarter of 2010 as the economy continued to flourish, and closed fiscal 2010 in line with our forecast or, in the case of PCC Morava-Chem, even slightly above it.

This positive trend continued in the new year, both in chemical commodities and solid fuels like coal and anthracite.

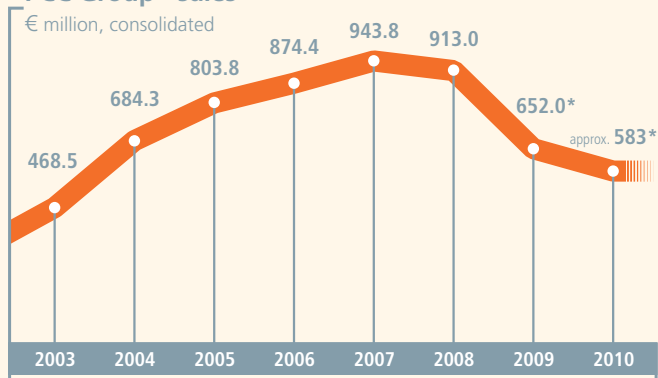
The Energy Division of the PCC Group generated overall sales of €137 million in 2010, which is €75 million below the previous year's result. The main reason for this is a substantial reduction in the trading business of PCC Energy Trading GmbH, Duisburg, with the aim of risk minimization. The performance of the Energy Division in the fourth quarter of 2010 was largely unchanged from the previous quarter. The expected negative result of PCC Energie GmbH - a subsidiary that was successfully sold to a Spanish investor in December 2010 (see page 2) - could not be compensated for by

the continuing sound and favourable development of ZE-Blachownia Sp. z o.o., Kędzierzyn-Koźle (Poland). The latter capitalised in the fourth quarter of 2010 and in the new year from above-plan sales to its clients on the back of the improved economy. All other subsidiaries belonging to the Energy Division are still in their development phases, which is why they continued to be largely irrelevant for earnings also in the fourth quarter. However, since construction of a total of four small hydropower plants will start in the Republic of Macedonia in 2011, this situation will change in the future.

The Logistics Division posted revenues of €30 million in 2010, which was €65 million below the previous year's value. However, last year's figures still contain the half-year revenues of the "PCC Logistics" subgroup that was sold in the middle of 2009. The group companies remaining within the PCC Group - PCC Intermodal S.A., Gdynia and PCC Autochem Sp. z o.o., Brzeg Dolny (both Poland) - substantially increased their sales figures in 2010, as compared with the previous year. For both companies, the fourth quarter of 2010 was the most successful one in fiscal 2010. According to expectations, divisional earnings before tax (EBT) were still slightly in the red. However, on the operating level (EBITDA) a sizeable profit was posted for the first time, as capacity utilization was greatly improved in both companies. Still, in an overall perspective the development of this division in 2010 must be described as unsatisfactory. One of the main reasons for this is that the handling capacities of the container terminals in Poland are still insufficient. The completion of the container terminal of PCC Intermodal S.A. in Kutno (Poland) during Summer 2011 (see page 2) will give the necessary additional momentum to this company's positive development.

PCC Silicium S.A., belonging to the "Others" division (the former KiZWK Bukowa Góra S.A.) from Zagórze (Poland) continued to significantly improve its sales and earnings, as the road construction boom in Poland persisted in the fourth quarter of 2010, and ended

PCC Group - sales



* The sales decrease is mainly caused by the sale of "PCC Logistics" to Deutsche Bahn AG in July 2009. The sales of this group of companies were consolidated until the end of the first half of 2009.



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fiscal 2010 substantially above our forecast. Assuming that this boom will continue at least until the European Football Championship in 2012, signs are that 2011 will be another good year for this group company.

PCC SE, however, continued to incur losses in the fourth quarter of 2010 as debt service costs remained high and were still not countered by sufficient dividends or cost allocations. This is why the company will post a loss not only in its consolidated financial statements – as indicated above – but also in its non-consolidated financial statements as per December 31, 2010.

Start-up of the new ethoxylation plant

Polish PCC Exol S.A., Brzeg Dolny, successfully completed construction works for its new ethoxylation plant at the end of 2010. The final works included installation works on the plant's measurement equipment and the process control system, as well as insulation works on piping and appliances. Due to the weather conditions in December 2010, the processing line start-up and production of the first batch of products took place at the end of January 2011. Currently the plant is about to complete the start-up phase. The test batches produced so far have been used to check if product quality is in line with projected parameters. A final performance test is scheduled for the end of March to confirm the plant's capacity, after which acceptance should take place.

The plant is located in Plock, around 100 km north-west of Warsaw and strategically close to the mineral oil and petrochemicals group PKN Orlen SA. The production plant has been designed for an annual capacity of 30,000 metric tons of non-ionic surfactants. Surfactants are surface-active substances used as ingredients of detergents and washing agents. Given the capacity of the existing ethoxylation plant on the premises of PCC Rokita SA in Brzeg Dolny, Lower Silesia, overall annual capacity will rise to 60,000 metric tons. PCC is Poland's only producer of surfactants.

PCC optimises company portfolio through sale of German power and gas distributor to Spanish Nexus Energía

On December 22, 2010, Duisburg-based PCC SE and Nexus Energia S.A. of Barcelona signed a contract on the sale of PCC Energie GmbH. The transaction was closed on February 16, 2011. As a result, the company will no longer be consolidated within the PCC Group starting from 2011. The two parties have agreed not to disclose the purchase price. This transaction represents the final step in PCC SE's realignment of its Energy Division, entailing a move away from the original energy trading business and a new focus going forward on the development and operation of group-owned power plants, primarily in East and Southeast Europe.

For Spain's Nexus Energía S.A. power utility, PCC Energie constitutes a first step towards a planned internationalization. Nexus Energia sells more than 5,000 GWh/year and forecasts more than €500 million turnover in 2010. The company employs approximately 130 staff. PCC Energie GmbH currently delivers energy and gas to

roughly 6,100 industrial companies, mid-sized businesses and retail chains all over Germany. In 2010, the company's sales reached €125 million.

With this divestment, PCC SE continues to optimize its company portfolio, which is not only managed through the acquisition, development and support of subsidiaries and minority interests, but also through their sale.

Harsh winter delays work on intermodal transport terminal in Kutno

Due primarily to the harsh winter in Poland, construction work on the intermodal transport terminal in Kutno (Central Poland) progressed rather slowly in the fourth quarter of 2010. Nevertheless, works on the concrete pavement and administrative building have been fully completed. In preparation for railway construction, civil engineering and rail bed works are currently in progress. Once they are finished, track laying can start between the main line and terminal area. According to the current schedule, this inland terminal will be opened in Summer 2011. The region will then boast Poland's most modern container terminal for intermodal transport with an operating space of 80,000 sqm, which will be able to handle up to 100,000 TEU annually.

Bulgarian PCC subsidiary Novi Energii becomes "Class A Investor"

On November 23, 2010, PCC's Bulgarian special purpose vehicle Novi Energii OOD was awarded a "Class A Investor" certificate by the Minister of Economy, Energy and Tourism of Bulgaria in Sofia. The company is currently planning the construction of two small hydropower plants in Bulgaria with a power generation capacity of 6.3 MW, which will mitigate CO₂ emissions to the tune of 29,000 metric tons per year. Minister Traicho Traikov presented the certificate to PCC, which grants preferential treatment by the competent authorities during administrative procedures. Novi Energii OOD is the second hydropower development investor in Bulgaria to have received such a certificate. With capital expenditures of roughly €20 million, this subsidiary of Germany's PCC DEG Renewables GmbH (Duisburg) will be developing the "Eliseina" and "Rebarkovo" small hydropower plants. Construction is expected to be launched in the third quarter of 2011.

PCC DEG Renewables GmbH acquired a majority stake in the local special purpose vehicle Novi Energii OOD back in 2008. These two Bulgarian projects are part of PCC's portfolio of 10 environmentally friendly hydropower projects at locations in Bosnia and Herzegovina, the Republic of Macedonia, and Bulgaria, which are currently in their planning, design or construction stages. The complete portfolio of power plants is scheduled to be completed by 2012/2013 and will facilitate an overall annual reduction of CO₂ emissions in the target countries by 72,500 metric tons.