

- PCC consolidated sales for first quarter 2020 slightly above prior year at €200.6 million
- Earnings before interest and other financial items, taxes, depreciation and amortization (EBITDA) at €12.1 million as of March 31, 2020
- Production capacity utilization at a high level despite coronavirus restrictions
- Rising demand for raw materials for the manufacture of detergents, cleansers and sanitizing products (Surfactants and Chlorine segments)
- High demand for detergents, cleansers and sanitizing products from the Consumer Products segment
- Redemption of maturing bonds



*Advanced sulfonation plant of PCC Exol SA for the manufacture of surfactants at the PCC chemicals site in Brzeg Dolny (Poland). These surface active materials are included as functional substances in detergents, cleansers and sanitizing products. Consequently, they are in particularly high demand during the present coronavirus pandemic.*

## Overall Business Development

**In the first quarter of 2020, the PCC Group generated consolidated sales of €200.6 million.**

The Group revenue figure for the prior-year quarter of €193.6 million was thus exceeded by 3.6%. However, the present total falls short of our sales expectations for the current fiscal year. One of the main reasons for this was that sales in the Chemicals division were down on budget, partly as a result of declining selling prices for the chlorine by-product caustic soda. The sharp depreciation of the Polish zloty against the euro in the course of the first quarter also had a negative impact on revenue development. The Logistics division and the Silicon Metal business area were also unable to meet our sales expectations in the first quarter of 2020. The performance of PCC BakkiSilicon hf., Húsavík (Iceland), was adversely affected by the severe winter which lasted into April this year and led to several production interruptions during the quarter. The production output of PCC BakkiSilicon hf. was therefore significantly lower than planned, with corresponding effects on volume and sales.

The earnings for the first quarter of 2020 were likewise below our expectations and down on the previous year. The gross profit ratio declined compared to preceding quarters. The main reasons for this development, apart from the continued sharp fall in prices for the chlorine by-product caustic soda, were the losses incurred by PCC BakkiSilicon hf. Consolidated earnings before interest and other financial items, taxes, depreciation and amortization (EBITDA) nevertheless remained clearly positive at €12.1 million. Gratifyingly, all five segments of the Chemicals division and also the Logistics division all made a positive contribution to this result. However, the amount generated is a long way below the €28.6 million reported the same time last year. Earnings before taxes

(EBT) were similarly affected, with the figure for the first quarter coming in at €-18.3 million (previous year: €12.8 million). A significant portion of these losses resulted from negative exchange rate effects due to the significant decline of the Polish zloty and the Russian ruble against the euro. In particular, PCC MCAA Sp. z o.o., Brzeg Dolny (Poland), PCC Silicium S.A., Zagórze (Poland), and the Russian company ZAO PCC Rail, Moscow, each posted substantial accounting losses as of the end of March 2020 due to the closing valuations of the euro loans granted to them by PCC SE, Duisburg.

Toward the end of the first quarter, the global restrictions arising from the coronavirus pandemic began to affect business development. Overall, however, the utilization of production capacities within the PCC Group remained at a high level, with the trend holding beyond the end of the quarter.

## Segment Performance

**The Chemicals division remained the primary sales revenue generator within the PCC Group in the first quarter of 2020.**

The five segments of this division together realized quarterly sales of €160.4 million (previous year: €164.1 million). The figures achieved were thus below our revenue expectations, especially in the Chlorine and Polyols segments. By contrast, our earnings performance was positive overall and, at least at the operating level, within our budget parameters. Indeed, in some segments we actually exceeded our earnings expectations.

### Polyols

**The Polyols segment closed the first quarter with a successful set of figures.** Although overall sales fell short of our expectations, earnings exceeded both the good figures of the previous year and

our budget for the first quarter of 2020. The Polyols business unit of PCC Rokita SA, Brzeg Dolny, was able to benefit from the rise in demand for polyether polyols from the second half of January onward. This development was boosted by a tragic accident at a chemicals park in southern Europe, as a result of which the local competitor of PCC Rokita SA was temporarily cut off from the supply of an important raw material. The oversupply of polyether polyols, which has existed for some time now, has therefore diminished. This trend was additionally supported in February 2020 by scheduled maintenance-related interruptions to production at a major competitor in Saudi Arabia. The Polyols business unit of PCC Rokita SA was therefore able to end the first quarter of 2020 on a positive note, exceeding both the previous year's figures and our expectations. As from the second half of March, however, demand for polyether polyols was showing signs of falling. Many customers initially adopted a wait-and-see attitude due to the coronavirus pandemic. By contrast, the Polyester Polyols business area was unaffected by this reticence in March, and the Thai joint venture of PCC Rokita SA, IRPC Polyol Company Ltd., Bangkok, actually benefited from a significant increase in demand from the countries that make up the Southeast Asian market due to the Covid-19-related lockdown of the Chinese economy. In line with our expectations, the systems house PCC Prodex Sp. z o.o., Brzeg Dolny, recorded stable sales growth in the first quarter of 2020. By contrast, the business performance of our German systems house PCC Prodex GmbH, Essen, only picked up toward the end of the first quarter, with overall results not entirely satisfactory. Similar developments were encountered at the portfolio entities managed under the intermediate holding company PCC Insulations GmbH, Duisburg, which are active in the field of thermal insulation panels.

Key financials by segment <sup>1</sup> (per IFRS)	Polyols			Surfactants			Chlorine			Specialty Chemicals		
	Q1/2020	3M/2020 <sup>6</sup>	3M/2019	Q1/2020	3M/2020	3M/2019	Q1/2020	3M/2020	3M/2019	Q1/2020	3M/2020	3M/2019
Sales <sup>2</sup> € m	38.3	38.3	36.2	34.2	34.2	33.8	34.4	34.4	41.0	47.1	47.1	47.6
EBITDA <sup>3</sup> € m	2.5	2.5	1.8	4.4	4.4	4.4	7.8	7.8	16.5	2.4	2.4	2.6
EBIT <sup>4</sup> € m	1.5	1.5	0.9	3.8	3.8	3.8	4.1	4.1	13.2	0.9	0.9	1.8
EBT <sup>5</sup> € m	2.0	2.0	0.6	3.4	3.4	3.3	0.5	0.5	11.7	0.3	0.3	1.5
Employees (at March 31)	273	273	256	297	297	291	389	389	383	403	403	389

Notes: Rounding differences possible. Quarterly and cumulative figures unaudited. Subject to change without notice. | 1 The segment Holding/Projects has not been separately listed. | 2 The sales indicated relate exclusively to net external sales; consolidation procedures have already been taken into account. | 3 EBITDA (earnings before interest/financial result, taxes, depreciation and amortization) | 4 EBIT (earnings before interest/financial result and taxes) = Operating profit = EBITDA – depreciation and amortization | 5 EBT (earnings before taxes) = Pre-tax profit = EBIT – interest/financial result | 6 "M" = months

## Surfactants

**The earnings performance of the Surfactants segment came in better than expected, matching the good level of the prior-year quarter.** The largest affiliate in this segment, PCC Exol SA, Brzeg Dolny, benefited in the first quarter of 2020 particularly from the rising demand for raw materials for the manufacture of detergents, cleansers and sanitizing products in the wake of the coronavirus pandemic. The US subsidiary of PCC Exol SA, PCC Chemax, Inc., Piedmont (S.C.), likewise ended the first quarter with a clearly positive set of results.

## Chlorine

**Despite declining sales, the Chlorine segment closed the first quarter of 2020 in positive territory.** With, in particular, the continuing fall in prices for the chlorine by-product caustic soda resulting from tough competition from China and India, the Chlorine business unit of PCC Rokita SA experienced a decline in sales and thus also in earnings. However, at least the prices for sodium hydroxide monohydrate held at the level of the corresponding prior-year period. In addition, production remained stable at a high level throughout the first quarter, enabling the Chlorine business unit to still report a clearly positive result as of the end of March. In March 2020, PCC MCAA Sp. z o.o., Brzeg Dolny, which is also managed within the Chlorine segment, achieved the highest sales volumes in its corporate history. Many customers increased their order levels that month in anticipation of a possible interruption in supply chains resulting from the coronavirus pandemic. The boom in demand continued beyond the end of the quarter, especially since MCAA is needed for the production of skin-friendly surfactants (betaines) as used e.g. in cleaning agents. The

product is also used in the food and pharmaceutical industries. In operational terms, PCC MCAA therefore closed the first quarter of 2020 extremely successfully, exceeding its performance in the prior-year period. However, the negative exchange rate effects already mentioned led to an accounting loss overall.

## Specialty Chemicals

**In the Specialty Chemicals segment, sales in the first quarter of 2020 were flat year on year and thus in line with our expectations.** On the earnings side, the profits generated in the first quarter actually exceeded our budget figures. The largest commodity trading company within the PCC Group, PCC Trade & Services GmbH, Duisburg, remained the segment's main revenue and earnings generator. In particular, volume sales of coke and anthracite continued at a higher level than expected. However, the selling prices for these products and also for the major chemical trading products of PCC Trade & Services GmbH came under severe pressure in the course of the quarter due to increasingly pessimistic growth forecasts. Nevertheless, this affiliate closed the first quarter of 2020 exceptionally successfully with better-than-expected results. The Russian port company AO Novobalt Terminal, Kaliningrad, likewise generated a positive quarterly result and also exceeded our earnings expectations thanks to the high volumes of coke and anthracite transshipped both for its parent company PCC Trade & Services GmbH and for a Russian third-party customer. The trading business of the Czech affiliate PCC Morava-Chem s.r.o., Český Těšín, performed in line with expectations in the first quarter of 2020. At the Phosphorus and Naphthalene Derivatives business unit of PCC Rokita SA, the increasing focus on higher-value specialty products had a positive effect on sales and earnings. Such products

are generally less sensitive to market fluctuations, so their increasing share within the Phosphorus and Naphthalene Derivatives portfolio will ensure the long-term stability of this entity. As a result, the business unit ended the first quarter of 2020 on a clearly positive note. The alkylphenol producer PCC Syn-teza S.A., Kędzierzyn-Koźle (Poland), also performed well in the first quarter of 2020. Gratifyingly, PCC Silicium S.A., Zagórze (Poland), exceeded its quarterly targets as of the end of March, in terms of both sales and operating profit. Thanks to the mild winter, sales of ballast and aggregates for the construction of roads and railways remained at a high level. Volume sales of quartzite – particularly to customers in the ferroalloy industry – also continued to exceed our expectations. There are now even signs of a strong revival in demand for the coming months due to falling energy prices. Despite these positive developments, PCC Silicium S.A. posted an accounting loss at the end of the first quarter as a result of the negative exchange rate effects mentioned above.

## Consumer Products

**The sales and earnings figures of the PCC Consumer Products subgroup underwent a further increase thanks to steady improvement in the performance of PCC Consumer Products Kosmet Sp. z o.o. (PCC CP Kosmet), Brzeg Dolny.** In the first quarter, this affiliate not only significantly exceeded the corresponding results of the previous year, it also – for the first time in a long while – posted positive earnings before taxes (EBT) as of the end of March. PCC CP Kosmet therefore ended the first quarter in much better shape than was originally expected. The main reason for this positive development was the sharp rise in demand for antibacterial soaps, sanitizers and disinfectant hand cleansers which

Key financials by segment <sup>1</sup> (per IFRS)	Consumer Products			Energy			Logistics			PCC Group total			
	Q1/2020	3M/2020 <sup>6</sup>	3M/2019	Q1/2020	3M/2020	3M/2019	Q1/2020	3M/2020	3M/2019	Q1/2020	3M/2020	3M/2019	
Sales <sup>2</sup>	€ m	6.3	6.3	5.4	3.5	3.5	3.7	23.1	23.1	23.7	200.6	200.6	193.6
EBITDA <sup>3</sup>	€ m	0.1	0.1	-0.8	-1.5	-1.5	0.9	4.2	4.2	5.7	12.1	12.1	28.6
EBIT <sup>4</sup>	€ m	-0.2	-0.2	-1.2	-2.4	-2.4	0.1	1.3	1.3	3.4	-4.4	-4.4	17.9
EBT <sup>5</sup>	€ m	-1.2	-1.2	-1.4	-2.4	-2.4	0.0	-2.4	-2.4	3.8	-18.3	-18.3	12.8
Employees (at March 31)		398	398	426	180	180	179	576	576	525	3,612	3,612	3,515

Notes: Rounding differences possible. Quarterly and cumulative figures unaudited. Subject to change without notice. | 1 The segment Holding/Projects has not been separately listed. | 2 The sales indicated relate exclusively to net external sales; consolidation procedures have already been taken into account. | 3 EBITDA (earnings before interest/financial result, taxes, depreciation and amortization) | 4 EBIT (earnings before interest/financial result and taxes) = Operating profit = EBITDA – depreciation and amortization | 5 EBT (earnings before taxes) = Pre-tax profit = EBIT – interest/financial result | 6 "M" = months

occurred during – and has continued beyond – the first quarter in the wake of the coronavirus pandemic. PCC CP Kosmet has been operating in a three-shift system since March 23 to meet this increased demand. The sharp rise in the consumption of disinfectants and sanitizers should also have a positive effect in the coming weeks on the sales and earnings performance of PCC Packaging Sp. z o.o., which produces plastic bottles among other things at its site in Brzeg Dolny. However, this affiliate and the other companies belonging to the PCC Consumer Products subgroup was still operating at a deficit as of the end of the first quarter of 2020.

## Energy

**The Energy division of the PCC Group generated net quarterly external sales of €3.5 million in the first quarter of 2020.** The main contributions to revenue continued to come from the Conventional Energies business unit comprising PCC Rokita SA's combined heat and power plant (and its corresponding business unit) and the electricity and heat utility PCC Energetyka Blachownia Sp. z o.o., Kędzierzyn-Koźle. This business unit reported losses at the end of the first quarter, with commercial prudence dictating the recognition of provisions to cover the purchase of additional CO<sub>2</sub> certificates that will become necessary in the course of 2020. Within the Renewable Energies business unit, the number of small hydropower plants connected to the grid in the fourth quarter remained unchanged at five. The sixth power plant in Kriva Reka (North Macedonia) was still undergoing trials as of the end of March. Overall, this business unit posted a slight plus in earnings for the first quarter.

## Logistics

**The quarterly revenues of the Logistics division amounted to €23.1 million as of the end of March, thus remain-**

**ing at the level of the prior-year period.**

However, this performance was slightly below our sales expectations. In terms of earnings, this division was unable either to match the corresponding prior-year figures or to meet the budget figures set for the first quarter. Nevertheless, a positive result was at least achieved at the operating level. The pre-tax result showed a deficit, partly due to negative exchange rate effects. The main revenue generator of the Logistics division was again PCC Intermodal S.A., Gdynia (Poland). In the course of the first quarter, this affiliate had to contend with declining operating rates affecting its train services. This development was primarily due to the lack of container ships and trains from China, and also the lockdown of many Polish companies, due to the coronavirus pandemic. In the meantime, the first ships from China have again reached Polish ports and the container block trains are also starting to roll again. Many companies in Poland have resumed operations or will do so in the near future. PCC Intermodal S.A. therefore expects to see transport volumes increase again in the months to come. The tanker haulage company PCC Autochem Sp. z o.o., Brzeg Dolny, closed the first quarter with performance at the expected positive level. The Russian freight car operator ZAO PCC Rail, Moscow, had to contend with declining rail freight tariffs in the first quarter due to the slowdown in economic activity. The sales and earnings of this affiliate therefore declined compared to the corresponding prior-year period. Earnings for the current fiscal year also fell short of expectations as of the end of March. Thus, while ZAO PCC Rail at least succeeded in posting further positive figures at the operating level, it was unable to avoid a pre-tax deficit for the period due to negative exchange rate effects.

## Holding/Projects

**As expected, the Holding/Projects division posted a deficit in the first quarter.** This was due in part to the losses

posted by PCC BakkiSilicon hf. As already mentioned at the beginning, the performance of this affiliate in the first quarter was adversely affected by, among other things, Iceland's extremely long winter and the resulting partial loss of production. Moreover, PCC BakkiSilicon hf. remained unable to fully benefit from the slightly rising price level for silicon metal as a number of old contracts still had to be serviced at low prices during the first quarter. Meanwhile, one of the two arc furnaces has had to be entirely shut down due to the effects of Covid-19 and will probably not be put back into operation until completion by the plant construction contractor of the rehabilitation work on the roof of the facility's filter house. Due to coronavirus restrictions, this rebuild planned for May will probably be delayed until summer 2020. The second furnace is presently operating stably. Our team on site is also currently working flat out on the implementation of various measures to increase efficiency and thus reduce costs in order to sustainably improve the earnings situation over the long term. The second major project company, DME Aerosol, Pervomaysky (Russia), which is also managed within the Holding/Projects segment, reported encouraging signs of rising sales to various customers in Central and Southeast Europe in the first quarter of 2020. PCC SE reported a negative result in its separate-entity financial statements as of the end of March 2020. However, this situation will reverse once the dividend payments due from various Group affiliates are received in the second quarter.

## Redemption of maturing bonds

PCC SE has redeemed bonds on final maturity as of April 1, 2020 (ISIN: DE000A14KJ35) and May 1, 2020 (ISIN: DE000A2NBFU2). The repayment amounts were €18.2 million and €5.0 million respectively.

Duisburg, May 2020

### Published by

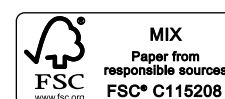
PCC SE  
Moerser Str. 149  
47198 Duisburg  
Germany  
www.pcc.eu

### Public Relations contact

Baumstr. 41, D-47198 Duisburg  
Phone: +49 (0)2066 20 19 35  
Fax: +49 (0)2066 20 19 72  
Email: pr@pcc.eu  
www.pcc-financialdata.eu

### Direktinvest contact

Baumstr. 41, D-47198 Duisburg  
Phone: +49 (0)2066 90 80 90  
Fax: +49 (0)2066 90 80 99  
Email: direktinvest@pcc.eu  
www.pcc-direktinvest.eu



Visit PCC SE  
on Facebook



Image rights held by PCC SE  
You will find this quarterly report and further information on our website at www.pcc.eu

**Note:** The consolidated financial statements of PCC SE and also the annual financial statements of PCC SE (holding company) and its subsidiaries are audited once a year as of December 31 by an appropriately appointed auditor / public accountant. Interim figures are not audited. **Disclaimer:** This quarterly report contains forward-looking statements based on the current planning, estimates and forecasts of the management of PCC SE and its subsidiaries, and other information currently available. Forward-looking statements should not be regarded as guarantees of the future developments or results referred to therein. All such future developments and results are dependent on a large number of different factors and are accompanied by various risks and uncertainties. They are based on assumptions which may prove to be inaccurate. PCC SE neither undertakes nor intends to adapt such forward-looking statements to future results or developments, nor does it plan to update them as new information comes to light. PCC SE publishes its latest financial information on the internet at [www.pcc-financialdata.eu](http://www.pcc-financialdata.eu) / [www.pcc-finanzinformationen.eu](http://www.pcc-finanzinformationen.eu).