

- **PCC SE posts Group sales of €345.3 million in first quarter of 2022, up 65.2 % on prior-year quarter**
- **EBITDA of the PCC Group more than doubled year on year to €75.8 million as of end of March**
- **PCC triples operating profit to €58.0 million; earnings before taxes more than quadrupled to €51.1 million**
- **New PCC Group segment structure implemented**
- **Expansion in the USA with planned oxyalkylates project**
- **Redemption of maturing bonds**

## Overall Business Development

**The PCC Group has made an exceptionally successful start to fiscal 2022.** Consolidated sales in the first quarter amounted to €345.3 million, up €136.3 million or 65.2 % on the corresponding prior-year period. Our sales expectations were likewise well surpassed. The main reason for this development was persistently high average selling prices exceeding those of the first quarter of 2021, particularly for polyols, surfactants and the chlorine co-product caustic soda. On the earnings side, too, both the very good prior-year figures and our high expectations for the first quarter of 2022 were significantly exceeded. And this positive trend has continued beyond the end of the reporting period. Gross profit for the first quarter of 2022 amounted to €128.5 million (Q1/2021: €75.2 million). Earnings before interest/financial result, taxes, depreciation and amortization (EBITDA) amounted to €75.8 million, more than doubling the figure of €35.9 million achieved in the prior-year quarter. At the operating level (EBIT), the profit generated in the first quarter of 2022 was €58.0 million, triple the figure for the prior-year period (€19.2 million). At €51.1 million, earnings before taxes (EBT) were more than four times higher than in the

corresponding quarter of the previous year (€12.1 million). As a result, PCC Group EBT in the first quarter of 2022 was already well over half of the 12-month total of €91.7 million achieved in record year 2021. However, operating cash flow decreased year on year from €40.2 million to €28.6 million as of the reporting date of March 31, 2022. The main reason for this decline was the increase in working capital – a consequence of higher raw material purchase prices accompanied by a deliberate increase in inventory volumes as part of risk provisioning. We were prompted to take this precautionary measure by ongoing transportation and supply chain issues, exacerbated by the renewed coronavirus-related lockdown of the Port of Shanghai and the war in Ukraine.

## Segment Performance

**This report on the first quarter of 2022 is presented on the basis of the new segment structure of the PCC Group, implemented in light of developments that have taken place within our group of companies in recent years.** The main changes in this regard can be summarized as follows:

- **Dissolution of the Specialty Chemicals segment and re-allocation** of the

business units it previously contained to the segments **Polyols & Derivatives**, **Surfactants & Derivatives** and **Chlorine & Derivatives**. The commodity trading business, which was also previously integrated within the Specialty Chemicals segment, has been transferred to the newly created **Trading & Services segment**.

- **Dissolution of the Energy Segment and re-allocation** of its former business unit Conventional Energies, which predominantly serves our own production sites, to the new Trading & Services segment. The small hydropower plants and project companies previously managed within the Renewable Energies business unit have been assigned to the Holding & Projects segment.
- **Re-allocation of the Consumer Products segment** (share of consolidated sales in 2021 just 2.4 %) as a downstream activity within the Surfactants & Derivatives segment.
- **Creation of a new segment: Silicon & Derivatives.** Re-allocation of both silicon metal production under PCC BakkiSilicon hf. from the Holding & Projects segment, and the upstream activities of

our quartzite quarry PCC Silicium S.A. as a raw material supplier.

- All service companies together with our online trading platform [distripark.com](https://distripark.com) have now been incorporated within the **Trading & Services segment**.

All prior-year figures contained in this report have been adjusted in accordance with IFRS 8 to reflect the new segment reporting structure.

## Polyols & Derivatives

**Sales and earnings development in the Polyols & Derivatives segment was exceptionally positive in the first quarter of 2022.** As in the previous year, the Polyols business unit of PCC Rokita SA, Brzeg Dolny (Poland), with its polyether polyols, again accounted for the lion's share of sales in the first three months of 2022. Demand and selling prices remained at a high level, with earnings falling just short of the historically good results of the first quarter of the previous year. Despite rising raw material purchase prices, the aforementioned business unit closed the first quarter of 2022 in a much better position than expected. This also applies to the Polish systems house PCC Prodex Sp. z o.o., Brzeg Dolny. By contrast, the polyester polyol, thermal insulation panel, specialty foam block and polishing disc businesses continued to post minor deficits in line with expectations. Since the first quarter of 2022, the Polyols & Derivatives segment has also included PCC Synteza S.A., Kędzierzyn-Koźle (Poland), which has for some time now been producing specialty polyols in cooperation with PCC Rokita SA and will in future be manufacturing polyol-based specialty chemicals in collaboration with the start-up PolyU GmbH based in Oberhausen, Germany. The investments required for this were completed in the first

quarter of 2022. Production commenced at the beginning of April 2022. This expansion further supplements the product portfolio of the PCC Group, while also opening up new areas of application for its products. This will likewise create new growth opportunities for PCC Synteza S.A. Responding to high demand, the alkylphenol business of PCC Synteza S.A. performed extremely well in the first quarter of 2022, with sales volumes and selling prices significantly above our expectations. As a result, the company was also able to match the historically good earnings result of the corresponding prior-year quarter, exceeding by a multiple the targets set for the first quarter of 2022. The supply of raw materials to PCC Synteza S.A., previously partly covered by Russian vendors, was completely switched to other provenances in the first quarter due to the war of aggression waged by Russia on Ukraine. This was also done for other PCC companies.

## Surfactants & Derivatives

**The first quarter of 2022 saw the Surfactants & Derivatives segment further improve on its strong performance of the months immediately previous.** The largest affiliate in this segment, PCC Exol SA, Brzeg Dolny, recorded significantly higher sales volumes, particularly in respect of its basestocks for the detergents and personal care products industry. Demand for specialty products for industrial applications also remained at a high level. As a result, PCC Exol SA closed the first quarter clearly in profit and also well up on the previous year, despite rising raw material purchase costs and energy prices. The increasing share of specialty products with higher margins in the product portfolio of this affiliate was again reflected in an increase in earnings. The sales and earnings performance of our US subsidiary, PCC Chemax, Inc., Piedmont (SC), was

likewise exceptionally positive and similarly exceeded both the figure for the prior-year period and our expectations. The Turkish sales company PCC Exol Kimya, Istanbul, the product portfolio of which includes surfactants as well as products from other segments, has been re-assigned to the new Trading & Services segment. In the Consumer Products business, which has been newly integrated into the Surfactants & Derivatives segment, the downward trend continued through the first quarter of 2022, with rapidly rising raw material purchase prices further exacerbating the decline. The fact that the price increases could not be passed on to our customers in full, and then only with a time lag, resulted in renewed losses in this business unit. However, the deficit was significantly more than offset by the exceptionally good results of PCC Exol SA and PCC Chemax, Inc.

## Chlorine & Derivatives

**The Chlorine & Derivatives segment again posted a very successful set of business results in the first quarter of 2022.** Demand for chlorine and its co-products remained brisk. As a result, average selling prices also held at a high level, with a further strong boost coming in the course of the quarter from the shutdown of production facilities in Ukraine. The Chlorine business unit of PCC Rokita SA therefore closed the first quarter of 2022 very successfully and significantly up year on year. Chlorine is also used, among other things, in the production of phosphorus derivatives. Consequently, the Phosphorus and Naphthalene Derivatives business unit of PCC Rokita SA was reassigned to the Chlorine & Derivatives segment as of the beginning of 2022. Both at this business unit and at our monochloroacetic acid manufacturer PCC MCAA Sp. z o.o., Brzeg Dolny, sales and earnings came in better than expected, with the

Key financials by segment	(per IFRS)	Polyols & Derivatives			Surfactants & Derivatives			Chlorine & Derivatives			Silicon & Derivatives		
		Q1/2022	3M/2022 <sup>5</sup>	3M/2021	Q1/2022	3M/2022	3M/2021	Q1/2022	3M/2022	3M/2021	Q1/2022	3M/2022	3M/2021
Sales <sup>1</sup>	€ million	68.8	68.8	61.3	57.4	57.4	37.4	81.0	81.0	43.4	45.5	45.5	1.5
EBITDA <sup>2</sup>	€ million	14.5	14.5	20.2	11.1	11.1	4.1	31.1	31.1	10.6	12.9	12.9	-3.1
EBIT <sup>3</sup>	€ million	13.2	13.2	18.9	10.1	10.1	3.2	26.4	26.4	5.7	8.8	8.8	-7.0
EBT <sup>4</sup>	€ million	13.0	13.0	18.8	9.5	9.5	2.5	26.5	26.5	4.9	6.7	6.7	-10.3
Employees	(at March 31)	350	350	343	509	509	518	467	467	486	217	217	180

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



The silicon metal production facility of our Group subsidiary PCC BakkiSilicon hf. in Iceland operates solely on the basis of renewable energy sources, such as geothermal energy, making it particularly climate-friendly.

numbers surpassing the already exceptionally good figures of the prior-year period.

## Silicon & Derivatives

**This new segment has enjoyed a very successful start.** At the core of this segment is PCC BakkiSilicon hf., Húsavík (Iceland), where silicon metal production continued at a high level in the first quarter of 2022. Demand for silicon metal and thus also its selling prices likewise remained high, enabling PCC BakkiSilicon hf. to close the first quarter in clearly positive territory, with results better than expected. In the prior-year period, this affiliate was operating at a loss due to the shutdown of its facilities required at the time. Included in this new segment alongside PCC BakkiSilicon hf. is PCC Silicium S.A., Zagórze (Poland), as a quartzite supplier for silicon metal production. The first quarter of 2022 also saw this affiliate perform well both above the level of the prior-year period and above our expectations. PCC Silicium S.A. benefited not only from regular deliveries of quartzite to Iceland but also from continued high demand for quartzite for the ferroalloy industry and for ballast used in the construction of roads and railroad lines. Due to the closure of a neighboring quarry at the end of 2021,

PCC Silicium S.A. was able to further expand its regional market position in these business areas, enabling it to operate at full capacity in the first quarter.

## Trading & Services

**The Trading & Services segment reported net external sales of €60.6 million in the first quarter of 2022.** The main revenue generator in this segment is the commodity trading company PCC Trade & Services GmbH, Duisburg (Germany), which was able to benefit in the first quarter from a further sharp rise in prices for chemical basestocks, coke and anthracite coal. PCC Trade & Services GmbH therefore closed the first quarter significantly up on an already good prior-year quarter and also in a much better position than expected. Since the outbreak of the war in Ukraine, this affiliate has been working at full steam in order to ship the cargos already in its control in Ventspils (Latvia) and in Kaliningrad (Russia) to Western Europe for the purpose of fulfilling legacy contracts. At the same time, alternative sources of supply as well as alternative transport routes for raw materials from Ukraine previously shipped via Latvia are being examined. Deliveries of raw materials from Poland to Ukraine increased

significantly at the end of the first quarter, and sales in the MENA region were also further expanded. The Turkish sales company PCC Exol Kimya and the online trading platform distripark.com, Brzeg Dolny, likewise ended the first quarter in positive territory and up on the prior-year period. By contrast, the Energy business unit of PCC Rokita SA, which along with various service companies has been included in this segment since the start of 2022, posted losses in the first quarter. These resulted inter alia from a rise in the cost of CO<sub>2</sub> certificates. The power plant included in this business unit, which supplies heat not only to our Brzeg Dolny site but also to the municipality, is able to operate on both gas and coal. And since the outbreak of the war in Ukraine, Polish coal has been exclusively used as its fuel.

## Logistics

**The Logistics segment generated net external sales of €31.6 million in the first quarter of 2022.** Revenue was thus both above that of the prior-year quarter and above our expectations – just missing the record sales total of €33.7 million registered in the fourth quarter of 2021, primarily as a consequence of the low level of intermodal transport activity prevailing in

Key financials by segment	(per IFRS)	Trading & Services			Logistics			Holding & Projects			PCC Group totals		
		Q1/2022	3M/2022 <sup>5</sup>	3M/2021	Q1/2022	3M/2022	3M/2021	Q1/2022	3M/2022	3M/2021	Q1/2022	3M/2022	3M/2021
Sales <sup>1</sup>	€ million	60.6	60.6	39.8	31.6	31.6	25.1	0.3	0.3	0.4	345.3	345.3	209.0
EBITDA <sup>2</sup>	€ million	1.9	1.9	1.0	5.0	5.0	4.5	-0.7	-0.7	-1.3	75.8	75.8	35.9
EBIT <sup>3</sup>	€ million	-1.0	-1.0	-1.5	1.6	1.6	1.6	-1.1	-1.1	-1.7	58.0	58.0	19.2
EBT <sup>4</sup>	€ million	0.8	0.8	-1.9	-0.3	-0.3	1.1	-2.7	-2.7	-2.9	51.1	51.1	12.1
Employees	(at March 31)	1,074	1,074	1,043	630	630	581	87	87	84	3,334	3,334	3,235

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January. In the course of the quarter, however, business picked up again, with the result that PCC Intermodal SA, Gdynia (Poland), was still able to end the first quarter of 2022 with a positive overall result and, at an operating level, on a par with the prior-year quarter. Alongside weak demand in January, the main reasons underlying this performance are a continuing imbalance in the international container market and a sharp rise in the cost of moving containers on by truck. Higher costs for diesel, and also for personnel, particularly drivers, likewise impacted the business results of tanker haulage company PCC Autochem Sp. z o.o., Brzeg Dolny, in the first quarter of 2022. The situation was further exacerbated by higher costs for tanker cleaning, a consequence of the major fire at the company's own tanker cleaning facility at the end of 2021. Nevertheless, this affiliate was able to end the first quarter of 2022 with a break-even result at the operating level. At ZAO PCC Rail, Moscow, which operates exclusively within Russia, revenue and earnings developed positively at the operating level, coming in above the figures for the prior-year quarter thanks to an increase in freight car tariffs. However, the massive devaluation of the Russian ruble in March 2022 meant that ZAO PCC Rail recorded high non-cash foreign exchange losses as of the end of the quarter. As a result, overall earnings before taxes within this segment slipped into the red.

## Holding & Projects

**As expected, the Holding & Projects segment recorded a loss in the first quarter of 2022.** The affiliates remaining in this segment alongside the holding company PCC SE and the intermediate holding company PCC Chemicals GmbH are, for the most part, project companies and entities that generally operate at a deficit due to the fact that their own revenue-generating operations are small or non-existent. PCC SE



**In Malaysia, we are building a production plant for oxyalkylates in a joint venture with PETRONAS Chemicals Group Berhad. The construction work continues to progress to schedule. This photo shows the site as it looked in March 2022.**

itself also ended the first quarter with a loss. However, receipt of the dividend payments due from the affiliated companies in the second quarter will put the holding company's earnings well into positive territory. These dividend payments are eliminated on consolidation and are therefore irrelevant to Group earnings. The project company DME Aerosol, Pervomaysky (Russia), closed the first quarter of 2022 with earnings positive at the operating level and above the figures for the prior-year quarter. However, due to the fall in the value of the Russian ruble, this associate (accounted for in the Group using the equity method) also recorded high currency translation losses and therefore likewise slipped at the pre-tax level into deficit at the end of the quarter. As a result of the war-related sanctions, DME Aerosol will, from the middle of the second quarter, be restricted to doing business solely within Russia.

## Planned oxyalkylates project in the USA

As part of its internationalization strategy, PCC SE is examining the possibility of ex-

panding its core business into the US market. Following the oxyalkylates project in Malaysia, we are now looking into setting up a production plant for these non-ionic specialty surfactants and polyether polyols in the USA. With the selection of a suitable site for this purpose, a first milestone on the way to the possible realization of this project was reached in the first quarter of 2022. However, the final decision to invest is still pending. The oxyalkylates project in Malaysia continues to progress to schedule, with commissioning planned for the third quarter of 2023.

## Redemption of maturing bonds

On April 1, 2022, PCC SE repaid on maturity the 6.50% bond carrying the code ISIN DE000A14KJ43 issued in May 2015. The redemption amount was €16.2 million. On May 1, 2022, PCC SE also redeemed the 3.00% bullet bond carrying the code ISIN DE000A254TD7 issued in 2020, with a repayment amount of €14.6 million.

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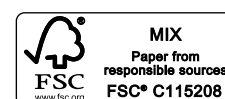
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