

- **PCC Group posts good start to fiscal 2023, although below last year's record figures, as expected**
- **Group sales reach €312.6 million in the first quarter of 2023, down 9.5% year on year**
- **PCC posts EBITDA of €53.8 million in the first quarter, with EBIT coming in at €34.6 million and EBT at €18.1 million**
- **Oxyalkylates project in Malaysia progressing according to plan**
- **Operating license received for new power plant in North Macedonia**
- **Redemption of maturing bullet bond**

## Overall Business Development

**The start into fiscal 2023 has been positive for the PCC Group.** However, results remained below the record figures posted in the exceptional previous year, which was in line with our expectations. In the first quarter of 2023, Group sales reached €312.6 million, down 9.5% on the corresponding quarter of last year. This was partly due to lower sales volumes in some product segments. Moreover, average sales prices for many products declined compared to the levels recorded in the corresponding period of last year. This decline reflects lower demand from sectors such as the construction and aluminium industries, but also increasingly strong competition from various countries outside Europe. Fortunately, most purchase prices of raw material inputs were also on the decline in the first quarter of 2023. As a result, our gross profit margin came in even higher than expected, at 35.8%. In absolute terms, the PCC Group

generated a gross profit of €111.8 million in the first quarter of 2023. Compared to the same quarter of last year (€128.5 million), this corresponds to a 13.0 % decrease. In terms of earnings before interest/financial result, taxes, depreciation and amortization (EBITDA) and to operating income (EBIT), the first quarter of 2023 remained below the exceptionally good figures posted during the same quarter a year ago. Earnings were impacted by higher costs, including payroll costs and fees of external service providers. EBITDA amounted to €53.8 million in the first quarter, a 29.0% decrease compared to the corresponding period of last year (€75.8 million). EBIT came in at €34.6 million, down 40.3% on the first quarter of 2022 (€58.0 million). Before tax, the PCC Group generated earnings of €18.1 million in the first quarter of 2023. In record 2022, this figure had reached €51.1 million. Operating cash flow improved year on year, from €28.6 million to €68.2 million as at the reporting date of March 31, 2023.

## Segment Performance

### Polyols & Derivatives

**The Polyols & Derivatives segment closed the first quarter of 2023 with a positive set of results.** The Polyols business unit of PCC Rokita SA, Brzeg Dolny (Poland), remained the dominating force of the segment through its production of polyether polyols. Moreover, the Polyester Polyols business area was integrated with the above-mentioned unit at the beginning of the first quarter of 2023 through a merger of PCC PU Sp. z o.o. with PCC Rokita SA. This step was implemented with the aim of reducing costs and saving management capacity. The polyols market remained difficult in the first quarter. Due to a further increase of competition from producers from China and other Asian countries, sales prices came under increasing pressure not only in the European market, but also in other sales markets. The export opportunities for the

comparatively expensive European products were therefore reduced, thus intensifying intra-European competition. Despite these challenging market conditions, the Polyols business unit of PCC Rokita SA performed well and closed the first quarter of 2023 in profit, albeit well below the record figures posted in the exceptionally strong corresponding quarter of last year. The Polish systems house PCC Prodex Sp. z o.o., Brzeg Dolny, whose production profile includes spray foams for the interior insulation of roofs, also posted a profit in the first quarter of 2023. This affiliate benefited from a range of factors including lower prices for its input raw material, MDI (methylene diphenyl isocyanate). PCC Prodex GmbH, the manufacturer of specialty foam blocks and polishing pads from Essen, Germany, closed the first quarter in slightly negative territory, which was in line with our expectations. The affiliates and business units within the Thermal Insulation Panels business area also posted losses due to seasonal factors. On a positive note, the business area reached an important milestone marking its way to future growth, having received the ETA certificate („European Technical Approval“) in the first quarter of 2023, after numerous delays. The sales and earnings performance of PCC Synteza S.A. based in Kędzierzyn-Koźle, Poland, remained below the exceptionally strong first quarter of last year, and below our expectations, as demand weakness for alkylphenols persisted into the first quarter of 2023. This also applies to the sales of polyol-based specialty chemicals manufactured by PCC Synteza S.A. since April 2022 in cooperation with PolyU GmbH from Oberhausen, Germany. The range of applications for these specialty chemicals developed by PolyU GmbH is still limited, but efforts are being undertaken to

gradually expand it. This work aims to create a broader base for the growth of both PCC Synteza S.A. and PolyU GmbH in the future.

## Surfactants & Derivatives

**The Surfactants & Derivatives segment achieved a good overall performance in the first quarter of 2023.** However, results remained below their highs from the corresponding quarter of last year and below our ambitious targets for the first quarter of 2023. Again, the main reason behind this development was increasing competition from outside Europe, especially from China and India, bringing about increasing pressure on the sales prices for surfactants. At the same time, sales volumes also declined. Despite this challenging environment, PCC Exol SA from Brzeg Dolny as the largest affiliate within the segment closed the first quarter of 2023 in profit. US-based PCC Chemax Inc., Piedmont (SC), also closed the first quarter of 2023 in positive territory. However, due to lower demand in the USA, sales and earnings of this affiliate declined year on year and came in below our expectations. Contrastingly, the Consumer Products business which was re-allocated to the Surfactants & Derivatives segment last year, recorded an extremely successful business performance in the first quarter of 2023. PCC Consumer Products Kosmet Sp. z o.o., Brzeg Dolny, the largest affiliate within the business area, benefited from a steep increase in demand for private label products and consequently closed the first quarter with a profit that clearly exceeded our expectations. In the first quarter of 2023, the decision was taken to invest in

a new automated filling line that will contribute to further growth of this affiliate in the coming months. The project will not only speed up work processes and expand capacity, but also save costs, particularly payroll expenses. PCC Consumer Products Navigator based in Grodno, Belarus, also continued its successful business performance. Consequently this affiliate was able to deliver on its plan to make its first dividend payment in the first quarter of 2023.

## Chlorine & Derivatives

**In the first quarter of 2023, the Chlorine & Derivatives segment was once again, by some considerable distance, the main revenue and earnings generator within the PCC Group.** And again, the Chlorine business unit of PCC Rokita SA made by far the largest contribution to this outcome. While average sales prices for chlorine products continued to decline in the first quarter of 2023 their level remained high, which had favorable impacts on the earnings performance of this business unit. The Phosphorus and Naphthalene Derivatives business unit of PCC Rokita SA also recorded a successful business performance in the first quarter, although it did not reach the exceptionally good results recorded in the corresponding quarter of last year – which also in this business area was attributable to strong competition from China, especially in the case of phosphorus-based flame retardants. Considerably lower demand from the construction industry was also impeding performance. Our manufacturer of monochloroacetic acid (MCAA), PCC MCAA Sp. z o.o. based in Brzeg Dolny, had a very good start to fiscal 2023 in January. From mid-Febru-

Key financials by segment	(per IFRS)	Polyols & Derivatives			Surfactants & Derivatives			Chlorine & Derivatives			Silicon & Derivatives		
		Q1/2023	3M/2023 <sup>5</sup>	3M/2022	Q1/2023	3M/2023	3M/2022	Q1/2023	3M/2023	3M/2022	Q1/2023	3M/2023	3M/2022
Sales <sup>1</sup>	€ million	54.1	54.1	68.8	57,5	57,5	57,4	101.6	101.6	81.0	28.9	28.9	45.5
EBITDA <sup>2</sup>	€ million	3.3	3.3	14.5	8,3	8,3	11,1	50.2	50.2	31.1	-10.6	-10.6	12.9
EBIT <sup>3</sup>	€ million	1.9	1.9	13.2	7,3	7,3	10,1	44.7	44.7	26.4	-15.0	-15.0	8.8
EBT <sup>4</sup>	€ million	1.3	1.3	13.0	5,8	5,8	9,5	42.9	42.9	26.5	-21.5	-21.5	6.7
Employees	(at March 31)	393	393	350	509	509	509	469	469	467	219	219	217

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

ary however, this affiliate's business performance was impacted by technical problems of its production plant. These problems occurred when the plant was restarted after a catalytic agent replacement, and it took until the middle of March to properly resolve them. Nevertheless, PCC MCAA Sp. z o.o. was able to generate a significant profit in the first quarter of 2023. In the period under review, the company also paid another instalment in the mid-single-digit million euro range as part of the repayment of the investment loan granted to it by PCC SE.

## Silicon & Derivatives

**The Silicon & Derivatives segment closed the first quarter of 2023 with a loss.** This contrasted with the corresponding quarter of last year when the segment had posted a significant profit on the back of skyrocketing silicon metal prices. After a drastic slump since mid-2022, silicon metal prices have remained very low due to continuing strong competition from China, Malaysia, and Brasil. Consequently, PCC Bakki Silicon hf., Húsavík (Iceland), continued to operate with just one of its two furnaces during and beyond the first quarter of 2023. The operational furnace continued to run reliably throughout the quarter, delivering high-grade product. Apart from these production volumes, PCC BakkiSilicon hf. used the first quarter to sell a large part of the stock it had accumulated by the end of last year. On a positive note, the first quarter saw the successful implementation of further measures aiming to optimize the production process. This included a sustained increase in the silicon metal yield achieved in the production process. Another positive aspect was

the significant decline in input raw material prices during the quarter. This applied particularly to the purchase prices of coal, which is used as a reducing agent in the production process. After the outbreak of the Russia-Ukraine war, coal prices initially rose to historic record levels in 2022. The downtime of the second furnace was used for maintenance work. The furnace is currently scheduled to come back on stream at the end of the second quarter of 2023. PCC Silicium S.A. based in Zagórze (Poland), also closed the first quarter of 2023 with a loss. This performance is mainly due to lower delivery volumes to PCC BakkiSilicon hf., as well as significantly lower-than-expected quartzite sales to a ferroalloy producer in Slovakia, at least in the first two months of the year. Thanks to a substantial increase in sales volumes to this customer, PCC Silicium S.A. has returned to profitability, at least at the monthly level, as from March 2023.

## Trading & Services

**The Trading & Services segment generated sales proceeds amounting to €37.0 million in the first quarter of 2023.** This meant that segment sales were €23.6 million lower than in the corresponding quarter of last year. The main reason for this decline is the discontinuation of the trade in raw materials of Russian origin, which had to be stopped completely in mid-2022 due to sanctions related to the Russia-Ukraine war. This mainly impacted PCC Trade & Services GmbH, the largest commodity trading company within the PCC Group. Nevertheless, this affiliate closed the first quarter of 2023 with a substantial profit which significantly surpassed our expectations. Raw material deliveries

from Poland to destinations including Germany and Ukraine remained high in the first quarter of 2023 and beyond. Exports to the MENA region were also remained successful. Our Czech affiliate, PCC Morava-Chem s.r.o. based in Český Těšín, likewise generated a modest profit in the first quarter of 2023. The same applies to our Turkish sales organization, PCC Exol Kimya from Istanbul. The online trading platform distripark.com based in Brzeg Dolny closed the first quarter at break-even. The Trading & Services segment also includes various companies that mainly provide internal Group services in areas such as energy supply, information technology, environmental protection, site management, engineering and maintenance, as well as finance. At these companies, earnings were adversely affected by, among other things, higher payroll costs, increased charges for externally sourced services, as well as for materials and transport.

## Logistics

**The revenue generated by the Logistics segment amounted to €33.0 million in the first quarter of 2023.** This meant that sales were €1.4 million higher than in the corresponding period of last year, but remained below our expectations. The dominant company in this segment remained PCC Intermodal SA of Gdynia (Poland), together with its German subsidiary PCC Intermodal GmbH, Duisburg, which operates a container terminal in Frankfurt (Oder). After considerable demand weakness in January, the container logistics business started to gain traction again in February. Capacity utilization on the container train services offered by

Key financials by segment	(per IFRS)	Trading & Services			Logistics			Holding & Projects			PCC Group totals		
		Q1/2023	3M/2023 <sup>5</sup>	3M/2022	Q1/2023	3M/2023	3M/2022	Q1/2023	3M/2023	3M/2022	Q1/2023	3M/2023	3M/2022
Sales <sup>1</sup>	€ million	37.0	37.0	60.6	33.0	33.0	31.6	0.5	0.5	0.3	312.6	312.6	345.3
EBITDA <sup>2</sup>	€ million	-2.1	-2.1	1.9	5.1	5.1	5.0	-0.6	-0.6	-0.7	53.8	53.8	75.8
EBIT <sup>3</sup>	€ million	-4.9	-4.9	-1.0	1.4	1.4	1.6	-0.9	-0.9	-1.1	34.6	34.6	58.0
EBT <sup>4</sup>	€ million	-5.9	-5.9	0.8	-0.9	-0.9	-0.3	-3.9	-3.9	-2.7	18.1	18.1	51.1
Employees	(at March 31)	1,078	1,078	1,074	656	656	630	91	91	87	3,415	3,415	3,334

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The oxyalkylates project in Malaysia, which is being implemented by PCC in the framework of a joint venture with PETRONAS Chemicals Group, made further progress in the first quarter of 2023. The production plant with an annual capacity of 70,000 metric tons is expected to come on stream to schedule in the third quarter of 2023.

PCC Intermodal SA recovered, especially on the Rotterdam route, which had a favorable impact on this business area's earnings performance. Numerous construction sites on the railroad lines in Poland and Germany, as well as in the German-Dutch border region, continued to pose a major challenge for international container transportation and repeatedly caused trains to be substantially delayed. As a result, some PCC Intermodal SA's clients continued to prefer road haulage during the first quarter of 2023. Nevertheless, PCC Intermodal SA closed the quarter with a substantial profit, albeit lower than last year's exceptionally good result at the operating earnings level. The same applies in respect of our ambitious earnings expectations. PCC Autochem Sp. z o.o., the tanker haulage company based in Brzeg Dolny, also closed the first quarter of 2023 with a profit. ZAO PCC Rail, Moscow, which discontinued its transportation business at the end of 2022, made regular monthly re-

payments on the loan granted to this affiliate by PCC SE.



## Holding & Projects

**The Holding & Projects segment closed the first quarter of 2023 with a negative pre-tax result, which was in line with expectations.** The segment generates its income mainly from dividends received by the PCC SE as the holding company and the PCC Chemicals GmbH as the intermediate holding company, predominantly in the second quarter of 2023. This income stream is of no relevance to consolidated net income.

The oxyalkylates project in Malaysia made further progress in the first quarter of 2023. The production plant with an annual capacity of 70,000 metric tons, which PCC SE intends to leverage for the expansion of its core business on the Asian market, is expected to come on stream as scheduled in

the third quarter of 2023. Work continued on a thorough due diligence of the envisaged oxyalkylates project in the USA. The same applies to other growth options related to the PCC Group's core businesses. Gratifyingly, another milestone was reached in the Renewable Energies project segment in the first quarter: After long delays, our fifth small hydropower plant in North Macedonia finally received its final operating licence. Together with a small hydropower plant in Bosnia and Herzegovina, the PCC Group now operates a total of six of these environmentally friendly power plants.

## Redemption of maturing bond

On April 1, 2023, PCC SE repaid on maturity the 4.00% bond carrying the code ISIN DE000A2G8670, which was issued in January 2018. The redemption amount was €21.8 million.

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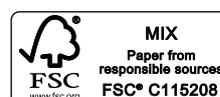
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