

- **PCC Group significantly increases year-on-year sales and earnings in the first quarter of 2021, exceeding expectations**
- **EBITDA almost tripled year on year to € 35.9 million; operating profit rises to €19.2 million after loss in prior-year quarter**
- **Business units and affiliates of the Chemicals division achieve – in some cases – record profits due to growing demand**
- **Consolidated sales in the first quarter up 4.2 % to €209.0 million**
- **Redemption of maturing bond**

Overall Business Development

The start to fiscal 2021 was particularly successful for the PCC Group and significantly better than expected. The first quarter of 2021 actually saw some affiliates and business units achieve the best results in their history, with steadily increasing demand and the associated rise in commodity prices as the primary causes. This upward trend was further reinforced by temporary production stoppages at certain competitors, some of which were scheduled while others were unforeseen. Group sales as of March 31, 2021 came in at €209.0 million, up 4.2 % on the prior-year quarter. By contrast, our forecast for the first quarter of 2021 was for a decline in revenues. On the earnings side, both the comparable figures for the previous year and our expectations for the current fiscal year were significantly exceeded. Compared to the prior-year quarter, gross profit increased by 40.0 % from

€53.7 million to €75.2 million. Earnings before interest and other financial items, taxes, depreciation and amortization (EBITDA) amounted to €35.9 million, almost tripling the corresponding figure for the prior-year quarter (€12.1 million). At the operating level (EBIT), we generated a profit of €19.2 million in the first quarter of 2021. In the prior-year quarter, we posted a loss of €–4.4 million against this line item. Earnings before taxes (EBT) amounted to €12.1 million. Compared to the first quarter of 2020 (€–18.3 million) this represents an increase of €30.5 million. Operating cash flow also showed a clear improvement on the same quarter in 2020, with the figure as of March 31, 2021 at €34.6 million (prior-year quarter: €13.4 million).

Segment Performance

The Chemicals division was again by far the main revenue and earnings gener-

ator within the PCC Group in the first quarter of 2021. Its quarterly sales as of March 31, 2021 amounted to €177.6 million. This well exceeded both the corresponding figure for the previous year of €160.4 million and our revenue expectations for the current fiscal year. The main reason for this positive development was the significantly higher average commodity price level prevailing, with the rising trend continuing beyond the end of the quarter. However, raw material prices also increased significantly on the purchasing side as a result of rising demand and temporary supply bottlenecks caused by production interruptions suffered by some European suppliers during the first quarter of 2021. The scarcity situation was compounded by an extreme cold snap in the USA, as a result of which the petrochemical industry in Texas came to a temporary standstill. This led to a shortage of basic chemical raw materials combined with further price increases spreading to Europe. These increases in cost could not always be passed on in full to our customers, with delays in such pricing adjustments also having to be absorbed. Nevertheless, the Chemicals division closed the first quarter of 2021 extremely successfully, not just at the EBITDA level but also at the operating and pre-tax levels. Both the (positive) prior-year figures and the earnings expectations set for the first quarter of 2021 were far exceeded.

Key financials PCC Group (per IFRS)	Q1/2021	Q1/2020
Sales revenue (net external sales only) ¹	€209.0 m	€200.6 m
EBITDA (earnings before interest/financial result, taxes, depreciation and amortization) ²	€35.9 m	€12.1 m
EBIT (operating profit) ³	€19.2 m	€–4.4 m
EBT (earnings before taxes) ⁴	€12.1 m	€–18.3 m
Employees (at March 31)	3,235	3,612

For footnotes 1, 2, 3 and 4, see page 2. Rounding differences possible. Quarterly figures unaudited. Subject to change without notice.



Polyols

The Polyols segment again posted a very strong performance in the first quarter of 2021. As has often been the case, the Polyols business unit of PCC Rokita SA, Brzeg Dolny (Poland), made a major contribution to the figures achieved.

The boom in demand from the mattress and furniture industries for polyether polyols continued through the first quarter of 2021. At the same time, supply of these polyols remained very tight, due both to scheduled plant shutdowns and to temporary production interruptions at some competitors arising from incidents of force majeure. As a result, customers were, in some cases, actually prepared to pay higher prices for standard polyols than for specialty polyols.

In this heated market environment, all five production lines of the Polyols business unit continued to operate at their capacity limits in the first quarter of 2021, with corresponding positive effects on sales and earnings. In the coming weeks and months, the focus of this business unit will be on eliminating bottlenecks in its existing production facilities. The further diversification of the product portfolio with an increased focus on higher-value specialty products is to be maintained going forward. PCC PU Sp. z o.o., Brzeg Dolny, which is involved among others in the polyester polyols sector, also benefited from rising demand in the first quarter of 2021, particularly from the construction industry. As a result, the sales and earnings of this affiliate showed a significant improvement over the previous year. Our expectations for the current fiscal year were likewise well exceeded. This also applies to the Polish systems house PCC Prodex Sp. z o.o., Brzeg Dolny, and to the Thai joint venture of PCC Rokita SA, IRPC Polyol Company Ltd, Bangkok. PCC Prodex GmbH, Essen (Germany), which operates in the fields of specialty foam blocks and polish-



The Chemicals division of PCC closed the first quarter of 2021 extremely successfully, significantly exceeding both the positive prior-year figures and our earnings expectations for the period. Shown here is the chemicals complex of PCC Rokita SA in Brzeg Dolny.

ing discs, also recorded rising demand over the course of the quarter, and gratifyingly – in March 2021 – was able to reach the break-even point for the first time, at least at the monthly earnings level. On a cumulative basis, however, this affiliate continued to post slight losses, albeit of a significantly lower magnitude than in the corresponding prior-year period and somewhat lower than expected. All other businesses in the Polyols segment remained in their start-up phase during the first quarter of 2021 and thus continued to operate at a deficit.



Surfactants

The Surfactants segment likewise closed the first quarter of 2021 with a successful set of figures. Demand for surfactants used in the manufacture of detergents, sanitizers, cleaners and personal care products remained high. In addition, demand from the construction industry picked up significantly in the course of the quarter. As a result, the largest affiliate in this segment, PCC Exol SA, Brzeg Dolny, was able to significantly increase its sales volumes compared to the previous year, despite a scheduled ten-day shutdown of one of its production facilities in January. In

March, PCC Exol SA actually achieved the highest sales volume in its history. Consequently, the sales revenue of this affiliate also exceeded both the level of the prior-year quarter and our expectations. However, due to the sharp rise in raw material purchase prices, earnings for the first quarter of 2021 fell just short of both our expectations and the company's good prior-year figures. That said, PCC Exol SA closed the first quarter of 2021 clearly in the black. This also applies to the Surfactants segment as a whole. Gratifyingly, both the US affiliate of PCC Exol SA, PCC Chemax, Inc., Piedmont (SC), and the Turkish sales company PCC Exol Kimya, Istanbul, were able to exceed our earnings expectations.



Chlorine

The Chlorine segment also recorded positive sales and earnings figures in the first quarter of 2021. Due to increasing demand for chlorine (including for the production of monochloroacetic acid – MCAA), the volume and thus also the sale of the chlorine co-products caustic soda solid and caustic soda lye likewise rose. As a result and despite the continuing low price levels prevailing for these products, the

Key financials by segment (per IFRS)	Polyols		Surfactants		Chlorine		Specialty Chemicals		
	Q1/2021	Q1/2020	Q1/2021	Q1/2020	Q1/2021	Q1/2020	Q1/2021	Q1/2020	
Sales ¹	€ m	54.7	38.3	35.7	34.2	34.8	34.4	46.7	47.1
EBITDA ²	€ m	18.8	2.5	4.1	4.4	8.4	7.8	5.0	2.4
EBIT ³	€ m	17.7	1.5	3.5	3.8	4.2	4.1	3.4	0.9
EBT ⁴	€ m	17.6	2.0	3.2	3.4	3.4	0.5	3.2	0.3
Employees (at March 31)		246	273	304	297	388	389	381	403

Notes: Consolidation effects not separately shown. Rounding differences possible. Quarterly 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

Chlorine business unit of PCC Rokita SA – for the first time in a long while – once again generated quarterly sales above the figure for the corresponding prior-year period and also above our expectations. However, earnings for the first quarter fell just short of expectations. Among the factors responsible were extra repair costs incurred as a result of a malfunction in the propylene oxide plant. Nevertheless, the Chlorine business unit ended the first quarter of 2021 in clearly positive territory overall, with results flat versus the prior-year level. At PCC MCAA Sp. z o.o., Brzeg Dolny, sales volumes and sales revenue in the first quarter were also above both the level of the previous year and our expectations. Encouragingly, sales of MCAA in solid form (flakes) to Turkey, Russia and Uzbekistan also grew significantly. Despite substantial increases in raw material purchase prices, including for acetic acid, PCC MCAA Sp. z o.o. closed the first quarter with operating profit positive overall, repeating the good level of the previous year. Ongoing optimization of the production process also had a positive effect on the earnings result. Pre-tax profit (EBT) was similarly positive and thus significantly better than in the corresponding prior-year quarter when a loss in the low single-digit million range was incurred due to negative currency effects.

Specialty Chemicals

The sales and earnings of the Specialty Chemicals segment in the first quarter of 2021 were significantly above our expectations. This applies in particular to the alkylphenol manufacturer PCC Synteza S.A., Kędzierzyn-Koźle (Poland), and to the Phosphorus and Naphthalene Derivatives business unit of PCC Rokita SA. With import volumes from China down, this business unit continued to benefit from the strong increase in selling prices for certain phosphorus-based flame retardants. The

expansion of production capacity for highly specialized phosphorus derivatives, which was completed in 2020, also had a positive impact on sales and earnings development. Gratifyingly, PCC Synteza S.A. was one of the beneficiaries of Brexit in the first quarter of 2021, with a European customer placing the majority of its quarterly dodecylphenol purchasing requirements with the company in anticipation of at least temporary supply problems on the part of its usual British vendor. Even though it can be assumed that this customer will return to this British supplier with time, these deliveries in the first quarter have provided a good foundation for results across the current fiscal year. The commodity trading business of PCC Trade & Services GmbH, Duisburg (Germany), slowly returned to its customary stability in the first quarter of 2021. While the business unit's sales fell just short of the corresponding figure for the prior-year quarter, earnings were slightly up on the good level of Q1 2020, these having been achieved before the coronavirus pandemic exerted any major influence on performance. Rising demand coinciding with rising commodity prices was essentially the driving force behind this positive development. The recovery in the steel sector also led to coke plants ramping up their coke production again, thus increasing the availability of both coke and coke oven by-products. With these various factors feeding into its business, PCC Trade & Services GmbH was able to close the first quarter of 2021 in significantly better shape than originally expected. The Russian port company of PCC Trade & Services GmbH, AO Novobalt Terminal, Kaliningrad, likewise ended the first quarter on a positive note in line with expectations. Only at PCC Silicium S.A., Zagórze (Poland), were sales and earnings in the first quarter of 2021 both down on the previous year and below our expectations. The main reasons for this were a lack of quartzite supplies to Iceland for our silicon metal production,

which had been temporarily shut down, and the cold snap that occurred in Poland in February 2021, as a result of which sales of ballast for the construction of road and rail routes also experienced a temporary downturn. With the resumption of deliveries to Iceland, however, the earnings situation of this affiliate should undergo sustained improvement.

Consumer Products

The PCC Consumer Products subgroup saw an improvement in its overall results in the first quarter of 2021 compared to the prior-year quarter. Although the subgroup was still showing a deficit at the end of the first quarter, this was essentially due to interest expenses incurred by the intermediate holding company PCC Consumer Products S.A., Brzeg Dolny, arising from the loans granted to it by PCC SE. The operating companies of the Consumer Products segment, namely PCC Consumer Products Kosmet Sp. z o.o. ("PCC CP Kosmet") and PCC Packaging Sp. z o.o., both of Brzeg Dolny, and the Belarusian company PCC Consumer Products Navigator, Grodno, each posted earnings at the break-even point in the first quarter. Moreover, the largest company in this segment, PCC CP Kosmet, was able to significantly increase its sales compared to the previous year. However, revenues still fell just short of expectations due to lower sales to a major customer, with the earnings figure similarly affected. That said, the aforementioned customer has now announced that it will be able to again take delivery of the originally advised quantities in the course of the second quarter. Negotiations with another major customer relating to a long-term purchase agreement are nearing completion. The contract concerned should result in sustainable growth opportunities for PCC CP Kosmet in the coming months.

Key financials by segment (per IFRS)	Consumer Products		Energy		Logistics		Holding / Projects	
	Q1/2021	Q1/2020	Q1/2021	Q1/2020	Q1/2021	Q1/2020	Q1/2021	Q1/2020
Sales ¹ € m	5.7	6.3	3.4	3.5	25.1	23.1	2.9	13.6
EBITDA ² € m	0.2	0.1	0.6	-1.5	4.5	4.2	-5.7	-7.8
EBIT ³ € m	-0.1	-0.2	-0.2	-2.4	1.6	1.3	-10.9	-13.4
EBT ⁴ € m	-0.5	-1.2	-0.4	-2.4	1.1	-2.4	-15.5	-18.4
Employees (at March 31)	217	398	173	180	581	576	945	1,096

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Energy

The net external sales of the Energy division of the PCC Group amounted to €3.4 million in the first quarter of 2021. Revenues thus remained at the level of the corresponding prior-year quarter. The main contributions to sales 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 posted losses in the first quarter, partly due to higher prices for CO₂ certificates and higher government electricity charges. By contrast, positive results were generated in the Renewable Energies business sector thanks to favorable hydrology. However, the figures achieved did not fully compensate for the losses incurred by the Conventional Energies segment. The Energy division remains of minor relevance to Group earnings.

Logistics

The Logistics division generated sales of €25.1 million in the first quarter of 2021, thus matching the record level of the fourth quarter of 2020. The earnings trend was also extremely positive and significantly better than in the corresponding prior-year period. However, in the first quarter of 2020, substantial book losses had been incurred due to currency effects (particularly by the Russian affiliate ZAO PCC Rail, Moscow), causing pre-tax earnings for that period to slip into negative territory. The Intermodal Transport business unit with PCC Intermodal S.A., Gdynia (Poland), and its German subsidiary PCC Intermodal GmbH, Duisburg, again played a major role in the successful performance posted in the first quarter of 2021. However, profits from the intra-Polish con-

tainer transport operations of PCC Intermodal S.A. remained stuck at the level of the previous year due, among other things, to the persistently high competitive pressures being exerted by road haulage. Delays in shipping caused by the pandemic had a further impact on performance. On the routes between Poland and Rotterdam/Antwerp, however, the number of containers transported increased significantly, with growing exports from the EU among the reasons for the rise in volume. In addition, some shipping lines switched from extending their routes to ports further east as originally planned to unloading all containers in the Rotterdam / Antwerp area, in order – for example – to make up for quarantine-related hold-ups. PCC Intermodal S.A. was able to successfully defend its positions within this volatile market environment, closing the first quarter in clearly positive territory and up on the previous year. The company also benefited from the addition of further container handling platforms and two locomotives to its fleet. However, earnings for the first quarter of 2021 fell slightly short of expectations. The tanker haulage company PCC Autochem Sp. z o.o., Brzeg Dolny, again made a steady, positive contribution to earnings in the first quarter, thus developing in line with our expectations. The sales and earnings performance of ZAO PCC Rail in the first quarter of 2021 continued to be overshadowed by the ongoing weakness of the Russian economy, coupled with low rail tariffs. As expected, therefore, ZAO PCC Rail posted a slight operating loss. As a result of positive currency effects, however, it was at least able to achieve a break-even result at the pre-tax level. This contrasts with the previous year when the company reported a deficit in the single-digit million range due to the aforementioned book losses.

Holding / Projects

As expected, the Holding / Projects division started the new 2021

fiscal year with results in the red. However, the losses reported were significantly lower than originally expected. The reasons for this include income from the sale of CO₂ certificates at PCC BakkiSilicon hf., Húsavík (Iceland). These were surplus certificates from fiscal 2018 that were only credited back to the company in the first quarter of 2021. The operational focus of PCC BakkiSilicon hf. during Q1 2021 was on preparations for the resumption of production scheduled for April. In addition to the completion of the necessary upgrade and repair measures, these also included the recruitment of new and former employees and getting them through their extensive training program. In addition, raw materials for production were procured, with the first sales of silicon metal also taking place. Encouragingly, the selling prices for this product also continue to show an upward trend. In the meantime, i.e. in the first week of April, PCC BakkiSilicon hf. has resumed production with the start-up of the first of its two furnaces. The recommissioning of the second furnace is scheduled for the beginning of June. Gratifyingly, the first quarter of 2021 saw the second major project company in the Holding / Projects segment, DME Aerosol, Pervomaysky (Russia), break even at the operating level for the first time. Thanks to increasing sales, the production facility has been able to operate continuously since mid-January 2021, with a correspondingly positive impact on this affiliate's earnings situation.

Redemption of maturing bond

On April 1, 2021, PCC SE repaid on maturity the 4.00% bond carrying the code ISIN DE000A2E4Z04, which was issued in July 2017. The redemption amount was €19.9 million.

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