

- PCC SE maintains successful momentum in Q3 2022 with significant increases in earnings and sales versus prior-year period
- PCC Group sales in first nine months reach €994.4 million, already in excess of total consolidated revenues for full fiscal 2021
- EBITDA for first nine months up 55.4% year on year to €196.7 million
- Operating profit (EBIT) for first nine months at €142.0 million, almost doubling figure for prior-year period
- Progress in oxyalkylates projects in Malaysia and USA
- Redemption of maturing bond

Overall Business Development

Despite the numerous crises currently prevailing, the PCC Group again posted a successful business performance in the third quarter of 2022. Consolidated sales amounted to €326.3 million and were thus on a par with the previous quarter's figure of €322.8 million. By the end of the quarter, consolidated sales had accumulated to €994.4 million. This means that in the course of the first nine months of the current fiscal year, the PCC Group has already generated higher consolidated sales than in fiscal 2021 as a whole (€979.6 million). Our sales targets for 2022 have already been far exceeded. The main reason for this development is that average selling prices have remained well above our expectations, particularly for the chlorine co-product caustic soda and other chlorine derivatives, with prices in some cases reaching historic highs. In addition, prices for other products such as surfactants have remained at a persistently high level. On the earnings side, the very good prior-year figures and also our high expectations for fiscal 2022 as a whole were again far exceeded in the third quarter, although not quite matching the record levels of the two previous quarters. Gross profit

amounted to €113.3 million in the third quarter, thus rising to €362.3 million for the first nine months of 2022 (previous year: €248.4 million). Earnings before interest/financial result, taxes, depreciation and amortization (EBITDA) amounted to €53.7 million in the third quarter, accumulating to €196.7 million in the first nine months of 2022 – an improvement of 55.4% compared to the corresponding period of the previous year (€126.5 million). At the operating level (EBIT), earnings of €34.9 million were generated in the third quarter of 2022. In the first nine months of 2022, EBIT totaled €142.0 million, almost double the corresponding figure for the previous year (€73.9 million). Earnings before taxes (EBT) came in at €42.7 million in the third quarter and €143.6 million in the first nine months of 2022. Compared to the prior-year period (€49.7 million), this represents an increase of 189.2%. By the end of the third quarter of 2022, therefore, PCC Group EBT was €51.9 million or 56.5% higher than the total EBT of €91.7 million achieved in our record year 2021. Operating cash flow for the first nine months of 2022 has more than doubled since June 30, 2022 (€57.9 million) to €119.7 million (previous year: €90.5 million).

Segment Performance



Polyols & Derivatives

Sales and earnings development in the Polyols & Derivatives segment remained positive in the third quarter of 2022 but weakened compared to the two previous quarters. The main reason lies in the continuing decline in demand for polyether polyols in the furniture and mattress industries. The higher-value specialty polyols produced by the Polyols business unit of PCC Rokita SA, Brzeg Dolny (Poland), were particularly affected by this decline in demand, with the situation exacerbated over the past few months by increasing competitive pressure on standard polyols from Chinese suppliers in the European market. Nevertheless, the aforementioned business unit also closed the third quarter of 2022 in clearly positive territory and with results better than expected, albeit falling short of the historically good figures of the previous year. By contrast, the performance of the Polyester Polyols business unit improved again compared to the prior-year quarter as a result of still quite robust demand from the con-

struction industry in the third quarter. This also applies to the Polish systems house PCC Prodex Sp. z o.o., Brzeg Dolny, which supplies products such as spray foams for roof insulation. The Thermal Insulation Panels and Specialty Foam Blocks & Polishing Pads business units, meanwhile, remained in loss-making territory in the third quarter of 2022. In the Polishing Pads business, there were however at least signs of a revival in demand toward the end of the quarter, coupled with a rising order intake for the next few months. By contrast, the expected growth spurt in the Thermal Insulation Panels business will in all likelihood now not occur until next year, as the ETA certification ("European Technical Approval") required for many customers in the EU member states has been delayed beyond the end of the quarter. The sales and earnings performance of PCC Synteza S.A., Kędzierzyn-Koźle (Poland), in the third quarter of 2022 fell short of the two preceding quarters. In addition to the lower demand for alkylphenols, the relatively high input costs for some of the raw materials processed in the third quarter count among the reasons for this development. Due to the long delivery times involved, the corresponding purchases of these raw materials from overseas had largely already been made in the previous quarter. Nevertheless, PCC Synteza S.A. also closed the third quarter of 2022 on a positive note and, on a cumulative basis, had already generated higher earnings in the first nine months of 2022 than in the whole of the exceptionally good previous year. PCC Synteza S.A. also benefited from the expansion of its product portfolio: In cooperation with Oberhausen-based PolyU GmbH, PCC Synteza S.A. has been producing polyols-based specialty chemicals since April 2022, sales of which rose significantly in the third quarter. Gratifyingly, this meant that the start-up PolyU GmbH was able to generate a slightly positive quarterly result

in the third quarter of 2022 for the first time in its corporate history.

Surfactants & Derivatives

The Surfactants & Derivatives segment again recorded a very strong performance in the third quarter of 2022. The largest affiliate in this segment, PCC Exol SA, Brzeg Dolny, continued to benefit from significantly higher sales volumes than in the previous year, particularly in respect of its feed stocks for the cleaning and personal care industries. Demand for specialty products for industrial applications likewise remained at a high level. Thanks to a number of new customers, volumes sold across all products were around 2,000 metric tons higher year on year by the end of the third quarter of 2022. Lower raw material purchase prices based on declining quotations for the basic raw materials ethylene and propylene in Q3 likewise had a positive impact on the earnings performance of this affiliate. As a result, PCC Exol SA closed the third quarter and also the first nine months of the current fiscal year with a very successful set of figures overall and significantly up on the good performance of the previous year. The sales and earnings performance of our US subsidiary PCC Chemax, Inc., Piedmont (SC), was also extremely positive as a result of continuing strong demand in the USA, and likewise exceeded both the previous year and our expectations. In the Consumer Products business, which has been newly integrated into the Surfactants & Derivatives segment, sales and earnings performance again improved compared to the two previous quarters. The largest affiliate in this segment, PCC Consumer Products Kosmet Sp. z o.o., Brzeg Dolny, was able to generate positive monthly results, at least in August and September 2022, thanks to

the improved contractual terms agreed with its largest customer and was thus able to at least achieve a near break-even result overall in the third quarter. On a cumulative basis, the Consumer Products segment remained in deficit. However, these losses were significantly more than offset by the exceptionally good results of PCC Exol SA and PCC Chemax, Inc.

Chlorine & Derivatives

The Chlorine & Derivatives segment was once again by far the biggest revenue and earnings generator within the PCC Group in the third quarter of 2022. Average selling prices for all chlorine products remained at an exceptionally high level. This reflects the continuing high or, in some areas, further increasing demand for chlorine derivatives coupled with declining supply. The latter was partly the result of temporary force majeure-related shutdowns at some competitors. In addition, the polyvinyl chloride (PVC) industry reduced its chlorine production upstream of PVC production in anticipation of a slowdown in the construction industry. This further reduced the volume of chlorine by-products, with a corresponding impact on the selling prices of these feed stocks. At the same time, demand for hydrochloric acid, for example, increased dramatically due to the restart of several coal-fired power plants in the third quarter, driving hydrochloric acid prices to historically high levels. The Chlorine business unit of PCC Rokita SA therefore also closed the third quarter of 2022 with an exceptionally successful set of results and significantly up on the previous year. This likewise applies to the Phosphorus and Naphthalene Derivatives business unit of PCC Rokita SA, which has been managed under the Chlorine & Derivatives segment since this year. At our monochloro-

Key financials by segment	(per IFRS)	Polyols & Derivatives			Surfactants & Derivatives			Chlorine & Derivatives			Silicon & Derivatives		
		Q3/2022	9M/2022 ⁵	9M/2021	Q3/2022	9M/2022	9M/2021	Q3/2022	9M/2022	9M/2021	Q3/2022	9M/2022	9M/2021
Sales ¹	€ million	60.4	197.6	194.4	58.1	176.4	113.9	105.1	266.5	146.5	21.8	95.3	24.6
EBITDA ²	€ million	5.1	31.1	64.1	9.3	31.1	12.6	51.7	117.6	37.3	-9.3	8.2	1.2
EBIT ³	€ million	3.7	27.0	60.3	8.2	28.0	9.7	47.1	103.6	21.9	-13.8	-4.8	-10.7
EBT ⁴	€ million	4.0	26.8	59.4	7.3	25.4	7.5	47.5	103.9	19.7	-0.9	6.3	-22.1
Employees	(at Sept. 30)	353	353	352	505	505	508	459	459	491	228	228	209

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

roacetic acid (MCAA) producer PCC MCAA Sp. z o.o., sales volumes and average selling prices in the third quarter likewise continued to exceed our expectations. Declining order intake from one major customer (a supplier to the PVC industry) was offset by rising sales to other customers, with PCC MCAA Sp. z o.o. benefiting from, in particular, strong demand in the US market. PCC MCAA Sp. z o.o. also benefited from the high selling prices for the by-product hydrochloric acid and consequently ended the third quarter of 2022 very successfully and above the already exceptionally good level of the previous year.

Silicon & Derivatives

The Silicon & Derivatives segment saw sales and earnings decline in the third quarter of 2022.

One of the reasons for this was the continuing drop in demand for silicon metal from the aluminum industry, which is heavily dependent on the automotive sector and is also very energy-intensive. Some European aluminum producers scaled back or even discontinued production altogether in the course of the third quarter as a result of rising energy prices. In addition, customers operating in other fields of application continued to hold back on their purchases of silicon metal. At the same time, Chinese silicon metal entered (and continues to feed into) the European market, as China's own demand is being repeatedly restricted, due among other things to Covid-related temporary lockdowns in the polysilicon and silicon industries. As a result of this price pressure on the sales side, coupled with very high purchase prices for energy and raw materials, a number of European silicon metal producers shut down their furnaces in the course of the third quarter. However, production at PCC BakkiSilicon hf., Húsavík (Iceland), is currently

continuing at a stable, high level. The Icelandic site offers advantages over some other European locations, at least on the electricity purchasing side. However, as a result of the low selling prices and simultaneous sharp rise in purchase prices for coal and other raw materials, this affiliate slipped into the red at the operating level in the course of the third quarter. By contrast, PCC Silicium S.A., Zagórze (Poland), which supplies quartzite to ferroalloy producers in Poland and Slovakia as well as to PCC BakkiSilicon hf., was again able to improve its operating result in the third quarter. Although demand from the ferroalloy industry declined in the course of the third quarter as a result of the current weakness in the steel-producing sector, this was partially offset by continued growth in sales of ballast for the construction of roads and railroad lines. The pre-tax result of the Silicon & Derivatives segment as a whole nevertheless remained positive at the end of the third quarter of 2022, mainly due to positive foreign exchange effects resulting from the restructuring of the financing of PCC BakkiSilicon hf. Implemented in the previous quarter.

Trading & Services

The Trading & Services segment generated sales proceeds amounting to €44.2 million in the third quarter of 2022.

The main revenue generator in this segment remained the commodity trading company PCC Trade & Services GmbH, Duisburg (Germany). Compared to the two preceding quarters, however, the sales and earnings performance of this affiliate weakened significantly due to the fact that, as a result of the EU sanctions against Russia, raw materials can no longer be imported from that country. Trading in solid fuels and carbon-derived crude benzene of Russian provenance had hitherto been one of the

main pillars of the trading business of this affiliate. The trading office of PCC Trade & Services GmbH in Moscow has now been closed. The staff of the port company AO Novobalt Terminal Kaliningrad, which currently operates exclusively on the basis of domestic Russian business, has been reduced by around one third. At present and increasingly, PCC Trade & Services GmbH is examining alternative supply sources in order to be able to continue serving its customers, some of which have been with the company for many years, with a number of smaller orders already being registered in the third quarter. In addition, deliveries of raw materials from Poland to Ukraine remained at a very high level in Q3, and sales in the MENA region were likewise further expanded. Consequently, PCC Trade & Services GmbH also closed the third quarter of 2022 on a positive note. On a cumulative basis, both sales and earnings continued to clearly exceed expectations and the good figures achieved in the previous year. The Turkish sales company PCC Exol Kimya, Istanbul, and the online trading platform distripark.com, Brzeg Dolny, also ended both the third quarter and the first nine months of the current fiscal year on a positive note overall, with results likewise coming in better than expected. The Trading & Services segment also encompasses various service companies, including the Energy business unit of PCC Rokita SA. The power plant of this business unit, which supplies heat not only to our Brzeg Dolny site but also to the local municipality, has been operating exclusively with coal since the outbreak of the war in Ukraine. Most of the coal used is of Polish origin, but initial quantities have now also been purchased from Colombia. The use of Kazakh coal is likewise being examined. The aforementioned business unit again posted losses in the third quarter, partly as a result of higher prices for CO₂ allowances. At various other service companies, earnings were also

Key financials by segment	(per IFRS)	Trading & Services			Logistics			Holding & Projects			PCC Group totals		
		Q3/2022	9M/2022 ⁵	9M/2021	Q3/2022	9M/2022	9M/2021	Q3/2022	9M/2022	9M/2021	Q3/2022	9M/2022	9M/2021
Sales ¹	€ million	44.2	156.7	138.1	36.4	100.8	83.5	0.2	1.1	1.0	326.3	994.4	702.0
EBITDA ²	€ million	-9.5	-9.0	-1.4	8.6	20.2	16.1	-2.3	-2.4	-3.3	53.7	196.7	126.5
EBIT ³	€ million	-12.4	-17.8	-9.6	4.8	9.3	6.7	-2.5	-3.4	-4.5	34.9	142.0	73.9
EBT ⁴	€ million	-15.1	-17.1	-11.1	2.8	10.2	5.9	-5.4	114.2	11.3	42.7	143.6	49.7
Employees	(at Sept. 30)	1,087	1,087	1,033	641	641	610	88	88	86	3,361	3,361	3,289

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impacted by higher personnel costs and, among other things, higher costs for external work, materials and transportation.

Logistics

In Q3, the Logistics segment achieved its highest quarterly sales figure of the current year so far with a total of €36.4 million. In the first nine months of 2022, external sales of this segment accumulated to €100.8 million, significantly higher than in the same period of the previous year and also above our expectations. The dominant company in this segment remained PCC Intermodal SA, Gdynia (Poland), together with its German subsidiary PCC Intermodal GmbH, Duisburg, which operates a container terminal in Frankfurt (Oder). The international container transport business remained challenging in the third quarter. Numerous railroad engineering works on both the Polish and German sides repeatedly caused train delays. In addition, it was often not possible to keep to the timetables on the Polish side because trains carrying grain from Ukraine or coal shipments were given priority by the Polish railroads. This led to a high level of dissatisfaction among customers, some of which even shifted their shipments back onto the roads. As a result, the operating rate of the train services on offer fell in some cases. The route from Hamburg to Poland was especially impacted, with the situation being further exacerbated by the strike of Hamburg dockworkers, as a result of which some shipping companies no longer called at the port of Hamburg in the third quarter, preferring instead the Polish ports of Gdańsk and Gdynia. However, container handling and storage capacities there are currently still limited. Despite this difficult market environment, the PCC companies operating in the intermodal transport business were nevertheless once again able to hold their own and conclude the third quarter with a suc-

cessful set of results. The third quarter also saw the achievement of two important milestones on the road to further growth in the intermodal transport business: PCC Intermodal SA acquired a site earmarked for the construction of a long-planned container terminal to the south of the ports of Gdańsk and Gdynia. The construction of this new terminal, which is expected to offer major growth potential for the region around the two aforementioned Polish ports, is likely to receive public funding. The next step is for PCC Intermodal SA to apply for these funds. The second milestone relates to the German company PCC Intermodal GmbH. This subsidiary has received approval from Germany's Ministry for the Environment, Nature Conservation and Transport of the State of North Rhine-Westphalia to operate as a rail transport company (German acronym: EVU). Efforts are currently still underway to obtain the safety certificate required under the General Railway Act (German acronym: AEG) for the operation of such an EVU on higher-level networks. Once this certificate has been obtained, the company will in future be able to operate services using its own locomotives, and this in turn should further strengthen the overall competitiveness of the PCC Intermodal companies. Our road tanker haulage affiliate PCC Autochem Sp. z o.o., Brzeg Dolny, ended the third quarter of 2022 positively, in line with our expectations, and significantly up on the previous year. The domestic Russian freight car business of ZAO PCC Rail, Moscow, continued to perform positively in the third quarter, enabling it to make regular monthly repayments on the loans granted to it by PCC SE.

Holding & Projects

Although remaining positive, the pre-tax profit (EBT) of the Holding & Projects segment dwindled as expected in the third quarter. The income

reported by this segment essentially derives from dividends already received in the previous quarter by the holding company PCC SE and the intermediate holding company PCC Chemicals GmbH, Duisburg. This income is of no relevance to consolidated net income.

Oxyalkylates projects in Malaysia and the USA

The oxyalkylates project in Malaysia continues to progress according to plan. Although the third quarter of 2022 saw delays in the delivery of some plant components due to the coronavirus pandemic, gratifyingly these setbacks were made good by the local plant constructor. It appears likely that the production plant with an annual capacity of 70,000 metric tons, with which PCC SE is aiming to also expand its core business into the Asian market, will go on stream as planned in the third quarter of 2023. As part of its internationalization strategy, PCC SE also intends to build a production plant for these specialty non-ionic surfactants and polyether polyols in the USA. The project company that has now been established there was provided with initial financial resources in the third quarter of 2022 so as to enable it to commence work on the earmarked site. The final investment decision for this project is still pending.

Redemption of maturing bond

On October 1, 2022, PCC SE repaid on maturity the 6.00% bond carrying the code ISIN DE DE000A162AQ4 issued in October 2015. The redemption amount was €24.9 million.

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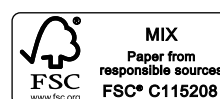


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