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Quarterly Report 4/24

- **PCC Group generates profits at all earnings levels in the fourth quarter of 2024**
- **Year on year, EBITDA increased by 27 % and Group sales by 5 % in the fourth quarter**
- **Upward trend of the fourth quarter continues beyond the turn of the year**
- **PCC reaches milestone in the expansion of its core business in the USA with the conclusion of a long-term chlorine supply contract**
- **Logistics company PCC Intermodal S.A. assumes market leadership in Poland**
- **Redemption of maturing bonds**

Overall Business Development

In the fourth quarter of 2024, the PCC Group increased its sales by 5.4 % year on year and earnings before interest, taxes, depreciation and amortization (EBITDA) by 27.2 %. In relation to the year as a whole, increased overheads and interest expenses led to a decline in earnings, although some segments performed positively.

In the fourth quarter of 2024, Group sales rose to € 237.9 million from € 225.6 million in the same prior-year quarter. Leading on from Q3 2024, this represents a constant sales trend. At € 960.4 million, Group sales in fiscal 2024 as a whole were 3.3 % lower than in the previous year. This decline in revenues was essentially due to price decreases in the Polyols & Derivatives and Chlorine & Derivatives segments. The increases in sales in the Silicon & Derivatives and Logistics segments were unable to fully compensate for this effect.

Gross profit amounted to € 92.4 million in the fourth quarter of 2024. This represents a significant increase of 42.8 % compared to the same quarter of the previous year (€ 64.7 million) and around 24.1 % compared to the previous quarter. The gross profit margin in the fourth quarter amounted to 38.8 %, which was not only the strongest in the entire fiscal year but also significantly higher than in the prior-year quarter (28.7 %). For 2024 as a whole, PCC generated gross profit of € 312.6 million, an increase of around € 5.3 million or 1.7 % compared to the previous year. Gross margin thus also increased, from 30.9 % in the previous year to 32.5 % in the past fiscal year. At € 42.0 million, EBITDA in the fourth quarter was 27.2 % higher than in the same quarter of the previous year. Compared to the previous quarter, this actually represents a five-fold increase. EBITDA for the year as a whole amounted to € 88.3 million, down 21.3 % on the previous year (€ 112.3 million). This reflects in particular the further increase in costs for personnel and external service providers, as well as the negative earnings contribution of the joint ventures accounted for using the equity method.

The PCC Group also generated a profit from operating activities (EBIT, earnings before interest and taxes) of € 18.1 million in the fourth quarter of 2024, an increase of 56.6 % compared to the prior-year quarter. This reversed the negative trend of the weak third quarter. For fiscal 2024, this has resulted in a small operating profit of around € 1.8 million. The pre-tax profit (EBT) of € 27.7 million in the fourth quarter was insufficient to offset the losses of the first three quarters at this earnings level, with EBT totaling € – 29.1 million, a decline of € – 8.4 million compared to 2023. Due to parity developments in the fourth quarter, the exchange rate losses that continued through the third quarter were reversed in the fourth quarter and across the entire 2024 financial year, resulting in a gain from currency translation totaling €15.9 million. The very strong fourth quarter thus significantly reduced the losses for the year as a whole.

The fourth quarter of 2024 was therefore significantly better than the third quarter at all earnings levels, a positive development that continued in almost all segments into the new 2025 financial year. However, our expectations for the past fiscal year were not met overall. In terms of the year as a whole, the Surfactants & Derivatives segment developed positively, with the performance of the Consumer Products business exceeding the already very good previous year. The Intermodal Transport business unit of the Logistics segment also continued to develop extremely positively and once again increased volumes (container handling) in the fourth quarter, meaning that this segment's EBITDA for 2024 as a whole was around 35 % higher than in the previous year.

The business performance of the PCC Group in fiscal 2024 was significantly impacted by the persistently subdued level of economic activity, particularly in Germany, but also in the European Union as a whole, i.e. in our main sales markets. This was compounded by the aggressive export policy of non-European countries, first and foremost China and - in the case of silicon metal - Brazil, as described in previous quarterly reports. In addition, the ongoing geopolitical upheavals such as the Russia-Ukraine war and the conflict in the Middle East, as well as political uncertainty caused by the break-up of the three-party or "traffic light" coalition in Germany and the change of policy approach in the USA, had a negative impact on the European economy in general and the global economy as a whole.

Business Development by Individual Segment

Polyols & Derivatives

The Polyols & Derivatives segment recorded a slight decline in sales in the fourth quarter, but increased its earnings. Quarterly sales fell by 4.4 % year on year, while total revenues for the year as a whole declined by 4.8 %.

On the earnings side, our budgetary plans were exceeded at all levels. This segment is characterized by the production units for polyether and polyester polyols in Poland. The market here remains highly competitive and the volumes sold in the fourth quarter were slightly lower than in the previous quarter. In contrast, we recorded significant growth in terms of earnings results for the year as a whole. The extremely gratifying performance of the business producing spray foam for roof insulation in Poland continued in the fourth quarter, and the financial year ended with slightly better earnings results despite lower sales. Our activities in the insulation and other building materials business were unable to match the sales volume and revenue of the previous quarter due to seasonal factors. As expected, this business area, which is currently in the process of being established, made a loss for the year as a whole. After a strong second and third quarter, the business with special foam blocks and polishing pads in Germany also recorded a slight seasonal decline in the fourth quarter, but nevertheless closed the year as a whole having established a successful basis for further development. This is supported, among other things, by the certification of this business in accordance with ISO 9001-2015 and the new supply contracts this has made possible. Our polyols-based specialty chemicals business in Germany significantly increased sales volumes and revenues compared to the previous year and reached the profit zone for the year as a whole. Although a one-off effect from funding measures must also be taken into account here, the current order situation underlines the positive trend for the current 2025 financial year. Our Polish activities in the field of phenols, which continue to include the original core business of alkylphenol production together with internal contract manufacturing, made a profit in the fourth quarter as a result of higher sales revenues from increased volumes, thereby significantly reducing losses in 2024 as a whole.

Surfactants & Derivatives

Sales in the Surfactants & Derivatives segment in the fourth quarter of 2024 were 18.1% higher than in the same quarter of the previous year. In the financial year as a whole, this segment increased its sales by 8.3 % compared to the previous year.

The segment's largest business unit, our Polish affiliate specializing in the production of ionic and nonionic surfactants for personal care products, cosmetics and industrial detergents, succeeded in increasing sales volumes compared to both the same prior-year period and the previous quarter. However, average sales prices for surfactants remained under pressure, meaning that the increase in sales was somewhat weaker than the rise in volumes. This was due to ongoing competition from China and India, as well as the continued aggressive pricing policy of a European supplier following the commissioning of its new production capacities. Despite this challenging market environment, the business unit was nevertheless able to increase earnings at all levels compared to the previous quarter. The segment posted EBITDA of € 23.8 million in 2024 as a whole (previous year: € 25.0 million). The US production and sales unit also ended the fourth quarter with a significant increase in revenue, EBITDA and EBIT compared to the previous quarter and also exceeded the previous year's figures at all levels for the year as a whole. The positive environment for economic growth in the USA supported this development. Fiscal 2024 was also very successful in the Consumer Products business, which is managed in the Surfactants & Derivatives segment. All of the companies operating in this business area recorded exceptionally good year-on-year growth in sales volumes and revenues. The operating result remained at the previous year's good level. Further diversification of the customer base and growth in sales volumes with existing customers led to increases in sales and earnings. EBITDA in this business area rose by 7.9 % in the financial year compared to the same period in the previous year. The investments made in capacity expansions and in automation in the previous year also paid off in the form of further efficiency gains.

Chlorine & Derivatives

The Chlorine & Derivatives segment showed an upward trend in sales and earnings in the fourth quarter of 2024 compared to the previous quarter. The segment achieved a positive cumulative operating result (EBIT) in fiscal 2024 despite lower volumes and declining prices.

Sales in the fourth quarter were down on the same period of the previous

Key financials by segment (IFRS)		Polyols & Derivatives			Surfactants & Derivatives			Chlorine & Derivatives			Silicon & Derivatives		
		Q4/2024	2024	2023	Q4/2024	2024	2023	Q4/2024	2024	2023	Q4/2024	2024	2023
Sales[1]	€ million	**42.6**	181.8	191.1	**57.9**	223.7	206.6	**52.4**	209.6	275.6	**18.0**	84.8	72.0
EBITDA[2]	€ million	**2.4**	13.7	9.1	**6.6**	23.8	25.0	**29.5**	58.9	99.9	**– 2.5**	– 30.9	– 42.7
EBIT[3]	€ million	**0.8**	7.7	3.1	**5.4**	19.0	20.5	**24.5**	38.1	79.9	**– 7.3**	– 49.0	– 60.0
EBT[4]	€ million	**– 0.4**	5.4	– 0.5	**4.0**	13.1	14.8	**23.6**	33.5	73.1	**11.0**	– 45.5	– 78.2
Employees	(at Dec. 31)	**362**	362	341	**505**	505	495	**431**	431	427	**227**	227	207

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 year, while EBITDA and operating profit were up on the 2023 figures. The average price level fell continuously from the end of the previous year, particularly due to the slowdown in economic activity, but nevertheless remained above the long-term average in the fourth quarter. Production in Poland ended the fourth quarter up on the previous quarter, successfully ending the financial year with a significant contribution to the Group result despite significant setbacks. The Phosphorus & Naphthalene Derivatives business unit also ended both the fourth quarter and fiscal 2024 in positive earnings territory and above our expectations. This was due in particular to the EU Commission's positive decision in the anti-dumping proceedings against cheap Chinese imports, which we had initiated together with other European manufacturers of phosphorus-based flame retardants. The earnings situation of our operation producing monochloroacetic acid (MCAA) in Poland was impacted by unplanned maintenance expenses and force majeure-related downtime in 2024. Reduced volumes led to a decline in sales, meaning that this business area made a significantly lower, albeit still positive, contribution to operating earnings due to the aforementioned events.

Silicon & Derivatives

The Silicon & Derivatives segment also made a loss in the fourth quarter of 2024, but significantly reduced its deficit for 2024 as a whole compared to the previous year.

The Silicon Metal business unit produced at full capacity for almost the entire financial year. Annual sales rose by 18 % and EBITDA by 28 % to € – 30.9 million due to volume-related factors. The production problems caused by raw materials as reported in the third quarter were resolved. Overall, it is apparent that the financial performance of the business unit from the point of view of the PCC Group is not satisfactory. Production costs remain high and the market situation continues to be challenging due to the persistently intense competitive environment. Quarterly sales increased by 22.0 % compared to the previous year. And while negative exchange rate effects had still weighed heavily on this segment's pre-tax earnings in the previous quarter, the segment actually recorded a currency translation gain as at the reporting date for the 2024 financial year due to the change in the US dollar exchange rate in the fourth quarter. Overall, earnings improved by double-digit millions at all levels. However, as this is not yet sufficient for a turnaround of the segment, PCC SE decided on a comprehensive package of measures in February 2025 in cooperation with an external restructuring consultant. In addition to the replacement of personnel in key positions, this includes a restructuring of roles and responsibilities, with the priority on reducing the number of internal interfaces and on achieving further process optimization in terms of production stability. PCC expects initial results in the second quarter of 2025. Selling prices for silicon metal generally moved sideways in the fourth quarter. The establishment of additional capacity for the production of high-purity silicon grades was continued and remains an important factor in achieving future differentiation from the competition. This enables the company to achieve price premiums compared to standard qualities. Although there is less demand for high-purity grades, they are subject to less intense price competition. In the long term, the marketing of these higher-quality products should have a positive effect on the segment's economic situation. The Polish quartzite quarry, which is also part of the Silicon & Derivatives segment, increased its sales through a combination of higher volumes and higher prices. Both in the fourth quarter and in the 2024 financial year as a whole, this business unit made a positive contribution to the Group's operating result that was higher than in the previous year, due in particular to increased sales to the ferroalloy industry.

Trading & Services

The Trading & Services segment increased its sales again in the fourth quarter compared to the previous quarter and made a positive contribution at all earnings levels.

Revenues in this segment were 7.0 % higher than in the prior-year quarter and around 5.8 % higher than in the previous quarter as a result of pricing factors. Due to lower raw material purchase prices, gross profit in the fourth quarter rose by 9.0 % compared to the previous quarter. Gross profit for the year as a whole rose by 13.5 %. The main driver was the German trading business with chemical raw materials and primary products. The business development of our Polish energy supplier continued to be extremely encouraging through the fourth quarter. Due to increasing volumes being sold to newly established customers, this business area achieved significantly better results than in the previous year. Other national companies in the segment that sell PCC products in the Turkish, Italian and Czech markets closed the fourth quarter of 2024 with mixed results. The trading business in the Czech Republic posted a slight loss both in the fourth quarter and across fiscal 2024. By contrast, the Turkish trading business closed both the fourth quarter and full fiscal 2024 with an operating profit. A trading company for the Italian market has been managed in this segment since the third quarter, and in the fourth it was still in the process of being established. The Trading & Services segment also includes other companies and business units that primarily provide intragroup services, for example in the areas of energy supply, IT, environmental protection, site management, engineering and technology, maintenance and repair, and finance.

Logistics

Intermodal container transport, the Logistics segment's dominant business, continued its positive revenue and earnings performance in the fourth quarter of 2024.

Key financials by segment (IFRS)		Trading & Services			Logistics			Holding & Projects			PCC Group totals		
		Q4/2024	2024	2023	Q4/2024	2024	2023	Q4/2024	2024	2023	Q4/2024	2024	2023
Sales[1]	€ million	**26.7**	103.8	117.6	**40.0**	154.6	127.7	**0.2**	2.0	3.1	**237.9**	960.4	993.6
EBITDA[2]	€ million	**6.1**	17.0	10.4	**7.2**	25.8	19.1	**– 6.4**	– 17.8	– 15.2	**42.0**	88.3	112.3
EBIT[3]	€ million	**1.8**	2.8	– 2.2	**2.5**	7.2	3.1	**– 8.6**	– 21.8	– 17.7	**18.1**	1.8	33.4
EBT[4]	€ million	**0.9**	8.8	0.0	**1.4**	3.2	1.3	**– 179.0**	– 174.1	58.7	**27.7**	– 29.1	– 20.8
Employees	(at Dec. 31)	**1,039**	1,039	1,061	**652**	652	644	**110**	110	90	**3,326**	3,326	3,265

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PCC is planning to build a chlor-alkali production facility on the site of the titanium dioxide plant of the US chemicals group Chemours in DeLisle, Mississippi (USA). © The Chemours Company

Quarterly sales rose by 20.8 % year on year to € 40.0 million, reaching € 154.6 million for full fiscal 2024, an increase of 21.0 % compared to the previous year. EBITDA rose by 35.3 % to € 25.8 million in 2024. Demand for intermodal transportation continued to rise, resulting in a further increase in container throughput in the fourth quarter. In particular, demand increased for the routes from the Polish seaports of Gdańsk and Gdynia. Regular connections to and from Ukraine were also expanded. Price increases played a subordinate role here. The fourth quarter was the strongest by individual comparison and led to an increase in handling volumes of more than 18 %. As a result, the Group company PCC Intermodal S.A. assumed market leadership in Poland in 2024. With a share of 19.6 % of freight handling revenues and 17.4 % of the freight weight transported, PCC Intermodal S.A. has become the largest intermodal logistics provider in the country. At the beginning of 2024, PCC commissioned its own locomotives for transportation at the terminal in Frankfurt (Oder) and from there to the German border with Poland. In the long term, this "insourcing" is to be further expanded with a view to achieving additional efficiencies and thus margin increases. Meanwhile, in the case of the Road Haulage business unit, both the fourth quarter and the 2024 financial year were characterized by higher revenues generating slightly lower profits than in the previous year.

Holding & Projects

The earnings performance of the Holding & Projects segment in the fourth quarter was characterized by the up-front costs of current investment projects.

In addition to investment management, this segment manages the development of new business activities, products and systems. Where possible from an accounting perspective, the associated costs are capitalized, although some are required to be expensed. The inclusion in the figures of the results emanating from investments accounted for using the equity method played a significant role in the segment's earnings performance in the fourth quarter. Due to a delay in the completion of the oxyalkylates plant in Malaysia, some of the associated costs were capitalized for longer than planned. However, a total of just under € 9 million was recognized in the 2024 financial year as an allocation of losses from investments accounted for using the equity method, and this was therefore also reflected in earnings before taxes. The focus in the development of new business activities in the fourth quarter was on the expansion of our core chemicals business in the US market. PCC is looking into the development, construction and operation of its own chlor-alkali plant in the USA. In December 2024, we concluded a long-term purchase agreement for chlorine supplies with the US chemicals group Chemours. This purchase agreement forms the commercial core of the potential investment in the construction of a chlor-alkali plant at the Chemours site in DeLisle, Mississippi, and significantly reduces potential market or sales risks. Work continues with renowned engineering firms in the USA on the design of the individual plant components. PCC is also developing and negotiating the financing structure for this project, which will not be realized until a final positive investment decision has been made.

Redemption of maturing bonds

In the fourth quarter of 2024, PCC SE redeemed two bonds at final maturity: on October 1, the 4.00 % bond ISIN DE000A2TSEM3 issued in July 2019 (repayment volume € 30.0 million) and on December 1, the 4.00 % bond ISIN DE000A254TZ0 issued in April 2020 (repayment volume € 34.5 million). On February 1, 2025, PCC SE redeemed the 4.00 % bond ISIN DE000A2YN1K5 issued in October 2019 at final maturity. The repayment volume amounted to € 29.1 million.

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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

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