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Business Development

Despite a weak start in April, caused mainly by the two-week Easter holidays during that month, sales revenues rose to €178 million in the course of the second quarter of 2009, up approximately €8 million from the first quarter of 2009. Overall, consolidated sales revenues for the first half of 2009 reached €348 million, exceeding our current forecast for this period by approximately €16 million. One of the reasons for this were commodity prices, which at least in some segments resumed growth. Unscheduled trading activities involving CO_2 certificates, carried out by Duisburg-based PCC Energy Trading GmbH, also contributed to this development.

Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) rose by approximately €8 million to +€20.5 million, coming in at around €1 million above our expectations.

Our plans were also exceeded when it comes to EBT (Earnings before Taxes), which amounted to –€0.9 million as per June 30, 2009. EBT thus reached approximately the same level as in the first quarter of 2009, partly due to the positive trends in the valuation of foreign exchange hedges. Apart from that, interest expenses of the PCC Rail Group turned out to be lower than originally calculated.

The Chemicals division continued to be the main revenue generator of PCC Group during the second quarter of 2009, generating €71 million (half-year revenues of €159 million). At the same time, the division was once again also the main profit generator, for the most part owing to the continued above-plan performance of PCC Rokita SA, based in Brzeg Dolny. This development was largely supported by profitability rates which initially remained high in lye and caustic soda sales as well as in sulphonates (anionic surfactants) sales. Equally, the polyols segment also ended the first half of 2009 with a profit.

In addition, both PCC Chemax, Inc. of Piedmont (USA) and PCC Synteza S.A. of Kędzierzyn-Koźle (Poland) also contributed positively to earnings in the second quarter of 2009, the latter benefitting primarily from the continued good position regarding orders for nonylphenol. Profitability of bisphenol-A sales, however, deteriorated during the second quarter of 2009 due to rising phenol prices.

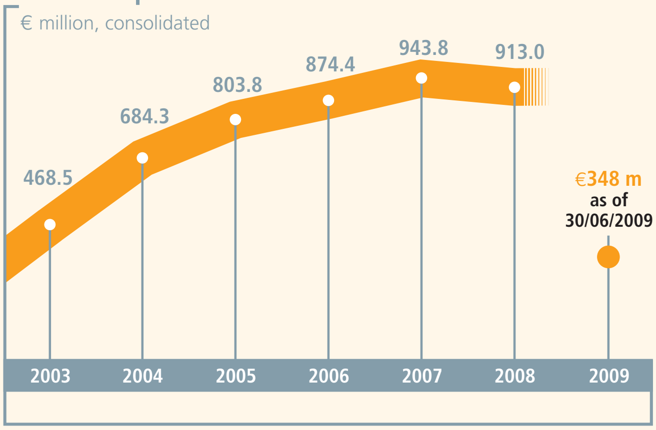
Group companies specializing in commodity trade registered a slight recovery of their business in the course of the second quarter of 2009, which continued into July. That said, all trade companies belonging to PCC Group remained below plan as of June 30, 2009.

The Energy division increased its sales revenues by more than 50 % in the second quarter of 2009, from €41 million to €62 million. Cumulated sales revenues for the first half of the year thus amounted to €103 million. The essential reason for this development was a series of spot market back-to-back deals involving CO_2 certificates, struck by Duisburg-based PCC Energy Trading GmbH. Owing to these deals PCC Energy Trading GmbH was able to compensate for the largest part of the previously accumulated losses in June 2009, breaking even in July 2009. All other group companies of this division ended the second quarter of 2009 with repeated losses, the reasons of which are outlined in our previous quarterly reports.

Due to economic slowdown, the Logistics division continued to be affected by diminishing transport volumes (PCC Rail S.A.) or idle capacities on newly created transport routes (PCC Intermodal S.A.) especially in the first two months of the second quarter of 2009. Compared to the first quarter of 2009, sales revenues of this division thus dropped by €5 million to approximately €40 million; cumulated sales amounted to €85 million as of June 30, 2009. Starting from June 2009, a slight recovery trend has been observed in this division as well. On the whole, the Logistics division ended the first half of 2009 slightly in credit.

The Logistics division will change substantially from the third quarter of 2009 (see below), as a consequence of Deutsche Bahn AG and PCC SE closing the transaction regarding the sale of the PCC Rail / PCC Rail Rynik groups - called "PCC Logistics" - in July 2009. The profitable result achieved through this transaction by PCC SE, and thus the PCC Group, will be reflected in the figures for July (or the third quarter of 2009 respectively).

PCC Group - consolidated sales revenues



New divisional structure of PCC

Following the sale of "PCC Logistics", PCC Group has changed its divisional structure. The structure now comprises the Chemicals and Energy divisions, as well as the new "Intermodal" division.

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The latter replaces the Logistics division and covers the business segments of intermodal transport, logistics services and road-bound transport. The principal business is represented by the Chemicals division, while the business segments "Energy / Power Plant Construction" and "Intermodal" are in their expansion and development phases. As of today, PCC's more than 70 group companies employ 2,100 staff in Germany and abroad, 1,700 of whom work in the Chemicals division.

PCC Rokita completes production plant for Rokopol iPol™ specialty polyols

In past years, PCC Rokita continuously increased its production capacity for standard polyols known under the Rokopol® brand name - up to 70,000 metric tons per year in the latest step following completion of the third production line in 2006. Apart from that, and in line with earlier information, PCC will in future move its production emphasis towards the manufacture of higher-value specialty polyols. The company's product development effort is concentrating in particular on improving certain product characteristics such as high flame retardancy, extreme resilience and open-cell visco-elastic memory. Construction work on the production line for so-called Rokopol iPol™ polyols has recently been completed. Following the acceptance procedure and completion of the test runs, the plant is due to be commissioned in the third quarter.

Expansion of the propylene oxide storage base at PCC Rokita

Work on the expansion of the propylene oxide storage base - three new tanks with a volume of 160 cubic metres each - continued in the second quarter of 2009. Commissioning is scheduled for the end of September 2009. Propylene oxide (PO) is one of the main starting materials for polyol production.

PCC enters Warsaw Stock Exchange

The schedule of the first IPO of a PCC group company has now been set up. 10 % of the shares in Poland's PCC Intermodal S.A. will be floated on the Warsaw Stock Exchange within the framework of a capital increase in October 2009. PCC Intermodal S.A. operates intermodal transports of containerized goods, using more than one means of transport, e.g. rail, truck or ship. At present, this Polish PCC subsidiary runs 30 rail connections per week, which are served by scheduled container block trains; the growth trend continues. The route network comprises connections from inland terminals in Sławków, Brzeg Dolny and Krzewie near Kutno to the seaports of Gdańsk, Gdynia, Hamburg, Bremerhaven and Rotterdam. Final delivery to the customer is effected locally by changing the means of transport, e.g. reloading from train to truck.

First direct participation opportunity expands financial product portfolio of PCC SE

As already announced, the financial product portfolio of PCC SE will be expanded to include the possibility of direct public participation in selected projects or special purpose vehicles. PCC will offer a first direct public participation opportunity in the shape of profit participation rights issued for an ethoxylation plant. The plant is currently being erected by PCC Exol S.A., a subsidiary of PCC Rokita, at a site in Płock - in close strategic vicinity to Poland's mineral oil and petrochemical group PKN Orlen SA. The plant is to be commissioned in 2010 with an annual capacity of 20,000 metric tons of non-ionic surfactants (so-called ethoxylates). Given sufficient demand, capacity can be boosted by a further 25 % to reach 25,000 metric tons. PCC Rokita is now Poland's only manufacturer of surfactants that are used by industries producing household chemicals and cosmetics, for the manufacture of cleaning agents and detergents. Current annual capacity at the PCC Rokita chemical works in Brzeg Dolny amounts to 65,000 metric tons of non-ionic and anionic surfactants. The new ethoxylation plant will allow PCC Rokita to further strengthen its position in Europe. Starting in October, profit participation rights in this project can be purchased for a minimum investment of €50,000. The security will be issued on January 1, 2010, for a maturity period of five years. Basic interest will be paid quarterly at 7.5% p.a., supplemented by an additional payout of up to 1%, depending on the amount of annual profit.

Bond issuance closed - earlier redemption

Issuance of the 7.25% corporate bond (DE000A0WL5E5) was closed in July. That aside, the 6.5% bond - the so-called "PCC-3 Monthly Note" (ISIN DE000A0AE7D8) - will be redeemed ahead of schedule, on October 1, 2009. The bond will be redeemed at 100% of its face value. Subscription orders for PCC SE's 8.75% profit participation certificate (ISIN DEA000MZC31) can be placed until September 18, 2009, subject to a minimum investment of €5,000. As with all PCC issuances, interest on this security is paid on a quarterly basis. Copies of the securities prospectus can be ordered without commitment by phone on +49 [0]2066 90 80 90 or e-mail at directinvest@pcc.de. All documents are available for download off the Internet on www.pcc.eu.

New issuance of a "PCC-3 Monthly Note" at 4.5%

On October 1, 2009, PCC will issue a new "PCC-3 Monthly Note" bond, carrying interest at 4.5% p.a. As usual, interest will be paid on a quarterly basis. The bond matures on October 1, 2011. The bond will be retrievable on a quarterly basis, with six weeks' notice to the end of the quarter. The minimum investment will be €50,000.

www.pcc.eu

PCC SE
Public Relations
Moerser Str. 149
47198 Duisburg
Germany
Phone: +49 (0)20 66. 20 19 35
Fax: +49 (0)20 66. 20 19 72
E-mail: pr@pcc.eu

PCC SE
Direct Invest
Baumstraße 42
47198 Duisburg
Germany
Phone: +49 (0)20 66. 90 80 80
Fax: +49 (0)20 66. 90 80 99
E-mail: directinvest@pcc.eu

Duisburg, August 17, 2009

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