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Business Development

In the second quarter of 2012, consolidated sales of the PCC Group rose by €10 million against the previous quarter, amounting to €171 million – cumulated sales as of 30 June 2012 thus reaching €332 million. Sales remained by some €6 million below our forecast I for the current fiscal year, which was mainly due to delayed deliveries in the trading business of Petro Carbo Chem GmbH, Duisburg (Germany). However, compared with the same period of the previous year, sales increased by some €24 million.

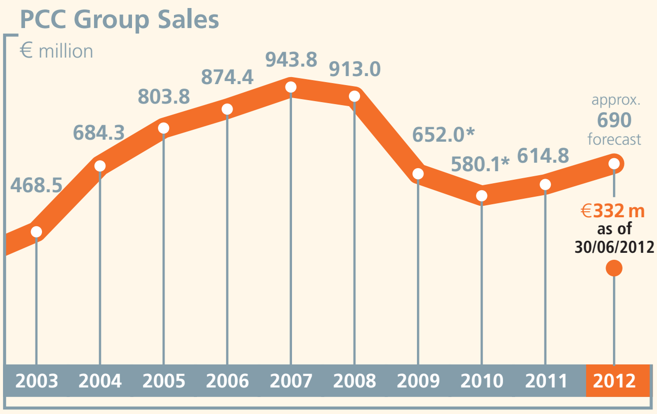
Both earnings before interest, taxes, depreciation and amortization (EBITDA) and earnings before tax (EBT) doubled in the second quarter of 2012 compared with the previous quarter. On the EBITDA level, earnings amounted to + €22 million as of 30 June 2012. EBT reached + €4.9 million as of 30 June 2012. Both figures were below the results of the same period of the previous year and did not meet our expectations for the first half of 2012. The main reason for this was the lower than planned performance of the PCC Group's Logistics Division, which will be discussed in more detail in the survey of the individual group divisions below.

The Chemicals division of the PCC Group continued to be the main source of revenues and earnings in the second quarter of 2012. In this division, external sales in the second quarter amounted to €145 million, thus reaching €299 million as of 30 June 2012. This was again essentially influenced by PCC Rokita SA based in Brzeg Dolny (Poland), based on strong business performance in the polyols and chlor-alkali segments. PCC Exol S.A., Brzeg Dolny, which took over the surfactants business of PCC Rokita SA in the second quarter of 2012, also contributed positively to earnings. Both companies managed to exceed their forecast I for the current fiscal year. The latter goes also for the "PCC Consumer Products" group, which ended both the second quarter of 2012 and first half of 2012 with a profit. The results of PCC Synteza S.A., Kędzierzyn-Koźle (Poland), and PCC Chemax, Inc., Piedmont (South Carolina, USA), however, remained below our expectations, which was mainly due to lower than planned sales figures of both portfolio companies. Still, these two companies also closed the second quarter of 2012 and the period ended 30 June 2012 in the black. PCC Prodex Sp. z o.o., the polyurethane systems house based in Warsaw, was able to offset the losses suffered in the first quarter, and closed the period ended 30 June 2012 with a small operating profit and a balanced pre-tax result.

Once again, positive and above-plan profit contributions in the second quarter of 2012 were generated by the two trading companies belonging to the Chemicals division, namely Petro Carbo Chem GmbH, Duisburg, and PCC Morava Chem s.r.o., Český Těšín (Czech Republic). Both companies continued to benefit from the fact that the price levels of the commodities they trade remain fairly high. Apart from that, earnings were also positively influenced by exchange rate effects.

In the Energy division, external sales amounted to €3 million in the second quarter of 2012, which took division sales as of 30 June 2012 to nearly €6 million. This figure mainly reflects the sales of PCC Energetyka Blachownia Sp. z o.o., Kędzierzyn-Koźle, which also represents the main source of earnings within the Energy division. All other portfolio companies belonging to this division, namely PCC Energy Trading GmbH, Duisburg, the small hydropower plant operator GRID BH, Sarajevo (Bosnia-Herzegovina), and PCC DEG Renewables GmbH, Duisburg, which is still in its start-up phase, also delivered positive or at least balanced results; however, they continued to be of minor relevance to Group earnings.

The external sales of the Logistics division stagnated on the level of the previous quarter, reaching €12 million. As of 30 June 2012, the division's sales accumulated to €24 million, thus remaining below our expectations for this period. The main reason pinpointed for this negative budget variance was the performance of PCC Intermodal S.A., Gdynia (Poland), coming in below forecast I, as the company's original plans to launch a scheduled train service to Moscow in the second quarter of 2012 have not yet materialized. Organizational issues as well as customs-related problems were behind this delay. However, these are expected to be resolved during the third quarter of 2012. As a consequence of this, and also due to continued strong competition in the intermodal transport market, PCC Intermodal S.A. again suffered a loss in the second quarter of 2012.



* The sales decrease was mainly caused by the sale of "PCC Logistics" to Deutsche Bahn AG in July 2009. The sales of this group of companies were consolidated until the end of the first half of 2009.

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Earnings of the other portfolio companies belonging to the Logistics division of the PCC Group, namely PCC Autochem Sp. z o.o., the tank trucking company from Brzeg Dolny, and ZAO PCC Rail, the wagon operator based in Moscow, were also below plan. Nevertheless, both companies recorded positive results both in the second quarter of 2012 and the period ended 30 June 2012. The latter company was able to conclude its lengthy loan negotiations in the second quarter of 2012, signing a long-term loan contract with DEG - Deutsche Investitions- und Entwicklungsgesellschaft mbH, a subsidiary of the KfW bank based in Cologne. This secures financing for the purchase of new wagons, which will enable a substantial improvement of ZAO PCC Rail's profitability.

The other portfolio companies of the PCC Group continued to be of minor relevance to Group earnings in the second quarter of 2012. Within this group, the PCT S.A. IT service provider based in Brzeg Dolny, and data center of 3Services Factory S.A. (abbreviated 3SF) in Katowice, which became operational only last year, both slightly exceeded our expectations. However, the result of PCC Silicium S.A., Zagórze (Poland) remained below our forecast for the current fiscal year. The main reason identified is the waning boom in the construction of roads and railway lines in Poland. The further development of this portfolio company will largely depend on mining or enrichment of higher-grade quartzite for use in the ferrosilicon industry or PCC's proprietary silicon metal project. The factoring business of PCC Capital GmbH, Duisburg, was discontinued as planned in the second quarter of 2012. This company will be merged with PCC SE, retroactive from 1 January 2012. The latter company, eventually, recorded a positive pre-tax result in its non-consolidated financial statement as of 30 June 2012 due to dividend payments received in the second quarter of 2012.

Administrative Board of PCC SE appointed for another term

On 25 June 2012, the General Meeting of PCC SE appointed Waldemar Preussner (Chairman), Dr. rer. oec. (BY) Alfred Pelzer (Vice Chairman), and Reinhard Quint to the Administrative Board of PCC SE for another five-year term.

PCC Intermodal is the new operator of KV-Terminal in Frankfurt (Oder)

PCC Intermodal S.A., Gdynia, has been the operator of KV-Terminal, an intermodal transhipment terminal in Frankfurt (Oder), since 1 April 2012. For the implementation of this project, PCC Intermodal GmbH, Duisburg, was founded in April 2012, which now bundles all of the PCC Group's activities within intermodal transport in Germany.

Aiming for a substantial increase in container transhipment volumes at KV-Terminal and meeting expected medium-term demand, plans include the purchase of a rail-mounted container handling gantry crane and the addition of two transhipment tracks. These capital expenditures will be financed from the company's own resources as well as funds from the federal state of Brandenburg and Germany's federal government. Currently, nearly 5,000 containers per month are handled at this site using two mobile lifting devices, so-called reachstackers.

PCC establishes German-Russian joint venture for the manufacture of DME

In June 2012, PCC SE and Russia's JSC Shchekinoazot chemical Group of Pervomayskiy near Shchekino, founded the "DME Aerosol" joint venture for the manufacture of aerosol quality dimethyl ether (DME). In this particularly pure quality, DME is mainly used in the cosmetics industry as a propellant e.g. for hair sprays, but also for the manufacture of polyurethane construction foams (one-component PU foams).

A production plant with an annual capacity of 20,000 tonnes will be constructed directly on the site of joint venture partner JSC Shchekinoazot in the Tula region, some 180 kilometres south of Moscow. Thanks to its modern methanol facility, JSC Shchekinoazot can ensure a secure supply of raw materials for the new DME production line. The plant, which is scheduled to become operational in 2014, will be based on cutting-edge technology.

PCC project entity starts power plant construction in Macedonia

On 6 June 2012, PCC's Macedonian project entity PCC HYDRO DOOEL Skopje finally received the construction permit for the "Gradečka" small hydropower plant – after several years of negotiations and time-consuming procedures. The site is located on the Gradečka River, some 90 km east of Skopje, Macedonia's capital city. Construction works have already commenced. Following clearing works and blasting operations along the pipeline route, excavation works preceding the foundation works have now started in the area of the future engine house. Construction time will be nine to eleven months – dependent on weather conditions during the forthcoming winter.

Annual Report 2011 of PCC SE available

The Annual Report 2011 of PCC SE – Consolidated Financial Statements – is now available for download from the Internet at www.pcc-financialdata.eu.

www.pcc.eu

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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
www.pcc-financialdata.eu

PCC SE
Direktinvest
Baumstr. 42
47198 Duisburg (GERMANY)
Phone: +49 (0)20 66. 90 80 90
Fax: +49 (0)20 66. 90 80 99
E-mail: direktinvest@pcc.eu
www.pcc-direktinvest.eu