

Poland is a well-developed market



Waldemar Preussner, Chairman of the Administrative Board of PCC SE and Dariusz Stefański, CEO PCC Intermodal SA, talk to Sandra Wierzbicka.

Q: Since when has PCC been present on the Polish market? Why did you decide to enter Poland?

Waldemar Preussner: Since the very beginning, meaning since 1994. In fact, we were already active in Poland before starting PCC as a company.

Poland is a relatively big and well-developed market. Above all, we had and still have a great sentimental attachment and firm conviction that it is a dynamic and very promising market. Beginning in the 1990s it was a good time to make strategic decisions to invest in Poland.

Q: PCC Intermodal SA is growing very rapidly in Poland. What do you owe your success to?

Dariusz Stefański: PCC Intermodal SA is a young company, which carries out step by step its long-term business

goals, in spite of obstacles and barriers. We are not afraid of making plans for the future. We meet the needs of our customers and complete as soon as possible the tasks that are planned to be done. The quality and comprehensiveness of our services is what distinguishes us in the market and what constitutes our strength and value. The success of PCC Intermodal SA results from the consistent implementation of development strategies and being a member of the PCC SE Group, whose guiding motto is, 'synergies at work'. If we know that to grow you have to act in the field of investment, then we invest. Do not wait until it's too late for the reactions. Short and efficient 'decision-making channels' within the group is without a doubt one of the key elements to effective action. It should be clear that while taking any decision we have in mind the well-understood interest of our shareholders aimed at increasing the market value of the company, which for two years has been successfully listed on the Warsaw Stock Exchange.

Q: Your strategy has very ambitious goals – the construction and launch of a network of modern terminals, as well as the launch and optimization of the network of regular container trains in international transport corridors? At what stage are you currently with the implementation of these goals?

DS: According to the promise made to the investors in December 2009 during the IPO, we have built the first facility: Kutno Terminal, but we have already started preparatory work for subsequent projects. Currently, the company carries out regular daily service from the Polish ports of Gdańsk/Gdynia and the German ports of Hamburg/Bremenhaven and offers four departures per week from Rotterdam, connecting the land terminals in Kutno, Gliwice, Slawków, Brzeg Dolny and Frankfurt/Order, which means more than 60 scheduled trains per week.

For over six years of our intermodal activity on the transport market we have built up a basic network of intermodal connections and offer, in spite of many infrastructure barriers, services of decent European standards. The modern and efficient Kutno Terminal will enable us to expand operations to the east and south of Europe. Currently, we are discussing and arranging issues with our partners. We hope to start a regular intermodal service to Moscow. We are working to launch a regular train in



Waldemar Preussner,
Chairman of the
Administrative
Board of PCC SE



the north-south transport corridor (the Baltic-Adriatic Landbridge). We expect that within the next few weeks we will organize our first train in the direction of Sopron/Hungary.

Q: What are your other investments in Poland and what is their total value?

WP: Apart from intermodal transport, especially investment in the modern container terminal in Kutno, we are investing heavily in Poland's chemical sector. On this market we are the only producer of polyether polyols for the furniture and automotive industries, and of surfactants for the washing agents and detergents industries, to name but a few. At our largest Polish subsidiary PCC Rokita SA alone, we invested nearly EUR50 million over the last two business years into the extension and upgrade of production facilities, such as the second ethoxylation plant, a membrane electrolysis plant, a fourth polyols production line, and a production line for iPol a speciality polyol. Apart from polyols and surfactants, PCC Rokita also manufactures chlorine as well as phosphorus and naphthalene derivatives. This year, we have budgeted for another EUR25 million in investments into this segment. Additionally, PCC SE invested roughly EUR15 million in Poland over the last 18 months into the expansion of its portfolio of shareholdings in niche segments and the establishment of new subsidiaries. These investments include the acquisition of / capital injections for the match factory at Czechowice, PCC Prodex, PCC Silicium, 3SF, and PCC Consumer Products.

Q: What are the problems and what is easier in Poland as compared to other countries where you operate?

WP: In general, there are no substantial problems. At the moment, the main issue is the very high energy prices. In Poland there are no advantages for the energy-intensive industry like in other EU countries. New investments in that sector do not have any sense. Additionally, the volatility of the Polish currency, the zloty, does not help to operate and invest in Poland either.

What is good about Poland is its quite strong and stable market with very energetic and well-educated people - open to new solutions, ready and willing to work.

Q: How would you describe the development of logistics and intermodal transport in Poland? What are the prospects?

DS: Intermodal transport industry will continue to grow rapidly, and its growth will be even more spectacular than ever before. Favourable conditions, the growing number of containers transported by our country - both with domestic loads as well as in transit - and the improving, though still far from perfect!, rail and road infrastructure enable us to make very optimistic projections. Intermodal transport, to develop efficiently, needs many more changes and understanding on the part of both: the ministry and the infrastructure manager, but looking at



Dariusz Stefański,
CEO PCC
Intermodal SA



good European examples of functioning and development of the industry, I am convinced that many more successes are still ahead.

Q: Who are your services intended for?

DS: Intermodal transport involves transporting a cargo unit (e.g. container) from the place of origin to the destination by using at least two means of transport. PCC Intermodal SA combines the advantages of rail transport at long distances, and transport by trucks from inland terminals directly to customers' doors, being a strong and stable link in the supply chain.

Regular intermodal trains organized at constant schedules (like passenger trains) enable the efficient dispatch of cargo and its timely delivery to the customers' warehouses, at distances of hundreds or even thousands of kilometres.

Q: Would you recommend other intermodal transport operators to enter the Polish market?

DS: It's a tough question. On the one hand, competition is always good for the market and its development. On the other hand, I realize how difficult the intermodal industry is, how much needs to be done and how big the obstacles and costs of starting and maintaining a high level of service are. I wish those who plan to enter the Polish intermodal great determination, consistency and perseverance.

Q: What are your plans for the future?

WP: We plan to continue and further develop our today's investments in the chemical, energy and logistics sectors. We want to expand with this activities internationally. In addition, we do believe and are interested in new technologies and therefore we plan to concentrate some of our investments into this sector. ::