



**PRECIOUS WOODS**

Precious Woods Holding Ltd.

Baarerstrasse 73

CH-6300 Zug

[media@preciouswoods.com](mailto:media@preciouswoods.com)

[www.preciouswoods.com](http://www.preciouswoods.com)

# Media Release

March 5, 2010

## **Precious Woods: Decline in sales 2009 by 19.8% with constant exchange rates in a challenging market environment.**

In 2009, Precious Woods achieved revenues of USD 87.8 million from timber sales, biomass energy, emission rights and an increase of biological assets. The disclosed decline is 24.8% compared to the prior year (USD 116.7 million), and 19.8% adjusted for exchange rate effects.

The reported decline in sales for the prior financial year is to some extent better than the half-year result of 2009 (-29.5%) and reflects the slightly better market environment in the last quarter of 2009. Altogether, the decline is in line with the total market for tropical timber. The Board of Directors and the Group Management were reacting to the continuous unsatisfactory market developments with immediate restructuring measures, increase in efficiency and strengthening of Precious Woods' market position.

Precious Woods Gabon has managed to achieve the goals by obtaining satisfactory volumes and sound prices during the second half-year. The veneer plant of TGI has confirmed the turnaround of 2009 and by the end of January 2010 also received the FSC certification for the chain of custody. In the second half-year, timber sales volume of Precious Woods Amazon suffered due to a delay caused by the authorities granting the harvest permit and, as a consequence, due to the commercially diminished timber quality from alternative harvest areas. In return, revenues from sales on the local Brazilian markets almost doubled compared to the previous year. Sales of energy in Brazil declined due to reduced biomass volumes stemming from the saw mill and softer wood species with a lower fuel value. Earnings from emission rights hence remained below previous year's level. The lower turnover of Precious Woods Europe leads back to a strong drop in demand on the European markets in the first half year and a considerable reduction in stocks. The increase of biological assets in Central America followed the positive long-term trend.



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### **Restructuring measures, increase in efficiency and market positioning**

The Board of Directors and the Group Management reacted swiftly to the negative market developments. Assuming that the market environment would only improve slowly, additional measures have been implemented during the second half-year: far reaching restructuring measures, increase in efficiency and concentrated sales efforts that will be continued throughout 2010. The associated costs and adjustments will be fully charged to the annual account of 2009. Precious Woods Holding will disclose a clearly negative and unsatisfactory result for the year 2009. The various implemented measures will improve the productivity and market position of the group and positively influence future operational results.

### **Diversification favors market opportunities**

With a diversified resource and market policy, as well as the comprehensive FSC certification, Precious Woods is well positioned: on the one hand with sustainable forest management in Latin America and Africa, and on the other hand with a broad product portfolio ranging from veneer, round and sawn wood to the energy production and CO<sub>2</sub> emission certificates. The Group Management is confident that the consistent aligned strategic focus on sustainability and the already introduced and implemented measures are a solid base for profitable growth.

All stated figures in this media release are provisional and not yet audited. The final audited accounts will be published on April 26, 2010.

### Conference call for analysts, investors and media

The conference call will be conducted by Ernst A. Brugger (Chairman of the Board/CEO a.i.) and Cornelia Gehrig (CFO). To join conference call please dial in at least 5 minutes before the beginning of the conference. The conference will be held in German.

Friday, March 5, 2010

10:00 a.m. (CET)

Dial-in number: +41 (0) 44 580 46 23

PIN-Code: 94785483#

### **Media contact:**

Precious Woods Holding Ltd., Corporate Communications

Tel.: +41 44 245 81 20, Fax: +41 44 245 81 12, [media@preciouswoods.com](mailto:media@preciouswoods.com)

Precious Woods is an international company active in the sustainable management and use of tropical forests. The company's core activities include reforestation and sustainable management of tropical forests, timber processing and the trading of FSC-certified timber products. The generation of emission rights and electricity from recovery wood represent further integral elements of the company's business. The shares of Precious Woods Holding have been traded on the SIX Swiss Exchange since March 2002. Further information about Precious Woods is available at [www.preciouswoods.com](http://www.preciouswoods.com).