



## Media release

### Precious Woods achieves positive operating profit (EBIT)

- **Group:** 11% higher sales at constant exchange rates; currency-related decline in sales by 5.8%; EBITDA of USD 6.9 million corresponding to doubled EBITDA margin of 15.5%; positive operating profit (EBIT) of USD 1.1 million
- **Gabon:** EBITDA margin of 26.8%, EBIT margin of 8.9%
- **Brazil:** EBITDA margin of 14.1%, EBIT margin of 10.1%
- **Outlook for 2016:** Higher production and sales volumes, significant increase in EBIT; Q1 / 2016 sales growth of 15% against previous year and positive net result

**Zug, 26 April 2016 – The Precious Woods Group achieved net sales of USD 44.4 million in 2015. This corresponds to an increase by 11% at constant exchange rates. Due to disadvantageous currency effects, however, the result in absolute terms was a decline in sales by 5.8%. Earnings before interest, taxes, depreciation, and amortization (EBITDA) rose significantly over the previous year (USD 3.7 million) to USD 6.9 million in the reporting year. Earnings before interest and taxes (EBIT) rose by USD 5.2 million year-on-year to USD 1.1 million. The net loss, which was still suffering from high capital costs and currency effects, was reduced significantly compared with the previous year (USD -10.2 million) to USD -4.7 million. For 2016, Precious Woods expects higher production and sales volumes and a further improvement of the income situation.**

#### Development of volume and sales

In 2015, the Precious Woods Group achieved net sales of USD 44.4 million. In absolute figures, this corresponds to a decline of 5.8%; at constant exchange rates, however, sales would have risen by 11%. In addition to sales contributions by the subsidiaries in Brazil and Gabon, the trading company for logs and sawn timber, which has been based in Europe since 2014, also made a significant contribution to sales at USD 3 million (previous year: 0.7 million).

In Brazil, the log harvest volume fell by 10% in 2015, and the sale of logs and sawn timber on the local market was 20% lower than in the previous year. Export sales were about the same as in the previous year. A total of approximately 112 000m<sup>3</sup> of logs were processed in the sawmill, representing an increase of 1% over the previous year. Yield remained constant at about 21%. Net sales reached USD 11.4 million (previous year: USD 13.5 million).

In Gabon, the log harvest volume in 2015 was 204 000m<sup>3</sup>, corresponding to an increase of 11.3% over the previous year. 116 500m<sup>3</sup> were processed in the sawmills (10.7% more than in the previous year), with an increase in yield by 2 percentage points. This resulted in sawn timber production of 40 000m<sup>3</sup> and an increase in sold volume of 2.4% over the previous year. Net sales amounted to USD 29.6 million (previous year: USD 30.2 million).

## **Operational progress strengthens margins**

Thanks to further optimization of production processes, substantial costs were saved in all plants and at the same time the high FSC standards were completely satisfied. Like all other commodity markets, the sawn timber market suffered from falling prices in 2015. Especially in China, slower economic growth put downward pressure on demand. Not least of all due to the mix of available and sold species of wood, average sales prices for Precious Woods in 2015 were still 7% higher than in the previous year.

In 2015, Precious Woods generated EBITDA of USD 6.9 million after USD 3.7 million in the previous year. This corresponds nearly to a doubling of the margin from 7.9% in the previous year to 15.5%. Earnings before interest and taxes (EBIT) also improved strikingly by USD 5.2 million, reaching USD 1.1 million.

## **Capital increases alleviate debt burden**

The financial result was USD -5.4 million, about the same as in the previous year. However, the exchange rate effects contained in that figure reached USD -1.9 million in 2015 after the significantly lower amount of USD -0.4 million in the previous year, which again indicates a noticeable improvement. Average net debt was still within the range of the previous year (USD 42 million), because the capital increase took place only at the end of 2015. This reduced net debt as of the end of the year to about USD 33 million.

Precious Woods concluded the year 2015 with a considerably lower net loss of USD 4.7 million (previous year: USD -10.2 million). Without the disadvantageous exchange rate effects, the loss would even have been as low as USD -2.8 million (previous year: USD -9.8 million).

The cash flow from operating activities improved year-on-year by about USD 3.3 million to USD 4.4 million. Working capital was reduced by USD -2.3 million. USD 2.2 million were invested in tangible fixed assets. The net cash flow from financing activities amounted to USD -1.1 million.

## **Outlook**

Due to rising harvest and production volumes, Precious Woods expects a significant increase in sales for the current year and a further improvement of operating profit (EBIT). An additional capital increase will be used to invest in progress in profitability and further debt reduction. The first quarter closed with sales growth of 15% and an EBITDA margin of 21% which resulted in a positive net result.

## **General Meeting on 23 May 2016**

This year's ordinary General Meeting will take place on 23 May 2016 in Zurich. The invitation to the General Meeting will be published together with the complete agenda and the proposals of the Board of Directors on 26 April 2016 in the Swiss Official Gazette of Commerce (SOGC) and on the Precious Woods website.

The full Annual Report is available for download effective immediately at the website [www.preciouswoods.com](http://www.preciouswoods.com).

**Information:**

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**Precious Woods** is an international company active in the sustainable management and use of tropical forests. The company's core activities include sustainable management of tropical forests, timber processing and the trading of FSC-certified timber products. The generation of emission rights and electricity from wood waste represent further integral elements of the company's business. Additional information about Precious Woods can be found at [www.preciouswoods.com](http://www.preciouswoods.com)

This document includes forward-looking statements that reflect the Company's intentions, beliefs or current expectations and projections about the Company's future results of operations, financial condition, liquidity, performance, prospects, strategies, opportunities and the industry in which it operates. Forward-looking statements involve all matters that are not historical fact. Such statements are made on the basis of assumptions and expectations which, although the Company believes them to be reasonable at this time, may prove to be erroneous.

in '000 USD

<b>INCOME STATEMENT</b>	<b>2015</b>		<b>2014</b>		<b>2013</b>	
<b>Net sales</b>	<b>44'396</b>	<b>100.0%</b>	<b>47'123</b>	<b>100.0%</b>	<b>45'342</b>	<b>100.0%</b>
Production cost	-16'515	-37.2%	-20'528	-43.6%	-27'532	-60.7%
<b>Operational contribution</b>	<b>27'880</b>	<b>62.8%</b>	<b>26'595</b>	<b>56.4%</b>	<b>17'810</b>	<b>39.3%</b>
Labour cost	-17'344	-39.1%	-20'772	-44.1%	-22'541	-49.7%
Other operating cost	-3'676	-8.3%	-2'108	-4.5%	-4'046	-8.9%
<b>EBITDA</b>	<b>6'861</b>	<b>15.5%</b>	<b>3'715</b>	<b>7.9%</b>	<b>-8'776</b>	<b>-19.4%</b>
Depreciation and amortization	-5'768	-13.0%	-7'815	-16.6%	-6'689	-14.8%
Impairments	-	0.0%	-	0.0%	-	0.0%
<b>EBIT</b>	<b>1'093</b>	<b>2.5%</b>	<b>-4'100</b>	<b>-8.7%</b>	<b>-15'465</b>	<b>-34.1%</b>
Financial result 1)	-5'406	-12.2%	-5'252	-11.1%	-4'664	-10.3%
<b>EBT</b>	<b>-4'313</b>	<b>-9.7%</b>	<b>-9'352</b>	<b>-19.8%</b>	<b>-20'129</b>	<b>-44.4%</b>
Income taxes	-433	-1.0%	-837	-1.8%	-466	-1.0%
<b>Net result</b>	<b>-4'746</b>	<b>-10.7%</b>	<b>-10'189</b>	<b>-21.6%</b>	<b>-20'595</b>	<b>-45.4%</b>
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1) <i>whereof fx-effects</i>	-1'907		-385		271	
<b>EBT without fx effects</b>	<b>-2'406</b>	<b>-5.4%</b>	<b>-8'967</b>	<b>-19.0%</b>	<b>-20'401</b>	<b>-45.0%</b>
<b>Net result without fx effects</b>	<b>-2'839</b>	<b>-6.4%</b>	<b>-9'804</b>	<b>-20.8%</b>	<b>-20'867</b>	<b>-46.0%</b>
<b>BALANCE SHEET</b>	<b>31.12.15</b>		<b>31.12.14</b>		<b>31.12.13</b>	
Current assets	24'498	34.4%	27'157	31.1%	28'892	27.8%
Non-current assets	46'722	65.6%	60'249	68.9%	74'924	72.2%
<b>TOTAL ASSETS</b>	<b>71'220</b>	<b>100.0%</b>	<b>87'406</b>	<b>100.0%</b>	<b>103'816</b>	<b>100.0%</b>
Current liabilities	31'606	44.4%	42'487	48.6%	45'734	44.1%
Non-current liabilities	26'712	37.5%	24'643	28.2%	25'161	24.2%
Equity	12'902	18.1%	20'276	23.2%	32'921	31.7%
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>71'220</b>	<b>100.0%</b>	<b>87'406</b>	<b>100.0%</b>	<b>103'816</b>	<b>100.0%</b>