



Media release

Precious Woods: effective turnaround creates positive basis for 2012

- Operating result (EBITDA) substantially improved to USD –2.1 million
- Turnaround measures are taking effect and will have a positive impact on 2012 results
- Harvestable forest area in Brazil increased by 105 000 hectares to 300 000 hectares
- Hardwood sawmill for “bois divers” at Precious Woods Gabon expanded
- Debt reduced and bank loans repaid thanks to partial divestment of Precious Woods Central America

Zug/Zurich, 26 April 2012 – As the turnaround strategy nears completion, the Precious Woods Group looks to the future with confidence. The measures to improve productivity and the market position are taking effect. Despite logistical problems caused by external factors, business prospects in Gabon remain intact. In Brazil, major issues from the past have been resolved. The Group reviewed its sales strategy at the end of 2011 and decided to centralize the sales organization in Switzerland from the beginning of 2012. The Precious Woods Group achieved sales of around USD 69 million in the year under review. On a comparable basis – i.e. without Precious Woods Central America (PWCA), which has been classified as a “discontinued operation” following the partial divestment – this figure is almost in line with the previous year’s level. At USD –2.1 million in 2011, the operating result (EBITDA) is within the range communicated in November 2011. Compared to the previous year (on a like-for-like basis), this equates to an improvement of USD 7.7 million. At USD –41.5 million, total results from continuing operations improved substantially, by USD 30.2 million year-on-year, despite the net negative impact of USD –14.5 million resulting from the partial divestment of PWCA and its consequent treatment as a discontinued operation. In summary, the 2011 reporting year saw major steps towards economic sustainability. In 2012, Precious Woods looks set to post positive EBITDA for the first time in a considerable period.

Precious Woods Holding Ltd: central sales organization and maintaining liquidity

At the end of 2011, a centrally managed sales organization out of Switzerland was established, which became operational at the beginning of 2012. This move will optimize the product and client portfolio, improve margins and increase market shares in the emerging markets. These activities will have a positive impact on the Group from the second half of 2012. The partial divestment of Precious Woods Central America enabled all bank debt at holding level as well as shareholder loans totalling EUR 5 million to be repaid. New shareholder loans amounting to USD 11 million will further secure liquidity.

Precious Woods Gabon: significant contribution to business development

The expansion of production capacity at the “bois divers” sawmill in July 2011 established the basis for future growth. At the same time efforts are being made to extend the concession basis. Optimization work at the new sawmill, inventory adjustments and logistical challenges created by external factors such as capacity bottlenecks in the Port of Libreville prevented improvements of EBITDA which, at USD 6.9 million, was slightly below the previous Year’s figure of USD 7.2 million.



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Precious Woods Amazon: systematically resolving the situation in Brazil

Harvestable forest area was increased by 105 000 hectares to around 300 000 hectares, some 64% of the total forest owned by Precious Woods. Despite strong sales on the local market, exports fell below expectations in the first half of the year due to unusually heavy rainfall. The Kanban system was introduced at the end of 2011 in order to optimize harvesting and warehousing processes and reduce warehousing costs. Headcount was cut by 131. As in 2010, the measures had a negative impact on costs in 2011, albeit much smaller than in the previous year. Set against sales of USD 14.7 million, the cost basis was still too high. EBITDA improved by USD 9.5 million to USD –1.7 million at the end of 2011.

Precious Woods Europe: improved cost base for 2012

Precious Woods Europe faced a difficult market environment during 2011, resulting in an 8% decline in sales to USD 21.5 million. The restructuring and optimization measures, combined with a reduction in the workforce, were continued during the year. These will improve the cost base and will begin to feed through into results in 2012. The greater emphasis on market orientation due to the new sales organization will also have a positive impact on results this year. Precious Woods Europe's EBITDA improved by USD 1.8 million compared to the previous year. Because of severance payments and inventory write-downs, however, 2011 EBITDA was still negative, at USD –1.8 million.

Carbon & Energy: EBITDA improved

Energy production was around 20% below the normal level in the first half of the year, due to exceptionally heavy rainfall and the related drop in wood waste volumes. Nevertheless, sales rose by 8% to USD 5.9 million. In March 2011 Precious Woods received the Certified Emission Reductions (CERs) for 2009 generated from the power plant, the sale of which led to income of USD 0.9 million. EBITDA stood at USD 2.6 million (2010: USD 0.7 million). As part of the cash-neutral debt restructuring with the minority shareholder in the power plant, Precious Woods will transfer 40% of its shares in the plant to the minority shareholder as of 1 April 2012, and will thereafter retain a 40% shareholding. For this reason, the power plant will no longer be consolidated.

Precious Woods Central America: commitment remains despite 75% divestment

The partial divestment of forestry activities in Central America enabled the holding company's outstanding debts to be repaid while maintaining liquidity. The PWCA segment has now been reclassified as a "discontinued operation" in order to ensure comparability between the 2011 and 2010 figures. The Chairman of the Board of Directors of Precious Woods Holding is represented in the Board of PWCA, and the constructive collaboration continues.

Social and ecological sustainability: the company compass of Precious Woods

Throughout the turnaround phase, Precious Woods has remained committed to its goal of creating social, environmental and economic added value simultaneously. In 2011 further staff reductions were necessary, chiefly in Brazil and at Precious Woods Europe; these were conducted on fair terms and within the statutory framework. The outcome has been to safeguard the jobs of the remaining employees and to ensure that they continue to receive fair pay and social security benefits.

Outlook: strengthening the Group Management

The balance sheet structure of the Precious Woods Group remains solid – as evidenced by an equity ratio of over 49% – and the Group is therefore well equipped to absorb the loss generated last year. There are no plans to take on further debt. Group Management will be strengthened by the arrival on 1 May 2012 of Stefan Meinhardt as Chief Commercial Officer. He will be responsible for global sales, which are now being run centrally from Switzerland. Based on the measures implemented, the Board of Directors and Management are confident that operational progress will lead to a marked improvement in results in 2012.



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Annual General Meeting 2012

The Annual General Meeting will take place on Thursday, 24 May 2012, at 3.15 p.m. in the Metropol, Fraumünsterstrasse 12, Zurich. Invitations to the Annual General Meeting, together with the full agenda and the proposals of the Board of Directors, will be published on 3 May 2012 in the Swiss Official Gazette of Commerce (SOGC) and on the Precious Woods website.

The full Annual Report is now available for download from the website www.preciouswoods.com.

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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 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 wood waste represent further integral elements of the company's business. Shares of Precious Woods Holding Ltd have been listed on the SIX Swiss Exchange since March 2002. Additional information about Precious Woods can be found at www.preciouswoods.com.