



Media release

First half-year 2019 – Group sales EUR 22.7 million - EBIT margin of 5.9 %

in EUR million	30.06.2019	30.06.2018	Index	Change
Net Sales Precious Woods Group	22.7	22.8	99.4%	-0.1
Saw mills in Gabon	10.7	12.0	88.8%	-1.3
Veneer plant in Gabon	4.8	6.5	74.4%	-1.7
Net Sales Precious Woods Gabon	13.8	15.7	87.9%	-1.9
Net Sales Precious Woods Amazon	6.3	4.9	128.7%	+1.4
Net Sales Precious Woods Trading	2.7	2.4	112.7%	+0.3

Zug, 14 August 2019 – In the first half of 2019, Group sales amounted to EUR 22.7 million, and earnings before interest and taxes (EBIT) amounted to EUR 1.3 million or 5.9 %. This represents a slight decline in sales of 0.6 % and a reduction in EBIT of EUR 0.2 million compared with the same period of the previous year. Further delays in deliveries from Gabon reduced sales by about EUR 3.5 million, and the veneer plant even had to suspend work for 6 weeks. The lack of margins and the loss of production had a severe impact on EBIT for the first half of the year.

The **Group's gross profit** was EUR 13.4 million, 1.9 % below the previous year period (EUR 13.6 million). The gross profit margin was 58.9 %, compared with 59.7 % in the previous year. Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR 3.1 million (previous year: EUR 3.9 million), corresponding to a margin of 13.6 %. Earnings before interest and taxes (EBIT) reached EUR 1.3 million (previous year: EUR 1.5 million) and a margin of 5.9 %.

The **financial result** was EUR –1.3 million (previous year: EUR –1.4 million). The current interest charge was an unchanged EUR 1.1 million. The net result was EUR –0.2 million (previous year: EUR 0.2 million). Exchange rate effects on the net result amounted to EUR –0.1 million (previous year: EUR –0.1 million). The equity ratio was 21.1 % on the reporting date (end of previous year: 21.6 %) and the working capital of EUR 15.7 million was EUR 0.7 million below the figure at the end of the year.

In **Gabon**, the sawmills produced a total of 19 143 m³ of sawn timber, corresponding to a decline of 8.6 % (previous year: 20 949 m³). Production volume at the veneer plant fell by 22.4 % to 11 504 m³ (previous year: 14 831 m³). As in the previous year, maintenance work in the sawmills was carried out in May. Extraordinary impediments have arisen in Gabon since mid-May. The government launched a large-scale campaign against the illegal timber trade. This has led to personnel changes in the ministries and to various dismissals in the customs authorities. The campaign became known as “Kevazingogate”, referring to a protected wood species that has been felled, processed and shipped by some companies. As a consequence, both the domestic transport of logs and the clearance of timber products at the port were blocked. The supply of our veneer plant with logs was no longer possible, and operations had to be suspended for about 6 weeks. Similarly, veneer in stock could not be shipped. Only sawn timber from our sawmill was able to be cleared, given that customs clearance took place already near the concession. In the meantime, new staff has been appointed in the ministry responsible for forests. One of the first actions was that sustainably operating and FSC-

certified companies are henceforth to receive preferential treatment regarding customs clearance.

Net sales were 12.1 % below the same period of the previous year, reaching EUR 13.8 million (previous year: EUR 15.7 million). The operating result (EBITDA) was EUR 2.6 million (previous year: EUR 4.3 million). The operating profit margin was 18.7 % (previous year: 27.6 %).

In **Brazil**, the production volume in the first half-year was 15 873 m³ of sawn timber, 34.3 % higher than in the previous year (11 816 m³). The production flow was again optimized, and deliveries were made on a continuous basis. Net sales were 28.7 % above the previous year and reached EUR 6.3 million (previous year: EUR 4.9 million). Operating profit (EBITDA) amounted to EUR 1.2 million, representing an improvement of EUR 0.8 million (previous year: EUR 0.4 million). This resulted in an operating profit margin of 19.3 % (previous year 8.4 %).

Net sales from **trading** in European logs and sawn timber amounted to EUR 2.7 million, corresponding to an increase of 12.7 % (previous year: EUR 2.4 million). The operating profit margin was 5.3 % (previous year: 12.4 %).

Outlook

As announced at the Annual General Meeting, we expect a single-digit increase in sales for fiscal 2019 and a positive net result.

Our focus continues to be on organic and sustainable growth. Productivity enhancement projects were launched in Gabon and Brazil. The margin improvements resulting from these measures will be partially apparent this year. Possible holdings in or takeovers of other companies as well as targeted expansions of concession areas will continue to be evaluated carefully.

The full Half Year Report is available online or for download as PDF at 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 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

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 thousand EUR

INCOME STATEMENT	30.06.2019		30.06.2018	
Total revenue	22'705	100.0%	22'843	100.0%
Production costs	-9'325	-41.1%	-9'202	-40.3%
Operational contribution	13'380	58.9%	13'641	59.7%
Labour costs	-9'950	-43.8%	-8'714	-38.1%
Other operating costs	-344	-1.5%	-1'052	-4.6%
EBITDA	3'086	13.6%	3'875	17.0%
Depreciation and amortization	-1'738	-7.7%	-2'332	-10.2%
EBIT	1'348	5.9%	1'543	6.8%
Financial result	-1'317	-5.8%	-1'401	-6.1%
EBT	31	0.1%	142	0.6%
Income taxes	-205	-0.9%	59	0.3%
Net profit / -loss	-174	-0.8%	201	0.9%

BALANCE SHEET	30.06.2019		31.12.2018	
Current assets	29'457	39.9%	30'160	41.1%
Non-current assets	44'328	60.1%	43'275	58.9%
TOTAL ASSETS	73'785	100.0%	73'435	100.0%
Current liabilities	28'068	38.0%	26'563	36.2%
Non-current liabilities	30'172	40.9%	31'017	42.2%
Equity	15'545	21.1%	15'855	21.6%
TOTAL LIABILITIES & EQUITY	73'785	100.0%	73'435	100.0%