



Media release

Successful first half-year 2017 – EBIT margin of 8.1% – positive net result

- Group: Net sales of EUR 22.5 million; EBITDA of EUR 4.1 million; EBIT of EUR 1.8 million; positive net result of EUR 0.3 million
- Gabon: Increased productivity of profitability with over proportional increased operating profit (EBITDA)
- Brazil: Reduction in net sales and operating profit compared to same period in previous year
- Outlook for 2017: Sales growth, positive net result, positive operating cash flow

Zug, 16 August 2017 – The first half-year 2017 concludes with positive earnings before interest and taxes (EBIT) of EUR 1.8 million. This is an improvement of EUR 0.5 million over the same period of the previous year. The companies in Gabon increased substantially profitability and productivity again. Net debt was almost on the same level as end of previous year; cash flow was partially bound in working capital.

The **net sales** of the Precious Woods Group in the first half-year 2017 were EUR 22.5 million and thus 7.5 % higher than the same period of the previous year (EUR 20.9 million). The exchange rate effect was 0.4 %. The saw mills in Gabon increased sales by 8.2 %, with sales in the veneer plant rising by 12.5 %. In Brazil, sales were 11.3 % lower than in the previous year period. Sales from the trade of logs and sawn timber from Europe rose by 89.0 %, achieving EUR 2 million.

The **gross profit** was EUR 14.1 million and thus 11.2 % higher than the previous year period (EUR 12.7 million). The gross profit margin was 63.0 %, compared with 60.9 % in the previous year. The improvement is due to higher yield in the saw mills in Gabon (+2 percentage points) and in the veneer plant (+6 percentage points). The yield in the saw mill in Brazil reached the level of the previous year. Earnings before interest, taxes, depreciation and amortization (EBITDA) was EUR 4.1 million (previous year: EUR 3.8 million), corresponding to a margin of 18.2 %. Earnings before interest and taxes (EBIT) reached EUR 1.8 million (previous year: EUR 1.3 million), with a margin of 8.1 %.

The **financial result** was EUR -1.3 million (previous year: EUR -1.8 million). The pure interest charge was EUR 1.1 million (previous year: EUR 1.4 million). The net profit amounted to EUR 0.3 million, representing an increase of EUR 0.7 million over the same period of the previous year. The equity ratio was 27.0 % (end of previous year: 28.1 %). The change is due to exchange rate effects.

In **Gabon**, the production volumes in the saw mills increased by 6.4 %, reaching 20 316 m³ (previous year: 19 087 m³). In the veneer plant, volumes increased by 13.0 %, corresponding to production of 17 597 m³ (previous year: 15 573 m³). The two saw mills were negatively impacted in the first half-year by a planned maintenance interruption of 4 weeks each. Completed process optimizations, targeted investments, improvements in efficiency and productivity, and higher yield were seen in an increased operating result (EBITDA). At EUR 5.3 million, it was significantly higher than the

comparison level (previous year: 3.2 million).

In **Brazil**, the production volume in the first half-year was 10 % lower than in the same period of the previous year, amounting to 11 737 m³ (previous year: 13 116 m³). The reasons include later resumption of production in January due to maintenance work as well as overtime compensation from the previous year. Net sales were EUR 5.5 million, 11.3 % lower than the previous year level of EUR 6.2 million. The operating result (EBITDA) shrank to EUR -0.1 million (previous year: EUR 1.7 million). The delayed sales, increased personnel costs, and the BRL/EUR exchange rate contributed to this worsening of the result. Deliveries were impaired until the beginning of March 2017 due to the strikes at the end of 2016.

No trading in **CER certificates** took place in the first half-year. The contract was last renewed for a period of 6 years.

Outlook

As announced at the Annual General Meeting, we expect increased sales of > 10% and a positive net result for the whole year 2017. The first half-year showed that we are on the right track. Production increases and inventory reduction will have a positive impact on the result.

The primary focus is on organic growth. We are also planning several projects to increase added value. Possible holdings or takeovers of other companies continue to be evaluated carefully.

We are not planning any further capital increase for now, but we have conditional and authorized capital at our disposal to take advantage of opportunities at short notice.

The full Half Year Report is available online or for download as PDF at the website www.preciouswoods.com.

Information:

Precious Woods Holding Ltd, Katharina Lehmann (Chairwoman)
Markus Brüttsch (CEO/CFO and Delegate of the Board of Directors)
Tel. +41 41 726 13 13, investor@preciouswoods.com

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	30.06.2017		30.06.2016	
Total revenue	22'464	100.0%	20'897	100.0%
Production cost	-8'318	-37.0%	-8'179	-39.1%
Operational contribution	14'146	63.0%	12'718	60.9%
Labour cost	-8'522	-37.9%	-7'973	-38.2%
Other operating cost	-1'543	-6.9%	-940	-4.5%
EBITDA	4'081	18.2%	3'804	18.2%
Depreciation and amortization	-2'252	-10.0%	-2'467	-11.8%
EBIT	1'829	8.1%	1'337	6.4%
Financial result	-1'269	-5.6%	-1'752	-8.4%
EBT	560	2.5%	-415	-2.0%
Income taxes	-228	-1.0%	31	0.2%
Net profit / -loss	332	1.5%	-384	-1.8%

BALANCE SHEET	30.06.2017		31.12.2016	
Current assets	27'722	39.5%	25'089	36.2%
Non-current assets	42'496	60.5%	44'200	63.8%
TOTAL ASSETS	70'218	100.0%	69'289	100.0%
Current liabilities	25'355	36.1%	24'664	35.6%
Non-current liabilities	25'877	36.9%	25'185	36.3%
Equity	18'986	27.0%	19'440	28.1%
TOTAL LIABILITIES & EQUITY	70'218	100.0%	69'289	100.0%