



Media release

First half-year 2018 – EBIT margin of 6.8 % – positive net result

- Group: Net sales of EUR 22.8 million; EBITDA of EUR 3.9 million; EBIT of EUR 1.5 million; positive net result of EUR 0.2 million
- Gabon: Increased productivity; result impacted by logistical difficulties
- Brazil: Slight recovery in profitability
- Outlook for 2018: Sales growth; positive net result; increase in production volumes

Zug, 16 August 2018 – In the first half of 2018, sales amounted to EUR 22.8 million and earnings before interest and taxes (EBIT) amounted to EUR 1.5 million or 6.8 %. This represents a slight increase in sales of 1.7 % and an EBIT reduction of EUR 0.3 million compared with the same period of the previous year. Delays in deliveries reduced sales by about EUR 3 million and also had a negative impact on EBIT. This affected the companies in both Gabon and Brazil. Production volumes increased slightly. The net result reached EUR 0.2 million.

The Precious Woods Group generated **net sales** of EUR 22.8 million in the first half of 2018. This was 1.7 % above the previous year's net sales of EUR 22.5 million. The exchange rate effect was –0.8 %. The sawmills in Gabon generated a 12.7 % increase in sales, while sales at the veneer plant fell by 12.0 % compared with the same period of the previous year. Sales in Brazil fell by 11.2 % to EUR 4.9 million. Sales from the trade of logs and sawn timber from Europe rose by 21.4 % to EUR 2.4 million.

The **gross profit** was EUR 13.6 million, 3.6 % below the previous year period (EUR 14.1 million). The gross profit margin was 59.7 % (previous year: 63.0 %). Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR 3.9 million (previous year: EUR 4.1 million), corresponding to a margin of 17.0 %. Earnings before interest and taxes (EBIT) reached EUR 1.5 million (previous year: EUR 1.8 million), with a margin of 6.8 %. The negative changes are due to the delivery delays at both locations and the associated unrealized margins.

The **financial result** was EUR –1.4 million (previous year: EUR –1.3 million). The pure interest charge was unchanged at EUR 1.1 million. The net profit amounted to EUR 0.2 million (previous year: EUR 0.3 million). The equity ratio was 25.9 % (end of previous year: 28.1 %). The change is due to exchange rate effects, especially for loans in CHF.

In **Gabon**, the sawmills produced a total of 20 949 m³ of sawn timber, corresponding to an increase of 3.1 % (previous year: 20 316 m³). Production volume at the veneer plant fell by 15.7 % to 14 831 m³ (previous year: 17 597 m³). The volume reduction in the veneer plant was due to unscheduled maintenance work. The operating result (EBITDA) was EUR 4.3 million (previous year: EUR 5.3 million). The operating profit margin was 27.6 % (previous year: 34.6 %). The result was impacted negatively by logistical difficulties. The inventory of sawn timber and veneer increased dramatically because shipping was not possible at times.

In **Brazil**, the production volume in the first half-year was 11 816 m³ of sawn timber, 0.7 % higher than in the previous year (11 737 m³). Net sales were 11.2 % below the previous year and reached EUR 4.9 million (previous year: 5.5 million). EBITDA was EUR 0.4 million, an improvement of EUR 0.5 million (previous year: EUR –0.1 million). The operating profit margin was 8.4 %. Additional costs of EUR 0.4 million reduced profit. These were due to warehousing costs and docking fees relating to government inspections in the port of Manaus. Moreover, delivery was delayed and incomplete.

Net sales from **trading** in European logs and sawn timber amounted to EUR 2.4 million, corresponding to an increase of 21.4 % (previous year: EUR 2.0 million). The operating profit margin was 12.4 % (previous year: 11.1 %).

Outlook

As announced at the Annual General Meeting, we expect increased sales of between 5 % and 8 % for the whole year 2018, operating margins in the previous year's range, and a positive net result. The first half-year was heavily impacted by infrastructure problems, which will no longer affect the second half-year. Both harvest and production volumes have been and will be increased, which will also be reflected in the result.

Our focus continues to be on organic and sustainable growth. Productivity enhancement projects are underway in both Gabon and Brazil. However, the improvement in margins resulting from these measures will not yet be apparent this year.

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	30.06.2018		30.06.2017	
Total revenue	22'843	100.0%	22'464	100.0%
Production costs	-9'202	-40.3%	-8'318	-37.0%
Operational contribution	13'641	59.7%	14'146	63.0%
Labour costs	-8'714	-38.1%	-8'522	-37.9%
Other operating costs	-1'052	-4.6%	-1'543	-6.9%
EBITDA	3'875	17.0%	4'081	18.2%
Depreciation and amortization	-2'332	-10.2%	-2'252	-10.0%
EBIT	1'543	6.8%	1'829	8.1%
Financial result	-1'401	-6.1%	-1'269	-5.6%
EBT	142	0.6%	560	2.5%
Income taxes	59	0.3%	-228	-1.0%
Net profit / -loss	201	0.9%	332	1.5%
BALANCE SHEET	30.06.2018		31.12.2017	
Current assets	30'099	42.6%	27'980	39.2%
Non-current assets	40'503	57.4%	43'425	60.8%
TOTAL ASSETS	70'602	100.0%	71'405	100.0%
Current liabilities	23'798	33.7%	22'154	31.0%
Non-current liabilities	28'551	40.4%	29'156	40.8%
Equity	18'253	25.9%	20'095	28.1%
TOTAL LIABILITIES & EQUITY	70'602	100.0%	71'405	100.0%