



Media release

Drastic measures at Precious Woods in Gabon

Zug, 24 November 2022 - Unexpectedly high cost increases in Gabon have forced us to take drastic measures to reduce costs in order to secure the basis for the economic security of our operations in the short and medium term. In October 2022, it became clear that fuel prices would not be lowered for industrial operations. Due to the overall negative development of operating costs at the Bambidie site, we must also revise the positive outlook as earlier expressed for the entire fiscal year.

In Gabon, we have recorded considerable cost increases since last year. In 2021, export taxes increased unexpectedly and the income tax reduction ended. From mid-2022, fuel prices increased by almost 100%. Given our need for fuel for power generation in order to run the industrial operations as well as the entire company site, this means huge additional costs. Calculated over a full financial year, we must expect a cost increase of around Euro 6 million.

The current situation in our sales markets leaves little room for further price increases. Therefore, due to the increase in fuel prices, several wood species can no longer be processed profitably. We can still harvest these species sustainably and sell the logs on the local market, however, we will no longer process these species into sawn timber in our sawmills. Consequently, we will close an older sawmill, reduce associated support services and decrease our workforce. Most of the staff reduction can be achieved through natural fluctuation including the temporary employees.

The measures taken have no impact on our two sawmills for Okoumé and Azobé products. For these species, we have initiated an innovation process to develop products with higher added value and to strengthen CEB's position as a leading supplier of certified quality wood applications. This process is being carried out in close cooperation with partners and customers to ensure future sales. Internal projects to reduce dependence on fossil fuels have also been accelerated. The goal remains to replace a significant portion of our fuel consumption with renewable energy production at the Bambidie site.

All the measures already introduced stabilise the economic performance and lead to a long-term, economically, ecologically and socially secure operation at the Bambidie site as well as to the continued sustainable activities of Precious Woods' FSC and PEFC a certified forestry and timber processing operations in Gabon.

The operations at Precious Woods Amazon are also affected by cost increases and currency effects. However, profitability can be ensured for the time being without drastic measures.

We will publish the provisional key figures for the 2022 financial year at the end of January 2023.



PRECIOUS WOODS

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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

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