



Media release

Successful first half-year 2016 – EBIT margin of 6.7%

- **Group:** Net sales of USD 23.3 million; EBITDA of USD 4.3 million; EBIT of USD 1.6 million; positive operating cash flow of USD 4.0 million
- **Gabon:** Increased productivity with higher EBITDA margin; veneer plant with high increase in sales and profit
- **Brazil:** Significant increase in sales and productivity, over proportional increase of EBITDA
- **Outlook for 2016:** Sales growth, positive EBIT, positive operating cash flow, at least break-even on bottom line

Zug, 23 August 2016 – The first half-year 2016 concludes with positive earnings before interest and taxes (EBIT) of USD 1.6 million, USD 1.4 million higher than the USD 0.2 million in the same period of the previous year. In all country organisations, significant increases in productivity and earnings were achieved again. This positive development also resulted in stronger cash flow, allowing Precious Woods to invest in machines and equipment using its own resources. A further, smaller capital increase reduced net debt as of the end of the reporting period.

The **net sales** of the Precious Woods Group in the first half-year 2016 were USD 23.3 million and thus 3.4% higher than the same period in the previous year (USD 22.6 million). The increase in sales was not influenced by any exchange rate effect. The saw mills in Gabon increased sales by 3.9%, and the sales in the veneer plant (TGI) shot up by 42.9% compared with the previous year. This was of course strongly influenced by the planned 6-week service interruption necessary in 2015. In Brazil, sales were 17.6% higher than in the previous year. Sawn timber production capacity increased by 25% with stable fixed costs.

The **gross profit** was USD 14.2 million and thus 9.2% higher than the previous year (USD 13.0 million). The gross profit margin was 60.8%, compared with 57.6% in the previous year. The significant positive change can be explained with reference to the optimization measures that were implemented at all locations. Earnings before interest, taxes, depreciation, and amortization (EBITDA) amounted to USD 4.3 million, USD 1.4 million higher than the previous year (USD 2.9 million). The EBITDA margin was 18.5% (previous year: 13.0%). Earnings before income and taxes (EBIT) amounted to USD 1.6 million (previous year: USD 0.2 million). The EBIT margin amounted to 6.7% (previous year: 0.9%).

The **financial result** was USD -2.0 million (previous year: USD -4.3 million). The pure interest charge was USD 1.5 million (previous year: USD 1.6 million). While the exchange rate losses in the previous year amounted to USD 2.1 million, the reporting period saw exchange rate gains of USD 0.1 million. The net result was USD -0.4 million (previous year: USD -4.1 million). Equity at the end of the reporting period was USD 23.3 million, i.e., USD 10.4 million higher than at the

end of 2015. The equity ratio increased strongly to 30.0%, compared with 18.1% on 31 December 2015.

In **Gabon**, the production volumes in the saw mill amounted to 19 087 m³ (previous year: 18 465 m³) and in the veneer plant 15 573 m³ (previous year: 8 912 m³). While the production volume in the saw mill was slightly higher than in the previous year, production in the veneer plant increased dramatically over the previous year. The sales amounted to USD 15.5 million (previous year: USD 14.9 million). The operating result (EBITDA) stayed unchanged at USD 3.6 million.

In **Brazil**, the production volumes in the saw mill amounted to 13 116 m³ (previous year: 11 581 m³) and were thus 13.3% higher than the previous year. Net sales amounted to USD 6.9 million, about USD 1 million or 17.6% higher than the previous year period. The operating result (EBITDA) improved by about USD 1.4 million from the previous year to USD 1.9 million.

CER certificates from the 2014 production were traded in the first half-year 2016. Sales amounted to USD 0.4 million, after no sales occurred in the 2015 reporting year.

Outlook

We are maintaining our guidance of sales growth with positive EBIT, increased cash flow, and an overall result that is at least balanced. We intend to switch our presentation currency from USD to EUR, given that most of our costs and income are in EUR.

Net debt was reduced and equity was increased. Current operations generate a cash flow that allows us to make ongoing replacement and additional investments necessary for the organic growth of the Group. Financing solutions are being made available by the banks for special project financing.

We stopped an acquisition project after detailed due diligence. No other specific projects are currently planned. We are putting all our energy into further organic growth of the Group.

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

Information:

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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 1'000 USD

INCOME STATEMENT	30.06.2016		30.06.2015		30.06.2014	
Total revenue	23'330	100.0%	22'569	100.0%	25'560	100.0%
Production cost	-9'135	-39.2%	-9'568	-42.4%	-12'688	-49.6%
Operational contribution	14'195	60.8%	13'001	57.6%	12'872	50.4%
Labour cost	-8'901	-38.2%	-8'434	-37.4%	-10'844	-42.4%
Other operating cost	-987	-4.2%	-1'633	-7.2%	-1'741	-6.8%
EBITDA	4'307	18.5%	2'935	13.0%	287	1.1%
Depreciation and amortization	-2'754	-11.8%	-2'728	-12.1%	-3'802	-14.9%
EBIT	1'553	6.7%	207	0.9%	-3'515	-13.8%
Financial result	-2'017	-8.6%	-4'323	-19.2%	-2'397	-9.4%
EBT	-464	-2.0%	-4'116	-18.2%	-5'912	-23.1%
Income taxes	37	0.2%	28	0.1%	17	0.1%
Net result	-427	-1.8%	-4'088	-18.1%	-5'895	-23.1%
BALANCE SHEET	30.06.2016		31.12.2015		31.12.2014	
Current assets	28'348	36.5%	24'498	34.4%	27'157	31.1%
Non-current assets	49'280	63.5%	46'722	65.6%	60'249	68.9%
TOTAL ASSETS	77'628	100.0%	71'220	100.0%	87'406	100.0%
Current liabilities	26'774	34.5%	31'606	44.4%	42'487	48.6%
Non-current liabilities	27'604	35.6%	26'712	37.5%	24'643	28.2%
Equity	23'250	30.0%	12'902	18.1%	20'276	23.2%
TOTAL LIABILITIES & EQUITY	77'628	100.0%	71'220	100.0%	87'406	100.0%