



Media release

Precious Woods Holding Ltd – 2012 was a challenging year

Zug/Zurich, 30 April 2013 – 2012 was a challenging and difficult year – contrary to the positive expectation at the beginning of the year. The result was significantly impacted by the logistics crisis in Gabon and the cyclical decrease in sales in the Benelux. The Precious Woods Group recorded consolidated total revenue of USD 43.9 million in 2012 (2011: USD 69 million). The fall in turnover is mainly a result of the transport- and shipping problems in Gabon and the decline in sales at PW Europe. Earnings before interest, tax, depreciation and amortization (EBITDA) amounted to USD –3.8 million in 2012 being in line with estimates from February 2013. This constitutes a worse result to the previous year of USD 1.7 million. The net loss improved by contrast, from USD –21.8 million to USD –17.7 million.

Precious Woods Amazon: positive operational progress

The sales figures in the Brazilian domestic market plummeted by 23% due to increased competition with illegal timber. Thanks to the significant boost in biomass sales and export sales, the sales volume decreased by only 4% to USD 14.2 million. Further improvements were made to reduce costs; in particular productivity was significantly increased, which involved the reduction of 72 staff positions. The conversion of the first saw line as well as further process optimisation had first positive impacts already in the second half of the year. In addition, the last major non-operating assets were successfully sold at profit. The divestment at BK Energia had a negative impact of USD 1.1 million in the segment Brazil. The EBITDA amounts to USD –1.7 million which corresponds to an improvement of USD 0.1 million on the previous year. Yet, from an operational perspective, the operating result improved by USD 4.9 million.

Precious Woods Gabon: logistical constraints affecting the result

The national logistics crisis and its severe negative impacts on the business year 2012 continued throughout the first half of the year and had consequences for large parts of the remaining year because of backlogs. The complete forest and wood sector of the country suffered similarly. The collapse of local log sales, veneer exports and a sharp fall in sales prices was slightly absorbed by a small increase in sawn-timber volumes. The production units had to also face major technical problems on several occasions. Especially the new hard wood sawmill (Bois Divers) still struggled with significant start-up difficulties. The causes of the problems have been identified and some of them have been resolved at once. Nevertheless, the production costs have been reduced above average compared to the reduced sales. PW Gabon's results also remained way below expectations in the second half of the year. Overall, EBITDA amounted to USD –0.8 million in 2012, which corresponds to a painful decrease of USD 7.7 million compared to 2011.

Precious Woods Europe: Unchanged difficult market environment affects business substantively

PW Europe suffered from the weak economy in the Benelux countries and recorded a decline in sales by 36% to USD 13.7 million. Public spending as well as private consumption went further down and led to a recession. Nevertheless, the result has been improved by USD 0.8 million to USD –1.0 million, because the labour costs were reduced by USD 1.5 million.

Carbon & Energy: marked by divestment in BK Energia

In 2012, the business segment Carbon & Energy registered a net turnover of USD 1.9 million (–68% on 2011 as BK Energia was consolidated for only 3 months) and a positive EBITDA of USD 3.5 million, which is USD 1 million above the result of the previous year. By the sale of 40% of the shares in BK



PRECIOUS WOODS

Energia, the indebtedness could be lowered and a long-standing lawsuit solved in Brazil. The reported divestment had a one-off positive effect of around USD 3.4 million on EBITDA.

Corporate activities: great cost reduction

For corporate activities, expenses at EBITDA level have been reduced by USD 4.1 million to USD 3.9 million. Above all, administration, consulting and labour costs have been reduced significantly. These costs will further decrease in 2013. By now, the holding including trading administration consists of less than 8 full-time positions.

Financial result: improved

At USD –4.9 million, the financial result improved USD 8.1 million on the previous year. Due to the lower debt, financing costs have been reduced by USD 2.3 million. At the same time the previous year's result was financially impacted by an impairment of USD 3 million. In 2012, the burden of currency fluctuations was also USD 2.8 million lower.

Precious Woods Holding Ltd: Secured liquidity

On October 2012, the remaining minority of 25% stake in Precious Woods Central America was successfully sold for USD 13.7 million. The capital received by the divestment was primarily used to repay early, two convertible loans with a total nominal value of CHF 7 million and two loans totalling USD 5 million. On the other hand, capital measures were initiated in order to secure liquidity in the medium term as determined by the Board of Directors. Two convertible loans of CHF 2 million each were committed by two investors in the last quarter of the year and the extraordinary General Meeting on 18.12.2012 approved with an overwhelming majority the additional statutory capital increase of CHF 0.3 million. In the meantime, this increase of capital was fully subscribed.

Annual General Meeting 2013

The Annual General Meeting will take place on Wednesday, 22 May 2013, at 3.15 p.m. in the Volkshaus, Stauffacherstrasse 60, Zurich. Invitations to the Annual General Meeting, together with the full agenda and the proposals of the Board of Directors, will be published on 2 May 2013 in the Swiss Official Gazette of Commerce (SOGC) and on the Precious Woods website. The Board of Directors proposes Mr. Werner Fleischmann to be elected as a new Board member.

The full Annual Report is now available for download from the website www.preciouswoods.com.

Information:

Precious Woods Holding AG, Jacqueline Martinoli, Head of Finance / Communications,
Tel. +41 44 245 80 15, Fax +41 44 245 80 12, media@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. Shares of Precious Woods Holding Ltd have been listed on the SIX Swiss Exchange since March 2002. 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.