



Media release

Increased profitability in the sawmills and sales increase despite delivery problems in Gabon

Successful first quarter 2021 with sales and profitability increase

Zug, 5 May 2021 – Precious Woods achieved consolidated net sales of EUR 46.2 million in fiscal year 2020. This was 4.1 % above the previous year's sales (EUR 44.4 million). Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR 5.8 million and repeated the normalized figure from the previous year (EUR 5.9 million). Earnings before interest and taxes (EBIT) amounted to EUR 1.9 million, EUR 0.5 million higher than the previous year (EUR 1.4 million). The net result was EUR -2.2 million (previous year EUR -1.1 million). The income figures were presented in relation to the normalized figures for 2019. The effective figures for 2019 included special effects from the valuation of biomass in Brazil.

In the first quarter 2021 Precious Woods achieved an EBITDA of EUR 4.0 million or a margin of 26.0 % and an EBIT of EUR 3.0 million (19.5 % margin).

Brief overview of the development of the individual areas of activity

	EBITDA margin	EBIT margin
Gabon	13.6 %	1.2 %
Q1/2021	23.1 %	15.1 %
Brazil	31.5 %	26.0 %
Q1/2021	44.0 %	41.2 %
Trading	-16.9 %	-16.9 %
Q1/2021	9.1 %	9.1 %

Volume and sales development

In 2020, we achieved net sales of EUR 46.2 million, an increase by 4.1 % over the previous year (EUR 44.4 million). Currency effects amounted to -2.5 %, volumes increased by 13.5 %, and shifts in the price/product mix impacted sales by -6.9 %. Sales of emission certificates amounted to EUR 0.1 million, as in the previous year.

The exchange rate effects of -2.5 % and the effect of the price/product mix of -6.9 % are primarily due to the sale of sawn timber in the local market in Brazil. Prices in the local market are lower than in the export markets, and the 24 % weaker Brazilian real against the EUR is reflected in the consolidation. Overall, operations in Brazil generated the same sales as in the previous year. In Gabon we achieved an increase in sales of EUR 3.9 million or 14.5 %. This is also due to the fact that the sale of logs from Bambidie to the TGI veneer plant is deemed external sales starting in October 2020. Trading sales in logs and sawn timber from Europe decreased again and, at EUR 2.5 million, were 36.6 % or EUR 1.4 million below the previous year.

In Brazil, the harvest volume for logs was 184 200 m³, 18% higher than in the previous year. The sawmill processed 164 400 m³ of wood, 5.8% more than in the previous year. PW Amazon was once again able to increase yield. This resulted in an 11.5% higher sawn timber production of 38 300 m³ in total (previous year: 34 350 m³). The production year began in mid-January. The annual maintenance work was carried out in stages, and no sawmill operations were interrupted at any time.

In Gabon the harvest volume in 2020 was 250 100 m³, an increase of 5.5% over the previous year (237 100 m³). The sawmills in Bambidie processed 129 900 m³ of logs, an increase of 8.1%. Sawn timber production amounted to 44 600 m³ (previous year: 42 300 m³). In the past, the veneer plant (TGI) repeatedly suffered from the difficult market environment and also from technical problems affecting yield. For these reasons and also because major investments have to be made, we decided to enter into a partnership with the French Groupe Arbor. Precious Woods retains a 49% stake in the new company called "Compagnie des placages de la Lowé" (CPL).

Margin development

Earnings before interest, taxes, depreciation and amortization (EBITDA) was EUR 5.8 million and corresponds to the normalized level of the previous year (EUR 5.9 million). This corresponds to an EBITDA margin of 12.5 % (previous year: 13.2 %). The valuation of biomass in Brazil gave rise to a one-time effect in the previous year, and we reported an EBITDA of EUR 18.4 million (normalized: EUR 5.9 million).

Financial result – increase in working capital

At EUR -3.0 million, the financial result was below the previous year's level of EUR -2.3 million. At the end of the year, net debt was EUR 41.9 million, EUR 0.3 million higher than in the previous year (EUR 41.6 million). The currency effect of EUR -0.1 million was practically at the previous year's level of EUR -0.2 million.

The net loss was EUR 2.2 million compared with a loss of EUR 1.1 million in the previous year. The loss in the first half year could not be made up, but we consider the result to be satisfactory in light of the difficult market situation. The net result with one-time effects was EUR 8.0 million in 2019.

Cash flow from operating activities increased by EUR 2.1 million to EUR 5.9 million. The change in working capital was EUR 1.3 million. Investments in tangible fixed assets amounted to EUR 4.0 million. Cash flow from financing activities was EUR -1.6 million.

Outlook for 2021

Now that the new hardwood sawmill in Gabon has been operating in two shifts since the beginning of the year and production capacity in Brazil has increased again, we expect an increase in sawn timber volumes and improved yield. Harvest volumes will end at the level of 2020. If the delivery situation in Gabon improves, we will be able to reduce our excessively high inventory and achieve a net increase in sales and profitability. Our partnership in the veneer business will also have a positive impact on sales and earnings. Further expansions in the sawmills are coming up, so that we will be able to process higher volumes in 2022 as well. Price increases have been observed in the sales markets since February 2021. All the factors listed above make us confident that we can expect a successful year in 2021.

General Meeting on 27 May 2021

This year's ordinary Annual General Meeting will take place on 27 May 2021 excluding shareholders. The invitation to the General Meeting will be published in the Swiss Official Gazette of Commerce (SOGC) and on the Precious Woods website on 5 May 2021, together with the complete agenda and the proposals by the Board of Directors.

The complete Annual Report is now available for download at www.preciouswoods.com as well as an online version.

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.

Precious Woods Group – Key figures

in thousand EUR

INCOME STATEMENT	2020		2019	
Net sales	46'186	100.0%	44'380	100.0%
Production cost	-19'173	-41.5%	-3'637	-8.2%
Operational contribution	27'013	58.5%	40'743	91.8%
Labour cost	-19'131	-41.4%	-20'741	-46.7%
Other operating cost	-1'759	-3.8%	-1'990	-4.5%
Share on associates	-354	-0.8%	438	1.0%
EBITDA	5'769	12.5%	18'450	41.6%
Depreciation and amortization	-3'882	-8.4%	-4'494	-10.1%
EBIT	1'887	4.1%	13'956	31.4%
Financial result	-2'957	-6.4%	-2'345	-5.3%
EBT	-1'070	-2.3%	11'611	26.2%
Income taxes	-1'111	-2.4%	-3'638	-8.2%
Net result	-2'181	-4.7%	7'973	18.0%

in thousand EUR

BALANCE SHEET	31.12.2020		31.12.2019	
Current assets	27'015	24.7%	31'697	24.2%
Non-current assets	82'428	75.3%	99'379	75.8%
TOTAL ASSETS	109'443	100.0%	131'076	100.0%
Current liabilities	20'902	19.1%	23'399	17.9%
Non-current liabilities	49'232	45.0%	52'573	40.1%
Equity	39'309	35.9%	55'104	42.0%
TOTAL LIABILITIES & EQUITY	109'443	100.0%	131'076	100.0%