



Media release

Increased profitability, but decline in sales due to delivery problems

Zug, 17 April 2020 – Precious Woods achieved consolidated net sales of EUR 44.4 million in fiscal year 2019. This was 4.2 % below the previous year's sales (EUR 46.3 million). Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR 18.4 million and EUR 5.9 million on a normalized level (previous year: EUR 5.1 million). Earnings before interest and taxes (EBIT) amounted to EUR 14.0 million and EUR 1.4 million on a normalized level (previous year: EUR 1.7 million). The net result was EUR 8.0 million and EUR -1.1 million on a normalized level (previous year: EUR -1.7 million).

Brief overview of the development of the individual areas of activity

- Gabon: EBITDA margin of 18.5 %, EBIT margin of 6.2 %
- Brazil: EBITDA margin of 122.3 %, EBIT margin of 113.8 %
normalized: 21.0 % and 12.7 %
- Trading: EBITDA and EBIT margin of 2.5 %

Volume and sales development

The net sales in 2019 amounted to EUR 44.4 million, which is 4.2 % less than in the previous year (EUR 46.3 million). Currency effects amounted to 0.1 %, volumes fell by 5.2 %, and shifts in the price/product mix impacted sales by -1.0 %. While no emission certificates were sold in the previous year, sales in emission certificates amounted to EUR 0.1 million in the reporting year.

Due to several difficulties, we recorded a decline in sales from Gabon in 2019 of about EUR 2.2 million or 7.6% less than the previous year. In contrast, sales from Brazil increased by EUR 0.4 million or 3.2%. Trading sales in logs and sawn timber from Europe decreased by 15.6 % from the previous year, given that demand – especially from China – was not great.

In Brazil, the harvest volume was 156 100 m³, 1.1 % more than in the previous year. The sawmill processed 155 300 m³ of logs, 27.5 % more than in the previous year. PW Amazon was once again able to increase yield. This resulted in a 33.0 % higher sawn timber production of 34 350 m³ (previous year: 25 820 m³). The production year began in mid-January. The annual maintenance work could be carried out as scheduled and staggered throughout the year, so that production was only marginally restricted.

In Gabon, the harvest volume in 2019 was 237 100 m³, a decline of 2.6 % from the previous year (243 500 m³). The sawmills in Bambidie processed 120 200 m³ of logs, a reduction of 3.8 %. Sawn timber production amounted to 42 300 m³ (previous year: 41 750 m³). Government action against the illegal timber trade and corruption made delivery more difficult in the first half of the year. In addition, the at times insufficient rail capacity made it difficult to deliver logs and sawn timber to Libreville and to

supply diesel to Bambidie. As a consequence, our operations could no longer be maintained for over a month, given that both our motor vehicles and machines and the installed power generators run on diesel. The veneer plant (TGI) processed 48 700 m³ (previous year: 54 600 m³) with increased yield. Overall, the production volume of veneer decreased by 16.7 % in 2019.

Margin increase and one-off effect through biomass valuation

Earnings before interest, taxes, depreciation and amortization (EBITDA) on a normalized basis amounted to EUR 5.9 million, which was EUR 0.8 million or 15.0 % higher than in the previous year (EUR 5.1 million). This corresponds to an EBITDA margin of 13.2 % (previous year: 11.0 %). With the valuation of the biomass in Brazil a one-time effect resulted and the EBITDA amounted to EUR 18.4 million.

Financial result – increase in working capital

At EUR -2.3 million, the financial result was below the previous year's figure of EUR -2.8 million. At the end of the year, net debt was significantly higher; on average we did not record a significant increase and in some cases, we were able to refinance ourselves more cheaply. At EUR -0.2 million, the currency effect was practically at the previous year's level of EUR -0.3 million. Net debt was EUR 7.2 million higher than in the previous year and amounted to EUR 41.6 million (previous year: EUR 34.4 million).

The net profit amounted to EUR 8.0 million compared with a loss of EUR 1.7 million in the previous year. This net profit was significantly influenced by the valuation of biomass, which could not be performed in the past due to a lack of basis for the valuation. The net result purely from operating activities was EUR -1.1 million (previous year: EUR -1.7 million).

Cash flow from operating activities increased by EUR 0.5 million to EUR 3.8 million. The change in working capital was EUR -0.3 million. Investments in tangible fixed assets amounted to EUR 4.7 million. Cash flow from financing activities was EUR 0.6 million.

Outlook for 2020

Production capacity was expanded in Brazil, and will be increased in Gabon. In addition, we do expect higher yields. This will result in higher sales and an increase in profitability if we should not suffer massively from the effects of COVID 19.

General Meeting on 14 May 2020

This year's ordinary Annual General Meeting will take place on 14 May 2020 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 17 April 2020, together with the complete agenda and the proposals by the Board of Directors.

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

Information:

Katharina Lehmann (Chairwoman) and Markus Brüttsch (CEO/CFO and Delegate)
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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	2019		2018	
Net sales	44'380	100.0%	46'349	100.0%
Production cost	-3'637	-8.2%	-18'714	-40.4%
Operational contribution	40'743	91.8%	27'636	59.6%
Labour cost	-20'741	-46.7%	-19'352	-41.8%
Other operating cost	-1'990	-4.5%	-3'444	-7.4%
Share on associates	438	1.0%	270	0.6%
EBITDA	18'450	41.6%	5'111	11.0%
Depreciation and amortization	-4'494	-10.1%	-3'416	-7.4%
EBIT	13'956	31.4%	1'695	3.7%
Financial result	-2'345	-5.3%	-2'751	-5.9%
EBT	11'611	26.2%	-1'056	-2.3%
Income taxes	-3'638	-8.2%	-661	-1.4%
Net result	7'973	18.0%	-1'717	-3.7%

in thousand EUR

BALANCE SHEET	31.12.2019		31.12.2018	
Current assets	31'697	24.2%	30'600	41.7%
Non-current assets	99'378	75.8%	42'835	58.3%
TOTAL ASSETS	131'076	100.0%	73'435	100.0%
Current liabilities	23'399	17.9%	26'563	36.2%
Non-current liabilities	52'573	40.1%	31'017	42.2%
Equity	55'104	42.0%	15'855	21.6%
TOTAL LIABILITIES & EQUITY	131'076	100.0%	73'435	100.0%