



Media release

Sales increase – but extraordinary events and charges in 2018

- Group: 3.0 % higher sales and EBITDA of EUR 5.1 million. This corresponds to an EBITDA margin of 11.0 %. EBIT of EUR 1.7 million, corresponding to an EBIT margin of 3.7 %. Net loss at the Group level is EUR 1.7 million.
 - Gabon: EBITDA margin of 18.9 %, EBIT margin of 8.6 %
 - Brazil: EBITDA margin of 12.4 %, EBIT margin of 9.3 %
 - Trading: EBITDA and EBIT margin of 9.3 %
- Outlook for 2019: Sales increase of 3 – 7 %, higher yield, increased profitability

Zug, 18 April 2019 – Precious Woods achieved consolidated net sales of EUR 46.3 million in fiscal year 2018. This was 3.0 % higher than in the previous year (EUR 45.0 million). Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR 5.1 million (previous year: EUR 8.2 million). Earnings before interest and taxes (EBIT) amounted to EUR 1.7 million (previous year: EUR 3.5 million). The net result amounted to EUR -1.7 million (previous year EUR 1.6 million). Earnings were affected by one-off expenses of about EUR 1.0 million, and a margin of around EUR 3.0 million will only be realized in 2019.

Volume and sales development

The net sales in 2018 amounted to EUR 46.3 million, which is 3.0 % higher than the previous year's sales of EUR 45.0 million. Currency effects amounted to -1.0 %, volumes increased by 2.9 %, and shifts in the price/product mix contributed 2.0 % to sales. Emission certificates were not settled in the reporting year. Inventories not delivered at the end of the year amounted to about EUR 3 million, which represents an increased capital commitment but also a lack of margins. Starting September 2018, regular shipments from the port of Gabon were no longer possible. These sales will only be realized in 2019.

Due to delivery delays, we recorded a decline in sales from Gabon of about EUR 1.4 million. In contrast, sales from Brazil rose by EUR 3.1 million. Trading sales in logs and sawn timber from Europe increased by 5.6 % over the previous year.

In Brazil, the production volume of sawn timber was 14.4 % higher than in the previous year, and yield was increased by 2.4 percentage points. Sales increased by 31.9 % as a result of the additional reduction in inventory of finished goods. The disproportionately low development of local costs and a positive exchange rate effect of about 12 % led to a significant improvement in earnings. However, the result was negatively impacted by one-off legal charges of about EUR 1 million. These legal cases originated in the years 2008-2013.

In Gabon, in the sawmills, 0.8 % fewer logs were processed, and a total of 6.7 % less sawn timber was produced. The reason for this was an unscheduled three-week production interruption in November/December because two storms affected our infrastructure in Bambidie.

In the veneer plant in Gabon, production volume fell by 5.0 %, and sales were 4.5 % lower than in the previous year.

Extraordinary events affected margins

Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR 5.1 million, which was EUR 3.1 million or 37.7 % lower than in the previous year (EUR 8.2 million). This corresponds to an EBITDA margin of 11.0 % (previous year: 18.2 %).

Financial result – increase in working capital

At EUR -2.8 million, the financial result was significantly below the previous year's figure of EUR -1.8 million. New loans had to be taken out to finance investments but also working capital. However, the greatest impact on the result came from exchange rates. In 2017 we recorded a positive currency effect of EUR 0.9 million, while in 2018 the account was affected by a negative impact of EUR -0.3 million. This represents a change of EUR -1.2 million. Net debt was EUR 3.2 million higher than in the previous year and amounted to EUR 34.4 million. Loans increased by EUR 0.9 million due to exchange rates.

The net loss amounted to EUR 1.7 million, compared with the previous year's profit of EUR 1.6 million.

Cash flow from operating activities reduced by EUR -0.1 million to EUR 3.3 million. The change in working capital was EUR -1.9 million. Investments in tangible fixed assets amounted to EUR 3.5 million. Cash flow from financing activities was EUR 0.9 million.

Outlook for 2019

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 a disproportionate increase in profitability.

General Meeting on 16 May 2019

This year's ordinary Annual General Meeting will take place on 16 May 2019 in the Hotel Krone Zurich. The invitation to the General Meeting will be published in the Swiss Official Gazette of Commerce (SOGC) and on the Precious Woods website on 18 April 2019, 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	2018		2017	
Net sales	46'349	100.0%	44'997	100.0%
Production cost	-18'713	-40.4%	-15'395	-34.2%
Operational contribution	27'636	59.6%	29'602	65.8%
Labour cost	-19'351	-41.8%	-19'076	-42.4%
Other operating cost	-3'444	-7.4%	-2'362	-5.2%
Share on associates	270	0.6%	46	0.1%
EBITDA	5'111	11.0%	8'210	18.2%
Depreciation and amortization	-3'416	-7.4%	-4'681	-10.4%
EBIT	1'695	3.7%	3'529	7.8%
Financial result	-2'751	-5.9%	-1'755	-3.9%
EBT	-1'056	-2.3%	1'774	3.9%
Income taxes	-661	-1.4%	-131	-0.3%
Net result	-1'717	-3.7%	1'643	3.7%

in thousand EUR

BALANCE SHEET	31.12.2018		31.12.2017	
Current assets	30'160	41.1%	27'980	39.2%
Non-current assets	43'275	58.9%	43'425	60.8%
TOTAL ASSETS	73'435	100.0%	71'405	100.0%
Current liabilities	26'563	36.2%	22'154	31.0%
Non-current liabilities	31'017	42.2%	29'156	40.8%
Equity	15'855	21.6%	20'095	28.1%
TOTAL LIABILITIES & EQUITY	73'435	100.0%	71'405	100.0%