



Media release

Precious Woods improved results

- Group: 3.8% higher sales at constant exchange rates; currency-related decline in sales by 0.8%; EBITDA of EUR 6.9 million corresponding to a EBITDA margin of 16.7%; positive operating profit (EBIT) of EUR 1.6 million
- Gabon: EBITDA margin of 26.7%, EBIT margin of 9.5%
- Brazil: EBITDA margin of 11.7%, EBIT margin of 8.5%
- Outlook for 2017: Higher production and sales volumes, significant increase in EBIT; positive net result

Zug, 24 April 2017 – The Precious Woods Group achieved in 2016 net sales of EUR 41.3 million and thus 3.3 % higher than the previous year sales of EUR 40.0 million. The negative exchange rate effect was only 0.5 %. Earnings before interest, taxes, depreciation, and amortization (EBITDA) increased by approximatively 14% to EUR 6.9 million in 2016 (previous year: EUR 6.1 million). Earnings before interest and taxes (EBIT) reached EUR 1.6 million (previous year: EUR 0.9 million), which represents an increase of 86.5 %. The net loss was EUR –2.8 million (previous year: EUR –4.3 million). For 2017, Precious Woods expects higher production and sales volumes and positive net result.

The annual report will be presented in euros for the first time. We have decided to change our presentation currency from USD to EUR because most of our sales are realized in EUR, and because the CFA franc (XAF) is tied to the EUR and thus most of the costs in Gabon are also incurred in EUR.

Development of volume and sales

In 2016 the Precious Woods Group achieved net sales of EUR 41.3 million, 3.3 % higher than the previous year sales of EUR 40.0 million. The negative impact of the exchange rate development was only –0.5 %. The increase in sold volume was 15.6 %. Lower sales prices, a change of the product mix as well as a two months strike of the customs officials had a negative impact on sales (–13.6 %).

Because of lower prices, export sales from **Brazil** fell by 6.7 %, but local sales from biomass increased by 54.2 %. Overall, sales grew by 3.3 %. In **Gabon**, sales raised by 7.4 % despite negative price development. **Trading** sales in logs and sawn timber from Europe fell by 32.8 % in the reporting year compared with the previous year.

In Brazil, the production volumes increased by 20 %. However, a strike of the customs officials in November and December 2016 made it impossible to deliver in a timely manner. The missed sales could only be realized in the beginning of 2017. Yield also decreased from 21 % to 18 %, corresponding to a loss of about 15 %. This was mainly due to the mix of the 45 different timber species PW harvests each year. Net sales reached EUR 10.6 million (previous year: EUR 10.2 million).

In Gabon, 6.7 % more logs were processed in the sawmills. However, the average yield was 32 %, 5 percentage points lower than in the previous year. Apart from several

technical factors, the diversity of species of wood and the products contributed to this result. In our veneer plant (TGI) in Gabon, all necessary maintenance work was concluded, production processes were optimized, and the yield increased to 52 %. This meant 10 % more sales with rising sales prices. Net sales amounted to EUR 28.6 million (previous year: EUR 26.6 million).

Operational progresses - improved margins

In 2016 an EBITDA of EUR 6.9 million was generated (previous year: EUR 6.1 million). This corresponds to a margin of 16.7 % (previous year: 15.2 %). A significant reason for this increase was the operational contribution of EUR 0.6 million.

Capital increases – higher working capital

At EUR –4.4 million, the financial result was 7.9 % lower than in the previous year. Apart from costs relating to two capital increases undertaken in 2016, additional costs in Brazil resulting from the conversion of a loan from EUR to BRL had a negative effect on the result. Average net debt was about EUR 30 million, which remains within the range of the previous year. Capital tied up in the finished goods warehouse ended up about EUR 2 million higher than in the previous year.

The net result shows a significant reduced loss of EUR 2.8 million (previous year EUR –4.3 million) compared to previous year.

The cash flow from operating activities was EUR 2.2 million, EUR 1.8 million lower than in the previous year. The change in working capital in the amount of EUR –3.4 million led to this decline. Investments in tangible fixed assets were EUR 2.2 million. The net cash flow from financing activities amounted to EUR –2.1 million.

Outlook

Due to rising harvest and production volumes, Precious Woods expects a significant increase in sales for the current year and a further improvement of operating profit (EBIT) and a positive net result.

General Meeting on 18 May 2017

This year's ordinary General Meeting will take place on 18 May 2017 in Zurich. The invitation to the General Meeting will be published together with the complete agenda and the proposals of the Board of Directors on 25 April 2017 in the Swiss Official Gazette of Commerce (SOGC) and on the Precious Woods website.

During the Annual General Meeting the Board of Directors will be elected. As Ernst A. Brugger reached the statutory age limit he can no longer be elected. The existing board members Katharina Lehmann, Robert Hunink and Jürgen Blaser have agreed to be available for the re-election. The Board of Directors proposes for election also Kurt Lüscher and Markus Brütsch as additional board members. Katharina Lehmann will act as Chairwoman and Markus Brütsch as Delegate of the Board of Directors in addition to his responsibility as CEO and CFO. Precious Woods would like to take this opportunity to thank Ernst A. Brugger for his long-standing and great commitment to PW group and we are delighted that he will stay linked to PW also in the future. His achievements will be duly acknowledged at the General Meeting.

The full Annual Report is available for download effective immediately 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 thousand EUR

| INCOME STATEMENT | 2016 | | 2015 | |
|---------------------------------|---------------|---------------|---------------|---------------|
| Net sales | 41'319 | 100.0% | 39'994 | 100.0% |
| Production cost | -15'580 | -37.7% | -14'887 | -37.2% |
| Operational contribution | 25'739 | 62.3% | 25'107 | 62.8% |
| Labour cost | -17'357 | -42.0% | -15'622 | -39.1% |
| Other operating cost | -1'828 | -4.4% | -3'303 | -8.3% |
| Share on associates | 335 | 0.8% | -122 | -0.3% |
| EBITDA | 6'889 | 16.7% | 6'060 | 15.2% |
| Depreciation and amortization | -5'277 | -12.8% | -5'195 | -13.0% |
| EBIT | 1'612 | 3.9% | 865 | 2.2% |
| Financial result | -4'364 | -10.6% | -4'740 | -11.9% |
| EBT | -2'751 | -6.7% | -3'875 | -9.7% |
| Income taxes | -1 | 0.0% | -390 | -1.0% |
| Net result | -2'752 | -6.7% | -4'265 | -10.7% |

in 1'000 EUR

| BALANCE SHEET | 31.12.16 | | 31.12.15 | |
|---------------------------------------|-----------------|---------------|-----------------|---------------|
| Current assets | 25'089 | 36.2% | 22'466 | 34.4% |
| Non-current assets | 44'200 | 63.8% | 42'836 | 65.6% |
| TOTAL ASSETS | 69'289 | 100.0% | 65'302 | 100.0% |
| Current liabilities | 24'664 | 35.6% | 28'982 | 44.4% |
| Non-current liabilities | 25'185 | 36.3% | 24'492 | 37.5% |
| Equity | 19'440 | 28.1% | 11'828 | 18.1% |
| TOTAL LIABILITIES & EQUITY | 69'289 | 100.0% | 65'302 | 100.0% |