



## Media release

### Precious Woods achieves sales growth and striking earnings growth

- Group: 8.9 % higher sales and EBITDA of EUR 8.2 million. This corresponds to an EBITDA margin of 18.2 %. EBIT of EUR 3.5 million, corresponding to an EBIT margin of 7.8 %. Net profit at the Group level is EUR 1.6 million.
  - Gabon: EBITDA margin of 32.4 %, EBIT margin of 18.6 %
  - Brazil: EBITDA margin of 1.2 %, EBIT margin of -3.2 %
  - Trading: EBITDA and EBIT margin of 11.3 %
- Outlook for 2018: Higher production and sales volume while keeping net result at least the same

**Zug, 25 April 2018 – Precious Woods achieved consolidated net sales of EUR 45.0 million in fiscal year 2017. This was 8.9 % higher than in the previous year (EUR 41.3 million). Earnings before interest, taxes, depreciation and amortization (EBITDA) increased by 19.2 % to EUR 8.2 million (previous year: EUR 6.9 million). Earnings before interest and taxes (EBIT) amounted to EUR 3.5 million, more than twice as high as in the previous year (EUR 1.6 million). The net result amounted to EUR 1.6 million, which represents an increase of EUR 4.4 million (previous year: EUR -2.8 million). Precious Woods expects rising production and sales volumes for 2018 and a confirmation of its positive net result.**

#### Volume and sales development

The net sales achieved in 2017 amounted to EUR 45.0 million, which is 8.9 % higher than the previous year's sales of EUR 41.3 million. This was achieved primarily through a 10 % increase in sales volumes. The impact of the price/product mix and currencies was only -0.4 %.

The increase in sales would have been even higher if all goods could have been shipped by the end of the year. Infrastructure difficulties in Gabon and a far-reaching inspection of the port in Manaus (Brazil) hindered shipping of sawn timber, but not production capacity.

Sales from Brazil fell by EUR 0.7 million as a result of the delivery difficulties, while in Gabon we achieved an increase of 7.3 % in sales. Trading sales in logs and sawn timber from Europe even increased by 111.1 % over the previous year to EUR 4.4 million.

In Brazil, the production volume was 5.6 % lower than in the previous year. The yield was increased by 1 percentage point. Net sales reached EUR 9.9 million (previous year: EUR 10.6 million). A large-scale campaign against the illegal trade in sawn timber blocked all deliveries at the Port of Manaus, unfortunately also our certified products, so that hardly any containers were shipped in December. This resulted in lower sales and higher working capital. These disruptions lasted until mid-March 2018. The local currency (BRL) appreciated by about 10 % against the euro. Virtually all costs are incurred in BRL, which resulted in a negative impact on the income statement. This could not be offset by sales volumes or price adjustments.

In Gabon, 1.4 % more logs were processed in the sawmills (CEB), and yield was increased by 3.8 percentage points. This resulted in sawn timber production that was 13.6 % higher than in the previous year. In our veneer plant (TGI), the production volume fell by 3.6 %. From September 2017 to mid-January 2018, production had to be reduced from 3-shift production to 2-shift production due to changed market conditions. Net sales from activities in Gabon amounted to EUR 30.7 million (previous year: EUR 28.6 million).

### **Significantly increased margins**

Earnings before interest, taxes, depreciation, and amortization (EBITDA) amounted to EUR 8.2 million, which was EUR 1.3 million or 19.2 % above the previous year (EUR 6.9 million). This corresponds to an EBITDA margin of 18.2 % (previous year: 16.7 %).

### **Financial result – increase in working capital**

At EUR -1.8 million, the financial result was significantly lower than the previous year's figure of EUR -4.4 million. In addition to the repayment of more expensive loans, the currency effect made a contribution to this. While the currency effect in the previous year was EUR -0.1 million, it amounted to EUR 0.9 million in fiscal year 2017. Net debt was within the range of the previous year, given that net working capital increased by EUR 4.1 million due to higher volumes in stock.

Net profit reached EUR 1.6 million, an improvement of EUR 4.4 million (previous year: EUR -2.8 million). The net profit margin was 3.7 %.

Cash flow from operating activities was EUR 3.4 million and thus EUR 1.2 million higher than in the previous year. The change in working capital of EUR -3.6 million contributed negatively. Investments in tangible fixed assets amounted to EUR 2.2 million. Net cash flow from financing activities was EUR -0.2 million.

### **Outlook for 2018**

Thanks to good demand as well as higher harvest and production volumes, Precious Woods expects a further increase in sales for the current year as well as further improvement in EBIT and the net result.

### **General Meeting on 17 May 2018**

This year's ordinary Annual General Meeting will take place on 17 May 2018 in the Volkshaus 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 25 April 2018, 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](http://www.preciouswoods.com).

**Information:**

Katharina Lehmann (Chairwoman) and Markus Brüttsch (CEO/CFO and Delegate)

Tel. +41 41 726 13 13, investor@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. Additional information about Precious Woods can be found at [www.preciouswoods.com](http://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	2017		2016	
<b>Net sales</b>	<b>44'997</b>	<b>100.0%</b>	<b>41'319</b>	<b>100.0%</b>
Production cost	-15'395	-34.2%	-15'580	-37.7%
<b>Operational contribution</b>	<b>29'602</b>	<b>65.8%</b>	<b>25'739</b>	<b>62.3%</b>
Labour cost	-19'076	-42.4%	-17'357	-42.0%
Other operating cost	-2'362	-5.2%	-1'828	-4.4%
Share on associates	46	0.1%	335	0.8%
<b>EBITDA</b>	<b>8'210</b>	<b>18.2%</b>	<b>6'889</b>	<b>16.7%</b>
Depreciation and amortization	-4'681	-10.4%	-5'277	-12.8%
<b>EBIT</b>	<b>3'529</b>	<b>7.8%</b>	<b>1'612</b>	<b>3.9%</b>
Financial result	-1'755	-3.9%	-4'363	-10.6%
<b>EBT</b>	<b>1'774</b>	<b>3.9%</b>	<b>-2'751</b>	<b>-6.7%</b>
Income taxes	-131	-0.3%	-1	0.0%
<b>Net result</b>	<b>1'643</b>	<b>3.7%</b>	<b>-2'752</b>	<b>-6.7%</b>

in thousand EUR

BALANCE SHEET	31.12.2017		31.12.2016	
Current assets	27'980	39.2%	25'089	36.2%
Non-current assets	43'425	60.8%	44'200	63.8%
<b>TOTAL ASSETS</b>	<b>71'405</b>	<b>100.0%</b>	<b>69'289</b>	<b>100.0%</b>
Current liabilities	22'154	31.0%	24'664	35.6%
Non-current liabilities	29'156	40.8%	25'185	36.3%
Equity	20'095	28.1%	19'440	28.1%
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>71'405</b>	<b>100.0%</b>	<b>69'289</b>	<b>100.0%</b>