



Media release

Positive development of the Precious Woods group continuous

- **Group:** Net sales of USD 22.6 million; EBITDA of USD 2.9 million; EBIT of USD 0.2 million; positive operating cash flow
- **Gabon:** higher productivity with highly enhanced operating profit
- **Brazil:** slight decrease in sales, increased positive EBITDA
- **Europe:** Discontinuing of Precious Woods Europe finished, trading with European round wood started
- **Currency impact:** Remarkable currency impact in the income statement and balance sheet
- **Outlook for 2015:** Slight sales growth in USD, positive EBIT, clearly positive operating cash flow

Zug, 25 August 2015 – The first half-year 2015 concludes with positive earnings before interest and taxes (EBIT) of USD 0.2 million, USD 3.7 million higher than the same period in the previous year. Both the Brazilian company and the operations in Gabon achieved significant increases in productivity and earnings. Further costs were reduced in the Holding. Thanks to this positive development in all areas, the cash situation has also improved. In the consolidated accounts, the strong Swiss franc and the depreciation of the euro and the Brazilian real are reflected primarily in the comparison of sales, the financial result, and the balance sheet.

Income strengthening in all areas - higher productivity at lower fixed costs

The net sales of the Precious Woods Group in the first half-year 2015 were USD 22.6 million and thus 11.7% below the same period in the previous year (USD 25.6 million). Calculated at constant exchange rates, sales growth was 5.1%. While the saw mills in Gabon achieved sales increases of 18.4%, sales in the veneer plant fell by 41.1% compared with the previous year period. This decline was due to a 6-week planned service interruption and comparatively high sales in the previous year period. However sales were within the expected range. In Brazil, sales were 9.3% below the previous year. The negative currency exchange effect was 16.1% on a consolidated basis.

The gross profit was USD 13.0 million and thus slightly higher than the previous year (USD 12.9 million). The gross profit margin was 57.6%, compared with 50.4% in the previous year. The significant positive change can be explained with reference to the optimization measures that were implemented at all locations. Earnings before interest, taxes, depreciation, and amortization (EBITDA) amounted to USD 2.9 million, USD 2.6 million higher than the previous year (USD 0.3 million). Earnings before income and taxes (EBIT) amounted to USD 0.2 million (previous year: USD -3.5 million).

The **financial result** was USD –4.3 million (previous year: USD –2.4 million). The pure interest charge was USD 1.6 million (previous year: USD 2.7 million). While the exchange rate losses in the previous year amounted to USD 0.4 million, they reached USD 2.7 million in the reporting period. This ultimately resulted in a net loss of USD 4.1 million (previous year: USD 5.9 million). Part of the foreign exchange adjustments were made directly via equity and not via the income statement. For that reason, equity at the end of the reporting period was USD 11.1 million or USD 9.1 million lower than at the end of the year. The equity ratio ended up at 15.3%, compared with 23.2% on 31 December 2014.

In **Gabon** further process optimizations were achieved. Net sales amounted to USD 14.9 million compared to the last year of USD 17.4 million. The decline in sales is due to exchange rate differences in EUR:USD. There were no notable interruptions in logistics in the first half-year 2015 so an increase of EBITDA from USD 2.2 million in previous year to USD 3.6 million was achieved in Precious Woods Gabon.

In **Brazil** net sales amounted to USD 5.9 million approximately USD 0.6 million lower than last year. Cost savings and further production optimizations nevertheless allowed Precious Woods Amazon to increase EBITDA by USD 0.2 million up to USD 0.5 million.

The subsidiary in **Holland** has been completely shut down on March 31, 2015. Trade with European certified round wood was taken up. Further cost savings at holding company level also contributed to the positive development

The trading with **emission certificates** from production in 2014 is expected to occur until the second half 2015, that is why this segment shows no income in the period under review.

High net debt

Net debt amounted to USD 43.1 million compared to year end 2014 with USD 42.6 million slightly higher due to exchange rate effects. Due to the high debt and corresponding interest burden, Precious Woods is planning an important increase in equity. The goal is to reduce the burden on the income statement and to achieve reasonable financing of growth. Information on the planned activities will be communicated in due course.

Outlook for 2015

We are maintaining our guidance for slight sales growth with positive EBIT and increased cash flow, although the markets worsened shortly after the interim financial statement. All of the currency exchange effects on the balance sheet are already apparent in the interim financial statement, which is why we do not expect any major changes in this regard if the exchange rates stay at this level.

The full Half-Year Report is available for download effective immediately at the website www.preciouswoods.com.

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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.