



Media release

Precious Woods reports significantly improved and positive operating profit

- **Group:** Rise in net sales by 3.9% to USD 47.1 million; positive EBITDA of USD 3.7 million; positive operating cash flow
- **Gabon:** 29.5% higher sales and clearly positive EBITDA, also thanks to investments of the previous years
- **Brazil:** Slightly lower sales after transition to B2B model, positive EBIT
- **Europe:** Transition to direct sales and closure of Precious Woods Europe
- **Outlook for 2015:** Slight sales growth in USD, positive EBIT, clearly positive operating cash flow

Zug, 28 April 2015 – In the 2014 business year, the Precious Woods Group achieved a 3.9% rise in net sales to USD 47.1 million, positive EBITDA of USD 3.7 million, and operating cash flow of USD 1.1 million. Increases in production, operational optimizations, and savings in all segments made this gratifying result possible.

Operational improvements in Gabon and Brazil, cost savings in Europe and at the Holding

The increase in sales to USD 47.1 million is made up of a rise in sales in Gabon by 29.5%, a decline in sales in Brazil by 5.1%, and a strong drop in sales in Europe. Without the inventory sales in Europe at the end of 2013, sales growth would have been about 10.6% over the previous year. The trade in emissions certificates from energy production in 2013 resulted in net sales of USD 0.5 million, compared with USD 1.7 million in the previous year (sale of 3-year production).

The sawn timber production volume in the Amazon rose by 4.4% over the previous year. The difference from the sales decline of 5.1% is due to the increase in inventory, which became necessary after the elimination of the local sawn timber warehouse in the Netherlands. The veneer plant in Gabon increased its production by 26.8%. Significant influences here included the increase in efficiency as well as the nearly two-month strike at the beginning of 2013. The sawmills in Gabon increased sawn timber production by 13.2%. This was primarily due to the investments that became operational before the beginning of the year.

In Europe, the transition of the sales structure to direct timber trading and the associated closure of Precious Woods Europe as well as cost savings at the Holding level resulted in significantly lower costs.

Positive EBITDA of USD 3.7 million was generated in 2014. This corresponds to an increase of USD 12.5 million over the previous year (previous year: USD -8.8 million). In addition to the improvements in the operational contribution amounting to USD 8.8 million, personnel expenses in the amount of USD 0.5 million were saved in production, USD 1.3 million in administration, and an additional USD 0.9 million in other operational expenses.

It is gratifying that EBITDA increased strongly in both production countries. This result could have been even better if the necessary investments could have been made in a timely manner, but this was not possible due to the financial bottleneck.

Slight reduction of debt

After the striking sales growth in the first half of 2014, the commitment of current assets calmed down in the second half and stabilized at the level of the previous year. The operating cash flow was USD 1.1 million, about USD 3.8 million higher than in the previous year. In the first quarter of 2014, the shares in the Dutch company GWW specialized in hydraulic engineering were sold, which led to positive cash flow from investing activities of USD 1.3 million. Net debt was reduced by nearly USD 3.8 million. Due to another loss in the reporting year, the equity ratio fell to 23.2%. The refinancing of convertible loans in the amount of CHF 17 million as of the end of the year was successfully completed at the beginning of 2015.

Outlook for 2015

Due to exchange rate effects, stable sales in USD are expected; in local currencies, double-digit sales growth in % is expected especially in Brazil and high single-digit sales growth in Gabon. At the EBIT level, we expect at least a balanced result and thus a corresponding increase in EBITDA. Our financing efforts will be increased to attain higher equity in order to reduce our high interest burden.

General Meeting on 20 May 2015

This year's ordinary General Meeting will take place on 20 May 2015 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 28 April 2015 in the Swiss Official Gazette of Commerce (SOGC) and on the Precious Woods website.

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.