

# Woodbois Limited - Q4 2022 update

1/12/2023

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Woodbois Limited

12 January 2023

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 which forms part of UK law by virtue of the European Union (Withdrawal) Act 2018 ("MAR").

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Woodbois Limited

("Woodbois", the "Group" or the "Company")

Q4 Update

### Financial (preliminary and unaudited)

- \$23.1m total revenue FY 2022 vs \$17.5m FY 2021, a 32% increase.
- FY 2022 gross profit up 69% to \$5.9m vs FY 2021 of \$3.5m.
- FY 2022 gross profit margin increased to 25% vs 20% in FY 2021.
- FY 2022 EBITDAS<sup>(i)</sup> of >\$3m was >3x the \$1.0m in FY 2021.
- Finance charge of \$1m for FY 2022 vs \$0.6m for FY 2021.
- Q4 2022 revenue rose 25% to \$6m vs \$4.8m in Q4 2021.
- Cash balance of \$2.3m as at 31st December 2022.
- Period end working capital<sup>(ii)</sup> of \$10.1m, of which inventory was \$4.6m and excluding bank and other loans of \$14.3m.

### Operational

- 2022 sawn timber production of approximately 18,600m<sup>3</sup>, a 42% increase year-on-year ("YOY").
- 2022 veneer production of approximately 5,200m<sup>3</sup>, a 38% increase YOY.
- Installation of second veneer line completed during H2 2022, with further volume increase expected in 2023.
- First afforestation application: decision awaited.
- In Mozambique, conditions remain challenging and the Group continues to review its strategic options.
- The search for a further independent non-executive director is in progress.

### Reflections on 2022 and outlook for 2023

2022 marked another solid year of progress for the Group with increased levels of production at both factories in Gabon resulting in an unaudited revenue increase of 32% to \$23.1m and a 69% rise in Gross Profit to \$5.9m. EBITDAS increased by more than 3x.

Sawn timber provided the largest contribution to the growth of revenues with the

investment made in plant and machinery in our sawmill over the last three years reflected in consistently higher levels of production. The contribution from sales of veneer was more muted owing to logistical delays in the commissioning of the second production line, completed in H2 2022. The shortfall in expected veneer revenue was partially made up by log sales to other veneer producers in Gabon.

Our focus on higher value-add products and markets, in combination with the gradual decline in shipping costs throughout the year, allowed an improvement in gross profit margins to 25%, up from 20% in 2021.

We dealt with a number of challenges during 2022, including an increase in the cost and, at times, limited supplies of diesel, as well as a later and heavier than usual rainy season severely affecting forestry operations and transportation of raw material. The latter led to us shutting our factories two weeks earlier than planned at the beginning of December. Normal operations have resumed on time in January.

In 2023 our overriding priority is to generate consistent, positive cash flow from our substantial forestry assets to ensure that we continue to grow the business and meet any debt repayments. The scale at which we are able to grow and generate net cash in the immediate future will be partially subject to external economic conditions, which we continue to monitor closely and respond to.

We will continue to invest in delivering further operational productivity improvements, development of our in-house systems to optimise sales of our own products and working towards our FSC certification, which will continue to be a high priority and for which we are currently more than 60% complete. The investment and work that has been undertaken to this point provide grounds for optimism that the Company will deliver further improvements in profitability.

### **Carbon division**

Having attended COP27 as part of Gabon's delegation, the Company remains in close

contact with the relevant ministries in Gabon regarding our application for our first large-scale afforestation project. An initial, limited pilot planting project will commence during 2023 either in our concession area or in an area under discussion with the relevant ministry. This will be scaled up once any grant of land has been confirmed and the pilot has been proven successful.

### **Financing**

We are grateful to our largest shareholder, Lombard Odier, for agreeing to extend the duration of our \$1.0m working capital finance facility. The loan remains fully drawn and is repayable as receivables are settled, with further re-draw requests remaining at their discretion. The interest rate remains at 8.5% per annum and the loan is expected to be amortised and repaid during 2023. We were also pleased to have been able to expand our working capital loan with our bank partners by \$1m, which was drawn in Q4 2022.

### **Share capital**

Following a final adjustment in relation to the 2017 purchase of Woodbois Aps, the Company has received 19,138,147 ordinary voting shares. Following this, the Company's total number of Ordinary Shares in issue will remain 2,489,988,873 and this will consist of 2,235,850,726 Voting Ordinary Shares, 19,138,147 Treasury Shares and 235,000,000 Non-Voting Ordinary Shares. The aforementioned figure of 2,235,850,726 Voting Ordinary Shares may be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in the Company under the Financial Conduct Authority's Disclosure Guidance and Transparency Rules.

### **Commenting on today's announcement, CEO Paul Dolan said:**

Our team feels justifiably proud of what it has delivered in 2022. We are prepared for the challenges and optimistic for the outcomes that await us in the year ahead. Plans to continue the operational and financial growth are in place. Our ambition is to continue strive for a position of leadership within a fragmented industry, whilst



moving further up the value chain. The headwinds facing the global economy as we enter 2023 reinforce our management team's primary focus on becoming cash flow generative on a consistent and sustainable basis and thence to become dividend paying.

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i EBITDAS is a non-IFRS measure and refers to Earnings Before Interest, Tax, Depreciation, Amortisation and Share based payments.

ii Working Capital is a non-IFRS measure and consists of Cash, plus Inventory, plus Receivables, less Payables.

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**Background on Woodbois**

Woodbois Limited (AIM:WBI) is an African-focused forestry company, divided into three distinct, but highly complementary

divisions comprising the production and supply of sustainable African hardwood products, the trading of hardwood and hardwood products, and a reforestation and carbon credit division.

Woodbois' forestry division has production facilities in Gabon and Mozambique, managing a total of c470,000 hectares of natural forest concessions. The trading division comprises a highly experienced team of timber specialists, who source and supply sustainable timber to a global customer base. Its proprietary technology developed in-house, captures, stores and presents data, providing a matching engine to build scale and optimise trading opportunities with its global customer base.

The Company's carbon sequestration and trading division was formed in March 2021 and aims to generate voluntary carbon credits for corporate partners through the delivery of large-scale reforestation projects.

The Company's focus on the transparency and sustainability of its timber operations has been recognised by The Zoological Society of London, which ranked Woodbois joint sixth in its Sustainability Policy Transparency Toolkit ('SPOTT') ESG policy transparency assessments for the worldwide timber and pulp industries for 2021.

Please follow the Company on Twitter: @WoodboisLtd

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