

Pareto Securities Emerging Markets Day

Stockholm, November 13, 2013



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Company Overview

RusForest Overview

- Swedish forestry company focused on Russia
- Vertically integrated from timber leases to sawmilling
- High-quality, slow-growth forests
- Close proximity to main markets in Europe, China and Japan
- Extensive Russian forest industry experience with new Management and major shareholder

Corporate Information

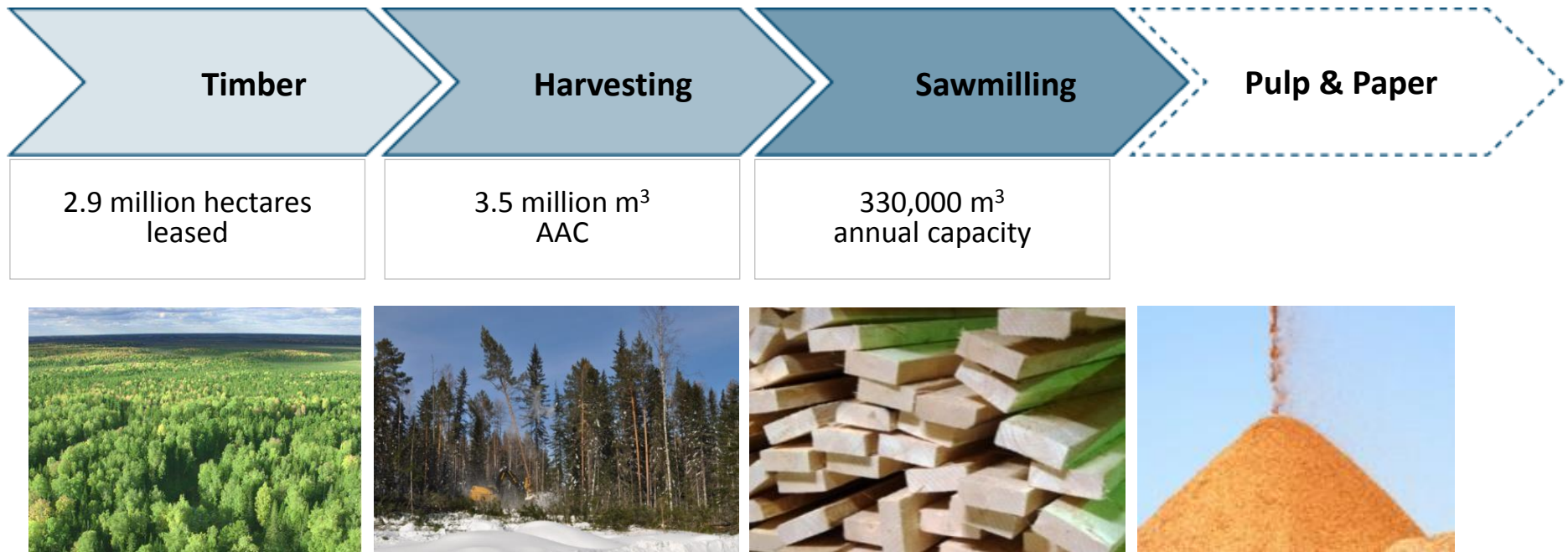
Stock Exchange	NASDAQ OMX Stockholm First North ticker "RUSF"
Shares Outstanding	132.0 million
Current Share Price	SEK 2.20
Market Cap	\$44.6 million
Net Debt	\$8.7 million
Main Shareholder	Nova Capital (25.4%)

Share price as of November 8, 2013. Net debt as of June 30, 2013.



Log yard at the Magistralny sawmill in Eastern Siberia, Russia.

Forestry Value Chain



- RusForest is using high-quality sawlogs and slow-growth forests for its sawmilling operations
- Forest Stewardship Council (FSC) certification across the full value chain

AAC = Annual Allowable Cut; m³ = cubic meters.

Asset Locations



New RusForest Shareholder – Nova Capital

Selected Investments

- **Forestry**
 - OOO Lesresurs
 - RusForest AB (25.4%)
- **Agriculture**
 - OOO Berezovka
- **Real Estate**
 - Regional residential/commercial real estate
 - Total area of c. 32,000 m²

Key Personnel

- **Alexander Rudik**, Owner and President, former Vice Governor of constituent entity of the Russian Federation and former member of the Forestry Board of the Russian Federation Ministry of Natural Resources
- **Anton Bogdanov**, former Head of Industrial Asset Management and CEO the management company for Lesresurs, 10+ years of managerial experience, previously served as CEO of Russian Timber Group



- **Sector** – Forestry
- **Location** – Irkutsk Region, Eastern Siberia, Russia
- **Area under lease** – 140,600 ha.
- **AAC** – 372,000 m³
- **Sawmilling capacity** – 170,000 m³ p.a.
- **Key 2012 financials:**
 - Sales \$68.6 million
 - EBITDA \$13.3 million
- **Highlights:**
 - Strong sales growth combined with robust EBITDA (>20% margin) and positive bottom-line
 - Debt/EBITDA – less than 1x
 - One of the largest Russian exporters of sawn products to Japan

Recent Progress

Focus on cash and profitability

- 68% quarterly EBITDA loss reduction year-over-year (Q2)
- Strengthened local management
- Non-core assets sales of \$7m; \$4m yet to be collected
- Pellet mill construction started in Arkhangelsk (EUR 12m total capex (incl VAT), 70% financed from local bank)
- Access to higher value markets like Japan through Nova Capital: Share of sawnwood sales to Japan increased to 22% (Q3) from close to zero in the prior year;
- Still not breakeven:
 - Challenging set-up in Boguchany
 - No sales of residuals due to Arkhangelsk pulp production crisis
 - Extensive management changes

August 2013 Priorities:

1. Defining an action plan for loss-making operations; and
2. Improving operational results at every location.

Next Twelve Months

Positive Cash Flow:

1. Forest lease optimization in all locations.

- ✓ Focus on most profitable areas
- ✓ Cancel / sell unprofitable forest lease areas

2. Market reorientation.

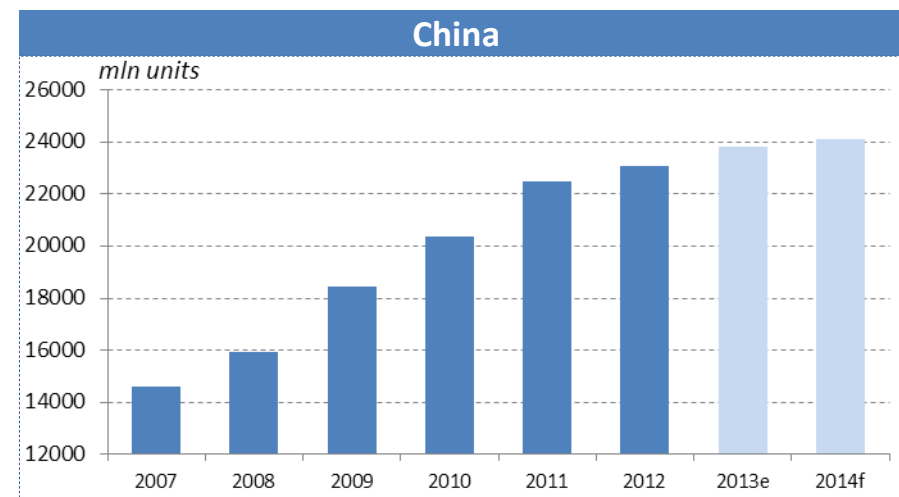
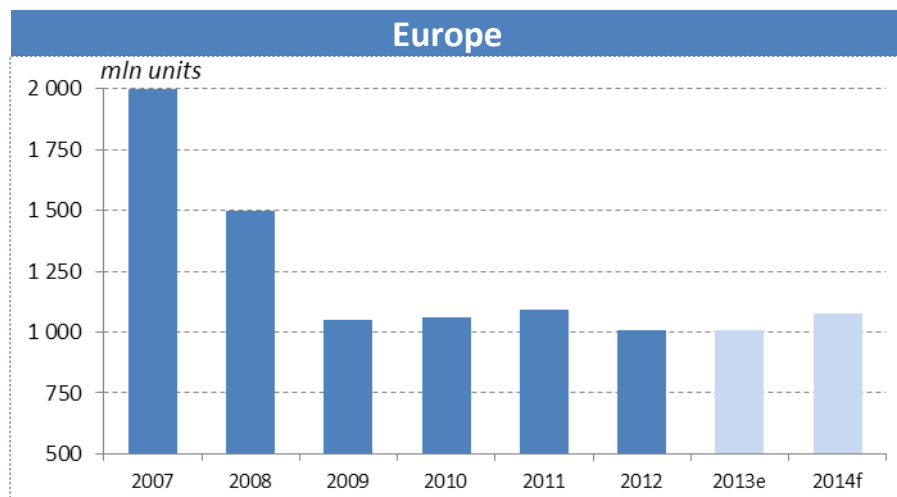
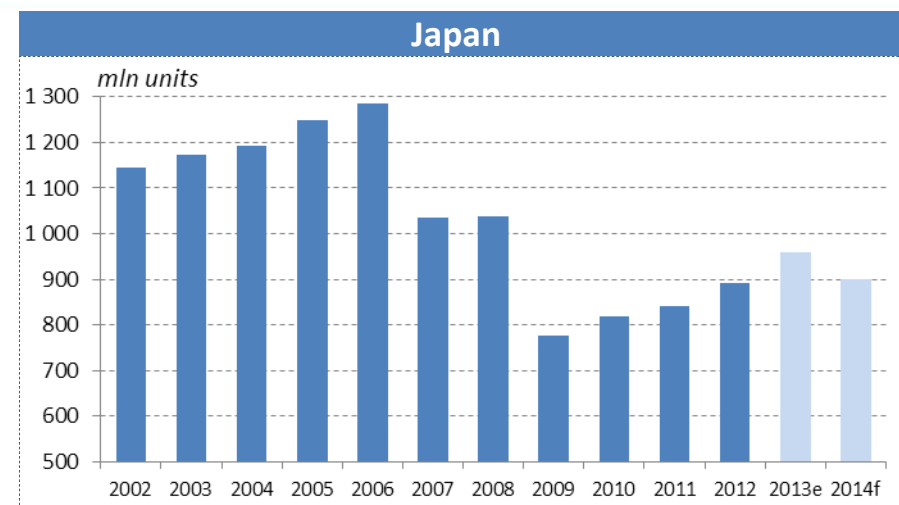
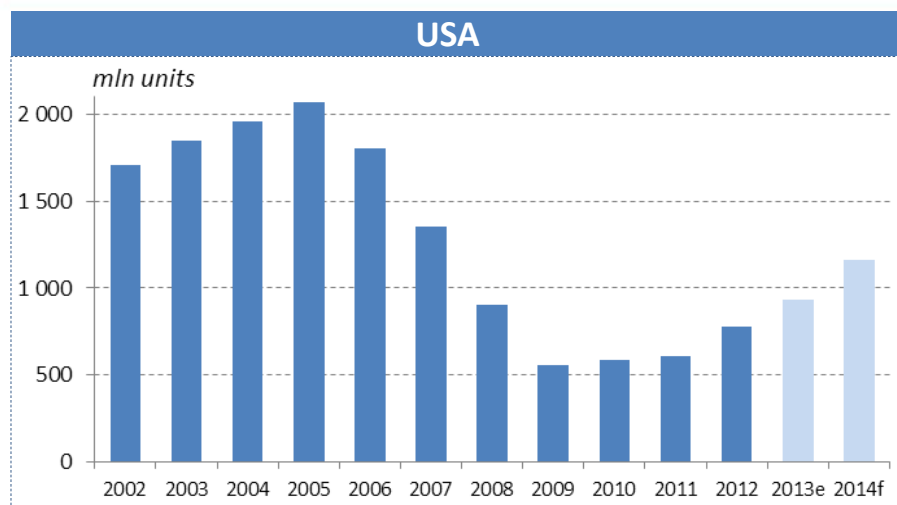
- ✓ Focus on Europe (FRA, UK, GER, NL) from Arkhangelsk
- ✓ Focus on Japan from Siberia

3. Successful pellet mill launch in Q1 2014 in Arkhangelsk.

- ✓ Waste wood utilization (chips and sawdust)
- ✓ Pellets exported to Europe

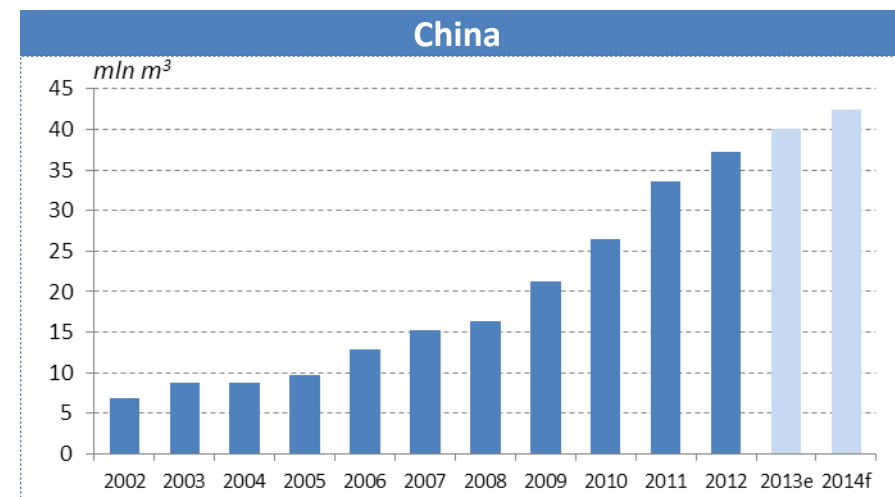
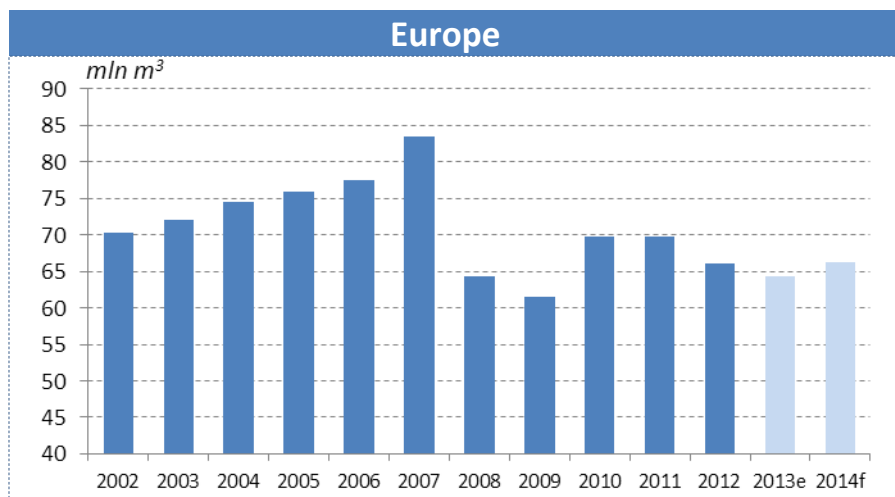
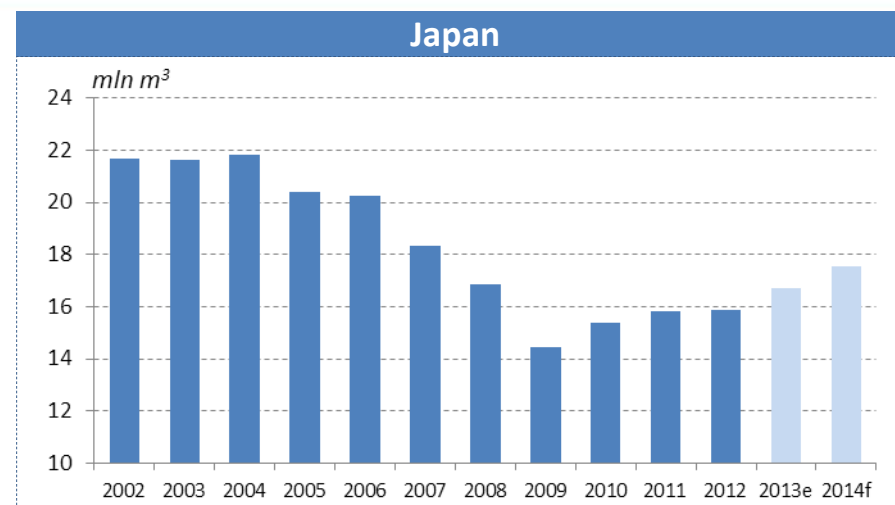
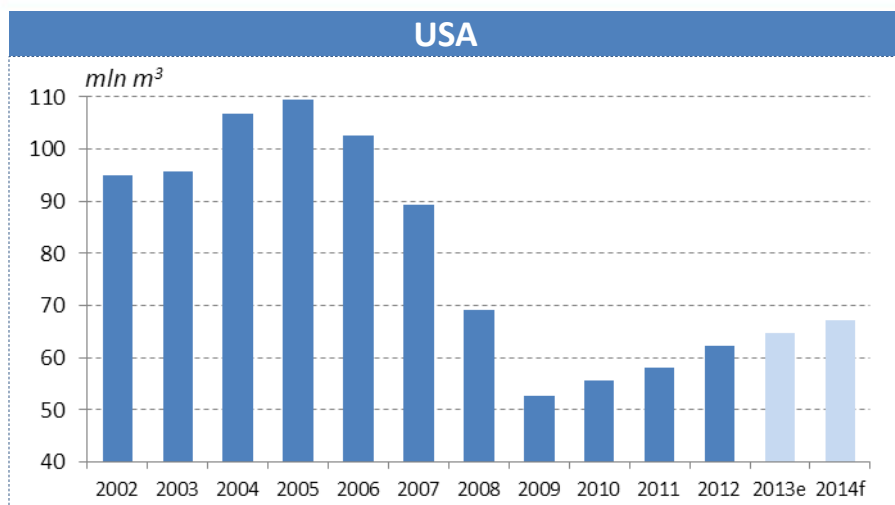
Market Overview

Housing Starts



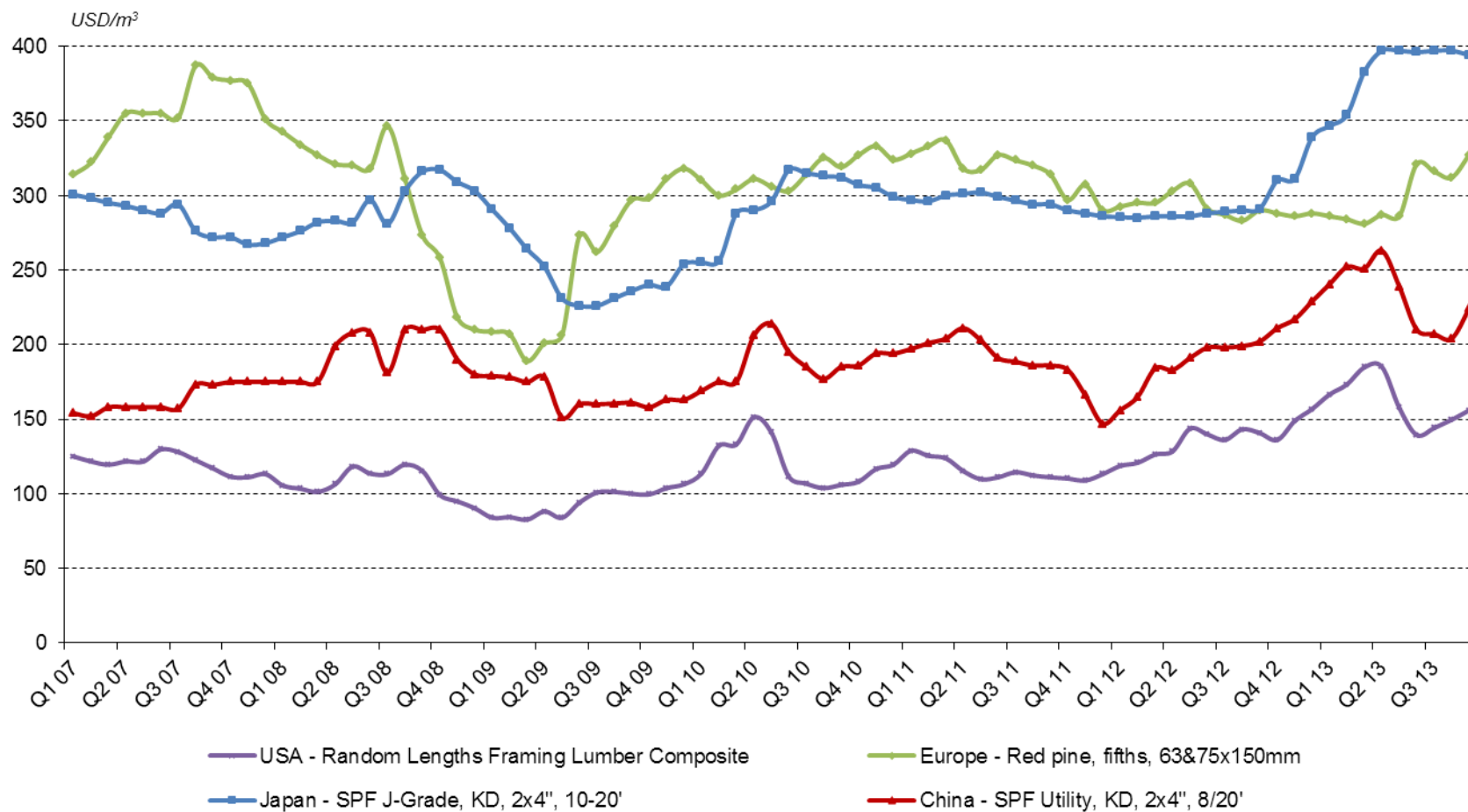
Sources: Euroconstruct (Europe - 19 countries); U.S. Census Bureau; Ministry of Land, Infrastructure, Transport and Tourism of Japan

Softwood Sawnwood Consumption



Sources: FAOSTAT, Wood Markets International, Japan Lumber Journal, ISC2013.

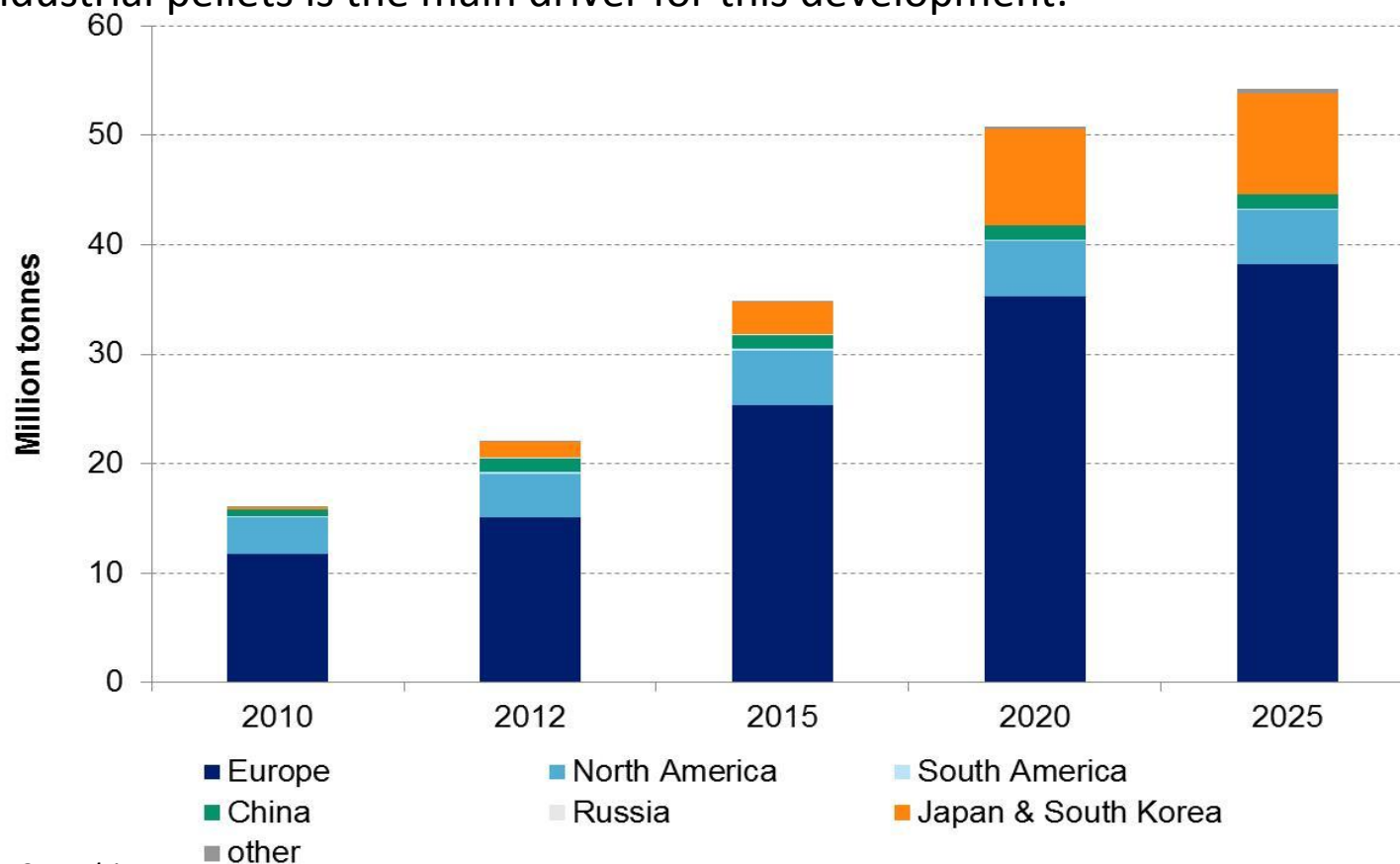
Sawnwood Prices



Sources: Wood Markets International, Random Lengths

Global Pellet Demand Outlook

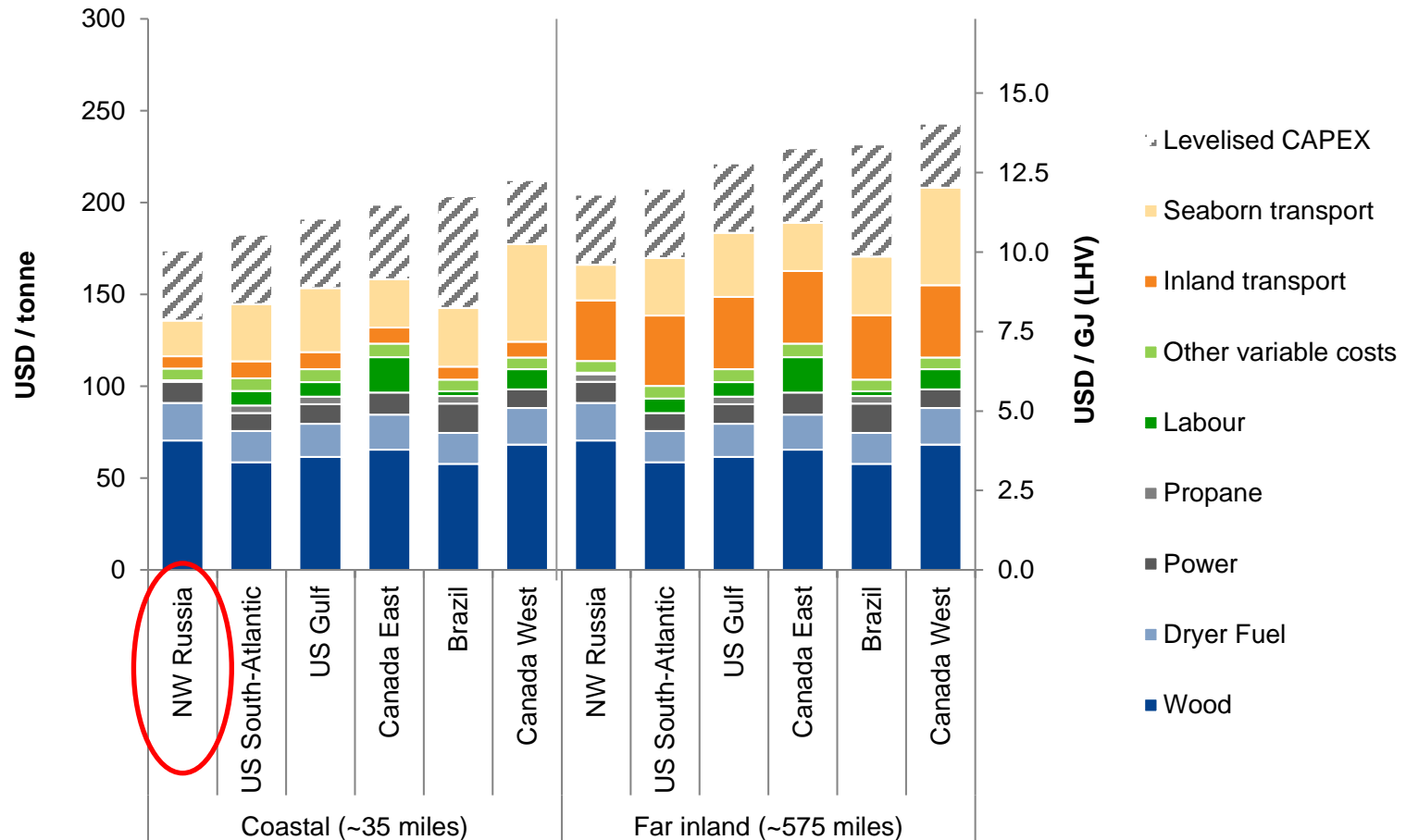
- According to Pöyry Management Consulting, demand is projected to grow strongly in Europe, Japan and South Korea and the market is expected to more than double by 2025. Demand for industrial pellets is the main driver for this development.



Source: Pöyry Management Consulting

Delivered Cost for Wood Pellets CIF (ARA)

- Arkhangelsk based pellet production offers the most favorable cost structure for pellet project development.



Source: Pöyry Analysis

Conclusion

RusForest Summary

Unique platform:

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- Vertically integrated from timber leases to sawmilling
- High-quality, slow-growth forests
- Close proximity to main markets in Europe, China and Japan
- Extensive Russian forest industry experience with new Management and major shareholder

Next step – Positive cash flow:

- Forest lease optimization in all locations
- Market reorientation
- Successful pellet mill launch in Q1 2014 in Arkhangelsk



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