

Second Quarter 2013 Earnings Call

August 30, 2013



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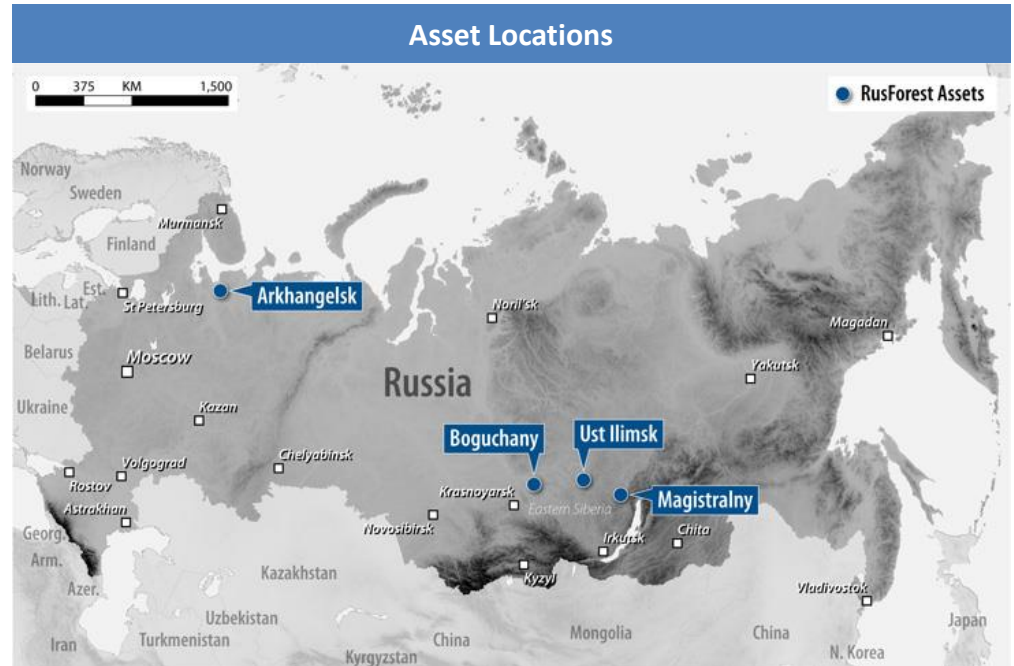
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Company Overview

Summary

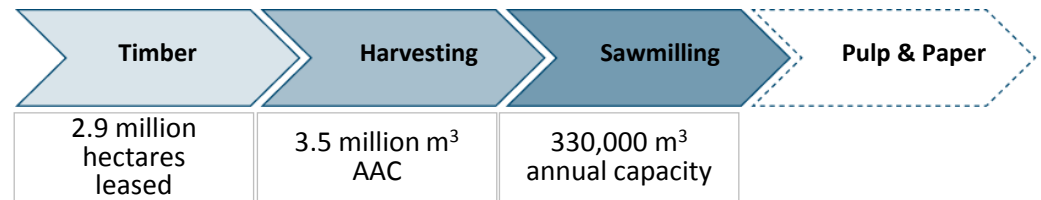
- Swedish forestry company focused on Russia
- Vertically integrated from timber leases to sawmilling
- High-quality, slow-growth forests
- Close proximity to main markets in Europe, China and Japan
- Extensive Russian forest industry experience with new Management and major shareholder



Corporate Information

Stock Exchange Listing	NASDAQ OMX Stockholm First North ticker "RUSF"
Shares Outstanding	132.0 million
Main Shareholder	Nova Capital (25%)

Forestry Value Chain



AAC = Annual Allowable Cut; m³ = cubic meters.

Second Quarter 2013 Income Statement

- Revenue decreased by 12%, but increased by 7% excluding Ust-Ilmsk
- Ust-Ilmsk downscaled to a forest lease-holding entity
- Share of sawnwood sales to Japan increased to 8% from close to zero in the prior year
- Removed losses from non-core operations through asset sales
- Still not breakeven:
 - Seasonality in harvesting in Q2
 - No sales of residuals due to Arkhangelsk pulp production crisis
 - Extensive management changes

Consolidated income statement, continuing operations

In millions of SEK	Q2 2013	Q2 2012	1H 2013	1H 2012
Revenue	135.7	153.6	292.5	263.4
Cost of sales	(148.4)	(197.4)	(302.5)	(349.4)
Gross profit/(loss)	(12.8)	(43.8)	(10.0)	(86.0)
Distribution expenses	(31.5)	(29.4)	(59.6)	(58.4)
Administrative expenses	(30.8)	(36.4)	(62.6)	(72.1)
Other income	10.2	8.5	12.5	19.3
Other expenses	(1.2)	(18.5)	(3.6)	(24.6)
Impairment of investments in associates	0.0	(2.3)	0.0	(2.3)
Operating profit/(loss)	(66.1)	(122.1)	(123.3)	(224.2)
Financing income	0.3	0.6	0.4	0.7
Gain from bond restructuring	0.0	0.0	269.8	0.0
Financing cost	(14.3)	(43.5)	(27.9)	(61.7)
Net financing income/(cost)	(14.0)	(42.9)	242.3	(61.0)
Loss before tax from continuing operations	(80.1)	(165.0)	119.0	(285.3)
Income tax	0.3	(3.8)	(0.5)	10.0
Loss from continuing operations	(79.8)	(168.8)	118.6	(275.3)
For reference: EBITDA (non-IFRS measure)	(27.8)	(87.1)	(53.3)	(161.5)

Second Quarter 2013 Balance Sheet

In millions of SEK	June 30, 2013	Dec 31, 2012
Property, plant and equipment	651.3	740.9
Forest lease rights	227.7	243.3
Other intangible assets	22.2	23.6
Deferred tax asset	3.3	9.4
Deferred tax liability	(5.1)	(11.6)
Non-current assets	899.5	1,005.6
Inventory	94.5	117.7
Trade and other receivables	54.9	45.5
VAT refundable	50.1	47.3
Trade and other payables	(147.1)	(158.3)
Net working capital	52.4	52.2
Cash and cash equivalents	82.1	16.4
Borrowings and loans: non-current portion	(69.2)	(576.8)
Borrowings and loans: current portion	(58.9)	(110.1)
Loans receivable	4.8	5.0
Receivables from non-core asset sales	17.5	-
Loans payable to related companies	(36.9)	(33.2)
Net debt	(60.6)	(698.6)
Assets classified as held for sale	33.3	89.1
Liabilities associated with the assets held for sale	(7.6)	(29.9)
Book value of assets held for sale	25.7	59.2
Total net assets	916.9	418.3

3.5 million m3 AAC leased (2.9 million hectares)

Cash balance increased from rights issue

2013 restructuring decreased debt

Vostok Nafta loan extended to Dec 31, 2014

Non-core assets sold in Q2 2013

USD in millions for reference	June 30, 2013	Dec 31, 2012
Non-current assets	\$ 128.5	\$ 143.7
Net working capital	7.5	7.5
Net debt	(8.7)	(99.8)
Assets held for sale	3.7	8.5
Total Net assets	\$ 131.0	\$ 59.8

Summary

- Non-current assets: Ust-Ilimsk sawmill equipment sold
- Net working capital: stable
- Net debt: reduced by the 2013 restructuring
- Assets held for sale: Ystad, Sweden pellet equipment

Cash Balance Reconciliation

in millions of SEK/USD	Q2 2013 SEK	Q2 2013 USD	
Rights issue and directed issue	186.7	26.7	
Repayment of shareholder bridge loan	(25.6)	(3.7)	
Rights issue costs	(21.5)	(3.1)	
Net proceeds from the Rights issue	139.6	19.9	Proceeds from the rights issue after the issue costs and repayment of shareholder bridge loan
Proceeds from sale of non-core assets	20.4	2.9	
Cash outflow from operations	(25.1)	(3.6)	
Cash outflow from investing activity	(11.2)	(1.6)	
Repayment of loans and financial leases	(41.3)	(5.9)	
Exchange differences and other factors	(0.3)	(0.0)	
Total cash use Q2 2012	(57.5)	(8.2)	Remaining USD 4.0 million to be collected upon dismantling and registration
Cash balance, June 30, 2013	82.1	11.7	Arkhangelsk pellet mill construction

Conclusion

Unique platform:

- 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

In July 2013, new CEO focused on:

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

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