

Fourth Quarter 2013 Earnings Call

March 31, 2014



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Company Overview

Summary

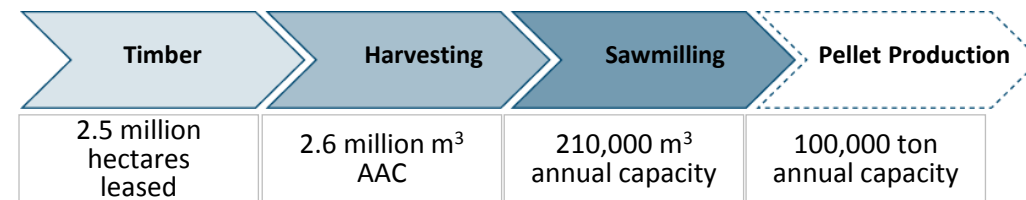
- Swedish forestry company focused on Russia
- Vertically integrated from timber leases to sawmilling and wood pellet production
- High-quality, slow-growth forests
- Close proximity to main markets in Europe, China and Japan
- Extensive Russian forestry experience from new management and major shareholder

Corporate Information	
Stock Exchange Listing	NASDAQ OMX Stockholm First North ticker "RUSF"
Share Price *	SEK 1.8
Shares Outstanding	132,033,881
Market Capitalization	USD 36.6 million
Net Debt	USD 22.4 million
Enterprise Value	USD 59.0 million
Main Shareholder	Nova Capital (25.4%)

*Share price at closing on March 28, 2014. Net debt at December 31, 2013.



Forestry Value Chain



AAC = Annual Allowable Cut; m³ = cubic meters

Fourth Quarter 2013 production

- Double-digit increase in both harvesting and sawnwood production for continuing operations, both quarterly and year-on-year

	Three months ended			Twelve months		
	Dec 31, 2013	Dec 31, 2012	Δ%	Dec 31, 2013	Dec 31, 2012	Δ%
<i>Production continuing operations</i>						
Sawlogs harvested*, m ³	119,889	99,212	21%	443,934	384,579	15%
Sawnwood produced*, m ³	52,470	47,064	11%	193,844	169,841	14%
<i>Production discontinued operations</i>						
Sawlogs harvested, m ³	67,178	65,724	2%	267,554	254,140	5%
Sawnwood produced, m ³	15,797	19,714	-20%	69,921	81,218	-14%

* Production figures include Arkhangelsk and Magistralny operations but do not include the discontinued operations, Ust-Ilimsk, Boguchany and Shenkursk

Fourth Quarter 2013 Financial Highlights

- 83% quarterly EBITDA loss reduction year-on-year
- Boguchany assets classified as held for sale at December 31, 2013. Impairment loss of SEK 220.8m (USD 33.8m) in Q4 2013
- Arkhangelsk pellet mill completed in Q1 2014
- Increasing likelihood of reaching positive cash flow in 2014

	Three months ended		Three months ended	
	Dec 31, 2013	Dec 31, 2012	Dec 31, 2013	Dec 31, 2012
Continuing operations	SEK mln	SEK mln	USD mln*	USD mln*
Revenue	105.9	117.0	16.3	18.0
EBITDA adjusted	(6.4)	(38.8)	(1.0)	(6.0)
Operating loss	(82.7)	(382.3)	(12.7)	(58.8)
<i>Including impairment loss</i>	(49.7)	(283.2)	(7.6)	(43.6)
Profit/(loss) from continuing operations	(89.4)	(384.7)	(13.8)	(59.2)
Profit/(loss) from discontinued operations	(265.6)	(290.8)	(40.9)	(44.7)
<i>Including impairment loss</i>	(230.1)	(203.1)	(35.4)	(31.2)
Profit/(loss) for the period	(355.0)	(675.5)	(54.6)	(103.9)
Net loss per share (SEK or USD per share***)	(2.7)	(120.2)	(0.4)	(18.5)
	Twelve months ended		Twelve months ended	
	Dec 31, 2013	Dec 31, 2012	Dec 31, 2013	Dec 31, 2012
Continuing operations	SEK mln	SEK mln	USD mln*	USD mln*
Revenue	431.4	441.1	66.4	67.9
EBITDA adjusted	(52.3)	(139.0)	(8.0)	(21.4)
Operating loss	(194.0)	(605.6)	(29.9)	(93.2)
<i>Including impairment loss</i>	(49.7)	(283.2)	(7.65)	(43.6)
Net loss from continuing operations before bond restructuring	(224.9)	(657.6)	(34.6)	(101.2)
<i>Gain from bond restructuring</i>	269.8	-	41.5	-
Profit/(loss) from continuing operations	44.9	(657.6)	6.9	(101.2)
Profit/(loss) from discontinued operations	(334.9)	(428.6)	(51.5)	(65.9)
<i>Including impairment loss</i>	(230.1)	(238.5)	(35.4)	(36.7)
Profit/(loss) for the period	(290.0)	(1,086.1)	(44.6)	(167.1)
Net income/(loss) per share (SEK or USD per share***)	(2.7)	(253.5)	(0.4)	(39.0)
	Dec 31, 2013	Dec 31, 2012	Dec 31, 2013	Dec 31, 2012
Cash balance	23.7	16.4	3.7	2.5
Working capital	65.9	50.5	10.1	7.8
Net debt	145.6	698.6	22.4	107.5

* Exchange rate of 6.5 SEK per USD used to translate SEK amounts to USD for reference purposes

Fourth Quarter 2013 Income Statement

- Write down of Boguchany carrying value and presentation of financial results as discontinued operations in 2012 and 2013
- Impairment loss of SEK 49.7m (USD 7.6m) in Q4 2013 due to forest lease optimization in Arkhangelsk region
- Administrative expenses further decreased

In thousands of SEK	Q4 2013	Q4 2012*	12M 2013	12M 2012*
Continuing operations				
Revenue	105,910	117,030	431,391	441,091
Cost of sales	(98,080)	(147,963)	(416,716)	(548,745)
Gross profit/(loss)	7,830	(30,933)	14,675	(107,654)
Other income	2,672	4,039	9,504	22,872
Distribution expenses	(20,828)	(14,236)	(73,609)	(66,535)
Administrative expenditure	(20,589)	(32,376)	(92,563)	(122,328)
Other expenses	(2,028)	(25,510)	(2,341)	(46,347)
Impairment loss	(49,714)	(283,246)	(49,714)	(283,246)
Impairment of investments in associates	-	-	-	(2,349)
Operating profit/(loss)	(82,657)	(382,262)	(194,048)	(605,587)
Financing income	90	333	627	1,277
Gain from bond restructuring	-	-	269,772	-
Financing cost	(7,554)	(22,058)	(32,181)	(91,373)
Net financing income/(cost)	(7,464)	(21,725)	238,218	(90,096)
Profit/(loss) before tax from continuing operations	(90,121)	(403,987)	44,170	(695,683)
Income tax	684	19,291	719	38,110
Profit/(loss) from continuing operations	(89,437)	(384,696)	44,889	(657,573)
Discontinued operations				
Profit/(loss) after tax from discontinued operations	(265,601)	(290,829)	(334,938)	(428,555)
Profit/(loss) for the period	(355,038)	(675,525)	(290,049)	(1,086,128)

Fourth Quarter 2013 Balance Sheet

- Total asset value affected by divestment of non-core assets and impairments. Forest lease value affected by Boguchany reclassification to asset held-for-sale and forest lease optimization in Arkhangelsk
- Q1 2013 restructuring decreased debt

In thousands of SEK	Dec 31, 2013	Dec 31, 2012
Property Plant and equipment	446,705	740,856
Forest lease rights	94,028	243,266
Intangible assets	2,183	23,563
Deferred tax asset	26	11,131
Total non-current assets	542,942	1,018,816
Inventory	67,668	117,720
VAT refundable	40,659	47,290
Trade and other receivables	37,099	45,481
Current tax assets	352	117
Receivable from assets sale	-	-
Loans receivable	-	5,024
Cash and cash equivalents	23,737	16,388
Total current assets	169,515	232,020
Assets classified as held for sale	127,676	89,115
Total assets	840,133	1,339,951
Liabilities		
Interest-bearing loans and borrowings	116,729	576,772
Deferred tax liability	26	11,556
Total non-current liabilities	116,755	588,328
Interest bearing loans and borrowings	52,563	110,061
Loans payable to related companies	-	33,201
Trade and other payables	79,491	157,102
Current tax liabilities	199	1,803
Provisions	208	1,214
Total current liabilities	132,461	303,381
Liabilities directly associated with the assets classified as held for sale	91,603	29,936
Total liabilities	340,819	921,645

Fourth Quarter 2013 Cash Balance Reconciliation

in millions of SEK/USD	Q4 2013	Q4 2013	
	SEK	USD	
Cash balance Sep 30, 2013	50.8	7.8	
Continuing operations			
Cash flow from operating activities	(8.0)	(1.2)	
Proceeds from sales of equipment	9.4	1.4	} Sale of non-core assets
Proceeds from sale of subsidiaries	1.4	0.2	
Investment in equipment	(33.3)	(5.1)	} Arkhangelsk pellet mill construction
Other Cash flow from investing activities	2.3	0.3	
Cash flow from investing	(20.3)	(3.1)	
Increase/(decrease) in loans	9.3	1.4	} Centro Credit loan extension offset by repayment of financial leases (equipment)
Cash flow during the period	(19.0)	(2.9)	
Discontinued operations			
Cash flow from operating activities	(4.9)	(0.7)	
Cash flow from investing activities	0.9	0.1	
Cash flow from financing activities	(3.2)	(0.5)	
Cash flow during the period	(7.2)	(1.1)	} Boguchany and Ystad Pellets
Exchange-rate differences on cash balance	(0.2)	(0.0)	
Cash balance Dec 31, 2013	24.5	3.8	
<i>including discontinued operations</i>	<i>0.8</i>	<i>0.2</i>	

* Exchange rate of 6.5 SEK per USD used for translation to USD

Conclusion

Unique platform:

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

Next steps:

- Developing wood pellet sales from Arkhangelsk
- Finalizing Boguchany transaction to collect remaining asset sale proceeds
- Continuing forest lease optimization

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