

First Quarter 2014 Earnings Call

May 30, 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

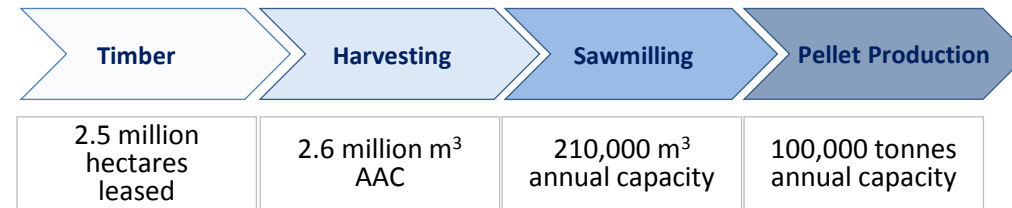
Stock Exchange Listing	NASDAQ OMX Stockholm First North ticker "RUSF"
Share Price *	SEK 2.05
Shares Outstanding	132,033,881
Market Capitalization	USD 41.6 million
Net Debt	USD 19.5 million
Enterprise Value	USD 61.1 million
Main Shareholder	Nova Capital (25.4%)

*Share price at closing on 28 May 2014. Net debt at 31 Mar 2014.

Asset Locations



Forestry Value Chain



AAC = Annual Allowable Cut; m³ = cubic meters

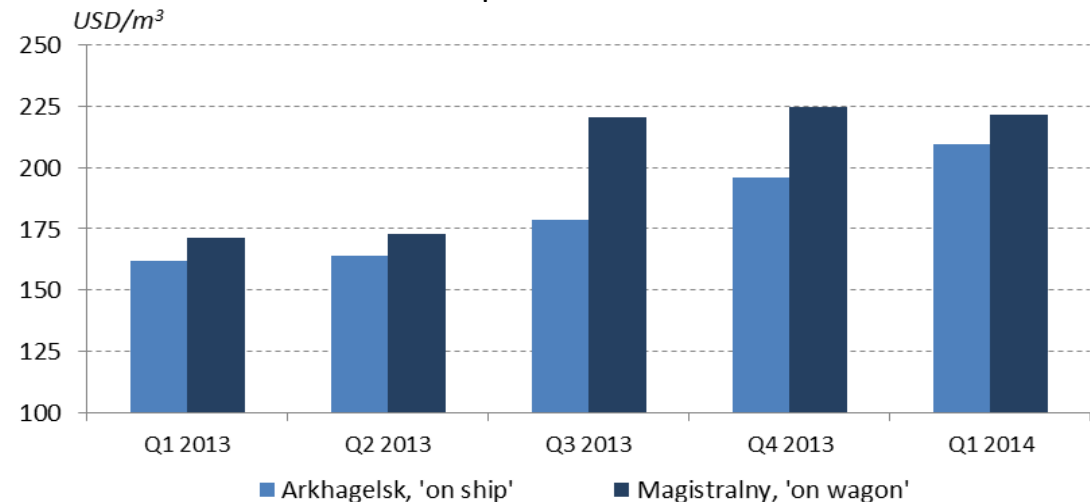
First Quarter 2014 Production and Sales

- Sawnwood production increased 4% in Q1 2014 compared to Q1 2013, while sawlog harvesting was negatively affected by adverse weather conditions in Q1 2014.
- Less sawlogs sold, mainly from Arkhangelsk, due to the Company's strategy to focus on value added processed wood, i.e., sawnwood rather than sawlogs.
- Sawnwood prices increased about 30% in Q1 2014 compared to Q1 2013.
- Pellet production in Arkhangelsk started in Q1 2014 and is now running at full capacity.

	First quarter 2014	2013	Full year 2013
Production & sales continuing operations			
Sawlogs harvested, m ³	113,459	160,977	443,934
Sawnwood produced, m ³	48,534	46,785	193,844
Sawlogs sold, m ³	28,212	56,604	145,341
Sawnwood sold, m ³	50,518	34,145	177,143
Pellets produced, tonnes	6,490	-	-
Pellets sold, tonnes	8	-	-

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

Price development of sawnwood



First Quarter 2014 Financial Highlights

- First ever Group positive EBITDA of USD 1.4 million adjusted for non-recurring items in Q1 2014.
- Net loss of USD 3.2 million, compared to loss of USD 12.5 million in Q1 2013 (adjusted for USD 41.4 million gain on bond restructuring in Q1 2013).
- Net debt decreased compared to 31 December 2013.

USDm	First quarter		Full year
	2014	2013	2013
Revenue	17.9	18.1	66.2
EBITDA adjusted	1.4	(2.3)	(8.0)
Profit/(loss) from continuing operations	(3.3)	34.9	6.9
Profit/(loss) from discontinued operations	0.1	(6.0)	(51.4)
Profit/(loss) for the period	(3.2)	28.9	(44.5)
Net income/(loss) per share (USD per share)	(0.02)	0.63	(0.41)

	31 Mar 2014	31 Dec 2013
Cash balance	3.5	3.6
Working capital	7.2	10.1
Net debt	19.5	22.5

First Quarter 2014 Income Statement

- Q1 2014 revenue similar to Q1 2013
 - More sawnwood sold at higher prices
 - Much less sawlogs sold but at higher prices
- Cost of sales decreased 18% and administrative expenses decreased 28% in Q1 2014 compared to Q1 2013 due to operational improvement measures and the weakening Russian ruble.
- Distribution expenses increased due to more sales executed on terms including delivery to customers. Increased distribution expenses more than offset by higher price and thereby additional margin captured by RusForest.

In thousands of USD	Q1 2014	Q1 2013	12M 2013
Continuing operations			
Revenue	17,920	18,149	66,210
Cost of sales	(13,884)	(17,048)	(63,957)
Gross profit/(loss)	4,036	1,101	2,253
Other income	704	570	1,996
Distribution expenses	(2,900)	(2,668)	(11,297)
Administrative expenditure	(2,930)	(4,093)	(14,207)
Other expenses	(369)	232	(897)
Impairment loss	-	-	(7,630)
Operating profit/(loss)	(1,459)	(4,858)	(29,782)
Financing income	9	365	96
Gain from bond restructuring	-	41,404	41,404
Financing cost	(1,863)	(1,942)	(4,939)
Net financing income/(cost)	(1,854)	39,827	36,561
Profit/(loss) before tax from continuing operations	(3,313)	34,969	6,779
<i>Income tax</i>	(36)	(117)	110
Profit/(loss) from continuing operations	(3,349)	34,852	6,889
Discontinued operations			
Profit/(loss) after tax from discontinued operations	112	(5,981)	(51,406)
Profit/(loss) for the period	(3,237)	28,871	(44,517)
Attributable to:			
Equity holders of the parent	(3,203)	28,887	(45,270)
Non-controlling interests	(34)	(16)	753
Profit/(loss) for the period	(3,237)	28,871	(44,517)

First Quarter 2014 Balance Sheet

- Cash reserves stable compared to balance at 31 December 2013.
- Loans receivable from related companies refers to receivable from Boguchany business segment that will be paid by buyer to RusForest as part of transaction completion. The transaction is expected to close on or around 30 September 2014.
- Assets held for sale include Ystad Pellets AB and Boguchany harvesting unit.

In thousands of USD	31 Mar 2014	31 Dec 2013
Assets		
Non-current assets		
Property, plant and equipment	61,869	68,441
Forest lease rights	13,024	14,406
Other assets	330	338
Total non-current assets	75,223	83,185
Current assets		
Inventory	9,871	10,368
Loans receivable from related companies	3,924	-
Cash and cash equivalents	3,533	3,637
Assets classified as held for sale	8,549	19,562
Other assets and receivables	11,282	11,967
Total current assets	37,159	45,534
Total assets	112,382	128,719
EQUITY		
Total equity attributable to Shareholders of the Group	66,220	76,072
Non-controlling interest	361	430
Total Equity	66,581	76,502
Liabilities		
Non-current liabilities		
Interest-bearing loans and borrowings	16,100	17,884
Deferred tax liability	13	4
Total non-current liabilities	16,113	17,888
Current liabilities		
Interest bearing loans and borrowings	10,842	8,053
Other payables and liabilities	13,963	12,241
Liabilities directly associated with the assets classified as held for sale	4,883	14,035
Total current liabilities	29,688	34,329
Total liabilities	45,801	52,217
Total equity and liabilities	112,382	128,719

First Quarter 2014 Cash Balance Reconciliation

- Cash flow from operating activities positive before and after changes in working capital.
- Proceeds of USD 1.5 million received from Boguchany sawmill sale.
- Purchase of bank loan in relation to Boguchany business unit that will be paid back as part of divestment transaction.
- Additional bank loans received in connection with Arkhangelsk pellets project.

in thousands of USD	Q1 2014
Cash balance 31 Dec 2013	3,760
<i>including discontinued operations</i>	123
Continuing operations	
Cash flow from operating activities	649
Investment in equipment	(647)
VAT refund on capital investments	1,643
Proceeds from sale of subsidiaries & equipment	1,859
Cash flow from investing	2,855
Redemption of the loans of sold subsidiaries	(3,941)
Increase/(decrease) in loans payable	1,511
Interest paid	(822)
Cash flow from financing activities	(3,252)
Cash flow during the period from continuing operations	252
Discontinued operations	
Cash flow from operating activities	445
Cash flow from investing activities	(100)
Cash flow from financing activities	(400)
Cash flow during the period from discontinued operations	(55)
Exchange-rate differences on cash balance	(340)
Cash balance 31 Mar 2014	3,617
<i>including discontinued operations</i>	84

Conclusion

Unique platform:

- 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, Japan and China.
- Extensive Russian forestry experience from new management and major shareholder.

Next steps:

- Develop wood pellet sales from Arkhangelsk.
- Finalize Boguchany transaction to collect remaining asset sale proceeds of USD 2.5 million. Transaction expected to close on or around 30 September 2014.
- Continue forest lease optimization.



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