

First Quarter 2015 Earnings Call

28 May 2015



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Company Overview

Summary

- Swedish forestry company operating in Russia
- Vertically integrated from timber leases to sawmilling (and wood pellets by the end of 2015)
- High-quality, slow-growth forests
- Close proximity to main growth markets in Asia
- Strong management team
- Experienced Board members

Corporate Information

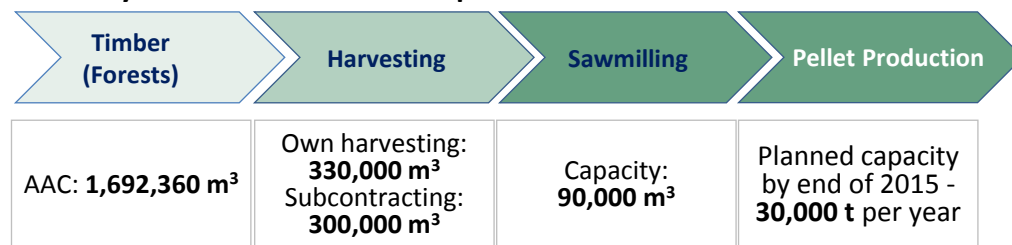
Stock Exchange Listing	NASDAQ OMX Stockholm First North ticker "RUSF"
Share Price *	SEK 1.7
Shares Outstanding	132,033,881
Market Capitalization	USD 26.5 million
Net Debt	USD -10.4 million
Enterprise Value	USD 16.1 million
Main Shareholder	Nova Capital (25.4%)

*Share price at closing on 27 May 2015. Net debt at 31 March 2015.

Asset Locations



Forestry value chain & annual capacities



AAC = Annual Allowable Cut; m³ = cubic meters

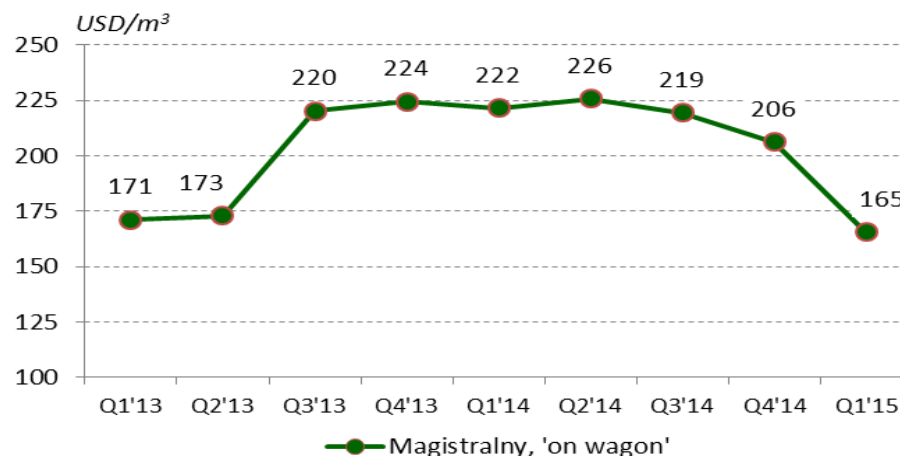
First Quarter 2015 Production and Sales

- Harvesting and sawmilling levels in Magistralny in Q1 2015 were consistent with last year while subcontracted harvesting in Ust-Ilimsk increased 37%.
- Less sawnwood and sawlogs sold due to challenging market conditions.
- Sales to the key Japanese market stable at 41% in Q1 2015 compared with to 42% in Q1 2014.
- The average sawnwood price realised (price 'on wagon') decreased by 25% in Q1 2015 compared with Q1 2014 to 165.4/m³.

	First quarter		Full year
	2015	2014*	2014
Production & sales continuing operations			
Sawlogs harvested, m ³	74,304	76,106	278,896
Sawlogs harvested, m ³ (subcontracting)	262,415	192,008	320,210
Sawnwood produced, m ³	21,778	21,711	78,826
Sawlogs sold, m ³	16,410	27,852	78,312
Sawnwood sold, m ³	19,291	22,046	78,088

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

Price development of sawnwood



First Quarter 2015 Financial Highlights

- Revenue decreased by 33% in Q1 2015 to USD 5.6 million, compared with USD 8.4 million in Q1 2014.
- Continued positive adjusted EBITDA, which amounted to USD 1.9 million in Q1 2015 compared with USD 1.3 million in Q1 2014.
- Net profit of USD 1.7 million in Q1 2015 compared with a loss of USD 3.2 million in Q1 2014
- Cash balance of USD 10.8 million at 31 March 2015, compared with USD 10.0 million at 31 December 2014.

	First quarter		Full year
USDm	2015	2014*	2014
Revenue	5.6	8.4	27.4
EBITDA adjusted**	1.9	1.3	1.5
Profit/(loss) from continuing operations	1.7	(0.9)	(2.9)
Loss from discontinued operations	-	(2.4)	(11.6)
Profit/(Loss) for the period	1.7	(3.2)	(14.5)
Net profit/(loss) per share (USD per share)	0.01	(0.02)	(0.11)

	31 Mar 2015	31 Dec 2014
Cash balance	10.8	10.0
Working capital***	7.2	7.2
Net debt****	(10.4)	(9.6)

*The Q1 2014 Profit and Loss and Cash Flow statements have been restated to show Arkhangelsk business segment, which was divested in Q4 2014, as discontinued operations. Details about Arkhangelsk result in Q1 2014 can be found in Note 4 on page 23.

**Detailed EBITDA calculation on page 5 of this report.

***Calculated as inventory, trade & other current receivables and receivable from asset sale, less trade and other current payables.

****Calculated as loans and borrowings less interest bearing loan receivables and cash.

First Quarter 2015 Income Statement

- Revenue decreased 33% in Q4 2015 compared with Q1 2015:
 - Sawnwood revenue down 36% due to lower volumes and prices.
 - Sawlog revenue down 45% due to lower volumes and prices.
 - Revenue from Ust-Ilimsk increased by 68%
- Cost of sales decreased 50% in Q1 2015 compared with Q1 2014, mainly due to the weaker Russian rouble but also due to operational improvement measures. As a result gross profit margin in Q1 2015 was 52%, compared with 35% in Q1 2014.
- Significant reductions in administrative and distribution costs which resulted in operating profit of USD 1.2 million in Q1 2015.

In thousands of USD	Q1 2015	Q1 2014*	12M 2014
Continuing operations			
Revenue	5,613	8,418	27,429
Cost of sales	(2,701)	(5,442)	(18,204)
Gross profit	2,912	2,976	9,225
Other income	116	571	422
Distribution expenses	(811)	(1,533)	(4,891)
Administrative expenditure	(915)	(2,121)	(8,477)
Other expenses	(81)	(198)	(1,526)
Operating profit/(loss)	1,221	(305)	(5,247)
Exchange gain/(loss)	531	(191)	2,878
Financing income	34	9	455
Financing cost	(23)	(344)	(969)
Net financing income/(cost)	542	(526)	2,364
Profit/(loss) before tax from continuing operations	1,763	(831)	(2,883)
Income tax	(30)	(36)	(26)
Profit/(loss) from continuing operations	1,733	(867)	(2,909)
Discontinued operations			
Loss after tax from discontinued operations	-	(2,370)	(11,632)
Profit/(loss) for the period	1,733	(3,237)	(14,541)
Attributable to:			
Equity holders of the parent	1,704	(3,203)	(14,493)
Non-controlling interests	29	(34)	(48)
Profit/(loss) for the period	1,733	(3,237)	(14,541)
Profit (loss) per share	0.01	(0.02)	(0.11)

The Q1 2014 Profit and Loss statement have been restated to show Arkhangelsk business segment, which was divested in Q4 2014, as discontinued operations.



First Quarter 2015 Balance Sheet

- Magistralny and Ust-Ilimsk forest leases at zero-book value in the BS.
- Receivable from the sale of Arkhangelsk of USD 5.2 million at 31 March 2015.
- Advance for purchase of non-controlling interests in subsidiaries of USD 0.4 million at 31 March 2015.
- Cash balance of USD 10.8 million at 31 March 2015, compared with USD 10.0 million at 31 December 2014.
- Debt of USD 0.4 million at 31 March 2015. Consists of zero-coupon bonds maturing in 2018.
- Working Capital of USD 7.2 million at 31 March 2015, compared with USD 7.2 million at 31 December 2014.

In thousands of USD	31 Mar 2015	31 Dec 2014
Property, plant and equipment	14,722	14,914
Intangible assets	93	98
Deferred tax asset	10	6
Total non-current assets	14,825	15,018
Inventory	2,059	1,750
Receivable from assets sale	5,242	6,242
Advance for purchase of non-controlling interest in subsidiaries	428	-
VAT refundable	1,378	1,530
Trade and other receivables	1,359	1,563
Current tax assets	2	52
Loans receivable	110	93
Cash and cash equivalents	10,752	9,987
Total current assets	21,330	21,217
Total assets	36,155	36,235
EQUITY		
Total Equity	32,414	31,820
Liabilities		
Loans and borrowings	436	479
Deferred tax liability	10	6
Total non-current liabilities	446	485
Interest-bearing loans and borrowings	3	6
Trade and other payables	3,107	3,858
Current tax liabilities	37	42
Provisions	148	24
Total current liabilities	3,295	3,930
Total liabilities	3,741	4,415
Total equity and liabilities	36,155	36,235

First Quarter 2015 Cash Balance Reconciliation

- Positive cash flow from operating activities, as well as in total for the quarter.
- Net investment in equipment of USD 1.1 million in Q1 2015, mainly related to new pellet mill in Magistralny.
- Proceeds from sale of Arkhangelsk of USD 1.0 million received in Q1 2015.
- Acquisition of non controlling interest in subsidiaries of USD 0.4 million in Q1 2015, related to buy out of minorities in Ust-Ilimsk.

in thousands of USD		Q1 2015
Cash balance 31 Dec 2014		9,987
Continuing operations		
Cash flow from operating activities		1,772
Net Investment in equipment	(1,067)	
Acquisition of shares in subsidiaries (less cash balances of	7	
Proceeds from sale of subsidiaries	1,000	
Costs related to the sale of subsidiaries	(330)	
Net financial	37	
Cash flow from investing		(353)
Acquisition of non-controlling interest in subsidiaries	(399)	
Interest paid & other loan related items	(27)	
Cash flow from financing activities		(426)
Cash flow during the period		993
Exchange-rate differences on cash balance		(228)
Cash balance 31 March 2015		10,752

Conclusion

Unique platform:

- Swedish forestry company operating in Russia
- Vertically integrated from timber leases to sawmilling and wood pellet production
- High-quality, slow-growth forests
- Close proximity to main markets in Japan and China
- Strong management team
- Experienced Board members

Next operational steps:

- Construction of pellet mill in Magistralny
- Consolidation of forestry assets in Ust-Ilimsk
- Further simplification of the corporate structure
- Additional reduction of administrative costs
- Optimization of forest resources (possible sales and/or swaps)



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