

Year End Report 2015 Earnings Call

31 March 2015



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Company Overview

Summary

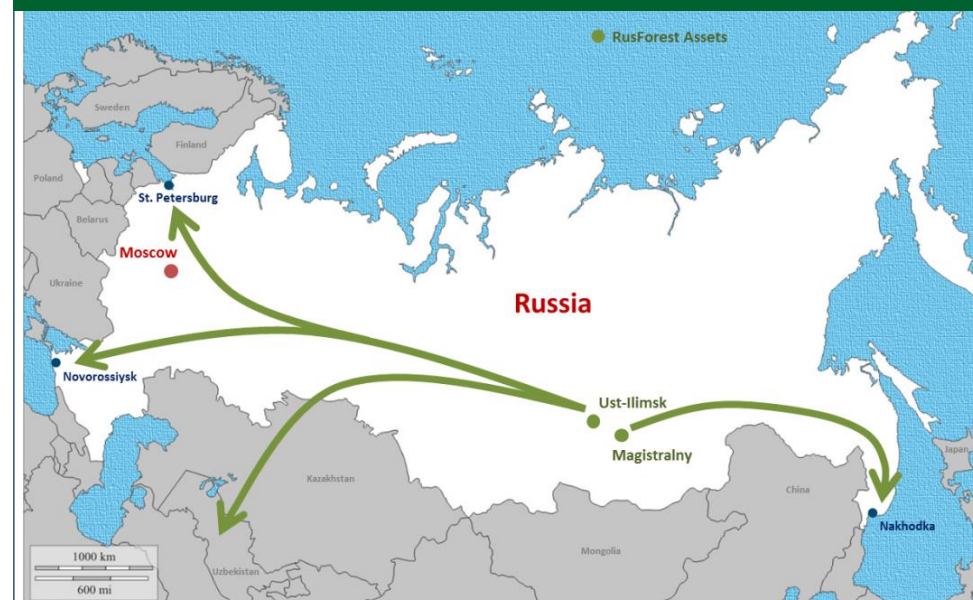
- Swedish forestry company operating in Russia
- Vertically integrated from timber leases to sawmilling and wood pellets
- High-quality, slow-growth forests
- Close proximity to main growth markets in Asia
- Strong management team
- Experienced Board members

Corporate Information

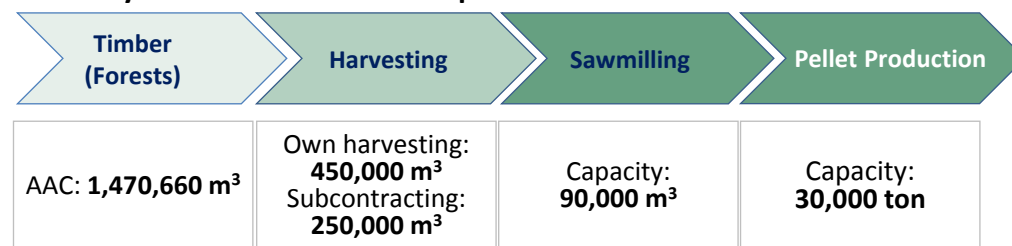
Stock Exchange Listing	NASDAQ OMX Stockholm First North ticker "RUSF"
Share Price *	SEK 1.90
Shares Outstanding	132,033,881
Market Capitalization	USD 30.9 million
Net Debt	USD -8.3 million
Enterprise Value	USD 22.6 million
Main Shareholder	Nova Capital (25.4%)

*Share price at closing on 30 March 2016. Net debt at 31 December 2015.

Asset Locations



Forestry value chain & annual capacities



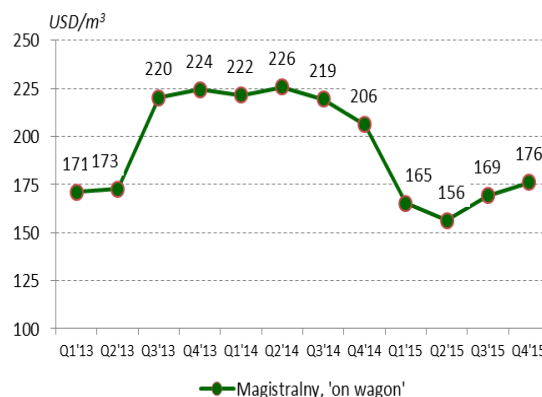
AAC = Annual Allowable Cut; m³ = cubic meters

Fourth Quarter 2015 Production and Sales

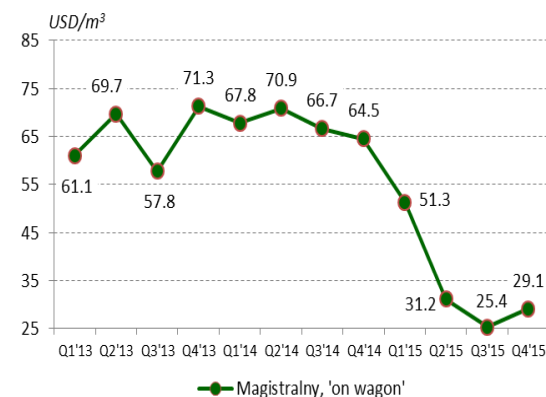
- Strong finish of 2015 in production, with both increased harvesting and sawmilling in Q4 2015 compared with Q4 2014.
- Both Magistralny pellet mill and Ust-Ilimsk harvesting operations launched in Q4 2015, with production of 1,847 tons of pellets and 13,076 m³ logs respectively by year end.
- Increased sawnwood and sawlogs sales in Q4 2015 compared with Q4 2014.
- Sawnwood market situation still difficult, reduction in average price of 14.6% in Q4 2015 compared Q4 2014.
- Sales to the Japanese market at 62% in Q4 2015 compared with 53% in Q4 2014. However, sales also included lower quality products.

	Fourth quarter		12M	
	2015	2014	2015	2014
Production & sales continuing operations				
Sawlogs harvested, m ³	115,757	105,038	287,865	278,896
Sawlogs harvested, m ³ (subcontracting)	216,829	106,379	615,166	320,210
Sawnwood produced, m ³	22,488	21,368	85,645	78,826
Pellets produced	1,847	-	1,847	-
Sawlogs sold, m ³	22,995	19,670	69,397	78,312
Sawnwood sold, m ³	22,589	20,355	84,459	78,088
Pellets sold	1,722	-	1,722	-

RusForest's sawnwood price dynamics



RusForest's sawlogs price dynamics



Fourth Quarter 2015 Financial Highlights

- Revenue decreased by 10% in Q4 2015 to USD 6.4 million, compared with USD 7.1 million in Q4 2014, due to lower prices.
- Continued good EBITDA results of USD 1.7 million in Q4 2015 and USD 4.6 million for full year 2015.
- The first ever annual net profit, of USD 3.2 million, for RusForest in 2015!
- Cash balance of USD 8.4 million at 31 December 2015, compared with USD 10.0 million at 31 December 2014.

USDm	Fourth quarter		12M	
	2015	2014	2015	2014
Revenue	6.4	7.1	22.0	27.4
EBITDA	1.7	1.4	4.7	0.1
EBITDA adjusted*	1.7	1.6	4.6	1.5
Profit/(loss) from continuing operations	1.5	3.1	3.6	(2.9)
Loss from discontinued operations	0.0	(8.1)	(0.4)	(11.6)
Profit/(Loss) for the period	1.5	(5.0)	3.2	(14.5)
Profit/(loss) per share (USD per share)	0.01	(0.04)	0.02	(0.11)
			31 Dec 2015	31 Dec 2014
Cash balance			8.4	10.0
Working capital**			2.5	7.2
Net debt***			(8.3)	(9.6)

*Detailed EBITDA calculation on page 5 of the 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.

Fourth Quarter 2015 Income Statement

- Revenue
 - Sawnwood revenue down 9% due to prices.
 - Sawlog revenue down 11% due to lower prices.
 - Revenue from Ust-Ilimsk increased
- Cost of sales decreased 11% in Q4 2015 compared with Q4 2014, due to the weaker RUB and operational improvement measures
- Operating profit margin in Q4 2015 was 16%, compared with 6% in Q4 2014. Admin expenses decreased significantly.
- Profit for the period in Q4 2015 and full year 2015. Foreign exchange gain also large contributor to net profit in the Q4 2015 and full year 2015.

In thousands of USD	Q4 2015	Q4 2014	12M 2015	12M 2014
Continuing operations				
Revenue	6,399	7,137	21,997	27,429
Cost of sales	(2,869)	(3,241)	(11,654)	(18,204)
Gross profit	3,530	3,896	10,343	9,225
Other income	59	192	250	422
Distribution expenses	(940)	(989)	(3,738)	(4,891)
Administrative expenditure	(1,573)	(2,455)	(5,175)	(8,477)
Other expenses	(84)	(199)	(220)	(1,526)
Operating profit/(loss)	992	445	1,460	(5,247)
Exchange gain/loss	669	2,689	2,372	2,878
Financing income	19	112	202	455
Financing cost	(66)	(126)	(163)	(969)
Net financing income/(cost)	622	2,675	2,411	2,364
Profit/(loss) before tax from continuing operations	1,614	3,120	3,871	(2,883)
<i>Income tax</i>	(155)	(11)	(284)	(26)
Profit/(loss) from continuing operations	1,459	3,109	3,587	(2,909)
Discontinued operations				
Loss after tax from discontinued operations	-	(8,081)	(377)	(11,632)
Profit/(loss) for the period	1,459	(4,972)	3,210	(14,541)
Attributable to:				
Equity holders of the parent	1,416	(4,912)	3,238	(14,493)
Non-controlling interests	43	(60)	(28)	(48)
Profit/(loss) for the period	1,459	(4,972)	3,210	(14,541)
Profit/(loss) per share, basic and diluted, in	0.01	(0.04)	0.02	(0.11)

Fourth Quarter 2015 Balance Sheet

- All of the proceeds from Arkhangelsk sale received, no receivable outstanding.
- VAT refund significantly increased related to recent capital investments.
- Cash balance of USD 8.4 million at 31 December 2015.
- Debt of USD 0.1 million at 31 December 2015, Consists of zero-coupon bonds maturing in 2018.
- Synthetic buyback resulted in negative difference between market price on 31 December 2015 and average acquisition price recorded as financial liability of USD 5 thousand.
- Working Capital of USD 2.5 million at 31 December 2015, compared with USD 7.2 million at 31 December 2014.

In thousands of USD	31 Dec 2015	31 Dec 2014
Assets		
Property, plant and equipment*	16,152	14,914
Intangible assets	49	98
Deferred tax asset	5	6
Total non-current assets	16,206	15,018
Inventory	2,134	1,750
Receivable from assets sale	-	6,242
Advance for purchase of non-controlling interest in subsidiaries	343	-
VAT refundable	2,278	1,530
Trade and other receivables	1,483	1,563
Current tax assets	24	52
Loans receivable	12	93
Cash and cash equivalents**	8,404	9,987
Total current assets	14,678	21,217
Total assets	30,884	36,235
EQUITY		
Total Equity	26,950	31,820
Liabilities		
Interest-bearing loans and borrowings	133	479
Deferred tax liability	5	6
Total non-current liabilities	138	485
Call option	5	-
Interest-bearing loans and borrowings	-	6
Trade and other payables	3,041	3,858
Current tax liabilities	76	42
Provisions	674	24
Total current liabilities	3,796	3,930
Total liabilities	3,934	4,415
Total equity and liabilities	30,884	36,235

Fourth Quarter 2015 Cash Balance Reconciliation

- Positive cash flow from operating activities.
- Net investment in equipment of USD 3.1 million in Q4 2015, mainly related to Ust-Ilimsk harvesting project and new pellet mill in Magistralny.
- Proceeds from sale of Arkhangelsk of USD 1.9 million received in Q4 2015.

in thousands of USD		Q4 2015
Cash balance 30 Sep 2015		9,092
Continuing operations		
Cash flow from operating activities		546
Net Investment in equipment		(3,147)
Proceeds from sale of subsidiaries and equipment		1,907
Loan items		56
Cash flow from investing		(1,184)
Cash flow from financing activities		-
Cash flow during the period		(638)
Exchange-rate differences on cash balance		(50)
Cash balance 31 December 2015		8,404

Conclusion

Summary:

- 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:

- Ramp up production of pellets in Magistralny.
- Ramp up the harvesting operations in Ust-Ilimsk forest lease areas
- Optimization of forest resources (possible sales and/or swaps)



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