

First Quarter 2016 Report Earnings Call

31 May 2016



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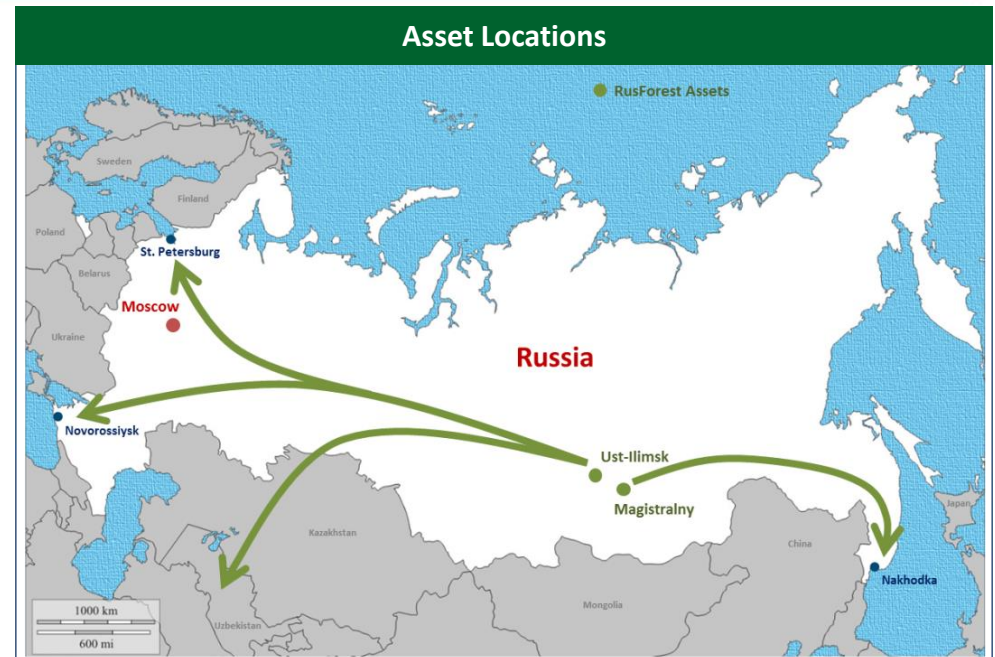
Company Overview

Summary

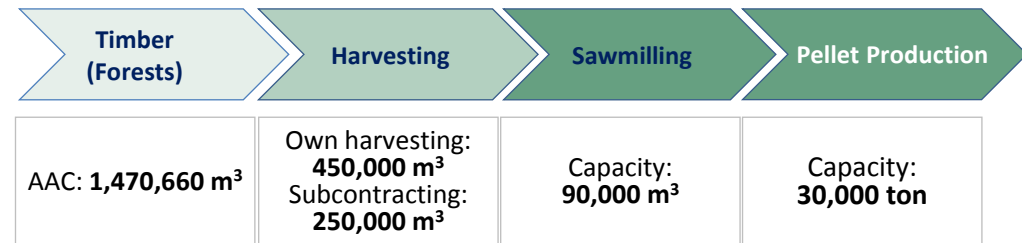
- Swedish forestry company operating in Russia
- Vertically integrated from timber leases to sawmilling and wood pellets
- High-quality, slow-growth forests
- Close proximity to main growth markets in Asia
- Strong management team
- Experienced Board members

Corporate Information

Stock Exchange Listing	NASDAQ First North ticker "RUSF"
Share Price *	SEK 1.94
Shares Outstanding	132,033,881
Market Capitalization	USD 30.9 million
Net Debt	USD -10.7 million
Enterprise Value	USD 20.2 million
Main Shareholder	Nova Capital (25.4%)



Forestry value chain & annual capacities



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

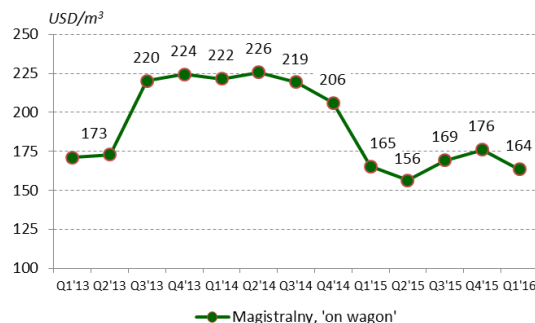
AAC = Annual Allowable Cut; m³ = cubic meters

First Quarter 2016 Production and Sales

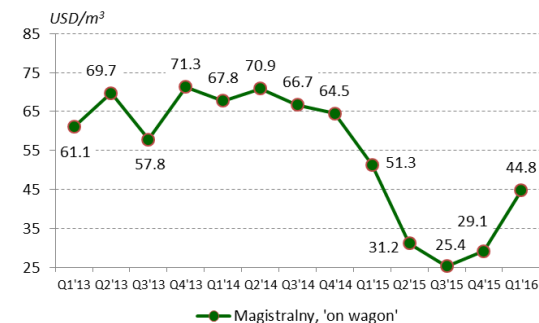
- Strong quarter in terms of production in core Magistralny unit, with both increased harvesting and sawmilling in Q1 2016 compared with Q1 2015.
- Both Magistralny pellet mill and Ust-Ilimsk harvesting operations performed well although still in ramp-up phase.
- Deliveries of pellets to European trading partner going well.
- Increased sawnwood and sawlogs sales in Q1 2016 compared with Q1 2015.
- Situation still difficult in many markets, however, the Company managed to redirect some low quality product volumes to the Japanese market in Q1 2016.

	First quarter		Full year
	2016	2015	2015
Production & sales continuing operations			
Sawlogs harvested, m ³	121,121	74,304	287,865
Sawlogs harvested, m ³ (subcontracting)	273,933	262,415	615,166
Sawnwood produced, m ³	23,021	21,778	85,645
Pellets produced	6,225	-	1,847
Sawlogs sold, m ³	43,163	16,410	69,397
Sawnwood sold, m ³	21,656	19,291	84,459
Pellets sold	6,219	-	1,722

RusForest's sawnwood price dynamics



RusForest's sawlogs price dynamics



First Quarter 2016 Financial Highlights

- Revenue increased by 31% to USD 7.3 million in Q1 2016, compared with USD 5.6 million in Q1 2015, due to increased sales volumes and new business activities.
- Continued strong and improved EBITDA results of USD 3.0 million in Q1 2016 compared with USD 2.0 million in Q1 2015.
- Net profit of USD 1.2 million in Q1 2016 lower than USD 1.7 million in Q1 2015 due to currency exchange loss in the quarter.
- Cash balance of USD 10.9 million at 31 March 2016, compared with USD 8.4 million at 31 December 2015.

USDm	First quarter		Full year
	2016	2015	2015
Revenue	7.3	5.6	22.0
EBITDA	3.0	2.0	4.7
Operating profit	2.2	1.2	1.5
Profit/(Loss) for the period	1.2	1.7	3.2
Net profit/(loss) per share (USD per share)	0.01	0.01	0.02

	31 Mar 2016	31 Dec 2015
Cash balance	10.9	8.4
Working capital*	1.8	2.5
Net debt**	(10.7)	(8.3)

*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 2016 Income Statement

- Revenue
 - Sawnwood revenue up 12% due to volume.
 - Sawlog revenue up 68% due to Ust-Ilimsk.
 - Pellets added USD 676 thousand of revenue.
- Profit on sale of non-core forest lease in Magistralny recorded as other income.
- Cost categories also increased due to the increased sales volumes and new business activities, but less so than revenue.
- Operating profit in Q1 2016 was USD 2.2 million representing an 77% increase compared with Q1 2015.
- Due to a strengthening RUB in Q1 2016 an exchange loss is recorded compared with an exchange gain in Q1 2015.
- Net profit in Q1 2016 of USD 1.2 million compared with USD 1.7 million in Q1 2015.

In thousands of USD	Q1 2016	Q1 2015	12M 2015
Continuing operations			
Revenue	7,340	5,613	21,997
Cost of sales	(3,277)	(2,701)	(11,654)
Gross profit	4,063	2,912	10,343
Other income	610	116	250
Distribution expenses	(955)	(811)	(3,738)
Administrative expenditure	(1,501)	(915)	(5,175)
Other expenses	(57)	(81)	(220)
Operating profit/(loss)	2,160	1,221	1,460
Exchange gain/loss	(679)	531	2,372
Financing income	18	34	202
Financing cost	(38)	(23)	(163)
Net financing income/(cost)	(699)	542	2,411
Profit/(loss) before tax from continuing operations	1,461	1,763	3,871
Income tax	(216)	(30)	(284)
Profit/(loss) from continuing operations	1,245	1,733	3,587
Discontinued operations			
Loss after tax from discontinued operations	-	-	(377)
Profit/(loss) for the period	1,245	1,733	3,210
Attributable to:			
Equity holders of the parent	1,232	1,704	3,238
Non-controlling interests	13	29	(28)
Profit/(loss) for the period	1,245	1,733	3,210
Profit/(loss) per share, basic and diluted, in USD	0.01	0.01	0.02

First Quarter 2016 Balance Sheet

- Compared with 31 Dec 2015 the RUB strengthened somewhat by 31 March 2016 which has positive effect on valuation of RUB based fixed assets.
- Cash balance of USD 10.9 million at 31 March 2016.
- Unchanged debt of USD 0.1 million at 31 March 2016, consists of zero-coupon bonds maturing in 2018.
- Synthetic buyback resulted in negative difference between market price on 31 March 2016 and average acquisition price recorded as financial liability of USD 16 thousand.

In thousands of USD	31 Mar 2016	31 Dec 2015
Assets		
Non-current assets		
Property, plant and equipment	17,849	16,152
Intangible assets	47	49
Deferred tax asset	4	5
Total non-current assets	17,900	16,206
Current assets		
Inventory	2,623	2,134
Receivable from assets sale	-	-
Advance for purchase of non-controlling interest in subsidiaries	370	343
VAT refundable	2,423	2,278
Trade and other receivables	1,714	1,483
Current tax assets	9	24
Loans receivable	11	12
Cash and cash equivalents*	10,854	8,404
Total current assets	18,004	14,678
Total assets	35,904	30,884
EQUITY		
Total Equity	30,415	26,950
Liabilities		
Non-current liabilities		
Interest-bearing loans and borrowings	136	133
Deferred tax liability	5	5
Total non-current liabilities	141	138
Current liabilities		
Call option	16	5
Interest-bearing loans and borrowings	-	-
Trade and other payables	4,434	3,041
Current tax liabilities	173	76
Provisions	725	674
Total current liabilities	5,348	3,796
Total liabilities	5,489	3,934
Total equity and liabilities	35,904	30,884

First Quarter 2016 Cash Balance Reconciliation

- Strong positive cash flow from operating activities.
- Net investment in equipment of USD 1.4 million in Q1 2016, mainly related to Ust-Ilimsk harvesting project.
- Proceeds from sale of Kachugskoe non-core forest lease in Magistralny area added USD 681 thousand (incl VAT)

in thousands of USD		Q1 2016
Cash balance 31 Dec 2015		8,404
Continuing operations		
Cash flow from operating activities		3,085
Net Investment in equipment		(1,433)
Proceeds from sale of forest lease		681
Interest received		18
Cash flow from investing		(734)
Cash flow from financing activities		-
Cash flow during the period		2,351
Exchange-rate differences on cash balance		99
Cash balance 31 March 2016		10,854

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



New John Deere unit in Ust-Ilimsk

Next operational steps:

- Continuous improvement of pellet mill in Magistralny
- Continuous improvement of Ust-Ilimsk harvesting operations
- Further simplification of the corporate structure
- Optimization of forest resources (possible sales and/or swaps)

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