

PRESS RELEASE

RusForest Provides Update on Operations and Financial Position

RusForest AB (publ) (“RusForest” or the “Company”) (NASDAQ OMX: RUSF), a Swedish forestry company with operations in Russia, announces preliminary Q4 2015 production and sales results for its Magistralny and Ust-Ilimsk units.

Management Comments

“RusForest finished the year on a strong note in terms of production, with increased sawmilling and harvesting in Q4 2015 compared with the same period in 2014. Both the new pellet mill in Magistralny and the new harvesting operations in Ust-Ilimsk were launched in Q4 2015 and are working to gradually ramp up production. At the same time all of our Sawnwood markets except for Japan were very challenging in Q4 2015 with a year-on-year decline in average price received as a consequence. Current price visibility further into 2016 for all markets remains difficult. The Russian rouble continues to be weak, however, domestic prices are slowly catching up to the new currency environment through increased price inflation, especially in imported equipment and materials.”

Harvesting

In Q4 2015, RusForest harvested 117,101 m³ of sawlogs, compared with 105,038 m³ in Q4 2014 (+11%), which included 14,420 m³ of recently developed own harvesting in Ust-Ilimsk.

Subcontracting

In Q4 2015, RusForest's subcontractors harvested 216,829 m³ of sawlogs in Ust-Ilimsk forest lease areas, compared with 106,379 m³ in Q4 2014 (+104%).

Sawmilling

In Q4 2015, RusForest produced 22,488 m³ of sawnwood, compared with 21,368 m³ in Q4 2014 (+5%). The Magistralny sawmill has in 2015 been successfully running around its practical maximum annual capacity.

Wood pellets

In Q4 2015, RusForest started production of pellets in Magistralny and managed to produce a total of 1,847 tonnes in Q4 2015.

Sales

In Q4 2015 RusForest sold 22,589 m³ of sawnwood from Magistralny compared with 20,355 m³ in Q4 2014 (+11%).



In Q4 2015 RusForest sold 22,995 m³ of sawlogs compared with 19,670 m³ in Q4 2014 (+17%). Sales volumes of sawlogs increased due to better demand on the Chinese market in the quarter.

A total of 1,772 tonnes of wood pellets were sold from Magistralny in Q4 2015.

Ust-Ilimsk Harvesting Operations

In Q4 2015 the Company made about USD 2.1 million of capital investments into the Ust-Ilimsk harvesting operations, now totaling approximately USD 4.0 million for 2015. Some of the 2016 planned expenditures were moved into 2015.

Financial Position

At 31 December 2015 RusForest had an unaudited cash balance of approximately USD 8.4 million, of which approximately USD 4.9 million was held at the corporate level and included restricted cash balances in the amount of USD 0.2 million, connected to the synthetic buyback program. At 31 December 2015, the Company had corporate debt of approximately USD 0.1 million from zero coupon bonds denominated in SEK and maturing in May 2018.

About RusForest AB

RusForest is a Swedish forestry company operating in Eastern Siberia. The Company controls long-term timber leases and utilizes these resources to produce a wide range of sawnwood products. RusForest is listed on NASDAQ OMX Stockholm First North (ticker "RUSF").

RusForest AB's Certified Adviser on First North is Pareto Securities AB.

For additional information, please visit the Company's website at www.rusforest.com or contact:

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