



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 Q3 2015 production and sales results for its Magistralny and Ust-Ilimsk units.

### **Management Comments**

"In Q3 2015 RusForest was able to increase sawmilling by 6.0%, compared with Q3 2014. Harvesting in Magistralny was lower compared with Q3 2014. In Q3 2015 RusForest increased sales to the Japanese market compared with last quarter and prices increased slightly, however, overall sales volumes of both sawnwood and sawlogs decreased due to sustained unfavorable market conditions in the Chinese and Central Asian markets. The pellet mill project in Magistralny is progressing according to plan and the sale of the first annual output has been contracted."

### **Harvesting**

RusForest sawlog harvesting in Magistralny decreased by 18.9% to 68,100 m<sup>3</sup> in Q3 2015 compared with 83,950 m<sup>3</sup> in Q3 2014.

### **Subcontracting**

Subcontractors harvested 53,106 m<sup>3</sup> of sawlogs in Ust-Ilimsk forest lease areas in Q3 2015. In Q3 2014 subcontractors harvested 21,823 m<sup>3</sup> of sawlogs. The larger harvested volume in Q3 2015 was primarily due to favorable weather conditions.

### **Sawmilling**

RusForest sawnwood production in Magistralny increased by 6.0% to 22,912 m<sup>3</sup> in Q3 2015 compared with 21,619 m<sup>3</sup> in Q3 2014.

### **Sales**

RusForest sold 21,007 m<sup>3</sup> of sawnwood from Magistralny in Q3 2015 compared with 21,992 m<sup>3</sup> in Q3 2014 (-4.5%). Continued oversupply on the Asian sawnwood markets is the main reason for lower sales volumes. At the same time sales to Japan significantly increased in Q3 2015 compared with Q2 2015. The share of Japanese market in total sales increased from 31% in Q2 to 45% in Q3 2015. In Q3 2014 the share of Japanese market in total sales was 48%.

The Company sold 18,514 m<sup>3</sup> of sawlogs in Q3 2015 compared with 22,851 m<sup>3</sup> in Q3 2014 (-19.0%). Sales volumes of sawlogs decreased due to difficult market conditions on the Chinese market in July-August. However, sales volume in September 2015 was significantly above same period last year.



Average sawnwood sales price in Q3 2015 increased compared with Q2 2015, but was lower compared with Q3 2014.

### **Pellet Mill Project**

The Pellet mill construction has progressed according to schedule. At the end of Q3 2015, installation of equipment was almost completed and final works on wiring and connecting to the power supply had started. RusForest has also entered into a one-year sales contract for the pellets to be produced. The pellets will be sold through one of the leading European trading houses focused on bioenergy.

### **Ust-Ilimsk Harvesting Operations**

In Q3 2015 the Company started to procure necessary new equipment for the announced plans to develop its own harvesting operations in its Ust-Ilimsk forest lease areas.

### **Financial Position**

At 30 September 2015 RusForest had a cash balance of approximately USD 9.0 million, of which approximately USD 5.4 million was held at the corporate level, mostly in US dollars. At 30 September 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](http://www.rusforest.com) or contact:

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