

**ASX Announcement**  
(ASX:RAN)

20 December 2017

**Results of operational review – Strategy impact**

Range International Limited ('Range International' or the 'Company'), manufacturer of Re>Pal™ recycled plastic pallets, would like to provide an update on the internal review of business operations and financial forecasts carried out by the Company's new Executive Management team (the 'Review').

**Operational review**

The Executive Management team have completed the Review and have reported their findings to the Board.

The Review has identified a number of positive findings:

- (i) The Company continues to receive repeat orders from existing customers particularly from customers in Indonesia;
- (ii) The Company continues to receive interest in Re>Pal™ pallets from large pallet buyers including manufacturers, logistics companies and pallet distributors;
- (iii) Product development for the Philippines opportunity based on the non-binding MOU is ongoing albeit in the concept design phase only;
- (iv) A number of product designs are in development to optimise pallet strength and ensure efficient plastic usage;
- (v) The appointment of the new Head of Product Development, Mat Allard, has strengthened the Company's ability to engage with customers and provide practical technical solutions;
- (vi) Seven (7) production lines have been commissioned at the Pasuruan factory with another three (3) lines onsite and the Company has the ability to bring a production line into operation if needed within a matter of weeks;
- (vii) In-house mould production using the recently purchased CNC machines has provided flexibility to innovate; and
- (viii) Receipts to date in Q4 have exceeded receipts in Q3.

The Review identified a number of challenges which are impacting the realisation of previously expected production cost efficiencies and inhibiting the Company's ability to reach operational cashflow breakeven:

- (i) The electricity draw in the Pasuruan plant is much higher than expected while the delay in bringing the pre-processing system online is delaying optimisation of raw material costs;
- (ii) Commissioning of the raw material pre-processing system has encountered difficulties which are currently being worked through by the Company and its equipment suppliers. Indications suggest that it may take until April 2018 to rectify these issues. The pre-

processing system is not integral to the proprietary processes of Range and pallet production is continuing during the commissioning process;

- (iii) Sales growth expectations have been impacted by the stop-ship on the recurring China order and the delayed uptake on the Philippines business; and
- (iv) There will be some softening of sales volumes due to the reset of pricing required in light of the higher input costs.

The Company now expects cash on hand as at 31 December 2017 to be around US\$8.4M.

To address these challenges and preserve shareholder capital, the Company's Board of Directors has endorsed a new short-term strategy for the business.

### **New strategy – Back to Basics**

The Company plans to reduce output and limit production at the Pasuruan plant, focus on core geographic sales markets and implement deep cost reductions across the business. The aim of this strategy is to:

- (i) Extend the Company's cashflow runway into calendar year 2019 to allow the team to address the challenges with input costs, the pre-processing system, continue to develop improved product designs, and institutionalise our manufacturing processes;
- (ii) Allow additional time for the market to adopt the new Re>Pal™ pallet technology;
- (iii) Establish relationships with waste recyclers in extended markets; and
- (iv) Increase unit pricing for Re>Pal™ products.

Chair, Mark Daniel said: "This strategy will enable the business to address its current challenges. The Board and management continue to believe in the Company's sustainable waste plastic recycling technology, ThermoFusion™, and continue to be focused on creating value for shareholders through the manufacture of plastic pallets using the technology."

### **Board Composition**

In light of the need to reduce costs across the business, David Lee will step away from the Board with effect from 31 December 2017. David will continue to provide advice and support on an ongoing basis.

Chair, Mark Daniel said: "The Board thanks David for his valuable contribution to the Board and his support in making himself available to the Company to provide advice as needed post his stepping down."

### **Mark Daniel**

Chair

### **About Range International:**

Range is a manufacturer of plastic pallets. Our ThermoFusion™ technology allows Range to make plastic pallets from 100% recycled plastic. Range currently has production lines operating in Indonesia and sells its pallets under the brand Re>Pal™.

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