

RANGE INTERNATIONAL LIMITED – AGM 2019

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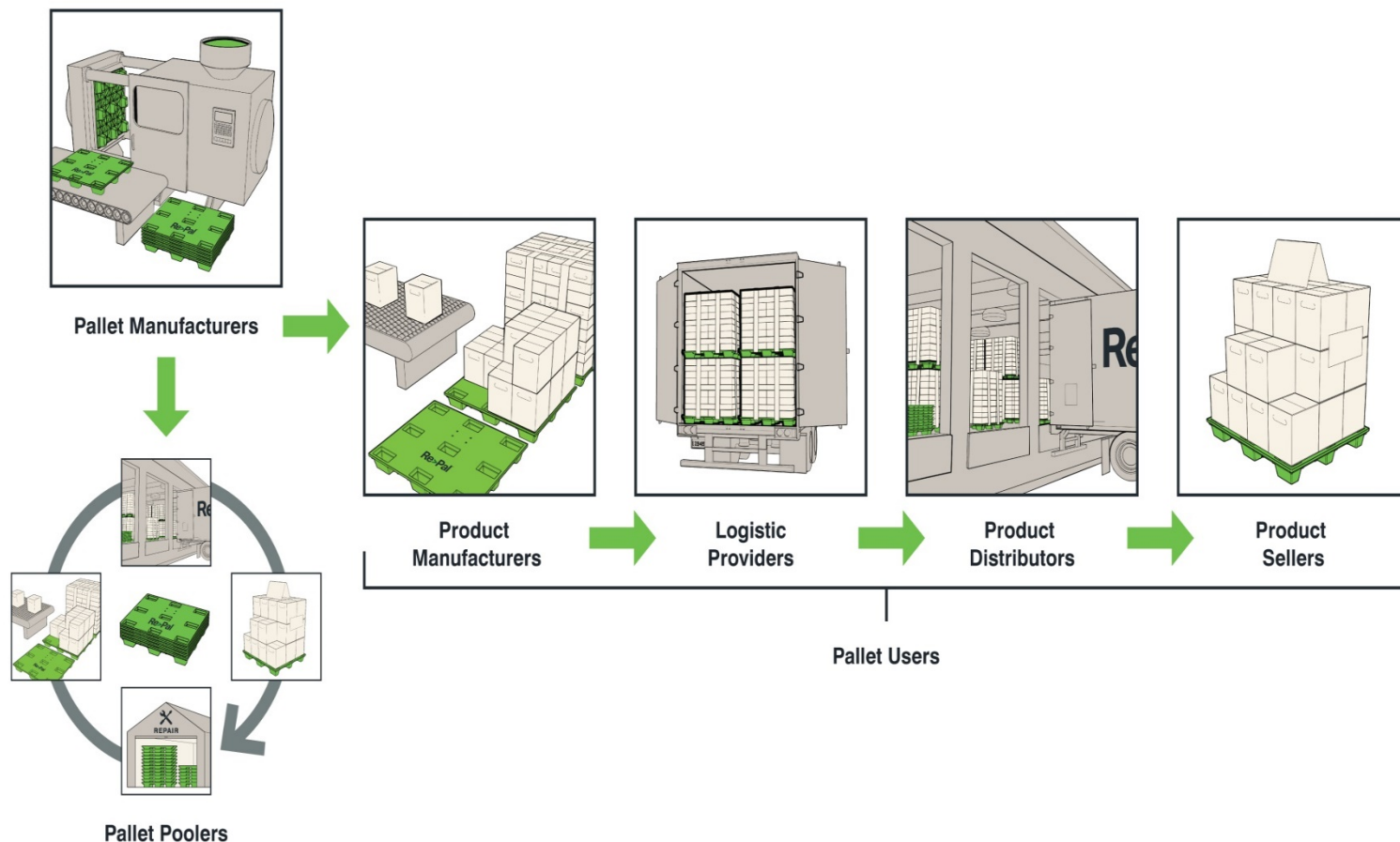
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CEO's address

INDUSTRY RECAP



Different financing models: outright sale, rental (hire/ dehire), pooled rental. Re>Pal focuses on pallet sales. Can look at rental for right counterparties and simple logistic needs i.e. not pooling.

Different pallet types: many different sizes and pallet uses (top/ bottom deck); many different loading combinations.

Winning larger export pallet types is desirable as they are annual volumes; though competitive vs lower priced timber

INSIGHTS

Category Insights:

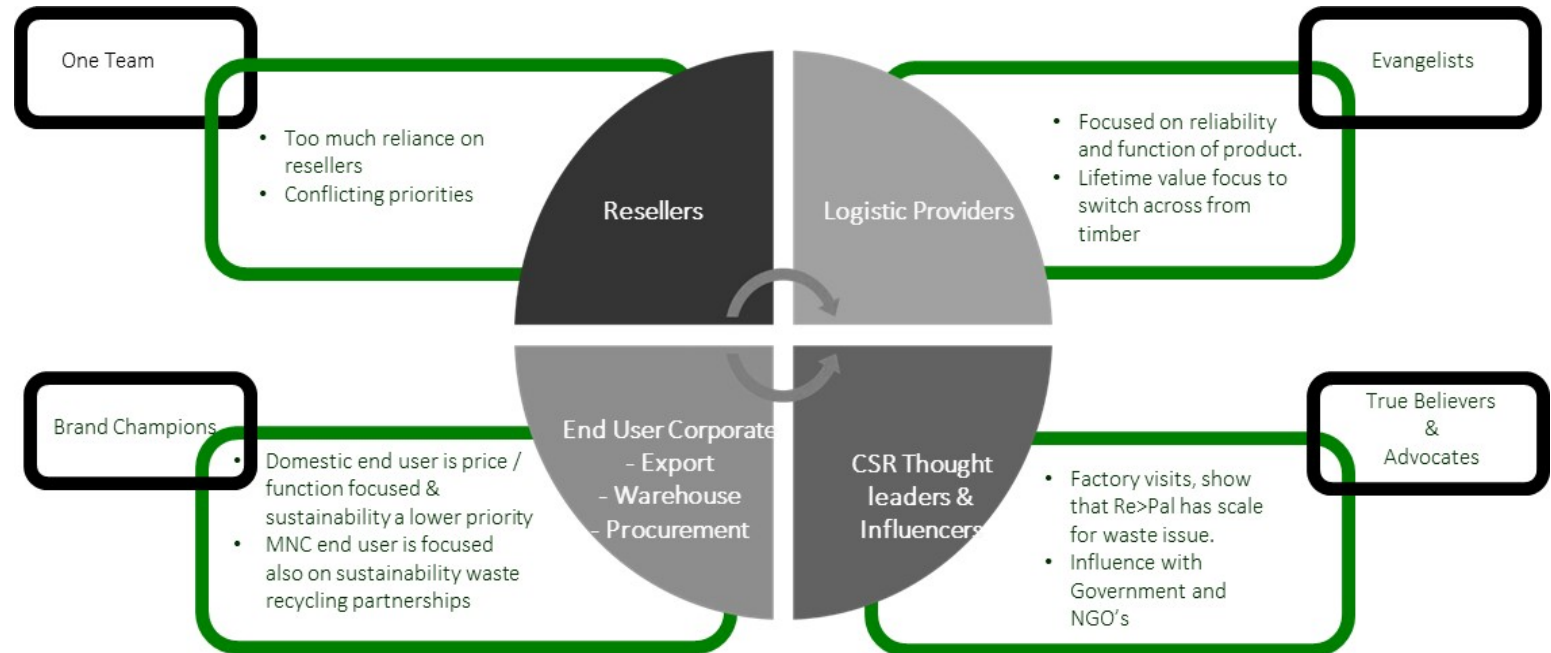
- 90% market is still using wood
- The shift from wood has started and is on the rise
- There is more control and risk around wood
- Cost from wood is high (fumigation etc)
- Virgin plastic pricing has been high

Our Customers Pain Points:

- Risk - Infestation of entire cargo
- Supply chain - Getting wood
- Supply chain – Product Reliability
- Supply chain - inspections delays
- Profit - Cost of wood (lumber is up)
- Profit – Plastic price was high
- Profit – Cost of fumigation
- Client satisfaction – Damage to goods
- Reputation – CSR if using wood or new plastic waste and carbon

We need to solve our customers problems first to make it easy for them to buy Re>Pal.

TARGET AUDIENCE



Current Mindset

Future Mindset

SALES AND VALUE PROPOSITION

- In September 2018 Range moved away from 'plastic for same price as timber' value proposition to sell at a higher price than timber and below virgin plastic. In certain markets, timber pallet pricing is increasing. There is increased interest in using plastic in supply chains, though virgin plastic pricing is not rising as it was.
- We still believe that a 100% sustainable pallet is a unique proposition.
- Nestle Philippines (PP) ordered for Cabuyao plant and interested in Re>Pal across the Philippines for sustainability agenda.
- Small orders from LF Logistics (Indonesia), Thai Union (Thailand), Parex (Philippines) received.
- LF Logistics potentially important relationship, their client base interested in sustainability and plastic/ lifetime value.
- Two Business Development Managers recruited in Indonesia for the Jakarta Industrial areas. Two consultants on commission arrangements. One existing sales person in Surabaya, the other in Jakarta resigned. CRM system in place and reporting engine, tracks pallets that Re>Pal doesn't currently make but clients have demand for.
- Sales cycles remain far longer than expected but overall the pipeline is expanding in Indonesia, Thailand, Vietnam and the Philippines.

SELECTED CLIENTS

Oleochemicals

- Unilever OleoChemicals



Beauty/ FMCG

- Canada Green Gate
- SC Johnson
- Utama Spice
- Wings Group



Flavour & Fragrances

- IFF Philippines
- Givaudan



Electronics

- Kyoden Group



Beverages

- Vitacoco Philippines
- Sinar Sosro



Food

- Nestle
- Indofood
- Frisian Flag
- Jollibee
- ABC President
- Century Pacific Food



CENTURY PACIFIC FOOD, INC.

SELECTED CLIENTS

Engineering& Manufacturing

- Dynapack Group
(Dynaplast & Rapidplast)
- MBCS Corporation Co.,Ltd
- Combine Will (toys)



RAPIDPLAST



Footware/ Leather

- Ecco Indonesia
- Panarub
- Halim Jaya –Ando



Cement

- Parex Group



Garment

- Eco Smart Garment



PT. ECO SMART
Garment Indonesia

Autoparts

- Kiat Motor Wintor Indonesia



Sport Brands

- PanaTrade Caraka (SPECS)



Pharmaceutical

- Soho Industri Pharmasi
- Adi Bharata Asty
- Sinar Roda Utama



PT. SOHO Industri Pharmasi



Medical Equipment Supplier



PT. SINAR RODA UTAMA
MEDICAL AND HOSPITAL EQUIPMENT

SELECTED CLIENTS

Logistics/ 3PL

- LF Logistics
- DHL
- CWT logistics
- Kerry Express
- LBC Express

LF LOGISTICS



KERRY
LOGISTICS



PRODUCT DEVELOPMENT

- Core product development has been far slower than expected with issues arising for new designs related to ISO compliance and ensuring the finished good quality is to standard. HD1210L will complete final testing June 30 2019.
- Then we will embark on the next pallet according to the most demand from our CRM/ potential relationships.
- Likely a 1200x1200; 1100x1100 or 1200x800
- To speed product development we would need to invest in an additional CNC machine to manufacture the mold. We can then produce new molds and modify existing molds in parallel, which brings the new mold to market sooner by 4 months or so. Outsourcing is not ideal as many mold manufacturers also sell pallets.

RAW MATERIALS SOURCING AND CONTROL

In 2018/ early 2019 we swapped many sources of raw materials due to issues summarised in the FTI Consulting report.

Added controls on humidity, quality control sampling, weighing and reconciliation.

Adding different sources to put downward pressure on pricing where possible.

Partnering with Domestics/ Multi-Nationals on their waste streams, and looking at areas that resellers do not want to take.

Partnering with municipal governments in Indonesia where possible for waste from landfill, waste banks.

Investigating an import license for post-factory waste.

Re>Pal's production process is dependent on the availability of:

- HDPE, PP and LDPE. We can use mixed waste plastics, in our production process.
- Many of these types of plastics are not free in Indonesia
- Diversity of supply is key to keeping raw material pricing at predictable and reasonable levels.
- Sourcing dirty waste from corporates including trials of post-production (non toxic) waste or general waste from factories
- Investigating sourcing dirty plastic from waste banks and land fills; takes time to discuss with Governments.
- Partnering with Governments directly to employ separators via the Government rather than via multi-level reseller network
- Leveraging the Company's internal wash plant to lower cost of processing, leverage in-house staff and equipment, this was successfully tested during April 2019 and is being expanded in house.
- This could provide a 15-30% reduction in raw material pricing depending on supplier agreements.
- Take>Bak of other supplier's or Re>Pal's broken pallets to regrind into waste
- Cooperation with logistics providers to capture any waste from products they distribute across Indonesia
- Still need to add truck weigh scales in factory (project has been mostly paid for in 2017 but not implemented).

PRODUCTION OUTPUT

- Telford Smith Engineering attended the Pasuran factory end May to optimise the pelletiser. The initial outcome of this review is that the production capacity has been significantly increased. Throughput is still well under our target envisaged during original factory build.
We are engaged with TSE on improvements required and await their report before we take further steps.
- Each improvement of the pelletising equipment enables more efficient pellet production, a reduction of staff costs per kg of plastic produced and provide the efficiency to manage larger orders. Reliable operation of the pelletiser is needed to ensure production is not affected.
- Improvements in Utilisation
 - Use casual daily hire where possible eg for wash plant vs permanent employees.
 - Transition to daily hire where we can when permanent come off contracts (HR Manager leading this process)
 - More consistent access to raw materials, increase raw material stock held to eliminate downtime risk for lack of materials.
 - Running shifts avoiding peak kVA period

CASH MANAGEMENT

The Company continues to implement initiatives to improve cash management

- Significantly reduced operating overheads
- Significant reduction in Directors Fees and Professional fees
- Tightened terms and conditions of sales
- Chasing debts and tightened Accounts Receivable procedures
- Lowering production costs in particular raw materials through diversifying sourcing initiatives.
- Raw materials costs need to be significantly reduced from the current pricing for plastics having been sourced in 2018 and early H12019 from resellers
- Provides for a more stable platform for management to focus on sales and partnerships

STRATEGY

2018

Stabilise:

- Restructuring staff following FTI
- Procurement and raw material processes tightened
- Raw material suppliers changed
- Client collections tightened
- All costs and contracts examined
- Overseas offices closed or significantly downsized.
- Pricing of pallets increased
- Social marketing/web/ news restarted after 18 months, Branding tightened, differentiate between Re>Pal and Range
- Joined industry associations are joined (IABC, ADUPI, IBCSD)
- CRM and reporting engine started

2019

Optimise:

- Right people for growth phase;
- Right size factory staff, and shift patterns.
- Headcount freeze; reduce manager: staff ratio
- New raw material sourcing, handling control, rec's & wash plant expansion
- Efficiency of equipment and electricity: pelletiser throughput
- Optimise equipment configuration in factory
- Partnering on MNC's **free** waste; build marketing story of waste into pallets for circular economy with larger MNC's
- Reduce waste cost significantly to ensure competitiveness
- Import license for post-factory waste, establishes a maximum price for raw materials
- Raw material dashboard to be established

2019 - 2020

Grow:

- Sales growth with large MNC's regionally is key.
- Target is building a portfolio of Multi-National companies and large domestic warehouse MNC's with focus on sustainability
- Focus on large Indonesia/ regional exporting companies (exporters of pallets for annual volume)
- Marketing/ social media at relevant events (IABC annual meeting Bali, Logistic Exhibition Jakarta (Oct 19), Plastics Jakarta Nov 19)
- Recruit high performance Indonesia sales staff, tertiary qualified, CEO level enabled
- Develop partnerships with better resellers
- Develop strong local Indonesian Board
- Develop new products in collaboration with MNC's, new partnerships, companies wanting to use Re>Pal plastic
- Examine 'mini-plant's' overseas if viable/ licensing IP

