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RM2 International S.A.

RM2 enters into landmark alliance with Zhenshi for production of game-changing pallet

RM2 (LSE-AIM: RM2), the sustainable composite pallet innovator, is pleased to announce that it has entered into a strategic cost-saving manufacturing agreement with Zhenshi Holding Group Company Limited of China ("Zhenshi"). Zhenshi is a major shareholder of China Jushi Co. Ltd. ("Jushi"), one of the largest manufacturers of fibreglass in the world, producing over 1.1 million tonnes of glass fibre annually. Fibreglass is one of the key raw materials used in the manufacture of RM2's BLOCKpal pallet.

The agreement will allow for the mass production of the RM2 BLOCKpal pallet in Tongxiang, at a facility owned by Zhenshi Group Huamei New Materials Co., Ltd, adjacent to the principal Jushi glass fibre manufacturing plant. Initial production is expected to be deployed in Q1 2017 and will target circa 1.5 million pallets per annum, with projected growth to at least 5 million pallets per annum in the medium term. Pallets produced at the facility will initially be deployed with RM2's customers in North America and Europe.

RM2 and Zhenshi believe that there is a significant strategic opportunity for BLOCKpal deployment in the domestic Chinese and other Asian markets as Chinese logistics develop and as China palletizes its vast supply chain. The two companies will also develop additional areas where their resources and expertise are complementary, particularly in the area of logistics.

This agreement allows RM2 to address the volume demands of its clients whilst significantly reducing Cost Per Unit (CPU). Some of RM2's manufacturing assets will be transferred to China and, as a consequence of reduced production in Canada, RM2 will fall well short of its 2016 production target. Management analysis has demonstrated that the CPU benefits support this decision. The Company continues to seek to improve and optimise its manufacturing processes and remains committed to volume production in North America and will update the market on these plans over the coming months.

President Zhang, Chairman of Zhenshi and President of Jushi, commented: "We believe that large parts of the Chinese logistics chain will become palletized over the coming years. We are convinced, after our own extensive research, that the BLOCKpal is the optimum product in the market. Partnering with RM2 allows us to seize first mover advantage as China moves to palletize its economy in a region of the world with limited forestry resources for the manufacture of wooden pallets. Introducing the BLOCKpal pallet to China will put us on a cleaner and more sustainable path. China needs to reduce its logistics costs and we believe that the widespread use of sustainable, reusable pallets will be a key component of that. We will use all our resources to ensure maximum penetration of the BLOCKpal pallet in China and the broader Asian markets and we look forward to further developing our collaboration with RM2."

John Walsh, CEO of RM2, commented: "This is a strategic, long term agreement with Zhenshi which will allow us to offer even greater savings to our existing and future customers in North America and Europe due to the lower CPU, whilst also giving RM2 access to the vast Chinese market. This agreement will enable RM2 to produce pallets at a greater rate and at significantly lower cost, while at the same time, Zhenshi's extensive corporate holdings and relationships makes it uniquely positioned to open the Asian market for the BLOCKpal pallet. RM2 has taken steps to ensure we have the pallets available to service our customers during this transition of our manufacturing assets."

For further information, please contact:

RM2 International S.A. +44 (0)20 8820 1412
John Walsh, Chief Executive Officer
Jean-Francois Blouvac, Chief Financial Officer

RBC Capital Markets +44 (0)20 7653 4000
Tristan Lovegrove
Pierre Schreuder
Ema Jakasovic

Citigate Dewe Rogerson +44 (0)20 7638 9571
Simon Rigby
Kevin Smith
Rob Newman
Ellen Wilton

Notes to Editors

RM2 International S.A. specialises in pallet development, manufacture, supply and management to establish a leading presence in global pallet supply and improve the supply chain of manufacturing and distribution businesses through the effective and efficient use and management of composite pallets. It is quoted on the AIM market of the London Stock Exchange under the symbol RM2.L. For further information, please visit www.rm2.com.

The Zhenshi Group principally engages in the business of composite materials, special steel, mineral exploitation, real estate, hotel and tourism, health care, logistics and financial investments. As at the Latest Practicable Date, Zhenshi directly held a 15.59% equity interest in China Jushi, a company listed on the Shanghai Stock Exchange in China under the stock code "600176" since April 1999, which is one of the world's leading fiberglass manufacturers and the largest fiberglass manufacturer in China. For further information, please visit www.zhenshigroup.com and www.jushi.com.

This information is provided by RNS
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