

# TRS announces Joint Venture for end-of-life tyre recycling in China to address growing demand for performance recycled rubber powder

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Tyre Recycling Solutions SA, Switzerland (“TRS”) and Tengzhou SDS Star Smith Metal Products Co., Ltd. (滕州思达施密丝金属制品有限公司) (“SDS”) today concluded a joint venture agreement regarding Tyre Recycling Solutions China Jointco, Ltd., (“TRS China”) a consolidated subsidiary of TRS Switzerland. The venture will be established by TRS and SDS, under Chinese laws. The Parties intend to domicile JointCo in Tengzhou (滕州市) Economic Development Zone, Shandong Province, one of the nation’s clusters for the production of tyres. TRS shall be the majority owner with 67% (sixty- seven percent) of both the share capital and the voting rights. SDS SubCo shall own the balance of 33% (thirty-three percent).

China generates about 15 million tons of end-of-life tyres (ELT) and the volume is increasing at the rate of 8-10% per year according to the China Tyre Recycling Association (CTRA). Most importantly, China currently produces over 30% of the world’s tyres. About half of its production is exported and, therefore, bears a huge responsibility for environmental consequences. In addition, the country consumes some 85% of the world’s natural rubber and some 30% of the world’s synthetic rubber. China also imports some 70% of natural and synthetic rubber volumes. Recycling waste tyres into a valuable raw material is therefore of strategic interest for the nation.

“We see the opportunity for JointCo to become the leading force in the implementation of green technologies and the model of an inclusive circular economy solution for China. Our goal is to offer performance recycled materials to a variety of key markets such as, for example, tyres and road paving, said Staffan Ahlgren, TRS Switzerland CEO.

“The famous saying coined by Deng Xiaoping, 'crossing the river by feeling the stones', aptly describes the process of pioneering such new forms of business”, said Yang Kaiyu, Managing Director of SDS. “Starting our collaboration with a well thought out plan will enable us to bring to our country a ground breaking solution and serve the industry’s fast flourishing need for sustainable materials.”

With the start of the joint venture, the TRS China subsidiary will develop a production facility for recycling end-of-life (“ELT”) car and truck tyres starting in Q4 2020, with a target to produce 60,000 tons of TyreXol™ by year end 2023; the JointCo shall commercialize performance recycled rubber powder produced not only by its own recycling factory, but also produced from any other tyre recycling factory licensed by TRS to produce TyreXol™ in China.

## About TRS

Tyre Recycling Solutions SA (“TRS”) is a limited company established in 2013 in Switzerland. TRS builds global solutions for the collection, processing and recycling of scrap tyres through the development and implementation of innovative technologies and business processes. The TRS technology toolbox utilizes a unique water-jet milling process which can produce high performance powder for use as raw materials in a variety of industrial rubber products and high value applications and compounds. TRS derives its revenue from equipment sales, licenses and sale of high performance rubber powder under its globally

trademarked brand name TyreXol™. TRS has patented or applied for patents for trs t-cut™, trs Water Pulse™, trs Biodevulc™. The names of these processes and related equipment as well as TyreXol™ and TRS are registered trademarks of TRS in China as well.

In 2018, TRS expanded its shareholders base to welcome a group of Chinese investors with the ambition to deploy the TRS model and technologies in China. They have brought valuable support in connecting TRS with prominent industrial associations to get TRS known to decision makers and help TRS better assess the potential of the market.

## **About SDS**

Tengzhou Star Smith Metal Products Co., Ltd. (滕州思达施密丝金属制品有限公司) is an industrial company which conducts two types of activities: manufacturing variety of steel fiber for concrete reinforcement including recycling and processing of steel cords coming from end of life tyres on the one hand, and manufacturing, installation, development and operation of industrial processes in China with foreign partners on the other hand.

SDS was created in 2011 and managed by Yang Kaiyu, who has accumulated 25 years of industrial and management experience in the manufacturing of steel cord for radial tyres. He was chief engineer of China Bekaert steel cord company, Sino-Belgium JV and CEO of Shougang Concord Century Holdings Limited, a prominent listed Chinese player in this industry, prior to developing the activities at SDS.

Since 2019, SDS has also been working in a business development role with TRS, sourcing key relationships in the tyre manufacturing and recycling sectors in China.

Préverenges (Switzerland) and Tengzhou (People's Republic of China), 17<sup>th</sup> June 2020