

ASX RELEASE

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SECOS' Australian unit achieves trading profitability

Highlights:

- **SECOS' Australian operations under its fully owned subsidiary Stellar Films Group Pty Ltd have achieved trading profitability on a monthly run rate basis**
- **Stellar Films sales are running more than 25% higher than the period 18 months earlier, consistently generating over \$500,000 per month, with significant scope to boost plant utilisation from current 55%**
- **Further reductions in head office fixed overhead costs are set to achieve savings in excess of \$250,000 per annum, as announced on 6 March 2017**
- **SECOS continues to capitalise on rising demand for sustainable products in the attractive niche markets of films, packaging and waste management**
- **Further sales growth expected from the Company's Australian operations**

Sustainable and eco-friendly packaging company SECOS Group Limited (ASX: SES, "the Company") is pleased to advise of ongoing ramping up of business development at the Company's Australian production facility at Deer Park in Victoria.

SECOS reopened the Australian plant of its wholly owned subsidiary Stellar Films Group Pty Ltd in April 2015, scaling up over the subsequent two quarters to grow sales to approximately \$400,000 per month. Achieving these activity levels took capacity utilisation up from zero to approximately 30%.

From September 2015 to March 2017, SECOS' Australian manufacturing and distribution strategy has driven continued growth in sales and activity levels. The Company is pleased to confirm that SECOS' Australian operations under Stellar Films Group have now achieved **trading profitability in 2017 on a monthly run rate basis**.

SECOS' Stellar plant is now consistently generating more than \$500,000 in sales each month. The Company has significantly boosted activity levels to meet growing international demand for biodegradable and eco-friendly films and packaging. Plant utilisation has risen to approximately 55% and the Company notes significant scope to work its assets harder to meet growing demand from large US and Asian customers.

SECOS views these heightened activity levels as sustainable and will report their impact on group operations as part of the Company's March quarterly cash flow commentary.

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SECOS expects its recent business development progress to fast-track its path to profitability at a Group level. The initiatives announced on 6 March 2017, which should yield fixed overhead cost savings of approximately \$250,000 per annum, should accelerate this process. The Company will continue to review its cost base further to these measures.

SECOS looks forward to updating investors on progress at its Australian and Asian operations as the Company builds on the genuine traction its innovative products are gaining in multiple large, attractive markets.

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About SECOS Group Limited

SECOS Group Limited (ASX: SES) is a leading developer and manufacturer of sustainable packaging materials. Based in Melbourne, Australia, SECOS supplies its proprietary biodegradable resins, packaging products and high-quality cast films to a blue-chip global customer base.

SECOS holds a strong patent portfolio and the global trend toward sustainable packaging is fueling the Company's growth, bringing FY16 revenue of \$21 million.

The Company's headquarters and Global Application Development Centre are based in Melbourne, Australia. SECOS has a Product Development Centre and manufacturing plant for resins and finished products in Nanjing, China, with manufacturing plants for high quality cast films in Melbourne and Kuala Lumpur, Malaysia. SECOS' annual production capacity is 7,200 tonnes of bioplastic resins, 15,000 tonnes of cast film and 2,000 tonnes of blown film and finished products.

SECOS has sales offices in Australia, Malaysia, China and the US, with a network of leading distributors across the Americas, Asia and Europe.