

ASX RELEASE

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New Malaysian SECOS facility to drive bioplastic resin sales

Highlights:

- SECOS continues to execute international growth strategy, securing a lease on a new facility to enable bioplastic resin manufacturing in Malaysia
- The Company is pursuing an immediate opportunity to significantly drive sales growth by investing in new resin capacity to address the global shift to bioplastic products
- The immediate commissioning of two resin compounding machines will help to address the existing backlog of customer orders, with resin manufacture and delivery expected by June 2018
- New plant running at full production capacity will support bioplastic resin sales of up to 12,000 tonnes per annum, opening the opportunity to increase annual revenue by approximately \$40 million

Sustainable and eco-friendly bioplastics developer SECOS Group Limited (ASX: SES, “the Company”) is pleased to announce it has secured an attractive site in Malaysia to enable local manufacturing of the Company’s bioplastic resins.

SECOS has entered into a two-year lease commitment with an option for another two years, on terms favourable to the Company, at a brand new 30,000 square foot facility located approximately 19 kilometres from Port Klang — Malaysia’s largest port, 38 kilometres southwest of Kuala Lumpur.



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The facility will house the Company's new resin compounding equipment and provide sufficient space for significant further expansion to meet ongoing growth in Asian demand for bioplastic resin.

Demand for compostable resin is at an all-time high throughout the world, as major corporate brands pursue the benefits of customer acceptance and the boost to loyalty associated with environmental packaging.

SECOS will initially commission two resin compounding machines which will provide sufficient capacity to rapidly address the Company's existing backlog of customer orders.

The Company sees potential to increase production capacity at the new plant to 12,000 tonnes per annum of bioplastic resin over the medium term. At current market prices, and assuming the plant is fully utilised, 12,000 tonnes in resin sales would generate approximately \$40 million revenue per annum.



Customers are increasingly demanding compostable resin and the price spread to traditional petroleum-based resins is continuing to tighten.

With few direct competitors, SECOS is striking a balance between leveraging its pricing power and promoting broader uptake of its products, such that resin sales can continue to grow strongly and sustainably.

SECOS Managing Director, Stephen Walters, said:

"We will be delighted to commence manufacturing resin in Malaysia within the next three months to help meet the strong demand the Company is experiencing."

"This is our core product line, and SECOS' establishment of a Malaysian resin manufacturing facility supports the Company's international growth strategy while leveraging the 'green initiatives' set by the Malaysian government."

"The new business will benefit by leveraging the existing infrastructure and management team well established in the region."

"We are looking forward to strengthening our customer relationships through this new production facility, as it opens the potential for innovative new products and guarantees continuity of supply."

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About SECOS Group Limited

SECOS Group Limited (ASX: SES) is a leading developer and manufacturer of eco-friendly bioplastic 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 FY17 revenue of \$22 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.

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