

ASX RELEASE

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SECOS wins new resin order, boosting sales growth

Highlights:

- **SECOS wins first commercial order for compostable resin from a major Malaysian bag manufacturer, representing material growth in demand for the Company's products**
- **Initial order quantities for \$0.4 million of compostable resin**
- **Supply forecast underpins potential resin sales of more than \$1.0 million per annum, with further growth expected into 2018**
- **New orders validate SECOS' recent decision to augment its Malaysian plant to commence resin manufacturing operations in Q1 2018**

Sustainable and eco-friendly bioplastics developer SECOS Group Limited (ASX: SES, "the Company") is pleased to advise of significant new orders for its proprietary compostable resin.

These new orders from a major Malaysian bag manufacturer, secured through the Company's subsidiary Cardia Bioplastics (Malaysia) Sdn Bhd (Cardia), reflect a material increase in demand for SECOS' proprietary bioplastic resins.

This growth in demand for the Company's products has been driven in part by recent legislative changes in several Malaysian territories to combat the production and use of traditional single use plastic carry bags.

Including near-term customer forecasts, total resin orders in the December 2017 and March 2018 quarters have surged to \$0.4m. The customer has further provided demand forecasts with potential resin sales of more than \$1.0m per annum into 2018.

Following SECOS' recent contract win to supply compostable bags to Penrith City Council, in the past month the Company has secured new orders worth in excess of \$2.5m.

The Company remains confident of the demand growth outlook for its eco-friendly range of resins. Ahead of expected demand growth in 2018, SECOS has tailored a range of compostable and Biohybrid™ resins to align with specifications set by the Federal Territories of Malaysia, as well as other new legislation enacted throughout the world to promote sustainability in packaging and waste management.

SECOS will continue to produce these versatile industrial resins at its Nanjing, China facility, as well as at its newly upgraded Malaysian facilities from the first quarter of 2018. This plant upgrade, announced to the market on 12 October 2017, will more than double SECOS' bioplastic resin manufacturing capacity.

SECOS Group Limited (ASX: SES)

ACN 064 755 237

Level 2, Suite 6, 205-211 Forster Road Mount Waverley VIC 3149 Australia

t: +613 8566 6805 e: info@secosgroup.com.au www.secosgroup.com.au

SECOS Managing Director, Stephen Walters, said:

“It is exciting for SECOS to win this new business with a major Malaysian bag manufacturer. It represents a step change for the revenue contribution from our resin business, and strongly validates our recent decision to upgrade SECOS’ Malaysian plant.

“Beyond the traction our business is developing in Malaysia, SECOS is seeing the demand for compostable resins growing throughout the world.

“SECOS stands ready to meet growing demand for eco-friendly solutions as governments around the world continue to legislate against single-use polyethylene plastic bags. Our Compostable and Biohybrid resins are increasingly contributing to carry bags that reduce the amount of environmental damage caused by traditional plastic bags.

“This is another example of SECOS finding innovative ways to reduce the ecological impact of the way we live on the planet. We look forward to delivering continued revenue growth as we design solutions to meet the growing need for sustainable plastic products and waste management.”

For more information, please contact:

Richard Tegoni

Executive Chairman

+61 411 110 901

r.tegoni@secosgroup.com.au

Tim Dohrmann

Investor and Media Enquiries

+61 468 420 846

tim@nwrcommunications.com.au

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 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.