

ASX RELEASE

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Strategic Review of Stellar Films Australia Update

The Board of sustainable and eco-friendly bioplastics developer SECOS Group Limited (ASX: SES, “the Company”) announced to the ASX on 10 October 2018 that it is undertaking a strategic review of its wholly owned subsidiary, Stellar Films Australia (“SFA”), and SFA’s Australian cast film manufacturing assets (“Strategic Review”).

The preliminary findings from the Strategic Review have confirmed the Board’s expectation that SECOS can achieve significant operating and overhead cost savings by moving the Company’s current traditional plastic film production from its facility in Melbourne to the Company’s production facilities in Malaysia.

Based on the initial findings, the Board expects to realise recurring annual cost savings of approximately A\$1.0 million p.a. The initial estimates are that the one-off closure and relocation costs will not exceed \$1 million and could be substantially lower. Further work is being completed to determine the best approach to minimise the implementation costs.

The review is a result of the cost pressures on the Company’s Australian operations including increasing energy and freight costs, and high fixed costs.

SECOS Chairman, Richard Tegoni, said:

“The Strategic Review has identified material cost savings that will flow straight to the Company’s bottom line, with a rapid return on the investment required to realise those savings.

The consolidation of the Company’s traditional plastic films operations will better utilise existing capacity in our Malaysian operations and is consistent with the Company’s primary strategic focus on our rapidly growing, higher margin bioplastic sales. The changes will support our ambition of becoming a world leader in Bioplastics.”

Further details will be provided as the Strategic Review is completed.

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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.

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 8,000 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, Europe, Asia, the Middle East, Africa and India.

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