

## ASX RELEASE

17 December 2018

# CEO Appointment and Corporate Costs Reduction

## Highlights

- **SECOS appoints international polymer executive and change manager, Ian Stacey, as CEO**
- **Corporate costs review achieves \$0.8 million in fixed overhead savings**
- **New structure enhances support for business units and SECOS' key customers**
- **Business progress on track for stronger second half resulting from the completion of first half restructuring initiatives**

The Board of sustainable and eco-friendly bioplastics developer SECOS Group Limited (ASX: SES, "SECOS" or "the Company") is pleased to announce it has appointed international business executive and change management professional Ian Stacey as its Chief Executive Officer, effective 17 December 2018. Ian joined SECOS as COO on 29 October 2018 and will now replace Mr. Stephen Walters as CEO. Mr Walters will remain as Executive Director with his new focus to support and develop key customer accounts, allowing Mr. Stacey to execute the Company's growth strategy.

Mr. Stacey brings valuable commercial and polymer experience from several senior executive roles in the global plastics industry. His experiences will enhance and support SECOS' international growth strategy. He has a 30-year record of driving profit growth and shareholder value through sales, product, people and operational initiatives.

Mr. Stacey brings experience in polymers, petrochemicals and startup businesses, having run Australian and Chinese subsidiaries for European multinationals with annual turnovers between \$40 million and \$400million. He has served in senior executive positions at TOTAL, a supermajor energy company, being General Manager of TOTAL Petrochemicals' Australian subsidiary, and General Manager of TOTAL's Polystyrene Business, based in China, and was also a member of TOTAL Petrochemicals' Asia Management Committee. TOTAL Polystyrene operated plants in China and Singapore with 200,000Mt of capacity supplying resin and compound to customers in more than 40 countries.

Mr. Stacey was Global Head of Sales managing commercial operations of polymer bank note company Innovia (previously known as Securrency) for five years, where he expanded the business and improved efficiency. More recently, Mr. Stacey was Managing Partner at Compliance International, a consultancy that advises companies on ethical, regulatory and compliance risks when operating in foreign jurisdictions or working with foreign governments.

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## Operational Update

The Board is also pleased to announce that in addition to \$1 million of cost savings resulting from the closure of the Company's Australian Stellar Films manufacturing operations, it has now completed a review of the Company's corporate head office and implemented cost reductions totaling more than \$800,000 per annum. The reductions were possible due to the recent streamlining of Australian operations and consolidation of manufacturing in Malaysia and China.

Production at the Company's new Malaysian bioplastic resin plant continues to grow month on month with an extra production shift introduced in December to keep up with sales demand. Current growth is on track to meet the targeted 150 tonnes per month in June 2019.

As announced at the Company's Annual General Meeting on 30 November 2018, SECOS has or will incur most of the restructuring costs associated with the Australian plant closure, together with set up costs associated with the new resin plant, during the first half of FY19. As a result, the Company's second half results are expected to be significantly stronger as resin and organic waste diversion sales continue to grow and the Company benefits from lower operating and overhead costs.

SECOS Chairman, Richard Tegoni, welcomed Mr. Stacey's appointment as CEO, saying:

*"Ian has developed a strategy to roll out the Company's plan to achieve profit and to further its expansion into the bioplastic market and the Board is highly supportive and impressed by his achievements so far. Ian has also completed a recent review of corporate costs and has implemented fixed cost corporate overhead reductions of more than \$0.8 million per annum. These savings are on top of the savings reported to the market from the closure of Stellar Films' business in Deer Park. We expect the business to benefit from these savings beginning next quarter. Ian has achieved these savings while enhancing support for the subsidiaries in Malaysia and China and expanding production and sales for the Group.*

*"The appointment of Ian to CEO will allow Mr. Walters to focus on developing sales opportunities from his deep relationships with some of the largest packaging and hygiene companies in the world. I would like to thank Stephen for his contribution to SECOS while CEO and welcome the highly critical role he will play to continue growing sales with our most important customers.*

*The SECOS Board and team remain focused on establishing and implementing the changes necessary to drive shareholder value in 2019 and beyond.*

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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 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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