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Qenos creditors tick off deal to hand the plastics major to property developer Logos

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Australia's biggest plastics maker is set for closure by the end of the year, after Qenos' creditors waved through its sale to property developer Logos on Thursday.

The deal, agreed to in the second creditors meeting, will see Qenos' long-term staff paid out their entitlements and redundancies in full, with unsecured creditors — including about $45m to $50m in trade creditors — likely to receive only 10c on the dollar on moneys owed.

Logos has so far tipped in $250m in funding to secure the assets, including $114m to cover a portion of entitlements for Qenos' 550 workers and the running costs of the plants, which were losing an estimated $20m per month at the time administrators were called on in April.

The property developer has also committed another $65m to ensure workers are paid out in full, and will also likely cop the bill of up to $210m of further operating losses, closure and "make safe" costs as Qenos operations in Sydney and Melbourne are wound down over the remainder of the year.

The agreement effectively hands control of Qenos' manufacturing plants in Sydney and Melbourne to companies associated with Logos, which plans to finalise the closure of both remaining sites by the end of the year before beginning the lengthy and expensive process of cleaning up both heavily contaminated sites and finding them a new use.

Qenos administrators McGrathNicol recommended Qenos creditors vote for the deed of company arrangement on Thursday, saying it was the best possible outcome for workers and trade creditors.

The recommendation came after McGrathNicol failed to find a buyer for Qenos as a last-ditch alternative to the Logos offer, with a quickfire sales pitch run shortly after their April 17 appointment failing to find any interest in buying the company as a going concern.

The process mirrored the outcome of the lengthy sales process run by Qenos' former owners, ChemChina, which had the company on the market for three years between 2019 and 2022 without receiving a single firm offer.

McGrathNicol said it commissioned a valuation of the land owned by Qenos, which put its total value at about $295m, before demolition of the manufacturing plants and remediation of the heavily contaminated sites.

A circular to creditors ahead of the meeting said employees and trade creditors were unlikely to see any real return if the Logos deal was rejected and Qenos assets were liquidated.

Accounts provided ahead of the meeting showed the depths of Qenos' financial troubles, flagging $301m in operating losses in 2023, on top of a $145.2m operating loss in 2022 and $242m in 2021.

Qenos has already booked operating losses of close to $120m so far in 2024, the accounts show, with another $209m in provisions likely to safely close its Botany and Altona plants.

Work is already underway on the permanent closure of Qenos' Botany plants, which did not reopen after being crippled last year by the partial collapse of a cooling tower.

Qenos' Altona plant is still running as it has gas contracts which expire at the end of the year, but its closure could come earlier.

Altona takes ethane produced as a by-product of Exxon's Long Island Point plant on Victoria's Mornington Peninsula.

But, Exxon has been building its own power plant capable of using the ethane, and Altona's closure is likely to coincide with the start-up of Exxon's plant, expected later this year.

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Nick Evans has covered the Australian resources sector since the early days of the mining boom in the late 2000s. He joined The Australian's business team from The West Australian newspaper's Canberra bureau, where... Read more