

NEWS RELEASE

21 August 2017

K&S Corporation Limited announces Full Year Result

FY2017 has been a challenging but also successful year, with our key financial performance metrics improving.

Operating revenue for the year was \$755.2 million, an increase of 9.7% on the previous corresponding period.

We achieved an underlying profit before tax of \$10.9 million, an increase on the previous corresponding period of 101.9%.

We have recorded a statutory after tax profit of \$6.5 million for the year ended 30 June 2017. The statutory profit before tax was \$9.4 million.

Our underlying profit after tax was \$8.0 million, 106.5% higher than the previous corresponding period.

Reconciliation of statutory profit before tax to underlying profit before tax:

	\$m
Statutory profit before tax	9.4
Legal Settlement	<u>1.5</u>
Underlying profit before tax	<u>10.9</u>

Operating cashflow for the year was \$49.4 million.

Our Lost Time Injury Frequency Rate (LTIFR) is 8. Our existing Comcare self insurance licence extends to June 2024.

K&S is recognised as a leader in the development and provision of specialist logistics solutions for customers. The Group operates in the Australian and New Zealand markets. Its success is underpinned by a strong focus on safety, service and continuous improvement.

A pleasing aspect of the year has been the improved performance of many business units. Our intermodal, contract logistics and New Zealand businesses benefited from higher volumes.

Our K&S Energy business achieved significant growth, through awarding of major new contracts in Western Australia and South Australia.

Our Western Australian resource business continues to be impacted by the lower activity levels in the mining industry. We anticipate improved activity levels in the new financial year due to mine depletion and increased commodity prices.

In late January 2017, we merged with Scott's Transport industries via the transfer of certain assets of STI into K&S Freighters. The integration process is well advanced and consistent with pre-merger assumptions.

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The recent announcement that London-based GFG Alliance has agreed to purchase the Arrium group of companies will provide a benefit, with Administrators advising that a return to creditors will be paid in September 2017 subject to the sale process being completed on 31 August 2017. The size of the return is not known at this time.

Cost reduction strategies have continued to be implemented across the business. These include property lease cost reductions, the rationalisation and replacement of specified fleet, employee reductions, and IT solutions being developed and introduced to support customer service, operational efficiencies and cost reduction initiatives.

Dividend

The directors have declared a final dividend of 2.0 cents per share (last year final dividend declared was nil). This follows the interim dividend of 1.5 cents per share paid in April 2017, making a total dividend of 3.5 cents per share for FY17.

Outlook

Providing earnings guidance going forward remains a difficult task.

We are well placed with a sound balance sheet and secure customer contracts.

Opportunities for potential acquisitions will also be closely evaluated within strategic guidelines.

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