

NEWS RELEASE

22nd February 2018

KSC Announces First Half Result 2018

The Directors of K&S Corporation Limited (ASX: "KSC") today announce a statutory profit before tax of \$6.7 million for the half year ended 31 December 2017.

The result is 15.5% higher than the previous corresponding period.

Statutory profit after tax was \$4.6 million compared to previous year profit after tax of \$4.0 million.

Operating revenue for the period was \$417.6 million, 18.6% higher than the previous corresponding period.

Following the sale of Arrium to the Liberty Group, in late August 2017 KSC received two dividends totalling \$1.4 million.

The underlying profit before tax of \$5.3 million was 8.6% lower than the prior corresponding period.

Operating cash flow for the first half was \$13.6 million, down 28.8% on the previous corresponding period, the major variation being Arrium reverting to their pre-Administration payment terms.

We have realised improved trading in our Western Australian and Northern Territory resource businesses. Our chemical business, predominantly on the east coast, experienced weaker market conditions.

Continuing to adversely impact our trading results, and the first half result, was the reduced South32 coal volumes due to mine related issues. South32 is forecasting coal volumes to slowly increase over the next 12 months.

Australian East Coast intermodal and contract logistics operations generally performed well.

Following Aurizon's recent closure of its intermodal rail business, we migrated our rail volumes to Pacific National.

The New Zealand business has continued to realise steady improvement with regard to both revenue and profitability.

Fuel trading volumes continued to increase. Additional operating sites were added to our network during the period. Consequent to reduced winter rainfall agricultural aviation demand was lower than normal.

Cost reduction strategies have continued to be implemented across the business, in particular, the rationalisation of externally rented properties, operational efficiencies, and the rationalisation and replacement of specific fleet. Ongoing cost reduction initiatives have continued to have a positive impact on the result for the first half year period.

K&S Corporation Limited

ABN 67 007 561 837

591 Boundary Road

Truganina Vic 3029

PO Box 57

Laverton Vic 3028

Australia

Ph (03) 8744 3500

Fax (03) 8744 3599

Website

www.ksgroup.com.au

Interim Dividend

A fully franked Interim Dividend of 2.0 cents per share (2017, 1.5 cents per share) has been declared by the Directors.

The interim dividend will be paid on the 4th April 2018, with the date for determining entitlements being the 21st March 2018. The last election date for participation in the DRP is the 22nd March 2018. Shares issued under the DRP will rank equally with the Company's Ordinary Fully Paid Securities.

Dividend reinvestment plan (DRP) will apply to the interim dividend and the issue price for the shares under DRP will be based on the volume weighted average price of K&S shares in the 5 trading days ended 21st March 2018, with a discount of 2.5%.

Outlook

Providing earnings guidance for the second half remains difficult.

We expect that new contracts that have recently commenced will provide additional revenues in the second half the financial year.

We are confident the business is well positioned for growth as economic conditions improve.

Further Information:

Mr Paul Sarant
Managing Director
Ph: (03) 8744 3528
Paul.Sarant@ksgroup.com.au

Mr Bryan Walsh
Chief Financial Officer
Ph: (08) 8721 1706
Bryan.Walsh@ksgroup.com.au

K&S Corporation Limited

ABN 67 007 561 837

591 Boundary Road

Truganina Vic 3029

PO Box 57

Laverton Vic 3028

Australia

Ph (03) 8744 3500

Fax (03) 8744 3599

Website

www.ksgroup.com.au