

F2017 Half Year Overview



F2017 Half Year Overview

Despite anything stated in this notice or elsewhere in the document, none of the information (whether considered separately or together) constitutes an offer, invitation, solicitation, advice or recommendation with respect to the issue, purchase or sale of any shares in K&S Corporation Limited. The information in this document does not purport to contain all the information that the recipient may require to evaluate an acquisition of shares in K&S Corporation Limited and does not take into account the investment objectives, financial situation or needs of any particular investor. The recipient should conduct its own independent review, investigation and analysis of K&S Corporation Limited and obtain any professional advice they require to evaluate the merits and risks of an investment in K&S Corporation Limited, before making any investment decision based on their investment objectives.

This presentation has been prepared by K&S Corporation Limited. The information contained in this presentation is for informational purposes only. The information contained in this presentation is not investment or financial product advice and is not intended to be used as the basis for making an investment decision. This presentation has been prepared without taking into account the investment objectives, financial situation or particular needs of any particular person.

No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this presentation. To the maximum extent permitted by law, none of K&S Corporation Limited, its directors, employees or agents, nor any other person accepts any liability, including, without limitation, any liability arising out of fault or negligence, for any loss arising from the use of the information contained in this presentation. In particular, no representation or warranty, express or implied, is given as to the accuracy, completeness or correctness, likelihood of achievement or reasonableness of any forward looking statements, forecasts, prospects or returns contained in this presentation. Such forecasts, prospects or returns are by their nature subject to significant uncertainties and contingencies and the actual results, performance and achievements of K&S Corporation Limited may differ materially from those expressed or implied in this presentation.

Before making an investment decision, you should consider, with or without the assistance of a financial adviser, whether an investment is appropriate in light of your particular investment needs, objectives and financial circumstances. Past performance is no guarantee of future performance.

This presentation has been prepared for publication in Australia and may not be distributed or released in the United States. This presentation does not constitute an offer of shares for sale in the United States or in any other jurisdiction in which such an offer would be illegal.

Safety Performance

- Safety performance of the domestic operations continues to improve
- Rolling 12 month LTIFR reduced ~ 17%
- Ongoing revision of SHE management systems
- Concerted efforts across the Group to limit the total number of safety incidents

Revenue & Profit

- Operating Revenue steady at \$352.0 million (-0.9% vs pcp)
- Profit before tax increased to \$5.8 million (+13.6% vs pcp)
- Profit after tax was \$4.0 million compared to previous years underlying profit after tax of \$3.6 million
- Revenues from the resource based businesses, supporting iron ore and coal, continued to decline
- The decline was partly offset by the increase in revenue from fuel and aviation transport realised through K&S Energy and Aero Refuellers

Financial Summary

Profit & Loss		2016	2015	% Movement
Revenue	\$m	352.0	355.1	-0.9%
Operating Profit before Interest, Tax and Depreciation excluding Significant Items	\$m	27.4	28.0	-2.4%
Operating Profit before Interest and Tax excluding Significant Items	\$m	9.1	8.7	4.6%
Profit before Tax excluding Significant Items	\$m	5.8	5.1	13.6%
Operating Profit after Tax excluding Significant Items	\$m	4.0	3.6	11.4%

Balance Sheet

Balance Sheet		2016	2015	% Movement
Total Assets	\$m	448.5	456.3	-1.7%
Net Borrowings	\$m	110.1	111.6	-1.4%
Shareholders Funds	\$m	203.5	206.4	-1.4%
Earnings per Share before Significant Items	cents	3.3	3.0	10.0%
Gearing	%	34.8	35.1	0.8%

Cash Flow

- Operating cash flow for the half year was \$19.1 million, 29.0% down on the previous corresponding period
- The reduction was predominantly as a result of the timing of some large customer receipts, which have subsequently been collected

Cost Reductions

- Cost reduction strategies have continued to be implemented across the business, including the rationalisation and replacement of specific fleet, employee reductions and IT solutions to improve customer service
- The cost reduction strategies have had a positive impact on the result for the first half year period

Fleet

- F2015 Capex was \$47.4m
- F2016 Capex was \$51.1m
- F2017 Capex forecast \$65.9m
- Whilst our average fleet life is low we continue to proactively invest in new technology

IT Infrastructure

- Ongoing simplification and improvement of the supporting IT infrastructure to improve customer, operational and back office functions
- New roll outs of F2020 (ERP) to support New Zealand growth and Scott Corp business

Property

- Recent consolidation in WA to Hazelmere site has been successful
- Planned exit of 3rd party lease at Altona (Chemtrans) with capital works at our company owned Truganina site to be completed circa June 2017

Aero Refuellers

- Aero Refuellers was acquired in November 2015
- It provides a further diversification of our revenue base
- The operational skill set is aligned to our strengths
- Fully integrated and performing well
- It has strong potential organic growth opportunities

Scott's Transport Integration (STI)

- The merger was completed on 30 January 2017
- Integration process is advanced and progressing
- STI was established by the late Allan Scott OAM more than 60 years ago and is one of Australia's largest privately owned transport companies
- STI operates a general freight division and a fuel cartage division and has a number of blue chip customers in manufacturing, FMCG and fuel sectors
- The transaction is an excellent opportunity to expand our K&S Energy business and expand our intermodal and contract logistics operations

Trading Performance

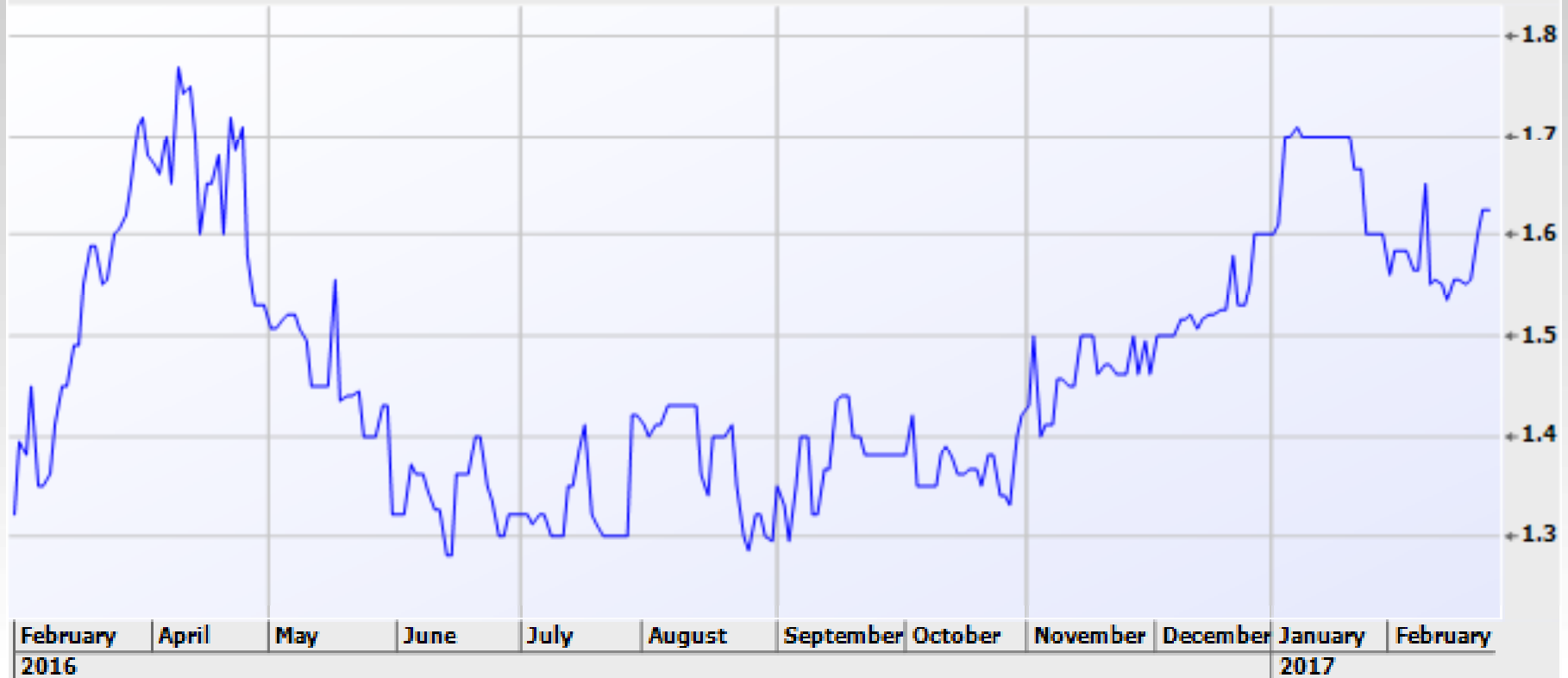
- Commodity prices have improved significantly during the last quarter of 2016. To date we have not realised any material increase in associated activity
- The performance of the east coast operations during the first half has improved; this includes both intermodal and contract logistics operations
- Our New Zealand performance continues to be strong

Trading Performance

- During the half year period we were awarded approximately \$35.4m of new annualised contract revenues. The majority of these contracts will commence over the balance of FY17
- There have been no material contract losses during this period; we have incurred some customer account revenue shrinkage consequent to their respective market performance
- While market share has been retained, WA activity levels has been depressed

Share Performance

KSC.ASX@AUX: 1.625



K&S CORPORATION LIMITED

F2017 Half Year Overview

February 2017

Dividend

- A fully franked Interim Dividend of 1.5 cents per share (2016: 1.5 cents per share) has been declared
- Will be paid on 4 April 2017
- DRP is active

Outlook

- Providing earnings guidance for the second half remains difficult
- Our new contracts that have recently commenced will provide additional revenues in the second half
- We currently anticipate FY17 second half earnings will be lower than the FY17 first half, but higher than the previous corresponding period
- We are confident the business is well positioned for growth as economic conditions improve

Information

Mr. Paul Sarant
Managing Director / CEO
K&S Corporation Ltd
Ph: (03) 8744 3528
paul.sarant@ksgroup.com.au

Mr. Bryan Walsh
Chief Financial Officer
K&S Corporation Ltd
Ph: (08) 8721 1706
bryan.walsh@ksgroup.com.au