K&S CORPORATION LIMITED

ASX ANNOUNCEMENT

23 November 2021

K&S Corporation Limited
Annual General Meeting

The K&S Corporation Limited (ASX: KSC) annual general meeting ("AGM") commences at 2:00pm AEDST on 23 November 2021.

Please find attached for immediate release to the market:

- Chairman's AGM address;
- Managing Director's AGM address; and
- AGM slide show.

By authority of the Board of Directors
K&S Corporation Limited

Further Information:

Mr Chris Bright
Company Secretary
Ph: (03) 8744 3500
Chris.Bright@ksgroup.com.au

K&S CORPORATION LIMITED

CHAIRMAN'S ADDRESS – 2021 AGM

Good afternoon ladies and gentlemen, I am pleased to report on the performance of K&S Corporation Limited (ASX: KSC) and its subsidiaries (the "Group") for the year ended 30 June 2021.

Safety

Safety remains a key focus for the Group. The Group's lost time injury rate reduced from 6.6 at the end FY2020 to 4.9 in the current year.

Trading Performance

Trading conditions in the transport and logistics segments and regions the Group trades in remain challenging.

Operating revenues for the year were $688.5 million, 12.9% lower than the prior corresponding period.

The Group reported a statutory profit after tax of $18.1 million, 62.9% higher than the previous year statutory profit after tax of $11.1 million.

Included in the Group's statutory result for FY2021 was $16.2 million (before tax) attributable to the JobKeeper subsidy, which was received in the September 2020 quarter. The Group's statutory result also included $6.0 million of one-off costs treated as significant items. These largely relate to the impairment of the carrying value of buildings and land totalling $4.7 million and $0.9 million in miscellaneous restructuring costs mainly associated with the exiting of the Hyde Park Tank business.

After adjusting for the above significant items including government wage subsidies, the current year underlying profit before tax was $17.1 million, an increase of 44.4% on the prior corresponding period. The underlying profit after tax was $11.9 million, an increase of $3.7 million to the prior corresponding period.

Operating cash flow was $75.5 million, 9.2% lower than for the previous year.

Following strong FY2020 improvements, the Australian transport segment continued to realise further consolidation improvements to the majority of its operating divisions. The reduction of $1.1 million in depreciation expenses as a result of the change to the Group's depreciation policy partially offset the reduced contribution by our aviation refuelling business, Aero Refuellers. Full year revenue declined due to a combination of the cessation of contracts, exiting of underperforming business units and COVID-19 related reduced customer activity.

The New Zealand business produced a strong result, with the domestic economy proving to be resilient throughout the year. It continues to realise growth through the provision of its integrated and value adding service offering, with several key customer contracts extended or renewed in the course of the year.

K&S Corporation Limited
ABN 67 007 561 837
PO Box 57, Laverton, Victoria, 3028
Australia
P: 03 8744 3500
F: 03 8744 3599
W: www.ksgroup.com.au

The fuel trading business has again provided sound financial results, despite reduced demand for fuel in FY2021 consequent to COVID-19. The fuel retailing and wholesaling markets remain dynamic and continue to exhibit high levels of competition. An expansion of our network and the completion of several key projects to enhance our retail offering are currently being progressed.

COVID-19

In FY2021 the Group experienced reduced revenues in a number of business units in Australia and New Zealand as a result of COVID-19. At a minimum, the Group expects to continue to be adversely impacted by COVID-19 in the first half of FY2022.

The Group's operations have not been subject to any Government mandated state border closures. However, COVID-19 continues to present a threat to the Group's operations and also to key industry sectors serviced by the Group, such as construction.

The Group has enacted pandemic protocols to assist manage the safety of employees. The Group has also implemented measures to mitigate potential impacts of COVID-19 upon its continued ability to fulfil core managerial, administrative, and operational functions.

Balance Sheet and Funding

Notwithstanding the ongoing impacts of COVID-19, the Group significantly strengthened its balance sheet in FY2021.

The Group's gearing ratio (excluding lease liabilities) reduced to 9.0% at 30 June 2021, compared to 22.5% in the prior year. The Group's net debt reduced to $26.6 million at 30 June 2021, the lowest since 2003.

During the course of the year, the Group acquired fixed assets totalling $35.1 million, compared to $20.6 million in the prior year, continuing the investment in a modern operating fleet.

Based upon independent valuations, the Group increased the carrying value of its freehold property portfolio by $27.6 million. The Group's property portfolio consists of high quality industrial assets that have not been adversely impacted by COVID-19.

On 5 November 2021, the Group extended the maturity profile of its debt facilities and negotiated improved terms with its panel of lenders. The Group's debt facilities now comprise funding in three year tranches totalling $125 million (inclusive of a $30 million bank guarantee facility) and five year tranches totalling $75 million. As part of that refinancing exercise, the Group also paid out its existing facilities with Bank of China and brought in ANZ as a new lender, in conjunction with existing lenders Westpac and NAB.

Dividend

The Group's underlying earnings improved significantly in FY2021 compared to the prior year. The final dividend declared was determined with reference to the underlying net profit after tax, as opposed to the statutory profit after tax, and specifically excludes any impact of government wage subsidies from the dividend calculation.

The Group paid a fully franked final dividend of 3.5 cents per share (2020: 3.0 cents per share) on 3 November 2021. This followed the fully franked interim dividend of 3.0 cents per share paid in April 2021, making the total fully franked dividend 6.5 cents per share in respect of the year ended 30 June 2021.

While the Group achieved record low debt levels at the end of FY2021, the Group has an extensive capital expenditure program for FY2022 which includes the development of a parcel of industrial land in Perth. Having regard to the ongoing uncertainty relating to the potential impacts of COVID-19 on the economy that could adversely impact the Group's operations, Directors were of the view that a conservative approach to balance sheet management was appropriate and elected to reinstate the dividend reinvestment plan in respect of the final dividend.

Board Composition

Robert Dalton was appointed as a non-executive director with effect from 24 August 2021. Mr Dalton is considered by the board to be independent.

Mr Dalton's appointment continues a process of board renewal.

Trading Update

Providing earnings guidance for FY2022 remains difficult given the seasonality of our business. This has been exacerbated by the ongoing uncertainties created by COVID-19.

We currently expect first half underlying profit before tax for FY2022 to be in line with or exceed the prior corresponding period.

On behalf of the Board, I thank our customers, suppliers and employees, who have contributed to the continued success of the Group.

In particular, I thank the senior management team, led by Paul Sarant, for their ongoing commitment and dedication.

Tony Johnson
Chairman
23 November 2021

MANAGING DIRECTOR'S ADDRESS – 2021 AGM

Thankyou Mr Chairman.

We continue to focus on initiatives that improve all facets of K&S Corporation Limited (ASX: KSC) and its subsidiaries (the "Group"), and in doing so provide increased shareholder and customer value.

The markets within which our divisions operate remain competitive, with COVID-19 providing additional challenges throughout FY2021.

Our safety performance has continued to improve, illustrated through a significant reduction in our lost time injury frequency rate.

I will now provide more detail on several components of the Group.

SAFETY

The lost time injury frequency rate across the Group decreased from 6.6 in the previous year to 4.9 at 30 June 2021. The improvement of all facets of safety performance remains a high priority for the Group.

Sadly, the Group sustained two fatality accidents in FY2021, as well as having a vehicle involved in a major on-road incident in Melbourne in May 2021 in which five pedestrians were injured. As with all safety incidents, the Group undertakes comprehensive investigations and will implement identified continuous improvement opportunities arising out of these accidents. The Group recognises that its social licence to operate is contingent upon achieving industry leading on-road behaviours and safety outcomes, for which we are respected as an industry leader.

The Group also rolled out its new online subcontractor registration portal, KasSub, in FY2021. KasSub provides a central portal to allow the Group to provide enhanced visibility on the licensing, accreditation, induction and insurance status of its subcontractors. We will continue to proactively invest in this, and any other, technology that assists to improve our performance.

COVID-19

The global COVID-19 pandemic continues to present the Group with a series of challenges concerning the ongoing safety of our employees and sub-contractors, and those who we interact with every day to provide transport and logistics services for our customers and communities.

The engagement, commitment and leadership displayed by all our workforce to ensure our workplace remained safe during this pandemic has been of the highest order. As an essential service provider, we have continued to operate throughout the pandemic, albeit with ongoing alterations to state and territory border crossing controls, ensuring supply chains remain in place for our customers and the broader community. Mandatory vaccination requirements have also been implemented by authorities in several jurisdictions which apply to many of our operations.

We have supported our employees to access vaccinations through the provision of paid leave. We thank the many employees in our workforce who have supported the national vaccination program.

Our primary concern remains the physical and mental wellbeing of our employees and their extended families.

AUSTRALIAN TRANSPORT

Intermodal and Import/Export

The intermodal and import/export operations again performed soundly, with eastern seaboard activity levels remaining firm despite COVID-19 impacts. Improving asset utilisation and the disposal of under-utilised or surplus assets continues to be a key focus.

Intermodal steel and timber volumes from our major customers were strong, with high activity levels in the construction sector and major infrastructure projects undertaken by the various state governments underpinning ongoing activity levels.

We continue to incur increased costs in our rail transport operations as a result of increased rail network costs. We have focussed on securing parcels of rail volumes that improve our rail network balance and performance.

Full year revenue declined due to a combination of the cessation of contracts, exiting of underperforming business units and COVID-19 related reduced customer activity. However, the successful retention and renegotiation of several customer contracts saw returns from the intermodal and import/export operations improve in the second half of FY2021.

Contract Logistics

Our contract logistics business unit continues to provide a strong contribution to Group earnings.

The Western Australia based heavy haulage business performed well with a strong year underpinned by record commodity prices driving mine refurbishment activity. FY2022 forward demand remains solid.

Chemical and Fuel Transport

Our chemical and energy transportation businesses in FY2021 remained sound, despite the minimal activity in the Hi-Ex explosives transport sector, and significantly reduced fuel transport demand in the energy division as a result of COVID-19 and adverse weather impacts in central Queensland.

Chemtrans continues to develop and deploy a range of systems and procedures that will reinforce Chemtrans as the market leader in the transport of dangerous goods with regards to environmental and safety performance, while continuing to deliver efficiency benefits to its customer base.

Aviation Services

Our specialised aviation refuelling business experienced a significant fall in volumes as a consequence of COVID-19, as our airport refuelling services materially declined. Fire season activity was also minimal.

A focus on operational efficiencies sees this business poised for a better FY2022 if there is a return to more normal fire season activity levels.

The new Port Hedland International Airport refuelling installation was commissioned in FY2021. We also completed the redevelopment of Aero Refuellers' main operational base at Thurgoona in NSW.

NEW ZEALAND

The New Zealand business produced a strong result, with the domestic economy proving to be resilient throughout the year. The business continues to realise growth through the provision of its integrated and value adding service offering, with several key customer contracts extended or renewed in the course of the year.

Industry segments such as dairy, steel and timber again performed strongly in FY2021.

Operating cashflows were again strong and debt remains at record low levels. Further growth and diversification of the revenue base remain key priorities, leveraging the strong and expandable infrastructure that has been put in place over the last five years.

FUEL AGENCY

The fuel trading business has again provided sound financial results, despite reduced demand for fuel in FY2021 consequent to COVID-19. The fuel retailing and wholesaling markets remain dynamic and continue to exhibit high levels of competition.

An expansion of our network and the completion of several projects to enhance our retail offering are currently being progressed.

HUMAN RESOURCES

Employee engagement and communications programs remain a high priority and area of focus across our business.

With the ongoing challenges of COVID-19 and the collective toll that the pandemic and lock downs have taken upon the community, we have maintained a high level of communication with our workforce. The physical and mental well being of our workforce have been, and remain, at the forefront of our engagement strategies.

We continue to align the operational and management structures to service the needs of business units and customers, while maintaining our strong focus on the retention and development of skilled and qualified employees as the Group's most valuable asset.

ENVIRONMENT

Ongoing fleet upgrades have enabled the Group to continue its emissions improvements. During the year vehicle emissions reductions reached 79% of 2003 levels for NOx, up from 74%last year, and 94% of 2003 levels for particulate matter compared with 93% last year.

Carbon dioxide generation for FY2021 was 156,780 tonnes, down from 180,866 tonnes in FY2020.

The Group has embarked upon a major fleet upgrade in FY2022, adopting the latest Euro 6 emissions standards to further improve environmental performance.

We also continue to explore realistic and sustainable strategies and options for the use of electric vehicles in our fleet in lieu of current diesel based technology.

COMPLIANCE

The Group has maintained ISO 9001:2015 accreditation standards, including other relevant accreditations which included: WA Main Roads, NHVAS Mass, Maintenance, and Basic Fatigue Management, along with Food Safety/HACCP and TruckSafe.

OTHER ITEMS

The implementation of cost reduction strategies continued across the business, contributing strongly to improved underlying profit. In particular, the Group has maintained its focus on operational efficiencies, supplier renegotiations, cessation of underperforming activities, and the rationalisation and replacement of specific fleet assets that reduced operating costs.

Ongoing cost reductions are expected to continue to be accretive in FY2022, although these may be offset by possible COVID-19 related impacts.

On 27 July 2021, the Group acquired a strategically located parcel of industrial land in Perth for approximately $13.1 million. The land is currently being developed as a transport terminal, with the Group intending to consolidate operations presently undertaken on two externally leased sites at the new transport terminal when practical completion is achieved later in FY2022.

I would like to take this opportunity to thank our management team, and all employees and supporters of the Group who have collectively worked exceptionally hard to continue to improve our company.

I also wish to thank our customers for their support through this challenging year.

Paul Sarant
Managing Director and CEO

23 November 2021

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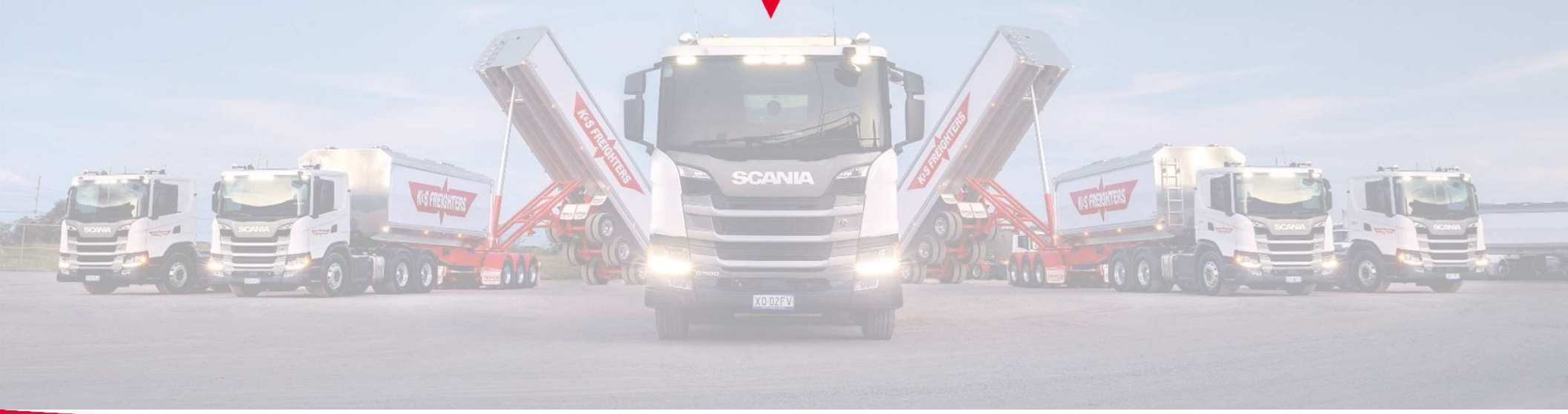
K&S CORPORATION LIMITED

Everybody Safe Everyday



K&S Corporation Limited Annual General Meeting

- Welcome and open the meeting
- Virtual AGM as result of COVID-19

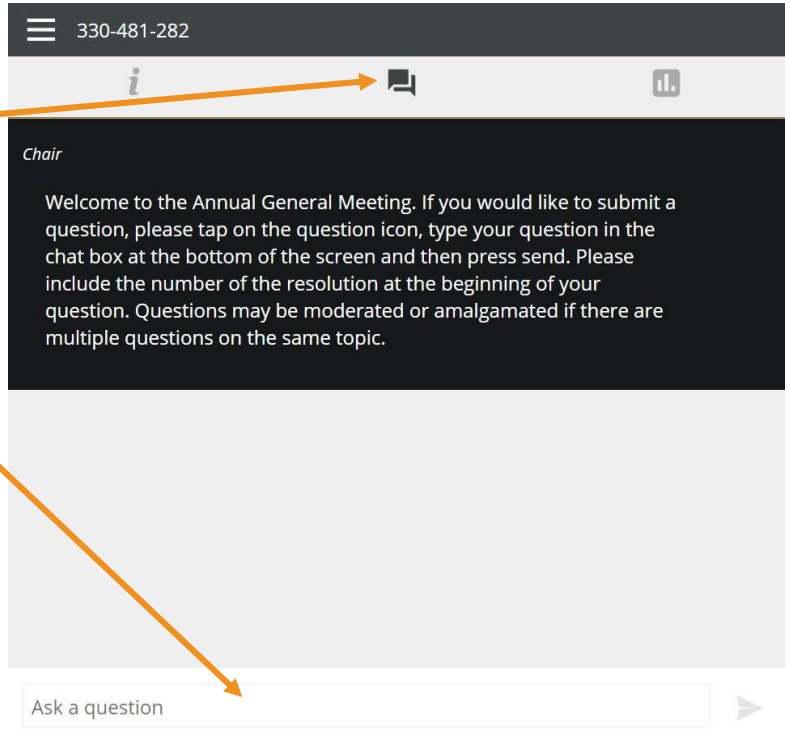
Online Attendees – Question Process

When the Question function is available, the Q&A icon will appear at the top of the app

To send in a question, click in the 'Ask a question' box, type your question and press the send arrow

Your question will be sent immediately for review

Received



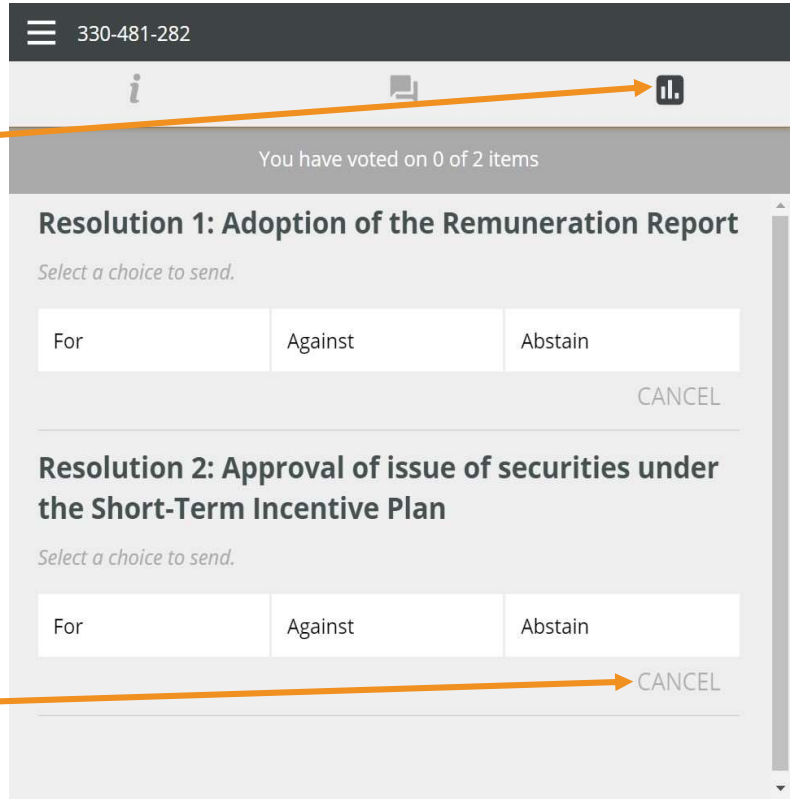
Online Attendees – Voting Process

When the poll is open, the vote will be accessible by selecting the voting icon at the top of the screen

To vote simply select the direction in which you would like to cast your vote. The selected option will change colour

For	Against	Abstain

There is no submit or send button, your selection is automatically recorded. You can change your mind or cancel your vote any time before the poll is closed



Chairman's Report

- LTIFR falls from 6.6 to 4.9 (-25.8%)
- Operating revenues $688.5 m (-12.9%)
- Statutory PAT $18.1 m (+62.9%)
- Underlying PAT $11.9 m (+44.4%)
- JobKeeper wage subsidies $16.2 m
- Impairment of buildings & land, restructuring and other significant items (-$6.0 m)
- Statutory PBT $27.5 m (+72.8%)
- Underlying PBT $17.1 m (+44.4%)
- Operating cashflow $75.5 m (-9.2%)

Chairman's Report cont'd

- Australian Transport CGU consolidated strong improvement in FY20
- Depreciation expenses down $1.1m on pcp
- Aero Refuellers down on pcp
- New Zealand CGU maintained good performance with extension/renewal of key contracts
- Fuel CGU maintained sound performance despite strong competition
- Expanding fuel network and enhancing retail offer
- COVID-19 impacted some divisional revenues
- COVID-19 pandemic controls implemented
- No COVID-19 border closures for transport

Chairman's Report cont'd

- $200 m debt refinance completed
- Further improved terms & pricing and maturity dates extended
- Westpac, NAB and ANZ
- Net assets $268.7 m (+12.4%)
- Net debt $26.6 m, lowest level since 2003
- Gearing (excl lease liabilities) 9.0% (-60.0%)
- FY21 fully franked dividend 6.5 cps (+30%)
- JobKeeper subsidy excluded from dividend calculations
- DRP reinstated for final dividend

Chairman's Report cont'd

- New independent NED – Robert Dalton
- Currently expect 1HFY22 underlying PBT to be in line with or exceed pcp
- Thank you to our customers, suppliers and employees

Managing Director's Report

Overview:

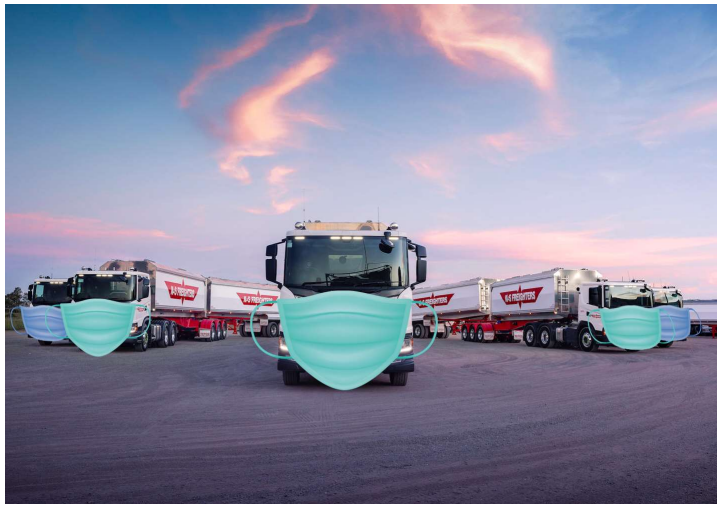
- Operating environment remains competitive, with COVID-19 providing additional challenges
- Improved underlying result on the back of reduced revenue

Safety:

- LTIFR reduced from 6.6 to 4.9
- New KasSub online portal to manage subcontractors
- Two fatalities

COVID-19:

- Pandemic protocols for COVID-19
- Transport not shut down, but state border controls challenging
- States have now mandated vaccinations for transport sector
- Employee welfare a key concern



Managing Director's Report cont'd

Australian Transport CGU:

Intermodal:

- Good performance from intermodal
- Improved asset utilization
- Several contracts renegotiated
- Intermodal steel and timber strong, supported by construction and major infrastructure projects
- Targeting rail network balance and performance
- Revenue declined with contract cessations, BU exits, and COVID-19 impacts
- Ongoing cost reduction strategies

Contract Logistics:

- Contract logistics delivered good contribution

Managing Director's Report cont'd

- WA Heavy Haulage strong and good FY22 order book

Chemical and Fuel Transport:

- Sound performance
- COVID-19 volume impacts
- Project Platinum to enhance Chemtrans environmental and safety offering

Aviation Services:

- Flat year
- COVID-19 volume impacts and minimal fire season
- Pt Hedland airport facility commissioned and Thurgoona redeveloped
- Focus on operational efficiencies

Managing Director's Report cont'd

New Zealand CGU:

- Strong FY21 result
- Dairy, steel and timber strong
- Extension/renewal of several key contracts
- Good operating cashflows and paying down debt
- Growth and diversification targeted

Fuel CGU:

- Sound FY21 result
- High levels of competition
- Network expansion and enhanced retail offer

HR:

- Employee engagement and communication priority
- Employee welfare focus with COVID-19 challenges

Managing Director's Report cont'd

Compliance:

- Accreditations maintained

Other Items:

- Profit and cash and debt reduction strategies delivered
- High Wycombe, WA, development; targeting 2HFY22 for practical completion
- Major fleet upgrade to Euro 6 for FY22
- Exploring opportunity to use EV's where realistic and sustainable
- Renegotiated or exited under-performing contracts
- Procurement savings
- Thank you to our customers, suppliers and employees

FY21 Financial Report

FINANCIAL STATEMENTS AND REPORTS FOR FY21 TABLED BEFORE THE MEETING

QUESTIONS FOR THE AUDITORS OR DIRECTORS

Remuneration Report

- Remuneration to attract and retain quality people to grow shareholder value
- Advisory vote, but directors will have regard to the views of shareholders and the 'Two Strikes' rule applies
- Key management personnel and closely related parties excluded from voting

"That the Remuneration Report for the year ended 30 June 2021 as distributed to Shareholders and submitted to the meeting be adopted."

Election of Directors

- Rob Dalton:

  "That the appointment of Mr Robert John Dalton as a director of the Company by the board of directors with effect on 24 August 2021 pursuant to Rule 73 of the Constitution of the Company be confirmed."

- Sallie Emmett:

  "That Mrs Sallie Askwith Emmett, being a director of the Company who retires by rotation pursuant to rule 84(a) of the Constitution of the Company, and being eligible, is re-elected as a director of the Company."

- Legh Winser:

  "That Mr John Legh Winser, being a director of the Company who retires by rotation pursuant to rule 84(a) of the Constitution of the Company, and being eligible, is re-elected as a director of the Company."

Close of Voting

- Voting will close in 2 minutes
- Votes to be scrutinised by Computershare
- Results released to ASX after the meeting

General Business

- No items of general business
- Questions?
- Meeting closed