

## NEWS RELEASE

27<sup>th</sup> May 2019

### K&S Corporation Limited Earnings Update

K&S Corporation Limited (ASX: KSC) advises that, based on currently available information, it anticipates that the underlying profit before tax for FY19 will be in a range between \$3.0 million and \$4.0 million.

Based on currently available information, K&S Corporation anticipates that the statutory profit before tax for FY19 will be in a range between \$9.0 million and \$10.0 million. The statutory result includes a \$9.5 million (before tax) accounting gain relating to the settlement of claims arising out of the closure of Aurizon's intermodal business in December 2017 as well as other known one-off business restructuring costs.

As previously announced, increased costs are being incurred in our rail transport operations under arrangements entered into with Pacific National in January 2018 following the closure of Aurizon's intermodal business.

The chemical transport division, Chemtrans, experienced reduced market demand. Our fuel cartage division, K&S Energy, has experienced strong margin pressure. Operations in both of these divisions were impacted by the severe flooding that hit northern parts of Queensland in February 2019.

Other contract logistics operations, New Zealand, and our fuel divisions have generated sound results in FY19.

Ongoing cost reduction strategies have continued to be implemented across our business. Our review of the industry segments in which we operate, as well as the ways in which we offer our services to the market, is ongoing. The current focus of that review includes the general freight businesses in Western Australia, South Australia and the Northern Territory.

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#### Further Information:

**Mr Paul Sarant**  
**Managing Director**  
**Ph: (03) 8744 3528**

[Paul.Sarant@ksgroup.com.au](mailto:Paul.Sarant@ksgroup.com.au)

**Mr Wayne Johnston**  
**Chief Financial Officer**  
**Ph: (03) 8744 3518**

[Wayne.Johnston@ksgroup.com.au](mailto:Wayne.Johnston@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](http://www.ksgroup.com.au)