

NEWS RELEASE

28 August 2019

K&S Corporation Limited reaches binding agreement with Centurion Transport Co. Pty Ltd for the sale of Regal General Freight

K&S Corporation Limited (ASX: KSC) (**K&S Corporation**) advises that it has reached agreement with Centurion Transport Co. Pty Ltd (**Centurion**) for the sale of the business and certain assets of its Western Australia based Regal General Freight business to Centurion (**Transaction**). An unconditional agreement has been executed by Centurion and K&S Corporation subsidiaries Regal Transport Group Pty Ltd (**Regal**) and K&S Freighters Pty Ltd (**KSF**) to give effect to the Transaction.

Strategic Rationale

After considering various options in relation to Regal General Freight, the Board of K&S Corporation elected to undertake this transaction to realise improved shareholder returns and provide ongoing certainty to the Regal General Freight employees and customers. The Transaction will allow K&S Corporation to focus on its core competencies, including its Regal Heavy Haulage business which will continue to be operated and invested in by K&S Corporation. K&S Corporation will redeploy (or sell) assets that are not currently generating an adequate rate of return in the Regal General Freight business and the Transaction will also release working capital of approximately \$7 million.

Description of Transaction

Under the Transaction, Regal will transfer to Centurion its rights and entitlements under customer contracts and Centurion will make offers of employment to the majority of the employees of KSF working in the Regal General Freight business.

Having regard to the strategic rationale and benefits of the Transaction, K&S Corporation has agreed (amongst other things) to:

- a nominal purchase price for the assets of the Regal General Freight business (largely customer contracts and intangible assets) to be acquired under the agreement;
- provide access to Centurion, at commercial rates, to a number of its fleet to support the customer contracts for a transitional period.

Timing of Transaction

The parties are targeting 30 August 2019 for completion of the Transaction. The agreement is not subject to any conditions.

K&S Corporation's 30 June 2019 financial statements are expected to include an after-tax charge of \$5.1 million in relation to accounting adjustments, including impairment charges, as a result of the Transaction.

Further Information:

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

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