

HY2015 Half Year Overview



March 2015

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Overview of Results: SHE

- Safety performance of the domestic operations continues to improve
- LTIFR reduced from 8.7, for the corresponding previous year period, to 6.3
- Fleet integrity audits engaged by external specialist to ensure high standards are maintained; nil issues identified



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Overview of Results: Financial

- Revenue increased by 39% to \$360 million
- Profit after tax for the half year was \$6.5 million
- Underlying profit after tax was \$8.2 million; 30.2% higher
- One off re-organisational costs of \$0.4m and Fraud related costs of \$1.3m (net of tax)
- Operating cash flow for the half year was \$24.9 million, up 334.9% on the previous corresponding period
- Gearing is 24.2%. Net debt has reduced by \$2.6 million to \$93.4 million
- The result was driven by a solid performance from Scott Corporation and K&S' traditional business

Operating Cost Reductions

- We have continued to focus on reducing our operating costs primarily in the areas of people, services and equipment
- Back office rationalisation and property consolidations are also being progressed
- Renegotiation of major input costs - vehicles, fuel, oils and lubricants, tyres, telecommunications, travel are well advanced
- Consequent to the timing of these initiatives some fiscal benefit will be realised in the current financial year, with their full impact to be realised in FY2016

Market & Growth

- Firm organic growth has been realised with additional annualised revenue in excess of \$32 million being awarded to the Group
- Our Western Australian business continued to be impacted by the slowing of the resource sector
- With declining commodity prices, miners have continued to reduce both project and operational expenditure
- Strong New Zealand business performance
- The volume from the New Zealand Steel contract, which commenced on 1st January 2014, has materially exceeded our initial expectation. This is forecast to continue in FY2015

Acquisitions

- We recently announced the acquisition of Northern Territory Freight Service (NTFS)
- NTFS is one of the largest rail freight forwarders on the Adelaide - Alice Springs - Darwin corridor with annual revenue of circa \$50 million
- The acquisition presents immediate opportunities for K&S to expand our current service offerings
- NTFS will enable K&S to provide additional services to our customers in the north west region of Western Australia
- The Northern Territory has one of the fastest growing economies in Australia

Financial Summary

Half Year ended 31 December	2014	2013	Variance %
Revenue (\$m)	360.0	258.9	39.0
EBITDA (\$m)	31.6	20.1	57.2
EBITDA margin	8.78%	7.76%	
EBIT (\$m)	12.8	10.5	21.9
EBIT margin	3.56%	4.06%	
Net Profit Before Tax (\$m)	9.1	8.1	12.3
Net Profit After Tax (\$m)	6.5	5.6	16.1
Underlying Profit After Tax (\$m)	8.2	6.3	30.2
EPS (cents)	5.6	6.2	-9.7
Underlying EPS (cents)	7.1	6.9	2.9
Dividend Per Share (cents)	3.5	3	16.7%
Franking	100%	100%	-

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Balance Sheet Summary

As at (\$m)	31-Dec-14	30-Jun-14
Cash and equivalents	19.6	23.5
Receivables	74.4	82.3
Inventories	3.9	3.7
Other	9.1	8.5
Total Current Assets	107.0	118.0
Property, Plant & Equipment	319.2	319.5
Intangibles	91.9	90.6
Other	12.4	12.3
Total Non-Current Assets	423.5	422.4
Total Assets	530.5	540.4
Accounts Payable	64.2	70.5
Borrowings	29.5	36.1
Provisions	22.9	22.7
Other	0.2	1.7
Total Current Liabilities	116.8	131.0
Borrowings	83.7	83.4
Provisions	3.2	3.1
Other	34.7	35.8
Total Non-Current Liabilities	121.6	122.3
Total Liabilities	238.4	253.3
Net Assets	292.1	287.1

- Gearing is at 24.2%

Dividend Summary

- Interim dividend of 3.5 cents per share
- Record date for interim dividend is 20th March 2015
- Interim dividend payable 2nd April 2015
- DRP remains active with a 2.5% price discount



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Key Customers



K&S Network

K&S operates extensively throughout Australia and New Zealand



Looking Forward

- Depth of the Company's Executive Team has been increased and strengthened
- We will continue to grow the business through organic growth in specifically targeted markets/channels and geographical locations
- Ongoing focus on the improvement of safety performance, revenue growth and the reduction of our operating costs by way of consolidation of operating sites, rationalisation of supporting infrastructure and the exiting of leased properties in locations where synergies are possible
- Potential acquisition opportunities will be pursued within our strategic guidelines
- KSC are maintaining a strong balance sheet with low gearing

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