

Realignment for growth and profitability

- Strategic and operational review completed
- Simplified management structure
- Implementation of OneQuickstep change program
- Refocused R&D and productivity improvements
- Targeted and accelerated sales growth initiatives

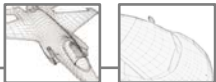
Sydney, 1 August 2017 –Quickstep Holdings Limited (ASX:QHL), the manufacturer of advanced carbon fibre composites, announced that it is realigning the business to drive profitability and growth, following a comprehensive strategy and operational review by its new CEO/Managing Director, the executive management team and the Board. The review identified a number of important changes that will be implemented immediately, with the objective of accelerating profitability and growth over the short, medium and longer term.

Quickstep's Chief Executive Officer and Managing Director, Mark Burgess said, "We have undertaken a comprehensive review of all aspects of the Quickstep business and we have developed a strong and robust plan, under the 'OneQuickstep' banner, to accelerate profitability and growth. The OneQuickstep program includes a revised organisational structure and leadership roles, productivity and efficiency improvements, refocused R&D investment and a focus on targeted business development and growth."

"We have simplified our senior leadership structure, reducing the number of key management personnel, and have established a functional matrix organisation. We have implemented an executive pay freeze and will continue with the freeze on directors' fees. The OneQuickstep change management program, which we are rolling out, will see the removal of business segments and a strong focus on growth in our target market sectors."

"Productivity and efficiency improvements are critical for us to achieve profitability and drive sustained growth. We have set a number of efficiency targets for the Bankstown and Geelong sites, which will provide margin improvement on existing contracts, and enhanced competitiveness for new work being negotiated."

Mark Burgess continued: "We are refocusing our R&D and have capped investment at a net \$2.8 million for FY18, still between 4% and 5% of sales, which remains significant for a company of our size. This refocus will involve a rationalisation of our current R&D operations and will see a reduction of 12 full-time employees across the first half of FY18. We will be adopting an intense focus on the rapid commercialisation of our core process technologies, such as Qure and the Quickstep Production System (QPS). Subject to appropriate program timing, we will be ceasing non-core programs that do not fit with our future growth plans, such as the Thales Hawkei project, which is glass-fibre based and does not use our core technologies."



“Future growth is also important and we are making a number of investments in this area. We have created a new sales leader role on our executive team and are making investments in sales, bidding for new business and proposal resources (both systems and people). Our marketing and communications function has been strengthened. These roles represent a re-focus within the business and will not increase overhead costs. Over the medium term we will be increasing our focus on market-specific technology and manufacturing partnerships.”

“The outlook for Quickstep in the future is strong. We have solid, long-term contracts in place, continued JSF production growth and a strong defence aerospace ‘build to print’ outlook. We will be placing an increased focus on the aerospace secondary structures market (control surfaces and closure systems) and will look closely at all customer cost reduction opportunities, using Qure and QPS to address volume production constraints that exist with current technologies. In the longer-term we will be looking at partnership opportunities to take us into our target growth markets and believe our OneQuickstep strategy will deliver profitability and accelerated growth.”

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Background on Quickstep Holdings Limited

Quickstep Holdings Limited (ASX: QHL) is an Australian publicly listed company, at the forefront of advanced composites manufacturing and technology development. Quickstep is the largest independent aerospace-grade advanced composite manufacturer in Australia, partnering with some of the world’s largest Aerospace/Defence organisations including: Lockheed Martin, Northrop Grumman, BAE Systems, as well as Victorian-based Marand Precision Engineering.

Quickstep operates from state-of-the-art aerospace manufacturing facilities at Bankstown Airport in Sydney, NSW; a site for the advanced manufacturing of composite parts and R&D/ process development centre in Waurin Ponds, Victoria; and a development and customer support operation in Munich, Germany.

Quickstep is an approved supplier for the international F-35 Lightning II Joint Strike Fighter (JSF) program - the largest military aerospace program in the world, valued in excess of US\$300 billion worldwide. The company has also been selected by Lockheed Martin as the sole supplier of composite wing flaps for the military C-130J “Super Hercules” and commercial LM-100J transport aircraft.

Quickstep has developed significant capabilities and expertise in the production of automotive and aerospace grade, advanced composite components, using both conventional autoclave-based manufacturing and leading out-of-autoclave production technologies (developed in-house and patented).

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