



Quickstep: Investor Presentation

Mark Burgess, CEO & Managing Director

1 August 2017



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Mark Burgess
Managing Director & CEO

- » Joined Quickstep in May 2017
- » Global aerospace and defence experience
- » Strong business development background
- » Previously with Honeywell & BAE Systems
- » Experience in Europe, USA, Middle East and South East Asia



Andrew Crane
Chief Financial Officer

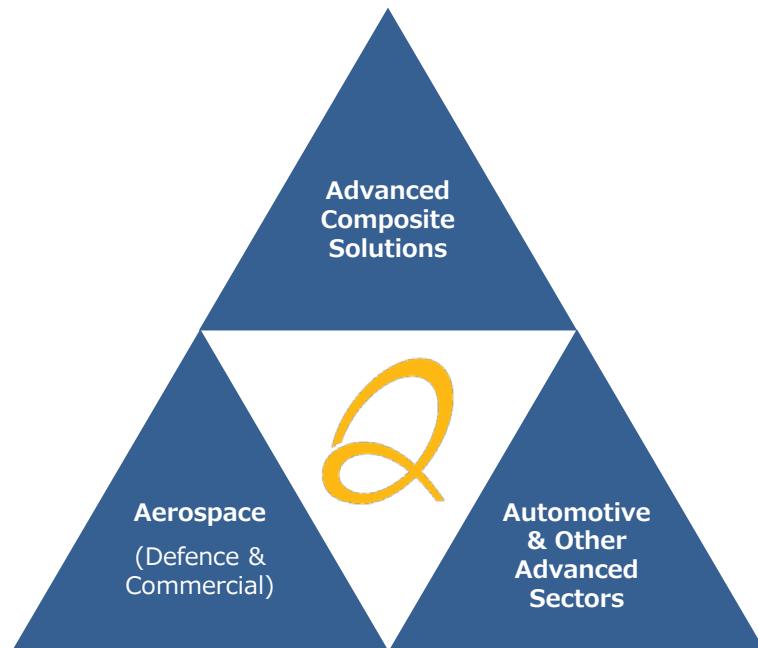
- » Joined Quickstep in September 2015
- » Previously with GWA & Asaleo Care
- » Strong financial and commercial background
- » Global manufacturing experience in multiple sectors

Who We Are



» Advanced Composite Solutions Provider

- Defence, Aerospace, Automotive and Other Advanced Sectors
- Supplying parts to a number of leading global customers
- Developing advanced process technologies and solutions



Milestones and Brief History



- » **2001:** Established as an R&D Company
- » **2005:** Listed on the ASX (QHL)
- » **2011:** LTA with Northrop Grumman for F-35 parts
- » **2012:** Lockheed-Martin contract for C-130J Flaps
- » **2013:** First parts delivered from Bankstown site
- » **2015:** Quickstep Geelong facility established
- » **2015:** Vertical tail parts to Marand/BAE Systems
- » **2016:** Thales and Ford production starts in Geelong
- » **2017:** Micro-X production commences in Geelong
- » **2017:** Capital Expansion at Bankstown
- » **2017:** Quickstep passes 220 employees
- » **2017:** New CEO/MD and strategic review



Our Market: Global Carbon Fibre Sector

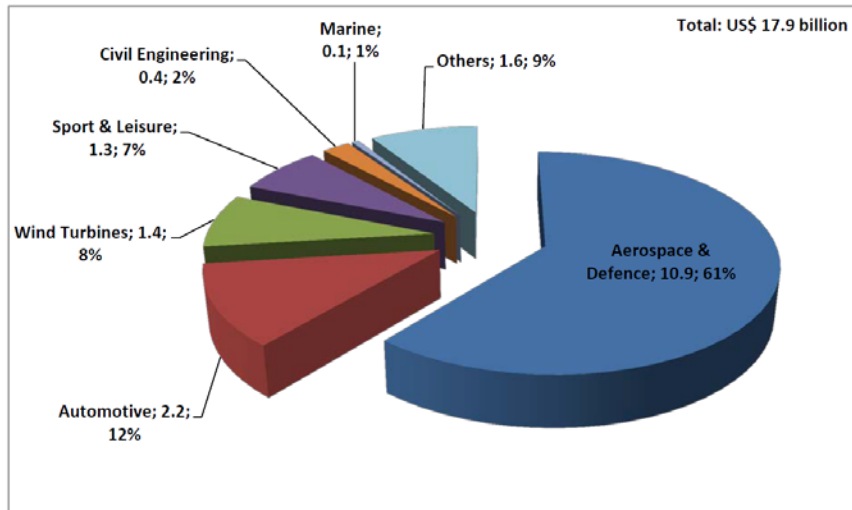


Figure 9: CC demand in billion US\$ acc. to application (2015).

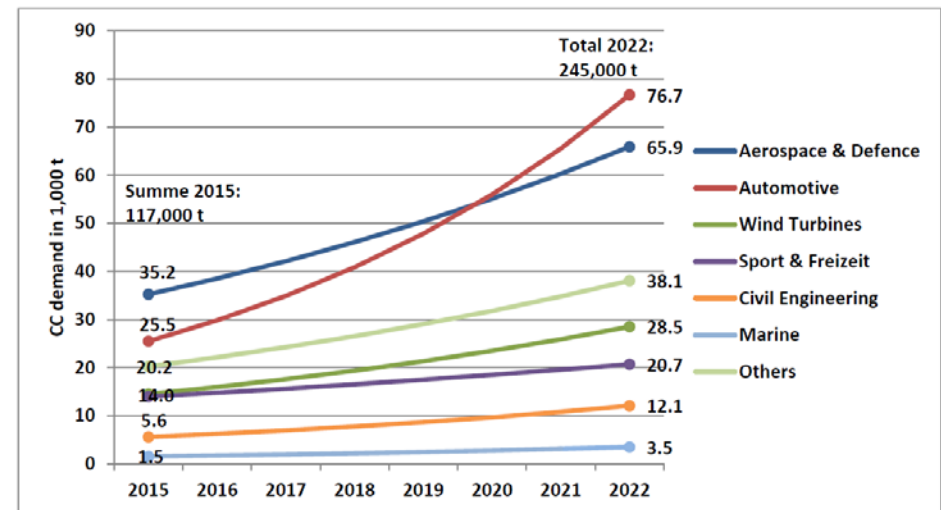


Figure 10: Predicted CC demand in 1,000 t acc. to application until 2022.

- » High value and growing markets
- » Main focus on Defence/Aerospace

Value per Kilogram Carbon Fibre Utilised

Aerospace & Defence	US\$310/kg	Wind Turbines	US\$97/kg
Automotive	US\$86/kg	Sport & Leisure	US\$94/kg

CFRP: Carbon Fibre Reinforced Polymers

Data Source: AVK - Industrievereinigung Verstärkte Kunststoffe, Composites Market Report 2016

Our Market: Aerospace Composites

Market Sector	Annual Sales (US\$bn)			CAGR
	2016	2022	2026	
Global aerospace composites	9.95	14.71	19.13	6.8%
Global aerospace CFRP composites	5.46	8.51	11.41	7.5%
Military Aircraft CFRP composites	0.91	1.39	1.83	8.5%
Commercial Aircraft CFRP composites	3.46	5.69	7.81	7.3%
Business/General Aviation CFRP composites	0.56	0.75	0.93	7.6%
Helicopter CFRP composites	0.52	0.69	0.85	4.9%
North American aerospace composites market	3.62	5.34	7.02	6.9%
European aerospace composites market	2.55	3.85	4.98	6.9%
Asian region aerospace composites market	2.30	3.47	4.60	7.2%
Aerostructures	52.17	75.97		6.5%
Radomes	7.41	12.48		9.5%

Data Source: Visiongain Aerospace & Automotive Composite Market Reports 2016

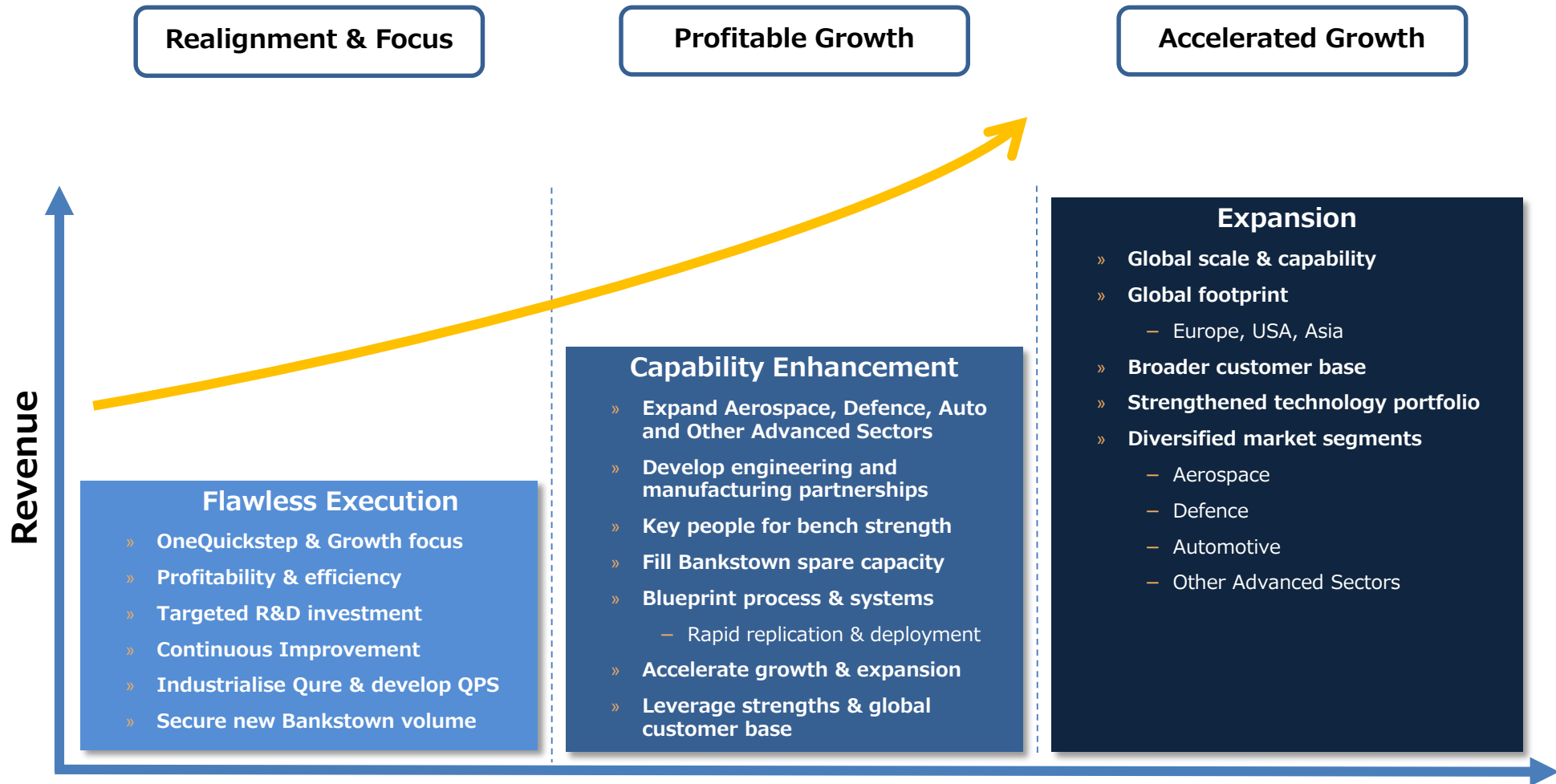


- » Major growth market for composites
- » CFRP considered 'material of choice'
- » Strong growth in Defence & Commercial
- » Focus on CFRP aerostructures supply

- » **New CEO/MD commenced May 2017**
- » **Realigned business for Growth and Profitability**
- » **Implementation of OneQuickstep program in FY18**
 - Simplified management structure
 - Functional matrix organisation
 - Removing business segments
 - Refocussing R&D investment
 - Increasing business development resources
 - Ceasing non-core programs
 - Productivity improvements
 - Cost reductions and efficiency program commenced
 - Qure and QPS solutions for growth
- » **Accelerated growth/expansion over time**
 - Leverage long-term booked business in place
 - Explore future Partnership opportunities



Strategy & Growth Plan



Experienced Leadership



- » Newly formed, strong & experienced management team
- » Extensive aerospace, automotive and manufacturing experience
- » Aligned to deliver OneQuickstep Change Strategy



Tony Quick
Non-Exec Chairman

- » Extensive experience in defence & aerospace
- » Leadership roles at Westland & GKN Aerospace
- » Also Chairman of Defence Materials Technology Centre (DMTC)



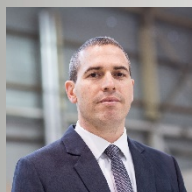
Mark Burgess
Managing Director & CEO

- » Joined Quickstep as MD/CEO in May 2017
- » 20+ yrs' global aerospace & defence sectors
- » Leadership roles with Honeywell, BAE Systems



Andrew Crane
Chief Financial Officer

- » Joined Quickstep in September 2015
- » Previously with GWA and Asaleo Care
- » Global manufacturing experience in multiple sectors



Kevin Boyle
Chief Operating Officer

- » Extensive experience in automotive in Australia & overseas, joined in 2016
- » Responsible for performance of all Quickstep operations



Ross Mahon
EGM, New Technology & Business Development

- » Manufacturing & engineering professional, joined in January 2017
- » 30+ years in auto sector
- » Previously with Futuris, Plexicor & Ford



Jacque Courtney-Pitman
Executive General Manager – Human Resources

- » Experienced HR professional, joined in 2016
- » Has held a number of senior & executive roles in both listed & private companies

Financial Snapshot

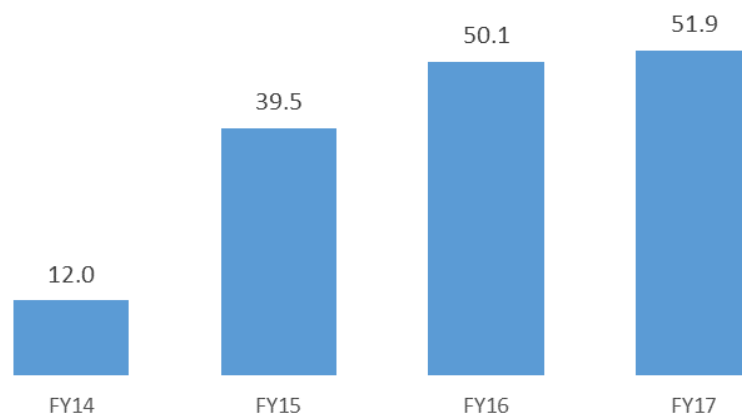


\$ m	FY14	FY15	FY16	FY17 (P)
Sales	\$12.0m	\$39.5m	\$50.1m	\$51.9m
FTE	140	160	185	222
NET CAPEX	\$1.3m	\$1.0m	\$3.4m	\$2.4m
R&D	\$2.7m	\$2.1m	\$3.5m	\$4.9m

- » **ASX listed - QHL**
- » **Developing innovative manufacturing solutions**
- » **Strong sales growth**
- » **Significant investment in P&E and R&D for the future**
- » **Ready to capitalise on growing market sectors globally**
 - Defence
 - Aerospace
 - Automotive
 - Other Advanced Sectors

Sites	Purpose	Size
Bankstown	Manufacturing; Complex assembly	16,000 sqm
Geelong	R&D, Prototyping, Manufacturing	845 sqm (Plant & Office)
Germany	R&D, Prototyping, Service/Support	900 sqm (Plant & Office)

Total Sales Revenue Year \$ millions

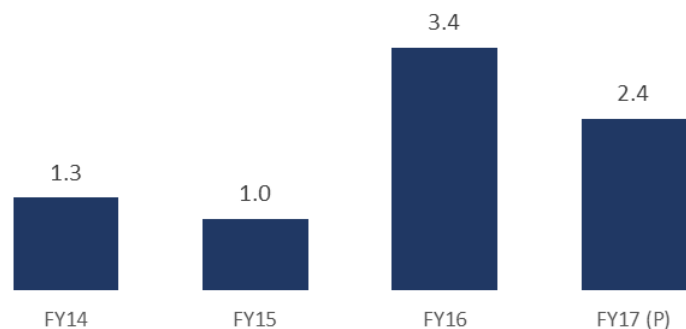


\$m	FY14	FY15	FY16	FY17 H1
Normalised EBIT*	\$(9.0)m	\$(0.7)m	\$0.5m	\$(2.8)m
R&D	\$2.7m	\$2.1m	\$3.5m	\$2.6m
EBIT pre R&D	\$(6.3)m	\$1.3m	\$4.0m	\$(0.2)m

- » **Total FY17 revenue \$52.6M**
 - Grant income \$0.7 million
- » **Revenue growth 4% FY17**
- » **Prior year sales growth 27%**
- » **High R&D investment impacting financial return**
- » **Learning curve for new programs and lower C-130J volumes impacted FY17 financials**
- » **Higher volumes, cost initiatives and expense reductions will improve margins**

**Normalised EBIT excludes Significant Items reported in FY16*

Capital Spend by Year \$ millions



» **Additional capacity installed through capital expansion FY16-FY17**

- Post capital raise in November 2015

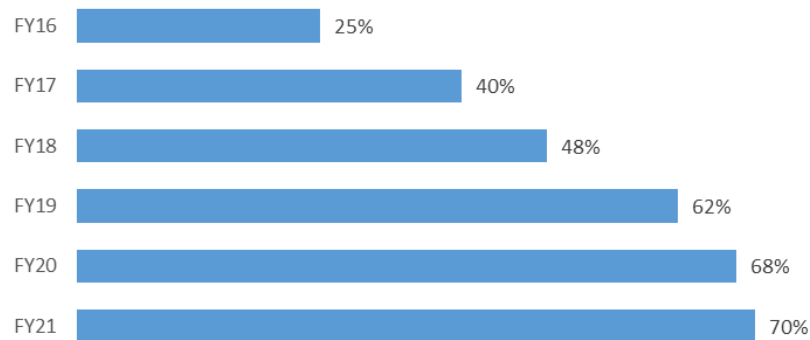
» **Assets now on the ground at Bankstown to deliver existing contract volume growth**

» **Current growth profile leaves 30% spare capacity at Bankstown**

Establishment of R&D site at Geelong FY16

- Commercialising Qure technology with Micro-X contract and additional customer programs

Bankstown Capacity Utilisation - Existing Contracts Only
Based on 6 days, 3 shifts



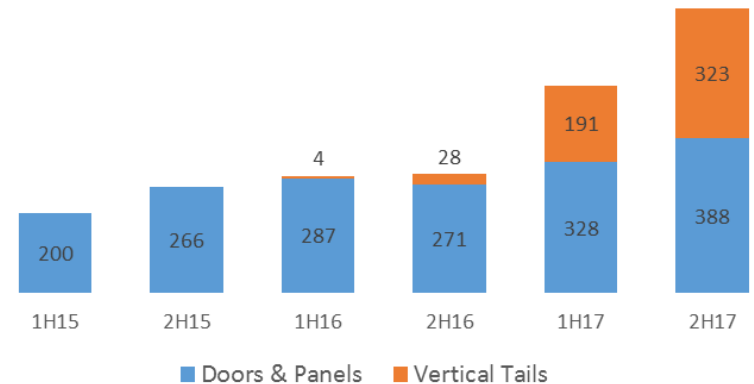
Current Business: JSF F-35 Program



- » Long term revenue generation
- » Northrop Grumman (A\$700m over program life)
 - Doors & panels, skins
- » BAE Systems/Marand (A\$139m over contract life)
 - Vertical Tail Spars, skins & fairings
- » Export supply from Bankstown
- » Supplying to all JSF aircraft globally
- » Strong quality & delivery performance
- » Production timeline beyond 2040



JSF Parts Delivered



Current Business: C-130J & LM-100J



- » **Long term recurring revenue**
- » **Lockheed Martin** (US\$75-100m over program life)
 - Wing flap assembly
 - C-130J & LM-100J aircraft
- » **Initial contract 2015-2019**
 - Two ship sets per month plus spares
- » **Investment in robotic drilling**
 - Increased efficiency, commissioned in 2017
- » **Supplying all C-130J aircraft globally**
- » **Strong quality and delivery performance**
- » **100 shipsets delivered**



New Robot Drilling equipment installed in FY17

» Quickstep Production System (QPS)

QPS is an advanced lean production system, a complete material to finished part solution

- R&D initiative based in Geelong
- Multiple market and part applications

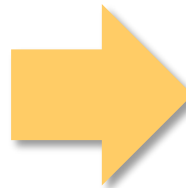
» Typical applications include: -

- **Micro-X** (portable x-ray device)
 - Carbon fibre chassis using Qure process
 - Establishes higher volume capability
 - Global market
- **Front Fender** (automotive)
 - Demonstrates capability for automotive and aerospace
 - Addresses rate needed and part complexity
 - For European luxury automotive manufacturer



FY17: Transition Year

- » Strong forward order book in place
- » Additional growth-enabling capital now on the ground
- » Strong quality and customer delivery performance
- » Projects to test process capabilities
- » First steps of technology industrialisation commenced
- » High R&D investment
- » Learning curve, lower volume impacts to margin



FY18: Profitable Growth

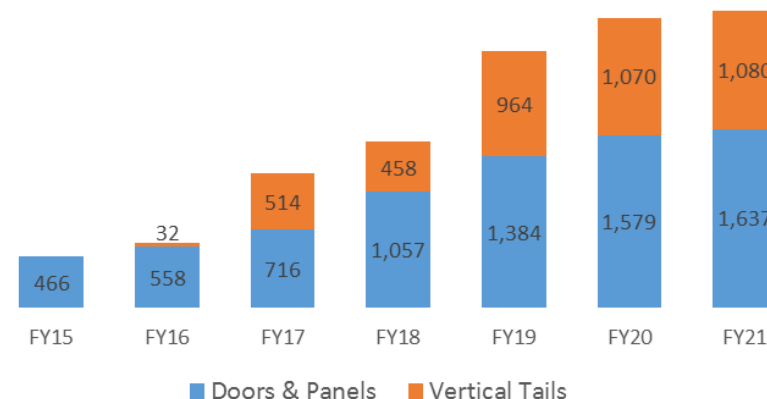
- » Focused Management Team
- » OneQuickstep approach adopted
- » Targeted R&D spend
- » New BD resources to deliver growth
- » Cost initiatives and expense reductions to improve margins
- » Working capital reduction to improve cash position
- » Deliver volume growth and efficiencies to move to profitability

Growth Secured with Long Term Contracts

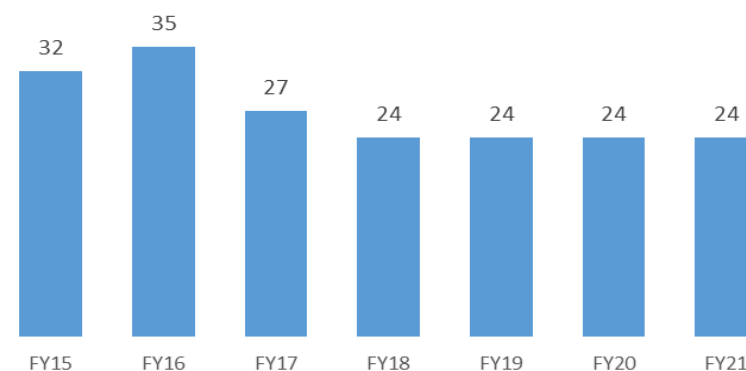


- » **Total JSF deliveries up 108% FY17**
- » **JSF production volumes to grow further 115% to end FY20**
- » **C-130J volumes expected to 2024**
- » **Capacity now in place at Bankstown for additional production volumes**
- » **Moving beyond learning curve and low capacity utilisation phase**
- » **Profitability improves as volumes grow**
 - Due to economies of scale & Bankstown utilisation

JSF Part Deliveries & Forecast



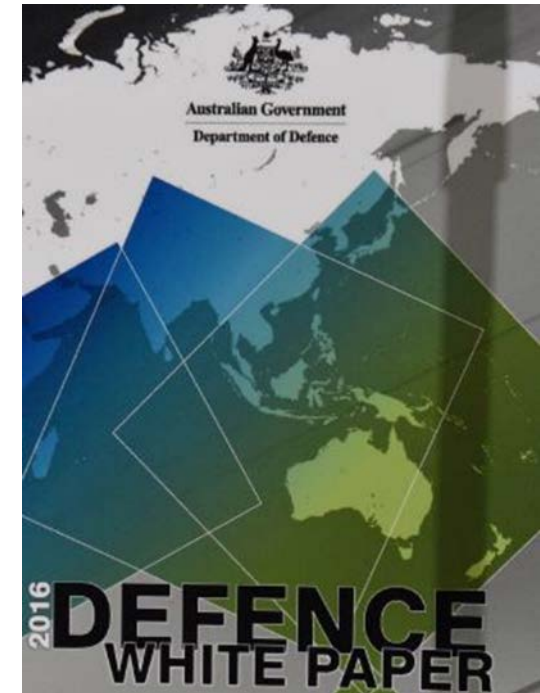
C-130J Shipset Deliveries & Forecast



Defence Policy Opportunities

- » **\$195 billion spend over next decade**
- » **Strong focus on sovereign capability**
 - Australian technologies/capabilities
 - Development on Australian SMEs
- » **Government focus on Export**
 - Access to global supply chains
- » **Multiple opportunities for Quickstep**

“Christopher Pyne wants Australia's defence companies to become major exporters”
Australian Financial Review – 24 July 2017



“Government aims to harness A\$195bn military modernisation to seed a local industry”
Financial Times – 27 July 2017

- » **Fast curing of composites**
- » **Significant advantages over traditional Autoclave curing**
 - Reduced production time
 - Greater design flexibility
 - Reduced capital investment
 - Reduced energy consumption
 - Lower tooling costs
 - Greater control over cure cycle
 - Quality surface finish
- » **Rate solutions for customers**
 - Ability to meet higher volume needs than Autoclave curing
 - End to end manufacturing solutions



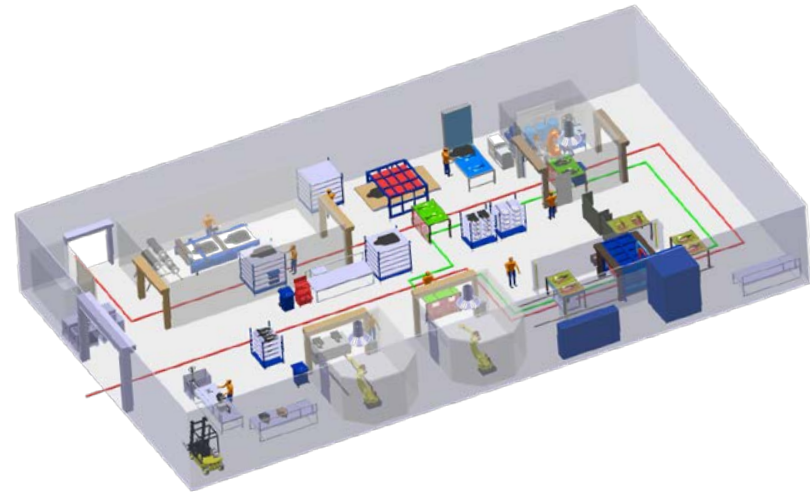
Additional Business Development resources to target:

» Aerospace

- Commercial & Defence markets
- Primary and secondary structures using Autoclave or Qure
- Control surfaces and closure systems
- Fill Bankstown – current and new customers

» Other Advanced Sectors

- Complex engineered components
- Solutions for customer rate constraints
- E.g. Luxury, Electric & Autonomous Vehicles



» Cost reductions aligned to OneQuickstep

- \$2.7 million to be delivered FY18

» Fill Bankstown surplus capacity

- Existing contract growth delivers \$90 million in sales by FY21
- Additional Bankstown growth delivers \$25 million in sales
- Gross Margin improvement with increased site utilisation and program maturity
- Double digit EBIT % targeted at full capacity

» Accelerated growth/expansion over time

- Business development investment FY18
- Leverage QPS and existing strengths to deliver additional growth volumes across the portfolio
- Scope to expand manufacturing sites



Investment Summary Recap



- ✓ Strategic review complete and OneQuickstep adopted
- ✓ Long term contracts in place, established credentials
- ✓ Attractive growth markets, particularly Aerospace
- ✓ Cost and manufacturing efficiencies to improve margins
- ✓ Deliver profitability and accelerated growth

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