

Funding update – ASX waiver granted

Sydney, 27 November 2017 – Quickstep Holdings Limited (ASX: QHL) (**Quickstep**) advises that it has entered into a Secured Loan Facility Agreement with Dorrigio Capital Pty Ltd as trustee for the Braque Trust, an entity controlled by a director of Quickstep, Mr James Douglas (**Financier**) pursuant to which the Financier will provide a loan facility to Quickstep of up to \$2,000,000 (**Secured Loan Facility Agreement**), secured by a general security agreement over Quickstep's assets in favour of the Financier. Efic's existing security remains in place and continues to be prioritised.

The purpose of the loan is to fund OneQuickstep initiatives, new business growth activities and short term working capital requirements in support of booked growth. The term of the facility is 6 months and amounts outstanding under the facility will incur interest at 12% per annum on drawn funds. The facility is provided on an arms' length basis by the Financier. Quickstep intends to immediately draw down the full amount of the loan facility commitment.

Quickstep advises that the ASX has granted the Company a waiver from ASX Listing Rule 10.1. The waiver permits the Company to grant the proposed security to the Financier over the Company's assets without the need to seek shareholder approval under ASX Listing Rule 10.1, subject to certain conditions.

The terms of the ASX waiver are set out below.

1. *Based solely on the information provided, ASX Limited ("ASX") grants Quickstep Holdings Limited (the "Company") a waiver from listing rule 10.1 to the extent necessary to permit the Company to grant security over the assets of the Company in favour of Dorrigio Capital Pty Ltd as trustee for the Braque Trust (the "Lender") (the "Security") to secure the Company's obligations under a loan agreement with an aggregate principal amount not exceeding \$2,000,000 (the "Loan Facility") provided by the Lender without obtaining shareholder approval, on the following conditions.*
 - 1.1. *The Security includes a term that if an event of default occurs and the Lender exercises their rights under the Security, neither the Lender nor any of their associates can acquire any legal or beneficial interest in an asset of the Company or its subsidiaries in full or part satisfaction of the Company's obligations under the Security, or otherwise deal with the assets of the Company or its subsidiaries, without the Company first having complied with any applicable listing rules, including listing rule 10.1, other than as required by law or through a receiver, or receiver or manager (or analogous person) appointed by the Lender exercising their power of sale under the Security and selling the assets to an unrelated third party on arm's length commercial terms and conditions and distributing the cash proceeds to the Lender or any of its associates in accordance with their legal entitlements.*
 - 1.2. *A summary of the material terms of the Security is made in each annual report of the Company during the term of the Security.*
 - 1.3. *Any variations to the terms of the Security which is:*

- 1.3.1. *not a minor change; or*
- 1.3.2. *inconsistent with the terms of the waiver,*

must be subject to shareholder approval.

- 1.4. *The Company and the Lender must seek to discharge the Security when the funds advanced to the Company are repaid, or if it is not discharged, seek shareholder approval for the continuation of the Security for any further period.*
- 1.5. *The Company immediately releases to the market an announcement which sets out the material terms of the transaction and this waiver upon finalisation of the Loan Facility with the Lender, including:*
 - 1.5.1. *the Company's plans with respect to the repayment of the funds advanced under the Loan Facility, and discharge of the Security, including the timeframe within which it expects the repayment and discharge to occur; and*
 - 1.5.2. *a statement of the reasons why the Company has chosen to obtain a financial accommodation from a listing rule 10.1 party rather than a lender that is not a related party, and the steps the Company's board has taken to satisfy itself that the transaction is being entered into on arms' length terms and is fair and reasonable from the perspective of the Company's securityholders.*

Pursuant to paragraph 1.5.1 above, Quickstep advises that it plans to repay the funds advanced under the Secured Loan Facility Agreement on or before the six months termination date from operational revenues, or by drawing down on other facilities available to Quickstep at that time. It is expected that some of the principal outstanding will be prepaid as permitted by the Secured Loan Facility Agreement, with the ability for Quickstep to redraw funds during the 6 month term. Quickstep expects that the security granted to the Financier will be discharged upon full repayment of the loan, at the end of the 6 month term.

In relation to paragraph 1.5.2 above, Quickstep advises that it chose to obtain a loan from a listing rule 10.1 party rather than a lender who is not related as the terms available from the Financier are better for Quickstep than it was able to obtain from an independent third party. Quickstep has pursued a number of other financing avenues and believes the agreed arrangement is the best available given the existing prioritised Efic security in place and Quickstep's timing requirements for this funding. In satisfying itself that the transaction is being entered into on arms' length terms and is fair and reasonable from the perspective of the Company's securityholders, the directors considered, amongst other things, the terms and ready availability of this arrangement when compared with the terms that had been offered to the Company from other independent third party lenders and the conditions which would be attached to any facility granted by those third party lenders.

Quickstep is expecting the recent OneQuickstep initiatives to assist in achieving the target of H2 FY18 positive EBIT, continuing sales growth and a targeted FY19 positive EBIT result. Items that will deliver cost savings have been implemented and the business has also commenced new business opportunities with two new Boeing programs awarded and a number of other future growth projects needing support.

-ENDS-

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; and a site for the advanced manufacturing of composite parts and R&D/ process development in Geelong, Victoria.

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).

For further information:

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