

Company Announcements Office
ASX Limited
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SYDNEY NSW 2000

2018 AGM Presentations & 2019FY Outlook

Sydney, 29 November 2018 – Enclosed are copies of the Chairman's Address and CEO Presentation to be delivered today to shareholders in the 2018 Annual General Meeting of Quickstep Holdings Limited (ASX:QHL).

The CEO Presentation incorporates an update on the 2019FY outlook.



Jaime Pinto
Company Secretary

QUICKSTEP – 2018 AGM Chairman's Address

Good afternoon, ladies and gentlemen. I am Tony Quick, the Chair of the Board of your Company Quickstep Holdings Limited. Welcome to our Annual General Meeting.

At the meeting today, our managing director and chief executive officer Mark Burgess and I will report on the group's progress and the outlook. This is my sixth year as Chairman and in that time your Company has grown significantly.

For comparison, in the 2013 financial year Quickstep reported sales of \$2.6 million. Joint Strike Fighter production was beginning at Bankstown, and the first Lockheed Martin wing flaps production order had recently been signed. Our operations moved from a focus on research and development to production. Your Company has grown steadily as its flagship contracts ramped up and we have increased scale. The next step in our development was to ensure that this growth was reflected in earnings.

At last year's Annual General Meeting I reported that our management team led by Mark had developed a new plan that would realign our company, focus on the aerospace market to drive growth and reduce the time frame to profitability. This was the OneQuickstep change management program introduced during the first half of the 2018 financial year.

We have delivered as we promised. Our financial results reflect the program's success. Supported by Joint Strike Fighter production growth, annual sales revenue increased 14% to \$59.0 million.

In the second half of the year your company achieved \$0.9 million earnings before interest and tax (EBIT) and a net profit for the first time in its history.

Costs were reduced by \$3.5 million. We closed our German operations, consolidated R&D at Geelong and exited non-core programs.

Lean enterprise programs began at Bankstown and Geelong. Higher productivity helped gross margin improve 5% in the second half compared to the first half.

Improved working capital management enabled operating cash flow of \$3.6 million for the second half, compared to a cash outflow of \$4.3 million in the first half.

While your Company reported a net loss for the full 2018 financial year, the improvements in EBIT and cashflow will continue this financial year and beyond.

Mark leads a lean, focused leadership team with extensive aerospace and defence and broader manufacturing skills. This is a strong team with the experience, capability and a 'success-driven' culture to further accelerate growth and profitability. They have taken our Joint Strike Fighter and C-130J production programs to sustainable and profitable positions.

Today, we have a deeper and more robust understanding of our technology. We have improved our patented Qure process, demonstrating that we can now manufacture components using Qure to Aerospace structural standards at significantly faster cycle times. This is a significant competitive advantage which we intend to validate further on appropriate commercial opportunities.

Our plans to diversify our business achieved significant wins in the 2018 financial year. We became an approved supplier for the Boeing Company and secured two programs with Boeing Defense. We also became an approved supplier for Airbus in Australia and Asia-Pacific. Our association with these great aerospace industry brands increases our ability to win further work in the competitive aerospace sector.

We joined the General Atomics-led Team Reaper Australia partnership which was one of two consortiums tendering for Australian Remotely Piloted Aircraft systems business. Minister for Defence Christopher Pyne and Minister for Defence Industry Steven Ciobo have now announced the selection of the General Atomics MQ-9 Reaper variant as Australia's first armed remotely piloted aircraft system (RPAS) under Air 7003.

In July 2018 we were awarded a new project to make carbon fibre composite housings for Chemring Australia's F-35 countermeasure flare. This is another opportunity that has global potential and expands our advanced manufacturing capability.

Recently Lockheed Martin has confirmed a second Memorandum of Understanding (MoU) which ensures your company will supply wing flaps for the 'Super Hercules' C-130J and commercial LM-100J aircraft for five more years through to 2024. This MoU together with our Joint Strike Fighter agreements provide us with strong growth over the next few years and long term business. We will use our proven track record of delivery to continue our growth.

Our focus on the aerospace sector means that we will only bid for targeted work in other sectors. One noteworthy trial project successfully used Qure to produce demonstration automotive front fenders for a European luxury car manufacturer, and we are exploring next steps. Meanwhile, a partnership with the ATR Group now provides sales and marketing support for our aerospace and automotive business in the European market.

Your Company is a very different Company to the one I joined back in 2013. We have taken our two main contracts, JSF and C-130J, and moved them from the initial production process to reliable on-time delivery. We have stepped up to the mark and delivered the program growth where other JSF suppliers have struggled. We have also identified where our technology can genuinely deliver a source of competitive advantage and created the data to prove that, where the technology cannot provide a genuine competitive advantage, we have ceased investment. The introduction of “OneQuickstep” has created a focus to deliver a profitable base for further growth.

The focus in the future is for greater, profitable, growth and the Board have decided that it is appropriate to commence a process of board renewal. This transition will be a planned process. We have commenced a search for directors with strong credentials that will contribute to even greater profitable growth, exceeding that which is already assured in our existing flagship contracts.

Since implementing “OneQuickstep” our progress has been extremely encouraging, and we have a positive outlook for the year ahead.

As we leverage our innovation and manufacturing achievements to accelerate new business growth your company has a tremendous export opportunity. The global aerospace and defence industry reported revenues of \$728 billion in the 2017 calendar year and we plan to take a larger share of that.

Your company remains focused on delivering for our aerospace and defence clients, who are global industry leaders. As our business development program continues to win new contracts further growth will follow.

Our strong order book, patented technologies and increased competitiveness are already contributing to sales momentum that will continue in the current year.

I will now hand over to Mark Burgess who will provide more detail.



**PROMISES
DELIVERED**

ANNUAL
REPORT
2018

Quickstep

QUICKSTEP HOLDINGS LIMITED

ANNUAL GENERAL MEETING

MARK BURGESS, CEO & MANAGING DIRECTOR

29 NOVEMBER 2018

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Mark Burgess, Managing Director & CEO

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

Quickstep: New Leadership Team



- » Newly formed, strong and experienced leadership team
- » Extensive aerospace, defence, automotive and manufacturing experience
- » Fully aligned to deliver OneQuickstep Change Strategy
- » Highly capable of delivering profitability and accelerated growth



Mark Burgess
Managing Director & CEO

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



Alan Tilley
Chief Financial Officer

- » Joined QHL in June 2018
- » Seasoned senior executive & finance professional
- » Over 30 years' experience across a broad range of sectors & geographies



Ross Mahon
Chief Business Development & Technology Officer

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



Jacque Courtney-Pitman
Chief Human Resources Officer

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



Gary Robinson
Executive General Manager Operations

- » Extensive operations background in automotive, medical device & defence
- » Joined QHL in late 2018
- » Operations, quality, supply chain & product experience



Carl de Koning
General Manager, Corporate Affairs

- » Extensive experience in automotive in Australia & internationally
- » Background in strategy, BD & HR, joined QHL in 2016

Advanced Composite Solutions



**Defence
Aerospace**



**Automotive & other
Advanced Sectors**



**Commercial
Aerospace**

Why Defence Aerospace?

- » Mature market, niche-medium volume in size
- » Driven by government spending and national security issues
- » ~3,000 New Combat Aircraft orders forecast up to 2030*
- » Australia's Defence White Paper provides further opportunities
- » Access to Global Supply Chains
- » Long-term supply timeframes
- » Carbon-fibre 'material of choice'



* Defense Briefing: Frost & Sullivan, January 2018

» ***Uniquely positioned in the Australian Defence market***

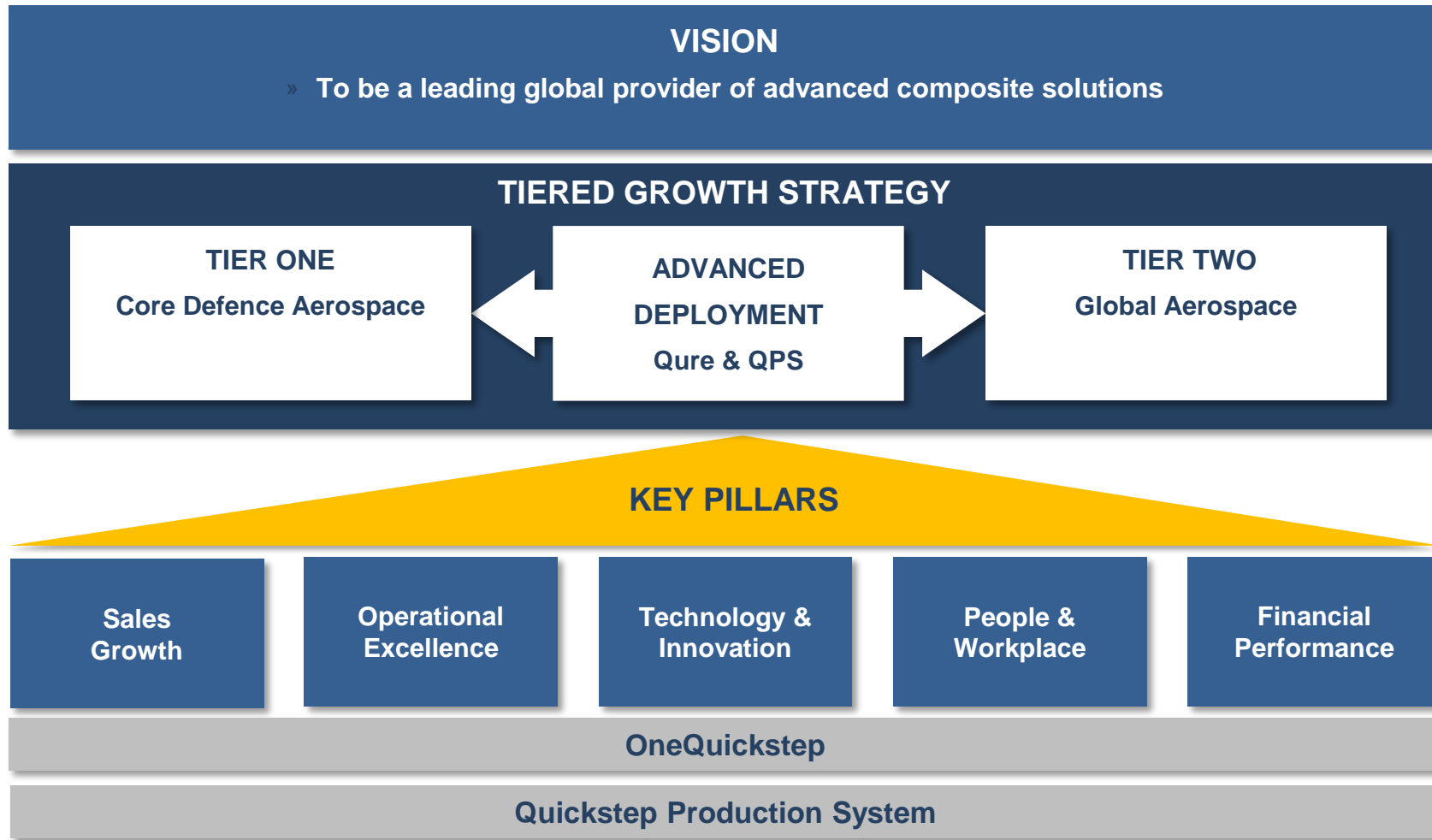
Why Commercial Aerospace?

- » 35-40k new aircraft in 2017-2036*
- » CF composites 'material of choice'
- » Boeing & Airbus hold 80% of market
- » Monthly volumes growing, causing rate constraints
- » Global shortage supply capacity
- » Strong growth in Asia & USA
- » Quickstep has traditional & alternative technologies available

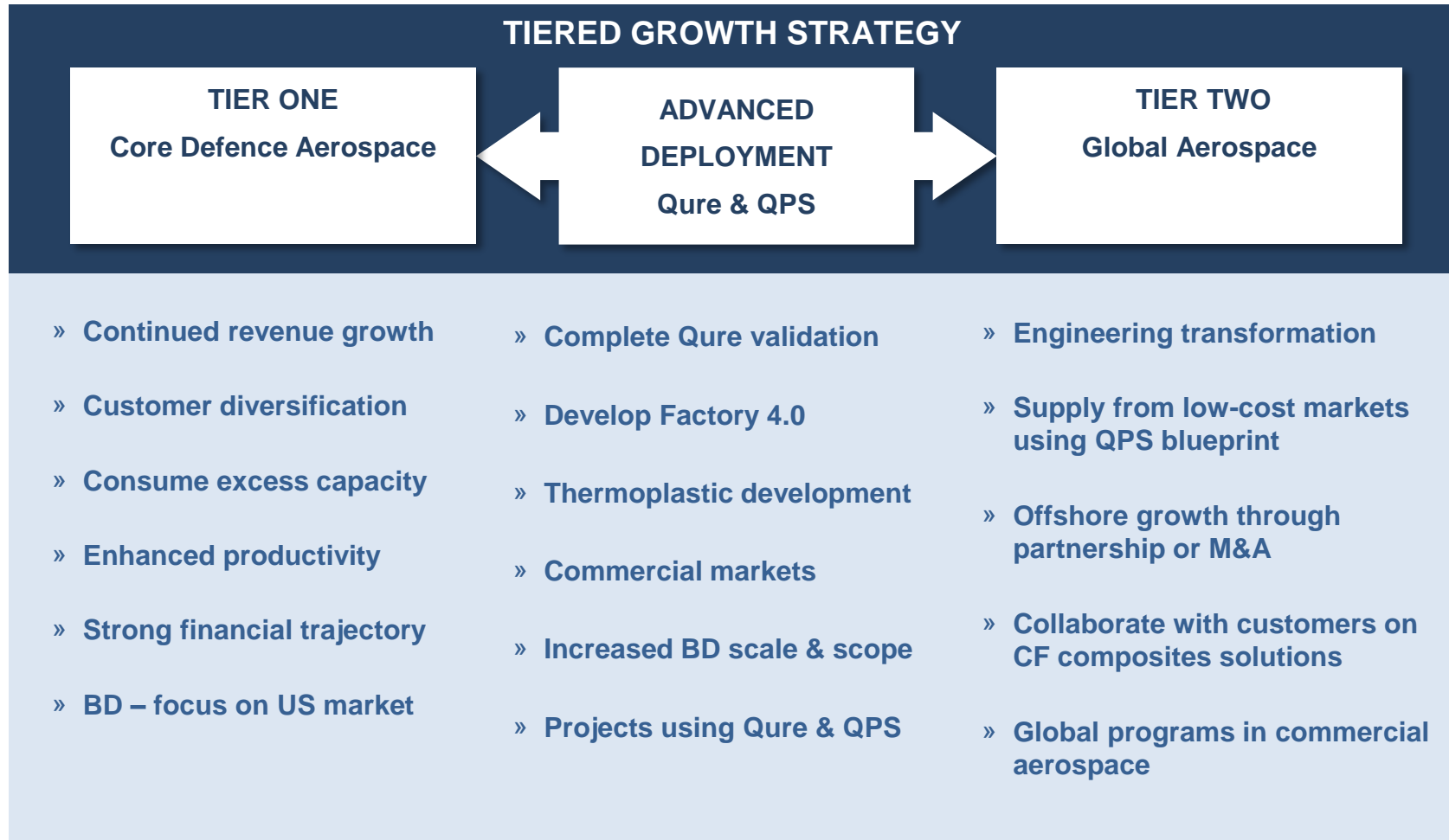


* The Boeing Company – Current Market Outlook 2017-2036

» **High volume, growth market with supply constraints, need for rate solutions**



What Does Tiered Growth Involve?



FY18: We Have Delivered On Our Promises



\$59.0m SALES REVENUE UP 13.7%	45% JSF CONTRACT REVENUE UP BY	\$0.9m EBIT FOR H2 FY2018	\$4.7m EBITDA IMPROVEMENT	5% GROSS MARGIN PERCENTAGE UP IN H2 V'S H1
5 yr CONTRACT EXTENSION C-130J	\$3.5m ONEQUICKSTEP ANNUAL COST SAVINGS	New BUSINESS WITH BOEING AND CHEMRING	1st INDUSTRIAL USE OF QURE WITH MICRO-X	LEAN PROGRAMS HAVING AN IMPACT
 APPROVED SUPPLIER STATUS WITH BOEING AND AIRBUS	 SINGLE R&D CENTRE OF EXCELLENCE	 COLLABORATIONS WITH GENERAL ATOMICS AND TRIUMPH GROUP	 SUCCESSFUL FRONT FENDER DEMONSTRATION PROJECT	Sales AND MANUFACTURING AGREEMENT WITH THE ATR GROUP

FY18: Solid Platform for FY19



- » **Revenue up 13.7% y.o.y.**
 - 45% JSF revenue growth
- » **OneQuickstep positively impacted FY18 profit and cash flow vs FY17**
 - \$4.7m EBITDA improvement
 - Margin improvement
 - R&D spend reduced by \$1.8m
 - \$2.6m improvement in EBIT pre R&D
- » **Improvement across FY18, but accelerated in H2**
 - H2 revenue 11% increase on H1
 - Gross margin +5% in H2 vs H1
 - LEAN and continuous improvement having an impact
 - Increasing efficiency and productivity
 - Operating cash inflow H2 \$3.6m vs H1 cash out \$4.3m
 - Debt reduced by \$2m from Dec 2017

	(\$m) FY18	(\$m) 2H FY18	(\$m) 1H FY18	(\$m) FY17	YOY % Change Fav / (Unfav)
Results summary					
Revenue	59.0	31.1	27.9	51.9	13.7
EBITDA	1.2	2.2	(1.0)	(3.5)	-
EBIT before R&D	2.4	2.5	(0.1)	(0.2)	-
R&D (new tech & product dev't)	(3.7)	(1.6)	(2.1)	(5.5)	32.7
EBIT	(1.3)	0.9	(2.2)	(5.7)	77.2
Net finance costs	(1.6)	(0.9)	(0.7)	(1.0)	(60.0)
Net profit / (loss) after tax	(2.9)	0.0	(2.9)	(6.7)	56.7



Business Growth & Customer Diversification



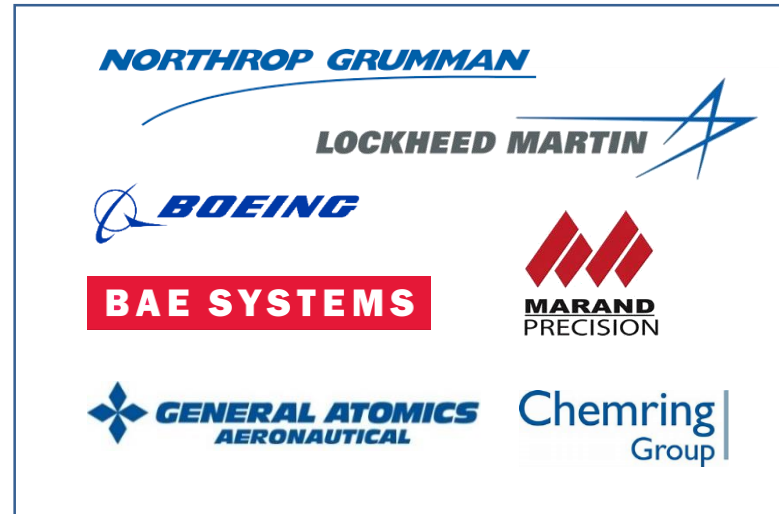
FY2018

- » **JSF**
 - Continued ramp: Full-rate by FY21
- » **C-130J extension**
 - Additional five years
- » **Chemring**
 - JSF flare housings
- » **Boeing Defense**
 - Parts for F-15 & F-18
- » **MicroX**
 - Portable x-ray unit chassis
- » **Fender project**
 - European demonstration

» **Ongoing base business equates to ~\$80 million p.a. beyond FY19**

FY2019

- » **Chemring implementation**
 - Advanced manufacturing cell
- » **Growth with existing and new customers**



» **Current opportunities in work >\$1 billion over 10 years**

FY19 Financial Outlook

- » Revenue growth above 20%
- » Ongoing improvement in gross margin
- » Positive full year EBIT
- » Positive operating cashflow
- » Minimal P&L impact from Chemring project in FY19
- » Increased facilities to accommodate JSF growth
- » Next phase of LEAN and ongoing cost control
- » Performance to date is tracking to full year plan

FY19 Growth

- » Healthy pipeline of new business
- » Increasing BD investment
- » New contracts anticipated in FY19
- » Qure & QPS investment for efficiencies & competitive advantage
- » Delivering tiered growth strategy





OneQuickstep delivering financial and operational improvement



Long term contracts in place, established global credentials



Attractive growth markets, Defence and Commercial Aerospace



Cost and manufacturing efficiencies improving margins



Healthy pipeline of near term revenue growth opportunities



Delivery of profitability, growth and shareholder value