



Quickstep: Investor Presentation

February 2019



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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



Alan Tilley
Chief Financial Officer

- » Joined Quickstep in June 2018
- » Previously with NRMA and Murray Goulburn (Interim)
- » Multi sector experience spanning manufacturing, B2B and B2C services and FMCG in Australia and Europe
- » Broad experience spanning P&L responsibility, Finance, Treasury, Technology and Risk

Advanced Composite Solutions



**Defence
Aerospace**



**Automotive & other
Advanced Sectors**



**Commercial
Aerospace**

What Differentiates Us?



Unique Position in Australian Defence Industrial Base



- » Largest independent composites manufacturer in Australian market
- » Established advanced manufacturing capability in Bankstown, NSW
- » Proven track record of supply to global defence/Aerospace customers
- » Highly skilled/experienced workforce

Unique Advanced Manufacturing Process Capabilities

Patented 'Qure' Process



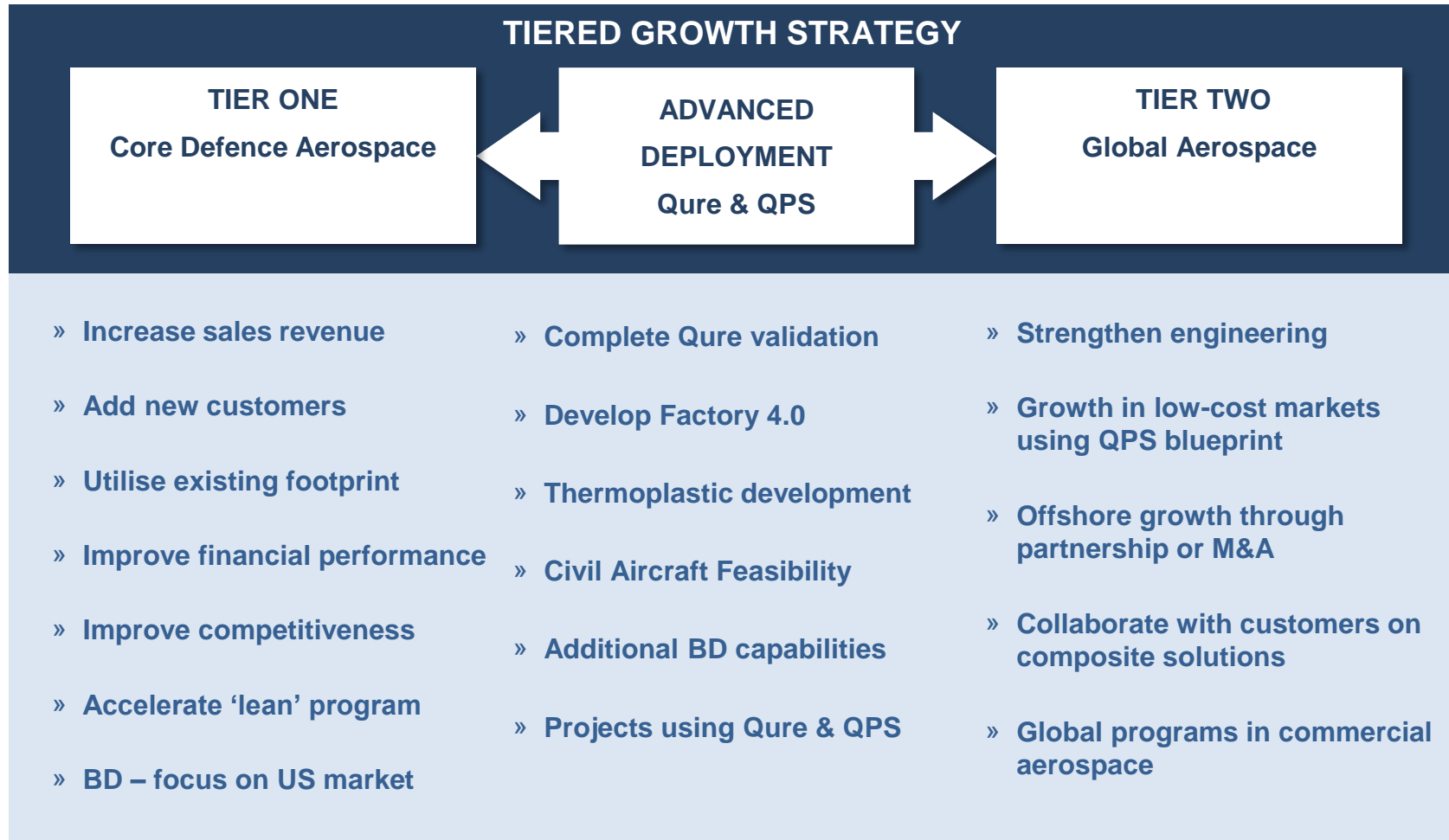
- » Faster curing of advanced composite components
- » Significant advantages over traditional curing processes
- » Rate solution for customers

Quickstep Production System (QPS)



- » 'End to end' composite solutions for customers
- » Being used on new projects
- » Important competitive point of difference

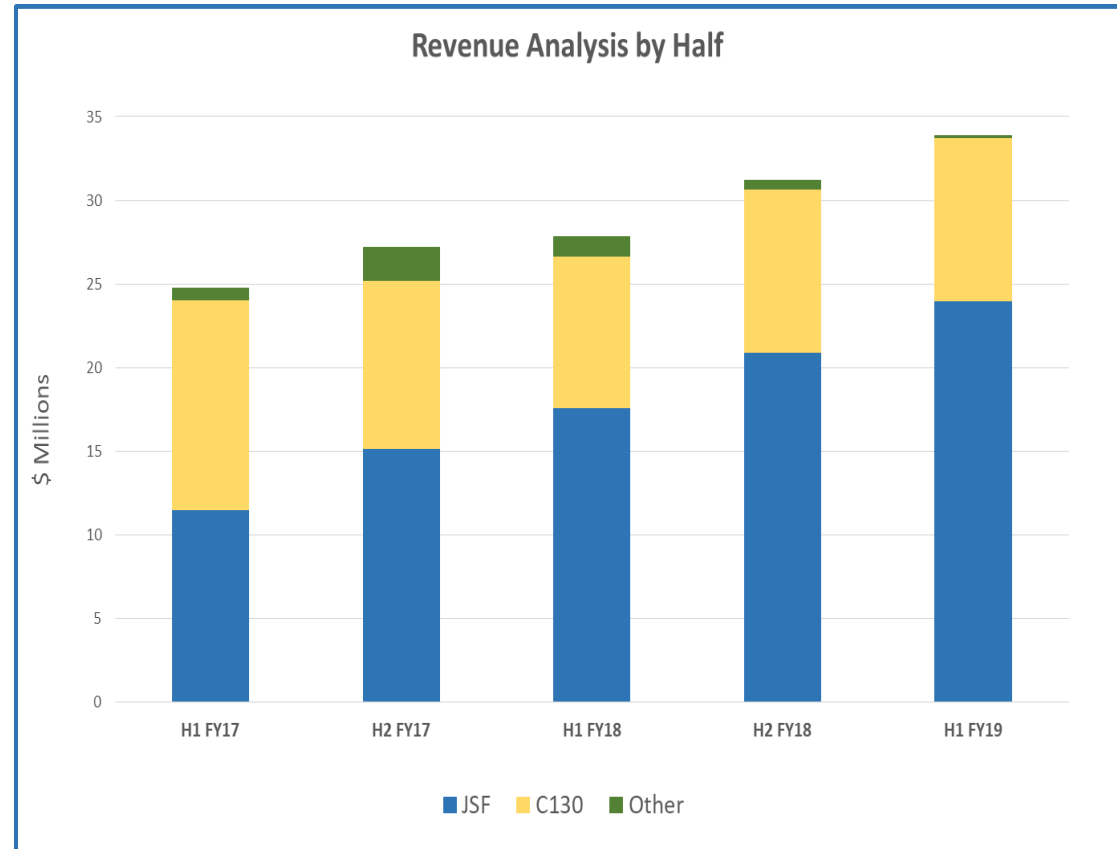
What Does Tiered Growth Involve?



Strong Revenue Growth from JSF



- » **Revenue \$33.8m is up by 21% on H1 FY18 and 9% on H2 FY18**
 - Machine outage November and December '18 impacted H1 revenue
 - JSF volumes nearing full rate production
- » **JSF revenue \$24.0m is up by 36% on H1 FY17 and 15% on H2 FY18**
 - In H1 FY19 JSF represented 71% of total revenue
- » **Revenue from C-130J program stable vs H2 FY18**
 - Reflecting mature nature of contract
 - Five year extension to 2024 secured



Delivering profitable growth - \$0.9m NPAT



» \$0.7m EBITDA improvement on prior half:

- 9% revenue growth
- Gross profit 23 % achieved
- Includes \$2.1m BD + R&D investment
- AASB15 impact +\$0.3m

» \$1.1. EBIT improvement on H2 FY18

- Despite impact of machine outage in November/December
- Useful life reassessment benefit \$0.4m

» Operating cash flow H1 FY19 includes:

- \$4.3m (88%) raw materials increase from June '18 due to machine outage
- Plan in place to normalise inventory by 30 June '19

» Debt increased by \$1.1m from June '18

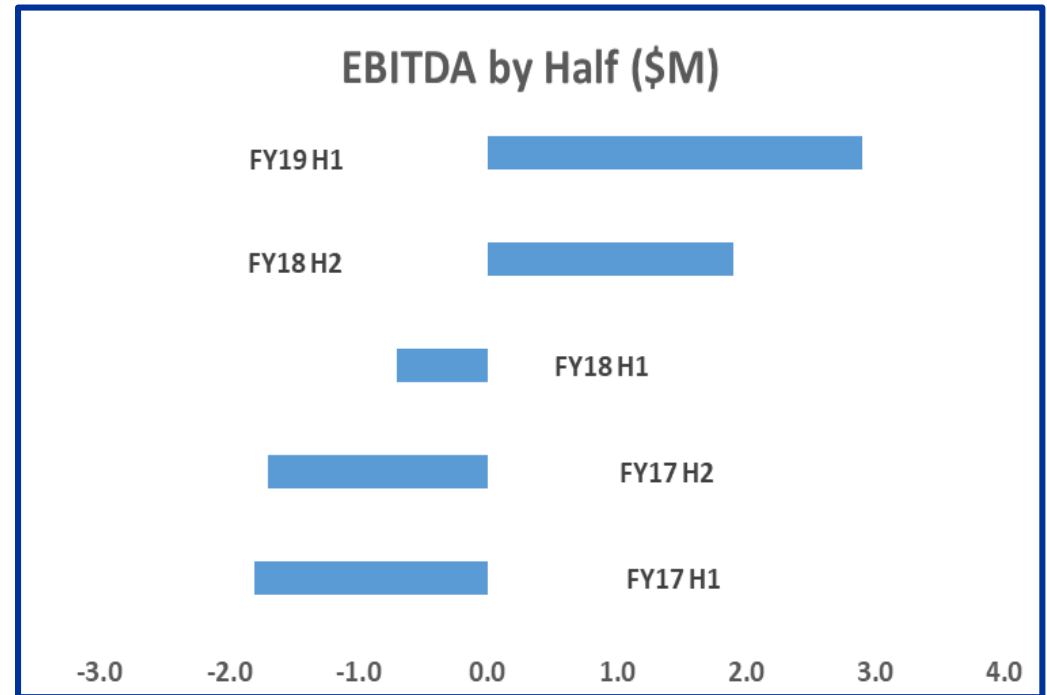
- To fund working capital (JSF growth and raw materials increase)

	H1 FY19	FY18	H2 FY18	H1 FY18	H1 FY19 vs H2 FY18 Change Fav / (Unfav)
Results summary (\$m)					
Revenue	33.8	59.0	31.1	27.9	2.7
EBITDA	2.9	1.2	2.2	(1.0)	0.7
EBIT	2.0	(1.3)	0.9	(2.2)	1.1
Net finance costs	(1.1)	(1.6)	(0.9)	(0.7)	(0.2)
Net profit / (loss) after tax	0.9	(2.9)	0.0	(2.9)	0.9
Operating cash flow	(0.9)	(0.7)	3.6	(4.3)	(4.5)
Net Debt	11.0	9.9	9.9	13.3	(1.1)
Impact of adoption AASB15	0.3	-	-	-	0.3

Cash profits growing strongly



- » **Trend of material improvement in EBITDA being maintained**
- » **Investing in near term growth opportunities**
 - Business development \$1.2m
 - R&D \$0.9m
- » **Gross profit 23% in H1 FY19 achieved**
 - Despite machine outage, supply chain challenges and limited industrial action
- » **Ramping up LEAN and continuous improvement programs**
 - Further material improvements in operational efficiency achievable



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
- » ***Assured 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
- » Upgraded outlook to positive full year NPAT
- » Positive operating cashflow
- » Minimal P&L impact from Chemring project
- » Next phase of lean and ongoing cost control
- » Performance to date is tracking to full year plan

Growth

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



Investment Recap



OneQuickstep adopted and financial performance improving



Long term contracts in place, established global credentials



Attractive growth markets, Defence and Commercial Aerospace



Cost and manufacturing efficiencies to improve margins



Tiered growth strategy defined and being implemented



Delivery of profitability and accelerated growth

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