

Quickstep Holdings Limited

Investors Presentation

September 21st 2020





YOUR PRESENTATION TEAM



MARK BURGESS
Managing Director and CEO

Joined Quickstep in May 2017

Global aerospace and defence experience

Previously with Honeywell & BAE Systems

Extensive experience in Europe, USA,
Middle East and Asia Pacific



ALAN TILLEY
Chief Financial Officer

Joined Quickstep in June 2018

Previously with NRMA and Murray Goulburn
(interim)

Multi-sector experience spanning manufacturing,
B2B services and FMCG in Australia and Europe

Broad experience spanning P&L responsibility,
Finance, Treasury, Technology and Risk



OUR FOCUS

Advanced Composite Materials



Defence aerospace



Commercial aerospace

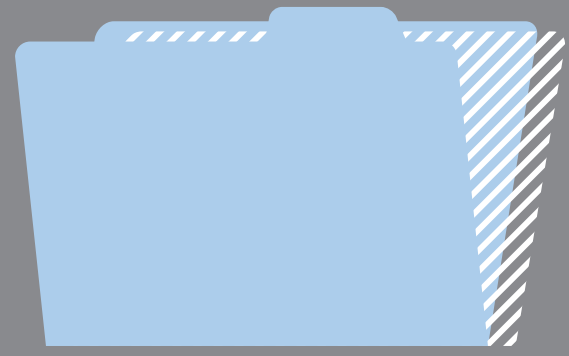


Other advanced sectors



PROGRAMS





AT A GLANCE

3

Locations

250+

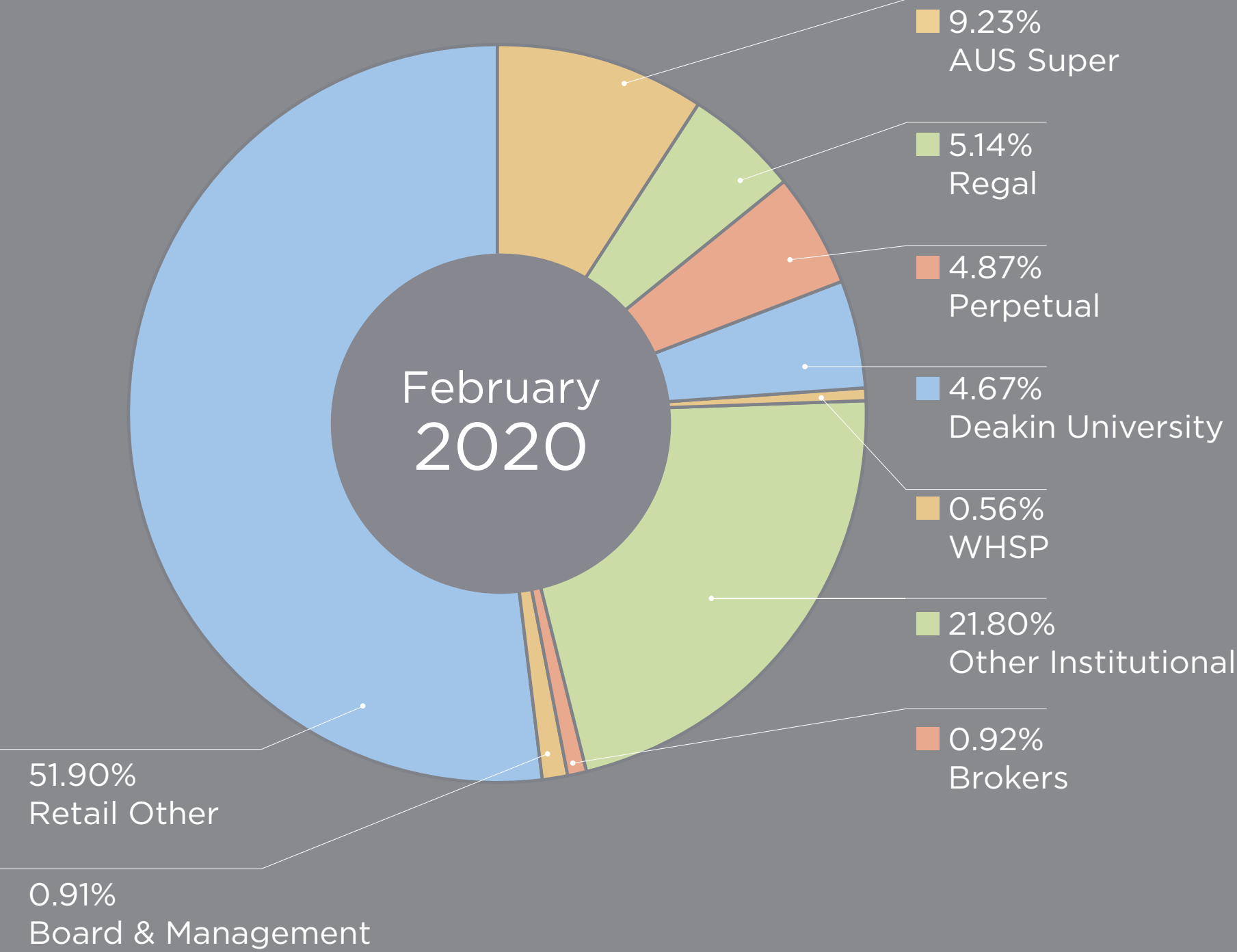
Employees

>90%

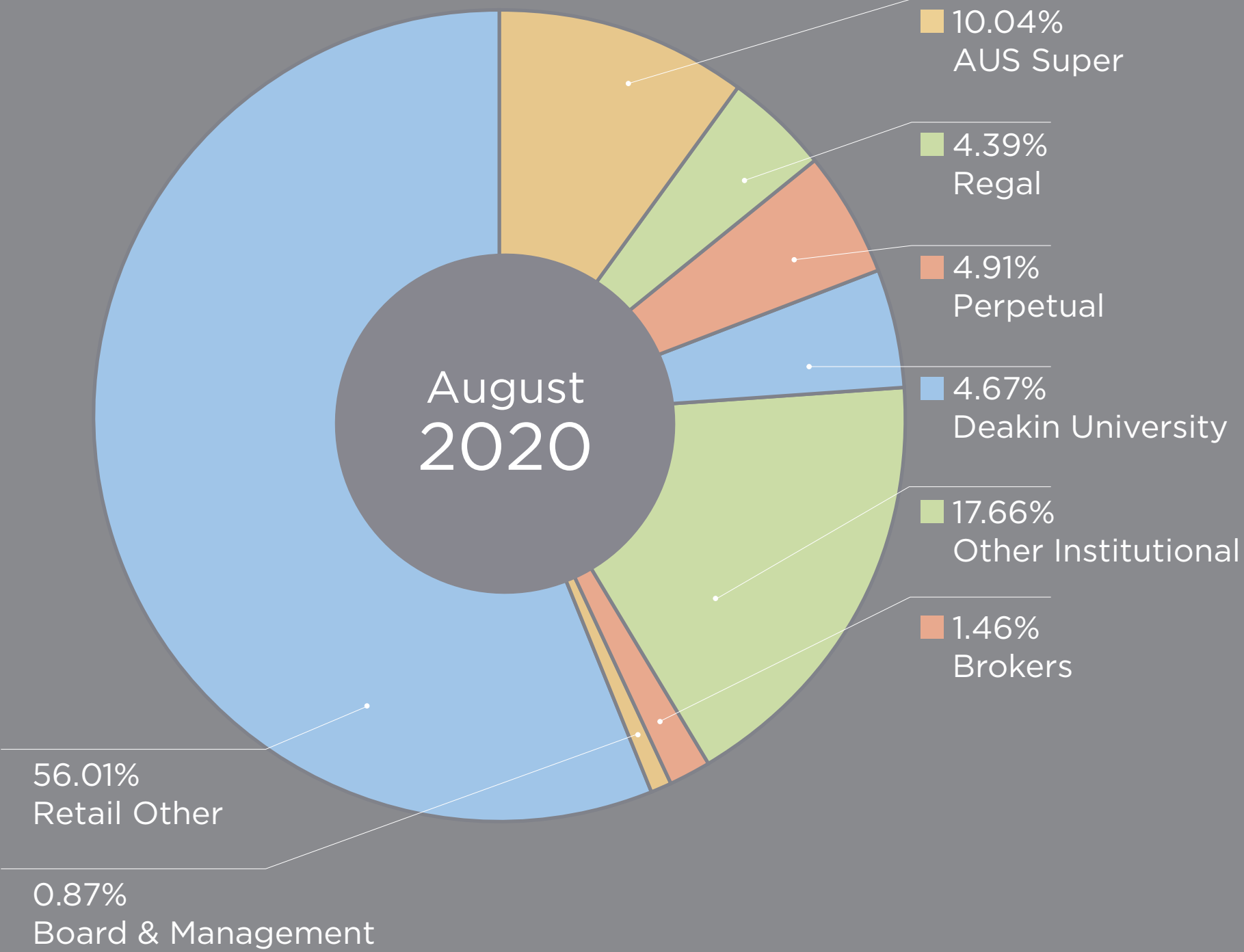
Exports



SHAREHOLDERS



4,334
shareholders



4,691
shareholders



SUMMARY



Long dated contracts
on key programs



High degree of mid-term
revenue certainty



High barriers to entry



Excellent reputation
with customers



Healthy pipeline of
near-term growth
opportunities



Balance sheet
improvement



Sound financial position

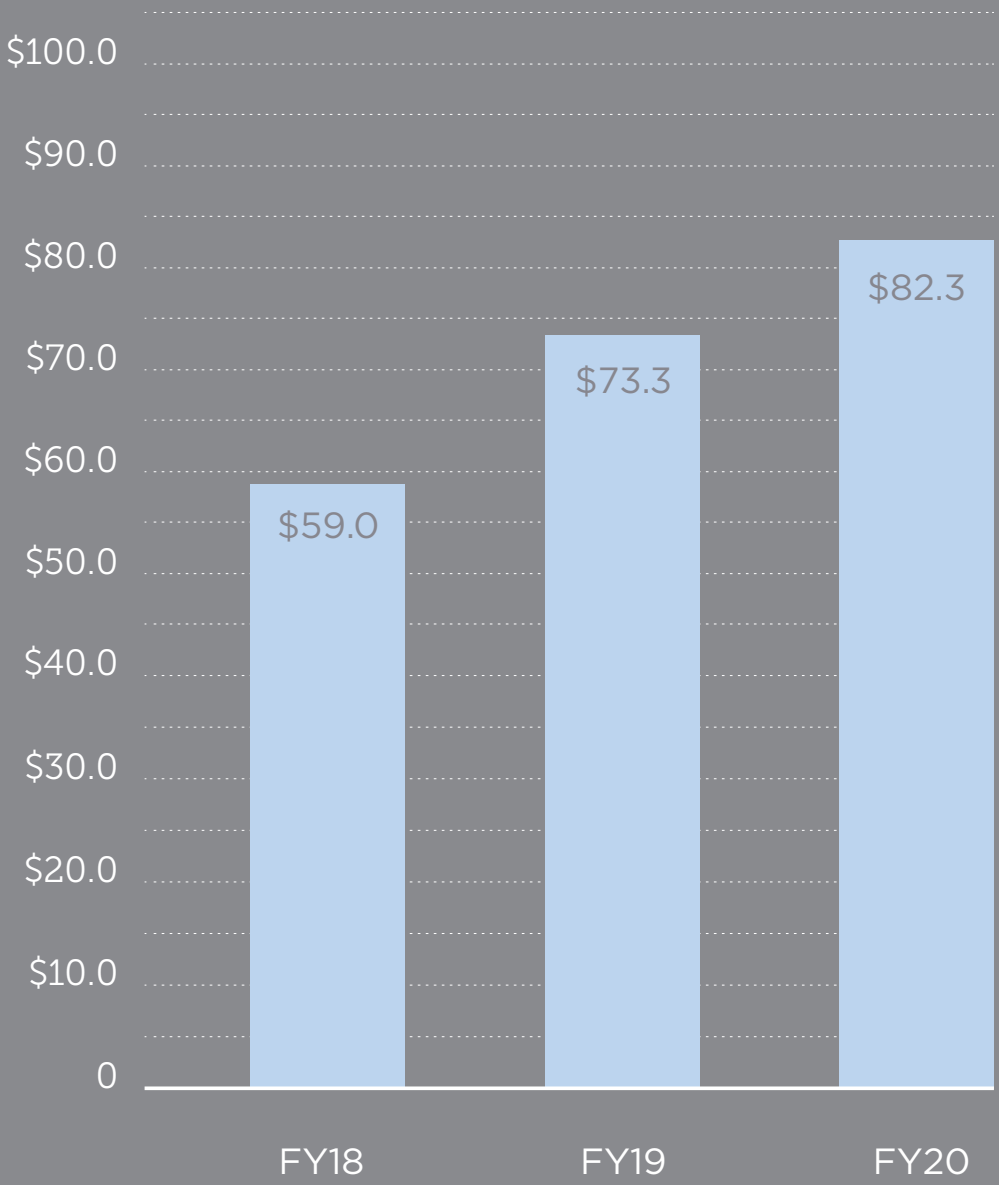


New management team

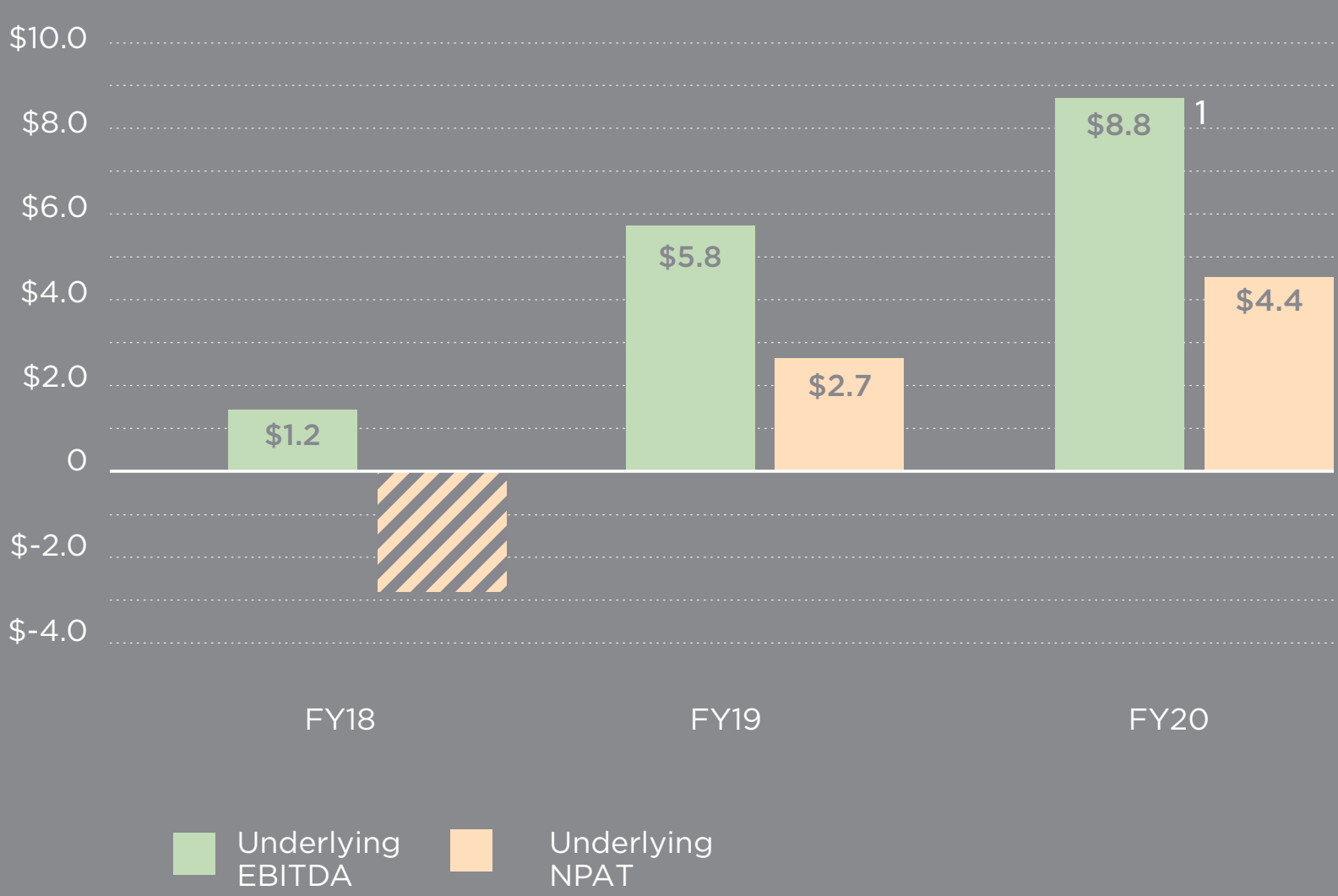


PLATFORM FOR GROWTH

Revenue in AUD millions

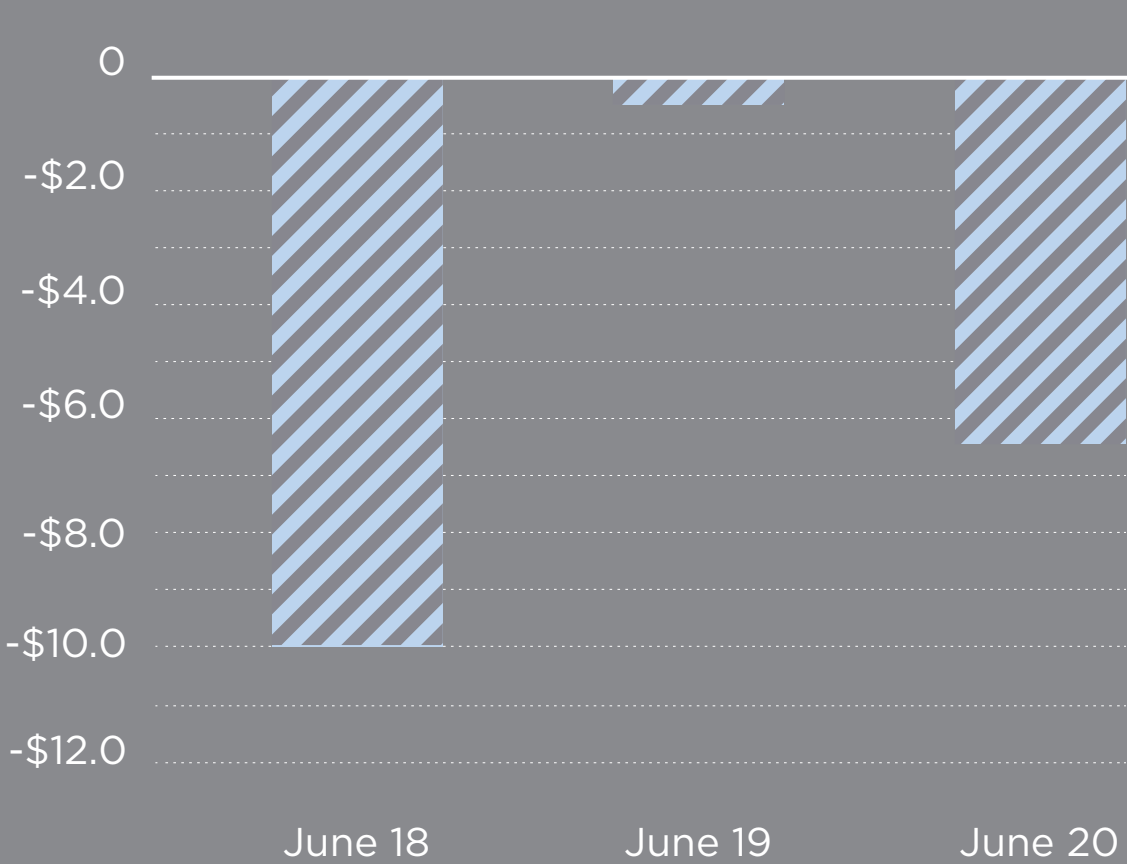


Key Profit Metrics (AUD millions)



Notes:
1. \$2.2M positive impact to FY20 underlying EBITDA due to AASB16
2. Underlying items exclude \$0.5M restructure costs in FY20

Net Bank Debt (AUD millions)





All aligned with a broader Digitalization plan:

- ✓ Paperless shop floor project underway
- ✓ Part of our comprehensive Industry 4.0 strategy
- ✓ With advanced capital equipment
- ✓ New Eastman cutting machines



- 3DExperience Enovia engineering collaborative
- Streamlines engineering processes



- ✓ JETCAM nesting and materials management
- ✓ Optimized material cutting: \$100,000s in savings per year



- ## New Eastman cutting machines



PROCESS TECHNOLOGY DEVELOPMENT INITIATIVES

Projects recently
started or completed
where Quickstep's IP
and know-how is put
to use to deliver value



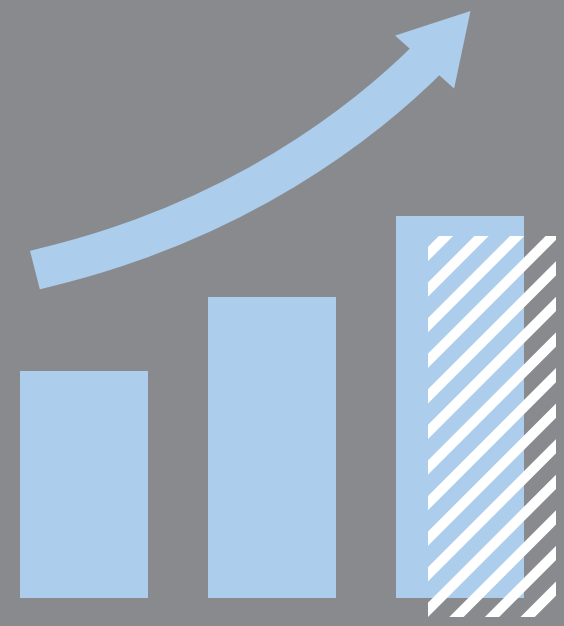
AeroQure

- /// Spirit Aerostructures
 - Collaboration project on demonstrator part
 - Potential commercial airliner application
- /// AMSL Aero
 - Urban Air Mobility start-up based in Sydney
 - Produce aerospace structural parts for proto type first flight
- /// Developments for other commercial OEMs



New Process Engineering

- /// End-to-end Countermeasures line commissioned in FY20
- /// Alternative process definition (aero and non-aero) for clients



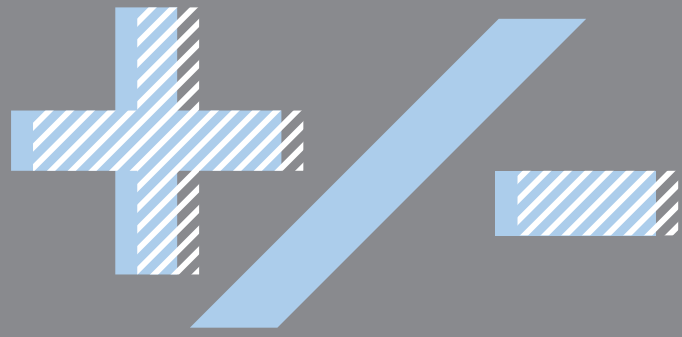
BUSINESS DEVELOPMENT

- ✓ Growth in existing order book
- ✓ MJU-68B Flare Housing Project
- ✓ Co-development with existing customers
- ✓ Co-development with new customers
 - ✓ AeroQure Spirit Aerosystems – Commercial Aerospace
 - ✓ AeroQure AMSL – Urban Air Mobility
- ✓ Commercial markets
 - ✓ Rail
 - ✓ Medical
 - ✓ Electric Vehicles



APPENDIX

Financial Data



CASH FLOW

AUD millions	FY20 Reported	FY20 Excl. AASB16	FY19	FY20 vs FY19
Operating cash flow	0.2	-0.7	0.4	-0.2
Gross capex	-6.0	-6.0	-5.1	-0.9
Grant funding	0.5	0.5	2.9	-2.4
Net capex	-5.5	-5.5	-2.2	-3.3
Proceeds from borrowings	9.4	9.4	5.2	4.2
Repayment of borrowings	-8.7	-8.7	-10.4	1.7
Payment of borrowing costs	-0.2	-0.2	-0.3	0.1
Repayment of lease liabilities	-0.9	0.0	0.0	-0.9
Net proceeds from issue of shares	0.0	0.0	11.7	-11.7
Net financing cash flow	-0.4	0.5	6.2	-6.6
Net cash flow	-5.7	-5.7	4.4	-10.1

Commentary

Operating cash flow includes \$3.2m C-130 deferred income reversal, decrease in payables \$1.8m, and \$1.7m increase in inventory offsetting \$0.8m improvement in like for like EBITDA

Gross capex is comprised of about \$2.5m base business improved capability and \$3.5m flare housing facility spend. Grant funding is for the flare housing facility.

Excluding lease payments the net \$0.5m borrowings increase is made up of \$3.7m working capital facility drawdown offset by \$3.4m long term loan repayment



PROFIT AND LOSS

AUD millions	FY20 Reported Underlying	FY20 Excl. AASB16 Underlying	FY19	FY20 vs FY19
Revenue	82.3	82.3	73.3	9.0
Gross Margin	17.8	17.5	16.4	1.4
Gross Margin %	21.6%	21.3%	22.4%	-0.8
EBITDA	8.8	6.6	5.8	3.0
EBITDA Margin %	10.7%	8.0%	7.9%	2.8%
EBIT	5.1	4.4	3.9	1.2
Tax Benefit	2.2	2.2	1.0	1.2
NPAT	4.4	5.1	2.7	1.7

Note: underlying profit metrics exclude FY20 \$0.5m restructure costs

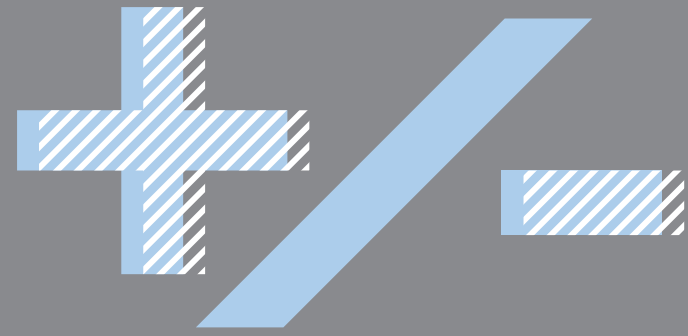
Commentary

Revenue up 12% with growth across all key contracts. JSF programme revenue was up 16% including market share increase on F35 vertical tails.

Margin performance includes price reduction on transition to new C-130 contract, offset by efficiency and productivity improvements. Like for like underlying EBITDA margin improved yoy to 8% as costs below GM were maintained at FY19 levels despite strong revenue growth.

Further \$2.2m tax benefit recognised, reflecting taxable income forecasts in the near term.

Like for like \$2.4m NPAT increase yoy comprised of \$0.5m EBIT improvement, \$0.5m reduction in interest expense and \$1.2m lift in tax benefit.



BALANCE SHEET

	June 20 Reported	June 20 Excl. AASB16	June 19	Variance YOY
Trade and other receivables	7.7	7.7	6.9	0.8
Prepayments and other assets	0.8	0.8	0.6	0.2
Inventories	10.1	10.1	8.5	1.6
Contract revenue assets	9.5	9.5	9.8	-0.3
Trade and other payables	-12.2	-12.2	-14.3	2.1
Other provisions	-3.6	-0.4	0.0	-3.6
Contract liability	0.0	0.0	-3.2	3.2
Employee benefit obligations	-2.4	-2.4	-1.9	-0.5
Total working capital	9.9	13.1	6.4	3.5
Property, plant and equipment	33.0	17.3	14.8	18.2
Cash and term deposits	2.4	2.4	8.1	-5.7
Lease Liability	-18.0	0.0	0.0	-18.0
Borrowings	-8.8	-8.8	-8.4	-0.4
Net debt	-24.4	-6.4	-0.3	-24.1
Deferred tax asset	3.2	3.2	1.0	2.2
Derivative financial instruments	0.0	0.0	0.1	-0.1
Net assets	21.7	27.2	22.0	-0.3

Commentary

PP&E yoy increase includes ROU asset \$15.7m (AASB16 lease accounting) and \$3.0m for flare housing facility.

Lease liability \$18.0m and make good provision \$3.2m booked as a result of AASB16.

Inventory yoy increase 19% includes COVID19 related safety stock now being run down.

Contract liability was C-130 deferred revenue under prior contract.

Borrowings made up of long term loan \$5.1m and working capital facility \$3.7m.

Net debt excl. leasing increased by \$6.1m yoy to fund flare housing facility and unwind of C-130 deferred revenue.

THANK YOU

Authorised by:

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