

QUICKSTEP FY22 RESULTS

30 August 2022: Quickstep Holdings Ltd (ASX: QHL) (Company or Quickstep) today announced its results for the 12 months ended 30 June 2022 (FY22).

Key financial metrics

AUD Millions	FY22	FY21	% Change
Revenue	86.7	85.1	1.9%
Underlying EBITDA	4.8	7.5	(36.0%)
Statutory EBITDA	6.0	7.0	(14.3%)
Underlying PBT	(1.4)	2.1	(147.6%)
Statutory PBT	(0.2)	(1.2)	83.3%
Tax Benefit / (Expense)	1.0	0.9	11.1%
Underlying NPAT	(0.4)	3.0	(113.3%)
Statutory NPAT	0.8	(0.3)	366.7%
Operating Cashflow	3.3	7.8	(57.7%)

Underlying items exclude \$0.5 million acquisition costs and \$2.8 million impairment in FY21.

Underlying items exclude (\$1.2 million) legal accrual writeback in FY22.

Revenue in FY22 was up 1.9% to \$86.7 million (FY21: \$85.1 million), reflecting:

- early revenue generation in the newly established Applied Composites line-of-business
- full year of ownership of the acquired Aftermarket line-of-business
- offset by a fall in Aerostructures revenue of approximately 32% in Q4 FY22.

Underlying EBITDA and NPAT were both down reflecting the challenges faced by the business in Q4 FY22.

Commenting on the FY22 results, Quickstep's Chief Executive Officer Mark Burgess said:

"Following the very positive result delivered in the first half of FY22, the combined impact of COVID-19 related absenteeism and supply chain disruption and a number of equipment reliability issues, recovery from which was exacerbated by global labour and spare part shortages, resulted in unprecedented operational challenges in the fourth quarter of FY22. Lower Aerostructures production volumes had a negative impact to profitability due to unfavourable fixed cost recoveries.

“Having had a strong start to FY22, we are disappointed with the full year result. While the underlying drivers are temporary, and several are outside of our control, we are doing what we can to address business issues and return the company to the growth path it was on. A robust recovery plan, along with an ongoing improvement program are supporting Quickstep in addressing deferred production deliveries (which have a corresponding revenue and cash impact).”

Robust operating cashflows

Despite the operational challenges that Quickstep faced in Q4 FY22, the Company still generated positive operating cashflows of \$3.3 million. Cashflow performance was positive despite the inventory build resulting from fourth quarter production delays. This build in inventory of \$5.2 million is expected to convert to revenue and cash in FY23 as it unwinds.

Quickstep’s positive cashflows supported \$3.3 million of investment including equity stakes in Carbonix and Swoop Aero. This investment supports new capability, increased capacity and improved operational efficiency across all sites and functions.

Structured for growth

Quickstep continues to pursue its recovery plan, which is expected to drive productivity and efficiency gains to underpin material savings, commencing in FY23. The Company has now been restructured into three lines of business – Aerostructures, Aftermarket and Applied Composites – supported by shared services functional teams. This has enabled Quickstep to deliver a business segment focus that leverages the strong market positions it currently holds and those it is seeking to develop.

FY23 outlook

Commenting on Quickstep’s outlook for FY23, Mr Burgess said:

“Quickstep’s response to the operational challenges it rapidly faced in the second half of FY22, particularly Q4, continues to drive process and structural improvements within the organisation. We are seeing the benefits from this program already starting to flow through, and also expect the inventory build up in late FY22 to unwind in FY23 and release revenue and cash.

“While over the short term we are navigating the parallel challenges of global economic uncertainty, continuing risk to supply chains and broad skills shortages in Australia, the long term growth thematic for Quickstep remains unchanged. We are excited by the attractive growth opportunities we see for Quickstep and are positioning the Company to enable it to deliver on those opportunities.”

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This announcement was approved for release by the Board of Quickstep Holdings Limited.

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About Quickstep Holdings

Quickstep Holdings Limited (ASX: QHL) is the largest independent aerospace composite business in Australia, with facilities in Sydney, Geelong, Melbourne and Dallas. The group employs more than 280 people in Australia and internationally. More information about Quickstep is available at www.quickstep.com.au

Forward looking statements

This release contains forward-looking statements and information that are necessarily subject to risks, uncertainties and assumptions. Many factors could cause actual results, performance or achievements of the Company to be materially different from those expressed or implied in this release including, amongst others, changes in general economic and business conditions (including those related to pandemic disruption), regulatory environment, exchange rates, results of advertising and sales activities, competition, and the availability of resources. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this release. Except as required by law, the Company assumes no obligation to update or correct the information in this release. To the maximum extent permitted by law, the Company and its subsidiaries and officers do not make any representation or warranty as to the likelihood of fulfilment of any forward-looking statements and disclaim responsibility and liability for any forward-looking statements or other information in this release.