

24 November, 2016

The Manager  
Company Announcements Office  
ASX Limited  
20 Bridge Street  
SYDNEY NSW 2000

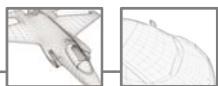
**Quickstep Holdings Limited 2016 Annual General Meeting**

Attached are copies of the Chairman's Address and CEO's Presentation being delivered today at the 2016 Annual General Meeting of Quickstep Holdings Limited.

Yours faithfully

A handwritten signature in black ink, appearing to be 'Jaime Pinto'.

Jaime Pinto  
Company Secretary



## **QUICKSTEP HOLDINGS LIMITED 2016 ANNUAL GENERAL MEETING**

### **CHAIRMAN'S ADDRESS**

Good afternoon ladies and gentlemen, welcome to the 2016 Annual General Meeting of Quickstep Holdings Limited. My name is Tony Quick, Chairman of Quickstep. I note that this AGM is being broadcast through BRR and I welcome those too.

I have been advised by our Company Secretary that a quorum is present, and I therefore declare the meeting open.

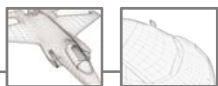
With me today is Mr David Marino our Managing Director as well as non-executive directors, Mr Nigel Ampherlaw, Mr Peter Cook, Mr Bruce Griffiths, Air Marshal Errol McCormack, and Mr James Douglas. Also present is Mr Jaime Pinto, our Company Secretary, Mr Andrew Crane, our CFO, and Mr Cameron Slapp, a representative of our Company's auditors, KPMG. The purpose of today's meeting is to deal with the formal business as set out in the Notice of Annual General Meeting dated 7 October 2016.

This year we have changed around the order of proceedings. I will commence with a few opening remarks on the activities of Quickstep over the last 12 months. David Marino will then give a presentation on the Company's activities and plans for the future, after which the directors will be very happy to take any questions you may have. If anything Dave or I say is not clear please ask questions straight away, if you are looking for more explanation could you hold those questions until after Dave's presentation as your question might be addressed. If you are asking a question would you please raise your hand and we will arrange for a microphone to come to you, would you then identify yourself before you state your question. This year we provided the opportunity for specific questions to be lodged on the website, unfortunately we have not received any, however, we have had a few letters recently and we will endeavour to cover those points in our presentations. After Dave's presentation and questions I will then oversee the formal section of the AGM.

I would like to say a few introductory remarks before I hand over to Dave Marino who will take you through the current activities and plans. Quickstep is a leading provider of composite manufacturing solutions. We have a growing reputation in Aerospace manufacturing through our work on the Joint Strike Fighter program and the C-130J Super Hercules. These are world-class, long-term programs which provide dependable revenue streams.

We are an innovative company with new composite manufacturing technologies. Our Qure machine cures components faster using fluid heat transfer. Our resin spray transfer technology automates the application of resin and fibre to produce various panels which can be painted without preparation, opening substantial opportunities in the automotive industry.

Our strategy is relatively simple, it is to maximise revenue from our Bankstown site and to invest in our new technology in areas where we can manufacture parts with a competitive advantage, because this will provide the more significant growth. This is progressing well, and Dave will talk about this in more detail. Our technologies represent the future of your company. Our primary focus is the aerospace and automotive industries. Leveraging their commercial opportunity provides a pathway for Quickstep to expand globally.



## **Financial performance**

I would now like to make some comments about Quickstep's financial results. 2016 was a year of sales momentum for your company. Revenue for the 2016 financial year was \$50.1 million which was ahead of forecast, and up 27% from \$39.5 million in 2015.

Our aerospace manufacturing business is now operating profitably. EBIT before R&D and significant items was \$4 million, up from \$1.3 million the previous year. The forward order book of \$120 million confirms that sales will continue to grow. These are mostly purchase orders from Lockheed Martin for C-130J and Northrop Grumman and BAE Systems for JSF components. JSF orders follow orders from the US Government and tend to be only about one year ahead, however, they are backed by over \$800m of long term agreements which provide us with assurances that we will be producing JSF parts for several decades to come.

During the 2016 financial year, we invested over \$4 million in further aerospace manufacturing capability at Bankstown and new technology development at Waurin Ponds.

Before significant items and financing costs, earnings before interest and tax was \$0.5 million, a turnaround from the previous year.

Our result was impacted by significant items of \$4.2 million.

While it was disappointing to report a loss, the company's operations are robust. We have established contracts, and are working with several original equipment manufacturers on potential new projects. We are confident of the future.

## **Capital raising and grants**

I would like to thank our investors that participated in the \$22 million placement and entitlement offer in December 2015. Our entitlement offer closed with 97% acceptance which is an exceptional outcome.

These funds supported capital expenditure, new technology R&D and commencement of manufacturing at Waurin Ponds. In addition, we repaid all short-term debt.

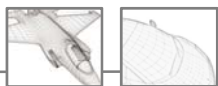
I thank the Geelong Region Innovation and Investment Fund, an initiative funded by the Federal and Victorian governments, Ford Australia and Alcoa, which supported our establishment in Victoria; and also acknowledge Invest Victoria for their help to relocate the core of our R&D centre from Munich to Waurin Ponds.

Our share price performance has not been acceptable since the capital raise, partly influenced by some who are anticipating a further capital raise to fund our normal operations. I am sure those who hold this view will be disappointed. Our performance in Aerospace Manufacturing will fund our normal operations and investment in New Technology.

## **New technology**

Our Waurin Ponds facility houses our global R&D centre, automotive production and new technology development activities, and is now fully operational.

We are actively engaged in several development projects which are expected to lead to production contracts in the near future.



We have had several questions from shareholders as to why the number of announcements on progress have reduced recently. Where our development activity is to meet our own requirements, we can control the release. Where we are developing product for a customer, any announcement is controlled by their commercial interest. As you will see from Dave's presentation and the objects outside we have not been idle, just silent. I look forward to future announcements.

### **Board changes**

During the 2016 financial year, we welcomed to our Board James Douglas, who has 20 years' global investment banking experience and considerable carbon fibre industry knowledge as chairman of Carbon Revolution, the high-performance carbon fibre wheels company also at Waurin Ponds. We acknowledge the contributions of David Singleton, who retired from the Board after six years to become chief executive officer of Austal, and the departure of our former managing director Philippe Odouard after seven years with Quickstep.

### **Outlook**

We anticipate continued sales growth in the current financial year, and also in the 2018 and 2019 financial years. This is based on a strong order book with leading global organisations.

Quickstep has a healthy balance sheet. Although the industries that we serve have long lead times, the opportunities are significant. We are confident our technologies have the potential to be game changers.

In closing, I would like to thank David Marino and the new Quickstep team for their excellent work. The progress they are making on delivering our Aerospace manufacturing commitments and developing faster resins and shorter cure times, together with their wealth of expertise in the aerospace and defence and automotive sectors are great assets for us. We now have a great team across our business.

We have a clear strategy and our technology and clients are at the forefront of industry change. We have a great opportunity for global growth.

I thank you, our shareholders, for your continued support. I will now hand over to David Marino.

**Tony Quick**

**Chairman, Quickstep Holdings Limited**



## Annual General Meeting

24<sup>th</sup> November 2016

David Marino, CEO & Managing Director  
Quickstep Holdings Limited (ASX:QHL)

AEROSPACE  
AUTOMOTIVE

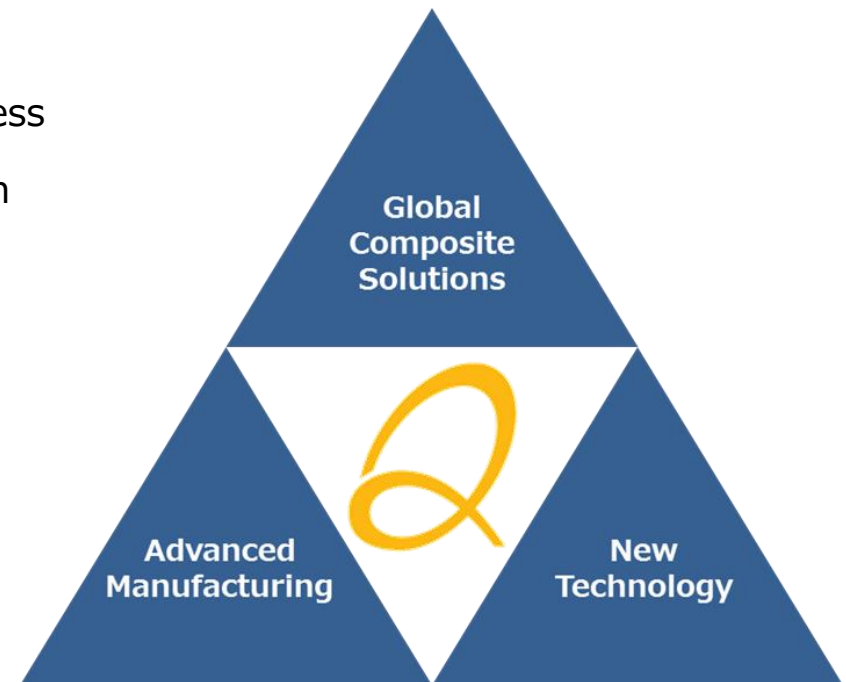




- » This Presentation is provided by Quickstep Holdings Limited (“Quickstep” or the “Company”) as a summary of the Company and its operations and for general information purposes only.
- » This presentation is not a disclosure document and should not be considered as investment advice or an offer or invitation to subscribe for or purchase any securities in Quickstep, or an inducement to make an offer or invitation with respect to such securities. This presentation does not purport to cover all relevant information about any potential investment in Quickstep. Accordingly, potential investors are advised to seek appropriate independent advice, if necessary, to determine the suitability of any investment. This presentation must not be relied on to make an investment or other financial decision and recipients should conduct their own investigations, enquiries and analysis and place no reliance on this presentation in evaluating any potential investment.
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- » This presentation contains certain forward-looking statements which have not been based solely on historical facts but, rather, on Quickstep’s current expectations about future events and on a number of assumptions which are subject to significant uncertainties and contingencies, many of which are outside the control of Quickstep and its directors, officers and advisors. Quickstep undertakes no obligation to update these forward-looking statements for events or circumstances that occur subsequent to such statements or to keep current any of the information provided. Any estimates or projections as to events that may occur in the future (including projections of revenue, expense, net income and performance) are based upon the best judgement of Quickstep and there is no guarantee that any of these estimates or projections will be achieved. Actual results will vary from the projections and such variations may be material. Quickstep has no obligation to tell recipients if it becomes aware of any inaccuracy in or omission from the information in this presentation.
- » Other than for the pictures of the Quickstep facilities and machinery, the assets featured in the pictures in this presentation are not assets of the Company.
- » By accepting this presentation, you acknowledge and agree to be bound by each of the foregoing statements.

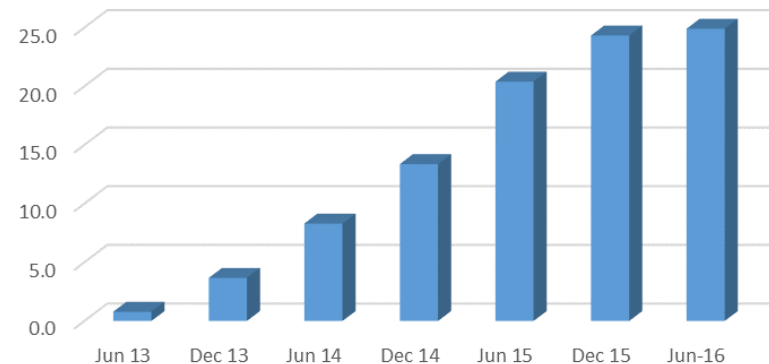
Quickstep advanced its position in becoming a **global leader in composite manufacturing solutions** in FY16 through:

- » Increasing sales revenue, profit and R&D investment
- » Growing a profitable Aerospace Manufacturing business
- » Investing in additional capital for capacity and growth
- » Increasing our technical resources and capabilities
- » Driving our New Technology parts strategy
- » Undertaking new product development projects
- » Becoming a qualified automotive supplier
- » Changing the management team to deliver our plans
- » **Laying the foundations for a strong future**

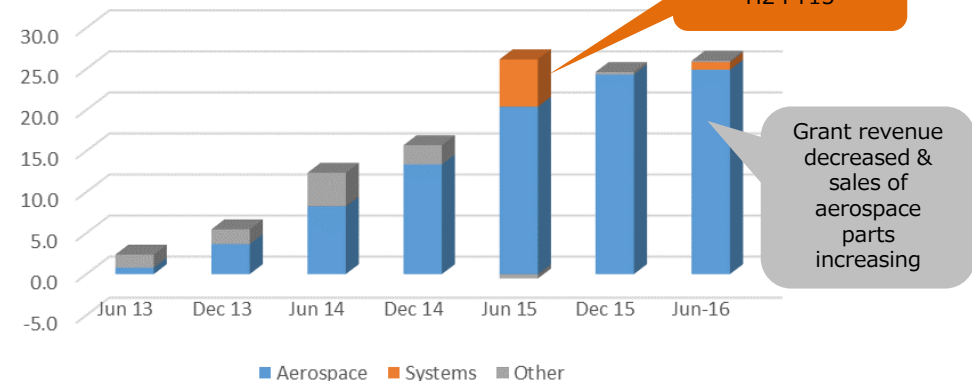


- » Sales \$50.1m, up 27% from \$39.5m
- » Aerospace Manufacturing sales up 46%
- » Aerospace Manufacturing gross profit increased by 49%
- » EBIT pre R&D/Significant Items of \$4.0m
- » \$4.0m Capital invested to increase capacity
- » R&D investment boosted to A\$3.5m
- » Capital raising of A\$22m (before costs)
- » Strengthened Balance Sheet
- » Firm order book \$120m, up \$45m

Quickstep Holdings  
Aerospace Sales Revenue Dec 12 - Jun 16 by Half Year



Quickstep Holdings  
Total Revenue Jun 13 - Jun 16 by Half Year





## Strengthened Balance Sheet

<i>AUD millions</i>	<b>FY16</b>	<b>FY15</b>
Cash	\$7.6	\$1.2
Inventory	\$11.9	\$6.0
Other Current Assets	\$6.6	\$6.4
Non Current Assets	\$13.1	\$12.0
Current Liabilities	\$(13.5)	\$(13.8)
Non-Current Liabilities	\$(11.5)	\$(13.0)
Net Assets	\$14.2	\$(1.2)

- » Strengthened cash position post Capital Raise
- » Net Assets of \$14.2m at 30 June 2016 versus Net Liabilities of \$1.2m prior year
- » Increase in inventory of \$5.9m from June 2015 to support aerospace growth \$3.0m, build for capex \$2.0m, with the balance for New Technology projects
- » Inventory reduction of \$2.0m expected in H1 FY17

## Use of Funds post Capital Raise

- » Debt repayment of \$5.6m post capital raise
- » Capex spend of \$3.3m to support booked growth
- » Long lead timing of material payments in Q1 and Q3, timing impact of \$2.0m
- » Continuing investment in R&D
- » **Cash used for debt repayment, capex, working capital, growth and R&D**

# Quickstep – Experienced Management Team



- » Newly formed, strong and experienced management team.
- » Extensive aerospace and automotive manufacturing experience.



**David Marino**  
**Managing Director & CEO**

- » Joined Quickstep in Feb 2015 as CEO
- » Previously COO Futuris Automotive; led team of 1,600; responsible for businesses in Australia, Thailand, China and USA



**Andrew Crane**  
**Chief Financial Officer**

- » Joined Quickstep in September 2015
- » Previously GM, Finance & Commercial for GWA & CFO for SCA Hygiene Aust



**Kevin Boyle**  
**Chief Operating Officer**

- » Extensive experience in the automotive sector in Australia & overseas, joined in 2016
- » Responsible for development & performance of all Quickstep operations



**Jacque Courtney-Pitman**  
**Executive General Manager - HR**

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



**Carl De Koning**  
**Executive General Manager, BD (Auto) & External Relations**

- » Joined Quickstep in 2016, after 35 years in automotive sector
- » Previously with Futuris Automotive



**Tim Olding**  
**Vice President – Systems**

- » Appointed in February 2015; 25 years' automotive industry experience
- » 19 years at GM, culminating as Managing Engineer of Advanced Vehicle Development



**Michael Hau**  
**Director, European Operations**

- » Joined Quickstep in 2016, focused on business growth in the European markets
- » Previous aerospace & materials experience



**Michael Schramko**  
**Vice President – Operations**

- » Joined Quickstep in 2011 as Vice President, Manufacturing & Operations
- » Aerospace experience includes Airbus (UK); Hawker De Havilland & Boeing



**John Johnson**  
**Vice President - Commercial**

- » Joined in 2009, responsible for all commercial & administration activities
- » Extensive aerospace & defence experience with Boeing, ASTA & BAE

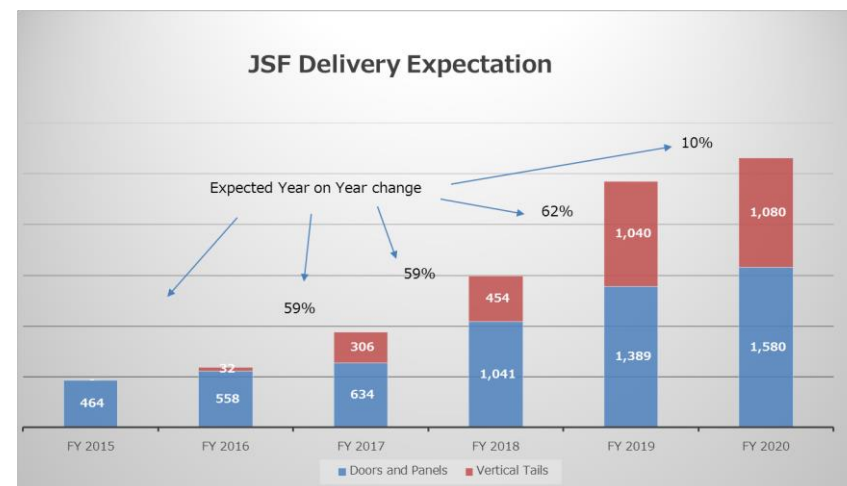
- » Revenue increased 46% to \$49.2m
- » 590 x JSF parts (prior year 466)
- » 35 x C-130 shipsets (prior year 31)
- » VT qualification program completed
- » EBIT pre Significant Items of \$5.3m
- » Capital invested to increase capacity to >150 JSF parts per month
- » Capacity now available for growth
- » Additional growth opportunities to further improve profitability
- » **Customer confidence; foundation for growth**

<i>AUD millions</i>	<b>FY16</b>	<b>FY15</b>
Revenue	\$49.2	\$33.8
Other Income	\$0.3	\$0.0
EBIT pre Significant Items	\$5.3	\$(0.4)
Segment Profit/(Loss)	\$1.5	\$(3.6)
Net Assets	\$14.4	\$(2.1)

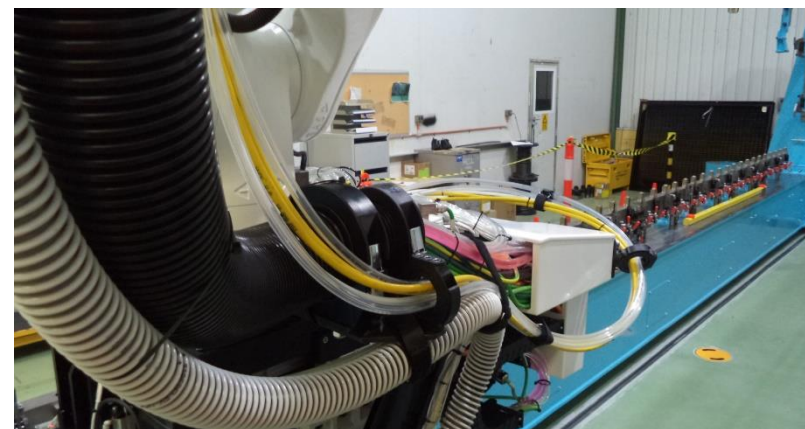
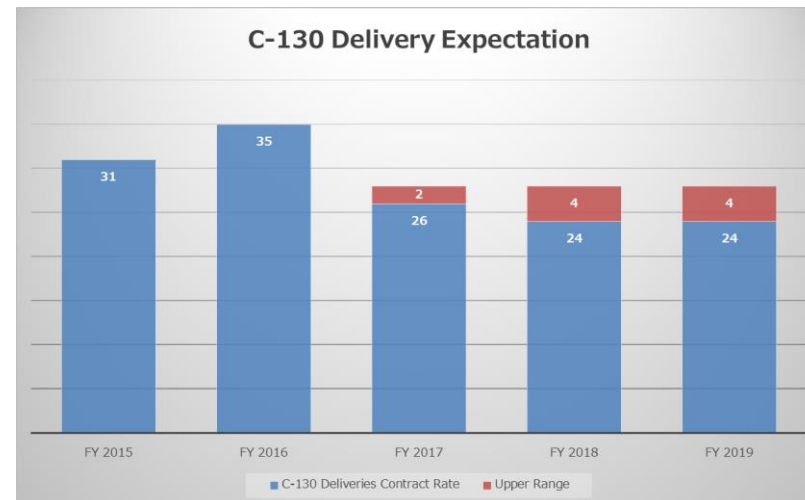




- » Composite parts to Northrop Grumman (A\$700m over program life)
  - Doors & panels, Lower side skins, Access panels, Fuel tank cover, Lower skin
  - 558 x JSF parts in FY16 (prior year 466)
- » Composite parts to BAE Systems (A\$139m sales over program life)
  - Vertical Tail Spars, Skins, Fairings
  - 32 VT parts in FY16 (following qualification)
- » \$3m of new capital for additional capacity, with a further \$2.5m in FY17
- » 3x sales growth over 3 years from FY16
  - Orders flow from US Government, generally annually
- » Increase of ~80 direct staff by 2019. Training & development underway



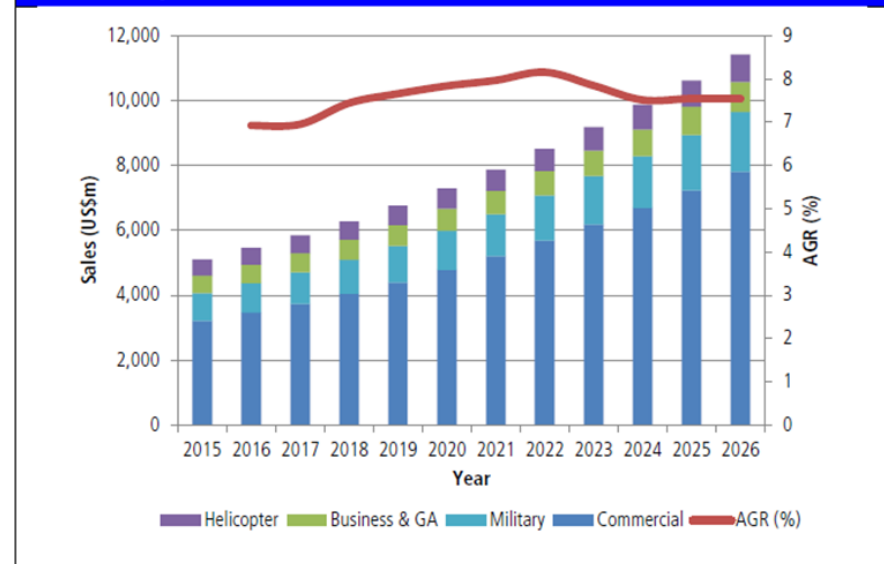
- » Manufacture of wing flaps for C-130J
- » Global supplier to Lockheed Martin (LM)
- » US\$75-\$100m contract over 5 years to 2019
  - LM recently received ID/IQ US\$10bn authorisation, with potential for C-130J work through to 2024
- » 35 ship-sets supplied in FY16
- » 24 ship sets, plus spares from FY17
- » Steady rate of C-130J wing flap production through to 2019
- » US\$2.0m capital investment in robotic drilling for continuous improvement
  - Drill program in production from Feb 2017
- » **In a strong position to deliver on all future C-130J work beyond 2019**





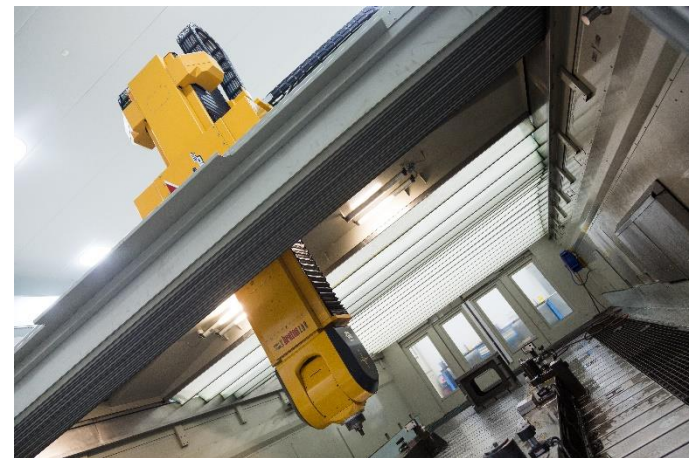
- » Global Aerospace composites market
  - US\$9.95bn in 2016; 6.8% CAGR to 2026
- » Four major aircraft sectors globally
  - Military; Commercial; Business & General Aviation; Helicopters
- » Defence sector US\$0.91bn in 2016
  - CAGR of 8.5% through to 2026
- » Commercial sector US\$3.46bn in 2016
  - CAGR of 7.3% through to 2026
- » **Defence is a large global market, Quickstep set-up to support sector**

Figure 4.13 Global Aerospace Composites Carbon Fibre Reinforced Polymer Submarket by Aircraft Platform 2016-2026 (US\$m, Global AGR %)



Source: visiongain 2016

- » Capacity available for additional work
  - Production footprint approx 60% utilised
  - Looking to expand both JSF & C-130J
  - Shortage of Autoclave capacity in global markets
- » Pursuing other Aerospace opportunities
  - Defence-related UAV projects
  - Composite engine parts – cowls etc.
  - Defence & Commercial Off-load work
  - Commercial interior components
  - High volume defence applications
- » Other manufacturing opportunities
  - Building on our Aerospace capabilities and Automotive rate solutions
- » **Track record now supports growth in this area for FY17**



- » FY16 revenue related to Ford & Thales
- » FY15 sales for ORPE equipment sale
- » R&D and manufacturing established in Waurin Ponds from November 2015
- » People in place to deliver strategy
- » Development projects commenced
- » Process commercialisation underway
- » Demonstrator parts being manufactured
- » German facility refreshed and re-focused
- » **Production opportunities identified and being pursued**

[Click here for VIDEO of Rapid Qure Process Demonstrator](#)

AUD millions	FY16	FY15
Revenue	\$0.9	\$5.8
Other Income	\$0.1	\$1.8
EBIT pre Significant Items	\$(4.8)	\$(0.3)
Segment Profit/(Loss)	\$(7.3)	\$(0.3)
Net Assets	\$(0.2)	\$0.9





» Global automotive composites market valued at US\$12.1bn in 2016

- Forecasting CAGR of 9.8% through to 2026

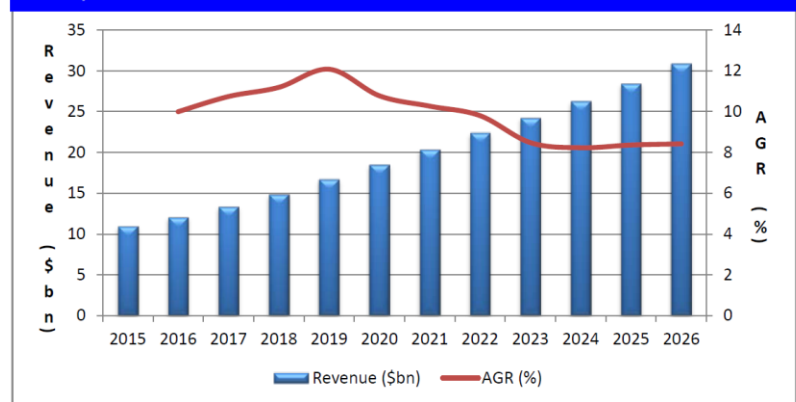
» Growth driven by number of factors

- Increasingly demanding emissions regulations
- Increased demand for hybrid & electric vehicles
- Decreases in material and processing costs

» Body and Interiors largest segments, 62% combined share

- **Body:** chassis, body panels, bonnets, bootlids, doors, load-floors, bumpers
- **Interior:** seats, door panels, instrument panels, headliners, floor systems, boot trim

Figure 3.1 Global Automotive Composites Market Size Forecast 2016-2026 (\$bn, AGR%)



Source: Visiongain 2016

Table 3.24 Global Automotive Composites Market Size Forecast 2016-2026 by Composite Components (\$bn, AGR%)

Revenues (\$bn)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Interior Components	3.65	3.92	4.28	4.68	5.07	5.38	5.62	5.85	6.09	6.37	6.69	7.05
AGR(%)		7.3	9.2	9.3	8.3	6.1	4.5	4.1	4.2	4.6	4.9	5.5
Body Components	3.13	3.59	4.11	4.68	5.29	5.92	6.53	7.15	7.80	8.52	9.34	10.05
AGR(%)		14.7	14.6	13.9	13.1	11.8	10.4	9.5	9.1	9.3	9.5	7.6
Engine & Drivetrain	2.24	2.49	2.80	3.19	3.64	4.15	4.66	5.16	5.64	6.10	6.58	7.02
AGR(%)		11.2	12.4	14.0	14.1	14.0	12.3	10.7	9.3	8.2	7.8	6.7
Other Components	2.01	2.10	2.19	2.37	2.67	3.10	3.63	4.23	4.77	5.30	5.89	6.78
AGR(%)		4.4	4.7	8.1	12.5	16.3	17.2	16.3	13.0	11.0	11.0	15.1
TOTAL	11.03	12.09	13.38	14.92	16.67	18.54	20.44	22.38	24.31	26.30	28.49	30.90

Source: Visiongain 2016

- » Ford intake duct project -660 delivered
  - First automotive program undertaken
  - Strengthens Quickstep's position in the automotive component supplier market internationally
- » First set Thales Hawkei parts supplied
  - Ten (10) sets supplied for test vehicles
- » KIST equipment project underway
  - RST & Qure cell being commissioned
  - Delivery on track for Dec 16
  - 30 minute cycle time will be achieved
- » MoU signed with DCNS Group
  - Demonstrator parts to be developed





- » Mini-bonnet project to increase rate
- » Seat Structure project with Futuris
- » Front Fender project for European OEM
- » RapidQure development well underway
- » Other projects now in planning development and quotation phase
  - Chinese electric vehicle manufacturer
  - European vehicle manufacturer
  - North American vehicle manufacturer
  - Performance vehicle CFRP parts supply



## » Western Europe

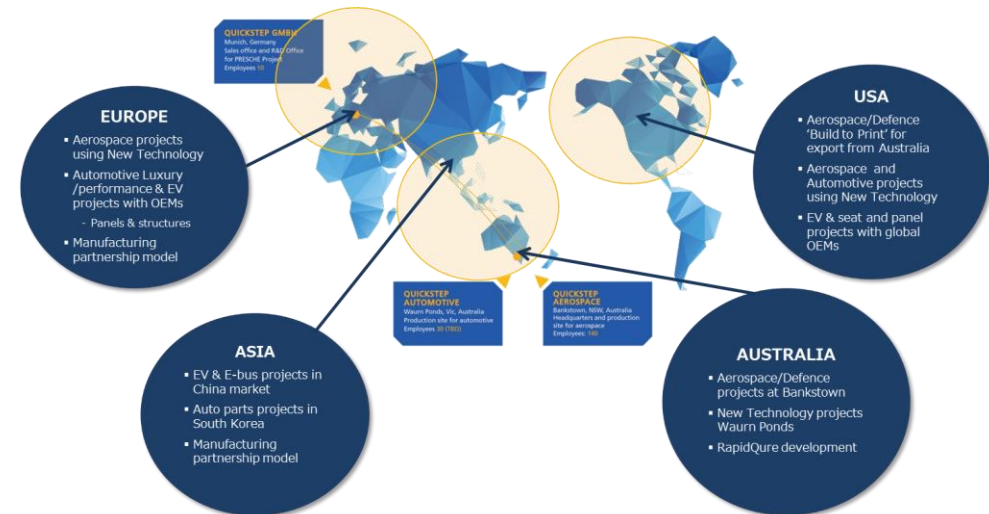
- Luxury /performance & EV projects
- Focus on Panels and Structures
- Manufacturing partnership model with an existing composites manufacturer

## » Asia Region

- Automotive projects in South Korea
- EV & E-bus projects in China market
- Focus on Panels and Structures
- Manufacturing partnership model

## » North America

- Auto projects using New Technology
- Seat and panel projects with global OEMs
- Focus on EVs and performance vehicles



## » Aerospace Manufacturing

- Sales to grow 20% in FY16 to A\$48m ✓ \$50.1m achieved
- Commence supply of JSF vertical tail parts ✓ Qualification complete
- Expansion for increased JSF volumes ✓ Capital Program
- Secure additional 'Build to Print' Contract ≈ Opportunities in progress

## » Quickstep Aerospace

- Completion of ORPE project ✓ Delivery complete
- Secure new global program utilising RST and Qure ≈ Development and negotiations continuing

## » Quickstep Automotive

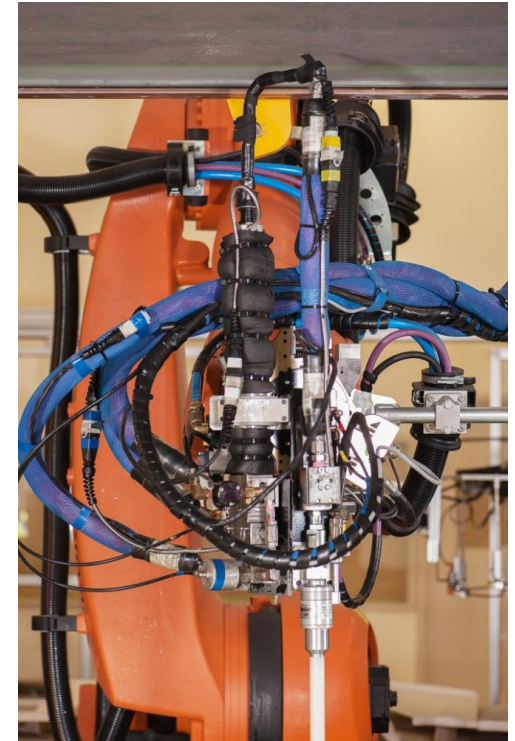
- Facility commissioned in Waurin Ponds ✓ Fully commissioned 6 months
- First two Automotive contracts into production ✓ Ford and Thales delivered

## » Quickstep Systems

- R&D located in Waurin Ponds ✓ 20+ staff developing projects
- RapidQure development – 10 min cycle time ✓ Model developed to support target products

## » Corporate

- Capital raise completed to fund business plan ✓ \$ 20.8 M net of costs raised





## » Aerospace Manufacturing

- Deliver sales revenue in the order of \$54m
- Drive improvements - Profit and operating cashflow
- Deliver manufacturing efficiencies
- Complete capital investment plan for growth
- Leverage existing customers for new opportunities
- Win new customer 'build-to-print' programs



## » New Technology

- Deliver KIST, with 30 minute part cure time
- Development programs for future contracts
- Win contracts for targeted products
- Work with partners on material science programs
- Continue commercialisation of New Technology



## Advanced Manufacturing, Smart Technology in one Quickstep

- » Established Aerospace Manufacturing **contracts**
- » Increased Aerospace Manufacturing **capacity**
- » New product **development projects** underway
- » Substantial progress in process **commercialisation**
- » Demonstrated **demand** for our New Technology
- » **Global** automotive supply capability established
- » Strong **management** team to support Strategy
- » **Talent, Technology** and **Growing Markets**

