

22nd April 2016

Quarterly Report

To 31 March 2016

HIGHLIGHTS

FINANCIAL PERFORMANCE

Continuing strong sales

- Sales of \$11.3 million for Q3 FY16, \$35.6 million year to date
- Positive operating profit for nine months to 31 March 2016
- Firm order book in excess of \$110 million at 31 March 2016
- Cash of \$12.7 million

AEROSPACE MANUFACTURING

Lockheed Martin C-130J production

- 8 ship-sets delivered in Q3

Joint Strike Fighter (JSF) production

- 128 parts delivered in Q3, and 415 year to date, which is up 28% on the previous corresponding period (pcp)
- JSF vertical tails now fully qualified and on track for delivery in Q4

Bankstown and Waurin Ponds capital program

- Ongoing capital program to support JSF growth and new technology, with \$1.2 million spend in Q3

NEW TECHNOLOGY

Ford Falcon XR6 production commences

- Carbon fibre air intake system manufacturing begins at Waurin Ponds

Thales Hawkei vehicle program

- Production of tools and engineering orders underway and on track
- Production anticipated in Q4 as per plan

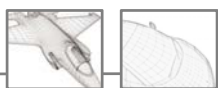
Korea Institute of Science and Technology (KIST) contract secured

- Post Q3, KIST has purchased Quickstep's composite technology including Qure and RST
- Opens up South Korean automotive market for Quickstep

CORPORATE

Management team strengthened

- Strengthened management team with broad experience and skills



1.0 FINANCIAL PERFORMANCE

1.1 STRONG Q3 SALES

Production of parts for the F-35 Lightning II Joint Strike Fighter (JSF) and C-130J Hercules drove sales for the third quarter FY16 of \$11.3 million, in line with management expectations. Total sales for the nine months to 31 March 2016 were \$35.6 million, up 25% on pcp.

1.2 FIRM ORDER BOOK

At 31 March 2016, Quickstep's order book was valued in excess of \$110 million extending through to FY19.

2.0 AEROSPACE MANUFACTURING

2.1 C-130J PRODUCTION CONTINUES

Quickstep is the exclusive supplier of composite wing flaps to Lockheed Martin for the C-130J Hercules aircraft under a five- year memorandum of agreement (MoA) valued at US\$75 million.

During the quarter, 8 ship-sets were completed. This takes production for the nine months to 31 March 2016 to 26 ship-sets, which is consistent with plan. Current C-130J orders extend through to 2019 in line with Lockheed Martin's C-130J Multiyear II contract with the US Department of Defense.

2.2 JSF PRODUCTION GROWTH

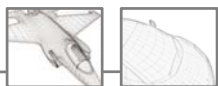
The JSF Program is the world's largest defence aerospace program, and Quickstep is the sole supplier globally to Northrop Grumman for 21 JSF components including doors, panels, skins and other composite parts. In Q3 FY16 Quickstep completed 128 parts. Production for JSF is forecast to increase over the next three years.

Following completion of qualification for vertical tail fairings components in Q1, qualification of vertical tail spars was completed in Q2. Qualification of vertical tail skins was also approved on 14 April, and JSF vertical tail deliveries are expected to begin in Q4 FY16.

Under the agreement with BAE's supplier Marand Precision Engineering, Quickstep will supply 700 sets of composite parts including skins, spars and fairings over the next 14 years.

2.3 CAPITAL EXPANSION AT BANKSTOWN

Quickstep continued its capital expenditure program at Bankstown where preparations are being made to accommodate higher levels of contracted production for the JSF. During Q3 Quickstep continued to invest with a spend of \$1.2million, in addition to \$0.8 million in the previous quarter.



3.0 NEW TECHNOLOGY

3.1 FORD FALCON XR6 SPRINT PRODUCTION BEGINS

Production at Waurin Ponds to manufacture a carbon fibre air intake system for the Ford Falcon XR6 Sprint has commenced. Quickstep has received full global signoff from the Ford Motor Company to manufacture this innovative component, and the sports car will be the first global mass-produced Ford to feature the technology. Quickstep developed materials, resins and processes to replace a thick-walled, injection moulding plastic component with a very thin-walled carbon fibre part.

3.2 THALES HAWKEI PRE PRODUCTION UNDER WAY

Quickstep is the exclusive supplier of the bonnet, side skirts and mudguard composite parts for Thales Australia's Hawkei vehicles, supporting Thales Australia's \$1.3 billion supply contract to build 1,100 military vehicles and 1,000 trailers awarded by the Australian government in October 2015. Pre-production of composite parts using Quickstep's resin spray transfer (RST) technology has begun, and initial production is expected to commence in Q4.

3.3 WAURN PONDS UPDATE

Fitout of the Automotive division's site for production at Waurin Ponds is continuing. The company's resin spray transfer (RST) cell is in operation, and the installation of a Qure cell is continuing. The site, which also houses Quickstep's global R&D centre, supports Quickstep contracts with Ford Australia, Thales Australia and the Korea Institute of Science and Technology (KIST).

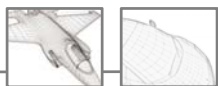
3.4 KIST CONTRACT OPENS UP SOUTH KOREAN MARKET

Subsequent to the end of the quarter, Quickstep announced that it has secured a new sales contract with KIST (Korea Institute of Science and Technology), the multi-disciplinary research institute that has had a significant role in the development of South Korea's growing carbon fibre composite materials industry.

Quickstep will develop and supply composite manufacturing equipment, including its patented Resin Spray Transfer (RST) and Qure (Out-of-Autoclave) curing machine technologies, which KIST will use to develop prototype, demonstrator and niche-volume composite parts. Delivery is expected to be completed by the end of 2016 and will pave the way for further adoption of Quickstep's technologies in the South Korean automotive sector, one of the larger automotive markets in the Asian region.

The Qure cell being developed for KIST will take Quickstep into the medium volume production market, as it will enable throughput exceeding 10,000 parts per year.

KIST specialises in supporting Korean companies in the research, evaluation and introduction of new technologies into production environments, and will demonstrate the benefits of the Qure system for industry uptake in the Korean market.



4.0 CORPORATE

4.1 CASH POSITION

At the end of the quarter, the consolidated group cash balance was \$12.7 million and, in addition, the company held \$0.8 million in restricted term deposits to be held to maturity. Net assets at 31 March 2016 were \$16.4 million, reflecting a healthy balance sheet following the capital raising in late 2015.

4.2 CASHFLOW

Operating cashflow for Q3 was an outflow of \$1.2 million, reflecting an inventory increase of \$2.4 million. The stock build is to ensure no disruption occurs to production of the JSF Program while capital expansion at Bankstown is underway.

4.3 STRENGTHENED MANAGEMENT TEAM

Quickstep has strengthened and expanded its management team to support Quickstep's growth. The broadened team has significant experience across many professional disciplines and business environments, including international expertise. Managing director, David Marino, now leads a strengthened team with the following changes since his commencement:

Andrew Crane – Chief Financial Officer

Andrew joined Quickstep in September 2015 as chief financial officer. His previous roles include general manager – finance and commercial at GWA Group and CFO/finance director at SCA Hygiene Australasia.

Kevin Boyle – Chief Operating Officer

Kevin has been appointed as COO, joining Quickstep from McGrath Nicol where he was director, manufacturing advisory. He has more than 15 years' automotive sector experience and was general manager, Ai Automotive from 2010 to 2014 and, before that, held management roles at Cooper Standard in Australia and Asia Pacific.

Jacque Courtney-Pitman – Executive General Manager Human Resources

Jacque joined Quickstep in March 2016. Previously, she was general manager – people and performance for property developer Devine Limited. She has more than 15 years' human resources management experience including roles with Jones Lang LaSalle, Veolia Water and Coca-Cola.

Carl de Koning - Executive General Manager Business Development (Automotive) and External Relations

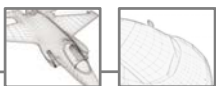
Carl joined Quickstep in 2014 initially in an advisory role. He has 35 years' automotive experience and previously held executive business development roles with Futuris Automotive in Australia, Thailand and China.

Michael Hau - Executive Director - European Operations

Michael joined Quickstep in February 2016 to manage its European operations. Previously, he was managing director of SafetyKleen Germany, and held management roles with Cytec Solvay Group, most recently as director, global procurement. Before that, he held a senior engineering position with Boeing Hawker de Havilland in Australia.

Tim Olding – Executive General Manager Systems

Tim joined Quickstep in February 2015 and manages Quickstep's technology development. His 25 years' automotive experience includes 19 years at GM Holden culminating as managing engineer of advanced vehicle development.



5.0 OUTLOOK

Quickstep's long-term goal is to become a world leader in advanced composites manufacturing and the company is focused on expanding its business in the aerospace, defence, automotive and transport sectors. The company's near-term goals are:

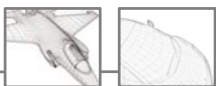
1. Aerospace manufacturing

- Maintaining production of C-130J wing flaps to plan
- Delivering JSF Vertical Tail parts
- Increasing manufacturing capacity for JSF future growth
- Pursuing additional manufacturing contracts for the Bankstown operation

2. New technology

- Commercialising the Qure and RST technology into production
- Continuing development of the 'next generation' RapidQure technology
- Managing production of air intake systems for supply to Ford
- Preparing for first parts supply for the Thales Hawkei vehicle
- Pursuing additional contracts in the aerospace, defence, automotive & other advanced industry sectors

-ENDS-



For further information:

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Background on Quickstep Holdings Limited

Quickstep Holdings Limited (ASX: QHL) is an Australian publicly listed company, at the forefront of advanced composites manufacturing and technology development. Quickstep is the largest independent aerospace-grade advanced composite manufacturer in Australia, partnering with some of the world's largest Aerospace/Defence organisations including: Lockheed Martin, Northrop Grumman, BAE Systems and Airbus.

Quickstep operates from state-of-the-art aerospace manufacturing facilities at Bankstown Airport in Sydney, NSW; a newly established production site for automotive parts manufacturing and R&D/ process development centre in Waurin Ponds, Victoria; and a development and customer support operation in Munich, Germany.

Quickstep is an approved supplier for the international F-35 Lightning II Joint Strike Fighter (JSF) program - the largest military aerospace program in the world, valued in excess of US\$300 billion worldwide. The company has also been selected by Lockheed Martin as the sole supplier of composite wing flaps for the C-130J "Super Hercules" military transport aircraft.

Quickstep has developed significant capabilities and expertise in the production of aerospace grade, advanced composite components, using both conventional autoclave-based manufacturing and leading Out-of-Autoclave production technologies (developed in-house and patented).

Automotive activities include contracts with Ford Australia for a carbon fibre air intake duct and the development and supply of a range of composite parts and assemblies for the Thales Hawkei military vehicle.

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10

Name of entity

QUICKSTEP HOLDINGS LIMITED

ABN

55 096 268 156

Quarter ended ("current quarter")

31 MARCH 2016

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter	Year to date (9 months)
		\$A'000	\$A'000
1.1	Receipts from customers	11,966	37,105
1.2	Payments for		
	(a) staff costs	(3,459)	(11,691)
	(b) advertising and marketing	(59)	(156)
	(c) research and development	(923)	(2,120)
	(d) leased assets		-
	(e) other working capital	(8,998)	(25,229)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	42	68
1.5	Interest and other costs of finance paid	(0)	(378)
1.6	Income taxes paid	-	-
1.7	Other (government grants)	184	304
Net operating cash flows		(1,247)	(2,096)

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A'000	Year to date (9 months) \$A'000
1.8 Net operating cash flows (carried forward)	(1,247)	(2,096)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets*	(1,182)	(2,077)
(e) other non-current assets	-	-
<i>*including in-house asset construction</i>		
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (proceeds from term deposits)	-	-
Net investing cash flows	(1,182)	(2,077)
1.14 Total operating and investing cash flows	(2,429)	(4,173)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	20,947
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	(5,000)
1.19 Dividends paid	-	-
1.20 Other, Finance lease payments	(31)	(71)
Net financing cash flows	(31)	15,876
Net increase (decrease) in cash held	(2,460)	11,703
1.21 Cash at beginning of quarter/year to date	15,440	1,212
1.22 Exchange rate adjustments to item 1.20	(270)	(205)
1.23 Cash at end of quarter	12,710	12,710

* Investments in term deposits with an original maturity of greater than 3 months are cash flows related to investing activities. These deposits do not meet the strict definition of a cash equivalent within *AASB 107 Cash Flow Statements* hence do not form part of Cash at the end of quarter. As at 31 March 2016, the total of Cash and investments in restricted term deposits is \$784k. (31 December 2016: \$709k).

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	236
1.25	Aggregate amount of loans to the parties included in item 1.11	-
1.26	Explanation necessary for an understanding of the transactions	
	<div style="text-align: right;"><u>\$A'000</u></div> <div>- Executive and Non-Executive Directors' remuneration (Item 1.24) 236</div>	

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

- 2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	13,333	11,864
3.2 Credit standby arrangements	NIL	NIL

Loan facilities include:

- A fully drawn \$10,000k facility with additional capability to capitalise interest up to \$3,333k which is partly utilised.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
4.1	Cash on hand and at bank	12,710	15,440
4.2	Deposits at call	-	-
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)		12,710	15,440

As at 31 March 2016, the total of cash and investments in restricted term deposits is \$784k. (31 December 2015: \$709k).

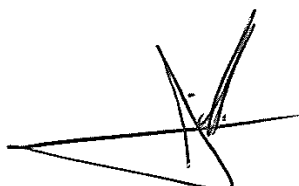
Acquisitions and disposals of business entities

		Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1	Name of entity	NIL	NIL
5.2	Place of incorporation or registration		
5.3	Consideration for acquisition or disposal		
5.4	Total net assets		
5.5	Nature of business		

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date: 26 April 2016
(Company secretary)

Print name: Jaime Pinto

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.