

27 January 2015

Quarterly Report

To 31 December 2014

HIGHLIGHTS

SALES

1H FY2015 sales A\$13 million

- Quickstep reported sales in excess of A\$13 million (unaudited) in the first half of FY2015, exceeding the A\$12 million full year sales in FY2014.

AEROSPACE MANUFACTURING

New Lockheed Martin C-130J purchase order

- New C-130J wing flaps purchase order received for an additional 12 ship-sets plus spares.
- 8 C-130J ship-sets delivered in Q2; 14 ship-sets delivered in the first half.

Joint Strike Fighter production increasing

- 200 JSF parts delivered in the first half, more than in FY2014 full year.
- Qualification commenced on JSF vertical tails.

QUICKSTEP PROCESS: AEROSPACE

Quickstep Process contract

- First commercial Quickstep Process plant assembled at Quickstep's Munich facility.
- Contract progressing to customer acceptance and delivery in the next quarter.

QUICKSTEP PROCESS: AUTOMOTIVE

Technology commercialisation

- Thales Australia Letter of Intent signed for first Quickstep Resin Spray Transfer (RST) contract.
- Negotiations continue with other automotive companies.

CORPORATE

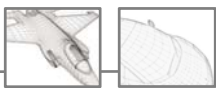
CEO and Managing Director appointed

- David Marino, currently Chief Operating Officer of Futuris Automotive Group, will commence with Quickstep as Chief Executive Officer in mid-February 2015.
- To be appointed as a director at the first Board meeting after his commencement.

Firm order book A\$56 million

- At 31 December 2014, Quickstep's firm order book was valued at A\$56 million.
- Majority of work to be completed during FY2015 and FY2016.

For personal use only



1.0 SALES

1.1 1H FY2015 SALES A\$13 million

Quickstep sales for the first half of FY2015 (unaudited) ending 31 December 2014 were in excess of A\$13 million. This was consistent with expectations and compares with sales of A\$12 million for the full year of FY2014. Quickstep continues to experience considerable growth in all of its contracts. Sales exclude income related to the ORPE project which will be booked on completion in the second half of FY2015.

2.0 AEROSPACE MANUFACTURING

2.1 LOCKHEED MARTIN C-130J PRODUCTION NOW 3 SHIP-SETS A MONTH

Quickstep's production of C-130J ship-sets for Lockheed Martin reached a production rate of three ship-sets per month in the second quarter of FY2015. Eight ship-sets were completed in Q2, compared to six ship-sets in the previous quarter and seven ship-sets in the full year of FY2014. Ship-sets comprise two inboard and two outboard flaps, each including more than 200 individual parts.

A further purchase order from Lockheed Martin for 12 ship-sets plus spares was secured in December 2014, taking the total cumulative order to 67 wing flap sets. Quickstep is the sole global supplier of wing flaps for Lockheed Martin's C-130J Super Hercules aircraft, under a memorandum of agreement valued at US\$75 million over five years. Over the life of the agreement, Quickstep expects to supply in excess of 120 sets of carbon fibre wing flaps.

2.2 JOINT STRIKE FIGHTER UPDATE

Quickstep completed 200 F-35 Lightning II Joint Strike Fighter (JSF) parts from 1 July 2014 to 31 December 2014. This showed substantial acceleration of production compared to 188 JSF parts delivered in the full year of FY2014. A qualification process has begun for production of JSF Vertical Tail components under an agreement with Marand Precision Engineering. The schedule for completion supports deliveries commencing in FY2016.

Quickstep produces 21 JSF composite components for Northrop Grumman including lower skins, fuel tank covers and maintenance access panels. The overall agreement to supply JSF parts to several different original equipment manufacturers (OEMs) is valued at up to A\$700 million over two decades. This includes the company's US\$139 million agreement to supply parts for 700 vertical tails for BAE Systems and Marand.

3.0 QUICKSTEP PROCESS: AEROSPACE

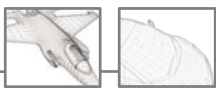
3.1 ORPE & COMMERCIAL CONTRACTS

Assembly and systems integration of the company's first commercial Quickstep Process plant at its Munich facility is complete, and the program is now transitioning to its final phase of customer acceptance and delivery. The EUR4.2 million (A\$6.0 million) contract with leading European aerospace composites manufacturer, ORPE Technologiya, is expected to be completed in the second quarter of 2015. ORPE will use the plant to produce a 6 metre by 4 metre carbon fibre part which is integral to their manufacture of shielding for satellites on launch vehicles. The integration demonstrates that Quickstep's technology is scalable and capable of manufacturing very large parts.

Development programs with Airbus and discussions with other aerospace manufacturers are under way. The development activities are focused on the use of Quickstep's technologies for the aerospace market; cored structures, large integrated structures, spars, beams and complex cure cycles.

3.2 QUALIFICATION OF QUICKSTEP PROCESS FOR JSF

Quickstep continues to work with the Australian Department of Defence, the US JSF Program Office, BAE Systems and Lockheed Martin Aerospace to qualify the Quickstep Process for manufacturing spars for the JSF tail structure. The application of the process will provide significant cost savings to the JSF program.



4.0 QUICKSTEP PROCESS: AUTOMOTIVE

4.1 AUTOMOTIVE COMMERCIALISATION

The company continues to actively promote the commercialisation of its Quickstep Process and Resin Spray Transfer (RST) technology for the automotive industry. Sales discussions continue with a number of OEMs.

Quickstep is establishing a dedicated automotive division based at Deakin University's Waurn Ponds Campus in Geelong. The division will offer complete tailored automotive production cells utilising the Quickstep Resin Spray Transfer (RST) and Quickstep curing systems.

On 28 October 2014, Quickstep signed its first contract using Quickstep's automotive RST technology. A Letter of Intent (LOI) with Thales Australia confirms Quickstep's selection as exclusive supplier of the bonnet, side skirts and mud guards for Hawkei armoured vehicles. Thales is currently bidding to supply the Australian designed and manufactured Hawkei to the Defence Materiel Organisation, to replace Army Land Rovers. Final approval is expected in 2015, which could lead to the production of up to 1300 Hawkei vehicles over four years. Initial deliveries are anticipated in 2015 and the agreement is expected to be valued in excess of A\$8 million.

5.0 CORPORATE

5.1 APPOINTMENT OF NEW CHIEF EXECUTIVE OFFICER

Mr David Marino will commence official duties as Quickstep Chief Executive Officer in mid-February 2015, and will be appointed as Managing Director at the first Board meeting after his commencement.

Mr Marino, currently Chief Operating Officer of Futuris Automotive Group, was appointed to that role in June 2013 following ten years in senior management and executive roles throughout the Group. Futuris Automotive designs and manufactures automotive interior solutions for major OEMs globally including Ford, General Motors and Tesla. David began his career as an engineer, first with Ford Motor Company, then moving to Lear Corporation, and finally to Air International, where he began moving into management roles, gradually being promoted to General Manager of the Seating Division before Air International Thermal was divested and Futuris Interiors commenced its global expansion.

At Futuris Mr Marino led a team of 1,600 people and was responsible for international businesses turning over more than A\$400 million annually. He has over 20 years of commercial experience in the automotive industry. He has experience as a director on the boards of numerous Futuris subsidiary companies, and as a member of the Futuris Executive team worked closely with the CEO and CFO to develop and deliver business strategy for the Futuris Group.

Mr Philippe Odouard will continue in his current role as Executive Director, focusing on developing the market for the Quickstep Process with particular emphasis on defence and aerospace markets. He will report to Mr Marino. Following a handover period between Mr Quick and Mr Marino, Mr Quick will relinquish all executive responsibilities and resume his role as Non-executive Chairman.

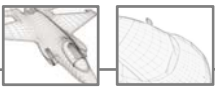
5.2 CASH POSITION

At the end of the quarter, the consolidated group cash balance was A\$3.7 million, plus A\$1.57 million held in restricted term deposits to be held to maturity.

An advance payment of A\$2.8 million was received from Lockheed Martin in October 2014. In December 2014, a US\$2.0 million payment was also received from Lockheed Martin in support of agreed future productivity improvement initiatives.

5.3 FIRM ORDER BOOK

At 31 December 2014, Quickstep's order book was valued at A\$56 million. The majority of this work is expected to be completed during FY2015 and FY2016.



5.4 STAFF

The number of Quickstep employees increased to 160 at 31 December 2014, comprising 150 employees in Australia and 10 employees in Germany. At 30 June 2014, the company employed 116 people.

6.0 OUTLOOK

The company's near-term goals are:

1. Aerospace manufacturing
 - Maintaining production of C-130J wing flaps at three ship-sets per month
 - Delivering JSF program production at twice the FY2014 rate
 - Pursuing additional manufacturing contracts
2. Quickstep Process: Aerospace
 - Delivery of the first commercial Quickstep Process plant in early 2015
3. Quickstep Process: Automotive
 - Progressing commercialisation of the Quickstep Process and resin spray transfer (RST) technology
 - Pursuing contracts with automotive original equipment manufacturers

-ENDS-

For further information:

Investors

Tony Quick – Executive Chairman
Quickstep Holdings Limited
Telephone: +61-2 9774 0300
E: tquick@quickstep.com.au
or:
Visit www.quickstep.com.au

Media

Ashley Rambukwella / Robert Williams
Financial & Corporate Relations
Telephone: +61 2 8264 1004 / 0407 231 282
or +61 2 8264 1003 / 0468 999 369
E: a.rambukwella@fcr.com.au or r.williams@fcr.com.au

Background on Quickstep Holdings Limited

Quickstep Holdings (ASX:QHL) is a manufacturer of advanced carbon fibre composites for the aerospace and defence and automotive industries. The company operates state-of-the-art aerospace manufacturing facilities at Bankstown Airport in Sydney, Australia.

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. To date, more than 93 JSF aircraft have been delivered to the US Department of Defense, and this number is now expected to grow rapidly. The company has also been selected by Lockheed Martin as the sole supplier of composite wing flaps for the C-130J "Hercules" military transport aircraft.

Quickstep is also developing patented manufacturing technologies to produce high-volume A-grade finished composite components for automotive and specialist thick parts such as spars and wing skins for large defence and commercial aircraft. The company is currently working to qualify its patented Quickstep Process for the F-35, and is also conducting major research and development programmes with car makers aimed at delivering high-quality finish, low cost, fast processing of carbon fibre composite, together with specialised resins, particularly adapted to the automotive industry.

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 DECEMBER 2014

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from customers	7,745	13,372
1.2 Payments for		
(a) staff costs	(3,962)	(6,622)
(b) advertising and marketing	(51)	(94)
(c) research and development	(270)	(1,038)
(d) leased assets	(10)	(12)
(e) other working capital	(6,705)	(13,113)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	3	86
1.5 Interest and other costs of finance paid	(25)	(118)
1.6 Income taxes paid	-	-
1.7 Other (government grants)	6,123	6,264
Net operating cash flows	2,848	(1,275)

+ See chapter 19 for defined terms.

For personal use only

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

	Current quarter	Year to date (6 months)
	\$A'000	\$A'000
1.8 Net operating cash flows (carried forward)	2,848	(1,275)
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*	-	-
(e) other non-current assets <i>*including in-house asset construction</i>	-	(76)
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)	-	2,213
Net investing cash flows	-	2,137
1.14 Total operating and investing cash flows	2,848	862
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	-
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	2,500
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	(79)	(79)
Net financing cash flows	(79)	2,421
Net increase (decrease) in cash held	2,769	3,283
1.21 Cash at beginning of quarter/year to date	1,072	566
1.22 Exchange rate adjustments to item 1.20	(59)	(67)
1.23 Cash at end of quarter	3,782	3,782

* 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 31st December 2014 the total of Cash and investments in restricted term deposits is \$1,569k. (30th September 2014: \$1,570k).

+ See chapter 19 for defined terms.

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	390
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

	<u>\$A'000</u>
- Directors' remuneration (Item 1.24)	390
- Staff costs - marketing and promotion (Item 1.24)	-

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	20,182	18,148
3.2	Credit standby arrangements	NIL	NIL

Loan facility includes \$10.0M facility with capability to capitalise interest up to \$3.333M which is partly utilised.

A multi-option facility of which the \$2.5M working capital facility is fully drawn and the Eur3M (\$A4,349M) performance bond is also fully drawn.

+ See chapter 19 for defined terms.

For personal use only

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	3,782	1,072
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)	3,782	1,072

As at 31st December 2014, the total of cash and investments in restricted term deposits is \$1,569k. (30th September 2014: \$1,570k).

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		

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: 27 January 2015
 (Company secretary)

Print name: Jaime Pinto

+ See chapter 19 for defined terms.

For personal use only

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.

For personal use only