

Quickstep's sales growth continues

- Fast-growing revenue and cash receipts from operations
- Firm order book valued at \$42 million
- Substantial growth expected in FY2014

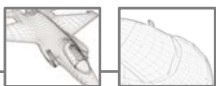
Sydney, 26 February 2014 – Quickstep Holdings Limited (ASX:QHL), the manufacturer of high-grade carbon-fibre components, today reported sales of \$3.7 million for the half-year to December 31, 2013, more than double the sales of the prior period (2H FY2013: \$1.8 million). Total revenue for the half, including grants, was \$6.3 million compared to \$3.6 million in the previous corresponding period. Operating cash receipts were \$12.7 million. Quickstep reported a loss of \$5.9 million, in line with the company's expectations (1H FY2013: \$7.4 million loss). At 31 December 2013 the company held cash of \$7.1 million as well as restricted cash deposits of \$4.1 million.

Quickstep managing director, Philippe Odouard, said: "Quickstep's revenue is growing according to plan. Our firm order book is now valued at \$42 million, and the majority of the work is scheduled to be completed in the next eighteen months. Our flagship Joint Strike Fighter and C-130J contracts are ramping up, and we continue to progress the OPRE Technologiya Quickstep Process contact and plans to commercialise the resin spray transfer technology for the automotive sector."

Aerospace & Defence manufacturing

Quickstep sales are expected to increase substantially in the second half as contract manufacturing for the Lockheed Martin C-130J Super Hercules aircraft and the F-35 Lightning II Joint Strike Fighter increases. The company delivered the first shipset of four C-130J carbon-fibre wing flaps for Lockheed Martin ahead of schedule in early 2014. Quickstep has received purchase orders for 36 shipsets and further orders will be confirmed as the US\$75 million program continues. Under the memorandum of agreement, Quickstep will deliver 120 C-130J shipsets through to 2018.

Manufacturing for the Joint Strike Fighter Program doubled compared to the prior period, and at 31 December 2013 Quickstep had completed delivery of 191 JSF parts since the beginning of the program. The JSF program continues to mature operationally and passed the 100,000 flight hours milestone in September 2013. At peak JSF production rates, Quickstep is expected to generate JSF revenue of approximately \$40 million per annum subject to receipt of ongoing purchase orders.



Technology commercialisation

During the half, Quickstep received a \$1 million Australian government grant to support qualification of the Quickstep Process for manufacturing vertical tail spars for the Joint Strike Fighter program. The Quickstep Process is a patented technology which moulds carbon fibre and resin using heated liquids, curing composite components more efficiently than traditional techniques at much lower cost.

Quickstep secured its first sale of this technology to ORPE Technologiya, which will use the Quickstep Process to manufacture large carbon-fibre shielding for satellites during launches. This contract is valued at \$6 million and will be delivered over the next eighteen months. Its first significant milestone, the preliminary design review to adjust technology to the client's requirements, is taking place in Russia before the end of February as planned.

Marketing of the company's resin spray transfer (RST) technology for the automotive industry is continuing, and the company received a significant endorsement when the technology passed a European luxury car maker's stringent surface and ageing tests. Negotiations on possible contracts with auto manufacturers are continuing.

Balance sheet

During the half Quickstep completed an institutional placement and share purchase plan, and net proceeds from the capital raising were \$12.7 million.

Outlook

As contract manufacturing work continues to build, Quickstep anticipates growing sales in the second half of FY2014 and remains on track to achieve total revenue of around \$17 million for the full year. The company expects to become cash flow positive during FY2015.

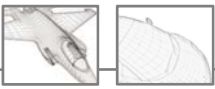
The company has submitted a number of commercial-in-confidence tenders to aerospace and defence companies regarding potential new contracts, and continues to progress its plans to commercialise its Quickstep Process and resin spray transfer technologies.

-ENDS-

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 manufacturing facilities at Bankstown Airport in Sydney, Australia, and has offices in Germany and the United States.

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 at in excess of US\$300 billion worldwide. To date more than 84 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 currently partnering with some of the world’s largest aerospace/defence organisations, including the US Department of Defense, Lockheed Martin, Northrop Grumman, Airbus and EADS.

Quickstep is also developing patented manufacturing technologies to produce high-volume A-grade finished composite components for automotives and specialist thick parts such as spars and wing skins for large defence and commercial aircraft. The company is currently working with the US Department of Defence to qualify its patented Quickstep Process and Resin Spray Technology (RST) for JSF, and is also conducting a major research and development program with car maker Audi aimed at delivering high-quality finish, low cost, fast processing of carbon fibre composite, together with specialised resins, particularly adapted to the automotive industry.

For further information:

Investors

Philippe Odouard – Managing Director
Quickstep Holdings Limited
Telephone: +61-2 9774 0300
E: podouard@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

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