

Quickstep delivers strong growth in H1 FY22

Key H1 FY22 highlights (vs H1 FY21)

- › Sales up 14% to \$47.3 million
- › Statutory profit of \$3.3 million
- › Underlying pre-tax profit up 82% to \$2.0 million
- › Operating cashflow of \$4.0 million
- › Total bank debt down \$0.8 million to \$6.9 million
- › Business development initiatives progressed to drive long term growth, with full year growth outlook maintained

22 February 2022: Quickstep Holdings Limited (ASX: QHL) (Company or Quickstep), is pleased to announce its results for the six months ended 31 December 2021 (H1 FY22), which saw it continue its sales growth trajectory and deliver strong growth in underlying profit.

Commenting on the H1 FY22 results, Quickstep's Chief Executive Officer Mark Burgess said: "It has been a strong half year performance, as we grew revenue by 14% to \$47.3 million and grew underlying profit before tax by 82% to \$2.0 million. Most pleasingly, we see growth as sustainable, underpinned by accelerated supply on core programs and a full year of Aftermarket revenue.

"Our underlying EBITDA margin lifted by 1.8% due to our strategic focus on delivering ongoing efficiencies including lean manufacturing initiatives and procurement synergies. Ongoing strong operating cashflow of \$4.0 million supported the funding of strategic investments in both Swoop and Carbonix."

Strong growth across all key metrics

AUD Millions	H1 FY22	H1 FY21	% change
Revenue	47.3	41.5	14.0%
Underlying EBITDA	5.2	3.8	36.8%
Underlying EBITDA Margin %	11.0%	9.2%	
Statutory EBITDA	6.4	3.5	82.9%
EBITDA Margin %	13.5%	8.4%	
Underlying EBIT	2.7	1.9	42.1%
Statutory EBIT	3.9	1.6	143.8%
Underlying PBT	2.0	1.1	81.8%
Statutory PBT	3.2	0.8	300.0%
Tax Benefit / (Expense)	0.1	0.0	n.m.
Underlying NPAT	2.1	1.1	90.9%
Statutory NPAT	3.3	0.8	312.5%

Underlying items exclude \$0.3m acquisition costs in H1 FY21.

Underlying items exclude \$1.2m legal provision writeback in H1 FY22.

For personal use only

RAMP UP IN F-35 PART PRODUCTION UNDERPINNED STRONG PERFORMANCE

Sales growth reflected the ramp up of production rates on 10 additional F-35 Northrop Grumman parts introduced in FY21 (as previously announced). The increase was also underpinned by a build in inventories and associated revenue recognition to manage an extended Christmas shutdown period and a full 6 months of Aftermarket Maintenance, Repair, and Overhaul (MRO) activity, delivered by subsidiary Quickstep Aerospace Services (QAS).

The \$0.8 million reduction in R&D expenditure in H1 FY21 reflects the transition of Quickstep's patented Qure™ technology into commercial application.

Cash from operating activities of \$4 million in H1 FY22 was achieved from ongoing tight cash management practices and represents the third consecutive six monthly period of strong cash performance. For H1 FY22 the planned extended Christmas shutdown period inventory build will reduce through scheduled deliveries in January / early February 2022. New investment funding of \$1.5 million in Advanced Air Mobility (AAM) growth was funded from operating cashflows.

OPERATIONAL EXCELLENCE DELIVERS MARGIN IMPROVEMENT

Despite significant H1 FY22 supply chain and workforce health and safety challenges generated by COVID-19, Quickstep met 100% of its customer commitment dates.

The introduction of new, and upgrade of existing, plant and equipment at the Bankstown facility, as well as ongoing work with customers to identify and realise process improvement initiatives, delivered a 1.4% improved Gross Margin lift. Quickstep maintains a focus on implementing new technology efficiencies, lean manufacturing initiatives and procurement synergies.

Quickstep's continues its \$3.94 million capability expansion at its Tullamarine facility to provide market leading Aftermarket MRO capabilities servicing both local and Asia Pacific regional airlines, with Victorian Government support.

BUSINESS DEVELOPMENT INITIATIVES

While H1 FY22 Aftermarket MRO volumes were directly impacted by COVID-19 border closures, Quickstep remains confident that there are strong opportunities to generate substantial growth from the commercial aftermarket segment domestically and across our region. Quickstep's strategic positioning at Tullamarine and key regional partnerships will serve to address this market.

The announced investments in both Swoop and Carbonix, have advanced Quickstep's strategic positioning within the AAM sector. The first KITE™ logistics drone shipset deliveries are scheduled to be delivered to Swoop in Q3 FY22. Supply negotiations have also commenced with Carbonix regarding production of their Volansi drone. This line of business significantly leverages Quickstep's patented Qure™ technology in a highly scalable commercial market.

Quickstep's positioning within the AAM sector was further enhanced during H1 FY22 by the Swinburne University and Victorian State Government AirHub project. Quickstep is leading two important workstreams on advanced manufacturing and airframe design, which will see the company develop structures design depth within the engineering function and further advanced manufacturing techniques to reduce cost and improve efficiency for customers.

For personal use only

Work has also commenced with Nexport exploring the application of Quickstep's advanced composite manufacturing experience to deliver lighter structural weight to Nexport's zero emission commercial vehicles. This will achieve key weight and range performance critical to success in that sector. Substantial growth is expected across the low emission public transport, road haulage and off-road commercial markets in the coming years.

POSITIVE OUTLOOK

Commenting on Quickstep's positive outlook for FY22, Mr Burgess said:

"Having focused on delivering operational improvements to lift our margins and made investments in Aftermarket, AAM and production efficiencies, we are on target to deliver an improved financial performance in FY22.

"While COVID-19 challenges suppressed the performance of our Aftermarket MRO business and whilst the timing and rate of recovery remains uncertain, we are still well positioned to take advantage of the expected recovery in demand for servicing once the market normalises. Quickstep's entry to the AAM sector is at an early, albeit strategically well positioned, stage enabling us to leverage our core strengths to grow in a new market."

Quickstep maintains its existing outlook for FY22, being:

- Year on year revenue growth.
- Strong underlying PBT rebound.
- Ongoing strong cash flow performance.
- Demand recovery in commercial aerospace during 2H22.
- Advanced Air Mobility growth.

INVESTOR DAY – THURSDAY, 17 MARCH 2022

An Investor Day where further details of our company strategy and growth plans will be shared is scheduled to be held on Thursday, 17 March 2022 at Quickstep's Tullamarine, Victoria site. Both in person and video conferencing facilities will be available.

Invitations will be issued shortly with details being available on the Company's website.

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

For further information:

Mark Burgess – Managing Director
Quickstep Holdings Limited
Telephone: +61 2 9774 0300

E: mburgess@quickstep.com.au

Stephen Gaffney – Chief Financial Officer
Quickstep Holdings Limited
Telephone: +61 2 9774 0300

E: sgaffney@quickstep.com.au

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.

For personal use only