

Quickstep Holdings FY24 Financial Results

27 August 2024: Quickstep Holdings Ltd (ASX: QHL) (Quickstep or the Company) is today announcing its results for the 12 months ended 30 June 2024 (FY24).

Summary

- Full Year Group revenue at \$99m, exceeds guidance provided in April 2024 (\$94m-\$96m).
- Services business unit revenue grew 94% year on year to exceed \$10m.
- EBITDA positive for FY24 in line with guidance provided in April 2024.
- Proposed Sale of Quickstep Aerospace Services Pty Ltd (QAS) announced on 20 August 2024 and therefore reflected as an asset held for sale and thus a discontinued operation for reporting purposes.
- FY24 Restructuring activities and the proposed sale of QAS strengthen core Australian business providing platform for future growth.

Key Financial Metrics

AUD Millions	Continuing Operations		Total Group	
	FY24	FY23	FY24	FY23
Revenue	88.97	89.05	99.34	94.38
Underlying EBITDA	6.98	7.09	3.96	2.66
Statutory EBITDA	4.95	4.90	1.93	0.47
Underlying PBT	1.31	0.97	(2.38)	(4.00)
Statutory PBT	(0.72)	(1.21)	(4.41)	(6.19)
Tax Benefit / (Expense)	(0.36)	0.48	(0.36)	0.48
Underlying NPAT	0.95	1.45	(2.74)	(3.52)
Statutory NPAT	(1.08)	(0.74)	(4.77)	(5.71)
Operating Cashflow	4.50	0.11	3.44	1.91

Continuing Operations excludes Quickstep Aerospace Services Pty Ltd which is an asset held for sale.

Underlying items for FY24 exclude \$2 million restructuring expenses and provisions. FY23 excludes \$2.3 million impairment of goodwill associated with the acquisition of the Services business, \$0.5 million employee restructuring costs and (\$0.4 million) legal accrual writeback.

The Quickstep Group delivered total revenue of \$99.4 million in FY24 which represented a 5.3% increase on the prior year. The lift in revenue was attributable to reasonably stable volume in the Structures business unit which was 1.2% or \$1 million down on the prior year as volume in the prior year included a component of 'catch up' sales due to equipment downtime in FY22. This was more than offset with a lift of 94% or \$5 million in the Services business unit and 56% or \$0.9 million the Engineering & Development activities which is responsible for Quickstep's drone production contracts.

Profitability for the Group improved year on year with improved margins in the Structures business unit and smaller losses in both the Services and Engineering & Development businesses. Continuing Operations profitability was relatively flat year on year with margin improvements offset largely by higher R&D costs.

Operating cashflow for the Group was reasonably stable compared with the prior year in line with the more stable operating environment experienced during FY24. The Services business unit had negative operating cashflow in FY24 in line with the operating losses experienced.

Performance by Business Unit

AUD Millions	FY24 Revenue	FY24 Gross Profit	Gross Profit %
Structures – A&D Composites	86.36	14.85	17.2%
Engineering & Development - Drones	2.61	(0.61)	-23.4%
Services - MRO	10.37	(2.48)	-23.9%

In FY24 the Company saw a more stable operating environment for the Structures business unit with far less operational disruption compared to the prior two years which was caused by supply chain issues and equipment down time. Inflation in global supply chain cost offset some of the benefits gained in the more stable production volumes and was a focus of the business through supplier negotiations and contract negotiations with customers.

As communicated in previous announcements, the Company saw good progress in the Engineering & Development activities specifically with drone production ramping up for our partner companies. Although margins in this business remained negative overall, year on year they improved by circa 33%.

The Services business unit despite nearly doubling its year-on-year revenue continued to deliver negative margins. Margins improved by 31% on the prior year, however, inconsistent second half volume meant the business remained loss making. As described in our recent announcement regarding the sale of this business unit, further investment in rotatable assets and tooling is required to support profitability in this segment.

Commenting on the results Chief Executive Officer Mark Burgess said "FY24 has been a year of consolidation for Quickstep ensuing we made improvements to our core business to build resilience and deliver sustainable profitability. We are excited about the continued evolution of our drones business and although disappointed to have reached the decision to sell the Services business unit, feel that we have set it up for success moving forward."

Mr Burgess added, "we have had to make some tough decisions though FY24 especially the restructuring we announced in June and the sale of the Services business but all of these changes are part of our strategy to strengthen our core Australian business which creates the foundation for us to increase our focus on building our drone business and to execute our first steps into the US market."

The Group expects to provide further information to all stakeholders regarding the outlook for FY25 and key strategic initiatives later this year.

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This announcement was approved for release by the Quickstep Board of Directors.

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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. More information about Quickstep is available at www.quickstep.com.au

Important Information - 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, 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.