



## 2024 Annual General Meeting Presentation and Chair's Address

25 November 2024: The Annual General Meeting of Quickstep Holdings Ltd (ASX: QHL) (Quickstep or the Company) will be held today using a webcasting facility commencing at 10.00am (AEDT). Online registration will open 30 minutes before the meeting at 9.30am (AEDT). Please see the Company's Notice of Annual General Meeting (released to the ASX on 23 October 2024) for instructions to join the meeting. Attached is the Chair's Address and the Presentation to be given at the meeting.

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

For further information:

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### **About Quickstep Holdings**

Quickstep Holdings Limited (ASX: QHL) is the largest independent aerospace composite business in Australia, with operations in Sydney, Geelong, Melbourne and Dallas. More information about Quickstep is available at [www.quickstep.com.au](http://www.quickstep.com.au)

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# QUICKSTEP HOLDINGS LTD

## 2024 CHAIR'S ADDRESS

25<sup>th</sup> November 2024

The last 6 months has been a period of significant change for your company as the business adopted a sharpened strategy to return the company to improved profitability and strong cashflow. This strategy has been focussed initially on optimising the existing strong core Structures business and exiting the loss-making MRO business. Once this is achieved and the company's financial position is sufficiently healthy, we will review our growth strategy and determine any new initiatives to achieve future growth. It should however be noted that we are currently heavily involved in several Australian focussed growth initiatives, not least of which is the Australian Defence Guided Weapons Explosive Ordnance (GWEO) initiative and that this work is continuing apace.

To step back a bit, early in calendar year 2024, we were advised by a some of our customers that due to excessive inventory in the global supply chain, the short-term demand for Quickstep's Structures products would drop initially and then recover over the next year or two. Obviously for a manufacturing company like Quickstep this would be challenging to accommodate and remain profitable. This demand signal from part of our customer base triggered a number of actions. First and foremost, we negotiated a level demand scenario with our customers so that rather than having a dip followed by a surge, we agreed with them a lower but stable demand over the coming years. Secondly, we redesigned our production processes to accommodate this lower demand while at the same time enhancing the profitability of the Structures business. This initiative has proven to be very successful as can be seen by our recently released first quarter results where revenue from continuing operations (which excludes the Victorian MRO business) was down by 14% compared to the same quarter in FY24. Despite this drop in revenue, EBITDA for these continuing businesses was up by 78% (on PCP FY24).

In addition to these operational improvements, Quickstep successfully negotiated price increases with some of our customers. These price increases will progressively take effect over the next 6 months

As a result of these changes in our core Structures business we expect this strong profit performance to continue over the 2025 financial year. While we expect that Q2 FY25 will be weaker than the first quarter (due to a slow scheduled delivery month in November and the seasonal Christmas effect in December) we then expect that profitability will accelerate appreciably in the second half of the year as our new operating systems settles down and the price increases take effect.

The other major business change that we have implemented was the exiting of our MRO (maintenance, repair and overhaul) business based at Tullamarine in Victoria.

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We carried out a review of this business in 2023 and after extensive discussions with the domestic airline industry concluded that while this could be a very attractive business in the longer term, it would require considerable additional investment and an increased pipeline of customer work. For a variety of reasons, the volume of work flowing through our MRO facility was taking much longer to get to critical mass than originally anticipated and as a result of this, the business was incurring significant losses each month. After an accelerated business sale process, Quickstep did not receive any executable offers and as previously announced decided to shut down this business at the end of October. This was done and we will be tidying up the final details of this closure over the next few months. Essentially most of the losses incurred by this business ceased in October.

As you would be aware, Quickstep has recently received a takeover approach to be acquired by ASDAM, an Australian private equity owned defence conglomerate. Quickstep's Board and our advisers need to determine whether on balance this offer, or any future offer from CPE or any other interested party, provides our shareholders a better risk weighted return compared to Quickstep remaining an independent ASX listed corporation. Once the Board has completed its work and made its determination, we will provide advice to shareholders on our recommendations with respect to this matter.

As you are aware, the last 12 months have been very challenging for the business and I and the board would like to acknowledge the contribution of all Quickstep employees and thank them for their efforts as we undergo this period of intense change.

Finally, I would like to express my appreciation to my fellow directors and Demi Stefanova who has stepped into the role of interim CEO, and the rest of her executive team for the support that they have provided and all their efforts to ensure that we deliver the best possible outcome for Quickstep's shareholders.

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# HARNESSING OUR UNIQUE CAPABILITIES

Annual General Meeting

November 2024



# DISCLAIMER

This Presentation is provided by Quickstep Holdings Limited (“Quickstep” or the “Company”) as a summary of the Company and its operations and for general information purposes only.

This presentation is not a disclosure document and should not be considered as investment advice or an offer or invitation to subscribe for or purchase any securities in Quickstep, or an inducement to make an offer or invitation with respect to such securities. This presentation should be read in conjunction with Quickstep’s other ASX releases as available from time to time

This presentation does not purport to cover all relevant information about any potential investment in Quickstep. Accordingly, potential investors are advised to seek appropriate independent advice, if necessary, to determine the suitability of any investment. This presentation must not be relied on to make an investment or other financial decision and recipients should conduct their own investigations, enquiries and analysis and place no reliance on this presentation in evaluating any potential investment.

To the maximum extent permitted by applicable laws, none of Quickstep or its related entities or their employees, officers or advisers makes any representation and none of them gives any assurance, guarantee or warranty, express or implied, as to, and none of them takes any responsibility or assumes liability (including in negligence) for the authenticity, validity, accuracy, suitability or completeness of, or any errors in or omissions from, any information, statement or opinion contained in this presentation.

This presentation contains certain forward-looking statements which have not been based solely on historical facts but, rather, on Quickstep’s current expectations about future events and on a number of assumptions which are subject to significant uncertainties and contingencies, many of which are outside the control of Quickstep and its directors, officers and advisors. Many factors could cause actual results, performance or achievements of the Company to be materially different from these forward-looking statements including, amongst other things, changes in general economic and business conditions, regulatory environment, exchange rates, results of advertising and sales activities, competition, and the availability of resources and materials. Quickstep undertakes no obligation to update these forward-looking statements for events or circumstances that occur subsequent to such statements or to keep current any of the information provided. Any estimates or projections as to events that may occur in the future (including projections of revenue, expense, net income and performance) are based upon the best judgement of Quickstep and there is no guarantee that any of these estimates or projections will be achieved. Actual results will vary from the projections and such variations may be material. Quickstep has no obligation to tell recipients if it becomes aware of any inaccuracy in or omission from the information in this presentation.

Other than for the pictures of the Quickstep facilities and machinery, the assets featured in the pictures in this presentation are not assets of the Company.

By accepting this presentation, you acknowledge and agree to be bound by each of the foregoing statements.

## Financial Data

Investors should be aware that certain financial measures included in this presentation are ‘non-IFRS financial information’ under ASIC Regulatory Guide 230: ‘Disclosing non-IFRS financial information’ published by ASIC and also ‘non-GAAP financial measures’ within the meaning of Regulation G under the U.S. Securities Exchange Act of 1934, as amended, and are not recognised under Australian Accounting Standards (AAS) and International Financial Reporting Standards (IFRS). The non-IFRS financial information / non-GAAP financial measures include EBITDA and EBIT. The Company believes the non-IFRS financial information / non-GAAP measures provide useful information to users in measuring the financial performance and conditions of the Company. The non-IFRS financial information / non-GAAP financial measures do not have a standardised meaning prescribed by AAS or IFRS. Therefore, the non-IFRS financial information is not a measure of financial performance, liquidity or value under the IFRS and may not be comparable to similarly titled measures presented by other entities and should not be construed as an alternative to other financial measures determined in accordance with AAS or IFRS. Investors are cautioned, therefore, not to place undue reliance on any non-IFRS financial information / non-GAAP financial measures included in this presentation.



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Focusing on delivering sustainable performance and value while becoming the partner of choice in engineering and manufacturing.

# CORE CAPABILITIES



## AEROSPACE AND DEFENCE

Manufacture of composite components for some of the world's most advanced aircrafts



## AIR MOBILITY

Low-rate production of medium and large UAV



## SPACE

Manufacture of space structures and hypersonic components



## ENGINEERING SERVICES

Design for manufacture, prototype to production and develop own products & sub-systems



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# NEW QUICKSTEP PRODUCTION SYSTEM (QPS)

Creating value by removing inefficiencies and sources of waste



## CULTURAL SYSTEM

### Autonomous Teams With Lean Leadership Structure

- Clear roles and responsibilities
- Accountability within the functions
- The team is trusted to organise and deliver



## OPERATING SYSTEM

### Digital Workflows And Performance Reporting

- Digital Integrated Scheduling Tools
- Screens on the shopfloor
- Live Updates
- Operating KPIs Reporting



## MANAGEMENT SYSTEM

### Customer Dates Integrated Production Schedule

- Fully integrated production schedule
- Adjusted procurement cycles for long lead time materials
- Proactive customer engagement



# FY24 FINANCIAL PERFORMANCE

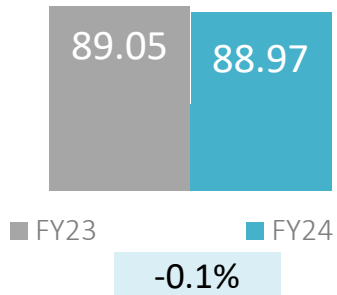
Difficult year that led to rethink our strategy

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

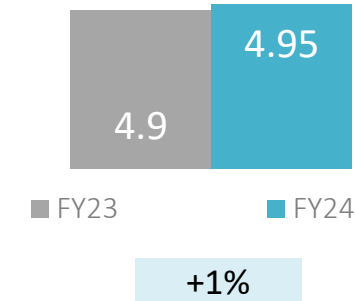
*FY23 excludes \$2.3 million impairment of goodwill associated with the acquisition of the Services business, \$0.5 million employee restructuring costs and (\$0.4 million) legal accrual writeback*

## Continuing Operations

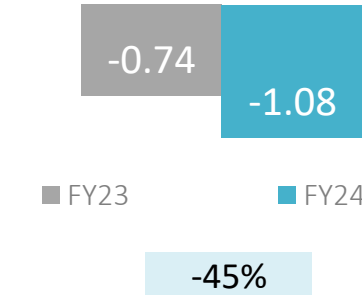
### REVENUE



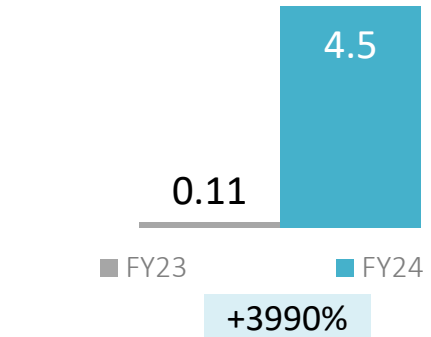
### EBITDA (statutory)



### NPAT (statutory)

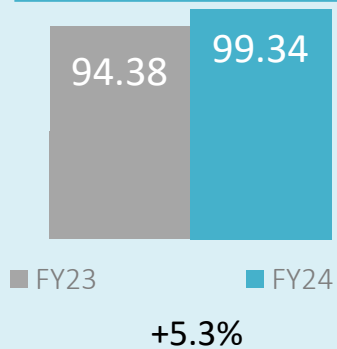


### OPERATING CASHFLOW

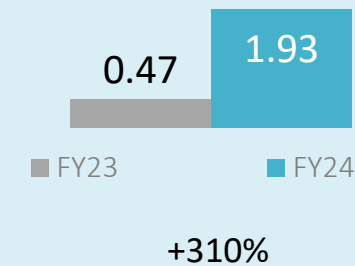


## Total Group

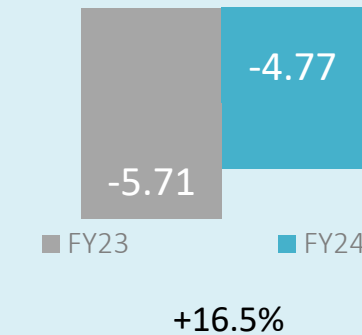
### REVENUE



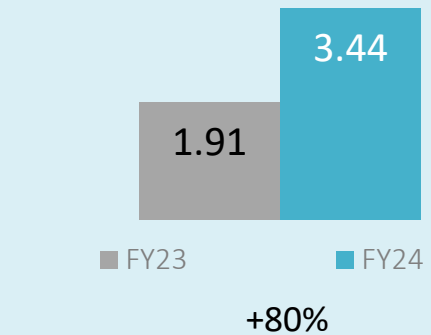
### EBITDA (statutory)



### NPAT (statutory)



### OPERATING CASHFLOW

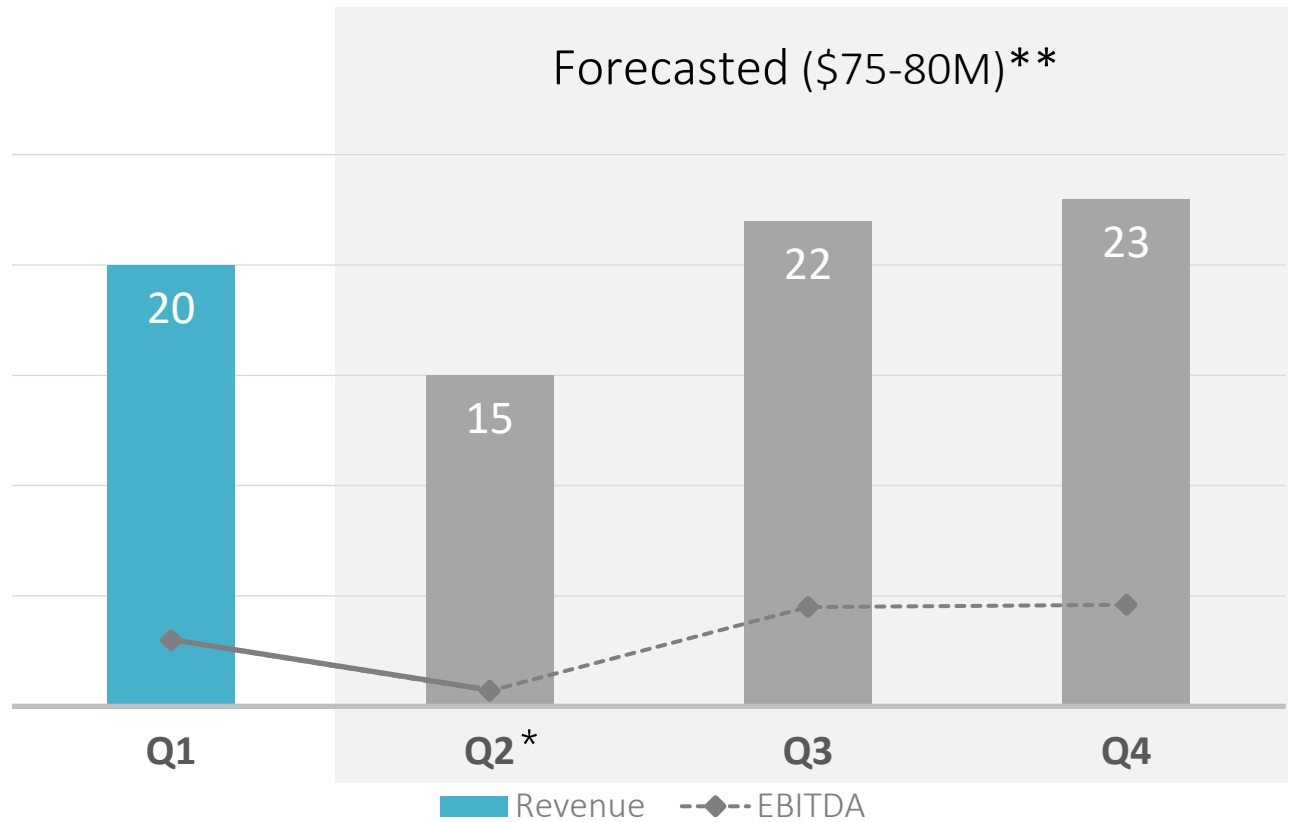


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# FY25 FORECAST CONTINUING OPERATIONS

Year of Transformation and Strengthening Our Core Business

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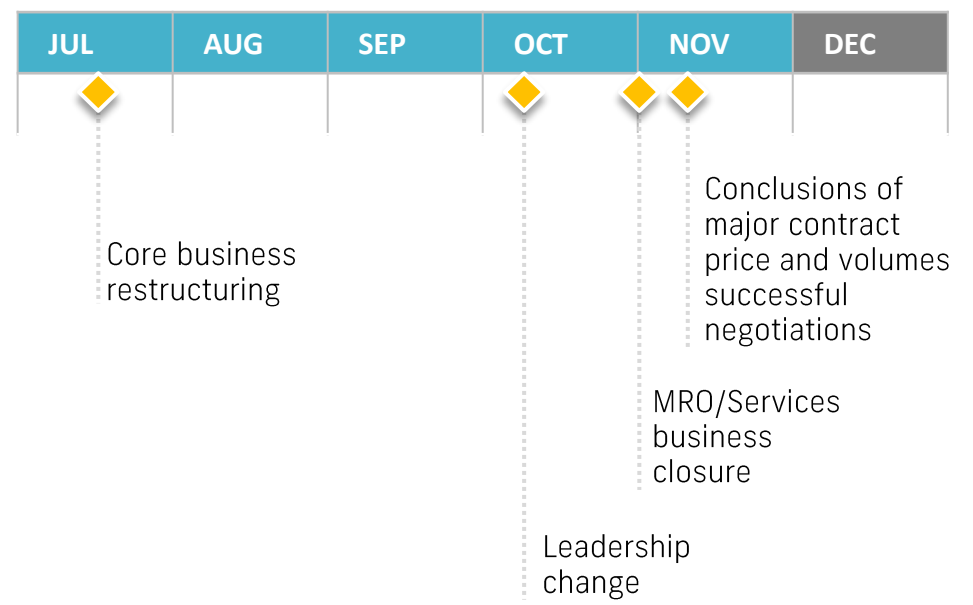


\*Q2 is impacted by lower volumes and shutdown in Dec

\*\*FY25 forecast is based on confirmed purchase orders in order book and identified opportunities

\*\*Refer also to "Material Risks" and "Likely developments and expected results of operations" sections in the Annual Report

## CHANGES UNDERPINNING PERFORMANCE



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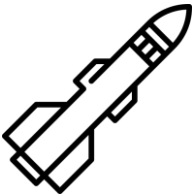
# GROWTH OPPORTUNITIES IN NEW AND ADJACENT SECTORS

Looking ahead, defence spending will continue to remain high as the geopolitical and security landscape remains volatile and demanding.

Australian Government committed \$58–\$74 billion to GWEO (Guided Weapons and Explosive Ordnance) with more than \$500 million to ensuring Australian businesses manufacture components and sub-systems for Australian-made GWEO domestic manufacturing capability. \*

## GWEO

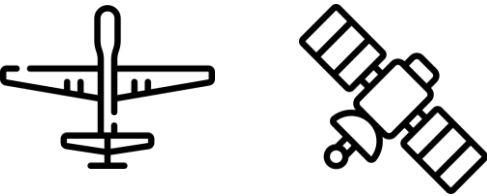
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Work closely with the Government and Primes to support the local manufacturing capabilities for GWEO

## AIR MOBILITY & SPACE

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Expand and drive new growth in Air Mobility and Space Programs

## ENGINEERING

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Develop next-generation scalable products and solutions to meet the current and future operational needs

\* Source: <https://www.defence.gov.au/about/strategic-planning/australian-guided-weapons-explosive-ordnance-plan>

# WE ARE QUICKSTEP | THANK YOU FOR SUPPORTING US



People:

217 Employees

SME:

engineering and  
advanced  
composite  
manufacturing

Value:

engineering  
services,  
composite parts,  
final assembly,  
UAV

Sector:

Aerospace &  
Defence

Location:

NSW and VIC

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