



Drivers of our sustainable growth

QinetiQ Group plc
Investor Seminar

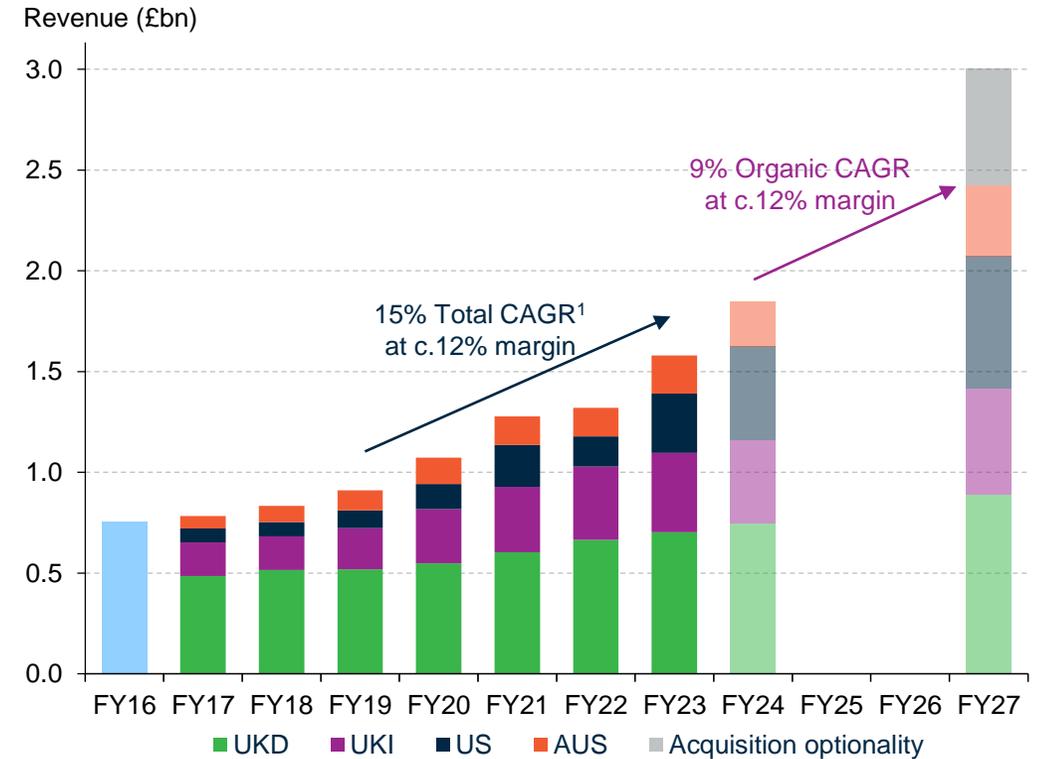
25 October 2023

QINETIQ

Drivers of our sustainable growth – headlines

1. Clear strategy delivered by experienced leadership team
2. Unique offerings give competitive advantage relative to peers
3. Increasing demand in high priority and high growth segments
4. Avantus & Air Affairs transform access to further opportunities
5. Major organic drivers to c.£2.4bn are UK Intel, US & Australia
6. Acquisition optionality compounds growth to c.£3bn ambition
7. Disciplined financial strategy to deliver sustainable returns

Financial performance



Robust plan to continue sustainable high single digit organic profit growth

Revenue graph by UK Defence, UK Intelligence, United States and Australia including global threat representation ¹ Compound Annual Growth Rate

Agenda

1 Strategy overview

2 Global market opportunity

3 UK Intelligence

4 Q&A

Break

5 United States

6 Australia including global threat representation

7 Financial strategy

8 Q&A



Strategy overview

Steve Wadey

Group Chief Executive Officer

A disruptive integrated global defence and security company

- Multi-national company listed in the UK
- Primary focus on three home countries and two priority countries
- More than doubled over last 7 years to c.£1.6bn revenue at 11.3% margin
- Over 8500 employees across 60 sites
- Founded on core values of performance, collaboration and integrity

Australia

1000
employees

9
sites



United States

1500
employees

14
sites



United Kingdom

5800
employees

32
sites



Rest of World

200
employees

5
sites



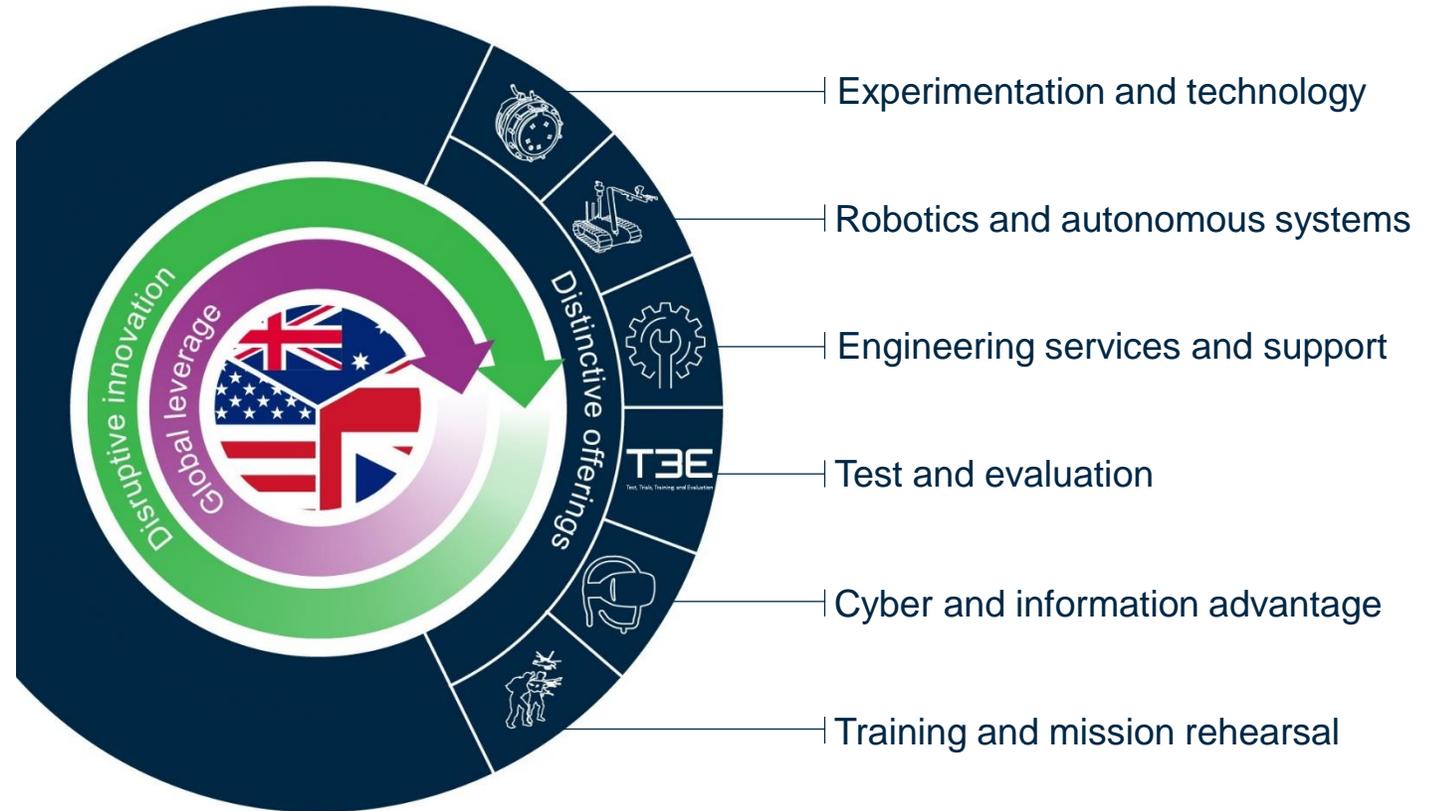
Aligned to our AUKUS¹ customers' mission and delivering strong operational performance

¹ Australia, United Kingdom, United States

A unique company responding to national and global security needs

Driven by our purpose and strategy

Protecting lives by serving the national security interests of our customers



A unique value proposition aligned to structural growth markets for countering increasing threat

Strategy to deliver sustainable growth for our shareholders



A world-leading defence and security company delivering attractive returns

¹ Return On Capital Employed ² Environmental, Social and Governance ³ Stakeholder engagement including employees and community

Today's speakers



- Joined QinetiQ in 2021
- Experience
 - President & Chief Operating Officer, Spatial Integrated Systems
 - Senior Vice President, Automation & Digital Services, Siemens Government Technologies
 - Corporate Strategy Serco
 - Graduate of the US Naval Academy and Naval War College



- Joined QinetiQ in 2017
- Experience
 - Business Unit Director, Defence & Security, Vodafone
 - Italy Corporate Development & Integration Leader, GE Capital
 - European Process Leader, Global Sales & Commercial, GE Capital
 - Graduate of the UK Royal Military Academy Sandhurst



- Joined QinetiQ in 2022
- Experience
 - Corporate Vice President, Enterprise Services Sector, Northrop Grumman
 - Vice President, Chief Information Officer, Northrop Grumman
 - Senior Vice President, General Manager (P&L), SAIC



- Joined QinetiQ in 2023
- Experience
 - Chief Executive Officer, Vehicle Systems Asia Pacific, Rheinmetall
 - Customer Executive & Managing Director, General Dynamics Land Systems Australia
 - Graduate of the Australian Defence Force Academy and Royal Air Force College Cranwell



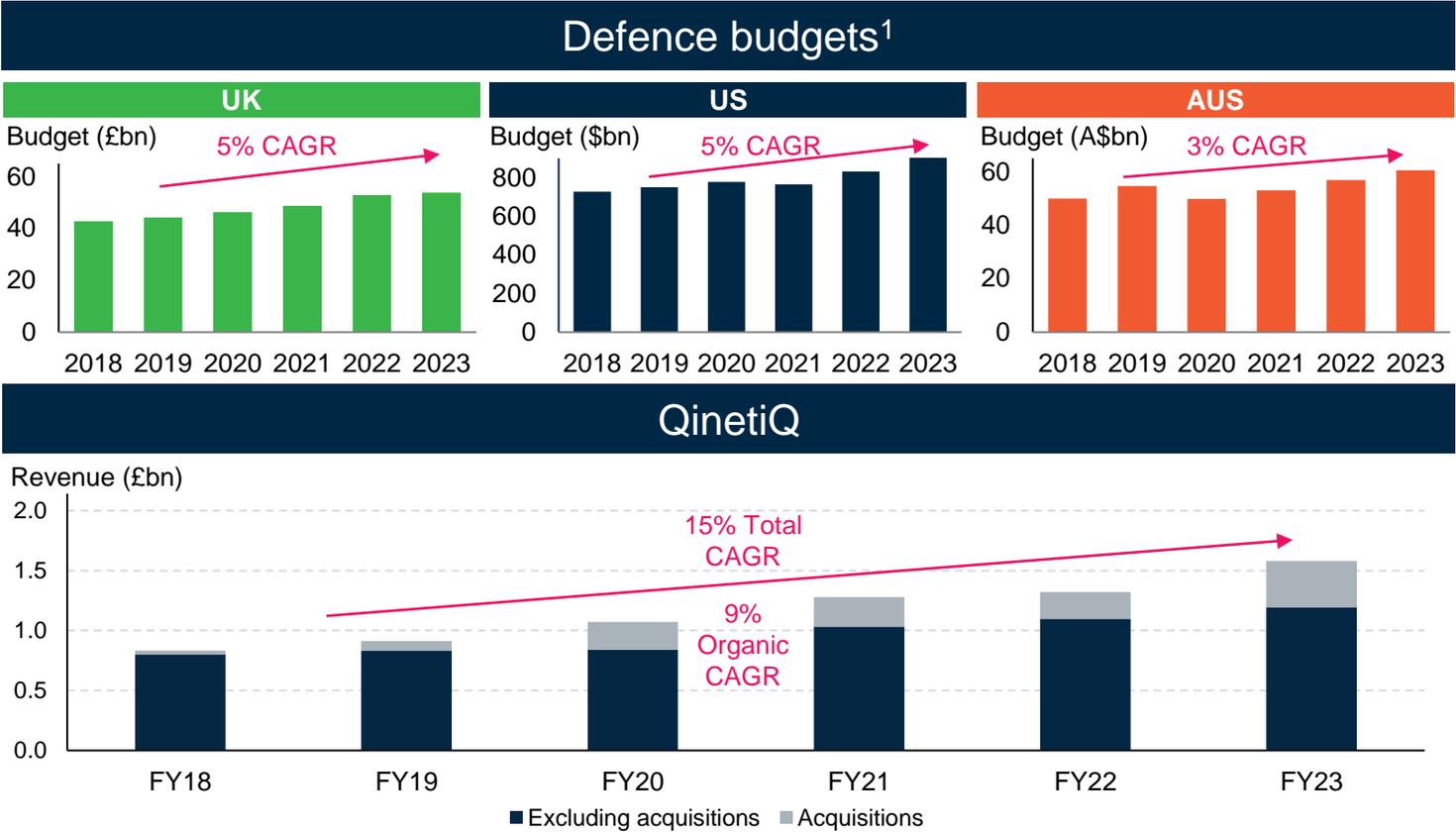
Global market opportunity

Sam Lewis
Chief Growth Officer

QINETIQ

Revenue growth: Consistently delivered growth above global defence budgets

- Defence budgets growth over the last 6 years
 - 3-5% CAGR
- QinetiQ revenue growth over the last 6 years
 - 9% organic CAGR
 - 15% total CAGR
- QinetiQ consistently outpacing budget growth
 - QinetiQ is uniquely positioned as a mid-tier disruptive innovator with capabilities aligned to defence investments
 - Fuelled by large long-term contracts delivering enhanced value for our customers



Delivered over 2x growth compared to AUKUS defence budgets

¹ Source: Janes Defence Budget data (as at August 2023)



Market dynamics

Evolving global threats

- State-based competition e.g. China vs US: requiring rapid modernisation
- Russia's invasion of Ukraine and HAMAS attack on Israel: elevating global security tensions and reinforcing our view of adversarial "alliances"
 - Lessons learned:
 - Conventional wars blended with rapidly employing new technologies, tactics
 - Speed / ability to adapt
 - A 'living lab' for AI warfare
 - Widespread and innovative use of Electronic Warfare

Implication

- Market growth of 12-15% p.a. in high priority segments
 - Sensors, communications and information processing
 - Cyber and electronic warfare technology
 - Autonomy and Artificial Intelligence



Rapidly increasing demand to innovate, train, operate and counter existing and emerging threats

QinetiQ's capability and offerings aligned to higher growth market areas



Experimentation and technology



Robotics and autonomous systems



Engineering services and support



Test and evaluation



Cyber and information advantage



Training and mission rehearsal

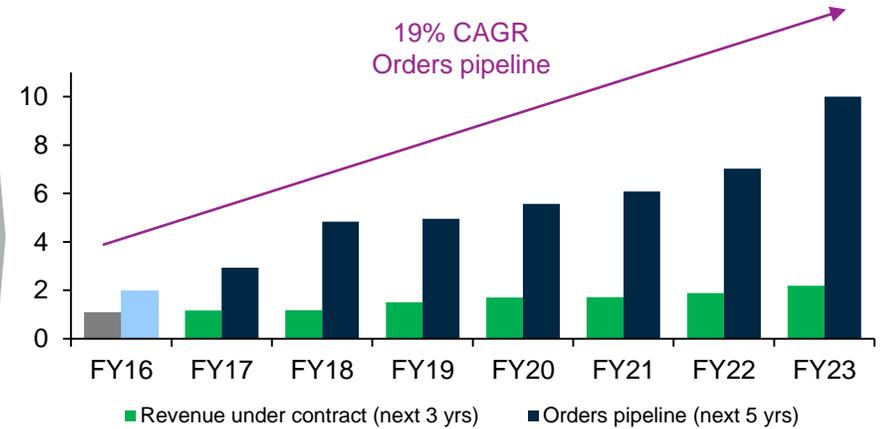
Higher growth areas

Sensors, communications & information processing

Cyber and electronic warfare technology

Autonomy & Artificial Intelligence

Order pipeline and revenue under contract



Advanced technology integration and development experiencing higher growth rates



UK Intelligence

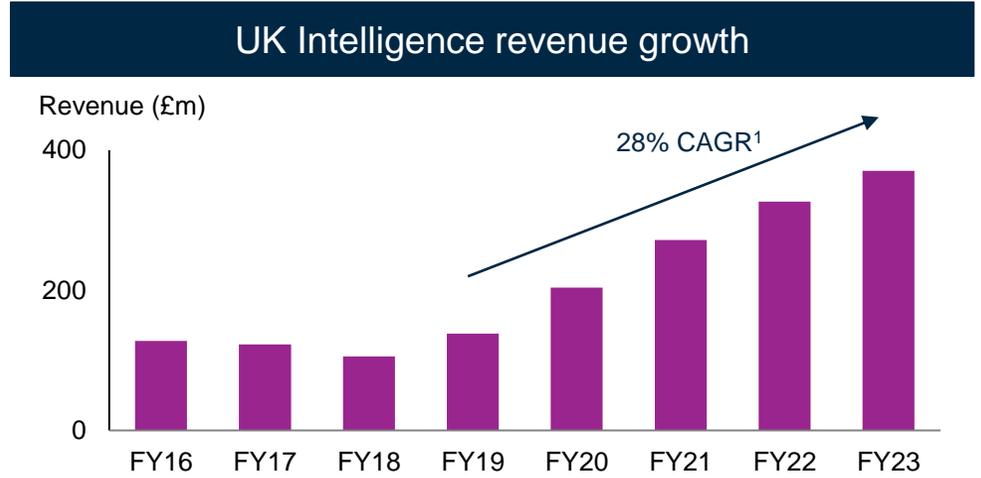
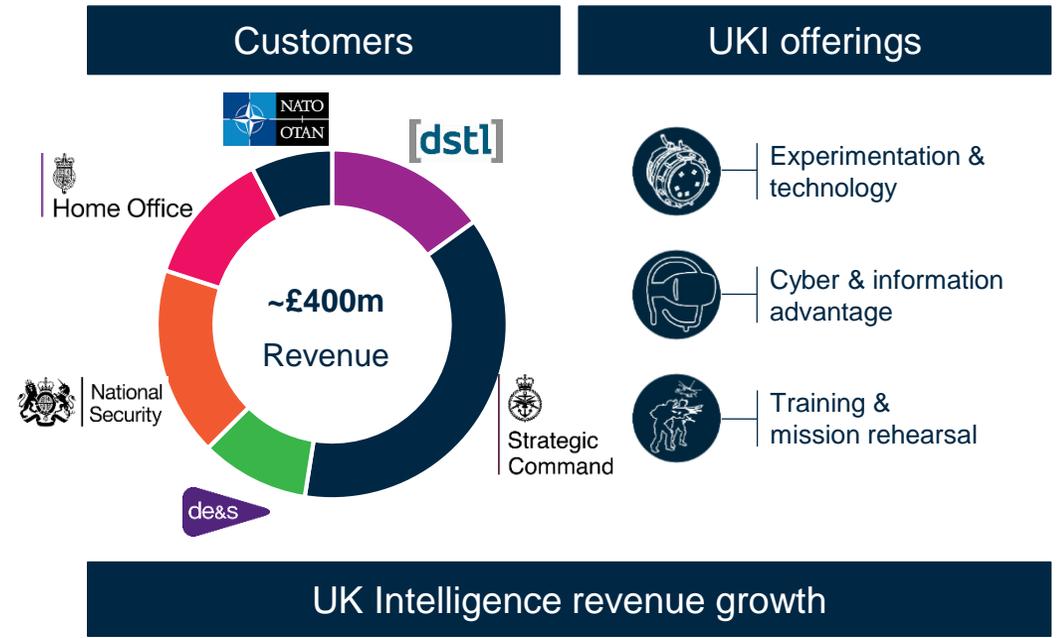
James Willis
Chief Executive UK Intelligence

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UK Intelligence: Overview

- Critical partner to UK MOD Strategic Command, dstl, National Security
- Over 2,000 technology and domain experts; mission focused
- A high-growth, ~£400m revenue cyber and intelligence business
 - Cyber and electronic warfare solutions
 - Intelligence services and systems integration
 - Virtual training, simulation and mission rehearsal
- Keeping pace with the market
 - 3 acquisitions and 3 disposals (FY19 - FY21)
 - Joint capability development with customers

¹ Total Compound Annual Growth Rate FY19 to FY23, excluding disposals



UK Intelligence: Representative contracts and revenue drivers

Engineering Delivery Partner



MOD DE&S, Strategic Command

- £400m TCV¹ – past 5 years
- Industry partnership
- Cyber and intelligence services
- Operational IT and Comms services

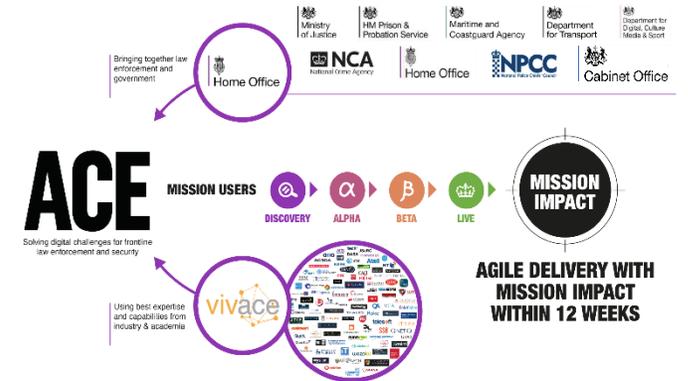
SOCIETAS Mission Data



MOD Defence Intelligence

- £80m TCV (Phase 1) – 10 years
- Transforming defence electronic warfare (EW) mission data capability
- Leading industry and academic team

Home Office ACE (Vivace)



UK Home Office

- £160m TCV – 7 years
- Government / Industry partnership
- Accelerated Capability Environment
- 300+ technology business ecosystem

Supporting our customers' digital transformation – to keep ahead of the threat

¹ Total Contract Value

UK Intelligence: Market dynamics

- Threat environment
 - Rapidly changing threat environment: AI, electronic warfare, data proliferation
 - Increasing UK counter-threat investment: Assured Position Navigation and Timing, cyber, data science, AI assurance, virtual training and simulation
- Differentiated capabilities
 - Technology-focus versus consultancy, platforms or generic systems integration
 - Mission-led: Agile development and integration of intelligence systems
 - Partnering culture from our research and innovation background
- Competitive landscape
 - Defence OEMs, consultancies, system integrators
 - Commercial technology companies into the market e.g. AWS



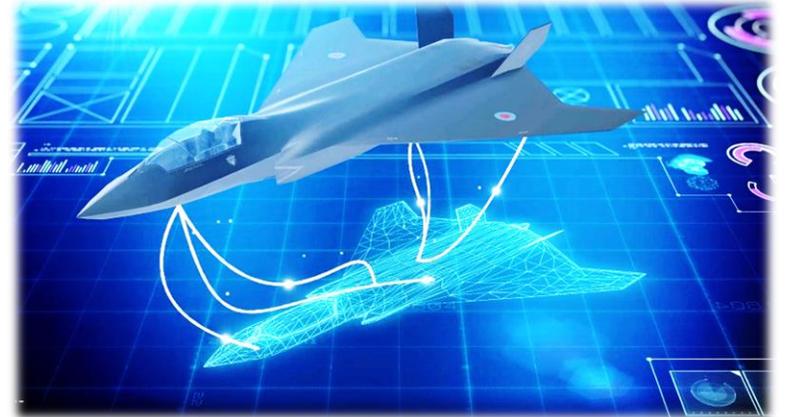
Intelligence, resilient GPS and communications



Differentiated capabilities focused on technology, partnerships and mission focus

UK Intelligence: Future growth

- Scale of our ambition
 - UK sovereign partner for cyber and intelligence services
 - £3bn addressable UK market: 10%+ CAGR
 - Continue driving double-digit revenue growth
- Key opportunities
 - Continued major framework growth
 - Digital transformation of cyber and intelligence services e.g. AI, DevOps, Cloud
 - Expand training, simulation and mission rehearsal across cyber and virtual
- Execution
 - Continued focus on strategic deal win and deliver e.g. SOCIETAS
 - UK 'Centres of Excellence' focused on capability and customer



Virtual experimentation and mission rehearsal



Cyber exercising, intelligence systems

Growth through mission understanding and technology expertise deployed at pace and scale



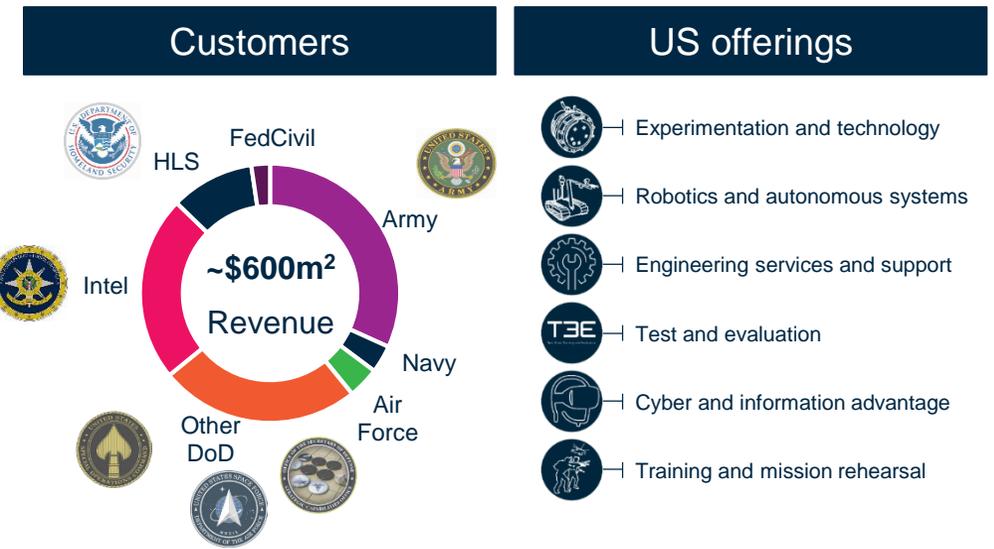
United States

Shawn N. Purvis
President & CEO,
United States

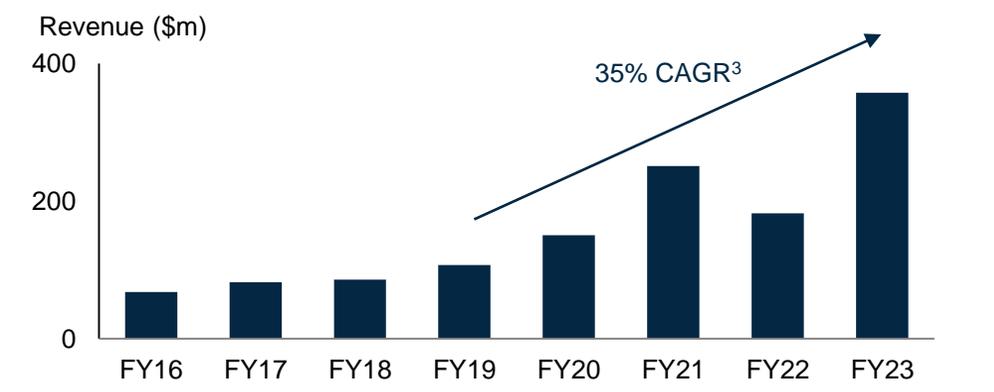
United States: Overview

- Disruptive, mid-tier US defence company serving the US Department of Defense, National Security, Homeland Security and Federal Civilian customers
- Over 1,500 highly technical and mission enabling employees
- A high-growth business focused on ISR¹, advanced cyber technology, information advantage, multi-domain autonomous solutions and engineering and innovation
- Aligning with high growth budget segments
 - 2019 acquisition of MTEQ, 2022 acquisition of Avantus Federal
 - Integrated as a single business delivering 25% organic growth in FY23

¹ Intelligence, Surveillance and Reconnaissance ² Indicative FY24 revenue, including Avantus ³ Total Compound Annual Growth Rate FY19 to FY23



US revenue growth



United States: Representative contracts and revenue drivers

Space Development Agency



- Prime
- \$224m TCV¹
- 5-year period of performance
- Develop and deploy next-generation, threat driven defensive space architecture

OSD² Strategic Capabilities Office



- Prime
- \$126m TCV
- 5-year period of performance
- Service and technical expertise to accelerate development, demonstration and fielding of new technologies

US Army PM SPE³



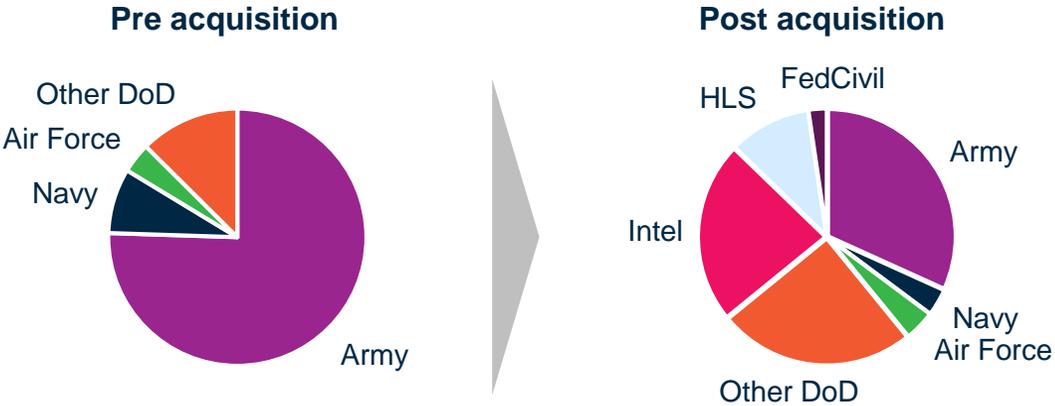
- Prime, sole source IDIQ⁴
- \$84m TCV
- 5-year period of performance
- Deliver programme of record Next Generation Advanced Bomb Suit (NGABS)

Excellent re-compete performance with significant on-contract growth

¹ Total Contract Value ² Office of the Secretary of Defense ³ Product Manager Soldier Protective Equipment ⁴ Indefinite delivery indefinite quantity

United States: Avantus integration – the power of one

Expanded customer portfolio – drives revenue synergies



- Expansion into new markets: National Security, Air Force, International and Department of Defense
- Cross-pollinate advanced sensing capabilities, robotics and autonomous systems into Avantus customers
- Position as Prime for larger opportunities

Avantus key capabilities

<p>ISR Mission Solutions</p>	<p>Advanced Cyber Tech</p>
<p>Information Advantage</p>	<p>Engineering & Innovation</p>

Strong H1 performance

- Exceptional re-compete winning rate
- More than \$600m contract awards in H1 FY24
- Fully integrated in FY24
- Highly technical, customer focused employee base

United States: Market dynamics

- Large, growing addressable budget segments
 - US DoD Investment Accounts growing
 - Expansion of the national security mission
 - Geopolitical tensions accelerating tailwinds and near-term opportunities
- Differentiated core capabilities
 - Advanced services and products aligned to National Defense Strategic priorities
 - Positioned to address our customers' pivot to counter near peer adversaries
 - Experts in multi-domain autonomous systems, sensing; persistent surveillance and information advantage AI/ML solutions
- Talent with deep mission and technical capabilities
 - Differentiated culture and competitive employee value proposition
 - Recognised by Washington Post as a 2023 top workplace
- Competitive landscape
 - Main competitors: Defence OEMs and service providers



Differentiated capabilities and culture to compete in a large and growing addressable market

United States: Future growth

- Scale of our ambition
 - Positioned for sustained, profitable growth in partnership with our customers
 - Over \$2bn in qualified pipeline
 - Double digit organic growth, with optionality for value-enhancing acquisitions
- Execution
 - Achieving growth with combined mission operations and product capabilities to meet customers' most advanced requirements
 - Focused core capabilities that align with attractive addressable markets
 - Mission-led innovation to deliver differentiated solutions
 - Technical workforce delivering high value services and rapid development, prototyping and production of specialised mission products



Focused strategy-led growth with core capabilities delivered by a strong technical workforce

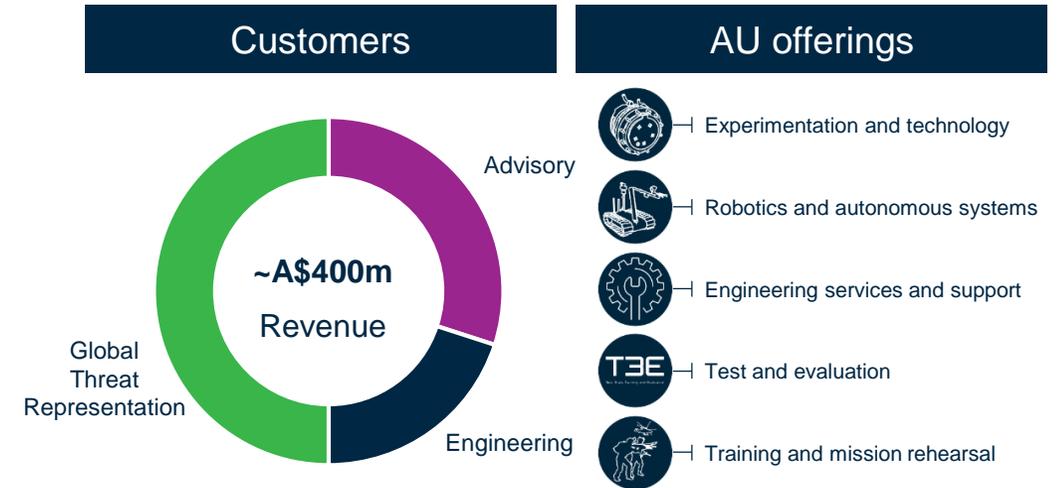


Australia including global threat representation

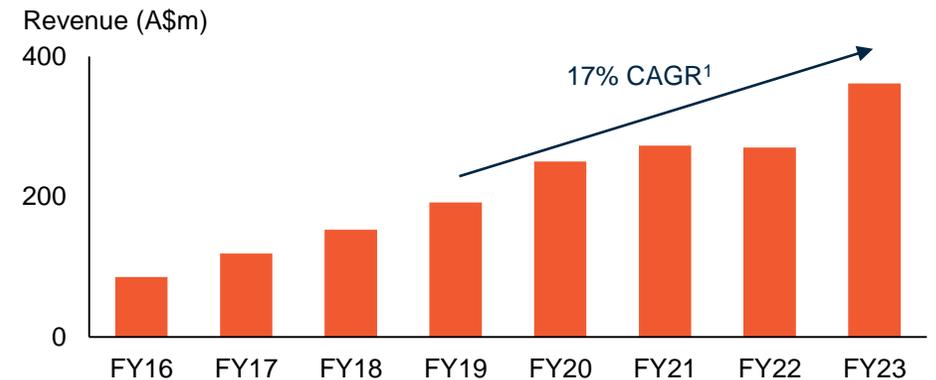
Gary Stewart
Chief Executive Australia

Australia including global threat representation: Overview

- Critical partner to Australia Department of Defence, other Federal Agencies, and defence customers in >40 nations
- More than 1,200 highly-skilled and experienced staff in critical disciplines in 13 locations across 5 countries
- A high-growth: >A\$400m revenue; technical, engineering, advanced manufacturing and services business
- Strategically well placed for continued growth in Australia defence and global threat representation markets



Australia revenue growth



¹ Total Compound Annual Growth Rate FY19 to FY23

Australia: Representative contracts and revenue drivers

Advisory



FY24 Revenues: A\$120m

Major Service Provider contract

- Defence Acquisition and Sustainment
- Enable delivery of complex programmes and military capability sustainment
- Multi year, sovereign capability and strategic partnership

Engineering



FY24 Revenues: A\$80m

Integrated Engineering Services contract

- Defence Science and Technology Group
- Design, manufacturing and training
- End-to-end support for defence research and technology tests/trials
- Underwater warfare and munitions testing

Global threat representation



FY24 Revenues: A\$200m

- Global business offering to >40 nations
- World leader in design, build and operation of air, land and maritime target drones
- Threat representation and mission rehearsal products and services
- Live operational, electronic warfare and special mission aerial training

Mission-led innovation for customers' critical needs

Australia: Market dynamics

- Market environment
 - US-China major power contest driving Indo-Pacific security concerns
 - Existing alliance frameworks being strengthened: Five eyes, Quad
 - AUKUS and Defence Strategic Review redefining priorities and funding towards integrated air and missile defence, maritime, cyber and electronic warfare
- Why we win
 - Mission-focused sovereign capabilities, trusted local skills and investment
 - Differentiated offerings, experience and expertise aligned with new priorities
 - Seamless exploitation of global capabilities and unique value-add
- Competitive landscape
 - Contested industrial environment – traditional and new forms of competition
 - Key differentiators: Customer intimacy and track-record
 - Companies based in the US, UK and Australia favoured under AUKUS



Locally differentiated, globally connected

Global threat representation: Market dynamics

- Market environment
 - Customers require more realistic and complex threat representation
 - Threats increasingly multi-domain, swarming/autonomous drones/systems
 - Emergence of next generation weapons hypersonic, cyber, laser
- Why we win
 - Deliver from four countries, serving the needs of >40 nations
 - Unique offering by combining drones and aircraft for complex threats
 - Leveraged expertise across air and maritime threat representation
- Competitive landscape
 - Established players in fixed locations
 - Few have our breadth of expertise across targets, threat representation, training and multi-domain operation



Threat representation spanning multi-domain and multi-threat training and mission rehearsal

Australia including global threat representation: Future growth

- Scale of our ambition
 - Sovereign partner for capability test, trials and mission rehearsal
 - Double digit organic growth, with optionality for value-enhancing acquisitions
- Key opportunities
 - Submarines, maritime warfare and missile defence: test, trials, training and analysis
 - Expansion of multi-domain, global threat representation products and technologies
 - Transfer of recognised cyber, electronic and information warfare from US and UK
 - Grow technology research and skilling ecosystem in Australia
- Execution
 - Focus on high-performance delivery of complex, innovative programmes
 - Leverage our home market strengths with AUKUS and new customer priorities
 - Accelerate delivery of next-generation threat representation offerings

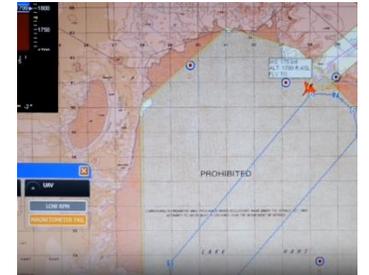
Threat representation



AUKUS



Integrated air & missile defence



Cyber & Information Advantage

Strong and qualified growth segments for all business activities



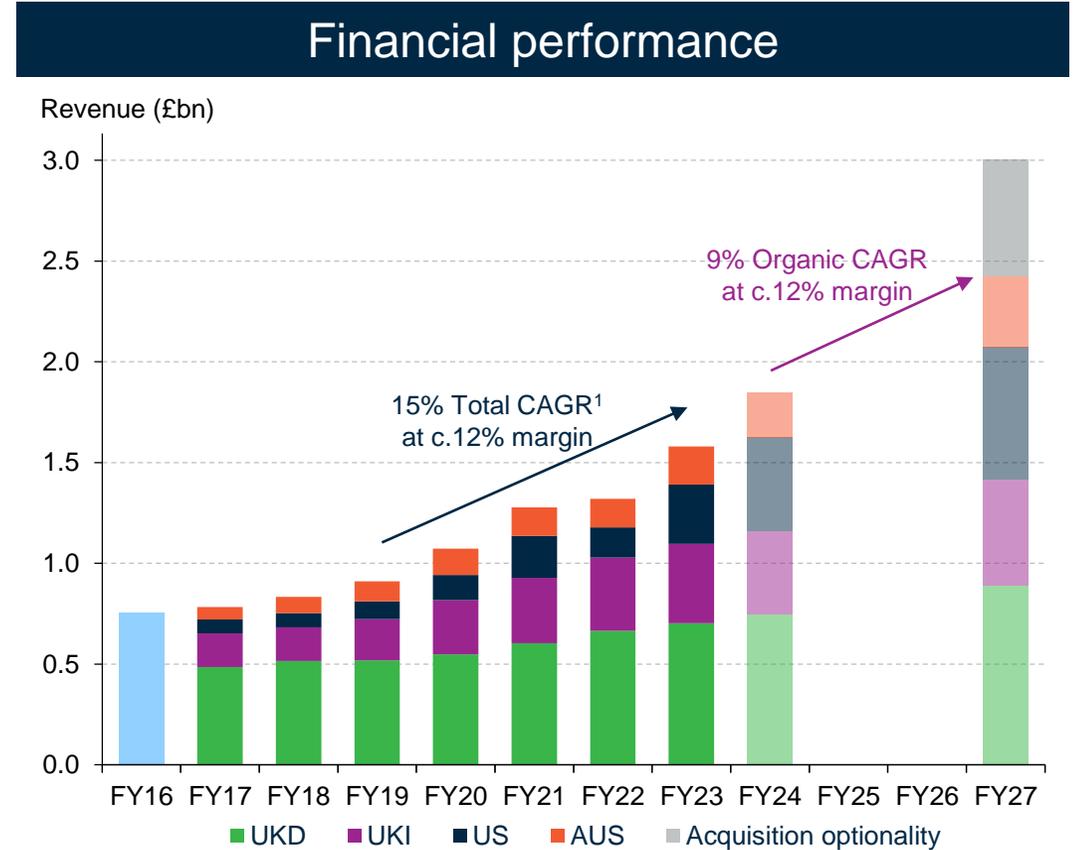
Financial strategy

Carol Borg
Group Chief Financial Officer

QINETIQ

Delivering strong organic growth and stable margins

- Organic growth delivered through our distinctive offerings via our large, long-term contracts
- Over the last 4 years achieved
 - 15% total revenue CAGR
 - 9% organic revenue CAGR
 - Margin stability at c.12%
- Targeting to deliver
 - Organic revenue growth to c.£2.4bn in FY27
 - High single digit organic profit growth

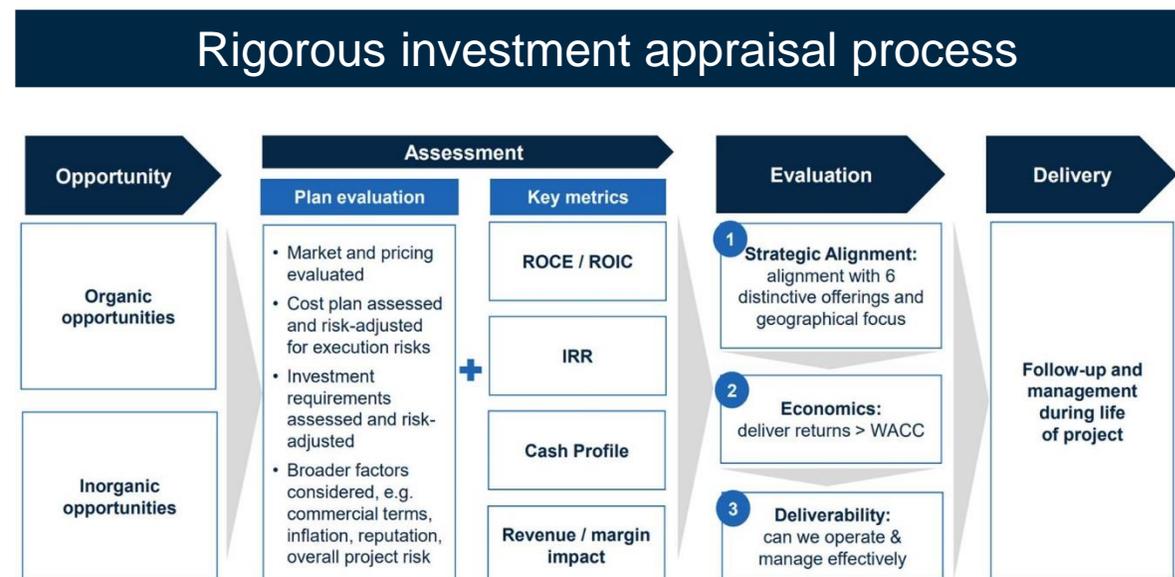


Proven track-record with a robust plan to deliver organic revenue growth to c.£2.4bn at stable margins

¹ Compound Annual Growth Rate

Track-record of capital deployment and reinvestment

- Disciplined assessment of our portfolio
 - 9 acquisitions, 4 disposals, 9 sites divested
 - Target ROIC¹ in 3rd year post acquisition > WACC²
 - All acquisitions have been funded by our cash generative business model
- Case study: QinetiQ Target Systems
 - Purchase price £57.5m in 2016
 - Generated a ROIC of 10% in years 2-3 post acquisition
 - Delivered 11% revenue CAGR
 - Margin accretive
 - Highly profitable and cash generative business



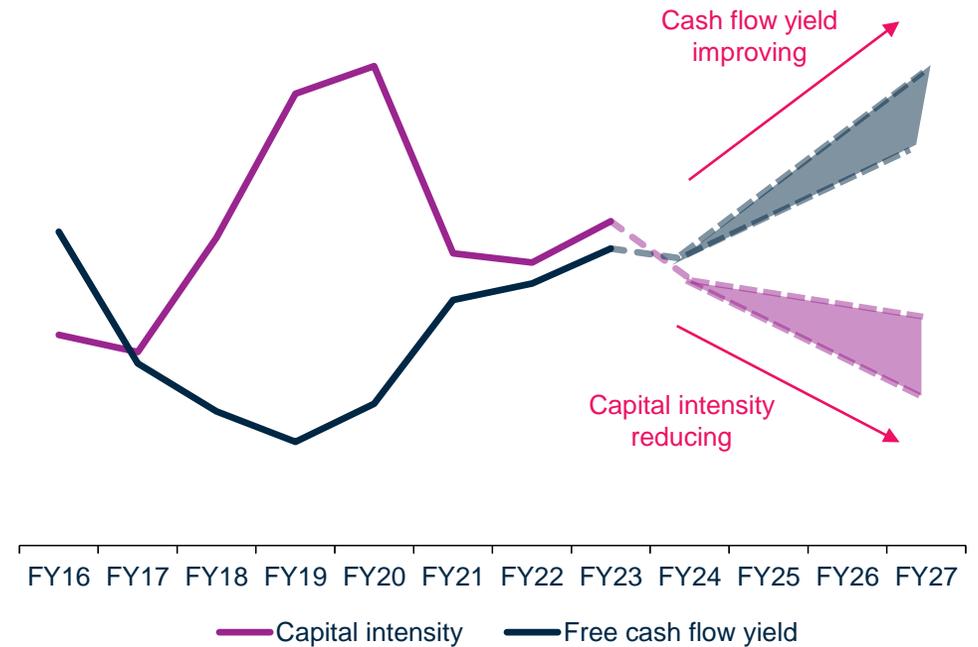
Successful execution, integration and value creation from our disciplined acquisition and disposal strategy

¹ Return on Invested Capital ² Weighted Average Cost of Capital

Reducing capital intensity and increasing cash returns

- Reducing capital intensity¹
 - LTPA² represents circa half of our annual spend
 - Peak LTPA capex will reduce from FY25
 - All LTPA investment delivers returns in excess of WACC
- Increasing cash returns
 - Highly cash generative business model
 - Trajectory continues, indicating scale matters
 - Free cash flow yield improving

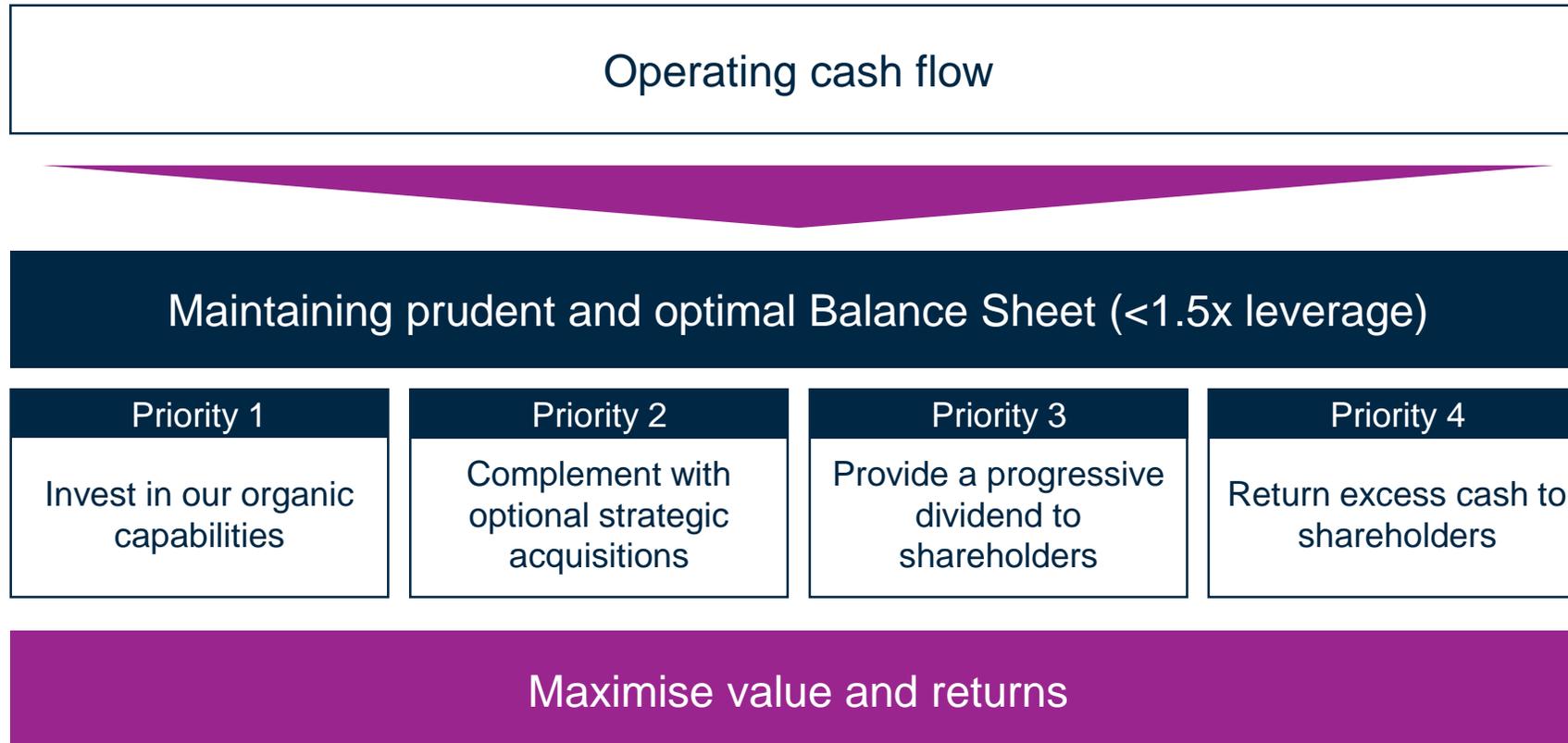
Capital intensity³ and Free cash flow yield⁴



Reducing capital intensity and increasing cash returns

¹ Organic – to deliver the c.£2.4bn revenue ambition ² Long Term Partnering Agreement with UK MoD ³ Capital intensity: Total group capex divided by organic revenue ⁴ Free cash flow yield: Free cash flow divided by market capitalisation

A clear and robust capital allocation policy



Our investment case: Attractive financial characteristics compared to our peers

	Guidance	
High organic revenue growth	7 – 9%	<ul style="list-style-type: none">• Proven track-record: organic growth at 2x global defence budgets• Robust plan: organic revenue growth to c.£2.4bn at stable margins
Stable operating margin	11 – 12%	<ul style="list-style-type: none">• Stability: organic margin at c.12%• Resilience: contract vehicles provide protection against inflation
High cash conversion	90%+	<ul style="list-style-type: none">• Highly cash generative: delivering strong cash conversion• Asset light business model, requiring modest investment
Attractive ROCE	15 – 20%	<ul style="list-style-type: none">• Organic capital intensity reducing, improving cash flow yield• ROCE may fluctuate based on timing and returns of acquisitions
Responsible ESG	Net Zero, Engagement	<ul style="list-style-type: none">• <i>Top-Rated ESG Company</i> by Sustainalytics, AA rated by MSCI• 1st A&D company to have Net Zero plan validated by SBTi (in May 2022)

A unique company with impressive organic revenue growth, margin, cash and returns



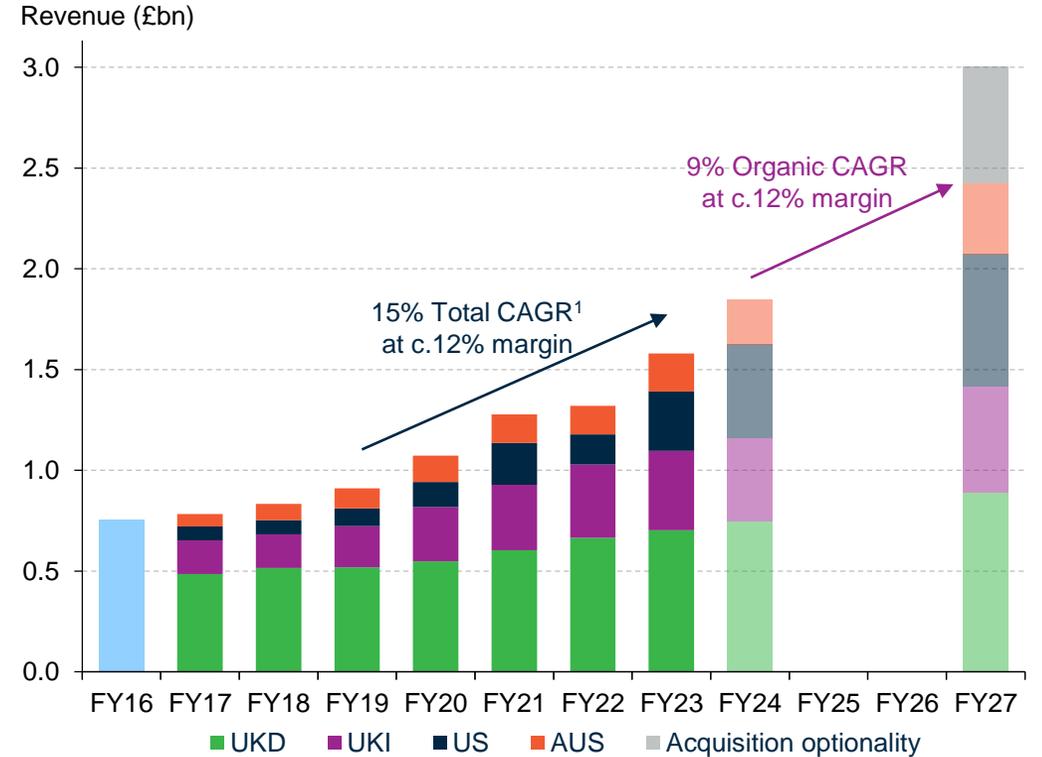
Summary

Steve Wadey
Group Chief Executive Officer

Drivers of our sustainable growth – summary

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Robust plan to continue sustainable high single digit organic profit growth

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