
QinetiQ Group plc

Third Quarter Trading Update

13 January 2021 - QinetiQ Group plc (“QinetiQ” or “the Group”) today issues a trading update covering its third quarter of trading.

Good momentum, maintaining expectations

Building on a strong first half to the financial year, the Group has continued to deliver well with continued strong performance through the third quarter. While we remain cautious and alert to the changing COVID-19 environment, we are on-track for our fifth consecutive year of organic growth and we continue to maintain our expectations for the full year, as outlined at our interim results in November 2020.

Our company has remained resilient and performance has continued to be strong, against the backdrop of the evolving COVID-19 pandemic. We adopted a three phase approach to working through the pandemic and our “renewal phase”, the last of the three phases, is progressing well with a renewed ambition and evolved strategy to accelerate sustainable growth. We continue to adapt to our “new normal” ways of working with distributed teams delivering effectively and efficiently for our customers.

EMEA Services

EMEA Services has continued to have good momentum in the third quarter with very limited impact from COVID-19, as the division benefits from long-term contracts and delivers work that is critical to sovereign defence capabilities. We expect good organic revenue growth in EMEA Services for the year.

Global Products

Global Products has continued to show top line growth in the third quarter, driven by the contribution of our advanced sensing solutions business (formerly known as MTEQ), following disruption due to COVID-19 in the first half. Our Targets business is showing positive signs of recovery in the second half with some key orders being won.

Strategy Update

At our interim results in November 2020 we set out a renewed ambition and evolved strategy to accelerate sustainable growth of the company by delivering mission-led innovation for our customers’ advantage. This renewed strategy is already yielding significant benefits:

- Delivering on the LTPA: We are continuing to execute the modernisation programme, delivering successfully against all contractual KPIs and exceeding customer expectations; we remain on-track to deliver the final transition milestone on or ahead of schedule. In the quarter we hosted the UK and US Navy at our Hebrides ranges and we also completed the first training activities with the US Air Forces in Europe (USAFE) following our recent five year \$27m contract win.
- Delivery of RCV-L prototypes: In partnership with Pratt Miller Defense, we delivered the four prototype vehicles required to the US DoD ahead of schedule, under the Robotic Combat Vehicle Light programme, in advance of testing and experimentation in 2021.
- £127m Typhoon EDP contract: We have won a five year contract through the Engineering Delivery Partner (EDP) framework providing a range of engineering services for Typhoon, from planning and acceptance through to regulatory assurance, trials support and optimisation of in-service capability.

The contract is a significant milestone bringing total orders through EDP since its inception to in excess of £500m, as reported at our interim results.

- Disposal of OptaSense: In the third quarter we announced completion of the disposal of OptaSense to Luna Innovations Inc for £29m. This was the third disposal completed this financial year for a combined enterprise value of £69m. These disposals were strategy-led decisions to optimise our portfolio bringing greater focus on our core strategy to build an integrated global defence and security company.
- Acquisition of remaining Inzpire shareholding: In December 2020 we acquired the final 15% share capital of Inzpire Group Limited, two years after our initial strategic investment. Inzpire is a leading provider of operational training and mission systems for military customers in the UK and internationally. The business has performed well in the last two years, and remains important to our growing training and mission rehearsal campaign.

About QinetiQ

QinetiQ (QQ.L) is a leading science and engineering company operating primarily in the defence, security and critical infrastructure markets. We work in partnership with our customers to solve real world problems through innovative solutions delivering operational and competitive advantage. Visit our website www.QinetiQ.com. Follow us on LinkedIn and Twitter @QinetiQ. Visit our blog www.QinetiQ-blogs.com.

We will be running a virtual investor seminar on 4 March 2021 at 2pm GMT. Registration will be available on our website shortly.

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