

## **QinetiQ Group plc - Trading Update**

**20 January 2026** - QinetiQ Group plc ("QinetiQ" or the "Group") today issues a trading update.

### **2026 Full-year Guidance**

Whilst subject to near-term spending uncertainty we continue to expect to deliver c.3% organic<sup>i</sup> revenue growth, an operating margin of c.11%, cash conversion of c.90% and EPS growth of 15-20%.

**Steve Wadey, Group Chief Executive Officer said:**

"We have made positive progress securing more than £3bn orders year to date. Recent awards include the £205m five-year extension to deliver mission critical engineering services for Typhoon, ensuring the operational readiness of our armed forces, and contracts worth £87m for our laser technology to enable future warfare.

"We remain well positioned to deliver good in-year performance, long-term growth and value creation for shareholders. With an order backlog of around £5bn and a qualified pipeline of £11bn we have significant long-term visibility. Combined with our strong cash flow this allows for both investment in the business and compelling shareholder returns."

### **Order flow and revenue cover**

Whilst the near-term trading environment in our core markets remains challenging and we have revenue to secure in the last quarter, we have achieved positive momentum on order intake. Our book-to-bill is now greater than 1x and we remain confident in maintaining this ratio for the full year. Total order intake now stands at more than £1.3bn and including the LTPA extension awarded in May 2025 is more than £3bn. Our revenue cover therefore stands at 94%, in line with last year's outturn and tracking our expectations as set out at the half year. This includes c.2% of opportunity pipeline wins to book and trade in the quarter, again similar to last year.

Order intake progress since the half year include:

- A £205m five-year contract for Typhoon to be delivered through the Engineering Delivery Partnership
- An 18-month contract award worth £67m to develop and produce the vital laser source for the UK's first laser directed energy weapons
- A £20m contract in the UK for the development of next generation laser weapon technology
- A two-year extension worth AUD\$67m to the Joint Adversarial Test and Training contract (JATTS) in Australia
- A £34m contract in the UK to support and transform a mission-critical C4ISR system

- The unsuccessful re-compete of the ACE contract which is expected to transition in April 2026

## **Operational update**

Good programme execution and milestone delivery in the period particularly on our major framework contracts such as LTPA and EDP in the UK and SDA in the US underpin our margin and cash forecasts. Further successful trials of the UK's DragonFire laser weapon took place in November allowing for the contract to move into the production and delivery phase. As we look to expand NATO usage of our test facilities in the coming years, December marked a notable milestone with our support of the Dutch Navy's successful multi-day trial, the first by a NATO ally for this type of exercise.

In terms of restructuring we are now driving through and embedding the changes undertaken in H1. This includes the alignment of the US business to the national defence and security priorities of the US administration, the right-sizing of the Australia business and streamlining our UK operations.

## **Cash Flow and Capital Allocation**

QinetiQ continues to be highly cash generative and we are on track to deliver c.£150m of free cash flow for the full year. This free cashflow will all be distributed back to shareholders through the dividend and the on-going share buyback programme.

## **About QinetiQ**

QinetiQ is an integrated global defence and security company focused on mission-led innovation. QinetiQ employs circa 8,000 highly-skilled people, committed to creating new ways of protecting what matters most; testing technologies, systems, and processes to make sure they meet operational needs; and enabling customers to deploy new and enhanced capabilities with the assurance they will deliver the performance required.

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<sup>1</sup> Organic growth is the level of year-on-year growth, expressed as a percentage, calculated at constant prior year foreign exchange rates, adjusting for business acquisitions and disposals to reflect equivalent composition of the Group