



QinetiQ Investor Seminar 2022

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QinetiQ Speakers

John Haworth

Steve Wadey

Sam Lewis

Greg Barsby

Shawn Purvis

Carol Borg

John Haworth: Good afternoon, and welcome to our seminar, "Delivering Our Global Ambition." It's great to see so many of you here in person in this lovely venue in London. We are also joined online by our colleagues on the webcast. I hope you enjoyed seeing some of our products and meeting some of the team and there'll be time to do so afterwards as well. For those of you that I haven't met, my name is John Haworth. I'm Head of Investor relations for QinetiQ. Just a few bits of logistics, before we get started... We have a full presentation today with a number of speakers as you can see. We will stop for questions at the end of each of the main sections of the presentation and a final run of plenary Q and A at the end of the seminar. We'll start with questions in the room here, first, followed by questions from those online. For those in the room, can you please use the microphone provided. For those of you watching online in order to ask a question, please, can you dial in using the phone line provided. Please can you introduce yourself and the company name. We will now play a video after which you'll hear from our Chief Executive. Steve Wadey. Thank you.

[Video Player]: At Qinetiq we understand the global defence and security market, and we know how fast the threat landscape is evolving. Recent world events have reinforced the long term needs of our customers. We understand that to be successful. We need to be agile, innovative, and collaborate with our customers to create and deliver differentiated solutions. By leveraging our technology and engineering solutions globally, we can harness our expertise to help our customers when they need us most.

We have six distinctive offerings to help our customers at the biggest challenge. These combined with our heritage and relationships with our customers in the United Kingdom, United States, and Australia, and other priority countries ensure we achieve our growth ambitions. At Qinetiq, our expertise in experimentation, cutting edge technologies sets us apart. Our customers look to us to support them in redefining the future of combat. Our recent work for the UK M.O.D to revolutionize the mobility of wheeled armoured vehicles established Qinetiq as a leader in this area and sets the benchmark for future development. In other markets, our engineering delivery partner program continues to expand, delivering significant benefits to the UK mod. This includes providing long term engineering services with Typhoon combat aircraft to extend its capabilities and performance as a sophisticated weapon system, to meet both the current and projected priorities of the Royal Air force.

We've seen growth in our test and evaluation offering. As we leverage this capability globally, in Australia, QinetiQ operates and maintains an unmanned aerial systems flight test range, on behalf of the Queensland government. QinetiQ is an acknowledged leader in robotics and autonomous system providing protection for military and security personnel. Our lightweight and highly mobile spur robots are providing the US army with unprecedented capability in multi domain environments, including special tailor, advanced sensors, and mission module. By leveraging this technology in our other home markets, we will continue to grow in this important sector.

Formidable Shield is an example of our training and mission rehearsal offering in action, demonstrating QinetiQ's ability to successfully host a US led NATO training exercise. Working closely with international partners within NATO, we made a significant contribution to our allies' abilities to deliver against future threats. Data is strategically important in both the defence and security sector, recognized as key to military success and vital in the growing fight against cyber crisis. QinetiQ is helping customers optimize their data, enabling them to sustain information, advantage critical for effective operations. With our growing capability in this area, we can seize the opportunity for growth presented by this increasing global track. Our customers rely on us to co-create high value solutions that are relevant to their needs. Enabling them meets their greatest challenges. They trust us to deliver, value our unique capabilities, and they depend upon our innovation to prepare them for the future.

Steve Wadey: Great. Thank you, John. And hello and welcome and thank you all for joining our investor seminar today. Last week we announced our fourth quarter trading update and I was really pleased to share that we delivered strong operational performance and expect our full year results to be marginally ahead of our previous guidance. Today, we're going to share more about our long term global ambition with a specific focus on Australia and the US, because they represent more than 50% of our future growth.

Let me start by giving you the headlines from today's seminar. The defence and security context is heightening the market needs for our six distinctive offerings. We have increased the scale of our ambition to grow the company to more than £2.3 billion of revenue over the next five years. Our strategy is increasingly relevant to respond to both the short term and the long term market dynamics. And we have the leadership team with the right skills and the right experience to successfully deliver. We are well positioned to more than double our Australian and US businesses. And finally, we have a clear financial strategy and compelling investment case. By building our company globally, we will convert revenue growth into sustainable profitable growth to deliver enhanced returns to shareholders.

The agenda for this seminar is as follows: I'll provide a short introduction. We'll then go through our Heighten-- heightened global market opportunity, followed by our growth strategies in Australia and the US, and finish with an update on our financial strategy. The presentation should take about two hours with opportunity to, as John said, to stop and take questions after each subject. And then again, right at the end.

So let's start with our strategic context. Recent world events have reinforced the long term needs of our customers requiring capabilities: utilizing differentiated technology, tests, and training solutions, which are directly aligned with our strategy. Our addressable market is worth more than 20 billion pounds per year. And we see increased customer demand for our high value solutions in high priority growth segments. The major focus for growth is in our three home countries: the United Kingdom, the United States and Australia,

where we are pursuing similar opportunities to support the shared defence and security mission of those customers.

The formation of the AUKUS Alliance between these nations reinforces our multi domestic strategy and makes us increasingly relevant. Building on our track record of growing the company by more than 75% in the last six years, we have chosen to increase the scale of ambition to grow by another 75% over the next five years to more than £2.3 billion of revenue. Within our latest strategic business plan, we see 30% of our future growth coming from the UK market and more than 50% of our growth coming from both Australia and the US. This plan is enabled by our strong balance sheet and continued investment in our global strategy through both organic opportunities and strategy led acquisition.

Now, our strategy is increasingly relevant and provides focus for our business decisions and our investment choices. We're a company with a clear purpose, vision, and customer value proposition called mission led innovation, co-creating cost effective solutions to meet our customers' needs at pace, as reinforced by the current conflict in Ukraine. Our strategy is a multi-domestic strategy with a clear focus on the where, the what, and the how we deliver value for our customers. Where: building an integrated defence and security company through global leverage of our unique capabilities into each of those home countries. What: sharpening our focus on co-creating and delivering distinctive offerings that add value to our customers, differentiated from our competitors. And how: applying disruptive innovation that accelerates solutions for our customers with greater agility and pace.

Let me bring this to life with an example of how our multi domestic strategy is creating value across the UK, us and Australia in the UK, we committed £400m of capital investment to modernize the key test evaluation capabilities of the long-term partner agreement, which is driven growth from both our UK customers and international customer usage. Our Australian business has leveraged this position to establish sovereign test evaluation capabilities through the design build and operation of a new flight test range in Queensland. Based on the success -- the success and their growing customer relationship, the team is now investing in building sovereign capability in robotics and autonomous systems by leveraging our strength in the US to drive even further growth.

Underpinning this strategy, we take our ESG responsibility seriously. With one example being the launch of our net zero plan at the end of March. We also continue to focus on developing a culture which provides a safe and secure environment to enable our people to thrive and deliver benefit for all our stakeholders. To successfully deliver the next phase of sustainable profitable growth, I've recently augmented the Qinetiq leadership team to ensure that we have all the necessary skills and experience in each of our key markets through a combination of internal promotions and significant external hires.

While today's focus is on growth in Australia and the US. We have all the other members of the team here to answer any questions that you may have, either during or after the seminar have Neville Salkeld our Chief Strategy Officer, he'll be pleased to answer any questions on the next phase of growth. Have Mike Sewart, our Chief Technology Officer on advanced technology and disruptive innovation and Vicky Weise is our Chief Enterprise Services Officer on transformation. And then Nick Anderson and James Willis on our Chief Execs for UK defence and intelligence on our UK customer relationship and growth strategy.

So now let me introduce the three main speakers for today who will be leading the presentation. First, we have Sam Lewis, who joined Qinetiq in June 2021. Sam is the Chief Growth Officer for the group driving our pipeline of new business opportunities, including leadership of our campaigns globally. We then have Greg

Barsby, who joined Qinetiq in 2014. Greg is the managing director of our Australian business, which under his leadership has more than tripled its size over the last seven years. We also have Shawn Purvis, who joined Qinetiq in February this year. Shawn previously was a member of the executive leadership team and corporate vice president at Northrop Grumman. As president and CEO of our US business, Shawn has a mandate to deliver our short term operational performance and realize our long term ambition to more than double the size of the business.

Then finally, Carol Borg, who joined Qinetiq at the end of last year from Light Source BP. Carol is the group CFO and also leads our overall group-wide ESG agenda. And Carol will lead us through our financial strategy at the end of the presentation. This is a really excellent team to talk to you today about delivering our global ambition. I hope you enjoy the question and look forward to some good questions as we go through. So with that, I'll hand over to Sam to say a few words to introduce himself and talk about the global market opportunity, Sam.

Sam Lewis: All right. Yeah. Thank you very much Steve, I appreciate the warm welcome and really grateful to be here. As Steve mentioned, I joined Qinetiq almost a year ago and I joined because of these distinctive offerings and the path at which we take to go to market and deliver those distinctive offerings. And that remains truer today than it was a year ago and that's very exciting for me. By the way of background, I served in the United States Navy. I've spent most of my career in defence and intelligence. I've worked in global companies with US subsidiaries that are security cleared. So I've got about a decade of experience in that, which I think makes me uniquely qualified to work with Shawn and her role as the leader of the US business and I recently served in global P and L role uh as a CEO and also then as a small and medium enterprise CEO in the autonomy sector.

So I bring all those things to bear here at Qinetiq, and fortunately they're all relevant because we do have such a broad breadth of capability and distinctive offerings that we'll spend a little bit more time talking about.

If we go onto the chart -- the charts, the first one really aspires to reinforce that our pathway to deliver the growth ambition for our company is really underpinned by the significant addressable market. After six years of consistent and solid growth. You know, the companies take those lessons learned and is reprioritizing in doubling down, if you will, on our three home countries. And Steve mentioned the AUKUS relationship Australia, UK, and US, we have priority of countries as well, but we are focusing most of our efforts from a growth perspective on those three home countries. And the reason is, is because those countries have shared values. They have a common set of challenges and threats in the environment. And those three countries in particular have worked closely to cohere their defence strategies. And what that creates for a company like Qinetiq, is an opportunity to serve each of those countries from our distinctive offerings and approach them very similarly and take the efficiency that's gained out of that.

One example that Steve mentioned of course was AUKUS is a really unique and new partnership. Some people are calling it a radically different cooperation agreement. And although it's perhaps not radically different, it really aspires to go beyond ensuring that militaries are interoperable or that one country can sell a bit of kit in another country. It really goes to cohere the defence strategies, then thereby maximize the interleaving defence spend that supports those capabilities to deliver more timely. We're in an environment where the threat is rapidly changing more timely and joined up capabilities. And that is serving

as a tailwind for our growth and underpinning our multi domestic strategy is giving us an opportunity that really is an inflection point for our company. So we're very excited about that relationship. It supports our view and reinforces our view that this indeed is a £20b market opportunity annually.

You might have caught me saying dollar in rehearsal. I said dollar a couple times. You might recognize my accent as, as US, but I think that's a hat tip to our multi domestic strategy -- that this team is filled with both US and Australian nationals as well. and as we look to grow globally, we believe that there is significant market opportunity, not only in the UK where we will derive 30% of our future growth in the next five years, but also in particular in the US and Australia, which is the reason we've chosen to focus that in particular, the US, we have a very, very small market share. So in addition to it being a large market, if we can truly harness those distinctive offerings and capabilities and bring them to the US in addition to what the US already has to offer organically, and then what we do in organically, we do have a significant opportunity to grow in the US. And we're very excited about that.

With respect to the overall market, you know, events like Ukraine -- whilst they certainly have some short term impacts -- and the security landscape is changing dramatically in Europe, and strategies are changing dramatically in the alliances like NATO. We think that the longer term impacts won't be known, but what it really has done for us this year, and as we look into next year is ensure us and give us more confidence that the things we're doing are in fact aligned to future needs of our customers. And that we expect to actually grow a little bit more because of, of that, not necessarily some expanded market opportunity. And that's reflected in, in what Steve briefed earlier in aspiration to grow the aspiration from £2b to £2.3b. And what is supporting that view, what's supporting that view is an increase in our pipeline, a significant increase in our pipeline this year.

Last year, we talked about greater than 6 billion qualified pipeline. We've added more than 15% of that, right? So we're growing the pipeline coincident to the growth in our markets and also our aspirations. More importantly than the growth of the pipeline is the quality of the pipeline. Over the last year alone. We've seen the size of average deals go up. If you measure, um if you measure the deals that are above 5 million pounds, that's gone from about 45% of our opportunity landscape to over 50% of our opportunity landscape. And that's really an indication that we are qualifying and pursuing larger and more complex deals that will then turn into backlog with longer term and more value creation for the customers. So we're very excited about that metric.

And then when you look at the total qualified pipeline and you start to measure the, the product of the customer's likelihood to contract an outcome and our likelihood to win, we believe that confidence, we believe that we're going to win those. And that our confidence is up from about the mid you know, mid-thirties to the mid-forties, right? So that's to say that with our qualified pipeline 4 in 10 -- or hopefully slightly more than 4 in 10 -- of those deals will actually come to fruition and turn in to backlog us delivering mission capabilities to our customers. So all of those are healthy metrics that have enabled the team to say, we can raise our global aspiration. And all of those are strong indicators to you, our partners in industry, our partners, our analysts, and our shareholders that we are indeed on a growth trajectory that we can meet your expectations and our expectations if you will.

So shifting now to the, the, all of the reasons we think that that creates this multi domestic engine for global growth is really about what we talked about, right? It's about the investment in the campaigns. It's about early engagement with our customers and clients. It's about shaping our internal resources and research

and development money towards the future needs of the customer. And of course, it's about building out those distinctive offerings that we talked about in the video, and we'll talk about a little bit more as we go forward.

So in the video we talked about our distinctive offering. Steve mentioned our distinctive offerings. I won't spend a lot of time on this chart because, because we've talked about it, but I do want to reiterate that all of our investment decisions really first pass the test of a distinctive offering. Is it something where Qinetiq can differentiate itself from its competitors? And more importantly, is it something where Qinetiq can provide innovation, mission led innovation and real value to our customers? If it doesn't pass that test, it doesn't, it doesn't receive investment. It doesn't receive our focus. All six of these are core capabilities for our company and all of them are things that we're investing in to drive future opportunities and growth in our, in our markets.

If we start in the upper left hand corner, we already talked about experimentation and technology, but that really is creating something new, responding to a problem that hasn't been solved before. We showed, you know the hybrid electric drives and, and, and, and the, and the wheel drives on, on the video. Those are the kinds of capabilities that come out of that things like advanced radars as well.

When we go to information and sensing, we've all heard about the huge amount of data that is created. Well, that is true in defence and security context as well. And in information and sensing, not only do we create sensors that gather and collect information -- and exquisite sensors, that we're a sensor provide to the US army, for example -- we then take that data, do the analytics, do the processing, apply our artificial intelligence, apply cyber in order to deliver an outcome to a customer that-- it gives them advantage what we call an information advantage, which you'll note later ties to one of our campaigns in test evaluation. We talked about this being a core capability of the company, and it will be continued to be a core focus of the company.

What I want to point out in testing evaluation is the digital nexus to that, that box right below at training and mission rehearsal. We fully embrace and we are driving digital transformation with our customers, and we believe that a growth lever for us in the future is that connection between digitally testing and evaluating and assuring products and platforms, and then providing them to the users to use by a training and using that same digital framework. We think that's a distinctive offering for us and a distinctive capability.

As I round out the chart engineering support another core business for the company. We do have expertise, deep expertise dating back to our initial creation as Qinetiq out of MOD that that does in fact, both drive systems engineering, but also help create and shape the requirements for our customers. And we do that in the US, in the UK and Australia. So that's a, that's a core capability across all of our sectors.

Finally, we talked about autonomous systems and robotics. You hopefully got to see some of the robots running around outside. In addition to the robotics market, being important to future security and defence forces. We do have a very unique offering in the automisation and autonomy for vehicles. And we also have a very unique offering and very robust small robot. We've got the largest deployment of small robots around the world. When we talk about talent and spurs in our offerings to the US army, as well as our offerings in Australia where they're operating and we're competing for an additional opportunity for those.

How do we wrap it all together? So we've talked about the global market. The global market is there to help us meet our expectations that we set. The offerings underpinning that are there, and we continue to invest in those refine those continue to work with the customers to create future opportunities are there, right?

And as I mentioned before, we do align our research and development to those distinctive offerings. We then take those distinctive offerings and we supercharge our business development machine with these campaigns, which not only seek to, to win opportunities in the here and now, but more importantly, seek to drive outcomes long term with the customer. We sense where the customer is going. And we respond by working with that customer to create the offering where, where they need it to be when they need to buy it. So there's an analogy in the, in the United States about skating to where the puck is. It's a hockey reference, right? Going to the place on the pitch where the ball's going to be, not where the ball is. And that's really what we are undertaking in the campaigns, shaping the market with our best instincts and intellect in cooperation with our customers.

And finally, the third lever that we use to get this global leverage, if you will, is the, the single roots to market. And it's an ideology and less importantly, a governance structure. But what really says is that in, in a home country or in a priority country, that country will not only be responsible for developing the market relationship and building the Del-- the business development capability, but will also be responsible for delivering, right? And that ensures that they never lose contact with the customer and the customer gets the outcome they want. And, and this is underpinned what with like what Steve mentioned about our sovereign capability investment. So like in Australia where we are embedding capability and learnings from the UK into support training, testing evaluations in Australia.

That is fundamental to our growth strategy, fundamental to global strategy to go multi domestic, and we look forward to demonstrating just as we have on the right side of that chart with those three examples. One is a target system that was born in Canada and sold into the United States using this single roots to market approach, the ex-drive, which was born in the UK and is now being prototype for combat vehicles in the United States, using this single route to market approach and extending on top of the campaigns. And then the robotics in the bottom, as we talked about as well, spur and talent are already operating in Australia, built on the backbone of a tremendous legacy in the United States. And we're now competing for a significant award down there as well. So with that, I will pause and be glad to take a few questions.

Steve Wadey: Great update about the market. I thought that before we get into the specifics of Australia and the US, it'll be good to get a global market view of where the growth will be coming. So Sam as said, we'll take, you know, five, six questions before we move specific, be to Australia or the US. Got a couple of hands up...

Richard Page, Numis: It's Richard Page from Numis. This might be slightly unfair in the context of a focus on Australia and US, but the rest of the world segment in terms of the growth opportunities. I think previously we've seen that pie sliced a little more clearly around some other countries in Europe and so forth. What could you just discuss the sort of thinking there is that amalgamation just because of today or is what the opportunities in other territories?

Sam Lewis: Yeah, sure, absolutely. I would say that all of our, all of our customers are important customers and we were-- we are quite opportunistic when it comes to other geographies that, that need our capabilities. I think what we're trying to articulate today is a, a, a focus on the three home countries. And the reason is, of course, we all know from lessons across our lives and careers that we'd rather do fewer

things with vigour and really well than spread too thin, and those three countries have tremendous markets that we have access to. We have tremendous capabilities that those, those markets are buying and we still have significant growth opportunity there. So I wouldn't say that we've excluded rest of world. We're really just focused today on doubling down on those priorities.

Steve Wadey: Yeah, I build upon that, Sam I, I mean those six countries we had, we always declared in our strategy three home countries, which was, you know, our dominant focus where we had large industrial capability and indigenous relationship with those countries customers. And we also had three priority countries, which were smaller and were part of long term growth. I think what you see the, for instance, on my chart, Richard -- which has got the 2.3 billion opportunity -- the level of growth that we see in those three home countries is really significant. And, you know, they are major drivers, based on our relationship with the customer they're major drivers seeking these six distinctive offerings.

And, you know, I think Sam, you know, articulated it well, this sort of underpinning, you know, shared defence and security mission as exemplified by the, or AUKUS Alliance means that opportunity to, you know, share technology, share experience, share skills is a vector for further growth is really quite significant. And Sam used the word and I would use the word -- One of the things that I think we've really learned well in our strategy as we've matured in the last five or six years -- is the word focus and I think that, you know, things sometimes go wrong if you are not focused. Whereas our strategy now is, is got real clarity, real focus, and we know where our core, you know, growth is coming from. I think those are the sort of real nuances behind that, that presentation that you're asking about.

Richard Page, Numis: in terms of the shared technology and the single route to market, the hurdles that you encounter from a customer perspective and both from an internal perspective, Qinetiq being able to share technologies across territories and how you drive that from a, an organization perspective.

Sam Lewis: Yeah. I think the barriers are coming down, right. And it's about this renewed collaboration. It's not to say there aren't barriers, and there's not to say that there's not governance around that, but I think there is an impetus to do more of that because we do have a shared responsibility to deliver things more quickly, you know, across national borders. Right? So that's, that's, that is, you know, it will always be the case where you might not have access to certain things. You might not be able to sell certain things, but in general, the vector is very positive on that.

Steve Wadey: I agree. You just need to look at, you know, world events and how nations are collaborating and sharing and maybe doing things in unprecedented levels. And I think it, it illustrates, you know, and we've said, you know, our strategy is reinforced by these events, you know, it, and then the, the alignment between, let's just take the three countries that we're talking about today, you know, there is a real, you know, shared mission. And I, I probably wouldn't use the word barrier to more, it's a topic that needs management and with the right management, you know, those, you know, exchanges can certainly, be achieved. Whether it's about, you know, intellectual property, whether it's about skills whether it's about technology or even product or, or service.

I was really pleased on Friday last week we just approved the next phase of what we call a sovereign skills program. The sovereign skills program is all about investing in the next generation of skills so that, you know, Greg in Australia, can build an indigenous -- as an example -- T and E capability, by leveraging, you know, experience, in the UK. And that will be about bringing Australian nationals, you know, under an agreement, you know, between the Australian and UK governments to work on our test ranges in the UK to build real experience, and then go back and help the Australian customer, but also, you know, support our growth. And I think those type of examples illustrate that if you really think these things through, when there's a shared mandate or, or need between these customers you can manage them. You know, we don't need to think of them as pure barriers. And I think that the fact that the strategy is built through those three countries where there's such an alignment, you know, it it bows very well for the growth strategy. Thank you.

Sash Tusa, Agency Partners: Sash Tusa from Agents Partners. I'll try not to prompt what Shawn is going to say, but you mentioned a very large home market where you have a very low market share. Do you see, and has your experience been in similar situations that it's a low market share because other companies are already doing what you would like to be doing, or because that work is not being done by corporates yet, and you are just not there either... But therefore you are winning through a process of outsourcing from the customer.

Sam Lewis: Yeah, sure. So it's a little bit of both, right? The, the defence industrial complex and the number of companies that are performing services for the United States department of defence is significant, right? So there is significant competition. I would, however, say that, like anywhere you have customer relationships that you build and you shape and you grow, and we're working on that, and we're doing that. You have distinctive capabilities, which may be better in certain areas may be equal in other areas. And you tend to focus growth efforts on the things that you are truly distinctive, where you have a customer relationship. So I think it's a little bit of both, and that's kind of a mealy mouth answer, but the reality is, is it is a competitive market. We do have to be price competitive. And a lot of the things that Shawn is putting in place are things that will continue to keep us price competitive as we bring these distinctive offerings. there are some things that are very bespoke. For example, we talked about hybrid electrification. That is something that we think we have a market leadership position on both here and in the United States, for example, right. Well and around the world for that matter. So that's, that's a great example of, of technology where we build, we are significantly head of the competition.

Steve Wadey: The, the other thing I would add, Sam, is that I'll come back to strategy. You know, a, a lot of this comes from clear strategy. And I, I hope that over recent years, you know, the understanding of our strategy has really grown in our investor base because we have a really clear strategy about understanding the need of the customer, determining our offerings, where we think we can add value to the customer, the countries that we are focused on, and then our investment decisions and our actions to pursue growth. And I, and I think that whilst you've given some of the answers to why we are where we are in terms of where we are going, it's really about real discipline and execution and keeping, you know, to that focus of the, the strategy. And that's what over time, you know, you'll see that growth through come through from what

Shawn and her team, do in terms of following that strategy. And, you know, I, I, I described it and I, I reinforce it.

It's a multi domestic strategy and I, that it's a single group wide strategy, but we are really understanding the local context and how we bring that strategy to life, you know, in that local country, which maximizes value creation in the country. And internally, internally as a team, we're focused on maximum efficiency and maximum leverage so that we really do you know, grow value in the most efficient way.

Hopefully, that answers your, your question. I think we need to move on. Am I getting a cue? Yeah. Sorry. right. Thank you, Sam. So that's the global market, opportunity. we are now going to go South. we're going to Australia, and over to Greg Barsby Greg, if you want to say a few words to introduce yourself and then we'll go through your strategy plan.

Greg Barsby: Thanks, Steve. I'm losing my voice before I've even started. Greg Barsby I've been with the business for about seven and a half years or so. lucky enough to have what I think is the best job in Qinetiq, which is getting to run Qinetiq in Australia. And I think we've got a really exciting story I'm really looking forward to sharing that with you all today.

Pacific region is really the front line of strategic competition between, you know, some major world powers at the moment. And the Chinese communist party is really ramping up pressure on Australia and on our neighbours. Obviously given the close ties between Russia and China, you know, we're all watching Russia and Ukraine events closely at the moment. The Australian government sees alliances and relationships as a key component of our national security strategy. And it's really active in all the relevant forums and it's investing heavily to ensure adequate support for our neighbouring countries.

We've had the AUKUS announcement that's that Sam mentioned earlier. That really created some additional tensions in our region, but it's of huge strategic importance to Australia. And along the lines of what Sam said, probably represents one of the largest shifts in, in defence acquisition strategy that we've seen. It's really about, you know, information and, and technology sharing. the Australian government is, is absolutely committed to a significant capability spend with the defence bud defence budget increasing to 2.2% of GDP and, and likely to move beyond that.

We've had supply chain vulnerabilities highlighted through COVID across areas like fuel supply and critical infrastructure. And that really must be addressed. Our government's moved quite quickly with policies to support supply chain resilience and Australian industry content has been mandated as part of that. And areas of, of, of critical industrial capability have been identified in 14 government sovereign industrial capability priorities. So these are critical capabilities where the Australian government has said, we will invest to support the development of sovereign capability in Australia, in these areas, so that we've got reliability of supply. Uh that's, you know, that's quite powerful and it's having quite an impact on the market. And two of the areas that have come up time and time, again, already in this presentation testing evaluation and robotics and autonomous systems are two of those 14 in sovereign capabilities. So two areas that, that we are looking to grow bang on with what our, with what our customer is looking for. \.

you'd be aware that we've got a federal election coming in Australia. And depending on what press you read a potential change of government, I think it's very unlikely that change of government will mean a

change to these commitments already change to the, the kind of public position that government has already taken.

So the Australian business. We've grown really, really strongly over the last seven years or so as, as Steve highlighted earlier. And we've, we've grown to have a significant Australia wide footprint with major centres in, in Melbourne, Canberra and Adelaide. And we've got over 650 employees now.

Our business advisory our, our advisory business line now turns over a 100 million dollars per year. And we've got deep capabilities across program management, acquisition and sustainment support, integrated logistic support, and general business advisory.

Our engineering business grew over 40% last financial year. And again, deep capability, spanning structure, integrity, explosive ordinance, design and prototype engineering, and software design and development.

In the experimentation and technology domain, we've grown our portfolio of customer funded R and D projects. We've got to focus there on developing unique power and energy products with some academic partners. Over the past couple of years, we've been developing positions in test evaluation and training mission rehearsal and autonomous systems and robotics. These areas are directly consistent with those sovereign industrial capability priorities that our government has defined. And of course, they allow us to leverage absolute core group capabilities back into Australia in general. In general these will be longer term capability based contracts that combine the deep technical expertise resident in our business with operating infrastructure on behalf of our customers. And I'll provide a couple of examples of, of programs like that later in the presentation.

So our foundations and strategy for growth. The business in Australia has had a really stable leadership team with, with two thirds of the team having been with us for, for more than five years now. Business is, is, is very mature in its operations. We know what we're doing, and we know where we're going. We are in the process of expanding the team to bring in some additional leadership capacity to support further growth. We have delivered significant growth in advisory services, particularly through what's called the major service provider contract or MSP, where we are one of four consortium contracted to provide acquisition and sustainment procurement services at scale to our capability, acquisition and support group, which is very similar to your defence equipment and support.

About five years ago, we acquired an integrated logistics support and project management business called Rubicon. And through that acquisition, we acquired a contract providing acquisitions the same and port to a project called air 7,000, which was about airborne intelligence surveillance and reconnaissance. That project was transitioned into MSP and has continued to grow for us, now, five years later. Similarly through Rubicon, we acquired a very small presence within land systems, division land acquisition programs -- I think it was about six people -- and that is now grown into an 80 person integrated work program within MSP. So that's a great example of being able to, you know, leverage an acquisition and, and use that to grow acquisitions in core business.

We've also leveraged the, the MSP kind of commercial construct and then providing teams into acquisition programs within adjacent customers, such as joint capabilities division or the bureau of meteorology. So very similar offering into a similar customer. Within our engineering technical services business, we've got a really great track of winning new contracts and then growing them. the picture on the right of that screen is our team that runs engineering design and prototype workshops for the defence science and technology group. After 10 years of running that, the contract had to be recompeted under our procurement rules. We

won that. I think we announced that about a year and a bit ago. And since then we've expanded the scope of that contract to include at least three additional sites and delivery of test and trials activities for that customer. And there's more to come there.

Again, we've leveraged that kind of model into other customers, such as the University of Melbourne, where we help design and now operate their student, design and prototype workshop, which they call creator space. And we're in the process of doing a, a very similar thing for Army currently, which they call Makerspace. In general, these engineering services programs utilize our engineering expertise in an operational contract, their longer term higher value and offer, offer us great opportunities to develop deep customer engines, see, develop our own capability and then grow the contract further. Excuse me, I'll just have a quick drink.

Our engineering capability is an, an ideal base for us from which to develop the capability, to support our target growth areas of autonomous systems and robotics test evaluation and training and mission rehearsal. And I'm going to talk through a couple of projects now, which should really bring all of that stuff to light with some kind of real examples.

Mine warfare maintenance facility. We won an initial contract in 2017 to develop sovereign mine warfare training in representation capability. We provide sustainment services for the sensor exercise mine shapes, including the stone fish exercise, mine. Our services include laying and recovery of mine shapes in support of training and trials. And we've developed our own version, which we call Q sense, which is a sense to training mine prototype. and we - further potential to support future maritime T and E, and training activities through some big programs that are coming C 1905, which is maritime mine, countermeasures C 2000, which is maritime mines and C 1439, which is Collins mine obstacle and avoidance system.

Very recently, we were awarded a five year contract extension by our customer. Now the customer could have done it one year at a time, but they elected to award all five years, which I think, you know, demonstrates incredible trust in the relationship that we've got with the customer. But importantly, it enables us to work with our customer to further enhance what we're doing in mine warfare training capabilities. And we'll design, you know, and develop, you know, new types of, of training mines that'll have data recording and, and things like that. A really exciting opportunity for us.

Queensland flight test range, which Steve mentioned a little bit earlier, Queensland government vision to be a world leader in unmanned aerial system technology and, and its application. And they commissioned us to design, build, and operate their test range, because of our unique heritage in, in testing evaluation. This is probably a great answer to your question. I think it was Sasha. Yeah. We had Queensland government at the test range. We run in lab reports. We, we hosted them here at. We had some world experts help us present to from help us present to Queensland government when we're in the, in the kind of bidding stage. The range is located at ClonCurry airport which is in central Queensland. And you can see the picture there, the nice red dirt, there's nice red dirt everywhere. There that's a very long way from anywhere ClonCurry. It's, it's a unique it's a unique range. The capability is quite unique in the region. It's got the essential infrastructure to support line of site testing in a safe and controlled environment. We've equipped it with, you know, proven operational safety systems range control system, primary radar et cetera. There's a 2000 meter commercial grade runway, secure hang ridge and large, large areas of unpopulated land, which makes it an ideal base for unmanned aerial systems test. It currently provides a pretty base level of T and E capability though. And we're working with Queensland government to, to implement incremental capability

upgrades, including things like electro optic tracking air, ground interaction and some representative range targets, et cetera, to enable a much more sophisticated T and E capability to help us attract larger and more complex test programs to the range. I think this example, Queensland government's flight test range is, is a fantastic example of our ability to leverage core unique capability that Qinetiq has in T and E. and, and know how et cetera, and bring that from across Qinetiq group to Australia to meet a local customer need.

Moving on to autonomous systems and robotics. I think set Shawn mentioned it. We've just recently bid a program called Land 1554 Phase Four, which is counter IED, counter improvised explosives device fleet replacement. It's based on spur and talent. Two of our land robot platforms developed by our business in the US. both platforms do have some incumbency with the customer in Australia. I think this is it's certainly the first time while I've been with the business that QinetiQ's had the ability to deliver those platforms as a fully integrated capability in Australia. We'll be able to sustain them, upgrade them customize them to meet end user requirements. I think that's another greater example of us collaborate-- collaborating globally within our business to meet local customer needs. It's, it's single root to market in action.

Our ambitions for growth, great picture of more ClonCurry red dirt on the bottom right there. Our growth roadmap in test evaluation and training and mission rehearsal is really strong. You know, we're building upon the successful delivery of the Queensland flight test range and a number of other test evaluations programs for customers like defence science and technology, build a great pipeline of opportunities. That includes things like Air 6500, which is joint air back space management where we are positioned as the independent T and E partner with Lockheed Martin and Lockheed are one of the final two primes in that competition and we're supporting them through the competitive evaluation process.

Similarly we're partnered with a local Australian munitions provider called NIOA in the guide of weapons and explosive ordinance enterprise. Again, as the independent T and E provider. We're also positioning as the independent T and E provider in a program called C 5012, which is persistent under C surveillance. That's a massive program and some other broader maritime T and E opportunities. All of this is leading towards a strategic T and E partner to defence in Australia. And our customer is currently seeking via request for information input into commercial models for that kind of strategic partner arrangement. That's potentially a broad L P T I style T and E contract in this Australia. All of our responses to these opportunities will leverage our unique sophisticated T and E capabilities into Australia. They support the development of sovereign T and E for Australia.

Our roadmap for autonomy and robotic systems is currently focused on land robots and starts with Land 154. Through this program, we would establish local land robot maintenance, repair, and overhaul capabilities along with integration experimentation and test capabilities. And this would then position us for further opportunities leveraging connect platforms and designs finishing with a large program called and Land 125. And it's north of 300 million dollars Australian arm ground vehicle build program. By that program, our customers really looking to expedite the use of robotics and autonomous systems technology in land operations. We're already shaping customer thinking with a view to winning a position, you know, to lead land 1025 in Australia.

We're investing now to build the required capability to support our T and E and robotics opportunity robots. We're investing about 10 million to develop our own technology and engineering centre to deliver digitally enabled engineering and assurance capabilities and support the development of sovereign capabilities and robots and autonomous systems. And we signed the lease on that facility about a month and a half ago, and

we'll take possession of it next month. The facility is located at Fisherman's Bend in Melbourne capitalizing on the relationships we've got with defence science and technology there.

And other institutions like the University of Melbourne, as Steve mentioned, we've also established our testing evaluation sovereign skills program. Steve said that was approved on, on Friday. I might get myself in trouble here, but well, I've already approved the, the offers to go to eight candidates to join that program which is fantastic. You know, that's a formal program consisting of training mentoring, and really importantly, you know, site specific work experience. So we're going to take people who are, you know, appropriately qualified with, with systems engineering or something like that from Australia, put them through a training program, bring them over here and, and get them to work on some of the fantastic facilities and capabilities that we've got here, and then bring them back to Australia to use in some of those big T and E programs that I mentioned earlier. a, a great a great thing to be doing fantastic for what we need to do in Australia. And I think there's really very few businesses in the world that have the capability to do things like that. Yeah.

and finally, you know, clearly we're aspiring to accelerate our strategic progress or capability development through acquisitions we're appropriate. We've made fantastic progress in Australia over the past few years. And you know despite the fact that I've been here for seven years, I've never been more excited about what we've got ahead of us in the future. Enough for me keen to hear from you and welcome any questions you've got. So I'll pass back to Steve to lead us through any Q and A.

Steve Wadey: Great thank you, Greg. Well, a lot happening in Australia. A lot has happened over the last seven years. So questions about Australia? And John, you're going to feed if-- and he come off the internet.

Sash Tusa, Agency Partners: Sash Tusa from Agency Partners, Queensland flight test centre. And it sounds as if it's almost a private venture development by the Queensland government, was where such work done in Australia previously, or, or was it done in Australia previously? And is there any formal relationship with DST in terms of directing business there, or is it build it and they will come?

Greg Barsby: There's no formal relationship with DST in terms of the range. We are in discussions with DST about using it. It, it is quite unique in that, you know, it is probably the largest non-well, certainly the largest non-defence range in Australia. You know, you could probably even go broader than that. Quite unique in the way they've, they've established it. Queensland government did have a relationship with Boeing around the testing of Royal Wingman very early, which embarrassingly we've renamed the Ghost Bat. I don't know whether you've seen that over here. Part of our role there is to, you know, engage with market and bring people to use the range, sell the, the spare capacity. We've got couple of commercial users signed up, and we're working to lock in the, the test states with them now.

George McWhirter, Berenberg: Right. George McWhirter from Berenberg. You talked about AUKUS as being a key pillar of your growth strategy, can you just talk about some of the specific areas where you see a potential for growth for Qinetiq, just for regarding AUKUS.

Greg Barsby: Yeah, I, I wouldn't have say I framed it as a key pillar to the growth strategy. I think it just enhances what we're already doing. I think it will, you know, kind of help solve some of the issues around data and information and technology sharing over time. I think there will be things come out of it well beyond the submarines that will be great areas of opportunity with us. And, and the obvious things will be hypersonics and counter hypersonics, directed energy, et cetera. You know, we, we, at Australia, we were already working in the submarine program. We were already working in the <inaudible> life of type extension. I think those roles will grow for a favour time. That's quite an Australian perspective on it. So,

Steve Wadey: No, I think you're right. I, I would call it, it's more about an, an enablement. You just, that back, you've got three nations that have signed up to an agreement where they see a shared mission and a shared need and therefore they'll be looking at, you know, sharing, you know, experience about the threat environment around technology, you know, concepts of operations, and how they can respond to that I think creates a context and an environment for, you know, us to focus the delivery of our strategy. And, and Greg is right. I mean, there have been two, I think main public announcements around AUKUS and the first one was around the submarine program yeah. Between the three countries. And then there was one, a couple of weeks ago which then talked about other disruptive technologies such as counter hypersonic. So I think it's more about the context, the enabling environment. Yeah. And then our responsibility as a company to is to understand the needs of those three customers. You know, they're very aligned with the type of distinctive offerings that we are focusing on and then really trying it create value to them as customers, which then obviously creates value to us as a company, and you, and shareholders. One more at the back can—

John Haworth: As a reminder for those joining us on the webcast, if you'd like to-- dial in on the phone line provided.

Aymeric Poulain, Kepler Cheuvreux: This is Aymeric Poulain from the Kepler, the question is on the economics because the demand clearly is robust and you will capitalize on it as, as you can. But the supply side is always where we see the bottleneck and the difficulties right now. So what's the economics of the growth strategy. And do you see some issues regarding recruitment or, or the cost side of the equation?

Steve Wadey: In Australia?

Greg Barsby: Yeah. absolutely. Absolutely. On one of the slides, you know, you would've seen, you know, I think it had about 98% of our business is, is focused around services. So, you know, we really are a, a people business. So part of, of what we're doing and, you know, I talked about the, the longer term operational contracts, you know, where we combine our, our, our people expertise with operating infrastructure, for our customers, those kind of contracts give us the ability to develop our own capability. The advisory side, you know, you tend to have you know, people working in customer sites, et cetera working on programs, whereas with the, the you know, the, the larger, longer term operational contracts, what you do with your people is far more within, within our control. And that gives us the ability to bring people in and, and train them up.

You know, some of the, some of the kind of classic pyramid model approach. The other thing I'd say is, you know, if, if we, are successful with something like land one, if you want to work in defence robotics in Australia, where are you going to go? It'll be to us. So I think there are some things within our strategy, which will help solve those problems, but you've hit, you've hit a challenge on the head in terms of recruitment. I think we grew our, I think we were recruited over 150 people in the last year into the business, you know, so, and, and it was hard work with every day, you know, out there looking. So recruitment and retention, big issue for us, we're very conscious of us and really working on the whole employee value proposition to help solve the problem. And very focused on ensuring we get the best return from a strategic and financial perspective on the people that we've, that we've got.

Steve Wadey: And if I think if I add to that Greg I mean the, the dynamic around people is important to us across the entire group. Um you know, Greg used the phrase. We are a people business yet. Yes, we have technology. Yes, we provide services, but it's all about our people and you would've heard, I used the phrase creating a safe and secure environment for our people to thrive. And that's a very deliberate thought through phrase that, you know, we know as certainly leaders of the organization, we have to create an environment where people are attracted. They love and enjoy the work they do. They are passionate about our customer's mission and they have fulfilling careers and they feel that they're adding value, you know, not just locally, but in the world. So we spend an awful lot of time, you know, on the sort of background to your question, making sure that, you know, the environment in Qinetiq is very distinct, very different, you know. And people are attracted and stay with us, you know, to support and fuel, you know, our growth. So it's, it's not an Australian specific issue. That's something that we work very hard on. I think we're doing well on as a, as a whole group.

Okay. I've had a signal we need to move on. So thank you, Greg. That's Australia, and very pleased to introduce Shawn. Shawn, if you'd like to say a few words about yourself, maybe while you joined such a wonderful company and tell us about our plans for

Shawn Purvis: Growth. Excellent. Thanks Steve. Thanks everyone. I am excited to be here. Steve said, my name is Shawn Purvis. and I'm going to talk to you bit about the US team, where we are and where we're going. I've worked in the United States-- as a United States defence contractor for over 25 years. Mainly in the areas of intelligence surveillance, reconnaissance, and always in support of the war fighter. I joined connect a whole two months ago. So I am an expert for and ready for all your questions today. and, but I'm really excited to be here. I'm excited about the opportunity to transform our company and build upon the core technology and intimate customer access that we have with the pivot for our, our own sustained profitable growth. I'm going to take you a bit through our current position. I'm going to take you a bit through where I see us moving forward. And I hope I can answer. There was someone who asked me earlier, why Qinetiq? I hope you understand why I'm excited about this market about this company and this portfolio. And more importantly about the team that I get to lead and the team I get to partner with.

So first let's talk a bit about the defence market. And so for United States, while the continuing resolution created a bit of uncertainty for us in the first half of the calendar year, the United States defence budget was passed with increased spending project in support of our mission and in support of our allies. The 2022 fiscal year budget was passed with over 782 billion for defence, which was 50 billion higher than projected

13.1 billion of that was in support to Ukraine. The defence budget had growth in almost all of the portfolio. And so while we know it, large portfolio, there are a couple pieces of that portfolio that are really unique and keen to us in areas that we want to grow in. Specifically around 270 million in artificial intelligence, cyber and data analytics, 1.4 billion in endo-Paycom and 124 million in supply chain, improving and industrial based and information technology.

We also expect the future budget to be hold strong and then continue to grow amplified by the very recent events that we saw. Next year's budget is expected to be up to 813 billion in defence and national security spending and core themes that are again in important to us will be areas of deterrence, counter persistent threat, advances in US, cyber security, defence research, and development spending and strengthening in the United States, supply chain, industrial based, and information technology. The current and future defence budget provides confidence for us in our investments. We making in our R and D that is driving innovation from our concepts to our programs of records in support of the war fighter. Our heritage and technical advances in robotics and autonomy sensing protection systems and electrification are aligned to our customer and our mission. And in partnership with our industry peers, we will provide a strong platform for organic growth augmented with the right acquisition to accelerate and increase our growth rate. We believe that our investments in defence and security are highly relevant to a number of modernization act to that are designed to address the emerging threat of our near peer ally adversaries and in support of our allies.

Let me talk a little bit about Qinetiq US at a glance. Qinetiq US is a solid company. It's a phenomenal organization built on over 20 years of innovation, investment and extreme customer intimacy. That's allowed us to continue to maintain and grow that portfolio. We primarily sell high value services and products to United States, department of defence and our national security agencies. We're positioned to enhance our offerings to United States, defence modernization programs and platforms. A few of which I'll talk about in just a minute.

And the core of our, our family is our robotics, as you've heard throughout the presentation today. It's an area that is consistently evolving as we move from larger-- as moving from small form factors to larger form factors. Some of which you've seen in our demonstration before, and as well as the integration of autonomous systems, sensors protection capability. In robotics, our core customers continue to be the United States army combatant command ground vehicle system centre, and the Marine Corps war fighting laboratory.

We also have a significant amount of technology services and our engineering services span across the D O D customer, our intelligence customer, and well as partnership with our industry peers. In these areas, we provide support and areas of communication, sensor, integration, research, and development, survivability, and unmanned ground combatant systems. We have a solid established space, strong engineering organization systems, engineers, technologists, mechanical years, software developers over 600 employees deployed near our Washington DC, Boston, and Pittsburgh area.

And in the US market, we have good deaths in four of the six unique global capabilities that have been mentioned by Sam previously -- mainly in expect experimentation and technology, engineering and support, autonomous systems and robotics, and information advantage and sensing. We continue to develop the next generation of offerings and posting for a multidomain solutions. And that can be seen from the revenue graph. We have grown, we continue to grow.

We are focused on sustained profitable growth, and we expect that as the budget continues to grow in the areas that we are focused and our investment on that we'll have the opportunity to capitalize on those unique markets as well. We're continuing to look at the balance of our portfolio between products and services, making sure that reflecting to deliver the right solutions to our customers as we move from experimentation and single product deployment, into a larger market of battle space, multi domain solutions. And as you expect, our United States department of defence, the intelligence community and the associated agencies are our current and will be our future primary customers, as well as our industry partners that we've currently partnered with. And we're looking to expand those relationships across that portfolio holistically. I start as I started, we have a solid foundation of which we're building upon. The areas where we're strong, we're looking to move and work with those customers, those areas and capability that we've got single point of focus. We're looking to move to those adjacent markets and we're focused on our people, our processes, and our tools. And we're looking to build a, a leadership team and invest in a strong pipeline that drives that sustainable growth and project trajectory.

So let's talk a little bit about our strategy. So our strategy looks to expand across the customer base in the D O D intelligence cyber, and IT markets, as I alluded to, and as we discussed in the market dynamics, they're continued to be strong for defence contractors across the United States, as Sam alluded to. There's a tremendous amount of competition, but it also creates a tremendous amount of opportunity when you're able to bring your expertise, your right investment, and the right partnership to go after the market. Our US customers continue to respond to the current and emerging threat. There is, and there's a high demand for both products, but also services and the integration of those and services and a multi domain threat environment. It creates what we call effectively, a joint, all domain combatant command control capability. And essentially what that really means is that you're not going to have just one sensor or one platform. You're not going to have one com system or one vendor. You're going to have a multi environment where you have one to many, many to many sensor and capability environment. The United States also recognizes most recently by general Austin's comments, Secretary of Defence, that with any threat that we face, we're going to, we're going to face that in a joint environment, right? So our organizations and our systems have to have interoperability across the board with our allies and all of that creates opportunity for us, as we think globally across the whole of the portfolio.

In particular, we have three core areas today that we're continuing to expand in. Those are land, air and maritime. And I'll tell you just a little bit about where we are in each of those markets and how we think we can continue to grow.

In land, we continue to see growth in both the United States and international market for our robotics, with greater levels of operational deployment, domestic and internationally. The robotic market is continuing to increase, globally, the robotic market is estimated to be over 15 billion for 2022 with a 9.5% year to year growth throughout the calendar year, and over into 2023. In the US, that market is roughly 5.7 billion for 2022, which represents about 30% of the global market and expected to grow. In particular, what we see is the integration of autonomy, defensive, and protections capabilities into the robotics market and the defence robotics market is inclusive of all domains, air, ground, and sea. And have been deployed approximately around 90 countries today. Many of which we continue serve both where we have today and where we're pivoting to go into future. So our future growth is projected in part by the advancements of the integration of those technologies, the integration of our capabilities and the interoperability and

commonality across the board in the market. We believe that to continue to be a strong focus and a strong market for us across the board.

In air, the United States air market represents over 16.8 billion for aircraft and related systems. In addition to that, there's additional 46 billion or so market growth capability for mission support and for C 4 I. So again, go back to that integrated communications integrated platform sensor to sensor their capabilities that is driven by the air domain. We see an opportunity to continue to play a greater role in autonomy here. And the integration of our sensors as the platforms start to fly in a multi-domain multi-platform sensor capability. And the adjacent markets include for us, our sensors, communications, collision avoidance, and object detection of classification.

In maritime there's around 5.2 billion ship building and maritime systems. You'll also see us talk a bit about large, unmanned surface vehicle, medium unmanned surface vehicle, and large unmanned undersea vehicle capability. Our current program are in the Ford class carriers and Virginia class submarines, and they give us a great opportunity to expand our capabilities into the operation and modernization ship, surface modernization, electronic grounding of units, and logistics and sustainment. There's potential expansion off that take some of those capabilities into the international aircraft capabilities.

From a market positioning aspect, we see the opportunity to grow from that unique service provider. Some of those unique products that you see in our, in our exhibit today-- to being a mid-tier systems platform integrator across that multi domain battle space. For a great example of that, if you go back and take a look at the joint unmanned systems roadmap, they talk not just about products going into the battle space or going into an area of responsibility. They talk about interoperability, common architectures, compliance, test and evaluation, verification and validation. They talk about autonomy, artificial intelligence, machine learning, increased efficiency and effectiveness. They talk about security, secure, calm, secure network, cyber operations, and information assurance. And they talk about human machine collaboration with human machine interfaces, machine teaching, machine learning, virtual reality, and augmented training. All are areas that we see as opportunities for Qinetiq Us to continue to both play in partner in and continue to grow. We're targeting our investments in partnerships to enable that platform, to platform integration, to deliver the multi-domain services and products. And we're expanding our role as a systems integrator with particular focus in autonomy and robotics capability in those specific domains. When you think about the heritage that we have, our organic growth in those markets are actually pretty strong. When fused with the right capability, from strategically slow acquisitions and industry partners, we believe and makes us a great platform systems integrator in the United States defence market.

We're also looking to expand our business relationships. So those areas where we've provided fantastic products and fantastic take capability, we're looking to expand across that value chain from the engineer and design to the systems, integration to the deployment and integration of multiple systems to the test and evaluation, and finally to the O and M sustainment component, which has a modernization component to any one of the programs that we're talking about. And all of these improvements for us add up to a progression in our current strategy. We're migrating from that product developer and, and in an intimate service provider to that multi domain mission led innovation partner.

From a foundational perspective, and to underpin all of what I've talked about, we have three primary-- primary core areas to our business. First we're adapting our leadership team to align to our next growth

phase. It provides us with a better structure, our capability to drive both organic and acquisition based growth strategy.

In addition to the investing in our leadership team, we're investing in our engineering and our technology team. We're making vital investments to improve that they have the skills, the training required to be able to do some of the high end technology that we just talked about. We're also ensuring that we have an integrated strategy and roadmap that focuses both on internal research and development, but also customer research and development, which we call CRADA. Both of those are important to be able to take the initial concept, work with our user communities, flourish out those, our ideas and bring them to life ultimately into a program of records.

Second we're upgrading and transforming our environment to be digital engineering, enabled we're supporting our sister-- systems to enable to stay ahead of that competition. So we think about digital engineering and digital transformation. It's not just technology. It's a way to design your systems that bring down costs, bring down risk, but allow you to get to market faster and in a way that a customer can consume. It also helps our customers maintain and reduce their logistics and sustainment that we call it the back end of the program of records. And it allows us to train the war fighter in a way that's more agile and quickly as the systems continue to morph and modernize across the portfolio. So in addition to increasing our productivity, the digital engineering environment that we're investing in, it provides that innovation and collaborative development environment that allows us really to go to market in a different way than they've seen Qinetiq US before.

And last, but certainly not least building upon what Sam talked about a bit earlier. We continue to ramp up our leverage of global capability, but now utilizing our terminology called single route to market. We believe that this gives us the ability to generate and sustain a more intimate relationship with our customers, by making sure that we're bringing great technology developed in one country and meeting the need that we may have, in AUKUS or continental United States of America, for that our pipeline and our captures are really focused on, as Steve alluded to, a stronger strategy qualified pipeline in ensuring that we're bringing the right capability to the right technology, to the customer, with the voice that speaks to their mission.

Overall, what I'm most excited about is that we're building a sound capability base, one that is positioned to become a primary innovation partner to the defence customer in the United States market. I want to talk a little bit about what does that mean and how do we start to move across that value chain. I have for you just three great examples that start leveraging the investments that we have in the portfolio. And in some cases, many of these started with capability still exists today, that capabilities going very strong. What we've taken a look at is how can we take that capability with some, some significant focused investment and move them into a larger part of the portfolio or an adjacent market.

I'll start first with experimentation and technology. So, you know, we're well known for our robotic products in the market, as we've talked a bit about, but we've also been well known for our protection systems or survivability. In particular, we've invested in our refined armour technology and it built upon our existing position has generated a lightweight detachable armour capability for use of multiple types of aircraft through the United States air force. The high performance and ease of fitting our armoured solutions provide a real time capability in our current fleet of C 130. The investment that we've made was to make that current capability lighter and more usable. So not only are we able to take that going back into the C 130 retrofit, which allows them to save on, on space and weight and gas, but it's also now a key technology

that we're losing to use their future opportunities and future vertical lifts, which needs that lighter weight capability, but still needs the full force of survivability. Future vertical lift for us is a, is a game changer for us to be able to go into a program of record with capability that was created with one program invested and now matured and moving up the value chain in the market. We've talked a bit about our autonomous systems and robotics. And again, as you've seen, we've have some fake fantastic capabilities in the back. You're likely aware that as I've mentioned, we have over 20 plus years of experience in building robots, everything from our, I think is it's a very cute spur and system in the back to our more integrated system of our town organization.

But what you should know is that we're now integrating our autonomy capabilities, our sensing capabilities, our engineering capabilities, and what we see now is the next generation of robotic combat vehicles (RCV) is now in procurement where we've deliver eight of those units going through tests. And we see that continuing to move down and a procurement train to go into a program of record over the next two years. That's a great opportunity where we've started with one form factor. We continue to grow and enhance that, that capability. And we're now moving into from the invisible product unit sale, one off robots or robots into certain specific missions into a broader mission and a program of record that will span multiple years, multiple domains for our customers.

And then information advantage in sensing, we've talked a bit about our electrical obstacle and infrared or E O I R sensor capability. What you see now across the United States Air Force market in particular in low cost attributable, or those planes that find without a manned entity in the, in the organization, in the head, they look for sensors that, that do more than one platform or more than one playlist. So we've looked at how can we integrate our sensor capability? Our hyperspectral sensor, our E O I R sensors that allow those planes to fly with multiple missions. It allows the United States government to take more use of what they currently have, be able to go into different contested airspace and environments. And for us, this is an area where we've taken an investment that was built for one mission, and we're now helping our government customers, see how it can serve multiple missions and multiple domains across the whole AOR.

So our ambition for growth in the United States reminds remains strong. We're continue to focus on our reforming, our US business. We've carefully aligned our programs to where our US customers will seek to sustain and upgrade capability. We want to continue to leverage our research and development position for new programs of records. From a scale perspective, we're integrating our us defence and security business across the board, continuing to leverage our global capability. We continue to want to grow in the US market over the next five years, both organically and inorganically with really deliberate, strategic acquisitions to enhance our capability. We want to leverage the capabilities aligned with the modernization agenda. We think about where the government is now moving towards needing to have systems and integration of platforms across the whole of the domain. We believe that our market position there as a systems integrator for platform for platforms is a great opportunity for us to go into those opportunities.

And our market opportunities, we're especially focused on cultivating the right relationships with our customers and expanding our relationships with our industry partners, being clear on our role and how we can provide value across the whole. So we see opportunities in land, air, maritime, but we also see opportunities in artificial intelligence, cyber and information technology, which are new markets to us, but certainly markets that support the whole of the mission of our customers that we currently support.

I'd like to close by thinking a little bit about why Qinetiq was for me. I worked with Qinetiq back when I was at my previous company SAIC. I remembered how they showed up. I remembered the partnerships that I had with them. And most importantly, I remembered the phenomenal technology and capability of the men and women who supported me on that particular effort. The opportunity to come into an organization that have a solid foundation and apply our strategic strategy and pivot towards really truly profitable growth was an opportunity for me to really come in and bring and be part of an exciting journey. That's just in the beginning but has much more to come with that. I'll take your questions.

Steve Wadey: Great. Thank you, Shawn.

Charlotte Keyworth, Barclays: Hey, Charlotte, from Barclays, please. Hi, Shawn. I'm just picking up on your comments around, multi-domain solutions, joint environment, and interoperability between platforms. It feels very much like your ambition is to move up the value chain and I overlay that with the comments that Sam made earlier around the quality of the pipeline, improving.

Shawn Purvis: That's a great question. <affirmative> and I think about one absolutely trying to move up the value chain, in, in general, what we're trying to look at is not move into customer domains that we don't have customer intimacy, or we don't understand the mission. So I think maintaining our mission led innovation is a really key point to how we do that. The relationships that we have with the customers, we understand how they're using the product for understand how they're, they're facing the adversary in those contested environments. But what we want to be able to do is also help them with the intelligence component parts in the beginning, as well as the integration of the data that gets collected in theatre. So many times that data through our robots and our sensors is not brought back and then informed back to the next Intel mission. So we see it as a natural component of the entire part of the intelligence life cycle of the processing exploitation and disseminate component, right of the mission of the customers.

So for us, we think we're buying down risk by being able to do that, going into a market where we already have that customer intimacy. It also though requires us to have investment in our people, as I mentioned, and in our technology, I think those two are two really core. Digital engineering allows you have repeatable processes. Repeatable systems that allows you to burn down risk on your test and evaluation. But for us partnered with, for example, Mike Sewart, our CTO, we're creating commonality around our engineering platforms, our engineering processes. We're having centres of excellence of our software development, partnered centres of excellence with our hardware, and our electrical development. And they're giving training to our people to be able to really buy into that and live into that. And so people, processes, and tools are our core part of the investment this year to be able to supplement those programs and efforts that we're going after.

Charlotte Keyworth, Barclays: That's something you feel is actually missing in the market in the US at the moment. Is that a niche opportunity for you to bring these different products and services together?

Shawn Purvis: I can't speak to prior, um areas, but I would tell you that it's harder in general for legacy companies to pivot. And the ability for us to have the agility to bring that into where we want to go now, I think is an absolute right opportunity for where we are in the market.

Charlotte Keyworth, Barclays: That's very interesting—

Steve Wadey: And, and if I can add Charlotte, I think if you connect what Sam talked about in terms of the pipeline and the opportunity you're right, more generally the company is going up the value chain and, you know, we've talked about winning larger, longer term opportunities. You've just talked about that. And I think it's been very important for us to, you know, understand risk, you know, as we go up that value chain and make sure exactly as Shawn is saying, you know, we continue to invest in the right people, processes and governance -- actually -- to make sure that we can manage and execute, you know, our strategy and deliverability of the various programs that we win. And that's at absolutely, you know, the transition that Shawn is, you know, now leading, you know, in the US. So there's plenty of opportunity. It's about focus. It's about discipline of execution to yield. You heard it from her as well, sustainable, profitable, growth.

Charlotte Keyworth, Barclays: Thank you. Thank you.

David Farrell, Jeffries: Hi thanks. David Farrell from, Jeffries. in the last year, US has moved from operating under a proxy agreement to a special security agreement. Can you explain kind of what impact that might have in terms of how the US business grows going forward? please?

Shawn Purvis: So I wasn't here for the last year, but I can talk to the last eight weeks about that. And then I'll, I'll--

Steve Wadey: Why don't we let Neville say a few words on the prior period, and then you can talk about the eight weeks. Neville do you want to talk-- Neville and I were many years to transition from a proxy to an SSA. So, yeah--

Neville Salkeld: --we've had SA for a couple of years now, which was enabled by the acquisition of MTech in the previous, expansion in the US, we were operating under a proxy agreement, which is more restrictive than an SSA. A particular feature in SSA is you can get your exact director. So in this case, Steve and Carol with oversight on the board, in the minority, but on the board of the SSA company. And therefore they get much greater transparency and engagement with the way the company develops. So that's a, a really important point on that and it's working pretty well, frankly.

Charlotte Keyworth, Barclays: Yeah, thanks.

Shawn Purvis: So from my view, I think it allows us to shift from proxy to SSA to expand the partnership and relationship. the specifics around SA as well as a proxy is that from the United States perspective, we can't reveal United States classified information, which you can't reveal the United States anyway. There's certain data and certain components to the kind of work and what we're doing specifically for whom we do it for that we have to maintain. But if you take that for a side for a second, the way we design the engineering that we were doing, the test and evaluation, the capabilities and how we go to market, they're consistent. My ability to partner with my peers, for example, with James on cyber, on Intel, those are consistent. And

in particularly in the United States and the United Kingdom, those relationships are, are connected throughout all of the agency, both in the DOD MOD and the Intel space in cyber.

So I see it as an opportunity to truly leverage a global company. That's the way I that's, the way I view it. That's the way our leadership team is viewing it. The ability, as Greg alluded to, talking about land 1 54, that technology was grown and it developed in the United States. The requirements and the customer intimacy are absolutely right with Greg and his team, the ability to combine those two or where we get a leap up there. We have those opportunities in the UN United Kingdom with robotics in another opportunity, for example, are called Dart Rose. We also have the opportunity as was mentioned before to take capability that was developed here and bring it forward. So the electrification on the hybrid drives that you see, were developed in the United Kingdom with our teams. They're now being produced and sold down into a key prime customer for a us vehicle on the ground. I think for us, at least the way that we've approached it, we've approached it at the level of, of collaboration, a level of deliberateness and the ability where we've got great capability to bring that capability to market globally with, within collaboration with each other.

Steve Wadey: Right. Thank you. Absolutely. Yeah. And I just sort of, you used the word collaboration, the other word I would bring out is skills. So it was a, it was a huge piece of work to lead to that transition. I know it was a really important, you know, foundation to shift the US, growth strategy. And, you know, one of the messages I'm trying to, you know, convey today is we have a, you know, an array of global skills. You know, one of the questions that we've had is can we grow, you know, in the US, you know, in Australia, you know, with Brits from London? Well, you know, you'll see a lot of non-Brits that don't live in London and the SA transition. Clearly we have to respect the US national security. That's what it's there for. It's its primary purpose. You know, we have a gold star with the US government, but we also built a board with the right and knowledge that have local experience to support Shawn and the leadership team and, exactly as Shawn said, are collaborative. We also, have seen an evolution to our PLC board structure. So one of the PLC non-execs is now, you know, very rich experience individual, you know, from the US defence Intel. So we've been investing in the right skills and the right mechanisms to support, you know, this long term global ambition. So it's, it's a good question cause it is a fundamental enabler for, you know, what Shawn on the team are now embarking upon.

Joseph Ayoola, Morgan Stanley: Hi this is Joseph Ayoola, Morgan Stanley. Can I just come back to testing evaluation because if I remember right last year you are a bit more explicit than that, that's your addressable market in, in the US. Could you maybe give an update on the opportunity there and how you're thinking about that? Potentially organic and in organically as well and potential timeframes too. Thank you.

Steve Wadey: I think we were I'm checking what you were referring to. I think we were talking about R D T an E budget, which is a, a large collective segment in the United States budget, the way it's aggregated, covering research development, you know, test and evaluation. And I think everything that, you know, Shawn has really been describing, you know, falls, you know, within that arena. So I think you've heard about the, the organic and acquisitive, you know, growth strategy through what we've, what we've been through.

Shawn Purvis: If I could just build on that Joseph, one of the areas that we do see is an ability to leverage our core capability that is not resonant today in the US market but bringing forward that past performance into US capabilities and in general, in program of record in the US market, the O and M, we call it the, the sustainment component is what we try to drive down. It's the long tail that happens once a program goes into a program of record. Once you get through the prototype, once you deploy, right, it's that O and M sustainment that really is the longevity of the program. And the government customer is consistently looking for ways to bring cost out of that sustained component. So we have a combination of two components of that that I think is a market for us to be able to go into. The first is leveraging the past performance and the lessons we've learned from everyone that you've heard to date being able to, to bid those opportunities in a way that would be able to different if you're just trying to do it without just people, person, people base.

The second is the technology investments that we're talking about, because digital engineering truly goes after the logistics and sustainment to think about the way you can. You can reduce the amount of spares you need. Your Depot becomes digital and the training that you need as you have more fighters, soldiers come in, and coming back through and as the systems get modernized and have to get continue to re-enhance. And in addition to that, our overall rate structure is extremely attractive for that component in the US market in particular. So we see that as an area of opportunity, that was that kind of strategic lens of past performance, the right systems and the right cost factors that we're able to go in and partner. That's an area where we want to continue to partner with some of our industry peers where we're very strong on the front end engineering, design and delivery, but we haven't pulled the relationship all the way through to the sustainment component.

Joseph Ayoola, Morgan Stanley: Thank you.

Steve Wadey: Other questions. Thank you, Shawn.

Shawn Purvis: Thank You.

Steve Wadey: Okay. And we'll make to a last item. So Carol Borg, if you'd like to say a few words to remind, everyone who you are and a bit about our financial strategy.

Carol Borg: Yeah. Fantastic. Well, lovely to meet, a lot of you for the first time in, in person here today. So that was, that's been brilliant. And for those on the phone, hopefully to, to meet you in person shortly, yes. I'm Carol Borg. I'm the group Chief Financial Officer. I took over from David Smith from the 1st of December 2022 [corrected 2021]. you might have seen me a couple of weeks before, cause I was doing a bit of a transition and I think I told you about myself at, at one of our last sessions where I just in, in a nutshell I don't come from the defence sector. I don't come from London. <laugh> so I'm, I'm kind of unique. I come from the renewable and, and natural resources sector having worked within wind and solar for much of my career. Australian so I have Greg's accent as well. and actually outnumbering the Brits that we have on stage today. So yeah. Sorry about that, Steve.

So what I'd like to do today in this section of the presentation, and I appreciate you've been sitting patiently for about two hours...so this is the last of the presentations. I'd like to outline our key financial characteristics, of Qinetiq and how the presentations you've heard so far from Greg Sam and Shawn come together into the financial framework of the group. And how we think about and govern our investment decision is to support our future growth. I'll then close with the summary of your equity investment case. and I'll set out why you should continue to invest or in some cases make the decision to invest further. It's great to see some shareholders here today in the audience as well.

So firstly, our key financial characteristics the unfortunate and horrific events in the Ukraine have driven a heightened demand for our differentiated capabilities. This chart demonstrates the success that we have had over the last six years, particularly driven by the strong growth concentration and focus in our three home countries. Since financial year '16, we have delivered 75% revenue growth equivalent to a 10% compound annual growth rate. Our cash generative business model sets us up to invest to drive future growth. Our niche capabilities and skills sets us apart from others in our sector, affording us margins at the upper end of our industry. Since financial year '16, we have continued to deliver under our six distinctive offerings and as we transition to longer, larger, longer term contracts, such as the long term partnering agreement. This provides us with greater revenue, visibility and margin stability. We are maintaining our long term guidance of 12 to 13% operating margin. Although as we've said for, and also iterated by Shawn in her presentation, we do anticipate margins being circle 100 basis points lower due to the investment we are making for future growth in into customer facing capabilities, people, infrastructure, and tools.

Our asset like business model has resulted in impressive levels of and on capital significantly above many of our peers. With a return on capital employed of 28% in financial year '21. We've also delivered a total shareholder return ahead of our 5350 aerospace and defence peers on both a three and five year review. We continue to ensure that we efficiently and effectively utilize our capital structure, deploying our balance sheet to support overall growth of the group through investment in both our existing business, as well as through considered and targeted acquisitions. The strength of our balance sheet positions as well to consider such opportunities consistent with our capital allocation policy, which I'll go through in the next slide.

So in summary, Qinetiq has a deliberate focus on sustainable performance and has ambitious plans. I think we've heard that today we have are targeting strong revenue growth at stable margins to deliver good returns to our shareholders. And we will continue to ensure efficient and effective use of our capital structure. So secondly, onto our financial framework, some of you will be familiar with the elements of this slide, which I've refreshed to incorporate my views. This sets out our clear and considered capital allocation policy, which remains central to the Qinetiq investment case. Firstly, we look to invest in our business to support the long term growth of the group. We do this through two lenses, supporting organic growth and targeting acquisitions that are strategically aligned with our overall growth ambition. On the next slide, I'll talk about our rigorous approach to the investment appraisal process that we go through.

Next. Secondly, we look to retain a strong balance sheet and to optimize our capital structure at present, we have a net cash position, but in future we would consider taking on leverage to fund strategic aligned acquisitions, consistent with our financial and operating policies. Our business would be comfortable in a sustainable leverage position of circa two times net debt to EBITDA and for the right strategic acquisition, we could potentially go higher for a short duration. Returning to below two times leverage within 24

months. We also have a disciplined approach to portfolio management as demonstrated by the three disposals that were completed last year that were no longer aligned with our strategic objectives.

Thirdly, we look to retain a progressive dividend to shareholders in financial year 21. The four year dividend was 6.9 pence per share. We will announce our, our financial year '22 full year dividend at our preliminary results presentation on the 19th of May. And finally is our commitment to return excess cash to our shareholders. Whilst we have had a material cash balance for a few years, we have maintained that we are still exploring priorities one, two and three, as we are confident of our strategy and the scale of our growth ambition.

So now into our rigorous investment appraisal process. So this is a comprehensive slide, which again, I've refreshed and I don't intend to go into detail. The purpose of showing it today is to demonstrate our rigorous appraisal process for investments across the group. We consider organic and inorganic investment opportunities with the same rigor and approach. We consider market dynamics, various delivery and cashflow risks that the investment needs required and overall returns. And this culminates into three important evaluation gates.

Firstly, and most importantly, and again, as highlighted by Sam we consider strategic alignment. Does the project capability or act position fit neatly into our cause strategy, geographical focus or our six distinctive offerings? We need to fully understand what we are investing in the associated risks and cash flows and that it will fit well within the Qinetiq portfolio. Excuse me. Should we pass this first gate?

We then move onto the second, which is economics, does the project capability or acquisition target deliver the right financial returns? The middle section of this chart shows the metrics that we consider based on our view of the risk adjusted cash flows of the opportunity. The most important metric is simply whether our risk adjusted view of target cash flows deliver a return on invested capitals in, in excess of our weighted average cost of capital over the medium term.

Our final investment appraisal gate is deliverability. And again, Greg mentioned this through the Rubicon, acquisition, can this project or capability be delivered? Are we the right owner of this asset? And can we integrate this business into the Qinetiq in a sensitive and commercial way? This third step is not often widely referenced by companies, but for us is an important part of our acquisition strategy.

We have a flexible and in-- we have a flexible integration model and take a thoughtful approach to have evaluating and understanding the best integration model for each project capability or acquisition target. As some will appreciate, Qinetiq has conducted seven acquisitions over the past six years, each of which having passed through this process. Organically, an example that showcases this process is the long-term partnering agreement. One that Steve mentioned earlier in, in his opening address, just to reinforce under this, in this agreement, we committed 400 million of capital investment to modernize our core contract and leverage our capabilities globally. I'm pleased to share that to date under this agreement we have strengthened customer relationships leveraged our capabilities in global test and evaluation market. I think we've heard a lot about that through Queensland today. We've increased international usage of our UK ranges. Again, I think we've heard a bit about that, but another example is our contract with the US Air Force in Europe, we've assisted our customer in their pursuit, decarbonization continuing to contribute to their ESG commitments, and of course, we have continued to deliver against our financial returns.

So I'll close on this slide that summarizes the four pillars of the Qinetiq equity investment case from left to right. Firstly, the defence and security markets in which Qinetiq operates are going through a reset of needs

and spending. We've certainly heard that through the present all the presentations today, we are aware place to capitalize on that market opportunity. Due to our heritage history and clarity of strategy, QinetiQ has a privileged and unique position in the defence ecosystem with highly relevant offerings for the emerging and future threats. We have a strong business model, underpinned with long term contracts generating in good revenue, good revenue, visibility, attractive margins, good cash generation, and appropriate returns. And all of this is underpinned by a favourable ESG stance, a proactive and positive leader in the defence industry with a clear narrative and opportunity to help our customers and partners on their ESG journey. I think we can all appreciate that. There's been a change in the sentiment of the role of defence, particularly with respect to the social aspects of the ESG agenda. And with that, I'll hand back to Steve.

Steve Wadey: Thank You Carol. So I really hope that you found today's session really useful, but we have covered a lot of ground, over the last two hours. So let me just recap, you know, the headlines and the main takeaways from the seminar. The defence and security context is heightening the market needs our six distinctive offerings. As a result of that, we have chosen to increase the scale of ambition to grow the company to more than 2.3 billion pounds of revenue over the next five years. Our strategy is clear and is increasingly relevant to respond to both the short and long term market dynamics. And we have the leadership team with the right skills and the right experience to successfully execute this growth. We're really well positioned to more than double our businesses in both Australia and the United States. And finally, as you've just heard from Carol, we do have a clear financial strategy and a really compelling investment case. So with that, we have, about 10 minutes before our time is up to have any plenary questions on anything that you've heard from the main speakers or remind you. We've also got the team on the front row. If you want to ask anything about UK innovation strategy or transformation.

David Perry, J.P. Morgan: Yeah. It's David Perry from J.P. Morgan. I've got two please. So, so last year's guidance was 5% organic growth. We've had Russia, Ukraine, all these new opportunities, but the guidance is still 5% organic growth. So was last year too optimistic or is this year too conservative? and the second question is I just want to make sure I understand your messaging on potential M and A, I think-- the two times their EBITDA if it, apologies if it's not, and I missed that, are you signalling a willingness to do one quite large acquisition at some point soon?

Steve Wadey: Hey Carol, do you want to start off?

Carol Borg: Yes. Thank you. Thank you, David. so I think we've guided it a trading update. there you are, at our trading update, Q4 trading update circa 5% organic growth. and I, we maintain that for future guidance. So I don't think we were overly conservative. this year we've had some tailwind some headwinds actually through some performance shock, in FY 22 to that we've had to deal with. So delivering a circuit 5% organic growth, I think is quite a good achievement given what we've had to face this year. That'd be my first question answer. And then in terms of M and A, the two times leverage is a new piece of information. Yes. are we in the market for a large acquisition? I think if you would have seen our last year's the half year

results, you would've seen a write off of a strategic, opportunity that we pursued. but unfortunately, failed to deliver. So yes the inorganic growth is part of our, our strategy to achieve our, our growth agenda.

Steve Wadey: And if I may add Carol, I, I mean, I think on the organic growth guidance, I think Carol's spot on, I think, you know, we're clearly, you know, prudent, but we're just making sure that we're giving the right guidance from a long term, perspective on M and A, if I just sort of step back, you said, well, what is the M and A message. I mean, the strategy has always been a, that is based on organic growth complimented by strategic acquisitions. And, you know, we've said very clearly through several, results, updates and seminars that, you know, as part of that strategy, which you've heard the focus today, you know, we want to do, you know, multi hundred million dollar, you know, acquisitions, as long as it meets exactly the criteria, you know, that Carol's been saying strategy led economics, number two, deliverability number three. I think one of the reasons why that new information is in, today's, update is we've had lots of questions about the net surplus cash, you know, on the balance sheet. And how far would we be prepared to go? And as Carol said, yes, last year you, we were engaged in a, you know, a significant transaction, which we chose not to proceed with. so we're just trying to give a little bit more colour and understanding, yeah, about where, you know, we think we might go. Whether that's one or several, clearly that would be determined by the strategy availability and meeting all of the relevant you criteria.

David Perry, J.P. Morgan: Let me try a follow up if, if I can. So what was that significant deal that didn't happen? Was it sort of 500 to a billion dollars of revenue?

Steve Wadey: It was large, David, but I probably would guide on the specific range, but you can, I mean, the figure that was, in the results last year yeah. That we had to write off, you can work back from that to determine you the type of scale. The middle of the room Asha--

Sash Tusa, Agency Partners: This is Sash Tusa from Agency Partners. you report with two specific division, are you presented with this afternoon in, on a country basis? there's clearly a relatively good mapping of one onto the other, but it's not perfect. Are you managing the business on the divisional basis or is actually managing the managing the group on a country basis, far more appropriate given how you are trying to deepen your relationships in each country?

Sash Tusa, Agency Partners: And just because I really don't want a division restatement-- I'm I apologize to any other analyst here for even raising the issue.

Carol Borg: <laugh> we've had this chat before, haven't we about our divisions Qinetiq in the past has, has reported on EMEA services and global products. As you would've seen today, there is kind an interesting mapping. A lot of what we do is even in the global products business is services associated with the products as well. Internally you, you have met the team we are structured internally, more geographically yeah. With our UK defence intelligence Australia and our international business. So that's a segmentation that we've chosen and I've inherited Sash careful what you wish for, maybe you've <laugh>.

Steve Wadey: And, and the other thing that I, I, I would of just add is, you know, it's actually a live debate. Yeah. Let's be straightforward. And I think, you know, if you look at how the company has evolved over the last five to six years, you know, I think good, company strategy and, and the way that you evolve a company, you follow strategy, you follow structure, you follow skills. And, you know, it goes back to the question that David said, you know, as we execute our strategy and as the scale of that strategy, which has got clear structure, you know, aligned, and it's a multi domestic strategy aligned with those markets that might lead us to have to, you know, change our, reporting structure. But I think we're, we're live to it, you know, we're following it, but now it's right. And we'll see whether it evolves as we progress through the strategy over the coming years. One on the front row. Sorry, the second row.

Esther Baroudy, State Street Global Advisors: Thank you. It's Esther Baroudy from State Street Global Advisors. Now this is more about the longer term. And when you talked about focus, I can see a million applications here for climate as well. You know, in terms of what you're doing in AI and so on and helping government there. And I was just wondering if you're doing so much and you've come from renewables and so on... if eventually not this year, next year, but you might consider helping with that effort as well, because you're going to boom. And there's going to be a lot of government money coming in there too.

Steve Wadey: Yeah, I, I mean, So I think it's a great question. And I guess the answer, for me, is dependent on the time horizon. you know, certainly as I reflect on joining, you know, the business five or six years ago, to me, it didn't feel focused. The company was trying to do so many different things, you know, in a relatively disparate manner, it, it didn't achieve, you know, the growth that you'll have seen over the last six years. Do we want to box ourselves into that on a 10 or 20 year or beyond perspective? You know, maybe we can expand countries. We could expand sectors, I think, right, with this strategic plan and our focus to make a difference in the world, you know, around the defence and security mission, you we've got the right perimeter. And I would also say, it's not to a total exclusion. You, we do things in other sectors, but it, it tends to be, you know, where it's got a real strong adjacency to what we do around and our core and that we can add value as opposed to a sort of a primary driver of our focus of, of growth, which is in the defence of security market. But great question. You know, one over a dinner table that we often debate, when we have all the strategy for 10 and 20 years.

Thank you. Any other questions? It feels like the moment then to wrap. So thank you for joining. I hope you found it useful. Please do us give us your feedback. As you've heard with a very clear, strategy, very clear ambition, and we look forward to delivering you sustainable profitable growth, and we'll all be around for about an hour now. So if anybody wants to come and, you know, talk to any of the team on anything you've heard or anything else, then please do engage us. Thank you. Bye.

[END OF TRANSCRIPT]