
QinetiQ Group plc First Quarter Trading Update

20 July 2023 – QinetiQ Group plc (“QinetiQ” or “the Group”) today issues a trading update covering its first quarter of trading.

On-track to deliver year end expectations – good first quarter performance

Building on the strong performance of FY23, we have made a positive start to FY24. Order intake has continued to remain strong and we are pleased with our revenue, profit and cash performance. Our visibility on revenue under contract for FY24 has increased to £1.3bn, up from £1.1bn at April 2023. Consequently, we remain confident of delivering in-line with our expectations.

We have seen a strong start to the year in Global Products, which we are renaming Global Solutions, based on the increasing high value service content versus products. Our performance momentum in the US continues, integration activities remain ahead of plan and we are making good progress on new business opportunities. EMEA Services continues to perform well with good underlying performance across all metrics.

Steve Wadey, Group Chief Executive Officer said:

“The global security situation continues to highlight the importance of defence and security and we remain focused on our three home countries who have a shared defence and security mission under the trilateral partnership known as AUKUS. We are aligned to our customers’ priorities to modernise their capabilities in the current threat environment, most recently evidenced by the UK’s Defence Command Paper which reaffirmed the importance of Science and Technology and identified significant investment in technologies to deliver mission critical advantage.”

“We continue to see a significant opportunity from the widening threat spectrum, with our six distinctive offerings well aligned to areas of the defence and security budgets where greatest priority and funding is being directed, such as experimentation and technology, cyber and information advantage, and training and mission rehearsal.”

Continued progress towards delivering our strategic ambition

QinetiQ is a purpose-driven company at the forefront of national defence and security – we are protecting lives by serving the national security interests of our customers. As outlined in our full year results, we have raised the strategic ambition for the company, targeting high single digit organic revenue growth, supplemented by further strategic acquisitions, to build the company to £3bn revenue by FY27. This will result in revenue and profit approximately doubling over the next four years. In the first quarter, we are pleased to achieve a number of successes that demonstrate delivery towards this increased strategic ambition:

- **\$40m research and engineering contract award in the US (former Avantis business)** – We have won \$40m of contract awards from the Prototypes and Experiments Director for the Under Secretary of Defense for Research and Engineering, to accelerate the delivery of advanced technologies to the Joint Warfighter. Our work includes prototyping, demonstration and experimentation activities, enabling future experimentation with the UK, Australia and other allies. We continue to successfully build the pipeline and orderbook to support delivery of our ambitious growth plan in the US.

- **\$86m backlog on Joint Adversarial Training and Testing Services (JATTS) contract in Australia (former Air Affairs)** – Under the JATTS contract, we are delivering training support to the Australian Defence Force with ‘enemy’ force aircraft and aerial tow targets. We are supporting a range of Royal Australian Air Force platforms including F-35, Super Hornet and Wedgetail airborne early warning aircraft as well as Royal Australian Navy’s frigates and guided missile destroyer capabilities, and unmanned target services against the Australian Army’s ground based air defence capabilities. This contract supports our growth strategy to more than double the size of the Australian business over the next 4 years.
- **Formidable Shield 2023 in the UK** – During May 2023, QinetiQ successfully demonstrated its central role in global defence and security, through one of the world’s largest tests of naval and missile defences. The exercise harnessed the power of some of the most advanced technologies in the world in order to enable a joint NATO force to operate seamlessly together and to better understand and defeat complex evolving threats. Hosted at MOD Hebrides, operated by QinetiQ on behalf of the Ministry of Defence, the exercise saw more than 20 ships, 35 aircraft, and nearly 4,000 Allied military personnel from 13 NATO nations come together to test missiles, systems, sensors and software against ballistic, subsonic and supersonic targets in a realistic, live-fire mission rehearsal event.
- **£38m Defence Digital and £19m Intelligence orders in the UK** – Our UK Intelligence Sector continues its strong growth across new business and renewals. We have won a £38m contract extension with Defence Digital and £19m of data intelligence orders in Naimuri from its security customers. We have also received our largest order of advanced Q20HD high dynamics GPS receiver devices (over 3,000 units), demonstrating the ongoing demand for current and future generations of our precision guidance capabilities, used in demanding high dynamic platforms, weapons and test and evaluation applications.
- **LTPA variation of price contract uplift in the UK** – To reflect inflationary effects, we have been awarded a £56m uplift to the LTPA contract. This increase represents current elevated inflation impact through to the end of the current contract in 2028.

AGM

QinetiQ’s 2023 Annual General Meeting (AGM) will be held at 11am today at Ashurst LLP, London Fruit & Wool Exchange, 1 Duval Square, London E1 6PW.

Investor Seminar

QinetiQ will be hosting an in-person capital markets Investor Seminar on 25th October 2023 in New York. We welcome you to attend and will release further details in due course.

About QinetiQ

QinetiQ is an integrated global defence and security company focused on mission-led innovation. QinetiQ employs more than 8,000 highly-skilled people, committed to creating new ways of protecting what matters most; testing technologies, systems, and processes to make sure they meet operational needs; and enabling customers to deploy new and enhanced capabilities with the assurance they will deliver the performance required. Visit our website www.QinetiQ.com. Follow us on LinkedIn and Twitter @QinetiQ. Visit our blog www.QinetiQ-blogs.com.

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