
QinetiQ Group plc

Second Quarter Trading Update

11 October 2023 – QinetiQ Group plc (“QinetiQ” or “the Group”) today issues a trading update covering its second quarter of trading.

Strong organic first half performance – on track to deliver full year expectations

The Group has delivered a strong second quarter, resulting in improved organic revenue growth and operating profit margin in the first half of the year compared to the same period last year. We also secured a record first half order intake at c.£950m, increasing our order backlog and improving our revenue under contract for the full year to 90%, consistent with the prior year. Whilst cash conversion in the first half was lower than the prior year due to short-term timing, full year cash conversion will be in line with our previous guidance. With significant new orders and major contract renewals, we have de-risked the second half and are on track to deliver another year of good organic revenue growth at stable margins in-line with our full year expectations and long-term guidance.

Global Solutions has performed well. The former Avantis business in the US continues to deliver revenue at double-digit margin and had an excellent second quarter securing a number of new programmes and significant contract renewals. Major examples are the five-year \$224m contract to provide mission support to the US Space Development Agency (SDA) and the recently announced five-year \$127m contract with the US Department of Defence (DoD) Strategic Capabilities Office (SCO). Winning these strategic contracts, coupled with significant progress on integration, builds momentum to deliver double-digit revenue growth at stable margins. The combination of the capabilities across the former Avantis business and QinetiQ has created a strong growth platform, demonstrated by securing c.\$600m of multi-year contract awards¹ in the US during the first half of the year.

EMEA Services has also continued to perform well. We have delivered impressive organic revenue growth with improved profit margin, and secured orders of more than £600m. In the UK, the Long Term Partnering Agreement (LTPA), Engineering Delivery Partner (EDP) and Maritime Strategic Capability Agreement (MSCA) contracts continue to deliver for our customers’ critical missions, supporting our strong operational performance. In Australia, the business is progressing well with the integration of Air Affairs and seeing initial demand for our new Engineering facility in Melbourne, where we are establishing sovereign capability to deliver specialist command and control vehicles.

Steve Wadey, Group Chief Executive Officer said:

“I am extremely pleased that the Group continues to perform well, delivering strong organic revenue growth at stable margins in the first half of the year, moderately ahead of expectations. Record first half order intake demonstrates that our distinctive offerings remain in high demand across all our home countries, as our people continue to deliver high-value services and products critical to national defence and security. Based on our strong first half performance, we have de-risked our full year results and are on track to deliver another year of good organic revenue growth at stable margins in line with our full year expectations.”

¹ Of which \$169m orders recognised in our total US first half order intake of \$357m

“Our strong operational performance combined with disciplined execution of our multi-domestic strategy demonstrates our robust financial framework in action, delivering attractive value and long-term sustainable success for our shareholders.”

Investor Seminar: Key drivers of our global growth

QinetiQ will host an Investor Seminar on 25 October 2023 in New York, covering three of the key growth drivers for the company: our UK Intelligence business, Avantus and our wider US business, and our global threat representation capabilities. You are warmly invited to join in person or via live webcast.

To register to attend: <https://www.qinetiq.com/en/investors/investor-seminars/key-drivers-of-our-global-growth>

FY24 Interim Results

QinetiQ will publish its full Interim Results on Thursday 16 November 2023. We will be hosting an in-person results presentation at 09:30 GMT at the London Stock Exchange, 10 Paternoster Square, London, EC4M 7LS. Registration to join in-person or via the live webcast will be available after the Investor Seminar.

About QinetiQ

QinetiQ is an integrated global defence and security company focused on mission-led innovation. QinetiQ employs more than 8,500 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.

For further information please contact:

John Haworth, Group Director Investor Relations:

+44 (0) 7920 545841

Lindsay Walls, Group Director Communications (Media enquiries)

+44 (0) 7793 427582