
QinetiQ Group plc

First Quarter Trading Update

17 July 2025 – QinetiQ Group plc (“QinetiQ” or the “Group”) today issues a trading update ahead of its Annual General Meeting (AGM) covering its first quarter to 30 June 2025.

Steve Wadey, Group Chief Executive Officer, said:

“The ambition to accelerate warfighting readiness set out in the UK’s Strategic Defence Review and the recent NATO summit clearly underpin the ongoing relevance of our mission essential capabilities, supporting our confidence in the long-term growth prospects for the Group. We closed the first quarter with a record order backlog of c.£5bn, providing a strong foundation for long-term sustainable growth. We remain focused on operational delivery and are on-track with our restructuring in the US.”

Trading in line with expectations

The financial year has started as anticipated, having taken a prudent view on the recovery of short cycle order flow and beginning the year with good revenue cover of 75%. We are on-track with our cost efficiency programme, the benefits of which will come through in the second half. Consistent with our full-year expectations we anticipate c.46-48% of revenue in the first half at c.10% margin and good cashflow. Our expectations for the full-year remain unchanged with c.3% organic revenue growth, margin of c.11%, EPS growth in the range of 15-20% and good cash conversion.

Market backdrop

The publication of the UK Strategic Defence Review and the UK Industrial Strategy in June highlighted the shift in the UK’s deterrence and defence as well as the importance of investment in defence technology. We are well positioned to support this shift with our focus on driving innovation and productivity. Our capabilities remain highly relevant in keeping the UK’s competitive advantage, as evidenced through our long-term partnerships with government, industry and international allies. The recent NATO summit also provided a supportive backdrop with commitments to increase defence spending and a focus on greater innovation and partnership.

Strategic progress and highlights

In our UK Defence Sector, the award of a five-year, £1.5bn extension to our Long Term Partnering Agreement means we will provide mission critical Test & Evaluation (T&E) and Training capabilities through to 2033, as the UK MOD’s strategic partner for T&E. We will also modernise strategic T&E capabilities that are critical to major UK equipment platforms and future upgrades. Securing this extension is a major milestone for the company and provides a strong platform to put us at the centre of defence innovation in the UK and enabling further international growth.

In our UK Intelligence Sector we have won a number of contracts, worth up to £110m, to provide operational support and training to the UK Ministry of Defence.

Revenue continues to be driven by good programme execution across our existing contracts. Most notably in May, we successfully supported the NATO-led Formidable Shield 25 exercise from the QinetiQ-operated MOD Hebrides range in Scotland. This is Europe's largest Integrated Air and Missile Defence (IAMD) exercise involving 11 Allied nations and around 7,000 military personnel. Our team also provided training for the UK's Carrier Strike Group's deployment to the Indo-Pacific region.

In our US business we are on track with the restructuring programme and operationally are focused on the four areas of maritime systems, advanced sensors, space and missile defence mission support and persistent surveillance systems. Each area has enduring growth potential and combined constitutes the majority of our Global Solutions revenue. Order flow to date in the US has been good with \$41m sensor integration for US Army, \$49.9m IDIQ for sensor data collection and management and annual framework funding received on the Strategic Capabilities Office contract.

Capital Allocation

In line with our disciplined capital allocation policy, in June we completed the £50m share buyback programme that was running through the year-end and the £200m two-year share buyback programme we announced back in March 2025 is underway.

The final FY25 dividend of 6.05p will be paid, subject to shareholder approval, on 21 August 2025.

AGM and Board change

QinetiQ's 2025 AGM will be held at 11am today at Ashurst LLP, London Fruit & Wool Exchange, 1 Duval Square, London E1 6PW.

As previously disclosed Non-executive director Ross McEwan will stand down from the Board following today's AGM.

About QinetiQ

QinetiQ is an integrated global defence and security company focused on mission-led innovation. QinetiQ employs c. 8,100 highly-skilled people, committed to creating new ways of protecting what matters most; testing technologies, systems, and processes to make sure they meet operational needs; and enabling customers to deploy new and enhanced capabilities with the assurance they will deliver the performance required.

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