Delivering our global ambition

QinetiQ Group plc
Investor Seminar

27 April 2022
Delivering our global ambition

- Defence and security context heightens market needs for our offerings

- Increased ambition to grow to more than £2.3bn revenue over next 5 years

- Strategy increasingly relevant to respond to market dynamics
  - Leadership Team with skills and experience to deliver global strategy

- Well positioned to more than double our Australian and US businesses

- Clear financial strategy and compelling investment case

Growing our global company to deliver enhanced shareholder returns
### Agenda

1. **Welcome and strategic context**
2. **Heightened global market opportunity**
3. **Growth in Australia**
4. **Growth in the United States**
5. **Financial strategy**
6. **Plenary Q&A**
Strategic context

Steve Wadey
Chief Executive Officer
Defence and security context heightens market needs for our offerings

- Growing customer demand for our differentiated technology, test and training solutions with agility and pace
- Significant growth potential with >£20bn addressable market driven by increased threat context
- Major focus on three home countries with shared security mission as reinforced by AUKUS\(^1\) alliance

<table>
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<tr>
<th>FY16</th>
<th>£755m</th>
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<tr>
<td>FY22</td>
<td>c.£1.3bn</td>
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<td>FY27+</td>
<td>£2.3bn+</td>
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\(^1\) Australia, United Kingdom and United States
Our strategy is increasingly relevant to respond to market dynamics

**Purpose**
Protecting lives and securing the vital interests of our customers

**Vision**
The chosen partner around the world for mission-critical solutions, innovating for our customers’ advantage

**Mission-led innovation**
Create it | Test it | Use it

Creating a safe and secure environment for us all to thrive

**Our Values** | **Integrity** | **Collaboration** | **Performance** | **Our Behaviours** | **Listen** | **Focus** | **Keep my promises**

**Customer focused growth strategy**

**Global leverage**
Build an integrated global defence and security company to leverage our capability through single routes to market in UK, US, Australia, Canada, Germany and Belgium

**Distinctive offerings**
Co-create high-value differentiated solutions for our customers in experimentation, test, training, information, engineering and autonomous systems

**Disruptive innovation**
Invest in and apply disruptive business models, digitisation and advanced technologies to enable our customers’ operational mission at pace

We deliver safely, responsibly and sustainably for the benefit of all our stakeholders
Leadership Team with skills and experience to deliver global strategy

Focused and committed to delivering the next phase of profitable growth
Today’s main speakers

Sam Lewis
Chief Growth Officer

- Joined QinetiQ in 2021
- Responsible for Group Business Development
- Industry experience
  - President & Chief Operating Officer, Spatial Integrated Systems
  - Senior Vice President, Automation & Digital Services, Siemens Government Technologies
  - Corporate Strategy and Development, Serco
- Other positions & qualifications
  - Surface Warfare Officer, US Navy
  - Graduate of the U.S. Naval Academy and Naval War College

Greg Barsby
Managing Director, QinetiQ Australia

- Joined QinetiQ in 2014
- Responsible for Australian business
- Industry experience
  - Defence and Government Services Director, KBR
  - Part owner of Catalyst Interactive
  - Officer, Australia Regular Army
- Other positions & qualifications
  - WGEA Pay Equity Ambassador
  - Graduate of Australian Institute of Company Directors

Shawn N. Purvis
President & CEO, QinetiQ US

- Joined QinetiQ in 2022
- Responsible for United States business
- Industry experience
  - Corporate Vice President, Enterprise Services Sector, Northrop Grumman
  - Vice President, Chief Information Officer, Northrop Grumman
  - Senior Vice President, General Manager (P&L)
- Other positions & qualifications
  - Multiple Alumni Award winner
  - Held multiple board positions within Technology, Business Management and Engineering businesses
Heightened global market opportunity

Sam Lewis
Chief Growth Officer
Addressable market enables our next phase of growth

• Following 6 years of growth we are creating greater focus on our three home countries
  – Pursuing coherent customer opportunities across nations
  – Allies increasingly collaborate, noting AUKUS, we have far greater potential to drive growth than previously possible

• Market opportunity >£20bn per year
  – UK and Australian market remain attractive due to latest needs and increased commitment to defence
  – US RDT&E\(^1\) market remains strategically important

• Global growth through implementation of multi-domestic strategy focused on high priority growth segments
  – Leveraging offerings and capabilities across the Group

Significant growth potential with >£20bn addressable market

\(^1\) RDT&E: Research & Development and Test & Evaluation. \(^2\) Sources: Jane’s Market Budget Forecast April 2021, UK MOD and US DOD forecasts for RDT&E, Australia Defence publications and QinetiQ estimates.

\(^3\) Market share based on FY21 revenue. \(^4\) CAGR: Compound Annual Growth Rate. \(^5\) Higher growth rate than US market due to focus on high priority growth segments.
Our six distinctive offerings

- Experimentation and technology
- Test and evaluation
- Training and mission rehearsal
- Information and sensing
- Engineering and support
- Autonomous systems and robotics

Creating a global leader in high-value solutions to national defence & security challenges
Global leverage

• Aligned research and development
  – Internal R&D investment aligned to address similar customer challenges across our Home Countries

• Extending the reach of our global campaigns
  – Leveraging core capabilities to create significant market opportunities in Test & Evaluation, Training & Mission Rehearsal, Information Advantage and Autonomous Systems & Robotics

• Growing ‘Single Routes to Market’ success
  – Notable international sales of our technologies and solutions, aligned with sovereign industry capability priorities

Global leverage to provide mission-led, innovative solutions for the current and future warfighter
Growth in Australia

Greg Barsby
Managing Director,
QinetiQ Australia
The Australian defence environment

• Instability in the region remains high
  – Chinese Communist Party systematically exerting pressure on Australia: trade embargoes, freedom of movement, cyber-attacks and challenging regional relationships
  – Similar pressure being felt by regional neighbours

• Alliances and relationships viewed as key
  – Steady improvement in regional relationships
  – AUKUS is strategically important

• Australian Government is committed
  – Defence budget being increased to 2.2% GDP plus: $270bn+ over 10 years
  – Supply Chains must be more resilient to maintain operational capability
  – Australian Industry Capability (AIC) being mandated

• Positioning to provide strategically important capabilities
  – 14 Government Sovereign Industrial Capability Plans with Implementation Plans and capability development strategies

Our customer is operationally focussed – “Be prepared to fight tonight”
QinetiQ Australia at a Glance

- Growing Australia wide footprint – over 650 Australian employees
- Core capabilities across Advisory and Engineering Services:
  - Advisory Services supporting Acquisition and Sustainment Programs
  - Engineering and Technical Services across Structural Integrity, Explosive Ordnance, Design and Prototype capability, Research and Experimentation, Software Development.
  - Experimentation and Technology
- Developing positions in Test & Evaluation, Training & Mission Rehearsal and Autonomous Systems & Robotics

Great track record of growth in Australia – another record year
Our foundations and strategy for growth

• Foundations
  – Stable senior leadership, investing in the team for further growth
  – Mature business operations
  – Long term customer and industry partnerships

• Advisory Services
  – Significant growth through Major Service Provider (MSP) Contract
  – Leveraging acquisition of Rubikon
  – Selling our offering to adjacent customers

• Engineering and Technical Services
  – Track record of winning new contracts, re-competes and extensions
  – Higher value contracts combining our expertise and infrastructure operations
  – Leveraging our capability into Test & Evaluation, Training & Mission Rehearsal and Autonomous Systems & Robotics

Mature base business to support our new growth
Our distinctive offerings delivering for customers

**Engineering & Support**
- Mine Warfare Maintenance Facility
- Sustainment services for exercise training mines

**Test & Evaluation**
- Queensland Flight Test Range
- Unmanned Aerial Systems Flight Test Range

**Autonomous Systems**
- Land Robotic Platforms
- Bid LAND154-4 Counter Improvised Explosive Device Fleet replacement

Long term, repeatable business
Leveraging core Group capability
Single Route to Market
Our ambition for growth in Australia

• Test and Evaluation / Training and Mission Rehearsal
  – Queensland Flight Test Range, AIR6500, Guided Weapons and Explosive Ordnance, SEA 5012, Maritime T&E
  – leading to potential T&E Strategic Partner to Defence

• Autonomy
  – LAND154-4, LAND 1508, Light Autonomous Combat Vehicle
  – leading to LAND 125 Tranche 1 Unmanned Ground Vehicle - Light

• Investing to support growth
  – Technology and Engineering Centre
  – Sovereign T&E Skills and other capability investments
  – M&A activities targeting strategic capabilities

Successfully leveraging our Australian business and core group capabilities
Growth in the US

Shawn N. Purvis
President & CEO,
QinetiQ US
The US defense environment

• Temporary market challenges
  – Delays in early 2022 caused by Continuing Resolution

• Current defense budget provides strong growth across portfolio
  – Continued mission pivot to address the threat of near-peer adversaries – recent geo-political events will accelerate this strategic shift
  – Current budget for defense is $782bn; $50bn higher than projected

• Galvanised political commitment
  – Anticipate future budget expected to increase, amplified by recent events
  – Focus is deterrence, cyber security, defense R&D and supply chain and industrial base

• Positioned on programs that underpin US modernisation
  – Well-positioned through our technological advances in robotics & autonomous systems, sensing, protection systems, electrification

QinetiQ portfolio is aligned with renewed US investment
QinetiQ US at a glance

- Provider of technologically advanced services and products to the US Department of Defense and national security agencies, positioned to deliver key aspects of the modernisation required to address our customers’ pivot to counter near peer adversaries.
- Experts in robotics & autonomous systems, sensing, protection systems and electrification – delivering into air, land and maritime market sectors
- Over 600 employees, based in Virginia, Massachusetts and Pittsburgh
- Leadership and pipeline focused on profitable growth

Our distinctive offerings in the US

- Experimentation & Technology
- Engineering & Support
- Training & Mission Rehearsal
- Information Advantage & Sensing
- Autonomous Systems & Robotics

Applying our technologically advanced capabilities to enhance vital US air, land and maritime programs

Revenue breakdown*

- Type of work:
  - Products 22%
  - Services 78%
- Key customers:
  - US DoD 94%
  - Other defence 5%

*FY22 Revenue
All reported within our Global Products division
Our foundations and strategy for growth

• Market dynamics
  – US customers’ mission pivot to address near peer threat
  – Integrated, interoperable battlefield solutions across land, air and maritime

• Market positioning
  – Investment in multi-domain services and products
  – Organic growth supported by strategic acquisitions
  – Targeted use of high value industrial partnerships

• Foundations
  – Leadership and technical community upgraded to align to next growth phase
  – Transformation of digital engineering and supporting systems
  – Leveraging global capability through ‘Single Route to Market’

Migrating to become a leading multi-domain mission-led innovation partner
Our distinctive offerings delivering for customers

**Experimentation & Technology**

- Light Weight Armor provider
  - LAST Armor® affords high performance ballistic protection – in a lightweight, detachable format

**Autonomous Systems & Robotics**

- Lead integrator for robotic, autonomous & C5ISR systems
  - Next gen of unmanned ground combat vehicle, RCV-Light

**Information Advantage & Sensing**

- Provider for an airborne surveillance sensing system
  - Technology that improves stand-off performance and situational awareness for the warfighter

Viable option for Future Vertical Lift programs

Pathway being created to Program of Record

Mission enhancing capability for surveillance communities
Our ambition for growth in the US

• Market and customer position
  – Coherent offerings and partnerships relevant to the US ‘mission pivot’ and the evolving needs of current and future US warfighters

• Scale of our ambition
  – Leveraging our multi-domestic defence and security capabilities.

• Opportunities for growth
  – Land, Next Gen Combat Vehicles program, e.g. RCV-L, OMFV, soldier systems, e.g. NGABS, and robotics, e.g. international sales
  – Air, future airborne ISR and aircraft protection systems
  – Maritime, services on Ford Class carrier and Virginia submarine platforms

• Positioned for sustained, profitable growth in partnership with our core customers in government and industry

Committed to increasing our US presence through organic growth and acquisitions
Financial strategy

Carol Borg
Chief Financial Officer
Key Financial characteristics

1. Revenue growth
   - Recent events have driven heightened demand for our differentiated capabilities
   - Consistent track-record of delivering organic revenue growth (10% CAGR)
   - Concentration and focus on three home countries (AUKUS)

2. Stable & attractive margins
   - Asset-light & cash generative business model: supports investment to drive future growth
   - Niche capabilities and skills support attractive margins
   - Transition to larger long-term contracts improves revenue visibility & margin stability

3. Strong returns
   - Efficient & effective use of capital structure (strong balance sheet)
   - Clear framework for evaluating organic and M&A opportunities
   - Delivering appropriate return on capital to shareholders

Deliberate focus on sustainable performance
Financial Framework

Priority 1
Invest in our capabilities

- Organic growth
- Strategically aligned acquisitions

Priority 2
Maintain balance sheet strength

- Solid cash and working capital management
- Supports sustainable leverage of c.2x net debt:EBITDA, potentially higher if necessary for a short duration (<24m)

Priority 3
Provide a progressive dividend to shareholders

- FY22 dividend will be announced with FY results

Priority 4
Return excess cash to shareholders

- Regular review to ensure consistency with the overall strategy

Clear and concise capital allocation policy
Rigorous investment appraisal process

Opportunity

Organic opportunities

Inorganic opportunities

Assessment

Plan evaluation

- Market and pricing evaluated
- Cost plan assessed and risk-adjusted for execution risks
- Investment requirements assessed and risk-adjusted
- Broader factors considered, e.g. commercial terms, inflation, reputation, overall project risk

Key metrics

ROCE / ROIC

IRR

Cash Profile

Revenue / margin impact

Evaluation

1. Strategic Alignment:
   alignment with 6 distinctive offerings and geographical focus

2. Economics:
   deliver returns > WACC

3. Deliverability:
   can we operate & manage effectively

Delivery

Follow-up and management during life of project
The QinetiQ investment case

A) Attractive markets
- Global defence & security rising up geo-political agenda
- Defence budgets expected to grow globally
- >£20bn total addressable market
- Growing demand for our differentiated capabilities

B) Unique capabilities and relevant offerings
- Unique position with 6 distinctive offerings
- Key partner to nations with shared defence & security interests: (eg AUKUS)
- Relevant offerings for emerging & future threats
- Significant opportunity for global leverage of our capabilities

C) Strong financials & shareholder return
- Asset-light & cash generative business model
- Strong revenue growth and visibility
- Attractive margins at the upper end of defence services contracting
- Delivering appropriate return on capital to shareholders

D) ESG at the heart of our business
- Defence plays a vital role in keeping society safe
- Early adopter & communicator:
  - SBTi aligned targets
  - Active leadership in defence forums*
  - Rated AA by MSCI
- Net Zero plan published
- ‘Best practice’ approach to autonomous systems

* Chair of Defence Suppliers Forum Climate Change & Sustainability Steering Group, Chair of ADS’s Sustainability working group, Chair of UK Army’s Sustainable Technology Advisory Group and Chair of UK MOD Industry’s Sustainable Procurement Working Group
Conclusion

Steve Wadey
Chief Executive Officer
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• Strategy increasingly relevant to respond to market dynamics
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Growing our global company to deliver enhanced shareholder returns
Glossary

- AUKUS – Trilateral security pact between Australia, the United Kingdom and the United States
- C5ISR – Command, Control, Computers, Communications, Cyber-defence (C5), Intelligence, Surveillance, and Reconnaissance (ISR)
- ESG – Environmental, Social and Governance
- GWEO – Guided Weapons and Explosive Ordinance Enterprise
- CIED – Counter improvised explosive device
- IR&D – Internal Research and Development
- ISR – Intelligence, Surveillance, and Reconnaissance
- NGABS – Next Generation Advanced Bomb Suit
- OMFV – Optional Manned Fighting Vehicle
- RCV-L – Robotic Combat Vehicle Light
- T&E – Test and Evaluation
- UGV – Unmanned Ground Vehicle
- WGEA – (Australian) Workplace Gender Quality Agency