
QinetiQ Group plc

Fourth Quarter Trading Update

16 April 2024 – QinetiQ Group plc (“QinetiQ” or the “Group”) today issues a trading update covering its fourth quarter to 31 March 2024.

On-track to deliver FY24 expectations

The Group has delivered good operational performance during the fourth quarter, with continued strong organic revenue growth and stable operating profit margin. As a result, we expect our results for the full year to 31 March 2024 to be in line with current market expectations¹.

Order intake for the year has been excellent at more than £1.7bn achieving a book-to-bill of 1.1x, demonstrating the continued high demand for our distinctive offerings. Cash performance in the second half has been particularly strong resulting in cash conversion of more than 100% for the full year, supporting our disciplined capital allocation policy focused on enhancing shareholder returns. The £100m share buyback programme announced in January 2024 is progressing well with 6 million shares purchased to-date at a cost of £22 million.

Throughout the fourth quarter we have seen a continuation of the trends identified in our Interim Results and Q3 Trading Update across each of our reporting segments – EMEA Services has performed particularly well with strong revenue growth offsetting lower Global Solutions revenue growth.

Stronger performance in EMEA Services

EMEA Services has delivered excellent revenue growth in FY24, due to successful programme execution of strong order intake and backlog from the prior year, and our large long-term contracts of Engineering Delivery Partner (EDP) and Weapons Sector Research Framework (WSRF) performing particularly well.

Slower growth in Global Solutions

Global Solutions continued to be impacted by difficult market conditions in the US. As a consequence, Avantis achieved modest revenue growth in the second half compared to the first half. However, the business delivered double digit operating profit margin and strong cash conversion of circa 100%. We are also pleased that the business secured \$977m of total contract awards during the year, achieving a funded book-to-bill of 1.2x, with major programme wins aligned to national defence and security priorities. This provides good revenue visibility for FY25 and underpins our continued confidence in the medium and long-term outlook for the business.

Expecting FY25 to be another strong year of growth

Looking forward, we expect FY25 to be another strong year at Group level and we remain on-track to deliver in line with our longer-term guidance. The trends that we have seen in FY24 are expected to continue into next year, with stronger growth in EMEA Services and stable performance in Global Solutions in FY25.

¹ Average consensus as at 15/04/24: £1,877m revenue, £211m operating profit

Steve Wadey, Group Chief Executive Officer said:

“During the fourth quarter we have continued to deliver against our strategy and driven good revenue growth and stable operating profit margin. We have had a particularly strong period in EMEA Services, thanks to excellent contract delivery across our programmes, and we expect further strong growth in this segment. The performance of Global Solutions has been impacted by ongoing market conditions in the US. However, the strong order intake in Avantus provides confidence in our platform for future growth.

With a clear focus on disciplined execution of our strategy, high demand for our distinctive offerings and the good progress we have made this year, we have a robust plan to deliver long-term sustainable growth and compelling value for our shareholders.”

FY24 Preliminary Results

QinetiQ will publish its full Preliminary Results on Thursday 23 May 2024. We will be hosting an in-person results presentation at 09:30 BST at the London Stock Exchange, 10 Paternoster Square, London, EC4M 7LS. To register to join in-person or via the live webcast:

<https://www.qinetiq.com/en/investors/results-reports-and-presentations/fy24-prelim-results>

About QinetiQ

QinetiQ is an integrated global defence and security company focused on mission-led innovation. QinetiQ employs circa 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.

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