
QinetiQ Group plc

First Quarter Trading Update

25 July 2018 - QinetiQ Group plc (QinetiQ or the Group) today issues a trading update covering the period from 31 March 2018.

Maintaining expectations

Underlying trading for the Group was as expected during the first quarter, with no change to expectations for Group performance in the current financial year.

EMEA Services

The EMEA Services division continued to deliver against our growth strategy, increasing both revenue and orders organically against the same period last year. Revenue under contract is in line with our expectations for this point of the year.

We continue to pursue business winning campaigns based on major government-funded programmes and made good strategic progress in the period including a number of contract awards from the UK Ministry of Defence (MOD):

1. The EMEA Services division won the competition for the Battlefield and Tactical Communications & Information Systems (BATCIS) contract, worth up to £95 million over five years. BATCIS is our largest competitive win since the implementation of our new growth strategy and a demonstration of our increasing customer focus
2. Following a competitive process, we won a five year contract to build and maintain a synthetic environment to provide test and reference services for a new ground-based air defence system
3. With our partners Atkins and BMT, we have been confirmed preferred bidder by the UK MOD for the Engineering Delivery Partner (EDP) programme

Global Products

The Global Products division, which has shorter order cycles than EMEA Services, has continued to grow orders and revenues organically during the period.

- QinetiQ North America delivered a good performance driven by demand for our robots and survivability products
- Following its successful integration into the Group, QinetiQ Target Systems has continued to grow and is leveraging wider Group capabilities to enhance its product portfolio. It reached a significant milestone in the development of a new supersonic aerial target and won its first orders for an enhanced Banshee aerial target from a Scandinavian customer

AGM

QinetiQ's 2018 Annual General Meeting (AGM) will be held at 11am today at the offices of Ashurst LLP, Broadwalk House, 5 Appold Street, London.

About QinetiQ:

QinetiQ (QQ.L) is a leading science and engineering company operating primarily in the defence, security and critical infrastructure markets. We work in partnership with our customers to solve real world problems through innovative solutions delivering operational and competitive advantage. Visit our website www.QinetiQ.com. Follow us on LinkedIn and Twitter @QinetiQ. Visit our blog www.QinetiQ-blogs.com.

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Basis of preparation:

Throughout this document, certain measures are used to describe the Group's financial performance which are not recognised under IFRS or other generally accepted accounting principles (GAAP). The Group's Directors and management assess financial performance based on underlying measures of performance, which are adjusted to exclude certain 'specific adjusting items'. In the judgment of the Directors, the use of adjusted performance measures (APMs) such as underlying operating profit and underlying earnings per share are more representative of ongoing trading, facilitate meaningful year-to-year comparison and, therefore, allow the reader to obtain a fuller understanding of the financial information. The adjusted measures used by QinetiQ may differ from adjusted measures used by other companies. Details of QinetiQ's APMs are set out in the glossary to the document.

Year references (FY19, FY18, 2019, 2018) refer to the year ended 31 March.

Disclaimer

This document contains certain forward-looking statements relating to the business, strategy, financial performance and results of the Company and/or the industry in which it operates. Actual results, levels of activity, performance, achievements and events are most likely to vary materially from those implied by the forward-looking statements. The forward-looking statements concern future circumstances and results and other statements that are not historical facts, sometimes identified by the words 'believes', 'expects', 'predicts', 'intends', 'projects', 'plans', 'estimates', 'aims', 'foresees', 'anticipates', 'targets', 'goals', 'due', 'could', 'may', 'should', 'potential', 'likely' and similar expressions, although these words are not the exclusive means of doing so. These forward-looking statements include, without limitation, statements regarding the Company's future financial position, income growth, impairment charges, business strategy, projected levels of growth in the relevant markets, projected costs, estimates of capital expenditures, and plans and objectives for future operations. Forward-looking statements contained in this announcement regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Nothing in this document should be regarded as a profit forecast.

The forward-looking statements, including assumptions, opinions and views of the Company or cited from third party sources, contained in this announcement are solely opinions and forecasts which are uncertain and subject to risks. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to be correct. Actual results may differ materially from those expressed or implied by these forward-looking statements. A number of factors could cause actual events to differ significantly and these are set out in the principal risks and uncertainties section of this document.

Most of these factors are difficult to predict accurately and are generally beyond the control of the Company. Any forward-looking statements made by, or on behalf of, the Company speak only as of the date they are made. Save as required by law, the Company will not publicly release the results of any revisions to any forward-looking statements in this document that may occur due to any change in the Directors' expectations or to reflect events or circumstances after the date of this document.