

# Pre-close statement and update on LTPA

Released : 29/03/2018

RNS Number : 3210J

QinetiQ Group plc

29 March 2018

## **QinetiQ Group plc** **Pre-close statement and update on LTPA**

**29 March 2018**

QinetiQ Group plc ('QinetiQ' or 'the Group') today issues an update before entering its closed period for the full year ending 31 March 2018.

The Group maintains its expectations for overall performance for FY18. Underlying trading in both the EMEA Services and Global Products divisions was as expected during the final quarter of the year.

QinetiQ's largest contract is the 25-year Long Term Partnering Agreement (LTPA) with the UK Ministry of Defence (MOD), signed in 2003 and running until 2028 with five-year repricing points. The Group is in detailed and constructive repricing discussions with the MOD regarding the operation and management of 15 LTPA sites and facilities not covered by the amendment signed in December 2016. Given the number of the facilities involved in the discussions, QinetiQ and the MOD have developed an interim pricing arrangement for twelve months beginning 1 April 2018, covering QinetiQ's continued delivery of test, evaluation and training support services. This interim arrangement will be under existing LTPA contract terms. The Group is confident of successfully concluding the repricing discussions within this twelve month timeframe.

As stated in the trading update on 8 February 2018, the EMEA Services division is bidding for a number of new opportunities with UK Government that will enable enhanced capability while also driving cost efficiencies. We are now the sole bidder negotiating with the UK MOD regarding the Engineering Delivery Partner programme which we will deliver in partnership with Atkins and BMT.

QinetiQ's preliminary results for the full year ending 31 March 2018 will be announced on the 24 May 2018.

Ends

### **Background information on the LTPA contract:**

- The Long Term Partnering Agreement (LTPA) is a key contract for QinetiQ covering a significant part of our UK Test and Evaluation (T&E) and training support capabilities.
  - Under the contract, QinetiQ receives approximately £300m revenue per annum, consisting of approximately (i) £200m to operate, manage and ensure the availability of sites and facilities ("Non-Tasking" services), and (ii) £100m for utilisation of the sites and facilities ("Tasking" services)
- In December 2016, in line with our strategy to lead and modernise UK T&E, we successfully renegotiated the Non-Tasking element of the air ranges and test aircrew training facilities under the LTPA, representing approximately £100m revenue per annum, with pricing agreed until 2028.

### **About QinetiQ:**

QinetiQ is a leading science and engineering company operating primarily in the defence, security and aerospace 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](http://www.QinetiQ.com). Follow us on LinkedIn and Twitter @QinetiQ. Visit our blog [www.QinetiQ-blogs.com](http://www.QinetiQ-blogs.com).

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