

► FTSE Investor Update

Wednesday 25th May 2022

Qinetiq prelims underline second half momentum

Last week, **Qinetiq (QQ.)** released their Preliminary Results for the year ended 31st March 2022...

The defence tech firm said it had made "good progress with strong second half momentum" and profits were "within our short-term guidance".

Qinetiq's provisional full year numbers looked solid with orders up 9% on an organic basis and revenue up 5% on an organic basis.

Underlying operating profit dipped to £137.4m versus £151.8m the year prior, but the group's second half momentum looks set to continue into their next financial year.

Qinetiq CEO, Steve Wadey commented:

"Recent world events have reinforced the long-term needs of our customers, including capabilities utilising differentiated technology, test and training solutions which are directly aligned with our strategy"...

With a clear focus on disciplined execution of our strategy, increasing demand for our solutions and good revenue coverage, we have positive momentum and are on-track to deliver sustainable global growth."



► Vodafone (VOD)

FTSE Investor Update - Wednesday 25th May 2022

Vodafone shareholder e& will consider joint investments

We highlighted in last week's BUY **Vodafone (VOD)** report that UAE telecom group Etisalat (e&) had become Vodafone's largest shareholder (9.8%).

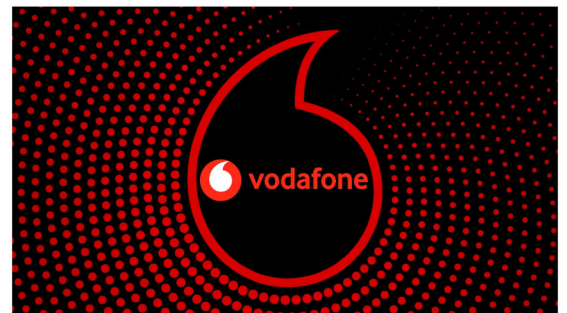
e& said on Friday that it will consider joint investments with Vodafone and is seeking to cooperate on procurement as well as research and development.

Etisalat CEO, Hatem Dowidar said he was confident in Vodafone's strategy, including streamlining the business and consolidation in Europe.

"I believe that they are clear on what needs to be done and they're trying to do it"...

"The channel will be open if there is an investment where us coming in as a partner makes sense for us," Dowidar added.

Dowidar said e& bought the stake because it saw Vodafone as undervalued and dividend returns are higher than the cost of debt backing the deal, adding there are no plans to increase the holding "at the moment" and e& would remain a passive investor.



VOD Daily Candle Chart



Sunak's windfall tax report spooks energy firms

Our position in **Centrica (CNA)** took a bit of a hit this week after a news report that Chancellor Rishi Sunak had ordered plans be drawn up for a possible windfall tax...

The Treasury is seeking to raise cash to support households facing higher energy bills, the Financial Times reported on Monday. When asked for comment, the Treasury did not provide a specific response.

Shares of British power generators Drax, Centrica and SSE all lost ground on Monday - marking their worst day since the start of the pandemic.

Sunak has previously said that if energy companies did not reinvest profits earned from soaring oil and gas prices back into jobs, growth and energy security then no option was off the table when it comes to the possibility of windfall taxes.

In our view, the windfall tax is to be expected, but it does not change our stance that Centrica look well positioned to capitalise on a consolidating UK energy market.



CNA Daily Candle Chart



► Performance

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The table below shows performance data for every FTSE Investor open position since the service was launched in April 2022*

Name	Ticker	Growth	Value	Income	Open Date	Entry Price	Current Price*	Profit/Loss (%)*
Qinetiq	QQ.	✓	✓		06/04/2022	316	362.40	14.68%
Unilever	ULVR	✓	✓	✓	20/04/2022	3,431.2	3,541.0	3.20%
Centrica	CNA	✓	✓		04/05/2022	79.34	83.16	4.81%
Vodafone	VOD			✓	18/05/2022	114.12	128.84	12.90%

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*Prices correct as of 24th May 2022. The table above shows ALL stock recommendations since FTSE Investor's launch on 6th April 2022. Please be aware that all entry and current price levels are mid-prices. Profit/loss includes any dividends received during holding period. No allowance for dealing costs, fees or taxes has been made. Past performance is not a guarantee of future performance.

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