

Serco boosts portfolio with \$327m acquisition of leading US defence business from Northrop Grumman

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[Serco](#), the international provider of critical government services, has agreed to acquire Northrop Grumman's mission training and satellite ground network communications software business (MT&S).

Adding to Serco's existing defence capabilities, the MT&S business provides the US military with advanced mission training services, and software that makes satellite ground networks more efficient.

With expertise in training services and software engineering, and a track record of innovation, it supports programmes across the US Army, Space Force, Air Force, Navy, Combatant Commands and international partners. It has annual revenues of approximately \$300 million (£242 million).

MT&S will add scale to Serco in North America, growing our business there to beyond \$2bn of revenue and \$200m of profit, and brings new capabilities and access to a broader base of customers.

Mark Irwin, Serco Group Chief Executive said: "We have approximately doubled revenue and more than trebled profit in Serco's North America business in recent years through a successful combination of organic growth and strategic acquisitions. MT&S provides an excellent opportunity to continue that success.

"The acquisition increases our scale, capabilities and growth potential in US defence, the largest defence market in the world, as well as providing solutions we can offer to our customers worldwide. The acquired capability delivers comprehensive, critical, technology-enabled services fully aligned to the US military's focus on enhancing warfighting standards and readiness through solutions that are both efficient and

effective.

"We look forward to welcoming nearly 1,000 new colleagues from MT&S to Serco and are excited to add their knowledge and experience to our work supporting the US Department of Defense's enduring mission to provide the combat-credible military forces needed to protect the security of the nation."

MT&S will provide further opportunities for Serco to grow organically in both North America and internationally through:

- Increased exposure to defence and US markets: Following the acquisition defence will be our largest sector, representing approximately 40% of Group revenue and North America overall will represent approximately 50% of Group underlying operating profit.
- Enhanced capabilities in large and attractive parts of the US defence market: MT&S helps to ensure armed forces' mission-readiness. It will advance our expertise in synthetic training, exercise simulation, and satellite ground network software services. Training represents a significant proportion of defence investment and the acquisition materially strengthens our position in this market, providing a strong platform for future growth.
- Increased scale and technology capabilities will benefit Serco's pipeline of potential new work: MT&S has a strong track record delivering large programmes in training, space and technology services for the US Department of Defense. The ability to reference this past performance will enhance our ability to win new work in our existing pipeline. We also expect to be able to expand the pipeline as we explore new opportunities with our combined capabilities.
- Ability to export MT&S's capabilities outside of the US: Military training and satellite capability are critical services for armed forces around the world. MT&S offers best in class solutions in these areas, which have so far been primarily limited to the US. We see significant applicability to our other existing markets, including the UK, Australia and Europe.

The acquisition, subject to regulatory approvals, is expected to close in mid-2025, at a purchase price of \$327 million (£264m).