

Delivering Excellence Through
Innovation & Technology



Creating a world fit for the future

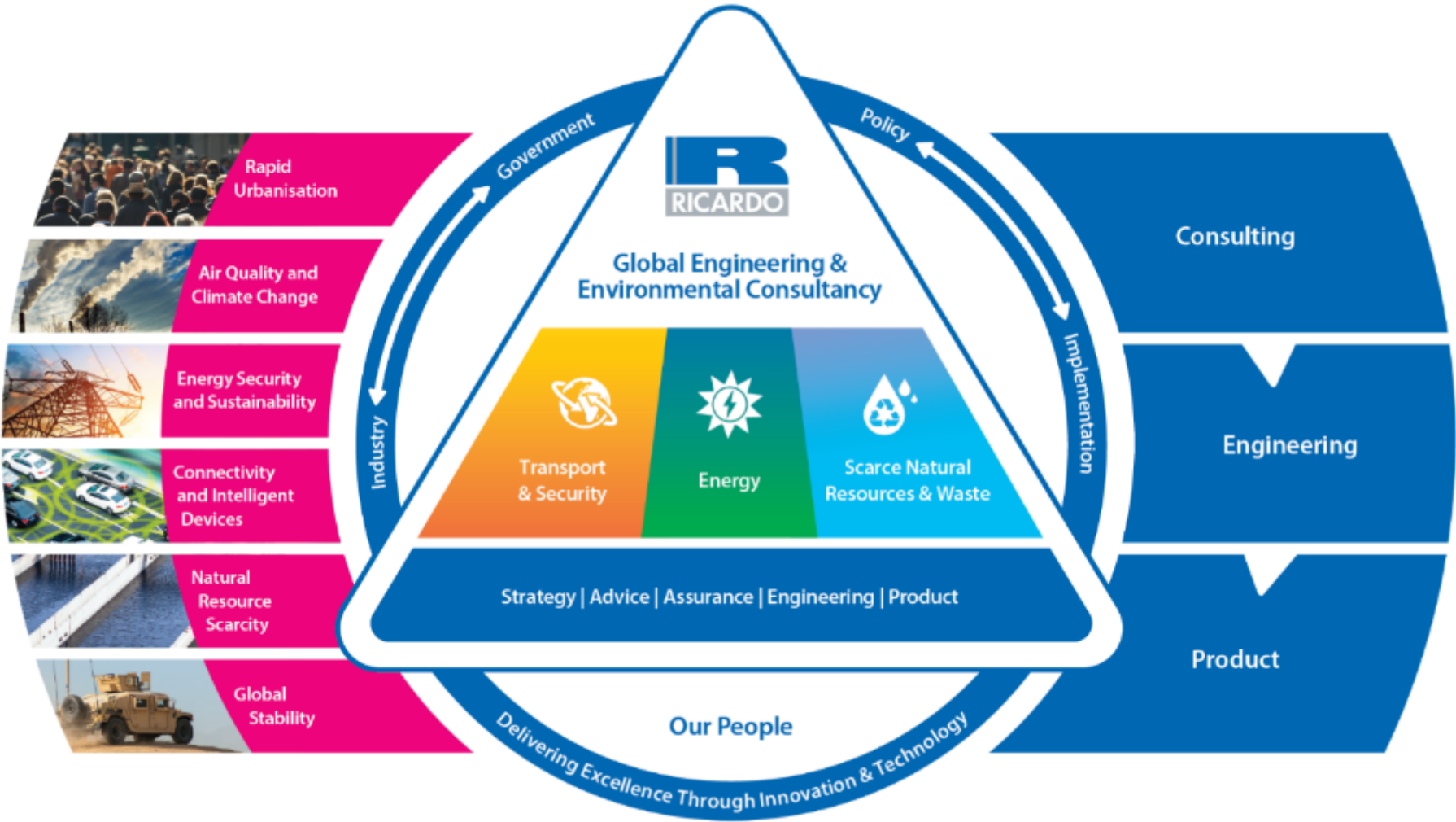
AGM Presentation

14 November 2019

www.ricardo.com

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Our ambition is to create a world fit for the future, meeting the challenges within the markets of Transport & Security, Energy, and Scarce Natural Resources & Waste.



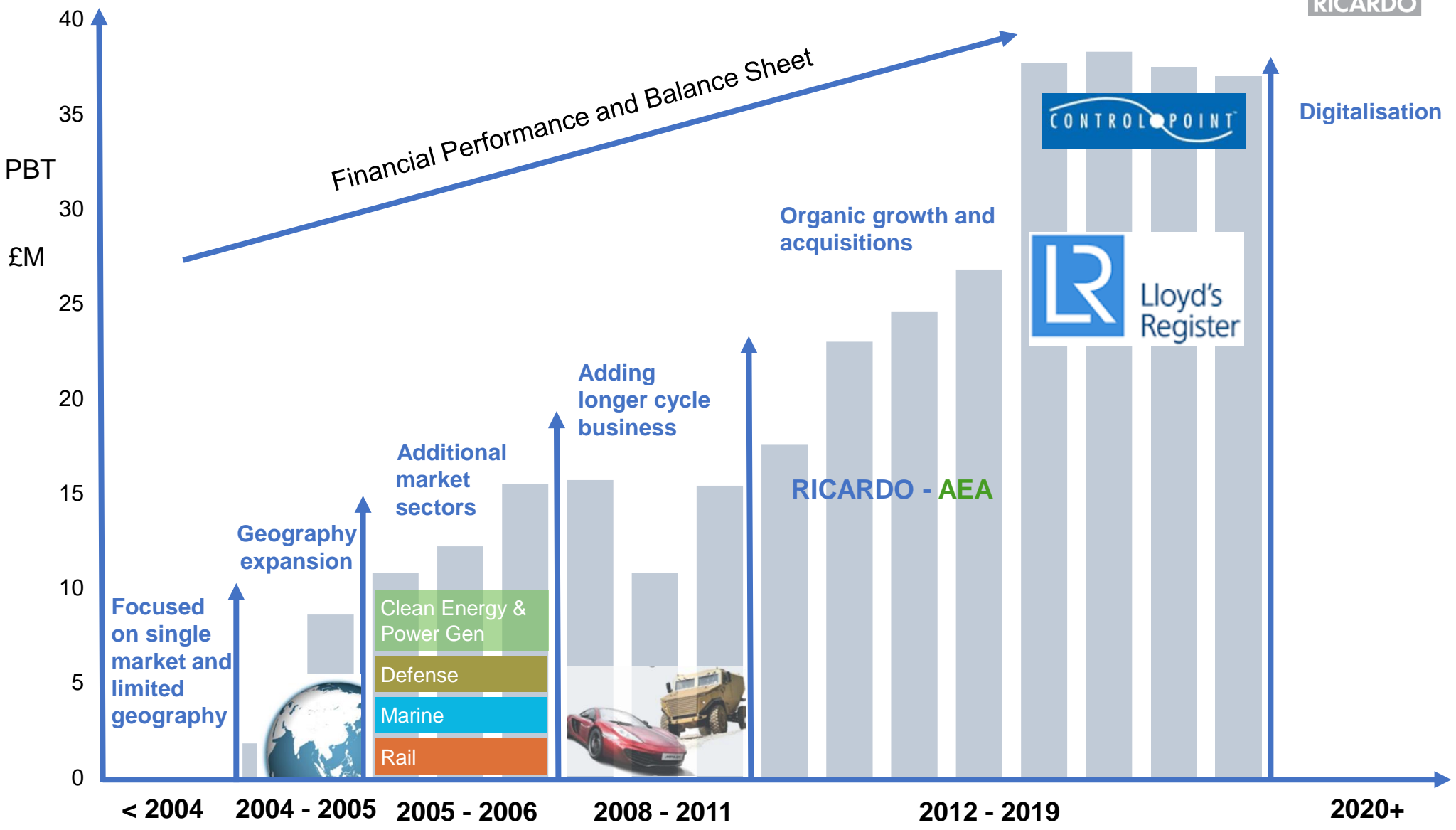
3,000 people

88 Nationalities

51 Sites

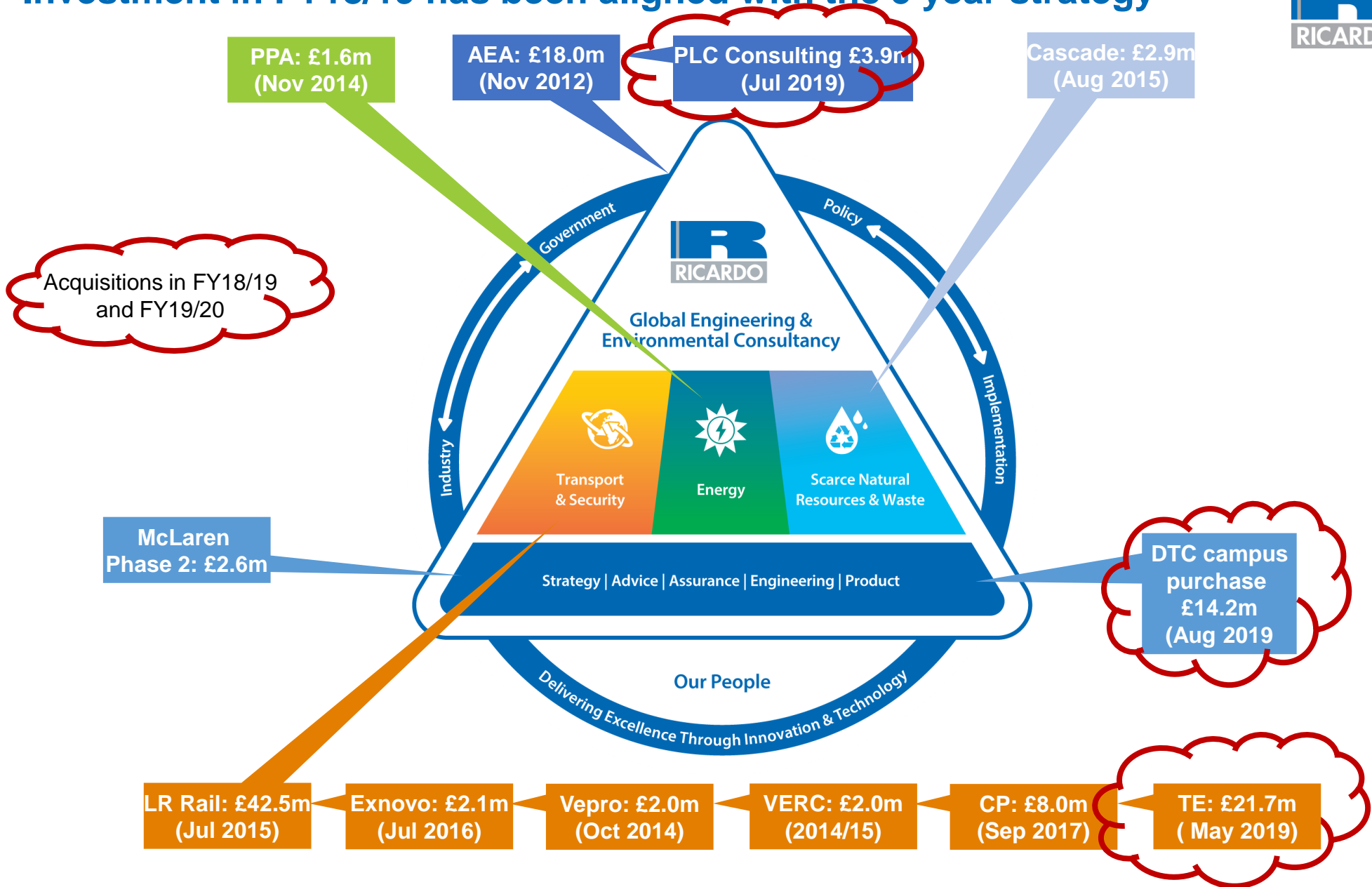
20 Countries

Ricardo strategy implementation – the story so far



Growth & Risk Mitigation

Investment in FY18/19 has been aligned with the 5 year strategy



Balancing the business: By market sector and geography - two Australian businesses acquired



Transport Engineering

- Sydney based rail systems technical consultants
- Major rolling stock projects in NSW & Victoria
- Strong capability in:
 - Rolling stock life-cycle management
 - On-site inspection and auditing
 - Safety engineering
 - Reliability, availability and maintainability
 - Testing and systems integration
- Headcount of 95
- Revenue of c. £15m p.a.

PLC Consulting

- Melbourne based planning, environment and infrastructure consultancy
- Public and private customers in Property, Transport, Environmental, Mining and Infrastructure
- Strong capability in infrastructure and environment planning life-cycle
- Headcount of 21
- Revenue of c. £2m p.a.



Diverse, agile and flexible business model, navigating a volatile market and economic backdrop



- Continued Brexit uncertainty, very weak Automotive backdrop and slowing China economy
- CO₂ reduction and local urban emissions remain priorities - development and adoption of electrified transport and infrastructure
- US defence spend at high levels - new technologies, life extension, and cyber protection
- Investment in public transport and infrastructure to improve inter- and intra-urban mobility in developed and developing economies
- Public and government action on environmental, plastic, water, waste & recycling agendas



HIGHLIGHTS – for the year ended 30 June 2019



- A resilient performance, demonstrating the development of the business and the success of diversification across sectors and geographies
- Strong growth in Performance Products and Energy & Environment in particular, offsetting a very challenging year in our European and US Automotive businesses
- Order intake robust at £386m, compared to £413m in FY 2017/18 and £366m in FY 2016/17
- Order book increased to £314m, up £19m on June 2018
- Revenue up 2% to £384.4m on FY 2017/18
- Underlying PBT similar to prior year at £37.0m (FY 2017/18: £37.5m)
- Record McLaren engine deliveries and ABS production commenced
- Two Australian acquisitions in Rail and Energy & Environment (May 2019 and July 2019, respectively)
- Net debt at £47.4m, including £22.4m acquisition costs (June 2018 Net debt: £26.1m)
- Dividend increased by 4% to 21.28p from 20.46p
- Current political and economic uncertainties aside, we are well positioned for growth from a strong, diversified order book and pipeline, recurring revenue from long-term production programmes and the benefit of recent acquisitions

Note: the prior period has been restated due to the impact of IFRS 15 'Revenue from contracts with customers' on a like-for-like basis with the current period.



Segmental results



£m	Year ended 30 June					
	Revenue earned		Underlying operating profit ⁽²⁾		Underlying operating profit ⁽²⁾ margin	
	2019	2018 ⁽¹⁾	2019	2018 ⁽¹⁾	2019	2018 ⁽¹⁾
Performance Products	113.9	91.7	11.9	9.3	10.4%	10.1%
Technical Consulting	270.5	286.8	27.7	30.4	10.2%	10.6%
Total	384.4	378.5	39.6	39.7	10.3%	10.5%

(1) the prior period has been restated due to the impact of IFRS 15 'Revenue from contracts with customers' on a like-for-like basis with the current period.

(2) excluding specific adjusting items, which comprise amortisation of acquired intangible assets, acquisition-related expenditure and reorganisation costs.

Segmental structure

- From 2020, segmental reporting will be changing from TC and PP to the segments below to give more granularity on the different areas of our business
- ABS will be reported in the Defence segment

Energy & Environment



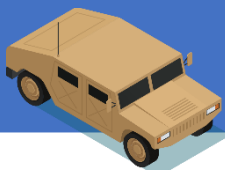
Rail



Automotive & Industrial



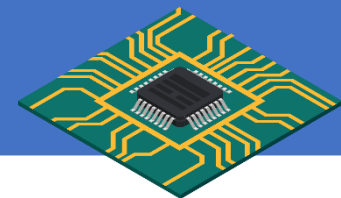
Defence
(incl. ABS)



Performance
Products



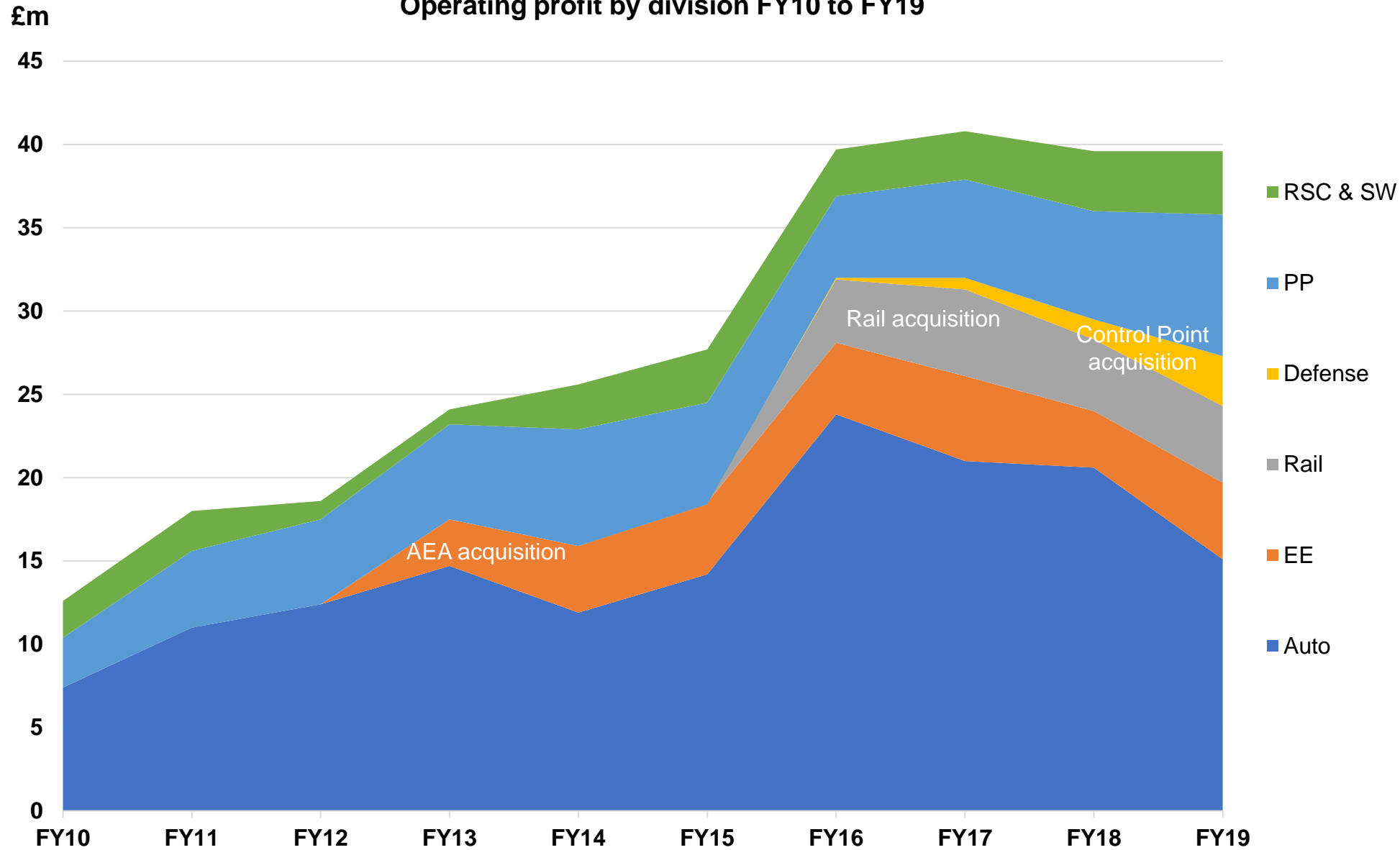
Strategic Consulting &
Software



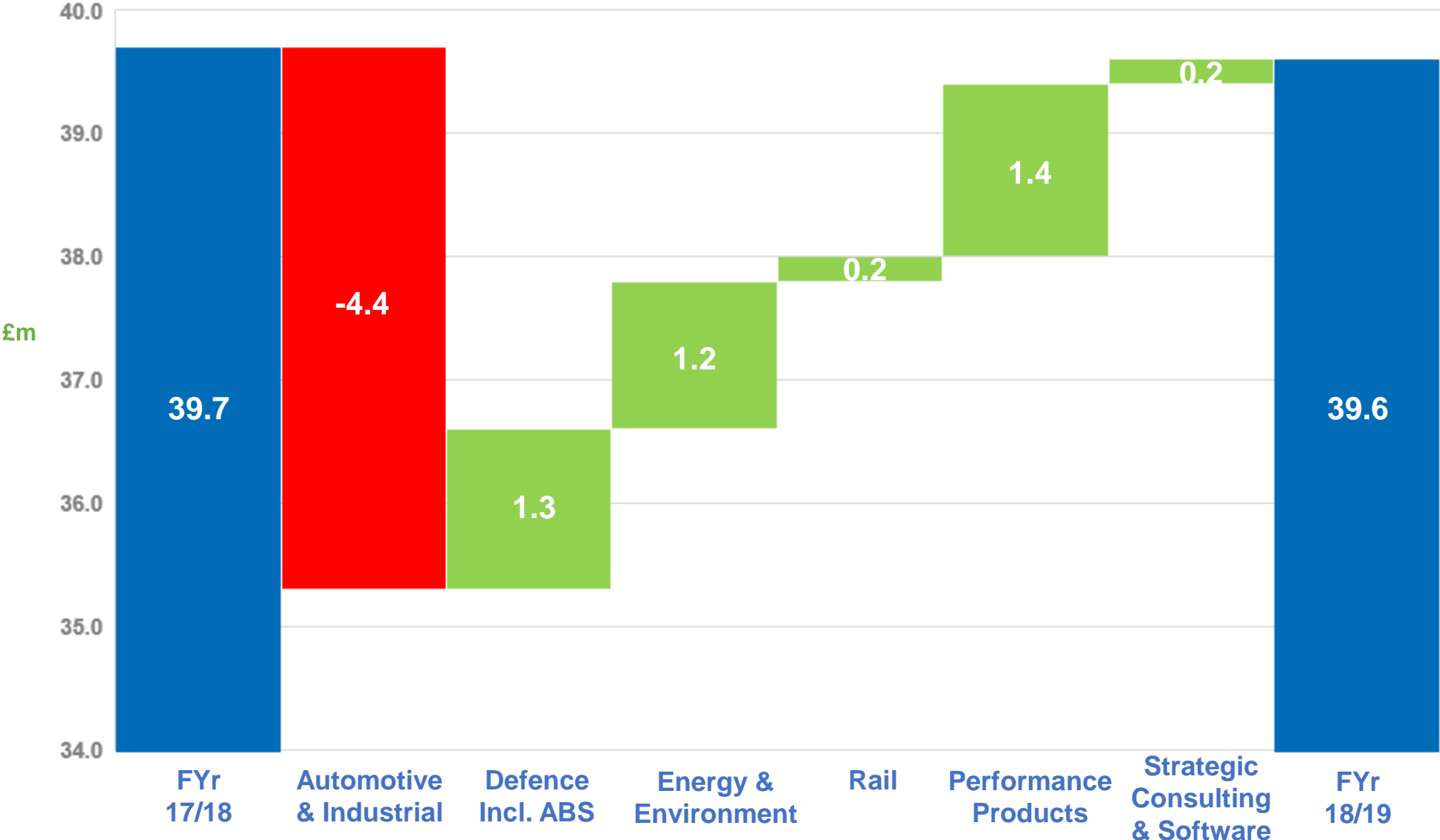
Creating resilience in the business - the strategy is working



Operating profit by division FY10 to FY19



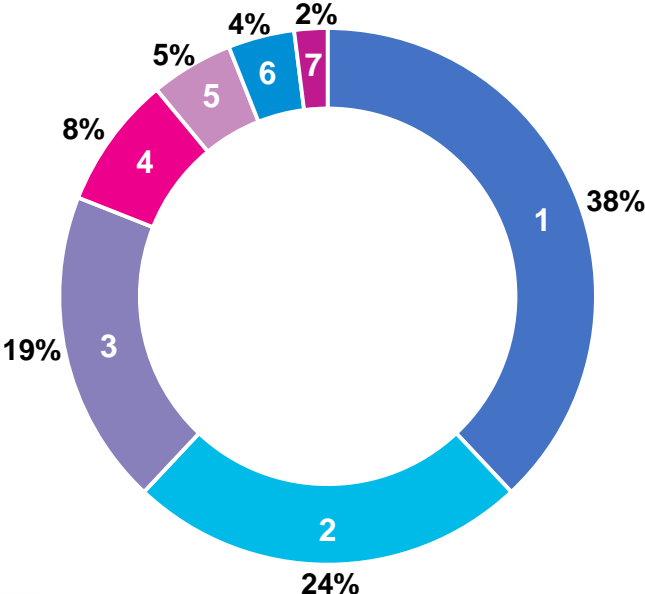
Underlying operating profit bridge under the new segmental structure



A continued good balance of order intake and pipeline from across the globe



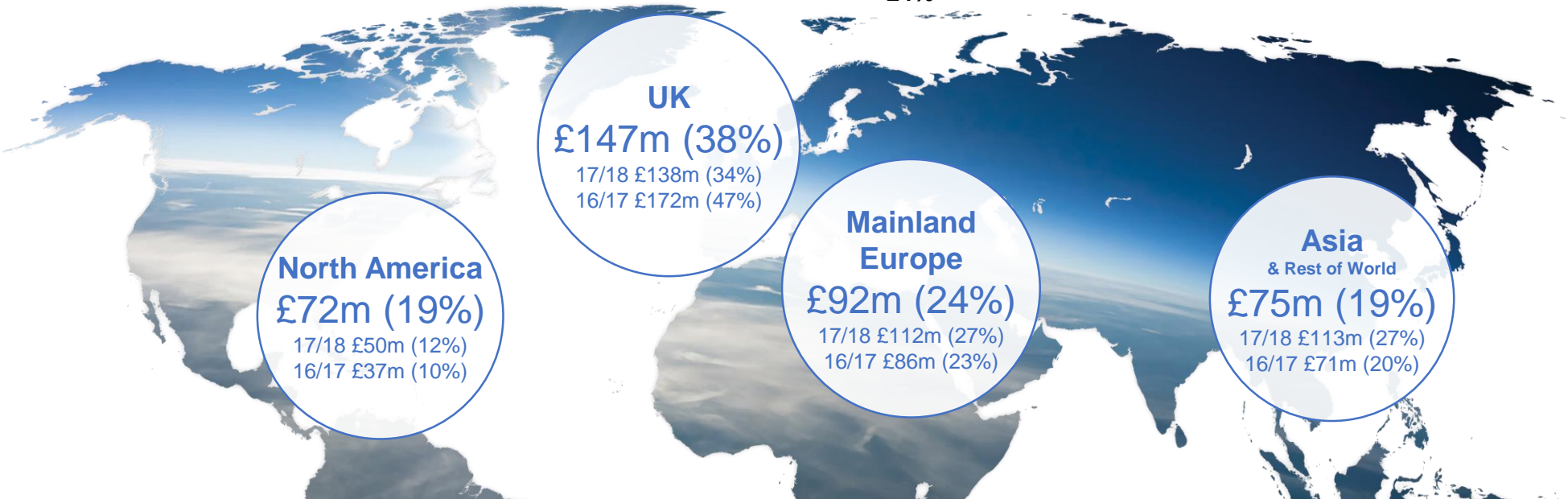
1. UK
2. Mainland Europe
3. North America
4. China
5. Japan
6. Rest of Asia
7. Rest of World



FY 2018/19
 Order Intake £386m

FY 2017/18
 Order Intake £413m

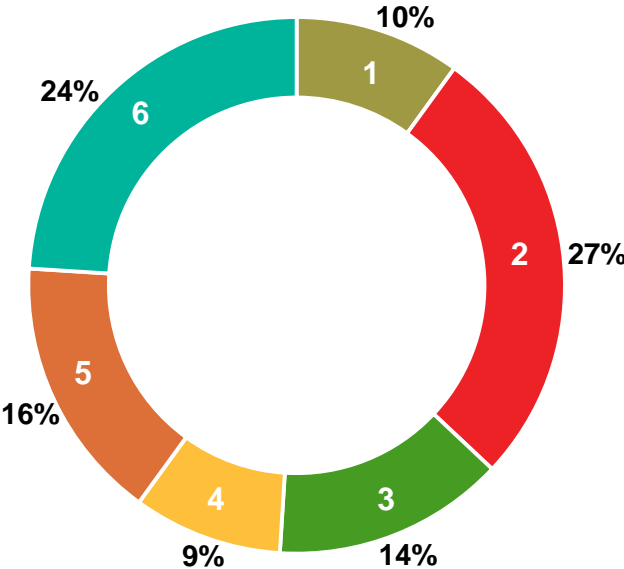
FY 2016/17
 Order Intake £366m



Well balanced market sector order intake with strong performance from Defence and High Performance Vehicles



- 1. Defence
- 2. High Performance Vehicles & Motorsport
- 3. Energy & Environment
- 4. Off Highway & Commercial Vehicles
- 5. Rail
- 6. Passenger Car & Motorcycle



FY 2018/19
 Order Intake £386m

FY 2017/18
 Order Intake £413m

FY 2016/17
 Order Intake £366m



£40m

17/18 £14m
 16/17 £6m

£103m

17/18 £86m
 16/17 £88m

£54m

17/18 £50m
 16/17 £53m

£34m

17/18 £37m
 16/17 £30m

£61m

17/18 £82m
 16/17 £73m

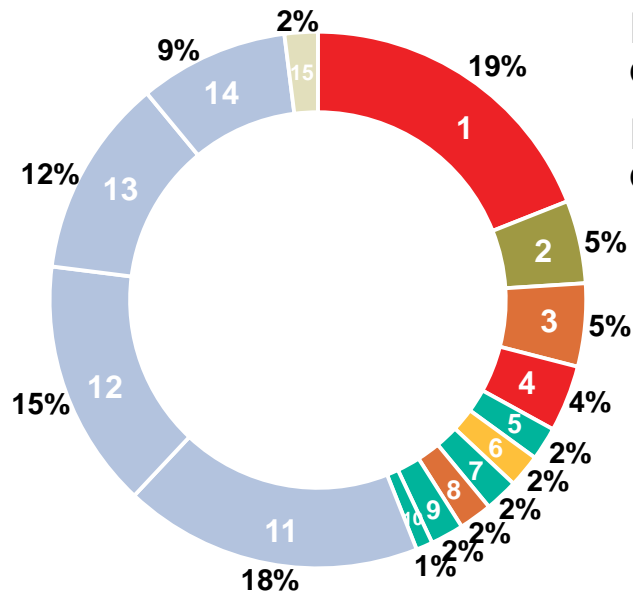
£94m

17/18 £144m
 16/17 £116m

Diverse customer mix, with a good level of multi-year business. Our top 3 customers are spread across Performance Products, Defence and Rail



Ricardo External Order Intake by Customer for year ended 30 June 2019



FY 2018/19
Order Intake £386m

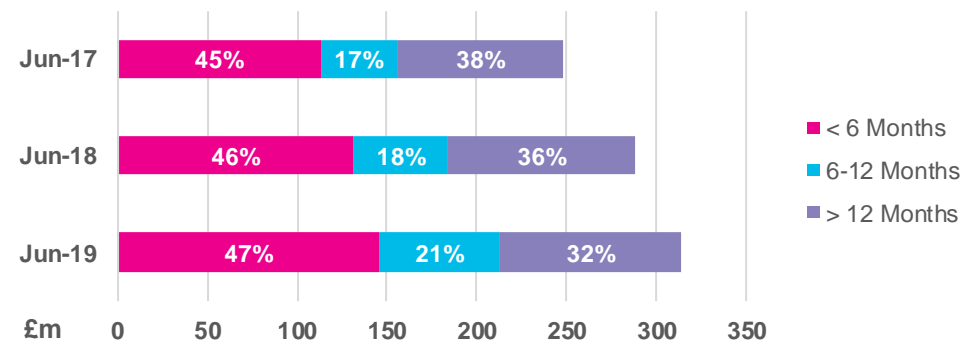
FY 2017/18
Order Intake £413m

FY 2016/17
Order Intake £366m




- | | | |
|-----------------|-------------------|---------------------------------|
| 1. Key client 1 | 6. Key client 6 | 11. Other UK clients |
| 2. Key client 2 | 7. Key client 7 | 12. Other Asia clients |
| 3. Key client 3 | 8. Key client 8 | 13. Other North America clients |
| 4. Key client 4 | 9. Key client 9 | 14. Other Europe clients |
| 5. Key client 5 | 10. Key client 10 | 15. Rest of World clients |

Order Book Profile




Creating a world fit for the future

What we offer to clients – creating a world where everyone can live sustainably



Breathe Clean Air



Access Clean Water



Use Clean Energy




Travel Safely and Sustainably




Conserve Resources

Looking at how we operate (practicing what we preach – developing the operational message)



Operate safely




Use Water Wisely



Use Clean Energy



Travel Safely and Sustainably



Operate Efficiently

Corporate Responsibility & Sustainability (CRS) - Working Examples

- 50% of all city based Ricardo staff use sustainable transport
- Around the group we have over 40 EV charging points for our people and visitors
- Since October 2018 all UK energy we buy directly is from renewable sources
- 600 Ricardo office spaces now have new low energy lighting technology
- 50% of the energy used to run McLaren assembly comes from the energy created from testing the engines
- 85% of our DTC and STC engine test cells have regenerative dynamometer technology
- VERC (STC) is responsible for 19% of the group's total energy generates £12m revenue, and is responsible for huge reductions in carbon footprint
- STEM is core to developing our future diverse and inclusive work force and engaging in our communities
- We work with schools, colleges and universities
- We also support wellbeing related activity such as R-Tour
- We are building our brand with our global communities
- Everyone will be involved in making a difference – starting with “water”



R-Tour the stats

- Originated by Ian Behling, Principal Consultant, Ricardo Energy & Environment
- 70 riders from 5 Divisions across the group, with 3 people cycling the full route. Also 11 support drivers
- 10 days, 900 miles and 45,000 feet of climbing
- Raising funds for MIND – the mental health charity, and supporting our wellbeing agenda along the way

- **Fundraising:**

- £25k has been raised by the team (excluding gift aid)
 - £25k Ricardo plc match funding
- Support from employees across the group with 13 offices involved + and sponsors, such as Ceratizit and Cycle2Work





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