

Ricardo plc Trading Update

Ricardo plc (LSE: RCDO.L) (the 'Group') is today providing a trading update in respect of the year ending 30 June 2020. This includes an update on the operational impact of COVID-19 on the business and the actions that it has taken to increase liquidity and near-term funding, as well as the steps that it has taken to support frontline staff in local care homes and NHS trusts with vital personal protective equipment ('PPE').

Funding and liquidity

We have modelled a wide range of scenarios regarding the potential impact of COVID-19 on the liquidity of the Group. Whilst we have no immediate concern, we have taken action to strengthen the Group's funding to provide further headroom against the risk of the more pessimistic scenarios materialising.

At 30 April 2020, net debt was £80.8m, with £20m of our £150m RCF undrawn and available. We held Liquid Cash reserves of £66.0m as well as uncommitted overdrafts of £16.4m. The level of liquid cash reserves held has been increased as part of our treasury management policy in response to COVID-19.

On 5 May 2020, the Group exercised £50m of the accordion option of its banking facilities, thereby increasing the RCF to £200m and increasing the amount undrawn and available to £70m. This provides the Group with increased committed funding available for the remaining term through to July 2023.

In addition to the increased committed funding available, the Adjusted Leverage (defined as net debt over underlying EBITDA) covenant was increased from 3.0x to 3.75x for the next two test dates of 30 June 2020 and 31 December 2020. The covenant will return to 3.0x for the following test date on 30 June 2021. The only other financial covenant is Interest Cover, which remains at 4.0x for each test date. There have been no other changes to the terms of this multi-currency facility, which has a variable interest rate ranging from 1.4% to 2.2% above LIBOR and varies according to the Group's Adjusted Leverage.

We thank each of our relationship banks NatWest, HSBC, Bank of Ireland and Lloyds for their continued support for Ricardo during these unprecedented times.

Across the Group, we have also acted quickly to reduce expenditure and preserve cash. This includes careful management of employee costs, as well as maintaining tight control of all capital expenditure and discretionary operating costs.

Trading update

Order intake in the quarter to 31 March 2020 (Q3) was good at £30 million per month and the Group secured a further £19m of orders in April 2020. Against the backdrop of COVID-19, some of our businesses continue to perform well whilst others have been more adversely impacted.

Trading in our Energy & Environment and Defense businesses was good in Q3, both benefiting from a largely public sector customer base. Our Defense operations have been deemed essential by the US Government, with c.600 Anti-lock Brake System ('ABS') kits delivered in Q3. Given the current climate, we expect some re-scheduling of Ambulance ABS deliveries from our Q4 to the next financial year as the US Government redirects some of its funding. Discussions on the wider HMMWV fleet ABS retrofit programme remain positive and continue in line with our expectations.

Further to our February guidance, our Automotive-related and Rail businesses in Europe and the US have experienced some slow-down in project delivery due to customers either closing down their operations or working remotely due to various lockdown restrictions. Following the easing of restrictions, our China businesses have now returned to work at their offices. The delivery of high-performance engines and

transmissions by our Performance Products business is being impacted by the recent closure of some of our customers' production lines.

Despite the continued good order intake over the past quarter, there is considerable uncertainty and economic volatility ahead. With this in mind, it is difficult to forecast with a reasonable degree of accuracy and we are therefore withdrawing guidance until we see more stability in the economic backdrop.

Our response to COVID-19 – “healthy people, healthy business”

At the time of the COVID-19 outbreak in Asia, we quickly activated our crisis management plan, setting out a “Healthy people, healthy business” agenda. This focused on supporting our employees and their families together with the health and wellbeing of our clients, suppliers and the communities in which we operate. We operate strong governance with weekly board updates and Executive Committee meetings supported by a central team of functional heads reporting to the Chief Executive.

We applied key learnings from our experience in Asia to prepare our European and US operations to primarily work from home, which was achieved through swift enhancement to our IT systems, with very little disruption or impact on IT security as a result of great support from our employees. We have supported many colleagues with highly flexible working arrangements so they can add value alongside caring for their children. Currently, most staff in Europe and the US are working remotely, with c.200 of our European and US staff performing essential work from our sites. The majority of our Asian staff are now working from their offices. We have made some limited use of the UK Government furlough scheme, where appropriate to do so.

We have made a commitment to support the communities around our sites, and in order to support local care homes and NHS Trusts we have engineered and assembled face shields. These face shields are certified to the EN166-1 standard and have been donated to health and care workers on the front line of the national effort to combat the pandemic. As at 4 May, we have distributed c.7,000 face shields to communities around our Midlands, Shoreham, Derby and Harwell locations. We would like to thank both our volunteer employees and the organisations who have donated extra material for their support in this initiative.

Dave Shemmans, Ricardo plc CEO, commented:

“I am extremely proud of the way the Group has responded to the challenges that we have faced as a result of the COVID-19 outbreak and the willingness of our staff to support their colleagues and the national effort at this time of crisis, in particular our swift production of face shields for frontline healthcare workers. I am confident the measures we are taking will allow us to continue to deliver our products and services to customers in a safe and efficient manner. We remain open for business and maintain our passion to serve our clients.”

“Ricardo is a diverse and resilient Group, and we face the continuing uncertainty with good levels of order intake, together with a strong position in respect of financing facilities and liquidity, all of which position us well for when economic stability returns.”

About Ricardo plc

Ricardo is a global engineering, technical, environmental and strategic consultancy business. We also manufacture and assemble low-volume, high-quality and high-performance products and develop advanced virtual engineering tools for conventional and electrified powertrains as well as for complex physical systems.

Our ambition is to be the world's pre-eminent organisation focused on the design, development and application of solutions to meet the challenges within the markets of Transport & Security, Energy, and Scarce Natural Resources & Waste. Our mission is to **create a world fit for the future**, and we will achieve this

through the activities of our portfolio of businesses, each of them underpinned by our talented team of professionals.

Further enquiries:

Ricardo plc
Dave Shemmans, Chief Executive Officer
Ian Gibson, Chief Financial Officer

Tel: 01273 455611
Website: www.ricardo.com

Newgate Communications LLP
Adam Lloyd / Ian Silvera / Isabelle Smurfit

Tel: 020 7680 6550
E-mail: ricardo@newgatecomms.com

Cautionary Statement

Note: Certain statements in this press release are forward-looking. Although these forward-looking statements are made in good faith based on the information available to the Directors at the time of their approval of the press release, we can give no assurance that these expectations will prove to have been correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements. We undertake no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.