



Ricardo plc

Preliminary Results Presentation

Year ended 30 June 2013

HIGHLIGHTS – for the year ended 30 June 2013

- A record operating performance
- Organic (excluding AEA) profit before tax up 15% to £20.2m
- Underlying* profit before tax up 31% to £23.0m
- Net funds of £6.1m (June 2012: £7.9m) after funding £18.0m AEA acquisition
- Full year dividend up 13% to 14.0p per share (June 2012: 12.4p)
- AEA acquired and integrated during the year
- Continuing to build an innovative Group well-placed to deliver long-term growth
- Strategic partnerships yielding multi-year visibility
- Outlook remains positive, strong platform for further growth

* excluding specific adjusting items, which comprise amortisation of acquired intangible assets and acquisition costs

Key indicators



	Year ended 30 June 2013	Year ended 30 June 2012	Year on Year movement
Order book	£121m	£107m	£14m
Gross profit %	41.5%	41.7%	(0.2)%
Operating profit % *	10.5%	9.4%	1.1%
Tax rate	19.0%	14.2%	4.8%
EPS (basic) *	35.8p	29.3p	6.5p
Full year dividend	14.0p	12.4p	1.6p
Net cash	£6.1m	£7.9m	£(1.8)m
Pension deficit (pre-tax)	£19.7m	£20.4m	£(0.7)m
Closing headcount (including subcontractors)	2,198	1,906	292

* excluding specific adjusting items, which comprise amortisation of acquired intangible assets and acquisition costs

Income statement excluding Ricardo-AEA



£m	Year ended 30 June	Year ended 30 June	Year on Year growth
	2013	2012	
Revenue	204.3	197.4	3%
Gross profit	86.7	82.3	5%
Administration costs	(65.4)	(63.7)	3%
Operating profit	21.3	18.6	15%
Net finance costs	(1.1)	(1.0)	10%
Profit before tax	20.2	17.6	15%

Income statement – total Group



£m	Year ended 30 June				Year on Year growth	
	2013 Underlying	2013 Specific adjusting items*	2013 Total	2012 Total	Underlying	Total
Revenue	229.7	-	229.7	197.4	16%	16%
Gross profit	95.4	-	95.4	82.3	16%	16%
Administration costs	(71.3)	(2.0)	(73.3)	(63.7)	12%	15%
Operating profit	24.1	(2.0)	22.1	18.6	30%	19%
Net finance costs	(1.1)	-	(1.1)	(1.0)	10%	10%
Profit before tax	23.0	(2.0)	21.0	17.6	31%	19%
Taxation (charge)/credit	(4.5)	0.5	(4.0)	(2.5)	80%	60%
Profit for the period	18.5	(1.5)	17.0	15.1	23%	13%

* Amortisation of acquired intangible assets and acquisition costs

Revenue by customer location



External revenue £m	Year ended 30 June	Year ended 30 June
	2013	2012
UK	116.5	96.1
Germany	16.2	22.0
Rest of Europe	21.4	9.6
Europe total	154.1	127.7
US	36.4	34.0
China	8.0	8.6
Japan	18.3	14.5
Rest of Asia	11.6	12.0
Asia total	37.9	35.1
Rest of the World	1.3	0.6
Total	229.7	197.4

Segmental results



Year ended 30 June

£m	Revenue earned		Operating profit/(loss)*		Operating profit * margin	
	2013	2012	2013	2012	2013	2012
Technical Consulting	180.1	149.6	18.5	14.7	10.3%	9.8%
Performance Products	49.6	47.8	6.1	5.8	12.3%	12.1%
Head office costs	n/a	n/a	(0.5)	(1.9)		
Total	229.7	197.4	24.1	18.6	10.5%	9.4%

* excluding specific adjusting items, which comprise amortisation of acquired intangible assets and acquisition costs

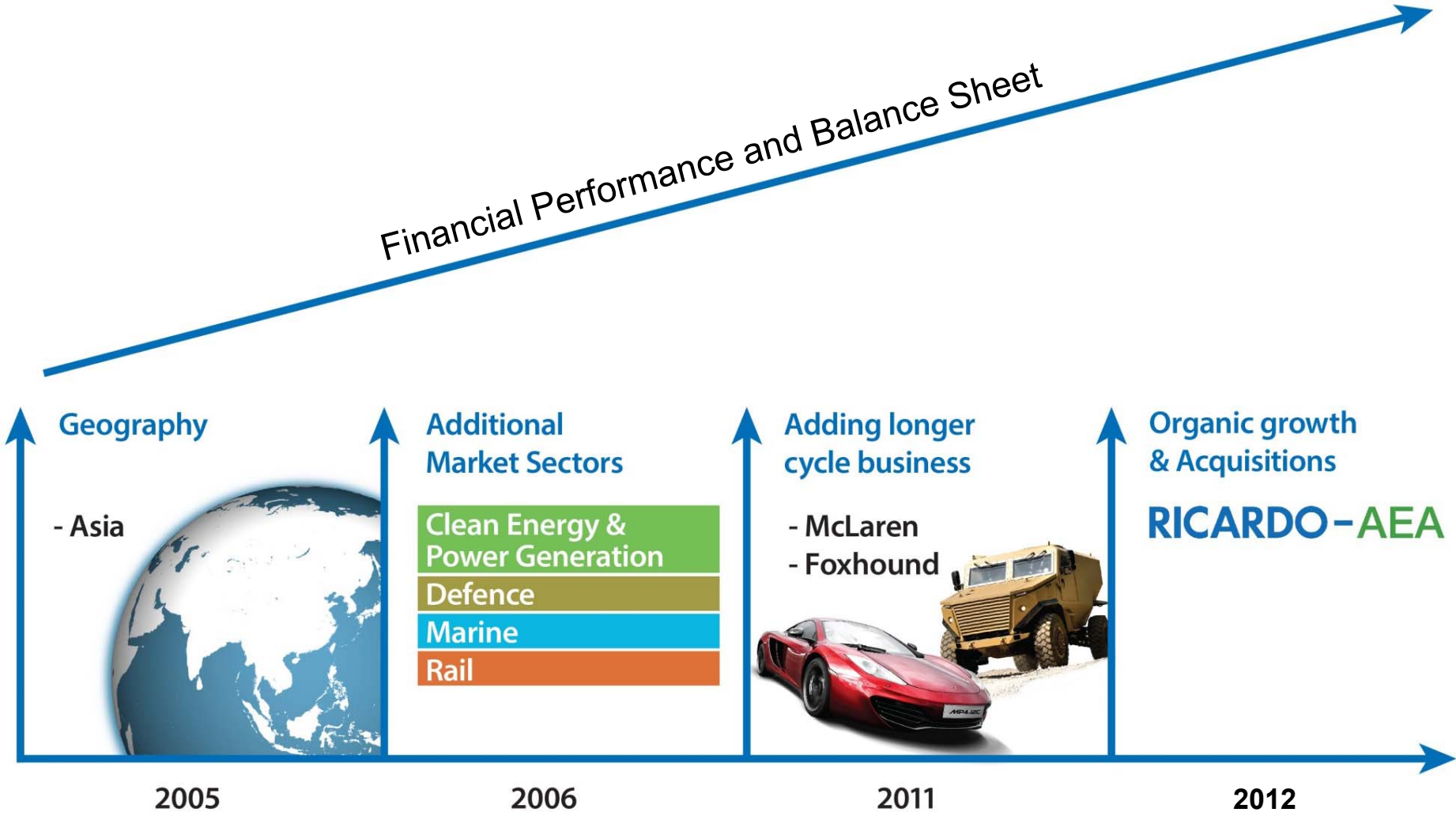
£m	Year ended 30 June	Year ended 30 June
	2013	2012
Operating profit	22.1	18.6
Depreciation and amortisation	9.3	7.8
Working capital decrease	3.1	0.5
Dividends	(6.6)	(6.1)
Bank and other interest	-	(0.1)
Tax paid	(0.7)	(0.9)
Capital expenditure	(10.8)	(11.0)
Proceeds of sale and lease back of offices in Germany	3.7	-
Pension charge and funding	(4.8)	(3.9)
Forex movements/other	0.9	1.5
Cash inflow excluding AEA consideration	16.2	6.4
AEA consideration	(18.0)	-
Cash (outflow)/inflow	(1.8)	6.4

Balance sheet summary



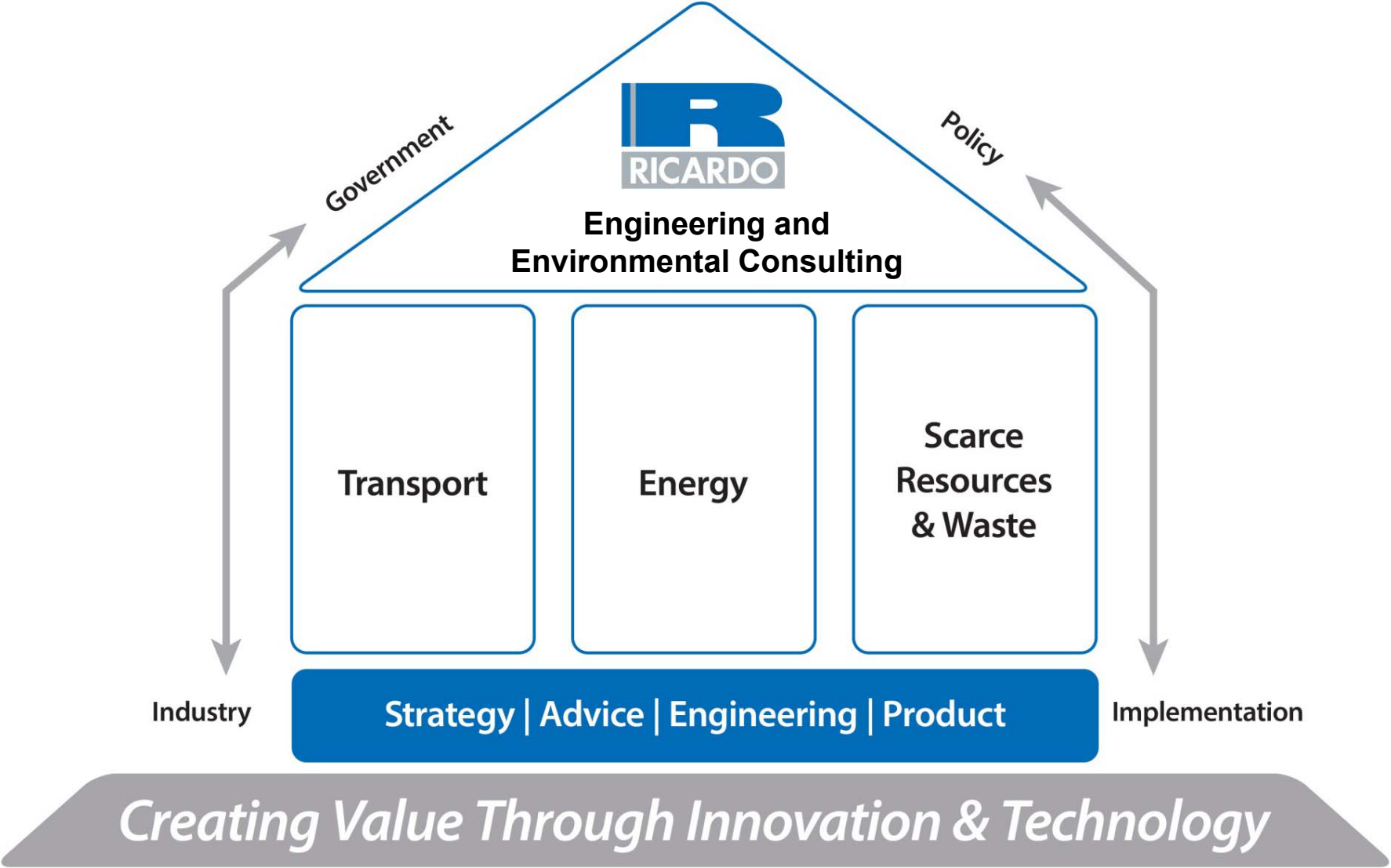
£m	Year ended	Year ended
	30 June	30 June
	2013	2012
Tangible assets	48.2	45.6
Intangible assets	41.5	22.1
Inventory and receivables	62.6	71.0
Net funds	6.1	7.9
Trade and other payables	(47.3)	(48.2)
Pension deficit (net of tax)	(15.1)	(15.5)
Other	3.9	6.9
Net assets	99.9	89.8

Ricardo strategy implementation – the story so far

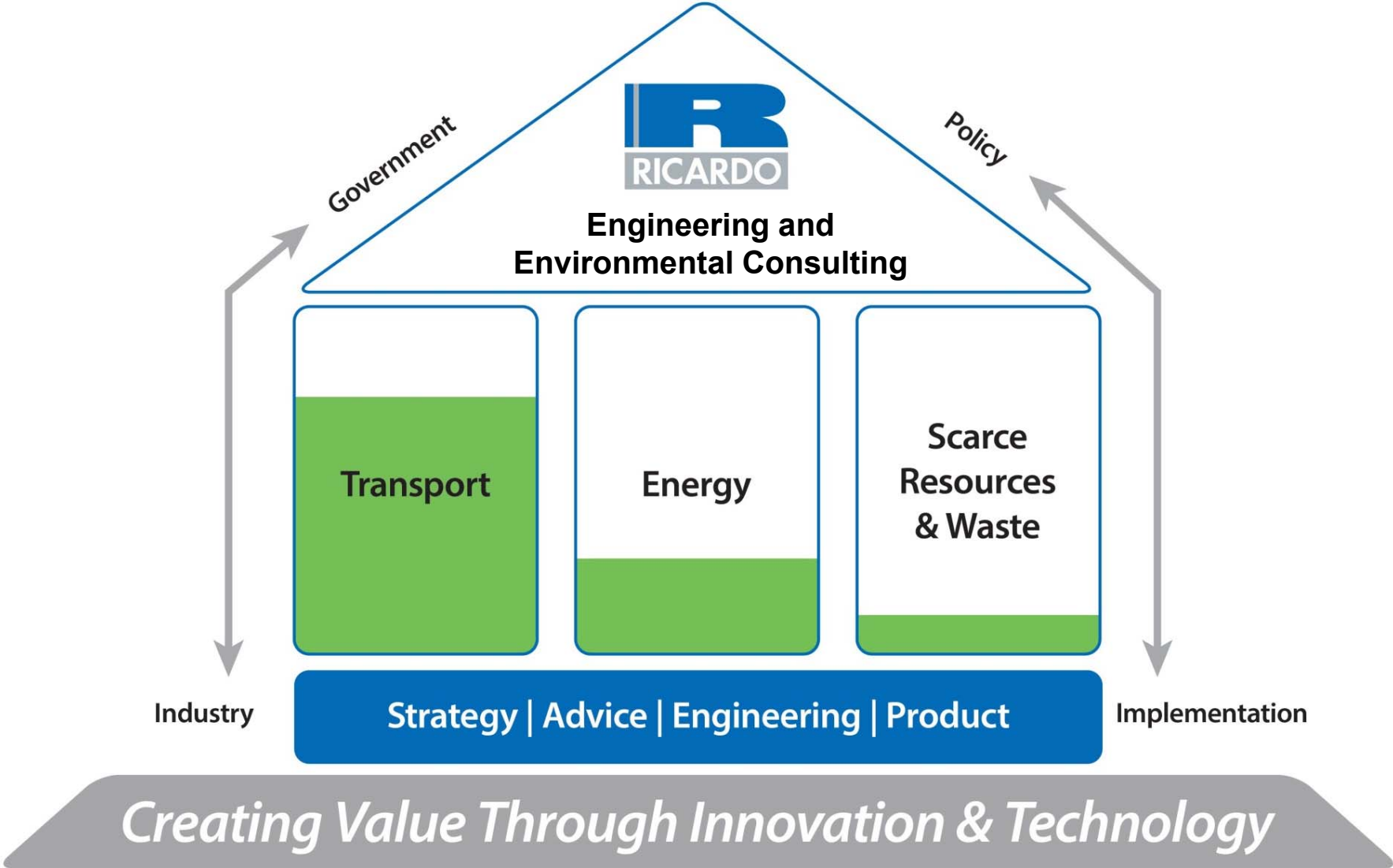


Growth & Risk Mitigation

The global engineering and environmental consulting company



The global engineering and environmental consulting company



Strategy balances economic and legislative cycles within sectors & geographies

- Underlying world economics remain mixed
- UK & Asia solid, US recovery, Europe weak
- Passenger car activity driven by legislation and new products for global markets
- Commercial vehicle and agricultural market activity impacted by legislation gap
- Strong demand for distributed power generation
- Continued interest in super car, motorsports and niche vehicle/engine assembly
- Developing regions balancing industrial growth with environmental protection



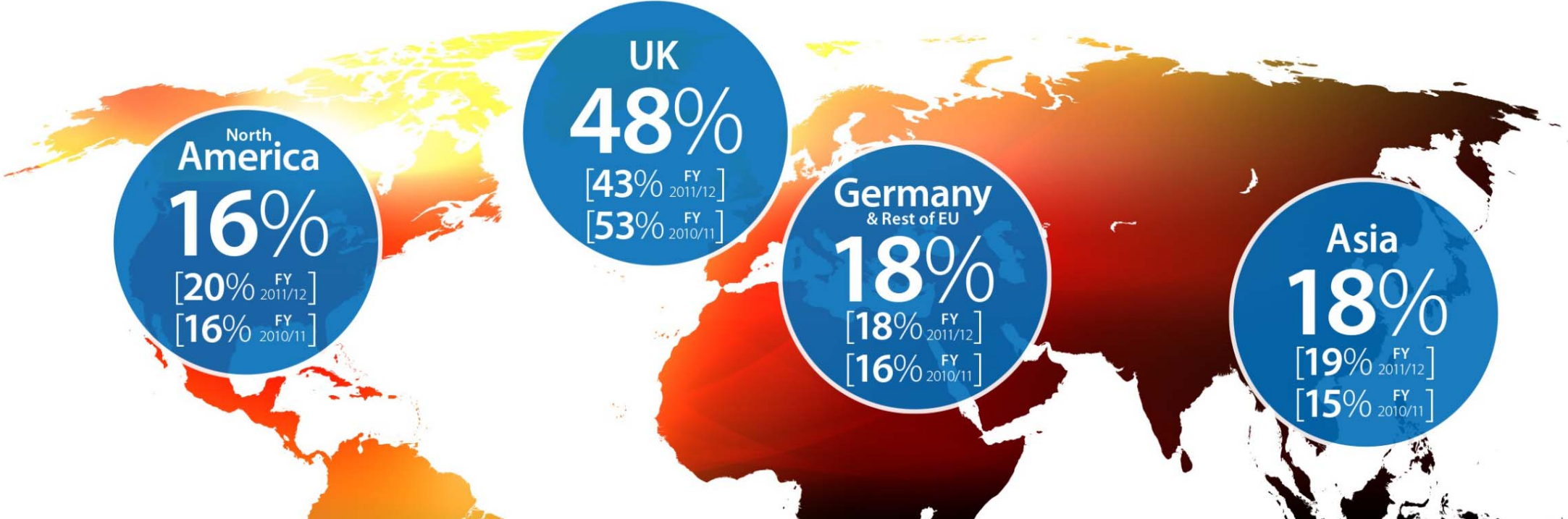
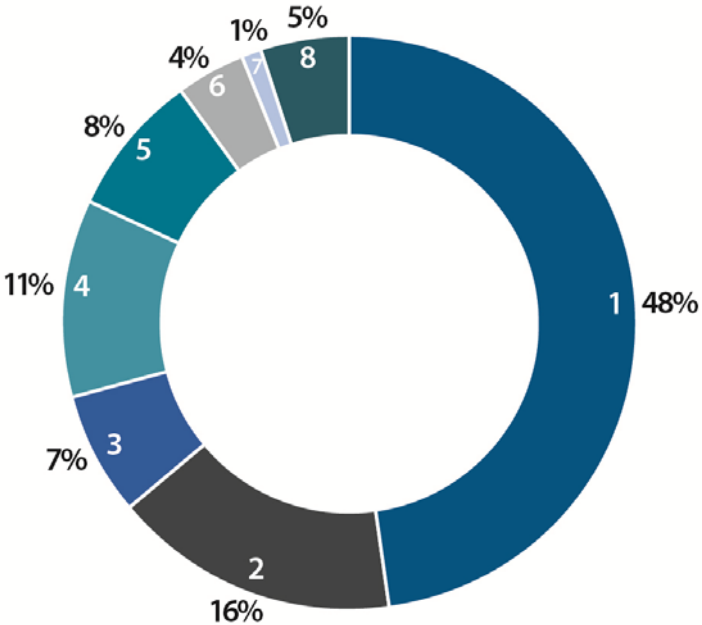
High profile programmes and premium niche products delivered



Balanced order intake across geographical markets



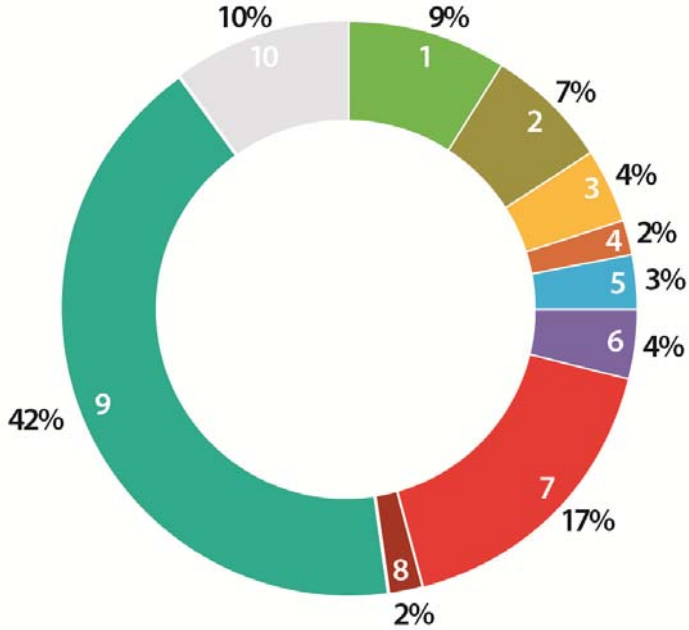
1. UK
2. North America
3. Germany
4. Rest of Europe
5. Japan
6. China
7. India
8. Rest of Asia



Balanced order intake across market sectors



1. Clean Energy & Power Generation
2. Defence
3. Agriculture & Industrial Vehicles
4. Rail
5. Marine
6. Commercial Vehicles
7. High Performance Vehicles & Motorsport
8. Motorcycle & Personal Transportation
9. Passenger Car
10. Government



FY2012/13
 [FY2011/12]
 [FY2010/11]

Government



10%

[2%]

[1%]

CE&PG



9%

[7%]

[3%]

PC



42%

[41%]

[38%]

Marine



3%

[2%]

[0%]

Rail



2%

[1%]

[0%]

M&PT



2%

[2%]

[1%]

HPV&M



17%

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AIV



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[8%]

CV



4%

[7%]

[11%]

Defence



7%

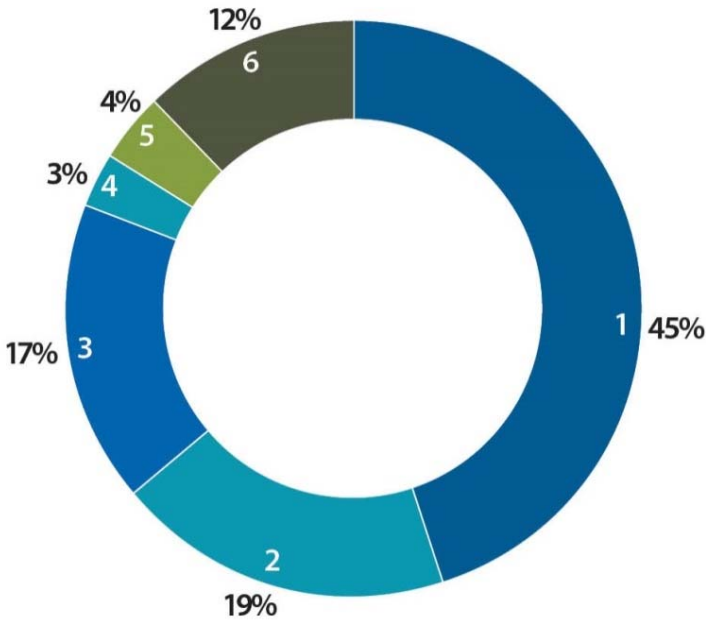
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Balanced order intake across product groups



1. Engines
2. Driveline & Transmission Systems
3. Vehicle Systems
4. Hybrid & Electric Systems
5. Strategic Consulting
6. Environmental Consulting



EC



12%

[NA]

[NA]

SC



4%

[5%]

[6%]

HES



3%

[4%]

[6%]

DTS



19%

[21%]

[6%]

VS



17%

[21%]

[33%]

Engines



45%

[49%]

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FY2012/13

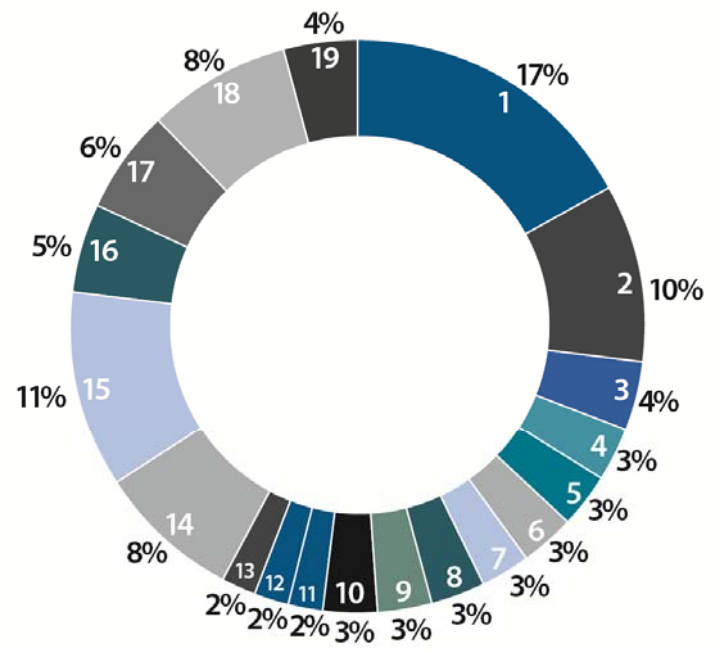
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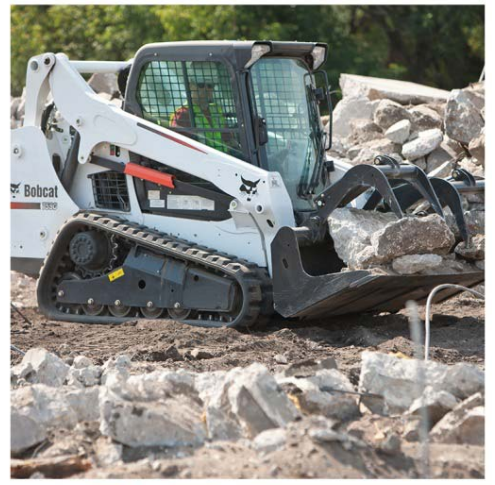
Balanced order intake across customers



Ricardo plc External Order Intake by Key Client for the year ended 30 June 2013



- 1. Key Client 1
- 2. Key Client 2
- 3. Key Client 3
- 4. Key Client 4
- 5. Key Client 5
- 6. Key Client 6
- 7. Key Client 7
- 8. Key Client 8
- 9. Key Client 9
- 10. Key Client 10
- 11. Key Client 11
- 12. Key Client 12
- 13. Key Client 13
- 14. Rest of UK
- 15. Rest of Asia
- 16. Rest of Europe
- 17. Rest of North Amr
- 18. UK Government
- 19. US Defence



Performance Products continues to deliver a broad range of vehicles, transmissions, engines and software




500

Bugatti transmissions delivered to date




340

Foxhound vehicles delivered to date



3100

McLaren engines delivered to date



72

Scomi transmissions to date



1500

F1 gears delivered per season



520

Open wheel race series transmissions per season



510

GT Motorsport transmissions per season



2150

Software licences in 15 countries each year

Summary for period and outlook

- A record operating performance
- A strong balance sheet
- All sectors, geographies and product areas contributing
- Niche assembly programmes attracting attention from other clients
- AEA acquired, integrated and exceeding expectations
- Current order book, pipeline and operational delivery together with a strong balance sheet, provides confidence of further progress



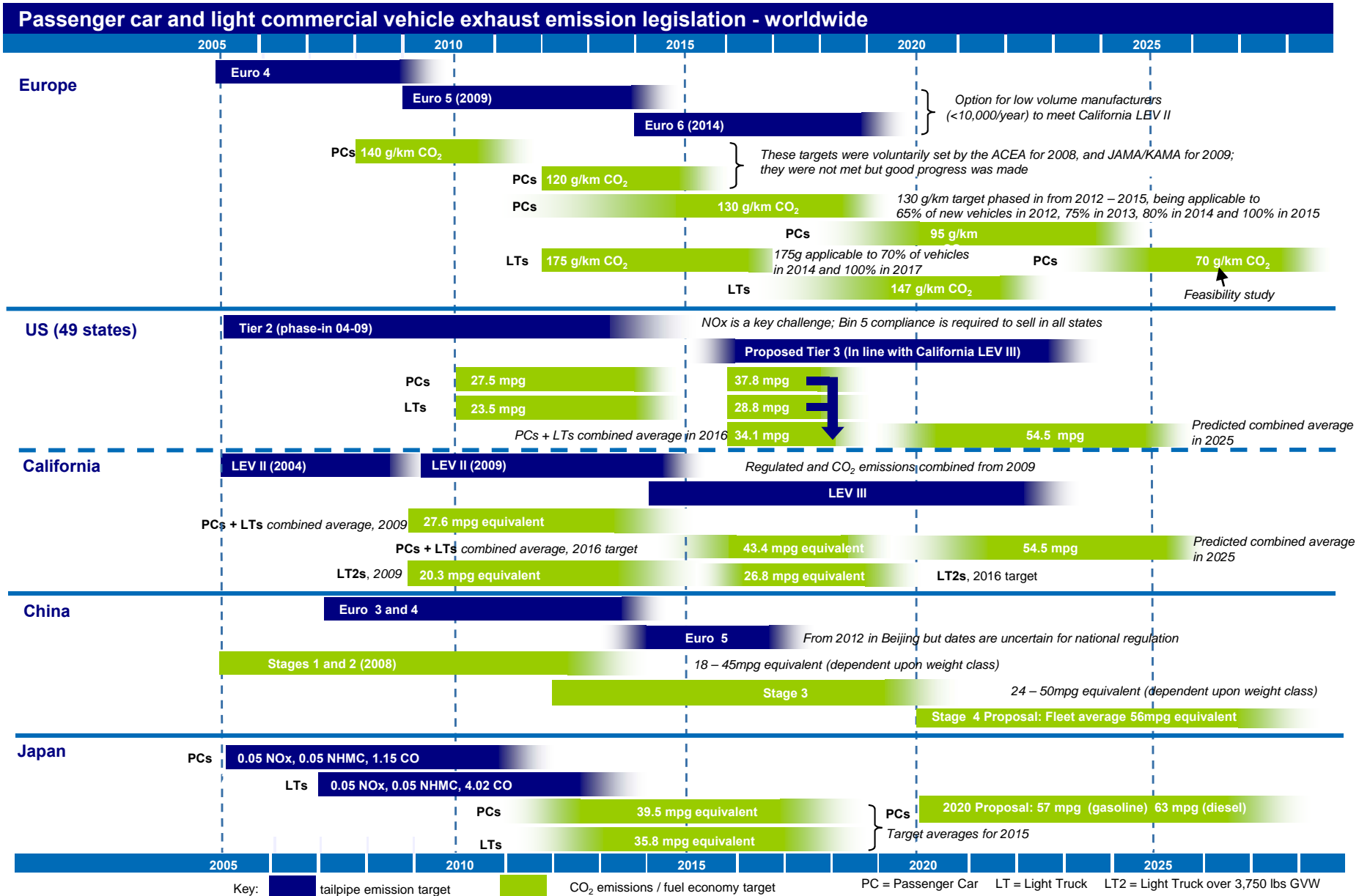
Appendix

Global tailpipe and CO₂ emissions legislation adherence are “must haves” in the development budget of many of our clients



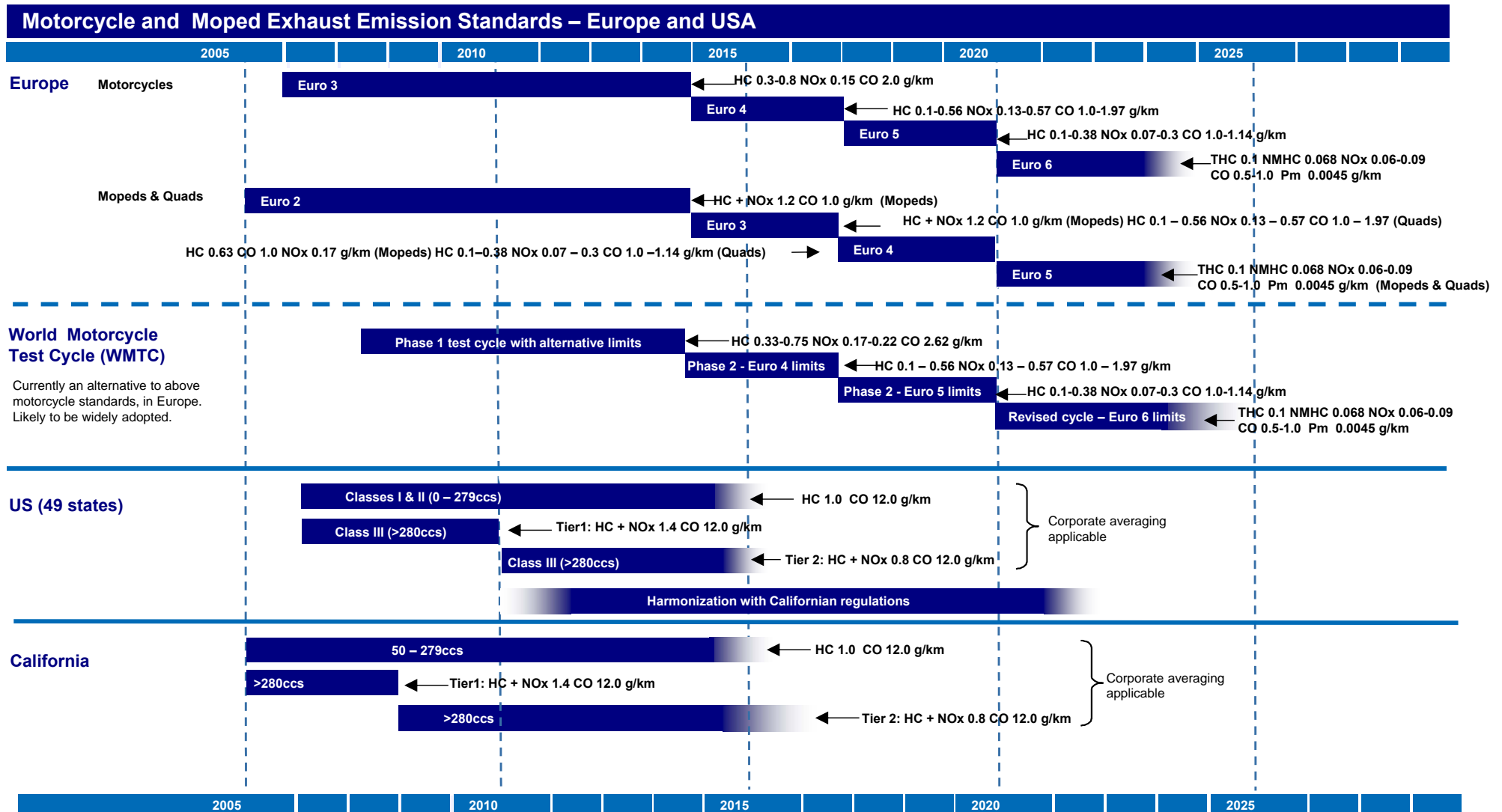
		2010	2015	2020	2025	
Passenger car, LCV & HPV	Europe	Euro 5	Euro 6	Euro 7		
		Pass Car 130 g/km		Pass Car 95 g/km		
	US (49 States)	Tier 2 27.5/23.5 mpg Cars/LCVs	Tier 3 37.8/28.8 mpg Cars/LCVs	54.5 mpg Fleet (Combined Cars & LCVs)		
	California	LEV II (2009) 27.6/20.3 mpg Fleet/LCVs	LEV III 43.4/26.8 mpg Fleet/Trucks	54.5 mpg Fleet (Combined Cars & LCVs)		
	China	Euro 4 18-45 mpg	Euro 5 24-50 mpg weight classed	56 mpg Fleet Average		
	Japan	Post New Long Term 39.5/35.8 mpg Cars/LCVs		57/63 mpg Gasoline/Diesel		
Motorcycles & personal transportation	Europe	Euro 3	Euro 4	Euro 5	Euro 6	
	US (49 States)	Classes I, II & III				
	California	Tier 2				
	China	Stage III				
	Japan	ISO 6460 Limits 0 - 125cc / > 125 cc				
	Taiwan	13.1-48.2 km/litre				
Commercial vehicles (medium & heavy duty truck)	Europe	Euro V	Euro VI	Euro VII		
	US (49 States)	EPA 10				
	California	CARB 10				
		Federal CO ₂ emissions standards				
	China	Euro III	Euro IV	Euro V	Fuel economy standards in place	
	Japan	Post New Long Term (decreasing NOx limits in stages)				
Agricultural & industrial vehicles	Europe	Stage IIIA	Stage IIIB	Stage IV		
	US	Tier 4 Interim				
	China	Stage II	Stage III	Stage IV		
	Japan	S.I./Diesel Standards				
		New Standards Similar to Euro IIIB				
Rail	EU & Russia	Stage IIIA	Stage IIIB			
	US	Tier 2	Tier 3	Tier 4 Switch & Line Haul Locomotives		
	India	Planning adoption of US Tier 2 regulations				
	Australia	Not yet regulated				

Passenger car, light commercial & high performance vehicle



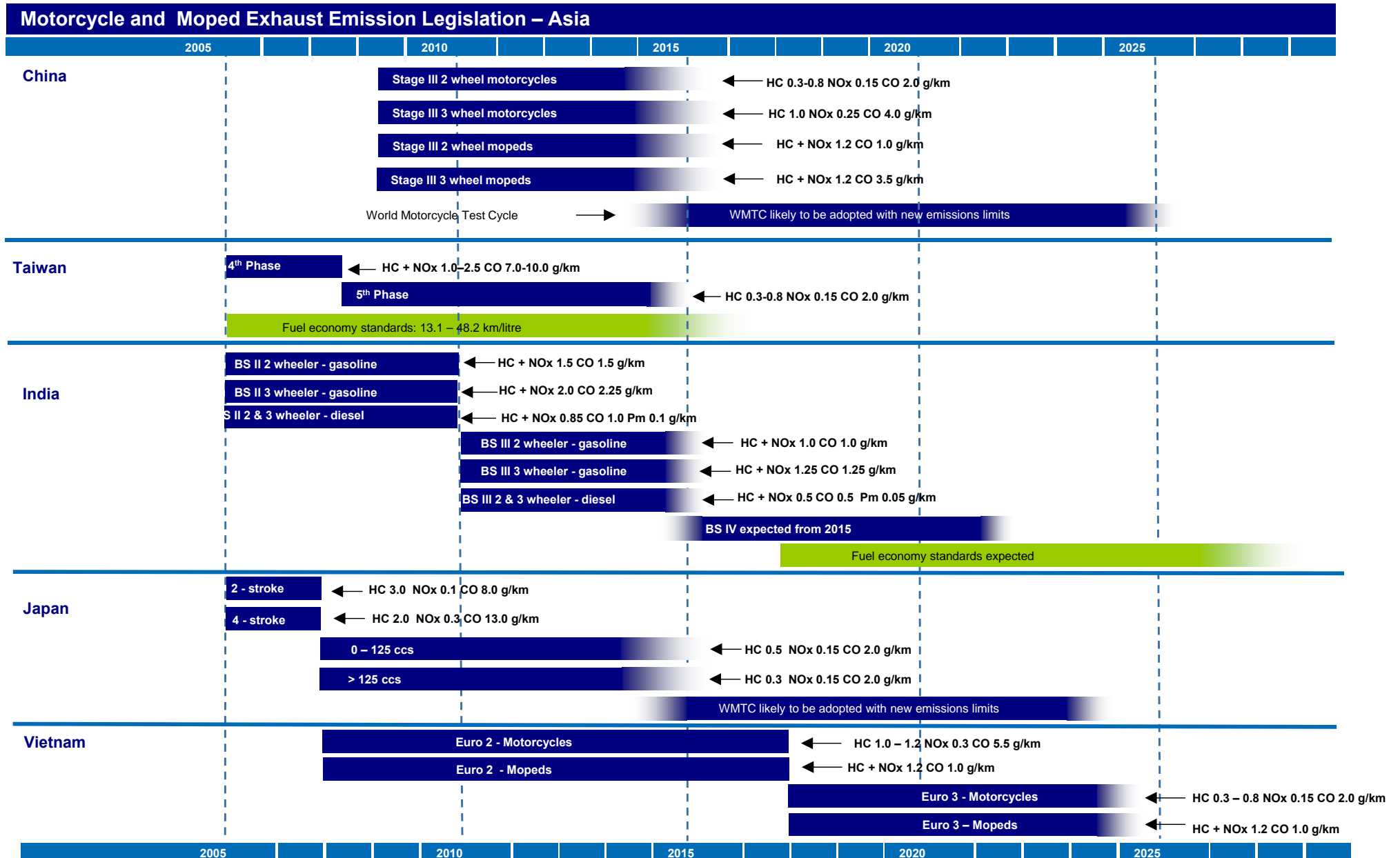
Sources: Ricardo & National government publications.

Motorcycles & personal transportation (Europe & USA)



Source: Ricardo & National government sources

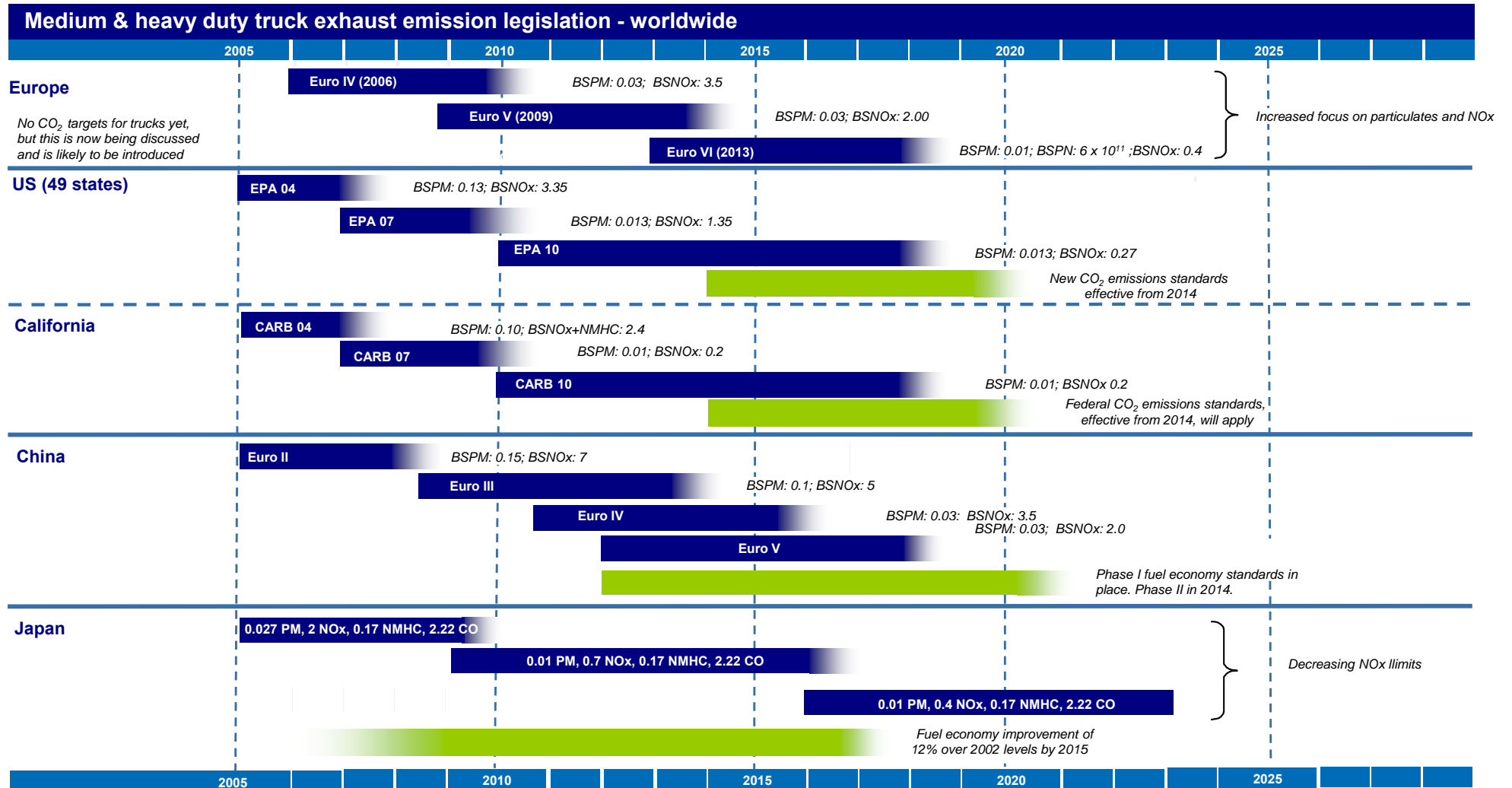
Motorcycles & personal transportation (Asia)



Source: Ricardo & National government sources

Key: Tailpipe emission standard Fuel economy standard

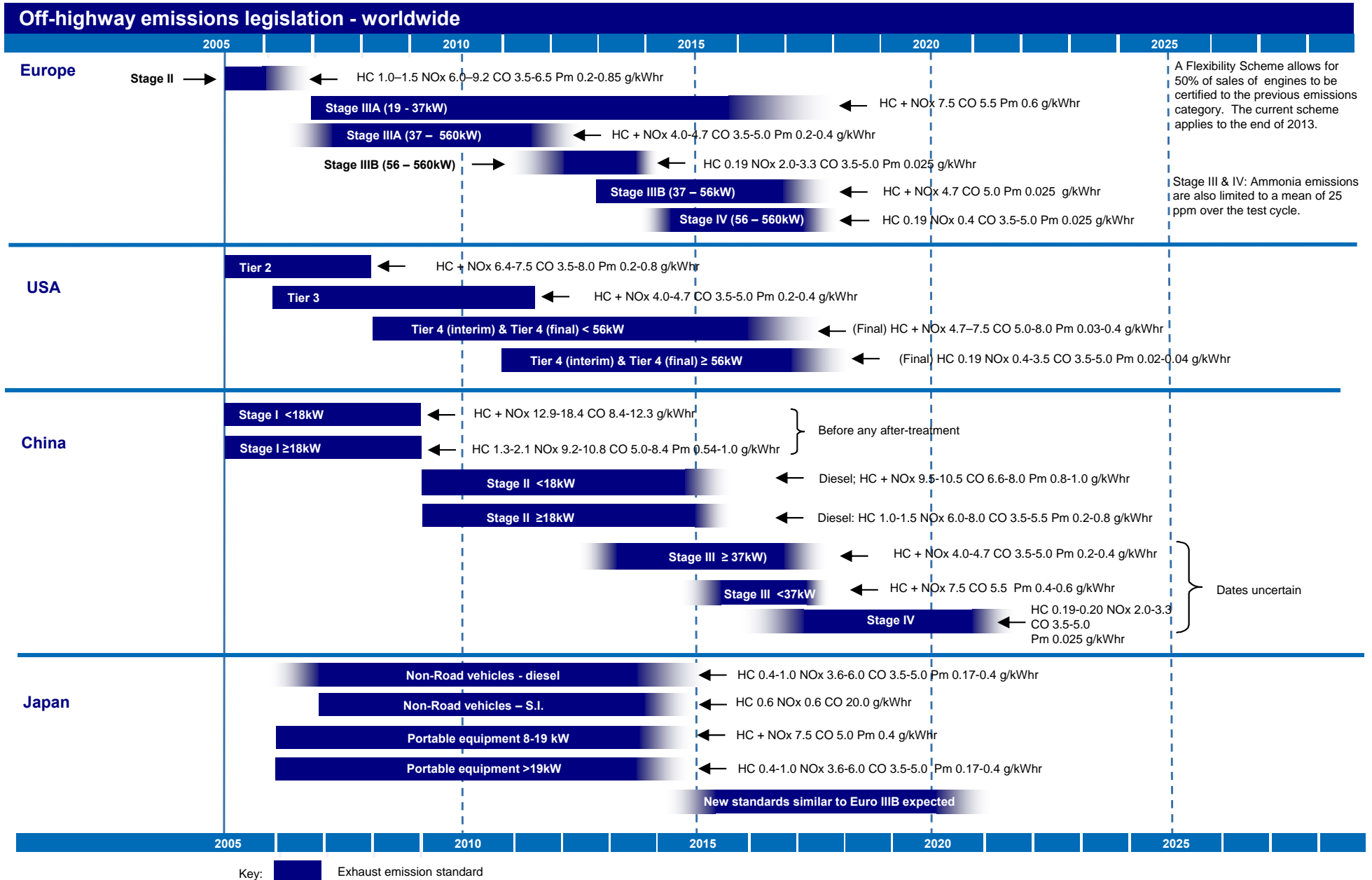
Commercial vehicles (medium & heavy duty truck)



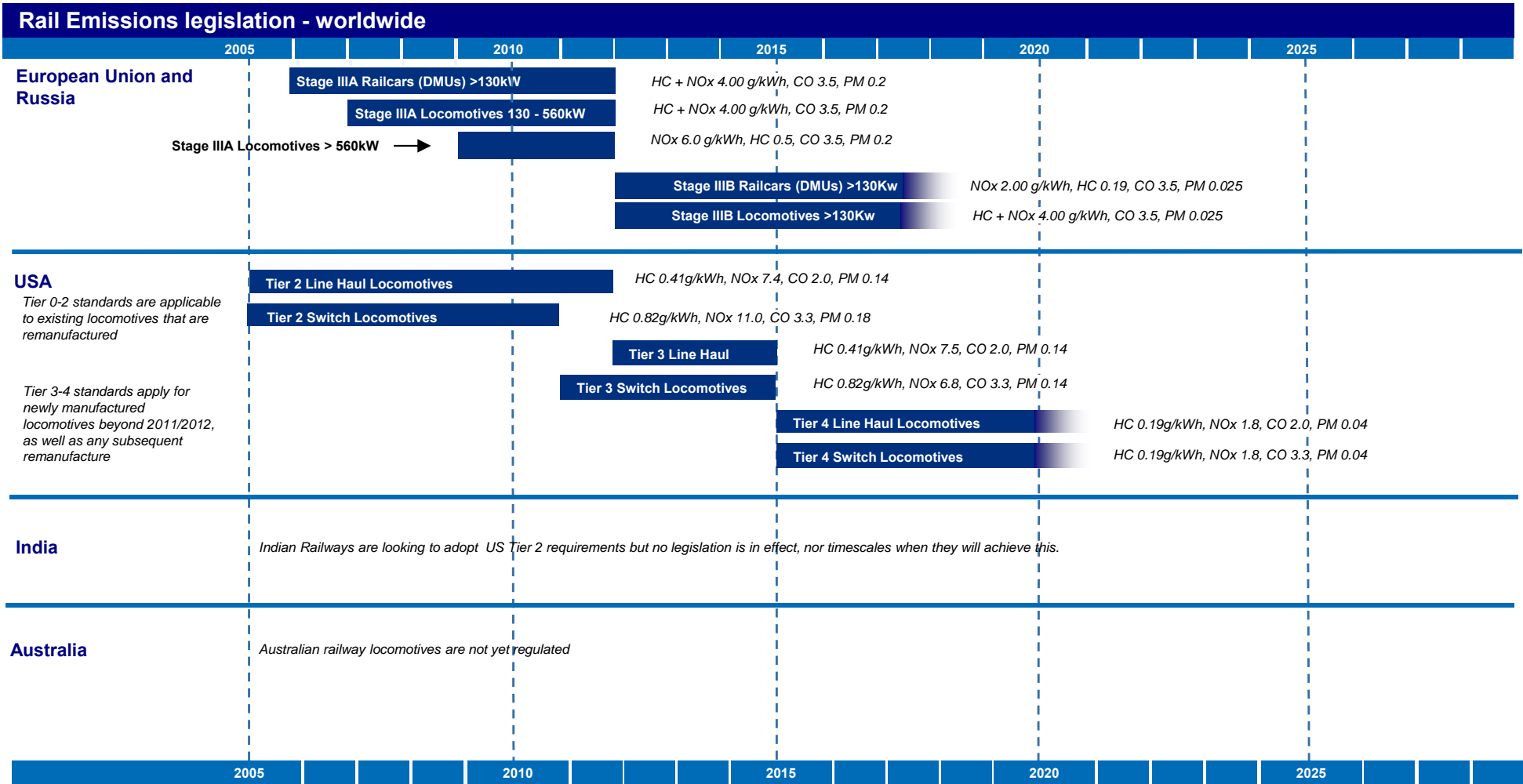
Sources: Ricardo & National government sources

Key: tailpipe emission target CO₂ emissions / fuel economy target **UNITS: g/kWh**

Agricultural & industrial vehicles (off-highway)



Source: Ricardo & National government sources



Source: Ricardo EMLEG Database. Key: Railcar (or DMU): powered, passenger carrying rail vehicle. Line Haul: long distance passenger or freight train. Switch: Shunting or short distance train.

Renewable Energy Targets

- Many countries and regions have set renewable energy targets for 2020. Some are Total Primary Energy targets (inc. electricity generation, heating & transport). Some are just for electricity generation
- Few mandatory targets at present but more are likely in the near future

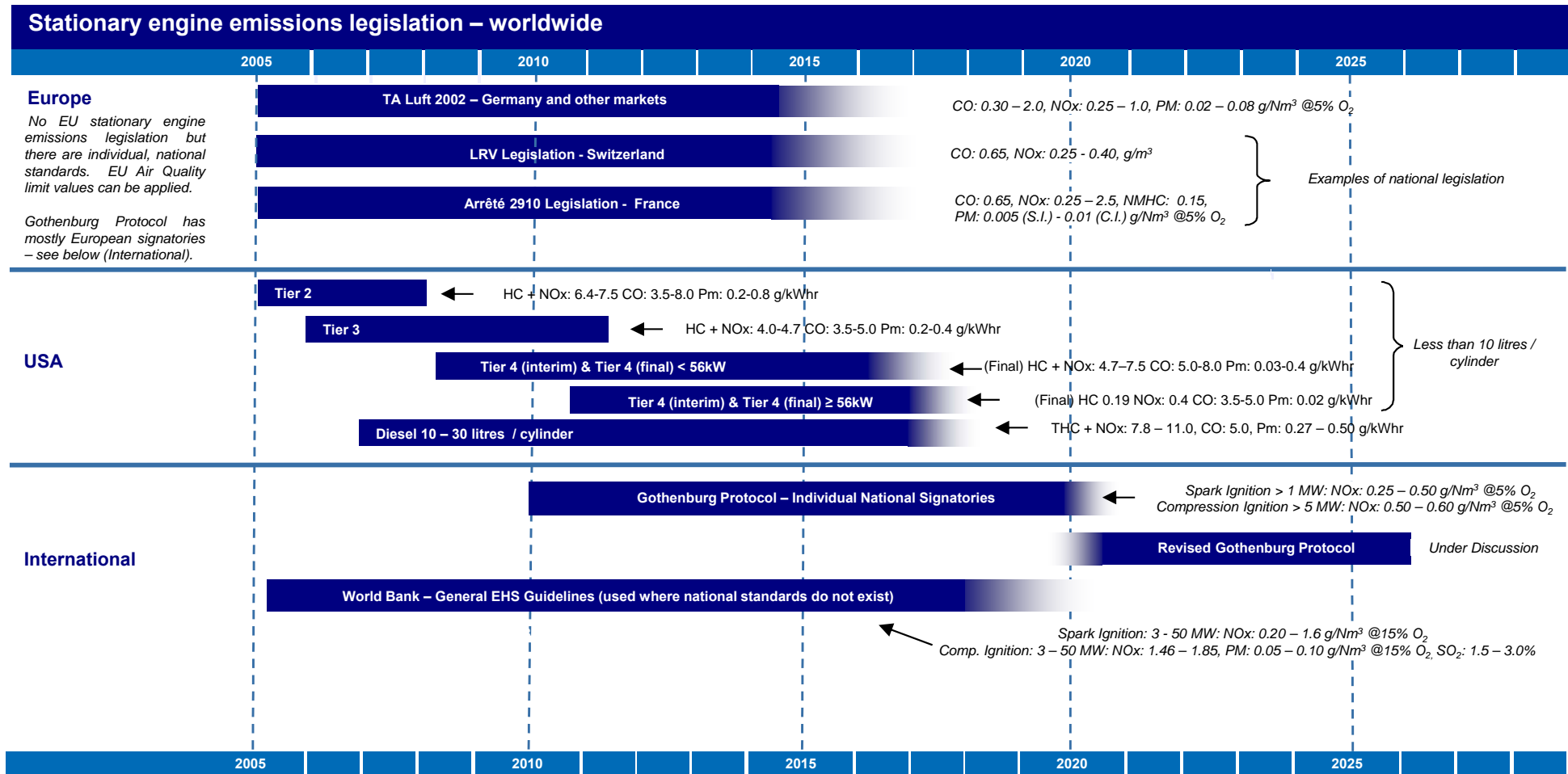
Renewable Contribution to Total Primary Energy		
Region	2009 Share	2020 Target
EU-25	12%	20%
Germany	10%	18%
United Kingdom	3%	15%
China	9%	15%
Korea	Circa 1%	6.1%
United States	9.2%	No Federal Target

UK Legally Binding CO₂ Targets

- The UK Climate Change Act 2008 set legally binding emission reduction targets for 2020 & 2050 with five-year carbon budgets

	Budget 1 (2008-12)	Budget 2 (2013-17)	Budget 3 (2018-22)	Budget 4 (2023-27)
Carbon budgets (MtCO₂e)	3018	2782	2544	1950
Reduction from 1990 levels	22%	28%	34%	50%

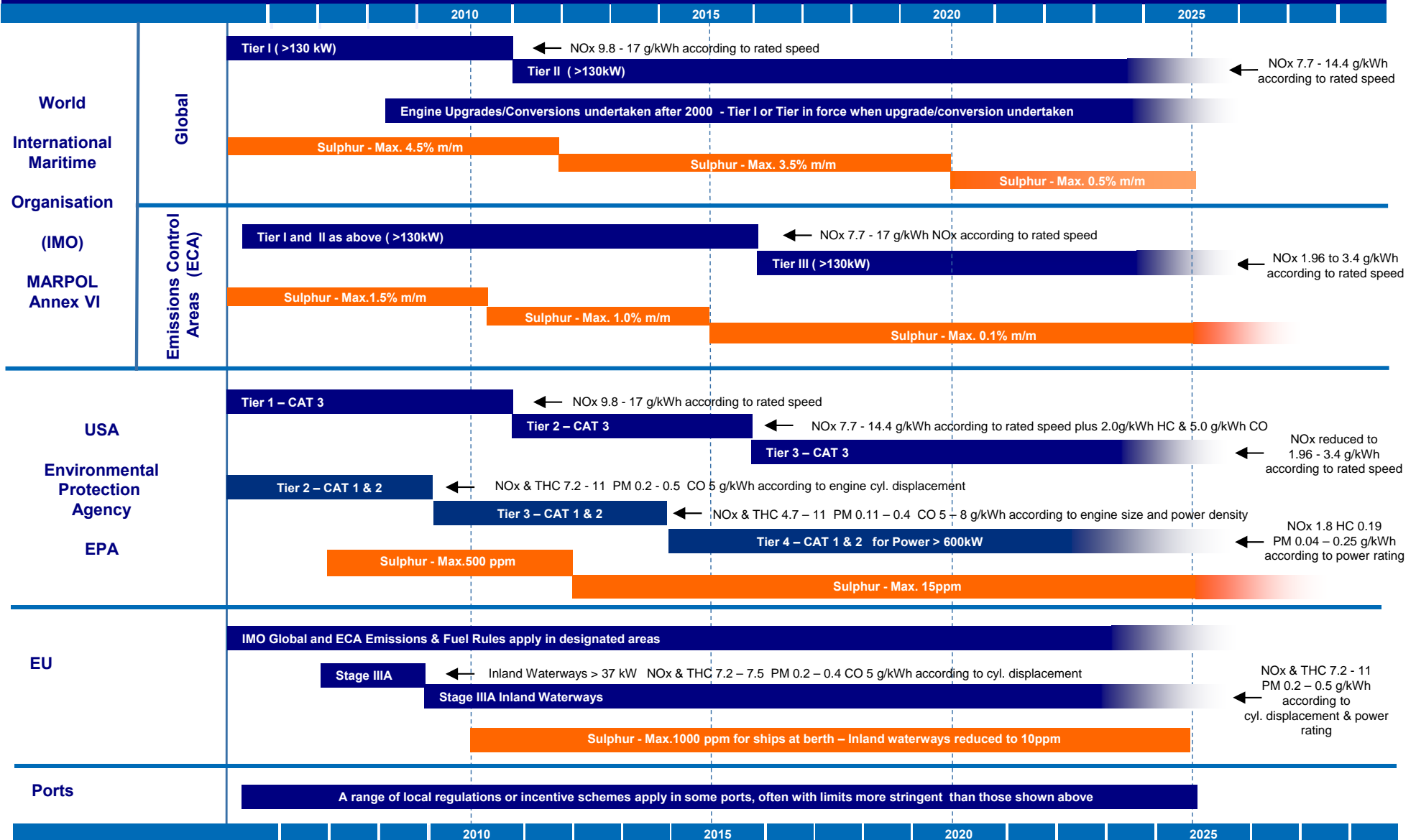
Longer Term - Legal requirement for 80% reduction by 2050



Source: Ricardo EMLEG, VDMA, National government sources

Key: exhaust emission target

Marine exhaust emission legislation - worldwide



Key: Exhaust emission standard Fuel standard