



Ricardo plc

Prelims presentation
Year ended 30 June 2012

- A solid operating performance
- Revenue £197.4m (June 2011: £196.5m)
- Profit before tax up 14% to £17.6m
- Basic EPS 29.3p, tax 14% (June 2011: 30.0p, tax nil)
- Net cash of £7.9m (June 2011: £1.5m)
- Full year dividend up 8% to 12.4p per share (June 2011: 11.5p)
- Strong order book maintained at £107m (June 2011: £107m)
- Strategic partnerships yielding multi-year visibility
- Outlook remains positive, strong platform for further growth

Key indicators



	Year ended 30 June 2012	Year ended 30 June 2011
Order book	£107m	£107m
Gross profit %	41.7%	37.4%
Operating profit %	9.4%	9.2%
Tax rate	14.2%	nil
EPS (basic)	29.3p	30.0p
Full year dividend	12.4p	11.5p
Net cash	£7.9m	£1.5m
Pension deficit (pre-tax)	£20.4m	£13.4m
Closing headcount (including subcontractors)	1,906	1,761

Income statement



£m	Year ended 30 June	Year ended 30 June
	2012	2011
Revenue	197.4	196.5
Gross profit	82.3	73.5
Administration expenses*	(63.7)	(55.5)
Operating profit	18.6	18.0
Net finance costs	(1.0)	(2.6)
Profit before tax	17.6	15.4
Taxation charge	(2.5)	-
Profit after tax – continuing operations	15.1	15.4
Discontinued operations	-	(0.2)
Profit for the year	15.1	15.2

* Net of 'other income' of £0.5m in the year ended 30 June 2012 and £0.2m in the year ended 30 June 2011

Revenue by customer location



External revenue £m	Year ended	Year ended
	30 June	30 June
	2012	2011
UK	96.1	70.0
Germany	22.0	23.7
Rest of Europe	9.6	16.8
Europe Total	127.7	110.5
US	34.0	47.8
China	8.6	8.0
Japan	14.5	13.8
Rest of Asia	12.0	16.1
Asia Total	35.1	37.9
Rest of the World	0.6	0.3
Total	197.4	196.5

Years ended 30 June

£m	Revenue earned		Operating profit/(loss)	
	2012	2011 (restated*)	2012	2011 (restated*)
Technical Consulting	149.6	155.6	14.7	14.3
Performance Products	47.8	40.9	5.8	5.2
Head office costs	n/a	n/a	(1.9)	(1.5)
Total	197.4	196.5	18.6	18.0

*The Technical Consulting results now includes the strategic consulting business as well as the UK, US and German technical consulting businesses, all of which were previously presented separately. Prior year comparatives have been restated to reflect this.

The segmental results for the year ended 30 June 2011 have also been restated in relation to certain inter-company foreign exchange gains and losses in the technical consulting segment, which are now all managed at a group level and accounted for under head office and consolidation adjustments. Group operating profit remains unchanged.

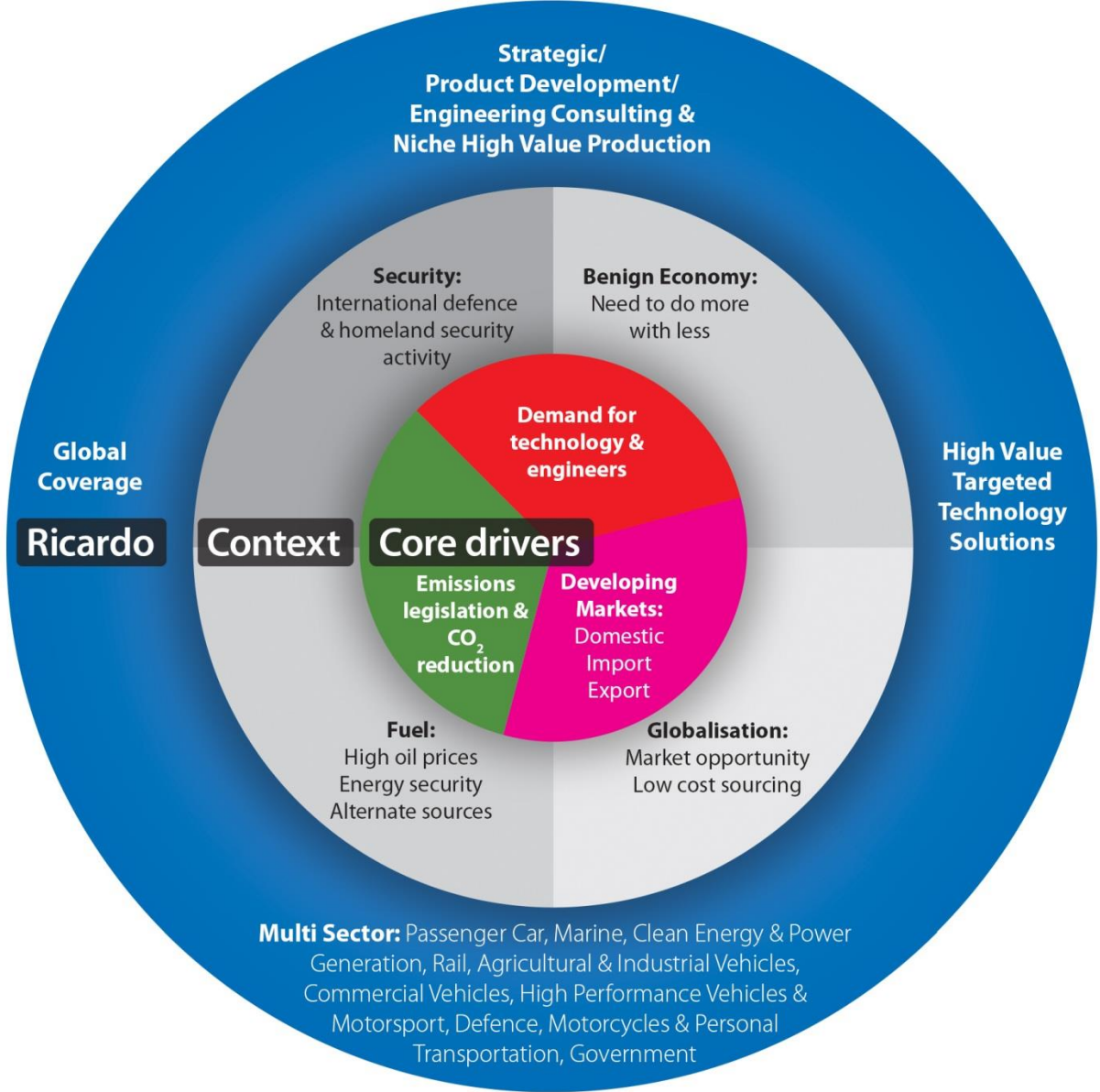
£m	Year ended 30 June	Year ended 30 June
	2012	2011
Operating profit	18.6	18.0
Depreciation and amortisation	7.8	7.9
Working capital decrease	0.5	4.1
Dividends	(6.1)	(5.6)
Bank and other interest	(0.1)	(0.7)
Tax paid	(0.9)	(2.1)
Capital expenditure	(11.0)	(9.1)
Pension charge and funding	(3.9)	(3.8)
Forex movements	0.9	(1.0)
Other	0.6	1.9
Cash inflow from continuing operations	6.4	9.6
Cash outflow from discontinued operations	-	(0.3)
Cash inflow	6.4	9.3

Balance sheet summary



£m	Year ended 30 June	Year ended 30 June
	2012	2011
Tangible assets	45.6	47.7
Intangible assets	22.1	22.3
Inventory and receivables	71.0	68.5
Net funds	7.9	1.5
Trade and other payables	(48.2)	(48.8)
Tax & other liabilities	6.9	8.3
Pensions deficit (net of tax)	(15.5)	(9.9)
Net assets	89.8	89.6

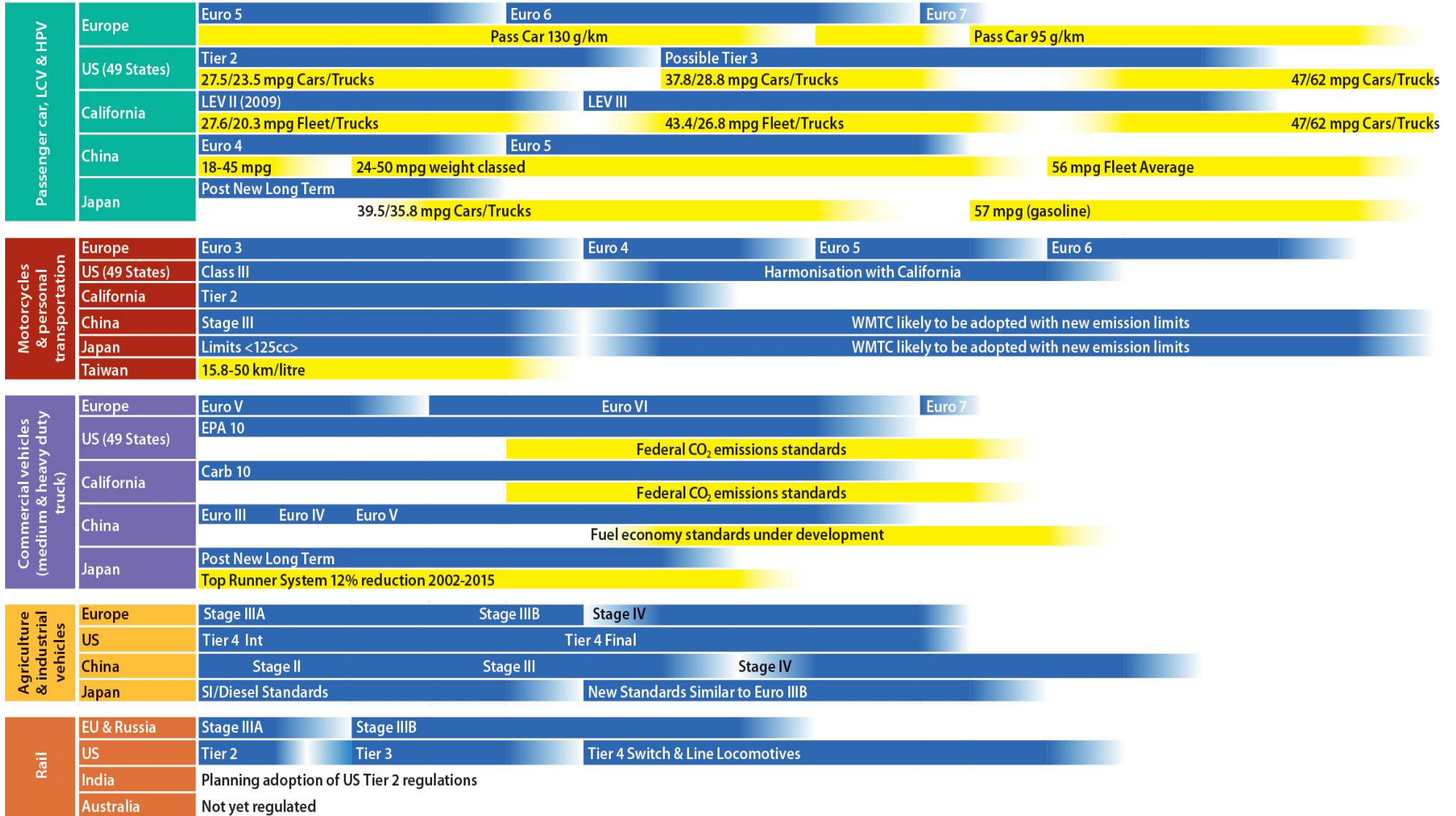
The Ricardo strategy for growth & risk mitigation continues to be robust as the world economy remains unpredictable



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

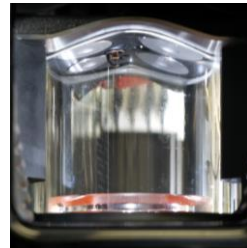


2010 2015 2020 2025



R&D focused on the needs to meet future regulations

- Ricardo R&D focused on customer future needs:
 - Cost effective fuel economy or efficiency in all market sectors to meet new regulations
 - Innovative ideas and solutions that deliver added value – examples include:



Hyboost – A gasoline vehicle meeting the 95g/km European Fleet average CO₂ target via engine downsizing and “Intelligent Electrification” - 70 mpg

Syner “D” – 30% reduction in CO₂ for a premium high performance diesel vehicle via engine downsizing & advanced thermal systems - 60 mpg

Next generation Advanced Gasoline combustion system with Diesel Efficiency – significant interest from the US market

Battery Management System

- Robust automotive unit developed by Ricardo

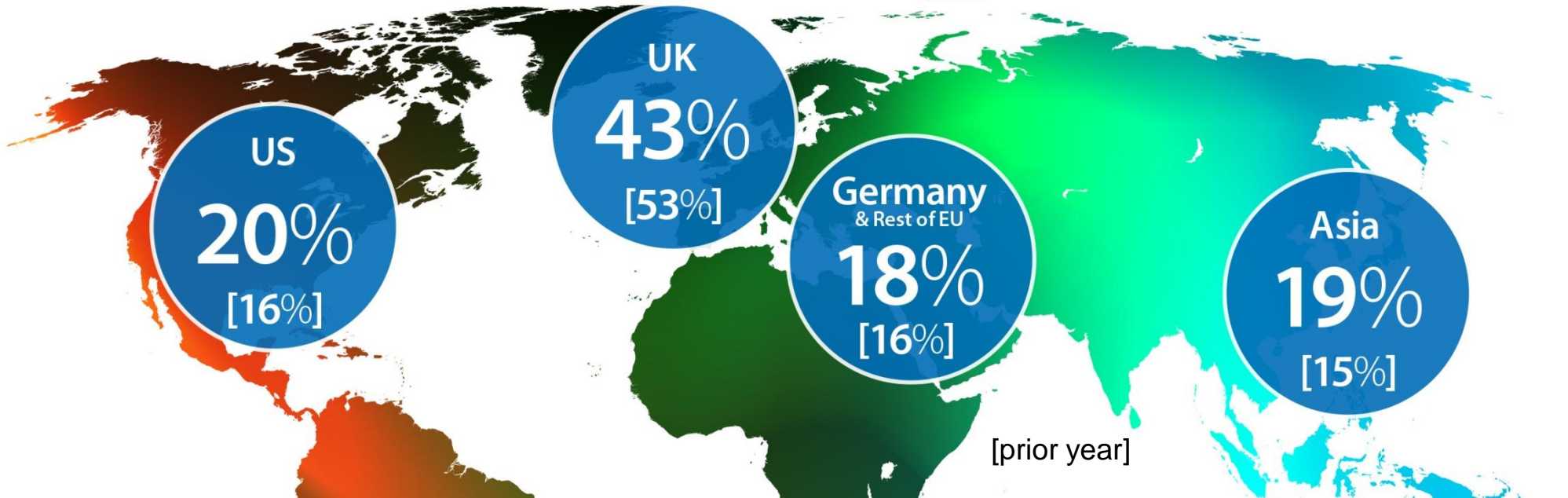
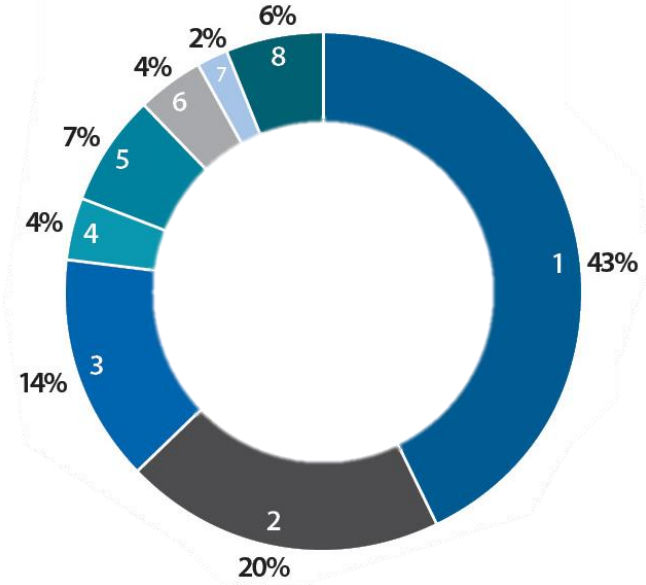
High speed flywheel with magnetic transmission

- Bus, Off-Highway & Rail applications
- ~60% cost reduction on hybrid electric systems

A good balance of order intake being held across the globe with no major dependencies



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

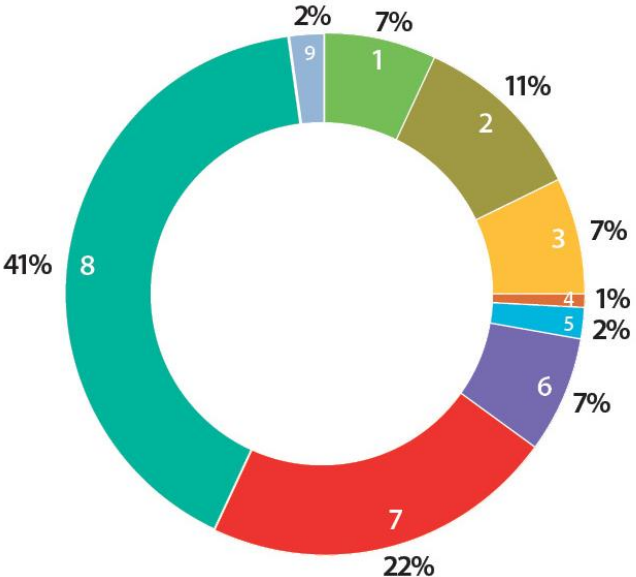


[prior year]

Market sector order intake remains well balanced with multi year programmes and a return to spend by the large passenger car OEMs



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



+4%



+3%



+2%



+1%



+1%



Level



-1%



-4%



-6%

Major multi year programme highlights



- 160 Foxhound vehicles completed to date with 40 of tranche 1 remaining. First batch deployed in Afghanistan. Tranche 2 secured for a further 100 vehicles
- Over 2,000 McLaren engines completed to date and plant achieved targeted run rate. Follow on derivative engine programme secured
- Continued repeat business with JLR on new and continuing programmes for global application
- Continuing engine development programme for global passenger car OEM and transmission development for a Japanese OEM
- First phase of major DARPA defence contract placed





Rail sector – highlights

- Ricardo established as a rail industry player
- Business with a broad range of industry stakeholders
 - Vehicle OEMs, overhauler, leasing companies, government
 - Evolving relationship with SCOMI, Malaysian mono-rail OEM
- Business across multiple geographies
 - Europe, Canada, USA, Asia
- Diesel powertrain efficiency improvement report for DfT highly regarded
 - Articles published by at least 10 publications
- Ricardo well positioned to exploit increasing interest in gas as main fuel

Clean Energy & Power Generation sector – highlights

- Award of major contract with David Brown Gear Systems to support drivetrain development of Samsung Heavy Industries 7MW offshore wind turbine
- Contract with Atlantis Resources supporting Lockheed Martin on the development of a tidal stream turbine drivetrain
- Significant sector growth for Ricardo, with additional contract awards in energy storage, concentrated solar power, onshore wind and wave
- Major large engine development contract with leading genset manufacturer
- Further awards with major engine and genset manufacturers, focused on emissions reduction, efficiency improvements and alternative fuels



Marine sector – highlights

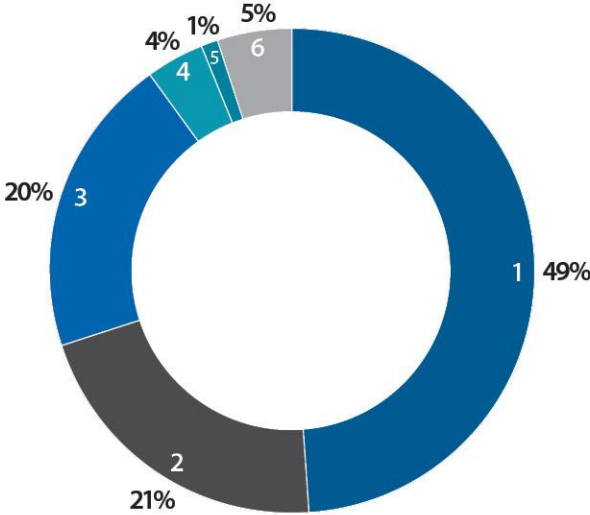
- Sole development partner to a global engine manufacturer of high efficiency, medium speed gas engines for marine and other applications
- High power marine engine, key components failure analysis and engineering support for a major marine engine supplier to fast ferries
- Development partner on a novel, high power density, compact diesel engine with marine, land and air applications



The balance of products and good customer mix continues, with a good level of multi year business returning

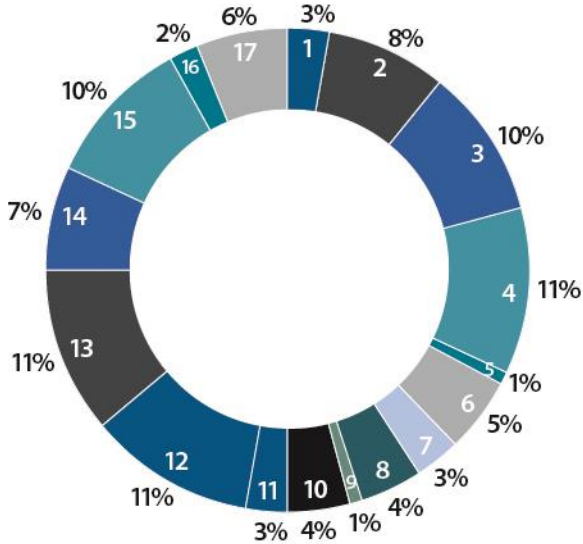


Ricardo plc External Order Intake by Product Group for the year ended 30 June 2012



- 1. Engines
- 2. Driveline and Transmission Systems
- 3. Vehicle Systems
- 4. Hybrid & Electric Systems
- 5. Intelligent Transportation Systems
- 6. Strategic Consulting

Ricardo plc External Order Intake by Key Client for the year ended 30 June 2012



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



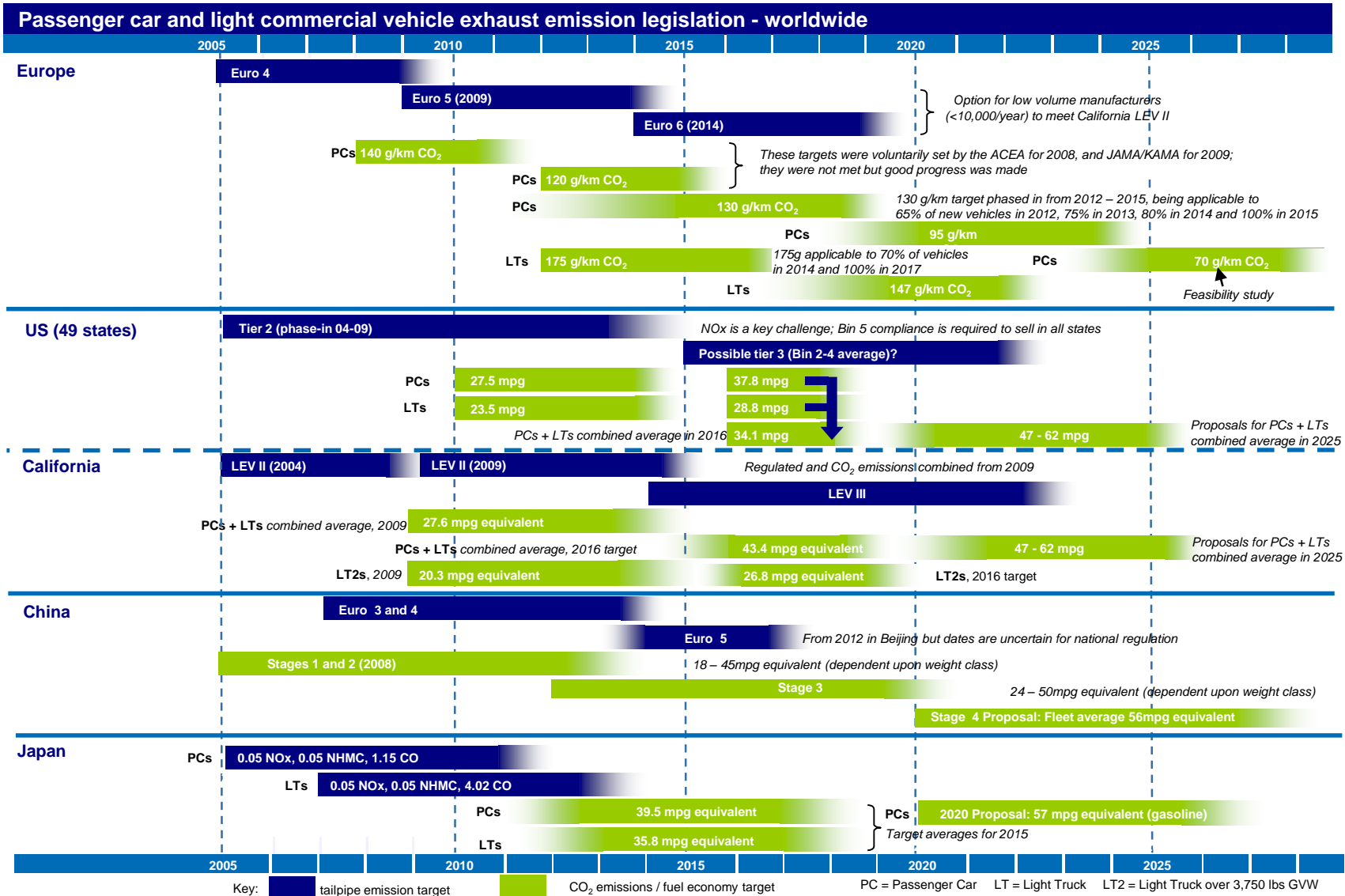
Summary for period and outlook

- Strategy and operational execution delivering continued growth in profits supported by a strong balance sheet
- Order book and pipeline remains strong with good order intake into new year
- Multi year programmes continue to increase visibility (often only partially reflected in order book)
- Global passenger car OEMs returning to spend
- Good growth seen in new market sectors
- Assembly programmes delivering to targeted volumes with repeat business
- Core drivers remain at the top of clients agenda with an increasing demand for engineering talent and technology solutions
- Outlook remains positive, albeit against an unpredictable global economy, creating a strong platform for further growth

Appendix

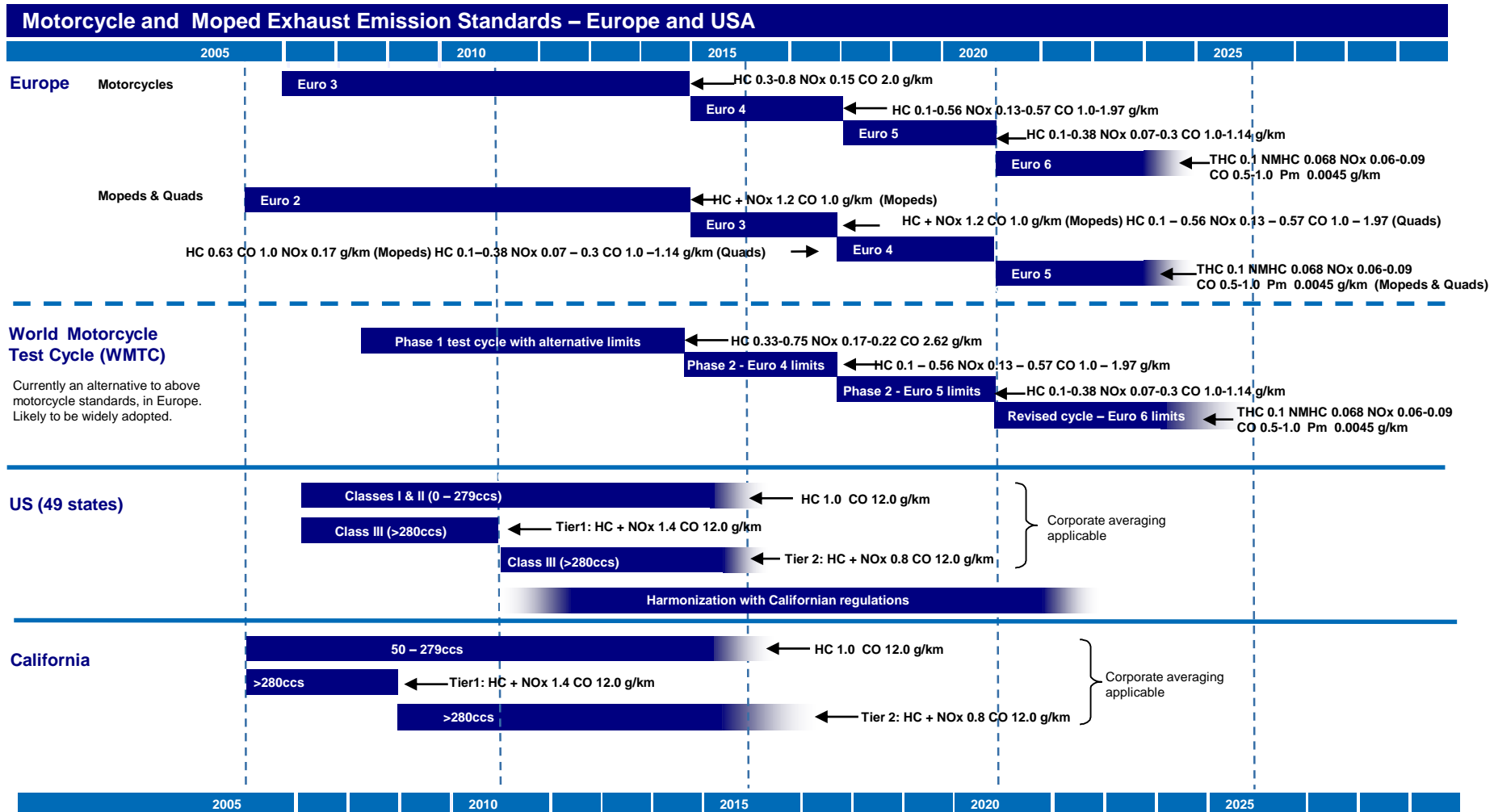


Passenger car, light commercial & high performance vehicle



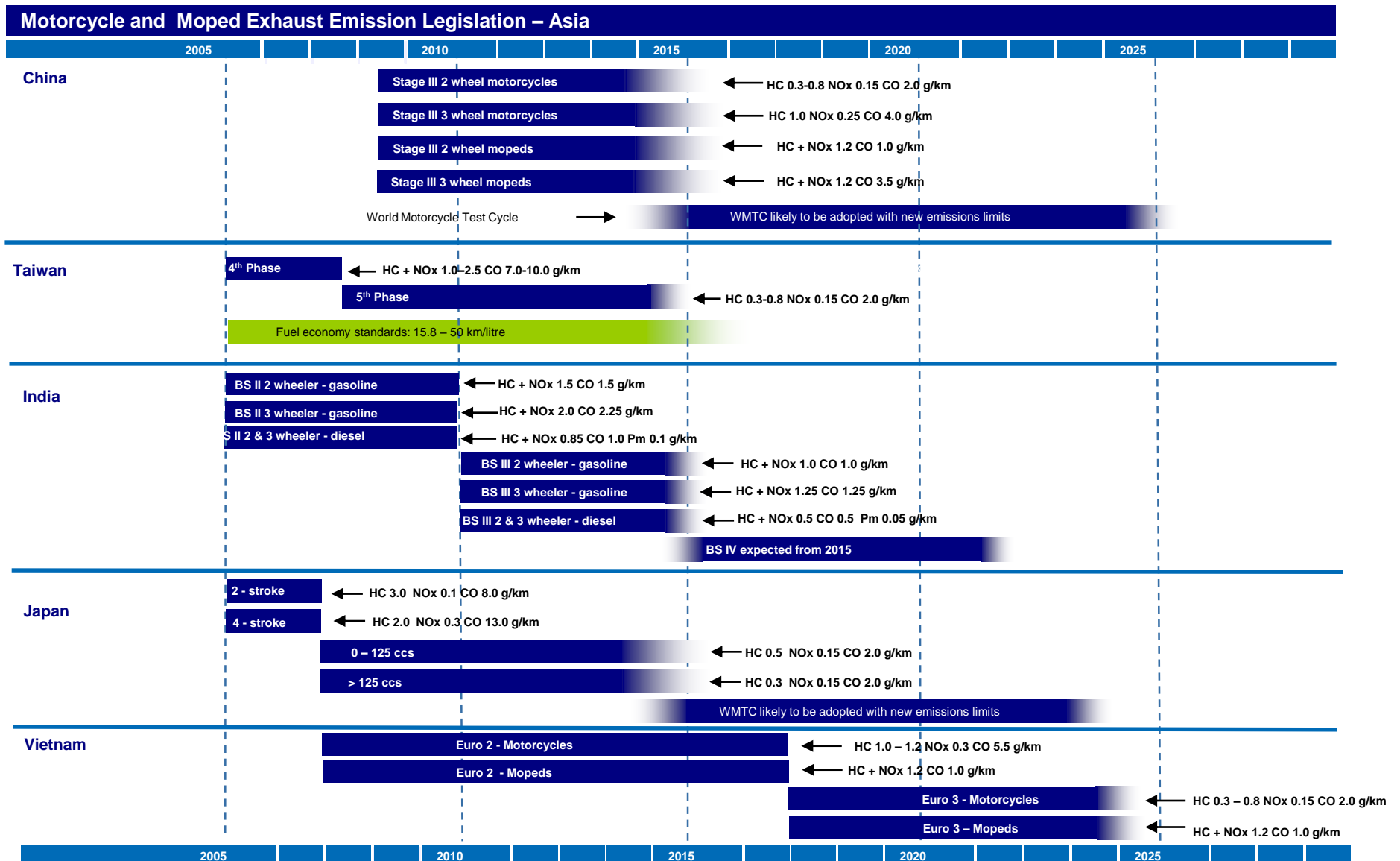
Sources: Ricardo & National government publications.

Motorcycles & personal transportation (Europe & USA)



Source: Ricardo & National government sources

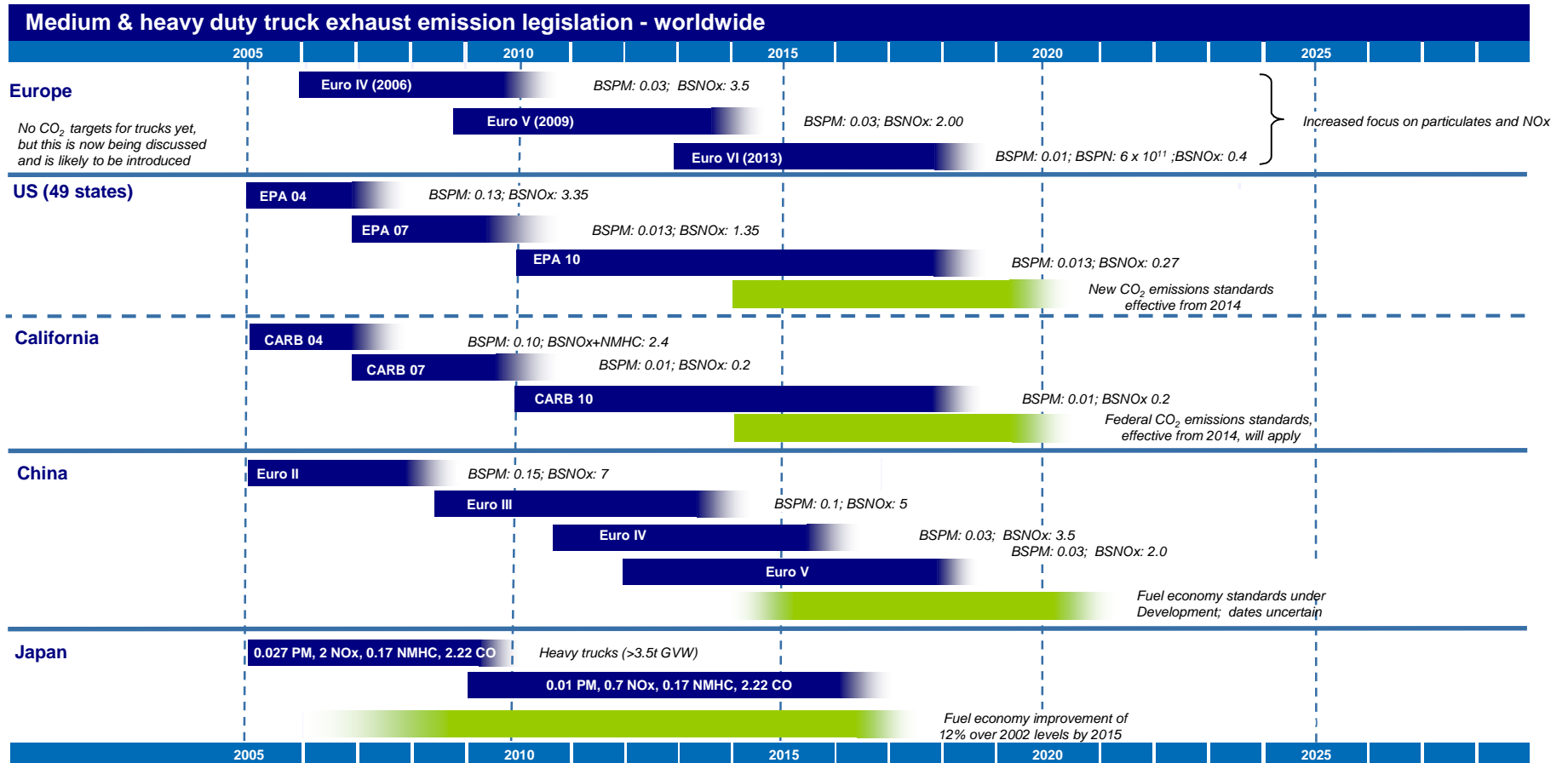
Motorcycles & personal transportation (Asia)



Source: Ricardo & National government sources

Key: Tailpipe emission standard Fuel economy standard

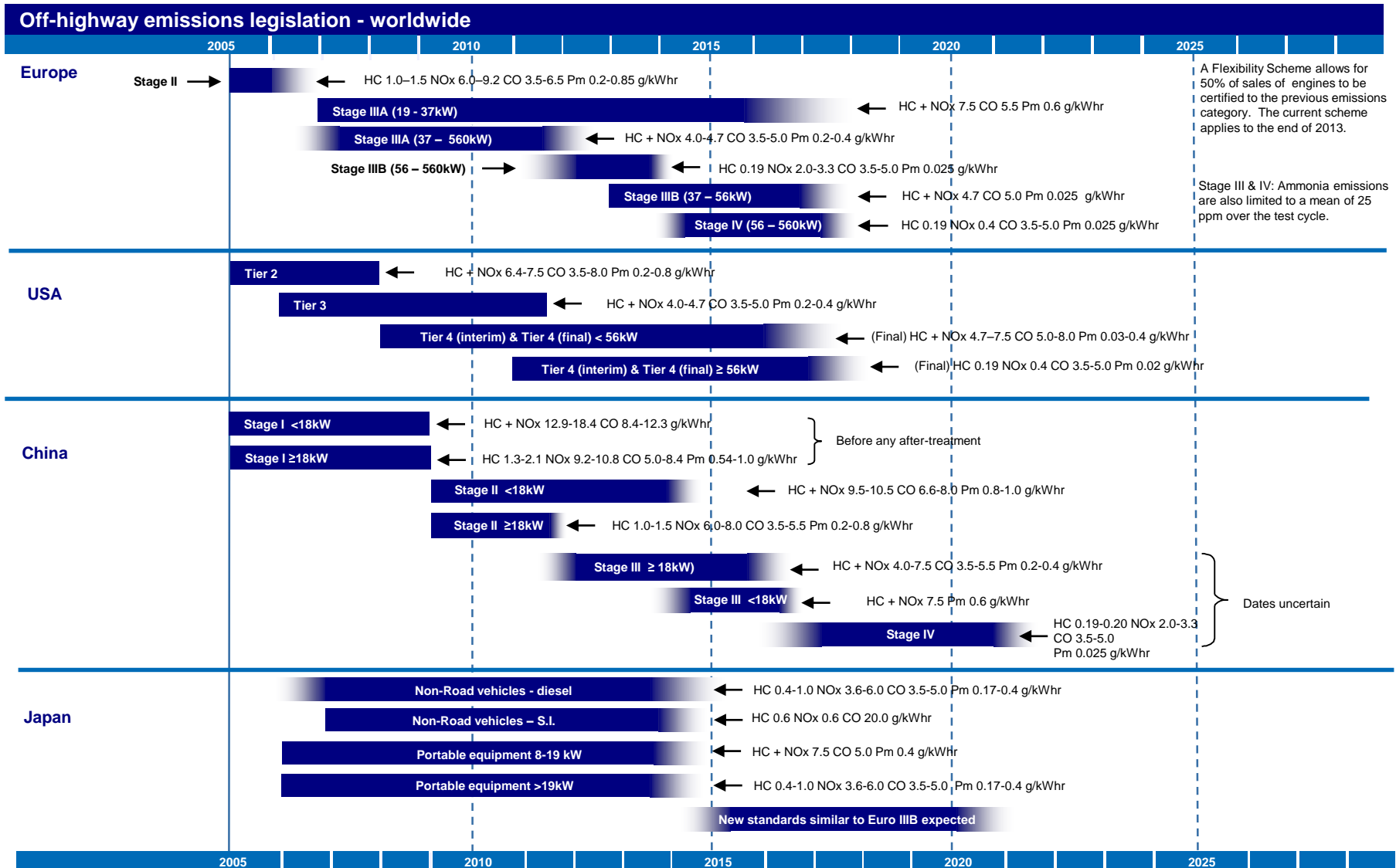
Commercial vehicles (medium & heavy duty truck)



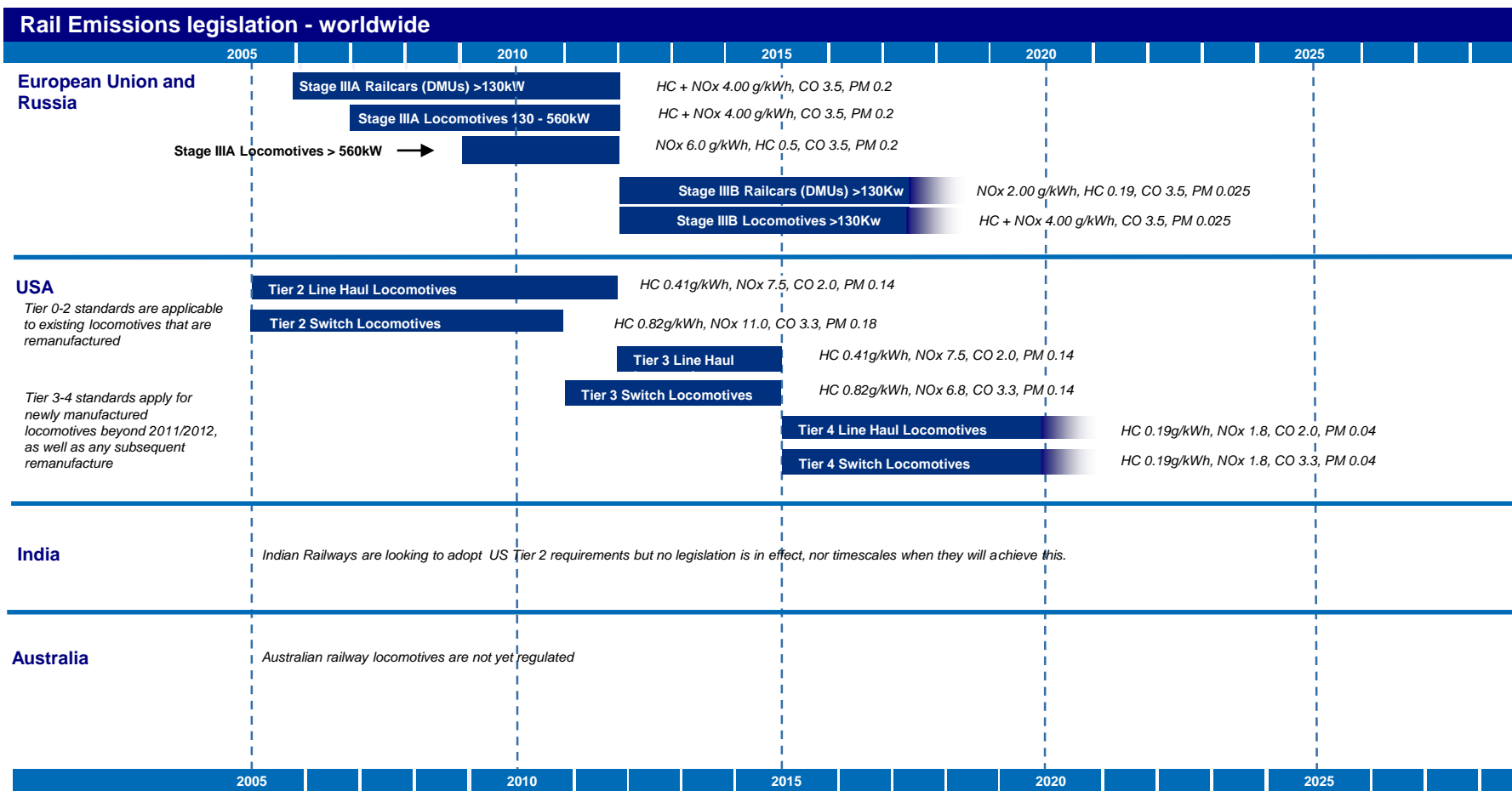
Sources: Ricardo & National government sources

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

Agricultural & industrial vehicles (off-highway)



Key: [Blue bar] Exhaust emission standard



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

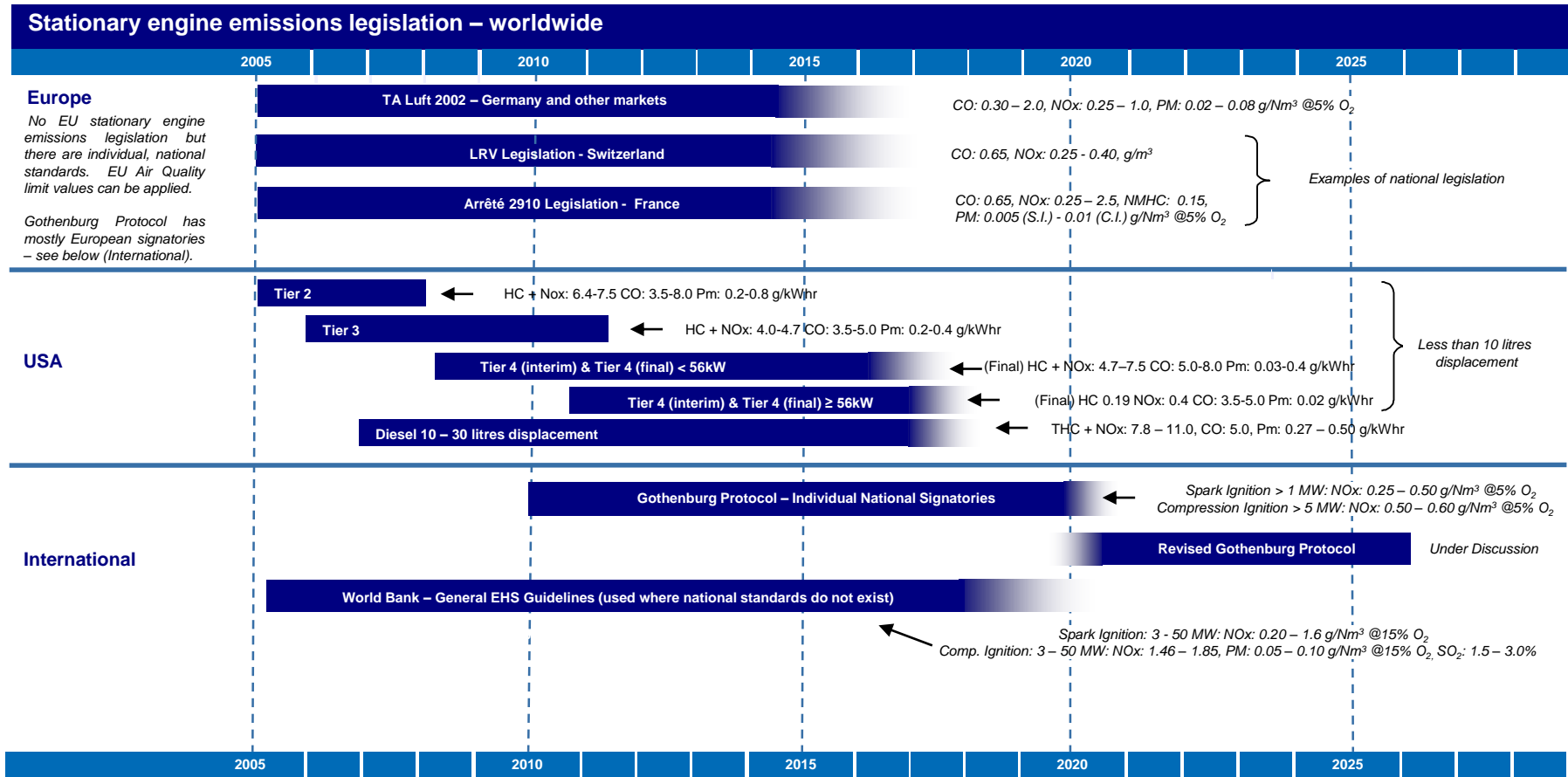
UK Legally Binding CO₂ Targets

- 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

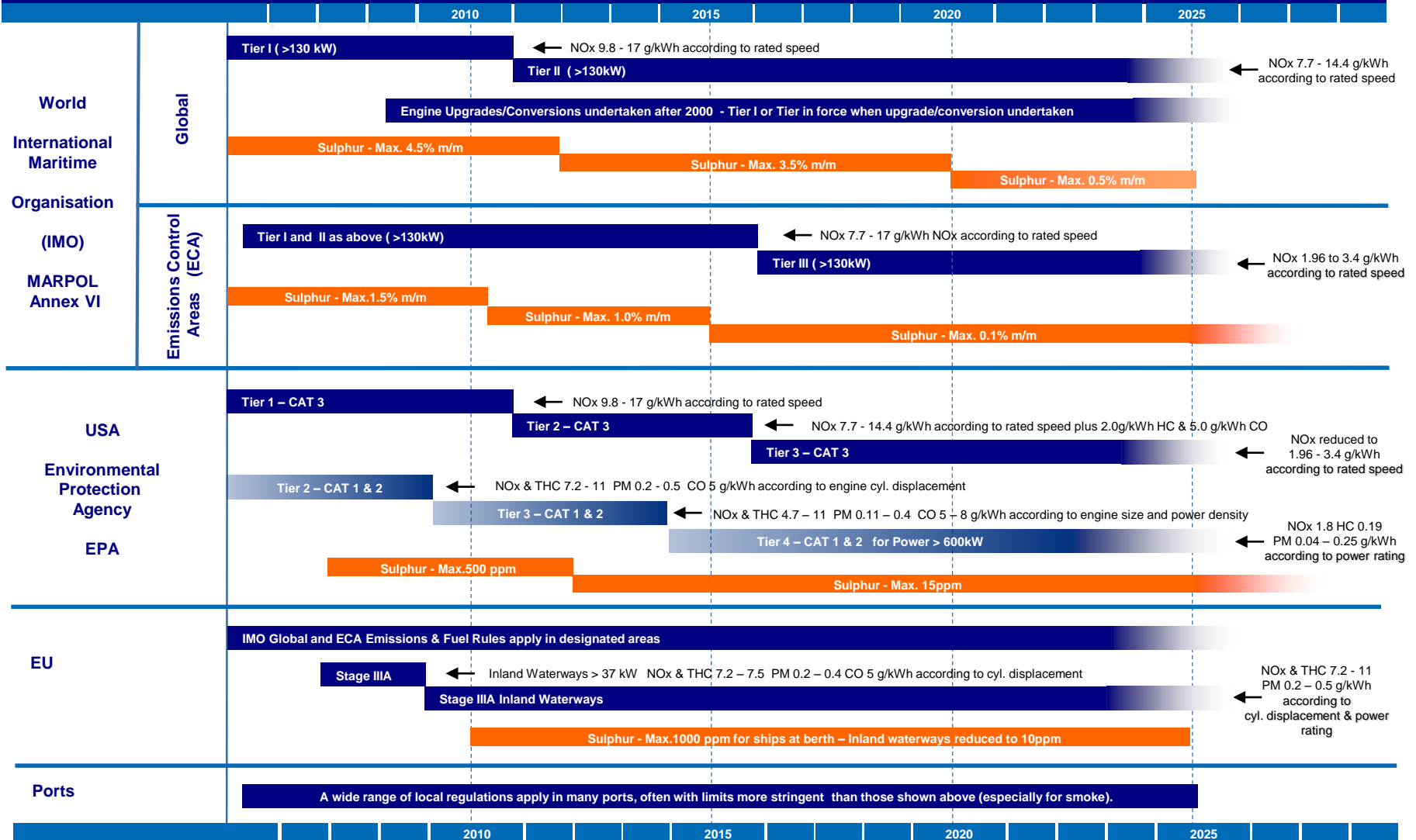
Power Generation



Source: Ricardo EMLEG, VDMA, National government sources

Key: exhaust emission target

Marine exhaust emission legislation - worldwide



Key: Exhaust emission standard Fuel standard