

Ricardo plc
Prelims Presentation
September 2011

- All key financial metrics show strong improvements
- Revenue up 21% to £196.5m
- Profit before tax up 43% to £15.4m
- Basic EPS up 49% to 30.0p
- Net cash inflow of £9.3m
- Year end net funds of £1.5m (June 2010: net debt £7.8m)
- Full year dividend up 7% to 11.5p per share (June 2010: 10.7p)
- Strong order book at £107m (June 2010: £101m)
- Strategic partnerships yielding multi-year visibility
- Outlook remains positive, strong platform for business growth

KEY INDICATORS



	June 2011	June 2010
Order book	£107m	£101m
Gross profit %	37.4%	36.3%
Operating profit %	9.2%	7.7%
Tax rate	nil	4.6%
EPS (basic)	30.0p	20.1p
Full year dividend	11.5p	10.7p
Net funds/(debt)	£1.5m	£(7.8)m
Pension deficit (pre-tax)	£13.4m	£34.4m
Closing headcount (including subcontractors)	1,761	1,589

INCOME STATEMENT



£m	June 2011	June 2010
Revenue	196.5	162.8
Gross profit	73.5	59.1
Administration expenses*	(55.5)	(46.5)
Operating profit	18.0	12.6
Net finance (costs)/income	(2.6)	(1.8)
Profit before tax	15.4	10.8
Taxation charge	-	(0.5)
Profit after tax – continuing operations	15.4	10.3
Discontinued operations	(0.2)	(2.7)
Profit for the year	15.2	7.6

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

REVENUE BY CUSTOMER LOCATION



External Revenue £m	Year ended	Year ended
	30 June	30 June
	2011	2010
UK	70.0	42.7
Germany	23.7	21.6
Rest of Europe	16.8	27.5
Europe Total	110.5	91.8
US	47.8	40.6
China	8.0	10.2
Japan	13.8	9.8
Rest of Asia	16.1	9.7
Asia Total	37.9	29.7
Rest of the World	0.3	0.7
Total	196.5	162.8

SEGMENTAL RESULTS



Years ended 30th June

£m	Revenue earned		Operating profit/(loss)	
	2011	2010	2011	2010
UK	88.0	79.8	7.7	5.4
Germany	23.2	15.1	0.3	(0.8)
US	33.1	29.6	3.4	3.1
Technical Consulting	144.3	124.5	11.4	7.7
Strategic Consulting	11.3	9.4	1.7	1.8
Performance Products	40.9	28.9	5.2	3.3
Head office & consolidation adjustments	n/a	n/a	(0.3)	(0.2)
Total	196.5	162.8	18.0	12.6

CASHFLOW



£m	Year ended 30 June	Year ended 30 June
	2011	2010
Operating profit	18.0	12.6
Depreciation and amortisation	7.9	8.2
Working capital decrease/(increase)	4.1	(7.4)
Dividends	(5.6)	(5.5)
Net finance costs	(2.6)	(2.0)
Tax paid	(2.1)	(1.8)
Capital expenditure	(9.1)	(7.5)
Pension payments in excess of pension costs	(1.9)	(2.2)
Forex movements	(1.0)	0.5
Other	1.9	1.2
Cash inflow/(outflow) from continuing operations	9.6	(3.9)
Cash outflow from discontinued operations	(0.3)	(0.4)
Cash inflow/(outflow)	9.3	(4.3)

BALANCE SHEET SUMMARY



£m	Year ended 30 June	Year ended 30 June
	2011	2010
Tangible assets	47.7	47.7
Intangible assets	22.3	19.1
Inventory and receivables	68.5	63.2
Net funds/(debt)	1.5	(7.8)
Trade and other payables	(48.8)	(40.0)
Tax & other	8.3	6.0
Pensions deficit (net of tax)	(9.9)	(24.8)
Net assets held for sale	-	1.4
Net assets	89.6	64.8

Key drivers and themes for the year



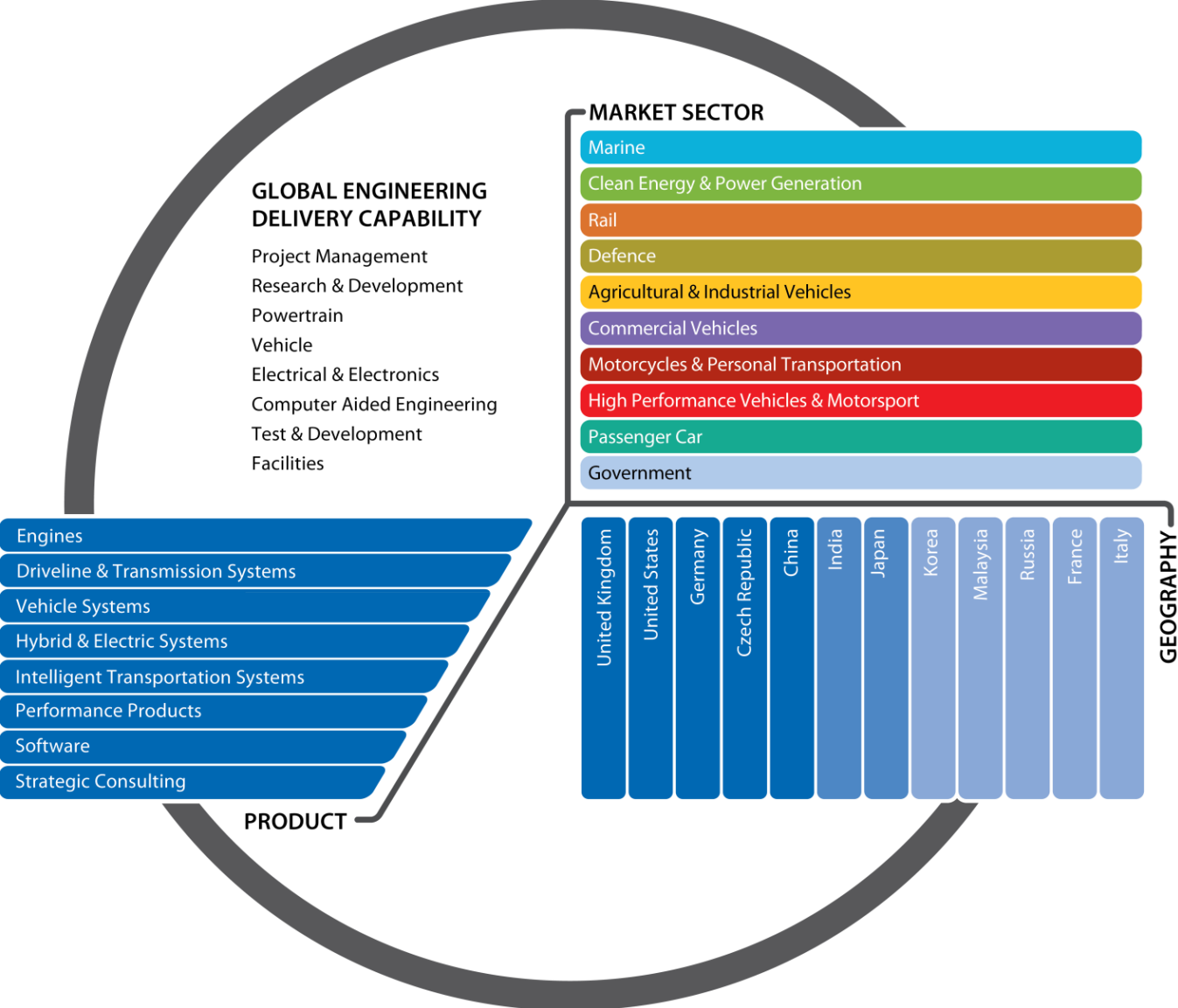
- Global automotive market returning to outsourced development spend
- Continued world instability driving international and civil defence activity
- Oil prices up, natural disasters exposing nuclear risk, focus on energy security
- CO₂ legislation firm, increasingly wide ranging with governmental financial support for alternative powertrains and renewable energy sources
- Recruitment across the world and return to engineers being in global demand



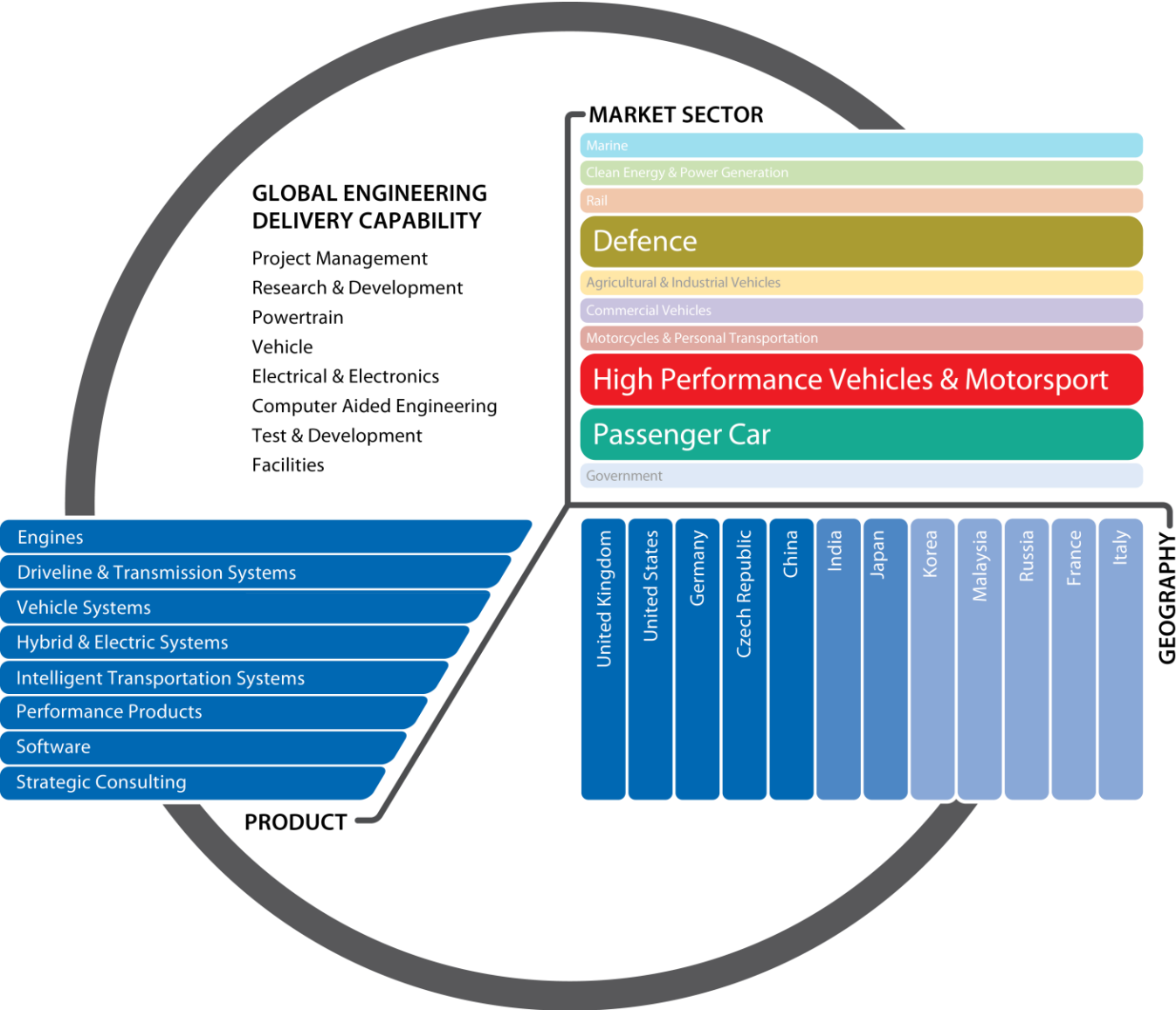
- No dependence on any one sector, client, product or geography
- Tight diversity around a common competence (eng. & mgt. consulting)
- Expansion into neighbouring sectors which can use our expertise
- Maximise utilisation and efficiency of engineering pool
- Assembly programmes are considered when they augment and bring benefit to the technical consulting business
- Continued focus on markets with enduring drivers – legislation, structural change



The core business model of Ricardo is three dimensional, feeding a common flexible resource pool



This years highlights are in three key sectors, although business has been secured in all sectors

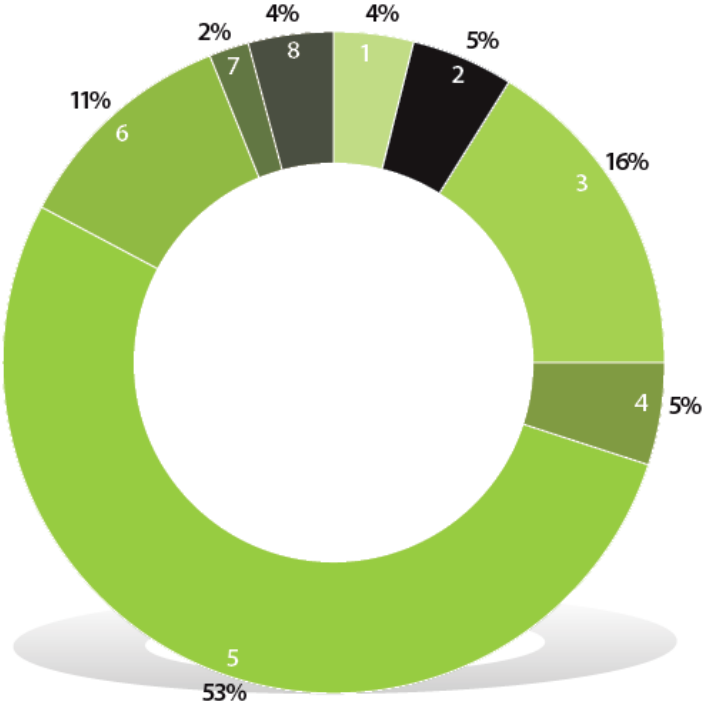


A continued spread of geographical & market sector orders



Order intake by Key Territory

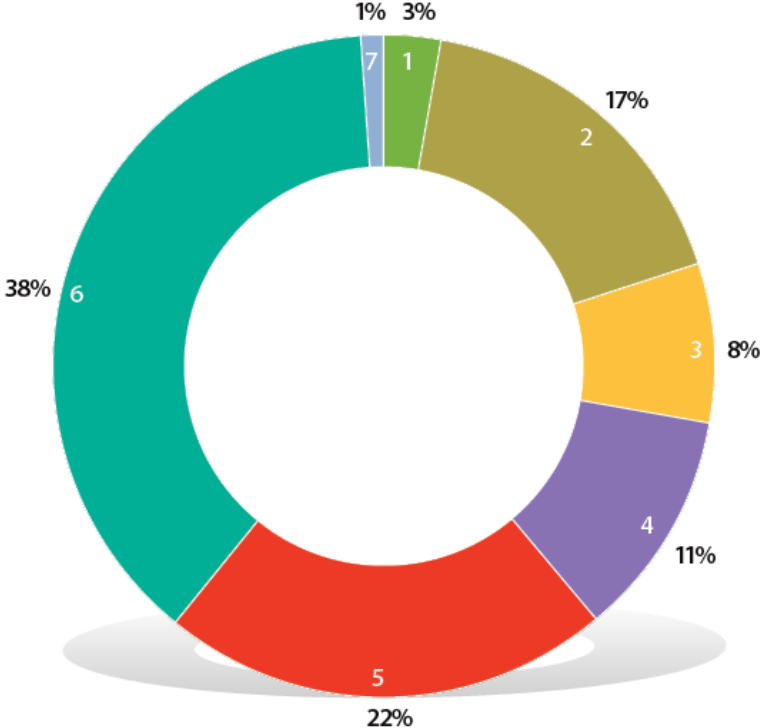
year ended 30 June 2011



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

Order intake by Key Sector

year ended 30 June 2011

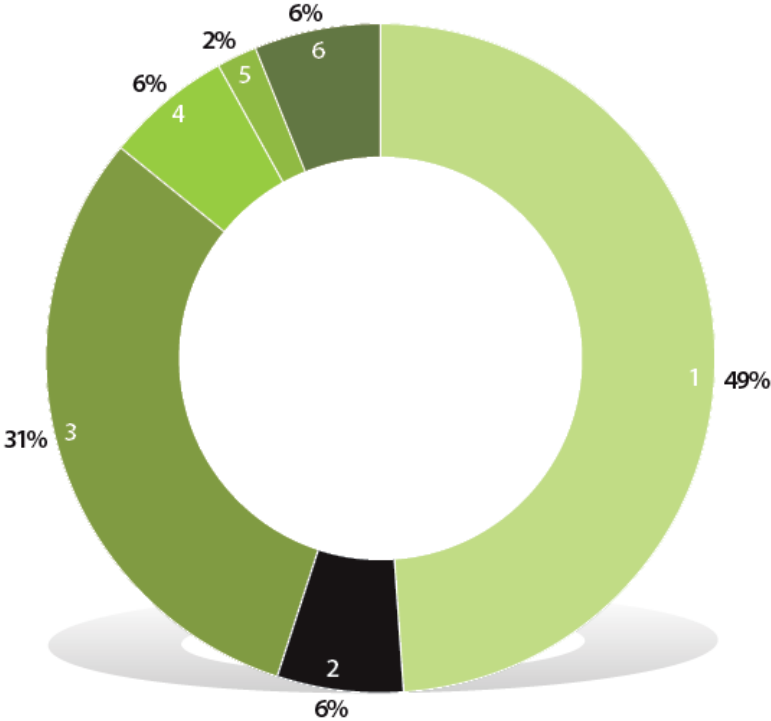


- 1. Clean Energy & Power Generation
- 2. Defence
- 3. Agriculture & Industrial Vehicles - Rail - Marine
- 4. Commercial Vehicles
- 5. High Performance Vehicles & Motorsport - Motorcycles and Personal Transportation
- 6. Passenger Car
- 7. Government

A continued spread of product and customer orders

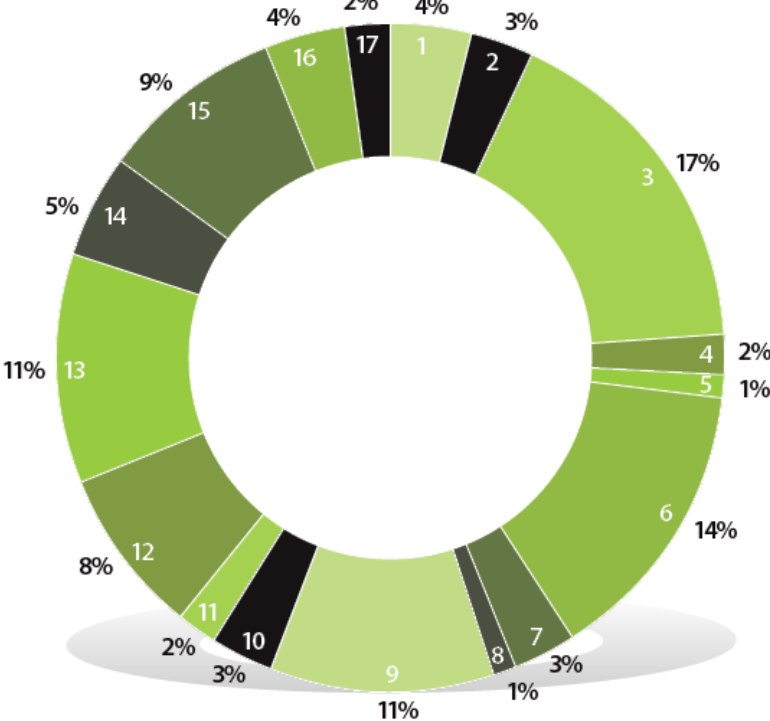


Order intake by Product
year ended 30 June 2011



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

Order intake by Key Customer
year ended 30 June 2011



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

Passenger car sector – highlights

- Global automotive market returning to outsourced development spend, with multi-year programme placement from many organisations
- Many OEMs lacking sufficient in-house resource to meet development needs with a significant increasing market demand for engineering talent
- Engine downsizing, hybrid powertrains, efficient transmissions and electrification
- US, UK, German and Asian OEMs – all placing business and actively seeking solutions to technology, development and engineering talent
- Long term strategic partnership model with Jaguar Land Rover delivering on a wide range of products for global application



- Contract for initial 200 UK MOD Foxhound vehicles awarded
- Foxhound assembly facility launched and operational
- Peak level of support to the UK MOD Land Rover fleet – WMIK

- Fuel Economy Demonstrator vehicle for US DoD and follow on programmes
- US Special forces marine engine & “rapid deployment flying car” programmes
- First flight of Ricardo engine for UAV & partnership with supply chain in place
- Establishing a US structure to deliver higher security programmes

- Tank engine programme for Indian army
- Further Indian army powertrain and vehicle opportunities under consideration
- Ocelot being trialled on the Australian Land 121 programme



Foxhound: the most highly protected and agile vehicle of its size FED delivers 70% economy improvement, Flying car concept



High Performance Vehicles & Motorcycles - highlights

- McLaren engine programme delivered and production commenced. Seven year supply of first model with derivatives contracted and planned
- Further Bugatti Veyron transmission engineering and supply programmes
- Dual clutch transmission for a new super car programme
- Ricardo motorsport continues to support leading teams
- BMW motorcycle programmes continue with launch of 4 and 6 cylinder
- Scooter engine programmes developed for electric vehicle range extension



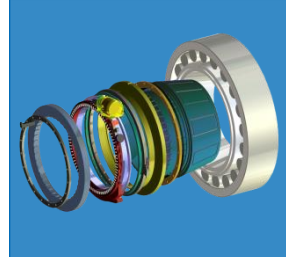
Supercar engine build and factory



Other highlights



- Emissions legislation continues to drive business from the commercial, industrial and agricultural sectors across the world
- Wind turbine transmission systems and developments in diesel generator technology have provided business from the clean energy & power generation sectors
- High levels of collaborative UK and European grant funding continues to support Ricardo's R&D programme in the government sector. Fully funded programmes are being delivered to the US Government
- High speed composite flywheels, magnetic gears, longer life wind turbine bearings, autonomous vehicle control, fuel efficient engines and transmissions, waste heat recovery, maritime telemetry and next generation freight logistics
- RSC publicly recognised with external awards from clients and institutions recognising quality and value created



Summary for the period and outlook



- A strong result for the period
- Order book and pipeline remains strong with a number of multi year engineering and assembly programmes underpinning future business
- Global passenger car business returning being driven by CO₂ improvement, new product development and emerging market growth
- Foxhound and McLaren engine assembly programmes provide longer term business visibility and opportunities for derivatives
- With broadening CO₂ legislation and focus appearing in other sectors, our key drivers of growth remain against a backdrop of an increasing demand for engineering talent
- Outlook remains positive, strong platform for business growth

Revenue up

21%

EPS up

49%

PBT (Continuing operations) up

43%

PBT (Continuing and discontinued) up

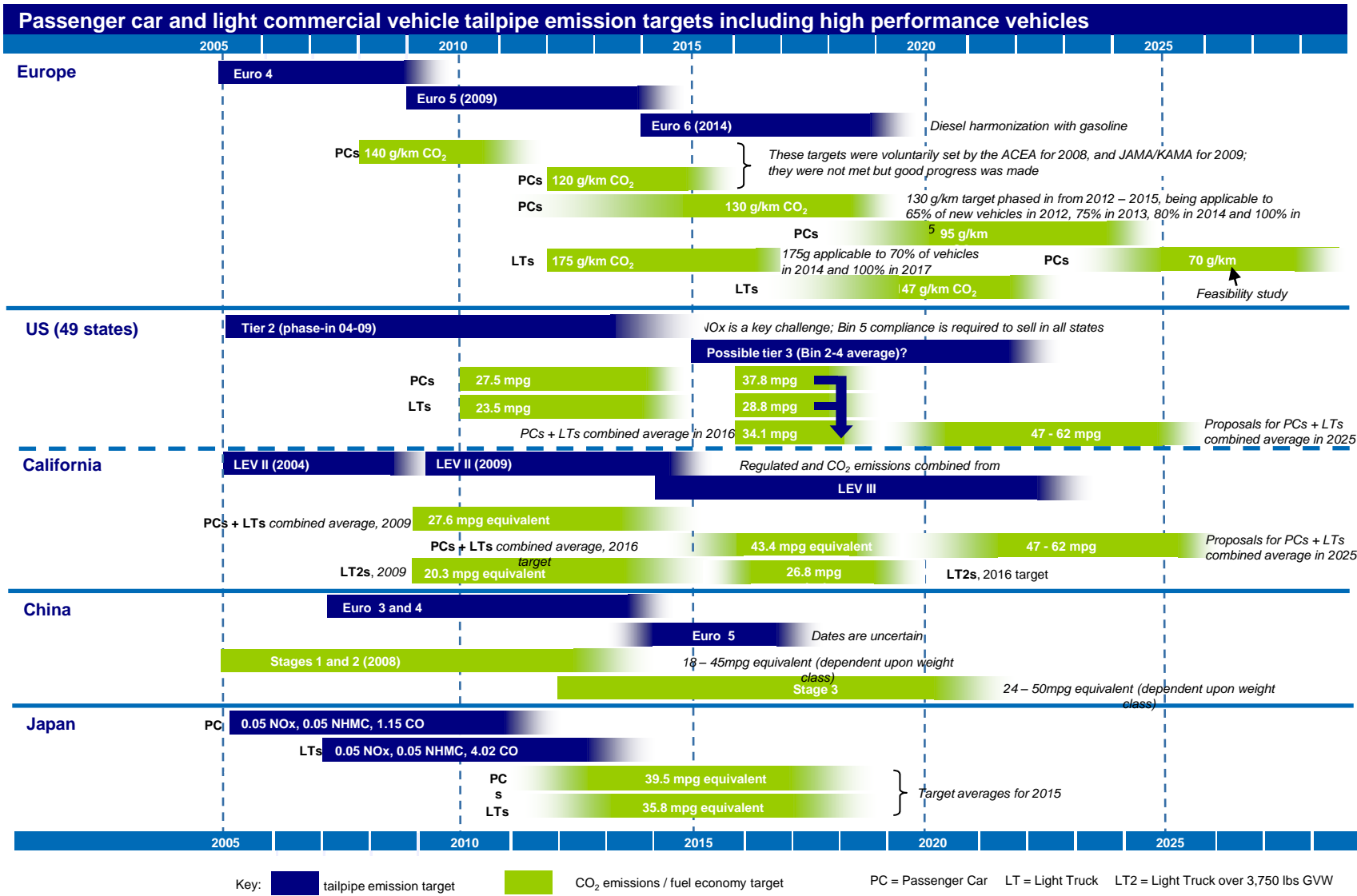
52%

Dividends per share up

7%

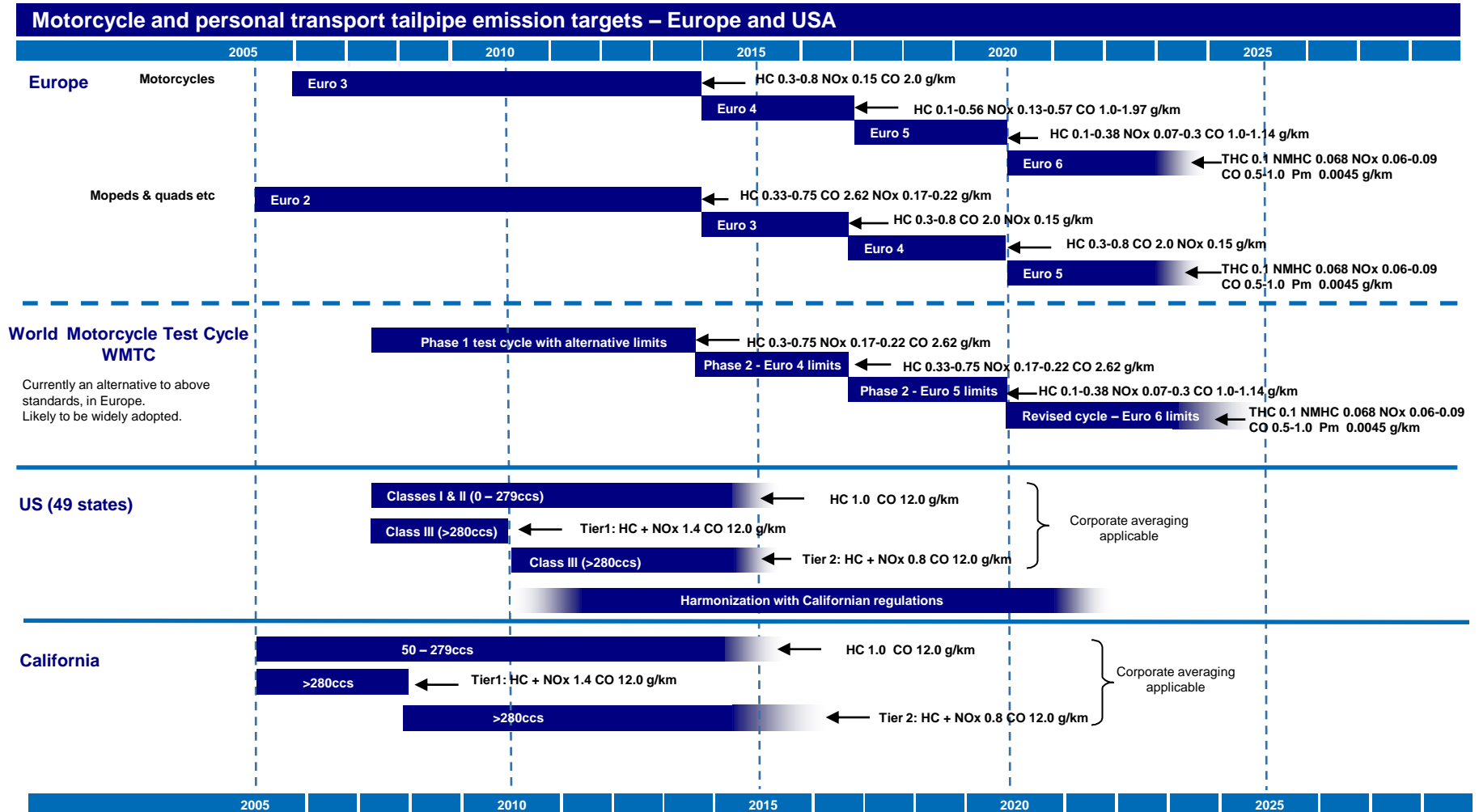
APPENDICES

Passenger Car, Light Commercial Vehicle, High Performance Vehicle



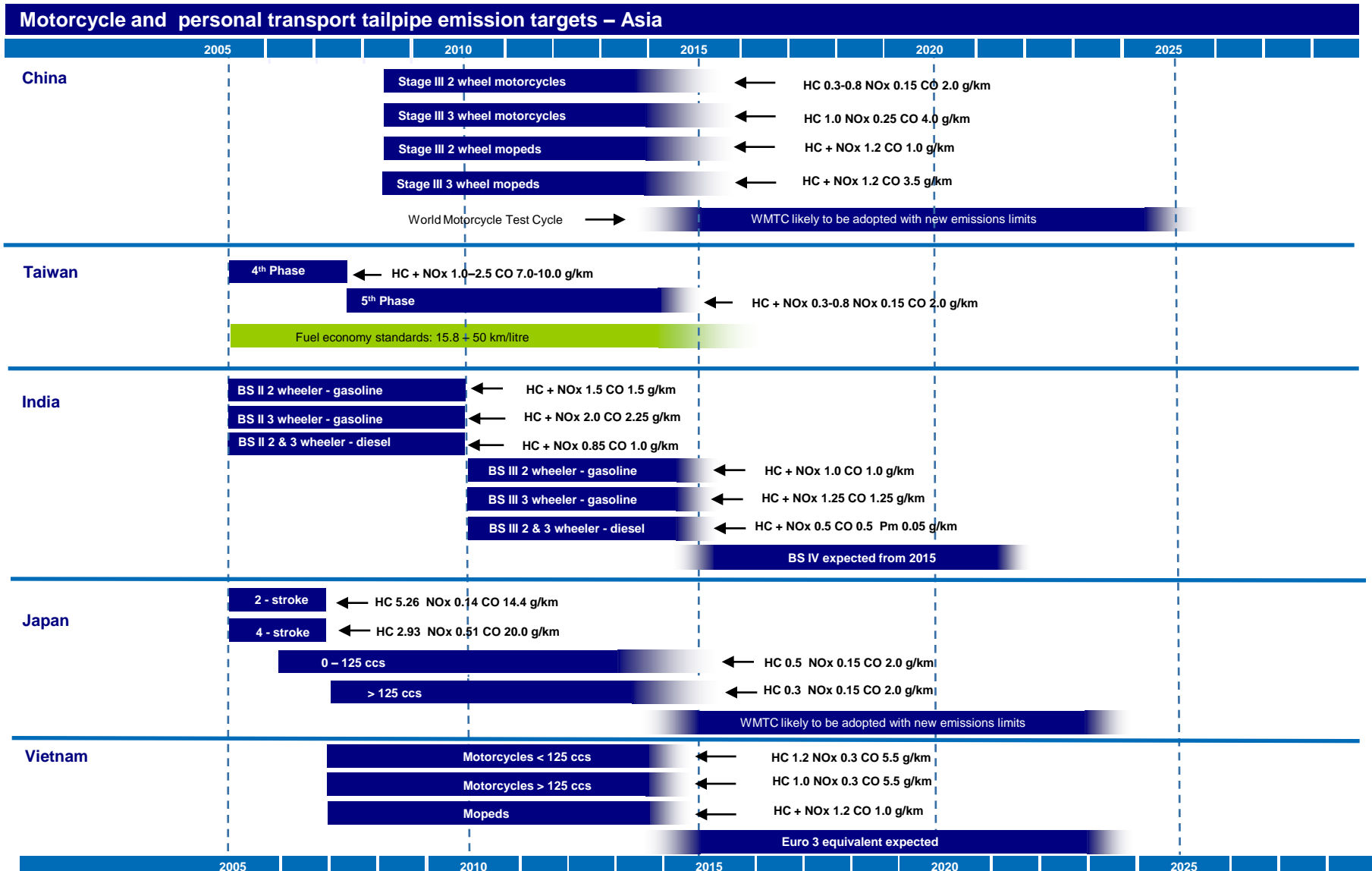
Sources: Ricardo & National government publications.

Motorcycles & Personal Transportation (Europe & USA)



Source: Ricardo & National government sources

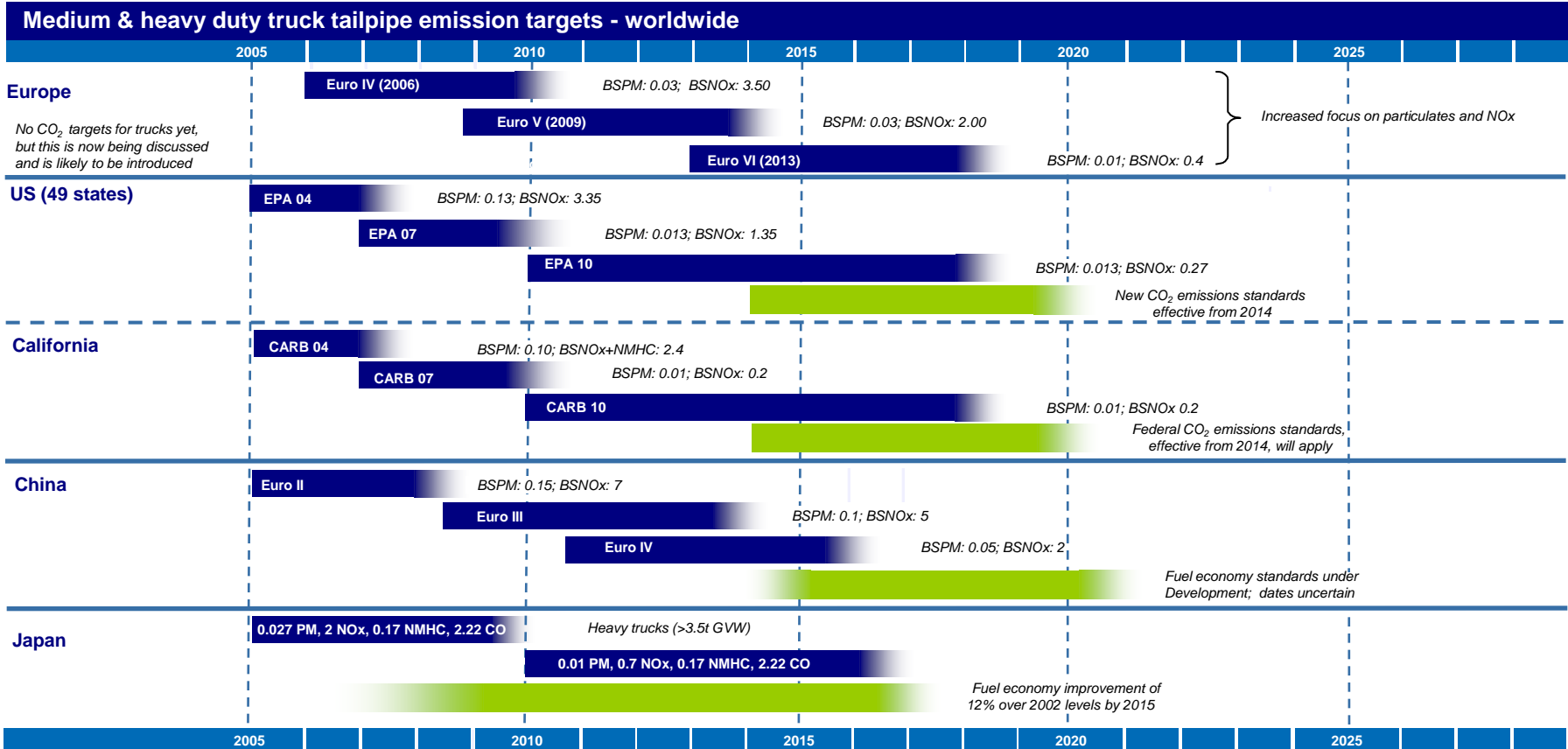
Motorcycles & Personal Transportation (Asia)



Source: Ricardo & National government sources

Key: Tailpipe emission standard Fuel economy standard

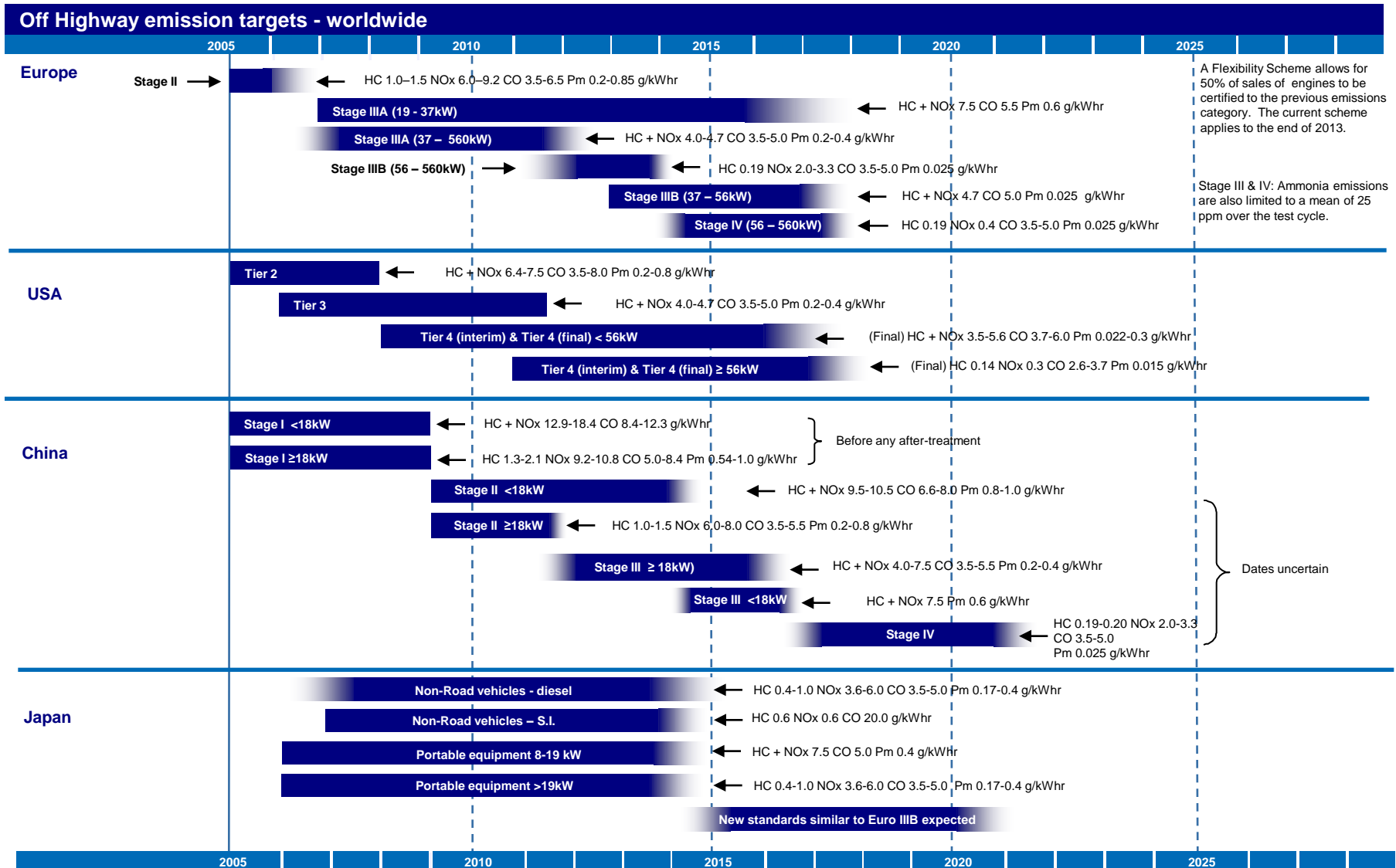
Commercial Vehicles (Medium & Heavy Duty Truck)



Source: Ricardo & National government sources

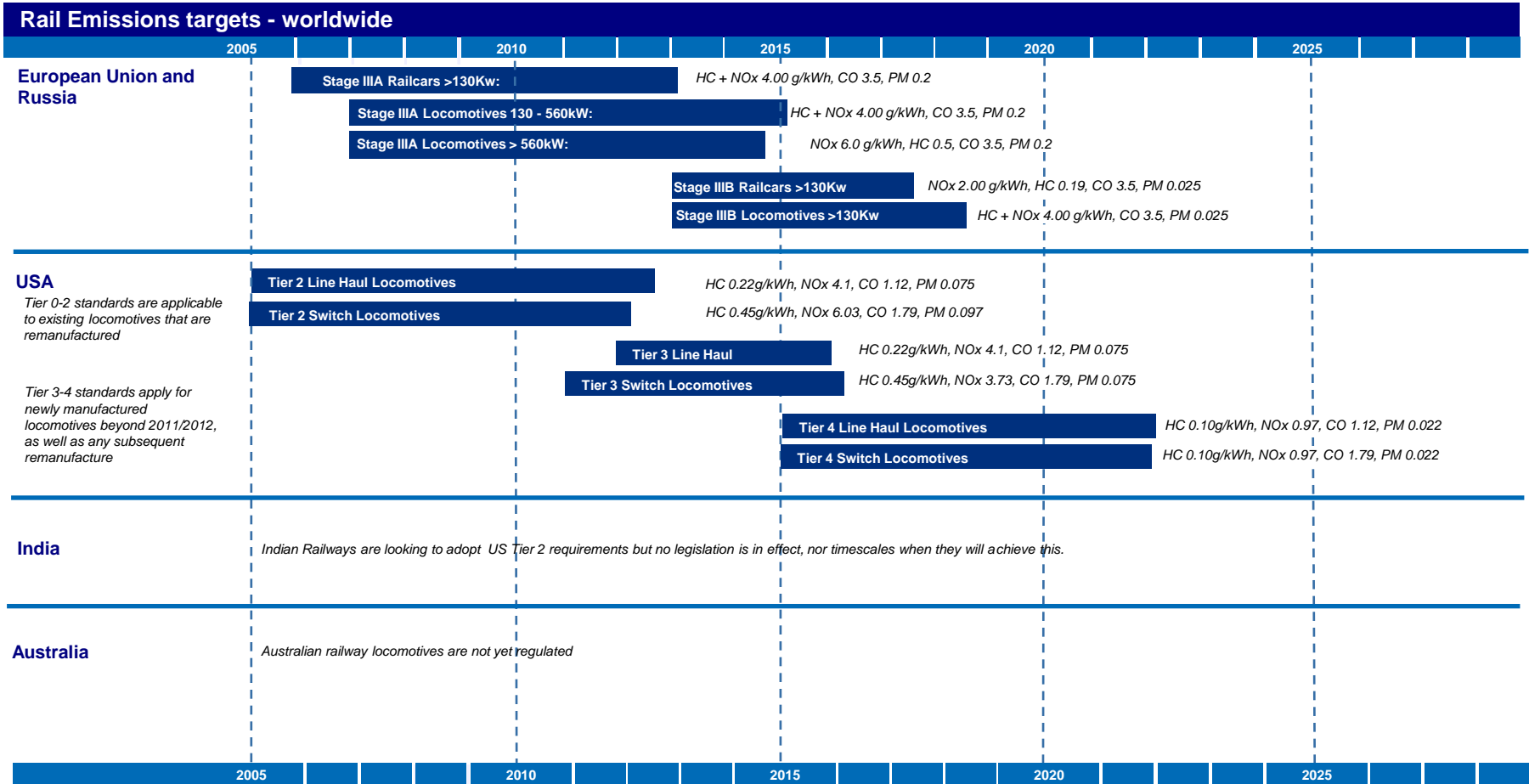
Key: tailpipe emission target CO₂ emissions / fuel economy target

Agricultural & Industrial Vehicles (Off Highway)



Key: [Blue bar] Exhaust emission standard

Source: Ricardo & National government sources



Source: Ricardo EMLEG Database. Key: Railcar = 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
- Few mandatory targets at present but likely in the near future

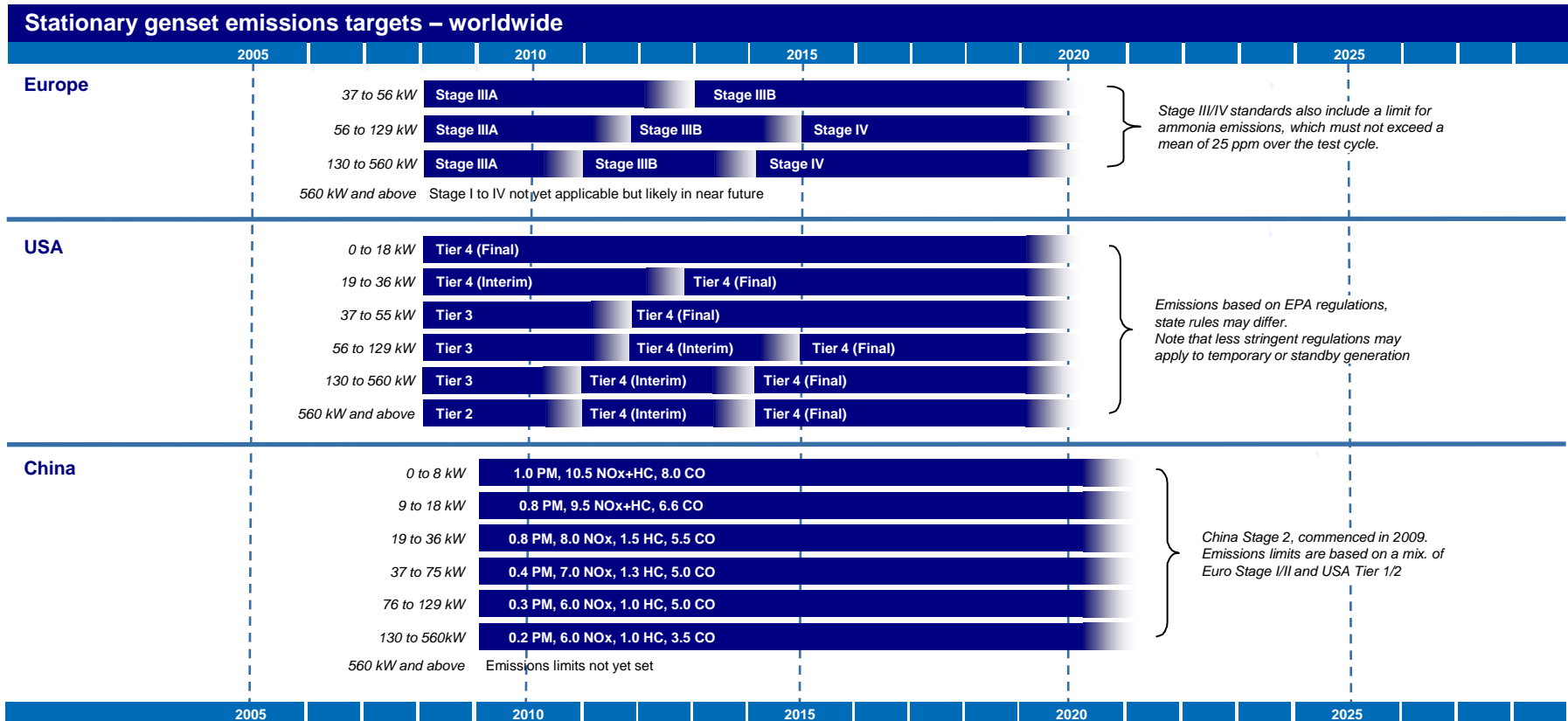
Renewable Energy Targets		
Region	Current Share	2020 Target
EU-25	14.0%	21.0%
United Kingdom	4.1%	10.0%
China	8.0%	15.0%
Korea		6.1%
Russia		4.5%
United States	9.2%	Varies by State

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	22%	28%	34%	50%

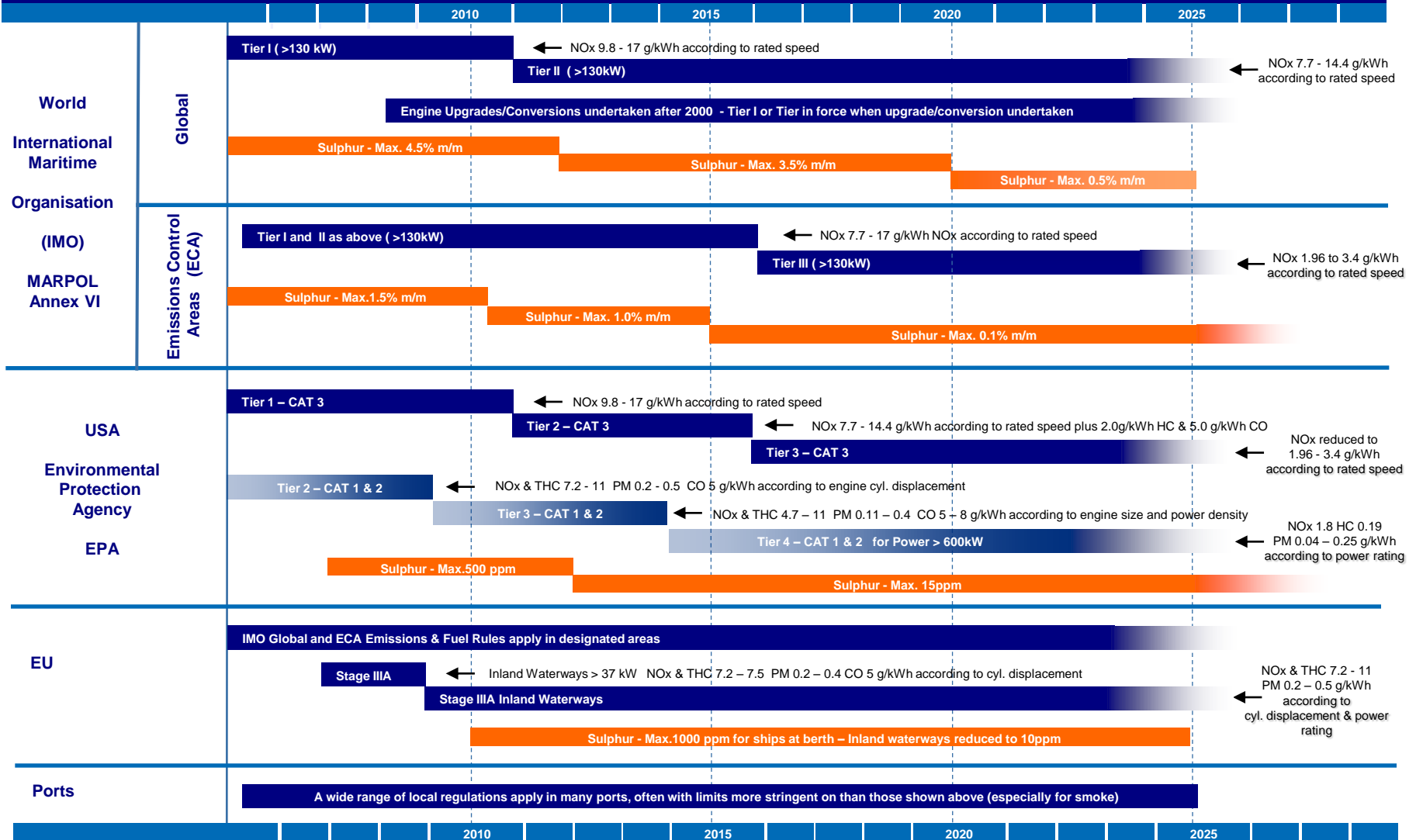
Longer Term - Legal requirement for 80% reduction by 2050



Source: Ricardo, National government sources

Key: exhaust emission target

Marine exhaust emission targets - worldwide



Key: Exhaust emission standard Fuel standard