Creating a world fit for the future

AGM Presentation
14 November 2019

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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.
Ricardo strategy implementation – the story so far

Financial Performance and Balance Sheet

Digitalisation

PBT

£M

Growth & Risk Mitigation

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

Acquisitions in FY18/19 and FY19/20

PPA: £1.6m (Nov 2014)
AEA: £18.0m (Nov 2012)
PLC Consulting: £3.9m (Jul 2019)
Cascade: £2.9m (Aug 2015)

McLaren Phase 2: £2.6m
LR Rail: £42.5m (Jul 2015)
Exnovo: £2.1m (Jul 2016)
Vepro: £2.0m (Oct 2014)
VERC: £2.0m (2014/15)
CP: £8.0m (Sep 2017)
TE: £21.7m (May 2019)

DTC campus purchase: £14.2m (Aug 2019)
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

<table>
<thead>
<tr>
<th>£m</th>
<th>Revenue earned</th>
<th>Year ended 30 June</th>
<th>Underlying operating profit (2)</th>
<th>Underlying operating margin</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
<td>2018 (1)</td>
<td>2019</td>
<td>2018 (1)</td>
</tr>
<tr>
<td>Performance Products</td>
<td>113.9</td>
<td>91.7</td>
<td>11.9</td>
<td>9.3</td>
</tr>
<tr>
<td>Technical Consulting</td>
<td>270.5</td>
<td>286.8</td>
<td>27.7</td>
<td>30.4</td>
</tr>
<tr>
<td>Total</td>
<td>384.4</td>
<td>378.5</td>
<td>39.6</td>
<td>39.7</td>
</tr>
</tbody>
</table>

(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
Creating resilience in the business - the strategy is working

Operating profit by division FY10 to FY19

- £m

- FY10, FY11, FY12, FY13, FY14, FY15, FY16, FY17, FY18, FY19

- RSC & SW
- PP
- Defense
- Rail
- EE
- Auto

- AEA acquisition
- Rail acquisition
- Control Point acquisition
Underlying operating profit bridge under the new segmental structure

<table>
<thead>
<tr>
<th>FYr 17/18</th>
<th>FYr 18/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>£m</td>
<td>£m</td>
</tr>
<tr>
<td>Automotive &amp; Industrial</td>
<td>39.7</td>
</tr>
<tr>
<td>Defence Incl. ABS</td>
<td>0.2</td>
</tr>
<tr>
<td>Energy &amp; Environment</td>
<td>1.2</td>
</tr>
<tr>
<td>Rail</td>
<td>1.3</td>
</tr>
<tr>
<td>Performance Products</td>
<td>1.4</td>
</tr>
<tr>
<td>Strategic Consulting &amp; Software</td>
<td>0.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>39.6</strong></td>
</tr>
</tbody>
</table>
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

<table>
<thead>
<tr>
<th>Region</th>
<th>FY 2018/19 Order Intake</th>
<th>FY 2017/18 Order Intake</th>
<th>FY 2016/17 Order Intake</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>£147m (38%)</td>
<td>£138m (34%)</td>
<td>£172m (47%)</td>
</tr>
<tr>
<td>Mainland Europe</td>
<td>£92m (24%)</td>
<td>£112m (27%)</td>
<td>£86m (23%)</td>
</tr>
<tr>
<td>Asia &amp; Rest of World</td>
<td>£75m (19%)</td>
<td>£113m (27%)</td>
<td>£71m (20%)</td>
</tr>
<tr>
<td>UK</td>
<td>£147m (38%)</td>
<td>£138m (34%)</td>
<td>£172m (47%)</td>
</tr>
</tbody>
</table>

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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

<table>
<thead>
<tr>
<th>Market Sector</th>
<th>FY 2018/19</th>
<th>FY 2017/18</th>
<th>FY 2016/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defence</td>
<td>£40m</td>
<td>£14m</td>
<td>£6m</td>
</tr>
<tr>
<td>HPV&amp;M</td>
<td>£103m</td>
<td>£86m</td>
<td>£88m</td>
</tr>
<tr>
<td>E&amp;E</td>
<td>£54m</td>
<td>£50m</td>
<td>£53m</td>
</tr>
<tr>
<td>Off-Highway &amp; CV</td>
<td>£34m</td>
<td>£37m</td>
<td>£30m</td>
</tr>
<tr>
<td>Rail</td>
<td>£61m</td>
<td>£82m</td>
<td>£73m</td>
</tr>
<tr>
<td>Passenger Car &amp; Motorcycle</td>
<td>£94m</td>
<td>£144m</td>
<td>£116m</td>
</tr>
</tbody>
</table>
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

Order Book Profile

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. Other UK clients
12. Other Asia clients
13. Other North America clients
14. Other Europe clients
15. Rest of World clients

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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
HIGHLIGHTS – for the year ended 30 June 2019

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