

Ricardo plc

12 May 2009

Interim Management Statement

Ricardo plc ('Ricardo' or 'the Company') - a market leading engineering and automotive consultancy, is today providing an Interim Management Statement in respect of the period 1 January to the date of this release. Ricardo will announce its preliminary results for the twelve month period ending 30 June 2009 on 22 September 2009.

As indicated at the interim results on 27th February 2009, Ricardo's markets are experiencing unprecedented levels of turbulence, caused by the combined effects of the global downturn and the need for our clients to respond to the technology challenges of new regulatory emission levels and changing market demand.

Despite the strong underlying market requirements, the January to March period has been very difficult with unusually lower levels of order intake. In particular, in the US a major commercial and military truck manufacturer has taken significant work back in house and further project cancellations and delays have been experienced. In Germany a number of vehicle manufacturers have curtailed or slowed projects. In addition, the vehicle makers in Japan continue to limit outsourcing to minimum levels and in a number of cases the expected resumption of project work is unlikely in the short term. April order intake has recovered to more normal levels.

In the market generally, the drive for CO₂ reduction remains, the focus on hybrid and electric vehicles increases and we continue to progress our diversification strategy. However, orders from the new markets cannot fully compensate for the short to medium term delays and scope of reductions in the mainstream automotive business.

As previously communicated, the management has implemented a major cost saving programme, which has resulted in the reduction of circa 250 staff, including contractors. The cost of the implementation of this programme was £1.2m in the period.

As a result, order intake for the first four months of the second half has been some 30% below the same period last year. The order book at the end of April was £91m which compares to £95m at the same time last year but has decreased from £108m at the end of December 2008. Trading for the three month period to the end of March, before the costs of redundancy, was broadly similar to the same period last year.

As a result of the above and in particular because there are several major projects in the final stages of negotiation which are the subject of significant delay, it is extremely difficult to assess accurately the prospects for the remainder of the current financial year. The Board has previously expected that some progress on last financial year would be possible, however it now believes that earnings will be slightly below those of the last financial year.

This does not take into account the publicised possible risk that GM may file for Chapter 11 in the US and the uncertainty if this will include its subsidiary GM Europe. Although there is no current balance sheet exposure to GM in the USA,

Ricardo has £2.6m of current working capital and a £2.9m orderbook with GM Europe. Ricardo has only £40k balance sheet exposure to Chrysler.

The balance sheet remains strong with no significant changes in the financial position since our half year results to 31 December 08.

We continue to believe the underlying demand for our technology and services, in a number of markets, remains strong. We remain focused to win additional business and vigilant to control costs and preserve cash on the basis that it may take some time for market conditions to return to normal.

Further enquiries:

Ricardo plc

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Conference Call Details

Ricardo will hold a conference call at 4:00pm UK time 12th May 2009

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