



Ricardo plc

Trading update

31 January 2023

Ricardo plc (“Ricardo”) is a global strategic, environmental, and engineering consulting company. We provide exceptional levels of expertise in delivering innovative cross-sector sustainable outcomes to support energy transition, scarce resources, environmental services, and safe and smart mobility. Our global team of consultants, environmental specialists, engineers and scientists support our customers in solving the most complex and dynamic challenges to achieve a safe and sustainable world.

Good progress in the first half

Ricardo has delivered a good performance in the six months to 31 December 2022 (the period). Overall trading is in line with the Board’s expectations, with good revenue and underlying profit growth. The Group’s guidance for the full year remains unchanged.

Order intake in the period was strong at £290m, up 42% on the six months to 31 December 2021 (the prior period) and up 34% on the six months to 30 June 2022 (growth of 36% and 28% respectively on a constant-currency basis). The order book at 31 December 2022 was in excess of £410m compared to £340m at 30 June 2022 and £311m at 31 December 2021. Revenue for the period was above £210m, 17% up on the prior period (growth of 12% on a constant-currency basis). All figures are on a continuing operations basis.

Aligned with our sharpened strategy, which was presented at Ricardo’s Capital Markets event in May 2022, we are renewing our approach to disclosure to reflect our focus on Ricardo’s environmental and energy-transition portfolio.

Environmental and energy-transition portfolio

- **Energy and Environment** delivered very strong growth in orders, revenue and profit, with a good performance in energy and carbon regulation, waste-resource management and our air-quality services.
- **Rail** delivered a similar level of orders as in the prior period and as previously communicated, has seen a reduction in revenue and profit because of the timing of larger long-term projects
- **A&I Emerging Solutions** delivered orders similar to the prior period with positive revenue growth and profit performance.

Established mobility portfolio

- **Defense** delivered strong growth in all metrics, driven by increased ABS/ESC volumes and a rise in orders for our engineering services.
- **Performance Products** delivered a strong growth in orders in the first half. Revenue and profit were slightly behind expectations, as a result of continuing supply-chain challenges.
- **A&I Established mobility** orders and revenue significantly declined, driven by increased economic uncertainty, which led to a loss in the current period. As previously communicated, restructuring actions are already underway. However, reflecting on this performance, we are reviewing options to accelerate our plans.

Continued strong cash generation

At 31 December 2022, net debt was £31m compared to £35m at 30 June 2022 and £39m at 31 December 2021. The reduction includes proceeds from the sale of the Software business during the period.

Strategic progress

Following the acquisition of Inside Infrastructure in March 2022, we made a further acquisition in January 2023, acquiring a 93% shareholding in E3 Modelling S.A. (E3M), a consulting company that provides advanced empirical modelling services. The acquisition of E3M allows Ricardo to expand its unique position at the intersection of the energy, environment and mobility agendas, providing digital modelling capabilities right across the markets that we serve as a Group. Both acquisitions support the expansion of our environmental and energy transition services portfolio.

Graham Ritchie, Chief Executive Officer, commented:

“We continue to see strong order-intake growth for the Group and, as a result, our Group guidance remains unchanged for the full year. The greater clarity and transparency of our strategy to focus on environmental and energy transition is gaining momentum in our operational actions and financial performance, as demonstrated by the strategic acquisition of E3M and the delivery of our expectations for half-year operating profit. Although the global economic outlook continues to create uncertainty, we remain confident that we are taking the right actions in the short term and will benefit from the strong long-term growth drivers to deliver on our ambition – to become a world-leading strategic and engineering consultancy in environmental and energy-transition solutions.

Half-year results

The results for the half year ended 31 December 2022 will be released on 1 March 2023.



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About Ricardo plc

Ricardo plc is a global strategic, environmental, and engineering consulting company, listed on the London Stock Exchange. With over 100 years of engineering excellence and close to 3,000 employees in more than 20 countries, we provide exceptional levels of expertise in delivering innovative cross-sector sustainable outcomes to support energy transition and scarce resources, environmental services together with safe and smart mobility. Our global team of consultants, environmental specialists, engineers and scientists support our customers to solve the most complex and dynamic challenges to help achieve a safe and sustainable world. Visit www.ricardo.com