

RAIL AND MASS TRANSIT

Built on a unique foundation of strategic consultancy, complex engineering and safety assurance, we address critical challenges across every aspect of the rail industry.



We support our clients in navigating the rail industry's developmental, operational, commercial and regulatory demands.

HIGHLIGHTS*

+1%
Order intake

2022/23	£89.2m
2021/22 (CC)	£87.9m
2021/22	£85.0m

+5%
Order book

2022/23	£108.7m
2021/22 (CC)	£103.7m
2021/22	£109.1m

-4%
Revenue

2022/23	£73.5m
2021/22 (CC)	£76.7m
2021/22	£74.3m

-18%
Underlying operating profit

2022/23	£8.0m
2021/22 (CC)	£9.7m
2021/22	£9.4m

-1.7pp
Underlying operating profit margin

2022/23	10.9%
2021/22 (CC)	12.6%
2021/22	12.7%

-9%
Headcount

2022/23	514
2021/22	563

* Prior period results have been restated to reflect the fact that a share of central plc costs are no longer included in the operating profit measure for operating segments. See [Note 5](#) to the Group Financial Statements.

Capabilities across all disciplines

Ricardo's rail experts provide specialist engineering and assurance services to help clients navigate the industry's complex operational, commercial and regulatory demands. Our experts work across a rail project's life cycle to provide rail operators, infrastructure managers and original equipment manufacturers the highest safety, operational and environmental standards. Our rail expertise includes:

- **Railway systems engineering** – Systems engineering extends across technical activities that support our clients in realising the intended performance of a complete and integrated system
- **Operations and maintenance** – Disciplines that support operators in optimising day-to-day operations to deliver long-term efficiencies
- **Rail design and engineering** – From capturing requirements through to design, in-house manufacturing, and approvals, we provide end-to-end support that provides full project management
- **Independent assurance** – Undertaking a wide range of independent assurance and certification support, from assessing new products so that they meet industry standards to the assessment of the construction of entire railway systems

Supporting the future needs of the rail industry

In addition to strong demand for Ricardo's core engineering and safety expertise across the global rail sector, we are also seeing an increasing demand to support industry and operational decarbonisation. This demand enables Ricardo to utilise both its sustainability and energy expertise to provide robust strategy and impactful implementation, and extends our delivery across the value chain. This has included a range of services, from insights into national and regional sustainable rail policy, through to the integration of clean energy solutions into rail infrastructure and rolling stock. Examples of delivering these services include research, strategy and investment requirements for the utilisation of green hydrogen in UK national rail operations, decarbonisation insights for regional government rail decarbonisation in countries across Asia Pacific and the integration of trackside renewable energy technology directly into rail infrastructure.

Our performance in FY 2022/23

An order intake of £89.2m represents a 1% increase on FY 2021/22 on a constant currency basis, reflecting sustained demand for Rail and Mass Transit. The closing order book remains high at £108.7m, in line with the prior year.

During the year, we were successful in winning significant long-term project extensions across the Middle East and Australia in building our business in North America. Nevertheless, revenue reduced to £73.5m and represented a 4% reduction on the prior year on a constant currency basis – this is in line with expectations, as some large projects completed in the year and new projects won have not yet started.

The strong order book, which includes wins in new territories, provides growth opportunities for FY 2023/24 and beyond. For example, in Ireland we were awarded Designated Body (DeBo) status in November 2022, which enables us to offer clients in that market a broader range of accredited assurance services and access approximately three times the serviceable market (compared to non-DeBo status). This aligns with the full portfolio offered in established markets such as the UK, the Netherlands, Belgium, Denmark and Spain. In North America, we are helping regional governments and rail sector organisations to enhance industry safety standards. This includes securing key strategic and safety roles with new transit systems in Ottawa, Canada.

Underlying operating profit reduced by £1.7m (18%) on a constant currency basis. Underlying operating margin was 10.9% (FY 2021/22: 12.6% – constant currency). This was driven by the reduction in revenue, combined with investment in business development capability to drive order intake in Australia and new territories.

Following a review of subsidies provided during the pandemic, we have taken the decision to provide for the return of a £0.5m COVID-related subsidy to the Dutch government.

In addition, £0.7m of restructuring costs were recognised in the year within specific adjusting items (FY 2021/22: £1.0m). This was driven by the simplification of the management structure, aligned with our focus on core growth opportunities. The cash cost of the actions, which includes the cash cost of the actions accrued for at the end of FY 2021/22, was £1.1m (FY 2021/22: £0.3m).

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CASE STUDY

SHADOW OPERATOR FOR NEW 15KM METRO LINE IN MANILA

The city of Manila commissioned a new transit line, MRT-4, to connect the central business district with the eastern province of Rizal.

Given the high complexity of the project, Ricardo was appointed as a 'Shadow Operator'. Our Rail experts are advising the technology and design teams on the day-to-day needs of the eventual railway operator, including guidance on operational risks and safety hazards, developing passenger flow models, and advising on recruitment and work scheduling.

