

## Ricardo plc: Trading update 1 February 2024

Ricardo plc (“Ricardo” or “the Group”), a global strategic environmental and engineering consulting company, providing expertise at the intersection of transport, energy, and climate agendas, today announces its scheduled trading update ahead of the half year results on 6 March 2024

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### **Continued execution in the first half and in line with guidance for the full year**

Ricardo has continued to execute delivery of its strategic ambition in the six months to 31 December 2023 (the period). The Board confirms that it remains confident in the operating and financial performance of the Group and is maintaining its guidance for the full year.

Order intake in the period was up by 7% on the six months to December 2022 (the prior period) and up 37% on the six months to June 2023 (growth of 10% and 39% respectively on a constant currency basis). The order book at 31 December 2023 was in excess of £470m, compared to £395m at 30 June 2023 and £414m at 31 December 2022. Revenue for the period was up by 5% (9% at constant currency). All figures are on a continuing operations basis.

Energy and Environment (EE), Rail and Defense delivered good growth in the first half, while in Automotive and Industrial (A&I), performance was lower than expected, due to timing delays in customer orders. As a result, we expect our Group underlying operating profit margin for the period to reduce by c. 50 basis points (0.5%) on the prior period.

#### Environmental and energy-transition portfolio

- EE continued to deliver good growth and benefited from the positive performance of its recent acquisitions
- Rail delivered growth as expected and its order book has continued to grow
- A&I Emerging saw a reduction in revenue leading to a loss in the period, reflecting delays in customer orders

#### Established mobility portfolio

- Defense grew strongly, benefiting from the good visibility and consistent delivery of the ABS program
- As anticipated, Performance Products (PP) revenue declined due to lower volumes on the McLaren programme
- A&I Established saw a reduction in revenue reflecting timing delays of customer orders, which was partly offset by reduced costs.

### **Strong cash conversion**

At 31 December 2023, net debt was £63.3m compared to £62.1m at 30 June 2023 with additional payments relating to previous acquisitions and prior year restructuring being funded by improved cash conversion. As we look forward to H2, we expect net debt to remain broadly in line with December 2023.

### **Accelerating our operating model transformation**

A key focus for FY23/24 is to underpin our profit guidance and to continue accelerating the Group’s transformation to become a global leader in environmental and mobility energy transition solutions. By building a more flexible resourcing model and increasing our resilience to order fluctuations within A&I, whilst right-sizing and centralising our enabling functions, we are able to underpin the Group’s business performance in the near to medium term.

### **Full year outlook**

The Board is maintaining its guidance for FY23/24, underpinned by our strong order intake in the second quarter of H1 and increased visibility for the second half of the year.

Our EE and Rail businesses continue to see strong growth in operating performance with an expected stronger second half, driven by an increasing order book with sustained demand across all segments.

We expect to see a recovery in Performance Products driven by improving volumes in engine orders from McLaren and in Defense, we expect the strong growth to continue with the advancement of the ABS program.

Within A&I, following a change in leadership and a greater focus on key customers we are seeing improved sales activity, with the strongest 3-month rolling order growth for the last 6 months. This, coupled with streamlining our organisation to support the future business mix in A&I, is providing confidence in a recovery within the second half.

With growth weighted across all our key end markets in the second half, accelerated by the transformation actions in right sizing our enabling functions and implementing our operating model, we expect to deliver improved operating margins in H2 FY23/24.



**Graham Ritchie, Chief Executive Officer, commented:**

“We are encouraged by our continuing strategic progress and by the performance of our businesses, with strong growth in particular seen in EE, Rail and Defense. Market conditions have been challenging within A&I, but with the actions already taken and those planned in H2 to transform our portfolio and right-size our business, we are starting to see momentum building in the key areas that will enable the delivery of our strategy. We remain confident in delivering our full year underlying profit guidance for FY23/24 and remain on track for our 5-year strategic plan to more than double our operating profit.”

**Half-year results**

The results for the half year ended 31 December 2023 will be released on 6 March 2024.

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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](http://www.ricardo.com)

*This announcement is released by Ricardo plc and contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR"), and is disclosed in accordance with the Company's obligations under Article 17 of MAR.*

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