



2020 Full Year Results

Data Appendix



2021 guidance summary

	2020	2021	
Civil Aerospace Drivers			
Large engine deliveries	264	200-250	Significant near term uncertainty over Civil Aerospace outlook
Large engine LTSA EFH	43% of 2019 levels	~55% of 2019 levels	
Large engine LTSA major refurb	272	~250	
Business aviation deliveries	184	100-150	
Power Systems			
Revenue	£2,745m	Return to growth from H2	Order recovery in H1 drives acceleration in sales from H2
Operating margin	6.5%	High single-digit	
Defence			
Revenue	£3,366m	Stable	Accelerated step-down after 2021 Increasing shift to low-carbon R&D Group restructuring to reduce capital intensity Increase due to new debt accessed during 2020 Non-repeat of 2020 timing impact Timing impact: limited cash cost in 2020 and subsequent catch-up in 2021 Cash flow positive at some point in H2
Operating margin	13.3%	Stable	
Trent 1000 in-service cash costs	£(524)m	£(300)-(400)m	
Research & Development cash spend	£(904)m	Broadly stable	
PPE Capex	£(579)m	£(350)-(450)m	
Net interest received and paid (including fees on undrawn facilities)	£(172)m	~£(250)m	
Cash tax	£(231)m	Modestly lower	
Pensions (contributions in excess of PBT charge)	£160m	~£(100)m	
Group free cash flow	£(4,185)m	~£(2)bn	



Understanding COVID-19 impact on Civil Aero drivers

COVID-19 impacts create distorting impact on Civil Aerospace drivers during 2020

£(4.6)bn trading cash outflow driven:

- Material reduction in EFH
- Large working capital outflow including invoice discounting impact
- Additional 2020 headwinds primarily relating to COVID-19

Widebody OE

- **264 total installed & spare deliveries (2019: 510)**
- **£1.1m avg. installed loss** (2019: £1.2m), *excluding higher under-recoveries*
- Reflects continued **cost reduction** and **lower launch price discounts**
- Profit impact of **lower spare engine volumes**

WB AM Cash Margin

- Material reduction in WB EFH receipts (57% lower EFH)
- Significant reduction in widebody T&M revenues
- Non-repeat of £173m 2019 Trent 1000 insurance receipt
- Partly offset by lower WB major service visits, down 11% YoY to 272

Businesses, Regional & V2500

- Business jet invoiced EFH receipts resilient
- Lower business jet OE profit due to lower deliveries and adverse mix impact
- Material fall in regional jet and V2500 receipts & spare parts due to lower flying hours



Additional 2020 headwinds primarily relating to COVID-19

~£(0.6)bn headwind in 2020 from temporary costs resulting from COVID-19, including material fixed cost under-recoveries and adverse FX costs

~£(0.5)bn operations and engineering costs

~£(1.3)bn R&D, capex & C&A costs

Reductions reflect savings from headcount reduction and mitigating actions



LTSA balance:

Drivers of Civil LTSA balance change

Deferred revenue reflects difference between invoiced EFH receipts and P&L revenues traded

Significant reduction in EFH during 2020 due to COVID-19, however this was **offset by £1.1bn non-cash impact of contract catch-ups to revenues**

Invoiced EFH receipts

Reflects invoiced EFH receipts on long-term contracts across **entire** Civil LTSA-covered fleet

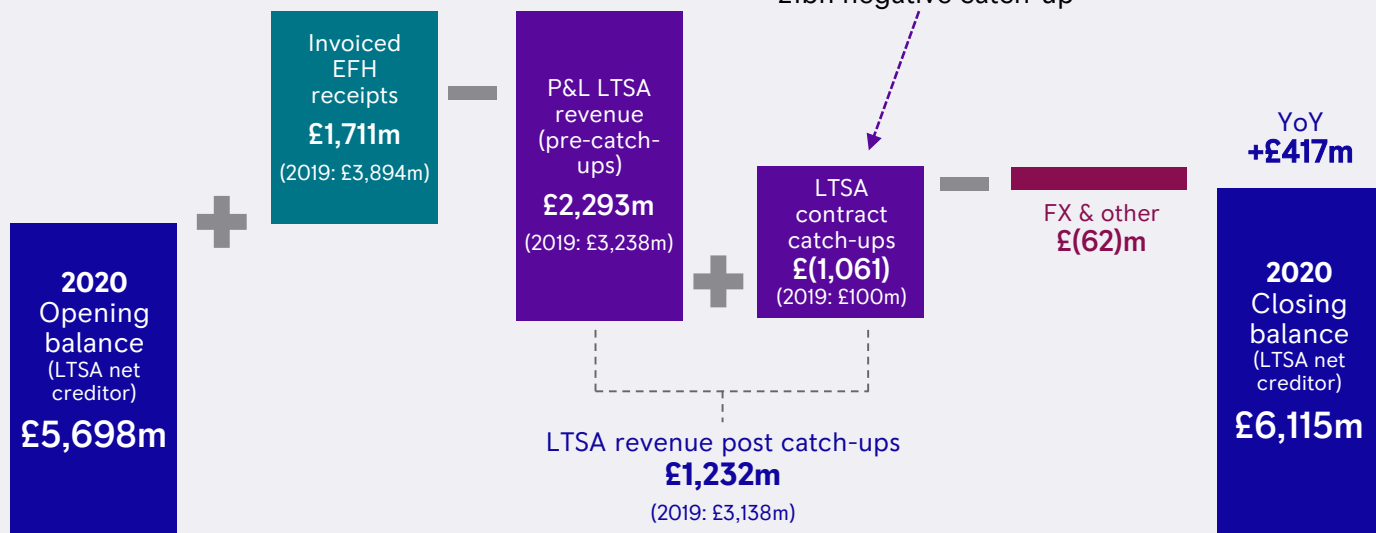
P&L revenue

Driven by cost (e.g. shop visits) across large engine, business aviation and regional fleets. Recognised by contract, as costs incurred, at relevant contract margins

EFH receipts 56% lower YoY led by large engine (2020 EFH 6.6m, 57% lower YoY) and regional, with business aviation more resilient

LTSA revenue post-catch-ups 62% lower YoY at £1,232m

Lower shop visit volumes and adverse margin mix drove modest underlying revenue reduction, before the impact of £1bn negative catch-up





Foreign exchange

Rolls-Royce hedges transactional FX

- Transactional exposure arises when revenue currencies differ from cost currencies
- Achieved rate is not typically affected by short-term spot rate movements unless new cover is taken; this impact is usually diluted
- \$25 billion GBP:USD hedge book
- Hedge book average rate is £/\$1.52
- \$5 billion EUR:USD hedge book
- Hedge book average rate is €/ \$1.25

Rolls-Royce does not hedge against the impact of translational FX

- Translational exposure varies by source of revenues and profits
- Translational FX impact is driven by period average spot rates
- Translational impact increases as rate reduces

Translational impact of 0.01 unit of currency change in period average rates

	Revenue	Profit
USD	~£16 million	~£4 million
EUR	~£36 million	~£0 million



Foreign exchange: Translational impact

The impact of translational foreign exchange is driven by period average spot rates

EXPOSURE			UNDERLYING REVENUE IMPACT		UNDERLYING OPERATING PROFIT IMPACT	
2019 vs. 2020 £m	Revenue	Profit	Inc FX	FX	Inc FX	FX
Group			11,763	42	(1,972)	(4)
Civil Aerospace	USD, EUR	USD, EUR	5,089	7	(2,574)	(6)
Power Systems	EUR, USD	EUR, USD	2,745	37	178	2
Defence	USD	USD	3,366	(9)	448	(1)
ITP	EUR, USD	EUR, USD	705	9	68	1
Non-core/Other	EUR, USD	EUR, USD	(142)	(2)	(92)	0

Period average rates	2020	2019
USD	1.28	1.28
EUR	1.13	1.14



Actions taken to reduce the size of our hedge book

USD hedge book

- Actions taken to reduce the size of the hedge book by **\$11.8bn** since the onset of COVID-19, to match latest demand outlook (H1: \$10.3bn)
- **£(1,689)m total cost** to close-out excess hedges, resulting in up-front underlying 2020 P&L financing charge and cash costs spread across **2020-26**
- Remaining **\$25bn** USD hedge book (2019: \$37bn) at an average of **1.52** (2019: 1.53)
- Extends out until 2028, with **100% cover until 2026, approximately 90% in 2027, and 15% in 2028**

Cash costs of closing out over-hedge position

Costs are included in Group FCF definition

£m	2020	2021	2022	2023	2024	2025	2026	Total
Cash cost	186	460	327	£716m across 2023-26				1,689



Trent 1000 update

- Total in-service cash costs now expected to be **~£2.1-2.2bn** (previously ~£2.4bn), due to good progress on disruption (zero AOG from mid-2020) driven by low utilisation in 2020 and progress on retrofit programme
- Improved outlook on small number of loss-making contracts due to reduced disruption profile
- Total exceptional credit of **£620m** (not included in underlying results), reflecting a **£390m** provision release relating to in-service costs and **£230m** relating to reduced losses on loss making contracts

In-service cash cost schedule:

2017-19:	£1,023m
2020	£524m
2021	£300 - £400m
2022	£100 - £200m
2023+	£100 - £200m
Total:	£2.1bn - £2.2bn

~£0.6bn cash costs to-go

Provisions provided for over half of future costs, remainder will be traded through underlying P&L



Pensions FY20

UK DB Plan continues to have a strong surplus
£883m

The UK DB Plan closed to future accrual on 31 December 2020

UK Plan (RRUKPF – DB)

- UK DB Plan closed to future accrual on 31 December 2020 (it was closed to new hires in 2007). Just over 7,000 employed members onboarded to our UK DC Plan (RRRST) on 1/1/21 on 12% employer contributions (employees: 6%).
- 78% of gross liabilities and 92% of gross assets.
- £9.8bn of assets and surplus of £883m (IAS 19 basis*). £258m reduction in surplus since 31 December 2019 largely comprises changes in actuarial assumptions and experience, and the impact of the closure of the Plan.
- 92% of assets in low risk investments to match liabilities - key to protecting the funding position in low yield environment.
- Statutory funding valuation due as at 31 March 2020 to be agreed with the Trustee by 30 June 2021.
- Cash contributions:
2018: £117m
2019: £174m
2020: £24m*

** The majority of contributions in 2020 were deferred by agreement between the company and the plan trustee. The remaining contributions of c£100m were paid in early 2021.*

Overseas plans

- 22% of gross liabilities and 8% of gross assets.
- Deficit of c£1.6bn (IAS 19 basis) principally made up of:
 - unfunded US healthcare/pension plans (£502m) and
 - German unfunded pension plans (1bn)
- Cash contributions:
2018: £64m
2019: £80m
2020: £56m

*IAS 19 reporting basis discounts liabilities using a AA bond rate – while this is the required reporting method it does not match the method used to manage and fund the UK plan – which discounts liabilities using a curve to aligned to its Liability Driven Investments (gilt based). This significantly reduces the real funding volatility relevant for cash funding purposes rather than that shown by the IAS 19 valuations



Civil revenues by engine type

COVID-19 impact seen
across OE and Services

£m	FY 2020	FY 2019	Organic change ¹
Original Equipment	2,298	3,246	(29)%
Large Engine	1,711	2,568	(33)%
Business aviation	579	643	(11)%
V2500	8	35	(77)%
Service	2,791	4,861	(43)%
Large Engine	1,609	3,205	(50)%
Business aviation	444	477	(7)%
Regional	184	355	(48)%
V2500	554	824	(33)%
TOTAL	5,089	8,107	(37)%

¹ Organic change at constant translational currency ('constant currency') applying 2019 average rates to 2020 and excluding M&A. All commentary is provided on an organic basis unless otherwise stated.

Decline in service revenues includes material increase in negative contract catch-ups

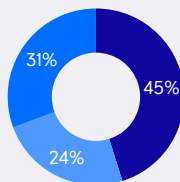


Revenue splits by business

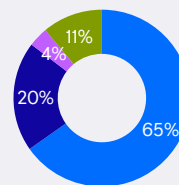
Split by revenue type and
end market

All change %s shown on
an organic basis

Civil Aerospace

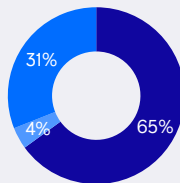


OE	▼ 29%
LTSA	▼ 61%
T&M/Other	▼ 9%

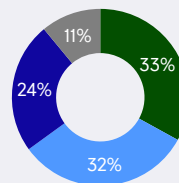


Large engines	▼ 42%
Business	▼ 9%
Regional	▼ 48%
V2500	▼ 35%

Power Systems

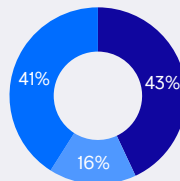


OE	▼ 21%
LTSA	▲ 30%
T&M/Other	▼ 9%

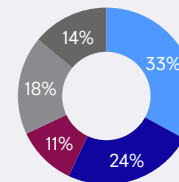


Power Gen	▼ 23%
Marine	▼ 4%
Industrial	▼ 25%
Defence	▼ 9%

Defence

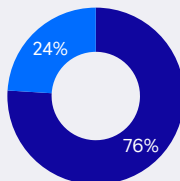


OE	▼ 1%
LTSA	▼ 2%
T&M/Other	▲ 13%

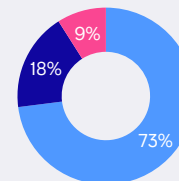


Transport	▼ 4%
Combat	▲ 5%
Naval Marine	▲ 15%
Submarines	▼ 3%
Other	▲ 29%

ITP Aero



OE	▼ 32%
Aftermarket	▲ 8%



Civil	▼ 30%
Defence	▲ 9%
Services/MRO	▼ 38%



Trent engine products

Leading widebody market share

£m	Airframe	Market share*	Engines in service	Engines on order
Trent 7000	Airbus A330neo	100%	90	535
Trent XWB	Airbus A350	100%	658	977
Trent 1000	Boeing 787	34%	538	158
Trent 900	Airbus A380	48%	68	2
Trent 800	Boeing 777	40%	134	0
Trent 700	Airbus A330	60%	1,054	2
Trent 500	Airbus A340	100%	68	0
			2,610	1,674



Civil engine deliveries

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
By engine																		
RB211 22B	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
RB211 524	2	5	7	0	5	4	0	0	0	0	0	0	0	0	0	0	0	0
RB211 535	14	6	0	2	0	1	1	0	0	0	0	0	0	0	0	0	0	0
RB211 Total	16	11	7	2	5	5	1	0	0	0	0	0	0	0	0	0	0	0
Trent 500	88	115	88	97	45	45	57	16	1	8	0	0	0	0	0	0	0	0
Trent 700	35	30	54	59	75	88	125	139	135	157	181	184	140	88	110	63	10	2
Trent 800	30	15	21	25	10	7	9	0	0	0	0	0	0	0	0	0	0	0
Trent 900				20	10	48	33	30	70	64	42	35	6	30	67	44	34	15
Trent 1000									18	46	59	79	106	122	109	125	126	82
Trent XWB-84												13	56	117	196	184	178	109
Trent XWB-97															1	45	56	34
Trent 7000																8	106	22
Trent	153	160	163	201	140	188	224	185	224	275	282	311	308	357	483	469	510	264
Civil Large Engines	169	171	170	203	145	193	225	185	224	275	282	311	308	357	483	469	510	264
Tay	48	43	55	66	80	92	68	51	57	60	67	46	38	28	2	0	0	0
AE3007	217	242	168	113	135	135	32	55	31	43	78	48	34	20	8	10	4	0
BR700	96	131	161	155	183	216	172	184	232	290	326	334	332	244	190	205	191	112
Pearl																2	22	72
Civil Small Engines	361	416	384	334	398	443	272	290	320	393	471	428	404	292	200	217	219	184
V2500*	216	237	327	319	308	351	347	371	418	220	0	0	0	0	0	0	0	0
Civil Total	746	824	881	856	851	987	844	846	962	888	753	739	712	649	683	686	729	448



Civil engine in-service installed fleet**

Fleet data from Cirium
excludes aircraft
temporarily parked due
to COVID-19

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
By engine																		
RB211 22B	48	36	36	12	15	9	12	9	6	6	3	3	3	3	3	3	3	3
RB211 524	829	815	796	791	769	706	643	638	617	530	455	352	302	278	266	242	210	82
RB211 535	1,154	1,192	1,168	1,174	1,158	1,102	1,078	1,056	1,052	1,028	1,026	1,012	908	868	826	850	824	576
RB211 Total	2,031	2,043	2,000	1,977	1,942	1,817	1,733	1,703	1,675	1,564	1,484	1,367	1,213	1,149	1,095	1,095	1,037	661
Trent 500	120	212	292	380	412	432	464	492	480	452	440	388	352	336	280	284	240	68
Trent 700	234	264	306	364	422	492	590	696	816	948	1,114	1,288	1,388	1,460	1,590	1,636	1,606	1,054
Trent 800	376	392	406	430	444	442	448	450	444	446	436	422	362	352	330	334	320	134
Trent 900	0	0	0	0	4	36	60	80	140	208	244	280	304	332	360	400	428	68
Trent 1000	0	0	0	0	0	0	0	0	6	44	84	164	260	384	476	546	658	538
Trent XWB-84	0	0	0	0	0	0	0	0	0	0	0	2	30	124	278	432	590	562
Trent XWB-97	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	28	70	96
Trent 7000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	80	90
Trent	730	868	1,004	1,174	1,282	1,402	1,562	1,718	1,886	2,098	2,318	2,544	2,696	2,988	3,314	3,662	3,992	2,610
Civil Large Engines	2,761	2,911	3,004	3,151	3,224	3,219	3,295	3,421	3,561	3,662	3,802	3,911	3,909	4,137	4,409	4,757	5,029	3,271
Spey	1,090	1,024	992	946	914	864	802	760	702	632	580	506	460	430	404	360	284	252
Tay	1,599	1,572	1,623	1,755	1,769	1,825	1,861	1,869	1,917	1,969	2,019	2,011	2,035	2,027	1,993	2,009	1,946	1,892
AE3007	1,934	2,164	2,328	2,458	2,564	2,520	2,528	2,562	2,550	2,544	2,598	2,534	2,468	2,326	2,302	2,448	2,472	2,028
BR700	864	990	1,144	1,272	1,446	1,560	1,752	1,910	2,128	2,362	2,696	2,964	3,388	3,642	3,858	4,098	4,322	4,314
Pearl	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	36
Civil Small Engines	5,487	5,750	6,087	6,431	6,693	6,769	6,943	7,101	7,297	7,507	7,893	8,015	8,351	8,425	8,557	8,915	9,024	8,522
V2500*	930	1,054	1,196	1,348	1,492	1,613	1,722	1,852	2,002	0	0	0	0	0	0	0	0	0
Civil Total	9,178	9,715	10,287	10,930	11,409	11,601	11,960	12,374	12,860	11,169	11,695	11,926	12,260	12,562	12,966	13,672	14,053	11,793
Fleet growth	8%	6%	6%	6%	4%	2%	3%	3%	4%	-13%	5%	2%	3%	2%	3%	5%	3%	-16%

* 50% of the total V2500 fleet included

** Installed engine base is net of retirements and excludes aircraft which are parked or in storage



Civil in-service thrust base (millions lbs)**

Fleet data from Cirium excludes aircraft temporarily parked due to COVID-19

		2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
By engine	Thrust per engine (lbs)																		
RB211 22B	60,000	3	2	2	1	1	1	1	1	0	0	0	0	0	0	0	0	0	0
RB211 524	60,000	50	49	48	47	46	42	39	38	37	32	27	21	18	17	16	15	13	5
RB211 535	40,000	46	48	47	47	46	44	43	42	42	41	41	40	36	35	33	34	33	23
RB211 Total		99	99	97	95	93	87	82	81	79	73	69	62	55	52	49	49	46	28
Trent 500	56,000	7	12	16	21	23	24	26	28	27	25	25	22	20	19	16	16	13	4
Trent 700	72,000	17	19	22	26	30	35	42	50	59	68	80	93	100	105	114	118	116	76
Trent 800	92,000	35	36	37	40	41	41	41	41	41	41	40	39	33	32	30	31	29	12
Trent 900	70,000	0	0	0	0	0	3	4	6	10	15	17	20	21	23	25	28	30	5
Trent 1000	71,000	0	0	0	0	0	0	0	0	0	3	6	12	18	27	34	39	47	38
Trent XWB-84	84,000	0	0	0	0	0	0	0	0	0	0	0	0	3	10	23	36	50	47
Trent XWB-97	97,000														0	0	3	7	9
Trent 7000	72,000														0	0	0	6	7
Trent		58	67	76	87	95	103	114	125	137	152	168	185	196	217	243	270	297	198
Civil Large Engines		157	166	172	182	188	190	196	206	216	226	237	247	251	269	292	319	343	226
Spey	11,000	12	11	11	10	10	10	9	8	8	7	6	6	5	5	4	4	3	3
Tay	15,000	24	24	24	26	27	27	28	28	29	30	30	30	31	30	30	30	29	28
AE3007	7,500	15	16	17	18	19	19	19	19	19	19	19	19	19	17	17	18	18	15
BR700	15,000	13	15	17	19	22	23	26	29	32	35	40	44	51	55	58	61	65	65
Pearl	15,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Civil Small Engines		63	66	70	74	78	79	82	84	88	91	97	99	105	107	109	114	116	112
V2500*	27,500	26	29	33	37	41	44	47	51	55	0	0	0	0	0	0	0	0	0
Civil Total		246	261	275	294	306	313	326	341	359	317	333	346	356	376	402	433	459	338
Thrust Growth		9%	6%	6%	7%	4%	2%	4%	5%	5%	-12%	5%	4%	3%	6%	7%	8%	6%	-26%

* 50% of the total V2500 fleet included

** Installed engine base is net of retirements and excludes aircraft which are parked or in storage



Defence aero engine deliveries

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Transport	265	289	305	296	239	266	286	323	311	262	211
Helicopters	343	412	438	479	418	307	278	226	213	200	133
Combat	102	103	113	108	81	69	74	38	23	27	44
Trainers/Other	0	10	8	10	6	7	23	18	13	10	9
Total	710	814	864	893	744	649	661	605	560	499	397



Safe harbour statement

This announcement contains certain forward-looking statements. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. In particular, all statements that express forecasts, expectations and projections with respect to future matters, including trends in results of operations, margins, growth rates, overall market trends, the impact of interest or exchange rates, the availability of financing to the Company, anticipated cost savings or synergies and the completion of the Company's strategic transactions, are forward-looking statements. By their nature, these statements and forecasts involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts. The forward-looking statements reflect the knowledge and information available at the date of preparation of this announcement, and will not be updated during the year. Nothing in this announcement should be construed as a profit forecast. All figures are on an underlying basis unless otherwise stated - see note 2 of the Financial Review section of the 2019 Half Year Results Statement for the definition.