

13 May 2021

ROLLS-ROYCE HOLDINGS PLC AGM STATEMENT

Rolls-Royce Holdings plc is holding its Annual General Meeting today. In his address to shareholders, Chief Executive Warren East will comment: *"We faced unprecedented challenges in 2020 with events that were beyond our control. We acted quickly and decisively by putting in place the measures necessary to protect our people and our business. I would like to thank our colleagues for the dedication and hard work this year and all our stakeholders for their engagement and support."*

Looking ahead, we are confident that the significant restructuring actions we have taken in 2020 will deliver permanent cost reductions, positioning us well for the rebound in international air travel. In Business Aviation we are very proud to recently announce that Dassault has chosen us to power their new flagship Falcon 10X aircraft.

We are committed to our net zero targets and seizing the opportunity of supporting the transition in our end markets to low carbon and net zero carbon solutions. In the last few months, we have taken significant steps, including successfully testing 100% sustainable aviation fuels in current generation aircraft engines in Derby, while our Spirit of Innovation all-electric aircraft will take to the air within weeks."

Trading update and outlook

Operational and financial performance year to date has been in line with expectations across all our business units.

In the first four months of 2021 large engine flying hours were around 40% of 2019 levels supported by demand for cargo flights and the maintenance of key routes. This is broadly unchanged from the run rate at the end of 2020 and consistent with our planning assumptions. While the timing of the recovery remains uncertain, the progress of COVID-19 vaccination programmes in a significant number of countries, particularly the US and UK, is encouraging. Combined with increased testing, vaccination programmes are key enablers of further recovery in international air travel.

In Power Systems, performance is on track despite the challenging environment, with governmental demand remaining resilient and aftermarket demand increasing. We expect the recovery to accelerate through the remaining months of the year.

In Defence, we have continued to perform resiliently with high levels of backlog cover following a strong period of order intake in recent years. We await the outcome on our tender for the B-52 new engine programme, where a decision from the US Department of Defense is expected in the second half of this year. The UK government's recent defence review confirmed investment in technology-led solutions supported by the increase in defence funding announced last year, including £2 billion for the Future Combat Air System.

We continue to expect to turn free cash flow positive at some point during the second half of 2021, as engine flying activity recovers and cost savings are delivered. As previously highlighted, our guidance remains sensitive to the timing of EFH recovery and the timing of original equipment (OE) concession outflows on already delivered widebody engines.

Our fundamental restructuring programme, announced in May last year, will reduce our fixed cost base, improve productivity and set up the framework that will enable us to recover strongly when activity levels return. We have already made good progress on the targeted £1.3bn of annualised cost savings. We are

progressing well on our disposal programme with an encouraging range of interested parties for ITP Aero and will provide an update when appropriate.

Our next scheduled trading update will be on 5 August 2021, when we will publish our Half Year 2021 results.

For further information, please contact:

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About Rolls-Royce Holdings plc

1. Rolls-Royce pioneers the power that matters to connect, power and protect society. We have pledged to achieve net zero greenhouse gas emissions in our operations by 2030 (excluding product testing and joined the UN Race to Zero campaign in 2020, affirming our ambition to play a fundamental role in enabling the sectors in which we operate achieve net zero carbon by 2050.
2. Rolls-Royce has customers in more than 150 countries, comprising more than 400 airlines and leasing customers, 160 armed forces and navies, and more than 5,000 power and nuclear customers.
3. Annual underlying revenue was £11.76 billion in 2020 and we invested £1.25 billion on research and development. We also support a global network of 28 University Technology Centres, which position Rolls-Royce engineers at the forefront of scientific research.
4. Rolls-Royce Holdings plc LEI: 213800EC7997ZBLZJH69

Note on forward-looking statements

This press release may contain projections and forward-looking statements. The words "believe", "expect", "anticipate", "intend" and "plan" and similar expressions identify forward-looking statements. All statements other than statements of historical facts included in this press release, including, without limitation, those regarding the Company's financial position, potential business strategy, potential plans and potential objectives, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. Further, certain forward-looking statements are based upon assumptions of future events which may not prove to be accurate. The forward-looking statements in this press release speak only as at the date of this press release and the Company assumes no obligation to update or provide any additional information in relation to such forward-looking statements.

The merits or suitability of investing in any securities previously issued or issued in future by the Company for any investor's particular situation should be independently determined by such investor. Any such determination should involve, inter alia, an assessment of the legal, tax, accounting, regulatory, financial, credit and other related aspects of the transaction in question.