



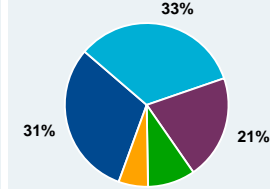

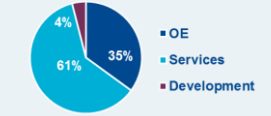
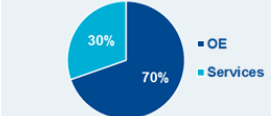
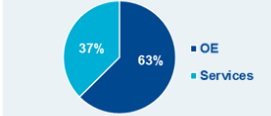
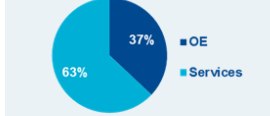
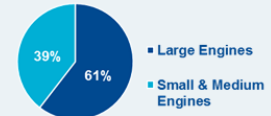
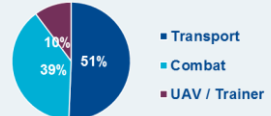
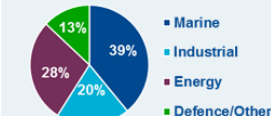
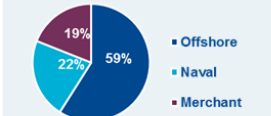
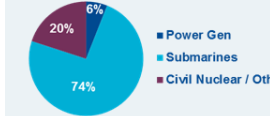





# Rolls-Royce : In Brief

Group overview	Strategy	Key financials	2010	2011	2012	2013	2014*	HY 2015*
<ul style="list-style-type: none"> <li>Global provider of high performance integrated power systems and services for use in the air, on land and at sea</li> <li>Engineering excellence and innovation underpins competitive advantage of products and services across Aerospace and Land &amp; Sea</li> <li>Substantial order book drives future revenue growth and will provide opportunities to improve profit margins and cash</li> <li>Long-term service agreements (LTSA) build stronger customer relationships and improve aftermarket revenue stability</li> </ul>	<p><b>Customer</b></p> <ul style="list-style-type: none"> <li>Place the customer at the heart of the organisation</li> <li>Understand and shape their requirements</li> <li>Focus on responsiveness</li> </ul> <p><b>Innovation</b></p> <ul style="list-style-type: none"> <li>Connect innovation to our customers</li> <li>Help our customers do more with less</li> <li>Develop technology, capability and infrastructure</li> </ul> <p><b>Grow Profitably</b></p> <ul style="list-style-type: none"> <li>Grow our market share</li> <li>Expand competitive portfolio</li> <li>Focus on cost and cash</li> </ul>	<p>Order book (£bn)</p> <p>Underlying revenue (£m)</p> <p>Underlying PBT (£m)</p> <p>Underlying EPS (p)</p> <p>Payments to shareholders (p)</p> <p>Free Cash Flow (£m)</p>	59.2	62.2	60.1	71.6	73.7	76.5
			10,866	11,277	12,209	15,505	13,864	6,256
			955	1,157	1,434	1,759	1,620	439
			38.73	48.54	59.59	65.59	65.42	18.3
			16.0	17.5	19.5	22.0	23.1	9.27
			658	525	455	781	447	(576)
		* excludes Energy business sold in 2014 to Siemens						

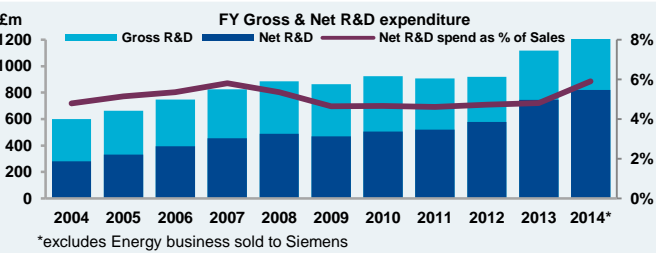
Aerospace		Land & Sea			Revenue (FY14)	
Civil Aerospace	Defence Aerospace	Power Systems	Marine	Nuclear	By business	By geography
 <ul style="list-style-type: none"> <li>13,000 gas turbine engines</li> <li>24 engine programmes</li> <li>380 airline and leasing customers</li> <li>&gt;30 million flying hours in 2014</li> </ul>	 <ul style="list-style-type: none"> <li>16,000 gas turbine engines</li> <li>24 engine programmes</li> <li>103 countries</li> <li>160 armed forces</li> </ul>	 <ul style="list-style-type: none"> <li>800,000 power systems</li> <li>Customers across the marine, industrial, oil &amp; gas, defence and power generation markets</li> </ul>	 <ul style="list-style-type: none"> <li>25,000 power &amp; propulsion units</li> <li>4,000 customers</li> <li>70 navies</li> <li>Products on &gt; 25,000 vessels</li> </ul>	 <ul style="list-style-type: none"> <li>Customers in 20 countries</li> <li>Provide systems and services to 50% of the world's nuclear reactors</li> </ul>		
<ul style="list-style-type: none"> <li>74% of service revenue on LTSA with TotalCare &amp; CorporateCare</li> </ul>	<ul style="list-style-type: none"> <li>31% of service revenue on LTSA with MissionCare</li> </ul>	<ul style="list-style-type: none"> <li>9% of service revenue on LTSA</li> </ul>	<ul style="list-style-type: none"> <li>&lt;1% of service revenue on LTSA mainly Naval</li> </ul>	<ul style="list-style-type: none"> <li>48% of service revenue on LTSA</li> </ul>		

FY14 Revenue £6,837m	FY14 Revenue £2,069m	FY14 Revenue £2,720m	FY14 Revenue £1,709m	FY14 Revenue £684m	2015 Outlook Revenue	Profit
					<p>Group</p> <p>Civil</p> <p>Defence</p> <p>Power Systems</p> <p>Marine</p> <p>Nuclear</p>	<p>£13.4bn - £14.4bn</p> <p>£7,000m - £7,300m</p> <p>£1,900m - £2,100m</p> <p>£2,500m - £2,750m</p> <p>£1,450m - £1,650m</p> <p>£670m - £730m</p>
					<p>Guidance at constant 2014 foreign exchange:</p> <ul style="list-style-type: none"> <li>Free Cash Flow to be £(150)m - £150m</li> <li>Capital expenditure around £600m</li> <li>R&amp;D: spend &gt; £750m</li> <li>Tax rate: underlying rate around 23%</li> </ul>	<p>£1,325m - £1,475m</p> <p>£800m - £900m</p> <p>£360m - £410m</p> <p>£200m - £250m</p> <p>£0m - £40m</p> <p>£40m - £50m</p>
<b>FY 2014 RoS 13.8%</b>	<b>FY 2014 RoS 17.7%</b>	<b>FY 2014 RoS 9.3%</b>	<b>FY 2014 RoS 8.1%</b>	<b>FY 2014 RoS 7.0%</b>		

Key management & IR contacts			
 <p><b>Warren East, Chief Executive</b></p> <ul style="list-style-type: none"> <li>CEO since July 2015</li> <li>Non-Executive Director of Rolls-Royce since January 2014</li> <li>Chief Executive of ARM Holdings from 2001 to 2013</li> </ul>	 <p><b>David Smith, Chief Financial Officer</b></p> <ul style="list-style-type: none"> <li>CFO since November 2014</li> <li>Aerospace CFO since January 2014</li> <li>CFO of Edwards technology group</li> <li>CFO &amp; CEO of Jaguar Land Rover, with 25 years in automotive</li> </ul>	<p><b>John Dawson - Director IR</b> jcdawson@rolls-royce.com</p> <p><b>Helen Harman - Assistant Director IR</b> helen.j.harman@rolls-royce.com</p> <p><b>Jacinta Francis - Programme Coordinator IR</b> jacinta.francis@rolls-royce.com</p>	<p><b>Investor Relations iPad App</b></p>  <p>Available as a free download from iTunes</p> <p><b>Investor Relations Website</b></p>  <p><a href="http://www.rolls-royce.com/investors">www.rolls-royce.com/investors</a></p>

# Rolls-Royce : Growth Drivers

## 1 Investing in technology Creating competitive advantage and significant barriers to entry



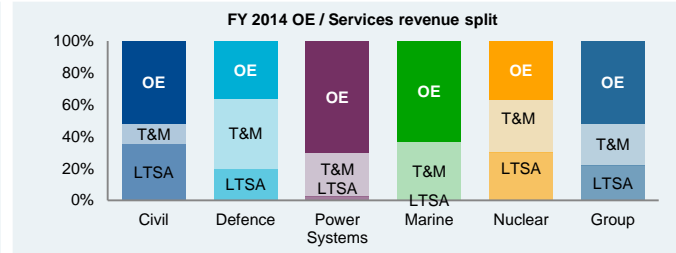
- Capabilities reflect continuous R&D investment over decades e.g. alloys for the Trent 1000 engine (Boeing 787) date back to 1980s
- R&D also improves ongoing engine performance to reduce LTSA costs
- Expect R&D to decline as a percentage of sales over time

## 2 Building lean, cost efficient and flexible operations Delivering the order book and driving operational performance



- Substantial order book gives visibility of future revenue growth and underpins significant investment in state-of-the-art facilities, systems and people
- Future volumes enable procurement efficiencies from a higher quality, more global supply chain, e.g. Trent XWB < 100 suppliers vs. older RB211s > 500 suppliers
- Operational performance drives efficiency in OE production and services

## 3 Increasing aftermarket services drive long-term revenues Leveraging the growing installed base to drive annuity income

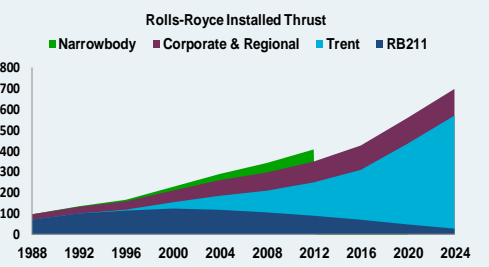


- Growing installed base of products with useful lives of >25 years results in stable, long-term annuity of services revenue = 48% FY14 Group revenue
- Rolls-Royce as OEM is best-placed to own and manage life-cycle product costs leading to improved cost efficiencies in LTSAs and reduced customer disruption
- Opportunity to replicate successful Civil Aerospace model in other segments

### Civil Aerospace

#### 1 OE volume drives revenue growth

- Growth coming from >50% market share of the largest wide-body fleet replacement cycle and market expansion in history
- Trent engine family powers most major wide-body aircraft platforms – over 2,800 Trent engines in service today with over 2,900 Trent engines in the order book
- Further order book growth potential via sole share of A350 and A330neo



#### 2 Operational leverage in OE and Services

- Significant increase in Trent unit volumes provides better opportunity to absorb fixed costs
- Operational leverage applies not only to OE production but also to services that represented 52% of FY14 Civil Aerospace revenue

#### 3 Competitive advantage of high LTSA %

- LTSAs allow load to be better matched to capacity by managing the timing and type of maintenance
- More than 90% of Trent engines are covered by long-term service agreements

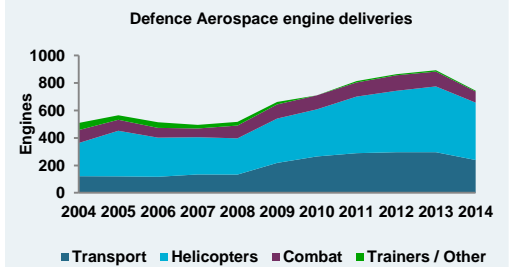
### Defence Aerospace

#### 1 Breadth and diversity of portfolio

- Installed base of 16,000 engines includes 24 engine programmes in 103 countries with 160 armed forces

#### 2 Growth in the installed base

- Increased engine deliveries in recent years has grown the installed base, providing long-term annuity of aftermarket services revenue



#### 3 Resilient military transport market

- Market leader in global military transport market with stable customer flying hours experienced over the last 5 years

#### 4 Potential for growth in LTSAs

- Budgetary pressures and customers' requirements for increased value provide opportunities for growth in LTSA %, driving operational efficiencies

### Marine

#### 1 Market Growth

- Near-term headwinds in offshore, but long-term opportunities are strong
- "Over 90% of the world's goods by weight and volume are transported by sea" (International Maritime Organisation - IMO)
- "Over 50% of countries worldwide have an ocean-going naval fleet" (IHS Jane's)

#### 2 Market trends

- Well-positioned to capitalise on the majority of the following trends in the marine industry and positioning to capitalise on the others:
  - Environmental efficiency
  - Leading development of ship intelligence
  - Business models changing towards asset management
  - Flexibility increases in ship design

### Nuclear

#### 1 Long-term global energy demand outstripping supply

- In the long-term, increasing global demand will require cleaner energy sources, such as nuclear, to combat greenhouse gases, creating future market opportunities.

#### 2 Nuclear power plants for UK's submarine fleet

- Rolls-Royce has unique capabilities around pressurised water reactors for the UK MoD's nuclear powered submarine fleet

#### 3 Long-term opportunities in Civil Nuclear

- Over many years Rolls-Royce has acquired unique Instrumentation & Controls, inspection, and component capabilities in Civil Nuclear to support the growing ambitions of the major primes

### Power Systems

#### 1 Revenue synergies

- Significant market overlap and limited product overlap creates opportunities for revenue synergies for integrated solutions

#### 2 Global power demand

- Rising populations and an increasing need for power, especially in emerging countries, as well as global requirements in the marine, industrial, oil & gas, defence, and power generation markets

Full spectrum of power systems capabilities	
Design	✓
Power electronics, automotive & control	✓
Deck machinery	✓
Propulsion	✓
Reciprocating engines	✓
Gas turbines	✓
System integration	✓
Vessel life-cycle support	✓