Rolls-Royce

2015 Full Year Results

Data Appendix

Table of contents

The Group	3
Financials	11
Civil Aerospace	20
Defence Aerospace	27
Power Systems	32
Marine	35
Nuclear	39

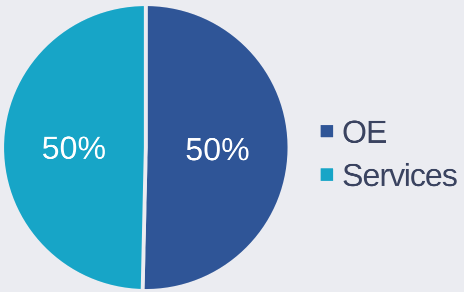
The Group

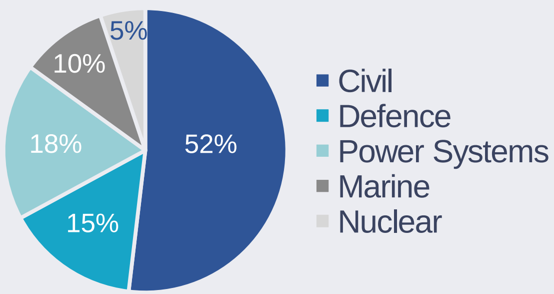
Rolls-Royce

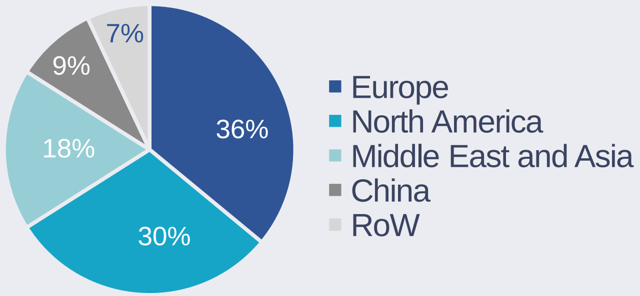
Group 2015 full year results

Rolls-Royce

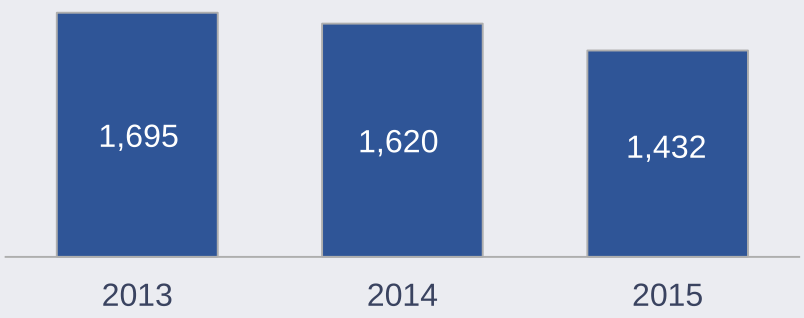
Underlying group revenue £13.4 billion



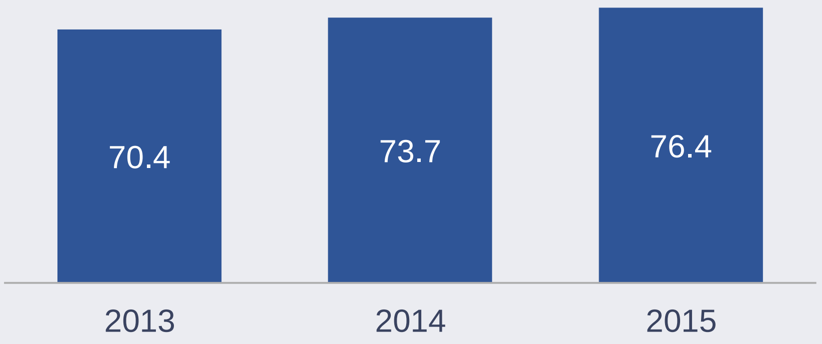




Underlying profit before tax £1,432 million

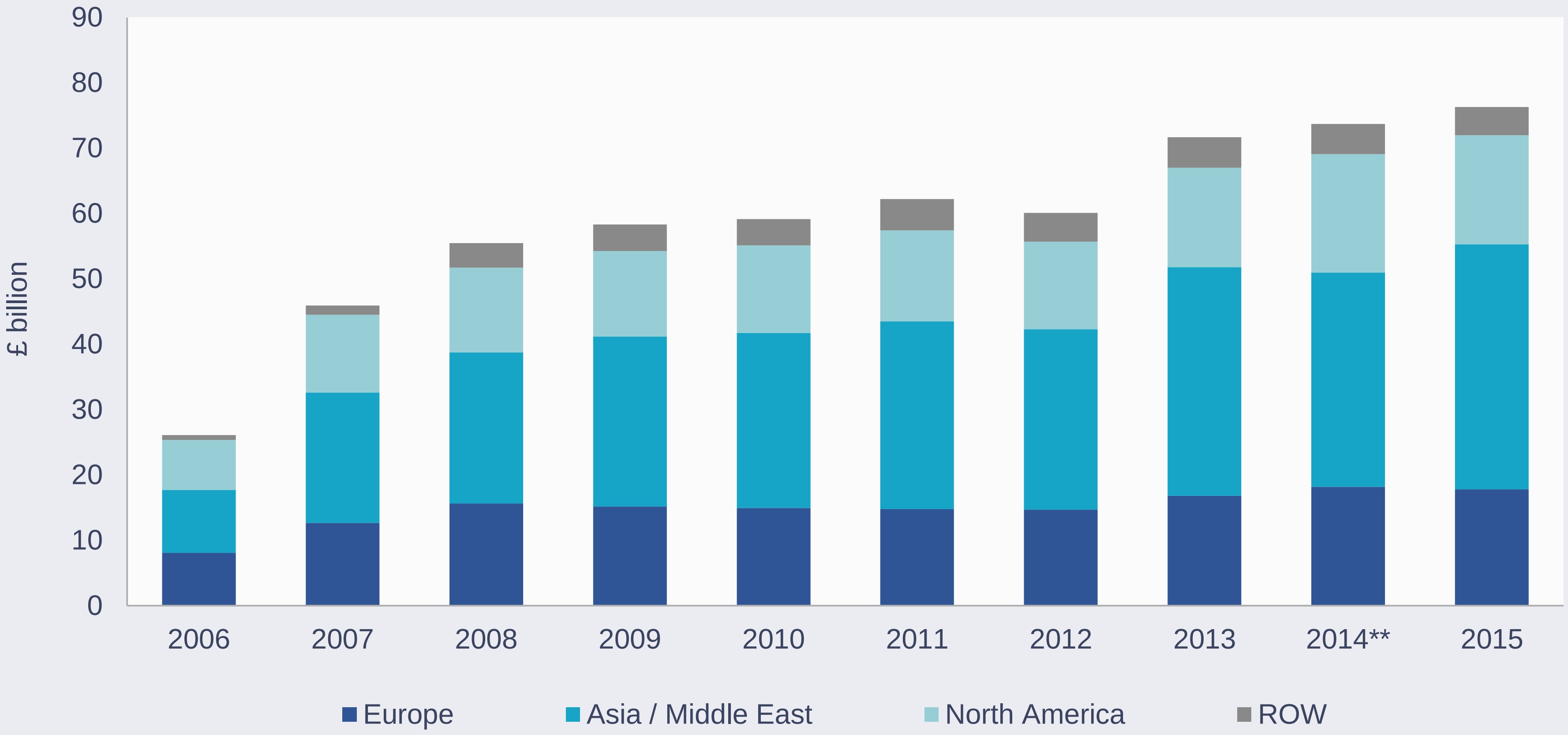


Order book £76.4 billion



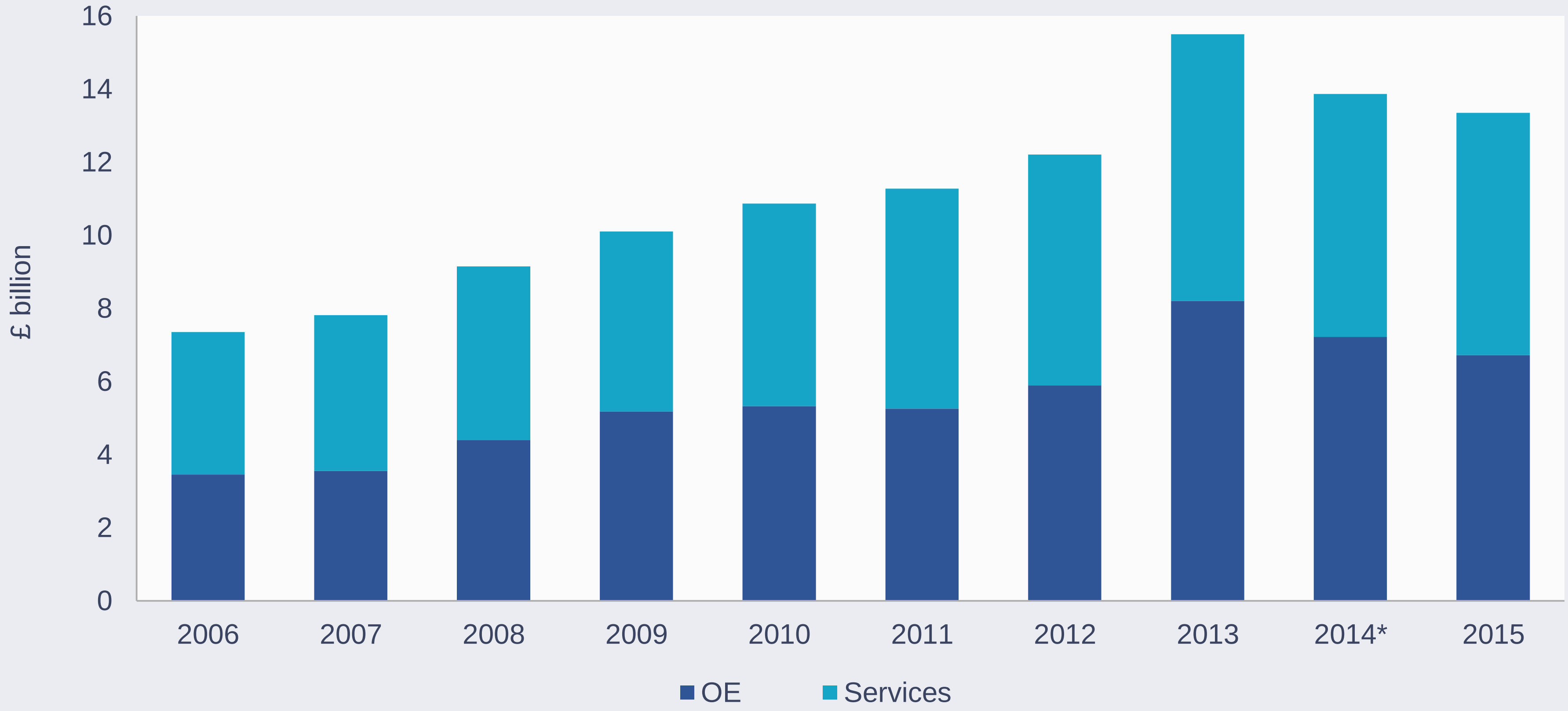
All figures exclude the Energy business sold to Siemens in 2014

Order book*



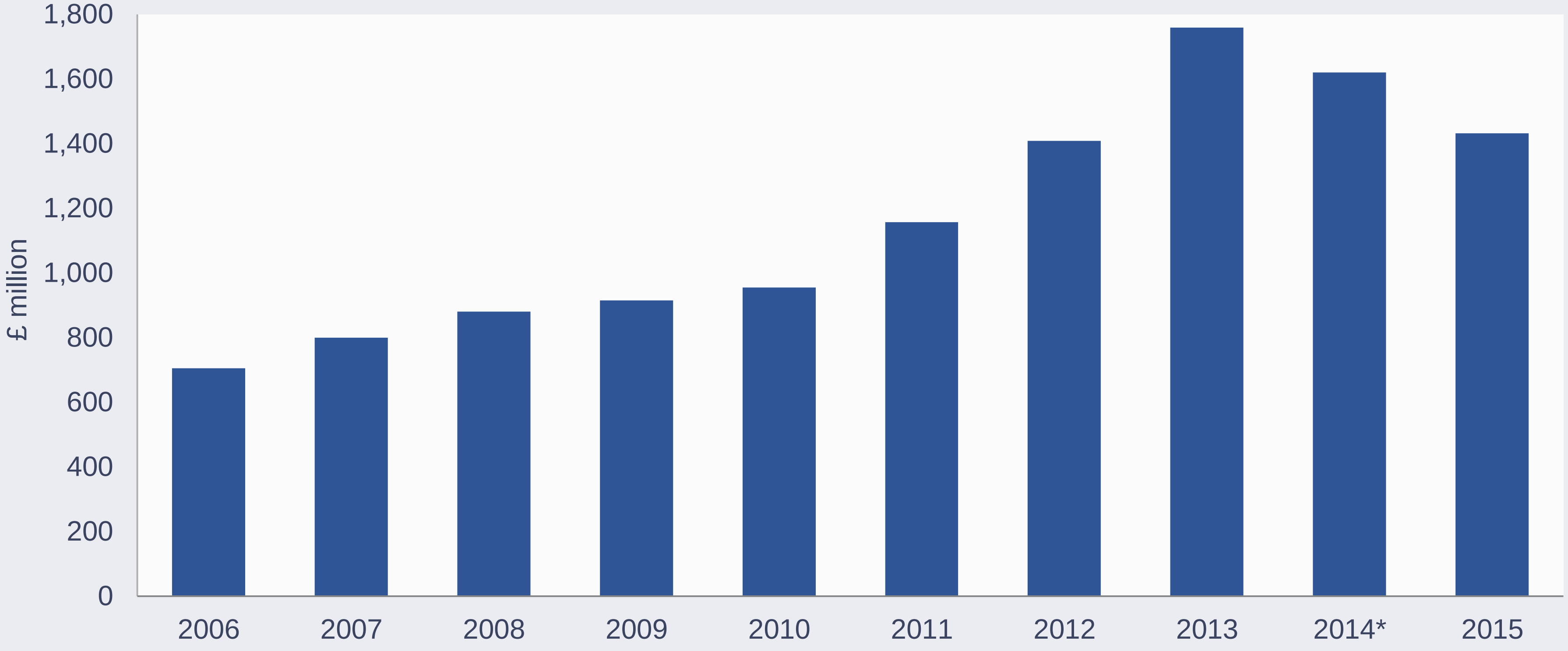
*Firm and announced order book stated on a constant currency basis
**Excludes the Energy business sold to Siemens

Full year underlying group revenue



*Excludes the Energy business sold to Siemens

Full year underlying profit before tax

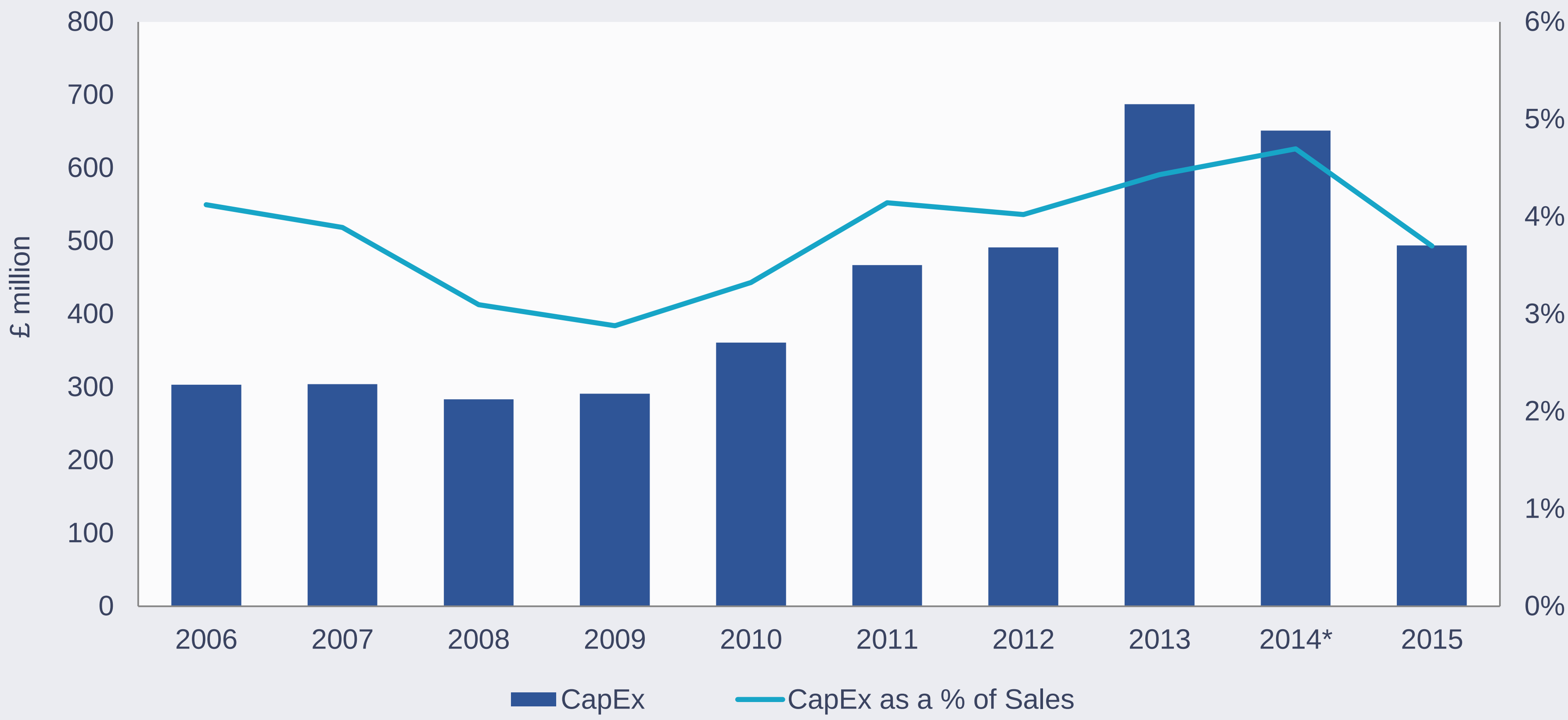


*Excludes the Energy business sold to Siemens

Full year capital expenditure

Rolls-Royce

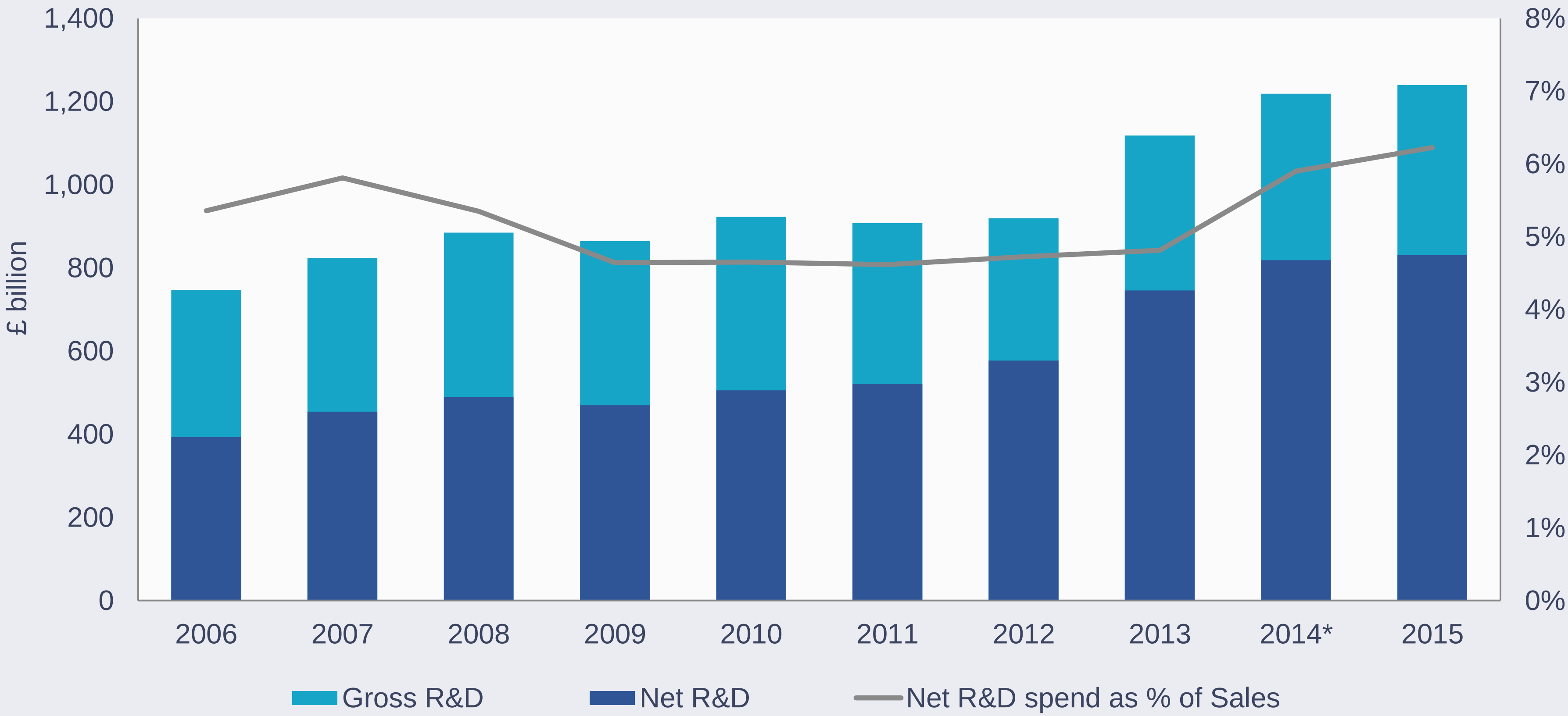
Additions to Property, Plant & Equipment



*Excludes the Energy business sold to Siemens

Full year research & development

Continued investment in future technology



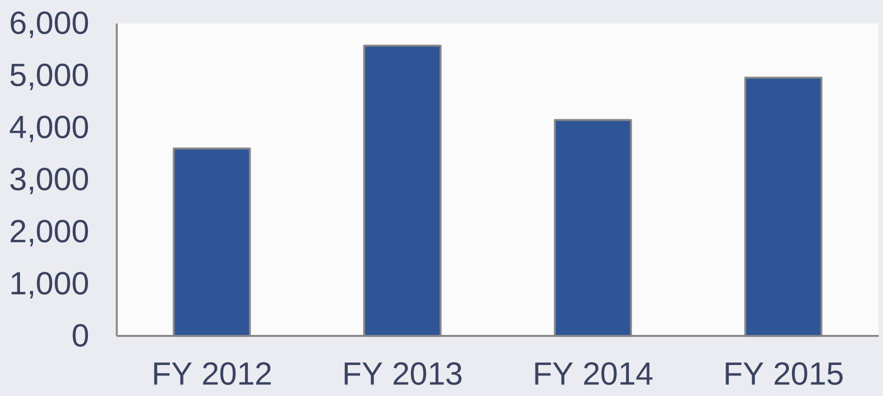
*Excludes the Energy business sold to Siemens

Balance sheet

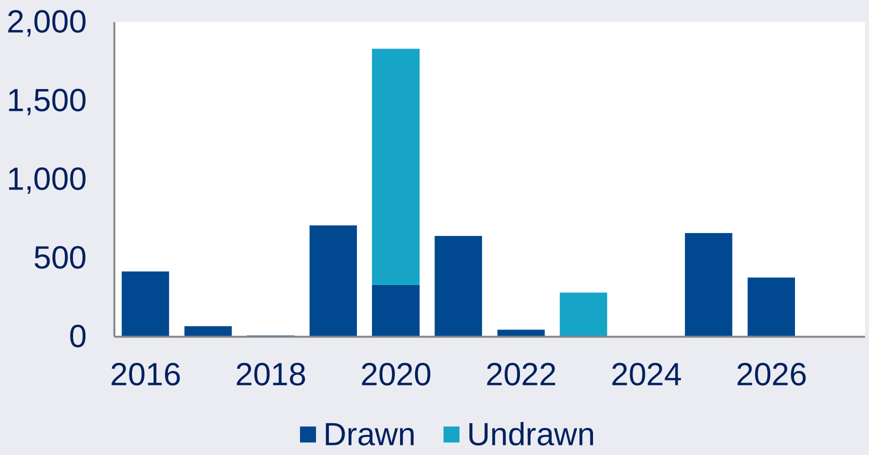
Rolls-Royce

Strong liquidity position – total liquidity £5 billion

Total Liquidity (£ million)



Debt Maturities (£ million)



‘A’ credit rating and liquidity provide confidence and flexibility for:

- Customers signing long-term service agreements spanning decades
- Customer and supplier financing
- Investing in opportunities at the right time
- Suppliers and JV partners making long-term investments
- Weathering financial market uncertainties

Financials

Historic financials

Rolls-Royce

	Including Energy				Excluding Energy		
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2013	FY 2014	**FY 2015**
Underlying revenue (£m)	11,277	12,209	15,505	14,588	14,634	13,864	**13,354**
Underlying profit before tax (£m)	1,157	1,434	1,759	1,617	1,695	1,620	**1,432**
EPS	48.54p	59.59p	65.59p	65.31p	62.99p	65.42p	**58.73p**
Free cash flow (£m)	581	548	781	254	778	447	**179**
Order intake (£b)	16.3	16.1	26.9	19.4	25.9	19.0	**18.2**
Order book (£b)	62.2	60.1	71.6	73.7	70.4	73.7	**76.4**
Payment to shareholders (p/share)	17.5p	19.5p	22.0p	23.1p	22.0p	23.1p	**16.4p**

Underlying income statement

(£ million)	Excluding Energy FY 2014	FY 2015
Revenue	13,864	**13,354**
Gross profit	3,523	**3,182**
Commercial and administrative costs	(1,069)	**(1,004)**
Net R&D charge	(730)	**(765)**
Other income & costs	(43)	**79**
Profit before finance charge and tax (PBFCT)	1,681	**1,492**
Net financing charge	(61)	**(60)**
Profit before tax (PBT)	1,620	**1,432**

Cash flow

(£ million)	Excluding Energy FY 2014	FY 2015
Underlying profit before tax (PBT)	1,620	**1,432**
Depreciation & amortisation	582	**613**
Net working capital	(357)	**(544)**
Capital expenditure & intangibles	(1,084)	**(887)**
Other	105	**(229)**
Trading cash flow	866	**385**
Pension / tax / other	(419)	**(206)**
Free Cash Flow	447	**179**
Shareholder payments	(406)	**(421)**
Base cash flow (exc. acquisitions & FX)	41	**(242)**

Research & development

(£m)	FY 2011	FY 2012	Including Energy FY 2013	Including Energy FY 2014	Excluding Energy FY 2013	Excluding Energy FY 2014	**FY 2015**
Gross R&D	(908)	(919)	(1,118)	(1,249)	(1,083)	(1,222)	**(1,240)**
Net R&D	(520)	(577)	(746)	(844)	(721)	(819)	**(831)**
Net R&D spend as % of underlying revenues	4.6%	4.7%	4.8%	5.8%	4.9%	5.9%	**6.2%**
Capitalised	93	38	108	83	108	83	**52**
Amortised	(36)	(50)	(69)	(65)	(69)	(65)	**(80)**
R&D charged to income statement (before RRSA entry fees)	(463)	(589)	(707)	(826)	(682)	(801)	**(859)**
Net RRSA entry fee impact		58	83	71	83	71	**94**
R&D charge to Income Statement	(463)	(531)	(624)	(755)	(599)	(730)	**(765)**

Foreign exchange

Rolls-Royce

Rolls-Royce hedges against the impact of **transactional** FX

- Transactional exposure arises when revenue currencies differ from cost currencies
- $29 billion GBPUSD hedge book provides ~5 years' cover
- Hedge book average rate is $/£1.59
- Achieved rate is not typically affected by short-term spot rate movements unless new cover is taken; this impact is usually diluted

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

Full year translational impact of 0.01 unit of currency change in period average rates

	Revenue	Profit
USD	~£10 million	~£2 million
EUR	~£32 million	~£3 million
NOK	~£0 million	~£0million

Foreign exchange – 2015 translational impact

Rolls-Royce

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

2015 vs. 2014 £m (excluding energy)	Exposure Revenue	 Profit	Revenue Impact Inc. FX	 FX	Profit Impact Inc. FX	 FX
Group*			13,354	(414)	1,492	(2)
Civil Aerospace	USD, EUR	USD, EUR	6,993	(105)	812	5
Defence Aerospace	USD	USD	2,035	67	393	12
Power Systems	EUR	EUR	2,385	(263)	194	(22)
Marine	NOK, EUR	EUR	1,324	(116)	15	7
Nuclear	USD	USD	687	(7)	70	0

Period average rates	FY 2014	FY 2015
USD	1.65	1.53
EUR	1.24	1.38
NOK	10.36	12.32

*Figures will not sum due to intersegment eliminations

Customer finance

Financial strength allows the Group to provide finance support to customers

Selective and designed
to minimize risk:

- Gross and net exposures by counterparty, product type and year are limited by Board guidelines
- Commitments continually monitored with suitable exposure management policies in place
- Exposures audited every six months
- Exposures quantified using independent asset value appraisals

Broadly similar contingent liabilities –
as of 31 December 2015:

- Total Discounted Gross Exposure: US$399m (2014 $605m)
- Total Discounted Net Exposure (less security): US$80m (2014 $92m)
- Total Discounted Net Stressed Exposure (assumes 20% asset discount): US$115m (2014 $140m)
- Liabilities are spread across multiple geographies, customers and aircraft

Pensions

Rolls-Royce

Reduced risk through prudent pension management

UK schemes

- Around 86% of gross liabilities and 95% of gross assets
- Defined benefit (DB) schemes closed to new members
- Around 90% of assets in lower risk, Liability Driven Investments (LDIs), gilts and bonds
- Longevity swap provides greater certainty over future funding requirements
- Surplus of £1,043m (IAS19 basis*) – reduction of £692m in year largely reflects:
  - Increase in gilt/swap rates reduced assets by ~ £400m
  - Reduction in discount rates (AA bonds) increased liabilities by ~ £300m (on a funding basis, the liabilities would decrease broadly in line with the reduction in assets above)
- 2015 contributions of £188m included £21m of deficit reduction payments
  - Cash contributions in 2016 are expected to be around £180m (2014 £257m). Deficit reductions will reduce to around £10m, but are offset by increased costs on future accrual

Overseas schemes

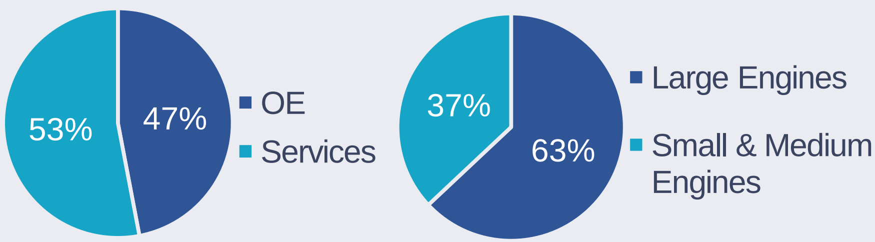
- Around 14% of gross liabilities and 5% of gross assets
- Deficit of £1,120m (IAS19 basis*) principally made up of unfunded US healthcare schemes (£426m) and unfunded Power Systems schemes (£468m)
- 2015 contributions of £71m (2014 £65m)

* IAS19 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 pension schemes which discounts liabilities using a curve to match the LDI assets (gilt based). This significantly reduces the volatility compared with that shown by the IAS 19 valuations above.

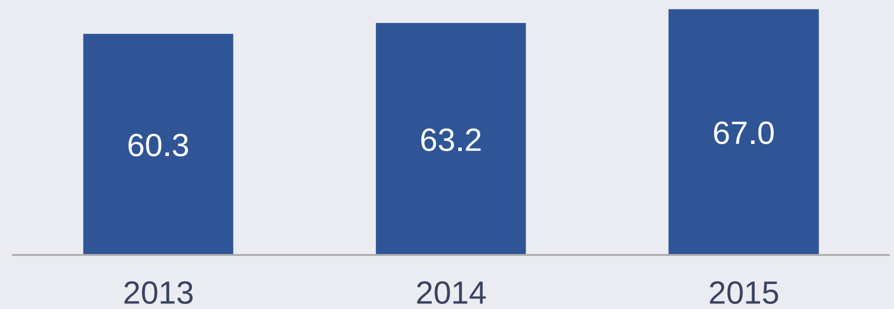
Civil Aerospace

Civil Aerospace

Revenue £6,933 million



Order book £67 billion



Profit before financing £812 million

Growth Drivers

- OE volume drivers revenue growth
- Operational leverage in OE and services
- Competitive advantage of high LTSA%

Products

Leading widebody market share

Engine	Airframe	Market share*	Engines in service	Engines on order
Trent 7000	Airbus A330neo	100%	0	340
Trent XWB	Airbus A350	100%	38	1,524
Trent 1000	Boeing 787	40%	270	506
Trent 900	Airbus A380	52%	320	292
Trent 800	Boeing 777	40%	428	0
Trent 700	Airbus A330	59%	1,444	126
Trent 500	Airbus A340	100%	500	0
			3,000	2,788

*Share of total firm programme sales with an engine decision (excludes cancelled orders)

Installed thrust 2006 - 2015

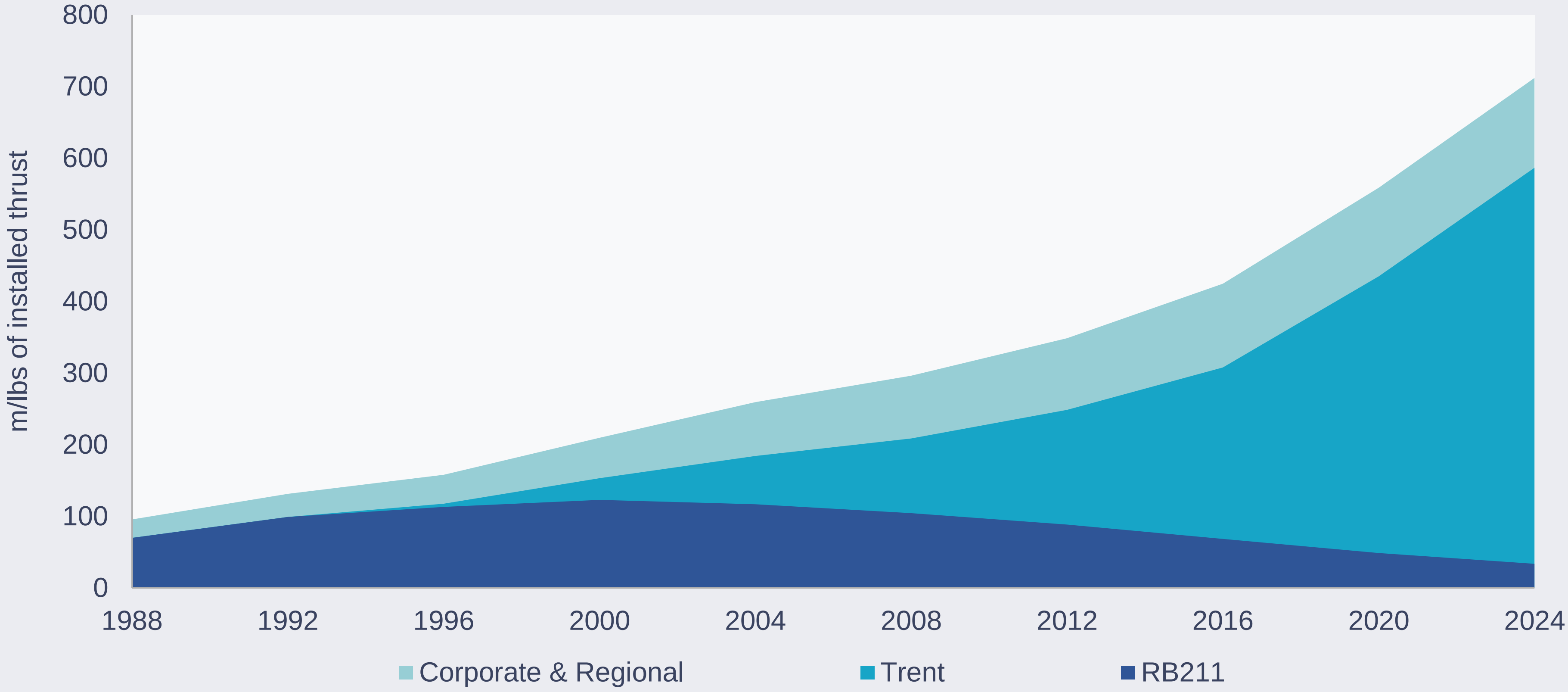
Millions of pounds (m/lbs) of installed thrust* in service

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Large engines	199	205	209	219	226	236	249	261	278	292
Small engines	81	84	88	91	94	96	100	104	109	113
Total	280	289	297	310	320	332	349	365	387	405

*Installed thrust is shown net of retirements (but does include aircraft which are parked or in storage)

Installed thrust

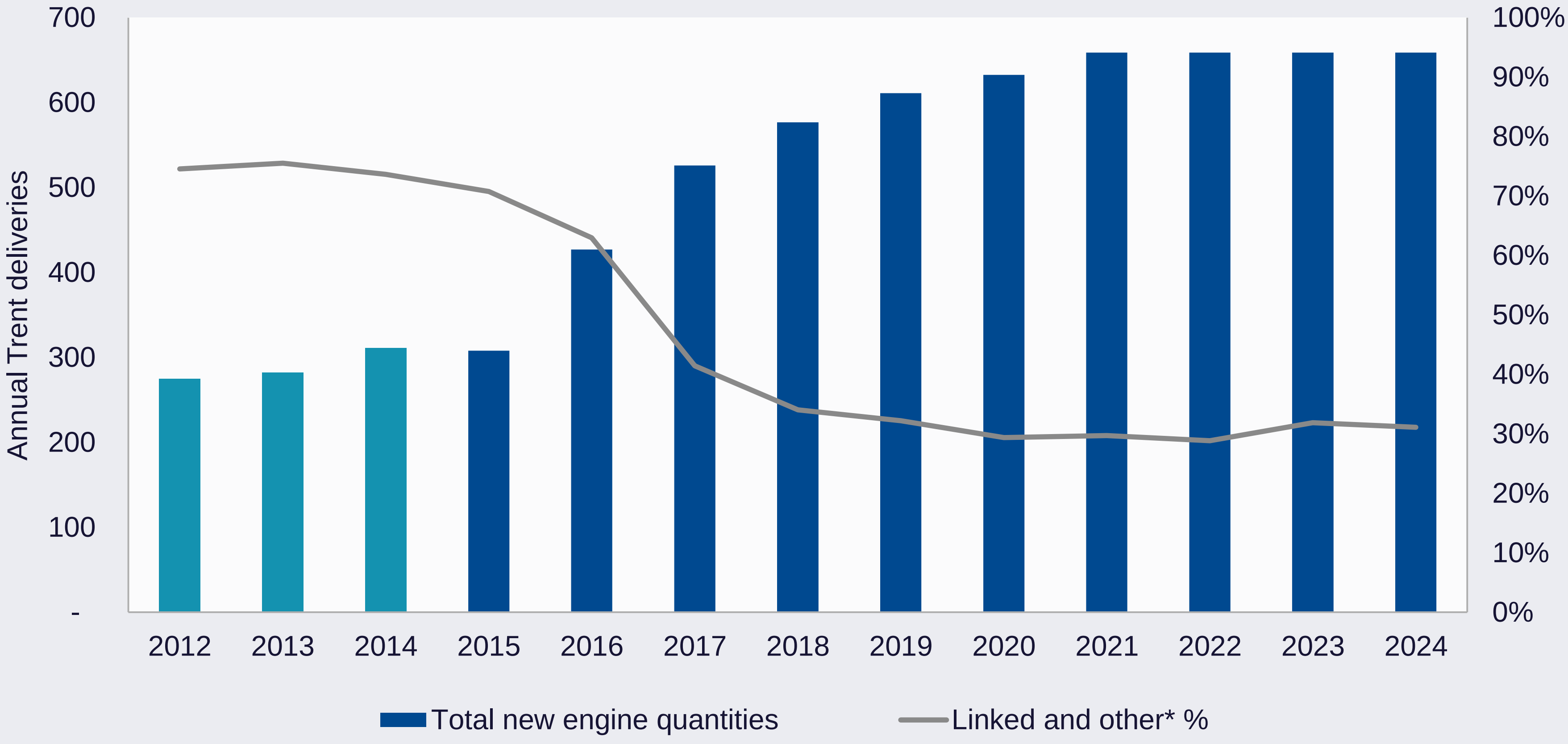
Growing market opportunities



Civil engine deliveries 2006 - 2015

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Large engines	203	145	193	225	185	224	275	282	311	308
Small engines	334	398	443	272	290	320	393	471	428	404
Total	537	543	636	497	475	544	668	753	739	712

Projected large engine deliveries to 2024



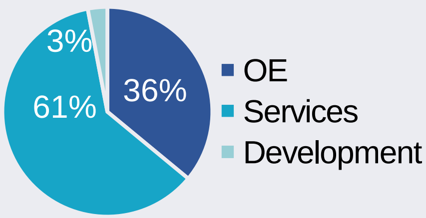
*Linked and other includes spare engines consistent with our revenue disclosures

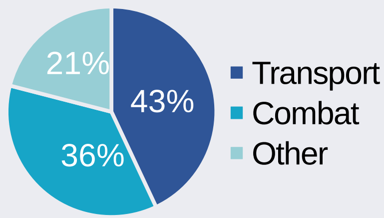
Defence Aerospace

Rolls-Royce

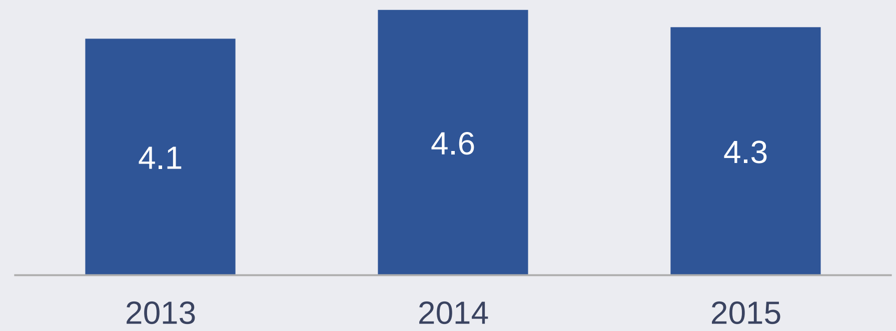
Defence Aerospace

Revenue £2,035 million





Order book £4.3 billion



Profit before financing £393 million

Growth Drivers

- Portfolio breadth: 24 engine programmes
- Resilient military transport market – 50% Defence revenue

Products

Rolls-Royce

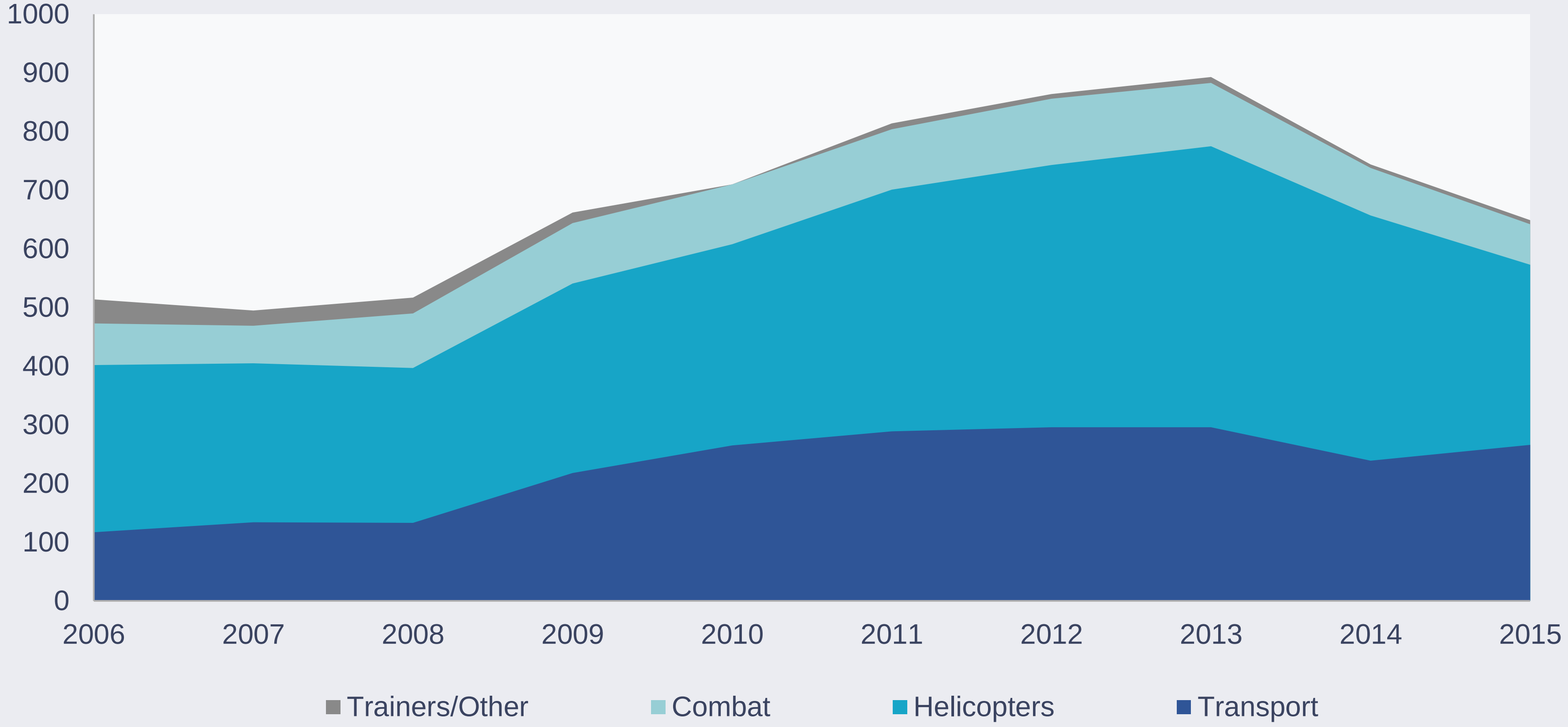
Market	Engine	Application
Transport / UAV	Trent 700 – 772B	Airbus Defence and Space A330-200 MRTT
	AE 1107C – Liberty	Bell Boeing V-22 Osprey
	TP400-D6	Airbus Defence and Space A400M
	AE 2100	Lockheed Martin C-130J Hercules / Alenia Aermacchi C-27J Spartan
	T56*	Lockheed Martin C-130 (A-H) Hercules / C-2 Greyhound
	AE 3007	Embraer Legacy / Northrop Grumman RQ-4A Global Hawk / MQ-4C Triton
	M250	Northrop Grumman MQ-8C Fire Scout VTUAV
	Adour	BAE Systems Hawk / T-45 Goshawk / Taranis demonstrator / NeuroN demonstrator
	BR710	Global Express / Gulfstream G550
	RB211*	Boeing 757
	Gem*	AgustaWestland Lynx
	Gnome*	AgustaWestland Sea King / Commando
	Tay*	Gulfstream G300, G400 & G450
	Tyne*	C-160 Transall / A-7 / Secbat Alantique 2
	Dart *	HS368
Combat	Rolls-Royce LiftSystem	Lockheed Martin F-35B Lightning II
	Pegasus*	BAE Systems Sea Harrier / Boeing BAE Systems AV8B Harrier II
	EJ200	Eurofighter Typhoon
	RB199*	Panavia Tornado IDS / ECR
	Adour	SEPECAT Jaguar
	M250	Bell OH-58 Kiowa Warrior
	MTR390	Eurocopter Tiger
	CTS800	ATAK Team T129
Trainer	Spey*	AMX International
	Adour	BAE Systems Hawk / Boeing BAE Systems T-45 Goshawk
	Viper*	AerMacchi MB339 / HAL HJT Kiran
	M250 (Turboprop)	Fuji T-5 / T-7

*In service with operators, but out of production

Defence engine deliveries 2006 - 2015

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Transport	117	134	133	218	265	289	305	296	239	266
Helicopters	285	271	264	323	343	412	438	479	418	307
Combat	71	64	93	103	102	103	113	108	81	69
Trainers/Other	41	26	27	18	0	10	8	10	6	7
Total	514	495	517	662	710	814	864	893	744	649

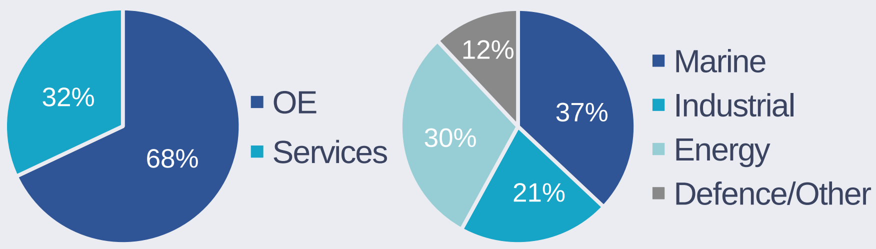
Defence engine deliveries 2006 - 2015



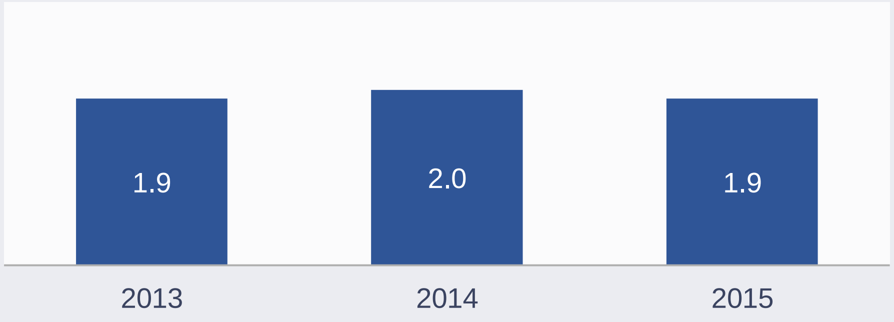
Power Systems

Power Systems

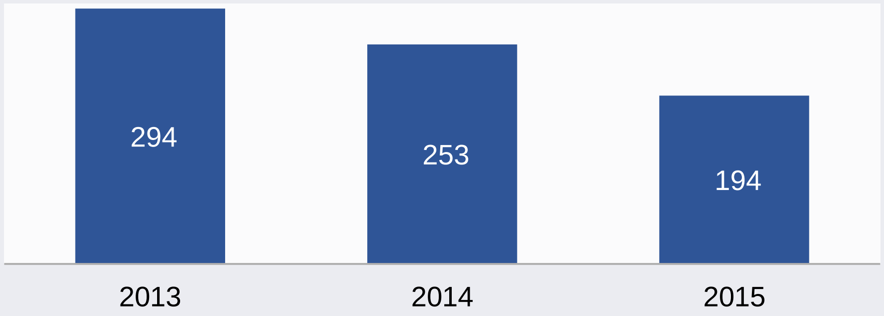
Revenue £2,385 million



Order book £1.9 billion



Profit before financing £194 million



Growth Drivers

- Global power demand

Products

Rolls-Royce

Rolls-Royce Power Systems AG

High-speed engines

mtu

Power. Passion. Partnership.

Complete Drive and Propulsion Systems up to 10,000 kW

Distributed energy systems

mtu onsite energy

Gas Gensets up to 2,530kW

Diesel Gensets up to 3,250kW

Diesel Gensets for NPP up to 8,300 kW

Medium-speed engines

Bergen Engines AS

Diesel and Gas Engines up to 9,620 kW

Components

L'orange

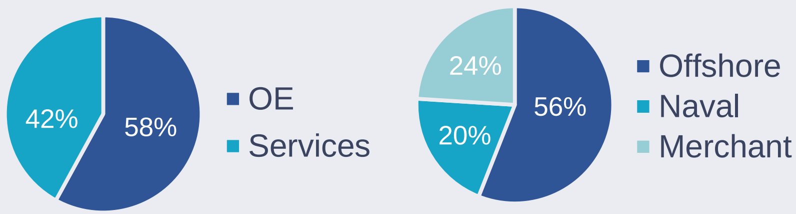
Injection Systems

Marine

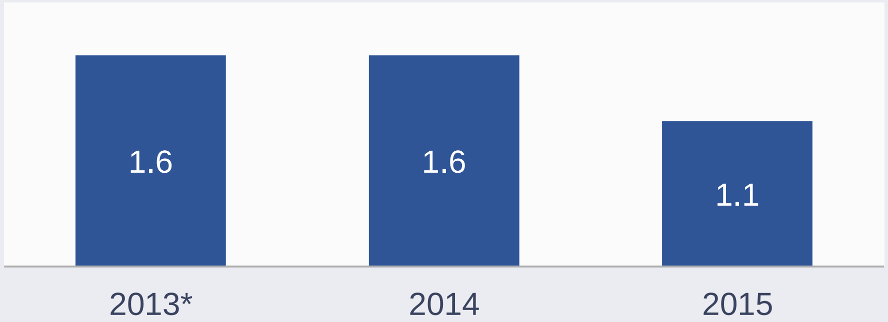
Marine

Rolls-Royce

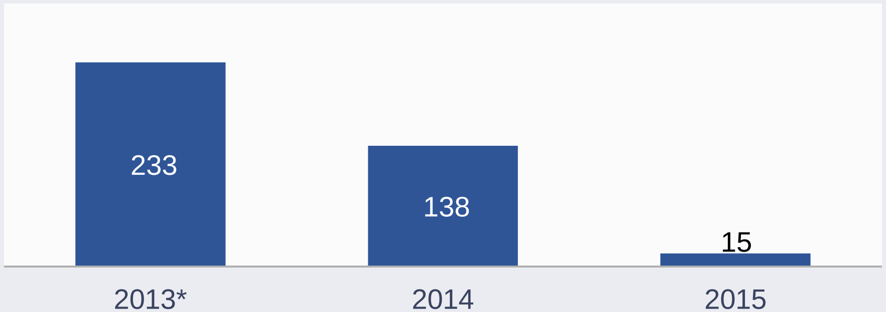
Revenue £1,324 million



Order book £1.1 billion



Profit before financing £15 million



Growth Drivers

- Integrated ship solution capability: Design + OE
- Opportunities through stricter emissions requirements

*Segment figures have been restated to account for the movement of Submarines from Marine to Nuclear

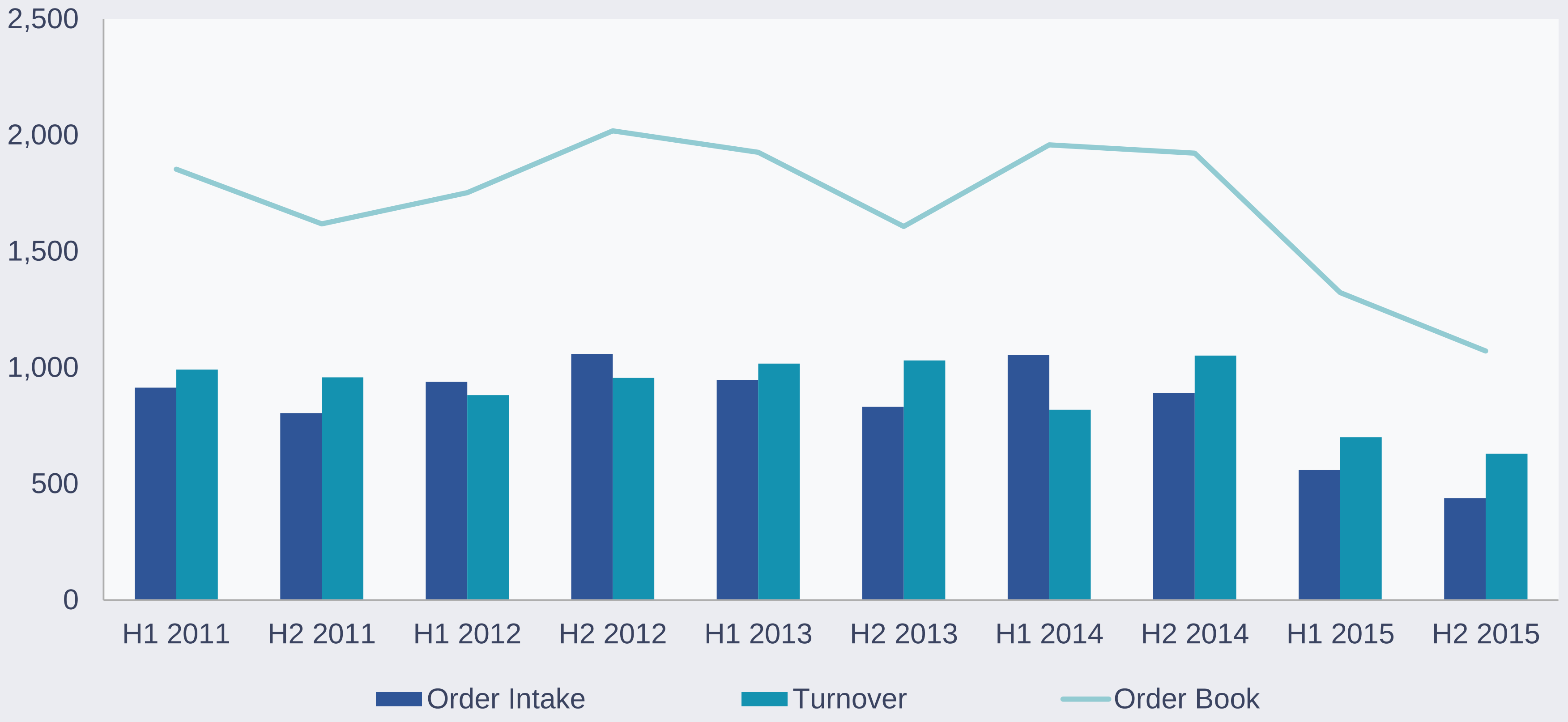
Products

Rolls-Royce

World-leading range of capabilities

Market Sector	Description	Products
Offshore Equipment on > 6,000 vessels	Products and systems for the supply & service, subsea & construction and exploration & production vessels, including our UT ship design; the benchmark in the offshore oil & gas industry	Ship design, automation & control, power electrics, reciprocating engines, gas turbines, propulsion equipment, deck machinery, motion control and handling systems
Merchant Equipment on > 17,000 vessels	Products and systems for the cargo, passenger and coastal vessels, including our reciprocating gas engines; efficient and environmentally-friendly power	
Naval Equipment on > 2,000 vessels	Products and systems for naval, coast guard and constabulary vessels, including our MT30; the world's most powerful marine gas turbine	

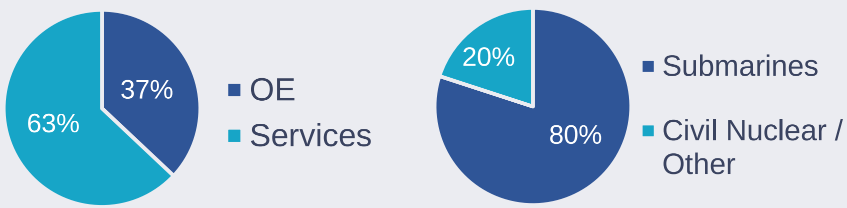
Order trends 2011 - 2015



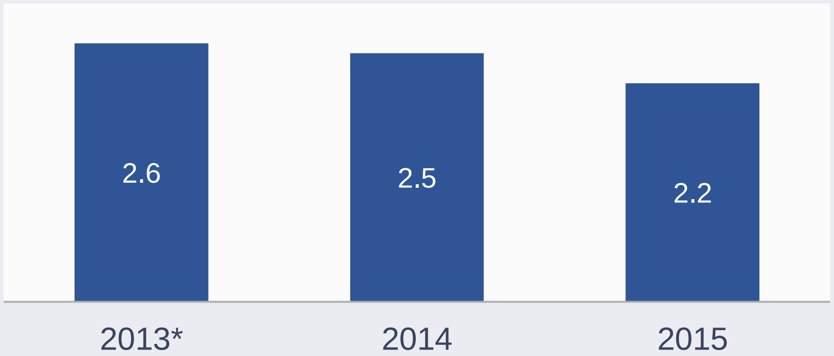
Nuclear

Nuclear

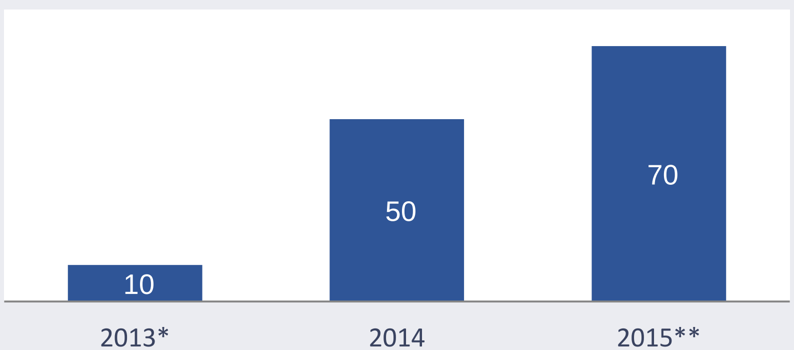
Revenue £687 million



Order book £2.2 billion



Profit before financing £70 million



Growth Drivers

- Expanding capability
- Unique capabilities in Instrumentation & Controls

Excluding the Energy business sold to Siemens in 2014 and reclassification of residual Energy businesses as 'Other'
*Segment figures have been restated to account for the movement of Submarines from Marine to Nuclear
**Includes £19m R&D credit

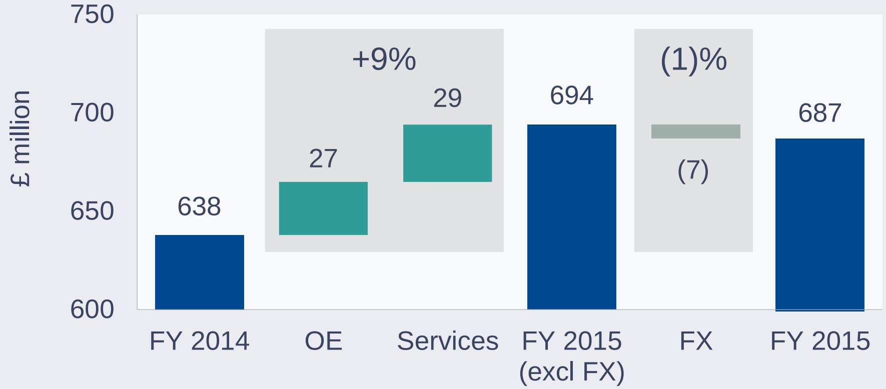
Products

Growing demand for systems and services

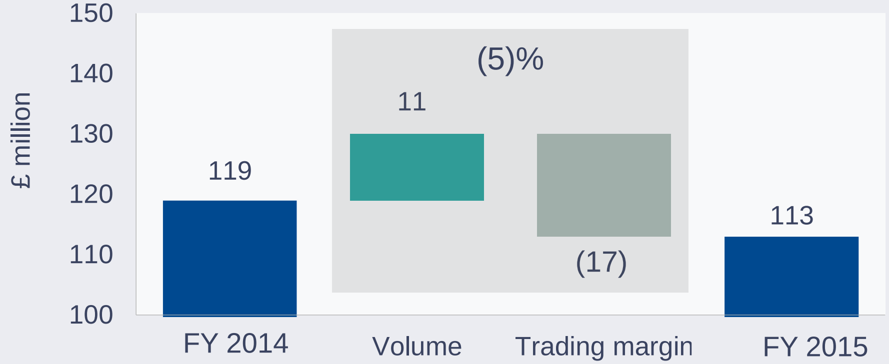
Market Sector	Description	Products
Nuclear	Systems, engineering and support services to enable plant efficiency and reliability for reactor vendor and utility customers. Components and systems installed in around half of the world's operational nuclear reactors Supply and support of nuclear power systems covering the entire UK submarine fleet	Instrumentation & Control Systems Mechanical Systems & Component Engineering Safety, Licensing & Environmental Engineering Nuclear services

Nuclear revenue, profit and gross margin

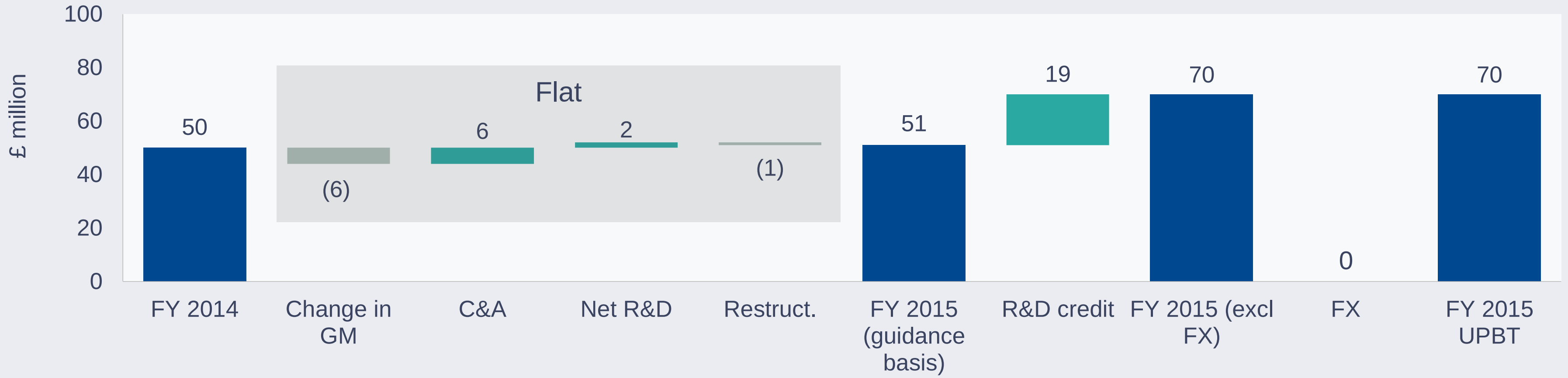
Revenue



Gross Margin



Profit



Excluding the Energy business sold to Siemens in 2014 and reclassification of residual Energy businesses as ‘Other’

Investor Relations

Contacts

John Dawson
Director – Investor Relations
Tel: +44(0)207 227 9087
jcdawson@rolls-royce.com

Georgina Broome
Investor Relations Analyst
Tel: +44(0)207 227 9141
georgina.broome@rolls-royce.com

Helen Harman
Assistant Director – Investor Relations
Tel: +44(0)207 227 9339
helen.j.harman@rolls-royce.com

Jacinta Francis
Programme Coordinator – Investor Relations
Tel: +44(0)207 227 9237
jacinta.francis@rolls-royce.com

Ross Hawley
Assistant Director – Investor Relations
Tel: +44(0)207 227 9282
ross.hawley@rolls-royce.com

For more information: www.rolls-royce.com/investors

Investor iPad App

Available as a free download from iTunes

Safe harbour statement

This Results 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 Results Announcement, and will not be updated during the year. Nothing in this Results Announcement should be construed as a profit forecast.