



Rolls-Royce

2016 Full Year Results

Data Appendix

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Rolls-Royce

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The Group



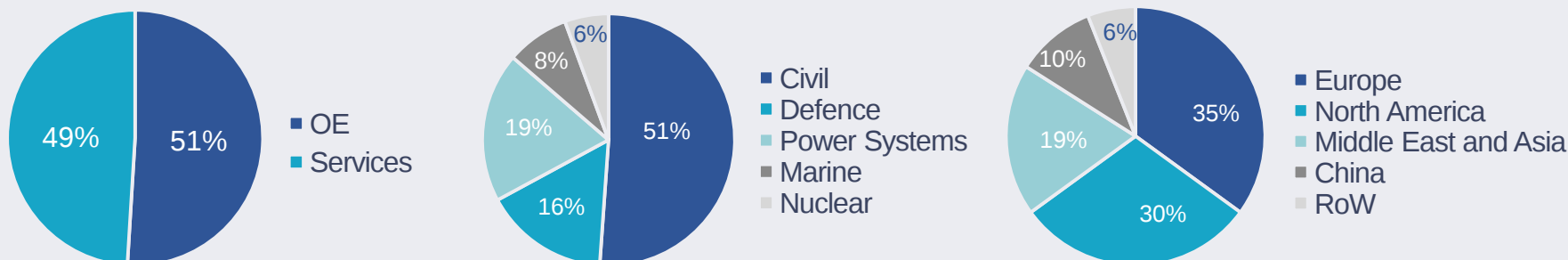
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Group 2016 full year results

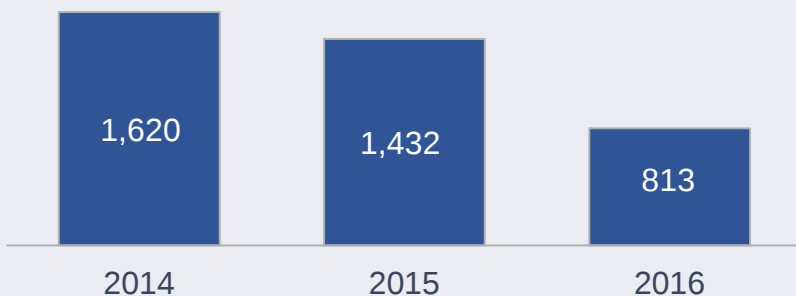


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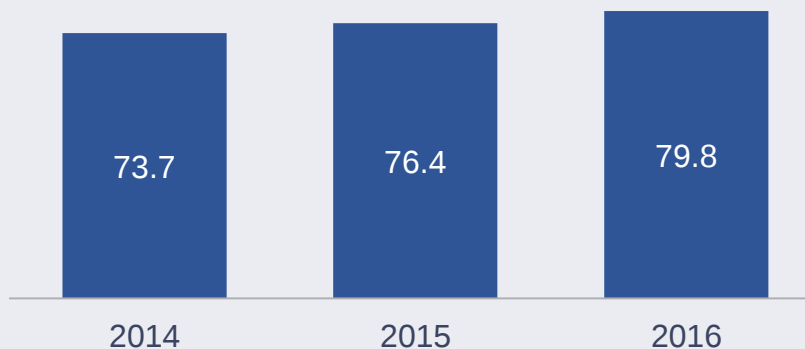
Underlying group revenue £13.8 billion



Underlying profit before tax £813 million



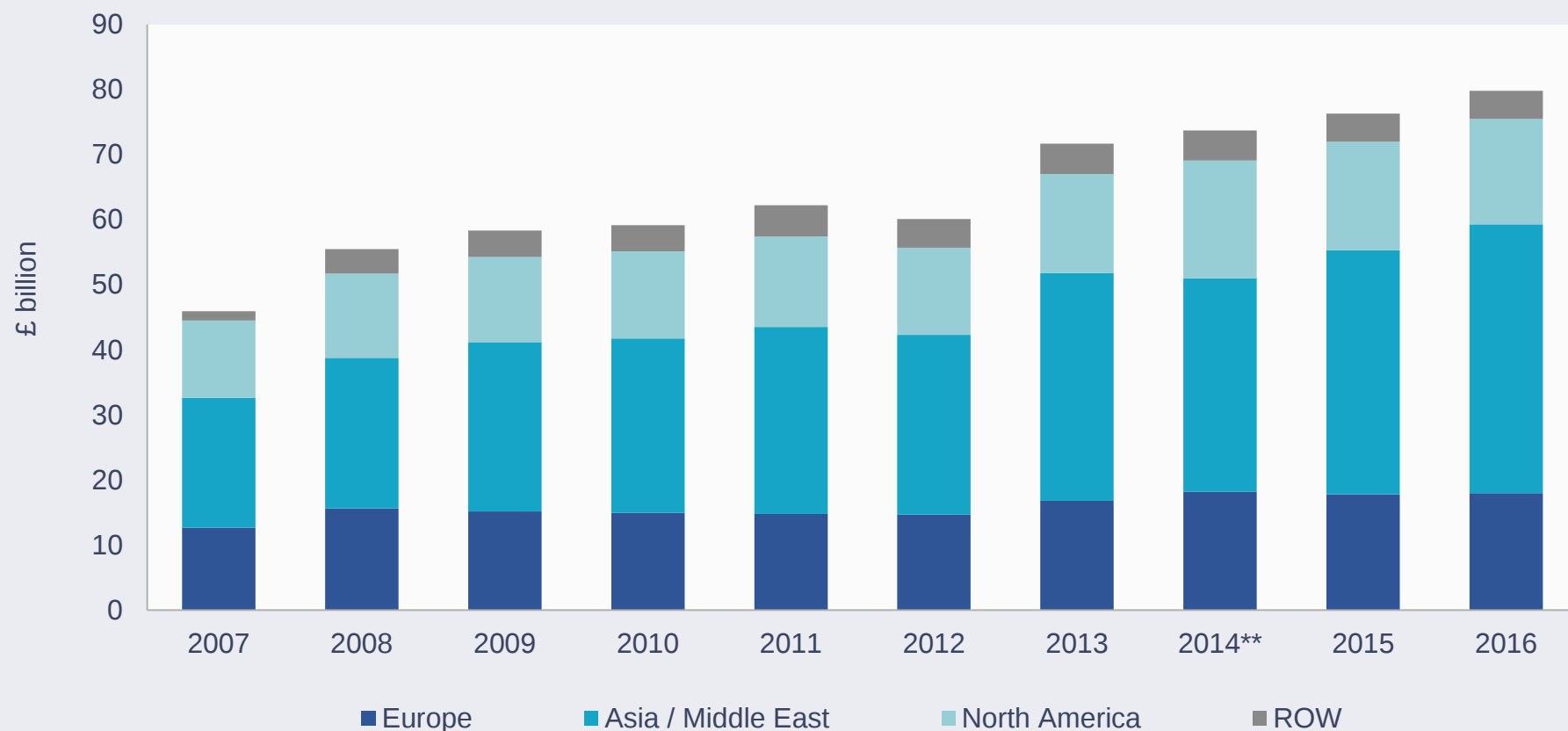
Order book £79.8 billion



Order book*



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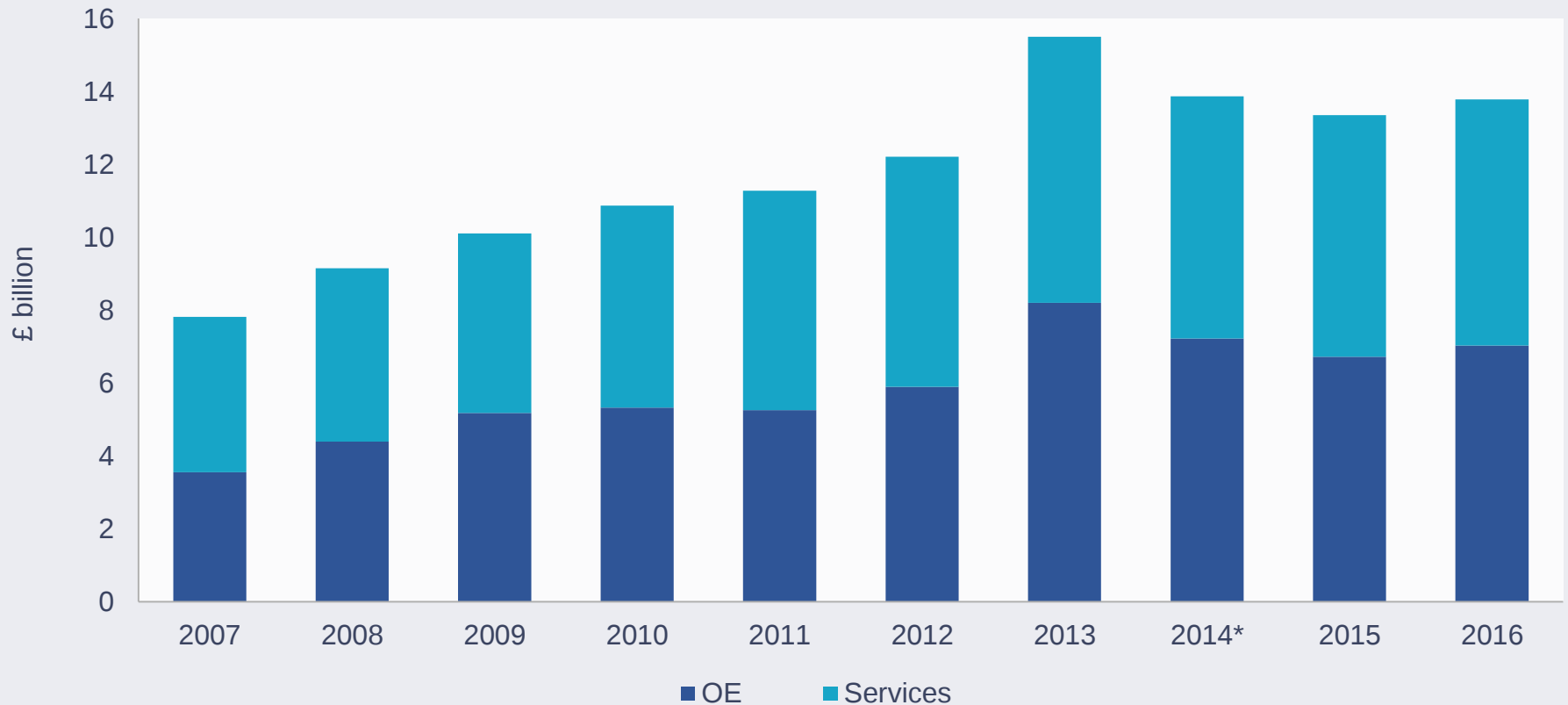
*Firm and announced order book stated on a constant currency basis

**Excludes the Energy business sold to Siemens

Full year underlying group revenue



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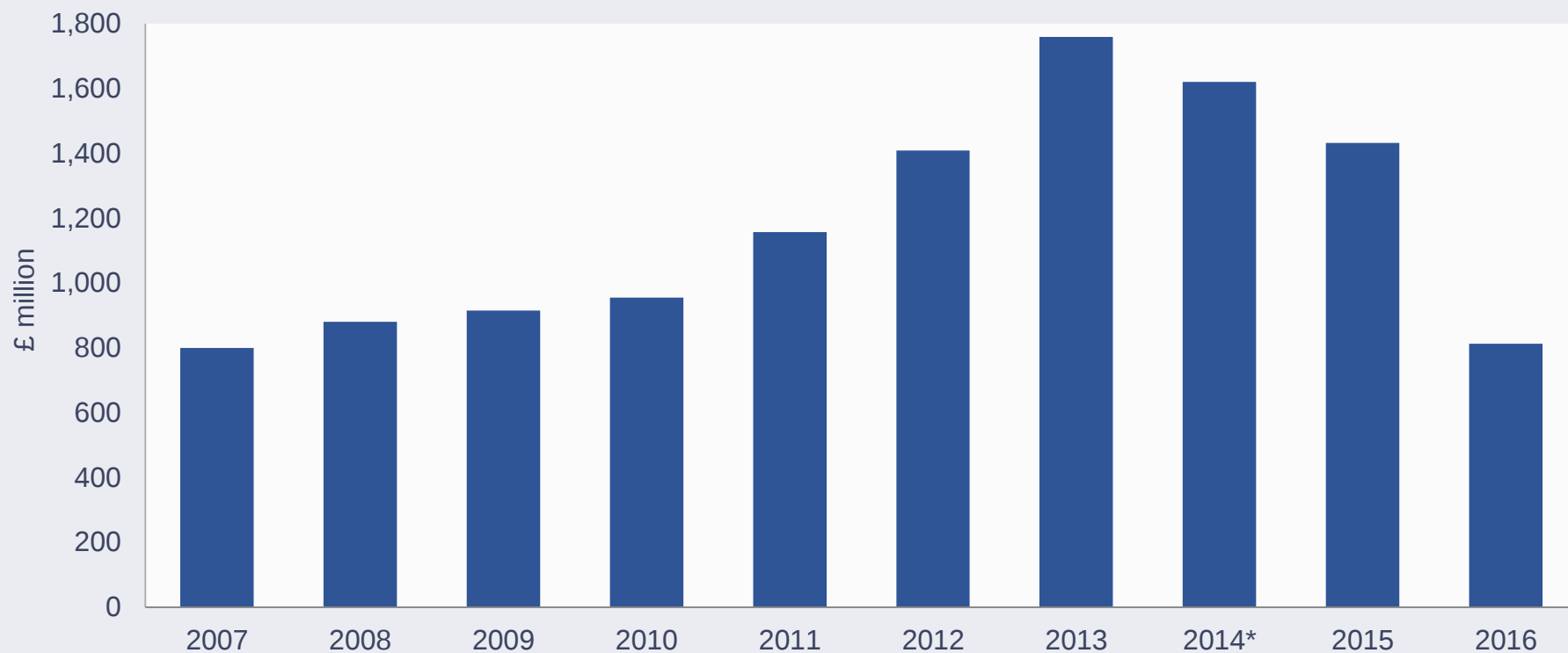


*Excludes the Energy business sold to Siemens

Full year underlying profit before tax



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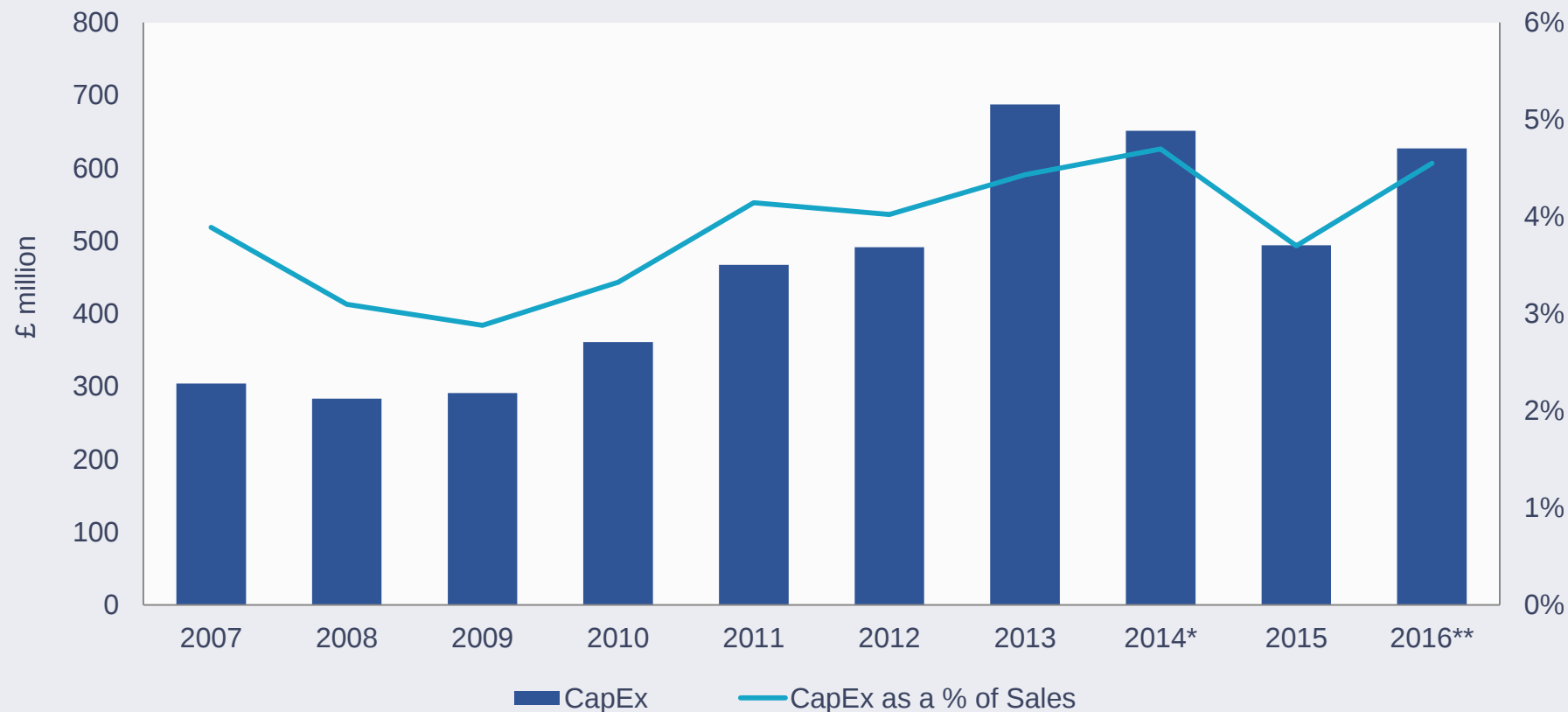
*Excludes the Energy business sold to Siemens

Full year capital expenditure



Rolls-Royce

Additions to Property, Plant & Equipment



*Excludes the Energy business sold to Siemens

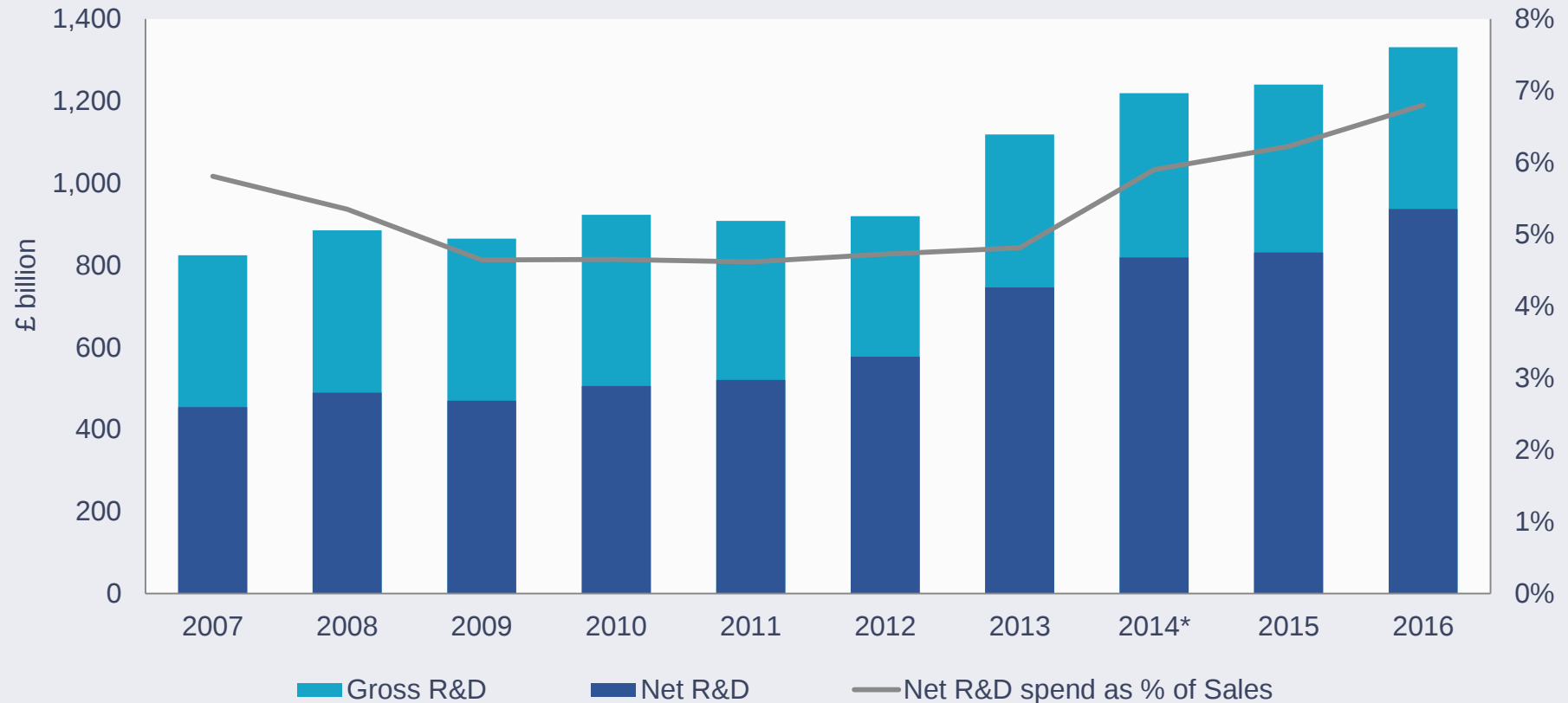
**Excludes TotalCare® Flex®

Full year research & development



Rolls-Royce

Continued investment in future technology



*Excludes the Energy business sold to Siemens from 2014 onwards

Balance sheet



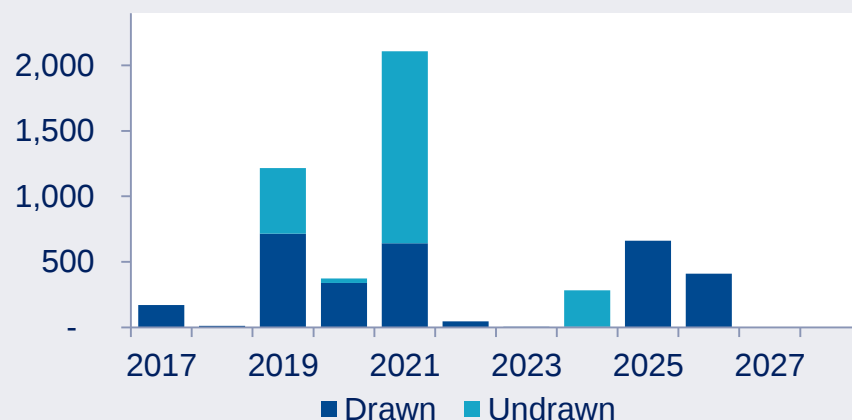
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Strong liquidity position – total liquidity £5 billion

Total Liquidity (£ million)



Debt Maturities (£ million)



Investment grade 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



Rolls-Royce

Historic financials



Rolls-Royce

	Including Energy				Excluding Energy		
	FY 2011	FY 2012	FY 2013	FY 2014	FY 2014	FY 2015	FY 2016
Underlying revenue (£m)	11,277	12,209	15,505	14,588	13,864	13,354	13,783
Underlying profit before tax (£m)	1,157	1,434	1,759	1,617	1,620	1,432	813
EPS	48.54p	59.59p	65.59p	65.31p	65.42p	58.73p	30.13p
Free cash flow (£m)	581	548	781	254	447	179	100
Order intake (£b)	16.3	16.1	26.9	19.4	19.0	18.2	19.1
Order book (£b)	62.2	60.1	71.6	73.7	73.7	76.4	79.8
Payment to shareholders (p/share)	17.5p	19.5p	22.0p	23.1p	23.1p	16.4p	11.70p

Underlying income statement



Rolls-Royce

(£ million)	Excluding Energy		
	FY 2014	FY 2015	FY 2016
Revenue	13,864	13,354	13,783
Gross profit	3,523	3,182	2,823
Commercial and administrative costs	(1,069)	(1,004)	(1,163)
Net R&D charge	(730)	(765)	(862)
Other income & costs	(43)	79	117
Profit before finance charge and tax (PBFCT)	1,681	1,492	915
Net financing charge	(61)	(60)	(102)
Profit before tax (PBT)	1,620	1,432	813

Cash flow



Rolls-Royce

(£ million)	Excluding Energy		
	FY 2014	FY 2015	FY 2016
Underlying profit before tax (PBT)	1,620	1,432	813
Depreciation & amortisation	582	613	720
Net working capital	(357)	(544)	(55)
Capital expenditure & intangibles	(1,084)	(887)	(1,201)
Other	105	(229)	47
Trading cash flow	866	385	324
Pension / tax / other	(419)	(206)	(224)
Free Cash Flow	447	179	100
Shareholder payments	(406)	(421)	(301)
Base cash flow (exc. acquisitions & FX)	41	(242)	(201)

Research & development



Rolls-Royce

(£m)	FY 2011	FY 2012	Including Energy		Excluding Energy		
			FY 2013	FY 2014	FY 2014	FY 2015	FY 2016
Gross R&D	(908)	(919)	(1,118)	(1,249)	(1,222)	(1,240)	(1,331)
Net R&D	(520)	(577)	(746)	(844)	(819)	(831)	(937)
Net R&D spend as % of underlying revenues	4.6%	4.7%	4.8%	5.8%	5.9%	6.2%	6.8%
Capitalised	93	38	108	83	83	52	99
Amortised	(36)	(50)	(69)	(65)	(65)	(80)	(85)
Impairment							(2)
R&D charged to income statement (before RRSA entry fees)	(463)	(589)	(707)	(826)	(801)	(859)	(925)
Net RRSA entry fee impact		58	83	71	71	94	63
R&D charge to Income Statement	(463)	(531)	(624)	(755)	(730)	(765)	(862)

Foreign exchange



Rolls-Royce

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
- \$38 billion USD:GBP hedge book provides 5-6 years' cover
- Hedge book average rate is £/\$1.55
- \$2.0 billion EURUSD hedge book provides ~3 years' cover
- Hedge book average rate is €/ \$1.29

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

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

	Revenue	Profit
USD	~£12 million	~£3 million
EUR	~£30 million	~£2 million
NOK	~£0 million	~£0million

Foreign exchange – 2016 translational impact



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

2016 vs. 2015 £m (excluding energy)	Exposure		Revenue Impact		PBFCT Impact	
	Revenue	Profit	Inc. FX	FX	Inc. FX	FX
Group*			13,783	725	915	88
Civil Aerospace	USD, EUR	USD, EUR	7,067	161	367	41
Defence Aerospace	USD	USD	2,209	157	384	24
Power Systems	EUR	EUR	2,655	295	191	24
Marine	NOK, EUR	EUR	1,114	102	(27)	0
Nuclear	USD	USD	777	16	45	1

Period average rates		2015	2016
USD		1.53	1.36
EUR		1.38	1.22
NOK		12.32	11.38

*Figures will not sum due to intersegment eliminations

Reconciliation to reported profit

2016



Rolls-Royce

	£m
Underlying profit before tax	813
Mark-to-market adjustments	(4,420)
Realised losses / (gains) on settled derivative contracts	589
Goodwill impairment	(219)
Exceptional restructuring	(129)
Deferred prosecution agreements	(671)
Post-retirement schemes	(303)
Other adjustments	(296)
Reported loss before tax	(4,636)

Customer finance



Rolls-Royce

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 2016:

- Total Discounted Gross Exposure: US\$293m (2015: \$399m)
- Total Discounted Net Exposure (less security): US\$76m (2015: \$80m)
- Total Discounted Net Stressed Exposure (assumes 20% asset discount): US\$106m (2015: \$115m)
- Liabilities are spread across multiple geographies, customers and aircraft

Pensions



Rolls-Royce

UK schemes – 2016 consolidation

- Defined benefit scheme closed to new hires since 2007
- Around 95% of gross pension assets and 85% of gross liabilities
- >£13bn of assets and IAS19* surplus of £1,325m
- Increase in surplus in 2016 of £594m (excluding VGPS settlement) largely due to changes in demographic assumptions
- Around 91% of assets in low risk investments to match liabilities, this has been key to protecting our funding position in low yield environment
- £1.1bn Vickers transaction to L&G caused us to recognise a £301m settlement accounting charge (excluded from underlying)

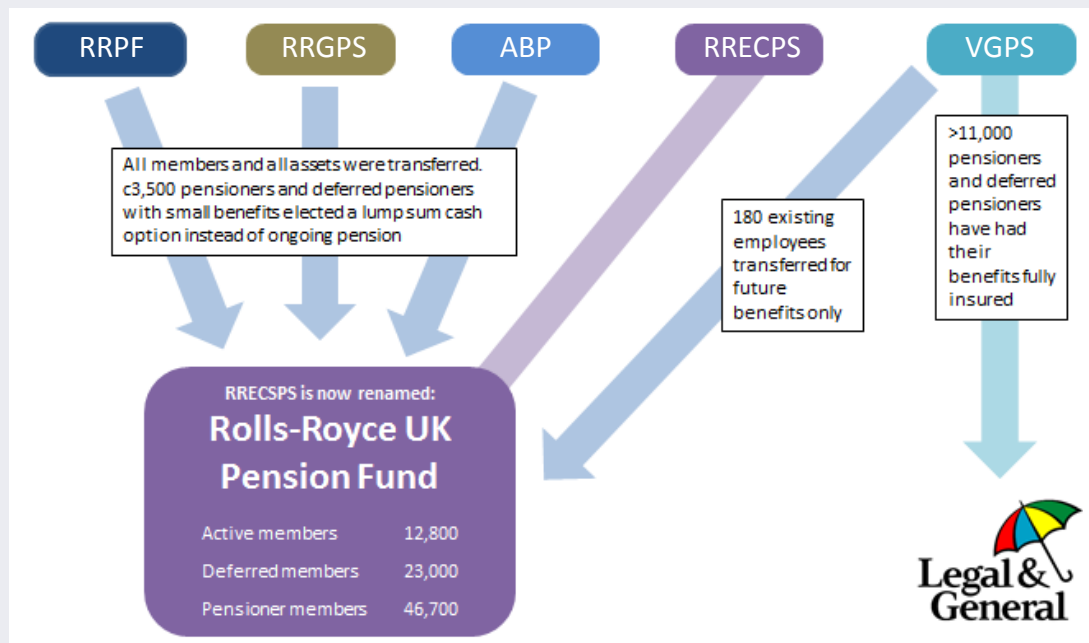
Overseas schemes

15% of gross liabilities and 5% of gross assets

Deficit of £1,365m (IAS19 basis*) principally made up of

- a) unfunded US healthcare schemes (£497m) and
- b) German unfunded pension schemes (£717m)

2016 contributions of £86m (2015 £71m)



* 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 scheme which discounts liabilities using a curve to match the LDI assets (gilt based). This significantly reduces the real volatility of solvency compared with that shown by the IAS 19 valuations

UK Pensions



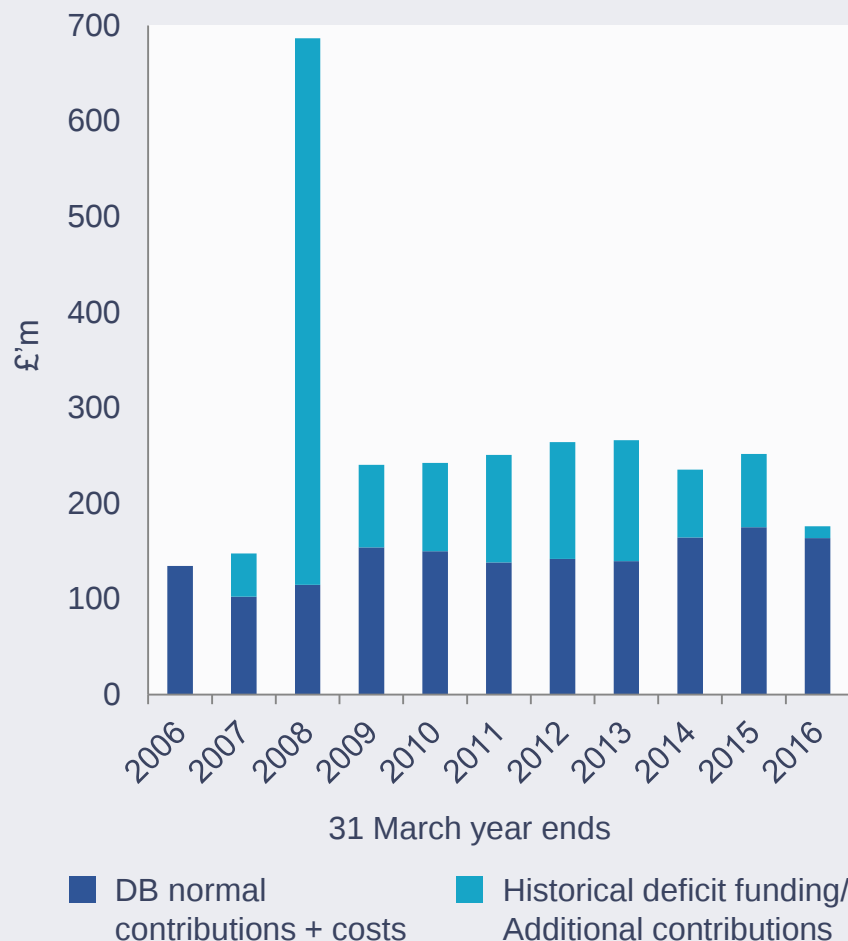
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Date of the next valuation

- The first funding valuation for the merged scheme will be conducted as at 31 March 2017
- No deficit funding is anticipated, the funding position on an ongoing basis is estimated at 107% with a surplus of c£1bn at 31 Dec 2016

Contributions

- Cash contributions in 2017 expected to be ~£180m (including ~£30m of employee contributions) which is a significant reduction to pre-2016 UK contributions that have been paid to help resolve deficits
- Market conditions as at 31 March 2017 will dictate the level of employer contribution required for future service benefits from 2018 onwards



Civil Aerospace



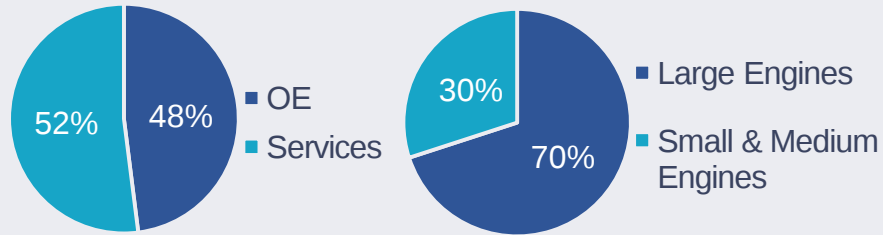
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Civil Aerospace

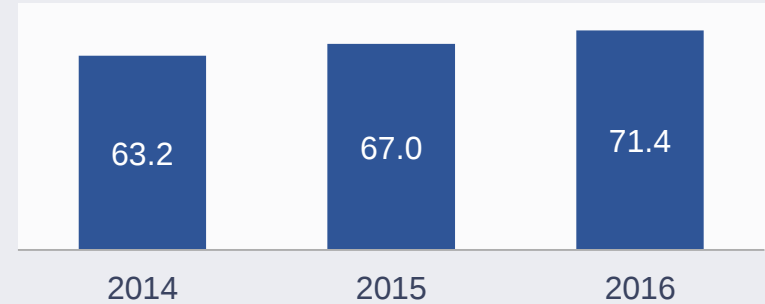


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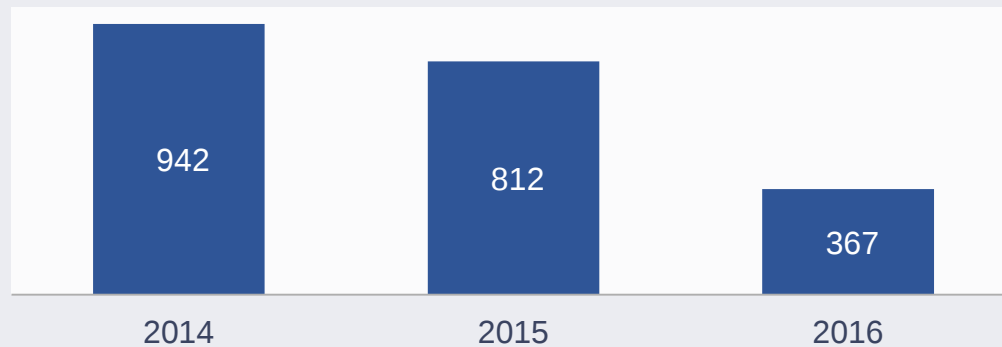
Revenue £7,067 million



Order book £71.4 billion



Profit before financing £367 million



Products



Rolls-Royce

Leading widebody market share

Engine	Airframe	Market share*	Installed base	Engines on order**
Trent 7000	Airbus A330neo	100%	0	428
Trent XWB	Airbus A350	100%	132	1,508
Trent 1000	Boeing 787	39%	394	424
Trent 900	Airbus A380	53%	340	284
Trent 800	Boeing 777	40%	420	0
Trent 700	Airbus A330	60%	1,538	64
Trent 500	Airbus A340	100%	488	0
			3,312	2,708

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

** According to Ascend

Installed thrust 2007 - 2016



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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Large engines	205	209	219	226	236	249	261	278	292	304
Small engines	84	88	91	94	96	100	104	109	113	116
Total	289	297	310	320	332	349	365	387	405	420

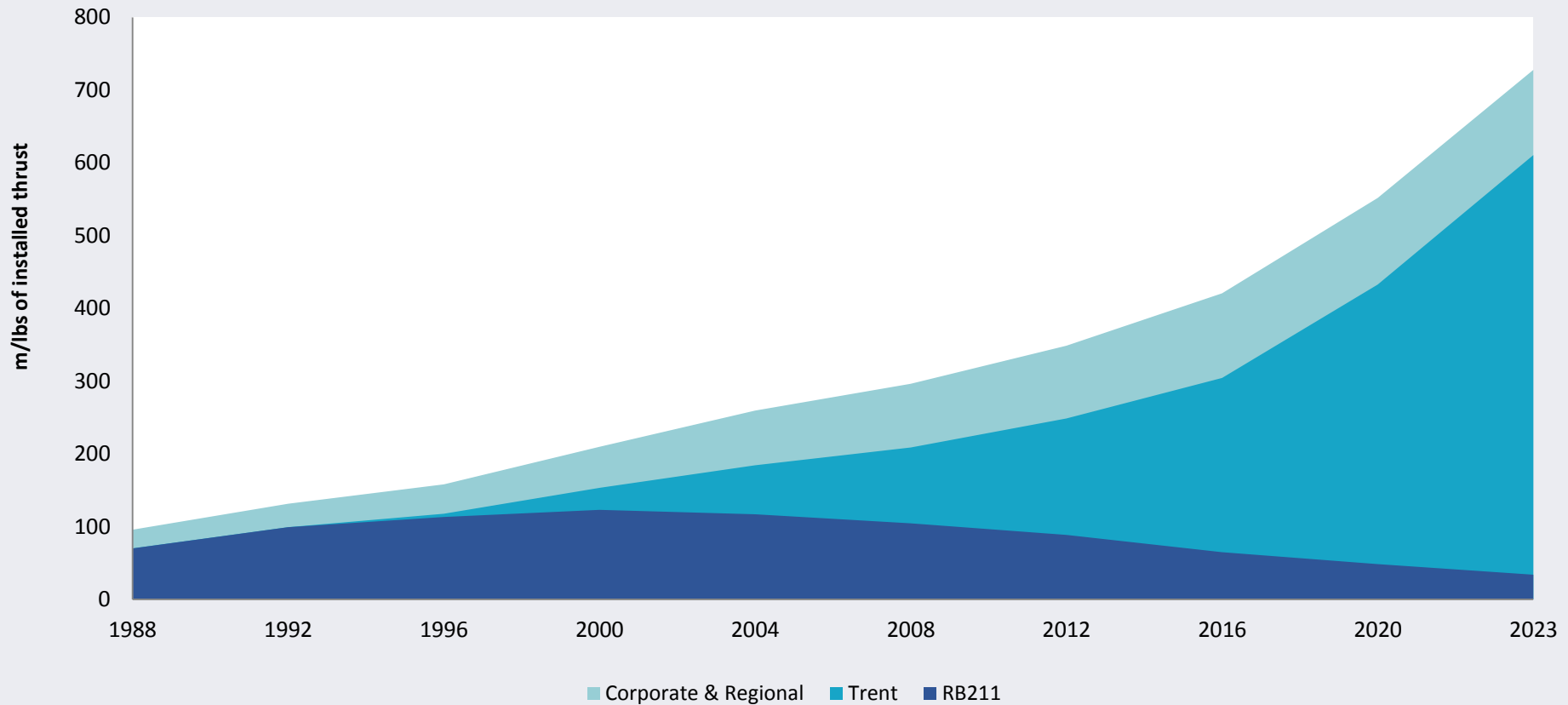
*Installed thrust is shown net of retirements (but does include aircraft which are parked or in storage)

Installed thrust



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Growing market opportunities



Civil engine deliveries 2007 - 2016



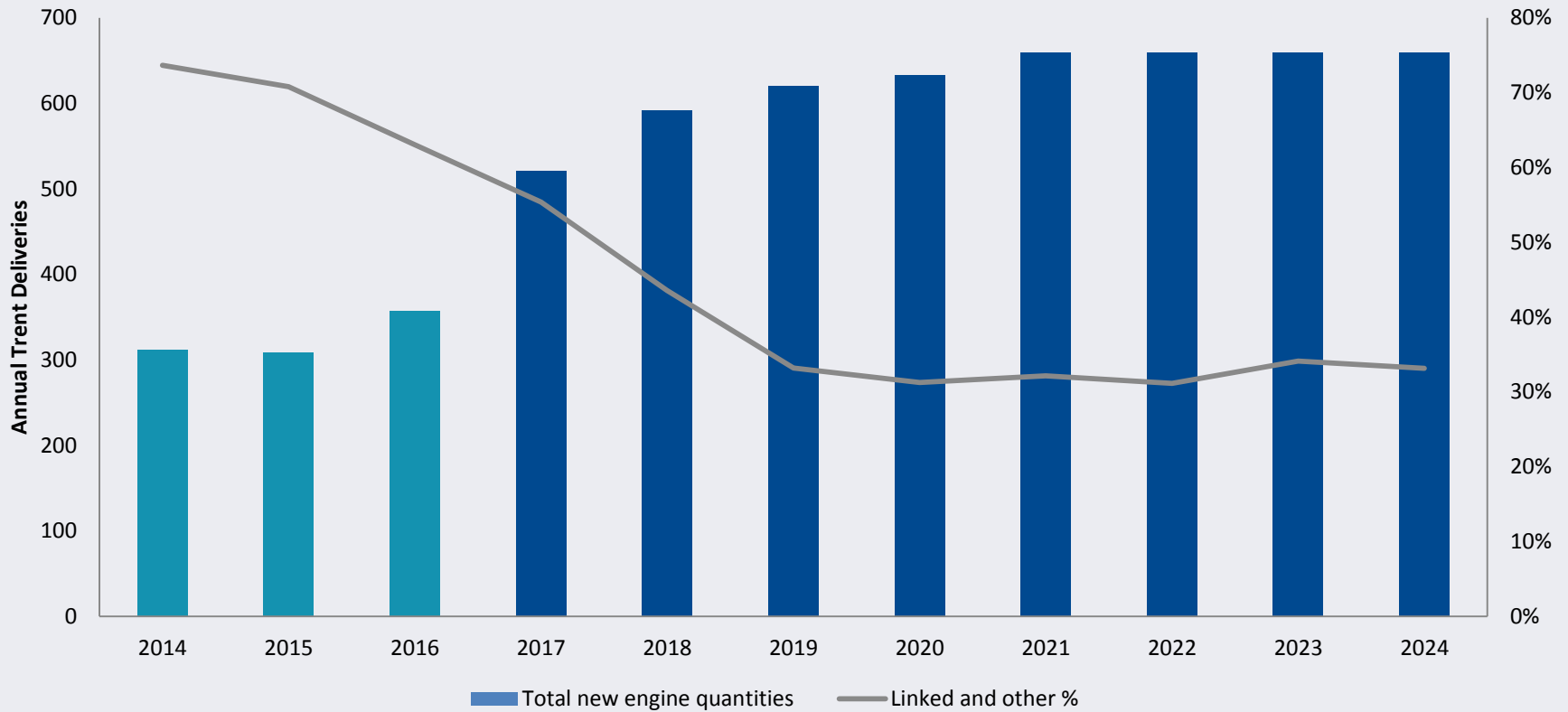
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	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Large engines	145	193	225	185	224	275	282	311	308	357
Small engines	398	443	272	290	320	393	471	428	404	292
Total	543	636	497	475	544	668	753	739	712	649

Projected large engine deliveries to 2024



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

Civil engine deliveries



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	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
By engine															
RB211 22B	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
RB211 524	4	2	5	7	0	5	4	0	0	0	0	0	0	0	0
RB211 535	26	14	6	0	2	0	1	1	0	0	0	0	0	0	0
RB211 Total	30	16	11	7	2	5	5	1	0	0	0	0	0	0	0
Trent 500	37	88	115	88	97	45	45	57	16	1	8	0	0	0	0
Trent 700	30	35	30	54	59	75	88	125	139	135	157	181	184	140	88
Trent 800	54	30	15	21	25	10	7	9	0	0	0	0	0	0	0
Trent 900					20	10	48	33	30	70	64	42	35	6	30
Trent 1000									0	18	46	59	79	106	122
Trent XWB													13	56	117
Trent	121	153	160	163	201	140	188	224	185	224	275	282	311	308	357
Civil Large Engines	151	169	171	170	203	145	193	225	185	224	275	282	311	308	357
Spey	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Tay	66	48	43	55	66	80	92	68	51	57	60	67	46	38	28
AE3007	288	217	242	168	113	135	135	32	55	31	43	78	48	34	20
BR700	127	96	131	161	155	183	216	172	184	232	290	326	334	332	244
Civil Small Engines	481	361	416	384	334	398	443	272	290	320	393	471	428	404	292
V2500*	224	216	237	327	319	308	351	347	371	418	220	0	0	0	0
Civil Total	856	746	824	881	856	851	987	844	846	962	888	753	739	712	649

*V2500 deliveries are recorded until the sale of Rolls-Royce's stake in International Aero Engines on 29th June 2012

Civil engine installed base**



Rolls-Royce

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
By engine															
RB211 22B	165	156	132	120	81	66	42	30	21	12	12	6	6	6	6
RB211 524	1,042	1,019	1,003	994	953	944	895	848	783	752	685	626	574	492	373
RB211 535	1,196	1,206	1,218	1,214	1,210	1,206	1,204	1,196	1,196	1,172	1,166	1,154	1,138	1,120	1,044
RB211 Total	2,403	2,381	2,353	2,328	2,244	2,216	2,141	2,074	2,000	1,936	1,863	1,786	1,718	1,618	1,423
Trent 500	48	132	220	300	388	424	456	508	520	524	524	520	516	500	488
Trent 700	206	234	264	306	364	424	494	608	724	840	980	1,144	1,308	1,444	1,538
Trent 800	344	376	392	408	432	444	442	450	450	450	450	444	436	428	420
Trent 900					16	20	36	68	96	152	216	252	296	320	340
Trent 1000										14	52	94	178	270	394
Trent XWB													12	38	132
Trent	598	742	876	1,014	1,200	1,312	1,428	1,634	1,790	1,980	2,222	2,454	2,746	3,000	3,312
Civil Large Engines	3,001	3,123	3,229	3,342	3,444	3,528	3,569	3,708	3,790	3,916	4,085	4,240	4,464	4,618	4,735
Spey	1,408	1,376	1,342	1,246	1,204	1,158	1,132	1,056	1,000	892	848	768	690	590	516
Tay	1,772	1,830	1,847	1,866	1,890	1,903	1,951	2,017	2,057	2,077	2,119	2,155	2,177	2,201	2,203
AE3007	1,718	1,966	2,200	2,370	2,476	2,596	2,710	2,782	2,814	2,850	2,896	2,950	2,976	2,970	2,966
BR700	792	904	1,006	1,164	1,312	1,480	1,650	1,832	2,032	2,226	2,448	2,744	3,084	3,432	3,684
Civil Small Engines	5,690	6,076	6,395	6,646	6,882	7,137	7,443	7,687	7,903	8,045	8,311	8,617	8,927	9,193	9,369
V2500*	871	971	1,080	1,217	1,361	1,496	1,650	1,794	1,949	2,119					
Civil Total	9,562	10,170	10,704	11,205	11,687	12,161	12,662	13,189	13,642	14,080	12,396	12,857	13,391	13,811	14,104

*50% of the total V2500 fleet included

Civil installed thrust base (millions lbs)**



Rolls-Royce

		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
By engine	Thrust per Engine (lbs)															
RB211 22B	60,000	10	9	8	7	5	4	3	2	1	1	1	0	0	0	0
RB211 524	60,000	63	61	60	60	57	57	54	51	47	45	41	38	34	30	22
RB211 535	40,000	48	48	49	49	48	48	48	48	48	47	47	46	46	45	42
RB211 Total		120	119	117	115	110	109	104	101	96	93	88	84	80	75	65
Trent 500	56,000	3	7	12	17	22	24	26	28	29	29	29	29	29	28	27
Trent 700	72,000	15	17	19	22	26	31	36	44	52	60	71	82	94	104	111
Trent 800	92,000	32	35	36	38	40	41	41	41	41	41	41	41	40	39	39
Trent 900	70,000	0	0	0	0	1	1	3	5	7	11	15	18	21	22	24
Trent 1000	71,000	0	0	0	0	0	0	0	0	0	1	4	7	13	19	28
Trent XWB	84,000													1	3	11
Trent		49	59	67	76	89	97	104	118	129	143	160	177	198	217	240
Civil Large Engines		169	178	184	192	199	205	209	219	225	236	249	261	278	292	304
Spey	11,000	15	15	15	14	13	13	12	12	11	10	9	8	8	6	6
Tay	15,000	27	27	28	28	28	29	29	30	31	31	32	32	33	33	33
AE3007	7,500	13	15	17	18	19	19	20	21	21	21	22	22	22	22	22
BR700	15,000	12	14	15	17	20	22	25	27	30	33	37	41	46	51	55
Civil Small Engines		67	71	74	77	80	83	87	90	93	96	100	104	109	113	116
V2500*	27,500	24	27	30	33	37	41	45	49	54	58	0	0	0	0	0
Civil Total		260	275	288	302	317	329	341	358	372	390	348	365	387	405	420
Fleet Growth			6%	5%	5%	5%	4%	3%	5%	4%	5%	-11%	5%	6%	5%	4%

*50% of the total V2500 fleet included

**Installed engine base is net of retirements but does include aircraft which are parked or in storage

***In an effort to provide greater accuracy in our installed thrust calculations, Trent engines are now shown using engine-specific thrust levels, rather than a Trent average thrust. This table shows a full restatement of thrust figures to the new method

Defence Aerospace



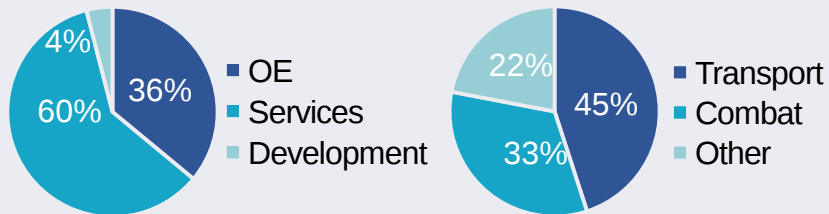
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Defence Aerospace

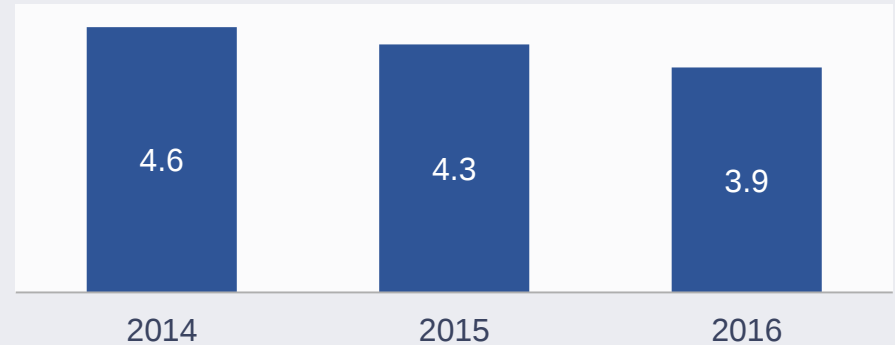


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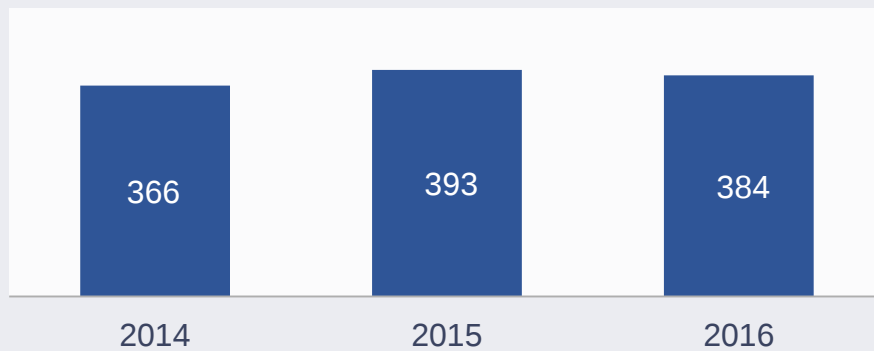
Revenue £2,209 million



Order book £3.9 billion



Profit before financing £384 million

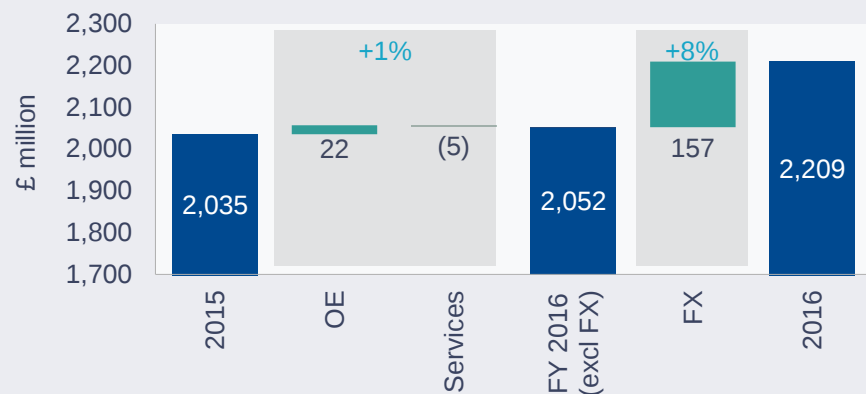


Defence revenue, profit and gross margin

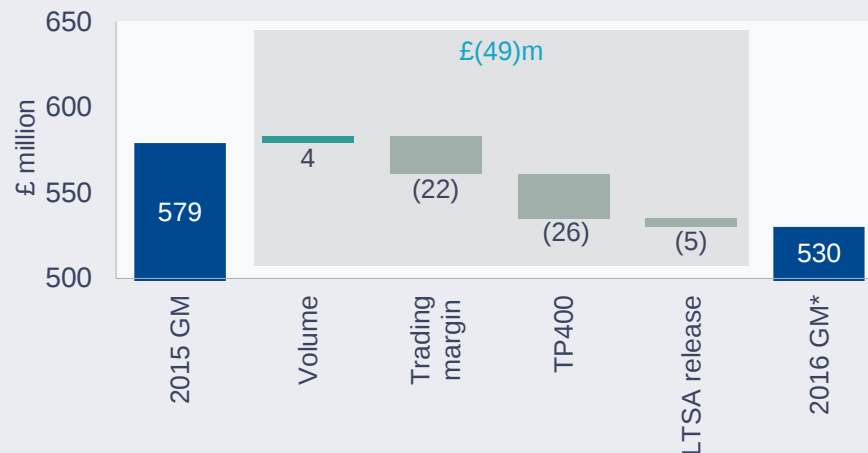


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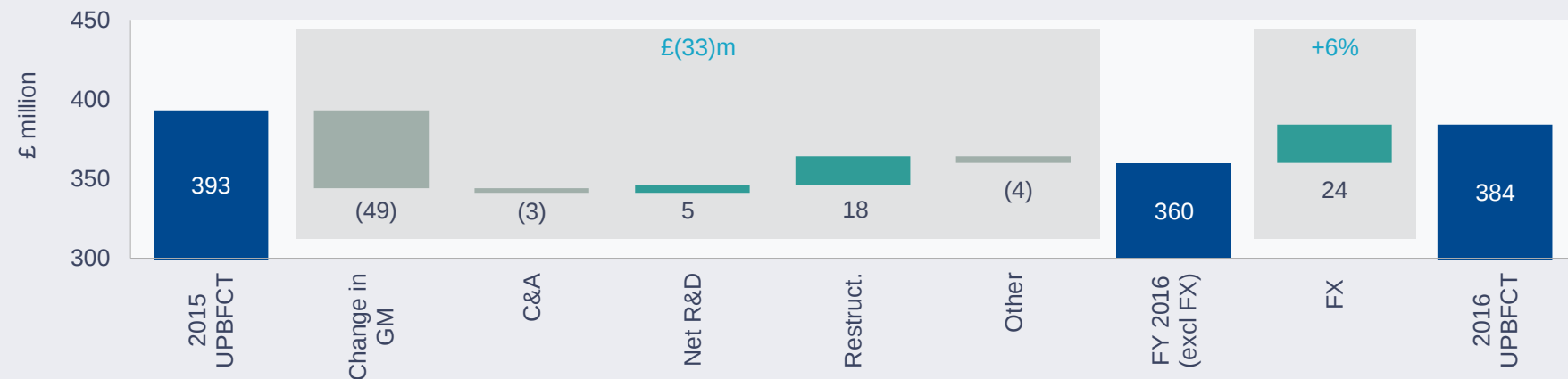
Revenue



Gross Margin



Profit



*2016 GM @ 2015 FX

Products



Rolls-Royce

Market	Engine	Application
Transport & Patrol / UAV	Trent 700 – 772B AE 1107C – Liberty TP400-D6 AE 2100 T56* AE 3007 M250 Adour BR710 RB211* Gem* Gnome* Tay* Tyne* Dart *	Airbus Defence and Space A330-200 MRTT Bell Boeing V-22 Osprey Airbus Defence and Space A400M Lockheed Martin C-130J Hercules / Alenia Aermacchi C-27J Spartan / Shinmaywa US-2 Lockheed Martin C-130 (A-H) Hercules / C-2 Greyhound / Lockheed Martin P-3 Orion Embraer Legacy / Northrop Grumman RQ-4A Global Hawk / MQ-4C Triton Northrop Grumman MQ-8C Fire Scout VTUAV BAE Systems Hawk / T-45 Goshawk / Taranis demonstrator / NeuroN demonstrator Global Express / Gulfstream G550 Boeing 757 AgustaWestland Lynx AgustaWestland Sea King / Commando Gulfstream G300, G400 & G450 C-160 Transall / A-7 / Secbat Alantique 2 HS368
Combat	Rolls-Royce LiftSystem Pegasus* EJ200 RB199* Adour M250 MTR390 CTS800	Lockheed Martin F-35B Lightning II BAE Systems Sea Harrier / Boeing BAE Systems AV8B Harrier II Eurofighter Typhoon Panavia Tornado IDS / ECR SEPECAT Jaguar Bell OH-58 Kiowa Warrior Eurocopter Tiger ATAK Team T129
Trainer	Spey* Adour Viper* M250 (Turboprop)	AMX International BAE Systems Hawk / Boeing BAE Systems T-45 Goshawk AerMacchi MB339 / HAL HJT Kiran Fuji T-5 / T-7

*In service with operators, but out of production

Defence engine deliveries 2007 - 2016



Rolls-Royce

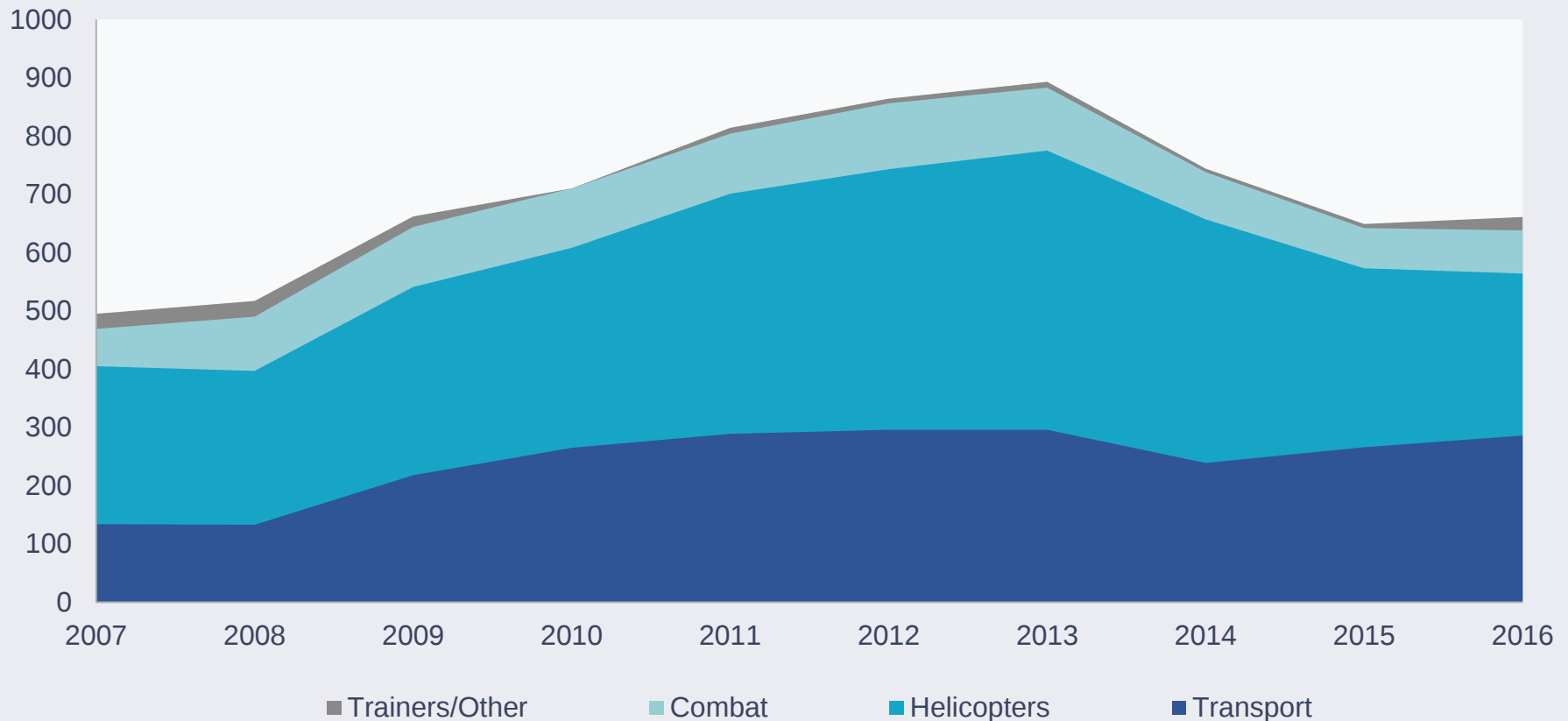
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Transport	134	133	218	265	289	305	296	239	266	286
Helicopters	271	264	323	343	412	438	479	418	307	278
Combat	64	93	103	102	103	113	108	81	69	74
Trainers/Other	26	27	18	0	10	8	10	6	7	23
Total	495	517	662	710	814	864	893	744	649	661

The increase in Trainers in 2016 was mainly for +15 higher Adour Mk951 units for Saudi.

Defence engine deliveries 2007 - 2016



Rolls-Royce



Power Systems



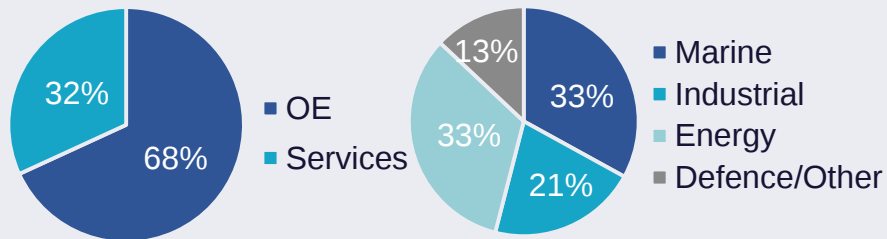
Rolls-Royce

Power Systems

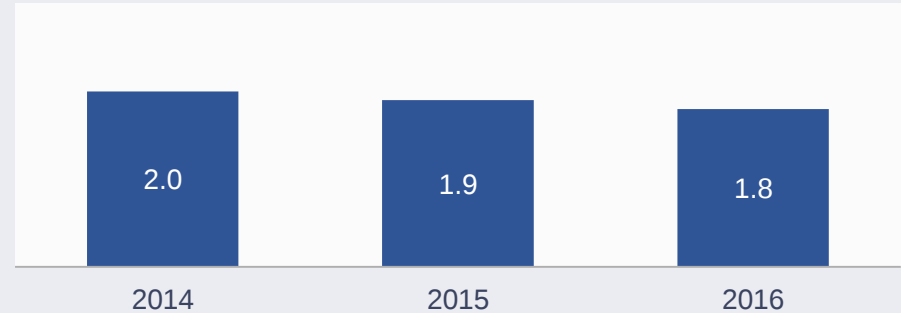


Rolls-Royce

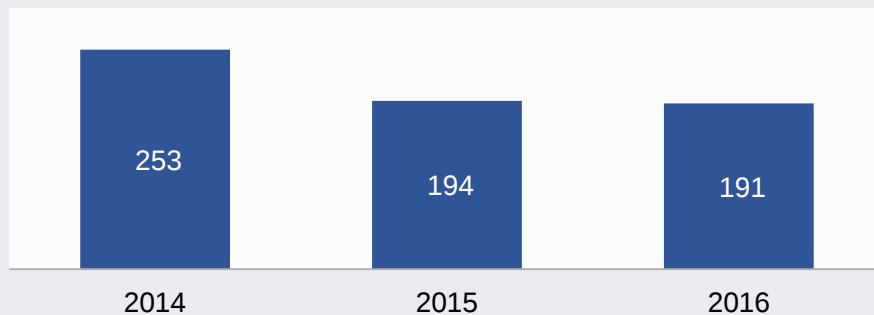
Revenue £2,655 million



Order book £1.8 billion



Profit before financing £191 million

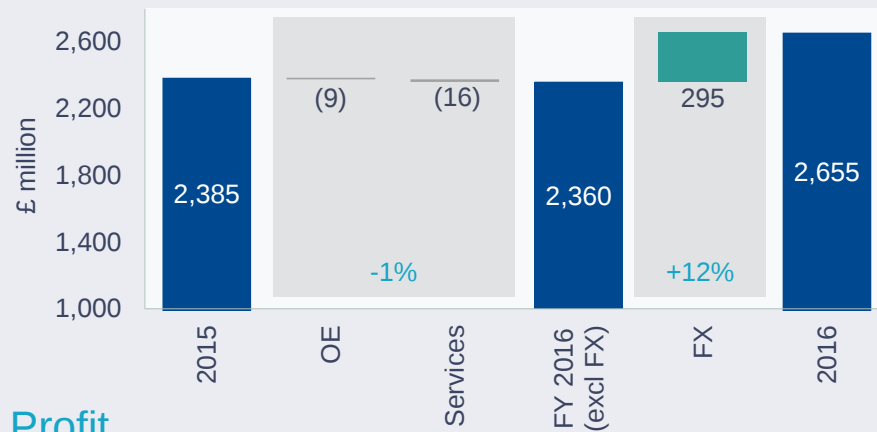


Power Systems revenue, profit and gross margin

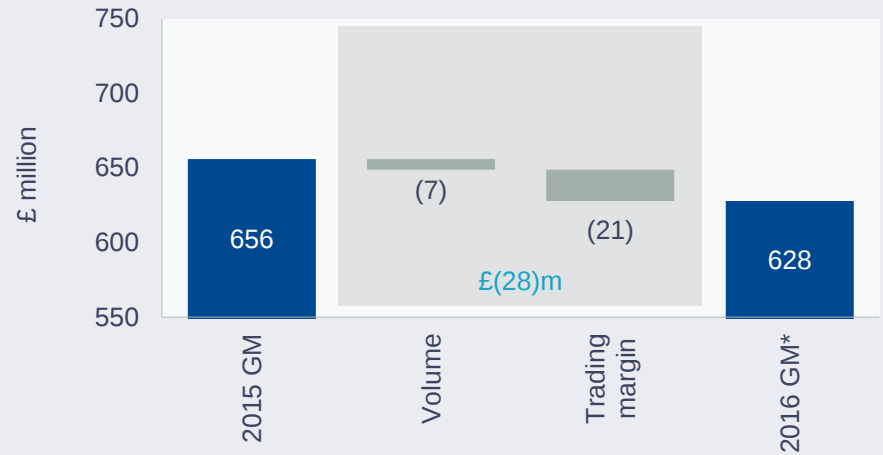


Rolls-Royce

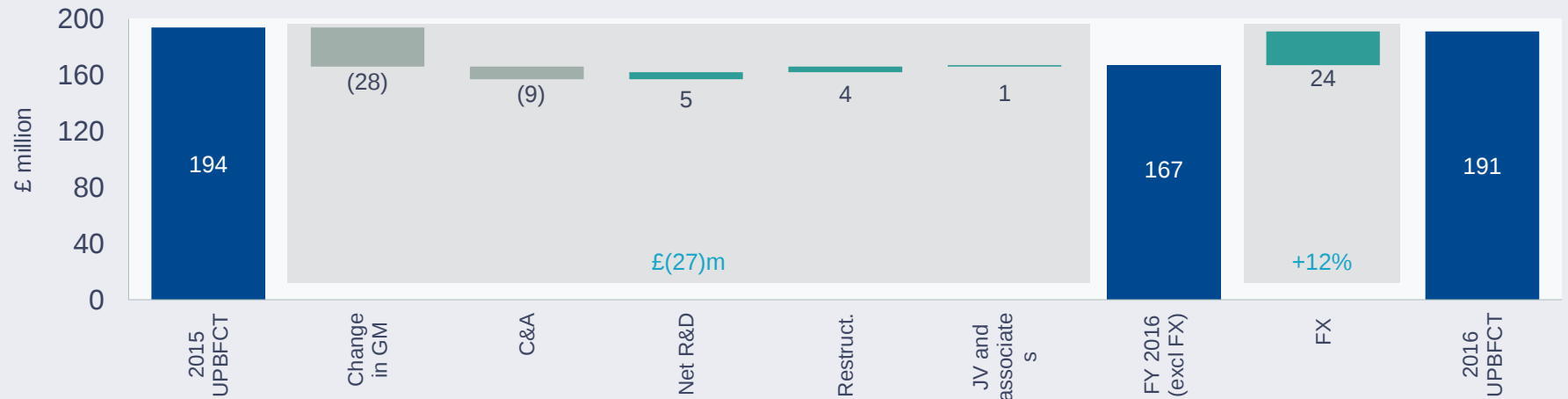
Revenue



Gross Margin



Profit



*2016 GM @ 2015 FX

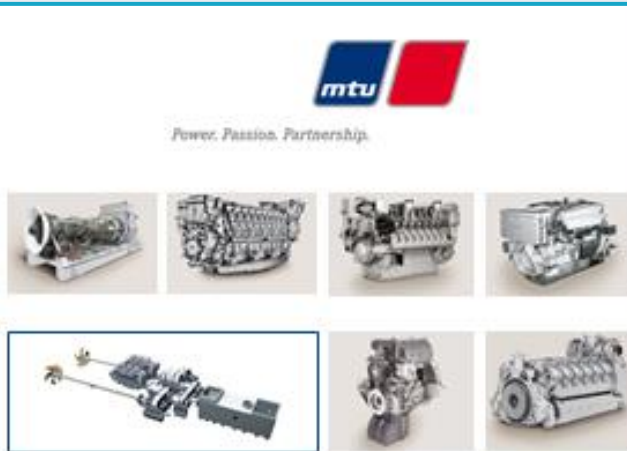
Products



Rolls-Royce

Rolls-Royce Power Systems AG

High-speed engines



Complete Drive and Propulsion Systems up to 10,000 kW

Distributed energy systems



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

YOUR POWERFUL INJECTION



Injection Systems

Marine



Rolls-Royce

Marine

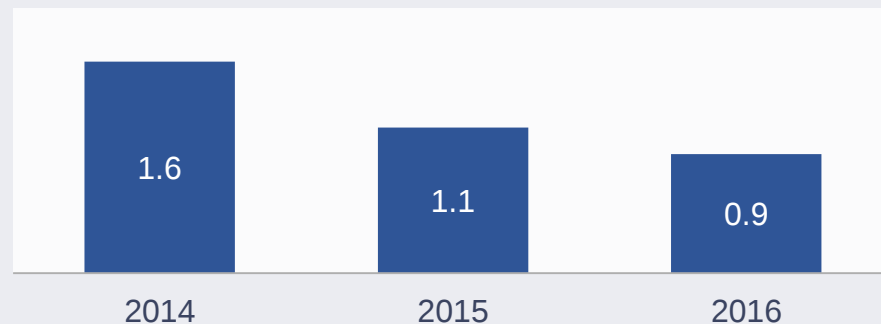


Rolls-Royce

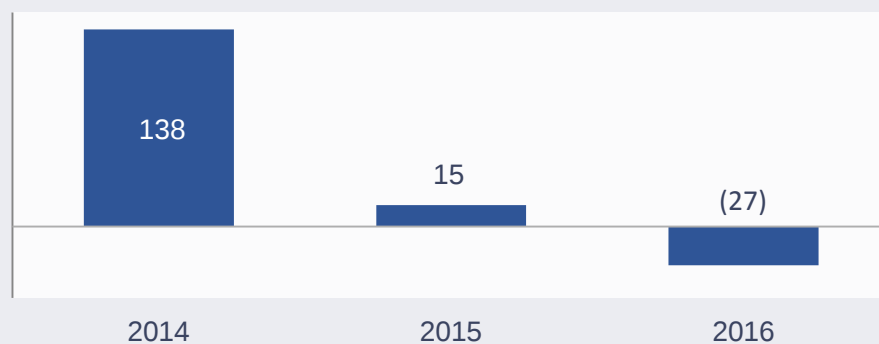
Revenue £1,114 million



Order book £0.9 billion



Profit before financing £15 million

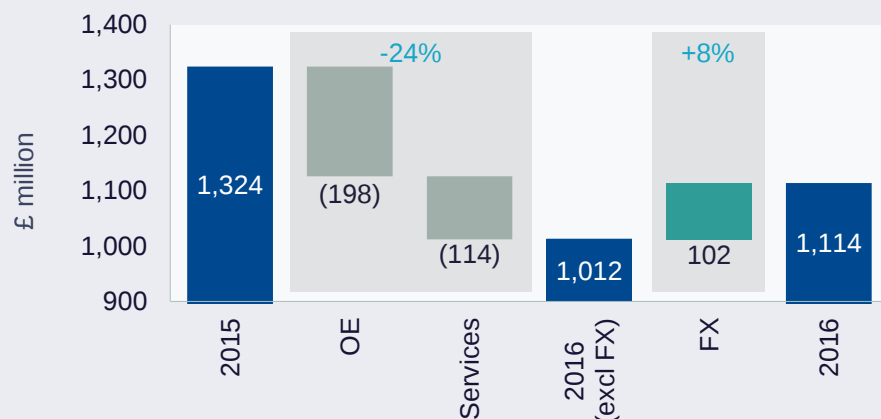


Marine revenue, profit and gross margin

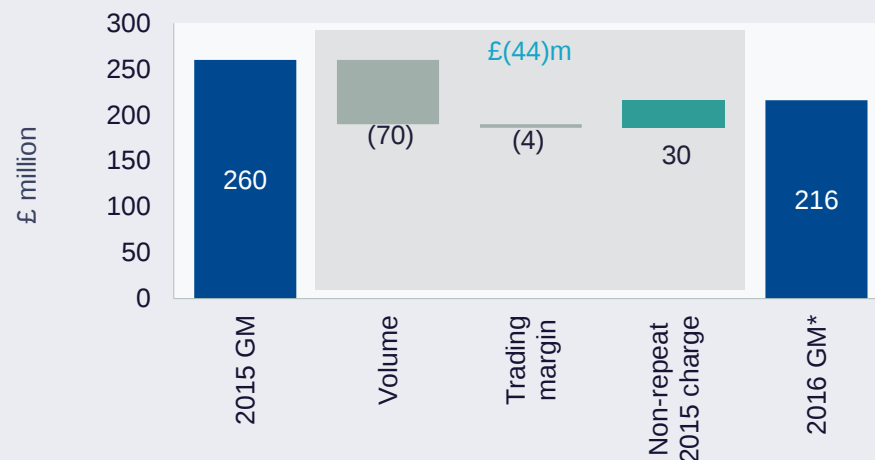


Rolls-Royce

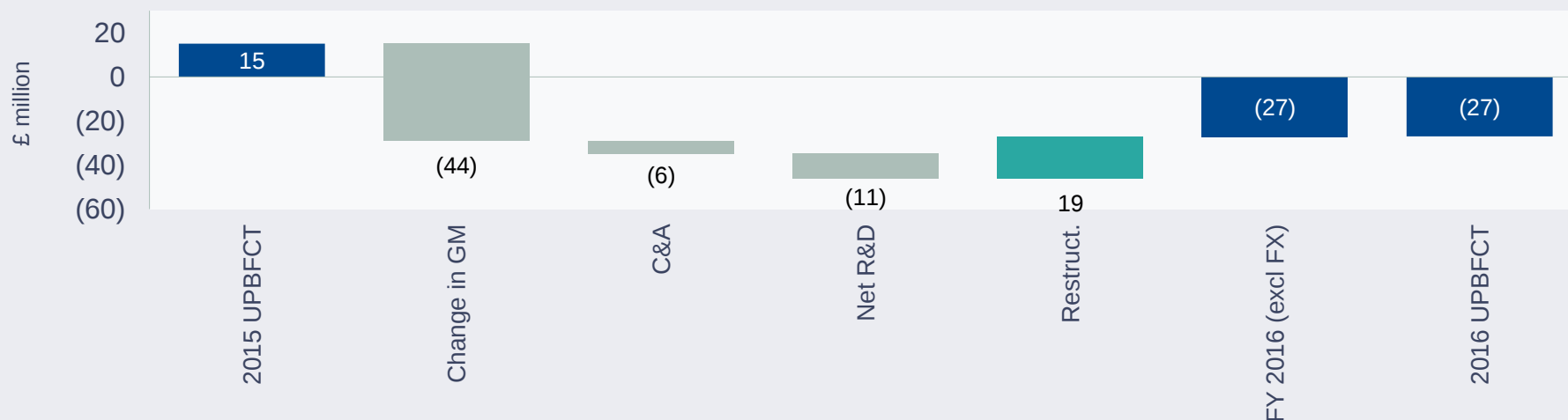
Revenue



Gross Margin



Profit



*2016 GM @ 2015 FX

Products



Rolls-Royce

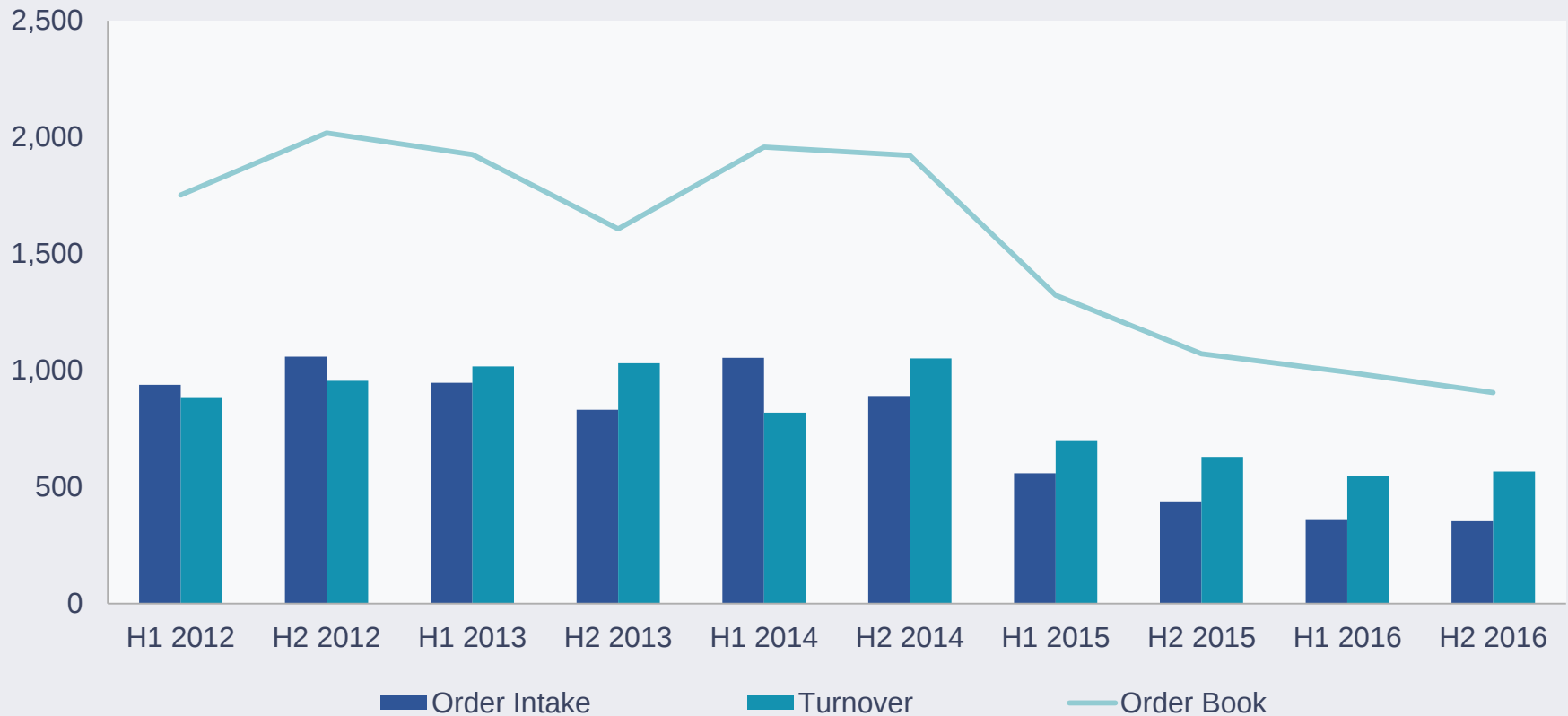
World-leading range of capabilities

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 and innovative ship intelligence solutions
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 governmental vessels, including our MT-30; the world's most powerful marine gas turbine	

Order trends 2012 - 2016



Rolls-Royce



Note: 2016 was impacted by ~£100m cancellations

Nuclear



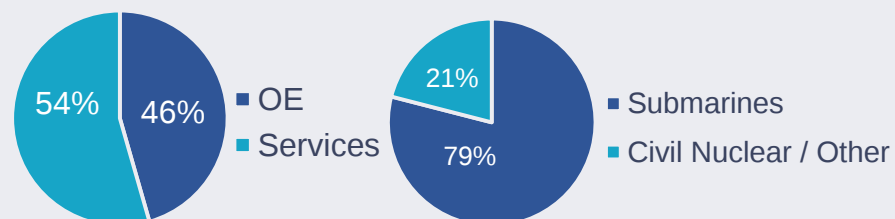
Rolls-Royce

Nuclear

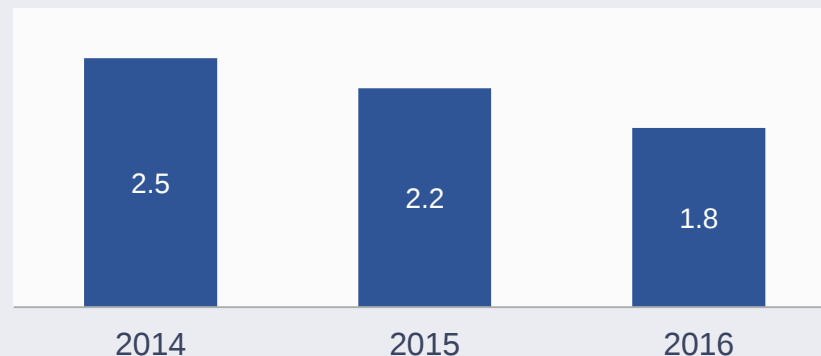


Rolls-Royce

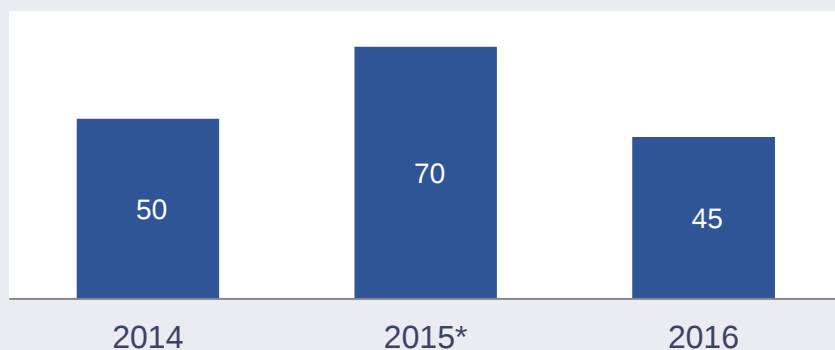
Revenue £777 million



Order book £1.8 billion



Profit before financing £45 million



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

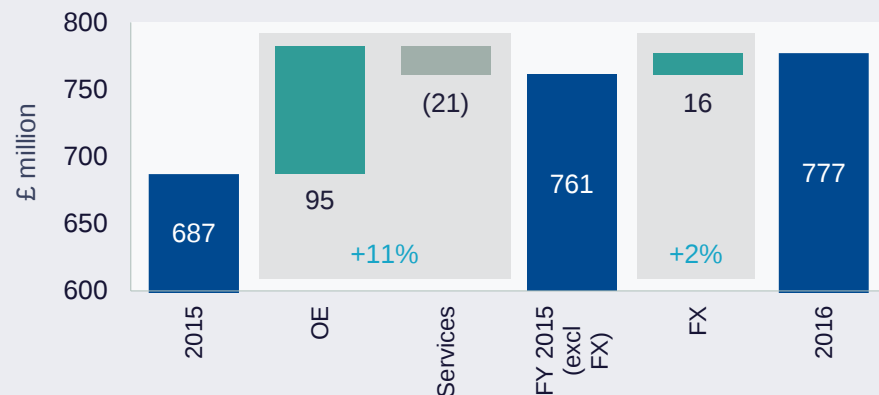
*Includes £19m R&D credit

Nuclear revenue, profit and gross margin

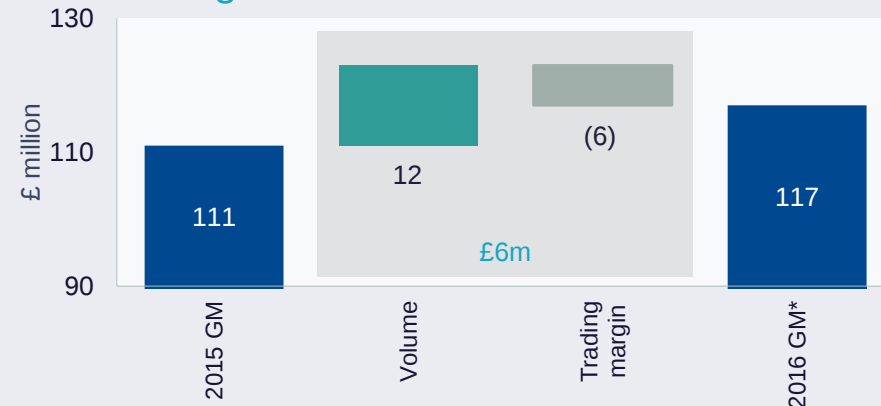


Rolls-Royce

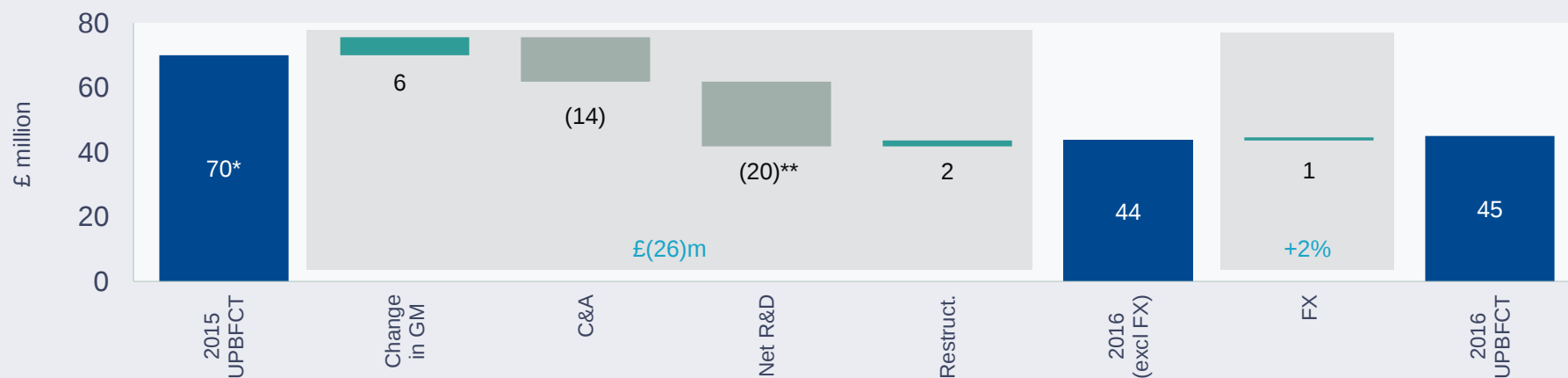
Revenue



Gross Margin



Profit



*2016 GM @ 2015 FX

** Includes £12m reduction in R&D credit (£19m in 2015 including catch up to £7m in 2016)

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

Products



Rolls-Royce

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	Instrumentation & Control Systems Mechanical Systems & Component Engineering Safety, Licensing & Environmental Engineering Nuclear services
	Supply and support of nuclear power systems covering the entire UK submarine fleet	

Investor Relations



Rolls-Royce

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Safe harbour statement



Rolls-Royce

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 for definition.