



Rolls-Royce

A Global Business

Annual General Meeting 2009

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Sir John Rose, Chief Executive

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Our consistent strategy



Address
four global markets



Invest
in technology, capability and infrastructure



Develop
a competitive portfolio of products and services



Grow
market share and installed product base



Add value
for customers through product related services

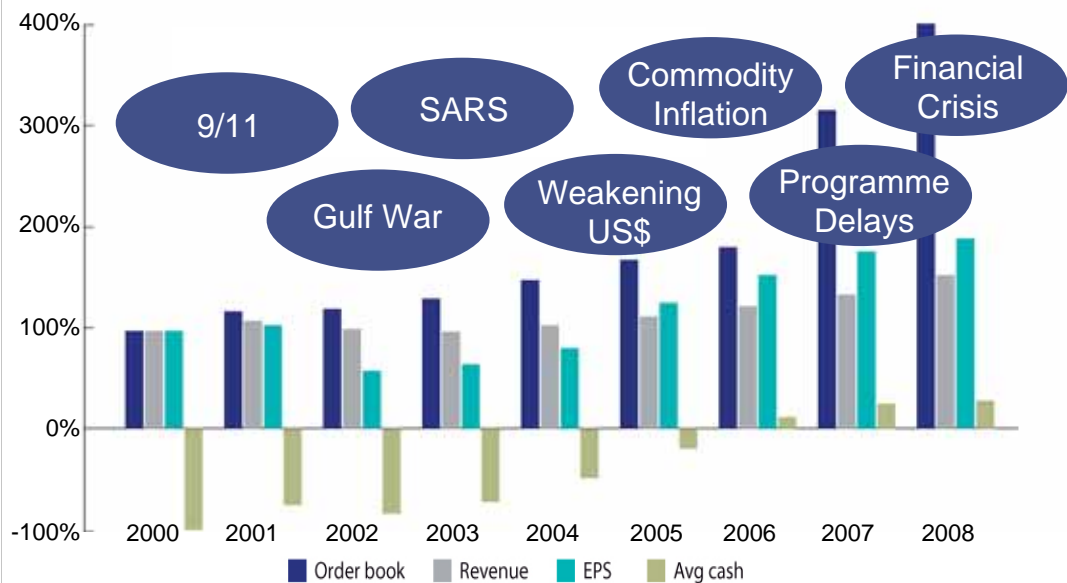


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Strategy underpinned by core characteristics

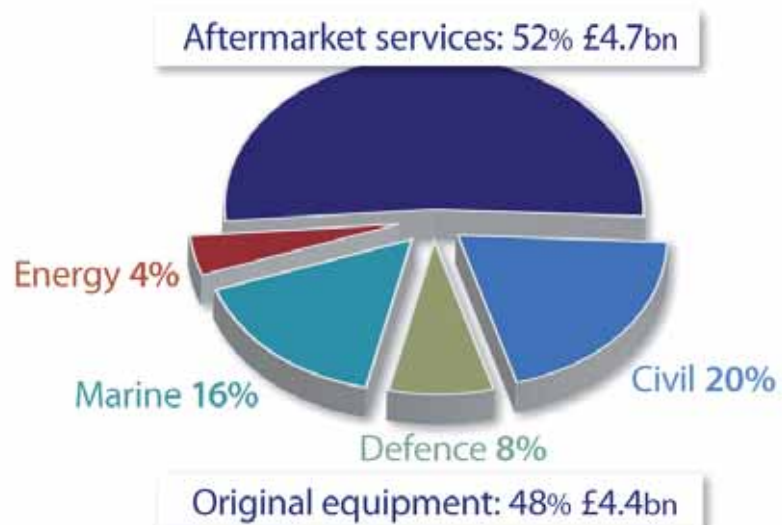
- Understanding our customer's demands
- Domain knowledge
- Technological superiority
- Integrated Systems
- Operational Excellence
- Organisational Capability
- Brand

Managing challenges



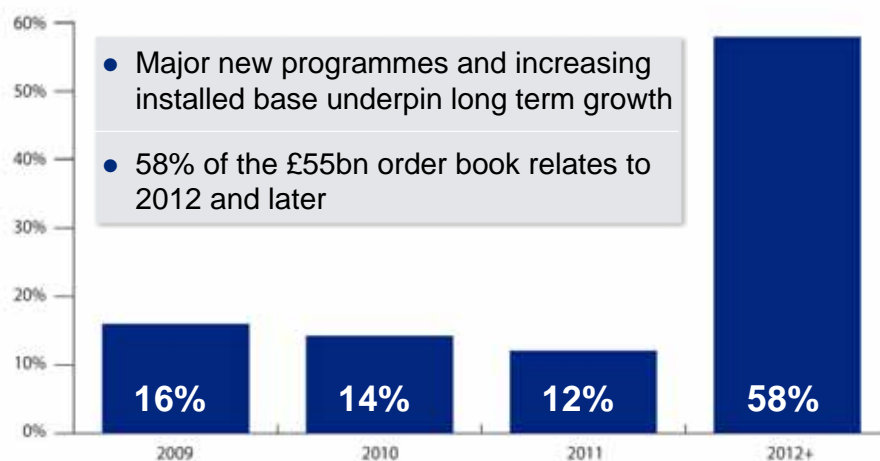
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A well balanced business



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Strong programme positions: providing long-term visibility



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Investing in technology and capability

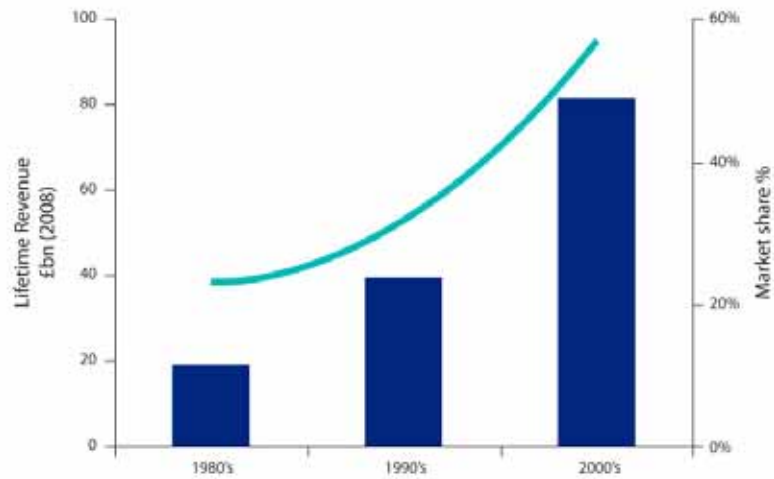


Underpinning long-term growth



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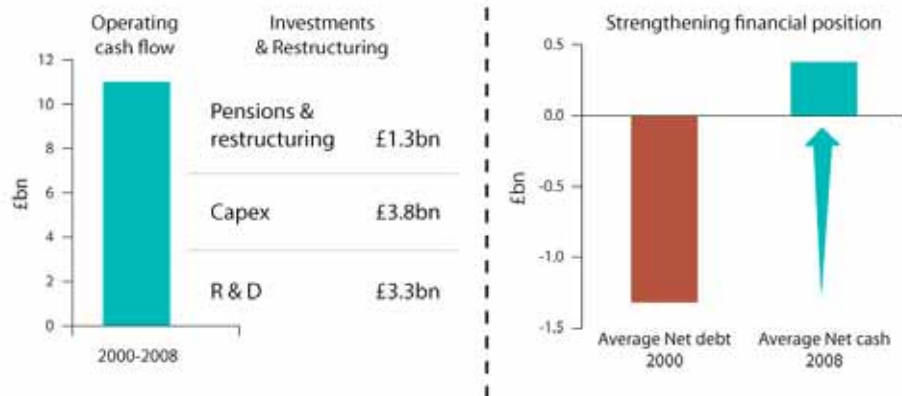
Civil Aerospace's growing market share: driving increased revenues and value



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A cash generative business

- Around £11bn in operating cash flow this decade
- £7.1bn invested and £1.3bn on pensions and restructuring



A strong financial position

Strong liquidity

- Average net cash £375m
- Manageable customer and supplier financing risks

Pensions

- Early action taken to address deficit and future volatility

FX

- Long term hedging strategy – capitalising on improving rates

A challenging environment: managing what we can influence

- Make – Buy strategy
- Cost reduction, efficiency and productivity
- Matching capacity with reduced demand
- Cash management, working capital and inventory
- Through-life service support



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Technology creates opportunities



- Core technologies and systems integration skills create high barriers to entry
- Expanding and developing Energy and Marine opportunities
 - Oil & Gas and compression
 - Power generation – Nuclear and other low carbon technologies
 - Mixture of organic growth, partnerships and acquisitions

2008: A strong performance

Underlying revenues £9.1 billion



order book
increased by 21%
to **£55.5bn**

underlying profit
increased by 10%
to **£880m**

average
net cash
£375m

shareholder
payments increased
by **10%**



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Outlook

- Consistent investment in technology and capability has delivered value, global market access and new opportunities for the Group
- For 2009, we continue to expect:
 - Underlying revenues to grow, with underlying profits remaining broadly similar to those achieved in 2008
 - Average net cash to increase



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