

2014 Full-Year Results

Data Appendix

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All figures on an underlying basis unless otherwise stated. Please see note 2 of the Financial Review for definition.

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The Group



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Roadmap: Our transformation

2011-2013

Began focus on 4Cs

- ✓ Customer
- ✓ Concentration
- ✓ Cost
- ✓ Cash



2014-2017

Transforming our business; growing our installed base

- ❑ Rising Civil Large Engine deliveries
- ❑ Restructuring/underutilisation
- ❑ Land & Sea cost & integration focus



2018-2020

Delivering the benefits

- ❑ Growing installed base, cash & margins
- ❑ 20% footprint reduction
- ❑ Technology investment
- ❑ Land & Sea growth

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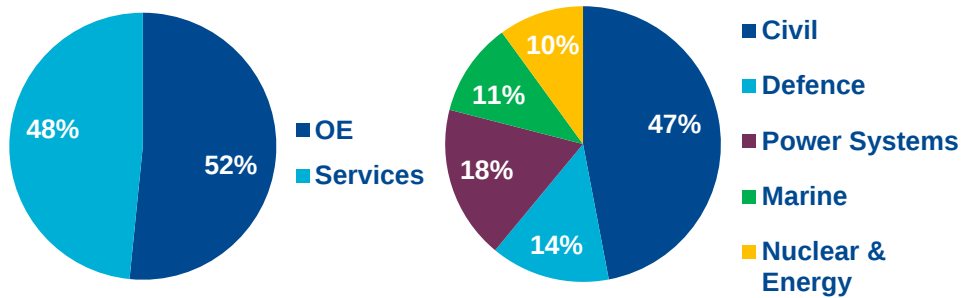


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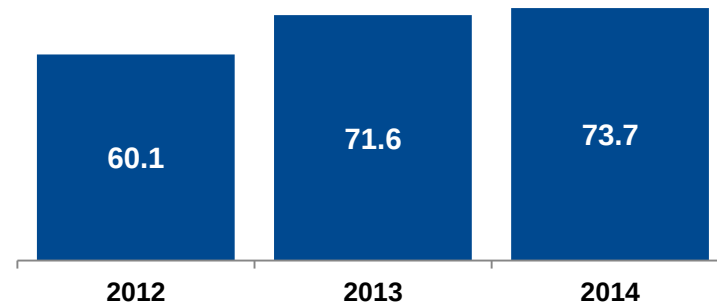
Group results 2014 full-year (including divested Energy)

5

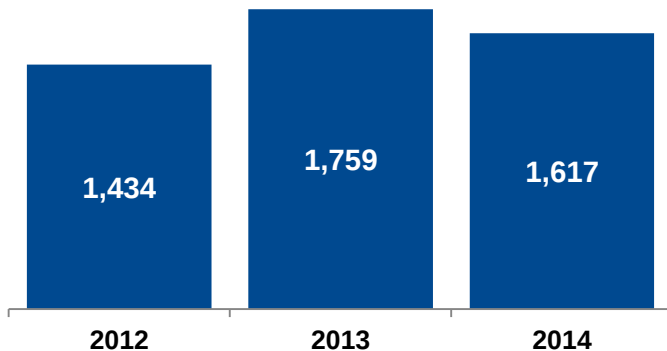
Group revenue £14.6 billion



Order book £73.7 billion



Profit before tax £1,617 million



Growth drivers:

- Substantial order book provides visibility of future growth
- Opportunities to improve margins and cash flow conversion
- Long Term Service Agreements drive operational efficiency in aftermarket services

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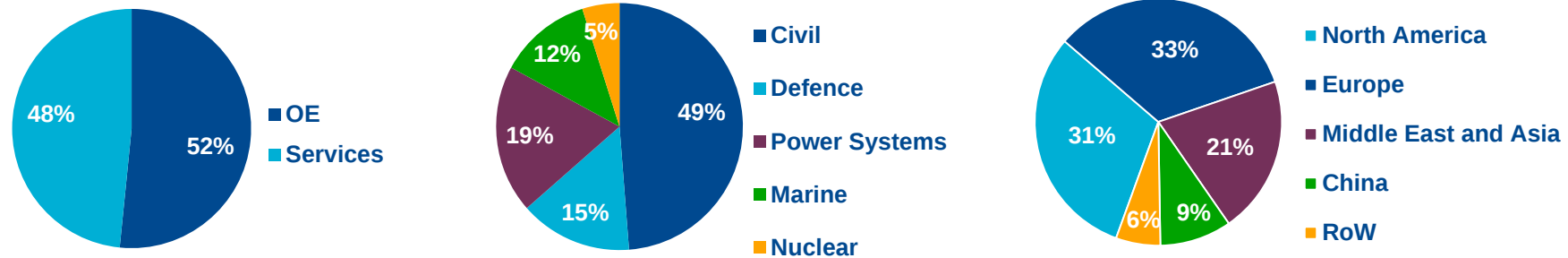


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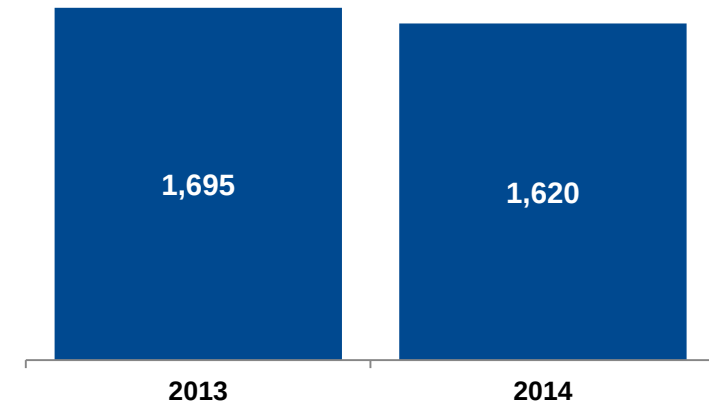
Group results 2014 full-year (excluding divested Energy)

6

Group revenue £13.9 billion

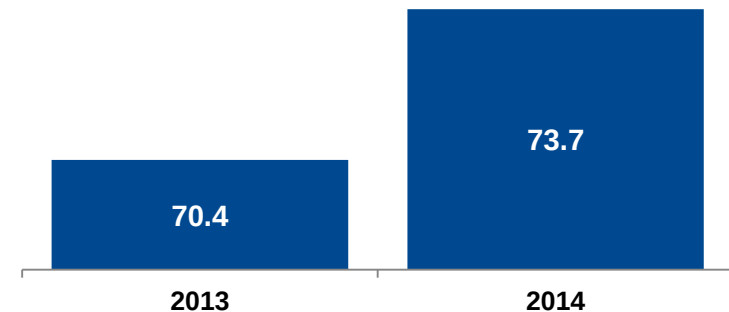


Profit before tax £1,620 million



All figures exclude Energy

Order book £73.7 billion



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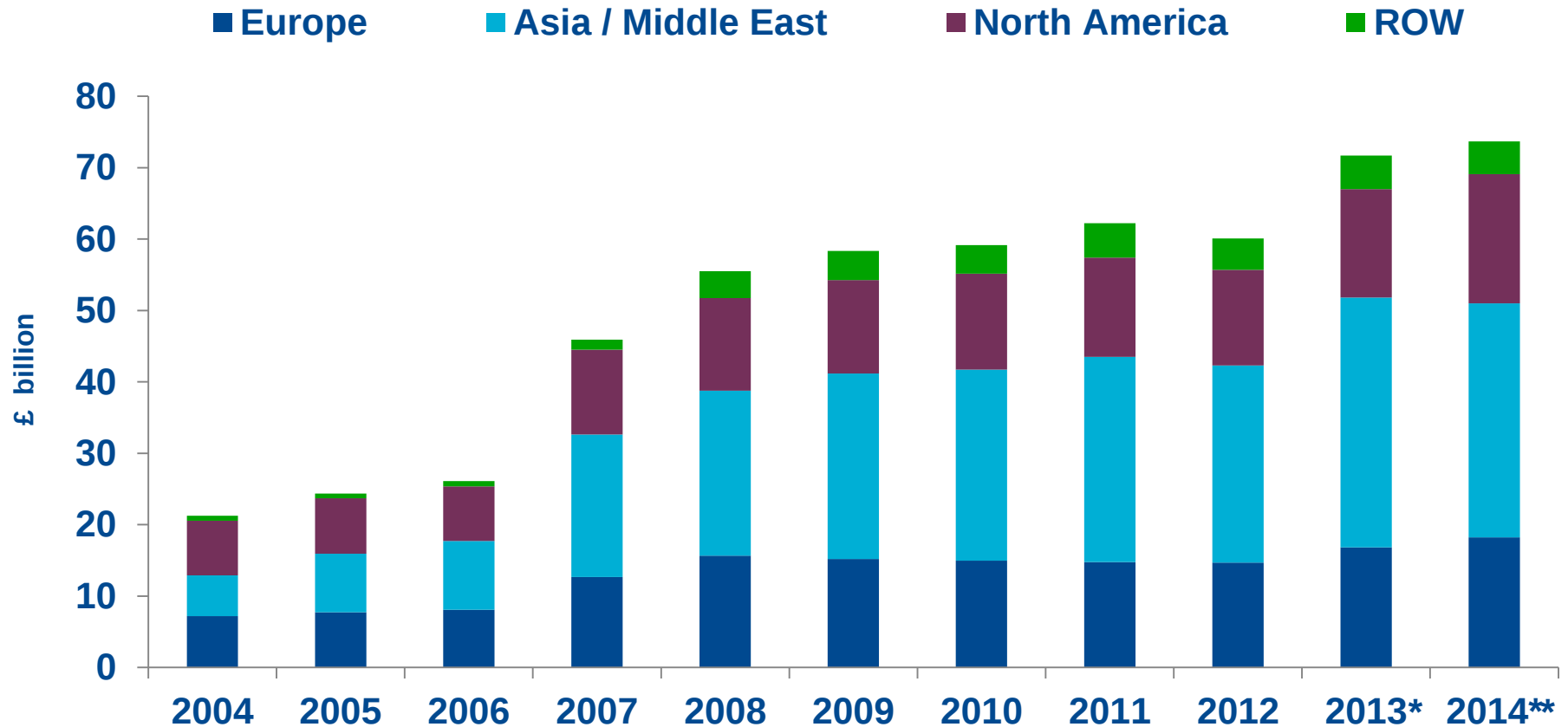


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Order book*

Long-term visibility

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

**excludes Energy business sold to Siemens

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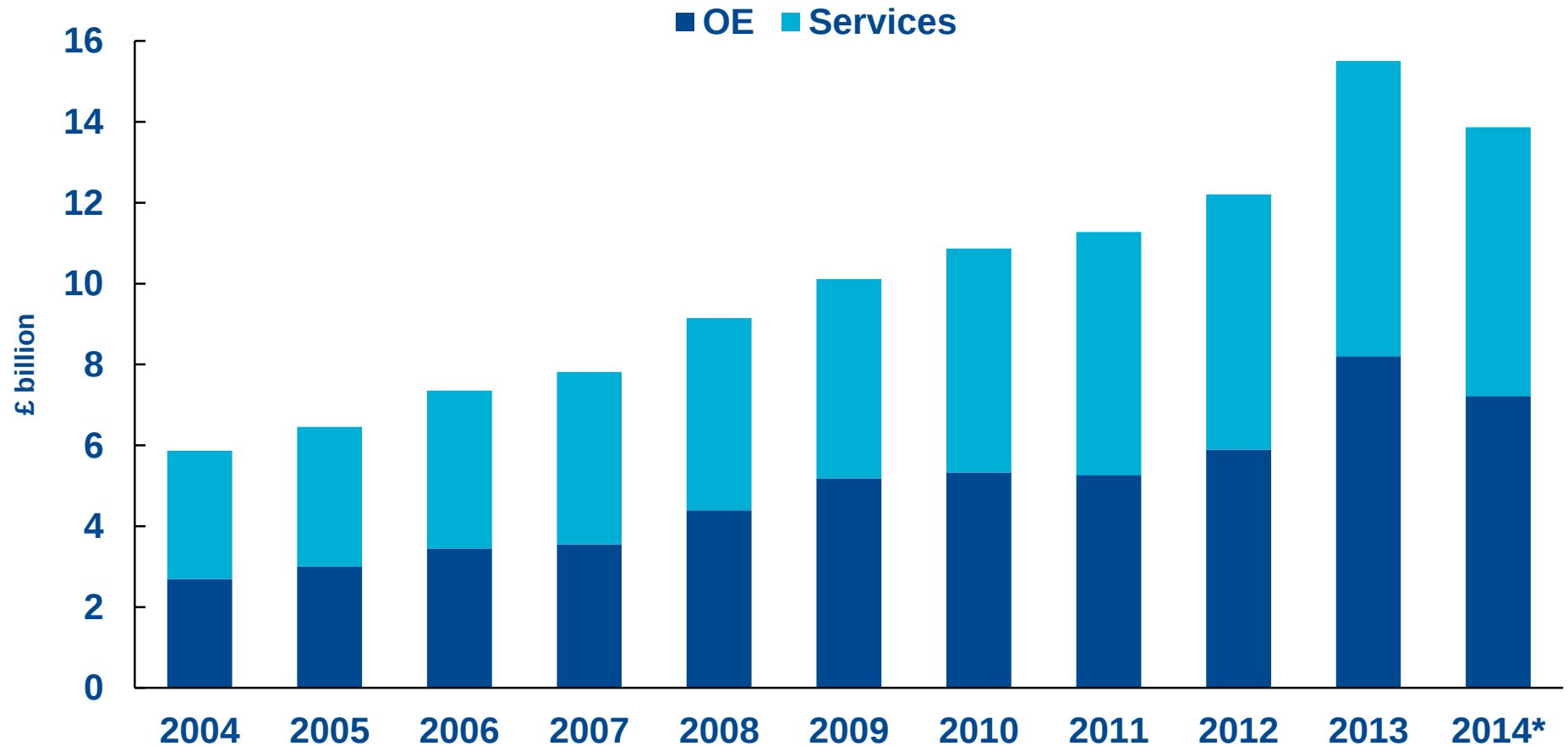


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Group revenue

Long-term growth

8



*excludes Energy business sold to Siemens

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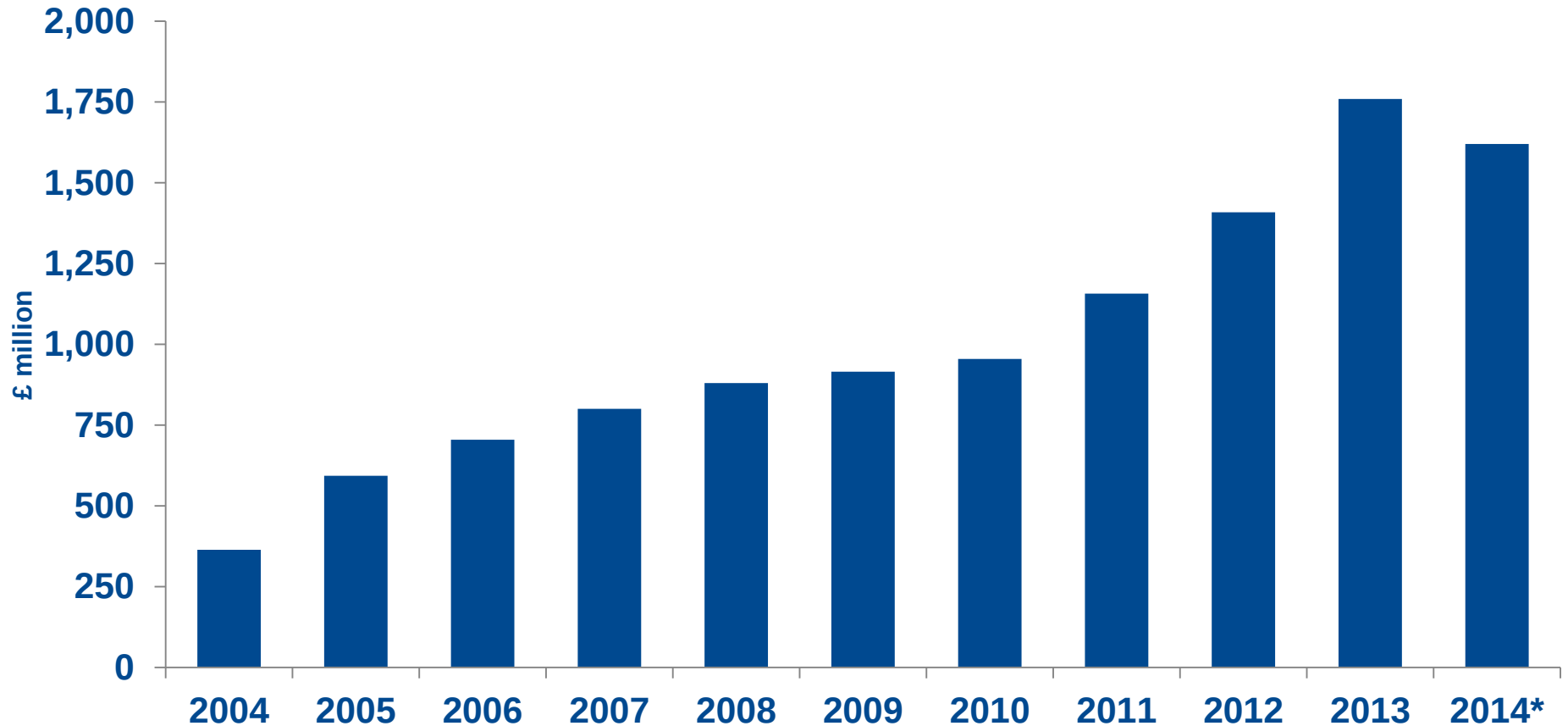


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Profit before tax

Long-term earnings growth

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*excludes Energy business sold to Siemens

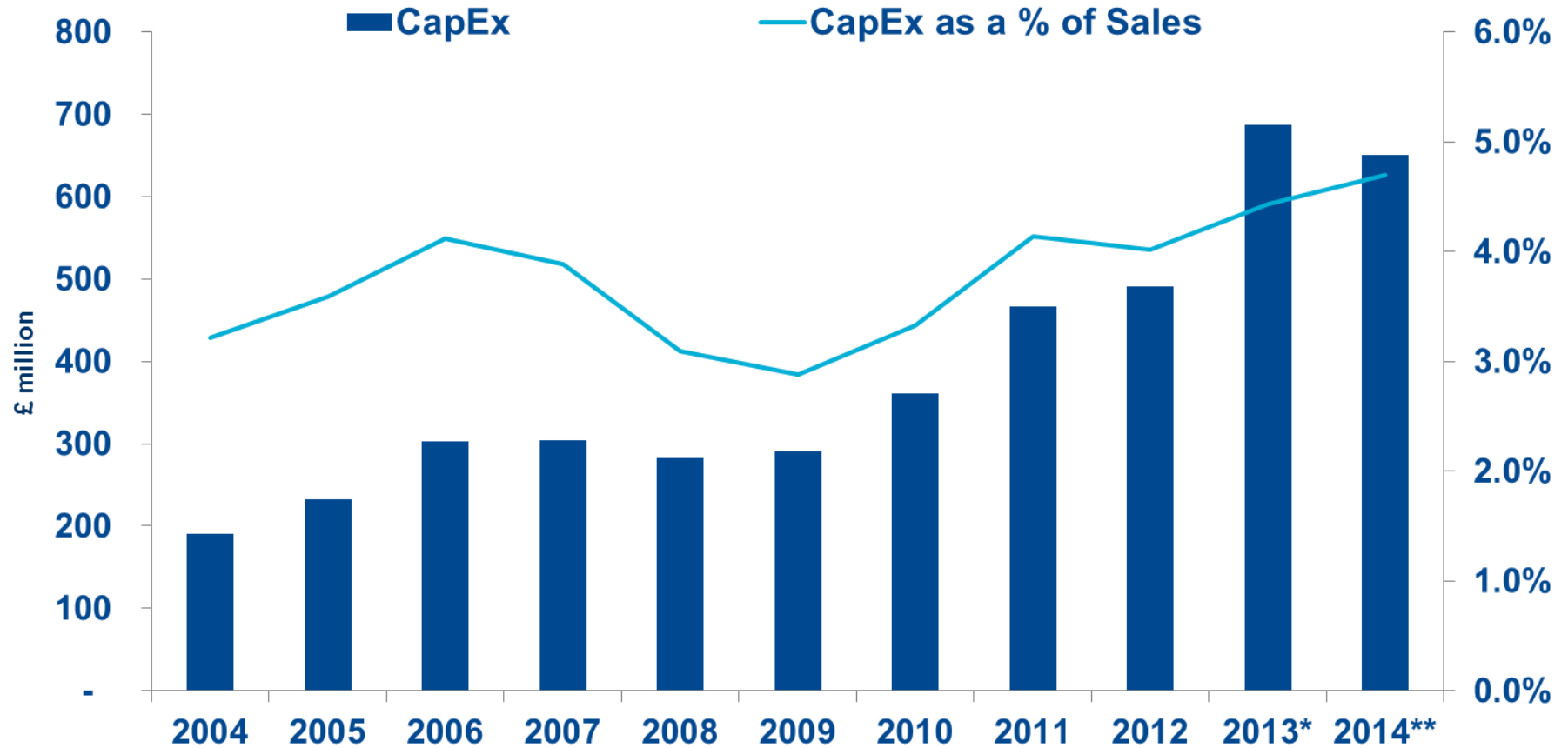
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Capital expenditure

Additions to Property, Plant & Equipment



*additional £97m of capital expenditure for the consolidation of Tognum in 2013

**excludes Energy business sold to Siemens

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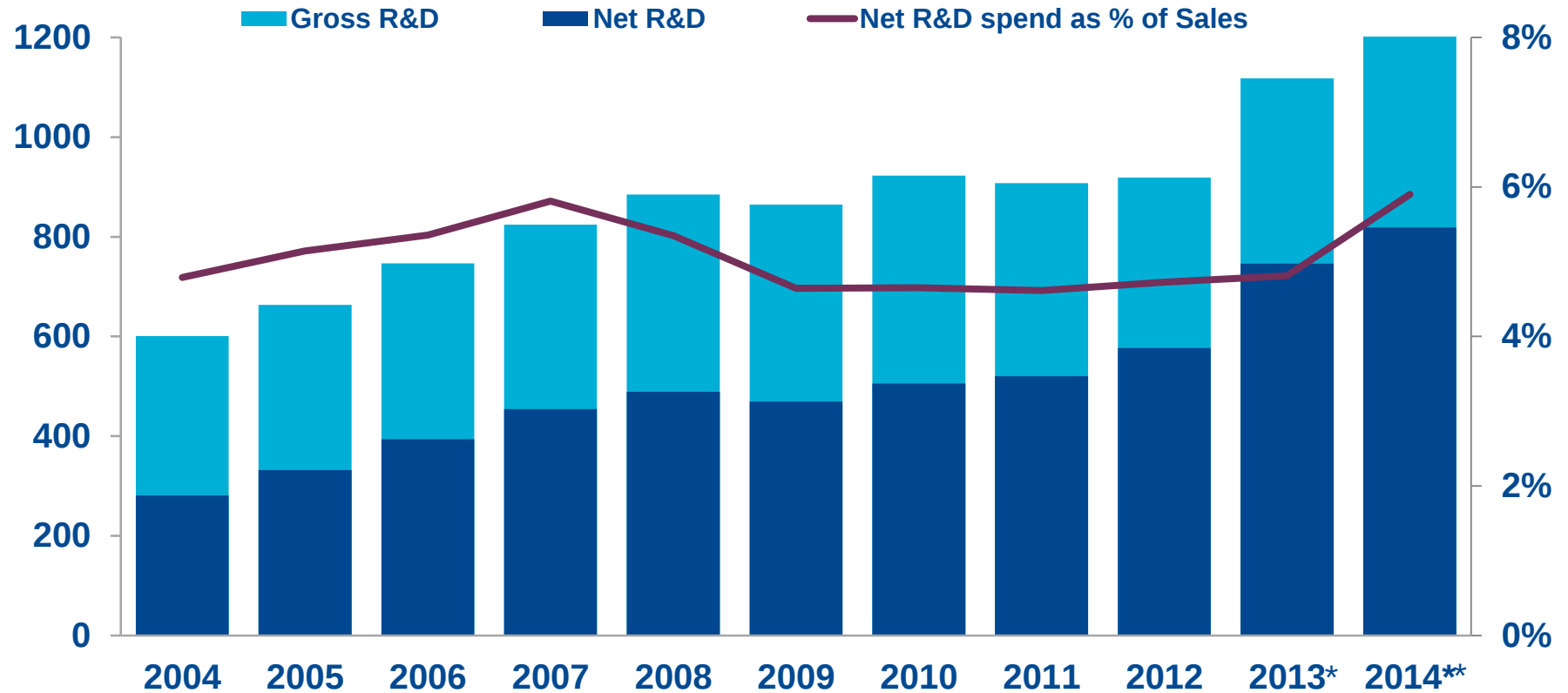


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Research & development spend

Continued investment in future technology

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*additional £165m of net R&D for the consolidation of Tognum in 2013

**excludes Energy business sold to Siemens

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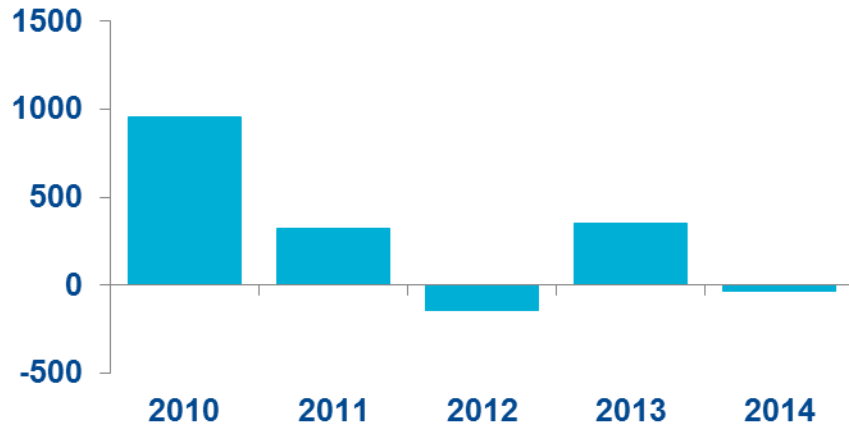


Rolls-Royce

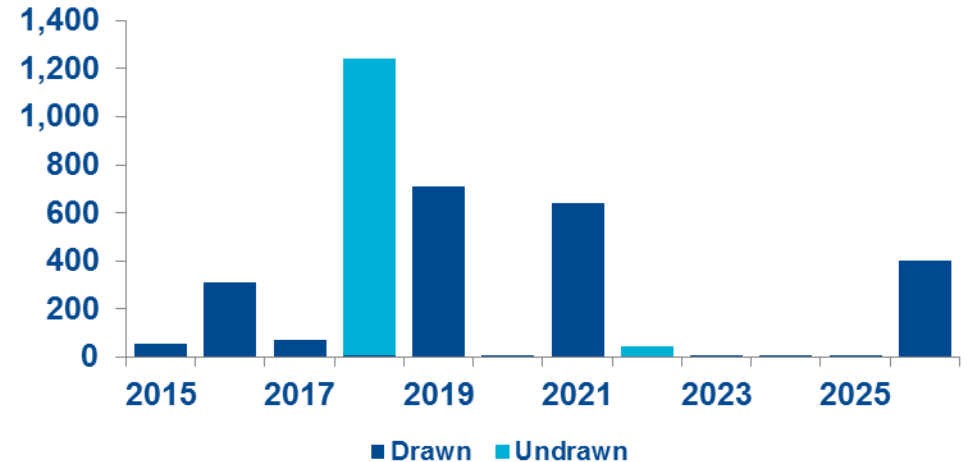
Balance sheet

Strong liquidity position – total liquidity £4.1 billion

Average net cash (£ 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

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Financials

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Historic financials 2010 – 2014

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	Including Energy					Excluding Energy	
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2013	FY 2014
Revenue (£ million)	10,866	11,277	12,209	15,505	14,588	14,634	13,864
Profit before tax (£ million)	955	1,157	1,434	1,759	1,617	1,695	1,620
EPS	38.73p	48.54p	59.59p	65.59p	65.31p	62.99p	65.47p
Free cash flow (£ million)	714	581	548	781	254	778	447
Average net cash (£ million)	960	320	(145)	350	(38)	-	-
Order intake (£ billion)	12.3	16.3	16.1	26.9	19.4	25.9	19.0
Order book (£ billion)	59.2	62.2	60.1	71.6	73.7	70.4	73.7
Payment to shareholders (p/share)	16.0p	17.5p	19.5p	22.0p	23.1p		

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Income statement 2013 - 2014

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	Including Energy		Excluding Energy	
(£ million)	FY 2013	FY 2014	FY 2013	FY 2014
Revenue	15,505	14,588	14,634	13,864
Gross profit	3,655	3,615	3,488	3,516
Commercial and administrative costs	(1,298)	(1,151)	(1,215)	(1,080)
Net R&D charge	(624)	(755)	(599)	(730)
Other income & costs	98	(31)	93	(25)
Profit before finance charges and tax (PBFCT)	1,831	1,678	1,767	1,681
Net financing charge	(72)	(61)	(72)	(61)
Profit before tax (PBT)	1,759	1,617	1,695	1,620
Tax	(434)	(387)		
Minority interests	(101)	(6)		
Profit after tax (PAT)	1,224	1,224		
EPS (p/share)	65.59p	65.31p		
Payment to shareholders (p/share)	22.0p	23.1p		

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Cash flow 2013 - 2014

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	Including Energy		Excluding Energy	
(£ million)	FY 2013	FY 2014	FY 2013	FY 2014
Group profit before tax (PBT)	1,759	1,617	1,695	1,620
Depreciation & amortisation	608	600	590	582
Net working capital	91	(509)	100	(357)
Capital expenditure & intangibles	(1,172)	(1,114)	(1,119)	(1,084)
Other	(231)	88	(228)	121
Trading cash flow	1,055	682	1,038	882
Pension / tax / other	(274)	(428)	(260)	(435)
Free Cash Flow	781	254	778	447
Shareholder payments	(417)	(551)	(417)	(551)
Base cash flow (exc. acquisitions & FX)	364	(297)	361	(104)
Acquisitions & disposals	265	(965)		
Net funds of businesses acquired / disposed	36	(30)		
FX	(43)	19		
Change in net funds	622	(1,273)		
Period end cash balance	1,939	666		
Average net cash	350	(38)		

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Research & development 2010 - 2014

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	Including Energy					Excluding Energy	
(£ million)	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2013	FY 2014
Gross R&D	(923)	(908)	(919)	(1,118)	(1,249)	(1,083)	(1,219)
Net R&D spend (basis for guidance)	(506)	(520)	(577)	(746)	(844)	(721)	(819)
Net R&D spend as % of underlying revenues	4.7%	4.6%	4.7%	4.8%	5.8%	4.9%	5.9%
Capitalised	111	93	38	108	83	108	83
Amortised	(27)	(36)	(50)	(69)	(65)	(69)	(65)
R&D charged to Income Statement (before Risk & Revenue Sharing Arrangement (RRSA) entry fees)	(422)	(463)	(589)	(707)	(826)	(682)	(801)
Net RRSA entry fee impact			58	83	71	83	71
R&D charge to the Income Statement	(422)	(463)	(531)	(624)	(755)	(599)	(730)

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Foreign exchange

Rolls-Royce hedges against the impact of transactional FX

- Transactional exposure arises when revenue currencies differ from cost currencies
- \$26 billion hedge book provides 4.5 years' cover
- Hedge book average rate is \$/£1.61
- 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

Translational impact of 0.01 change in period average rates:		
	Revenue	Profit
USD	~£15 million	~£2. million
EUR	~£40 million	~£4 million
NOK	~£1 million	£ --

Foreign exchange – 2014 translational impact

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

	FY 2013	FY 2014
Period average rates		
USD	1.56	1.65
Euro	1.18	1.24
NOK	9.19	10.36

FY 2014 vs. FY 2013 £m (excluding Energy)	Exposures		Revenue Impact		Profit Impact	
	Revenue	Profit	Inc. FX	FX	Inc. FX	FX
Group*			14,588	(459)	1,678	(53)
Civil Aerospace	USD, EUR	USD, EUR	6,837	(77)	942	(22)
Defence Aerospace	USD	USD	2,069	(63)	366	(10)
Marine	NOK, EUR	EUR	1,709	(136)	138	(6)
Nuclear & Energy	USD	USD	1,408	(46)	45	(1)
RRPS	EUR	EUR	2,720	(145)	253	(14)

* Figures will not sum due to intersegment eliminations

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Customer finance

Financial strength allows the Group to provide finance support to customers

Selective and designed to minimize risk:

- Board guidelines limit gross and net exposures by counterparty, product type and year
- Commitments continually monitored with suitable exposure management policies in place
- Exposures audited every two years with independent asset value appraisals

Broadly similar contingent liabilities – as of 31 December 2014:

- Total Discounted Gross Exposure: US\$605m (2013 \$589m);
- Total Discounted Net Exposure (less security): US\$92m (2013 \$97m);
- Total Discounted Net Stressed Exposure (assumes 20% asset discount): US\$140m (2013 \$129m);
- Liabilities are spread across multiple geographies, customers and aircraft

Civil aerospace

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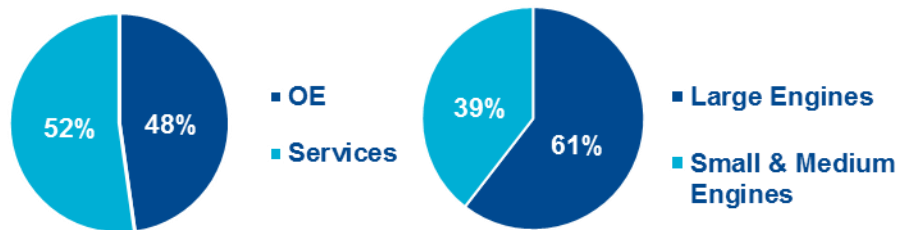


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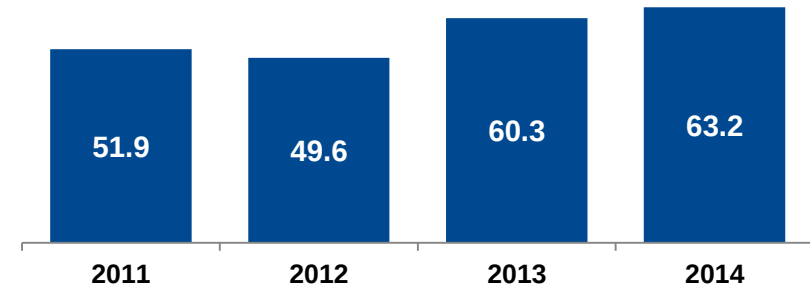
Civil aerospace

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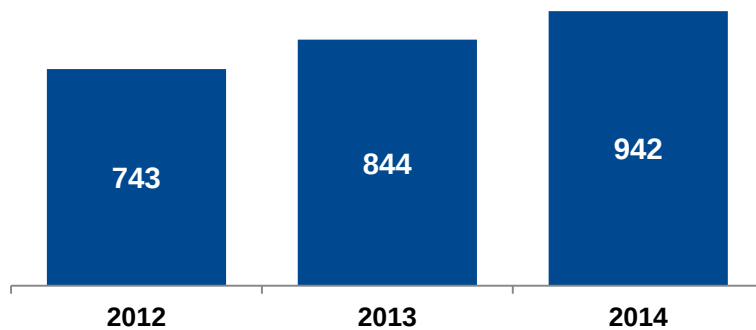
Revenue £6,837 million



Order book £63.2 billion



Profit before financing £942 million



Growth drivers:

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

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Products

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Leading widebody market share

Engine	Airframe	Market share	Engines in service	Engines on order
Trent 7000	Airbus A330neo	100%	0	240
Trent XWB	Airbus A350	100%	12	1,558
Trent 1000	Boeing 787	41%	178	614
Trent 900	Airbus A380	42%	296	116
Trent 800	Boeing 777	40%	436	0
Trent 700	Airbus A330	57%	1,308	204
Trent 500	Airbus A340	100%	516	0
			2,746	2,732

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Installed thrust 2004 - 2014

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Large engines	184	193	199	205	209	219	226	236	249	261	278
Medium engines*	30	33	37	41	45	49	54	58	0	0	0
Small engines	75	78	81	84	88	91	94	96	100	104	109
Total	289	304	317	330	342	359	374	390	349	365	387

*Installed thrust is shown net of retirements and includes 50% of the V2500 programme until completion of the IAE restructuring in 2012. Approximately 58 m/lbs of V2500 installed thrust was excluded from the installed fleet total

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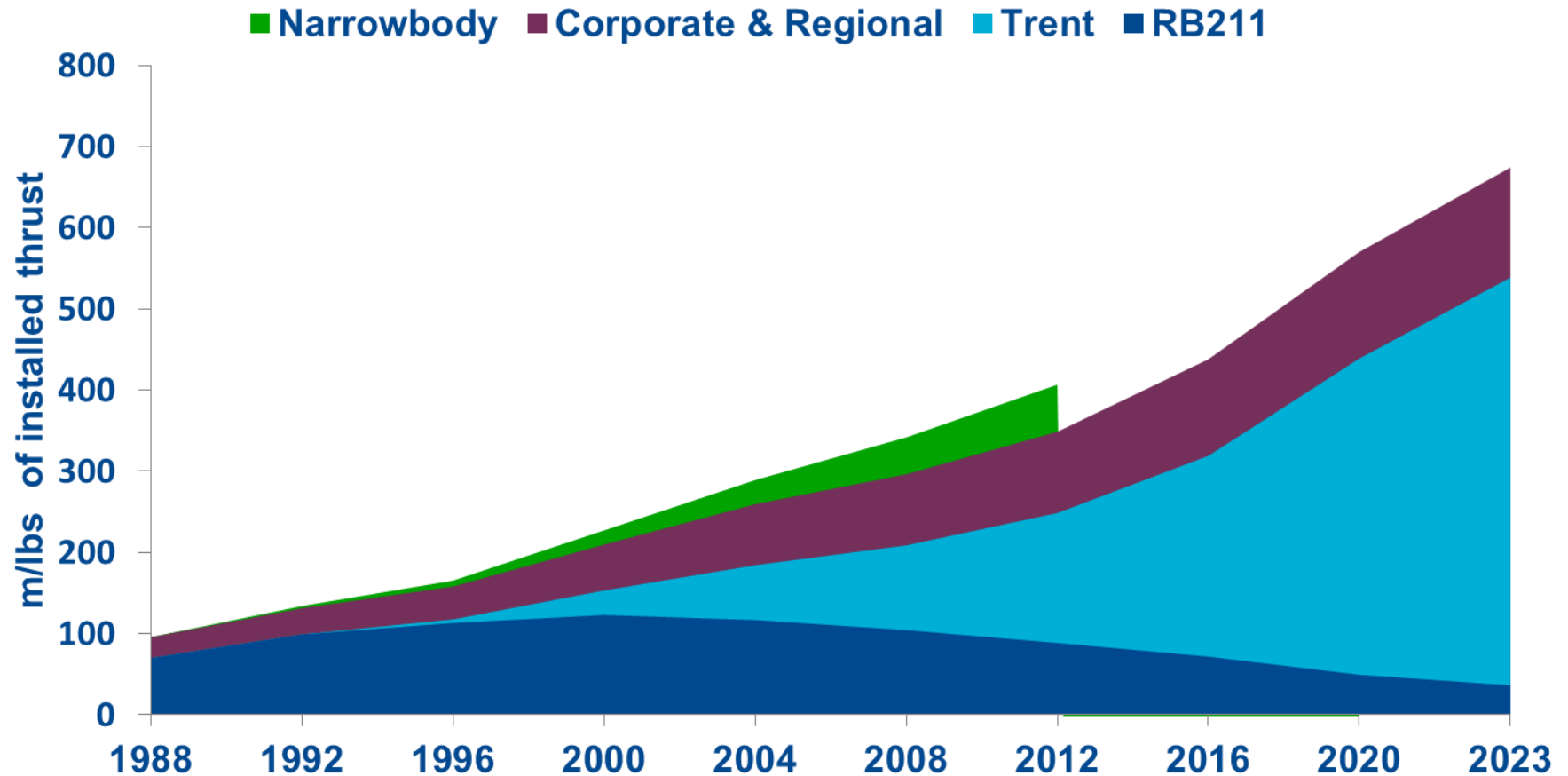


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Installed thrust

Growing aftermarket opportunities

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Civil engine deliveries 2004 - 2014

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	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Large engines	171	170	203	145	193	225	185	224	275	282	311
Medium engines*	237	327	319	308	351	347	371	418	220	0	0
Small engines	416	384	334	398	443	272	290	320	393	471	428
Total	824	881	856	851	987	844	846	962	888	753	739

*H2 2012 Medium engines deliveries reflects sale of IAE shareholding

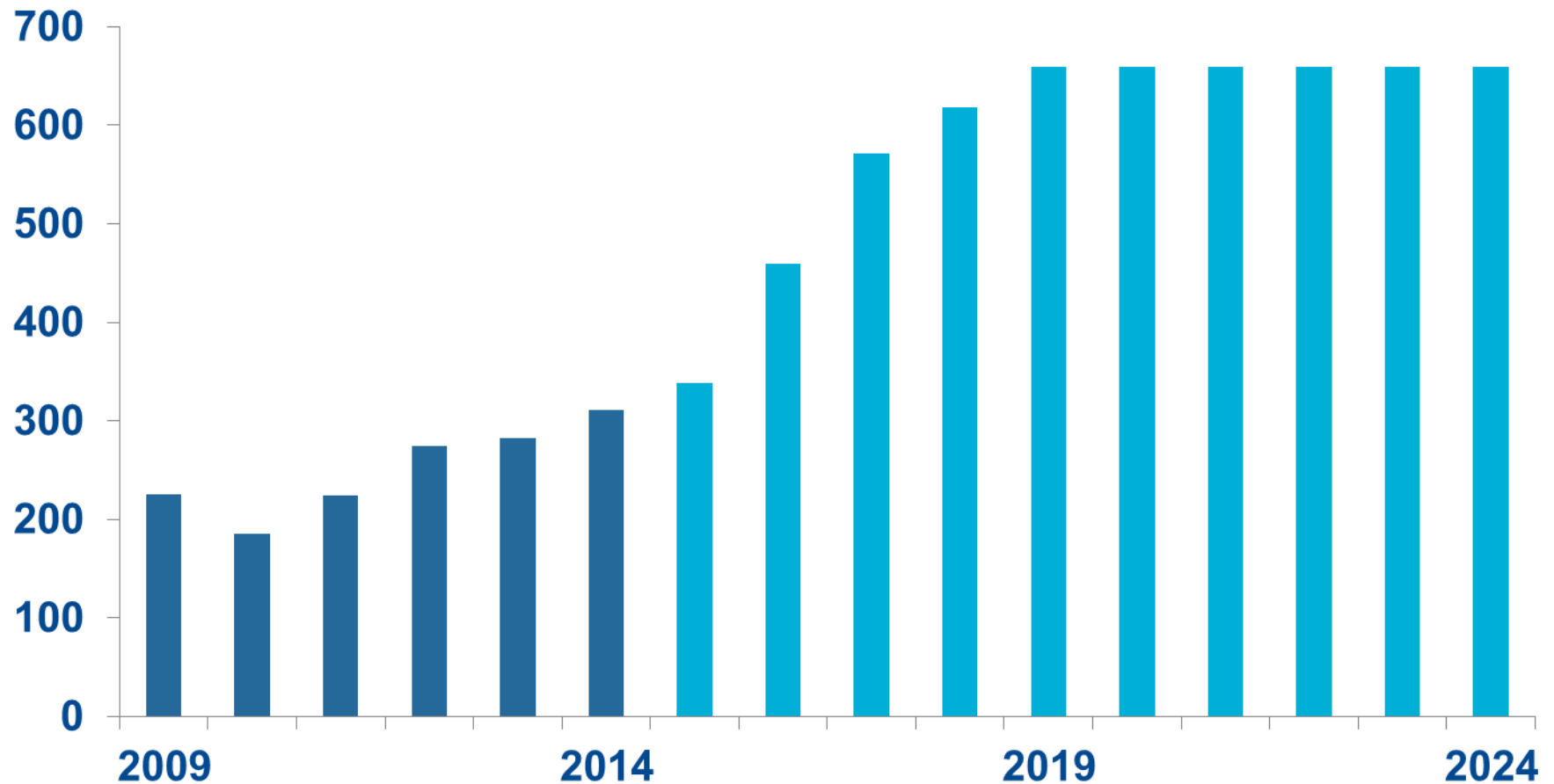
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Projected large engine deliveries to 2024

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Defence aerospace

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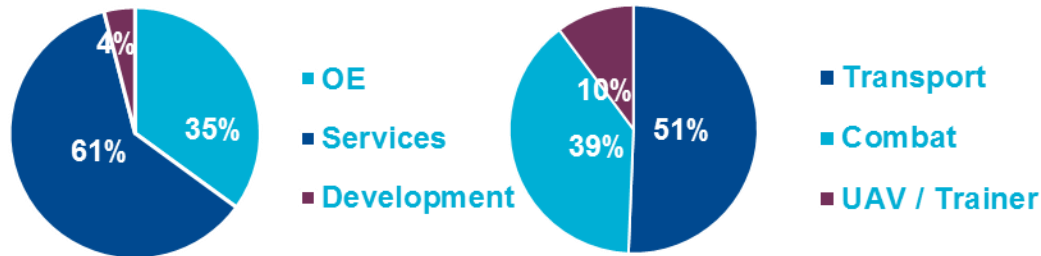


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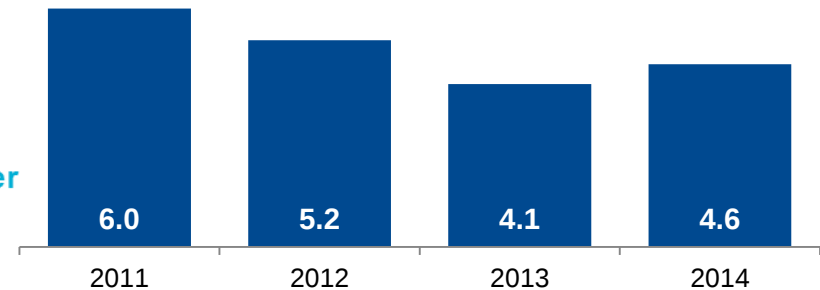
Defence aerospace

29

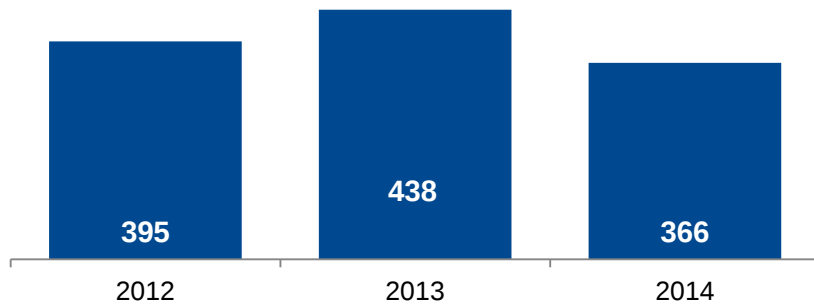
Revenue £2,069 million



Order book £4.6 billion



Profit before financing £366 million



Growth drivers:

- Portfolio breadth: 24 engine programmes
- Increased engine deliveries have grown installed base
- Resilient military transport market – 50% Defence revenue

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Products

Market	Engine	Applications
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
	Rolls-Royce LiftSystem	Lockheed Martin F-35B Lightning II
	Pegasus*	BAE Systems Sea Harrier / Boeing BAE Systems AV8B Harrier II
Combat	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

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Defence engine deliveries 2004 - 2014

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	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Transport	121	120	117	134	133	218	265	289	305	296	239
Helicopters	242	332	285	271	264	323	343	412	438	479	418
Combat	94	80	71	64	93	103	102	103	113	108	81
Trainers / Other	52	33	41	26	27	18	0	10	8	10	6
Total	509	565	514	495	517	662	710	814	864	893	744

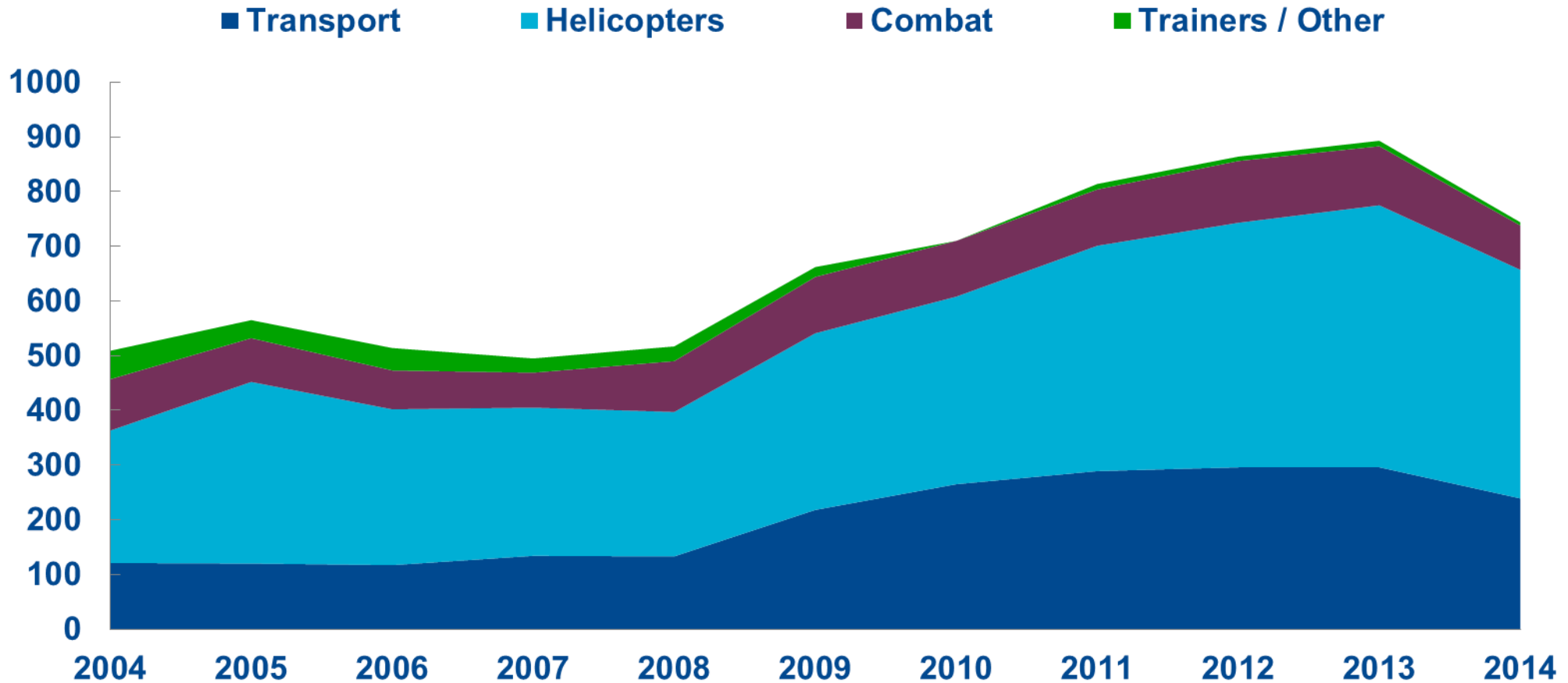
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Defence engine deliveries 2004 - 2014

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Power Systems

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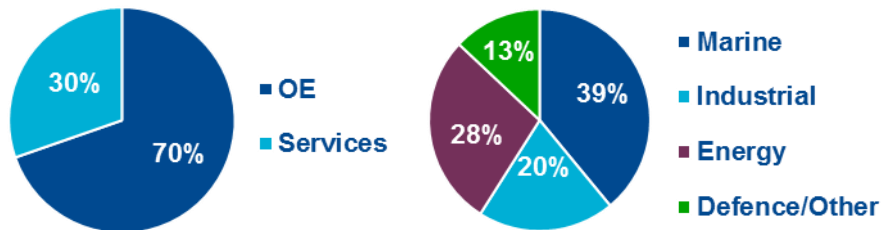


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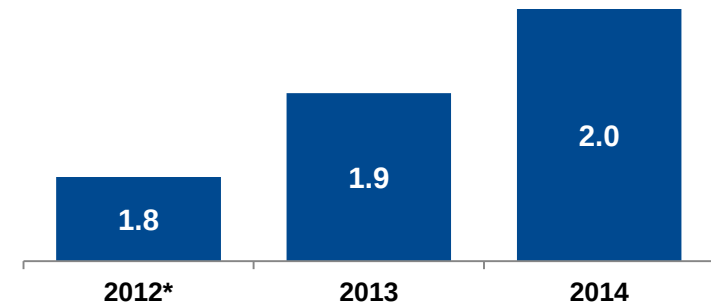
Power Systems

34

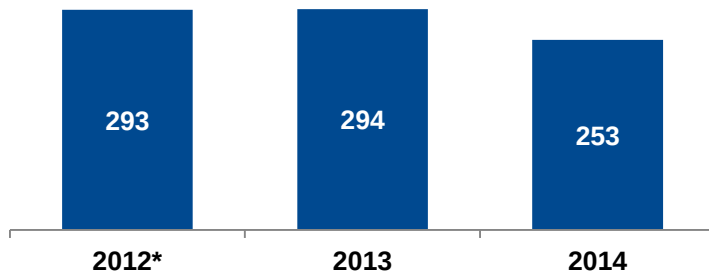
Revenue £2,720 million



Order book £2.0 billion



Profit before financing £253 million



Growth drivers:

- Complementary portfolios add scale and capability
- Significant revenue synergies

*2012 figure restated to include Tognum as consolidated for comparison purposes

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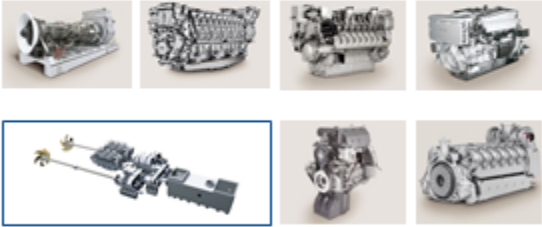


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Products

Broad portfolio

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Rolls-Royce Power Systems AG			
High-speed Engines	Distributed Energy Systems	Medium-speed Engines	Components
 	 	Bergen Engines AS 	 
Complete Drive and Propulsion Systems up to 10,000 kW	Gas Gensets up to 2,530 kW Diesel Gensets up to 3,250 kW Diesel Gensets for NPP up to 8,300 kW	Diesel and Gas Engines up to 9,620 kW	Injection Systems

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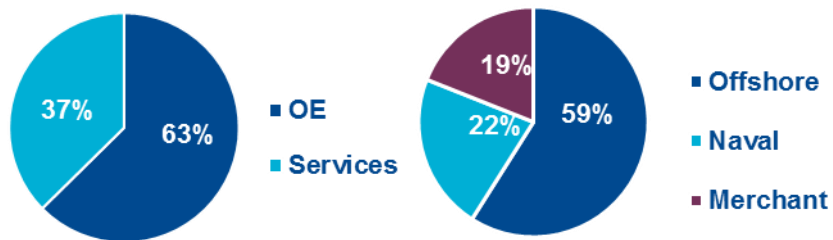
Marine

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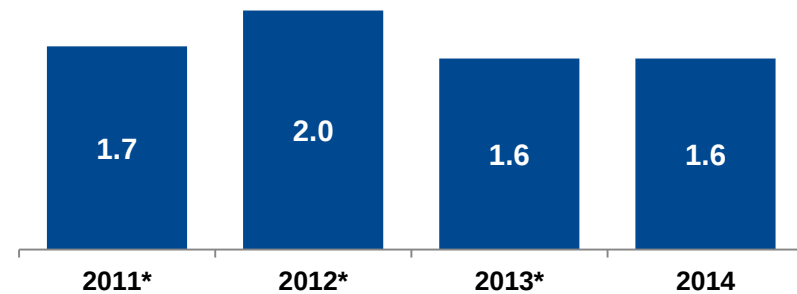


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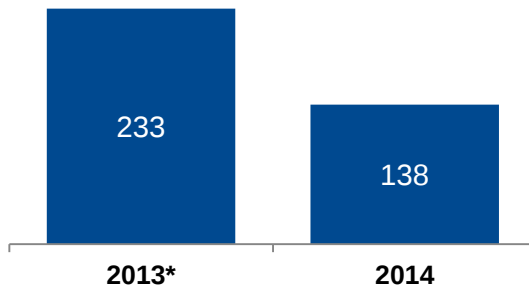
Revenue £1,709 million



Order book £1.6 billion



Profit before financing £138 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 & Energy

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Products

World-leading range of capabilities

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Market Sector		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	

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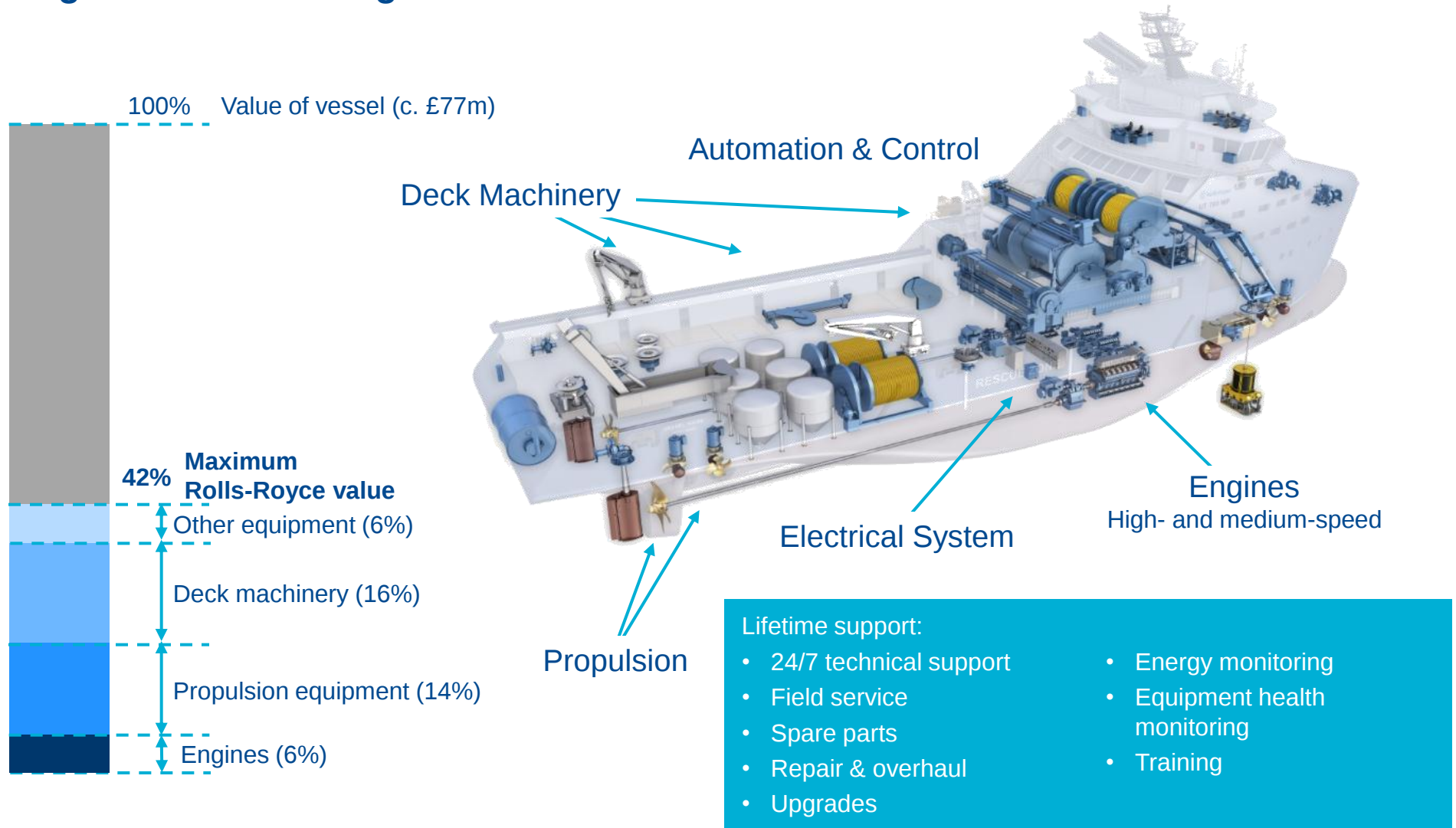


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Example for the offshore market

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Large anchor handling vessel

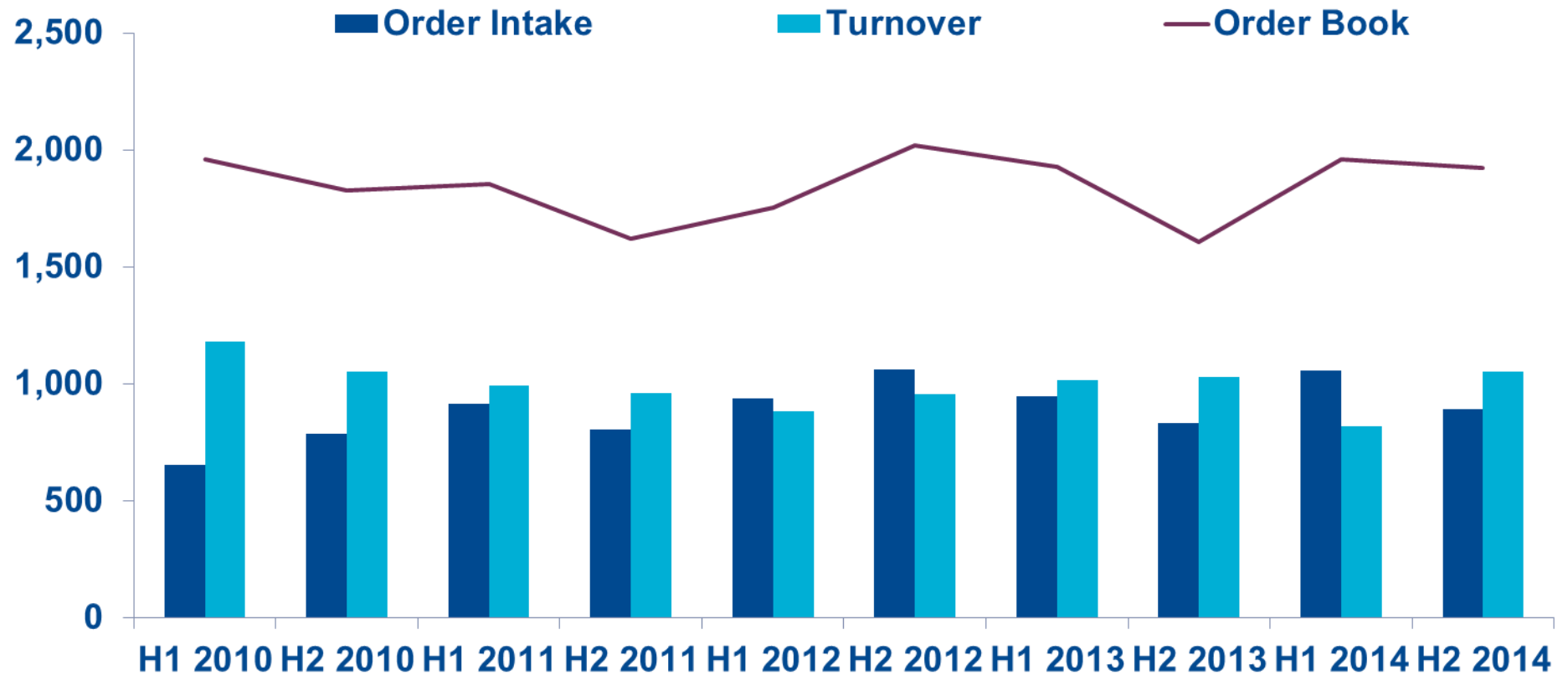


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Order trends 2010 - 2014

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£ million



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Nuclear & Energy

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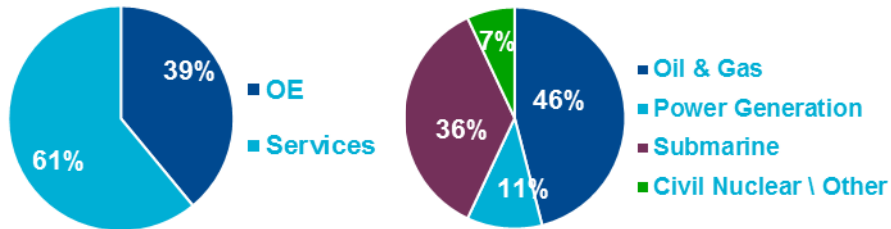


Rolls-Royce

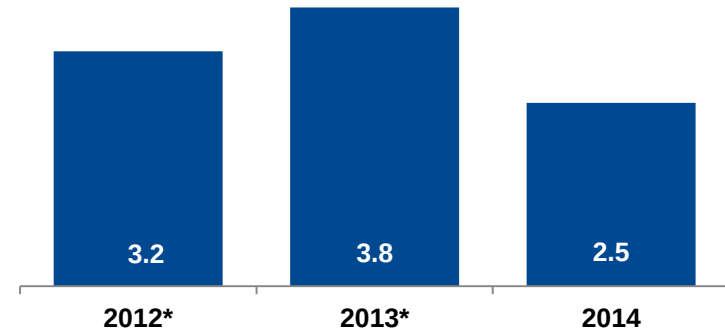
Nuclear & Energy

42

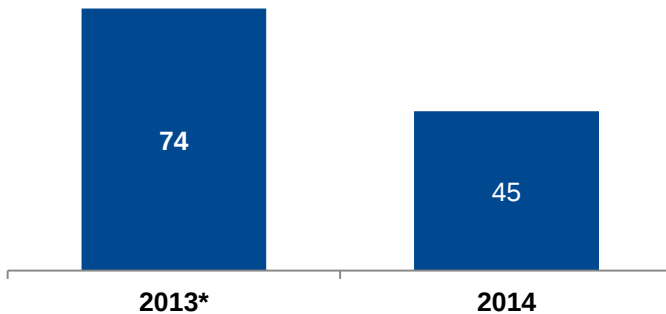
Revenue £1,408 million



Order book £2.5 billion



Profit before financing £45 million



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

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Rolls-Royce

Nuclear

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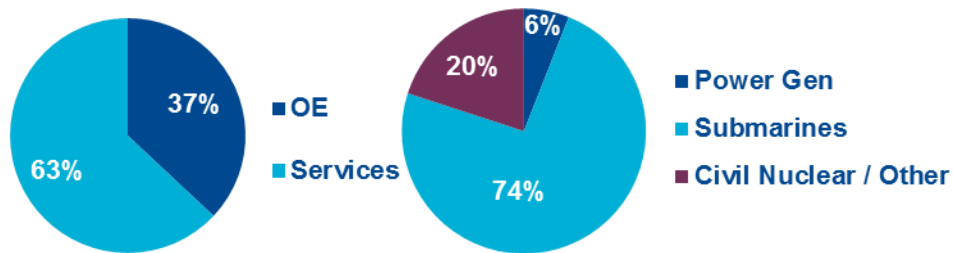


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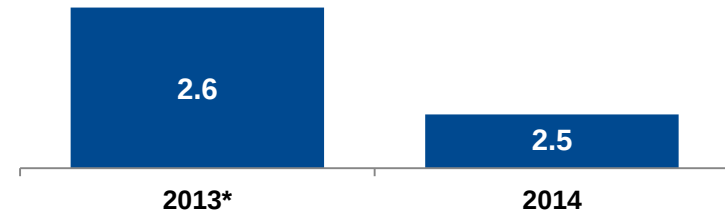
Nuclear

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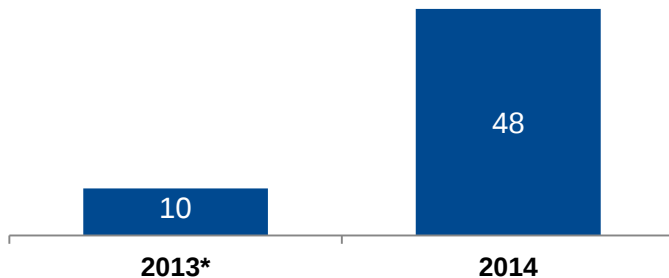
Revenue £684 million



Order book £2.5 billion



Profit before financing £48 million



Growth drivers:

- Expanding capability
- Optionality for the future
- Unique capabilities in Instrumentation & Controls

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

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



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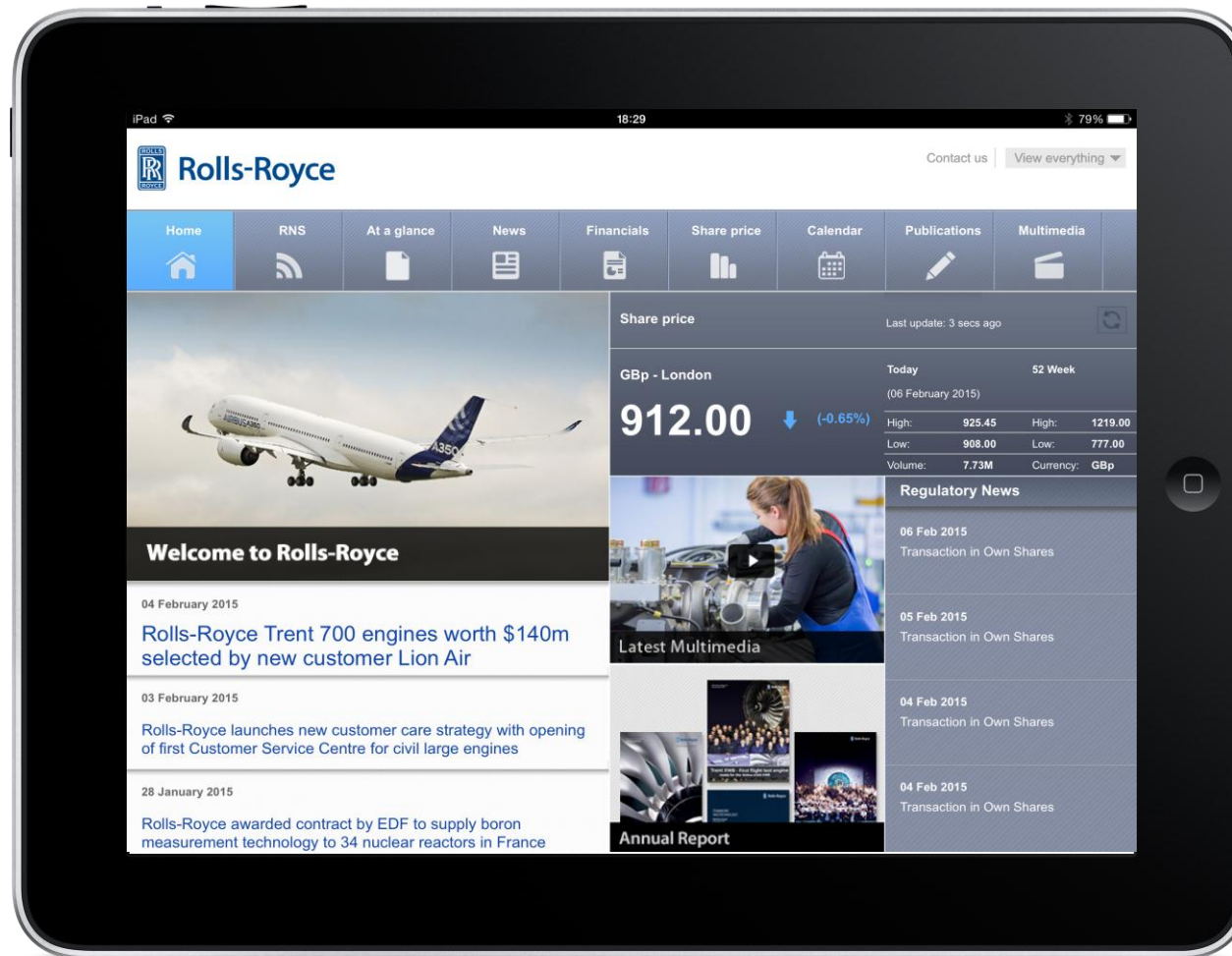
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Investor iPad App

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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.



Rolls-Royce - Reconciliation of Free Cash Flow statement to Consolidated Cash Flow Statement for FY 2014

Reported Operating Profit	1,390	
Discontinued Operations	(1)	Reconciliation to Reported results (Note 2)
Realised Gains	87	Headline to U/L adjustments (Note 2)
Net unrealised FV to changes to derivatives	15	Headline to U/L adjustments (Note 2)
FX on contract accounting	(13)	Headline to U/L adjustments (Note 2)
Revaluation of trading assets / liabilities	11	Headline to U/L adjustments (Note 2)
Acquisition accounting	142	Headline to U/L adjustments (Note 2)
Headline Restructuring	39	Headline to U/L adjustments (Note 2)
Share of JV results discontinued	2	Headline to U/L adjustments (Note 2)
Other	6	Headline to U/L adjustments (Note 2)
UPBFCT	1,678	
Financing	(61)	Income statement
UPBT	1,617	
Depreciation	375	Cash flow statement
Amortisation	367	Cash flow statement
Acquisition Accounting	(142)	Reversal of headline adjustment (above)
Depreciation and Amortisation	600	
Inventories	166	Cash flow statement
Receivables	(878)	Cash flow statement
Payables	214	Part of Cash flow statement = See Payables note
Revaluation of Trading Assets	(11)	Reversal of headline adjustment (above)
Net Working Capital Change	(509)	
Intangibles	(477)	Cash flow statement
PP&E	(648)	Cash flow statement
Government Grants Received	11	Cash flow statement
Capital Expenditure and Intangibles	(1,114)	
Realised Gains	(87)	Reversal of headline adjustment (above)
Net unrealised fair value to changes to derivatives	(15)	Reversal of headline adjustment (above)
FX on contract accounting	13	Reversal of headline adjustment (above)
Headline Restructuring	(39)	Reversal of headline adjustment (above)
Share of JV results discontinued	(2)	Reversal of headline adjustment (above)
Other	(6)	Reversal of headline adjustment (above)
Underlying Financing	61	Recognition from above
Profit on disposal of PPE	(3)	Cash flow statement
JVs	(18)	JV cash dividend less JV profit (CFS)
Gain on consol. of previously non-consol. Subsidiary	(3)	Cash flow statement
Provision	129	Cash flow statement
CFs on Financial Assets and Liabilities	(30)	Cash flow statement
Share based payments	21	Cash flow statement
Unlisted Investments	(11)	Net of Addition and Disposal lines (CFS)
Disposal of PPE	65	Cash flow statement
Realised loss of FX put option	76	Hedging impact - Nets in acquisitions below
Investment in JV / Associate	(17)	Cash flow statement
Interest	(45)	Net P&L charge plus cash rec. less cash paid (CFS)
Issue of ordinary shares	1	Cash flow statement
Purchase of ordinary shares	(2)	Cash flow statement
Other	88	
Trading Cash Flow	682	
Defined Benefit Pension P&L	170	Cash flow statement
Cash funding of defined benefit	(322)	Cash flow statement
Tax	(276)	Cash flow statement
Pensions / Tax	(428)	
Free Cash Flow	254	
Purchase of Ordinary shares: Share buyback	(69)	Cash flow statement
Dividend to NCI	(76)	Cash flow statement
Redemption of C shares	(406)	Cash flow statement
Payment to Shareholders	(551)	
Base Cash Flow	(297)	
Acquisition of Businesses	(3)	Cash flow statement
Realised loss of FX put option	(76)	Hedging impact - Reversal from "Other" above
Acquisition of non-controlling interest	(1,937)	Cash flow statement
Disposal of Businesses	1,051	Cash flow statement
Exchange loss/gain on net funds	19	Cash flow statement
Acquisitions / FX	(946)	
Gross Cash Flow	(1,243)	
Net funds of business acquired	(30)	Cash flow statement
Change in Net Funds	(1,273)	