2021 Full Year Results

Supplementary Data

LTSA balance:
Drivers of Civil LTSA balance change

Deferred revenue reflects difference between invoiced EFH receipts and P&L revenues traded

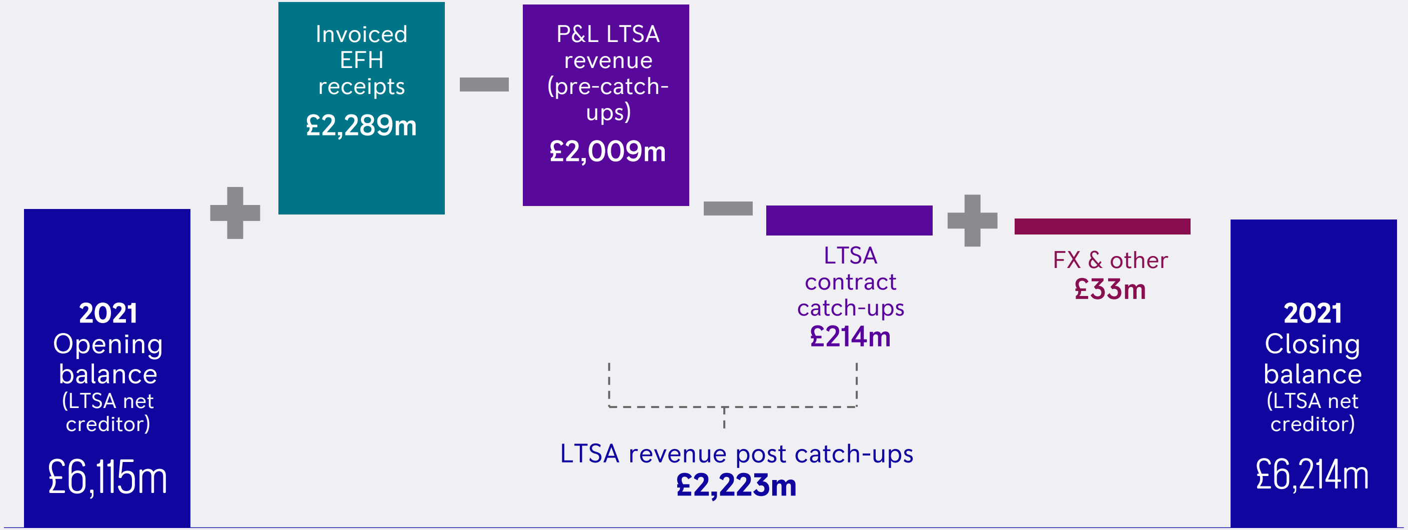
Invoiced EFH receipts

Reflects invoiced EFH receipts on long-term contracts across **entire** Civil LTSA-covered fleet

P&L revenue

Driven by cost (e.g. shop visits) across large engine, business aviation and regional fleets.

Recognised by contract, as costs incurred, at relevant contract margins



2022 guidance summary

Group:
- Positive momentum in our financial performance in 2022
- Low-to-mid-single digit revenue growth
- Operating profit margin to be broadly unchanged
- Modestly positive free cash flow in 2022, seasonally weighted towards H2.

Civil Aerospace:
- Modest revenue growth
- Improved profitability
- Substantially improved trading cash flow

Defence:
- Modest revenue growth
- Increased R&D investment
- Return to usual levels of spare engines and spare parts sales

Power Systems:
- Good revenue growth
- Increased R&D investment
- Cash conversion lower

New Markets:
- Significant increase in R&D costs
- Cash outflow to be approximately £100m better than operating loss

Foreign exchange

Transactional exposure arises when revenue currencies differ from cost currencies

Translational exposure varies by source of revenues and profits

Rolls-Royce hedges transactional FX

- Achieved rate is not typically affected by short-term spot rate movements unless new cover is taken; this impact is usually diluted
- $22 billion GBP:USD hedge book
- Hedge book average rate is £/$1.53
- $3 billion EUR:USD hedge book
- Hedge book average rate is €/$1.25

USD hedge book Cash costs of closing out over-hedge position

Costs are included in Group FCF definition.
2022-2026 are estimated future cash outflows

£m	2020	2021	2022	2023	2024	2025	2026	Total
Cash cost	186	452	326	£710m across 2023-26				1,674

Rolls-Royce does not hedge against the impact of translational FX

- Translational FX impact is driven by period average spot rates
- Translational impact increases as rate reduces

Translational impact of 0.01 unit of currency change in period average rates

	Revenue	Profit
USD	~£16 million	~£3 million
EUR	~£37 million	~£2 million

Foreign exchange:
Translational impact

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

2021 vs. 2020 £m	Exposure: Revenue	Exposure: Profit	Underlying revenue impact: Inc FX	Underlying revenue impact: FX	Underlying operating profit impact: Inc FX	Underlying operating profit impact: FX
Group			10,947	(288)	414	(40)
Civil Aerospace	USD, EUR	USD, EUR	4,536	(41)	(172)	(8)
Defence	USD, EUR	USD, EUR	3,368	(142)	457	(17)
Power Systems	EUR, USD	EUR, USD	2,749	(94)	242	(9)
New Markets	EUR, USD	EUR, USD	2	(1)	(70)	2
Other Businesses	EUR	EUR	303	(10)	2	0
Corporate / eliminations			(11)	0	(45)	(8)

Period average rates	**2021**	2020
USD	1.38	1.28
EUR	1.16	1.13

Civil revenues by engine type

COVID-19 impact seen across OE and Services

£m	FY 2021	FY 2020	Organic change[1]
Original Equipment	**1,612**	**2,278**	**(29%)**
Large engine	1,297	1,696	(23%)
Business aviation	310	574	(44%)
V2500	5	8	(38%)
Service	**2,924**	**2,790**	**6%**
Large engine	1,958	1,608	22%
Business aviation	654	444	52%
Regional	187	184	7%
V2500	125	554	(77%)
TOTAL	**4,536**	**5,068**	**(10%)**

[1] Organic change at constant translational currency (‘constant currency’) applying FY20 average rates to 2021 and excluding M&A.

Trent engine products

Leading widebody backlog market share

£m	Airframe	Market share*	Engines in service	Engines on order
Trent 7000	Airbus A330neo	100%	130	550
Trent XWB	Airbus A350	100%	764	859
Trent 1000	Boeing 787	33%	604	122
Trent 900	Airbus A380	48%	168	1
Trent 800	Boeing 777	40%	176	0
Trent 700	Airbus A330	60%	1,146	0
Trent 500	Airbus A340	100%	92	0
			3,080	**1,532**

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

Civil engine deliveries

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
By engine																			
RB211 22B	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
RB211 524	2	5	7	0	5	4	0	0	0	0	0	0	0	0	0	0	0	0	0
RB211 535	14	6	0	2	0	1	1	0	0	0	0	0	0	0	0	0	0	0	0
RB211 Total	**16**	**11**	**7**	**2**	**5**	**5**	**1**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Trent 500	88	115	88	97	45	45	57	16	1	8	0	0	0	0	0	0	0	0	0
Trent 700	35	30	54	59	75	88	125	139	135	157	181	184	140	88	110	63	10	2	2
Trent 800	30	15	21	25	10	7	9	0	0	0	0	0	0	0	0	0	0	0	0
Trent 900				20	10	48	33	30	70	64	42	35	6	30	67	44	34	15	1
Trent 1000									18	46	59	79	106	122	109	125	126	82	12
Trent XWB-84												13	56	117	196	184	178	109	120
Trent XWB-97															1	45	56	34	29
Trent 7000																8	106	22	31
Trent	**153**	**160**	**163**	**201**	**140**	**188**	**224**	**185**	**224**	**275**	**282**	**311**	**308**	**357**	**483**	**469**	**510**	**264**	**195**
Civil Large Engines	**169**	**171**	**170**	**203**	**145**	**193**	**225**	**185**	**224**	**275**	**282**	**311**	**308**	**357**	**483**	**469**	**510**	**264**	**195**
Tay	48	43	55	66	80	92	68	51	57	60	67	46	38	28	2	0	0	0	0
AE3007	217	242	168	113	135	135	32	55	31	43	78	48	34	20	8	10	4	0	0
BR700	96	131	161	155	183	216	172	184	232	290	326	334	332	244	190	205	191	112	70
Pearl																2	24	72	44
Civil Small Engines	**361**	**416**	**384**	**334**	**398**	**443**	**272**	**290**	**320**	**393**	**471**	**428**	**404**	**292**	**200**	**217**	**219**	**184**	**114**
V2500*	216	237	327	319	308	351	347	371	418	220	0	0	0	0	0	0	0	0	0
Civil Total	**746**	**824**	**881**	**856**	**851**	**987**	**844**	**846**	**962**	**888**	**753**	**739**	**712**	**649**	**683**	**686**	**729**	**448**	**309**

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

Civil engine in-service installed fleet**

Fleet data from Cirium excludes aircraft **temporarily parked** due to COVID-19

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	**2020**	**2021**
By engine																			
RB211 22B	48	36	36	12	15	9	12	9	6	6	3	3	3	3	3	3	3	3	3
RB211 524	829	815	796	791	769	706	643	638	617	530	455	352	302	278	266	242	210	82	80
RB211 535	1,154	1,192	1,168	1,174	1,158	1,102	1,078	1,056	1,052	1,028	1,026	1,012	908	868	826	850	824	576	658
RB211 Total	**2,031**	**2,043**	**2,000**	**1,977**	**1,942**	**1,817**	**1,733**	**1,703**	**1,675**	**1,564**	**1,484**	**1,367**	**1,213**	**1,149**	**1,095**	**1,095**	**1,037**	**661**	**741**
Trent 500	120	212	292	380	412	432	464	492	480	452	440	388	352	336	280	284	240	68	92
Trent 700	234	264	306	364	422	492	590	696	816	948	1,114	1,288	1,388	1,460	1,590	1,636	1,606	1,054	1,146
Trent 800	376	392	406	430	444	442	448	450	444	446	436	422	362	352	330	334	320	134	176
Trent 900	0	0	0	0	4	36	60	80	140	208	244	280	304	332	360	400	428	68	168
Trent 1000	0	0	0	0	0	0	0	0	6	44	84	164	260	384	476	546	658	538	604
Trent XWB-84	0	0	0	0	0	0	0	0	0	0	0	2	30	124	278	432	590	562	666
Trent XWB-97	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	28	70	96	98
Trent 7000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	80	90	130
Trent	**730**	**868**	**1,004**	**1,174**	**1,282**	**1,402**	**1,562**	**1,718**	**1,886**	**2,098**	**2,318**	**2,544**	**2,696**	**2,988**	**3,314**	**3,662**	**3,992**	**2,610**	**3,080**
Civil Large Engines	**2,761**	**2,911**	**3,004**	**3,151**	**3,224**	**3,219**	**3,295**	**3,421**	**3,561**	**3,662**	**3,802**	**3,911**	**3,909**	**4,137**	**4,409**	**4,757**	**5,029**	**3,271**	**3,821**
Spey	1,090	1,024	992	946	914	864	802	760	702	632	580	506	460	430	404	360	284	252	236
Tay	1,599	1,572	1,623	1,755	1,769	1,825	1,861	1,869	1,917	1,969	2,019	2,011	2,035	2,027	1,993	2,009	1,946	1,892	1,866
AE3007	1,934	2,164	2,328	2,458	2,564	2,520	2,528	2,562	2,550	2,544	2,598	2,534	2,468	2,326	2,302	2,448	2,472	2,028	2,124
BR700	864	990	1,144	1,272	1,446	1,560	1,752	1,910	2,128	2,362	2,696	2,964	3,388	3,642	3,858	4,098	4,322	4,314	4,382
Pearl	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	36	84
Civil Small Engines	**5,487**	**5,750**	**6,087**	**6,431**	**6,693**	**6,769**	**6,943**	**7,101**	**7,297**	**7,507**	**7,893**	**8,015**	**8,351**	**8,425**	**8,557**	**8,915**	**9,024**	**8,522**	**8,692**
V2500*	930	1,054	1,196	1,348	1,492	1,613	1,722	1,852	2,002	0	0	0	0	0	0	0	0	0	0
Civil Total	**9,178**	**9,715**	**10,287**	**10,930**	**11,409**	**11,601**	**11,960**	**12,374**	**12,860**	**11,169**	**11,695**	**11,926**	**12,260**	**12,562**	**12,966**	**13,672**	**14,053**	**11,793**	**12,513**
Fleet growth	**8%**	**6%**	**6%**	**6%**	**4%**	**2%**	**3%**	**3%**	**4%**	**-13%**	**5%**	**2%**	**3%**	**2%**	**3%**	**5%**	**3%**	**-16%**	**6%**

* 50% of the total V2500 fleet included

** Installed engine base is net of retirements and excludes aircraft which are parked or in storage

Civil in-service thrust base (millions lbs)**

Fleet data from Cirium excludes aircraft **temporarily parked** due to COVID-19

By engine	Thrust per engine (lbs)	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	**2020**	**2021**
RB211 22B	60,000	3	2	2	1	1	1	1	1	0	0	0	0	0	0	0	0	0	0	0
RB211 524	60,000	50	49	48	47	46	42	39	38	37	32	27	21	18	17	16	15	13	5	5
RB211 535	40,000	46	48	47	47	46	44	43	42	42	41	41	40	36	35	33	34	33	23	26
RB211 Total		**99**	**99**	**97**	**95**	**93**	**87**	**82**	**81**	**79**	**73**	**69**	**62**	**55**	**52**	**49**	**49**	**46**	**28**	**31**
Trent 500	56,000	7	12	16	21	23	24	26	28	27	25	25	22	20	19	16	16	13	4	5
Trent 700	72,000	17	19	22	26	30	35	42	50	59	68	80	93	100	105	114	118	116	76	83
Trent 800	92,000	35	36	37	40	41	41	41	41	41	41	40	39	33	32	30	31	29	12	16
Trent 900	70,000	0	0	0	0	0	3	4	6	10	15	17	20	21	23	25	28	30	5	12
Trent 1000	71,000	0	0	0	0	0	0	0	0	0	3	6	12	18	27	34	39	47	38	43
Trent XWB-84	84,000	0	0	0	0	0	0	0	0	0	0	0	0	3	10	23	36	50	47	56
Trent XWB-97	97,000														0	0	3	7	9	10
Trent 7000	72,000														0	0	0	6	7	9
Trent		**58**	**67**	**76**	**87**	**95**	**103**	**114**	**125**	**137**	**152**	**168**	**185**	**196**	**217**	**243**	**270**	**297**	**198**	**233**
Civil Large Engines		**157**	**166**	**172**	**182**	**188**	**190**	**196**	**206**	**216**	**226**	**237**	**247**	**251**	**269**	**292**	**319**	**343**	**226**	**265**
Spey	11,000	12	11	11	10	10	10	9	8	8	7	6	6	5	5	4	4	3	3	3
Tay	15,000	24	24	24	26	27	27	28	28	29	30	30	30	31	30	30	30	29	28	28
AE3007	7,500	15	16	17	18	19	19	19	19	19	19	19	19	19	17	17	18	18	15	16
BR700	15,000	13	15	17	19	22	23	26	29	32	35	40	44	51	55	58	61	65	65	66
Pearl	15,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
Civil Small Engines		**63**	**66**	**70**	**74**	**78**	**79**	**82**	**84**	**88**	**91**	**97**	**99**	**105**	**107**	**109**	**114**	**116**	**112**	**114**
V2500*	27,500	26	29	33	37	41	44	47	51	55	0	0	0	0	0	0	0	0	0	0
Civil Total		**246**	**261**	**275**	**294**	**306**	**313**	**326**	**341**	**359**	**317**	**333**	**346**	**356**	**376**	**402**	**433**	**459**	**338**	**378**
Thrust Growth		**9%**	**6%**	**6%**	**7%**	**4%**	**2%**	**4%**	**5%**	**5%**	**-12%**	**5%**	**4%**	**3%**	**6%**	**7%**	**8%**	**6%**	**-26%**	**12%**

* 50% of the total V2500 fleet included

** Installed engine base is net of retirements and excludes aircraft which are parked or in storage

Safe harbour statement

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 - for the definition see note 2 to the condensed consolidated financial statements section of the 2021 Full Year Results Statement.