

7 November 2024

ROLLS-ROYCE HOLDINGS PLC TRADING UPDATE

Rolls-Royce Holdings plc announced today its trading update to 31 October 2024. Chief Executive Tufan Erginbilgic said:

“Our transformation of Rolls-Royce into a high-performing, competitive, resilient and growing business continues with pace and intensity. Continued good performance year to date gives us further confidence in the delivery of our 2024 guidance despite a supply chain environment which remains challenging. We are also making good progress towards our mid-term targets, with a front-end loaded delivery of profit and cash flow improvements. There is more we still need and want to do, as we expand the earnings and cash potential of Rolls-Royce.”

Trading update to 31 October 2024

Our current trading is in line with our expectations and the Full Year 2024 guidance provided on 1 August 2024 of underlying operating profit between £2.1bn and £2.3bn and free cash flow between £2.1bn and £2.2bn remains unchanged. We continue to strengthen our balance sheet. This has been recognised by the ratings agencies, all of which now hold us at an investment grade rating, and all with a positive outlook.

In Civil Aerospace, demand remains strong across business aviation and widebody. Large engine flying hours grew by 18% year-on-year to 102% of 2019 levels for the 10 months to 31 October 2024. Our expectations for the full year 2024 of large engine flying hours at 100-110% of 2019 levels, 500-550 OE deliveries and 1,300-1,400 shop visits remain unchanged. Recent engine orders include 60 Trent 7000 engines by Cathay Pacific and an order for Trent 1000 engines by EL AL Airlines. We continue to target FAA certification of the improved HPT blade for the Trent 1000 TEN in the coming months, which will more than double the time on wing of the engine. In addition to our £1 billion time on wing investment programme we are continuing to invest to increase our MRO capacity for major shop visits by 2030 to support future aftermarket growth. In October, the Pearl 10X successfully completed its flying test bed campaign, an important milestone in the Falcon 10X flight test programme ahead of its entry into service in 2027.

In Defence, demand remains strong with significant progress across key platforms. In August, the next phase of testing began on the F130 engine in Indianapolis, another step towards delivering the United States Air Force B-52J Stratofortress. In August, the Future Long Range Assault Aircraft (FLRAA) programme for the U.S. Army entered the Engineering and Manufacturing Development (EMD) phase of the acquisition process, the final phase before production commences. Work has also commenced for prime contractor SNC on the Survivable Airborne Operations Center (SAOC) programme.

The aerospace industry supply chain remains challenged. However, we continue to work with focus and intensity across our supply chain to support growing OE and aftermarket volumes. We have concentrated our efforts on 15 suppliers, where our interventions have driven performance improvements.

In Power Systems, Power Generation and Governmental continue to deliver strong revenue growth supported by robust order intake. In Power Generation, double-digit revenue growth was driven by data

centres where demand for backup systems remained high. Governmental order and revenue growth was also strong across both land and naval end markets. Marine orders included a bridge to propeller contract with Azimut Benetti Group, and we strengthened our footprint in China with the expansion of the joint-venture MTU Yuchai Power. We continue to progress towards our sustainability and net-zero targets with an agreement with Lürssen to collaborate on yacht refits with the latest technologies and we commissioned the first Liberty Lines high-speed ferry with hybrid systems. In September, we achieved a significant milestone in the development of the first new *mtu* engine platform in more than 20 years, with the engine being tested to full power. This new engine will set new standards in the industry for power density and efficiency, creating additional value for our customers and supporting them in their transition to a lower carbon future.

In Rolls-Royce SMR, we were named in September as the preferred supplier for the construction of Small Modular Reactors by the Government of the Czech Republic and the Czech State utility, ČEZ Group. This is enabled by a strategic investment by ČEZ into Rolls-Royce SMR and an exclusive commitment to deploy up to 3GW of electricity in the Czech Republic. In the UK Government's competition, Rolls-Royce SMR was shortlisted as one of four potential SMR providers. We remain the only company in Step 3 of the Generic Design Assessment, around 18 months ahead of the competition in the regulatory process.

In September, we also agreed to sell our Naval Propulsors & Handling business to Fairbanks Morse Defense. As previously announced, in the first half of 2024 we completed the sale of our Direct Air Capture assets and, in July, we completed the sale of the lower-power-range engines business of Rolls-Royce Power Systems AG to Deutz AG. In September, we made the decision to close Rolls-Royce Electrical's Advanced Air Mobility activities.

We are working at pace on our Transformation Programme to further embed and accelerate cultural change across the business. In July, our new organisational design came into effect, which creates a leaner, more focused organisation with fewer layers. In September, we gifted all our employees with 150 shares in Rolls-Royce and we also launched our new purpose and behaviours across the organisation. Our workforce is excited and energised by our Transformation and the progress we are making.

2024 Full Year results

Our 2024 Full Year results are due to be announced on 27 February 2025. As outlined at our 2024 Half Year results, we are reinstating shareholder distributions in respect of the 2024 Full Year results starting at a 30% pay-out ratio of underlying profit after tax, with an ongoing pay-out ratio of 30-40% each year thereafter.

For further information, please contact:

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About Rolls-Royce Holdings plc

1. Rolls-Royce develops and delivers complex power and propulsion solutions for safety-critical applications in the air, at sea and on land. Our products and service packages enable our customers to connect people, societies, cultures and economies together; they meet the growing need for power generation across multiple industries; and enable governments to equip their armed forces with the power required to protect their citizens.
2. Rolls-Royce has customers in more than 150 countries, comprising more than 400 airlines and leasing customers, 160 armed forces and navies, and more than 5,000 power and nuclear customers. We are committed to making our products compatible with net zero carbon emissions to meet customer demand for more sustainable solutions.
3. The annual underlying revenue was £15.41 billion in 2023, and the underlying operating profit was £1.59 billion.
4. Rolls-Royce Holdings plc is a publicly traded company (LSE: RR., ADR: RYCEY, LEI: 213800EC7997ZBLZJH69)

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