

11 May 2023

ROLLS-ROYCE HOLDINGS PLC AGM STATEMENT AND TRADING UPDATE

Rolls-Royce Holdings plc is holding its Annual General Meeting today. In his address to shareholders, Chief Executive Tufan Erginbilgic will comment:

"We are transforming Rolls-Royce into a high quality and competitive business with a strong balance sheet and growing profit, cash flows and returns. We are already benefitting from the actions we are taking as well as recovery and growth in our end markets. We announced several changes to the executive team in March to support the transformation, adding leaders with proven track records of delivery and high-performance. We are making good progress and our financial performance year-to-date is in line with expectations. I'd like to thank everyone at Rolls-Royce for their hard work and commitment so far. I am confident that, together, we can achieve great results."

Trading update to 30 April 2023

Our financial performance is improving reflecting positive changes driven by our transformation programme workstreams and good end market demand for our products and services. Supply chain management remains a key operational challenge for us as original equipment and aftermarket services volumes increase, especially in Civil Aerospace. Our financial performance is in line with our expectations at the time of the full year results on 23 February. Our underlying operating profit guidance of £0.8-£1.0bn and free cash flow guidance of £0.6-£0.8bn in 2023 is unchanged. We anticipate our free cash flow generation will be seasonally weighted in the second half of the year, as previously indicated.

In Civil Aerospace, long term service agreement large engine flying hours (EFH) were 83% of 2019 levels in the four months to 30 April, and on track for the 80% to 90% range for the full year, as guided in February. Shop visit volumes and OE deliveries are also on track with expectations. We have continued to win new business including our biggest ever order of Trent XWB-97 engines in the period, with an MoU for 68 engines (plus 20 options) for Air India.

In Defence, we continued our successful run of key programme awards with the announcement that the AUKUS submarine programme will be powered by Rolls-Royce nuclear reactors. In the US, Bell's V-280 Valor, powered by our AE1107F engines, cleared the protest period, enabling our teams to progress to the next phase, with the first aircraft due to enter into service in 2030. Bell's V-280 Valor was selected last year by the US Army's Future Long Range Assault Aircraft programme to replace its Black Hawk helicopters.

In Power Systems, revenue growth is being driven by demand for aftermarket services and exceptionally high order intake in the prior year, especially for power generation solutions. We are getting improved pricing on new orders which will drive margins up with the benefits expected to start showing in the second half of the year. High order intake year-to-date included strong demand from marine customers, including an order for Series 4000 gensets for the U.S Navy's Constellation Class frigate programme.

Work on the transformation programme is moving at pace. Our increased focus on efficiency and simplification is helping to keep costs down and has already identified savings, for example the closure of our R² Factory venture. We are encouraged by the early progress of our commercial optimisation and working capital workstreams, with positive results expected to build as the year goes on. Our strategic review is on track and as previously indicated, we will communicate the findings and medium term targets in the second half of 2023.

Our Half Year 2023 results will be announced on 3 August 2023.

For further information, please contact:

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About Rolls-Royce Holdings plc

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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 £12.69 billion in 2022, and the underlying operating profit was £652m.
4. Rolls-Royce Holdings plc is a publicly traded company (LSE: RR., ADR: RYCEY, LEI: 213800EC7997ZBLZJH69)

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