

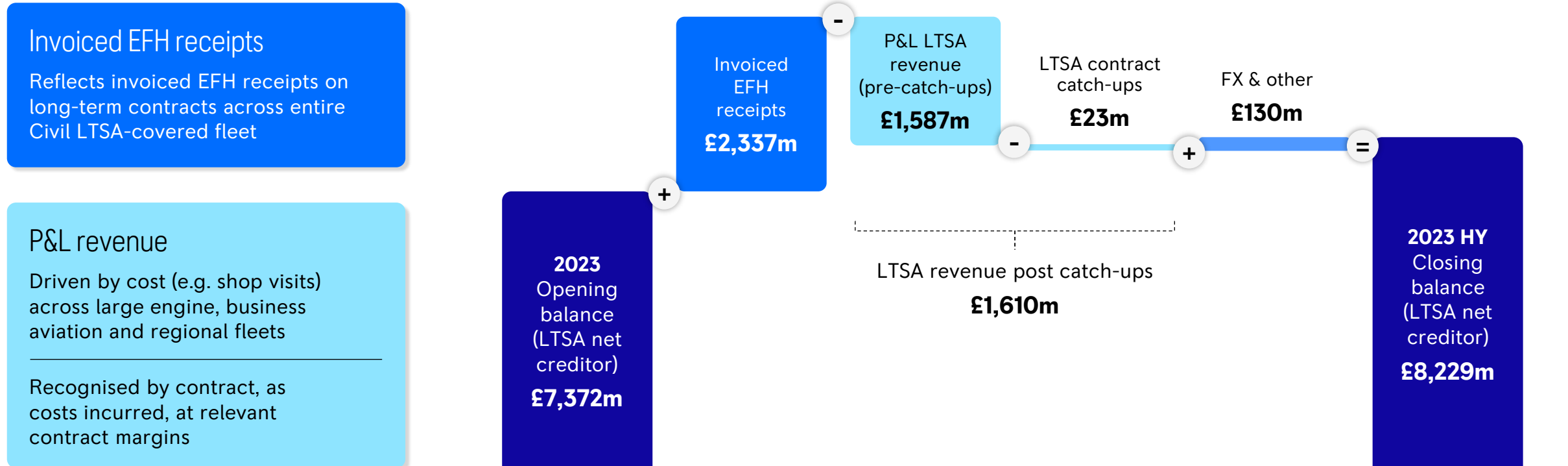


2023 Half Year Results Supplementary Data

3 August 2023

Drivers of Civil LTSA balance change

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



FY 2023 guidance

	New* 2023 guidance	Guidance at FY 2022
Operating profit	£1.2bn - £1.4bn	£0.8bn - £1.0bn
Free cash flow from continuing operations	£0.9bn - £1.0bn	£0.6bn - £0.8bn
Significant profit items:		
**Civil targeted contract improvements	£200m - £250m	£100m - £200m
Significant cash flow items:		
LTSA creditor growth	£1.0bn - £1.2bn	£500m - £700m
Net OE engine concession payments	c£(200)m	c£(200)m
Over-hedge costs	£(389)m	£(389)m
Disruption due to supplier fires	£(150)m	c£(100)m
Legal judgement	£(100)m	-
Civil Aerospace drivers:		
Total engine deliveries	400 - 500	400 - 500
Large LTSA EFH as % of 2019	80% - 90%	80% - 90%
Total shop visits	1,200 - 1,300	1,200 - 1,300
Other guidance:		
Interest paid (FY 2022: £(352)m)	c£25m - £75m lower	c£25m - £75m lower
Cash tax (FY 2022: £(174)m)	£(160)m - (£190)m	£(160)m - (£190)m
Pensions in excess of PBT charge (FY 2022: £(32)m)	Broadly stable	Broadly stable

Divisional guidance

- Civil Aerospace operating profit in the second half is expected to be broadly similar to the first half (H1 2023: £405m)
- Defence revenue growth in FY 2023 is expected to be modest vs 2022 (H1 2023: +15%)
- Defence cash conversion is expected to be better in the second half (H1 2023: 29%)
- Power Systems operating profit margin in FY 2023 is expected to be higher than FY 2022 (FY 2022: 8.4%)
- Power Systems cash conversion expected to be better in the second half (H1 2023: 18%)



* As disclosed on 26 July 2023

** Civil targeted contract improvements includes contract catch ups and onerous contract improvements

Transactional foreign exchange

Rolls-Royce hedges **transactional** FX

- Transactional exposure arises when revenue currencies differ from cost currencies
- Achieved rate is not typically affected by short-term spot rate movements unless new cover is taken; this impact is usually diluted
- \$16 billion GBP:USD hedge book (average rate £/\$1.54)
- \$2 billion EUR:USD hedge book (average rate €/ \$1.17)
- Each 1 \$ cent change in the £/US\$ hedge rate impacts pre-tax cash by c£20-30m

USD hedge book cash costs of closing out over-hedge positions

Costs are included in Group FCF definition

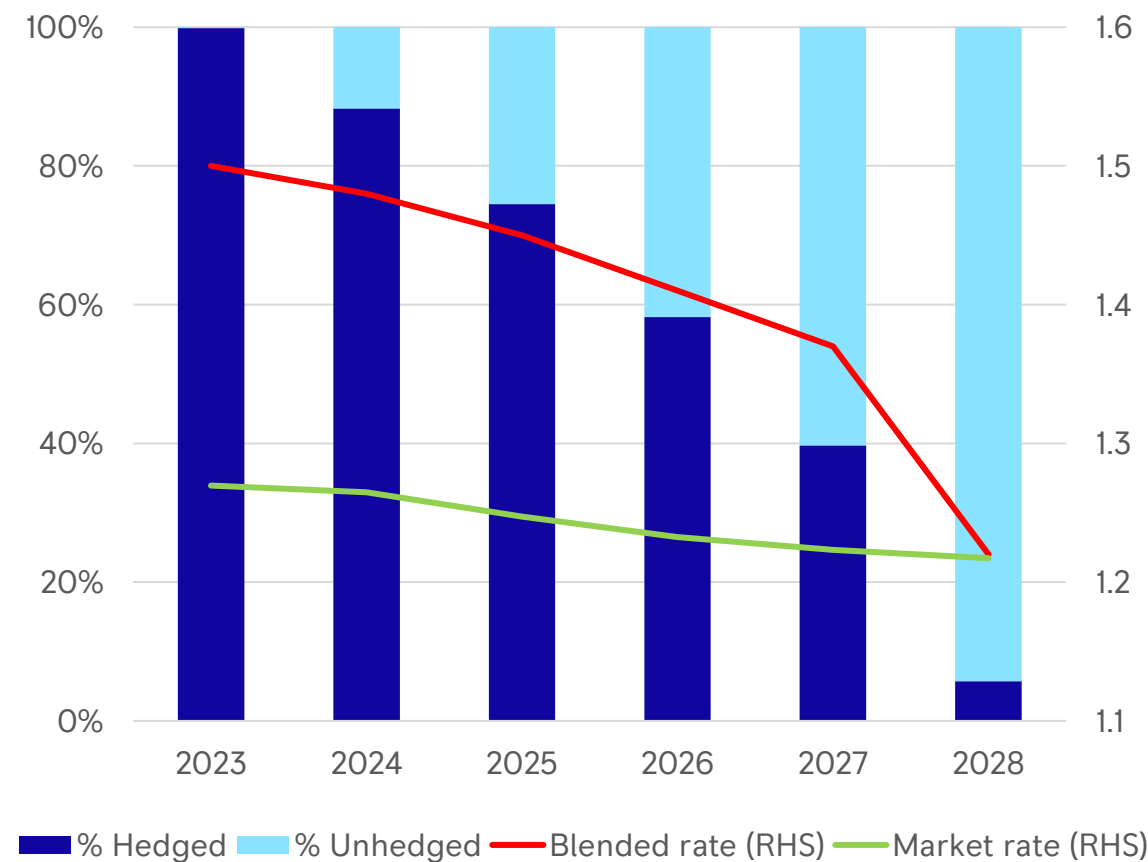
Total cash outflow 2020 to 2026 £1,674m, of which £1,174m already paid

£m	2020	2021	2022	H1 2023	H2 2023	2024	2025-2026
Cash cost	186	452	326	210	179	146	175



% cover of forecast
net US\$ income

£/\$ exchange
rate



Translational foreign exchange

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

Period average rates	2023 H1	2022 H1
USD	1.23	1.31
EUR	1.14	1.19

2023 vs. 2022 £m	Exposure	Underlying revenue impact		Underlying operating profit impact	
	Revenue/Profit	Including FX	FX	Including FX	FX
Group		6,950	155	673	17
Civil Aerospace	USD, EUR	3,257	26	405	5
Defence	USD, EUR	1,913	60	261	7
Power Systems	EUR, USD	1,774	69	125	6
New Markets	EUR, USD	1	-	(78)	(1)
Other Businesses	EUR	5	-	(5)	-
Corporate and Inter-segment		-	-	(35)	-

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 increases as rate reduces

Translational impact of 0.01 unit of currency change in half-year period average rates

	Revenue	Profit
USD	£9 million	£2 million
EUR	£19 million	£1 million



Civil Aerospace revenues by engine type

£m	2023 H1	2022 H1	Organic change ¹
Original Equipment	1,055	660	58%
Large engine	828	478	73%
Business aviation	221	175	21%
V2500	6	7	(14)%
Service	2,202	1,679	30%
Large engine	1,547	1,135	36%
Business aviation	407	329	20%
Regional	122	100	17%
V2500	126	115	9%
Total	3,257	2,339	38%



Trent engine products

Large engines backlog and market share

	Airframe	Market share*	Engines in service	Engines on order
Trent 7000	Airbus A330neo	100%	196	358
Trent XWB	Airbus A350	100%	1012	929
Trent 1000	Boeing 787	31%	696	118
Trent 900	Airbus A380	48%	280	0
Trent 800	Boeing 777	40%	200	0
Trent 700	Airbus A330	60%	1,322	0
Trent 500	Airbus A340	100%	96	0
Total			3,802	1,405



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

Civil Aerospace engine deliveries

By engine	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023 H1
Trent 500	-	-	-	-	-	-	-	-	-	-	-
Trent 700	181	184	140	88	110	63	10	2	2	1	1
Trent 800	-	-	-	-	-	-	-	-	-	-	-
Trent 900	42	35	6	30	67	44	34	15	1	2	-
Trent 1000	59	79	106	122	109	125	126	82	12	5	13
Trent XWB-84		13	56	117	196	184	178	109	120	96	55
Trent XWB-97					1	45	56	34	29	23	11
Trent 7000						8	106	22	31	63	35
Civil Large Engines	282	311	308	357	483	469	510	264	195	190	115
Tay	67	46	38	28	2	-	-	-	-	-	-
AE3007	78	48	34	20	8	10	4	-	-	-	-
BR700	326	334	332	244	190	205	191	112	70	77	34
Pearl						2	24	72	44	88	39
Civil Small Engines	471	428	404	292	200	217	219	184	114	165	73
Civil Total	753	739	712	649	683	686	729	448	309	355	188

Civil Aerospace in-service installed fleet*

By engine	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023 H1
RB211 22B	3	3	3	3	3	3	3	3	3	-	-
RB211 524	455	352	302	278	266	242	210	82	80	85	77
RB211 535	1,026	1,012	908	868	826	850	824	576	658	682	714
RB211 Total	1,484	1,367	1,213	1,149	1,095	1,095	1,037	661	741	767	791
Trent 500	440	388	352	336	280	284	240	68	92	80	96
Trent 700	1,114	1,288	1,388	1,460	1,590	1,636	1,606	1,054	1,146	1,178	1,322
Trent 800	436	422	362	352	330	334	320	134	176	184	200
Trent 900	244	280	304	332	360	400	428	68	168	252	280
Trent 1000	84	164	260	384	476	546	658	538	604	662	696
Trent XWB-84	-	2	30	124	278	432	590	562	666	762	864
Trent XWB-97	-	-	-	-	-	28	70	96	98	124	148
Trent 7000	-	-	-	-	-	2	80	90	130	170	196
Trent	2,318	2,544	2,696	2,988	3,314	3,662	3,992	2,610	3,080	3,412	3,802
Civil Large Engines	3,802	3,911	3,909	4,137	4,409	4,757	5,029	3,271	3,821	4,179	4,593
Spey	580	506	460	430	404	360	284	252	236	210	190
Tay	2,019	2,011	2,035	2,027	1,993	2,009	1,946	1,892	1,866	1,838	1,846
AE3007	2,598	2,534	2,468	2,326	2,302	2,448	2,472	2,028	2,124	1,954	1,986
BR700	2,696	2,964	3,388	3,642	3,858	4,098	4,322	4,314	4,382	4,442	4,488
Pearl	-	-	-	-	-	-	-	36	84	120	144
Civil Small Engines	7,893	8,015	8,351	8,425	8,557	8,915	9,024	8,522	8,692	8,564	8,654
Civil Total	11,695	11,926	12,260	12,562	12,966	13,672	14,053	11,793	12,513	12,743	13,247
Fleet growth	5%	2%	3%	2%	3%	5%	3%	-16%	6%	2%	4%



* Installed engine base is net of retirements and excludes aircraft which are parked or in storage. Fleet growth for HY2023 is vs FY2022

Civil in-service thrust base (millions lbs)*

Thrust per engine (lbs)		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023 H1
RB211 22B	60,000	-	-	-	-	-	-	-	-	-	-	-
RB211 524	60,000	27	21	18	17	16	15	13	5	5	5	5
RB211 535	40,000	41	40	36	35	33	34	33	23	26	27	29
RB211 Total		69	62	55	52	49	49	46	28	31	32	33
Trent 500	56,000	25	22	20	19	16	16	13	4	5	5	5
Trent 700	72,000	80	93	100	105	114	118	116	76	83	85	95
Trent 800	92,000	40	39	33	32	30	31	29	12	16	17	18
Trent 900	70,000	17	20	21	23	25	28	30	5	12	18	20
Trent 1000	71,000	6	12	18	27	34	39	47	38	43	47	49
Trent XWB-84	84,000	-	-	3	10	23	36	50	47	56	64	73
Trent XWB-97	97,000	-	-	-	-	-	3	7	9	10	12	14
Trent 7000	72,000	-	-	-	-	-	-	6	7	9	12	14
Trent		168	185	196	217	243	270	297	198	233	260	289
Civil Large Engines		237	247	251	269	292	319	343	226	265	292	322
Spey	11,000	6	6	5	5	4	4	3	3	3	2	2
Tay	15,000	30	30	31	30	30	30	29	28	28	28	28
AE3007	7,500	19	19	19	17	17	18	18	15	16	15	15
BR700	15,000	40	44	51	55	58	61	65	65	66	67	67
Pearl	15,000	-	-	-	-	-	-	-	-	1	2	2
Civil Small Engines		97	99	105	107	109	114	116	112	114	114	114
Civil Total		333	346	356	376	402	433	459	338	378	406	436
Thrust Growth		5%	4%	3%	6%	7%	8%	6%	-26%	12%	7%	7%



* Installed engine base is net of retirements and excludes aircraft which are parked or in storage. Thrust growth for HY2023 is vs FY2022. Total numbers may not add up due to rounding.

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 Interim Financial Statements section of the 2023 Half Year Results Statement.



