CIVIL AEROSPACE

OVERVIEW

Civil Aerospace is a major manufacturer of aero engines for the large commercial aircraft, regional jets and business aviation markets. The business uses its engineering expertise, in-depth knowledge, and capabilities to provide through-life service solutions for its customers.

We have a large installed product base of more than 4,800 large engines and around 8,800 business aviation and regional engines. Around two thirds of these are covered by Long Term Service Agreement (LTSA) contracts, which provide aftermarket services for our customers for many years.

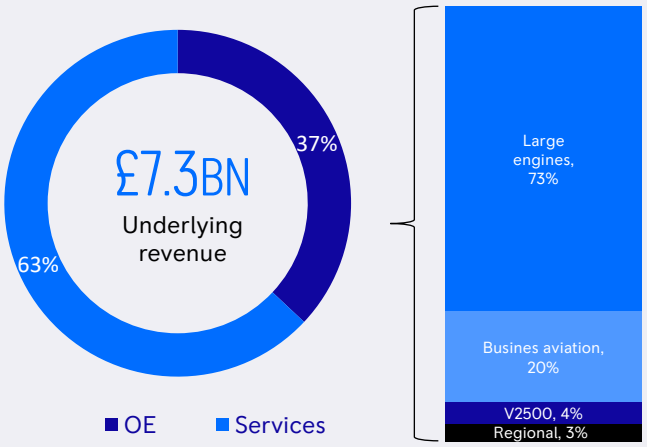
37% Business aviation – share of ultra long range/very long range deliveries

54% Share of widebody deliveries in 2023

458 Total OE deliveries in 2023

1,227 Total LTSA shop visits in 2023

2023 Revenue Breakdown



KEY DRIVERS OF VALUE

In Civil Aerospace there are six levers we are pulling to improve LTSA profitability:

- Extend time on wing
- Lower shop visit costs
- Reduce product cost
- Keep engines earning for longer
- Implement value-based pricing
- Drive contractual rigour

£850M EBIT

11.6% EBIT%

16.5M Total LTSA engine flying hours (EFH)

£55.2BN Order backlog

MID-TERM TARGETS

At our Capital Markets Day in November 2023, we set divisional mid-term targets for operating margin. These targets are based upon our expectations for a 2027 timeframe. We expect a progressive, but not necessarily linear, improvement year-on-year, and if we can accelerate the achievement of our ambitions we will.

14-16%

Civil Aerospace mid-term target for operating margin

LEADING PRODUCTS IN GROWING MARKETS

Widebody Portfolio

Market-leading legacy engine**	**35% market share**	**Sole-source**	**Sole-source**	**Sole-source**
				
Airbus A330 **Trent 700**	Boeing 787 **Trent 1000**	A350-900 **Trent XWB-84**	A350-1000 and A350F **Trent XWB-97**	Airbus A330neo **Trent 7000**
1,720 Trent 700 engines Average age: 11 years	730 engines Average age: 6 years	850 engines Average age: 3 years	130 engines Average age: 3 years Freighter launched	160 engines Average age: 2 years

Business Aviation Portfolio

In Service	**In Production**	**In Flight Test**	**In Development**
			
Tay* BR710* AE3007*	Gulfstream 650/G650ER **BR725** Bombardier 5500/6500 **Pearl 15**	Gulfstream G700/G800 **Pearl 700**	Dassault Falcon 10X **Pearl 10X**
6,300+ engines in service	960 BR725 and 100 Pearl 15 engines in service	Strong order book	Positive market response

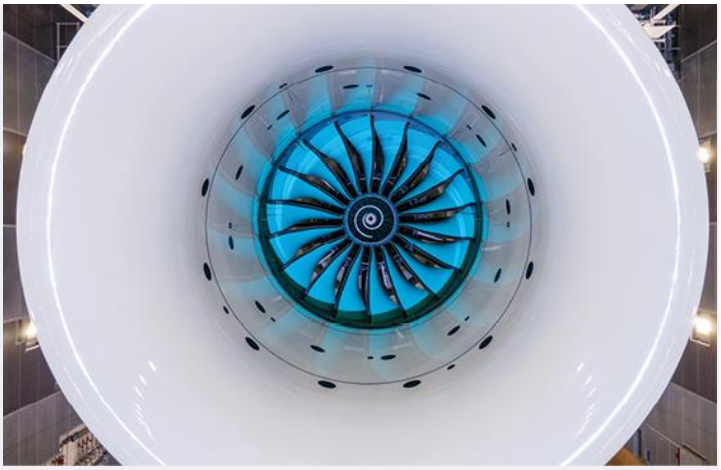
* Tay | Gulfstream IV, G300, G400, G350 & G450. BR710 | Bombardier GX, Global 5000 & 6000, Gulfstream V, G500 & G550. AE3007 | Cessna Citation X, Citation X+, Embraer Legacy 600, Legacy 650

** Legacy large engine fleet also includes: RB211, Trent 500, Trent 800 & Trent 900 (~1850 engines in service or stored)

ULTRAFAN TECHNOLOGY

UltraFan technologies for current and next generation widebody and narrowbody aircraft

- UltraFan delivers a 10% efficiency improvement over the Trent XWB, which is already the world's most efficient large aero engine in service. Scalable technology from ~25,000-110,000lb thrust offers the potential to power new narrowbody and widebody aircraft anticipated in the 2030s
- Suite of technologies has the potential to enhance the efficiency of our existing production engines. We have also started testing the first UltraFan demonstrator on 100% SAF



THE PEARL 10X IS THE FIRST ROLLS-ROYCE ENGINE TO POWER A DASSAULT AIRCRAFT

OUR ORDER BOOK STANDS AT 1,600 NEW LARGE ENGINES DUE FOR DELIVERY OVER THE NEXT FEW YEARS

OUR IN-PRODUCTION FLEET IS COMPATIBLE WITH 100% SAF

STRENGTH THROUGH A GLOBAL AND DIVERSE CUSTOMER BASE – >250 LARGE ENGINE CUSTOMERS

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All figures are for Full Year 2023 unless otherwise stated.