HALF YEAR RESULTS 2024

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.

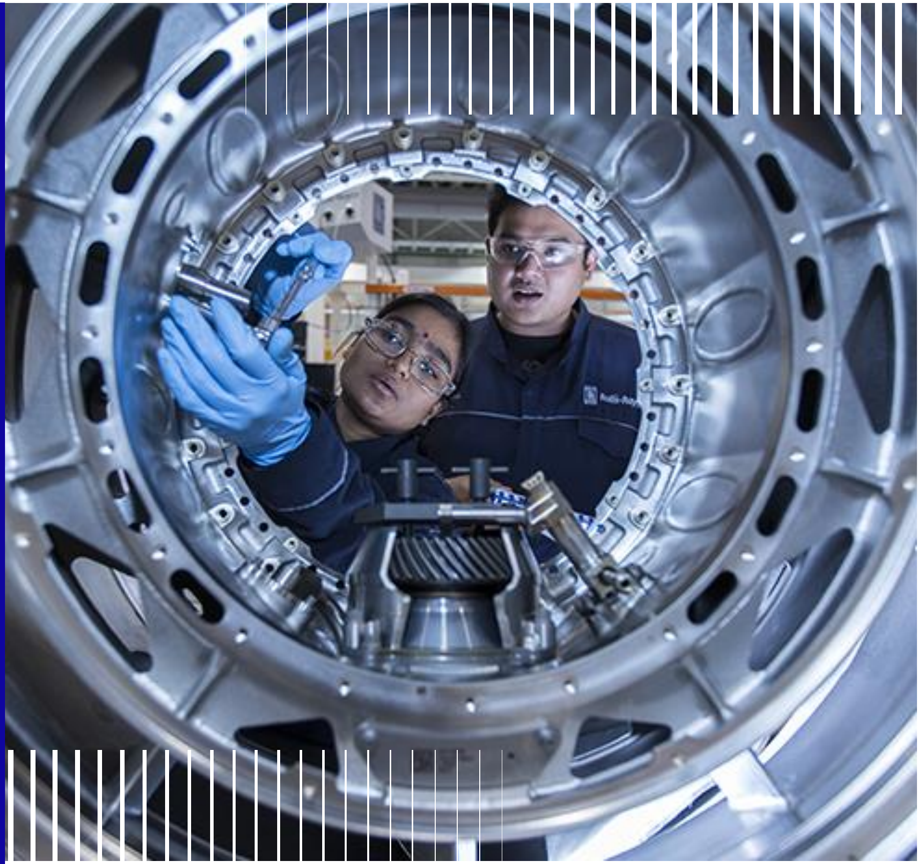
The forward-looking statements reflect the knowledge and information available at the date of preparation of this announcement and will not be updated during the year. Nothing in this announcement should be construed as a profit forecast. All figures are on an underlying basis unless otherwise stated - for the definition see note 2 to the condensed consolidated financial statements section of the 2024 Half Year Results Statement. All underlying income statement commentary is provided on an organic basis unless otherwise stated.

TUFAN ERGINBILGIC

Chief Executive Officer

STRONG DELIVERY GIVES CONFIDENCE TO RAISE GUIDANCE AND REINSTATE SHAREHOLDER DISTRIBUTIONS FOR FY24

- Transforming Rolls-Royce into a high-performing, competitive and resilient business with safety as our first priority
- Expanding earnings and cash potential of the Group in a challenged supply chain environment
- Strong performance across the Group driven by commercial optimisation and cost efficiency actions
- Guidance raised for FY24 operating profit and free cash flow
- Front-end loaded delivery of mid-term targets
- Reinstating shareholder distributions for full year 2024*



* Subject to final Board approval and shareholder approval at the 2025 AGM

IMPROVED FINANCIAL PERFORMANCE IN ALL BUSINESSES

KEY GROUP FINANCIAL METRICS

Operating profit
£1.1bn
+74% yoy

Operating margin
14.0%
+4.4pts yoy

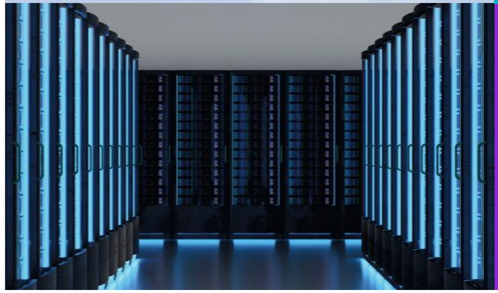
Free cash flow
£1.2bn
+225% yoy

Return on capital
13.8%
+4.8pts yoy

DIVISIONAL OPERATING MARGIN

CIVIL AEROSPACE
18.0%
+5.6pts

DEFENCE
15.5%
+1.9pts



POWER SYSTEMS
10.3%
+3.3pts

Return on invested capital is abbreviated to return on capital and calculated on a rolling 12-month basis

DELIVERING STRATEGIC PROGRESS

1. PORTFOLIO CHOICES & PARTNERSHIPS

- Ramp up of Pearl 700 deliveries
- Investment in MRO and OE capacity in Derby and Dahlewitz
- Completed disposals of Direct Air Capture business and off-highway engines business in Power Systems

2. ADVANTAGED BUSINESSES & STRATEGIC INITIATIVES

- Strong Trent XWB-97 orders
- Trent 1000 and XWB-84 improvements
- Contractual margin improvements
- USAF Survivable Airborne Operations Center win
- Capitalising on data centre growth with improved margins

3. EFFICIENCY & SIMPLIFICATION

- New organisational design as of 1 June 2024
- >£250m of total Efficiency & Simplification benefits expected by the end of 2024
- c.£0.5bn of total third party procurement savings expected by the end of 2024
- Zero-based budgeting: Civil pilot confirms 10-15% savings with Group wide roll-out underway

4. LOWER CARBON & DIGITALLY ENABLED BUSINESSES

- Developing hydrogen reciprocating engine
- SMR shortlisted in Swedish selection
- Major BESS contract awards in the EU
- Machine learning and advanced imaging technologies implemented

HELEN McCABE

Chief Financial Officer

2024 HALF YEAR UNDERLYING RESULTS

Underlying results £m	H1 2024	H1 2023	Organic Change[1]	Organic Change %[1]
Revenue	**8,182**	**6,950**	**+1,335**	**+19%**
Gross profit	**1,977**	**1,515**	**+491**	**+33%**
Gross margin %	24.2%	21.8%	+2.4pts	
Operating profit	**1,149**	**673**	**+493**	**+74%**
Operating margin %	14.0%	9.7%	+4.4pts	
Profit after taxation	**737**	**404**	**+348**	**+87%**

£m	H1 2024	H1 2023	Change[2]
Free cash flow	**1,158**	**356**	**+802**

%	H1 2024	H1 2023	Change
Return on capital	**13.8%**	**9.0%**	**+4.8pts**

£m	H1 2024	FY 2023	Change
Net debt	**(822)**	**(1,952)**	**+1,130**

Improved profit reflects commercial optimisation and cost efficiency actions

Free cash flow delivery reflects higher operating profit and continued LTSA growth

Net debt reduced to its lowest position in more than 5 years

Return on capital represents significant value creation

[1] Organic change is the measure of change at constant translational currency applying full year 2023 average rates to 2023 and 2024.
[2] Change in free cash flow is shown on a reported basis
All underlying income statement commentary is provided on an organic basis unless otherwise stated.

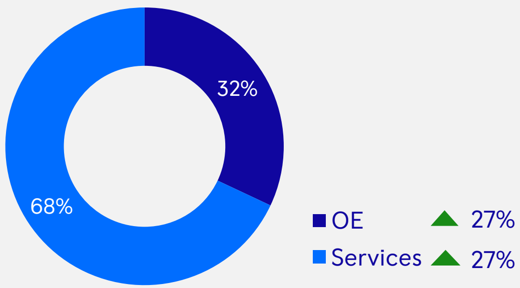
CIVIL AEROSPACE

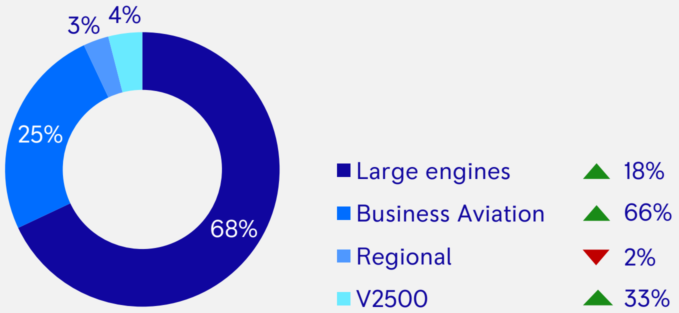
Underlying results £m	**H1 2024**	**H1 2023**	**Organic Change**	**Organic Change %**
Revenue	**4,119**	**3,257**	**+888**	**+27%**
Gross profit	**992**	**690**	**+313**	**+45%**
Gross margin %	24.1%	21.2%	+3.0pts	
Operating profit	**740**	**405**	**+343**	**+85%**
Operating margin %	18.0%	12.4%	+5.6pts	
Trading cash flow[1]	**1,038**	**401**	**+637**	

KEY POINTS

- Double digit revenue growth
- Higher large engine aftermarket profit in both LTSA and time and materials
- Stronger business aviation OE and aftermarket profit
- Cost efficiency benefits
- Increased contractual margin improvements

UNDERLYING REVENUE SPLITS





OE DELIVERIES
236 +26%

LARGE ENGINE OE DELIVERIES
120 +4%

LTSA ENGINE FLYING HOURS
7.6m +22%

TOTAL LTSA SHOP VISITS
624 +6%

[1] Change in trading cash flow is shown on a reported basis for all divisions

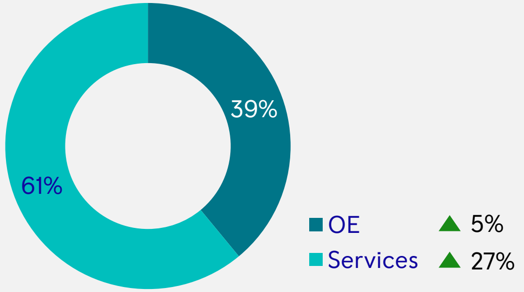
DEFENCE

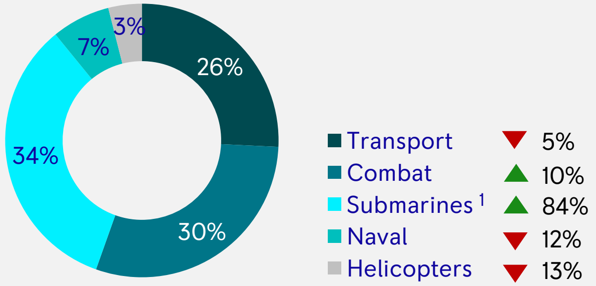
Underlying results £m	H1 2024	H1 2023	Organic Change	Organic Change %
Revenue	**2,219**	**1,913**	**+335**	**+18%**[1]
Gross profit	**476**	**379**	**+102**	**+27%**
Gross margin %	21.5%	19.8%	+1.5pts	
Operating profit	**345**	**261**	**+89**	**+34%**
Operating margin %	15.5%	13.6%	+1.9pts	
Trading cash flow	**234**	**76**	**+158**	

KEY POINTS

- Strong revenue growth driven by Submarines and Combat
- Aftermarket profit growth in Combat and Transport
- Strong Submarines growth
- Cost efficiency benefits

UNDERLYING REVENUE SPLITS





ORDER INTAKE

£1.7bn

Book-to-bill ratio

0.8x

ORDER BACKLOG

£8.5bn

-7%

[1] Defence revenue growth of 18% and Submarines revenue growth of 84% includes the benefit of a £180m one-off capital and lease transaction change. Excluding this, Defence revenue growth was 8% and Submarines revenue growth was 40%.

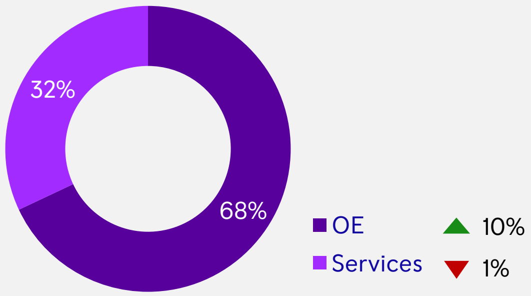
POWER SYSTEMS

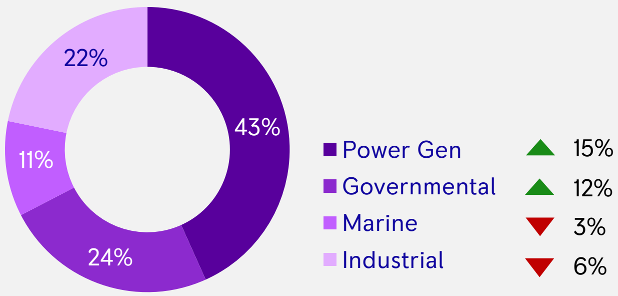
Underlying results £m	H1 2024	H1 2023	Organic Change	Organic Change %
Revenue	**1,837**	**1,774**	**+111**	**+6%**
Gross profit	**507**	**452**	**+68**	**+15%**
Gross margin %	27.6%	25.5%	+2.1pts	
Operating profit	**189**	**125**	**+69**	**+56%**
Operating margin %	10.3%	7.0%	+3.3pts	
Trading cash flow	**121**	**22**	**+99**	

KEY POINTS

- Revenue growth driven by Power Generation (data centres) and Governmental
- Commercial optimisation with pricing benefits in all categories, notably Power Generation
- Cost efficiency benefits

UNDERLYING REVENUE SPLITS





ORDER INTAKE

£2.4bn

Book-to-bill ratio 1.3x

ORDER BACKLOG

£4.6bn

+11%

SUMMARY FUNDS FLOW

£m	H1 2024	H1 2023	Change
Operating profit	**1,149**	**673**	**476**
Net investments[1]	41	64	(23)
Movement in Civil LTSA balance, net of RRSAs	544	609	(65)
Working capital, excluding Civil Net LTSA	(228)	(465)	237
Movement in provisions	(106)	(95)	(11)
Settlement of excess derivatives	(75)	(210)	135
Net interest	(33)	(99)	66
Tax	(113)	(59)	(54)
Other	(21)	(62)	41
Free cash flow	**1,158**	**356**	**802**

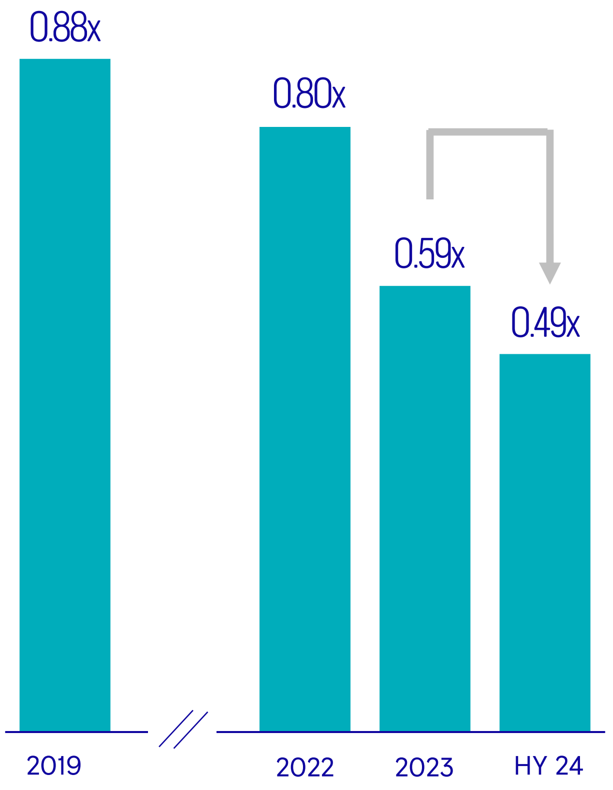
KEY DRIVERS OF HIGHER YEAR ON YEAR FCF

- Underlying operating profit growth
- Lower working capital outflows with improved inventory and debtor days
- Lower excess hedge settlement costs as expected
- Reduced net interest costs reflect improved cash position
- Higher cash tax costs driven by timing impacts

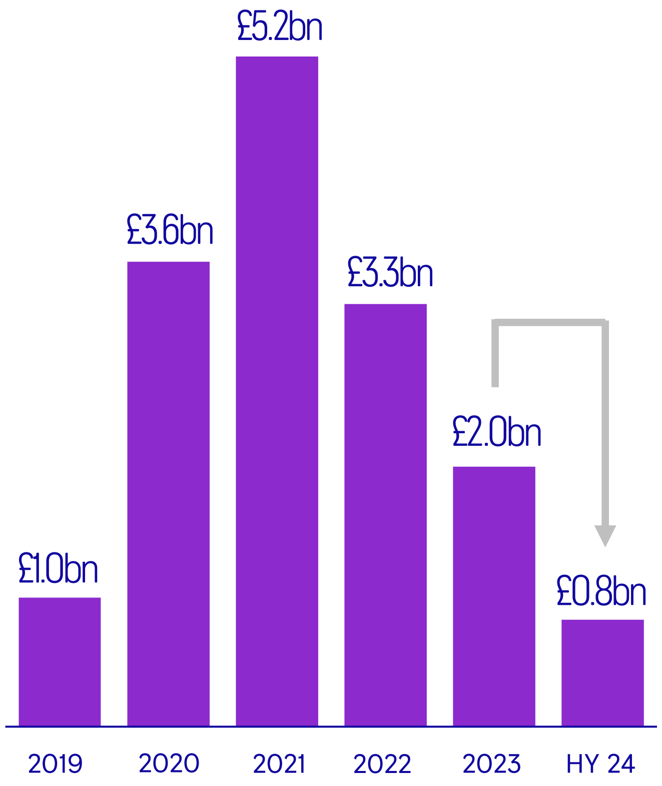
[1] Net investments = D&A – capital element of lease payments – capital expenditure – investment

BUILDING RESILIENCE

TCC/GM



Net Debt



KEY POINTS

- Continued reduction in TCC/GM to 0.49x
- €550m bond repaid in May
- Net debt reduced to £0.8bn with ND/EBITDA of 0.3x[1]
- £6.8bn liquidity with £4.3bn cash and cash equivalents
- Upgraded to investment grade by Fitch and S&P; positive outlook with all agencies

[1] Net debt to EBITDA is calculated on a last 12-month basis

MAINTAINING A STRONG BALANCE SHEET, REWARDING SHAREHOLDERS AND INVESTING FOR GROWTH

1 STRONG BALANCE SHEET

- Strong investment grade credit rating
- Robust liquidity position
- Repayment of 2025 bond maturity from available cash

2 REGULAR SHAREHOLDER DISTRIBUTIONS

- Reinstating regular shareholder distributions in respect of the FY24 results*
- Payout ratio of 30-40% of underlying profit after tax each year, starting at 30% for FY24

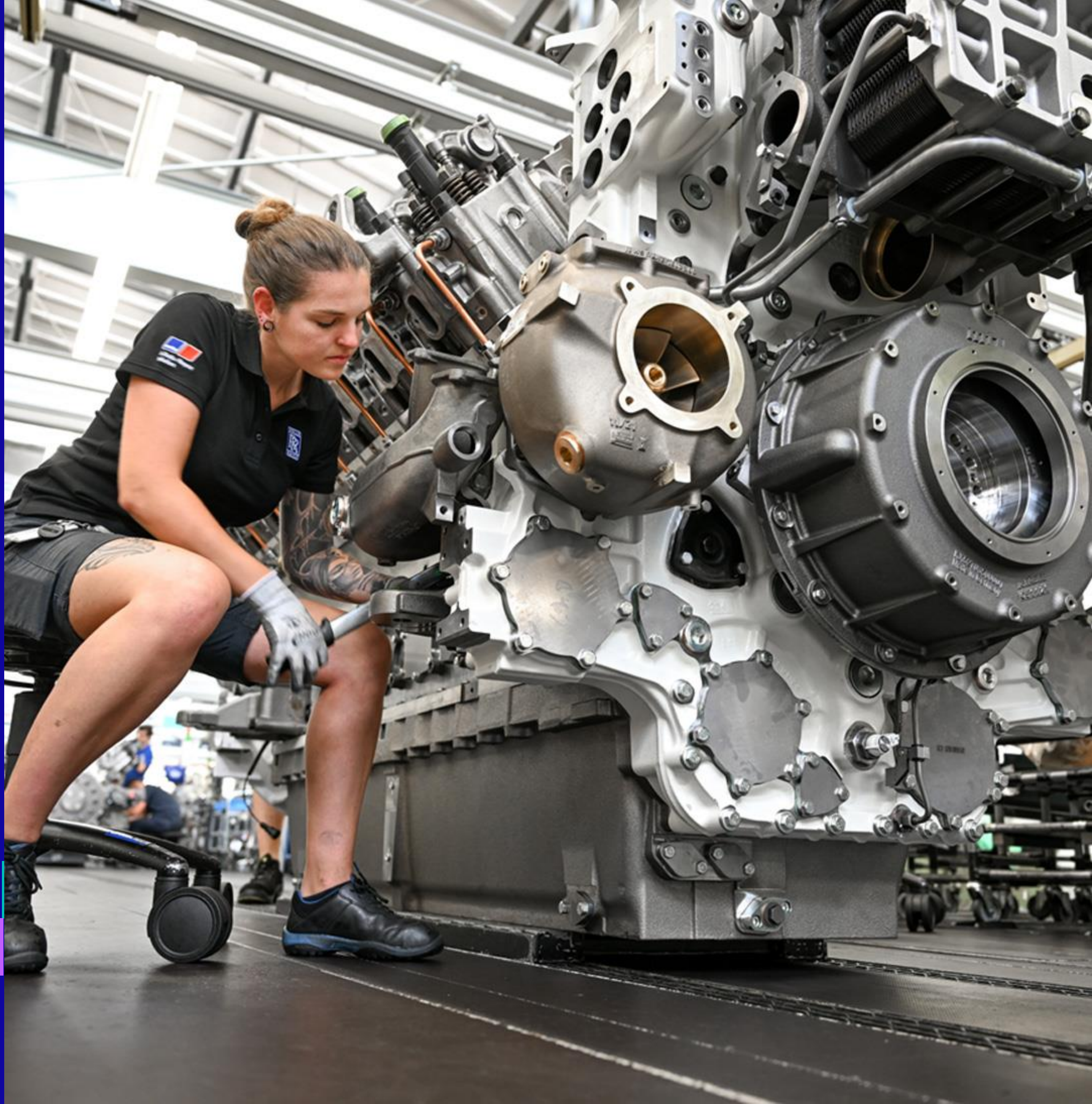
3 FURTHER SHAREHOLDER DISTRIBUTIONS & DISCRETIONARY INVESTMENT

- Strategically aligned and value accretive investment for growth (organic or inorganic)
- Option for further shareholder distributions

* Subject to final Board approval and shareholder approval at the 2025 AGM

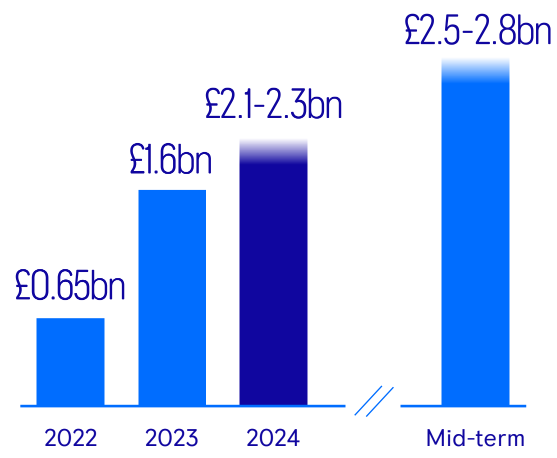
TUFAN ERGINBILGIC

Chief Executive Officer

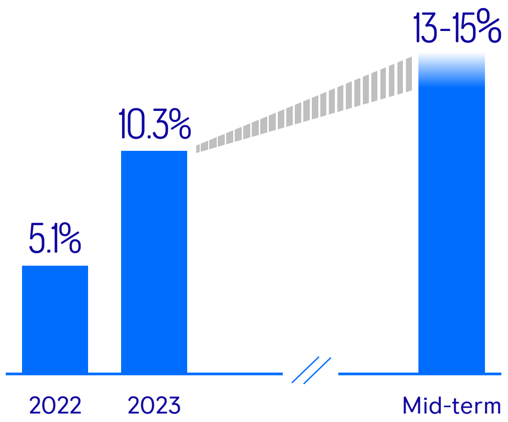


FULL YEAR 2024 GUIDANCE RAISED

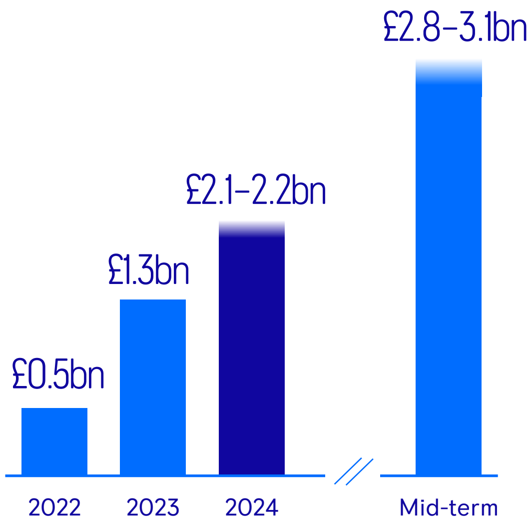
OPERATING PROFIT



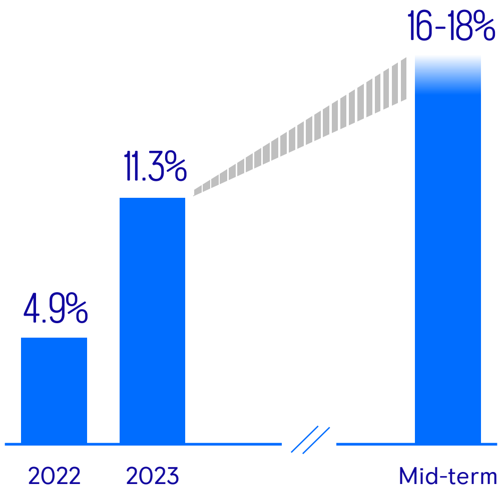
OPERATING MARGIN



FREE CASH FLOW



RETURN ON CAPITAL



BY THE END OF 2024 CUMULATIVE DELIVERY OF MORE THAN 75% OF MID-TERM PROFIT AND MORE THAN 65% FREE CASH FLOW IMPROVEMENT

ACHIEVING THE ROLLS-ROYCE PROPOSITION

OUR TRANSFORMATION

- Strong results driven by our strategic initiatives
- Raised FY24 guidance for operating profit and FCF
- Front-end loaded delivery of mid-term performance improvements despite the supply chain challenges
- Reinstating shareholder distributions for full year 2024*
- Everyone in the organisation knows how their role contributes to our transformation

1. HIGH-PERFORMING, COMPETITIVE AND RESILIENT BUSINESS
2. GROWING SUSTAINABLE CASH FLOWS
3. STRONG BALANCE SHEET AND GROWING SHAREHOLDER RETURNS

* Subject to final Board approval and shareholder approval at the 2025 AGM

Q&A