HALF YEAR RESULTS 2026

Rolls-Royce plc has published financial results for the six months to 30 June 2026.

The first half of 2026 has been another period of strong strategic delivery, with a significant year on year improvement across all financial metrics. Driving this improvement were our strategic initiatives, including commercial optimisation and cost efficiency benefits across the Group, as well as strong operational performance. Strong financial performance was delivered despite an external environment that remains challenging.

Underlying operating profit is £2.5bn (H1 2025: £1.7bn) with improved profitability across all three divisions. Across the Group, our cost efficiency actions continue to deliver.

We are creating a more resilient and agile Rolls-Royce, with a diversified portfolio of three high performing businesses, a strong balance sheet and a best-in-class total cash cost to gross margin ratio.

A strong first half gives us confidence to raise our full year 2026 guidance, despite an uncertain external environment.

"Our transformation continues to deliver, and we are demonstrating that Rolls-Royce is now a very different company to that of the past. We have unlocked new growth opportunities across the Group and created a resilient and diversified portfolio, with three strong businesses that can respond to changes in the external environment with agility and pace.

A strong start to the year enables us to raise our guidance for 2026. This builds further confidence in our mid-term targets. The actions that we have taken and investments we have made will drive significant profitable growth to the mid-term and beyond."

Tufan Erginbilgiç
CEO

HIGH PERFORMING
OPERATING PROFIT
£2.5bn
vs £1.7bn in H1 2025

COMPETITIVE
OPERATING MARGIN
22.5%
vs 19.1% in H1 2025

RESILIENT
RETURN ON CAPITAL
22.0%
vs 16.9% in H1 2025

GROWING
FREE CASH FLOW
£2.0bn
vs £1.6bn in H1 2025

HALF YEAR RESULTS 2026

CIVIL AEROSPACE

OPERATING MARGIN

Driven by a strong large engine aftermarket performance, with higher LTSA margins, time and materials performance, and contractual improvements.

25.3%
vs 24.9% from H1 2025

HALF YEAR RESULTS 2026

DEFENCE

OPERATING MARGIN

Reflecting our actions to support strong aftermarket performance alongside continued self-help.

21.0%
vs 15.4% from H1 2025

HALF YEAR RESULTS 2026

POWER SYSTEMS

OPERATING MARGIN

Driven by strong performance in power generation and governmental, reflecting higher volumes, an improved mix and commercial optimisation.

20.3%
vs 15.3% from H1 2025

Net cash increased to £2.1bn (FY 2025: £1.9bn). We have a robust liquidity position of £9.0bn at 30 June 2026 (FY 2025: £8.7bn). In line with our capital framework, we will pay an interim dividend of 6.0p per share in September. We are making good progress with the £2.5bn 2026 tranche of our share buyback programme, having completed £1.1bn by the end of June and £1.4bn to date. This forms part of our multi-year buyback programme, totalling £7bn-£9bn across 2026 to 2028.

HALF YEAR PROGRESS AGAINST OUR FOUR STRATEGIC PILLARS

Portfolio choices & partnerships

- Power Systems capacity expansion and next generation engine development on track.
- Beneficiary of the UK Defence Investment Plan and NATO summit commitments.
- Civil Aerospace - MRO capacity expansion across the network.
- Project Sunrise A350-1000ULR test flight; Falcon 10X first flight.

Strategic initiatives

- Growing Civil margins. Continued progress towards Time on Wing target. Best-in-class AoGs benefitting us and our customers.
- Strong Trent 1000 XE commercial momentum.
- Defence - global leader in autonomous propulsion.
- Power Systems - capturing strong growth in power generation and governmental.

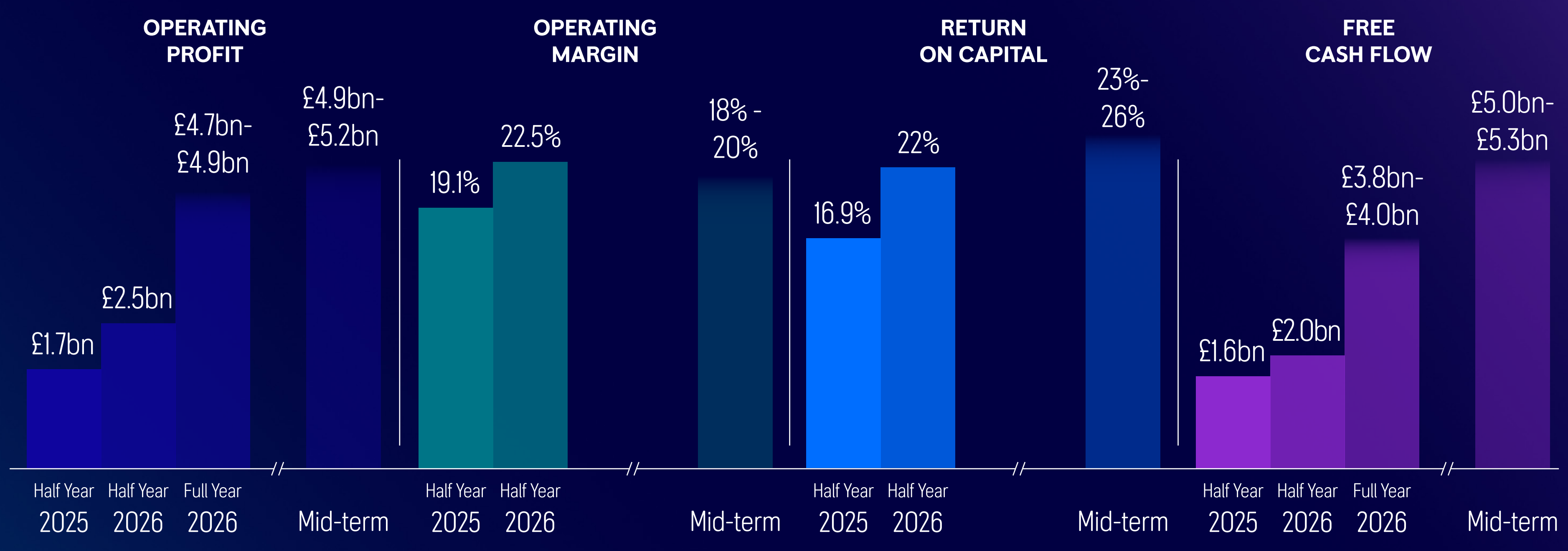
Efficiency & simplification

- Further improvement of TCC/GM ratio to 0.27x.
- Second phase of efficiency programme to support disciplined growth...
- ...including GBS scale up and further SIOP improvements.
- ...alongside further digital and lean manufacturing benefits.

Lower carbon & digitally enabled businesses

- Trent XWB-84EP fuel efficiency above target.
- Rolls-Royce SMR - selected in Sweden; contracts signed in UK and Czech Republic.
- Digital thread across engineering, MRO, and the supply chain to drive further efficiencies and effectiveness.

STRONG FIRST HALF GIVES US CONFIDENCE TO RAISE 2026 GUIDANCE



A strong first half gives us confidence to raise our full year 2026 guidance for underlying operating profit and free cash flow, despite an uncertain external environment. This reflects continued execution of our strategic initiatives, including commercial optimisation and cost efficiencies. The increase in guidance is driven by higher LTSA margins and an increased level of contract catch-ups in Civil Aerospace, stronger growth in power generation in Power Systems, and stronger aftermarket profitability in Defence.

QUICK LINKS

Press release
https://www.rolls-royce.com/investors

Details for today's market presentation
https://app.webinar.net/YEPKlJLdgyL

Company image library
https://www.flickr.com/photos/rolls-royceplc/