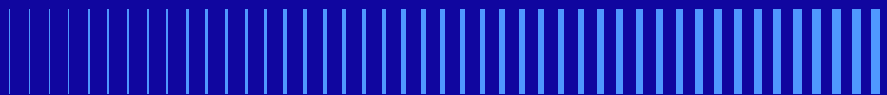




ROLLS-ROYCE ECONOMIC AND SOCIAL IMPACT REPORT 2024: UNITED KINGDOM

Rolls-Royce 2025

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United Kingdom

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A MESSAGE FROM OUR CHIEF EXECUTIVE



Tufan Erginbilgiç, CEO

With a legacy rooted in engineering excellence, Rolls-Royce is a strategic national asset. As a result of our transformation programme, the strategic choices we are making and the dedication of our colleagues, we are now in the strongest position we have ever been in, and don't plan to stop here.

At a time when the UK has a once-in-a-generation opportunity to deliver a step-change in growth, resilience, prosperity and security, Rolls-Royce is partnering with the Government as an engine for growth. As the UK's aerospace and nuclear champion, we are uniquely placed to lead this national endeavour for our country.

Stronger, more resilient UK aerospace and nuclear sectors are vital for the nation's national and economic security, and they are essential for the security of our allies. Decisions taken now to invest and grow the UK's sovereign aerospace, defence and nuclear capabilities have enormous potential to drive UK growth, skills and jobs.

Our impact today

Today, our footprint spans the UK, with over 23,100 employees, over 1,350 suppliers, a £7.4 billion annual Gross Value Added (GVA) contribution

through our operations and an additional £4.4 billion through productivity-boosting Research and Development (R&D) spillover effects. Approximately 80% of what we produce is exported, from engines built in Derby to precision components in the North-East, accounting for an estimated 5% of the UK's advanced manufacturing exports. Meanwhile, our supply chain spending (more than £2 billion in 2024) supports British businesses nationwide, the vast majority being located outside London and the South-East. We continue to leverage our strength to invest in Britain's future, with £6.8 billion of gross R&D investment over the last decade and nearly £800 million of capital investment since 2020.

We work closely with our employee representatives to create high-value, well-paid jobs for the over 23,100 UK workers who make up more than 50% of our global workforce. These are established, well-paid and meaningful jobs, anchored in communities and contributing to the UK's clean energy industry, defence and industrial leadership. Our operations in Derby, Bristol, the North-East and North-West generate thousands of high-productivity jobs in regions that form the industrial spine of the UK economy.

We create long-term employment: our workforce has significantly longer tenures than the UK average, with more than half of our employees having a tenure of over 10 years.

Through apprenticeships, university partnerships and our Nuclear Skills Academy, we are training the next generation of talent. In the last three years, we have trained over 300 interns and over 1,000 apprentices. We also support approximately 300 PhDs and researchers at any one time, leveraging the talent within world-class British institutions to deliver revenue-boosting export technologies that deliver spillover benefits far beyond our sectors.

In Derby, we deliver the world's most efficient in-service large aero engine, the Trent XWB, which powers the Airbus A350 and has become our fastest-selling Trent engine ever. Over 2,600 orders from global customers have enabled us to export the best of British engineering all over the world.

In parallel, our work to ensure that all of our engines are compatible with 100% Sustainable Aviation Fuel (SAF) is enabling a cleaner future for flight.

In our Defence business, we continue to deliver the EJ200 for the Eurofighter Typhoon and remain one of only three companies in the world that can end-to-end deliver a competitive gas turbine engine, for air and sea platforms. Furthermore, we are leading the development of sixth-generation combat power and propulsion systems. This will drive significant growth in Bristol, the UK home of military power and propulsion, and our supply chain across the UK. These capabilities generate significant export value; create highly productive, high-skilled, long-term jobs in the UK; and bolster Britain's standing and soft power in the world.

In our nuclear division, our naval reactors power the Royal Navy's nuclear submarine fleet, supporting the continuous at-sea deterrent that underpins the UK's national security. Our experience of designing, manufacturing and maintaining these reactors has allowed us to develop a breadth of capability that no other company in the world can match, and, having secured a landmark £9 billion eight-year

Unity contract to supply and maintain nuclear reactors for the Dreadnought and SSN-AUKUS programmes, we expect to significantly increase the economic impact of our Raynesway facility in Derby in the coming years.

Looking to the future

We welcome the UK Government's Industrial Strategy, and its recognition that aerospace and nuclear are frontier industries that can drive growth, deliver skilled jobs and increase UK exports. We stand ready to unlock these benefits and secure growth and security for many decades to come.

The Government-led Aerospace Technology Institute (ATI) has already delivered tangible benefits by enabling strategic, long-term investment in transformative aerospace technologies. Our extensive ongoing investment in the UltraFan® technology programme, winner of the 2023 ATI project of the year, positions us for success with next-generation technology applicable to both future widebody and narrowbody applications.

Re-entering the \$1.6 trillion narrowbody engine market through partnership would represent a fantastic opportunity for Rolls-Royce and the UK and could be worth over £100 billion to the UK economy over the multi-decade life of the programme. It could generate 40,000 jobs across the supply chain, exceeding (on its own) the UK Government's goal to create 27,000 new aerospace jobs by 2050.

Elsewhere, our Small Modular Reactor (SMR) venture presents a multi-billion pound opportunity for the UK in the coming decades. We believe a significant proportion of the SMR supply chain can be fulfilled in the UK, delivering thousands of jobs as we tap into up to £500bn of cumulative global spend on SMRs through 2050.

Rolls-Royce stands stronger than ever, ready to seize the tremendous opportunities ahead, and continue delivering economic growth and technological progress in partnership with Government, our customers and our suppliers worldwide.

WHAT IS AN ECONOMIC AND SOCIAL IMPACT ASSESSMENT?

Economic and social impact assessments are designed to evaluate and quantify the contribution of an organisation across its full value chain. This report answers a central question: **What is the annual economic and social impact of Rolls-Royce's operations across the United Kingdom?**

To quantify Rolls-Royce's impact on the UK economy, we applied Input-Output (I-O) economic modelling methodology and R&D spillover analysis, informed by national data and industry standard frameworks. I-O analysis examines the interdependencies between industries by tracing the flow of goods, services, labour and capital throughout the economy. This approach enables us to assess the economic activity supported by Rolls-Royce's operations across its full value chain in 2024. The study evaluates the direct impact of Rolls-Royce's activities, including its operations in manufacturing, engineering, R&D and services, as well as the indirect and induced effects generated through

transactions with suppliers, partners and employees. It follows the flow of value from upstream inputs such as technology, intermediate goods and services, through to final outputs and economic outcomes. Using industry, commodity and household expenditure data from national statistical agencies, the modelling quantifies how Rolls-Royce's footprint contributes to both national and regional economies. Standard metrics include gross value added (GVA), employment, wages and tax contributions, providing a comprehensive view of Rolls-Royce's economic and social contribution across the country.



The analysis showcases
Rolls-Royce's overall
contribution to the
UK economy.

Intermediate inputs
(goods and services)

Purchases of goods
and services from
supply chain

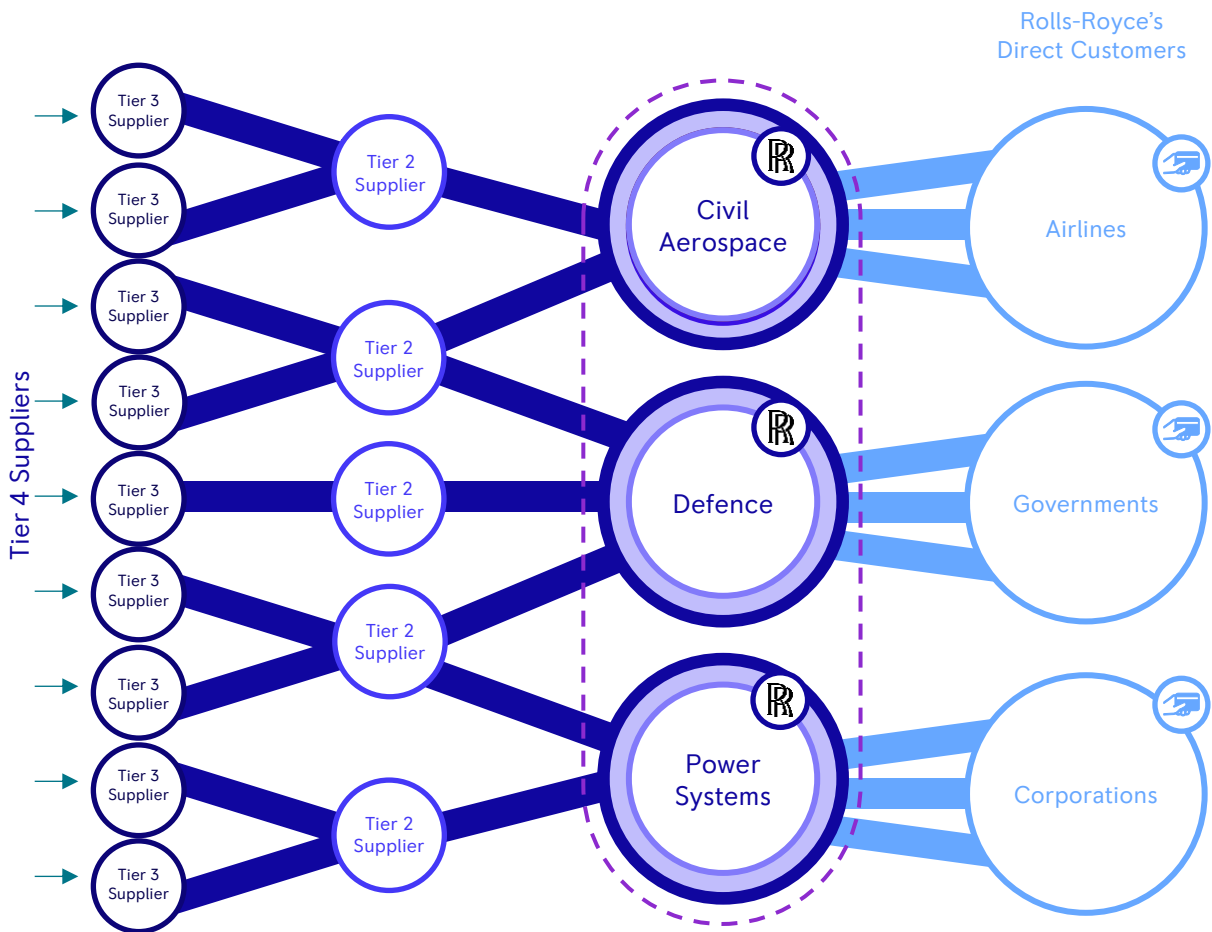
Transformation
process

Employees'
work activities,
technology inputs

Outputs (value
of production)

Goods and services
produced for sale to
other industries and
final demand

Economic value added

Fig. 1—Illustrative overview of the Rolls-Royce supply chain

This study analyses the economic impact of activities across Rolls-Royce's value chain, including the company's own operations and its transactions with suppliers and partners, by measuring the backwards linkages through the Input-Output model. The report is structured by business unit, and it traces the flow of value from suppliers through production and services, quantifying Rolls-Royce's direct, indirect and induced impacts at each stage of the supply chain. R&D spillovers are assessed by applying benchmark elasticities from academic literature to Rolls-Royce's R&D spend, capturing the long-run productivity uplift generated as innovations diffuse through supply chains and the wider economy. R&D spillover represents a separate long-run productivity effect and should be interpreted alongside our operational GVA impact.

DIRECT

Refers to the effects generated by Rolls-Royce's own operations across its business units, including manufacturing, engineering, R&D, services and associated commercial activities

INDIRECT

Captures the effects generated through B2B purchases, specifically, the transactions between Rolls-Royce and its suppliers, as well as the downstream impacts across the wider industrial ecosystem

INDUCED

Measures the effects of employee spending, reflecting how wages paid to those directly and indirectly employed by Rolls-Royce contribute to additional economic activity in the wider economy

UK EXECUTIVE SUMMARY

119Years in
the UK**23,100+**Rolls-Royce
UK employees**£8.0bn**Annual export
value from
the UK**c.2%**Rolls-Royce's
share of all UK
goods exports,
2024**c.5%**Rolls-Royce's
share of the
UK's advanced
manufacturing¹
exports, 2024**£17bn**Cumulative gross
engineering spend
over the last 10 years**> 90%**Of our UK operations
are outside London
and the South-East**1,950+**Patents first filed
by Rolls-Royce in
the UK, 2015-2024**KEY:**

- Rolls-Royce Sites
- Defence Operations at MoD Sites
- Advanced Manufacturing Research Centres
- University Technology Centres

**100+**Years we have
powered the RAF**60+**Years we have
powered the
UK's nuclear
submarine fleet**Derby & Raynesway**Our largest UK site with
over 14,500 employees
across all divisions**Bristol**Our primary UK Defence site
with almost 3,500 employees
across all divisions**Inchinnan**A key site for our Gas Turbine
business, employing over 600
people across both Civil and
Defence applications



£7.4bn

Operational GVA
impact, 2024



£4.4bn

R&D spillover GVA
impact, 2024



> 100,000

Estimated number of
people flying on RR
powered planes per day
to/from/in the UK

1.5%+

Share of all UK private
sector R&D spend directed
by Rolls-Royce, 2024

£1 → £33

Every £1 in R&D contributions
from the UK Government
supports £33 in GVA to
the UK economy

73,200

Total national
employment
supported, 2024

24,500

National employment
supported through
the supply
chain, 2024

25,600

Induced national
employment
supported, 2024

2.2x

For every UK
Rolls-Royce
employee, more than
two additional UK
jobs are supported



Total UK
capital investment

£120m

In 2024

£790m

2020-2024



Total UK gross
R&D spend

£882m

In 2024

£6.8bn

Over the last
10 years



Total UK supply
chain spend

£2.0bn+

In 2024

1,350+

Number of UK
suppliers, 2024

KEY PRODUCTS

Trent XWB
(Airbus A350)



**Submarine Nuclear
Reactors**
(Dreadnought)



MT30
(Type 26, QE-class)



EJ200
(Eurofighter Typhoon)



OUR HISTORY

Founded in 1906, Rolls-Royce has grown from a pioneering British engineering firm into a global leader in advanced power and propulsion systems. We drive British technological and industrial leadership and support UK sovereign defence capability, while reinforcing the UK's standing as a hub for resilient industrial power.

Today, we play a leading role in the civil aerospace market, delivering more than 50% of new engines for widebody aircraft in 2024. We also generate c.£8 billion in export value for the UK by exporting to more than 150 countries (accounting for c.5% of all UK advanced manufacturing exports¹) while providing the power and propulsion systems for the UK's most advanced air (Typhoon, F-35B), sea (Type 26 Frigate, QE-class aircraft carrier) and nuclear submarine (Vanguard-class, Astute-class, Dreadnought-class) defence programmes. We consistently develop world-leading civil and defence gas turbine propulsion systems, while also investing in wider R&D, including novel nuclear and small modular reactors, supporting the UK's net-zero ambitions and securing the future of Britain's energy.

These efforts are only possible because of our 119-year-old roots in Britain's industrial heartlands, where we anchor a high-productivity ecosystem, directly and indirectly supporting over 70,000 high-quality jobs outside of London and the South-East.

Abroad, Rolls-Royce delivers an outsized contribution to Britain's soft power as a critical supplier for civil aerospace, a senior partner in pivotal allied defence programmes and a global business operating in over 50 countries.



1904

The beginning

Charles Rolls and Henry Royce, first meet on 4 May 1904 in Manchester



1914

Eagle engines

Support the war effort and the first transatlantic flight



1940

Merlin engines

Power Hurricanes and Spitfires in the Battle of Britain



1960

RB211 jet engines

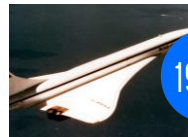
Unlock global leadership in civil aviation



1966

British-built reactors

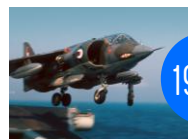
Enter service with Valiant Class submarines



1975

Olympus engines

Power supersonic Concorde flights



1982

Pegasus engines

Power Harrier jump jets in defence of the Falklands



2011

Trent XWB and 1000 engines

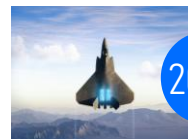
Secure ongoing leadership in civil aviation



2015

Small modular reactors

SMR team formally founded



2024

We employ over 23,100 people across the UK and support almost 50,000 more jobs indirectly

Through Rolls-Royce, Britain is one of only three nations in the world capable of designing, manufacturing and servicing globally competitive aero engines across civil and defence markets. This allows for the self-sufficient development and manufacture of key power delivery systems in Europe, rather than the U.S. alone, for flagship programmes such as GCAP. It also allows for freedom of action and modification in UK defence programmes.

Since 1958, Rolls-Royce has been the sole custodian of the nuclear reactors that power UK submarines. That's more than 30 naval reactor plants and nearly 90 reactor cores that have been developed,

delivered and maintained by our team at Rolls-Royce. Nearly 2.5 million hours of critical reactor operation have been accumulated since the late 1950s. That unrivalled expertise has been put to good use, developing innovative ways we can build a better world with nuclear. Now, with a Nuclear Portfolio that includes delivering small modular reactors and developing advanced modular reactors, we can power and connect, as well as protect. No other company in the world can provide that nuclear advantage to both defence and civil markets.

We are in a strong position to help deliver on the UK's 2025 10-year Industrial Strategy.

We are world leaders in three of the UK's eight growth sectors. Our existing footprint across Advanced Manufacturing, Defence and Clean Energy demonstrates a track record of supporting growth through the development of world-class technology.

A renewed focus on defence globally, the growth of global aviation demand, and new market opportunities across the civil aviation and nuclear industries provides huge growth potential for our already large export contributions.

Growth sectors of the UK's Modern Industrial Strategy that Rolls-Royce is well-placed to lead in:



Advanced Manufacturing

We support 73,200 jobs nationwide, generating billions in advanced manufacturing exports each year.



Defence

We have powered every Royal Navy nuclear submarine for over 60 years and have contributed to flagship aerospace programmes such as the Typhoon, Tornado, F-35B and, more recently, GCAP generating billions in export value.



Clean Energy

We are the national nuclear champion and have globally unparalleled private-sector experience and capability.

ROLLS-ROYCE IN THE UK IN 2024

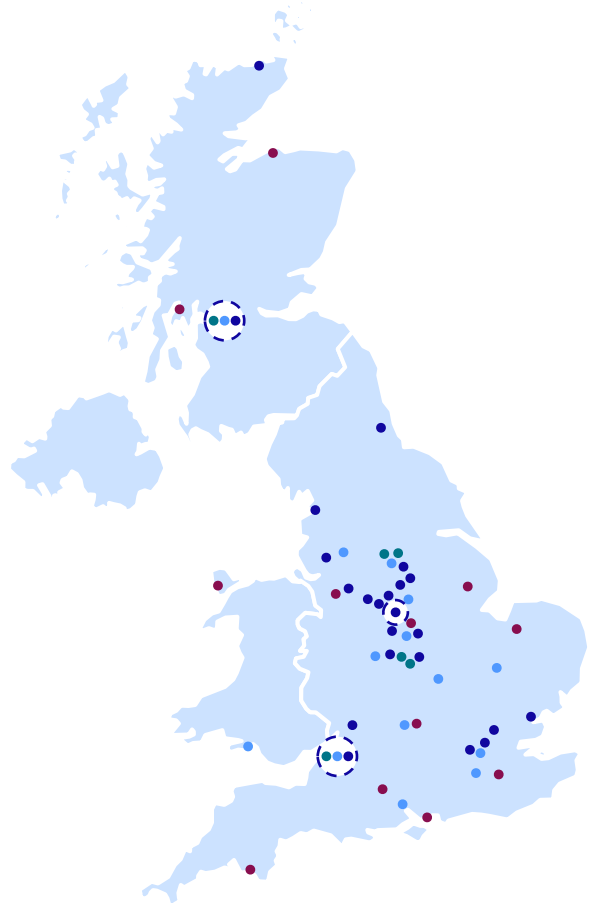
KEY:

- Rolls-Royce Sites
- Defence Operations at MoD Sites
- Advanced Manufacturing Research Centres
- University Technology Centres

Rolls-Royce UK employs over 23,100 people across our 37 sites and Ministry of Defence (MoD) facilities, working across our Civil, Defence and Nuclear divisions. We also have a growing Power Systems presence in West Sussex. Our nationwide footprint supports the Government's growth agenda by creating high-skilled jobs in towns and cities across the UK.

Rolls-Royce drives technological development, enhances STEM¹ skills and develops the workforce in these areas. In 2024, we trained over 100 interns, 70 graduates and 450 apprentices, while spending £882 million on UK R&D (on a gross basis), supporting a network of 14 University Technology Centres (UTCs) and six Advanced Manufacturing Research Centres.

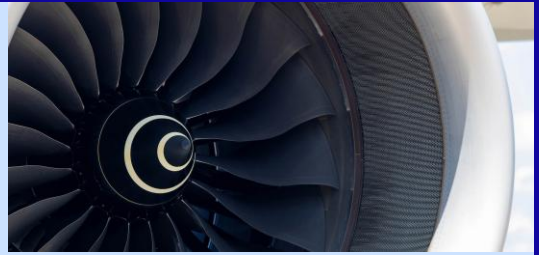
Our impact is felt further afield than our direct investment. Over the past century, we have built a high-value ecosystem, anchoring a vast supply chain of more than 1,350 British businesses, including hundreds of SMEs and specialist manufacturers, indirectly underpinning thousands of additional jobs across the UK and supporting the UK's status as a hub for advanced manufacturing.



Gas Turbines

Civil Power & Propulsion

Rolls-Royce Civil Aerospace is a leader in widebody engine technology, powering the world's most advanced long-haul aircraft, whilst positioning ourselves for success in the next generation of civil aircraft.

**Defence Power & Propulsion**

Rolls-Royce Defence delivers the Power and Propulsion systems behind the UK and its allies' most advanced military systems, including the HMS Queen Elizabeth, Eurofighter Typhoon, F-35B LiftSystem® and the upcoming GCAP sixth-generation fighter.

Nuclear

Nuclear

Rolls-Royce Nuclear provides the reactors for the UK's at-sea deterrent. We are also using our deep expertise in nuclear propulsion to develop and deliver clean, secure and sovereign energy through small modular reactors (SMRs) and advanced modular reactors (AMRs).¹





OUR ECONOMIC AND SOCIAL IMPACT IN THE UK

OVERALL ECONOMIC IMPACT IN THE UK

As a result of our ongoing transformation programme, the strategic choices we are making and the dedication of everyone at Rolls-Royce, 2024 saw the business's strongest ever financial performance. This performance means we were able to bring significant economic benefit to the UK, and it is estimated that Rolls-Royce contributed £7.4 billion to British GDP through our operations in 2024, with a further £4.4 billion in estimated productivity uplifts from R&D spillover benefits.

This impact was felt nationwide, through our extensive UK supply chain, manufacturing, aftermarket and corporate operations. Our contribution has been bolstered by significant domestic investment in facilities, skills and infrastructure. As we continue to make strategic choices, our impact is set to grow, supporting high-value jobs, strengthening industrial leadership and reinforcing the UK's global competitiveness.

£7.4bn

Operational GVA impact, 2024

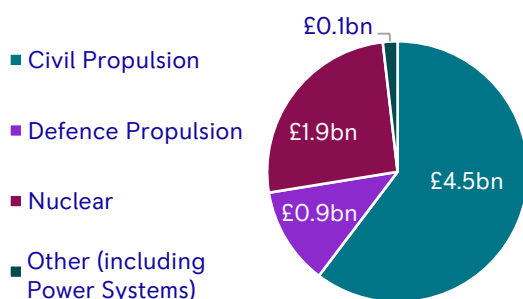
£4.4bn

R&D spillover GVA impact, 2024

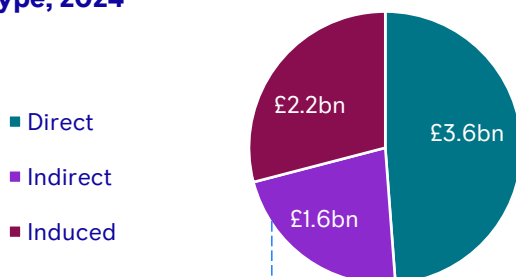
£2.0bn

Total UK supply chain spending, 2024

Operational GVA impact by division, 2024



Operational GVA impact by impact type, 2024¹

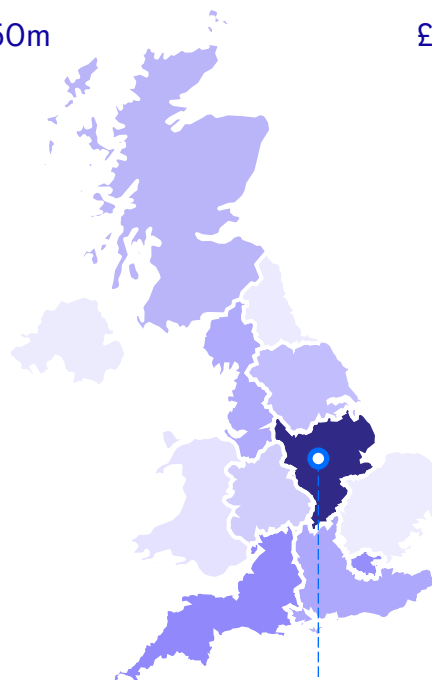


We contribute significantly to UK GDP through the money we pass on to our suppliers, resulting in a £1.6 billion indirect GVA contribution.

Operational GVA impact by region, 2024

£50m

£4.5bn

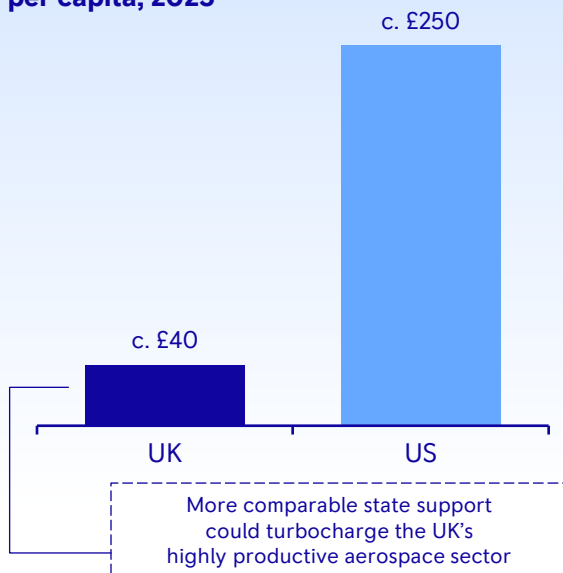


In the East Midlands, we contribute £4.4 billion to local GDP, c.3% of local GDP, reflecting our ongoing contribution to this industrial heartland of the UK.

£790m+Total UK capital
investment,
2020-2024**9,900+**Employment impact of
UK capital investment,
2020-2024**£6.8bn**Cumulative UK gross
R&D investment over
the past 10 years**£1 → £33**Every £1 in R&D
contributions from
the UK Government
supports £33 in GVA
to the UK economy

Since 2020, we have invested more than **£790 million in the UK**, helping us to increase our operational impact while supporting nearly 10,000 high-skilled jobs. This investment has been concentrated in regions such as the East Midlands and the North-West, helping to boost regional productivity and economic opportunity. Over the coming years, we are investing £1 billion to improve the performance of our Trent engine family, and it will require upwards of £3 billion of investment to progress our award-winning UltraFan® technology programme, which positions us well for widebody and (through partnership) narrowbody applications.

State military R&D spending per capita, 2023⁵



Delivering for UK plc

The UK Aerospace and Defence sector is globally competitive and was the second-largest in the world in 2023.¹ This export-focused industry contributes significantly to UK economic growth, prosperity and security.

The UK has achieved this despite several times less state support than other leading nations, and with Government procurement policies that favour domestic suppliers less explicitly than many peers. For example, in France 'sustaining the industrial base and exportability of equipment'² is often a leading requirement in defence programmes.

The UK Government's newly released Industrial Strategy's commitment to supporting our world-leading aerospace and nuclear industries shows long-term strategic foresight and begins to address historical inequalities. With the Government's backing, Rolls-Royce looks forward to continuing to grow our contribution to economic growth, skilled jobs and inbound investment into the UK.

CASE STUDY

In November 2024, we opened a new office in Glasgow, creating 120 high-skilled jobs in electrical engineering and cyber security to support the Dreadnought and AUKUS submarine programmes. This reflects Rolls-Royce's broader UK commitment, which has significant impacts for local economies. For example, our Civil Aerospace division also recently awarded over £85 million in supply chain contracts in this region.



¹⁵ **Notes(s):** 1. According to the U.S. International Trade Administration, 2023; 2. Testimony of the French embassy and Sir Bernard Gray to the Commons Defence Committee; 3. Analysis based on OECD GBARD data to ensure comparability. OECD GBARD captures formal government R&D only and excludes later-stage development, which may understate the investments of countries that invest significantly in later-stage development. **Source(s):** UK Parliament Defence Committee; Ministry of Defence; U.S. Department of Defense; Defense News; Teneo research and analysis

OVERALL EMPLOYMENT IMPACT IN THE UK

73,200
jobs

Total national employment
supported by Rolls-Royce, 2024

2.2x

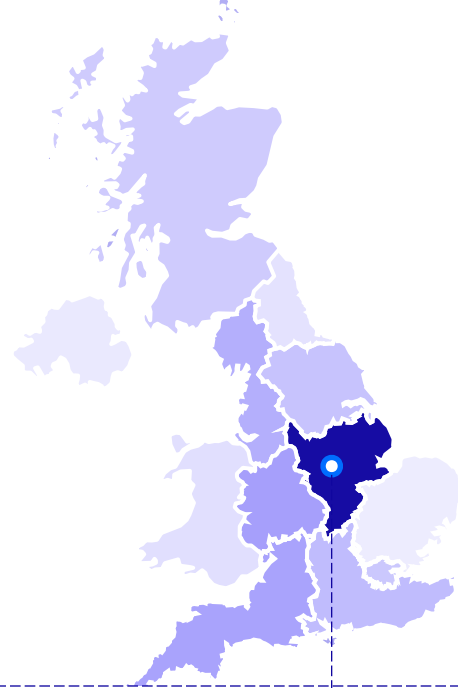
For every UK Rolls-Royce
employee, approximately two
additional jobs are supported

We play a pivotal role in the British industrial landscape, providing high-productivity, high-wage employment across all areas of our business and regions of the country.

Our presence is especially concentrated outside the South-East, and we reliably offer high-quality jobs and long-term career pathways. These roles are not only well-paid, high-value and fulfilling, but they also matter, contributing to the energy transition, national security and technological progress. About one in five of our workforce has over 20 years of service, enabling the transfer of critical skills to emerging talent and sustaining technological leadership. We also work closely with our employee representatives to support our employees.

Meanwhile, our investment in STEM education and local outreach ensures a robust talent pipeline, and our extensive UK supply chain amplifies our economic impact. These impacts are spread across the country, helping to support broad-based national growth.

Employment supported by region, 2024

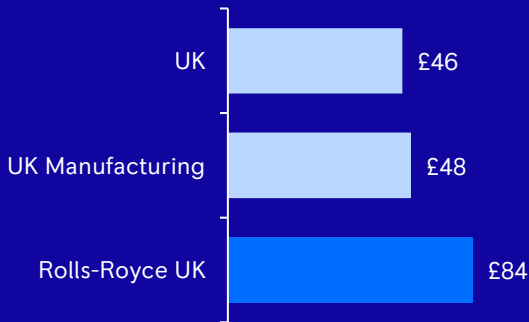


We are a critical employer in the East Midlands, supporting over 29,000 jobs.

Employment supported by division and impact type, 2024

	Civil	Defence	Nuclear	Other	Totals
Direct	12.3k	2.7k	6.1k	2.0k	23.1k
Indirect	13.1k	4.0k	7.3k	0.1k	24.5k
Induced	13.3k	3.0k	7.6k	1.7k	25.6k
Totals:	38.7k	9.7k	21.0k	3.7k	73.2k

Employee productivity, GVA per hour worked, 2024²



We support long-term, high-productivity industrial employment in regions like the East Midlands and the North-West of England.

These roles not only uplift communities, but also stimulate regional economies. Additional investment into the Rolls-Royce advanced manufacturing ecosystem directly translates into broader prosperity, reinforcing Britain's industrial resilience, and driving regional growth nationwide.

Through our uniquely successful apprenticeship, internship and graduate programmes, and our increasing focus on supporting career transitions, we foster lifelong careers and intergenerational skill transfer.

Together with our support for PhD students, these initiatives offer truly unlimited career opportunities for young people of all backgrounds, developing a sustainable future-ready workforce and anchoring long-term prosperity and national strategic capability.



c.300

PhDs supported in the UK at any one time¹



550+

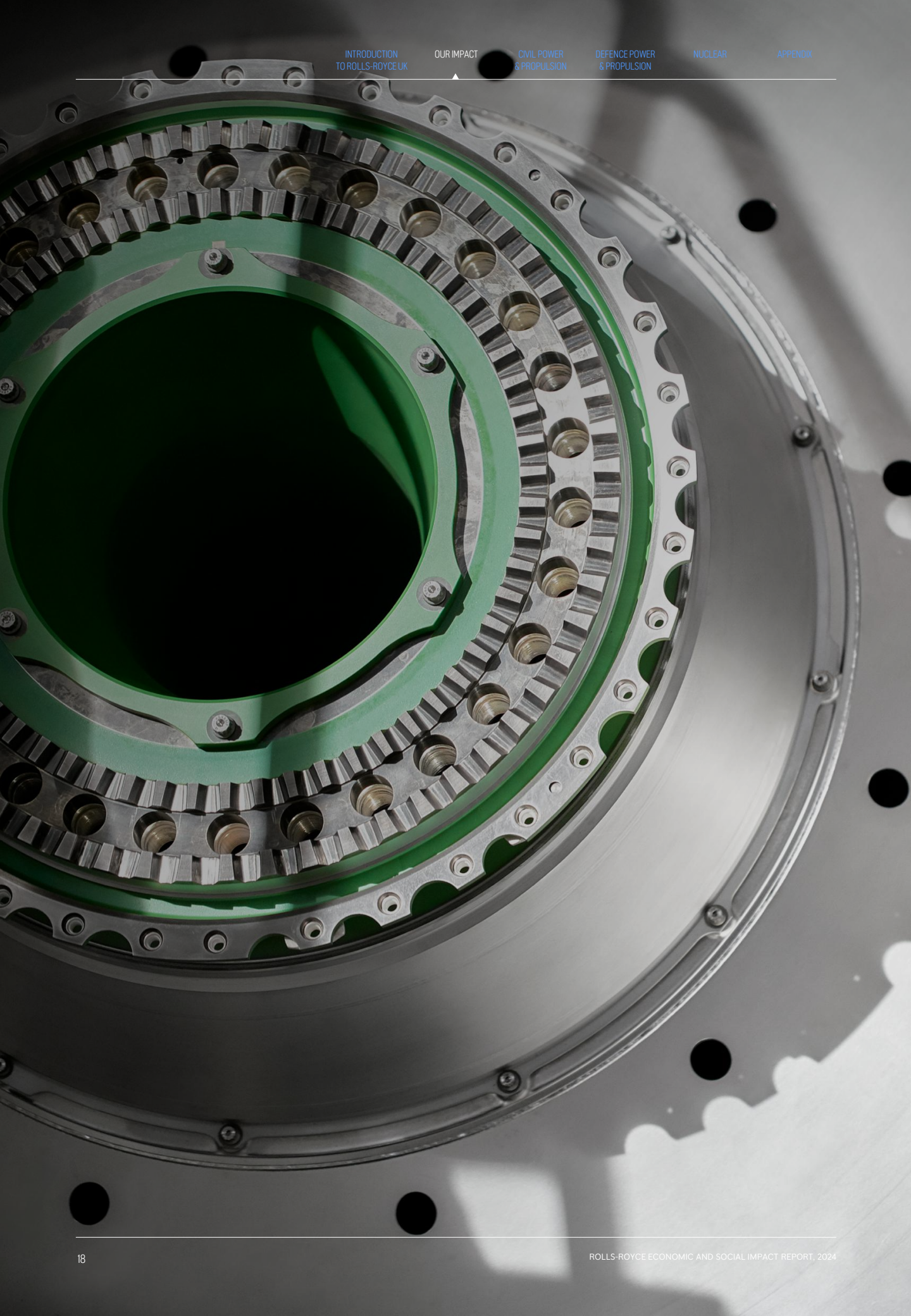
Annual new apprentices and interns



95%

Conversion rate to full-time roles





BREAKING DOWN OUR IMPACT IN THE UK

GVA contribution by business unit

UK Total		Gross Value Added – By Business Unit		Gross Value Added – By Impact Type	
 UK	£7.4bn	Civil Propulsion	£4.5bn	Direct	£2.6bn
				Indirect	£0.8bn
				Induced	£1.1bn
		Nuclear	£1.9bn	Direct	£0.7bn
				Indirect	£0.5bn
				Induced	£0.6bn
		Defence Propulsion	£0.9bn	Direct	£0.3bn
				Indirect	£0.3bn
				Induced	£0.3bn
		Other	£0.1bn	Direct	£0.0bn
				Indirect	£0.0bn
				Induced	£0.1bn

Employment impact by business unit

UK Total		Business Unit – Employment Supported		Employment Supported – By Impact Type	
 UK	73.2k	Civil Propulsion	38.7k	Direct	12.3k
				Indirect	13.1k
				Induced	13.3k
		Nuclear	21.0k	Direct	6.1k
				Indirect	7.3k
				Induced	7.6k
		Defence Propulsion	9.7k	Direct	2.7k
				Indirect	4.0k
				Induced	3.0k
		Other	3.7k	Direct	2.0k
				Indirect	0.1k
				Induced	1.7k

R&D spillover impact by business unit

Country	Total R&D Spillover (2024)	Business Unit	R&D Spillover (2024)
 UK	£4.4bn	Aerospace – Civil Propulsion	£3.0bn
		Nuclear	£0.8bn
		Aerospace – Defence Propulsion	£0.6bn

OVERALL R&D IMPACT IN THE UK

**£882m**

Gross R&D investment, 2024

**£6.8bn**

Gross R&D investment, over the last 10 years

**£4.4bn**

R&D spillover impact, 2024

**14**

University partnerships

**£17bn**Gross Engineering Spend¹, over the last 10 years

Our Research and Development benefits from a long-established British ecosystem of academia, industry and advanced manufacturing. We continue to drive technological excellence in the UK by consistently convening world-leading British experts in a way that very few organisations can do. The Government-led Aerospace Technology Institute (ATI) has brought particularly tangible benefits by enabling strategic, long-term investment in transformative aerospace technologies. Our success is underpinned by our focus on dual-use technologies, such as gas turbines and composite materials, that serve both Civil and Defence sectors. This multiplies the commercial impact of our R&D, so that every pound we invest goes further. Similarly, our extensive ongoing investment in the UltraFan® technology programme positions us for success with next-generation technologies for both widebody and narrowbody applications. We drive collaboration between researchers, major industrial partners and SMEs, to ensure that cutting-edge research is rapidly translated into scalable, real-world applications, reinforcing the UK's leadership in advanced manufacturing and driving economic growth. As well as benefitting us, our academic partnerships strengthen UK R&D capabilities as a whole.



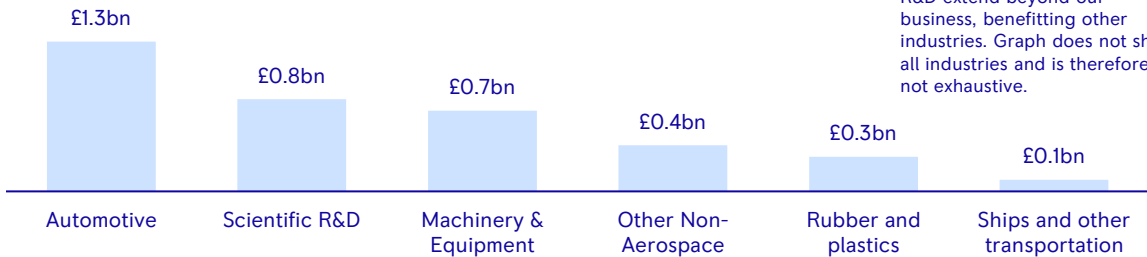
UTC

A University Technology Centre (UTC) is a long-term partnership between a university and Rolls-Royce. A UTC enables us to access unrivalled academic expertise and research in a key technology area. **Each centre addresses a key technology.**

AMRC

The Advanced Manufacturing Research Centres (AMRC) network is comprised of six AMRCs, helping us and other industrial partners achieve 'Best in Class' capability across our portfolio of manufacturing technologies.

GVA spillover impact of Rolls-Royce aerospace R&D, by sector, 2024



Note: R&D spillover measures how much the benefits of our R&D extend beyond our business, benefitting other industries. Graph does not show all industries and is therefore not exhaustive.

In 2024, our Gross R&D investments in the UK generated more than £4.4 billion in GVA in productivity spillovers across advanced manufacturing sectors, including automotive, scientific R&D and machinery. These gains translate into higher productivity and new export opportunities, with benefits extending well beyond our own operations. The ripple effect supports job creation, attracts private capital and strengthens the UK's global standing in these industries. Yet these contributions are often undervalued in official assessments, limiting the potential efficacy of government funding.

CASE STUDY

Supporting British advanced manufacturing

Our work with Advanced Manufacturing Research Centres (AMRCs) such as the Manufacturing Technology Centre (MTC) drives economic growth by supporting the broad adoption of new technologies including composite materials. For example, in partnership with the MTC, the Magtec project scaled electric motor production from 60 to 5,000 units annually, through new composite technologies and digital factory simulations, supporting net-zero goals and strengthening UK advanced automotive manufacturing.



CASE STUDY

Integrated research for advanced manufacturing at the High Temperature Research Centre (HTRC)

Rolls-Royce's HTRC at its Birmingham University UTC (University Technology Centre) integrates frontier fundamental research with advanced manufacturing and specialist training to drive developments in the manufacture of superalloy single-crystal aeroengine components. Developments are rapidly leveraged in the production of both defence and civil systems at our facilities in Derby, Bristol and Rotherham, underpinning their competitiveness. As of 2023, the £60 million HTRC has provided a commercial benefit of over £85 million, while training EngD students and apprentices.



OUR POTENTIAL FUTURE IMPACT IN THE UK

Civil Power & Propulsion

Rolls-Royce is competitively positioned in civil aerospace, in an underlying market that is growing and with clear opportunities for transformational growth.

Incremental

Our transformation and the strategic choices we are making leave us competitively positioned, with advantaged technologies and a distinctive performance culture.

The widebody market is expected to grow by over 20% by 2030. This growth and our strong market position will enable us to make an even greater economic contribution to the United Kingdom in the years to come.

> 20%

Projected widebody market growth by 2030

Transformational

\$1.6tn

Expected cumulative size of the market for next-generation narrowbody aircraft engines

40,000

Potential new jobs across the UK aerospace supply chain with successful re-entry into the narrowbody engine market

Significantly larger than the widebody market by volume, the global narrowbody market is a fantastic opportunity for Rolls-Royce and the UK. Given our technology, credibility in the industry, engineering capability and the financial strength we are building through our transformation, we are confident of our ability to play a role, through partnership, in this market in the future. Doing so would require significant capital investment in facilities, R&D and broader supply-chain capabilities. Support from Government would also, obviously, strengthen our chances of delivering on this opportunity.

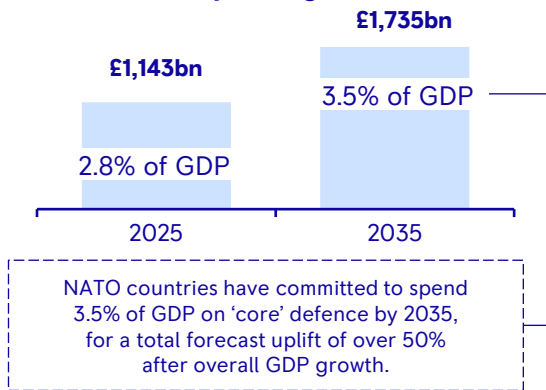
This investment would benefit many of the communities we operate in today, anchoring 40,000 high-value jobs whilst delivering billions in export value and securing the UK's future as a leader in the aerospace industry. This alone would surpass the Government's 2050 aerospace jobs target, and we want to work in partnership with Government to deliver this growth for UK plc.



Defence

We will continue to be a trusted defence partner to the UK Government, strengthening sovereign capability through advanced technology, precision delivery and resilient supply chains.

NATO defence spending forecast



Global tensions and increased threat levels have placed defence spending high on the strategic agenda.

With elevated geopolitical instability, the importance of sovereign capability, ensuring that the UK can independently develop, manufacture and sustain critical defence assets, has never been clearer. Rolls-Royce will continue to provide sovereign capability, contributing to security at home and strength abroad. As a key player in long-term programmes, we will continue to contribute to the growth of the industrial base, workforce and technology pipeline needed to meet growing demand. With higher NATO spending targets highlighting the increased need for investment in national security, we stand ready to support allied forces while securing future export opportunities for the UK. In today's volatile world, defence is not just a priority, it's a necessity for resilience and global stability.

As the UK works with allies to maintain strategic advantage and modernise its air combat capabilities, Rolls-Royce is playing a pivotal role.

The Global Combat Air Programme (GCAP) is central to the UK's next-generation defence capability, delivering a cutting-edge fighter platform aligned with the priorities outlined in the 2025 Strategic Defence Review. Building on its proven track record supporting combat air engines, Rolls-Royce brings world-leading power and propulsion expertise to GCAP, as well as other cutting-edge programmes such as Orpheus (part of the Future Air Combat System, focused on creating scalable turbofan engines for future combat aircraft). This positions us at the heart of the UK's future sovereign defence capability, strengthening the national industrial base while advancing more sustainable technologies.

+c.£590bn

Estimated increase in NATO defence spending by 2035



£40bn+

Forecast for annual global military drone market by 2030¹

Alongside long-term strategic trends, we continue to invest in developing new and emerging technologies that will shape the future of aerospace and defence.

This includes advanced capabilities such as unmanned aerial systems, where we are already supporting drone development in the United States. These innovations have significant civil spillover potential, influencing sectors like logistics and emergency response. Our focus on technology development also strengthens the UK supply chain, enhancing export potential and reinforcing Britain's position as a global leader in advanced engineering.

Submarines

For over 60 years, we have played a critical role in the UK's national security through providing the nuclear propulsion for every Royal Navy submarine, through a Rolls-Royce Pressurised Water Reactor manufactured in Derby. Rolls-Royce will power the next generation of Royal Navy submarines and the new AUKUS fleet for the UK and Australia. To meet this demand, we are expanding our Raynesway site (in Derby) and continue to invest in our people and technologies.

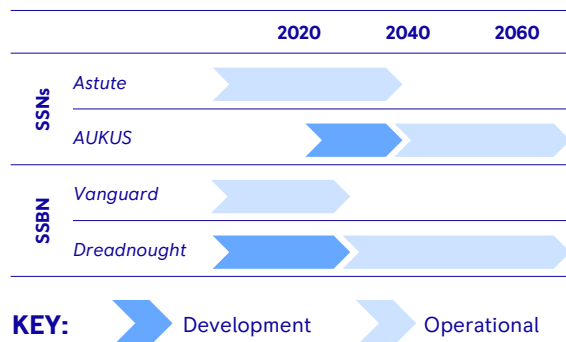


Our heritage in designing, manufacturing and maintaining the nuclear reactors that power every submarine in the UK's Royal Navy fleet has allowed us to develop a breadth of capability that no other company in the world possesses. Having secured a landmark £9 billion eight-year Unity contract, we are well placed to grow our impact in the future. This Unity contract will provide full support of the in-service UK Royal Navy submarine fleet throughout the period. It also includes continued support of the build and commission of Dreadnought-class submarines and the beginning of the SSN-AUKUS contracts. With work expected to continue into the 2040s, this is estimated to create more than 1,000 new long-term jobs, safeguard 4,000 more and generate lasting economic benefits through advanced manufacturing.

Crucially, investment in our submarine reactor technology strengthens the UK's entire nuclear ecosystem, with 91% of our supply chain fulfilled in the UK today. The creation of our SMR programme demonstrates how defence R&D can catalyse broader national capability.

Long-term programmes

We have a strong pipeline supporting future growth and expansion.



£23bn

Potential cumulative
GVA impact, 2025-2032¹

16

Unity deal supports the
construction of four
Dreadnought-class and up
to 12 SSN-AUKUS subs

We plan to invest heavily over the next five years, expanding to support demand for stronger British and allied fleets. This expansion will substantially increase our contribution, adding up to £1.8 billion in GVA per year and thousands of jobs as we double the scale of our Raynesway site.

SMR & AMR

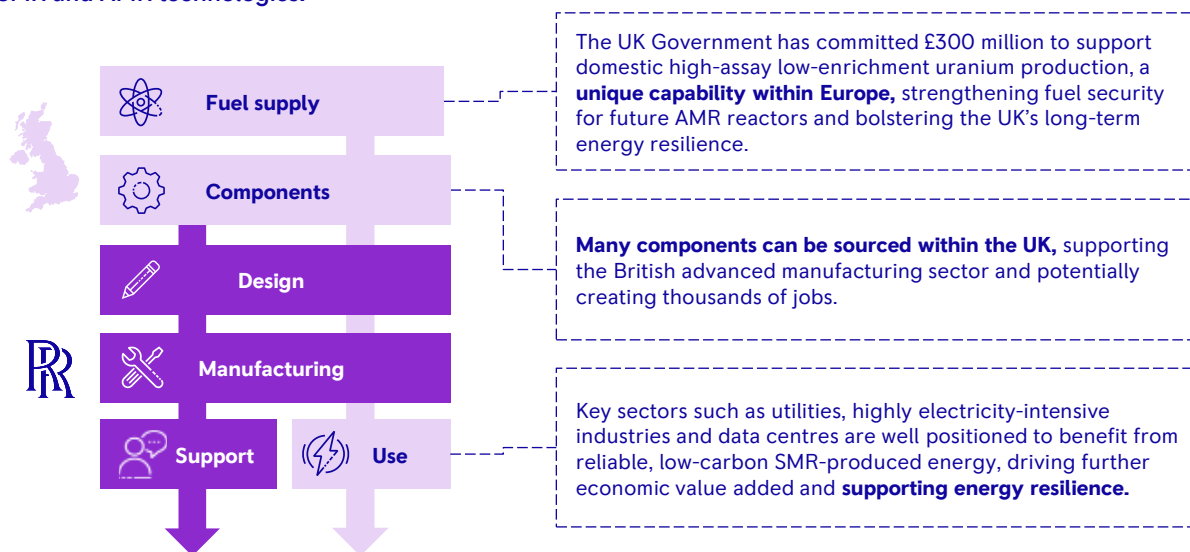
Rolls-Royce is uniquely positioned through our deep expertise (developed through our decades-long experience powering nuclear submarines), vertical integration, trusted Government relationships and a robust UK supply chain. Combined with our global commercial reach, we're ready to meet rising energy demand, drive exports and support domestic industry. Capturing a material share of the global SMR and AMR markets could deliver a huge economic and employment contribution to the UK economy.

With a forecast cumulative global nuclear spend that could exceed £1.5 trillion by 2050¹, including up to £500 billion on SMRs, the novel nuclear market presents a massive opportunity for UK plc

£54bn

Potential contribution of Rolls-Royce SMR to the UK economy, 2025-2105

With end-to-end UK-based capability, Rolls-Royce is uniquely positioned to lead the global development of SMR and AMR technologies.



We have six decades of experience, and end-to-end capability in the design, manufacturing, fuelling, maintenance and decommissioning of reactors that is unrivalled in the private sector and matched only by a handful of national programmes. Paired with our globally successful commercial capabilities, already driving c.£8 billion in annual export value for the UK, we are well placed to compete in this large and rapidly growing market.

With the right Government leadership, the UK has the potential to be a global leader in the novel nuclear market, worth upwards of £500 billion (cumulatively) by 2050, potentially creating thousands of jobs.

c.\$6.0bn

U.S.-committed AMR investment²

c.£0.3bn

UK-committed AMR investment³

£77bn

Total potential cumulative economic impact of Rolls-Royce Nuclear from 2025 to 2105⁴

OUR SOCIAL CONTRIBUTION

At Rolls-Royce, we deliver value far beyond our economic impact. We are committed to generating positive social impact, particularly through our investment in STEM education and critical skills development across the UK. In 2024 alone, we reached nearly one million people through STEM outreach and are now over 40% of the way toward our goal of inspiring 25 million young innovators by 2030. Alongside our group-level initiatives, we engage with communities and partners in the vicinity of our key sites through education outreach, social partnerships and programmes that deliver mutual benefit and positive social impact. Many of our contracts also include tailored social value frameworks that support local communities and future pipelines. We also organise community engagement programmes and projects that deliver mutual benefit and enhance positive social impact.

Rolls-Royce invests in STEM education and skills development, equipping people with critical future skills and capabilities, through our schools' outreach programmes, our flagship Schools Prize and partnerships with STEM Learning, Teach First, Primary Engineer and the Big Bang Fair.

We co-create purpose-driven programmes delivering inclusive STEM learning and skills-focused opportunities, actively engaging at least 130,000 young people across the UK with Scouts and Girlguiding, and many more in our local communities with cultural partners such as the Derby Museum of Making.

Educational
outreach



Social
partnerships



Charitable
donations



Community
and colleague
engagement

We continue to focus our one-off giving on good causes in four focus areas: education & skills, environment, social investment and arts, culture and heritage. We also enable our colleagues to fundraise for the charities that matter to them, including £0.5 million donated to 500 good causes through our Payroll Giving scheme.

Our colleagues delivered projects supporting education, employment, well-being and sustainability to make a difference in our local communities, including community engagement days involving 1,550 people completing 90 projects to improve community facilities and environmental habitats.

£3.2m

Discretionary social contributions in UK, 2024¹

£1.4m

Cash contributions including charitable donations in UK, 2024¹

53,000 hours

Total hours volunteered in UK, 2024

1,000,000+

People reached through our STEM activities and programmes, 2024

55%

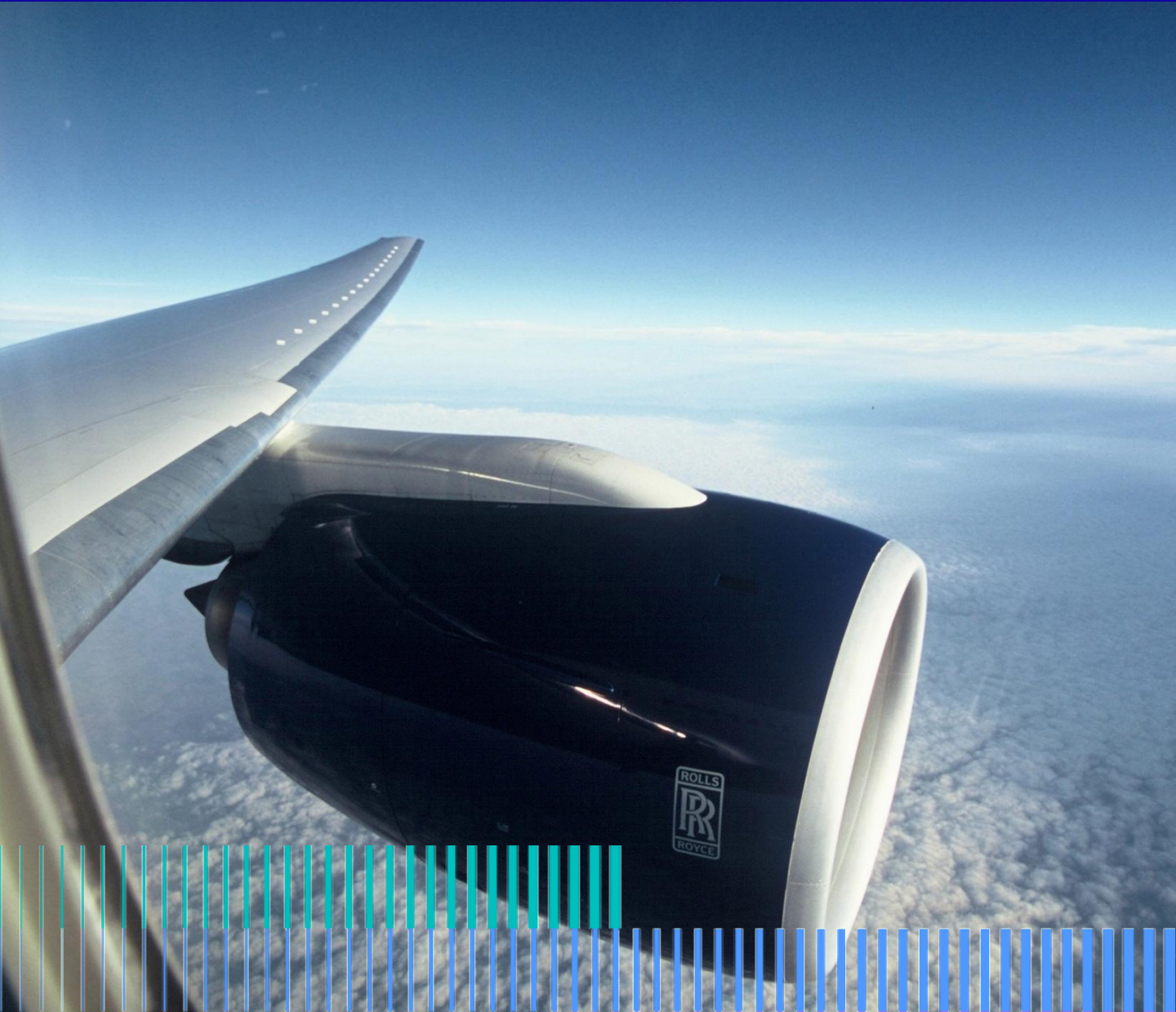
Of our contributions support our STEM education and skills programmes

CASE STUDY

Schools Prize for Science & Technology

The Rolls-Royce Schools Prize for Science & Technology is our flagship UK education initiative, run with STEM Learning to promote outstanding STEM teaching. Celebrating 20 years in 2024, it has awarded £1.6 million to over 600 schools and supported 300+ teachers, impacting an estimated 28,000 students this year alone.





OUR BUSINESS UNITS

BUSINESS OVERVIEW

GAS TURBINE POWER & PROPULSION

We are proud to be a globally competitive gas turbine business and the UK's aerospace champion. Our recent strategic progress and advantaged products support our success in both civil and defence gas turbines. Our Civil business has won a more than 50% share of new commercial widebody engine deliveries in the past two years, and our Defence operations have grown by approximately 40% in the last five years.

This success is built on decades of experience, with turbines at the core of our business for over 70 years. Our turbines play key roles on a wide range of platforms, including civilian airliners like the Airbus A350, military aircraft like the Typhoon and naval systems like the QE-class aircraft carriers. We provide end-to-end gas turbine capability, from design through to assembly and maintenance. As a result, the UK is one of only three nations able to design, manufacture and service globally competitive gas turbines across both civil and defence sectors.¹

15,000

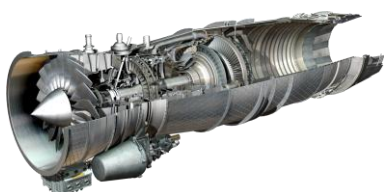
UK employees
working on
gas turbines

78%

Of products
made for export

Today, gas turbines are the backbone of our Civil and Defence propulsion operations, two areas that together generate billions of pounds in revenue annually, with nearly 80% of UK production destined for global markets. We are world leaders in both domains, powering widebody airliners for Airbus and Boeing, and unlocking leadership in key international defence programmes such as the Eurofighter Typhoon and the Global Combat Air Programme (GCAP). This dual-use strength is by design: our integrated R&D model enables technology transfer between Civil and Defence, delivering greater value. For example, our MT30 naval gas turbines share 80% commonality with the prior Trent 800 gas turbine, which powers the Boeing 777, which, in turn, benefited from Eurofighter EJ200 engine technology. Shared expertise, skills and infrastructure create a powerful, exportable advantage for British Rolls-Royce gas turbines.

EJ200
(Eurofighter Typhoon)



Trent 800
(Boeing 777)



MT30
(QE-class)



Design ➤ Develop ➤ Manufacture ➤ Assemble ➤ Certify ➤ Maintain

We are one of only three companies globally with competitive end-to-end gas turbine capability across civil and defence, in the air and at sea. This almost unparalleled capability set enables highly efficient R&D, operational efficiencies and sustains sovereign British capability. With over 70 years of experience in gas turbines, we play a strategic role in sustaining national security, industrial leadership and global competitiveness across the full life cycle of gas turbine technology.

Our Derby site is home to our Trent engine class, and it contributes to key defence programmes. Its supply chain is rooted in the East Midlands and the UK more broadly, forming a nationally significant industrial ecosystem.

110 years

Of continuous aircraft engine production in Derby



The Trent XWB, powering the Airbus A350, is the world's most efficient engine in service and the fastest-selling engine in our Trent family. With exceptional performance and reliability, it underpins one of the most advanced widebody fleets in operation. By enabling new ultra-long-haul routes, such as New York to Perth, the Trent XWB leverages the enduring excellence of British engineering to connect the world.



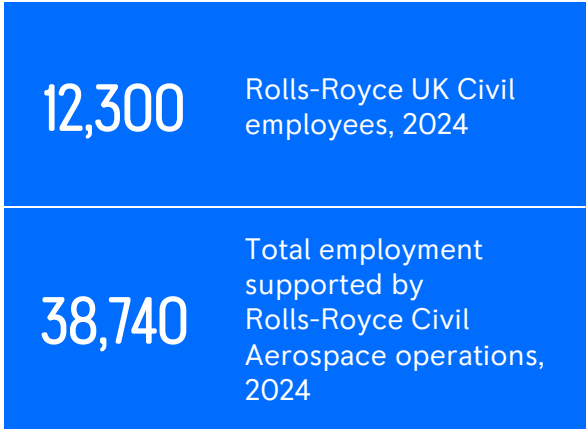
BUSINESS OVERVIEW

CIVIL POWER & PROPULSION— (CIVIL AEROSPACE UK)

Following two years of substantial strategic progress, Rolls-Royce's Civil Aerospace business is globally competitive, with advantaged technologies and products, and we enjoy more than a 50% share of new widebody engine deliveries. This strength builds on a long legacy of success; the first commercial transatlantic jet service took off in 1958 with a British-built de Havilland Comet departing London for New York, powered by four Derby-built Rolls-Royce jet engines. Today, British Airways operates the same service with an Airbus A350, powered by two Derby-built Rolls-Royce jet engines. Our gas turbine civil propulsion operations have led the world for over 70 years in the production of widebody jet engines, an enduring example of British industrial excellence.

Our continued leadership in civil aviation generates billions in annual revenue, the vast majority through exports. It anchors Britain at the centre of a global aerospace industry that is broadly forecast to grow at c.7-10% annually. This allows us to support nationwide skills development and over 38,000 high-productivity jobs. Our direct investment, alongside our UK R&D and supply-chain spending, enables this impact.

Looking forward, we see the large global market for engines for short-haul, or narrowbody aircraft, as a fantastic opportunity for Rolls-Royce and the UK, and we continue to examine partnership opportunities to participate that could add value to Rolls-Royce.



A century of world-class commercial jet engines

We have been manufacturing world-leading commercial jet engines since 1952, with programmes already in place to maintain our market-leading position well beyond 2050.

Engine & primary frame	1950	1970	1990	2010	2030	2050
Avon (de Havilland Comet)						
Conway (Boeing 707)						
RB211 (Boeing 747)						
Trent 700 (A330)						
Trent 800 (Boeing 777)						
Trent 500 (A340)						
Trent 900 (A380)						
Trent 1000 (Boeing 787)						
Trent XWB (A350)						
Trent 7000 (A330neo)						
UltraFan® (TBD)						

KEY:



Programme lifetime to date



Expected future lifetime

In 2024, we have

50%+

share of new widebody
engine deliveries

Thanks to our world-class R&D, our British-built engines hold a globally competitive position in the long-haul widebody segment, despite foreign peers often benefitting from higher state R&D funding.

As well as

c.20%

share of the business
aviation market

Our business aviation engines are assembled with over 40% British content at our facilities in Germany. Our market-leading position supports British jobs, British manufacturing and provides significant export and tax income for the UK.

The narrowbody (short-haul) engine
market is estimated to be

c.9x

the size of the widebody
market by volume

The narrowbody engine market for the next generation of aircraft is a fantastic opportunity (at \$1.6 trillion in expected cumulative spend) and could help create a step-change in growth for Rolls-Royce and contribute over £100 billion to the UK economy over the multi-decade life of the programme.

Our market-leading UltraFan® technology programme has been designed from the outset to be scalable and supports our ambitions to re-enter the narrowbody market.



Trent XWB

The Trent XWB entered service in 2015. It is the world's most efficient large aero-engine in service, facilitating a 25% reduction in fuel burn for the Airbus A350 compared to the previous generation of aircraft. This reduces CO₂ emissions, while helping connect the world through new ultra-long-haul routes like New York to Perth. With over 2,600 engines delivered or on order from our Derby facility, the programme has already generated over £30 billion in UK export value, while supporting thousands of high-skilled jobs in the East Midlands.

CASE STUDY

SUPPLIER OVERVIEW

CIVIL AEROSPACE UK

We play a central role in driving forward the UK's aerospace and advanced manufacturing industries, partnering with a broad network of over 400 UK suppliers, built over decades of domestic operation.

Our long-term programmes support regional growth and high-value employment, attracting international firms and empowering SMEs to invest with confidence by assuring long-term security.

Supply chain spend, by region, 2024

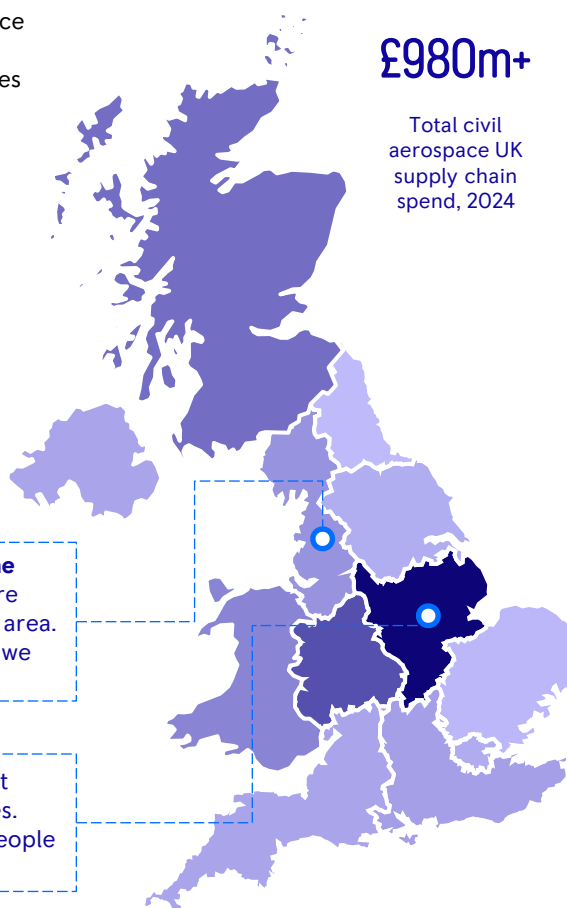


Our supply chain spending has a significant impact in the North-West, where, of the £69 million spent in 2024, more than £46 million was spent in the Blackburn and Burnley area. By spending with highly skilled SMEs in the North-West, we indirectly support high-productivity jobs in the region.

We spend the most in the East Midlands, where we invest heavily in the local community around our Derby facilities. This includes ITP Aero, a key partner employing c.700 people in highly skilled aerospace manufacturing roles.

£980m+

Total civil aerospace UK supply chain spend, 2024



Over 60% of our domestic supply chain spending flows to key global aerospace partners such as ITP Aero, who employ British workers in high-productivity roles. These global leaders choose to operate in the UK due to its well-developed aerospace infrastructure and its status as a major intermediate end-market with strong local demand.

As a world-leading provider of widebody civil aerospace engines, we are central to that status as a major intermediate end-market, channelling c.£1 billion a year into our UK supply chain. Our century-long presence has also played a foundational role in the development of the UK's aerospace infrastructure.

400+

UK Civil Aerospace suppliers

15

Major international partners in the UK¹



Civil aerospace supply chain spend by UK region, 2024



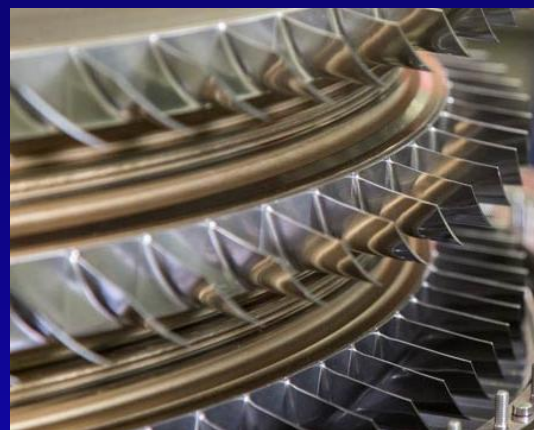
In addition to major international aerospace firms, we also work with hundreds of smaller local suppliers within aerospace and beyond, with more than 400 partners across our domestic supply chain. We support high-productivity employment through the domestic manufacture of dozens of specialist aerospace components, from forged discs to sensors and compressor aero foils.

The civil/defence dual-use nature of our business creates procurement synergies, with approximately 25% of our civil suppliers also supporting defence platforms. The scale and stability of our civil spending often provides our suppliers the financial stability needed to innovate, creating further future job opportunities.

CASE STUDY

Precision casting in South Wales

In partnership with the Department for Business and Trade, we invested to assist a small firm in South Wales in enhancing its advanced precision casting capabilities for aerospace alloys. Our extensive collaboration has facilitated the exchange of knowledge and expertise, and components are anticipated to be launched in the UK market in the fourth quarter of 2025, fostering competition and boosting local productivity.



ECONOMIC IMPACT

CIVIL AEROSPACE UK

It is estimated that Rolls-Royce Civil Aerospace operations contributed £4.5 billion to British GDP in 2024, with a further £3 billion in estimated UK productivity uplifts from R&D spillover benefits.

Our impact is felt across the full breadth of the UK through our nationwide supply chain spending and our own manufacturing, aftermarket and administrative operations.

£4.5bn

Operational GVA impact, 2024

£3.0bn

R&D spillover GVA impact, 2024



Rolls-Royce Civil Aerospace operational GVA impact by region, 2024

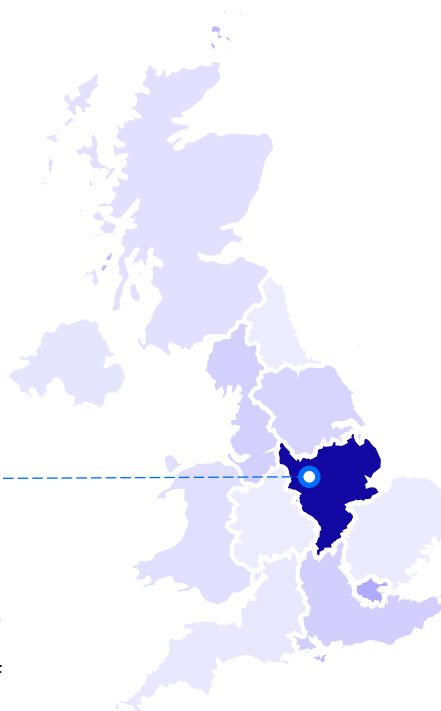


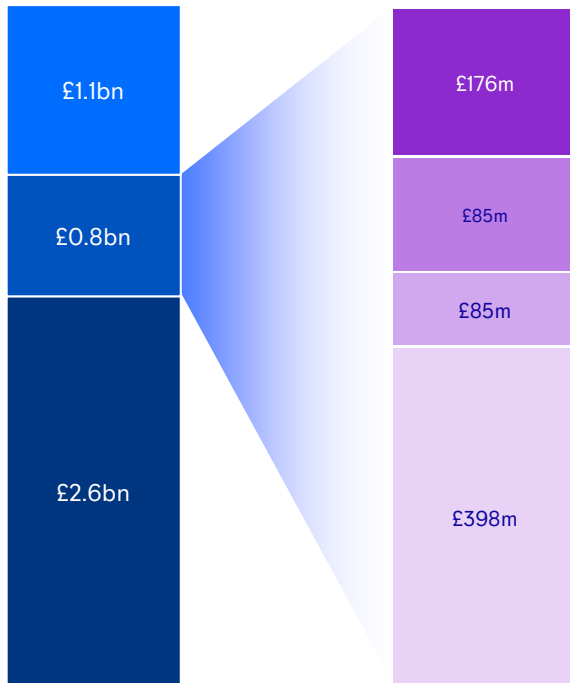
Derby and the East Midlands
£3.5 billion GVA impact
17,700+ total jobs supported

Our impact is most significant in Derby and the East Midlands, which is home to our central Civil Aerospace hub. Here, our operations generate approximately £3.5 billion in GVA, 77% of our total operational GVA impact in the UK. Our 2024 contribution equated to over £2,000 per capita in Derbyshire and Nottinghamshire, underlining our critical position in the local economy.

£2,000

Per capita GVA impact
in Derbyshire and
Nottinghamshire, 2024



**GVA impact by
impact type****Indirect (supply chain)
GVA impact by region**

■ Direct ■ Indirect ■ Induced

■ Other Regions

■ Scotland

■ West Midlands

■ East Midlands

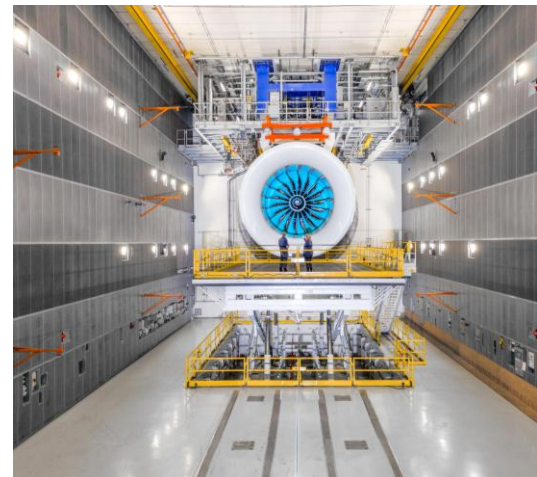
In 2024, much of our indirect impact was felt in industrial areas of the North-West, the East Midlands and Scotland.

Our support for these regions plays a key role in creating opportunities across the country and supporting Government priorities to drive regional growth. By supporting local advanced manufacturing, we help create lasting prosperity across the country.

CASE STUDY

In partnership with the UK Government, we invested over £90 million to build Testbed 80 in Derby, the world's largest and most advanced indoor aerospace test facility. Since 2021, this has facilitated the development of both the Trent XWB and next-generation UltraFan® technologies, supporting jobs and growth across the UK.

The construction alone of Testbed 80 contributed approximately £110 million to UK GDP, supporting over 1,400 jobs. Its unique capability will support over 9,000 jobs in Derby for the long-term.



EMPLOYMENT IMPACT

CIVIL AEROSPACE UK

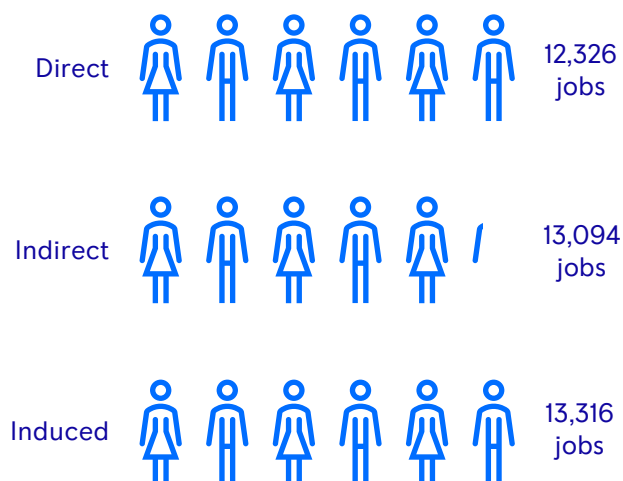
38,740 jobs

Total national employment supported by Rolls-Royce Civil Aerospace UK, 2024

11 years

Median tenure of Rolls-Royce Civil Aerospace UK employees, 2024, 60% higher than the UK private sector average

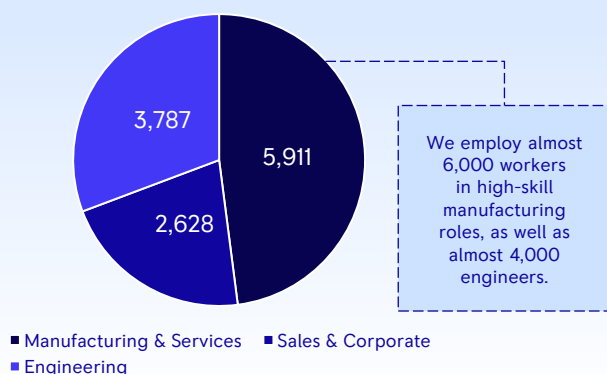
National employment supported by impact type, 2024



Across the UK, we employ over 12,000 people in our Civil Aerospace operations. Our supply chain supports over 13,000 additional, highly productive jobs in both high-skilled aerospace and other industries. Over the past two years, we have offered full-time roles to hundreds of apprentices and interns, with a c.95% job offer rate (well above the industry average).

By providing stable careers and investing in skills development, we support skill transfer to the next generation of engineers and innovators.

Rolls-Royce Civil UK employees by job category, 2024



53%

UK employees have over 10 years of tenure

19%

Of employees are under the age of 30

Employment supported by impact type, top three areas, 2024

Sub-region (ITL2)	Direct employment supported	Indirect employment supported	Induced employment supported	Total employment supported
Derbyshire and Nottinghamshire	8,759	3,854	4,174	16,786
Gloucestershire, Wiltshire and North Somerset	753	260	446	1,459
South-Western Scotland	619	533	236	1,389

Our operations support roughly one in every 50 jobs in the Derbyshire and Nottinghamshire region. This impact is even more concentrated in Derby itself.

We provide high-productivity jobs across the UK. 69% of our UK Civil Aerospace workforce is based in Derby, with more than that spread across the broader East Midlands. We employ over a thousand highly skilled workers in other areas of the country such as Rotherham, Barnoldswick and Washington.

We actively support the development of emerging talent through our well-established apprenticeship and internship pathways, equipping individuals with world-leading technical skills to thrive in the workforce of tomorrow, and were named 25th in the Times' Top 100 Graduate Employers in 2024-25. Our programmes are now rotational across both Civil Aerospace and Defence, providing greater opportunity for our emerging talent, while creating an efficient one-stop shop for the development of a world-leading UK aerospace workforce.

CASE STUDY

Cassie — Engineering advanced apprentice

Cassie Leicester joined us as an apprentice and, 17 years later, is now Vice President for Off Wing Maintenance, Repair and Overhaul, EMEA & Americas. Sponsored through a master's degree and supported throughout her career, she's worked across both Civil Aerospace and Defence operations, and across the UK and U.S., developing broad skills and global impact. Her story shows how we create long-term careers, empower future engineers and offer our apprentices limitless opportunity.



OUR IMPACT IN DERBY AND THE EAST MIDLANDS

CIVIL AEROSPACE, NUCLEAR AND DEFENCE UK

GVA impact by impact type, Derby and the East Midlands, 2024



£4.4bn

Contributed to local GDP in the East Midlands in 2024, equivalent to c.3% of local GDP

Map of Rolls-Royce's operations in Derby and the East Midlands

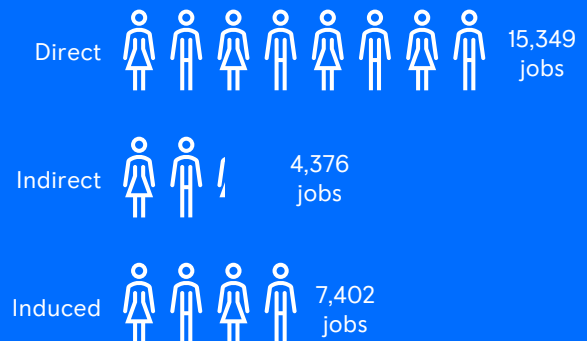


27,100+

Total employment supported by Rolls-Royce in Derby and the East Midlands across Civil, Nuclear and Defence divisions, 2024

In Derby, we estimate almost one in eight workers are directly employed by Rolls-Royce. Through both direct employment and extensive local spending, we underpin high-skill, high-productivity employment in the region.

Employment supported by impact type, Derby and the East Midlands, 2024¹



Median employee tenure, 2024

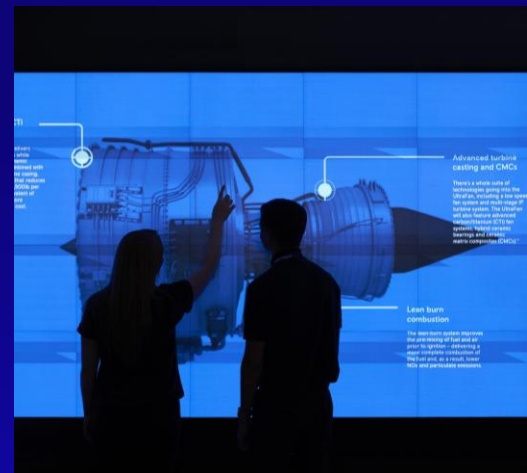


The local community in Derby and the East Midlands has supported our operations for over a century. We work to return that favour by providing generational employment and well-paying, meaningful careers. **One in four of our Derby employees have over two decades of tenure.**

Our Derby and East Midlands employees have a **GVA per hour worked contribution substantially higher than the UK manufacturing or the local average.** We provide the foundation for our people to achieve their full potential, and this high-productivity allows us to provide highly competitive pay to our team.

CASE STUDY

We are investing £28 million to expand our Civil operations in Derby, aiming to boost large engine production in the coming years. This initiative will create approximately 200 new jobs in Derby and enhance testing and servicing capabilities as part of a broader strategy to meet rising global demand for Trent engines. This programme will deliver a strong economic boost and even more long-term skilled employment for Derby and the East Midlands, supporting economic renewal and reinforcing the region's status as a global aerospace and advanced manufacturing hub.



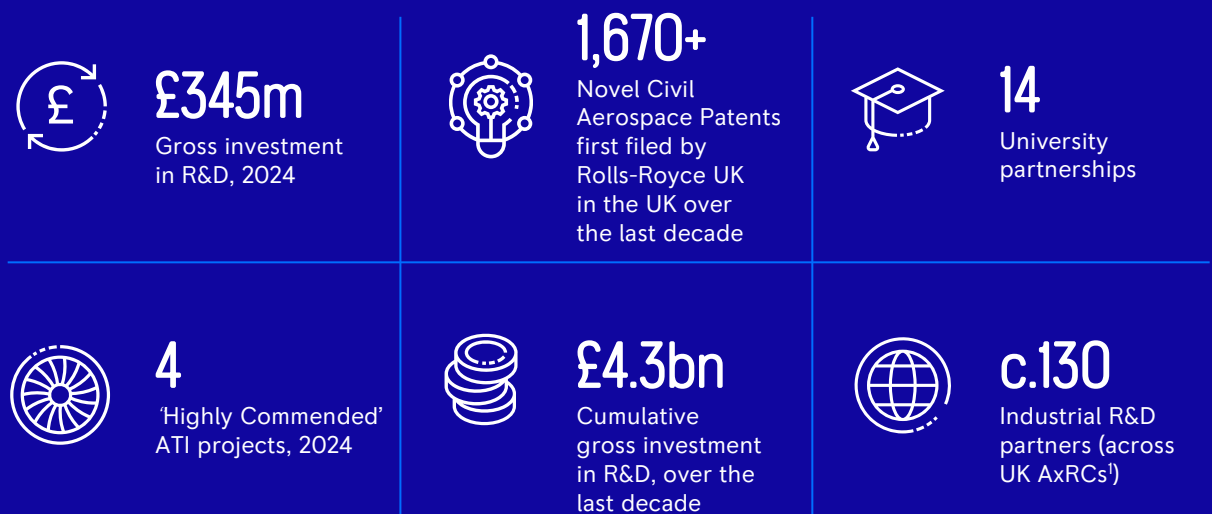
R&D IMPACT

CIVIL AEROSPACE UK

Our Civil Aerospace R&D contributes to a strong and sustainable future for the UK, developing world-class skills, creating high-productivity jobs and powering rapid economic growth. We provide the foundation for hundreds of PhDs and researchers, leveraging the talent within our world-class institutions to deliver revenue-boosting export technologies with spillover benefits reaching far beyond aerospace.

Our collaboration with the Aerospace Technology Institute (ATI) exemplifies this approach, as it provides a platform for co-investment and innovation that is key to developing the next generation of products. By coordinating academic, domestic and major international partners, we help anchor global collaboration in the UK, supporting a thriving network of local SMEs. Because our R&D develops gas turbine technology applicable to both civil and defence programmes, every pound we invest drives more innovation, delivering value for money for Government by reducing procurement costs and facilitating high-value defence exports.

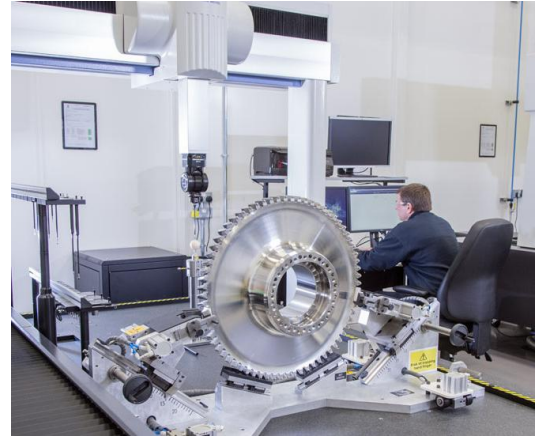
Civil Aerospace UK R&D stats



CASE STUDY

Multibillion-pound commercial impact

Following the introduction of advanced nickel-alloy turbine discs, we supported research at the University of Birmingham UTC to investigate crack growth, which limits engine life. Through the application of rigorous, collaboratively developed predictive models, we were able to extend in-service maintenance intervals. The commercial benefit is estimated to have been over £300 million since 2013 and could be up to £13 billion for a fleet of 1,000 Trent engines over the next 30 years. This is one of the many ways our academic partnerships have driven significant economic value.



Our Civil Aerospace R&D often operates on a long-time horizon, with significant upfront cost, however, the returns are notable and long-lasting. The late 1960s RB211 engine cost £170 million to develop, around £2-3 billion in today's money, leading many to doubt the wisdom of the investment. However, today the RB211 platform is the basis for our entire range of Trent engines, securing significant export revenue for Rolls-Royce and the UK. That same platform has been applied to develop the MT30 marine gas turbine, powering the *QE-class* aircraft carriers and numerous international naval systems.

We continue to invest heavily in R&D, notably on our flagship UltraFan® technology programme. These large investments provide tangible near-term benefits, advancing skills development through university partnerships and PhD scholarships, boosting British industry through supply chain partnerships and advanced manufacturing collaborations and providing direct employment in high-skill domestic R&D roles. Government support is critical to the success of these projects, with the UltraFan® technology programme representing an example of what can be achieved when in close partnership. Long-term ATI funding has been essential for the UltraFan® technology programme, sustaining British technological advantage and driving future UK exports of next-generation engines. This investment positions us strongly for future narrowbody as well as widebody opportunities, representing a significant opportunity for the business, and the country, in the coming years.

CASE STUDY

UltraFan®—ATI Project of the Year 2023

The UltraFan® technology programme marks a step-change for Rolls-Royce and for the aerospace sector, representing our first new engine architecture in over half a century. The project is supported by the Aerospace Technology Institute (ATI), allowing us to invest heavily in R&T and pass on a significant sum to enhance our UK supply chain. The testing of an UltraFan®80 demonstrator was recognised as the ATI Project of the Year 2023.

The UltraFan® technology programme exemplifies how strategic collaboration drives innovation and industrial growth. With a scalable design opening opportunities in the narrowbody¹ market and a wealth of proprietary technology, UltraFan® is a generational leap forward in aerospace technology, fuel efficiency and reduced emissions.



THE ULTRAFAN® TECHNOLOGY PROGRAMME

Rolls-Royce's UltraFan® technology programme spans the development of next-generation geared ducted engine solutions for widebody¹ and narrowbody applications.

The programme is more than a single engine – it is a scalable suite of technologies, which are being applied to the development of UltraFan®80 and UltraFan®30; widebody and narrowbody demonstrators respectively. The demonstrators will validate key enabling technologies and propulsion system design for future widebody and narrowbody engine solutions. We continue to mature and validate novel and proven technologies that, where possible, will be deployed in our current Trent fleet.



35TB

Of data collected
during testing



40%

Less NO_x at cruise
with UltraFan®80



100%

Sustainable
Aviation Fuel
(SAF) ready
from day one

Building on millions of flying hours of Trent heritage, UltraFan® technologies have been designed and tested from the outset to be scalable, while delivering step-change performance improvements in fuel efficiency, durability, noise and emissions. UltraFan® technologies have been designed to prioritise durability and maturity, reflecting what airlines and airframers need most: proven performance from day one. UltraFan® technologies deliver best-in-class performance in thrust, fuel burn, noise, emissions and durability.

Customers will benefit from enhanced efficiency and reduced operating costs because of UltraFan® technologies, while also enabling the industry's transition to lower-carbon aviation.

The UltraFan® technology programme positions us strongly for the next generation of widebody aircraft and our return to the narrowbody market through partnership.

UltraFan®
80

Is a demonstrator to test UltraFan® technologies for our continued participation in the widebody market. The first phase of testing took place in 2022 at our £90 million purpose-built facility in Derby. Designed to operate with a 10% higher fuel efficiency than the most efficient large aero-engine – Rolls-Royce Trent XWB – the testing was completed using 100% Sustainable Aviation Fuel. The UltraFan® widebody application will deliver a 25% fuel efficiency improvement compared to the first-generation of Trent engine.

The results of our work on the UltraFan®80 demonstrator will help to reinforce our market-leading widebody presence. This builds on the 50% share of the new engine deliveries we've captured over the past two years.

UltraFan®
30

Is a demonstrator to test UltraFan® technologies that will enable our ambition to re-enter into the narrowbody market in partnership. An UltraFan®30 demonstrator is planned for ground tests in 2028, with future engines expected to enter service in the mid to late 2030s.

It is anticipated that the UltraFan®30 technologies will deliver at least a 10% fuel burn improvement compared with today's engines. Through continued technology maturation, we are ambitiously driving towards even higher levels of efficiency and durability, aiming to exceed this 10%.

The UltraFan® technology programme supports our return to the \$1.6tn narrowbody market. Through partnership, a position in the narrowbody market offers significant long-term growth potential for Rolls-Royce.

We believe a return to the narrowbody market represents a once-in-a-generation opportunity to deliver a step-change in growth for the UK economy. The UK Government has an unmatched opportunity to generate thousands of highly-skilled jobs and multi-billion-pound export revenue by supporting our move into the narrowbody market.



Transformative economic potential



£3.0bn+

Expected investment in UltraFan® research and technology over the next 10 years.



40,000

UltraFan® has the potential to support an estimated 40,000 incremental highly skilled jobs across the country if we successfully return to the narrowbody market, across our supply chain – not just within Rolls-Royce.



£100bn+

of value could be generated for the UK economy over the lifetime of a future narrowbody engine programme based on UltraFan® technology.

For over a century, Rolls-Royce has provided thrust to propel combat air vehicles, including the Eurofighter Typhoon. Now, through continuous development of our world-leading capabilities in the aerospace market, we are pioneering more advanced and integrated power and propulsion systems from right here in the UK.



BUSINESS OVERVIEW

DEFENCE POWER & PROPULSION (DEFENCE UK)

Rolls-Royce Defence has been at the heart of British defence capability for over a century, and we will continue to play a major role in the future; notably, we are leading the development of sixth-generation power and propulsion systems. These capabilities generate significant export value, creating highly productive, long-term jobs in the UK, and bolster Britain's soft power by allowing it to take meaningful roles in global programmes such as the Eurofighter Typhoon and the Global Combat Air Programme (GCAP). We are globally recognised leaders, contributing not just to the UK's success, but also that of our allies, as evidenced by the selection of the Japanese Mogami-class by Australia for their General Purpose Frigate Programme, which will be powered by MT30 made in Bristol.

2,700

Rolls-Royce UK
Defence
employees, 2024

39%

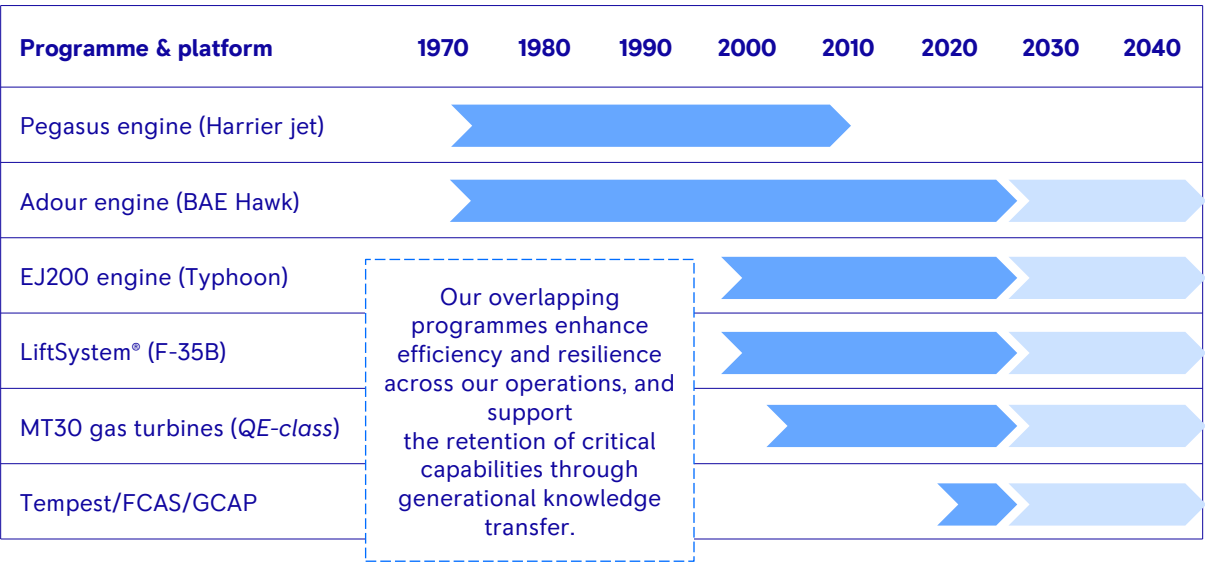
Rolls-Royce
Defence global
five-year revenue
growth, 2019-2024

We directly employ 2,700 people in the UK, while supporting over 7,000 more jobs through indirect and induced effects, including our spending through a network of over 500 UK suppliers. With over a dozen alliances with academic institutions across the UK, we also drive skill development nationwide.

There are natural synergies between the gas turbine technologies developed for our Defence and Civil Aerospace operations. This allows us to better translate advances across programmes, reinforcing global competitiveness and ensuring that every pound we invest goes as far as it possibly can. For our Defence programmes, this helps us to provide the best value for money possible to the UK taxpayer.

Overview of key programmes

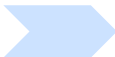
Rolls-Royce is at the heart of the most iconic British-built defence systems, from the most mature to the most cutting-edge, early-stage programmes.



KEY:

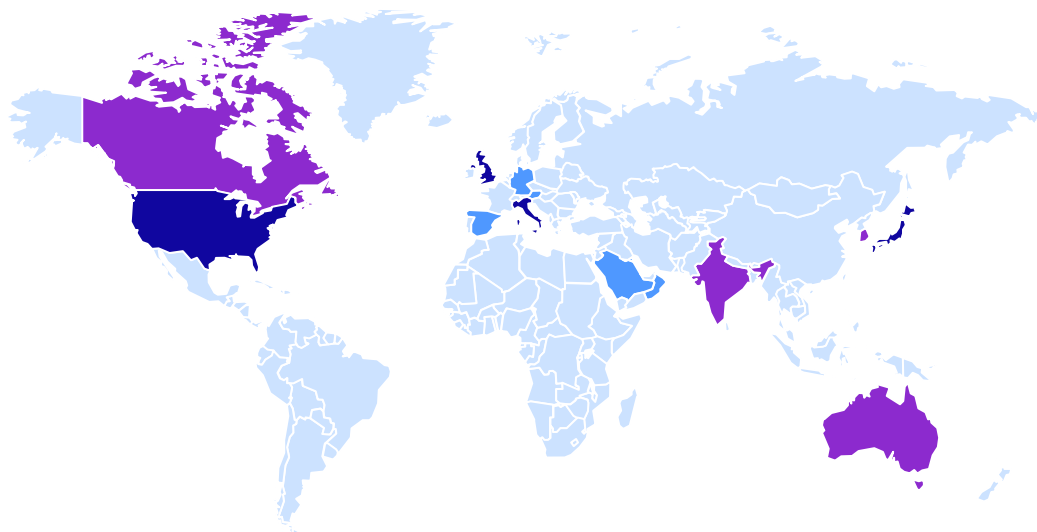


Programme lifetime to date



Expected future lifetime

Export destinations for flagship Rolls-Royce UK Defence Propulsion programmes



KEY: ● EJ200 (Eurofighter) ● MT30 gas turbine ● Multiple

CASE STUDY

LiftSystem® for the F-35B

Our unique LiftSystem® technology provides vertical lift capability for the most advanced fighter in the world, the F-35B. This technology is not only critical to the feasibility of the Queen Elizabeth-class aircraft carriers, but also generates export value and drives the UK's global status as a defence leader. As the sole Tier 1 partner in the U.S.-led programme, the UK is granted sovereign operational capability.



MT30 gas turbines

Our MT30 gas turbines, which generate significant export value and power the flagship HMS Queen Elizabeth, are a prime example of R&D synergies between our Defence and Civil Aerospace work. They share 80% commonality with the prior Trent 800 Boeing 777 gas turbine, which was, in turn, reliant on Eurofighter engine technology. In just over a decade, the MT30 has gone on to be selected for 11 of the world's next-generation naval programmes.

CASE STUDY

SUPPLIER OVERVIEW

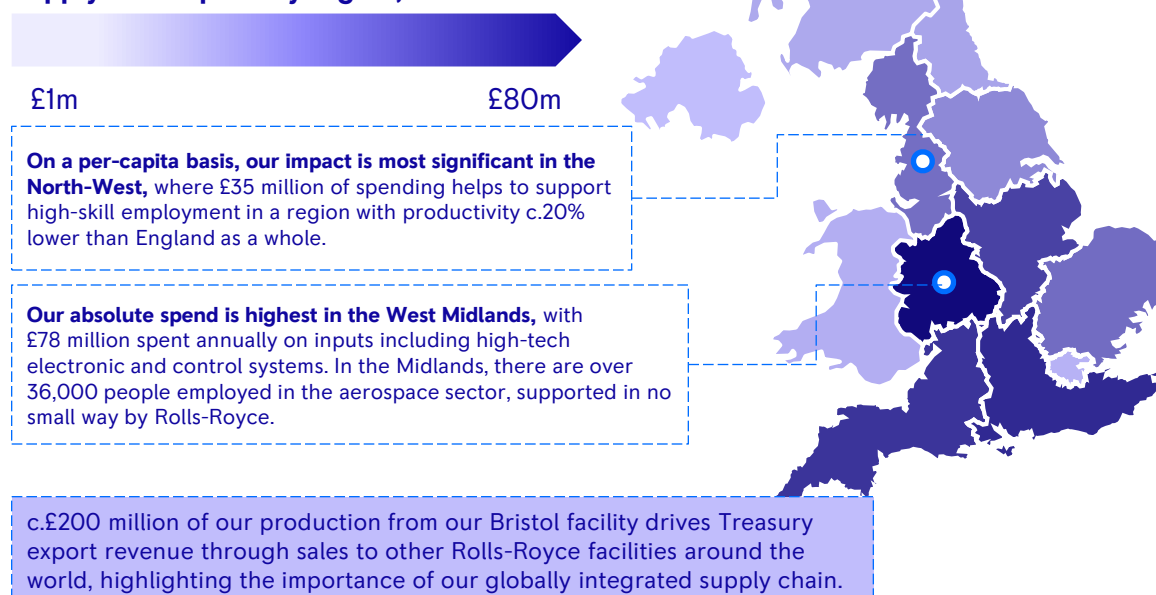
DEFENCE UK

Rolls-Royce Defence UK works with over 500 suppliers across the UK. Our spending, support and investment underpins thousands of highly productive jobs and SMEs, supporting advanced manufacturing capabilities and grass-roots growth across the UK. This deep network of suppliers ensures that the UK retains core sovereign capability, driving security and export benefits. As a British company with a deeply established supply chain, we deliver far greater benefit to the UK economy than non-UK domiciled competitors can.

£380m+

Total UK
supply chain
spend, 2024

Supply chain spend by region, 2024



Similarly to our own sites, our suppliers are predominantly located outside London and the South-East. By partnering with suppliers in these areas, we provide opportunity, invest in communities, boost local economies and leverage the full breadth of British talent.

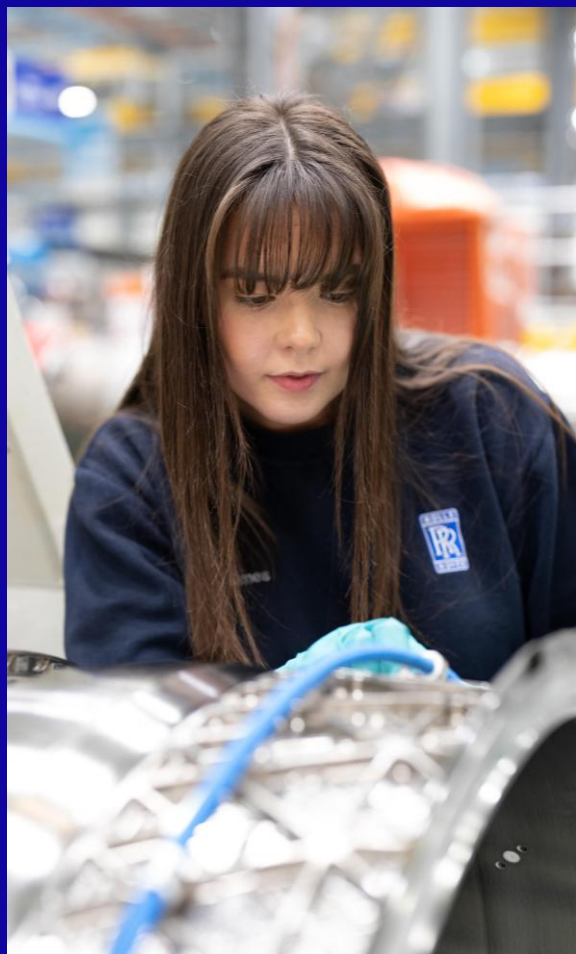
Many of our suppliers are specialist SMEs, providing highly technical niche products. These pioneering businesses are critical to Britain's global competitiveness, and we are proud to act as an anchor to this high-tech ecosystem. As a global system integrator, we are a key facilitator for our SME partners. We serve as a route to market, providing a secure, long-term revenue stream that enables them to grow their business on a foundation of security and confidence.

500+

UK Defence suppliers

12

Defence supply chain
spend in all 12 regions
of the UK



Defence supply chain spend by UK region, 2024



We work with over 500 UK suppliers to source a wide range of inputs to our defence products. These range from industrial goods, such as domestically produced titanium and forged metal products, to the most advanced contemporary materials and specialised aerospace and defence components. Our suppliers are of all sizes, from specialist SMEs with a handful of staff to major industrial partners providing over a thousand jobs in their local areas.

More than 20% of our UK suppliers also supply our Civil division. This synergy increases the efficiency of our operations and is a force multiplier for our ability to scale and sustain domestic production.

CASE STUDY

Supporting high-tech fabrication

One of our suppliers is a British weaving company that has been producing military clothing for centuries, that now weaves Kevlar for our civil engines. Through long-term contracts and direct funding, we have recently helped them to expand into carbon fibre weaving to support our future defence programmes. This will allow them to innovate and produce new high-tech products, supporting skilled employment.



ECONOMIC IMPACT

DEFENCE UK

It is estimated that Rolls-Royce Defence contributed £900 million to British GDP in 2024, with a further £600 million in estimated productivity uplifts from R&D spillover benefits.

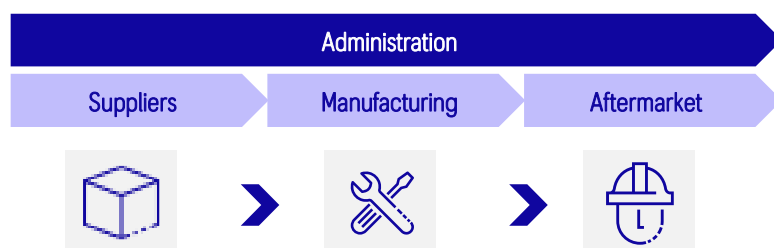
Our impact is felt across the full breadth of the UK, from both our nationwide supply chain spending and our manufacturing, aftermarket and administrative operations.

£900m

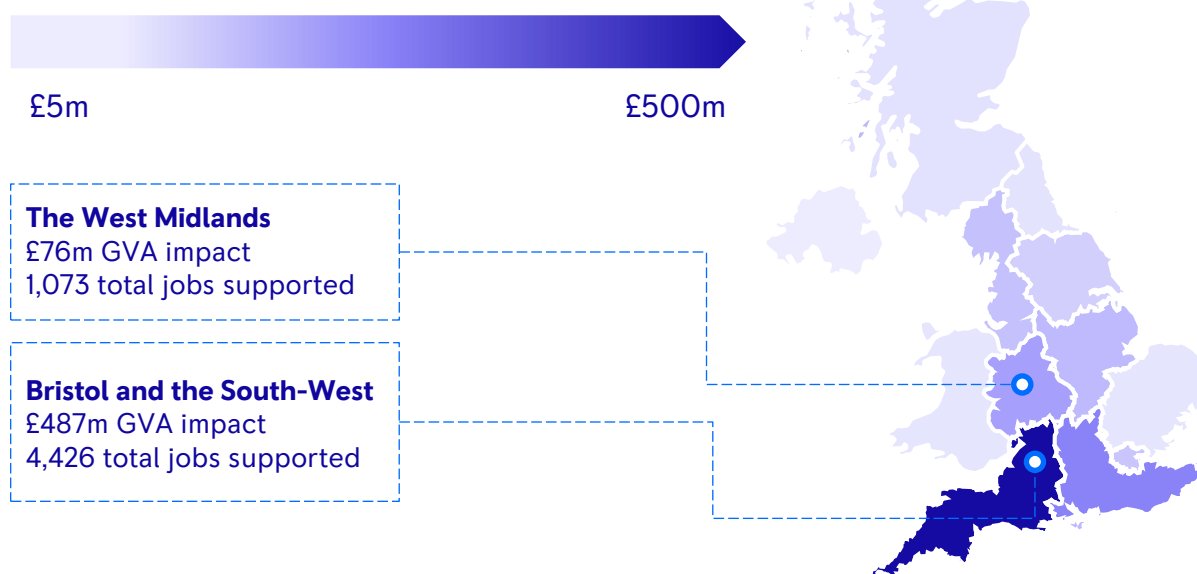
Operational GVA impact, 2024

£600m

R&D spillover GVA impact, 2024



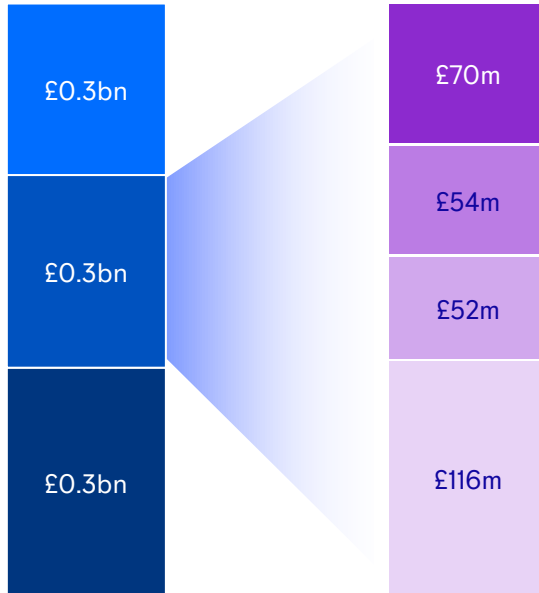
Rolls-Royce Defence operational GVA impact by region, 2024



Our impact is particularly concentrated in Bristol and the South-West, where our key Defence hub is located. In this region, we generate approximately £487 million in GVA, or around 54% of Defence's total economic contribution in the UK. In Gloucestershire, Wiltshire and North Somerset alone, our 2024 contribution equated to £316 per capita, underlining our role as an anchor employer in regions beyond London and the South-East.

GVA impact by impact type

Indirect (supply chain) GVA impact by region



■ Direct ■ Indirect ■ Induced ■ Other Regions ■ SW England
■ West Midlands ■ SE England

Rolls-Royce Defence plays a vital role in strengthening local economies, particularly in regions beyond the UK's traditional industrial centres. In 2024, our operations supported jobs, supply chains and infrastructure in areas such as Bristol, the wider South-West and the West Midlands. In these communities, our presence helps address regional disparities by creating high-quality employment, investing in skills and fostering local supplier networks.

By embedding advanced manufacturing in these areas, we are helping to build high-productivity ecosystems that will create high-value jobs for generations to come.

CASE STUDY

From local investment to national impact

In 2020, we invested £25 million to open a new cutting-edge composites technology hub in Bristol, creating 150 highly skilled jobs in the area. The carbon-fibre composites produced will enable the production of lighter, and thus cleaner and more efficient, aero propulsion systems.

The construction of the hub contributed approximately £30 million to UK GDP and supported around 400 jobs nationally. The new technologies developed will secure thousands of British jobs by unlocking new capabilities through proprietary technology.



EMPLOYMENT IMPACT

DEFENCE UK

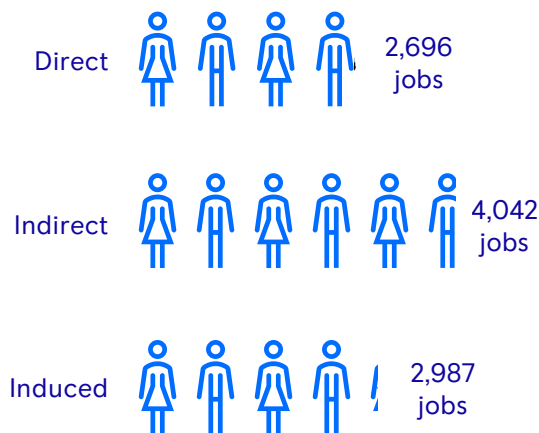
9,700+ jobs

Total national employment supported by Rolls-Royce Defence 2024

7 years

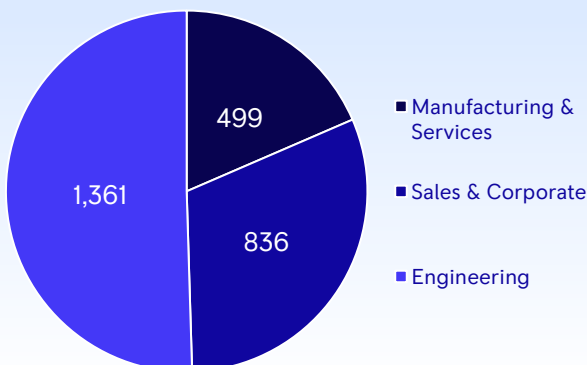
Median tenure of Rolls-Royce Defence UK employees, 2024,
25% higher than the UK average

National employment supported by impact type, 2024



Rolls-Royce's Defence division employs over 2,600 people in highly productive roles across the UK, with our employees benefitting from a > 70% higher median pay than the UK as a whole. 27% of the workforce is under 30, while nearly a quarter have over 20 years of tenure, highlighting our commitment to providing lifelong careers that span generations of British talent. This commitment is possible because of the long-running nature of our defence programmes, which endure over decades. The transfer of skills between generations of skilled engineers is critical to our international competitiveness and Britain's continued global leadership in defence technology. Our supply chain supports an additional 3,900+ highly productive jobs, often through decades-long partnerships, contributing to a total of nearly 10,000 jobs supported through our operations.

Rolls-Royce Defence Propulsion UK employees by job category, 2024



23%

Of UK employees have
over 20 years of tenure

27%

Of UK Defence employees
are under the age of 30

Employment supported by impact type, top three areas, 2024

Sub-region (ITL2)	Direct employment supported	Indirect employment supported	Induced employment supported	Total employment supported
Gloucestershire, Wiltshire and North Somerset	2,574	1,041	1,017	4,632
West Midlands	3	683	161	847
Derbyshire & Nottinghamshire	39	382	121	542

Despite only directly employing a small number of people in the West Midlands, our supply chain and induced impacts support the employment of nearly 900 people.

We are committed to investing in the next generation of talent through our leading apprenticeship and internship programmes, equipping individuals with exceptional skills and hands-on experience to help us sustain a pipeline of world-class personnel. We also support career transitions, hiring almost as many through our “Switch into Engineering” programme as through graduate hiring in 2024. Through nurturing and retaining this talent, we cultivate a reserve of knowledge and expertise in areas of strategic importance, such as gas turbines and defence aerospace, underpinning technological leadership, British exports and national security.

CASE STUDY

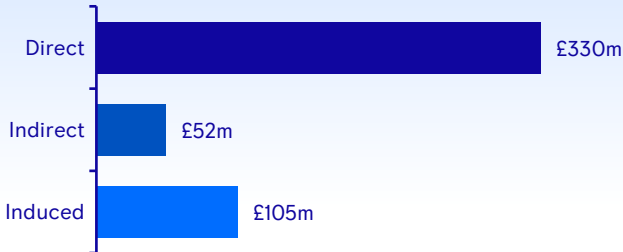
Stan — Manufacturing engineering apprentice

Stanley joined us as an apprentice in 2011. Since then, Stan has made sparks fly, forging a successful career in welding engineering. Alongside hands-on experience, he earned a BSc in manufacturing engineering, a welding diploma and began a PhD at the University of Nottingham. Now a Technical Specialist with several patents filed, Stan’s journey shows how our apprenticeships unlock advanced development opportunities and high-impact engineering careers.



OUR IMPACT IN BRISTOL AND THE SOUTH-WEST DEFENCE UK

GVA impact by impact type, Bristol and the South-West, 2024



Bristol and the South-West is Rolls-Royce's UK and international defence hub.

Our Defence division in Bristol contributes over £450 million in local economic impact across Bristol and the South-West, supporting 4,400+ local jobs and anchoring a world-leading ecosystem of aerospace and composite materials research.

Map of Rolls-Royce's defence operations in Bristol and the South-West

Employing over 2,500 people, **Rolls-Royce Bristol** is our principal defence site in the UK. It's also a hub of cutting-edge training for apprentices in numerous disciplines.

Rolls-Royce works with the Bristol **Composites University Technology Centre**, supporting c.140 PhDs and £25 million in collaborative R&D funding each year.

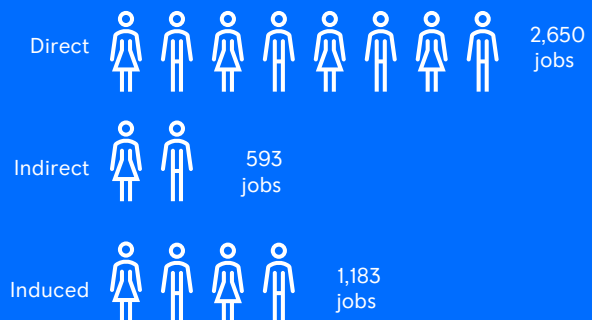
Rolls-Royce is a founding member of the **National Composites Centre research hub**, supporting c.450 high-skill jobs and helping attract £250 million in investment to develop lightweight, high-strength materials.

4,400+ jobs

Total employment supported by Rolls-Royce Defence in Bristol and the South-West, 2024

Bristol has a unique status in the UK as a prime destination for graduate talent outside London and the South-East. This is in no small part due to the direct and indirect impacts of Rolls-Royce Defence UK. We are one of the UK's largest STEM employers, at the centre of a highly specialised ecosystem of SMEs and industrial-academic research collaborations.

Employment supported by impact type, Bristol and the South-West, 2024





7 years

Median employee tenure, 2024,
Rolls-Royce Defence South-West

Rolls-Royce employees are highly productive, supporting broader economic growth in Bristol and the South-West. **One in four of our Bristol employees have over two decades of tenure.** This job stability helps retain valuable skills within the region, fostering a strong pipeline of talent and supporting long-term job creation.



CASE STUDY

Retaining strategic talent through Tempest

The Tempest programme has provided a vital opportunity to transfer skills and knowledge from one generation to the next. We employ over 1,300 Defence engineering staff in the South-West, including approximately 150 with more than three decades of tenure. This is strategically important human capital and irreplaceable expertise. By engaging these specialists in next-generation propulsion, the Tempest programme has enabled us to retain and leverage this talent, to keep the UK at the forefront of global defence technology, while building a future workforce through mentorship and skills transfer.



R&D IMPACT DEFENCE UK



R&D is central to our defence operations in the UK, as both a driver of our impact today, but also as a strategic investment underpinning future growth and British national security.

We complete our R&D in collaboration with academic institutions, major international industrial partners and local supply chain partners. These efforts allow us to leverage valuable international expertise, inspire and support the next generation of STEM talent and rapidly scale SMEs, providing unique defence production capabilities. This approach to R&D ensures ongoing competitiveness and future growth for both our defence and civil operations, while ensuring that the UK remains a global leader in defence technology.

The same next-generation materials and technologies that will be critical to the combat performance of the Tempest platform will help deliver unmatched efficiency for the commercial jet engines of the future, such as those that will be developed under the UltraFan® technology programme.

Defence UK R&D stats



£254m

Total gross investment in R&D, 2024



240+

Novel Defence Patents first filed by Rolls-Royce UK over the last decade



5

Next-gen international defence programmes

CASE STUDY

The Oxford Thermofluids Institute (OTI)

We have collaborated with the OTI since the 1970s, contributing over £10 million since 2019 to support the development of innovations including jet engine hot stage technologies. The systems the OTI is currently supporting will underpin the ambitious engine conditions required for Tempest, while continuing to support the global competitiveness and net-zero aspiration of our Civil Aerospace division through even higher engine efficiencies. Many OTI doctoral graduates have taken leadership roles in industry, at Rolls-Royce and beyond.



Our defence R&D has supported the evolution of a world-leading STEM and advanced manufacturing ecosystem within the UK. By partnering with academic institutions and involving some of the UK's brightest students in high-impact defence projects, we raise the profile of advanced manufacturing within these research communities, attracting future leaders. Those who work with us benefit from knowledge and skills transfer from both our experienced engineers and our network of allied defence industry partners. Through engaging local suppliers from the earliest stages of R&D, we drive progress and technical excellence on a sector-wide basis, future-proofing our British supply chain and building long-term sovereign capability, strengthening UK plc.

Given the high degree of synergy between defence and civil R&D, and the broad applicability of our novel technologies, our investment in R&D has significant spillover benefits to the UK through improved domestic technology and improved export value.

CASE STUDY

Orpheus programme

Rolls-Royce's Orpheus R&D programme for future defence engines has now completed 140 test events with over 25 engine builds in the past 3½ years, demonstrating a rapid, agile approach to propulsion R&D. Central to its success is a supply chain dominated by UK SMEs, many bringing new ideas, different specialities and advanced manufacturing capabilities. This collaborative model multiplies the impact of our R&D, accelerating advances and laying the foundations for long-term, high-value supply chains. Orpheus is not only advancing twin-spool turbopan technology for the autonomous combat platforms of the future, but also facilitating a faster, smarter and more collaborative model for R&D.





For over six decades, Rolls-Royce has powered the Royal Navy's nuclear submarine fleet with our Pressurised Water Reactor (PWR) technology. From the pioneering PWR1 to today's advanced PWR2 and PWR3 systems, our reactors lie at the core of the UK's continuous at-sea deterrent, supporting national security and sustaining thousands of high-skilled jobs across Britain's nuclear supply chain.

BUSINESS OVERVIEW

NUCLEAR UK

Since 1965, we have provided British-built reactors to power the Royal Navy's nuclear submarine fleet, helping to protect the UK while developing over 60 years of expertise in nuclear power. For more than a decade, we have worked to leverage this experience to develop world-leading SMR and AMR systems, supporting British industry and helping the world achieve sustainable energy security.

Rolls-Royce has been trusted with some of Government's most sensitive programmes for over 60 years. We have worked in close collaboration with the Ministry of Defence to deliver three generations of naval reactors to the Royal Navy, most recently for the new Dreadnought SSBNs. Thanks to this extensive experience, we possess an unparalleled depth of capability and expertise; no other private company in the world can fulfil a similar end-to-end scope independent of Government laboratories or departments. This critical part of our business has grown in recent years, with the 2021 announcement of up to a dozen new SSN-AUKUS nuclear-powered attack submarines for Britain and Australia, all with Derby-produced UK reactors, driving our ongoing effort to double overall nuclear capacity at our Derby facility.

Fifteen years ago, we began to leverage this expertise to develop next-generation nuclear technologies, beginning initial research programmes to explore small modular reactors (SMRs), compact nuclear reactors designed for flexible, scalable, low-carbon energy generation. Today, the Rolls-Royce SMR business has over 1,000 employees, a market-ready design in the final stages of regulatory approval in the UK and selected for deployment in the UK and Czechia. Additionally, the Rolls-Royce business has a nascent next-generation AMR programme.

Our focus areas:

Submarine
Sovereign reactors for British and allied fleets



Today, the vast majority of civilian nuclear reactors globally are being built with Chinese or Russian designs, but, through Rolls-Royce, the UK can again be a leader in nuclear technologies. The recent announcement by Great British Energy – Nuclear that Rolls-Royce SMR has been successful at the end of a two-year selection process to assess and select leading SMR technologies from around the world is a very significant milestone. It means the UK's next generation of nuclear power stations will be designed and built by a British company, creating thousands of jobs, boosting the supply chain and creating growth for the domestic economy. We look forward to working with the UK Government to deliver this opportunity. We will also work with Government to seize the next opportunity: advanced modular reactors (AMRs), where we have unique homegrown capability.

Our high-potential SMR and AMR programmes are currently pre-revenue, albeit with a clear path to SMR deployment following success in the Great British Energy – Nuclear’s SMR competition.

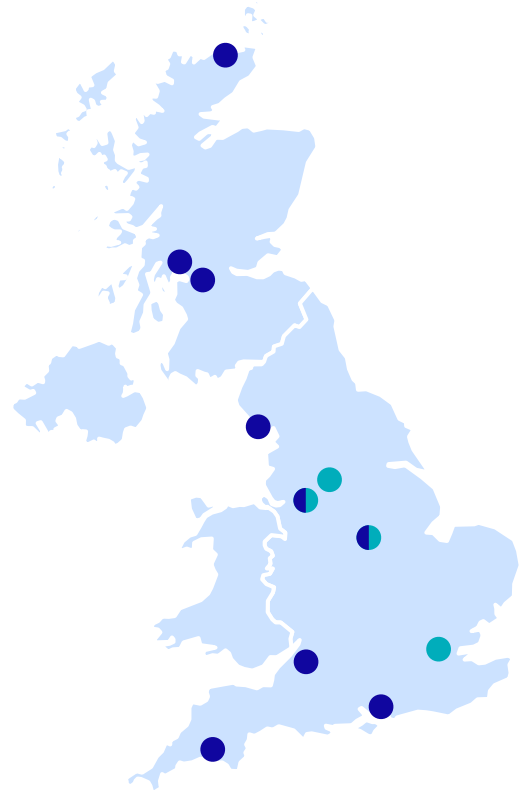
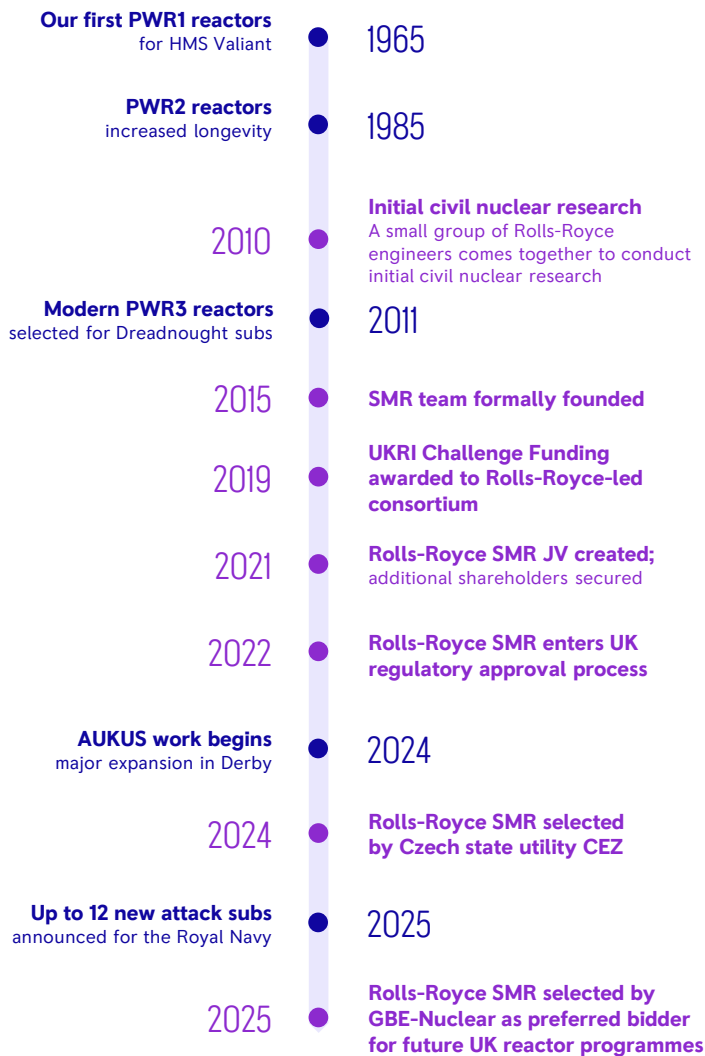
SMRs

Factory-built modular reactors focused on scalability and lower upfront cost, typically capable of generating 50-500 MWe per unit.



AMRs

Advanced nuclear reactors with novel fuels, coolants and designs, typically smaller than SMRs (c.< 50MWe) with a stronger emphasis on high-temperature process heat



KEY:

● SMR & AMR office/facility

● Submarine office/facility

OUR SUPPLY CHAIN

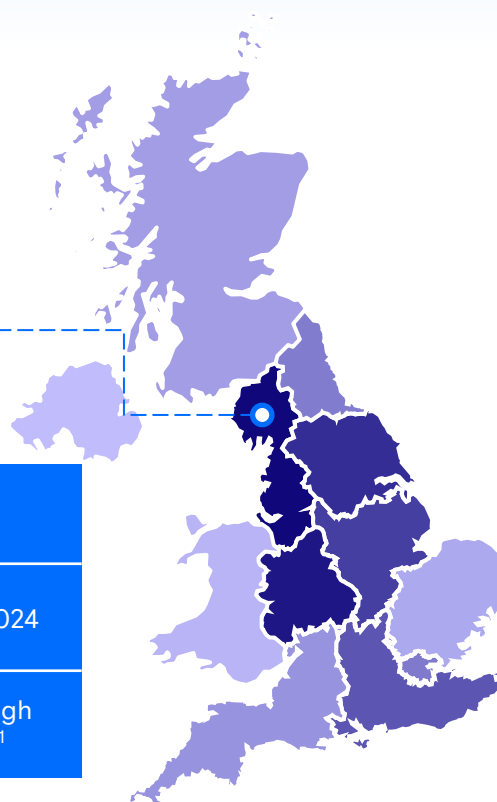
NUCLEAR UK

Thanks to collaboration with our nuclear division, the UK currently possesses one of the most advanced nuclear supply chains in the world, underpinned by six decades of experience and an unmatched level of end-to-end private-sector capability. Together with our established Defence and Civil Aerospace supply chains, this infrastructure is a unique foundation for building next-generation SMR and AMR capabilities. With the right support, there is an opportunity to capitalise on the existing British nuclear supply chain, providing high-quality jobs, energy security and economic growth.

Submarines supply chain spend by region, 2024



The North-West is the heart of our supply chain, with £112 million of annual spending, four times more per head than in any other region. Our submarines division is a key part of Warrington's Birchwood Park nuclear ecosystem, which has been active for over 60 years.



£630m

Supplier spend in the UK, 2024

91%

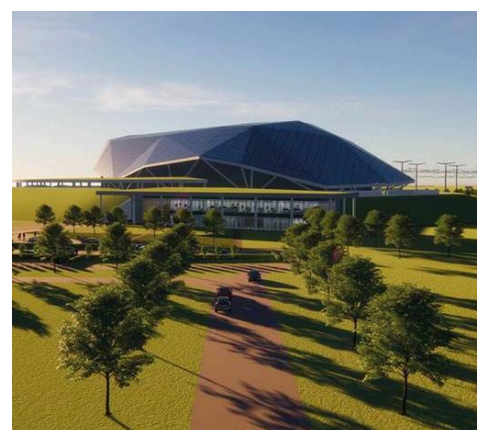
Of supply chain spending in the UK, 2024

9,500+

National employment supported through our supply chain and induced impacts¹

CASE STUDY

As we stand on the precipice of a new era in nuclear energy, the UK has the opportunity to dictate the scale of its role. We believe that much of the future SMR and AMR supply chain can be fulfilled in the UK. This represents a potentially massive employment and export opportunity in the context of up to £500 billion cumulative global spend by 2050 (for SMR only), but it will only be achievable with the appropriate support and successful government-industry collaboration. The reality of other, more mature industries shows us what will happen without proactive planning and policy: The UK has the second-highest installed capacity of offshore wind globally. However, the industry has only created an estimated 40,000 jobs in the country, with only 8% of components sourced from the UK. Transferable learnings, therefore, exist on how to deliver sovereign capability, energy resilience and jobs as SMR and AMR supply chains are developed.



ECONOMIC IMPACT NUCLEAR UK

It is estimated that Rolls-Royce’s nuclear operations contributed £1.9 billion in GVA to the British economy in 2024, with a further £800 million in estimated productivity uplifts from R&D spillover benefits. Our outsized impact arises from our fully integrated British workforce, across design, manufacturing and administration, and the fact we spend 91% of our supply chain expenditure in the UK.

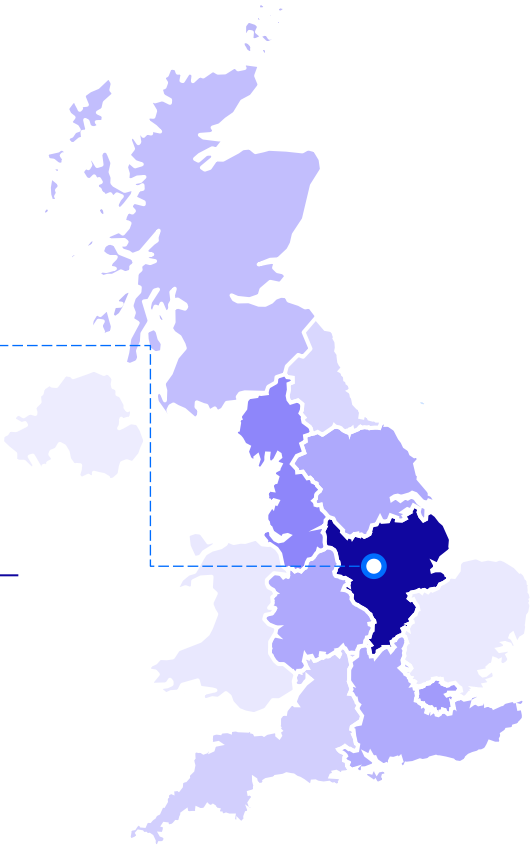
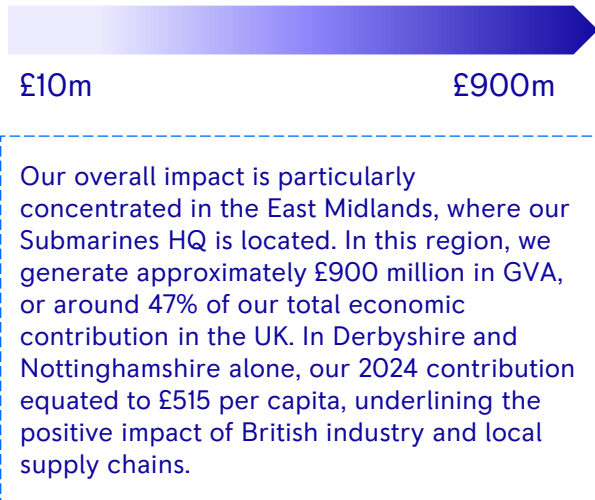
£1.9bn

Operational GVA impact, 2024

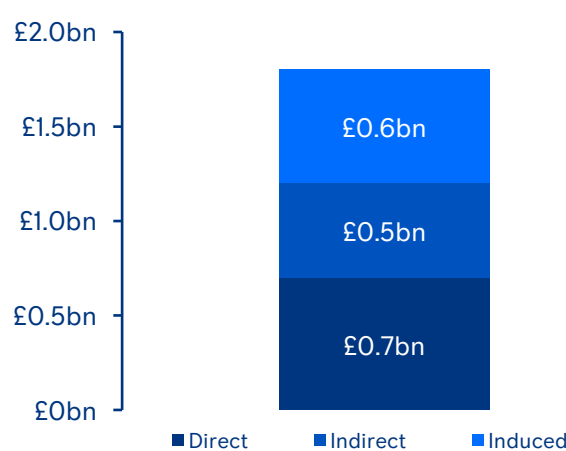
£800m

R&D spillover GVA impact, 2024

GVA impact by region, 2024



GVA impact by impact type, 2024



EMPLOYMENT IMPACT NUCLEAR UK

21,000+

Total national employment supported by Rolls-Royce Nuclear UK, 2024

National employment supported by impact type, 2024¹



Our Nuclear division supports not just critical capabilities for British defence, but also significant employment across the UK.

We directly employ more than 5,200 people in high-productivity roles, supporting the existing fleet as well as the Dreadnought and AUKUS programmes, as well as supporting an additional 9,500+ jobs through our supply chain and induced impacts.

Our growing SMR business employs an additional approximately 1,000 people, primarily at our Manchester HQ.

As a key member of the Nuclear Skills Taskforce, we prioritise the development and maintenance of world-leading nuclear talent in the UK, ensuring that we remain at the forefront of both civil and defence nuclear technology.

Sustained investment is essential to developing the nuclear workforce over time, retaining our leadership in nuclear technology, creating high-productivity jobs and unlocking the full economic potential of a vertically integrated British SMR and AMR supply chain. We have already made significant commitments to the UK nuclear skill base, launching our Nuclear Skills Academy in Derby in 2022. This will train 2,000 apprentices by 2033 to support our defence programmes. However, to meet future demand, continued investment at a national scale is required.

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R&D IMPACT NUCLEAR UK

Our civilian nuclear R&D efforts are developing the foundation for next-generation sovereign clean energy.

Our SMR business brings together British civil engineering firms to develop new construction methods, advance fuel cycle technologies and design new nuclear components. Collaborating with other leaders in the UK nuclear ecosystem, we are partnering with small businesses across the country to build a sustainable local supply chain for cutting-edge components such as pressure vessels, steam generators and other reactor internals. Together, we have developed 40 patents for SMR technology. We are up to 18 months ahead of competitors in any European regulatory process, in pole position to become a world leader in a colossal global market.

Nuclear UK R&D stats

60+

Novel patents first filed by Rolls-Royce plc in the UK across SMR and submarine technology



18

Months ahead of European competitors for regulatory approval (SMR)

Our AMR programme is still at an early stage, but has significant potential, especially with the right regulatory and grant support. AMRs are next-generation modular reactors designed to operate at higher temperatures, utilising advanced fuel technologies, enabling efficient hydrogen production, industrial heat applications and flexible power generation. They could potentially support end-to-end, low-cost decarbonisation of British industry and transport. With our expertise and proven track record in nuclear, we are uniquely positioned to drive this technology forward. A British Rolls-Royce AMR programme would capitalise on strong potential synergies with our advanced micro-reactor R&D programme for the UK Space Agency.

CASE STUDY

Factory 2050 in Sheffield

The Rolls-Royce SMR Module Development Facility is housed within the University of Sheffield Factory 2050 facilities, where it is helping to support clean energy research and create high-value opportunities in South Yorkshire's advanced manufacturing and engineering sector.





APPENDIX

METHODOLOGY, DATA SOURCES, DEFINITIONS

Impact metrics

This report quantifies Rolls-Royce's impact across the UK in terms of gross value added (GVA), employment supported, employee compensation and tax contributions. These indicators measure the economic activity supported by Rolls-Royce's operations, supply chains and capital investments.

- Gross value added (GVA): Represents the value generated after subtracting intermediate inputs, serving as a proxy for GDP. It follows IMPLAN's National Income Approach
- Employment: Reflects the total number of jobs supported, both full-time and part-time
- Employee compensation: Includes wages, salaries and employer-paid benefits

Types of impact

Three types of impact are considered:

- Direct: Activity within Rolls-Royce's own operations
- Indirect: Impact generated through spending on suppliers and upstream activity
- Induced: Effects of spending by employees of Rolls-Royce and its suppliers in the wider economy

Modelling approach

Input-output modelling was conducted using the IMPLAN model, augmented by some manual analysis, across all regions to estimate the economic effects of Rolls-Royce's activities. Financial entities from Rolls-Royce's HFM structure were simplified to remove non-revenue-generating entities and exclude those outside priority regions. Entities were assigned to specific countries and consolidated where appropriate. To prevent double-counting, underlying external revenue was used for most units. Gross Operating Surplus was approximated using Operating Profit + Depreciation (OPI) for each entity, apportioned based on headcount. When compensation data was unavailable, facility-level averages were used. Remote workers were distributed according to each entity's headcount split.

Readers should note that, whilst the data contained in this Economic and Social Impact report is true to the best of Rolls-Royce's knowledge and belief, there may be differences in the methodology and/or data sources set out in this report and the methodologies and data sources used in the production of other Rolls-Royce publications, including Rolls-Royce's current or previous Annual Report and accounts. It may not, therefore, be possible to directly correlate data sources in this report with those in other reports provided by Rolls-Royce.

Supply chain and investment modelling

Supply chain impacts were calculated using supplier invoices to determine total external supply chain spending, excluding any inter-company or joint-venture spending.

To improve accuracy, global supplier spend was manually assigned to regions based on each business unit's revenue split. Intermediate Inputs were zeroed out in IMPLAN, and outputs were adjusted accordingly. Spending was input as an industry spending pattern event with 100% Local Purchaser Percentages. Power Systems used commodity-level data; Civil and Defence used the aircraft engine manufacturing profile.

Capital investment for 2024 was modelled using internal data on Rolls-Royce facilities, with expenditures assigned as industry or commodity output events by location.



R&D spillover

A comprehensive body of economic research has demonstrated that R&D spend boosts productivity at the national level via spillover impacts. This provides the conceptual basis for estimating the wider effects of Rolls-Royce's own R&D investment. This is above and beyond the operational impact of Rolls-Royce's activities on GVA as calculated via our input-output analysis using IMPLAN. To estimate the impact of Rolls-Royce's R&D spend, we calculated cumulative local Rolls-Royce gross R&D investment in Aerospace, Nuclear and Power Systems R&D over the past 10 years, adjusted for inflation (adjusted using the GDP deflator to 2023 prices). We then applied multipliers for aerospace and other sectors based on estimates of these spillover effects from published literature (by authors including the ATI, UKRI and Frontier Economics). The approach assumes consistent spillover benefits across geographies (on a per-unit currency invested basis), which may modestly overstate or understate impacts depending on local absorptive capacity, and does not account for transnational spillover. These effects are conceptually and economically separate from those resulting from operational impacts, and therefore should not be considered together, although there may be some modest degree of overlap. Any such overlap is unquantified, but expected to be immaterial relative to total estimated impacts. We do not adjust for any dampening of spillovers arising from confidential aspects of R&D activity, although such effects are expected to be limited.

Data sources

Data used in this analysis was provided by Rolls-Royce and includes employment numbers, employee compensation, financials, supplier spending and capital investment values across its business units and global footprint. These data inputs were specific to the 2024 calendar year and were used to model direct, indirect and induced economic impacts at regional and national levels. Where employee compensation or operational data was unavailable, facility- or entity-level averages were used. All modelling reflects Rolls-Royce's business-as-usual operations in 2024, without reference to potential competitive displacement or alternative use of resources.

Currency and regional scope

All economic values are presented in 2024 real terms, using IMPLAN deflators and the following average exchange rates:

- 1 GBP = 1.2781 USD
- 1 EUR = 1.0822 USD
- 1 GBP = 1.1812 EUR

The estimates of Rolls-Royce's operational impacts refer to Rolls-Royce's gross impacts. As such, it does not consider any potential resource redeployments in Rolls-Royce's absence.

Other

Rolls-Royce commissioned Teneo to conduct this economic and social impact assessment and produce this report.

GLOSSARY

General key terms

Term	Meaning
Advanced Manufacturing	Sector focused on the use of innovative technologies and processes to improve the design, production and performance of complex products, often involving automation, digital tools and precision engineering
AMRCs	Advanced Manufacturing Research Centres ; collaborative research facilities that bring together industry and academia, typically in high-value sectors
AMR	Advanced Modular Reactor ; term for the next generation of nuclear reactors (Generation IV), designed for improvements in safety and efficiency, as well as making use of modular-build principles
ATI	Aerospace Technology Institute ; a UK government-funded body that supports strategic aerospace R&D projects to maintain national competitiveness
BESS	Battery Energy Storage System ; technology that stores electrical energy for later use, enhancing grid stability and supporting renewable energy integration
DoD	Department of Defense ; the U.S. federal department responsible for coordinating and supervising all agencies and functions related to national security and the armed forces
E-Frac	Electric Fracturing ; method of fracking, using electric-powered equipment rather than traditional diesel-powered equipment
E-Methanol	Methanol produced using renewable electricity, typically via the electrolysis of water to generate hydrogen, which is then combined with captured carbon dioxide
GDP	Gross Domestic Product ; a measure of the total economic output of a country, reflecting the value of goods and services produced
GVA	Gross Value Added ; represents the value generated after subtracting intermediate inputs, serving as a proxy for GDP
HVO	Hydrotreated Vegetable Oil ; renewable diesel fuel produced from vegetable oils, animal fats or used cooking oil, and can often be used interchangeably with existing diesel engines and infrastructure
ITAR	International Traffic in Arms Regulations ; U.S. regulations controlling the export and import of defence-related articles and services for national security purposes
MoD	Ministry of Defence ; the UK government department responsible for defence policy and the armed forces
MRO	Maintenance, Repair and Overhaul ; the process of maintaining and restoring equipment to ensure safety, reliability and operational efficiency
OEM	Original Equipment Manufacturer ; a company that produces parts, components or systems that are incorporated into another company's finished product
OBR	Office for Budget Responsibility ; an independent UK watchdog that produces economic and fiscal forecasts
ONS	Office for National Statistics ; the executive office of the UK Statistics Authority, being the UK's largest independent producer of official statistics and economic data
RAF	Royal Air Force ; the UK air and space force
SAF	Sustainable Aviation Fuel ; aviation fuel produced from renewable or waste sources, with reduced emissions, whilst often being interoperable with standard aviation fuel, especially on newer engines
SME	Small and Medium-sized Enterprise ; defined by the UK Government as a business with fewer than 250 staff and less than or equal to £44m in annual turnover or a balance sheet total of less than or equal to £38m
SMR	Small Modular Reactor ; category of compact nuclear reactors designed for greater scalability and cost-effectiveness, achieved typically through standardised, factory-built modules



Term	Meaning
STEM	Science, Technology, Engineering and Mathematics; academic disciplines and career fields critical to innovation and industrial development
UTC	University Technology Centre; scheme of collaborative research partnerships between Rolls-Royce and academic institutions focused on engineering innovation
VTOL	Vertical Take-off and Landing; referring to aircraft that can lift off and land straight up and down, like helicopters, but often also transition to horizontal flight like planes, combining helicopter and fixed-wing capabilities for versatility
WTO	World Trade Organisation; an intergovernmental body regulating international trade

Programmes and schemes

Programme	Description
AUKUS	A trilateral defence pact formed in 2021 between Australia, the UK and the U.S. to strengthen Indo-Pacific security. It includes support for Australia's nuclear-powered submarines and collaboration on technologies like AI, quantum and hypersonics
FLRAA (Future Long-Range Assault Aircraft)	A U.S. Army program to develop a next-generation vertical-lift aircraft, intended to replace the Black Hawk helicopter
Europe's Future Combat Air System (FCAS)	A collaborative European defence programme, primarily involving France, Germany and Spain, to develop a next-generation air combat system, including manned and unmanned aircraft
GCAP (Global Combat Air Programme)	A partnership between the UK, Italy and Japan to develop a next-generation stealth fighter aircraft
MissionCare™	Rolls-Royce's engine service programme offering predictive maintenance and comprehensive lifecycle support for military platforms and customers
Nuclear Skills Taskforce	A UK Government-led initiative bringing together industry, academia and government to address skills gaps and ensure a pipeline of talent for the nuclear sector, supporting both civil and defence nuclear programmes
Tempest	The Tempest programme began in 2018 as the UK's sixth-generation fighter jet initiative, later merged into the Global Combat Air Programme (GCAP). "Tempest" remains a commonly used name within the UK for both the programme and the fighter aircraft being developed under it
TotalCare®	Rolls-Royce's civil aerospace engine service programme offering predictive maintenance and comprehensive lifecycle support, charged on a fixed cost per flying hour basis
Trident	The UK's nuclear deterrent programme, centred on the deployment of Vanguard-class submarines equipped with Trident ballistic missiles
UltraFan®	Rolls-Royce's UltraFan technology programme spans the development of next-generation, ducted engine solutions for widebody and narrowbody applications, alongside the maturing and validation of novel and proven technologies, supporting the transition to more efficient, more durable and lower-carbon aviation
Unity	The umbrella £9 billion contract between Rolls-Royce Submarines and the UK Ministry of Defence, launched in 2025 to deliver and support nuclear propulsion systems across multiple Royal Navy platforms, encompassing work on programmes like SSN-AUKUS

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