



FULL YEAR RESULTS 2025

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SAFE HARBOUR STATEMENT

This announcement contains certain forward-looking statements. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. In particular, all statements that express forecasts, expectations and projections with respect to future matters, including trends in results of operations, margins, growth rates, overall market trends, the impact of interest or exchange rates, the availability of financing to the Company, anticipated cost savings or synergies and the completion of the Company's strategic transactions, are forward-looking statements. By their nature, these statements and forecasts involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts.

The forward-looking statements reflect the knowledge and information available at the date of preparation of this announcement and will not be updated during the year. Nothing in this announcement should be construed as a profit forecast. All figures are on an underlying basis unless otherwise stated - for the definition see note 2 to the condensed consolidated financial statements section of the 2025 Full Year Results Statement.





01 TUFAN ERGINBILGIC

Chief Executive Officer



USE PROTECTIVE PAD WHEN WORKING IN BELL

STRONG 2025 RESULTS; UPGRADED MID-TERM TARGETS; £7-9BN SHARE BUYBACK 2026-2028



Transforming Rolls-Royce into a high performing, competitive, resilient, and growing business

- Strong financial performance and strategic progress in 2025
- 2026 guidance delivers previous mid-term operating profit two years earlier than planned
- Upgraded mid-term targets for 2028
- Multi-year £7-9bn share buyback across 2026-2028
- Strong growth opportunities beyond mid-term from existing & new business opportunities

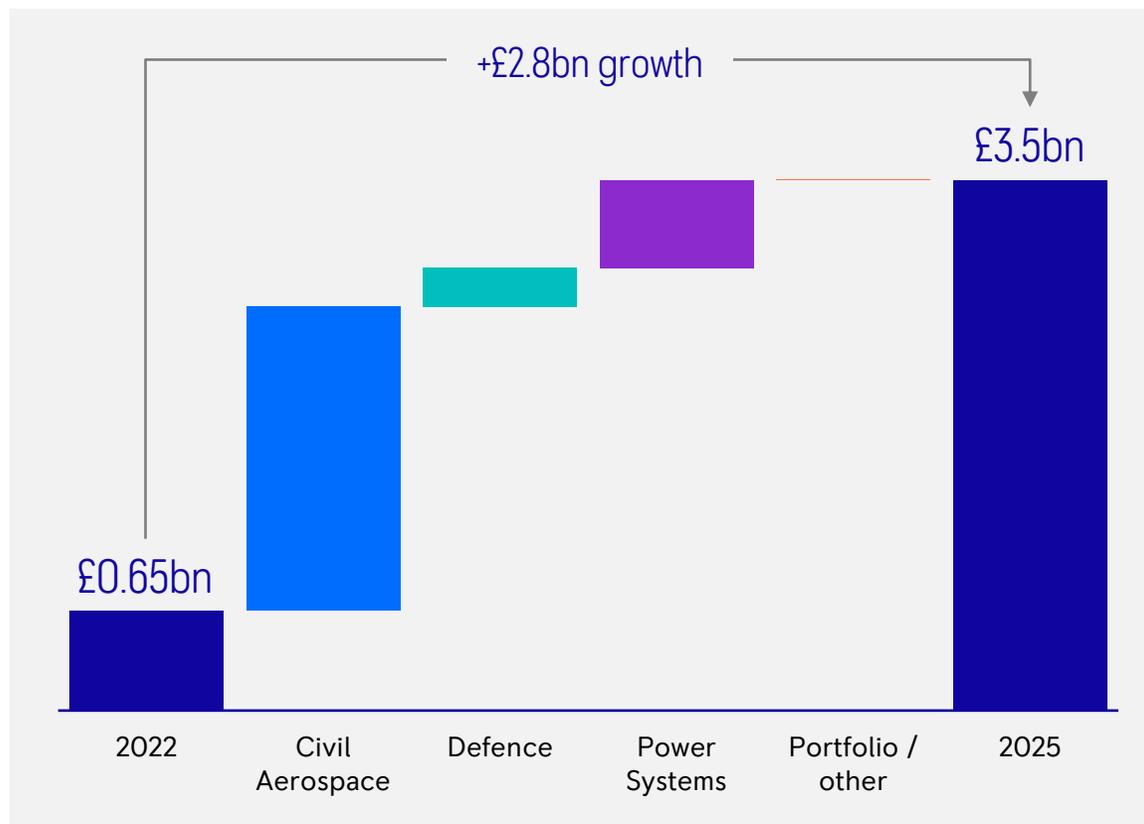


SIGNIFICANTLY IMPROVED FINANCIAL PERFORMANCE

A step-change in performance over the past three years



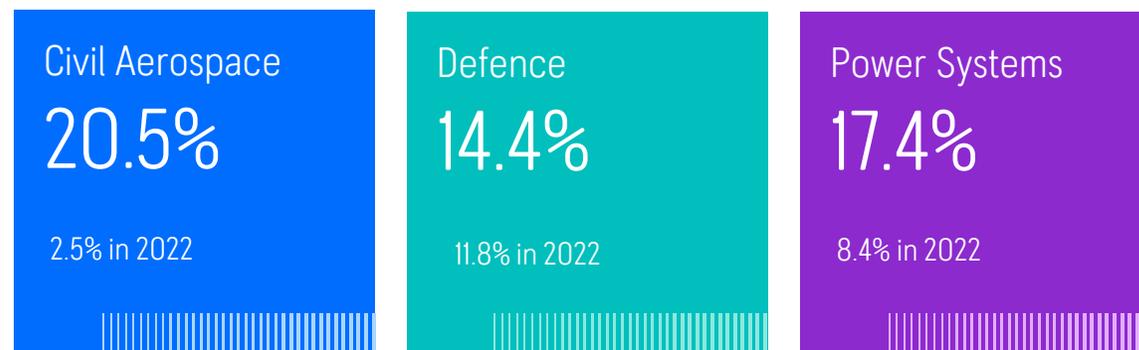
2022-2025 Group operating profit improvement



2025 Group key financial metrics



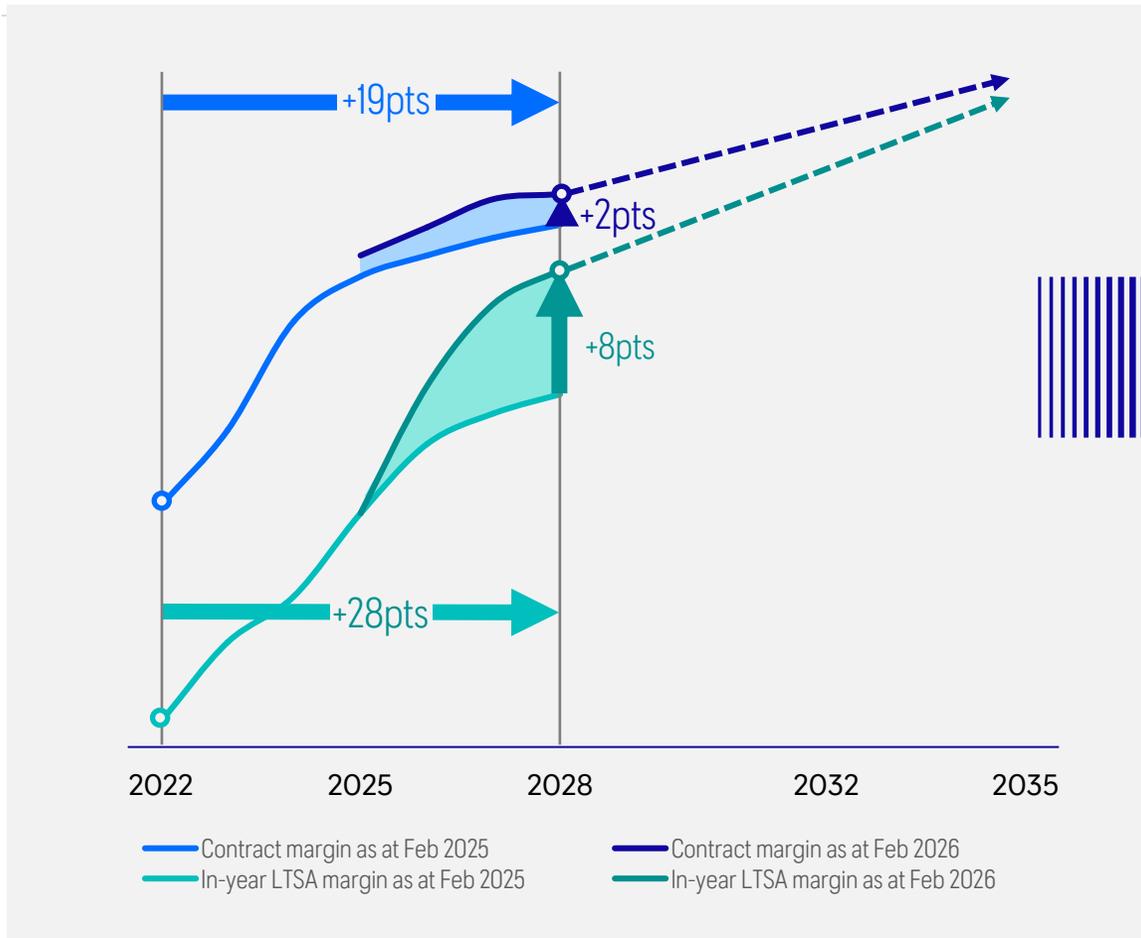
2025 Divisional operating margin



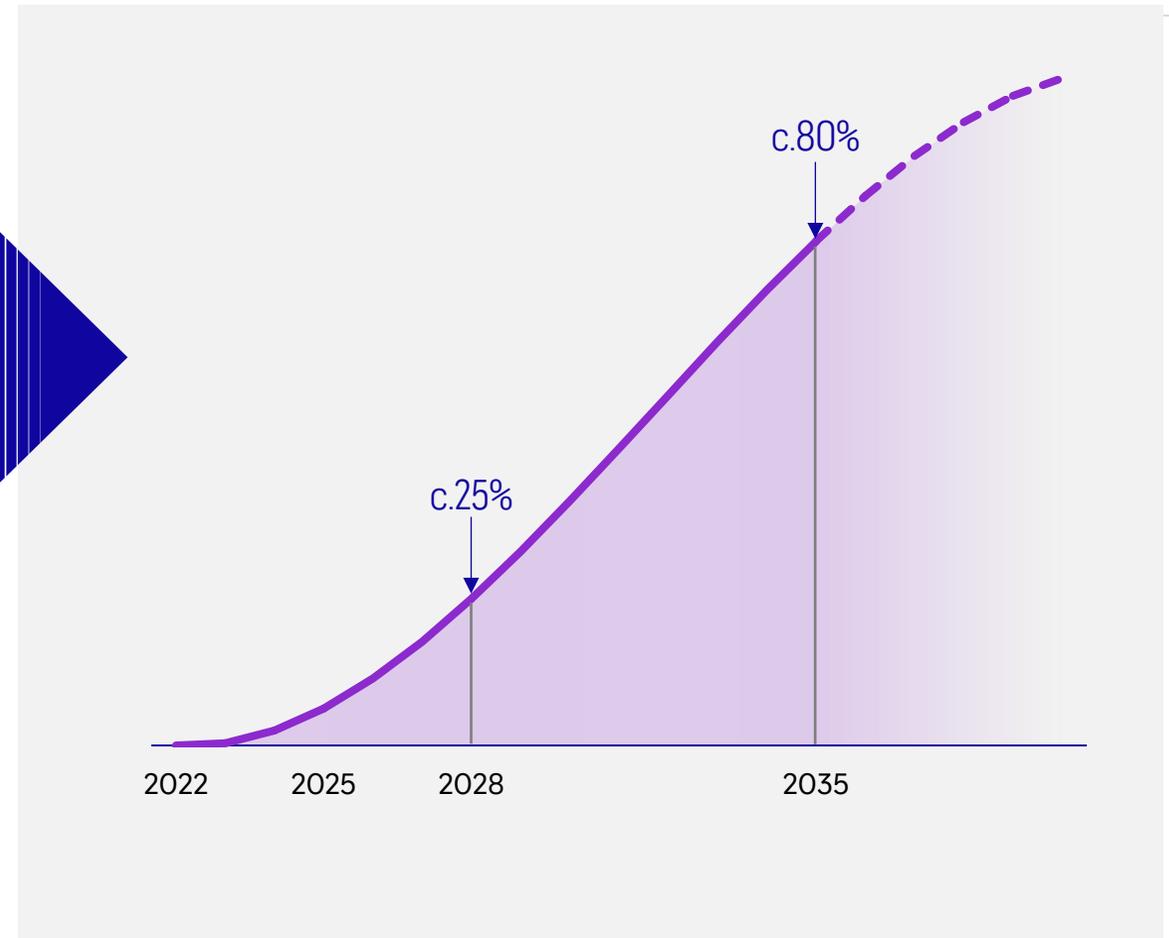
CONTINUED STRATEGIC PROGRESS



Contract and LTSA margin improvement across in-production engines



Cash value creation due to LTSA margin improvement across in-production engines



CONTINUED STRATEGIC PROGRESS



1. Portfolio choices & partnerships

- Strategic investment by ČEZ Group in Rolls-Royce SMR
- MRO capacity expansion across the network
- New platforms in business aviation – G800 and Falcon 10X
- Power Systems investment in increased capacity and new engine development
- Non-core asset disposals

2. Strategic initiatives

- Growing Civil LTSA margins¹
- Time on wing targets raised to >100% with more than half delivered
- Further progress with shop visit cost reductions
- Major defence contract wins including EJ200 and AE 2100
- Capturing strong growth in power generation (data centres) and governmental

3. Efficiency & simplification

- £0.6bn of Efficiency & Simplification benefits delivered
- £1.2bn of third-party procurement savings delivered
- Further improvement of TCC/GM ratio to 0.36x
- Next phase of efficiencies driven by digital, and GBS scale up, and ZBB²

4. Lower carbon & digitally enabled businesses

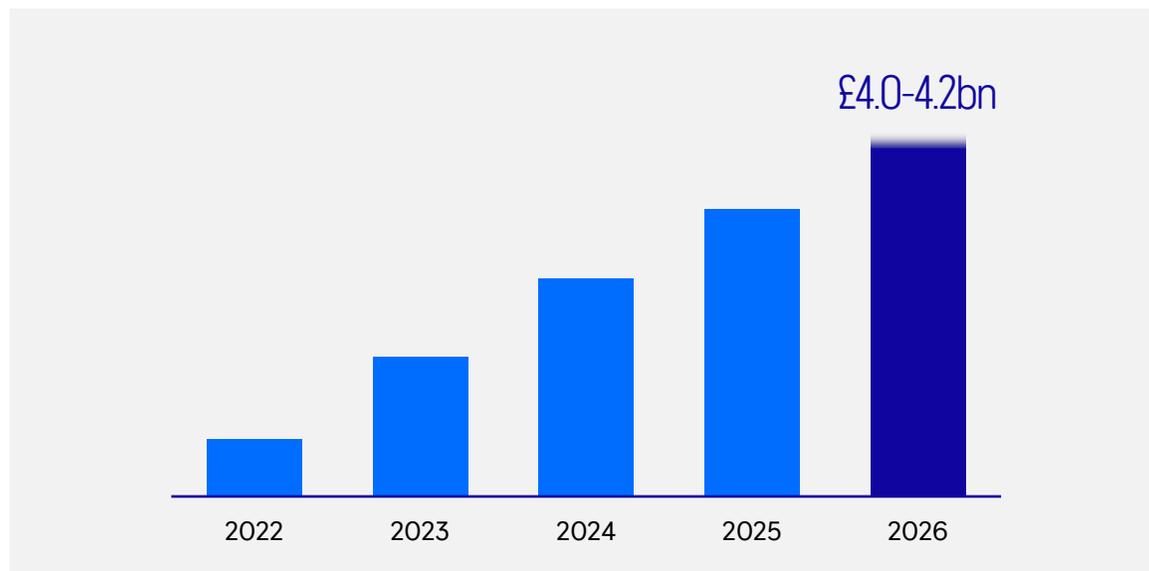
- Rolls-Royce SMR — continued progress in the UK and Czech Republic
- Strong BESS³ growth with breakeven performance
- Successfully tested the first 100% methanol high-speed marine engine
- New AI platform to support reduction of shop visit turnaround times and shop visit costs

FULL YEAR 2026 GUIDANCE

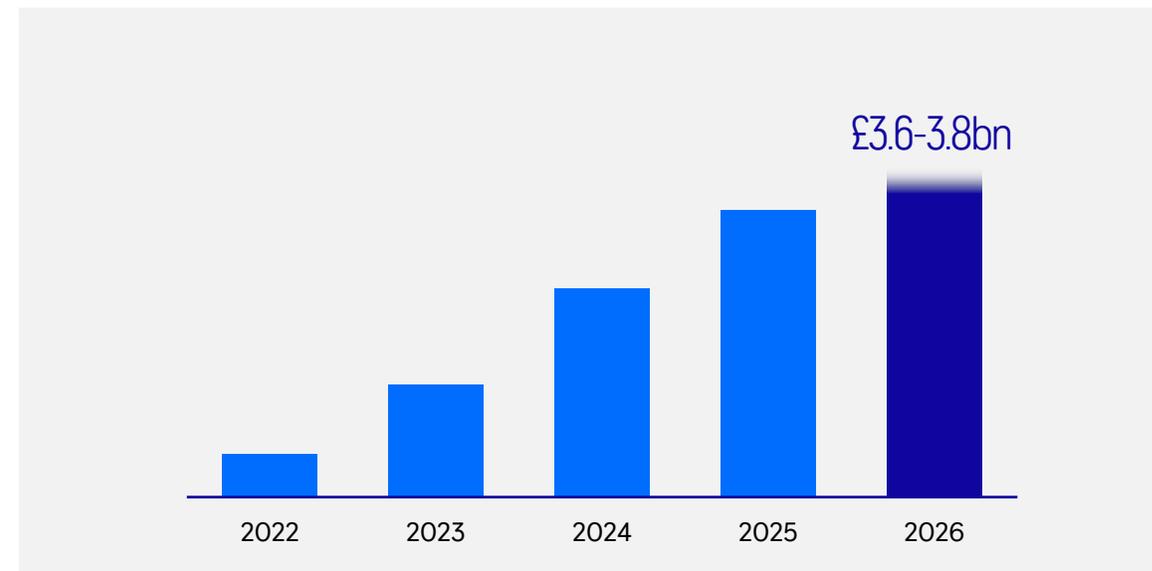
Delivering another year of significant progress



Operating profit



Free cash flow



Civil Aerospace drivers

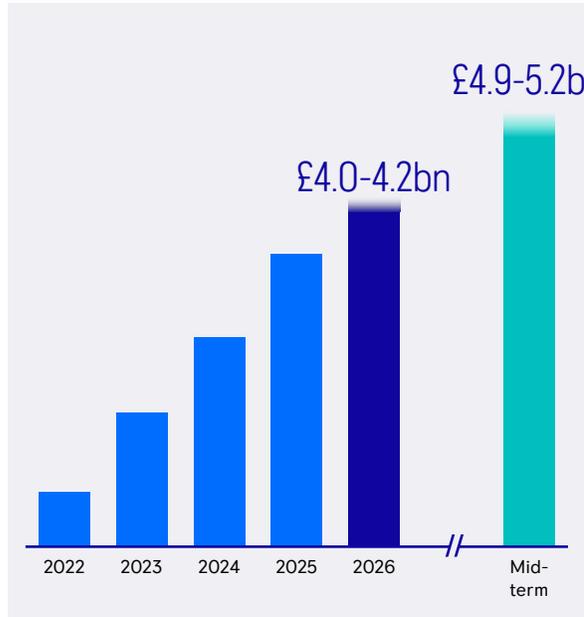
Large engine EFH	115-120% of 2019
Total OE deliveries	550-600
Total shop visits	1,480-1,550

UPGRADED MID-TERM TARGETS

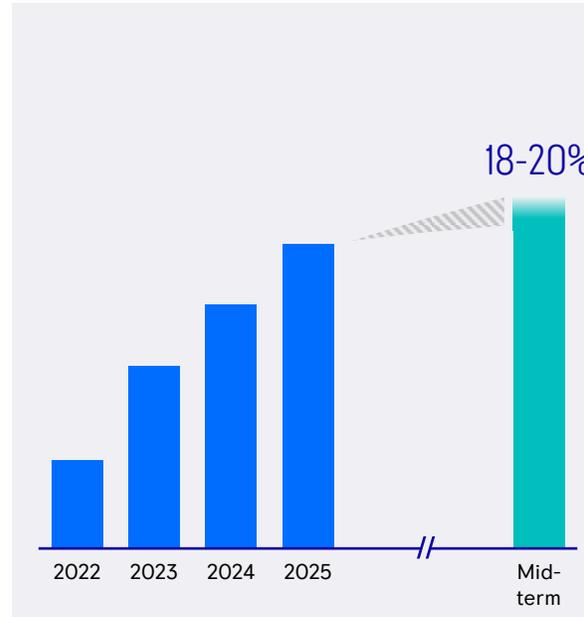
Based on a 2028 timeframe



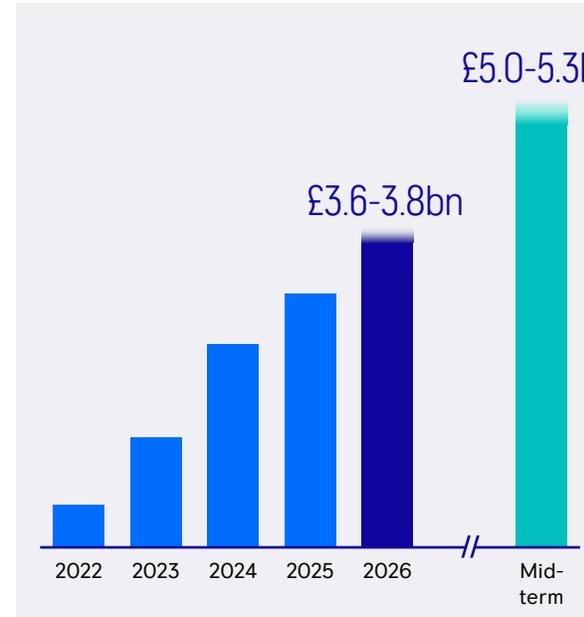
Operating profit



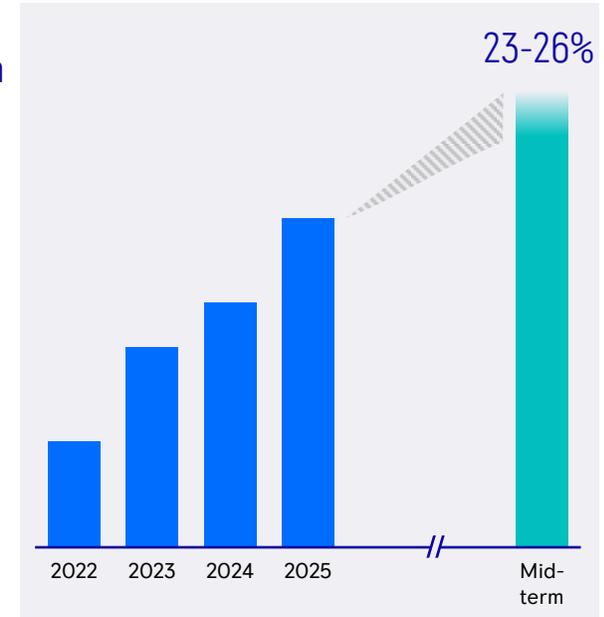
Operating margin



Free cash flow



Return on capital



Mid-term divisional operating margin

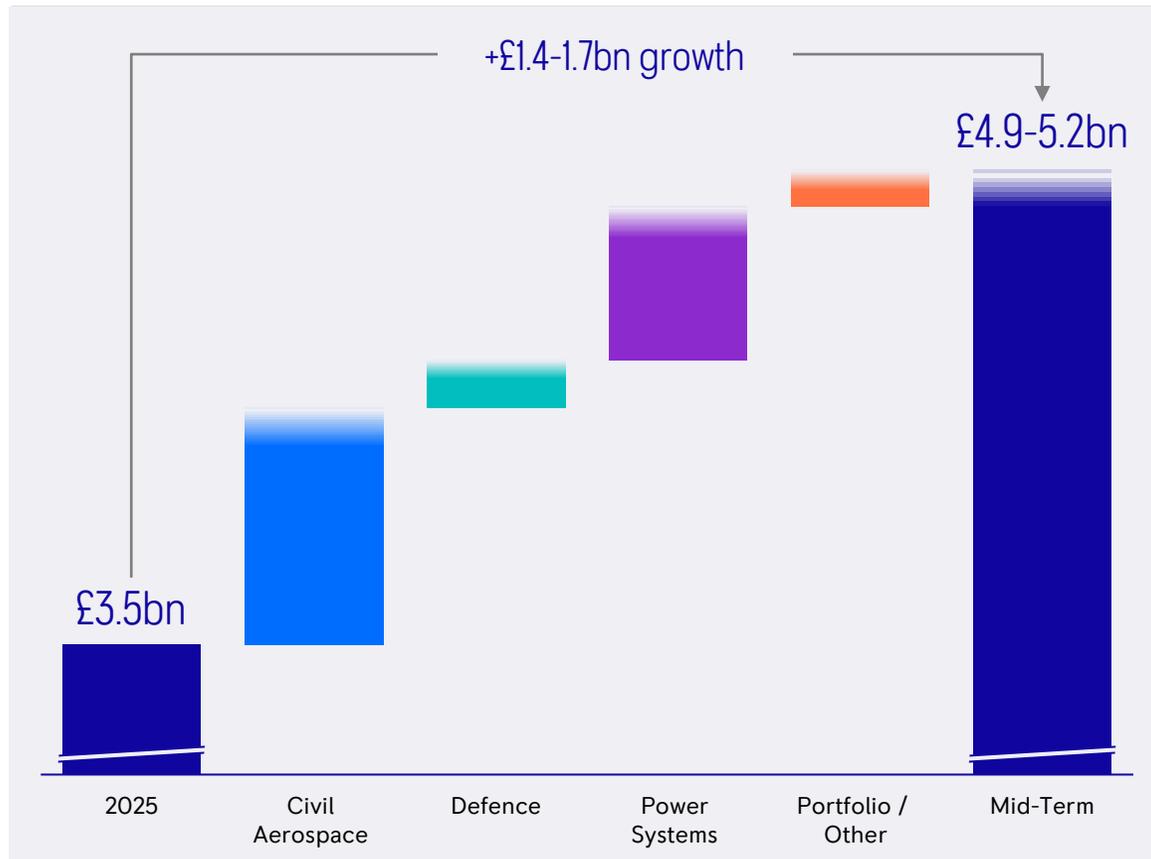
Civil Aerospace	21-23%
Defence	14-16%
Power Systems	18-20%

EXPANDING EARNINGS POTENTIAL

Delivering the next phase of our Transformation



2025-2028 Group operating profit improvement

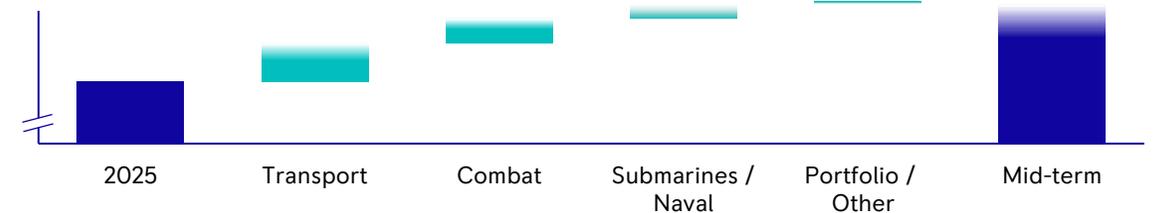


Strategic initiatives driving earnings

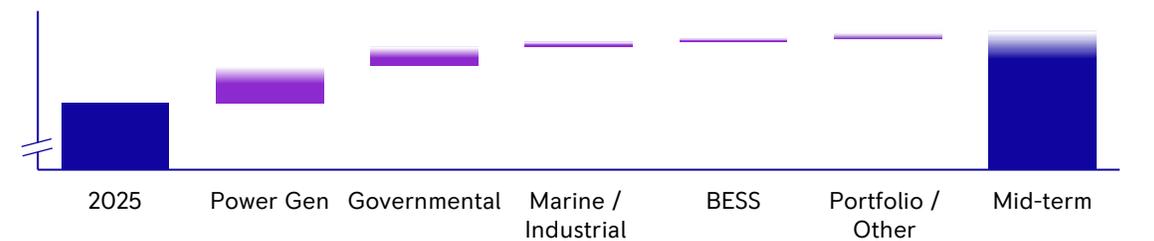
CIVIL AEROSPACE



DEFENCE



POWER SYSTEMS





02

HELEN McCABE

Chief Financial Officer

2025 FULL YEAR UNDERLYING RESULTS



Underlying results £m	2025	2024	Organic Change ¹	Organic Change % ¹
Revenue	20,059	17,848	+2,490	+14%
Gross profit	5,126	4,091	+1,073	+26%
Gross margin %	25.6%	22.9%	+2.4pts	
Operating profit	3,462	2,464	+1,005	+38%
Operating margin %	17.3%	13.8%	+3.2pts	

pence	2025	2024	Change	Change %
Basic earnings per share	29.55	20.29	+9.3	+46%
Dividend per share	9.5	6.0	+3.5	+58%

£m	2025	2024	Change
Free cash flow	3,270	2,425	+845
Net cash	1,895	475	+1,420
Return on capital	18.9%	13.8%	+5.1pts

Strong results with every division delivering

Operating profit growth of £1.0bn and free cash flow growth of £0.8bn

Net cash of £1.9bn
Full year dividend of 9.5p per share

Double-digit return on capital representing significant value creation

¹Organic change is the measure of change at constant translational currency applying full year 2024 average rates to 2024 and 2025 and excludes M&A and business closures. All underlying income statement commentary is provided on an organic basis unless otherwise stated

CIVIL AEROSPACE

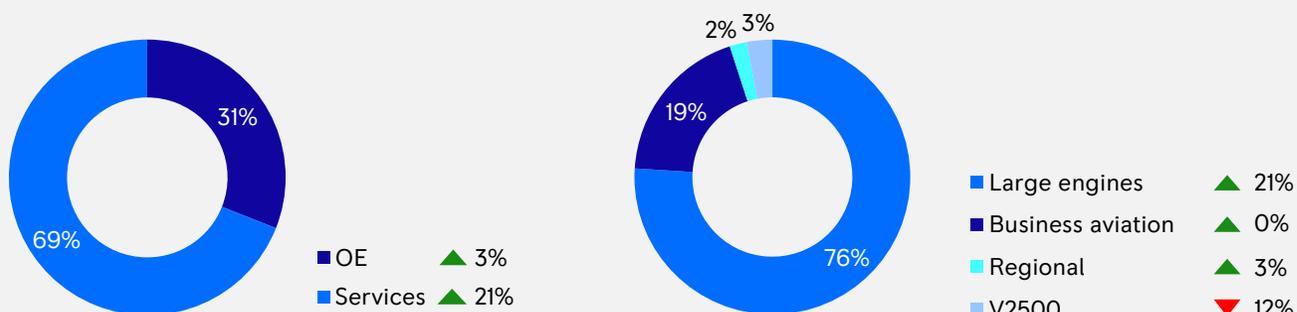


Underlying results £m	2025	2024	Organic Change	Organic Change %
Revenue	10,382	9,040	+1,326	+15%
Gross profit	2,675	1,990	+679	+34%
Gross margin %	25.8%	22.0%	+3.7pts	
Operating profit	2,130	1,505	+621	+41%
Operating margin %	20.5%	16.6%	+3.9pts	
Trading cash flow	2,512	2,030	+482	+24%

KEY POINTS

- 15% revenue growth, 41% profit growth
- Higher large engine aftermarket profit across LTSA and time and materials
- Higher spare engine profitability
- Net contractual margin improvements

UNDERLYING REVENUE SPLITS



OE DELIVERIES

483 -9%

LARGE ENGINE OE DELIVERIES

259 -7%

LTSA ENGINE FLYING HOURS

20.0m +6%

TOTAL LTSA SHOP VISITS

1,440 +10%

DEFENCE

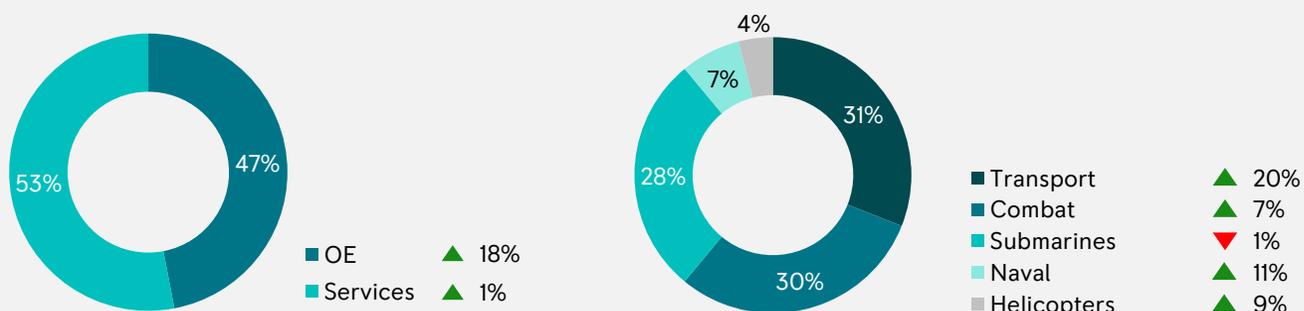


Underlying results £m	2025	2024	Organic Change	Organic Change %
Revenue	4,772	4,522	+369	+8%¹
Gross profit	933	908	+40	+4%
Gross margin %	19.6%	20.1%	-0.8pts	
Operating profit	689	644	+58	+9%
Operating margin %	14.4%	14.2%	+0.1pts	
Trading cash flow	745	591	+154	+26%

KEY POINTS

- Strong order intake with growing demand for mature and new products
- Profit growth in transport OE, including international sales
- Profit growth in combat OE
- Absence of one-off benefit in a submarine contract in the prior year

UNDERLYING REVENUE SPLITS



ORDER INTAKE

£5.5bn

Book-to-bill ratio 1.1x

ORDER BACKLOG

£17.4bn

Flat year on year

¹ Defence revenue growth of 8%, Services revenue growth of 1% and Submarines revenue growth of -1% reflects the absence of a one-time c.£220m capital and lease transaction in the prior year. Excluding this, Defence revenue growth was 14%, services revenue growth was 11% and Submarines revenue growth was 17%

POWER SYSTEMS

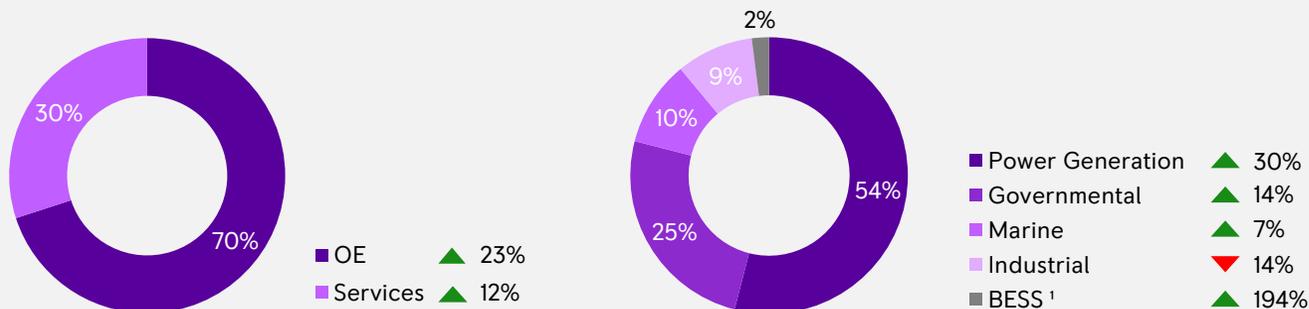


Underlying results £m	2025	2024	Organic Change	Organic Change %
Revenue	4,892	4,271	+794	+19%
Gross profit	1,522	1,199	+356	+30%
Gross margin %	31.1%	28.1%	+2.6pts	
Operating profit	852	560	+325	+60%
Operating margin %	17.4%	13.1%	+4.5pts	
Trading cash flow	658	452	+206	+46%

KEY POINTS

- 19% revenue growth, 60% profit growth
- Strong power generation growth driven by data centres
- Higher governmental services profit
- BESS¹ breakeven achieved

UNDERLYING REVENUE SPLITS



ORDER INTAKE

£6.1bn

Book-to-bill ratio 1.2x

ORDER BACKLOG

£6.1bn

+25%

¹ Battery Energy Storage Systems

SUMMARY FUNDS FLOW



£m	2025	2024	Change
Operating profit	3,462	2,464	998
Net investments ¹	(257)	(282)	25
Movement in Civil LTSA balance, net of RRSAs ²	572	691	(119)
Working capital, excluding Civil Net LTSA	421	280	141
Movement in provisions	(290)	(167)	(123)
Settlement of excess derivatives	(148)	(146)	(2)
Net interest	8	(29)	37
Tax	(555)	(381)	(174)
Other	57	(5)	62
Free cash flow	3,270	2,425	845

KEY DRIVERS OF HIGHER YEAR ON YEAR FCF

- Higher operating profit
- Similar net investments across a more focused portfolio
- Slightly lower net LTSA balance growth
- Stronger working capital performance
- Movement in provisions reflects renegotiations of onerous contracts
- Higher cash tax costs

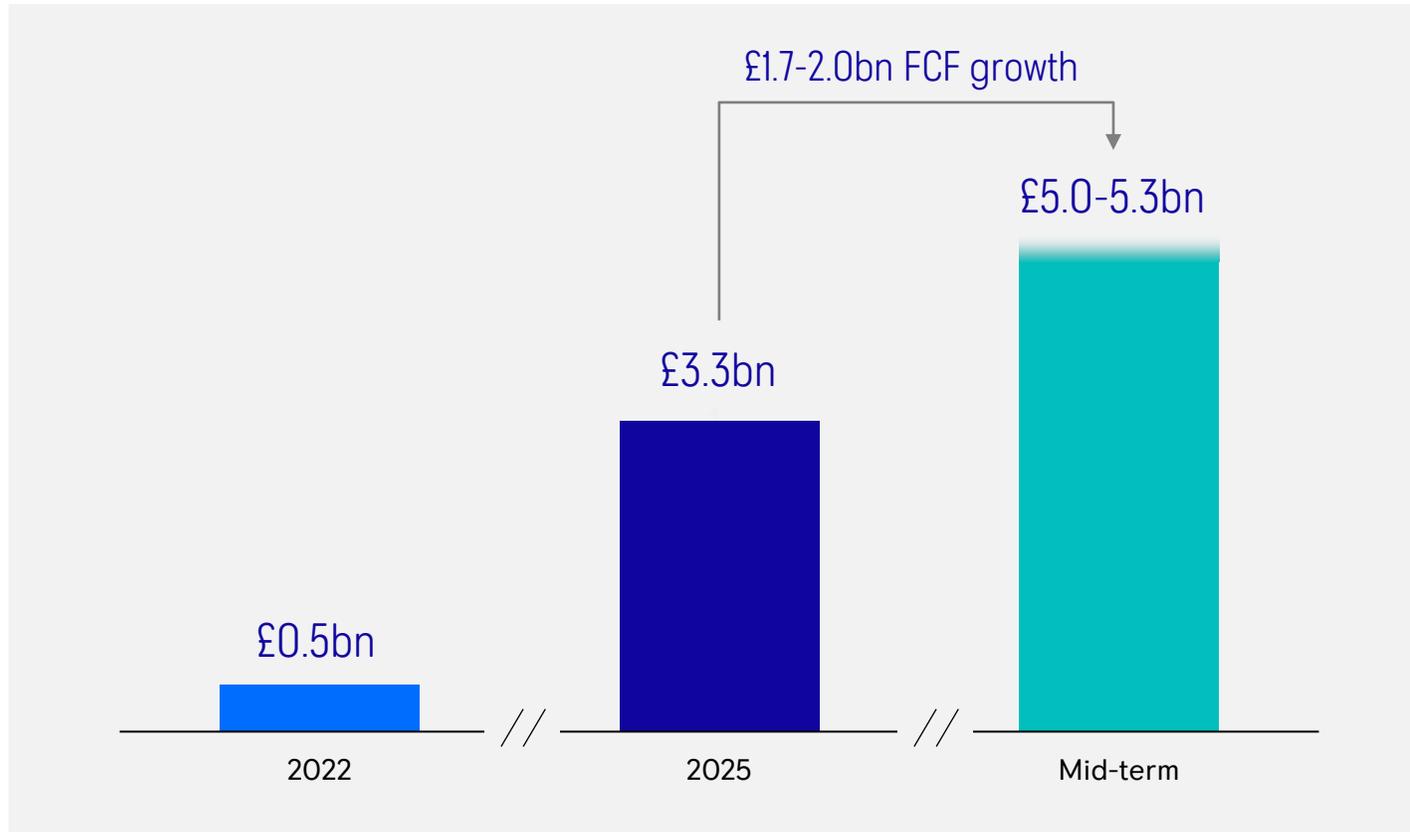
¹ Net investments = D&A – capital element of lease payments – capital expenditure – investment ² Risk and Revenue Sharing Arrangements

SUSTAINABLE AND GROWING FREE CASH FLOW

Driving sustainable high-quality cash flow to the mid-term

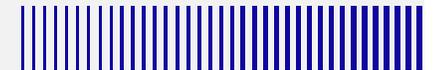


£5.0–5.3bn mid-term Free Cash Flow (FCF)



Improvement of FCF to mid-term driven by

- Operating profit growth of £1.4-1.7bn
- Civil net LTSA balance growth
- Disciplined investments aligned to strategy
- Focused working capital management whilst supporting business growth
- Absence of over-hedge costs
- Increased cash tax costs



CAPITAL FRAMEWORK

Growing shareholder distributions and investing for growth



1

STRONG
BALANCE
SHEET

- Reduced gross debt
- Net cash of £1.9bn at Dec 2025
- Strong investment grade credit rating

2

REGULAR AND
GROWING
DIVIDENDS

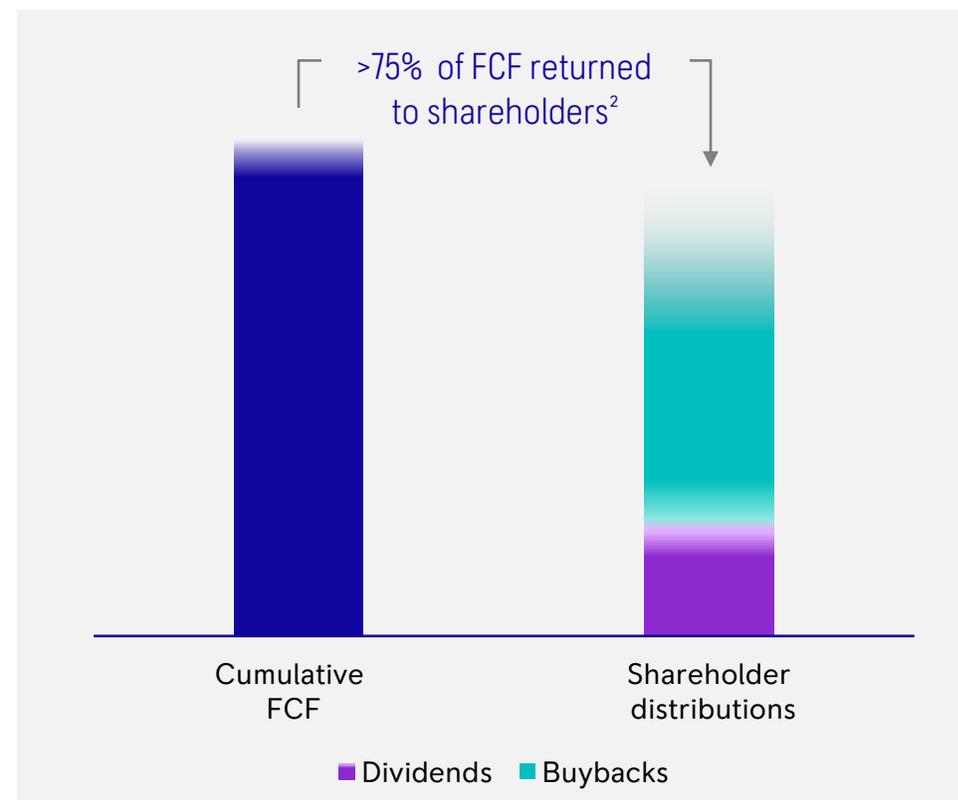
- 2025 FY dividend of 9.5p; a 32% payout ratio¹
- Target payout 30-40% of profit after tax
- Dividends grow with higher earnings

3

FURTHER
INVESTMENTS &
SHAREHOLDER
DISTRIBUTIONS

- £1bn share buyback completed in 2025
- £7bn-£9bn share buyback for 2026-2028; £2.5bn in 2026
- Strategically aligned, value creative investments

Total shareholder distributions 2026-2028



¹ Payout from underlying profit after tax, adjusted for deferred tax; ² Based on mid-term targets



03 TUFAN ERGINBILGIC

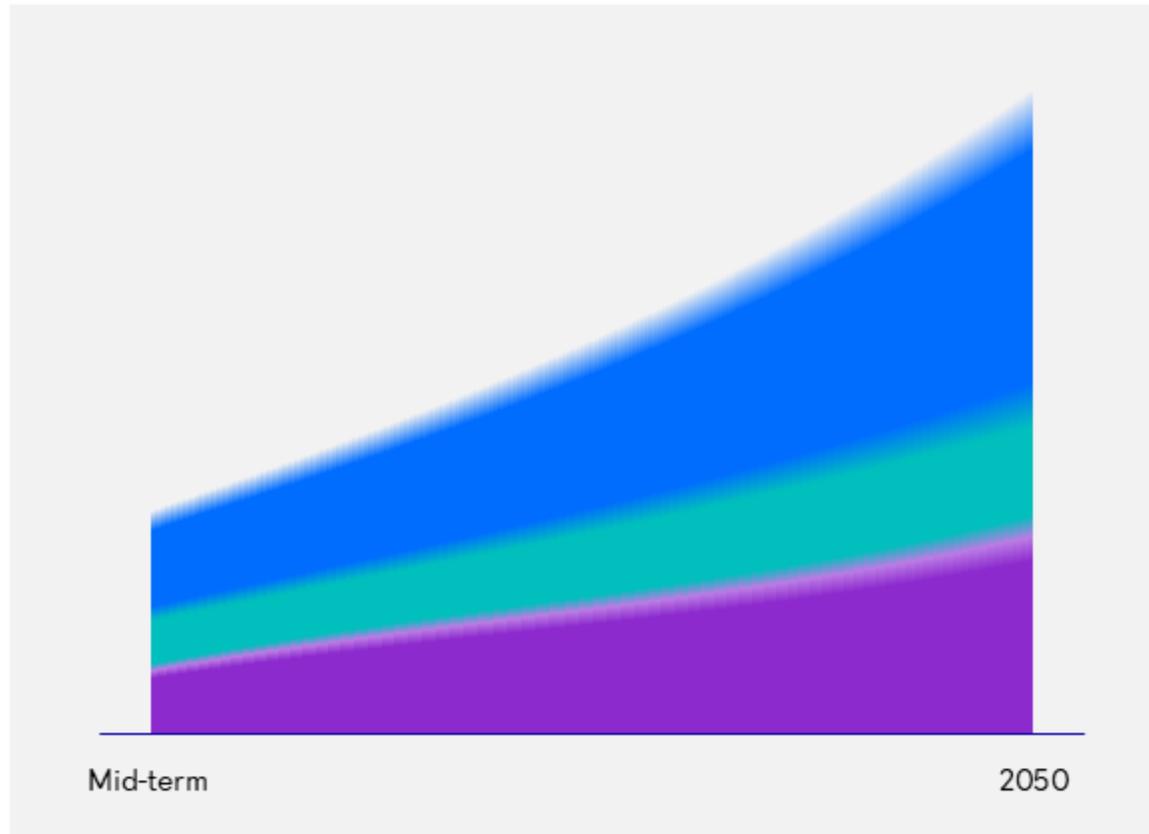
Chief Executive

LONG-TERM GROWTH MOMENTUM - EXISTING

Strong and improving growth prospects beyond the mid-term driven by our strategic initiatives



Significant revenue growth opportunities from existing businesses



Key drivers

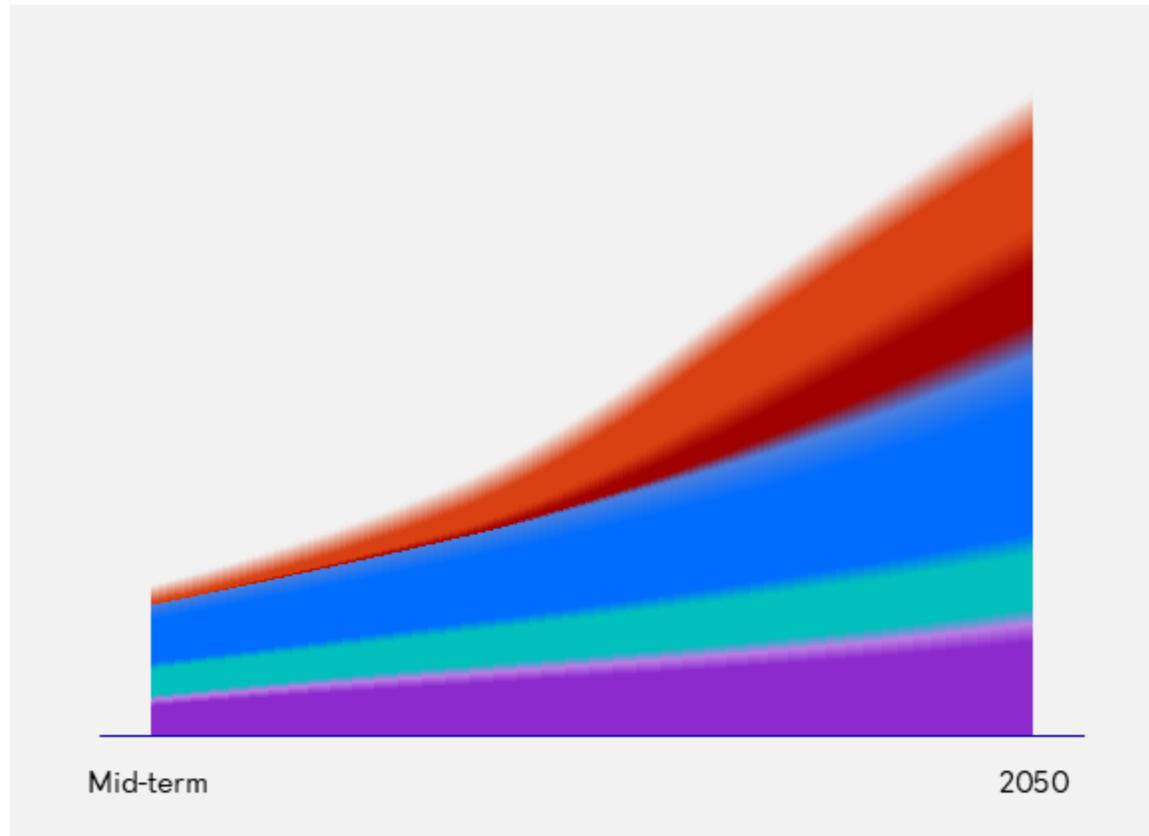
Civil Aerospace	Widebody fleet growth with higher OE and LTSA margins, alongside further business aviation growth
Defence	Recent programme wins will drive OE and aftermarket growth for decades to come
Power Systems	Sustained growth from data centres and governmental, alongside battery energy storage systems

LONG-TERM GROWTH MOMENTUM – EXISTING & NEW

Strong and improving growth prospects beyond the mid-term driven by our strategic initiatives



Further revenue growth opportunities from new businesses



Key drivers

<p>Nuclear</p> 	<p>Unique capabilities in fast-growing and profitable SMR and AMR¹ markets</p>
<p>Narrowbody</p> 	<p>A transformational opportunity to re-enter the large and growing narrowbody market in partnership</p>

ACHIEVING THE ROLLS-ROYCE PROPOSITION



OUR TRANSFORMATION

- Strong 2025 results driven by our Transformation programme
- 2026 guidance demonstrates continued strong progress
- Upgraded mid-term targets for 2028
- £7bn-£9bn share buyback programme, 2026-2028
- Significant growth beyond the mid-term
- Transforming Rolls-Royce into a world-leading and sustainably distinctive company

1. HIGH PERFORMING, COMPETITIVE,
AND RESILIENT BUSINESS

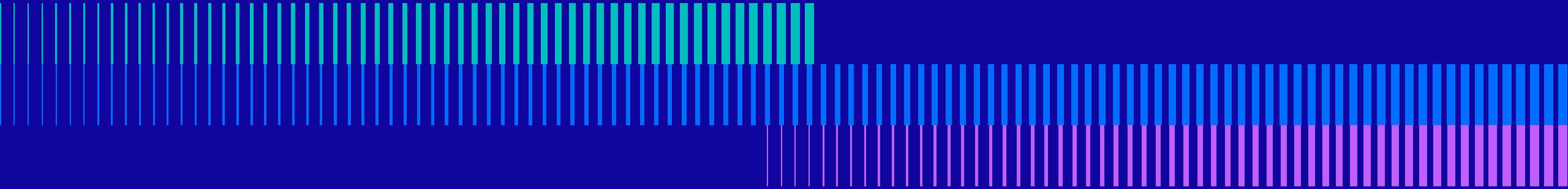
2. GROWING SUSTAINABLE
CASH FLOWS

3. STRONG BALANCE SHEET AND
GROWING SHAREHOLDER RETURNS



Q&A





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