Rolls-Royce Holdings plc

2014 Half-year results

John Rishton, Chief Executive

Trusted to deliver excellence

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Mark Morris, Chief Financial Officer

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Rolls-Royce

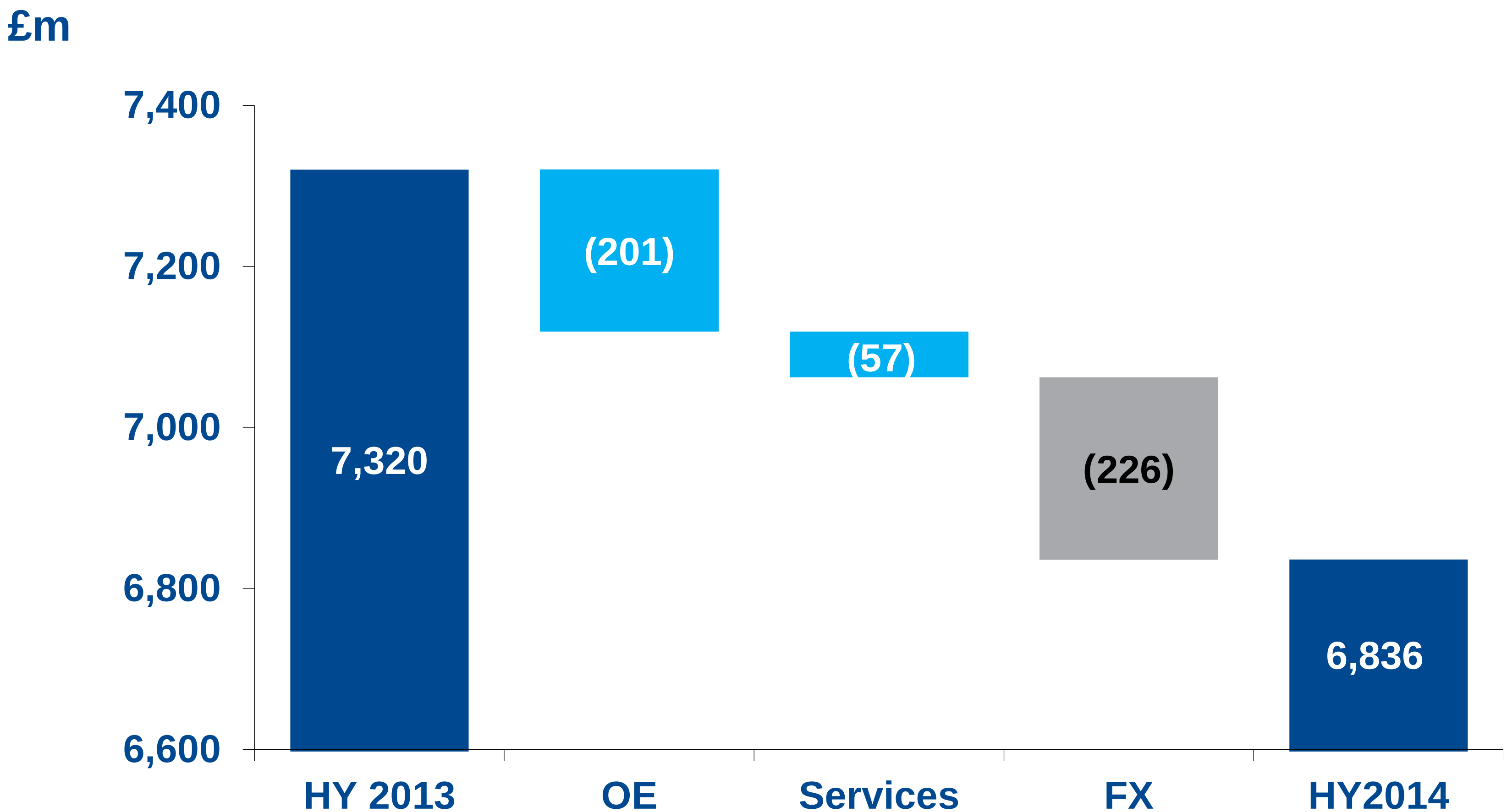
Group highlights

	H1 2013*	H1 2014	Actual + / -	Constant FX
Order book (£bn)**	71,612	70,439	(2%)	
Revenue (£m)	7,320	6,836	(7%)	(4%)
Profit before tax (£m)	804	644	(20%)	(17%)
Return on sales	11.4%	9.9%	(1.5pp)	
Net cash (£m)**	1,939	1,177	-762	
Earnings per share (p)	31.88	25.64	(20%)	
Shareholder payment (p)	8.60	9.00	5%	

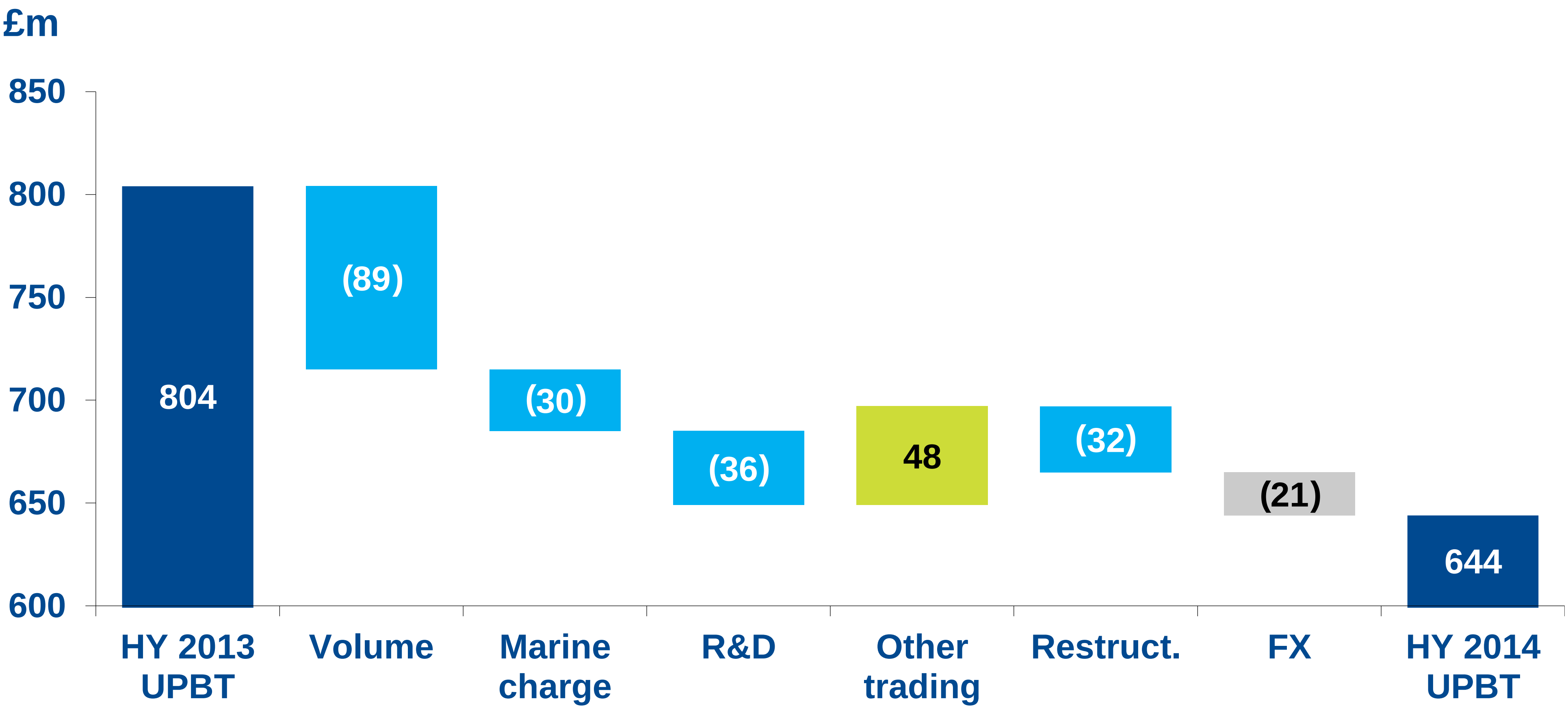
* Restated to reflect the new accounting treatment for Risk & Revenue Sharing Arrangements
** 2013 H1 Order book and Net cash figures are 2013 year-end.

All figures and commentary reflects the underlying performance, unless otherwise noted.

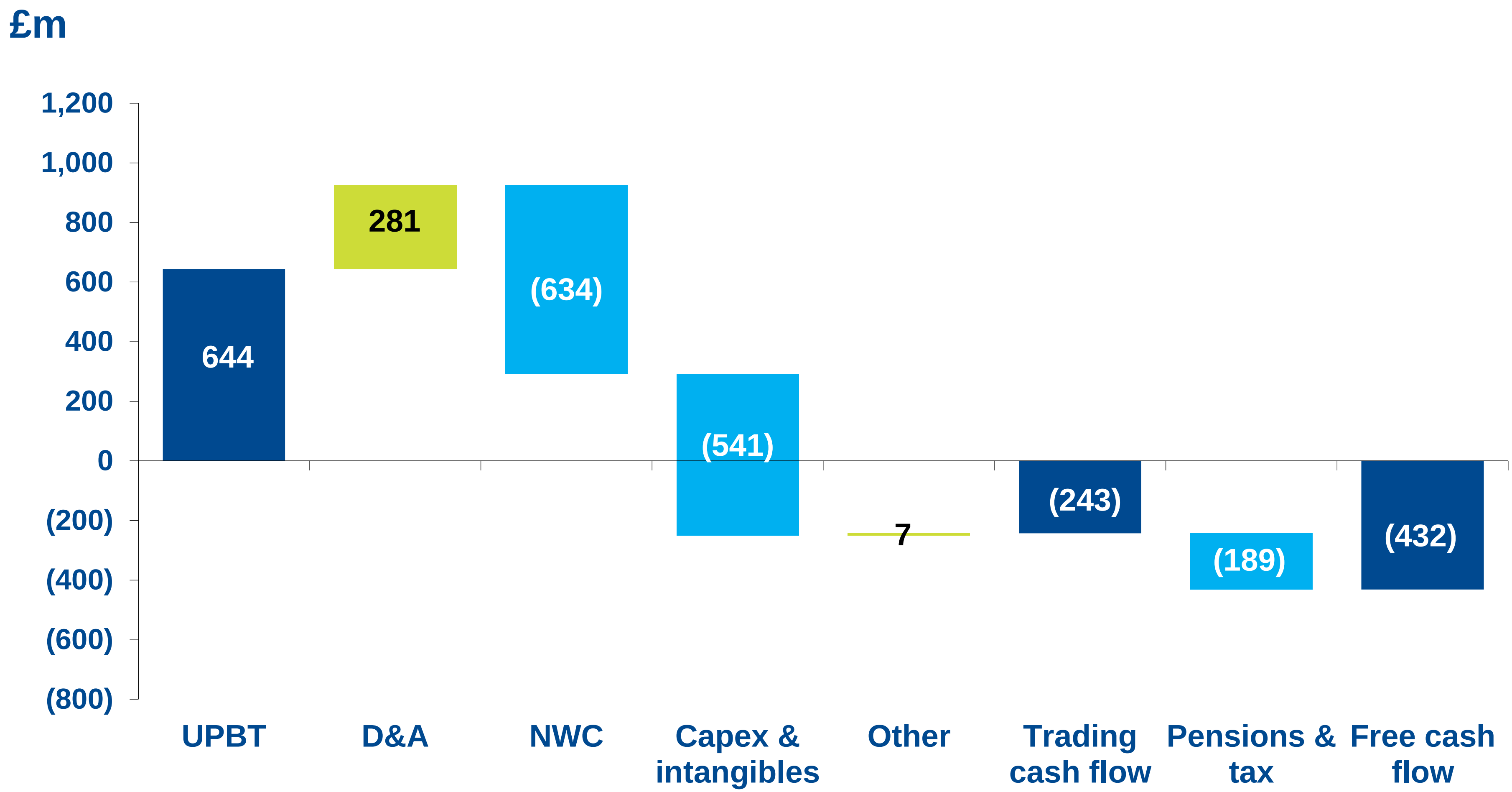
Movement in Group revenue



Movement in Group profit



Group free cash flow



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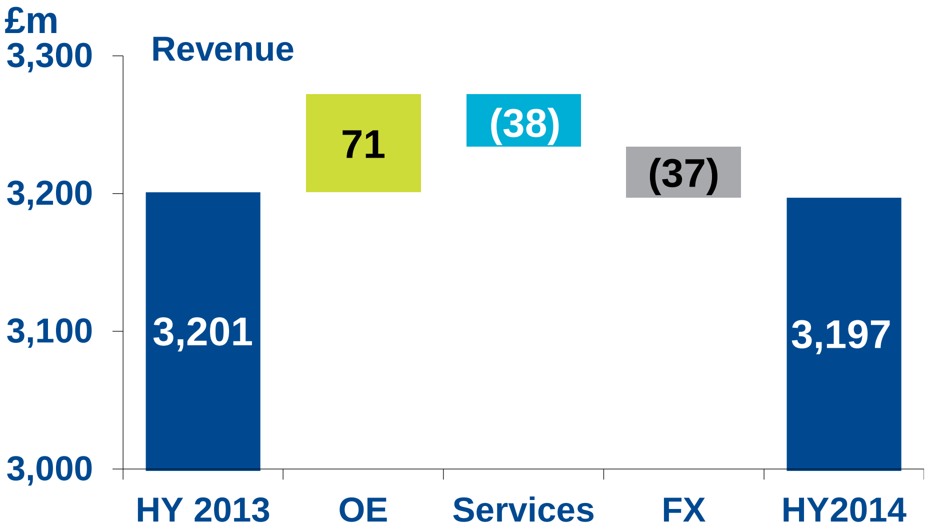
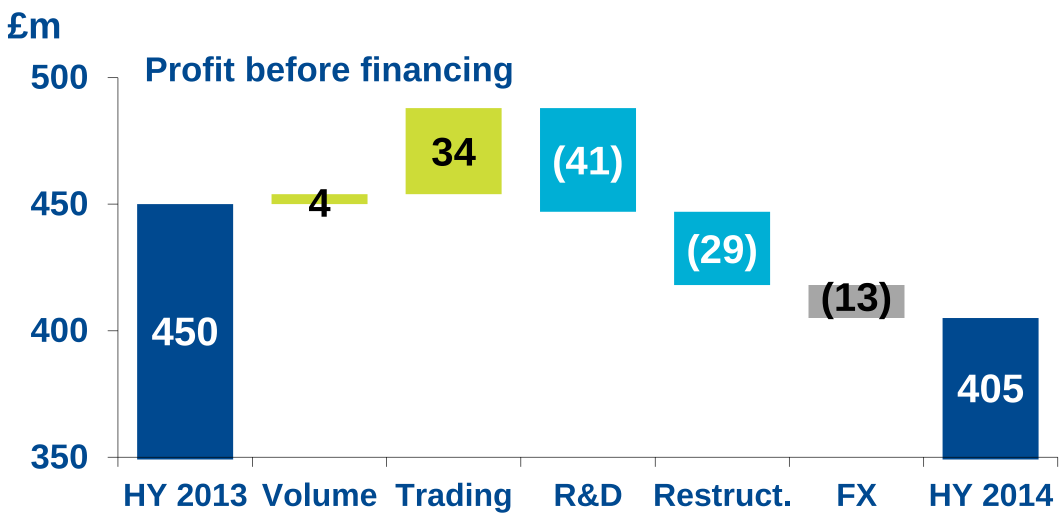
Business Reviews

These figures and commentary reflects the underlying performance and constant FX, unless otherwise noted.

Civil Aerospace





H1

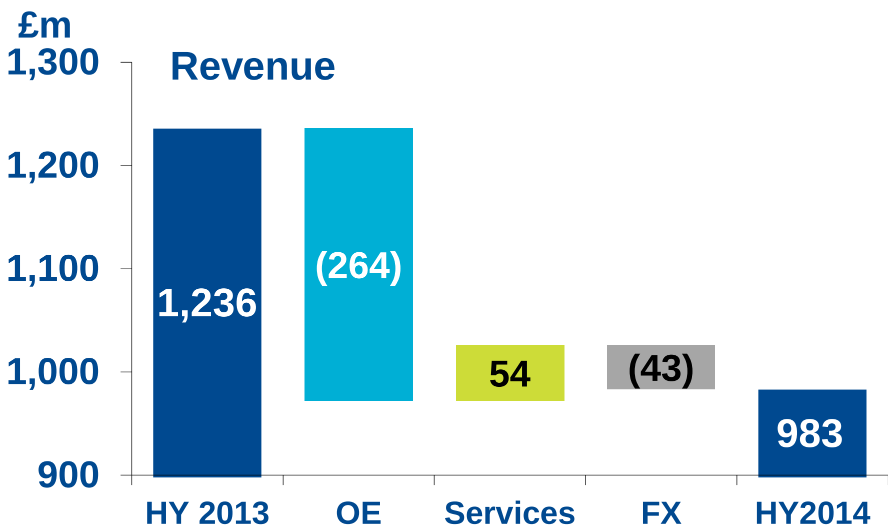
- OE: 16% higher Trents & 10% fall in large corporate jet engine deliveries
- Services: Down 2%; T&M Revenue down; (RB211 & AE3007); Widebody LTSA revenue up
- Profit: OE mix, lower aftermarket, R&D, restructuring. Trading benefits from lower C&A and improved lifecycle costs

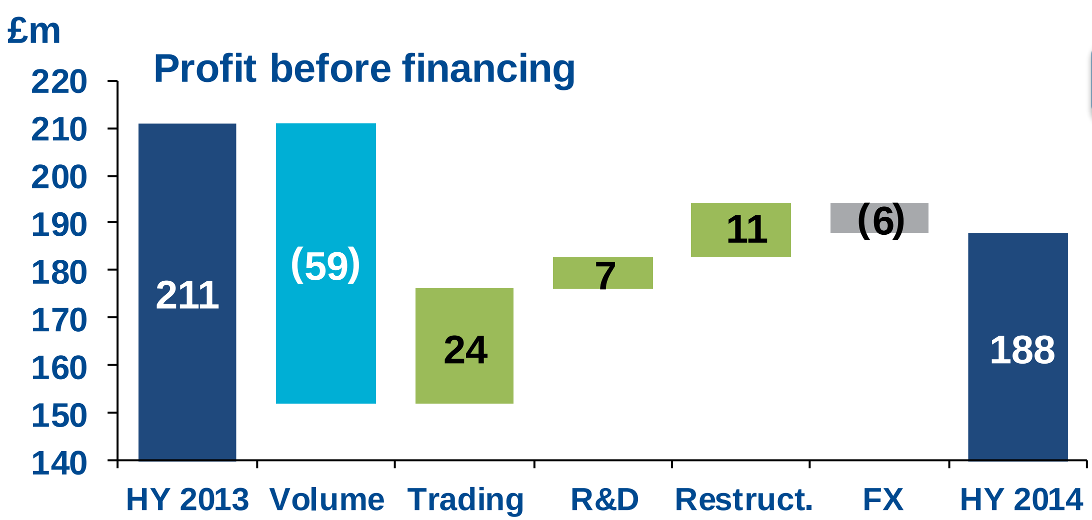
H2 Drivers

- OE order cover 95%
- Higher Trent & large corporate jet engine deliveries
- Profit drivers in H2: volume, higher LLPs, cost reduction benefits, lower restructuring.

Restated to reflect the new accounting treatment for Risk & Revenue Sharing Arrangements

Defence Aerospace





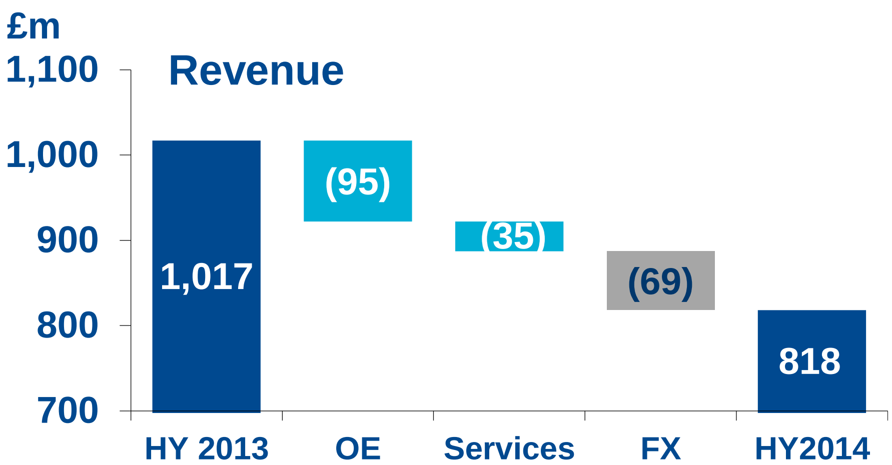
H1

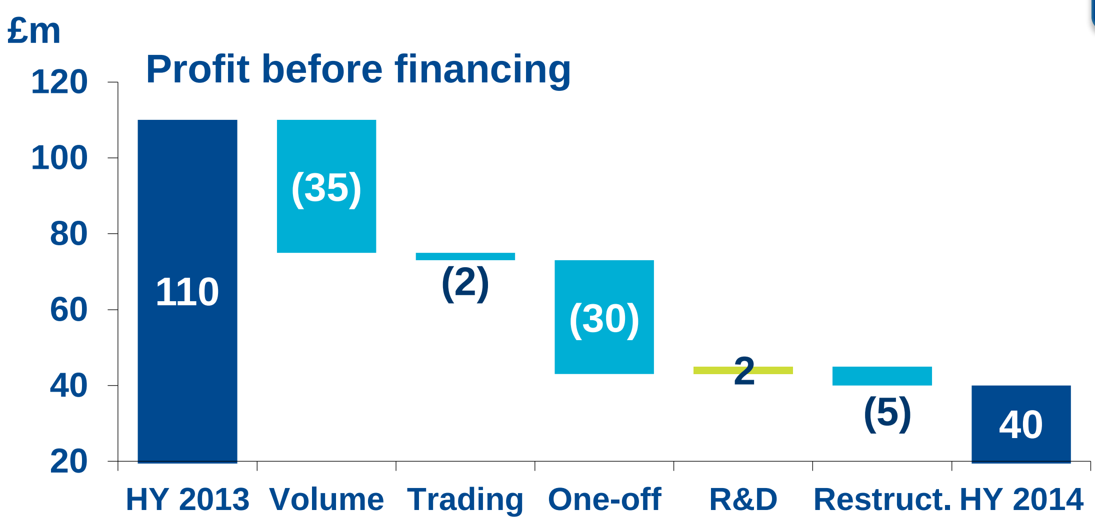
- OE: Revenue down 40% with Typhoon, Hawk Trainer, C-130J and V-22
- Services: Revenue up 9%
- Profit: volume, mix with higher aftermarket sales, cost reduction and higher margins on Defence LTSAs.

H2 Drivers

- 88% OE order cover
- Higher engine deliveries, driven by TP400, Lift System.

Marine





2013 figures restated to exclude Submarines, now part of Nuclear & Energy

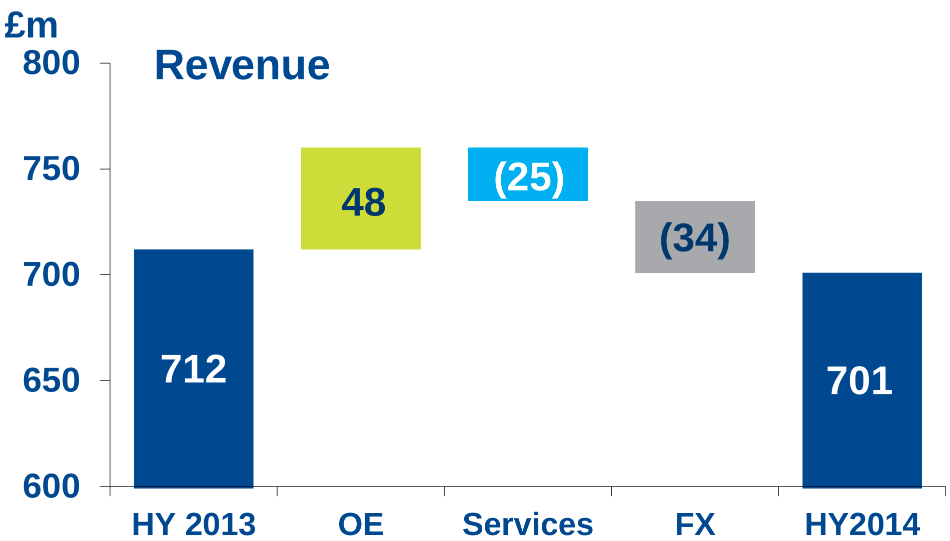
H1

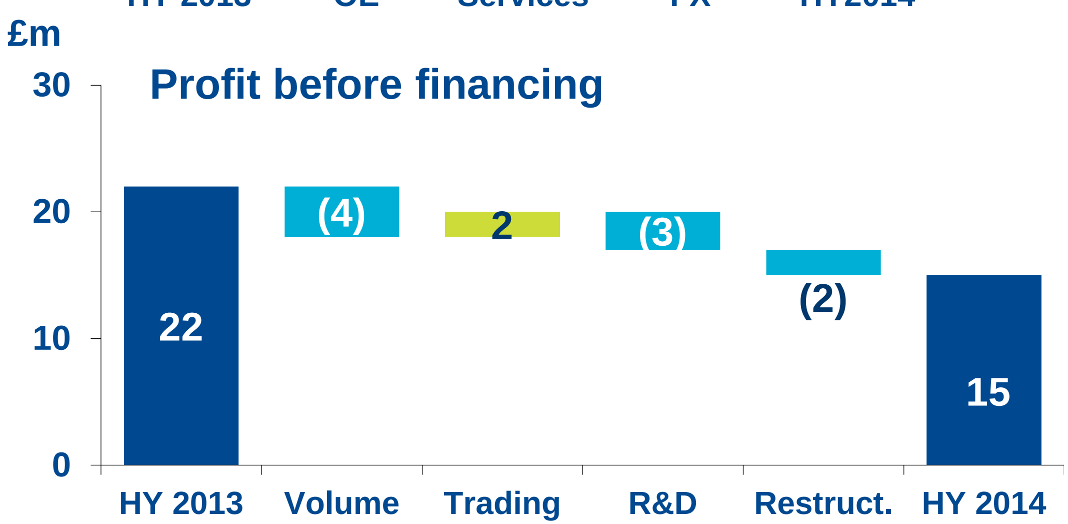
- OE: revenue down due to lower order intake in 2013, mainly Offshore
- Services: revenue down due to: deferrals, lower vessel utilization and lower upgrades
- Profit: lower volumes & £30m charge.

H2 Drivers

- 98% OE order cover
- H2 improvement from: Higher volumes, revenue shift towards OE, mainly Offshore;
- Cost reduction lower than expected

Nuclear & Energy





2013 figures restated to include Submarines, previously in Marine

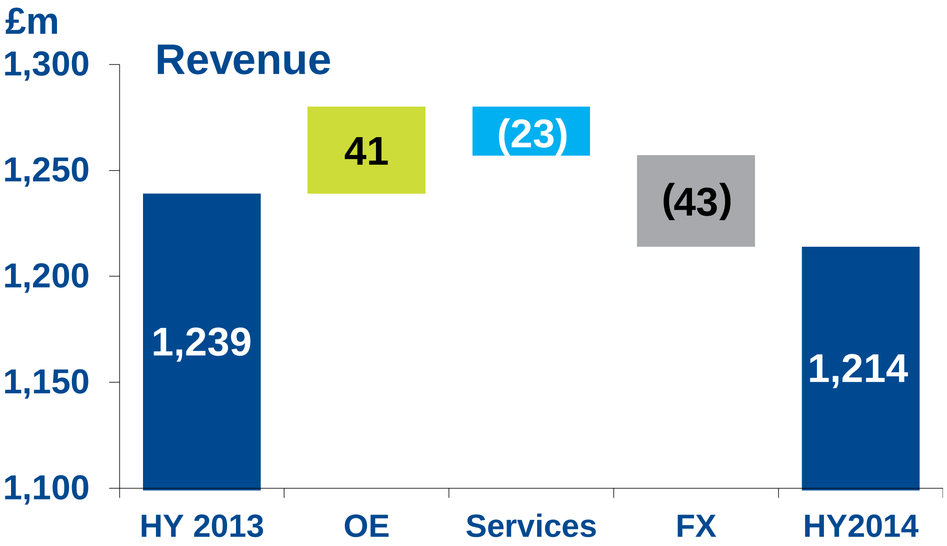
H1

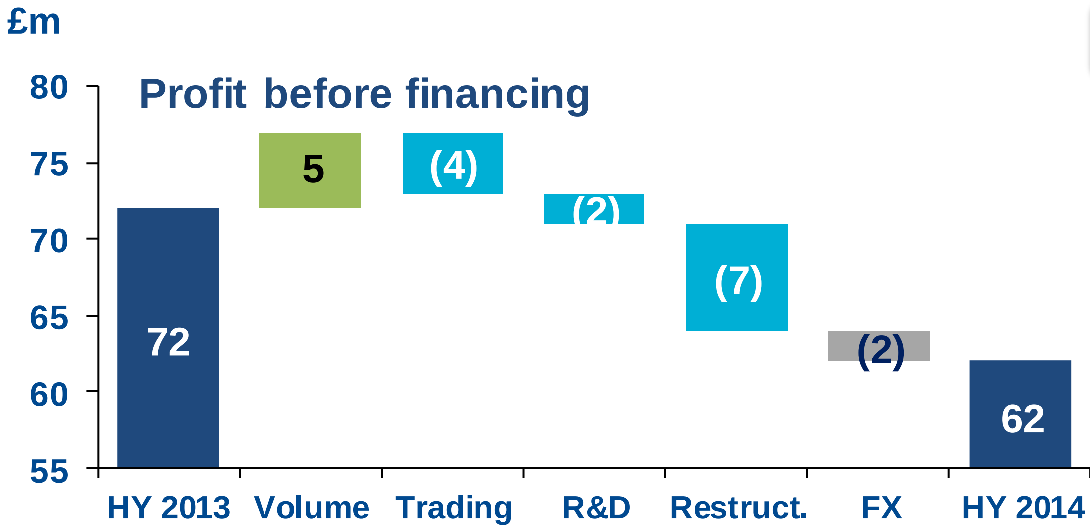
- OE: higher unit deliveries in Oil & Gas and Submarines
- Services: Oil & Gas down
- Profit: down, reflecting lower services and £10m charge.

H2 Drivers

- OE Order cover of 73%
- Revenue: higher PowerGen and Nuclear OE sales and higher services
- Profit: benefits from higher volume, better mix, cost reduction & non-repeat of H1 charge.

Power Systems





H1

- OE: sales up 5% driven by Defence and Naval, partially offset by lower land power, Oil & Gas and Mining.
- Services: down 6% on lower Marine and Land Power spares.
- Profits: down due to mix, restructuring

H2 Drivers

- OE order cover 80%
- Revenue: Higher OE units across all markets – particularly Oil & Gas and Mining
- Profit: Higher volumes, cost reduction and restructuring benefits from H1

Group financial strength

Credit Rating

- S&P: A, stable outlook
- Moody's: A3, stable outlook
- Maintain investment grade rating

Strong liquidity

- Total liquidity £3.15bn

Debt maturities

- Spread to 2026
- No material refinancing 2014

2014 Group guidance

Guidance at constant FX	
Revenue	Flat
Profit	Flat excluding £30m Marine one-off charge
Free Cash Flow	Similar to 2013
CapEx	Around £700m
R&D	Spend around £800m P&L charge around £780m
Tax	Underlying rate around 24%

2014 segment guidance

At Constant FX	Revenue	Profit
Aerospace		
Civil Aerospace	+2% to +5%	+8% to +12%
Defence Aerospace	-15% to -20%	-15% to -20%
MIPS		
Marine	c. -10%	-15% to -25%*
Nuclear & Energy	+5% to +10%	+30% to +40%
Power Systems	+/-2%	+5% to +10%

* Prior to the impact of the £30m one-off charge

Final thoughts

- **H1 results as expected**
- **Continued progress on the 4Cs**
- **Confidence in H2, driven by:**
    - ➢ high OE order cover
    - ➢ higher OE & services volumes across every business
    - ➢ traditionally H2 weighted services
    - ➢ cost reduction
- **Payment to Shareholders up 5% to 9.0p**

Q&A

John Rishton	**Chief Executive**
Mark Morris	**Chief Financial Officer**