

Rolls-Royce Limited

In the late 1960s, Rolls-Royce was adversely affected by the mismanaged development of its advanced RB211 jet engine and consequent cost over-runs, though it ultimately proved a great success. In 1971, the owners were obliged to liquidate their business. The useful portions were bought by a new government-owned company named Rolls-Royce (1971) Limited, which continued the core business but sold the holdings in British Aircraft Corporation (BAC) almost immediately and transferred ownership of the profitable but now financially insignificant car division to Rolls-Royce Motors Holdings

Limited, which it sold to Vickers in 1980. Rolls-Royce obtained consent to drop the '1971' distinction from its company name in 1977, at which point it became known once again as Rolls-Royce Limited.

Rolls-Royce was a British luxury car and later an aero-engine manufacturing business established in 1904 in Manchester by the partnership of Charles Rolls and Henry Royce. Building on Royce's good reputation established with his cranes, they quickly developed a reputation for superior engineering by manufacturing the "best car in the world". The business was incorporated as Rolls-Royce Limited in 1906, and a new factory in Derby was opened in 1908. The First World War brought the company into manufacturing aero-engines. Joint development of jet engines began in 1940, and they entered production. Rolls-Royce has built an enduring reputation for development and manufacture of engines for defence and civil aircraft.

The Rolls-Royce business remained nationalised until 1987 when, after having re-named the company to Rolls-Royce plc, the British government sold it to the public in a share offering. Rolls-Royce plc

still owns and operates Rolls-Royce's principal business, although, since 2003, it is technically a subsidiary of Rolls-Royce Holdings plc, a listed holding company. A marketing survey in 1987 showed that only Coca-Cola was a more widely known brand than Rolls-Royce.



ROLLS-ROYCE HOLDINGS PLC - 2022 Half Year Results

Focused on operational and commercial drivers to address risks and deliver better performance

- **Good progress with growth in order intake, revenue and cash flow**
 - Another record quarter in Q2 for order intake in Power Systems
 - £1.1bn free cash flow improvement due to commercial discipline and increased flying hours
 - Underlying profit margins were lower in the first half, but are expected to improve in the second half
- **Managing external challenges with operational and commercial discipline**
 - Concentrating spend with leading suppliers; increased inventory to address supply constraints
 - Controlling costs and applying contractual and pricing discipline to limit inflation risk
- **Delivering on our commitments**
 - 2022 Group guidance unchanged with focus on managing risks
 - ITP Aero disposal received regulatory clearance and is progressing towards completion
 - Medium-term Civil Aerospace targets reflect commitment to become leaner and more agile

Warren East, Chief Executive said: "We have progressed well in the first half of the year, with more than a £1bn improvement in free cash flow, strong order intake in Power Systems, increased engine flying hours and commercial discipline in Civil Aerospace, and targeted investment to support longer-term growth in Defence and New Markets. We are actively managing the impacts of a number of challenges, including rising inflation and ongoing supply chain disruption, with a sharper focus on pricing, productivity and costs. As a result of the actions we have taken over the last few years, our Civil Aerospace business is becoming leaner and more agile, and we are executing on the levers of value creation we shared at our investor event in May. This is setting us up to deliver on our commitments this year and in the future. We are making choices to manage the current challenges, deliver better returns, reduce debt, and generate long-term sustainable value."

Half Year 2022 Group financial performance

£ million, continuing operations	Statutory 2022 H1	Statutory 2021 H1	Underlying 2022 H1	Underlying 2021 H1
Revenue	5,600	5,159	5,308	5,227
Gross profit	1,062	814	942	1,097
Operating profit	223	38	125	307
Operating margin %	4.0%	0.7%	2.4%	5.9%
(Loss)/profit for the period	(1,611)	394	(188)	104
(Loss)/earnings per share (pence)	(19.29)	4.73	(2.24)	1.25

£ million	2022 H1	2021 H1
Free cash flow from continuing operations	(68)	(1,174)
Group free cash flow	(77)	(1,151)

£ million	2022 H1	2021 H1
Net cash inflow/(outflow) from operating activities	597	(679)

£ million	30 Jun 2022	31 Dec 2021
Net debt	(5,142)	(5,157)

Fiscal year is
January-
December. All
values GBP
Millions.

	2021	2020	
Cash & Short Term Investments	2,675	3,559	
Cash Only	2,621	3,452	
Cash & Short Term Investments Growth	-24.84%	-20.00%	
Cash & ST Investments / Total Assets	9.33%	12.06%	
Total Accounts Receivable	5,815	6,077	
Accounts Receivables, Net	3,627	4,001	
Accounts Receivables, Gross	3,886	4,253	
Bad Debt/Doubtful Accounts	(259)	(252)	
Other Receivables	2,188	2,076	
Accounts Receivable Growth	-4.31%	-4.58%	
Accounts Receivable Turnover	1.93	1.89	
Inventories	3,666	3,690	
Finished Goods	2,146	2,111	

Work in Progress	1,135	1,139
Raw Materials	376	417
Progress Payments & Other	9	23
Other Current Assets	572	412
Prepaid Expenses	572	412
Miscellaneous Current Assets	-	-
Total Current Assets	12,728	13,738
Net Property, Plant & Equipment	5,120	5,920
Property, Plant & Equipment - Gross	9,400	10,317
Buildings	1,865	1,994
Machinery & Equipment	4,986	5,442
Construction in Progress	300	451
Other Property, Plant & Equipment	1,046	1,025
Accumulated Depreciation	4,280	4,397
Buildings	614	679

Machinery & Equipment	3,244	3,336	
Construction in Progress	8	8	
Other Property, Plant & Equipment	414	374	
Total Investments and Advances	801	1,100	
LT Investment - Affiliate Companies	404	394	
Other Long-Term Investments	397	706	
Long-Term Note Receivable	181	168	
Intangible Assets	4,041	5,145	
Net Goodwill	1,026	1,074	
Net Other Intangibles	3,015	4,071	
Other Assets	3,554	1,620	
Deferred Charges	1,526	1,332	
Tangible Other Assets	2,028	288	
Total Assets	28,674	29,517	
Assets - Total - Growth	-2.86%	-8.52%	

Other Assets	3,554	1,620	
Deferred Charges	1,526	1,332	
Tangible Other Assets	2,028	288	
Total Assets	28,674	29,517	
Assets - Total - Growth	-2.86%	-8.52%	
Asset Turnover	0.39	-	
Return On Average Assets	0.42%	-	

Total Revenue	11,218
Revenue	11,218
Other Revenue, Total	0
Cost of Revenue, Total	9,082
Gross Profit	2,136
Total Operating Expenses	10,649
Selling/General/Admin. Expenses, Total	890
Research & Development	708
Depreciation / Amortization	70
Interest Expense (Income) - Net Operating	-45
Unusual Expense (Income)	-56
Other Operating Expenses, Total	
Operating Income	569
Interest Income (Expense), Net Non-Operating	-728
Gain (Loss) on Sale of Assets	

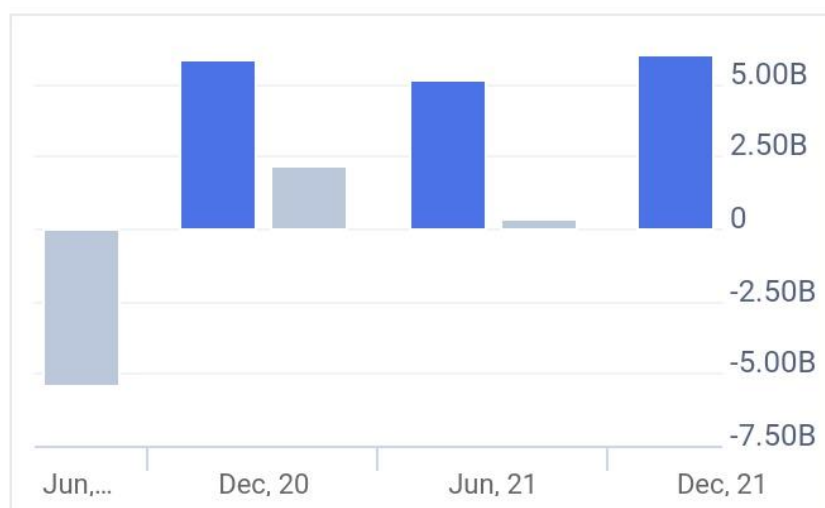
Other, Net	-135
Net Income Before Taxes	-294
Provision for Income Taxes	-418
Net Income After Taxes	124
Minority Interest	-1
Equity In Affiliates	
U.S GAAP Adjustment	
Net Income Before Extraordinary Items	123
Total Extraordinary Items	-3
Net Income	120
Total Adjustments to Net Income	
Income Available to Common Excluding Extraordinary Items	123
Dilution Adjustment	0
Diluted Net Income	120
Diluted Weighted Average Shares	8,352

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Diluted EPS Excluding Extraordinary Items	0.01
DPS - Common Stock Primary Issue	0
Diluted Normalized EPS	0

RR Income Statement

Gross margin TTM	20.45%
Operating margin TTM	5.53%
Net Profit margin TTM	-15.67%
Return on Investment TTM	0%

■ Total Revenue ■ Net Income

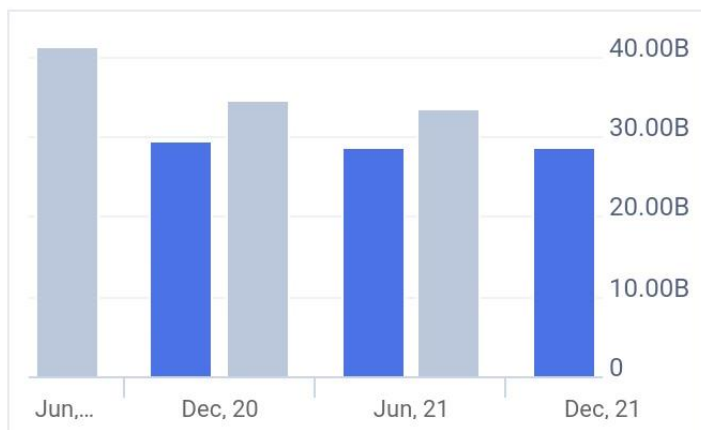


Total Revenue	6,059
Gross Profit	1,322
Operating Income	538
Net Income	-273

RR Balance Sheet

Quick Ratio MRQ	0.48
Current Ratio MRQ	1.25
LT Debt to Equity MRQ	0%
Total Debt to Equity MRQ	-128.68%

■ Total Assets
 ■ Total Liabilities

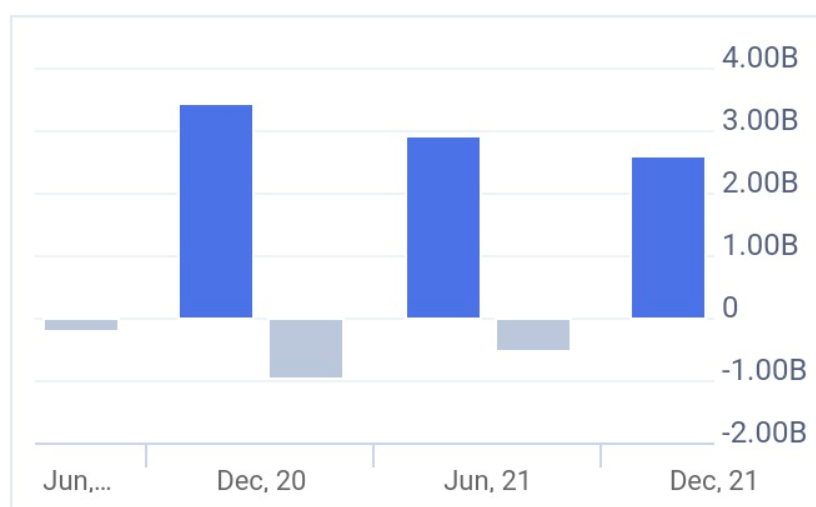


Total Assets	28,674
Total Liabilities	33,336
Total Equity	-4,662

RR Cash Flow Statement

Cash Flow/Share TTM	0.12
Revenue/Share TTM	1.39
Operating Cash Flow	-2.32%

■ Cash
 ■ Net Change in Cash



Cash From Operating Activities	-259
Cash From Investing Activities	-428
Cash From Financing Activities	-88
Net Change in Cash	-857