Rolls-Royce promises more after profits rise as airlines recover

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he chief executive of Rolls-Royce said it is "capable of much more" as he launched a strategic review into the company and reported a jump in profit.

The engineering giant – known for its plane engines – said the airline industry had continued to recover from Covid, but it does not expect it to return to pre-pandemic levels even this year.

For Rolls that matters as it is paid to service the engines even after they have been fitted in an aeroplane. The longer they spend in the air, therefore, the more service they need.

Our transformation programme is already under way and is moving at pace

Last year, large engine flying hours rose by 35%, but the engines still spent only two-thirds of the time in the air that they did in 2019.

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This year Rolls expects engine flying hours to reach 80% to 90% of 2019 levels.

The business said it was going to set new financial targets in the second half of this year as it kicks off a strategic review of the business. It did not reveal much detail about the review.

“Our transformation programme is already under way and is moving at pace. It will include a strategic review so that we can prioritise our investment towards the most profitable opportunities,” said chief executive Tufan Erginbilgic.

He added: “While our performance improved in 2022, we are capable of much more. Our transformation programme will improve our efficiency and commercial outcomes, and deliver a sustainable reduction in working capital.”

Rolls said the company’s operating profit reached £837 million last year, up from £513 million the year before.

Pre-tax loss hit £1.5 billion, up from a loss of £294 million the year before. On an underlying basis the business made a pre-tax profit of £206 million, up from £36 million a year earlier.

Rolls-Royce is no longer connected to the luxury car brand which shares its name.