



STUDENT BRIEF

ANALYSE FINANCIAL RESILIENCE STRATEGIES FOR ROLLS-ROYCE'S SUSTAINABILITY GOALS

Rolls-Royce

Summary

Rolls-Royce designs and makes power systems for aircraft, ships and energy applications. I'm asking you to help us think clearly about how swings in oil prices and new rules on green energy could affect our money in the next 3–5 years. You'll look at public data, build simple scenarios, and turn that into a few practical ideas we could use. You'll come away with a short report that shows you can link world events to a company's costs, revenues and choices.

KEY WORDS

Rolls-Royce, aerospace, engines, TotalCare, sustainable aviation fuel, SAF, oil prices, jet fuel, IEA, IATA, UK DESNZ, ReFuelEU Aviation, Inflation Reduction Act, forecasting, scenario planning, cost structure, hedging, power purchase agreements, R&D funding, Clean Aviation, ATI Programme

INDUSTRY

Aerospace, Defence, Power Systems, Finance

FOCUS

- Oil price scenarios and jet fuel costs
- Government incentives and rules for sustainable aviation fuel (SAF)
- Cost structure exposure to energy prices
- Simple financial scenarios and recommendations

Brief

I work in Group Finance at Rolls-Royce, on longrange planning and energy risk. Oil and gas prices have swung a lot since 2020, and governments are bringing in rules and incentives to cut carbon. We need a clear view of how these outside forces could hit (or help) our costs and our income from engines and services over the next few years.

Here's the shape of the problem. When oil rises, jet fuel follows. Fuel can be one of the biggest costs for airlines, often around a quarter of operating costs, so high fuel prices can change how much they fly and how quickly they want more efficient engines. Our services revenue (like TotalCare long-term service





agreements) is linked to flying hours. On our own side, energy is a real cost for factories and suppliers, especially in the UK and Europe where electricity and gas prices spiked in 2022. At the same time, policies like ReFuelEU Aviation (EU SAF blending mandates from 2025), the UK's planned SAF mandate, and US tax credits for SAF under the Inflation Reduction Act could shift demand, costs and the pace of engine innovation. We also have public plans and tech in play, from testing engines on 100% SAF to the UltraFan demonstrator aimed at better fuel burn.

Your tasks

1) Build the external picture: Using public sources (IEA or EIA oil scenarios, IATA fuel cost shares, FlightGlobal/IATA traffic outlooks), set out three oil price bands for 2026–2030 (e.g. low/central/high). Translate each into an estimated jet fuel price and show what that might do to an airline's unit costs with simple, stated assumptions.

2) Policy scan: For the UK, EU and US, summarise the current and confirmed near-term rules or incentives tied to aviation decarbonisation and industrial energy costs. Examples: ReFuelEU Aviation SAF mandates, UK DESNZ SAF mandate proposals, US SAF tax credits, ETS/CORSIA coverage. Note the mechanism (mandate, tax credit, grant), timeline and how each could affect airline demand, our R&D spend, or our energy bill.

3) Mini scenario model: In a simple spreadsheet, create Base, FuelHigh, and PolicyPush cases for 2026–2030. Link two revenue drivers (new engine deliveries using public Airbus/Boeing delivery outlooks, and aftermarket tied to flying hours using IATA traffic forecasts) and one cost driver (our manufacturing energy cost indexed to wholesale power/gas). Show percentage moves versus Base; you don't need our internal numbers, just clear, sourced drivers.

4) Recommendations: Give 2–3 specific actions we could take. For example: longterm renewable power deals (PPAs) to steady factory energy costs; indexation choices in longterm service agreements; a driverbased forecasting dashboard using public indicators; cofunding routes for lowcarbon R&D (ATI Programme, Clean Aviation, US credits); partnerships to expand 100% SAF testing and certification.

What good looks like: a 1,500–2,000 word report with clear sources (links), numbers with units, one or two simple charts from your model, and assumptions stated so someone else could follow your logic.

Thanks, Group Finance, Rolls-Royce

