

Rolls-Royce expresses optimism over Brexit plans

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Rolls Royce says it is well positioned to weather turbulence related to Britain's withdrawal from the European Union

UK enginemaker Rolls-Royce on Tuesday expressed confidence over plans for Britain's departure from the European Union, but revealed that

the pound's Brexit-fuelled slump has left it languishing in the red.

There is an increased chance that Britain will crash out of the EU in October with no trade deal in place under new Prime Minister Boris Johnson, meaning it would default to the World Trade Organization (WTO) tariff system.

Chief Executive Warren East, speaking to BBC radio, said Rolls-Royce was well positioned because it already traded under WTO rules.

"We would obviously prefer a deal because that is probably the best chance of providing certainty for [business](#), but we've always been prepared for contingency—prepared for a no-deal of some kind," East added.

"We're not a 'just-in-time' business like some other businesses, so we are actually in a much stronger position than others.

"As far as tariffs and the like are concerned, then most of our business is in aerospace and WTO rules apply anyway."

Rolls-Royce has spent £100 million (\$121 million, 109 million euros) to prepare for Britain's EU exit.

On Tuesday, Rolls also reported "good progress" on fixing problems with its troubled Trent 1000 plane engines.

However the group's total net loss still hit £909 million in the six months to June.



Some parts of the Trent 1000 turbofan engine have worn out more quickly than expected, leading to costly repairs for Rolls Royce

That compared with a broadly similar after-tax loss of £954 million a year earlier.

The 2019 performance was partly skewed by a hefty £763-million charge on the tumbling value of the British pound.

Underlying [operating profit](#) jumped by a third to £203 million however, while revenues gained 5.3 percent to £7.9 billion.

Rolls-Royce also took an extra £69-million charge related to ongoing

restructuring plans that include the elimination of 4,600 jobs by the end of 2020.

Finally, the company took an additional £59-million hit from the decision by European planemaker Airbus to discontinue production of its double-decker A380 superjumbo.

That takes the total related charge to £245 million.

Rolls said that total costs linked to problems with its Trent 1000 engine used by the Boeing 787 Dreamliner stood at £1.6 billion.

Some of the Trent 1000's parts have worn more quickly than expected, forcing Rolls to carry out expensive repairs.

"The total has now gone up from £1.5 billion to £1.6 billion but actually we've made good progress with new blades being fitted to engines and the fleet health is steadily improving," East told the BBC.

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