

Engines giant Rolls-Royce back in profit, seeks CEO

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Rolls-Royce, the British maker of aircraft engines, says it returned to annual profit last year after cutting costs.

Rolls-Royce, the British maker of aircraft engines, announced Thursday a return to annual profit in 2021 after it slashed costs, adding that its

long-serving chief executive would step down.

Rolls posted [net profit](#) of £120 million (\$162 million, 144 million euros) last year, compared with a loss after tax totalling £3.2 billion in 2020.

That year it axed thousands of jobs and launched a major divestment programme to navigate damaging pandemic fallout across the [aviation industry](#).

Share price crash

Rolls on Thursday said that Warren East would leave his role as CEO at the end of 2022 after eight years in the top role.

"As a result, the board will now launch a thorough and extensive search for his successor," a statement said.

The announcement of his departure, coupled with Russia's military attack on neighbouring Ukraine, sent shares in Rolls tumbling 14 percent in early London trading.

"Even though markets were already in a bad mood because of... Ukraine, shares in Rolls-Royce fell by even greater magnitude as investors reacted really badly to the resignation of CEO Warren East," noted Russ Mould, investment director at AJ Bell.

"East has been at the helm of Rolls-Royce for a comparatively long time and while progress may have been slower than the market may have liked... he was given the benefit of the doubt in a slow rehabilitation of the business."

Mould pointed to "a string of damaging profit warnings in the early 2010s and a serious cash flow problem.

"It has been pretty turbulent under East too, though in part that reflects a global pandemic which had a disastrous impact on Rolls-Royce's aviation sector clients," he added.

East said Rolls benefitted last year from a restructuring programme ahead of schedule, "positioning civil aerospace to capitalise on increasing international travel" as economies reopen after pandemic lockdowns.

In the military defence sector, Rolls has "seen growth driven by strong demand in all" its markets.

Restructuring savings of more than £1.3 billion had been delivered one year ahead of schedule, the company said.

It added that disposals were on-track with total expected proceeds of about £2 billion.

The updates come after Rolls in January completed the sale of Norwegian unit Bergen Engines to UK industrial group Langley Holdings.

Rolls had scrapped an original plan to sell Bergen to Russia's privately-owned TMH after Norway threatened to veto the deal on national security grounds.

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