

Rolls Royce Power Systems has “satisfactory growth” despite pandemic

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Rolls Royce Power Systems has released its figures for 2021, saying it has hit milestones and continued to grow.

Its underlying profit of £242 million (€282 million) is a significant increase, the business said, moving towards the same level as in pre-pandemic 2019. At the same time, Power Systems said it has reached “important milestones” in its transformation to become a provider of sustainable, climate-friendly and integrated solutions for propulsion and energy needs.

The company said it will invest a triple-digit million-euro sum in sustainable technologies.

“Strategic and proactive crisis management” during COVID

Andreas Schell, CEO of Rolls-Royce Power Systems, said: “The financial year 2021 showed: We are on the right track. With strategic and proactive crisis management we protected our employees from infection in

the best possible way, supplied our customers reliably and continuously, and presciently managed challenges such as the disruption of global supply chains in the pandemic.

“The positive underlying business performance provides both planning security and a sound financial foundation for our transformation into a provider of sustainable solutions. Our customers are demanding such solutions – and we are ensuring that the shift to new types of climate-friendly system solutions can be realized.”

“Significant” economic recovery

Power Systems has ended the 2021 financial year with an underlying operation profit of £242 million (€282 million) (2020: £188 million, €212 million). The underlying revenue increased by 3% to £2,749 billion (€3,199 billion) (2020: £2,735 billion, € 3,077 billion). In the currency used for reporting (British Pound Sterling), revenue appears almost unchanged due to currency rate effects. The underlying operating margin increased to 8.8% (2020: 6.5%). With this, the Rolls-Royce division significantly increased its profit in the second year of the pandemic despite challenging conditions. Order intake of £ 3.3 billion increased by 24% compared to the previous year. The order backlog reached a record £2.8 billion (€3.4 billion) at the end of the year

Sustainable solutions operationalized

Power Systems has reorganized the company into four business units with the introduction of a matrix structure in April 2021. In addition to the existing business in ‘Mobile Power Solutions’ and ‘Stationary Power Solutions’, there is a new business unit for the Chinese growth market: ‘Power Solutions for Greater China’. The new unit ‘Sustainable Power Solutions’ focuses exclusively on developing sustainable and climate-friendly systemic solutions across all application areas.

In 2021, as part of Rolls-Royce’s Net Zero strategy, Power Systems published its detailed roadmap to carbon neutrality ‘Net Zero at Power Systems’: from 2030 on, newly supplied products will reduce the product portfolio’s greenhouse gas emissions by 35% compared to 2019.

Hydrogen solutions as an essential component of the energy turnaround

In Berlin and Friedrichshafen, Power Systems is vigorously developing solutions based on hydrogen, the fuel of the future. “We see ourselves not only as manufacturer of products that run on hydrogen, but consider the entire hydrogen ecosystem in our development, in line with the concept of integrated end-to-end solutions,” Schell said.

The mtu fuel cell element for climate-neutral energy supply had its world premiere at the UN Climate Conference COP 26 in Glasgow at the end of 2021. A fuel cell demonstrator is in ongoing operation in Friedrichshafen. From 2025, the company plans to have series-manufactured fuel cell systems in the megawatt range.

Power Systems is providing the first hydrogen-powered mtu energy supply system as part of a lighthouse project for the reconstruction of a terminal in the port of Duisburg, Europe's largest inland port. Three mtu fuel cell systems and two hydrogen-fuelled mtu thermal power stations will supply the new container terminals with CO2-free energy from 2023. "In Duisburg, our products and solutions are essential components in a climate-neutral solution that paves the way to a carbon-free future," said Andreas Schell.

Investments and partnerships to further expand sustainable offer

The British technology group, Rolls-Royce, supports this strategy and is prioritizing investment in more sustainable solutions and is allocating €400 million to support the growth of the "Sustainable Power Solutions" business unit of Power Systems. This investment will expand the development capacities for new technologies and solutions, as well as support further partnerships and potential acquisitions. "This illustrates the confidence Rolls-Royce Group has in our capacity to realize significant value from our transformation towards climate-friendly technologies. This confirms our course," Schell said.

Power Systems has made investments of around € 120 million in its 20 most important projects in 2021. This includes a new test stand for the company's engines in China enhancing further its local presence. Several partnerships illustrate the multifaceted transformation into a solution provider: Together with investment company SDCL, Rolls-Royce will offer all-in-one energy solutions to customers who neither own nor operate the plants themselves. In September 2021, Rolls-Royce Power Systems and yacht manufacturer Ferretti announced their deepened partnership for the development of sustainable solutions for modern yachts. NautiQ, a new bridge-to-propeller marine automation system, was unveiled as a result of the acquisition of the former Servowatch company.

"In the future, Power Systems will be increasingly partnering and developing system solutions together with our customers and in ecosystems that go far beyond what we offer today," Schell said.