# Rolls-Royce shares hit record highs as CEO Erginbilgic’s turnaround boosts profits and dividends



Rolls-Royce shareholders have witnessed a remarkable turnaround in the British engineering giant’s fortunes under the stewardship of CEO Tufan Erginbilgic, who took charge at the start of 2023. Once described by Erginbilgic as a "burning platform," the 119-year-old company’s shares have soared, reaching record highs above 1,100p, valuing the firm at approximately £93.5 billion and placing it among the top five companies listed on the London Stock Exchange. This surge represents an 85% increase year-to-date and an extraordinary elevenfold rise since Erginbilgic assumed his role when shares were priced at just 93.2p. An investor who backed Rolls-Royce at the start of this revival would now hold a stake worth over £11,000 for every £1,000 invested. Notably, the company has resumed dividend payments for the first time since 2020, planning to distribute £1.9 billion to shareholders this year.

Rolls-Royce’s impressive performance is largely underpinned by a rebound in the aviation sector. The group, which manufactures and services engines for commercial aircraft makers such as Boeing and Airbus, has benefited from the recovery in global air travel following the pandemic slump. The worldwide surge in flights means increased demand for engine maintenance and new engines, generating robust revenue growth. The company’s first-half 2025 results were compelling, with underlying operating profit climbing nearly 50% to £1.7 billion, and revenue rising 11% to over £9 billion. Operating margins improved significantly, rising from 14% to 19.1%. Rolls-Royce also raised its full-year operating profit forecast by £300 million, now expecting up to £3.2 billion, with free cash flow guidance increased to £3.1 billion. This positive outlook has driven shares even higher, with the company noted as the best performance on the FTSE 100 in the past two years.

The transformation pursued by Erginbilgic includes substantial restructuring and enhanced operational efficiencies. Cost-cutting measures, including the reduction of around 2,500 jobs in 2023 (approximately 6% of the workforce), have helped improve margins. Additionally, Rolls-Royce has focused on improving the durability and maintenance profitability of its Trent engines, aiming for an 80% improvement in "time-on-wing" by 2027 – meaning engines can stay in service longer between overhauls, directly boosting profitability. The company's defense and power systems divisions have also contributed to growth, with Rolls-Royce supplying engines for military aircraft such as the Eurofighter Typhoon and F35, and building nuclear reactors for Royal Navy submarines. Increased European defense spending amid global tensions and a government contract to develop the UK’s first mini nuclear reactors have provided further support to the group’s diversified portfolio.

Investor sentiment remains bullish, though tempered with caution. Leading analysts commend Rolls-Royce as a "standout stock market winner," but some advise prudence given the steep share price gains. Victoria Scholar, head of investment at Interactive Investor, suggests that while the extraordinary rally might make buying now less attractive for value investors, trend followers could see further upside. Some investors may consider locking in profits and diversifying into more undervalued opportunities elsewhere. Broker consensus is largely positive: among 17 brokers covering the firm, four rate the stock as a "strong buy," eight recommend "buy," four suggest holding, and only one recommends selling.

Looking ahead, Rolls-Royce’s focus on innovation and market expansion, especially its planned return to servicing short-haul narrow-body aircraft — a major growth opportunity projected over the next five decades — provides further optimism. Experts like Chris Beauchamp from IG believe the recent re-rating of the stock is likely to continue, supported by an established track record of exceeding targets. Conversely, critics such as Russ Mould from AJ Bell caution that the company’s valuation is no longer the bargain it once was, which may deter new investors. Still, the clear message is that Rolls-Royce’s strong earnings performance and upgraded guidance have invigorated the UK stock market, which has faced challenges retaining high-growth, blue-chip companies.

Rolls-Royce’s resurgence is seen by many as a testament to the potential for significant returns on the London market, countering narratives of capital flight to New York and elsewhere. The company embodies a broader message that the UK continues to nurture world-class industrial champions capable of generating substantial investor value, a point underscored by renewed enthusiasm across the aerospace and defence sectors and celebrated as a vindication of Erginbilgic’s turnaround strategy.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.dailymail.co.uk/money/article-14959395/Rolls-Royce-shares-rocketed-Experts-reveal-buy-sit-tight-cash-gains.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[2]](https://www.reuters.com/business/aerospace-defense/rolls-royce-soars-an-all-time-high-after-profit-upgrade-2025-07-31/), [[3]](https://www.ft.com/content/c9837c85-002a-4db4-a566-40c95f154ac9), [[6]](https://www.reuters.com/business/aerospace-defense/rolls-royce-raises-profit-cash-flow-outlook-after-strong-h1-2025-07-31/)
* Paragraph 2 – [[1]](https://www.dailymail.co.uk/money/article-14959395/Rolls-Royce-shares-rocketed-Experts-reveal-buy-sit-tight-cash-gains.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[2]](https://www.reuters.com/business/aerospace-defense/rolls-royce-soars-an-all-time-high-after-profit-upgrade-2025-07-31/), [[3]](https://www.ft.com/content/c9837c85-002a-4db4-a566-40c95f154ac9)
* Paragraph 3 – [[1]](https://www.dailymail.co.uk/money/article-14959395/Rolls-Royce-shares-rocketed-Experts-reveal-buy-sit-tight-cash-gains.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[2]](https://www.reuters.com/business/aerospace-defense/rolls-royce-soars-an-all-time-high-after-profit-upgrade-2025-07-31/), [[3]](https://www.ft.com/content/c9837c85-002a-4db4-a566-40c95f154ac9), [[6]](https://www.reuters.com/business/aerospace-defense/rolls-royce-raises-profit-cash-flow-outlook-after-strong-h1-2025-07-31/)
* Paragraph 4 – [[1]](https://www.dailymail.co.uk/money/article-14959395/Rolls-Royce-shares-rocketed-Experts-reveal-buy-sit-tight-cash-gains.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[2]](https://www.reuters.com/business/aerospace-defense/rolls-royce-soars-an-all-time-high-after-profit-upgrade-2025-07-31/), [[3]](https://www.ft.com/content/c9837c85-002a-4db4-a566-40c95f154ac9), [[5]](https://www.reuters.com/world/uk/uk-stocks-rise-rolls-royce-drives-earnings-momentum-2025-07-31/)
* Paragraph 5 – [[1]](https://www.dailymail.co.uk/money/article-14959395/Rolls-Royce-shares-rocketed-Experts-reveal-buy-sit-tight-cash-gains.html?ns_mchannel=rss&ns_campaign=1490&ito=1490), [[2]](https://www.reuters.com/business/aerospace-defense/rolls-royce-soars-an-all-time-high-after-profit-upgrade-2025-07-31/), [[6]](https://www.reuters.com/business/aerospace-defense/rolls-royce-raises-profit-cash-flow-outlook-after-strong-h1-2025-07-31/)

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## Bibliography

1. <https://www.dailymail.co.uk/money/article-14959395/Rolls-Royce-shares-rocketed-Experts-reveal-buy-sit-tight-cash-gains.html?ns_mchannel=rss&ns_campaign=1490&ito=1490> - Please view link - unable to able to access data
2. <https://www.reuters.com/business/aerospace-defense/rolls-royce-soars-an-all-time-high-after-profit-upgrade-2025-07-31/> - Rolls-Royce's stock price reached an all-time high following a raised forecast for its full-year operating profit and free cash flow, driven by stronger performance from its widebody jet engines. CEO Tufan Erginbilgic, who took the helm in 2023, attributed the results to an ongoing transformation plan. The company increased its operating profit guidance by £300 million to £3.2 billion and free cash flow by £200 million to £3.1 billion. Rolls-Royce has improved engine durability, aiming for an 80% improvement in time-on-wing by 2027 for its Trent engines, which directly boosts profitability through more flying hours. Its power systems and defense businesses also contributed to growth. The company posted a first-half underlying operating profit of £1.7 billion, up from £1.1 billion a year prior, with operating margins rising to 19.1% from 14%. ([reuters.com](https://www.reuters.com/business/aerospace-defense/rolls-royce-soars-an-all-time-high-after-profit-upgrade-2025-07-31/?utm_source=openai))
3. <https://www.ft.com/content/c9837c85-002a-4db4-a566-40c95f154ac9> - In the first half of 2025, Rolls-Royce reported a surge in earnings, driven by strong demand for its engines used in Airbus and Boeing aircraft, and power systems for data centres. Despite ongoing supply chain challenges and tariffs, the company raised its profit forecast for the year to £3.1–£3.2bn and its free cash flow guidance to £3–£3.1bn. Shares jumped 12% to a record high of £10.91, valuing the company at £91bn. Since CEO Tufan Erginbilgiç took over in 2023, Rolls-Royce has undertaken significant restructuring, improving engine durability and renegotiating unprofitable contracts. First-half operating profit rose nearly 50% to £1.7bn, and revenue reached over £9bn. Though expecting slightly lower second-half operating profit due to increased maintenance, the outlook remains strong. Rolls-Royce's defense and power systems divisions also performed well. ([ft.com](https://www.ft.com/content/c9837c85-002a-4db4-a566-40c95f154ac9?utm_source=openai))
4. <https://www.reuters.com/business/finance/european-stocks-rise-safran-rolls-royce-boost-amidst-earnings-flurry-2025-07-31/> - European stocks rose on Thursday, July 31, 2025, buoyed by strong earnings reports from key companies such as Safran and Rolls-Royce. Safran's shares surged 4.8% after raising its full-year profit outlook, while Rolls-Royce jumped 8.4% on upgraded profit and cash flow forecasts, with both reaching all-time highs. The Stoxx 600 index climbed 0.4%, tracking a 2% monthly gain fueled by easing trade concerns, robust economic data, and positive earnings. Strength in bank stocks also contributed to the market's momentum, with Societe Generale rising 6.8% on a profit outlook upgrade, BBVA up 7.6% after exceeding profit expectations, and Standard Chartered reporting stronger-than-expected results. Energy sector gains included Shell (+2.3%) and BP, while beer giant Anheuser-Busch InBev plummeted 9.4% due to falling volumes in China and Brazil. Markets were also monitoring trade developments after U.S. President Trump unveiled new tariffs affecting copper and imports from Brazil, South Korea, and India. Meanwhile, improved U.S.-EU trade relations and strong U.S. corporate earnings from Microsoft and Meta Platforms added further optimism. Investors awaited upcoming eurozone labor and inflation data. ([reuters.com](https://www.reuters.com/business/finance/european-stocks-rise-safran-rolls-royce-boost-amidst-earnings-flurry-2025-07-31/?utm_source=openai))
5. <https://www.reuters.com/world/uk/uk-stocks-rise-rolls-royce-drives-earnings-momentum-2025-07-31/> - On July 31, 2025, UK stock markets rose, driven by strong corporate earnings and investor optimism. The FTSE 100 advanced 0.2%, supported by anticipated Bank of England rate cuts and positive outlooks for a UK-U.S. trade deal. The FTSE 250 gained 0.9%. Notably, the aerospace and defense sector surged 5.7%, led by Rolls-Royce, which hit a record high after raising its full-year profit and cash flow forecasts. Other significant corporate movements included Rentokil rising 9.6% after maintaining its full-year outlook and reporting revenue growth. St James's Place climbed 7% due to increased net inflows and a share buyback. Oil giant Shell saw a 1.9% increase in stock value despite a 33% profit drop, as earnings exceeded expectations. Meanwhile, Just Group soared by 67.8% following a £2.4 billion acquisition deal by Brookfield Wealth Solutions. In contrast, industrial miners slumped due to falling copper prices, with declines in Glencore, Anglo American, Antofagasta, and Rio Tinto. Packaging firm Mondi fell 5.8% after reporting a 17% profit drop, and London Stock Exchange Group dropped 3.7% despite strong earnings and a share buyback announcement. ([reuters.com](https://www.reuters.com/world/uk/uk-stocks-rise-rolls-royce-drives-earnings-momentum-2025-07-31/?utm_source=openai))
6. <https://www.reuters.com/business/aerospace-defense/rolls-royce-raises-profit-cash-flow-outlook-after-strong-h1-2025-07-31/> - Rolls-Royce increased its full-year guidance for operating profit and free cash flow following a strong first half of 2025, overcoming supply chain and tariff challenges. The company raised its operating profit forecast by £300 million to £3.2 billion and its free cash flow outlook by £200 million to £3.1 billion. CEO Tufan Erginbilgic, who has led a successful transformation since 2023, credited improved engine durability and maintenance profitability for the strong performance. The power systems division also grew, drawing in data centre and government contracts. Rolls's civil aerospace business benefited from renegotiated equipment and maintenance contracts, enhancing profit and cash flow. The company aims to boost its Trent engines’ time-on-wing by over 80% by 2027. Underlying operating profit for H1 reached £1.7 billion, up from £1.1 billion a year earlier, with a margin increase from 14.0% to 19.1%. Shares have surged 74% year-to-date, significantly outpacing the FTSE 100’s 12% gain. ([reuters.com](https://www.reuters.com/business/aerospace-defense/rolls-royce-raises-profit-cash-flow-outlook-after-strong-h1-2025-07-31/?utm_source=openai))