

Tata Motors Consolidated Q3 FY22 Results:
Revenue ₹ 72.2KCr, EBITDA at ₹ 7.4KCr, PBT (bei) ₹ (0.7)KCr, Auto FCF ₹ 4KCr

- Consolidated EBITDA at 10.2% (-460 bps); EBIT at 1.7 % (-470 bps)
- JLR Revenue £4.7b down 21.2%, EBITDA at 12.0%, EBIT at 1.4%
- CV revenue up 28.7%, EBITDA at 2.6% (-540 bps); PV revenue up 72.3%, EBITDA at 4.2% (+40 bps).

Mumbai, January 31, 2022: Tata Motors Ltd announced its results for quarter ending December 31, 2021.

Q3 FY22		Conso (₹ Cr Ind AS)		JLR (£m, IFRS)		TML (\$ (₹Cr, Ind AS)	
		FY'22	Vs. PY	FY'22	Vs. PY	FY'22	Vs. PY
	Net Revenue	72,229	(4.5) %	4,716	(21.2) %	20,959	43.3 %
	EBITDA (%)	10.2	(460) bps	12.0	(380) bps	3.3	(350) bps
	EBIT (%)	1.7	(470) bps	1.4	(530) bps	(1.7)	(200) bps
	PBT (bei)	(698)	-	(9)	-	(834)	-
9M FY22	Net Revenue	200,015	24.1 %	13,553	2.7 %	51,302	90.1 %
	EBITDA (%)	9.0	(200) bps	9.6	(200) bps	3.2	150 bps
	EBIT (%)	(0.3)	(32) bps	(1.2)	(140) bps	(2.7)	570 bps
	PBT (bei)	(6,747)	-	(421)	-	(2,942)	-

JAGUAR LAND ROVER (JLR)	TATA MOTORS (STANDALONE, INCL JO)
<ul style="list-style-type: none"> • Retails for Q3 down 38% to 80.1K units; • Investments: £0.5 b in products and technologies • Free Cash Flows of £164m in Q3 FY22 	<ul style="list-style-type: none"> • Retails (Domestic): Q3 retails up 33% to 202.2K units • Investments: ₹0.9 KCr in products and technologies • Free Cash Flows of ₹ 2.0 KCr in Q3 FY22

JLR: Sales remain constrained by chip shortages with retail sales of 80,126 vehicles, down 37.6% over Q3 FY21. The chip supply situation is gradually improving with production volumes of 72,184 units up 41% over Q2 FY22 and wholesales of 69,182 units up 8% on Q2 FY22. For Q3, revenue was £4.7 billion, up 22% from Q2 FY22. EBIT margin was 1.4% and free cash flow was positive at £164 million in Q3 FY 22, demonstrating the progress JLR made in reducing the breakeven point in the business through mix optimisation and cost efficiencies.

TML: India operations showed significant revenue improvement as compared to Q3 a year ago, however commodity inflation impacted the margins. As a result, TML reported EBIT of (1.7)% and pre-tax loss (before exceptional items) of ₹ 0.8K Cr for Q3 FY22. PV business continued its turnaround journey and strengthened its double-digit market share with highest sales in any calendar year since inception. EV sales witnessed a new peak of 5,592 units in Q3 FY22.

Outlook: The demand remains strong despite near term concerns from Omicron spread. The semiconductor supply situation is improving gradually whilst inflation worries persist. Over the last two years, the resilience of the business has improved, and it is now intrinsically stronger. With concerted actions in place to address the near-term supply and cost challenges, we expect performance to improve further in Q4 FY22 and beyond.

JAGUAR LAND ROVER (JLR)

HIGHLIGHTS

- Q3 FY22 revenue of £4.7 billion up 22% from Q2, with wholesales up 8% from Q2 but down year on year
- Q3 EBIT margin of 1.4% and free cash flow £164 million reflecting improvements in wholesales, mix and cost efficiency, while PBT was (9)m
- Order book hits new record of c. 155,000 units, up c. 30,000, reflecting strong demand for the New Range Rover
- Refocus transformation programme delivers £1 billion of value year to date and is now expected to achieve £1.4 billion of value in FY22, beating our £1 billion target
- Liquidity of £6.5 billion at quarter end, including £4.5 billion of cash and a £2 billion undrawn revolving credit facility, after new £625 million amortising 5-year loan 80% guaranteed by UK Export Finance and syndicated to 12 banks

FINANCIALS

Wholesales to dealers in Q3 were 69,182 units, up 8% on Q2 FY22 with production volumes up 41% to 72,184 units. Overall, however, sales remain significantly constrained by chip shortages and low inventories with retail sales in Q3 of 80,126 vehicles, down 13.6% from Q2 FY22 and 37.6% from Q3 FY21. The mix of electrified retail sales (BEV, PHEV and MHEV) increased to 69% in Q3 compared to 53% a year ago. While regional sales broadly followed total sales, model mix was stronger with wholesales of the Range Rover model family up 30%. Demand remains strong with a record order book of almost 155,000 vehicles, up 30,000 units from Q2 reflecting strong demand for the New Range Rover, with deliveries for the model to start later in Q4 FY22.

For Q3, revenue was £4.7 billion, up 22% from Q2 FY22. EBIT margin improved from Q2 to 1.4% and free cash flow improved to £164 million, reflecting the increased wholesale volume, more favourable mix, pricing and FX, partially offset by a provision for quality campaigns. PBT was a £(9) million loss in the quarter.

The Refocus transformation programme has delivered £1 billion of value in the first three quarters of FY22 through digital initiatives, market performance, cost efficiency and investment. The programme is now expected to achieve £1.4 billion of value in FY22, beating the original £1 billion target.

LOOKING AHEAD

The semiconductor shortage is expected to continue through 2022 but is expected to gradually improve as capacity within the supply base increases, while the Company is also engaging with first-tier suppliers and directly with the chip manufacturers to secure supply longer-term. With this gradual expected improvement, Jaguar Land Rover expects Q4 profits to improve from Q3 with positive cashflow.

JLR's medium- and longer-term financial targets under the Reimagine strategy, underpinned by the Refocus transformation programme, remain unchanged, including increasing EBIT margins to 10% or more by FY26.

Thierry Bolloré, Jaguar Land Rover's Chief Executive Officer, said:

"Whilst semiconductor supplies have continued to constrain sales this quarter, we continue to see very strong demand for our products underlining the desirability of our vehicles. The global order book is at record levels and has grown an incredible 30,000 units for the New Range Rover before deliveries even start this Quarter. We continue to execute our Reimagine strategy to realise the full potential of the business and create the next generation of the most desirable luxury vehicles for the most discerning of customers."

TATA MOTORS (STANDALONE INCL. JOINT OPERATIONS)

HIGHLIGHTS

- Q3 revenue at ₹ 21.0KCr, (+ 43% YoY, + 14% QoQ), strong recovery YoY
- EBITDA 3.3% (-350 bps), EBIT at (1.7) % (-200bps), margins impacted by commodity inflation (430bps) and subsidiarization related one-off costs (80bps)
- Free Cash Flow at ₹ 2.0 KCr.
- CV retails: 93.1K up 24%. Market share at 45.4%. All segments in CV's gained market share in FY22
- CV EBITDA at 2.6% decline by 540 bps Y-o-Y due to commodity inflation
- PV retails: 109.1K up 41%; market share strengthened further to 13% in Q3. Company posed highest ever calendar year sales, since the inception of PV business.
- PV EBITDA at 4.2%; (+40 bps); impacted by ~200 bps due to one-off subsidiarization related costs
- EV sales hit a new peak of 5,592 units in Q3 FY22 (+345% vs Q3 FY21); Penetration at 5.6% of PV Sales
- Strong liquidity position as on 31st December 2021 amounting to ₹ 6.4KCr

FINANCIALS

In Q3FY22 wholesales (including exports) increased 30.4% to 200,212 units. The volumes across all segments significantly grew as compared to Q3 FY21, despite supply challenges whilst there was all round market share gains in both CV and PV. Revenue for the quarter increased 43.3% to ₹21.0KCr and pre-tax loss before exceptional was ₹ 834Cr (vs loss of ₹ 542Cr in Q3FY21). PBT decline was mainly caused due to commodity inflation despite improved volumes and mix. EBIT margin was (1.7) % (-200 bps) in the quarter. Free cash flow for the quarter was ₹ 2.0 KCr.

LOOKING AHEAD

The demand situation continues to remain strong despite near term concerns from Omicron spread. Supply situation is gradually improving. Sharp commodity inflation continues to remain a challenge. Sequential improvement in overall performance is expected to continue in Q4 FY22 and beyond, and we target to be EBIT and free cash flow positive in Q4 FY22. We continue with our efforts to unlock the supply bottlenecks by working proactively with our vendor partners. Additionally, in Commercial Vehicles, the focus remains to grow the market share across segments and restore margins as commodity inflation stabilizes. In Passenger Vehicles, the company will continue to accelerate sales further whilst improving profitability and managing supply bottlenecks. In Electric Vehicles, the Company will drive up penetration and accelerate sales further and complete the conditions precedent for securing closure of the TPG Rise Climate investment and drawdown Tranche 1.

Girish Wagh, Executive Director Tata Motors Ltd said:

"The auto industry continued to witness rising demand in most segments even as the supply of semiconductors remained restricted resulting in adverse impact on production. At Tata Motors, our agility in both planning and execution, helped optimize production to deliver another strong quarter with accelerated sales. We continue to increase market share in every segment of commercial vehicles and set several new milestones in passenger vehicles with decade high sales for both the quarter as well as the calendar year 2021. We also recorded the highest ever EV sales during the quarter and sold 10,000 EVs in 9MFY22, crossing new milestones. At the time of publishing results, we have operationalized two subsidiaries-Tata Motors Passenger Vehicles Ltd. focusing on passenger vehicles powered by IC engines and Tata Passenger Electric Mobility Limited to accelerate the development of the passenger EV business and its enabling ecosystem.

Looking ahead, we expect the demand for commercial, passenger and electric vehicles to sustain even as concerns related to supply of semiconductors, high input costs and rising instances of covid keep the overall situation fluid. We will remain agile, address supply bottlenecks proactively, drive our savings program harder, take prudent pricing actions while continuing to make good progress in our future-fit initiatives of transforming customer experience digitally and strengthening our lead in sustainable mobility."

ADDITIONAL COMMENTARY ON FINANCIAL STATEMENTS

(CONSOLIDATED NUMBERS, IND AS)

FINANCE COSTS

Finance costs increased by ₹ 275Cr to ₹ 2,401Cr during Q3FY'22 vs prior year due to higher gross borrowings as compared to Q3'FY21.

JOINT VENTURES, ASSOCIATES AND OTHER INCOME

For the quarter, net loss from joint ventures and associates amounted to ₹113Cr compared with a loss of ₹ 281Cr in prior year. Other income (excluding grants) was ₹ 197Cr versus ₹ 166Cr in the prior year

Passenger Vehicle (PV) division revenues and expenses (including FIAPL) is presented as "Discontinued Operations" in the standalone financials (SEBI results) with the net result of PV division being disclosed as a single amount as profit or loss from Discontinued Operations. After roll back of depreciation of PV assets of Rs. 527 cr, the profit before tax (after exceptional item) from Discontinued Operations was Rs. 835 cr (as compared to Rs. -381 cr in Q3FY21).

FREE CASH FLOWS

Free cash flow (automotive) in the quarter, was positive at ₹4.0 KCr (as compared to positive ₹ 7.9K Cr in Q3 FY 21)

Notes: Joint Operations refers to Fiat Automobiles Pvt Ltd and Tata Cummins Pvt Ltd

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