TATA MOTORS Connecting Aspirations TATA

Tata Motors Consolidated Q3 FY21 Results: Strong all-round performance
Revenue growth +5.5%, EBITDA at 11KCr, PBT ₹ 4.2 KCr, FCF(Auto) ₹ 7.9 KCr

- Revenue ₹75.7KCr; EBIT at 6.4%; Improved performance over prior quarter and prior year
- JLR delivers strong results with EBITDA at 15.8% (+560 bps), TML(S) EBITDA at 6.8% (+570bps)
- PV revenue up 78.5% y-o-y; EBITDA at 3.8% (+780 bps); CV revenue up 20.8% y-o-y; EBITDA at 8.0% (+560 bps)
- Strong positive Free Cash Flows continues in both JLR and TML(S)
- Promoters exercise their warrants amounting to ₹2.6KCr in Jan 2021 increasing Tata Group shares(voting) to 45.82%

Mumbai, January 29, 2021: Tata Motors Ltd announced its results for quarter ending December 31, 2020.

		Conso (₹ Cr Ind AS)		JLR (£m, IFRS)		TML (S) (₹Cr, Ind AS)	
		FY'21	Vs. PY	FY'21	Vs. PY	FY'21	Vs. PY
Q3 FY21	Net Revenue	75,654	**5.5 %**	5,982	**(6.5) %**	14,631	**34.9 %**
	EBITDA (%)	14.8	**540 bps**	15.8	**560 bps**	6.8	**570 bps**
	EBIT (%)	6.4	**450 bps**	6.7	**400 bps**	0.3	**710 bps**
	PBT	4,167	-	439	**38.1%**	(601)	-
9M FY21	Net Revenue	161,167	**(18.8) %**	13,193	**(24.9) %**	26,986	**(21.1) %**
	EBITDA (%)	11.0	**160 bps**	11.6	**180 bps**	1.7	**(60) bps**
	EBIT (%)	0.02	**(120) bps**	0.2	**(100) bps**	(8.4)	**(370) bps**
	PBT	(2,831)	-	91	**15.2%**	(4,003)	-

JAGUAR LAND ROVER (JLR) – Q3FY21	TATA MOTORS (STANDALONE, INCL JO) – Q3FY 21
• **Retails** up 13% q-o-q to 128.5K units; down 9% y-o-y • **Investments:** £675m in products and technologies • **Positive Free Cash Flows** of £562m	• **Retails(Domestic):** Retails up 66% q-o-q to 152.1K units, up 3% y-o-y. CV down 24% y-o-y to 74.9K; PV up 56% y-o-y to 77.2K units. • **Investments:** ₹ 547Cr in products and technologies • **Positive Free Cash Flows** of ₹ 2.2 KCr

JLR: The quarter reflected strong sequential recovery in retails in all the markets except UK where Q3 remains seasonally lower. The business achieved 6.7% EBIT margin and strong positive free cash flows of £0.6b reflecting the recovery in sales, favourable mix and Charge+ delivery. Charge+ delivered £0.4b of savings in the quarter and £2.2b year to date.

TML: India operations continued its strong growth in the quarter with CV witnessing a sequential recovery and PV witnessing continued strong growth of its "NEW FOREVER" portfolio. PV absolute EBITDA is the highest in last 10 quarters. CV profitability improved sequentially due to better mix (higher MHCV & ILCVs) and ongoing cost savings. Business generated strong positive free cash flows led by the cash savings initiatives which yielded ₹2.6KCr in the quarter and ₹5.1KCr year to date.

Outlook: Despite continued pandemic related uncertainties, supply bottlenecks and commodity inflation, we expect to consolidate our gains and end the fiscal year on a strong note. We remain committed to consistent, competitive, cash accretive growth and deleverage the business through our focused execution of our strategy in all our businesses.

JAGUAR LAND ROVER (JLR)

HIGHLIGHTS

- Profit before tax of £439 million, up £374 million on prior quarter and £121 million year-on-year
- Improved profits reflect revenue of £6 billion, up £1.6 billion from Q2 while still lower than last year
- Positive free cash flow (FCF) of £562 million, a Q3 record
- 'Charge+' transformation savings of £0.4 billion in Q3, YTD £2.2 billion
- Liquidity of £6.4 billion with £4.5 billion of cash and £1.9 billion undrawn credit facility
- Electrified options extended to 12 JLR models, including 8 plug-in hybrid, 11 mild-hybrid, and the all-electric Jaguar I-PACE
- Despite prevailing external risks, expect to deliver strong EBIT margins and positive FCF in Q4

FINANCIALS

Fiscal Q3 retail sales were 128,469 vehicles, up 13.1% on Q2 but still 9% lower than pre-Covid levels a year ago. Sales in China were up 20.2% on the prior quarter and up 19.1% year-on-year. Most other regions also witnessed a sequential recovery though still below prior year. Sales of the new Land Rover Defender grew to 16,286 units, +66.0% over the previous quarter.
Profit before tax (PBT) was £439 million (after £37 million of exceptional charges), up £374 million from Q2 and £121 million from a year ago. The significant improvement reflects revenue of £6 billion, up £1.6 billion from Q2 while still lower than pre-Covid levels a year ago, with favourable sales mix, cost performance and partial reversal of prior period reserves for emissions and residual values. EBIT margin improved to 6.7% (+400bps year on year).
Profit and cash improvements from the Project Charge+ transformation programme in the quarter were £0.4 billion, including £0.2 billion of cost and £0.2 billion of investment efficiencies. Free cash flow in the third quarter was £562 million, primarily reflecting the strong PBT and favourable working capital after £675 million of investment spending. Cash and short-term investments increased to £4.5 billion, including the $1.35 billion of five- and seven-year bonds issued in the quarter. Total liquidity was £6.4 billion including a £1.9 billion undrawn revolving credit facility.

LOOKING AHEAD

Jaguar Land Rover remains encouraged by the Brexit trade deal agreed in December between the UK and the European Union. This has avoided the risk of tariffs on automotive parts and finished vehicles, although there will still be increased customs administration requirements. The approval of effective Covid-19 vaccines is also encouraging, with the promise of an eventual end to the pandemic. While the current infection rates and associated restrictions are a challenge, all of the company's plants are open and majority of retailers in most regions remain open. In markets where showrooms are closed by restrictions, for example in the UK, sales are generally able to continue through online ordering systems on a "click and deliver" basis.
In this environment, Jaguar Land Rover continues to expect a gradual improvement in sales supported by new and refreshed vehicles incorporating the latest technologies. Recent new products include the short wheel-base Land Rover Defender 90 and the refreshed 21 model year Range Rover Velar, Land Rover Discovery, Jaguar F-PACE, E-PACE and XF. Additionally, electrification has been extended to most JLR models, including 8 with PHEV, 11 with MHEV, and the all-electric Jaguar I-PACE. Despite the external challenges, the company continues to expect to generate strong EBIT margins and positive free cash flow in Q4 FY21 and targets achieving positive free cash flow in subsequent years, reduce net debt and increase financial resilience.

Thierry Bolloré, Jaguar Land Rover Chief Executive Officer concluded:

"*I am encouraged by the improved financial performance in this first full quarter as CEO of Jaguar Land Rover. This performance is a credit to the outstanding efforts of the employees of Jaguar Land Rover to overcome many challenges this year and I would like to thank every one of our colleagues for their contribution, particularly those who are working safely in our plants and facilities. Looking ahead, these challenges continue, including the Covid pandemic and its impact on the global economy, the UK's new trading relationship with the EU and the significant technological changes taking place in the automotive industry. In this environment, I'm working with my management team on plans to realise an exciting future for Jaguar Land Rover, which I look forward to sharing in due course.*"

TATA MOTORS (STANDALONE INCL. JOINT OPERATIONS)

BUSINESS HIGHLIGHTS

- Strong all-round improvement. Revenue up 35%, EBIT at 0.3% +710bps, ₹ 2.2KCr positive cash flows
- Cost and cash savings of ₹ 5.1KCr delivered in 9M out of the ₹ 6KCr target for the year
- CV retails at 74.9K (96% up from Q2, -24% y-o-y)
- CV Market Shares: M&HCV steady at 59%, ILCV improves sharply to 46%, SCV improvement to continue.
- CV EBITDA at 8.0%, significant improvement in margins due to cost savings and better mix
- PV - 'NEW FOREVER' range continues its strong sales momentum. Retails up 56% y-o-y to 77.2K
- EV: Encouraging response. Nexon EV crosses 2500 milestone since launch
- PV Market Shares: YTD improves to 7.8% (vs 4.8% in FY20). Nexon EV now 64% of EV market
- PV EBITDA at 3.8%, absolute EBITDA highest in the last 10 quarters
- Strong liquidity position as at end of the quarter amounting to ₹ 5.6 KCr
- Promoters exercise their warrants amounting to ₹2.6KCr in Jan 2021; Proforma liquidity (incl warrants) at ₹ 8.2 KCr

FINANCIALS

In Q3FY21 wholesales (including exports) increased 18.8% to 153,480 units. In the domestic market, volumes performance was mixed with M&HCV +7.0%, ILCV +10.5%, SCV & Pick Ups -9.2% and CV Passenger -71.9%. Domestic PV volumes were up 87.5%. Domestic wholesales were higher than retails by 2.5K units in CV as pipeline inventory is rebuilt post BS VI transition to healthy levels. Domestic Retails continues to be higher than wholesales in PV due to continued strong demand. Market shares of M&HCV was steady at 59%, ILCV improved sharply to 46% and SCV started improving its shares. PV market shares at 7.8%, up 300bps over FY20.

Revenue for the quarter increased 34.9% to ₹14.6KCr and pre-tax loss was ₹601Cr (against pre-tax loss of ₹ 1,024Cr in Q3FY20). PBT losses narrowed sharply due to better volumes, improved product mix, lower VME and cost savings offset partially by lower proportion of CV in total sales, commodity inflation and financing costs. EBIT breakeven was achieved in the quarter improving 710bps over the same quarter previous year. Free cash flow for the quarter was ₹ 2.2KCr, as the company drove the cost and cash savings agenda hard with ₹ 2.6KCr delivered in Q3FY21. The investment spends were reduced significantly to ₹ 547Cr for the quarter. The company ended the quarter with a strong liquidity of ₹ 5.6KCr.

LOOKING AHEAD

Demand situation continues to improve. The company is debottlenecking its supply chain and ramping up the output addressing the supply constraints. In Commercial Vehicles, the company will focus on increasing market share further with specific focus on SCVs, continue to enhance its customer engagement and improve the profitability of the business. In Passenger Vehicles, Company will continue to enhance the sales momentum by leveraging its portfolio and "Reimagining" the front end. The company is confident of achieving the targeted savings of ₹ 6KCr and expects to finish strong this fiscal.

Guenter Butschek, CEO and MD, Tata Motors, said,

"The auto industry witnessed a strong sales momentum in Q3FY21, driven by the pent-up demand and a steady recovery of the economy. We could leverage the improved demand by a consistent ramp-up of production, addressing supply chain bottlenecks. Due to a strong festive season and a clear preference for personal mobility the PV business posted its highest sales in last 33 quarters. In the CV business the M&HCV and ILCV segments led the overall CV growth of over 48% higher domestic sales compared to the previous quarter. We improved our operational and financial performance by reducing costs, generating free cash flows, providing 'best in class' customer experience. Despite the current global challenge of semiconductor supplies, we are confident of keeping our performance improvement on track in this quarter to close the year on a high for an even stronger play in FY22."

ADDITIONAL COMMENTARY ON FINANCIAL STATEMENTS

(CONSOLIDATED NUMBERS, IND AS)

FINANCE COSTS

Finance costs increased by ₹ 382Cr to ₹ 2,126Cr during Q3FY'21 vs prior year due to higher gross borrowings as compared to Q3FY'20

JOINT VENTURES, ASSOCIATES AND OTHER INCOME

For the quarter, net loss from joint ventures and associates amounted to ₹ 281Cr compared with a loss of ₹ 199Cr in prior year. Other income (excluding grants) was ₹ 166Cr versus ₹ 402Cr in the prior year

FREE CASH FLOWS

Free cash flow (automotive) in the quarter, was positive ₹ 7.9KCr (as compared to ₹ 3K Cr in Q3FY 20). Net automotive debt, compared to Q2FY21, reduces by ₹ 7KCr to ₹ 54.7KCr.

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

For further information contact

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