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# Tata Motors Group Q1 FY 19: Revenue ₹67.1 KCr (+14%) & Loss after Tax ₹1.9 KCr
# Turnaround 2.0 in the domestic business starts on a strong note

**Mumbai, July 31, 2018**: Tata Motors Ltd announced its results for the quarter ending June 30, 2018.

| Consolidated ₹ Cr (Ind AS) | Q1FY'19 | Vs PY |
|---|---|---|
| Net Revenue | 67,081 | 14% |
| EBITDA (%) | 7.5 | 50bps |
| EBIT (%) | (0.8) | (130bps) |
| PAT | (1,863) | - |

| JLR £ m (IFRS) | Q1FY'19 | Vs PY |
|---|---|---|
| Net Revenue | 5,222 | (7%) |
| EBITDA (%) | 6.2 | (170bps) |
| EBIT (%) | (3.7) | (490bps) |
| PAT | (210) | - |

| TML (S) ₹ Cr (Ind AS) | Q1FY'19 | Vs PY |
|---|---|---|
| Net Revenue | 16,803 | 83% |
| EBITDA (%) | 8.3 | 890bps |
| EBIT (%) | 4.1 | 1220bps |
| PAT | 1,188 | - |

## Jaguar Land Rover (JLR)

- **Retails** up 5.9% to 145,510 units; **Wholesales** (excl CJLR) down 7.7% in Q1 from sales deferral in China and planned dealer stock reduction
- **Net Revenue** down 7 % to £5.2B
- **EBIT**: -3.7% (-490bps), impact of China duty change, de-stocking, FX revaluation and higher D&A
- **PBT at** (£264 m). **PAT at** (£210 m)
- **Investments:** £1.1B mainly in products & technologies
- **Free Cash Flows** of £(1.7B)

## Tata Motors (Standalone, incl JO)

- **Wholesales** up 59% to 176,868 units. CV up 63% on a low base and PV up 49%
- **Net Revenue** up 83% to ₹16.8K Cr
- **EBIT**: 4.1% (+1220 bps) aided by volume growth, mix, ImpACT savings & operating leverage
- **PBT** at ₹1,464Cr, includes dividend income of ₹1,310Cr. **PAT** at ₹1,188Cr
- **Investments:** ₹ 1KCr in products and technologies.
- **Free cash flows** of ₹(2.5K)Cr, impacted by higher working capital

Natarajan Chandrasekaran, Chairman commented "I am delighted with the progress made by the domestic business on their 'Turnaround 2.0' strategy. We continue to gain market share while strongly improving profitability in both Commercial Vehicles and Passenger Vehicles. Our drive for increased transparency continues with separate segmental results for CV and PV businesses from this quarter. I believe that with our focused efforts we are well positioned to "Win Decisively" in CV and "Win Sustainably" in PV.

With regards to JLR, we faced multiple challenges including temporary issues like China duty impact as well as the market issues like diesel concerns in UK and Europe. Despite these challenges, we remain committed to deliver the planned margins we outlined earlier this year and appreciate the urgency to address our challenges with speed. Towards this, we will step up all round execution. We will leverage our product portfolio to grow faster and drive down costs to improve operating leverage of the business. We will also calibrate our capital spends to minimize cash outflow.

With these focused efforts, I am confident that Tata Motors Group will deliver Competitive, Consistent and Cash Accretive Growth in the medium to long term"

# JAGUAR LAND ROVER

## BUSINESS HIGHLIGHTS

- Strong sales of Range Rover Velar, Range Rover Sport, Land Rover Discovery and Jaguar E-PACE
- Customer deliveries of the company's first ever battery electric vehicle, the Jaguar I-PACE are beginning following its launch in March this year. The company will continue its growth journey by adding new nameplates and expanding its powertrain offering to its world-class product line up, which will include the next-generation Defender by 2020.

## FINANCIALS

For Q1 FY 19, Retail sales grew 5.9% year-on-year to 145,510 vehicles. The increase reflects growing sales of the new Range Rover Velar, Range Rover Sport, Land Rover Discovery and Jaguar E-PACE. However, wholesales (including China JV) were 13,950 units lower than retails, primarily reflecting lower wholesales in China in advance of the reduction in import duties from 25% to 10% on 1 July and planned dealer stock reduction in other markets.

Revenues for the quarter were £5.2 billion, 6.7% lower year-on-year primarily as a result of the lower wholesales and increased incentives in China in advance of the 1 July duty reduction. The lower wholesales and higher China incentives combined with unfavourable balance sheet currency revaluation and higher depreciation and amortisation resulting from continuing investment led to a pre-tax loss for the quarter of £264 million (negative EBIT margin). Earnings before interest, tax and depreciation (EBITDA) were £325 million (6.2% margin).

The company continues to invest in new vehicles, next-generation automotive technologies and facilities to support its future sustainable growth, with total investment spending of £1.1 billion for the quarter. This investment spending and seasonal working capital outflows of £1.0 billion led to negative operating cash flow of £1.7 billion. The company plans to invest in the region of £4.5 billion in the current financial year.

The profitability target for the full financial year ending 31 March 2019 (FY19) remains within the previous 4-7% planned margin we had shared for FY19-FY21

Prof. Dr. Ralf Speth, Jaguar Land Rover Chief Executive, said: "We had a pre-tax loss in the first quarter, reflecting the impact of the announcement of the duty reduction in China as well as planned dealer stock reduction in the quarter. We also continue to be impacted negatively by uncertainty over diesels in Europe along with Brexit and additional diesel taxes in UK. Given these issues, we will remain focused on driving growth and simultaneously reducing costs and boosting operational efficiency and capability, taking the necessary steps to shape our future. We expect sales and financial results to improve over the remainder of the financial year, driven by continued ramp-up of new models, most recently the electric Jaguar I-PACE, and with the new lower duties effective in China".

Prof. Dr. Speth concluded: "We remain true to our pioneering spirit and our ability to create innovative and exciting cars that our customers will love. Given the success of recently introduced models such as the Jaguar E-PACE and the Range Rover Velar, along with our huge investment commitment in electrified technologies, we remain confident to deliver sustainable profitable growth."

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# TATA MOTORS (STANDALONE INCL. JOINT OPERATIONS)

## BUSINESS HIGHLIGHTS

- Turnaround 2.0 starts on a strong note
- Gained Market share in every segment in CV. PV continues its journey of market share gain.
- Strong volumes and cost reduction efforts deliver improved profits in both CV and PV businesses
- FCF impacted by planned stock build up and higher trade debtors.
- Commercial Vehicles (CV) growth driven by increased demand to continued economic growth, newly launched products, improved stakeholders' engagement
- Passenger Vehicles (PV) continues to demonstrate positive momentum on the back of new product launches and customer centric initiatives

## FINANCIALS

In Q1 FY '19 wholesales (including exports) grew 59% to 176,868 units with broad based growth across the entire portfolio on a low base. In the domestic market M&HCV trucks grew 111%, ILCV trucks +73%, SCV & Pick Ups +57% and CV Passenger +31%. PV was up 50%. CV growth reflects launch of new products and higher economic activities due to the improved industrial activity, robust demand in private consumption and government spending on infrastructure. Nexon, Tiago and Tigor continued to deliver strong growths.

In the quarter, Revenue increased 83% to ₹16,803Cr, Pre-tax profit at ₹1,464 Cr (against Pre-tax loss of ₹463 Cr in Q1 FY 18). Pre- tax profit for the quarter includes dividend income of ₹1,310Cr (against dividend income of ₹557 Cr in Q1 FY18). Profit after tax for the quarter was ₹1188Cr.

According to Mr. Guenter Butschek, CEO & MD, Tata Motors, "FY18 was a Turnaround year for us with significant improvement in operational and financial performance. We continued this momentum in Q1 FY19 as well with the launch of Turnaround 2.0 strategy to Win Decisively in CV, Win Sustainably in PV and further strengthen our execution capabilities. I am happy to see that we are now delivering on this strategy with strong month-on-month sales growth, with both CV and PV Businesses witnessing further increase in market share. The Q1FY19 Net Revenues is the highest in TML history and the operational profit for Q1FY19 is the highest since Q1FY13. In line with our new organisation structure our reporting segments are changed to Commercial Vehicles and Passenger Vehicles from this quarter.

As I look ahead, there could be a few challenges in the short term particularly in Commercial Vehicles as the new regulations on axle loads come into effect but remain positive on the long term potential of the Indian market and I am confident that Tata Motors is taking the right steps to drive Competitive, Consistent, Cash Accretive Growth"

# ADDITIONAL COMMENTARY ON FINANCIAL STATEMENTS

(CONSOLIDATED NUMBERS, IND AS)

## FINANCE COSTS AND TAX

Finance costs increased by ₹266Cr to ₹1,375Cr during Q1 FY'19 vs same quarter prior year. The increase is primarily due to higher borrowings in JLR.

The Effective Tax Rate for Q1FY19 was 18%.

## JOINT VENTURES, ASSOCIATES AND OTHER INCOME

In the quarter, Net profit from joint ventures and associates contributed ₹306Cr compared with ₹670Cr in prior year. The decrease is coming mainly from the lower profitability in the JLR's China JV (CJLR) due to the custom duty impact.

Other income was ₹225Cr versus ₹154Cr in the same quarter prior year. The increase is coming from mainly the additional interest incomes earned during the year.

## FREE CASH FLOWS

Free cash flow (automotive) in the quarter, was negative ₹18,109Cr reflecting lower operating profits at JLR and unfavourable working capital in both TML (S) and JLR.

## NET DEBT

Closing net debt was ₹62,436Cr compared to ₹39,977Cr as at 31$^{st}$ March 2018, reflecting negative free cash flow at both TML and JLR with continued high investments. Net Automotive debt stood at ₹32,977Cr vs ₹13,889Cr as at 31$^{st}$ March 2018.

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

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