TATA MOTORS
Connecting Aspirations
TATA

Key Highlights of the Results: Q1'20

Tata Motors Group

- China stabilizes, Cash outflows lower,
- Project Charge on track, Turnaround 2.0 delivers
- Q1'20: Revenue 61.5 KCr ; PAT ₹ (-3.7)KCr;

Tata Motors (Standalone incl JO) : 'Turnaround 2.0' delivers

- Focus on retail growth, cost reductions and cash
- Market shares gain in MHCV & ILCV over FY19 (MHCV trucks+30 bps; ILCV trucks +80bps)
- Harrier & Nexon supported the UV market share gain (UV & Vans +40bps)
- Q1'20: Revenue 13.4 KCr (-19.9%); PAT ₹ (97) Cr;
- CV profitability impacted due to adverse mix and negative operating leverage
- PV EBITDA improvement achieved through continued cost reductions and improved product mix (EBITDA margin up 190 bps y-o-y and 130 bps q-o-q)
- FAME II -Promoting electric infrastructure and electrification of Indian Mobility. TML on the forefront to leverage the opportunity

Jaguar Land Rover: Project Charge on track, China Stabilizes-growth to resume from hereon

- Project Charge on track to achieve £2.5B of cash and profit improvements with £1.7B achieved to date.
- Continued solid response to all-electric Jaguar I-PACE and the new Range Rover Evoque;
- Launched the refreshed Discovery Sport and Jaguar XE
- Q1'20: Revenue £5.1B (-2.8%); PAT £(-0.4)B
- JLR and BMW to collaborate on next-generation Electric Drive Units
- To build three new electrified models at the Castle Bromwich facility in the UK, starting from the next generation all-electric Jaguar XJ
- UK Export Finance (UKEF) to provide a £500m guarantee for a planned £625m loan facility from commercial banks

China stabilizes, Cash outflows lower

- Project Charge on track, Turnaround 2.0 delivers
- Q1'20: Revenue 61.5 KCr (-7.7%); PAT ₹ (-3.7)K Cr

Mumbai, July 25, 2019: Tata Motors Ltd announced its results for the quarter ending June 30, 2019.

Q1 2020	Conso (₹ Cr Ind AS)		JLR (£M, IFRS)		TML (S) (₹Cr, Ind AS)	
	Q1 FY'20	Vs. PY	Q1 FY'20	Vs. PY	Q1 FY'20	Vs. PY
Net Revenue	61,467	(7.7%)	5,074	(2.8%)	13,352	(19.9%)
EBITDA (%)	6.2	(130bps)	4.2	(200bps)	6.7	(170bps)
EBIT (%)	(2.5)	(170bps)	(5.5)	(180bps)	0.8	(330bps)
PBT(bei)	(3,129)	-	(383)	(45.1%)	(40)	-

bei : before exceptional items

Jaguar Land Rover (JLR)-Q1FY 20

- **Retails** (incl **CJLR)** down 11.6% to 128,615 units; **Wholesales** (incl CJLR) down 9.9% to 118,550 in Q1FY20.
- **Net Revenue** down 2.8% to £5.1 B

  EBIT: -5.5% (-180bps), lower sales, higher VME and warranty expenses, Brexit contingency shutdowns
- **PBT (bei) at** (£383m), **PAT at** (£402m)
- **Investments:** £795m in products and technologies
- **Free Cash Flows** of £(719m), better than Q1 FY19 reflecting lower investments and better working capital

Tata Motors (Standalone, incl JO)-Q1FY 20

- **Wholesales** -22.7% to 136,705 units. CV -19.5%, PV -30.1%; Wholesale (Dom) -20.5%, Retails at -12.6%
- **Net Revenue** down 19.9% to ₹13.4K Cr
- **EBIT:** 0.8%(-330 bps), negative operating leverage partially offset by cost reductions
- **PBT (bei)** at ₹(40)Cr, **PAT** at ₹(97)Cr
- **Investments:** ₹ 946 Cr in products and technologies.
- **Free cash flows** of ₹(4,623) Cr. impacted by seasonality and higher working capital from volume decline.

Tata Motors Group financial performance reflects the historical seasonality and continued challenging market conditions globally. The results are consistent with our outlook provided for the quarter.

The domestic auto industry has declined sharply and significantly. In this environment, Tata Motors is focusing on doing things right for the long-term success of this business. We grew our retails well ahead of wholesales, launched exciting products and drove rigorous cost reductions. Commercial Vehicle (CV) business gained market share in the key M&HCV and ILCV segment over FY19 and delivered a resilient EBIT margin of 4.7%. Passenger Vehicle (PV) business improved its EBITDA margin further and de-layered and simplified its supply chain. We expect the performance to gradually improve in the rest of the year and both businesses will focus on stepping up retail growths, improve dealer profitability, launch exciting products while driving rigorous cost reduction as we transition smoothly to BS VI.

JLR performance reflects the impact of seasonality in the backdrop of weak markets. Project Charge is on track to achieve £2.5 billion of profit and cash improvements by the end of the year. With China stabilizing and an exciting product lineup, JLR expects to return to growth soon and its financial results to improve over the balance of the year.

Tata Motors Group is confident to address these challenges and remains committed to deliver Competitive, Consistent and Cash Accretive Growth over the medium to long term.

TATA MOTORS
Connecting Aspirations

TATA MOTORS (STANDALONE INCL. JOINT OPERATIONS)

BUSINESS HIGHLIGHTS

- Q1 impacted by demand slowdown, higher axle loads, liquidity stress, low freight availability for cargo operators
- Turnaround 2.0 intensified. Focused on doing the right things for long term success.
- Commercial Vehicles (CV) and Passenger Vehicles (PV) continues to focus on retails given challenging market backdrop. CV Wholesale (Dom) was down 16.0% while Retail (Dom) was down 14.8%; PV Wholesale (Dom) was down 30.1% while Retail (Dom) was down 7.4%
- Gained market shares in MHCV & ILCV over FY19. (MHCV trucks+30 bps; ILCV trucks +80bps); Harrier & Nexon supported the UV market share gain (UV & Vans +40bps)
- CV EBITDA margins impacted due to negative operating leverage. PV EBITDA improvement continues despite challenging market conditions.

FINANCIALS

In Q1FY '20 wholesales (including exports) decreased 22.7% to 136,705 units. In the domestic market, M&HCV trucks de-grew -30.4%, ILCV trucks grew +2.5%, SCV & Pick Ups de-grew -11.2% and CV Passenger de-grew by -9.4%. Domestic PV volumes were down -30.1%.

Revenue for the quarter decreased 19.9% to ₹13,352 Cr, Pre-tax loss (before exceptional items) at ₹40 Cr (against pre-tax profit of ₹1,464 Cr in Q1FY 19) due to negative operating leverage and lower other income including dividend. Loss after tax for the quarter stood at ₹97 Cr.

Both Commercial Vehicles (CV) and Passenger Vehicles (PV) businesses will continue to strengthen their efforts for competitive, consistent and cash accretive growth through focus on retail growth, customized financing solutions, market activations, new product launches (incl. leveraging new architectures), rigorous cost reduction and inventory management to mitigate BSVI transition risk .

Guenter Butschek, CEO and MD, Tata Motors, said "The continued slow down across the auto industry due to weak consumer sentiments, liquidity stress and the impact of axle load effect particularly in medium/heavy duty, impacted overall demand. Over the past few years we had struck a good balance between managing market dynamics and financial health. However, this time, despite our continuous Turnaround effort we could not prevent some impact on our Q1 performance.
Looking ahead, both our businesses, CV and PV, will leverage TATA Motor's revived agility and strive to boost consumers' confidence by various market interventions - all round from best in class product offerings, retail activations and further improved service experience. With the budget announcement and upcoming festive season, we expect some tailwinds for the remaining FY20. Furthermore, our Turnaround actions are in full swing and will provide us a great level of confidence to master this unprecedented market challenge and we will get out of it even stronger. "

JAGUAR LAND ROVER

Business Highlights

- Retail sales of 128,615 units with solid demand for Jaguar I-PACE and new Range Rover Evoque
- Revenues of £5.1 Bn
- Pre-tax loss of £395 Mn, consistent with outlook provided for the quarter
- On track to deliver £2.5B of Project Charge cash and cost savings
- Expect increased sales from new models and cost savings from Project Charge to improve results with a profit for the full year

Financials

With industry volumes down in most regions, Jaguar Land Rover reported a year-on-year 11.6% decline in its global retail sales to 128,615 vehicles for the quarter. Encouragingly, the company had record sales in the UK, up 2.6% year-on-year for the period, while China sales rose in June compared with the prior month.

Sales of the award-winning all-electric Jaguar I-PACE and the new Range Rover Evoque were up year-on-year, which partially offset the impact of weaker market conditions on other models. The company also launched the refreshed Discovery Sport and Jaguar XE in the quarter.

The company reported a pre-tax loss of £395 million, compared to £264 million loss in the same period a year ago, on quarterly revenues that declined 2.8% year-on-year to £5.1 billion. The results are consistent with the outlook for the quarter and primarily reflect lower revenue resulting from the weaker market conditions. Additional plant shutdown time and delays in WLTP certification resulting from Brexit contingency planning also contributed to the lower sales and profits.

Jaguar Land Rover continued to benefit from the ongoing impact of its £2.5 billion profit and cash improvement programme, which delivered a further £100 million of cost-savings and £300 million reduction to previously planned investment in the quarter, taking the total savings to date to £1.7B.

While free cash flow was negative £719 million after £795 million of investment spending in the quarter, this represented a £954 million improvement year-on-year. This improvement reflects £756 million of favourable working capital (including £305 million from utilization of a new receivable financing facility) and £271 million from lower investment spending. The UK government has also announced that UK Export Finance (UKEF) will provide a £500 million guarantee for a planned £625 million loan facility from commercial banks. The loan facility is expected to be completed in the coming months and amortize over five years.

Jaguar Land Rover reiterates that its financial results will improve over the balance of the year and continues to target a 3%-4% EBIT margin for the full year with continued investment resulting in negative but improving cash flows.

Prof. Dr. Ralf Speth, JLR Chief Executive commented, "Jaguar Land Rover is in a period of major transformation. We are simplifying our business, delivering on our product strategy and adapting to the tough market environment. We will build on our strong foundations and increased operating efficiency to return to profit this fiscal year. In this period, we expect to see the impact of growing demand for new models such as the Range Rover Evoque, Discovery Sport and Jaguar XE, whilst implementing our 'Charge' transformation programme. Despite challenging conditions in the first quarter, Jaguar Land Rover is creating a more robust and resilient business, in which we will continue to deliver a strong pipeline of products that our customers will love. Break through products such as the exciting all new Land Rover Defender will pave the way for sustainable profitable growth"

ADDITIONAL COMMENTARY ON FINANCIAL STATEMENTS

(CONSOLIDATED NUMBERS, IND AS)

FINANCE COSTS

Finance costs increased by ₹336Cr to ₹1,712 Cr during Q1FY'20 vs prior year. This includes ₹112Cr on account of lease liability accounting under IFRS 16.

JOINT VENTURES, ASSOCIATES AND OTHER INCOME

For the quarter, net loss from joint ventures and associates amounted to ₹245 Cr compared with profit of ₹306 Cr in prior year. Other income (excluding grants) was ₹251 Cr versus ₹225 Cr in the prior year.

FREE CASH FLOWS

Free cash flow (automotive) in the quarter, was negative ₹11.6K Cr (as compared to negative ₹18.7K Cr in Q1 FY 19) reflecting cash out flow at both TML and JLR on account of seasonality and challenging market conditions.

NET AUTO DEBT

Closing net automotive debt was ₹46.5K Cr reflecting the cumulative negative free cash flow and increase of ₹6.0K Cr on account of change in lease liability accounting under IFRS 16

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

For further information contact

Corporate Communications, Tata Motors Limited
Phone: 00 91 22 6665 7289; www.tatamotors.com