TATA MOTORS
Connecting Aspirations

PROFITABLE GROWTH DELIVERED UNDER CHALLENGING CONDITIONS
Strong turnaround in the domestic business

Mumbai, Feb 5, 2018: Tata Motors Ltd today announced its results for the quarter ending Dec 31, 2017.

PERFORMANCE HIGHLIGHTS (Q3 FY18)

Consolidated ₹ Cr (Ind AS)	Q3 FY 18	Vs FY'17	9M FY 18	Vs FY'17
Net Revenue	74,156	16.1%	202,963	5.4%
PBT	2,029	239%	8,847*	113%
EBIT (%)	3.6	80 bps	3.1	(90 bps)

*Includes one-time credit for pension benefit changes of £437 m (₹ 3,600 Cr)

TML (S) – Tata Motors Ltd. (Standalone including Joint Operations)

JLR £ M (IFRS)	Q3 FY 18	Vs FY' 17	9M FY 18	Vs FY '17
Net Revenue	6,310	4.3%	18,231	6.8%
PBT	192	(24.7%)	1172*	25.5%
EBIT (%)	2.6	(130 bps)	3.1	(160 bps)

TML (S) ₹ Cr	Q3 FY 18	Vs FY' 17	9M FY 18	Vs FY'17
Net Revenue	16,102	58.6%	38,709	25.5%
PBT	201	119%	(532)	66.8%
EBIT (%)	3.4	980 bps	(0.3)	360 bps

JAGUAR LAND ROVER

- Retail sales rise 3.5% to **154,447** units year-on-year, wholesales rise 2.2% to **133,739** units
- Net Revenue increases **4.3 % to £6.3B**
- EBITDA margin at **10.9%, up 80 bps**
- EBIT margin at **2.6%,** down 130 bps
- Pre-tax profits at **£192M** reflects model change-overs and tough conditions in UK, US and Europe
- £1B investment in new automotive technologies, production and R&D facilities

TATA MOTORS (STANDALONE, INCL JO)

- Wholesale rise 31% to **172,952 units**
- Net Revenue increases **59% to ₹16,102**Cr.
- EBITDA margin at **9.0%, up 750 bps**
- EBIT margin at **3.4% up 980 bps**
- Pre-tax profits at **₹201**Cr (vs -₹1,032Cr in base) reflecting progress of the Turnaround Strategy
- **₹**1,021Cr investment in products, platforms and technologies

N Chandrasekaran, Chairman commented "We have delivered a satisfying quarter of profitable growth. Jaguar Land Rover, despite tough market conditions, continued its volume growth trajectory with strong response to its new product range. In a market that is facing significant disruptions, Jaguar Land Rover will invest for growth while continuing its journey of sustainable profitable growth.

In the domestic business, the "Turnaround Strategy" is delivering results. Our focus on market share gain coupled with operational improvements is working well, with both Commercial and Passenger Vehicles businesses delivering improved results. We will continue on this journey to drive growths ahead of the market, reduce our cost base and invest prudently to deliver better products and service for our customers and improved returns for our shareholders."

JAGUAR LAND ROVER

Business Highlights

- Continued ramp up of the Velar and Discovery drove higher volumes, offset partially by run-out of the 17 Model Year Range Rover and Range Rover Sport
- China and Overseas markets were up while the UK, US and European markets were lower reflecting more challenging conditions with cyclical weakness in the UK and US, increasing diesel uncertainty in the UK and Europe, and Brexit uncertainty in the UK
- The new Jaguar E-Pace, long wheelbase XE in China and 18 Model Year Range Rover and Range Rover Sport (both with new PHEV options) have been launched and will be ramping up in Q4
- F-Pace and E-Pace awarded 5 star Euro NCAP rating
- Participated in UK's first on-road testing of the Autonomous Cars

Financial Details

In the third quarter, retail sales grew 3.5% to 154,447 units, driven primarily by a 14.6% increase in unit sales in China and an 18.2% rise in Overseas markets. Increased sales in such markets reflected underlying demand for the new Range Rover Velar, the Land Rover Discovery, the recently-launched Jaguar E-PACE compact SUV and, in China, the long-wheelbase Jaguar XF. This improvement was offset by flatter demand in the US, UK and mainland Europe, and the impact of model year change-overs for the Range Rover and Range Rover Sport. Revenues increased 4.3% to £6.3B. Pre-tax profits were £192M (2.6% EBIT margin) compared to £255M (3.9% EBIT margin) in Q3FY17 which included an £85M insurance recovery. Profitability was impacted by the run-out of the 17 Model Year Range Rover and Range Rover Sport (18 Model Year with PHEV option now launching) and higher depreciation and amortization resulting from continued investment to drive profitable growth. Total investment in new products, technology and capacity was over £1B in Q3 and is expected to exceed £4B for the full year.

Dr. Ralf Speth, Jaguar Land Rover CEO, said: "We have delivered credible financial results in a challenging period, during which Jaguar Land Rover has continued to over-proportionally invest in long-term growth and autonomous, connected and electric technologies. Despite headwinds and uncertainty in some markets, Jaguar Land Rover still delivered increased unit sales as we continued the launch schedule for new models including the significantly enhanced Range Rover family and all-new Jaguar E-PACE.
As I look ahead, this is a milestone year for Jaguar Land Rover as we prepare to launch our first ever electric car, the Jaguar I-PACE, and Range Rover plug-in hybrids. We continue to remain focused on delivering sustainable and profitable growth, and we expect a stronger all-around performance in the Fourth Quarter driven by new models, seasonality, and improved profitability."

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TATA MOTORS (STANDALONE INCL. JOINT OPERATIONS)

BUSINESS HIGHLIGHTS

- Turnaround Strategy well on track
- Strong volumes and cost reduction efforts deliver improved profit delivery
- Commercial Vehicles (CV):
    - Growth driven by increased demand for high tonnage vehicles, newly launched products, increased acceptance of SCR technology, improved stakeholders' engagement, government funding in infrastructure development and e-commerce growth.

- Passenger Vehicles (PV) continues to demonstrate positive momentum on the back of new product launches and customer centric initiatives

FINANCIAL DETAILS

In the third quarter, overall wholesales (including exports) grew 31% to 172,952 units with broad based growth across the entire portfolio in the domestic market- M&HCV trucks up 54%, ILCV trucks up 49%, SCV & Pick Ups up 44%, CV passenger carriers up 15%, PV up 22%. New products in CV with SCR technology has been well received by the customers. "Nexon" has met with excellent consumer response while the existing portfolio of Tiago, Tigor and Hexa continued to deliver strong growths. The performance in the quarter reflects the progress of the Turnaround Strategy which involves focused actions on filling up portfolio gaps, rigorous cost reduction and creating a robust extended supply chain footprint.

Revenue increased 59% to ₹16,102Cr, Pre-tax profits were ₹201Cr (3.3% EBIT margin) compared to Pre-tax loss of ₹1,032Cr (-6.4% EBIT margin) in Q3 FY17.

Mr. Guenter Butschek, Tata Motors CEO & MD, said: "The Turnaround Strategy is delivering results for us as is evident in share gain in an intensely competitive market and improved profitability enabled by a slew of new product launches and customer centric initiatives.
The regulatory landscape on emission norms including BSVI, EVs and alternative fuel sources are significant challenges for the industry and Tata Motors is ready to play its part, while we continue on our journey to drive competitive, profitable growth"

ADDITIONAL COMMENTARY ON FINANCIAL STATEMENTS

(CONSOLIDATED NUMBERS, IND AS)

FINANCE COSTS AND TAX

Finance costs increased by ₹377Cr to ₹1,247Cr during Q3 FY'18, as compared to Q3 FY'17.The increase is due to higher borrowings in both TML (S) and JLR.

The Effective Tax Rate for 9M FY18 was 33%. This broadly reflects non- recognition of tax credits in the Standalone business and impact of reduction in tax rates on deferred tax assets (UK reduced from 19% to 17% and US reduced from 35% to 21%).

JOINT VENTURES, ASSOCIATES AND OTHER INCOME

Net profit from joint ventures and associates contributed ₹253Cr compared with ₹380Cr in the same quarter prior year. Other income was ₹182Cr versus ₹167Cr in the same quarter prior year.

FREE CASH FLOWS

Free cash flow in the quarter, was negative ₹5,159Cr reflecting higher investments, lower operating profits and adverse working capital in JLR due to new product launches.

NET DEBT

Closing net debt was ₹47,777Cr compared to ₹27,485Cr as at 31st March 2017, reflecting negative free cash flow at JLR with continued high investments and unfavourable working capital largely related to new model launches. Total current liabilities amounted to ₹125,560Cr compared to ₹115,630Cr as at 31st March 2017. Total current assets including cash increased by ₹1,285Cr to ₹117,405Cr as compared to 31st March 2017.

Net Automotive debt stood at ₹24,540Cr vs ₹7,397Cr as at 31st March 2017.

FINANCE AND LIQUIDITY

On 10 October 2017, JLR issued a $500M 10 year bond maturing in October 2027. In October 2017, TML Holdings Pte, Singapore has refinanced its existing US$ 850M Syndicated loan facilities with a new £640 million Syndicated loan facilities with an average tenor of around 4.6 years.

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

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