Key Highlights for Q3FY19

- **Tata Motors Group Consolidated Results**

  - Net Revenue at ₹77,001 Cr (+5.0%);
  - TML domestic delivers robust profitable growth.
  - Weak sales in China and de-stocking impacted JLR.
  - PAT at ₹(26,961)Cr impacted by an exceptional item of Asset Impairment in JLR of ₹(27,838)Cr (£3.1 bn)
  - EBITDA at ₹6,522 Cr (8.5%), EBIT (0.1) %. (down 370bps) impacted by Weak sales in China and de-stocking.

- **Tata Motors (Standalone) : 'Turnaround 2.0' delivers in challenging conditions**

  - Revenue ₹16,208 Cr (+1.5%),
  - YTD market shares up (as compared to FY 18) in both CV (+60bps) and PV (+50bps)
  - PAT at ₹618 Cr
  - EBITDA at ₹1,468 Cr (9.1%), EBIT at 4.3% up 70 bps,
  - FCF outflow of ₹1,537 Cr impacted by lower creditors due to RM inventory corrections
  - Launched Tata Harrier #BornofPedigree and Tata Nexon achieved '5 star' Global NCAP rating for safety.
  - CV EBITDA stable at 11.6%; PV business sustained EBITDA break-even.
  - Turnaround 2.0 to continue its sharp focus on "Win Decisively in CV", "Win Sustainably" in PV, "Win Proactively in EV" & Embed Turnaround culture in organisation

- **Jaguar Land Rover: Performance impacted by corrective action in China and production shutdown.**

  - JLR Revenue at £ 6.2 Bn (-1.4%), PAT at (£ 3,129 mn), EBITDA of £ 455m (7.3%), EBIT at -2.6%, FCF outflow of £361mn
  - Launched the all new Range Rover Evoque with hybrid options.
  - Project Charge on track to achieve £ 2.5Bn target; Cash benefits started to flow in with £ 500 million delivered in Q3 FY 19
  - One time exceptional non-cash charge taken for asset impairment of £3.1Bn. Reduces growth in depreciation and amortization by £300mn pa.
  - JLR taking decisive actions to step up competitiveness, reduce costs, improve cash flows and make the business "Fit for Future"

TATA MOTORS
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Q3 FY 19: Consolidated Revenue 77.0 KCr (+5.0%); EBIT flat;

TML(S) Turnaround 2.0 delivers in challenging conditions; Market shares and profitability improves

JLR Performance impacted by challenging market conditions particularly in China and inventory corrections. Continue to invest in exciting products and leading edge technologies. Taking decisive actions to make the business Fit for Future by stepping up competitiveness, reducing costs and improving cash flows

Mumbai, Feb 7, 2019: Tata Motors Ltd announced its results for the quarter ending Dec 31, 2018.

	Conso (₹ Cr Ind AS)		JLR (£M, IFRS)		TML (S) (₹Cr, Ind AS)	
	Q3 FY'19	Vs. PY	Q3 FY'19	Vs. PY	Q3 FY'19	Vs. PY
Net Revenue	77,001	5%	6,223	(1%)	16,208	1.5%
EBITDA (%)	8.5	(230bps)	7.3	(360bps)	9.1	60bps
EBIT (%)	(0.1)	(370bps)	(2.6)	(520bps)	4.3	70bps
PAT	(26,961)	-	(3,129)	-	618	192%

JAGUAR LAND ROVER (JLR)

- **Retails** down 6.4% to 144,602 units; **Wholesales** (incl CJLR) down 11.0% to 141,552 in Q3. Challenging market conditions in China.
- **Net Revenue** down 1% to £6.2B
- **EBIT:** -2.6% (-520bps), lower China sales, production shutdown impact and higher D&A
- **PBT at** (£3,395 m), includes exceptional non-cash charge of £3,122 m; **PAT at** (£3,129 m)
- **Investments:** £1B mainly in products and technologies
- **Free Cash Flows** of £(0.4 B)

TATA MOTORS (STANDALONE, INCL JO)

- **Wholesales** down 0.5% to 171,354 units. CV down 1.8%, PV up 2.9%; Domestic retails up 5.6%
- **Net Revenue** up 1.5% to ₹16.2K Cr
- **EBIT:** 4.3% (+70 bps), higher realisations, Impact project savings and operating leverage partially offset by higher commodity costs
- **PBT** at ₹519Cr, **PAT** at ₹618Cr
- **Investments:** ₹ 1.4K Cr in products and technologies.
- **Free cash flows** of ₹(1,537) Cr.

N Chandrasekaran, Chairman commented,

"Tata Motors domestic business continues the strong momentum and has delivered market share gains as well as profitable growth. The Turnaround 2.0 strategy is delivering well with a continuing portfolio of product launches, which are the requisite building blocks for sustainable growth.

In JLR, the market conditions continue to be challenging particularly in China. The company has taken decisive steps to step up competitiveness, reduce the costs and improve the cash flows while continuing to invest in exciting products and leading edge technologies. With these interventions, we are building Tata Motors group to deliver strong results in the medium term".

TATA MOTORS
Connecting Aspirations

TATA MOTORS (STANDALONE INCL. JOINT OPERATIONS)

BUSINESS HIGHLIGHTS

- Turnaround 2.0 delivers in challenging conditions
- Market share gain continues. So far this year, market share in CV was up 60 bps while PV was up 50 bps.
- Commercial Vehicles (CV) growth impacted by liquidity stress and higher capacity arising from axle load norm changes
- Passenger Vehicles (PV) continues to outperform the industry with the new products driving the growth
- Continued strong profitability in CV; EBITDA stable despite challenging market conditions
- PV EBITDA break even sustained

FINANCIALS

In Q3 FY '19 wholesales (including exports) declined 0.5% to 171,354 units on the back of challenging market conditions in the domestic market. In the domestic market M&HCV trucks de-grew 15%, ILCV trucks +8%, SCV & Pick Ups +15% and CV Passenger -16%. PV was up 3% with new products continuing to gain strong traction in the market.

In the quarter, Revenue increased 1.5% to ₹16,208 Cr, Pre-tax profit at ₹519 Cr (against Pre-tax profit of ₹239 Cr in Q3 FY 18). Pre- tax profit for the quarter includes provision for impairment of intangible assets under developments of ₹ 24 Cr and foreign currency revaluation gain of ₹181 Cr (against NIL impairment charges and ₹70 Cr of foreign currency revaluation gain in Q3 FY18). Profit after tax for the quarter was ₹618 Cr.

Guenter Butschek, CEO and MD, Tata Motors, said "Fiscal year 2019 so far has been a challenging period for the industry. Despite the muted growth, Tata Motors has delivered strong results, registered an impressive profitable growth this year on the back of exciting products, renewed brand positioning and aggressive cost reduction. Our business performance is well on track - thanks to the turnaround momentum in the Company. We are committed to our core objectives of winning decisively in CVs, sustainably in PVs and proactively in EVs. Our aspirations for the future will only grow to surpass customers' expectations."

JAGUAR LAND ROVER

BUSINESS HIGHLIGHTS

- Jaguar Land Rover continues to invest in exciting products, electrification, and technology. Launched the all new Range Rover Evoque. The new Land Rover Defender will be revealed later this year. Investment in electrification with Electric Drive Units to be produced at the Engine Manufacturing Centre and a new Battery Assembly Centre to be established in the UK

- Realized £500m of cash improvements through the Charge & Accelerate programmes in the Quarter. On track to achieve £2.5 billion of cash and profit improvement by March 2020

- One-time non-cash exceptional charge of £3.1billion taken

- Decisive actions being taken including in Charge and Accelerate programs to make the business Fit for Future by reducing costs and improving cash flows to deliver sustainable profitable growth
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FINANCIALS

For Q3 FY 19, Retail sales were 144,602 vehicles, down 6.4% year-on-year primarily as a result of continued challenging market conditions in China, offset partially by encouraging growth in North America and the UK. The company's sales in Europe were up slightly, despite an 8% drop in the overall market. In the three-month period, sales increased for the new Jaguar E-PACE and Jaguar I-PACE as well as the refreshed Range Rover and Range Rover Sport, while the slowdown in China largely accounted for lower sales of other models.

The company reported revenues of £6.2 billion and a pre-tax loss before exceptional items of £273 million (EBIT margin -2.6%) for the quarter. The financial results mainly reflect the lower sales in China and higher depreciation and amortization of investment expense. The third quarter was also impacted by one-off factors including costs related to planned reduction in inventories, warranty reserve adjustments and currency and commodity revaluation.

The automotive industry is facing significant market, technological, and regulatory headwinds. At the same time, investment in new models, electrification and other technologies remains high. Given the muted demand scenario and the associated impact on the financials, Jaguar Land Rover has concluded that the carrying value of capitalized investments should be adjusted down, resulting in a non-cash £3.1 billion pre-tax exceptional charge and an overall pre-tax loss of £3.4 billion for the quarter.

As part of its plans to achieve £2.5 billion of investment, working capital and profit improvements by March 2020, Jaguar Land Rover announced in January that it would reduce its global workforce by 4,500 people. This is expected to result in a one-time exceptional redundancy cost of around £200 million.

The EBIT margin for the full financial year ended March 2019 is expected to be marginally negative which will result in a loss before tax for the year before exceptional items.

Jaguar Land Rover opened the new manufacturing facility in Slovakia at the end of October, where production of the Land Rover Discovery has now begun. Total investment spending for the quarter was £1 billion and cash flow after this and £242 million of inventory improvements was negative £361 million. Jaguar Land Rover ended the quarter with £2.5 billion of cash, after repaying a $700 million bond which matured in December. The company also had a £1.9 billion undrawn credit facility available at the end of the quarter.

Prof. Dr. Ralf Speth, Jaguar Land Rover Chief Executive, said “Jaguar Land Rover reported strong third quarter sales in the UK and North America, but our overall performance continued to be impacted by challenging market conditions in China. We continue to work closely with Chinese retailers to respond to current market conditions with a ‘Pull’ based approach to vehicle sales.

Today, we are also announcing a non-cash exceptional charge to reduce the book value of our capitalised investments. This accounting adjustment is consistent with the other decisive actions that we must take as part of our ‘Charge’ and Accelerate transformation programmes to create an efficient and resilient business, enabling Jaguar Land Rover to counter the multiple economic, geopolitical, technological and regulatory headwinds presently impacting the automotive industry. We are taking the right decisions now to prepare the company for the new technologies and strong product offensive for the future.

This is a difficult time for the industry, but we remain focused on ensuring sustainable and profitable growth, and making targeted investments, that will secure our business in the future”.

ADDITIONAL COMMENTARY ON FINANCIAL STATEMENTS

(CONSOLIDATED NUMBERS, IND AS)

FINANCE COSTS

Finance costs increased by ₹321Cr to ₹1,568Cr during Q3 FY’19 vs same quarter prior year.

JOINT VENTURES, ASSOCIATES AND OTHER INCOME

In the quarter, Net loss from joint ventures and associates amounted ₹138Cr compared with profits of ₹253Cr in prior year. The decrease is coming mainly from the lower profitability in the JLR’s China JV (CJLR) due to market challenges. Other income was ₹266Cr versus ₹182Cr in the same quarter prior year.

FREE CASH FLOWS

Free cash flow (automotive) in the quarter, was negative ₹5,228 Cr reflecting lower operating profits at JLR and negative working capital arising out of temporary unwinding of creditors at both TML(S) and JLR.

NET AUTO DEBT

Closing net automotive debt was ₹ 46,912Cr reflecting the cumulative negative free cash flow primarily at JLR and TML(S)

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

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