

Key Highlights of the Results: Q3'20

Tata Motors Group

- JLR continues its turnaround journey with another strong quarter
- India improves sequentially; performance impacted by M&HCV decline (despite market share gain) and BSIV stock reduction
- Consolidated results benefits from JLR China recovery and Project Charge offset by M&HCV decline & stock reduction in India
- Q3'20: Volumes at 276K down 12%; Revenue ₹ 72KCr down 7%
- EBITDA margin at 9.9%(+140 bps); EBIT margin at 2.3% (+240bps)
- PBT at ₹1,350Cr vs loss of ₹29,228Cr (includes impairment of ₹27,838Cr) in Q3'19
- PAT (post share of profit of associates and JV) at ₹1,756Cr ; Free Cash Flow (Auto) +₹4KCr

Jaguar Land Rover: Performance improves - Continued recovery in China, Project Charge delivers

- Q3'20: Revenue £ 6.4B (+2.8%);
- EBITDA margin at 10.8%; EBIT margin at 3.3%; PBT £ 318M; PAT £ 372M
- China retail sales continue to grow (up 24.3%)
- Strong demand for new Range Rover Evoque (global sales up 30.0%)
- All new Defender-customer orders building strongly
- Project Charge achieved £2.9 billion of cost and cash-flow improvements, ahead of its schedule
- Project Charge + formally launched; Targets to achieve £ 1.1B of cost and cash savings: - £400 million in Q4 FY 20 and £700 million in FY 21.

Tata Motors (Standalone incl JO): Turnaround 2.0 – Managing the slowdown by doing it right

- Q3'20: Revenue 11KCr (down 33%); PBT ₹ (1,024) Cr; PAT ₹ (1,040) Cr
- Performance impacted primarily by lower volumes, stock correction and higher VME
- Focus on securing ecosystem viability and retail acceleration; System stock reduced by around ₹3.8KCr
- Focused actions on the Working Capital led to Positive Free Cash flows of ₹2.4KCr for the quarter
- CV (Dom) retails higher by 16%(vs wholesales), PV(Dom) retails higher by 35%(vs wholesales)
- Exciting product actions in PV- Launched refreshed BS VI ranges, Altroz and Nexon EV; more to follow
- Tata Altroz received 5-Star Global NCAP rating, becoming India's safest car after Nexon

JLR turnaround continues; Market decline and BSIV stock reduction impacts domestic

- China improves, Project Charge delivers; India improves sequentially, M&HCV gains market shares
- Q3'20: Revenue 72 KCr; PBT ₹ 1,350Cr; PAT (post JV and Assoc) ₹ 1,756Cr

Mumbai, January 30, 2020: Tata Motors Ltd announced its results for the quarter ending December 31, 2019.

		Conso (₹ Cr Ind AS)		JLR (₹M, IFRS)		TML (S) (₹Cr, Ind AS)	
		Q3 FY'20	Vs. PY	Q3 FY'20	Vs. PY	Q3 FY'20	Vs. PY
Q3 FY20	Net Revenue	71,676	(7)%	6,398	3%	10,843	(33)%
	EBITDA (%)	9.9	140 bps	10.8	350 bps	1.1	(800 bps)
	EBIT (%)	2.3	240 bps	3.3	580 bps	(6.7)	(1100 bps)
	PBT	1,350	-	318	-	(1,024)	-
9M FY20	Net Revenue	198,575	(8)%	17,558	3%	34,195	(32)%
	EBITDA (%)	9.6	100 bps	9.9	240 bps	2.3	(640 bps)
	EBIT (%)	1.3	100 bps	1.3	360 bps	(4.7)	(900 bps)
	PBT	(1,267)	-	79	-	(2,342)	-

JAGUAR LAND ROVER (JLR)-Q3FY 20	TATA MOTORS (STANDALONE, INCL JO)-Q3FY 20
<ul style="list-style-type: none"> • Retails (incl CJLR) down 2.3% to 141.2K units; Wholesales (incl CJLR) up 2.7% to 145.4K units in Q3FY20 • Net Revenue up 3% to £6.4B • EBIT at 3.3%, Favourable mix, China growth, lower operating costs, D&A and favourable forex • PBT at £ 318m • Investments: £ 892m in products and technologies • Free Cash Flows of £(144)m, better than Q3FY19 on higher profitability and lower investment spending 	<ul style="list-style-type: none"> • Wholesales down 25% to 129.1K units. CV down 24%, PV down 26%; Wholesale (Dom) down 23%, Retails down 17% • Net Revenue down 33% to ₹ 10.8K Cr • EBIT at (6.7)%, M&HCV volume down 48%, adverse mix and negative operating leverage • Loss before tax at ₹ 1,024Cr, • Investments: ₹ 1,318 Cr in products and technologies • Free cash flows of ₹2,402 Cr led by focused actions on Working Capital

Jaguar Land Rover continued its turnaround and transformation journey with another quarter of strong delivery. China continues to improve gradually while Project Charge is well ahead of plans having already delivered £2.9B so far. "Project Charge+" has been formally launched to deliver £1.1B of cost and cash savings (£0.4B in Q4FY20 and £0.7B in FY21). The product offensive continued with the launch of the New Defender whose order books are building up strongly. However, global markets remain challenging and, in this context, we are focused on leveraging our strong brands and exciting product portfolio to step up revenue growth while rigorously executing our cost savings plans.

In India, the auto industry continues to be impacted by the general economic slowdown. The profitability was impacted by adverse mix where despite increasing market shares, M&HCV volumes declined. This coupled with proactive system stock reduction of ₹3,800Cr resulted in loss of operating leverage. Though the near-term market situation is fluid, we are optimistic on the medium term as we launch our exciting BS VI range of products with our system inventory at a multi-year low. We remain focused on driving our Turnaround strategy and transitioning seamlessly to BS VI.

As we strengthen our internal capabilities, we remain confident of delivering competitive, consistent and cash accretive growth.

JAGUAR LAND ROVER

BUSINESS HIGHLIGHTS

- China retail sales continue to grow (up 24.3%)
- Strong demand for new Range Rover Evoque (global sales up 30.0%)
- Project Charge cost and cash flow improvements beat the £2.5 billion target ahead of schedule; 'Project Charge+' formally launched
- The new Land Rover Defender, completely reinvented for the digital age, revealed at the Frankfurt Motor Show in September. Deliveries to start in the spring
- New Jaguar F-TYPE was unveiled in December, generating a very positive customer and media reaction
- All-electric Jaguar I-PACE won the coveted Golden Steering Award for Best Mid-Size SUV in November

FINANCIALS

Revenues increased to £6.4 billion, up 2.8% year-on-year. While total retail sales fell 2.3%, sales in China continued to recover (up 24.3%) and sales in North America increased by 1.1%.

Product mix was stronger, with global sales of the new Range Rover Evoque, luxury compact SUV up 30.0% and the refreshed Land Rover Discovery Sport rising 9.2%. Retail sales of the Range Rover Sport and Land Rover Discovery also grew year-on-year.

Pre-tax profit increased to £318 million in the quarter, representing a £591 million year-on-year improvement versus the £273 million loss in the third quarter of last year (before an exceptional non-cash asset impairment of £3.1 billion in Q3 of the prior year). The improvement reflected a combination of the higher China volume, stronger product mix, lower operating costs (including Project Charge) and favourable foreign exchange. Margins also turned positive year-on-year with an EBIT margin of 3.3% and an EBITDA margin of 10.8%.

The company's Project Charge transformation programme reduced operating costs by £154 million, investment by £200 million, and inventories by £405m in the quarter. This brings the total cost and cash flow improvements to £2.9 billion, exceeding the £2.5 billion target three months ahead of schedule. The company has now embarked on 'Project Charge +', the next phase of Project Charge, which will primarily target cost savings and deliver a further £1.1 billion (£0.4 billion in Q4 FY20 and £0.7 billion in FY21) of cost and cash flow improvements for a total of £4 billion of improvements by March 2021.

Free cash flow was negative £144 million, up £217 million year-on-year, reflecting the improved profitability and lower investment spending. The latter decreased £128 million to £892 million for the period.

Despite the many challenges presently facing the industry, Jaguar Land Rover has continued to expect improved profitability and cash flow for the financial year ending 31 March 2020 with an EBIT margin of around 3%, however, the developing situation with the coronavirus could have some impact on this.

Prof Sir Ralf Speth, JLR Chief Executive commented, "In the third quarter Jaguar Land Rover sustained year-on-year revenue and profit growth as we continued to transform our business. Conditions in the automotive industry remain challenging but we are encouraged by the recovery in our China business and the success of the new Range Rover Evoque. Our proactive and decisive actions are creating a more robust, resilient business, transforming today for tomorrow. Our improving financial results and the cost and cash flow achievements of Project Charge will support the next phase of our pipeline of exciting new vehicles and technologies, with a choice of outstanding electrified, petrol and diesel powertrains. This combined success is enabling us to lay the foundations for long-term growth as we move purposefully towards Destination Zero - our mission to shape future mobility with zero emissions, zero accidents and zero congestion."

TATA MOTORS (STANDALONE INCL. JOINT OPERATIONS)

BUSINESS HIGHLIGHTS

- Growth continues to be impacted by subdued demand following the general economic slowdown, higher axle loads, liquidity stress and low freight availability for cargo operators
- Turnaround 2.0: Focused on securing ecosystem viability and improving retail growth continues to deliver for the company
- System stock reduced further by ₹ 3.8KCr (TML + Dealership) taking the total to ₹ 7.2KCr for the year
- CV (Dom) retails higher by 16%(vs wholesales), PV(Dom) retails higher by 35% (vs wholesales)
- CV EBITDA margins impacted due to adverse mix and negative operating leverage. PV EBITDA impacted by negative operating leverage

FINANCIALS

In Q3FY'20 wholesales (including exports) decreased 24.6% to 129,185 units. In the domestic market, M&HCV trucks de-grew 47.7%, ILCV trucks de-grew 15.7%, SCV & Pick Ups de-grew 6.1% and CV Passenger de-grew by 25.6%. Domestic PV volumes were down 26%.

Revenue for the quarter decreased 33% to ₹10.8KCr, Pre-tax loss at ₹1024Cr (against pre-tax profit of ₹ 519Cr in Q3FY 19) due to adverse mix from M&HCV volume decline, stock correction and negative operating leverage.

Positive Free Cash flows for the quarter was ₹ 2.4KCr, an improvement over the previous quarter led by focused actions on the working capital.

Guenter Butschek, CEO and MD, Tata Motors, said, "The downturn in the automotive industry continued in Q3 as the economy slowed down. Despite gaining sequential market shares in M&HCV, ILCV and SCV this quarter, our financial performance was impacted due to the downturn coupled with the inventory corrections we took to get ready for BS VI. Our focus on retail acceleration and system stock reduction helped us achieve a multi-quarter low inventory level in CV and PV, while simultaneously getting ready for a smooth transition to BSVI. We have taken the BSVI transition not only as a mere compliance agenda, but, have gone beyond and provided exciting value enhancements packaged in a completely new product portfolio. We are confident that this approach will reap us rich rewards in the coming quarters.

As the sales upbeat of the festive months could not sustain, we remain concerned about the intrinsic demand and weak consumer sentiment. However, we expect a perceptible improvement in demand outlook as the infrastructure investments announced by the government pick up pace. We also anticipate further measures in the Union Budget to boost consumer sentiment and spur growth.

We remain optimistic of the medium to long term opportunity offered by the Indian automotive market and aim to win in this market with our fully refreshed, exciting and competitive portfolio coupled with focused efforts to improve our sales and customer experience and continued drive for cost efficiencies."

ADDITIONAL COMMENTARY ON FINANCIAL STATEMENTS

(CONSOLIDATED NUMBERS, IND AS)

FINANCE COSTS

Finance costs increased by ₹ 175Cr to ₹1,744Cr during Q3FY'20 vs prior year due to higher gross borrowings as compared to Q3 FY'19

JOINT VENTURES, ASSOCIATES AND OTHER INCOME

For the quarter, net loss from joint ventures and associates amounted to ₹ 199Cr compared with loss of ₹ 138Cr in prior year. Other income (excluding grants) was ₹ 402Cr versus ₹ 266 Cr in the prior year.

FREE CASH FLOWS

Free cash flow (automotive) in the quarter, was positive ₹ 4KCr (as compared to negative ₹5K Cr in Q3 FY 19) reflecting focused working capital action at TML and continued strong performance at JLR.

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

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