TATA MOTORS Connecting Aspirations . . . . **TATA**

COVID-19 impacts results

- **Q4 FY20: Revenue ₹62.5KCr; PBT ₹ (9.3) KCr; PAT (post JV and Assoc) ₹ (9.9) KCr**
- **FY20: Revenue ₹261.1KCr; PBT ₹ (10.6) KCr; PAT (post JV and Assoc) ₹ (12.0) KCr**

Mumbai, June 15, 2020: Tata Motors Ltd announced its results for year ending March 31, 2020.

		Conso (₹ Cr Ind AS)		JLR (£M, IFRS)		TML (S) (₹Cr, Ind AS)	
		Q4 FY'20	Vs. PY	Q4 FY'20	Vs. PY	Q4 FY'20	Vs. PY
Q4FY20	Net Revenue	62,493	**(28) %**	5,426	**(24) %**	9,733	**(48) %**
	EBITDA (%)	4.6	**(510) bps**	4.8	**(500) bps**	5.5	**(1250) bps**
	EBIT (%)	(5.0)	**(840) bps**	(4.6)	**(770) bps**	(15.6)	**(1790) bps**
	PBT	(9,313)	-	(501)	-	(4,786)	-
FY20	Net Revenue	261,068	**(14) %**	22,984	**(5) %**	43,928	**(37) %**
	EBITDA (%)	8.4	**(50) bps**	8.7	**50 bps**	0.6	**(760) bps**
	EBIT (%)	(0.2)	**140 bps**	(0.1)	**60 bps**	(7.1)	**(1090) bps**
	PBT	(10,580)	-	(422)	-	(7,127)	-

JAGUAR LAND ROVER (JLR) - FY20	TATA MOTORS (STANDALONE, INCL JO) - FY 20
• **Retails** down 12% to 508.7K units	• **Retails:** CV down 22% to 360.8K; PV down 25% to 148.8K units
• **Net Revenue** down 5% to £23.0B	• **Net Revenue** down 37% to ₹ 43.9K Cr
• **EBIT** at (0.1) %	• **EBIT** at (7.1) %
• **Loss before tax at** £ 422m	• **Loss before tax** at ₹ 7,127Cr.
• **Investments:** £ 3.3B in products and technologies	• **Investments:** ₹ 5,344 Cr in products and technologies
• **Free Cash Flows** of £ (0.7) B	• **Free cash flows** of ₹ (6.0) KCr

JLR: After Jaguar Land Rover's return to profit in the second and third quarters, which reflected improvements achieved through its transformation programme, fourth quarter results were significantly impacted by the pandemic. Despite this, the business has improved its EBIT by 60bps and cash delivery by £560m over the previous year. Project Charge has delivered cumulative savings of £3.5 billion.

TML: In India, demand which was already adversely impacted by the general economic slowdown, liquidity stress and stock corrections due to BSVI transition, was further affected by the lockdown. Steep volume decline, particularly MHCV, and resulting negative operating leverage impacted profitability and cash flows.

Outlook: Q1 FY21 is expected to be significantly weaker in both JLR and TML with the full impact of lockdowns being reflected in the results. A gradual improvement in performance is anticipated in the coming quarters as we deliver our exciting product range while driving a robust cost and cash savings agenda. Actions are underway to significantly deleverage the Tata Motors Group with JLR to become sustainably cash positive from FY22 while becoming future ready.

JAGUAR LAND ROVER (JLR)

HIGHLIGHTS

- After return to profit in the second and third quarters, COVID-19 significantly impacted Q4 & Full-Year Fiscal 2019/20 results
- Retail unit sales fall 30.9% in Q4 and 12.1% in fiscal 2019/20
- Full-year pre-tax loss of £422 million on revenues of £23 billion
- EBIT margin almost breakeven (margin up 0.6% year on year) and Q4 cash flow positive £225 million
- ‘Charge’ programme savings increased to £3.5 billion; Target for March 2021 increased to £5.0 billion
- Solid liquidity position of £5.6 billion.

FINANCIALS

Following its return to profit in the second and third quarters, COVID-19 significantly impacted the fourth quarter. As a result of lower sales, JLR suffered a loss of £501 million in Q4 and £422 million for the full year on revenues of £5.4 billion and £23 billion, respectively. However, Earnings Before Interest and Tax (EBIT) which also excludes foreign exchange and commodity revaluation were still almost breakeven for the year (margin up 0.6% year on year) and cash flow was positive in Q4. Cost and cash improvements under Project Charge increased by £600 million in Q4 to bring cumulative savings to £3.5 billion by 31 March 2020. The company ended the fourth quarter with solid liquidity including £3.7 billion of cash and a £1.9 billion undrawn revolving credit facility.

LOOKING AHEAD

The Company responded quickly to the current situation by implementing a temporary shutdown of all its plants and rigorous cost and investment controls to conserve cash as much as possible. The Company is now seeing encouraging recovery in China with all its dealers now open and with sales of 6,828 vehicles in April, down only 3.1% year on year and 8,068 in May, up 4.2% year on year. Accordingly, the company is gradually resuming production at the Solihull and Halewood vehicle manufacturing plants and engine plant in the UK, the Slovakia plant, and contract assembly line in Austria.

In this fluid situation, the company will focus on conserving cash by rigorously managing cost and investment spends to protect liquidity. The company has now increased the Charge target for March 2021 to £5.0 billion, implying £1.5 billion of cost and cash savings in FY21. As part of this, company has deferred or cancelled lower margin and non-critical investment and is targeting investment spending of circa £2.5 billion in FY21, substantially lower than £3.3 billion in FY20 and £3.8 billion in FY19. As a result of the impact of worldwide lock downs on sales and plant shutdowns, free cash flow was negative c. £1.5b in April and May, including one-time working capital outflows of c.£1.2b; free cash flow for the full quarter ending 30 June is expected to be less than £2 billion negative.

While the outlook remains uncertain the Company expects a gradual recovery of sales and improving cash flows for the remainder of the year.

Prof Sir Ralf Speth, JLR Chief Executive commented,

“*Jaguar Land Rover’s early action to transform its business meant that as a company we were on track to meet our full-year expectations and operational and financial targets before the pandemic hit in the fourth quarter. We also reacted quickly to the disruption. Our immediate priority has been the health and wellbeing of our people – and this remains the case as we have now begun the gradual, safe restart of our operations. In such uncertain times, I remain convinced that Jaguar Land Rover’s focus on its people, its innovative products and its Destination Zero mission will remain the key to navigating out of this global crisis effectively. In China, we are beginning to see recovery in vehicle sales and customers are returning to our showrooms. Our operational fitness gives me confidence that we can weather this storm.*”

TATA MOTORS (STANDALONE INCL. JOINT OPERATIONS)

BUSINESS HIGHLIGHTS

- Growth during the year impacted by subdued demand following the general economic slowdown, liquidity stress, low freight availability for cargo operators, transition to BSVI and the supply chain disruptions due to COVID-19
- Seamless transition to BSVI led by strong focus on retails; System stock at historical low
- CV retails at 361K. Market share in MHCV up 240 bps to 57.4% and ILCV up 180 bps to 47.2%
- CV EBITDA margins impacted due to adverse mix and negative operating leverage.
- PV retails at 149K. Exciting product portfolio launched viz. new BS VI range and the New Altroz
- PV contribution margins steady, focus on front end activation
- ₹ 6000Cr of cost and cash savings to planned to be delivered in FY21
- Strong liquidity position of ₹ 6.7 KCr.

FINANCIALS

In FY20 wholesales (including exports) decreased 35.1% to 475,207 units. In the domestic market, M&HCV growth was -49.7%, ILCV -26.2%, SCV & Pick Ups -24.6% and CV Passenger -28.9%. Domestic PV volumes were down 37.4% where after a successful switch to BSVI there were severe supply disruptions (China supplies and fire at vendor). Overall domestic retails were higher than wholesales by 65K.

Revenue for the year decreased 36.5% to ₹43.9KCr, Pre-tax loss before exceptional items was ₹4,617Cr (against pre-tax profit of ₹ 2,602Cr in FY 19) due to adverse mix from M&HCV volume decline, stock correction and negative operating leverage. Exceptional include ₹ 2508Cr charge for rationalising the asset base and other provisions in India PV. Earnings Before Interest and Tax (EBIT) was (7.1)% and free cash flow for the year was ₹ (6) KCr with second half being positive ₹ 400Cr despite the challenges. The company ended the fourth quarter with a strong liquidity of ₹ 6.7 KCr.

LOOKING AHEAD

The Company responded quickly to the current crisis by implementing a temporary lockdown of all its plants and instituted rigorous cost and investment controls to conserve cash as much as possible. With limited sales in the quarter so far, the Company expects sales to start recovering from June onwards and is gearing up its supply chain accordingly. The company will focus on conserving cash by rigorously managing cost and investment spends to protect liquidity. The company has called out a cost savings program of ₹ 1500Cr and a cash improvement program of ₹ 6000Cr. As part of this, company has deferred or cancelled lower margin and non-critical investment and is targeting capex spending of circa ₹ 1.5KCr in FY21, substantially lower than ₹ 5.3KCr in FY20 and FY19. With peak lockdowns in the first quarter, Company expects significantly lower sales in the quarter and negative free cash flow of about ₹ 5000Cr in Q1FY21,around ₹3500 of which is related to one time working capital outflows.

While the outlook remains uncertain the Company expects a gradual recovery of sales and improving cash flows for the remainder of the year and expects to end the FY21 with positive free cash flows.

Guenter Butschek, CEO and MD, Tata Motors, said,

"The auto industry faced strong headwinds in FY20 amidst a slowing economy due to multiple factors - liquidity crisis, high fuel prices, changes in axle load norms and BS6 transition, all leading to weak consumer sentiments and subdued demand across segments. Disruption in the supply chain induced by the pandemic and the nationwide lockdown in mid-March 2020 added to the problems. Disappointingly, even with our relentless focus on retail acceleration, 'Mission Zero' on BSIV inventory and stringent cost reduction initiatives, we have not been able to mitigate the impact on our financials.

Currently, we are operational at all our plants and at most of the dealerships with a strict adherence to safety and health norms. With a calibrated scaling up of our activities, we will continue to build agility to respond dynamically to the changing consumer behavior through closer connect to our customers and by leveraging digital interventions to provide the best in class customer experience, while improving our market, operational and financial performance."

ADDITIONAL COMMENTARY ON FINANCIAL STATEMENTS

(Consolidated Numbers, Ind AS)

Finance Costs

Finance costs increased by ₹ 1,485Cr to ₹ 7,243Cr during FY’20 vs prior year due to higher gross borrowings as compared to FY’19

Joint ventures, Associates and Other income

For the year, net loss from joint ventures and associates amounted to ₹ 1,000Cr compared with profit of ₹ 210Cr in prior year. Other income (excluding grants) was ₹ 990Cr versus ₹ 1,171 Cr in the prior year.

Free Cash Flows

Free cash flow (automotive) in the year, was negative ₹ 9.2KCr (as compared to negative ₹ 9.2K Cr in FY 19) reflecting lower profitability and adverse working capital due primarily in India business

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

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