TATA MOTORS
Connecting Aspirations
TATA

# Tata Motors Consolidated Q1 FY22 Results: Strong YoY performance
## Revenue growth +107.6%, EBITDA at ₹ 5.5KCr, PBT(bei) ₹ (2.6) KCr

- Revenue ₹66.4KCr; EBITDA at 8.3% (+ 570 bps); EBIT at (1.3)% (+1380 bps); FCF (Auto) at ₹ (18.2) KCr.
- JLR EBITDA at 9.0% (+540 bps), TML(S) EBITDA at 1.8% (+3110bps).
- CV revenue up 355%, EBITDA at 0.1% (+4070 bps); PV revenue up 336%, EBITDA at 4.1% (+2040 bps).

**Mumbai, July 26, 2021:** Tata Motors Ltd announced its results for quarter ending June 30, 2021.

| Q1 FY22 | | Conso (₹ Cr Ind AS) | | JLR (£m, IFRS) | | TML (S) (₹Cr, Ind AS) | |
|---|---|---|---|---|---|---|---|
| | | Q1FY'22 | Vs. PY | Q1FY'22 | Vs. PY | Q1FY'22 | Vs. PY |
| | Net Revenue | 66,406 | **107.6%** | 4,966 | **73.7 %** | 11,904 | **343.1 %** |
| | EBITDA (%) | 8.3 | **570 bps** | 9.0 | **540 bps** | 1.8 | **3110 bps** |
| | EBIT (%) | (1.3) | **1380 bps** | (0.9) | **1270 bps** | (6.2) | **5510 bps** |
| | PBT (bei) | (2,581) | - | (110) | - | (1,289) | - |

| JAGUAR LAND ROVER (JLR) | TATA MOTORS (STANDALONE, INCL JO) |
|---|---|
| • **Retails** for Q1 up 68% to 124.5K units; | • **Retails (Domestic):** Q1 retails up 340% to 95.2K units |
| • **Investments:** £0.6 b in products and technologies | • **Investments:** ₹0.7KCr in products and technologies |
| • **Free Cash Flows** of £(996)m in Q1 FY22 | • **Free Cash Flows** of ₹ (8.0) KCr |

**JLR:** Retail sales in the first quarter were 124,537 vehicles, up 68.1% year-on-year as sales continued to recover from the impact of the pandemic. Shortage of semiconductor supplies constrained production resulting in a pre-tax loss of £110 million with an EBIT margin of (0.9) % and a free cash outflow of £996 million marking a significant improvement from the loss of £413 million and cash outflow of £1.6 billion at the peak of the pandemic a year ago.

**TML:** India operations showed significant improvement as compared to Q1 a year ago, however the Second COVID wave in India along with the supply issues, slowed down the growth momentum as compared to Q4 FY 21. As a result, TML reported EBIT of (6.2) % and pre-tax loss of ₹ (1.3)K Cr for Q1 FY22. PV business continues its turnaround journey and has achieved yet another milestone of double-digit market share. EV business continues to grow rapidly and delivered 5x revenue growth and highest quarterly sales at 1,715 units.

**Outlook:** Demand remains strong for JLR and India PV while CV demand is showing gradual improvement. In this dynamic business environment, we anticipate that semiconductor issues, commodity inflation and pandemic uncertainty will have an impact in the short term. We expect the performance to improve progressively from H2 as supply chain and pandemic situation improves. The business has demonstrated strong resilience in the face of adversity and its fundamentals are strong. We will remain agile to address these challenges and drive consistent, competitive and cash accretive growth over the medium to long term whilst deleveraging the business to near zero automotive debt by FY24.

# JAGUAR LAND ROVER (JLR)

## HIGHLIGHTS

- Wholesales of 84.4k, up 72.6% but 30k units (27%) lower than planned due to semiconductor shortage
- Pre-tax loss of £110 million, but £303m better than a year ago, and free cash outflow of £996m, but £571m better than a year ago
- Demand remains strong with record order book of 110k units.
- Strong liquidity of £5.7 billion at 30 June 2021, with £3.7 billion of cash, and £1.9 billion undrawn credit facility – additional £0.9b of liquidity added in July
- Reimagine strategy powered by Refocus continues to make progress, driving quality, financial growth, sustainability and digitalisation

## FINANCIALS

Retail sales in the first quarter were 124,537 vehicles, up 68.1% year-on-year as sales continued to recover from the impact of the pandemic. Sales were higher in all key regions including in the UK (+186.9%), Europe (124.0%), Overseas (71.0%), North America (50.5%), and China (14.0%). Retail sales of all model families increased year-on-year, led by Range Rover and Defender models. Electrified vehicles made up 66% of JLR's retail sales in Q1 (2.0% BEV's, 6.5% PHEV and 57.1% MHEV.)

Revenue was £5.0 billion in the first quarter, 73.7% higher than Q1 in the prior year, reflecting a 72.6% year-on-year growth in wholesales to 84,442 vehicles, however, this was c. 30,000 units lower than planned due to semiconductor supply constraints. The production constraint resulted in a pre-tax loss of £110 million with an EBIT margin of (0.9)% and a free cash outflow of £996 million. The cash outflow is after £571m of investment spending and unfavourable working capital of c. £800 million related to the lower production. Nevertheless, these results represent a significant improvement from the loss of £413 million and cash outflow of £1.6 billion at the peak of the pandemic in Q1 a year ago.

## LOOKING AHEAD

Despite the spread of the Delta variant, the continued increase in Covid vaccination rates is encouraging for the ultimate recovery of the global economy and automotive industry. The shortage of semiconductors is presently very dynamic and difficult to forecast. JLR now expects semiconductor supply shortages in the second quarter ended 30 September 2021 to be greater than in the first quarter, potentially resulting in wholesale volumes about 50% lower than planned. JLR expects the situation will start to improve in the second half of the financial year. In the second quarter, JLR expects a negative EBIT margin with a free cash outflow of less than £1 billion. As semiconductor supply improves, JLR expects to achieve a positive EBIT margin and positive free cash flow in the second half of the financial year.
Jaguar Land Rover's medium- and longer-term financial targets under the Reimagine strategy, underpinned by the Refocus transformation programme, remain unchanged, including double digit EBIT margins by FY26. Jaguar Land Rover continues to see strong demand for its products. The company presently has about 110,000 global retail orders, the highest in the history of the company, representing 3 months of sales cover, with 5 months in Europe and 4 months in the UK. Orders for the Defender alone total over 29,000, representing over 4 months of demand.

**Thierry Bolloré, Jaguar Land Rover Chief Executive Officer concluded:**
"*We are pleased to see a continuing positive recovery from the pandemic, with year-on-year growth in all regions, demonstrating the appeal of Jaguar and Land Rover vehicles. Though the current environment continues to remain challenging, we will continue to adapt and manage elements that are within our control and ensure that Jaguar Land Rover is well-placed to respond to any further market developments. We remain encouraged by the sheer strength of the demand for our vehicles, and note the success of our electrified powertrain offering as we work to drive that demand further by reimagining our iconic British brands for a future of modern luxury by design. We have the right vision with Reimagine, and we are already on the journey*."

# TATA MOTORS (STANDALONE INCL. JOINT OPERATIONS)

## HIGHLIGHTS

- Significant improvement as compared to a year ago.
- Revenue up 343%, EBITDA 1.8% (+3110 bps), EBIT at (6.2) % (+5510bps), however, performance impacted as compared to Q4 FY 21 due to the second wave of pandemic
- Free Cash Flow at ₹ (8.0) KCr, majorly impacted by working capital ₹ (7.1) KCr, expected to improve from Q2 as volumes recover
- CV retails: 41.4K up 13x. Market share at 40.5%; MHCV (62.7%) and ILCV (52.3%) improve further.
- CV EBITDA at 0.1% (+4070 bps); declined QoQ due to impact of volumes and fixed costs
- PV retails: 53.8K up 189%; PV business achieves 10% market share after a gap of 9 years
- PV EBITDA at 4.1%; (+2040 bps); QoQ marginally lower by 80 bps
- EV: Continued momentum in the business. Nexon EV achieved highest quarterly sales of 1,715 units
- Strong liquidity position as on 30th June 2021 amounting to ₹ 5.8KCr including RCF of ₹ 1KCr

## FINANCIALS

In Q1FY22 wholesales (including exports) increased 351.4% to 114,170 units. The volumes across all segments significantly grew as compared to Q1 FY21, however they were lower than Q4 FY21 due to the lockdowns imposed due to the second wave of pandemic.

Revenue for the quarter increased 343.1% to ₹11.9KCr and pre-tax loss before exceptional was ₹ 1,289Cr (vs loss of ₹ 2,141Cr in Q1FY21). PBT improvement was mainly due to better volumes, improved product mix, offset by commodity inflation and fixed costs. EBIT margin was (6.2) % in the quarter (+5510 bps). Free cash flow for the quarter was ₹ (8.0) KCr.

## LOOKING AHEAD

The business scenario continues to remain fluid. Demand situation is likely to improve further despite pandemic uncertainty impacting the short term. However, there are significant challenges on the supply side including semi-conductor issues and runaway commodity inflation.

Sequential improvement in overall performance is expected from the second half of FY22. In Commercial Vehicles, the focus remains on growing market share and protecting margins amidst a volatile environment, while in Passenger Vehicles, the company will continue to enhance the sales momentum by leveraging its portfolio and "Reimagining" the front end. In Electric Vehicle, Company will drive up penetration through portfolio expansion and accelerating charging infrastructure. Company is targeting to deliver positive EBIT margin with positive free cash flows in FY22

**Girish Wagh, Executive Director Tata Motors Ltd said:**

*"The successful implementation of a comprehensive Business Agility plan enabled us to manage lockdowns effectively and also deliver competitive growth as markets reopened. In the near term, we remain focused on fulfilling customer demands while driving all levers of the business to mitigate the unprecedented commodity inflation.*

*Looking beyond the short-term challenges, we see significant opportunities to leverage the mega trends shaping the Indian automotive industry. We are working to transform the customer experience digitally and also strengthen our lead in sustainable mobility. We will continue to make the requisite investments to ensure a competitive product portfolio whilst driving down the cash break-evens of the business to deliver consistent, competitive and cash accretive growth over the medium to long term."*

# ADDITIONAL COMMENTARY ON FINANCIAL STATEMENTS

**(CONSOLIDATED NUMBERS, IND AS)**

## FINANCE COSTS

Finance costs increased by ₹ 326Cr to ₹ 2,203Cr during Q1FY’22 vs prior year due to higher gross borrowings as compared to Q1’FY21.

## JOINT VENTURES, ASSOCIATES AND OTHER INCOME

For the quarter, net loss from joint ventures and associates amounted to ₹130Cr compared with a loss of ₹ 60Cr in prior year. Other income (excluding grants) was ₹ 240Cr versus ₹ 228Cr in the prior year

## FREE CASH FLOWS

Free cash flow (automotive) in the quarter, was negative at ₹18.2 KCr (as compared to negative ₹ 19.4K Cr in Q1 FY 21) of which ₹16.5K Cr was due to working capital unwind.

*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