

Tata Motors Consolidated Q2 FY22 Results:
Revenue +14.7%, EBITDA at ₹ 5.2KCr, PBT(bei) ₹ (3.5) KCr

- Revenue ₹61.4KCr; EBITDA at 8.4% (-210 bps); EBIT at (1.5) % (-160 bps); FCF (Auto) at ₹ (3.2) KCr.
- JLR EBITDA at 7.3% (-380 bps), TML(S) EBITDA at 3.9% (+130bps).
- CV revenue up 97.1%, EBITDA at 3.1% (-10 bps); PV revenue up 82.7%, EBITDA at 5.2% (+360 bps).

Mumbai, November 1, 2021: Tata Motors Ltd announced its results for quarter ending September 30, 2021.

Q2 FY22		Conso (₹ Cr Ind AS)		JLR (£m, IFRS)		TML (S) (₹Cr, Ind AS)	
		FY'22	Vs. PY	FY'22	Vs. PY	FY'22	Vs. PY
	Net Revenue	61,379	14.7 %	3,871	(11.1) %	18,439	90.7 %
	EBITDA (%)	8.4	(210) bps	7.3	(380) bps	3.9	130 bps
	EBIT (%)	(1.5)	(160) bps	(4.7)	(500) bps	(1.6)	520 bps
	PBT (bei)	(3,467)	-	(302)	-	(819)	-
H1 FY22	Net Revenue	127,785	49.4 %	8,837	22.5 %	30,343	145.6 %
	EBITDA (%)	8.3	80 bps	8.3	20 bps	3.1	750 bps
	EBIT (%)	(1.4)	420 bps	(2.6)	260 bps	(3.4)	1,530 bps
	PBT (bei)	(6,048)	-	(412)	-	(2,108)	-

JAGUAR LAND ROVER (JLR)	TATA MOTORS (STANDALONE, INCL JO)
<ul style="list-style-type: none"> ● Retails for Q2 down 18% to 92.7K units; ● Investments: £0.5 b in products and technologies ● Free Cash Flows of £(664)m in Q2 FY22 	<ul style="list-style-type: none"> ● Retails (Domestic): Q2 retails up 77% to 162.4K units ● Investments: ₹0.6 KCr in products and technologies ● Free Cash Flows of ₹ 3.8 KCr in Q2 FY22

JLR: Wholesales to dealers in the Quarter were 64,032 vehicles, down 12.8% year-on-year, and retail sales (including the China Joint Venture) were 92,710 vehicles, down 18.4%, reflecting the semiconductor shortage and lower retailer inventories. For Q2 FY22, revenue was £3.9 billion with a pre-tax loss of £302 million (EBIT margin -4.7%). Free cash outflow was £664 million, this was significantly better than prior guidance for a £1 billion free cash outflow, reflecting prioritized production of higher margin products and cost controls to reduce the cash break-even point further.

TML: India operations showed significant improvement as compared to Q2 a year ago, however the supply chain issues, and commodity inflation impacted the margins. As a result, TML reported EBIT of (1.6)% and pre-tax loss of ₹ 0.8K Cr for Q2 FY22. PV business continued its turnaround journey and strengthened its double-digit market share with decade high quarterly sales. EV business recorded nearly three-fold growth and recorded highest monthly and quarterly sales of 1,078 units and 2,704 units, respectively.

Outlook: Demand remains strong for JLR and India PV while CV demand is improving gradually. Semiconductor issues and commodity inflation will continue to impact the near term and we are doing our best to manage them. The performance is expected to improve gradually starting in H2 as both the supply chain and the pandemic situation improves.

JAGUAR LAND ROVER (JLR)

HIGHLIGHTS

- Q2 wholesales 64,032, down 12.8% year-on-year due to chip supply, in line with guidance
- Revenue of £3.9 billion and pre-tax loss of £302 million
- Free cash outflow of £664 million, significantly better than expected £1 billion outflow
- Demand remains strong with record order book of more than 125k units
- Strong liquidity of £5.9 billion at 30 September 2021, including £3.8 billion of cash and a £2 billion undrawn revolving credit facility
- Highly anticipated all new Range Rover announced with sales expected to begin in Q4 FY22
- Continuing to execute Reimagine strategy and Refocus transformation programme

FINANCIALS

Retail sales (including the China Joint Venture) were 92,710 vehicles, down 18.4%, reflecting the semiconductor shortage and lower retailer inventories. Retail sales were lower year-on-year in most regions, including North America (-15.6%), China (-6.3%), Europe (-17.0%), and in the UK (-47.6%), but were up in Overseas region (+10.0%). Retail sales of all models were lower year-on-year except for the new Land Rover Defender, which retailed 16,725 vehicles, up 70.4% year-on-year, making it JLR's bestselling model in the quarter. The mix of electrified vehicles (BEV, PHEV and MHEV) reached 66%. Despite the impact of the semiconductor shortage on production and sales, the Company continues to see strong demand for its products with global retail orders at record levels of more than 125,000 vehicles.

For the Quarter, revenue was £3.9 billion with a pre-tax loss of £302 million (EBIT margin -4.7%). Free cash outflow was £664 million, after £484 million of investment spending and £501 million volume-related working capital outflow. This was significantly better than prior guidance for a £1 billion free cash outflow, reflecting prioritised production of higher margin products and cost controls to reduce the cash break-even point for the Company.

The Refocus transformation programme aims to achieve £1 billion of value in FY22 and has achieved about £500 million in the year to date. The quality pillar of the programme is seeing good progress, Jaguar Land Rover was the most improved OEM (13th place) in the most recent JD Power US Initial Quality Study and took 1st place in the JD Power US APEAL study.

LOOKING AHEAD

Looking ahead, the semiconductor shortage remains dynamic and difficult to forecast, however, JLR expects to see gradual recovery starting in the second half of FY22. While supply remains constrained, JLR will continue to take mitigating actions, including prioritising the production of higher margin vehicles for the available supply of semiconductors and closely managing costs to bring down the break-even point for the business. Further, JLR is taking measures to increase the future visibility and control over semiconductor supply for its vehicles, working closely with semiconductor and Tier One suppliers. As a result, JLR expects the EBIT margin and free cash flow (before restructuring costs) to turn positive in the second half of Fiscal 2022.

JLR's medium- and longer-term financial targets under the Reimagine strategy, underpinned by the Refocus transformation programme, remain unchanged, including increasing EBIT margins to 10% or more by FY26.

Thierry Bollore, Jaguar Land Rover's Chief Executive Officer, said:

"The global semi-conductor shortage remains challenging but I'm pleased to see the actions we have been implementing reduce the impact. With strong customer demand with a record order book we are well placed to return to strong financial performance as semiconductor supply begins to improve. At the same time, we continue to execute our Reimagine strategy to realise the full potential of the business and create the next generation of the most desirable luxury vehicles for the most discerning of customers – starting with the stunning new Range Rover."

TATA MOTORS (STANDALONE INCL. JOINT OPERATIONS)

HIGHLIGHTS

- Significant improvement in revenues as compared to a year ago.
- Revenue up 91%, EBITDA 3.9% (+130 bps), EBIT at (1.6) % (+520bps), supply chain issues and commodity inflation impacted the extent of recovery.
- Free Cash Flow at ₹ 3.8 KCr, reflecting strong operational cashflows. Working capital improves by ₹ 3.8K Cr from the ₹ 7.1K Cr deterioration in Q1.
- CV retails: 77.3K up 102%. Market share at 44.6%. MHCV (61.6%) and ILCV (49.4%) strengthened further.
- CV EBITDA at 3.1% decline by 10 bps Y-o-Y due to commodity inflation despite improvement in volumes and mix
- PV retails: 85.2K up 59%; market share strengthened further with decade high quarterly sales
- PV EBITDA at 5.2%; (+360 bps);
- EV: Continued momentum in the business with highest quarterly sales of 2,704 units.
- Strong liquidity position as on 30th September 2021 amounting to ₹ 6.8KCr

FINANCIALS

In Q2FY22 wholesales (including exports) increased 56.3% to 171,823 units. The volumes across all segments significantly grew as compared to Q2 FY21, however supply challenges had an adverse impact during the quarter.

Revenue for the quarter increased 90.7% to ₹18.4KCr and pre-tax loss before exceptional was ₹ 819Cr (vs loss of ₹ 1,166Cr in Q2FY21). PBT improvement was mainly due to better volumes, improved product mix, offset by commodity inflation and fixed costs. EBIT margin was (1.6) % in the quarter (+520 bps). Free cash flow for the quarter was ₹ 3.8 KCr.

LOOKING AHEAD

The business scenario continues to show gradual improvement. However, there are significant challenges on the supply side including semi-conductor issues and sharp commodity inflation. Sequential improvement in overall performance is expected to continue and we target to be EBIT and free cash flow positive in H2 FY22.

We continue with our efforts to unlock the supply bottlenecks by working proactively with our vendor partners. Additionally, in Commercial Vehicles, the focus remains on growing market share (SCV in particular) and protecting margins amidst an inflationary environment. In Passenger Vehicles, the company will continue to enhance the sales momentum by leveraging and enhancing its exciting portfolio whilst improving profitability and managing supply bottlenecks. In Electric Vehicles, the Company will drive up penetration and accelerate sales further and complete the conditions precedent for securing closure of the TPG Rise Climate investment and drawdown Tranche 1.

Girish Wagh, Executive Director Tata Motors Ltd said:

“The auto industry witnessed a consistent increase in demand, in sync with the overall growth of the economy and continuing preference for personal mobility. At Tata Motors, we successfully ramped up production by prudently addressing supply side challenges. During the quarter, we accelerated the sales momentum to increase market share in every segment of commercial vehicles, recorded a decade high sale in passenger vehicles and delivered the highest ever quarterly sales in electric vehicles. Looking ahead, we expect the demand for commercial, passenger and electric vehicles to remain strong even as concerns about the supply of semiconductors and high input costs continue. We are taking definitive actions in the near term to mitigate these effects through an agile, multi-pronged approach to address supply bottlenecks and drive our savings program harder. In parallel, we continue to progress our future-fit initiatives of transforming customer experience digitally and strengthening our lead in sustainable mobility.”

ADDITIONAL COMMENTARY ON FINANCIAL STATEMENTS

(CONSOLIDATED NUMBERS, IND AS)

FINANCE COSTS

Finance costs increased by ₹ 378Cr to ₹ 2,327Cr during Q2FY'22 vs prior year due to higher gross borrowings as compared to Q2'FY21.

JOINT VENTURES, ASSOCIATES AND OTHER INCOME

For the quarter, net profit from joint ventures and associates amounted to ₹61Cr compared with a profit of ₹ 36Cr in prior year. Other income (excluding grants) was ₹ 249Cr versus ₹ 189Cr in the prior year

Passenger Vehicle (PV) division revenues and expenses (including FIAPL) is presented as “Discontinued Operations” in the standalone financials (SEBI results) with the net result of PV division being disclosed as a single amount as profit or loss from Discontinued Operations. After roll back of depreciation of PV assets of Rs. 211 cr, the loss before tax from Discontinued Operations was Rs. 69 cr (as compared to Rs. -465 cr in Q2FY21).

FREE CASH FLOWS

Free cash flow (automotive) in the quarter, was negative at ₹3.2 KCr (as compared to positive ₹ 6.7K Cr in Q2 FY 21) of which ₹2.0K 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