TATA MOTORS
Connecting Aspirations

TATA

# Tata Motors Consolidated Q4 FY21 Results: Strong all-round performance

## Revenue growth +41.8%, EBITDA at ₹ 12.7KCr, PBT(bei) ₹ 5.7 KCr, FCF(Auto) ₹ 10.2KCr

- FY21: Revenue ₹249.8KCr; EBIT at 2.6% (+260 bps); FCF (Auto) at ₹ 5.3KCr; Net Auto debt reduces by ₹ 7.3KCr
- Q4: JLR EBITDA at 15.3% (+910 bps), TML(S) EBITDA at 7.8% (+1370bps)
- Q4: CV revenue up 90% ; EBITDA at 9.1% (+950 bps); PV revenue up 144% ; EBITDA at 4.9% (+2280 bps)

**Mumbai, May 18, 2021:** Tata Motors Ltd announced its results for quarter and year ending March 31, 2021.

| | | Conso (₹ Cr Ind AS) | | JLR (£m, IFRS) | | TML (S) (₹Cr, Ind AS) | |
|---|---|---|---|---|---|---|---|
| | | FY'21 | Vs. PY | FY'21 | Vs. PY | FY'21 | Vs. PY |
| Q4 FY21 | Net Revenue | 88,628 | **41.8 %** | 6,538 | **20.5 %** | 20,046 | **106.0 %** |
| | EBITDA (%) | 14.4 | **870 bps** | 15.3 | **910 bps** | 7.8 | **1370bps** |
| | EBIT (%) | 7.3 | **1120 bps** | 7.5 | **1070 bps** | 3.0 | **1900 bps** |
| | PBT (bei) | 5,703 | - | 534 | - | 145 | - |
| FY21 | Net Revenue | 249,795 | **(4.3) %** | 19,731 | **(14.2) %** | 47,031 | **7.1 %** |
| | EBITDA (%) | 12.2 | **370 bps** | 12.8 | **390 bps** | 4.3 | **380 bps** |
| | EBIT (%) | 2.6 | **260 bps** | 2.6 | **250 bps** | (3.5) | **370 bps** |
| | PBT (bei) | 3,287 | - | 662 | - | (3,705) | - |

| Jaguar Land Rover (JLR) | Tata Motors (Standalone, incl JO) |
|---|---|
| • **Retails** for Q4 up 12% to 123.5K units; FY21 retails down 13.6% to 439.6K units. | • **Retails (Domestic):** Q4 retails up 52% to 171.8K units, FY21 retails down 14% to 437.3K units. |
| • **Investments:** £2.3B in products and technologies in FY 21 | • **Investments:** ₹2.6KCr in products and technologies in FY21 |
| • **Positive Free Cash Flows** of £729m in Q4, FY21 at £185m | • **Positive Free Cash Flows** of ₹ 2.9 KCr in Q4, FY21 at ₹ 2.7 KCr |

**JLR:** The quarter reflected a strong YoY recovery of retails in China and N America. The business achieved 7.5% EBIT margin and strong positive free cash flows of £0.7 billion reflecting the recovery in sales, favourable mix and Charge+ delivery. Charge+ delivered £0.3 billion of savings in the quarter and £6 billion since the start of the programme to date. JLR has embarked on Reimagine strategy to make the company a world leader in electrified luxury vehicles, sustainability, and new automotive technologies to deliver a strong market performance, which shall create long-term shareholder value.

**TML:** India operations continued its strong sequential recovery in the quarter with CV revenues recovering to pre-pandemic levels and PV revenues reaching multi-year highs on the back of the "NEW FOREVER" portfolio. The business achieved 3.0% EBIT margin and delivered strong free cash flows of ₹2.9KCr in the quarter. PV absolute EBITDA is the highest in last 10 years. Cash savings of ₹9.3KCr was delivered against a target of ₹6KCr.

**Outlook:** While demand remains strong, the supply situation over the next few months is likely to be adversely impacted by disruptions from COVID-19 lockdowns in India and semi-conductor shortages worldwide. We expect Q1 FY22 to be relatively weak due to this as well as rising commodity inflation and expect to improve gradually from the second quarter. 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.

# JAGUAR LAND ROVER (JLR)

## HIGHLIGHTS

- Pre-tax profits of £534 million in Q4 and £662 million for the full year before exceptional charges
- Reimagine strategy announced; to deliver double-digit EBIT margins by FY26 entails £1.5 billion exceptional charges in Q4 FY21.
- EBIT margin grows to 7.5% in Q4 and 2.6% for the full year
- Improving profitability reflects recovering volumes, favourable mix, cost performance and FX
- Q4 Revenue up 20.5% to £6.5 billion (FY: £19.7 billion) led by China and the new Defender
- Charge+ savings delivered: Q4 cash £332 million. Full year £2.5 billion and lifetime total £6.0 billion
- Positive free cash flow of £729 million generated in Q4; £185 million in FY
- Strong liquidity of £6.7 billion at year end; £4.8 billion of cash and £1.9 billion undrawn facilities

## FINANCIALS

The business continued to recover following the onset of the Covid-19 pandemic. Retail sales in the fourth quarter were 123,483 vehicles, up 12.4% year-on-year. This was supported by a strong recovery in China, where sales grew 127% over Q4 last year, when the impact of Covid-19 peaked in that market. Full year retails of 439,588 vehicles were still down 13.6%, although sales in China increased 23.4% year-on-year. The award-winning new Land Rover Defender contributed significantly to retail sales, with 16,963 units sold in Q4 and 45,244 units for the full year.

Pre-tax profit before exceptional charges increased significantly to £534 million in Q4 and £662 million for the full year, reversing losses in the same periods a year ago. The EBIT margin improved to 7.5% in Q4 and 2.6% for the full year, up 10.7 and 2.5 points respectively year-on-year. The improving performance mainly reflects recovering volumes, favourable mix, cost performance (including lower marketing spend) and foreign exchange.

In February 2021 the company announced its new global strategy to Reimagine the future of modern luxury by design and deliver double-digit EBIT margins by Fiscal 2025/26. As previously communicated, this will entail £1.5 billion of exceptional charges in the fourth quarter, including £952 million of non-cash write downs of prior investments and £534 million of restructuring charges expected to be paid in FY22. After these exceptional charges, the company reported a pre-tax loss of £952 million for the quarter and pre-tax loss of £861 million for the full year. During the year Jaguar Land Rover successfully launched its exciting new range of 21 Model Year vehicles, incorporating the very latest technologies. Twelve of the company's models now have an electrified option contributing 62% of sales, including 8 PHEVs, 11 MHEVs and all-electric Jaguar I-PACE.

## LOOKING AHEAD

The increasing Covid vaccination rates are encouraging for the ultimate recovery of the global economy and automotive industry from the effects of the pandemic. However, cases are still high in many markets while supply chain issues, in particular for semi-conductors, have become more difficult to mitigate and are now impacting production plans for Q1. The company is working closely with affected suppliers to resolve the issues and minimise the effect on customers. For FY22, Jaguar Land Rover expects sales to continue to recover. The company is still targeting an EBIT margin of at least 4.0% and break-even free cash flow after c.£2.5 billion of investment and c.£0.5 billion of restructuring costs that has already been accrued.

**Thierry Bolloré, Jaguar Land Rover Chief Executive Officer concluded:**

"*In my first set of full-year results as CEO of Jaguar Land Rover, I have been encouraged by the company's resilience and strong recovery during a uniquely challenging year. Despite the pandemic, this year has also seen significant positive change culminating in February with the launch of our Reimagine strategy focused on reimagining our iconic British brands for a future of modern luxury by design. Our strategy is ambitious, and it will make us more agile, efficient and sustainable. Although it is still early days, we have made significant progress in implementing it. This has reaffirmed my confidence that we have the right strategy, the right people and the right product-plans to deliver against our targets. Jaguar Land Rover is well placed to emerge from the pandemic as a stronger and more resilient company that is able to navigate and capitalise on the opportunities ahead*."

# TATA MOTORS (STANDALONE INCL. JOINT OPERATIONS)

## HIGHLIGHTS

- Sequential recovery continues in Q4. Revenue up 106%, EBIT at 3.0% (+1900bps), Free Cash Flow at ₹ 2.9KCr
- Full year revenue up 7.1%, EBIT at (3.5)% +370 bps, Free Cash Flow of ₹ 2.7KCr
- Cash and cost savings of ₹ 9.3KCr delivered during the year exceeding the ₹ 6KCr target
- CV retails Q4: 92.2K up 7.2% ; FY21: 208.4K down 42.2%; Market share steady at 42.4%
- CV EBITDA at 9.1% (FY21 at 5.3%); significant improvement in margins and better mix
- PV retails Q4: 79.6K up 191.6%; FY21: 228.9K up 53.8%. PV Market Share: Improves to 8.2% (vs 4.8% in FY20)
- EV: Continued momentum in the business. EV volume up by 218 %, Nexon EV crosses 4000 milestone since launch
- PV EBITDA at 4.9% (FY21 at 2.2%), absolute EBITDA highest in the last 10 years
- Strong liquidity position as on 31st March 2021 amounting to ₹ 7.9KCr including RCF of ₹ 1KCr

## FINANCIALS

In Q4FY21 wholesales (including exports) increased 90.2% to 195,859 units. M&HCV grew +81.9%, ILCV +104.1%, SCV & Pick Ups +75.9% and CV Passenger -57.6%. PV volumes were up 162.1%. For the full year, Wholesales (including exports) increased 2.0% to 484,591 units. Revenue for the quarter increased 106.0% to ₹20.0KCr and pre-tax profit before exceptional was ₹145Cr (vs loss of ₹ 2.2kCr in Q4FY20). PBT improvement was mainly due to better volumes, improved product mix, lower VME and cost savings offset partially by commodity inflation. EBIT margin was 3% in the quarter (+1900bps). Free cash flow for the quarter was ₹ 2.9KCr. The exceptional item in the quarter includes impairment reversal of ₹ 1.2KCr and onerous contract provision reversal of ₹ 0.7KCr in the PV business. Revenue for the year increased 7.1% to ₹47.0KCr and pre-tax loss before exceptional item was ₹3.7KCr (loss of ₹ 4.6KCr in FY20) while EBIT margin was (3.5)% improving 370 bps. Free cash flow for the year was ₹2.7KCr, with cash savings of ₹ 9.3KCr delivered in FY21 vs target of ₹ 6KCr

## LOOKING AHEAD

The business scenario is fluid with the 2nd wave of the pandemic hitting the country resulting in multiple lockdowns. The first priority in this situation is the safety and well-being of our employees. This is also expected to have a temporary adverse impact on the demand and supply situation. Consequently, the first half of the year is expected to be relatively weak. Sequential improvement in overall performance is expected from the second quarter of FY22. Tata Motors has launched the Business Agility Plan to manage this fluid situation. In Commercial Vehicles, the focus remains on growing market share and protecting margins amidst this dynamic 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 over 2.5% EBIT with positive free cash flows.

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

*"The auto industry was deeply impacted by COVID-19 in FY21 but witnessed a steady growth in vehicle demand as the nationwide lockdown eased and pent-up demand came to fore supported by a steady recovery of the economy. At Tata Motors, we scaled up capacity by prudently addressing several supply chain bottlenecks while maintaining the health, safety and wellbeing of our employees as well as the supporting ecosystem at the forefront. A clear shift towards personal mobility and the rich preference for our 'New Forever' range of cars and SUVs led to the PV business recording its highest ever annual sales in 8 years and growing its market share to 8.2%. The CV business consistently posted sequential quarter on quarter growth on back of improved consumer sentiments, buoyancy in e-business, firming freight rates and higher infrastructure demand including road construction and mining. We have successfully improved our operational and financial performance by reducing costs, generating free cash flows, and providing 'best in class' customer experience.*

*As I look forward, we will continue to remain vigilant about the evolving COVID situation and have set in motion a comprehensive 'Business Agility Plan' to protect and serve the interests of our customers, dealers and suppliers. We will review and plan for the critical raw materials to cater to a volatile demand outlook while working closely with our ecosystem partners to meet the same. We believe this approach best serves the interests of all stakeholders by utilising the cash invested in the entire ecosystem in the most optimal manner".*

# ADDITIONAL COMMENTARY ON FINANCIAL STATEMENTS

**(CONSOLIDATED NUMBERS, IND AS)**

## FINANCE COSTS

Finance costs increased by ₹ 854Cr to ₹ 8,097Cr in FY21 due to higher gross borrowings.

## JOINT VENTURES, ASSOCIATES AND OTHER INCOME

For the year, net loss from joint ventures and associates amounted to ₹ 379Cr compared with a loss of ₹ 1,000Cr in prior year. Other income (excluding grants) was ₹ 725Cr versus ₹ 990Cr in the prior year

## FREE CASH FLOWS

Free cash flow (automotive) in the year, was positive ₹5.3 KCr (as compared to negative ₹ 12.7K Cr in FY 20).

*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