Tata Motors Consolidated Q3 FY24 Results

Revenue ₹110.6K Cr (+25.0%), EBITDA at ₹15.8K Cr (+60.6%), PBT (bei) ₹7.6K Cr (+4.4K Cr), Automotive Free Cash Flows ₹6.4K Cr (+1.1K Cr) (vs PY)

- JLR Revenue £7.4b up 22%, EBITDA at 16.2% (+410 bps), EBIT at 8.8% (+510 bps)
- Tata CV Revenue ₹20.1K Cr, up 19.2%, EBITDA at 11.1% (+270 bps), EBIT at 8.6% (+270 bps)
- Tata PV Revenue ₹12.9K Cr, up 10.6%, EBITDA at 6.6% (-30 bps), EBIT at 2.1% (+60 bps)

Mumbai, February 2, 2024: Tata Motors Ltd. (TML) announced its results for quarter ending December 31, 2023.

		Consolidated (₹ Cr Ind AS)		Jaguar Land Rover (£m, IFRS)		Tata Commercial Vehicles (₹Cr, Ind AS)		Tata Passenger Vehicles (₹Cr, Ind AS)	
		FY24	Vs. PY	FY24	Vs. PY	FY24	Vs. PY	FY24	Vs. PY
Q3 FY24	Revenue	110,577	**25.0 %**	7,375	**22.0 %**	20,123	**19.2%**	12,910	**10.6 %**
	EBITDA (%)	14.3	**320 bps**	16.2	**410 bps**	11.1	**270 bps**	6.6	**(30) bps**
	EBIT (%)	8.3	**390 bps**	8.8	**510 bps**	8.6	**270 bps**	2.1	**60 bps**
	PBT (bei)	7,582	**₹4,379 crs**	627	**£ 362 mn**	1,656	**₹718 crs**	408	**₹87 crs**
Ytd FY24	Revenue	317,942	**32.5%**	21,135	**34.6 %**	57,201	**15.4 %**	37,923	**6.0 %**
	EBITDA (%)	14.1	**460 bps**	15.8	**570 bps**	10.4	**410 bps**	6.1	**- bps**
	EBIT (%)	7.9	**570 bps**	8.3	**780 bps**	7.7	**400 bps**	1.6	**70 bps**
	PBT (bei)	19,022	**₹22,555crs**	1,504	**£1,936 mn**	4,119	**₹2,588 crs**	890	**₹387 crs**

Tata Motors Consolidated:

TML delivered a strong performance in Q3 FY24 with Revenue of ₹110.6K Cr (up 25.0%), EBITDA at ₹15.8K Cr (up 60.6%) and EBIT of ₹9.2K Cr (+₹5.3K Cr) with all automotive verticals continuing their profitable growth trajectory. PBT (bei) improved by ₹4.4K Cr to ₹7.6K Cr and Net Profit was ₹7.1K Cr. For YTD FY24, the business reported strong PBT (bei) of ₹19.0K Cr, an improvement of ₹22.6K Cr over the previous year. Net Automotive debt reduced further to ₹29.2K Cr.

JLR revenue improved 22% to £7.4b. Improved wholesales and reduced material costs resulted in EBIT margins of 8.8% (+510bps). CV revenue improved by 19.2% and EBIT improved to 8.6% (+270bps) benefiting from higher realisations and richer mix. PV revenues were up by 10.6% and EBIT margins improved by 60 bps to 2.1% led by savings in commodity costs.

Looking Ahead:

We remain positive on all three auto businesses. We expect the performance to further improve in Q4 on account of seasonality, new launches and improving supplies at JLR. We achieved net debt reduction of ₹9.5K Cr in Q3 and we are confident of achieving our deleveraging plans.

PB Balaji, Group Chief Financial Officer, Tata Motors said:

"It is satisfying to see our businesses execute well on their differentiated strategies and deliver a strong set of results for the quarter, thereby making it six quarters of consistent delivery. We aim to end the year on a strong footing and remain confident of sustaining our performance in the coming quarters and delivering on our de-leveraging plans."

JAGUAR LAND ROVER (JLR)

Highlights

- Record Q3 FY24 and YTD FY24 revenue of £7.4 billion and £21.1 billion respectively.
- EBIT margin in Q3 FY24 of 8.8%; more than double Q3 FY23.
- PBT (bei) was £627 million in Q3 FY24, JLR's highest quarterly profit since Q4 FY17. YTD FY24 PBT (bei) was £1.5 billion.
- Free cash flow was £626 million in Q3 FY24 and £1.4 billion for YTD FY24 and net debt reduced to £1.6 billion.
- Total liquidity was £5.8 billion, including the £1.52 billion undrawn revolving credit facility.

Reimagine Transformation

Modern Luxury

- Record quarterly Range Rover wholesales
- Range Rover Electric generating strong interest with over 15,000 sign ups to the waiting list since opening
- Sales of highest specification Range Rover SV with average price of £202,000, are growing year-on-year with 3,637 year-to-date sales already surpassing 1,909 Range Rover SV sold in FY23
- Defender 110 D300 X-Dynamic S wins What Car? Car of the Year 'Best seven-seater' award

Electrification

- Range Rover Electric prototypes being tested on the road while electric medium size SUV prototypes and new Jaguar prototypes in development
- Transformation of JLR plants for EV production continues at pace:
    - New £60m BEV underbody line at Solihull, West Midlands, UK, being installed
    - New body shop in Halewood, Merseyside, UK, for electric EMA models near completion
    - Production lines for electric drive unit manufacture at Wolverhampton, West Midlands, UK progressing well

Sustainability

- ESG risk rating from Sustainalytics further improved, 'Low Risk' score reduced from 17.1 to 15.6, with ranking improving from the 4th to the 3rd lowest risk out of 74 companies in the Automotive Sub Industry

Financials

JLR delivered another strong performance in Q3 FY24, increasing wholesales to fulfil more client orders in the quarter. Revenue for the quarter was £7.4 billion, up 22% versus Q3 FY23 and up 8% versus Q2 FY24. Revenues for YTD FY24 were £21.1 billion - JLR's highest ever revenue in the first nine months of a financial year and up 35% yoy. EBIT margin was positive at 8.8%, more than doubling from 3.7% a year ago. The higher profitability yoy reflects favourable volumes and reduced chip costs, offset partially by unfavourable fixed marketing, administration and FX revaluation.

Looking ahead

The Company is on track to achieve its profitability and cashflow targets. The EBIT margin for FY24 is expected to be over 8% and we continue to expect operating cashflow to support net debt of less than £1 billion by the end of FY24 and positive net cash in FY25.

Adrian Mardell, JLR Chief Executive Officer, said:

"We have delivered a further outstanding financial performance in quarter three, with our best quarterly profit for seven years and our highest ever revenue for the first nine months of a financial year. Sales of our modern luxury vehicles hit new records in the quarter and we are excited about the strong client interest for our soon to launch Range Rover Electric. I must attribute these results to our talented and dedicated people, who work relentlessly to bring our exceptional modern luxury cars to the market. Looking ahead, we are mindful of the challenges our business will face but are confident that we will continue to successfully deliver our Reimagine Strategy."

TATA COMMERCIAL VEHICLES (TATA CV)

Highlights

- Q3 FY24 revenue at ₹ 20.1K Cr, (+19.2%), EBITDA 11.1% (+270 bps), EBIT 8.6% (+270 bps), PBT (bei) ₹ 1.7K Cr.
- YTD FY24 revenue at ₹ 57.2K Cr, (+15.4%), EBITDA 10.4% (+410 bps), EBIT 7.7% (+400 bps), PBT (bei) ₹ 4.1K Cr.
- Double-digit EBITDA delivered; continue to see sequential improvement.
- Domestic Vahan market share at 38.7% in Q3 FY24. HGV+HMV 50.7%, MGV 38.6%, LGV 32.4%, Passenger 35.1%.
- HGV+HMV market share increasing consistently this year. MGV market shares up 100bps qoq on better availability. Action plans underway to improve LGV market shares.
- Showcased a wide range of safer, smarter and greener mobility solutions at EXCON 2023. Unveiled advanced and comprehensive range of aggregates.
- Launched all-new Intra V70 pickup, Intra V20 Gold pickup and Ace HT making small commercial vehicles & pickups more efficient, functional, and productive with reduced ownership costs.
- Bagged the prestigious order of 1,350 diesel bus chassis from Uttar Pradesh State Road Transport Corporation.

Financials

In Q3 FY24, domestic wholesale CV volumes were 91.9K units, marginally higher 1.1% yoy. Exports were at 4.8K units increasing by 14% yoy. However, revenues improved by 19.2% yoy to ₹20.1K Cr on account of salience towards medium and heavy commercial vehicles and better market operating price. The quarter witnessed strong EBITDA and EBIT margins of 11.1% (up 270 bps yoy) and 8.6% (up 270 bps yoy) respectively, due to improved pricing, superior mix, and strong realizations leading to a strong PBT (bei) of ₹1.7K Cr.

Looking ahead

Going forward, we expect demand to improve in Q4FY24 across most segments due to the Government's continuing thrust on infrastructure development, the promising growth outlook of the economy and our demand-pull initiatives. We will continue to improve realizations whilst growing VAHAN share, drive innovation to address specific micro segment needs, focus on market development and scale up EV penetration. Focused actions are underway to win back the market share in SCVPUs. Profitability continues to remain the key focus area and we will strive to ensure consistent margin improvement and delivery of double-digit EBITDA margins.

Girish Wagh, Executive Director Tata Motors Ltd said:

"The CV industry witnessed a pause in sales growth in Q3FY24 on account of the higher base effect, impact of elections held across five states, and the post festive seasonal slowdown in rural consumption. While M&HCV and Passenger Commercial segments witnessed healthy growth, shrinking IL&CV and SCVPU sales pulled down overall volumes during the quarter. Owing to pricing discipline and richer mix, profitability continued to improve and we achieved 11.1% EBITDA margins in Q3 FY24. We will continue to drive the business with strong customer connect, proactive demand-pull initiatives and with innovations in product and service. By improving customer affinity for our brands, we intend to further step-up registration market shares sustainably, and improve realisations and profitability."

TATA PASSENGER VEHICLES (TATA PV)

Highlights

- Q3 FY24 revenue at ₹ 12.9K Cr, (10.6%), EBITDA 6.6% (-30 bps), EBIT 2.1% (+60 bps), PBT (bei) ₹ 0.4 K Cr.
- YTD FY24 revenue at ₹ 37.9K Cr, (+6.0%), EBITDA 6.1% (flat yoy), EBIT 1.6% (+70 bps), PBT (bei) ₹ 0.9 K Cr.
- VAHAN registration market share increased to 14.6% in Q3 FY24. EV registration market share at 73.2%.
- EV penetration at 12%, CNG penetration at 14% in YTD FY24.
- Tata Motors' new Harrier and Safari have become the first recipients of BNCAP's 5-star rating from India.
- Commenced production at its state-of-the-art new facility in Sanand, Gujarat.
- Introduced advanced Pure EV architecture – **acti.ev** and will underpin future products from the TPEM portfolio.
- Introduced first car "Punch.ev" on the **acti.ev** architecture.
- Inaugurated exclusive TATA.ev stores in Gurugram, offering an immersive experience for the EV community.
- Signed MOUs with charging point operators and Bharat Petroleum for setting up 17,000+ chargers in the next 1 year.

Financials

PV volumes were at 138.6K units (+5% yoy) supported by a strong supply situation, new SUV facelifts, and a robust demand during the festive period. Revenues were up 10.6% yoy at ₹ 12.9K Cr. EBIT margins improved by 60 bps yoy to 2.1% on account of cost savings in commodities, offsetting higher fixed expense spends. On a standalone basis, in Q3 PV (ICE) EBITDA margins were at 9.4% (+20 bps qoq). EV business EBITDA margins pre R&D spends was near breakeven.

Looking ahead

We continue to see healthy growth for our business with multiple new products scheduled for launch in CY2024. The recently launched Punch.ev has garnered strong interest and will scale up EV volumes further. We successfully retooled Sanand facility in the shortest span of 12 months, taking it to a new level to accommodate a wide range of existing products and future new models to come. We continue to strengthen the EV ecosystem through exclusive TATA.ev stores and are accelerating the charging infrastructure and recently signed MoUs to set-up 17,000+ public chargers. We remain focused to achieve double digit EBITDA margins in PV, grow margins in EV and deliver market beating growth.

Shailesh Chandra, Managing Director TMPV and TPEM said:

"Q3 FY24 was a strong quarter for the PV industry with robust festive sales. However, coming off a high base, the industry recorded a single digit growth at an overall level while the sales of EV and CNG powered vehicles grew over 90% and 25% respectively, signaling a growing preference for green and smart technologies by customers. Tata Motors recorded wholesales of 138.5K units (up 5% vs Q3 FY23) with a strong focus on retails resulting in a significant rise in Vahan registrations for Q3 FY24 (up~14% vs Q3 FY23 and ~24% vs Q2FY24). EV sales grew 21% vs Q3 FY23 (domestic + IB) and CNG grew by a substantial 214%. New avatars of the Nexon (ICE & EV), Harrier and Safari and our EV offering Punch.ev received excellent response from the customers. The business continued to improve financial performance and EV business (excluding R&D spends) was EBITDA breakeven. Going forward, we will remain agile and are optimistic about continuing the growth trend in the quarters ahead."

ADDITIONAL COMMENTARY ON FINANCIAL STATEMENTS

(CONSOLIDATED NUMBERS, IND AS)

FINANCE COSTS

Finance costs reduced by ₹191 Cr to ₹2,485 Cr in Q3 FY24, due to reduction in gross debt during the period.

JOINT VENTURES, ASSOCIATES AND OTHER INCOME

For Q3 FY24, net profit from joint ventures and associates amounted to ₹193 Cr compared with a profit of ₹103 Cr in Q3 FY23. Other income (excluding grants) was ₹752 Cr in Q3 FY24 versus ₹455 Cr in Q3 FY23.

FREE CASH FLOWS

Free cash flow (automotive) for Q3 FY24, was positive at ₹6.4K Cr driven by strong improvement in cash profits. Net automotive debt reduced to ₹29.2K Cr.

For further information contact

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