TATA MOTORS
Connecting Aspirations

# Tata Motors Consolidated Q2 FY21 Results:
## EBIT breakeven and positive Free Cash Flows delivered in the quarter

- Revenue ₹53.5KCr; PBT ₹ (0.8) KCr, EBIT breakeven
- JLR delivers positive PBT with EBITDA at 11.1%, TML(S) EBITDA at 2.6% (+480bps),
- PV revenue up 86.3% y-o-y; achieves EBITDA breakeven
- Strong positive Free Cash Flows in both JLR and TML(S)

**Mumbai, October 27, 2020:** Tata Motors Ltd announced its results for quarter ending September 30, 2020.

| | | Conso (₹ Cr Ind AS) | | JLR (£M, IFRS) | | TML (S) (₹Cr, Ind AS) | |
|---|---|---|---|---|---|---|---|
| | | FY'21 | Vs. PY | FY'21 | Vs. PY | FY'21 | Vs. PY |
| Q2 FY21 | Net Revenue | 53,530 | **(18.2) %** | 4,352 | **(28.5) %** | 9,668 | **(3.3) %** |
| | EBITDA (%) | 10.5 | **(160) bps** | 11.1 | **(230) bps** | 2.6 | **480 bps** |
| | EBIT (%) | 0.1 | **(340) bps** | 0.3 | **(420) bps** | (6.8) | **300 bps** |
| | PBT | (815) | - | 65 | - | (1,212) | - |
| H1 FY21 | Net Revenue | 85,513 | **(32.6) %** | 7,211 | **(35.3) %** | 12,355 | **(47.1) %** |
| | EBITDA (%) | 7.5 | **(190) bps** | 8.1 | **(140) bps** | (4.4) | **(730) bps** |
| | EBIT (%) | (5.6) | **(640) bps** | (5.2) | **(550) bps** | (18.7) | **(1500) bps** |
| | PBT | (6,999) | - | (348) | - | (3,402) | - |

| JAGUAR LAND ROVER (JLR) – Q2FY21 | TATA MOTORS (STANDALONE, INCL JO) – Q2FY 21 |
|---|---|
| • **Retails** up 53% q-o-q to 113.6K units; down 11.9% y-o-y | • **Retails:** CV down 56% y-o-y to 38.3K; PV up 73% y-o-y to 53.5K units; Retails significantly up q-o-q |
| • **Investments:** £531m in products and technologies | • **Investments:** ₹ 669Cr in products and technologies |
| • **Positive Free Cash Flows** of £ 463m | • **Positive Free Cash Flows** of ₹ 2.3 KCr |

**JLR:** The quarter reflected the strong sequential recovery with positive PBT and significantly positive free cash flows following the restart of production and the reopening of the global retailer network. The business achieved 0.3% EBIT margin reflecting the recovery in sales and Project Charge+ cost efficiencies. Project Charge+ delivered £0.6b of cost, profit, and cash flow improvements in the quarter and £1.8b year to date.

**TML:** In India, PV segment continued its strong growth momentum in the quarter and CV witnessed gradual improvement across the segments. PV achieved EBITDA breakeven led by strong customer pull for its 'NEW FOREVER' range. CV profitability improved sequentially but continues to be impacted by lower volumes and adverse mix on a y-o-y basis. Business generated strong positive free cash flows led by the cash savings initiatives which yielded ₹1.5KCr in the quarter and ₹2.5KCr year to date.

**Outlook:** Despite concerns around risk of second wave of infection in many countries and other geopolitical risks, we expect a gradual recovery of demand and supply in the coming months. In this context, we are committed to achieving near zero net automotive debt in the coming years by focusing on better front-end activations of our exciting product range and executing our cost and cash savings with rigour.

# JAGUAR LAND ROVER (JLR)

## HIGHLIGHTS

- Retail sales of 113,569 units in Q2 up 53.3% on Q1 but still down 11.9% year-on-year due to Covid-19
- Profit before tax of £65 million on revenues of £4.4 billion
- Positive free cash flow of £463 million after £531 million of investment spending
- 'Charge+' transformation generates £0.6 billion of cash & cost savings in Q2
- Strong liquidity of ~£5.0 billion at 30 September (over £3.0 billion of cash and £1.9 billion undrawn credit facility)
- Electrified portfolio expanded to include seven plug-in hybrid (PHEV) and nine mild-hybrid (MHEV) models

## FINANCIALS

Jaguar Land Rover returned to profit with significant positive cash flow in the quarter as sales and revenue recovered from the impact of Covid-19 in Fiscal Q1 but remain below pre-Covid levels a year ago. Retail sales of 113,569 units were up 53.3% q-o-q with almost all retailers now open. However, retail sales in most markets continued to be impacted by Covid-19 and so were down 11.9% in total year-on-year. China sales were particularly encouraging, up 14.6% on the prior quarter and 3.7% year-on-year.

Revenue was £4.4 billion (on wholesales of 73,451 excluding China JV), up 52.2% from Q1FY21, although down 28.5% from pre-covid levels a year ago. Jaguar Land Rover generated a £65 million profit before tax (PBT) in the second quarter up significantly from a loss of £413 million in the prior quarter but lower than the pre-covid PBT of £156 million a year ago. The improvement in the year reflects the recovery in sales, £0.3 billion of Project Charge+ cost efficiencies and favourable foreign exchange impact. Margins improved from Q1 with EBITDA at 11.1% and EBIT at 0.3%.

As expected, Free Cash Flow was positive £463 million after £531 million of investment spending. The positive cash flow primarily reflects a £528 million recovery in working capital following the restart of production and the reopening of the global retailer network. Cost and cash saving from the Project Charge+ transformation programme in the quarter totalled £ 0.6 b, including £0.3 billion of cost and £0.3 billion of investment savings from Charge+. Total savings year-to-date are now £ 1.8 billion and the Company is on track to achieve the £2.5 billion target for the full year.

Jaguar Land Rover ended the second quarter of Fiscal 2020/21 with solid liquidity of ~£5.0 billion, comprising over £3.0 billion of cash and short-term investments and a £1.9 billion undrawn revolving credit facility. The company has since completed a $700 million five-year unsecured bond issued in October 2020, increasing pro forma liquidity to £5.5 billion.

## LOOKING AHEAD

A gradual improvement in sales is expected to continue and will be supported by new and refreshed products, including the short wheel-base Land Rover Defender 90, the refreshed Jaguar F-PACE as well as 2021 model year Range Rover Velar, Jaguar XF and Jaguar XE. Furthermore, Jaguar Land Rover continues to expand its offering of electrification across its model range. Of the 13 nameplates in the company's product portfolio, seven have now been revealed with plug-in hybrids and nine with mild-hybrids, in addition to the full battery electric Jaguar I-PACE. One more PHEV and two more MHEVs are expected to be launched later this fiscal. Although the outlook remains uncertain as a result of Covid-19 and questions over future UK / EU trading arrangements, Jaguar Land Rover expects the recovery in sales, revenue, and profitability to continue in the second half of Fiscal 2020/21, supported by Project Charge+. The company also continues to expect positive free cash flow over the second half of the year and remains committed to achieving positive free cash flow in Fiscal 2021/22 to reduce net debt and increase financial resilience.

### Thierry Bolloré, who became Jaguar Land Rover Chief Executive Officer on 10 September 2020, concluded:

*"Although Jaguar Land Rover is not immune to the headwinds impacting the global automotive industry, it has the foundations in place to generate long-term sustainable profitability. I have been encouraged by the strengths of the company – reflected by its brand appeal and the capabilities of its employees – that will enable it to seize new opportunities in a rapidly-changing industry. I am confident these qualities and a strong product strategy with a focus on financial discipline will equip Jaguar Land Rover to address challenges in the period ahead."*

# TATA MOTORS (STANDALONE INCL. JOINT OPERATIONS)

## BUSINESS HIGHLIGHTS

- Strong sequential improvement
- 'NEW FOREVER' range of PV has continued its strong sales momentum
- CV retails at 38.3K (12.6 times of the Q1) ; strong improvement sequentially but y-o-y remains impacted
- PV retails at 53.5K, up 73% y-o-y supported by festive season and strong demand in the market
- Encouraging response to EVs, 962 EVs sold during the quarter.
- PV EBITDA breakeven achieved, CV EBITDA impacted by lower volumes and adverse mix
- ₹ 2.5KCr delivered out of the ₹ 6KCr of cost and cash savings targeted for the year.
- Strong positive free cash flows of ₹ 2.3 KCr
- Strong liquidity position as at end of the quarter amounting to ₹ 5.6 KCr

## FINANCIALS

In Q2FY21 wholesales (including exports) increased 3.4% to 109,958 units. In the domestic volumes were down by: M&HCV -43.2%, ILCV -32.5%, SCV & Pick Ups -5.7% and CV Passenger -74.4%. Domestic PV volumes were up 110.4%. Overall domestic retails were lower than wholesales by 14.7K units as pipeline inventory in CV improves.

Revenue for the quarter decreased 3% to ₹9.7KCr and pre-tax loss was ₹1,212Cr (against pre-tax loss of ₹ 1,270Cr in Q2FY21). Free cash flow for the quarter was ₹ 2.3KCr, better than expected as the company drove the cost and cash savings agenda hard with ₹ 1,455Cr delivered in Q2FY21. The investment spends were reduced significantly to ₹ 669Cr for the quarter. The company ended the first quarter with a strong liquidity of ₹ 5.6KCr.

The PV segment has delivered stellar performance during the quarter and achieved EBITDA breakeven. CV margins though improved sequentially but continues to be impacted by lower volumes and adverse mix on a y-o-y basis.

## LOOKING AHEAD

We look forward to a gradual pickup in demand and supply situation on the back of overall economic recovery expected in H2FY21. The company will focus on conserving cash by rigorously managing cost and investment spends to protect liquidity. The company has called out a cash improvement program of ₹ 6KCr including a cost improvement program of ₹ 1.5KCr. Due to these actions, the company expects improving cash flows for the remainder of the year.

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

*"The auto industry continued its calibrated progress in Q2FY21 as the nationwide lockdown eased further. With health, safety and wellbeing of our employees and the supporting ecosystem at the forefront, we scaled up capacity while prudently addressing supply chain bottlenecks. In PV, we accelerated the momentum built in Q1FY21 and saw demand gradually emerge in select segments of CV. We remain hopeful for a full recovery in CV industry by end of this fiscal year aligned to the overall improvement in the economy. During the quarter, we delivered on our planned improvements in our operational and financial performance. We reiterate our commitment to make Tata Motors more agile by reducing costs, generating free cash flows, and providing the best in class customer experience."*

# ADDITIONAL COMMENTARY ON FINANCIAL STATEMENTS

**(CONSOLIDATED NUMBERS, IND AS)**

## FINANCE COSTS

Finance costs increased by ₹ 114Cr to ₹ 1,950Cr during Q2FY'21 vs prior year due to higher gross borrowings as compared to Q2FY'20

## JOINT VENTURES, ASSOCIATES AND OTHER INCOME

For the quarter, net profit from joint ventures and associates amounted to ₹ 36Cr compared with a loss of ₹ 363Cr in prior year. Other income (excluding grants) was ₹ 189 Cr versus ₹ 199 Cr in the prior year

## FREE CASH FLOWS

Free cash flow (automotive) in the quarter, was positive ₹ 6.7 KCr (as compared to negative ₹ 2.5K Cr in Q2FY 20)

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

For further information contact

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