Tata Motors Consolidated Q2 FY24 Results

Revenue ₹105.1K Cr (+32.1%), EBITDA at ₹14.4KCr (+86.4%), PBT (bei) ₹6.1K Cr (+7.9 KCr), Automotive Free Cash Flows ₹3.9K Cr (+2.9 KCr) (vs PY)

- JLR Revenue £6.9b up 30.4%, EBITDA at 14.9% (+430 bps), EBIT at 7.3% (+630 bps)
- Tata CV Revenue ₹20.1K Cr, up 22.3%, EBITDA at 10.4% (+540 bps), EBIT at 7.9% (+560 bps)
- Tata PV Revenue ₹12.2K Cr, down 3.0%, EBITDA at 6.5% (+110 bps), EBIT at 1.8% (+140 bps)

Mumbai, November 2, 2023: Tata Motors Ltd. (TML) announced its results for quarter ending September 30, 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
Q2 FY24	Revenue	105,128	**32.1 %**	6,857	**30.4 %**	20,087	**22.3 %**	12,174	**(3.0) %**
	EBITDA (%)	13.7	**400 bps**	14.9	**430 bps**	10.4	**540 bps**	6.5	**110 bps**
	EBIT (%)	7.5	**510 bps**	7.3	**630 bps**	7.9	**560 bps**	1.8	**140 bps**
	PBT (bei)	6,110	**₹7,883 crs**	442	**£ 615 mn**	1,526	**₹1,234 crs**	296	**₹129 crs**
H1 FY 24	Revenue	207,364	**36.8%**	13,760	**42.4 %**	37,078	**13.4 %**	25,013	**3.8 %**
	EBITDA (%)	14.0	**540 bps**	15.6	**680 bps**	10.0	**480 bps**	5.9	**10 bps**
	EBIT (%)	7.8	**680 bps**	8.0	**950 bps**	7.2	**460 bps**	1.4	**80 bps**
	PBT (bei)	11,439	**₹18,175crs**	877	**£1,574 mn**	2,462	**₹1,869 crs**	482	**₹301 crs**

Tata Motors Consolidated:

TML continued its strong performance in Q2 FY24 with revenues at ₹105.1K Cr (up 32.1%), EBITDA at ₹14.4K Cr (up 86.4%) and EBIT of ₹7.8KCr (+₹5.9KCr), as all auto verticals continued their profitable growth trajectory. PBT (bei) improved by ₹7.9KCr to ₹6.1KCr and Net Profit was ₹3.8KCr. In H1 FY24, the business reported strong PBT (bei) of ₹11.4KCr, an improvement of ₹18.2KCr over the previous year. Net Automotive debt reduced to ₹38.7KCr.

JLR revenues improved 30.4% to £6.9b. Strong wholesales and improved mix resulted in EBIT margins of 7.3% (+630bps). CV revenues improved by 22.3% and EBIT improved to 7.9% (+560bps) benefiting from higher realisations, richer mix and favourable commodity prices. PV revenues were marginally down 3.0% impacted by the transition to the new launches while EBIT margins improved by 140 bps to 1.8% due to savings in commodity costs.

Looking Ahead:

We remain optimistic on demand despite external challenges and anticipate a moderate inflationary environment. We aim to deliver a stronger performance in H2, due to a healthy order book at JLR, strong demand for heavy trucks in CV and exciting new generation products in PV. Our financial performance is expected to improve further owing to a richer mix, continued low-break-even in JLR, execution of demand-pull strategy in CV and improving profitability in PV/EV.

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

"It is pleasing to see all the businesses deliver on their well differentiated plans this quarter. With a strong product pipeline, a seasonally stronger H2 and continued focus on cash accretive growth, we are confident of sustaining this momentum."

JAGUAR LAND ROVER (JLR)

Highlights

- Revenue of £6.9 billion in Q2 and record first half revenue of £13.8 billion, up 30% and 42% yoy respectively driven by higher wholesales, better mix, cost reductions and investment in demand generation.
- EBIT margin was 7.3% in Q2 and 8.0% in H1; the target EBIT margin for FY24 is increased from 6% plus to around 8%.
- PBT (bei) in Q2 FY24 was £442 million, up over £600 million compared to PY. H1 FY24 PBT (bei) of £877m, up over £1.5 billion compared to H1 FY23.
- Free cash flow of £300 million for Q2 FY24 and £751m for H1 FY24, which is JLR's best H1 cashflow on record.
- Total liquidity was at £5.8 billion including the £1.52 billion undrawn revolving credit facility maturing in March 2026. Net debt reduced to £2.2 billion in Q2, with gross debt of £6.5 billion.
- In mid-October, JLR completed a buyback of c. $400 million equivalent of its outstanding bonds, demonstrating the recent strong financial performance of the company and resulting liquidity.
- The order book remained strong with over 168,000 client orders, with RR, RR Sport and Defender accounting for 77% of the order book.

Reimagine Transformation

- Investment of £15bn over five years to transition to our electric future continues:
  - Investing more than £1.4bn over next five years in JLR's Halewood plant, in Merseyside and Solihull plant, in the West Midlands, UK, to produce next generation electric models
  - JLR Nitra plant in Slovakia, also confirmed to build next generation electric vehicles
  - £250m investment in JLR Future Energy Lab at Whitley Engineering Centre, Coventry, UK, to develop electric drive units (EDUs) in-house
  - Further hiring drive for 300 new technician roles to develop and build next generation EVs at JLR's West Midlands, UK engineering and manufacturing sites
- JLR partners with Wykes Engineering to develop one of UK's largest second life battery energy storage schemes.

Financials

JLR continued its strong performance of recent quarters with another set of positive results as supply constraints continue to ease, enabling more vehicles to be delivered to clients. Revenue in Q2 FY24 was £6.9 billion, up 30% vs. Q2 FY23 and flat compared to Q1 FY24, impacted by the planned summer shutdowns. EBIT margin was positive 7.3%, up from 1.0% a year ago, but slightly down from 8.6% in the first quarter. The higher profitability year-on-year reflects favourable volume, mix, pricing, and foreign exchange revaluation offset partially by higher fixed marketing and selling costs.

Looking ahead

Looking ahead, production and wholesale volumes are expected to gradually increase in H2 FY24. The EBIT margin for FY24 is now expected to improve to around 8% compared to the 6% plus previously indicated. We continue to expect Free Cash Flow of over £2bn in FY24 with net debt reducing to less than c. £1bn by the end of FY24.

Adrian Mardell, JLR Chief Executive Officer, said:

"I am pleased to announce another strong quarter of financial and operational progress for JLR. We have delivered our best ever cashflow in the first half of this financial year and delivered another profitable quarter due to the strength of our financial performance. These results demonstrate the huge desirability of our modern luxury product portfolio and the skill of our hard-working teams who have increased production to ensure we can satisfy the substantial demand for our cars more quickly."

TATA COMMERCIAL VEHICLES (TATA CV)

Highlights

- Q2 FY24 revenue at ₹ 20.1KCr, (+22.3%), EBITDA 10.4% (+540 bps), EBIT 7.9% (+560 bps), PBT (bei) ₹ 1.5K Cr.
- H1 FY24 revenue at ₹ 37.1KCr, (+13.4%), EBITDA 10.0% (+480 bps), EBIT 7.2% (+460 bps), PBT (bei) ₹ 2.5K Cr.
- Double-digit EBITDA achieved.
- Domestic CV market share (based on Vahan) at 39.7% in Q2 FY24, up from 39.1% in Q1 FY24. HGV+HMV 50.4%, MGV 37.6%, LGV 34.3%, Passenger 36.6%.
- HGV+HMV market shares up 500bps qoq on superior performance of BS6 PH2 products. MGV market shares up 360bps qoq on better availability. Action plans underway to improve LGV market shares.
- Achieved landmark of supplying 1000 e-Buses nationwide.
- Delivered first of its kind hydrogen cell powered bus to Indian Oil, marking a giant stride forward in India's quest for fully decarbonized long distance, urban mobility.

Financials

In Q2 FY24, domestic wholesale CV volumes were 99.3K units, up 6.0% yoy. Exports continued to remain subdued at 4.9K units, down 27% yoy because of weaker economic conditions in overseas markets. Revenues improved by 22.3% to ₹20.1KCr on account of improved mix and better market operating price. The business witnessed strong EBITDA and EBIT margins of 10.4% and 7.9% respectively in Q2 FY24 leading to a strong PBT (bei) of ₹1.5K Cr due to improved pricing, superior mix, and strong realizations.

Looking ahead

The overall CV industry continues to show healthy demand, as underlying fundamentals remain strong, despite some concerns over inflation and headwinds in rural demand. We will continue to focus on our demand-pull strategy and drive customer preference through superior product innovation, better service quality and thematic brand activation. With improving mix, strong execution of demand-pull strategy and new business models like Smart Mobility Solutions, digital offerings, and Non-Vehicular Business we aim to sustain our growth momentum and deliver double-digit EBITDA margins.

Girish Wagh, Executive Director Tata Motors Ltd said:

"The Indian commercial vehicles sector showed steady growth in Q2 FY24 aligned to the rise in economic activity. Our domestic sales grew 6% with more customers experiencing the benefits of lower ownership costs, smart value adds and richer features of our upgraded BS6 phase II range of vehicles. In M&HCV segment, we delivered 24% growth YoY aided by tailwinds from government's sustained thrust on infrastructure development, robust demand for replacements, growth in core sectors, and continuing growth in the e-commerce sector. Concerted actions are underway to step up our competitive growth in the SCV segment. Going forward, with improvement in consumption, onset of festive season and range bound inflation, we expect these tailwinds to continue while closely monitoring any emerging headwinds in rural demand due to the below average rainfall."

TATA PASSENGER VEHICLES (TATA PV)

Highlights

- Q2 FY24 revenue at ₹ 12.2KCr, (-3.0%), EBITDA 6.5% (+110 bps), EBIT 1.8% (+140 bps), PBT (bei) ₹ 0.3 K Cr.
- H1 revenue at ₹ 25.0KCr, (+3.8%), EBITDA 5.9% (+10 bps), EBIT 1.4% (+80 bps), PBT (bei) ₹ 0.5 K Cr.
- VAHAN registration market share steady at 13.4 % in H1 FY24. EV registration market share at 73.4%.
- EV penetration at 13%, CNG penetration at 14% in H1 FY24.
- Launched new Nexon and Nexon.ev with premium design and best-in class tech features. Range of Nexon.ev extended to 465 kms.
- Introduced twin cylinder iCNG technology in Tiago, Tigor, Punch enabling no compromise on boot space, best-in-class features and a superior drive experience.
- Launched new avatars of Safari and Harrier, with significant design changes and addition of several futuristic technologies.
- New Safari and Harrier got prestigious GNCAP 5-star rating for both adult and child occupant protection, with unique distinction of securing highest score by an Indian car.
- TPEM introduced new brand identity “Tata.ev” for the EV business, embodying the core philosophy of "Move with Meaning," unifying the values of sustainability, community, and technology.

Financials

It was a transition quarter for PV. The PV volumes were at 139.0K units (-2.7% yoy) as supplies of outgoing models were proactively managed to facilitate a smooth transition to their next gen versions. Revenues were lower 3.0% yoy at ₹ 12.2K. However, the EBITDA margins and EBIT margins improved by 110 bps and 140 bps yoy to 6.5% and 1.8% respectively. Despite lower volumes and adverse mix, margin improvement was led by strong savings in commodity costs. On a standalone basis, in Q2 PV (ICE) EBITDA margins were at 9.2% (+60 bps qoq). EV business EBITDA margins were at -5.0%, witnessing sharp improvement of 470 bps qoq.

Looking ahead

Overall, demand trends for PV and EV business look healthy with the onset of festive season, new product launches and strengthening electrification trend. We will continue to leverage our aspirational portfolio and alternate powertrains to drive up market shares and drive EV penetration further. A structured margin improvement program has been initiated to drive up our contribution margins. With these, the business is confident of delivering market beating growth and achieving its financial targets.

Shailesh Chandra, Managing Director TMPV and TPEM said:

“It was transition quarter for us as we proactively reduced our supplies of outgoing models to enable a smooth transition to their next gen avatars. This coupled with the fact that Q2 FY23 was our highest ever sales, resulted in us reporting a marginal decline in revenues by 3.0% this quarter. The EV business posted strong sales growth of 55% during the quarter. During Q2 FY24, we successfully extended our innovative twin-cylinder CNG offering to Tiago, Tigor and Punch and launched the new versions of Nexon and Nexon.ev to an overwhelming market response. Recently (in Q3 FY24), we have launched the new versions of Safari and Harrier which has been received excellent response too. With deliveries commencing of our exciting new generation products, we expect stepped up volumes and profitable growth in the second half of the year.”

ADDITIONAL COMMENTARY ON FINANCIAL STATEMENTS

(CONSOLIDATED NUMBERS, IND AS)

FINANCE COSTS

Finance costs increased by ₹164 Cr to ₹2,652 Cr in Q2 FY24, owing to impact of interest rate increase.

JOINT VENTURES, ASSOCIATES AND OTHER INCOME

For Q2 FY24, net profit from joint ventures and associates amounted to ₹49 Cr compared with a profit of ₹106 Cr in Q2 FY23. Other income (excluding grants) was ₹ 807 Cr in Q2 FY24 versus ₹ 393 Cr in Q2 FY23.

FREE CASH FLOWS

Free cash flow (automotive) for Q2 FY24, was positive at ₹3.9K Cr driven by strong improvement in cash profits. Net automotive debt reduced to ₹38.7KCr.

For further information contact

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