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Tata Motors Consolidated Q2 FY23 Results:
Revenue ₹ 79.6KCr, EBITDA at ₹ 7.7KCr, PBT (bei) ₹ (1.8)KCr, Auto FCF ₹ 1.0 KCr

- Consolidated Revenue ₹ 79.6KCr, up 29.7%, EBITDA at 9.7% (+ 130 bps), EBIT at 2.4% (+390 bps)
- JLR Revenue £ 5.3b, up 36%, EBITDA at 10.3% (+300 bps), EBIT at 1.0% (+570 bps)
- Tata CV Revenue ₹ 16.4KCr, up 35.5%, EBITDA at 5.0% (+180 bps), EBIT at 2.3% (+260 bps)
- Tata PV Revenue ₹ 12.5 KCr, up 71.0%, EBITDA at 5.4% (-70 bps), EBIT at 0.4% (+200 bps)

Mumbai, November 09, 2022: Tata Motors Ltd announced its results for quarter ending September 30, 2022. The results represent the details on consolidated segment level.

		Consolidated (₹ Cr Ind AS)		Jaguar Land Rover (£m, IFRS)		Tata Commercial Vehicles (₹Cr, Ind AS)		Tata Passenger Vehicles (₹Cr, Ind AS)	
		FY23	Vs. PY	FY23	Vs. PY	FY23	Vs. PY	FY23	Vs. PY
Q2 FY23	Revenue	79,611	**29.7 %**	5,260	**35.9 %**	16,420	**35.5 %**	12,547	**71.0 %**
	EBITDA (%)	9.7	**130 bps**	10.3	**300 bps**	5.0	**180 bps**	5.4	**(70) bps**
	EBIT (%)	2.4	**390 bps**	1.0	**570 bps**	2.3	**260 bps**	0.4	**200 bps**
	PBT (bei)	(1,774)	-	(173)	-	292	-	167	-
H1 FY 23	Revenue	151,546	**18.6%**	9,666	**9.4 %**	32,690	**63.7 %**	24,104	**92.4 %**
	EBITDA (%)	8.6	**30 bps**	8.5	**20 bps**	5.2	**280 bps**	5.8	**50 bps**
	EBIT (%)	1.0	**240 bps**	(1.5)	**110 bps**	2.6	**440 bps**	0.6	**430 bps**
	PBT (bei)	(6,735)		(697)	-	594	-	181	-

Jaguar Land Rover (JLR): Revenue was £5.3 billion in Q2 FY23, up 36% year-on-year from Q2 FY22 reflecting strong model mix and pricing with wholesale volumes (excluding China JV) of 75,307 up 17.6% year-on-year and 4.9% on the prior quarter. The wholesale increase was lower than planned, primarily due to a lower-than-expected supply of specialised chips from one supplier which could not be readily re-sourced in the quarter. The production ramp up of New Range Rover and New Range Rover Sport improved with 13,537 units wholesaled in the quarter, up from 5,790 in Q1 and helped mitigate this.

Tata Commercial Vehicles (Tata CV): Tata CV business registered a 15% growth in sales over Q2 FY22. For India business, domestic wholesales were at 93,651 vehicles (+19% yoy). However, exports were at 6,771 vehicles, lower by 22% affected by financial crisis in few export markets. Domestic retails grew at a higher rate as compared to wholesales (+23% yoy) The margin improvement was aided by higher volumes, realizations, although impacted by residual commodity inflation and fx.

Tata Passenger Vehicles (Tata PV): Tata PV business continued its strong momentum with wholesales at 142,755 vehicles (+69% yoy and 10% qoq), amid strong festive demand and debottlenecking actions. EBIT margins improved by 200 bps YoY to 0.4% because of higher volumes, mix and improved realizations. However, margin recovery was impacted due to residual commodity inflation and adverse fx.

Outlook: Demand continues to remain strong, however will remain a key monitorable in wake of global uncertainties. Improving chip supply and cooling commodity prices will aid revenue and margins recovery and hence aim to deliver strong improvements in EBIT and free cash flows in H2 FY23.

JAGUAR LAND ROVER (JLR)

HIGHLIGHTS

- Revenues in Q2 FY23 of £5.3 billion, up 36% vs. Q2 FY22 and up 20% vs. Q1 FY23
- Profitability and cashflow improved with positive EBIT margin of 1% and cashflow near breakeven, while the loss before tax narrowed to £(173) million
- The improved results reflect strong model mix and pricing with wholesales of 75,000 up 17.6% vs. Q2 FY22 and 4.9% vs. Q1 FY23, but lower than planned as chip supply constraints continue
- The production ramp up of New Range Rover and New Range Rover Sport improved with 13,537 units wholesaled in the quarter, up from 5,790 in Q1
- Strong demand continuing with client order book now at 205,000 units; our three most profitable models, the New Range Rover, New Range Rover Sport and Defender account for over 70% of the order book
- Increasing partnership agreements with semiconductor suppliers expected to enable improving volumes in the second half of financial year ending March 2023 and beyond
- Liquidity remains strong at £5.2 billion including £3.7 billion cash and £1.5 billion undrawn revolving credit facility

REIMAGINE TRANSFORMATION CONTINUES

- Strategic partnership with Wolfspeed launched, securing supply for silicon carbide semiconductor technology for inverters, integral to our electrification plans with further agreements with strategic semiconductor suppliers to follow
- New electric model development on track, with work to transform our UK plants for next generation of BEVs underway
- Future Skills Programme rolled out to upskill and ready 29,000 of our workforce to build and service new BEV cars
- Final F-Type set to launch in March 2023, marking 75 years of iconic Jaguar V8 sports cars, before Jaguar becomes a pure electric modern luxury brand from 2025
- Jaguar Land Rover has received a “Low Risk” ESG Risk Rating from Sustainalytics with a score of 17.1, the 4th lowest rating out of 74 companies in the Automotive Sub-Industry
- Refocus transformation programme delivered a further £300 million of value in Q2 and remains on track to deliver £1 billion this year

LOOKING AHEAD

Jaguar Land Rover is continuing to focus on signing long term partnership agreements with chip suppliers which is improving visibility of future chip supply. Production and sales volumes are expected to improve with positive profit margins and cashflow expected in the second half of FY23 and free cashflow is expected to be near breakeven for the full financial year.

Thierry Bolloré, Jaguar Land Rover’s Chief Executive Officer, said:

“We delivered a stronger financial performance in the second quarter as production of our new Range Rover and Range Rover Sport ramped up, improving revenue, margins and cash flow, despite continuing semiconductor constraints.

“Demand for our most profitable and desired vehicles remains strong and we expect to continue to improve our performance in the second half of the year, as new agreements with semiconductor partners take effect, enabling us to build and deliver more vehicles to our clients.”

TATA COMMERCIAL VEHICLES (TATA CV)

HIGHLIGHTS

- Q2 revenue at ₹ 16.4KCr, (+35.5%), EBITDA 5.0% (+180 bps), EBIT 2.3% (+260 bps), PBT (bei) ₹ 0.3 K Cr.
- Q2 Tata CV global wholesales stood at 103.1K units (+15%).
- Q2 CV domestic wholesales at 93.6 K units (+19%), domestic retails at 94.9K units (+23%).
- Domestic CV market share (based on Vahan at 43.2% in H1'FY23 (-150 bps vs FY 22).
- Smart city mobility business continues to witness strong growth, won contracts from various STU's for over 3,600 E-buses.

FINANCIALS

The commercial vehicles industry witnessed a consistent demand across segments in Q2FY23. Tata CV business registered a 19% growth in domestic sales over Q2 FY22 led by stronger sales of MHCVs and a robust recovery in passenger carriers demand. Improving fleet utilizations, pick up in road construction projects and increase in cement consumption catalysed the demand recovery for MHCV. CV exports however shrunk sharply by 22% due to the economic situation in certain markets, though it improved sequentially by ~30%.

Revenues were at ₹ 16.4KCr, (+35.5% yoy), (flat qoq). EBITDA margins and EBIT margins were at 5.0% and 2.3% respectively (+ 180 bps and +260 bps yoy). The YoY margin improvement was aided by higher volumes, better realizations, although certain residual commodity inflation and adverse fx somewhat impacted margins.

LOOKING AHEAD

The CV industry is poised for growth on the back of increased infrastructure activity, demand for last mile mobility and strong recovery in bus segment. We will closely watch the evolving geopolitical, inflation and interest rate risks on both the supply and demand and the impact it can potentially have on business. The recent exciting launches of the new range of smart trucks in MHCV and ILCV, and best-in-class pickups will help us serve our customers better. Focus will continue to remain on registration market share improvement with demand pull strategy, innovation intensity, restoring double-digit EBITDA margins and successfully delivering on new business models.

Girish Wagh, Executive Director Tata Motors Ltd said:

"In Q2 FY23, the CV industry witnessed consistency in demand across segments. Our sharp focus on retail resulted in retail sales outperforming wholesale by 1.3% during Q2 FY23. To better serve the evolving needs of our customers, we launched an efficient range of smart trucks in MHCV and ILCV segments, as well as best-in-class pickups, raising the benchmarks for safety, comfort, load carrying capacity while reducing their total cost of ownership. Going forward, we continue to remain in the agile mode and are keeping a close watch on the evolving geopolitical, inflation and interest rate risks on both supply and demand. We will drive the business on "Demand Pull" by focusing on customer connect, product innovation, service quality and thematic brand activations thereby improving customer affinity for our brands, step up registration market shares sustainably, and improve realisations and profitability."

TATA PASSENGER VEHICLES (TATA PV)

HIGHLIGHTS

- Q2 revenue at ₹ 12.5KCr, (+71%), EBITDA 5.4% (-70 bps), EBIT 0.4% (+200 bps), PBT (bei) ₹ 0.2 K Cr.
- Q2 PV domestic wholesales at 142.3 K units (+69%), domestic retails at 133.7K units (+ 57%).
- Q2 EV volumes highest at 11.5 K units (+326%).
- EV penetration at 8%, CNG penetration increased to 10% in Q2 FY23.
- Domestic PV market share strengthened further by 200 bps to 14.1% in H1 FY23.
- Tiago EV launched and received blockbuster opening with more than 10K bookings.
- Signed definitive agreement for acquisition of Ford India's Sanand plant; would unlock capacity of 300k vehicles p.a., scalable to 420k vehicles p.a.

FINANCIALS

Tata PV business continued its strong momentum in Q2FY23. Robust demand on account of festive season and strong demand for UV's led by Punch and Nexon, drove YoY volumes growth. On the backdrop of strong volumes, Q2 revenue stood at ₹ 12.5KCr, (+71%), EBITDA 5.4% (-70 bps), EBIT 0.4% (+200 bps) and positive PBT (bei). Strong volumes, richer mix and better realizations improved margins YoY. However, margins were affected because of residual commodity inflation and adverse fx. Market share improved to 14.1% in H1 FY23.

LOOKING AHEAD

In Passenger Vehicles, demand is likely to remain strong, although we could witness some moderation post the festive season. The Company will continue to drive growth and enhance profitability and cash flows. In Electric Vehicles, the recent launch of the Tiago EV, has opened new vistas and is poised to drive the mass adoption of EVs across the country. We aim to complete the acquisition of the Ford plant at Sanand in the coming months. Despite significant step-up in investments, the PV business is expected to remain self-sustaining whilst the EV business investments continue to be well funded.

Shailesh Chandra, Managing Director Tata Motors Passenger Vehicles Ltd & Tata Passenger Electric Mobility Limited said:

"Demand for passenger vehicles remained strong in Q2 FY23 fuelled by improving supply of semiconductors, festive season and new launches. Tata Motors scaled new highs with sales of 142,325 units during the quarter, recording a growth of ~70% versus Q2FY22 with SUV sales contributing a rich ~66% of the quarterly PV sales. In electric vehicles, the company posted record-making sales of 11,522 units in Q2FY23, registering a growth of 326% versus Q2 FY22. The recent festive season (Navratri to Dhanteras) saw 43% growth in retail sales over the previous year's festive season sales. The overwhelming customer response received for the Tiago EV, launched towards the end of the quarter, will further accelerate mass adoption of EVs across the country.
Going forward, we remain vigilant about the evolving demand and supply situation and will stay nimble to take necessary actions swiftly whilst focusing on improving profitability further."

ADDITIONAL COMMENTARY ON FINANCIAL STATEMENTS

(CONSOLIDATED NUMBERS, IND AS)

FINANCE COSTS

Finance costs increased by ₹ 160 Cr to ₹ 2,487 Cr during Q2 FY23 as compared to ₹2,327 Cr in Q2 FY22 due to higher gross borrowings.

JOINT VENTURES, ASSOCIATES AND OTHER INCOME

For the quarter, net profit from joint ventures and associates amounted to ₹106Cr compared with a profit of ₹ 61Cr in Q2 FY 22. Other income (excluding grants) was ₹ 393Cr in Q2 FY 23 versus ₹ 249Cr in Q2 FY22.

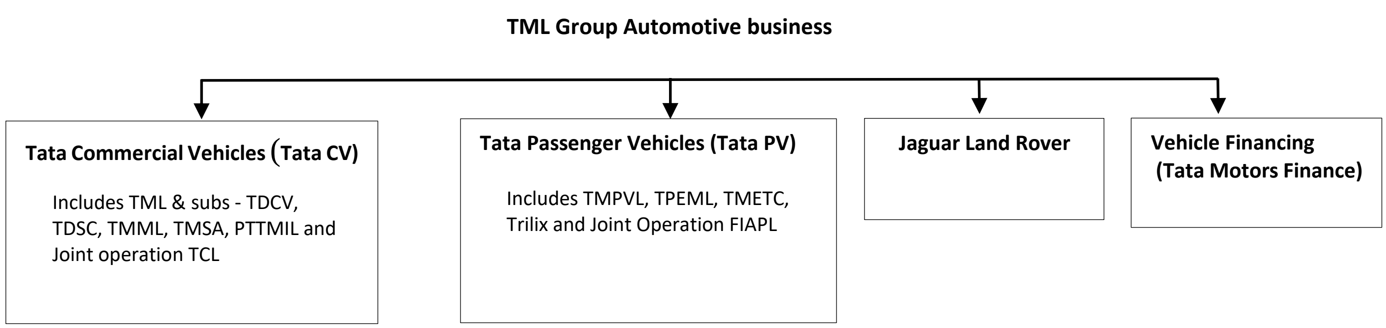
FREE CASH FLOWS

Free cash flow (automotive) in the quarter, was positive at ₹ 1.0 KCr (as compared to negative ₹ 3.2K Cr in Q2 FY 22), despite working capital being adverse by ₹ 1.4 KCr in Q2 FY23.

REPORTING FORMAT

The press release represents the details on consolidated segment level. The operating segment comprise of automotive segment and others.

In automotive segment, results have been presented for entities basis four reportable sub-segments as below



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