TATA MOTORS GROUP: RESULTS

Q2 FY21 | 27th October 2020

Safe harbour statement

TATA MOTORS

Statements in this presentation describing the objectives, projections, estimates and expectations of Tata Motors Limited (the “Company”, “Group” or “TML”) Jaguar Land Rover Automotive plc (“JLR ”) and its other direct and indirect subsidiaries may be “forward-looking statements” within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company’s operations include, among others, economic conditions affecting demand / supply and price conditions in the domestic and overseas markets in which the Company operates, changes in Government regulations, tax laws and other statutes and incidental factors

Certain analysis undertaken and represented in this document may constitute an estimate from the Company and may differ from the actual underlying results

Narrations

- Q2FY21 represents the 3 months period from 1 Jul 2020 to 30 Sep 2020
- Q2FY20 represents the 3 months period from 1 Jul 2019 to 30 Sep 2019
- H1FY21 represents the 6 months period from 1 Apr 2020 to 30 Sep 2020
- H1FY20 represents the 6 months period from 1 Apr 2019 to 30 Sep 2019

Accounting Standards

- Financials (other than JLR) contained in the presentation are as per IndAS
- Results of Jaguar Land Rover Automotive plc are presented under IFRS as approved in the EU.

Other Details

- **JLR volumes:** Retail volume and wholesales volume data includes sales from the Chinese joint venture (“CJLR”)
- **Reported EBITDA** is defined to include the product development expenses charged to P&L and realised FX and commodity hedges but excludes the revaluation of foreign currency debt, revaluation of foreign currency other assets and liabilities, MTM on FX and commodity hedges, other income (except government grant) as well as exceptional items.
- **Reported EBIT** is defined as reported EBITDA plus profits from equity accounted investees less depreciation & amortisation.
- **Free cash flow** is defined as net cash generated from operating activities less net cash used in automotive investing activities, excluding investments in consolidated entities and movements in financial investments, and after net finance expenses and fees paid.
- Retail sales of TML represents the estimated retails during the quarter.

Product highlights of the quarter

Exciting product launches and cutting-edge technologies

TATA MOTORS

Signa 5525.S launched
(Highest GCW of 55 tonnes)

300,000th Tiago and 1000th Nexon EV rolled out

Signa 4825.TK - India's largest tipper truck

Joins the Global #WorldEVDay Movement

Land Rover Defender 90 available to order

21MY Range Rover Velar launched

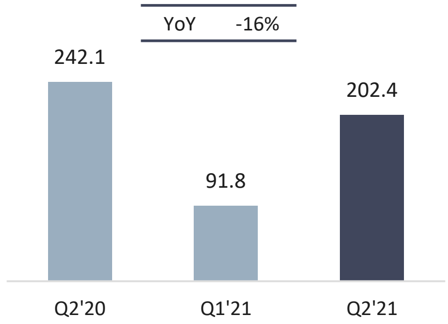
21MY Jaguar F-PACE launched

5 PHEVs and 5 MHEVs added so far in FY21

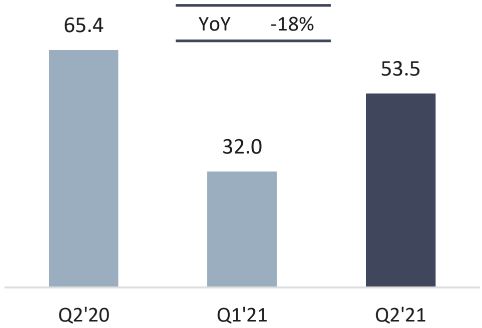
Performance highlights

Sequential improvement in performance; EBIT breakeven, positive Free Cash Flow delivered

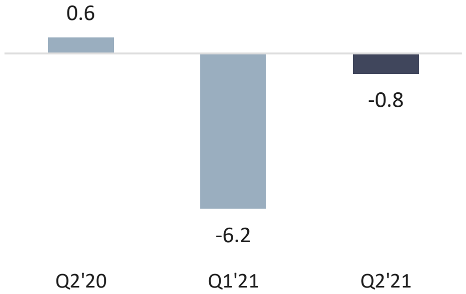
Global Wholesales
(K units)



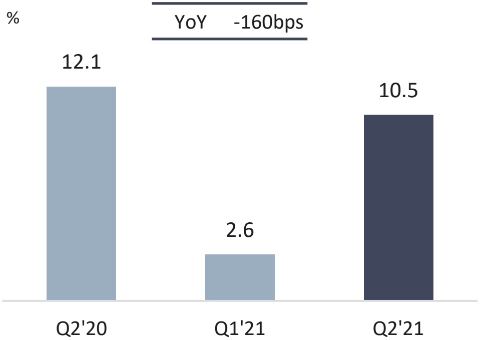
Revenue
₹KCr



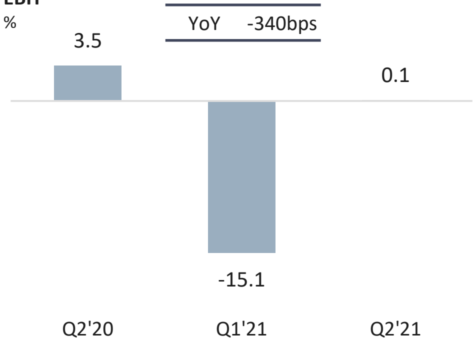
PBT
₹KCr



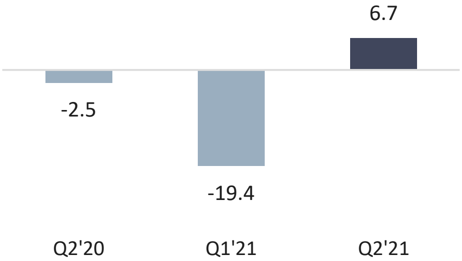
EBITDA
%



EBIT
%



FCF(Auto)
₹KCr



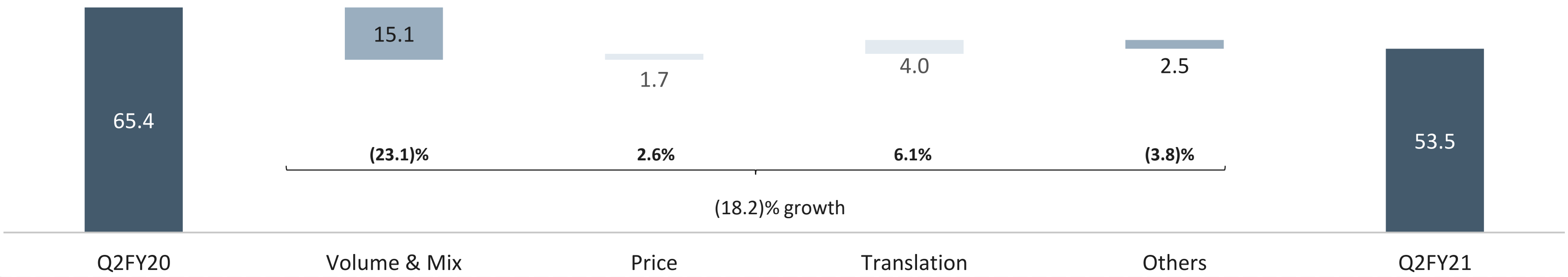
Performance highlights (Contd)

TATA MOTORS

EBIT breakeven; JLR delivers positive PBT; PV achieves EBITDA breakeven; Debt reduced by 6.3KCr

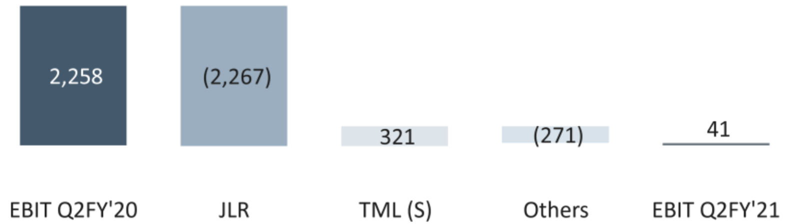
Revenue

₹ KCr. IndAS



Profitability

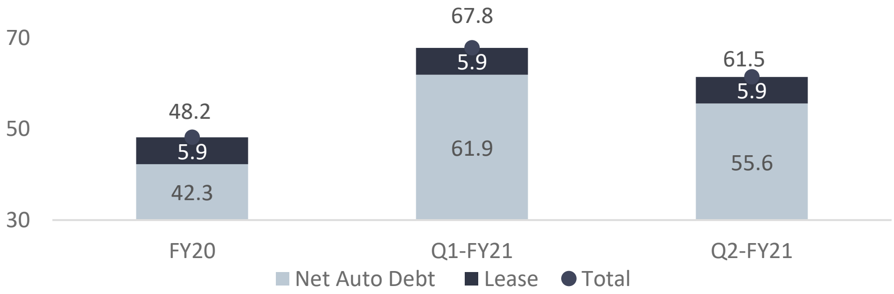
₹ Cr. IndAS



EBIT %	3.5%	(3.5)%	0.3%	(0.2)%	0.1%

Net Auto Debt

₹ KCr. IndAS



Debt profile

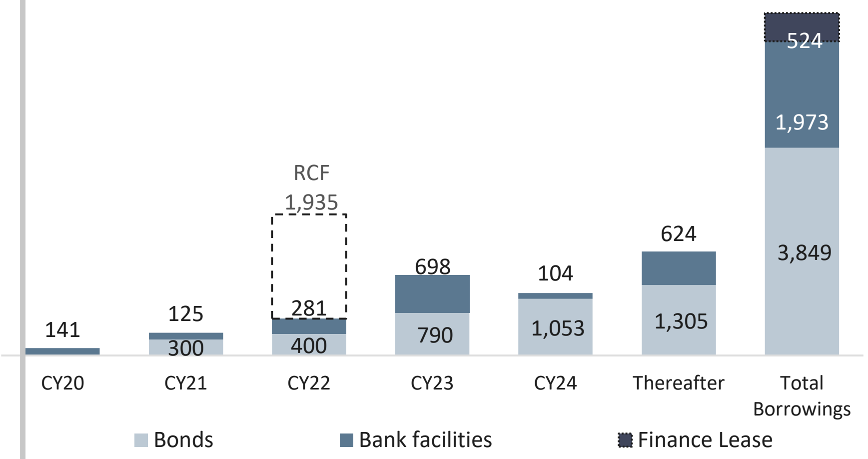
TATA MOTORS

Strong liquidity; debt maturities well spread out

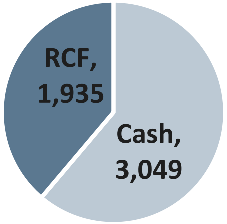
IFRS, £m

JLR
Debt maturity profile

Total
6,396



$700m of additional liquidity secured in October

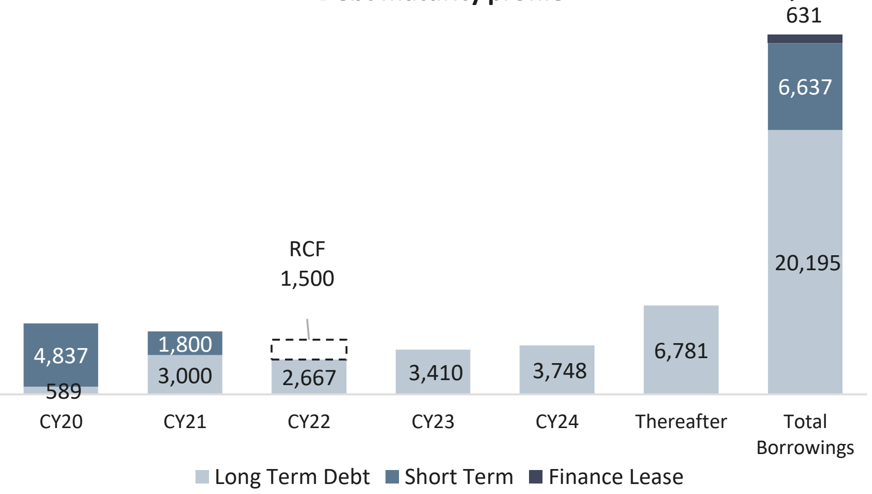


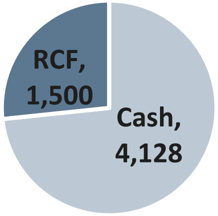
£5.0b Liquidity

IndAS
₹ Crores

TML (S)
Debt maturity profile

Total
27,463





₹5.6KCr Liquidity

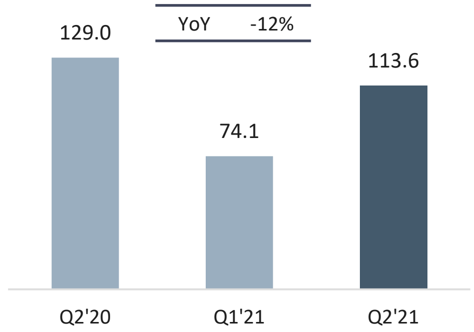
Jaguar Land Rover

Thierry Bolloré and Adrian Mardell

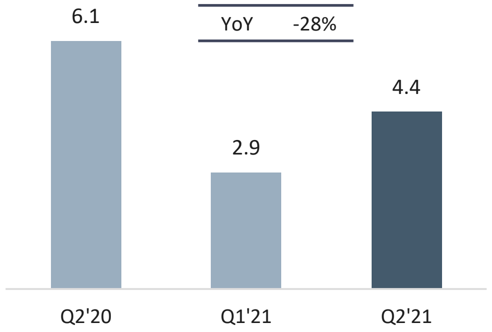
Improved results – PBT £65m, FCF £463m

Positive EBIT, PBT and FCF despite COVID led volume decline

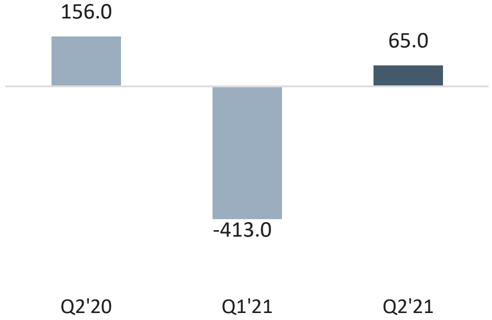
Retails
(K units)



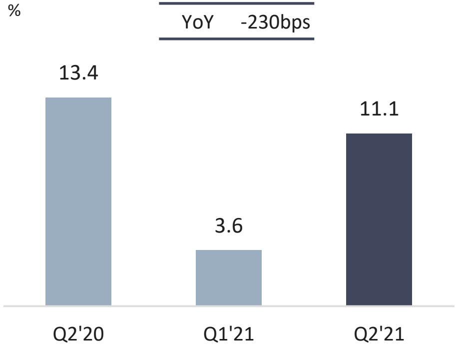
Revenue
£B



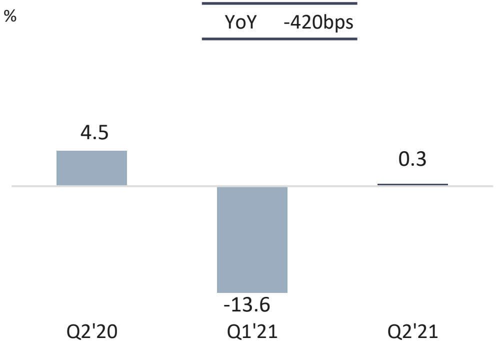
PBT
£m



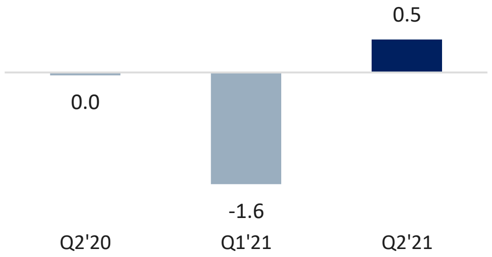
EBITDA
%



EBIT
%



FCF
£B



Performance highlights

Volume & Revenue

- Significant improvement Q-o-Q across all markets; China sales up Y-o-Y; Other markets still below pre-Covid levels
- Inventory around ideal levels
- 5 PHEVs and 5 MHEVs added so far in FY21

Profitability

- Positive PBT of £65m and EBIT of 0.3% despite lower volumes YoY
- Charge+ cost savings of £0.3b in the quarter
- CJLR breakeven sustained

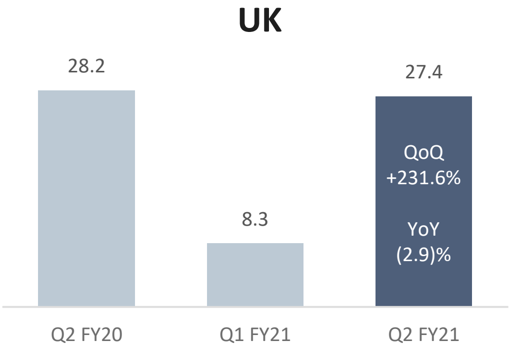
Cash Flows

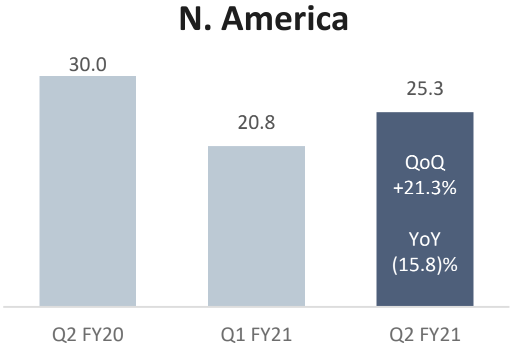
- Strong Positive FCF of £463m driven by working capital improvement

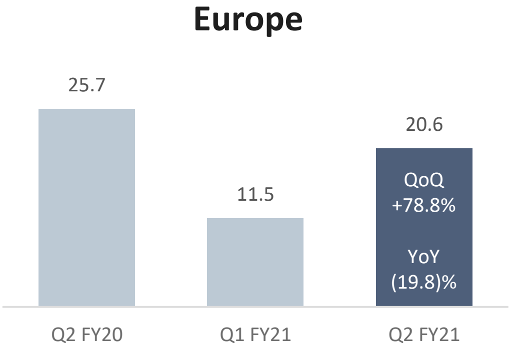
Retail sales recovery – up 53.3% QoQ

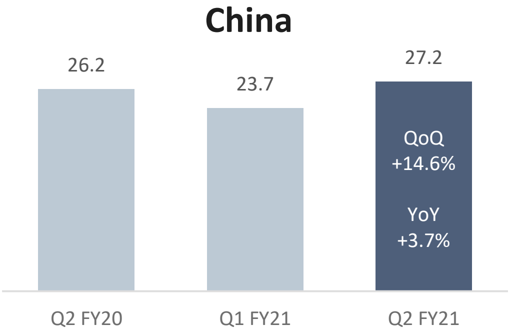
Down 11.9% YoY due to COVID, but China up 3.7% YoY

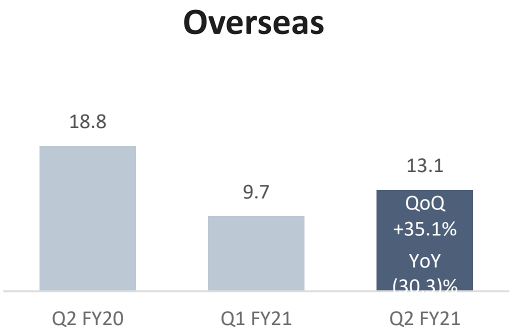
Retail units in '000

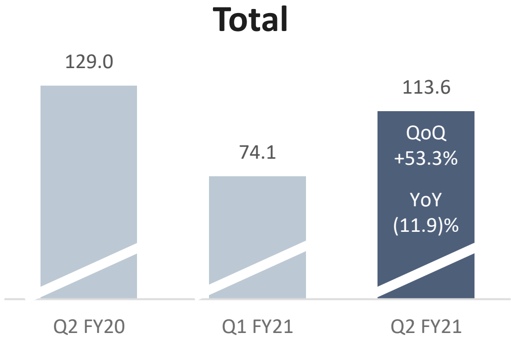










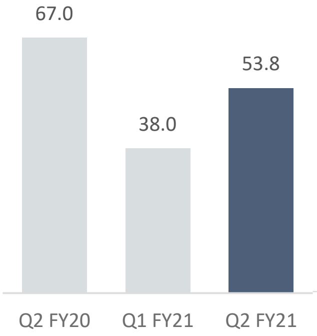


Retail sales recovery (model families)

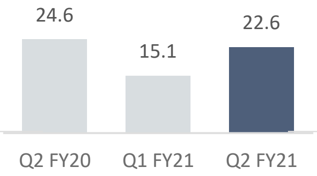
Significant growth in Defender

Retail units in '000

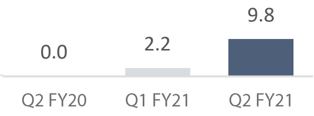
Range Rover



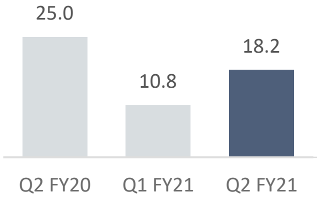
Discovery



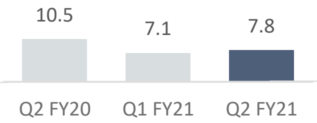
Defender



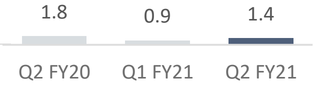
Jaguar PACE



Jaguar sedans

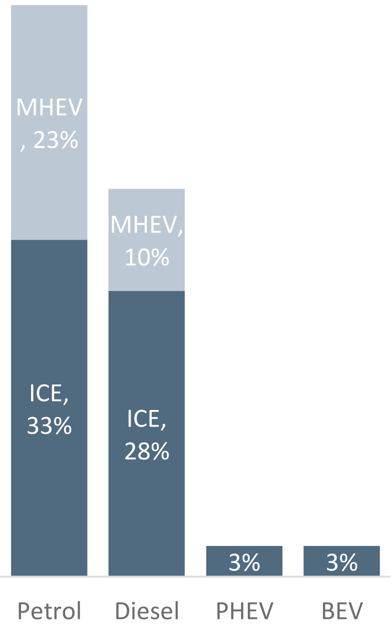


Jaguar F-TYPE



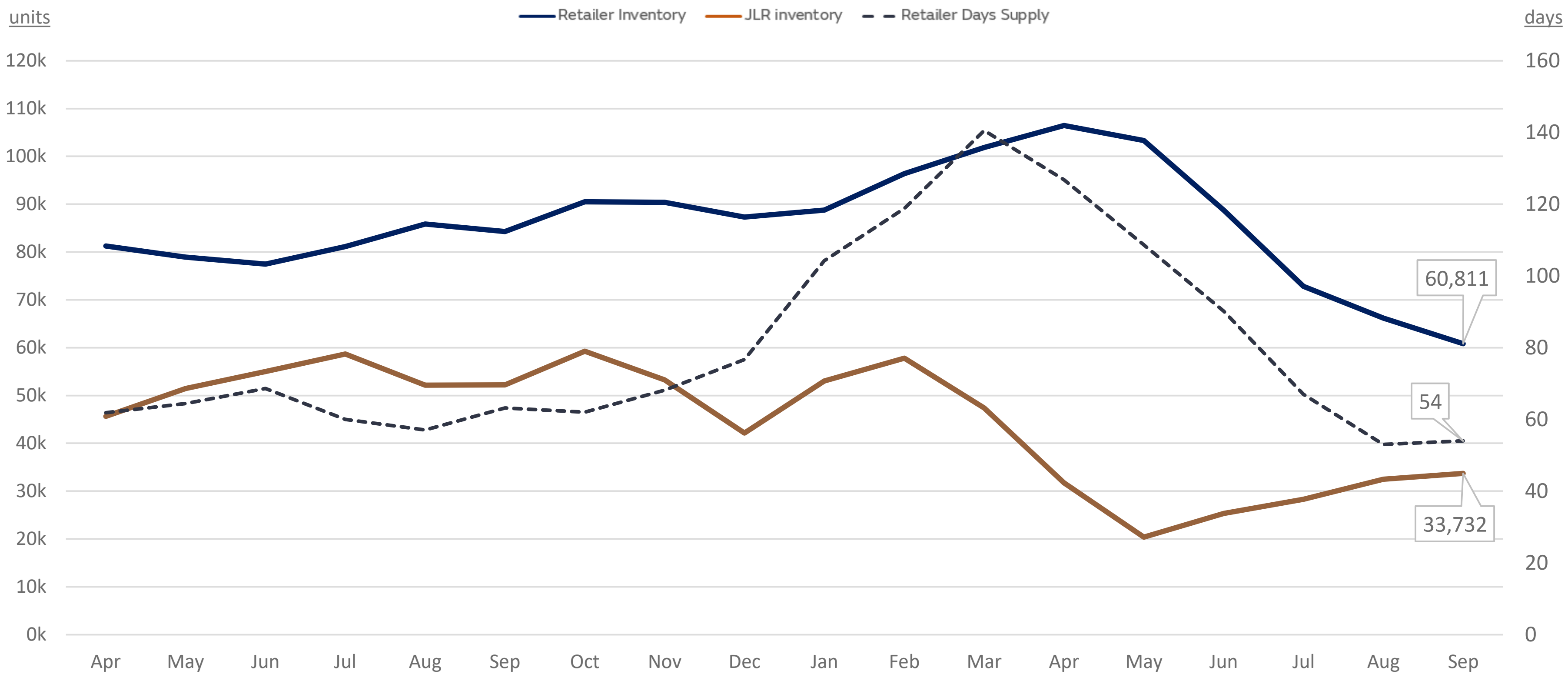
JLR Powertrain mix

Q2 FY21



Inventories at near ideal levels

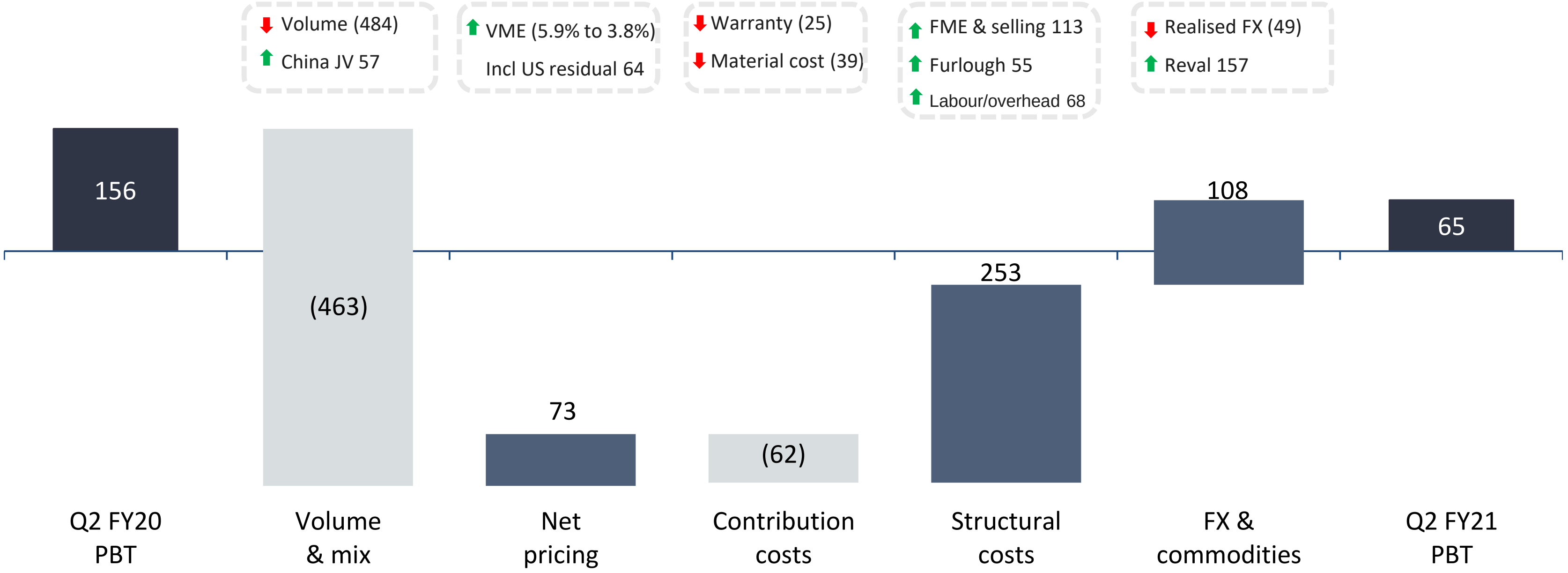
Demand-led strategy supports future wholesales growth



Improved results – PBT £65m

Lower post-Covid sales offset by cost savings and FX

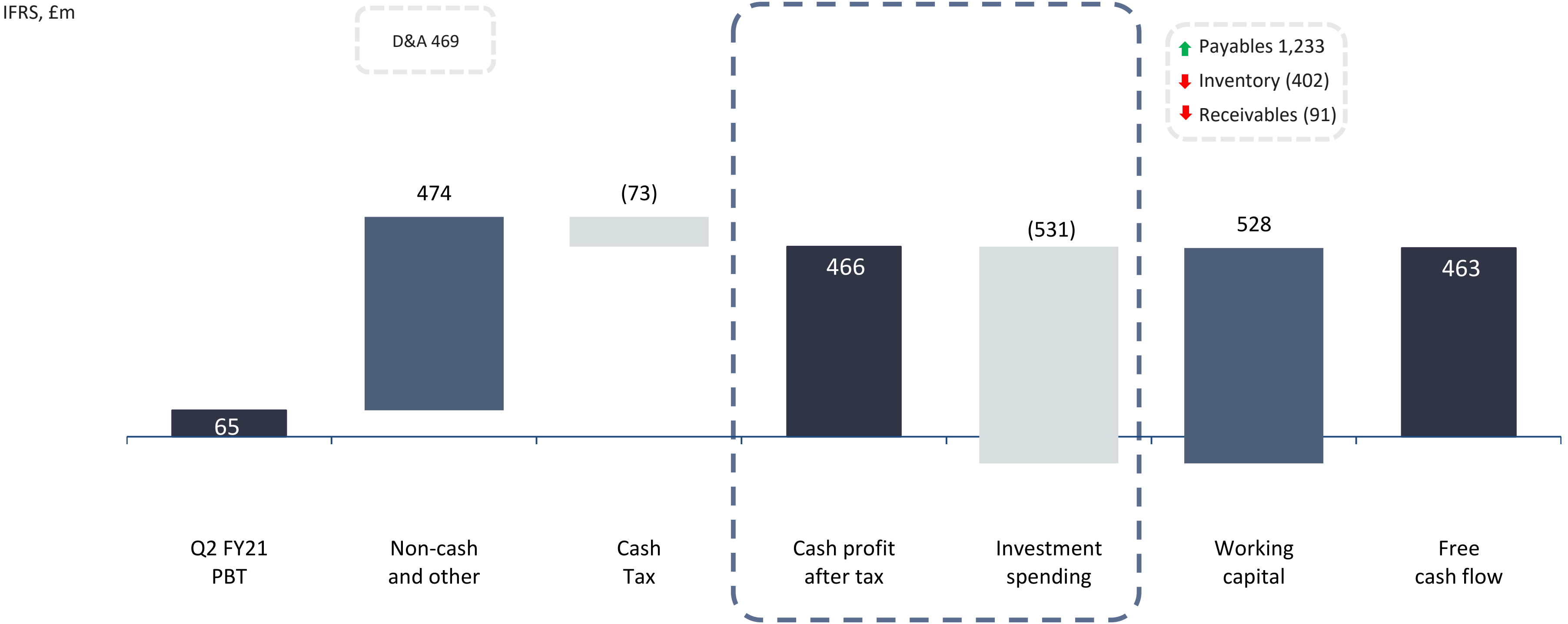
IFRS, £m



		Q1 FY21 PBT						
PBT QoQ		**(413)**	331	147	31	(70)	39	**65**
EBIT Margin	YoY	**4.5%**	(7.2)%		(1.5)%	5.6%	(1.1)%	**0.3%**
	QoQ	**(13.6)%**	15.6%		0.8%	(1.4)%	(1.1)%	**0.3%**

Return to positive free cash flow £463m

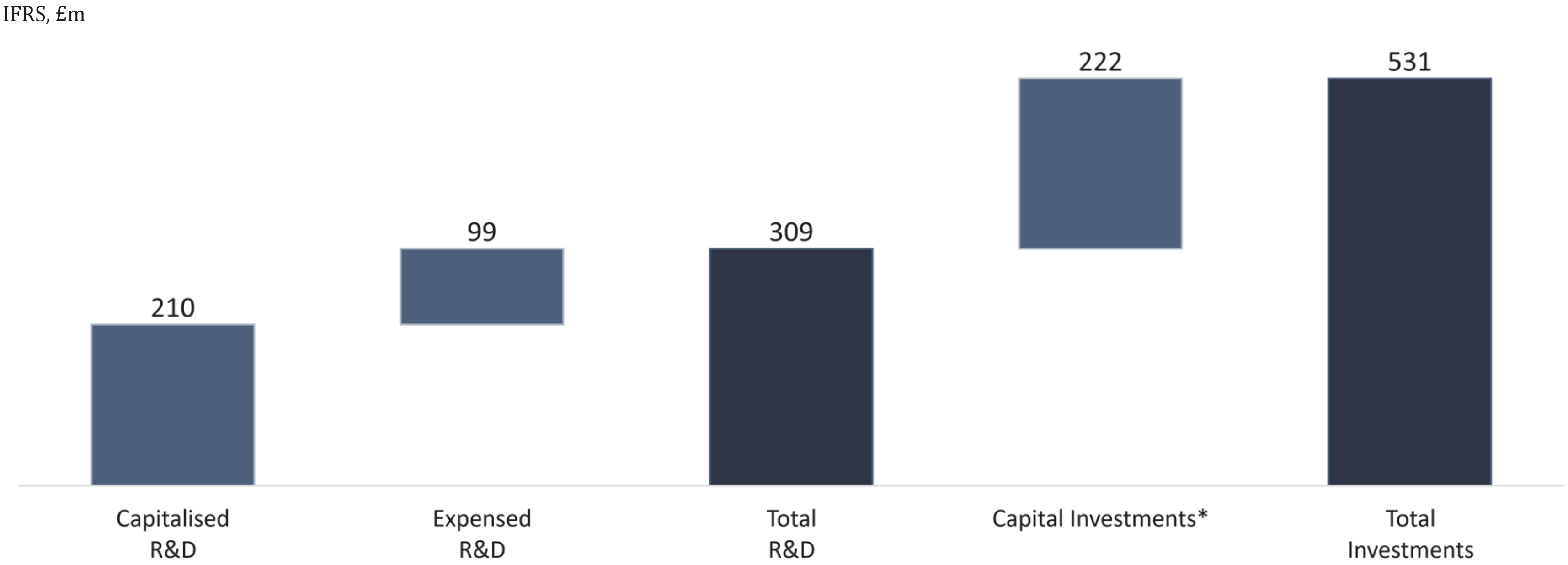
Primarily reflects working capital recovery from Q1



	Q2 FY21 PBT	Non-cash and other / Cash Tax	Cash profit after tax	Investment spending	Working capital	Free cash flow
vs. Q1 FY21	478	(126)	352	17	1,664	2,033
vs. Q2 FY20	(91)	(330)	(421)	310	617	506

Investment £531m, down significantly YoY

On-track to achieve £2.5b full-year target



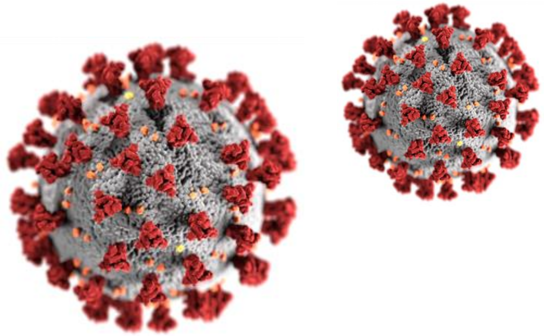
	Capitalised R&D	Expensed R&D	Total R&D	Capital Investments*	Total Investments
B/(W) Q1 FY21	(42)	8	(34)	51	17
B/(W) Q2 FY20	143	15	158	152	310

* Of which £229m relates to purchases of property, plant and equipment in Q2 FY21 vs. £222m in Q1 FY21 and £347m in Q2 FY20.

Business Update

Significant geopolitical & regulatory risks remain

Despite continuing signs of recovery and stabilisation



Impact of COVID-19

Brexit: Trade agreement uncertainty remains

US presidential election 3rd November

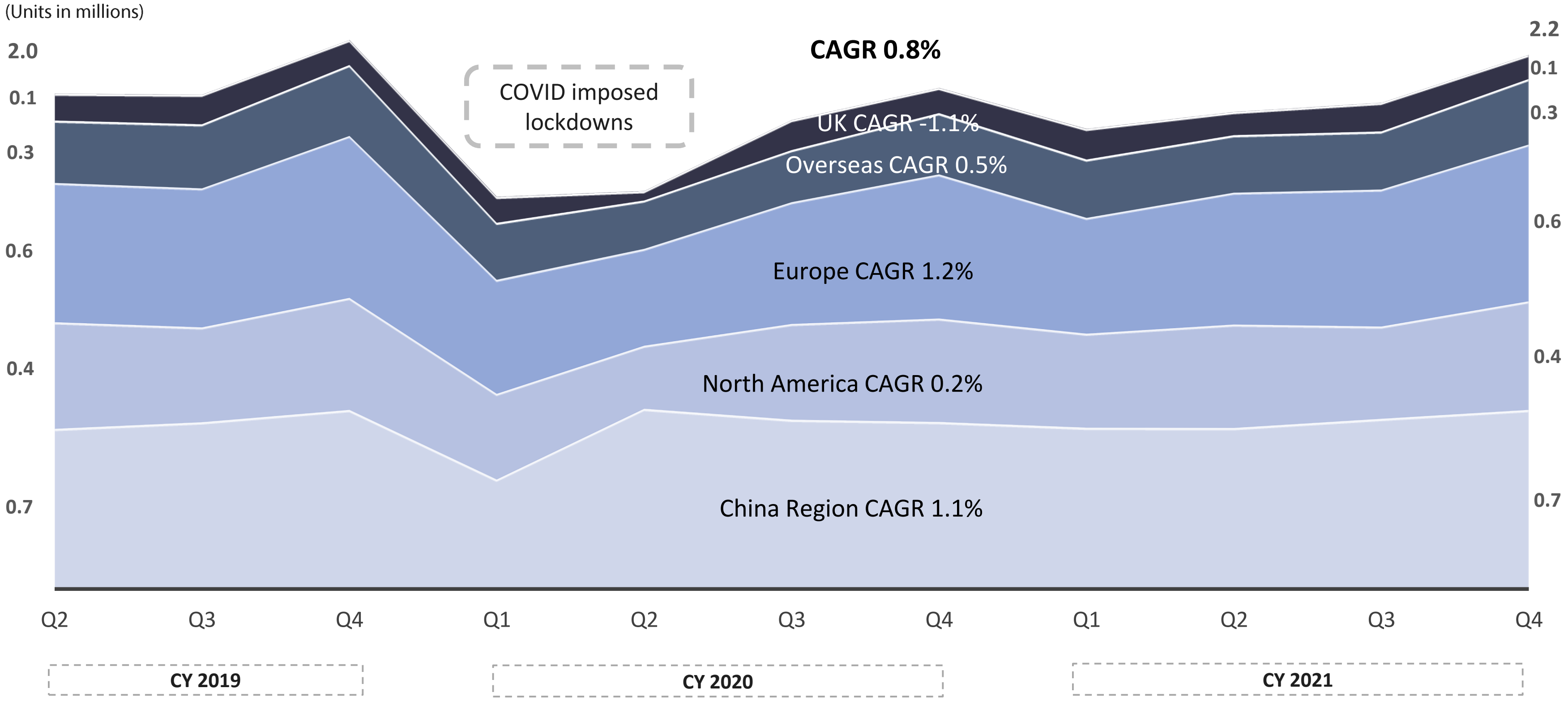
Slow economic recovery with possible recessions

Trade tensions impact global economic recovery

Emissions compliance

IHS industry volumes – JLR segments

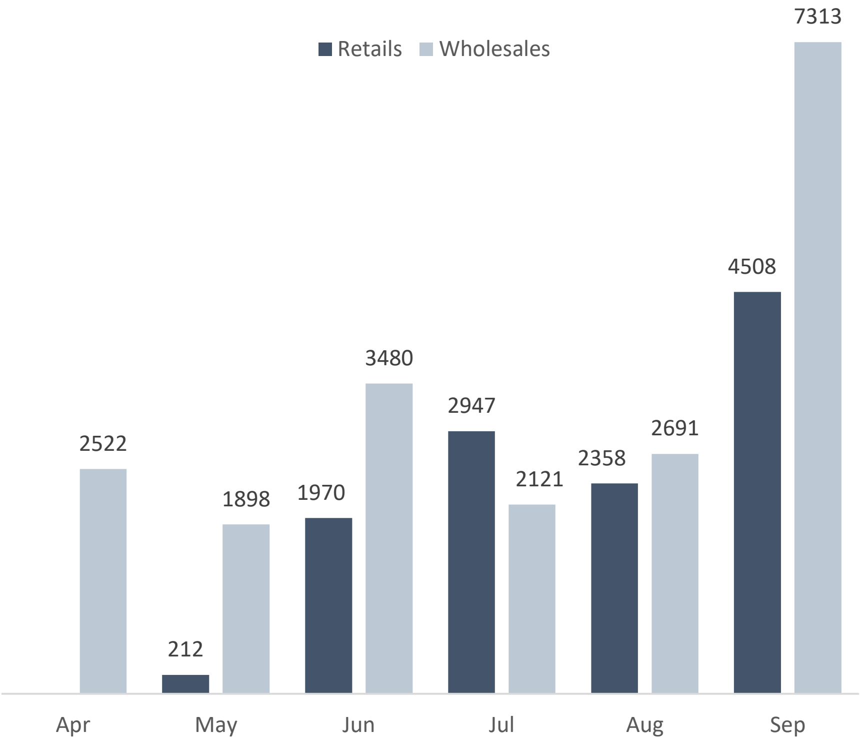
Continue to expect gradual recovery



Source: IHS August 2020

Sales of Land Rover Defender 110 building

Short wheel-base Land Rover Defender 90 now available to order



New 21MY Jaguar F-PACE & Range Rover Velar

Plug-in and mild-hybrid models now available

Refreshed Jaguar F-PACE

Upgraded Range Rover Velar

- PHEV powertrain options with DC charging – all-electric range of up to 33 miles (53km) with CO_2 emissions from 49 g/km
- Enhanced interior design
- Advanced connectivity, including latest Pivi Pro infotainment system
- Enhanced technologies including active road noise cancellation and a new cabin air filtration system

Significant electrification expansion in FY21

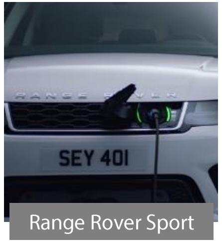
6 new PHEVs and 9 new MHEVs in FY21

Battery electric (BEV)

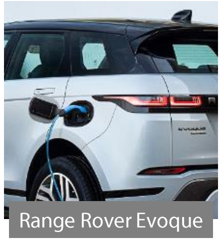
Jaguar I-Pace

Plug-in Hybrid (PHEV)

Range Rover



Range Rover Sport


Range Rover Evoque


Discovery Sport


Defender

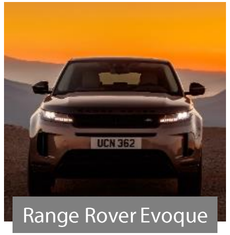

F-PACE


Range Rover Velar

Mild Hybrid (MHEV)

Range Rover

Range Rover Sport



Range Rover Evoque

Discovery Sport

Defender


F-PACE


Range Rover Velar

Jaguar XF

Jaguar XE

JLR electrification plans to support CO2 compliance

Covid and launch timings may lead to fines in 2020

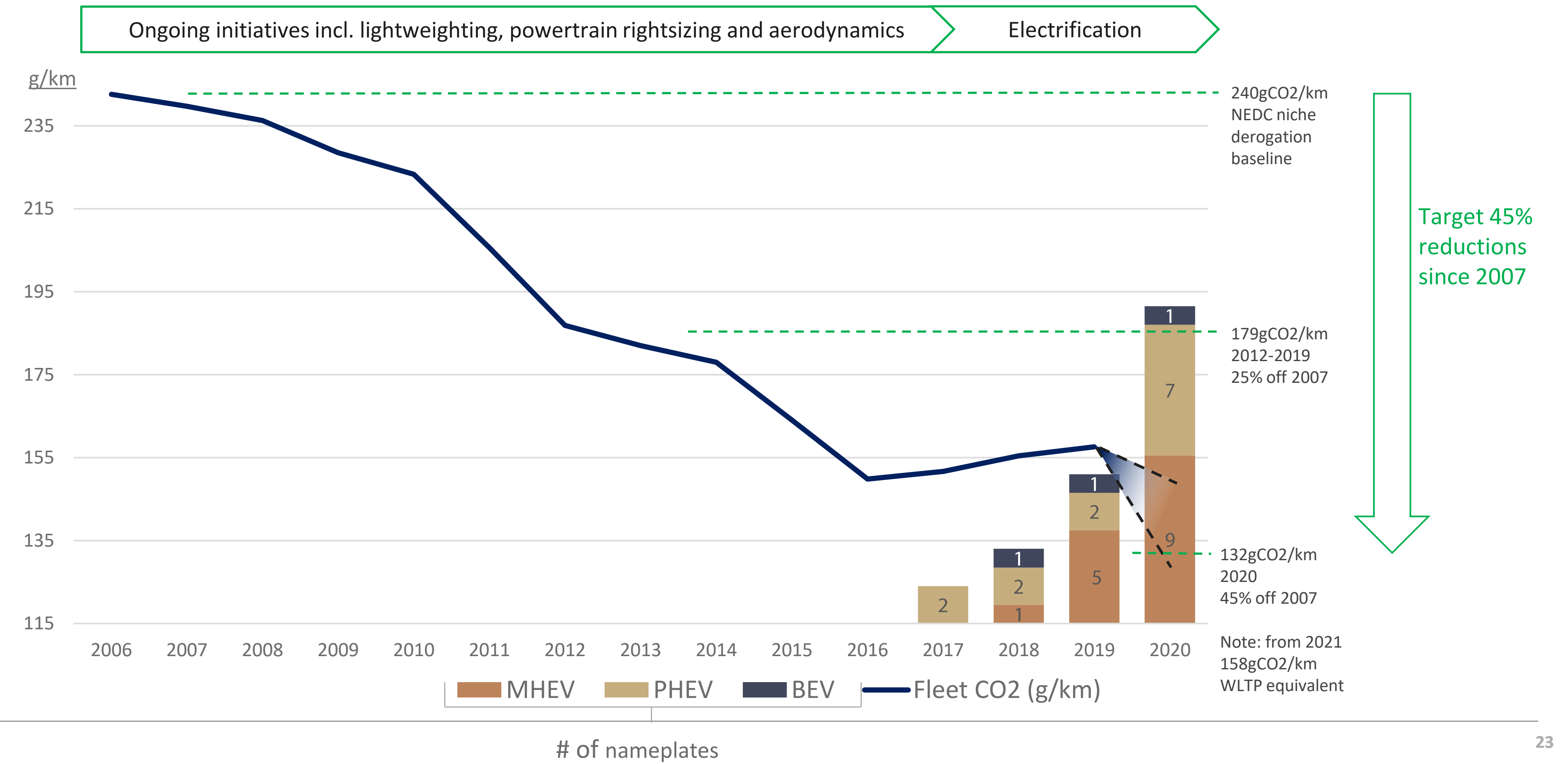
	Status 2019	Target 2020	Target 2021
EU / UK	EU28 (NEDC) **178 CO_2g/km target** 158 CO_2g/km status	EU28 transition to new NEDC target **132 CO_2g/km** As a result of Covid sales impacts and PHEV, MHEV timing changes, JLR has reserved £90m at Q2 for potential EU CO2 fines. Full year provision is expected to reduce with increased BEV, PHEV and MHEV deliveries.	EU27 (WLTP) **159 CO_2g/km** UK1 (WLTP) **158 CO_2g/km**
US	EPA GhG **274 CO_2g/mile target** 282 CO_2g/mile status	EPA GhG **263 CO_2g/mile**	EPA GhG **253 CO_2g/mile**
China	CAFC **6.7 L/100km target** 7.3 L/100km status	CAFC **6.9 L/100km**	CAFC **7.7 L/100km**

Notes:

- 2019 provisional. Most recent published data is for 2018 which confirmed compliance
- Forecast compliance will depend on JLR portfolio model mix and launch timings, market performance, Covid impact and applicable regulations
- US/China compliance supported by credit purchase and carry forward / back (c. £10m expected for each market in each of 2019 , 2020 and 2021)

Fleet CO2 emissions down ~45% since 2007

Enabled by additional electrified models



Brexit planning

JLR Base case is UK-EU FTA (Deal); but ready for WTO (No Deal)

Deal

Base case sees Canada-style 'Deal' with tariffs on UK/EU trade avoided, but tariff exposure for EU exports to EU FTA markets. Customs declarations

No Deal

Threat of Australia-style 'No Deal' remains, with tariffs on UK-EU trade as key differentiator vs. 'Deal'

Many operational implications are common to both outcomes

- Increased customs declarations, administration and compliance in both deal and no deal scenarios
- Potential border delays could disrupt supply chain and the export of finished vehicles in the short-term during transition

Operational mitigations for both outcomes

- Potential additional 1 day production stock (EU stock at UK plants and UK stock at Slovakia), and 2 weeks of aftermarket parts buffer stock
- Resourcing for additional customs processes, and IT solutions in place, with JLR Supplier readiness programme in operation
- Assume recovery of lost volumes due to potential border disruption
- Preparation intensifies in Q3: Brexit steering committee, dialogue with Government and partners to secure 'Deal' but prioritise 'No Deal' planning

Primary tariff implications	Deal	No Deal
Tariffs on UK / EU sales, assumed 10% of transfer price on c. 20% of sales	No	Yes
Tariffs on UK / EU parts purchases, assumed 4% average, with c. 80% recovery from vehicle exports	No	Yes
Loss of preferential tariff rates available under existing EU trade agreements with 3rd countries [1]	Yes	Yes

Tariff Mitigations

- Weaker pound in 'No Deal' outcome expected to significantly offset tariff cost, net of hedging initially
- Recover through pricing and mix to extent possible
- UK sales benefit from tariffs on competitor imports
- Potential future trade agreements to reduce tariffs

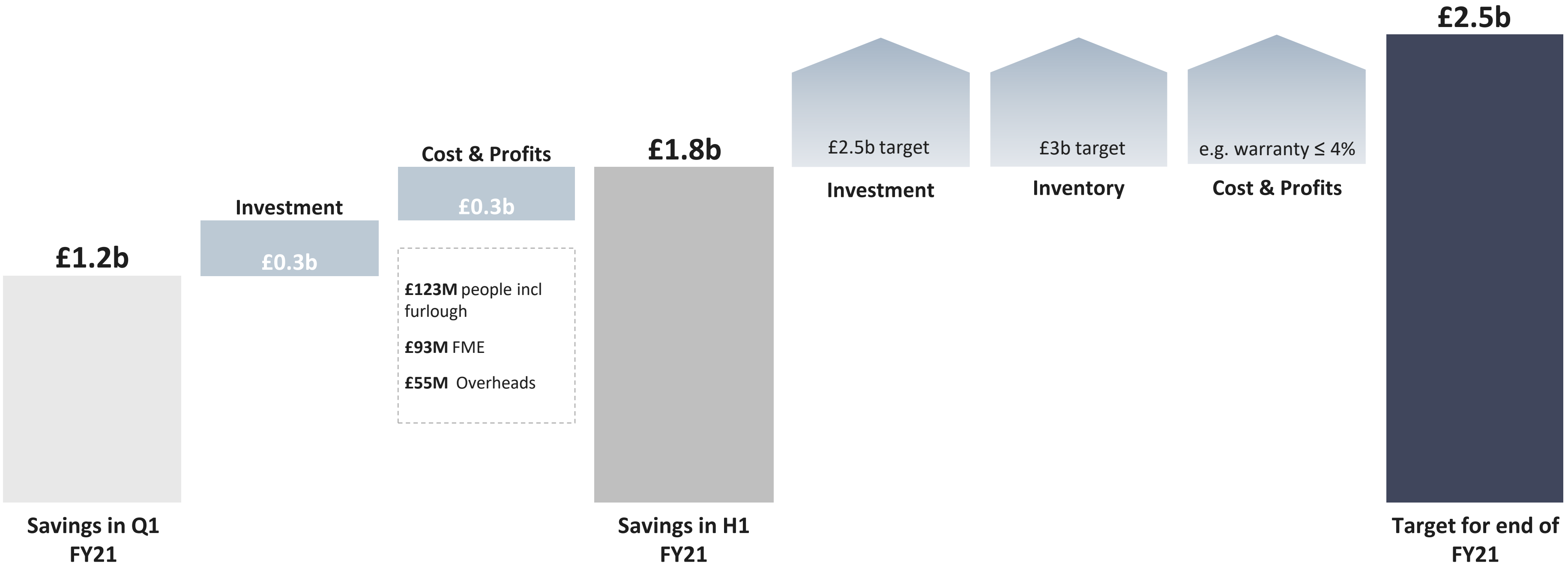
[1] For Sales from EU: South Korea, South Africa, Mexico, Colombia. For sales from UK: Mexico, Turkey and Canada still to be agreed

Charge+ savings £0.6b in Q2, £1.8b YTD

On track to exceed £2.5b target savings in FY21

Q2 FY21 progress of £0.6b. H1 FY21 savings £1.8b

£0.7b to deliver in H2 FY21 to achieve £2.5b FY21 target



Outlook

Expect sales and financial performance to improve in H2 FY21

Risks remain

- Covid
- Economy
- Brexit & US election
- Electrification & emissions

2nd half FY21

Improving vs H1:

- Sales volumes & revenue
- Profits
- Cash flow

Fiscal 2022

Targeting :

- Improved sales & profit,
- Positive free cash flow
- Lower net debt

Product portfolio

- Launch new products
- Expand electrification

CHARGE+

- £2.5b savings in FY21
- £2.5b investment

Investor Day

- CEO business update
- Wednesday, 2nd December

Tata Motors (S)

Guenter Butschek and PB Balaji

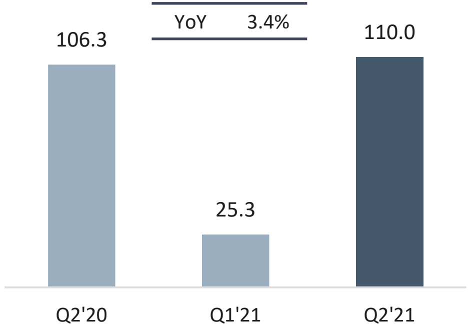
TATA MOTORS
Connecting Aspirations

Key Figures

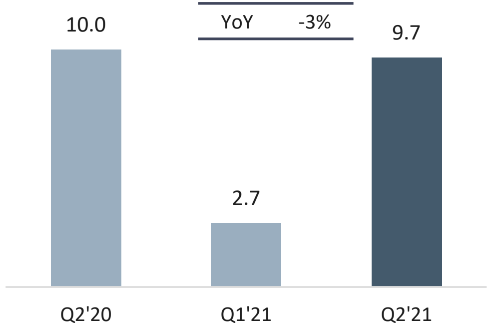
TATA MOTORS
Connecting Aspirations

Sequential improvement; Strong performance in PV and gradual recovery in CV

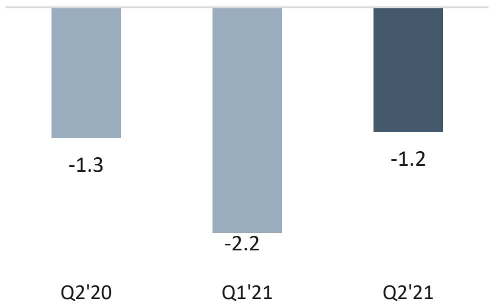
Wholesales
(K units)



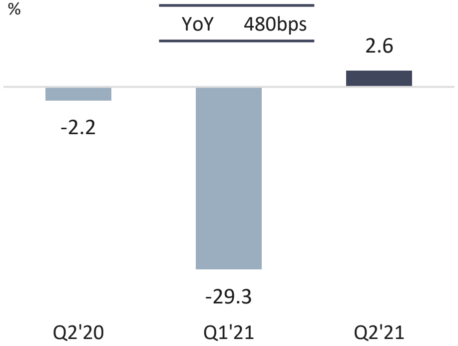
Revenue
₹KCr



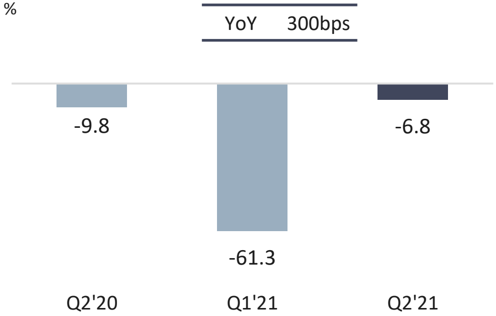
PBT
₹KCr



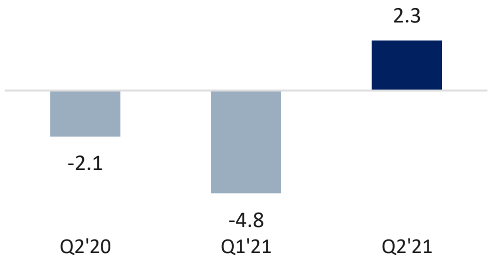
EBITDA
%



EBIT
%



FCF
₹KCr



Performance highlights

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Connecting Aspirations

Strong improvement Q-o-Q

Volume & Revenue	• Significant improvement Q-o-Q • CV : Gradual improvement in demand with improving market shares; M&HCV demand weak • PV : Strong sales momentum with the "New Forever" portfolio;
Profitability	• EBITDA positive for TML (S) despite weaker mix • CV : Sequential improvement; YoY remains impacted • PV : EBITDA breakeven achieved
Cash Flows	• Strong Positive FCF • Favourable working capital movement

PBT at ₹ (1.2)KCr

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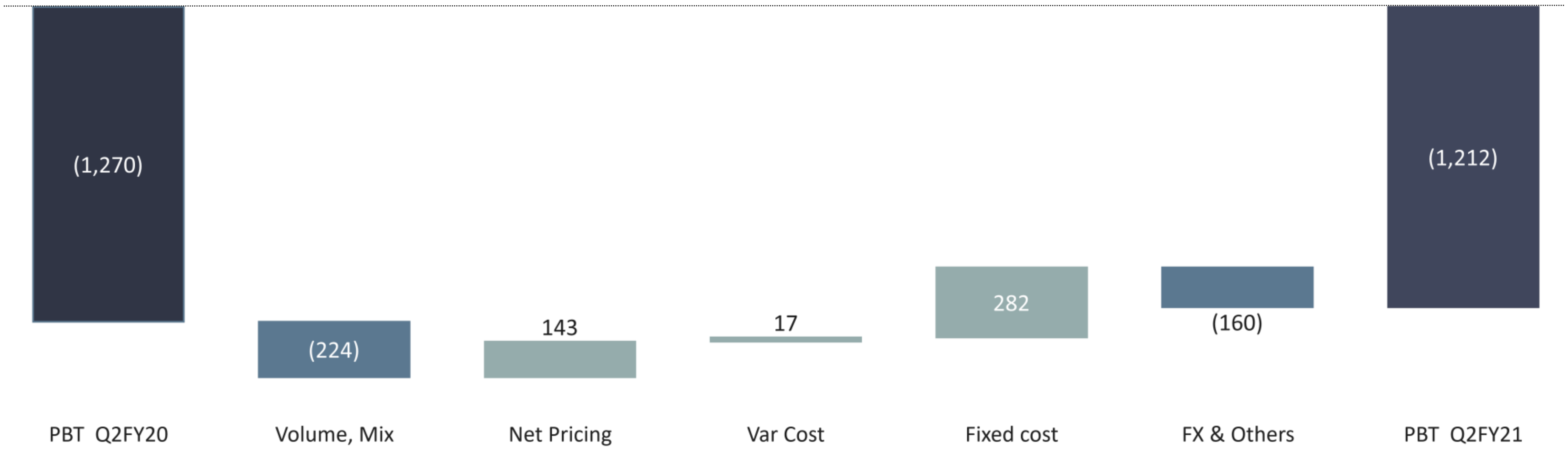
Connecting Aspirations

Weaker volumes, poorer mix and high finance costs, offset by pricing & cost savings

₹ Cr. IndAS

- FME& Others: ₹401 Cr
- D&A and PDE : ₹(118)Cr

- Forex : ₹107Cr
- Finance Cost : ₹(222)Cr
- Exceptional Items & Others ₹45Cr



EBIT %	**(9.8)%**	**(2.9)%**	**1.5%**	**0.2%**	**2.9%**	**1.3%**	**(6.8)%**

For analytical purposes only

Free Cash Flows at ₹2.3 KCr

Working capital unwind of Q1 corrected; Strong investment savings

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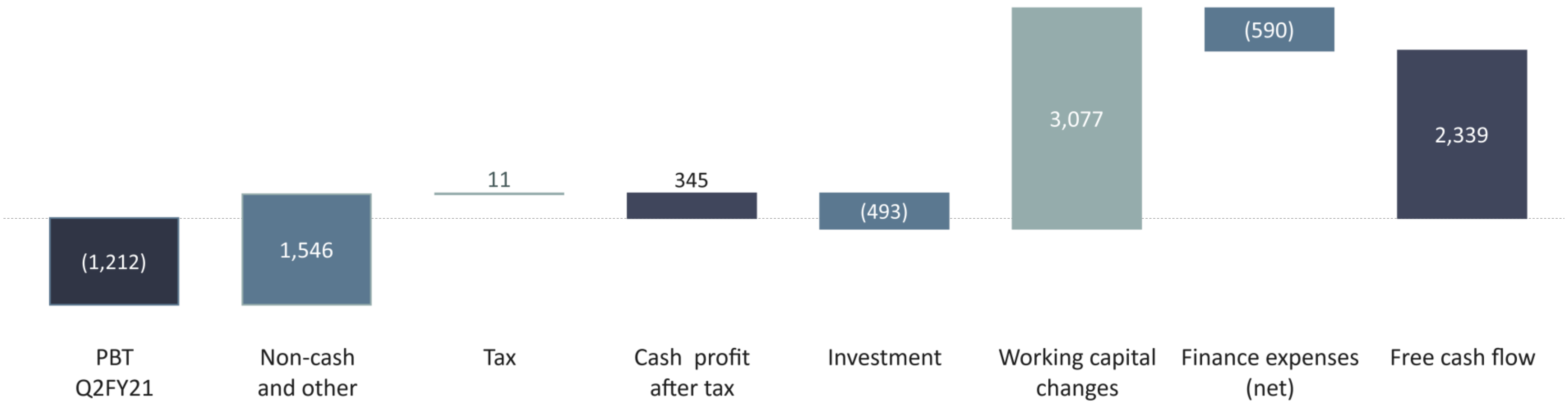
₹ Cr. IndAS

- Payables, acceptances ₹ 2,684 Cr
- Others ₹ 393 Cr



	PBT Q2FY21	Non-cash and other	Tax	Cash profit after tax	Investment	Working capital changes	Finance expenses (net)	Free cash flow
B/ (W) YoY	**+58**	**+654**	**+33**	**+745**	**+502**	**+3,404**	**(175)**	**+4,476**

Investment Spending ₹ 669 Cr

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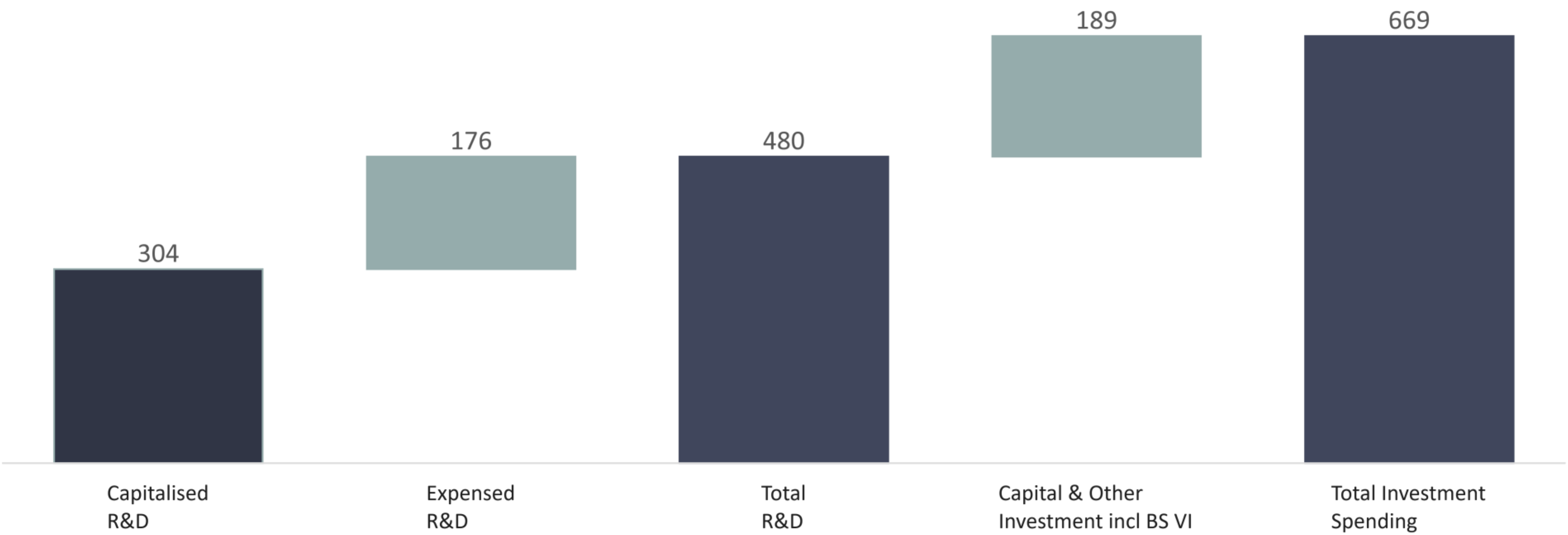
Capex to be managed prudently while catering to a resurgent demand

₹ Cr. IndAS



	Capitalised R&D	Expensed R&D	Total R&D	Capital & Other Investment incl BS VI	Total Investment Spending
B/(W) YoY	**164**	**31**	**195**	**338**	**533**

Cash savings of ₹2.5KCr till date

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On track to deliver ₹ 6KCr of cash and cost savings

₹ *Cr*	Target FY21	Status H1'FY21	Comments
Investment	3,000	980	Investment prioritization in place.Capex will be prudently managed while catering to a resurgent demand
Working Capital	1,500	675	Working capital savings to gain further momentum
Cost & Profits	1,500	820	Employee costs, Marketing, Manufacturing, Discretionary and Others
Total Cash Savings	**6,000**	**2,475**	

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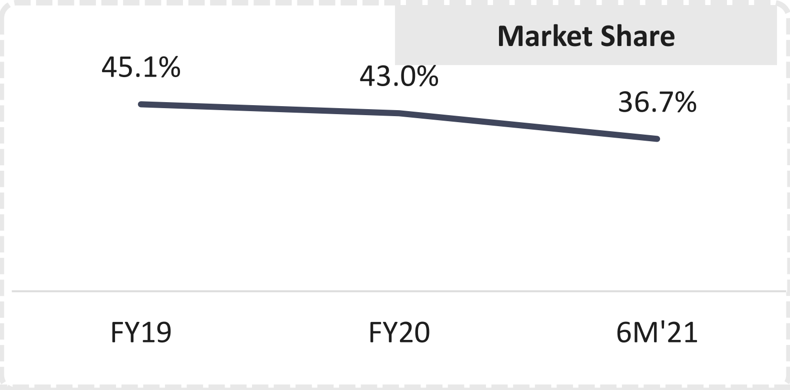
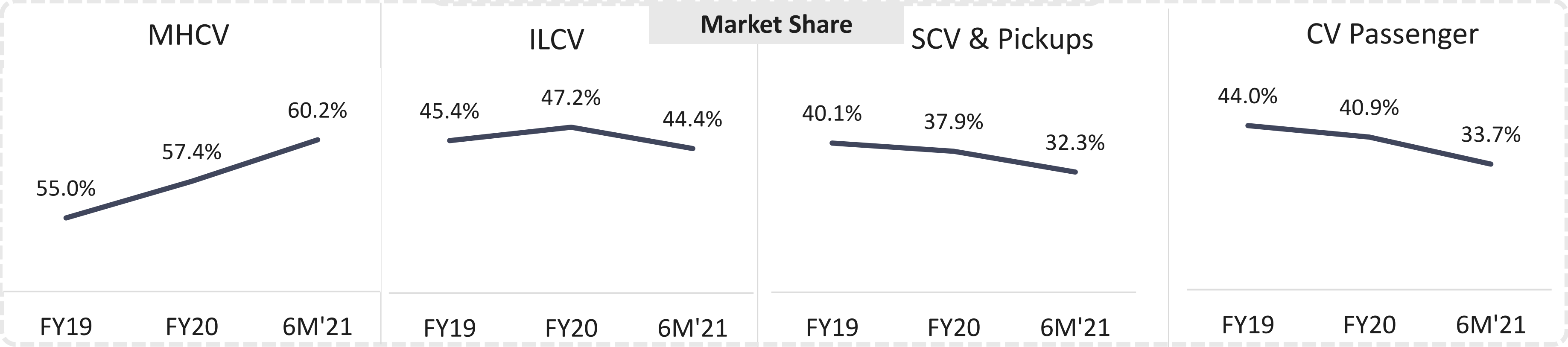
Commercial Vehicles

Market shares

Market shares to improve further as supply chain stabilises





Key Figures

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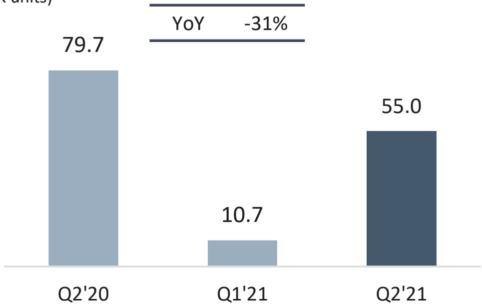
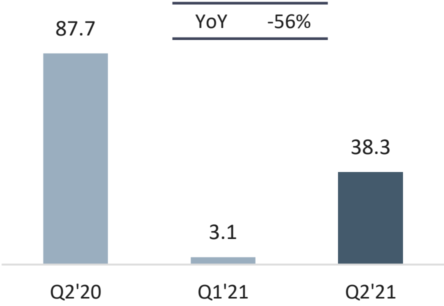
EBITDA delivery despite lower revenue and weaker mix aided by cost savings and improved realisations

Wholesales > Retails as part of inventory build post BS VI transition

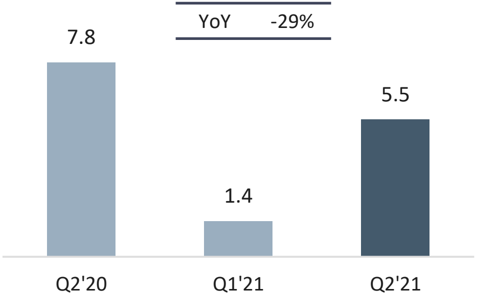
Wholesales (incl. exports)
(K units)



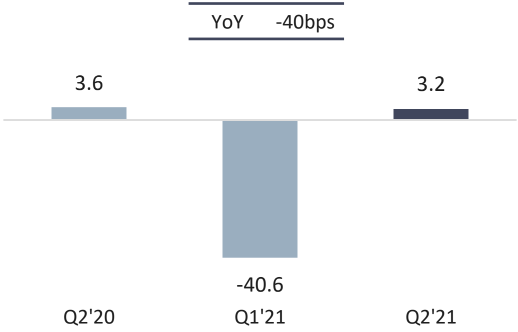
Retails
(K units)



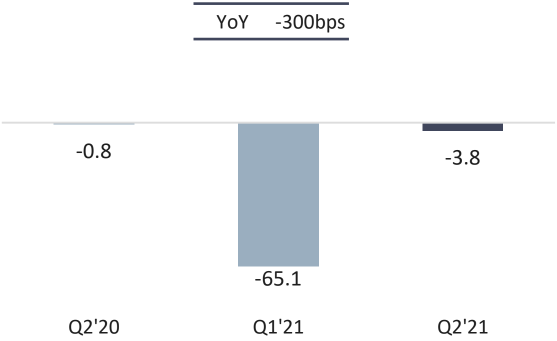
Revenue
₹KCr



EBITDA
%



EBIT
%



CV market update

With unlocking of economy, demand progressively on recovery path

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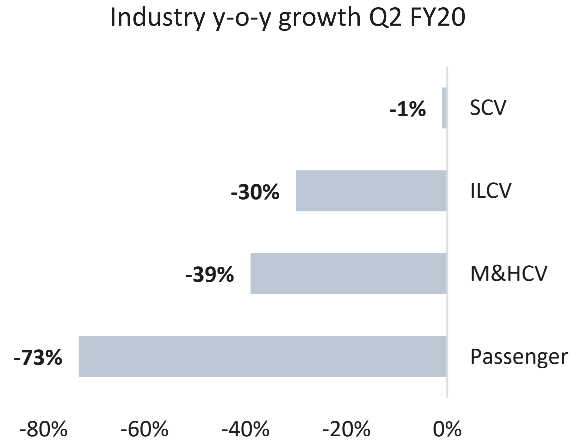
Key Highlights

- Progressive recovery in demand seen.
- SCV& Pickups salience in total commercial vehicle industry increases to 72% in quarter



Bright Spots

- E-way bills, Petrol consumption and GST collections post growth in September.
- Fleet utilization improving, leading to improved customer sentiments in Q2
- Resilient rural demand: SCVs & Pick-Ups continue to do better
- Revival of Mining, Construction and Highways to help M&HCV demand
- TML BSVI range received well

Challenges

- Increase in commodity prices
- Schools closure and work from home to limit CV passenger demand
- Lower demand in cargo segment

CV: Actions taken to step up performance

Focus on growth, agility and efficiency

Demand Generation

- Establish BSVI range superiority through extensive on-ground market activations
- Focus on value added services to drive better realisations
- Continue to launch creative customer friendly financing schemes by partnering with financiers

Demand Fulfilment

- Continue to ramp up supplies and narrow gap to unconstrained demand
- Drive flexibility in manufacturing to mitigate COVID impact
- Strengthen S&OP further to cater to volatile demand situation

Cost Reduction & Cash Conservation

- Continue to focus on the successful cost reduction initiatives
- Sustain gains in fixed expenses achieved during lockdown period even in unlock phase
- Choiceful deployment of lower capex spends
- Continue to manage a tight working capital cycle

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Passenger Vehicles

PV: Growth on the back of exciting products

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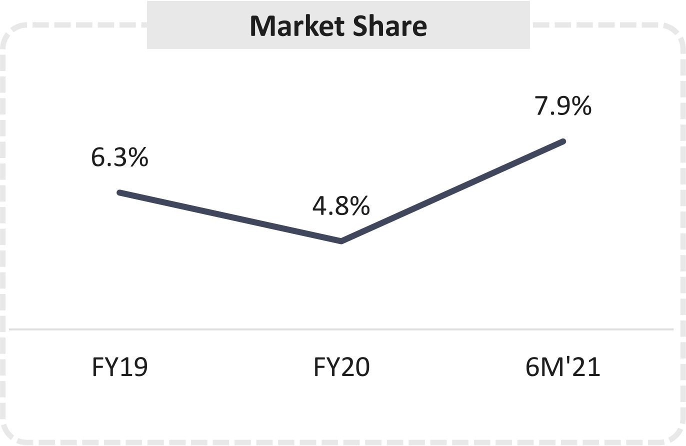
Focus on "Reimagining PV" yielding results



Industry growth H1FY21: -34%
TML PV growth H1FY21: +10%

Positive response for the 'New Forever' BS VI product range

- Tiago, Tigor, Altroz and Nexon in Top 10 vehicles in respective segments
- Harrier picks up momentum: +112% since June 20, +68% vs FY20 (avg)
- Altroz, India's Safest Hatchback, established a strong presence in the premium hatchback segment.
- Nexon EV driving EV industry growth; 61% of industry volume in H1

Key Figures

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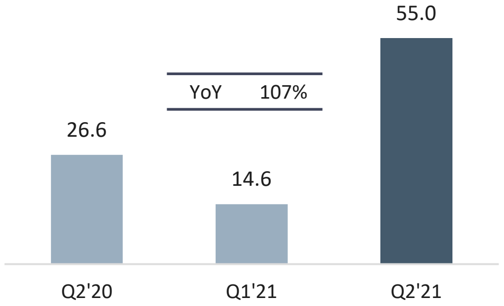
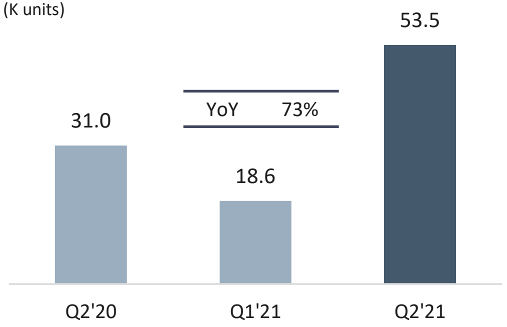
Positive EBITDA delivered on improved volumes and contribution margins

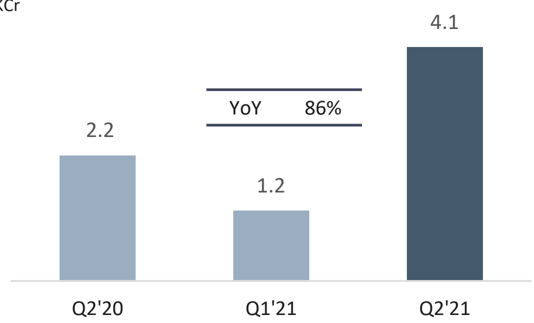
Wholesales (incl. exports)
(K units)



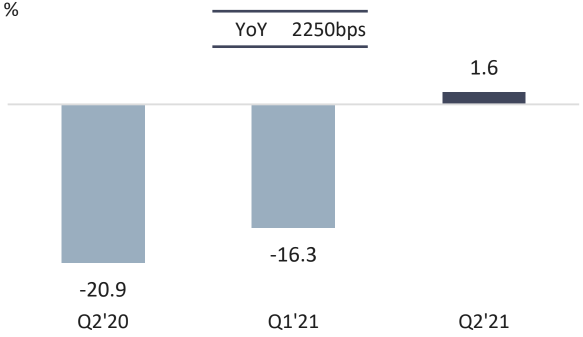
Retails
(K units)



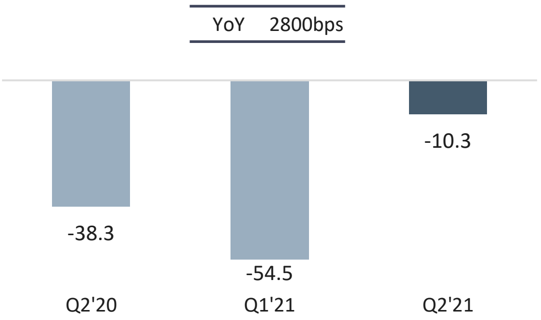
Revenue
₹KCr



EBITDA
%



EBIT
%



PV: Actions taken to step change performance

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Focus on front end execution and service to “Reimagine PV” while debottlenecking the supply chain

- Sales growth through retail focus and seamless demand-supply synchronization to ensure low system inventory and fast cash rotation for dealers
- Higher Share of voice directed to promote awareness of our refreshed portfolio through “New Forever” campaigns
- Revamping the Dealer policies, incentive structure, etc. to enhance their profitability
- Strong focus on digital; holistic initiative being executed to bring a seamless digital experience for customers in their entire journey
- Focused projects to enhance rural penetration and key micro-markets

Managed AUM ₹ 39.1KCr, PBT ₹38Cr & Pre-tax ROE of 6.1%

TATA MOTORS
Connecting Aspirations

Proactively providing creative solutions to customers while minimizing portfolio risk

₹Cr Ind AS

IndAS	Q2 FY20	Q2 FY21
CV Market Share	30%	37%
PBT	35	38
ROE (Pre-tax)	7.9	6.1
AUM	37,618	39,095
GNPA %*	5.1	4.8
NNPA %	3.9	3.6

** GNPA includes performance of assets on and off book*

- Disbursals grew Q-o-Q by 569% to ₹3,285Cr, and on a Y-o-Y basis down by 3%. Healthy uptick seen from month of August.
- Encouraging collection trend observed in September – the first month after end of moratorium.
- Continuing efforts to go asset-lite - ₹ 160Cr assignment this quarter in a challenging environment
- Continue to focus on cost efficiencies; Cost to Income ratio improves to 44% in H1FY21 (vs 49% in PY).
- Adequate liquidity; Cash and Cash equivalents at ₹ 4.1KCr at the end of Q2 FY21. ₹ 12KCr of funding raised during the quarter.

Looking ahead

We remain committed to consistent, competitive, cash accretive growth

TML Group outlook

- Suspending performance outlook till clarity emerges on demand.
- H2 FY21 sales volumes, revenue and profits and cash expected to be much better than H1 as demand improves gradually
- Liquidity to improve with positive free cash flows
- Committed to deleveraging and becoming sustainably cash positive while becoming future ready

Jaguar Land Rover

Focus areas

- Launch new and refreshed products and expand electrification offering
- Deliver Charge+ cost and cash savings of £2.5b in FY21

Tata Motors (Standalone)

Focus areas

- Deliver market beating growth by activating our exciting product portfolio
- Deliver ₹ 6KCr of cost and cash savings

Investor Relations Note

TATA MOTORS

Annual analyst meet

- TML India : 1st December 2020
- JLR : 2nd December 2020

Investor Relations Note

TATA MOTORS

Thank You

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CFO, Tata Motors Group

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