



TATA MOTORS GROUP : RESULTS

Q2 FY'19 | 31 October 2018

Safe harbor statement

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

- Q2 FY19 represents the 3 months period from 1 July 2018 to 30 September 2018
- Q2 FY18 represents the 3 months period from 1 July 2017 to 30 September 2017
- H1 FY19 represents the 6 months period from 1 April 2018 to 30 September 2018
- H1 FY18 represents the 6 months period from 1 April 2017 to 30 September 2017

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.
- Tata Motors Finance –Performance snapshot is as per IndAS and IGAAP

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, revaluation of current assets and liabilities and realised FX and commodity hedges but excludes the revaluation of foreign currency debt, MTM on FX and commodity hedges, other income, as well as exceptional items.
- **Reported EBIT** is defined to include the revaluation of current assets and liabilities and realised FX and commodity hedges as well as profits from equity accounted investees but excludes the revaluation of foreign currency debt, MTM on FX and commodity hedges, other income and exceptional items.
- In compliance with Ind AS 20 – Government Grants and consequent to clarifications published by the Institute of Chartered Accountants of India, various Government Grants and incentives have been recognized as “Other Income”. Earlier these were reported as “Other Operating Revenue” in the Statement of Profit and Loss. Previous periods have been reclassified accordingly for comparative purposes. This has no impact on reported Profit Before Tax (PBT) of Consolidated and Standalone results. However, these are included in Reported EBITDA and EBIT numbers as per past practice.

Products and Other developments

New and Upcoming Products



E-PACE – Launched in China JV in September



#BEST4X4XFAR



I-PACE launching in China, North America and Overseas markets



Special edition Nexon Kraz and Tiago NRG Urban Tough Roader

Other Developments



Charge and Accelerate to improve business performance



First self-driving journey completed – UK Autodrive project- Range Rover Sport and Tata Hexa



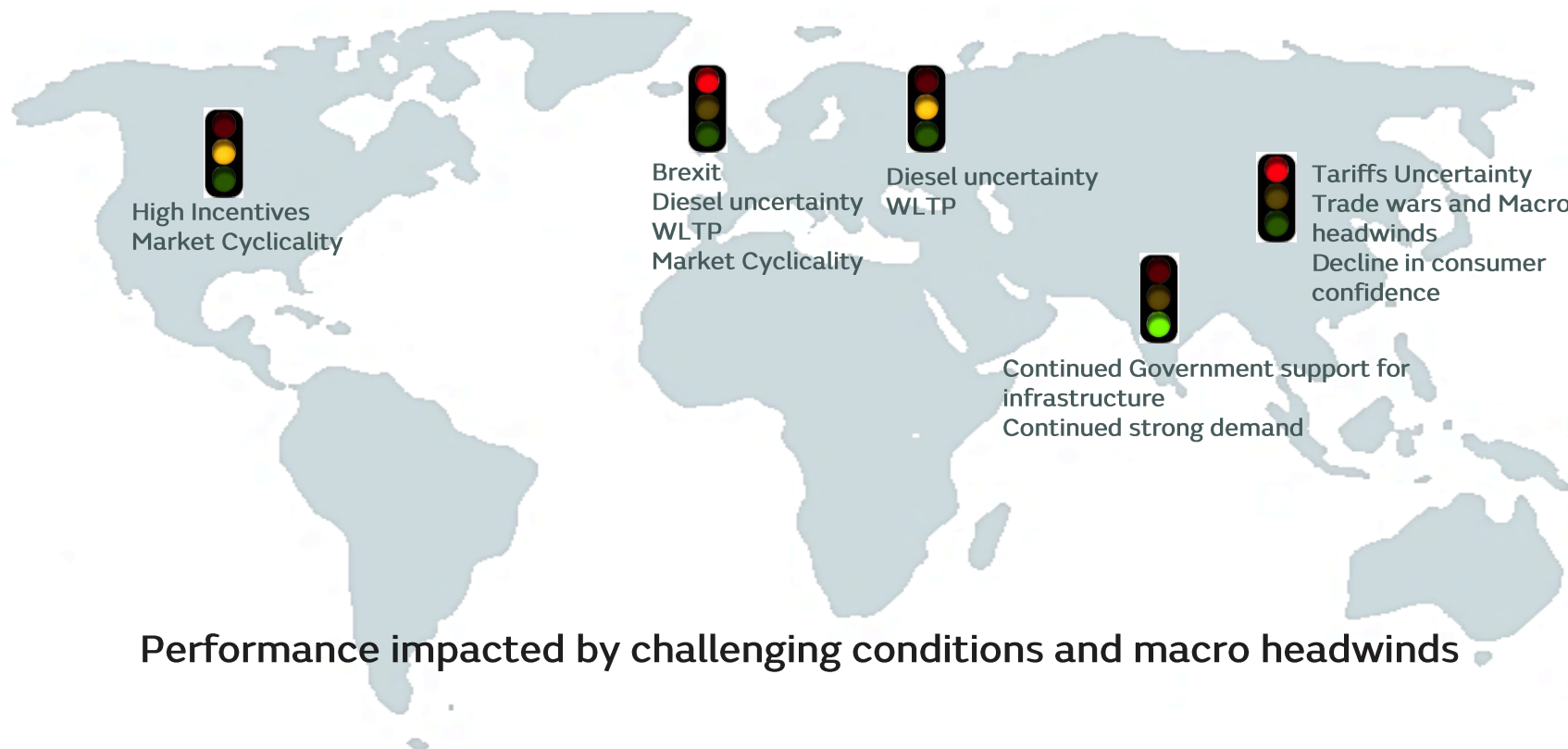
Showcased 5 new public transport vehicles- Bus World India 2018



New Slovakia plant opening ceremony 25th October

Tough market conditions;

Unanticipated decline in China; India CV market remains robust



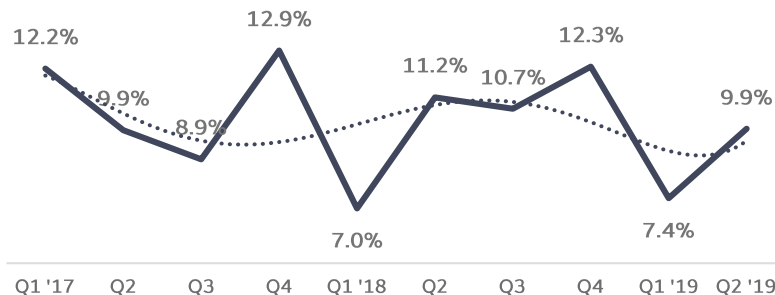
Revenue ₹72K Cr; EBIT ₹1257 Cr (1.7%); EBITDA 10%

TML (S) delivers robust profitable growth; JLR impacted by adverse markets;

₹Cr.	Q2 FY'18	Q2 FY'19	Growth
Volumes (K)^	309,163	322,914	4.4%
Revenue	69,839	72,112	3.3%
EBIT	3,363	1,257	(62.6)%
EBIT%	4.8	1.7	-
PAT	2,502	(1,009)	-

- Revenue growth at 3.3%.
 - TML (S): +33.4%, JLR: -11.5%
- EBITDA at 9.9% and EBIT at 1.7%
 - EBIT YoY : TML (S): +360 bps, JLR: -580 bps
 - EBIT QoQ : TML (S): +40bps, JLR: +300bps
- Profit After Tax at ₹(1,009) Cr
 - “Fit for Future” exceptional charges of ₹530Cr in PAT
- FCF (Auto) of ₹(4.4) K Cr

EBITDA Trends



₹Cr. IndAS

TML (S) – Tata Motors Standalone (Incl. Joint Operations);
JLR – Jaguar Land Rover

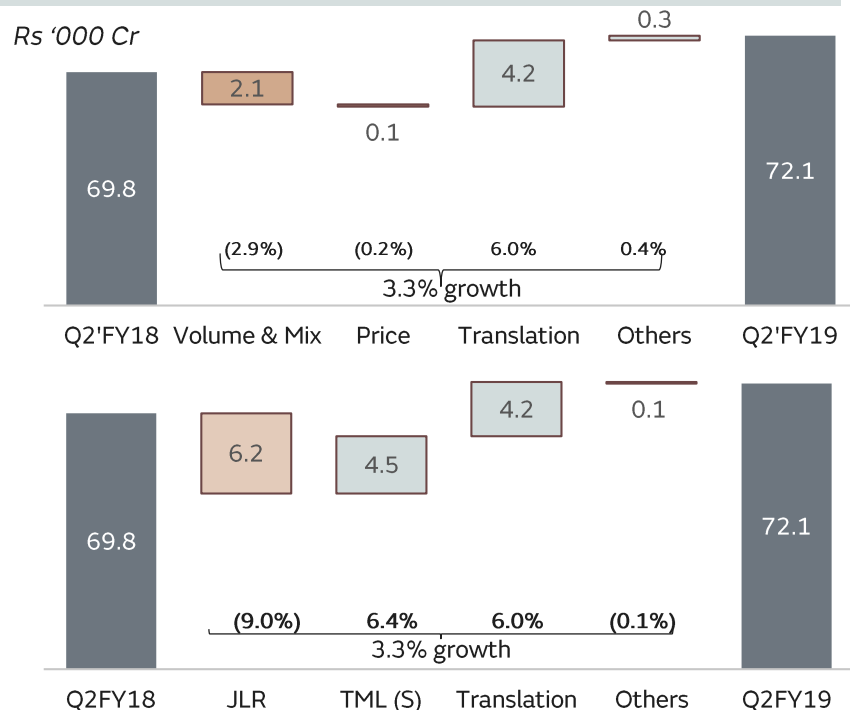
^ Global wholesales including CJLR

EBIT: Earnings before Interest & Tax; ; FCF: Free Cash Flow;
PAT includes share of profits of JVs & associates

Q2 FY'19 Consolidated Revenue up 3%

Strong domestic growths and favourable FX impact offset JLR decline;

Net revenue at Rs. 72.1K Cr up 3.3%



Key highlights

TML (S) revenue up 33.4% (+6.4% on total growth)

- Broad based volume growth +25% (CV: +29%, PV: +18%)

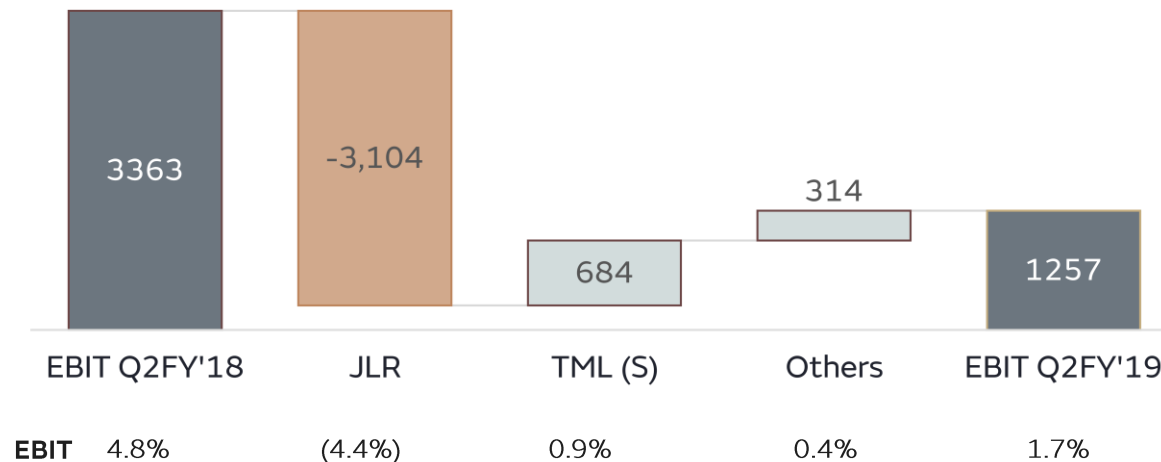
JLR revenue down 11.4% (-9.0% on total growth)

- Retails @ 129.9K (-13.2%)
- Wholesale incl CJLR @ 130.6K (-14.7%)

FX impacts revenue favourably (6.0% on total growth)

EBIT down 310 bps

JLR losses partially offset by strong improvement in TML(S)



- JLR EBIT down 580 bps
 - China impact,
 - Negative operating leverage from lower wholesales
- TML (S) EBIT up 360 bps
 - Savings from ImpACT projects and
 - Positive Operating leverage

Revenue growth 8%, EBIT 0.5%

Rs Cr.	H1 FY18	H1 FY19	Growth
Volumes (K) ^	560,205	633,023	13.0%
Revenue	128,130	138,813	8.3%
EBIT	3,632	709	(80.5)%
EBIT%	2.8	0.5	-
PAT	5,702	(2,872)	-

^ Global wholesales including CJLR

- Volume Growth at 13.0% and Revenue growth at 8.3%
- EBIT at 0.5%, down 230bps due to lower volumes at JLR resulting from volatile market conditions
- PAT at Rs (2,872) Cr due to lower EBIT, lower JV profits and exceptional “Fit for Future” charges
- FCF (Auto) outflow of Rs (23.0) KCr

D&A : Depreciation & Amortisation

PAT includes share of profits of JVs & associates

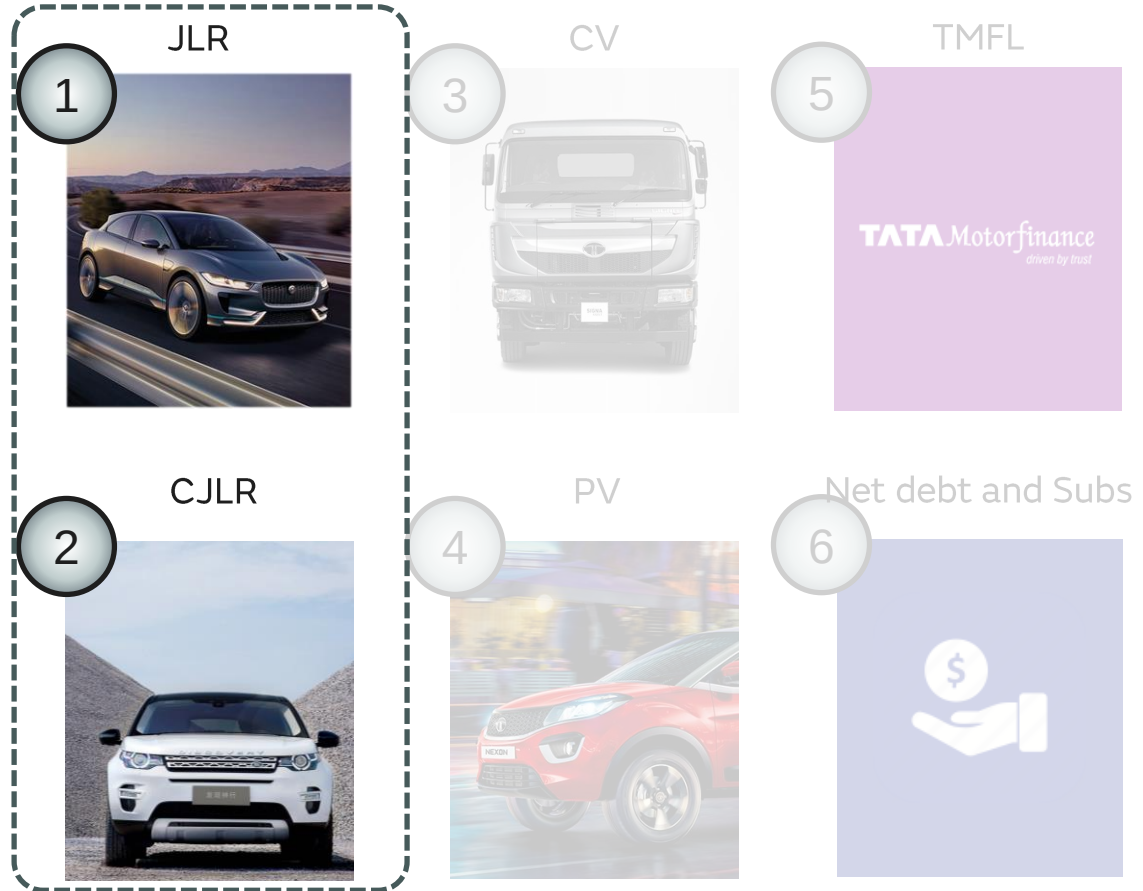
EBIT: Earnings before Interest & Tax; ; FCF: Free Cash Flows

TML (S) – Tata Motors Standalone (Incl. Joint Operations); JLR – Jaguar Land Rover

1. Jaguar Land Rover



Ralf Speth and Kenneth Gregor



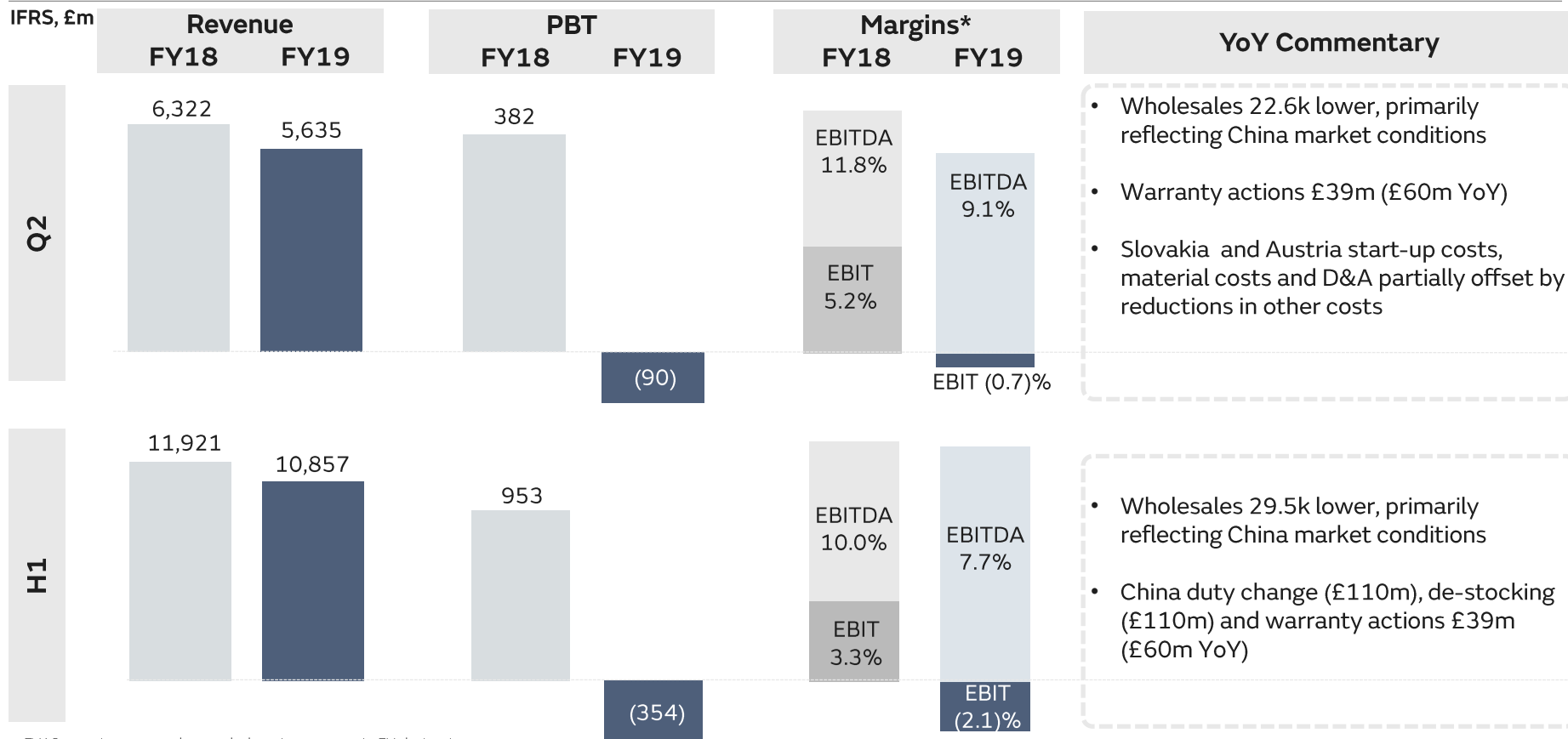


Dr Ralph Speth and Ken Gregor

Q2 FY'19

Revenue £5.6b, loss before tax £90m

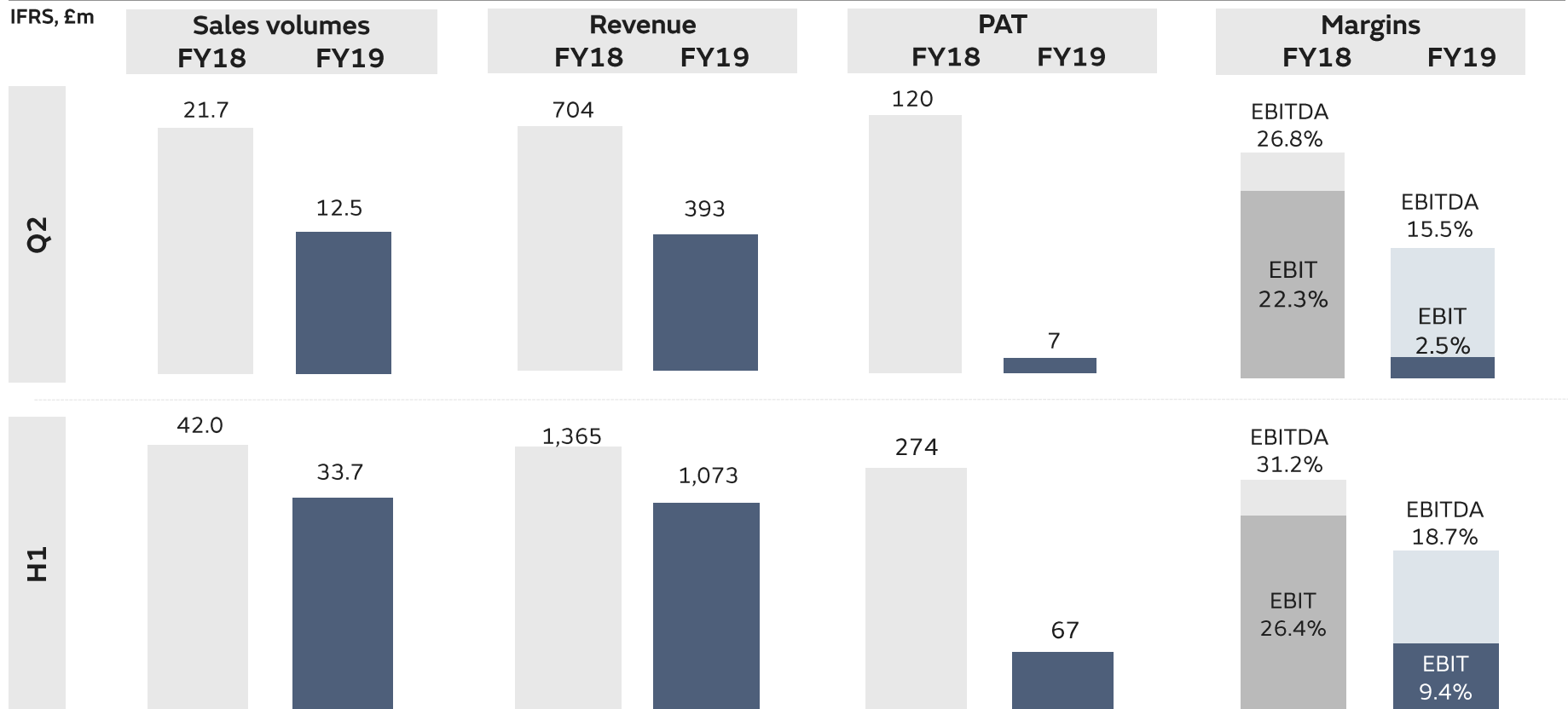
Lower sales, warranty actions, higher D&A offset by cost actions



- FY18 margins restated to exclude gains on certain FX derivatives
- H1 FY18 PBT includes £437m exceptional pension credit (not included in margins)

China JV : Weak sales in quarter; EBIT 3%

Deteriorating market and competitive conditions



Retails down 13%; China disappointing

UK and Overseas sales better than industry



- Cyclicity
- Continuing high incentives

- Lower diesel demand
- Brexit uncertainty
- Market cyclicity
- WLTP

- Weaker Consumer Confidence
- Tariff Changes
- Trade Tensions

Units in '000

129.9



30.3

North America



29.7

UK



25.5

Europe



21.1

China



23.3

Overseas*



Total

(13.2%)

JLR YoY (4.6%)

(0.6%)

(11.9%)

(43.8%)

8.2%

(13.2%)

Industry (3.0%)

(10.2%)

(4.3%)

(7.7%)

1.6%

Wholesales

Units 28.3

31.6

25.4

23.7

21.7

130.7

YoY (1.1%)

(8.7%)

(12.6%)

(39.4%)

(0.8%)

(14.7%)

Volumes include sales from Chery Jaguar Land Rover. For statutory reporting under IFRS, the Group recognises revenue on wholesales (excluding sales from CJLR). The Group recognises its share of profits from CJLR within EBIT.

Overseas markets includes Australia, Brazil, Colombia, India, Japan, South Korea, Mexico, MENA, Russia, Singapore, South Africa, Taiwan and certain importers

The total industry car volume data above has been compiled using relevant data available at the time of publishing, compiled from national automotive associations such as the Society of Motor Manufacturers and Traders in the UK and the ACEA in Europe

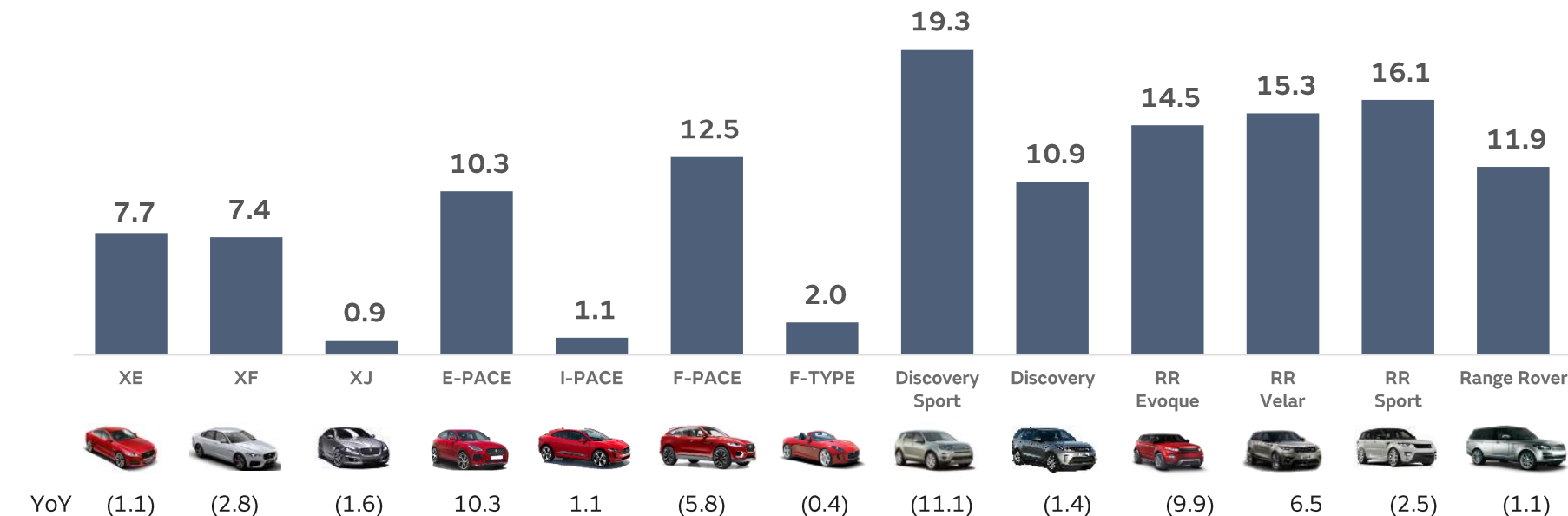
Q2 FY'19

Retails 129.9k, 19.8k (13.2%) lower

Velar, E-PACE, I-PACE up; other models down -- mainly China



Units in '000



Wholesales

Units	7.2	6.6	1.0	11.5	1.8	15.0	2.3	19.0	8.4	15.2	14.2	15.7	12.6
YoY	(2.2)	(4.4)	(1.1)	11.5	1.8	(2.1)	(0.7)	(10.0)	(3.8)	(7.2)	(2.3)	(1.2)	(1.0)

Retail volumes include sales from Chery Jaguar Land Rover – Q2 FY19 12,531 units, Q2 FY18 21,728 units

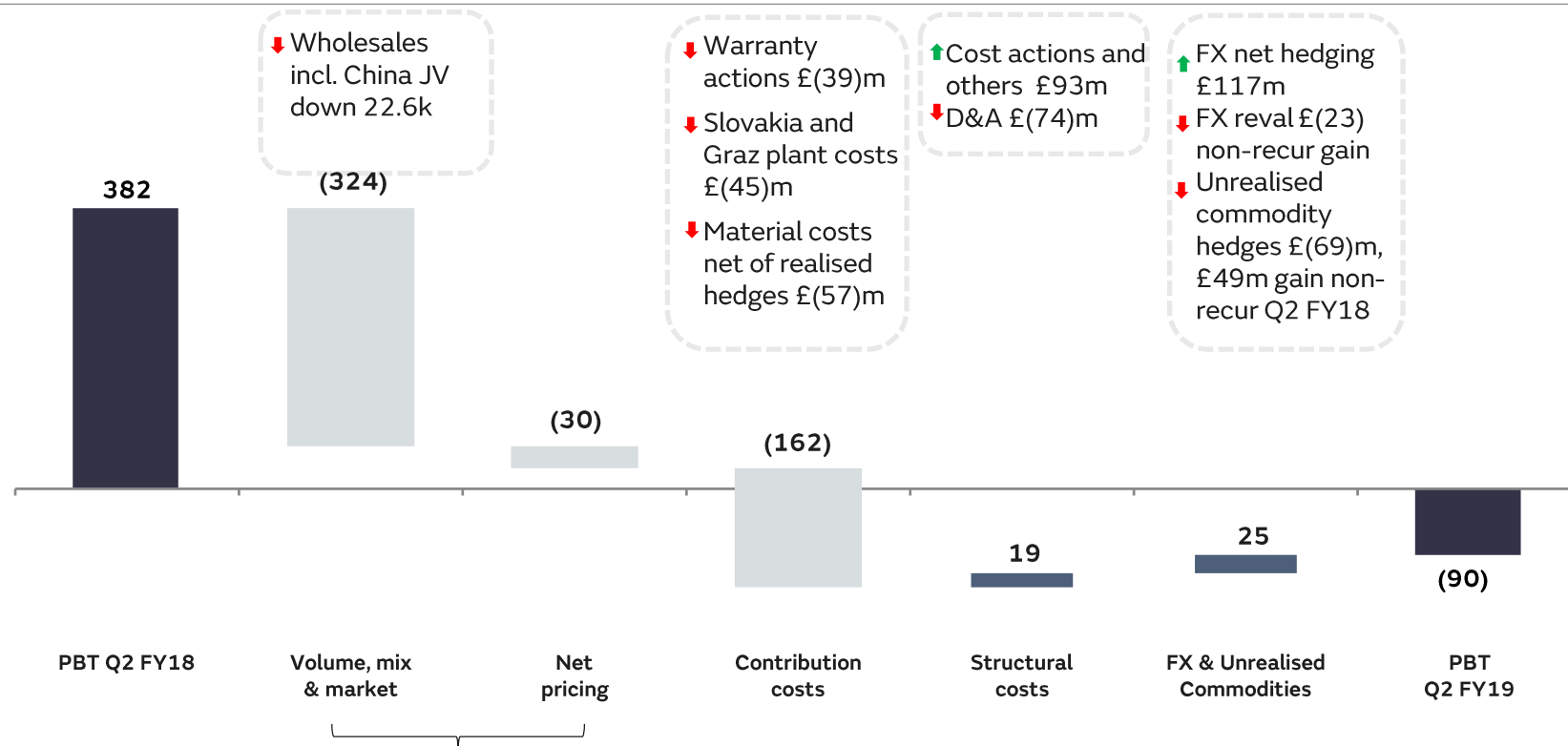
Wholesale volumes include sales from Chery Jaguar Land Rover – Q2 FY19 13,035 units, Q2 FY18 21,876 units. For statutory reporting under IFRS, the Group recognises revenue on wholesales (excluding sales from CJLR) which totals 117,617 Q2 FY19 and 131,334 Q2 FY18. The Group recognises its share of profits from CJLR within EBIT.

£90m loss before tax, incl. £39m warranty actions

Lower China sales and higher D&A partly offset by cost actions



IFRS, £m

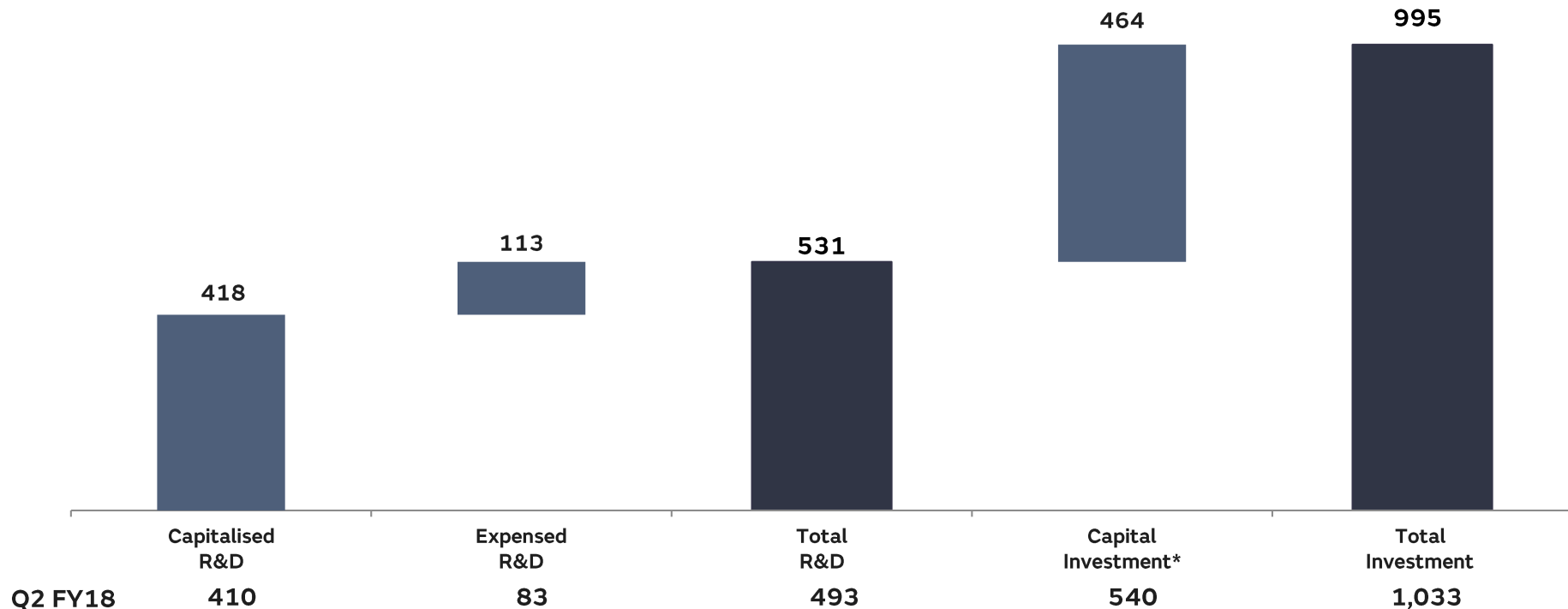


EBIT %	5.2%	(5.6)%	(2.9)%	0.3%	2.3%	(0.7)%	Δ(590)bps
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Investment spending £1b

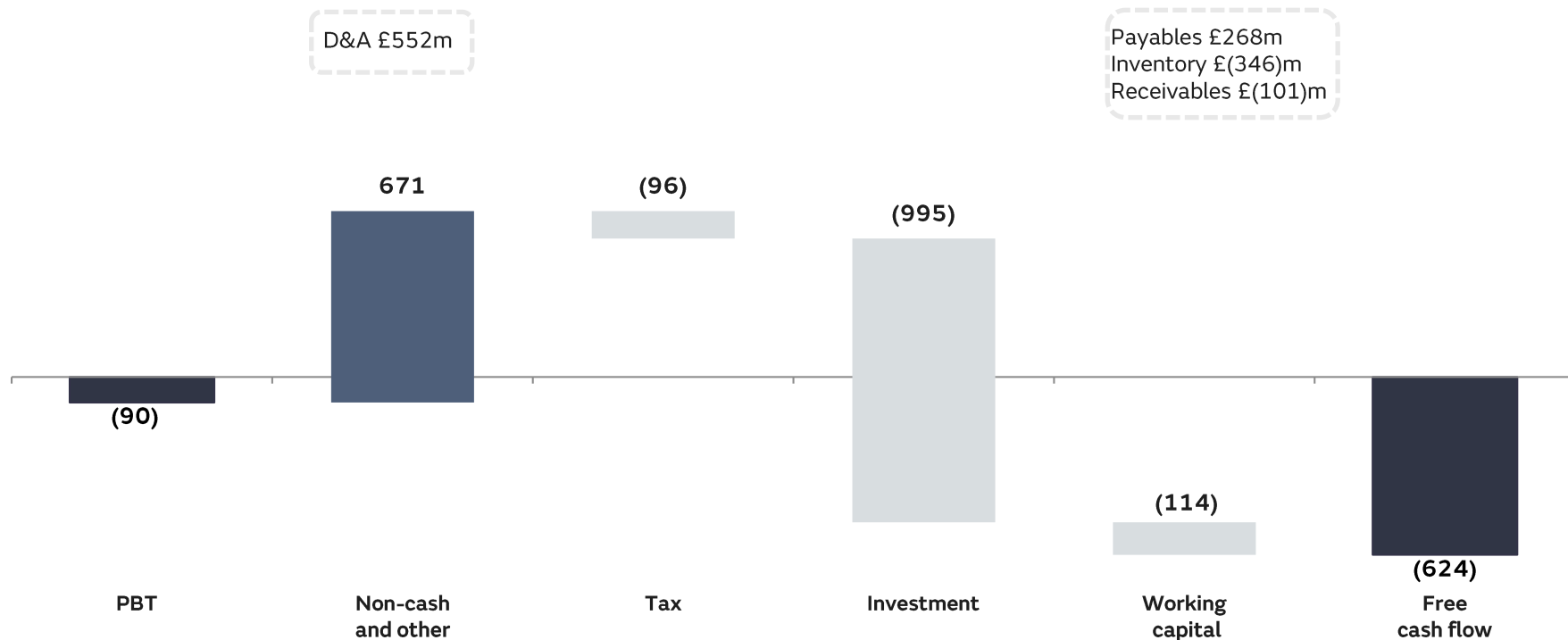


IFRS, £m



* Primarily plant, property and equipment of £456m

Cash outflow £624m after £1b investment



* Free cash flow defined as net cash generated from operating activities less net cash used in investing activities (excluding movements in short-term deposits) and after finance expenses and fees and payments of lease obligations. Free cash flow also includes foreign exchange gains/losses on short-term deposits and cash and cash equivalents



Securing our future

Dr. Ralf Speth

Turnaround and Transformation plan launched

Response to more challenging market conditions



Demand likely to remain muted due to geopolitical, economic, financial and regulatory factors



Turnaround plan required to succeed in this more challenging environment

1. Rejuvenate sales

- Leverage strong product portfolio
- Resume profitable growth in China

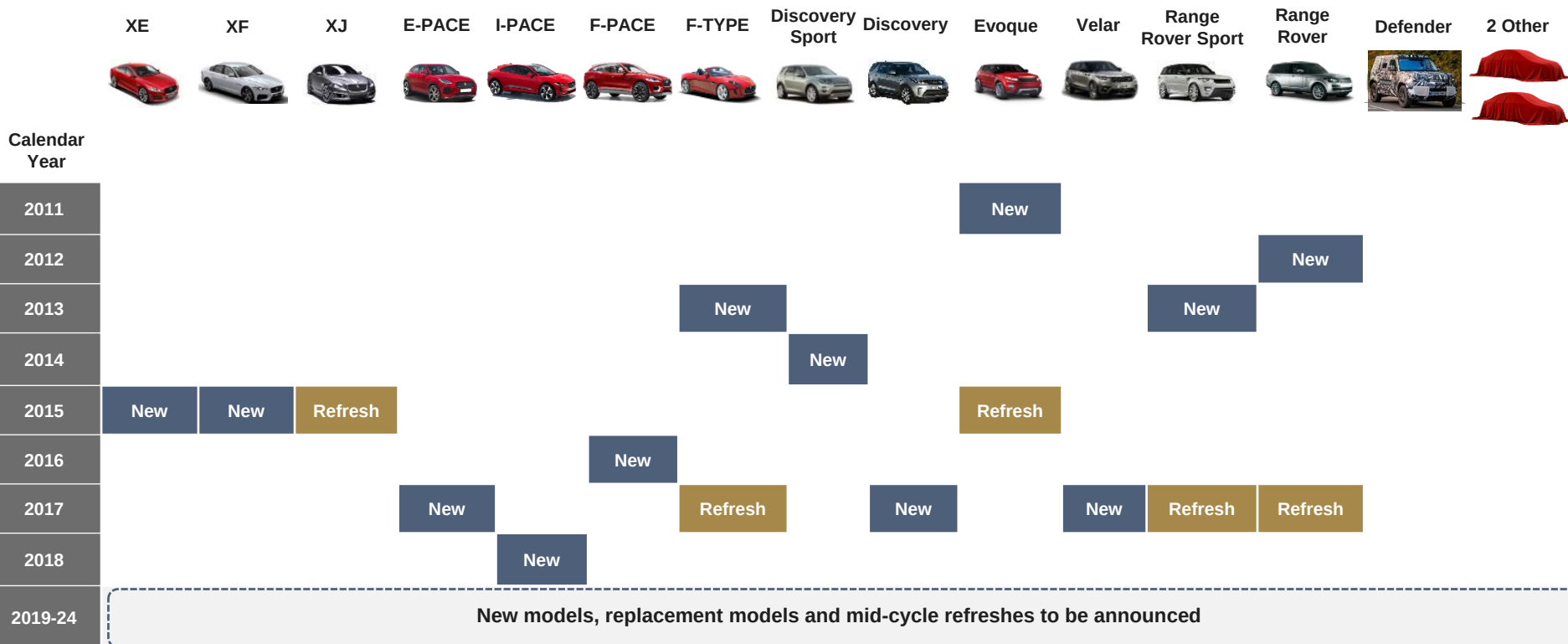
2. Improve cash flows and profitability – Project Charge

- Enhanced focus on improving cashflow – investment, working capital and profits
- Comprehensive profit improvement and cost savings plan
- Reassessment of investment spending to ensure adequate returns

3. Fix structural issues – Project Accelerate

Drive growth with strong product portfolio;

16 nameplates by 2024; regular replacement and refresh cycle



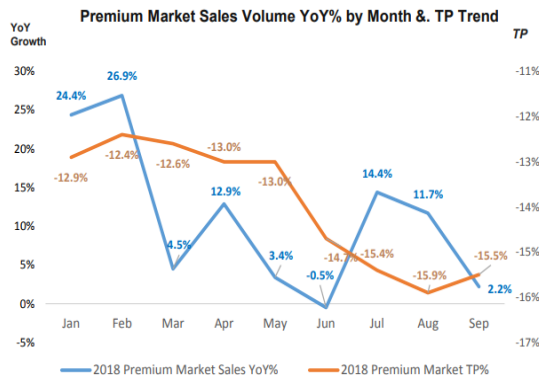
Resume profitable growth in China



Consumer Confidence



Source: National Bureau of Statistics



TP Data source: CAM

Challenges to address

- Consumer confidence and market sentiment, industry down 7.7% in Q2 FY19
- Dealer ROI
 - Retailer stock levels
 - Profitability
 - Discounting

Opportunities to leverage

- Continuing premium segment growth (forecast to be CAGR 4.3% to FY23)
- Lower import duty for EU/UK cars into China

Comprehensive action plan

- Close collaboration with the retailer network to ensure a healthy development for the future
- Prompt actions to balance supply and demand in response to market conditions and otherwise escalating incentives
- Introduction of the fifth JLR vehicle to be built in China, Jaguar E-PACE
- Continued commitment to collaborate with local partners as part of its “Dual Power, Dual Innovation” ACES strategy in China.
- Continue to strengthen the Jaguar and Land Rover brands and support ‘pull’ strategy

Committed to long term growth. However, near term demand concerns remain

Project Charge launched

2-3 year turnaround plan to improve cash flows and profitability



Steering Committee
JLR Board of Management and JLRA Plc board representation

Leadership
Chief Transformation Officer | External Consultants

Charge Management Office
Operational workstreams



Teams mobilised across the business



External consultants on board and delivering



Senior SteerCo every fortnight, making rapid decisions



Implemented cash benefits of £300m in first 6 weeks



Cash balance



Investment



Working capital



PBT



Retails



Organisation

CHARGE

Target for next 18 months

Deliver £2.5Bn of cost, cash and profit improvements through FY 20, broadly consisting of

- £1b investment (from £4.5b to £4b in FY19 and FY20)
- £0.5b inventory and other working capital reductions
- £1b of profit and cost actions

Project Charge workstreams and areas



Project Charge update (Week 7)

Over 500 ideas being worked upon; Actions already taken



Investments

- Detailed review of investment spending plans
- Stop/deferral of non-product spend and look to alternatives
- c. £500m improvement targeted in each of FY19 and FY20 to reduce investment to c. £4bn

Working capital actions

- Destocking actions based on rebased volume planning and production scheduling
- 3 day week at Castle Bromwich and 2 week shutdown in Solihull
- Actively reducing company and commercial inventory

Commercial

- Review of pricing and VME
- Reductions in FME focused on ROI
- >£100m savings identified
- Improved accuracy of market and dealer demand through enhanced analytics

Organisational Efficiency

- Recruitment and non-essential travel freeze with immediate effect
- Review of organisational design e.g. agency and centralisation opportunities

Asset Efficiency

- Ongoing review of non-core assets and valuations



'Accelerate' transformation initiatives

Focus on medium to long term



Enhance Sales performance	Deliver competitive variable cost	Reduce delays and improve quality
- Positioning, pricing and launch approach - Customer value based product and feature offerings - Customer marketing effectiveness - Network coverage and enhancement - Customer service and quality perception	"Should Design" & "Should Cost" with benchmarking - Purchase lifecycle planning - Customer value driven tech standards - Minimise manufacturing per unit costs - Global sourcing strategy - Make vs Buy	- Optimised resource planning - Drive consistency, commonality & modularity - Step-up risk & change management - Mindset & process discipline - Vendor collaboration

Role and process clarity, business behaviours, and supporting enterprise-wide systems

Implementation update:

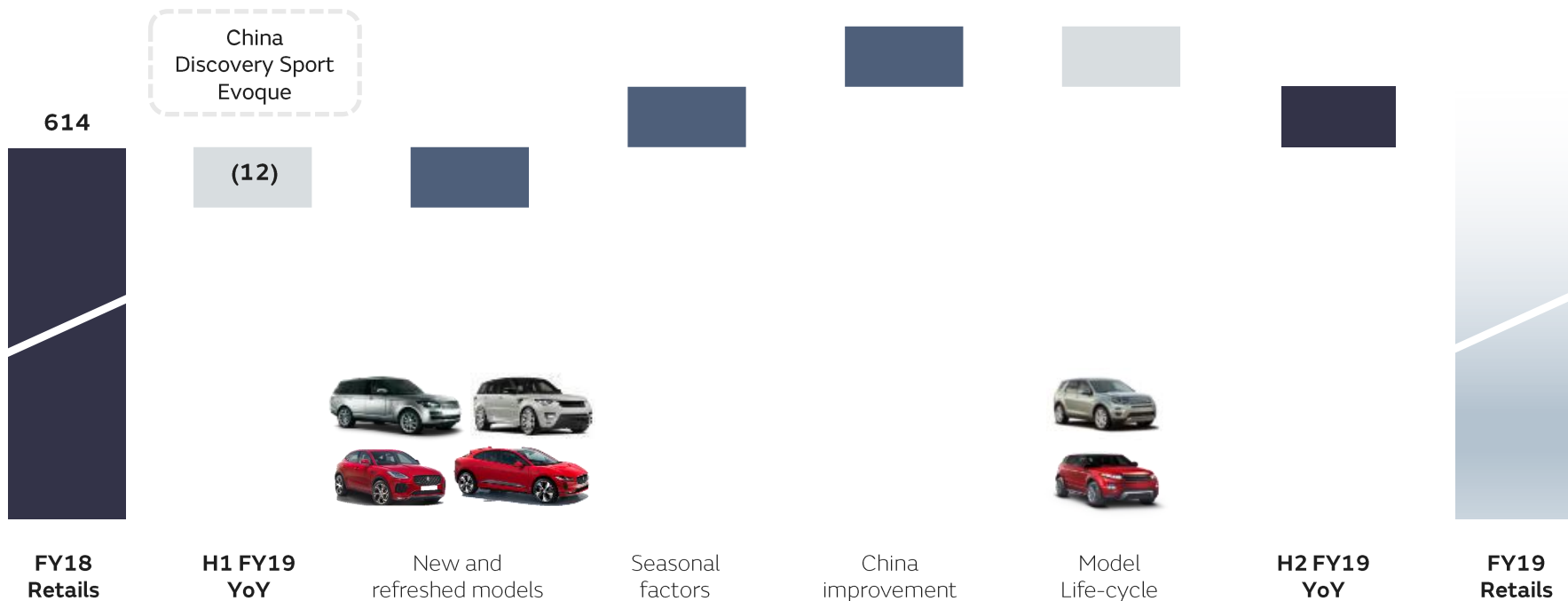
- **Scoped projects** to address the major root causes
- Installed **Programme Leads** to lead dedicated teams on each of the 3 programmes of work
- Established **weekly steering committees**, and overall portfolio steering committee to govern programme of work going forward

Expect stronger sales in H2, flat full year

New and refreshed models, seasonality and China action plans

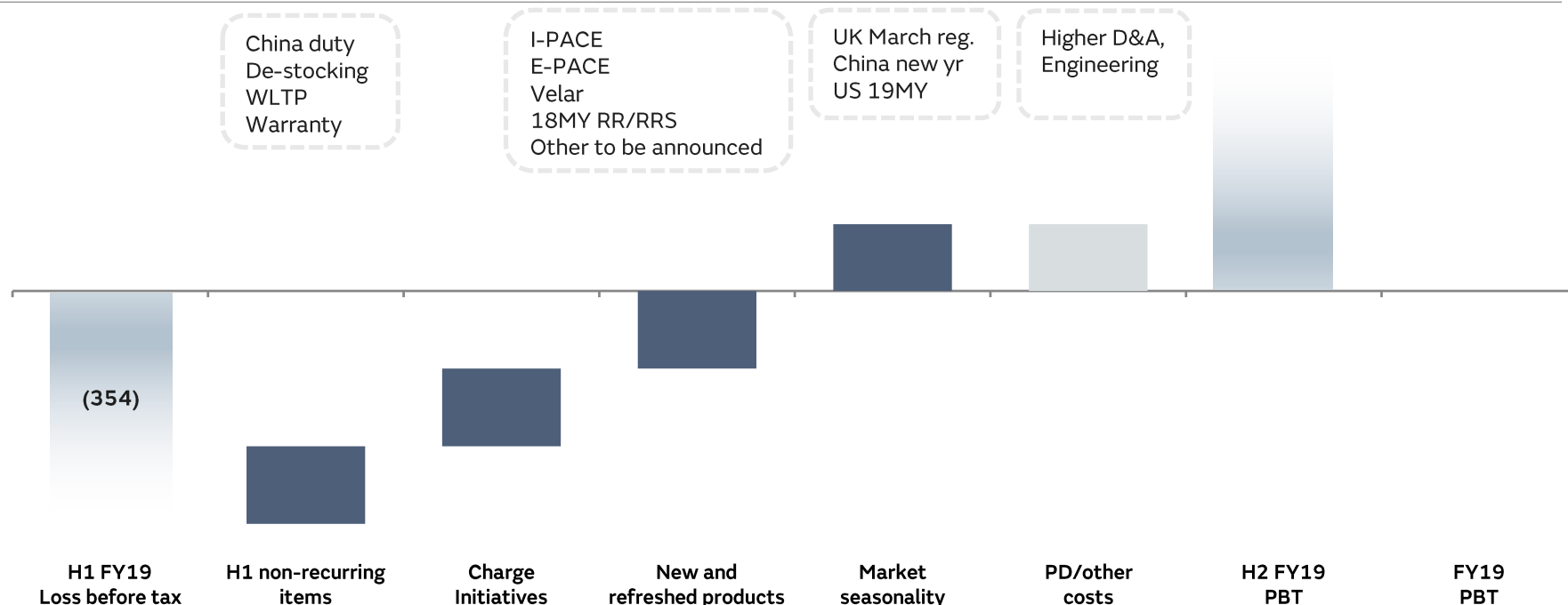


Units in '000



Expect improved EBIT in H2

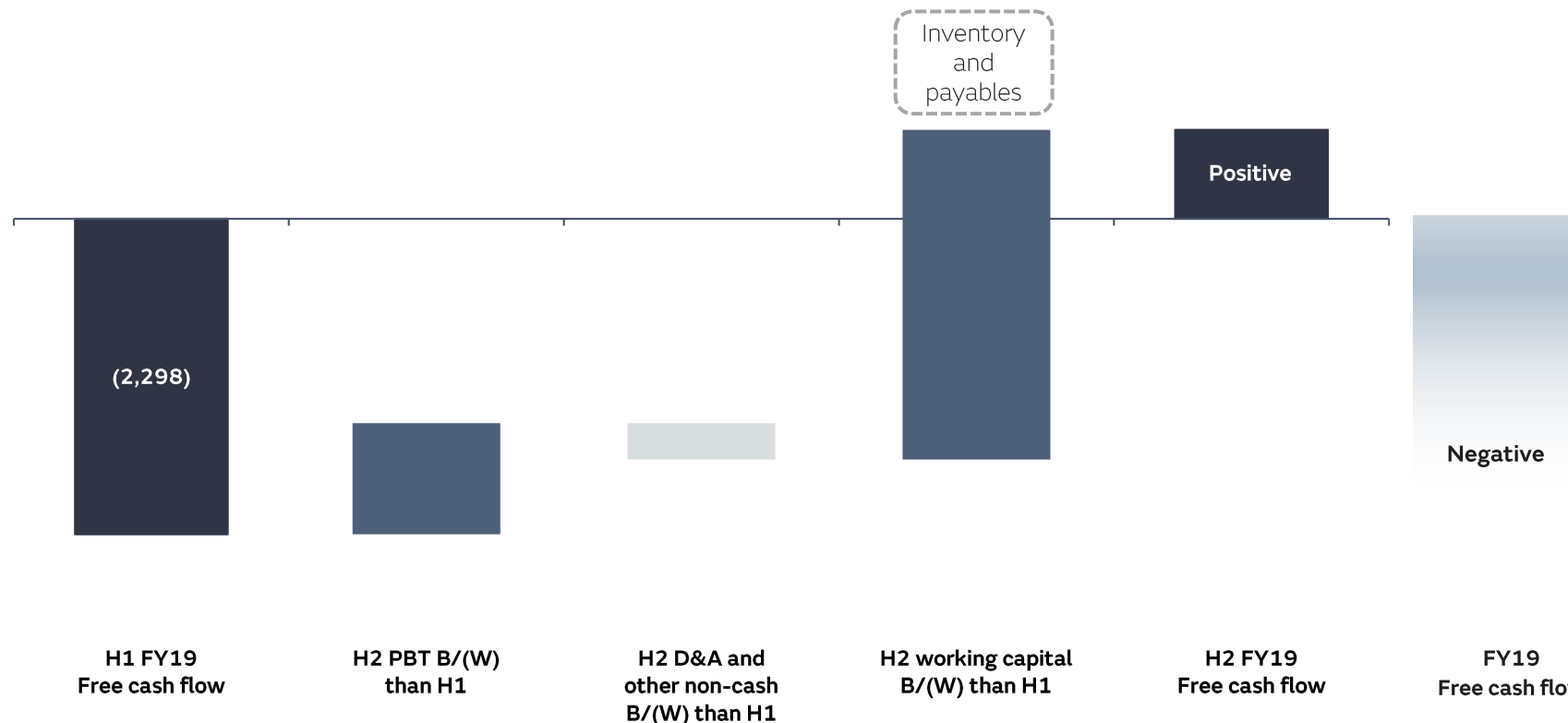
Full year now about breakeven due to weaker China conditions



H2 improvement expected in Q4; Q3 expected to be relatively weaker due to production down time

Expect positive cash flows in H2, negative full year

Improved profits, working capital, curtailed FY spending to £4b

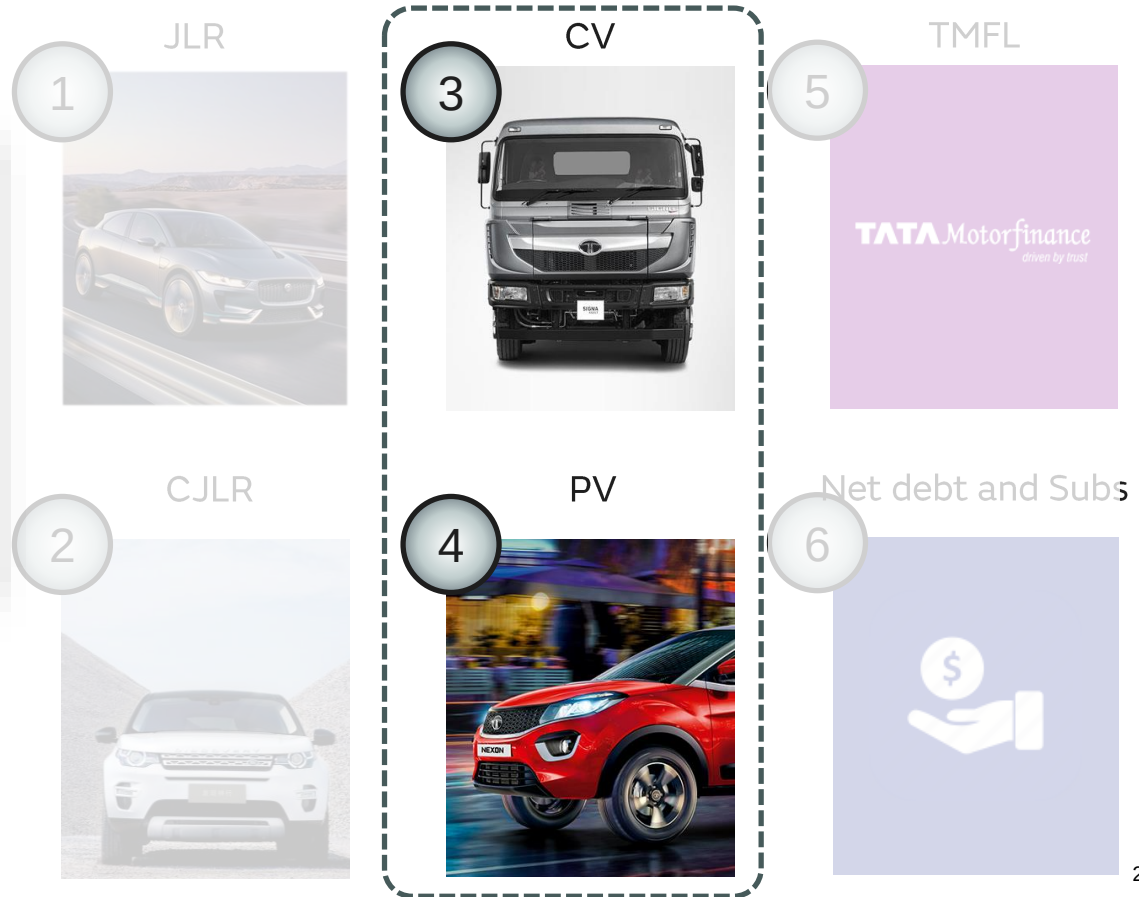


3&4. Tata Motors (S)



TATA MOTORS
Connecting Aspirations

Guenter Butschek, PB Balaji



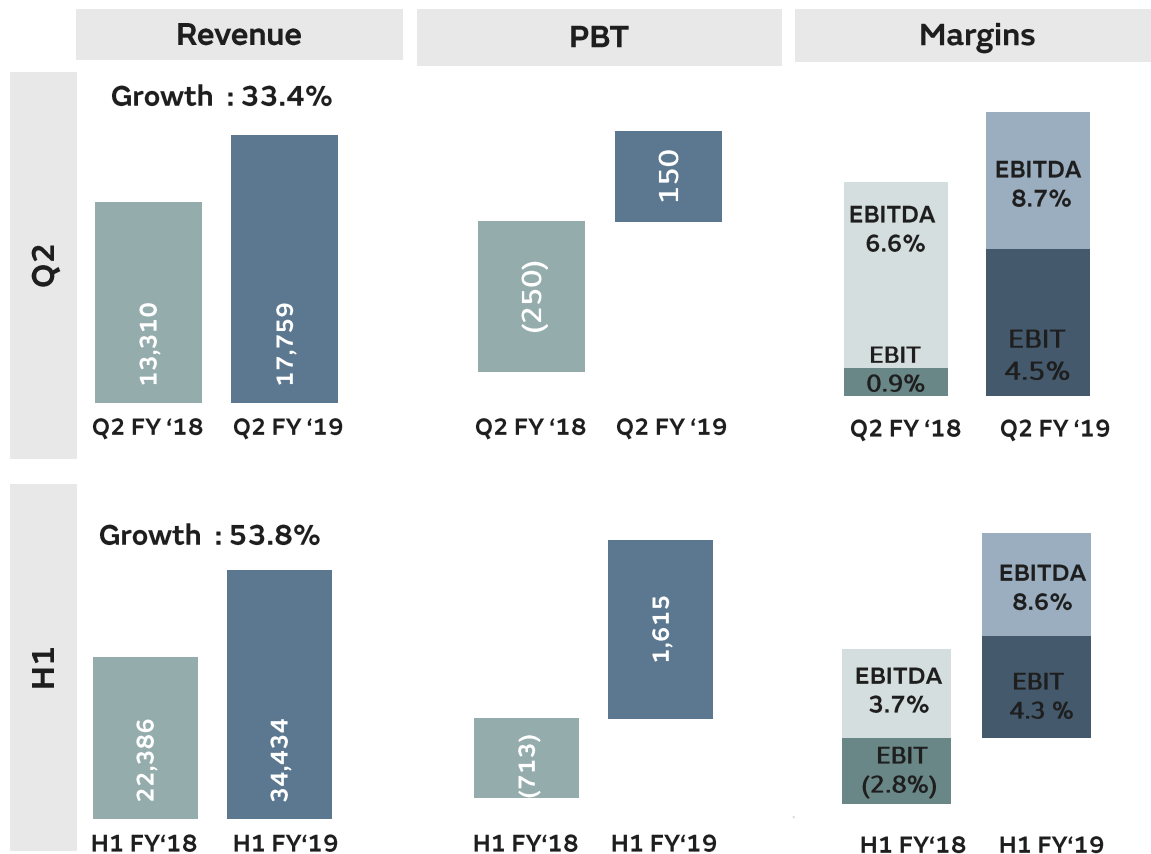


Turnaround 2.0

Q2 FY'19

Revenue ₹17.8K Cr (+33%), EBIT ₹798Cr (4.5% of Revenue)

“Turnaround 2.0” continues to gain momentum



- Continued strong growth.
- EBITDA at 8.7% up 210 bps; EBIT at 4.5%, up 360 bps
- PBT of ₹150 Cr includes one-off charges of ₹209 Cr and foreign currency reval loss of ₹249 Cr.

- Positive FCF of ₹692 Cr

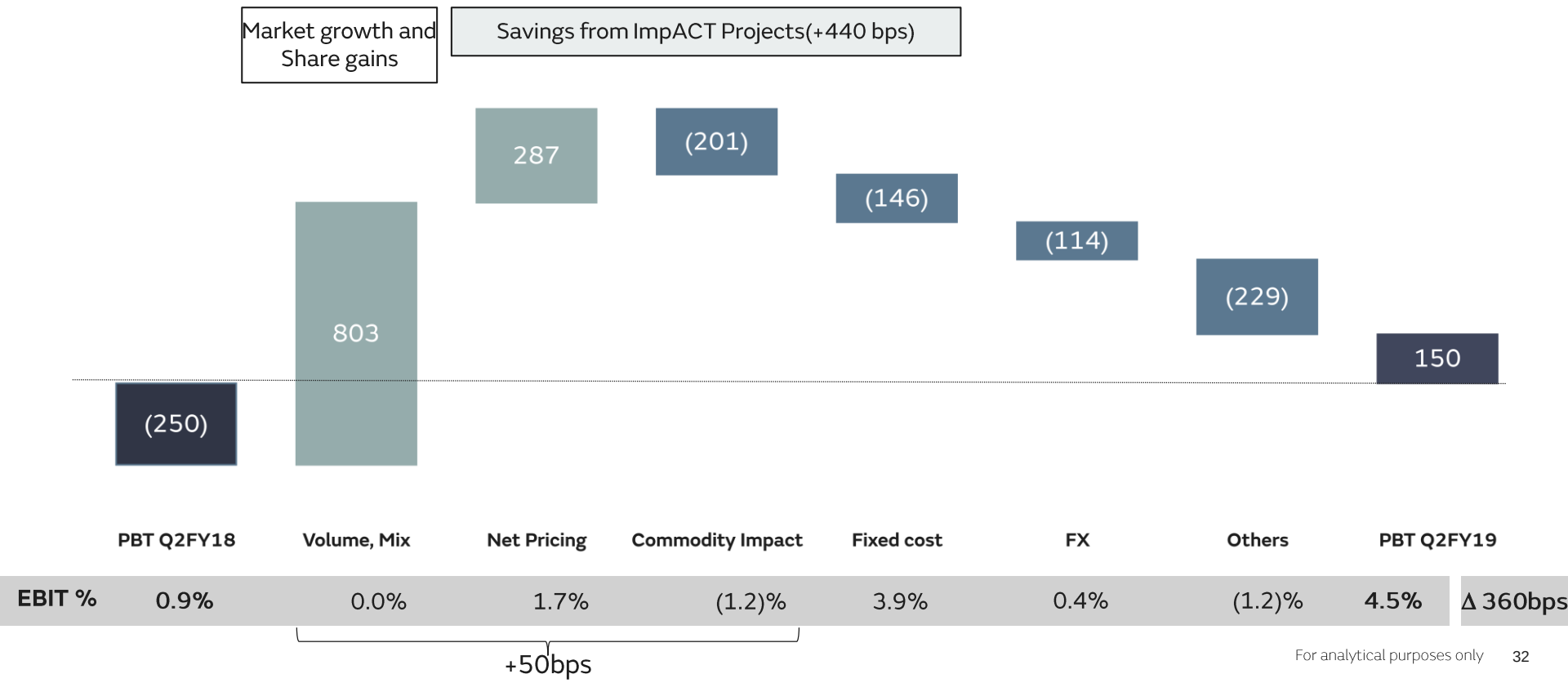
- Strong revenue growth of 54.0%
- EBITDA at 8.6% up 490 bps,
- EBIT at 4.3% , up 710bps

Q2 FY'19

PBT higher by Rs.400 Cr, EBIT Margin up 360bps

Volume Growth, Better realisations and Operating leverage

Rs Cr. IndAS

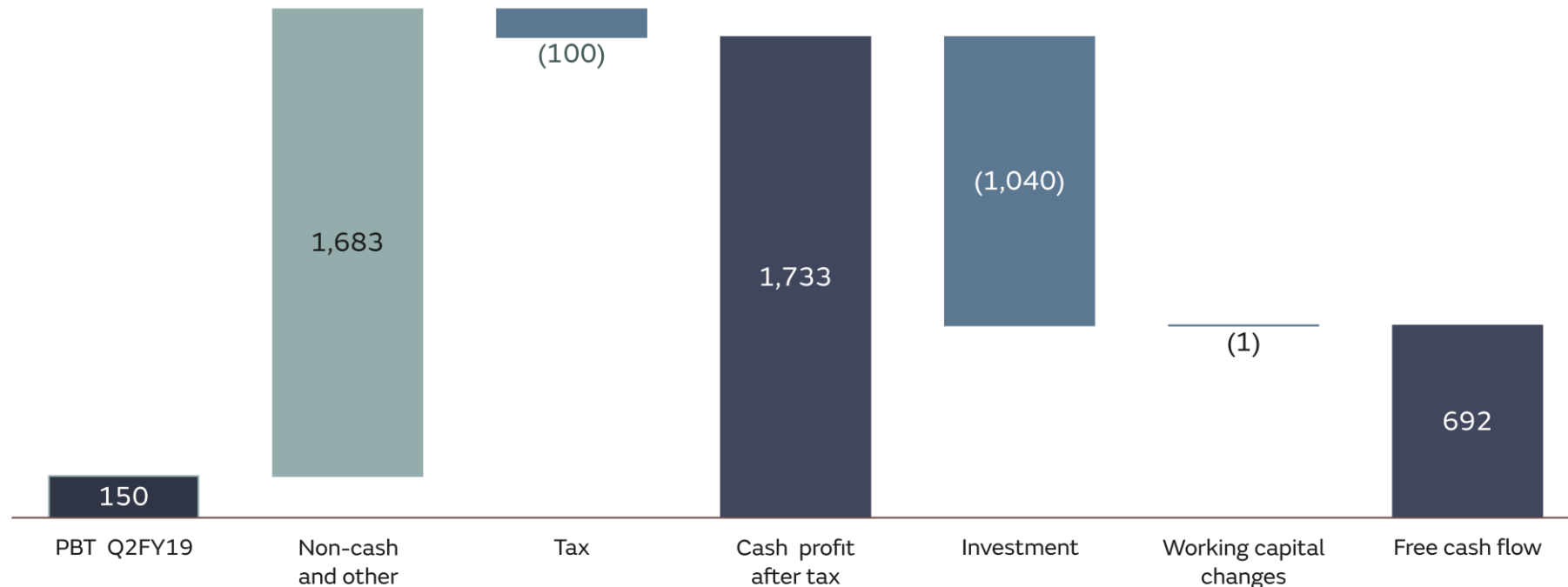


Q2 FY'19

Positive Free Cash Flows of ₹692 Cr

Working capital to be focused in H2 '19

Rs Cr. IndAS



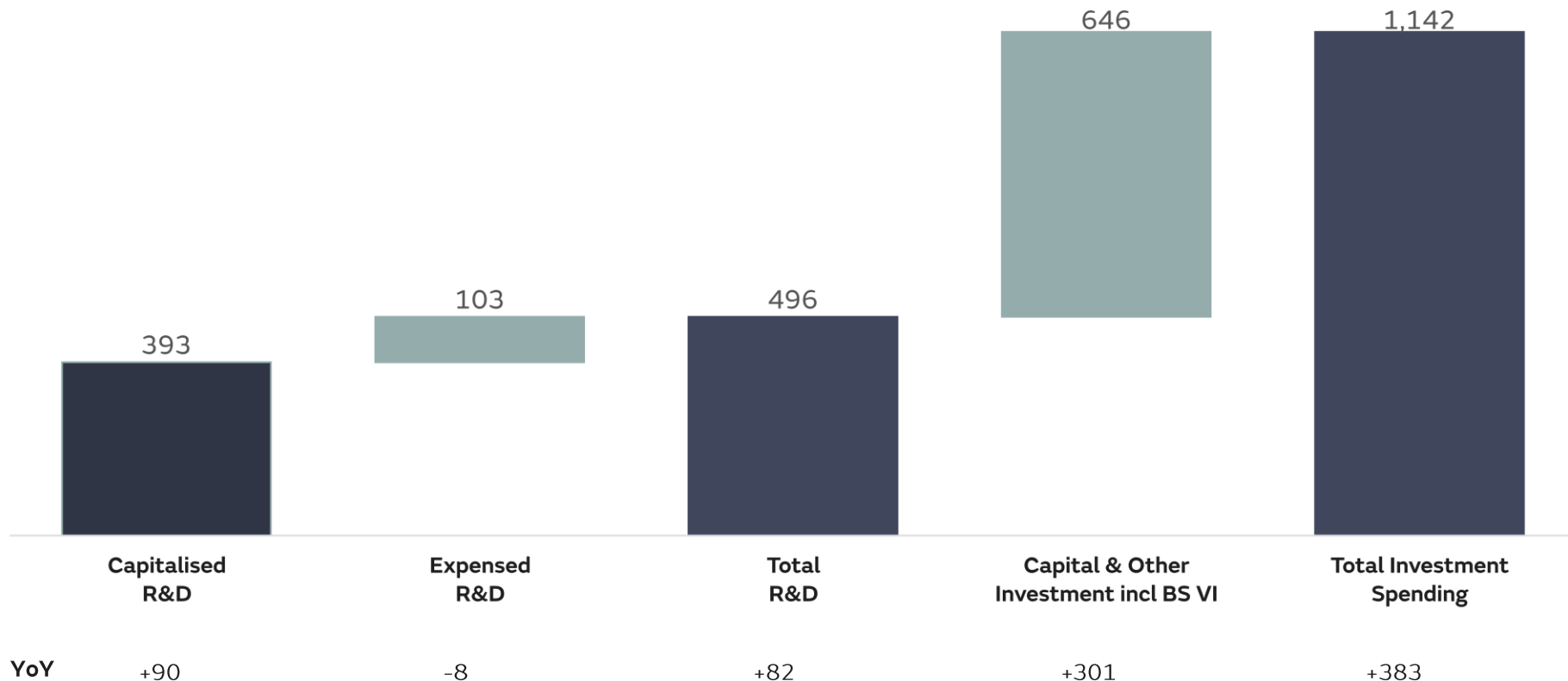
* Free cash flow is measured as cash flow from operating activities, less payments for property, plant and equipment and intangible assets.

Q2 FY'19

Investment Spending 6.4% of Revenue

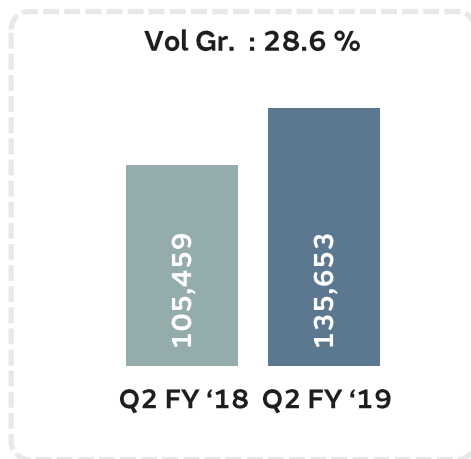
New products, Platforms and Technology for growth

Rs Cr. IndAS

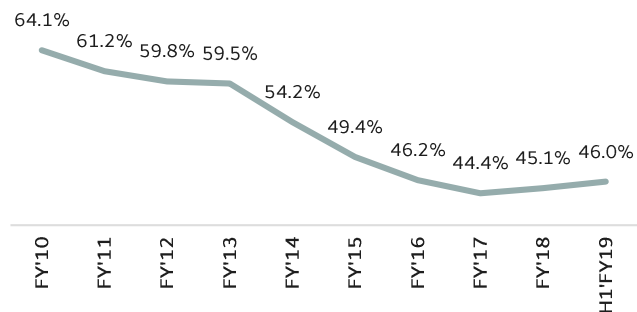


CV - Volume growth 29%; Market share up 90bps

Aim to “Win Decisively” by driving all round execution



Continued improvement in market shares

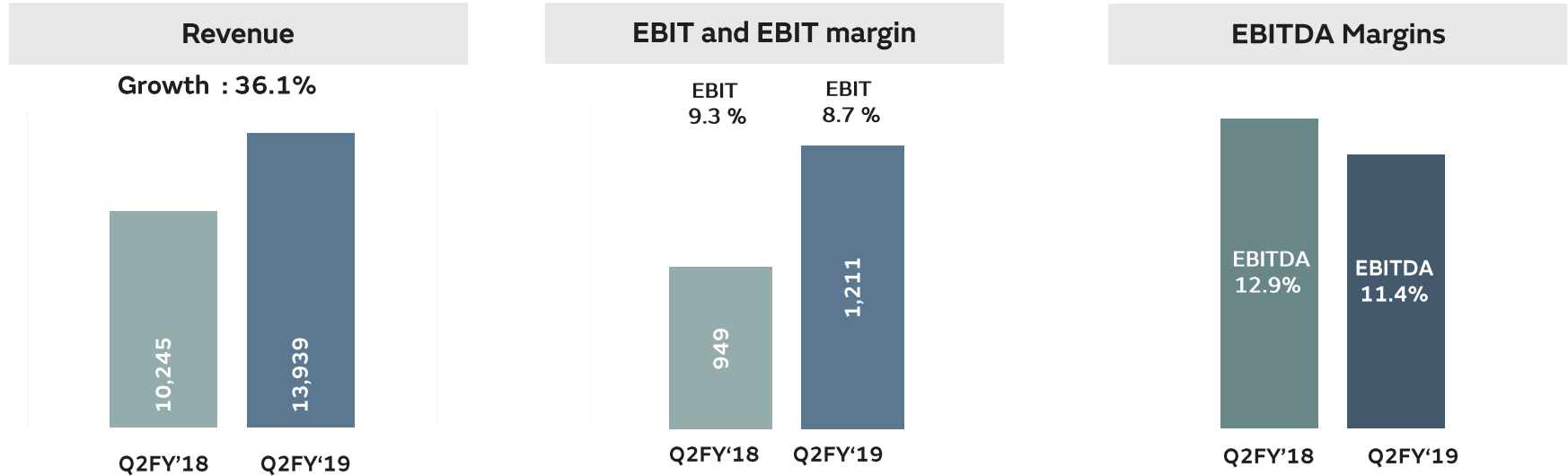


- Enhanced engagement with customers and other stakeholders
- Improving customer experience through Sampoorna Seva service package
- Aggressive launch pipeline to meet evolving customer needs and strengthen competitiveness.
- Integrated and robust S&OP process to address inter segment shifts from regulatory (increased axle load) and macro changes.
- Drive aggressive cost reduction and cost efficiencies
- Continue to invest in future viz. technologies, products and facilities

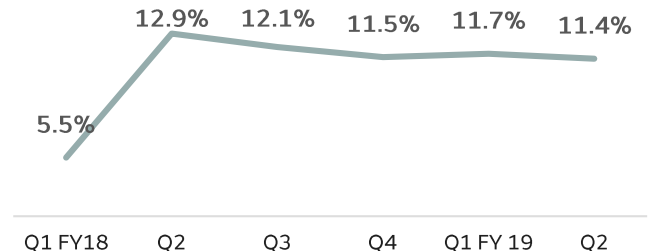
Q2 FY'19

CV: Revenue up 36 % , EBIT at 8.7%

EBITDA stable



- Higher commodity costs offset by better Mix, ImpACT project savings and operating leverage
- New axle load norms result in temporary demand uncertainty and delayed savings realisations

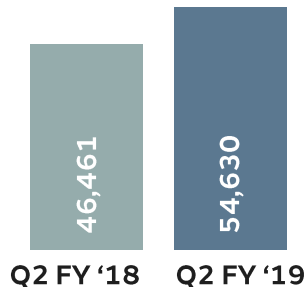


Q2 FY'19

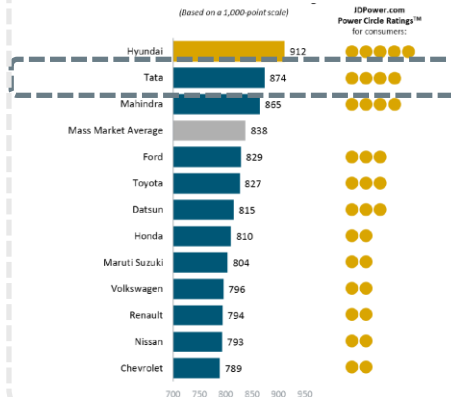
PV - Volume growth 18%; Market Share up 50bps

Aim to “Win Sustainably” by getting basics right

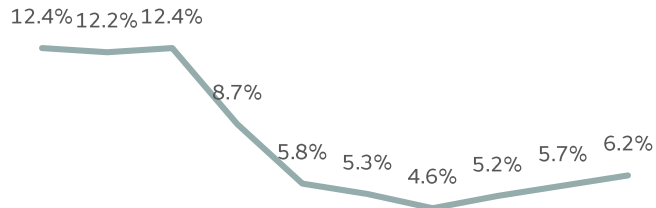
Vol Gr. : 17.6%



No 2 in JD Power CSI

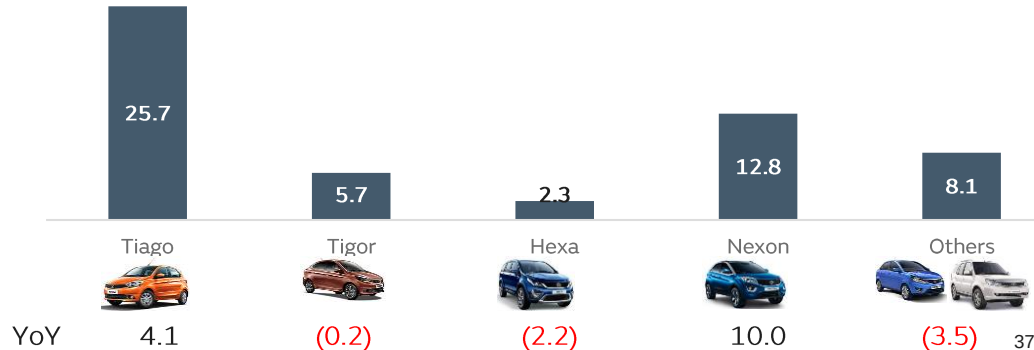


- New products drive growth (Tiago and Nexon)
- No 2 in JD Power 2018 Customer Service Index.
- “Impact” design, best in class features and user experience improving brand perception
- Focus areas
 - Product development and User experience
 - Network expansion and customer service
 - Rigorous cost reductions for an early breakeven



Market shares improvement continues

FY'10 FY'11 FY'12 FY'13 FY'14 FY'15 FY'16 FY'17 FY'18 H1'FY19

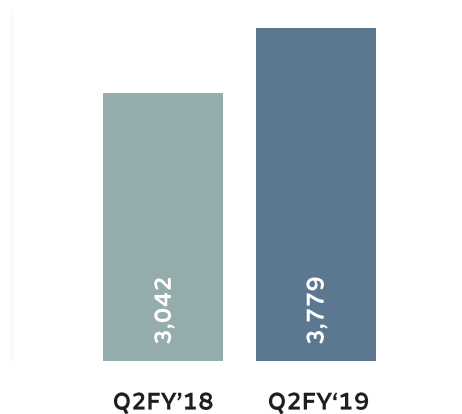


PV Revenue up 26% , EBITDA breakeven reached

Key Focus Area for Turnaround 2.0

Revenue

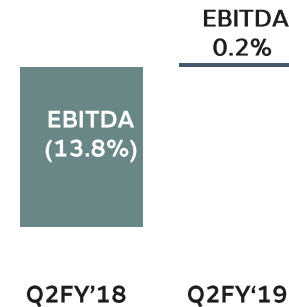
Growth : 24.2%



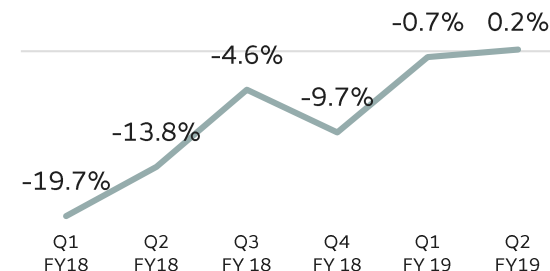
EBIT and EBIT margin



EBITDA Margins



- Better mix, higher realisations, savings from ImpACT projects and Operating leverage
- Continued Improvement in pricing and cost savings



EV: Lead the disruption in India

Aim to “Win Proactively”

We are committed to electrification

- Closely working with Tata Group companies on key focus areas to develop the ecosystem
- Deeper engagement with fleet customers for building strategic relationship and for deploying our EV product offerings

Achievements so far

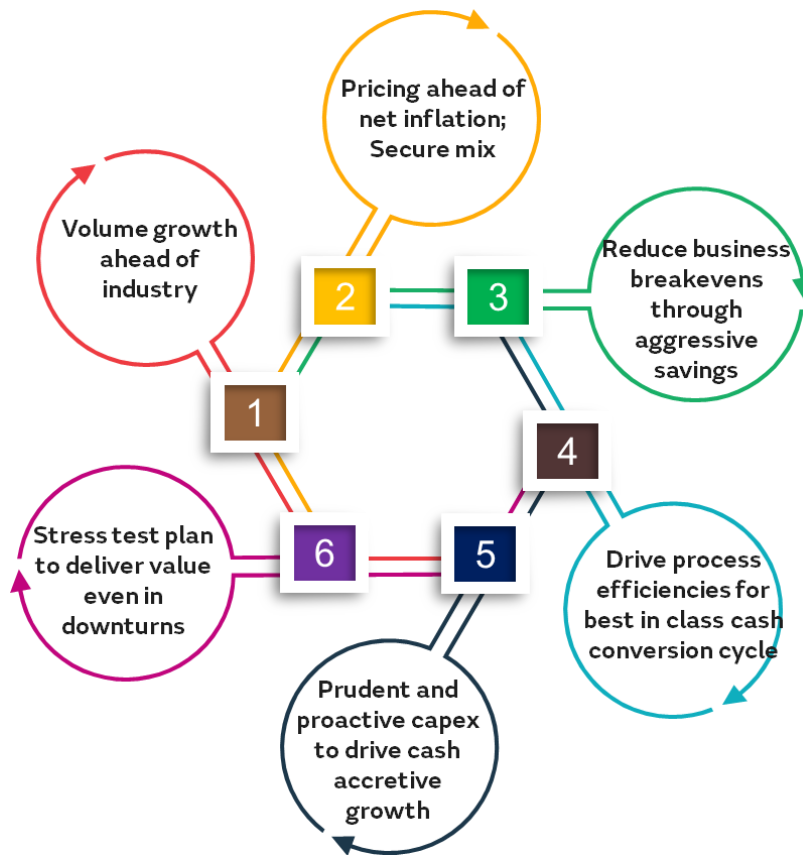
- EESL tender Phase 1 production complete; Phase 2 production activated
- EV deployment expanded to 11 Indian cities (Delhi, Hyderabad, Bhopal, Mumbai, Lucknow, Vijaywada, Vizag, Ranchi, Indore, Baroda and Surat)



Turnaround 2.0 – Our approach



1. Win Decisively in CV
2. Win Sustainably in PV
3. Win Proactively in EV
4. Embed turnaround into culture



Other developments

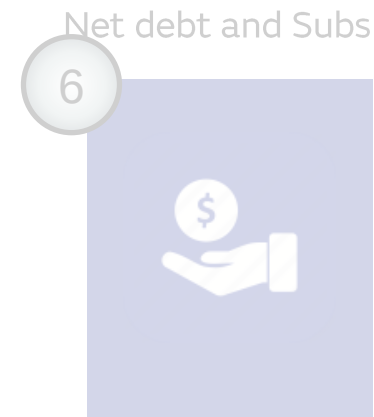
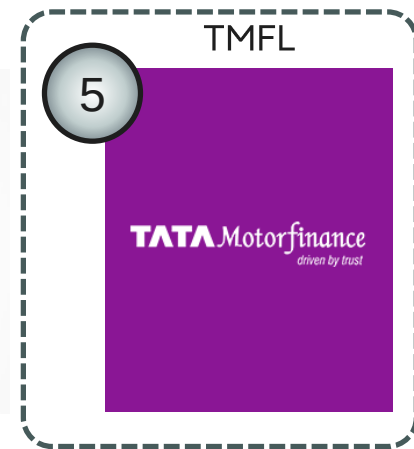
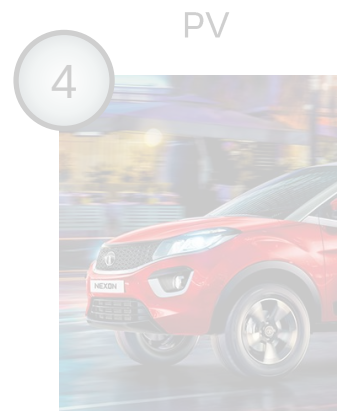
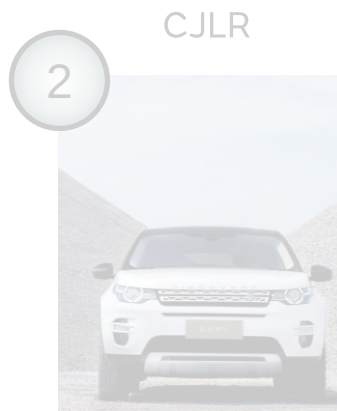
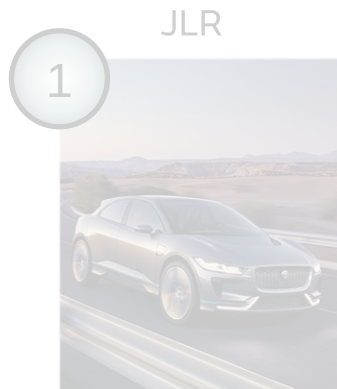
- Cost reduction ideas being developed for securing next year's plans.
- Supply base rationalization being systematically driven - 20% reduction already achieved
- ESOPs implemented post shareholder approval

- EV vertical formed to drive e-mobility business
- Entry into Shared mobility services through acquisition of 26% stake in TruckEasy (freight aggregator)
- Connected Vehicle Platform strategy being implemented

5. Tata Motors Finance



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Q2 FY'19

GNPA 3.5% (down 326bps); PBT ₹59Cr (+₹179Cr)**TATA MOTORS****Strong performance continues despite tight liquidity**

₹Cr Ind AS

IndAS	Q2 FY19	Q2 FY18	vs '18
Market Share	24.7%	22.9%	180 bps
PBT	59	(120)	-

IndAS	H1 FY19	H1 FY18	vs '18
Market Share	24.5%	22.9%	160 bps
PBT	116	(225)	-
ROE	16.7%	-	
AUM	32,374	22,857	46%
GNPA %	3.5%	6.8%	326 bps
NNPA %	2.0%	5.1%	310 bps

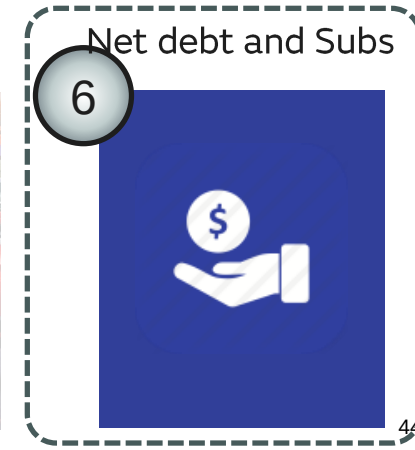
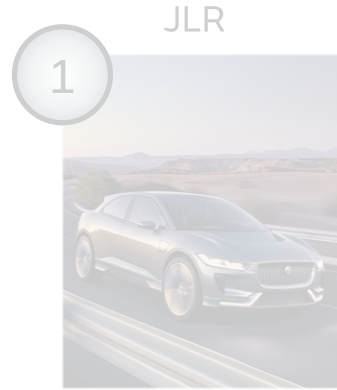
- Disbursals for Q2 grew 59% to ₹5,370 Cr; H1 up 82% to ₹10,002 Cr
 - New Vehicle disbursal up 54%
 - Used vehicle financing up by 100%
- TML infuses ₹300Cr equity in Oct '18
- GNPA reduced by 330 bps to 3.5%

Further details of IGAAP, IndAS reconciliation in the Databank

6. Net Debt and Others

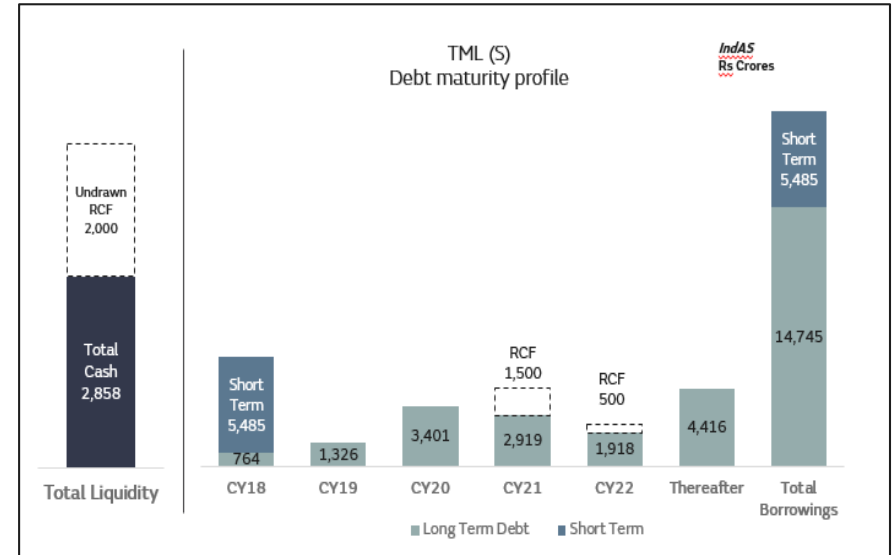
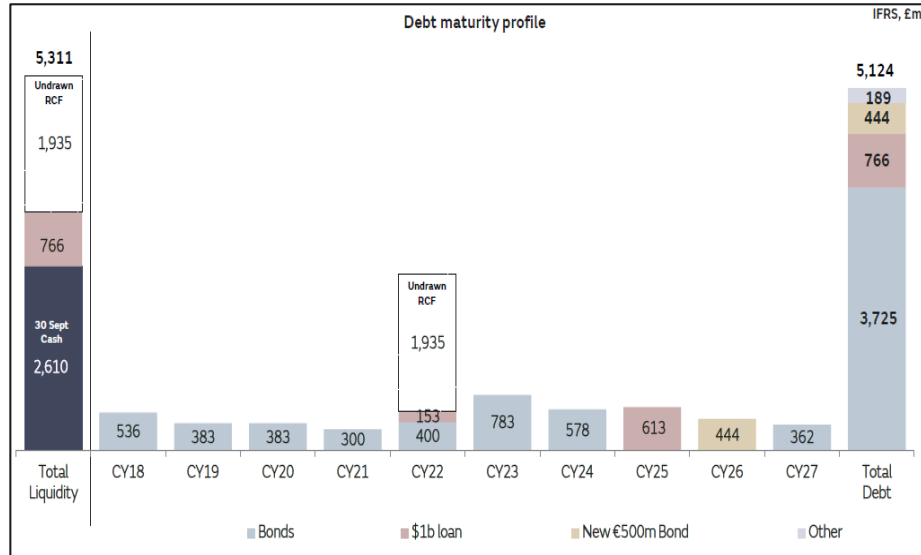


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Debt Profile

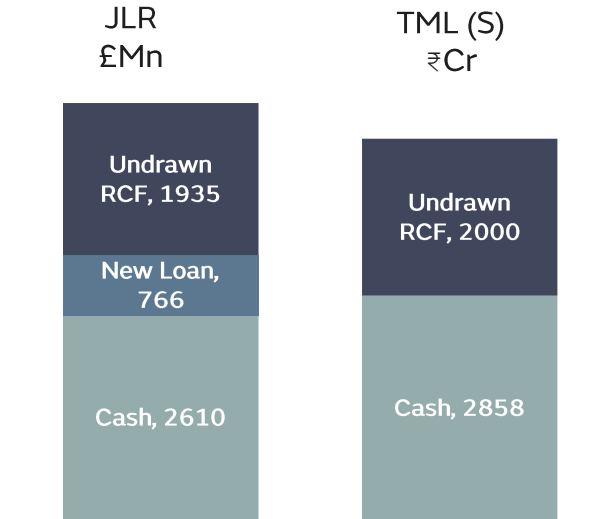
Maturities well spread out



- Net Auto debt increased by ₹8.2 KCr vs June 30, 2018 due to cash outflows at JLR.
- However liquidity is adequate and debt maturities are well spread out.
- \$1b syndicated loan drawn down in October 2018

Liquidity adequate

JLR : £5.3Bn; TML (S) : ₹4.8KCr



Liquidity enhanced further from 30' Jun '18

Proforma Liquidity:
30 Sep 18

£5.3B

₹4.8K Cr

Liquidity:
30 Jun 18

£4.7B

₹4.0K Cr

Project 'Charge' and Turnaround 2.0 have a strong focus on cash

- TML (S) expected to be FCF positive for FY'19
- JLR expected to be FCF positive in H2FY'19

'Fit for Future' actions to release cash



Tata Motors Group - Outlook

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Looking ahead

Context

Global: Market conditions remain challenging with China being a significant concern

Positives

Lower import duties in China

Concerns

Tariffs and Macro headwinds in China; Brexit, diesel (Europe+UK) & diesel taxes (UK)
Higher incentives in US, risk of tariffs

India : CV : Cautiously optimistic; PV – Demand expected to remain soft in the near term

Positives

Higher infra spending & GDP growth.

Concerns

Liquidity in the market
Inflation and interest rate risks
Rupee depreciation

- Expect input cost inflation to continue
- Investment requirements likely to remain high

Response and Outlook

Jaguar Land Rover

- Unexpected sharp China slowdown results in disappointing FY19.
- Expect to see improved H2 '19 sales and profitability with positive FCF. Planning for flat volume growth rates and EBIT breakeven in FY'19;
- Project Charge launched to drive turnaround in JLR. Target £2.5B of profit opportunities and cash over the next 18 months.
- Investment plan calibrated to c. £4B in FY19 and 20; 11-13% thereafter
- Planning for EBIT of 4-7% between FY20-21 and 7-9% thereafter.

Tata Motors (Standalone)

- Continue to drive all round performance improvement through Turnaround 2.0 while investing for future growth.
- EBIT to improve to 4-6% between FY19-21 and 5-7% thereafter.
- Complete actions from the “Fit for Future” portfolio decisions to release cash.

We are committed to Competitive, Consistent, Cash Accretive Growth over the medium to long term

Investor Relations Note

Thank You

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