



JAGUAR LAND ROVER AUTOMOTIVE plc

GOLDMAN SACHS LEVERAGED FINANCE CONFERENCE



Ben Birgbauer, Treasurer

3rd September 2019

Disclaimer



Statements in this presentation describing the objectives, projections, estimates and expectations of Jaguar Land Rover Automotive plc and its direct and indirect subsidiaries (the “Company”, “Group” or “JLR”) 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

- Q1 FY20 represents the 3 month period from 1 April 2019 to 30 June 2019
- Q1 FY19 represents the 3 month period from 1 April 2018 to 30 June 2018

Unless stated otherwise sales volumes are expressed in thousand units, financial values are in GBP millions.

Consolidated results of Jaguar Land Rover Automotive plc and its subsidiaries contained in the presentation are unaudited and presented under IFRS as approved in the EU.

Retail volume data includes and wholesale volume includes sales from the Company’s unconsolidated Chinese joint venture (“CJLR”)

EBITDA is defined as profit before income tax expense, exceptional items, finance expense (net of capitalised interest), finance income, gains/losses on unrealised derivatives and debt, gains/losses on realised derivatives entered into for the purpose of hedging debt, gains/losses on equity investments held at fair value, share of profit/loss from equity accounted investments and depreciation and amortisation.

EBIT is defined as for EBITDA but including share of profit/loss from equity accounted investments and depreciation and amortisation.

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

Challenging environment continues

Geopolitical, regulatory and technology change



Geopolitical

China economy



Trade tensions



Regulatory

Diesel



City Emissions Restrictions



Technological

From ICE...



...to ACES



Recent business highlights

New products and developments



New models



I-PACE – World Car of the Year



All new Evoque with hybrid models



New Defender announced

Refreshed models



Refreshed XE



Refreshed Discovery Sport

Collaboration and manufacturing



EDU collaboration with BMW



Slovakia plant



EDU's to be produced at EMC

Hams Hall battery assembly site

China stabilises, cash outflows lower

Pre-tax loss £395m, consistent with Q1 outlook



IFRS, £m	Q1 FY20	Q1 FY19	Change
Retail volumes ('000 units)	128.6	145.5	(16.9)
Revenues	5,074	5,222	(148)
<i>EBITDA Margin</i>	4.2%	6.2%	(2.0)%
EBIT	(278)	(195)	(83)
<i>EBIT Margin</i>	(5.5)%	(3.7)%	(1.8)%
Profit / (Loss) - before tax and exceptional items	(383)	(264)	(119)
- before tax	(395)	(264)	(131)
- after tax	(402)	(210)	(192)

Revenue

Volume: 128.6k
Revenue: £5.1b

Lower volumes due to weaker market conditions, runout of prior model Discovery Sport and China Evoque, WLTP delays

EBIT

(5.5)% (-180bps)

Negative operating leverage; higher VME & warranty cost; impact of Brexit contingency planning

PBT

(before exceptionals)
£(383)m

Lower EBIT, higher finance cost and unfavourable unrealised revaluation

FCF

£(719)m

After £795m investment, £954m better than Q1 FY19, incl. £305m utilisation of new receivables facility

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.

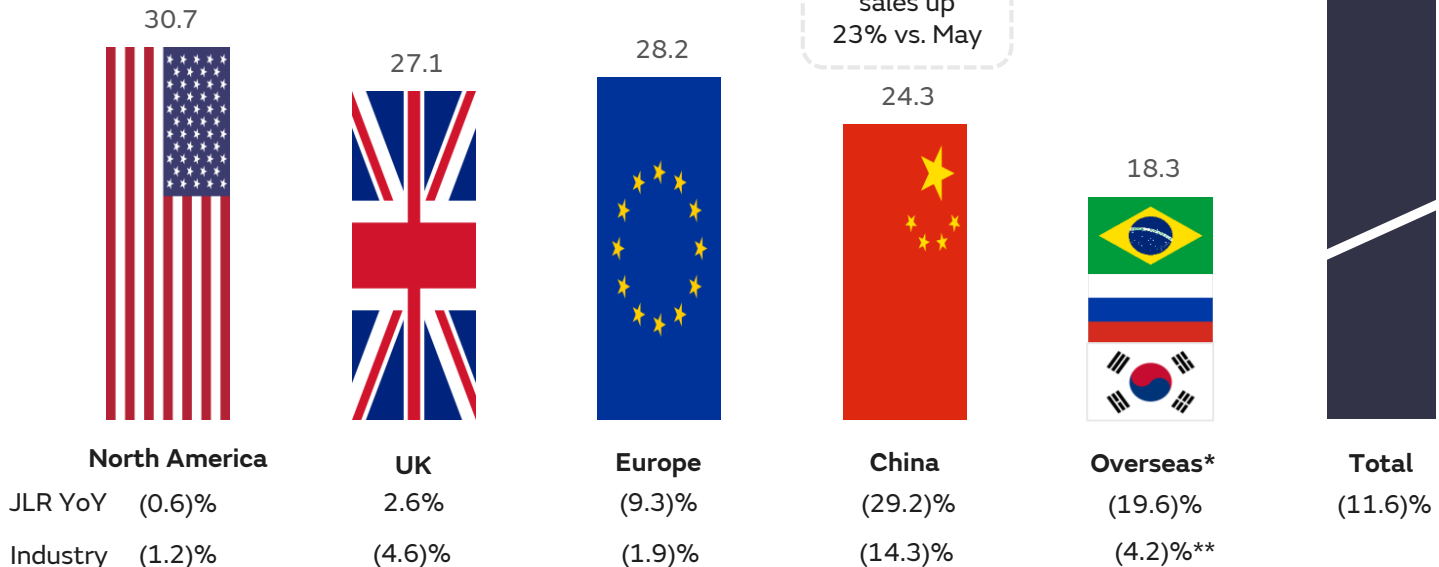
Retails 128.6k, down 11.6%

Weaker market conditions; UK up with record volumes



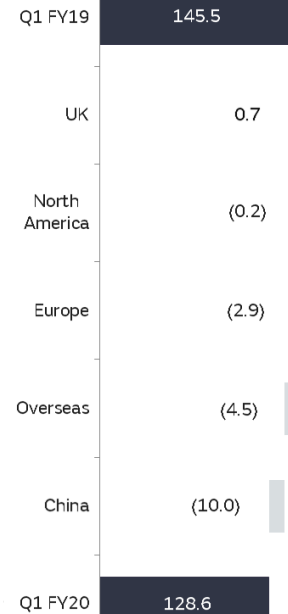
Retail units in '000

June China
sales up
23% vs. May



Wholesales

Units	26.0	25.3	25.4	24.2	17.8	118.6
YoY	(5.7)%	14.8%	(3.1)%	(26.8)%	(22.2)%	(9.9)%



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

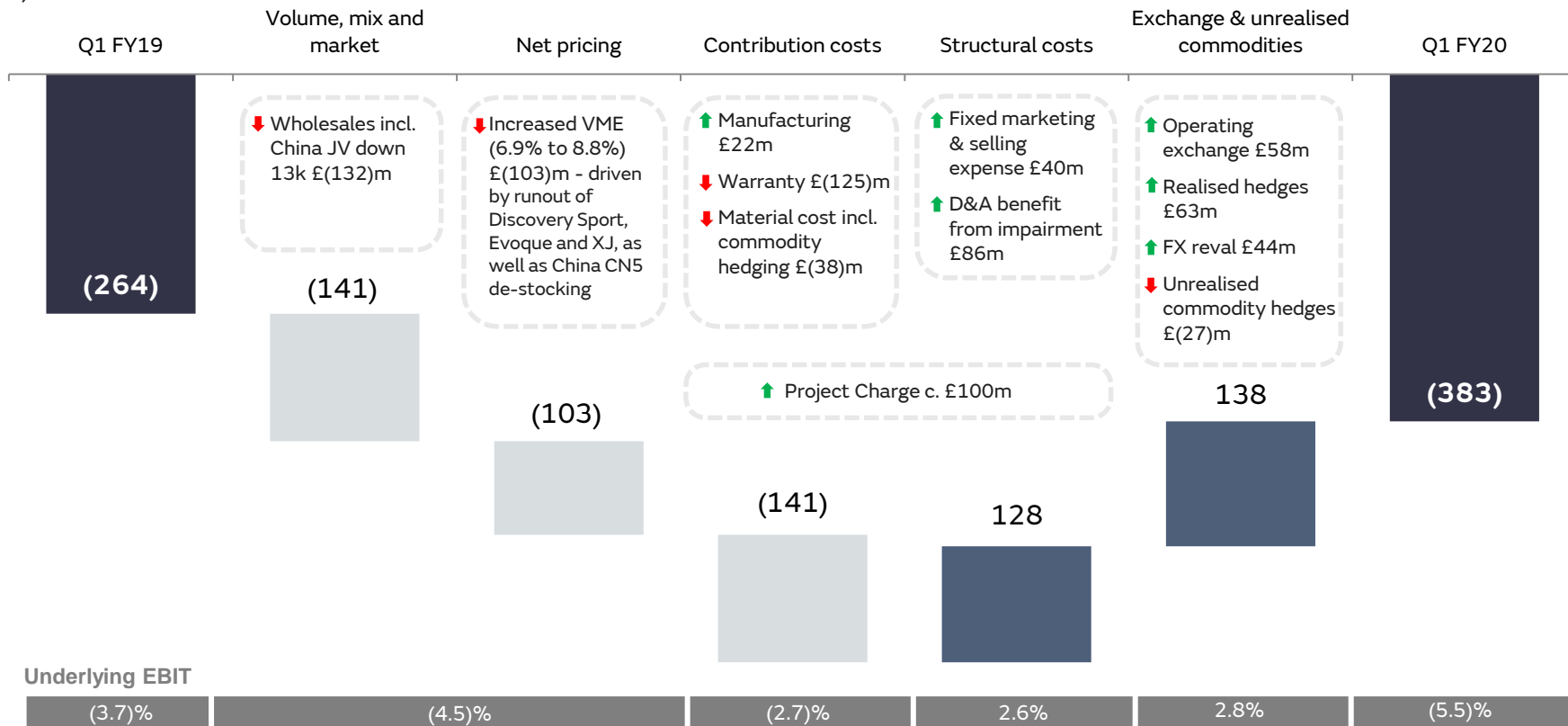
** Industry volume data for South Korea was unavailable at time of release, thus Overseas industry volumes exclude South Korea.

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

Pre-tax loss £383m, before £12m exceptionals



IFRS, £m

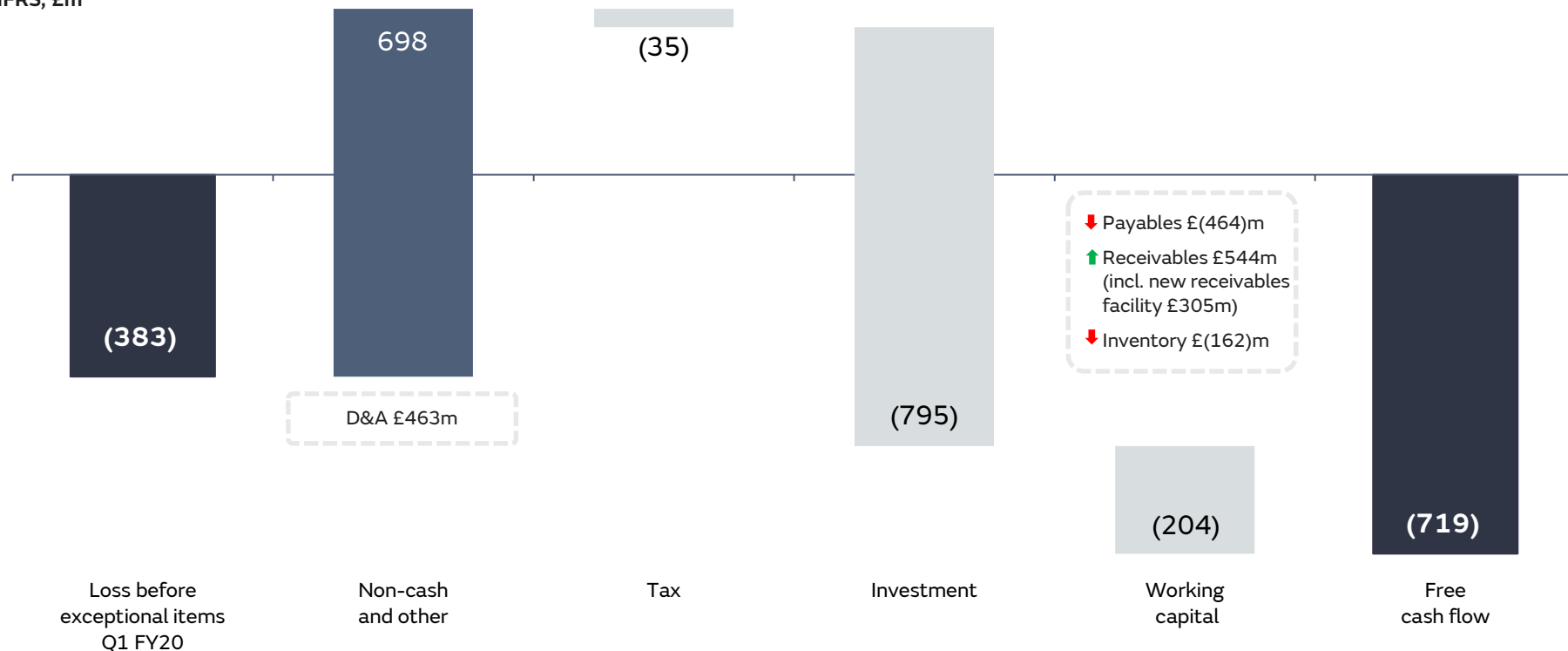


Cash outflow £954 better than prior year

Cash outflow of £719m, incl. £305m receivable financing



IFRS, £m



Vs. Prior year

£(119)	£(1)	£47	£271	£756	£954
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JLR STRATEGY UPDATE

Turnaround and transformation plan

Proactive response to improve results in challenging environment



1. Strong pipeline of new and refreshed products to improve sales, particularly in China



2. Project Charge to reduce cost and improve profits and cash flow

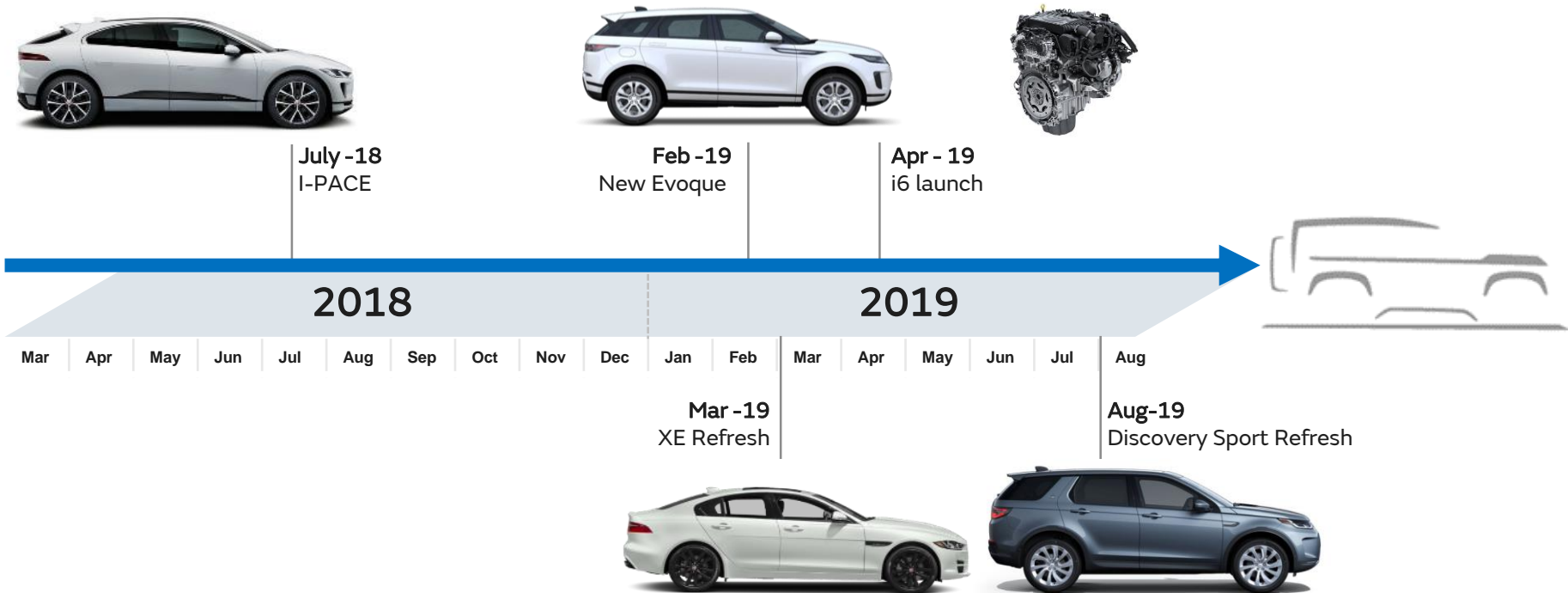


3. Project Accelerate to create a more robust long term sustainable business



Product plans

FY20 is a major year for model launches



Product plans

New Defender to be revealed in September 2019



Q1 China market update

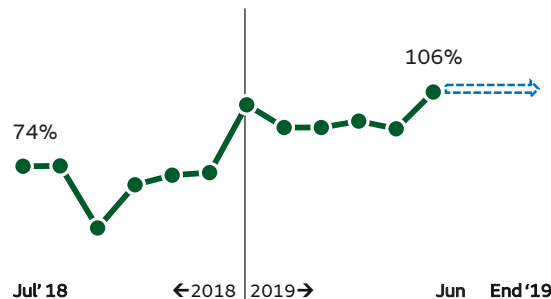
Continued stabilisation of KPIs; expect growth to improve hereon



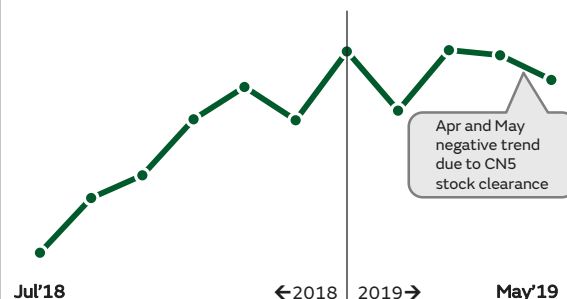
Underlying Operational Performance

- Retail Target achievement improved to above 100% with an improved retailer confidence
- Retailers Return on Sales (RoS) improved in 2019 with increased number of profitable retailers. April and May results negatively affected by CN5 stock clearance with higher discount level.
- Retailer stock level reduced to the lowest level since 2017, which helped to balance supply and demand relationship while releasing cash for retailers
- Local registration improved to 80%

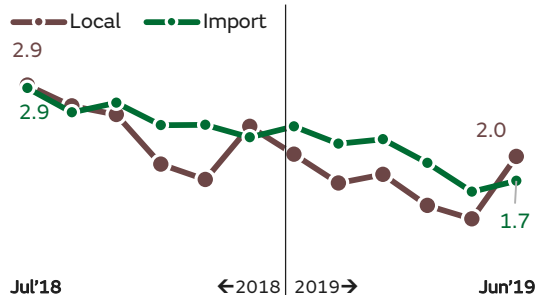
Retail Target Achievement ¹



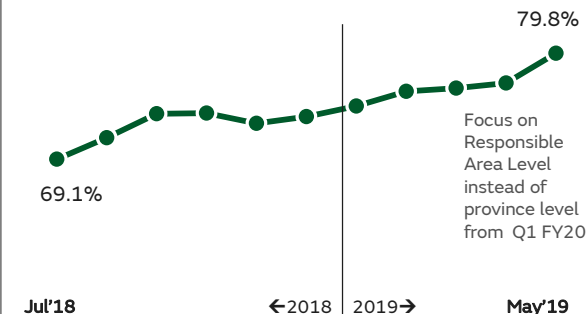
Retailer Return on Sales (%)



Retailer Stock Index in month



Local Registration Rate ²

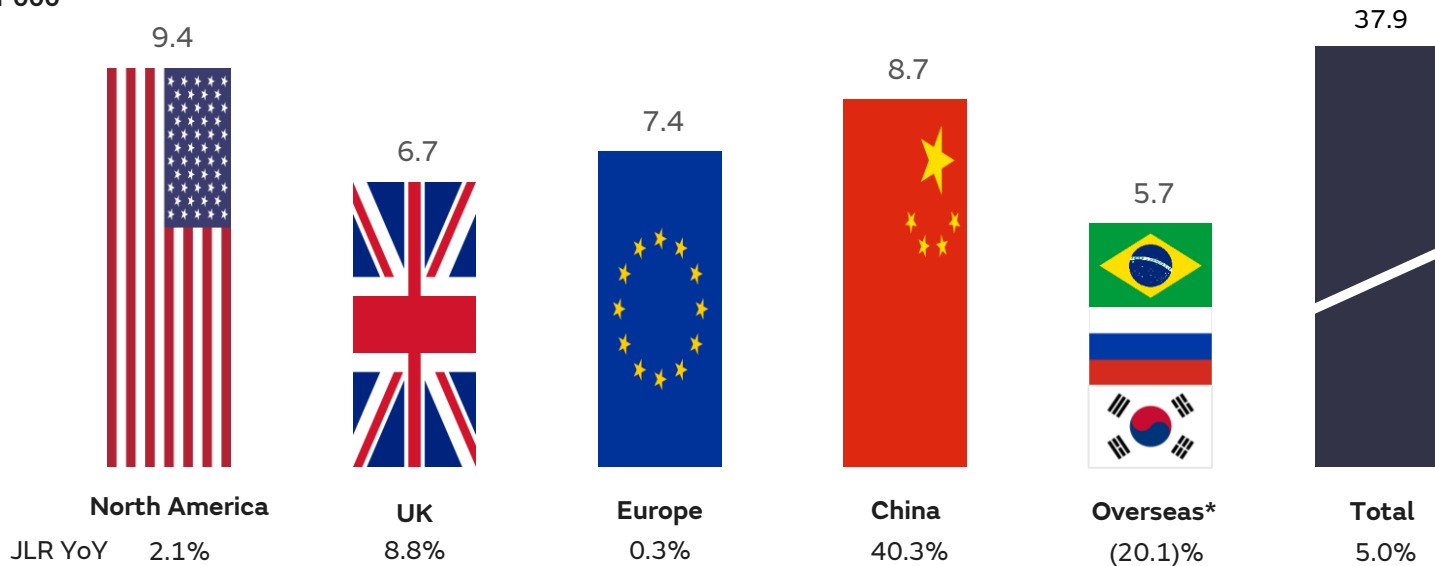


July 2019 sales update

Retails 37.9k, up 5.0% YoY – China and UK up



Retail units in '000



Wholesales

Units	7.5	10.4	10.0	7.0	6.9	41.8
YoY	(24.3)%	32.0%	184.9%	(2.6)%	5.5%	19.4%

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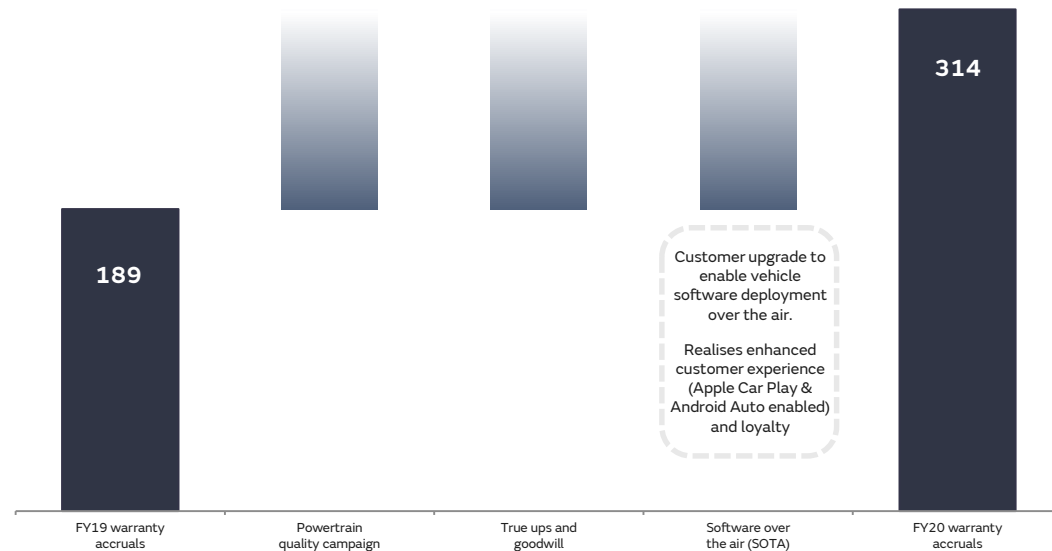


Warranty and quality update

Q1 reflects legacy issues; transformation underway to improve

Q1 FY20 WARRANTY INCREASE

£125m Year over Year variance



IMPLEMENTING QUALITY TRANSFORMATION

CURRENT PRODUCT

- **RAPID ISSUE RESOLUTION:**
Collecting multiple product performance measures and creating a single prioritised issue set for rapid fix implementation (e.g. SOTA deployment)
- **QUALITY STRATEGY DEPLOYMENT:**
Strengthened organisational engagement in the Quality transformation, driven through simplified measurement of performance & improved information flow across the business.

FUTURE PRODUCT

- **ENGINEERING FOR A QUALITY OUTCOME:**
Focussing Engineering effort on the core systems to improve the reduction of technical risk and ensure robust product functional performance & durability (e.g. new software test facilities & rigs)
- **PRODUCT COMPLEXITY REDUCTION:**
Control Product Complexity that balances customer requirement whilst maximising product testing & validation during Engineering Development. (e.g. powertrain & chassis derivative reduction)
- **PRODUCT DEVELOPMENT GOVERNANCE:**
Enhanced quality governance at critical product development milestones with a strong & independent assessment of technical risk during programme delivery.

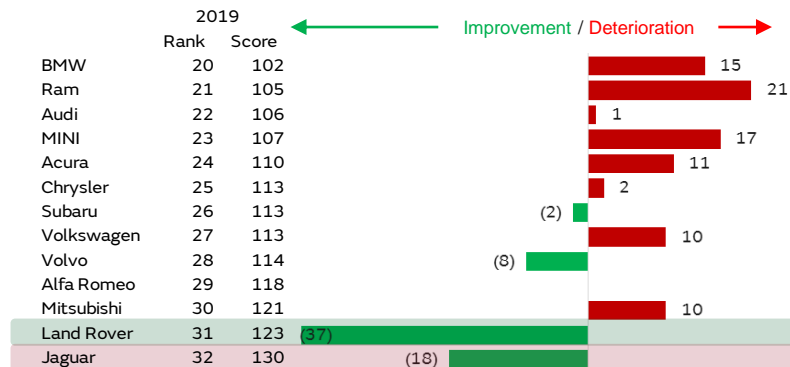
Warranty and quality update

US IQS scores significantly improved; China VQS scores positive



JD Power US IQS

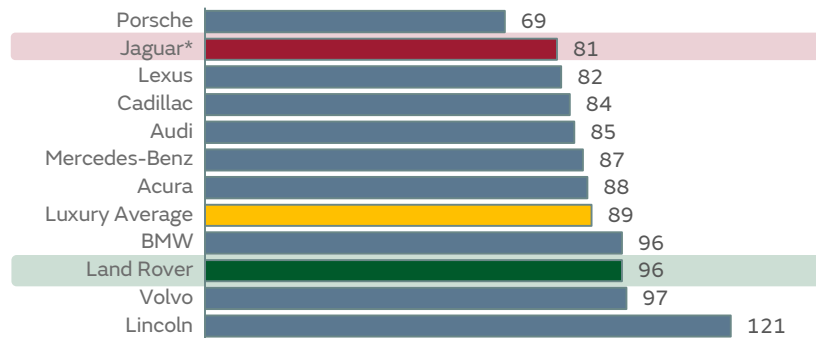
2019 IQS PP100 Rankings



- Jaguar ranked 32 and Land Rover ranked 31 by JD Power for 19MY
- However, Jaguar and Land Rover scores significantly improving:
 - Land Rover most improved of any brand in the last 3 years
 - Jaguar score second most improved in the 19MY Survey
- Target: top 5



JD Power China VQS



- Jaguar ranked 2 and Land Rover ranked 9 by JD Power for 18MY
- In both the midsize and large luxury SUV segment, XFL, Range Rover and Range Rover Sport perform top of the rankings

Warranty and quality update

Focus on improving Infotainment and Interiors

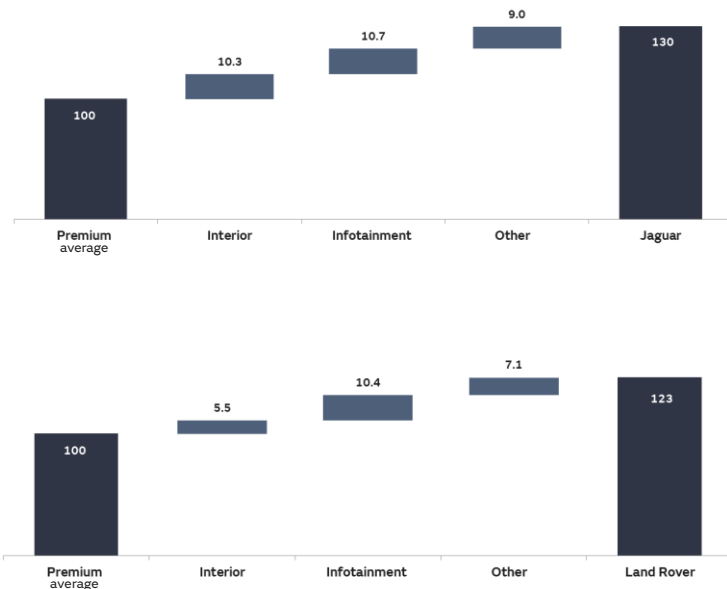


Key areas of improvement:
INFOTAINMENT and **INTERIORS**



Our response

JD Power US IQS scores



INFOTAINMENT

- JDP 19 MY IQS: 20% improvement from 18 MY
- SOTA implemented as key enabler for improved infotainment system performance and quality, latest software to increase stability and connectivity, including support of Apple Car play and Android Auto
- New models to include: Instant start up, Improved Touch Screen Response, voice and navigation engines




INTERIOR

- Mid-cycle improvements on XE, F-PACE, Discovery Sport
- New model improvements including stowage, user controls and comfort



Project Charge update

First £1.7b of £2.5b target delivered

	Target £b	FY19 £b	FY20 Q1 £b	Comment
 Investment	1.0	0.7	0.3	<ul style="list-style-type: none"> FY20: Expected to achieve > £0.5b driven by reductions in engineering expenditure and non-product investments
 Working Capital	0.5	0.4	-	<ul style="list-style-type: none"> Q1 YoY working capital £0.8b improvement but QoQ £(0.2)b due to seasonality FY20: Expected to exceed £0.5b cumulative target through further reductions in inventory and receivables
 Cost & Profits	1.0	0.2	0.1	<ul style="list-style-type: none"> £0.1b savings in Q1 driven by headcount reduction and lower fixed marketing / selling expenses. FY20: Expected to achieve > £0.8b (roadmap on next slide)
Total Cash	2.5	1.3	0.4	

Project Charge update

Roadmap for £1b of cost savings



Target to
achieve

£1B

Cost and profit



£150M value realized in FY19

- c.£120M YoY FY19 non-people overheads savings
- c.£30M people savings realised



£250M year-over-year people cost reduction in FY20 -- £400m reduction in existing cost base from redundancy program offset partially by previously assumed increases in people costs

- £60M delivered in Q1 FY20, On track for timely completion



£250M+ FY20 material cost improvements targeted, incl.:

- High confidence in achieving full FY20 target



£200M+ FY20 targeted across overhead costs

- Targeting non-people overheads
- c.£30M delivered in Q1 FY20



£150M additional operating profit initiatives being identified for FY20

Brexit planning

Risk mitigation plans for a possible “No Deal” Brexit outcome



Near-term operational Impacts

Potential delays at ports could disrupt supply chain and the export of finished vehicles

Impacted area

JLR Response

Production Scheduling

Evaluating potential contingency plans for additional production downtime

Production continuity

Buffer stocks increased to reduce potential disruption

Operational continuity

Cross-functional Brexit governance programme in place including:

- Government and supplier engagement
- IT change implementation
- JLR customs preparations

Ongoing structural Impacts

Loss of preferential access to EU tariffs and resultant shift to WTO duty regime for UK-EU and UK-EU 3rd country trade

Impacted area

JLR Response

Pricing

Pass on pricing/net cost impact for tariffs to the extent possible

FX offset

Pound likely to weaken further to partially offset the net impact of tariffs in year one (net of hedging) and substantially offset thereafter

Manufacturing and sourcing

JLR continues to assess its manufacturing and sourcing plans in different Brexit scenarios

JLR continues to actively engage with government and trade bodies on the need for a pro business deal

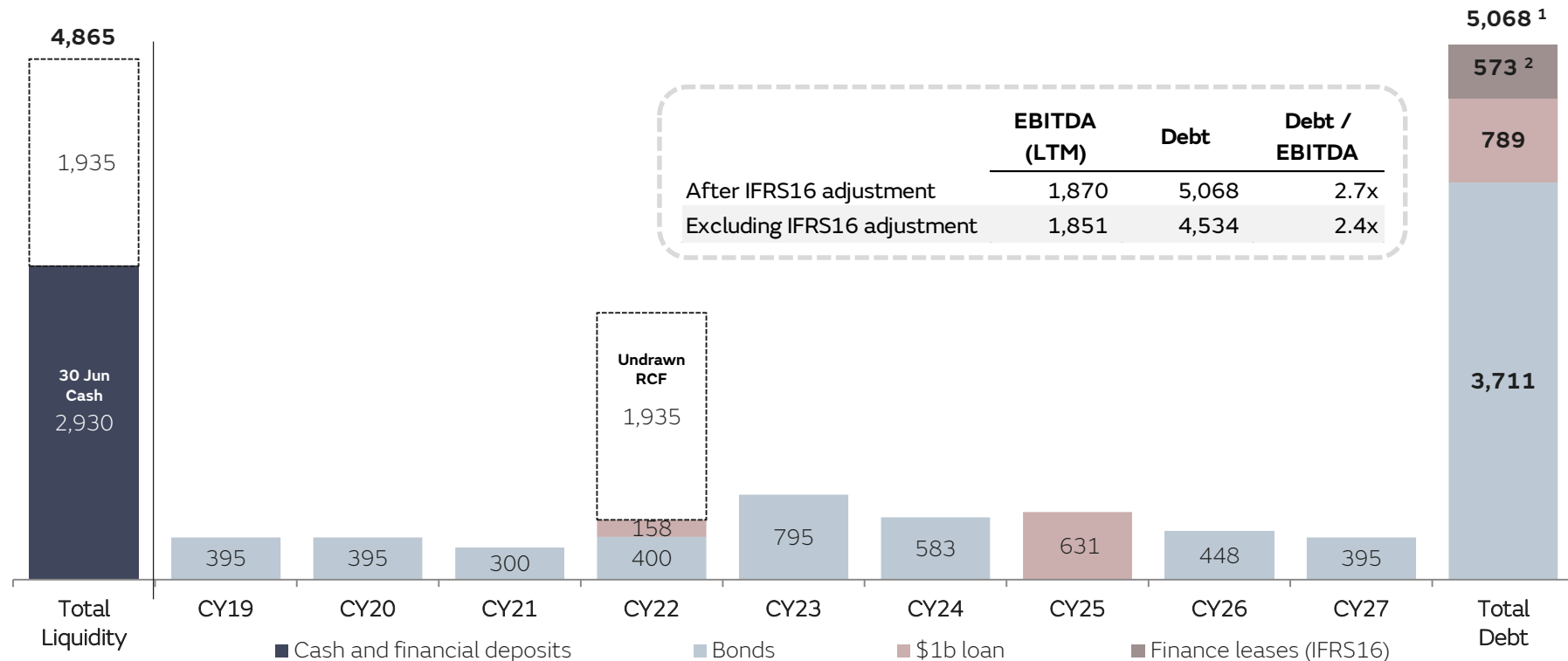
Q1 FY20 total liquidity £4.9b

Debt £5.1b, including £534m added for IFRS16 accounting change



IFRS, £m

Debt maturity profile



¹ Includes £(5)m comprising £27m Fair Value adjustment and £(32)m capitalised fees.

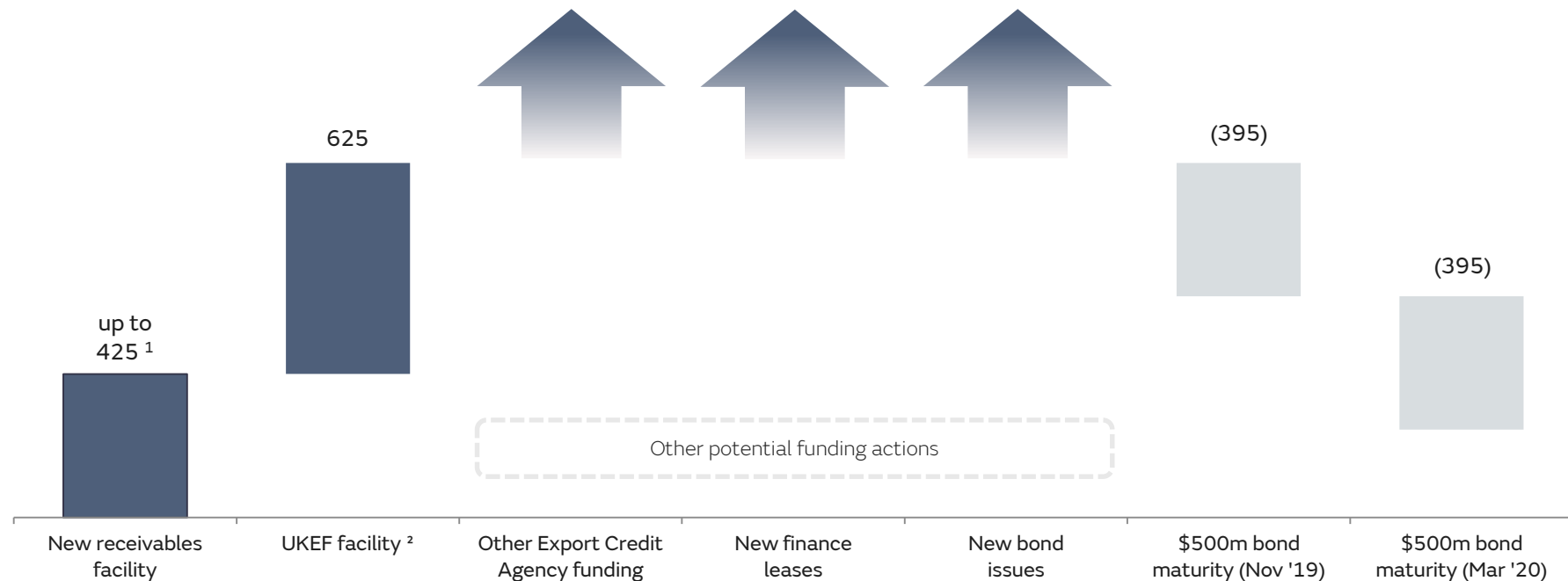
² Includes £534m of leases now accounted as debt under IFRS16

FY20 funding plans

\$700m receivable facility in use, plan for £625m UKEF facility



IFRS, £m



¹ £425m net assumes full \$700m drawdown (£305m drawn at 30th June) and repayment of £114m preceding facility (fully repaid by 30th June). New facility accounted as sold instead of debt, i.e. off balance sheet.

² UK Export Finance providing £500m guarantee in support of £625m 5yr amortising syndicated loan, subject to final documentation and approvals

Looking ahead



Key metrics	FY20-21	FY22-23	Beyond
Retail sales growth	> Premium Segment	> Premium Segment	> Premium Segment
EBIT margin	3-4%	4-6%	7-9%
PBT	Positive	Positive	Positive
Investment spending	Up to £4b	Up to £4b	11-13% of revenue
Free cash flow	Negative, improving	Positive	Positive
Gross debt/EBITDA	≤ 2.8x	≤ 2.8x	≤ 2.0x

- Expect improved PBT, margins and cash flow over FY20, driven by new products and Project Charge
- FY21 metrics reflect the impact of significant prior model run outs and changeovers in the period
- Gross debt / EBITDA target ratio increased from 2.5x to 2.8x, to adjust for the impact of accounting for leases as debt under IFRS16 (year-end target, intra-year ratios may be higher)

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

Thank you



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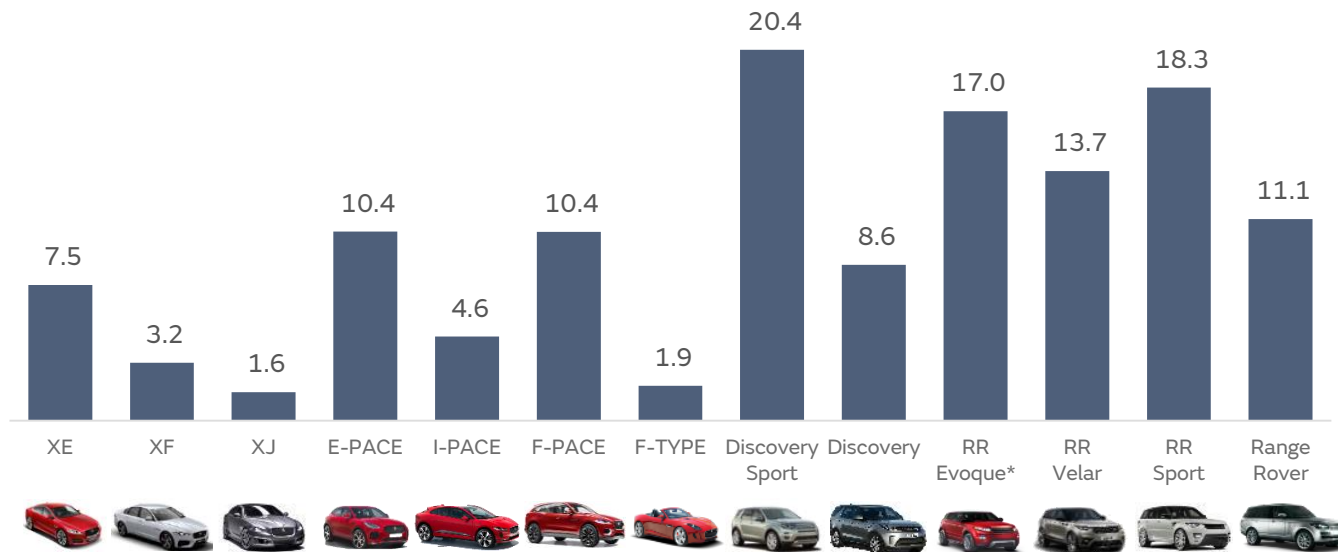
ADDITIONAL SLIDES

Lower model sales reflecting market conditions

New Discovery Sport in launch; new China Evoque from August

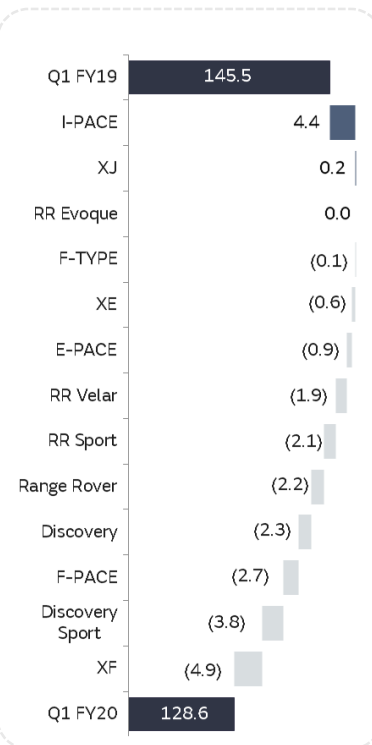


Retail units in '000



Wholesales

Units	7.9	3.9	1.6	9.3	5.2	9.4	1.9	16.4	8.0	17.9	11.0	16.0	10.0
YoY	(0.4)	(3.8)	0.6	(1.0)	5.1	(2.1)	0.3	(5.8)	(2.3)	3.9	(1.8)	(3.3)	(2.4)



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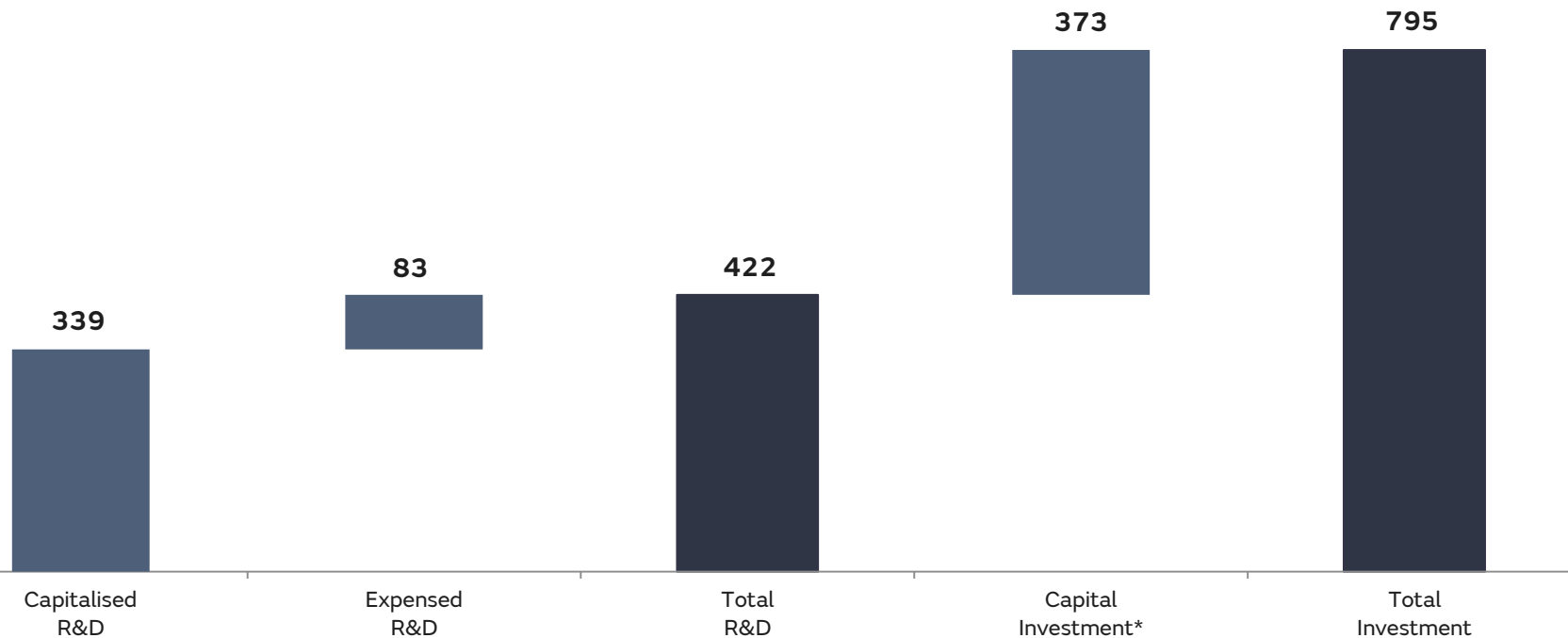
* Combined sales of new Evoque and outgoing Evoque. New Evoque sales are up while sales of outgoing model are down.

Investment spending £271m lower than prior year



FY20 likely to be ~£3.8b

IFRS, £m



* Of which £301m relates to purchases of property, plant and equipment in Q1 FY20 vs. £435m in Q1 FY19.

Positive Evoque and I-PACE sales development

New Evoque on sale in China from August



China JV (100%): Loss before tax £68m

Low dealer profitability led to lower volumes



IFRS, £m	Q1 FY20	Q1 FY19	Change
Retail volumes ('000 units)	14.2	21.2	(7.0)
Revenues	366	680	(314)
Profit / (Loss) - before tax	(68)	93	(161)
- after tax	(53)	60	(113)
EBITDA	(5)	141	(146)
<i>EBITDA Margin</i>	(1.4)%	20.7%	(22.1)%
EBIT	(64)	90	(154)
<i>EBIT Margin</i>	(17.5)%	13.2%	(30.7)%
Cash and cash equivalents	439	316	123

Income statement



IFRS, £m	Q1 FY20	Q1 FY19	Change
Revenues	5,074	5,222	(148)
Material and other cost of sales	(3,281)	(3,366)	85
Employee costs	(656)	(733)	77
Other (expense)/income	(1,263)	(1,225)	(38)
Product development costs capitalised	339	426	(87)
EBITDA	213	324	(111)
Depreciation and amortisation	(463)	(549)	86
Share of profit/(loss) from Joint Ventures	(28)	30	(58)
EBIT	(278)	(195)	(83)
Debt/unrealised hedges MTM & unrealised investments	(70)	(58)	(12)
Net finance (expense) / income	(35)	(11)	(24)
Profit before tax and exceptional items	(383)	(264)	(119)
Exceptional items	(12)	-	(12)
Profit before tax	(395)	(264)	(131)
Income tax	(7)	54	(61)
Profit after tax	(402)	(210)	(192)

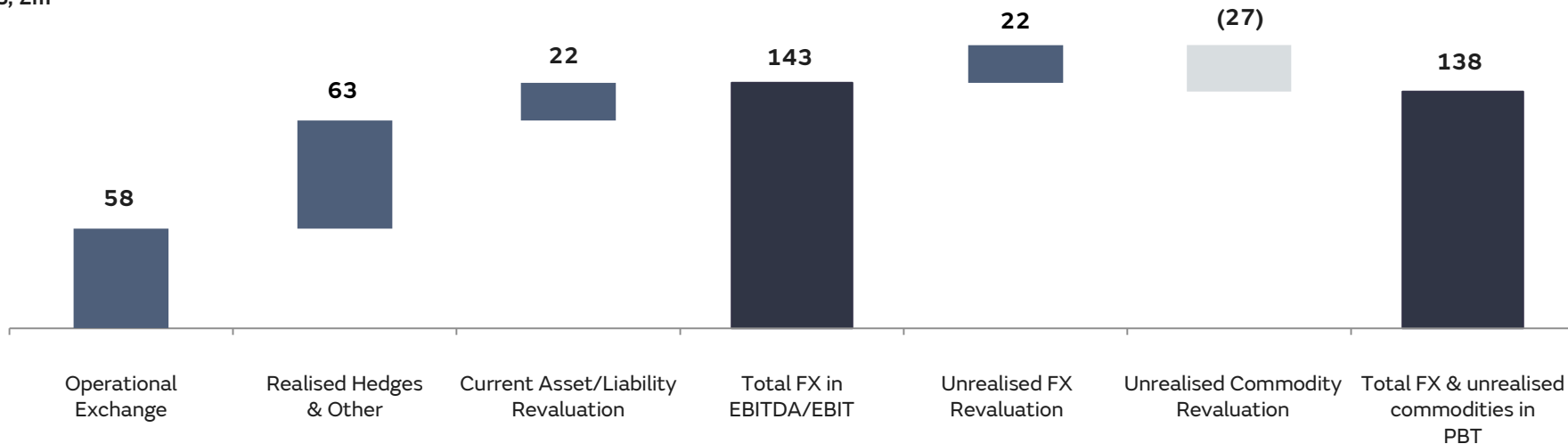
The exceptional items impacting Q1 FY20 relate to one-time separation costs. For statutory reporting under IFRS, the Group recognises revenue on wholesales (excluding sales from CJLR). The Group recognises its share of profits from CJLR within EBIT.

FX and unrealised commodities up £138m YoY

Favourable operational exchange, net hedging and revaluation



IFRS, £m



End of Period Rates

	Q1 FY19	Q4 FY19	Q1 FY20	YoY Change	QoQ Change
GBP:USD	1.311	1.302	1.267	(3.3%)	(2.7%)
GBP:EUR	1.128	1.160	1.113	(1.3%)	(4.0%)
GBP:CNY	8.692	8.757	8.705	0.2%	(0.6%)

Hedge Reserve (Pre-Tax)

	Q1 FY19	Q4 FY19	Q1 FY20
Current Portion	(564)*	(459)	(444)
Non-Current Portion	(169)	(204)	(167)
Total	(733)	(663)	(611)

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* Restated

FX and unrealised commodities up £138m YoY

Favourable operational exchange, net hedging and revaluation



IFRS, £m	Q1 FY20	QoQ Change	YoY Change
Operational exchange	n/a	39	58
Realised FX hedges and other	(149)	9	63
Revaluation of current assets and liabilities	(34)	(74)	22
Total FX impacting EBITDA & EBIT	n/a	(26)	143
Revaluation of unrealised currency derivatives	11	11	21
Revaluation of USD and Euro Debt	(49)	(87)	1
Total FX impact on PBT	n/a	(102)	165
Realised commodities (incl. in EBITDA & EBIT)	4	(1)	(12)
Unrealised commodities (excl. from EBITDA & EBIT)	(26)	(49)	(27)
Total Commodities impact on PBT (incl. in contribution costs)	(22)	(50)	(39)
Total FX & Commodities impact on PBT	n/a	(152)	126
Total pre-tax hedge reserve	(611)	52	122
Current portion of hedge reserve	(444)	15	120
End of Period Exchange Rates			
GBP:USD	1.267	(2.7%)	(3.3%)
GBP:EUR	1.113	(4.0%)	(1.3%)
GBP:CNY	8.705	(0.6%)	0.2%

Memo:

¹ The year-on-year operational exchange is an analytical estimate, which may differ from the actual impact

² Realised hedge gains/(losses) are driven by the difference between executed hedging exchange rates compared to accounting exchange rates

³ Exchange revaluation gains/(losses) reflects the estimated impact of the change in end of period exchange rates as applied to relevant balances