

JAGUAR LAND ROVER REPORTS FIRST QUARTER RESULTS FOR FISCAL 2020/21, SIGNIFICANTLY IMPACTED BY COVID-19

- Covid-19 resulted in temporary retailer and plant shutdowns, significantly impacting sales and profits
- Retail sales of 74,067 vehicles fell 42.4% year-on-year but improved month-by-month through the quarter with June down 24.9%
- Revenues of £2.9b and loss before tax of £413m, only down slightly year-on-year after £500m of Charge+ cost actions
- Chery Jaguar Land Rover Joint Venture in China achieved breakeven in the quarter
- Free cash outflow of £1.5b, includes £1.1b one-time working capital unwind and is about £500m better than guidance
- Charge+ delivered £1.2b of total cost and cash improvement in the quarter. Jaguar Land Rover has increased the FY21 full year target further from £1.5b to £2.5b, raising the lifetime target to £6b
- Liquidity at 30 June was £4.7b, including £2.75b of cash and short-term investments and £1.9b undrawn credit facility

Whitley, UK, 31 July 2020: Jaguar Land Rover Automotive plc today reported financial results for the three months ending 30 June 2020.

The Covid-19 pandemic continued to impact the business significantly in the first quarter of Fiscal 2020/21, with retails down 42.4% year-on-year. The UK market was particularly impacted with industry volumes down 70.1% for the quarter and Jaguar Land Rover sales down 69.5%. However, sales improved month-by-month within the quarter across all regions as economies re-opened, with June retails down 24.9%. The recovery in China and North America was particularly encouraging. Retails in China were down just 2.5% for the three-month period, while in North America they were up 2.2% year-on-year for the month of June.

About 98% of Jaguar Land Rover's retailers worldwide are now fully or partially open and all the company's plants have resumed production, with the exception of the Castle Bromwich (UK) facility, which will gradually restart from 10 August. As facilities are brought back online, protecting the health, safety and wellbeing of employees is the company's primary concern. All locations are operating with robust protocols and guidelines to ensure effective social distancing, hygiene and health monitoring, whilst still enabling production to increase in line with recovering demand.

Revenue was £2.9 billion in the quarter and the company made a pre-tax loss of £413 million. However, this was down only £18 million year-on-year and the EBITDA margin was 3.5% with £500 million of Charge+ cost actions substantially offsetting the lower sales. The Chery Jaguar Land Rover Joint Venture in China achieved break-even profits in the quarter.

Free cash flow was negative £1.5 billion including a one-time working capital outflow of £1.1 billion resulting from the plant shutdowns, which is about £500 million better than previous guidance.

Despite the significant impact of Covid-19, the company successfully completed £647 million of new funding and ended the quarter with solid liquidity of £4.7 billion, including £2.75 billion of cash and short-term investments and a £1.9 billion undrawn revolving credit facility.

Prof Sir Ralf Speth, Jaguar Land Rover Chief Executive, said:

“Jaguar Land Rover has reacted with resilience and agility to the extraordinary challenges faced in the first three months of the new fiscal year, adapting rapidly to the widespread macro-economic disruption and uncertainty facing our industry. Through this unprecedented time, we have continued to bring outstanding new vehicles to market, electrifying our multi-award-winning range and building demand for the new Land Rover Defender, an icon reimagined for the digital age. As the lockdowns ease, we will emerge from the pandemic with our most advanced product line-up yet, and with the financial and operating measures in place to return to long-term sustainable profit.”

Sales of the New Land Rover Defender have started to ramp up in the quarter in the UK, Europe, North America, and some Overseas markets, with sales beginning in China and other markets from July onwards. Plug-in hybrid and the recently-announced Hard Top commercial derivatives will be available later in the year.

The expected recovery in sales will also be supported by the newly-revealed enhancements to the Range Rover and Range Rover Sport. These flagship vehicles are now available with special editions and a suite of upgrades, including Jaguar Land Rover’s new 3.0-litre straight-six Ingenium diesel engine with Mild Hybrid Electric Vehicle technology. Both the Range Rover and the Range Rover Sport feature advanced connectivity with Apple CarPlay and Android Auto offered as standard across the range. Driver and passenger wellbeing has been enhanced with new Cabin Air Ionisation, which filters harmful particulates and improves interior air quality.

For the remainder of Fiscal 2020/21, Jaguar Land Rover will continue to manage costs and investment spending rigorously to maintain sufficient liquidity. After realising £1.2 billion of total cost and cash improvements under Charge+ in the quarter, the company has increased its Charge+ target for the full 12 months of Fiscal 2020/21 from £1.5 billion to £2.5 billion. This brings the total transformation programme savings to date to £4.7 billion, with a target of £6 billion by the end of March 2021.

Although the outlook remains very uncertain given Covid-19, Jaguar Land Rover expects a gradual increase in sales, profitability and cash flow over the year. In the second quarter, volumes may not recover sufficiently to generate a profit, but cash flow is forecast to be positive, supported by recovery in working capital as production resumes as well as continued improvements from Charge+.

The quarterly results follow the separate announcement this week that Thierry Bolloré, former chief executive of Groupe Renault, will succeed Prof Sir Ralf Speth as CEO of Jaguar Land Rover on 10 September 2020.

Sir Ralf, who will take up the previously announced position of Non-Executive Vice Chairman of Jaguar Land Rover plc, concluded:

“The fundamental strengths of Jaguar Land Rover have been tested in 2020 and we will pass this test to succeed in the future. Our exciting pipeline of new, advanced products places us at the forefront of our industry. We have a clear plan, a highly-skilled, creative team and unparalleled technical capabilities. I look forward to working with my successor Thierry Bolloré as Jaguar Land Rover focuses on its Destination Zero mission, and seeks to deliver the autonomous, connected, electric and shared experiences that our customers will love, for life with integrity.”

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About Jaguar Land Rover

Jaguar Land Rover is the UK's largest automotive manufacturer, built around two iconic British car brands. Land Rover is the world's leading manufacturer of premium all-wheel-drive vehicles. Jaguar is one of the world's premier luxury marques, as well as being the first ever brand to offer a premium all-electric performance SUV, the Jaguar I-PACE.

At Jaguar Land Rover we are driven by a desire to deliver class-leading vehicles, providing experiences people love, for life. Our products are in demand around the globe and in Fiscal 2019/20 we sold 508,659 vehicles in 127 countries.

At heart we are a British company, with two major design and engineering sites, three vehicle manufacturing facilities, an Engine Manufacturing Centre and soon to be opened Battery Assembly Centre. We also have vehicle plants in China, Brazil, India, Austria and Slovakia. Three of our seven technology hubs are in the UK – Manchester, Warwick (NAIC) and London – with additional sites in Shannon, Ireland, Portland, USA, Budapest, Hungary and Changshu, China.

We have a growing portfolio of electrified products across our model range, embracing fully electric, plug-in hybrid and mild-hybrid vehicles, as well as continuing to offer the latest diesel and petrol engines, giving our customers even more choice.

We are confident that our comprehensive strategy, exciting pipeline of market-leading vehicles and innovative approach to technology and mobility will see us continue to progress towards Destination Zero, our mission to shape future mobility with zero emissions, zero accidents and zero congestion.

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