



JAGUAR LAND ROVER

RESULTS FOR THE QUARTER END 30 JUNE 2018
AS INCLUDED IN TATA MOTORS GROUP PRESENTATION

Kenneth Gregor, CFO

31ST JULY 2018

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 FY19 represents the 3 month period from 1 April 2018 to 30 June 2018
- Q1 FY18 represents the 3 month period from 1 April 2017 to 30 June 2017

Unless stated otherwise sales volumes are expressed in thousand units, and 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, 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

Agenda



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Business highlights

New products and other developments



New and Recent Products



E-PACE – Launched Nov 2017 and produced in China JV later this year



18MY Range Rover and Range Rover Sport including PHEVs



I-PACE now on sale



Range Rover Velar

Other Developments



New Slovakia plant on track for start of production end 2018



Software engineering in Ireland



Investment in Solihull and Halewood



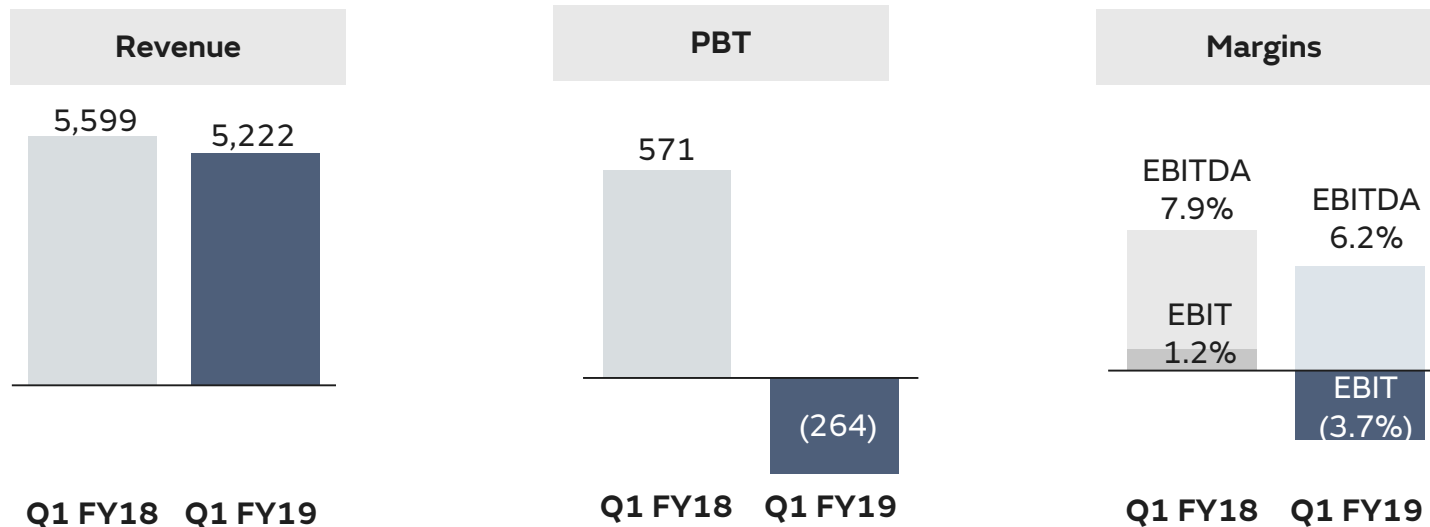
Land Rover 70 year anniversary

Q1 FY19 revenue £5.2b, loss before tax £264m

China duty change, de-stocking and FX revaluation drove loss



IFRS, £m



- China duty change (-£110m): higher VME and lower wholesales
- De-stocking (-£110m on 11.3k units) and WLTP (-£30m on 2.7k units) wholesales less than retails
- FX revaluation (-£116m, -£189m YoY): balance sheet revaluation on weaker pound
- D&A (up £99m): investment in new models and new capitalisation policy

Q1 FY19 Retails 145.5k, up 8.0k (5.9%)

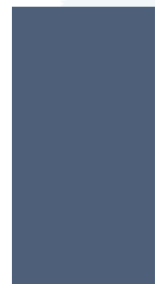
Wholesales 131.6k, down 6.9k (5.0%), de-stocking, WLTP change



Units in '000



30.9



North America

YoY +2.5



26.4



UK

+3.3



31.1



Europe

(2.4)



34.4



China

+0.8



22.8



Overseas*

+3.8

Wholesales

Units 27.5

YoY (1.9)

22.0

(3.8)

26.2

(5.1)

33.0

(1.3)

22.8

+5.2

Retail volumes include sales from Chery Jaguar Land Rover – Q1 FY19 21,181 units, Q1 FY18 20,309 units

Wholesale volumes include sales from Chery Jaguar Land Rover – Q1 FY19 22,772 units, Q1 FY18 20,560 units. For statutory reporting under IFRS, the Group recognises revenue on wholesales (excluding sales from CJLR) which totals 108,788 Q1 FY19 and 117,916 Q1 FY18. The Group recognises its share of profits from CJLR within EBIT.

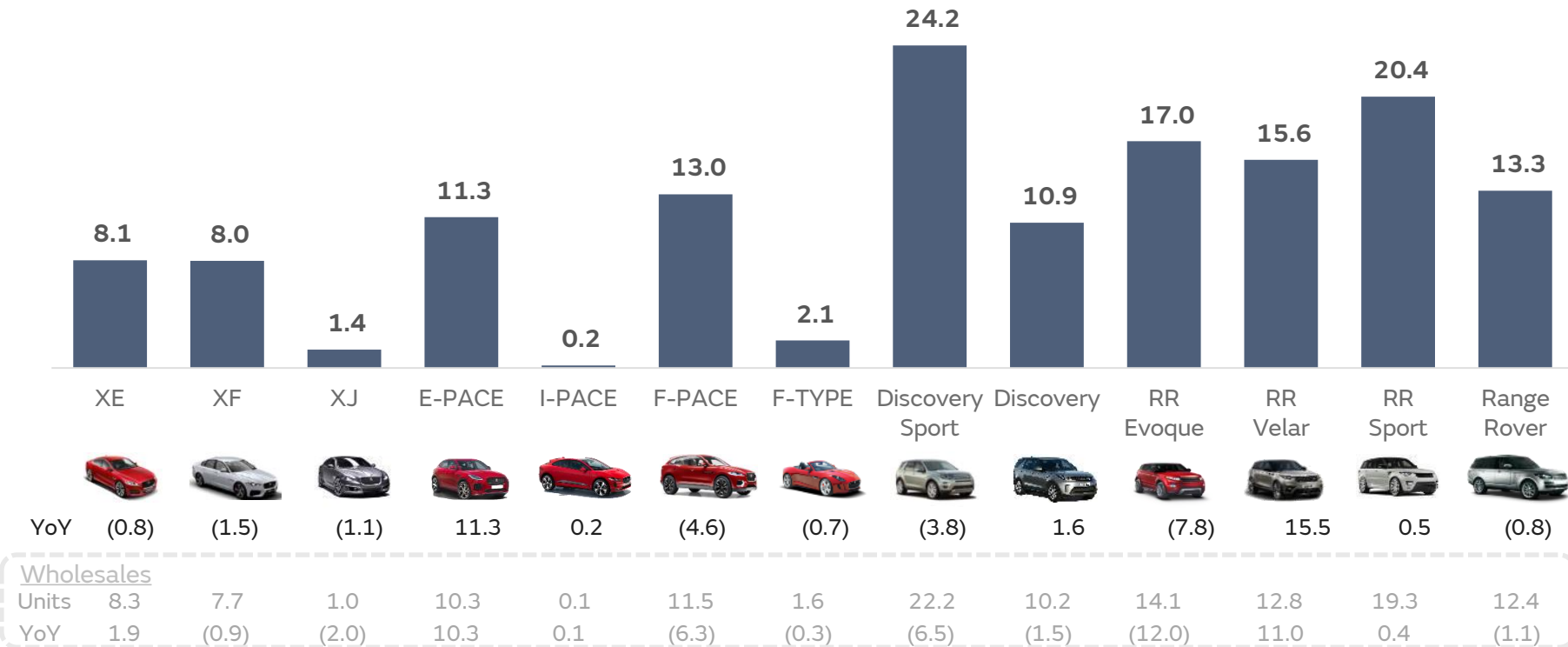
*Overseas markets includes Australia, Brazil, Colombia, India, Japan, South Korea, Mexico, MENA, Russia, Singapore, South Africa, Taiwan and certain importers

Q1 FY19 Retails 145.5k, up 8.0k (5.9%)

New Velar and E-Pace models driving retail growth



Units in '000



Retail volumes include sales from Chery Jaguar Land Rover – Q1 FY19 21,181 units, Q1 FY18 20,309 units

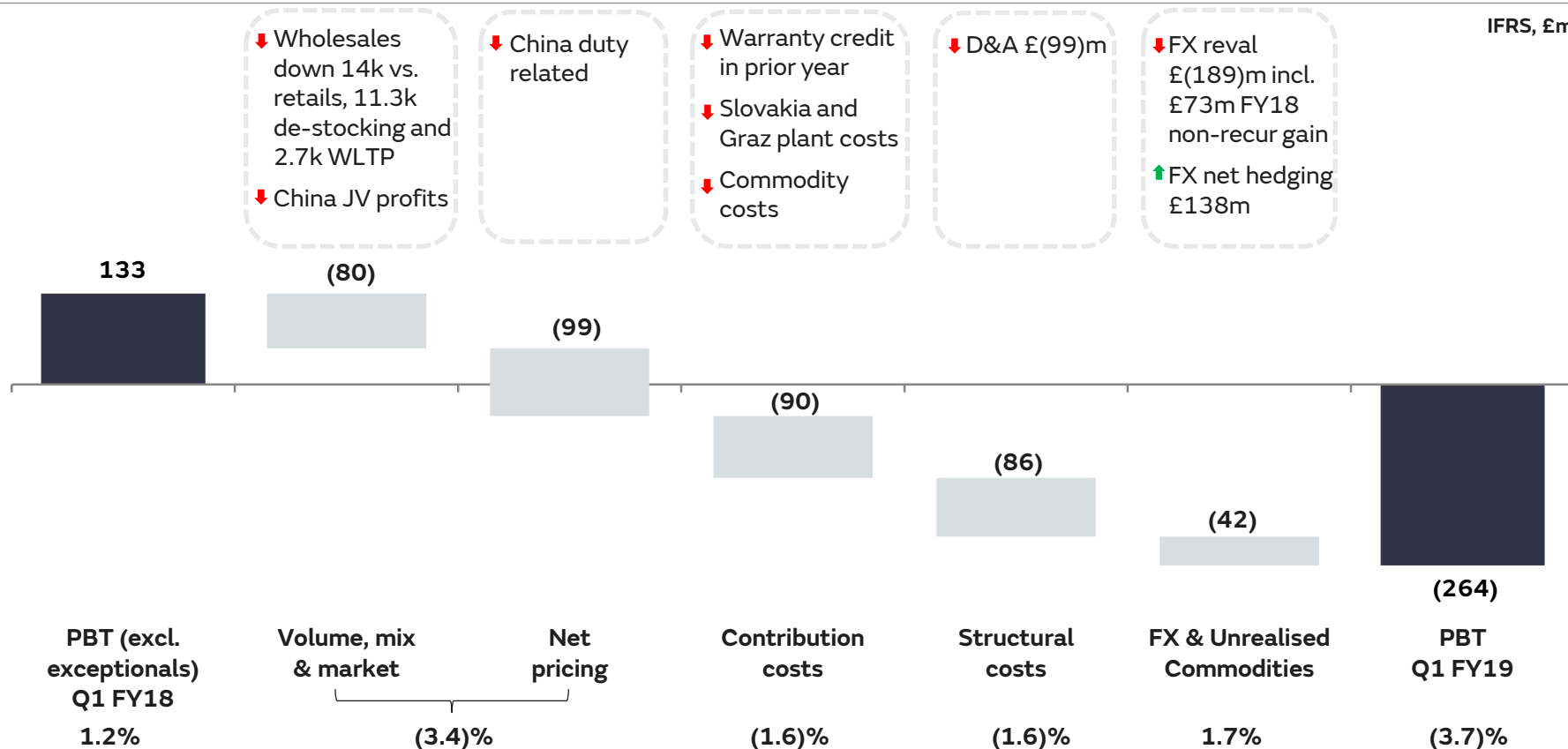
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Q1 FY19 Loss before tax £264m

China duty change, de-stocking and FX revaluation drove loss



IFRS, £m



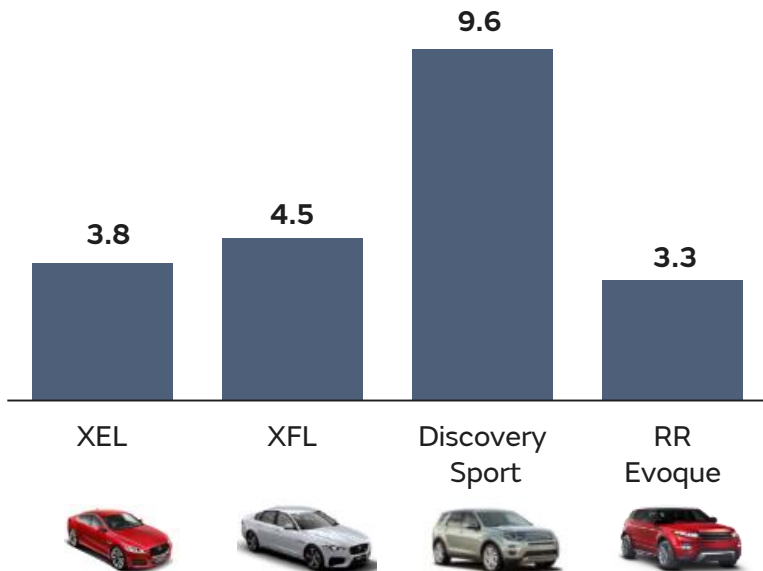
Q1 FY19 China JV retails 21.2k up 0.9k (4.3%)

Unfavourable mix, VME/FME (incl. timing), D&A, local tax credit



Units in '000

Retails



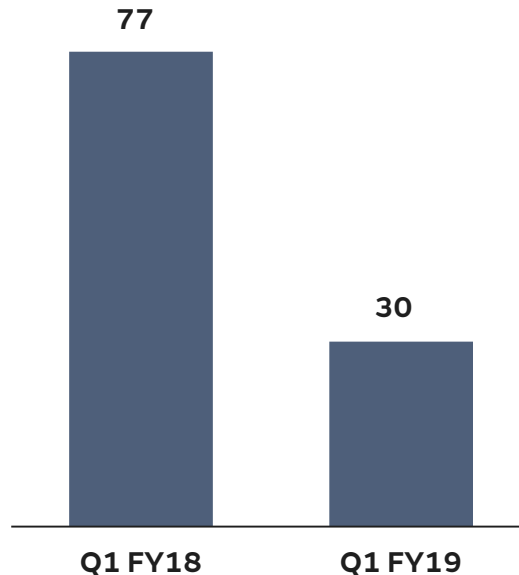
YoY 3.8 (0.5) (1.0) (1.4)

Wholesales 22.8 k (up 10.8%)

Units	4.2	4.4	10.4	3.7
YoY	4.2	(0.6)	(0.1)	(1.2)

JLR share of profit

IFRS, £m

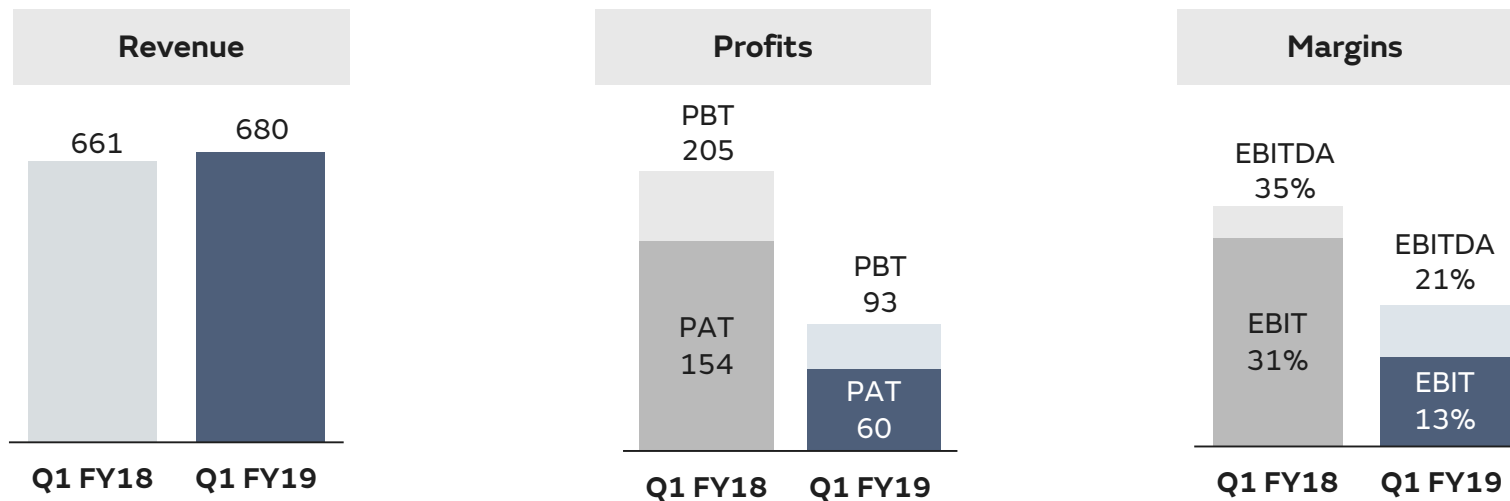


Q1 FY19 China JV key metrics (100%)

Unfavourable mix, VME/FME (incl. timing), D&A, local tax credit



IFRS, £m



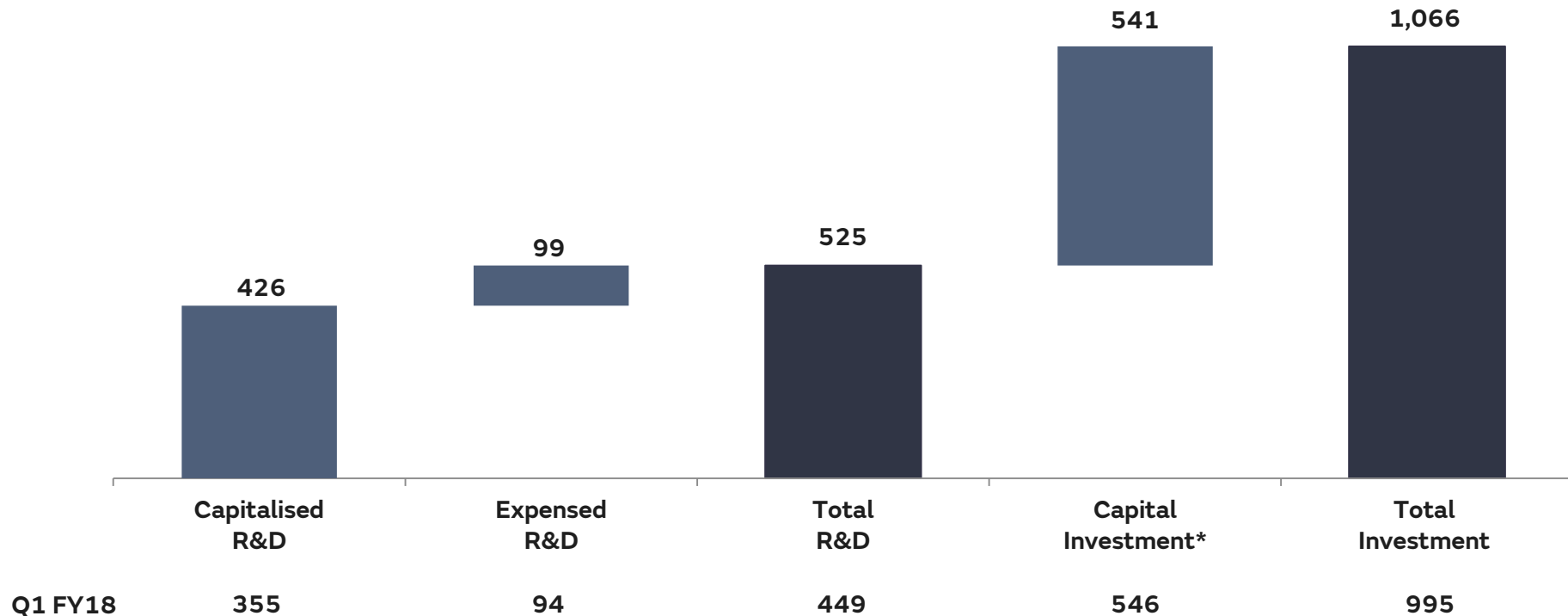
- Unfavourable mix and D&A with launch of XEL
- Higher VME and FME (including timing)
- Change from cash to accrual on local market incentive

Q1 FY19 Investment spending £1.1b

Full year spending expected at c.£4.5b



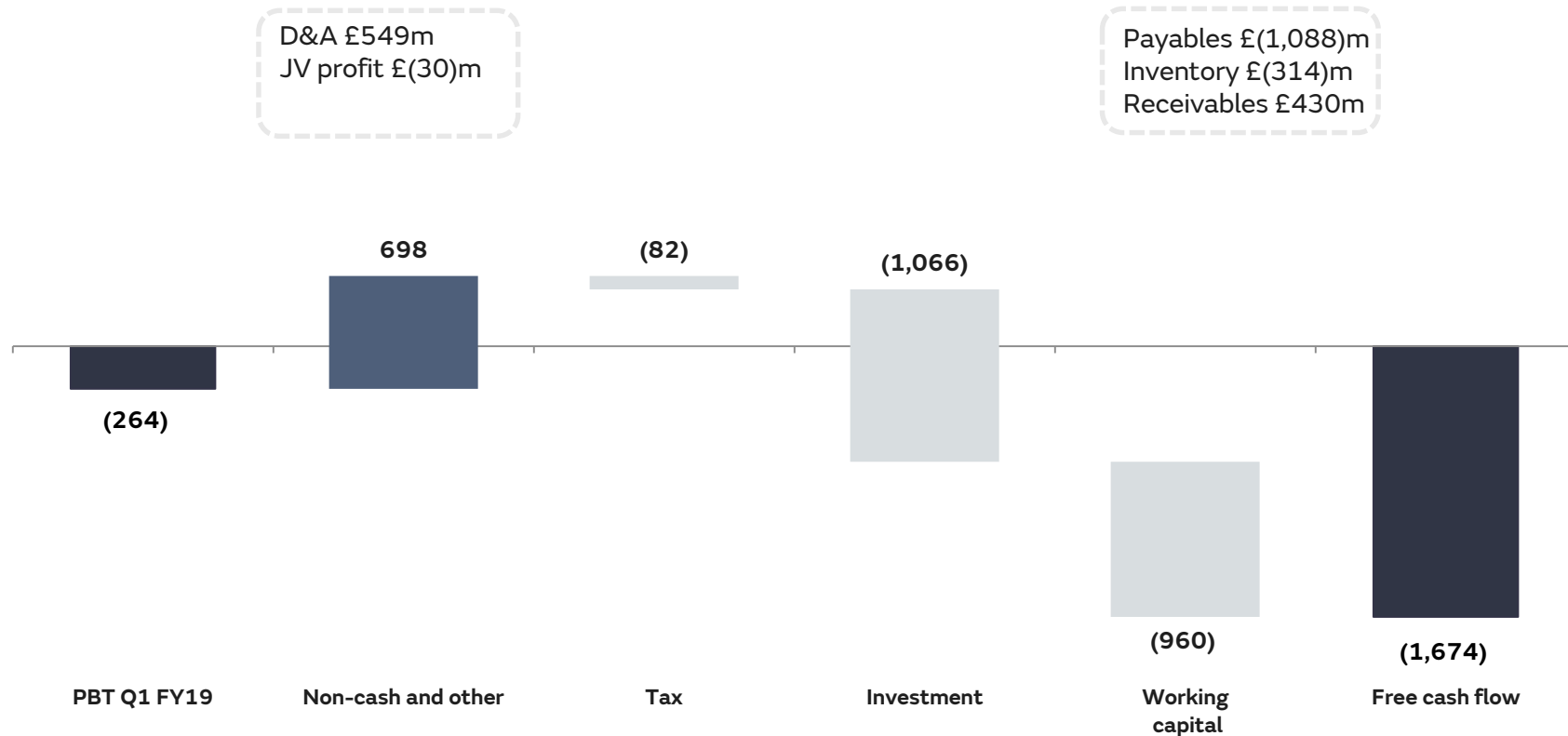
IFRS, £m



* Primarily plant, property and equipment of £435m

Q1 FY19 Cash outflow £1.7b after investment

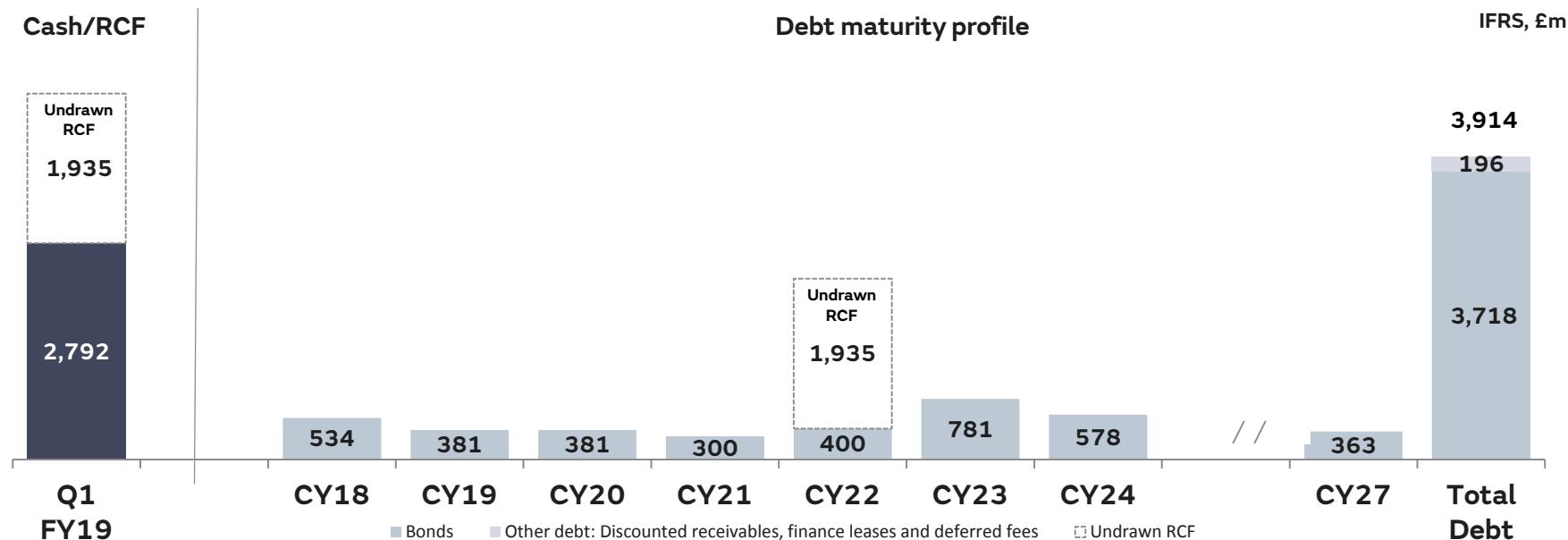
Positive cashflow and working capital expected in the 2nd Half



* 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

Q1 FY19 £2.8b cash, £1.9b undrawn RCF

Debt maturities spread evenly over 10 years



Ratings	Prior Rating	Revised Rating	Reasons
Moody's	Ba1/ Stable	Ba2/ Stable	<ul style="list-style-type: none"> Weaker operational performance of JLR Challenging global market conditions Brexit and Diesel uncertainty
S&P: Issuer credit rating	BB+ / Stable	BB/ Stable	
S&P: Stand-alone credit profile	BBB-	BB+	



JLR OUTLOOK

Present lower margins targeted to improve



Business challenges

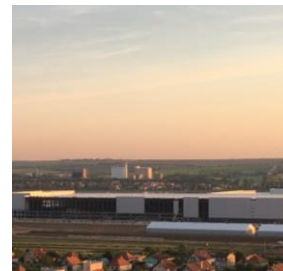
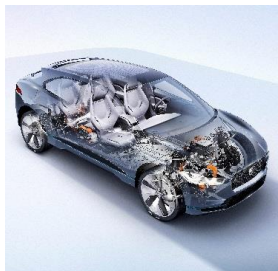
Geopolitical and economic environment, including Brexit

Market and competitive forces -higher incentives

Electrification, diesel uncertainty and emissions compliance

Driver assistance, connectivity and mobility trends

High capital investment, new capitalisation policy



Growing premium segments

Exciting new products

Improve operating leverage

Drive cost efficiencies

Modular architecture strategy

Profit improvement drivers

FY18 EBIT

3.8%

Target 4 – 7% EBIT in the medium term

Long term EBIT Target

7-9%

Growing Jaguar Land Rover model range



LUXURY



SPORTS



JAGUAR F-PACE WINNER
WORLD CAR AWARDS
2017 WORLD CAR
OF THE YEAR

LIFESTYLE



JAGUAR F-PACE WINNER
WORLD CAR AWARDS
2017 WORLD CAR
DESIGN OF THE YEAR

LUXURY – RANGE ROVER



LEISURE - DISCOVERY



RANGE ROVER VELAR WINNER
WORLD CAR AWARDS
2018 WORLD CAR
DESIGN OF THE YEAR

DUAL PURPOSE - DEFENDER

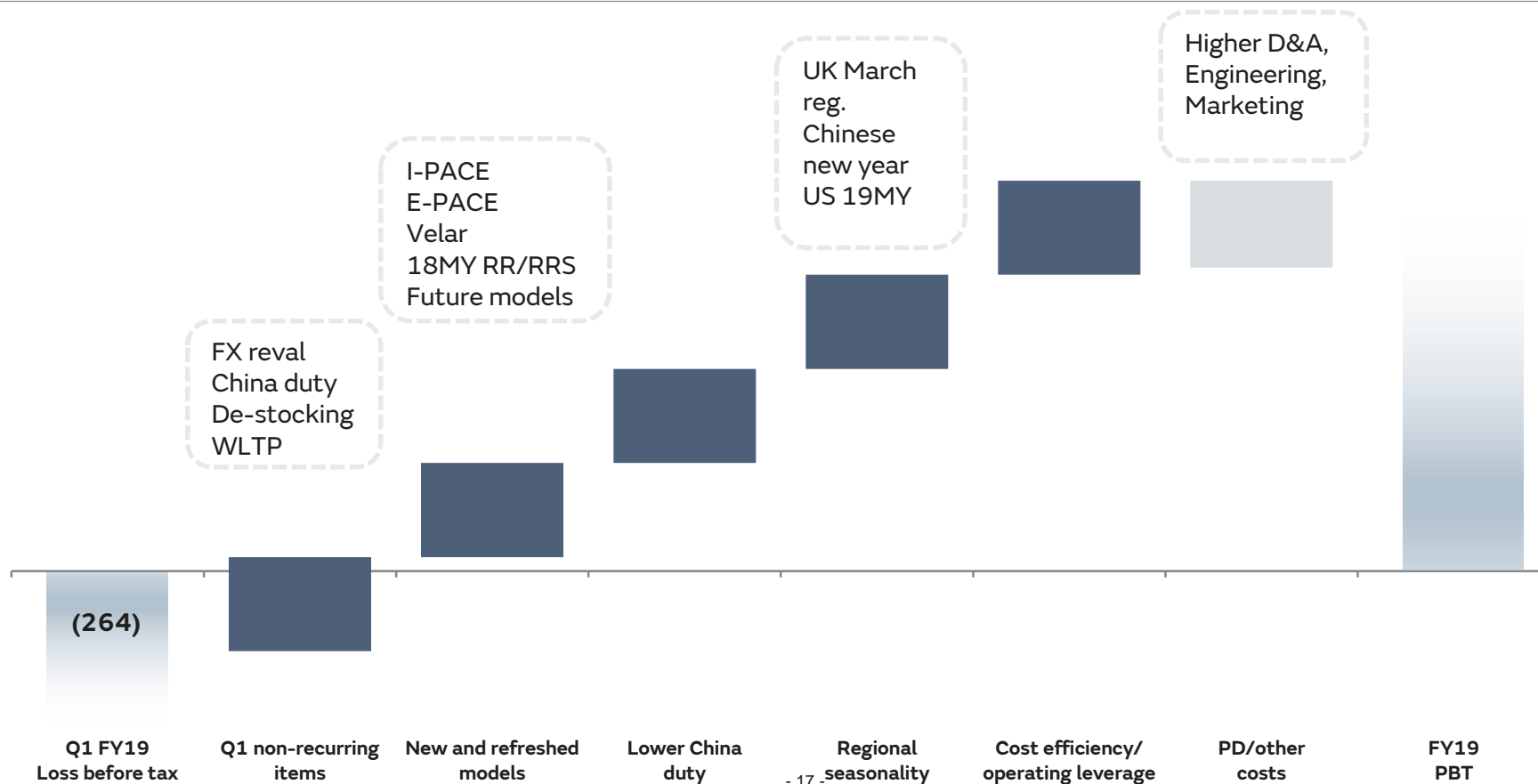


LAND ROVER DEFENDER
Replacement in development

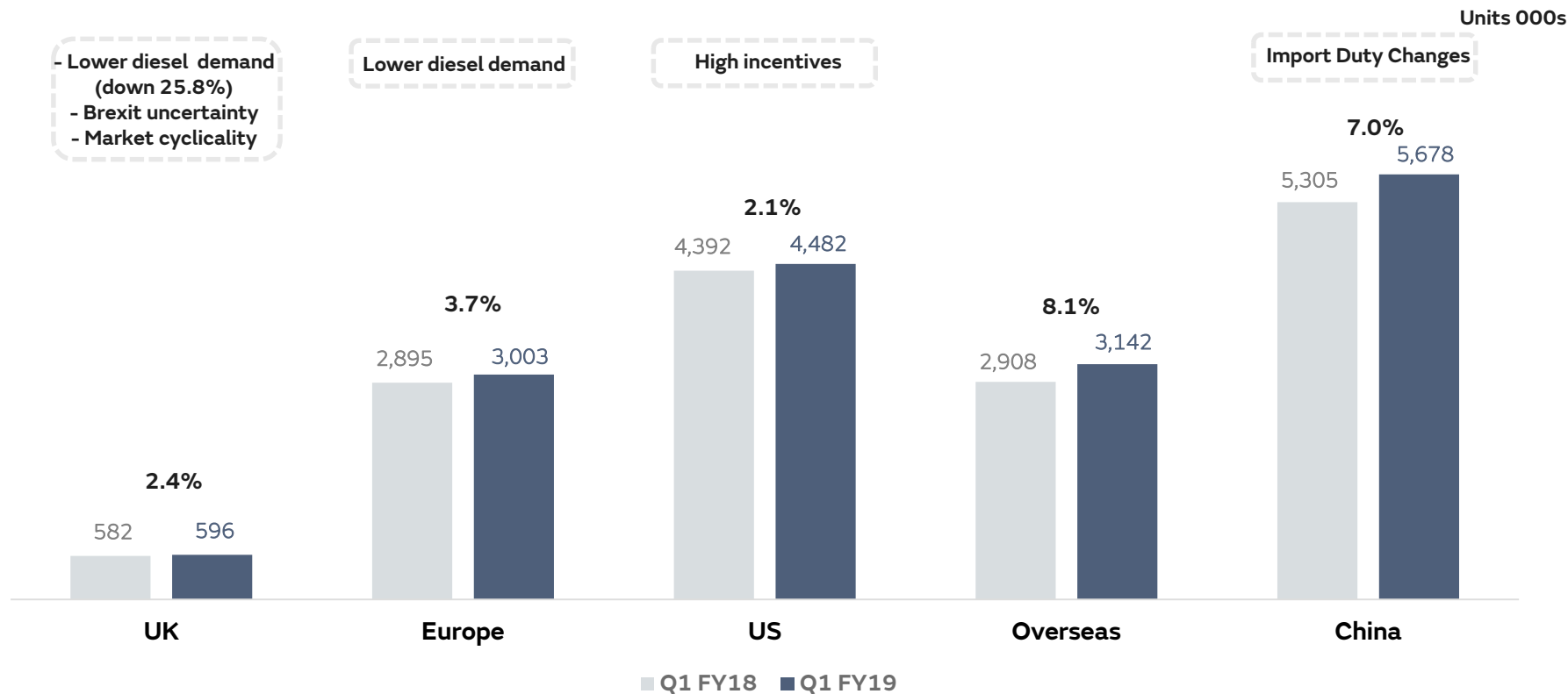


Improved profitability expected over FY19

China duty and FX non-recur, favourable volume and mix



Recent trends in industry volumes



The total industry car volume data above has been compiled using relevant data available at the time of publishing this Interim Report, compiled from national automotive associations such as the Society of Motor Manufacturers and Traders in the UK and the ACEA in Europe, according to their segment definitions, which may differ from those used by JLR. South Korea industry volumes have been excluded from Overseas

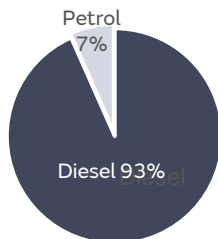
Changing powertrain mix

JLR expects EV to account for 20% of sales medium term

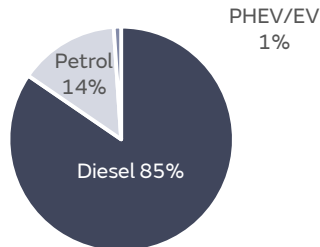


JLR UK sales

CYTD 2017

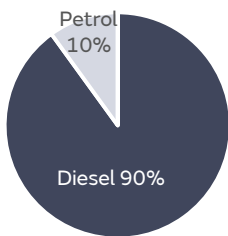


CYTD 2018

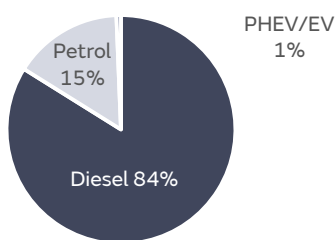


JLR EU sales

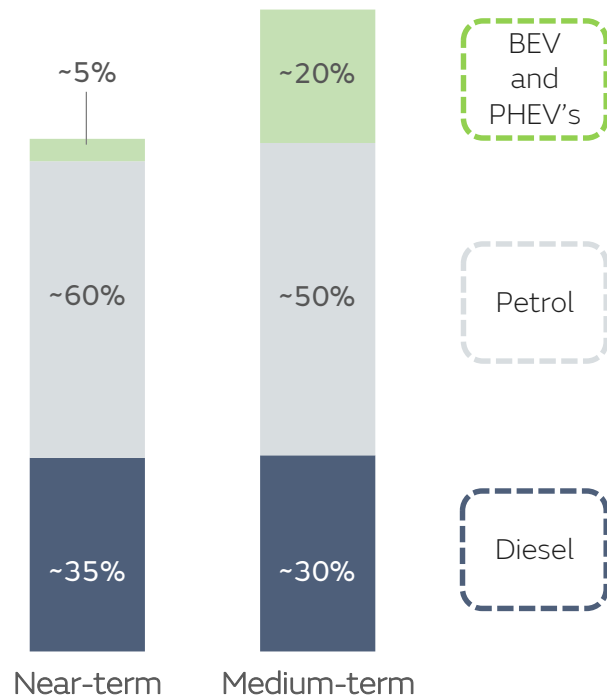
CYTD 2017



CYTD 2018



JLR global sales



Ambitious electrification plans

To meet customer interest, diesel and emissions challenges



Range Rover and
Range Rover Sport
Diesel Hybrids

Range Rover and
Range Rover Sport
PHEVs

MHEV, PHEV or BEV on all new
and replacement models, starting
with I-PACE BEV in 2018

MHEV, PHEV or
BEV available on
all JLR models



2014

2017

2018

2019

From 2020

EV
Nameplates

2

2

3

6

14

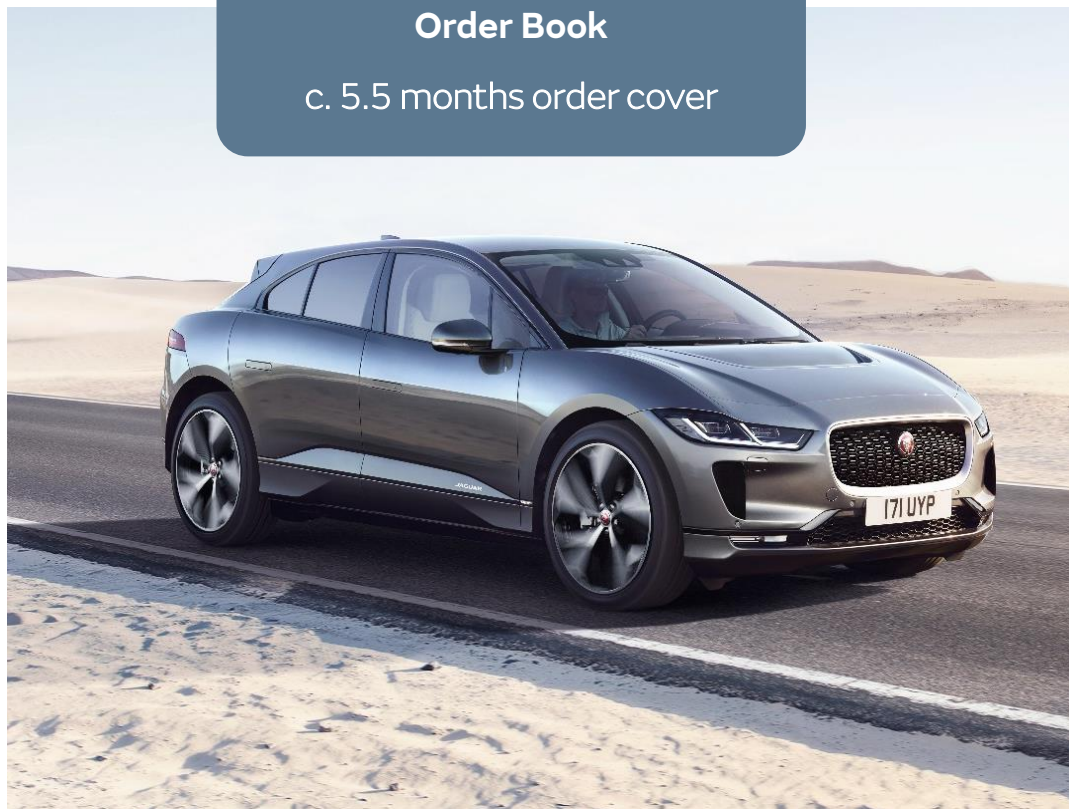
Jaguar I-PACE recently launched

Great reception and strong demand



Order Book

c. 5.5 months order cover



WIRED
The Jaguar I-Pace is a game changer for electric vehicles

The new all-electric kid on the block is a thorn in the side of Tesla and arguably the best electric vehicle £60,000 can currently buy



WAYMO

20k units over
2020 -21



Range Rover and Range Rover Sport 18MY

Now on sale with PHEV models available



Q1 FY19 (Retails)
13,300 units (PHEVs 316 units)

Order book
2 months (PHEV c. 4 months)



Q1 FY19 (Retails)
20,354 units (PHEVs 1315 units)

Order book
2 months (PHEV c. 3 months)

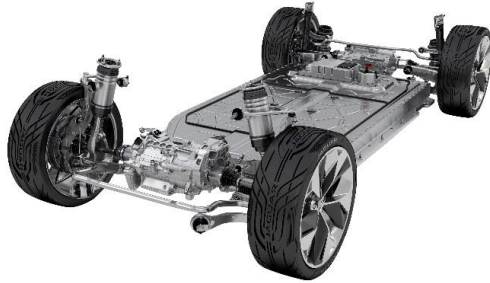


Focus on cost efficiency

Initiatives across the value chain being progressed



Engineering



Modular longitudinal architecture (MLA) -increased flexibility, commonality, standardisation & scale

Products designed and engineered **without unnecessary complexity**.

Global presence to tap into relevant skillsets cost effectively

Increased in-house engineering to reduce development cycle times and to develop our intellectual property

Collaborations and Partnerships to spread investment

Sourcing & Negotiation



Global sourcing and supply base to drive cost savings, improving flexibility and logistics (e.g. China, Hungary, Slovakia)

Consolidation and Architecture approach to drive economies of scale

Total value management and 'should design @ should cost' to drive cost focus

Focus on cost efficiency

Initiatives across the value chain being progressed



Manufacturing & Logistics



Harbour benchmarking productivity

Investments in new state of the art facilities designed for efficiency and quality

Global manufacturing (e.g. SK, CN)

Further in-sourcing (e.g. engine manufacture from Ford)

Improved logistics and supply designs

Marketing & Sales



Dual branded distribution to facilitate sales, distributions and service synergies for JLR and retailer network

Majority shareholder in own ad agency (Spark 44) facilitates FME efficiencies

Extended S&OP to balance supply and demand thereby reducing inventory and VME costs

Corporate & Admin



Manage SG&A cost inflation below revenue growth

Pension costs reduced: Agreement in April 2017 to changes in legacy defined benefit pension plans delivering £437m credit in FY18 and ongoing savings

Investment in infrastructure and IT to achieve efficiencies, e.g. improved analytics to support decision making

‘Accelerate’ transformation initiatives

To become “Fit for Future”



Product & Sales	Material Cost	On-time programmes	Product Quality	Resourcing & People
Customer Value based product and feature offerings	“Should Design”	Optimised resource planning	Mindset & process discipline	Role and process clarity
Customer-targeted promotion effectiveness	“Should Cost”	Drive consistency, commonality & modularity	Integrate and collaborate with vendors	Accountabilities and systems
Network coverage and enhancement	Purchase lifecycle planning	Step up risk & change management	Retailer service capability and capacity	Enterprise resource planning

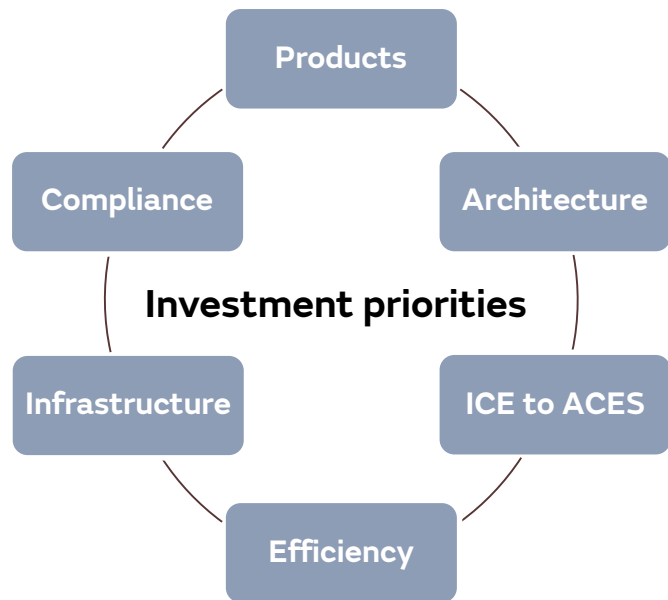
Experiences customers love for life



Top Management Commitment

Capital allocation principles

Continuing to assess spending plans



Financial management

- Return on investment
- Affordability of overall spend versus operating cashflows
- Investment % Revenue
- Capex to D&A ratio

Efficiency drivers

- Architectures - MLA
- Commonality
- Flexibility
- Execution

Investment of c. £4.5b p.a. between FY19-21 and subsequently targeted at c. 12-13% of turnover

Looking ahead

Continuing to invest to drive profitable growth



Global markets remain challenging

Concerns:

- Brexit, diesel (Europe + UK) & diesel taxes (UK)
- Higher incentives in the US, risk of tariffs.
- WLTP changeover impacts

Positives:

- Lower import duty in China going forward

Jaguar Land Rover outlook

- Plan to invest circa £4.5B in new products, technology and capacity to drive long term sustainable profitable growth
- Intensive efforts underway to step up growth, drive cost efficiencies and manage investment spending to improve cash flow
- Expect higher sales growth with improved profitability in FY19. Performance to improve as the year progresses
- Planning between 4-7% EBIT between FY19-21 & 7-9% over the long term

We are committed to competitive, consistent, cash accretive growth over the medium to long term



Thank You

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ADDITIONAL SLIDES

Revenue £5.2b, loss before tax £264m

China duty change, de-stocking and FX revaluation drove loss



IFRS, £m	Quarter ended 30 June		Change
	Q1 FY19	Q1 FY18	
Retail volumes ('000 units)	145.5	137.5	8.0
Wholesale volumes ('000 units)	108.8	117.9	(9.1)
Revenues	5,222	5,599	(377)
EBITDA	325	442	(117)
EBITDA margin	6.2%	7.9%	(1.7 ppt)
EBIT	(194)	69	(263)
EBIT %	(3.7%)	1.2%	(4.9 ppt)
Profit before tax and exceptional items	(264)	133	(397)
Exceptional Items	-	438	(438)
Profit before tax	(264)	571	(835)
Profit after tax	(210)	452	(662)
Investment	1,066	995	71
Free cash flow (before financing)	(1,674)	(1,308)	(366)
Cash	2,792	4,108	(1,316)

The exceptional items impacting FY18 primarily relate to the £437m pension credit in Q1 FY18

For statutory reporting under IFRS, the Group recognises revenue on wholesales (excluding sales from CJLR) which totals 108,788 Q1 FY19 and 117,916 Q1 FY18. The Group recognises its share of profits from CJLR within EBIT.

Revenue £5.2b, loss before tax £264m

China duty change, de-stocking and FX revaluation drove loss



IFRS, £m

Quarter ended 30 June

	Q1 FY19	Q1 FY18	Change
Revenues	5,222	5,599	(377)
Material and other cost of sales	(3,366)	(3,565)	199
Employee costs	(733)	(656)	(77)
Other (expense) /income	(1,224)	(1,291)	67
Product development costs capitalised	426	355	71
EBITDA	325	442	(117)
Depreciation and amortisation	(549)	(450)	(99)
Share of profit / (Loss) from Joint Venture	30	77	(47)
EBIT	(194)	69	(263)
Undesignated debt/unrealised hedges MTM*	(59)	76	(135)
Net finance (expense) / income and other	(11)	(12)	1
Profit before tax and exceptional items	(264)	133	(397)
Exceptional Items	-	438	(438)
Profit before tax	(264)	571	(835)
Income tax	54	(119)	173
Profit after tax	(210)	452	(662)

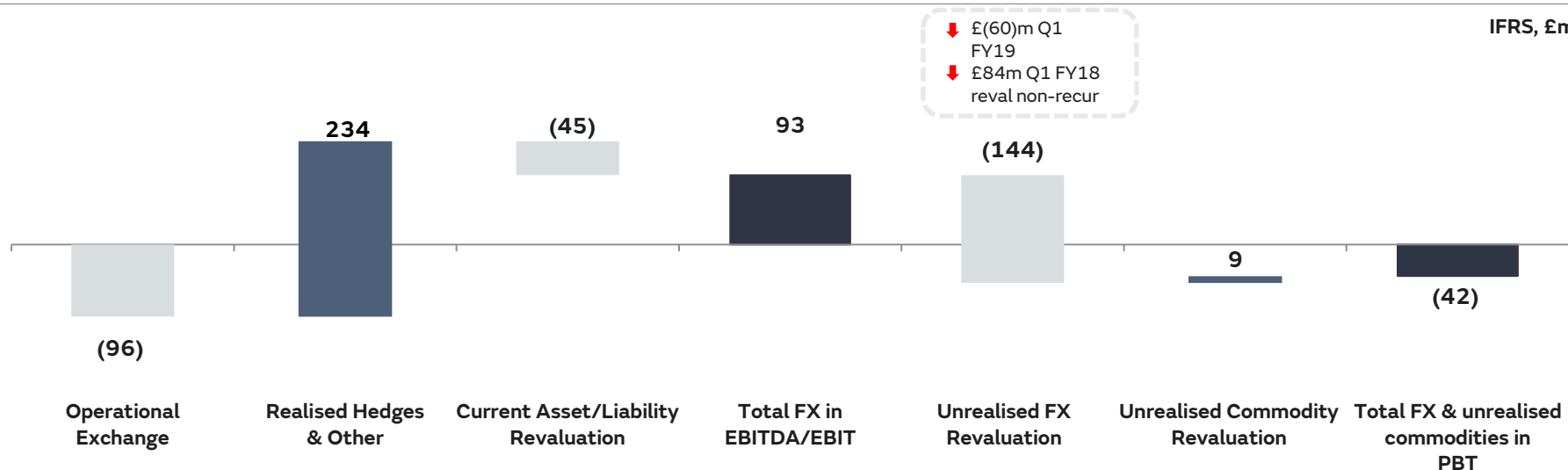
The exceptional items impacting FY18 primarily relate to the £437m pension credit in Q1 FY18

FX and unrealised commodities down £42m

Favourable net hedging offset by unfavourable revaluation



IFRS, £m



End of Period Rates

	Q1 FY18	Q4 FY18	Q1 FY19	YoY Change	QoQ Change
GBP:USD	1.301	1.405	1.311	0.8%	(6.7%)
GBP:EUR	1.140	1.141	1.128	(1.0%)	(1.2%)
GBP:CNY	8.817	8.825	8.692	(1.4%)	(1.5%)

Hedge Reserve (Pre-Tax)

	Q1 FY18	Q4 FY18	Q1 FY19
Current Portion	(1,083)	(457)	(562)
Non-Current Portion	(594)	52	(169)
Total	(1,677)	(405)	(731)

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FX and unrealised commodities down £42m

Favourable net hedging offset by unfavourable revaluation



IFRS, £m

	Q1 FY19	YoY Change	QoQ Change
Operational exchange	n/a	(96)	35
Realised FX hedges and other	(212)	234	(10)
Revaluation of current assets and liabilities	(56)	(45)	(82)
Total FX impacting EBITDA & EBIT	n/a	93	(57)
Revaluation of unrealised currency derivatives	(10)	(60)	(22)
Revaluation of USD and Euro Debt	(50)	(84)	(76)
Total FX impact on PBT	n/a	(51)	(155)
Realised commodities (incl. in EBITDA & EBIT)	16	15	1
Unrealised commodities (excl. from EBITDA & EBIT)	1	9	73
Total Commodities impact on PBT (incl. in contribution costs)	17	24	74
Total pre-tax hedge reserve	(731)	946	(326)
Current portion of hedge reserve	(562)	(1,083)	(457)
End of Period Exchange Rates			
GBP:USD	1.311	0.8%	(6.7%)
GBP:EUR	1.128	(1.0%)	(1.2%)
GBP:CNY	8.692	(1.4%)	(1.5%)

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