



JAGUAR LAND ROVER INVESTOR DAY

Jaguar Land Rover Classic Works
Wednesday 5th June 2019



WELCOME

JLR INVESTOR DAY

Ben Birgbauer
Group Treasurer

Welcome

Agenda



09:35 – 10:05	JLR vision for the future	Prof. Dr. Ralf Speth – Chief Executive Officer
10:05 – 10:35	Sales environment and commercial strategy	Felix Bräutigam - Chief Commercial Officer
10:35 – 10:50	China market focus	Qing Pan – Executive Director, Jaguar Land Rover China
10:50 – 11:20	Project Charge and Accelerate	Adrian Mardell – Chief Financial Officer
11:20 – 11:35	Refreshment break	
11:35 – 11:50	Product Engineering transformation for a sustainable future	Nick Rogers – Executive Director, Product Engineering
11:50 – 12:05	Financial outlook	Adrian Mardell – Chief Financial Officer
12:05 – 13:05	Q&A with the Board of Management	
13:05 – 13:50	Lunch	
13:50 – 14:20	Future proofing JLR – design	Ian Callum – Director of Design, Jaguar Gerry McGovern – Land Rover Chief Design Officer
14:20 – 16:15	Design, SVO and JLR Classics tours	
16:15	Guest departure	



JLR VISION FOR THE FUTURE

JLR INVESTOR DAY

Prof. Dr. Ralf Speth
Chief Executive Officer

Welcome to Jaguar Land Rover Classic, showcasing our rich **history**



We will focus on Jaguar Land Rover **today** and our exciting **future**



1 Jaguar Land Rover today

2 Our future

A tough environment

Difficult times given geopolitical, regulatory and technology change



Geopolitical

China economy



Trade tensions



Regulatory

Diesel



City Emissions Restrictions



Technological

From ICE...



...to ACES

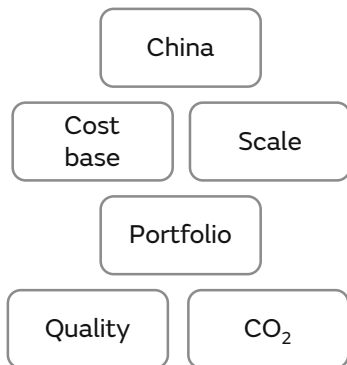


Jaguar Land Rover challenges

We recognise, and are focused on, the challenges we face



We understand the significant challenges we face



We know they are impacting our performance

Jaguar Land Rover takes £3.1bn hit as demand stalls

Chinese slowdown sends Jaguar Land Rover to record £3.6bn loss

Jaguar Land Rover to cut 4,500 jobs

We will explain the actions we are taking

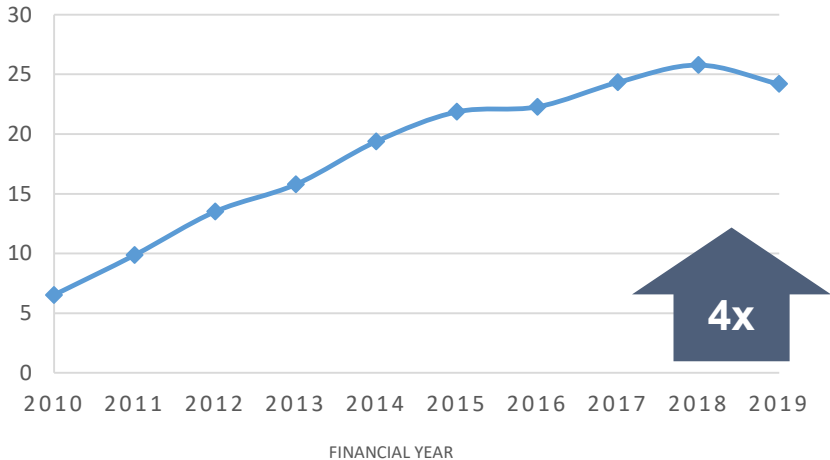
- Our Vision & Strategy
- Our Sales Improvement
- Our Products
- Our Innovation
- Our Transformation

Growth track record

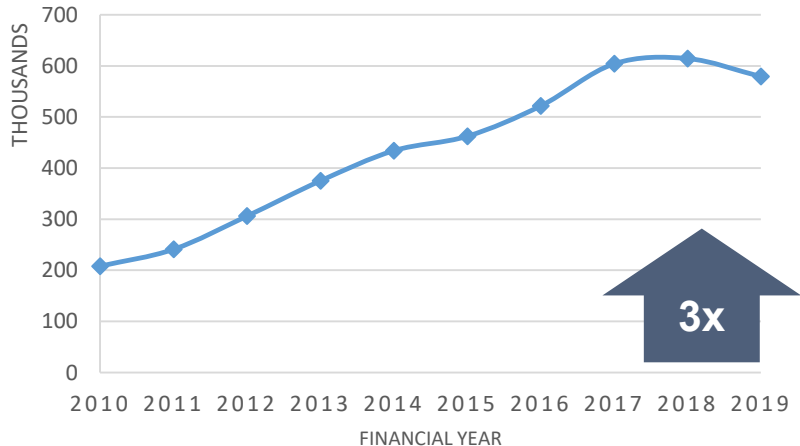
We've achieved significant growth since the Tata acquisition



REVENUE (£ BILLIONS)



RETAIL VOLUME



Our foundation is strong

Two iconic premium brands



SPORTS
TYPE



LIFESTYLE
PACE



LUXURY
X



REFINEMENT
RANGE ROVER



VERSATILITY
DISCOVERY

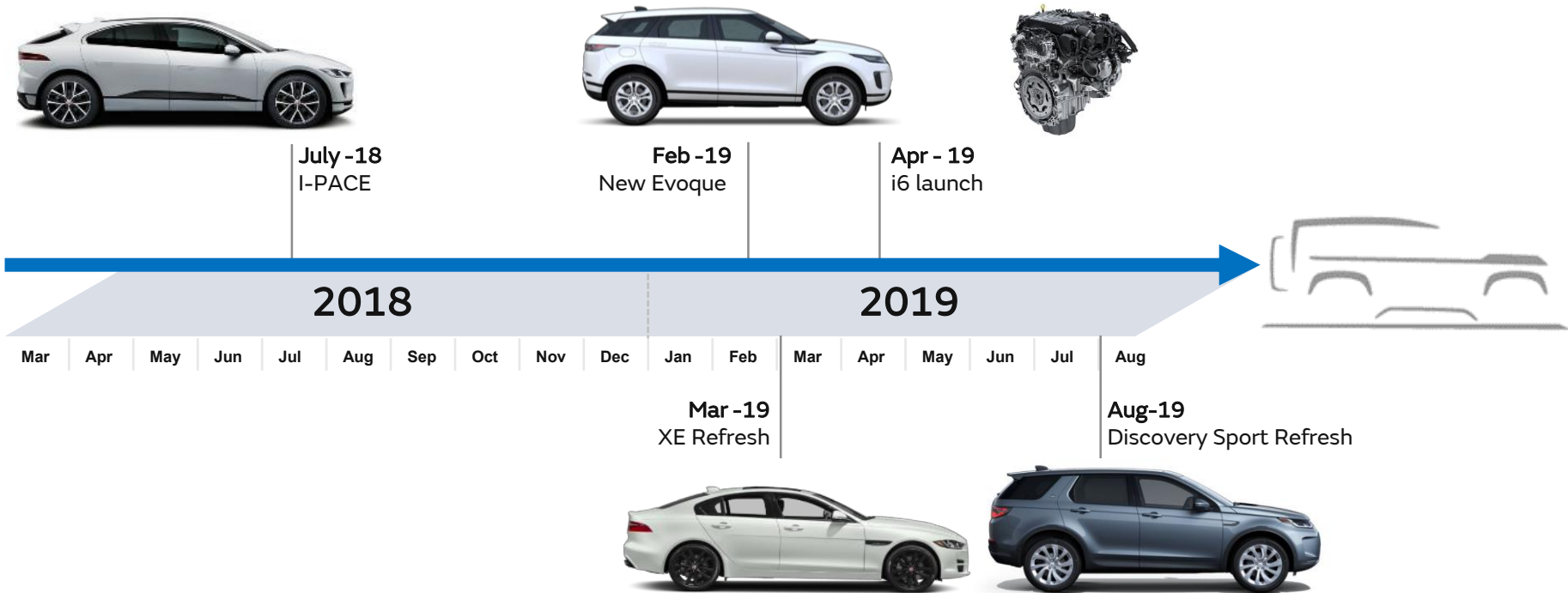


DURABILITY
DEFENDER



Recent launches

FY20 is a major year



Jaguar I-PACE

Record award winner



Range Rover Hybrids

Launched with refreshed Range Rover and Range Rover Sport



New Range Rover Evoque

New version of Range Rover's best-seller



Jaguar XE and Discovery Sport

Significant mid-cycle refreshes



New Defender

Launch of the icon later in 2019



Global footprint

Expanded with Nitra, Slovakia facility now operational



Powertrain investment

Protecting for a flexible future with ICE and batteries



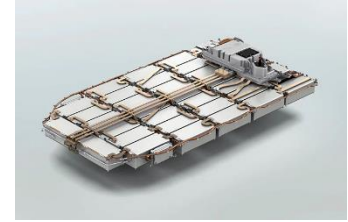
Engines



EDUs



Batteries



Wolverhampton Engine Manufacturing Centre



Hams Hall battery assembly site

Engineering expansion

Developing our global presence and collaborating



Gaydon UK Engineering and Design



Manchester, Gaydon, Whitley, Warwick - UK
Multiple Engineering Facilities



Budapest - Hungary
Commodity Engineering



Pune - India
Hardware & Software Validation



Shanghai - China
Commodity Engineering and Localisation



Portland - USA
Software Architecture & System Engineering



Shannon - Ireland
Software Engineering



Whitley New Propulsion Development Centre



National Automotive Innovation Centre



1 Jaguar Land Rover today

2 Our future

Automotive Change

Facing an unprecedented pace of change



AUTONOMOUS

CONNECTED

ELECTRIC

SHARED

New Blueprint for Success

Simpler, clearer and more focused



DESTINATION ZERO

OUR RESPONSIBLE FUTURE

Zero Accidents, Zero Emissions, Zero Congestion

Our priorities

Clear focus on what is important this year



Defender

Successfully
launch Defender



MLA

Implement flexible
architecture



China

Turn around China
performance



Charge

Drive sustained
Charge benefits



Accelerate

Deliver fundamental
transformation

Product Portfolio

Strong product pipeline continues



FY19



13 nameplates

FY20



14 nameplates

FY21-22



16 nameplates

Electrification

Our journey towards Destination Zero



2014



Range Rover and
Range Rover Sport
Diesel Hybrids

2017



Range Rover and
Range Rover Sport
PHEVs

2018



BEV and/or hybrids on all new and
replacement models with I-PACE in
2018 and Evoque hybrids in 2019

2019



From 2020



BEVs/hybrids
available on all
JLR models

Increase in investment efficiency

Protecting core vehicle programs



Focusing on core portfolio

Cut niche & non-product spend
(e.g. Evoque convertible)
(e.g. Range Rover SV Coupe)



Reducing powertrain complexity

Simplified offering
(e.g. >50% certification reductions)
(e.g. no V6 in Jaguar XE/XF)



Collaborating innovatively

Relationships for efficiency
(e.g. Waymo & I-PACE)
(e.g. BMW & EDUs)

Further collaboration

Working together to bring ACES to life





Two iconic brands

Outstanding products

Clear vision and plans

Transformation underway

Passionate team

Committed parent

Invictus

Courage and spirit



*I am the master of my fate,
I am the captain of my soul*

William Ernest Henley,
Invictus - 1875



SALES ENVIRONMENT AND COMMERCIAL STRATEGY

JLR INVESTOR DAY

Felix Bräutigam
Chief Commercial Officer

Agenda



1 Sales Environment

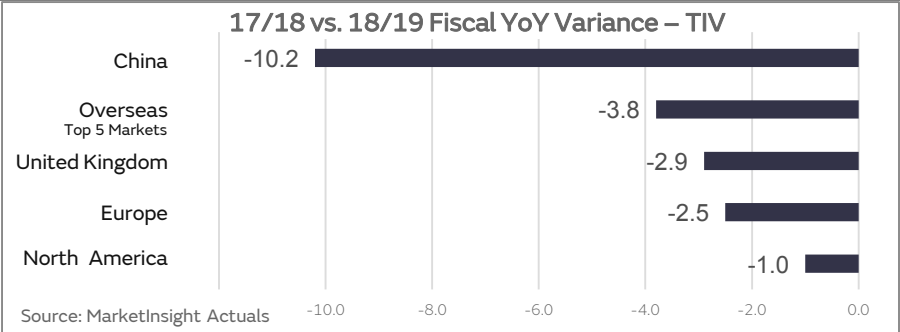
2 Commercial Strategy

EXTERNAL CHALLENGES PERSIST

Industry growth slowing down and exposure to volatility globally



Automotive Industry Volume Trends



Volatility is the new Normality

Chinese Economy



Slow down

Brexit



Deal/No Deal

Trade Tensions




Tariffs

Environmental Challenges



ACES: Unprecedented pace of change



AUTONOMOUS

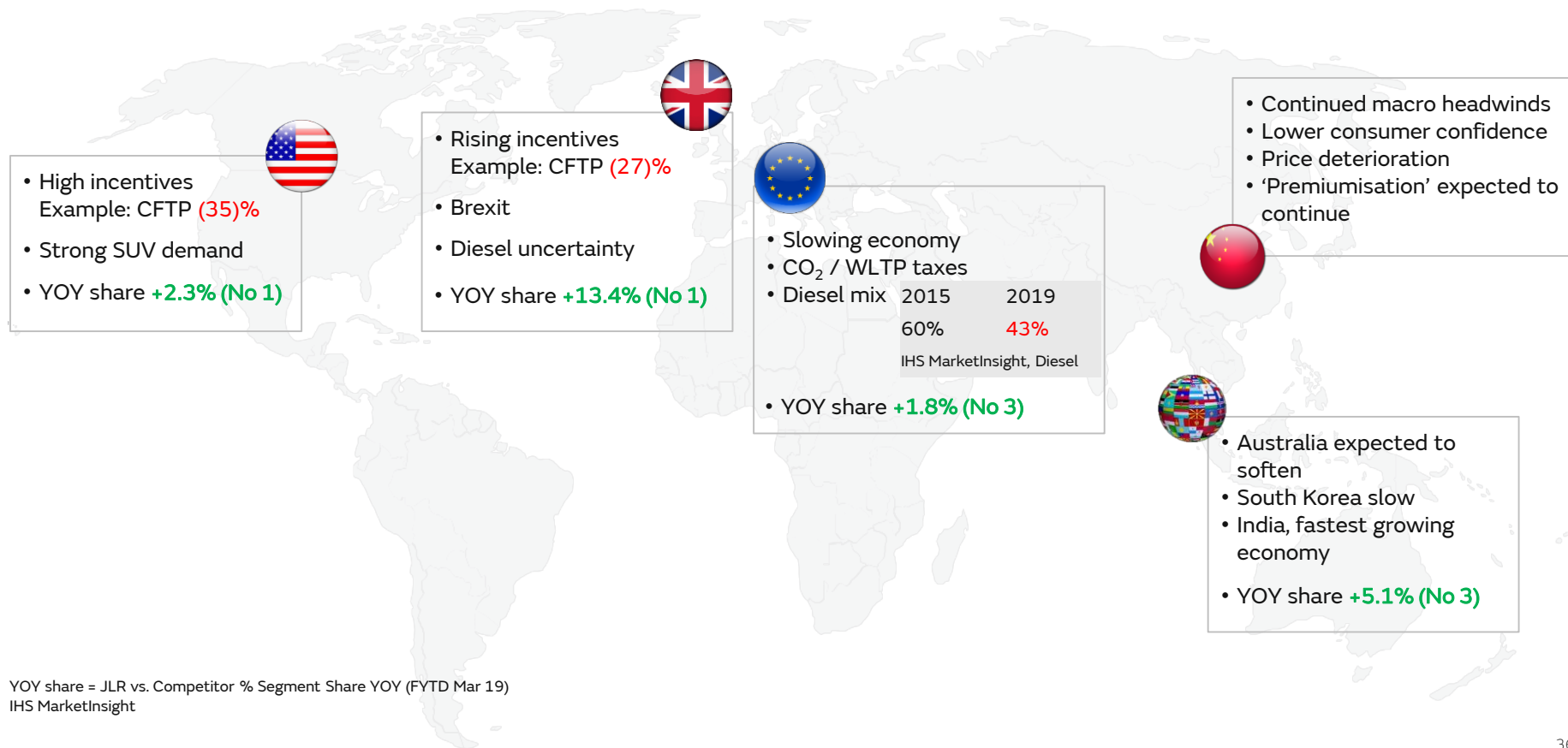
CONNECTED

ELECTRIC

SHARED

MACRO RISKS

Downturn (?)



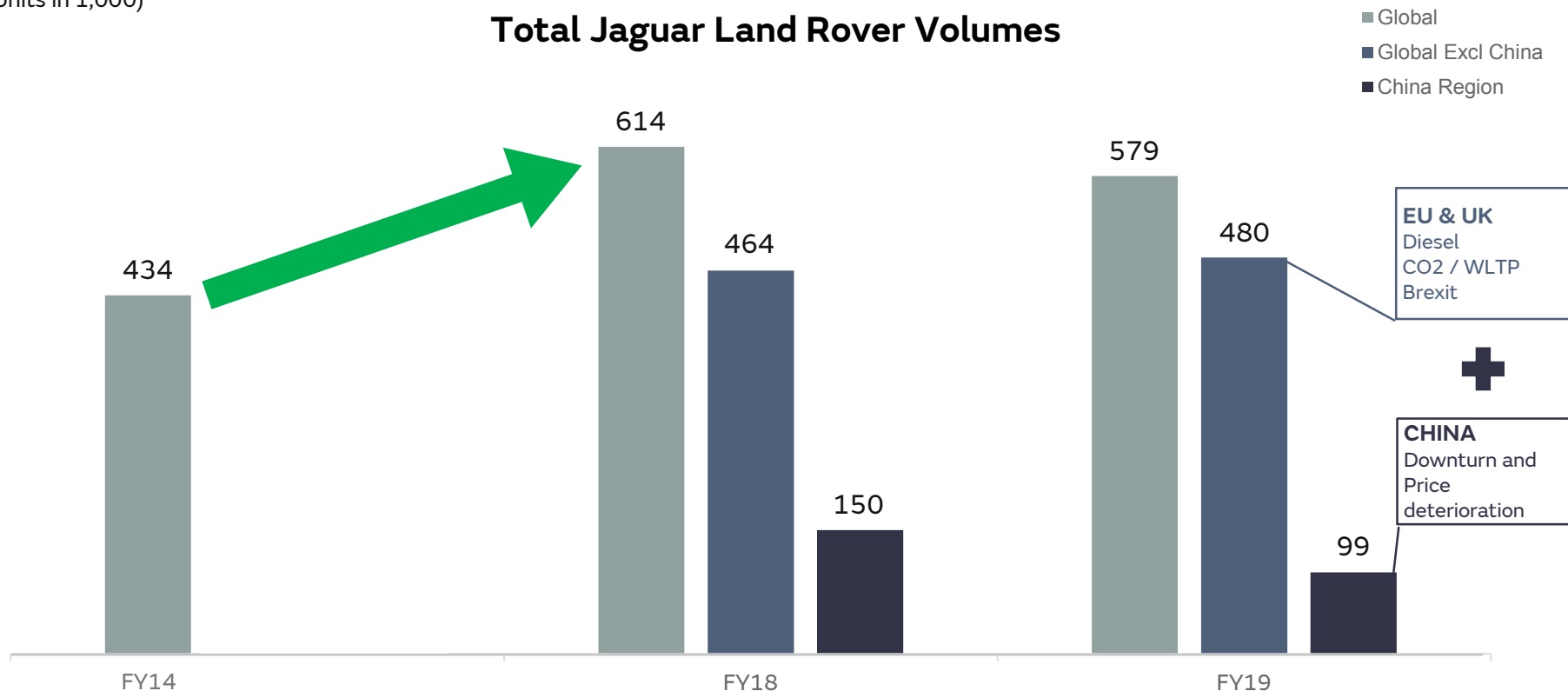
GROWN TO A 600,000 CAR COMPANY

Unprecedented headwinds in FY18 and FY19



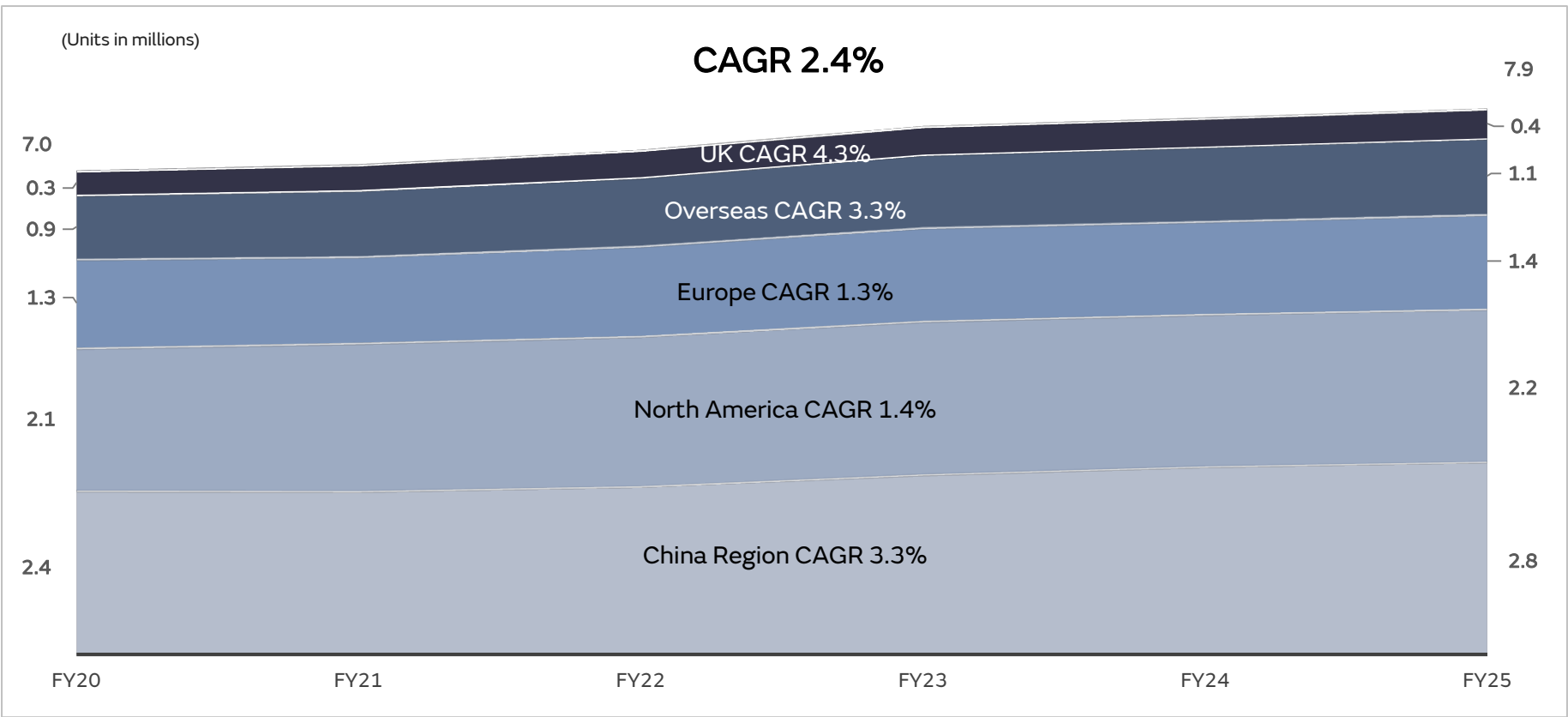
(Units in 1,000)

Total Jaguar Land Rover Volumes



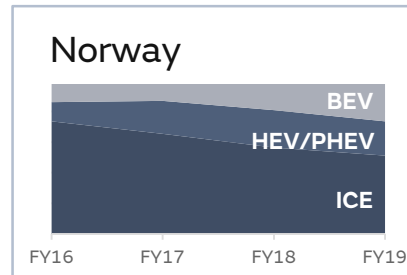
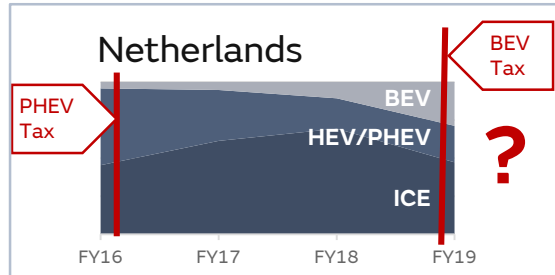
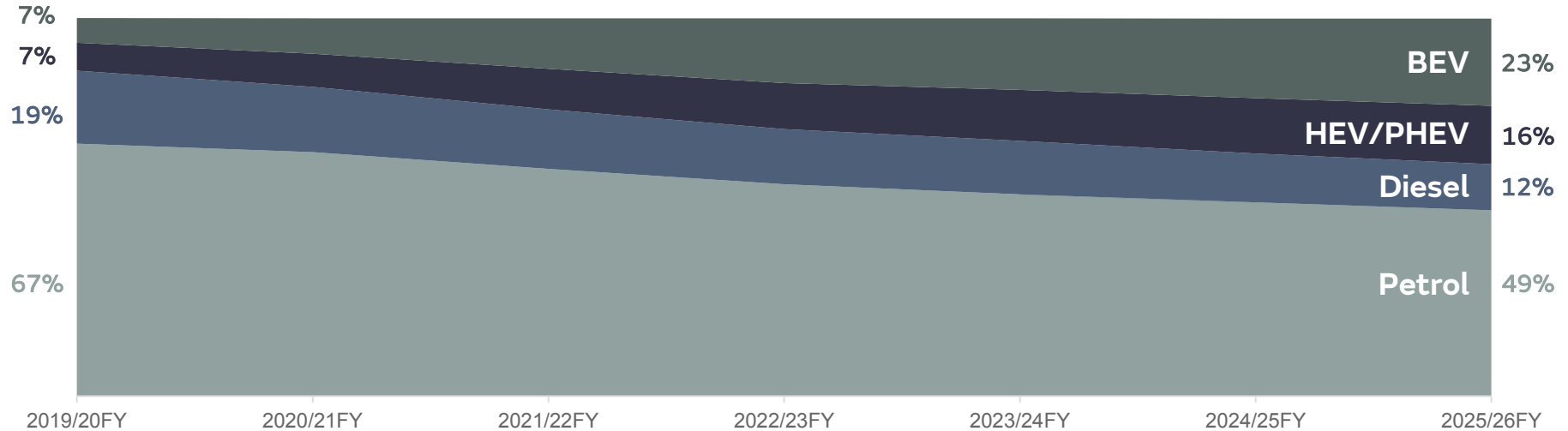
SEGMENT GROWTH BY REGION

Premium Segment growth expected to continue



POWERTRAIN TRENDS

Growth in electric volumes is coming, but volatile



Drivers

- Legislation
- Incentives
- Infrastructure
- Acceptance

OUR FLEXIBLE RESPONSE

Flexible architecture – MLA
 2020 all models electrified
 I-PACE = innovation
 I-PACE eTrophy, Formula-E



Source: IHS Global Production Forecast Apr 2019, JLR Segments

Agenda

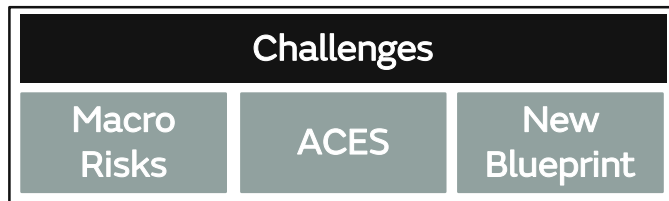


1 Sales Environment

2 Commercial Strategy

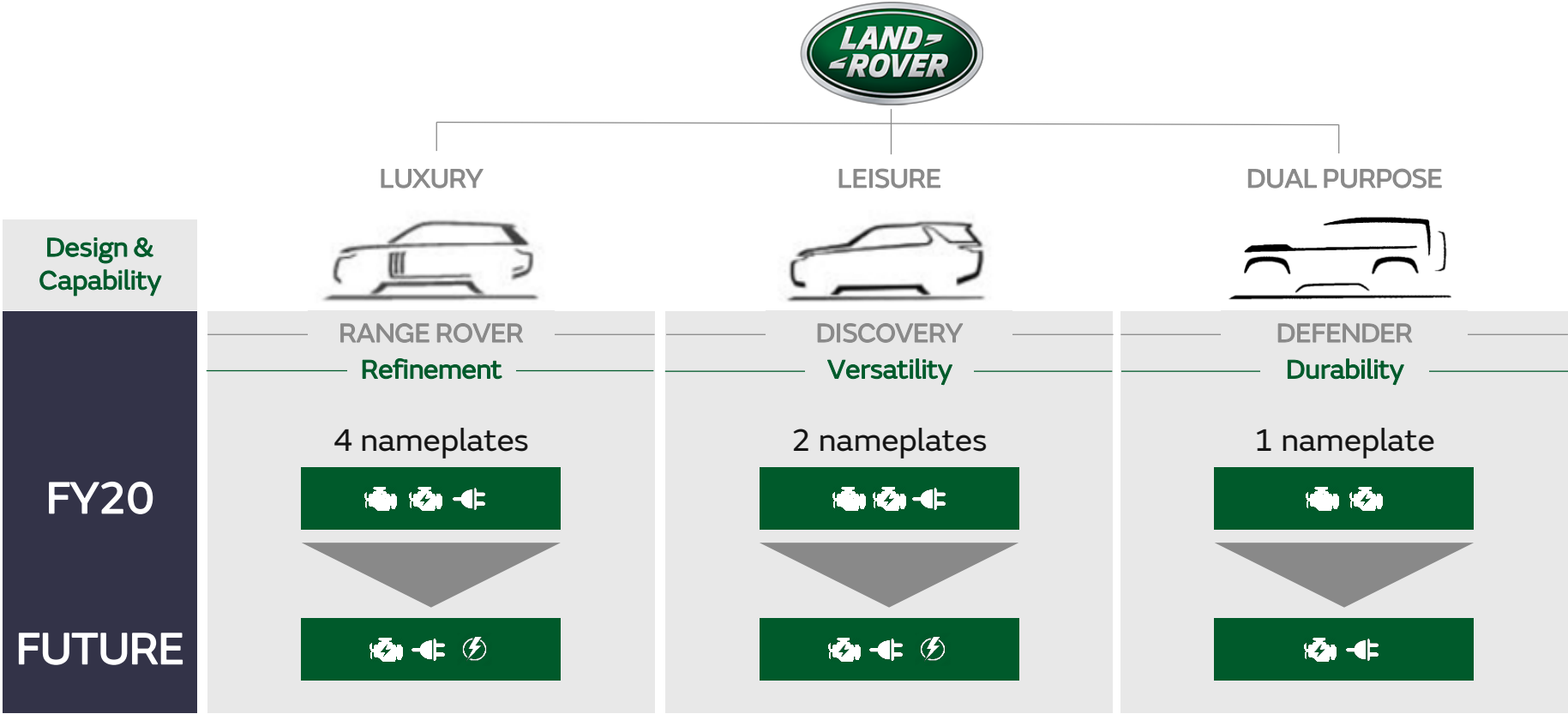
COMMERCIAL STRATEGY

Responding to Challenges



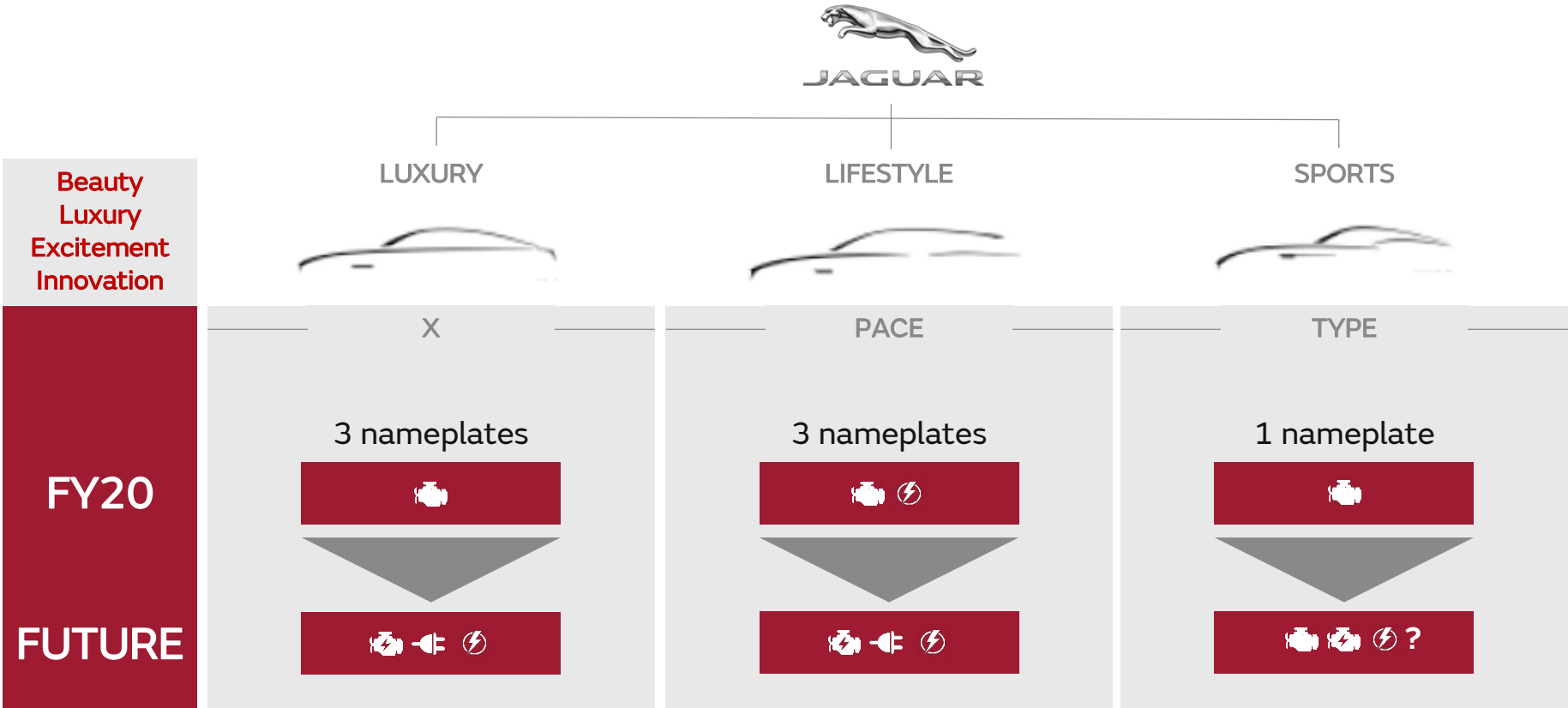
LAND ROVER BRAND STRUCTURE

Systematic brand building and powertrain expansion



JAGUAR BRAND STRUCTURE

Brand re-focus and powertrain expansion



JAGUAR LAND ROVER BRAND STRATEGY

Brand distinction and synergies



Brand Distinction

Design

Product attributes

Positioning

Communications

Synergies

Research & Development

Architecture

Manufacturing

Logistics

Network

Owned / earned / paid channel strategy



232 Awards 2018/19

CUSTOMER EXCITEMENT

Experiences customers love for live



FORMULA E



ACCESSORIES



TEST DRIVE + ONROAD



EXPERIENCE CENTRE



OFFROAD



E-TYPE ZERO



I-PACE ETROPHY



BRANDED GOODS



CLASSIC



CLASSIC



ICE ACADEMY



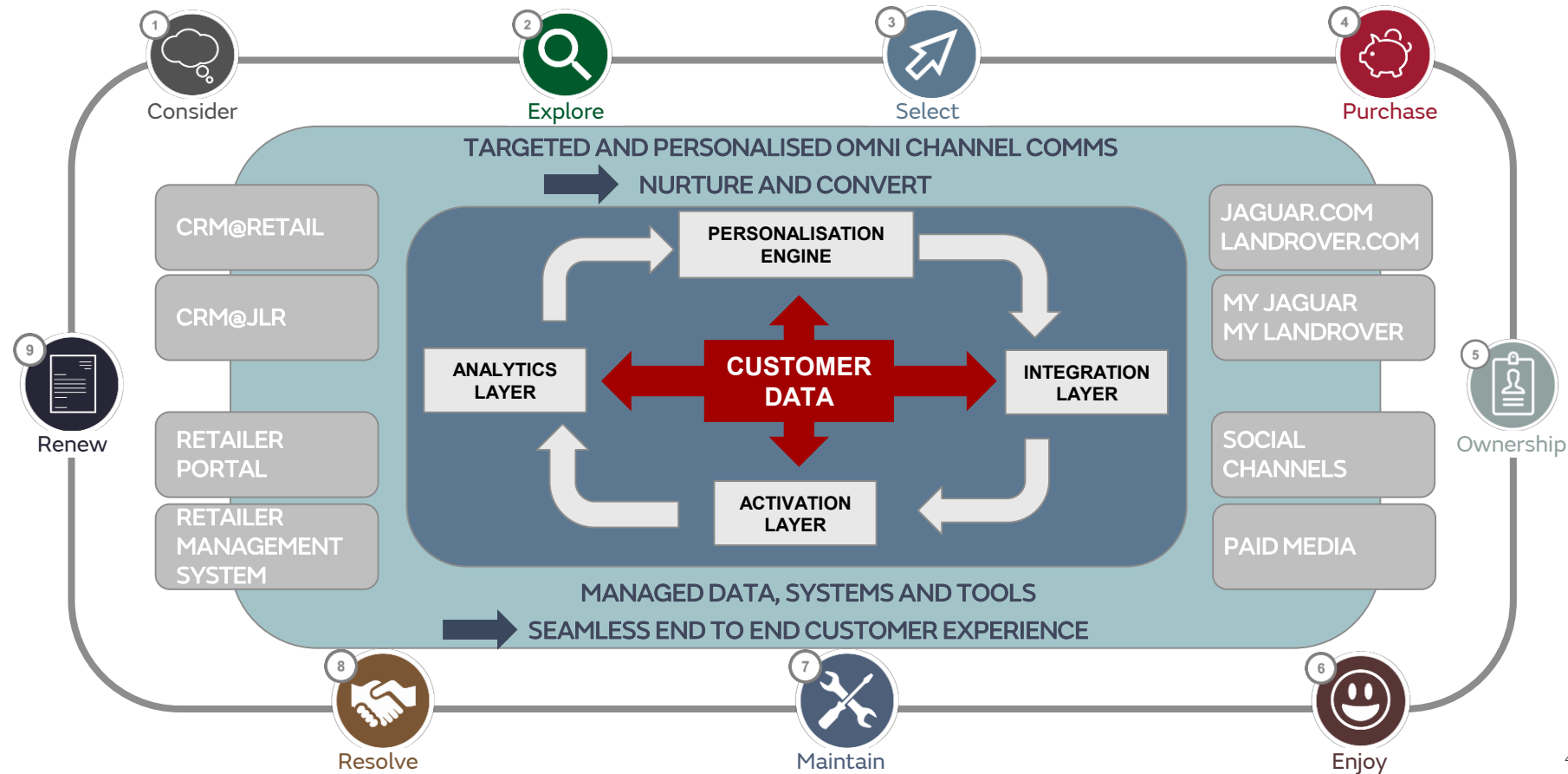
SVO



ADVENTURE TRAVEL

CUSTOMER JOURNEY

Data driven, targeted sales funnel management



CUSTOMER JOURNEY

Future integrated digital customer journey



PAST

Printed brochures & spec guides

Website with generic content

Physical retail channel only

In-Control account only

PRESENT

Personalised e-Brochure

Owners' Portal

New car online sales

Single customer ID, but multiple platforms

FUTURE

Personalised journeys:
All channels

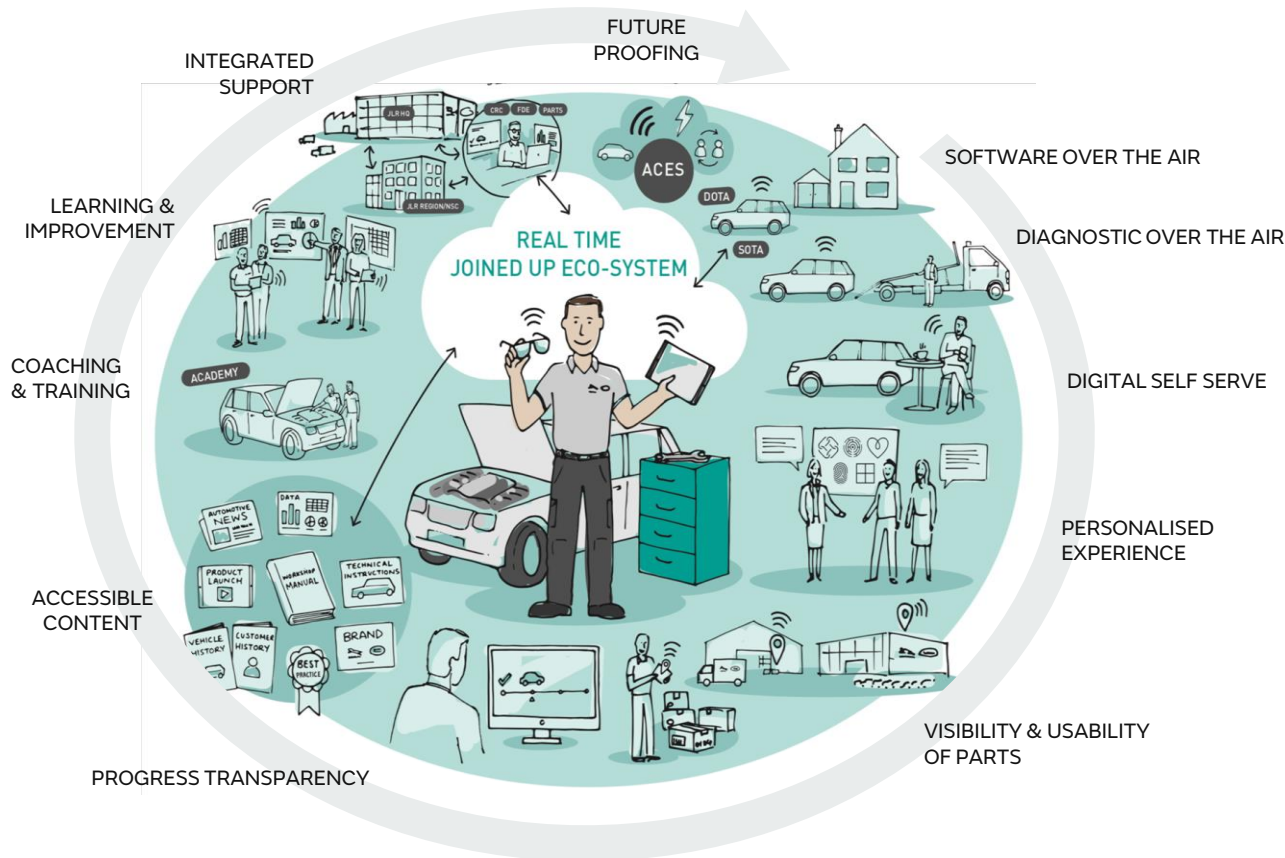
Owners' App/ Portal:
All markets

E-Commerce:
All products & services

Single customer ID:
All platforms

CUSTOMER EXCITEMENT

Improve the customer experience



Fix:

- customer clock

Excite:

- culture transformation

Enable:

- self-authorisation
- customer / vehicle tracking
- integrated systems

SYSTEMATIC SALES CHANNEL MANAGEMENT

Working with strong, independent retailers

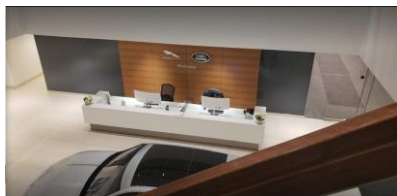


Wholesale

Global presence today **128** countries

National Sales Companies today **23**

Local Offices **5**



Retail

Retailers globally today **1,600**



Forecast to grow to **1,730**

New CI



Retailer investment today **£3.6bn**

750

Converted today



£8bn

Planned Investment

Roll out completed **2025**

Our Retail Focus

Local Market Exploitation

- New car
- Used car
- Customer Service

Consistent Brands

Integrated Marketing

Closed-loop Sales Funnel

Seamless Customer Journey

NEW COMMERCIAL STRUCTURE

From traditional pillars to one team



PR Directorship

PR Team

Sales Directorship

Sales & Service Teams and
Regions

Marketing Directorship

Marketing Team

ONE GLOBAL COMMERCIAL TEAM

**Customer
Experience**

**Product
Marketing**

**Market
Performance**

**Customer
Service**

Planning

Regions:



KEY MESSAGES

In conclusion



Macro Challenges and change ahead

Our answer:



One Global Commercial Strategy

One Commercial Team

Two iconic brands

Professional and passionate network

Experiences customers love for life



THANK YOU



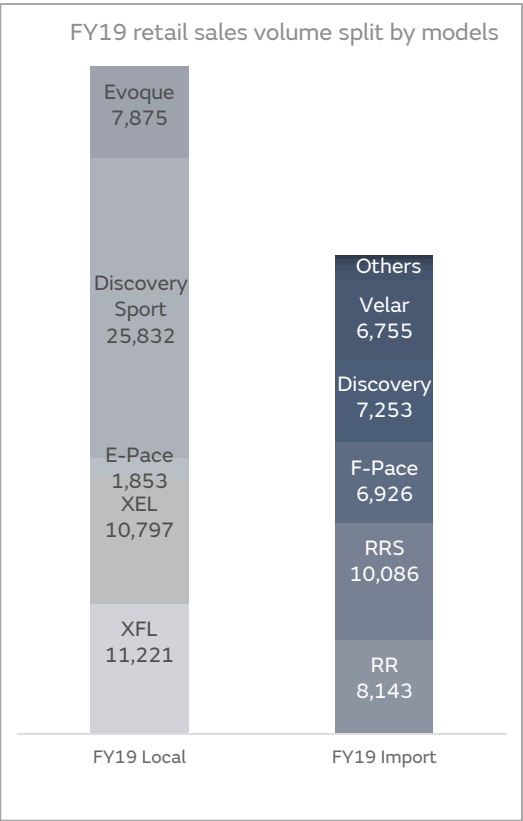
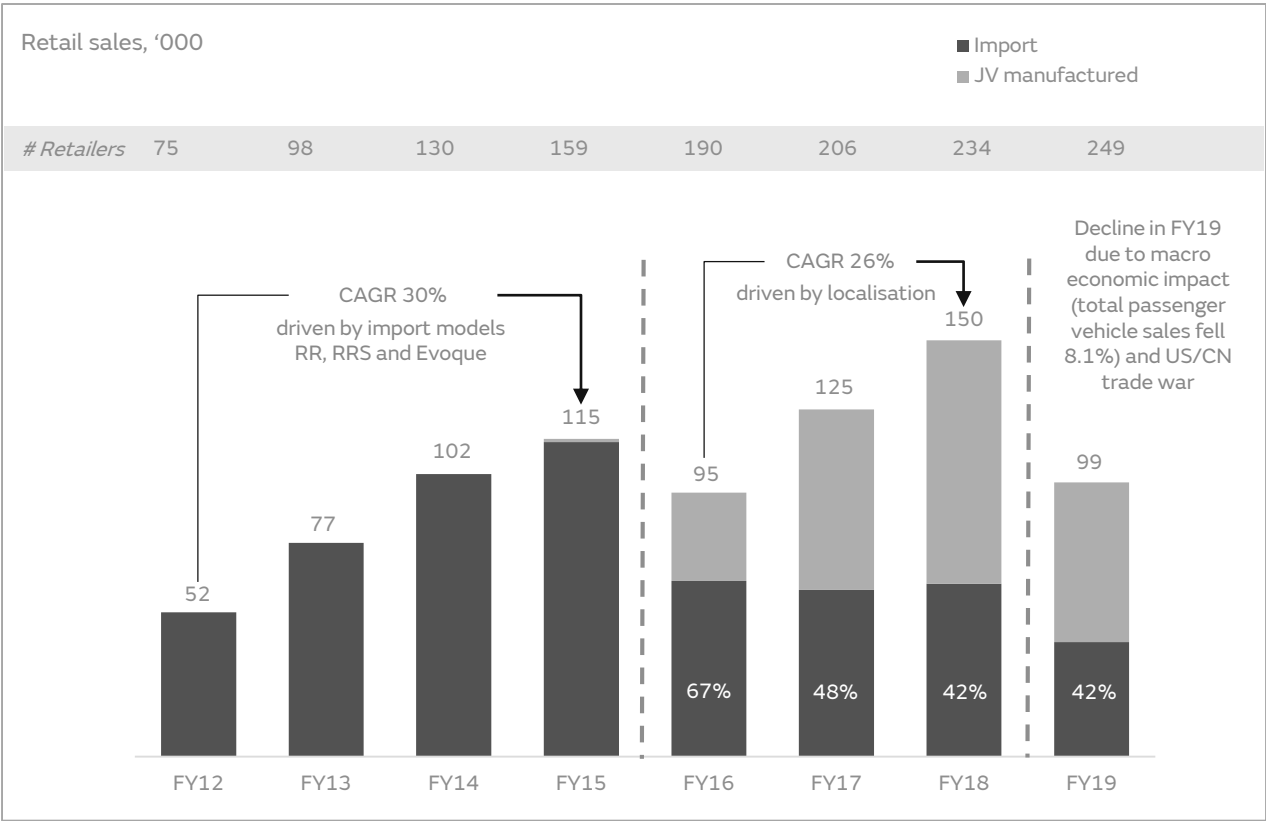
CHINA MARKET FOCUS

JLR INVESTOR DAY

Qing Pan
Executive Director, President – Jaguar Land Rover China

Exceptionally fast growth from FY12 to FY18

Sales down in FY19 due to weak market conditions



*Source: IHS + internal data

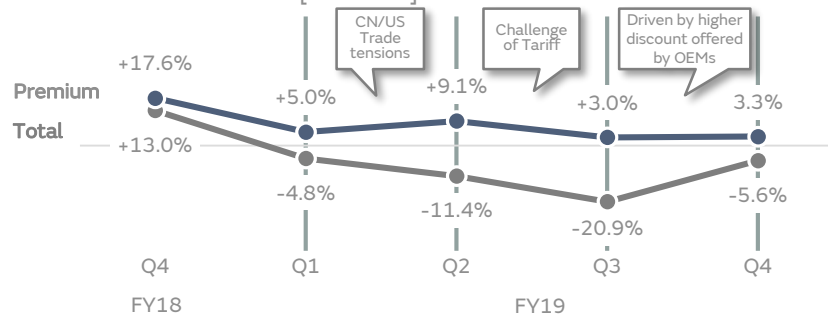
China market continues to be challenging

Premium market slowing down with high discounting levels

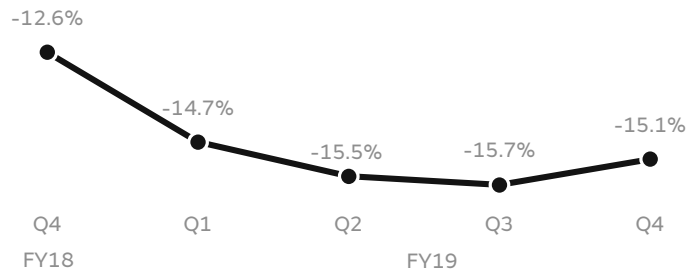


Market slow down and greater premium segment discounts

Volume YoY Growth Rate [Insurance]

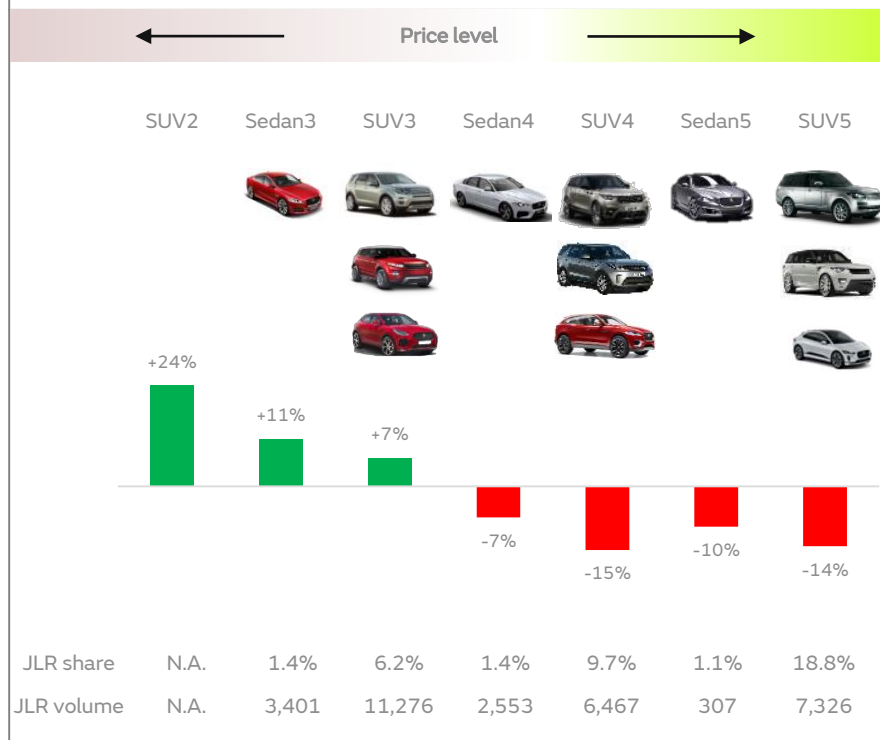


Premium Segment Discounts



Source: Insurance data; TP flash report

YoY growth by premium segment - CY2019 Jan - Apr



Source: Registration data, CY19 Jan - Apr

FY19 key challenges and our response



Key challenges

Market

- Weaker **market conditions** combined with ambitious growth plans resulting in high stock levels, discounting and poor retailer profitability and liquidity

Retailers

- Newer **retailer network** with relative concentration of large retailer groups and tier 3,4,5 cities most impacted by slowdown

Org.

- Overly complicated **incentive programmes** providing insufficient compensation for retailers
- Young integrated marketing, sales and service organisation

Brand

- Insufficient investment in **brand development** and support relative to competition

Actions taken

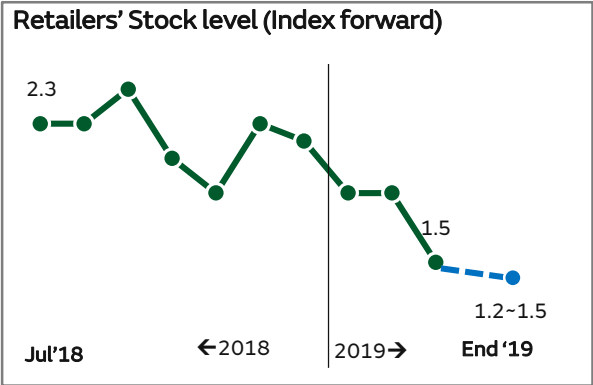
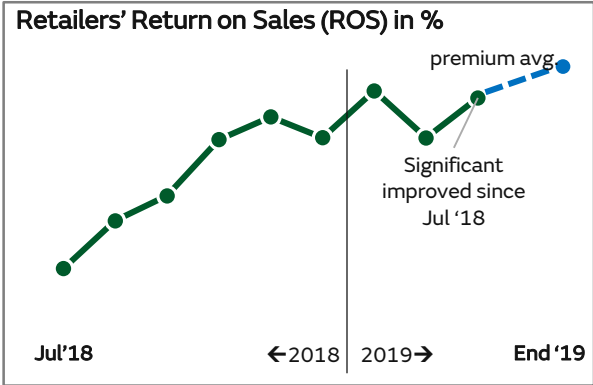
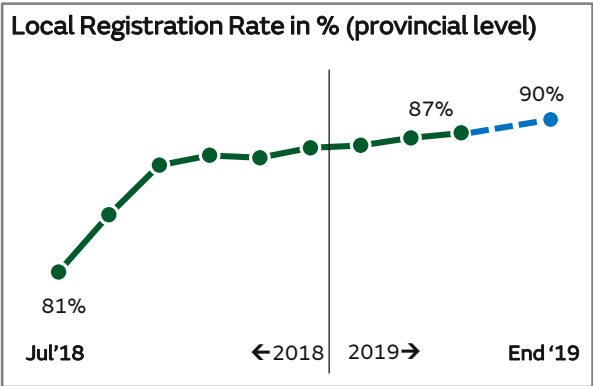
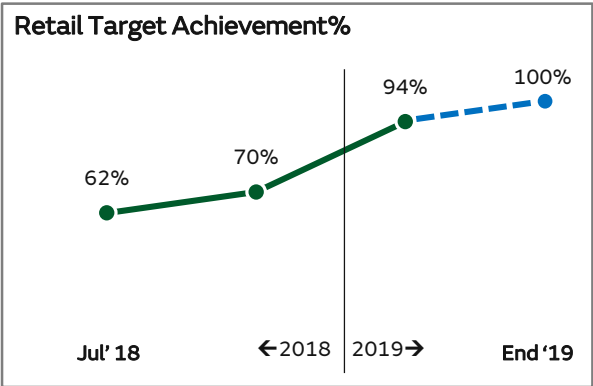
- Production has been cut and **stock levels reduced**
- **Retailer targets** have been reset to enable network recovery

- Enhanced **training** to improve retailer capability
- Improved **communication** with retailers, country-wide roadshow
- Step by step and cautious continuous consolidation of **network**, plus implementation of Market Area Strategy

- **Simplified incentive programmes** and additional compensation
- Launched **Project Dragon** to improve process, system, organisation and people capability

- Prioritize resources for brand development and **improve efficiency** through big data analysis by working with external partners

China operational KPIs stabilising



- ### Underlying Operational Performance
- Retail Target achievement improved to above 90% with an improved retailer confidence
 - Retailers Return on Sales (RoS) improved with additional cash liquidity enhancement measures
 - Local registration improved to 87% with better sales quality
 - Retailer stock level reduced to the lowest level since 2017, which helped to balance supply and demand relationship while releasing cash for retailers

Vision in China – plans for FY20 & 21

China vision to be delivered through achievement in 5 areas



Our Formula for Winning – The Commercial Strategy



Strong branding and long term positioning

- Proactive reputation management
- Further improve brand awareness and brand appeal by digital marketing tools and brand experience centers



Optimised Product portfolio

- Launch of new Evoque, Discovery Sport MCF and Defender
- Incorporating China-specific features and hygiene factors



Captured new business opportunities

- Piloting mobility services with local partners following global strategy
- PoCs (Proof of Concepts) for data monetization business concepts



Improved retailer profitability and business attractiveness

- Focus on people in retail - selection, assessment, training and coaching
- Continually enhancing retailer performance
- Profit coaching by consistent commercial policy



Efficient and effective organization

- Supply end to end – stock management (allocation, process and system)
- Evolution of the sales and marketing organization



CHINA VISION

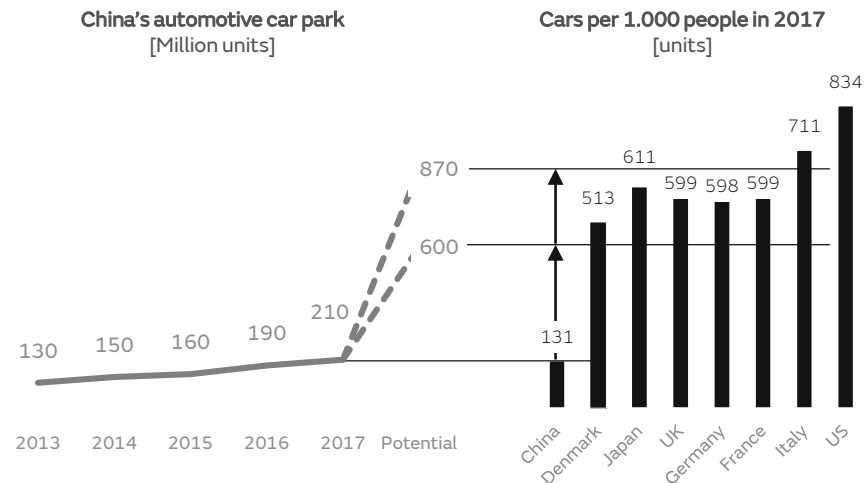
Sustainable and profitable growth in China

China will still be the most attractive market

Long-term growth potential substantial in China


















Overall Demands for Cars in China



- Based on developed countries motorization rates, China's car parc may increase to 600-800 million cars
- Creating an annual demand of around 3 million total passenger cars
- Even if we assume the premium share would remain around 12%, that translates to a premium demand about 4 million cars annually

PV Market Forecast [per JLR brand category]

JLR brand category	2018 Sales ('000)	2018 # of brands		2025 forecast ('000)	CAGR
Super premium	5	6	  	7	+5.2%
Core premium	2,868	15	  	3,897	+4.5%
Near premium	2,941	5	  	3,329	+1.8%
Core non-premium	9,017	29	  	11,183	+3.1%
Low Cost	8,354	52	  	11,113	+4.2%
Total	23,186	>100	Thereof >60 local OEM's	29,530	+3.5%

China outlook for FY20

Continuing headwinds but opportunity for growth



Challenges

- Lower economic growth forecast and lower industry sales
- Emission standards
- Competition and discounting
- Sophisticated customers
- Dealer group consolidation and retailer performance concerns



Opportunities

- China remains the biggest premium market
- Upside of economic recovery with stimulus and end of trade tensions
- New products – all new Evoque and Defender
- Project Dragon and Charge
- Brand development and pull strategy

Conclusions



People BEST TALENTS

Organization EFFECTIVE & EFFICIENT

Technology LEADING TECHNOLOGY

Purchasing EXTENSIVE SUPPLIER
BASE & GLOBAL SYNERGIES

Production STATE OF THE ART
MANUFACTURING

Sales & Marketing FULLY DIGITALISED
END TO END PLANNING & DELIVERY

CHARGE

IDEAS. ACTIONS. CASH.



PROJECT CHARGE INVESTOR DAY UPDATE

JUNE 5 2019

Charge has 3 main objectives...



1. Stabilize cash position



2. Right-size structural cost



3. Improve variable profit

...with targeted workstreams against each



Working Capital Changes (e.g. Inventory)



Investment optimisation



Organisation restructuring



Non-people Overheads cost reduction



Non-Production Purchasing efficiencies



Marketing spend rationalization



Manufacturing spend efficiencies



Material cost improvements



Product Tiger Teams – Design to value



Net Vehicle Revenue efficiencies

£2.5B+

CHARGE

IDEAS. ACTIONS. CASH.

FY19 and FY20 impact

The Charge methodology has four key underlying principles



Rigour in evaluation

Line-by-line scrutiny
of spend

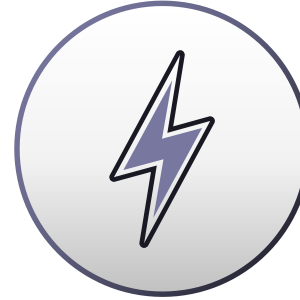
Nothing "out of scope"
until business
case proven



Depth of analytics

Data-driven approach;
"lead with the facts"

Heavy analytics
underpinning all
initiatives



Speed to action

Dedicated x-functional
team across 10
workstreams

Rapid progression of
hundreds of initiatives
with near-term savings



Decision focus

Steering Committee with
JLR and TML Board
members E2Weeks

40+ Board Level
decisions made

Charge results ahead of target

First £1.3b of £2.5b target delivered by 31 March 2019



Area	Target £b	FY19 £b	% Complete Time 33%	FY20 (Bal; £b)	
Investment	1.0	0.7	70%	>0.3	✓
Working Capital	0.5	0.4	80%	>0.1	✓
Cost & Profits	1.0	0.2	20%	0.8	!
Total Cash	2.5	1.3	50%	1.2	✓

Investment: Target has been exceeded in FY19 and on-track to be achieved in FY20; we are now going even further



Investment: No project "out of scope"

Four key criteria used for a rigorous line-by-line review of all investment spend

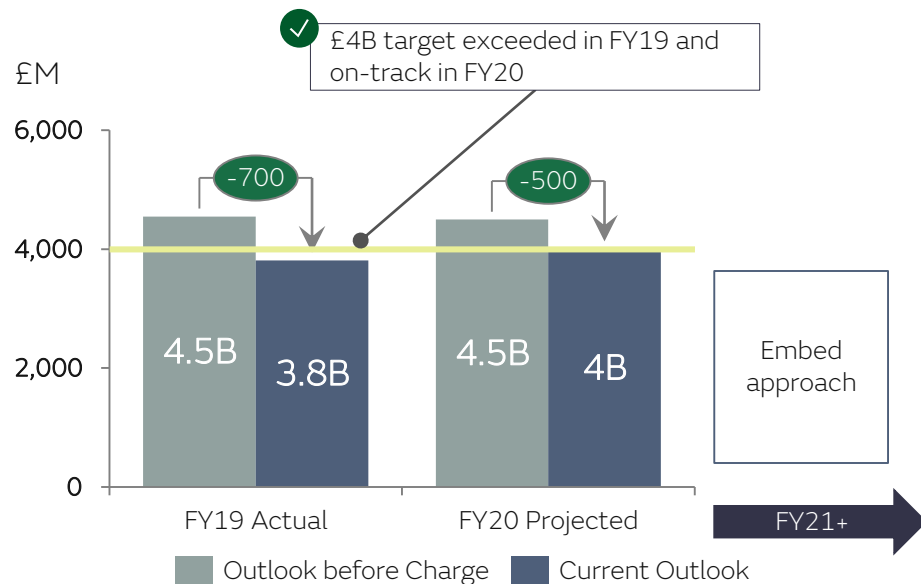
- Compliance
- Financial Return
- Safeguarding core business
- Strategic growth

The workstream improved cash forecasting and transformed the way we work

- More accurate capital cash forecasting now instilled
- Capital budget-owners have been given **the tools and support** to improve their cash forecasting
- Enabled scrutiny of spend at a deeper level of granularity, supported by availability of better data

Summary of Investment saves

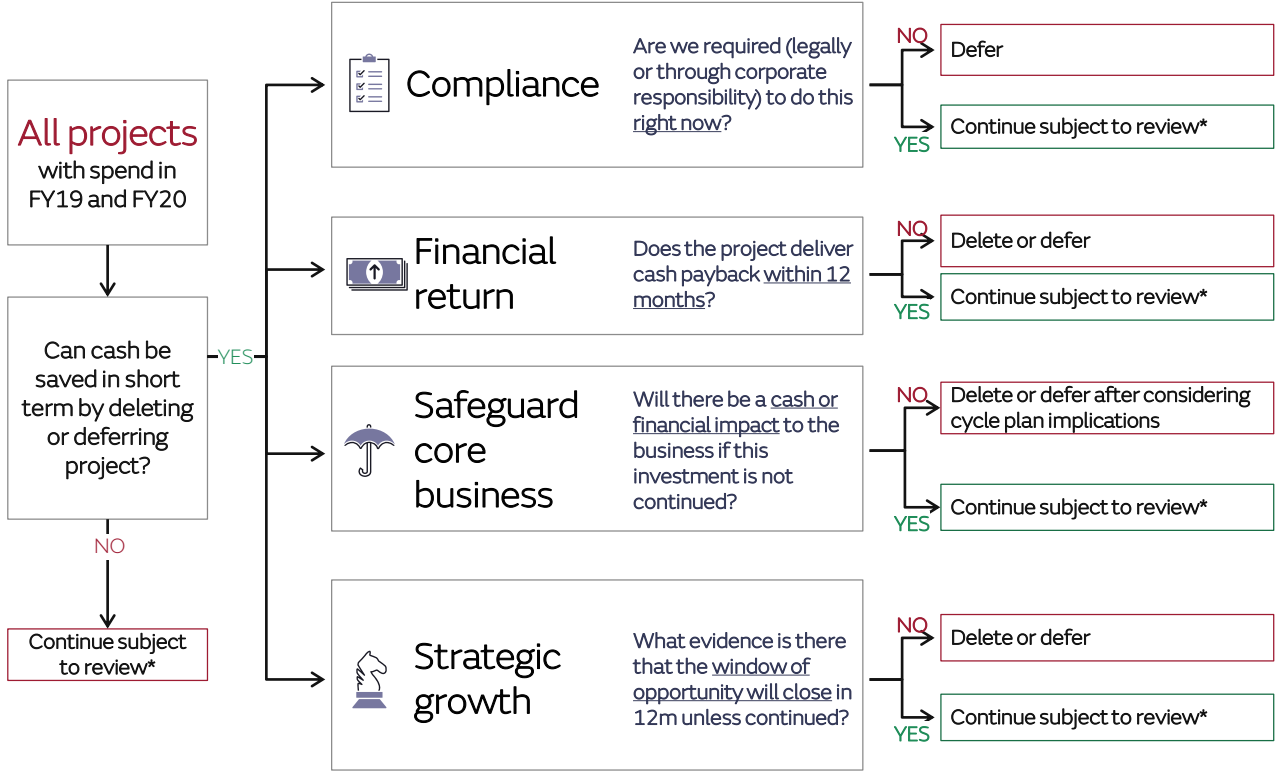
The Investment Savings since Charge began are shown below



FY19 target exceeded and FY20 target on-track to be achieved;
The next goal is to achieve even more FY20 investment savings



Investment: Rigorous review methodology that evaluates investment spend of all projects at JLR




100+
Live and future vehicle programmes reviewed


500+
Lines of non-prod spend reviewed

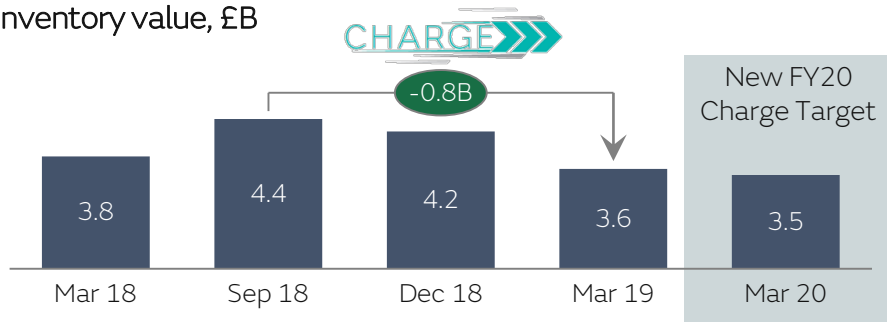


*Continued projects to be reviewed for cost savings opportunities

Lean inventory: Targeting £100M incremental inventory reduction in FY20 after substantial progress in FY19



£800M Inventory reduction since start of Charge
£150M reduction v.s. end of FY18



Underpinned by advanced analytics and state-of-the art tools



Key sources of progress:

- Clearing aged vehicles, driven by **VIN level tracking and intervention** for global inventory
- **Rapidly adjust production levels** (e.g., via plant shutdowns) in line with volume drops
- Improving retail forecast accuracy through **advanced forecasting analytics**

How we plan to go further

In FY20, we will continue to drive sustainable improvements, offsetting new nameplate introductions:

- **Controlled inventory mix** to optimise in-market stock
- **Reduction of lead times** through port stock efficiencies
- **Analytically driven stock targets** at each stage of the supply chain and end to end tracking of actuals
- Launch of **a new governance forum** responsible for end to end management of global inventories



Plans to deliver £1B cost & profit target

Target to
achieve

£1B

Cost and profit



£150M value realized in FY19

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



£400M annualized steady state impact from redundancy program

- On track for timely completion
- Focus on sustaining benefits



£250M+ FY20 material cost improvements targeted, including:

- £ 25M savings identified from Tiger Teams
- £ 150M other high confidence FY20 initiatives in-flight



£200M+ FY20 targeted across other cost & profit levers, including:

- Non-people overheads
- Other variable profit levers

People and Org: We are becoming a leaner, fitter organisation



Status

On track to achieve org restructuring targets



6K

leaving the business in FY19 and
FY20

~£400M annualized steady state savings



<10%

Targeted FY20 people cost as
% of revenue

Down from 11%+



Rigour and heavy analytics...

Example: £120M from rigorous non-people overheads reviews



Line by Line Reviews

- 200+ cross functional management accounts evaluated



Purchasing & Payments Challenges

- 10,000+ lines of spend scrutinised across all functions



Internal & External Benchmarking

- Auto and cross-industry expertise applied to inform approach

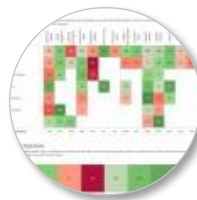


Data-driven board-level decisions

- E.g. Infrastructure consolidation, Travel policy change, cancelling Geneva Motor Show appearance

...to improve cost and profit

Example: Use advanced analytics to improve mix mgmt. & order control



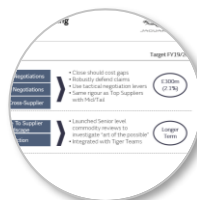
Opportunity identification

- Prioritised list of opportunities to improve stock turnover speed

Dealer-personalized recommendations

- Option takes and impact on stock turn by derivative

Example: Significant focus on material cost improvements



Material costs reductions

- Heavy analytics to create detailed supplier dossiers
- Structural efficiencies and complexity reduction

Product Tiger Teams: Agile approach that focuses on process speed and empowered decision-making to improve product cost



What are Tiger Teams?

Cross functional teams set up for defined **product cost reduction** tasks using a new agile methodology



A new way of working

- 25** Member cross-functional core team
- 25** Day-long workshops to date
- 350** Design-to-value ideas considered to date
- 58** Ideas translated into decision and action
- All** Current Carlines impacted by the Tiger Teams actions
- 29** £29M expected FY20 savings; £300M+ over next 5 years



Charge is already beginning to impact the DNA of the organisation, beyond being a focused programme



COLOUR ME HAPPY: HALEWOOD PAINT SHOP LEADS 'CHARGE' WITH CANNY COST SAVING IDEAS

The thrifty paint shop team at Halewood are charging ahead with ingenious ideas that have resulted in huge cost savings for the business, which could total more than £400,000 by the end of 2019.



THANKS A MILLION: HOW AFTERMARKET PURCHASING CLEANED UP JAGUAR LAND ROVER'S TOOLING STORAGE

Aftermarket Purchasing has raised more than £1 million by giving a number of tooling storage facilities a spring clean.

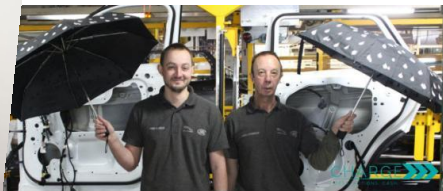


PETROL ASSEMBLY TEAM'S CLOTH CUTTING IDEA CHARGES UP EMC'S COST-SAVING INITIATIVE

A simple and effective project in the EMC's petrol assembly hall is set to make a worthwhile cost-saving, with the team having only just wiped the surface.

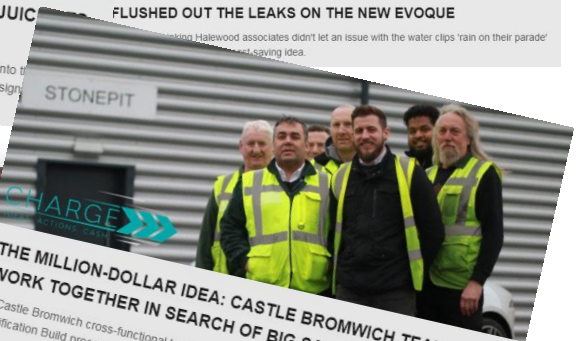


CREATIVE JUICE



WATER CLIP DOWN: THE TALE OF THE HALEWOOD TWO WHO FLUSHED OUT THE LEAKS ON THE NEW EVOQUE

Working Halewood associates didn't let an issue with the water clips 'rain on their parade' and came up with a cost-saving idea.



THE MILLION-DOLLAR IDEA: CASTLE BROMWICH TEAMS WORK TOGETHER IN SEARCH OF BIG SAVINGS

A Castle Bromwich cross-functional team has come up with a solution that may transform the Verification Build process and potentially save Jaguar Land Rover millions.



CASTLE BROMWICH TEAMS SWITCH THEIR MINDS TO SAVING POWER ON THE LINE

Cost-minded colleagues in F Block and Sports Car Facility at Castle Bromwich have made their contribution to #MyCharge thanks to a £10 timer plug.



CHARGE

IDEAS. ACTIONS. CASH.

Stabilise cash position

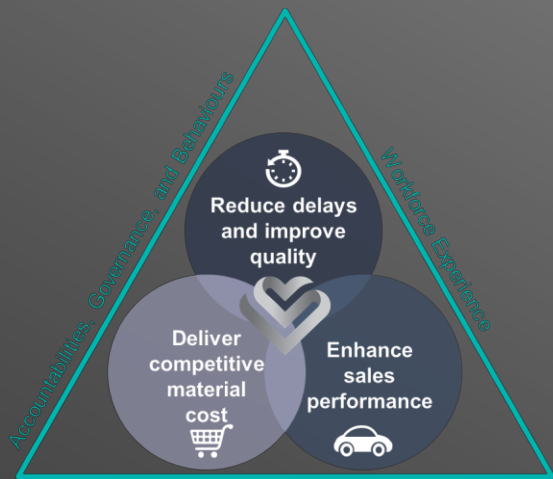
Right-size investment

Optimise structural cost

Improve variable profits

Sustain impact, embed
advanced analytics

Accelerate: addressing fundamental challenges



Enterprise Operating Model

...that will ensure our sustainable and successful future

Reduce delays & improve quality	Deliver competitive material cost	Enhance sales performance
<ul style="list-style-type: none"> Optimised resource planning Drive consistency and commonality within the programme delivery process Step-up risk & change management Mindset & process discipline Vendor collaboration and quality standards 	<ul style="list-style-type: none"> “Should Design” & “Should Cost” with benchmarking Purchase lifecycle planning, and sourcing Customer value driven tech standards Make vs Buy 	<ul style="list-style-type: none"> Positioning, pricing and launch approach Customer centric product and feature offerings Customer marketing effectiveness Customer service and quality perception, Fix right first time - rapid diagnosis and issue resolution
Role and process clarity, business behaviours, and supporting enterprise-wide systems		



THANK YOU

Adrian Mardell
Chief Financial Officer
Jaguar Land Rover

JAGUAR LAND ROVER
W/1/26 Abbey Road, Whitley
Coventry CV3 4LF, UK





REFRESHMENT BREAK

JLR INVESTOR DAY

Jaguar Land Rover Classic Works
Wednesday 5th June 2019



PRODUCT ENGINEERING TRANSFORMATION FOR A SUSTAINABLE FUTURE

JLR INVESTOR DAY

Nick Rogers
Executive Director, Product Engineering

Despite a challenging climate, we have engineered and launched pioneering products and propulsion systems



Jaguar I-PACE

World's first premium SUV BEV



Received over 65 awards globally, including World Car of the Year

New Ingenium Engine

Six cylinder petrol



Pioneering hybrid electrification technology

All New Range Rover Evoque

Engineering and technical revolution

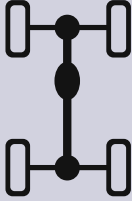


Transformation recognised by media, 5 star NCAP safety

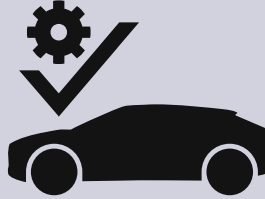
Our pioneering products are our lifeblood



1. Transforming
skills and efficient
resource



2. Smart, efficient
commodities and
architectures



3. Improving our
quality



4. Reducing our
costs



5. Leveraging
strategic
partnerships



6. Sustainable
innovation

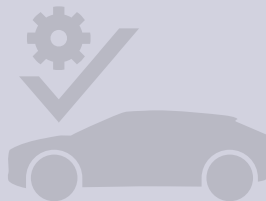
PRODUCT ENGINEERING TRANSFORMATION FOR A SUSTAINABLE FUTURE



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costs

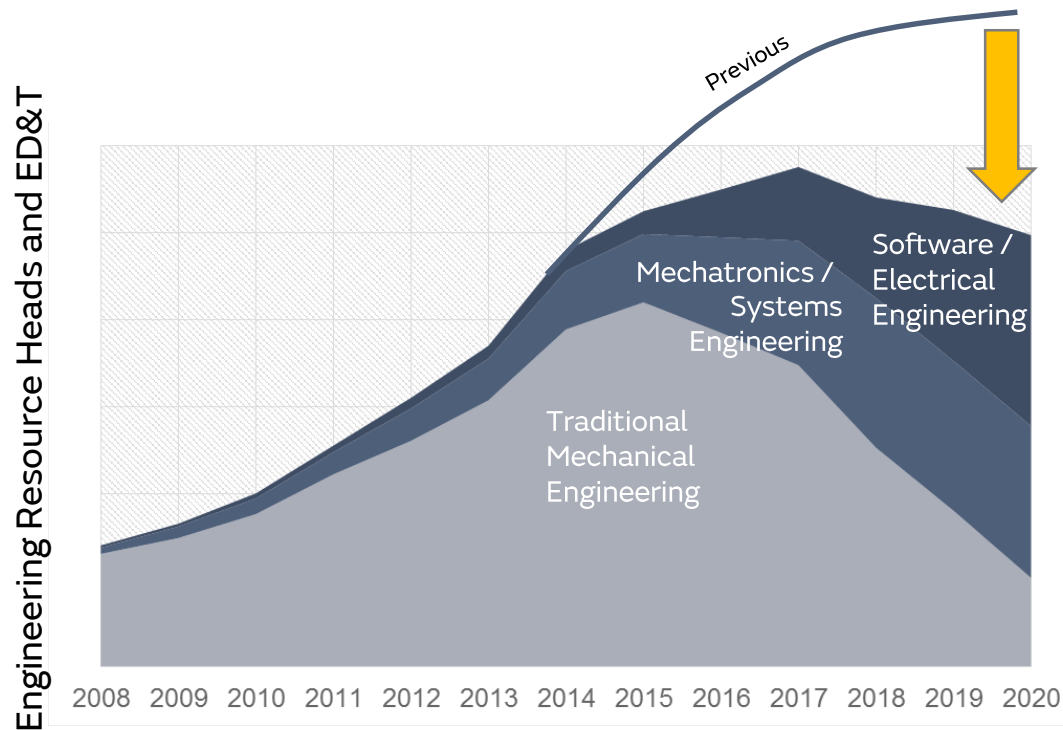


5. Leveraging
strategic
partnerships



6. Sustainable
innovation

Delivering our promise to drive efficiency in mechanical areas, and grow mechatronics and software capability



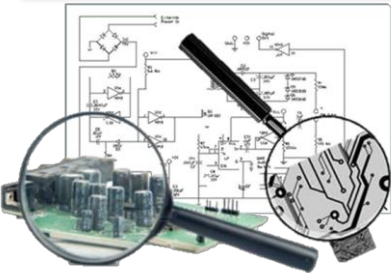
- Carefully selected to maintain and grow skills
- Obsessed with streamlining traditional mechanical engineering, optimising prototyping and simulation
- Driving efficiency to self fund and make headroom for growth in software and mechatronics skills

We are transforming our efficiency to reduce cost and improve product quality

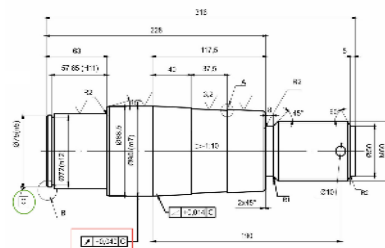
We are reskilling our Product Engineering team



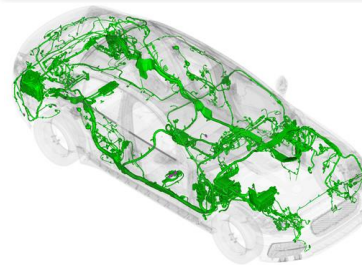
Engineering and Development of Electrical Hardware



Efficient Geometric Control



Networks and Electrical Distribution Systems



Software Engineering and Delivery



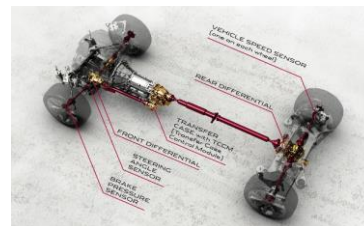
Thermal and Aerodynamic Engineering



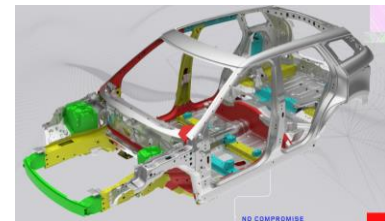
Leveraging Digital Engineering



Systems Engineering



Engineering Structures Efficiently



Technical curiosity is at the heart of our efficiency transformation

The results of our transformation have been recognised by the media



42% reduction in panel gaps



Body stiffness improves handling and dynamics



5 star Euro NCAP rating on Evoque



"Land Rover's key ingredient for making a success of the 2019 Evoque recipe seems to be all-round thoroughness...the enhanced quality is made obvious by tighter panel gaps."



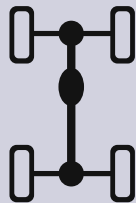
"It might look similar to the outgoing car, but the new Land Rover Discovery Sport brings a significantly upgraded interior, new mechanicals and hybrid power..."

WHATCAR?

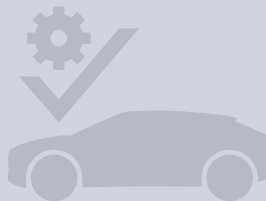
Embedding an obsession with technical curiosity is improving our costs and efficiency



1. Transforming
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5. Leveraging
strategic
partnerships

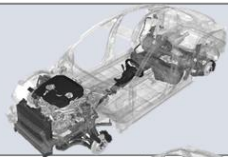


6. Sustainable
innovation

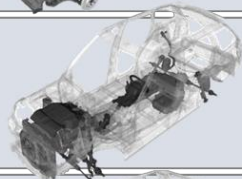
Phase 2 on its way - our Modular Longitudinal Architecture



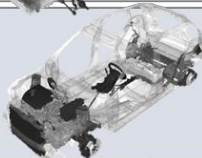
D7a



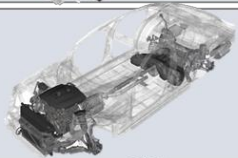
D7u



D8



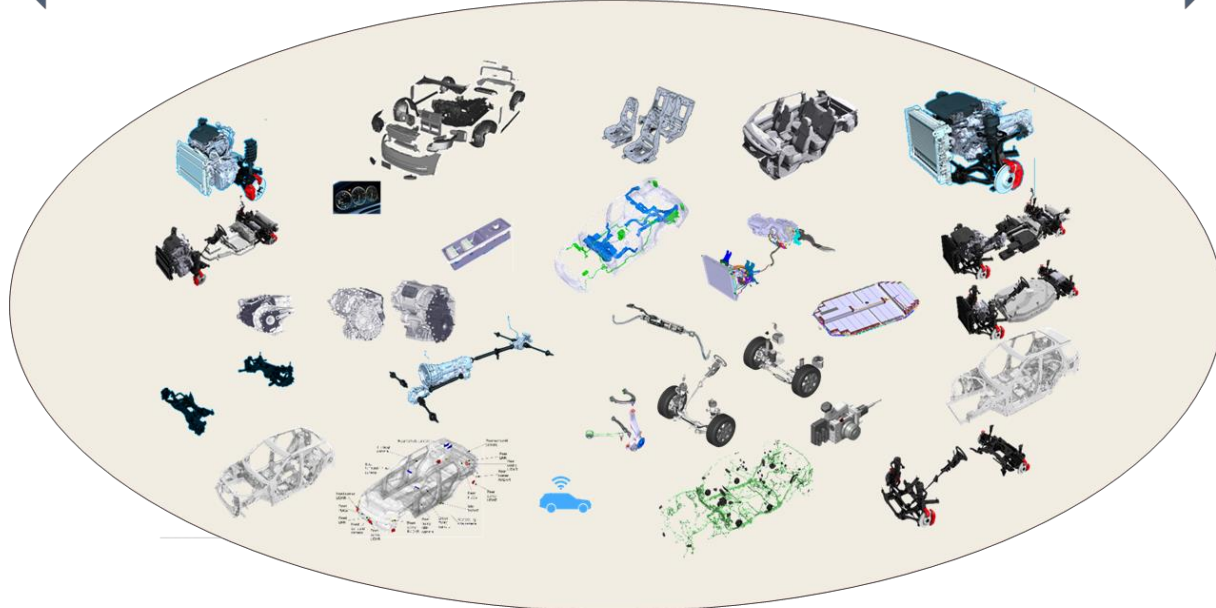
D2a



D7e



JLR universal, scalable toolkit



Phase 1 – PTA (ICE + hybrid)
Compact SUV

Phase 2 – MLA (Flex propulsion)
Large SUV
Large Premium Sedan

Phase 3 – MLA (Flex propulsion)
Medium SUV

Phase 4 – MLA (Flex)

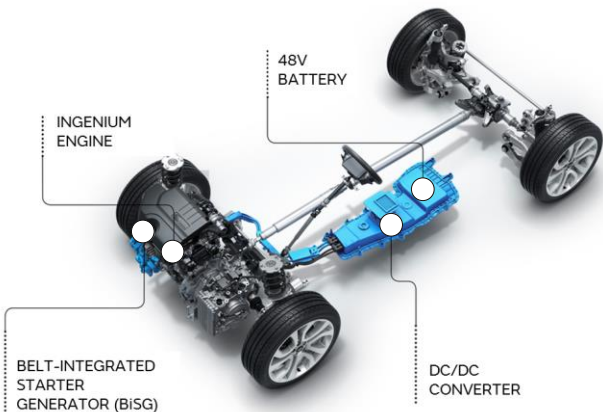
Flexible, scalable toolkit to transform efficiency and cost in our pioneering products

Flexible architecture with flexible, efficient propulsion systems



Mild Hybrid

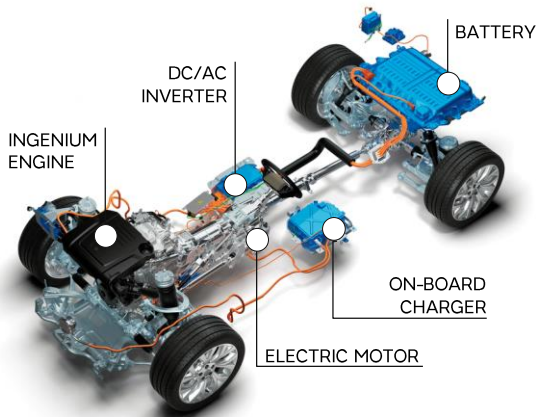
Energy is harvested during braking to assist the ICE, boosting performance and increasing fuel economy by **~12%**



Up to **12%** lower CO₂
Low particulate emissions

Plug-in Hybrid

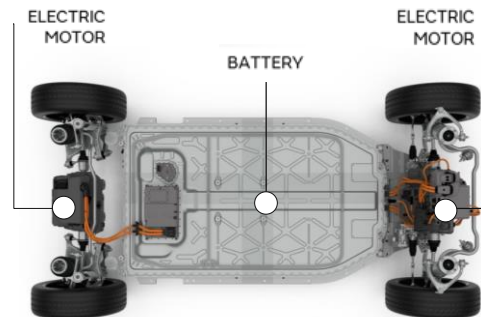
50km electric-only range from **13.1kWh** battery, plus an Internal Combustion Engine (ICE)



Up to **70%** lower CO₂
Lower particulate emissions

Battery Electric

470km electric-only range from **90.2kWh** battery



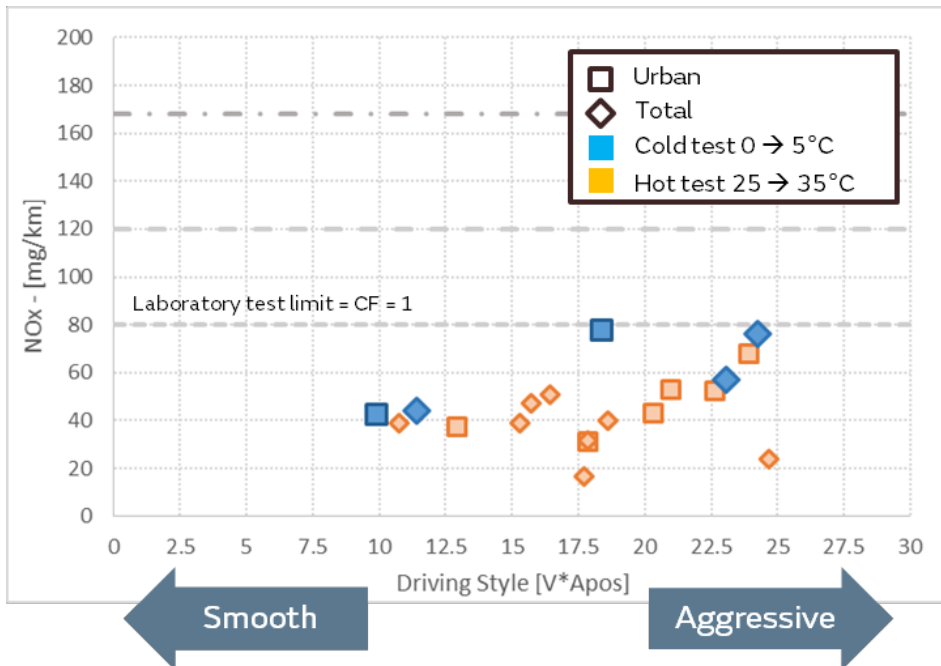
Up to **100%** lower CO₂
Lowest particulate emissions

Our strategy delivers a fully emissions compliant portfolio

And we are continuing to engineer clean diesels



Tailpipe Nitrogen Oxides (NO_x) are low for all driving styles and use cases



New Evoque is the first luxury compact SUV to achieve strict RDE2 compliance, ahead of schedule



3000+ tests on our 19MY vehicles



Testing completed for WLTP 2nd Act certification



In addition to emissions reductions, customers are being rewarded with tax reductions for clean diesels



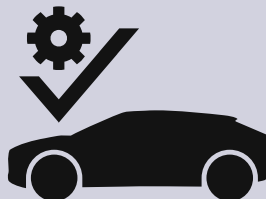
Our leading powertrain expertise continues to deliver results, ahead of schedule!



1. Transforming
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commodities and
architectures



3. Improving our
quality



4. Reducing our
costs



5. Leveraging
strategic
partnerships



6. Sustainable
innovation

We have listened to, and acted on, customer feedback to improve features and quality



63,000 new car owners
voted Jaguar as
Brand with Best Features



"I like the whole package. It looks great, drives well and the automatic gearbox is superb. The option to change modes is brilliant. Very comfortable and huge space in the boot."
- Jaguar customer

Voters rated highly:

- ☐ Wi-Fi connectivity
- ☐ InControl infotainment system
- ☐ Remote climate feature

Positive praise for the quality and features transformation in our new vehicles

Software over the Air (SOTA) enables latest technology in every car



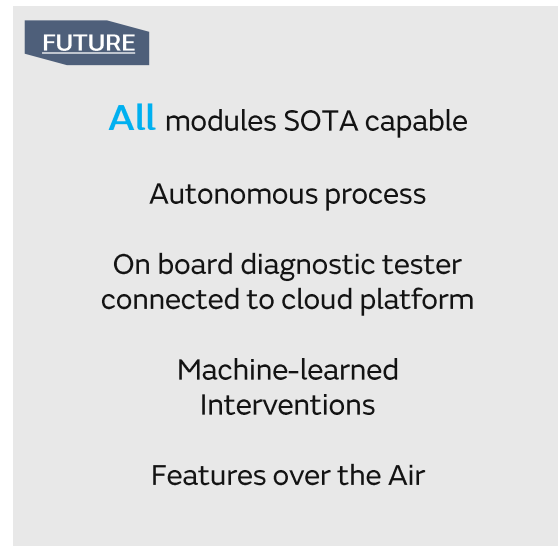
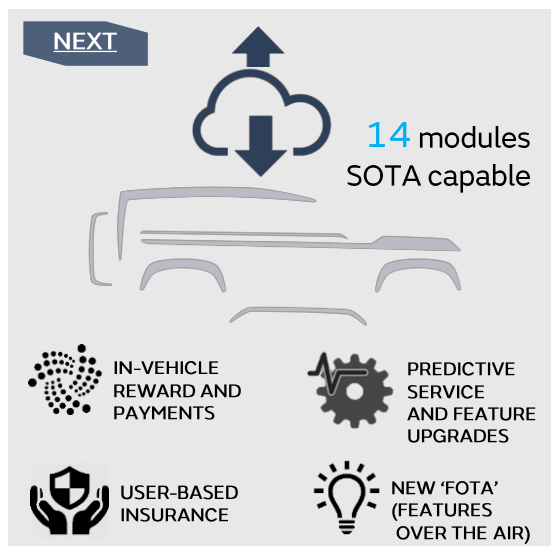
Warranty
reduction

Predictive
servicing

Recall
avoidance

Leveraging data
analytics

New revenue
streams



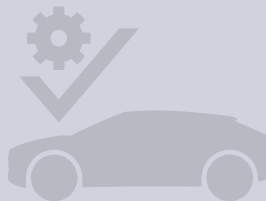
Harvesting data, coupled with SOTA, is a key enabler for system performance and quality



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innovation

Through Project Charge, Tiger Teams are identifying opportunities to streamline



Streamlining exact customer needs

Using data analytics for customer trends and business impact

Analysing industrial footprint to identify efficiencies

Reducing complexity for optimised customer offering

Child part configuration opportunities

Reduction in front seat variants

Reduction in door casings

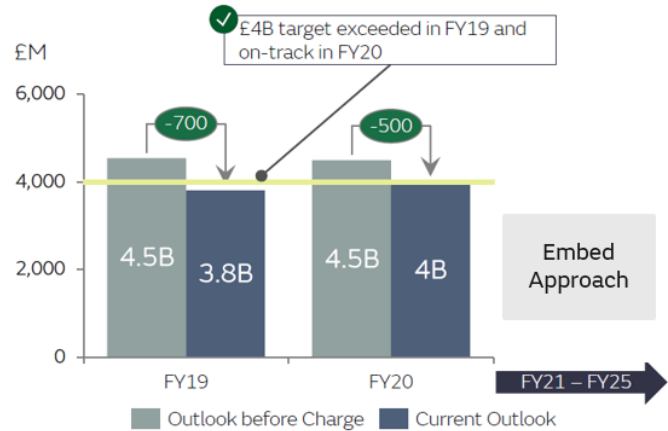
Reduction in headliner variants

Reduction in spring & damper assemblies

Tiger teams – part of Charge

Efficiently optimising customer offering

YoY Investment Saves
The Investment Savings since Charge began are shown below

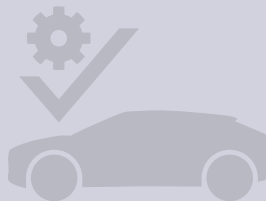




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partnerships



6. Sustainable
innovation

Engineering collaborations with global partners to leverage skills, efficiency and technology



Autonomous



BOSCH



Infotainment



LG



QNX

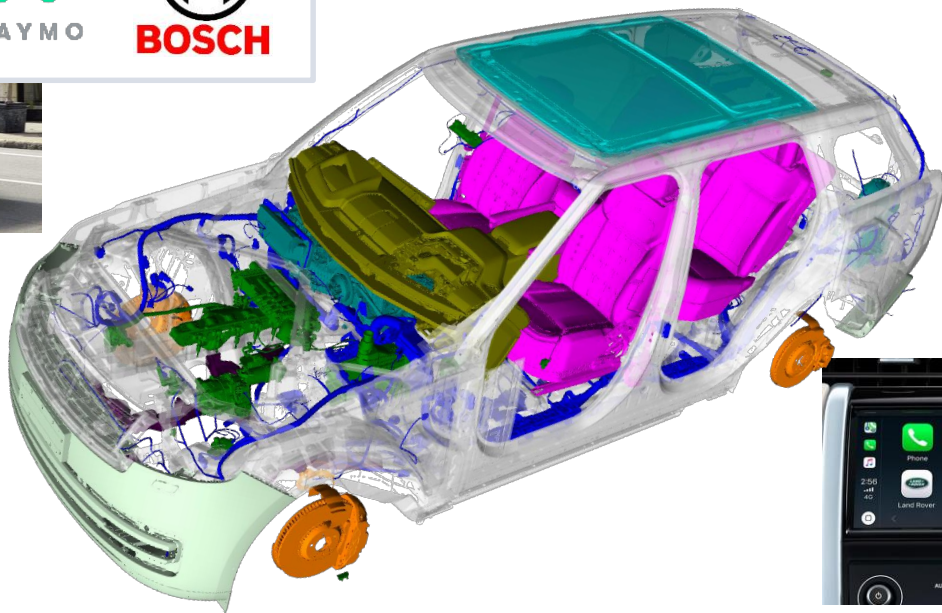
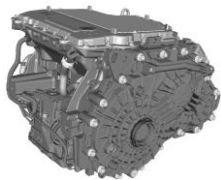


百度



ANDROID

Propulsion Systems



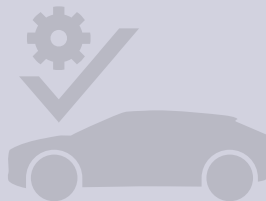
Key strategic partnerships help us play a key role in the automotive shared economy



1. Transforming
skills and efficient
resource



2. Smart, efficient
commodities and
architectures



3. Improving our
quality



4. Reducing our
costs



5. Leveraging
strategic
partnerships



6. Sustainable
innovation

We have leveraged global trends for modern customer needs to innovate clean and sustainable technologies



Sustainable interiors

53 recycled plastic bottles in Kvadrat seats

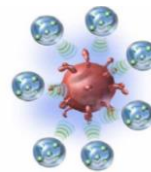
30% natural wood fibres in Eucalyptus seat fabric



Health and wellbeing

Remove **>98%** impurities with Cabin Air Ionisation

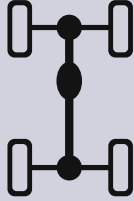
Motion sickness modelling to prevent recurrence



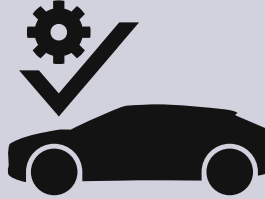
Health and wellbeing is a key focus for our future technologies



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partnerships



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innovation

PRODUCT ENGINEERING TRANSFORMATION FOR A SUSTAINABLE FUTURE

Nick Rogers
Executive Director, Product Engineering



FINANCIAL OUTLOOK

JLR INVESTOR DAY

Adrian Mardell
Chief Financial Officer

Business Overview

Jaguar Land Rover performance to date



- Jaguar Land Rover has delivered solid performance over the long term, through exciting products, strong profits and investing in our future. Between FY11 and FY19 JLR has:
 - Increased revenues to £24b (12% CAGR)
 - Generated PBT of over £13b (before exceptional items)
 - Generated c. £27b of operating cash flow before investment of c. £25b in new products, technology, capacity and infrastructure
- FY19 financial performance was weak as a result of industry headwinds, including challenging China market, diesel uncertainty in Europe and UK and increasing regulatory requirements and rapid technological change requiring significant ongoing investment
 - PBT before exceptional items £(358)m and after exceptional items £(3.6)b
 - Cashflow £(1.3)b after investment of £3.8b
- In FY19, we were encouraged by the success of newer products such as the award winning I-PACE, E-PACE and Range Rover Velar, as well the success of our turnaround led by Project Charge, which is ahead of schedule having delivered £1.25b of cash and cost savings to date
- Going forwards we are committed to restoring profitable growth, driven by exciting new products, such as the new Defender, as well as further efficiencies from Project Charge and Accelerate

Looking ahead

Planning targets



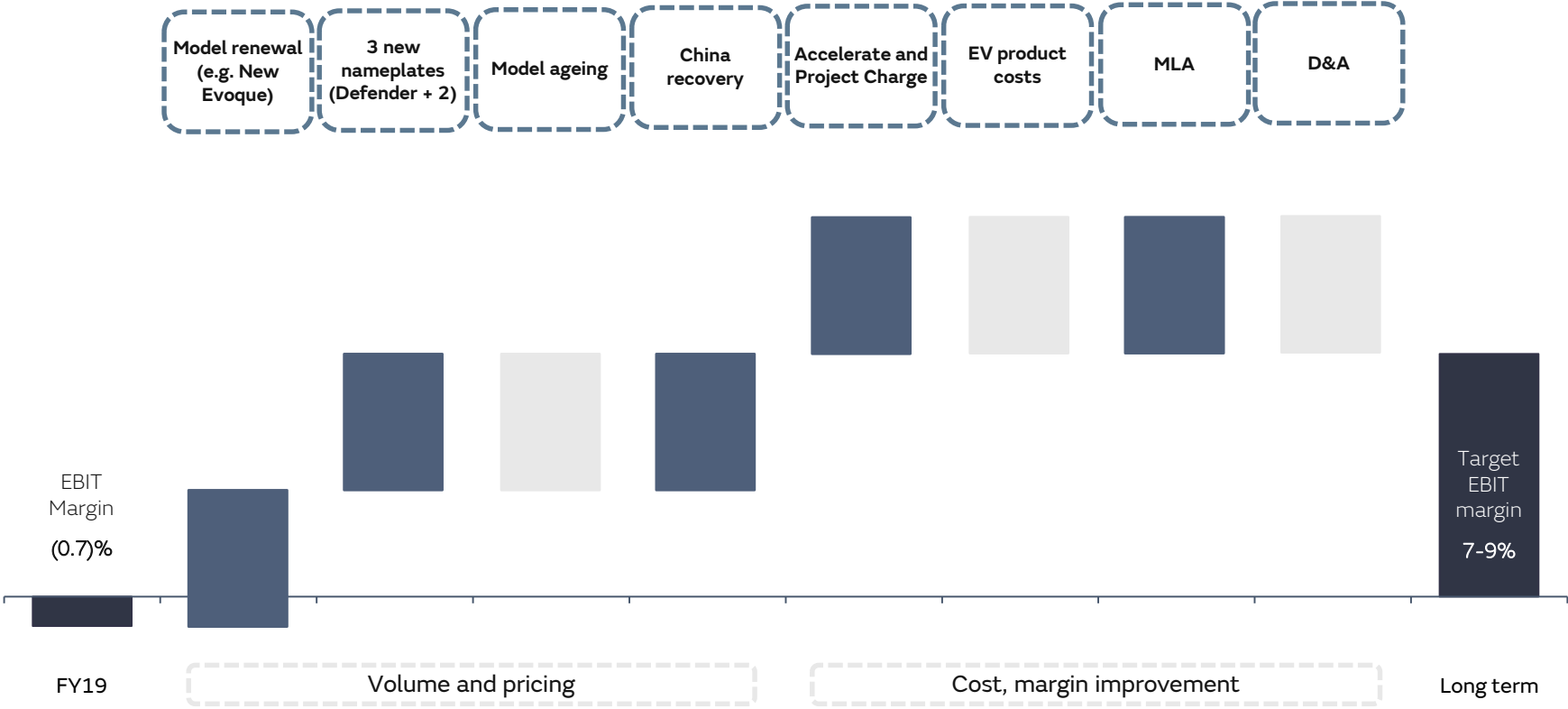
Key metrics	FY20-21	FY22-23	Beyond
Retail sales growth	> Premium Segment	> Premium Segment	> Premium Segment
EBIT margin	3-4%	4-6%	7-9%
PBT	Positive	Positive	Positive
Investment spending	Up to £4b	Up to £4b	11-13% of revenue
Free cash flow	Negative, improving	Positive	Positive
Gross debt/EBITDA	≤ 2.5x	≤ 2.5x	≤ 2.0x

- Expect improved PBT, margins and cash flow, driven by strong product pipeline, Project Charge and Accelerate
- In FY20, loss with negative cash flow expected in Q1, reflecting Brexit costs (e.g. extra week of plant shutdown in April and potential WLTP ACT 2 certification delays) in addition to historical sales and production seasonality; profit expected in subsequent quarters with improving cash flow
- FY21 guidance reflects the impact of significant prior model run outs and changeovers in the period

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

Margin improvement

Driven by new products and cost improvements



NOTE: DIRECTIONAL ONLY; NOT TO SCALE

Capital allocation



- JLR WACC is c. 9.7% (post tax)
- JLR generally targets returns of 25% on new and replacement product programmes (non-product and infrastructure investments can have lower rates of return)
- As a result of lower than planned volumes and weak financial performance in FY19, JLR concluded that the carrying value of capitalized investments should be written down, resulting in a £3.1b pre-tax exceptional charge

Drivers of future improved returns on capital

- Sales growth and improved operating leverage from new and replacement models but with more conservative volume assumptions
- Project Charge and Accelerate
- More efficient platform strategy (MLA)
- Collaborations
- Increased commonality and reduced complexity

FY19

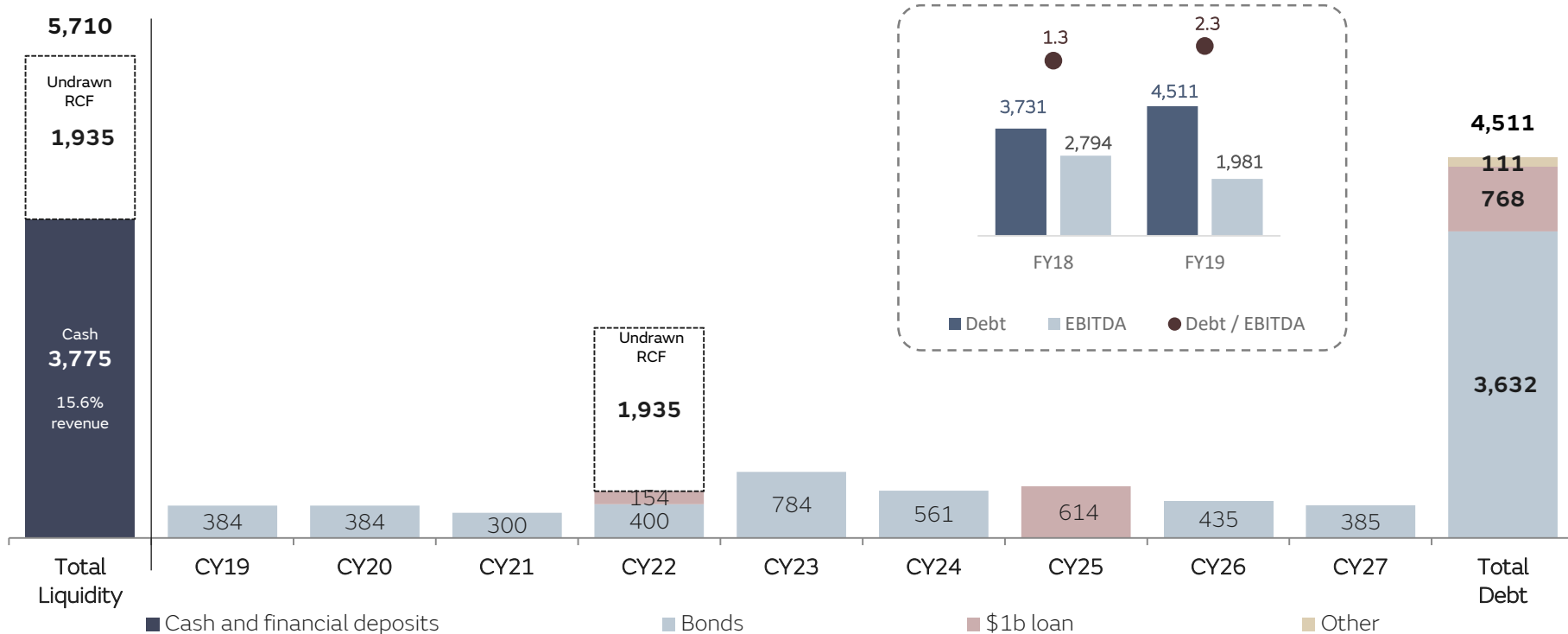
£5.7b total liquidity

After £1.3b cash outflow and \$700m debt maturity



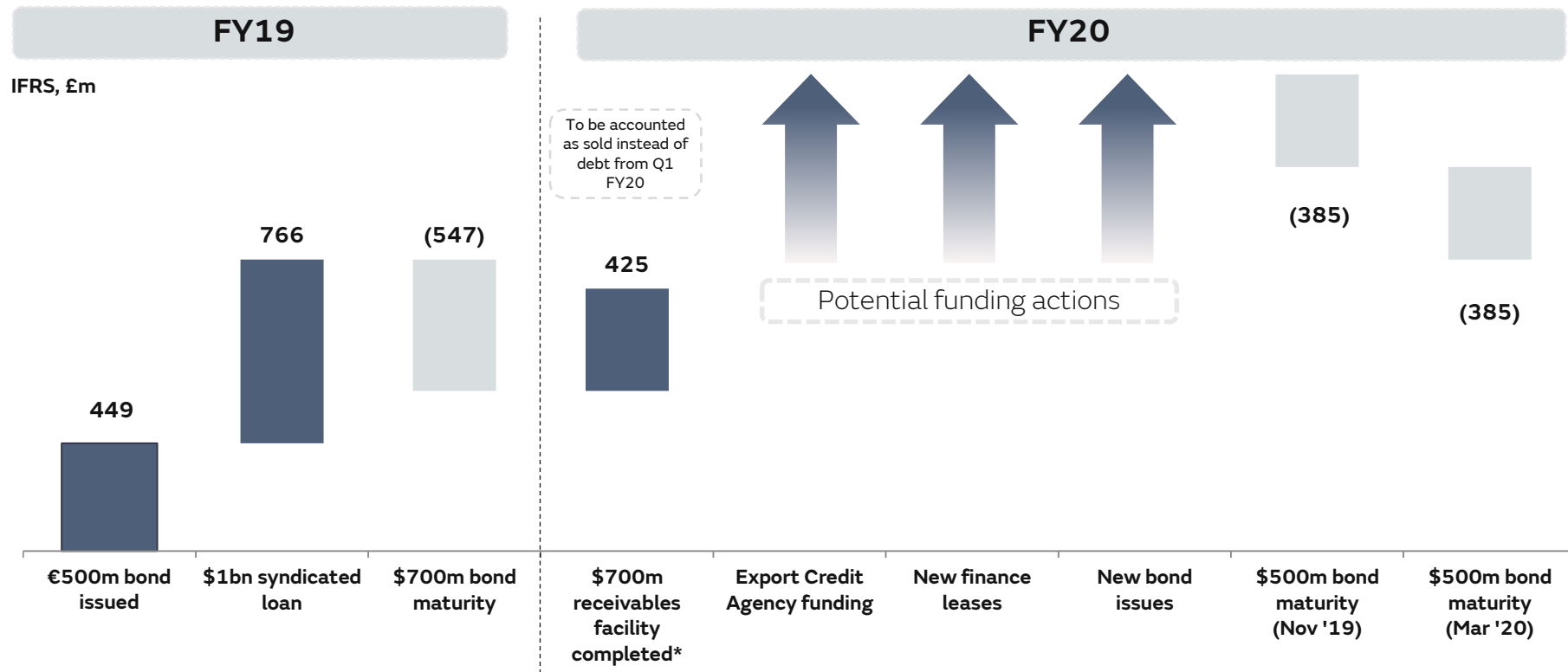
Debt maturity profile

IFRS, £m



FY19 funding actions and FY20 funding options

New \$700m receivable discounting facility completed



* £425m incremental funding from \$700m receivable facility over c. \$150m utilisation under preceding facility.

IFRS 16 lease reporting to start 1 April 2019

c. £500m of operating leases to be reclassified as debt



- The adoption of IFRS 16 is an IFRS accounting requirement for JLR starting in FY20*
- This represents an accounting reporting change:
 - Most operating lease and lease-like transactions will be accounted on the balance sheet as debt with a corresponding capitalized asset on the balance sheet. The reported lease liability will be c. £500m.
 - Lease payments will be accounted as principal and interest payments instead of lease operating expense while the capitalized asset will be amortized.
- No change in economics or actual cash flows

*JLR is adopting a “modified retrospective” approach to IFRS16 implementation, meaning: (1) No restatement of prior year comparatives; (2) Difference between opening right of use assets and lease liability taken to reserves

Turnaround and transformation plan

Proactive response to improve results in challenging environment



Continue to execute Project Charge to improve profits and cashflow in FY20

Improve China results

Drive longer term structural improvements in costs, sales, time to market and quality with Accelerate

Maintain solid liquidity and balance sheet

Continue to develop a strong finance team to support the transformation of the business



JAGUAR LAND ROVER INVESTOR DAY

Jaguar Land Rover Classic Works
Wednesday 5th June 2019



Q&A WITH THE BOARD OF MANAGEMENT

JLR INVESTOR DAY

Jaguar Land Rover Classic Works
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