



JAGUAR LAND ROVER

JP MORGAN GLOBAL HIGH YIELD & LEVERAGED FINANCE CONFERENCE

BEN BIRGBAUER, TREASURER

FEBRUARY 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

- Q3 FY19 represents the 3 month period from 1 October 2018 to 31 December 2018
- Q2 FY19 represents the 3 month period from 1 July 2018 to 30 September 2018
- Q1 FY19 represents the 3 month period from 1 April 2018 to 30 June 2018
- Q3 FY18 represents the 3 month period from 1 October 2017 to 31 December 2017
- Q2 FY18 represents the 3 month period from 1 July 2017 to 30 September 2017
- Q1 FY18 represents the 3 month period from 1 April 2017 to 30 June 2017
- FY19 represents the 12 month period from 1 April 2018 to 31 March 2019
- H2 FY19 represents the 6 month period from 1 October 2018 to 31 March 2019
- H1 FY19 represents the 6 month period from 1 April 2018 to 30 September 2018
- H1 FY18 represents the 6 month period from 1 April 2017 to 30 September 2017
- LTM represents the 12 month period from 1 July 2017 to 30 June 2018
- FY18 represents the 12 month period from 1 April 2017 to 31 March 2018
- FY17 represents the 12 month period from 1 April 2016 to 31 March 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



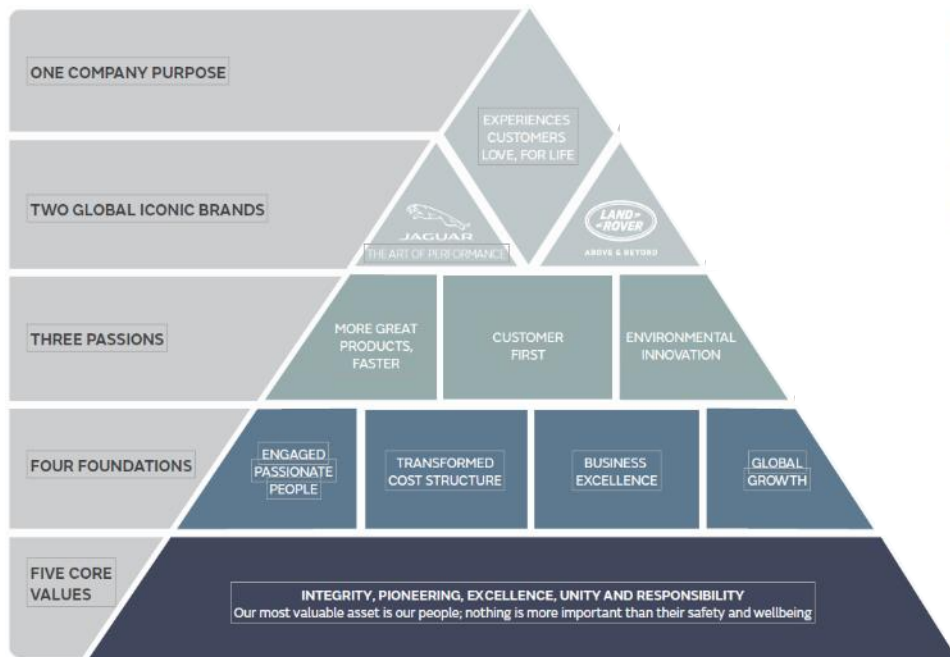
Business and strategy overview	4
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Financial performance FY19	14
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Consistent strategy

Investing to drive sustainable profitable growth



Business Blueprint



Investment strategy

Products



Technology



Capacity and infrastructure



Growing Jaguar Land Rover model range

Up to 13 nameplates vs 8 in 2010, plan 16 by 2024



LUXURY



XJ



XF SPORTBRAKE



XF



XE

SPORTS



F-TYPE



F-TYPE CONVERTIBLE



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

LIFESTYLE



F-PACE



E-PACE



I-PACE



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

LUXURY – RANGE ROVER



RANGE ROVER



RANGE ROVER SPORT



RANGE ROVER VELAR



NEW EVOQUE

LEISURE - DISCOVERY



DISCOVERY



DISCOVERY SPORT

DUAL PURPOSE - DEFENDER



LAND ROVER DEFENDER
To be revealed CY19



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



Technology transformation

Autonomous, Connected, Electrification, Shared (ACES)



AUTONOMOUS

- Waymo long term partnership
- Self drive valet park testing in the UK



CONNECTED

- Remote smartphone app
- Wi-Fi Hotspot
- SOS Emergency Call and roadside assistance
- Stolen Vehicle Tracker



ELECTRIC

- All JLR models will have an electric option from 2020
- I-PACE BEV. Range Rover, Range Rover Sport and Evoque hybrids
- In-housing of electric drive units and battery pack assembly announced



SHARED

- Ride hailing service
- Community car sharing
- Self driving taxi service
- Pay per mile insurance



Ambitious electrification plans

To meet increasing demand, diesel and emissions challenges



Range Rover and
Range Rover Sport
Diesel Hybrids

Range Rover and
Range Rover Sport
PHEVs

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

BEV's/hybrids
available on all
JLR models



2014

2017

2018

2019

From 2020

EV
Nameplates

2

2

3

6

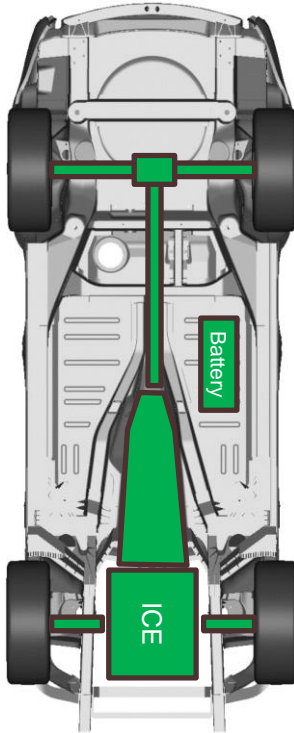
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Investing in Modular Longitudinal Architecture

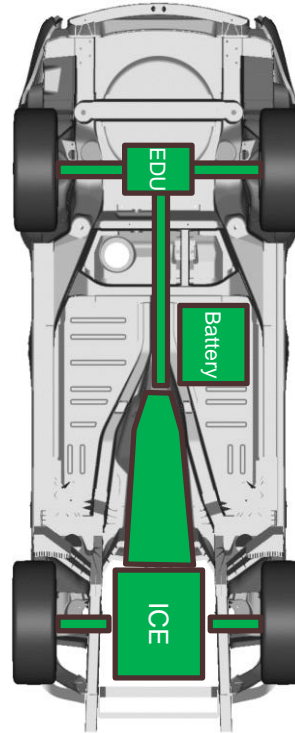
To enable cost efficiencies and flexibility across powertrains



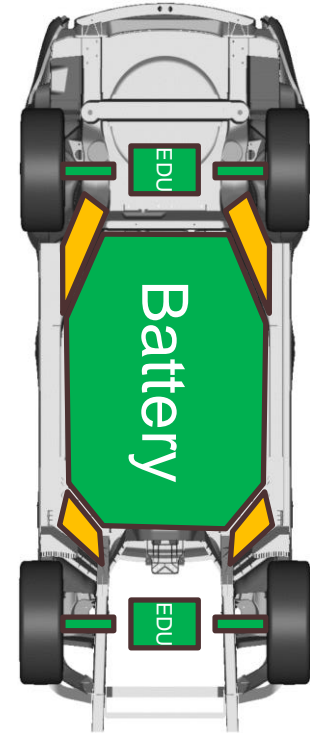
ICE & MHEV



PHEV



BEV



Expanded manufacturing footprint



UK



SOLIHULL
335K



**WOLVERHAMPTON
ENGINE
MANUFACTURING
CENTRE (incl. EDU's)**
500K



HALEWOOD
130K



**BATTERY ASSEMBLY
CENTRE, BIRMINGHAM**

**CASTLE
BROMWICH**
53K





HISTORICAL FINANCIAL PERFORMANCE

Profitable growth over the long term

Recent headwinds and lower profitability



Over the period FY11 to FY18 JLR:

- Increased revenues by 15% CAGR to £26 billion
- Generated PBT of over £14 billion
- Invested over £20 billion in new products, technology, capacity and infrastructure
- Delivered over £3 billion cash flow (after funding the investment)

More recently, we have experienced lower volume growth and profitability, reflecting:

- Economic, geopolitical and regulatory headwinds including diesel, Brexit and market cyclicity particularly in China
- Technology and regulatory costs
- Higher incentive spending in competitive markets
- Negative operating leverage from lower volume growth and higher D&A expenses

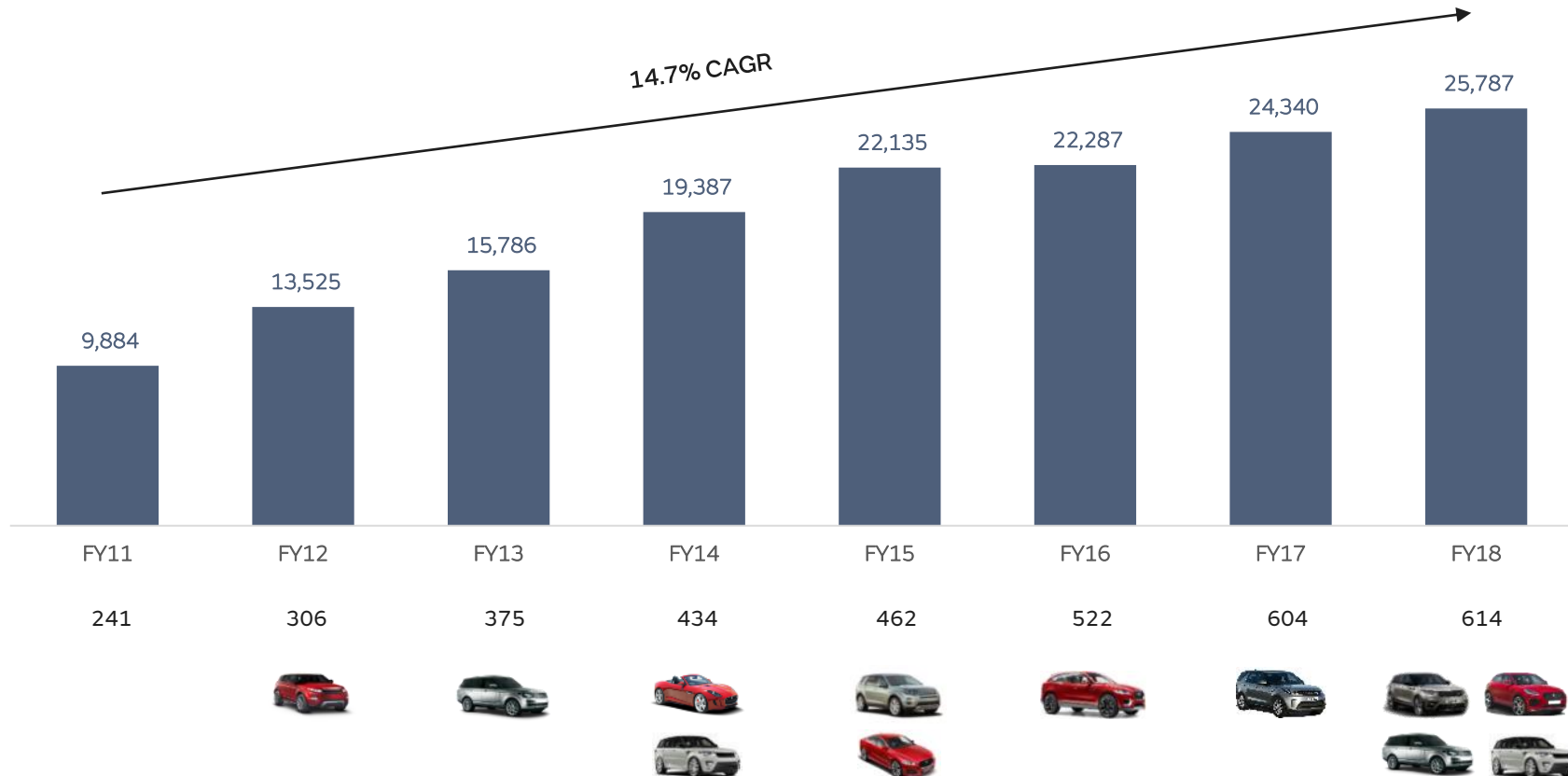
Project Charge restructuring programme to reduce cost and improve cash flow combined with a strong product pipeline to return JLR to generating sustainable, profitable growth

Strong revenue growth driven by new models

Recent growth slower: cyclicalities, diesel and Brexit



IFRS, £m



Generated £14b PBT FY11–18

Lower profitability more recently



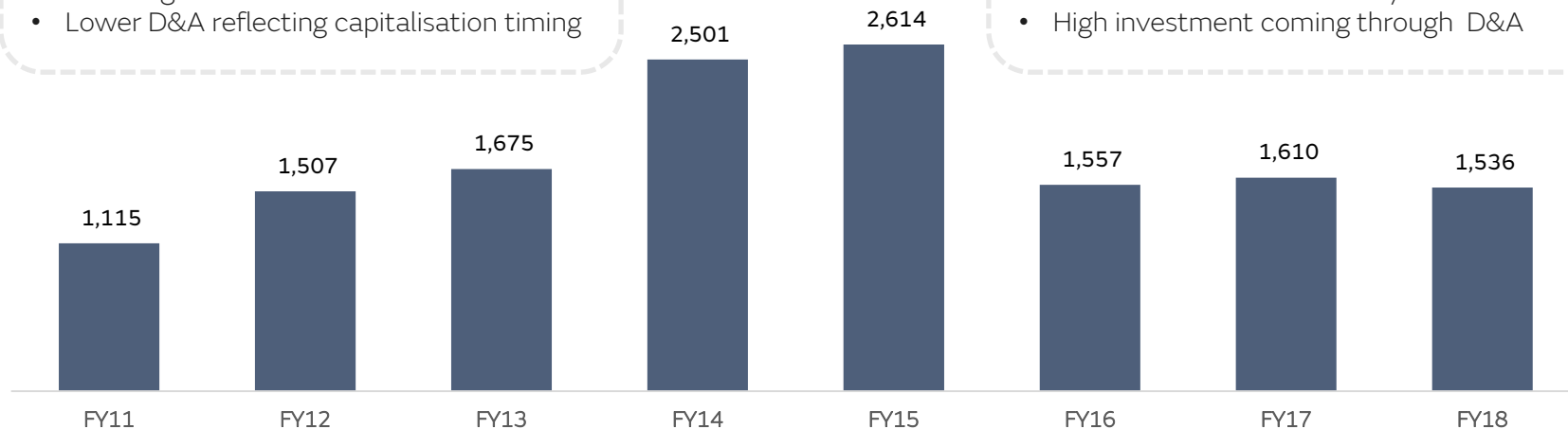
£ millions

Increasing profitability FY11-15 reflecting:

- Strong volume growth, 18% CAGR, driven by new models, new segments and China market growth
- Lower D&A reflecting capitalisation timing

Lower profitability FY16-18, reflecting:

- Lower volume growth, 8.5% CAGR with market challenges including cyclical, diesel and Brexit uncertainty
- High investment coming through D&A



Exceptionals

- - - - - (157) 151 438

EBITDA margin	15.5%	15.6%	14.9%	17.5%	18.7%	14.1%	12.1%	10.8%
EBIT margin	11.5%	12.2%	10.9%	12.9%	13.9%	8.0%	5.9%	3.8%



FINANCIAL PERFORMANCE – FY19

Exceptional £3.1b non-cash charge in Q3

To reduce the carrying value of capitalised investments



Background

- The automotive industry is facing significant market technological, and regulatory headwinds. At the same time, investment in new models, electrification and other technologies remains high
- Given the muted demand scenario and the associated impact on the financials, JLR has concluded that the carrying value of capitalized investments should be written down, resulting in a £3.1b pre-tax exceptional charge
- JLR continues to take decisive actions including the Charge and Accelerate programs to make the business fit for future by reducing costs and improving cash flows to deliver sustainable profitable growth

Impact of exceptional charge

- Loss before tax for the 9 months to 31 December 2018 of £3.7b
- Net worth £6.2b (debt to equity 0.75:1)
- Cash flow unchanged
- Will reduce growth in depreciation & amortization by c.£300m per annum

* £3.1b related to impairment and £17m related to pension charge

** Reflects impairment of £3.1b partially offset by a reduction in deferred tax liabilities

IFRS, £m

**PBT before
exceptional
items**

(627)

**Exceptional
items***

Intangibles
£(1,557)

PPE & other
£(1,565)

(3,122)

**PBT after
exceptional
items**

(3,749)

**Net worth pre
impairment**

9,078

**Net
Impairment****

(2,857)

**Net
worth**

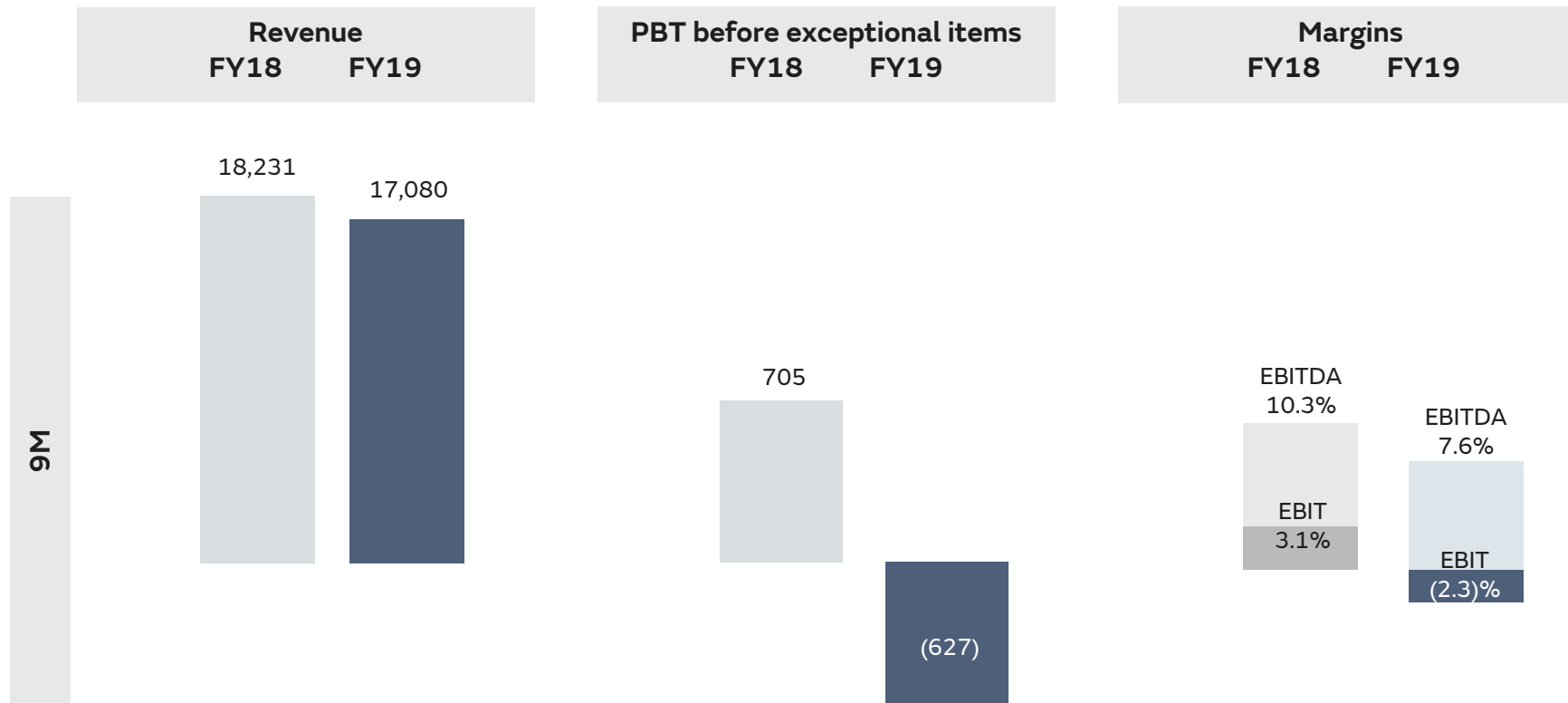
6,221

9M FY19 loss before exceptional items £(627)m

Primarily reflects sharp slowdown in China, higher D&A, reval



IFRS, £m

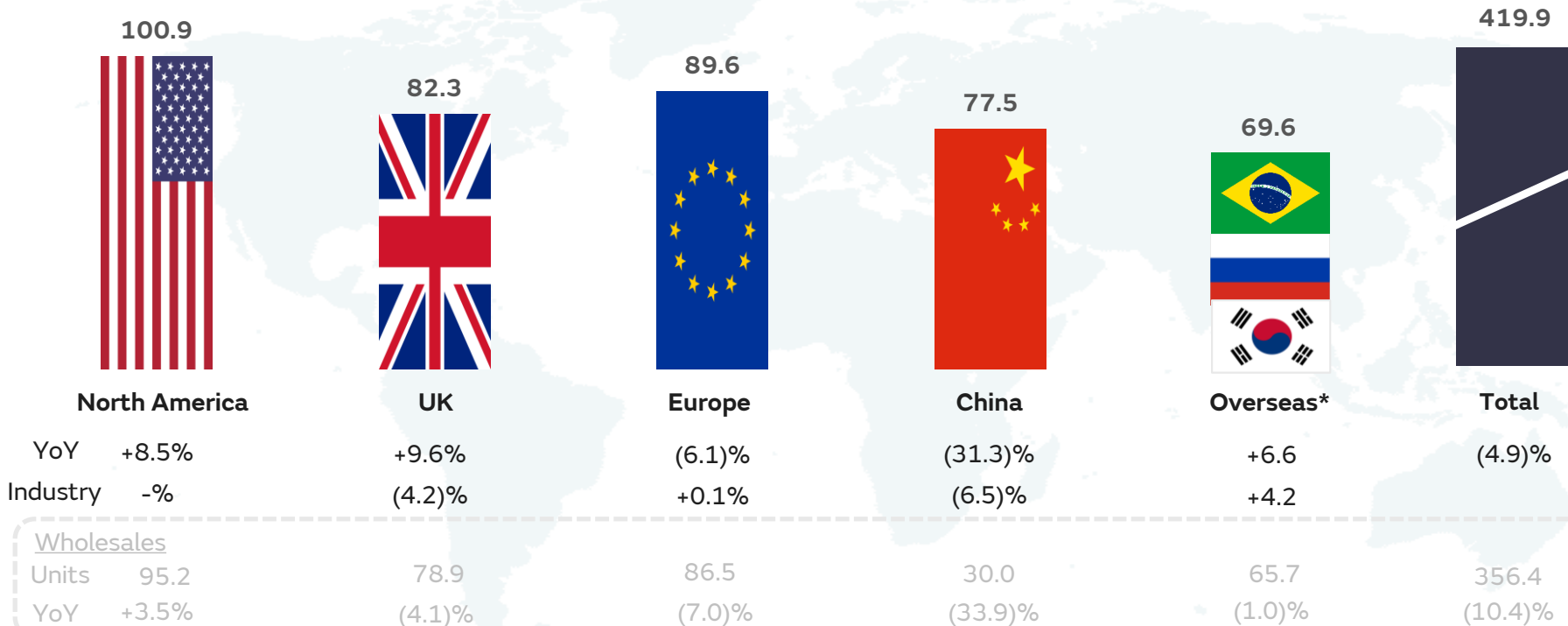


9M FY19 retail sales down YoY

China significantly weaker; North America, UK and Overseas up



Units in '000



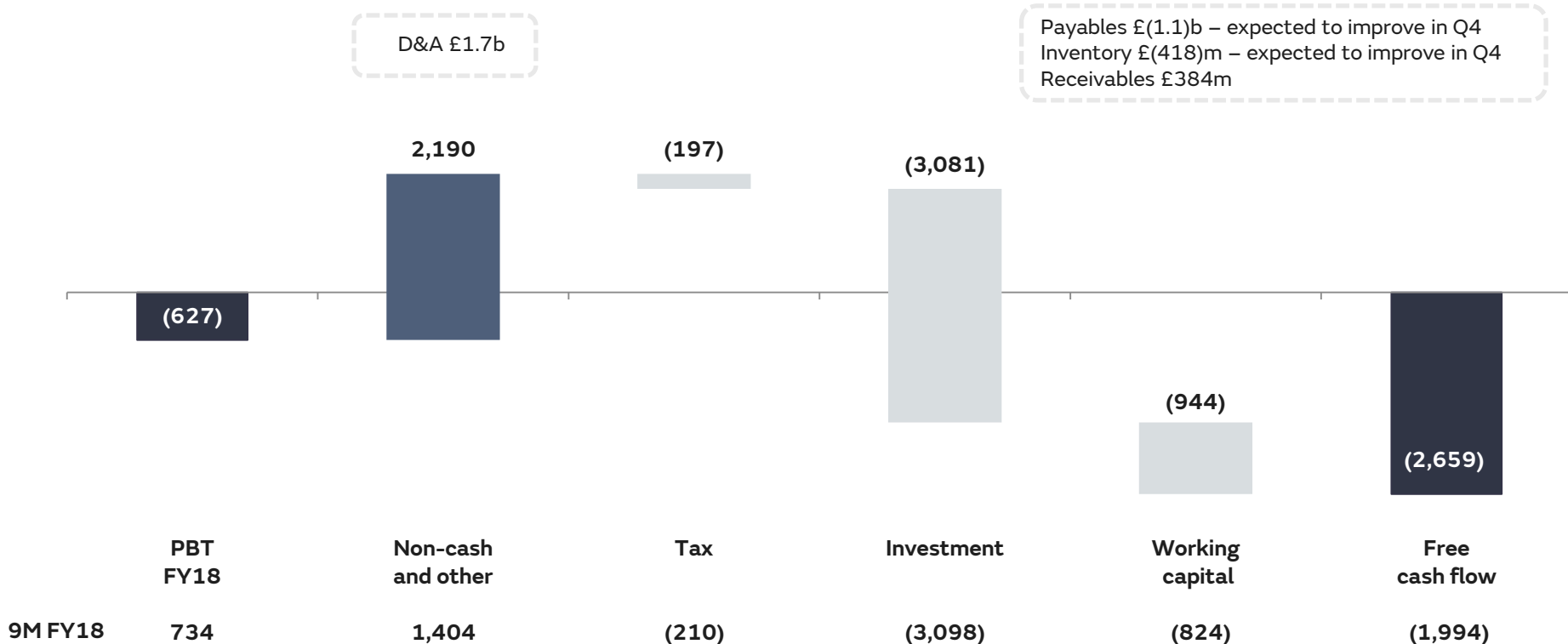
Retail volumes include sales from Chery Jaguar Land Rover – 9M FY19 46,381 units, 9M FY18 65,425 units

Wholesale volumes include sales from Chery Jaguar Land Rover – 9M FY19 47,343 units, 9M FY18 67,764 units. For statutory reporting under IFRS, the Group recognises revenue on wholesales (excluding sales from CJLR) which totals 356,421 9M FY19 and 382,989 9M 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

9M cash flow £(2.7)b after £3.1b investment

Expect positive Q4 cash flow (positive PBT and working capital)



* 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

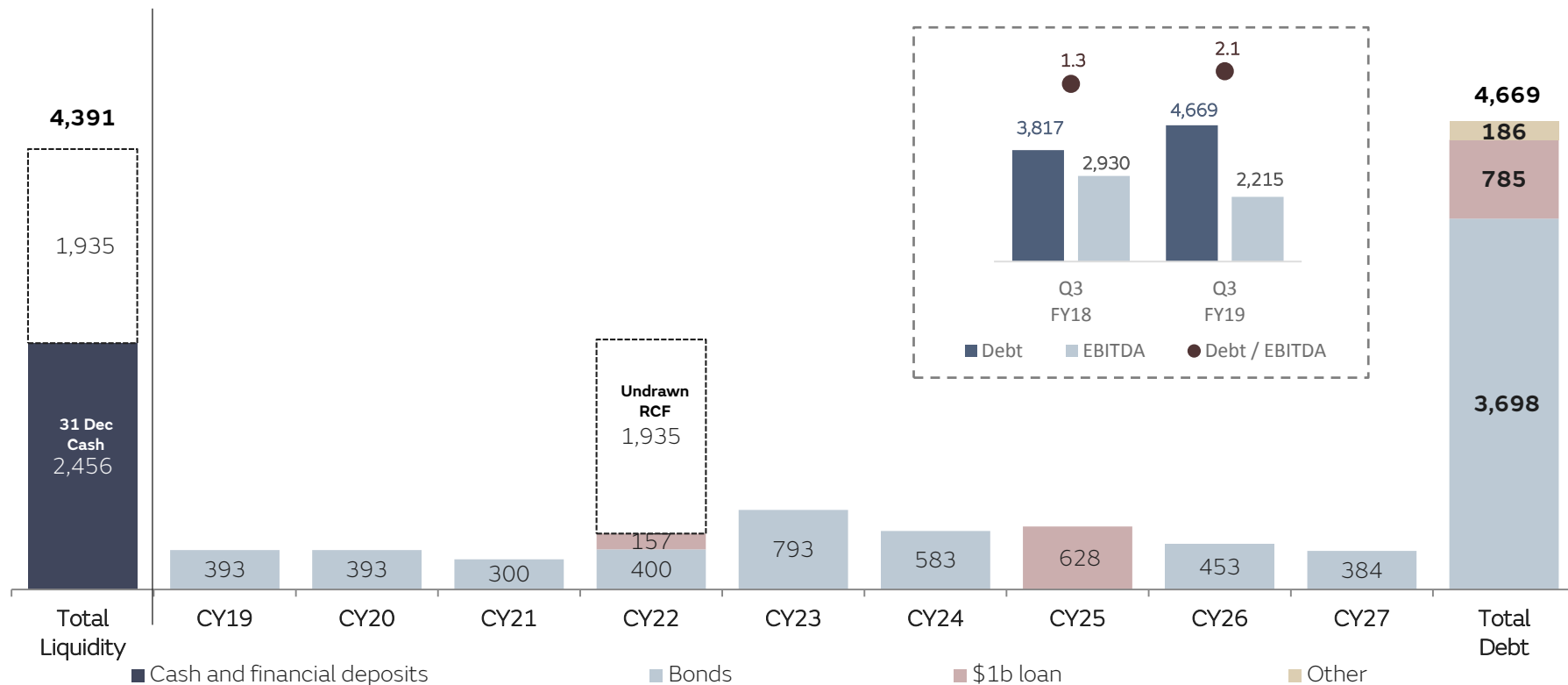
£4.4b total liquidity at 31 December 2018

After \$700m bond repayment in December



Debt maturity profile

IFRS, £m





JLR TURNAROUND AND TRANSFORMATION PLANS

Turnaround and transformation plan launched

Response to more challenging market conditions



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



Turnaround plan required to succeed in this more challenging environment

1. Rejuvenate sales
 - Leverage strong product portfolio
 - Resume profitable growth in China
2. Improve cash flows and profitability -- Project Charge
 - Enhanced focus on improving cashflow -- investment, working capital and profits
 - Comprehensive profit improvement and cost savings plan
 - Reassessment of investment spending to ensure adequate returns
3. Fix structural issues -- Project Accelerate

Rejuvenating sales

Launching all new Range Rover Evoque

Including mild and plug-in hybrid options



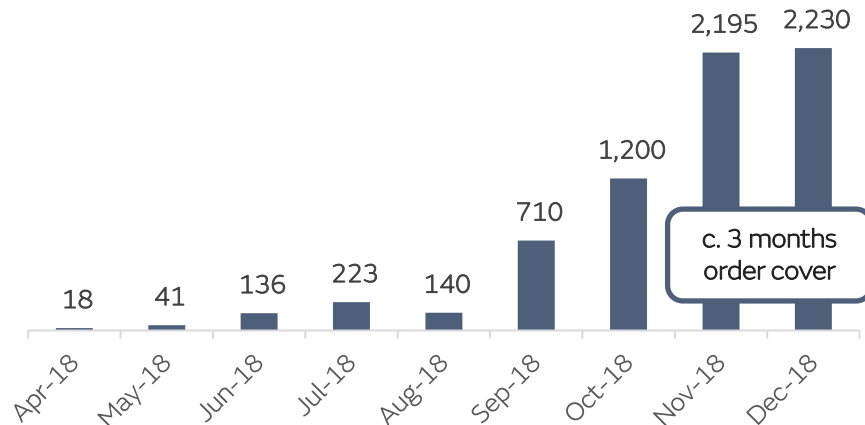
Rejuvenating sales

Jaguar I-PACE now launched globally

Growing sales and strong order book



I-PACE retail volumes



German Car of the Year



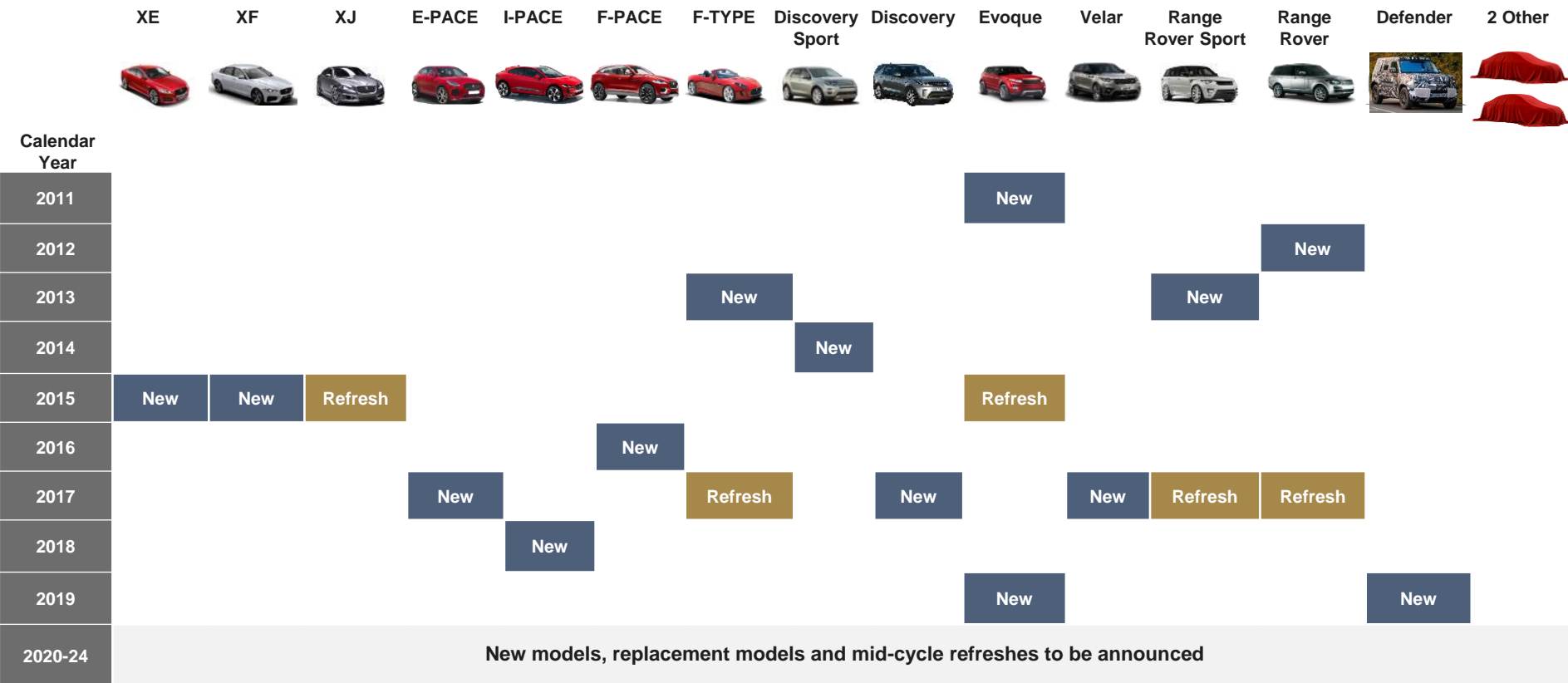
EV of the year



Rejuvenating sales

Continuing to strengthen product portfolio

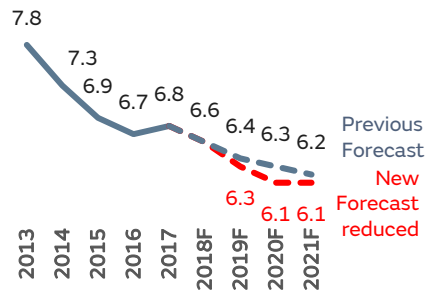
All new Evoque launching, Defender to be revealed in 2019



China: Macroeconomic environment is challenging

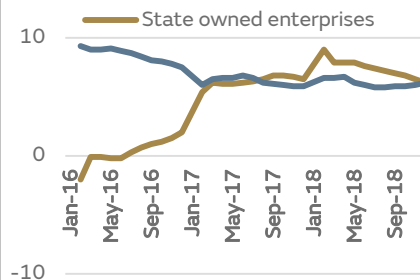


GDP growth rate [YoY%]

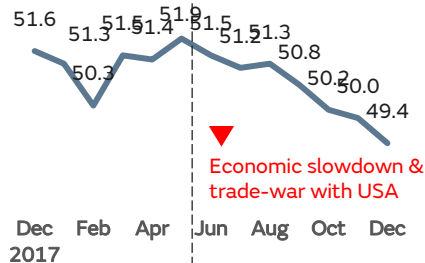


Industrial value added

[Cumulative growth rate YoY%]



PMI [Manufacturing purchasing manager index]



Shanghai Composite [Stock market index]

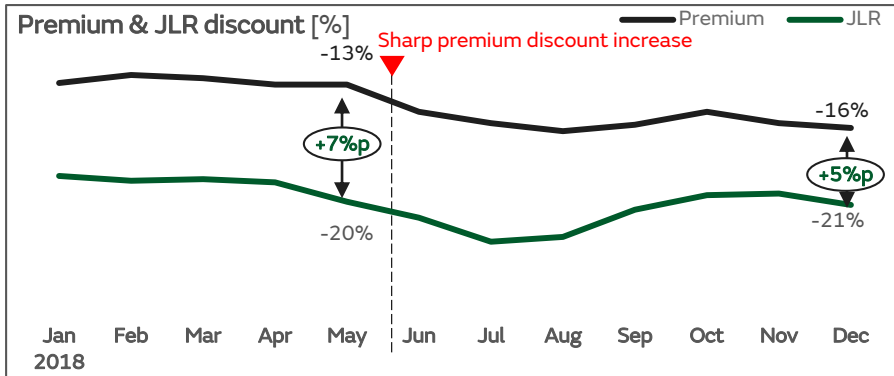
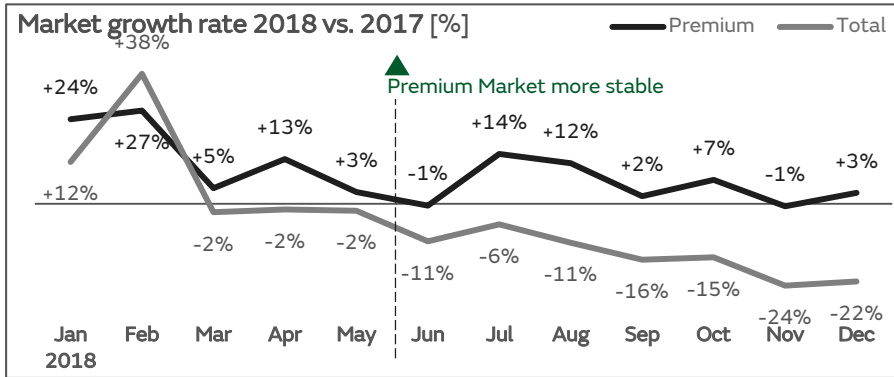


- Economic outlook pessimistic despite significant expansion of state owned enterprise's value added
- GDP growth of private enterprises, the key consumers of premium car market drops
- Both PMI and the Shanghai Composite have dropped significantly since the second half of 2018

Rejuvenating sales – China market update

Industry volumes weakening

Sales incentives rising



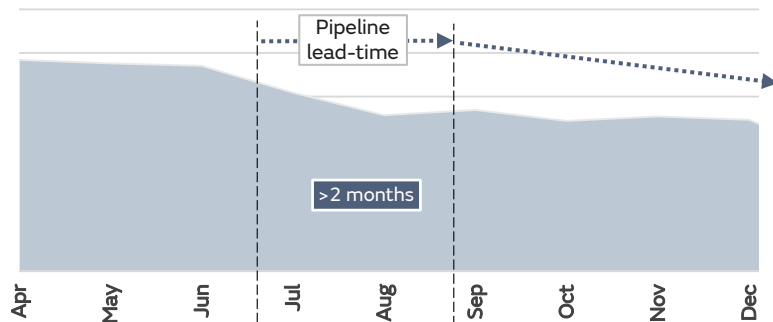
- CY18 is the first time since 1990 that the total passenger car market declined (-8%)
- The premium market hit it's lowest growth since 2004 with +8%
- Premium market growth achieved by tapping into the lower segments via heavy discounts
- Started to focus on dealer profitability over volumes to get back to sustainable growth
- JLR discounts have been higher than competition, however, we are narrowing the difference as competitors have been increasing discounting in response to weaker market conditions over the course of the year

Immediate focus: create sustainable dealer model

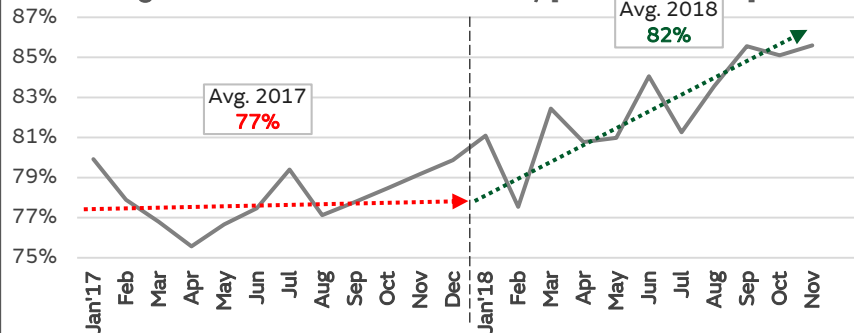


Shift to 'Pull' system

Dealer stock development [inventory in units]



Share of registrations within dealer's own city [% of total sales]

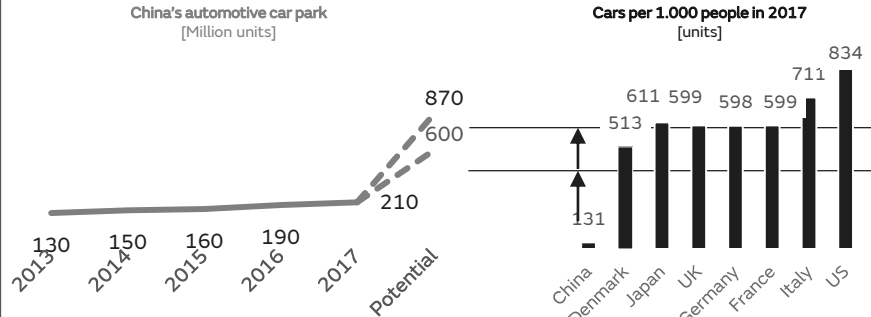


- Supplies have been cut to reduce our own and dealer stock, the 2019 target is 1.5 months
- Commercial policies streamlined
 - Simplified retail incentives instead of wholesale
 - Additionally support to compensate for retailers losses
 - Qualitative improvements e.g. incentives for local registrations to grow a stable after-sales revenue income
- Extensive dealer on site training launched to improve customer experience and drive operational excellence
- Alignment with dealers secured
- Expect sales to stabilize in the next few months and grow thereafter

Long term premium opportunity substantial (4m+)



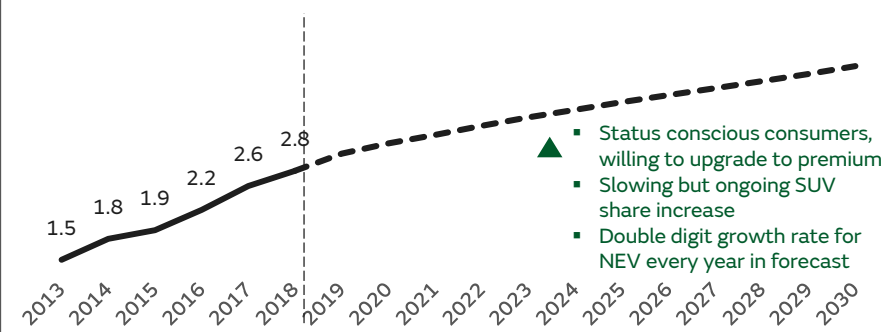
Overall demand for cars in China



PV Market Forecast [million units per JLR brand category]

JLR brand category	2017 Sales [k units]	2017 # of brands	2025 Sales FC [k units]	[CAGR]
Super premium	4	6	7	+5.8%
Core premium	2,610	17	3,929	+5.3%
Near premium	2,943	5	3,270	+1.3%
Core non-premium	9,638	29	11,696	+2.5%
Low Cost	12,745	50	14,738	+1.8%
Total	27,940	>100	33,639	+2.1%

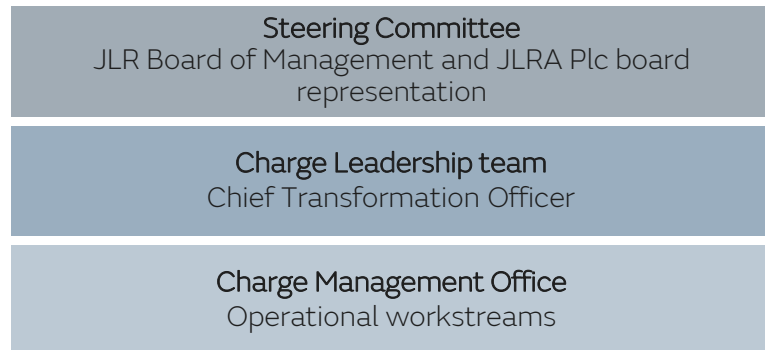
Premium Market Forecast [million units]



- We remain optimistic about China
- Market development likely to triple car park from today's level of 600-800m cars, e.g. annual demand of 35-50m cars
- For JLR, by 2025, this means an annual market size of:
 - 4m "Core Premium" vehicles
 - 3m upgradation opportunity from "Near Premium"

Project Charge: off to an encouraging start

On-track to achieve £2.5b target, Profit actions focus of next phase



Cash balance



Investment



Working capital



PBT



Retails



Organisation

	TARGET (FY19/20)	REALISED (By 31 Dec'18)	% REALISED (By 31 Dec'18)
INVESTMENT Reduction in FY19 & FY20 to <£4bn	£1.0bn	£300m	30%
INVENTORY & WORKING CAPITAL REDUCTIONS	£0.5bn	£200m	40%
PROFIT & COST ACTIONS	£1.0bn	£40m	4%
	£2.5bn	£540m	20%

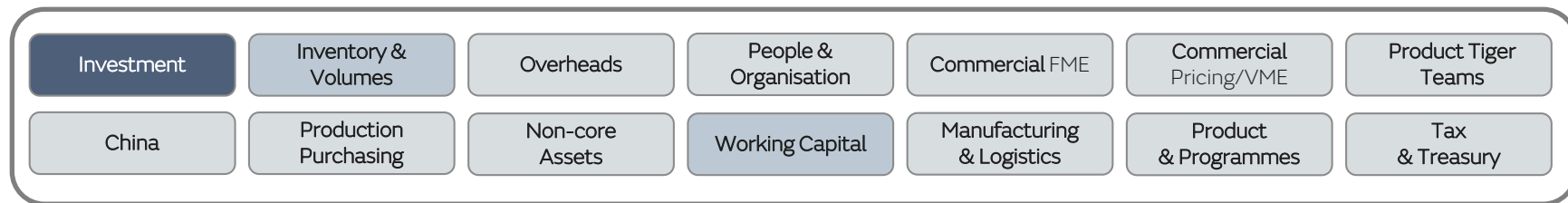
Time Elapsed : 17%

IDEAS. ACTIONS. CASH.

CHARGE

Significant actions across 14 work streams

To deliver target savings of £2.5b with more to implement



To realise in the days ahead

Investment	Volumes	Inventory	People & organisation	Product cost "Tiger teams"	Commercial
Non-product and non-core investment reduction and cancellation e.g. real-estate	Production schedules further adjusted including at Engine Manufacturing Centre in Wolverhampton and Changshu	Continue to target global destocking of inventory and actively reduce company Own Use Vehicle stock	4,500 workforce reduction announced following release of 1,500 employees in 2018. £200m one time separation charge	Agile, cross functional teams to rapidly implement product profit improvement. Actions in place for 2020 Model Year.	Improve model year transition to reduce pressure on VME More targeted and efficient fixed marketing spend
£700m	£300m		£960m, of which >£400m through workforce reduction		

Brexit mitigation actions

Preparations for the possibility of a 'No Deal' outcome



'No Deal' Brexit

Short-term considerations

Delays at ports could disrupt the importation of components into the UK for manufacturing, as well as the export of finished vehicles

JLR response

1) Factory downtime

- Pull forward of five scheduled Easter Holiday dates beginning 15 April
- Additional five days of plant downtime added (8 - 12 April)

2) Production buffer stock

- JLR plans to have sufficient production buffer stock to minimise potential disruption arising during the first week of April

3) Governance around operational continuity

- A comprehensive cross-functional Brexit Governance programme in place, minimising impact a 'No Deal' Brexit where possible. Examples:

Purchasing	Marketing & Sales	IT	Customs
Managing supplier engagement and 'No Deal' readiness	Assessment of potential pricing action in response to 'No Deal'	Systems updates to support changes to pricing and customs management	Ensuring customs compliance across EU and EU Trade Agreement markets

Longer-term considerations

Imposition of tariffs on UK-EU and UK-EU 3rd country trade would adversely impact JLR profitability

JLR response

- 1) JLR would attempt to pass on pricing for tariffs but it is uncertain to what extent this will be possible
- 2) The Pound would also likely weaken against all foreign revenue currencies and would provide some offset against the cost of tariffs on EU and EU treaty revenues
- 3) JLR would need to reassess its manufacturing and sourcing strategy

JLR's external engagement on 'No Deal'

JLR continues to actively engage with government and trade bodies globally on the implications of a 'No Deal' Brexit

Looking ahead – Market Outlook

Our plans



Challenges

- High Incentives
- Tariff risks

Positives

- Strong SUV demand



Challenges

- Brexit
- Diesel uncertainty



Challenges

- Diesel uncertainty
- Slowing economy



Challenges

- Continued Macro headwinds
- Lower consumer confidence

Positives :

- Tier 1 & 2 demand good
- Premiumisation is a mega trend

Looking ahead

Our plans



Key metrics	FY19	FY20-22	Beyond
Retail sales growth	Negative	> Premium Segment	> Premium Segment
EBIT margin	Marginally negative	3-6%	7-9%
PBT	Negative	Positive	Positive
Investment spending	Up to £4b	Up to £4b	11-13% of revenue
Free cash flow	Negative	Negative in FY20; Positive thereafter	Positive
Gross debt/Ebitda	≤ 2.5x	≤ 2.5x	≤ 2.0x

- FY19 retail sales growth expected to be negative with a marginally negative EBIT margin. Disappointed with overall performance due to unexpected slowdown in China
- Continue to invest up to £4b p.a in exciting products and technologies
- Drive long term sustainable growth in China with revised “Go-to-market” strategy whilst continuing to strengthen our brands
- Deliver Project Charge targets of £2.5b by end of March 2020 with enhanced focus on costs and profitability in the next phase
- JLR investor day scheduled for Wednesday 5th June at the British Motor Museum, Gaydon, Warwickshire, UK

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