



Trading Update

For the quarter ended 31 December 2012, total retail sales were 88,658 units and total wholesale sales were 94,828 units, both up from the previous two quarters.

We are finalising the preparation of our financial results for the quarter ended 31 December 2012.

Those results are scheduled to be announced in February 2013 together with Tata Motors's results for the same period.

Based on present management estimates and subject to confirmation by the results announcement to be made in February, we expect that for the quarter ended 31 December 2012:

- Revenue will be higher than the previous two quarters reflecting the higher sales volumes.
- EBITDA is likely to be in the region of levels reported for the previous two quarters and EBITDA margin is likely to be slightly lower than in the previous two quarters, primarily reflecting less favorable exchange rates, the ongoing effect of a higher mix of Evoque sales and other factors.
- Free cash flow (cash from operations after capital spending) will be negative in the quarter ended 31 December (reflecting working capital calendarisation effects); free cash flow will be positive in the first nine months of the Fiscal year to date.

Growth and future capital investment strategy

Our strategy continues to be to profitably grow our strong, globally recognised brands and invest substantially to develop new products in new and existing segments with new powertrains and technologies to meet customer aspirations and regulatory requirements, as well as invest in manufacturing capacity to meet customer demand. We continue to have a longer term capital spending target of 10-12% of revenue, which we believe is in line with other premium competitors, but in the near and medium term, we expect our capital spending to be a greater percentage of revenue in order to realise the present opportunities we see for growth.

In Fiscal 2013, we continue to estimate total capital spending will be in the region of £2.0 billion (which we expect to be approximately 50% for R&D and 50% for expenditure on tangible fixed assets such as facilities, tools and equipment).

Given the significant growth in our sales and profitability with a strong cash and liquidity position, we plan to continue to increase and accelerate capital spending to develop new products in new and existing segments, invest in new powertrains and technologies to meet customer and regulatory requirements, grow our manufacturing footprint in China and explore manufacturing opportunities in other markets. As a result, we expect that our capital spending could increase to be in the region of £2.75 billion in Fiscal 2014.

We continue to target funding most of our capital spending out of operating cash flow. After capital spending in the region of £2.75 billion, in Fiscal 2014, free cash flow could be negative. We expect that our strong balance sheet and liquidity (£2,176.5 million of total liquidity and £795.0 million of undrawn committed credit lines with two and four years remaining as at 30 September 2012), as well as proven access to funding from capital markets and banks would also support our investment plans as required.