Tata Motors Consolidated Q4 FY23 Results:
Revenue ₹105.9K Cr, EBITDA at ₹14.1K Cr, PBT (bei) ₹5.0K Cr, Auto FCF ₹11.3K Cr

- Q4 FY23 Details:
  - JLR Revenue £7.1b up 49.0%, EBITDA at 14.6% (+200 bps), EBIT at 6.5% (+450 bps)
  - Tata CV Revenue ₹21.2K Cr, up 14.6%, EBITDA at 10.1% (+420 bps), EBIT at 8.6% (+520 bps)
  - Tata PV Revenue ₹12.1K Cr, up 15.3%, EBITDA at 7.3% (+40 bps), EBIT at 1.4% (+20 bps)
- FY23: Consolidated Revenues ₹346.0K Cr (+24.2%), EBITDA 10.7% (+110 bps), EBIT 3.6% (+290 bps).

Mumbai, May 12, 2023: Tata Motors Ltd. announced its results for quarter ending March 31, 2023. The results represent the details on consolidated segment level.

		Consolidated (₹ Cr Ind AS)		Jaguar Land Rover (£m, IFRS)		Tata Commercial Vehicles (₹Cr, Ind AS)		Tata Passenger Vehicles (₹Cr, Ind AS)	
		FY23	Vs. PY	FY23	Vs. PY	FY23	Vs. PY	FY23	Vs. PY
Q4 FY23	Revenue	105,932	**35.1 %**	7,102	**49.0 %**	21,240	**14.6 %**	12,093	**15.3 %**
	EBITDA (%)	13.3	**210 bps**	14.6	**200 bps**	10.1	**420 bps**	7.3	**40 bps**
	EBIT (%)	6.8	**360 bps**	6.5	**450 bps**	8.6	**520 bps**	1.4	**20 bps**
	PBT (bei)	5,000	**₹4,627 crs**	368	**£359m**	1,704	**₹1,097crs**	234	**₹192 crs**
FY 23	Revenue	345,967	**24.2%**	22,809	**24.5 %**	70,816	**35.4 %**	47,868	**51.9 %**
	EBITDA (%)	10.7	**110 bps**	11.3	**100 bps**	7.4	**370 bps**	6.4	**110 bps**
	EBIT (%)	3.6	**290 bps**	2.4	**280 bps**	5.2	**480 bps**	1.0	**300 bps**
	PBT (bei)	1,467	**₹7,841 crs**	(64)	**£348m**	3,235	**₹3,367 crs**	736	**₹1,593 crs**

Tata Motors Consolidated:
Q4 FY23 was one of the strongest quarters for TML Group with consolidated revenues at ₹105.9K Cr, EBITDA at ₹14.1K Cr, PBT (bei) at ₹5.0K Cr and net auto debt reduction of ₹13.8K Cr. Volumes continued to improve on strong India demand and better supplies at JLR. Pricing actions and richer mix led to improved ASPs and higher revenue growth. Easing inflation, better mix, pricing actions and favorable operating leverage resulted in strong improvements in margins and profits.

In FY23, the business recorded an all-time high revenue of ₹ 346.0K Cr and an EBITDA ₹37.0K Cr and PBT (bei) of ₹1.5K Cr. The India business net debt was lowest in 15 years at ₹6.2K Cr.

Dividends: The Board of Directors have recommended a final dividend of Rs 2/- per Ordinary Share (100% of Face Value) and Rs. 2.1 per share for DVR shareholders subject to approval by the shareholders at the AGM.

Outlook: We remain optimistic on the demand situation despite near term uncertainties and expect a moderate inflationary environment in the near term. In this context, we aim to further improve and deliver a strong performance in FY24. The momentum is expected to build through the year factoring in seasonality, stabilization of JLR supply chain and post RDE impact in India.

PB Balaji, Group Chief Financial Officer, Tata Motors said:
"The year ended on a strong note with all automotive verticals delivering robust performances leading to multiple all-time high achievements. The distinct strategy employed by each business is delivering, in unison, leading to a sharp improvement in overall results. We remain confident on growth with cash flow generation, to achieve our stated goals"

JAGUAR LAND ROVER (JLR)

HIGHLIGHTS

- Revenues in Q4 FY23 of £7.1 billion, up 49% (y-o-y); Full year revenue for FY23 of £22.8 billion, up 25% vs FY22 as chip supply improved further.
- Wholesales in Q4 were 94,649 units, up 24% (y-o-y); Full year wholesales of 321,362, up 9% vs FY22.
- Free cash flow in Q4 FY23 of £815 million resulting in £1.3 billion in H2FY23 and £521 million for the full year.
- Q4 EBIT margin was 6.5%; FY23 EBIT margin was 2.4% up from (0.4%) in FY22.
- Q4 FY23 profit before tax and exceptional items of £368 million.
- Net debt improved to £3.0 billion as of 31 March 2023 with cash of £3.8 billion and liquidity of £5.3 billion (including undrawn £1.52 billion revolving credit facility).
- Order book at 200K units remains strong despite increased retail sales. Range Rover, Range Rover Sport and Defender represent 76% of the book.

REIMAGINE TRANSFORMATION

- Investment of £15bn over five years in JLR's electrification and digital transformation:
  - JLR's Halewood plant in the UK which will become an all-electric manufacturing facility.
  - Over 11,300 employees and partners reskilled for electrification with a further 11,625 in training now.
  - Opened further three new global tech hubs to develop autonomous technologies as part of NVIDIA partnership.
  - New partnership with Tata Technologies to achieve faster time to market though new cloud technologies.
  - Announced House of Brands strategy to amplify our brands: Range Rover, Defender, Discovery, and Jaguar, with Land Rover as a trust mark, visible on our vehicles, websites, social media and retail sites
    - New Range Rover Sport SV to be revealed and available for pre-order this month.
    - First pure electric Range Rover will be available for pre-order later this year.
    - First of three reimagined modern luxury electric Jaguars will be a 4-door GT, built in Solihull, UK, to be unveiled in 2024.
    - Reimagined Defender goes from strength to strength as our best-selling model in FY23.
- Refocus transformation programme exceeded the full year target with £1.1 billion of savings this financial year.

LOOKING AHEAD

We expect the gradual improvements in chip supply to continue during the next fiscal year. While supply challenges and macro risks remain, we are targeting to grow wholesales through the year and achieve EBIT margins of over 6% in FY24. Investment spending is expected to increase to about £3 billion in the fiscal year, but free cash flow is expected to be >£2 billion and net debt is expected to reduce to <£1 billion by FY24.

Adrian Mardell, Jaguar Land Rover's Interim Chief Executive Officer, said:

"JLR delivered a strong set of results for the fourth quarter. We increased production and delivered revenue, profit, free cash flow and wholesales growth as chip supply continued to improve. For the fiscal year ahead, while we are mindful of the headwinds that remain, our target is to increase EBIT margins to over 6% and deliver significantly positive free cash flow to reduce our net debt further, while increasing investment to £3 billion. With the collective strength of our people, we will continue to deliver our Reimagine strategy. Demand for our exceptional modern luxury vehicles remains strong and with a pipeline of ultra-desirable electrified models on the horizon, I am excited and confident for our future".

TATA COMMERCIAL VEHICLES (TATA CV)

HIGHLIGHTS

- Q4 revenue at ₹ 21.2KCr, (+14.6%), EBITDA 10.1% (+420 bps), EBIT 8.6% (+520 bps), PBT (bei) ₹ 1.7 K Cr.
- FY23 revenue at ₹ 70.8KCr, (+35.4%), EBITDA 7.4% (+370 bps), EBIT 5.2% (+480 bps), PBT (bei) ₹ 3.2 K Cr.
- Q4 CV domestic wholesales at 112.5 K units (+2.4% yoy), domestic retails at 114.2K units (+6%).
- FY23 CV domestic wholesales at 392.9 K units (21.8% yoy), domestic retails at 397.2K units (24.5% yoy)
- Domestic CV market share (based on Vahan) at 41.7% in FY23 (-300 bps vs FY22), although improving in H2.
- Commenced deliveries of ACE EV, marking a significant leap forward in offering sustainable mobility solutions.
- Smart city mobility business continues to witness strong growth; signed definitive agreement for operating 1,500 buses in Delhi, 921 buses in Bengaluru and 200 buses in Jammu & Kashmir.
- In FY23, introduced over 40 new products and 150 variants. Some notable ones include, launch of India's first CNG vehicle in MHCV, Yodha 2.0, Intra V20 bi-fuel and Intra V50. Introduced new age ADAS technology in vehicles.

FINANCIALS

The commercial vehicles industry continued to recover in FY23 led by strong demand in MHCV's and recovery of CV passenger segment. MHCV growth was driven by the robust demand for heavy trucks required to service the strong infrastructure push by the Government plus increased activity in e-commerce, construction, and mining. Demand for small and light commercial vehicles continued to be impacted due to high interest rates and high base effect. CV exports remained subdued due to the prevailing economic situation in most of our overseas markets.

Q4 revenues at ₹21.2KCr was up 15% yoy despite wholesales being down 3%, reflecting improved mix and better market operating price. In Q4 FY23, the business achieved double-digit EBITDA margin at 10.1% (+420 bps yoy) and strong EBIT margins of 8.6% (520 bps). On a full year basis, business reported revenue growth of 35%, EBITDA and EBIT margins at 7.4% and 5.2% (370 bps and 480 bps improvement yoy) and strong PBT (bei) of ₹3.2K Cr. The demand-pull strategy has started to yield results as profits and market shares improved sequentially.

LOOKING AHEAD

Advance buying in Q4 FY23 in anticipation of price hikes post BS VI Phase II will have near term impact on demand. With the government's continuing thrust on infrastructure development, we remain optimistic about the overall CV demand in FY24 despite near term challengers on interest rates, fuel prices and inflation. We will continue to drive our demand-pull strategy and drive customer preference through innovation, service quality and thematic brand activation. We will aim for higher realizations and cost savings to secure double-digit EBITDA margins for FY24 and improve the performance of all business verticals.

Girish Wagh, Executive Director Tata Motors Ltd said:

"The Indian Commercial Vehicles sector, showed promising growth in FY23 supported by a steady recovery in the economy, rising industrial activity and reopening of market which helped regenerate demand. At Tata Motors, we strengthened our portfolio with introduction of new passenger and cargo mobility solutions, including showcasing range of future ready, safer, smarter and greener mobility solutions, optimized production, accelerated sales, stepped-up our focus on Digitalization and continued to drive the sustainability agenda. We focused on creating 'Demand Pull' to step up registration market share, improve realisations and profitability. This led to achieving double-digit EBITDA margins in Q4. Overall, Tata Motors CV domestic business grew ~22% in FY23 vs FY22. With compliance to BSVI phase II emission norms mandatory from April 2023, we have used the opportunity to also enhance key attributes of our entire portfolio significantly. Our commercial vehicles now deliver enhanced performance enabled by smarter technologies and richer features".

TATA PASSENGER VEHICLES (TATA PV)

HIGHLIGHTS

- Q4 revenue at ₹ 12.1KCr, (+15.3%), EBITDA 7.3% (+40 bps), EBIT 1.4% (+20 bps), PBT (bei) ₹ 0.2 K Cr.
- FY23 revenue at ₹ 47.9KCr, (+51.9%), EBITDA 6.4% (+110 bps), EBIT 1.0% (+300 bps), PBT (bei) ₹ 0.7 K Cr.
- Q4 PV domestic wholesales at 134.8K units (+9.5% yoy), domestic retails at 126.1K units (+ 9.7% yoy).
- FY 23 PV domestic wholesales at 538.5K units (45.4% yoy), domestic retails at 523.5K units (+44.2% yoy)
- Q4 EV volumes (incl. exports) highest at 16.0 K units (+70% yoy). FY23 EV volumes at 50.0K units (+154% yoy).
- EV penetration at 9%, CNG penetration at 8% in FY23.
- VAHAN registration market share strengthened by 210 bps to 13.5% in FY23. EV registration shares at 83.9%
- Deliveries of Tiago.ev commenced, strong response.
- Strong demand for EV fleet segment. MOU with UBER for 25K XPRES–T EVs and other MOUs for 20K vehicles.
- Acquisition of Ford India's Sanand plant complete.
- ₹3,750 Cr for Tranche 2 from TPG Rise Climate received in Q4.

FINANCIALS

Tata PV business continued its strong momentum in FY23. Keeping portfolio "NEW FOREVER", multiple powertrain options and debottlenecking actions drove volumes growth. In FY23 Tata PV domestic wholesales grew 45.4% yoy to 538.5k vehicles, whereas retails grew by 44% to 523.5K vehicles. In Q4 FY23, revenues stood at ₹12.1K Cr (+15.3% yoy), EBITDA and EBIT margins improved to 7.3% and 1.4%. In FY23, business consistently delivered strong performance and delivered revenues of ₹47.9K Cr (+52% yoy), EBITDA margins of 6.4% (+110 bps yoy), EBIT margins of 1.0% (+300 bps yoy) and PBT (bei) of ₹0.7K Cr. Margins improved on higher volumes, better realizations, and operating leverage.

LOOKING AHEAD

Looking ahead, we expect the industry growth to moderate due to a strong base effect and other macro factors like rising interest rates, inflation, and the cost impact from progressive regulatory norms. The electrification trend is set to strengthen further. We will continue to stay agile and strengthen our portfolio and "Reimagining" the front end whilst proactively managing the demand and supply situation. In FY24, we aim to continue to deliver market-beating growth, sustain the aggression in driving up EV penetration, consolidate market share gains, drive actions to reach double digit EBITDA in the coming years and sustain positive free cash flows. We will integrate the new Sanand factory into our industrial footprint and unlock capacity.

Shailesh Chandra, Managing Director Tata Motors Passenger Vehicles Ltd & Tata Passenger Electric Mobility Limited said:

"Passenger vehicle sales grew steeply in FY23 to set a new record for the Indian auto industry. Tata Motors recorded its third successive year of industry beating growth to register its highest ever-annual domestic sales and achieving a robust 46% sales growth over FY22. Tata Motors crossed the significant landmark of 50,000 annual sales in EV's, its highest ever, to post a growth of 154% over FY22. We successfully grew our leadership position by accelerating both EV adoption and the development of its enabling ecosystem. Going forward, we will continue to deliver on new product launches, debottleneck capacities and drive EV penetration further to deliver market-beating growth in coming years."

ADDITIONAL COMMENTARY ON FINANCIAL STATEMENTS

(Consolidated Numbers, Ind AS)

Finance Costs

Finance costs increased by ₹927 Cr to ₹10,239 Cr during FY23 due to higher gross borrowings and some impact of interest rate increase.

Joint ventures, Associates and Other income

For the year, net profit from joint ventures and associates amounted to ₹336 Cr compared with a net loss of ₹74 Cr in FY22. Other income (excluding grants) was ₹ 1,720 Cr in FY23 versus ₹ 929 Cr in FY22.

Free Cash Flows

Free cash flow (automotive) for the year, was positive at ₹7.8K Cr (as compared negative to ₹9.5K Cr in FY22) owing to improvement in cash profits and working capital. The business showed strong sequential recovery with positive free cash flow (automotive) of ₹16.6K Cr in H2.

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