

**TATA MOTORS**



**Press & Analyst Presentation**

**February 14, 2017**

# Tata Motors

Statements in this presentation describing the objectives, projections, estimates and expectations of the Company i.e. Tata Motors Ltd and its direct and indirect subsidiaries and its associates 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 FY17 represents the period from 1<sup>st</sup> October 2016 to 31<sup>st</sup> December 2016

Q3 FY16 represents the period from 1<sup>st</sup> October 2015 to 31<sup>st</sup> December 2015

9M FY 17 represents the period from 1<sup>st</sup> April 2016 to 31<sup>st</sup> December 2016

9M FY 16 represents the period from 1<sup>st</sup> April 2015 to 31<sup>st</sup> December 2015

Financials (other than JLR) contained in the presentation are as per Ind AS.

JLR Financials contained in the presentation are as per IFRS as approved in the EU

*The Company has adopted **Ind AS** for its Standalone and Consolidated financials with effect from April 1, 2016, with comparatives being restated. Accordingly, the impact of transition has been provided in the Opening Reserves as at April 1, 2015 and all the periods presented have been restated accordingly.*

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# Financial Highlights

## Tata Motors Group- Consolidated (Rs Crores)

Q3 FY17 Q3 FY16

**Net Revenue** 67,484 70,567

**EBITDA** 5,975 9,708

**EBITDA %** 8.9 13.8

**PBT** 599 3,414

**PAT** 112 2,953

9M FY17 9M FY16

**Net Revenue** 199,429 192,543

**EBITDA** 21,493 28,781

**EBITDA %** 10.8 14.9

**PBT** 4,149 8,237

**PAT** 3,220 6,467

- Net Auto Debt to Equity as of December 31, 2016 was 0.36

## Tata Motors Group-Standalone (incl Joint Operations) (Rs Crores)

Q3 FY17 Q3 FY16

**Net Revenue** 10,167 10,019

**EBITDA** 153 605

**EBITDA %** 1.5 6.0

**PBT** (1,032) (139)

**PAT** (1,046) (137)

9M FY17 9M FY16

**Net Revenue** 30,940 30,068

**EBITDA** 1,229 2,044

**EBITDA %** 4.0 6.8

**PBT** (1,603) (404)

**PAT** (1,651) (460)

- Net Debt to Equity of TML Standalone as of December 31, 2016 was 0.93

## Tata Motors Group-Jaguar Land Rover (IFRS) (GBP Million)

Q3 FY17 Q3 FY16

**Net Revenue** 6,537 5,781

**EBITDA** 611 834

**EBITDA %** 9.3 14.4

**PBT** 255 499

**PAT** 167 440

9M FY17 9M FY16

**Net Revenue** 17,951 15,614

**EBITDA** 1,898 2,244

**EBITDA %** 10.6 14.4

**PBT** 934 980

**PAT** 715 840

- JLR had Net Cash position as of 31<sup>st</sup> December 2016

For the presentation purpose, revenue has been taken as net of excise duty. EBITDA % is calculated on Revenue net of excise duty. Consolidated PAT is after share of profit/(loss) in respect of associate companies.

Joint Operations included in Standalone financials are Tata Cummins Private Ltd and Fiat India Automobile Private Limited

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# Tata Motors Group-Operating profit performance-Q3 FY17 Snapshot

## Standalone Business Performance :-

Standalone business(including Joint Operations) reported a EBITDA Margin of 1.5%.This broadly reflects :-

- De-growth in M&HCV of 9.0% (Y-o-Y), partially offset by
- Flat LCV growth of 0.2% (Y-o-Y)
- Car segment growth of 31.1% (Y-o-Y)
- Strong Exports growth of 34.6% (Y-o-Y)



## Jaguar Land Rover Business Performance :-

Jaguar land Rover **EBITDA** for Q3 FY17 was **£611 mn** ( compared to £834 mn in Q3 FY 16), EBITDA margin at **9.3%** (14.4% in Q3 FY16) ; difference in margin primarily reflecting :

- ❖ Lower wholesale volumes, and less favourable product mix partially offset by favourable market mix (2.0%, including the runout of Discovery)
- ❖ Unfavourable variable marketing expense (1.7%, including the impact of 16MY runout in the US)
- ❖ Higher new model launch costs (0.3%) and Biennial pay negotiation settlement (0.4%)
- ❖ Favourable operating exchange offset by realised hedges.



**EBITDA margin adjusting the revenue for realised FX hedging was around 10.1%.**

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# Tata Motors Group-Standalone Business

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**FUTURE READY**

## OUR MISSION

WE INNOVATE MOBILITY SOLUTIONS WITH PASSION TO ENHANCE QUALITY OF LIFE.

## Vision

- As a High Performance Organization, we are, by FY2019 Among the **Top 3 in Global CV and Domestic PV**
- **Achieving Sustainable Financial Performance**
- **Delivering Exciting Innovations**

## Values

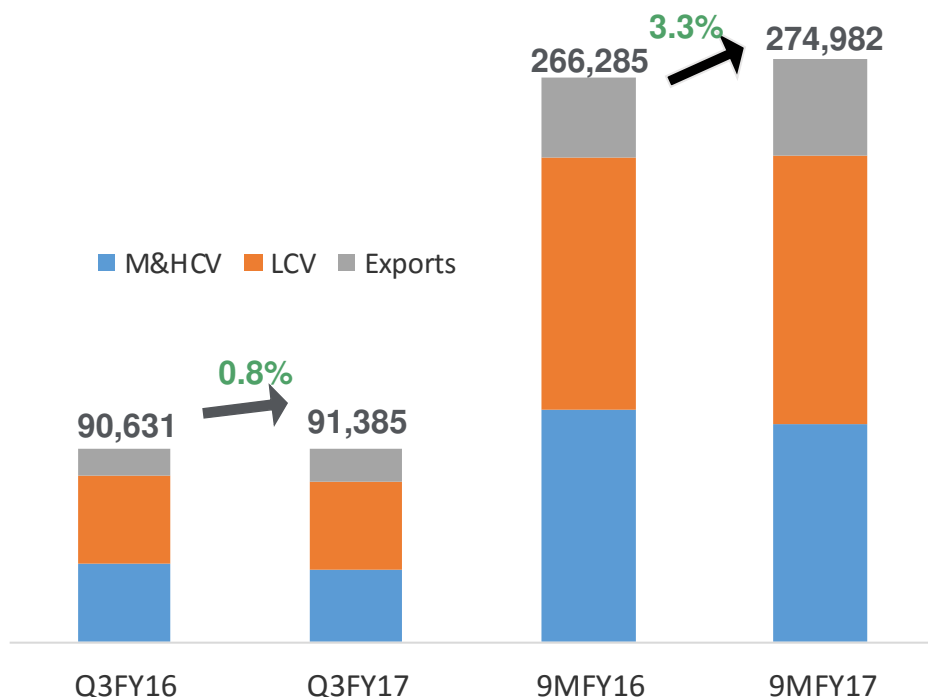
- Integrity
- Teamwork
- Accountability
- Customer Focus
- Excellence
- Speed



# Tata Motors Group-Standalone Business :-Commercial Vehicles

Total CV Volumes (including Exports), up 0.8 % YoY in Q3 FY17. Exports witnessed strong growth of 33.3 % YoY in Q3 FY17

CV	Q3 FY17	9M FY17
MHCV(Dom.)	33,607	102,319
LCV(Dom.)	41,771	127,388
Exports	16,007	45,275
Total	<b>91,385</b>	<b>274,982</b>



- CV Industry **witnessed demand shrinkage in the months of November and December 2016 on account of the impact of demonetisation which led to demand postponement in Q3 FY 17,**
- Domestic CV volumes of the Company **declined by 4.1 % Y-o-Y** in Q3 FY 17. **M&HCV segment declined by 9.0 % Y-o-Y. LCV segment** saw growth of 0.2 % Y-o-Y
- Despite demonetization, MHCV **Construct** and **Buses** segment , witnessed strong growth of **37.2% Y-o-Y** and **38.1 % Y-o-Y respectively**
- Variable marketing expenses remain high in the Industry.
- Material costs are also showing upward increase. Company has taken price increases to mitigate this.
- Exports continued its growth trajectory, **up 33.3 % Y-o-Y in Q3 FY17.**

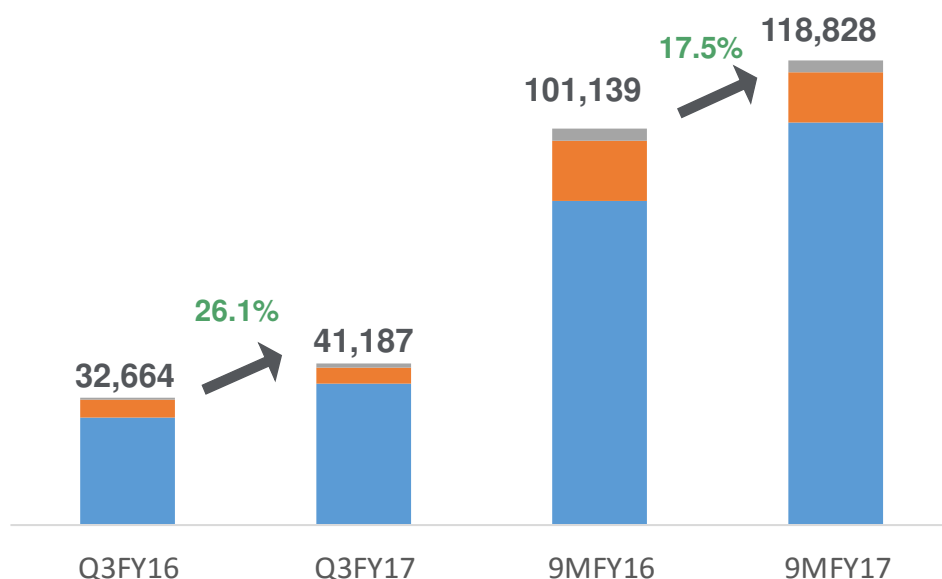


# Tata Motors Group-Standalone Business :-Passenger Vehicles

Total PV volumes (including exports) up 26.1% Y-o-Y in Q3 FY 17

PV	Q3 FY17	9M FY17
Cars(dom.)	35,907	103,185
UVs & Vans(dom.)	4,190	12,350
Exports	1090	3,293
<b>Total</b>	<b>41,187</b>	<b>118,828</b>

■ Cars ■ UVs&Vans ■ Exports



- **Passenger vehicle industry** witnessed a growth of 1.9 % y-o-y in Q3 FY 17. **Domestic volume of TML** in passenger vehicles segment **grew by 25.4%** in the same period.
- Passenger car industry de-grew by 2.4% y-o-y. **The car segment of TML outperformed industry with a growth of 31.1%** y-o-y, supported by continued strong demand of Tata Tiago
- Tiago bags several awards including,  
*Compact car of the Year-CNBC-TV18 Overdrive Awards*  
*Entry hatchback of the Year -NDTV Car and Bike Award*  
*Car of the Year 2016-Team BHP*
- **Tata Hexa** was unveiled with **strong responses and high acclaim from all sections of media and auto critics based on its first-in-segment features, design and technology.**



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# Tata Motors Group-Jaguar Land Rover

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**TO BE THE WORLD'S PERFORMANCE BRAND OF CHOICE**

**TO BE THE WORLD'S PREMIUM SUV BRAND OF CHOICE**

**MORE GREAT PRODUCTS**

**CUSTOMER FIRST**

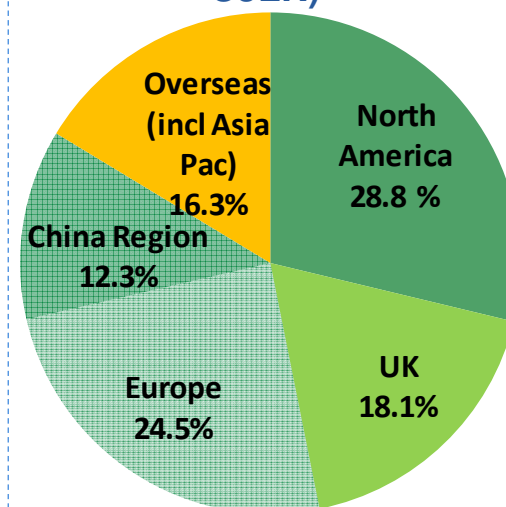
**ENVIRONMENTAL  
INNOVATION**



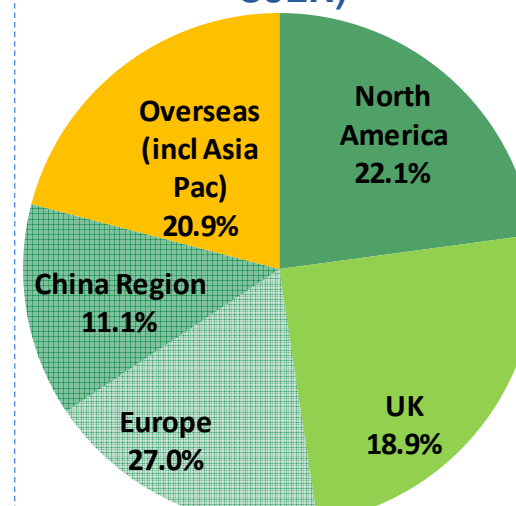
# Tata Motors Group-Jaguar Land Rover

- Wholesale and Retail volumes (excluding CJLR) for Q3 FY 17 stood at **130,910 units** and **129,893 units**, respectively. CJLR wholesales and retail volumes stood at **21,335** and **19,395** unit
- Retail Sales - North America up 20%; China (incl JV) up 38%, Europe up 7%, UK down 3% Overseas down 21%
- Total Capex and Product development spend for **the quarter was £926 mn.** After this Investment spending **free cash flow was £ 54 mn,**
- Cash and financial deposits stood at **£3.8 bn** and undrawn committed bank lines at **£1.9bn**
- PBT of £255 mn, down** from the £499 mn in Q3 FY 17 broadly reflecting
  - Lower EBITDA (£223mn) and higher depreciation and amortisation (£52mn)
  - Unfavourable unrealised FX and commodity hedge revaluation and USD debt revaluation (£42mn)
  - Higher China JV profits (£13mn) and lower net finance expense (£5mn)
  - Further recoveries related to Tianjin (£55mn)
- Share of China JV Profits for Q3 FY 17 was **£35 mn.**

**Q3 FY17 (Wholesales excl CJLR)**



**Q3 FY16 (Wholesales excl CJLR)**



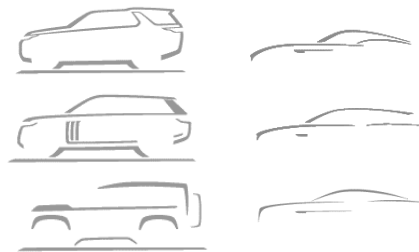
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# Tata Motors Group-Jaguar Land Rover- Other Developments

## RECENT & UPCOMING NEW MODELS TO DRIVE GROWTH



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# Tata Motors Group-Jaguar Land Rover- Other Developments

## JLR'S FIRST BATTERY ELECTRIC VEHICLE

### I-PACE concept

- All-wheel-drive from twin electric motors
- 500km range (NEDC cycle)
- 0-60mph in 4 seconds
- 90kWh lithium-ion battery
- Rapid charging takes 2 hours
- On the road in 2018





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**Tata Motors Group-Way Forward**

**TAMC**



# Tata Motors Group – India Business - Way Forward

## 6 Strategic Themes –Shaping up the Future



**Intense topline  
focus**



**Agile cost**



**Structural  
improvements**

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**Customer  
centricity**



**New business models &  
technologies**



**Lean and accountable  
organization**

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# Tata Motors Group – Standalone Business - Way Forward

- ❑ Company will continue to explore capital optimization through better operating efficiencies in working capital etc and monetization of non-core assets and some of its investments

## Commercial Vehicles

- Infrastructure spending and pre-buying before adoption of BS IV from 1st April 2017 , will result in improved MHCV segment demand in Q4 , and enable MHCV industry to at least show a flat performance vs previous year . Buses & Construck segment will continue to maintain their positive growth momentum during the year. Company expects overall growth momentum to continue in FY 18.
- Wide and compelling product range with several new launches in coming months and FY18 provides strong foundation for growth :-
  - M&HCV- Expansion of **new Signa Range across tonnages and applications ( sizable segments of 49T and 40T already covered).** **Well prepared for BS4 launces in Q4 and April 2017 .Aim to get back to position of more than 60% market share over the next 2 years in 16 tonne and above segment** (from the current level of ~55-56%)
  - LCV & ILCV- Expansion of the new **Ultra Range across tonnages and applications. Roll out of more products with the superior Next Gen 3 litres and 5 litres common rail engines.**
  - SCV & Pick up :- **Ramp up of Xenon Yodha , refreshes/variants along with extra deck length to further complement and strengthen the ACE and Super ACE family. Ace Mega XL and Ace ZIP XL launches in Feb/,March 2017**
- Export growth in FY 17 is expected to be in the range of 20%.** Exports will continue to grow at this rate, and steadily increase its share of CV business. Launches of Prima and Ultra underway in many markets.
- Company has a good pipeline of Defense orders- received and expected.
- Prima T1 Truck Racing event planned on March 19<sup>th</sup> , with the much larger contingent of Indian CV drivers.

Tata Motors signs on Akshay Kumar as brand ambassador for its Commercial Vehicles Business



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# Tata Motors Group – Standalone Business - Way Forward

## Passenger vehicles

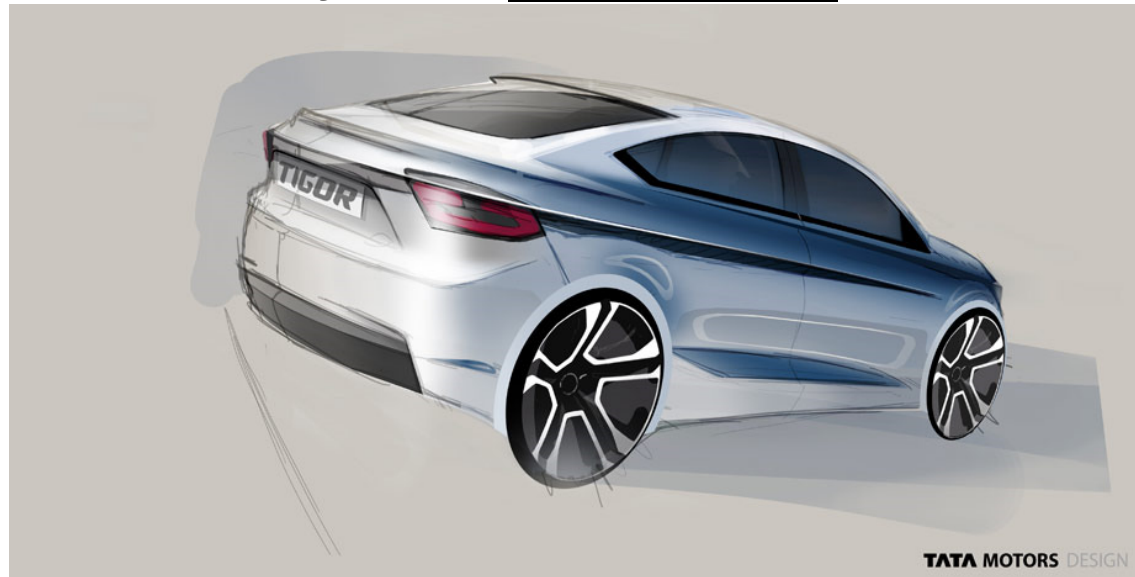
- Company has launched new Tata Hexa in January 2017. Hexa has received very positive reviews and accolades from the auto media, journalist and enthusiasts. The strong response is also reflected in the strong order book of more than 8 weeks even before the launch of Hexa on January 2017.
- Launch of Tata Tigor and Nexon to follow.
- Dealer network expansion will also be a focus area
- Customer centricity will be continuously strived for, as reflected in the improved ranking of 3<sup>rd</sup> place in the recent JDP CSI
- Introduced new sub-brand – TAMO- incubating vertical to drive innovation and future mobility solutions ➡

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New “Styleback”

**TATA  
TIGOR**



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# Tata Motors Group – Jaguar Land Rover- Way Forward

## CONTINUING TO INVEST TO DRIVE PROFITABLE GROWTH



- JLR's strategy continues to be to invest in new products, technology and manufacturing capacity to grow profitably.
- Jaguar Land Rover plans to continue to build on recent successful product launches with the continued sales ramp up of the Jaguar F-PACE, XF long wheel base in China, the all new Land Rover Discovery and others to be announced this year.
- The start of new Discovery wholesales, peak March UK sales and other seasonal factors should support a solid final quarter.
- JLR continues to have a balanced sales profile and will continue to closely monitor and assess market conditions in key regions.



## Thank You





# Ind AS Adjustments- Consolidated Financials

## Annexure 1

Key impact areas	As at 31 March 2016		Change	Key Reasons
	IGAAP	IND AS		
Equity	80,783	79,002	(1,781)	1) Fair valuation of property, plant and equipment of Tata Motors Limited and certain subsidiaries 2) Provision of Finance Receivables as per Expected Loss model 3) Fair valuation of Government loans granted at subsidized rate 4) Recognition of Government grants for duty saved under EPCG scheme on capital goods 5) Discounting of warranty provisions 6) Fair valuation of Investments in quoted equity instruments and mutual funds 7) Application of Business combination retrospectively
Goodwill	4,837	760	(4,077)	1) Application of Business combination retrospectively
Gross Debt	70,468	69,647	(821)	1) Reclass of preference shares issued outside TML group by subsidiary companies from Minority Interest to Borrowings 2) Fair valuation of Government loans granted at subsidized rate 3) Adjustment of loan processing fees/transaction costs 4) Proceeds from certain receivables discounting scheme treated as short term bank finance 5) Equity method accounting for certain investments in Joint Ventures
Property, Plant and Equipment and Intangibles	128,851	132,264	3,413	1) Fair valuation of property, plant and equipment of Tata Motors Limited and certain subsidiaries 2) Application of Business combination retrospectively 3) Capitalization of duty saved under EPCG scheme on capital goods 4) Equity method accounting for certain investments in Joint Ventures
Investments	20,466	23,768	3,302	1) Equity method accounting for investments in Joint Ventures 2) Fair valuation of investments in quoted equity instruments and mutual funds

# Ind AS Adjustments- Consolidated Financials

## Annexure 1

Key impact areas	As at 31 March 2016		Change	Key Reasons
	IGAAP	IND AS		
Other current & non-current assets	112,418	106,535	(5,883)	1) Equity method accounting for investments in Joint Ventures 2) Provision as per Expected Loss model and other adjustment for finance receivables
Deferred tax liabilities (net)	440	515	75	1) Deferred tax on undistributed earnings of subsidiaries, joint arrangements and associates 2) Deferred tax on acquisition related adjustments on business combination 3) Deferred tax on intercompany adjustments 4) Equity method accounting for investments in Joint Ventures
Other liabilities & provisions	114,880	114,162	718	1) Equity method accounting for investments in Joint Ventures 2) Discounting of Warranty provisions



# Ind AS Adjustments- Standalone Financials

## Annexure 1

Key impact areas	As at 31 March 2016		Change	Key Reasons
	IGAAP	IND AS*		
Equity	22,368	23,358	990	1) Fair valuation of property, plant and equipment of Tata Motors Limited 2) Provision of Financial Guarantees as per Expected Loss model 3) Fair valuation of Government loans granted at subsidized rate 4) Recognition of Government grants for duty saved under EPCG scheme on capital goods 5) Discounting of warranty provisions 6) Fair valuation of Investments in quoted equity instruments and mutual funds 7) Proportionate consolidation of joint operation
Gross Debt	15,887	16,715	828	1) Fair valuation of Government loans granted at subsidized rate 2) Adjustment of loan processing fees/transaction costs 3) Proceeds from certain receivables discounting scheme treated as short term bank finance 4) Proportionate consolidation of joint operation
Other Liabilities & Provisions	14,171	16,779	2,608	1) Proportionate consolidation of joint operation 2) Provision of financial guarantees as per Expected Loss model
Property, Plant and Equipment and Intangibles	22,245	26,724	4,479	1) Fair valuation of property, plant and equipment of Tata Motors Limited 2) Capitalization of duty saved under EPCG scheme on capital goods 3) Proportionate consolidation of joint operation
Investments	18,711	16,963	(1,748)	1) Elimination of Investments due to Proportionate consolidation of joint operation 2) Fair valuation of investments in quoted equity instruments and mutual funds

\* Including Joint Operation

# Ind AS Adjustments- Standalone Financials

## Annexure 1

Key impact areas	As at 31 March 2016		Change	Key Reasons
	IGAAP	IND AS*		
Goodwill	-	99	99	1) Proportionate consolidation of joint operation
Other Assets	11,470	13,154	1,684	1) Proportionate consolidation of joint operation
Deferred tax assets/(liabilities) (net)	-	(88)	(88)	1) Proportionate consolidation of joint operation

\* Including Joint Operation



### **Other changes:**

Joint Ventures now accounted as per 'equity method' of accounting, instead of line by line accounting, which has resulted in changes in almost all items of the Balance Sheet and the P&L.

Assets and liabilities have been classified between financial and non-financial as required by IND-AS.

The Statement of Changes in Equity is a new statement introduced under IND-AS. The statement presents reconciliation of components of equity e.g. share capital, other comprehensive reserves, other reserves etc.

Other Comprehensive Income ('OCI') which comprises items of income and expense that are not recognised in profit or loss as required or permitted by IND-AS, is presented in the 'Other Components of Equity' section of Statement of Changes in Equity.

Tata Motors standalone financials include proportionate share of income and expenditure and assets and liabilities in its two joint operations, namely Tata Cummins Pvt Ltd and Fiat India Automobile Pvt Ltd.

**Further transition adjustments may be required to the Financial Statements including those arising from further analysis or interpretations or more optional exemptions from full retrospective application of Ind-AS standards**

# Tata Motors Group-Jaguar Land Rover- Back up slide

## FOREIGN EXCHANGE IMPACT

(£ millions, unless stated)	Quarter ended 31 December			
	2016	2015	Change	
Operational exchange <sup>1</sup>	n/a	n/a	438	
Realized FX Hedges and other <sup>2</sup>	(455)	(71)	(384)	
Revaluation of Current Assets/Liabilities <sup>3</sup>	(2)	2	(4)	
Total FX impacting EBITDA	n/a	n/a	50	
Revaluation of Undesignated Debt <sup>3</sup>	(55)	(36)	(19)	
Unrealised FX Hedges <sup>3</sup>	(13)	43	(56)	
Total FX below EBITDA	(68)	7	(75)	
Total FX impact on PBT	n/a	n/a	(25)	
<b>Total FX Revaluation (included above)</b>	<b>(70)</b>	<b>9</b>	<b>(79)</b>	
<b>End of Period Exchange Rates</b>	<b>Q-o-Q</b>		<b>Q-o-Q</b>	
GBP:USD	1.229	5.1%	1.483	2.1%
GBP:EUR	1.168	0.9%	1.357	0.6%
GBP:CNY	8.565	1.0%	9.740	1.3%

Memo:

<sup>1</sup> The year-on-year operational exchange is an analytical estimate, which may differ from the actual impact

<sup>2</sup> Realised hedge gains/(losses) are driven by the difference between executed hedging exchange rates compared to accounting exchange rates

<sup>3</sup> Exchange revaluation gains/(losses) reflects the estimated impact of the change in end of period exchange rates as applied to relevant balances