



JAGUAR LAND ROVER AUTOMOTIVE plc

J.P. MORGAN GLOBAL HY & LEVERAGED FINANCE CONFERENCE

February 2020

Bennett Birgbauer, Group Treasurer

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.

- Q4 represents the 3 month period from 1 January to 31 March
- Q3 represents the 3 month period from 1 October to 31 December
- Q2 represents the 3 month period from 1 July to 30 September
- Q1 represents the 3 month period from 1 April to 30 June
- YTD represents the 6 month period from 1 April to 30 September
- FY represents the 12 month period from 1 April to 31 March of the following year

Unless stated otherwise sales volumes are expressed in thousand units, 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, gains/losses on equity investments held at fair value, 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.



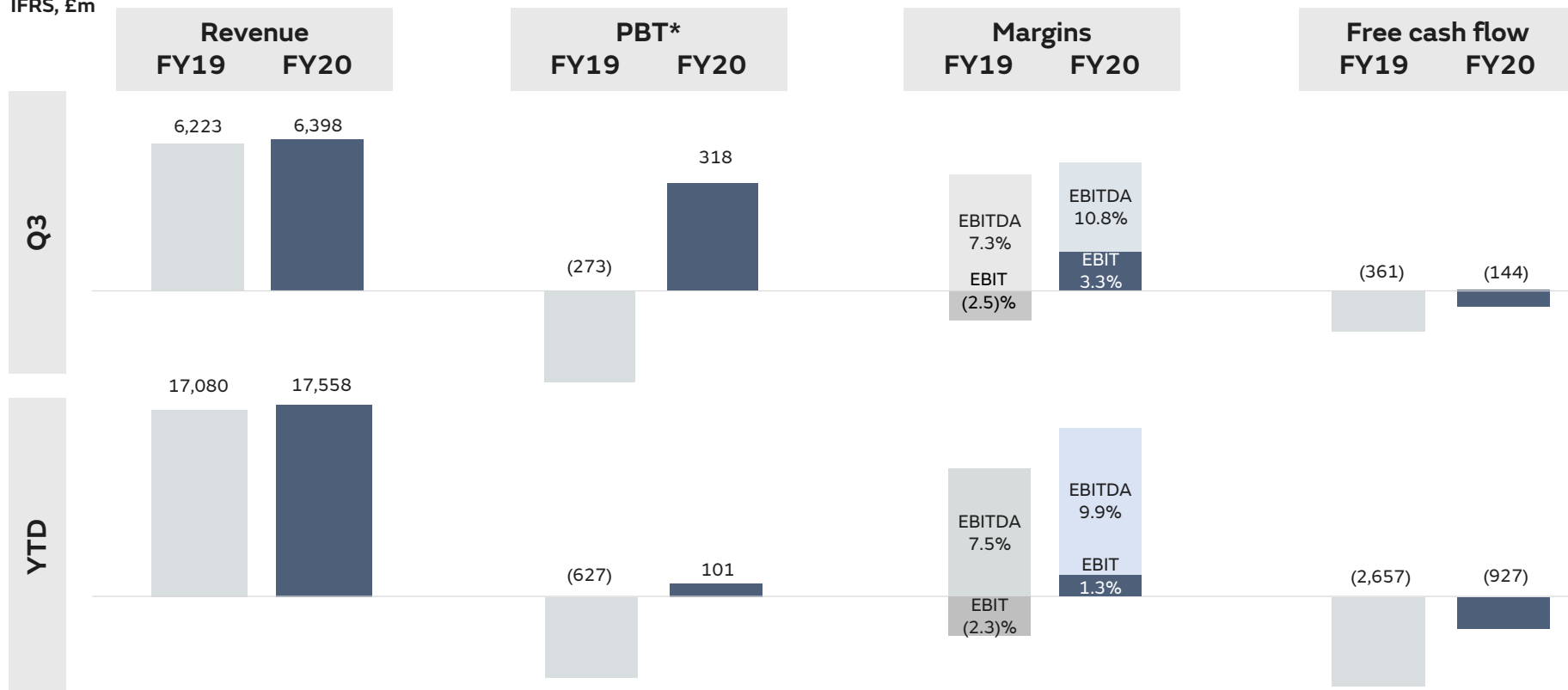
RECENT PERFORMANCE

Favourable revenue, profit and cash flow YoY



PBT increased to £318m, 3.3% EBIT

IFRS, £m

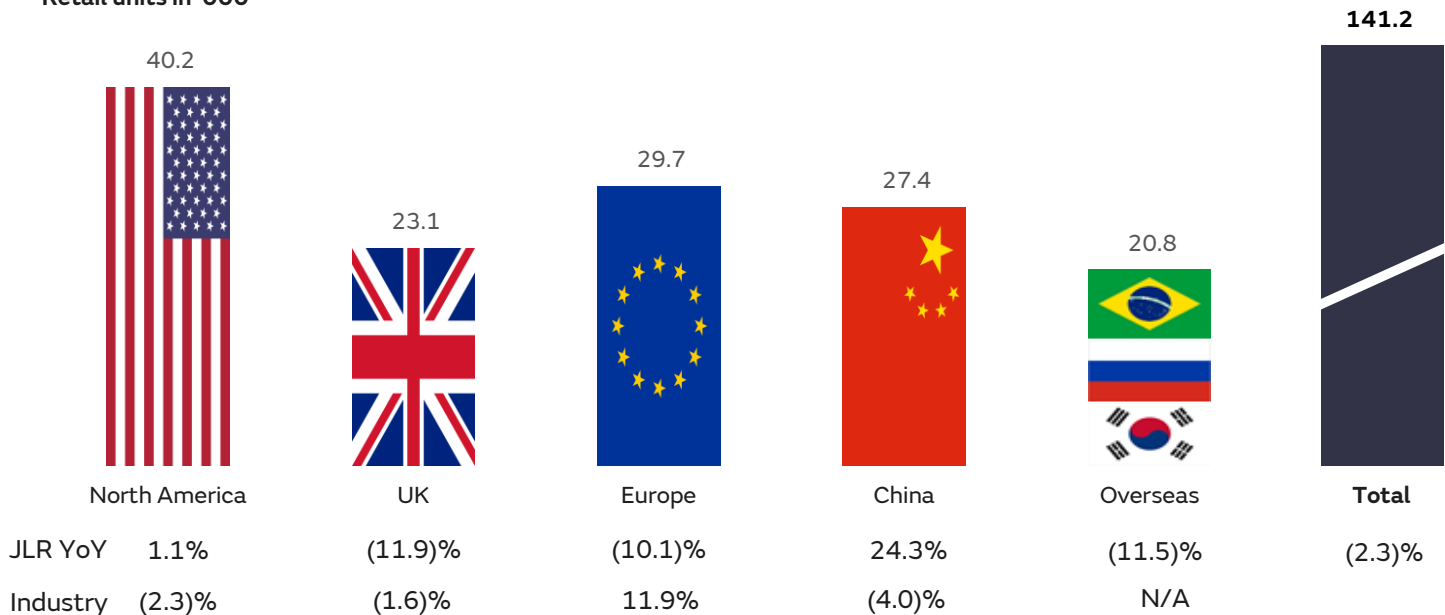


* Before exceptional item of £3.1b in Q3 FY19 related to impairment

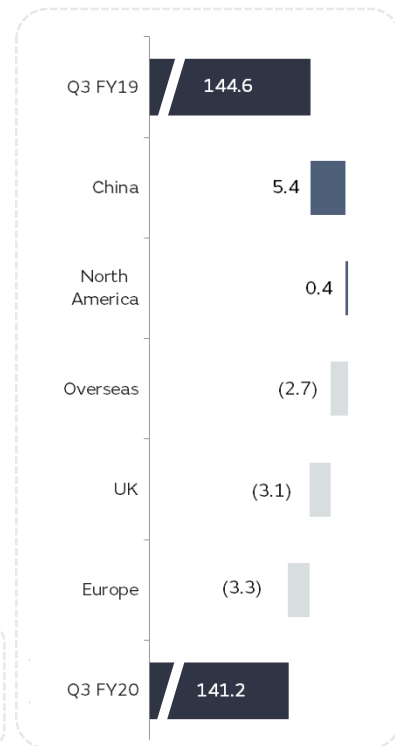
Q3 FY20 YoY

Total retails down 2.3%, China up 24.3%

Wholesales down 0.1% (excl. CJLR)

**Retail units in '000**Wholesales (excl. CJLR)

Units	43.5	23.4	29.4	12.3	21.3	129.9
YoY	10.3%	(7.4)%	(15.9)%	34.6%	0.7%	(0.1)%



Retail volumes include sales from Chery Jaguar Land Rover. For statutory reporting under IFRS, the Group recognises revenue on wholesales (excluding sales from CJLR). The Group recognises its share of profits from CJLR within EBIT.

CJLR wholesales were 15.4k units in Q3 FY20, up 33.8% Yoy (11.5k units in Q3 FY19).

Overseas markets includes Australia, Brazil, Colombia, India, Japan, South Korea, Mexico, MENA, Russia, Singapore, South Africa, Taiwan and certain importers

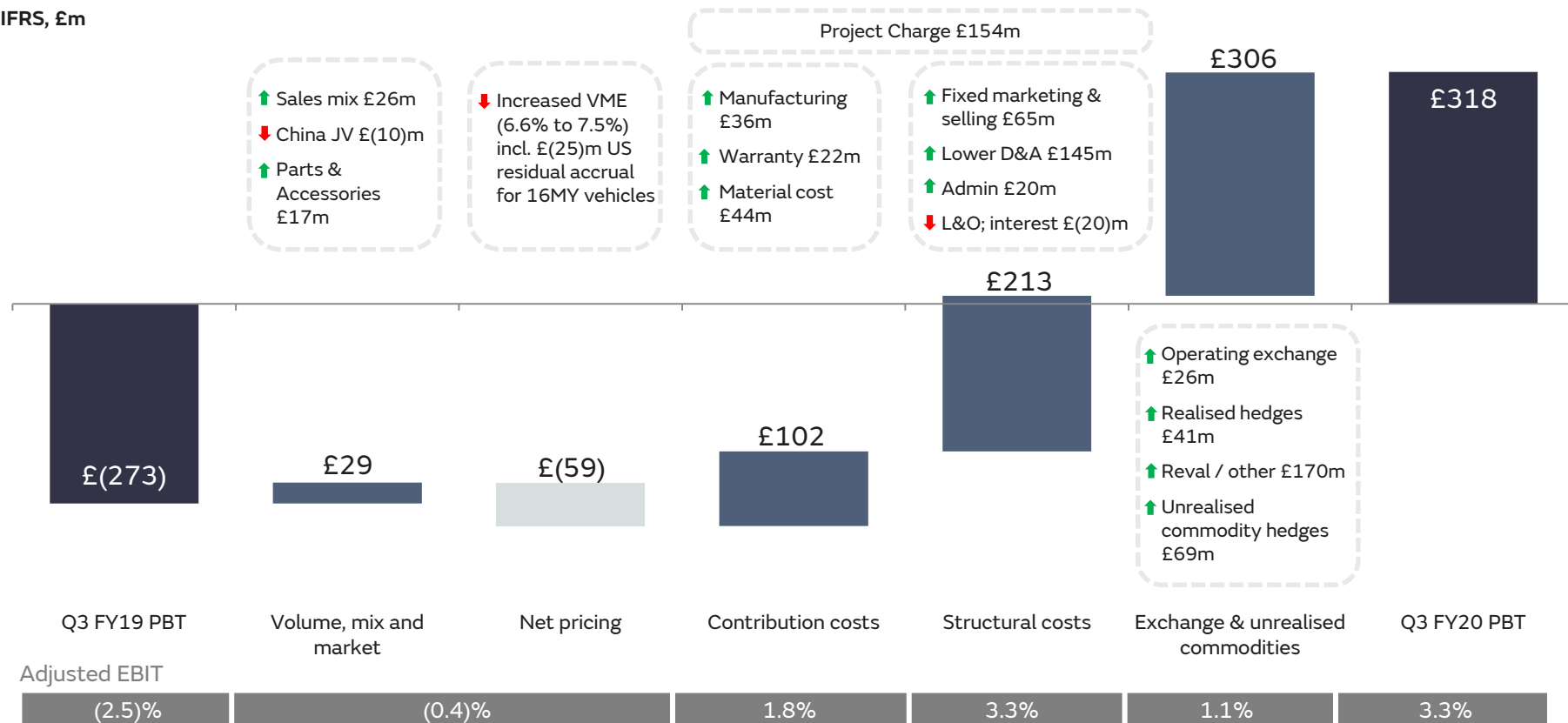
The total industry car volume data above has been compiled using relevant data available at the time of publishing, compiled from national automotive associations such as the Society of Motor Manufacturers and Traders in the UK and the ACEA in Europe

PBT increased to £318m, 3.3% EBIT

Favourable mix, operating costs, D&A, FX and commodities



IFRS, £m



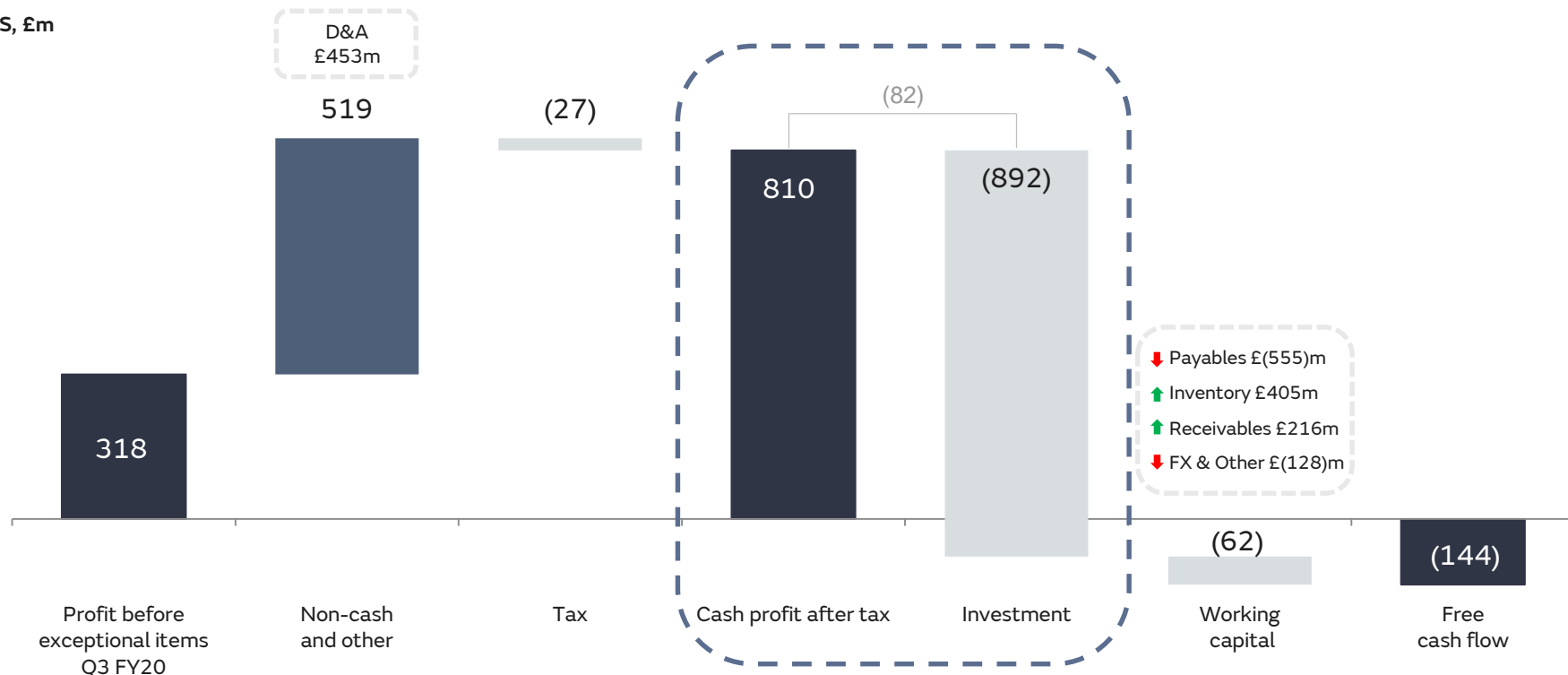
Note: all figures exclude exceptional items.

Cash flow £(144)m, £217m better YoY

Improved PBT, lower investment spending, lower inventory



IFRS, £m



Vs. Prior year

591	(310)	281	128	(192)	217
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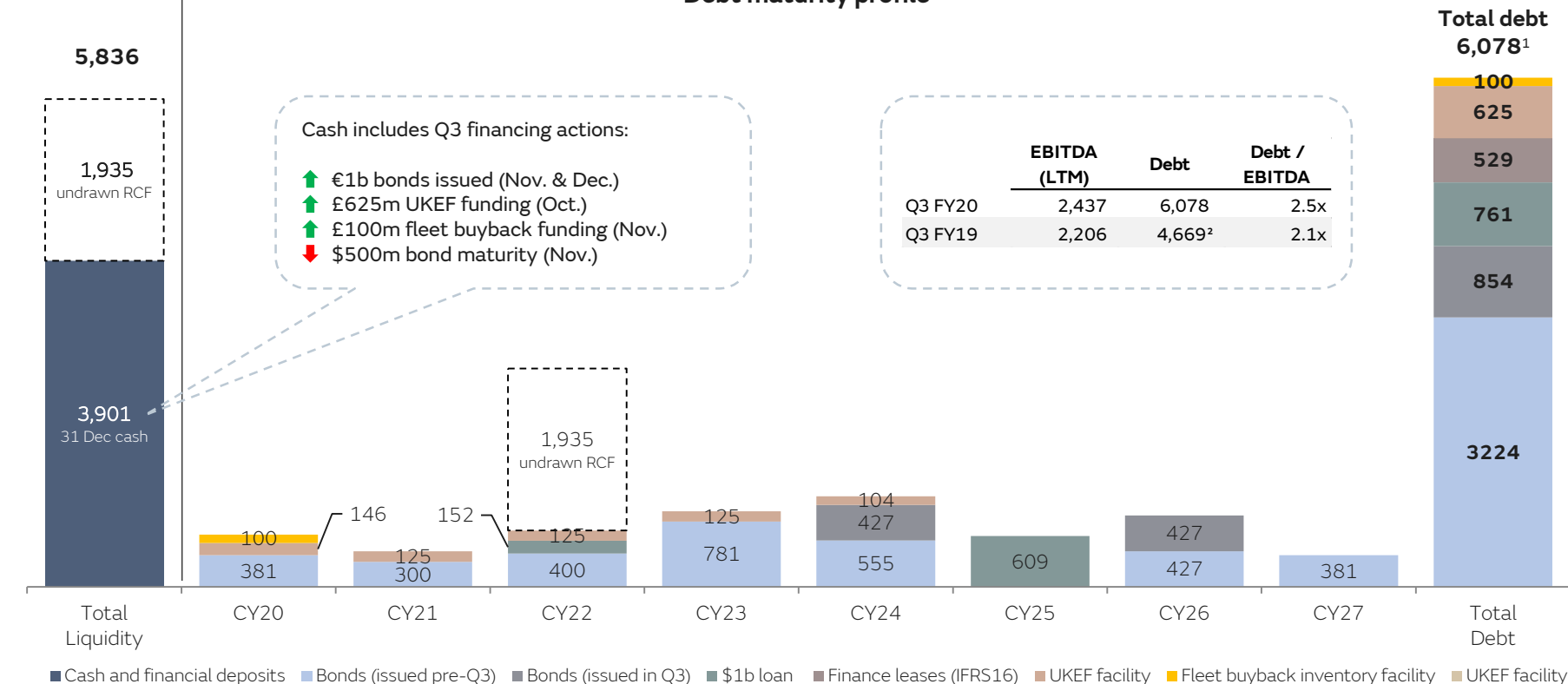
£5.8b liquidity at end December

After £1.6b new financing in Q3



IFRS, £m

Debt maturity profile



¹ Includes £(15)m comprising £4m Fair Value adjustment, £(36)m capitalised fees and £17m other financing.

² Not restated to include leases under IFRS 16



STRATEGY



Robust response to challenging environment

Strategic actions delivering positive results

	Challenges	Actions	Results
	Industry (pp. 12-16): <ul style="list-style-type: none"> Increased economic headwinds Slowing industry growth Coronavirus a new risk 	<ul style="list-style-type: none"> Significant product launches in FY20 and beyond Capitalising on segment growth 	<ul style="list-style-type: none"> ✓ I-PACE wins unprecedented awards ✓ Strong response to Evoque and Defender
	Tech & Regulatory (pp. 17-20): <ul style="list-style-type: none"> Transition from ICE to ACES Emissions compliance and diesel 	<ul style="list-style-type: none"> Electrification Powertrain rightsizing Lightweighting and aerodynamics 	<ul style="list-style-type: none"> ✓ I-PACE and PHEVs on sale, electric options in new models from 2020 ✓ Plans for emissions-compliant portfolio¹
	Internal (pp. 21-24): <ul style="list-style-type: none"> Structural and cost challenges 	<ul style="list-style-type: none"> Launched Project Charge to improve cost and cash by £2.5b Launched Project Charge+ to deliver £1.1b improvements Accelerate project underway for longer-term improvements 	<ul style="list-style-type: none"> ✓ Project Charge now achieved £2.9b of improvements ✓ Further improvements planned with Charge+ and Accelerate
	Geopolitical (pp. 32-33): <ul style="list-style-type: none"> Trade tensions China economy Brexit Section 232 	<ul style="list-style-type: none"> China turnaround plan in place Brexit contingency planning Monitoring Section 232 risk – no decision to-date 	<ul style="list-style-type: none"> ✓ China metrics improving with double digit growth in Q2 and Q3 ✓ Brexit transition period ends 31st Dec 2020 – no deal exit less likely

¹ See slide 20

Strong product portfolio to build on

Two iconic premium brands – 14 nameplates



SPORTS
TYPE



LIFESTYLE
PACE



LUXURY
X



REFINEMENT
RANGE ROVER



VERSATILITY
DISCOVERY



DURABILITY
DEFENDER

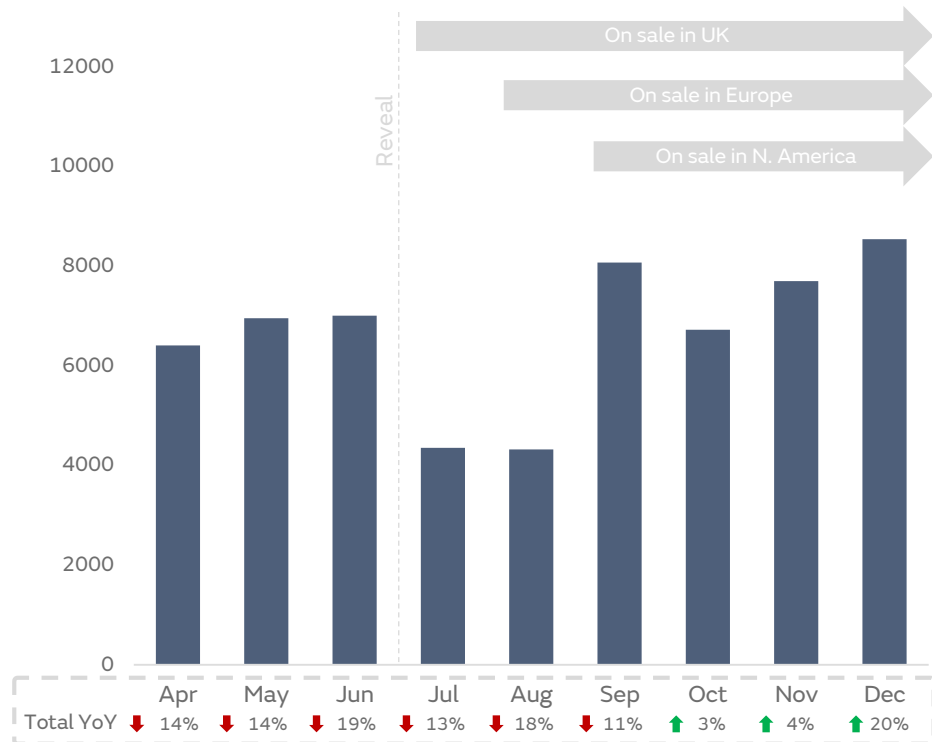


Refreshed Discovery Sport

Strong sales continuing, on sale in China in Feb



Land Rover Discovery Sport retails by month



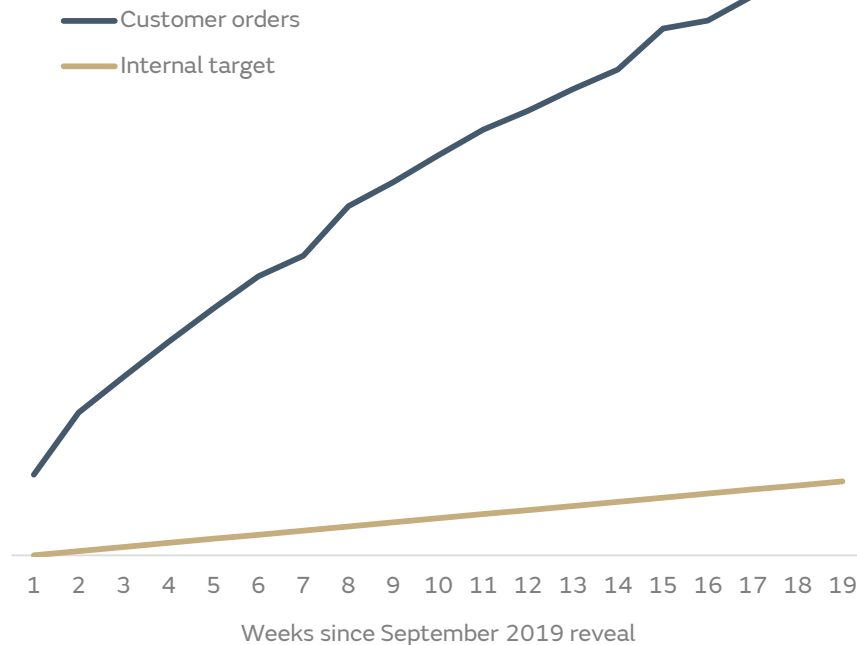
Hotly anticipated Defender, deliveries from Spring



Over a million completed configurations, orders building strongly

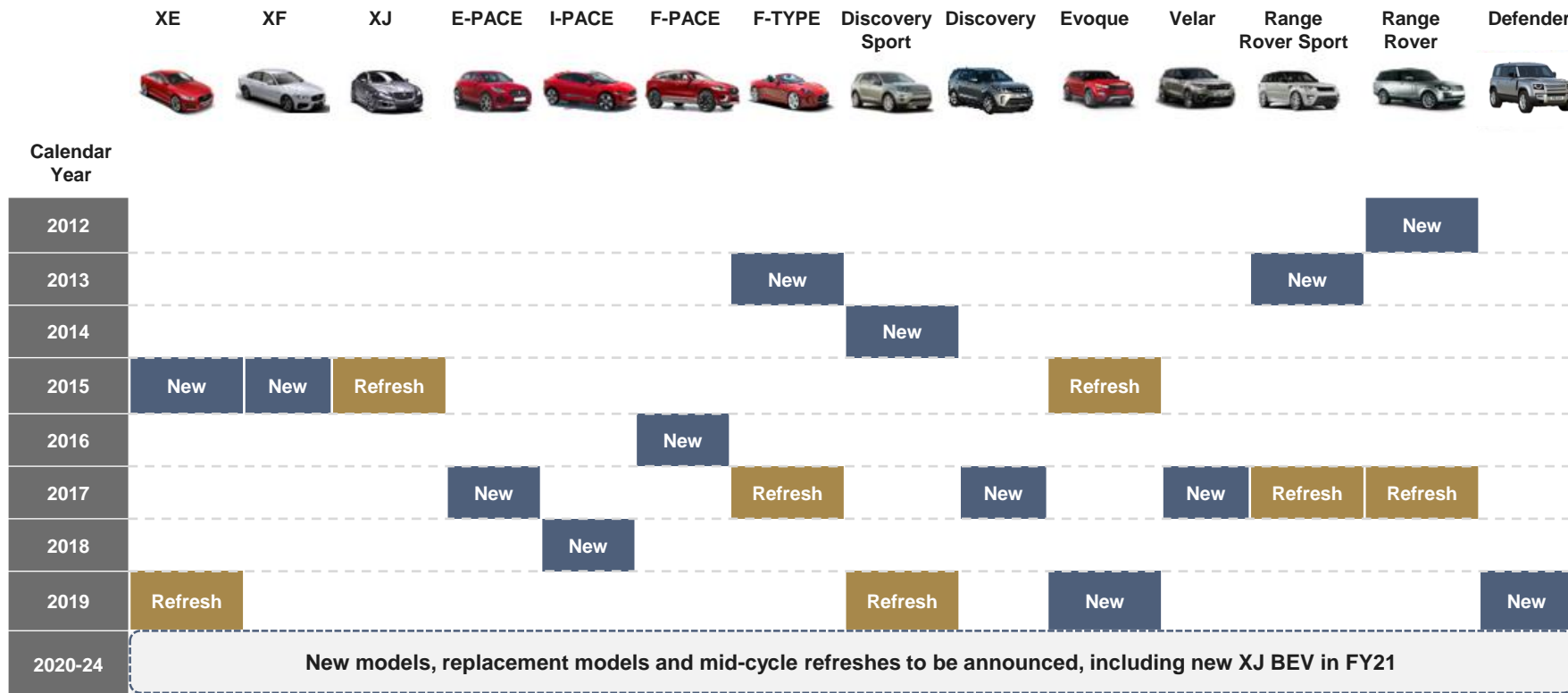


New Defender customer sold orders ahead of target



Strong pipeline of new and refreshed products

4 major product actions in FY20, much more to come...

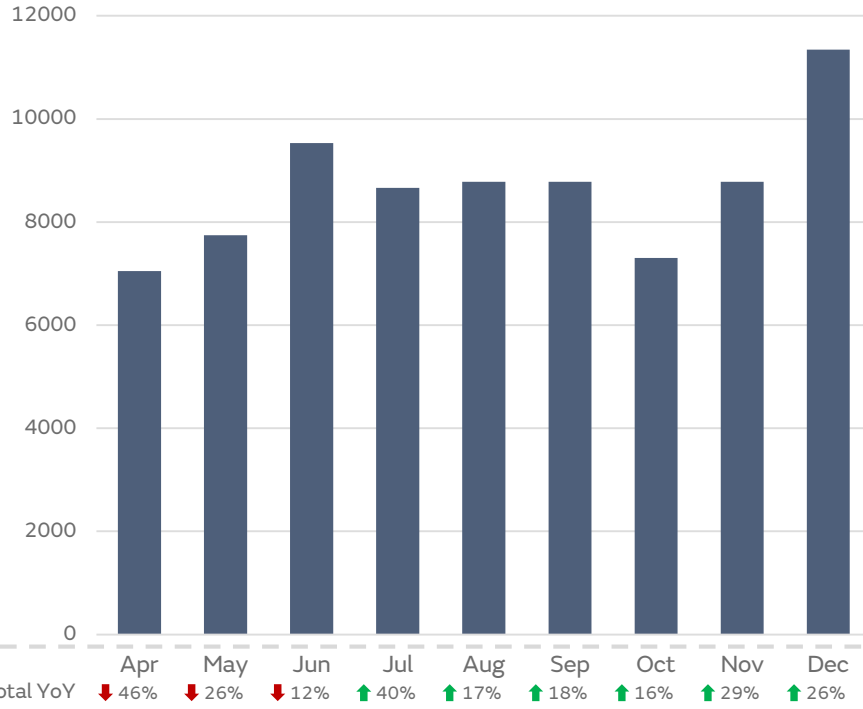


China market has been improving for JLR

Coronavirus situation developing



China retails (inc CJLR) by month



Coronavirus update:

- Selected Chinese cities locked down; other cities impacted by Lunar New Year holiday extension and 14 day quarantine of returning residents
- Shanghai-based JLR China & CJLR staff working from home until quarantine periods end. CJLR plant in nearby Changshu scheduled to reopen week of 24th Feb, production to resume sometime thereafter
- About 20% of JLR dealers in China open week of 10 Feb, impacting sales accordingly. Over 50% of JLR dealers open by end of week of 17 Feb and expect this to continue to increase
- Our supply chain is primarily based in Europe and the UK, with a relatively small percentage of direct parts from China. Over 90% of our Tier 1 and Directed Tier 2 suppliers in China are now open and we are engaged with our suppliers on the status of their sub-tier suppliers in China
- We generally have visibility of availability of parts out 2 weeks or more; beyond this, the risk of parts shortages increases if supplier production doesn't improve as expected. We have various ways to mitigate specific parts shortages including air freight and building cars to be retrofitted. While we cannot rule out the possibility of parts shortages impacting production the longer disruption continues, we do not presently expect to have to stop production in our plants as a result of parts shortages

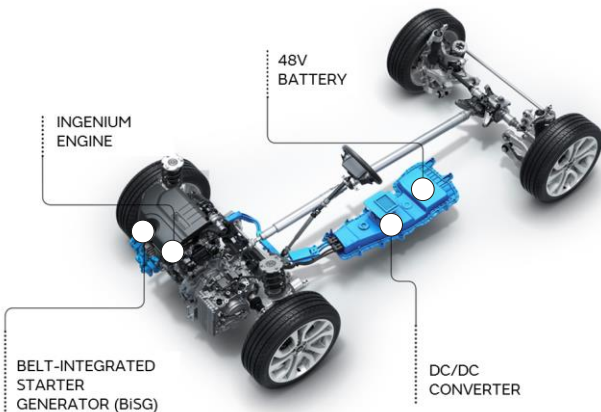
Electrification roll out plan continuing

Electric options in all new and refreshed models from 2020



Mild Hybrid

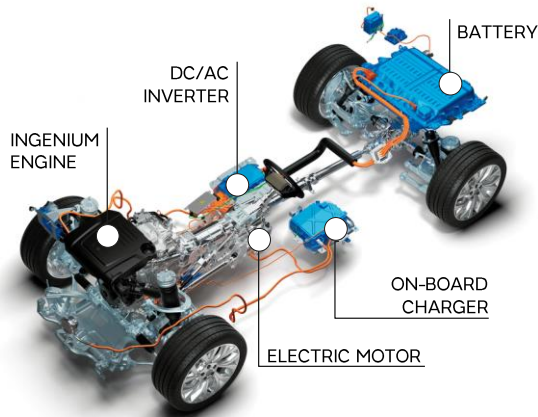
Energy is harvested during braking to assist the ICE, boosting performance and increasing fuel economy by ~12%



Up to 12% lower CO2
Low particulate emissions

Plug-in Hybrid

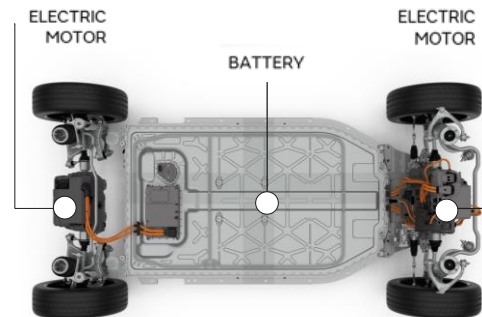
50km electric-only range from 13.1kWh battery, plus an Internal Combustion Engine (ICE)



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

New common Modular Longitudinal Architecture

Toolkit to transform cost & quality, with flexible powertrains



Current

D7a



D7u / D7x



D7e



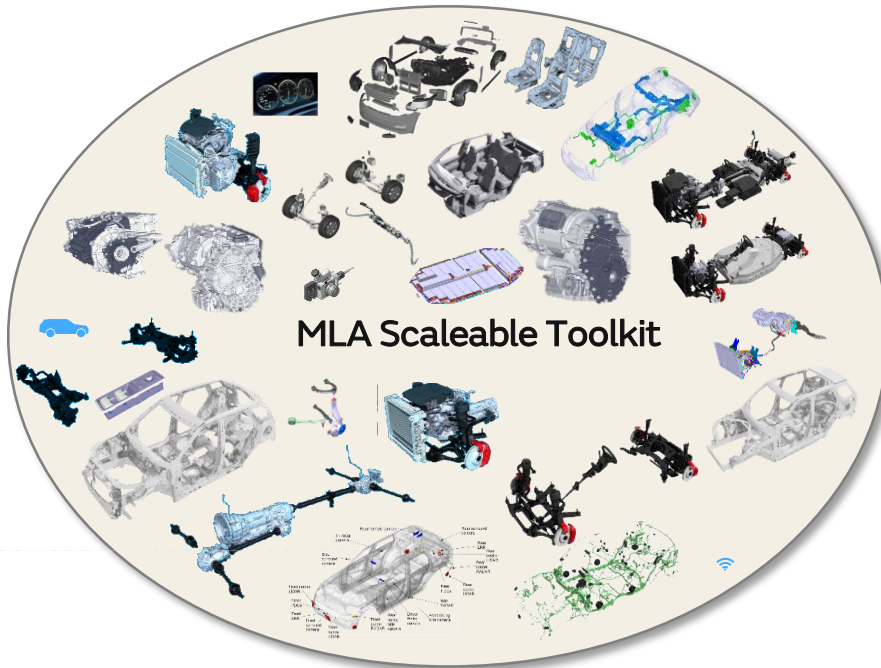
D2a



PTA



Separate sets of components;
limited flexibility, limited scale



Flexible, scaleable enterprise toolkit

Vision

MLA



Transformed scalability,
cost and delivery efficiency

Collaborating with global partners

Leveraging skills, efficiency and technology



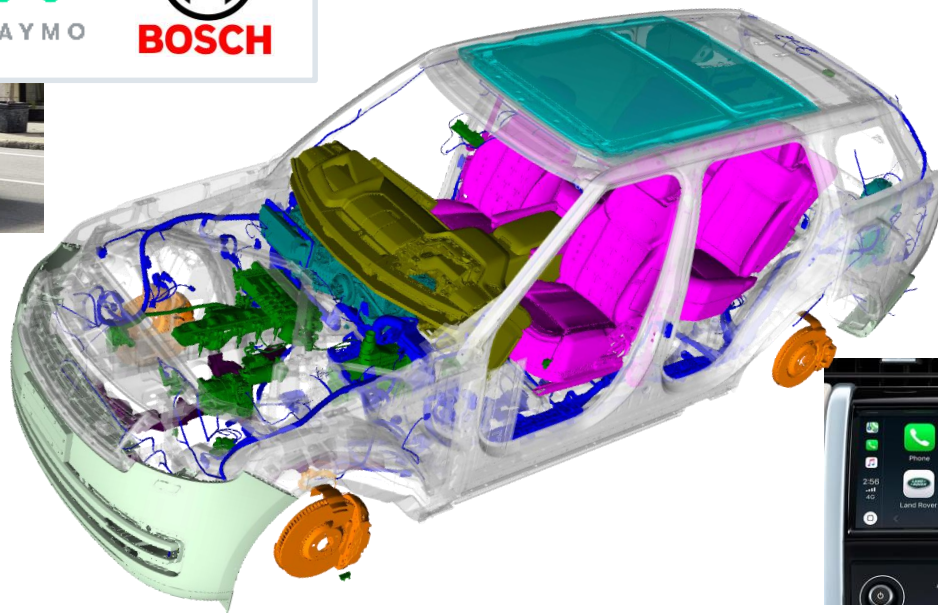
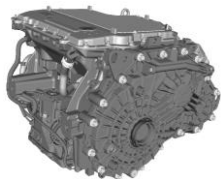
Autonomous



Infotainment



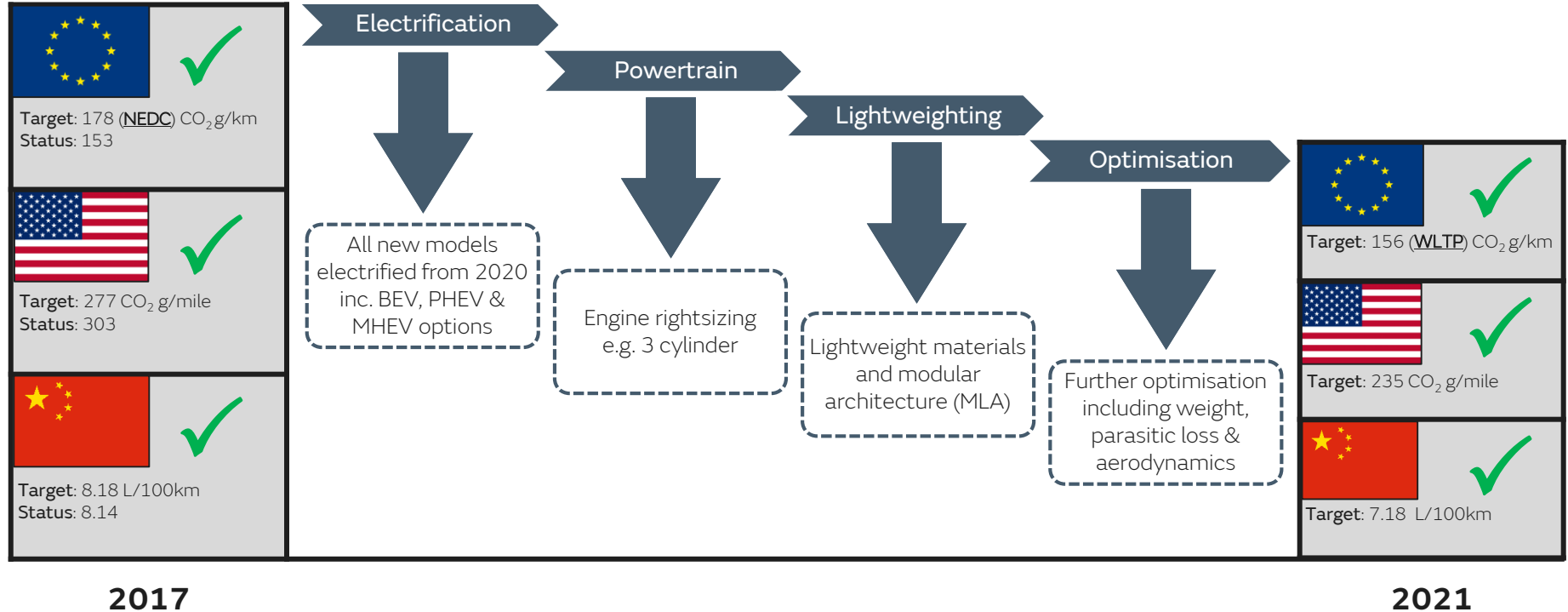
Propulsion Systems



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

CO₂ Emissions compliant portfolio

Planning to meet future regulations



Notes:

- Most recent published data for 2017; data for 2018 not yet released but expected to show compliance
- Future periods include company estimates although actual results could differ, e.g. JLR portfolio model mix, and applicable regulations.
- Emissions compliance in US and China supported by credit purchase and carry forward / back where applicable.

Project Charge benefits

We have exceeded our target for Charge (£2.9b vs £2.5b by Mar '20)



Area	Target £b	Status £b	FY20 Q3 £b	Comment
Investment	1.0	1.5	0.2	Strong progress continues and will outperform target.
Working Capital	0.5	0.7	0.4	Inventory improved £0.4B in Q3 FY20, offsetting £0.1B increase in first half of the year and combining with FY19 reductions for £0.7B total benefit
Cost & Profits	1.0	0.7	0.2	Continued benefit from overheads savings, including people, manufacturing, material costs, commercial. On track to achieve target.
Total Cash	2.5	2.9	0.8	



Transition to Charge+

To deliver a further £1.1b by end FY21

CHARGE

£2.9b achieved, exceeding £2.5b target ahead of schedule

Scope on quickest wins and emphasis on cashflow

CHARGE

Charge+ target £1.1b, increasing total target improvement to £4b by FY21

Expanded scope and emphasis on sustained profit improvements on 'current' cars

ACCELERATE
TRANSFORMING TODAY FOR TOMORROW

Accelerate, to improve performance on 'future' cars.

Charge Status

£2.9b

Q3 FY20



Charge+ Target

+£1.1b

£0.4b FY20

£0.7b FY21

Sales performance

Competitive cost

Deliver quality

Extending the programme to drive further benefits

Charge+ structure

Based on 8 key Levers, underpinned by Deliver and Sustain



Sustain the business improvements to date | **Deliver** more value through additional initiatives
 Expanded scope and emphasis on sustained profit improvements on current cars, with significant push on material cost



Focus on material cost

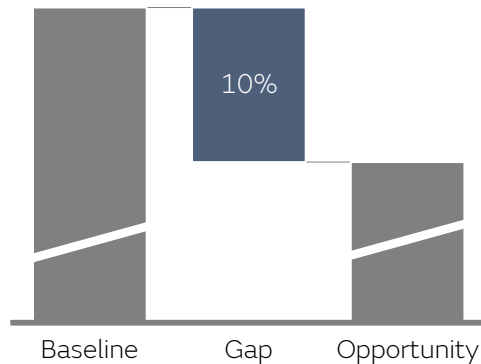
To improve profitability

Opportunity



Significant opportunity to lower material costs based on benchmarking

Indicative average spend per vehicle



Approach



Programme organised to systematically review all 34 component categories ('commodities') in 4 groups in 3 phases:

1

- Exterior Trim; Cockpit
- Suspension
- Electrics; ADAS
- Exhaust

2

- Seats, climate
- Steering, wheels, brakes
- Infotainment, user controls
- Engine, air intake

3

- Safety systems, roof
- Springs, dampers, anti roll
- Telematics, electronics
- Fuel systems & power supply

Commodity Groups

Body
Chassis
Electrical
Powertrain

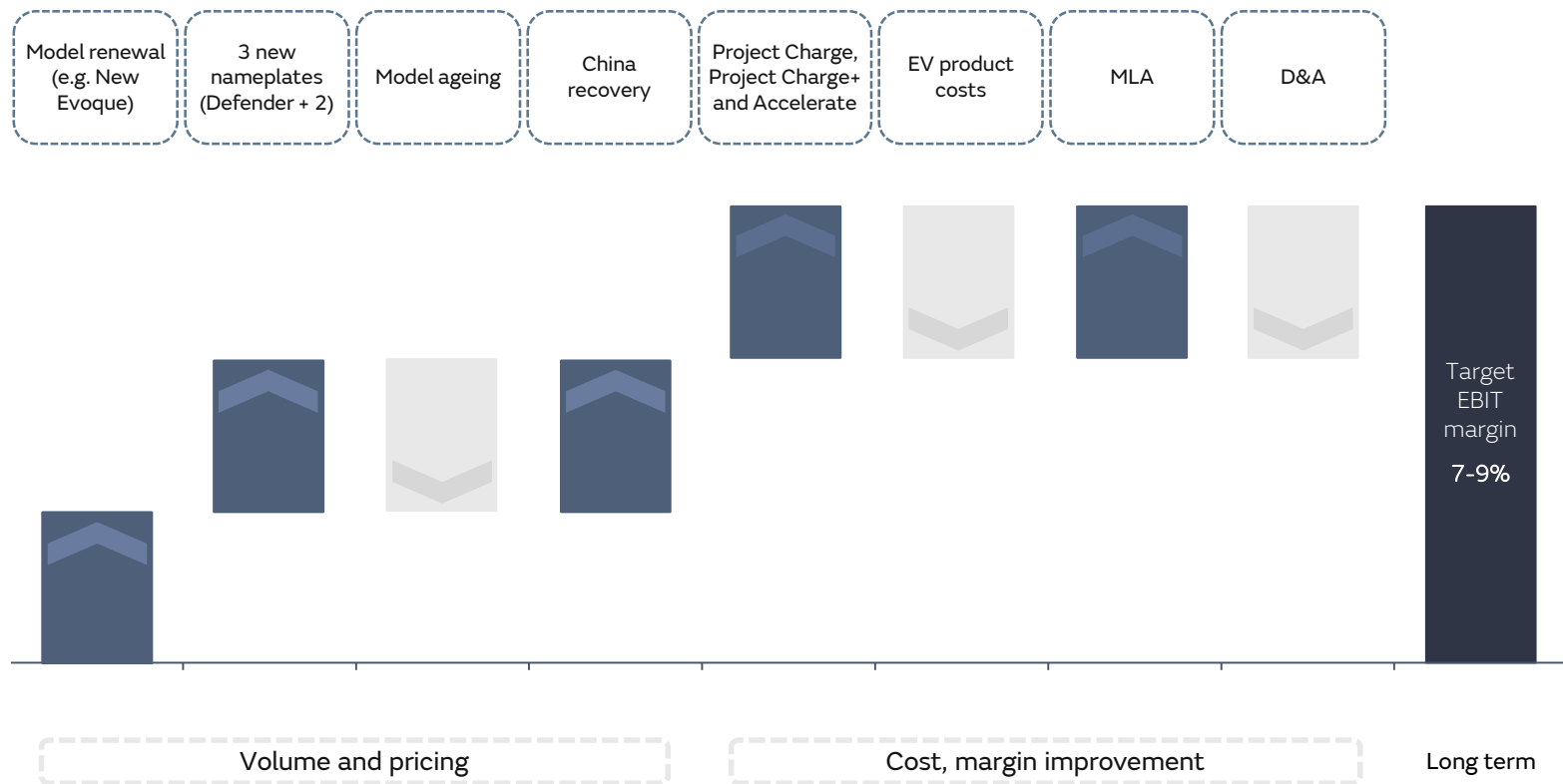


SUMMARY AND KEY TAKEAWAYS



Looking ahead

Drivers of long-term margin recovery



Looking ahead – our plans remain the same

Coronavirus developing – will impact Q4 FY20 sales and results



Key metrics	FY20-21	FY22-23	Beyond
Retail sales growth	> Premium Segment	> Premium Segment	> Premium Segment
EBIT margin	FY20 around 3%* / FY21 3-4%	4-6%	7-9%
PBT	Positive	Positive	Positive
Investment spending	FY20 c. £3.6b / FY21 up to £4b	Up to £4b	11-13% of revenue
Free cash flow	Negative, improving vs FY19	Positive	Positive
Gross debt/EBITDA ¹	≤ 2.8x	≤ 2.8x	≤ 2.0x

* We expect the coronavirus outbreak will have a negative impact on our planned sales and profitability for the fourth quarter and full year of Fiscal 2020 but it is too early to quantify

- We will:
 - Continue to focus on launching exciting products with breakthrough technology
 - Improve PBT and cash flow driven by strong product pipeline, Project Charge+ and Accelerate
 - Deliver further £1.1b Charge+ savings by Mar 2021 with emphasis on cost and margin improvement
- Annual investor day 18th June

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

¹ Year-end, intra-year may be higher.

Key Takeaways



Significant new product launches in FY20 and beyond to drive future growth



Project Charge, Charge+ and Accelerate cost savings programmes on track to position the business strongly for the future



Better underlying cost and financial performance in Q2 and Q3 expected to continue; short-term coronavirus impact uncertain



Strong liquidity position (£5.8b Q3) demonstrating prudent risk management



Commitment to maintain and strengthen credit ratings

Thank you



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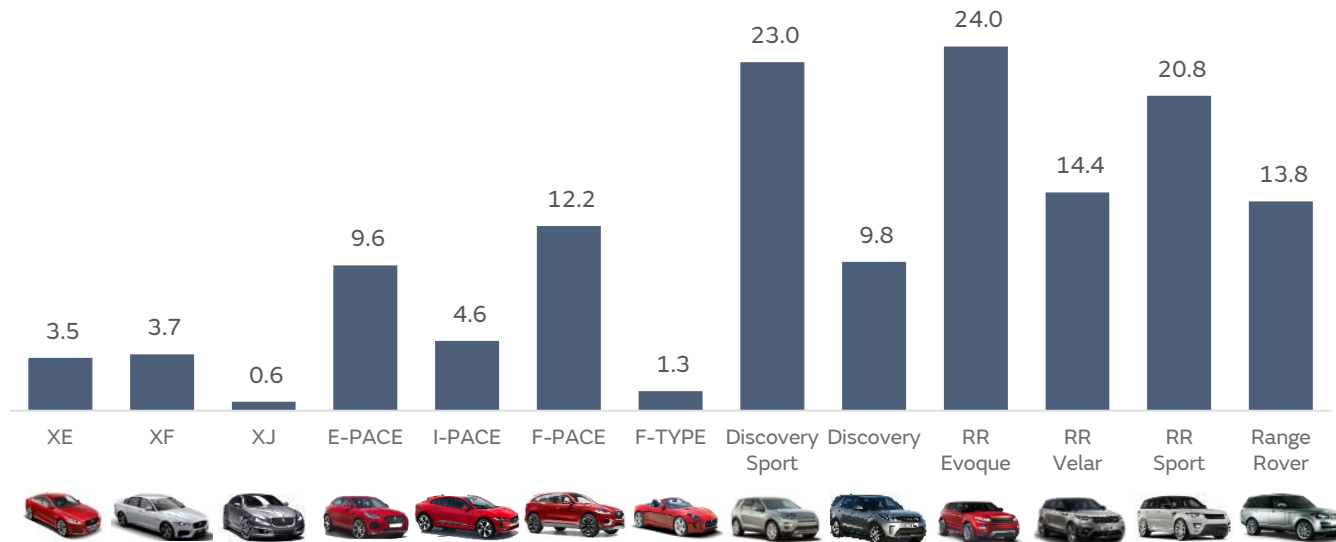
APPENDIX

New Evoque up 30.0%, Discovery Sport up 9.2%

RR Sport and Discovery also up; other models down

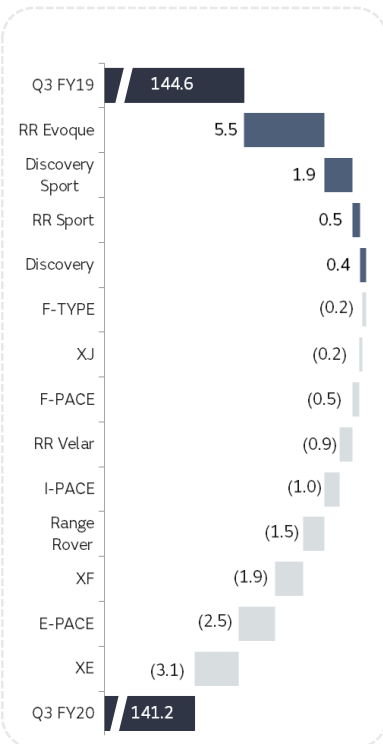


Retail units in '000



Wholesales (excl. CJLR)

Units	2.4	1.4	0.4	9.5	3.5	12.2	1.4	16.2	10.2	22.7	14.7	20.6	14.7
YoY	(2.4)	(1.1)	(0.7)	(0.6)	(1.9)	0.5	(0.3)	0.8	2.2	4.5	1.0	(1.7)	(0.1)



Income statement



IFRS, £m	Q3 FY20	Q3 FY19	Change
Revenues	6,398	6,223	175
Material and other cost of sales	(4,141)	(4,056)	(85)
Employee costs	(655)	(721)	66
Other (expense)/income	(1,258)	(1,381)	123
Product development costs capitalised	344	391	(47)
EBITDA	688	456	232
Depreciation and amortisation	(453)	(598)	145
Share of profit/(loss) from Joint Ventures	(25)	(16)	(9)
EBIT	210	(158)	368
Debt/unrealised hedges MTM & unrealised investments	141	(94)	235
Net finance (expense) / income	(33)	(21)	(12)
Profit before tax and exceptional items	318	(273)	591
Exceptional items	0	(3,122)	3,122
Profit before tax	318	(3,395)	3,713
Income tax	54	266	(212)
Profit after tax	372	(3,129)	3,501

The exceptional items impacting Q2 FY20 relate to voluntary redundancies. For statutory reporting under IFRS, the Group recognises revenue on wholesales (excluding sales from CJLR). The Group recognises its share of profits from CJLR within EBIT.

Income statement



IFRS, £m	YTD FY20	YTD FY19	Change
Revenues	17,558	17,080	478
Material and other cost of sales	(11,142)	(10,981)	(161)
Employee costs	(1,942)	(2,158)	216
Other (expense)/income	(3,769)	(3,891)	122
Product development costs capitalised	1,036	1,235	(199)
EBITDA	1,741	1,285	456
Depreciation and amortisation	(1,420)	(1,699)	279
Share of profit/(loss) from Joint Ventures	(94)	17	(111)
EBIT	227	(397)	624
Debt/unrealised hedges MTM & unrealised investments	(19)	(183)	164
Net finance (expense) / income	(107)	(47)	(60)
Profit before tax and exceptional items	101	(627)	728
Exceptional items	(22)	(3,122)	3,100
Profit before tax	79	(3,749)	3,828
Income tax	(9)	309	(318)
Profit after tax	70	(3,440)	3,510

The exceptional items impacting YTD FY20 relate to one-time separation and voluntary redundancy costs. For FY19 YTD, exceptional items relate to impairment. For statutory reporting under IFRS, the Group recognises revenue on wholesales (excluding sales from CJLR). The Group recognises its share of profits from CJLR within EBIT.

Favourable FX and commodities of £306m YoY



Hedge reserve reduced due to pound strengthening

IFRS, £m	Q3 FY20	YoY Change	QoQ Change
Operational exchange ¹	n/a	26	(58)
Realised FX hedges and other ²	(127)	41	29
Revaluation of CA / CL and other ³	37	6	(58)
Total FX impacting EBITDA & EBIT	n/a	73	(87)
Revaluation of unrealised currency derivatives ³	12	23	22
Revaluation of USD and Euro Debt ³	97	141	143
Total FX impact on PBT	n/a	237	78
Realised commodities (incl. in EBITDA & EBIT)	(1)	(10)	(1)
Unrealised commodities (excl. from EBITDA & EBIT)	32	69	50
Total Commodities impact on PBT (incl. in contribution costs)	31	59	49
Total pre-tax hedge reserve	(102)	534	607
Current portion of hedge reserve	(160)	302	336
End of Period Exchange Rates			
GBP:USD	1.315	3.3%	6.9%
GBP:EUR	1.173	5.2%	4.3%
GBP:CNY	9.143	4.4%	4.2%

Memo:

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

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

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

China JV (100%): Loss before tax £52m



Higher sales & lower fixed costs offset by higher incentives and material costs

IFRS, £m	Q3 FY20	Q3 FY19	Change	Q2 FY20	Change
Retail volumes ('000 units)	15.4	12.7	2.7	14.5	0.9
Revenues	427	354	73	332	95
Profit / (Loss) - before tax	(52)	(44)	(8)	(109)	57
- after tax	(49)	(31)	(18)	(82)	33
EBITDA	(1)	6	(7)	(50)	49
<i>EBITDA Margin</i>	(0.2)%	1.7%	(1.9)%	(15.1)%	14.9%
EBIT	(50)	(41)	(9)	(107)	57
<i>EBIT Margin</i>	(11.7)%	(11.6)%	(0.1)%	(32.2)%	20.5%