



# TATA MOTORS GROUP : FINANCE PARTNERSHIP MEET

24<sup>th</sup> June 2020

# Safe harbour statement

Statements in this presentation describing the objectives, projections, estimates and expectations of Tata Motors Limited (the “Company”, “Group” or “TML”) Jaguar Land Rover Automotive plc (“JLR”) and its other direct and indirect subsidiaries 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

Certain analysis undertaken and represented in this document may constitute an estimate from the Company and may differ from the actual underlying results

## Narrations

- FY20 represents the 12 months period from 1 Apr 2019 to 31 Mar 2020
- FY19 represents the 12 months period from 1 Apr 2018 to 31 Mar 2019
- FY18 represents the 12 months period from 1 Apr 2017 to 31 Mar 2018

## Accounting Standards

- Financials (other than JLR) contained in the presentation are as per IndAS
- Results of Jaguar Land Rover Automotive plc are presented under IFRS as approved in the EU.
- Tata Motors Finance –Performance snapshot is as per IndAS

## Other Details

- **JLR volumes:** Retail volume and wholesales volume data includes sales from the Chinese joint venture (“CJLR”)
- **Reported EBITDA** is defined to include the product development expenses charged to P&L, revaluation of current assets and liabilities and realised FX and commodity hedges but excludes the revaluation of foreign currency debt, MTM on FX and commodity hedges, other income (except government grant) as well as exceptional items.
- **Reported EBIT** is defined as reported EBITDA plus profits from equity accounted investees less depreciation & amortisation.
- Retail sales of TML represents the estimated retails during the quarter.
- COVID-19 impacts calculated for analytical purposes only.

# Key highlights



BS VI readiness for CV Range



Fully refreshed BS VI- PV range launched



Tata Altroz launch



Unveiled the Nexon EV, powered by



New Discovery Sport launched in China



First deliveries of New Defender in UK



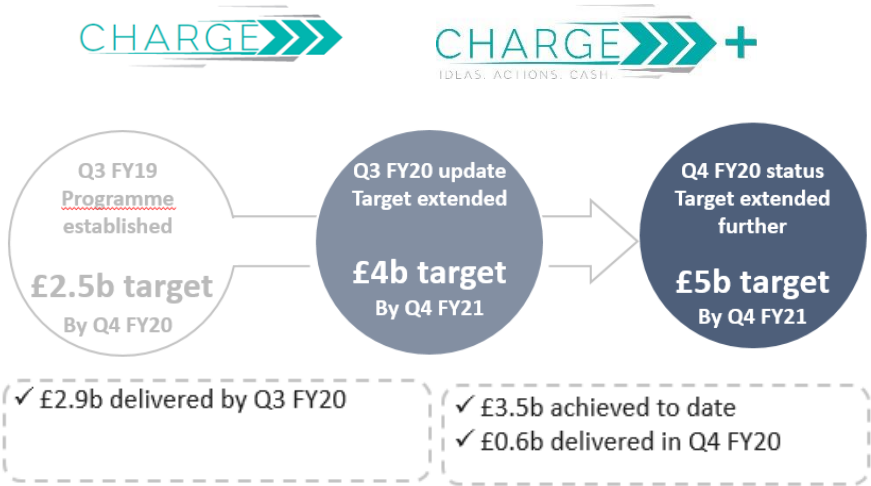
Evoque and Discovery Sport PHEVs launched



Project Vector mobility concept revealed



# Key highlights



JLR and BMW to collaborate on next-generation Electric Drive Units



SOTA announced, including Pivi Pro infotainment



Promoter’s equity support



PV Subsidiarisation approved by the board

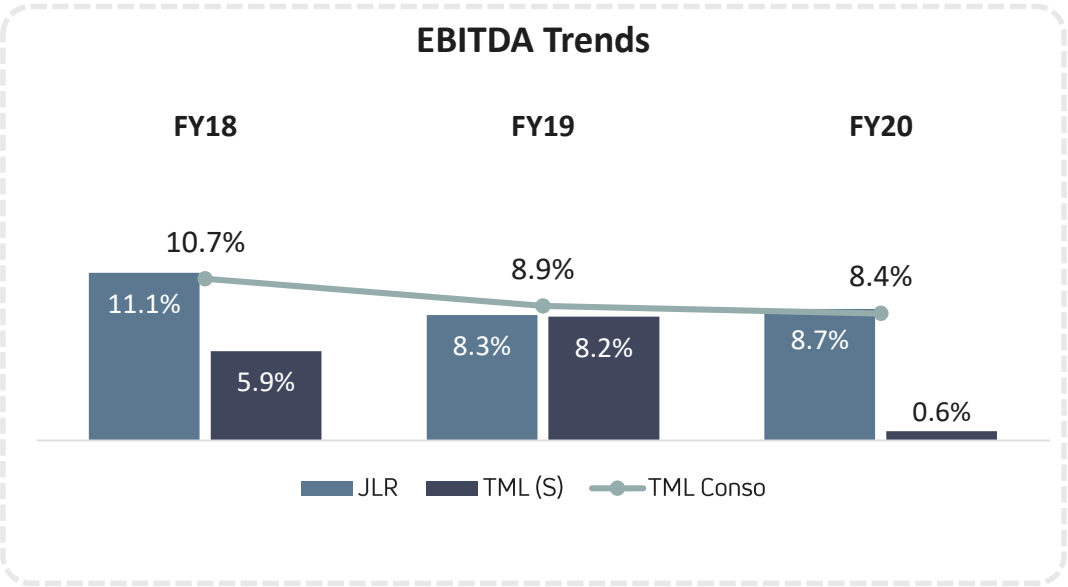


Seamless transition to BSVI with negligible inventory

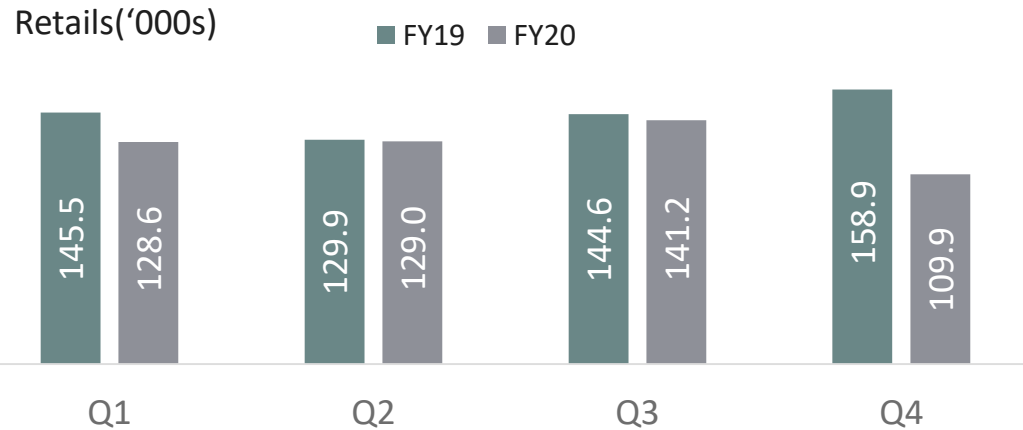
# Consolidated Performance

₹Cr.	FY18	FY19	FY20
Global wholesale ('000s)	1,282.3	1,305.0	1,006.2
Revenue	291,174	301,938	261,068
EBIT	11,845	3,643	(555)
EBIT%	4.1	1.2	(0.2)
PBT (bei)	9,180	(1,720)	(7,709)
FCF (Auto) (₹ K Cr)	8.9	(9.2)	(9.2)

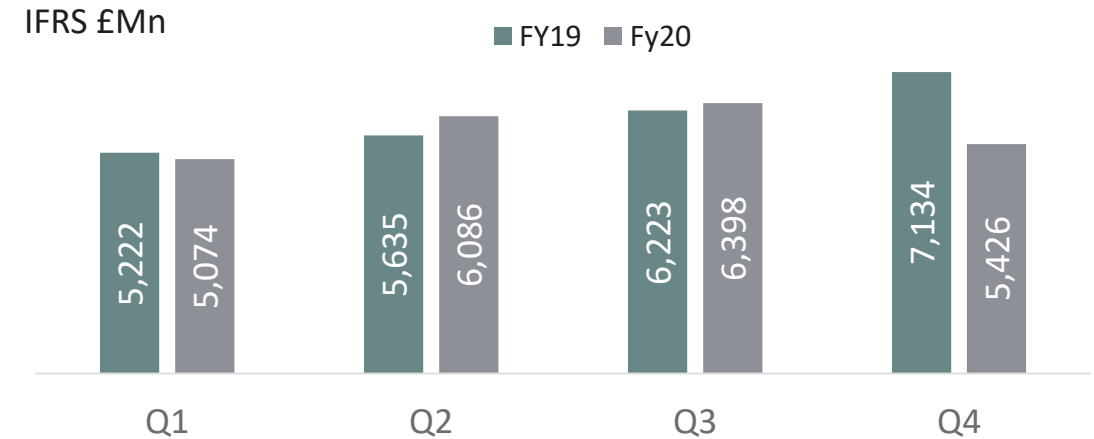
^ Global wholesales including CJLR



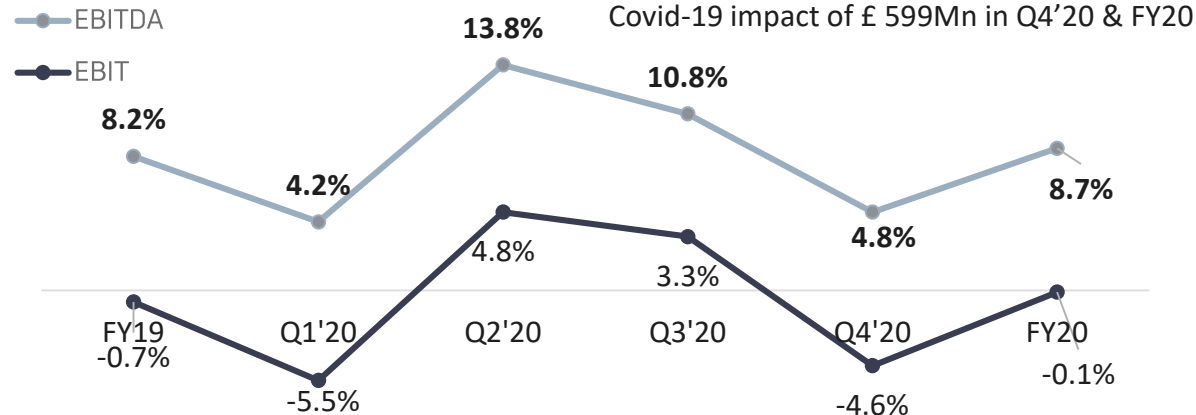
## Retails down 12.1% in FY20



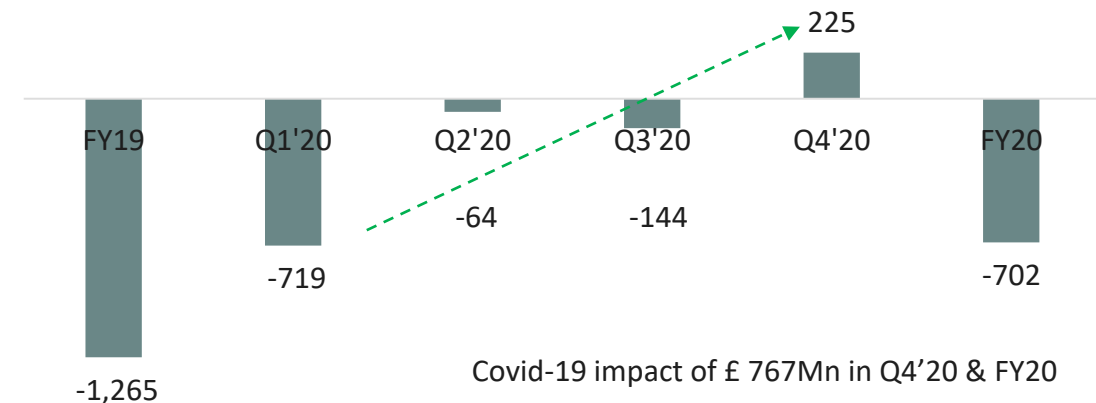
## Revenue down ; weak market conditions



## Margin improves; Project Charge delivered



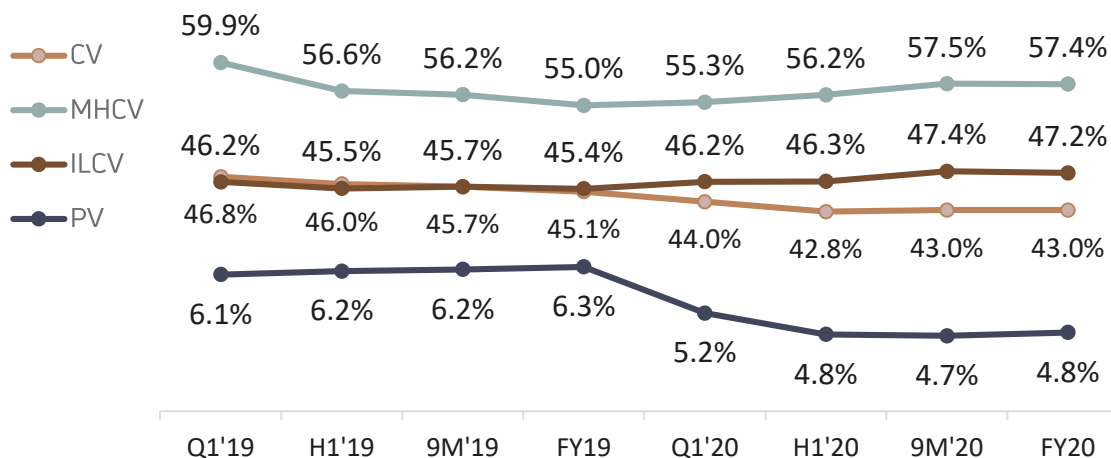
## FCF improved despite challenges



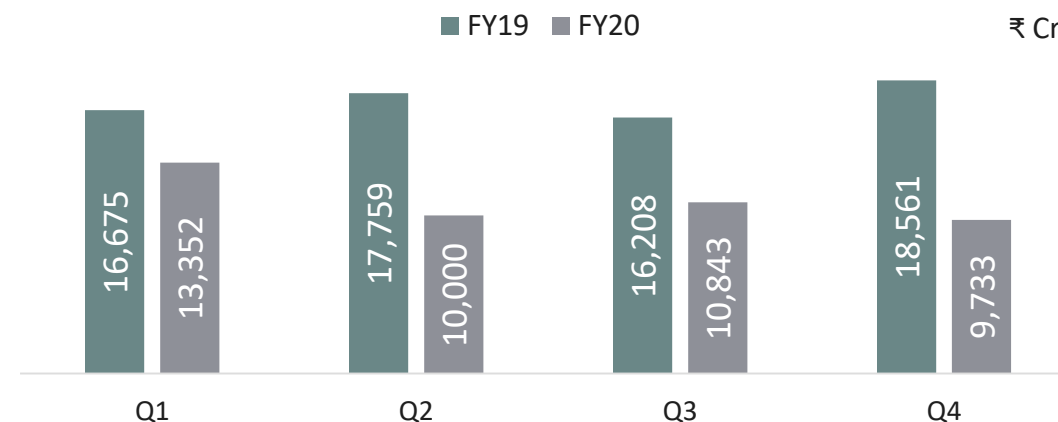
**Charge delivered £2.2b FY20 (Cumulative £3.5b) cash & cost savings**

# TML India Business

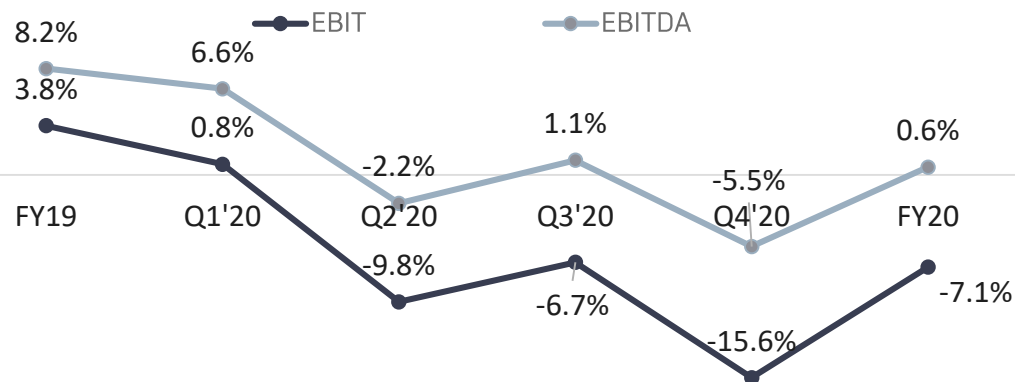
## Improved market share in MHCV, ILCV



## BSVI transition and economic slowdown

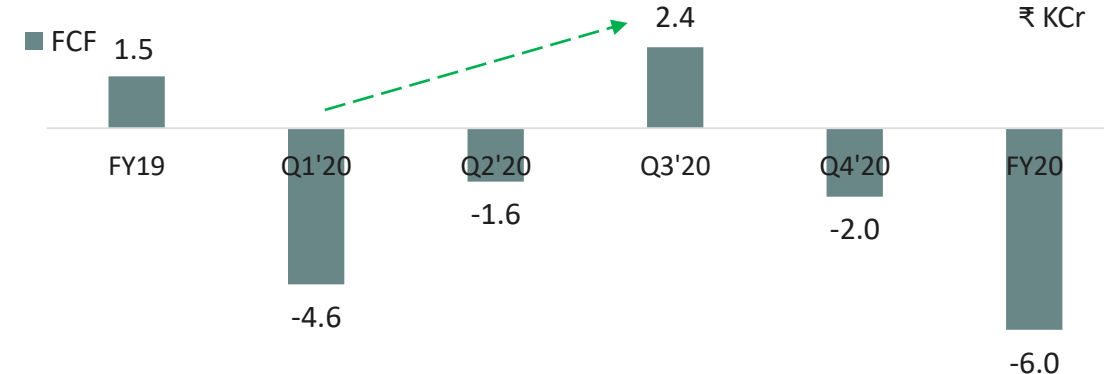


## Turnaround 2.0 impacted by challenges



Covid-19 impact of ₹ 500 Cr in Q4'20 & FY20

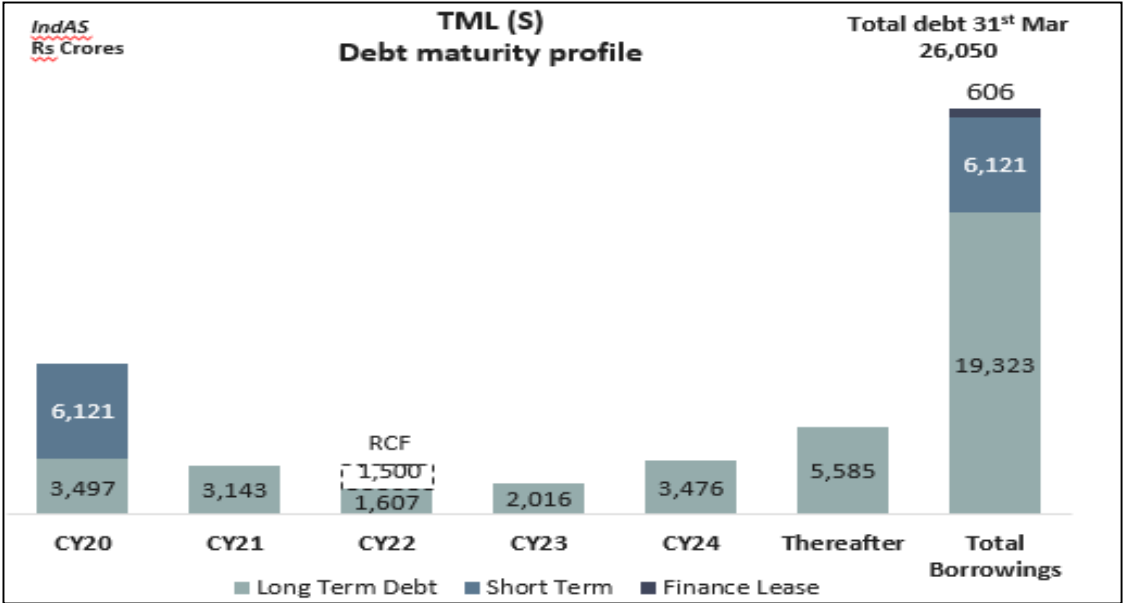
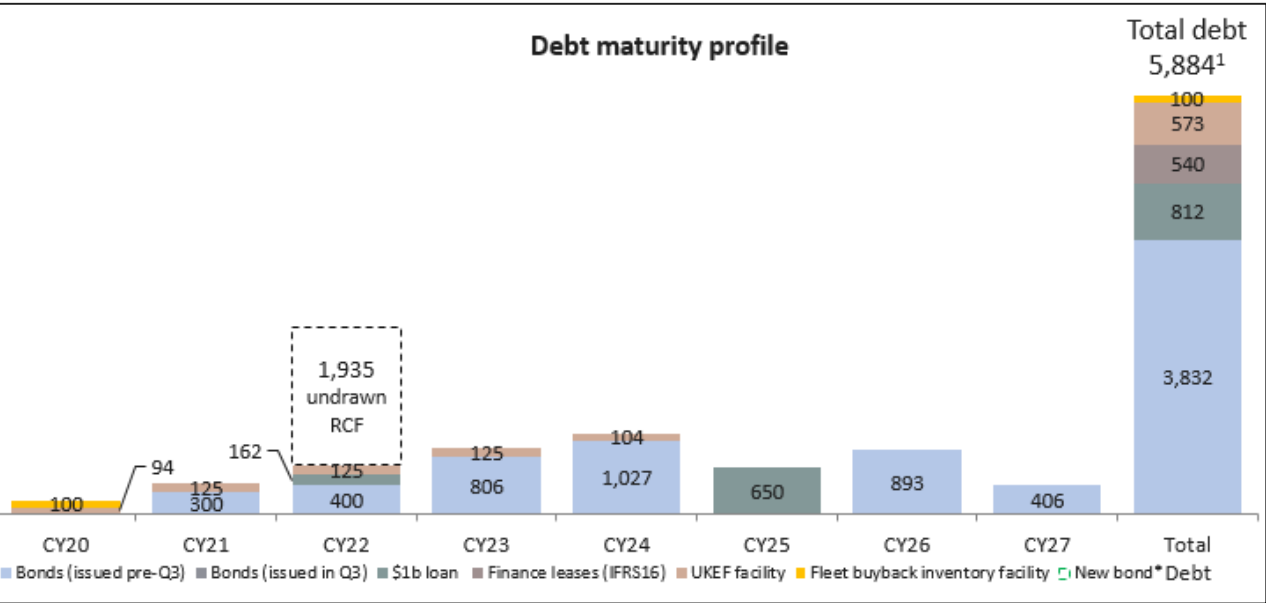
## Positive FCF for consecutive 2 years



Covid-19 impact of ₹ 2.0KCr in Q4'20 & FY20

**Disappointed that despite robust Turnaround actions, unable to compensate unprecedented external shocks ,**

# Debt profile



Strong liquidity and debt maturities well spread out



# Actions to improve cash flows

## Jaguar Land Rover

Area	Comment
Capex rationalised	Reduced by 40% to £2.5B in FY21; FY22 plans being recalibrated
Structural costs, cash	Charge+ targets increased to £5B (+1.5B)

## India Business

Area	Comment
Capex rationalised	Reduced by 66% to Rs 1500 Cr in FY21; FY22 plans being recalibrated
Structural costs, cash	INR 6.0KCr cash improvement plan launched ( <i>incl. INR 1.5KCr of cost savings</i> ).

- Tata Motors Group is a flagship of the Tatas and enjoys full promoter support
- Actions are underway to significantly deleverage the Tata Motors Group
- JLR to become sustainably cash positive from FY22 while becoming future ready



# Finance Partnership Meet

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24<sup>th</sup> June 2020



Commercial Vehicle Business Unit

Girish Wagh

# Revenue down 39%, EBIT at (0.3)%

₹Cr.	Q4FY'19	Q4FY'20	Change	FY'19	FY'20	Change
Retails (in 000's)	124.9	<b>86.0</b>	(31)%	459.7	<b>361.0</b>	(22)%
Wholesale (Incl Export) (in 000's)	139.4	<b>70.6</b>	(49)%	519.9	<b>341.9</b>	(34)%
Revenue	14,496	<b>7,016</b>	(52)%	54,037	<b>32,933</b>	(39)%
EBITDA%	9.6	<b>0.7</b>	(890) bps	11.0	<b>4.2</b>	(680) bps
EBIT%	7.0	<b>(5.3)</b>	(1230) bps	8.2	<b>(0.3)</b>	(850) bps

## System Stock

Reduced by 51K in H2

- Lowest inventory in TML history
- Well placed to deliver once industry demand recovers

## Volumes (Dom)

## Revenue

Retail 361K  
Wholesale 312K

₹ 33KCr

- Retails higher by 49K.
- Revenue drops sharply by 39%

## EBITDA

## EBIT

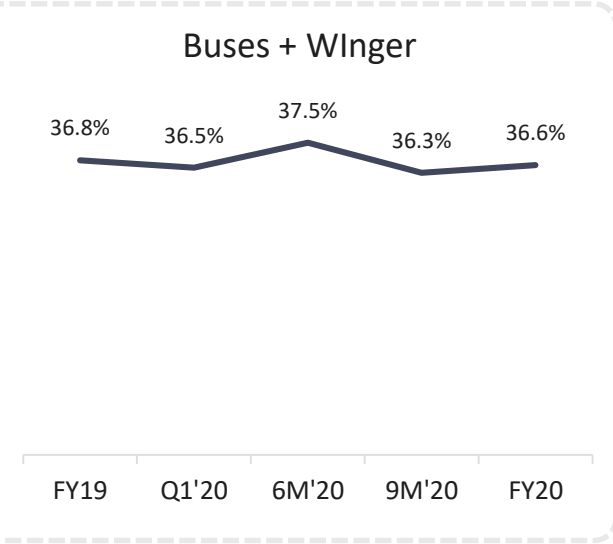
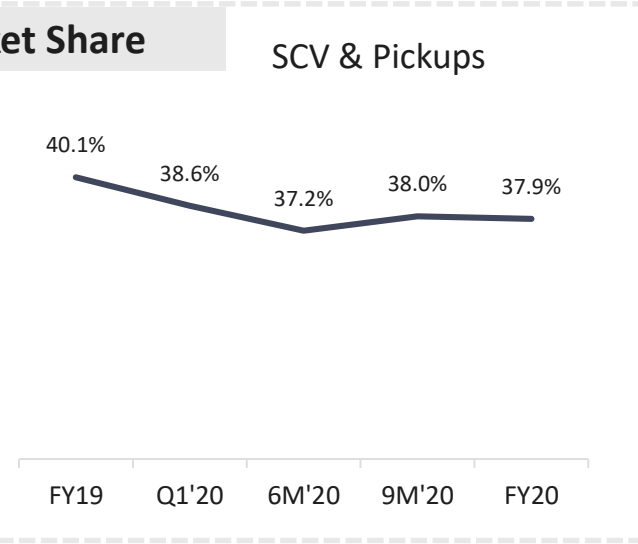
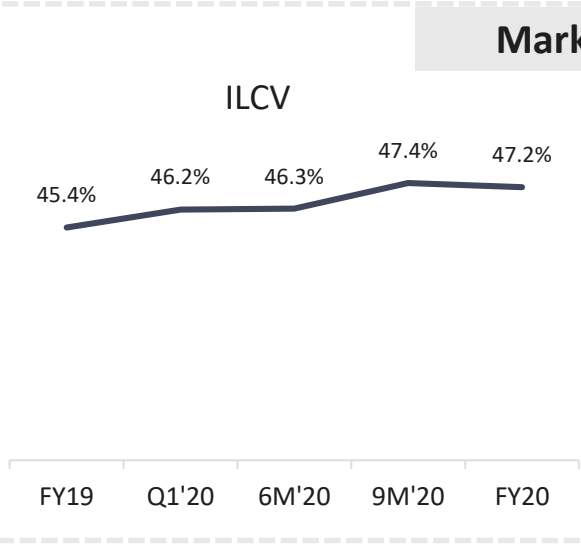
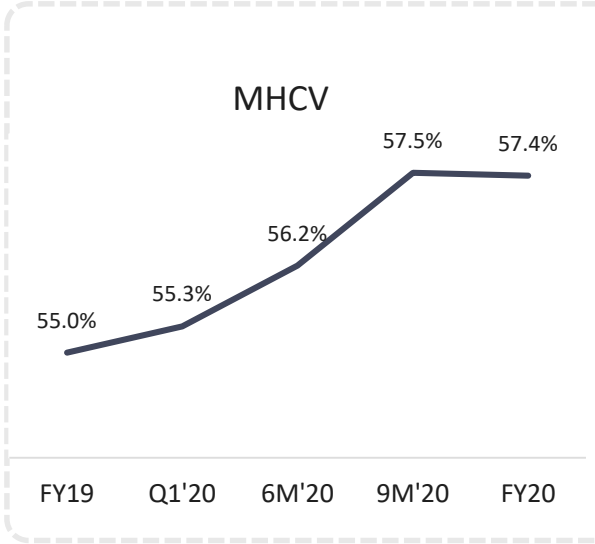
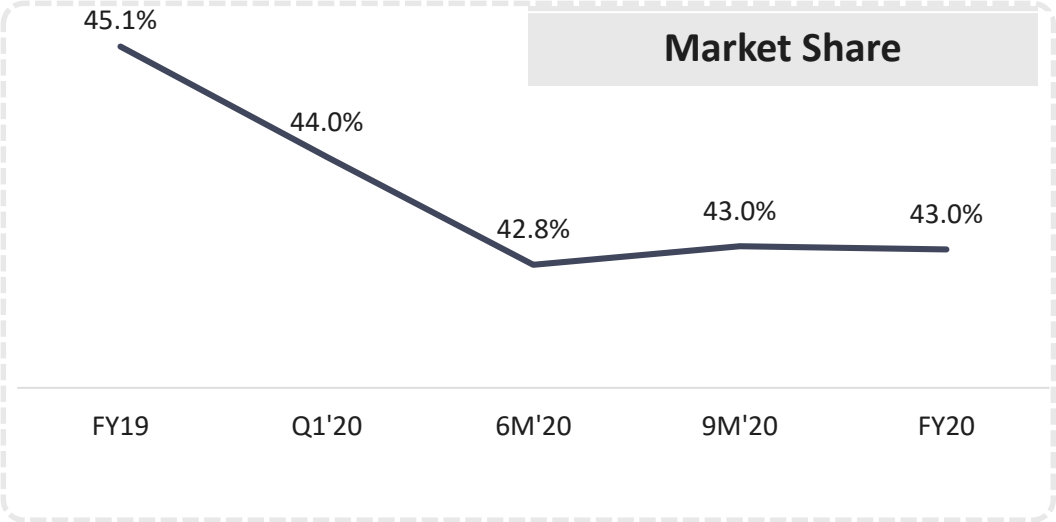
4.2%

(0.3)%

- SCV Saliency increased by +6% in TIV
- M&HCV decline of 50% impacts mix

**Profitability impacted due to adverse mix, higher VME and negative operating leverage**

# Market share at 43%

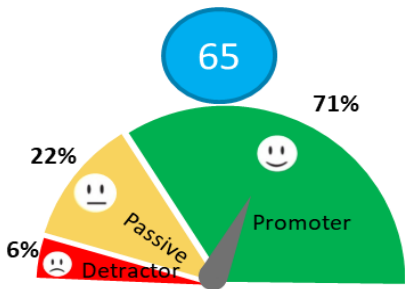


Market shares in M&HCV and ILCV increased with improved retail focus



# Continue to lead customer metrics

## Net Promoter Score



Improved by 2 points to 65,  
cumulative gain of 8 Points in two years

## Service Satisfaction C-Sat- Nielsen



Rank #1



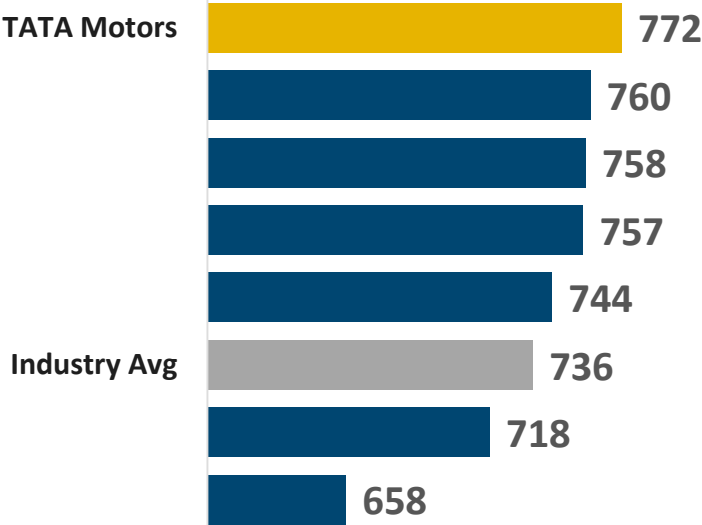
## Sales Satisfaction C-Sat-Nielsen



Rank #1



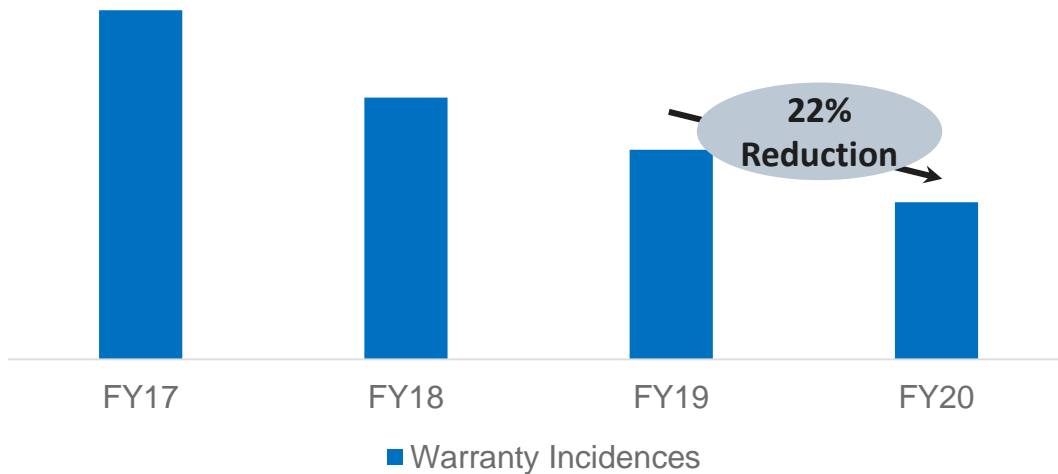
## Dealer Satisfaction Index FY19



*J D Power Syndicated study*  
Retained 1<sup>st</sup> place in dealer satisfaction

# Other highlights

## Warranty Reduction



Overall warranty complaints reduced by 22%, and warranty cost by 45% over FY19

## Awards won this year



CV Maker of The Year  
"second year in succession"

5 Best in Category Awards



CV of the Year  
Customer Excellence Award

7 Best in Segment Awards



CII Customer obsession award  
"second year in succession"



Adjudged under Exemplary  
Category in TCM (Total Cost  
Management) assessment by CII

Product quality continues to improve

# Unveiled our range of BSVI Vehicles at Auto Expo 2020



**Payloads 1 ton Ts to 55 Ts; 140+ type approvals and 19 engines**

# BSVI: Beyond compliance

## Deliver value to customers



- Conceptualized products to deliver beyond emission regulation compliance:
  - Address the voice of customer
  - Improve TCO
  - Enhance revenue earning potential
  - Additional value enhancing features
- Reduce complexity and introduce modularity
- Cost reduction to mitigate BSVI inflation impact

## Optimal pricing



$$MOP = \text{List Price} - \text{Discount (VME)}$$

- Pricing to address stakeholder expectations
  - Customers / Key accounts
  - Dealers
  - Financiers
- Improve realisations for TML
- Customer Value Assessment for every product

## “Power of 6” communication



- 14 Lac+ Digital Customers interactions
- 70K +Digital Interactions with other stakeholders
  - ◆ Financiers
  - ◆ Local Mechanics
  - ◆ Body Builders
  - ◆ Media

# BSVI: “Power of 6”

## • Power of Total Peace of Mind

- Sampoorana Seva through widest Service Network & Onsite service
- Best in Industry service response: TATA Alert
- TATA Samarth for Drivers & his Family
- Customised AMC Offerings &
- Fleet Management Solution (FMS)

## • Power of Connectivity

- Real time Vehicle Tracking & Geo-Fencing
- Fuel consumption monitoring
- Engine Idling monitoring
- Monitor Driving behavior
- Anti-fuel theft

## • Power of Choice

- Choice of Right Product from a wide range for your APPLICATION
- Choose Engine, Drive train & wide range of Fully built vehicles

## • Power of Enhanced Performance

- Powerful BS6 engines delivering higher Torque @ wheel
- Enhanced Productivity & Drivability
- Delivering improved turnaround time and Higher Revenue

## • Power of Total Cost of Operations

- Enhanced Fluid Economy\*
- Lower Maintenance Cost with Upgraded Drivetrain
- Longer Oil Drain Intervals\*
- Engine Brakes

## • Power of Comfort & Convenience

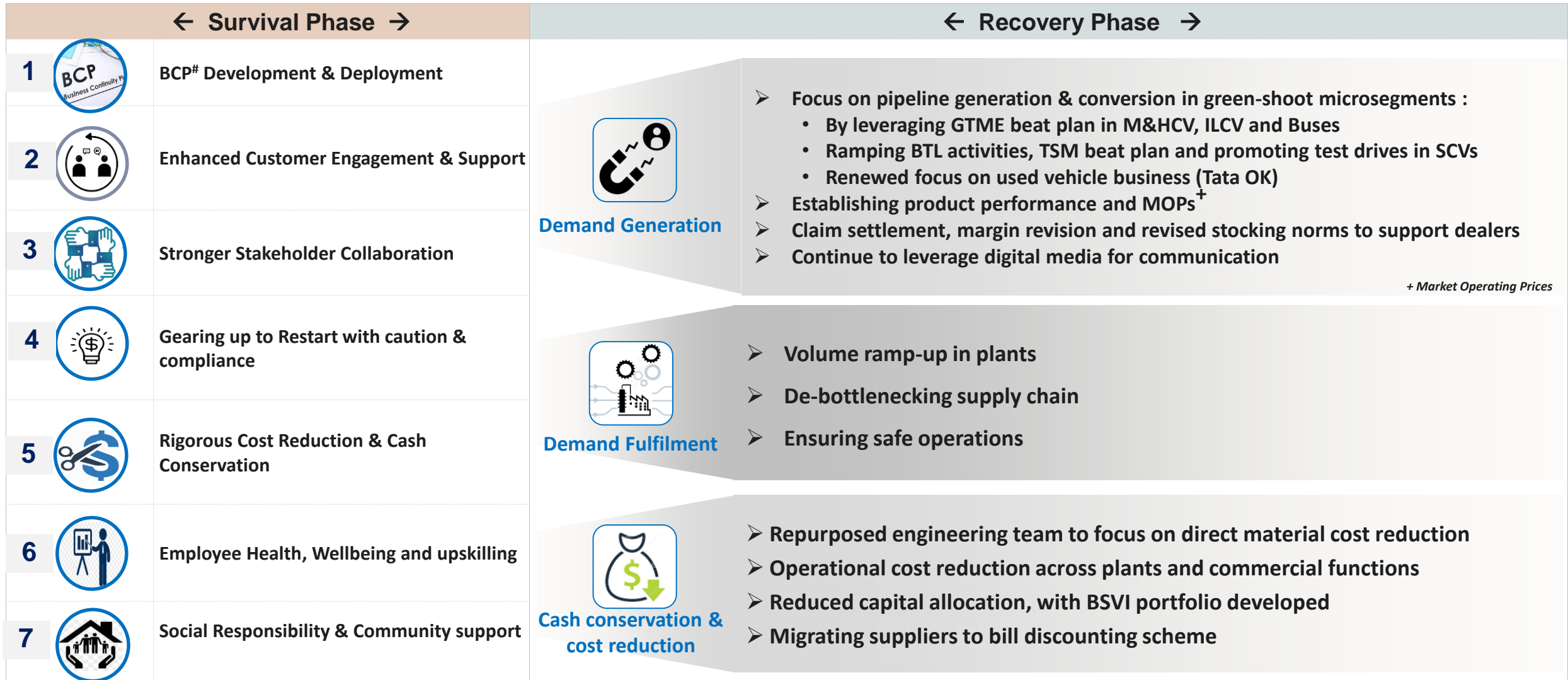
- Redefined comfort with PRIMA, ULTRA & Signa cabs
- Tilt & Telescopic Steering & 3 Way adjustable mechanically suspended driver seats
- World class comfort, convenience & SAFETY features



Communication to bring BS VI closer to the customer



# Progress on Business Continuity Plan



With transition into recovery phase, focus on Demand Generation, Demand fulfilment and Cash conservation & Cost reduction



# Finance Partnership Meet

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24<sup>th</sup> June 2020



Dealer health

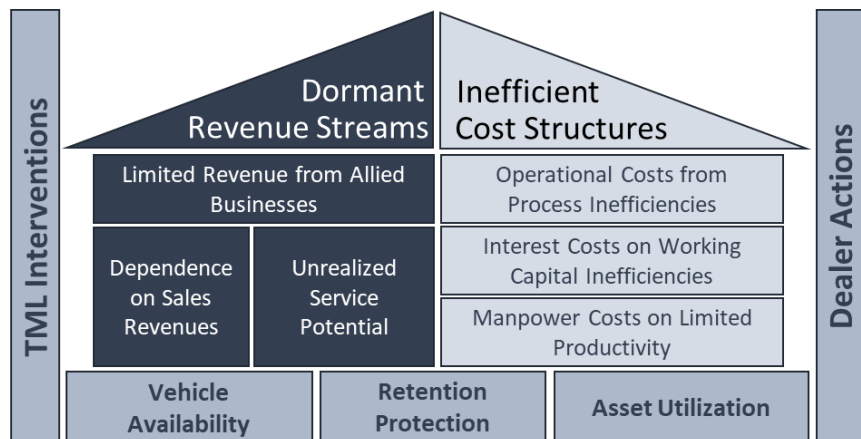
Girish Wagh

# Business continuity planning for dealers

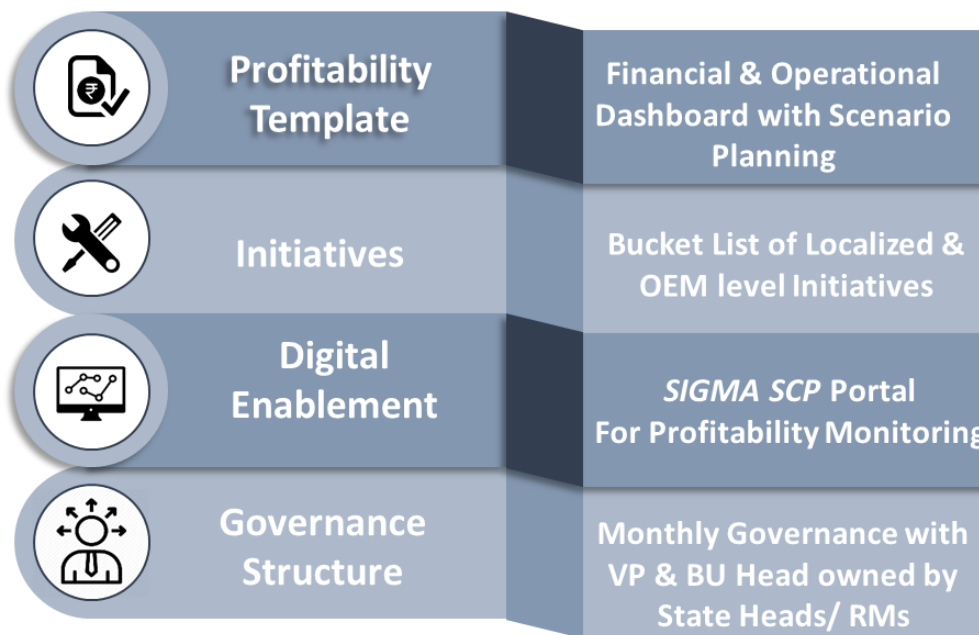


**BCP deployed across dealers for effective Unlock plan**

# Institutionalizing dealer profitability improvement



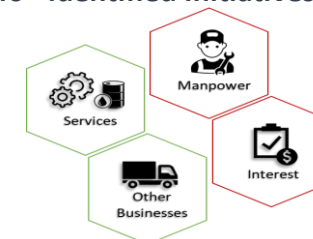
Identify opportunities to improve dealer profitability



4-pronged approach



## 2. 40+ Identified Initiatives



Structurally solving the profitability of dealers

**Thank You!**



# Finance Partnership Meet

24<sup>th</sup> June 2020



Passenger Vehicle Business Unit

Shailesh Chandra

# PV : Revenue down 28%, EBIT at (25.5)%

₹Cr.	Q4FY'19	Q4FY'20	Change	FY'19	FY'20	Change
Retails (in oos)	45.9	<b>27.3</b>	(41)%	199.0	<b>148.8</b>	(25)%
Wholesale (Incl Export) (in oos)	54.5	<b>32.3</b>	(41)%	212.5	<b>133.3</b>	(37)%
Revenue	4,043	<b>2,693</b>	(33)%	15,052	<b>10,772</b>	(28)%
EBITDA%	(0.1)	<b>(19.3)</b>	(1920) bps	0.1	<b>(9.8)</b>	(990) bps
EBIT%	(11.4)	<b>(38.6)</b>	(2720) bps	(9.3)	<b>(25.5)</b>	(1620) bps

## System Stock

Reduced by 13K in  
H2

- “New Forever” BS VI portfolio in the market
- TML in-house dealership closed and supply chain streamlined

## Volumes (Dom)

## Revenue

Retail 149K  
Wholesale 132 K

₹ 11KCr

- Retails higher by 17K
- Revenue drops sharply by 37% on lower wholesales

## EBITDA

## EBIT

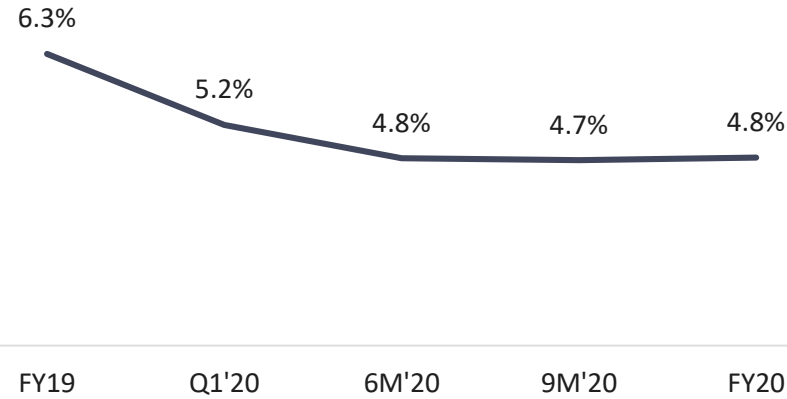
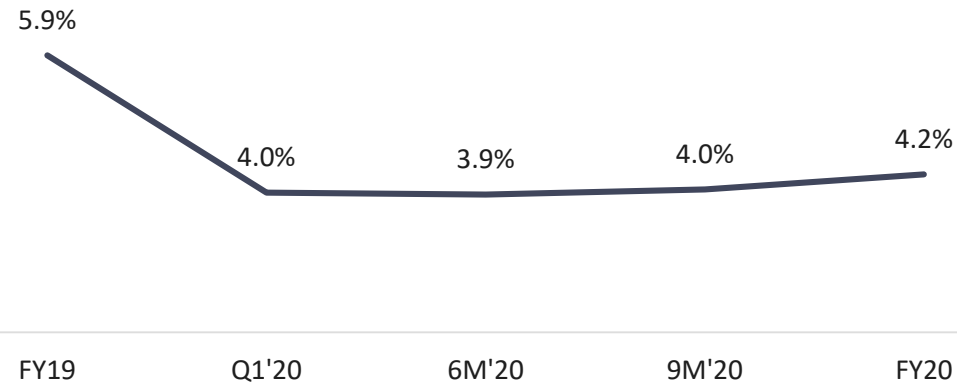
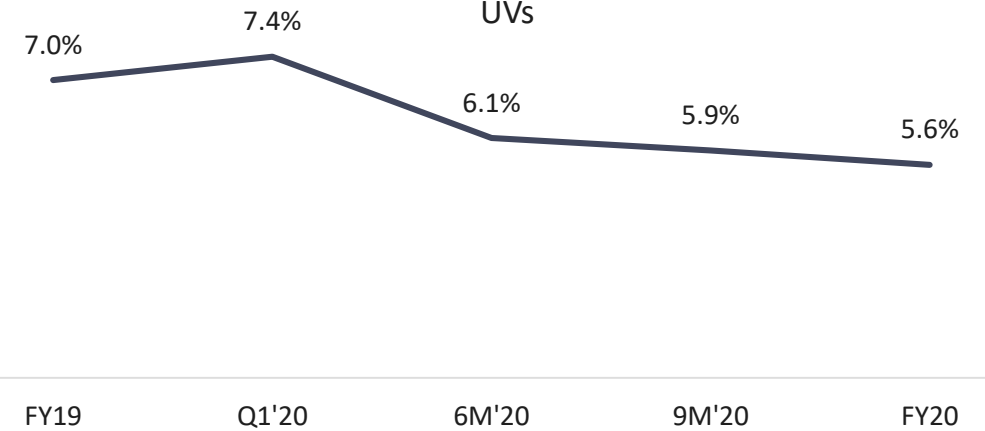
(9.8)%

(25.5)%

- Q4 was impacted by transition to BSVI and lockdowns

**Contribution margins steady; Focus on front end activation**

# PV: Retails 13% higher than wholesales

**Market Share****Passenger Car****UVs**

**“Win Sustainably” by getting basics right and ensuring retails > wholesales**

- **Update on the automotive industry**
- Evolution of Tata Motors
- Our growth plans

# COVID-19 has impacted Indian automotive industry

## Market Situation

- Apr'19 was the first ever month in the history with Zero sales
- Industry started opening up in after partial lifting of the lockdown post May'18
- Signs of full recovery are visible as bookings and **retails have returned to 95%** and **86%** of the normal times by 3<sup>rd</sup> week of Jun

## Trends

- Shift towards personal mobility due to social distancing
- Higher demand for **entry level** vehicles & SUVs
- **Pent up demand:** Customers waiting to upgrade vehicles post BSVI
- Preference for **local brands** with world class quality



## Outlook

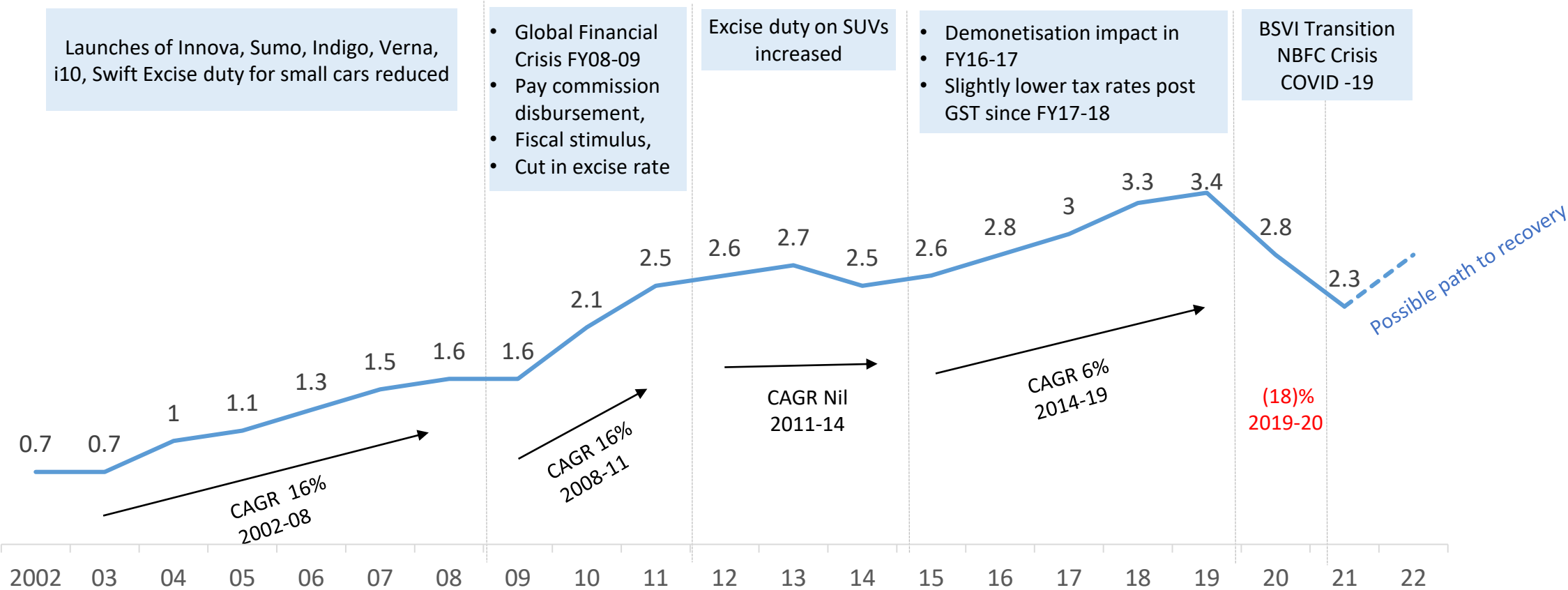
- Overall, Q1 demand likely to be significantly down
- Demand will improve in Q2 , with a lesser decline than Q1, in line with most agency predictions
- Demand likely to **return to normal in H2** , if not grow

**Early signs of recovery shows that Industry will bounce back by end of FY21**



# Industry trends point to a sharp recovery in volumes for FY22

TATA MOTORS  
Connecting Aspirations



After 2 years of downturn, pent up demand expected to result in steep recovery in FY22

# Consumers are changing, resulting in higher emotive expectations Connecting Aspirations

## Changing customer needs



### Higher Emotive Connect

Customers viewing car as a **personal space reflecting their personalities** rather than just a mode of transportation



### Modern Features With Beautiful Looks

Means to **flaunt social status** in the society, through latest offerings in line with global standards



### Environmental Consciousness

Driven by visible climate change, nearly 50% of customers also claim to be **environmentally conscious**

## Implications for cars

**Declining traditional expectations** such as low cost of ownership, functional features

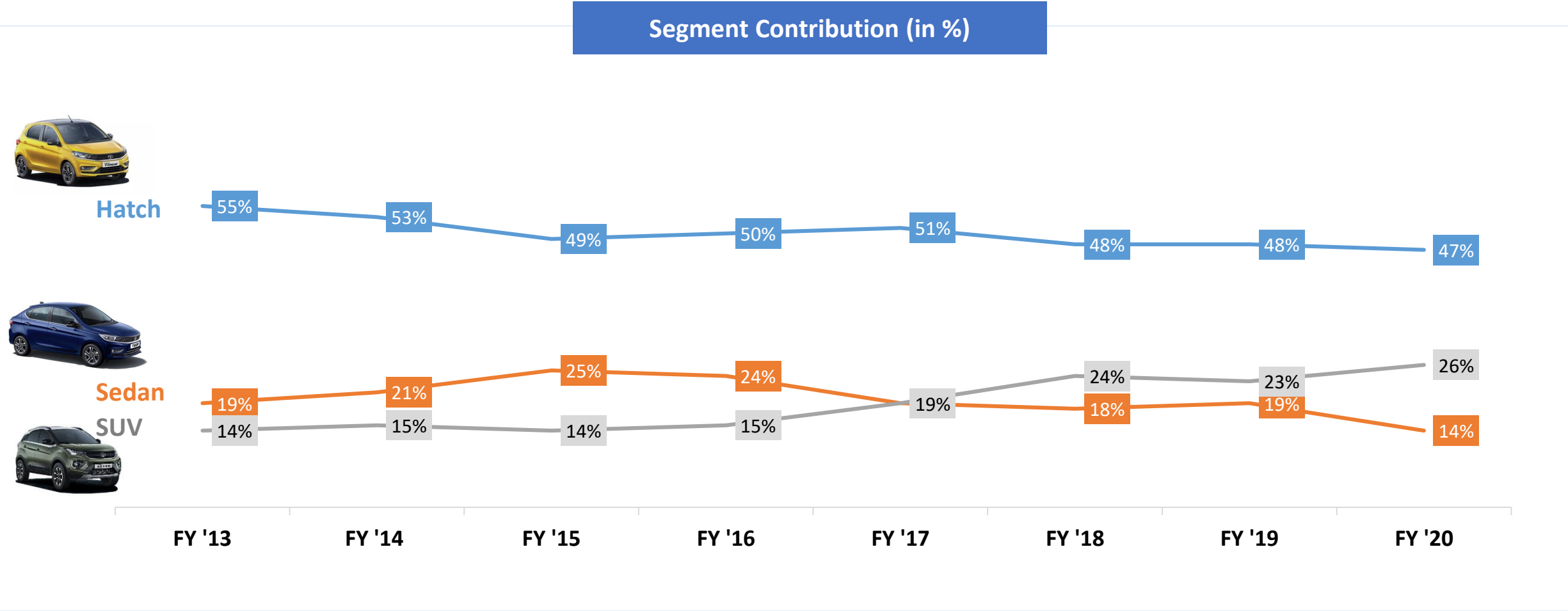
Focus on aspirational features: **good looks, latest technology, and sporty driving experience**

Environmentally friendly cars, including **Electric Vehicles**

Source: Sigma Milieu India Sensor 2018

**Aspirational customers are seeking more emotional factors from cars**

# Changing preferences are impacting the market composition

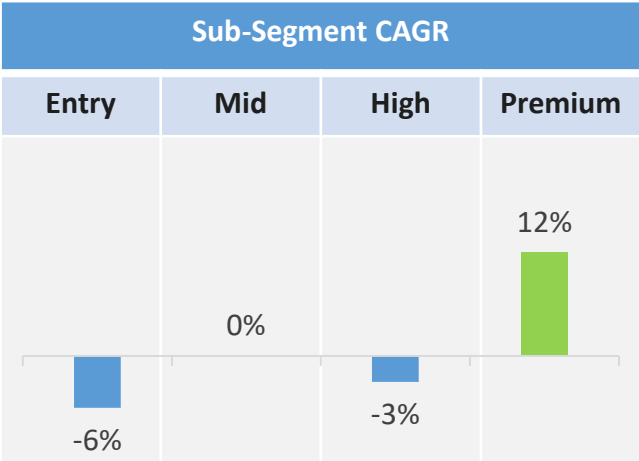


Source: SIAM data

**SUVs have significantly growing up altering the composition of Hatchbacks and Sedans in the Industry**

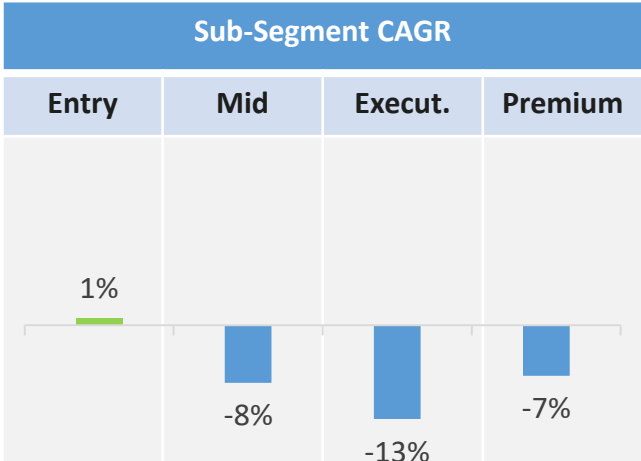
# Sub-segments offering high style and flaunt quotient are growing

## CAGR- Hatch Segment : -1%



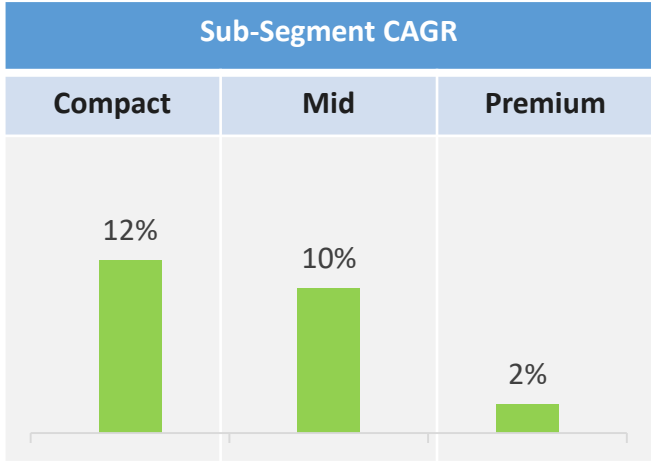
Hatch is de-growing, but Premium Hatch is growing significantly

## CAGR- Sedan Segment : -2%



Sedan is de-growing overall

## CAGR- SUV Segment : 10%



SUV is growing across sub-segments

CAGR : Calculated from FY'13-FY'20  
Source SIAM Data

While hatchbacks are declining premium hatch is growing; significant growth in the SUVs with all sub-segments growing

- Update on the automotive industry
- **Evolution of Tata Motors**
- Our growth plans

# Tata Motors has completely transformed its product line up in the last 3 years

## Earlier (Pre-FY'17)



Entry Hatch



Mid Hatch



Entry Sedan



UVs



Mid Hatch



Premium Hatch



Entry Sedan



UVs



EV

Our contemporary products have been developed keeping evolving customer preferences



New Forever will keep bringing best of Technology, Safety, Design & driving Pleasure continuously

## Brand Pillars

### Driving Pleasure



### Safety



### Technology



### Design





# Tata Motors has become the market leader in EVs

## EV Imperative

- **National imperative** – urban pollution, energy security & trade balance
- **Incentivization** by government - 10,000 Cr FAME incentive, GST reduction, etc.
- Force multiplier for meeting **stricter emissions regime**, driven by CAFE standards
- **Strong customer interest** in EVs, driven by global **product launches**

## Tata Motors EV Strategy

- Focusing on **fleet, government & personal** segments
- **Contemporary and accessible EVs**
  - Low Voltage EV for fleet use
  - High Voltage EV for personal use
- **Conversion of existing models** to optimize investments
- Tata Motors is building a **strong EV ecosystem** with Tata Group companies

## FY20 Performance



**Market leader** in Fleet (46%) & Government (53%)

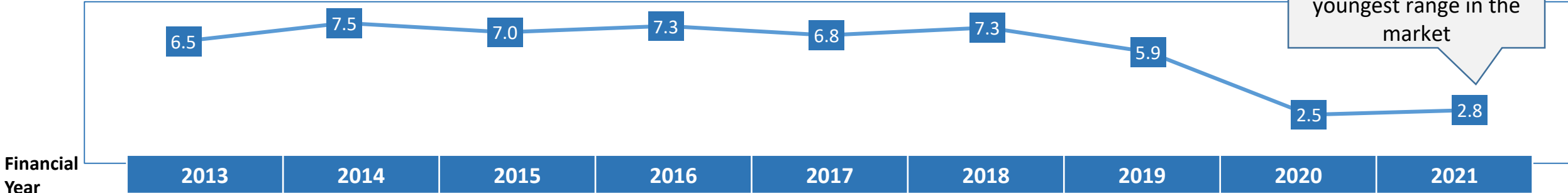


**Market leader** in personal segment (43%)

**High-tech, high performance EVs further reinforce brand image**

# Tata Motors is well poised to grow with a young & focused portfolio

**Average Age of Our Portfolio**  
( in years)



**Young and Focused range**, covering 80% of addressable market

**Sharpened portfolio** with only 5 models covering major growth segments

Model	Segments Covering
Tiago	Mid & High Hatch
Altroz	Premium Hatch
Tigor	Entry Sedan
Nexon	Compact SUV
Harrier	Mid SUV

**Most Efficient Portfolio – Youngest, Focused, Technologically Advanced**

# Our new and upcoming products will further strengthen our brand pillars

## GRAVITAS

Flagship Luxury SUV



## HBX\*

All new micro SUV category



Future products will expand and excite the SUV portfolio

- Update on the automotive industry
- Evolution of Tata Motors
- **Our growth plans**

# Tata Motors has set an aspirational medium-term vision

## Tata Motors Aspirations

**Top 3** OEM in terms of total sales

**#1 or #2** position in segments we are present

**2x** overall sales in the medium term

## Strategic Initiatives



World class customer experience



Complete digital transformation



Reimagined aftersales

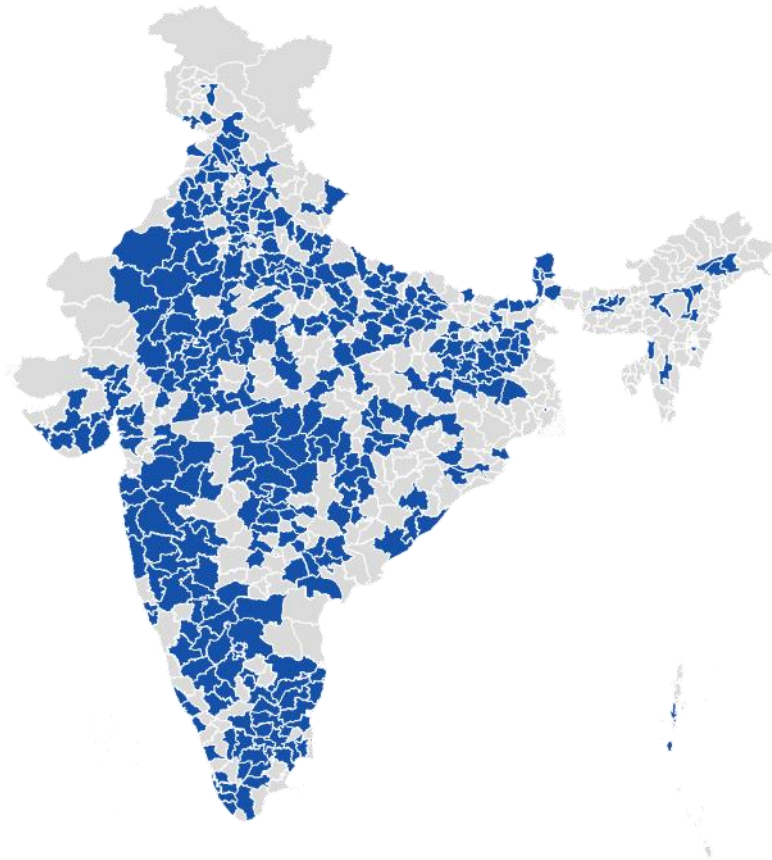


Exciting product range

**Our growth aspirations are supported by strategic initiatives for reimagination of our PV business**

# Our dealers are set to achieve significant growth

## Dealer Network



100 + new outlets  
planned

Doubling dealer  
throughput

■ Districts with TML  
dealer presence

## Key Highlights

- Dealers will see **significant increase in profitability** driven by sales growth
- TML growth aspirations to result in **significant increase in dealer sales**, driven by strong product as well as innovative marketing actions
- Plan to **increase number of outlets per dealer** to provide greater catchment area and increase sales

**Dealers expected to have growth in profitability when we reach our aspirations**



# Key focus areas to support our dealer network



Paradigm shift from **Off-take to Retail**



Focus on **manpower productivity** improvement



Reimagined **customer experience**



**Profitability enhancement** for dealers



# We have implemented multiple interventions to strengthen dealers for this journey

## Dealer Profitability Enhancement

- Periodic review of **Dealer Margins & Incentives**
- **Premium product mix** to increase earnings
- **Focus on rural & micro-markets** for volume growth
- Lower stock **interest cost**
- **Low investment** formats

## Focus on Allied Businesses

- Growing **insurance penetration**
- Greater focus on **accessories**
- **Extended Warranty, AMC sales**
- **Tata Motors Assured (used car)**

## Increase Dealer Manpower Effectiveness

- **Training & development** support, with digital tools
- **HR practices** improvement
- **Manpower incentivization** to improve retention
- **Periodic labour rate revision**

## Improved Inventory Management

- **Focus on retail** to reduce inventory build-up
- Strict adherence to **30-day stock** at dealerships
- **Regional Stockyards** to reduce dealer stock
- Better **Logistics Management**

**Thank You!**