



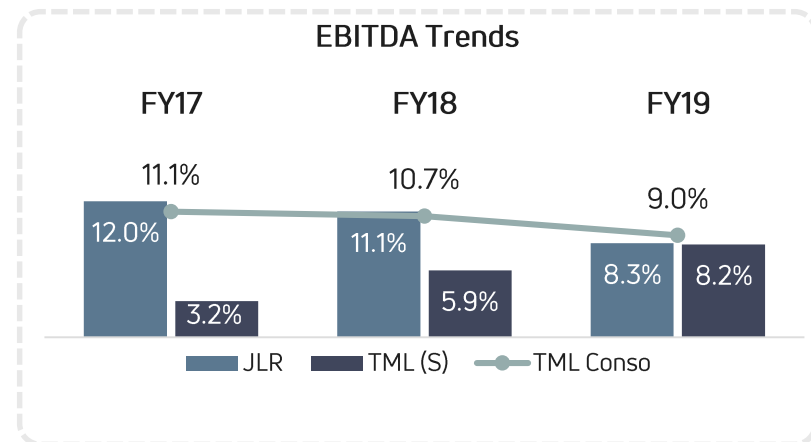
TATA MOTORS GROUP

Finance Partnership Meet 2019 | 30 September 2019

Sr. No	Area	Presenter
1	Context Setting	PB Balaji, Group CFO
2	TML Group Challenges, response & support required	PB Balaji, Group CFO
3	TML Narrative	Guenter Butschek, CEO & MD
3	Commercial Vehicles –Win Decisively	Girish Wagh, President CV Business
4	Passenger Vehicles deep dive-Win Sustainably	Mayank Pareek, President PV Business
6	Q&A, Closing Remarks	PB Balaji, Group CFO

Business performance mixed

₹Cr.	FY17	FY18	FY19
Volumes (units) ^	11,55,253	12,82,321	13,05,002
Revenue	269,850	291,174	301,938
EBIT	13,478	11,845	3,643
EBIT%	5.0	4.1	1.2
PBT (bei)	8,200	9,180	(1,720)



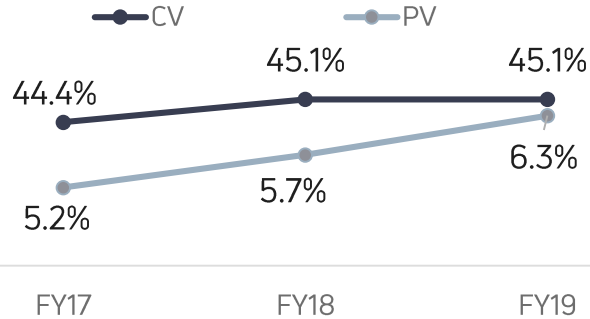
^ Global wholesales including CJLR

PAT includes share of profit of JV and Associates

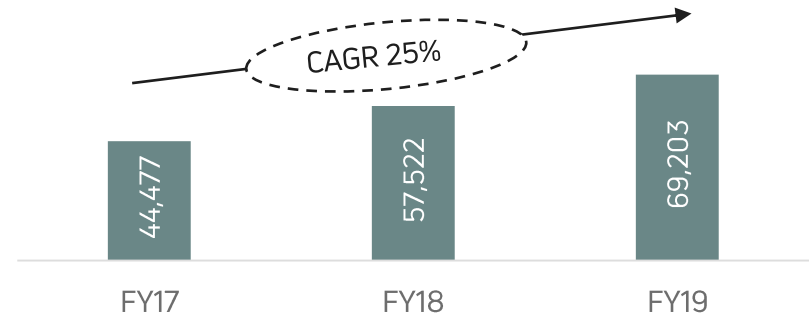
*bei - before exceptional items

Delivered competitive, consistent & cash accretive growth

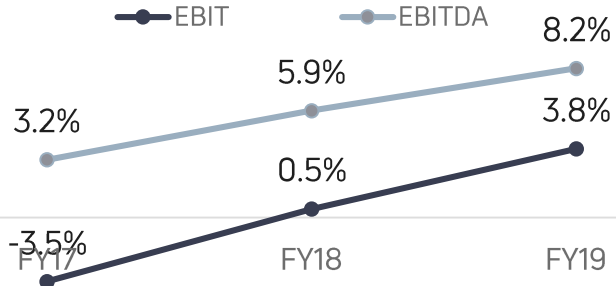
Improved market shares



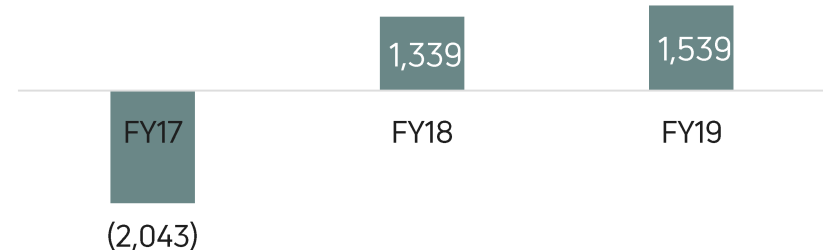
Strong revenue growth



Improved profitability



Positive FCF for last 2 years



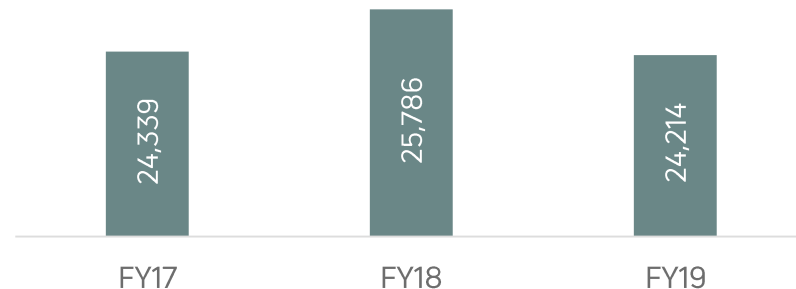
CV EBITDA stable; PV achieves EBITDA breakeven

Performance impacted adversely in recent times

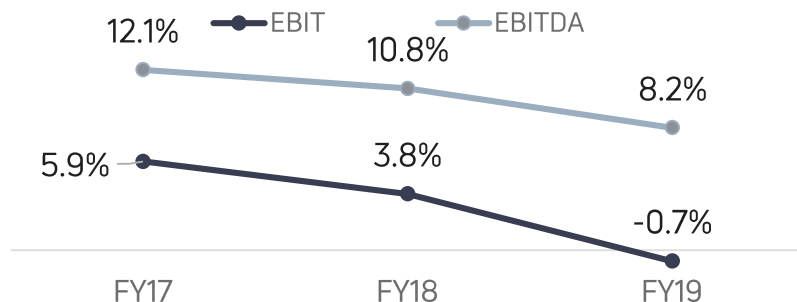
Retails affected mainly by China



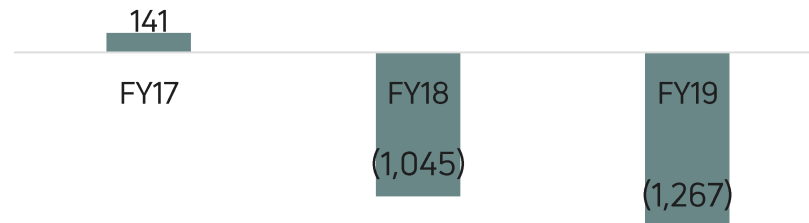
Revenue down ; weak market conditions



Lower Margins



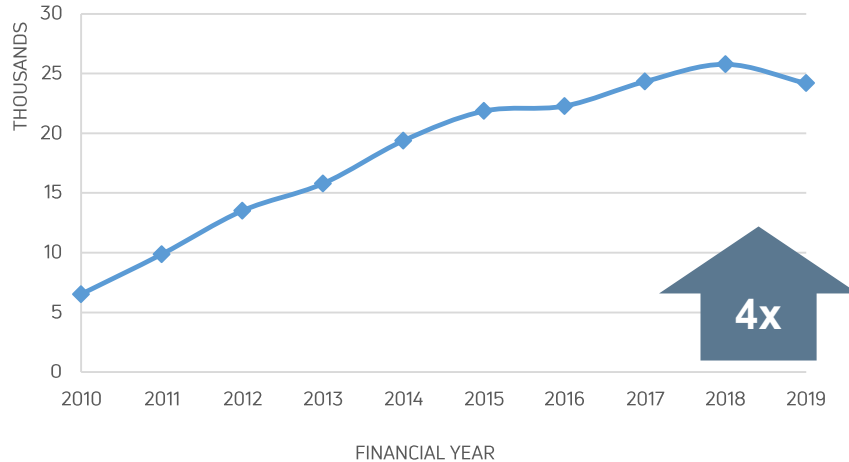
Free Cash flows



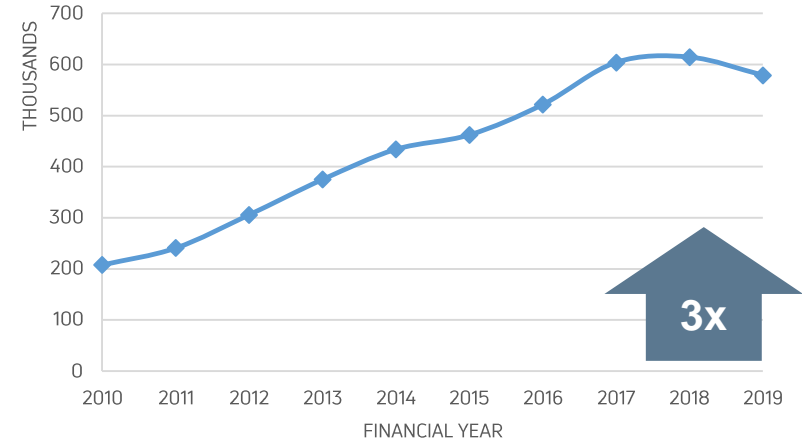
Project Charge and Accelerate to focus on transforming the business performance

The business has delivered over the long term

REVENUE (£ BILLIONS)



RETAIL VOLUME



- Between FY11 and FY19 JLR has:
 - Grown 4x
 - Generated PBT of over £13b (before exceptional items)
 - Generated c. £27b of operating cash flow before investment of c. £25b in products, technology and capabilities

Significant value creation since 2010

Growth

Cost and Cash

Getting future ready



Jaguar LandRover

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Strong pipeline of new and refreshed products



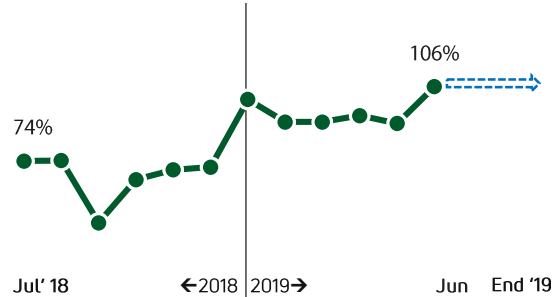
An Icon re-imagined....

China business metrics stabilise

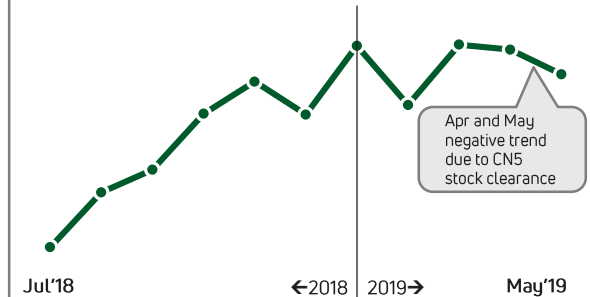
Underlying Operational Performance

- Retail Target achievement improved to above 100%
- Retailers Return on Sales (RoS) improved in 2019 with increased number of profitable retailers.
- Retailer stock level reduced to the lowest level since 2017
- Local registration improved to 80%

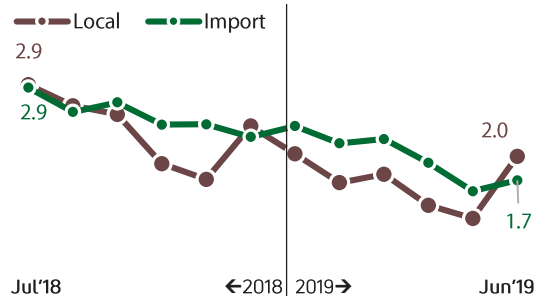
Retail Target Achievement



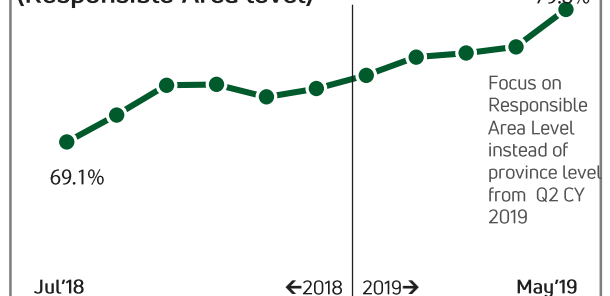
Retailer Return on Sales %



Retailer Stock Index in month



Local Registration Rate (Responsible Area level)



JLR China business has stabilized. To recover gradually hereon

Charge on track to deliver

Project Charge

3 main objectives with targeted workstreams

- Stabilise cash position
- Right- size cost
- Improve variable profit

£2.5B+
CHARGE 
IDEAS. ACTIONS. CASH.
 FY19 and FY20 impact

	Target £b	FY19 £b	FY20 Q1 £b
Investment	1.0	0.7	0.3
Working Capital	0.5	0.4	-
Cost & Profits	1.0	0.2	0.1
Total Cash	2.5	1.3	0.4

Project Accelerate

Addressing fundamental challenges that will ensure our sustainable and successful future

- Reduce delays & improve quality
- Deliver competitive material cost
- Enhance sales performance

ACCELERATE 
 TRANSFORMING TODAY FOR TOMORROW

'Charge' on track with £1.7 B achieved;

Brexit – Expect decisive actions in coming days

Risk mitigation planning for a possible “No Deal” Brexit outcome

Deal

- JLR to benefit from continued friction less trade
- Expect currency to appreciate gradually

No Deal

- Potential delays at ports could disrupt supply chain
- Loss of access to preferential tariffs could result in loss of competitiveness

Near-term operational impacts

Impacted area	JLR Response
Production Scheduling	1 week shutdown in Nov.
Production continuity	Buffer stocks increased to reduce potential disruption
Operational continuity	Cross-functional Brexit governance programme in place incl. supplier engagement, IT changes and customs compliance

Ongoing structural impacts

Impacted Area	JLR Response
Pricing	Will pass on net cost impact if any to the extent possible
FX offset	Year 1: The pound expected to weaken offsetting tariff costs partly in year one (net of hedging) Year 2 onwards: Expect to benefit from currency

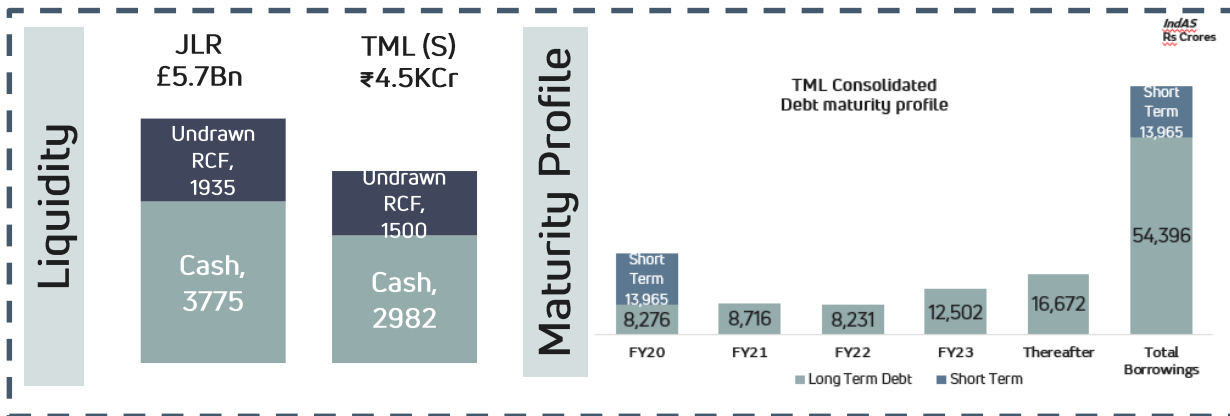


Balance Sheet

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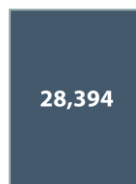
Maturities well spread out & Adequate Liquidity

Rs Cr. IndAS

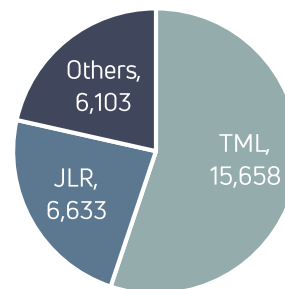


Debt Matrix	JLR	TML (S)
Gross Debt/EBITDA	2.3	3.3
Gross Debt / Equity	0.77	0.84
Net Debt/ Equity	0.12	0.71

Net Auto Debt



Mar 31, 2019



Focused deleveraging actions to strengthen balance sheet

Kick start a new phase of
engagement

Deeper engagement
with the business

Hear your perspectives

Strengthen our
partnership for progress



TATA MOTORS

Connecting Aspirations



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GUENTER BUTSCHEK, CEO & MD

Turnaround has fired on all cylinders

Our impressive track record

 Sales enhancement

 Rigorous cost reduction

 Supply chain efficiencies

TURNAROUND
indications moves spending team condition positive firm state troubled first consumer
hither ending recession trend management performance prefall change business negative experience
organization situation reversal market industry reversal



➤ Win Decisively in CV

➤ Win Sustainably in PV








➤ Win Proactively in EV

- CV maintains leadership across segments,
- PV outperformed the market for 36 months (FY17-19)
- 48 new models launched in CV, 5 in PV in FY19
- PV NPS +20, CV NPS +61
- PV CSI : Rank 2
- PV customer profile reversed from 20:80 to 80:20 (personal : fleet)
- Best Manufacturer of the Year in PV by Autocar,
- Best Maker of the Year in CV by Apollo,
- Most trusted brand in auto by Brand Equity,
- 2nd most attractive brand by ET

Re-energized the organization on cost reduction

PV One Team One Target

Initiative

-  21% higher cost reduction expected over LY
-  1/3rd reduction in implementation times
-  550+ cost negotiations done
-  8 variants introduced within 6 months
-  18 competitor, 4 TML cars torn down
-  250+ TML & 50+ supplier idea workshops conducted
-  1000+ people involved, 50+ trained on 28 levers of classical idea generation

Approach



-  Syndicated pipeline ready for next year

Impact

- All product margins jump by +500 bps
- Brand premium command
- Organization capability and learning of new tools such as classical VAVE, should costing, etc.

#Similar initiative, much larger in scale, running in CV

Getting cost base right to improve profitability

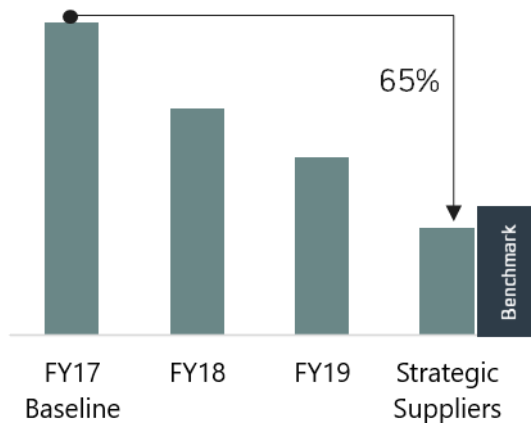
Simplified the supply chain for scale efficiencies

Strategic supplier base

Initiative

- Rationalize supply base by tiering, site assessment
- Leverage scale & synergy through commonality principle
- Commodity strategy and governance through sourcing council

Approach



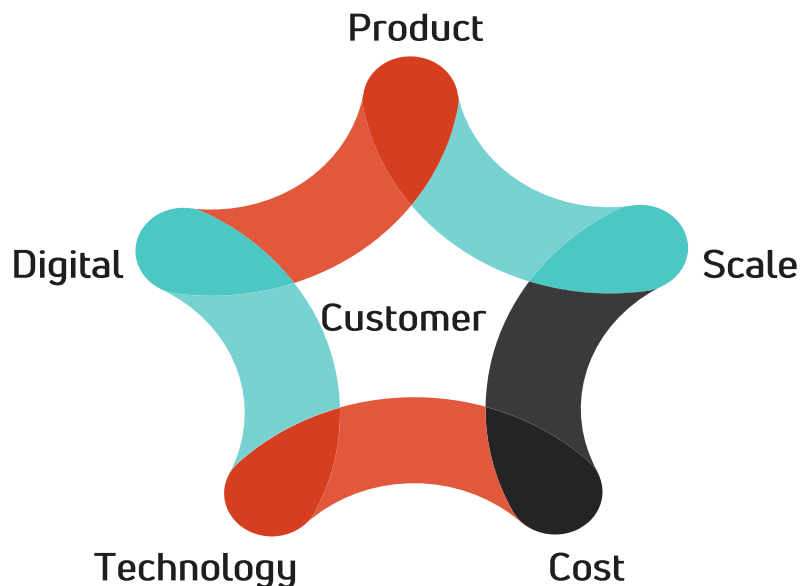
Impact

- Better S&OP (supply and demand) management
- Early engagement
- Long term partnerships
- Strong technical & commercial capabilities
- Improved Quality, cost & delivery (QCD)

More from less

Getting ready for the future

CESS (Connected, Electric, Shared and Safe)



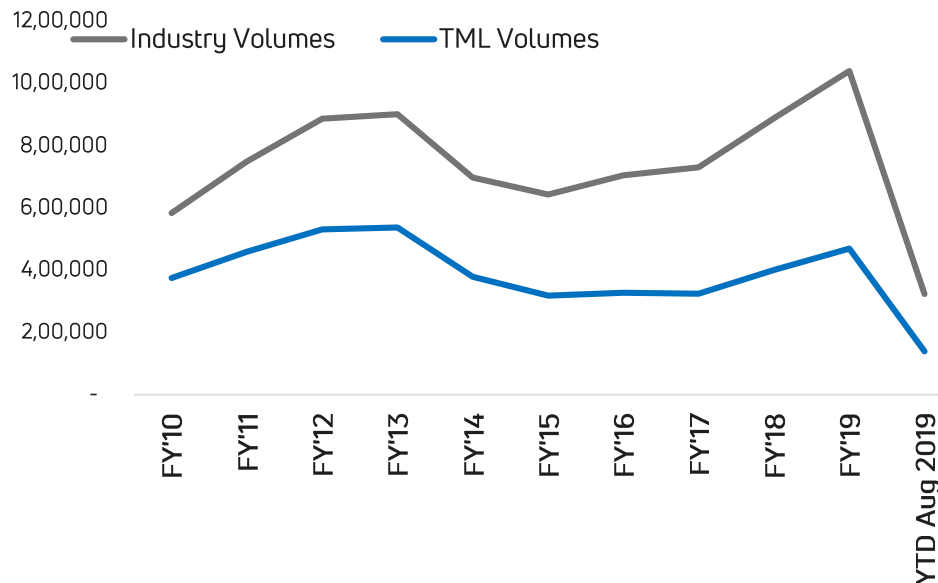
- Design to global standards with Impact 2.0
- Drive scale & efficiencies through modularity, commonality & volume growth
- Faster, better and cost effective products by leveraging new architectures
- A step ahead of others on technology – connected vehicle platform (CVP), best in class safety standards
- Master the BS6 transition
- Get 'digital first' thinking across the value chain

Our strategy for sustainable growth

We got impacted in FY20 due to extreme market conditions

But, we balanced market share, cash and profitability

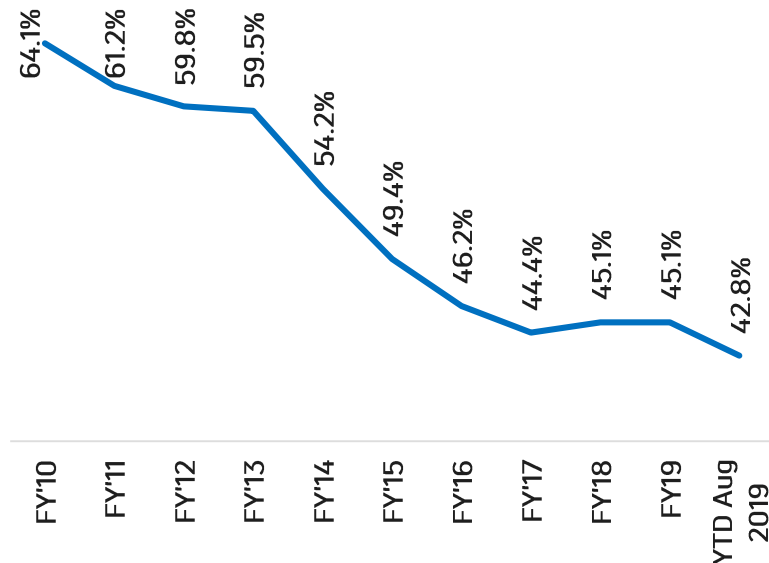
Commercial Vehicles



The figures exclude export volumes

Source: SIAM for industry volumes

Market share

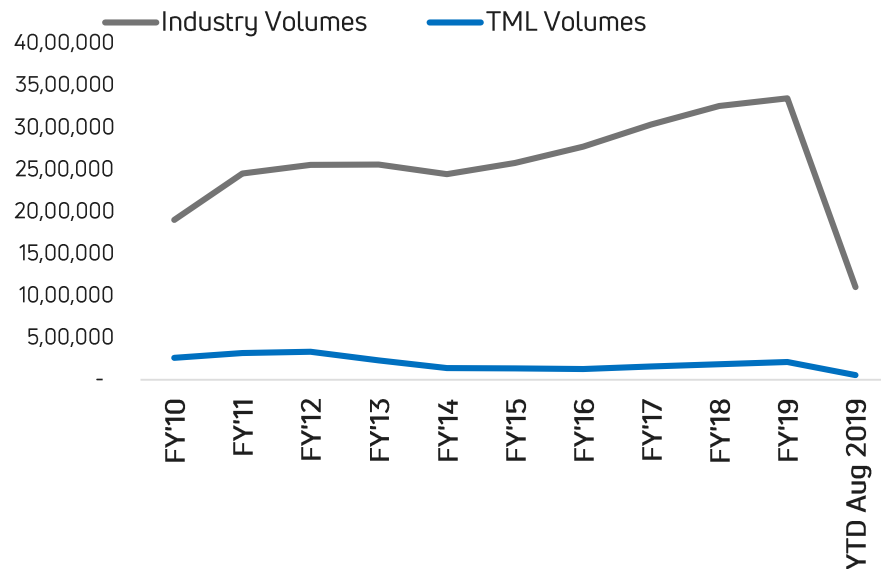


Challenges provide opportunities

We got impacted in FY20 due to extreme market conditions

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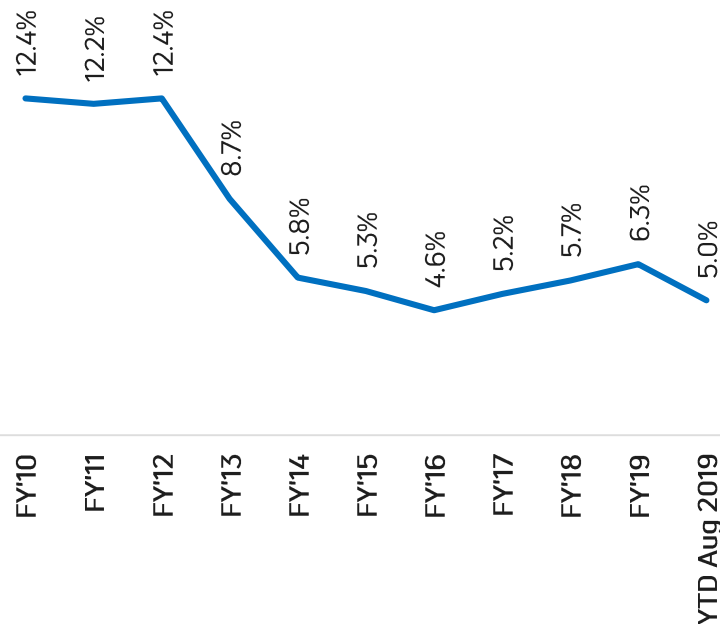
Passenger Vehicles



Source: SIAM for industry volumes

The figures exclude export volumes

Passenger Vehicles market share



Challenges provide opportunities

The ongoing challenges need to be addressed comprehensively

The resolution requires an inclusive approach



Liquidity Crisis

Stress on dealer financing,
retail financing

High interest rates



Axle load impact

Higher MHCV parc capacity

Reduced freight demand

Lower freight rates

Economy slow down



Uncertainty around technologies

ICE and EV

Diesel share for low displacements

Pricing impact with BS6

Customer anticipation for high
discounts on BS4 stock

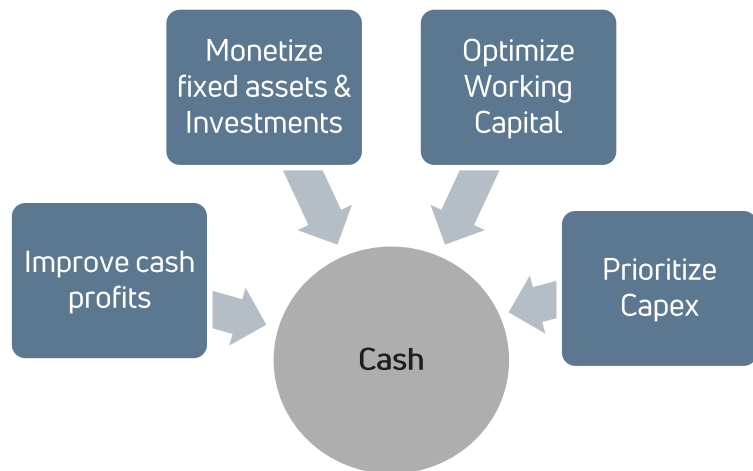
To evoke customer sentiments and confidence

We shifted paradigm to retail with focus on cash management

From 'push to pull', from 'stock to cash'

Initiative / Approach

Impact



Leading the industry movement towards
Retail > Wholesale > Production

Dealer profitability

Capex prioritization & cash flow
generation

- ✓ Top down targets for working capital - Inventory and Receivables
- ✓ Capex plans pruned without compromising long term

- Pipeline inventory reduced significantly in Q2 19
- Plan to liquidate BSIV inventory by Mar'20
- Reduction in capex through re-prioritization, deferment and scope optimization

Acting responsibly while getting fit for future

Aspiring Leadership

To achieve Our Vision 2024



Being globally
competitive



Providing Indian
customer centric solutions



Being ahead of the
curve

To come stronger out of the crisis and lead the transition

TATA MOTORS
Connecting Aspirations



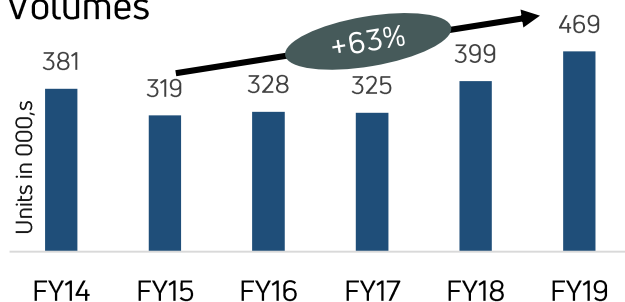
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GIRISH WAGH, PRESIDENT –COMMERCIAL VEHICLES BUSINESS

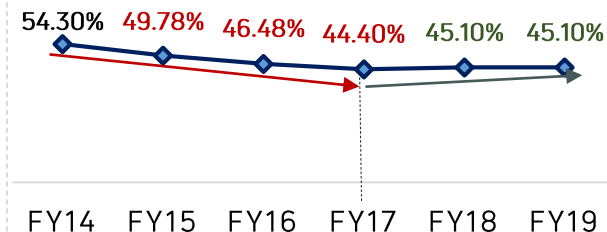
CV Business has consistently improved its performance

Volumes

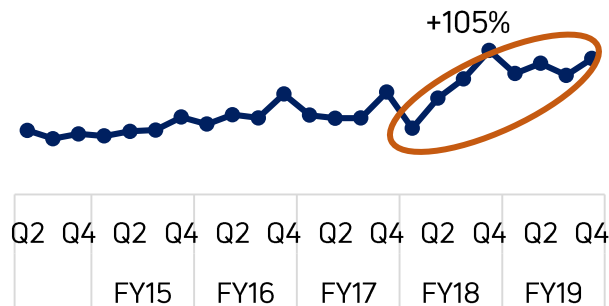


Gaining Market Share
in MHCV, ILCV, SCV

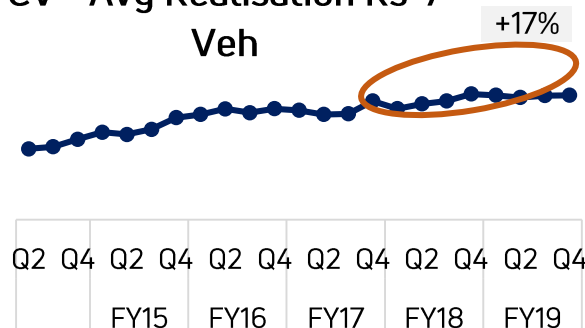
Market Share



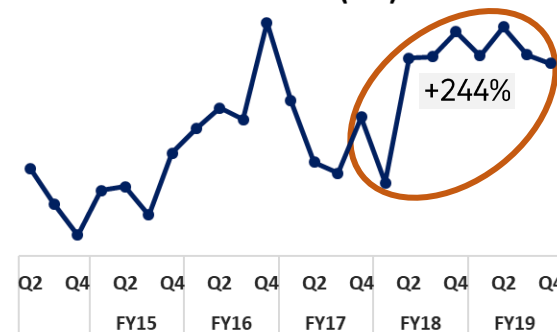
CV - Net Revenue



CV - Avg Realisation Rs / Veh



CV - EBITDA (Cr)



Outperforming industry

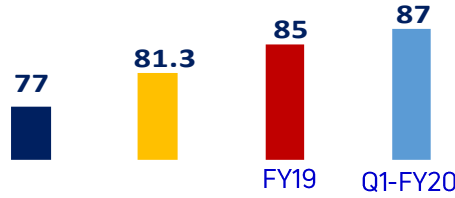
Key customer facing metrics are improving



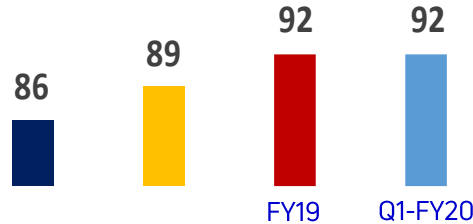
Sales Satisfaction Index



Service Satisfaction Index



PSF Sales Score



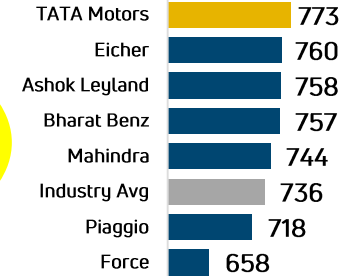
PSF Service Score



FY17	FY19
+57	+61

Net Promoter Score

Ranked 1st in FY19
JD Power dealer
satisfaction survey
(DSWAMI)



Dealer Satisfaction Index FY19

Focus on non-vehicle business is yielding results

5X growth
in volume and vehicle exchange
through TATA OK

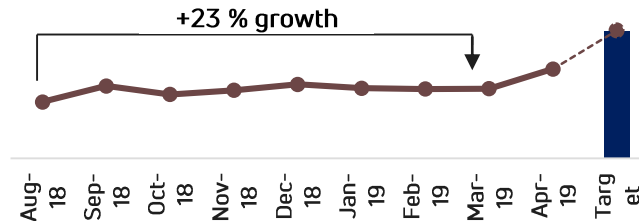


+21.6% jump in revenue
+3.8% growth in Market Share
in spare parts, aggregates and prolife



+43% growth FBV volumes
+54% jump in FBV revenue

Fully Built Vehicles



- ✓ **+4.62%** : engine health check-up campaign in April'19
- ✓ TMGO contributed to 35% of Job Cards

Service Revenue share

Awards won in FY19



CV Maker of The Year

CV of The Year

5 Best in Category Awards

CV Manufacturer of The Year

CV of The Year (Tata Ultra 1412)

3 Best in Segment Awards

CV of the Year (Tata Ultra 1412)

6 Best in Segment Awards

Marketing Campaign of the year

Social Media Campaign of the Year

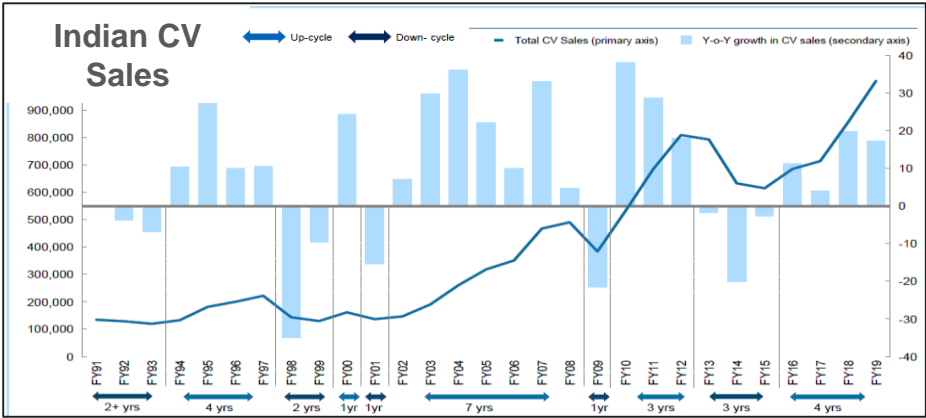


TATA Motors CVBU adjudged Level 5, Exemplary category in CII TCM Maturity Model FY19

Our efforts are getting recognized

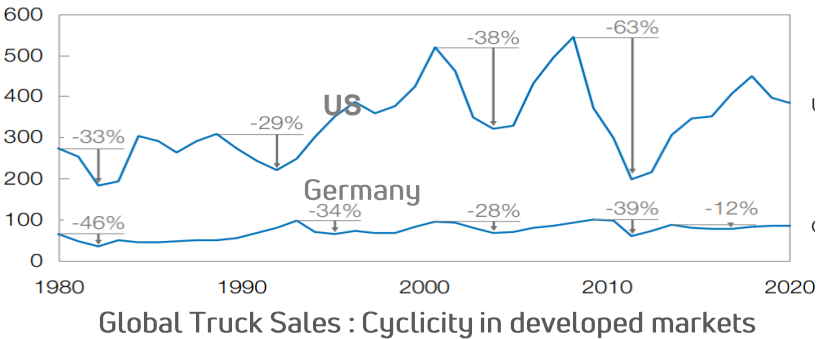
Commercial vehicle segment in India is inherently cyclical in nature

Indian Commercial Vehicle Industry, similar to other global CV markets, has been cyclical in nature



Source: SIAM, McKinsey, Automotive World

Historic short-term² sales volatility very high (examples)
Unit sales, thousands p.a.



Cyclical factors

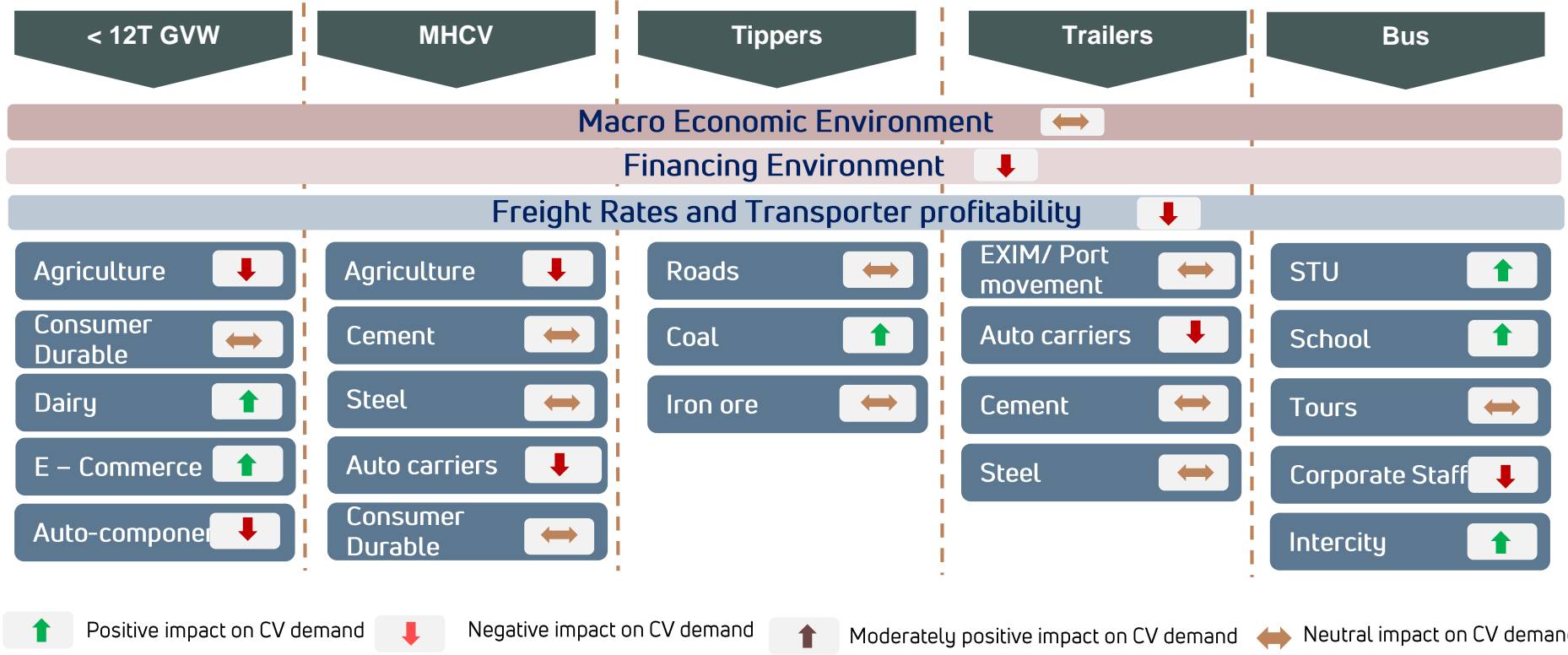
- Economic slowdown due to consumption pause
- Weak rural activity due to low wages & delayed monsoon
- Slowdown in Core Infrastructure due to fiscal deficit

Non-Cyclical factors

- Retrospective increased axle load norm implementation
- Continued NBFC stress resulting into liquidity tightening
- Unprecedented cost increase due to multiple regulatory interventions

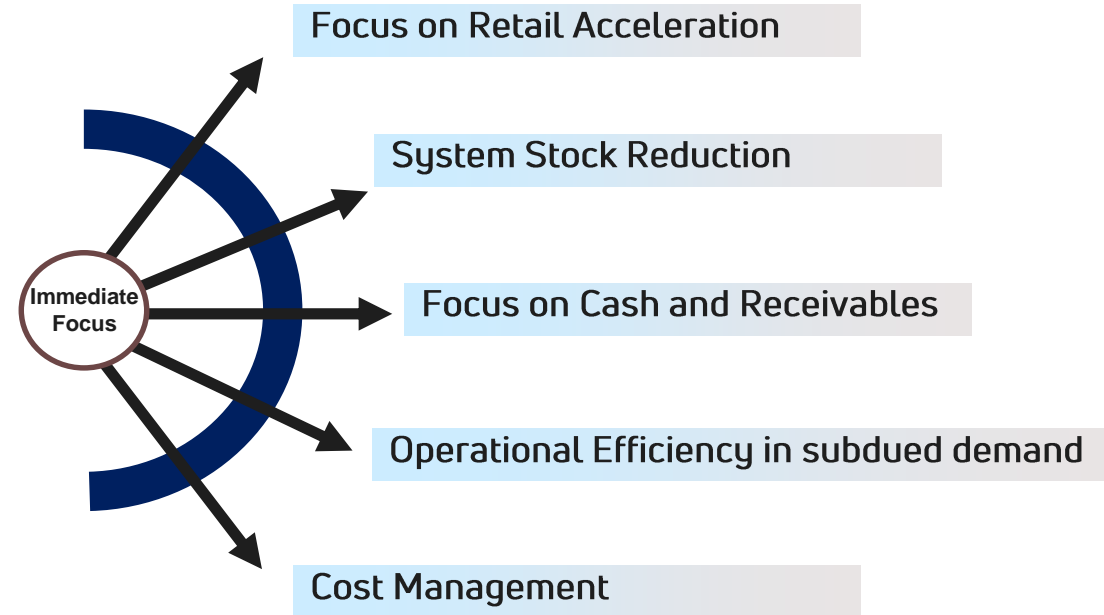
CV industry closely related with the Indian economy;
Non-cyclical factors advanced the slowdown, earlier predicted in FY21 with BS6 changeover.

Overview: Influencing parameters – Fiscal 2020

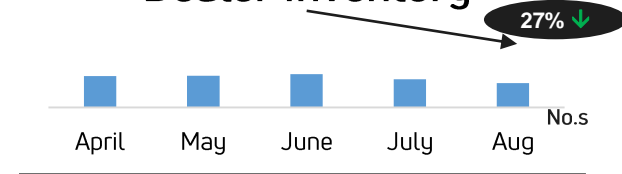


While end use segments are expected to exhibit growth over FY19, CV demand is expected to decline on account of additional capacity created on account of axle load norms; BS IV inventory liquidation also to negatively impact CV off-take numbers

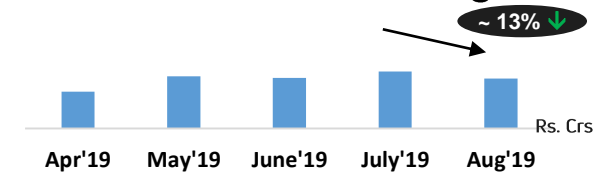
Our response to the current economic environment



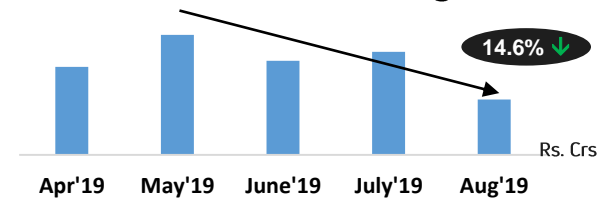
Dealer Inventory



TML FG inventory



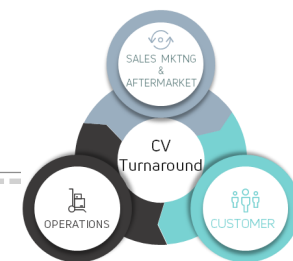
Works Inventory



Intensifying the Turnaround



Intensifying the Turnaround



Sales & Aftermarket

Sales Productivity Enhancement

Go To Market Excellence

Channel Performance Management

After Sales Revenue Share Enhancement

Brand Building

Channel Profitability

Customer Offerings

New Product Launches

Sampoorna Seva 2.0

TATA OK (used vehicle business)

Driver Engagement

Operations

DMC Reduction

New Product Planning and Delivery

Productivity Improvement and Other Expenses Reduction

Modularity

Quality Improvement

Capex Management

Supplier Base Consolidation

Enablers

Network Enhancement

Customer Experience

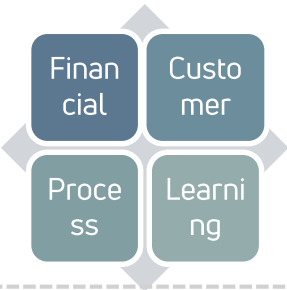
Digitalization

Finance

Execution is key

Dealer performance and profitability

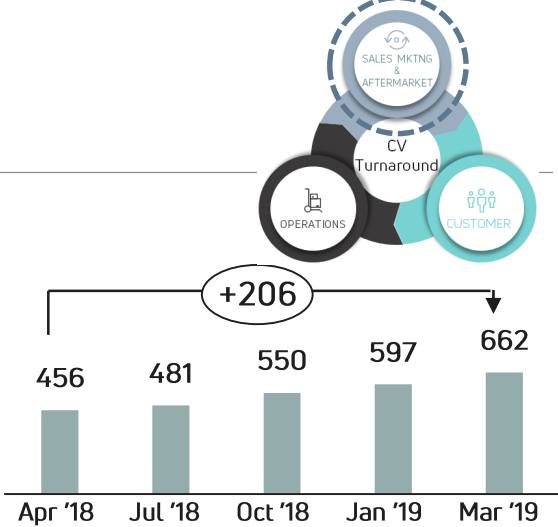
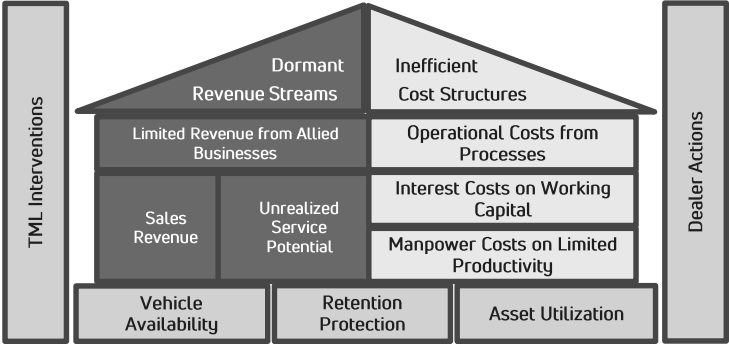
Channel Partner Scorecard



- Aligned with TML’s Balance Scorecard
- Comprehensive performance monitoring
- Sustainable growth

Channel profitability

- Dealer diagnostics
- Data Driven assessment
- Profitability Metrics
- Focussed initiative



- 8-9 profitability improvement initiatives signed off with dealers
- Significant monies to be released for reinvestment in business
- 92% onboarding of dealers
- 42% dealers achieving 60% of targeted increment profit

TATA MOTORS

Connecting Aspirations

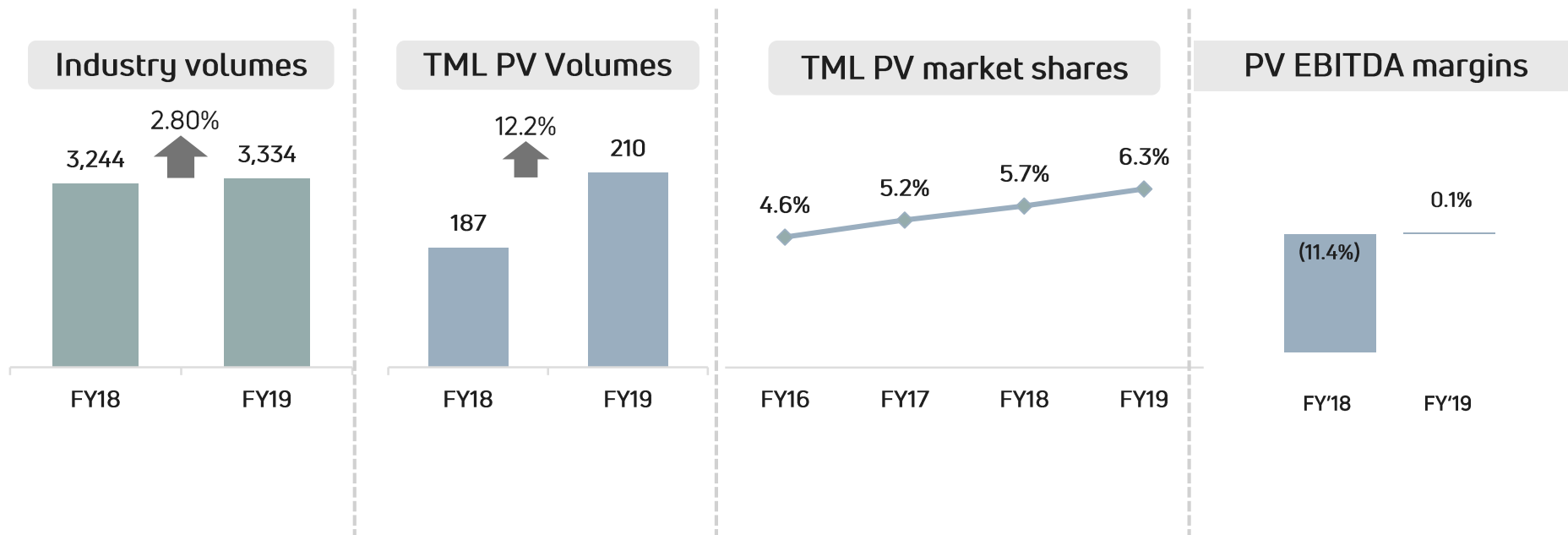


Passenger Vehicles

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MAYANK PAREEK, PRESIDENT –PASSENGER VEHICLE BUSINESS

FY19: We are on track to "Win Sustainably"



Sales numbers in '000

9 Quarters of outperforming the industry; EBITDA breakeven achieved

Nexon continues to make us proud



2nd Rank In SUV

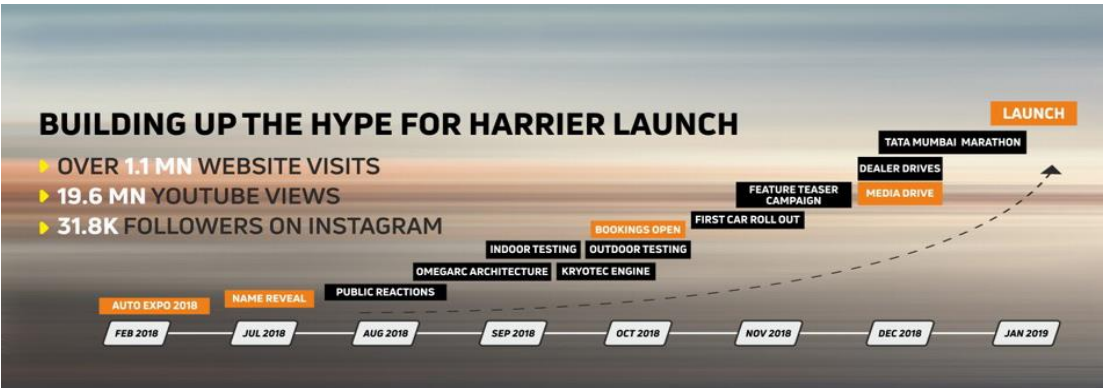
4th Rank In UVs



1st Car in India to achieve **5 Star GNCAP**
rating- **Safest Car of India**






Resurgence in the UV Segment

Successful launch of Harrier



Overwhelming response

Exciting product interventions

	April 18	May 18	June 18	July 18	Sep 18	Oct 18	Dec 18	Jan 19	May 19	June 19	July 19
Tiago 					Tiago NRG	Tiago JTP	Tiago XZ+			Tiago XZ Tiago XZO Tiago XZA+	
Tigor 			Tigor BUZZ			Tigor JTP Tigor Refresh				Tigor XMA Tigor XZA+	
Nexon 	Nexon XZ	Nexon XZA+	Nexon White	Nexon KRAZ							
Hexa 					Hexa XM+						
Harrier 								Launch			Dark Edition Dual Tone

Regular Product Interventions to keep market excited

JDP CSI clear 2nd rank for second consecutive year

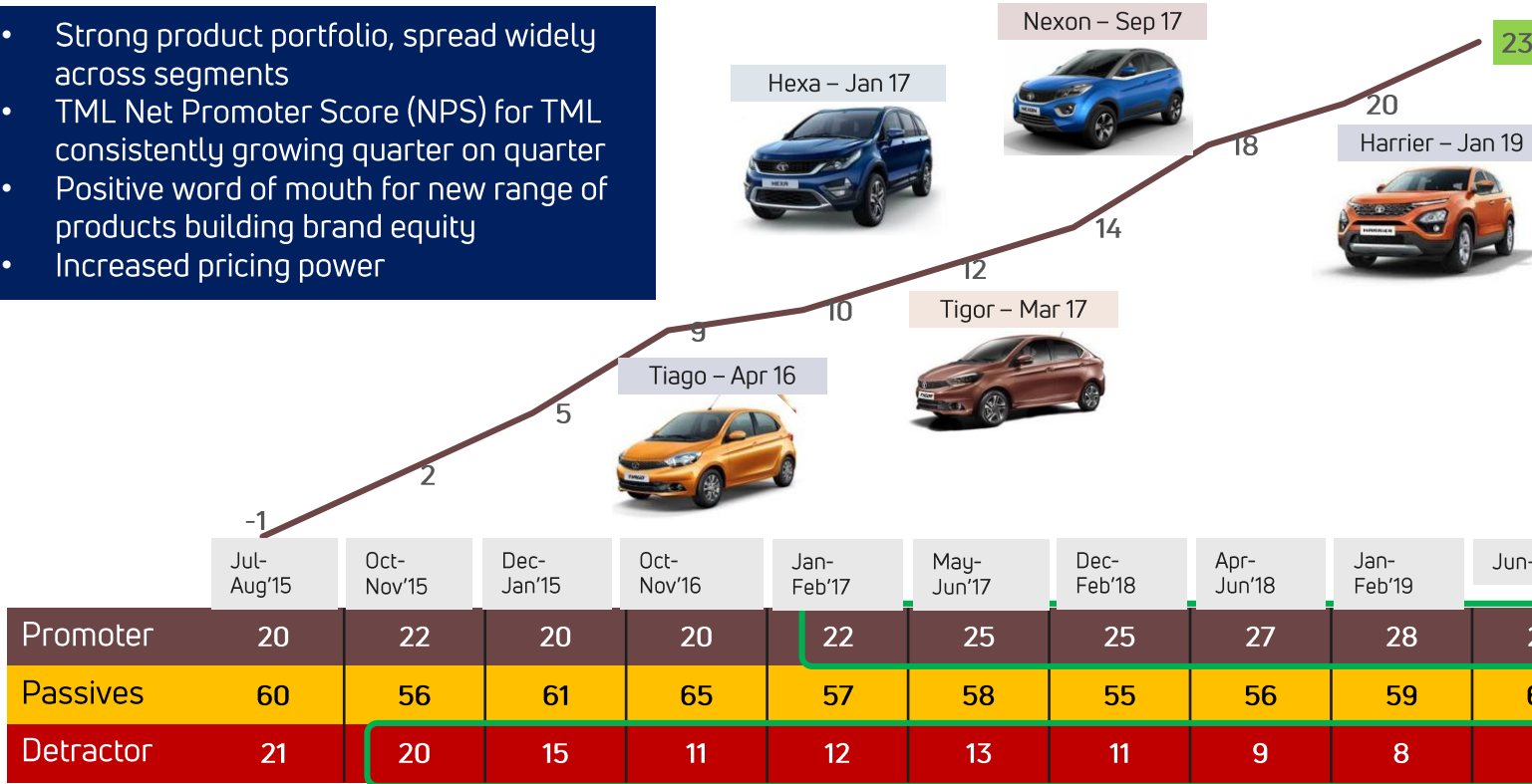


From **8th** to **2nd** Rank
In 8 Years

Enhanced Customer Satisfaction

Increasing Brand Value

- Strong product portfolio, spread widely across segments
- TML Net Promoter Score (NPS) for TML consistently growing quarter on quarter
- Positive word of mouth for new range of products building brand equity
- Increased pricing power



This is happening mainly because of 2 reasons:

Steady increase in promoter base

Steady decrease in detractor base

Net promoter improved. Brand buzz continues

Upping the brand quotient

2nd Most
Attractive Brand

Manufacturer Of The Year

Most Trusted Brand In
Automotive Sector

THE ECONOMIC TIMES

TopGear



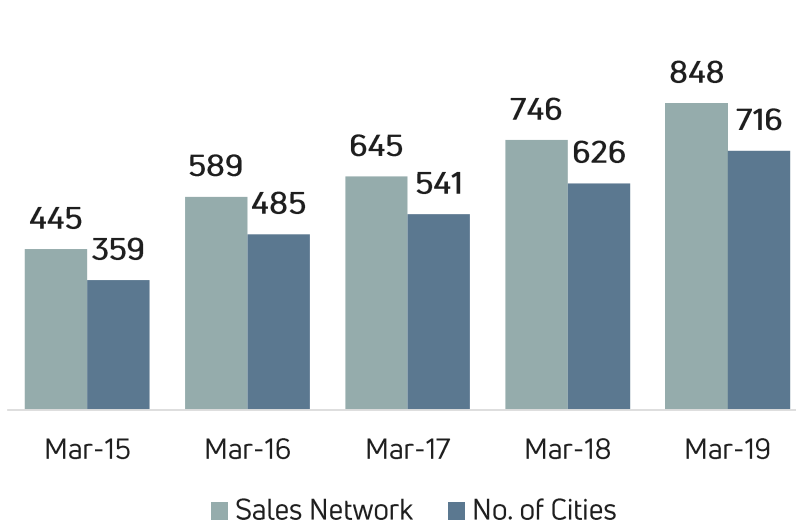
AUTOCAR

BRANDEQUITY
An initiative of The Economic Times

Back in the news

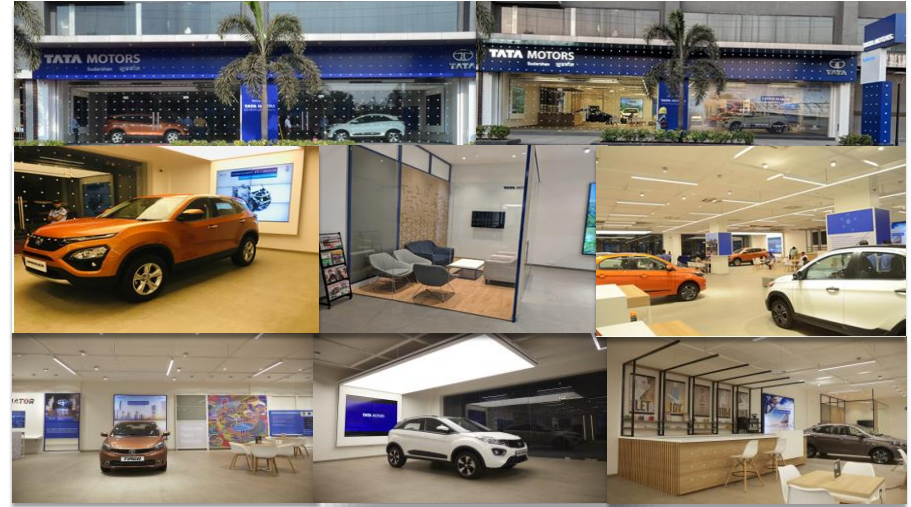
Dealer network: Expansion and Experience

Expansion



+13% growth in FY19

Experience



Mobile Service Van

Enhancing reach and experience

Driving rigorous cost reductions

DMC Reduction

- More than 100% target achievement
- One Tata Motors, One Target culture
- Adoption of GEAR Methodology
- 24 VMTs and 4 CFTs
- 160+ idea generation workshop
- 2200+ ideas generated

Productivity Improvement by
11%

21%
reduction in variable
conversion cost of plants

26%

cost saving in machine and spares

13%

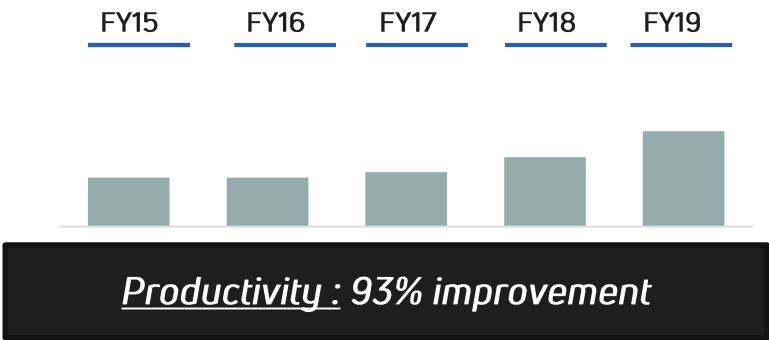
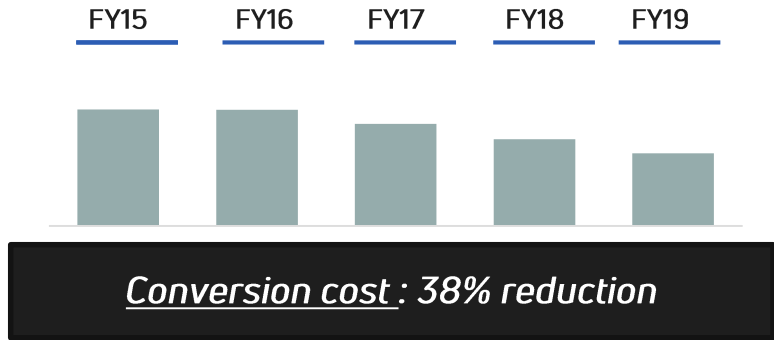
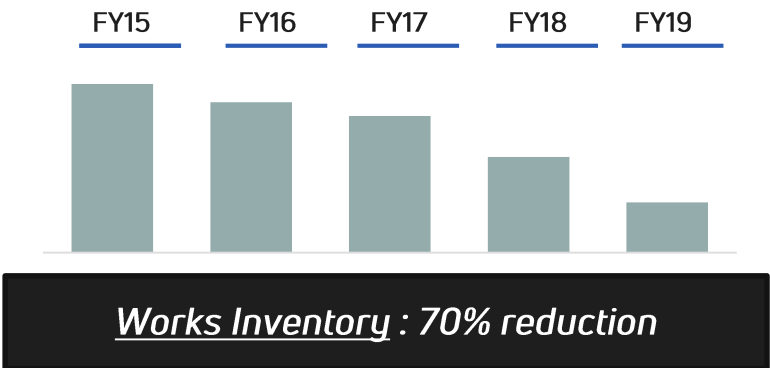
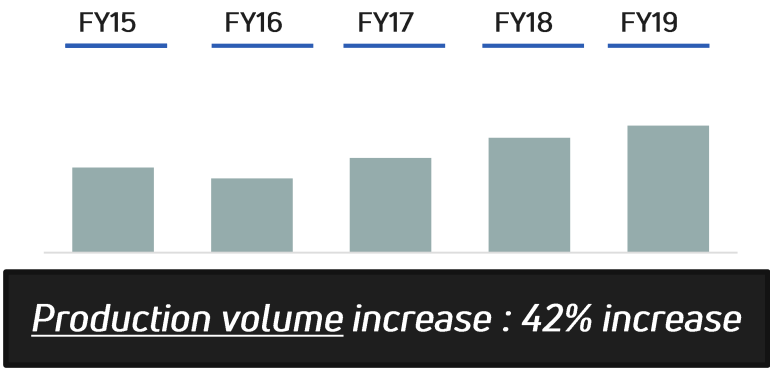
saving in operations other fixed cost

Operations Cost Saving
Target – X

Achieved – **1.18 X**

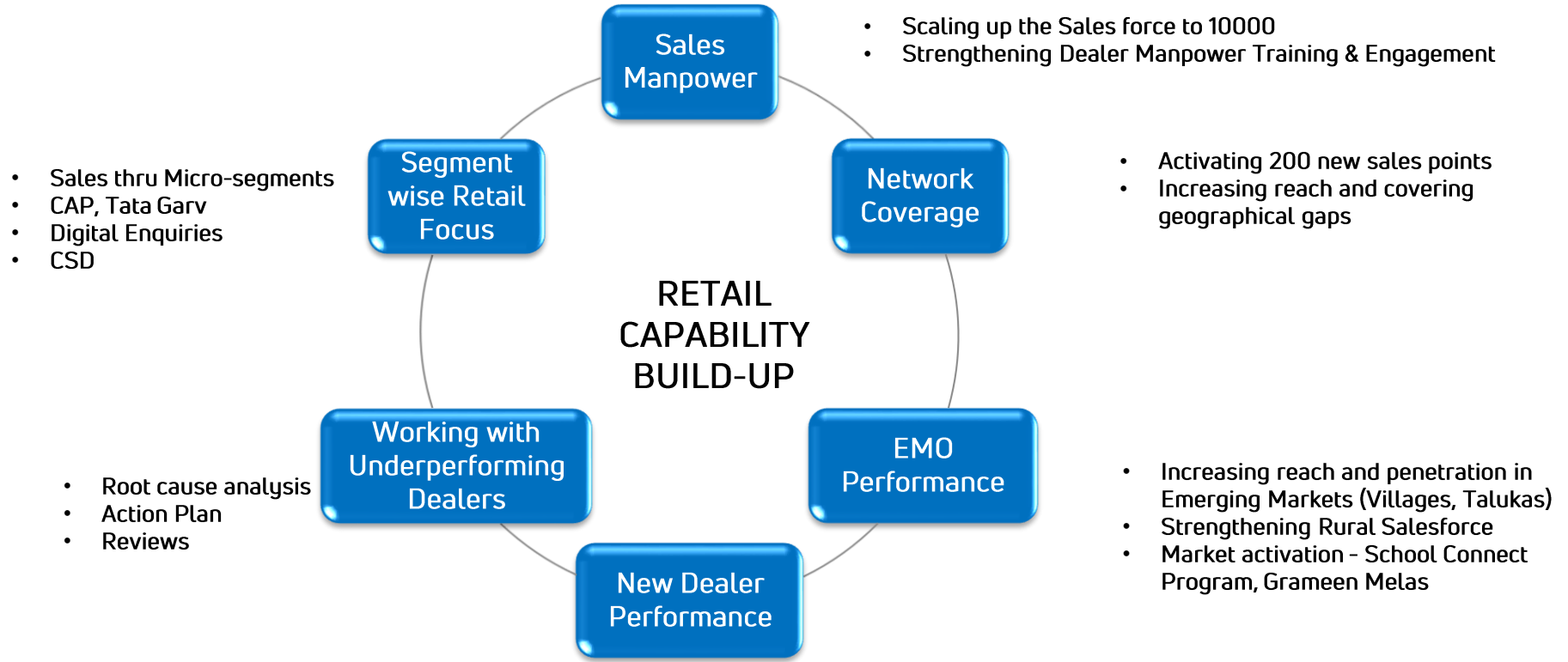
Significant cost savings delivered

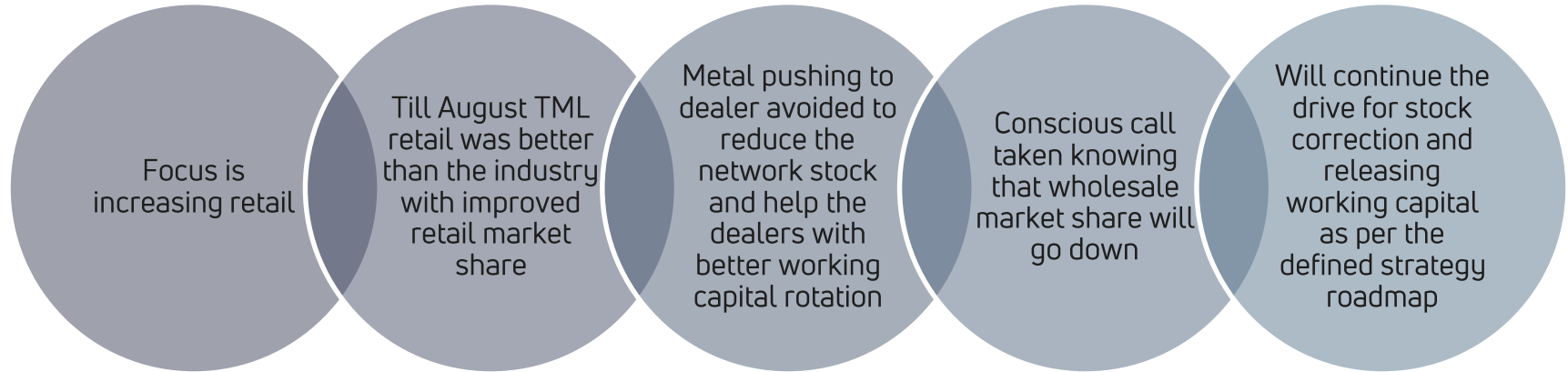
Operating Efficiencies



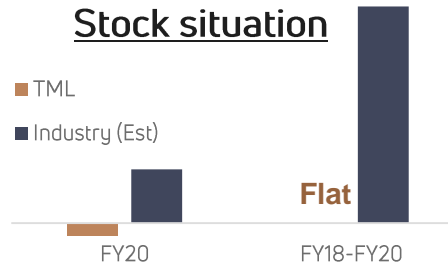


- Wholesale to retail model
- Stock reduction and retail based auto reordering system





Stock situation



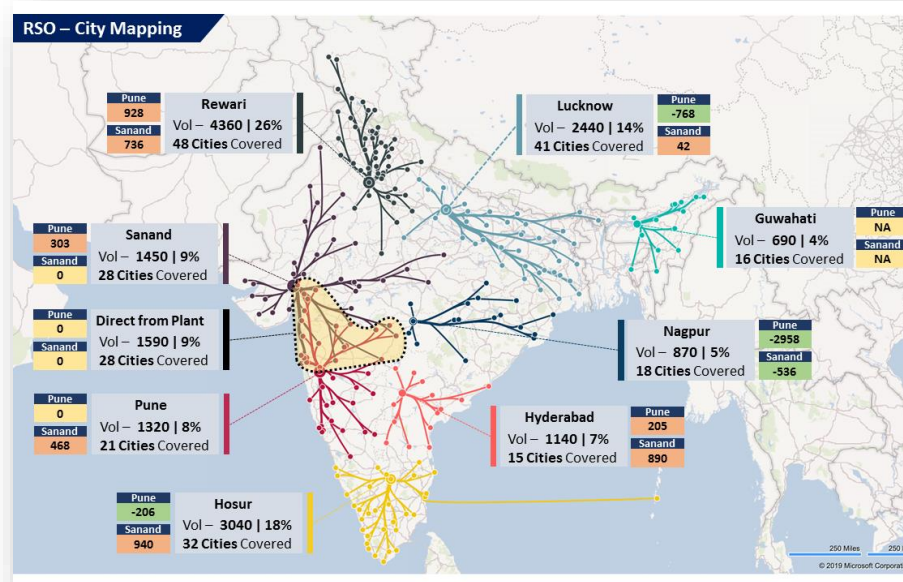
Tracking Dealer Profitability

- Monthly tracking of Dealer Profitability
- Dealer submits the data in standard P&L format rolled out by TML
- Profitability is tracked separately for Sales & Service as well as at Dealership level



Introducing RSO Model

- Introduction of 8 RSOs across country
- Initiatives to reduce dealer stock at RSO locations
- RSO Stock Optimization inline with Retail requirement



- Reduction in Transit time for Dealers.
- Reduction in Dealer Inventory
- Positive Impact on Dealer Profitability

To help structurally reduce dealer inventory levels while improving service

Key drivers of the industry

1	Economic Growth	●
2	Vehicle prices	●
3	Fuel prices	●
4	Demographics	●
5	Road infrastructure	●
6	Motorization ratio	●

Pointers to strong medium term / long term future

Near term impacted by multiple headwinds

Consumer sentiment



Financial crunch



Rising fuel prices (Petrol – Diesel gap)

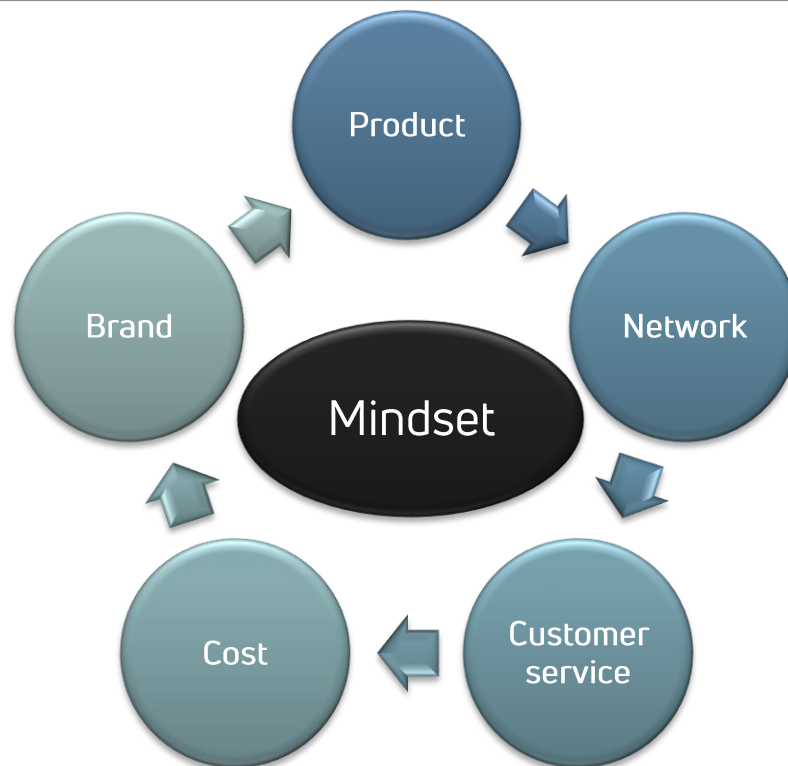


Fleet segment



Short term stress in the market

Our response: Multiple angles of attack



TATA MOTORS
Connecting Aspirations