Tata Motors Consolidated Q2 FY25 Results

Revenue ₹101.5K Cr (-3.5%), EBITDA at ₹11.6K Cr

PBT (bei) ₹5.8K Cr (-0.4K Cr), Automotive Free Cash Flows ₹(2.9)K Cr

- JLR Revenue £6.5b down 5.6%, EBITDA at 11.7% (-320 bps), EBIT at 5.1% (-220 bps)
- Tata CV Revenue ₹17.3K Cr, down 13.9%, EBITDA at 10.8% (+40 bps), EBIT at 7.8% (-10 bps)
- Tata PV Revenue ₹11.7K Cr, down 3.9%, EBITDA at 6.2% (-30 bps), EBIT at 0.1% (-170 bps)

Mumbai, November 8, 2024: Tata Motors Ltd. (TML) announced its results for quarter ending September 30, 2024.

		Consolidated (₹ Cr Ind AS)		Jaguar Land Rover (£m, IFRS)		Tata Commercial Vehicles (₹Cr, Ind AS)		Tata Passenger Vehicles (₹Cr, Ind AS)	
		FY25	Vs. PY	FY25	Vs. PY	FY25	Vs. PY	FY25	Vs. PY
Q2 FY25	Revenue	101,450	**(3.5)%**	6,475	**(5.6)%**	17,288	**(13.9)%**	11,700	**(3.9)%**
	EBITDA (%)	11.4	**(230) bps**	11.7	**(320) bps**	10.8	**40 bps**	6.2	**(30) bps**
	EBIT (%)	5.6	**(190) bps**	5.1	**(220) bps**	7.8	**(10) bps**	0.1	**(170) bps**
	PBT (bei)	5,768	**₹(391) Cr**	398	**£ (44) mn**	1,314	**₹(212) Cr**	229	**₹(67) Cr**
H1 FY25	Revenue	209,498	**1.0%**	13,748	**-**	35,138	**(5.2)%**	23,548	**(5.9)%**
	EBITDA (%)	13.0	**(100) bps**	13.9	**(170) bps**	11.2	**120 bps**	6.0	**10 bps**
	EBIT (%)	7.0	**(80) bps**	7.1	**(90) bps**	8.4	**120 bps**	0.2	**(120) bps**
	PBT (bei)	14,595	**₹2,895 Cr**	1,091	**£ 214 mn**	2,849	**₹387 Cr**	402	**₹(81) Cr**

Tata Motors Consolidated:

TML delivered revenues of ₹101.5K Cr (down 3.5%), EBITDA at ₹11.6K Cr (11.4%, down 230bps) and EBIT of ₹5.6K Cr (5.6%, down 190bps) in a challenging external environment. PBT (bei) for Q2 FY25 stood at ₹5.8K Cr down ₹391 Cr while Net Profit was ₹3.5K Cr. For H1 FY25, the business reported a strong PBT (bei) of ₹14.6K Cr, an improvement of ₹2.9K Cr over the previous year.

JLR revenue was down by 5.6% to £6.5b. As highlighted last quarter, JLR performance was impacted by temporary supply constraints which resulted in EBIT margins of 5.1% (down 220bps). CV revenues were down by 13.9% but EBITDA margins improved to 10.8% (up 40 bps) on favourable pricing and material cost savings despite adverse volumes. PV revenues were down by 3.9% but EBITDA margins were steady at 6.2% (down 30 bps) through mix improvements and cost reduction actions.

Looking Ahead:

We remain cautious on near-term domestic demand. However, the festive season and substantial investments in infrastructure should help bolster it. JLR wholesales are expected to improve sharply, as supply challenges ease. Overall, we expect an all-round improvement in performance in H2 FY25 and the business to become net debt free by this year.

PB Balaji, Group Chief Financial Officer, Tata Motors said:

"Growth in the quarter was impacted due to significant external challenges as highlighted earlier. Overall, the business fundamentals remain strong, and we remain focused on our agenda of driving growth, competitiveness and free cash flows. As the supply challenges ease and demand picks up, we are confident of steady improvement in our performance and delivering a strong H2."

JAGUAR LAND ROVER (JLR)

Highlights

- Q2 FY25 Revenue at £6.5 billion (-5.6%), EBITDA 11.7% (-320 bps), EBIT 5.1% (-220 bps), PBT (bei) £398 million.
- H1 FY25 Revenue at £13.7 billion (flat), EBITDA 13.9% (-170 bps), EBIT 7.1% (-90 bps), PBT (bei) £1,091 million.
- Profitability impacted on account of temporary aluminum supply constraint and a hold placed on 6,029 vehicles for additional quality control checks. Production and wholesale volumes are expected to recover strongly in H2.
- Cash balance was £3.4 billion and net debt £1.2 billion, with gross debt of £4.6 billion.
- Total liquidity was £4.9 billion, including the £1.5 billion undrawn revolving credit facility, which has been recently refinanced at £1.6 billion in October.
- Full year guidance for revenue unchanged at c. £30 billion, alongside EBIT margin ≥8.5% and achieving a positive net cash position.

Reimagine Transformation continues:

Modern Luxury

- Over 2,900 orders taken for recently launched Defender OCTA, retailing at £145,000.
- Next stage in Jaguar's transformation to be revealed at Miami Art Week on December 2, 2024.
- New Range Rover Electric continues to generate strong global interest, over 48,000 clients signed up to the waiting list.
- 11,000 Range Rover SV and Range Rover Sport SV models sold since launch, including the new Range Rover Sport SV Edition Two, launched in Q2 FY25, and a collection of five Range Rover Sport SV Celestial models retailing at c.£215,000.

Enterprise

- More than £250 million invested to date - of a total £500 million - for electric vehicle production at the Halewood facility, including several kilometres of new EV production lines and automated robots
- EPMC in Wolverhampton now producing new V8 engines to offer Range Rover and Range Rover Sport clients the full range of ICE, PHEV and BEV powertrains in line with client demand
- Development of JLR and Chery joint venture Freelander brand progressing well

Financials

JLR delivered an eighth successive profitable quarter, despite temporary aluminum supply constraints. Revenue for the quarter was £6.5 billion, down 5.6% versus Q2 FY24, while H1 FY25 revenue at £13.7 billion was flat yoy. EBIT margin was 5.1% in Q2 FY25, down 220 bps compared to Q2 FY24 while H1 FY25 EBIT margin was 7.1%. The decrease in profitability yoy reflects lower wholesales and increased VME, FMI and selling costs, partially offset by prioritisation of Range Rover production and material cost improvement. PBT in Q2 FY25 was £398 million, down from £442 million a year ago, while H1 FY25 profit before tax was £1,099 million, up 25% YoY. Free cash flow for the quarter was £(256) million, again reflecting constrained production and wholesale volumes.

Looking ahead

Both production and wholesale volumes are expected to pick up strongly in the second half as the aluminum supply situation normalizes, and we will continue our diligent management of costs. We hold our full year guidance for revenue of c. £30 billion, EBIT margin ≥8.5% EBIT and achieving a positive net cash position.

Adrian Mardell, JLR Chief Executive Officer, said:

"JLR has delivered a resilient performance in Q2, resulting in a 25 per cent increase in first half profits year-on-year. Our teams responded brilliantly to the aluminum supply shortages we experienced in the quarter, so we could deliver as many orders as possible to clients. We continue to make good progress delivering our Reimagine strategy. We have invested £250m so far to prepare our Halewood UK plant for electric vehicle production and with strong global demand for our products, we are well positioned to deliver on our commitments again this financial year."

TATA COMMERCIAL VEHICLES (TATA CV)

Highlights

- Q2 FY25 revenue at ₹17.3K Cr (-13.9%), EBITDA 10.8% (+40 bps), EBIT 7.8% (-10 bps), PBT (bei) ₹1.3K Cr.
- H1 FY25 revenue at ₹35.1K Cr (-5.2%), EBITDA 11.2% (+120 bps), EBIT 8.4% (+120 bps), PBT (bei) ₹2.8K Cr.
- Domestic Vahan market share at 38.1% in H1 FY25. HGV+HMV 48.5%, MGV 38.6%, LGV 32.4%, Passenger 37.2%.
- HCV, ILMCV and Passenger Carriers performed better than the industry in H1FY25 while overall volumes dipped.
- Showcased safe, smart and sustainable mass mobility solutions at Prawass 4.0.
- 80+ product variants introduced in Q2 FY25.
- 550+ EV buses registered in Q2 FY25; total of 3300+ EV Buses registered till date.
- ACE EV volumes saw 17% growth, with launch of new value proposition in post FAME2 incentives scenario.
- Tata Motors won order to supply 1000 bus chassis to UPSRTC.
- Fleetedge has 710K+ active vehicles on platform with healthy share of active and engaged users.

Financials

In Q2 FY25, domestic wholesale CV volumes were 79.8K units, lower 19.6% yoy impacted by slowdown in infrastructure project execution, reduction in mining activity and an overall drop in fleet utilization due to heavy rains. Exports were at 4.4K units down 11.1% yoy. Revenues were down by 13.9% yoy to ₹17.3K Cr, however EBITDA margins improved to 10.8% (up 40 bps yoy) led by savings in commodity costs. On half year basis, the CV business delivered EBITDA margin of 11.2% (+120 bps yoy) and PBT (bei) of ₹2.8K Cr.

Looking ahead

As we move forward, with the rains easing, increased infrastructure spending, and the arrival of the festive season boosting consumption, we anticipate demand to pick up gradually in Q3, led by ILMCV and Buses, followed by M&HCV and SCVPU segment. Commodities are expected to continue to remain range bound. Overall we expect a stronger H2 even though we remain watchful on the near-term domestic demand.

Girish Wagh, Executive Director Tata Motors Ltd said:

"Q2 FY25 moderated the positive momentum seen by the commercial vehicles industry at the start of the fiscal, due to slowdown in infrastructure project execution, reduction in mining activity and an overall drop in fleet utilization due to heavy rains. Tata Motors Commercial Vehicles domestic sales at 79.8K units were 19.6% lower than Q2 FY24 sales. Our demand-pull strategy and vigilance on costs had the business deliver EBITDA margins of 11.2% in H1 FY25. Going forward, with the rains easing, increased infrastructure spending, and the arrival of the festive season boosting consumption, we anticipate demand to pick up "

TATA PASSENGER VEHICLES (TATA PV)

Highlights

- Q2 FY25 revenue at ₹11.7K Cr, (-3.9%), EBITDA 6.2% (-30 bps), EBIT 0.1% (-170 bps), PBT (bei) ₹0.2K Cr.
- H1 FY25 revenue at ₹23.5K Cr, (-5.9%), EBITDA 6.0% (+10 bps), EBIT 0.2% (-120 bps), PBT (bei) ₹0.4 K Cr.
- VAHAN registration market share at 13.3% in H1 FY25.
- Market leadership in EV at 65.0%. EV personal segment market share at 67%.
- Alternative powertrains continue to grow. EV penetration at 12%, CNG at 21% in H1 FY25.
- Launched Tata Curvv, entering the fastest growing mid-SUV segment with India's first SUV Coupe.
- Curvv.ev launched, with long driving range and price parity with ICE vehicles.
- Curvv, Curvv.ev secure Bharat NCAP 5 star safety rating.
- Boosted the Nexon's appeal by launching Nexon iCNG and Nexon.ev 45kWh.
- Strong booking pipeline built up for new launches – with only limited deliveries possible in Q2.
- Punch sustained as the top selling model in the industry with 100k+ units sold in H1FY25.

Financials

PV volumes were at 130.5K units (-6.1% yoy) driven by slow consumer demand and seasonal factors. Revenues in Q2 FY25 were down 3.9% yoy at ₹11.7K Cr, while EBITDA margins were steady at 6.2%, down 30 bps yoy despite weak industry demand on account of material cost savings and improved mix. In Q2 FY25, PV (ICE) business delivered consistent 8.5% EBITDA margins, while EV business EBITDA was at negative 5%. EV business EBITDA margins (excluding product development expenses) were positive at 1.7%. On half year basis, the PV business delivered EBITDA margin of 6.0% (+10 bps yoy) and PBT (bei) at ₹0.4K Cr.

Looking ahead

We expect the industry wholesales to be lower to enable channel inventory reduction ahead of new calendar year. We will drive significant growth in retail on the back of new model launches & a comprehensive marketing campaign, while keeping channel inventory in check. We will continue to strengthen our multi-powertrain strategy to leverage industry powertrain shifts and enhance our profitability through scale benefits, improving mix and intensified cost reduction actions amidst an intense competitive environment.

Shailesh Chandra, Managing Director TMPV and TPEM said:

"The Passenger Vehicle industry in Q2 FY25 witnessed ~5% decline in registrations, resulting in continued build-up of channel inventory. Sales of EVs were additionally impacted by lapse of certain subsidies. We moderated our offtakes in Q2 to proactively keep our channel inventory under control. Q3 has started off with a resurgence in industry demand on the back of a robust festive season. Tata Motors recorded its highest ever monthly registrations of ~68.5k during October, which helped in bringing down the inventory to normal levels. Our multi-powertrain suite of Curvv, Nexon iCNG and Nexon.ev 45 has garnered strong consumer interest as we continue to ramp up deliveries in Q3."

ADDITIONAL COMMENTARY ON FINANCIAL STATEMENTS

(Consolidated Numbers, Ind AS)

Finance Costs

Finance costs reduced by ₹618 Cr to ₹2,034 Cr in Q2FY25, due to reduction in gross debt during the period.

Joint ventures, Associates and Other income

For Q2 FY25, net profit from joint ventures and associates amounted to ₹82 Cr compared to ₹49 Cr in Q2 FY24. Other income (excluding grants) was ₹744 Cr in Q2 FY25 versus ₹807 Cr in Q2 FY24.

Free Cash Flows

Free cash flow (automotive) for the quarter, was negative at ₹2.9K Cr driven by lower volumes on account of supply constraints. Net automotive debt was at ₹22.0K Cr.

For further information contact

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