JAGUAR LAND ROVER AUTOMOTIVE PLC | RESULTS FOR QUARTER TO 30 JUNE 2021

# 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, the effects of the COVID-19 pandemic, changes in Government regulations, tax laws and other statutes and incidental factors. All forward-looking statements apply only as of the date hereof and we undertake no obligation to updated this information except as required by law and do not assume any responsibility for the ultimate fairness, accuracy, correctness or completeness of any such information presented herein.

- Q1 represents the 3 month period from 1 April to 30 June
- Q2 represents the 3 month period from 1 July to 30 September
- Q3 represents the 3 month period from 1 October to 31 December
- Q4 represents the 3 month period from 1 January to 31 March
- 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 sales from the Company's unconsolidated Chinese joint venture ("CJLR"), these are excluded from Wholesale volume data.

EBITDA is defined as profit before: income tax expense; exceptional items; finance expense (net of capitalised interest) and finance income; gains/losses on debt and unrealised derivatives, realised derivatives entered into for the purpose of hedging debt, and equity or debt investments held at fair value; foreign exchange gains/losses on other assets and liabilities, including short-term deposits and cash and cash equivalents; share of profit/loss from equity accounted investments; depreciation and amortisation.

EBIT is defined as EBITDA but including share of profit/loss from equity accounted investments, depreciation and amortisation.

Free cash flow is defined as net cash generated from operating activities less net cash used in automotive investing activities, excluding investments in consolidated entities and movements in financial investments, and after finance expenses and fees paid.

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

The information contained in his presentation is provided as of the date of this presentation and is subject to change without notice. The information contained in this document may be updated, completed, revised and amended and such information may change materially in the future. The Group is under no obligation to update or keep current the information contained in this document.


# JAGUAR LAND ROVER AUTOMOTIVE PLC

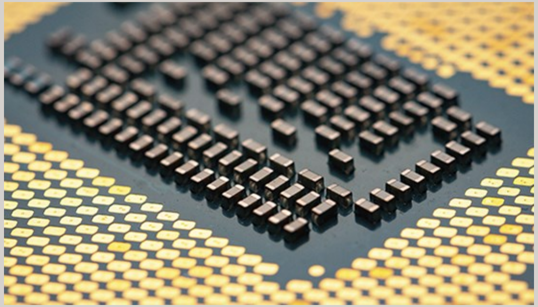
Results for the quarter ended 30th June 2021

ADRIAN MARDELL
Chief Financial Officer

# Recent business developments

## Q1 FY22 sales up significantly, semiconductor supply challenges, record JLR order bank


Q1 FY22 retails up 68% YoY, chip supply constrained wholesales by 30k units



Chip supply dynamic, expected to worsen in Q2, start to improve in H2


Record order bank of c. 110,000 units


Strategy & Sustainability team formed to focus on clean mobility & connectivity

New long wheel base Range Rover Evoque launching from the China JV

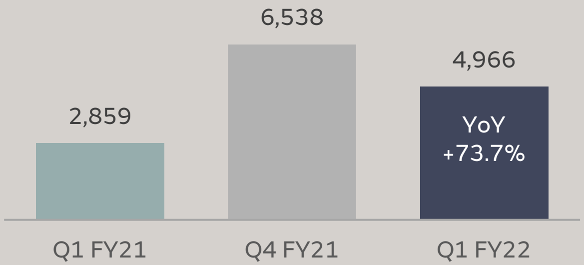
$500m 8yr and €500m 7yr bonds issued; undrawn RCF now £2b to ’22, £1.5b to ’24

# Q1 FY22 PBT £(110)m, EBIT (0.9)%, free cash flow £(996)m

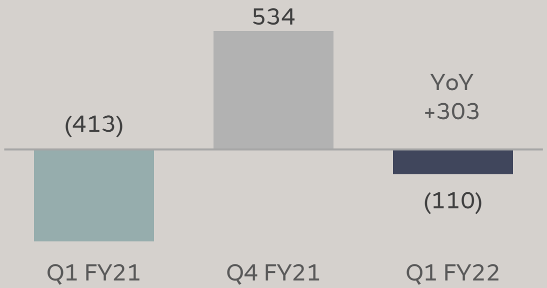
Q1 FY22 improved YoY but constrained by chip supply

**Q1 FY22** | IFRS, £m

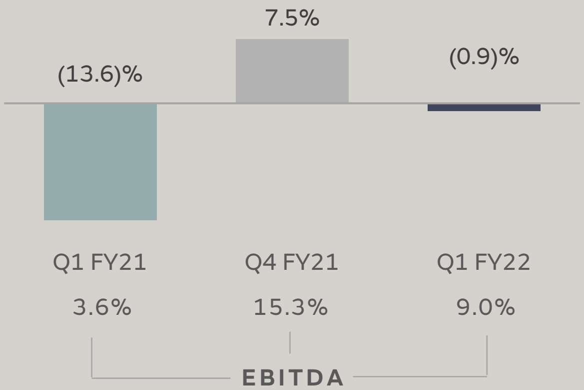
## REVENUE



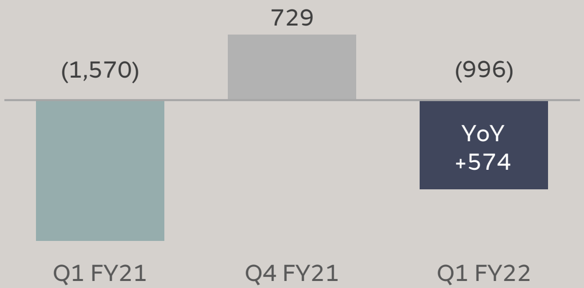

## PBT




## EBIT




## FREE CASH FLOW



# Q1 FY22 Performance highlights

**VOLUME & REVENUE**

- Retail sales up 68% overall, with each region up YoY
- Chip shortages constrained wholesales by 30k units, though still up 73% YoY
- Record order bank of c. 110k units at 30th June, of which c. 29k are Defender orders
- China retails were up over 14% vs. Q1 FY21, despite supply constraints

**PROFITABILITY**

- PBT £(110)m reflecting reduced wholesales as a result of supply constraints
- Favourable mix and net pricing
- Costs up YoY reflecting higher volumes, reduced furlough and capitalisation

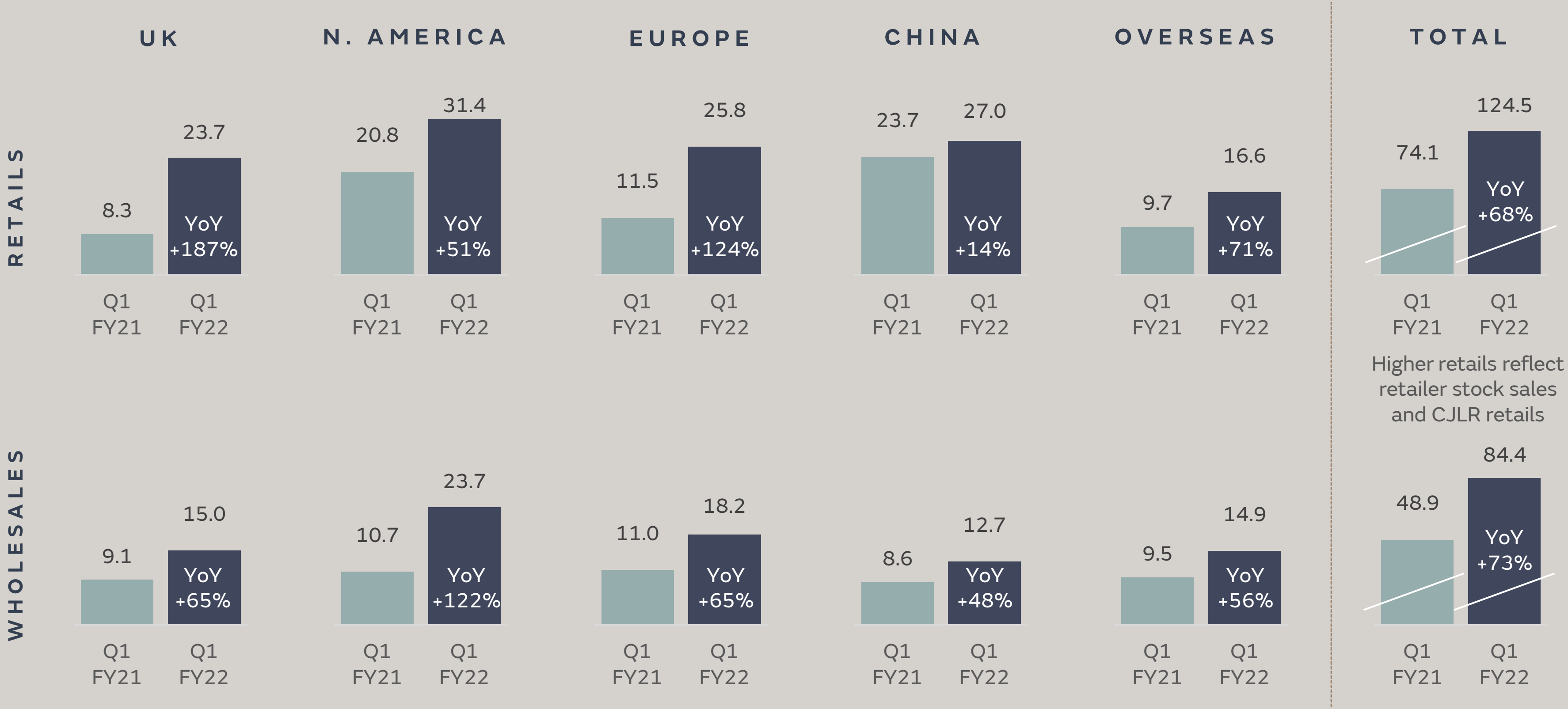
**CASH FLOW**

- Cash outflow of £996m after £571m investment
- Primarily £922m reduction in working capital due to lower QoQ production volumes
- Total cash £3.7b and liquidity of £5.7b at 30 June 2021; proforma liquidity £6.6b after £0.8b new bonds and increase to undrawn RCF in July

# Q1 FY22 Retail sales 124.5k, up 68% from prior year lockdowns

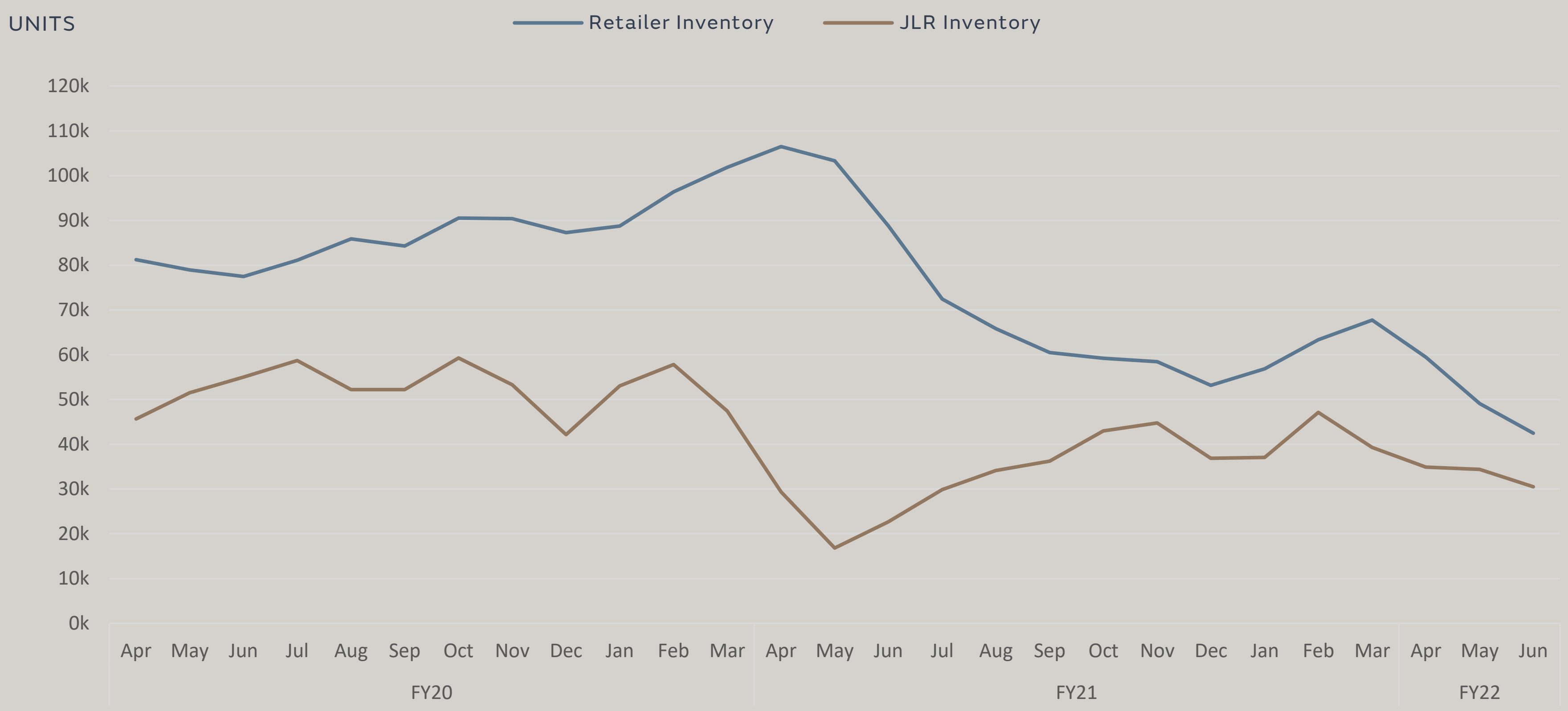
## Wholesales up 73%, but 30k units lower than potential demand due to chip supply constraints

**Q1 FY22** | Retail Units in 000's



# Inventories down in Q1 FY22 as supply constrained to meet demand

Higher retails reflect retailer stock sales and CJLR retails

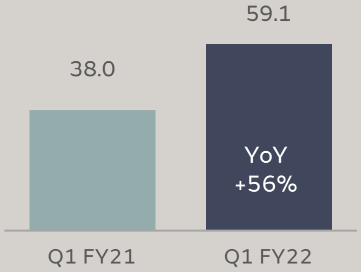


# Retails of all model families up YoY, led by Range Rover & Defender

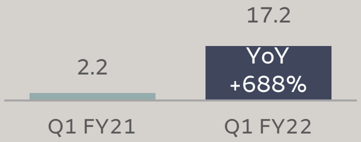
## Electrified sales now 66% of total, up 4pts QoQ and 24pts YoY

**Q1 FY22** | Retail Units in 000's

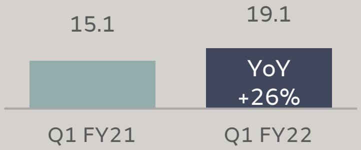
### RANGE ROVER



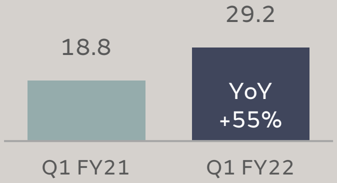

### DEFENDER



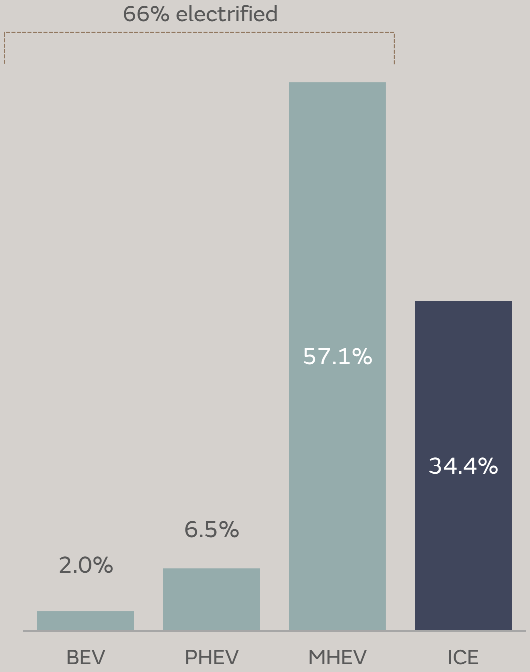

### DISCOVERY




### JAGUAR



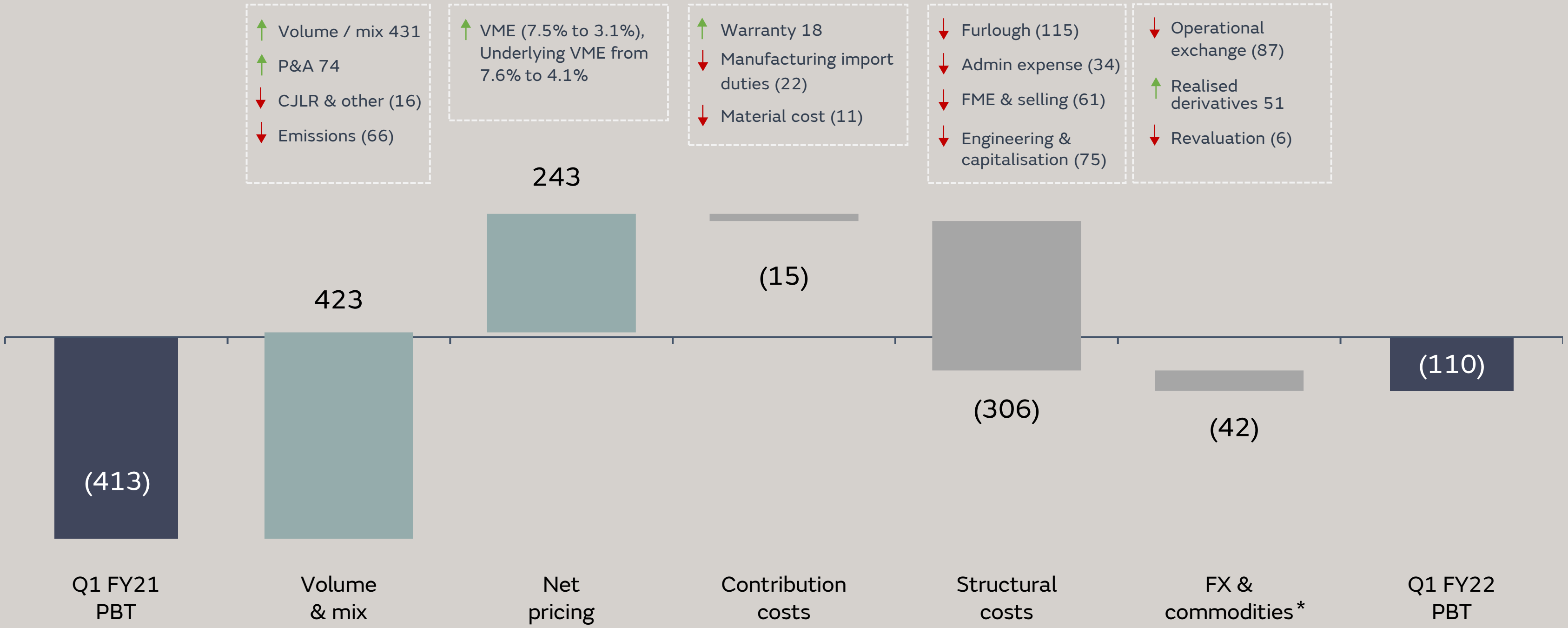

### JLR POWERTRAIN MIX



# Loss of £110m; EBIT (0.9)%

## Higher volumes and pricing YoY partly offset by linear costs, reduced furlough and capitalisation

**Q1 FY22** | IFRS, £m



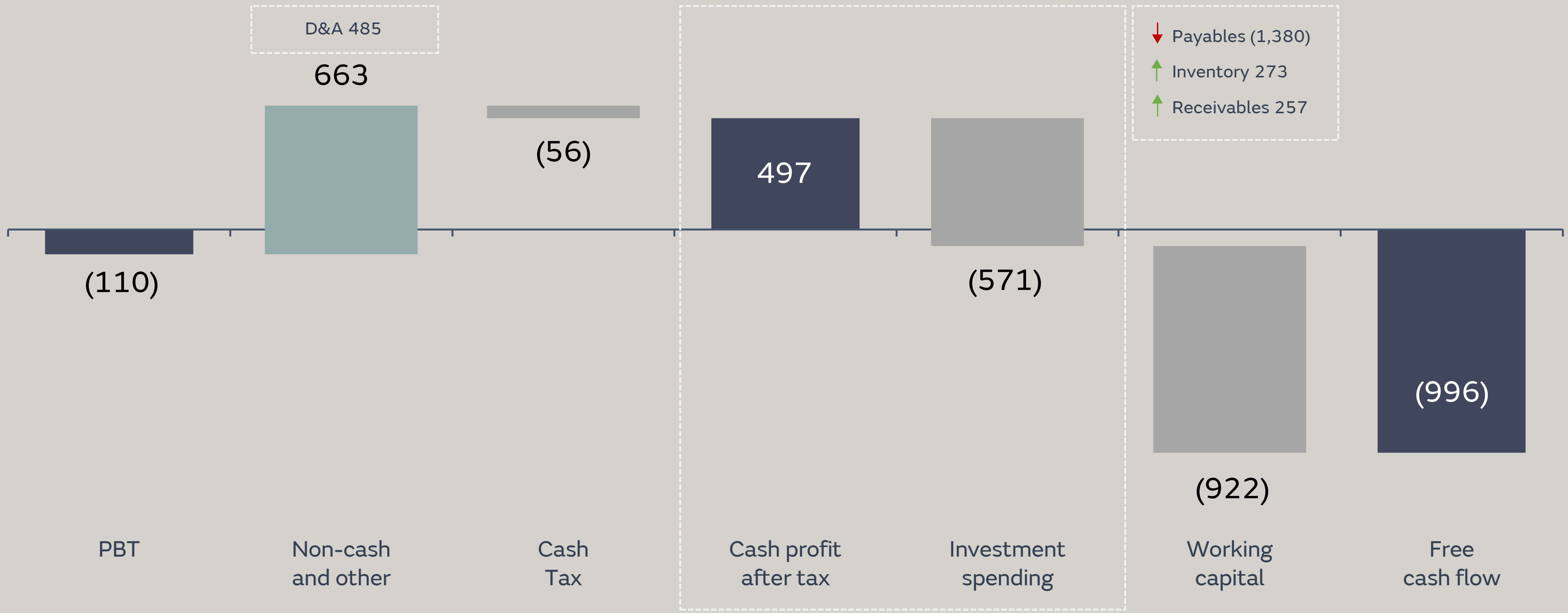

| EBIT Margin | (13.6)% | 19.2% | (0.4)% | (5.4)% | (0.7)% | (0.9)% |
|---|---|---|---|---|---|---|

* FX and commodities includes realised FX after hedges, FX balance sheet revaluation and unrealised commodity hedge revaluation

# Free cash outflow £996m, primarily working capital (£922m)

Proforma liquidity remains strong at £6.6b after new bonds and increased undrawn RCF

**Q1 FY22** | IFRS, £m

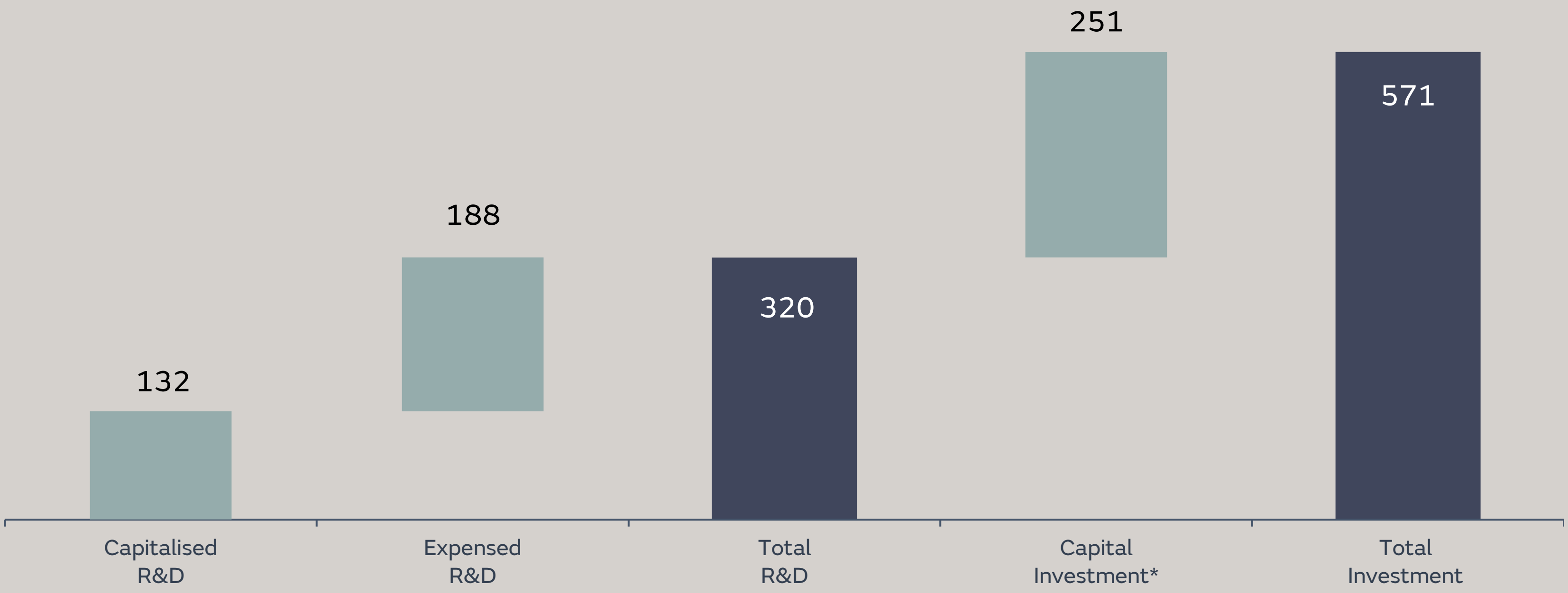



| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Q1 FY21 | (413) | 551 | (24) | 114 | (548) | (1,136) | (1,570) |

# Total investment £571m – 11.5% of revenue

## On-track to achieve £2.5b FY22 target

**Q1 FY22** | IFRS, £m




| | | | | | |
|---|---|---|---|---|---|
| Q1 FY21 | 168 | 107 | 275 | 273 | 548 |

* Of which £237m relates to purchases of property, plant and equipment in Q1 FY22 (£222m in Q1 FY21)


# BUSINESS UPDATE

# Refocus transformation programme fully launched

## £150m delivered in Q1 FY22, primarily early benefits in market performance

### TRANSFORMATION OFFICE

| | | |
|---|---|---|
| 1 | QUALITY | Reduced warranty spend |
| 2 | PROGRAMME DELIVERY & PERFORMANCE | Efficient programme delivery |
| 3 | DELIVERED COST PER CAR | Reduction in vehicle cost |
| 4 | END-TO-END SUPPLY CHAIN | Faster vehicle delivery times |
| 5 | CUSTOMER & MARKET PERFORMANCE | Increased profitable market share |
| 6 | CHINA | Increased profitable market share |

7 **AGILE ORGANISATION & CULTURE**
Enabling an Agile Organisation through Culture

8 **INDIGITAL**
Using data and technology to power the transformation

9 **RESPONSIBLE SPEND**
Sustaining the cost improvements

### REFOCUS PROGRESS IN Q1

**PILLAR 5&6 MARKET PERFORMANCE**

- £100m Lower VME including demand pull and finance mix improvements. Currently 3.1% and to be sustained below 6%
- £25m Improved mix, leveraging InDigital to deliver the right product at right time
- £20m Improved aftermarket performance

Note: savings attributable to Refocus initiatives, before YoY impact of other factors e.g. Covid & chip supply

**PILLAR 1 QUALITY**

- Early issue detection to improve PIVI diagnosis in 45 days from 300+ days
- Warranty at 3.3% of Gross Vehicle Revenue and expected to be maintained below 3.5%

**PILLAR 3 DELIVERED COST**

- Targeting 10% cost savings per average car with efficiencies embedded in new products
- Expected to deliver significant contribution towards achieving £1b of value through Refocus in FY22

# Chip supply status and outlook

## Situation is dynamic and difficult to forecast; but expected to improve in H2 FY22

### IMPACT

- Production impacted by chip shortages, resulting from structural supply constraints as well as Covid and exacerbated by some specific factors affecting our Tier 2 suppliers
- Demand remains strong and Q1 retails were up 68% year-on-year and the sold order bank is at a record 110k units
- Q1 wholesales were up 73%, however this is 27% lower than we had initially planned due to supply constraints
- Latest expectation for Q2 is that chip supply will reduce further and wholesales may be down 50% from planned levels to c. 65K units
- Situation expected to improve in H2 however some underlying structural capacity issues will only be resolved as new capacity comes on line over next 12-18 months

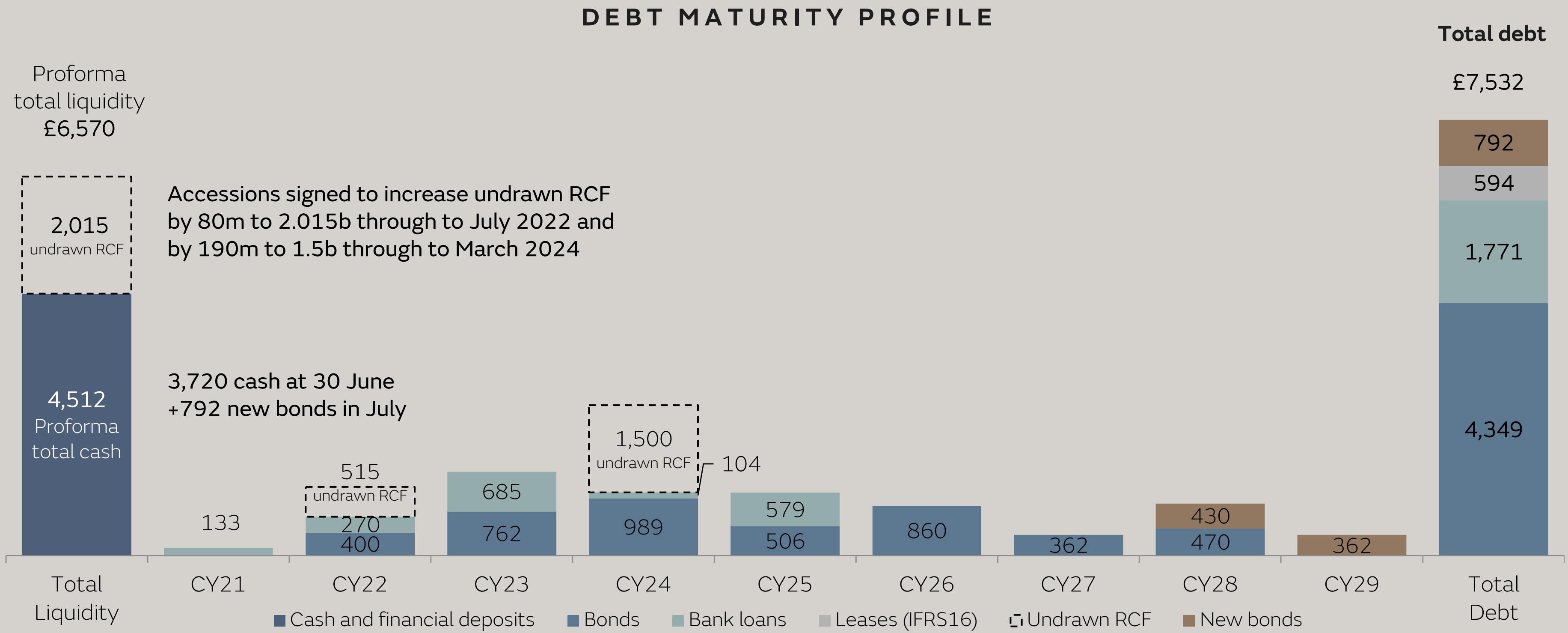
### ACTION

- Mission control centre established with risk surveillance and real time demand/supply simulation
- Rigorous follow up with suppliers, as well as directly with semiconductor manufacturers and brokers to maximise supplies
- Higher margin models prioritised
- Optimisation of semiconductor and product specifications to reduce dependence on semiconductors in short supply
- Management of vehicle pre-build to support retrofit to quickly meet demand as soon as semiconductor supply becomes available
- Increase visibility and control over future semiconductor supply, including long term contracts

# Proforma 30 June liquidity £6.6b

## Including £0.8b new bonds and increase to undrawn RCF in July

IFRS | £m




NOTES:

- Total Liquidity includes £43m undrawn portion of Fleet Buyback facility
- £685m bank loan maturities in CY23 includes RMB 5b (£560m) 3-year syndicated revolving loan facility, subject to annual confirmatory review
- Total debt includes £26m comprising £58m of other debt, offset by £32m of capitalised fees and fair value adjustment

# Outlook and key priorities

## Reimagine medium and long-term targets remain unchanged

| | FY22 OUTLOOK | | MEDIUM AND LONG TERM FINANCIAL TARGETS | | MEMO: |
|---|---|---|---|---|---|
| | Q2 | H2 | FY24 | FY26 | H2 FY21 |
| REVENUE | £3.7b | NOT GUIDED | INCREASING | >£30b | £12.5b |
| EBIT MARGIN | NEGATIVE | POSITIVE | ≥7% | ≥10% | 6%* |
| INVESTMENT | £2.5b FULL YEAR | | c. £2.5b | c. £3b | £1.3b |
| FREE CASH FLOW | LESS THAN £1b OUTFLOW | POSITIVE | POSITIVE | POSITIVE | £1.3b |

* Underlying EBIT margin

### KEY PRIORITIES

- Proactively manage current supply chain risks
- Continue to execute Reimagine strategy
- Execute Refocus transformation programme and continue to drive cost efficiency
- Continue to drive quality over quantity of sales

# THANK YOU

ADRIAN MARDELL

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Jaguar Land Rover

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Treasurer

Jaguar Land Rover

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# ADDITIONAL SLIDES

# Income statement

**Q1 FY22** | IFRS, £m

| | Q1 FY21 | Q4 FY21 | Q1 FY22 | CHANGE YoY | CHANGE QoQ |
|---|---|---|---|---|---|
| Revenues | 2,859 | 6,538 | 4,966 | 2,107 | (1,572) |
| Material and other cost of sales | (1,833) | (4,065) | (3,149) | (1,316) | 916 |
| Employee costs | (435) | (619) | (592) | (157) | 27 |
| Other (expense)/income | (657) | (1,010) | (908) | (251) | 102 |
| Product development costs capitalised | 168 | 157 | 132 | (36) | (25) |
| Depreciation and amortisation | (491) | (501) | (485) | 6 | 16 |
| Share of profit/(loss) from Joint Ventures | 0 | (9) | (10) | (10) | (1) |
| Adjusted EBIT | (389) | 491 | (46) | 343 | (537) |
| Debt/unrealised hedges MTM & unrealised investments | 26 | 116 | 14 | (12) | (102) |
| Net finance (expense) / income | (50) | (73) | (78) | (28) | (5) |
| Profit before tax and exceptional items | (413) | 534 | (110) | 303 | (644) |
| Exceptional items | 0 | (1,486) | (0) | (0) | 1,486 |
| Profit before tax | (413) | (952) | (110) | 303 | 842 |
| Income tax | (235) | 32 | (176) | 59 | (208) |
| Profit after tax | (648) | (920) | (286) | 362 | 634 |

# China JV: Retails +5% YoY but wholesales (23)% due to supply constraints

Revenue lower inline with wholesales and impacting profitability

**Q1 FY22** | IFRS, £m

| (Presented on 100% basis) | Q1 FY22 | Q1 FY21 | Change |
|---|---|---|---|
| Retail volumes ('000 units) | 14.8 | 14.1 | 0.7 |
| Wholesale volumes ('000 units) | 12.7 | 16.5 | (3.8) |
| Revenues | 366 | 479 | (113) |
| Profit/(Loss) – before tax | (34) | (3) | (31) |
| Profit/(Loss) – after tax | (20) | 1 | (21) |
| EBITDA Margin | 2.7% | 9.8% | (7.1) % points |
| EBIT Margin | (8.7)% | 0.4% | (9.1) % points |

# FX & commodities £(42)m YoY - unfavourable operating FX net of hedges

QoQ £(110)m reflecting less favourable revaluation

**Q1 FY22** | IFRS, £m

| | Q1 FY22 | QoQ CHANGE | YoY CHANGE |
|---|---|---|---|
| Operational exchange[1] | n/a | 7 | (87) |
| Realised FX[2] | 2 | (12) | 51 |
| Total FX impacting EBITDA & EBIT | n/a | (5) | (36) |
| Revaluation of CA/CL and other[3] | (18) | (74) | (17) |
| Revaluation of unrealised currency derivatives[3] | 1 | (3) | (7) |
| Revaluation of USD and Euro Debt[3] | 16 | (7) | 20 |
| Total FX impact on PBT | n/a | (89) | (40) |
| Unrealised commodities (excl. from EBITDA & EBIT) | 14 | (21) | (2) |
| Total impact of FX and unrealised commodities | n/a | (110) | (42) |
| Note: £20m gain on realised commodity hedges included in contribution costs. | | | |
| Total pre-tax hedge reserve | 136 | (32) | 567 |
| **END OF PERIOD EXCHANGE RATES** | | | |
| GBD:USD | 1.382 | 0.5% | 12.6% |
| GBP:EUR | 1.162 | (0.9)% | 6.2% |
| GBP:CNY | 8.932 | (1.1)% | 2.9% |

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 impact of the change in end of period exchange rates as applied to relevant balances