JAGUAR LAND ROVER AUTOMOTIVE plc

Results for the period ended 30th September 2020

Adrian Mardell, Chief Financial Officer

27th October 2020

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.

- 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 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 product and business highlights

Exciting products, electrification and other developments

Land Rover Defender 90 now available to order

21MY Range Rover Velar launched

21MY Jaguar F-PACE launched

5 PHEVs and 5 MHEVs added so far in FY21

2 shifts at Solihull, Halewood, Nitra & Engine plant

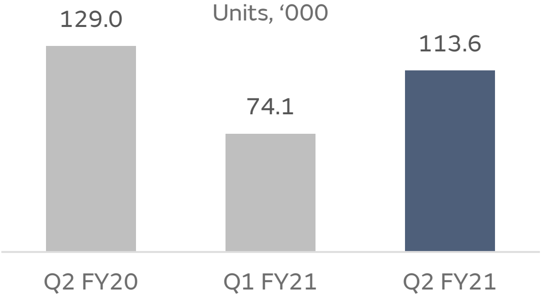
New $700m 5-year bond issued (October)

Improved results – PBT £65m, FCF £463m

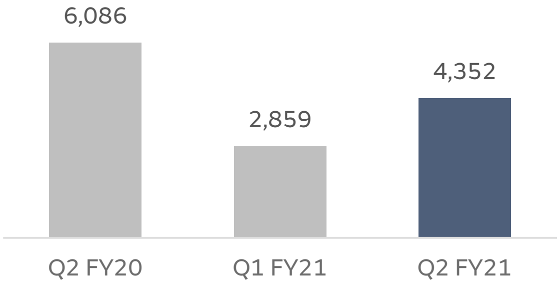
Cost savings and FX more than offset lower post-Covid sales

IFRS, £m

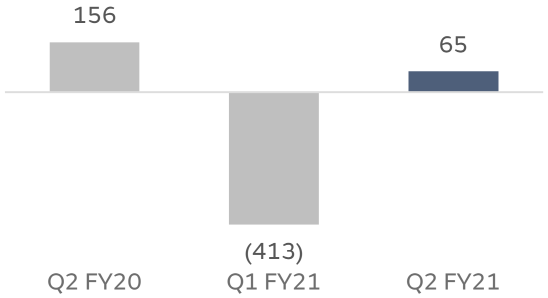
Retail volumes



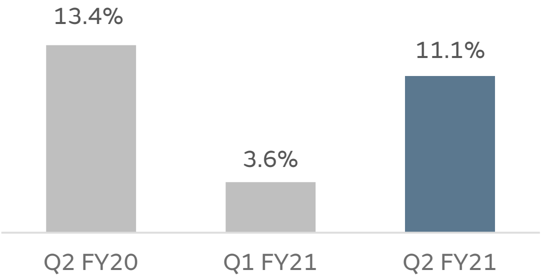
Revenue



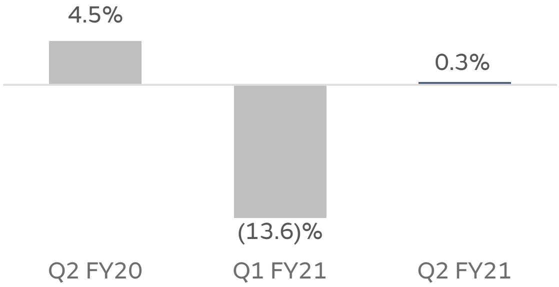
PBT



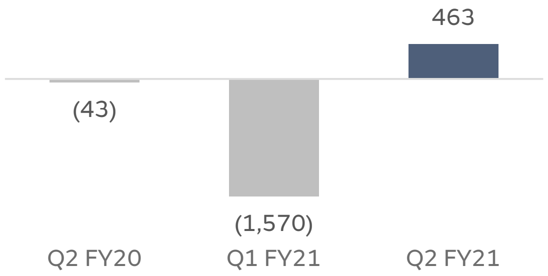
EBITDA



EBIT



Free Cash Flow



PBT excludes £(10)m exceptionals in Q2 FY20

<u>Note</u>: FCF,EBITDA and EBIT metrics now revised, primary change to exclude FX revaluation on cash, current assets and liabilities, see appendix for further details

Q2 FY21

Performance highlights

Volume & revenue

- Significant sales recovery QoQ across all markets; China sales up YoY, other markets still below pre-Covid levels
- Inventory around ideal levels
- 5 PHEVs and 5 MHEVs added so far in FY21

Profitability

- Positive PBT of £65m and EBIT of 0.3% despite lower volumes YoY
- Charge+ cost savings of £0.3b in the quarter
- CJLR breakeven sustained

Cashflow

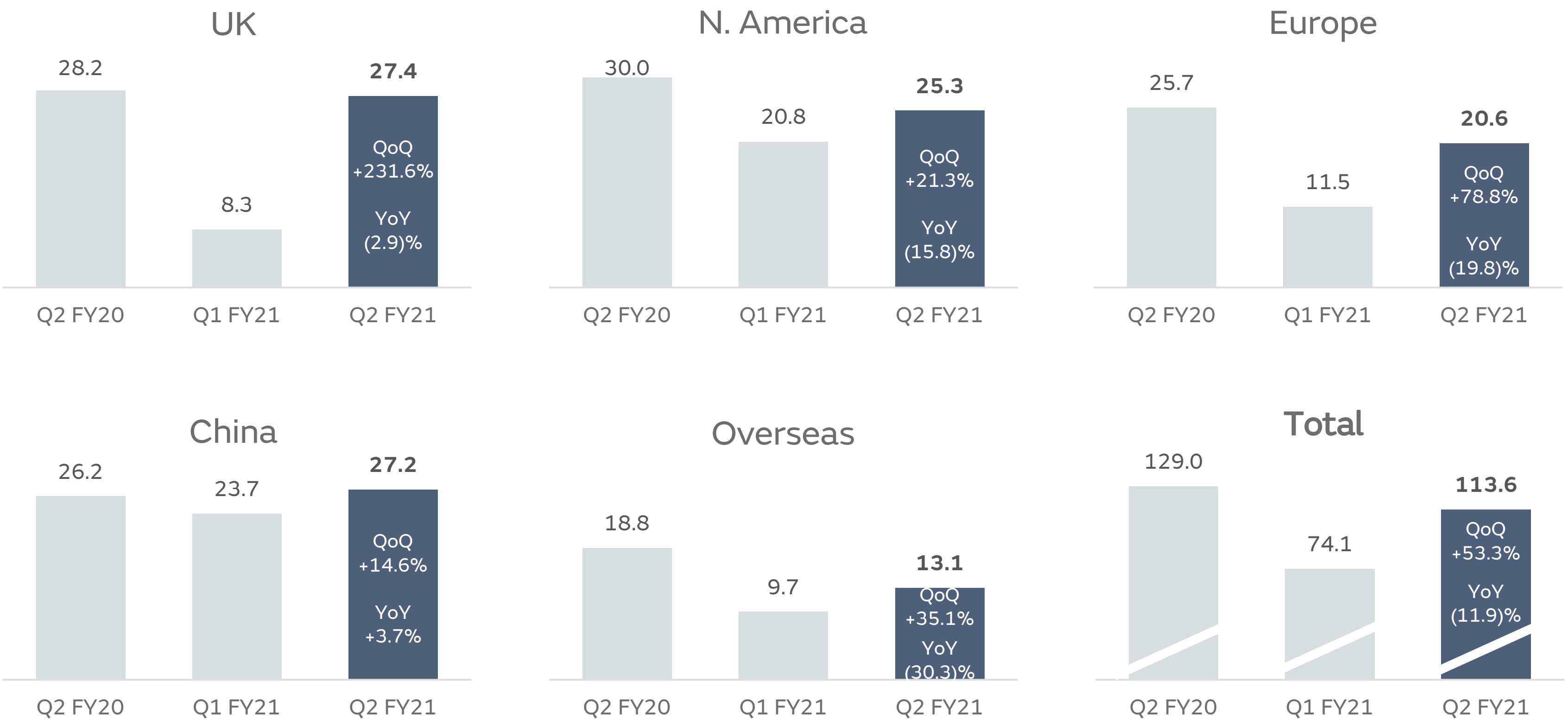
- Strong Positive FCF of £463m driven by working capital improvement

Q2 FY21

Retail sales recovery – up 53.3% QoQ

Down 11.9% YoY due to COVID, but China up 3.7% YoY

Retail units in '000

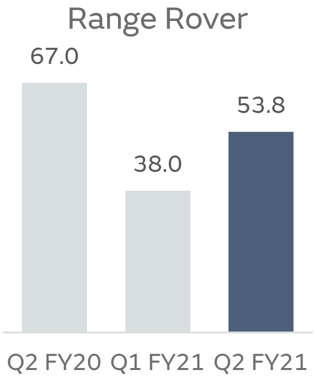


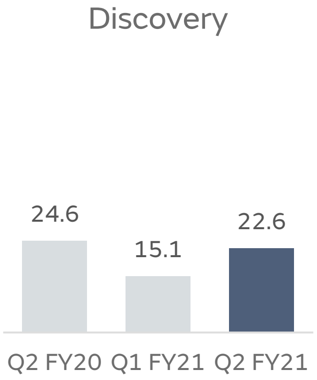
Q2 FY21

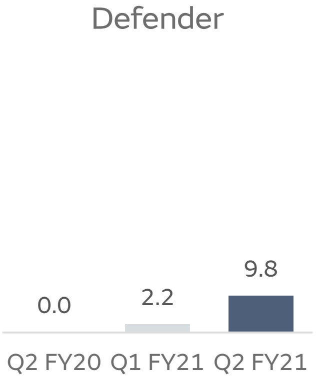
Covid continues to impact all model families

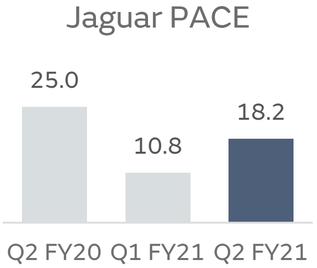
Significant growth in Defender

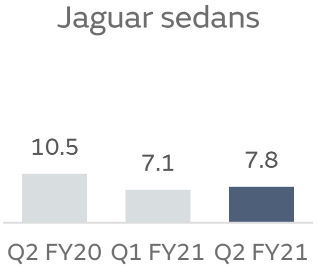
Retail units in ‘000

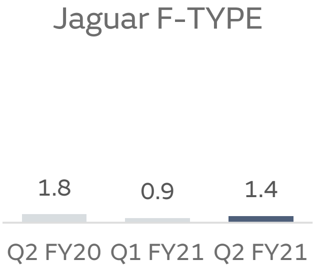


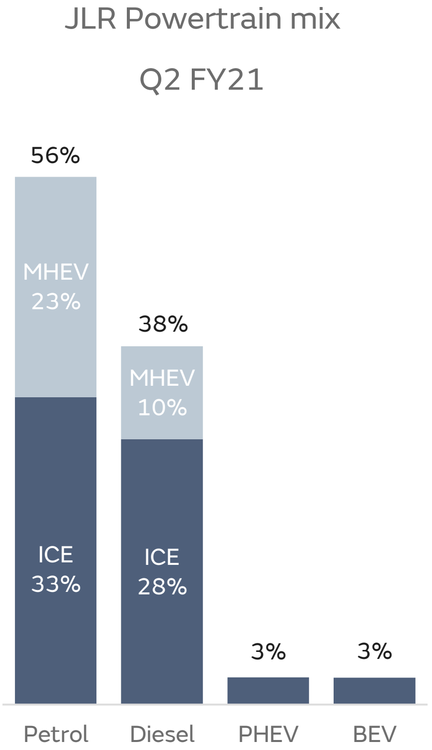






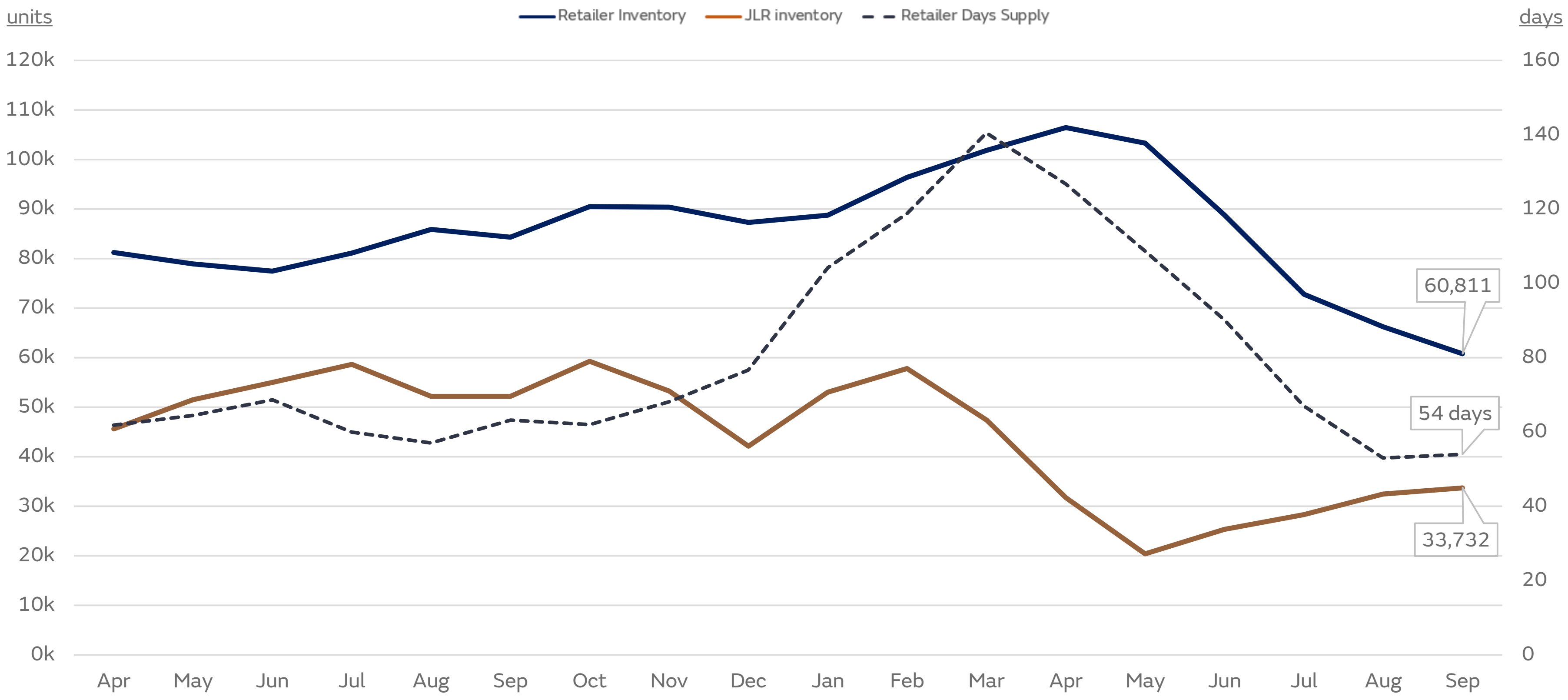






Inventories at near ideal levels

Demand-led strategy supports future wholesales growth

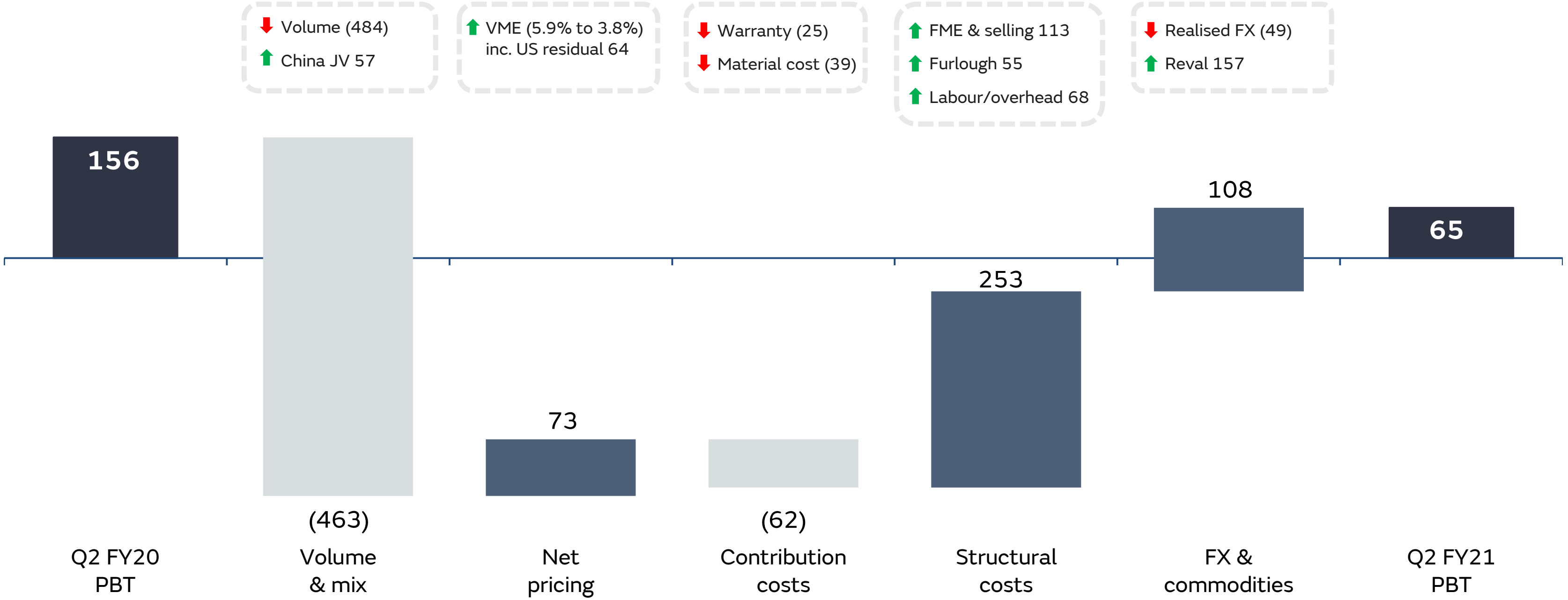


Q2 FY21

Improved results – PBT £65m

Lower post-Covid sales offset by cost savings and FX

IFRS, £m



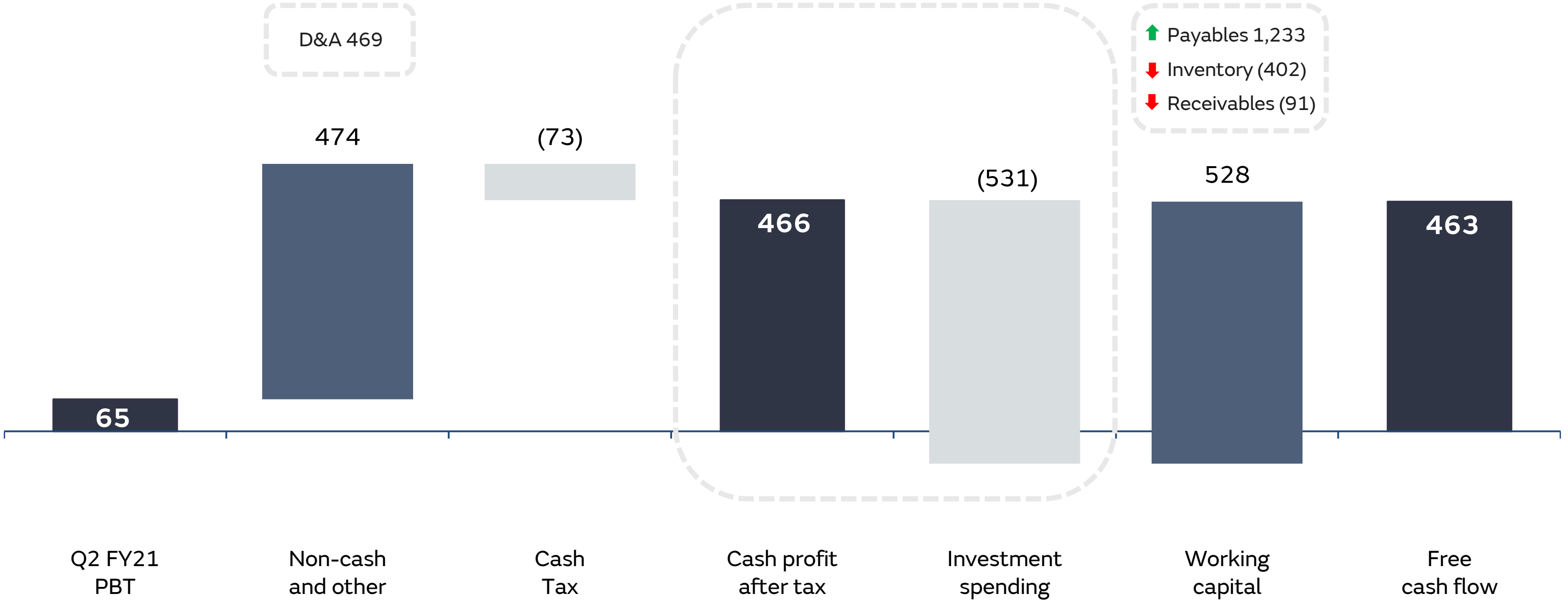
	Q1 FY21 PBT						
PBT QoQ	(413)	331	147	31	(70)	39	65

EBIT Margin							
	YoY	**4.5%**	(7.2)%	(1.5)%	5.6%	(1.1)%	**0.3%**
	QoQ	**(13.6)%**	15.6%	0.8%	(1.4)%	(1.1)%	**0.3%**

Return to positive free cash flow £463m

Primarily reflects working capital recovery from Q1

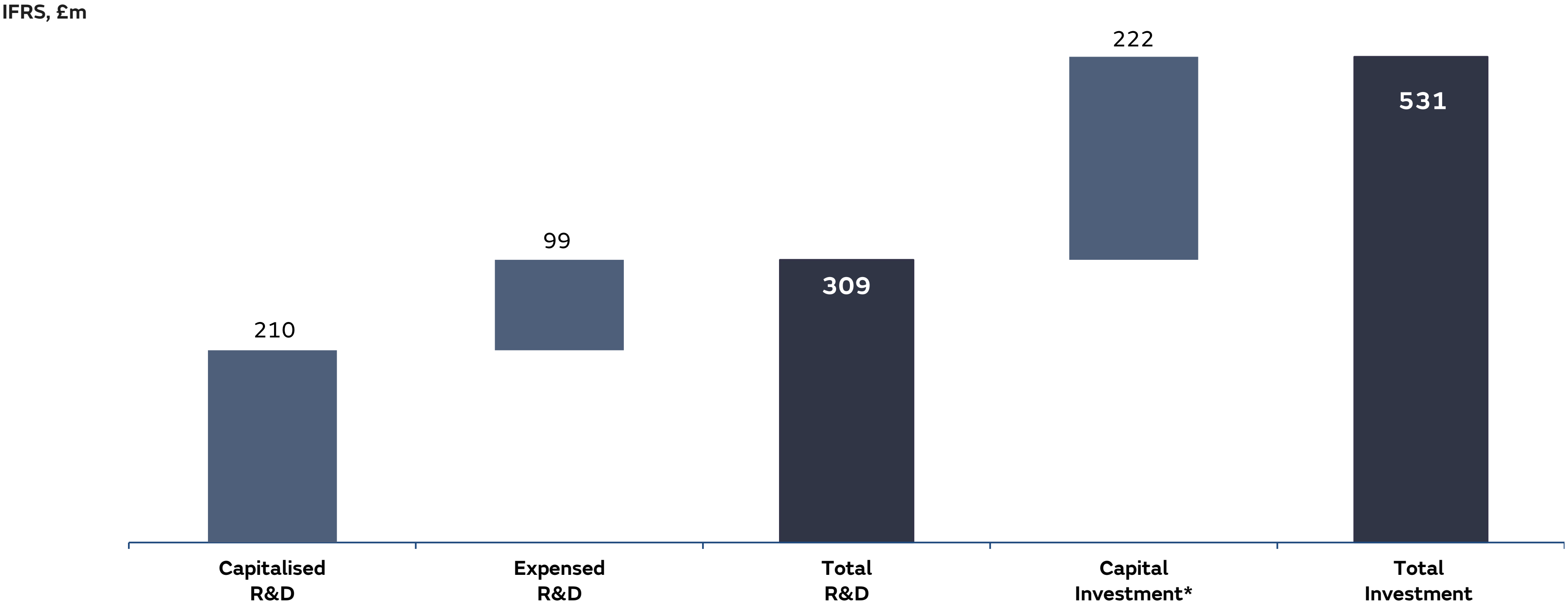
IFRS, £m



	Q2 FY21 PBT	Non-cash and other / Cash Tax	Cash profit after tax	Investment spending	Working capital	Free cash flow
B/(W) Q1 FY21	478	(126)	352	17	1,664	2,033
B/(W) Q2 FY20	(91)	(330)	(421)	310	617	506

Investment £531m, down significantly YoY

On-track to achieve £2.5b full-year target



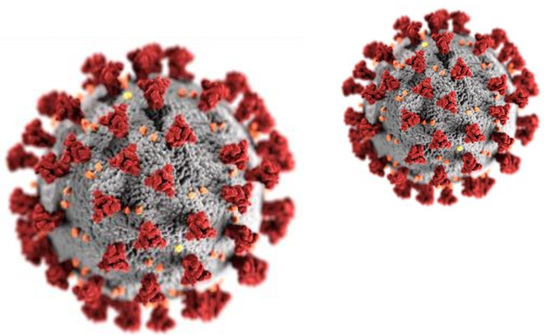
	Capitalised R&D	Expensed R&D	Total R&D	Capital Investment*	Total Investment
B/(W) Q1 FY21	(42)	8	(34)	51	17
B/(W) Q2 FY20	143	15	158	152	310

* Of which £229m relates to purchases of property, plant and equipment in Q2 FY21, £222m in Q1 FY21 and £347m in Q2 FY20.

Business Update

Significant geopolitical & regulatory risks remain

Despite continuing signs of recovery and stabilisation



Impact of Covid-19

Brexit: Trade agreement uncertainty remains

US presidential election 3rd November

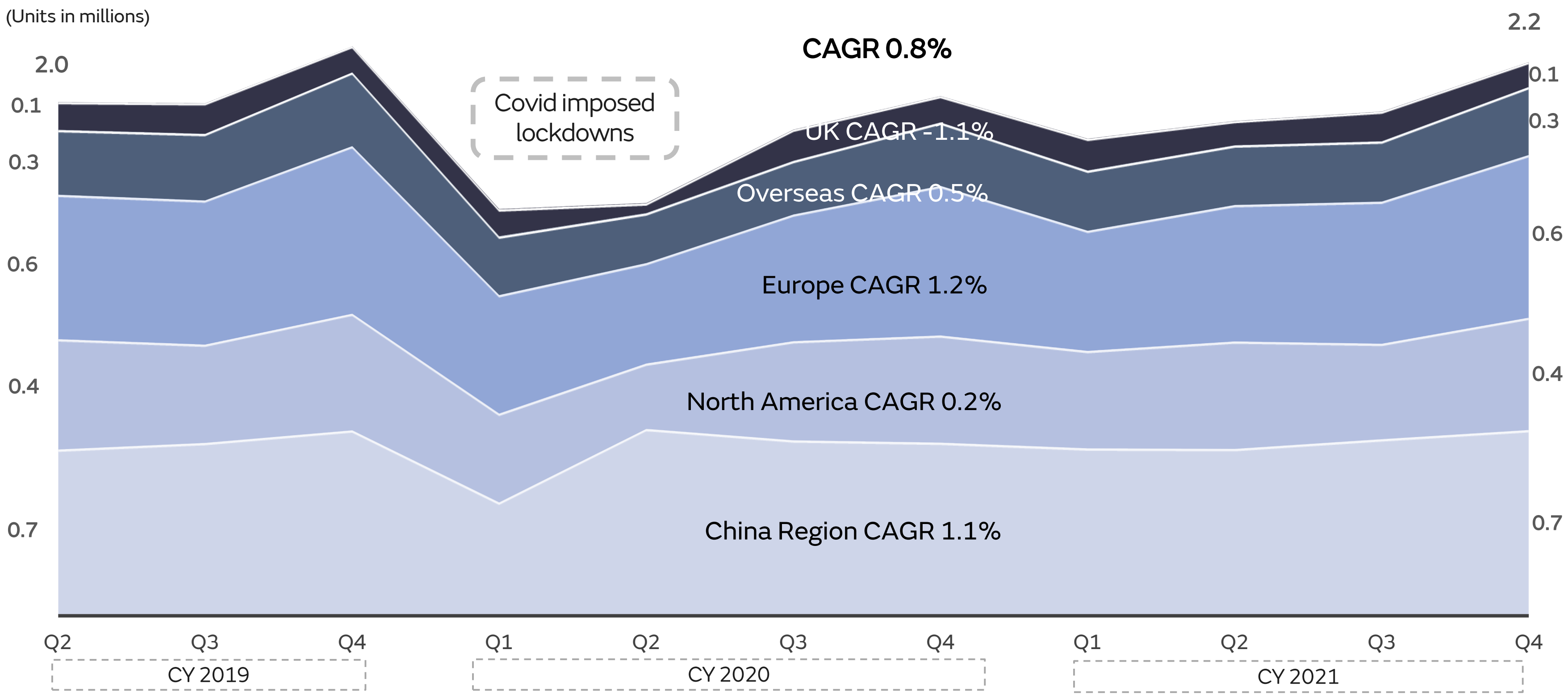
Slow economic recovery with possible recessions

Trade tensions impact global economic recovery

Emissions compliance

IHS industry volumes – JLR segments

Continue to expect gradual recovery



Source: IHS August 2020

Sales of Land Rover Defender 110 building

Short wheel-base Land Rover Defender 90 now available to order

New 21MY Jaguar F-PACE & Range Rover Velar

Plug-in and mild-hybrid models now available

Refreshed Jaguar F-PACE

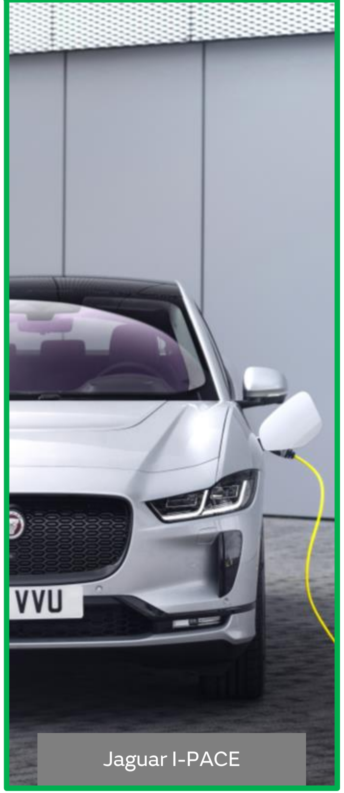
Upgraded Range Rover Velar

- PHEV powertrain options with DC charging – all-electric range of up to 33 miles (53km) with CO_2 emissions from 49 g/km
- Enhanced interior design
- Advanced connectivity, including latest Pivi Pro infotainment system
- Enhanced technologies including active road noise cancellation and a new cabin air filtration system

Significant electrification expansion in FY21

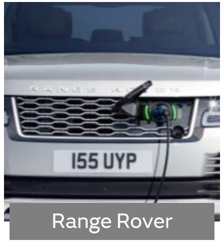
6 new PHEVs and 9 new MHEVs in FY21

Battery electric (BEV)

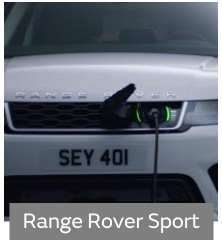


Jaguar I-PACE

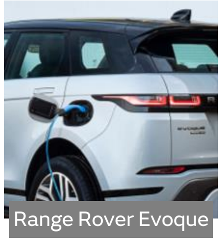
Plug-in Hybrid (PHEV)



Range Rover



Range Rover Sport



Range Rover Evoque

Discovery Sport

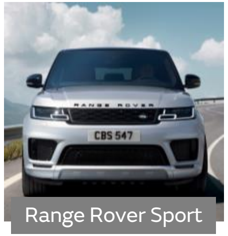
Defender

F-PACE

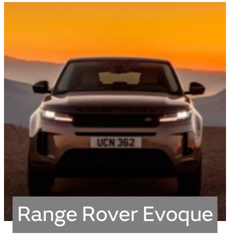
Range Rover Velar

Mild Hybrid (MHEV)

Range Rover



Range Rover Sport



Range Rover Evoque

Discovery Sport

Defender

F-PACE

Range Rover Velar

Jaguar XF

Jaguar XE

JLR electrification plans to support CO_2 compliance

Covid and launch timings may lead to fines in 2020

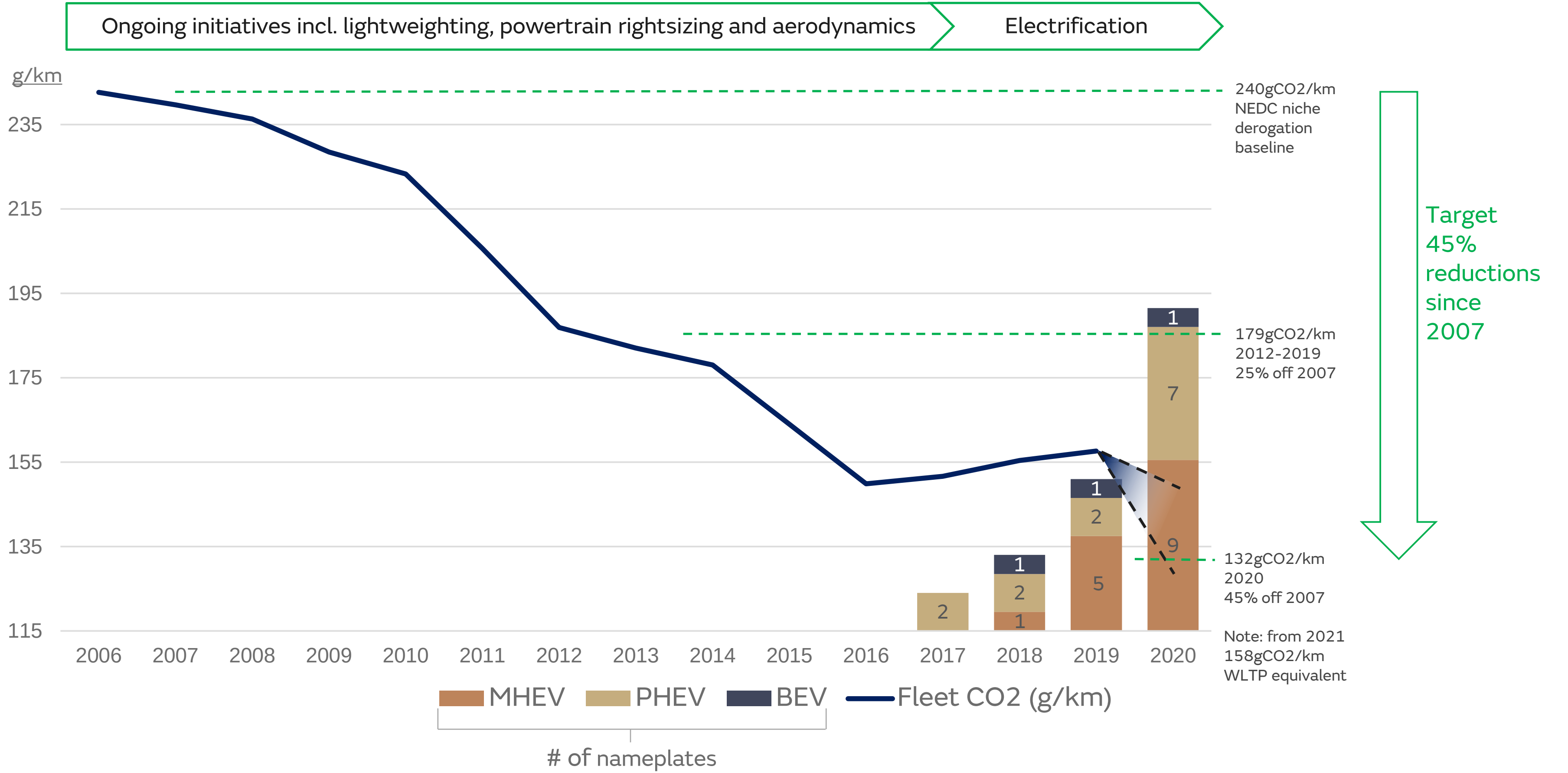
	Status 2019	Target 2020	Target 2021
EU / UK	EU28 (NEDC) **178 CO2g/km target** 158 CO2g/km status	EU28 transition to new NEDC target **132 CO2g/km** As a result of Covid sales impacts and PHEV, MHEV timing changes, JLR has reserved £90m at Q2 for potential EU CO2 fines. Full year provision is expected to reduce with increased BEV, PHEV and MHEV deliveries.	EU27 (WLTP) **159 CO2g/km** UK1 (WLTP) **158 CO2g/km**
US	EPA GhG **274 CO2g/mile target** 282 CO2g/mile status	EPA GhG **263 CO2g/mile**	EPA GhG **253 CO2g/mile**
China	CAFC **6.7 L/100km target** 7.3 L/100km status	CAFC **6.9 L/100km**	CAFC **7.7 L/100km**

Notes:

- 2019 provisional. Most recent published data is for 2018 which confirmed compliance
- Forecast compliance will depend on JLR portfolio model mix and launch timings, market performance, Covid impact and applicable regulations
- US/China compliance supported by credit purchase and carry forward / back (c. £10m expected for each market in each of 2019 , 2020 and 2021)

Fleet CO_2 emissions down ~45% since 2007

Enabled by additional electrified models



Brexit planning

JLR Base case is UK-EU FTA (Deal); but ready for WTO (No Deal)

Deal

Base case sees Canada-style 'Deal' with tariffs on UK/EU trade avoided, but tariff exposure for EU exports to EU FTA markets. Customs declarations

No Deal

Threat of Australia-style 'No Deal' remains, with tariffs on UK-EU trade as key differentiator vs. 'Deal'

Many operational implications are common to both outcomes

- Increased customs declarations, administration and compliance in both deal and no deal scenarios
- Potential border delays could disrupt supply chain and the export of finished vehicles in the short-term during transition

Operational mitigations for both outcomes

- Potential additional 1 day production stock (EU stock at UK plants and UK stock at Slovakia), and 2 weeks of aftermarket parts buffer stock
- Resourcing for additional customs processes, and IT solutions in place, with JLR Supplier readiness programme in operation
- Assume recovery of lost volumes due to potential border disruption
- Intensive preparations in Q3: Brexit steering committee, dialogue with Government and partners to secure 'Deal' but prioritise 'No Deal' planning

Primary tariff implications	Deal	No Deal
Tariffs on UK / EU sales, assumed 10% of transfer price on c. 20% of sales	No	Yes
Tariffs on UK / EU parts purchases, assumed 4% average, with c. 80% recovery from vehicle exports	No	Yes
Loss of preferential tariff rates available under existing EU trade agreements with 3rd countries [1]	Yes	Yes

Tariff Mitigations

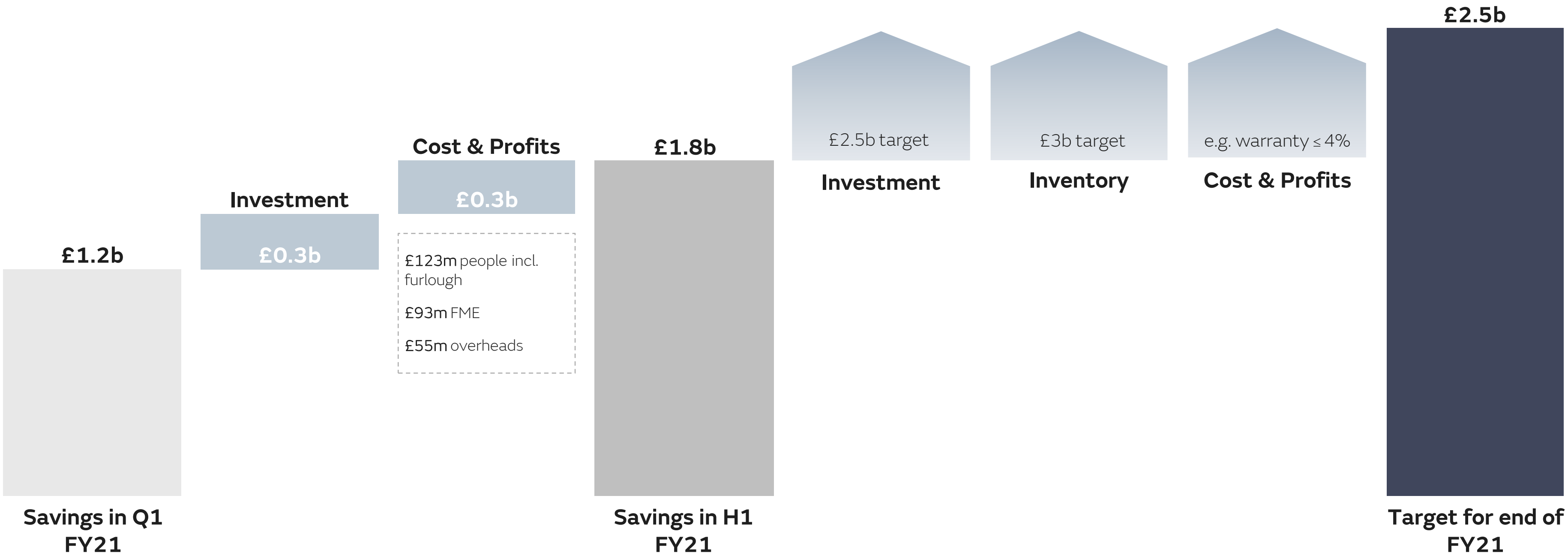
- Weaker pound in 'No Deal' outcome expected to significantly offset tariff cost, net of hedging initially
- Recover through pricing and mix to extent possible
- UK sales benefit from tariffs on competitor imports
- Potential future trade agreements to reduce tariffs

[1] *For Sales from EU: South Korea, South Africa, Mexico, Colombia.* *For sales from UK: Mexico, Turkey and Canada still to be agreed*

Charge+ savings £0.6b in Q2, £1.8b YTD

On-track to exceed £2.5b target savings in FY21

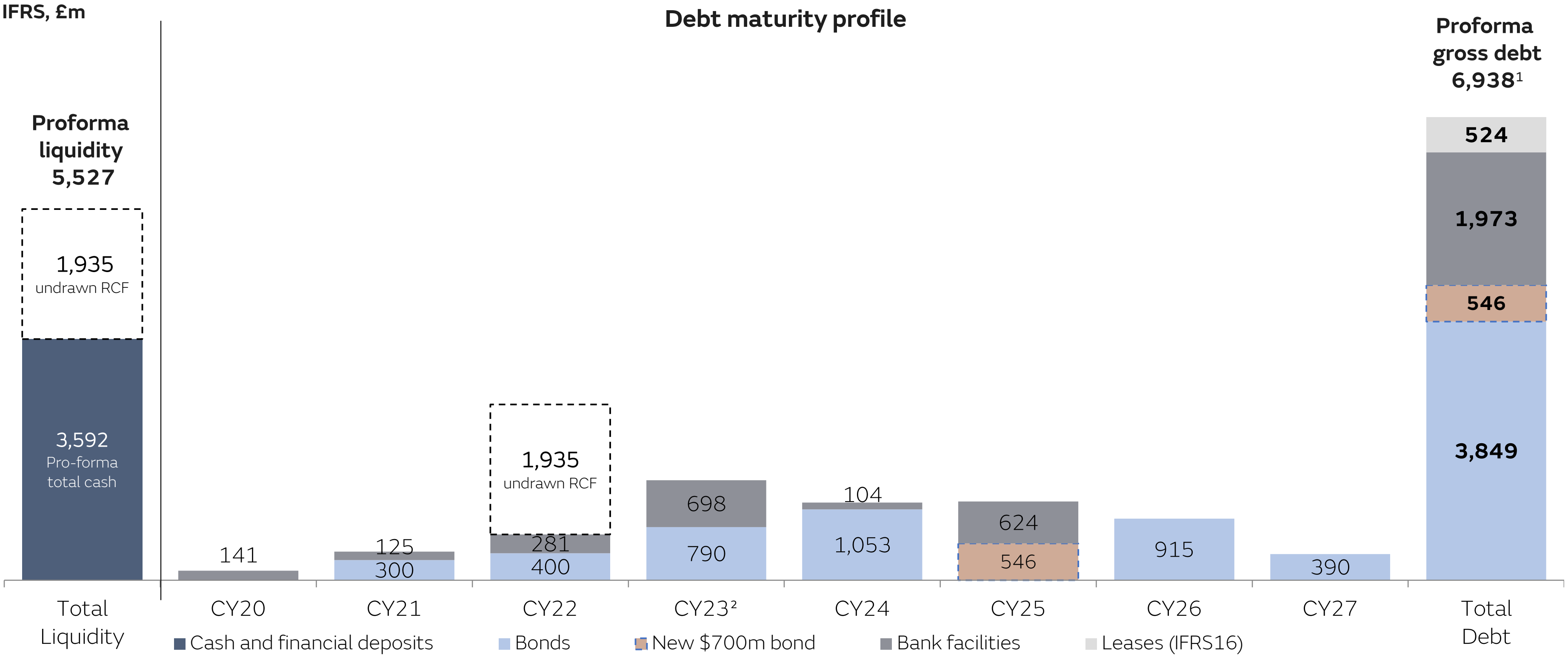
Q2 FY21 progress of £0.6b. H1 FY21 savings £1.8b → **£0.7b to deliver in H2 FY21 to achieve £2.5b FY21 target**



FUNDING AND OUTLOOK

£5.5b proforma liquidity at end September

After $700m new bond



[1] Includes £45m comprising £41m Fair Value adjustment, and £38m of other debt, partially offset by £34m of capitalised fees
[2] Includes RMB 5b 3-year syndicated revolving loan facility, subject to annual confirmatory review

Outlook

Expect sales and financial performance to improve in H2 FY21

Risks remain

- Covid
- Economy
- Brexit & US election
- Electrification & emissions

2nd half FY21

Improving vs H1:

- Sales volumes & revenue
- Profits
- Cash flow

Fiscal 2022

Targeting:

- Improved sales & profit
- Positive free cash flow
- Lower net debt

Product portfolio

- Launch new products
- Expand electrification

CHARGE+

- £2.5b savings in FY21
- £2.5b investment

Investor day

- CEO business update
- Wednesday, 2 December

Thank you

Adrian Mardell

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ADDITIONAL SLIDES

Change in Alternative Performance Measures

For improved transparency and comparability

JLR has performed a review of its Alternative Performance Metrics (APMs), including benchmarking against peer companies and its parent company TML. The main changes being to :

- Update its ‘Free Cash Flow’ metric to exclude FX revaluation on cash
- Update its ‘EBITDA’ and ‘EBIT’ metrics to exclude FX revaluation on cash and other assets and liabilities, consistent with the FCF definition and aligning treatment of all balance sheet FX revaluation.

The changes summarised below and restatements shown on following page:

Item	Change
FX on cash, current assets and liabilities	To exclude from FCF, EBITDA and EBIT Previously FX revaluation of cash is included in FCF and of cash, current assets and liabilities in EBITDA and EBIT. This change will ensure consistent treatment with all balance sheet FX revaluation excluded from FCF, EBITDA and EBIT.
Financial Investments <20%	To exclude from FCF Previously included, but now to exclude since reflecting such investments are financial rather than core, e.g. relatively immaterial InMotion investments, or exceptional such as minority investment in Lyft
Restricted Deposits	To exclude from FCF Previously included, but now to exclude given we retain legal title
Non-automotive investments	To exclude from FCF currently not applicable to JLR, but consistent with benchmarking

Change in Alternative Performance Measures

Financial reporting impact & restatements

	Q2 FY21	Q1 FY21	FY20	FY19
Free cash flow (previously reported)	397 [1]	(1,512)	(702)	(1,265)
Exclude:				
FX gain/loss on cash & deposits	59	(26)	(72)	(44)
Movement in restricted cash	7	(10)	4	(1)
Purchases of other investments	-	-	11	14
Proceeds from sale of other investments	-	(22)	-	-
Free cash flow (restated)	463	(1,570)	(759)	(1,296)
EBITDA (previously reported)	466 [1]	101	2,000	1,981
Exclude:				
FX gain/loss on balance sheet revaluation	15	1	50	13
EBITDA (restated)	481	102	2,050	1,994
EBIT (previously reported)	(2) [1]	(390)	(24)	(180)
EBIT (restated)	13	(389)	26	(167)
EBITDA % (previously reported)	10.7% [1]	3.5%	8.7%	8.2%
EBITDA % (restated)	11.1%	3.6%	8.9%	8.2%
EBIT % (previously reported)	0.0% [1]	-13.6%	(0.1)%	(0.7)%
EBIT % (restated)	0.3%	-13.6%	0.1%	(0.7)%

[1] change effected in Q2 FY21 so nothing ‘previously reported’ but values shown for comparison

China JV: Improving operating performance

Profit breakeven on better sales

(presented on 100% basis)	YoY			QoQ		
IFRS, £m	Q2 FY21	Q2 FY20	Change	Q2 FY21	Q1 FY21	Change
Retail volumes ('000 units)	16.0	14.5	1.5	16.0	14.1	1.9
Wholesale volumes ('000 units)	17.9	13.4	4.6	17.9	16.5	1.4
Revenues	502	332	170	502	479	23
Profit / (Loss) - before tax	2	(109)	111	2	(3)	5
- after tax	1	(82)	83	1	1	-
EBITDA Margin	10.8%	(15.1)%	25.8%	10.8%	9.8%	1.0%
EBIT Margin	1.0%	(32.2)%	33.2%	1.0%	0.4%	0.6%

All numbers presented on 100% basis, noting JLR 50% share.

Q2 FY21

Income statement

IFRS, £m	Q2 FY21	Q2 FY20	Change	YTD FY21	YTD FY20	Change
Revenues	**4,352**	**6,086**	**(1,734)**	**7,211**	**11,160**	**(3,949)**
Material and other cost of sales	(2,695)	(3,720)	1,025	(4,528)	(7,001)	2,473
Employee costs	(492)	(631)	139	(927)	(1,287)	360
Other (expense)/income	(894)	(1,270)	376	(1,551)	(2,499)	948
Product development costs capitalised	210	353	(143)	378	692	(314)
EBITDA	**481**	**818**	**(337)**	**583**	**1,065**	**(482)**
Depreciation and amortisation	(469)	(504)	35	(960)	(967)	7
Share of profit/(loss) from Joint Ventures	1	(41)	42	1	(69)	70
EBIT	**13**	**273**	**(260)**	**(376)**	**29**	**(405)**
Debt/unrealised hedges MTM & unrealised investments	104	(68)	172	130	(172)	302
Net finance (expense) / income	(52)	(39)	(13)	(102)	(74)	(28)
Profit before tax and exceptional items	**65**	**166**	**(101)**	**(348)**	**(217)**	**(131)**
Exceptional items	-	(10)	10	-	(22)	22
Profit before tax	**65**	**156**	**(91)**	**(348)**	**(239)**	**(109)**
Income tax	52	(56)	108	(183)	(63)	(120)
Profit after tax	**117**	**100**	**17**	**(531)**	**(302)**	**(229)**

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.

Q2 FY21

FX & unrealised commodities +£108m YoY

£55m balance sheet revaluation in Q2 – reflects stronger GBP

IFRS, £m	Q2 FY21		YoY Change	QoQ Change
Operational exchange [1]	n/a		(175)	(68)
Realised FX hedges and other [2]	(28)		127	21
Total FX impacting EBITDA & EBIT	**n/a**		**(48)**	**(47)**
Revaluation of CA / CL and other [3]	(15)	55	(37)	(14)
Revaluation of unrealised currency derivatives [3]	(5)		5	(13)
Revaluation of USD and Euro Debt [3]	75		121	79
Total FX impact on PBT	**n/a**		**41**	**5**
Unrealised commodities (excl. from EBITDA & EBIT)	49		67	34
Total impact of FX and commodities	**n/a**		**108**	**39**
Total pre-tax hedge reserve	**(70)**		**640**	**361**
End of Period Exchange Rates				
GBP:USD	1.281		*4.2%*	*4.3%*
GBP:EUR	1.092		*(2.9%)*	*(0.2%)*
GBP:CNY	8.734		*(0.5%)*	*0.6%*

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