

Tata Motors

Jaguar Land Rover – Monthly sales update

Exhibit 1: JLR - wholesale volumes

	Nov-12	Nov-11	chg (%)	Oct-12	chg (%)	YTD FY13	YTD FY12	chg (%)
Jaguar	6,260	5,315	17.8	3,339	87.5	31,205	35,190	(11.3)
Land Rover	28,389	23,868	18.9	24,558	15.6	192,235	150,236	28.0
Total	34,649	29,183	18.7	27,897	24.2	223,440	185,426	20.5

Source: Company, Angel Research

- Jaguar and Land Rover (JLR) recorded a strong wholesale volume growth of 18.7% yoy (24.2% mom) to 34,649 units for the month of November 2012, which was ahead of our estimate of 28,500 units, led by robust growth across Jaguar and Land Rover.
- Jaguar sales posted a strong growth of 17.8% yoy (87.5% mom) driven by dispatches of the model year 2013 models. During the month, JLR began dispatching the all-wheel-drive XF and XJ models (mainly to US) and smaller engine versions of XF and XJ (majorly to China).
- Land Rover sales too registered a robust growth of 18.9% yoy (15.6% mom) backed by strong growth in the sale of Evoque and Freelander models. The sales benefitted from the start of the third shift at the Halewood plant which eased the production constraints for Evoque (~11,000 units vs. ~9,500 units in October 2012) and Freelander (~5,000 units) models.

Exhibit 2: Global peers – wholesale volumes

	Nov-12	Nov-11	chg (%)	Oct-12	chg (%)	YTD FY13	YTD FY12	chg (%)
BMW	145,452	115,136	26.3	132,823	9.5	1,031,596	930,999	10.8
Audi	123,600	108,500	13.9	123,600	0.0	998,650	880,600	13.4
Mercedes	120,346	103,378	16.4	109,632	9.8	880,983	855,539	3.0

Source: Company, Angel Research

- The volume performance for global peers like BMW, Audi and Mercedes remained strong in November 2012 driven by growth in China and US.
- BMW's global sales jumped 26.3% yoy (9.5% mom) driven by 62.3% and 29% yoy growth in China and US respectively. Further, strong momentum in X1, X3, 1 and 3 series fuelled the overall growth. The management expects the sales momentum to continue led by ramp-up in China and strong demand across models (mainly X1, X3, 1 and 3 series).
- Audi too posted a strong growth of 13.9% yoy (flat mom) driven by the SUV (Q3, Q5 and Q7) and A5 models. China and US continue to drive the overall growth of the company (sales up 25.9% in China and 18.6% in US). However, Europe posted a decline of 1.9% as sales in Italy, Spain and France declined by 18.9%, 14.3% and 11% yoy respectively led by uncertain economic environment in the Euro region.
- Mercedes registered a 16.4% yoy (9.8% mom) growth led by continued momentum in compact car (up 38.1% yoy) and SUV (16.3% yoy) sales.

ACCUMULATE

CMP	₹292
Target Price	₹319

Investment Period	12 Months
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Stock Info

Sector	Automobile
Market Cap (₹ cr)	79,698
Net Debt (₹ cr)	12,933
Beta	1.4
52 Week High / Low	321/168
Avg. Daily Volume	1,624,675
Face Value (₹)	2
BSE Sensex	19,317
Nifty	5,880
Reuters Code	TAMO.BO
Bloomberg Code	TTMT@IN

Shareholding Pattern (%)

Promoters	34.7
MF / Banks / Indian Fls	12.4
FII / NRIs / OCBs	45.3
Indian Public / Others	7.6

Abs. (%)	3m	1yr	3yr
Sensex	4.6	21.6	13.0
Tata Motors	8.0	65.0	105.4

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Exhibit 3: Retail volumes - JLR

	Nov-12	Nov-11	chg (%)	Oct-12	chg (%)	YTD FY13	YTD FY12	chg (%)
Jaguar	4,031	4,260	(5.4)	3,010	33.9	33,477	33,989	(1.5)
Land Rover	25,862	22,075	17.2	22,166	16.7	192,099	144,174	33.2
Total	29,893	26,335	13.5	25,176	18.7	225,576	178,163	26.6

Source: Company, Angel Research

- JLR reported a strong retail volume growth of 13.5% yoy (18.7% mom) in November 2012 to 29,893 units driven by strong growth in Land Rover volumes (*Evoque* in particular; sales up 38.9% yoy) which posted better-than-expected growth of 17.2% yoy (16.7% mom).
- Total volumes ex. *Evoque* however grew by a modest 4.1% yoy largely due to 38% yoy decline in *Range Rover* volumes which is set to be replaced by the new *Range Rover* (retail deliveries to begin from January 2013). Nevertheless, total volumes ex. *Evoque* on a mom basis reported a strong 17.3% growth as the performance benefited from the ramp-up in production at the Halewood plant (now running on three shift basis). This resulted in a 28.8% growth in *Freelander* sales.
- Jaguar sales registered a decline of 5.4% yoy in anticipation of the retail launch of the model year 2013 products, ie the *XF Sportbrake* and the *all-wheel drive and smaller engine options in the XF and XJ models*. Jaguar sales during the month witnessed a yoy de-growth across all the models. Nonetheless on a mom basis Jaguar volumes surged 33.9% led by a robust growth in China (up 250.3% mom) and Rest of the World (42.8% mom).
- Geographically, the growth in China continues to remain strong, with volumes up 43% yoy (47.9% mom) during the month. The Asia- Pacific region too grew strongly by 25.9% yoy (13.3% mom) in November 2012.

Exhibit 4: Jaguar retail sales by car-type

	Nov-12	Nov-11	chg (%)	Oct-12	chg (%)	YTD FY13	YTD FY12	chg (%)
XF	2,743	2,826	(2.9)	1,976	38.8	21,307	20,395	4.5
New XJ	1,004	1,120	(10.4)	716	40.2	9,564	10,250	(6.7)
XK	284	314	(9.6)	318	(10.7)	2,606	3,344	(22.1)
Total Jaguar	4,031	4,260	(5.4)	3,010	33.9	33,477	33,989	(1.5)

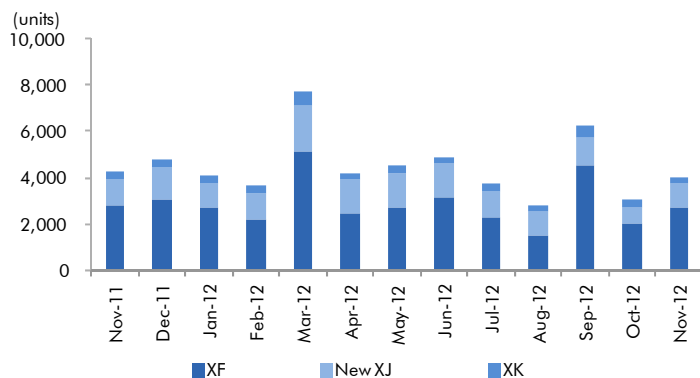
Source: Company, Angel Research

Exhibit 5: Land Rover retail sales by car-type

	Nov-12	Nov-11	chg (%)	Oct-12	chg (%)	YTD FY13	YTD FY12	chg (%)
Defender	1,274	1,317	(3.3)	1,238	2.9	9,754	12,954	(24.7)
Discovery	3,683	3,606	2.1	3,296	11.7	28,509	29,272	(2.6)
Freelander	4,517	2,948	53.2	3,507	28.8	32,133	31,486	2.1
Range Rover	1,417	2,285	(38.0)	1,458	(2.8)	15,880	19,103	(16.9)
Range Rover Evoque	9,919	7,141	38.9	8,143	21.8	69,450	15,292	354.2
Range Rover Sport	4,909	4,778	2.7	4,478	9.6	36,071	36,067	0.0
New Range Rover	143			46		302	0	
Total Land Rover	25,862	22,075	17.2	22,166	16.7	192,099	144,174	33.2

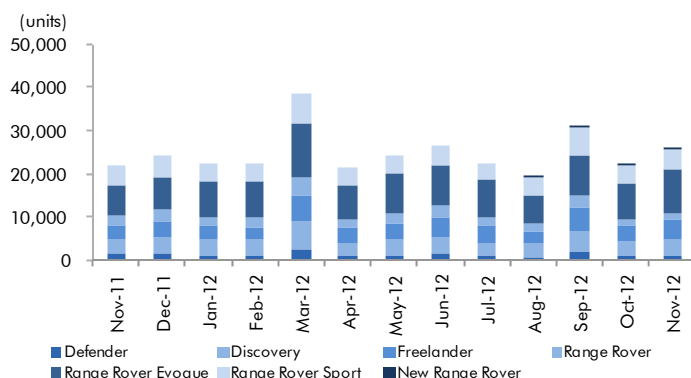
Source: Company, Angel Research

Exhibit 6: Jaguar monthly retail sales trend by car-type



Source: Company, Angel Research

Exhibit 7: Land Rover monthly retail sales trend by car-type



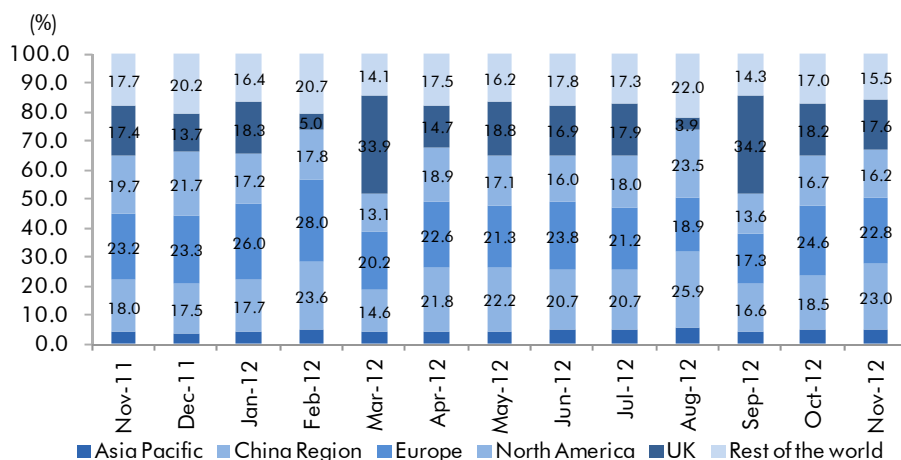
Source: Company, Angel Research

Exhibit 8: JLR retail sales – region wise

	Nov-12	Nov-11	chg (%)	Oct-12	chg (%)	YTD FY13	YTD FY12	chg (%)
Asia Pacific	1,428	1,134	25.9	1,260	13.3	10,699	7,686	39.2
China Region	6,879	4,810	43.0	4,651	47.9	47,147	28,388	66.1
Europe	6,829	6,101	11.9	6,196	10.2	48,428	38,178	26.8
North America	4,843	5,201	(6.9)	4,216	14.9	38,668	36,444	6.1
UK	5,276	4,582	15.1	4,575	15.3	42,449	34,275	23.8
Rest of the world	4,638	4,507	2.9	4,278	8.4	38,185	33,192	15.0

Source: Company, Angel Research

Exhibit 9: JLR retail sales-mix by region



Source: Company, Angel Research

Outlook and valuation: We retain our positive view on JLR and expect a 12% volume CAGR over FY2012-14E driven by Evoque and new product launches (*Range Rover, Range Rover Sport, Jaguar XF Sportbrake* and all-wheel drive and smaller engine options in the *XF and XJ* models). Further, a favorable market and product-mix and stable commodity prices will help mitigate raw-material cost pressures. **We recommend an Accumulate rating on Tata Motors with a sum-of-the-parts (SOTP) target price of ₹319.**

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Disclosure of Interest Statement	Tata Motors
1. Analyst ownership of the stock	No
2. Angel and its Group companies ownership of the stock	No
3. Angel and its Group companies' Directors ownership of the stock	No
4. Broking relationship with company covered	No

Note: We have not considered any Exposure below ₹ 1 lakh for Angel, its Group companies and Directors

Ratings (Returns):	Buy (> 15%) Reduce (-5% to 15%)	Accumulate (5% to 15%) Sell (< -15%)	Neutral (-5 to 5%)
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