

JLR vols in August below estimates

Quick Note

JLR volumes at 24,060, below estimate of 29,000

Global wholesales of Jaguar Land Rover in Aug-12 were at 24,060 vehicles, higher by 13.3% yoy. This is below our estimate of 29,000 units and consensus expectations of around 28,000 units. Volumes ex-Evoque sales have declined by 10% yoy. Evoque volumes were around 6,600 units. Jaguar sales for the month were 2,960 nos., down 13% yoy, while Land Rover sales were 21,100 nos., higher by 18% yoy.

Plant shut down, Old Range Rover and Seasonality-affected numbers

We note that JLR had taken a planned plant shut down from 27th July to 11th Aug 2012. This, in our view, resulted in lower production of Evoque, where there is a strong demand. Also, with the new Range Rover launch being announced, the old Range Rover sales declined. There is also registration seasonality in UK – in which volumes are low in August and pick up in Sep.

JLR should be able to meet our estimates, but upside risks limited; Maintain NEUTRAL

The company has sold ~ 27,000 units per month on an average from Apr-Aug2012 and needs to average 33,400 units in remaining months of FY13F to meet our estimates of 368,000 units for the full year.

Considering the increase in production in 2HFY13 due to the addition of a 3rd shift at its Halewood plant and launch of new Range Rover by 4Q12, the company should be able to meet our volume estimates; however, the probability of beating our estimates is much lower now, in our view.

We believe that the stock price factors in a pickup in volumes in H2FY13 and thus we maintain NEUTRAL rating. Volume slowdown in China is a key risk to watch for.

Fig. 1: JLR volumes (numbers)

	Aug-12	Aug-11	YoY (%)	FYTD13	FYTD12	YoY (%)
Jaguar	2,960	3,409	(13.2)	18,798	19,119	(1.7)
Land Rover	21,100	17,833	18.3	115,635	83,327	38.8
JLR	24,060	21,242	13.3	134,433	102,446	31.2

Source: Company, Nomura research

September 17, 2012

Rating
Remains **Neutral**

Target price
Remains **INR 261**

Closing price
September 17, 2012 **INR 278**

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See Appendix A-1 for analyst certification, important disclosures and the status of non-US analysts.

Appendix A-1

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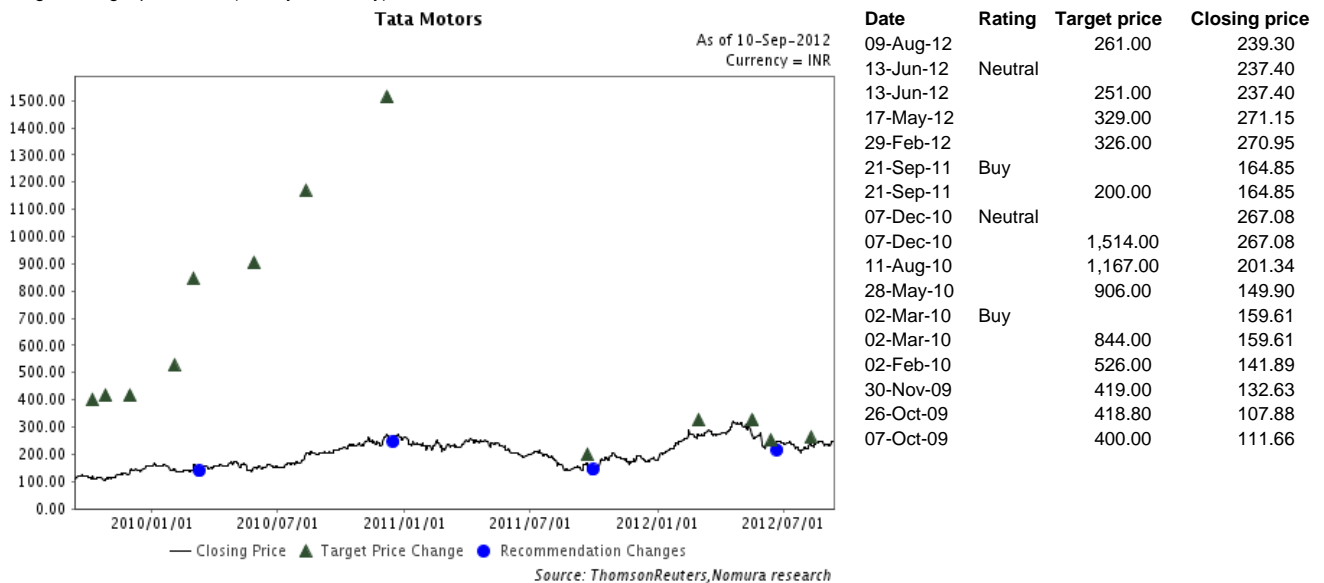
Issuer name	Ticker	Price	Price date	Stock rating	Sector rating	Disclosures
Tata Motors	TTMT IN	INR 278	17-9-2012	Neutral	Not rated	

Previous Rating

Issuer name	Previous Rating	Date of change
Tata Motors	Buy	13-6-2012

Tata Motors (TTMT IN) INR 278 (17-9-2012) Neutral (Sector rating: Not rated)

Rating and target price chart (three year history)



For explanation of ratings refer to the stock rating keys located after chart(s). Chart above does not reflect Sep 2011 1:5 split prior to record date.

Valuation Methodology Our 12-month target price of INR261 for Tata Motors is based on a sum-of-the-parts methodology. We value the standalone business at INR63.5/sh, based on 7.0x FY14F standalone EBITDA of INR48,416mn. We value JLR at INR171.1/sh, based on 3.0x FY14F normalised EBITDA of INR175,752mn. We value other investments at INR26.4/sh.

Risks that may impede the achievement of the target price Downside risks include 1) global growth slowdown; 2) slower-than-expected growth in China; and 3) sharper-than-expected slowdown in MHCV industry volumes. Upside risks include 1) success of new launches and 2) favourable currency movements.

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STOCKS

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SECTORS

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Explanation of Nomura's equity research rating system in Japan and Asia ex-Japan

STOCKS

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