

Tata Motors (TTMT) - ADD

Result Update

Current Market Price (CMP)

Rs.1111

Target Price

Rs.1250

Rationale:

- Q1FY25: CV and JLR businesses shine; PV segment disappoints.
- JLR reported EBIT margin ahead of our expectations despite lower volumes.
- Co. generated Rs1200cr FCF in Q1FY25; remain on track to become net cash by FY25E.
- Overall, we expect FY25-26E performance to remain healthy.
- We expect earnings per share to grow by 33.5% in FY25E & grow by 19.5% in FY26E.
- We retain ADD rating with a revised fair value of Rs1,250 (from Rs1,100).

Q1FY25 Earnings update:

Positives:

- JLR reported EBIT of GBP64.5 cr (+8% yoy, -11% qoq), 2% above our expectations.
- JLR EBIT margin improved to 8.9% (30 bps above our estimates; 8.6% in Q1FY24).
- JLR: company has order book of 104k units as of June 2024.
- Domestic CV business EBITDA (+44% yoy, -21% qoq) was 13% above our estimates.

Negatives:

- Domestic PV business EBITDA margin was 100 bps below our expectations.
- Company highlighted that domestic PV demand trends were muted in terms of retails.

(EBITDA: Earnings Before Interest, Tax, Depreciation and Amortization; CV: Commercial Vehicle; PV: Passenger Vehicle; EBIT: Earnings Before Interest and Tax; FCF: Free Cash Flow)

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For detailed report dated 1st Aug 2024. Note: CMP & valuation may differ due to difference in dates.



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