

JLR faces output cuts on shortage of aluminium

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JAGUAR LAND ROVER (JLR), Tata Motors' British subsidiary, is staring at possible shortages in production between now and December following lower supplies of aluminium from key partners.

A Novelis-owned aluminum plant in Switzerland, a key source for JLR, halted operations in June due to floods. Constellium SE, another aluminium maker, had to also suspend production at two of its Swiss plants.

In an earnings call, CFO Richard Molyneux said, "FY25 is not without its challenges. One of our key aluminium suppliers is being impacted badly by flood and this will disrupt our inbound supply."

A production impact comes amid JLR's stated targets of becoming net debt-free in FY25 for the first time in seven years. JLR's modular longitudinal architecture (MLA) on which a family of petrol and diesel engines are based are hinged on all-aluminium design. "It (the aluminium shortage) is not impacting us currently but we expect it to constrain our production through the balance of Q2 and Q3. We are working hard to find solutions, but this will have a short-term impact," Molyneux added.

Despite the upset, JLR is not altering guidance for FY25. Though the two brands haven't shared a volume guidance for the year, the revenue outlook is £30 billion and a free cash flow position of £1.8 billion. It claims to have an order bank of 104,000 units at the end of June quarter.

JLR is exploring ways to leverage the Tata group's ecosystem to tide over the production crisis.

"We are trying to see how much of the aluminium shortage we can com-

SPEED-BREAKER



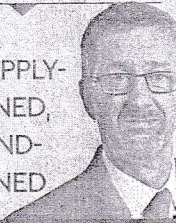
Order book cut to 104,000 units in June from 133,000 in March

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RICHARD MOLYNEUX, CFO,
JAGUAR LAND ROVER

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pensate for. We are working closely with all our suppliers and also within the Tata ecosystem. Q2 and Q3 will be supply-constrained, not demand-constrained," Molyneux added.

"JLR's order book has been reduced from 133,000 units in March to 104,000 units in June. This exhaustion in the order book coupled with a high base should lead to a single-digit growth in FY25. JLR's peer Mercedes recently indicated a flat volume outlook for CY24 while Audi sees a flat-to-lower volume for CY24," said a report from Nuvama.

