JLR raises EV drive bill to £15 billion to catch up with peers

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Jaguar Land Rover (JLR), the British brand known for its luxury cars and sports utility vehicles, said on Wednesday it would invest £15 billion (nearly $19 billion) over the next five years as part of its strategy to reposition itself as an electric-first and modern carmaker.

According to international news agency *Reuters*, JLR had previously said it would invest £2.5 billion a year on electrification. The company has been ceding market share to its German rivals, Mercedes and BMW, and the investments are part of the efforts to catch up with its peers in the electric vehicles race. The increased outlay of £15 bn will be spread over JLR's "industrial footprint, vehicle programmes, autonomous, AI and digital technologies and people skills".

Tata Motors has owned JLR since buying it from Ford in 2008, and the British brand strongly influences the market valuation of its Indian owner. In Tuesday's intra-day trade, shares of Tata Motors touched an eight-month high on hopes of a healthy performance in the January-March quarter, primarily tracking a recovery in JLR's wholesale volumes.

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ALL CHARGED UP

- JLR's Halewood plant in Merseyside, UK, to become an all-electric manufacturing facility
- Engine facility at Wolverhampton, UK, to produce electric drive units and battery packs
- Next-gen SUV architecture to be pure electric
- Pre-order books to open for first all-electric Range Rover later this year

JLR...

"Two years ago, we launched our 'Reimagine' strategy... Today I am proud to announce we are accelerating our electrification path, making one of our UK plants and our next-generation medium-size luxury SUV architecture fully electric," Adran Mardell, JLR's chief executive officer, said in a global media update at the company's Gaydon Centre in the United Kingdom. He added that JLR was making strides towards its financial goals of achieving a net cash positive position by 2024-25 and double-digit EBIT (earnings before interest and taxes) by 2026.

He also revealed that JLR would be the anchor customer of the Tata Group's proposed Gigafactory, an announcement related to which was "hopefully imminent". "JLR will not be building a Gigafactory; that is not within our plans. Tata will be building a Gigafactory. We are clear it is going to be in Europe. A final destination hasn't yet been chosen," Mardell told reporters.

The company said its Halewood plant in the UK will become an all-electric production facility and its next-generation medium-size SUV architecture and electrified modular architecture will be pure-electric. "Jaguar Land Rover is attempting to reinvent itself, but with a weaker balance sheet and an abrupt change in management, potentially leaving bondholders in an uncomfortable position. We anticipate improvement, though Jaguar's performance trajectory is under pressure, and well behind rivals," Bloomberg Intelligence said in December.

Analysts hope the improving chip supplies and a strong order book will bode well for JLR. Motilal Oswal, the brokerage house, noted in February that the company's most profitable products constituted 74 per cent of its order book. "In turn, improving supplies would further aid the release of working capital and enable substantial net debt reduction by FY25 estimated," it added.

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