Present lower margins targeted to improve

New long term EBIT target for ACES, PD capitalisation change

Business challenges

- Geopolitical and economic environment, including Brexit
- Market and competitive forces -higher incentives
- Electrification, diesel uncertainty and emissions compliance
- Driver assistance, connectivity and mobility trends
- High capital investment, new capitalisation policy

Profit improvement drivers

- Growing premium segments
- Exciting new products
- Improve operating leverage
- Drive cost efficiencies
- Modular architecture strategy

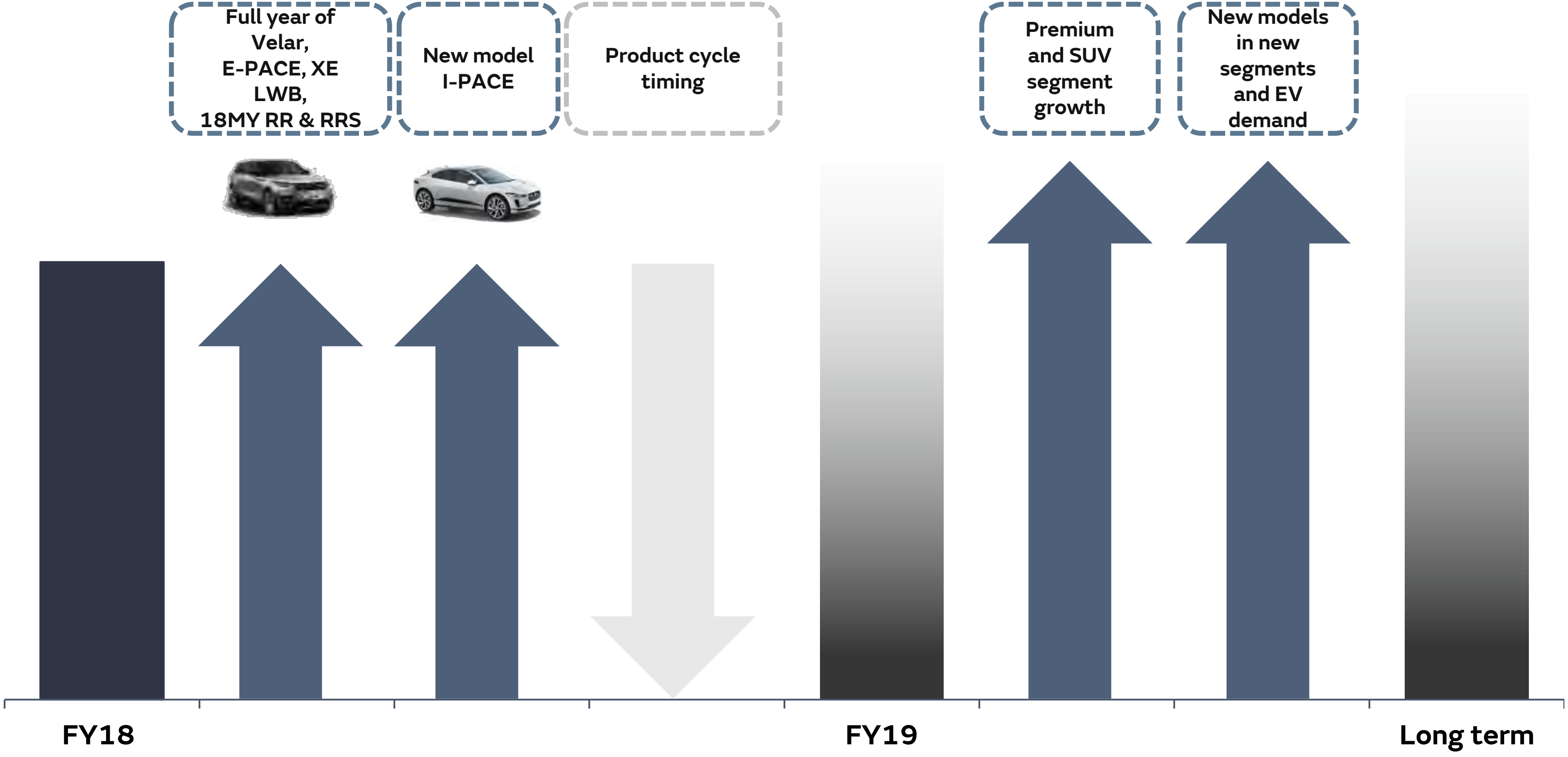
FY18 EBIT: 3.8%

Target 4 – 7% EBIT in the medium term

Long term EBIT Target: 7-9%

Continued volume growth expected

New models, new segments and premium segment growth



12 nameplates in FY18, growing to 16 by FY24

Velar / E-PACE launched. IPACE, Defender and 2 more to come

LUXURY

XJ

XF

XE

SPORTS

F-TYPE

LIFESTYLE

F-PACE

E-PACE

I-PACE

LUXURY – RANGE ROVER

RANGE ROVER

RANGE ROVER SPORT

RANGE ROVER VELAR

RANGE ROVER EVOQUE

LEISURE - DISCOVERY

ALL NEW DISCOVERY

DISCOVERY SPORT

DUAL PURPOSE - DEFENDER

LAND ROVER DEFENDER
Replacement in development

plus 2 additional nameplates to come...

Focus on cost

Examples of initiatives undertaken

Engineering

Modular longitudinal architecture (MLA) -increased flexibility, commonality, standardisation & scale

Products designed and engineered **without unnecessary complexity.**

Global presence to tap into relevant skillsets cost effectively

Increased in-house engineering to reduce development cycle times and to develop our intellectual property

Collaborations and Partnerships to spread investment

Sourcing & Negotiation

Global sourcing and supply base to drive cost savings, improving flexibility and logistics (e.g. China, Hungary, Slovakia)

Consolidation and Architecture approach to drive economies of scale

Total value management and 'should design @ should cost' to drive cost focus

Focus on costs

Examples of initiatives undertaken

Manufacturing & Logistics

Harbour benchmarking productivity

Investments in new state of the art facilities designed for efficiency and quality

Global manufacturing (e.g. SK, CN)

Further in-sourcing (e.g. engine manufacture from Ford)

Improved logistics and supply designs

Marketing & Sales

Dual branded distribution to facilitate sales, distributions and service synergies for JLR and retailer network

Majority shareholder in own ad agency (Spark 44) facilitates FME efficiencies

Extended S&OP to balance supply and demand thereby reducing inventory and VME costs

Corporate & Admin

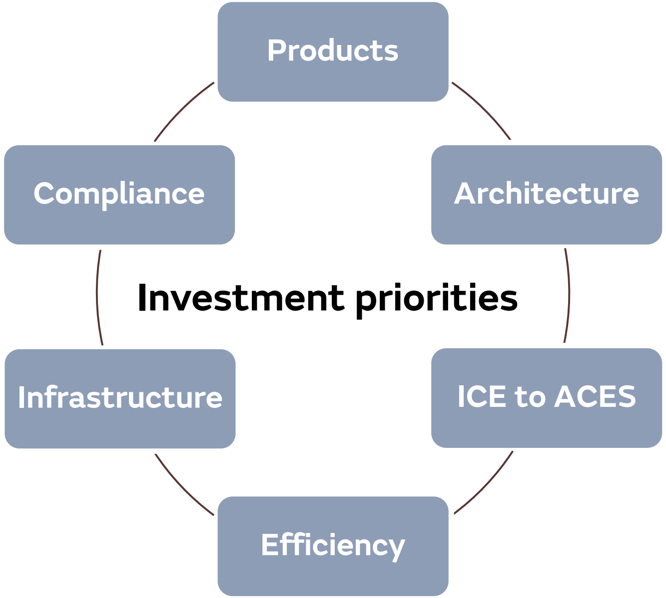
£

Manage SG&A cost inflation below revenue growth

Pension costs reduced: Agreement in April 2017 to changes in legacy defined benefit pension plans delivering £437m credit in FY18 and ongoing savings

Investment in infrastructure and IT to achieve efficiencies, e.g. improved analytics to support decision making

Capital allocation principles



Financial management

- Return on investment
- Affordability of overall spend versus operating cashflows
- Investment % Revenue
- Capex to D&A ratio

Efficiency drivers

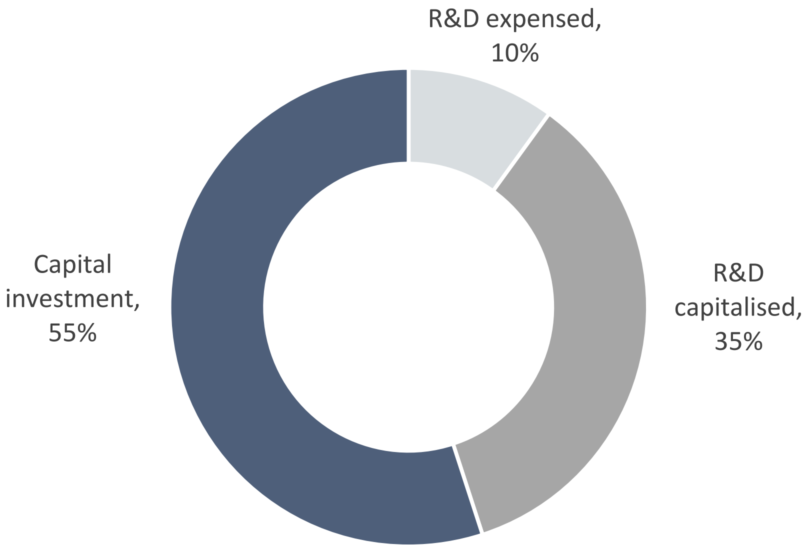
- Architectures - MLA
- Commonality
- Flexibility
- Execution

Investment to be c. £4.5b p.a. between FY19-21 and subsequently targeted at c. 12-13% of turnover

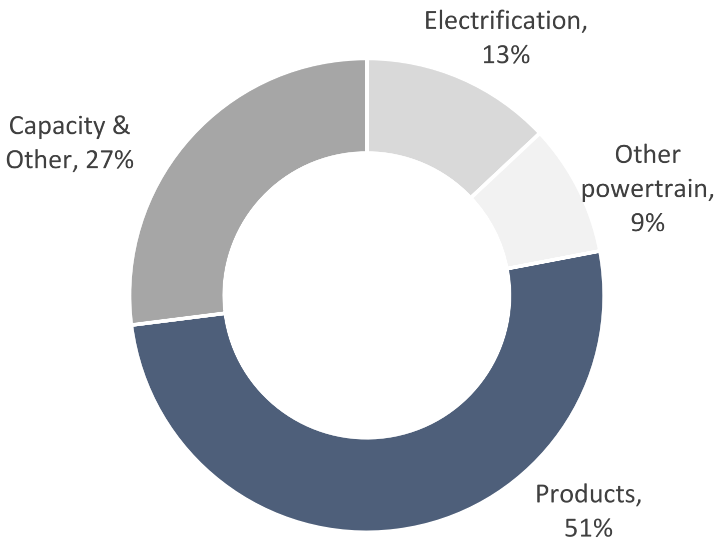
Investment in new models, technology, capacity

Significant investment in electrification and MLA

Long term R&D and capex



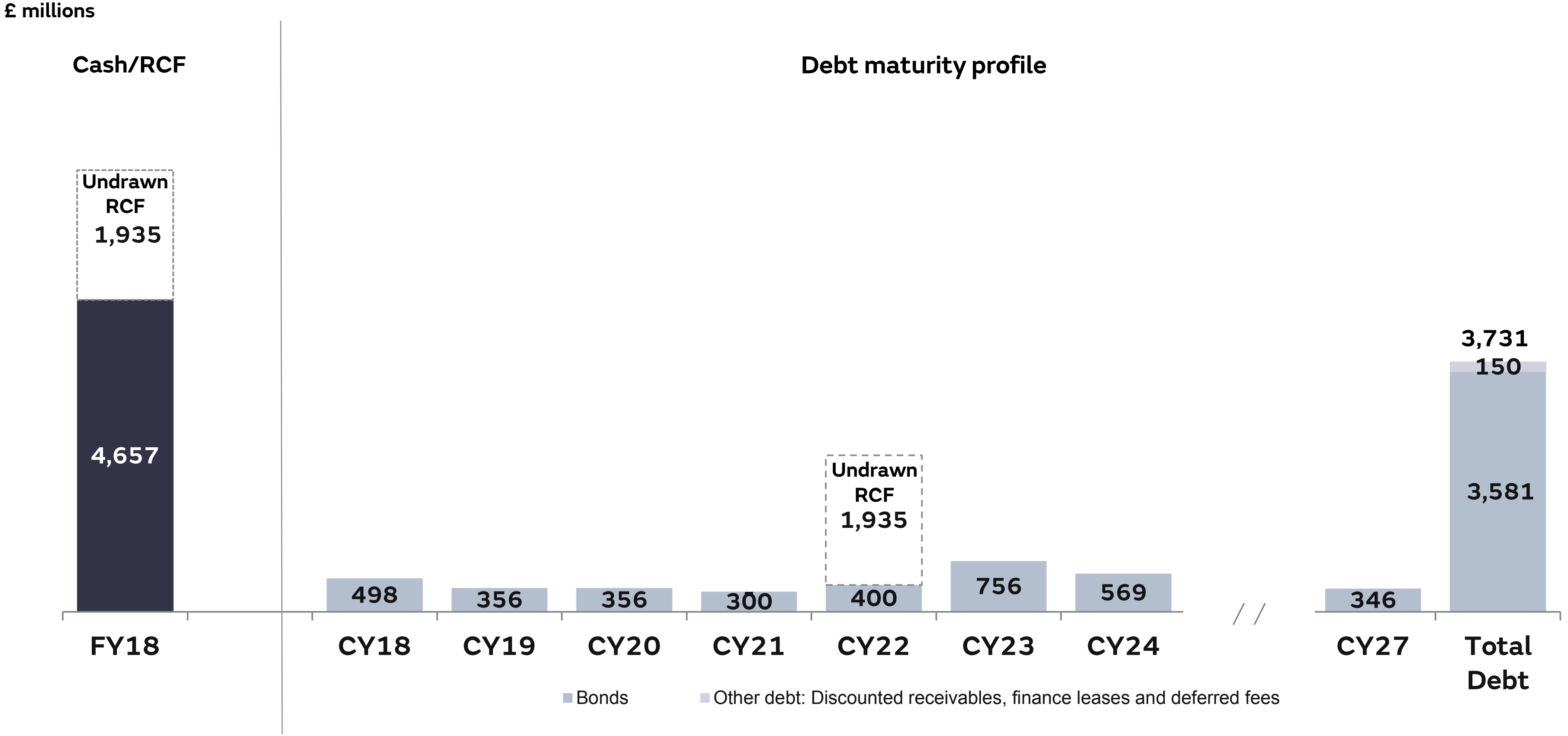
Long term Investment by activity



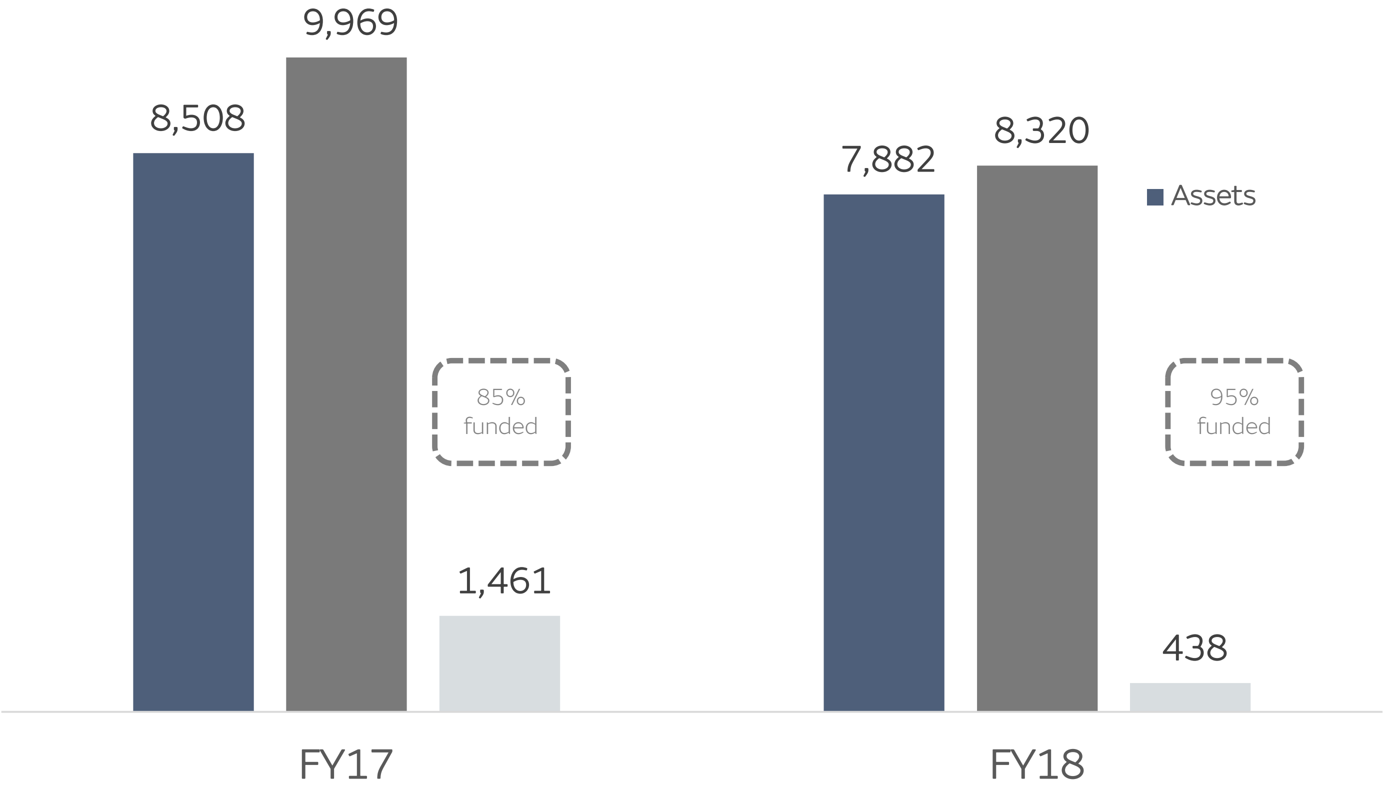
Product development capitalisation policy change resulting in capitalisation of c. 70% from c. 85%, effective 1 April 2018

£4.7b cash, £1.9b undrawn RCF

Debt maturities spread evenly over 10 years



Our pension funds are well funded



- £437m Q1 FY18 credit
- Higher discount rate reflecting increased corporate yields
- Updated actuarial table
- Experience updated, lower funding requirement

Conclusion

- JLR has delivered strong performance over the long term through exciting products, solid profits and investment in our future
- However, in the past 3 years, we have had slower volume growth and lower profitability

We are taking action to address the challenges:

- Sales growth supported by new products and technology but assuming lower growth rates to reflect recent experience
- Improving contribution margins & operating leverage through driving cost efficiencies and operating leverage across the business
- Continuing to invest in world class capabilities and infrastructure, prioritised to meet affordability criteria whilst remaining competitive and innovative
- Cash flows targeted to improve as we deliver on these plans; but will remain negative in the near term.

We are committed to achieving sustainable profitable growth with positive cash flow in the medium to long term

Medium term targets

Volume growth	> Premium Segments
EBIT %	4-7%
Investment	c. £4.5b p.a in FY19-21

Long term targets

Volume growth	> Premium Segments
EBIT %	7-9%
Investment	c. 12-13% of Revenue