



## Sales

- Q1FY14 at Rs. 1358 crore, growth of 1% over Q1FY13.

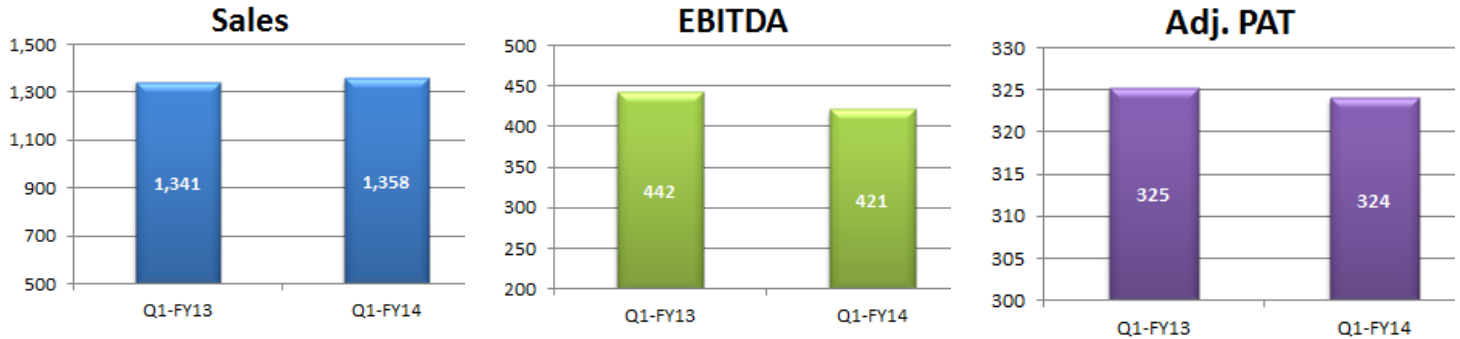
## EBITDA

- Q1FY14 at Rs. 421 crore, degrowth of 5% over Q1FY13.
- Margins at 31.0% for Q1FY14 compared to 32.9% in Q1FY13.

## Adj. PAT

- Q1FY14 at Rs. 324 crore
- Margins at 23.9% for Q1FY14 compared to 24.2% in Q1FY13

# PERFORMANCE HIGHLIGHTS Q1FY14 vs. Q1FY13



Sales at Rs.1358 crore.

EBITDA Margins at 31.0%.

PAT Margins at 23.9%.

- Consolidated revenues at Rs.1358 crore in Q1FY14 versus Rs.1341 cores in Q1FY13, year-on-year growth of 1%.
  - USA Business grows by 11% (7% in \$ terms)
  - Europe Business (Other than France) declines by 5% (France declines by 46%)
  - India & Emerging Markets Business declines by 5%
- Gross Margins at 66.1% in Q1FY14 versus 63.4% in Q1FY13
- EBITDA\* at Rs. 421 crore in Q1FY14 versus Rs. 442 crore in Q1FY13, declines 5%.
- EBITDA margins at 31.0% in Q1FY14 versus 32.9% in Q1FY13.
- R&D Expenses at 7.7% of Sales in Q1FY14 and growth of 57% over Q1FY13.
- Adjusted Profit After Tax\* at Rs.324 crore in Q1FY14.

*\*EBITDA & PAT Adjusted for Rs.41 crore of R&D expenses in the previous year(Q1FY13) for a like to like comparison.*

# Business Highlights

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- **International operations**

- at Rs.1108 crore, contributes **82%** of global revenues **for Q1FY14** with growth of **1%**

- **US Business**

- At Rs.722 crore **for the quarter**.
- contributes **53%** of global revenues **for Q1FY14** with growth of **11% (7% on \$ basis)**

- **Europe Business**

- At Rs. **298** crore (excluding France) **for Q1FY14**.
- Declines by **5%** (excluding France) **for Q1FY14**. France declined by 46%.
- Growth in **UK** markets at **1%** (**1%** on **£** basis) **for Q1FY14**.
- **3<sup>rd</sup>** largest generic company and **2<sup>nd</sup>** largest in the hospital segment in UK.
- **3** new products were launched during **Q1FY14** in the UK market.
- Irish market declines by 31% (**35%** on **€** basis) **for Q1FY14**.

- **India & Emerging Markets Business**

- India Business (excluding nutrition business) grows by **3%** **for Q1FY14**.
- **Emerging Markets** Business declines by **28%** **for Q1FY14**.

**AWARDS**

<b>BEST ENTERPRISE</b> By Europe Business Assembly				<b>WOCKHARDT</b>
<b>PHARMEXCIL AWARD</b> for highest no. of Patents filed For the 4 <sup>th</sup> year in a row				<b>WOCKHARDT</b>
<b>DIANA AWARD</b> Healthcare Distribution Management Association (HDMA) USA				<b>WOCKHARDT USA Inc.</b>
<b>FROST &amp; SULLIVAN</b> <b>India Healthcare Excellence Awards</b> Lifetime Achievement Award				<b>CHAIRMAN – DR. HABIL KHORAKIWALA</b>
<b>INVESTORS IN PEOPLE AWARD</b>				<b>WOCKHARDT UK</b>
<b>ICICI INDIA INCLUSIVE AWARD</b> under the Corporate Category for Best Social Work in Primary Health				<b>WOCKHARDT FOUNDATION</b>
<b>CLO AWARDS INDIA</b> Tata Institute of Social Sciences for the Best Mobile Learning Program				<b>WOCKHARDT</b>
<b>BEST CORPORATE WEBSITE</b> Association of Business Communicators of India				<b>WOCKHARDT</b>
<b>MOST PROMISING BUSINESSWOMAN IN INDIAN BUSINESS</b>				<b>ZAHABIYA KHORAKIWALA</b> <b>MANAGING DIRECTOR</b> <b>WOCKHARDT HOSPITALS</b>
<b>INDUCTION in the ARCH C. KLUMPH SOCIETY as its MEMBERS</b> - a recognition of unflinching support for major social projects				<b>CHAIRMAN-DR. HABIL KHORAKIWALA &amp;</b> <b>MRS. NAFISA KHORAKIWALA</b>
<b>CSR VISIONARY LEADER</b> Institute Of Public Enterprises				<b>DR. HUZAIFA KHORAKIWALA</b>
<b>RAJIV GANDHI GLOBAL EXCELLENCE AWARD</b> - For playing a significant role in the economic and social development of the country				<b>DR. HUZAIFA KHORAKIWALA</b>
<b>WOMEN GENERAL COUNSEL OF THE YEAR AWARD</b> (The Ideas Exchange and Lex Witness)	<b>BEST WOMEN GENERAL COUNSEL AWARD</b> (Corporate Counsel Leadership Community)	<b>BEST GENERAL COUNSEL OF THE YEAR</b> (Legal Era Magazine)	<b>HR LEADERSHIP AWARD</b> (Employer Branding Institute for Excellence and Innovation)	<b>LEGAL &amp; HR WOCKHARDT</b>

## Financials

**Consolidated P&L**

Particulars	Q1-FY14	Q1-FY13	Growth %	Rs. Crore
				FY13
<b>Revenues from Operations</b>	1,358	1,342	1.2%	5,610
Material Consumption	460	491	-6.3%	1,710
<b>Gross Margins</b>	898	851	5.5%	3,900
<b>Gross Margin %</b>	<b>66.1%</b>	<b>63.4%</b>		<b>69.5%</b>
Staff Cost	155	137	13.1%	585
R&D Expenses	98	64	53.1%	354
Other Expenditure	224	208	7.7%	911
<b>Total Expenditure</b>	937	900	4.1%	3,560
<b>EBITDA</b>	421	442	-4.8%	2,050
<b>EBITDA Margin</b>	<b>31.0%</b>	<b>32.9%</b>		<b>36.5%</b>
Interest & Financing Cost				
a. Interest	17	53	-67.9%	215
b. (Income)/Expense due to Exchange Rate Fluctuation	21	19		28
Depreciation	32	28	14.3%	122
Other Income	6	9		51
<b>Profit/(Loss) Before Tax before exceptional items</b>	357	351	2.0%	1,736
Exceptional Item Profit/(Loss)	5	0		103
<b>Profit/(Loss) before Tax</b>	362	351	3.4%	1,839
Provision for Taxation	37	59		372
Deferred Taxation	1	-34		-113
<b>Profit/(Loss) After Tax</b>	324	326	-0.3%	1,580
Add: Share of Profit/(Loss) from Associates	0	-1		-1
<b>Net Profit/(Loss)</b>	324	325	0.0%	1,579
<b>Net Profit Margin %</b>	<b>23.9%</b>	<b>24.2%</b>		<b>28.1%</b>

*\*EBITDA & PAT Adjusted for Rs.41 crore of R&D expenses in the previous year(Q1FY13) for a like to like comparison.*

# Business Review

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## US Operations

USA business for Wockhardt contributed 53% of the Global Revenues in Q1FY14 compared to 49% in the Q1FY13. Revenues from the US Business were at Rs.722 crore in Q1FY14 versus Rs.653 crore in Q1FY13, representing a growth of 11% in INR terms and a growth of 7% in USD terms.

USA Business continued its growth trajectory during the quarter. Though the recent import restrictions on the Waluj facility by USFDA has raised concerns over the near term prospects, the company is determined to resolve the issue at the earliest and has initiated several preventive and corrective measures.

Research continues to be at the core for Wockhardt and has resulted in further filing of 4 ANDAs during the quarter, taking the total ANDAs pending for approval to 50.

## Europe Operations

Europe Operation contributed 24% of the Global Revenues. Revenues from EU Operations (excluding France) were at Rs.298 crore in Q1FY14 versus Rs.312 crore in Q1FY13, representing a decline of 5% in INR terms. Revenues from French Operations were at Rs.28 crore in Q1FY14 versus Rs.51 crore in Q1FY13, representing a decline of 46% in INR terms.

UK Operations (including Pinewood's UK business) revenues were at Rs.238 crore in Q1FY14 versus Rs.234 crore in Q1FY13 representing a growth of 1% in INR terms and GBP terms. The slower growth was more on account of Pinewood's UK portfolio showing negative growth. During the quarter Wockhardt launched 3 products in UK.

Irish Business revenues were at Rs.39 crore in Q1FY14 versus Rs.56 crore in Q1FY13 representing a decline of 31% in INR terms and 35% in Euro terms. The shift from branded generics to generic-generic has posed more challenges in the near term.

## India & Emerging Markets

India and Emerging Markets contributed 23% of the global revenues. Revenues from India and Emerging Markets were at Rs.310 crore in Q1FY14 versus Rs.325 crore in Q1FY13 representing a decline of 5%.

- Branded Formulation business grew by 3% during the quarter. The growth was impacted due to uncertainty in trade due to NLEM issues, strike by retailers in Maharashtra and ban of Dextropropoxyphene.
- Emerging Markets business declined by 28% during the quarter due to orders from Russia getting pushed to Q2.

## Recent Events

### 1. US FDA & UK MHRA

Wockhardt received an import alert from USFDA on its Waluj facility which was followed by a warning letter. The facility has one oral solid and two injectable units. The observations made by USFDA were mainly pertaining to cGMP compliance. US FDA, however, continues to allow import of Enalapril into USA from the same plant.

Also UKMHRA ordered a precautionary recall of products manufactured in the same facility. MHRA has categorically mentioned that there is no risk to "Patient Safety"

### 2. Spasmoproxyvon

The Government of India has suspended the manufacture and sale of Dextropropoxyphene and formulations containing the same. Wockhardt received the communication of the same on 10<sup>th</sup> Jun 2013 and immediately stopped manufacturing and selling the same. The company has challenged the suspension and matter is sub-judice

### 3. Inspections of Other facilities

US FDA and UK MHRA conducted inspections at Chikalthana, Shendra and Waluj Cephalosporin plants during July 2013. The Shendra and Waluj Cephalosporin inspections by UK MHRA and US FDA were completed satisfactorily; however, the Chikalthana facility has received certain observations by both the regulators. The company is in the process of responding to the observations at this stage.

## About Wockhardt

Wockhardt is a highly technology intensive global pharmaceutical and biotechnology company. It's multi-disciplinary and innovative R&D programmes globally are strongly focused on creating Intellectual Properties. It has 3 research centres globally and manufacturing facilities across India, USA, UK and Ireland. Wockhardt has a significant presence in USA, Europe and India, with 83% of its global revenues coming from international businesses. With a large pool of Patents and Intellectual Property knowhow, Wockhardt is home to 607 scientists, of whom 80 are doctorates. In all, Wockhardt has 228 Patents granted worldwide. In biotechnology research, it has built competent 'Concept to Market' capability in all facets of development and manufacture of recombinant biopharmaceuticals. Wockhardt boasts of a multi-ethnic workforce of more than 8600 people from 21 different nationalities.

## Disclaimer

Except for historical information contained herein, statements in this communication, which include words or phrases such as "will", "aim", "will likely result", "would", "believe", "may", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "contemplate", "seek to", "future", "objective", "goal", "likely", "project", "should", "potential", "will pursue" and similar expressions or variations of such expressions may constitute "forward looking statements". These forward looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward looking statements. These risks and uncertainties include, but are not limited to our ability to successfully implement our strategy, our growth and expansion plans, obtain regulatory approvals, our provisioning policies, technological changes, investment and business income, cash flow projections, our exposure to market risks as well as other risks. Wockhardt Limited does not undertake any obligation to update forward looking statements to reflect events or circumstances after the date thereof.

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