



## Sales

- Q3FY14 at Rs. 1237 crore, decline of 14% over Q3FY13.
- 9MFY14 at Rs. 3792 crore, decline of 8.1% over 9MFY13

## EBITDA

- Q3FY14 at Rs. 241 crore, decline of 56% over Q3FY13.
- 9MFY14 at Rs. 858 crore, decline of 43% over 9MFY13.
- Margins at 19.5% for Q3FY14 compared to 38.0% in Q3FY13 and at 22.6% for 9MFY14 compared to 36.5% in 9MFY13.

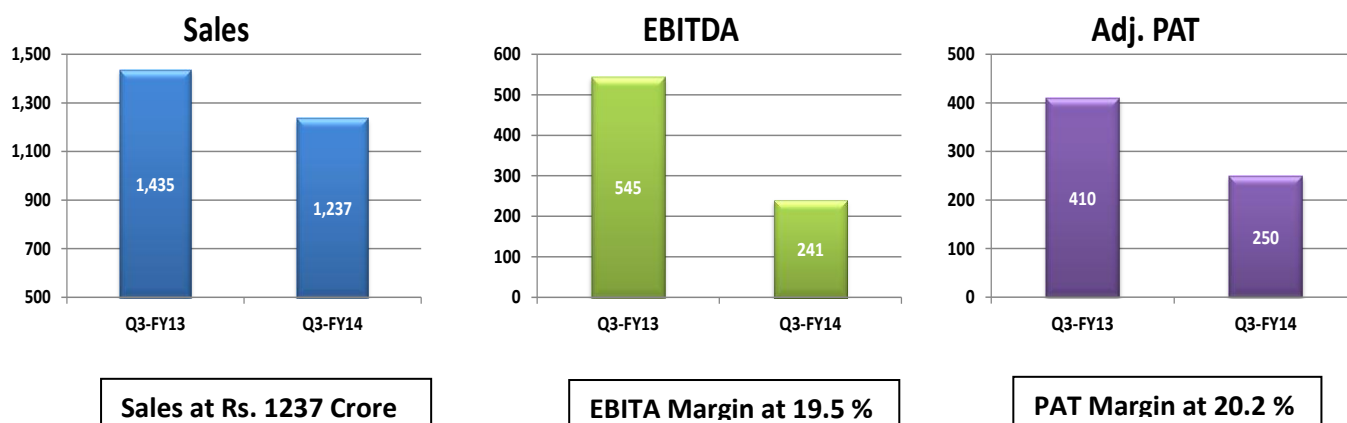
## Adj. PAT

- Q3FY14 at Rs. 250 crore, decline of 40% over Q3FY13.
- 9MFY14 at Rs. 707 crore, decline of 40% over 9MFY13.
- Margins at 20.2% for Q3FY14 compared to 28.6% in Q3FY13 and at 18.6% for 9MFY14 compared to 28.6% in 9MFY13.

INVESTOR COMMUNICATION – FEB 2014

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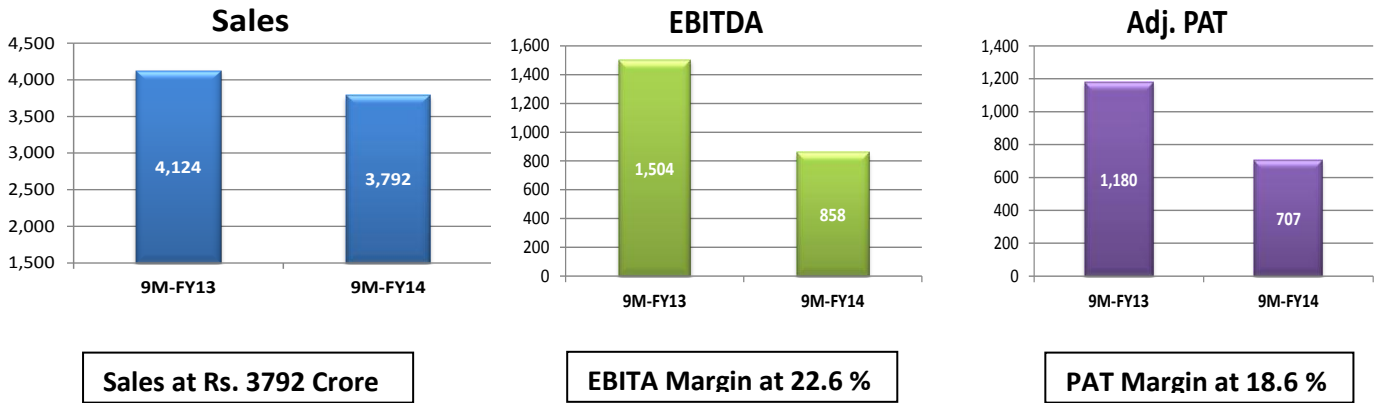
## PERFORMANCE HIGHLIGHTS Q3FY14 vs. Q3FY13



- Consolidated revenues at Rs.**1237** crore in **Q3FY14** versus Rs.**1435** cores in **Q3FY13**, year-on-year decline of **14%**.
  - USA Business declines by **30%** (**37%** in \$ terms)
  - Europe Business (excluding France) grows by **6%** (France grows by **46.4%**)
  - India & Emerging Markets Business grows by **1%**, India Business grows by **6%**.
- Gross Margins at **62.9%** in **Q3FY14** versus **70.7%** in **Q3FY13**
- EBITDA at Rs. **241** crore in **Q3FY14** versus Rs. **545** crore in **Q3FY13** declines **55.8%**.
- EBITDA margins at **19.5%** in **Q3FY14** versus **38%** in **Q3FY13**.
- R&D Expenses at **9.2%** of Sales in **Q3FY14** and growth of **25%** over **Q3FY13**.
- Adjusted Profit After Tax \* at Rs. **250** crore in **Q3FY14**.

*\* Details of Adjusted Profit After Tax is as given in the Financial Highlights on Page 5.*

# PERFORMANCE HIGHLIGHTS 9MFY14 vs. 9MFY13



- Consolidated revenues at Rs.**3792** crore in **9MFY14** versus Rs.**4124** cores in **9MFY13**, year-on-year decline of **8%**.
  - USA Business declines by **14%** (**20%** in \$ terms)
  - Europe Business (excluding France) grows by **1%** (France declines by **15%**)
  - India & Emerging Markets Business declines by **3.8%**; India Business grows by **2%**.
- Gross Margins at **63%** in **9MFY14** versus **68%** in **9MFY13**
- EBITDA at Rs. **858** crore in **9MFY14** versus Rs. **1504** crore in **9MFY13**, declines **43%**.
- EBITDA margins at **22.6 %** in **9MFY14** versus **36.5%** in **9MFY13**.
- R&D Expenses at **9%** of Sales in **9MFY14** and growth of **41%** over **9MFY13**.
- Adjusted Profit After Tax at Rs. **707** crore in **9MFY14**.

*\*Details of Adjusted Profit After Tax is as given in the Financial Highlights on Page 5.*

# Business Highlights

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- **International operations**

- at Rs.982 crore, contributes **79%** of global revenues **for Q3FY14**, declines by **18%**
- at Rs.3025 crore, contributes **80%** of global revenues **for 9MFY14**, declines by **10%**

- **US Business**

- At Rs. **539** crore **for the quarter** and at Rs. **1783** crore **for 9MFY14**
- contributes **44%** of global revenues **for Q3FY14** with decline of **30%** (**37% on \$ basis**)
- contributes **47%** of global revenues **for 9MFY14** with decline of **14%** (**20% on \$ basis**)

- **Europe Business**

- At Rs. **332** crore (excluding France) **for Q3FY14** and at Rs. **932** crore **for 9MFY14**
- Grows by **6%** (excluding France) **for Q3FY14**. France grows by **46.4%**.
- Grows by **1%** (excluding France) **for 9MFY14**. France declines by **15%**.
- Growth in **UK** markets at **10%** (remained Flat on **£** basis) **for Q3FY14**. Growth of **5%** (remained Flat on **£** basis) in **9MFY14**.
- **3<sup>rd</sup>** largest generic company and **1<sup>st</sup>** in the hospital segment in UK.
- Irish market grows by **24.7%** (**8%** on **€** basis) **for Q3FY14**. Declines by **16%** (**25%** on **€** basis) in **9MFY14**.
- **1** new product launched during **Q3FY14** in the Irish market.

- **India & Emerging Markets Business**

- **India Business** (excluding nutrition business) grows by **6%** **for Q3FY14**.
- **Emerging Markets** Business declines by **15%** **for Q3FY14**.

# Financials

## Consolidated P&L

Rs. Crore

Particulars	Q3-FY14	Q3-FY13	Growth %	9M-FY14	Growth %
<b>Revenues from Operations</b>	1,237	1,435	-13.8%	3,792	-8.1%
Material Consumption	459	420	9.3%	1,410	7.3%
<b>Gross Margins</b>	778	1,015	-23.3%	2,382	-15.2%
<b>Gross Margin %</b>	<b>62.9%</b>	<b>70.7%</b>		<b>62.8%</b>	<b>-7.8%</b>
Staff Cost	176	157	12.1%	497	11.7%
R&D Expenses	98	83	18.1%	302	34.8%
Other Expenditure	263	230	14.3%	725	13.8%
<b>Total Expenditure</b>	996	890	11.9%	2,934	12.0%
<b>EBITDA</b>	241	545	-55.8%	858	-43.0%
<b>EBITDA Margin</b>	<b>19.5%</b>	<b>38.0%</b>		<b>22.6%</b>	
Interest & Financing Cost					
a. Interest	31	47	-34.0%	67	-56.8%
b. (Income)/Expense due to Exchange Rate Fluctuation	-80	20		-34	
Depreciation	34	30	13.3%	106	19.1%
Other Income	7	14		30	
<b>Profit/(Loss) Before Tax before exceptional items</b>	263	462	-42.8%	749	-42.3%
Exceptional Item Profit/(Loss)	54	21		59	
<b>Profit/(Loss) before Tax</b>	317	483	-34.1%	808	-42.7%
Provision for Taxation	-17	16		7	
Deferred Taxation	29	39		34	
<b>Profit/(Loss) After Tax</b>	305	428	-28.4%	767	-38.4%
Add: Share of Profit/(Loss) from Associates	0	0		0	
Less: Minority Interest	1	0		1	
<b>Net Profit/(Loss)</b>	304	428	-28.7%	766	-38.4%
<b>Net Profit Margin %</b>	<b>24.6%</b>	<b>29.8%</b>		<b>20.2%</b>	
<b>Adjustments:</b>					
Divestment (Profit )/Loss		-8			
CDR Recompose					
French Arbitration Award	-170			-170	
Inventory writeoff & Product Recall Costs	114			114	
R&D Write off					
Goodwill write off (Negma - France)					
Others Exceptional items	2	-13		-3	
Tax impact of above	1	3		1	
Deferred Tax impact of above					
<b>Adjusted PAT</b>	250	410	-39.0%	707	-40.1%
<b>Adjusted PAT Margin %</b>	<b>20.2%</b>	<b>28.6%</b>		<b>18.6%</b>	

# Business Review

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## US Operations

USA business for Wockhardt contributed 44% of the Global Revenues in Q3FY14 compared to 54% in the Q3FY13. Revenues from the US Business were at Rs. 539 crore in Q3FY14 versus Rs. 771 crore in Q3FY13, representing a decline of 30% in INR terms and 37% in USD terms.

The business contributed 47% of the Global Revenues in 9MFY14 compared to 50% in 9MFY13 with revenues at Rs.1783 crore in 9MFY14 compared to Rs. 2069 crore in 9MFY13 representing a decline of 14% in INR terms and 20% in USD terms.

## Europe Operations

Europe Operation contributed 30% of the Global Revenues in Q3FY14 and 27% in 9MFY14. Revenues from EU Operations (excluding France) were at Rs.332 crore in Q3FY14 and at Rs.932 crore in 9MFY14, representing a growth of 6% in INR terms in Q3FY14 and a growth of 1% in 9MFY14. Revenues from French Operations were at Rs.39 crore in Q3FY14 and at Rs.96 crore in 9MFY14, versus Rs.27 crore in Q3FY13 and Rs.113 crore in 9MFY13, representing a growth of 46% in INR terms in Q3FY14 and a decline of 15% in 9MFY14.

UK Operations (including Pinewood's UK business) revenues were at Rs.261 crore in Q3FY14 and at Rs.738 crore in 9MFY14, versus Rs.238 crore in Q3FY13 and Rs.700 crore in 9MFY13, representing a growth of 9% in INR terms in Q3FY13 and growth of 5% in 9MFY14. 4 New Products were launched in UK Market for 9MFY14.

Irish Business revenues were at Rs.62 crore in Q3FY14 and at Rs.134 crore in 9MFY14, versus Rs.49 crore in Q3FY13 and Rs.158 crore in 9MFY13, representing a growth of 25% in INR terms in Q3FY14 and a decline of 15% in 9MFY14. During the quarter, the company launched 1 product in the Irish Market.

## India & Emerging Markets

India and Emerging Markets contributed 26% of the global revenues. Revenues from India and Emerging Markets were at Rs.327 crore in Q3FY14 and at Rs.981 crore in 9MFY14, versus Rs.324 crore in Q3FY13 and Rs.1020 crore in 9MFY13, representing a growth of 1% in Q3FY14 and decline of 3.8% in 9MFY14.

- India Business grew by 6%.
- Emerging Markets business declined by 15% during the quarter and by 21% in 9MFY14.
- 2 New products launched in Domestic Market during Q3FY14 and 16 new products launched in Domestic Market for 9MFY14.

## Financial Highlights

- ✓ Net Debt to Equity now at 0.06 as against 0.36 as of 31st Mar 2013.
- ✓ Free Cash Flow (before Capex) generation of over Rs.1100 crore during 9MFY14
- ✓ Capital Expenditure of Rs.307 crore during 9MFY14
- ✓ R&D expenses at 9.2% of Sales in Q3FY14 and at 9% of Sales in 9MFY14

## Status Update on Recent Events

### Chikalthana facility

US FDA and UK MHRA conducted inspections at Chikalthana during July 2013. UKMHRA has issued a restricted GMP certificate for the Chikalthana facility to allow manufacture of 10 critical products whilst withdrawing the GMP certification of the said facility. Further UKMHRA has also issued a Drug Alert for recall of certain (and not all) non-critical products that were manufactured at Chikalthana, however, it has reiterated that there is no evidence of risk to patient safety from the products being recalled.

In November 2013, US FDA has placed the facility under Import Alert. However, US FDA has excluded 5 products from the import alert.

As for the other facilities, the status remains the same as in the previous quarter.

Remediation measures have been initiated

- a. Baseline assessment completed by Lachman
- b. Restructuring of the Quality & Manufacturing Function at corporate and at site completed
- c. Various remediation plan put in place
  - i. Implementation of Quality Management Systems
  - ii. Upgradation of IT systems in Quality & Manufacturing
  - iii. Training to Personnel on cGMP and Data Integrity.

## 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 80% 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 242 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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