



November 20, 2017

My Dear Share Owners,

The Company's Board of Directors have approved the financial results for 2nd Quarter (July-September) of the Financial Year 2017-18. I take this opportunity to share with you the Company's performance this year along with some key business highlights. Marked improvement in sales performance during the quarter was achieved with a growth of 15% Q-o-Q after subdued few quarters that were mostly owing to Brexit in UK, genericisation of some of the products in US, demonetisation and introduction of GST in India.

While on-going expenses on remedial measures continued to impact the profitability, the Company's focus on cost containments and rationalisation has started giving its intended positive impact thereby significantly reducing losses quarter on quarter. However, the focus in strategic R&D initiatives of the Company continues in spite of the fact that they are expensed off.

Financial Highlights for Q2 (July - September) FY 2017-18

- ◆ Consolidated revenue for the quarter is ₹1,022 crore.
- ◆ EBITDA before R&D spend is ₹84 crore for Q2FY18, compared to ₹199 crore in previous year.
- ◆ R&D spend at ₹77 crore (8% of sales) and including capital expenditure is at 11% to sales for Q2FY18.

Financial Highlights for 6 Months (April-September) FY 2017-18

- ◆ Consolidated revenue for H1FY18 is ₹1,913 crore.
- ◆ EBITDA before R&D spend is ₹77 crore for H1FY18, compared to ₹392 crore in previous year.
- ◆ R&D spend at ₹149 crore (8% of sales) and including capital expenditure is at 11% to sales for H1FY18.

Business Highlights

- ◆ The International Business contributed 61% of the global revenue in H1FY18.
- ◆ India Business grew by 49% Q-o-Q, grew by 5% in Q2FY18 over Q2FY17 and stood at ₹452 crore in Q2FY18 vs ₹432 crore in Q2FY17. In H1FY18 it stood at ₹755 crore vs ₹844 crore in H1FY17. Four (4) new products launched in India during Q2FY18 and 8 new products in H1FY18.
- ◆ Emerging Markets Business grew by 2% in Q2FY18 compared to Q2FY17 stood at ₹86 crore in Q2FY18 compared to ₹84 crore in Q2FY17. In H1FY18 it stood at ₹174 crore vs ₹164 crore in H1FY17 representing a growth of 6% in H1FY18.
- ◆ UK revenues were at ₹254 crore in Q2FY18 vs ₹273 crore in Q2FY17, representing a de-growth of 7% in Q2FY18 in INR terms (however, remained flat in GBP terms in Q2FY18). UK operations stood at ₹511 crore in H1FY18 versus ₹571 crore in H1FY17; de-grew by 11% mainly due to Brexit (however, remained flat in GBP terms in H1FY18). UK received 1 new approval in H1FY18.
- ◆ US business for Wockhardt contributed 15% of the Global Revenues in Q2FY18 compared to 17% in the Q2FY17. Revenues from the US Business were at ₹158 crore in Q2FY18 versus ₹182 crore in Q2FY17. In H1FY18 it stood at ₹310 crore versus ₹373 crore in H1FY17. The company made 1 new filing in Q2FY18 and received 1 new approval taking the cumulative ANDA's pending for approval at 78. 1 tentative ANDA approval received in US.
- ◆ Irish Business revenues were at ₹38 crore in Q2FY18 vs ₹39 crore in Q2FY17; de-grew by 3% in Q2FY18 in INR terms (remained flat in Euro terms). In H1FY18 business grew by 11% in Euro terms (Revenues at ₹73 crore in H1FY18 versus ₹71 crore in H1FY17).
- ◆ French Operations were at ₹14 crore in Q2FY18 and ₹30 crore in H1FY18 versus ₹17 crore in Q2FY17 and ₹36 crore in H1FY17.

We wish to thank each one of you for your continued support and confidence in Wockhardt. We continue to stay focused and build a strong business at Wockhardt as we solicit your unstinted support.

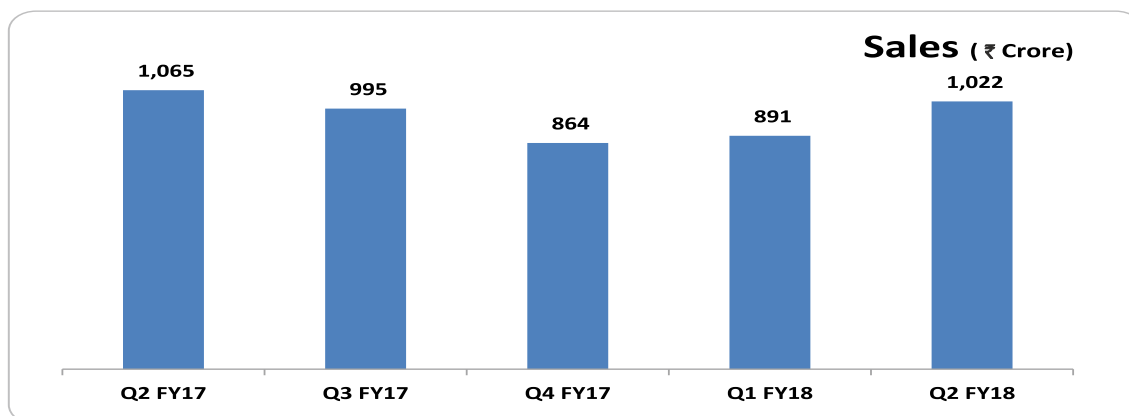
Warm Regards,

Dr. Habil Khorakiwala
Founder Chairman



PERFORMANCE HIGHLIGHTS

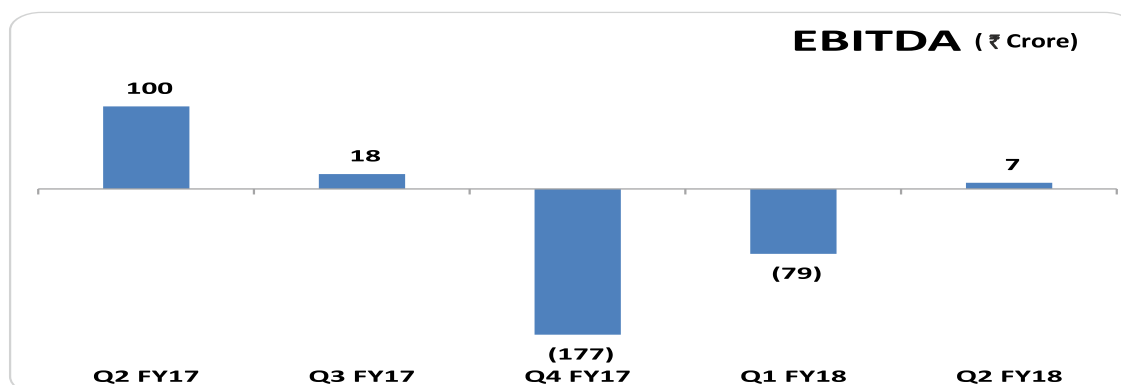
Sales Performance over the period:



After subdued performances in past few quarters mostly owing to Brexit in UK, genericisation of some of the products in US, demonetisation and introduction of GST in India, Sales grew by 15% Q-o-Q in Q2FY18 to ₹1,022 crore.

Growth in Sales is mainly on account of improved India Branded Business coupled with an upward trend in Emerging market business and US business growth of 4% over Q1FY18.

EBITDA over the period:



While on-going expenses on remedial measures continued to impact the profitability, the Company's strategic focus on cost containments and rationalisation has started giving its intended positive impact thereby significantly reducing losses quarter on quarter. However, the focus in strategic R&D initiatives of the Company continues in-spite of the fact that they are expensed off.

Gross Contribution (GC) remained at 54% over past 2 quarters in spite of pricing pressure in US due to genericisation of some of the products.

BUSINESS HIGHLIGHTS

International operations

- At ₹570 crore, contributes 56% of global revenues for Q2FY18, de-grows by 10% compared to Q2FY17 mainly on account of genericisation of some of the products of the Company in USA and Brexit in UK.
- At ₹1,158 crore, contributes 61% of global revenues for H1FY18, de-grows by 12% compared to H1FY17.

India & Emerging Markets Business

- India and Emerging Markets contributed 53% of the global revenues in Q2FY18 and 49% in H1FY18.
- 4 new products launched in India during Q2FY18 and 8 new products in H1FY18.
- India Business grew by 49% Q-o-Q, grew by 5% in Q2FY18 over Q2FY17 and stood at ₹452 crore in Q2FY18 vs ₹432 crore in Q2FY17. In H1FY18 it stood at ₹755 crore vs ₹844 crore in H1FY17.
- **Emerging Markets Business** grew by 2% in Q2FY18 compared to Q2FY17 stood at ₹86 crore in Q2FY18 compared to ₹84 crore in Q2FY17. In H1FY18 it stood at ₹174 crore vs ₹164 crore in H1FY17 representing a growth of 6% in H1FY18.

Europe Business

- Europe Operation (including France) contributed 32% of the Global Revenues in Q2FY18 and 35% in H1FY18. Revenues from EU Operations (excluding France) were at ₹312 crore in Q2FY18 and at ₹644 crore in H1FY18. Revenues from French Operations were at ₹14 crore in Q2FY18 and ₹30 crore in H1FY18 versus ₹17 crore in Q2FY17 and ₹36 crore in H1FY17.

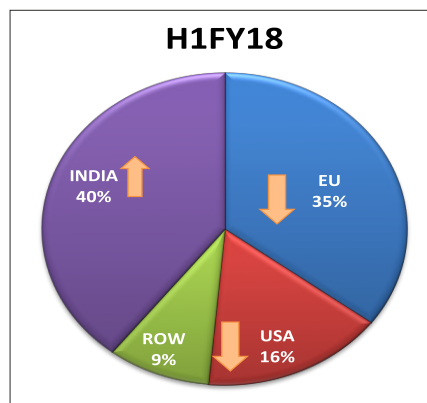
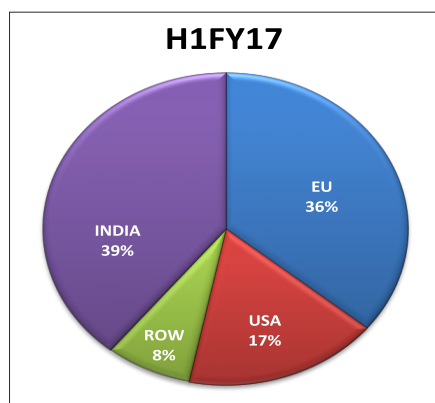
UK Operations (including Pinewood's UK business)

- UK revenues were at ₹254 crore in Q2FY18 vs ₹273 crore in Q2FY17, representing a de-growth of 7% in Q2FY18 in INR terms (however, remained flat in GBP terms in Q2FY18). UK operations stood at ₹511 crore in H1FY18 versus ₹571 crore in H1FY17; de-grew by 11% mainly due to Brexit (however, remained flat in GBP terms in H1FY18). UK received 1 new approval in H1FY18.
- **Irish Business** revenues were at ₹38 crore in Q2FY18 vs ₹39 crore in Q2FY17; de-grew by 3% in Q2FY18 in INR terms (remained flat in Euro terms). In H1FY18 business grew by 11% in Euro terms (Revenues at ₹73 crore in H1FY18 versus ₹71 crore in H1FY17).

US Business

- US business for Wockhardt contributed 15% of the Global Revenues in Q2FY18 compared to 17% in the Q2FY17. Revenues from the US Business were at ₹158 crore in Q2FY18 versus ₹182 crore in Q2FY17. In H1FY18 it stood at ₹310 crore versus ₹373 crore in H1FY17.
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SHARE OF GLOBAL REVENUES



FINANCIALS

Consolidated P&L

₹ Crore

Particulars	Q2-FY18	Q1-FY18	Q2-FY17	H1FY18	H1FY17
Revenues from Operations	1022	891	1065	1913	2156
Material Consumption	471	409	388	880	804
Gross Margins	551	482	677	1033	1352
<i>Gross Margin %</i>	<i>54%</i>	<i>54%</i>	<i>64%</i>	<i>54%</i>	<i>63%</i>
Staff Cost	226	208	207	434	420
R&D Expenses	77	72	99	149	207
Other Expenditure	241	281	271	522	540
Total Expenditure	1015	970	965	1985	1971
EBITDA	7	(79)	100	(72)	185
<i>EBITDA Margin</i>	<i>1%</i>	<i>-9%</i>	<i>9%</i>	<i>-4%</i>	<i>9%</i>
EBITDA before R&D	84	(7)	199	77	392
<i>EBITDA Margin before R&D</i>	<i>8%</i>	<i>-1%</i>	<i>19%</i>	<i>4%</i>	<i>18%</i>
Interest Expenses (Net)	60	53	40	113	74
(Income)/Expense due to Exchange Rate Fluctuation	(14)	(19)	(1)	(33)	9
Depreciation	36	37	38	73	74
Other Income / (Loss)	47	29	3	76	5
Profit/(Loss) Before Tax before exceptional items	(28)	(121)	26	(149)	33
Exceptional Item Profit/(Loss)	-	(358)	-	(358)	-
Profit/(Loss) before Tax	(28)	(479)	26	(507)	33
Tax Expense (Including Deferred Tax)	(20)	(16)	1	(36)	(9)
Profit After Tax (PAT)	(8)	(463)	25	(471)	42
Less: Non-Controlling Interest	(5)	(53)	8	(58)	9
PAT after Non-Controlling Interest	(3)	(410)	17	(413)	33
<i>PAT after Non-Controlling Interest Margin %</i>	<i>0%</i>	<i>-46%</i>	<i>2%</i>	<i>-22%</i>	<i>2%</i>

For further clarification, write to: Investor Service Cell, Wockhardt Limited, Wockhardt Towers, Bandra-Kurla Complex, Bandra East, Mumbai 400 051 or Email:investorrelations@wockhardt.com

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