



## WOCKHARDT'S TRANSFORMATION

**Amongst the Top 3 Indian Pharma Companies**

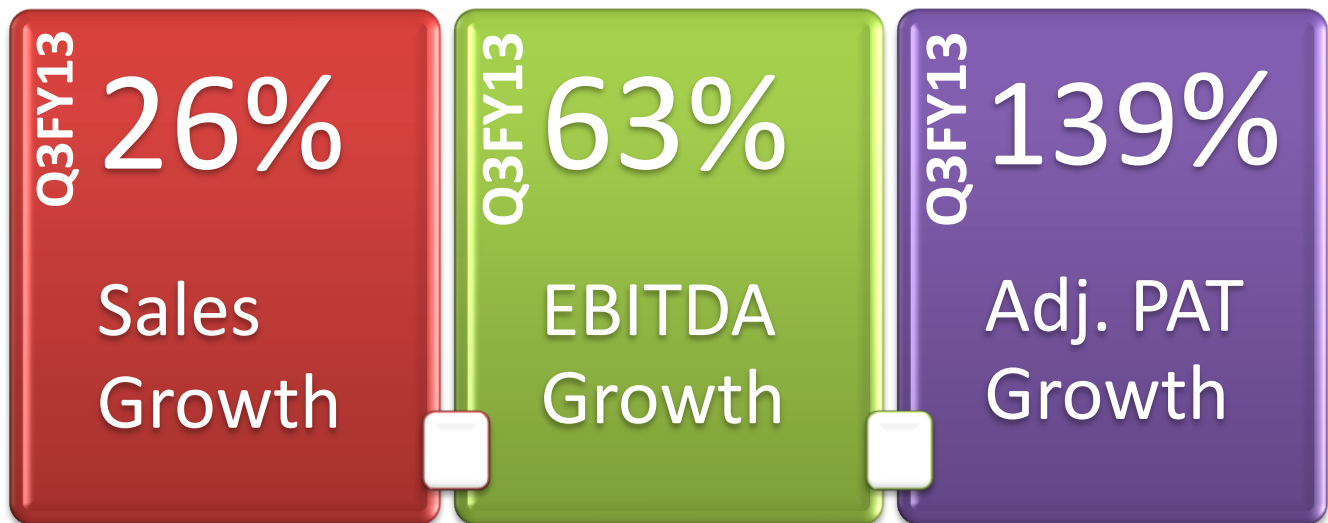
**with**

139% Growth\* in Adjusted Profit After Tax at Rs.419 crores

63% Growth\* in EBITDA at Rs. 545 crores

26% Growth in Revenues at Rs. 1435 crores

in 3<sup>rd</sup> Quarter of 2012-13



*\* The Growth on Profit After Tax and EBITDA are based on like to like comparison with the previous year as explained in note on the following page.*

## Note: Previous Quarter (Q2FY13) Adjustments

---

In the previous quarter (Q2FY13), the company completed the sale of Nutrition Business to Danone and realized an amount of Rs.1280 crores for the same. Further, the company recorded a gain of Rs. 1187 crores against the same.

The company had also applied the revised criteria to its developments costs. Accordingly, the Company in the previous quarter:

- a. had expensed off the carried forward cost of intangible asset and products under development as at June 30, 2012 amounting to Rs. 437 crores, to the profit and loss account under the head “Exceptional Item”
- b. had charged to the Statement of Profit and Loss, product development expenditure incurred during the quarter July to September 2012 amounting to Rs. 48 crore under respective expense heads.

In the previous quarter, company had tested carrying value of goodwill on consolidation at Wockhardt France (Holding) S.A.S for impairment. The impairment testing indicated that the carrying value of goodwill was higher than its recoverable value and hence, during the said quarter, the company has recorded an impairment loss with respect to the entire goodwill amounting to Rs. 621 crores, as exceptional item.

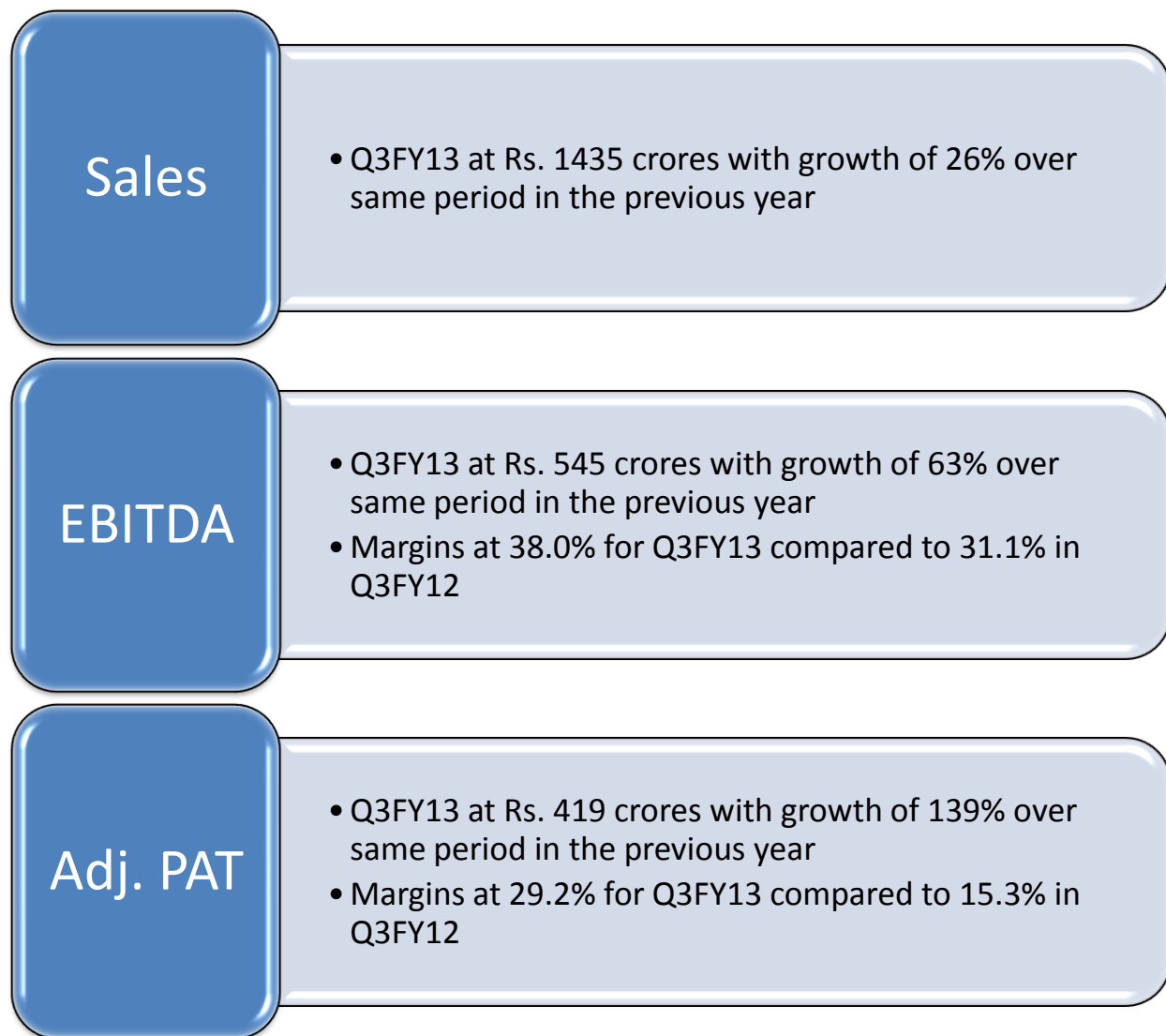
This document makes a like to like comparison for the current and previous periods and hence the previous periods have been adjusted for the following

- a. Nutrition business financials &
- b. Research & Development expenses.

A more detailed working has been given on page 6 of this document.

## SEQUENTIAL GROWTH CONTINUES.....

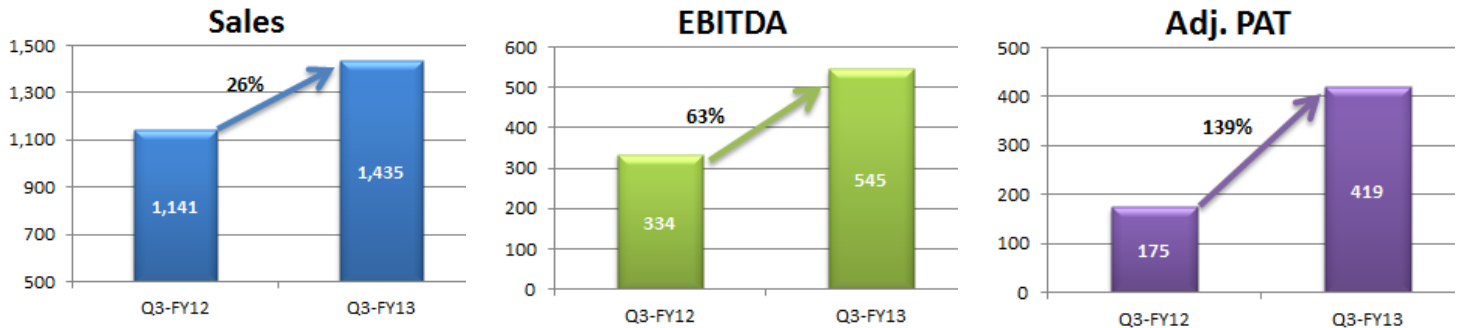
(STRONG SEQUENTIAL GROWTH IN SALES & EBITDA)



INVESTOR COMMUNICATION – FEB 2013

---

## PERFORMANCE HIGHLIGHTS Q3FY13 vs. Q3FY12



Sales at Rs.1435 crores.

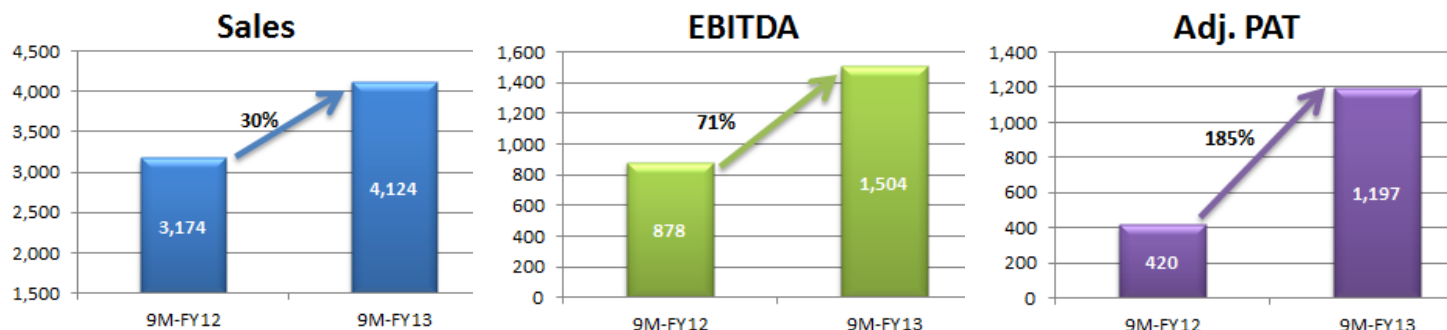
EBITDA Margins at 38.0%.

PAT Margins at 29.2%.

- Consolidated revenues at Rs.1435 crores in Q3FY13 versus Rs.1141 cores in Q3FY12, year-on-year growth of 26%.
  - USA Business grows by 45% (26% in \$ terms)
  - Europe Business (Other than France) grows by 14% (France declines by 50%)
  - India & Emerging Markets Business grows by 15%
- Gross Margins at 71% in Q3FY13 versus 62% in Q3FY12
- EBITDA at Rs. 545 crores in Q3FY13 versus Rs.334 crores in Q3FY12, year-on-year growth of 63%.
- EBITDA margins at 38.0% in Q3FY13 versus 29.3% in Q3FY12.
- R&D Expenses at 6.4% to Sales in Q3FY13 and growth of 80% over Q3FY12
- Adjusted Profit After Tax\* at Rs. 419 crores in Q3FY13 versus Rs. 175 crores in Q3FY12, year-on-year growth of 139%.

*\*Details of Adjusted Profit After Tax is as given in the Financial Highlights on Page 6.*

## PERFORMANCE HIGHLIGHTS 9MFY13 vs. 9MFY12



Sales at Rs.4124 crores.

EBITDA Margins at 36.5%.

PAT Margins at 29.0%.

- Consolidated revenues at Rs.4124 crores in 9M-FY13 versus Rs.3174 cores in 9M-FY12, year-on-year growth of 30%.
  - USA Business grows by 55% (30% in \$ terms)
  - Europe Business (Other than France) grows by 19% (France declines by 36%)
  - India & Emerging Markets Business grows by 15%
- Gross Margins at 68.2% in 9M-FY13 versus 63.0% in 9M-FY12
- EBITDA at Rs. 1504 crores in 9M-FY13 versus Rs. 878 crores in 9M-FY12, year-on-year growth of 71%.
- EBITDA margins at 36.5% in 9M-FY13 versus 27.7% in 9M-FY12.
- R&D Expenses at 5.9% of Sales in 9M-FY13 and growth of 48% over 9M-FY12.
- Net Interest cost stands at around 4.2% on an annualized basis.
- Free Cash Flow from Operations for 9MFY13 over Rs.800 crores
- Adjusted Profit After Tax\* at Rs. 1197 crores in 9M-FY13 versus Rs. 420 crores in 9M-FY12, year-on-year growth of 185%.

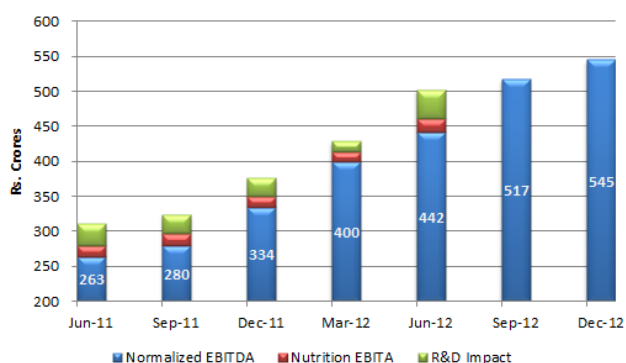
*\*Details of Adjusted Profit After Tax is as given in the Financial Highlights on Page 6.*

## Normalizing Previous Periods

Following is a reconciliation of the reported EBITDA & PAT of the previous periods with the normalized EBITDA & PAT.

		Rs. crore								
Particulars		9MFY13	Q3FY13	Q2FY13	Q1FY13	FY12	Q4FY12	Q3FY12	Q2FY12	Q1FY12
<b>A</b>	Sales Reported	4,208	1,435	1,347	1,426	4,614	1,241	1,209	1,111	1,053
	Less : Nutrition Business Sale	84			84	264	65	68	66	65
	<b>Normalized Sales</b>	<b>4,124</b>	<b>1,435</b>	<b>1,347</b>	<b>1,341</b>	<b>4,350</b>	<b>1,176</b>	<b>1,142</b>	<b>1,045</b>	<b>988</b>
	Growth (over corresponding prev year)	29.9%	25.7%	29.0%	35.7%					
<b>B</b>	EBITDA Reported	1,564	545	517	502	1,440	429	376	323	311
	EBITDA Margins on Reported Sales	37.2%	38.0%	38.4%	35.2%	31.2%	34.6%	31.1%	29.1%	29.5%
	Less :									
	1. Nutrition Business EBITDA	(19)			(19)	(63)	(14)	(16)	(16)	(17)
	2. Impact of Product Dev. Exps.	(41)			(41)	(99)	(15)	(26)	(27)	(31)
	<b>EBITDA Normalized</b>	<b>1,504</b>	<b>545</b>	<b>517</b>	<b>442</b>	<b>1,278</b>	<b>400</b>	<b>334</b>	<b>280</b>	<b>263</b>
	Growth (over corresponding prev year)	71%	63%	85%	68%					
<b>C</b>	PAT Reported	1,259	428	453	378	343	(192)	213	128	194
	PAT Margins on Reported Sales	29.9%	29.8%	33.6%	26.5%	7.4%	-15.5%	17.6%	11.5%	18.4%
	Less :									
	1. Nutrition Business PAT	(15)	-	(3)	(12)	(42)	(9)	(11)	(11)	(12)
	2. Impact of Product Dev. Exps.	-	-	41	(41)	(99)	(15)	(26)	(27)	(31)
	<b>PAT Normalized to above</b>	<b>1,244</b>	<b>428</b>	<b>491</b>	<b>325</b>	<b>201</b>	<b>(216)</b>	<b>176</b>	<b>90</b>	<b>151</b>
	Add :									
1. Impact of Exceptional Items	(47)	(9)	(44)	6	604	602	(1)	3	0	
<b>PAT Normalized (Adj. to Excp'nal Items)</b>	<b>1,197</b>	<b>419</b>	<b>447</b>	<b>331</b>	<b>805</b>	<b>385</b>	<b>175</b>	<b>94</b>	<b>151</b>	
Growth (over corresponding prev year)	185%	139%	375%	119%						
PAT Margins on Normalised Sales	29.0%	29.2%	33.2%	24.7%	18.5%	32.8%	15.3%	9.0%	15.3%	

### Breakup of Reported EBITDA



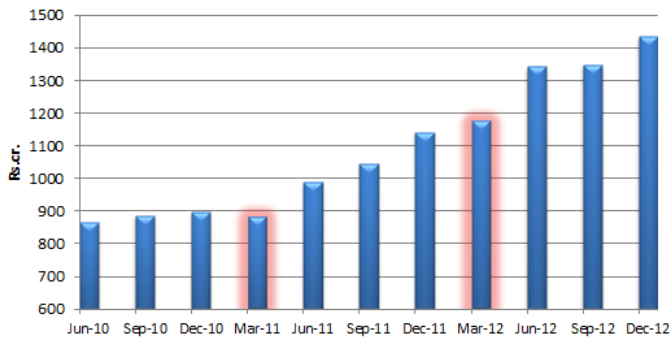
### R&D Impact

		Rs. crore								
Particulars		9M-FY13	Q3FY13	Q2FY13	Q1FY13	FY12	Q4FY12	Q3FY12	Q2FY12	Q1FY12
a.	Product Dev. Expenses Capitalized	91	-	48	43	153	48	33	29	43
b.	Less : Product Dev. Exps. w/off	(2)	-	(1)	(1)	(54)	(33)	(7)	(2)	(12)
c.	<b>Net Impact on EBITDA</b>	<b>88</b>	<b>-</b>	<b>47</b>	<b>41</b>	<b>99</b>	<b>15</b>	<b>26</b>	<b>27</b>	<b>31</b>
d.	Other Revenue R&D Expenses	135	83	30	23	75	27	13	16	19
e.	Other Capital R&D Expenses	17	9	7	2	20	9	5	4	3
f.	<b>Total R&amp;D Expenses (a + d + e)</b>	<b>243</b>	<b>92</b>	<b>84</b>	<b>67</b>	<b>248</b>	<b>84</b>	<b>51</b>	<b>49</b>	<b>64</b>
	R&D Exp. as % to Sales (Normalized)	5.9%	6.4%	6.3%	5.0%	5.7%	7.2%	4.5%	4.6%	6.5%

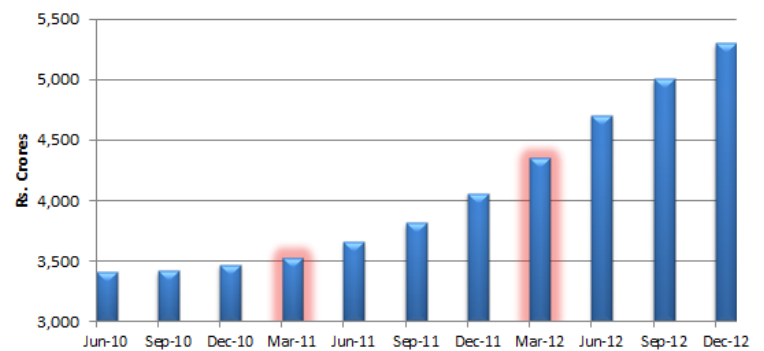
# Continued Quarter on Quarter Sustainable Performance

**7<sup>th</sup>** Consecutive Quarter of Sales (excluding Nutrition Business) Growth & **11<sup>th</sup>** Consecutive Quarter of TTM Sales (excluding Nutrition Business) Growth

**Quarterly Sales Excluding Nutrition**

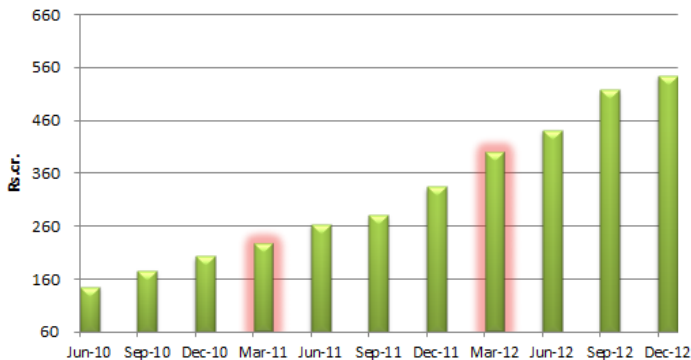


**TTM Sales Excluding Nutrition**

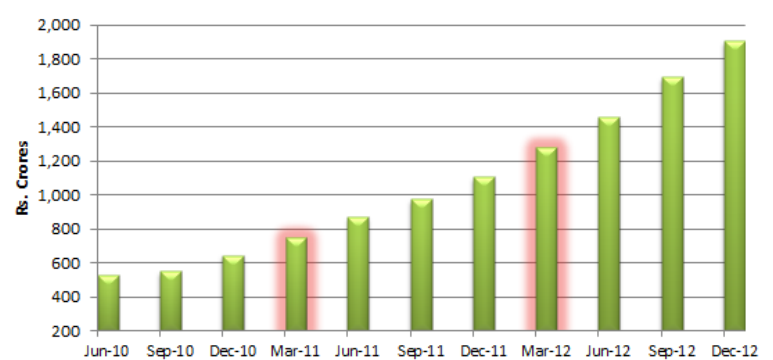


**12<sup>th</sup>** Consecutive Quarter of sequential growth in EBITDA (Normalized)

**Quarterly EBITDA Normalized**

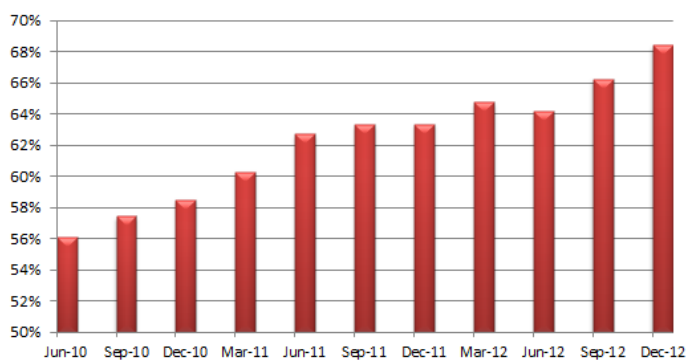


**TTM EBITDA Normalized**



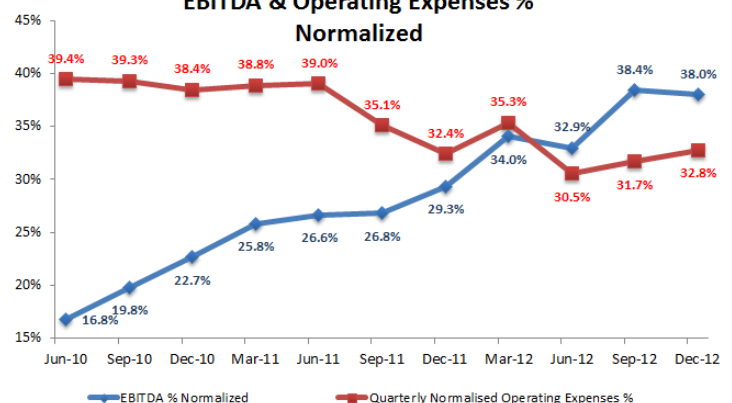
**Gross Margins consistently above 60% from Mar-11 on a TTM basis**

**TTM Gross Margin % Normalized**



**Operational Excellence continues on a quarter on quarter basis**

**EBITDA & Operating Expenses % Normalized**



\* TTM = Trailing Twelve Months

## Financial Highlights

---

Following are some significant financial highlights.

- Free Cash Flow from Operations in excess of Rs.275 crores in Q3FY13 and in excess of Rs.800 crores in 9MFY13.
- Exit from CDR on target.
- Total Debt repaid during the year in excess of Rs.1600 crores till date.
- Net Interest cost stands at around 4.2% on an annualized basis (at around 3.4% for Q3FY13 on an annualized basis).
- Net Debt to Equity now stands below 0.50 : 1

## Business Highlights

---

- **International operations**

- at Rs.1195 crores, contributes **83%** of global revenues **for the quarter** with growth of **28%**
- at Rs.3375 crores, contributes **82%** of global revenues **for 1<sup>st</sup> 9 months** with growth of **36%**

- **US Business**

- At Rs.771 crores **for the quarter** and Rs.2069 crores **for 1<sup>st</sup> 9 months**.
- contributes **54%** of global revenues **for the quarter** and **50%** **for the 1<sup>st</sup> 9 months** with growth of **45% (26% on \$ basis)** and **55% (30% on \$ basis)** respectively
- 3 product **approvals** received and 3 products were **launched during the quarter**. Cumulative approvals of **11** products and **11** product launches **during 1<sup>st</sup> 9 months of FY13**.
- Entacapone launched on October 1<sup>st</sup> as a sole Authorised Generic.

- **Europe Business**

- At Rs.313 crores (excluding France) **for the quarter** and Rs.922 crores (excluding France) **for 1<sup>st</sup> 9 months**.
- Grows by **14%** (excluding France) **for the quarter** and **19%** (excluding France) **for 1<sup>st</sup> 9 months**. France declined by 50%.
- Growth in **UK** markets at **19%** (**4%** on **£** basis) **for the quarter** and **25%** (**7%** on **£** basis) **for 1<sup>st</sup> 9 months**.



- **3<sup>rd</sup>** largest generic company and **2<sup>nd</sup>** largest in the hospital segment in UK.
  - **2** new products were launched during the quarter in the UK market. Cumulatively 8 products launched in UK in FY13.
  - Growth in Irish market at **3% (0% on € basis) for the quarter** and **16% (10% on € basis) for 1<sup>st</sup> 9 months**. Pinewood continues to be the largest generic company in the country with Market Share of 30%.
- **India & Emerging Markets Business**
    - India Business (excluding nutrition business) grows by **14% for the quarter** and **7% for 1<sup>st</sup> 9 months**.
    - **Emerging Markets** Business grows by **18% for the quarter** and **43% for 1<sup>st</sup> 9 months**.

**AWARDS**

<p align="center"><b>BEST ENTERPRISE</b></p> <p align="center">By Europe Business Assembly</p>	<p align="center"><b>WOCKHARDT</b></p>
<p align="center"><b>PHARMEXCIL AWARD</b></p> <p align="center">for highest no. of Patents filed</p> <p align="center">For the 4<sup>th</sup> year in a row</p>	<p align="center"><b>WOCKHARDT</b></p>
<p align="center"><b>DIANA AWARD</b></p> <p align="center">Healthcare Distribution Management Association (HDMA) USA</p>	<p align="center"><b>WOCKHARDT USA Inc.</b></p>
<p align="center"><b>FROST &amp; SULLIVAN</b></p> <p align="center"><b>India Healthcare Excellence Awards</b></p> <p align="center">Lifetime Achievement Award</p>	<p align="center"><b>CHAIRMAN – DR. HABIL KHORAKIWALA</b></p>
<p align="center"><b>INVESTORS IN PEOPLE AWARD</b></p>	<p align="center"><b>WOCKHARDT UK</b></p>
<p align="center"><b>ICICI INDIA INCLUSIVE AWARD</b></p> <p align="center">under the Corporate Category for Best Social Work in Primary Health</p>	<p align="center"><b>WOCKHARDT FOUNDATION</b></p>
<p align="center"><b>CLO AWARDS INDIA</b></p> <p align="center">Tata Institute of Social Sciences</p> <p align="center">for the Best Mobile Learning Program</p>	<p align="center"><b>WOCKHARDT</b></p>
<p align="center"><b>BEST CORPORATE WEBSITE</b></p> <p align="center">Association of Business Communicators of India</p>	<p align="center"><b>WOCKHARDT</b></p>
<p align="center"><b>MOST PROMISING BUSINESSWOMAN IN INDIAN BUSINESS</b></p>	<p align="center"><b>ZAHABIYA KHORAKIWALA</b></p> <p align="center"><b>MANAGING DIRECTOR</b></p> <p align="center"><b>WOCKHARDT HOSPITALS</b></p>
<p align="center"><b>INDUCTION in the ARCH C. KLUMPH SOCIETY as its MEMBERS</b></p> <p align="center">- a recognition of unflinching support for major social projects</p>	<p align="center"><b>CHAIRMAN-DR. HABIL KHORAKIWALA &amp;</b></p> <p align="center"><b>MRS. NAFISA KHORAKIWALA</b></p>
<p align="center"><b>CSR VISIONARY LEADER</b></p> <p align="center">Institute Of Public Enterprises</p>	<p align="center"><b>DR. HUZAIFA KHORAKIWALA</b></p>

# Financials

## Consolidated P&L

Rs. Crore

Particulars	Q3-FY13	Q3-FY12	Growth %	9M-FY13	Growth %	FY12
<b>Revenues from Operations</b>	1,435	1,141	25.8%	4,124	29.9%	4,351
Material Consumption	420	436	-3.7%	1,314	12.0%	1,535
<b>Gross Margins</b>	1,015	705	44.0%	2,810	40.4%	2,816
<b>Gross Margin %</b>	70.7%	61.8%		68.1%	8.1%	64.7%
Staff Cost	157	136	15.4%	445	19.0%	543
R&D Expenses	83	46	80.4%	224	47.4%	228
Other Expenditure	230	188	22.3%	637	6.7%	767
<b>Total Expenditure</b>	890	806	10.4%	2,620	14.1%	3,073
<b>EBITDA</b>	545	335	62.7%	1,504	71.3%	1,278
<b>EBITDA Margin</b>	38.0%	29.4%		36.5%		29.4%
Interest & Financing Cost						
a. Interest	36	68	-47.1%	125	-24.7%	214
b. (Income)/Expense due to Exchange Rate Fluctuation	20	30		2		21
Depreciation	30	26	15.4%	89	1.1%	116
Other Income	14	9		40		23
<b>Profit/(Loss) Before Tax before exceptional items</b>	473	220	115.3%	1,328	135.0%	950
Exceptional Item Profit/(Loss)	10	-10		83		-528
<b>Profit/(Loss) before Tax</b>	483	210	130.2%	1,411	190.3%	422
Provision for Taxation	16	54		269		49
Deferred Taxation	39	-20		-103		173
<b>Profit/(Loss) After Tax</b>	428	176	143.4%	1,245	201.5%	200
Add: Share of Profit/(Loss) from Associates	0	0		-1		1
<b>Net Profit/(Loss)</b>	428	176	143.4%	1,244	198.3%	201
<b>Net Profit Margin %</b>	29.8%	15.4%		30.2%		4.6%
<b>Adjustments:</b>						
Divestment (Profit )/Loss	-8			-1,195		
France Restructuring (Profit) / Loss		3				-100
Settlement / Derivatives		7				134
CDR Recompense	11			30		160
Goodwill write off (Negma - France)				621		333
R&D Write off				419		
Others Exceptional items	-13			43		
Tax impact of above	1	-1		35		-70
Deferred Tax impact of above		-10				147
<b>Adjusted PAT</b>	419	175	139.4%	1,197	185.1%	805
<b>Adjusted PAT Margin %</b>	29.2%	15.4%		29.0%		18.5%

# Business Review

---

## US Operations

USA business for Wockhardt contributed 54% of the Global Revenues compared to 47% in the same period previous year. Revenues from the US Business were at Rs.771 crores in Q3-FY13 versus Rs.531 crores in Q3-FY12, representing a growth of 45% in INR terms and a growth of 26% in USD terms. Revenues for 9MFY13 stood at Rs.2069 crores compared to Rs.1337 crores in 9MFY12, representing a growth of 55% in INR terms and a growth of 30% in USD terms.

Growth, during the quarter over the previous year same quarter, the US business was mainly driven by niche launches made during 2012, with generic version of brands like;

- Prevacid® (Lansoprazole)
- Geodon® (Ziprasidone)
- Flonase® (Fluticasone)
- Stalevo® (Levodopa, Entacapone, Carbidopa)
- Comtan® (Entacapone)

- Prevacid® is a registered trademark of Takeda Pharmaceutical USA Inc.
- Geodon® is a registered trademark of Pfizer Inc.
- Flonase® is a registered trademark of Glaxo Smithkline.
- Stalevo® is a registered trademark of Orion Corporation.
- Comtan® is a registered trademark of Orion Corporation.

## Europe Operations

Europe Operation contributed 24% of the Global Revenues. Revenues from EU Operations (excluding France) were at Rs.313 crores in Q3-FY13 versus Rs.275 crores in Q3-FY12, representing a growth of 14% in INR terms. Revenues (excluding France) stood at Rs. 922 crores in 9MFY13 versus Rs. 773 crores in 9MFY12, representing a growth of 19% in INR terms. Revenues from French Operations were at Rs. 27 crores in Q3-FY13 versus Rs. 54 crores in Q3-FY12, representing a degrowth of 50% in INR terms. The revenues stood at Rs. 113 crores in 9MFY13 versus Rs. 176 crores in 9MFY12 for the French Operations, representing a degrowth of 36% in INR terms.

UK Operations (including Pinewood's UK business) revenues were at Rs.238 crores in Q3-FY13 versus Rs.200 crores in Q2-FY12 representing a growth of 19% in INR terms and growth of 4% in GBP terms. The same were at Rs.700 crores in 9MFY13 versus Rs.560 crores in 9MFY12 representing a growth of 25% in INR terms and a growth of 7% in GBP terms.

Irish Business revenues were at Rs.49 crores in Q3-FY13 versus Rs.48 crores in Q3-FY12 representing a growth of 3% in INR terms and remained unchanged in Euro terms. The same were at Rs.158 crores in 9MFY13 versus Rs.136 crores in 9MFY12, representing a growth of 16% in INR terms and a growth of 10% in Euro terms. The changes in Irish market, allowing generic substitution and reference pricing, continued to have challenges on the Pinewood business. However, Pinewood is geared up to face the challenges and continues to grow and maintain the largest market share at 30%.

### **India (excluding Nutrition Business) & Emerging Markets**

India (excluding Nutrition Business) and Emerging Markets contributed 23% of the global revenues. Revenues from India (excluding Nutrition Business) and Emerging Markets were at Rs.324 crores in Q3-FY13 versus Rs.281 crores in Q3-FY12 representing a growth of 15%.

- Branded Formulation business grew by 14% during the quarter. The restructuring of the field force for the India Branded Business during the previous quarter has started showing some positive results leading to better performance.
- Emerging Markets business grew by 18% during the quarter.

### **About Wockhardt**

Wockhardt is a high-technology intensive global pharmaceutical and biotechnology company with multi-disciplinary and innovative R&D programmes. 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 578 scientists, of whom 80 are doctorates. In all, Wockhardt has 193 Patents granted worldwide. In biotechnology research, it has built a 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 7900 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.

### **Contact Information**

Tushar Mistry at [tmistry@wockhardt.com](mailto:tmistry@wockhardt.com)

Please click on the following link for earlier investor communications

<http://www.wockhardt.com/investor-connect/investorcommunication.aspx>