

# Wockhardt Limited

Investor Presentation

By

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Managing Director

November 2012

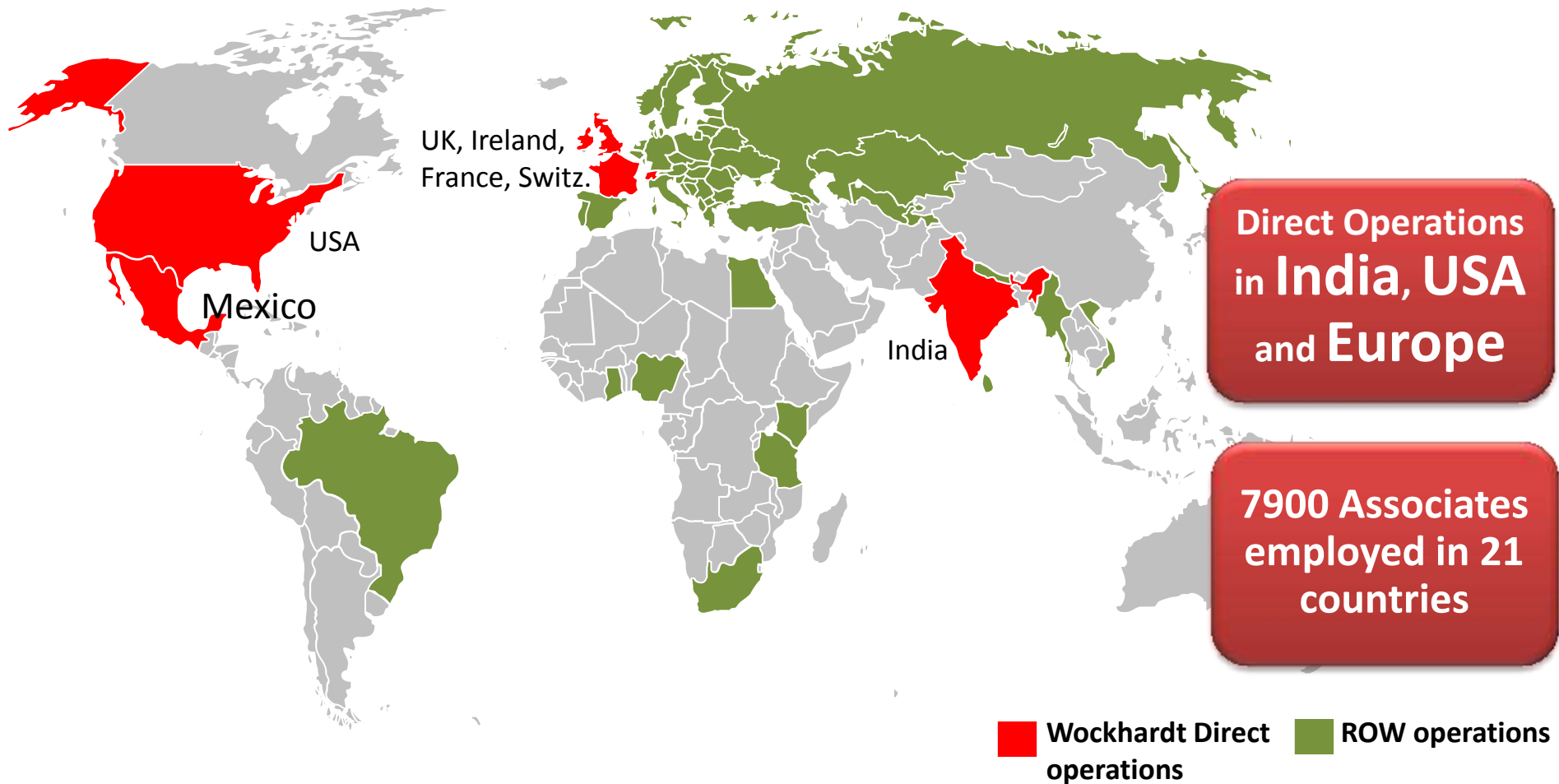
# Safe Harbor Statement

- 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.

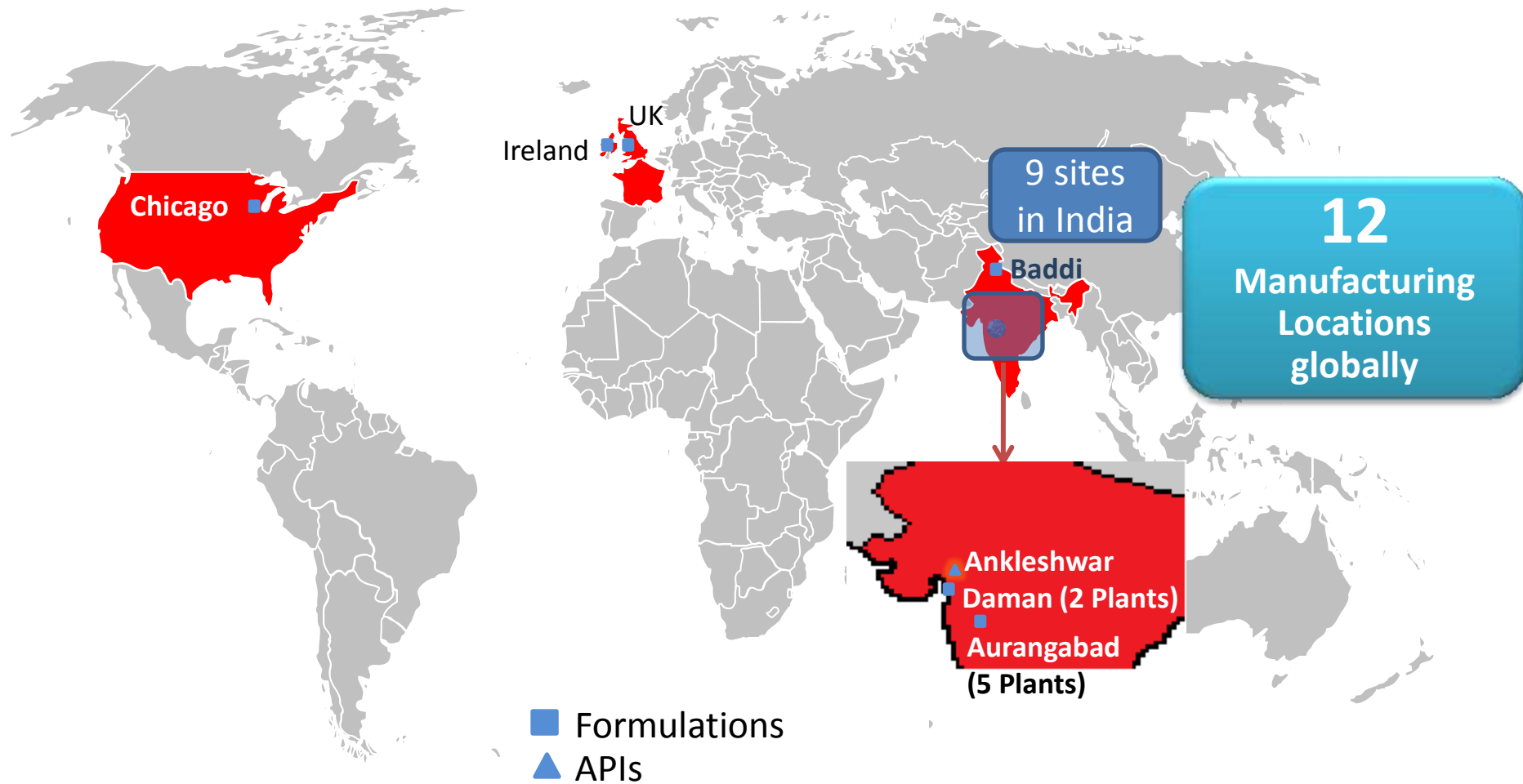
# Introduction to Wockhardt

## Key business Dynamics

# Wockhardt Today



# Wockhardt Today



# Wockhardt Today



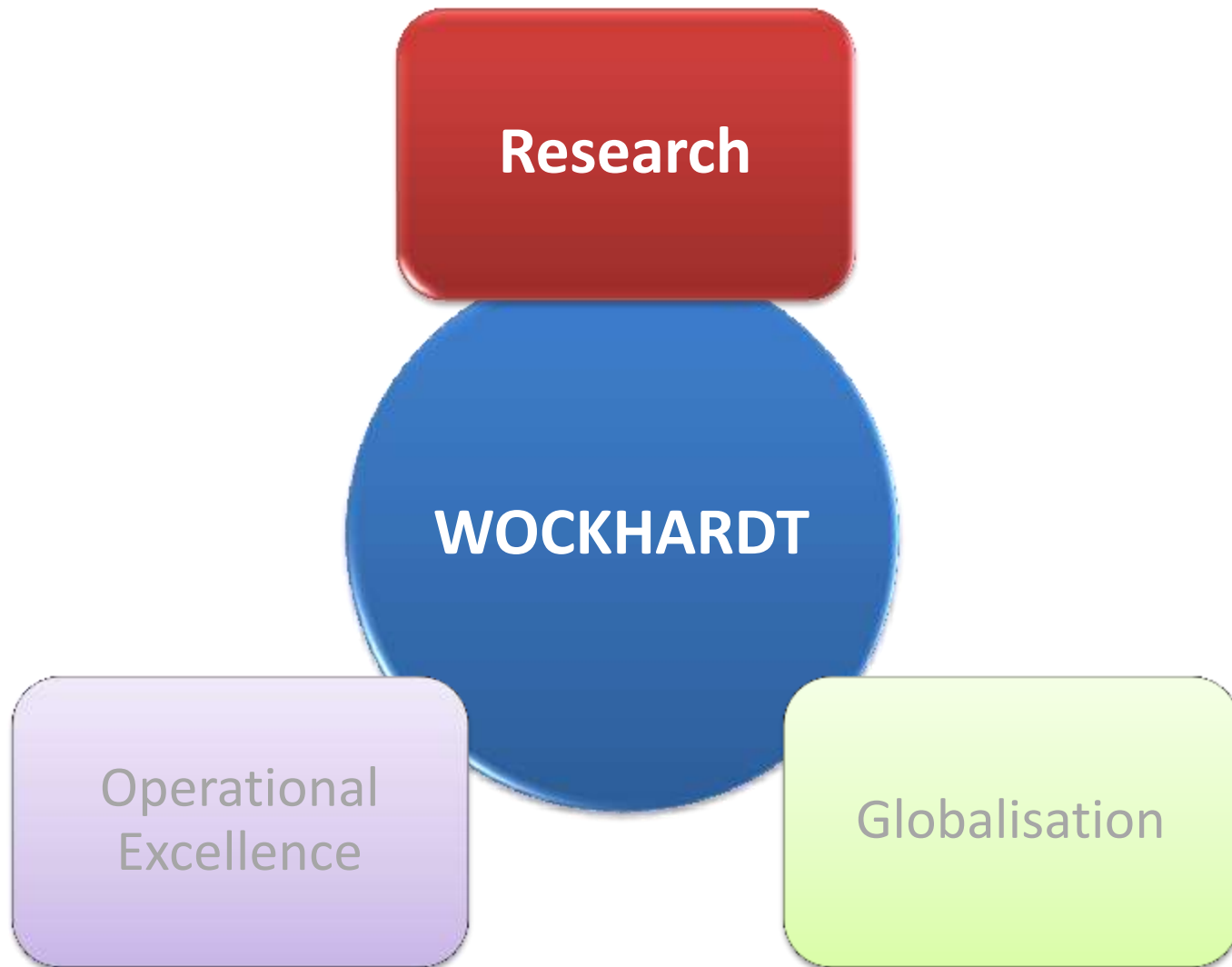
**3** R&D Centers  
worldwide

**USA / UK &  
India**

# Sustainable Business Model

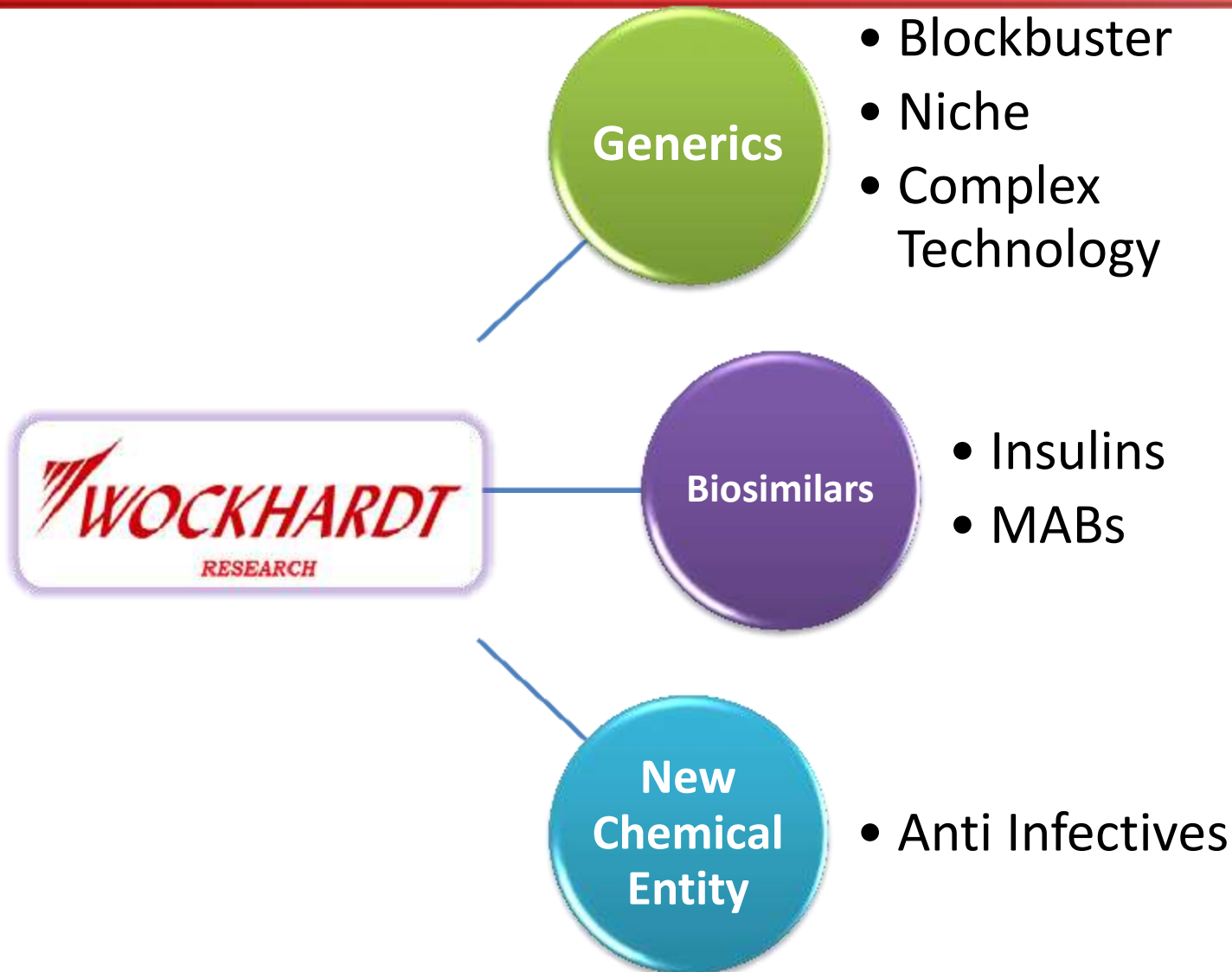


# Sustainable Business Model

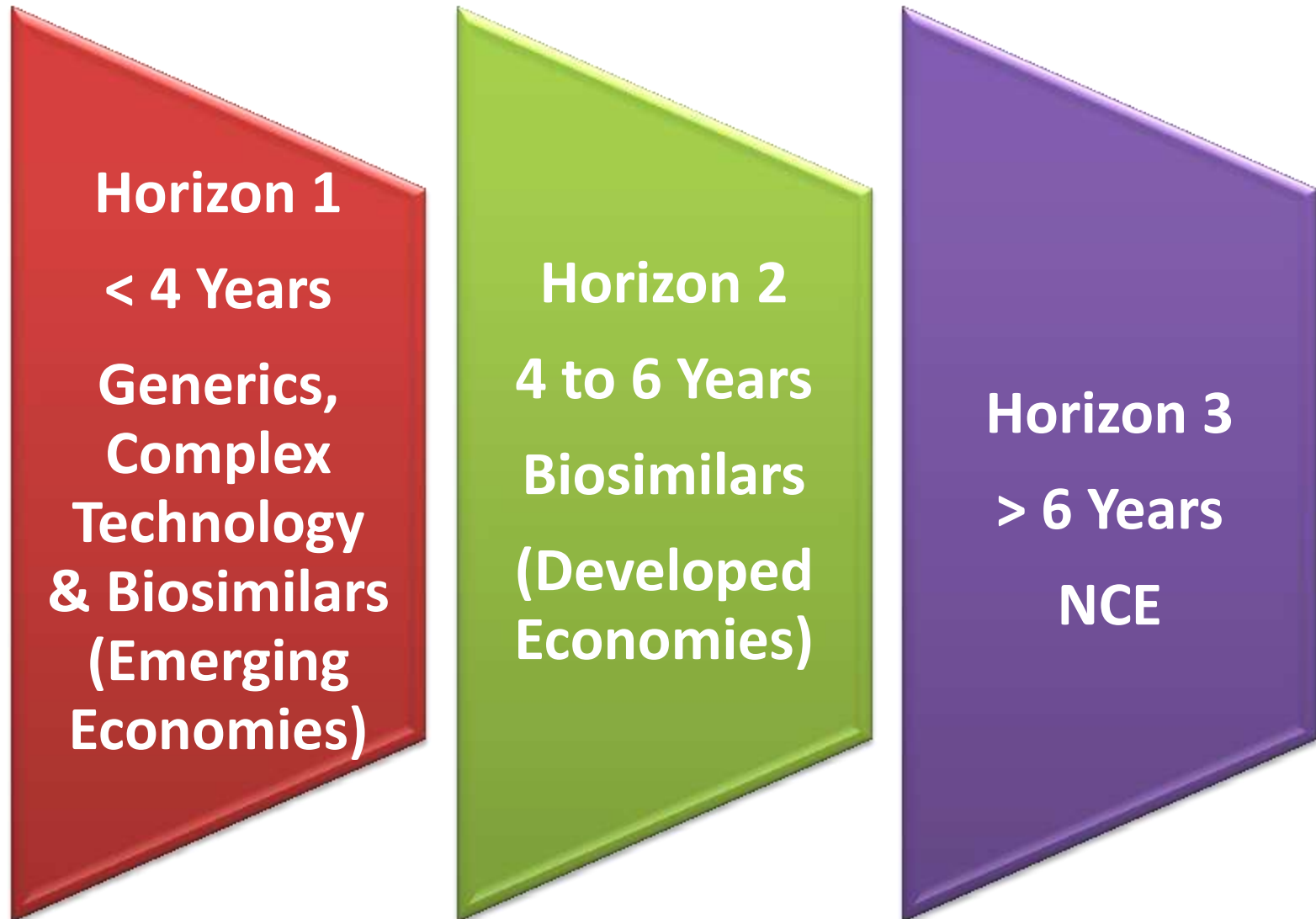




# Research



# Research – Long Term Planning



# Complex Products Focused Research

3 R&D Centers Worldwide

491

Products sold in USA & Europe manufactured in India, USA, UK & Ireland

169

Global Patents granted globally. 1667 patents filed

578

Scientists developing innovative and technologically advanced medicines

30

US ANDAs pending approval

Won Patent Awards 4 Years in a row

# Recent Product Launches

## US

### 6 – FY12

Pantoprazole  
Donepezil  
Venlafaxine  
Fluticasone  
Levofloxacin  
Clarithromycin

### 8 – H1FY13

LEC  
Valacyclovir  
Lansoprazole OTC  
Fexofenadine OTC  
Clopidogrel  
Lansoprazole DR  
Bupropion SR  
Ziprasidone

## UK

### 7 – FY12

Alendronic Acid  
Mycophenolate Mofetil  
Remifentanil Powder Inj  
Oxycodone  
Adenosine Soln Inj  
Donepezil  
Clarithromycin

### 6 – H1FY13

Atorvastatin  
Losartan  
Ropinarole  
Mirtizapine  
Simvastatin  
Premi IR

## Others

### FY12

13 – Ireland  
24 – India

**Total – 50  
in FY12**

### H1-FY13

25 - Ireland  
12 - India

**Total – 51  
in H1FY13**

# Product Approvals H1-FY13

US

## 8 – Till Date

Lansoprazole DR  
Clopidogrel  
Alfuzosin  
Entacapone  
Felodipine  
Bupropion SR  
Ropinirole XL  
Ziprasidone

UK

## 6 – Till Date

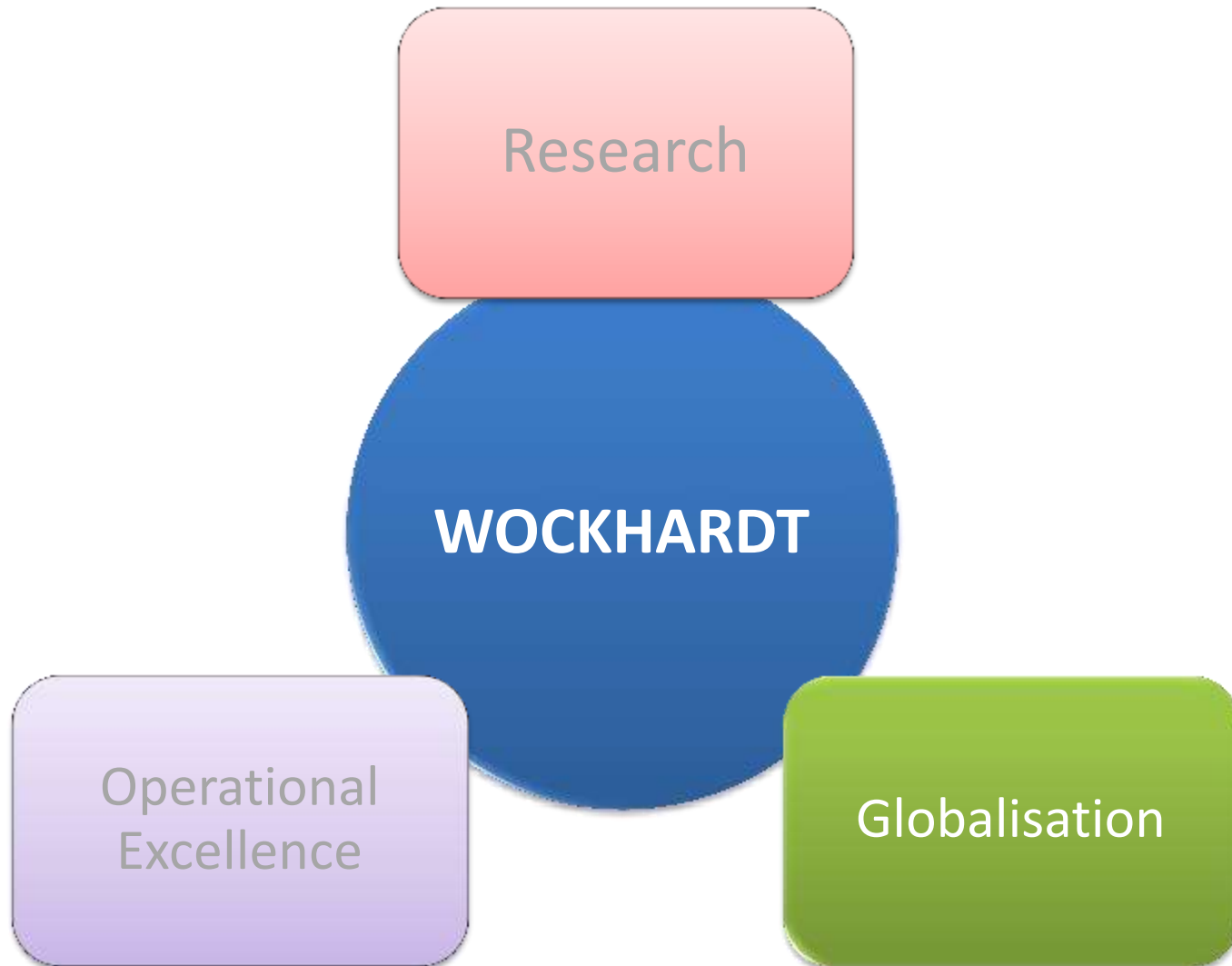
Atorvastatin  
Levetiracetam  
Levomepromazine  
Brominidine  
Cocodamol  
Simvastatin

# Increased Focus on R&D



*TTM : Trailing Twelve Months*

# Sustainable Business Model



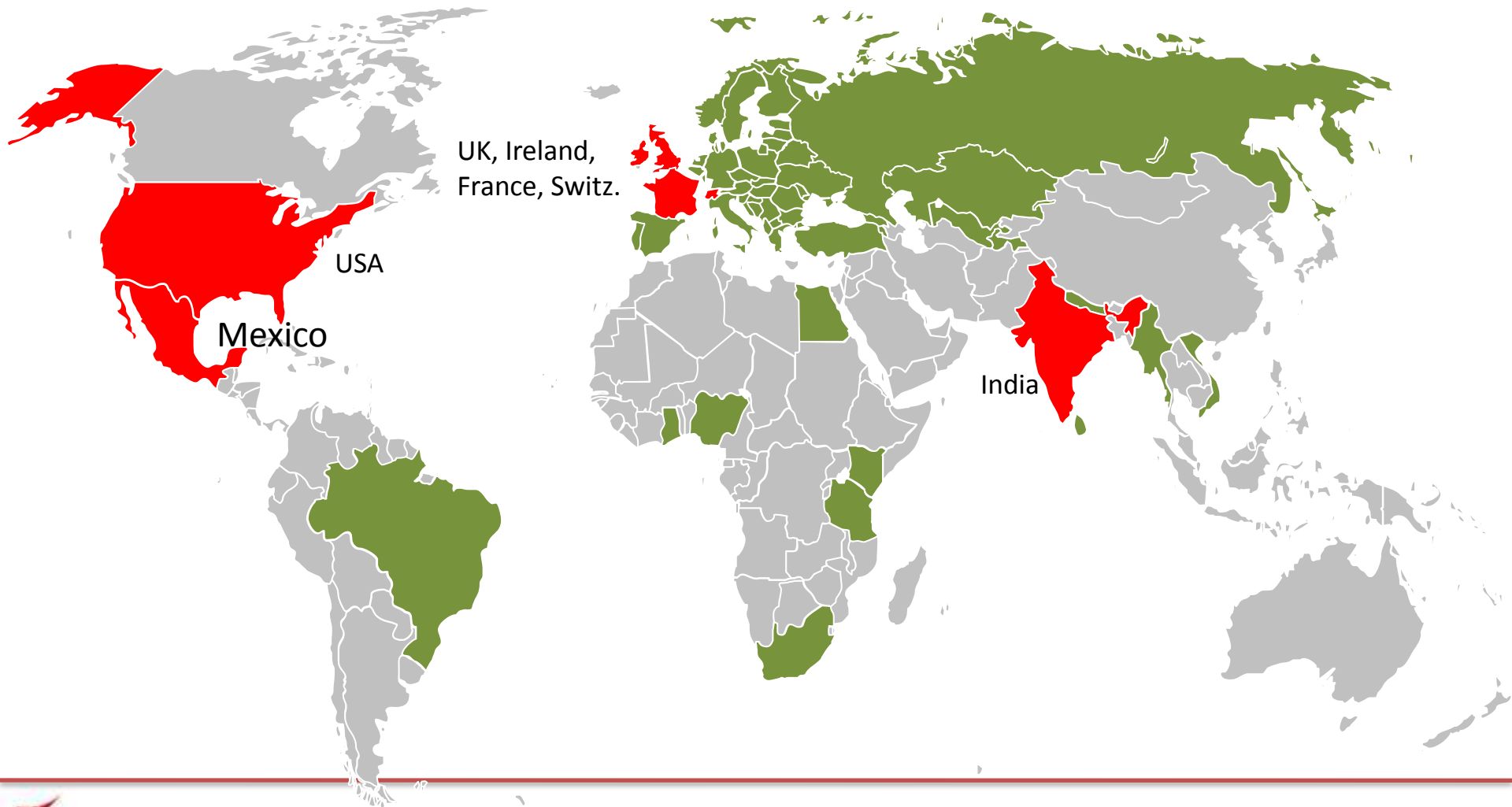
# Global Operations



Wockhardt Direct operations

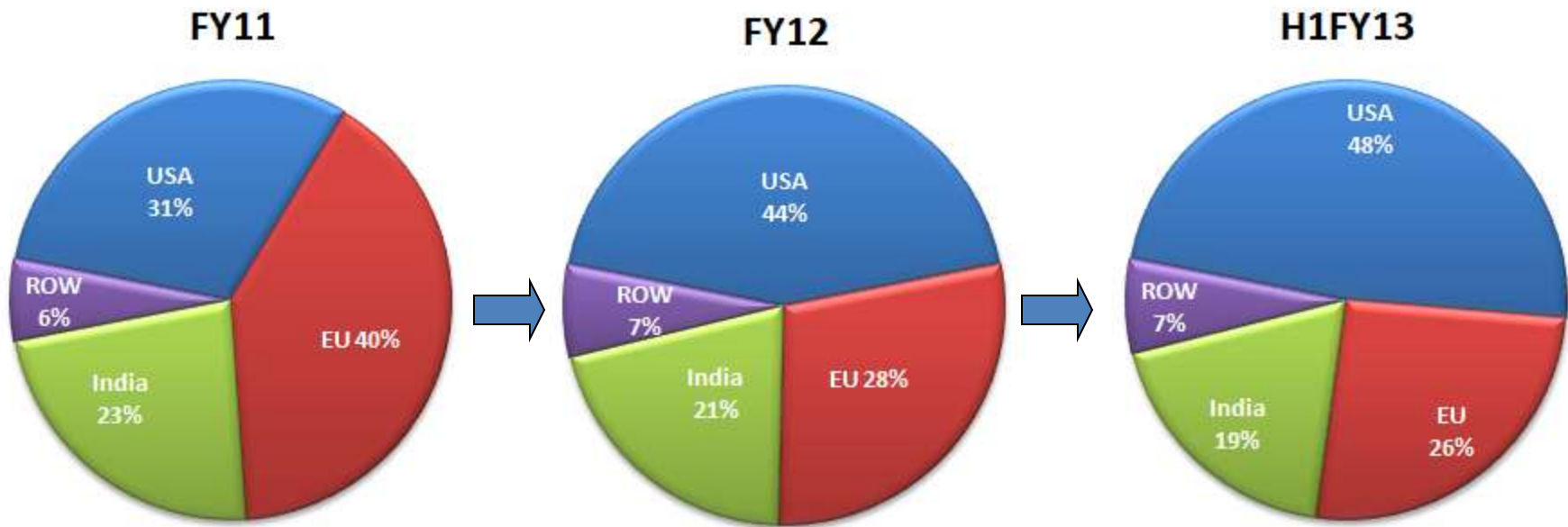


RoW operations





# Geographical Split



Increased presence in High Growth, High Profit geography.

*Above numbers based on Revenues excluding Nutrition Business revenues*

# Sustainable Business Model



# Fit & Trim Operations



Gross Margins at  
64% in FY12 vs.  
63% in FY08.  
H1FY13 at 67%

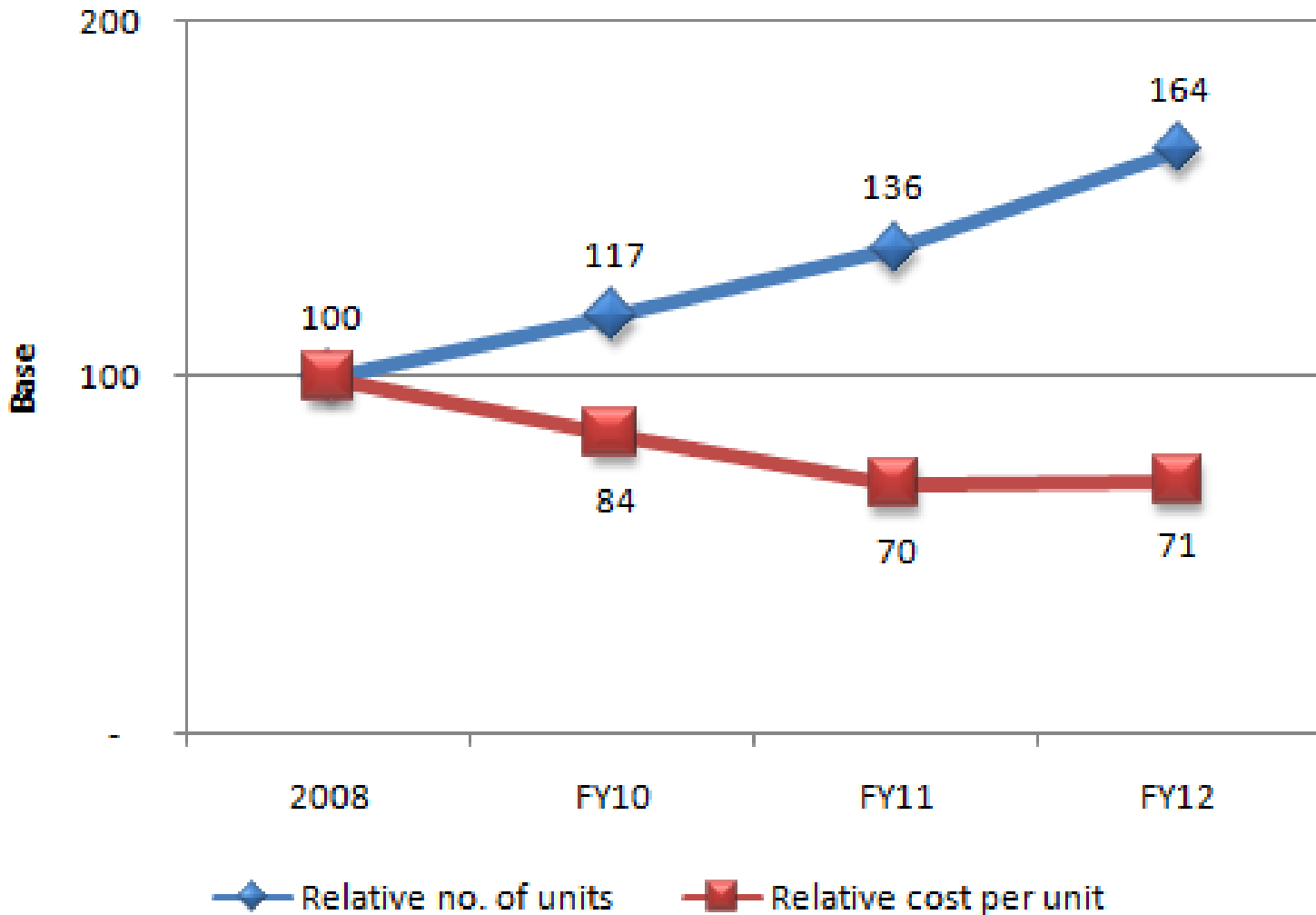


Operating Expenses at  
32% in FY12 vs.  
40% in FY08.  
H1FY13 at 31%



EBITDA Margins at  
31% in FY12 vs.  
18% in FY10.  
H1FY13 at 36%

# Manufacturing Cost (-29%)

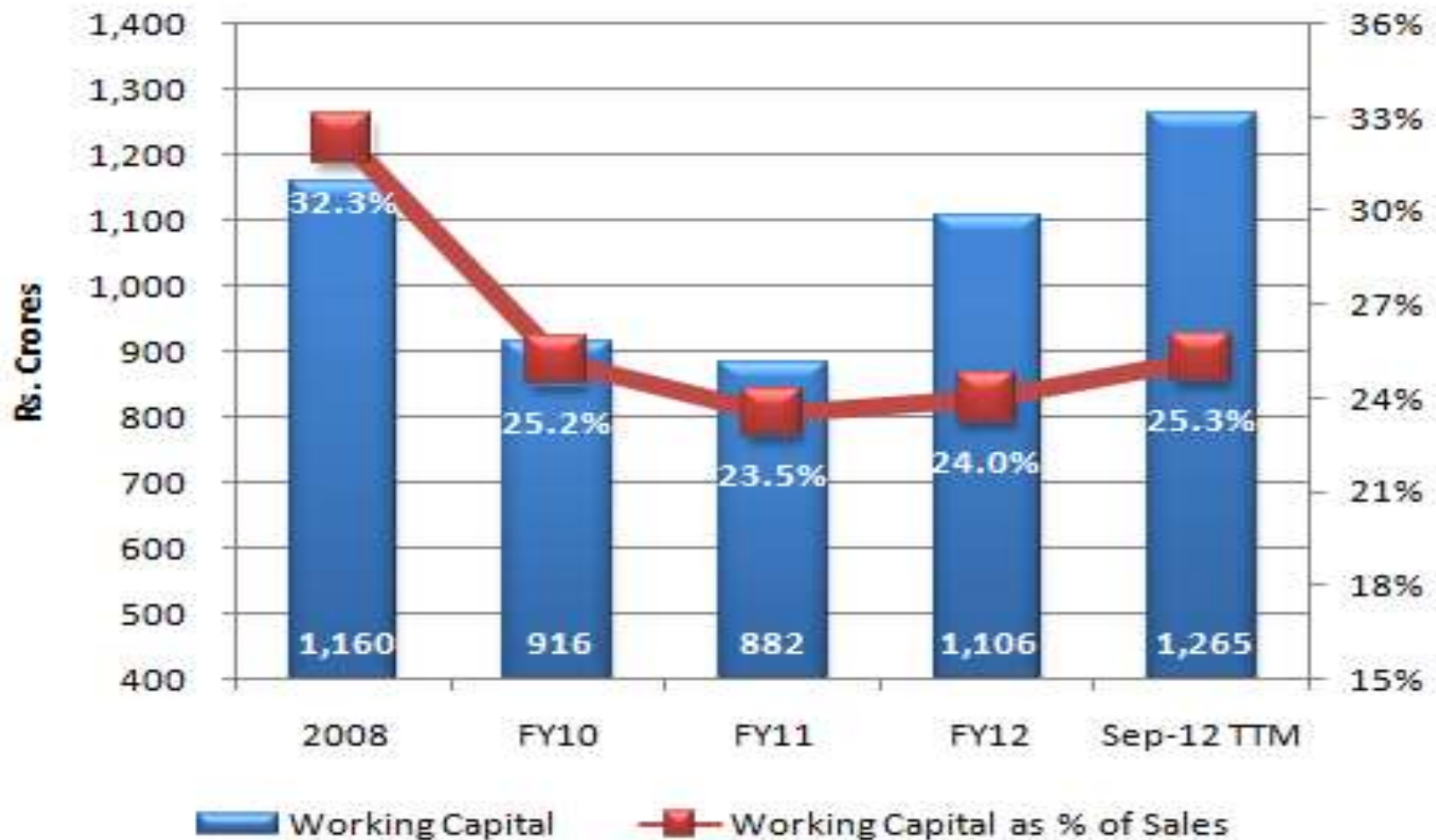


# People Productivity (+27%)



*TTM : Trailing Twelve Months*

# Working Capital (Improved by 26%)



\* Working Capital measured as on the last Working Day of the respective Year

TTM : Trailing Twelve Months

# Q2 Results

# Q2 Results - Note

- The quarterly results for Q2 FY13 include the following
  1. Profit on sale of Nutrition Business of Rs.1187 crores has been accounted under “Exceptional Items”
  2. The carried forward costs of certain Intangible Assets and Research and Development costs as at 30<sup>th</sup> June 2012 of Rs. 437 crores have been expensed off to P&L under “Exceptional Items”. Also an amount of Rs. 48 crores towards Product Development expenses incurred during the quarter ended September 30<sup>th</sup> 2012 has been accounted under the respective expense heads in the P&L.
  3. Goodwill impairment of French subsidiary of Rs. 621 crores has been accounted under “Exceptional Items”
- The results discussed in the following slides have been normalized for the following for all the previous comparative periods
  1. Nutrition Business Revenues and Profits and
  2. Research & Development Costs
- The balance sheet as at September 30<sup>th</sup>, 2012 is as reported and considers the reduction of Nutrition Business and R&D assets.



# Sales – Growth of 29% over Q2FY12

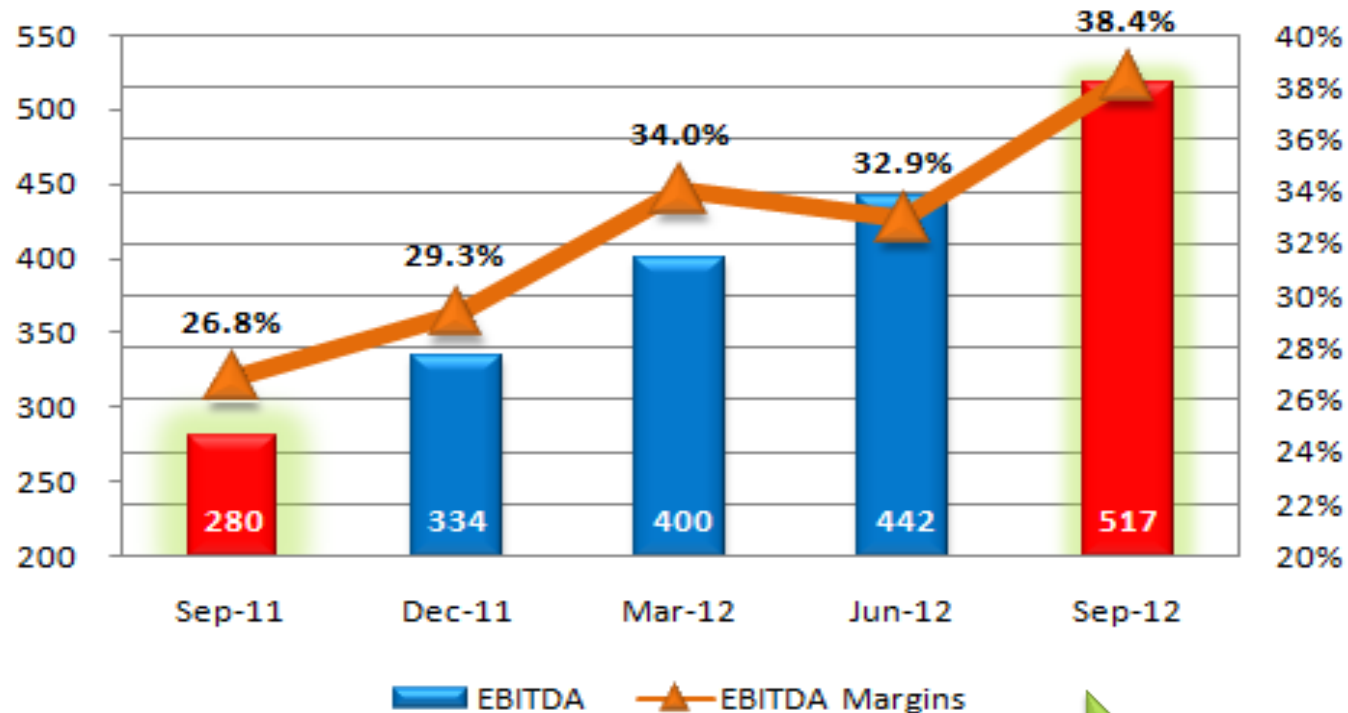
## Sales Normalised



Growth of 29% over Q2FY12  
Growth of 32% in H1FY13 over H1FY12

# EBITDA – Growth of 85% over Q2FY12

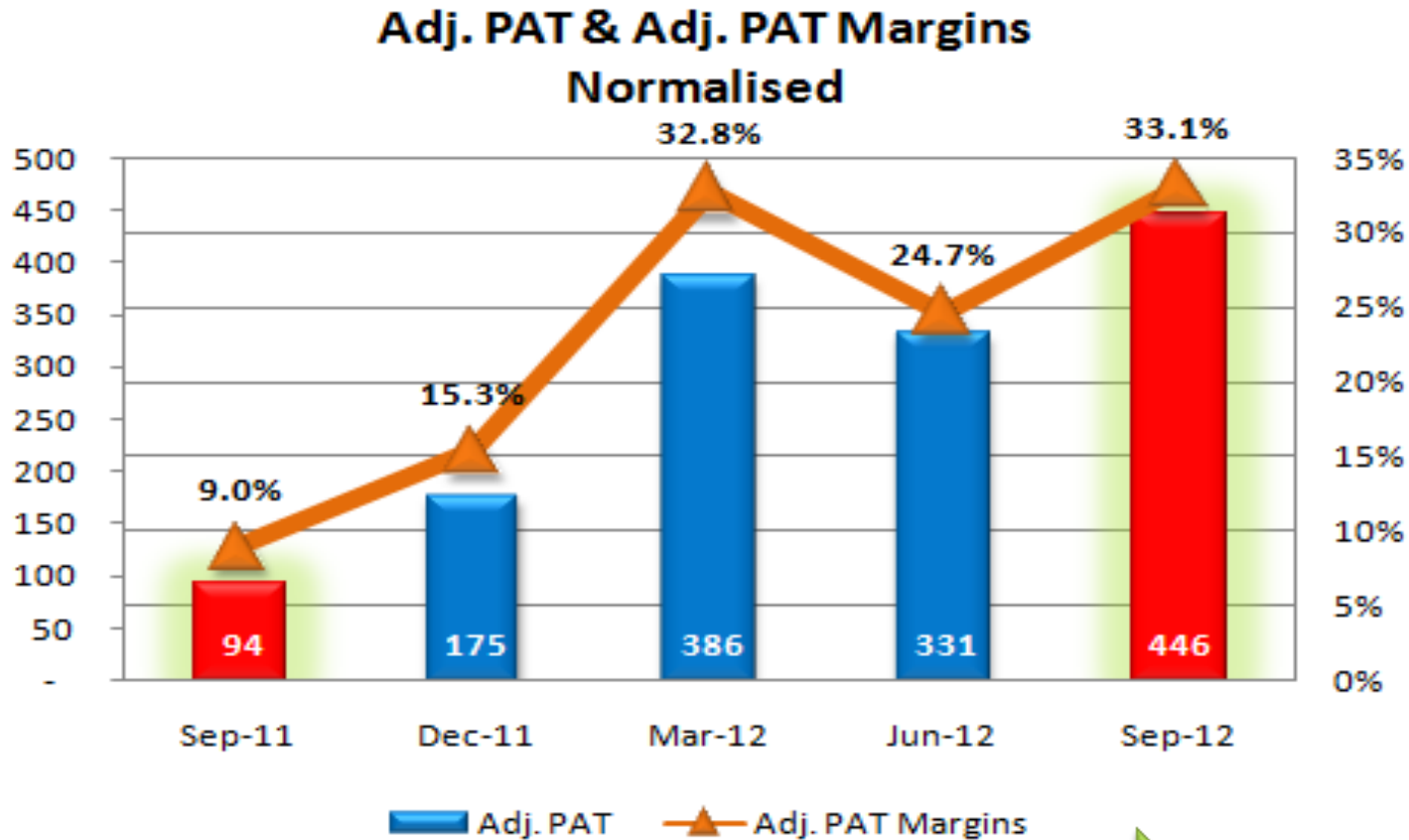
## EBITDA & EBITDA Margins Normalised



Growth of 85% over Q2FY12  
Growth of 77% in H1FY13 over H1FY12

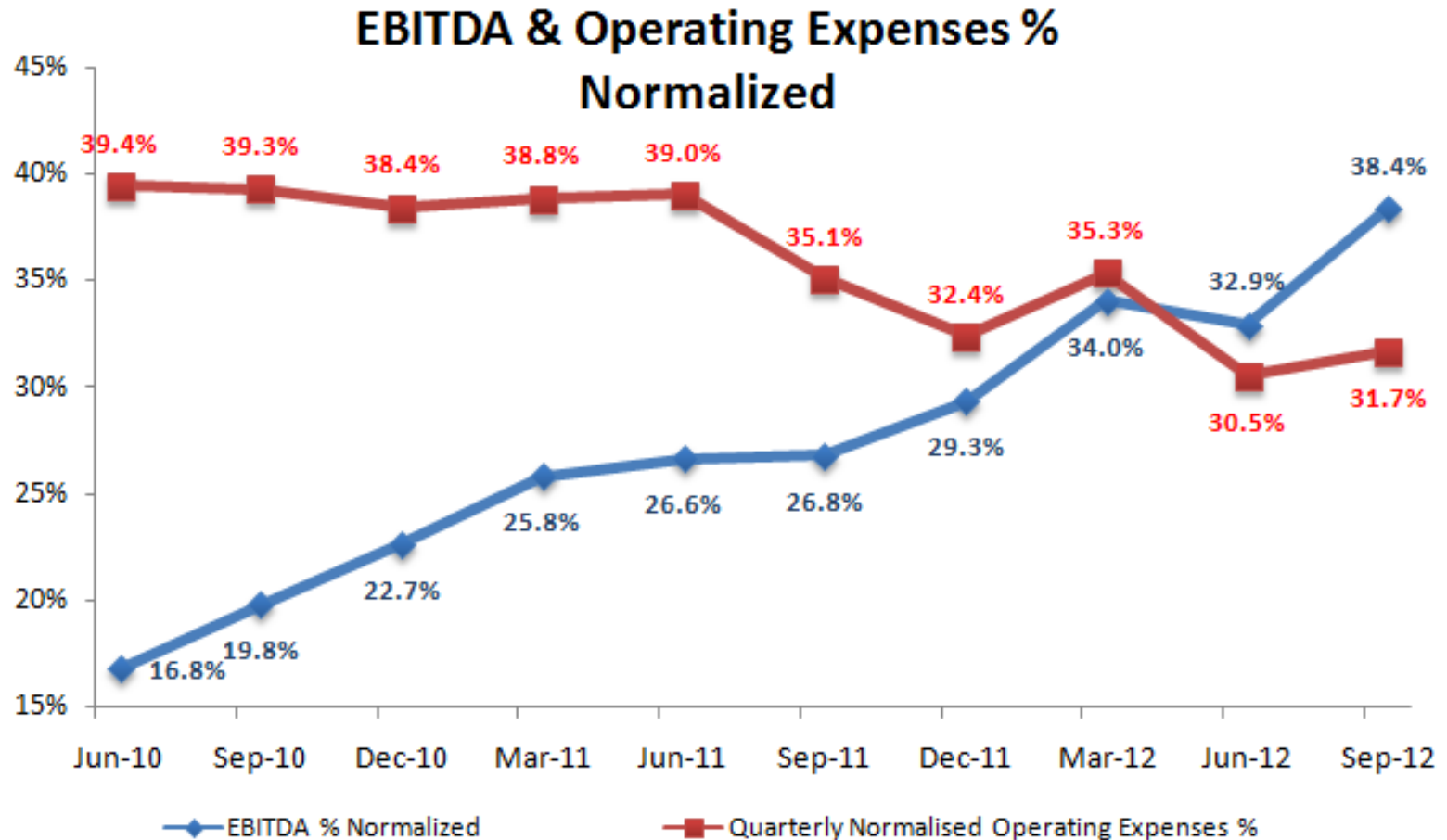
**11<sup>th</sup> Consecutive Quarter of Sequential Growth**

# Adj. PAT – Growth of 375% over Q2FY12



Growth of 376% over Q2FY12  
Growth of 217% in H1FY13 over H1FY12

# Quarter on Quarter Improvement



# Strong Balance Sheet

Rs. in crores

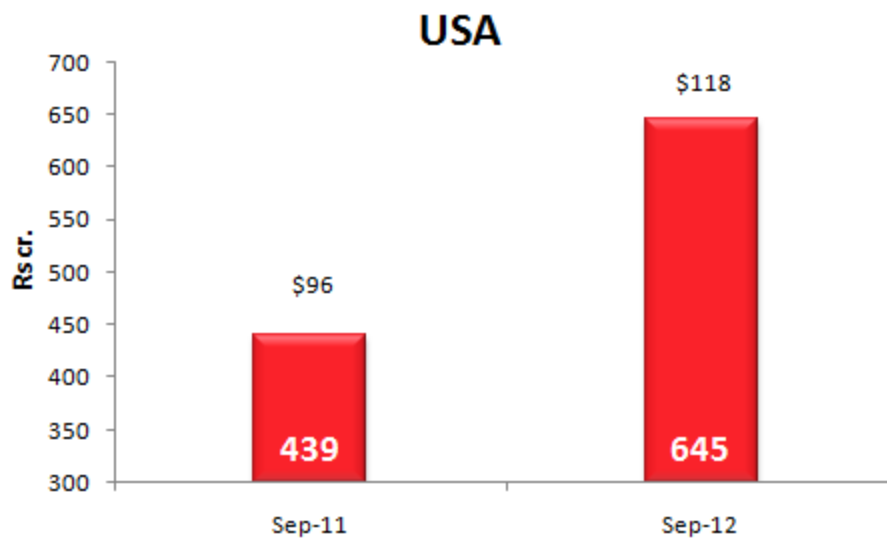
EQUITY & LIABILITIES			ASSETS		
	Sep-12	Mar-12		Sep-12	Mar-12
<b>Shareholders Funds</b>	2,294	1,471	<b>Non Current Assets</b>		
			a. Fixed assets	1,716	2,140
<b>Non Current Liabilities</b>			b. Goodwill on consolidation	713	1,333
a. Long-term borrowing	2,458	2,706	c. Non-current investments	50	91
b. Deferred tax liabilities (net)	-	101	d. Deferred tax assets (net)	44	-
c. Other long-term liabilities	-	-	e. Long-term loans and advances	181	208
d. Long-term provisions	93	85	f. Other non-current assets	-	-
	2,551	2,892		2,704	3,772
<b>Current Liabilities</b>			<b>Current Assets</b>		
a. Short-term borrowing	157	261	a. Inventories	1,022	889
b. Trade payables	620	541	b. Trade receivables	863	759
c. Other current liabilities	894	978	c. Cash and bank balances	1,938	700
d. Short-term provisions	210	111	d. Short-term loans and advances	199	134
	1,881	1,891		4,022	2,482
<b>Total - Equity &amp; Liabilities</b>	<b>6,726</b>	<b>6,254</b>	<b>Total - Assets</b>	<b>6,726</b>	<b>6,254</b>

# Strong Balance Sheet

<b>Return On Capital Employed (EBIT / Capital Employed)</b>	<b>31% *</b>
<b>Return on Net-Worth (PAT / Networth)</b>	<b>58% *</b>
<b>Net Debt to Equity (Net Debt / Equity)</b>	<b>0.5</b>
<b>Net Operating Working Capital to Sales</b>	<b>25%*</b>
<b>EBITDA to Net Debt</b>	<b>1.5*</b>
<b>Interest Coverage Ratio (EBIT / Interest)</b>	<b>8.1*</b>

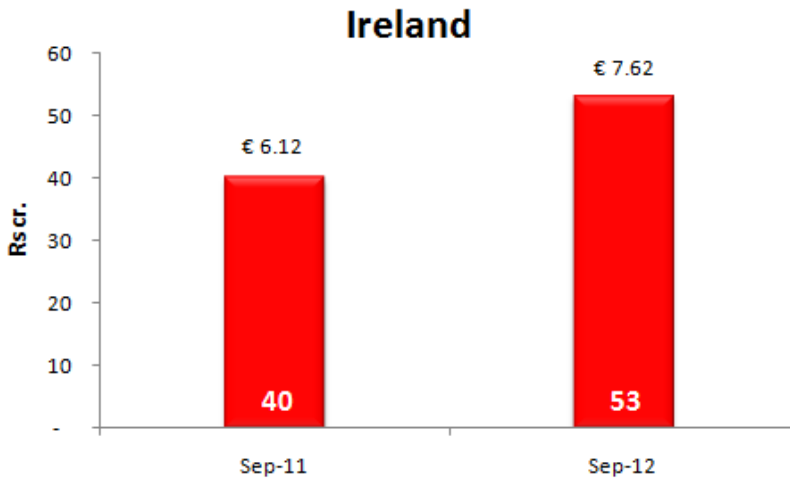
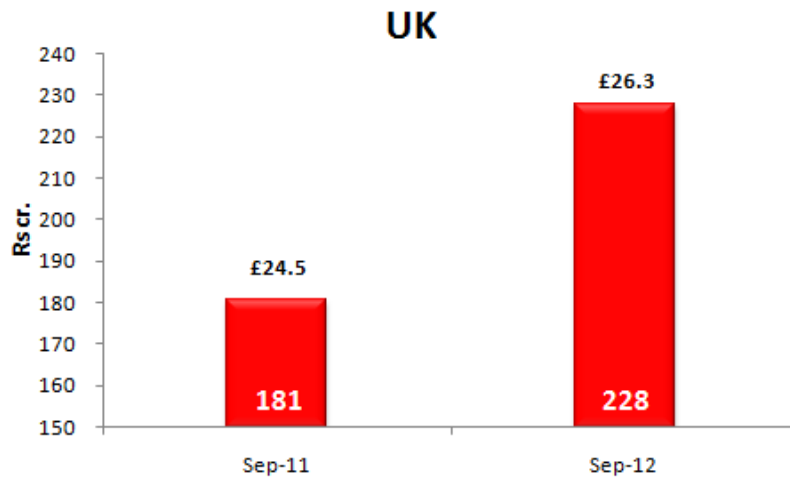
*\*Based on Trailing Twelve months Sales, Adjusted EBITDA, Adjusted EBIT and Adjusted PAT*

# US Business: Profitable Growth



- Growth of 47% (22% on \$ terms) over Q2FY12.
- Growth in H1FY13 of 61% (33% in \$ terms) over H2FY12
- 4 New Products launched in Q2FY13. A total of 8 new product launches in H1FY13.
- Growth across segments in the US market
- LEC - all strengths launched post exclusivity
- Entacapone - another sole AG launched in US on October 1st.

# EU Operations: Strong UK Operations



## UK Operations

UK operation grows by 26% (7% in £ terms) in Q2FY13 against a depressed market growth

Growth of 29% (9% in £ terms) in H1FY13

3 new product launches in Q2 FY13, 6 in H1FY13

No. 3 Generic company in UK

No. 2 in the hospital segment

## Ireland Operations

Ireland growth at 32% (24% in € terms) over Q2FY12.

Growth of 24% (16% in € terms) in H1FY13

Launched 6 products in Q2FY13 and 25 in H1FY13

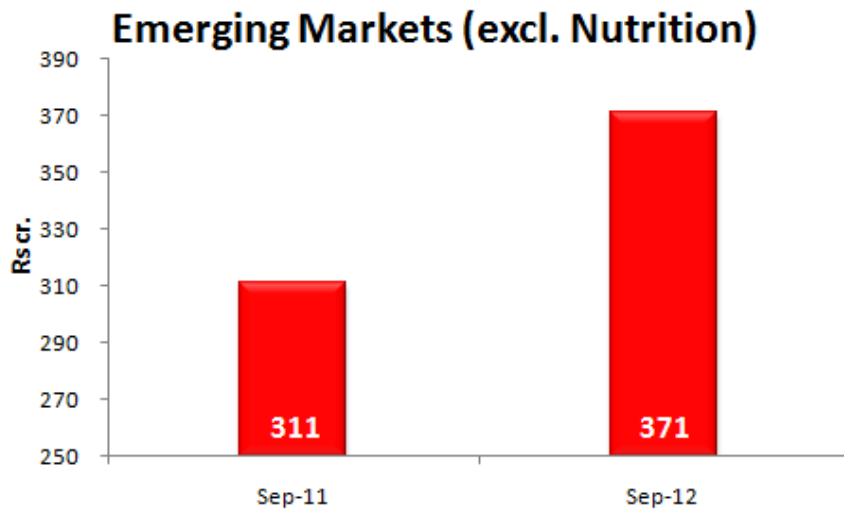
Largest generic player with 30% Market Share



# Emerging Markets



- Emerging Markets growth at 19% for Q2FY13 and at 14% for H1FY13.
- Indian Business grew at 3% over Q2FY12.
- Restructuring of the India field force should start showing results in the following quarters.
- ROW operations grew by 92% over Q2FY12



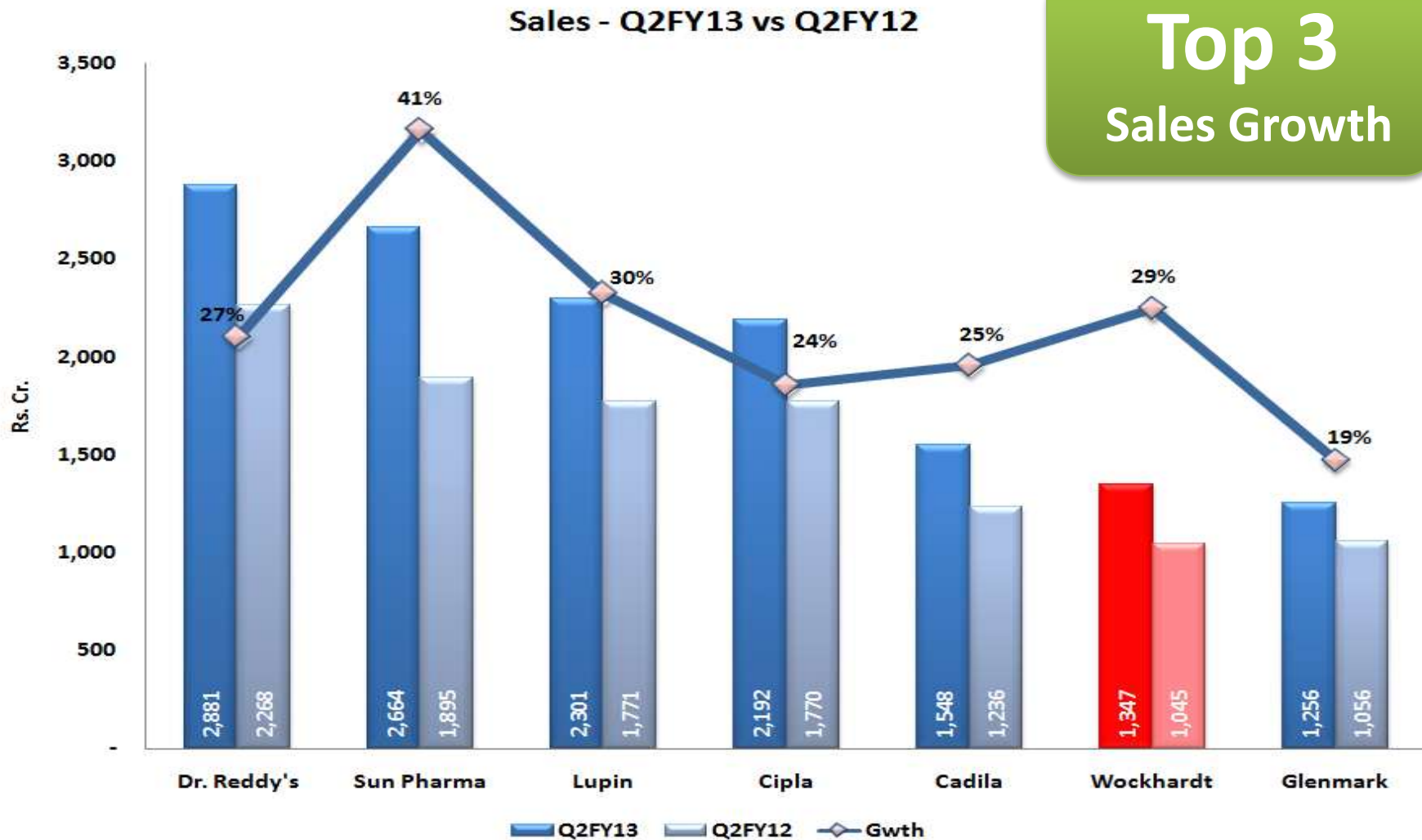
# Awards

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

# Peer Positioning

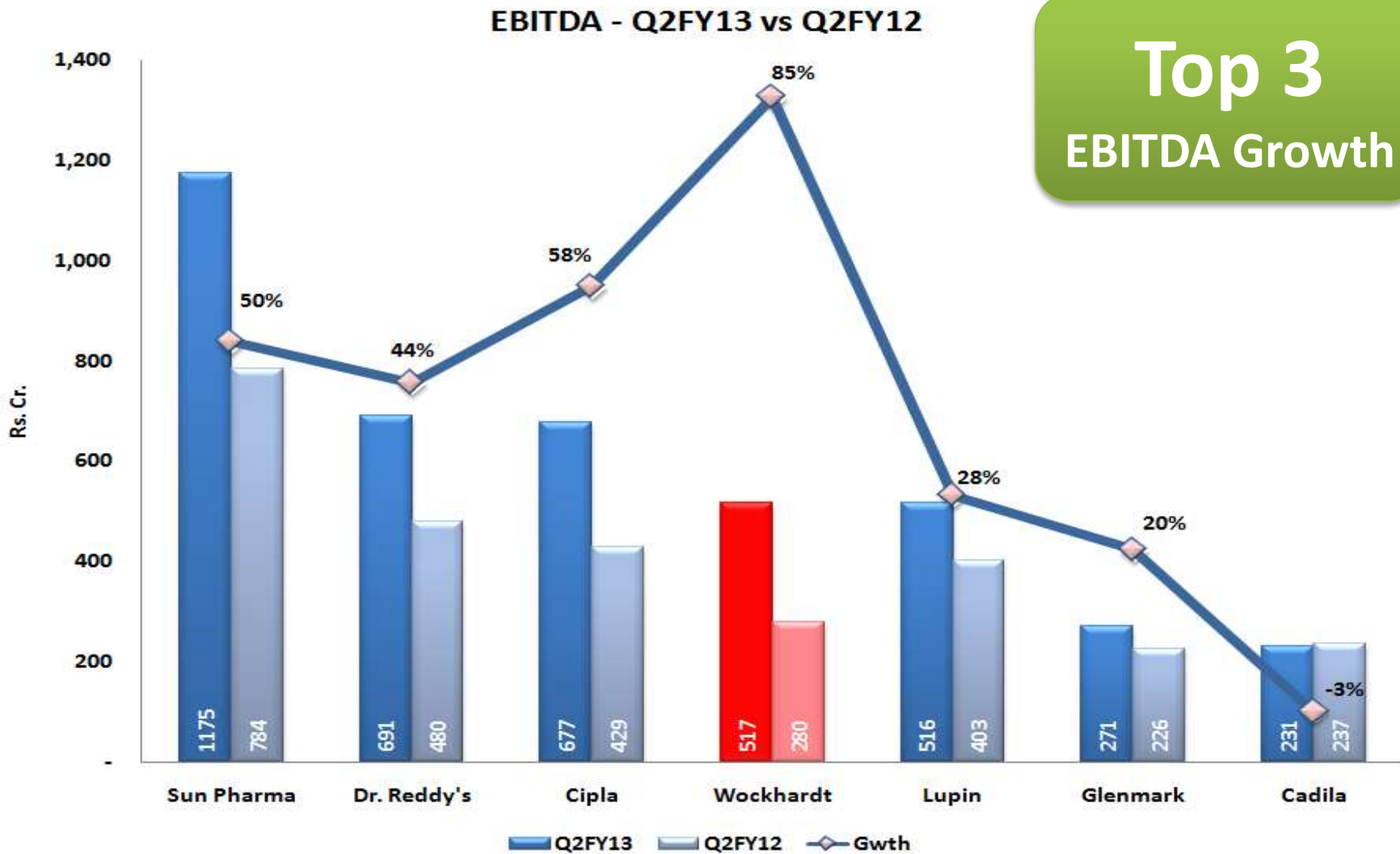
# Peer Positioning – Q2FY13

**Top 3  
Sales Growth**



# Peer Positioning – Q2FY13

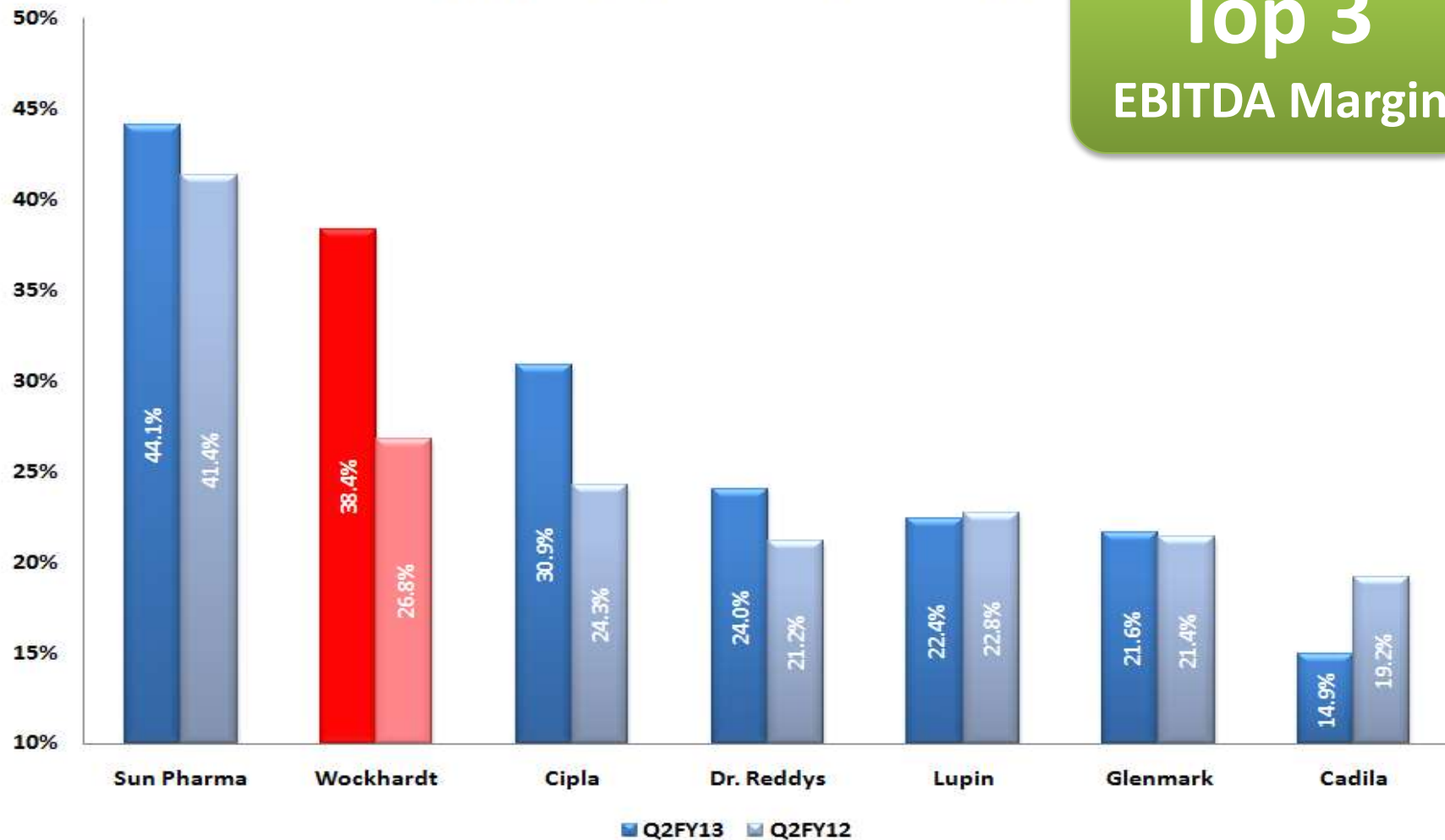
**Top 3**  
EBITDA Growth



# Peer Positioning – Q2FY13

EBITDA Margins- Q2FY13 vs Q2FY12

**Top 3**  
EBITDA Margin



# Peer Positioning – Q2FY13

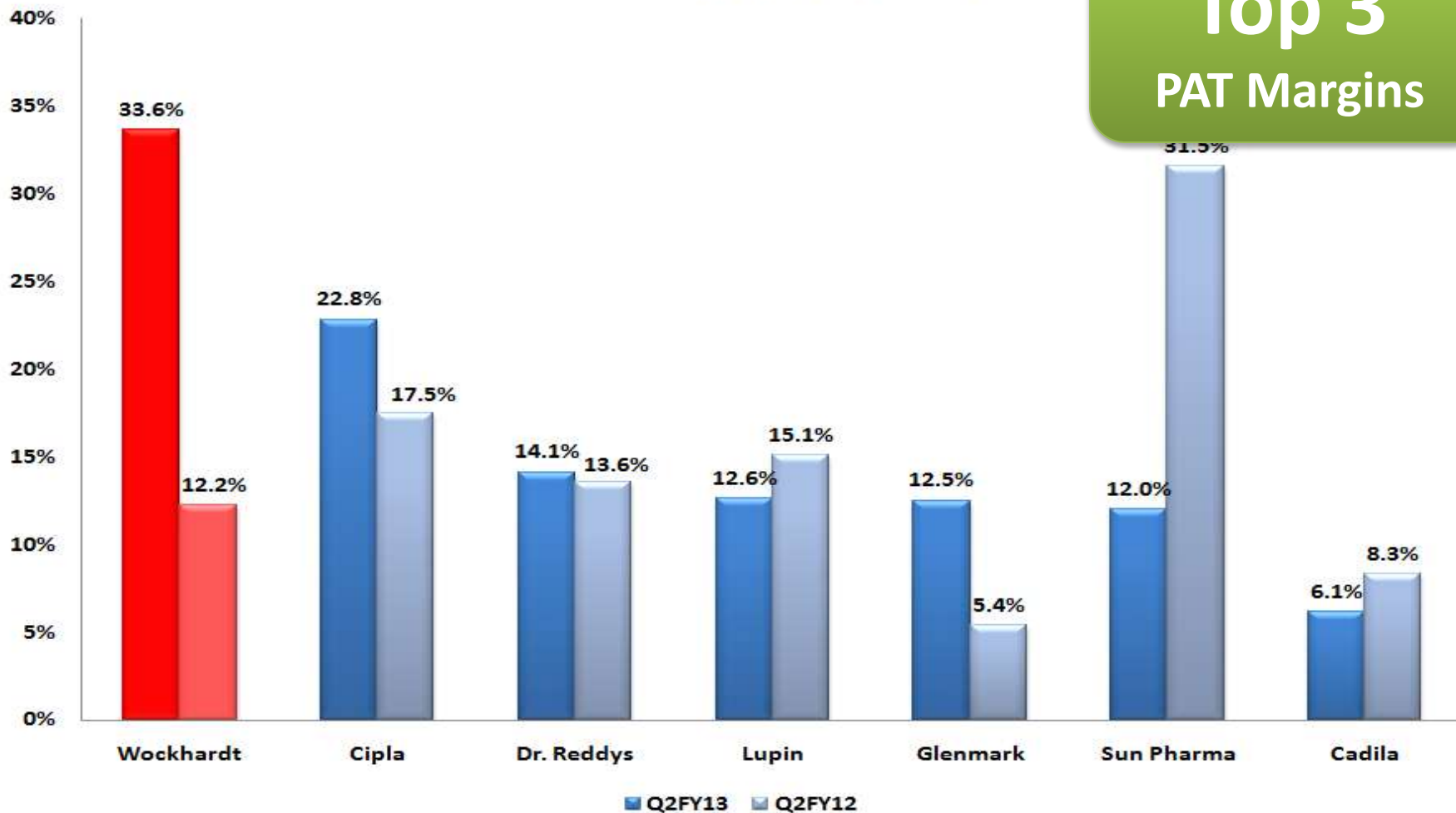
PAT - Q2FY13 vs Q2FY12

**Top 3**  
PAT & PAT Growth



# Peer Positioning – Q2FY13

PAT Margins- Q2FY13 vs Q2FY12

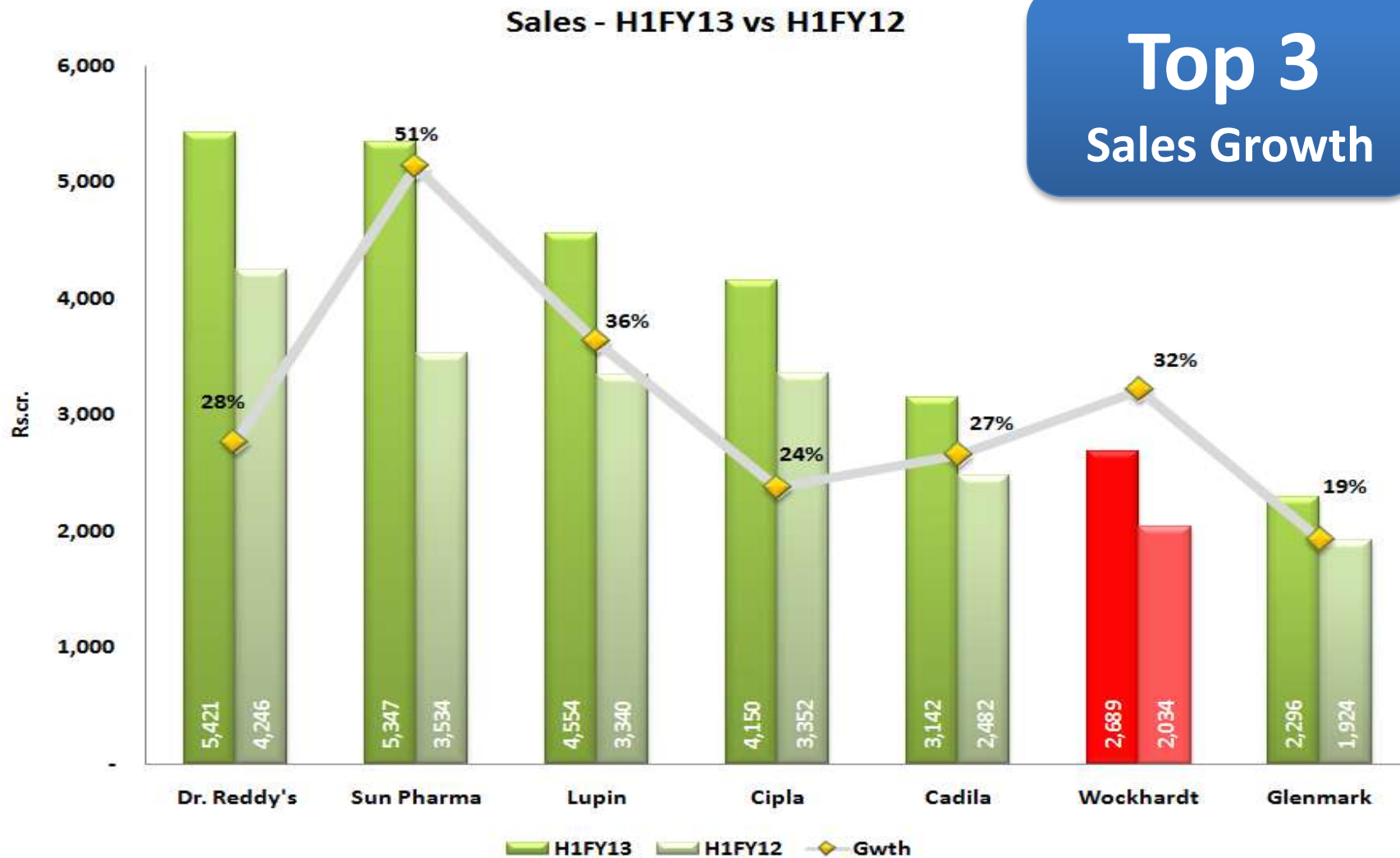


**Top 3  
PAT Margins**



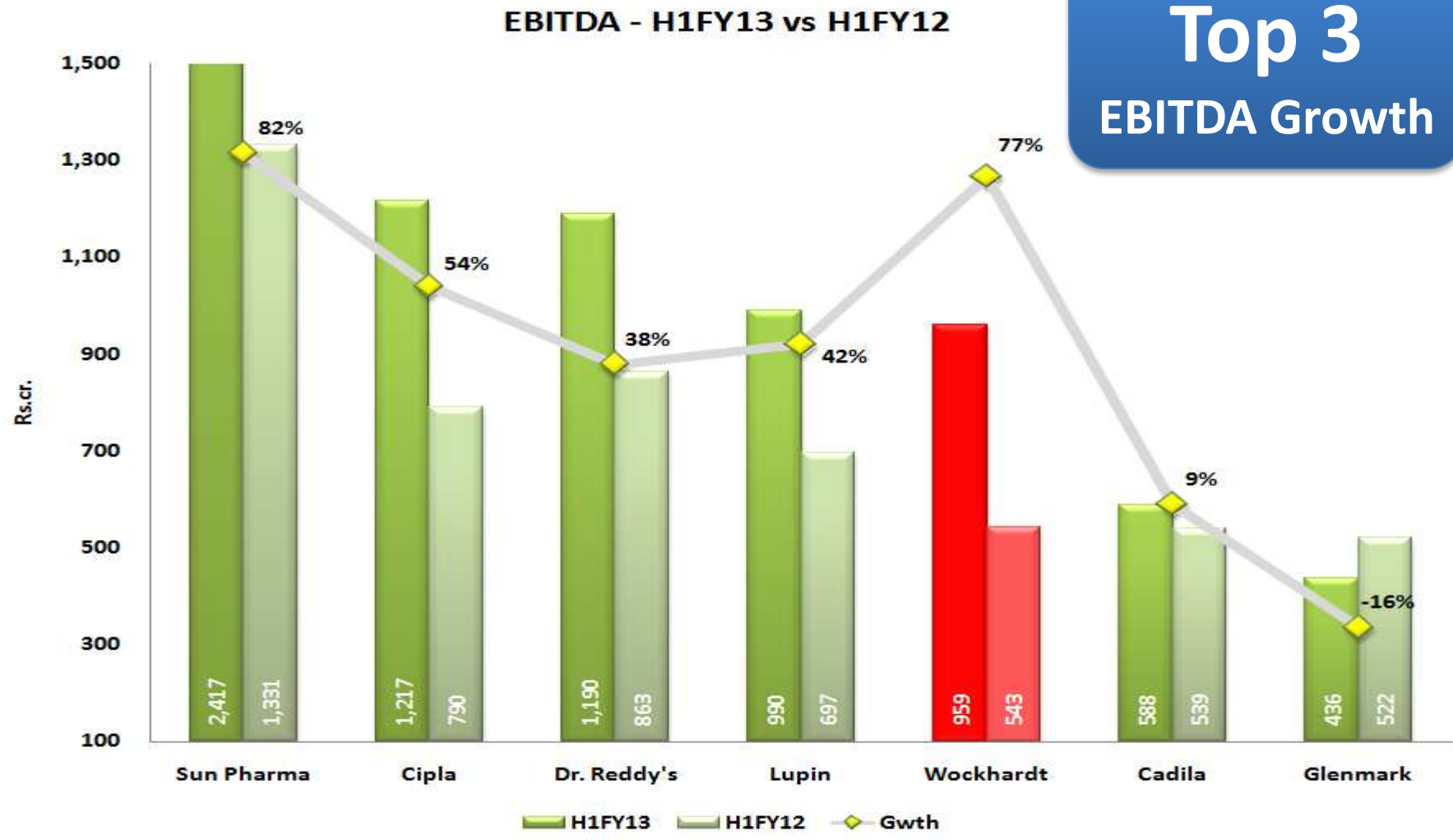
# Peer Positioning – H1FY13

**Top 3  
Sales Growth**



# Peer Positioning – H1FY13

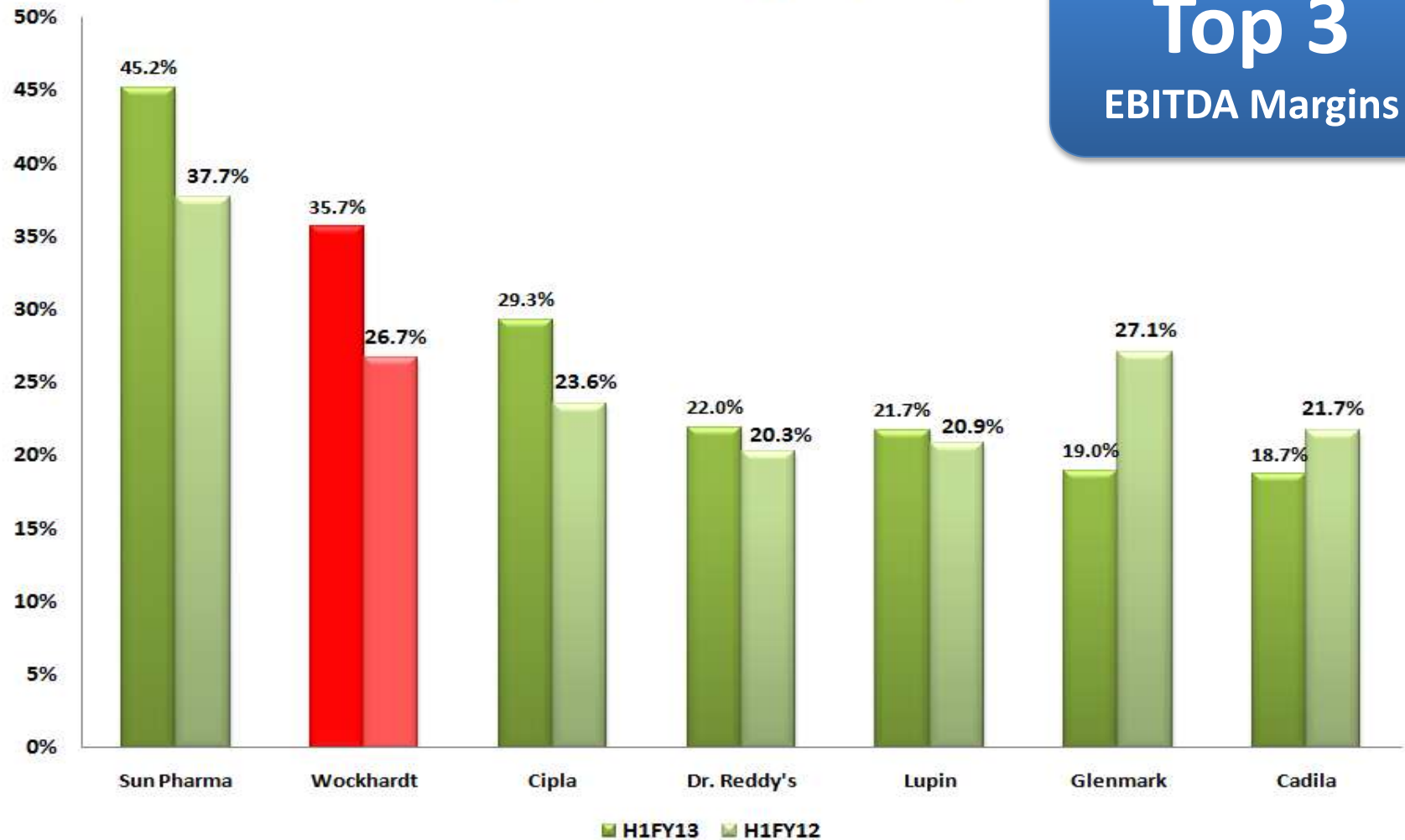
**Top 3  
EBITDA Growth**



# Peer Positioning – H1FY13

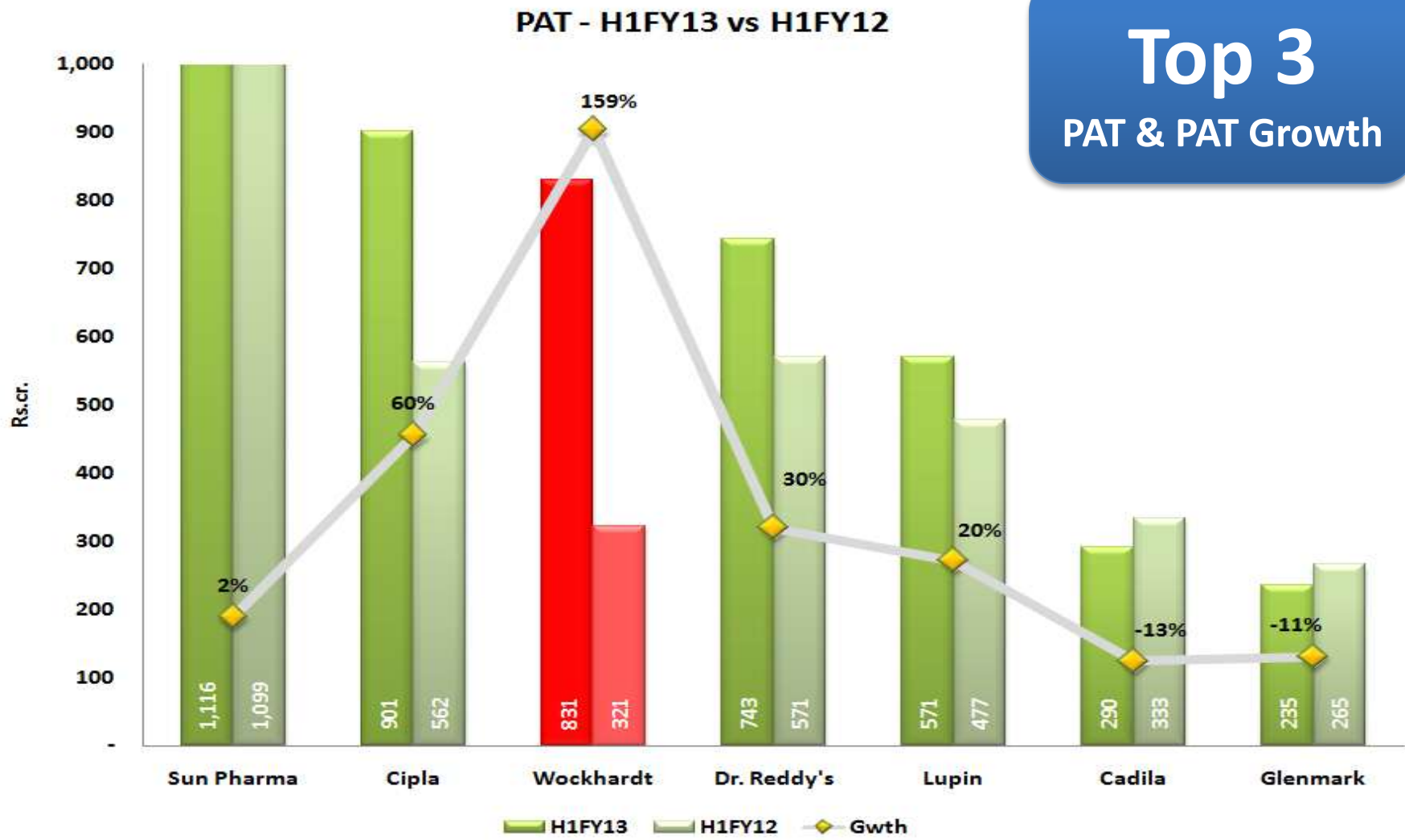
EBITDA Margins- H1FY13 vs H1FY12

**Top 3**  
EBITDA Margins



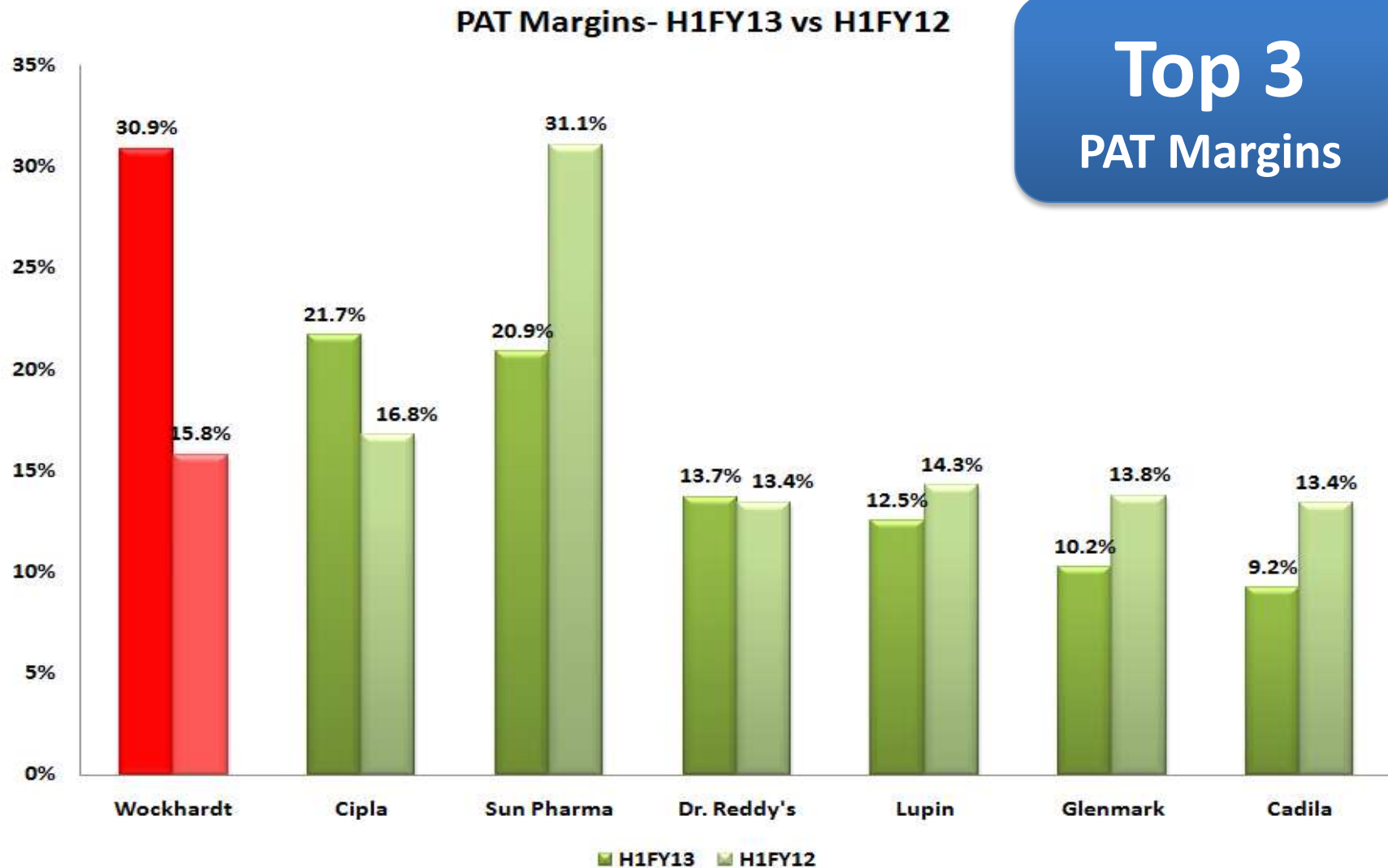
# Peer Positioning – H1FY13

**Top 3**  
PAT & PAT Growth



# Peer Positioning – H1FY13

**Top 3  
PAT Margins**



# Peer Positioning – H1FY13

## Working Capital Comparison as at 30.09.2012

Particulars	Rs. Crores						
	Dr Reddys	Glenmark	Lupin	Sun Pharma	Cadila Healthcare	Cipla	Wockhardt
Inventory	2,189	833	1,889	2,453	1,117	1,858	1,022
Debtors	2,625	1,401	2,014	2,163	1,002	1,685	863
Trade Payables	1,041	894	1,635	861	638	674	620
<b>Net Working Capital</b>	<b>3,772</b>	<b>1,340</b>	<b>2,268</b>	<b>3,755</b>	<b>1,480</b>	<b>2,869</b>	<b>1,265</b>
<b>Revenues (TTM)</b>	<b>10,849</b>	<b>4,394</b>	<b>8,299</b>	<b>9,791</b>	<b>5,923</b>	<b>7,775</b>	<b>5,006</b>
<b>NOWC / Revenues</b>	<b>34.8%</b>	<b>30.5%</b>	<b>27.3%</b>	<b>38.3%</b>	<b>25.0%</b>	<b>36.9%</b>	<b>25.3%</b>

One of the Best Managed Working Capital in the Industry

Particulars	Dr Reddys	Glenmark	Lupin	Sun Pharma	Cadila Healthcare	Cipla	Wockhardt
ROCE *	22%	15%	24%	28%	20%	23%	31%
RONW *	25%	17%	21%	20%	22%	17%	58%

\*Based on Trailing Twelve months Financials

# Consistent Profitable Growth

# Delivering Consistent Profits

## Research

- R&D at the Strategic Core
- Robust Product Pipeline

## Globalization

- Direct Operations in USA, UK , Ireland & India
- Strategic Alliances in Emerging Economies

## Operational Excellence

- Strong Management & Research Capabilities
- Focus on High Value Product Launches
- Fitter & Trimmer Organisation





For investor updates and communication please visit  
[www.wockhardt.com](http://www.wockhardt.com)

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