



December 5, 2018

My Dear Share Owners,

The Company's Board of Directors have approved the financial results for 2nd Quarter (July-September) of the Financial Year 2018-19. I take this opportunity to share with you the Company's performance this year along with some key business highlights.

The business performance of the Company during the quarter ended 30th September, 2018 showed marked improvement with Sales growth of 12% quarter on quarter and 10% over same period of previous year driven by growth in US and Emerging Markets. The increase in revenue coupled with Company's ongoing focus on cost optimisation resulted in an improved EBITDA from ₹8 crore in Q2FY18 to ₹52 crore during the current quarter. Costs of on-going remedial measures, however, continued to impact profitability. The focus in strategic R&D initiatives of the Company in the global arena continued to remain one of the key priorities. Such strategic R&D expenses though meant for the future are expensed off.

Financial Highlights for Q2 (July - September) FY 2018-19

- ◆ Consolidated revenue for the quarter is ₹1,125 crore.
- ◆ EBITDA before R&D spend is ₹134 crore for Q2FY19, compared to ₹85 crore in previous year.
- ◆ R&D spend at ₹82 crore (7% of sales) and including capital expenditure is at 12% to sales for Q2FY19.

Financial Highlights for 6 Months (April-September) FY 2018-19

- ◆ Consolidated revenue for H1FY19 is ₹2,133 crore.
- ◆ EBITDA before R&D spend is ₹224 crore for H1FY19, compared to ₹78 crore in previous year.
- ◆ R&D spend at ₹143 crore (7% of sales) and including capital expenditure is at 10% to sales for H1FY19.

Business Highlights

- ◆ The International Business contributed 60% of the global revenue in Q2FY19 and H1FY19.
- ◆ India Business grew by 1% over Q2FY18 and stood at ₹455 crore in Q2FY19 vs ₹452 crore in Q2FY18. In H1FY19 it stood at ₹850 crore vs ₹755 crore in H1FY18. Two new products launched in India during Q2FY19 and six new products in H1FY19.
- ◆ Emerging Markets Business grew by 21% Q-o-Q, grew by 68% in Q2FY19 compared to Q2FY18 and stood at ₹144 crore in Q2FY19 compared to ₹86 crore in Q2FY18. In H1FY19 it stood at ₹263 crore vs ₹174 crore in H1FY18 representing a growth of 52% in H1FY19.
- ◆ UK revenues were at ₹251 crore in Q2FY19 vs ₹254 crore in Q2FY18, representing a de-growth of 1% in Q2FY19 in INR terms. UK operations stood at ₹489 crore in H1FY19 versus ₹511 crore in H1FY18; de-grew by 4%. The Company launched 1 new product and successfully filed 1 new product during the quarter.
- ◆ US business for Wockhardt contributed 17% of the Global Revenues in Q2FY19 compared to 16% in the Q2FY18. Revenues from the US Business were at ₹186 crore in Q2FY19 versus ₹158 crore in Q2FY18. In H1FY19 it stood at ₹369 crore versus ₹310 crore in H1FY18. One ANDA filed during the quarter. Cumulative ANDA's pending for approval at 71.
- ◆ Irish Business revenues were at ₹42 crore in Q2FY19 vs ₹38 crore in Q2FY18; grew by 11% in Q2FY19 in INR terms. In H1FY19 business grew by 18% in INR terms (Revenues at ₹86 crore in H1FY19 versus ₹73 crore in H1FY18).
- ◆ French Operations were at ₹16 crore in Q2FY19 vs ₹14 crore in Q2FY18 and ₹33 crore in H1FY19 vs ₹30 crore in H1FY18.

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.

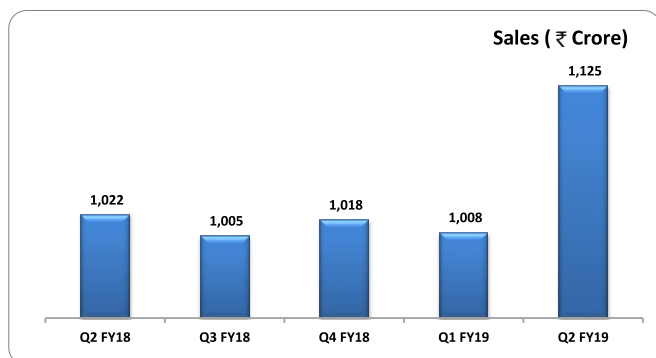
Warm Regards,

Dr. Habil Khorakiwala
Founder Chairman

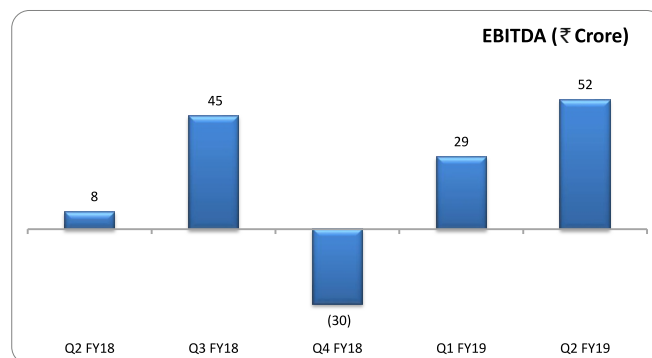


PERFORMANCE HIGHLIGHTS

Sales Performance over the period:



EBITDA over the period:



Consolidated Financials – Q2FY19:

- Consolidated revenues at ₹ **1,125** crore in **Q2FY19** vs ₹ **1,022** crore in **Q2FY18**, a growth of ~10%. Revenues grew by **12%** compared to Q1FY19.
 - India Business grew by **1%** in Q2FY19 compared to Q2FY18.
 - Emerging market Business grew by **68%** in Q2FY19 compared to Q2FY18.
 - UK revenues de-grew by 9% in GBP terms in Q2FY19 over Q2FY18.
 - US Business grew by 10% in Q2FY19 compared to Q2FY18 in dollar terms mainly on account of New Products launched from Third Party manufacturing sites.
- Gross Margins at **57%** in **Q2FY19**, up by **3%** from **Q2FY18**.
- EBITDA at ₹ **52** crore is showing marked improvement as compared to ₹ **8** crore in **Q2FY18**.

Consolidated Financials – H1FY19 :

- Consolidated revenues at ₹ **2,133** crore in **H1FY19** vs ₹ **1,913** crore in **H1FY18**.
 - India Business grew by 13% in H1FY19 as compared to H1FY18.
 - Emerging market Business grew by **52%** in H1FY19 as compared to H1FY18.
 - UK revenues de-grew by 12% in GBP terms in H1FY19 compared to H1FY18.
 - US Business grew by 12% in dollar terms in H1FY19 as compared to H1FY18.
- Gross Margins at **57%** during H1FY19.
- EBITDA at ₹ **81** crore compared to ₹ **(71)** crore in H1FY18.

BUSINESS HIGHLIGHTS

● International Operations

- At ₹670 crore, contributes 60% of global revenues for Q2FY19, grew by 18% as compared to Q2FY18.
- At ₹1,283 crore, contributes 60% of global revenues for H1FY19, grew by 11% as compared to H1FY18.

● India & Emerging Markets Business

- India and Emerging Markets contributed 53% of the global revenues in Q2FY19 and 52% in H1FY19.
- 2 new products launched in India during Q2FY19 and 6 new products during H1FY19.
- India Business grew by 1% in Q2FY19 over Q2FY18 and stood at ₹455 crore in Q2FY19 vs ₹452 crore in Q2FY18. India Business stood at ₹850 crore for H1FY19 vs ₹755 crore in H1FY18.
- Emerging Markets Business grew by 68% in Q2FY19 compared to Q2FY18 and stood at ₹144 crore in Q2FY19 compared to ₹86 crore in Q2FY18. During H1FY19 it stood at ₹263 crore vs ₹174 crore of H1FY18 representing a growth of 52% in H1FY19.

● Europe Business

- Europe Operations (including France) contributed 30% of the Global Revenues in Q2FY19 and 31% during H1FY19. Revenues from EU Operations (excluding France) were at ₹323 crore in Q2FY19 and at ₹619 crore during H1FY19. Revenues from French Operations were at ₹16 crore in Q2FY19 and ₹33 crore in H1FY19 versus ₹14 crore in Q2FY18 and ₹30 crore during H1FY18.

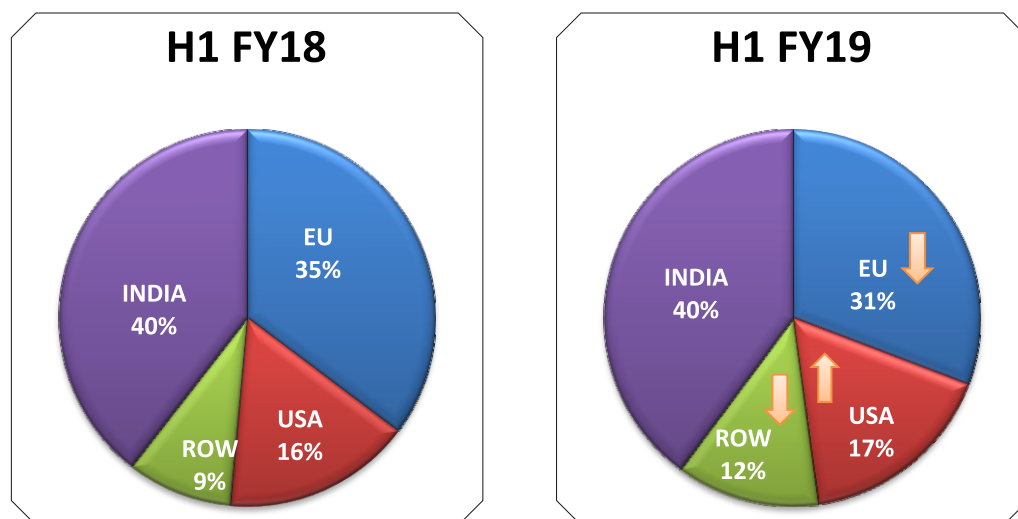
● UK Operations (including Pinewood's UK business)

- UK revenues were at ₹251 crore in Q2FY19 vs ₹254 crore in Q2FY18, representing a de-growth of 1% in Q2FY19 in INR terms (and de-grew by 9% in GBP terms in Q2FY19 over Q2FY18). UK operations stood at ₹489 crore in H1FY19 versus ₹511 crore in H1FY18, de-grew by 4% in INR terms (and de-grew by 12% in GBP terms in H1FY19 over H1FY18).
- Irish Business revenues were at ₹42 crore in Q2FY19 vs ₹38 crore in Q2FY18, grew by 11% in Q2FY19 in INR terms (and 2% in Euro terms). During H1FY19 Irish business grew by 18% in INR terms (Revenues at ₹86 crore in H1FY19 versus ₹73 crore in H1FY18) and grew by 7% in Euro terms.

● US Business

- US business for Wockhardt contributed 17% of the Global Revenues in Q2FY19 compared to 15% in the Q2FY18. Revenues from the US Business were at ₹186 crore in Q2FY19 versus ₹158 crore in Q2FY18. During H1FY19 it stood at ₹369 crore versus ₹310 crore during H1FY18.
- The company received 1 new approval of ANDA during H1FY19. Total pending ANDAs as on 30th September, 2018 is 71.

SHARE OF GLOBAL REVENUES



FINANCIALS

Consolidated P&L

₹ Crore

Particulars	Q2-FY19	Q1-FY19	Q2-FY18	H1 FY19	H1 FY18
Revenues from Operations	1125	1008	1022	2133	1913
Material Consumption	485	424	471	909	880
Gross Margins	640	584	551	1224	1033
<i>Gross Margin %</i>	<i>57%</i>	<i>58%</i>	<i>54%</i>	<i>57%</i>	<i>54%</i>
Staff Cost	229	218	226	447	434
R&D Expenses	82	61	77	143	149
Other Expenditure	277	276	240	553	521
Total Expenditure	1073	979	1014	2052	1984
EBITDA	52	29	8	81	(71)
<i>EBITDA Margin</i>	<i>5%</i>	<i>3%</i>	<i>1%</i>	<i>4%</i>	<i>-4%</i>
EBITDA before R&D	134	90	85	224	78
<i>EBITDA Margin before R&D</i>	<i>12%</i>	<i>9%</i>	<i>8%</i>	<i>11%</i>	<i>4%</i>
Interest & Financing Cost	65	73	68	138	129
Less: Interest Income	(2)	(3)	(8)	(5)	(25)
Interest Expenses (Net)	63	70	60	133	104
(Income)/Expense due to Exchange Rate Fluctuation	(15)	24	(13)	9	(32)
Depreciation	40	39	36	79	73
Other Income / (Loss)	5	4	47	9	67
Profit/(Loss) Before Tax before exceptional items	(32)	(100)	(28)	(132)	(149)
Exceptional Item Profit/(Loss)	-	-	-	-	(358)
Profit/(Loss) before Tax	(32)	(100)	(28)	(132)	(507)
Tax Expense (Including Deferred Tax)	(1)	(5)	(19)	(6)	(36)
Profit After Tax (PAT)	(31)	(95)	(9)	(126)	(471)
Less: Non-Controlling Interest	(8)	(9)	(6)	(17)	(58)
PAT after Non-Controlling Interest	(23)	(86)	(3)	(109)	(413)
<i>PAT after Non-Controlling Interest Margin %</i>	<i>-2%</i>	<i>-9%</i>	<i>0%</i>	<i>-5%</i>	<i>-22%</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

Visit us at: www.wockhardt.com