



November 22, 2019

My Dear Shareowners,

The Company's Board of Directors have approved the financial results for 2nd Quarter (July - September) of the Financial Year 2019-20. I take this opportunity to share with you the Company's performance this quarter along with some key business highlights.

The business performance of the Company during the quarter ended 30th September 2019 showed improvement in EBITDA by 23% from ₹81 crore in H1FY19 to ₹99 crore in H1FY20 driven by Remedial cost reduction and overall cost rationalisation. EBITDA in H1FY20 is inclusive of impact of INDAS 116 (Lease Accounting) as applicable.

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 2019-20

- ◆ Consolidated revenue for the quarter is ₹802 crore.
- ◆ EBITDA before R&D spend is ₹103 crore for Q2FY20, compared to ₹134 crore in previous year.
- ◆ R&D spend at ₹60 crore (7% of sales) and including capital expenditure is at 13% to sales for Q2FY20.

Financial Highlights for 6 months (April - September) FY 2019-20

- ◆ Consolidated revenue for the H1FY20 is ₹1,665 crore.
- ◆ EBITDA before R&D spend is ₹219 crore for H1FY20, compared to ₹224 crore in previous year.
- ◆ R&D spend at ₹120 crore (7% of sales) and including capital expenditure is at 13% to sales for H1FY20.

Business Highlights

- ◆ The International Business contributed 72% of the global revenue in Q2FY20 and H1FY20.
- ◆ India Business contributed to 28% of global revenue in Q2FY20 and stood at ₹227 crore in Q2FY20 vs ₹455 crore in Q2FY19. In H1FY20 India Business contributed to 28% of global revenue in H1FY20 and stood at ₹471 crore in H1FY20 vs ₹850 crore in H1FY19. Two new products launched in India during Q2FY20 and six new products in H1FY20.
- ◆ Emerging Markets Business stood at ₹132 crore in Q2FY20 compared to ₹144 crore in Q2FY19. In H1FY20 Emerging Markets Business grew by 5% over H2FY19 and stood at ₹276 crore in H1FY20 vs ₹263 crore in the previous year.
- ◆ UK Business contributed to 28% of the global revenue in Q2FY20 and UK revenues were at ₹223 crore in Q2FY20 vs ₹251 crore in Q2FY19 and in H1FY20 the business contributed to 27% of global revenue and stood at ₹447 crore vs ₹489 crore in the previous year.
- ◆ US Business for Wockhardt contributed to 18% of the Global Revenues in Q2FY20 compared to 17% in the Q2FY19. Revenues from the US Business were at ₹145 crore in Q2FY20 versus ₹186 crore in Q2FY19. In H1FY20 US Business contributed to 20% of the Global Revenues in H1FY20 compared to 17% in the previous year. Revenues from the US Business were at ₹331 crore in H1FY20 versus ₹369 crore in the previous year.
- ◆ Irish Business stood at ₹39 crore in Q2FY20 vs ₹42 crore as compared to Q2FY19 and stood at ₹77 crore in H1FY20 vs ₹86 crore in the previous year.
- ◆ Revenues from French Operations were at ₹18 crore in Q2FY20 vs ₹16 crore in Q2FY19 and ₹34 crore in H1FY20 vs ₹33 crore in the previous year.

Debt Repayment

During the period ended 30th September 2019 the Company repaid ₹408 crore towards various Long term debt obligations as per schedule. Total Long term outstanding debts as on 30th September 2019 was ₹2,098 crore as compared to ₹2,789 crore as on 30th September 2018 and ₹2,469 crore as on 31st March 2019. Gross Debt- Equity ratio as on 30th September 2019 stood at 0.94.

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.

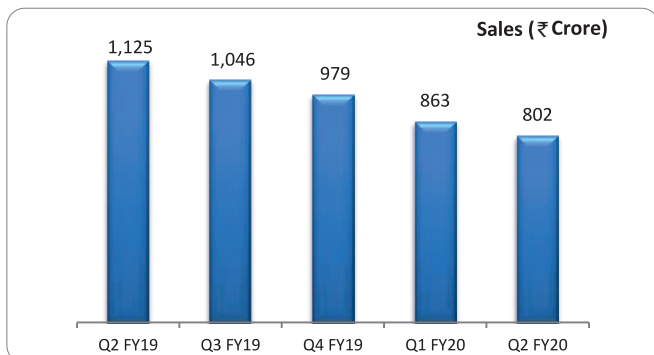
Warm Regards,

Dr. Habil Khorakiwala
Founder Chairman

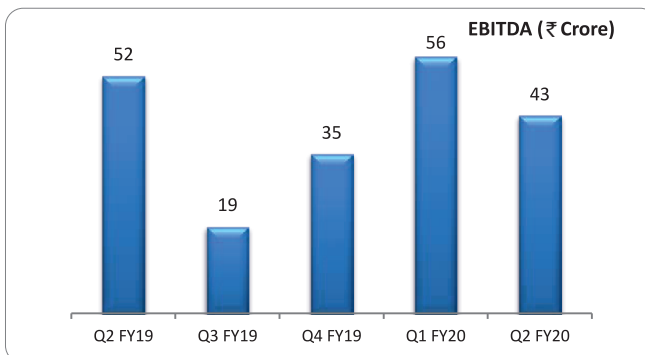


PERFORMANCE HIGHLIGHTS

Sales Performance over the period



EBITDA over the period



Consolidated Financials – Q2FY20

- Consolidated revenues at ₹802 crore in Q2FY20 vs ₹1,125 crore in Q2FY19, a de-growth of ~29%.
 - India Business de-grew by 50% in Q2FY20 compared to Q2FY19.
 - Emerging Markets Business de-grew by 9% in Q2FY20 compared to Q2FY19.
 - UK revenues de-grew by 7% in GBP terms in Q2FY20 over Q2FY19.
 - US Business de-grew by 23% in Q2FY20 compared to Q2FY19 in dollar terms.
- Gross Margins at 60% during Q2FY20, up by 3% compared to Q2FY19.
- EBITDA at ₹43 crore compared to ₹52 crore in Q2FY19.

Consolidated Financials – H1FY20

- Consolidated revenues at ₹1,665 crore in H1FY20 vs ₹2,133 crore in H1FY19, a de-growth of ~22%.
 - India Business de-grew by 45% in H1FY20 compared to H1FY19.
 - Emerging Markets Business **grew by 5%** in H1FY20 compared to H1FY19.
 - UK revenues de-grew by 5% in GBP terms in H1FY20 over H1FY19.
 - US Business de-grew by 12% in H1FY20 compared to H1FY19 in dollar terms.
- Gross Margins at 60% during H1FY20, up by 3% compared to H1FY19.
- EBITDA up by 23% at ₹99 crore as compared to ₹81 crore in H1FY19.

BUSINESS HIGHLIGHTS

● International Operations

- At ₹575 crore, contributes 72% of global revenues for Q2FY20, de-grew by 14% as compared to Q2FY19.
- At ₹1,194 crore, contributes 72% of global revenues for H1FY20, de-grew by 7% as compared to H1FY19.

● India & Emerging Markets Business

- India and Emerging Markets contributed 45% of the global revenues in Q2FY20 and H1FY20.
- 2 new products launched during Q2FY20.
- India Business de-grew by 50% in Q2FY20 over Q2FY19 and stood at ₹227 crore in Q2FY20 vs ₹455 crore in Q2FY19. India Business stood at ₹471 crore in H1FY20 vs ₹850 crore in H1FY19.
- Emerging Markets Business de-grew by 9% in Q2FY20 compared to Q2FY19 and stood at ₹132 crore in Q2FY20 compared to ₹144 crore in Q2FY19. During H1FY20 it stood at ₹276 crore vs ₹263 crore representing a growth of 5% in H1FY19.

● Europe Business

- Europe Operations (including France) contributed 37% of the Global Revenues in Q2FY20 and 35% in H1FY20. Revenues from EU Operations (excluding France) were at ₹280 crore in Q2FY20 and at ₹553 crore in H1FY20. Revenues from French Operations were at ₹18 crore in Q2FY20 vs ₹16 crore in Q2FY19 and ₹34 crore in H1FY20 vs ₹33 crore in H1FY19.

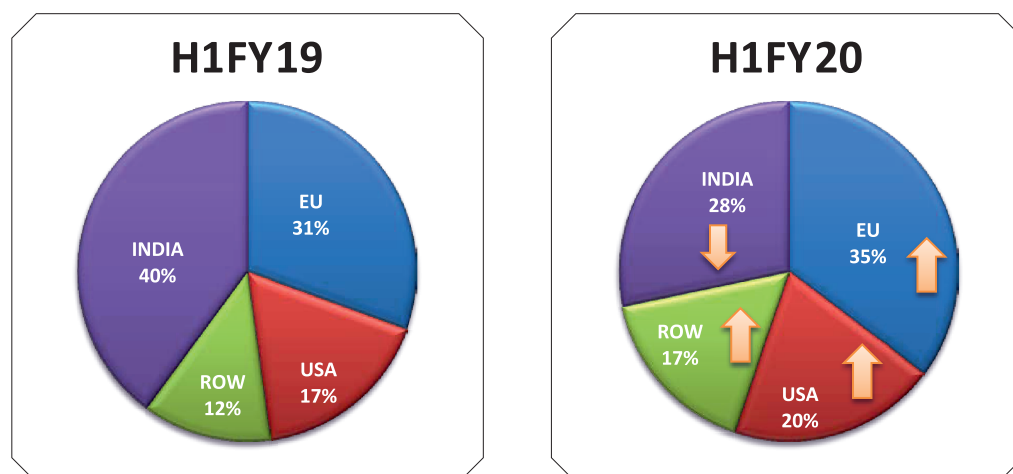
● UK Operations (including Pinewood's UK Business)

- UK revenues stood at ₹223 crore in Q2FY20 vs ₹251 crore in Q2FY19, representing de-growth of 11% in INR terms (and de-grew by 7% in GBP terms in Q2FY20 over Q2FY19). UK operations were at ₹447 crore in H1FY20 vs ₹489 crore in H1FY19, representing de-growth of 8% in INR terms (and de-grew by 5% in GBP terms).
- Irish Business revenues were at ₹39 crore in Q2FY20 vs ₹42 crore in Q2FY19, de-grew by 7% in Q2FY20 in INR terms (and 3% in Euro terms). During H1FY20 Irish Business revenues stood at ₹77 crore in H1FY20 vs ₹86 crore in H1FY19, de-grew by 11% in H1FY20 in INR terms (and 8% in Euro terms).

● US Business

- US Business for Wockhardt contributed to 18% of the Global Revenues in Q2FY20 compared to 17% in the Q2FY19. Revenues from the US Business were at ₹145 crore in Q2FY20 versus ₹186 crore in Q2FY19. Revenues from the US Business stood at ₹331 crore in H1FY20 versus ₹369 crore in H1FY19.
- Total pending ANDAs as on 30th September 2019 is 52.

SHARE OF GLOBAL REVENUES



FINANCIALS

Consolidated P&L

₹ Crore

| Particulars | Q2-FY20 | Q1-FY20 | Q2-FY19 | H1-FY20 | H1-FY19 |
|--|-------------|-------------|-------------|--------------|--------------|
| Revenues from Operations | 802 | 863 | 1125 | 1665 | 2133 |
| Material Consumption | 321 | 351 | 485 | 671 | 909 |
| Gross Margins | 482 | 512 | 640 | 994 | 1224 |
| <i>Gross Margin %</i> | <i>60%</i> | <i>59%</i> | <i>57%</i> | <i>60%</i> | <i>57%</i> |
| Staff Cost | 190 | 211 | 229 | 401 | 447 |
| R&D Expenses | 60 | 60 | 82 | 120 | 143 |
| Other Expenditure* | 189 | 185 | 277 | 374 | 553 |
| Total Expenditure | 759 | 807 | 1073 | 1566 | 2052 |
| EBITDA* | 43 | 56 | 52 | 99 | 81 |
| <i>EBITDA Margin</i> | <i>5%</i> | <i>6%</i> | <i>5%</i> | <i>6%</i> | <i>4%</i> |
| EBITDA before R&D* | 103 | 116 | 134 | 219 | 224 |
| <i>EBITDA Margin before R&D</i> | <i>13%</i> | <i>13%</i> | <i>12%</i> | <i>13%</i> | <i>11%</i> |
| Interest Expenses (Net)* | 65 | 71 | 65 | 136 | 138 |
| (Income)/Expense due to Exchange Rate Fluctuation | (4) | 16 | (15) | 11 | 9 |
| Depreciation* | 53 | 55 | 40 | 108 | 79 |
| Other Income / (Loss) | (0) | 8 | 6 | 8 | 14 |
| Profit/(Loss) Before Tax before exceptional items | (71) | (78) | (32) | (148) | (132) |
| Exceptional Item Profit/(Loss) | - | - | - | - | - |
| Profit/(Loss) before Tax | (71) | (78) | (32) | (148) | (132) |
| Tax Expense (Including Deferred Tax) | 24 | (41) | (1) | (17) | (6) |
| Profit After Tax (PAT) | (94) | (37) | (31) | (131) | (126) |
| Less: Non-Controlling Interest | (12) | 8 | (8) | (4) | (17) |
| PAT after Non-Controlling Interest | (82) | (45) | (23) | (127) | (109) |
| <i>PAT after Non-Controlling Interest Margin %</i> | <i>-10%</i> | <i>-5%</i> | <i>-2%</i> | <i>-8%</i> | <i>-5%</i> |

*Inclusive of impact of IND AS 116 (Lease Accounting) in H1FY20.

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

NOTE: As part of Green initiative to protect the environment, you are requested to please register your email ID with your Depository Participant or Registrar & Transfer Agent of Company at email ID wockhardt@linkintime.co.in for receiving all communications from the Company electronically including this communication from the Chairman. Going forward, this communication will be sent only in electronic mode.

Visit us at: www.wockhardt.com