



June 1, 2020

My Dear Share Owners,

The Company's Board of Directors have approved the financial results for 4<sup>th</sup> Quarter (January-March) of the Financial Year 2019-20. I take this opportunity to share with you the Company's performance this year along with some key business highlights.

**Wockhardt receives US FDA Qualified Infectious Disease Product designation for WCK 6777, first ever once-a-day  $\beta$ -lactam enhancer class antibiotic.**

In April 2020, Wockhardt received coveted Qualified Infectious Disease Product ('QIDP') designation for WCK 6777 from the United States Food and Drug Administration ('USFDA'). WCK 6777 is a once-a-day combination antibiotic based on Wockhardt's NCE Zidebactam, which imparts WCK 6777 novel mechanism of  $\beta$ -lactam enhancer. Driven by the enhancer action, WCK 6777 overcomes an array of problematic bacterial resistance mechanisms such as metallo- $\beta$ -lactamases, KPC and OXA carbapenemases. Further, Zidebactam has the unique ability to overpower other tough resistance mechanisms such as reduced drug uptake and drug efflux encountered in contemporary multidrug (MDR) resistant Gram negative pathogens. Being a once-a-day drug, WCK 6777 would be the first ever antibiotic facilitating the treatment of MDR infections in out-patient settings. Wockhardt's other Zidebactam-based product, WCK 5222, has already received US FDA's nod for global Phase III clinical trial.

WCK 6777 for injection has been awarded QIDP for the following indications:

- ◆ Treatment of complicated urinary tract infections, including pyelonephritis (cUTI)
- ◆ Treatment of complicated intra-abdominal infections (cIAI)

The dual coveted objectives attained by this drug are the prevention of hospitalization and the facilitation of early discharge of hospitalized patients.

With WCK 6777 getting the QIDP status, Wockhardt has become the only company in the world to hold QIDP status for six antibiotics emerging from its anti-bacterial discovery programme. Three of these antibiotics target Gram Negative pathogens, and the other three are effective against Gram positive difficult-to-treat 'Superbugs'.

**Wockhardt to raise ₹ 1,850 crore by sale of part of portfolio of its Domestic Branded Business to Dr. Reddy's Laboratories Limited:**

During the quarter the Shareholders of Wockhardt vide postal ballot dated 16<sup>th</sup> March 2020 approved the intended sale of part of the Domestic Branded Business comprising of 62 products and related business, assets and liabilities including manufacturing facility at Baddi, Himachal Pradesh, India for a consideration of ₹ 1,850 crore to Dr. Reddy's Laboratories Limited.

The sale of Business will enable the Company to:

- ◆ Have adequate liquidity for robust growth in international operations and investments in Biosimilars for the US market;
- ◆ Augment remaining significant Domestic Branded Business portfolio of the Company and re-focus towards chronic segment with differentiated product portfolio
- ◆ Continue its ongoing research and development activities;
- ◆ Necessary action for completion of clinical trials of the Company's breakthrough NCEs in the anti-infective space, duly approved by coveted QIDP Program of United States Food & Drug Administration (US FDA); and
- ◆ Strengthen the balance sheet.

Post above sale, Wockhardt continues to own:

- ◆ All international operations in UK, USA, Ireland and other locations through its stepdown subsidiaries.
- ◆ Formulation plants located at Waluj, Shendra and Chikalthana in Aurangabad, Bimpore and Kadaiya in Daman; bulk drugs plant at Ankleshwar, India and manufacturing facilities at all existing international locations.
- ◆ Research & Development centers located at Chikalthana, Aurangabad, India and existing facilities in the international locations.
- ◆ Significant part of Domestic Branded Business constituting Chronic & Speciality portfolios.



The performance of the Company during the quarter ended 31st March, 2020 showed an improvement in EBITDA for the quarter from ₹34 crore in Q4 FY19 to ₹37 crore in Q4 FY20. FY20 EBITDA also showed an improvement by ~183% to ₹245 crore (PY ₹134 crore).

PAT for the quarter is ₹48 crore as compared to loss in the corresponding period.

#### Financial Highlights for Q4 (January - March) FY 2019-20

- ◆ Consolidated revenue for the quarter is ₹791 crore, compared to ₹979 crore in the previous year.
- ◆ EBITDA before R&D is ₹80 crore for Q4FY20, compared to ₹103 crore in previous year.
- ◆ R&D spend at ₹43 crore (5% of sales) and including capital expenditure is at 13% to sales for Q4FY20.

#### Financial Highlights for the year (April - March) FY 2019-20

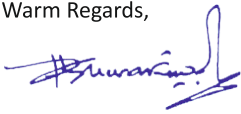
- ◆ Consolidated revenue for FY20 is ₹3,325 crore compared to ₹4,158 crore in the previous year.
- ◆ FY20 EBITDA before R&D was ₹453 crore compared to ₹425 crore in previous year. (Growth of 7%)
- ◆ R&D spend at ₹208 crore (6% of sales) and including capital expenditure is at 12% to sales for FY20.

#### Business Highlights

- ◆ The International Business contributed 78% of the global revenue in Q4FY20 and 73% in FY20.
- ◆ India Business stood at ₹177 crore in Q4FY20 as compared to ₹301 crore in Q4FY19. In FY20 it stood at ₹883 crore as compared to ₹1,514 crore in FY19. De-growth is mainly on account of lower sales in Quality Generics division and in some of the therapeutic areas. Ten new products launched in India Business during FY20.
- ◆ Emerging Markets Business of the Company stood at ₹133 crore in Q4FY20 (PY ₹151 crore). It recorded a growth of 1% in FY20 over FY19 and contributed about ₹547 crore.
- ◆ UK Business during the quarter stood at ₹229 crore in Q4FY20 (PY ₹258 crore). In FY20 it stood at ₹895 crore as compared to ₹995 crore in FY19.
- ◆ US Business recorded a growth of 4% in the current quarter and stood at ₹189 crore contributing to 24% of the Global Revenues in Q4FY20. In FY20 it stood at ₹734 crore versus ₹794 crore in FY19. Cumulative ANDA's pending for approval at 51.
- ◆ Irish Business stood at ₹38 crore in Q4FY20 (PY ₹47 crore). In FY20 Irish Business stood at ₹153 crore as compared to ₹168 crore in FY19.
- ◆ French Operations showed a growth of 6% and were at ₹17 crore in Q4FY20 as compared to ₹16 crore in Q4FY19. In FY20 also the growth was 3% and the French operations stood at ₹65 crore compared to ₹63 crore in the previous year.

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.

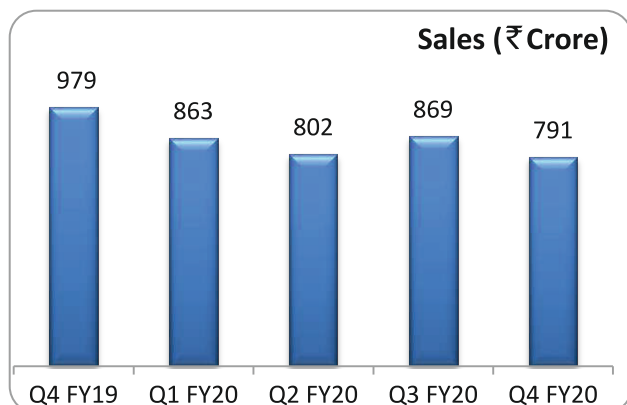
Warm Regards,



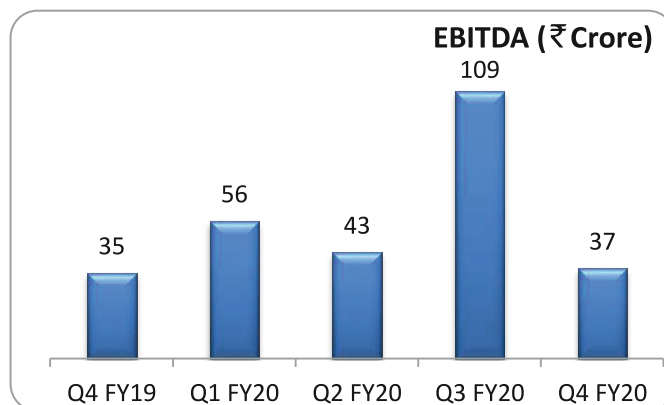
Dr. Habil Khorakiwala  
Founder Chairman

# PERFORMANCE HIGHLIGHTS

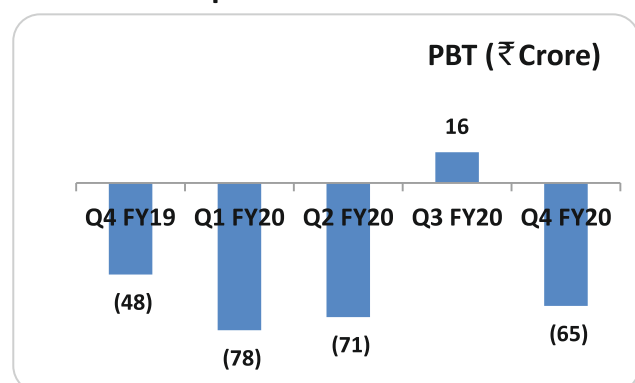
## Sales Performance over the period:



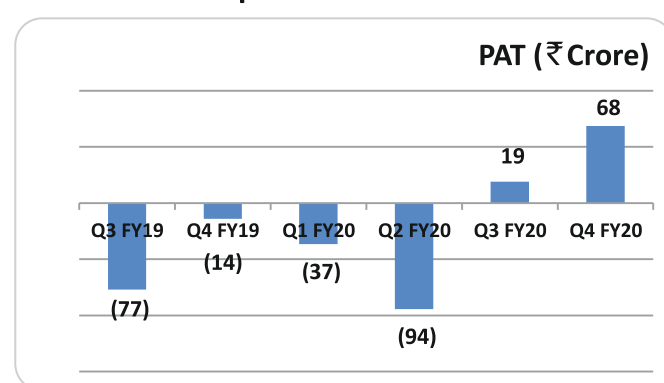
## EBITDA over the period:



## PBT over the period:



## PAT over the period:



## Consolidated Financials – Q4FY20:

- Consolidated revenues at ₹791 crore in Q4FY20 vs ₹979 crore in Q4FY19, a de-growth of ~19%.
  - India Business de-grew by 41% in Q4FY20 compared to Q4FY19.
  - Emerging Markets Business de-grew by 12% in Q4FY20 compared to Q4FY19.
  - UK revenues de-grew by 10% in GBP terms in Q4FY20 over Q4FY19.
  - US Business **grew by 2%** in Q4FY20 compared to Q4FY19 in dollar terms.
- Gross Margins at **62%** during Q4FY20, up by 6% compared to Q4FY19.
- EBITDA at ₹37 crore compared to ₹34 crore in Q4FY19.

## Consolidated Financials – FY20:

- Consolidated revenues at ₹3,325 crore in FY20 vs ₹4,158 crore in FY19, a de-growth of ~20%.
  - India Business de-grew by 42% in FY20 compared to FY19.
  - Emerging Markets Business **grew by 1%** in FY20 compared to FY19.
  - UK revenues de-grew by 8% in GBP terms in FY20 over FY19.
  - US Business de-grew by 9% in FY20 compared to FY19 in dollar terms.
- Gross Margins at **60%** during FY20, up by 3% compared to FY19.
- EBITDA improved by ~183% to ₹245 crore. (PY ₹134 crore).

# BUSINESS HIGHLIGHTS

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- **International Operations**

- At ₹613 crore, contributes 78% of global revenues for Q4FY20, de-grew by 10% as compared to Q4FY19.
- At ₹2,442 crore, contributes 73% of global revenues for FY20, de-grew by 8% as compared to FY19.

- **India & Emerging Markets Business**

- India and Emerging Markets contributed 39% of the global revenues in Q4FY20 and 43% of the global revenues in FY20.
- 10 new products launched in India Branded business during FY20.
- India Business de-grew by 41% in Q4FY20 over Q4FY19 and stood at ₹177 crore in Q4FY20 vs ₹301 crore in Q4FY19. India Business stood at ₹883 crore in FY20 vs ₹1,514 crore in FY19.
- Emerging Markets Business stood at ₹133 crore in Q4FY20 compared to ₹151 crore in Q4FY19. It **grew by 1% in FY20** over FY19 and stood at ₹547 crore in FY20 vs ₹539 crore in FY19.

- **Europe Business**

- Europe Operations (including France) contributed 37% of the Global Revenues in Q4FY20 and 35% in FY20. Revenues from EU Operations (excluding France) were at ₹274 crore in Q4FY20 and at ₹1,096 crore in FY20. Revenues from French Operations were at ₹17 crore in Q4FY20 vs ₹16 crore in Q4FY19 and ₹65 crore in FY20 vs ₹63 crore in FY19.

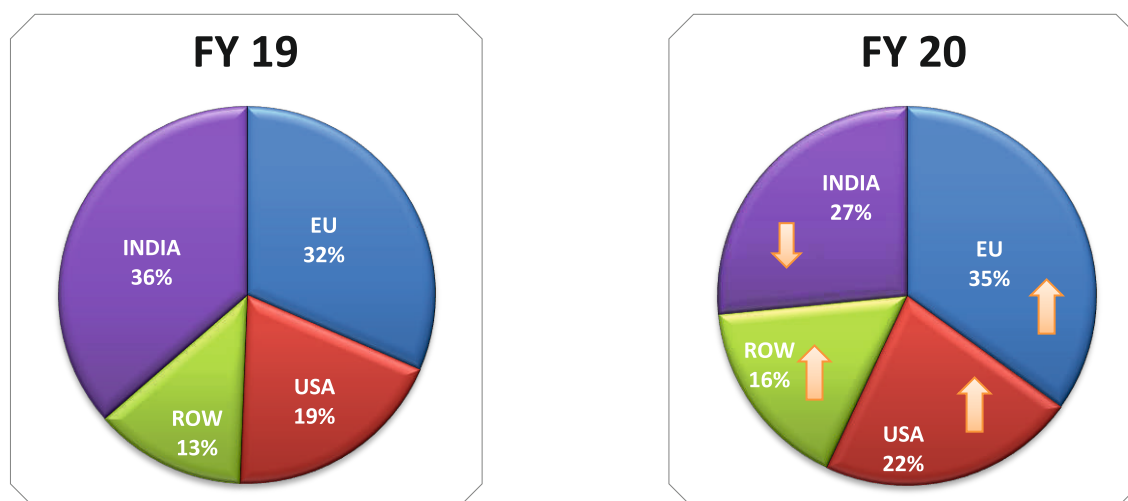
- **UK Operations (including Pinewood's UK Business)**

- UK revenues stood at ₹229 crore in Q4FY20 vs ₹258 crore in Q4FY19, representing de-growth of 12% in INR terms (and de-grew by 10% in GBP terms in Q4FY20 over Q4FY19). UK operations were at ₹895 crore in FY20 vs ₹995 crore in FY19, representing de-growth of 10% in INR terms (and de-grew by 8% in GBP terms).
- Irish Business revenues were at ₹38 crore in Q4FY20 vs ₹47 crore in Q4FY19, de-grew by 18% in Q4FY20 in INR terms (and 16% in Euro terms). During FY20 Irish Business revenues stood at ₹153 crore in FY20 vs ₹168 crore in FY19, de-grew by 9% in FY20 in INR terms (and 6% in Euro terms).

- **US Business**

- **US Business grew by 4% in the current quarter** and stood at ₹189 crore contributing to 24% of the Global Revenues in Q4FY20 compared to 19% in the Q4FY19. Revenues from the US Business were at ₹189 crore in Q4FY20 versus ₹182 crore in Q4FY19. During FY20 revenues from the US Business stood at ₹734 crore in FY20 versus ₹794 crore in FY19.
- Total pending ANDAs as on 31<sup>st</sup> March, 2020 is 51.

# SHARE OF GLOBAL REVENUES



## FINANCIALS

### Consolidated P&L

₹ Crore

Particulars	Q4-FY20	Q3-FY20	Q4-FY19	FY20	FY19
<b>Revenues from Operations</b>	791	869	979	3325	4158
Material Consumption	302	348	430	1321	1804
<b>Gross Margins</b>	489	522	549	2005	2355
<b>Gross Margin %</b>	<b>62%</b>	<b>60%</b>	<b>56%</b>	<b>60%</b>	<b>57%</b>
Staff Cost	185	188	169	773	836
R&D Expenses	43	45	69	208	291
Other Expenditure*	224	180	277	779	1094
<b>Total Expenditure</b>	<b>754</b>	<b>760</b>	<b>945</b>	<b>3081</b>	<b>4024</b>
<b>EBITDA*</b>	<b>37</b>	<b>109</b>	<b>34</b>	<b>245</b>	<b>134</b>
<b>EBITDA Margin</b>	<b>5%</b>	<b>13%</b>	<b>4%</b>	<b>7%</b>	<b>3%</b>
<b>EBITDA before R&amp;D*</b>	<b>80</b>	<b>154</b>	<b>103</b>	<b>453</b>	<b>425</b>
<b>EBITDA Margin before R&amp;D</b>	<b>10%</b>	<b>18%</b>	<b>11%</b>	<b>14%</b>	<b>10%</b>
Interest Expenses (Net)*	61	79	64	276	265
(Income)/Expense due to Exchange Rate Fluctuation	(7)	(25)	(21)	(21)	25
Depreciation*	61	56	45	226	166
Other Income / (Loss)	14	17	5	39	21
<b>Profit/(Loss) Before Tax before exceptional items</b>	<b>(65)</b>	<b>16</b>	<b>(49)</b>	<b>(197)</b>	<b>(301)</b>
Exceptional Item Profit/(Loss)	-	-	-	-	-
<b>Profit/(Loss) before Tax</b>	<b>(65)</b>	<b>16</b>	<b>(49)</b>	<b>(197)</b>	<b>(301)</b>
Tax Expense (Including Deferred Tax)	(133)	(3)	(34)	(153)	(84)
<b>Profit After Tax (PAT)</b>	<b>68</b>	<b>19</b>	<b>(14)</b>	<b>(43)</b>	<b>(217)</b>
Less: Non-Controlling Interest	20	10	1	26	(22)
<b>PAT after Non-Controlling Interest</b>	<b>48</b>	<b>10</b>	<b>(15)</b>	<b>(69)</b>	<b>(195)</b>
<b>PAT after Non-Controlling Interest Margin %</b>	<b>6%</b>	<b>1%</b>	<b>-2%</b>	<b>-2%</b>	<b>-5%</b>

\*Inclusive of impact of IND AS 116 (Lease Accounting) in FY20.

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](http://www.wockhardt.com)