

Wockhardt Limited

Investor Presentation

By

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Managing Director

Oct 2013

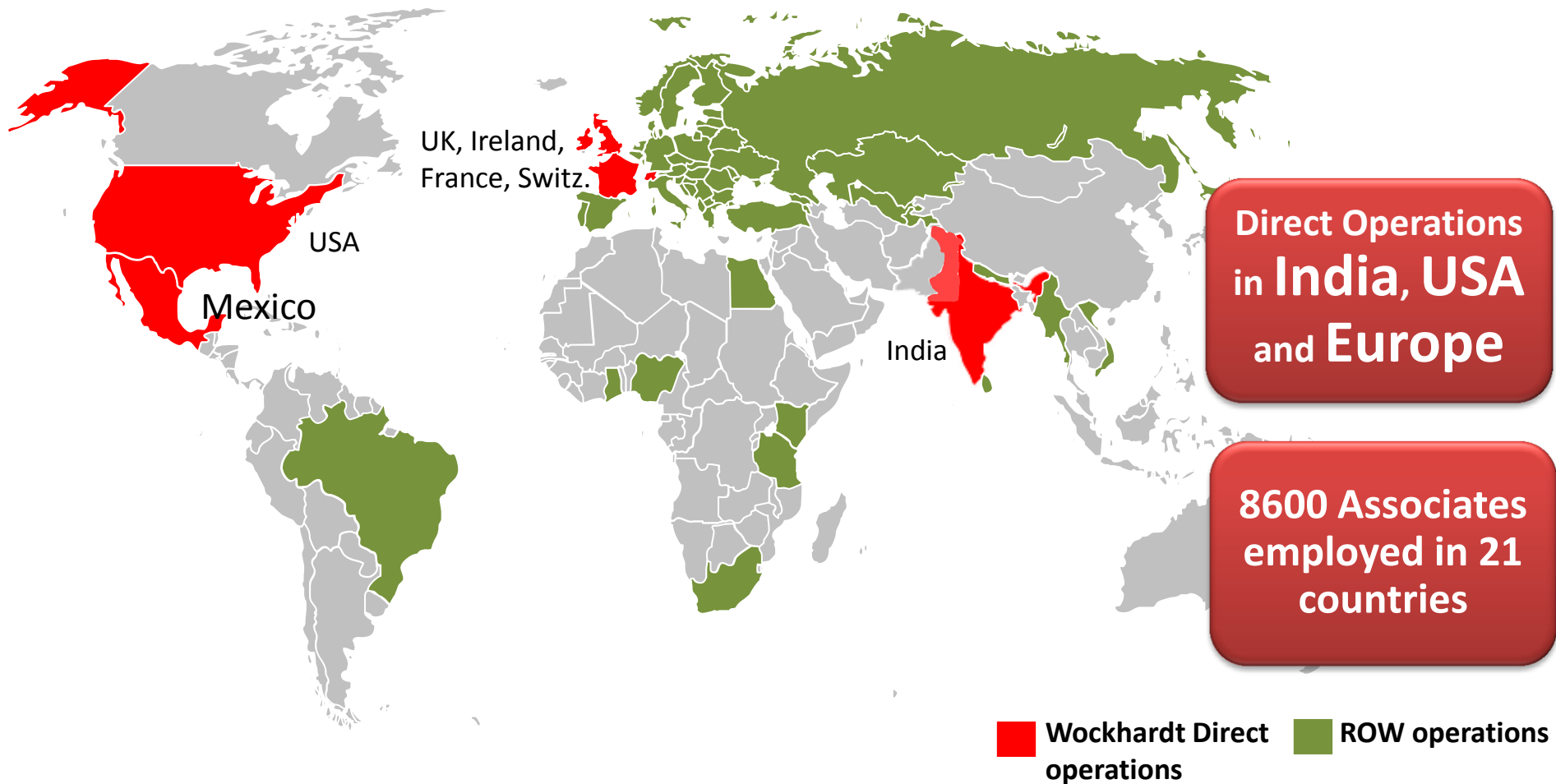
Safe Harbor Statement

- 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.

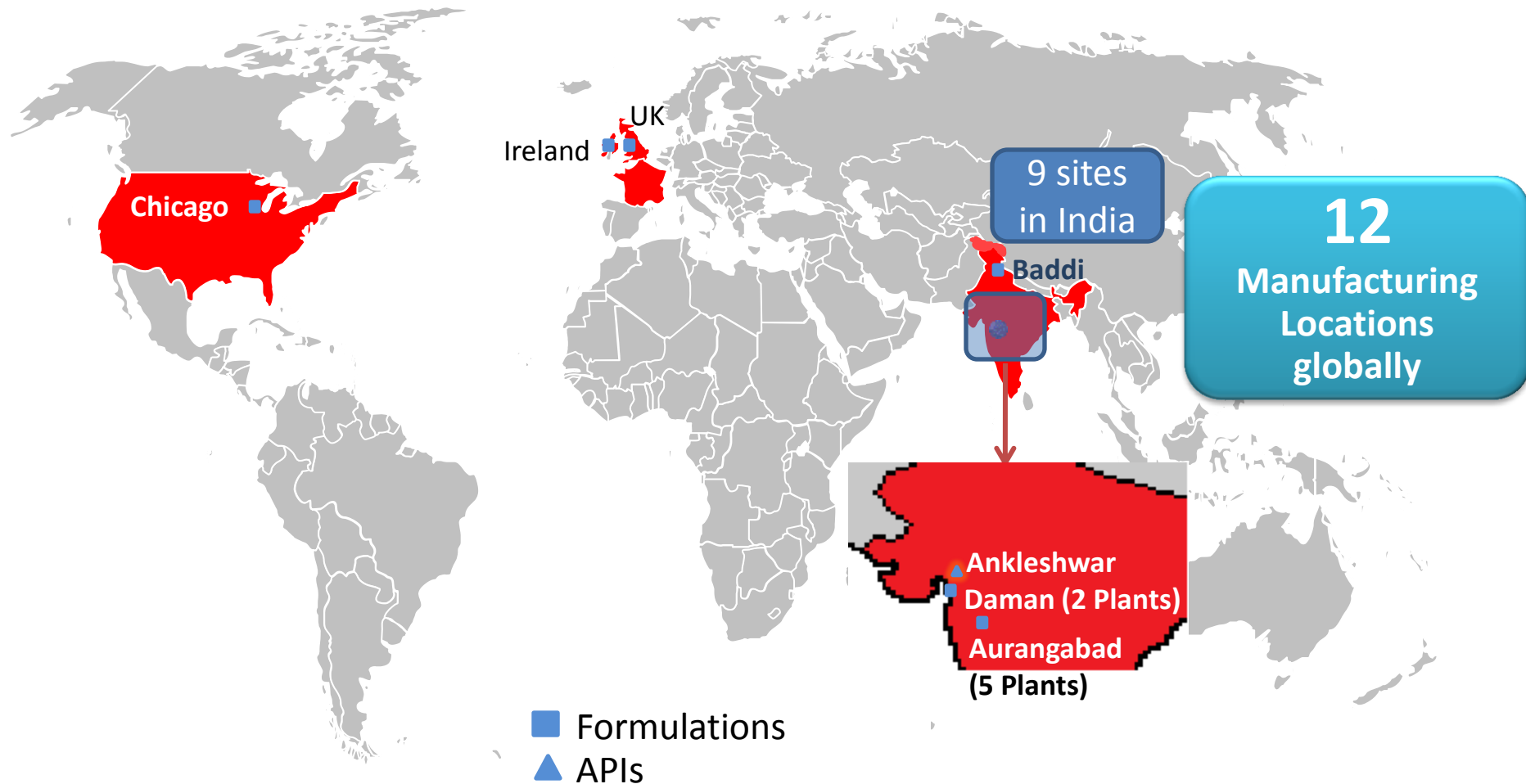
Introduction to Wockhardt

Key Business Dynamics

Wockhardt Today



Wockhardt Today



Wockhardt Today



3 R&D Centers
worldwide

**USA / UK &
India**

Update on Recent Events

Regulatory Inspections

Suspension of DPN

Regulatory Inspections

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Update on Recent Events

11 Regulatory Inspections in 12 weeks

Update on Recent Events

Q2FY14 / H1FY14 – Regulatory Inspection Status

	Q2FY14	H1FY14
Total No. of Regulatory Inspections	11	12
+ve outcomes (with no or minor observations)	8	9
-ve outcomes (with critical / major observations)	2	2
Result Awaited	1	1

Update on Recent Events

1. Waluj Facility

- The remediation measures have been initiated.
 - Baseline assessment completed by Lachman
 - Training to concerned on cGMP and Data Integrity is completed
 - Restructuring of the Quality Function at corporate and at site completed
 - A remediation plan is in progress as informed to FDA and MHRA. The same will be reviewed by Lachman.

Update on Recent Events

2. Chikalthana Facility

- Jointly inspected by USFDA and UKMHRA in July 2013
- USFDA had raised certain 483 observations.
- Wockhardt had responded to observations from both the regulators.
- UKMHRA has issued a restricted GMP certificate for the Chikalthana facility to allow manufacture of 10 critical products whilst withdrawing the GMP certificate for the said facility.
- Net impact of UKMHRA actions on the revenues is estimated to be approximately £ 9m on an annualised basis.
- UKMHRA has also issued a Drug Alert for recall of 5 non-critical products that were manufactured at Chikalthana.
- It has reiterated that there is no evidence of risk to patient safety from the products being recalled.

Update on Recent Events

3. Kadaiya Facility

- Inspected by UKMHRA in September 2013
- UKMHRA will issue a restricted GMP certificate for the Kadaiya to allow manufacture of certain critical products whilst it has withdrawn the GMP certificate.
- The Net Impact of the above shall be known once UKMHRA issues the restricted GMP certificate.

4. Bhimpore facility

- Inspected by UKMHRA in Sep-2013.
- Completed satisfactorily with few “Non Critical” observations.

Update on Recent Events

5. Shendra facility

- UK MHRA has conducted inspection at Shendra in July 2013 and there were no “Critical” or “Major” observations.
- Irish Medicine Board (IMB) conducted inspection at Shendra in July 2013 and there were no major observations.
- USFDA inspection is expected in the next few months.

6. Waluj Cephalosporin facility

- USFDA conducted inspection at Waluj Cephalosporin in July 2013.
- The same was completed satisfactorily with minor 483 observations.

7. Baddi facility

- Inspected by USFDA & UKMHRA in September 2013.
- Completed satisfactorily with minor observations.

Update on Recent Events

8. UK facility

- UK MHRA has conducted inspection at Wrexham, UK facility in July 2013 and the same was completed satisfactorily without any observations.
- USFDA also inspected the said facility in September 2013 and the same was completed satisfactorily with few minor observations.

Regulatory Inspections

Suspension of DPN

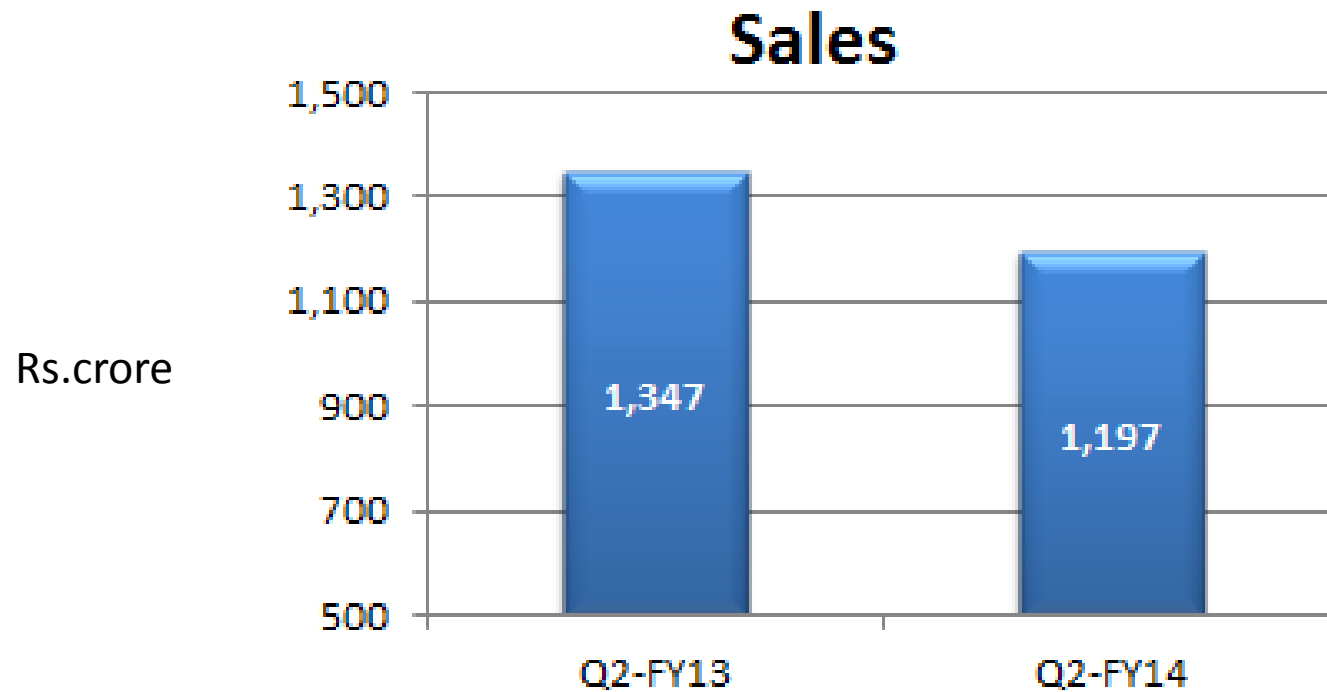
Update on Recent Events

Dextropropoxyphene suspension

- The manufacture and sale of Dextropropoxyphene (DPN) was suspended vide Gazette notification in May 2013.
- Wockhardt is contesting the suspension of the same and the matter is currently sub-judice.

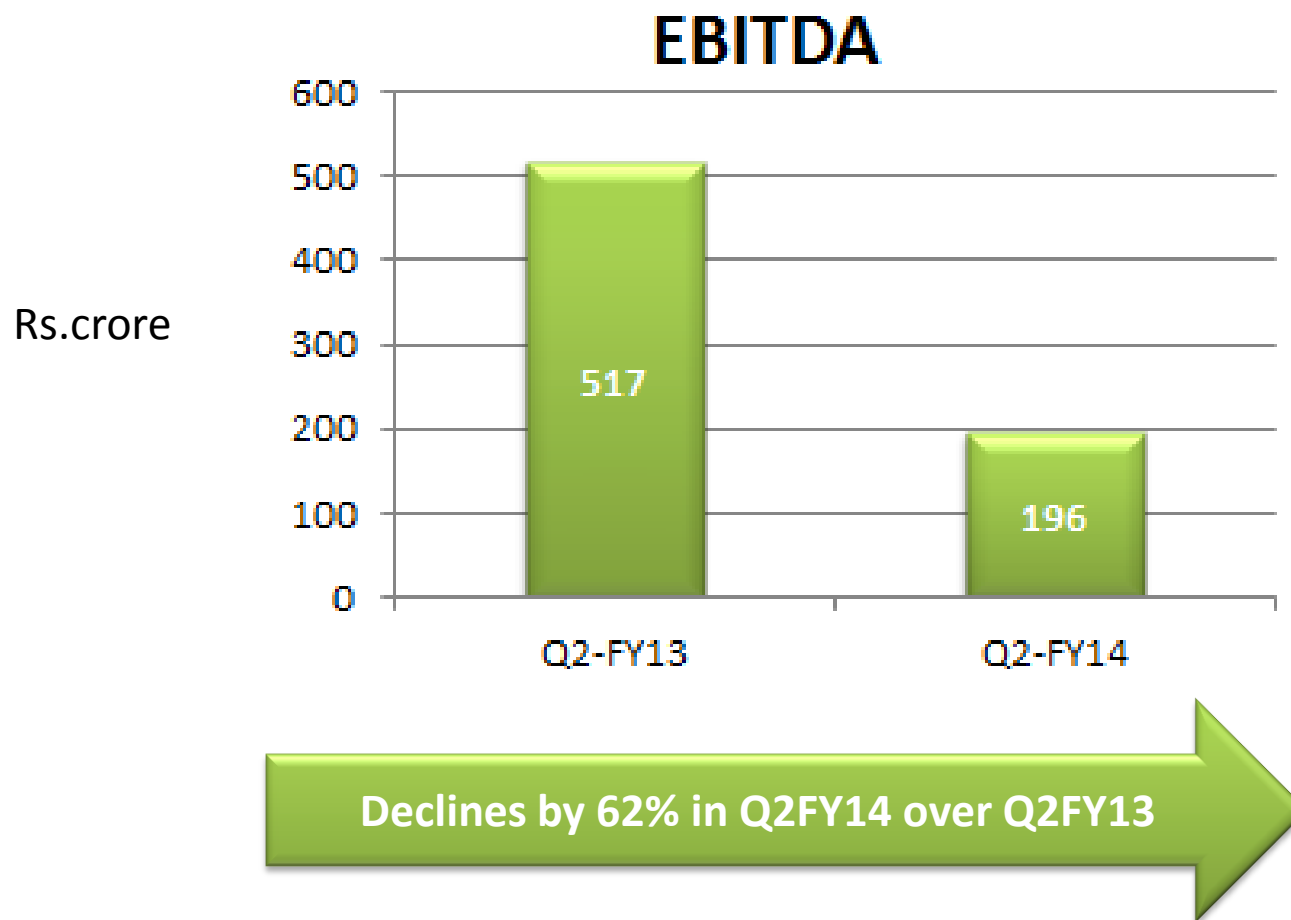
Q2FY14 Results

Sales – Decline of 11% over Q2FY13

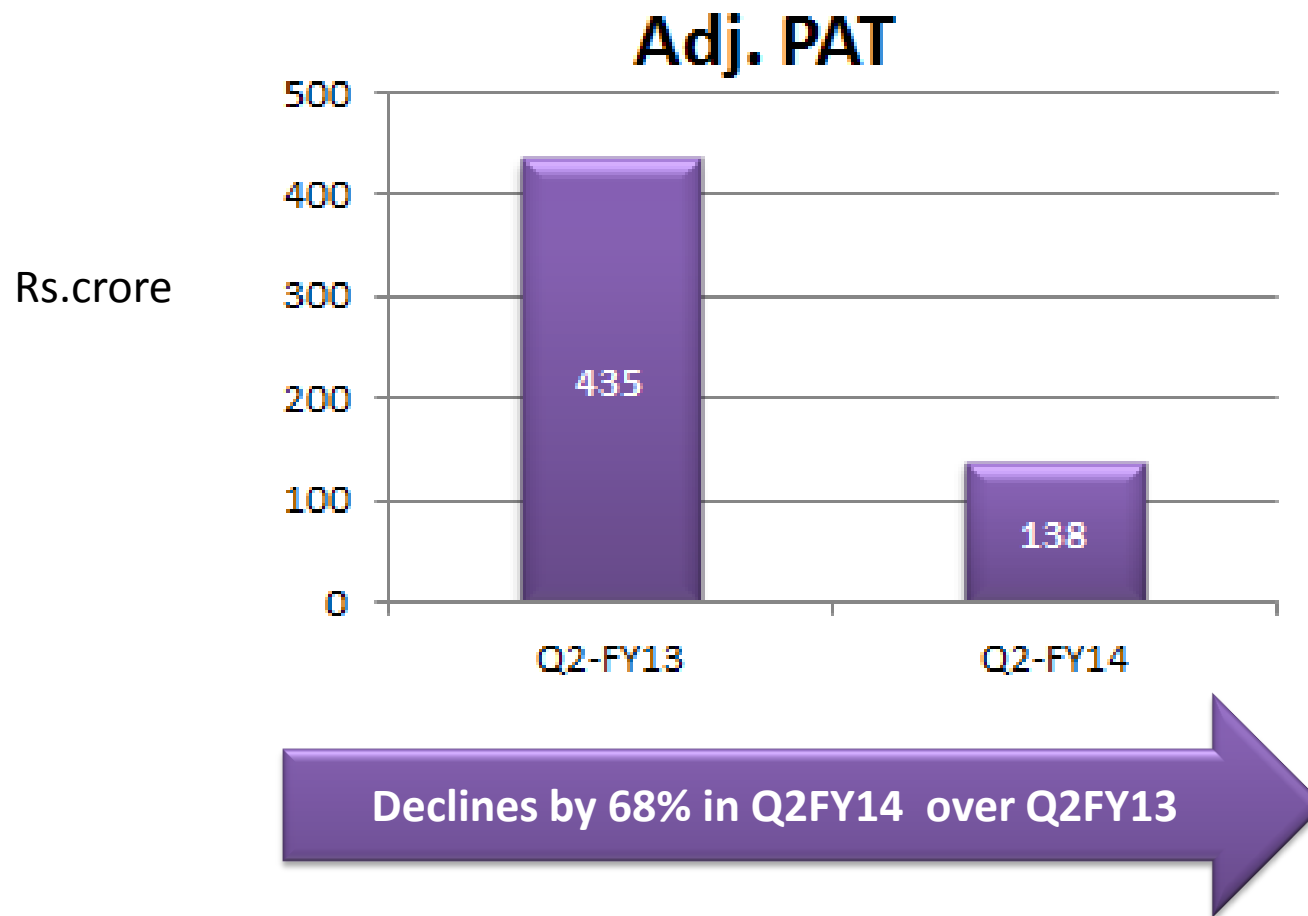


Decline of 11% in Q2FY14 over Q2FY13

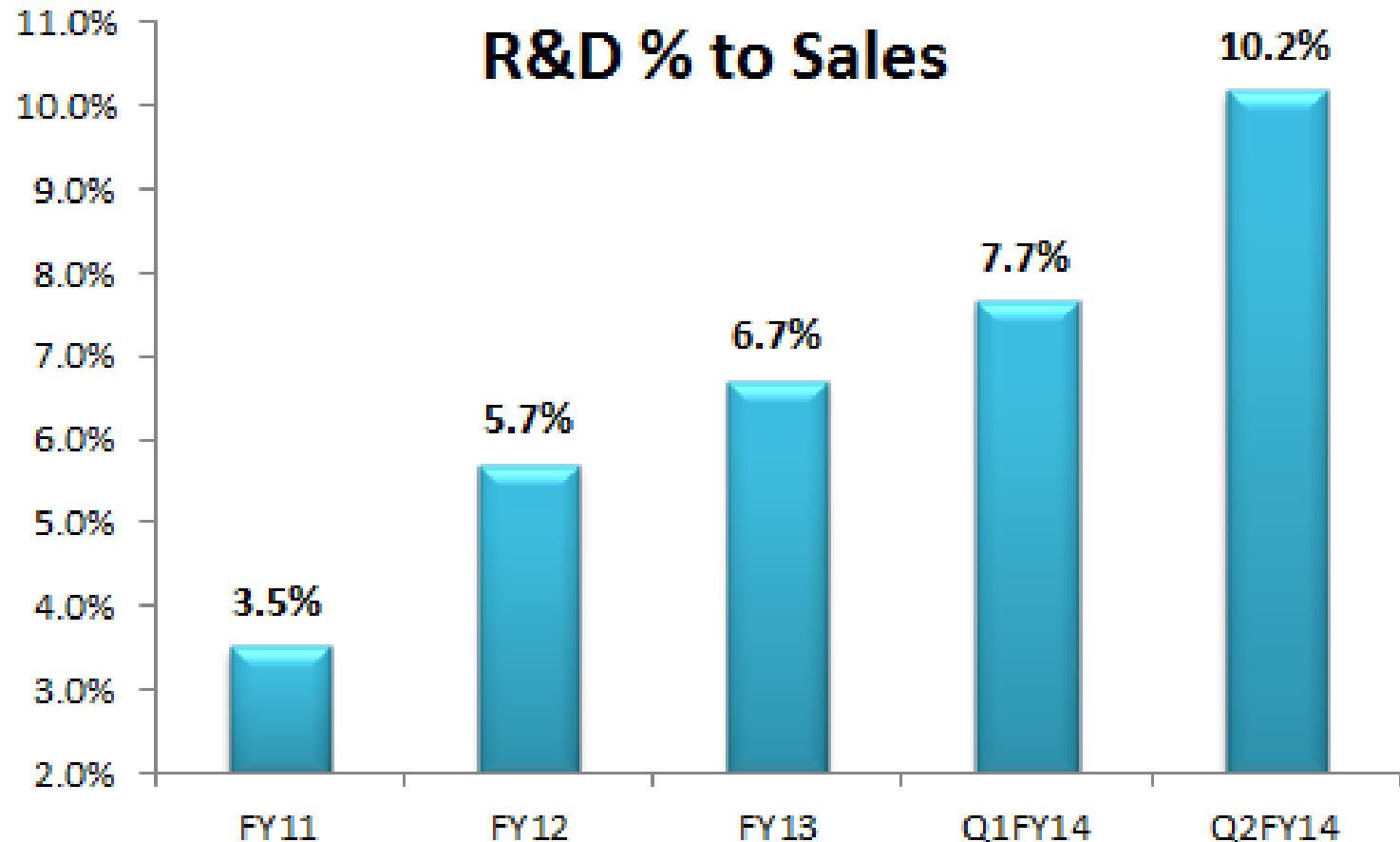
EBITDA – Declines by 62% over Q2FY13



Adj. PAT – Declines by 68%

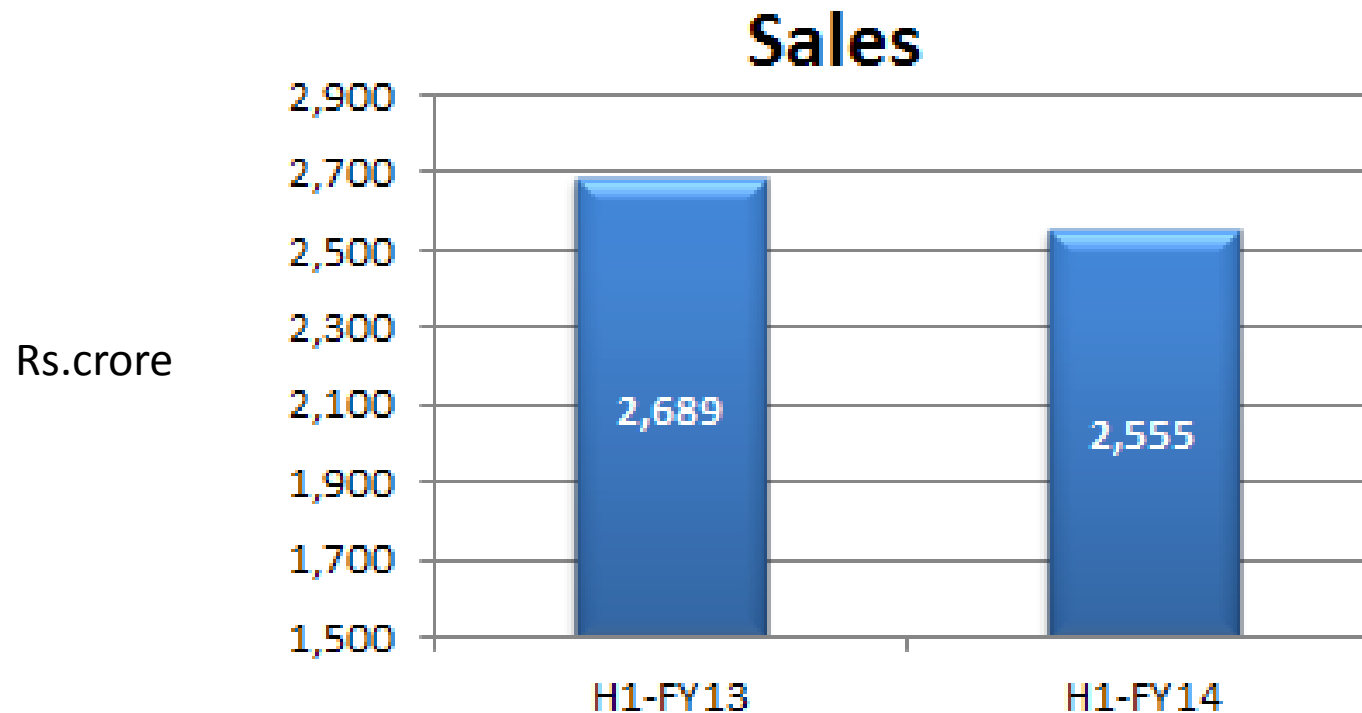


Research – Increases to 10.2% of Sales



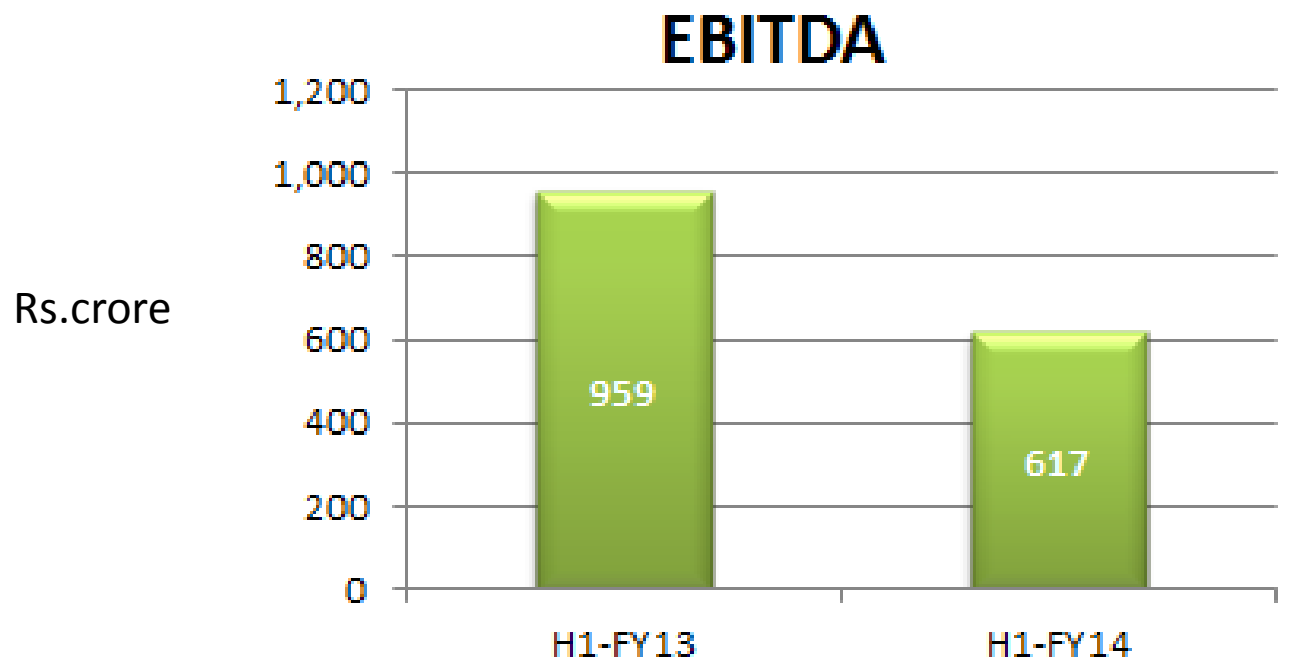
H1FY14 Results

Sales – Decline of 5% over H1FY13



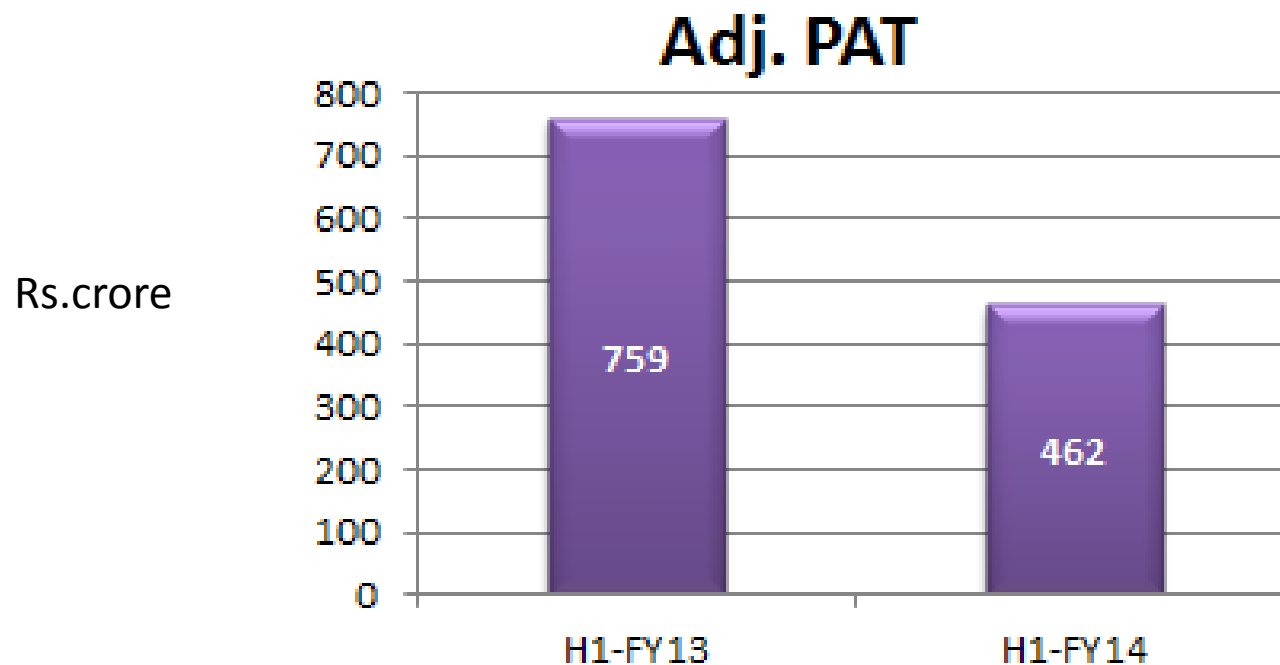
Decline of 5% in H1FY14 over H1FY13

EBITDA – Declines by 36% over H1FY13



Declines by 36% in H1FY14 over H1FY13

Adj. PAT – Declines by 39%



Declines by 39% in H1FY14 over H1FY13

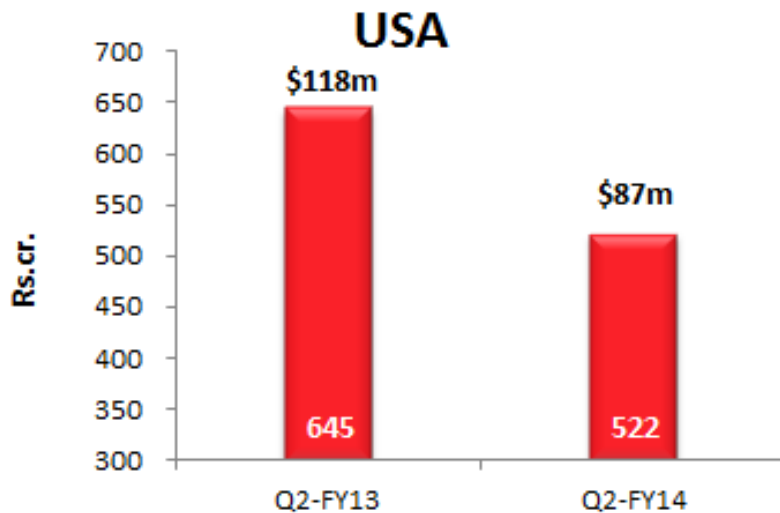
Balance Sheet

EQUITY & LIABILITIES			ASSETS		
	Sep-13	Mar-13		Sep-13	Mar-13
Shareholders Funds	3,430	2,704	Non Current Assets		
			a. Fixed assets	1,967	1,755
Non Current Liabilities			b. Goodwill on consolidation	869	726
a. Long-term borrowing	1,525	1,475	c. Non-current investments	3	3
b. Deferred tax liabilities (net)	-	-	d. Deferred tax assets (net)	68	24
c. Other long-term liabilities	-	-	e. Long-term loans and advances	274	201
d. Long-term provisions	86	70	f. Other non-current assets	19	5
	1,611	1,545		3,200	2,714
Current Liabilities			Current Assets		
a. Short-term borrowing	178	182	a. Current Investments	295	-
b. Trade payables	616	634	b. Inventories	1,113	1,059
c. Other current liabilities	755	790	c. Trade receivables	754	958
d. Short-term provisions	209	185	d. Cash and bank balances	1,145	1,096
			e. Short-term loans and advances	292	213
	1,758	1,791		3,599	3,326
Total - Equity & Liabilities	6,799	6,040	Total - Assets	6,799	6,040

Key Financial Highlights

- Net Debt to Equity now at 0.21 as against 0.36 as of 31st Mar 2013
- Free Cash Flow (before Capex) generation of over Rs.700 crores in H1FY14
- Capital Expenditure of Rs.208 crores in H1FY14
- R&D expenses at 10.2% of sales in Q2FY14 and at 8.8% of sales in H1FY14

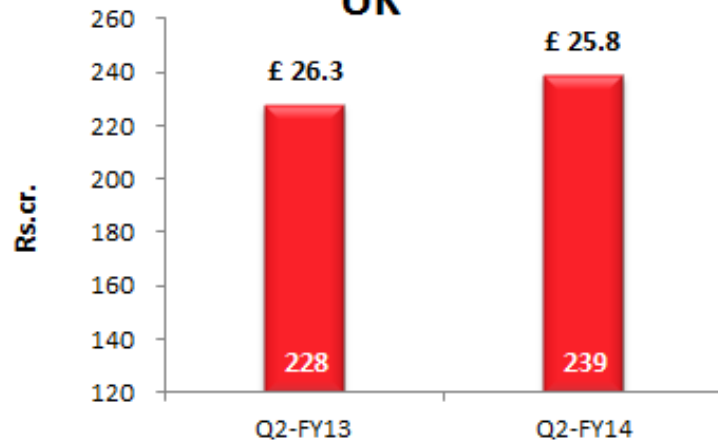
US Business: Import Alert impacted



- Declines by 19% (26% in \$terms) over Q2FY13.
- 3 ANDAs filed during the quarter
- 53 ANDAs pending approval.
- Sales impacted by import alert on Waluj facility.

EU Operations: Withstanding Challenge

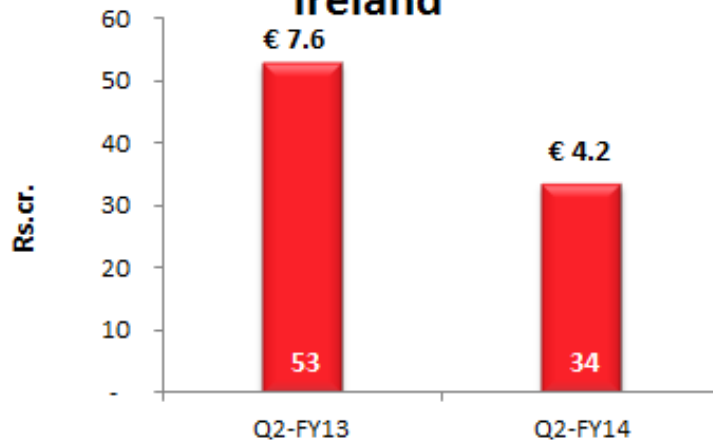
UK



UK Operations

- UK operation grows by 5% (-2% in £ terms) in Q2FY14. Grows by 3% (remains flat in £ terms) in H1FY14
- UK sales impacted due to reversals on product recalls.
- 1 new launch in UK and 4 new launches in H1FY14
- No. 3 Generic company in UK
- No. 2 in the hospital segment

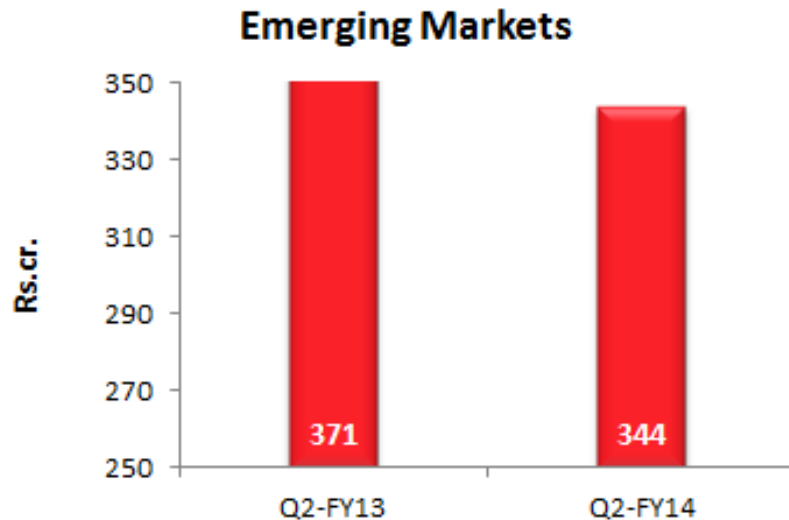
Ireland



Ireland Operations

- Ireland declines by 37% (44% in € terms) over Q2FY13. Declines by 34% (39% in € terms) over H1FY13.
- Largest generic player with 27% Market Share
- Shift of market from Branded Generics to Generic Generic has impacted the Irish market sales.

Emerging Markets



- Emerging Markets declines by 7% for Q2FY14. Declines by 6% for H1FY14.
- India Business declines by 2% during Q2FY14 and grows by 1% in H1FY14 in the backdrop of suspension of Dextropropoxyphene and uncertainties due to NLEM issues.
- 13 new product launches in Q2FY14 in India.
- 2 new divisions launched in India.
- ROW operations declined by 21% during the quarter and by 24% in H1FY14..



**For investor updates and communication please visit
www.ockhardt.com**

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