

Mumbai, 13th February, 2023

Wockhardt's Q3 FY23 EBITDA growth @37% over Q2 FY23

Wockhardt Limited, the Pharmaceutical and Biotechnology major, reported its 3rd Quarter Results for Financial Year 2022-23, today.

The Company recorded a Revenue of Rs.699 crore in Q3FY23 compared to Rs.679 crore in previous quarter registering a growth of 3%. EBITDA for the quarter is Rs.59 crore as compared to Rs.43 crore in Q2FY23 registering a substantial growth of 37%.

The corresponding quarter of previous year includes revenue & profitability from UK Vaccines business.

Business Review:

Quarter ended 31st December, 2022:

- **UK Business** stood at Rs.223 crore in Q3FY23. UK Business contributed about 32% of Global Revenue.
- **India Business:** India Business stood at Rs.175 crore compared to Rs.158 crore in Q3FY22 registering a growth of 11%. India Business contributed 25% of the Global Revenue.
- **Emerging Markets Business** of the Company stood at Rs.148 crore in Q3FY23 compared to Rs.117 crore in Q2FY23 registering a growth of 27%. Emerging Markets Business contributed about 21% of the Global Revenue.
- **Irish Business** stood at Rs.40 crore in Q3FY23 compared to Rs.38 crore in Q2FY23 showing a growth of 4%.
- **US Business** stood at Rs.91 Cr in Q3FY23. US Business contributed 13% of the Global Revenue.



Research and Development expenditure during the quarter was at Rs.40 crore (6% to sales) and including capital expenditure was at 10.3% to sales.

Nine months ended 31st December, 2022:

- **UK Business** stood at Rs.645 Crore in 9MFY23. UK Business contributed about 33% of Global Revenue.
- **India Business:** India Business stood at Rs.483 Crore. India Business contributed 25% of the Global Revenue.
- **Emerging Markets Business** of the Company stood at Rs.382 Crore in 9MFY23. Emerging Markets Business contributed about 19% of the Global Revenue.
- **Irish Business** stood at Rs.115 Crore in 9MFY23.
- **US Business** stood at Rs.253 Cr in 9MFY23. US Business contributed 13% of the Global Revenue.

Research and Development expenditure during the period was at Rs.115 Crore (6% to sales) and including capital expenditure was at 10.9% to sales.

Intellectual Property (IP):

1 patent was filed during the quarter ended 31st December, 2022 and the cumulative filings till date are 3237. The company was granted 1 patent during the quarter and now holds 807 patents.

Re-structuring of US business:

As already disclosed by Company in its earlier communications, and in view of the changed pharmaceutical market situation in the United States, the management had initiated various steps to restructure its USA business by closing down its manufacturing facility in Illinois, USA and undertake its business in USA through Contract manufacturing the products sold by it in US/North America by engaging USFDA approved manufacturing partners meeting the quality standards acceptable to the Company.

In line with the above, the Company has now engaged multiple USFDA approved manufacturing partners, after thorough due diligence and inspection of their facilities, to manufacture various

products of the Company for sale in US/ North America under the same brand and Wockhardt name.

The Company believes, that this new arrangement is in the best interest of the Company as this will help the Company to avoid the manufacturing and quality management cost completely and allow the management to focus on penetrating and expansion of the market share of its products in US/ North America.

Consolidated Profit and Loss - Snap shot:

Particulars	Q3 FY23	Q2 FY23	Q3 FY22	9M FY23	9M FY22
	INR Cr	INR Cr	INR Cr	INR Cr	INR Cr
Sales	699	679	854	1,973	2,575
EBITDA before R&D	99	82	158	201	448
EBITDA % to Sales	14.1%	12.1%	18.5%	10.2%	17.4%
R&D	40	39	44	115	117
R&D % to Sales	5.7%	5.8%	5.2%	5.8%	4.5%
EBITDA	59	43	114	86	331
EBITDA Margins %	8.5%	6.3%	13.3%	4.4%	12.8%
Exceptional Items #	(3)	(195)	-	(198)	-
PBT	(105)	(230)	(29)	(431)	(64)
Profit After Tax	(102)	(207)	2	(384)	32
PAT Margins %	-14.6%	-30.5%	0.2%	-19.5%	1.3%

Exceptional items represent,

- In view of changed pharmaceutical market situation in USA, the Group has initiated various measures including restructuring its business model in US inter alia by closing down its manufacturing facility in Illinois during the Q2 FY 23 and is undertaking its business in USA through contract manufacturing the products sold by it in US/ North America by engaging USFDA approved manufacturing partners meeting the quality standards acceptable to the Group. Accordingly, the Group has provided for Rs.123 crore w.r.t its property, plant and equipment, Rs.16 crore for inventory and other expenses of Rs.9 crore (incl. Rs. 3 crore during the current quarter) pursuant to this restructuring.

- *Company had accounted for a contract asset of Rs.50 crore pursuant to a contract manufacturing agreement. The Customer is yet to fulfill its contractual obligations and commitments. Though, the Company is pursuing various options and taking necessary actions related to this matter, given the uncertainty, Company has provided for this Contract asset.*

About Wockhardt:

Wockhardt is a research based Global Pharmaceutical and Biotech company. Wockhardt's New Drug Discovery programme has focussed on unmet need of Anti-bacterial drugs that are effective against the menace of untreatable superbugs. Wockhardt is the only company in the world where USFDA has given QIDP Status (Qualified Infectious Disease Product) for 6 of our Anti-bacterial discovery programmes – 3 of them are Gram Negative and 3 Gram Positive effective against untreatable "Superbugs". It has a comprehensive Drug Discovery team and clinical organisation.

Wockhardt is employing over ~4000 people and 27 nationalities with presence in USA, UK, Ireland, Switzerland, France, Mexico, Russia and many other countries. It has manufacturing and research facilities in India, USA & UK and a manufacturing facility in Ireland. Wockhardt has a significant presence in USA, Europe and India, with 76% of its global revenues coming from international businesses.