

Teva Pharmaceutical Industries Ltd. Second Quarter 2020 Results

August 5, 2020



Cautionary Note Regarding Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which are based on management's current beliefs and expectations and are subject to substantial risks and uncertainties, both known and unknown, that could cause our future results, performance or achievements to differ significantly from that expressed or implied by such forward-looking statements. Important factors that could cause or contribute to such differences include risks relating to:

- our ability to successfully compete in the marketplace, including: that we are substantially dependent on our generic products; consolidation of our customer base and commercial alliances among our customers; the increase in the number of competitors targeting generic opportunities and seeking U.S. market exclusivity for generic versions of significant products; competition for our specialty products, especially COPAXONE®, our leading medicine, which faces competition from existing and potential additional generic versions, competing glatiramer acetate products and orally-administered alternatives; the uncertainty of commercial success of AJOVY® or AUSTEDO®; competition from companies with greater resources and capabilities; delays in launches of new products and our ability to achieve expected results from investments in our product pipeline; ability to develop and commercialize biopharmaceutical products; efforts of pharmaceutical companies to limit the use of generics, including through legislation and regulations and the effectiveness of our patents and other measures to protect our intellectual property rights;
- our substantial indebtedness, which may limit our ability to incur additional indebtedness, engage in additional transactions or make new investments, may result in a further downgrade of our credit ratings; and our inability to raise debt or borrow funds in amounts or on terms that are favorable to us;
- our business and operations in general, including: uncertainty regarding the magnitude, duration, and geographic reach of the COVID-19 pandemic and its impact on our business, financial condition, operations, cash flows, and liquidity and on the economy in general; our ability to successfully execute and maintain the activities and efforts related to the measures we have taken or may take in response to the COVID-19 pandemic and associated costs therewith; effectiveness of our restructuring plan announced in December 2017; our ability to attract, hire and retain highly skilled personnel; our ability to develop and commercialize additional pharmaceutical products; compliance with anti-corruption sanctions and trade control laws; manufacturing or quality control problems; interruptions in our supply chain, including due to potential effects of the COVID-19 pandemic on our operations and business in geographic locations impacted by the pandemic and on the business operations of our suppliers; disruptions of information technology systems; breaches of our data security; variations in intellectual property laws; challenges associated with conducting business globally, including adverse effects of the COVID-19 pandemic, political or economic instability, major hostilities or terrorism; significant sales to a limited number of customers; our ability to successfully bid for suitable acquisition targets or licensing opportunities, or to consummate and integrate acquisitions; our prospects and opportunities for growth if we sell assets; and potential difficulties related to the operation of our new global enterprise resource planning (ERP) system;
- compliance, regulatory and litigation matters, including: increased legal and regulatory action in connection with public concern over the abuse of opioid medications in the U.S. and our ability to reach a final resolution of the remaining opioid-related litigation; costs and delays resulting from the extensive governmental regulation to which we are subject or delays in governmental processing time due to modified government operations due to the COVID-19 pandemic, including effects on product and patent approvals due to the COVID-19 pandemic; the effects of reforms in healthcare regulation and reductions in pharmaceutical pricing, reimbursement and coverage; governmental investigations into S&M practices; potential liability for patent infringement; product liability claims; increased government scrutiny of our patent settlement agreements; failure to comply with complex Medicare and Medicaid reporting and payment obligations; and environmental risks;
- other financial and economic risks, including: our exposure to currency fluctuations and restrictions as well as credit risks; potential impairments of our intangible assets; potential significant increases in tax liabilities; and the effect on our overall effective tax rate of the termination or expiration of governmental programs or tax benefits, or of a change in our business;

and other factors discussed in our Quarterly Report on Form 10-Q for the second quarter of 2020 and Annual Report on Form 10-K for the year ended December 31, 2019, including in the sections captioned "Risk Factors" and "Forward-looking statements." Forward-looking statements speak only as of the date on which they are made, and we assume no obligation to update or revise any forward-looking statements or other information contained herein, whether as a result of new information, future events or otherwise. You are cautioned not to put undue reliance on these forward-looking statements.

Non-GAAP Financial Measures

This presentation includes certain non-GAAP financial measures as defined by SEC rules. Please see our press release reporting our 2020 second quarter financial results, as well as our Quarterly Report on Form 10-Q for the quarter ended June 30, 2020, for a reconciliation of the GAAP results to the adjusted non-GAAP figures. The non-GAAP data presented by Teva are the results used by Teva's management and board of directors to evaluate the operational performance of the company, to compare against the company's work plans and budgets, and ultimately to evaluate the performance of management. Teva provides such non-GAAP data to investors as supplemental data and not in substitution or replacement for GAAP measure, because management believes such data provides useful information to investors. A reconciliation of forward-looking non-GAAP estimates to the corresponding GAAP measures is not being provided due to the unreasonable efforts required to prepare it.

Kåre Schultz

Chief Executive Officer



COVID-19 Update



teva

Supporting All of Our Stakeholders during the COVID-19 Pandemic



Our Patients



Uninterrupted Supply



Our Employees



Safety and Protection



Our Communities



Support and Resources

Making a Significant Contribution to Healthcare Around the World

1 in every 10
prescriptions in
the U.S. filled with
a Teva product



Teva manufactures
multiple medicines listed
on the World Health
Organization's essential
medicines list



Teva provides
savings to
healthcare
systems around
the world:

Generic savings attributable to
Teva across 18 countries totaled
\$54.6 billion in 2018.

As the leading generics provider in the US,
Teva saved the U.S. healthcare system
\$41.9 billion in 2018, including **\$5.9B**
in savings to patients.

Highlights

Financial

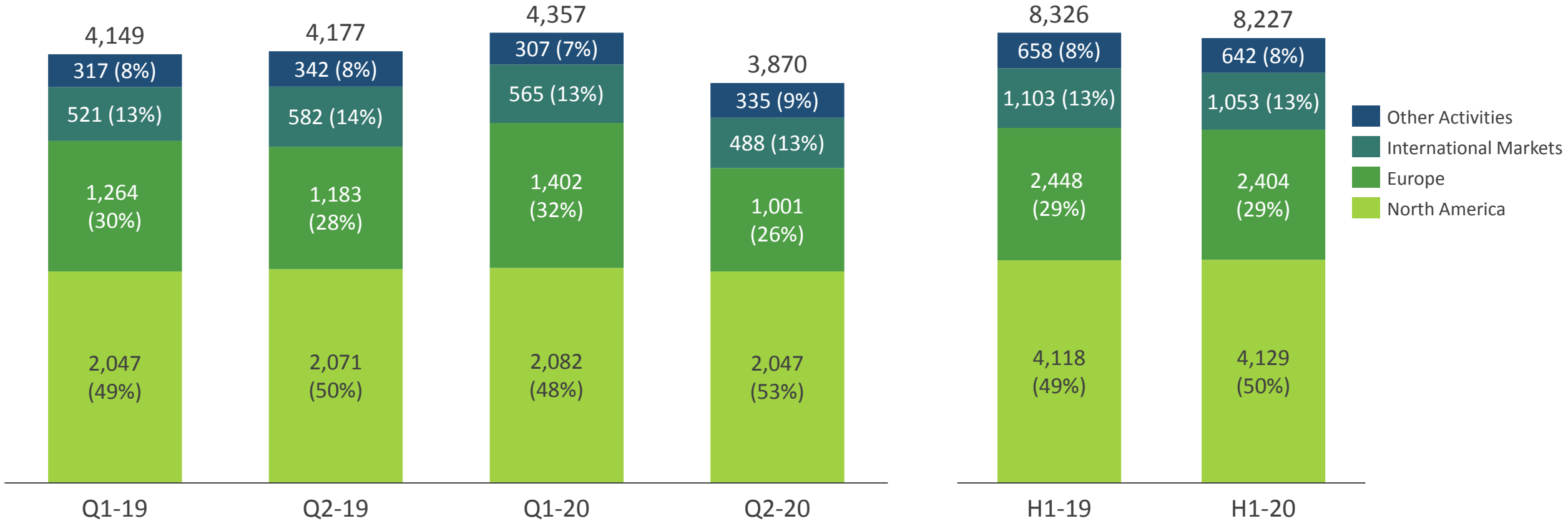
- Revenues of \$3.9 billion
- Non-GAAP EBITDA of \$1.1 billion
- GAAP EPS of \$0.13; Non-GAAP EPS of \$0.55
- Free cash flow of \$0.6 billion; ~\$1.1 billion accumulated in 1H'20
- Net debt of \$23.9 billion at the end of June; \$1.1 billion repaid in July
- 2020 outlook reaffirmed

Business

- Topline phase 3 fasinumab results announced with Regeneron
- Exclusive strategic partnership with Alvotech for the commercialization of five biosimilar product candidates in the U.S.
- Teva-Takeda business venture in Japan to divest most of its Gx portfolio
- Biosimilar TRUXIMA® for rheumatoid arthritis launch in U.S.
- ProAir® Digihaler® launch in U.S.

Revenue Development

\$ millions

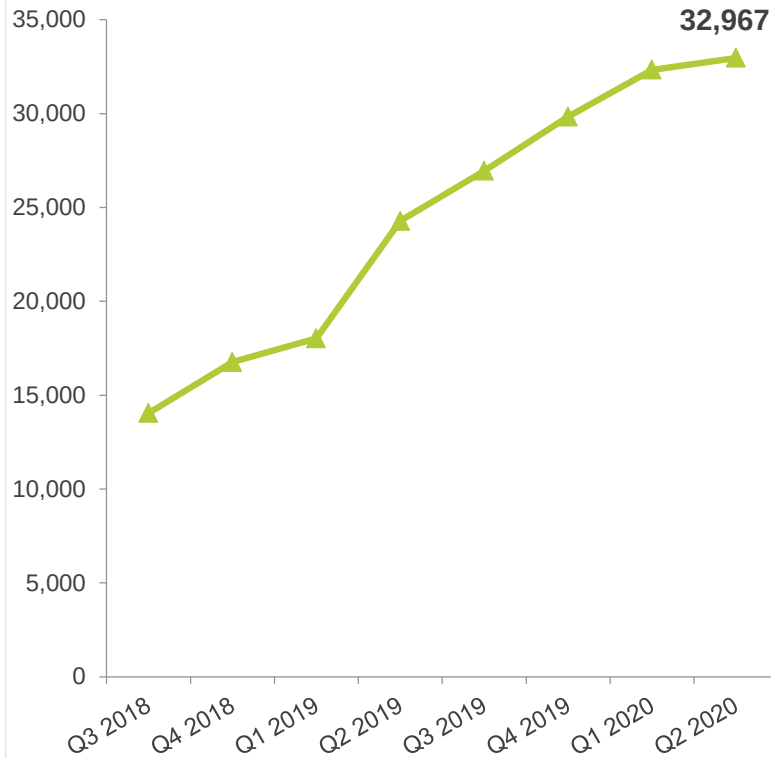


Some amounts may not sum due to rounding.

AUSTEDO® Continues to Grow

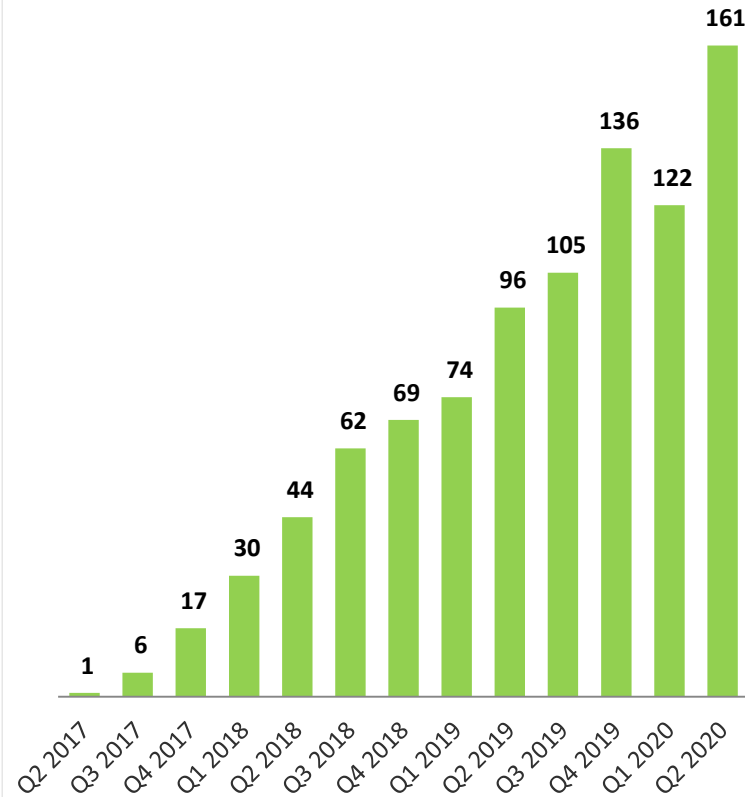


AUSTEDO® TRx Count Per Quarter



Source: IQVIA US NPA Audit

AUSTEDO® Revenues By Quarter (\$ million)



Source: Company Information

Highlights

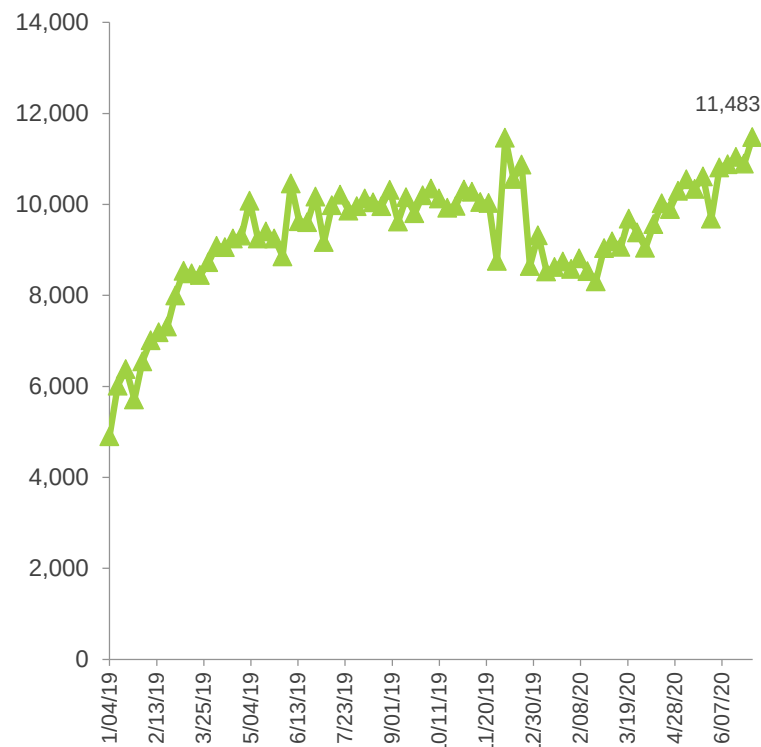
- \$283M in Net Sales for H1 2020
- \$412M in Net Sales for FY 2019
- ~33K prescriptions dispensed in Q2 2020
- Favorable national formulary coverage
 - Commercial: 91%
 - Medicare Part D: 86%
- Approved in China (May 2020)

Source: Decision Resources, Fingertip Analytics 2.0

AJOVY® Regaining Momentum

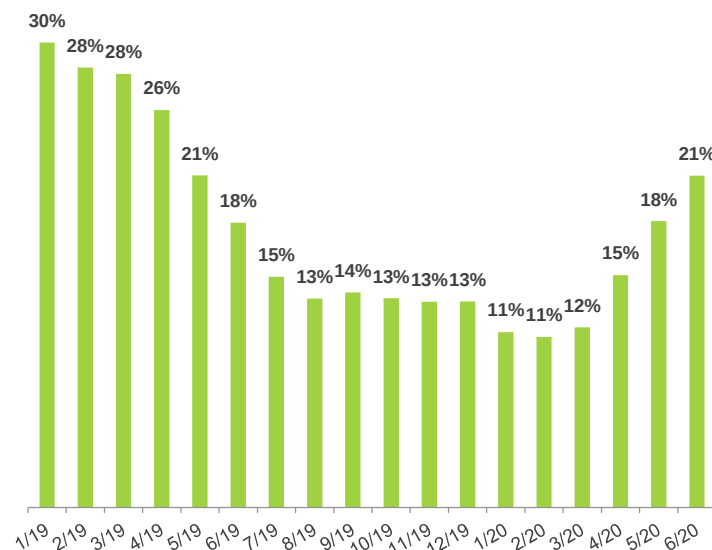
AJOVY®
(fremanezumab-vfrm)
injection 225 mg/1.5 mL

AJOVY™ Weekly Normalized TRx Count



Source: IQVIA NPA TRx (weekly), normalized - wk ending 07/03/20

AJOVY™ NBRx Share*



*monthly NBRx share estimated from weekly NBRx data

Source: IQVIA NPA MD (weekly)

Highlights

- \$34M U.S. net sales for Q2 2020
- Autoinjector (AI) launched end of April. Now accounts for ~40% of total AJOVY NBRx and ~15% of TRx
- NBRx share increased to >20% and normalized TRx share* of ~16.5%
- Share increase is due to AI launch and promotional refinements in support of launch
- Application submitted in Japan by Otsuka in July 2020
- Reimbursement now in 16 EU countries

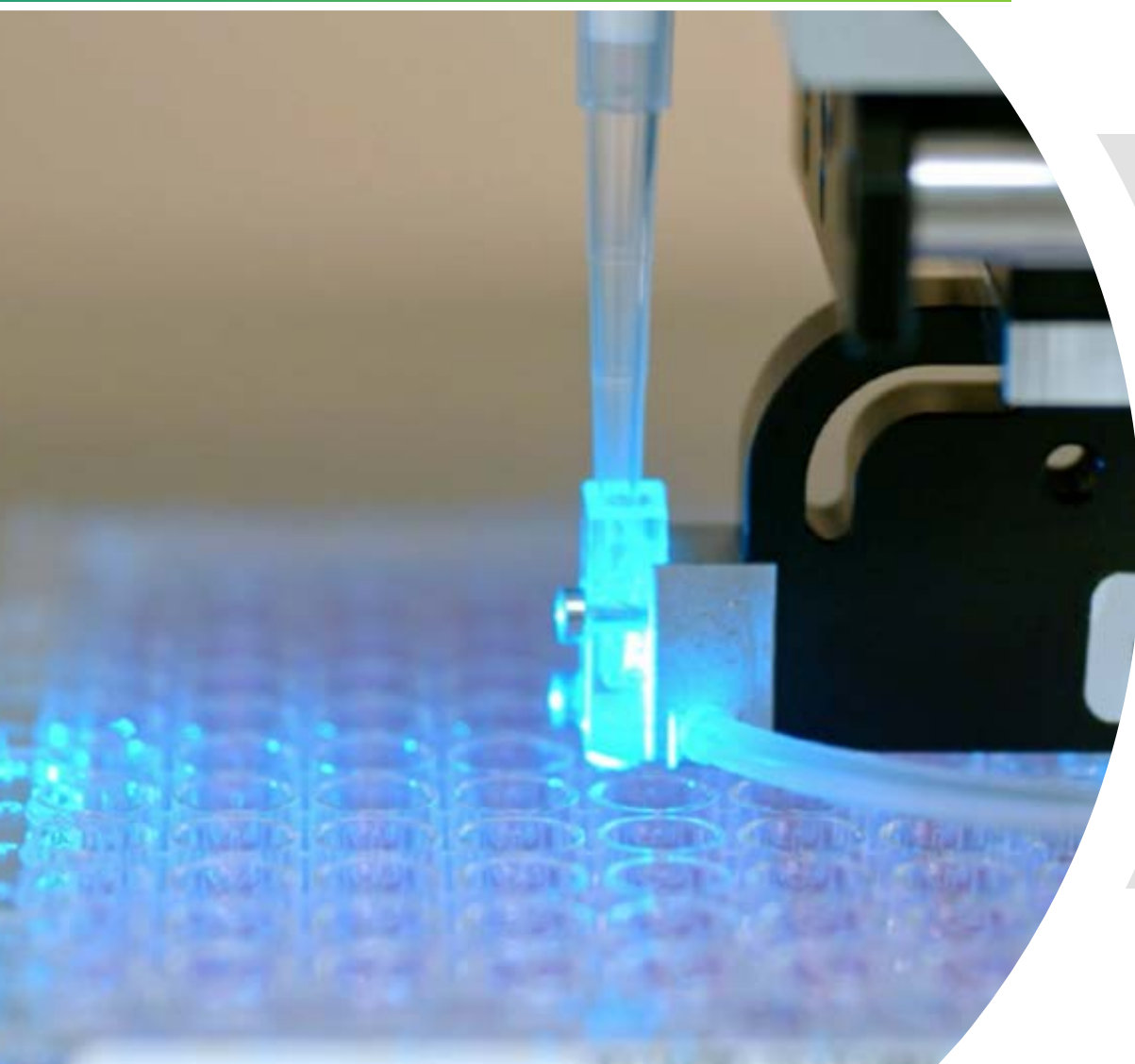
*for week ending 07/03/2020

Fasinumab Phase 3 Readout

Regeneron data from two fasinumab phase 3 trials achieved the co-primary endpoints

- Two phase 3 trials FACT OA1 and FACT OA2, achieved the co-primary endpoints for fasinumab 1 mg monthly, demonstrating significant improvements in pain and physical function over placebo at week 16 and week 24, respectively.
- Fasinumab 1 mg monthly also showed nominally significant benefits in physical function in two trials and pain in one trial, when compared to the maximum FDA-approved prescription doses of non-steroidal anti-inflammatory drugs for osteoarthritis.
 - The FACT OA1 trial included an additional treatment arm, fasinumab 1 mg every two months, which showed numerical benefit over placebo, but did not reach statistical significance.
- In initial safety analyses from the phase 3 trials, there was an increase in arthropathies reported with fasinumab. In a sub-group of patients from one phase 3 long-term safety trial, there was an increase in joint replacement with fasinumab 1 mg monthly treatment during the off-drug follow-up period, although this increase was not seen in the other trials to date.
- Additional longer-term safety data from the ongoing trials are being collected and are expected to be reported early next year.

Alvotech Biosimilar Partnership

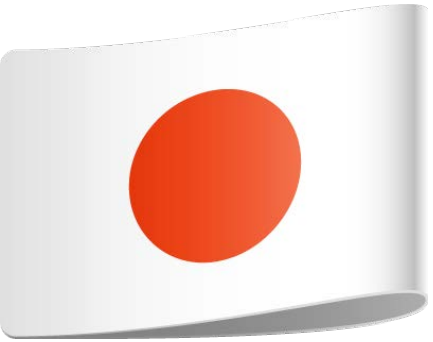


Exclusive strategic partnership for the commercialization of five biosimilar product candidates in the U.S.

Partnership combines Teva's long-standing commercial presence and extensive infrastructure in the U.S. market with Alvotech's scientific experience and state-of-the-art biologics manufacturing.

The initial pipeline contains biosimilar candidates addressing multiple therapeutic areas.

A New Strategic Focus in the Japanese Market



- In April 2016, Teva established a business venture (“BV”) with Takeda in Japan in which Teva owns a 51% stake and Takeda owns the remaining 49%.
- On July 30th, the BV announced a new strategy focusing on the commercialization of a selection of complex generics, specialty assets and other pipeline opportunities.
- As part of this new strategic focus, the BV will divest most of its portfolio of generic products, contract manufacturing organization (CMO) business, as well as a manufacturing plant in Takayama to Nichi-Iko Pharmaceutical Co., Ltd.
- BV will retain select generic molecules and several pipeline assets, as well as its robust portfolio of authorized generics, LLPs and specialty assets.
- Transaction is expected to close in early 2021.
- Q2 impairment charge of \$261 million.

TRUXIMA®

Launched TRUXIMA® (rituximab-abbs)

Injection for Rheumatoid Arthritis, the
only biosimilar to Rituxan®
(rituximab) available in the United
States for this Indication



First Digital Inhaler Portfolio Helps Patients Monitor and Track Medication Usage



Digihaler® Technology contains built-in sensors and utilizes Bluetooth® technology



Companion Mobile App Patients can view data about their inhaler use and technique and set reminders to use their maintenance inhalers



Digital Health Platform (DHP/Cloud) Data is securely transferred from the patient's phone and stored in the cloud

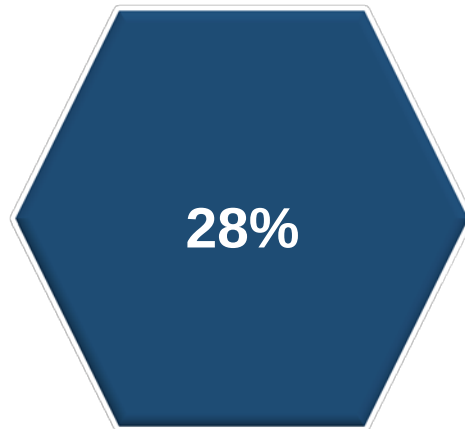


Program Dashboard for patients enrolled in a program, data will be transferred from the cloud to a secure web portal for HCPs

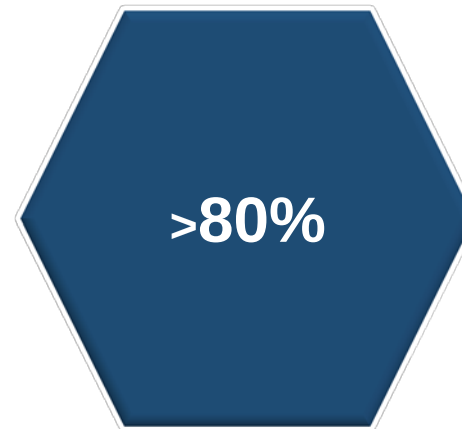
Long-Term Financial Targets

To be achieved by year-end 2023

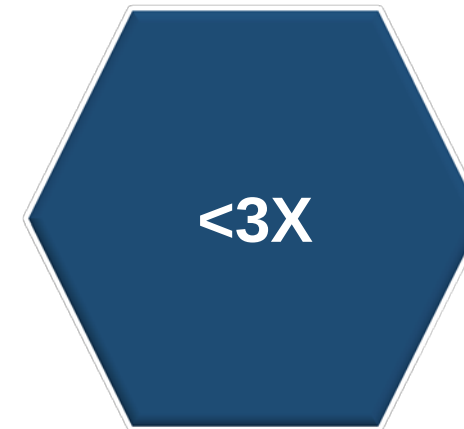
Operating Income Margin ⁽¹⁾⁽²⁾⁽³⁾



Cash-to-earnings ⁽¹⁾⁽³⁾⁽⁴⁾



Net debt/EBITDA ⁽¹⁾⁽³⁾⁽⁵⁾



Committed to utilizing cash flow to pay down debt; we do not plan to raise equity

(1) Free cash flow includes cash flow generated from operating activities net of capital expenditures and deferred purchase price cash component collected for securitized trade receivables.

(2) Operating income margin = Non-GAAP operating income divided by net revenues.

(3) All measures including operating income, EBITDA and earnings are presented on a non-GAAP basis.

(4) Cash to earnings = free cash flow divided by non-GAAP net income attributable to ordinary shareholders.

(5) Net debt/EBITDA = Net debt/non-GAAP EBITDA.

Eli Kalif

EVP & Chief Financial Officer



Q2 2020 Summary

\$ millions, except EPS	Q2 2020	Q2 2019	Q2 2020	Q2 2019
	GAAP		Non-GAAP	
Revenues*	3,870	4,177	3,870	4,177
Operating income (loss)	173	(644)	979	1,011
Net income (loss) attributable to Teva	140	(689)	605	653
Earnings (loss) per share (\$) **	0.13 1,100 million shares	(0.63) 1,092 million shares	0.55 1,100 million shares	0.60 1,093 million shares

Non-GAAP Adjustments

\$ millions	Q2 2020	Comments
Impairment & Accelerated Depreciation	402	Mainly sale of assets of Japan BV
Amortization	249	Quarterly run-rate
Contingent Consideration	76	
Restructuring	33	
Equity Compensation & Other	27	
Legal settlements	13	
Minority	(105)	
Tax items effect	(231)	
Total adjustments	465	

Non-GAAP Summary

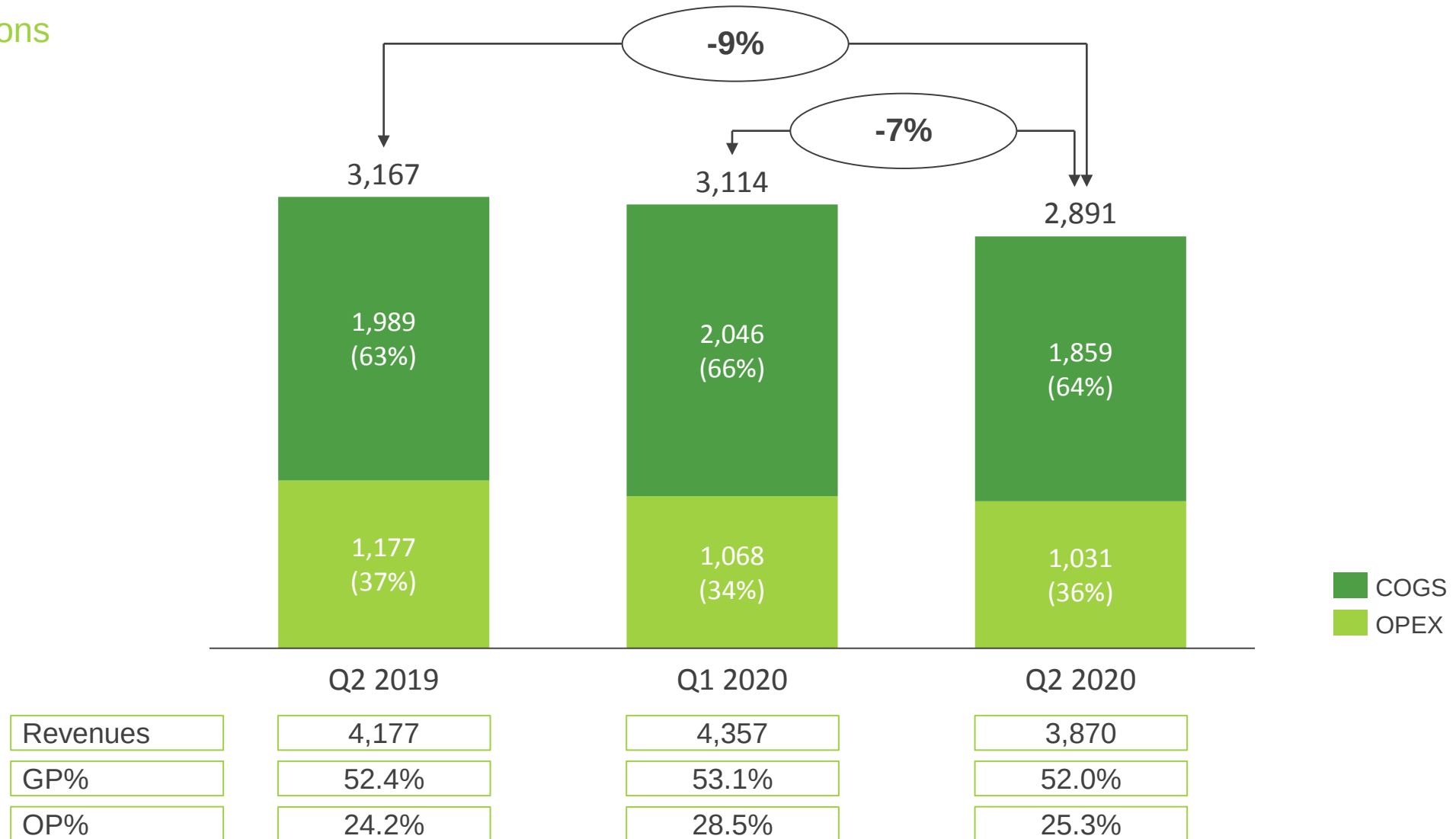
\$ billions, except EPS	Q2 2020	Q2 2019	Change	H1 2020	H1 2019	Change
Revenues*	3.9	4.2	(7%)	8.2	8.3	(1%)
Gross profit	2.0 52.0%	2.2 52.4%	(8%)	4.3 52.5%	4.3 52.1%	-
Operating income	1.0 25.3%	1.0 24.2%	(3%)	2.2 27.0%	2.0 24.4%	10%
EBITDA	1.1	1.1	(3%)	2.5	2.3	8%
Net income attributable to Teva	0.6	0.7	(7%)	1.4	1.3	10%
EPS (\$)	0.55 1,100 million shares	0.60 1,093 million shares	(8%)	1.31 1,098 million shares	1.20 1,093 million shares	10%
Free cash flow**	0.6	0.2	>100%	1.1	0.5	>100%

Revenues by Activity and Geographical Area

\$ millions	Q2-19	Q3-19	Q4-19	Q1-20	Q2-20
North America Segment	2,071	2,051	2,373	2,082	2,047
Generic Medicines	946	914	1,137	952	923
AJOVY	23	25	25	29	34
AUSTEDO	96	105	136	122	161
BENDEKA and TREANDA	125	124	125	105	103
COPAXONE®	274	271	264	198	238
ProAir®*	65	71	80	59	66
QVAR®	60	60	67	45	51
Anda	351	351	412	426	374
Other	131	131	128	146	96
Europe Segment	1,183	1,163	1,184	1,402	1,001
Generic Medicines	844	836	871	1,032	737
COPAXONE	107	106	106	109	84
Respiratory products	89	87	86	106	80
Ajovy	1	1	2	4	5
Other	142	134	120	151	95
International Markets Segment	582	565	578	565	488
Generic Medicines	489	474	489	449	426
COPAXONE	13	20	17	12	12
Other	80	71	73	104	50
Other	342	314	332	307	335
Total Teva	4,177	4,093	4,468	4,357	3,870

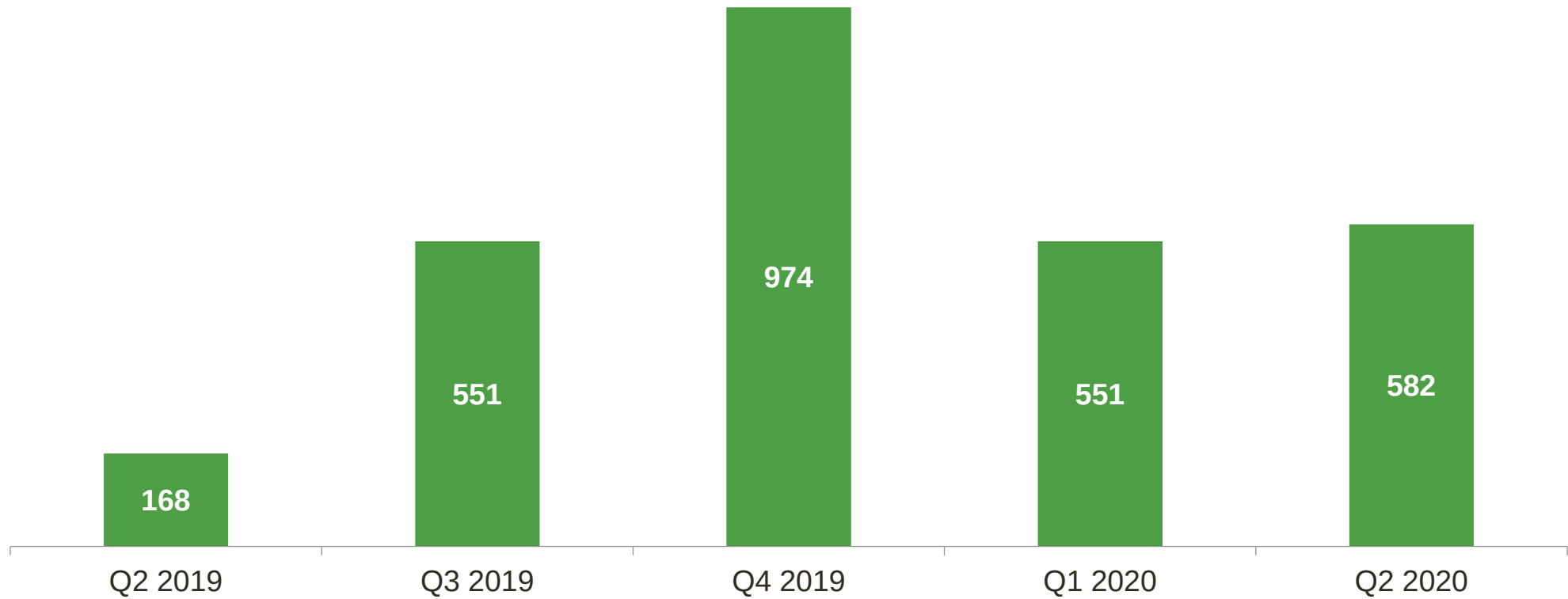
Spend Base

\$ millions



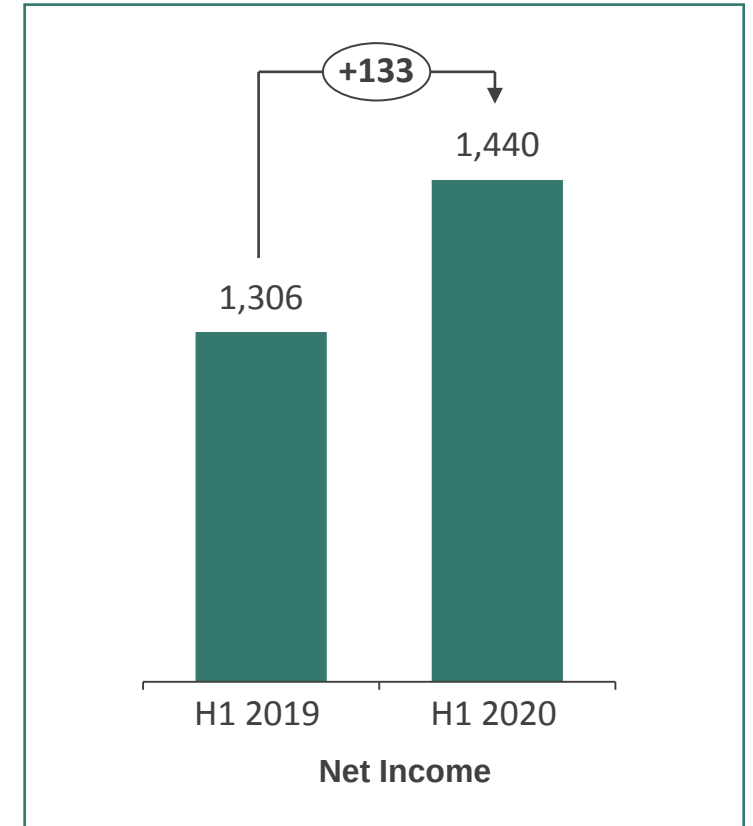
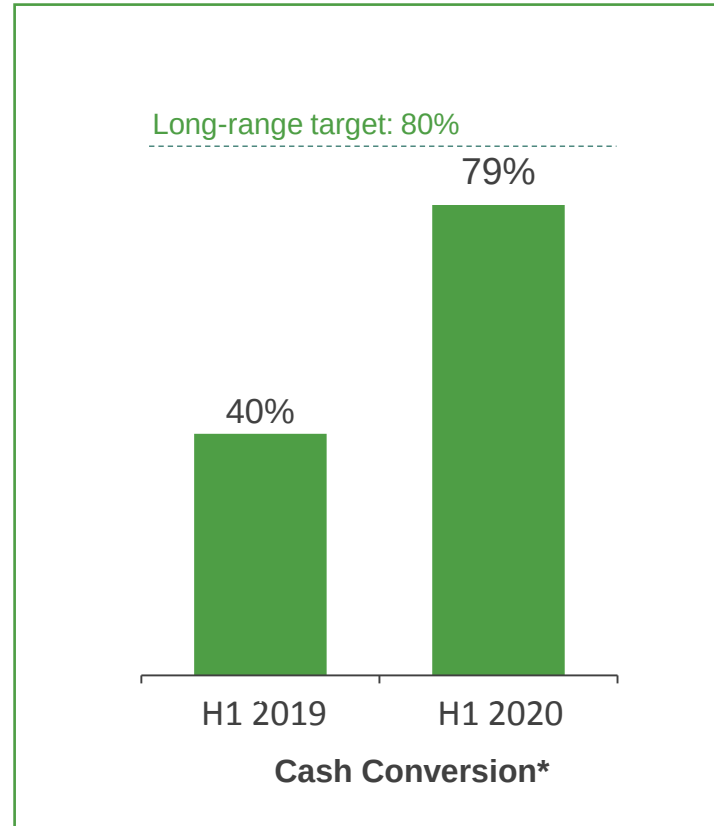
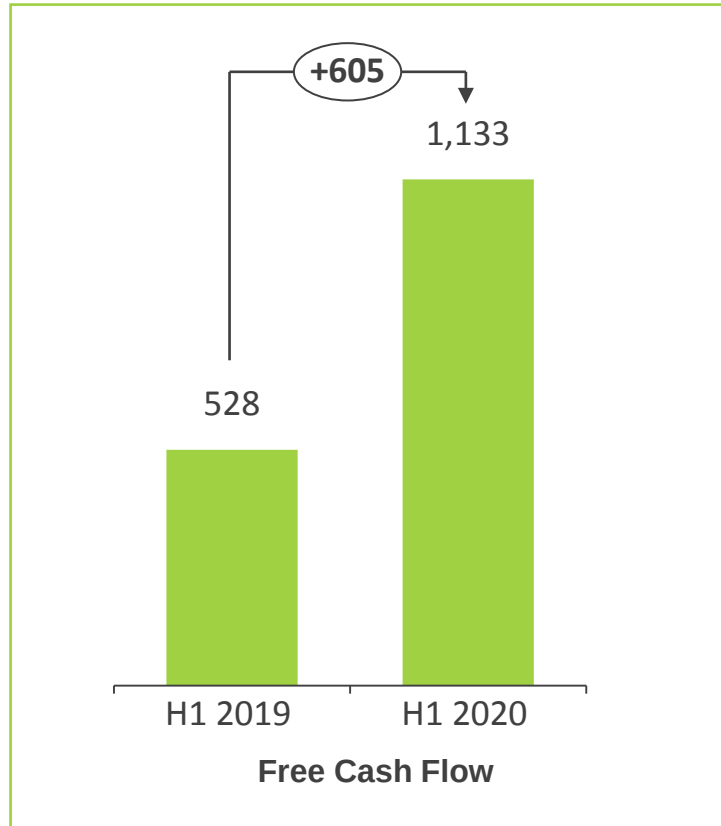
Free Cash Flow

\$ millions



Cash Conversion

\$ millions



Debt Reduction Continues

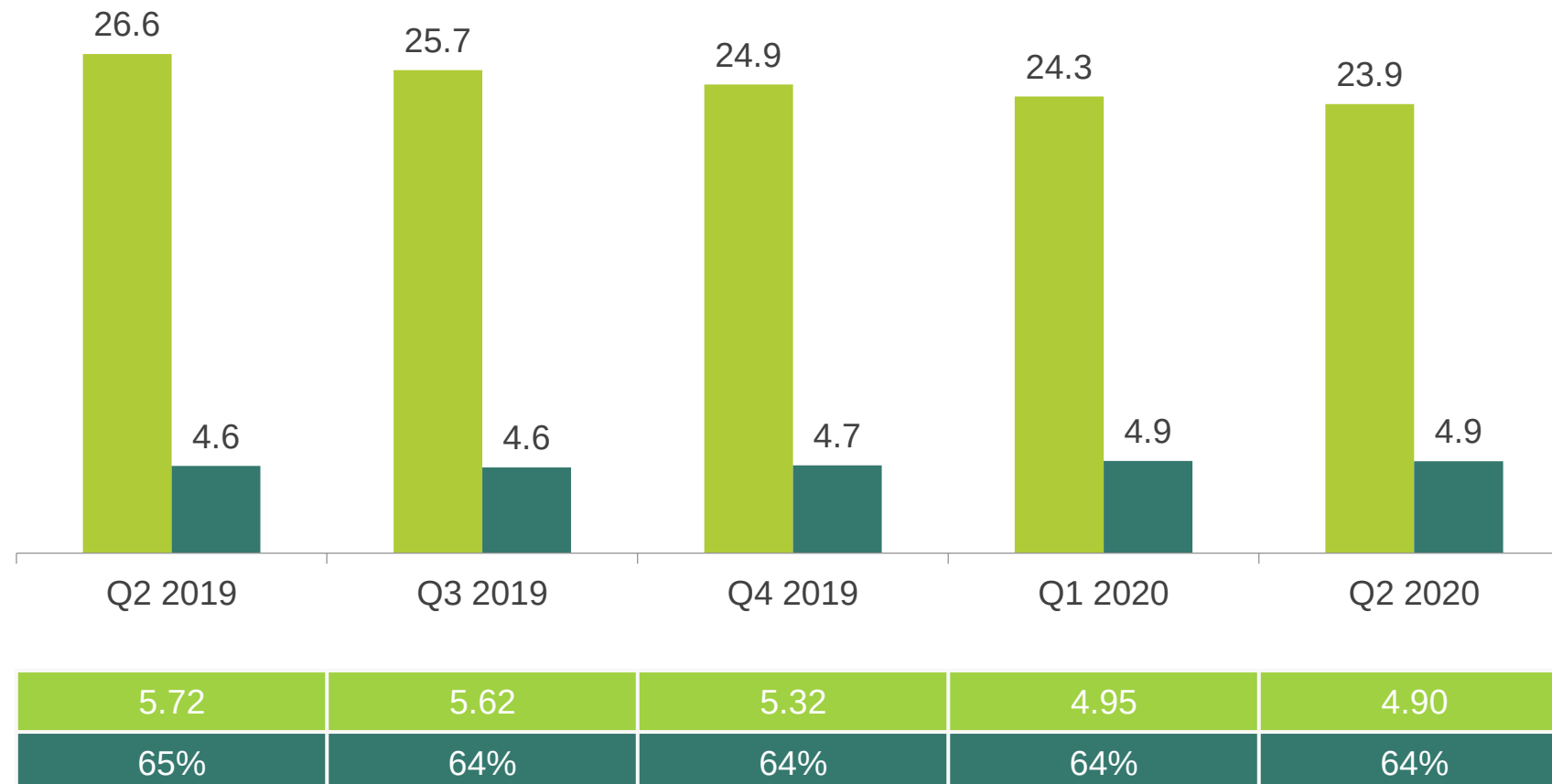
\$ billions

Net Debt

EBITDA MAT

Net Debt / EBITDA MAT

Leverage



Reaffirming 2020 Non-GAAP Outlook

\$ billions, except EPS	FY 2019	2020 Outlook	Comments
Revenues	16.9	16.6 - 17.0	
COPAXONE	1.5	~1.2	
AUSTEDO	\$412 million	~\$650 million	Continued increase of revenues in the U.S
AJOVY	\$96 million	~\$250 million	Continued increase of revenues
Operating Income	4.1	4.0 - 4.4	
EBITDA	4.7	4.5 - 4.9	
EPS (\$)	2.40 1,094 million shares	2.30 - 2.55 1,098 million shares	
Free Cash Flow*	2.1	1.8 - 2.2	
CAPEX	0.5	0.6	
Non-GAAP Tax Rate	18%	17% - 18%	
Foreign Exchange			Volatile swings in FX can negatively impact revenue and income



Q&A



Additional Information

H1 2020 Summary

\$ millions, except EPS	H1 2020	H1 2019	H1 2020	H1 2019
	GAAP		Non-GAAP	
Revenues*	8,227	8,326	8,227	8,326
Operating income (loss)	364	(510)	2,223	2,029
Net income (loss) attributable to Teva	209	(794)	1,440	1,306
Earnings (loss) per share (\$) **	0.19 1,098 million shares	(0.73) 1,091 million shares	1.31 1,098 million shares	1.20 1,093 million shares

Quarterly GAAP Income Statement

\$ millions, except EPS	Q2 2020	Q2 2020 Margins	Q2 2019	Q2 2019 Margins	Change
Revenues*	3,870		4,177		(7%)
COGS	2,107	54.5%	2,284	54.7%	(8%)
Gross profit	1,763	45.5%	1,893	45.3%	(7%)
R&D	225	5.8%	276	6.6%	(19%)
S&M	597	15.4%	666	15.9%	(10%)
G&A	264	6.8%	296	7.1%	(11%)
Legal settlements and loss contingencies	13	0.3%	646	15.5%	(98%)
Impairments, restructuring and others	501	12.9%	662	15.9%	(24%)
Other income	(9)	(0.2%)	(9)	(0.2%)	1%
Operating income	173	4.5%	(644)	(15.4%)	n/a
Finance exp.	223	5.8%	206	4.9%	8%
Tax	(104)	>100%	(179)	21.0%	n/a
Minority and share in profit (loss)	(87)	(2.2%)	18	0.4%	n/a
Net income attributable to Teva	140	3.6%	(689)	(16.5%)	n/a
# of shares (diluted, millions)	1,100		1,092		
Earnings (loss) per share (\$)	0.13		(0.63)		n/a

Some amounts may not sum due to rounding.

H1 2020 GAAP Income Statement

\$ millions, except EPS	H1 2020	H1 2020 Margins	H1 2019	H1 2019 Margins	Change
Revenues*	8,227		8,326		(1%)
COGS	4,402	53.5%	4,577	55.0%	(4%)
Gross profit	3,826	46.5%	3,749	45.0%	2%
R&D	446	5.4%	537	6.5%	(17%)
S&M	1,210	14.7%	1,313	15.8%	(8%)
G&A	567	6.9%	589	7.1%	(4%)
Legal settlements and loss contingencies	(12)	(0.1%)	703	8.4%	n/a
Impairments, restructuring and others	1,271	15.4%	1,132	13.6%	12%
Other income	(22)	(0.3%)	(15)	(0.2%)	45%
Operating income	364	4.4%	(510)	(6.1%)	n/a
Finance exp.	448	5.4%	425	5.1%	5%
Tax	(163)	>100%	(170)	18.2%	n/a
Minority and share in profit (loss)	(131)	(1.6%)	30	0.4%	n/a
Net income attributable to Teva	209	2.5%	(794)	(9.5%)	n/a
# of shares (diluted, millions)	1,098		1,091		
Earnings (loss) per share (\$)	0.19		(0.73)		n/a

Some amounts may not sum due to rounding

Q2 2020 Foreign Exchange Impact

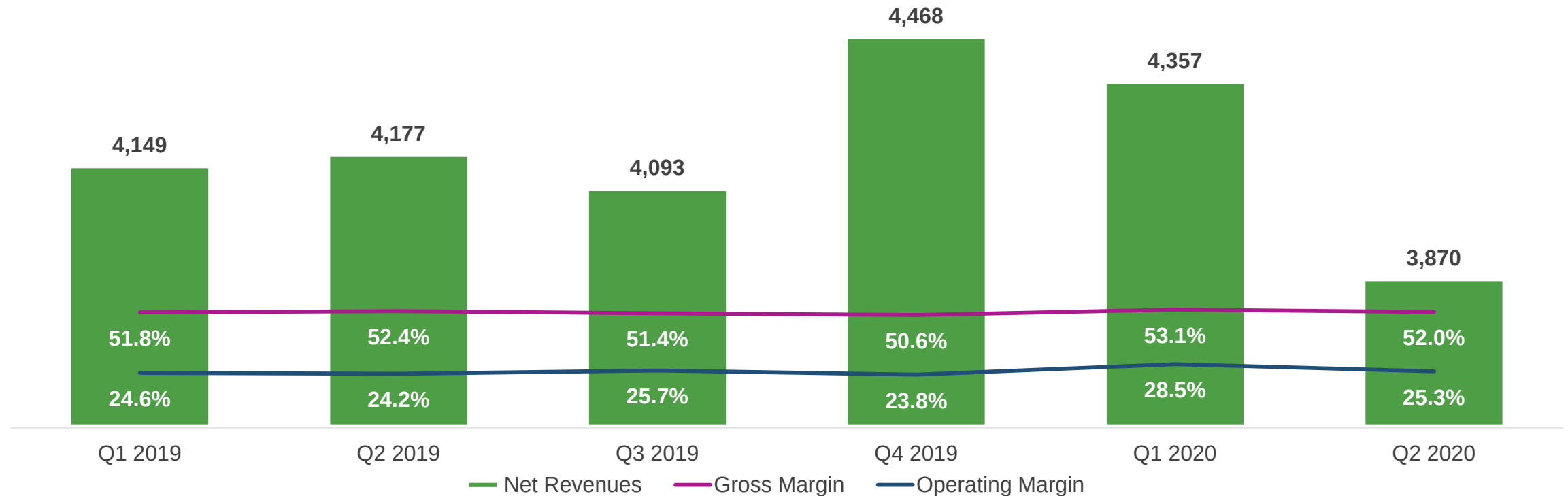
\$ millions	Q2 2020	Q2 2019	Diff	FX Effect*	Diff net FX
Revenues	3,870	4,177	(307)	(79)	(228)
Operating income (loss) GAAP	173	(644)	817	(35)	852
Operating income Non-GAAP	979	1,011	(31)	(37)	5

Some amounts may not sum due to rounding.

Net Revenue

Net Revenues* and Profitability (Non-GAAP)

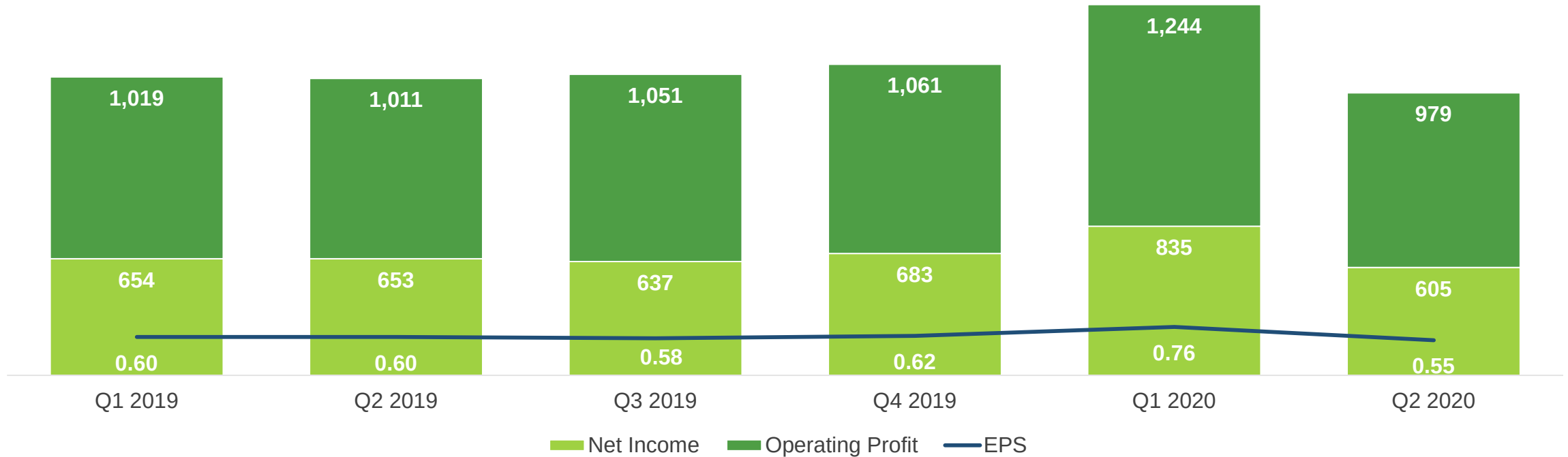
(\$ millions)



Profitability

Profits and EPS (Non-GAAP)

(\$ millions, EPS in \$)

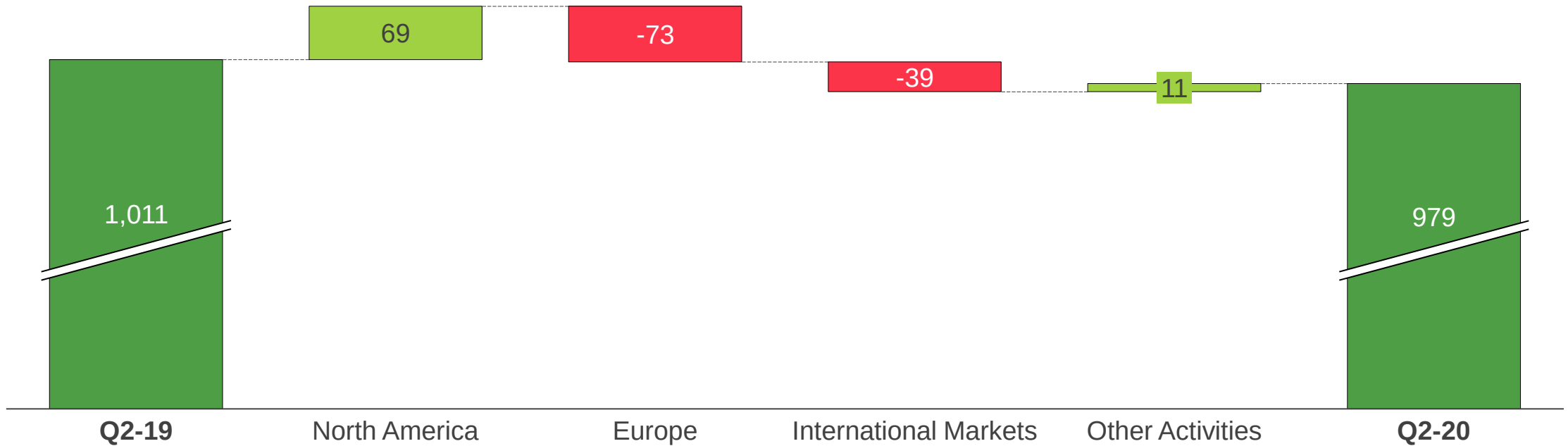


Spend Base Trend (Non-GAAP)

\$ millions	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
COGS	1,989	1,990	2,206	2,046	1,859
S&M	621	551	665	570	559
R&D	271	242	237	221	233
G&A	286	270	309	290	245
Other income	(0)	(11)	(9)	(13)	(6)
Total	3,167	3,042	3,406	3,114	2,891

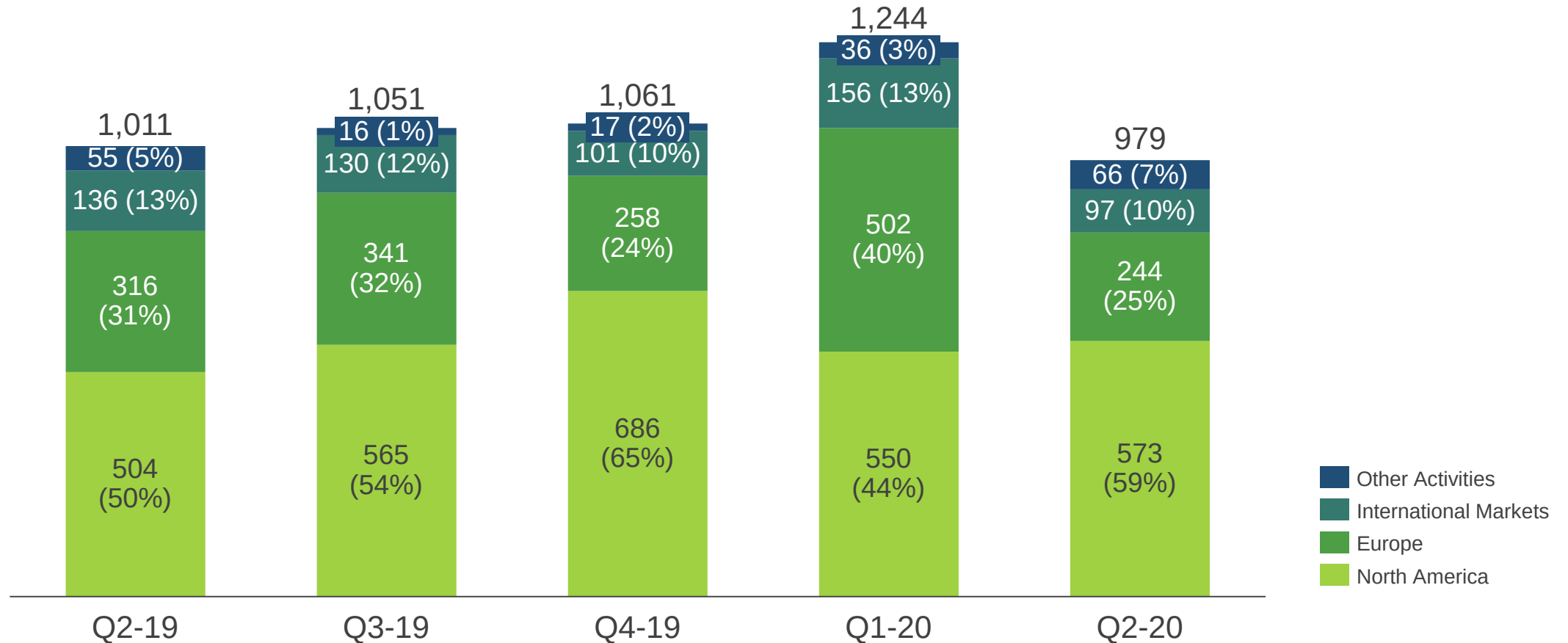
Quarterly Non-GAAP Operating Income

\$ millions



Quarterly Non-GAAP Operating Income

\$ millions



Revenues: 4,177

4,093

4,468

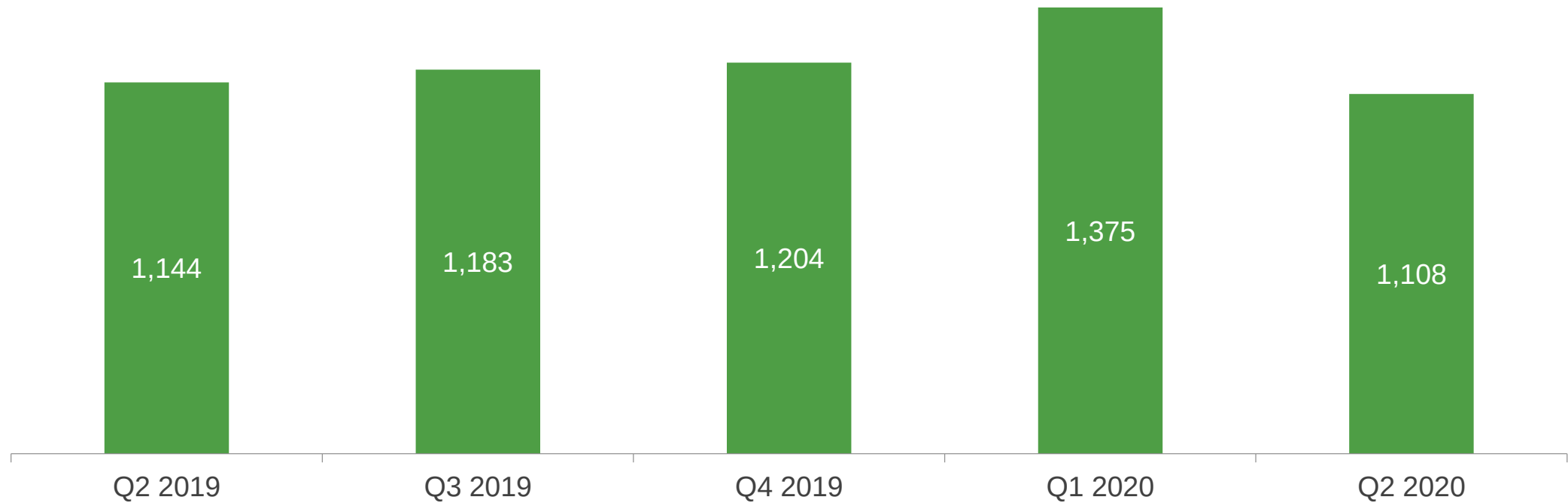
4,357

3,870

Some amounts may not sum due to rounding.

Quarterly EBITDA

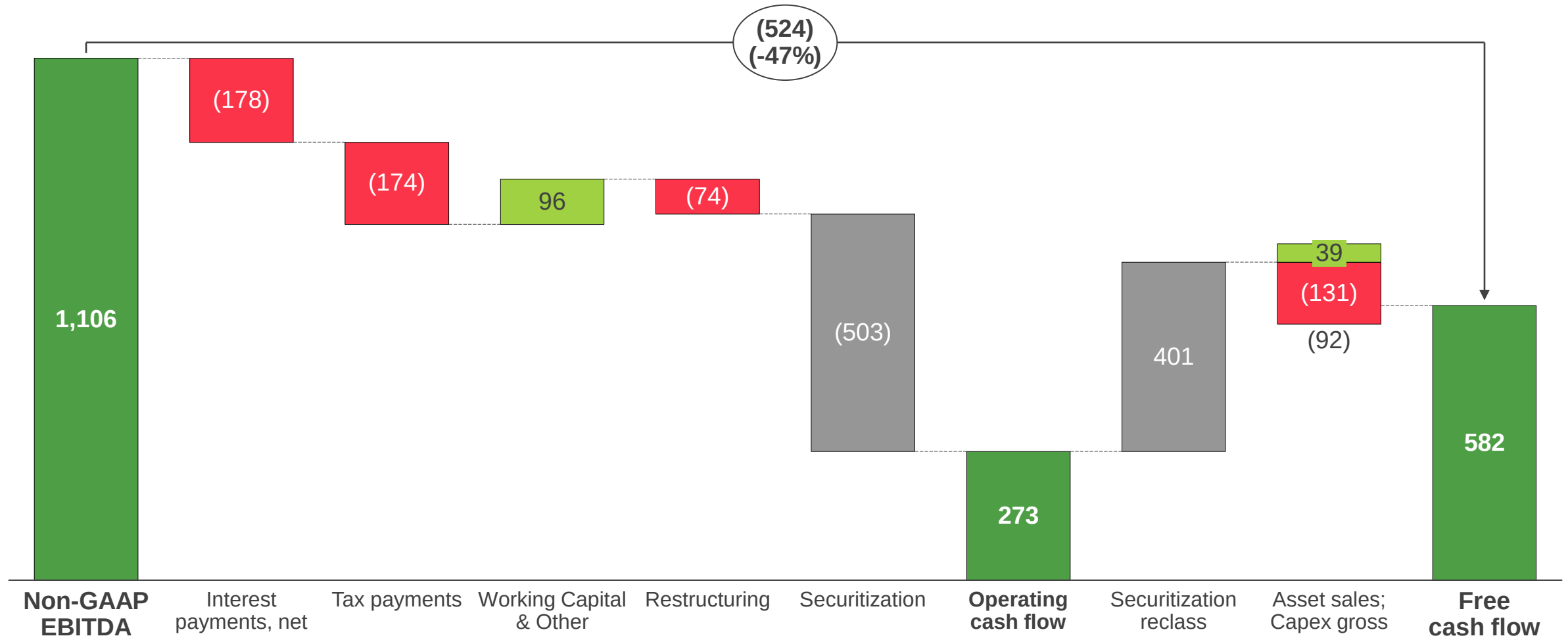
\$ millions



* EBITDA is based on non-GAAP operating income (which excludes amortization and certain other items, as well as depreciation expenses).

Q2 2020 EBITDA to Free Cash Flow

\$ million



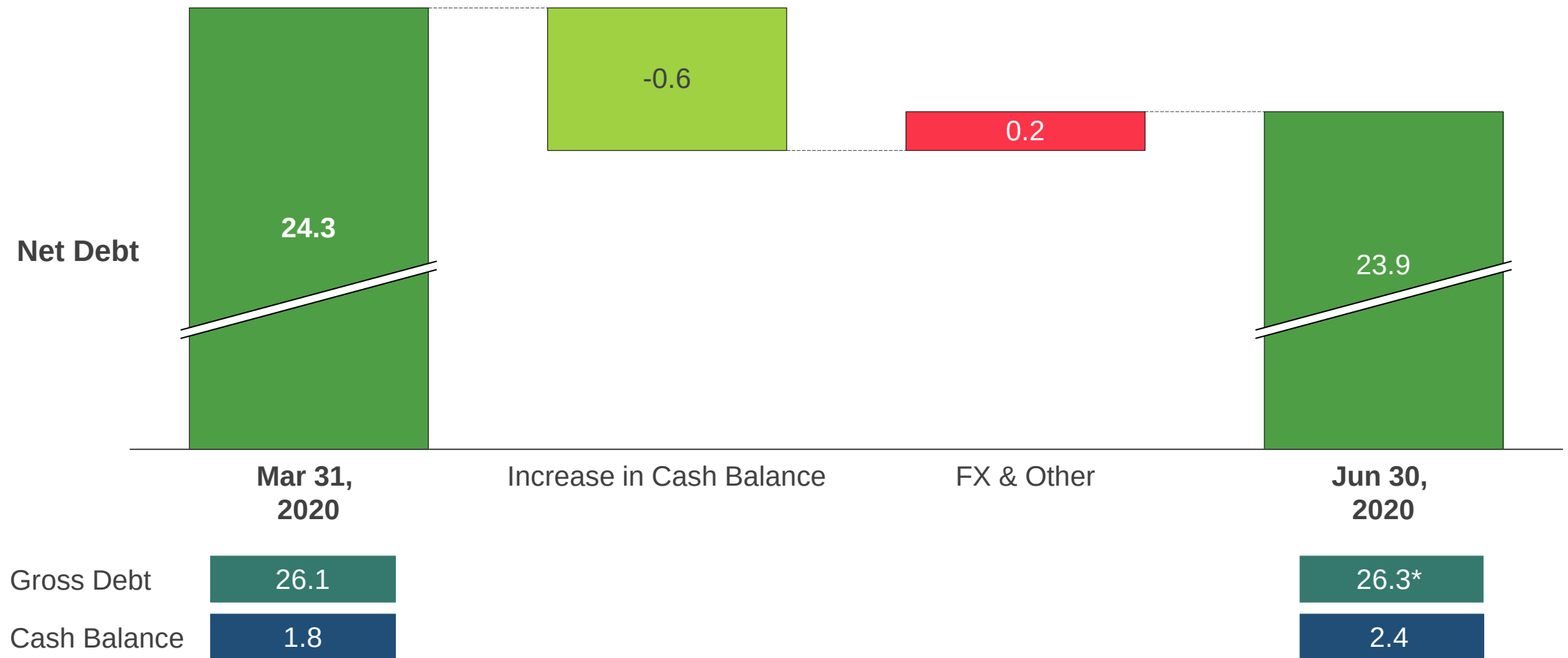
Consolidated Balance Sheet

\$ billions	Jun 30, 2020	Mar 31, 2020	Diff
Cash and Cash Equivalents	2.4	1.8	0.6
AR Trade	4.5	5.2	(0.6)
Pre-paid Expenses and Other Current Assets	1.5	1.6	(0.1)
Inventory	4.4	4.3	0.1
Fixed Assets	6.1	6.2	(0.1)
Intangible Assets	9.9	10.3	(0.3)
Goodwill	24.6	24.5	0.1
Other Long Term Assets	1.5	1.5	0.1
Total Assets	55.0	55.3	(0.3)
AP Trade	1.6	1.7	(0.1)
SR&A	5.2	5.7	(0.5)
AP Other	3.3	3.4	(0.1)
Total Debt (ST+LT)	26.3	26.1	0.2
Other Long Term Liabilities	3.8	3.9	(0.1)
Minority	1.0	1.1	(0.1)
Teva Shareholders' Equity	13.9	13.5	0.3
Total Liabilities & Equity	55.0	55.3	(0.3)

Some amounts may not sum due to rounding.

Q2 2020 Net Debt Movements

\$ billions



* In July 2020, Teva repaid at maturity €1.0bn of EUR denominated debt (€7.9bn as of Jun 30th, 2020)
 Net Debt = Gross Debt – Cash Balance.

teva

