

Teva Pharmaceutical Industries Ltd. Third Quarter 2020 Results

November 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: our ability to successfully defend against the U.S. Department of Justice criminal charges of Sherman Act violations; 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 third quarter of 2020 and in our 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 third quarter financial results, as well as our Quarterly Report on Form 10-Q for the quarter ended September 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.

Some amounts in this presentation may not add up due to rounding. All percentages have been calculated using unrounded amounts.

Kåre Schultz

Chief Executive Officer



Highlights

Financial

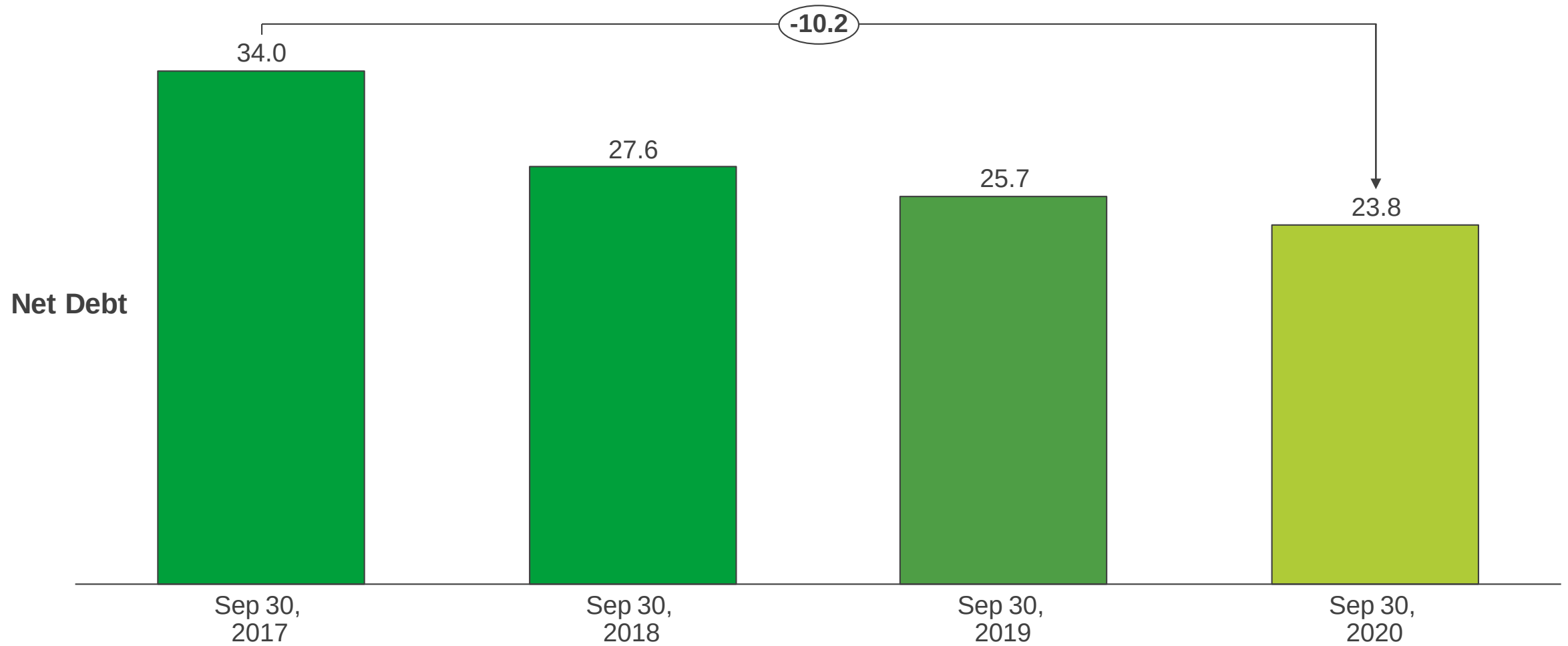
- Revenues of \$4 billion
- Non-GAAP EBITDA of \$1.2 billion
- GAAP loss per share of \$3.97 (includes \$4.6 billion goodwill impairment), non-GAAP EPS of \$0.58
- Free cash flow of \$0.5 billion
- Net debt of \$23.8 billion as of September 30, 2020

Business

- Launched first generic versions of HIV-1 treatments Truvada® and Atripla® tablets in the U.S.
- Achieved TRUXIMA® biosimilar market share of ~20% in the U.S.
- AJOVY® application submitted in Japan by Otsuka in July 2020
- Launched digital inhalers AirDuo® Digihaler® and ArmonAir® Digihaler® in the U.S.
- ~200 million patients continue to have access to our essential medicines

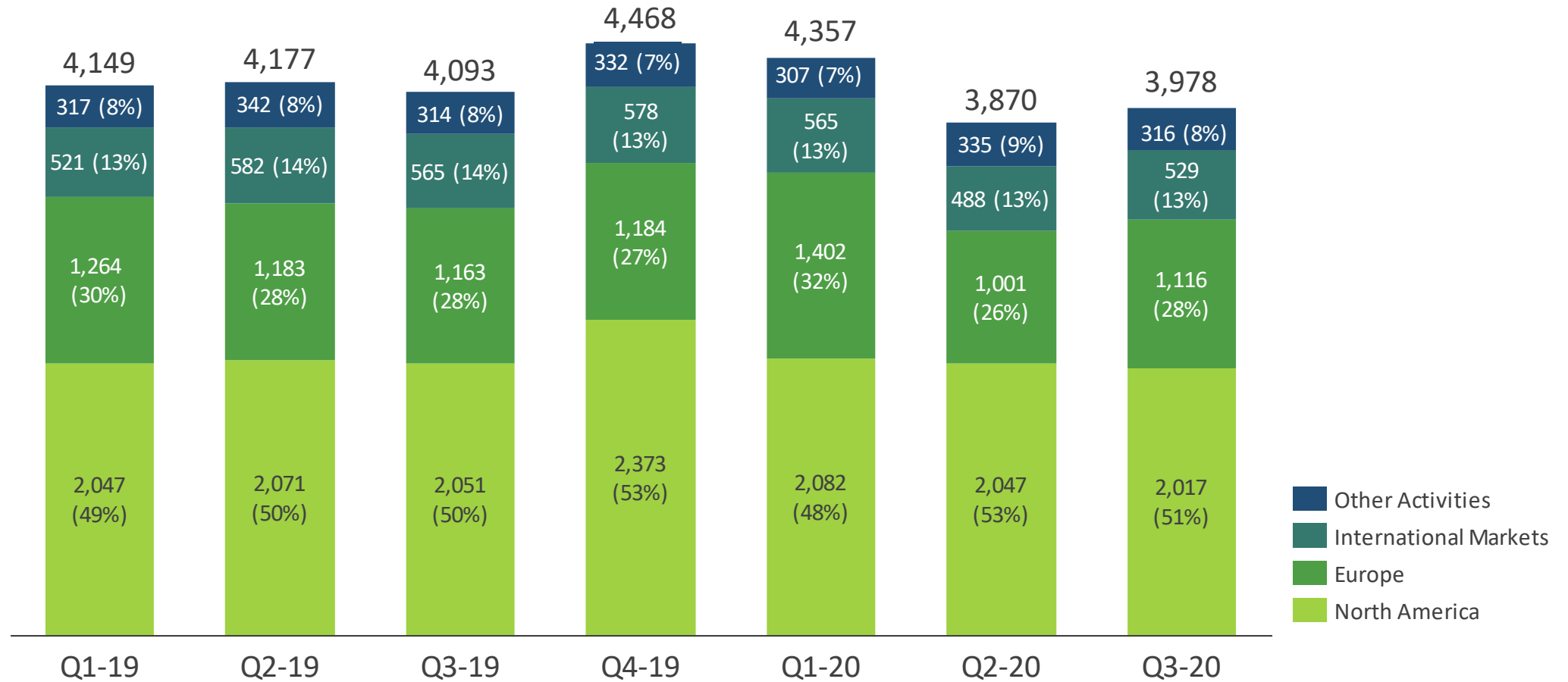
Debt Reduction

\$ billions



Revenue Development

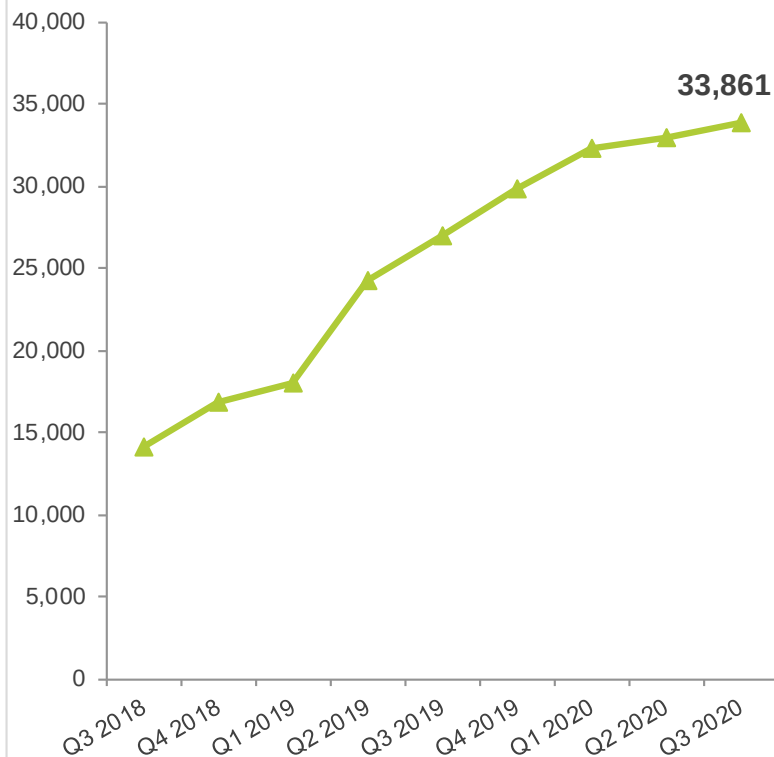
\$ millions



AUSTEDO® Continues to Grow

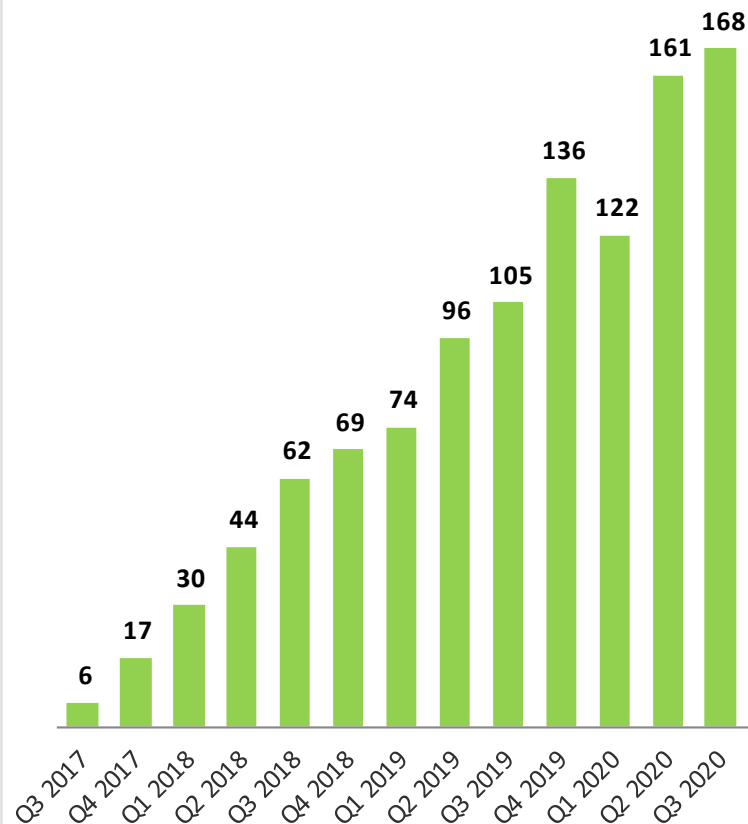


AUSTEDO® TRx Count Per Quarter



Source: IQVIA US NPA Audit

AUSTEDO® Revenues By Quarter (\$ million)



Source: Company Information

Highlights

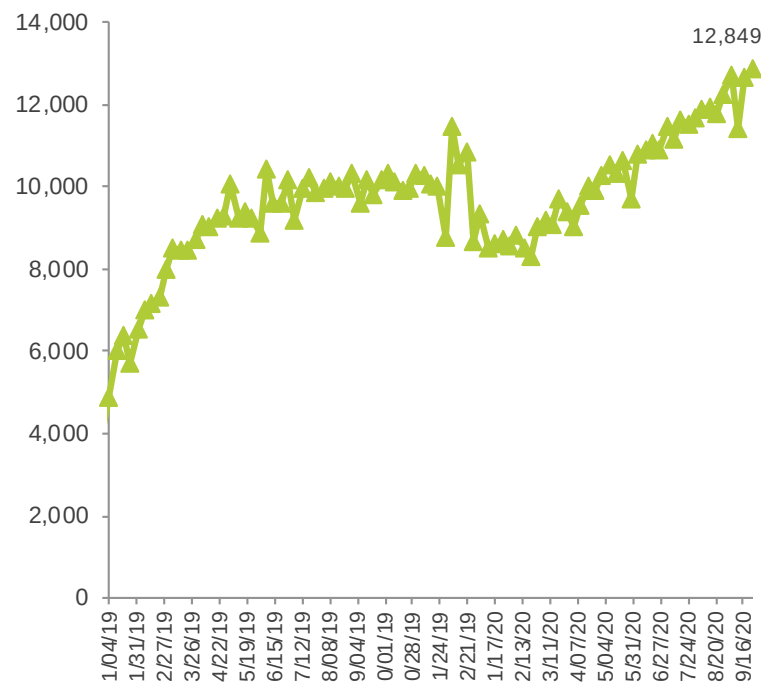
- Net sales of \$451 million for the first 9 months of 2020, an increase of 64% vs. the same period 2019
- ~34K prescriptions dispensed in Q3 2020
- ~10.5K patients
- Favorable national formulary coverage
 - Commercial: 89%
 - Medicare Part D: 85%

Source: Decision Resources, Fingert Analytics 2.0

AJOVY® Positive Momentum Continues

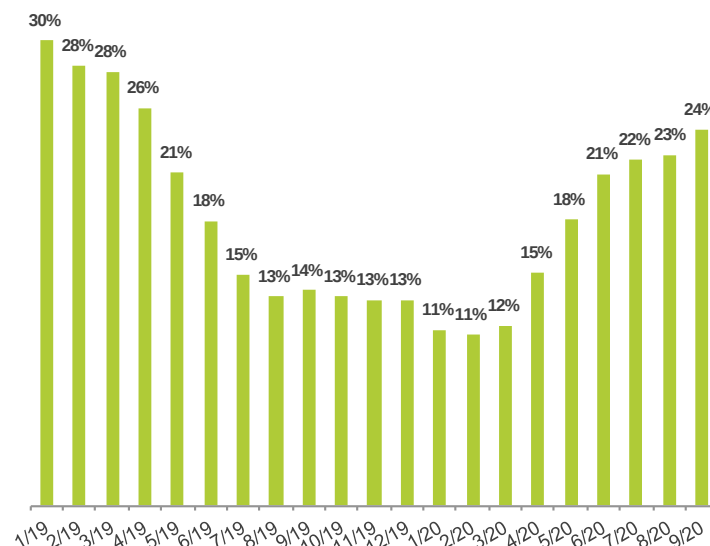
AJOVY®
(fremanezumab-vfrm)
injection 225 mg/1.5 mL

AJOVY® Weekly Normalized TRx Count



Source: IQVIA NPA TRx (weekly), normalized - wk ending 09/25/20

AJOVY® NBRx Share*



*monthly NBRx share estimated from weekly NBRx data

Source: IQVIA NPA MD (weekly)

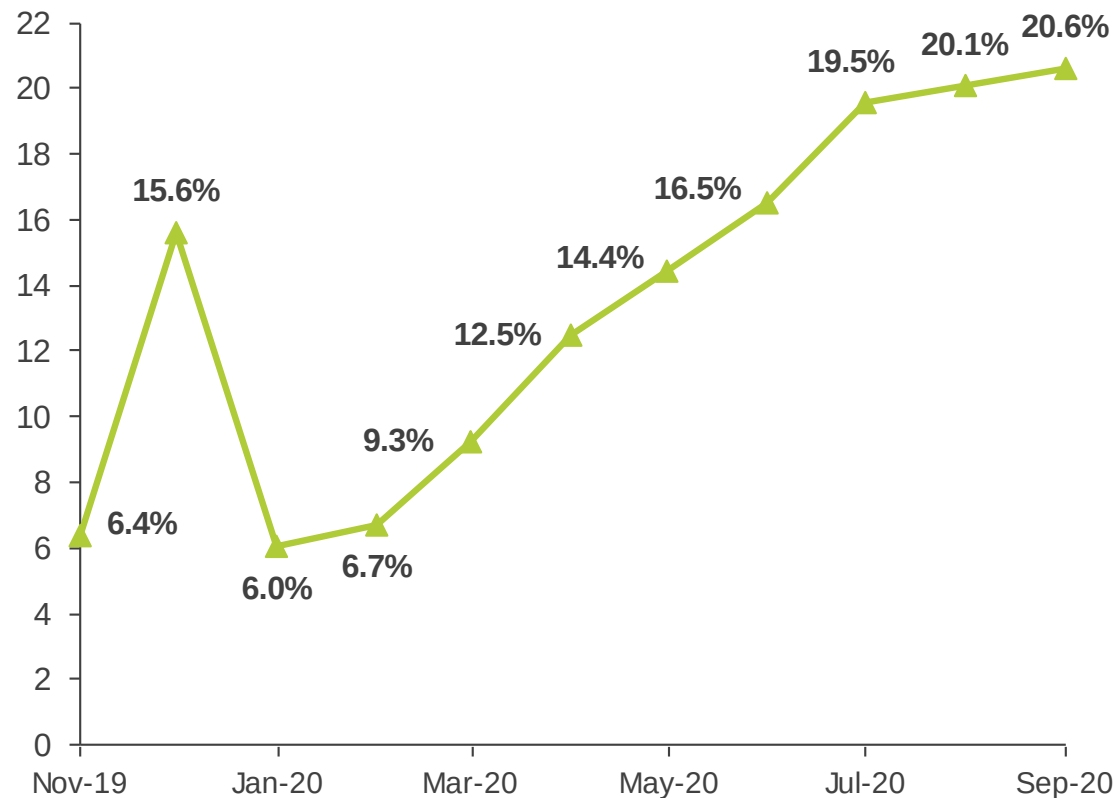
Highlights

- \$35 million U.S. net sales for Q3 2020
- NBRx share increased to 24% in Q3; recent weeks ~25%. Normalized TRx share* approaching 19%
- Share increase continues due to auto-injector launch and promotional refinements in support of launch
- Auto-injector launched end of April. Now accounts for >50% of total AJOVY® NBRx and >25% of TRx

TRUXIMA® - First Approved Rituximab Biosimilar in the U.S.



TRUXIMA® Market Shares within rituximab IV, Q3 2020



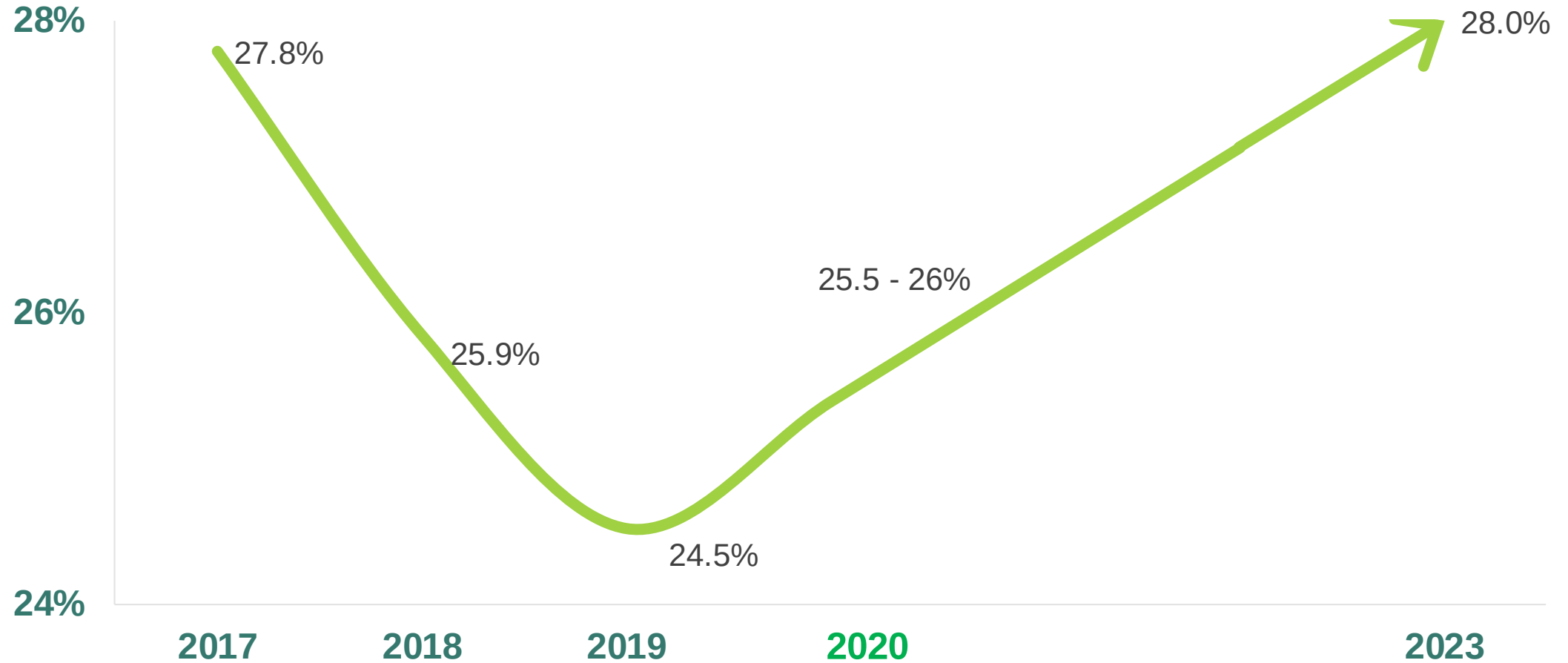
Source: IQVIA DDDMD

Highlights

- Reaching ~20% within first year of launch
- Remains only rituximab biosimilar indicated for rheumatoid arthritis (RA)

Operating Margin Expansion

Non-GAAP operating margin %



Long-Term Financial Targets

To be achieved by year-end 2023

Operating Income Margin ⁽²⁾⁽³⁾

28%

Cash-to-earnings ⁽¹⁾⁽³⁾⁽⁴⁾

>80%

Net debt/EBITDA ⁽¹⁾⁽³⁾⁽⁵⁾

<3X

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



Q3 2020 Summary

\$ millions, except EPS	Q3 2020	Q3 2019	Q3 2020	Q3 2019
	GAAP		Non-GAAP	
Revenues*	3,978	4,093	3,978	4,093
Operating income (loss)	(4,342)	(81)	1,025	1,051
Net income (loss) attributable to Teva	(4,349)	(314)	637	637
Earnings (loss) per share (\$)**	(3.97) 1,096 million shares	(0.29) 1,092 million shares	0.58 1,100 million shares	0.58 1,093 million shares

Non-GAAP Adjustments

\$ millions	Q3 2020	Comments
Goodwill Impairment	4,628	Due to our current market capitalization, which is influenced by uncertainty regarding the timeframe for resolution of certain litigations in our North America reporting unit
Impairment of long lived assets	565	Mainly US Gx intangible assets, and fixed assets of sites slated for closure
Amortization	251	Quarterly run-rate
Contingent Consideration	(179)	Mainly decrease in future royalties
Gain from equity investment	(134)	American Well
Finance income	(124)	Mainly related to American Well
IPR&D	21	
Legal Settlements	21	
Equity Compensation	30	
Other	24	
Tax items effect	(117)	
Total adjustments	4,986	

Non-GAAP Summary

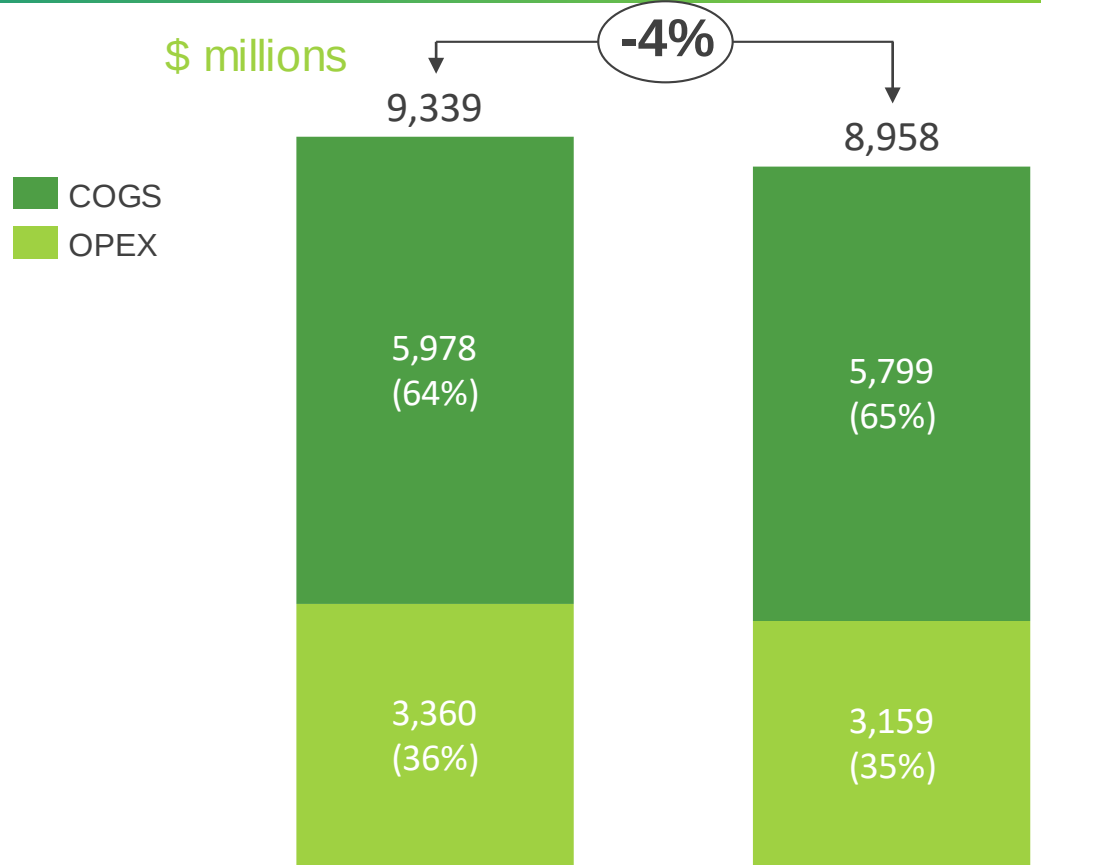
\$ billions, except EPS	Q3 2020	Q3 2019	Change	Q3 YTD 2020	Q3 YTD 2019	Change
Revenues*	4.0	4.1	(3%)	12.2	12.4	(2%)
Gross profit	2.1 52.4%	2.1 51.4%	1%	6.4 52.5%	6.4 51.9%	0.6%
Operating income	1.0 25.8%	1.1 25.7%	0.1%	3.2 26.6%	3.1 24.8%	1.8%
EBITDA	1.2	1.2	-	3.6	3.5	4%
Net income attributable to Teva	0.6	0.6	-	2.1	1.9	7%
EPS (\$)	0.58 1,100 million shares	0.58 1,093 million shares	-	1.89 1,099 million shares	1.78 1,093 million shares	6%
Free cash flow**	0.5	0.6	(8%)	1.6	1.1	52%

* Revenues in 2019 reflect the revision related to the Israeli distribution business, with the change from gross to net basis.

** 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.

Spend Base

\$ millions

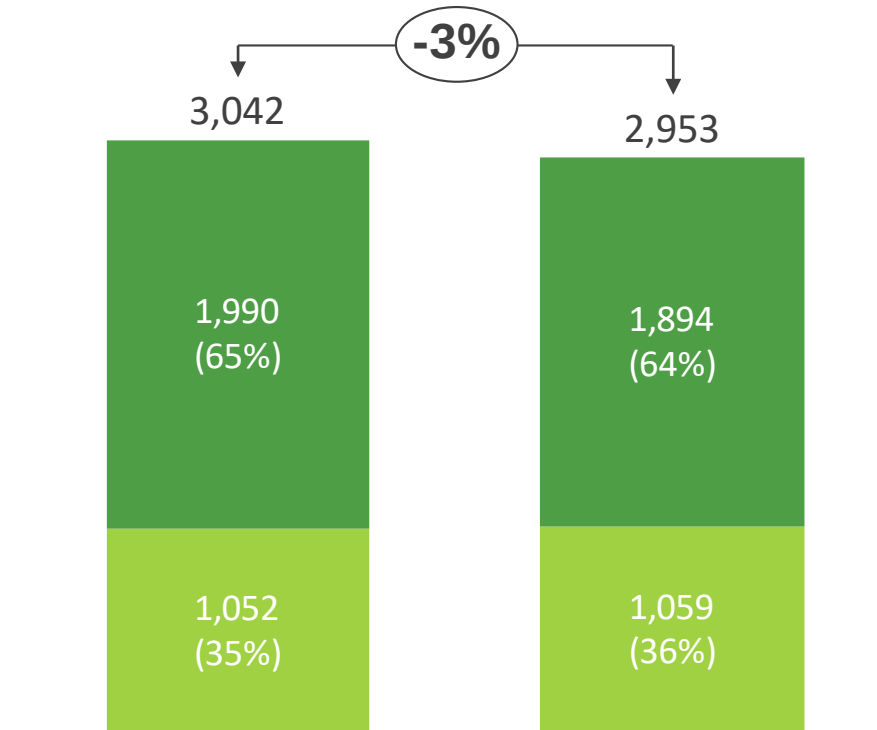


Q3 YTD 2019

Q3 YTD 2020

Revenues	12,420
GP%	51.9%
OP%	24.8%

12,206
52.5%
26.6%



Q3 2019

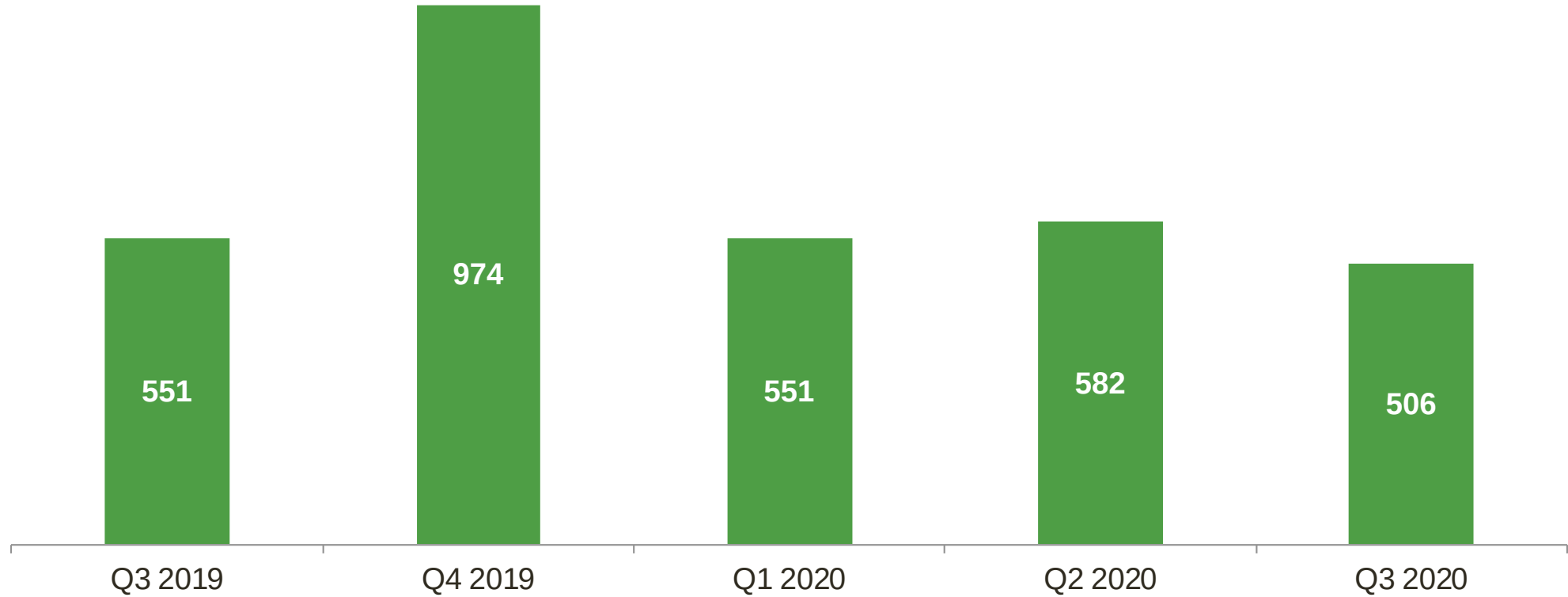
Q3 2020

4,093
51.4%
25.7%

3,978
52.4%
25.8%

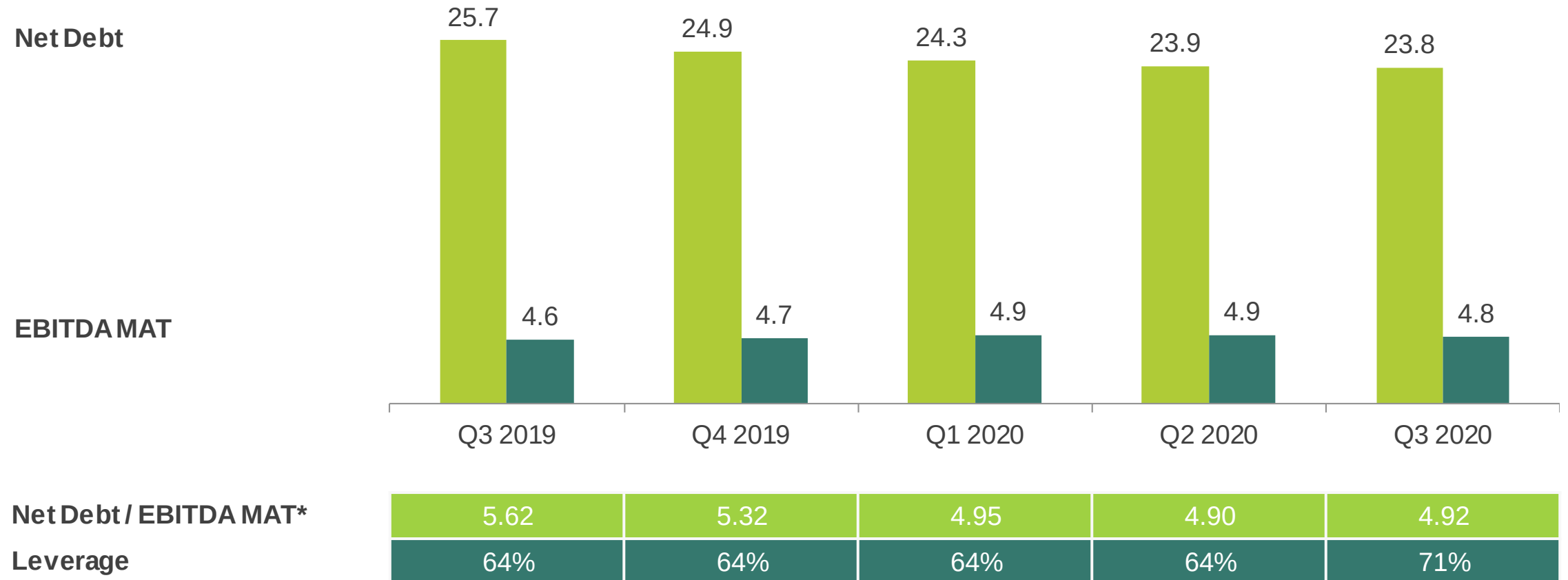
Free Cash Flow

\$ millions



Debt Reduction

\$ billions



2020 Non-GAAP Outlook

\$ billions, except EPS	FY 2019	August 2020 Outlook	November 2020 Outlook	Comments
Revenues	16.9	16.6 - 17.0	16.5 - 16.8	Updated range reflects impact of COVID-19 on customer purchasing patterns and overall utilization by patients
COPAXONE®	1.5	~1.2	~1.3	Improved performance
AUSTEDO®	\$412 million	~\$650 million	~\$650 million	Continued increase of revenues in the U.S.
AJOVY®	\$96 million	~\$250 million	~\$200 million	Lower total market volume
Operating Income	4.1	4.0 - 4.4	4.2 - 4.4	Tightened range; midpoint increased
EBITDA	4.7	4.5 - 4.9	4.7 - 4.9	Tightened range; midpoint increased
EPS (\$)	2.40 1,094 million shares	2.30 - 2.55 1,098 million shares	2.40 - 2.55 1,098 million shares	Tightened range; midpoint increased
Free Cash Flow	2.1	1.8 - 2.2	1.8 - 2.2	
CAPEX	0.5	0.6	0.5	Decrease in level of spend
Non-GAAP Tax Rate	18%	17% - 18%	17% - 18%	
Foreign Exchange		Volatile swings in FX can negatively impact revenue and income	Volatile swings in FX can negatively impact revenue and income	



Q&A



Additional Information

Q3 YTD 2020 Summary

\$ millions, except EPS	Q3 YTD 2020	Q3 YTD 2019	Q3 YTD 2020	Q3 YTD 2019
	GAAP		Non-GAAP	
Revenues*	12,206	12,420	12,206	12,420
Operating income (loss)	(3,978)	(591)	3,248	3,081
Net income (loss) attributable to Teva	(4,140)	(1,108)	2,077	1,943
Earnings (loss) per share (\$)**	(3.78) 1,095 million shares	(1.02) 1,091 million shares	1.89 1,099 million shares	1.78 1,093 million shares

Quarterly GAAP Income Statement

\$ millions, except EPS	Q3 2020	Q3 2020 Margins	Q3 2019	Q3 2019 Margins	Change
Revenues*	3,978		4,093		(3%)
COGS	2,126	53.4%	2,264	55.3%	(6%)
Gross profit	1,852	46.6%	1,830	44.7%	1%
R&D	258	6.5%	240	5.9%	7%
S&M	605	15.2%	595	14.5%	2%
G&A	279	7.0%	285	7.0%	(2%)
Legal settlements and loss contingencies	21	0.5%	468	11.4%	(95%)
Impairments, restructuring and others	5,039	126.7%	337	8.2%	n/a
Other income	(8)	(0.2%)	(14)	(0.3%)	(42%)
Operating income (loss)	(4,342)	(109.1%)	(81)	(2.0%)	n/a
Finance exp.	117	2.9%	211	5.1%	(44%)
Tax	16	(0.4%)**	11	(3.7%)**	49%
Minority and share in profit (loss)	(126)	(3.2%)	11	0.3%	n/a
Net income (loss) attributable to Teva	(4,349)	(109.3%)	(314)	(7.7%)	n/a
# of shares (diluted, millions)	1,096		1,092		
Earnings (loss) per share (\$)	(3.97)		(0.29)		n/a

Q3 YTD 2020 GAAP Income Statement

\$ millions, except EPS	Q3 YTD 2020	Q3 YTD 2020 Margins	Q3 YTD 2019	Q3 YTD 2019 Margins	Change
Revenues*	12,206		12,420		(2%)
COGS	6,528	53.5%	6,841	55.1%	(5%)
Gross profit	5,678	46.5%	5,579	44.9%	2%
R&D	704	5.8%	778	6.3%	(9%)
S&M	1,815	14.9%	1,908	15.4%	(5%)
G&A	846	6.9%	873	7.0%	(3%)
Legal settlements and loss contingencies	10	0.1%	1,171	9.4%	(99%)
Impairments, restructuring and others	6,310	51.7%	1,469	11.8%	330%
Other income	(30)	(0.2%)	(29)	(0.2%)	3%
Operating income (loss)	(3,978)	(32.6%)	(591)	(4.8%)	n/a
Finance exp.	565	4.6%	635	5.1%	(11%)
Tax	(147)	3.2%**	(159)	13.0%**	n/a
Minority and share in profit (loss)	(256)	(2.1%)	41	0.3%	n/a
Net income (loss) attributable to Teva	(4,140)	(33.9%)	(1,108)	(8.9%)	n/a
# of shares (diluted, millions)	1,095		1,091		
Earnings (loss) per share (\$)	(3.78)		(1.02)		n/a

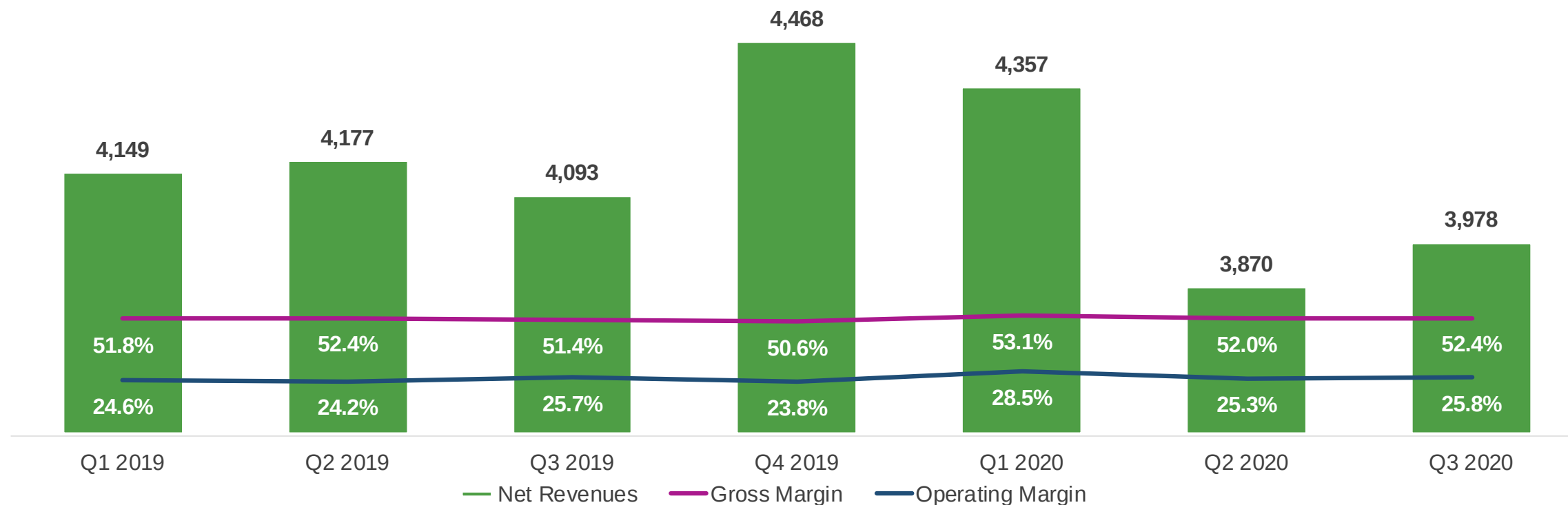
Q3 2020 Foreign Exchange Impact

\$ millions	Q3 2020	Q3 2019	Diff	FX Effect	Diff net FX
Revenues	3,978	4,093	(115)	14	(129)
Operating income (loss) GAAP	(4,342)	(81)	(4,261)	(18)	(4,243)
Operating income Non-GAAP	1,025	1,051	(26)	(13)	(13)

Net Revenue

Net Revenues* and Profitability (Non-GAAP)

(\$ millions)



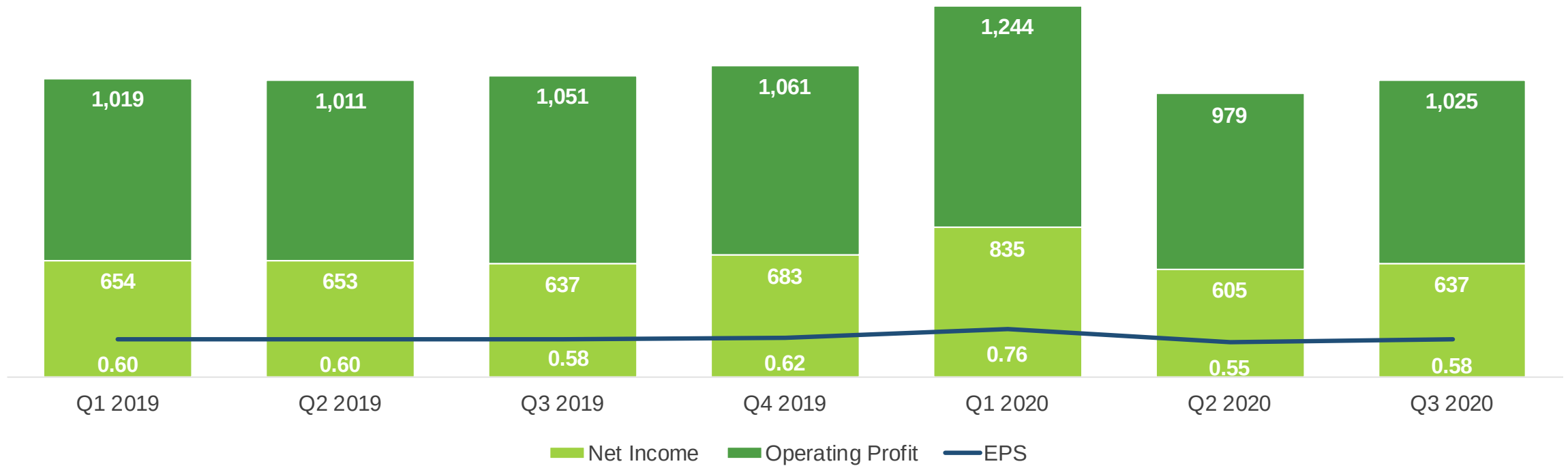
Revenues by Activity and Geographical Area

\$ millions	Q3-19	Q4-19	Q1-20	Q2-20	Q3-20
North America Segment	2,051	2,373	2,082	2,047	2,017
Generic Medicines	914	1,137	952	923	928
COPAXONE®	271	264	198	238	236
AJOVY®	25	25	29	34	35
BENDEKA® and TREANDA®	124	125	105	103	105
ProAir®*	71	80	59	66	50
QVAR®	60	67	45	51	42
AUSTEDO®	105	136	122	161	168
Distribution	351	412	426	374	341
Other	131	128	146	96	113
Europe Segment	1,163	1,184	1,402	1,001	1,116
Generic Medicines	836	871	1,032	737	824
COPAXONE®	106	106	109	84	101
Respiratory products	87	86	106	80	77
Other	134	122	155	100	114
International Markets Segment	565	578	565	488	529
Generic Medicines	474	489	449	426	429
COPAXONE®	20	17	12	12	14
Other	71	73	104	50	86
Other	314	332	307	335	316
Total Teva	4,093	4,468	4,357	3,870	3,978

Profitability

Profits and EPS (Non-GAAP)

(\$ millions, EPS in \$)

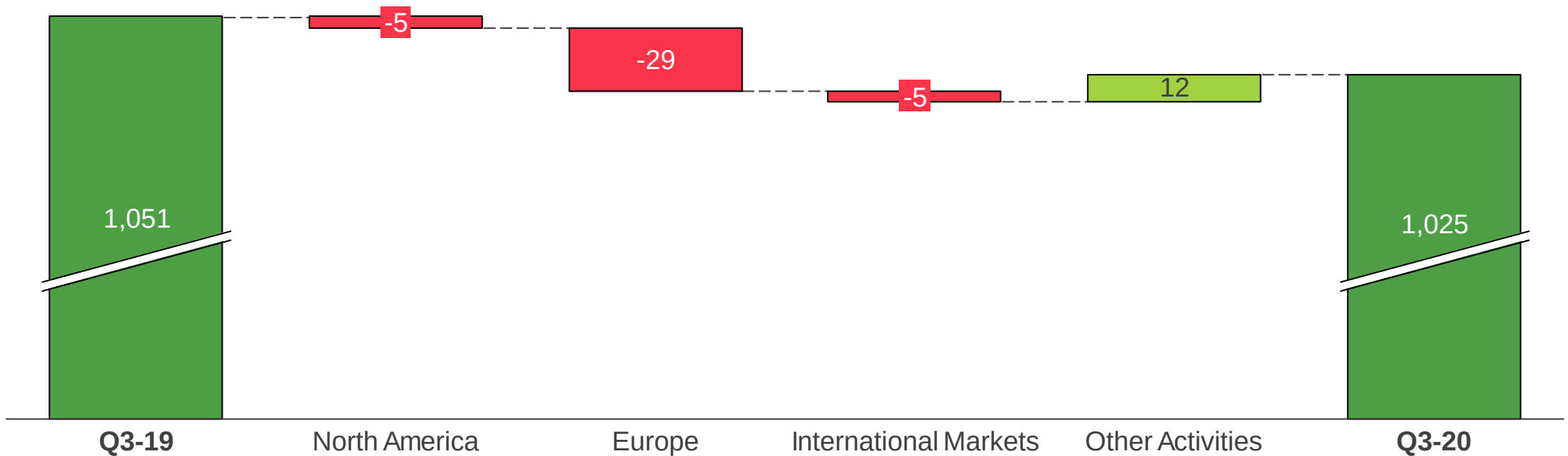


Spend Base Trend (Non-GAAP)

\$ millions	Q3 2019	Q1 2020	Q2 2020	Q3 2020	Q3-YTD-2019	Q3-YTD-2020
COGS	1,990	2,046	1,859	1,894	5,978	5,799
S&M	551	570	559	566	1,774	1,695
R&D	242	221	233	233	768	687
G&A	270	290	245	269	836	803
Other income	(11)	(13)	(6)	(8)	(17)	(27)
Total	3,042	3,114	2,891	2,953	9,339	8,958

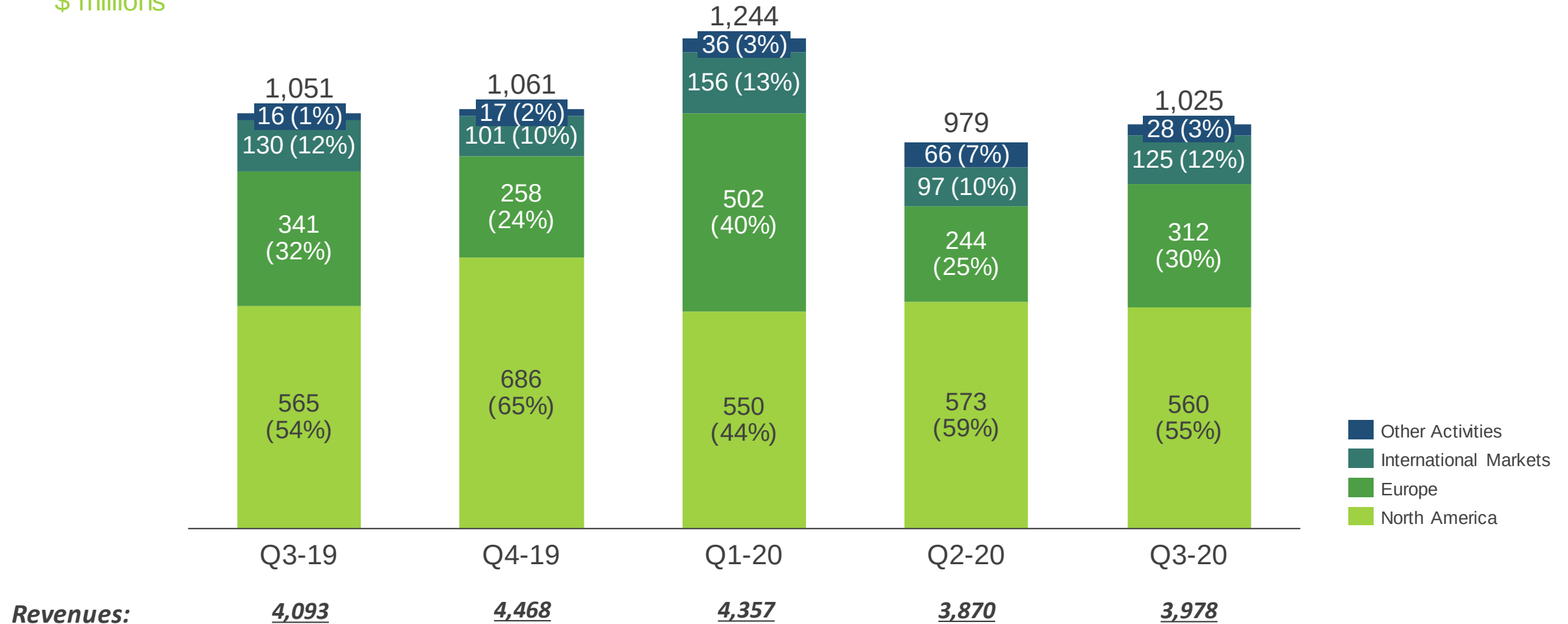
Quarterly Non-GAAP Operating Income

\$ millions



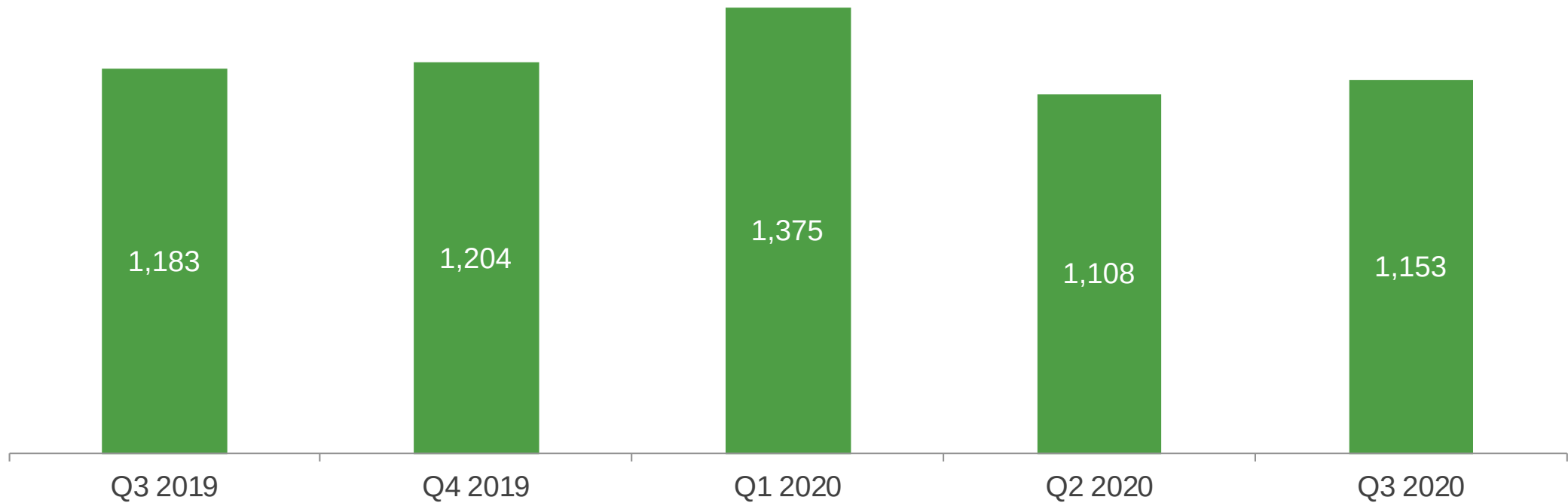
Quarterly Non-GAAP Operating Income

\$ millions



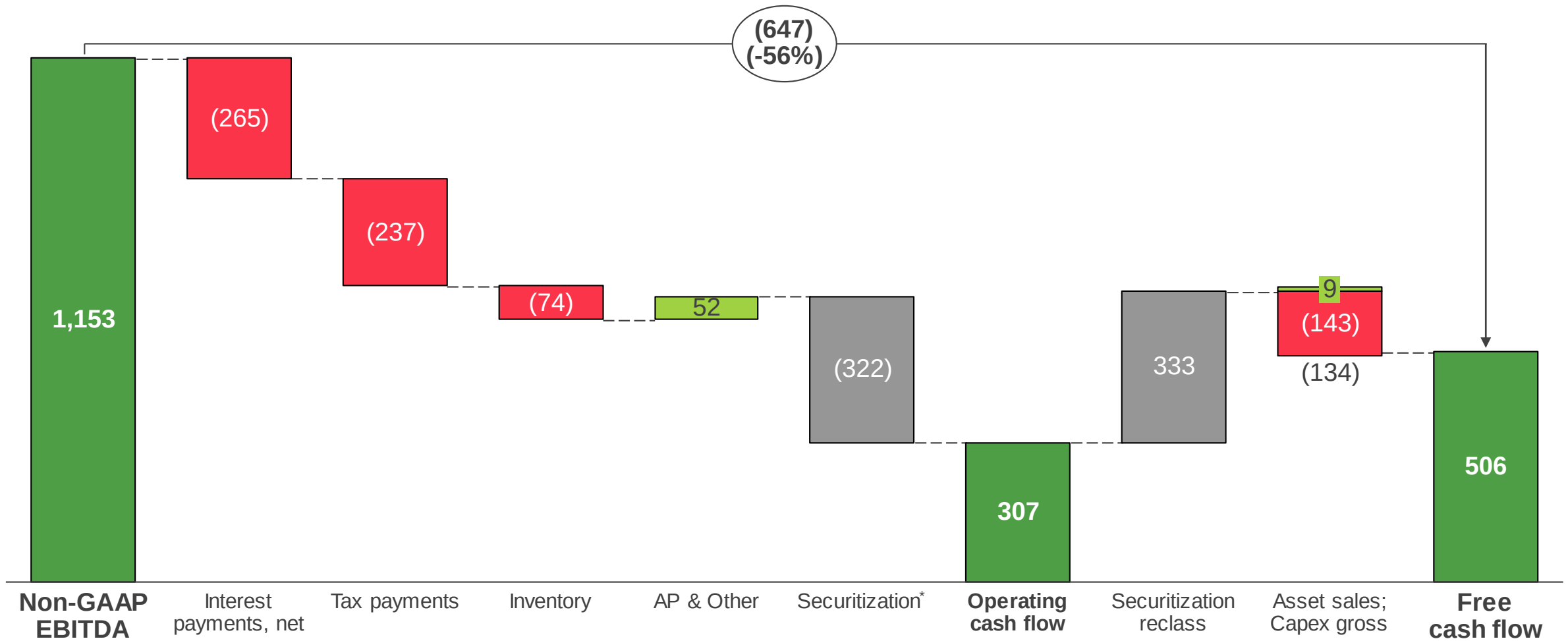
Quarterly EBITDA

\$ millions



Q3 2020 EBITDA to Free Cash Flow

\$ million

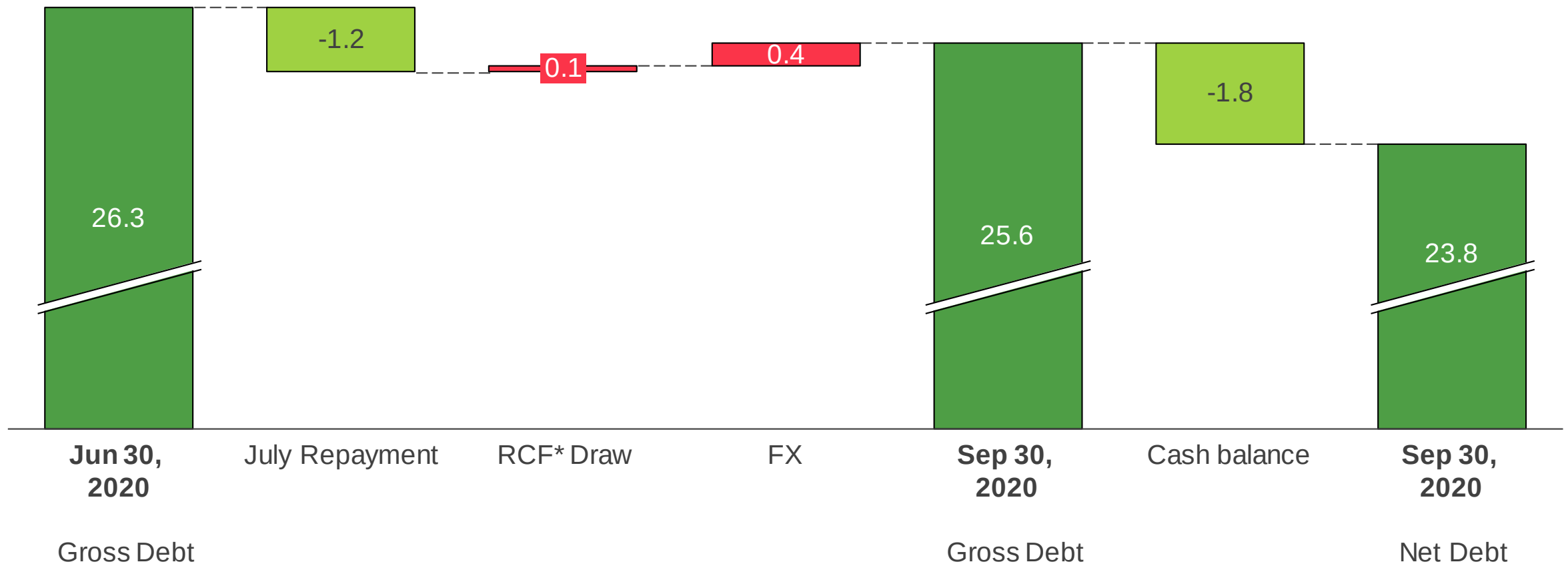


Consolidated Balance Sheet

\$ billions	Sep 30, 2020	Jun 30, 2020	Diff
Cash and Cash Equivalents	1.8	2.4	(0.6)
AR Trade	4.4	4.5	(0.2)
Pre-paid Expenses and Other Current Assets	1.4	1.5	(0.0)
Inventory	4.5	4.4	0.2
Fixed Assets	6.2	6.1	0.0
Intangible Assets	9.3	9.9	(0.6)
Goodwill	20.2	24.6	(4.4)
Other Long Term Assets	1.9	1.5	0.4
Total Assets	49.7	55.0	(5.3)
AP Trade	1.7	1.6	0.1
SR&A	5.0	5.2	(0.2)
AP Other	3.3	3.3	0.0
Total Debt (ST+LT)	25.6	26.3	(0.6)
Other Long Term Liabilities	3.5	3.8	(0.3)
Minority	1.0	1.0	0.0
Teva Shareholders' Equity	9.6	13.9	(4.3)
Total Liabilities & Equity	49.7	55.0	(5.3)

Q3 2020 Debt Movements

\$ billions



teva

