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# Teva Pharmaceutical Industries Ltd.

(TEVA)

**Q2 2025 Earnings Call**

# CORPORATE PARTICIPANTS

**Christopher J. Stevo**
*Senior Vice President-Investor Relations & Competitive Intelligence, Teva Pharmaceutical Industries Ltd.*

**Richard Francis**
*President, Chief Executive Officer & Director, Teva Pharmaceutical Industries Ltd.*

**Eric A. Hughes**
*Executive Vice President, Global R&D and Chief Medical Officer, Teva Pharmaceutical Industries Ltd.*

**Eli Kalif**
*Executive Vice President & Chief Financial Officer, Teva Pharmaceutical Industries Ltd.*

# OTHER PARTICIPANTS

**Ashwani Verma**
*Analyst, UBS Securities LLC*

**Matt Dellatorre**
*Analyst, Goldman Sachs & Co. LLC*

**Jason M. Gerberry**
*Analyst, BofA Securities, Inc.*

**David Amsellem**
*Analyst, Piper Sandler & Co.*

**Chris Schott**
*Analyst, JPMorgan Securities LLC*

**Les Sulewski**
*Analyst, Truist Securities, Inc.*

**Keonhee Kim**
*Analyst, Morningstar, Inc. (Research)*

# MANAGEMENT DISCUSSION SECTION

**Operator**: Hello and welcome to the Teva Pharmaceutical Industries Limited Q2 2025 Earnings Conference Call. My name is Alex. I'll be coordinating the call for today. [Operator Instructions]

I'll now hand it over to Chris Stevo, SVP, Investor Relations. Please go ahead.

## Christopher J. Stevo

*Senior Vice President-Investor Relations & Competitive Intelligence, Teva Pharmaceutical Industries Ltd.*

Thank you, Alex. Good morning and good afternoon, everyone.

On this call, we'll be making forward-looking statements and we disclaim any obligation to update those statements after today's call. If you have more questions about our forward-looking statements, please feel free to see our disclosures under SEC Forms 10-Q and 10-K.

Also during today's call, we'll be often referring to sales growth in local currency as well as sales growth excluding the prior year results of our recently divested Japanese business venture. So, please bear that in mind.

And with that, let me turn it over to Richard.

## Richard Francis

*President, Chief Executive Officer & Director, Teva Pharmaceutical Industries Ltd.*

Thank you, [ph] Steve (00:01:04) – thank you, Chris Stevo, and welcome, everybody. Good morning. Thank you for joining the call. I'll be joined today with Eric Hughes, my Head of R&D and CMO, who'll be walking you through the pipeline; and Eli Kalif, CFO, who'll go through the financial update.

So, starting with, as I always do, the Pivot to Growth slide. Next slide, please. The four pillars of our Pivot to Growth slide. We've been executing this since 2023, and I'm pleased to say, it's delivered continuous growth, and we enter our 10th consecutive quarter of growth.

Now, I'll give you an update on how we're doing on all of these pillars today, but you'll see on deliver on our growth engines, our innovative portfolio of AUSTEDO, UZEDY, and AJOVY continues to perform really well. On step up innovation, Eric will walk you through how excited we are by our late-stage pipeline and how we're progressing that very quickly.

On sustained generics powerhouse, you see that our generics business is stable. I would remind you this is reflecting strong prior year comparisons and some phasing, but I'll go into that in a bit more detail later on. And on focus the business, we'll give you an update on the Teva Transformation programs that we announced in Q1 and at our Capital Markets Day, and you'll see that we're well on track to deliver the savings that we committed to.

Now, if you move to the next slide. Revenues were up to $4.2 billion, up 1%, and I think not only is this the 10th consecutive quarter of growth, but what I'm particularly pleased about is where this growth is coming from. And as you'll see throughout the deck, this is driven by our innovative portfolio of AUSTEDO, AJOVY and UZEDY, and this has enabled us to have good, strong growth of our adjusted EBITDA up 7% and our non-GAAP EPS up 10%, and our net debt-to-EBITDA is just over 3.

So, if we go into the next slide, a slide that I do like to show externally and internally, because after many years of sales decline, we are in our 10th quarter of consecutive growth. It's also a good slide just to highlight that prior comparison year that we have, in Q2 2024, we had 11% growth. And so, that's just worth noting. But we remain committed and confident that we can hit our mid-single-digit average growth rate that we committed to for our 2027 targets, and the average growth rate is between 2023 and 2027.

So, let's go into a bit more detail on the revenue. So, the revenue, as I said, was up 1%. But if you look, I'm excited about where this is coming from, AUSTEDO, at just below $500 million, up 19%; UZEDY up 120% at $54 million; and AJOVY, up very strong 31% at $155 million. Our global generics business declined 2%, and just to reiterate what Chris said, this is excluding the Japan divestiture, and I'll go into a bit more details as to what's driving this generics, but I would remind you of the strong comparison year that we had last year.

Now, TAPI is down 11%, and I'd say, in terms of Q2 results, I would say this is more of anomaly and not indicative of TAPI's normal results. And there are several things that have impacted their seasonality and just timing of shipments, but we expect TAPI to grow for the full year.

So, now going into the innovative portfolio in a bit more detail. As you can see, AUSTEDO grew 22% in the US, our major market, up to $495 million. And because of this strong results, we're in a position to narrow the range here, and we brought up the bottom part of the range to $2 billion. Now, this performance was driven by good TRx growth, and particularly growth of XR, which you'll see has been – has fueled our growth in our milligrams, which is up 34%.

And this is important to understand, because as we grow our XR, which we see is very beneficial for patients and their compliance and their adherence, it does obviously change the dynamics around TRx. And that means the number of scripts that will come through will be less, because of people move to XR, and we've explained that a number of times, I just wanted to reiterate that.

Now, as we move on to UZEDY, another strong performance. I'm really excited to be in a position to raise the guidance to $190 million to $200 million, up 120% year-on-year. And this just shows the good capability that we have in our US team to execute, but also the good product profile. As Eric and I often talk about, the physicians do really like UZEDY. It's easy to use. It gets to therapeutic levels within 24 hours, subcutaneous. It isn't required to be kept in a – refrigerated and it's in a prefilled syringe.

Now, as you can see, we made real progress in competing in the risperidone market and in the long-acting market, but now it's continued to – this impressive growth, we want to move to actually compete in the broader market of schizophrenia. So, we'll be looking for patients to benefit from this on other molecules currently.

Now, this impressive performance of UZEDY, I think it's worth just reminding everybody that we will be filing olanzapine, and we'll be in a position to launch our long-acting olanzapine next year. And the capability we've built in this team, the knowledge of the patients, the physicians and the payers, give us real optimism that we can develop a world-class, long-acting franchise in schizophrenia.

Once again, I'd like to move on to AJOVY now, our third and final of our innovative portfolio. We've got a bit of a trend here. We've increased the guidance here on AJOVY as well, because of the strong performance. So, we're up from $600 million to $630 million to $640 million that range. And I often say this, but it is worth reiterating, I'm really impressed with our ability to execute in what is a very competitive market. Not only are we facing oral CGRP, but it is a competitive injectable market as well. But the team, whether it's in the US, Europe or International Markets, continue across many of these areas to grow our market share and to show our level of competitiveness.

Now, moving on to our second pillar, which is step up innovation. This is a slide that I won't go into a lot more detail. So, I'll just highlight a couple of things, which I'm particularly pleased about, is one, the late-stage of this pipeline. So, we have products either come to the end of their Phase 3 and about to be filed or in the middle or about to start with duvakitug.

What I'd also draw your attention to, is two, these products can be in multiple indications. So, duvakitug is one, and anti-IL-15 is another. But if you just take them with the indications we've listed here and take the totality of this, this pipeline will generate in peak sales over $10 billion of sales. So, that is really exciting for any company, but a company in the transition to a biopharma company like Teva, I think that's particularly exciting.

And if you go on to the next slide, that's where I think I can really reiterate our confidence in hitting our 2027 numbers, from an innovative point of view of $3.5 billion to $4 billion. Because, obviously, we'll be launching olanzapine next year and you've seen the momentum we have in UZEDY. But as we get to 2030, we've said, we'll have greater than $5 billion of innovative sales.

I remind everybody that we expect to see AUSTEDO to continue to grow to 2030 and beyond, UZEDY, and there's – also we've shown the performance of AJOVY, but that will be joined by olanzapine, DARI, our dual-action rescue inhaler, and duvakitug. Now, the thing to remember as well is that, as we drive this innovative portfolio, we are changing our profitability, because these are very different levels of profitability than our generics business.

Now, moving on to our third pillar, our generics powerhouse. So, as you can see here, the generics business performed [ph] at 2% (00:09:13) across our global business, and I remind everybody that there's a tough comparison year, where we had an 11% growth the prior year. And so, I have put up here a two-year CAGR just to show that, when we think about generics, we think about this on a multiyear period, because obviously some years we have more launches than others. But let me just give you a bit more detail there. So, in the US, this was driven by two things: our prior year comparison, where we launched Victoza and we had a big launch with Victoza in the US in Q2 2024, as well as some phasing and timing of shipments of generic Revlimid.

Now, if you exclude these, our US generic business grew, so that just shows the healthiness of the business we have in the US. And from an EU point of view, we did actually grow the business 8% in the prior year, which is very high for such a big business. And so, although that growth has come down, it reflects once again just the phase of new product launches, some tenders, which only happen on a two-year basis, and some competitive stock-outs, which we took advantage of last year and are no longer there.

But we remain very confident about growing our generics business going forward. And for the full year, we're just reiterating that our guidance for generics business will be flat to low-single-digit. The confidence going forward is based on the fact that we have 15 complex generics to launch, multiple other generics to launch across our EU and International Markets, as well as eight biosimilars, which we'll be launching between now and 2027.

Talking about biosimilars, let's move on to biosimilars now. And as you can see here, it's an exciting time for our biosimilars. We're seeing some really good sales momentum in the US and that's been driven by our established brands as well as our new launches, with SELARSDI and SOLARIS that we – generic SOLARIS that we launched in Q1 of this year.

And I'd like to remind you, we have a portfolio play here. And so, we have more launches to come. In fact, we have five additional launches in the second half of 2025 and to 2027. So, our ability to hit the goal of generating $400 million of additional sales by 2027, which we announced at our Capital Markets Day, we remain very confident about, and it's good to see that our strategy of portfolio play is starting to play out.

Now, moving on to the final pillar of our Pivot to Growth strategy, on focusing the business. I just wanted to give you an update on where we are in the Teva Transformation. As you know, we announced that we're transforming Teva as we head to become a world-class biopharma company. And to do that, we put together a modernization program, which will allow us to generate $700 million of net savings, and this is after the reinvestment in our innovative pipeline and our innovative portfolio.

We've also committed to deliver two-thirds of this by the end of 2026. And as you can see by this slide, we're well on track. We've already achieved 20% of this two-thirds, showing you, we have good momentum, good execution, and delivering on these savings.

Now, moving on to TAPI. I do want to give you a brief update on the deal here. The deal is still in active and advanced discussions. And while I'm disappointed that I don't have a definitive update to provide you at this time, my main focus is on delivering the best outcome for our shareholders and we'll reach the final decision in the third quarter.

So, before I hand the baton to Eric, I just wanted to give you an update on how we feel about the full year and our guidance for 2025. Now, we're confident to hit our guidance in 2025, and when you think of it from a revenue point of view, the way we're going to get there is slightly changed, and I think it's changed in a positive way.

As you can see by this slide, our innovative portfolio is going to over-deliver on what we thought at the start of the year and we've made guidance across all of the products: AUSTEDO, UZEDY and AJOVY, totaling an additional $95 million for the year.

Our Gx business, as I've said, we predict will either be flat or low-single-digit growth. And because of that, we believe from a revenue point of view, we will hit our mid or slightly below our midpoint of our revenue guidance. But Eli will go into a bit more detail on that and the confidence we still have in our EBITDA and our EPS.

So, with that, I'll hand over to Eric.

## Eric A. Hughes

*Executive Vice President, Global R&D and Chief Medical Officer, Teva Pharmaceutical Industries Ltd.*

Thank you, Richard. As Richard mentioned, we are fortunate to have three Phase 3 programs with a relatively high probability of success running right now with a large patient impact. Our schizophrenia program with olanzapine LAI can approach a diagnosed patient population of 4.7 million. Our DARI program in asthma can potentially impact 39 million patients that are diagnosed with asthma. And finally, duvakitug, our potential best-in-class TL1A molecule, can treat 4.1 million.

So, our Phase 3 program, which is running at full speed now, can impact a large patient population. In addition, we have a burgeoning and strong Phase 2 program with emrusolmin in multiple system atrophy and anti-IL-15 in celiac disease and vitiligo. So, very exciting both Phase 3 and Phase 2 programs running at full speed.

Olanzapine LAI program is on track, with our expected submission in the fourth quarter of this year. We'll be presenting our full maintenance out to 48 weeks and our period two of the study with both the efficacy and safety in the third quarter of this year. To date, we've seen no PDSS, and we're pleased with the data maturity that we have now and it's on track.

I'm excited about our dual-action rescue inhaler program. It's a large asthma study. It's driven by asthma exacerbations and our enrolment is on track for the end of this year.

Now, duvakitug in partnership with Sanofi is right on track. Just to remind everyone, this is a large study. Both indications will be over one year. We're testing two doses in the study, and there's over a 1,000 patients for each indication, both ulcerative colitis and Crohn's disease, and we are anticipated to be starting that Phase 3 program in the fourth quarter of this year.

Our emrusolmin program is moving right on track. We started enrolment at the end of last year and this is a robust Phase 2 study, placebo-controlled, and I'm pleased to say that our enrolment is actually exceeding our expectations at this point. So, we're looking to have this study fully enrolled in 2026.

Now, we did announce a partnership with Fosun Pharma. This is a strategic partnership, where we're advancing our PD1/IL-2 rapidly. We're capitalizing on the burgeoning infrastructure in China and the patient unmet medical need there. So, this is a strategic partnership that really supports our Pivot to Growth partnership strategy.

Our anti-IL-15 program is moving right on track. We believe we have a differentiated anti-IL-15 molecule with greater potency, great PK, low antidrug antibodies, and we're excited to show some biomarker data at our Capital Markets Day, showing a potential impact on – by a single dose of our molecule on the protection of the gut. As

you can see in the graph on the right, where we protected the bump in this biomarker, showing a protection of the gut lining with one dose of anti-IL-15. So, very exciting data. We're looking forward to more in the future.

And finally, I just want to touch base on our anti-TSLP/IL-13 program. This is an AI-generated antibody with a novel dual-specific activity for both the well-known anti-IL-13 and anti-TSLP targets. We think this is a very active way of treating type 2-driven diseases, and we're looking forward to bring that into humans in the first half of 2027.

And with that, I'm going to pass it off to Eli Kalif.

## Eli Kalif

*Executive Vice President & Chief Financial Officer, Teva Pharmaceutical Industries Ltd.*

Thank you, Eric, and good morning and good afternoon to everyone. I would like to start today with the following key messages that demonstrate our consistent execution over the last few quarters, including Q2. First, Q2 came in with a solid performance driven by our fast-growing innovative portfolio, despite tough year-over-year comparables of our generics business. Second, we continue to improve and strengthen our balance sheet, more specifically, reduced our working capital days and leverage, which was recognized by the leading credit rating agencies in their most recent upgrades to Teva's credit ratings.

Third, we remain confident in and on track for achieving our 30% operating margin target by 2027 and have already made tangible progress in implementing targeted programs to deliver approximately $700 million of net savings by 2027. And lastly, while we continue to wait for clarity around potential US tariffs on pharmaceuticals, including further details on what was announced earlier this week for Europe, we have absorbed the already confirmed tariff into our 2025 guidance, which remains unchanged.

Now, moving to slide 30 to review our Q2 2025 financial results. Starting with our GAAP performance. Please note that throughout my remarks, I will refer to revenue growth in local currency terms unless I specify otherwise. I would also like to remind everyone that on March 31, 2025, we closed the divestitures of our business ventures in Japan, which marketed mainly generics products along with some legacy innovative products. This divestiture was consistent with our strategy to focus on profitable growth as well as our capital allocation framework.

During the presentation, I will be referring to certain results that exclude the contribution from this Japan business venture from Q2 2024 to provide you with a like-for-like comparison of our Q2 2025 financial results. For your reference, we have a slide in the appendix showing the contribution from the business venture from Q1 2024 through Q1 2025, the last quarter in which we consolidated the business.

Our Q2 results were solid, with revenue of approximately $4.2 billion, growing 2% in US dollars or 1% in local currency excluding the Japan BV. As Richard highlighted earlier, this was our 10th consecutive quarter growth, driven by continued strong momentum in our key innovative products, AUSTEDO, AJOVY and UZEDY, despite a tough prior year comparable in our generics revenue.

GAAP net income and EPS were $282 million and $0.24, respectively. FX movements during this quarter, net of hedging effects, positively impacted revenue by $49 million, but had minimal impact on operating income compared to the second quarter of 2024.

Now, looking at our non-GAAP performance. Our non-GAAP gross margin, excluding Japan, increased by 130 basis points year-over-year to 54.6%. This increase in gross margin was higher than our original expectation, driven by positive shift in portfolio mix, especially with AUSTEDO's continued growth, and impact of the sale of

certain product rights in Europe, partially offset by lower revenue from legacy innovative products, like COPAXONE.

Non-GAAP operating margin increased by approximately 170 basis points over – year-over-year to 27.1% and benefited from lower R&D expenses in the second quarter of 2025, mainly due to a decrease in nonrecurring milestone payments for certain biosimilars collaboration. Overall, we ended the quarter with a non-GAAP earnings per share of $0.66, an increase of $0.05 or 10% year-over-year.

Total non-GAAP adjustments in the second quarter of 2025 were $486 million. This included approximately $154 million of restructuring costs, mainly related to optimization of the Teva global organization and operations in connection with our ongoing transformation program. Our free cash flow grew strongly by 47% to $476 million, mainly driven by higher net income as well as working capital improvement.

Turning to slide 31. We continue to strengthen our balance sheet to support our Pivot to Growth strategy and the journey towards an investment-grade rating. During the second quarter, we refinanced approximately $2.3 billion of the near-term debt maturities, mainly in 2026, 2027 and 2029, to better align them with our free cash flow generation.

Importantly, we did that while keeping our cost – refinancing cost of capital at similar levels, demonstrating our improved credibility and profile in the market. This significant ongoing improvements in our balance sheet is recognized by the leading credit rating agencies. All three major agencies have upgraded Teva's credit ratings over the last 12 months, including two rating upgrades prior to the refinancing in the second quarter.

Our gross debt reduced to $17.2 billion at the end of Q2 compared to $17.8 billion at the end of 2024, due to the repayments of $1.4 billion of notes at maturity, partially offset by exchange rate fluctuations. Our net debt was $15.1 billion, and the net debt-to-EBITDA remained just over 3 times. As I highlighted during our Capital Markets Day in May, we are on track to achieve 2 times net debt-to-EBITDA by 2027 and an investment-grade rating, while still making deliberate investments in the business to execute on the accelerated phase of our Pivot to Growth journey.

Moving to slide 32. As we announced last quarter, we're transforming Teva with the targeted programs to deliver sustainable margin improvements without compromising our ability to innovate and invest in our long-term growth. These programs are expected to deliver approximately $700 million of net savings between 2025 and 2027.

These transformation programs, together with the ongoing portfolio shift towards high-growth and margin innovative products, provide a clear path to achieving our 30% operating margin targeted by 2027, by expanding gross margin to be between 57% to 58%, while keeping operating expenses in the range of 27% to 28% of revenue, despite continuous investment in the business.

We have kicked off these programs to transform our operation with a tangible progress already in place as of today. We expected roughly two-thirds of the $700 million savings to be realized between 2025 and 2026, including approximately $70 million of initial savings in the second half of this year. The savings in the second half translated to an annualized run rate of approximately $140 million or about 20% of the overall net savings target.

With a clear action plan of these programs, along with our expected growth trajectory, led by our innovative portfolio, we are confident in growing adjusted EBITDA in 2026 and in 2027, both in US dollars and margin terms. In relation to these programs, we recorded approximately $150 million of restructuring costs in the second quarter

and expected an overall cash outflow of $70 million to $100 million in 2025. Both the expected savings in the second half and these cash outflows are already considered in our full year guidance range for 2025.

Moving to the next slide, to our 2025 non-GAAP outlook. As I mentioned earlier, our performance in Q2 and the first half has been solid, delivering revenue growth, despite a tough prior year comparables, and improving margins and cash flow, while making significant progress on our transformation programs to achieve our 2027 financial targets. Based on our year-to-date results and the current view of the second half, we are reaffirming our 2025 outlook range for revenue, operating profit and adjusted EBITDA, while increasing the lower end of our EPS range by $0.05.

Let me provide some color on the assumptions that we have factored into our guidance, starting with the revenue. First of all, our innovative portfolio is delivering very well across our three key products: AUSTEDO, AJOVY, and UZEDY. With a strong first half performance, we have increased our combined guidance for them by approximately $100 million at the midpoint, with increased expectation of our combined 2025 revenue outlook for these three products, it's around $2.9 billion versus $2.3 billion in 2024, reflecting growth of approximately 23% year-over-year.

Second, FX movements have favorably impacted our revenue since the beginning of Q2, mainly due to the weaker USD versus the euro. While our hedging programs offset some of these FX benefits, overall, we do see a net positive impact on our revenue guidance range as compared to our May guidance. However, as Richard discussed earlier, we expected our global generics revenue for full year in 2025 to be flat to modestly growing in local currency as compared to 2024.

This is mainly due to the tough prior year comparables and increased competition [ph] on the product (00:28:33) launches as well as the delay in timing of certain generic launches. Overall, with the pluses and minuses that I just talked about, we still expect our revenue to be in our 2025 guidance range of $16.8 billion to $17.2 billion. Although, based on our current trajectory, we are likely going to be around or slightly below the midpoint.

Moving to the other elements of our financial outlook. We continue to expect our non-GAAP gross margin to be between 53% to 54% for the full year, giving our year-to-date gross margin performance, we expect our gross margin for the year to be above and at the midpoint of this range with a sequential improvement from Q3 to Q4.

We're also reaffirming our non-GAAP outlook for adjusted EBITDA and operating income. As reflected by the increased revenue outlook, we expected continue strengthening in our innovative portfolio in the second half, combined with expected savings of approximately $70 million from our transformation programs and the FX benefit. These factors are expected to offset the impact of relative softness in generics.

Therefore, based on what we know today, we expect our non-GAAP operating income, adjusted EBITDA and EPS, to be at the midpoint of our guidance range or above. Accordingly, we are raising the lower end of the EPS range by $0.05 to the new range of $2.50 to $2.65. Our free cash flow guidance range remains the same, between $1.6 billion to $1.9 billion.

Now, let me provide some additional thoughts on quarterly phasing for the rest of the year. Overall revenue is expected to ramp up through the rest of the year, although, Q3 faces a tough comparison, especially in generics due to the prior year new product launches. We expect sequential improvements in the fourth quarter, driven by an expected increase in our innovative product revenue as well as phasing of generics revenue.

We also continue to expect our operating expenses to be between 27% to 28% of revenue. Given the phasing of certain investment in S&M and R&D, we expect OpEx to increase sequentially in Q3 before stepping down in Q4 to be consistent with our full year range.

Moving to the next slide. Our capital allocation strategy is consistent. It is clear and is designed to fuel our long-term growth while strengthening our balance sheet. Our improving free cash flow generation and portfolio optimization position – positioning us very well to achieve our net debt-to-EBITDA target for the 2 times by 2027 and to sustain that ratio after that. We believe reaching that leverage target and an investment-grade rating will allow us to review different ways returning capital to our shareholders.

Finally, before I conclude my review of the second quarter results, I would like to reaffirm our 2027 financial targets. Based on the progress to date and our continued focus on execution, we are confident that we are on track to achieve these targets.

With that, I will now hand it back to Richard for his closing remarks.

## Richard Francis

*President, Chief Executive Officer & Director, Teva Pharmaceutical Industries Ltd.*

Thank you, Eli. Thank you, Eric. So, we go to the next slide. Thank you. So, delivering on the acceleration phase of our Pivot to Growth strategy, this is a slide that I like a lot, because it shows the potential that we have right in front of us here at Teva. As I've highlighted, our growth ambitions towards 2027 can be fueled by our innovative portfolio, AUSTEDO hitting $2.5 billion, AJOVY continue to grow, and UZEDY continue to grow and joined by olanzapine, which allows us to have the ambition for $1.5 billion to $2 billion peak sales of our long-acting franchise in schizophrenia, and we aim to double our biosimilar business.

But if you look beyond that, which I'd encourage you to do, when you look at Teva as a biopharmaceutical company, you can see that AUSTEDO will continue to grow beyond 2028, as will our long-acting franchise, as will our biosimilars, and it will be joined by our dual-action rescue inhaler, which we think has peak sales potential of $1 billion, duvakitug, and the indications that Eric has outlined, as well as emrusolmin. So, the path to continued growth I think is clear for Teva.

If you go on to the next slide, when we bring it back to the thoughts around 2025 and beyond, we continue to deliver on our Pivot to Growth strategy, and I'm really pleased to show that the 27% increase in revenue of our innovative portfolio shows the strength of the capability we have there. We've highlighted a very clear path to 30% operating margins and the ability to hit our other 2027 targets. And this, once again, is through this good, strong, innovative growth, our stable generics business, and the ability to modernize and transform Teva in saving $700 million.

Our innovative pipeline shows we have near-term catalysts with olanzapine submission and the start of our duvakitug Phase 3 results, but also the pipeline shows we've potential to continue to grow this company way into the future. Both Eli and I have highlighted, we're well on track for Teva's Transformation. We've already achieved 20% of our $700 million of savings in the last few months that we've been executing this.

So, with that, thank you for your attention, and I'll hand it to the Q&A.

# QUESTION AND ANSWER SECTION

**Operator**: Thank you. [Operator Instructions] Thank you. Our first question for today comes from Umer Raffat of Evercore ISI. Your line is now open. Please go ahead.

Q

Good morning, guys. This is [ph] JP (00:35:02) for Umer Raffat. Thanks for taking our questions and congrats on a good quarter. Our question is regarding AUSTEDO and the IRA negotiation. Is it possible to share any color on what's the range of discounts that you guys are expecting and how this compare to the first round, and give us some details, if possible?

**Richard Francis**
*President, Chief Executive Officer & Director, Teva Pharmaceutical Industries Ltd.*

A

Hi. Thanks for the call. Thanks for the question. Unfortunately, I'm going to give a very boring answer. We're not going to comment on anything to do with the IRA, because we are in the middle of negotiations with CMS. So, you'll have to wait until we get to the conclusion of that before we make any announcement.

Q

Okay. And if I may, a second question, do you guys expect any impact from the tariffs announced in Europe this year?

**Richard Francis**
*President, Chief Executive Officer & Director, Teva Pharmaceutical Industries Ltd.*

A

So, I'll hand that to Eli. But I would just remind you, when we were on the Q1 earnings call, we talked about the work we had done in preparation for tariffs. And so, the team have done very comprehensive work to understand how we can mitigate the impact on our business. That said, there is a lot of ambiguity about what has really occurred with these tariffs. And so, we're very keen to understand the detail of what is included, what is not included. And then, obviously, which one of those mitigation plans we can put in place. But with that, I'll hand it to Eli, who will give you his perspective as well.

**Eli Kalif**
*Executive Vice President & Chief Financial Officer, Teva Pharmaceutical Industries Ltd.*

A

Yes. Thanks, [ph] JP (00:36:27), for the question. I just want to remind that more than 50% of the products that we're selling in the US is actually manufactured in the US. We have eight sites, and also our leading product, AUSTEDO, is manufactured in the US. And as part of the rest of the world, we have very limited exposures on China and India. And when we're actually looking on Europe, and even if we were thinking about Israel, we – as Richard mentioned, we are trying to really understand how this one going to play in between generics or innovative.

And I will say that we have a very, very flexible and full value chain in terms of our manufacturing and how we're able to manage this one. Most importantly, we're also trying to learn about the timing that this one will enable the

companies to implement, is it one year or two year or three years. But overall, I think that we are positioning very well in terms of all that work we've done so far, and currently, we don't see any meaningful impact.

Q

Thank you very much.

**Richard Francis**
*President, Chief Executive Officer & Director, Teva Pharmaceutical Industries Ltd.*

A

Thanks for the question, [ph] JP (00:37:37). Thank you.

**Operator**: Thank you. Our next question comes from Ash Verma of UBS. Your line is now open. Please go ahead.

**Ashwani Verma**
*Analyst, UBS Securities LLC*

Q

Yeah. Good morning. Thanks for taking our question. So, just on AUSTEDO, like good to see the acceleration here, and wanted to get a sense on the BID to XR conversion. So, you're already seeing that at more than 60% in new patients. But when can we see that type of share be replicated in all patients, not just new patients? That's one.

And then, secondly, yeah, if you can provide a little bit more color on the tariff impact on US versus Europe. So, you said that it's absorbed in your 2025 financial guidance, but how does that impact your P&L going forward? And I know they call out some exclusion of certain generics, if you can shed some light on what that constitutes? Thanks.

**Richard Francis**
*President, Chief Executive Officer & Director, Teva Pharmaceutical Industries Ltd.*

A

Hi, Ash. Thanks for the questions. So, I'll tag team a bit with Eli on this again. But starting with AUSTEDO, I'm glad you've noticed the great performance of AUSTEDO of 22% in the US as the team continues to execute very well and showing our commercial capability. With regard to XR, yes, you're right, we are converting our patients – new patients are moving on to XR. We have some patients who convert from BID.

But this is one way, I'd say, the direction of travel is clear, is AUSTEDO XR will become the predominant drug that's used, that just takes a bit of time. When patients are stable, obviously, there is no need to change them. But the desire to use that for new patients is very high amongst our physicians for the obvious reasons around compliance and adherence. And so, we'll sort of give maybe interim updates on how that is progressing, but I think the line of sight to having the majority of the patients on XR in the future is clear.

With regard to the tariffs. I think your question was how do we see the impact of the tariffs over the longer term and particularly with regard to Europe. Once again, I just reiterate that there is a lot of uncertainty about what has happened, and I'll just highlight, for example, are generics in, are they out. Are certain generics in, are they out. I think the way we've always played this on tariffs is to be very conservative.

And so, when we talked about the mitigation plans in Q1 and what Eli just mentioned, we think about this very comprehensively and probably with a more glass half empty approach is in, let's plan our business so that we can

manage the tariffs and not have them impact our P&L going forward, but there's a lot of uncertainty. So, we need to see how that plays out. But maybe I'll hand it back to Eli to reiterate some of the points you just made.

**Eli Kalif**
*Executive Vice President & Chief Financial Officer, Teva Pharmaceutical Industries Ltd.*
A

Yeah, Ash. So, when you mentioned about our guidance, I want to repeat again, we have absorbed the already confirmed tariff into our 2025. And currently, from what we heard this week on Europe, this one is something that we're still trying to understand, as I mentioned, because also the investigation around the Section 232 was not concluded yet and we're waiting for, like everyone, that that's when it will happen in the next few weeks.

But all in all, when we are looking on our supply chains, our ability to actually build inventories and to manage our manufacturing steps, we don't see here currently any meaningful impact for the short-term. And as I mentioned, we will see how Administration will manage the timings to implement those tariffs. Once those happen, that will allow us to actually managing it very thoughtfully.

**Richard Francis**
*President, Chief Executive Officer & Director, Teva Pharmaceutical Industries Ltd.*
A

And Ash, apologies, I forgot your last question.

**Ashwani Verma**
*Analyst, UBS Securities LLC*
Q

Just on the exclusion of certain generics, if you can shed some light on what that actually constitutes?

**Richard Francis**
*President, Chief Executive Officer & Director, Teva Pharmaceutical Industries Ltd.*
A

What do you mean the exclusion of certain generics, sorry?

**Ashwani Verma**
*Analyst, UBS Securities LLC*
Q

This is in the tariff announcement that the...

**Richard Francis**
*President, Chief Executive Officer & Director, Teva Pharmaceutical Industries Ltd.*
A

Oh, right. Okay. Yes.

**Ashwani Verma**
*Analyst, UBS Securities LLC*
Q

Yeah.

**Richard Francis**
*President, Chief Executive Officer & Director, Teva Pharmaceutical Industries Ltd.*
A

Sorry. I was a bit confused there. Yeah. I think it's just we don't fully understand the specificity of that. Ash, probably you – sure, you've seen the same as us with the headlines, it's slightly confusing as to what is included and what's not, and reiterate Eli's points, we just want more clarity on that just to understand what the impact is, what we can do to mitigate that, and what does that look like over what time period. So, a bit of uncertainty there,

but we're hopeful that we'll have clarity in the not too distant future. And then, we can make sure that we do our best to mitigate it, but a lot is unknown still.

Thanks for your questions, Ash.

**Operator**: Thank you. Our next question comes from Matt Dellatorre of Goldman Sachs. Your line is now open. Please go ahead.

### Matt Dellatorre
*Analyst, Goldman Sachs & Co. LLC*

Q

Great. Thanks for taking the question and congrats on the continued progress. Maybe starting with duvakitug. Could you all share anything on the broader development program or when we might expect updates there, in particular, how competitor programs are informing your indication expansion strategy?

And then, will we see Phase 2b IBD maintenance data later this year? And if so, what do you want to see there? And then, maybe just lastly, for the long-acting olanzapine, is there a possibility for a priority review there? Thank you.

### Richard Francis
*President, Chief Executive Officer & Director, Teva Pharmaceutical Industries Ltd.*

A

Hi, Matt. Thanks for the questions. I'll hand those straight over to Eric.

### Eric A. Hughes
*Executive Vice President, Global R&D and Chief Medical Officer, Teva Pharmaceutical Industries Ltd.*

A

Sure. Thank you, Matt, for the question. So, for duvakitug, we're working very closely with our partner, Sanofi, on choosing the indications we'll go into. To be clear, we'll announce those once we've initiated the study. So, that's something that you'll have to stay tuned for. Right now, we're super-focused on getting the Phase 3 started, which I must say, we've checked all the boxes, we've got all our ducks in a row, and those studies will be starting right on time. So, that's our main focus.

With regards to the Phase 2 data, that's actually something that's maturing right now. That's a 44-week follow-up from our Phase 2 study that we'll be finishing up towards the end of this year, and we'll be presenting that data in the first half of 2026. And just to that point, that's important data. The maintenance of the effect in this patient population is very important. These patients suffer from a chronic disease that usually they start a therapy, they fail that therapy, and have to move on to the next. So, durability will be very important and we're looking forward to that data.

For the olanzapine LAI, we don't anticipate having a priority review for that program, that's why it's important to get that study wrapped up and submitted as soon as possible. So, that's what we're focused on right now and we anticipate that approval in 2026.

### Richard Francis
*President, Chief Executive Officer & Director, Teva Pharmaceutical Industries Ltd.*

A

Thanks, Matt. Thanks for your questions.

**Matt Dellatorre**
*Analyst, Goldman Sachs & Co. LLC*

Q

Great. Thanks.

**Operator**: Thank you. Our next question comes from Jason Gerberry of Bank of America. Your line is now open. Please go ahead.

**Jason M. Gerberry**
*Analyst, BofA Securities, Inc.*

Q

Hey, guys. Thanks for taking my question. So, on AUSTEDO, revenue growth seems to be tracking volume growth, but not reflecting the benefit of mix in the milligram shift. So, I'm just wondering if you can speak directionally to how that is impacting gross to net. And as we think about this IRA process, is it against the price point at the start of the year, such that if you're increasing your gross to net effectively that sort of front-running any IRA discounts in the future?

And then, as it pertains to the tariffs, and if it is a China-focused policy on national security, could you specifically outline what percent of key starting materials come from China, and if 1.5 years is sufficient time to move things around, such that there is not a heightened reliance on China for key starting materials?

**Richard Francis**
*President, Chief Executive Officer & Director, Teva Pharmaceutical Industries Ltd.*

A

Okay. Jason, thanks for your question. So, with regard to AUSTEDO, I think the question was around the correlation between TRx, milligrams, and the revenue. So, it's not a perfect sort of – and there's timing issues around. So, this one thing I – so, firstly, I'd say is what we're seeing in the data we have is exactly what we expect to see with regard to the transition to XR, the transition to XR that has on TRx, because there's less scripts, and what that then also looks for in milligrams. So, I think we see that as actually playing out exactly as we expected.

Now, one thing that – so, I think, we see it clearly, but just to sort of maybe help understand a bit of the nuance there. We did launch XR in Q2 2020 for some doses, and because of that, there was a slight stock in to do that. So, I think when you're thinking about prior year comparisons that may be something you've picked up upon. But when we go into the detail that I've just emphasized, we see it playing out exactly as we thought, and because of that, we're very comfortable and confident. So, I think that's the way I think about it on that.

On the IRA question about pricing. I don't really want to go into any detail on that, because we're still in negotiations with that. So, I think, once again, when it comes down to IRA, I think the best thing is, we'll just make the announcement when we have that finalized, because I think that's the most prudent thing to do.

**Eli Kalif**
*Executive Vice President & Chief Financial Officer, Teva Pharmaceutical Industries Ltd.*

A

And then, Jason, I think the question you asked about China on the tariff, there is almost nothing that we are actually bringing from China. Four years ago, we closed and sell the API business there. We're really, really not depending on anything there. There is nothing there. So, I cannot even provide you a percent.

**Richard Francis**
*President, Chief Executive Officer & Director, Teva Pharmaceutical Industries Ltd.*

A

And I think just to add on to that, Jason, I think that's why we're in early talks about the work we've done and the strength of our supply chain, sort of that's what we mean. I think we've taken some actions in the past to make sure we are not reliant on certain areas geographically. And obviously, we did that ahead of what has happened, but I think that has put us in a strong position, at least one where we can manage the future a lot better than we would, if we hadn't done that.

Thanks for your question, Jason.

**Jason M. Gerberry**
*Analyst, BofA Securities, Inc.*

Q

Okay. Thank you.

**Operator**: Thank you. Our next question comes from David Amsellem of Piper Sandler. Your line is now open. Please go ahead.

**David Amsellem**
*Analyst, Piper Sandler & Co.*

Q

Thanks. Two from me, one on generic Revlimid, one on UZEDY. First on generic Revlimid. I just wanted to clarify your comments on the total revenue guidance. How much of where revenue lands this year is a function of Revlimid being light in 4Q? And maybe just help us understand the dynamics as we move through the back half of the year regarding the product. I understand that the situation is fluid, but just help us understand how to think about generic Revlimid in 3Q and 4Q.

And then, secondly, on UZEDY, with the bumped up guidance, would you say that even that is conservative just given the growth in prescription volumes, at least based on third-party data? And I understand that there's the Medicare Part D redesign, but just given how it's growing, what's your view on the extent to which even your new range is conservative there? Thanks.

**Richard Francis**
*President, Chief Executive Officer & Director, Teva Pharmaceutical Industries Ltd.*

A

Thanks for the question, David. So, if I understand, the Revlimid question was also sort of built into the generics to the overall forecast and the generics forecast. So, to give you a bit of context, obviously, when we think about our generics business going forward and we say flat to low-single-digit, that is based – you highlighted somewhat on generic Revlimid, but it's also based on launches we have coming up, both in the US and in other markets.

So, I think it's multifactorial, which is why we think we have that range. It's not contingent solely on Revlimid. I think we have launches already in this quarter and we'll have more launches coming towards the end of the year. We also have, as we've highlighted, good sales momentum in our biosimilar business in the US as well. So, I say all of those things just to make sure people understand there's a robustness to our generics business, which means we have a lot less volatility with what we set out to do at the start of this strategy.

But now to get specific on your question about Revlimid, the ordering patterns of this have changed. And so, whereas we do maybe one large order a quarter and they were very predictable, as we used to, because we're a global generic player, we know what – how this plays out, that becomes shorter term as we get to the end of these sort of situations where more competition comes in. And so, we're very used to that. So, there's a change in those phasings. And so, that means, as we've seen in Q2, it impacted our phasings and that will probably have the potential to do that in Q3 and Q4.

We see that happening more in Q4 just because the basis that it get – the more competition comes in towards the end of the year. But it's unpredictable, I think, is what I'm trying to highlight there. But also hopefully, I've highlighted the fact that, we have other factors growing our generics business and other factors that allow us to have a confidence in giving a guidance to flat to low-single-digit.

And then, I just remind you that, when you take out Revlimid in Q2 and Victoza launch, we grew the generics business in the US. And I just emphasize that, because I know we've had lots of conversations over the years, and our aim was to take away the volatility of generics business. We've actually been growing it very significantly. So, even the fact that we are relatively flat, I think, it shows the good work we've done.

Now, on UZEDY. So, I appreciate your enthusiasm and your confidence in us and the US team in executing. I think what we're trying to highlight is and what we've always tried to do is to make sure that we set what we believe is possible. What I would reiterate on UZEDY, it's a great product profile, but we have really done a great job in becoming the long-acting risperidone of choice. So, now we have to venture into other parts of the schizophrenia market where other molecules are used.

And so, I think we see that as probably maybe slightly tougher to do, even though, we have a great profile. You clearly think that's probably not the case, and your confidence in us is appreciated. But that's what we're thinking about, a bit about how do we start to take UZEDY into other molecules in the long-active schizophrenia market. We think we have the profile to do it, by the way. We have a lot of confidence in this product and where this product can go. But I think that's the thing that probably as we just want to see play out a bit more in quarter three to understand, but I appreciate your support and appreciate the fact that you like that we've raised it to $190 million and $200 million as a range.

Thanks for your questions, David.

**Operator**: Thank you. Our next question comes from Chris Schott of JPMorgan. Your line is now open. Please go ahead.

### Chris Schott
*Analyst, JPMorgan Securities LLC*

Q

Great. Thanks so much. Just two for me. On the top line guidance, obviously, great to see the higher branded guidance. But just coming back to the slower generic growth, is there any read across as we think about 2026 and beyond for that generic business or is what you're talking about here just some more timing and shorter term dynamics as we think about the – again, the generic piece of the business?

And then, second question for me was another one on guidance. Obviously, very strong gross margin performance this quarter. Sounds like part of that's mix, part of that's maybe more one-time. Can you just update us on expectations for second half gross margins, given the new product mix, just how should we be thinking about that progressing over the next few quarters? Thank you.

### Richard Francis
*President, Chief Executive Officer & Director, Teva Pharmaceutical Industries Ltd.*

A

Hi, Chris. Thanks for the questions. So, let me start with a bit about the generics, and I appreciate the fact that you're seeing the good branded growth. I think it's important to reiterate, as we transform to a biopharma

company, to have a portfolio branded of our size growing at 27% is a great achievement and the momentum we have. But to answer your question on generics, I think, it is worth just reiterating the prior year comparison.

The full year growth we had in generics in 2024 was 11%. So, when I talk about prior year comps, I think it's fair to say we had a great year in 2024 and we're lapping that now. And if you take that down to the regional level, we had great performance across all of our regions in that quarter, 16% in US, 8% in EU and 22% in IM, so those are real big comparative years.

But to get to the heart of your question, Chris, is what does this mean for the long-term trajectory of our generics business. I remain absolutely confident in what we need to achieve by 2027 for our generics business. And if you remember, at the Capital Markets Day, we started to communicate that where we wanted to get our generics business to in 2027 was flat to where we ended it in 2024, i.e., absorbing all of the generic Revlimid loss, which I know we all understand is a very big number.

So, how do we do that, and how does this year, I think is your question, impact our ability to do that. In no way does it change, and let me explain why. Our ability to keep driving our business, our generics business relies on a number of factors, our base generics business, which includes complex generics, our biosimilar business, and our OTC business. Now, over this two-year period to continue to get to where we need to in 2027, our base generic business needs to grow roughly at 2% to 2.5% CAGR.

Across all of our regions, Europe, US and International, that is very achievable with the pipeline we have. We have a deep pipeline. We have a good manufacturing and supply chain. So, I feel very confident about that. On our biosimilars, which we think – which we believe is going to grow to $400 million as well and contribute to our generics performance. As I've said, we've had a good start to this year. We see good momentum in the US and we are going to be launching generic Stelara – biosimilar Stelara in Europe in quarter three, and we have two more launches in the US. So, I think we have good momentum there, and the OTC performance we're looking for also is continuation of what we performed in the past.

So, I have no concern about us hitting our 2027 growth targets for generics, and I also don't see that this year is anything of other – it's not a blip. I wouldn't describe it as a blip, Chris. I describe it as a high prior year comparison, which I think we've weathered actually very well, because it shows the underlying strength of our generics business. So, I see it as a sign of confidence in the work we've done to strengthen our generic business, and also the fact that, with our innovative business growing so well, we're a balanced company and we continue on this very predictable growth going forward.

But with that, I'll hand for the gross margin questions to Eli. Over to you, Eli.

**Eli Kalif**
*Executive Vice President & Chief Financial Officer, Teva Pharmaceutical Industries Ltd.*
A

Okay. Chris, thanks for the question. So, look, if we're looking on Q2 by itself, 54.6%, there is around 110 basis points inside that coming from three main elements. One is we had certain products right sales in Europe. Additionally, there is some tailwinds on FX, as I mentioned. And also, we need to remember that Japan business was dilutive to our gross margin by at least 30 basis points. So, if you actually baked out this 110 basis points, you come to a 53.5%. If you look on Q2 – sorry, Q1, which was 52.8%, you take that dilutive element on Japan, you see that we're actually moving by 52.5% to the level of 53.5% on the in line basis, which is the sustaining business that we have.

That mean that the innovative piece across all the elements that we're working on contributing to the expansion and organic gross margin. What you're going to see in the next quarter, we're going to be above the midpoint and very close to the 54%, which I believe that at full year, we're going to be at the higher range, or like 54% at the minimum. So, this is one – these are the main kind of dynamics inside.

**Richard Francis**
*President, Chief Executive Officer & Director, Teva Pharmaceutical Industries Ltd.*
A

Thank you, Eli, and thanks for the question, Chris.

**Operator**: Thank you. Our next question comes from Les Sulewski of Truist. Your line is now open. Please go ahead.

**Les Sulewski**
*Analyst, Truist Securities, Inc.*
Q

Good morning. Thank you for taking my questions. A couple for me. So, first, can you provide some puts and takes around the uptick in EBITDA margin in second half and is this level sustainable or a high-water mark for the year?

And then, second, as you're progressing across the cost reduction initiative, are you finding additional opportunities for savings beyond the $700 million, and could you provide some cadence around the primary areas of focus?

And then, lastly, how are you thinking about capital allocation, perhaps a share buyback opportunities, and then second around BD expansion and M&A? Thank you.

**Richard Francis**
*President, Chief Executive Officer & Director, Teva Pharmaceutical Industries Ltd.*
A

Thank you, Les. I'll tag team some of those with Eli, and maybe I sort of give a quick overview on some of them, and then Eli can also chime in. I'm really pleased that you've seen the EBITDA performance. I think this is really important when we think about creating long-term shareholder value. Growing the top line is, obviously, critical and we want to keep doing that. But when you do it in the right way, as we've done with an innovative portfolio, with strong growth, that will always help us change gross margin as Eli said, but also allow us to go down and hit EBITDA and ultimately hit EPS, and I think that direction of travel is clear. So, our ability to keep growing our innovative portfolio, adding to it, allows us to do that. So, that's sort of at a high level, I would say.

On the cost reduction, I love these questions where we do, so again everybody sees if we can do a little bit more. So, what I would say is, the work we're doing is to modernize Teva, is to make Teva a more agile place to work, where we can do things quickly, we can make sure capital is allocated to areas of best return to drive the company forward. That is continuous. So, we're continuously looking at that. Does that mean we change the number on $700 million? No. We're going after that. We see that we plan very carefully and thoughtfully financially, but our ability to make sure we're allocating capital to the right areas is a continuous process throughout this business.

So, I would say, we want to become a company that has the mentality that we look at this every year, almost every quarter, and we don't have these periods where we go into restructuring or major changes. It's a continuous for us. On the capital allocation, with regard to – as Eli has said on his capital allocation slide, we touched all of your points. Yes. We look at business development, and I'll go into a bit more detail, and we look at returning

capital to shareholders as well. On the BD side, we have been very active in this area looking for some time, because we know that we want to add innovative products to what is a very capable team here at Teva.

That said, we want to do that through in-licensing. We want to take products at the right time with the right risk profile to justify allocating capital to them. And so, those are not always easy to find at the right time, but we've spent a lot of time on it. We have increased the capability to do assessments within our team here. So, that is something that we are looking at. So, those are my views on those three questions, but I'll hand them over to Eli, because I think he'd like to add his perspective as well.

**Eli Kalif**
*Executive Vice President & Chief Financial Officer, Teva Pharmaceutical Industries Ltd.*
A

Yeah. So, I think about the EBITDA, your question, the way that we view it and how we're actually looking on the second half and the full year, we will be above the midpoint, up to the high range, and the main dynamics there is coming from a few things. First of all, the three main products, AUSTEDO, AJOVY and UZEDY, those are now yielding to $2.9 billion revenue. This is a higher margin, but if you compare it to last year with the $2.3 billion, the first half of this year is actually more meaningful in the year versus the first half last year. So, we're actually progressing now to around 45% versus the full year.

Last year, at that point, we were actually doing from that $2.3 billion, like 40%, which will give us kind of the confidence that it's kind of starting to be more balanced in between first half and second half. That's allowing already to bank profits. The other elements you need to understand that as we move forward, we're keep investing in our OpEx, which means we are not taking our OpEx down. We're keep investing. So, in between how we're able to flow through profits to the bottom line and how we keep investing in those products, mostly with AUSTEDO, and we will see a benefit in terms of the margin on EBITDA and OP, and we also reflect that piece in the midpoint for the EPS and coming from the innovative.

If you couple it with our savings from our programs, which currently we see a line of sight of $70 million, we are totally offsetting any softness on generics and with incremental profit. So, I think that to sum it, we're going to be above the midpoint, close to the high range. And I think there is another point here that Richard mentioned on the capital allocation. I think this is about timing, and yes, we're constantly looking on BD. And also to understand how those one can actually interpret higher multiples for us in terms of the trajectory of the growth aligned with our strategy. But most importantly, when we're talking about shareholder buybacks or any kind of capital return to our shareholders, we are still in a trajectory to enhance our free cash flow to make sure that will enable to fuel our business, managing our working capital and our growth as well, allowing us the flexibility to do this type of things. So, we're constantly reviewing that one, and once we have kind of more information on that one, we'll share with you.

**Richard Francis**
*President, Chief Executive Officer & Director, Teva Pharmaceutical Industries Ltd.*
A

Thanks for your questions, Les.

**Operator**: Thank you. Our final question for today comes from Keonhee Kim of Morningstar. Your line is now open. Please go ahead.

**Keonhee Kim**
*Analyst, Morningstar, Inc. (Research)*
Q

Hey, guys. Thanks for taking my question and congrats on the good quarter. Just a quick one on the SELARSDI progress. Yeah. I just wanted to ask how the product rollout is going. If the landscape is similar to what we saw with HUMIRA, where it will take some quarters before the biosimilar really picks up or does this kind of space look a little differently? Thanks.

### Richard Francis

*President, Chief Executive Officer & Director, Teva Pharmaceutical Industries Ltd.*

A

Great. Thanks, Keonhee. Thanks for your question. So, what I'd say to sort of step back is every biosimilar sort of can play out slightly differently, and we're aware of that, and I think we've been – I've been communicating that for the last two years. HUMIRA is different – biosimilar HUMIRA is different from biosimilar Stelara, is different from biosimilar SOLARIS, so – and we're okay with that, because I think we have a very agile team in the US here, understands the different dynamics based on the different pathway to the physician, the different – whether it's a pharmacy benefit or not.

That said, I think the team has started to execute on this well, because of that capability we have. And so, I think we see this as a good opportunity, and that's one of the things that is fueling our confidence and our revenue growth in our biosimilars. But I think the overarching is, this is a portfolio play strategically. We aim to bring 20 biosimilars to the market. I won't try and pick the ones that are going to be the superstars now, because it's different. It's very dynamic. And as I said, we're okay with that, because we're going to bring eight biosimilars to the market by 2027.

We don't need all of those to be superstars. We'll work hard to make sure they are, but we don't. That's why we're confident in being able to double our revenue to $800 million for our biosimilars by 2027. So, hopefully, that answers the question. Good start in one of our products, but also good performance about others that we have in the US. So, thanks for your question.

### Richard Francis

*President, Chief Executive Officer & Director, Teva Pharmaceutical Industries Ltd.*

And I think, with that, I think we have gone over a bit. So, I apologize for that, but we wanted to make sure we had a chance to answer as many questions as we could. I appreciate your time and your interest in Teva, and I look forward to catching up with you, many of you, over our roadshow. So, thank you very much. Good-bye.

**Operator**: Thank you all for joining. You may now disconnect your lines.