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Teva Pharmaceutical Industries Ltd.

(TEVA)

Q3 2025 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Hello and welcome to the Q3 2025 Teva Pharmaceutical Industries Limited Earnings Conference Call. My name is Alex, and I'll be coordinating today's call. [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. In a moment, I'll hand the call over to my CEO, Richard Francis. But before I do that, it is my duty and my honor to remind you of our forward-looking statements. Today, on this call, we'll be making forward-looking statements, and we undertake no obligation to update those statements after today's call. If you have any questions regarding forward-looking statements, please feel free to see our SEC filings under Forms 10-Q and 10-K in the relevant sections.

And with that, Richard Francis.

Richard Francis

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

Thanks, Chris. Good morning, good afternoon, everybody. Thank you for joining the call today. On the call today, I'll be joined by Dr. Eric Hughes, Head of R&D and Chief Medical officer, and Eli Kalif, the CEO (sic) [CFO] (00:01:06) of Teva Pharmaceuticals.

So, starting with, as I always do, the Pivot to Growth strategy. This is a strategy that has guided Teva for the last three years, a strategy based on the four pillars: deliver on our growth engines, which is all about driving AUSTEDO, UZEDY and AJOVY, our innovative portfolio; stepping up innovation, which Eric will talk to you about, with the great progress we're making across our innovative pipeline; sustain generics powerhouse and the work we've done to stabilize our generics business; and then, focus the business, and we'll give you an update on where we are with our transformation of Teva, our $700 million cost savings programs, as well as an update on TAPI.

Now, moving on to the actual results. Pleased to say this is our 11th quarter of consecutive growth, up 3% in revenue to $4.5 billion, and adjusted EBITDA up 6% and our non-GAAP EPS up 14%. These all compared to Q3 2024. And our free cash flow is just above $0.5 billion. I'm really pleased to say that our net debt to EBITDA is now below 3 times for the first time since 2016.

Now, moving on to the next slide, one of my favorite slides, I have to admit. This is our 11th quarter of consecutive growth after many years of sales decline. And it's worth noting that Q3 2024 was a particularly difficult comparison [ph] year (00:02:36), where we had a growth of 15%. And so, to grow 3% over that comp, I think, is a testament to the work we've done in our portfolio and a testament to the teams. Now, this puts us on track for our growth targets we set for 2027 to have mid single-digit growth. So, congratulations to the whole team that have made this happen over the last 11 quarters.

Now, going down a bit more detail, what's behind this $4.5 billion revenue and 3% growth. This growth was spearheaded by our innovative products, and I'm really pleased to say that they are now worth over $800 million for the quarter and the growth is 33% year-on-year. AUSTEDO grew an impressive 38%, reaching $618 million. UZEDY performed strongly, up 24%, reaching $43 million, and AJOVY performed well, up 19% to $168 million. Global generics revenues was up 2%, and TAPI was down 4%, reflecting some seasonal volatility.

So, now I'm going to double click and go into a bit more detail on all of these areas, starting with AUSTEDO. Now, as you know, AUSTEDO was selected earlier this year for CMS for the 2027 price negotiation, and I'm pleased to say that agreement that we've concluded is consistent with our mid-term expectations for AUSTEDO that we first laid out back in May 2023. And this means that we can confirm with confidence our 2027 revenue target of $2.5 billion and our peak sales target of over $3 billion.

Now, let's talk a bit more about AUSTEDO in Q3. It was another strong quarter for AUSTEDO, where the team continues to perform incredibly well. The US reached $601 million in Q3 2025, growing at 38% year-over-year. And this is the first time we have passed $600 million. So, congratulations to the team for all their hard work in making this happen, and it really reflects the understanding this team has of the market.

We grew TRx 11%, and we continue to see the increasing penetration of AUSTEDO XR. And it's worth reminding everybody again that AUSTEDO XR requires fewer scripts compared to the original AUSTEDO, and that's why it's equally important to look at the milligrams dispensed, and as you can see, these were up 25%.

Now, as you saw on this slide, we've highlighted that with 2026 approaching, we have a good sense of AUSTEDO's 2026 formulary position, and we continue to reflect the balance between preserving value and

maintaining access. So, based on these strong results in Q3, we can increase our revenue outlook for AUSTEDO to $2.050 billion to $2.150 billion for the year.

Now, moving on to UZEDY, another exciting member of our innovative family. UZEDY continues to perform well. Momentum remains strong, as we continue to address the needs of the mild to moderate patients and those beyond who take risperidone. Revenues were up 24% year-over-year and TRx was up a strong 119%.

It is worth noting that revenue growth was partially impacted by a one-time Medicaid gross-to-net adjustment. Now, this does not impact our long-term LAI franchise expectations, and we reiterate our peak sales target of $1.5 billion to $2 billion for the franchise. Now, this confidence is rooted in the data. UZEDY's NBRx is significantly above the TRx. As you know, in Q3, we also had an expanded indication for bipolar 1 disorder.

Now, to give you more guidance on how to forecast UZEDY going forward, the Q4 implied guidance of $55 million to $65 million provides a cleaner run-rate for forecasting going forward due to that gross-to-net adjustment in Q3. But I want to take a couple of slides just to talk about the excitement we have around our LAI, our long-acting franchise in schizophrenia and why do we think this $1.5 billion and $2 billion is achievable. Well, it really comes down to the great work that's been done with UZEDY already.

The team here has created great traction, as you can see, with 119% TRx growth. We have a great product profile with UZEDY, and we anticipate having a similar strong product profile with olanzapine. But more importantly, the capabilities and the knowledge that has been built here. We have the same people in front of key payers, the same people in front of these key physicians, these key nurse practitioners, healthcare providers, patient associations, the people who look after the formulary committees. That puts us in a very strong position, and we know and believe there's a significant unmet need in olanzapine for a long-acting treatment.

Now, if you put those two together on this slide, we have the ability with UZEDY and our long-acting olanzapine to treat up to 80% of patients who suffer from schizophrenia, whether that's mild to moderate with UZEDY or moderate to severe with long-acting olanzapine. And just to highlight, unfortunately, 4.7 million people suffer from schizophrenia in the US and Europe. So, the opportunity for both brands is significant. That's hence the reason why our confidence in the $1.5 billion-$2 billion remains strong.

Now, moving on to AJOVY. I do love AJOVY. It continues to grow strongly across all regions in what is still a very competitive market, and there's some nice data points here. We are the number one preventative CGRP injectable in new prescriptions among the top US headache centers, and we are the number one preventative CGRP injectable in 30 countries across Europe and International. And so, we confirm our guidance of $630 million to $640 million.

Now, staying on innovation, I'm going to touch briefly upon the innovative pipeline, as I know Eric will talk to you about this later. But I'm super excited about this. Why? Because it's near-term. These are late-stage assets. Olanzapine, I'll talk to you about the filing of that this year. DARI, the good recruitment that we're seeing to bring that to the market in 2027. Duvakitug, starting off Phase 3 study. Emrusolmin, great recruitment there.

But then, I look across to the right-hand side of this slide and I see the potential of peak sales, and it's over $11 billion. And I'll remind you, that's just for the indications on this slide. We know that Duvakitug and anti-IL-15 will be pursued in multiple indications. So, we really have strong growth drivers for the future for Teva.

Now, moving on to our generics business. Our generics business grew 2% over 2024, and this is fueled by launches as well as the growth of our biosimilar and our OTC business. Now, as I reminded you before, we tend

to look at this business over a two-year CAGR, just because of the inherent timing of new launches that we have in this business.

Now, looking at the regions, we had a very strong quarter for the US. It grew 7% in Q3, and that was driven by several launches and particularly strong performance of biosimilars, as well as some phasing patterns for our generic Revlimid, which I would like to point out, these will not be repeated to the same magnitude in Q4. Europe declined 5%, mainly due to some tough comparisons with the prior year, where we had a number of launches and a number of tender wins, which are for two-year periods. So, there's a 1% CAGR for the two years. International Markets grew at 3% or 12% on a two-year CAGR.

But now, I'd like to talk to you a bit about our biosimilars, because we're entering an exciting period for our biosimilars portfolio. We have – now have 10 in-line assets globally and the potential to launch 6 more through 2027. So, we're well on track to add another $400 million by 2027, as we forecasted back at the start of the year. And I want to remind you that today, we're growing strongly in biosimilars without substantial launches or revenues in Europe, which is the largest region in the biosimilar market. And our European pipeline will start to convert into launches and revenues, and biosimilars will be a more significant driver for Teva overall after 2027.

Now, moving on to the fourth pillar, focus our business. We've made significant progress with the Teva Transformation program, and this is something we started at the start of this year. And we made a commitment to realize two-thirds of the $700 million by the end of 2026, and I can tell you we're on track to do that. The reason why I can tell you that is because we're on schedule to hit our 2025 goals, and that sets us up well for the start of next year. But I'll leave Eli to go into a bit more detail later on in this presentation.

Now, before I hand it over to Eric, I wanted to give you an update on how we're tracking for the 2027 targets, which we're reiterating today. So, from a revenue point of view, with the IRA negotiations now finalized, our upcoming launches and the stabilization of our generic business, we estimate that 2025 will end the year with a 3% to 4% growth range, consistent with our 2023 to 2027 mid single-digit average growth.

On OP, because of the work we've done of driving our innovative portfolio, remind you up 33%, as well as the progress we made on organizational effectiveness, we are on track to our 30% margin, and this year, we will end around the 27% margin overall. And then, net debt to EBITDA dropped below 3 times, as I mentioned earlier. By the end of this year, we should be around 2.8 times, well on track to hit the 2 times by 2027.

And with that, I will hand over to my colleague, Eric Hughes.

Eric A. Hughes

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

Thank you, Richard. Now, as Richard said, we have a healthy late-stage development programs in our innovative medicines, and we're doubling down on our efforts to execute these studies on time and efficiently. Now, beginning with olanzapine LAI, we're on track for our FDA submission later in this quarter. Our DARI program for both adults and pediatric patients is on target for enrollment by the end of this year.

Our Duvakitug program in partnership with Sanofi is now initiated both for our ulcerative colitis and Crohn's disease Phase 3 studies. Our emrusolmin program has now enrolled the 100 patients that we'll need for our futility analysis by the end of next year and that enrollment continues to do very well. And finally, our anti-IL-15 program, very exciting program with multiple potential indications in the future, where we'll be reading out our celiac and our vitiligo studies, proof-of-concepts in the first half of next year. So, exciting late-stage programs.

But before I go on to those in more specific detail, I did want to have a celebration for the UZEDY team for bipolar 1 disorder. We had an approval and an expansion of our label, which we're very proud of. This was an innovative approach by the team using the known and well-characterized pharmacology of UZEDY, plus the safety database that we have, in conjunction with efficacy using a modeling and simulation approach to expand that label for patients suffering from bipolar 1 disorder. So, a great innovative approach, very efficient execution, and a great opportunity for patients to get treatment for their bipolar disease.

Now, on to olanzapine LAI. As we've mentioned, we've actually presented the data, both the safety and efficacy of the full program in Phase 3 at the 2025 Psych Congress Annual Meeting. It was very well-received. Both the safety and efficacy was right where we expected it, and most importantly, we had no cases of PDSS. And that submission is planned for the late half of this quarter. So, on track and exciting opportunities for patients in the future.

Moving on to our dual-action rescue inhaler program for asthma, our ICS/SABA Phase 3 program. This is the largest study we've run at Teva to-date. Right now, we're on track for a full enrollment of our adults and our pediatric patients at the end of this year. And remember, the real value here is the fact that in our label, we anticipate to get the pediatrics included, which is 25% of the market. And also, we'll have a dry powder inhaler, which is a simple device to use. Simply open, inhale and close. This makes it much more convenient for both adults and particularly the pediatric patients. So, great program, right on track.

And as I mentioned before, we're very excited to announce that we have now initiated both the ulcerative colitis and Crohn's disease Phase 3 programs with our partner Sanofi for our Duvakitug program. This is a very exciting program, very large effort by many people. The ulcerative colitis study is called SUNSCAPE and the Crohn's disease program is called STARSCAPE.

And what we're really excited about with this program is the way we've designed Phase 3. It includes an open-label feeder arm that will enroll patients very rapidly since it's open-label and they know they get treatment, but that gets to our safety numbers very rapidly in the maintenance. We have a favorable randomization ratio for the patients to active. We have a re-randomization design, which is really a more feasible – or favorable design for multiple doses, and it's more reflective of clinical practice.

And finally, but possibly most important of all, the entire program is based on subcutaneous injection. So, that's loading dose, induction and then maintenance throughout the entire program. So, it's a really patient-friendly program and it's designed to execute quickly. And I would add, we were the fastest to transition this MOA from Phase 2 to Phase 3. So, it's all about execution now with a great program. So, kudos to the team.

And on to emrusolmin. I always like to start by saying emrusolmin is enrolling a patient population that is a real unmet medical need. This is multiple system atrophy. And our differentiated molecule is targeting the very beginning of the alpha-synuclein aggregates. We have a very efficient design. Here, you can see that it's a 48-week design against placebo. And I mentioned the enrollment is going very well, and we've already got the first 100 that will be involved in the futility analysis at the end of next year. So, we're right on track and it's going quickly. We're proud that this has received Fast Track designation, and we've already got the Orphan designation. So, more to come.

And finally, I just want to touch base on the anti-IL-15 program. This is another great homegrown antibody and program from the Teva Laboratories. Right now, we've got it in proof-of-concept studies in celiac disease and importantly also in vitiligo, which we'll read out in the first half of next year. But the upside possibility here is multiple different indications. Remember, IL-15 is a key cytokine in the activation and proliferation of NK cells and

T cells that's believed to be involved in many different indications that you can see here. So, a lot to go with IL-15, but very exciting program, and that also received Fast Track designation.

And with that, I'm going to pass off to my colleague, 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 in Q3. First, Q3 results were above solid, driven once again by our fast-growing innovative portfolio. As Richard said earlier, this was our 11th consecutive quarter of revenue growth. Second, we continued to strengthen our balance sheet and specifically reduced our net debt to below $15 billion and expanded our EBITDA, leading to the net debt to EBITDA of below 3 times for the first time since Q3 2016.

Third, we have made significant progress in our transformation programs, with approximately half of our planned savings of $70 million for 2025 already achieved by Q3. We're on track to deliver approximately $700 million of net savings by 2027 and achieve our 30% operating margin target. And lastly, the outcome of the IRA negotiation for AUSTEDO is largely in line with our model expectation and further emphasized our conviction in achieving our revenue target of $2.5 billion in 2027 and more than $3 billion at peak for AUSTEDO.

Now, moving to slide 30 to review our Q3 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 otherwise specified. Similar to the last quarter, I will also be referring to certain results from Q3 2024 that exclude any contribution from the Japan business venture, which we divested on March 31, 2025, to help you with the like-to-like comparison of our financial results.

Our Q3 revenue were approximately $4.5 billion, growing 5% in US dollars or 3% in local currency. Revenue growth was mainly driven by continued strong momentum in our key innovative products, AUSTEDO, AJOVY and UZEDY, as well as our generics products in the US including biosimilars. This was partially offset by some softness in European generics, as well as lower proceeds from the sale of certain product rights compared to Q3 2024. GAAP net income and EPS were $433 million and $0.37, respectively. FX movement during the quarter, including hedging effect, positively impacted revenue by $106 million and operating income by $21 million compared to the third quarter of 2024.

Now, looking at our non-GAAP performance. Our non-GAAP gross margin increased by 120 basis points (sic) [124 basis points] (00:20:41) year-over-year to 55.3%. This increase was slightly higher than our expectation, driven mainly by strong growth in AUSTEDO, leading to an ongoing positive shift in our portfolio mix. Gross margin also benefited, although to a lesser extent, from a shift in ordering patterns for generics Revlimid in our US generics business, leading to some volume shift from the second quarter to the third quarter, as well favorable FX.

This strong performance in non-GAAP gross margin largely carried through to non-GAAP operating margin, which increased by approximately 70 basis points year-over-year to 28.9%. This was partially offset by higher planned investment in OpEx and impact from foreign exchange movements. Overall, we ended the quarter with a non-GAAP earning per share of $0.78, an increase of $0.10 or 14% year-over-year. Total non-GAAP adjustment in the third quarter of 2025 were $478 million. Our free cash flow in Q3 was $515 million compared to $922 million in Q3 2024. This decrease was mainly due to timing of sales and collections, as well as higher legal settlement payments which we have planned for this year and is reflected in our full year free cash flow guidance.

Moving to slide 31. We're making significant progress in our Teva Transformation programs through a well-defined and targeted efforts 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, with roughly two-thirds of these savings to be realized between 2025 and 2026.

We're well on track to achieve approximately $70 million of initial savings in 2025, with half of it already achieved by end of Q3, demonstrating solid momentum and execution. It's important to remember that the transformation we're driving is not just about reducing the spend. It's part of the journey to transform and modernize Teva into an innovative biopharma company and prioritizing resources towards areas that drive growth and innovation.

These transformation efforts, along with the ongoing portfolio shift towards high-growth and high-margin innovative products, provide a clear and credible path to achieving our 30% operating margin target by 2027, even as we continue to invest in the business. In relation to these programs, we have recorded approximately $190 million year-to-date in restructuring costs and expected an overall cash outflow of $70 million to $100 million in 2025. Our guidance for 2025 already incorporated the impact of both expected savings and this cash outflow.

Now, moving to the next slide for an update regarding our strategic intent and the process to divest TAPI. As we have consistently and transparently shared with you all, we had been in exclusive discussions with a selected buyer for the sale of TAPI. At this time, we have decided not to move forward with those discussions, as we were unable to reach an agreement aligned with Teva long-term priorities and interest of our shareholders.

While this process did not result in a sale with this initial buyer, recent shift in the geopolitical environment and market conditions reinforce TAPI attractiveness for potential buyers. We continue to view TAPI as a valuable asset, but it's non-strategic to our Pivot to Growth priorities. We're now initiating a renewed sale process to explore alternative options and maximize potential value creation. We will provide further updates, pending a transaction or other determination.

Moving on to our 2025 non-GAAP outlook in slide 33. Our performance year-to-date reflects consistent execution across our Pivot to Growth priorities, with solid revenue growth, margin expansion and cash flow generation despite the tough prior year comparables in our generics business. Based on our year-to-date results and with two months left in the year, we're tightening our 2025 outlook range for revenue, operating profit, adjusted EBITDA and EPS.

Starting with revenue, consistent with the direction we shared last quarter, we're tightening the full year guidance range to be between $16.8 billion and $17 billion. Our innovative portfolio continues to perform very well, specifically AUSTEDO, driven by strong demand and our commercial execution. With a strong year-to-date performance, we are increasing our full year outlook for AUSTEDO by $50 million to $100 million to a new range of $2.050 billion to $2.150 billion, reflecting a full year growth of 21% to 27% year-over-year. However, as we discussed last quarter, we expect our global generics revenue for the full year to be flat in local currency compared to 2024. This is mainly due to the [ph] tough year comparison, delays (00:26:22) in the timing of certain launches, as well as softness in certain markets.

Moving to the other elements of our financial outlook. With a strong year-to-date performance, we now expected our non-GAAP gross margin to be at the higher end of our guidance range of 53% to 54%. This implies a slightly lower margin in Q4 compared to Q3, mainly due to generic revenue seasonality, as the majority of our volume allocation was sold by the end of Q3. We're also increasing the lower end of our non-GAAP outlook range for

adjusted EBITDA, operating income and EPS, consistent with our year-to-date results and expected ongoing strength in our innovation product portfolio, along with the savings from our transformation programs.

While we continue to await for clarity around potential US tariffs on pharmaceuticals, including the outcome of the ongoing Section 232 investigation, we are encouraged by the statements so far from the administration regarding possible generics exemptions. Our 2025 guidance continue to already reflect confirmed tariffs that are in place. We continue to expect our operating expenses to be between 27% and 28% of revenue. Our free cash flow guidance range remains the same between $1.6 billion to $1.9 billion.

I would like to reiterate that our full year guidance does not include the development milestone related to the Phase 3 initiation of Duvakitug UC and Crohn's indications. That said, to assist you with your modeling, we want to highlight that the expected contribution from this development milestone is dependent on the timing of each of these two studies. Based on the current timelines, we expect to earn one development milestone in Q4 2025, with the remainder expected in Q1 2026. For Q4 2025, we expect the first development milestone to contribute $250 million to revenue and approximately $200 million to EBITDA and free cash flow, net of certain transaction-related costs. This first development milestone is expected to contribute approximately $0.14 to the EPS.

Now, turning to the next slide on capital allocation. Our capital allocation approach remain disciplined and focused on supporting our Pivot to Growth strategy and strengthening our balance sheet. As I mentioned in the beginning, we are consistently reducing our debt, while investing in our go-to-market capabilities and innovation. With the ongoing improvement in our free cash flow, we are on track to reach our net debt to EBITDA target of 2 times by 2027 and then to sustain around that level thereafter.

In addition to our ongoing deleveraging and progress towards an investment grade ratings, our disciplined execution also position us well to thoughtfully evaluate additional ways of returning capital to our shareholders. Finally, before I conclude my review of our third quarter performance, I would like to reaffirm our 2027 financial targets. The outcome of the IRA negotiation for AUSTEDO further emphasizes our conviction and provides additional clarity to deliver on these mid-term goals.

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. Before I conclude, let me remind you of some of the growth drivers that we have here at Teva. As we expect our innovative portfolio to continue to drive growth beyond 2027, you can see that we have [ph] a significant amount (00:30:26) of opportunity to do this, currently anchored in AUSTEDO, which we reiterated our target of reaching more than $2.5 billion in 2027 and greater than $3 billion in peak sales based on the conclusion of our IRA negotiations with CMS. Along with the innovative products of UZEDY and AJOVY, we will continue to drive our product mix and profitability. But also to build on Eric's remarks, we're preparing for the exciting innovative product launches in the next few years, which should set a foundation for growth in years to come.

If you move on to my final slide, just some final thoughts. In Q3 in 2025, we continued to deliver on our Pivot to Growth strategy with the 11th consecutive quarter of growth, growing our innovative franchise at 33%. We have a clear path towards our 30% operating margin and our other 2027 targets. We're advancing our innovative pipeline with near-term and long-term catalysts, and Teva Transformation is well on track to deliver the $700 million in savings we committed to.

And with that, I would like to open the floor for the Q&A. Thank you.

Christopher J. Stevo

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

Thank you, Richard. Alex, if you could – oh, sorry, Alex. If you could please go ahead with the question queue. And we ask if you could limit yourself to one question and one brief follow-up. And of course, if there's additional time, we're happy to let you back in the queue for more questions. Go ahead, Alex. Thanks.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] Our first question for today comes from Dennis Ding of Jefferies. Your line is now open. Please go ahead.

Dennis Ding

Analyst, Jefferies LLC

Q

Hi. Good morning. Thanks for taking our questions. Maybe one on AUSTEDO and IRA. Thanks for the comment. I'm glad to see that you're reiterating the long-term AUSTEDO guidance. I'm curious what additional color you can give in terms of your own internal expectations going into the negotiations and how the negotiated price relates to the current Medicare net price. Thanks.

Richard Francis

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

A

Hi, Dennis. Thanks for the question. Well, as I mentioned on the call, how it met with our expectations, it was in line with what we had forecast when we set the forecast back in May 2023. So, we had anticipated that we would be in the list and we would be negotiating with CMS. And so, because of that, that's why we remain very confident about hitting our $2.5 billion revenue.

With regard to the latter part of your question about – I think it was net price, we're not going to comment on that, obviously, for competitive reasons. But I'll just reiterate the fact that we believe that we have the ability to hit our $2.5 billion in revenue, one, because it's in line with what we forecasted. But I would also like to remind everybody that tardive dyskinesia remains a highly underdiagnosed and undertreated condition. 85% of patients who suffer from this condition are not on therapy. And so, we see a great opportunity to help those patients and continue to keep growing AUSTEDO in 2026 and beyond, hence reiterating the $3 billion – greater than $3 billion peak sales for AUSTEDO. And so, I think those are the things I'd keep in mind as we think about the future for AUSTEDO. Thank you.

Christopher J. Stevo

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

A

Thanks, Dennis.

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. I had a question on AUSTEDO as well. So, your competitor talked on its call about this dosing creep, if you will. In other words, the per-milligram pricing structure, and higher doses mean more revenue per patient. And what they've said is that health plans are essentially catching on to that and that there is a potential migration over to the competitor product. So, I was just wondering if you can give us some color on the pricing structure of AUSTEDO XR and if that's having ramifications in terms of access to AUSTEDO XR. That's number one. And then secondly, how is that going to inform how you're thinking about commercial contracting for 2026 and the extent to which you might make more concessions on price just to get into a better access position vis-à-vis your competitor? Thank you.

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

Thanks, David. Thanks for the question. I'm not going to talk about what the competitors are saying. I'll focus on what we do here at Teva. And just to highlight, AUSTEDO's growth is much more about treating this underserved market, as I've said in the past, and our ability as a team to constantly execute. And I'll remind everybody, when we started this journey back in 2023, peak sales of AUSTEDO were forecast to be $1.4 billion. And as you see, we're going to exceed $2 billion this year, and that is down to what we've done as a company and the capability we have built.

But when it goes to talking about the milligrams per dose, we've been very clear about the benefits of patients taking AUSTEDO XR and how that helps them with compliance and adherence. And this is very much in line with also what was put in our Phase 3 trial to allow physicians to have the flexibility to get to the patients on the optimal dose. So, what we're seeing is just a natural progression from moving from BID to AUSTEDO XR and the physicians having that flexibility to get patients on the right dose.

The final part of your question, I think, was about access, and I think I highlighted in my presentation the fact that we're always very thoughtful about how we manage access with value. We've continued to do that with AUSTEDO. We've done that very successfully by the way with our other brands in UZEDY and AJOVY. I think we have a really strong capability for doing that. But I'll go back to what is driving our confidence in AUSTEDO is two things, the capability that we have within this team within Teva and the underserved market. 85% of patients who could be on therapy are not on therapy, and those are the two things that we focus on. But thank you for your question, David.

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

Good morning, guys. So, my question is just on OpEx in 2026, and it looks like the consensus has combined R&D and SG&A kind of at around $4.8 billion. So, pretty much flat on a year-on-year basis. Is that consistent with how you see the cost optimizations flowing through the P&L to navigate the Revlimid roll-off? And then, my brief follow-up is just can you comment at all if AUSTEDO XR was included or excluded in IRA? I know that there was a litigation tied to that. And so, I'm just wondering if you can offer any clarity there. Thanks.

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

So, I'll hand the OpEx question – so, thank you, Jason, for the question. I'll hand that to Eli to answer.

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

A

Thanks, Jason, for the question. So, the way to think about the development of the OpEx for 2026, we always mentioned that from now onwards, as part of the $700 million savings, part of them will go into COGS, but the majority will go into the OpEx. And as much as we actually keep growing and able to fuel our profit, you will see us in the range between 27% to 28%. That will not change. But we will actually be able to expand our OP, as well our EBITDA.

So, the way to think about it is that around two-third of the $700 million on saving, we'll be able to accomplish by end of 2026 already, but we will start to see also part of it impacting our COGS. But the main element that will move with COGS will be actually in 2027. But I can tell you that most of the savings, we'll be able to accomplish by end of 2026, and most of them related to the OpEx. And therefore, you should think about the 27% to 28% as a run rate.

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

A

Thanks. Thanks, Eli. And to answer your second question with regard to AUSTEDO XR been included in the IRA negotiations, the answer is yes.

Operator: Thank you.

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

A

Thanks, Jason.

Operator: Our next question comes from Chris Schott of JPMorgan. Chris, your line is now open. Please go ahead.

Chris Schott
Analyst, JPMorgan Securities LLC

Q

All right, great. Thanks so much. Just to shift gears a little bit, can you talk a little bit about your EU generic dynamics? I know you're facing some tougher comps there this year. But I was wondering, has anything changed in those underlying markets we should be thinking about as we think about kind of the growth going forward? And just a quick then follow-up. I know the TAPI process, just a little bit more color in terms of why restart the process here versus just deciding to keep the asset? Just maybe talk a little bit about just kind of the broader appetite for these API assets in the market right now. Thank you.

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

A

Thanks, Chris. Thanks for the questions. So, going to the EU generics business, if I can take you back to when we started talking about Teva and our generics business back in 2023, I can remember explaining to everybody, this is a market leader of scale in Europe. And so, the ability to grow this business, we should think of it growing around the 2% CAGR rate just because of its scale and size.

Now, obviously, I was proved wrong in the last two years, as the business grew higher than that, but that was down to a couple of factors. One is we had more launches over those years, as well as we had competitors

struggling to supply, and because of our manufacturing capability, we could step in. And so, those two things happened. And I think what you're seeing versus – this quarter versus the last years is sort of a similar theme. What we have is more launches than we had in Q3 2024. We also had some tender wins, which are two-year tender periods. And we also had supply issues from competitors. Those were no longer the case.

So, that's what I think about, and that's why I go back to think about our generics business over as CAGR – two-year CAGR, because if you think about two-year CAGR, these things smooth out. And that's how we think about it. And as we've had conversations, I always remind people that we think about our generics business going forward in that 2% CAGR period, one, because just of the scale we have.

Now, that said, one thing I do want to reiterate is our biosimilar business, while getting traction in the US, we will start now to launch and we have launched some products – some biosimilars in the EU, and that will start to build momentum, more so post-2027. But we have a good pipeline coming through in Europe, and we know that's a mature biosimilar market. And so, those are the things that are going to start to maybe add to that growth in Europe going forward. But I hope that answered your question. With regard to TAPI, I'll give that question to Eli to talk about why restart it and not keep it. So, over to you, Eli.

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

Yes. Chris, thanks for the question. So, look, we were – during all the process, we were very transparent. And as we mentioned, we actually decided not to progress with exclusive discussion that we had with a certain buyer. And the reason for that is that we see TAPI as a strategic going forward for Teva in terms of our ability to keep sourcing API when it's actually moving as a standalone.

You need to remember, it's not just kind of a business that we are going to [ph] shelf and (00:42:27) you divest it and you move forward. This is strategic for us going forward and our ability to make sure that we're providing additional value on short-term and long-terms to our future progress and growth, it's super important. Turn out that certain element in terms of the discussion didn't went according to the terms that we view how the deal should move on, and therefore, we made that decision.

And also, we need to remember that the market condition now changed since we launched this sales process, recent geopolitical development, as I mentioned, and some trade policies highlight some continued attractiveness for TAPI in terms of the landscape. So, therefore, we decided to initiate revised strategic review and review the sales process. And as I mentioned, we'll keep all updated and provide further updates, pending a transaction or any other determination around this process.

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

Maybe if I can add just so Eli is not misunderstood there, when he says it's strategic, what he means is they're one of our largest API suppliers and we need to ensure that any contract we have has the right terms, not just for the purchaser, but also for Teva going forward, both for our in-line products and our pipeline.

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

Thanks for the questions, Chris. Next question.

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

Great. Yeah. Thanks a lot and congratulations for the strong update. Maybe just like quickly, on the 2026 revenue, EBITDA, wanted to understand like if you can continue to deliver growth on both of these metrics just as a part of your long-term goals. We have Revlimid phasing out, but you have pretty meaningful cost savings outlined and also talked favorably about AUSTEDO formulary. And then, just as a quick follow-up, so the 3Q AUSTEDO looks pretty strong. Is this primarily like regular way underlying demand or is there any type of a one-time benefit in this? Normally, you have like a pretty strong 4Q. But with this reiterated guide, it seems like it's indicating a down-quarter in 4Q. Thanks.

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

A

Hi, Ash, and thanks for your question. So, starting on the EBITDA, just to sort of remind you, and I think Eli touched upon this in his remarks, the EBITDA is driven by a couple of things next year, and I think it's important to understand those. One is our innovative portfolio has real momentum. As I said, it was up 33% in Q3. And these are products [ph] that we're growing (00:44:54). So, we continue to see great growth rates in those.

And by the way, we've spoken about this in the past. These are very high gross margin products. So, that really does help impact the EBITDA. So, that's one. And then, on the – one of the slides that Eli and I both showed is on the transformation of Teva and the organizational effectiveness. We're on track to do exactly what we set out to do in 2025, and that means that our guide that two-thirds of the $700 million net savings for 2026, we feel highly confident about. So, if you just put those two things together, that really gives us confidence about our EBITDA.

But I would probably take this opportunity to then talk about, well, we have some other things around our generics business, where now we've lost generic Revlimid. There are three components which help us drive our generics business going forward, and that is our generics, [indiscernible] (00:45:43) and our OTC. And as we've mentioned in the past, we have the ability to compensate for that generic Revlimid by the end of 2027, because we have those three different growth drivers and the scale we have in those three different businesses. So, I think that answers that part of the question.

With regard to the one on AUSTEDO – and I think you talked about the strong Q3 and how does that impact Q4, was there anything behind that. I think there's just a couple of dynamics in that. Firstly, the fundamentals of AUSTEDO are really strong. That's really important to understand. So, as you see with regard to our TRx, our milligrams, our growth rates, I think the team is continuing to execute at a high level consistently, and I think we've seen that for quarter on quarter on quarter.

Now, one of the things I just would mention, and I think I mentioned on the last call, in Q3 2024 and Q2 2024, there was some channel stocking with regard to AUSTEDO XR. So, that created a slightly different comparison, as well as we had some slight gross-to-net adjustments in AUSTEDO, which were favorable in Q3 of this year. But if you take those out, it doesn't really change the directory much of AUSTEDO. And so, I'd always think about looking at AUSTEDO over a yearly period, a multi-quarter period, because I think we've been consistent in hitting our numbers and hitting our targets, and we're very accurate about that.

So, that's the way I think about it. So, I don't anticipate anything of any significance in quarter four. The one thing that we always manage as well as we can, but it's not completely down to us is the channel. And we've been very

disciplined at making sure that channel has the right stock. But obviously, that's something which we don't have complete control over. But we've shown good discipline there. So, I hope that answers your questions, Ash, and thanks for the questions.

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

Leszek Sulewski
Analyst, Truist Securities, Inc.

Q

Great. Thank you for taking my questions. So, we saw the FDA propose new guidance around biosimilars to reduce comparative efficacy study and potentially speed up the approval process. So, three questions on this for you. One, how would this updated guidance impact your long-term biosimilar strategy? And then two, on the opposing side, do you see a scenario of additional competition where we'll ultimately see biosimilar price erosion curves resemble traditional generics? And then third, what further investments do you think are needed to give you a more competitive edge? And I guess ultimately, do you see a scenario where the US reaches a point where the BLA process and the patient access becomes just as favorable versus the EU? Thank you.

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

A

Okay. Yeah. Well, that was a multi-dimensional question. So, thank you for that, Les. I think I'll start it off, but I'll also lean into my colleague Eric here, who obviously is close to that because of the pipeline we have. So, firstly, we're pleased with the FDA and that initiation of removing Phase 3 studies. I think that's the right thing to do. I think that helps. And that's based on data. We have substantial amount of data now in the development of these biosimilars across many, many products as an industry, and I think this is the right thing to do.

Does it change our strategy? Absolutely not. I think it reinforces the quality of the strategy we set out for biosimilars in 2023. And to remind you what that strategy was, our strategy was to have the largest – one of the largest portfolios of biosimilars going forward, and we were going to do that through partnerships. We were going to do that through partnerships because it allowed us to have the largest portfolio, because it allowed an efficient allocation of capital. We also believed at the time that there was going to be uncertainty around what the future regulation was going to be.

And so, we didn't want to be initiating and allocating capital to things that may no longer be needed. An example is starting Phase 3s which are then no longer needed going forward. So, I think we sort of thought about where the puck was going. We made a strategy as to where the puck was going, and I'm pleased to say I think we've been proven right on that. But ultimately, our strategy is about having a large portfolio. As I've just highlighted, we have 10 in the market. We have 6 we're going to launch by 2027, and then we're going to have more going forward.

With regard to price erosion, I think a good analogue is to look at Europe, and Europe is a very mature biosimilar market and one I know particularly well. And what you see there is good penetration. You see that there is some price erosion, but it hits a steady state at a certain time, which allows a higher level of profitability still within this category. What I'd also highlight from that market, because you did talk a bit about whether the US will replicate it, is you also see an expansion of these molecules and in these biologics used in patient population. Because they are less expensive, they're used earlier in the treatment of these diseases. So, you get an increase in volume, and obviously, offset some of the decrease in price.

So, those are just some of the dynamics. And I do believe the US will catch up to that. But when you have a broad portfolio, and we're launching more in Europe, we're not necessarily beholden to exactly when that happens because of the scale and the size. But maybe, Eric, you could give a bit more detail on your views on this.

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

Yeah. I can just give a few points to support what you just said. We work closely with the FDA and have frequent communications with regards to a pretty large biosimilars portfolio. We really anticipated the fact that they're going to be removing Phase 3 from the requirement for most programs and agree with this decision. The technical assessment really has been proven to be the most important thing when it comes to biosimilars, something we do very well. And this is going to decrease the cost of production of and approval of biosimilars. It fits perfectly and facilitates the Pivot to Growth strategy that we put together in the past and really it supports a lot of the good decisions we've made over the years about how we will do biosimilars at Teva. So, it was a welcome decision. It was something we were looking forward to and really fits perfectly into the plan.

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

Thanks, Eric. And maybe one thing I'd just like to add on and I forgot is, obviously, removing the Phase 3 need reduces costs significantly. But I would also like to highlight the costs for developing a biosimilar are still high, a lot higher than any other generic, any other complex. So, I just think that the capital allocation doesn't disappear and the cost of it doesn't disappear. So, hence, the number of people coming into the market will, I still think, be restricted based on that. And the ultimate is not just can you develop it and manufacture it, do you have an efficient go-to-market capability, and I think what we're starting to show in the US and will show in Europe is we do have that and that front-end is very important when maintaining a growth and a profitability in your biosimilar portfolio. So, thanks for the question, Les.

Operator: Thank you. Our next question comes from Umer Raffat of Evercore ISI. Your line is now open. Please go ahead.

Umer Raffat
Analyst, Evercore ISI
Q

Good morning, guys – good morning, guys. Thanks for taking my question. You said CMS agreement's in line with your modeling expectations. Is it reasonable to assume that's about 50% or so in the ballpark? And then secondly, to get to your 2027 $2.5 billion in sales, are you assuming volume gains because of this IRA cut versus INGREZZA to get to that number or not? And then finally, obviously, olanzapine, I feel like it's taking a bit longer than we all anticipated. But at this point, is there any possibility that you could get a commissioner voucher to accelerate that or should we not be thinking about that? Thank you very much.

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

Hi, Umer. Thanks for your questions. So, with regard to CMS, it was in line with our expectations that we set out in 2023. You threw out a number there, which I'm not going to comment on, because I think that was maybe trying to tease me out to give you a number, and I'm not going to do that. I'd just say it's in line. And that's why we remain very confident about our $2.5 billion in 2027, and I'll remind people, greater than $3 billion peak sales.

You did touch a bit about do we see volume gains within this, and this is not something we've – without going into the detail of our forecasting model, we go back to capturing more patients, making patients more adherent and

compliant on all of those fundamentals. I think what though you have touched upon is something that we're going to understand a bit more in January, as the first wave of drugs that were negotiated in CMS start to come through and play out. And we'll see what are the dynamics that happen there and we'll use that to adjust our modeling as we go forward.

And I hope you, as others, will agree, we're very thoughtful about how we model and how we forecast. And at least over the last few years, I think we've been pretty accurate in what has been quite a dynamic environment. Now, with regard to olanzapine, I'll hand that one to Eric to comment on whether we could get a commissioner's voucher.

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

Yeah. Thank you for the question, Umer. And to start off with we're right on track with what we planned for the submission of the olanzapine LAI in this quarter. With regard to your question on the commissioner voucher, that's – one of the things we've been reviewing within Teva – one of the great things about Teva is we have biosimilars, a whole portfolio of generics and innovative medicines. So, the potential for where we could see a commissioner voucher is broad. So, we're reviewing that now and looking to see what the most optimally timed and valuable program is that we seek one of those out for, but more to come on that in the future.

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

Thanks, Eric. Thanks for your question, Umer.

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

Hey. Good morning and congrats on the quarter and the AUSTEDO agreement. Maybe first on Duvakitug, now that the Phase 3 IBD studies are up and running, how are you thinking about enrollment timelines and potential data readouts there? And then, could you comment on any progress on the indication expansion strategy beyond IBD? For instance, could we see proof-of-concept studies announced over the near-term? And then, maybe just as my follow-up on capital allocation, could you talk about the key priorities in 2026? And as we think about the free cash flow inflection, what are the key points of focus to achieve that full year 2027 guide? Thank you.

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

Hi, Matt. Thanks for the questions. I'll hand the first one straight over to Eric on the Phase 3 and the potential Phase 2s.

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

Yeah. So, thank you for the question. This is one of the things I'm most excited about, the design that we've put together with Sanofi. It's all about execution now. As I said earlier in my comments, this has been the fastest transition from Phase 2 to Phase 3 with regards to this MOA of all the programs out there, which we're very proud of. So, it speaks to our executional abilities in this partnership.

The design itself is really designed to make sure that we maximize the enrollment with the feeder arm that will get to our maintenance and increase our safety numbers in the program. It's a very convenient and patient-centric design with regards to subcutaneous treatment and the re-randomization. These are all things that will make it ideally suited for patients, and we're also putting a lot of effort on how we execute the program with regards to logistics and our vendors that we use.

So, it's been a really great collaboration with Sanofi. I think we're building upon a lot of momentum and success that we have going into a Phase 3 program with a Phase 2 program that was probably – had the highest numbers with regards just to efficacy and it's the dataset that we produce. These are all good signals of starting a Phase 3 program. So, when it comes to execution, that's what we're going to focus on right now, and I think that we're set up very well to be in the horse race, if not in the middle of it, but hopefully coming up very close to the beginning of it. So, that's very well-suited.

Now, with regards to your question about other indications, it's great to see the excitement around this MOA. I mean, one of the things about it is the fact that it could touch so many different pathways, cytokine signaling pathways in multiple indications. You can see many different – different Phase 2 programs initiating now. We have a plan with Sanofi, and we'll let you know when those studies start. For now, we're going to keep it close to the chest. But that, in addition to the excitement around different combinations in the future, is also something we've been thinking about heavily. But right now, to begin this discussion is all about the execution of the study, enrolling the study and making sure that we show the value in ulcerative colitis and Crohn's disease now.

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

Thank you, Eric. And now on the next two questions on capital allocation and free cash flow inflection, I'm going to hand those to Eli. Before I do, I do like the fact that you've highlighted our free cash flow inflection, because that is something which we are starting to communicate and people are starting to see with the growth of the company, the growth of the innovative, the decrease of the debt, the growth of the EBITDA, that this ultimately changes our free cash flow position. So, thanks for highlighting that, Matt, and seeing that. But I'll hand on to the – hand over to Eli to talk about our capital allocation going forward.

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

Yes. Matt, thank you for the question. So, first of all, I'll start with the free cash flow. You mentioned about how we should think about that trend that we mentioned beyond 2027. There are three main dynamics there. First of all, it's the mix, right. If you look on the top line and how we're progressing with the top line and how it's going to flow through and convert both for the profit and to free cash flow, with the innovative, I would say, portfolio that we have, and we're keeping on investing in our growth driver. The fact that the $700 million of savings is going to actually enable us to drive more efficient COGS with high gross margin as well, I would say, to optimize our OpEx. Those two elements are already in progress.

There are another two that we need to remember. One, we paid for our debt this quarter. From now until October 2026, like 13 months, we don't have any maturity. There's a $1.8 billion in October and there is a $2.8 billion in March-May in 2027 – early 2027. You think about $4.5 billion, $4.6 billion with our current weighted cost of capital of our outstanding debt of 4.8%, you get $200 million to $250 million that we're going to take out from a run rate, both from finance expenses going forward and pure free cash flow impact. And then, on top of it, our progress on our working capital, you can actually see ourselves running below 4% going from 2027 onwards on our revenue. All these actually enable us to convert high free cash flow.

As far as related to next year capital allocation, we're actually looking on more, I will say, ability to be able to compete on certain opportunities related to business development that align strategically to our portfolio and to make sure that we're able to provide value to our shareholders, and as we move forward, to make synergetic activities around that piece. We'll keep looking on, of course, reducing our debt. And as we move forward, we might also look on some – certain other elements related to capital and shareholder returns. And we will for sure during 2026 and we hope also in our next earning calls provide some more color around that kind of capital returns to shareholders.

Richard Francis

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

A

Thanks, Eli. And thanks, Matt. Thanks for your question.

Operator: Thank you. At this time, we currently have no further questions. So, I'll hand it back to Richard Francis for any further remarks.

Richard Francis

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

So, thank you, everybody, for participating in the call. We do appreciate your interest in Teva, and we look forward to giving you update of our full year results early next year. Thank you.

Operator: Thank you all for joining today's call. You may now disconnect your lines.