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Teva Pharmaceutical Industries Ltd.

(TEVA)

Q4 2025 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Hello, and welcome to the Teva Pharmaceutical Industries Limited Q4 2025 Earnings Conference Call. My name is Alex. 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. Thank you for joining us on our fourth quarter call. Before I turn it over to our CEO, Richard Francis, I just wanted to remind everyone that we will be making forward-looking statements on this call. Any statements we make are only as of today, and we undertake no obligation to update those statements subsequently. And if you have any questions about our forward-looking statements, feel free to see the appropriate sections in our SEC, Forms 10-K and 10-Q.

With that, Richard Francis.

Richard Francis

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

Thank you, Chris. Good morning, good afternoon, everybody. Great to have you on the call. Also on the call with me today will be Dr. Eric Hughes, Head of R&D and Chief Medical officer, who will be walking you through some

exciting developments in our pipeline. And then, Eli Kalif, my CFO, who will go through the Q4 and the full-year results.

So, starting with, as I always do, the Pivot to Growth strategy and the progress we've made over the last three years. As you know, the foundation is the four pillars. Deliver on our growth engines, I think you'll see in the results that we continue to have great momentum around our innovative portfolio of AUSTEDO, UZEDY, and AJOVY. That's a great progress on our innovation, so step up innovation. You'll see that we filed olanzapine last year and completed the recruitment of the DARI study for dual-action rescue inhaler and started our Phase 3 study for duvakitug in UC and CD.

On that sustain generics powerhouse, good progress. Our aim was to get this business back to stability, and we have done that. And now, we see some exciting growth emerging from our biosimilar portfolio. And I'll talk a bit about that. And then, focus the business. This is all about making sure we allocate capital to the correct areas to give the best return, and we'll walk you through a bit of the progress we had on our Transformation program, which is the aim is to have $700 million of net savings by 2027. We made excellent progress in 2025, and we're on track to hit the two-thirds by the end of this year, 2026.

So, now moving on to the actual results. So, pleased with these results. Now, just to orientate you on this slide, the numbers on the left include the Sanofi milestones and the numbers on the right do not. So, starting with the revenues. So, a 5% increase in revenues at $17.3 billion, EBITDA grew 12% up to $5.3 billion, EPS grew 19% to $2.93, and free cash flow was up 16% at $2.4 billion. And our net debt to EBITDA is now at 2.5 times, which is, as you know, our goal for 2027 is 2 times. So, we're well on our way to do that.

Now, a slide that I've shown over the last 12 quarters actually to show that our return to growth, which was our strategy, part of the Pivot to Growth strategy when we launched it in 2023. And as you see, we've consecutively done this, and we did that in Q4 where the growth was up 11%. Now, that did include the milestone from Sanofi. If you take that away, we were slightly down at 1%.

But let's look at it over a three-year period. So, over a three-year period, these impressive results, once -again reminding you that we had multiple years of sales decline. And so, in 2023, we actually grew the business 4%; in 2024, 11%; and then, last year 2%. So, we're well on track for our CAGR of mid-single digit as you can see from the slide there.

Now, let's get into a bit of detail as what's driving these good results. So, on the next slide, you'll see the innovative performance is one of the key areas of growth for us, and AUSTEDO, UZEDY, and AJOVY hit $3.1 billion for the year. This is up about 35%. So, excellent results there. And I'm really pleased to tell you that in Q4 we surpassed $1 billion for our innovative portfolio that you see on the screen here.

But in a bit more detail, AUSTEDO grew at 34% at $2.26 billion, UZEDY was up 63% at $191 million, and AJOVY continues to perform, was up 30% at $673 million. Our generics business was flat, worth noting this excludes Japan from these numbers. Now, I've talked a lot about moving from a pure-play generics company to a biopharma company. I think these results show we clearly have done that, and now it's a question of just how much we can keep driving this innovative portfolio and the pipeline that comes through.

Now, moving on to in a bit more detail, I wanted to talk to you a bit about AUSTEDO. So, AUSTEDO had a really strong quarter in quarter four. As you can see, $725 million, up 40% for the quarter and for the full year $2.2 billion, up 35%. And this was delivered with good underlying growth. As you can see, TRx is 10%, and there's a

19% rise in milligram volume. This is driven by both new patients and better adherence. It's worth noting that AUSTEDO XR now accounts for 60% of new patients.

Now, very impressive results here. Now, we did have in Q4, these numbers did reflect some year-end inventory stocking and some favorable gross to net. And Eli will talk a bit more detail about that. But if you actually take that out, then, we still grew 20% in Q4. So, once again, the underlying growth of this product is very strong. And because of that, we're giving the guidance of $2.4 billion to $2.55 billion for 2025. I think it's worth noting that if we do hit the upper end of that, then that means we've hit the $2.5 billion a year ahead of schedule. But we'll talk in a bit more detail of the puts and takes to that range.

Now, moving on to UZEDY. UZEDY also had another strong quarter, $55 million, up 28%, and for the full year up an impressive 63%, $191 million. TRx volume grew an impressive 123% year-over-year. And it's worth noting that more than 83% of the NBRx was generated by patients transitioning from oral therapies or treatment naïve, which confirms that UZEDY is expanding the long-acting injectable market, not just taking share. Now, another impressive fact on UZEDY is it's the fastest-growing long-acting injectable in its category. And because of this momentum, our guidance reflects this. And as you see, we have a guidance of $250 million to $280 million for 2026.

Now, moving on to AJOVY. AJOVY had a strong quarter as well, up 43% year-on-year, $211 million, and for the full year, it's $673 million, up 30%. So, once again, for a product that's fairly mature, really strong growth. AJOVY continues to be number one preventative anti-CGRP injectable in the top US headache centers, and it leads in 30 markets across Europe and international. And this continued growth is driven by, I think, our commercial excellence, our ability to continue to take market share, to manage the pricing and the payer environment in the US, and to continue to expand in new geographies. And because of this strength, we're giving a guidance of $750 million to $790 million.

Now, moving on to the pipeline. So, we've talked about the products we have in the market and the excellent progress we've made on those. But the pipeline is really exciting here. And I do want to mention this, even though I know Eric will talk a bit about it. The things I always remind people about this slide is every product we're going to launch has a potential of over $1 billion. The size of the markets we're entering into are significant, and our entry point into these markets are in the short term. And if you look at the total, the total of the portfolio can be over $10 billion of peak sales. There's an addition to this slide that some of you may not have seen, which is we will be announcing two new indications for duvakitug later this year, once again highlighting that is a pipeline in a product.

Now, moving on to our generics business. Our generics business, our aim was to get this back to stability, and we've done that. And the generics business was flat in 2025 versus 2024. Now, one of the things that I do always highlight is you need to look at generics business over a multiyear period because of the fact that some years you have more launches than others. That's just part of the business. And as you see here, our two-year CAGR is 6%. But for 2025, the US grew at 2%, international markets 1%, and Europe declined 2%.

Now, we continue to see good performance from our biosimilar business, and I think I'll move on to that now to talk you through that. And where we started with biosimilars, over the last three years, we've made tremendous progress. It's worth noting that we now have 10 assets in the market globally, and we're going to launch six additional between now and the end of 2027. Then, we have another 10 assets that are going to start launching from 2028 beyond. So, some impressive numbers here. So, the aim was to build a world-leading portfolio, and we've done that. In fact, I think we have the second largest portfolio biosimilars now in the industry, and we've

launched the most biosimilars since 2020. And because of this, we're well on track to grow our biosimilar business by $400 million by 2027.

Now, to close out, as you've seen by some of the numbers we've talked about, we're well on track to hit our 2027 guidance. The CAGR I talked about, we currently stand at 6%. The operating margin, we'll go into a bit more detail, but with the success of our innovative portfolio, we're very confident about 30%. Net debt to EBITDA 2 times, we're already at 2.5 times, and cash-to-earnings 80%. Eli will walk you through a bit more detail on that.

But with that, I'll hand you over to Eric to talk about our exciting pipeline.

Eric A. Hughes

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

Thank you, Richard. Starting with the slide that Richard went over briefly. One of the things about this pipeline is there's three Phase 3 programs and two burgeoning Phase 2 programs. And the market potential is big, like Richard mentioned. But more importantly, it's the unmet medical need that we take pride in and what we're potentially going to address. And finally, I'd like to say that we planned over five years four submissions. So, we're very proud of the fact that we've turned around this innovative pipeline and moved it forward so quickly.

But I first want to highlight olanzapine LAI. We got the submission in on December 9, and we're looking forward to the EU submission in the second quarter of this year. We've shown that this olanzapine LAI that can address an unmet medical need in schizophrenia has great safety and efficacy, and we want to discuss that with the health authorities and hopefully get that approval at the end of this year. So, something very exciting to look forward to.

Next, on our DARI program, our dual-action rescue inhaler, we're very proud of the fact that we finished the targeted enrollment of this study at the end of 2025, and in fact, when we continue enrolling it to accelerate the back end of the study. And the most important thing about that enrollment, one of the things that's most difficult is the fact that it has pediatrics, adolescents, and adult patients. So, I think that the opportunity here for a differentiated product of a dry powder inhaler, and the fact that we have the potential to have adolescents and pediatrics in the label is a true differentiator for this program, addressing a large unmet medical need in asthma.

And then, moving on to duvakitug, a very exciting brand-new biologic class that's in development. A year ago, we showed really exciting Phase 2 data in both ulcerative colitis and Crohn's disease, posting very good numbers in both, with a nice dose response. But now we're excited to be looking forward to the maintenance data in the first half of this year. And the important thing about the maintenance data is that we will show hopefully the durability of response. And that's really what people need in ulcerative colitis and Crohn's disease. These are chronic diseases that people frequently fail on their advanced therapies and need more. So, durability in the long term is most important.

And just to review, this represents 58 weeks of exposure, looking at two different doses given subcutaneously every four weeks. And Richard also mentioned that we started our Phase 3 programs with our partner, Sanofi, the SUNSCAPE and STARSCAPE. It started right on time, and we're accelerating those programs and executing very well. I'll be looking forward to new indications this year.

And then, moving on to anti-IL-15. We had a very exciting announcement at JPMorgan that Royalty Pharma provided funding for our program in vitiligo for a Phase 2/3 program. This is really great external validation of our program, what we believe is a very differentiated product to address a number of unmet medical needs. First, in vitiligo, this is something that systemic therapies are needed for, and that results will be available in the first half of this year. But also celiac disease, we're running our second proof of concept study with a biopsy endpoint that'll

be available in the second half of this year. But in addition to that, alopecia areata, atopic dermatitis, and eosinophilic esophagitis are all possible targets for this very important cytokine.

And then, on to emrusolmin. One of the things I've been very impressed with is the rate at which we've been enrolling this study. This is a Phase 2 study looking at critical endpoints of an important unmet- medical need. I always like to remind people the mean survival in this disease after diagnosis is 6 to 10 years. So, this is a very important unmet medical need. We are working hard to make sure that this study not only enrolls quickly, but we will overenroll to make sure that this Phase 2 program as is pristine, as powerful as possible, really potentially capitalizing on the ability to accelerate this approval.

And before I get on to my last slide, I just wanted to do a shout-out for the AJOVY team at Teva. They've done a great job in generating data in migraine, and it's very satisfying to see our innovation is recognized by the New England Journal of Medicine with a publication this month. This is great work by the team and really got that sort of the approval for the only and first CGRP antagonist to be approved for pediatrics with episodic migraine. So, very proud and great work, and kudos to the team.

But finally, I just want to go over something that we are taking with great pride. We have a very exciting 2026 coming up, with many different milestones in the R&D organization. The duvakitug data, as I mentioned, will come out in the first half; for anti-IL-15, vitiligo data in the first half and celiac data in the second half of 2026. We'll be looking for that final event in the asthma exacerbation study of DARI by the end of the year, which would be completing the Phase 3 study.

The emrusolmin will be targeting a futility analysis at the end of this year, even in the face of accelerating and increasing the enrollment in that Phase 2 study. And we're obviously looking for the anticipated approval of olanzapine LAI at the end of the year. And we'll be talking about our first human data for our anti-PD-1/IL-2. So, a really exciting year full of catalysts. We're looking forward to all these milestones.

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 will review our 2025 financial results, focusing on our fourth quarter performance, followed by our outlook for 2026. I would like to start with the following key messages that highlight our consistent execution throughout 2025.

First, we delivered solid Q4 and full-year results, driven once again by our fast-growing innovative portfolio, which is also driving a meaningful shift in our margin profile. This was our third consecutive year of growth since we launched our Pivot to Growth strategy. Second, we continue to strengthen our balance sheet with a net debt reduced to approximately $13 billion, and the net debt to EBITDA ratio of 2.5 times, well on track to achieve our target of 2 times and our journey to investment grade ratings.

Third, we made significant progress on our Transformation programs, achieving $70 million of our planned savings in 2025, staying on track to deliver approximately $700 million savings by 2027, achieving our 30% non-GAAP operating margin targets. And lastly, with our performance in 2025 and outlook for 2026, we are well-positioned to achieve our long-term financial targets for 2030.

Now, moving to slide 28. Before I start with the results, I would like to remind everyone that in the fourth quarter of 2025 Teva initiated a Phase 3 of UC and Crohn's indication for our duvakitug program. As per the collaboration

agreement with Sanofi, we received $500 million in Q4 of 2025 for this development milestone. This payment positively contributed $500 million to both our revenue and free cash flow and had a positive contribution to our adjusted EBITDA of approximately $410 million. During this presentation, I will be discussing our results for the quarter and for the full year of 2025, excluding the impact of these milestone payments. In addition to these payments, I will also be excluding any contribution from the Japan business venture, which we divested on March 31, 2025 to help to provide you with a like-to-like comparison of our financial results.

Now, starting with our Q4 GAAP performance. Our Q4 revenue were approximately $4.2 billion, up 2% in US dollars or down 1% in local currency year-over-year. Our key innovative products, AUSTEDO, AJOVY, and UZEDY, continued strong momentum, all meeting or exceeding our guidance for the full year. This strong growth in our innovative portfolio and stable generics was offset by lower proceeds from the sale of certain product rights compared to Q4 2024. GAAP net income and EPS were $480 million and $0.41, respectively, including the payments for the development milestones.

Now, looking to our non-GAAP performance. Our non-GAAP gross margin increased by 80 basis points year-over-year to 56.2% and resulted in our full-year gross margin at 54.7%, well above the top end of our guiding range. This increase was mainly driven by a stronger than expected growth in our key innovative products, mainly AUSTEDO. Non-GAAP operating margin decreased by approximately 120 basis points year-over-year to 26.7%, mainly because of the higher planned investment in OpEx to support our innovative growth.

Overall, we ended the quarter with a non-GAAP earning per share of $0.68, compared to $0.70 in Q4 2024. Total non-GAAP adjustments in Q4 were $649 million. This included impairment charge of $773 million, mainly related to manufacturing facility in Europe. Our free cash flow in Q4 was approximately $800 million and $1.9 billion for the full year, coming at the higher end of our guidance range, excluding the development milestone related to duvakitug.

Moving to slide 29. We are making significant progress in our Teva Transformation programs to deliver targeted savings of approximately $700 million by 2027 through a well-defined and planned efforts. During 2025, we achieved $70 million of initial savings, demonstrating solid momentum and execution, and continue to expect roughly two-thirds of our total savings target to be realized by the end of 2026. These transformation efforts, along with the ongoing portfolio shift towards high growth and high margin innovative products, provide a clear path to achieving our 30% operating margin target by 2027, even as we continue to invest in our business for long-term growth.

Now, let me turn to our 2026 outlook. As I mentioned earlier, 2025 was the year of a strong progress on our Pivot to Growth strategy. We delivered revenue growth, expanded profits and margin, invested in our innovative products and pipeline, and made significant progress towards our journey to investment grade ratings. In 2026, we remain focused on continuing this momentum and executing on accelerated growth path to our strategy.

Starting with our revenue guidance for 2026. We expect full-year revenue of $16.4 billion to $16.8 billion. This represents a range of approximately 1% growth to 2% decline compared to 2025. On a normal base, excluding the $500 million development milestone payments and $75 million contribution in 2025 for the Japan business venture, this revenue guidance is consistent with our previous communication and reflects continued strong momentum in our innovative portfolio, including AUSTEDO, AJOVY, and UZEDY, combined with a low-single digit growth in global generics business. It's expected to largely offset revenue headwinds of approximately $1.1 billion from generic Revlimid in 2026.

We expect non-GAAP gross margin in 2026 to be in the range of 54.5% to 55.5%, showing a further improvement over a strong 2025, driven again by the ongoing positive shift in our portfolio mix and a cost savings from our ongoing Transformation programs. As a result and as previously communicated, we expected our non-GAAP operating income and adjusted EBITDA to both growth in absolute dollars and as a percentage of revenue compared to 2025.

Our operating expenses are expected to be in the range of 27% to 28% of revenue, with a higher impact of the Transformation program cost savings in the second half of the year. We expect finance expenses to be approximately $800 million in 2026, lower than 2025, reflecting the reduced debt levels and ongoing deleveraging.

Our non-GAAP tax rate is expected to be in the range of 16% to 19%, slightly higher than 2025, which benefited partially from IP-related integration plans and the recognition of a certain US tax attributes. This brings us to expected non-GAAP earning per share range of $2.57 to $2.77. Our 2026 free cash flow is expected to be in the range of $2 billion to $2.4 billion, representing a strong ongoing improvement in our cash conversion profile and consistent with our long-term targets.

Now, lastly, let me provide you with some directions on how we think about quarterly progression in 2026. We expect revenue to gradually increase over the course of the year, with the revenue in the second half of 2026 slightly higher than the first half. Q1 is expected to be light, mainly due to the following. First, a year-over-year decline in our US generics revenue, mainly because of approximately $300 million in generic Revlimid revenue from Q1 of 2025 that is going away. Second, on AUSTEDO. During Q4 of 2025, on top of AUSTEDO's strong underlying performance, we had the benefit of a year-end inventory build and a one-time gross to net of approximately $100 million. While we expect a strong year-over-year growth for AUSTEDO in Q1 2026, we expect Q1 revenue to reflect the sequential impact of these one-time benefits.

We also expect a steady revenue in Q4 2026 to be potentially down year-over-year due to a different purchasing patterns and pricing environment ahead of the IRA implementation in January 2027. Our non-GAAP margins are also expected to be gradually ramp up over the course of the year, in line with the revenue trajectory, as well as savings from the ongoing Transformation programs. The one-time revenue dynamics that I just talked about will also impact gross margin in Q1, beyond the normal seasonality we see going from Q4 to Q1. Free cash flow is also expected to ramp up over the course of the year.

Now, on the next slide, I would like to highlight the strong free cash flow trajectory that we are on. There are three main elements that are going to continue to drive incremental free cash flow, going from approximately $1.9 billion in 2025, excluding duvakitug milestone payments to a more than $3.5 billion by 2030.

First, our innovative portfolio is uniquely positioned to continue to grow strongly, driving higher margins and free cash flow. In addition, we are on track to achieve $700 million savings from Transformation programs by 2027. We don't stop here, and we'll continue to drive modernization of Teva beyond 2027. Second, we continue to strengthen our balance sheet through working capital and CapEx optimization. And lastly, we continue to deleverage reduction in our debt expected to result in a lower finance expenses by approximately 50% by 2030, and we expect to see a reduction in our legal payments over time.

Now, turning to the next slide on capital allocation. Our capital allocation strategy is focused on driving our Pivot to Growth strategy. This means keep investing in our key growth drivers and our world-class innovative pipeline. We're also making significant progress towards our targets of 2 times net debt to EBITDA at an investment grade credit ratings. This progress is recognized consistently by the major credit rating agencies, including the recent upgrade by S&P and an improved outlook by Moody's. With the progress we have been making, I expect to see

us achieving these goals in not too distant future, which also position us very well to thoughtfully evaluate additional ways of returning capital to our shareholders.

Finally, before I conclude my review of our 2025 performance, I would like to reiterate our long-term targets. We are clearly on a journey to be a leading innovative biopharma company. With our growing innovative mix, a number of key pipeline developments this year, and our free cash flow trajectory, we are confident about the directions we are on to achieve our 2027 and 2030 financial 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, the next slide I'm going to go on to here is the one Eric showed, but I think it's one that's worthy of being repeated. Really exciting year here for Teva with regards to milestones on our innovative portfolio. We have seven milestones here on this slide. So, very proud of that, very proud of what the team has achieved.

Obviously, we have some exciting data around vitiligo and anti-IL-15 and celiac disease. We have the olanzapine launch later this year. We have the duvakitug maintenance data; the futility analysis, which could accelerate our ability to get to market with emrusolmin, treating this very serious disease. So, lots of opportunity here to continue this transition to a world-class biopharma company. Congratulations once again to the R&D team for moving this through so quickly. In just three years, we've progressed this pipeline at record speed.

Now, it's because of this pipeline, it's because of the continued strong performance we have in our innovative portfolio that I mentioned earlier and Eli also mentioned, it's why we're confident about the opportunity to continue to grow Teva top and bottom line and why we think it's an attractive investment opportunity. Because as you can see here, not only do we have significant headroom for AUSTEDO, AJOVY, we have the LAI franchise with UZEDY performing well, but olanzapine about to join it this year. I highlighted the amount of biosimilars that'll be launched over the next few years, and then as we look forward, that pipeline, the readouts I've just mentioned, will start to come to fruition. So, we'll be able to continue this momentum going forward.

To move on to my final slide, just to conclude, our growth journey continues. We have three years of consecutive growth. We have a 6% CAGR. Our innovative brands are growing at double-digit, and they have a headroom to keep growing. We have near-term milestone readouts, seven in 2026. We have a stable outlook for our generics business, and we continue to focus on accelerating our Pivot to Growth journey.

And with that, I'll open the floor to questions. Thank you.

Christopher J. Stevo

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

Thanks, Richard. Alex, before you line up the question queue, I just want to remind callers, please limit yourself to one question and one follow-up. And if time permits, we will be more than happy to answer additional questions from you if you get back in the queue. Thank you.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] Our first question for today comes from David Amsellem of Piper Sandler. David, your line is now open. Please go ahead.

David Amsellem
Analyst, Piper Sandler & Co.

Q

Thanks. So, I have one question on AUSTEDO and one on UZEDY. So, helpful color on the guide, but wanted to dig more deeply into the various pushes and pulls regarding AUSTEDO in 2026. Can you talk about net pricing dynamics and what's baked into your assumptions ex the gross to net favorability in 4Q and ex stocking? How should we be thinking about what your assumptions are regarding net pricing as we move through the year? And then how should we be thinking about what your assumptions are regarding volume growth, particularly on a per milligram basis? So, that's number one.

And on UZEDY, kind of a similar question. There's a lot of volume growth obviously. But there's obviously significant government exposure, particularly Medicaid. So, how should we be thinking about net pricing there and what kind of assumptions you baked into your UZEDY guidance? Thank you.

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

A

Hi, David. Thanks – thanks for the questions. So, let me start with AUSTEDO. I think the main point to highlight first here is we're really pleased with the momentum we have, with the TRx growth we have, with adoption of XR, and the continued growth of the milligrams as we saw there at 19%. So, the fundamentals are really strong. We see a huge opportunity to continue to grow this from a TRx point of view with the amount of patients who are still untreated. So, that fundamental is really strong.

I think when it comes to the pricing, I think as we communicated last year, our aim has always been to make sure we get value and access. And so, we've been very diligent about that for this year. And so, obviously, it has got more competitive. But we've taken a very disciplined approach to that. And so, I think we've maintained that value and access. So, I don't think you could think of that as anything that's anything of any significance there.

And I think the thing to think about with AUSTEDO is, what we've finished 2025 with some really strong growth, both on our topline as well as on our milligrams and TRx. And as I said, if you back out that inventory build and the gross to net, is still very strong performance. And so, if you look at how we're performing all across this range, I think we have a very strong range here. It does take into account some expectation that there may be some destocking in Q4 in 2026, but we'll see how that plays out.

But probably, the final thing I'll say on AUSTEDO just to help give some clarity. If you do look at the range we've got and you back out the inventory build that we had in Q4, the growth of the brand is about – ranges from 11% to 18%. So, very strong growth on what is a lot bigger base. So, I think that helps answer your question on AUSTEDO.

On UZEDY, then, as you've seen, very strong growth on UZEDY, really strong growth on TRx, and continued really good change in the dynamics of this market that shows the quality of the product. But to your question, I think it's always important to understand that we have Medicaid and Medicare. And so, we have that mix. And obviously, we know one is more profitable than the other and how that mix plays out. We've taken into account

with our guidance and our range, but we see this product continued momentum, particularly as you look at the TRx being so high. So, I think, this product, we have a lot of enthusiasm around, but that's the fundamentals around the pricing. We factored them in, and it really comes down to those two channels. Thanks for the question, David.

Operator: Thank you. Our next question comes from Louise Chen of Scotiabank. Louise, your line is now open. Please go ahead.

Louise Chen
Analyst, Scotiabank

Q

Hi, congrats on the quarter, and thanks for taking my questions here. So, my first question was I wanted to ask you where you see the greatest disconnect between what you're excited about in your pipeline and what the Street is really missing on those products.

And then second one, just to follow-up on AUSTEDO, wanted to ask you how we should think about modeling 2027 in light of IRA and any other pushes and pulls you see here. Thank you.

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

A

Okay. Thanks for the questions there. So, the pipeline, I'll probably tag team this a bit with Eric. Look, I'll never say anybody's missing anything because everybody is very experienced in this business. I do think that our pipeline has come along very fast and thick and fast. Maybe that's caught people unaware. But I think the quality of our antibodies, the quality of anti-TL1, the quality of duvakitug, I think will show out in the data. So, I think probably what's going to happen, I'd anticipate, is as we turn over these cards and we see the data, then I think Teva will get recognized for what is a world-class pipeline. But it's probably a bit surprising for people to see just the quality of the pipeline that's emerged in such a short space of time.

But maybe I'll hand it to Eric to give his view on that.

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

A

Yes. Thank you, Richard, and thank you, Louise, for the question. I would emphasize something Richard said. I think the speed at which we turn around the innovative portfolio has, quite honestly, caught people by surprise. We've turned on a brand new biologic for duvakitug, which is probably the best-in-class product for TL1A. We've launched or we will launch, hopefully, olanzapine LAI this year. But don't take our word for it.

We've had external validation on four of these five programs. Olanzapine LAI got Royalty Pharma funding. Duvakitug was partnered with Sanofi, who saw the value. The DARI program was acknowledged by Abingworth. The anti-IL-15 program was recently acknowledged again by Royalty Pharma. And even emrusolmin, we've received fast track designation and an orphan designation. So, across the entire innovative pipeline, we've accelerated them, I think, a little bit to the surprise of investors. But just look at the external validation we've had in the pipeline and take that into consideration of your evaluation.

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

A

Thank you, Eric. And then, moving on to your final question about, I think it was sort of asking for guidance on AUSTEDO in 2027, which I'm not going to give. Obviously, we've said we're going to do $2.5 billion for AUSTEDO

in 2027. We remain very committed to that. As you see in our range that we have announced today, there's a potential that we will hit $2.5 billion in 2026. So, we'll have to see how this plays out.

I think the most important thing for AUSTEDO is to keep reminding everybody that 85% of people who suffer from tardive dyskinesia are still not treated. And so, the opportunity to keep helping these patients, to bring these patients in and give them therapy, I think is a significant growth driver for AUSTEDO. So, we also have the work we're doing on making sure that people can benefit from AUSTEDO XR. And as you can see there, 60% of new patients go on to AUSTEDO XR. And we know that helps with compliance and adherence, which obviously also in turn increases value. So, I think we have a lot of value drivers for AUSTEDO, but I really don't want to get drawn into 2027 guidance at this moment. I think what I'm hoping people will see is what we have great momentum from 2025. We're carrying that into 2026, and we'll talk about 2027 maybe this time next year. Thank you for your 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

Hi. Yeah, thanks for taking my questions. Congrats on all the progress. So, maybe just first one, how are you thinking about funding the R&D? So, increasingly seeing more royalties and/or profit share. Just when you think about it strategically, how do you balance not giving away attractive economics to your partner versus seeing a meaningful increase in your internal R&D spend as you fund a growing pipeline?

And then, secondly, on the TL1A upcoming maintenance data, we've seen some competitors that the maintenance data versus the induction sort of bent up on efficacy measures by high-single digit to mid-teens in terms of percentage points. Is that a fair expectation to have as you look towards your upcoming results? Thanks.

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

A

Hi, Ash. Thanks for the question. I'll tag team this with Eric again. But on the R&D funding, I think the question was how are you going to fund this, are you going to be giving away value if you keep doing these partnerships. So, I think the way we think about it is we have a big late-stage pipeline. We have a lot of opportunities to drive significant value creation. And when you have a good pipeline, in my experience and my belief is, it's about moving it fast to the market to have patients benefit from it and to get revenue. And so, we're moving a big pipeline really quickly here.

Now, how does it impact the economics? It really doesn't impact the economics in any meaningful way for a couple of reasons. One is, these – all these brands will be above $1 billion, some of them will be multiple billion brands. The second thing is, which is an interesting fact that I think people miss on Teva is, we're starting with a company with a very different gross margin than many other biopharma companies. So, every time we launch an innovative product, it transforms our gross margin, which transforms our ability to drive EBITDA to drive EPS and cash flow. So, as I said, the fact these are not in any way giving away value in the broadest sense, but even with regard to Teva, they don't because of where we actually start this journey.

The other thing I'd also like to highlight on this, we are launching so many products over such a short period of time that, that is the focus we're on. And we're going to have a potential to launch four products in five years, and we're going to actually announce more and more indications. So, I think the pipeline is about making sure we

move it quickly to the market, but in no way are we giving away value. I'd say we're accelerating value because of the speed we're moving.

And then, with regard to duvakitug, the TL1A maintenance data, what are our expectations? I'll hand that over to Eric to answer and then I'll conclude.

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

Sure. Yeah. Thanks, Ash, for the question regarding what we anticipate from the maintenance data of TL1A. So, I'd start off by saying, what's the history we've been telling with regard to duvakitug at Teva. We started by saying that we found in our in vitro work that we had the most potent antibody, the most selective antibody, and the one that probably has the lowest anti-drug antibodies. I think it's about 3% to 5% we saw in our Phase 2 study.

So, with that, we went into our Phase 2 program that we executed very well at speed. And then, we came up with the highest reported numbers for both ulcerative colitis and Crohn's disease in two very well-controlled and run studies. So, the in vitro translated into a very good result in Phase 2. So, if you translate that into what we anticipate in the maintenance, if you think that we have the most potent, the most selective, the lowest anti-drug antibodies and that we can execute the study well, I would hope that when we lock the database we see great results. So, I'm bullish on it, hopefully that comes true. But we'll see what the data shows.

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

Thanks, Eric. We stand by the fact that we have and we believe we have the best TL1A. Thanks for the question, Ash. Next question?

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 questions. One for Eli. Just I didn't catch this, but can you talk about what – in 2026 guide sort of what's the gross margin outlook versus the OpEx spend ratio? I think the latter would be in that 27% to 28% range you guys have talked about historically, but just wanted to make sure that that was confirmed from a modeling perspective. And then, just for my follow-up, on vitiligo, I was trying to maybe understand kind of what we're going to get with this upcoming Phase 1b. Will we get VASI 75 scores through the full evaluable period? Are you expecting most of these 30-plus patients to make it through the full evaluable period? Just kind of wondering how robust that data will be. Thanks.

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

Thanks, Jason. Thanks for the question. So, over to you, Eli, on the gross margin.

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

Hi, Jason. Thanks for the question. So, on gross margin, we end up the year, if we exclude the two milestone payments, at a 54.7% gross margin. We are looking to be in the range of 54.5% to 55.5% in 2026. In terms of the

OpEx, there are kind of mainly two dynamics there. First of all, as I mentioned in my prepared remarks, we're going to see a bit higher OpEx still in the range between 27% to 28% in the first half versus the second half just because of the revenue dynamics during the year. But there is also another element inside the OpEx. We're going to see more reduction in our G&A and actually shifting that reduction in between R&D and sales marketing and able to stabilize it at the range of 27% to 28%. So, this one didn't change versus our prior communication.

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

Yeah. And the thing I'd add on to that for you, Jason, is the gross margin is a really exciting story for us because as you see, as we continue to grow our innovative portfolio, we continue to launch products, that gross margin will just keep going up. It's just going to be a question of how much, but it will keep going up because of the fact that we're changing our portfolio so dramatically.

Now, with regard to the vitiligo data, I'll hand over to Eric.

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

Yeah, yeah. Thank you, Jason, for the question. So, the data that we're going to be presenting in the first half of 2026 is a single-arm study for patients with vitiligo. It's about 38 patients total. It will have the traditional and known endpoints for this field, which is facial VASI and total VASI. So, it'll be easily comparable to other treatments out there. And that reminds me, the important thing here is that there are limited treatments for vitiligo today. There's one approved, which is a topical that only covers 10% of your body. And ones that are in development are the ones that should – what we need, things that are systemic and treat not only the face, but the entire body more than just 10%.

So, one of the exciting things we think about when we talk about our anti-IL-15 program in vitiligo is this has the potential to be a once subcutaneous shot every three months. So, a quarterly shot potentially to treat a systemic disease. So, we're looking forward to that. I think you'll get data that we'll be able to compare it to other treatments out there in development and approved.

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

Thanks, Eric. Thanks, Jason, for your questions. Next question?

Operator: Thank you. 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

Great. Thanks so much for the questions. Just sticking on IL-15. On the development timelines in vitiligo, can you just elaborate what exactly you need for that 2031 pathway versus 2034? And I guess, if there's similar opportunity in celiac there as well? And if I can just do a really quick one, just coming back to AUSTEDO. I think you were talking about roughly $100 million benefit in 4Q and it sounds like that's between rebate and inventory. Just when we think about destocking in 1Q, can you just clarify how much of that was inventory and how much was kind of this reversal of rebates? Thanks.

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

A

Thanks for the question, Chris. Eric, do you want to start with the anti-IL-15 vitiligo and celiac?

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

A

Sure. So, thank you for the question on IL-15. So, just to start off with, IL-15 is a – it's a key cytokine on a number of different indications I mentioned before. We're working on vitiligo and celiac. I'm excited by both the potential for alopecia areata, atopic dermatitis or eosinophilic esophagitis. They're all interesting and important for this cytokine. For vitiligo, we're particularly excited because this is a program that we can move quickly. It has precedence for the regulatory endpoint. It's a endpoint that you can easily measure. You see the results. So, that makes it a little bit more easy.

And there's an unmet medical need here. We need systemic therapies, as I mentioned before. So, we're thinking out of the box at Teva. We are accelerating this program in a clever pathway of a Phase 2 and Phase 3 study that we can work very quickly with regulators. So, the potential for a once quarterly dose subcutaneous shot is very exciting to us.

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

A

Thanks – thanks, Eric. And then, on the AUSTEDO question, Chris, the way to think about that $100 million is the vast majority, the vast majority pretty much was the inventory. So, that's why obviously we have a lot of confidence about 2026 on our numbers. So, hopefully that helps, Chris. Thanks for your question. Next question?

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. Thanks for taking my question. If I look at the delta versus consensus this quarter, it looks like it's driven by sales and marketing when I take out the one-timer impact of the milestone. And coincidentally, I feel like this is probably the highest sales and marketing spend quarter we've seen in the last three years or so. So, I'm curious why that is, especially because it's happening in the middle of the transformation that's underway, number one.

Secondly, for 2026 guidance, is it fair to say that the Royalty Pharma $75 million payment for Phase 2b is embedded within the EBITDA? And is there any other milestones that are baked into the EBITDA guidance as well from TL1A or anything else?

And then, finally on vitiligo, OPZELURA obviously has not necessarily done too well, but as Eric pointed out, has limited coverage. But is it fair to say that on the scores, like, OPZELURA showing about 30% facial VASI 75 score, you would want to be tracking meaningfully north considering Royalty Pharma is all excited and they're not funding celiac, only doing vitiligo. I'm just curious about your overall take on expectations. Thank you.

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

A

Hi, Umer. Thanks for the questions. You got a few into that one question there. So, thanks for that. On the sales and marketing and the OpEx, I'll hand that to Eli to talk about.

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

A

Okay, Umer. So, first of all, about the question about Royalty Pharma. Out of the $75 million the way that we view it, it's actually going to spread over 2026 and 2027, with the third out of the $75 million going to happen in 2026. It's more kind of back loaded for 2026 year, and that's the only thing that embedded there. We don't have any other, I would say, assumptions in our EBITDA related to TL1A milestones or anything like that.

As far as related to the sales marketing, if you actually back out the higher revenue due to the milestone, you can get to kind of a 15.4% on sales marketing. But going forward, next year, we're going to see that one actually 16%. And why? Because we are keep investing in our growth engine, which is AUSTEDO and actually heading to next year, building kind of investment into our olanzapine launch. So, we're going to see that one increasing. But all in all, the whole bucket going to be from dollar perspective really kind of a flat, but also from percentage perspective due to the fact that you will see our Transformation program going to impact the G&A, as I mentioned to Jason, and that kind of a reduction in G&A going to split in between the R&D investment and into the sales marketing.

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

A

Thanks – thanks, Eli. And look, one thing I'll just add on to the back of that before I hand it over to Eric. If you think about the guidance for this year, the EBITDA range, I think, is showing the value of the programs we've put in place, the value of driving our innovative portfolio, the fact that when we talk about our Transformation program, it was $700 million of net savings after investing in our growth drivers. And so, we've allowed ourselves to make sure that we can drive this innovative portfolio, which helps drives our EBITDA. But at the same time, our efficiency programs help also drive the EBITDA. So, I think we're very pleased and proud of the fact that our EBITDA starts with a five in front of it, which I think is important. But we're very mindful of how we spend our money, where we allocate our capital.

When it comes to vitiligo, I'll hand that over to Eric.

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

A

Yeah. Thank you, Umer, for the question. So, when it comes to what data we've seen with the topical out there today and what's in development, I always want to be competitive on any endpoint that you – what you talk about. So, hopefully, when we lock the database and get that results, we can show that we're competitive against what's available. But again, let's focus again what patients need. They need systemic therapy that's conveniently given. So, it's almost inappropriate to compare it to a topical on 10% of your body. But certainly, we hope to be competitive.

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

A

Thank you. Thanks, Eric. Thanks for the questions, Umer.

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

Q

Good morning. Thanks for the questions, and congrats on the progress. I just wanted to focus on the biosimilar side. So, what's the launch cadence and expected profitability profile particularly given the US channel and PBM dynamics? And then, what are the prerequisites for targeting the 10 new products beyond 2028? And you've previously evaluated or mentioned reevaluating BD within the space. So, what type of – whether it's in-licensing, co-development, or tuck-ins fits your leverage and margin profile today? And has that bar changed given the latest policy dynamics? Thank you.

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

A

Hi, Les. Thanks for the questions. So, talking about biosimilars, yes, it's an exciting time. And I think the fact that we built the second largest portfolio and continue to add to it in such a short space of time is a testament to the prioritization we put behind it. But to sort of give you a bit of specifics and when we talk about, we have 10 in the market now, we have 6 to launch between now and 2027. Those six – majority of those will be across both US and Europe, which is important because we haven't actually had a presence in Europe of any significance. And we know that market is a market with quicker uptake, more predictability, and some very clear returns. So, excited about that. And to name just a few, we have biosimilar Prolia, biosimilar Xgeva, biosimilar Simponi, biosimilar Eylea, and biosimilar Xolair. So, we have a lot coming through of those markets, and most of those are in both. I think it's Simponi that's just in the US.

Now, you highlighted the 10 and you sort of – and your question, it sounded like we had targeted 10. No, we have 10. They are in our pipeline. But we're just going to add to that. So, we have 10, which is why I said we can start launching 2028 onwards. But we are continually adding to that.

And the final part of your question said doing this through partnerships, how does that work out in gross margin? So, we are going to continue doing it through partnerships, and it still is attractive from a gross margin point of view with the right partnership. It's still accretive to our business, our generics business significantly. So, that's how we do it. And you'll probably start to see some deals coming through already in the first half of this year as we already build out this portfolio beyond the 2026.

So and then, the [ph] final thing (00:58:13) I'll add on that. This biosimilar portfolio is still coming through thick and fast and that's going to really help us drive the generics business going forward, both in Europe and in the US. But thanks for your question, Les.

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

A

You have a BD question.

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

A

Oh.

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

A

The BD [indiscernible] (00:58:29).

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

Les, could you repeat your BD question, please?

Les Sulewski
Analyst, Truist Securities
Q

Essentially, just wanted to get a sense of if there's a potential for you to kind of dive a little bit deeper via BD within the space. If there's anything available out there via partnerships that you've previously had and essentially, what's your strategy for that space. Thank you.

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

So, are you asking about biosimilars?

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

Yeah, yeah. So, that's what I thought. So, that's – I think I answered that question well, Les. We'll continue to do the partnerships. Some of those we already have, good big partnerships with companies that we think we can have the potential to expand those, whether that's mAbxience, whether that's Samsung. So, I think we're looking at expanding. But also, we have other companies that have approached us to be their partner because obviously the performance we've had in the US has been impressive. We have the fastest-growing biosimilar, Humira. We have a very fast-growing business now in the US. So, I think people are seeing that. But, yes, it will be through partnerships, the majority of it. Thanks for your question, Les.

Operator: Thank you. Our next question comes from Dennis Ding of Jefferies. Our line is now open. Please go ahead.

Dennis Ding
Analyst, Jefferies LLC
Q

Hey, good morning. Thanks for taking my questions. I had two, if I may. Number one, sort of a big picture question on R&D. What is your R&D philosophy at Teva? I guess, how much derisking do you think we'll get around the R&D platform from the data readouts this year? I'm also curious what else could be planned for 2027 as you advance some of these newer drugs forward?

And then, number two, just a question around BD. I'm curious, as you transition to a novel biopharma company, if your BD philosophy has changed at all and if Teva might be interested in doing acquisitions in, let's say, the classic biotech space rather than what's historically been spec pharma. Thank you.

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

Thanks – thanks for the question. I'll tag team that with Eric and maybe start on the philosophy of R&D or maybe we call it the strategy.

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

Yeah. No, thank you for the question, Dennis. And this is a very important question. And I think that the philosophy and the way that we operate at Teva is we are ruthlessly driven by data. We have, first and foremost, a pipeline in Phase 3 and Phase 2 that's relatively derisked. I think emrusolmin is probably the lowest on the probability of success. But when you think about our programs, we use known science. We combine it in a way that will execute well and quickly with regulatory approvals and that's based and driven solely on data.

One of the things I've noticed and been able to achieve here at Teva is when we see data, we pivot, and we forward, we move forward with it. That's something I hadn't been able to do in my career in other places. So, speed and execution driven by data with this philosophy of known science and derisked assets is how we will move forward. And I think that's baked into every one of our programs at this point.

Richard Francis

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

A

Thanks, Eric. And let's move on to your next question. And you said what about BD and as we pivot into a biopharma company. So, firstly, thank you for the recognition that we are pivoting. I'd like to think we've pivoted. But anyway, we'll keep showing that with the pipeline as it comes out. But, yes, we are actively looking at BD. We think we have a commercial powerhouse of the team. I think you've seen that with the results of AUSTEDO, UZEDY, and AJOVY. And so, we want to add to that team.

Now, that said, we have, as Eric's highlighted, a really exciting pipeline. So, the organic growth we have coming through is impressive. So, we're not desperate to do BD. We don't have to. At the same time, it fits into our TA areas of CNS neurology and immunology, then, I think it's very synergistic and it makes a lot of sense. So, we are very active in that.

What is interesting, I think within the last year to 18 months, the amount of approaches we've had has significantly increased. And I think that's because they see Teva as a partner, both from an R&D perspective, the speed which we move things through the clinic is exciting. But also and primarily because the commercial capability and muscle we have and the focus we give assets. When we have an asset, whether it's in development, we focus and we move it quickly, whether it's in the market, we focus and we actually drive sales.

So, I think, we'll hopefully be able to talk about something going forward. But we are very disciplined in our capital allocation, and we think it's the right asset at the right time at the right price, we'll definitely do it. But because of the pipeline we have that's coming through, we can stick to that in a very disciplined way and we will. Because going back to that fourth pillar of the Pivot to Growth strategy, it's about focused capital allocation, making sure we give a good return on that in the short, medium, and long term and create value for shareholders. So, thanks for your question, Dennis.

Richard Francis

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

And I think, with that, I think that is the final question. We went over a bit, but I think we did start a couple of minutes late. So, thank you for your questions and your interest in Teva. And I look forward to following this up later with our Q1 results. Thank you.

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