



Press Release

for  
**immediate**  
release

## TEVA REPORTS THIRD QUARTER 2017 FINANCIAL RESULTS

- Revenues of \$5.6 billion
- Cash flow from operations of \$1.1 billion
- GAAP EPS of \$0.52
- Non-GAAP EPS of \$1.00
- Teva announces third quarter 2017 dividend of 8.5 cents
- 2017 outlook revised to non-GAAP EPS of \$3.77 - \$3.87

**Jerusalem, November 2, 2017** - Teva Pharmaceutical Industries Ltd. (NYSE: TEVA, TASE: TEVA) today reported results for the quarter ended September 30, 2017.

**Revenues** in the third quarter of 2017 were \$5.6 billion, up 1% compared to the third quarter of 2016. Excluding the impact of foreign exchange fluctuations, revenues increased 4%.

**Exchange rate** differences between the third quarter of 2017 and the third quarter of 2016 reduced revenues by \$169 million, GAAP operating income by \$32 million and non-GAAP operating income by \$17 million.

Adjustments of the exchange rates used for the Venezuelan bolivar resulted in a decrease of \$243 million in revenues, a decrease of \$25 million in GAAP operating income and a decrease of \$15 million in non-GAAP operating income, compared to results in the third quarter of 2016. In light of the political and economic conditions in Venezuela, we exclude the quarterly changes in revenues and operating profit in Venezuela from any discussion of local currency results.

**GAAP gross profit** was \$2.6 billion in the third quarter of 2017, down 6% compared to the third quarter of 2016. **GAAP gross profit margin** was 47.1% in the third quarter of 2017, compared to 50.4% in the third quarter of 2016. **Non-GAAP gross profit** was \$3.0 billion in the third quarter of 2017, a decline of 12% from the third quarter of 2016. **Non-GAAP gross profit margin** was 53.0% in the third quarter of 2017, compared to 61.0% in the third quarter of 2016. The decrease in gross profit margin, on both a GAAP and a non-GAAP basis, was the result of lower gross profit and profitability of both our generic medicines and our specialty medicines businesses, as well as the addition of the low-margin Anda distribution business. GAAP results were impacted by lower inventory step-up expenses and lower amortization expenses, which mitigated some of the decrease.

**Research and Development (R&D)** expenses for the third quarter of 2017 amounted to \$545 million, down 18% compared to the third quarter of 2016 due to lower expenditure related both to generic and specialty medicines as well as lower other R&D expenses. R&D expenses excluding equity compensation expenses and other

IR Contacts:	<b>Kevin C. Mannix</b>	United States	(215) 591-8912
	<b>Ran Meir</b>	United States	(215) 591-3033
	<b>Tomer Amitai</b>	Israel	972 (3) 926-7656
PR Contacts:	<b>Iris Beck Codner</b>	Israel	972 (3) 926-7246
	<b>Denise Bradley</b>	United States	(215) 591-8974



R&D expenses were \$381 million, or 6.8% of quarterly revenues in the third quarter of 2017, compared to \$406 million, or 7.3%, in the third quarter of 2016. R&D expenses related to our generic medicines segment were \$162 million, a decrease of 12% compared to \$185 million in the third quarter of 2016, mainly due to portfolio optimization and various efficiency measures. R&D expenses related to our specialty medicines segment were \$217 million, a decrease of 5% compared to \$228 million in the third quarter of 2016, mainly due to portfolio optimization activities which compensated for the increased expenses related to our late-stage product candidates.

**Selling and Marketing (S&M)** expenses in the third quarter of 2017 amounted to \$860 million, a decrease of 9% compared to the third quarter of 2016. S&M expenses excluding amortization of purchased intangible assets and equity compensation expenses were \$805 million, or 14.3% of revenues, in the third quarter of 2017, compared to \$889 million, or 16.0% of revenues, in the third quarter of 2016. S&M expenses related to our generic medicines segment were \$377 million, a decrease of 11% compared to \$423 million in the third quarter of 2016, mainly due to lower expenses in Venezuela following exchange rate adjustments as well as certain efficiency measures, partially offset by the inclusion of the S&M expenses of the Actavis Generics business for a full quarter. S&M expenses related to our specialty medicines segment were \$388 million, down 15% compared to \$458 million in the third quarter of 2016, mainly due to cost reduction and efficiency measures in our commercial operations, aligning with the life cycle of our product portfolio.

**General and Administrative (G&A)** expenses in the third quarter of 2017 amounted to \$330 million, compared to \$310 million in the third quarter of 2016. G&A expenses excluding equity compensation expenses were \$318 million in the third quarter of 2017, or 5.7% of quarterly revenues, compared to \$304 million, or 5.5% in the third quarter of 2016.

**GAAP operating income** in the third quarter of 2017 was \$378 million, compared to operating income of \$765 million in the third quarter of 2016. **Non-GAAP operating income** in the third quarter of 2017 was \$1.5 billion, a decrease of 18% compared to the third quarter of 2016. **Non-GAAP operating margin** was 26.2% in the third quarter of 2017 compared to 32.2% in the third quarter of 2016.

**EBITDA** (non-GAAP operating income, which excludes amortization and certain other items, as well as excluding depreciation expenses) was \$1.6 billion in the third quarter of 2017, down 16% compared to \$1.9 billion in the third quarter of 2016.

**GAAP financial expenses** for the third quarter of 2017 were \$259 million, compared to \$150 million in the third quarter of 2016. **Non-GAAP financial expenses** were \$229 million in the third quarter of 2017, compared to \$151 million in the third quarter of 2016. The increase in our non-GAAP financial expenses is due mainly to higher expenses related to net foreign exchange losses and financial derivatives, as well as higher interest expenses related to the debt raised to finance the acquisition of Actavis Generics.

**GAAP income taxes** for the third quarter of 2017 amounted to a benefit of \$494

IR Contacts:	<b>Kevin C. Mannix</b>	United States	(215) 591-8912
	<b>Ran Meir</b>	United States	(215) 591-3033
	<b>Tomer Amitai</b>	Israel	972 (3) 926-7656
PR Contacts:	<b>Iris Beck Codner</b>	Israel	972 (3) 926-7246
	<b>Denise Bradley</b>	United States	(215) 591-8974



million. In the third quarter of 2016, income taxes amounted to \$207 million, or 34% on pre-tax income of \$615 million. **Non-GAAP income taxes** for the third quarter of 2017 amounted to \$135 million on pre-tax non-GAAP income of \$1.2 billion, for a quarterly tax rate of 11%. Non-GAAP income taxes in the third quarter of 2016 amounted to \$261 million on pre-tax non-GAAP income of \$1.6 billion, for a quarterly tax rate of 16%.

We expect our annual non-GAAP tax rate for 2017 to be 15%, lower than our previous estimates. This is due to changes in the geographical mix of income we expect to generate this year. Our non-GAAP tax rate for 2016 was 17%.

**GAAP net income** attributable to ordinary shareholders and **GAAP diluted EPS** were \$530 million and \$0.52, respectively, in the third quarter of 2017, compared to \$348 million and \$0.35, respectively, in the third quarter of 2016. **Non-GAAP net income** attributable to ordinary shareholders for calculating diluted EPS and **non-GAAP diluted EPS** were \$1.0 billion and \$1.00, respectively, in the third quarter of 2017, compared to \$1.4 billion and \$1.31 in the third quarter of 2016.

For the third quarter of 2017, the weighted average **outstanding shares** for the fully diluted earnings per share calculation on both a GAAP and a non-GAAP basis was 1,017 million. For the third quarter of 2016, this was 984 million shares on a GAAP basis, and 1,044 million shares on a non-GAAP basis. For the three months ended September 30, 2017, the mandatory convertible preferred shares amounting to 59.4 million weighted average shares, had an anti-dilutive effect on earnings per share and were therefore excluded from the outstanding shares calculation.

As of September 30, 2017, the fully diluted share count for calculating Teva's market capitalization was approximately 1,083 million shares.

**Non-GAAP information:** Net non-GAAP adjustments in the third quarter of 2017 were \$482 million. Non-GAAP net income and non-GAAP EPS for the quarter were adjusted to exclude the following items:

- Impairment of long-lived assets of \$408 million, mainly an impairment of product rights and R&D assets related to the Actavis Generics acquisition;
- Amortization of purchased intangible assets totaling \$357 million, of which \$310 million is included in cost of goods sold and the remaining \$47 million in selling and marketing expenses;
- Other R&D expenses of \$150 million;
- Restructuring expenses of \$72 million;
- Acquisition, integration and related expenses, including contingent consideration, of \$49 million;
- Equity compensation expenses of \$32 million;
- Financial expenses of \$30 million;

IR Contacts:	<b>Kevin C. Mannix</b>	United States	(215) 591-8912
	<b>Ran Meir</b>	United States	(215) 591-3033
	<b>Tomer Amitai</b>	Israel	972 (3) 926-7656
PR Contacts:	<b>Iris Beck Codner</b>	Israel	972 (3) 926-7246
	<b>Denise Bradley</b>	United States	(215) 591-8974



- Other non-GAAP items of \$44 million;
- Legal settlements and loss contingencies benefit of \$20 million;
- Minority interest adjustment of negative \$11 million; and
- Tax benefit of \$629 million, including the effect of a one- time tax benefit associated with the utilization of Actavis Generics historic capital losses.

Teva believes that excluding such items facilitates investors' understanding of its business. See the attached tables for a reconciliation of the GAAP results to the adjusted non-GAAP figures. Investors should consider non-GAAP financial measures in addition to, and not as replacement for, or superior to, measures of financial performance prepared in accordance with GAAP.

**Cash flow** from operations generated during the third quarter of 2017 was \$1.1 billion, compared to \$1.5 billion in the third quarter of 2016. The decrease was mainly due to the impact of changes in working capital which increased by \$0.3 billion.

Free cash flow, excluding net capital expenditures, was \$0.9 billion, compared to \$1.2 billion in the third quarter of 2016.

**Total balance sheet assets** amounted to \$86.1 billion as of September 30, 2017, compared to \$86.4 billion as of June 30, 2017.

As of September 30, 2017, our **debt** was \$34.7 billion, compared to \$35.1 billion at June 30, 2017. The decrease was mainly due to \$0.6 billion of debt repayments of our 5 year term loan, our revolving credit facility and other short term loans, partially offset by foreign exchange fluctuations of \$0.2 billion. The portion of total debt classified as short-term at September 30, 2017 was 8%.

**Total shareholders' equity** was \$30.3 billion as of September 30, 2017, compared to \$29.6 billion as of June 30, 2017.

IR Contacts:	<b>Kevin C. Mannix</b>	United States	(215) 591-8912
	<b>Ran Meir</b>	United States	(215) 591-3033
	<b>Tomer Amitai</b>	Israel	972 (3) 926-7656
PR Contacts:	<b>Iris Beck Codner</b>	Israel	972 (3) 926-7246
	<b>Denise Bradley</b>	United States	(215) 591-8974



**Segment Results for the Third Quarter 2017**

Beginning in the fourth quarter of 2016, our OTC business, conducted primarily through PGT, is included in our generic medicines segment. This segment also includes chemical and therapeutic equivalents of originator medicines in a variety of dosage forms and our API manufacturing business.

All data presented has been conformed to the new segment structure.

**Generic Medicines Segment**

	<b>Three Months Ended September 30,</b>			
	<b>2017</b>		<b>2016</b>	
	<b>U.S. \$ in millions / % of Segment Revenues</b>			
Revenues.....	\$ 3,007	100.0%	\$ 3,259	100.0%
Gross profit.....	1,158	38.5%	1,590	48.8%
R&D expenses.....	162	5.4%	185	5.7%
S&M expenses .....	377	12.5%	423	13.0%
Segment profit* .....	\$ 619	20.6%	\$ 982	30.1%

\* Segment profit consists of gross profit for the segment, less R&D and S&M expenses related to the segment. Segment profit does not include G&A expenses, amortization and certain other items.

***Generic Medicines Revenues***

Generic medicines revenues in the third quarter of 2017 were \$3.0 billion, a decrease of 8% compared to the third quarter of 2016.

Generic revenues consisted of:

- U.S. revenues of \$1.2 billion, down 9% compared to the third quarter of 2016, mainly due to challenging market dynamics including pricing declines resulting from customer consolidation into larger buying groups and accelerated FDA approvals for additional generic versions of competing off-patent medicines, partially offset by the inclusion of three months of Actavis Generics revenues in this quarter, compared to two months in the third quarter of 2016.
- European revenues of \$985 million, an increase of 6%, or 1% in local currency terms, compared to the third quarter of 2016, mainly due to the inclusion of three months of Actavis Generics revenues, compared to two months only in the third quarter of 2016.
- ROW revenues of \$843 million, a decrease of 18% compared to the third quarter of 2016. In local currency terms, revenues increased 5%, mainly due to the inclusion of three months of Actavis Generics revenues, compared to two months only in the third quarter of 2016.

IR Contacts:	<b>Kevin C. Mannix</b>	United States	(215) 591-8912
	<b>Ran Meir</b>	United States	(215) 591-3033
	<b>Tomer Amitai</b>	Israel	972 (3) 926-7656
PR Contacts:	<b>Iris Beck Codner</b>	Israel	972 (3) 926-7246
	<b>Denise Bradley</b>	United States	(215) 591-8974

- OTC revenues (which are included in the market revenues above) were \$306 million, down 22% compared to the third quarter of 2016. In local currency terms, revenues increased 15%, mainly due to the inclusion of three months of Actavis Generics revenues, compared to two months only in the third quarter of 2016. In-market sales of our joint venture, PGT Healthcare, were \$372 million in the third quarter of 2017, down 25% compared to the third quarter of 2016, due to the reduction of sales in Venezuela.
- API sales to third parties (which are included in the market revenues above) were \$171 million, down 10% compared to the third quarter of 2016.

Generic medicines revenues comprised 54% of our total revenues in the quarter, compared to 59% in the third quarter of 2016.

### ***Generic Medicines Gross Profit***

Gross profit of our generic medicines segment in the third quarter of 2017 was \$1.2 billion, a decrease of 27% compared to the third quarter of 2016. The lower gross profit was mainly due to higher production expenses, market dynamics in the United States and lower revenues in Venezuela following the currency devaluation.

Gross profit margin for our generic medicines segment in the third quarter of 2017 decreased to 38.5% from 48.8% in the third quarter of 2016.

The decrease in gross profit margin was due to lower profitability in our U.S. and ROW markets, partially offset by improved profitability of our European markets.

### ***Generic Medicines Profit***

Our generic medicines segment generated profit of \$619 million in the third quarter of 2017, a decrease of 37% compared to the third quarter of 2016. Generic medicines profitability as a percentage of generic medicines revenues was 20.6% in the third quarter of 2017, down from 30.1% in the third quarter of 2016.

IR Contacts:	<b>Kevin C. Mannix</b>	United States	(215) 591-8912
	<b>Ran Meir</b>	United States	(215) 591-3033
	<b>Tomer Amitai</b>	Israel	972 (3) 926-7656
PR Contacts:	<b>Iris Beck Codner</b>	Israel	972 (3) 926-7246
	<b>Denise Bradley</b>	United States	(215) 591-8974



### Specialty Medicines Segment

	Three Months Ended September 30,					
	2017		2016			
U.S. \$ in millions / % of Segment Revenues						
Revenues.....	\$	2,034	100.0%	\$	2,048	100.0%
Gross profit.....		1,757	86.4%		1,783	87.1%
R&D expenses.....		217	10.7%		228	11.1%
S&M expenses .....		388	19.1%		458	22.4%
Segment profit* .....	\$	1,152	56.6%	\$	1,097	53.6%

\* Segment profit consists of gross profit for the segment, less R&D and S&M expenses related to the segment. Segment profit does not include G&A expenses, amortization and certain other items.

### Specialty Medicines Revenues

Specialty medicines revenues in the third quarter of 2017 were \$2.0 billion, down 1% compared to the third quarter of 2016. U.S. specialty medicines revenues were \$1.5 billion, down 4% compared to the third quarter of 2016. European specialty medicines revenues were \$447 million, an increase of 10%, or 5% in local currency terms, compared to the third quarter of 2016. ROW specialty revenues were \$94 million, up 12%, in both dollar and local currency terms, compared to the third quarter of 2016.

Specialty medicines revenues comprised 36% of our total revenues in the quarter, compared to 37% in the third quarter of 2016.

The decrease in specialty medicines revenues compared to the third quarter of 2016 was primarily due to lower sales of our CNS products, which were largely offset by higher sales in all other therapeutic areas.

IR Contacts:	<b>Kevin C. Mannix</b>	United States	(215) 591-8912
	<b>Ran Meir</b>	United States	(215) 591-3033
	<b>Tomer Amitai</b>	Israel	972 (3) 926-7656
PR Contacts:	<b>Iris Beck Codner</b>	Israel	972 (3) 926-7246
	<b>Denise Bradley</b>	United States	(215) 591-8974



The following table presents revenues by therapeutic area and key products for our specialty medicines segment for the three months ended September 30, 2017 and 2016:

	Three Months Ended September 30,		Change 2017 - 2016	
	2017	2016		
U.S. \$ in millions				
CNS .....	\$ 1,146	\$ 1,302	(12%)	
Copaxone® .....	987	1,061	(7%)	
Azilect® .....	36	101	(64%)	
Nuvigil® .....	21	21	0%	
Respiratory .....	351	270	30%	
ProAir® .....	155	118	31%	
QVAR® .....	95	96	(1%)	
Oncology .....	302	269	12%	
Treanda® and Bendeka® .....	181	149	21%	
Women's Health.....	119	109	9%	
Other Specialty .....	116	98	18%	
<b>Total Specialty Medicines .....</b>	<b>\$ 2,034</b>	<b>\$ 2,048</b>	<b>(1%)</b>	

Global revenues of **Copaxone®** (20 mg/mL and 40 mg/mL), the leading multiple sclerosis therapy in the U.S. and globally, were \$1.0 billion, a decrease of 7% compared to the third quarter of 2016.

In October 2017, the FDA approved a generic version of Copaxone® 40 mg /mL and an additional generic version of Copaxone® 20 mg/mL. A generic version of Copaxone® 40 mg /mL was launched in the U.S. market. In the EU, a hybrid version of Copaxone® 40 mg/mL was approved.

Copaxone® revenues in the United States, were \$802 million, a decrease of 8% compared to the third quarter of 2016, due to lower volumes of Copaxone® 20 mg/mL, negative net pricing effects, mainly as a result of an increase in managed care rebate accruals for inventory in the channel following the FDA approvals for additional generic competition, partially offset by a price increase of 7.9% in January 2017 for both the 20 mg/mL and 40 mg/mL versions. At the end of the third quarter of 2017, according to September 2017 IMS data, our U.S. market shares for the Copaxone® products in terms of new and total prescriptions were 25.6% and 28.7%, respectively. Copaxone® 40 mg/mL accounted for over 85% of total Copaxone® prescriptions in the U.S.

Copaxone® revenues outside the United States were \$185 million, down 1%,

IR Contacts:	<b>Kevin C. Mannix</b>	United States	(215) 591-8912
	<b>Ran Meir</b>	United States	(215) 591-3033
	<b>Tomer Amitai</b>	Israel	972 (3) 926-7656
PR Contacts:	<b>Iris Beck Codner</b>	Israel	972 (3) 926-7246
	<b>Denise Bradley</b>	United States	(215) 591-8974



compared to the third quarter of 2016. Over 75% of European Copaxone<sup>®</sup> prescriptions are now filled with the 40 mg/mL version.

Our global **Azilect**<sup>®</sup> revenues were \$36 million, a decrease of 64% compared to the third quarter of 2016 following the introduction of generic competition to Azilect<sup>®</sup> in the United States in 2017.

Revenues of our **respiratory** products were \$351 million, up 30% compared to the third quarter of 2016 mainly due to higher sales of ProAir<sup>®</sup> as well as the launches of Braltus<sup>®</sup> and Cinqair<sup>®</sup>/Cinqaero<sup>®</sup>. **ProAir**<sup>®</sup> revenues in the third quarter of 2017 were \$155 million, up 31% compared to the third quarter of 2016, mainly due to higher positive net pricing effects and higher volumes sold. **QVAR**<sup>®</sup> global revenues were \$95 million in the third quarter of 2017, down 1% compared to the third quarter of 2016.

Revenues of our **oncology** products were \$302 million in the third quarter of 2017, up 12% compared to the third quarter of 2016. Combined revenues of **Treanda**<sup>®</sup> and **Bendeke**<sup>®</sup> were \$181 million, up 21% compared to the third quarter of 2016, mainly due to higher volumes sold related to timing of purchases.

During September 2017, we entered into several agreements to sell certain non-core specialty products, including our global women's health business. On November 1, we announced the completion of the Paragard<sup>®</sup> divestiture to CooperSurgical. The remaining transactions are expected to close during the remainder of 2017 and in 2018.

### ***Specialty Medicines Gross Profit***

Gross profit of our specialty medicines segment was \$1.8 billion, a decrease of \$26 million compared to the third quarter of 2016. Gross profit margin for our specialty medicines segment in the third quarter of 2017 was 86.4%, compared to 87.1% in the third quarter of 2016.

### ***Specialty Medicines Profit***

Our specialty medicines segment profit was \$1.2 billion in the third quarter of 2017, up 5% compared to the third quarter of 2016.

Specialty medicines profit as a percentage of segment revenues was 56.6% in the third quarter of 2017, compared to 53.6% in the third quarter of 2016.

The increase in profit and profitability was driven by lower S&M and R&D expenses, partially offset by lower gross profit.

IR Contacts:	<b>Kevin C. Mannix</b>	United States	(215) 591-8912
	<b>Ran Meir</b>	United States	(215) 591-3033
	<b>Tomer Amitai</b>	Israel	972 (3) 926-7656
PR Contacts:	<b>Iris Beck Codner</b>	Israel	972 (3) 926-7246
	<b>Denise Bradley</b>	United States	(215) 591-8974

The following tables present details of our multiple sclerosis franchise and of our other specialty medicines for the three months ended September 30, 2017 and 2016:

<b>Multiple Sclerosis</b>						
<b>Three months ended September 30,</b>						
	<b>2017</b>		<b>2016</b>			
	<b>U.S.\$ in millions / % of MS Revenues</b>					
Revenues	\$	987	100.0%	\$	1,061	100.0%
Gross profit		906	91.8%		982	92.6%
R&D expenses		16	1.6%		20	1.9%
S&M expenses		64	6.5%		76	7.2%
MS profit	\$	826	83.7%	\$	886	83.5%

<b>Other Specialty</b>						
<b>Three months ended September 30,</b>						
	<b>2017</b>		<b>2016</b>			
	<b>U.S.\$ in millions / % of Other Specialty Revenues</b>					
Revenues	\$	1,047	100.0%	\$	987	100.0%
Gross profit		851	81.3%		801	81.2%
R&D expenses		201	19.2%		208	21.1%
S&M expenses		324	31.0%		382	38.7%
Other Specialty profit	\$	326	31.1%	\$	211	21.4%

### Other Activities

**Other** revenues (primarily sales of third-party products for which we act as distributor, mostly in the United States via Anda, contract manufacturing services related to products divested in connection with the Actavis Generics acquisition and other miscellaneous items) were \$569 million in the third quarter of 2017, compared to \$256 million, in the third quarter of 2016. The increase was mainly related to the inclusion of Anda's revenues beginning in the fourth quarter of 2016.

Revenues from these other activities comprised 10% of our total revenues in the quarter, compared to 5% in the third quarter of 2016.

IR Contacts:	<b>Kevin C. Mannix</b>	United States	(215) 591-8912
	<b>Ran Meir</b>	United States	(215) 591-3033
	<b>Tomer Amitai</b>	Israel	972 (3) 926-7656
PR Contacts:	<b>Iris Beck Codner</b>	Israel	972 (3) 926-7246
	<b>Denise Bradley</b>	United States	(215) 591-8974



Press Release

for  
**immediate**  
release

## Updated 2017 Financial Outlook

	<u>FY 2017</u>	<u>Implied Q4 2017 Outlook</u>
Revenues	\$22.2-22.3 billion (previously \$22.8-23.2 billion)	\$5.3-5.4 billion
Non-GAAP EPS	\$3.77-3.87 (previously \$4.30-4.50)	\$0.70-0.80
Cash flow from operations	\$3.15-3.3 billion (previously \$4.4-4.6 billion)	\$0.85-1.0 billion

Our 2017 financial outlook was lowered to reflect the following:

- An earlier than expected, at-risk launch of a generic competitor to Copaxone<sup>®</sup> 40 mg/mL, with an expected impact on EPS of approximately 30 cents; and
- Lower than expected contribution from new generic launches in the U.S. We now project approximately \$400 million of revenues from new product launches in the year, compared to the previous projection of \$500 million; and
- Increased price erosion and volume declines in our U.S. Generics business including increased competition to our largest product, the Concerta<sup>®</sup> authorized generic; and
- Lower cash flow from operations due to a reduction in net income and a delay in the resolution of our working capital dispute with Allergan, which is now scheduled to conclude in 2018.

These estimates reflect management's current expectations for Teva's performance in 2017. Actual results may vary, whether as a result of exchange rate differences, market conditions or other factors. In addition, the non-GAAP measures exclude the amortization of purchased intangible assets, costs related to certain regulatory actions, inventory step-up, legal settlements and reserves, impairments and related tax effects.

## Dividends

On October 31, 2017, the Board of Directors declared a cash dividend of \$0.085 per ordinary share for the third quarter of 2017. For holders of our ordinary shares that are traded on the Tel Aviv Stock Exchange, the dividend will be converted into new Israeli shekels based on the official exchange rate as of November 2, 2017. The record date will be November 28, 2017, and the payment date will be December 12, 2017. Tax will be withheld at a rate of 15%.

On October 31, 2017, the Board of Directors also declared a cash dividend of \$17.50 per Mandatory Convertible Preferred Share for the third quarter of 2017. The record date will be December 1, 2017 and the payment date will be December 15, 2017. Tax

IR Contacts:	<b>Kevin C. Mannix</b>	United States	(215) 591-8912
	<b>Ran Meir</b>	United States	(215) 591-3033
	<b>Tomer Amitai</b>	Israel	972 (3) 926-7656
PR Contacts:	<b>Iris Beck Codner</b>	Israel	972 (3) 926-7246
	<b>Denise Bradley</b>	United States	(215) 591-8974



will be withheld at a rate of 15%.

### **Conference Call**

Teva will host a conference call and live webcast along with a slide presentation on Thursday, November 2, 2017 at 8:00 a.m. ET to discuss its third quarter 2017 results and overall business environment. A question & answer session will follow.

In order to participate, please dial the following numbers (at least 10 minutes before the scheduled start time): United States 1-866-869-2321; Canada 1-866-766-8269 or International +44(0) 203 0095710; passcode: 91932782. For a list of other international toll-free numbers, click [here](#).

A live webcast of the call will also be available on Teva's website at: [www.ir.tevapharm.com](http://www.ir.tevapharm.com). Please log in at least 10 minutes prior to the conference call in order to download the applicable audio software.

Following the conclusion of the call, a replay of the webcast will be available within 24 hours on the Company's website. The replay can also be accessed until November 30, 2017, 9:00 a.m. ET by calling United States 1-866-247-4222; Canada 1-866-878-9237 or International +44(0) 1452550000; passcode: 91932782.

### **About Teva**

Teva Pharmaceutical Industries Ltd. (NYSE and TASE: TEVA) is a leading global pharmaceutical company that delivers high-quality, patient-centric healthcare solutions used by approximately 200 million patients in 60 markets every day. Headquartered in Israel, Teva is the world's largest generic medicines producer, leveraging its portfolio of more than 1,800 molecules to produce a wide range of generic products in nearly every therapeutic area. In specialty medicines, Teva has the world-leading innovative treatment for multiple sclerosis as well as late-stage development programs for other disorders of the central nervous system, including movement disorders, migraine, pain and neurodegenerative conditions, as well as a broad portfolio of respiratory products. Teva is leveraging its generics and specialty capabilities in order to seek new ways of addressing unmet patient needs by combining drug development with devices, services and technologies. Teva's net revenues in 2016 were \$21.9 billion. For more information, visit [www.tevapharm.com](http://www.tevapharm.com).

IR Contacts:	<b>Kevin C. Mannix</b>	United States	(215) 591-8912
	<b>Ran Meir</b>	United States	(215) 591-3033
	<b>Tomer Amitai</b>	Israel	972 (3) 926-7656
PR Contacts:	<b>Iris Beck Codner</b>	Israel	972 (3) 926-7246
	<b>Denise Bradley</b>	United States	(215) 591-8974



Press Release

for  
immediate  
release

### Cautionary Note Regarding Forward-Looking Statements

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

- *our generics medicines business, including: that we are substantially more dependent on this business, with its significant attendant risks, following our acquisition of Allergan plc's worldwide generic pharmaceuticals business ("Actavis Generics"); our ability to realize the anticipated benefits of the acquisition (and any delay in realizing those benefits) or difficulties in integrating Actavis Generics; the increase in the number of competitors targeting generic opportunities and seeking U.S. market exclusivity for generic versions of significant products; price erosion relating to our generic products, both from competing products and as a result of increased governmental pricing pressures; and our ability to take advantage of high-value biosimilar opportunities;*
- *our specialty medicines business, including: competition for our specialty products, especially Copaxone®, our leading medicine, which faces competition from existing and potential additional generic versions and orally-administered alternatives; our ability to achieve expected results from investments in our product pipeline; competition from companies with greater resources and capabilities; and the effectiveness of our patents and other measures to protect our intellectual property rights;*
- *our substantially increased indebtedness and significantly decreased cash on hand, which may limit our ability to incur additional indebtedness, engage in additional transactions or make new investments, and may result in a downgrade of our credit ratings;*
- *our business and operations in general, including: uncertainties relating to our recent senior management changes; our ability to develop and commercialize additional pharmaceutical products; manufacturing or quality control problems, which may damage our reputation for quality production and require costly remediation; interruptions in our supply chain, including due to labor unrest; disruptions of our or third party information technology systems or breaches of our data security; the failure to recruit or retain key personnel, including those who joined us as part of the Actavis Generics acquisition; the restructuring of our manufacturing network, including potential related labor unrest or workers' strikes; the impact of continuing consolidation of our distributors and customers; variations in patent laws that may adversely affect our ability to manufacture our products; our ability to consummate dispositions on terms acceptable to us; adverse effects of political or economic instability, major hostilities or terrorism on our significant worldwide operations; and our ability to successfully bid for suitable acquisition targets or licensing opportunities, or to consummate and integrate acquisitions;*
- *compliance, regulatory and litigation matters, including: costs and delays resulting from the extensive governmental regulation to which we are subject; the effects of reforms in healthcare regulation and reductions in pharmaceutical pricing, reimbursement and coverage; potential additional adverse consequences following our resolution with the U.S. government of our Foreign Corrupt Practices Act investigation; governmental investigations into sales and marketing practices; potential liability for sales of generic products prior to a final resolution of outstanding patent litigation; product liability claims; increased government scrutiny of our patent settlement agreements; failure to comply with complex Medicare and Medicaid reporting and payment obligations; and environmental risks;*
- *other financial and economic risks, including: our exposure to currency fluctuations and restrictions as well as credit risks; the significant increase in our intangible assets, which may result in additional substantial impairment charges; potentially significant increases in tax liabilities; and the effect on our overall effective tax rate of the termination or expiration of governmental programs or tax benefits, or of a change in our business;*

*and other factors discussed in our Annual Report on Form 20-F for the year ended December 31, 2016, including in the section captioned "Risk Factors," and in our other filings with the U.S. Securities and Exchange Commission, which are available at [www.sec.gov](http://www.sec.gov) and [www.tevapharm.com](http://www.tevapharm.com). Forward-looking statements speak only as of the date on which they are made, and we assume no obligation to update or revise any forward-looking statements or other information contained herein, whether as a result of new information, future events or otherwise. You are cautioned not to put undue reliance on these forward-looking statements.*

IR Contacts:	<b>Kevin C. Mannix</b>	United States	(215) 591-8912
	<b>Ran Meir</b>	United States	(215) 591-3033
	<b>Tomer Amitai</b>	Israel	972 (3) 926-7656
PR Contacts:	<b>Iris Beck Codner</b>	Israel	972 (3) 926-7246
	<b>Denise Bradley</b>	United States	(215) 591-8974

## Consolidated Statements of Income

(Unaudited, U.S. dollars in millions, except share and per share data)

	Three months ended		Nine months ended		
	September 30,		September 30,		
	2017	2016	2017	2016	
Net revenues	5,610	5,563	16,926	15,411	
Cost of sales	2,967	2,762	8,643	6,942	
Gross profit	2,643	2,801	8,283	8,469	
Research and development expenses	545	663	1,488	1,427	
Selling and marketing expenses	860	940	2,791	2,731	
General and administrative expenses	330	310	838	925	
Impairments, restructuring and others	550	(410)	1,209	421	
Legal settlements and loss contingencies	(20)	533	324	674	
Goodwill impairment charge	-	-	6,100	-	
Operating (loss) income	378	765	(4,467)	2,291	
Financial expenses – net	259	150	704	553	
Income (loss) before income taxes	119	615	(5,171)	1,738	
Income taxes (benefit)	(494)	207	(462)	464	
Share in (profits) losses of associated companies, net	3	(2)	10	(11)	
Net income (loss)	610	410	(4,719)	1,285	
Net Income (loss) attributable to non-controlling interests	15	(2)	11	(17)	
Net income (loss) attributable to Teva	595	412	(4,730)	1,302	
Dividends on preferred shares	65	64	195	196	
Net income (loss) attributable to Teva's ordinary shareholders	530	348	(4,925)	1,106	
<b>Earnings (loss) per share attributable to ordinary shareholders:</b>	<b>Basic (\$)</b>	0.52	0.35	(4.85)	1.18
	<b>Diluted (\$)</b>	0.52	0.35	(4.85)	1.17
<b>Weighted average number of shares (in millions):</b>	<b>Basic</b>	1,017	979	1,016	935
	<b>Diluted</b>	1,017	984	1,016	942
<b>Non-GAAP net income attributable to ordinary shareholders:*</b>		1,012	1,300	3,126	3,568
<b>Non-GAAP net income attributable to ordinary shareholders for diluted earnings per share:**</b>		1,012	1,364	3,126	3,764
<b>Non-GAAP earnings per share attributable to ordinary shareholders:*</b>	<b>Basic (\$)</b>	1.00	1.33	3.08	3.81
	<b>Diluted (\$)**</b>	1.00	1.31	3.07	3.76
<b>Non-GAAP average number of shares (in millions):</b>	<b>Basic</b>	1,017	979	1,016	935
	<b>Diluted</b>	1,017	1,044	1,017	1,001

\* See reconciliation attached.

\*\*Dividends on the mandatory convertible preferred shares of \$196 and \$64 million for the nine months and the three months ended September 30, 2016, respectively, are added back to non-GAAP net income attributable to ordinary shareholders, since such preferred shares had a dilutive effect on non-GAAP earnings per share.

## Condensed Consolidated Balance Sheets

(U.S. dollars in millions)

**(Unaudited)**

	<b>September 30, 2017</b>	<b>December 31, 2016</b>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	680	988
Trade receivables	7,424	7,523
Inventories	5,060	4,954
Prepaid expenses	1,203	1,629
Other current assets	581	1,293
Assets held for sale	1,278	841
<b>Total current assets</b>	<b>16,226</b>	<b>17,228</b>
<b>Deferred income taxes</b>	536	625
<b>Other non-current assets</b>	1,049	1,235
<b>Property, plant and equipment, net</b>	8,001	8,073
<b>Identifiable intangible assets, net</b>	20,878	21,487
<b>Goodwill</b>	39,392	44,409
<b>Total assets</b>	<b>86,082</b>	<b>93,057</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities:</b>		
Short-term debt	2,731	3,276
Sales reserves and allowances	7,662	7,839
Trade payables	2,370	2,157
Employee-related obligations	718	859
Accrued expenses	2,577	3,405
Other current liabilities	847	836
Liabilities held for sale	38	116
<b>Total current liabilities</b>	<b>16,943</b>	<b>18,488</b>
<b>Long-term liabilities:</b>		
Deferred income taxes	4,914	5,413
Other taxes and long-term liabilities	1,959	1,639
Senior notes and loans	31,971	32,524
<b>Total long-term liabilities</b>	<b>38,844</b>	<b>39,576</b>
<b>Equity:</b>		
Teva shareholders' equity	28,671	33,337
Non-controlling interests	1,624	1,656
<b>Total equity</b>	<b>30,295</b>	<b>34,993</b>
<b>Total liabilities and equity</b>	<b>86,082</b>	<b>93,057</b>

## **Condensed Consolidated Cash Flow**

(Unaudited, U.S. Dollars in millions)

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<b>Operating activities:</b>				
Net income (loss)	610	410	(4,719)	1,285
Net change in operating assets and liabilities	(44)	1,047	(755)	1,100
Items not involving cash flow	551	4	7,802	1,415
<b>Net cash provided by operating activities</b>	<u>1,117</u>	<u>1,461</u>	<u>2,328</u>	<u>3,800</u>
<b>Net cash provided by (used in) investing activities</b>	(218)	(32,301)	572	(34,943)
<b>Net cash provided by (used in) financing activities</b>	(825)	25,372	(3,244)	25,918
<b>Translation adjustment on cash and cash equivalents</b>	7	41	36	(164)
<b>Net change in cash and cash equivalents</b>	<u>81</u>	<u>(5,427)</u>	<u>(308)</u>	<u>(5,389)</u>
<b>Balance of cash and cash equivalents at beginning of period</b>	599	6,984	988	6,946
<b>Balance of cash and cash equivalents at end of period</b>	<u><u>680</u></u>	<u><u>1,557</u></u>	<u><u>680</u></u>	<u><u>1,557</u></u>

## Non GAAP reconciliation items

(Unaudited, U.S. Dollars in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
	(U.S. \$ in millions)			
Gain on sales of business and long-lived assets.....	-	(693)	-	(693)
Amortization of purchased intangible assets.....	357	429	1,088	811
Restructuring expenses.....	72	115	300	154
Inventory step-up.....	-	152	67	243
Equity compensation expenses.....	32	31	103	83
Costs related to regulatory actions taken in facilities.....	(1)	46	48	123
Acquisition, integration and related expenses.....	31	85	87	184
Other R&D expenses.....	150	252	176	262
Contingent consideration.....	18	34	179	85
Legal settlements and loss contingencies.....	(20)	533	324	674
Goodwill impairment charge.....		-	6,100	-
Impairment of long-lived assets.....	408	29	564	614
Other non-GAAP items.....	45	16	121	75
Financial expense (income).....	30	(1)	5	344
Minority interest.....	(11)	(22)	(44)	(65)
Tax benefit.....	(629)	(54)	(1,067)	(432)

Three Months Ended September 30, 2017

Three Months Ended September 30, 2016

U.S. dollars and shares in millions (except per share amounts)

	GAAP	Non-GAAP Adjustments	Dividends on Preferred Shares	Non-GAAP	% of Net Revenues	GAAP	Non-GAAP Adjustments	Dividends on Preferred Shares	Non- GAAP	% of Net Revenues
Gross profit (1).....	2,643	331		2,974	53%	2,801	592		3,393	61%
Operating income (loss) (1)(2).....	378	1,092		1,470	26%	765	1,029		1,794	32%
Net income attributable to ordinary shareholders (1)(2)(3)(4).....	530	482		1,012	18%	348	952	64	1,364	25%
Earnings per share attributable to ordinary shareholders - diluted (5).....	0.52	0.48		1.00		0.35	0.96		1.31	
(1) Amortization of purchased intangible assets.....		310					387			
Inventory step-up.....		-					152			
Costs related to regulatory actions taken in facilities.....		(1)					46			
Equity compensation expenses.....		6					4			
Other COGS related adjustments.....		16					3			
Gross profit adjustments.....		331					592			
(2) Restructuring expenses.....		72					115			
Amortization of purchased intangible assets.....		47					42			
Equity compensation expenses.....		26					27			
Acquisition, Integration and related expenses.....		31					85			
Other R&D expenses.....		150					252			
Contingent consideration.....		18					34			
Legal settlements and loss contingencies.....		(20)					533			
Impairment of long-lived assets.....		408					29			
Gain on sales of business and long-lived assets.....		-					(693)			
Other operating related adjustments.....		29					13			
		761					437			
Operating income adjustments.....		1,092					1,029			
(3) Financial expense (income).....		30					(1)			
Tax effect.....		(629)					(54)			
Minority interest.....		(11)					(22)			
Net income adjustments.....		482					952			

(4) For the three months ended September 30, 2017, no account was taken of the potential dilution of the accrued dividend to preferred shares amounting to \$65 million, since it had an anti-dilutive effect on loss per share. Dividends on the mandatory convertible preferred shares of \$64 million for the three months ended September 30, 2016, are added back to non-GAAP net income attributable to ordinary shareholders, since such preferred shares had a dilutive effect on non-GAAP earnings per share.

(5) The non-GAAP weighted average number of shares was 1,017 and 979 million for the three months ended September 30, 2017 and 2016, respectively. For the three months ended September 30, 2017, the mandatory convertible preferred shares amounting to 59.4 million weighted average shares had an anti-dilutive effect on earnings per share and were therefore excluded from the outstanding shares calculation. Non-GAAP earnings per share can be reconciled with GAAP earnings per share by dividing each of the amounts included in footnotes 1-4 above by the applicable weighted average share number.

Nine Months Ended September 30, 2017

Nine Months Ended September 30, 2016

U.S. dollars and shares in millions (except per share amounts)

	GAAP	Non-GAAP Adjustments	Dividends on Preferred Shares	Non-GAAP	% of Net Revenues	GAAP	Non-GAAP Adjustments	Dividends on Preferred Shares	Non-GAAP	% of Net Revenues
Gross profit (1).....	8,283	1,114		9,397	56%	8,469	1,090		9,559	62%
Operating income (loss) (1)(2).....	(4,467)	9,155		4,688	28%	2,291	2,612		4,903	32%
Net income (loss) attributable to ordinary shareholders (1)(2)(3)(4).....	(4,925)	8,051		3,126	18%	1,106	2,462	196	3,764	24%
Earnings (loss) per share attributable to ordinary shareholders - diluted (5)	(4.85)	7.92		3.07		1.17	2.59		3.76	
<hr/>										
(1) Amortization of purchased intangible assets.....		944					711			
Inventory step-up.....		67					243			
Costs related to regulatory actions taken in facilities.....		48					123			
Equity compensation expenses.....		18					10			
Other COGS related adjustments.....		37					3			
Gross profit adjustments.....		1,114					1,090			
(2) Legal settlements and loss contingencies.....		324					674			
Contingent consideration.....		179					85			
Acquisition and related expenses.....		87					184			
Other R&D expenses.....		176					262			
Equity compensation expenses.....		85					73			
Restructuring expenses.....		300					154			
Goodwill impairment charge.....		6,100					-			
Impairment of long-lived assets.....		564					614			
Amortization of purchased intangible assets.....		144					100			
Gain on sales of business and long-lived assets.....		-					(693)			
Other operating related expenses (income).....		82					69			
		8,041					1,522			
Operating income adjustments.....		9,155					2,612			
(3) Financial expense.....		5					344			
Tax effect.....		(1,067)					(432)			
Impairment of equity investment—net.....		2					3			
Minority interest.....		(44)					(65)			
Net income adjustments.....		8,051					2,462			

(4) For the nine months ended September 30, 2017, no account was taken of the potential dilution of the accrued dividend to preferred shares amounting to \$195 million, since it had an anti-dilutive effect on loss per share. Dividends on the mandatory convertible preferred shares of \$196 million for the nine months ended September 30, 2016 are added back to non-GAAP net income attributable to ordinary shareholders, since such preferred shares had a dilutive effect on non-GAAP earnings per share.

(5) The non-GAAP weighted average number of shares was 1,016 and 935 million for the nine months ended September 30, 2017 and 2016, respectively. For the nine months ended September 30, 2017, the mandatory convertible preferred shares amounting to 59.4 million weighted average shares had an anti-dilutive effect on earnings per share and were therefore excluded from the outstanding shares calculation. Non-GAAP earnings per share can be reconciled with GAAP earnings per share by dividing each of the amounts included in footnotes 1-4 above by the applicable weighted average share number.

## Segment Information

		<b>Generics</b>				
		<b>Three months ended September 30,</b>				<b>Percentage Change</b>
		<b>2017</b>		<b>2016</b>		<b>2017 - 2016</b>
		<b>(U.S. \$ in millions / % of Segment Revenues)</b>				
Revenues	\$	3,007	100.0%	\$ 3,259	100.0%	(8%)
Gross Profit		1,158	38.5%	1,590	48.8%	(27%)
R&D Expenses		162	5.4%	185	5.7%	(12%)
S&M Expenses		377	12.5%	423	13.0%	(11%)
Segment Profit*	\$	<u>619</u>	<u>20.6%</u>	<u>\$ 982</u>	<u>30.1%</u>	<u>(37%)</u>

		<b>Specialty</b>				
		<b>Three months ended September 30,</b>				<b>Percentage Change</b>
		<b>2017</b>		<b>2016</b>		<b>2017 - 2016</b>
		<b>(U.S. \$ in millions / % of Segment Revenues)</b>				
Revenues	\$	2,034	100.0%	\$ 2,048	100.0%	(1%)
Gross Profit		1,757	86.4%	1,783	87.1%	(1%)
R&D Expenses		217	10.7%	228	11.1%	(5%)
S&M Expenses		388	19.1%	458	22.4%	(15%)
Segment Profit*	\$	<u>1,152</u>	<u>56.6%</u>	<u>\$ 1,097</u>	<u>53.6%</u>	<u>5%</u>

\* Segment profit consists of gross profit for the segment, less R&D and S&M expenses related to the segment. Segment profit does not include G&A expenses, amortization and certain other items. Beginning in the fourth quarter of 2016, our OTC business is included in our generics medicines segment. The data presented have been conformed to reflect these changes for all relevant periods.

## Segment Information

### Generics

	Nine months ended September 30,				Percentage Change
	2017		2016		2017 - 2016
	(U.S. \$ in millions / % of Segment Revenues)				
Revenues	\$ 9,143	100.0%	\$ 8,274	100.0%	11%
Gross Profit	3,844	42.0%	3,861	46.7%	0%
R&D Expenses	553	6.1%	448	5.4%	23%
S&M Expenses	1,202	13.1%	1,178	14.3%	2%
Segment Profit*	<u>\$ 2,089</u>	<u>22.8%</u>	<u>\$ 2,235</u>	<u>27.0%</u>	(7%)

### Specialty

	Nine months ended September 30,				Percentage Change
	2017		2016		2017 - 2016
	(U.S. \$ in millions / % of Segment Revenues)				
Revenues	\$ 6,119	100.0%	\$ 6,471	100.0%	(5%)
Gross Profit	5,362	87.6%	5,632	87.0%	(5%)
R&D Expenses	722	11.8%	702	10.8%	3%
S&M Expenses	1,288	21.0%	1,393	21.5%	(8%)
Segment Profit*	<u>\$ 3,352</u>	<u>54.8%</u>	<u>\$ 3,537</u>	<u>54.7%</u>	(5%)

\* Segment profit consists of gross profit for the segment, less R&D and S&M expenses related to the segment. Segment profit does not include G&A expenses, amortization and certain other items. Beginning in the fourth quarter of 2016, our OTC business is included in our generics medicines segment. The data presented have been conformed to reflect these changes for all relevant periods.

## Additional information

<b>Multiple Sclerosis</b>					<b>Percentage Change</b>
<b>Three months ended September 30,</b>					<b>2017 - 2016</b>
<b>2017</b>		<b>2016</b>			
<b>(U.S. \$ in millions / % of Segment Revenues)</b>					
Revenues	\$ 987	100.0%	\$ 1,061	100.0%	(7%)
Gross profit	906	91.8%	982	92.6%	(8%)
R&D expenses	16	1.6%	20	1.9%	(20%)
S&M expenses	64	6.5%	76	7.2%	(16%)
Segment profitability	<u>\$ 826</u>	<u>83.7%</u>	<u>\$ 886</u>	<u>83.5%</u>	(7%)

<b>Other Specialty</b>					<b>Percentage Change</b>
<b>Three months ended September 30,</b>					<b>2017 - 2016</b>
<b>2017</b>		<b>2016</b>			
<b>(U.S. \$ in millions / % of Segment Revenues)</b>					
Revenues	\$ 1,047	100.0%	\$ 987	100.0%	6%
Gross profit	851	81.3%	801	81.2%	6%
R&D expenses	201	19.2%	208	21.1%	(3%)
S&M expenses	324	31.0%	382	38.7%	(15%)
Segment profitability	<u>\$ 326</u>	<u>31.1%</u>	<u>\$ 211</u>	<u>21.4%</u>	55%

### Additional information

		<b>Multiple Sclerosis</b>				
		<b>Nine months ended September 30,</b>				<b>Percentage Change</b>
		<b>2017</b>		<b>2016</b>		<b>2017 - 2016</b>
		(U.S. \$ in millions / % of MS Revenues)				
Revenues	\$	2,980	100.0%	\$ 3,208	100.0%	(7%)
Gross profit		2,731	91.6%	2,930	91.3%	(7%)
R&D expenses		58	1.9%	65	2.0%	(11%)
S&M expenses		280	9.4%	246	7.7%	14%
MS profit	\$	2,393	80.3%	\$ 2,619	81.6%	(9%)

		<b>Other Specialty</b>				
		<b>Nine months ended September 30,</b>				<b>Percentage Change</b>
		<b>2017</b>		<b>2016</b>		<b>2017 - 2016</b>
		(U.S. \$ in millions / % of Other Specialty Revenues)				
Revenues	\$	3,139	100.0%	\$ 3,263	100.0%	(4%)
Gross profit		2,631	83.8%	2,702	82.8%	(3%)
R&D expenses		664	21.2%	637	19.5%	4%
S&M expenses		1,008	32.0%	1,147	35.2%	(12%)
Other Specialty profit	\$	959	30.6%	\$ 918	28.1%	4%

**Reconciliation of our segment profit  
to consolidated income before income taxes**

	Three months ended	
	September 30,	
	2017	2016
	(U.S. \$ in millions)	
Generic medicines profit.....	\$ 619	\$ 982
Specialty medicines profit.....	1,152	1,097
Total segment profit.....	1,771	2,079
Profit of other activities.....	17	19
	1,788	2,098
Amounts not allocated to segments:		
Amortization.....	357	429
General and administrative expenses.....	330	310
Impairments, restructuring and others.....	550	(410)
Inventory step-up.....	-	152
Other R&D expenses.....	150	252
Costs related to regulatory actions taken in facilities.....	(1)	46
Legal settlements and loss contingencies.....	(20)	533
Other unallocated amounts .....	44	21
Consolidated operating income .....	378	765
Financial expenses - net.....	259	150
Consolidated income before income taxes.....	\$ 119	\$ 615

**Reconciliation of our segment profit  
to Teva's consolidated income before income taxes**

	Nine months ended	
	September 30,	
	2017	2016
	<b>(U.S. \$ in millions)</b>	
Generic medicines profit.....	\$ 2,089	\$ 2,235
Specialty medicines profit.....	3,352	3,537
Total segment profit.....	5,441	5,772
Profit of other activities.....	61	28
	5,502	5,800
Amounts not allocated to segments:		
Amortization.....	1,088	811
General and administrative expenses.....	838	925
Goodwill impairment charge.....	6,100	-
Impairments, restructuring and others.....	1,209	421
Inventory step-up.....	67	243
Other R&D expenses.....	176	262
Costs related to regulatory actions taken in facilities.....	48	123
Legal settlements and loss contingencies.....	324	674
Other unallocated amounts.....	119	50
	(4,467)	2,291
Consolidated operating income (loss).....		
Financial expenses - net.....	704	553
Consolidated income (loss) before income taxes.....	\$ (5,171)	\$ 1,738

**Revenues by Activity and Geographical Area**  
(Unaudited)

	Three Months Ended September 30,		Percentage Change 2017 - 2016	Percentage Change 2017 - 2016 in local currencies
	2017	2016		
	(U.S. \$ in millions)			
Generic Medicines				
United States.....	\$ 1,179	\$ 1,293	(9%)	(9%)
Europe.....	985	933	6%	1%
Rest of the World...	843	1,033	(18%)	5%
Total Generic Medicines.....	3,007	3,259	(8%)	(2%)
Specialty Medicines				
United States.....	1,493	1,558	(4%)	(4%)
Europe.....	447	406	10%	5%
Rest of the World...	94	84	12%	12%
Total Specialty Medicines.....	2,034	2,048	(1%)	(2%)
Other Revenues				
United States.....	317	12	n/a	n/a
Europe.....	80	71	13%	6%
Rest of the World...	172	173	(1%)	(6%)
Total Other Revenues.....	569	256	122%	117%
Total Revenues.....	\$ 5,610	\$ 5,563	1%	4%

\*In light of the political and economic conditions in Venezuela, we exclude the quarterly changes in revenues and operating profit in Venezuela from any discussion of local currency results.

## Revenues by Activity and Geographical Area

(Unaudited)

	Nine Months Ended September 30,		Percentage Change	Percentage Change
	2017	2016	2017 - 2016	2017 - 2016
	(U.S. \$ in millions)			in local currencies
Generic Medicines				
United States.....	\$ 3,850	\$ 3,161	22%	22%
Europe.....	2,930	2,494	17%	19%
Rest of the World.....	2,363	2,619	(10%)	14%
Total Generic Medicines.....	<u>9,143</u>	<u>8,274</u>	11%	18%
Specialty Medicines				
United States.....	4,521	5,007	(10%)	(10%)
Europe.....	1,304	1,214	7%	9%
Rest of the World.....	294	250	18%	18%
Total Specialty.....	<u>6,119</u>	<u>6,471</u>	(5%)	-5%
Other Revenues				
United States.....	941	19	n/a	n/a
Europe.....	237	176	35%	35%
Rest of the World.....	486	471	3%	(2%)
Total Other Revenues.....	<u>1,664</u>	<u>666</u>	150%	146%
Total Revenues.....	<u><u>\$ 16,926</u></u>	<u><u>\$ 15,411</u></u>	10%	14%

\*In light of the political and economic conditions in Venezuela, we exclude the quarterly changes in revenues and operating profit in Venezuela from any discussion of local currency results.

## Revenues by Product line

(Unaudited)

	Three Months Ended September 30,		Percentage Change 2017 - 2016
	2017	2016	
(U.S. \$ in millions)			
<b>Generic Medicines</b> .....	\$ 3,007	\$ 3,259	(8%)
<i>OTC</i> .....	306	391	(22%)
<i>APL</i> .....	171	191	(10%)
<b>Specialty Medicines</b> .....	<b>2,034</b>	<b>2,048</b>	<b>(1%)</b>
<i>CNS</i> .....	1,146	1,302	(12%)
Copaxone® .....	987	1,061	(7%)
Azilect® .....	36	101	(64%)
Nuvigil® .....	21	21	0%
<i>Respiratory</i> .....	351	270	30%
ProAir®.....	155	118	31%
QVAR® .....	95	96	(1%)
<i>Oncology</i> .....	302	269	12%
Treanda® and Bendeka®.....	181	149	21%
<i>Women's Health</i> .....	119	109	9%
<i>Other Specialty</i> .....	116	98	18%
<b>All Others</b> .....	<b>569</b>	<b>256</b>	<b>122%</b>
<b>Total</b> .....	<b>\$ 5,610</b>	<b>\$ 5,563</b>	<b>1%</b>

### Revenues by Product line

(Unaudited)

	Nine Months Ended September 30,		Percentage Change 2017 - 2016
	2017	2016	
	(U.S. \$ in millions)		
<b>Generic Medicines</b> .....	<b>\$ 9,143</b>	<b>\$ 8,274</b>	<b>11%</b>
<i>OTC</i> .....	853	949	(10%)
<i>APL</i> .....	572	595	(4%)
<b>Specialty Medicines</b> .....	<b>6,119</b>	<b>6,471</b>	<b>(5%)</b>
<i>CNS</i> .....	3,442	4,040	(15%)
Copaxone® .....	2,980	3,208	(7%)
Azilect® .....	130	322	(60%)
Nuvigil® .....	52	175	(70%)
<i>Respiratory</i> .....	977	949	3%
ProAir®.....	399	426	(6%)
QVAR® .....	300	346	(13%)
<i>Oncology</i> .....	852	871	(2%)
Treanda® and Bendeka®.....	501	511	(2%)
<i>Women's Health</i> .....	358	336	7%
<i>Other Specialty</i> *.....	490	275	78%
<b>All Others</b> .....	<b>1,664</b>	<b>666</b>	<b>150%</b>
<b>Total</b> .....	<b>\$ 16,926</b>	<b>\$ 15,411</b>	<b>10%</b>

\* Includes aggregate payments of \$150 million related to the Ninlaro® transaction in the first half of 2017.