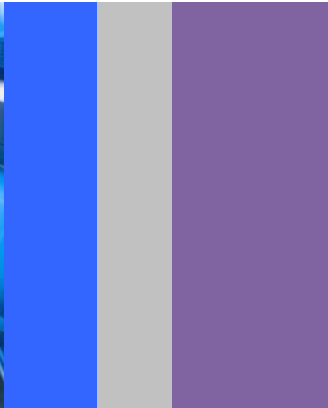




TEVA PHARMACEUTICAL INDUSTRIES LTD.



# Teva to acquire ratiopharm

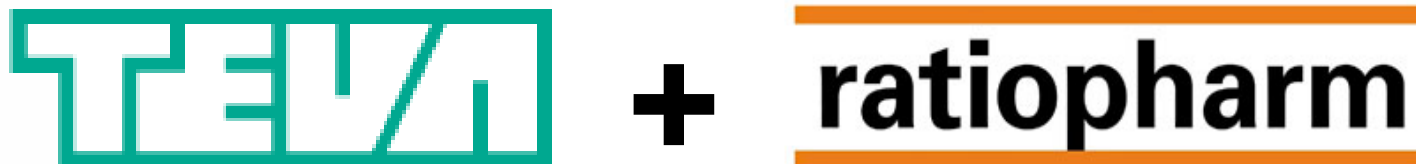
19 March 2010

# Teva Safe Harbor Statement



**Teva's Safe Harbor Statement under the U. S. Private Securities Litigation Reform Act of 1995:**

The statements, analyses and other information contained herein relating to the proposed acquisition and anticipated synergies, effect on earning and financial and operating performance, including estimates for growth, anticipated positions in certain markets and shares in such markets, the markets for Teva's and ratiopharm's products, the future development and operation of Teva's and ratiopharm's business, as well as other statements including words such as "anticipate," "believe," "plan," "estimate," "expect," "intend," "will," "should," "may" and other similar expressions, are "forward-looking statements" under the Private Securities Litigation Reform Act of 1995. Such statements are made based upon management's current expectations and beliefs concerning future events and their potential effects on the company. Actual results may differ materially from the results reflected in these forward-looking statements. Important factors that could cause or contribute to such differences include whether and when the proposed acquisition will be consummated and the terms of any conditions imposed in connection with such closing and the receipt of any required regulatory or other approval for the consummation of the proposed acquisition, Teva's ability to rapidly and efficiently integrate ratiopharm's operations in a seamless manner and achieve expected synergies, and diversion of management time on merger-related issues, as well as our ability to accurately predict future market conditions and successfully develop and commercialize additional pharmaceutical products, the introduction of competing generic equivalents, the extent to which we may obtain U.S. market exclusivity for certain of our new generic products and regulatory changes that may prevent us from utilizing exclusivity periods, potential liability for sales of generic products prior to a final resolution of outstanding patent litigation, including that relating to the generic versions of Neurontin®, Lotrel®, Protonix® and Eloxatin®, potential tax liabilities which may arise should our arrangements, including our intercompany arrangements, be challenged and determined to be inappropriate, the current economic conditions, competition from brand-name companies that are under increased pressure to counter generic products, or competitors that seek to delay the introduction of generic products, the effects of competition on our innovative products, especially Copaxone® sales, including potential oral and generic competition for Copaxone®, dependence on the effectiveness of our patents and other protections for innovative products, the impact of consolidation of our distributors and customers, the impact of pharmaceutical industry regulation and pending legislation that could affect the pharmaceutical industry, our ability to achieve expected results through our innovative R&D efforts, the difficulty of predicting U.S. Food and Drug Administration, European Medicines Agency and other regulatory authority approvals, the uncertainty surrounding the legislative and regulatory pathway for the registration and approval of biotechnology-based products, the regulatory environment and changes in the health policies and structures of various countries, supply interruptions or delays that could result from the complex manufacturing of our products and our global supply chain, our ability to successfully identify, consummate and integrate acquisitions, the potential exposure to product liability claims to the extent not covered by insurance, our exposure to fluctuations in currency, exchange and interest rates, significant operations worldwide that may be adversely affected by terrorism, political or economical instability or major hostilities, our ability to enter into patent litigation settlements and the intensified scrutiny by the U.S. government, the termination or expiration of governmental programs and tax benefits, impairment of intangible assets and goodwill, environmental risks, and other factors that are discussed in this report and in our other filings with the U.S. Securities and Exchange Commission ("SEC").



**Excellent strategic fit**

**Extends global market leadership**

**Positions Teva as the #1 generics company in EU**

**Attractive economics**

**Supports Teva's 2015 growth strategy**



**STRATEGIC RATIONALE**

**EUROPEAN LEADERSHIP**

**FINANCIALS**



**STRATEGIC RATIONALE**

**EUROPEAN LEADERSHIP**

**FINANCIALS**

# Teva's strategic targets for 2015



Revenues **\$31 bn**

Net income **\$6.8 bn**

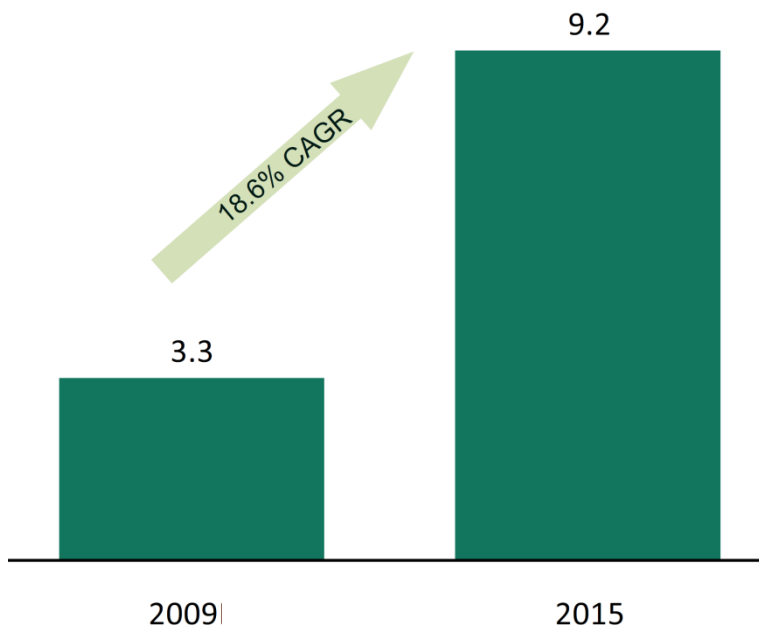
Net profitability **22%**

# Europe is an important growth engine for Teva



	2015 sales targets	2009-2015 CAGR
North America	\$15bn	9.5%
<b>Europe</b>	<b>\$9bn</b>	<b>18.6%</b>
International	\$7bn	23.2%
<b>Total</b>	<b>\$31bn</b>	<b>14.3%</b>

our European goal





# atiopharm

- ▶ Established in 1881
- ▶ **Germany #2** in generics
- ▶ **\$2.3 billion (€1.6bn)** sales in 2009
- ▶ Direct presence in **26 countries**
- ▶ Portfolio of over **500 molecules** in **10,000** different presentations in a wide range of dosage forms
- ▶ Over **5,000** employees worldwide



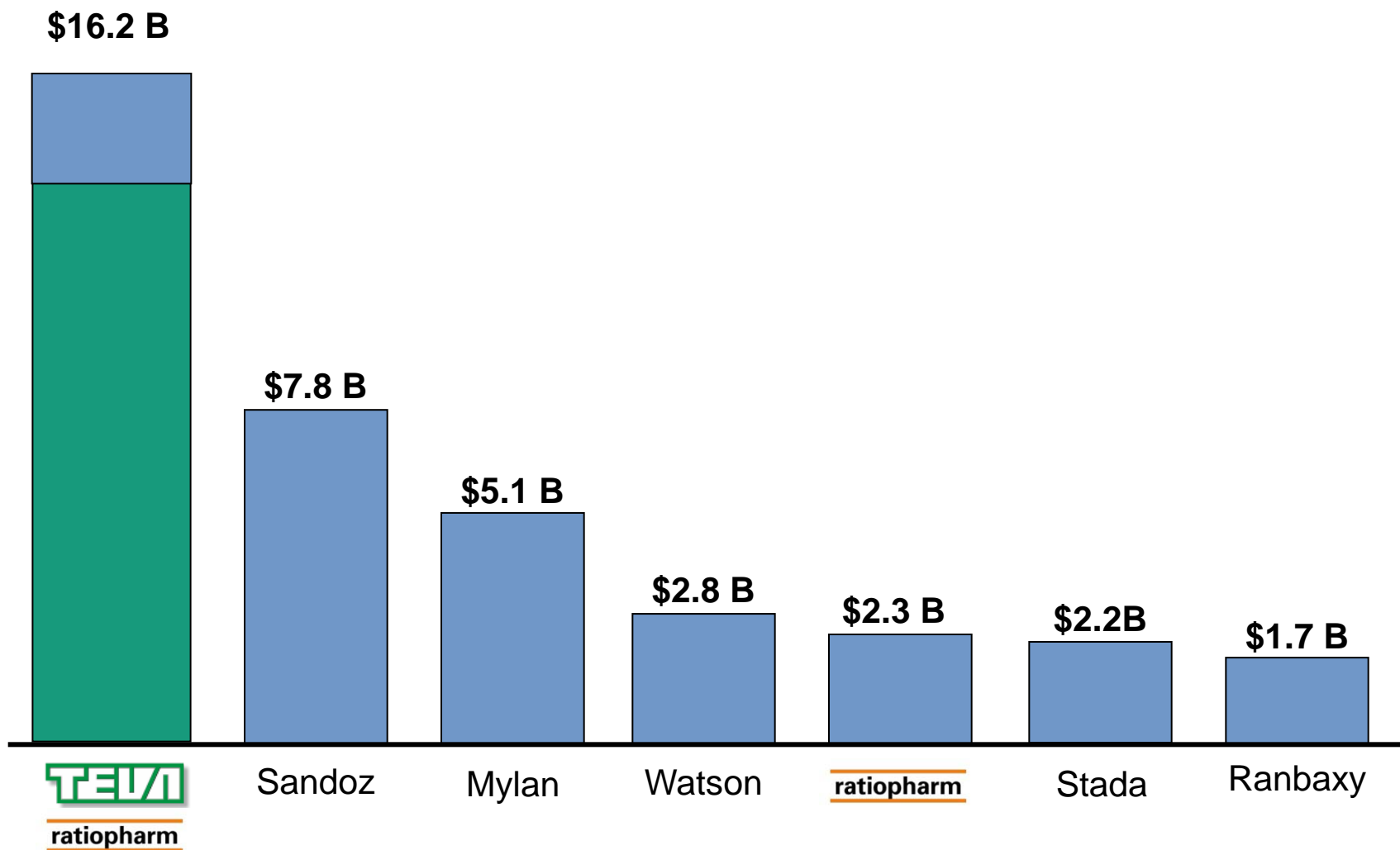




# Teva's global lead will grow significantly



## 2009 Global Peer Group Sales



Source: Company filings and analysts' reports



## Strong strategic fit

- **Significantly enhance Teva's global leadership**
- **Clear leader of European generics market**
- **#2 in Germany**
- **#1 in 10 EU markets; Top 3 in 7 EU markets**
- **Well-established Biosimilar operations**

## Attractive economics

- **Accretive within the 3<sup>rd</sup> quarter after closing**
- **At least \$400 million in annual cost synergies**
- **Revenue upside**



## Targets

Market share in attractive geographies



Niche specialty products

## Criteria

Strategic fit



Compelling economics



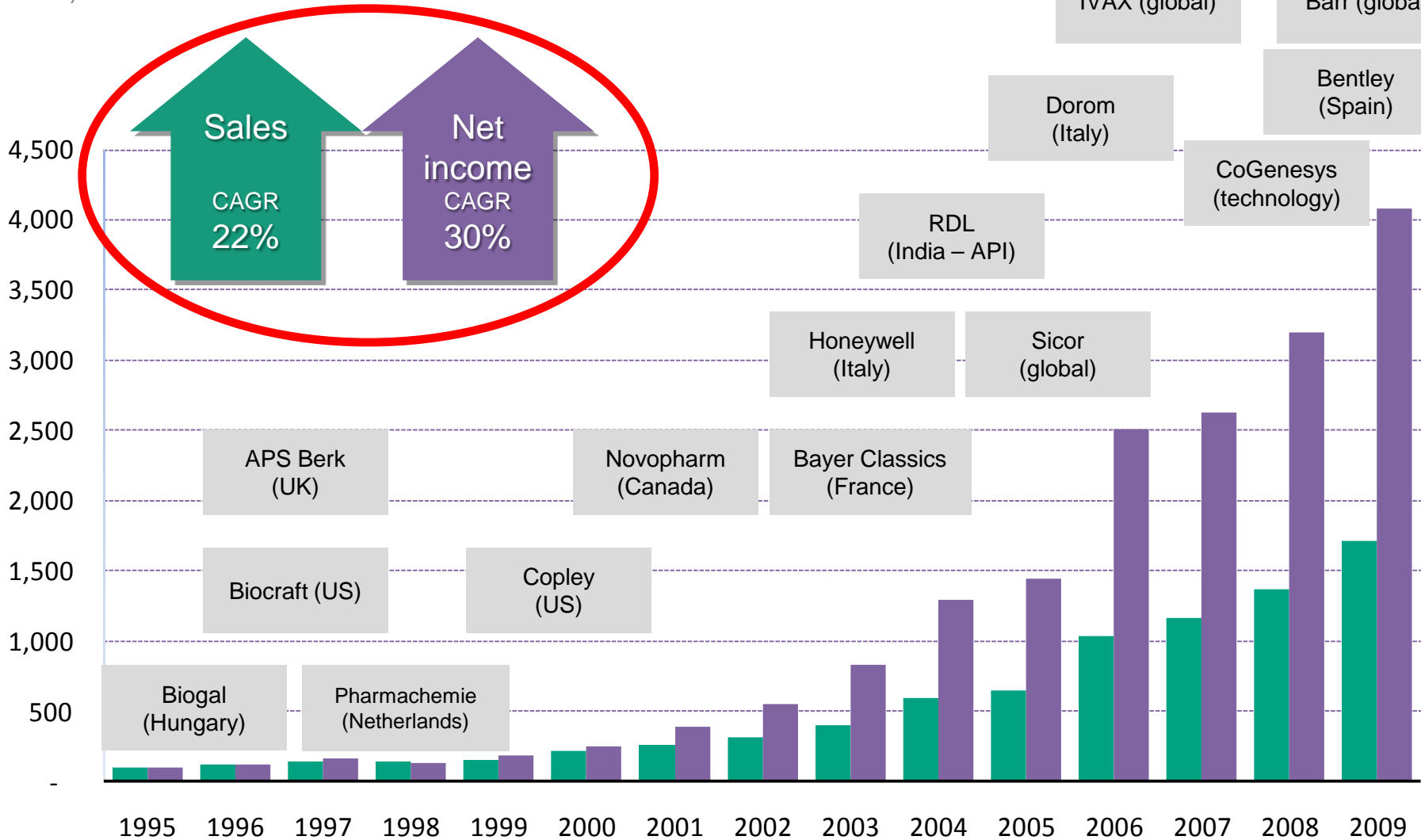
Accretive within one year



# Successful M&A track record



Index, 1995 = 100





STRATEGIC RATIONALE

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# Strategic fit with significant value creation



Indisputable leadership, #1 in Europe



#2 in Germany



Balanced across countries, customers and products



Strong operational platform

# Teva - The European market leader after the acquisition



	Population
UK	61 M
Italy	58M
Spain	40 M
Netherlands	15 M
Hungary	10 M
Germany	82 M
Czech Republic	11 M
France	61 M
Poland	38 M

Large population of  
~500M inhabitants

Aging & wealthy  
population

Ranking

No.1

No.1

No.1

No.1

No.1

No. 2

No. 2

No. 3

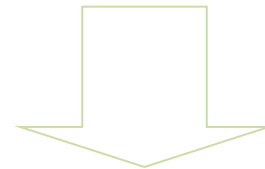
No. 3

# Teva - The European market leader after the acquisition



UK	No.1
Italy	No.1
Spain	No.1
Netherlands	No.1
Hungary	No.1
Germany	No. 2
Czech Republic	No. 2
France	No. 3
Poland	No. 3

- Strong Pan-European footprint
- #1 in 10 EU countries
- Top 3 in additional 7 EU countries



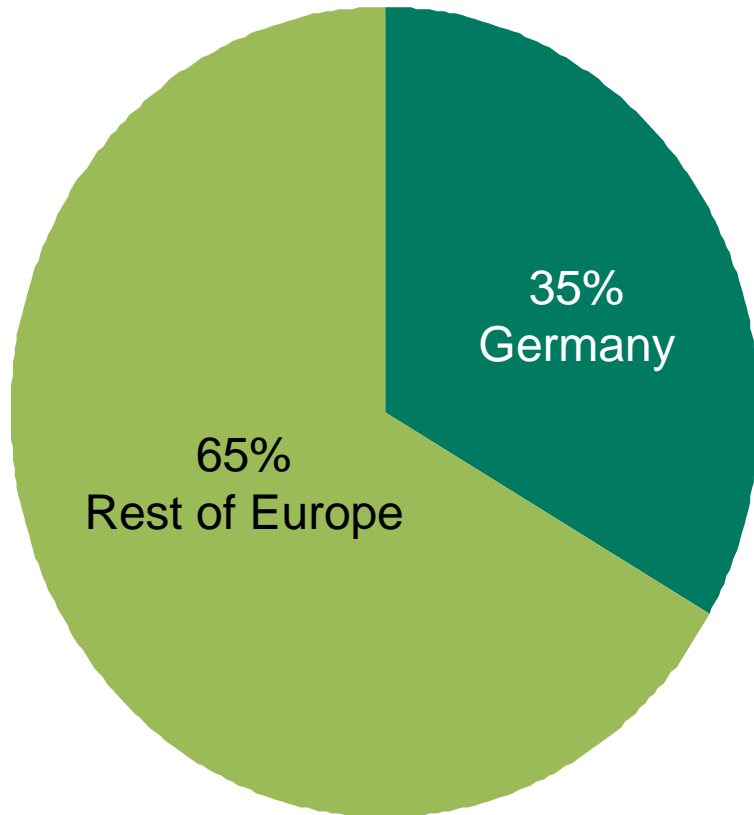
**Outstanding platform for  
future growth**



# Leadership position in Germany



% of generics market value, 2009



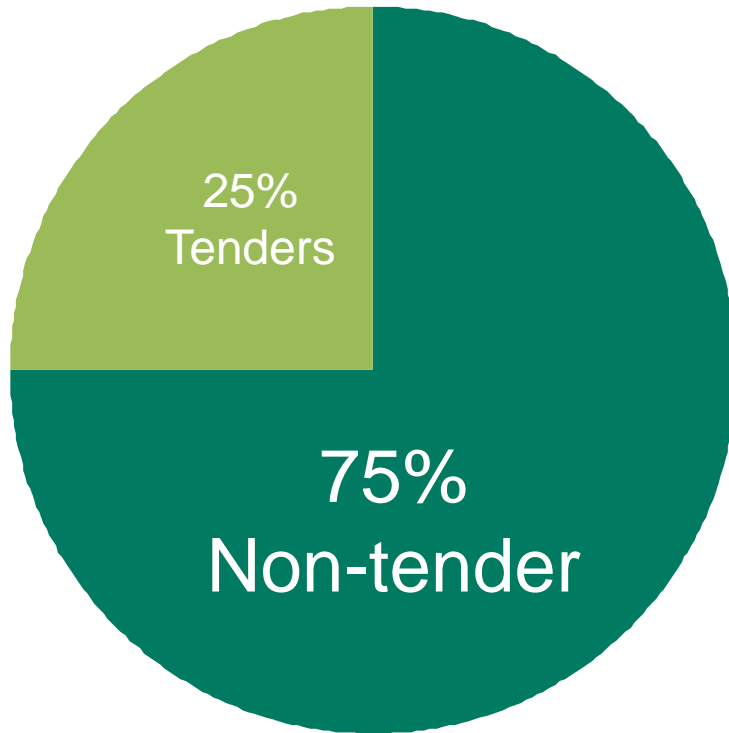
Largest market in Europe, #2 in the world

Market size of ~\$8.8B\* gross sales

# Leadership position in Germany



% of generics market value, 2009



Largest market in Europe, #2 in the world

Market size of ~\$8.8B\* gross sales

**Non-tender segment still larger than the #2 market, France**

# In other strategic markets Teva will nearly double its business



## Italy

- Population 58M
- New combination will become the undisputed market leader
- Obtain full pharmacy coverage
- Leverage relationships with pharmacies and regional constituents



## Spain

- Population 40M
- New combined entity will be the clear #1
- Leverage all market segments – doctors to pharmacies
- Allows for multiple brand strategy in the market



## France

- Population 61M
- New combined entity #3, closing in on #2
- Complementary customer base
- Critical mass for full market coverage



## Canada

- Population 32M
- Very strong #2 player
- Expanded portfolio

# Sustainable growth fueled by an attractive portfolio of businesses



**Generics Gx**

**Branded Gx**

**Well-known OTC**

**Hospital - Injectables**

**Specialty & BioGenerics**

**Innovative – Copaxone® & Azilect®**

# Biosimilars platform of Teva further enhanced by ratiopharm



## **ratiopharm**

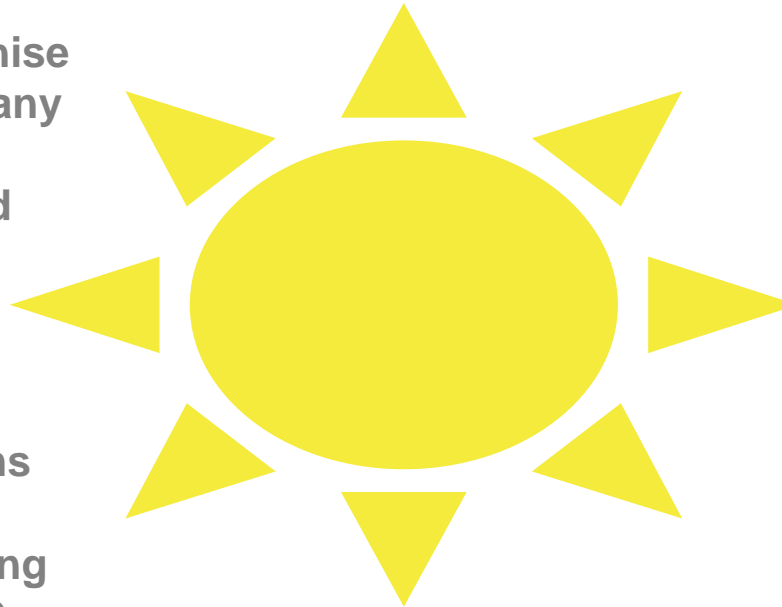
### Products

- Short-acting EPO
- FSH – fits in WHC franchise
- GCSF – access in Germany

Current R&D portfolio and late stage development

### Infrastructure

- Regulatory, clinical teams and commercial teams
- Mammalian manufacturing capacity for FSH and EPO



### Products

- TevaGrastim
- TEV-TROPIN

Current R&D portfolio  
Neugranin and 2 MaBs

### Infrastructure

- Strategic Alliances  
Lonza
- Sicor, IBR&D,  
CoGenesys

# A strong brand – well-known by European customers



- Teva has a multi-branded strategy across Europe
- Selected examples:



- Teva is committed to promoting and developing the ratiopharm brand in the future





# Creates greater customer access



## Pharmacists



- Complementary customer base, e.g. France and Germany
- More shelf share and attention from retailers and chains
- Access to well-known OTC portfolio

## Physicians



- Greater outreach through specialist sales forces, e.g. Germany and Spain
- Leverage on a strong brand

## Payors



- Broader portfolio offering for tenders, e.g. Germany
- Successful in initial AOK tender





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# Financial considerations



## Enterprise value

€3.6 billion, no debt.

## Financing

~\$3.0bn from cash on hand (at closing)  
~\$2.0bn from lines of credit (interest under 2%)

## Balance sheet

Leverage remains at 28% post closing  
Back to current 23% in 2-3 quarters  
Moody's – reaffirmed A3; S&P – upgrade to A-

## Closing

Expected before year end

# Highly attractive financial outcome



Pro-forma figures based on 2009

Scale and growth

2009 Pro-Forma Revenues of \$16.2 billion

Strengthening  
our balanced  
business model

Europe: Over \$5 billion revenues  
Europe: 32% of total revenues

Accretive to  
GAAP earnings

**Immediately** on non-GAAP basis  
By the **3<sup>rd</sup> quarter** from closing on full GAAP

# Maintaining strong balance sheet & credit profile



## Selected balance sheet indicators

	12/31/09 actual	12/31/09 pro-forma
Total debt	\$ 5.6 bn	\$ 7.6 bn
Equity	\$ 19.2 bn	\$ 19.2 bn
Debt / 2009 EBITDA	1.32	1.64
Debt / debt + capital	23%	28%

### Strong liquidity position:

**\$1bn** cash-on-hand  
post closing

Balance sheet flexibility  
provides liquidity for future  
strategic opportunities

**Back to 23% leverage in 2-3 quarters**



>\$400m (€300m)  
over next 3 years

- Consolidation/rationalization of **production sites** in Teva's global operations
- Unification of **R&D** pipeline, elimination of duplication
- Eliminate **G&A** and **M&S** infrastructure overlap

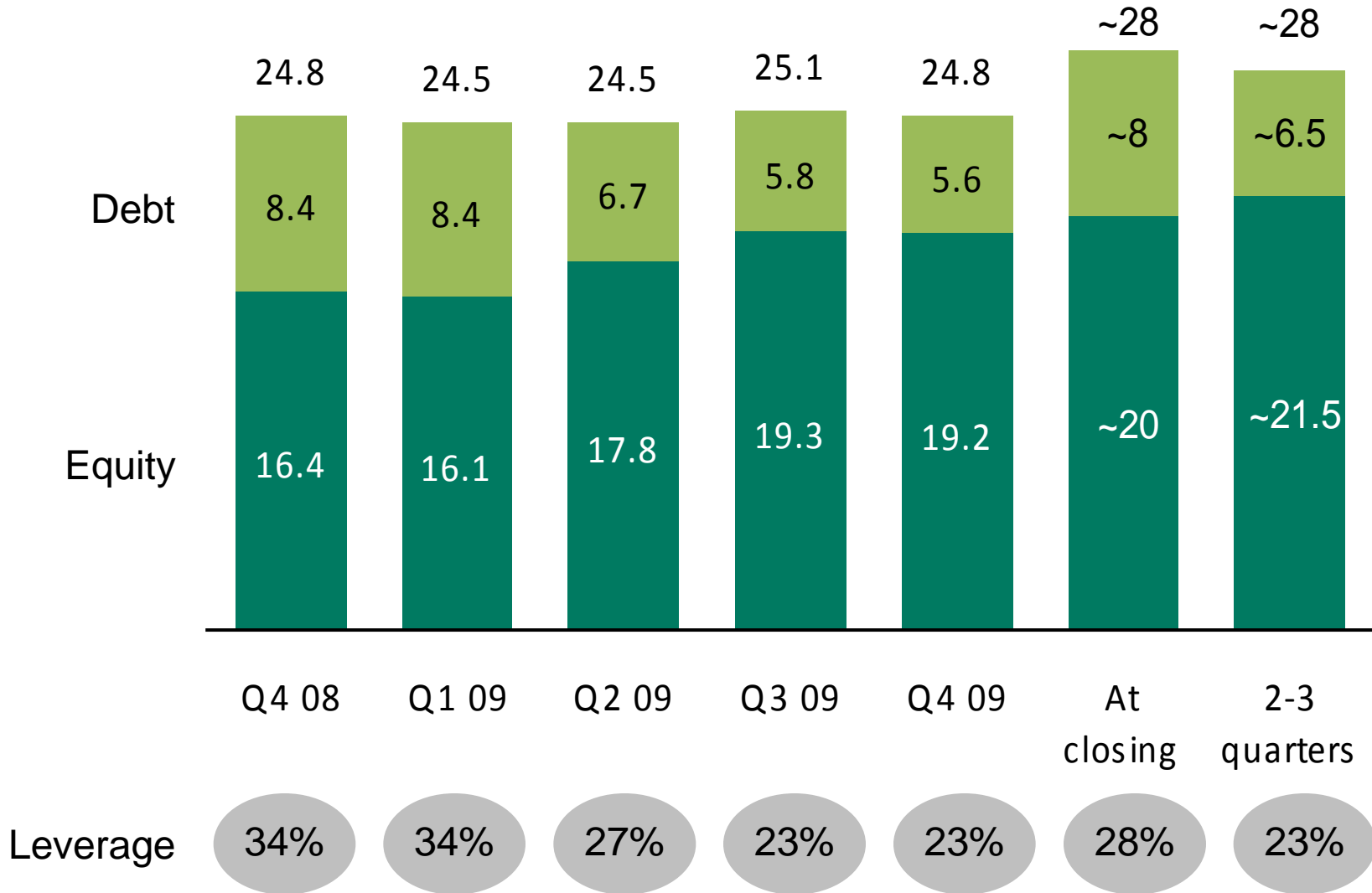
## Additional UPSIDE

- Revenue synergies
- Additional long-term operational and vertical integration
- Gradual reduction of combined tax rate

# Impact on financial leverage



\$bn



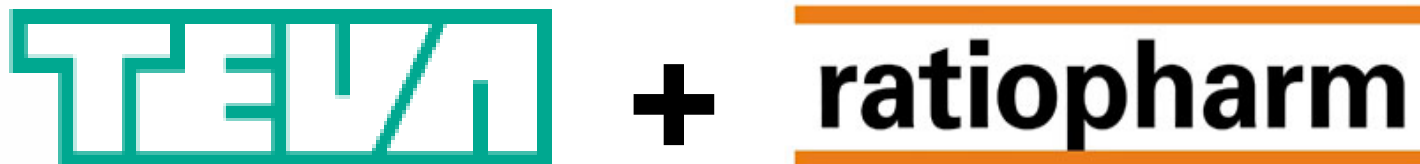


EPS accretive by the third quarter after closing

Significant synergy opportunities

Maintains strong balance sheet and credit profile

Continue to execute on our strategy



**Excellent strategic fit**

**Extends global market leadership**

**Positions Teva as the #1 generics company in EU**

**Attractive economics**

**Supports Teva's 2015 growth strategy**



ONE GOAL ONE TEVA | 31  
EVERYONE