



TEVA PHARMACEUTICAL INDUSTRIES LTD.



**Teva Pharmaceutical Industries Ltd.**

**Capital Market**

**Dan Suesskind, CFO**

February 13, 2007



# Forward-Looking Statements

TODAY'S PRESENTATION CONTAINS FORWARD LOOKING STATEMENTS WHICH EXPRESS THE CURRENT BELIEFS AND EXPECTATIONS OF MANAGEMENT. SUCH STATEMENTS ARE BASED ON CURRENT EXPECTATIONS AND INVOLVE A NUMBER OF KNOWN AND UNKNOWN RISKS AND UNCERTAINTIES THAT COULD CAUSE TEVA'S FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS TO DIFFER SIGNIFICANTLY FROM THE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. IMPORTANT FACTORS THAT COULD CAUSE OR CONTRIBUTE TO SUCH DIFFERENCES INCLUDE TEVA'S ABILITY TO SUCCESSFULLY DEVELOP AND COMMERCIALIZE ADDITIONAL PHARMACEUTICAL PRODUCTS, THE INTRODUCTION OF COMPETITIVE GENERIC PRODUCTS, THE IMPACT OF COMPETITION FROM BRAND-NAME COMPANIES THAT SELL THEIR OWN GENERIC PRODUCTS OR SUCCESSFULLY EXTEND THE EXCLUSIVITY PERIOD OF THEIR BRANDED PRODUCT, TEVA'S ABILITY TO RAPIDLY INTEGRATE THE OPERATIONS OF ACQUIRED BUSINESSES, THE AVAILABILITY OF PRODUCT LIABILITY COVERGE IN THE CURRENT INSURANCE MARKET, THE IMPACT OF PHARMACEUTICAL INDUSTRY REGULATION AND PENDING LEGISLATION THAT COULD AFFECT THE PHARMACEUTICAL INDUSTRY, THE DIFFICULTY OF PREDICTING U.S. FOOD AND DRUGS ADMINISTRATION ("FDA") AND OTHER REGULATORY AUTHORITY APPROVALS, THE REGULATORY ENVIRONMENT AND CHANGES IN THE HEALTH POLICIES AND STRUCTURE OF VARIOUS COUNTRIES, ACCEPTANCE AND DEMAND FOR NEW PHARMACEUTICAL PRODUCTS AND NEW THERAPIES, UNCERTAINTIES REGARDING MARKET ACCEPTANCE OF INNOVATIVE PRODUCTS NEWLY LAUNCHED, CURRENTLY BEING SOLD OR IN DEVELOPMENT, THE IMPACT OF RESTRUCTURING OF CLIENTS, RELIANCE ON STRATEGIC ALLIANCES, EXPOSURE TO PRODUCT LIABILITY CLAIMS, DEPENDENCE ON PATENT AND OTHER PROTECTIONS FOR INNOVATIVE PRODUCTS, FLUCTUATIONS IN CURRENCY, EXCHANGE AND INTEREST RATES, OPERATING RESULTS, OTHER FACTORS THAT ARE DISCUSSED IN TEVA'S ANNUAL REPORT ON FORM 20-F AND ITS OTHER FILINGS WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION ("SEC"). FORWARD LOOKING STATEMENTS SPEAK ONLY AS OF THE DATE ON WHICH THEY ARE MADE, AND THE COMPANY UNDERTAKES NO OBLIGATION TO UPDATE PUBLICLY OR REVISE ANY FORWARD LOOKING STATEMENTS, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE DEVELOPMENTS OR OTHERWISE.

# Development of Results (Q4)

**Sales**  
\$ Millions

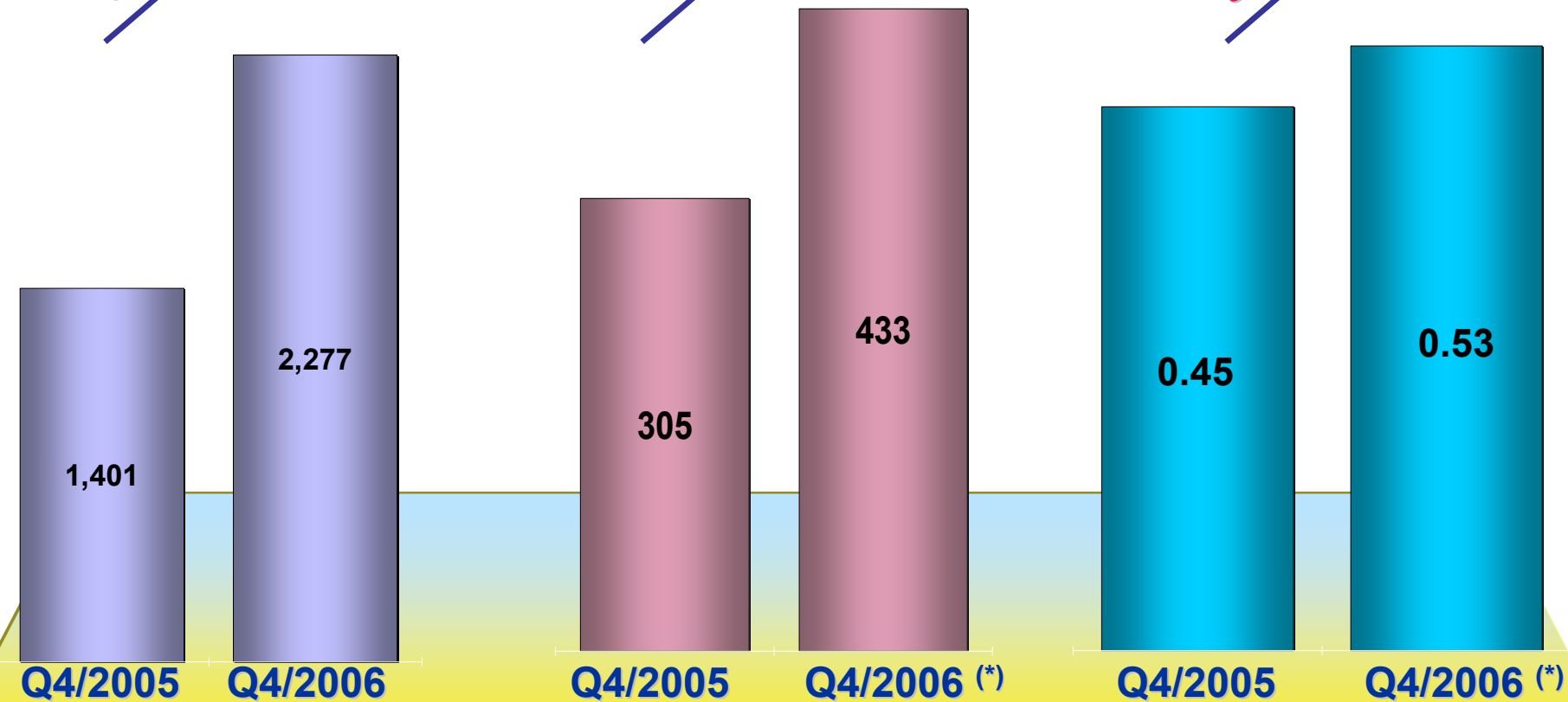
*UP 63%*

**Net Income**  
\$ Millions

*UP 42%*

**Earnings per Share**  
\$

*Up 18%*



•Before non-recurring items income, after tax : Q4/2006 27M\$

# Strong Performance

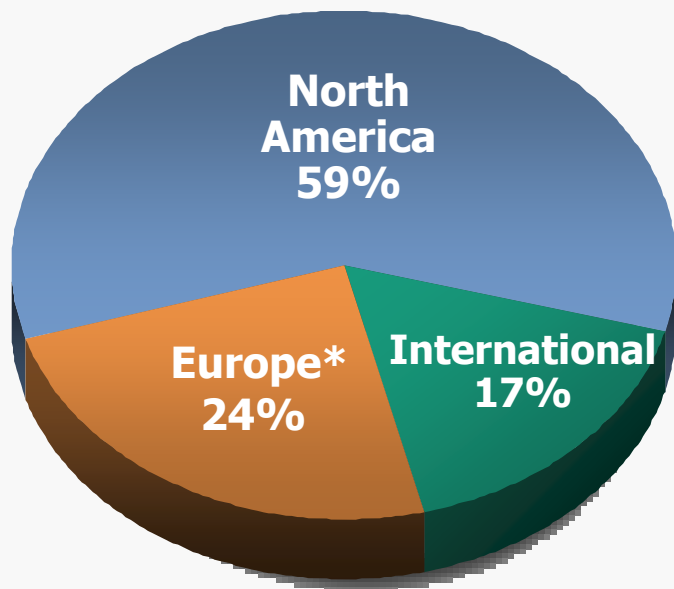
	2006	2005	%Change
<b>Sales (\$ Millions)</b>	<b>8,408</b>	<b>5,250</b>	<b>60%</b>
<b>Net Income (\$ Millions)</b>	<b>1,867</b>	<b>1,072</b>	<b>74%</b>
<b>Earnings per ADR * (diluted \$)</b>	<b>2.30</b>	<b>1.59</b>	<b>45%</b>
<b>Cash Flow from Operations</b>	<b>2,058</b>	<b>1,370</b>	<b>50%</b>
<b>P/E Ratio 2006 (F.C. Consensus \$2.34)</b>			<b>15</b>
<b>P/E Ratio 2007 (F.C. Consensus \$2.13)</b>			<b>16</b>
<b>Market Capitalization (as of Feb. 9, 2007: \$35)</b>			<b>\$27</b>

\* Reflects the 2:1 split (June 2004).

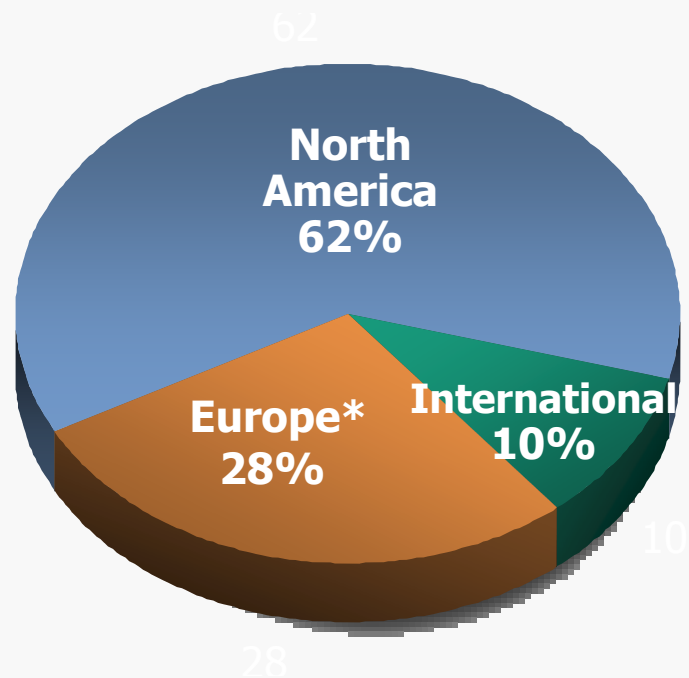
\*\* Before non recurring items

# Q4/2006 – Sales By Region

Q4/06: \$8,408 Million



Q4/05: \$1,401 Million



\* Western Europe and Hungary

# Top U.S. Pharmaceutical Companies

(In thousands)

Generic companies only

All pharmaceutical companies

## Total Rx's

1	Teva USA	415,716	+16.1%
2	Mylan	251,365	+11.9
3	Sandoz	212,249	+4.8
4	Watson	202,568	+7.4
5	Mallinckrodt	105,893	+12.5
6	Actavis	86,779	+0.4
7	Barr	82,276	-1.6
8	Qualitest	76,724	+0.6
9	Par	74,014	+0.1
10	Greenstone	63,546	+65.7

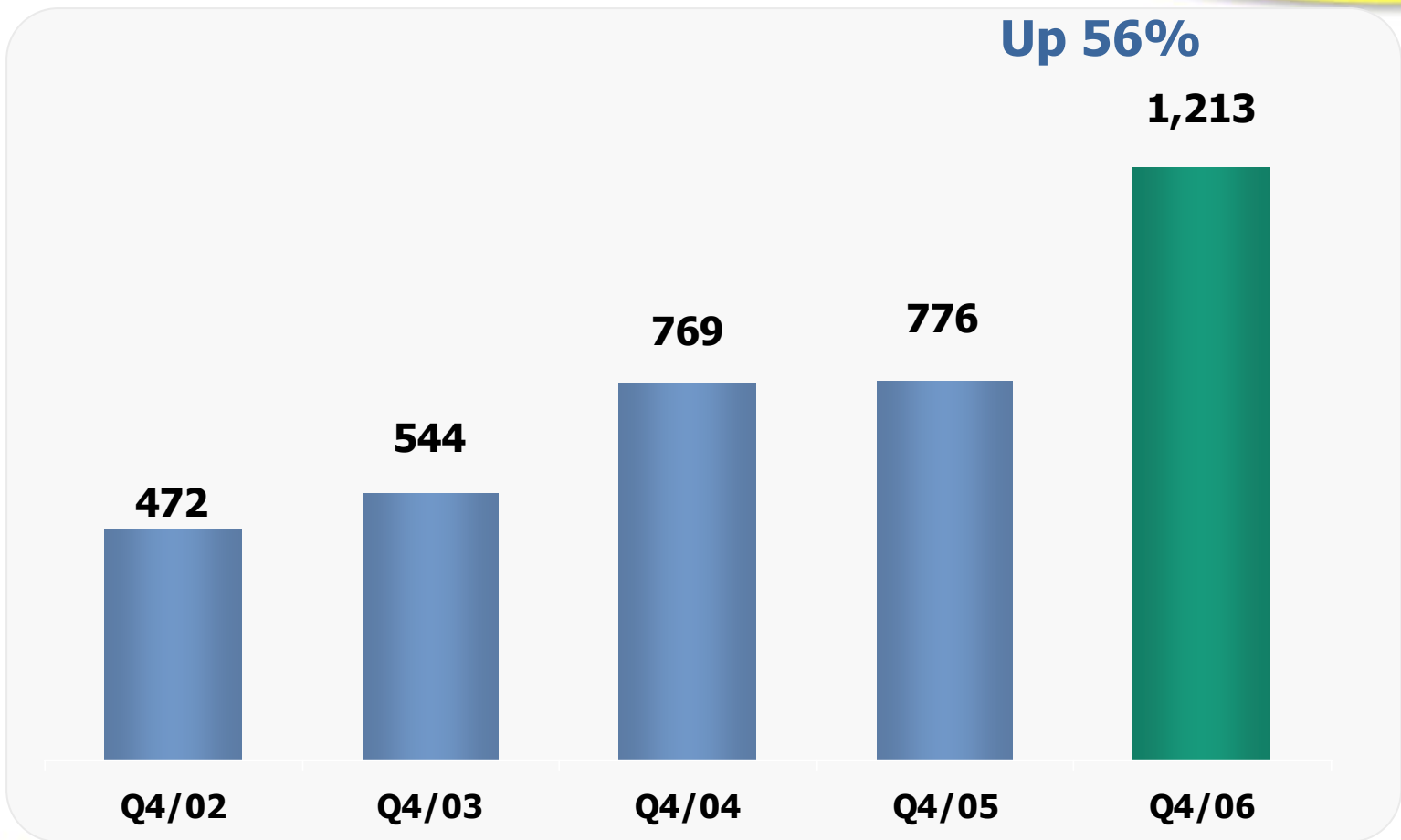
## Total Rx's

1	Teva USA	419,932	+21.0%
2	Pfizer	307,796	-5.2
3	Novartis	294,608	+4.5
4	Mylan	253,489	+11.0
5	Watson	202,572	+7.4
6	Merck	133,346	+4.4
7	GlaxoSmithKline	123,268	-6.2
8	AstraZeneca	121,708	+12.2
9	Mallinckrodt	105,893	+12.5
10	Actavis	86,779	+2.0

\*Increase over MAT 12/2005

# Q4 2006 – North America Pharmaceutical Sales

(\$ Millions)



# U.S. Generic Industry's Largest Pipeline



**162 ANDAs – over \$92 billion in total brand sales**

**78 Paragraph IV Filings**

**42 First-to-File – over \$36 billion in total brand sales**

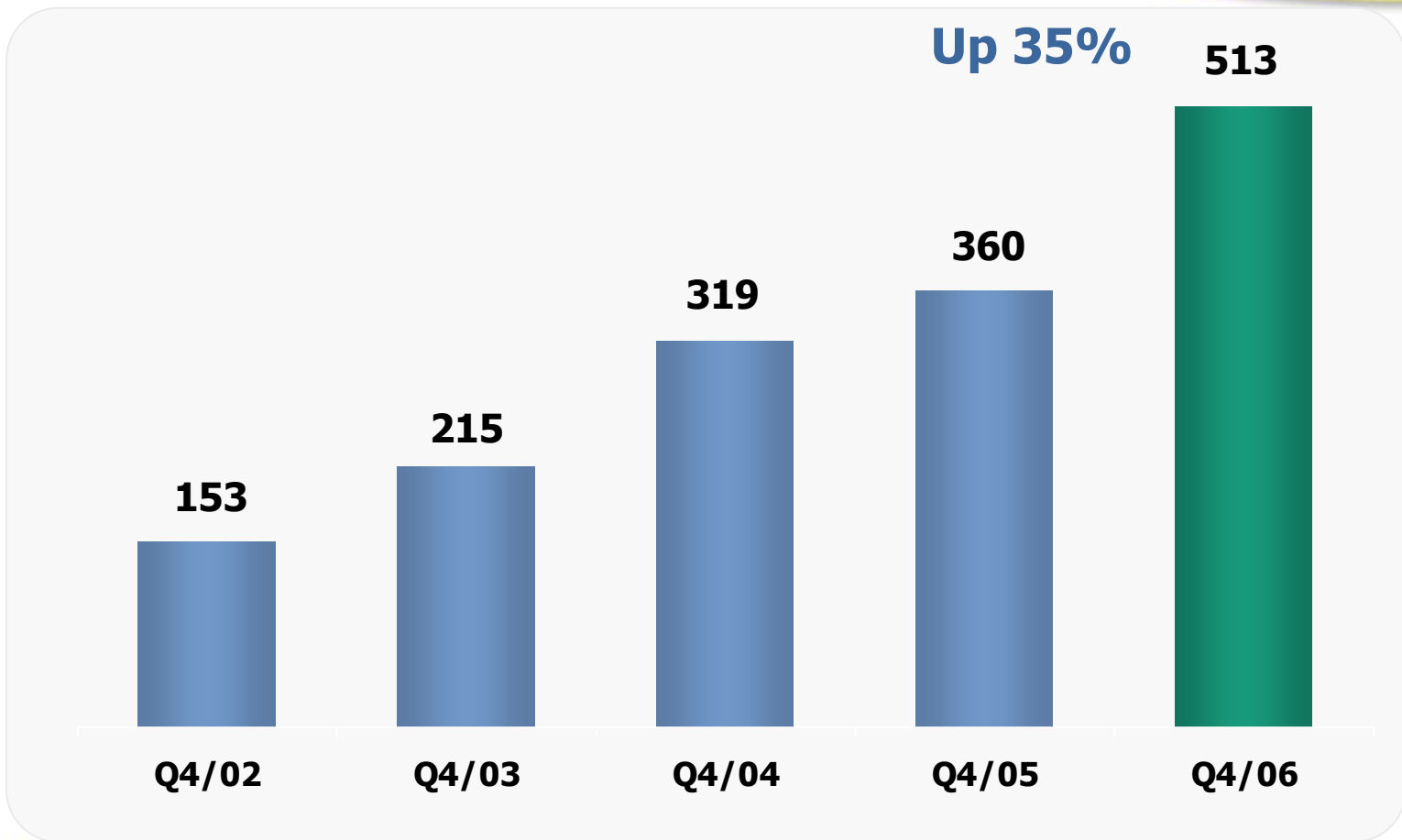
As of February 1, 2007





# Q4 2002-2006 – Europe\* Pharmaceutical Sales

(\$ Millions)



\* Western Europe and Hungary

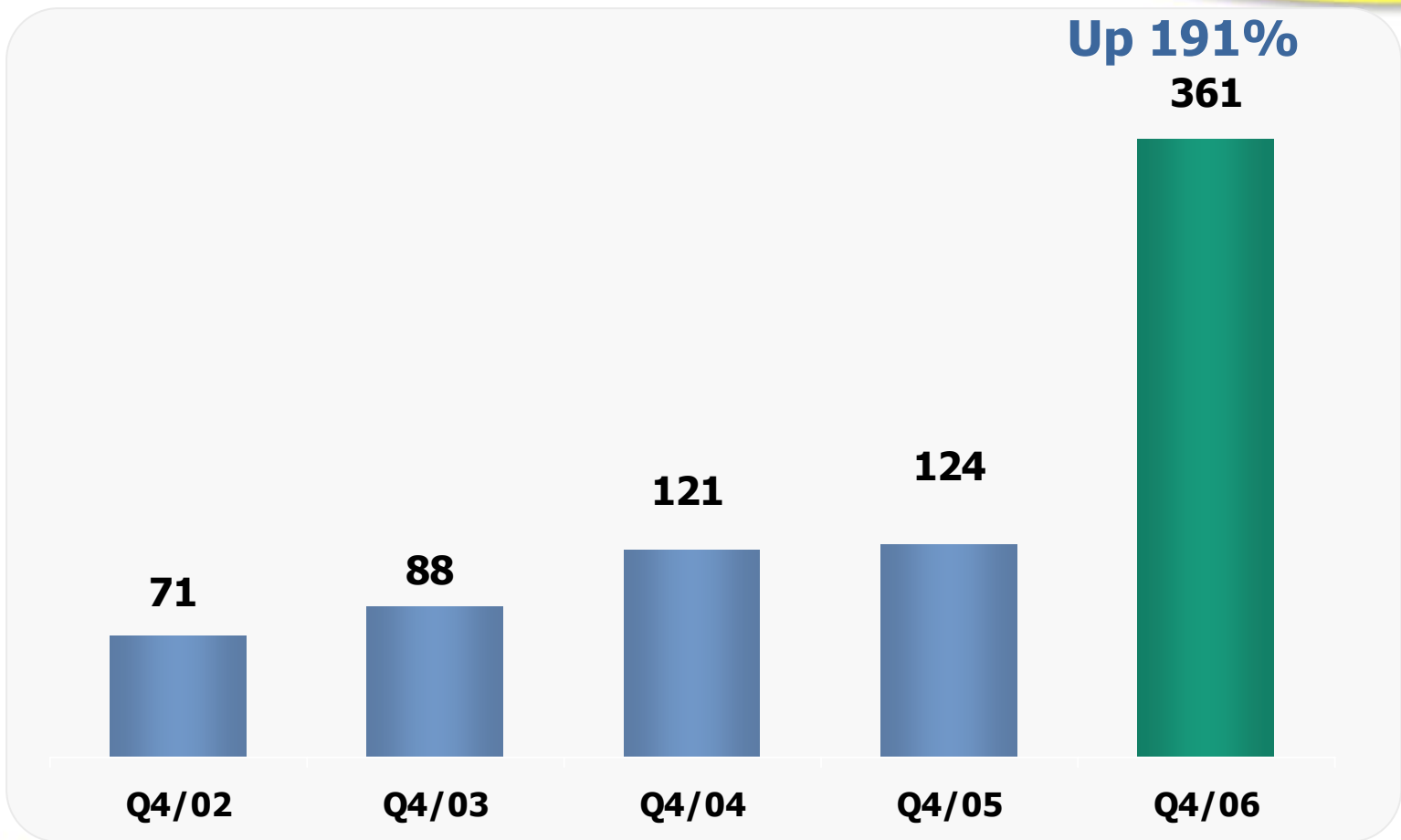
# Registration Status – Europe

(As of Dec. 31, 2006)

Country	2004	2005	2006	
	Approved	Approved	Approved	Pending
Hungary	21	36	22	97
U.K.	24	19	19	105
France	22	18	30	121
Germany	15	26	16	83
Netherlands	34	15	30	82
Others	48	255	181	1,398
<b>TOTAL</b>	<b>164</b>	<b>369</b>	<b>298</b>	<b>1,886</b>

# Q4-2006 – International (ROW) Pharmaceutical Sales

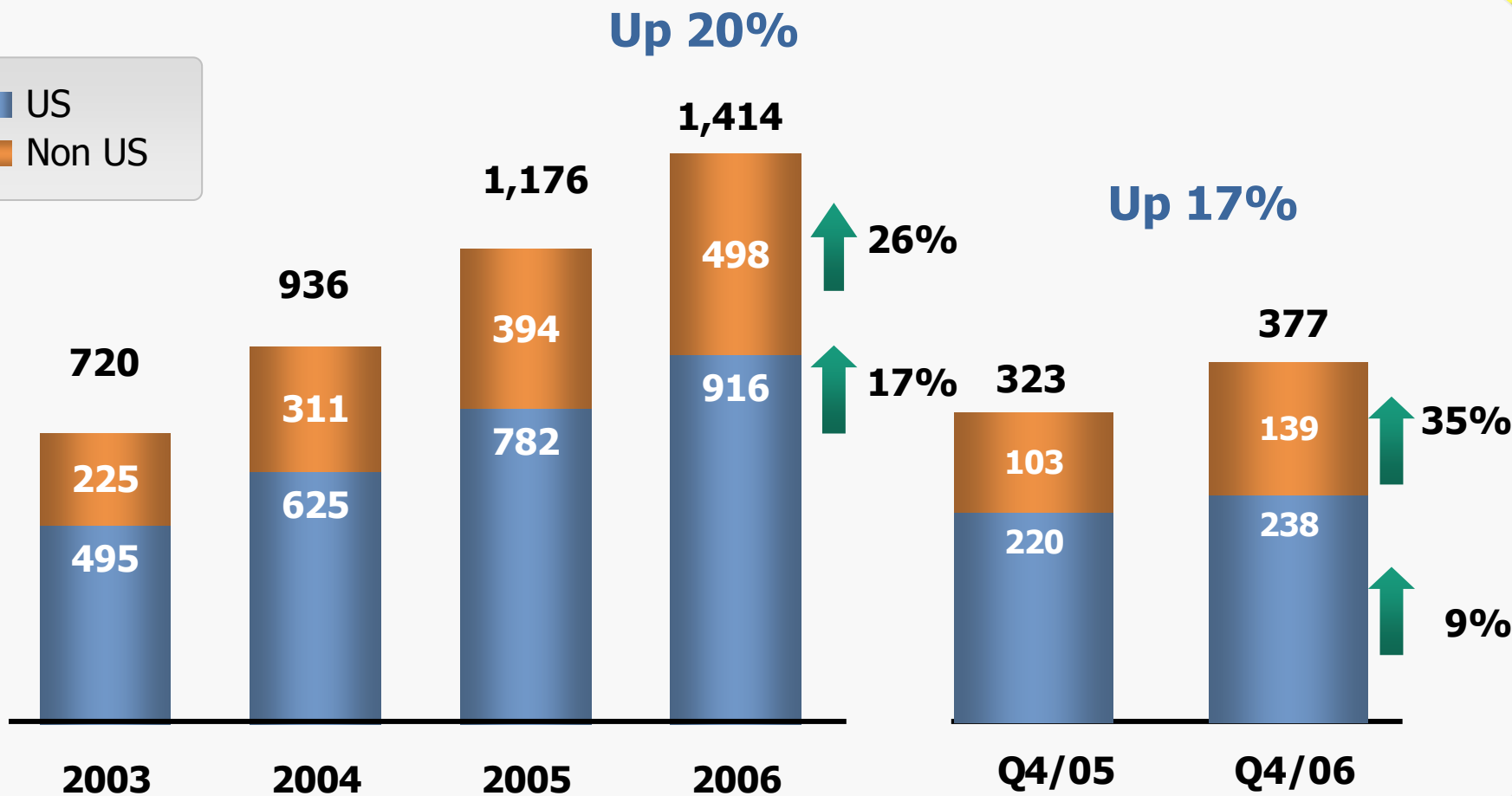
(\$ Millions)



# Q4 2006 – Copaxone® In-Market Global Sales

(\$ Millions)

■ US  
■ Non US

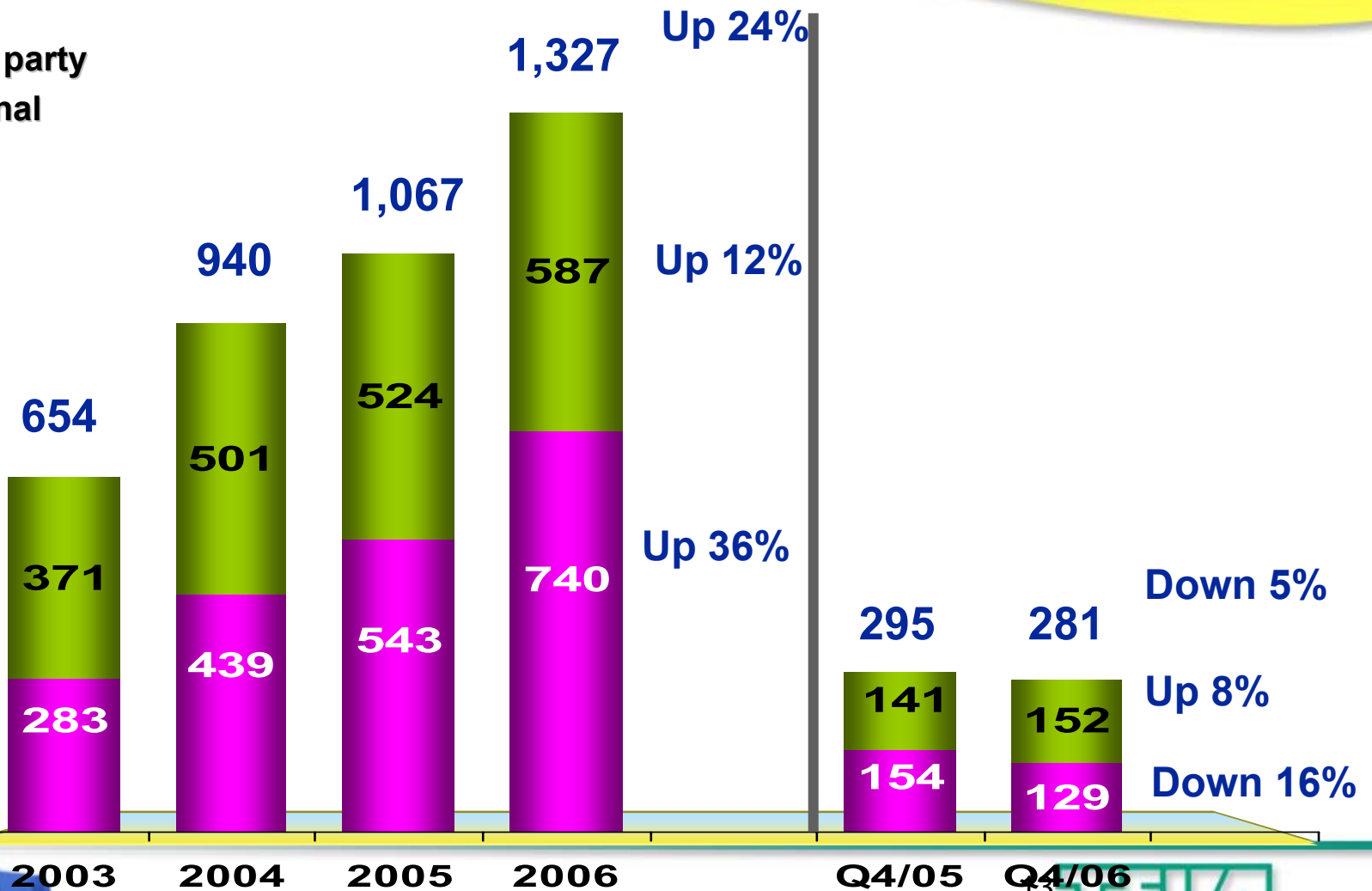


# API - Overview

(\$ Millions)

*Internal / third party sales*

■ third party  
■ internal



# Q4-2006 – Consolidated Statements of Income – Adjusted

(\$ Millions)

	Q4/06	Q4/05	% Change	YTD 2006	% of Sales		
					Q4/06	Q4/05	2006
Sales	2,277	1,401	63	8,408	100	100	100
Gross profit	1,103	676	63	4,354	48	48	52
R&D – net	137	98	40	495	6	7	6
SG&A expenses	478	217	120	1,572	21	15	19
Operating income	488	361	35	2,287	21	26	27
Financial income/ (expense) net	4	(10)	-	(95)	0	1	1
Income before taxes	492	351	40	2,192	22	25	26
Provision for income taxes	63	48	31	327	3	3	4
Net income	433	305	42	1,867	19	22	22
Earnings per share (Diluted)	0.53	0.45	18	2.30			
Tax Rate	12.9%	14%		14.9%			



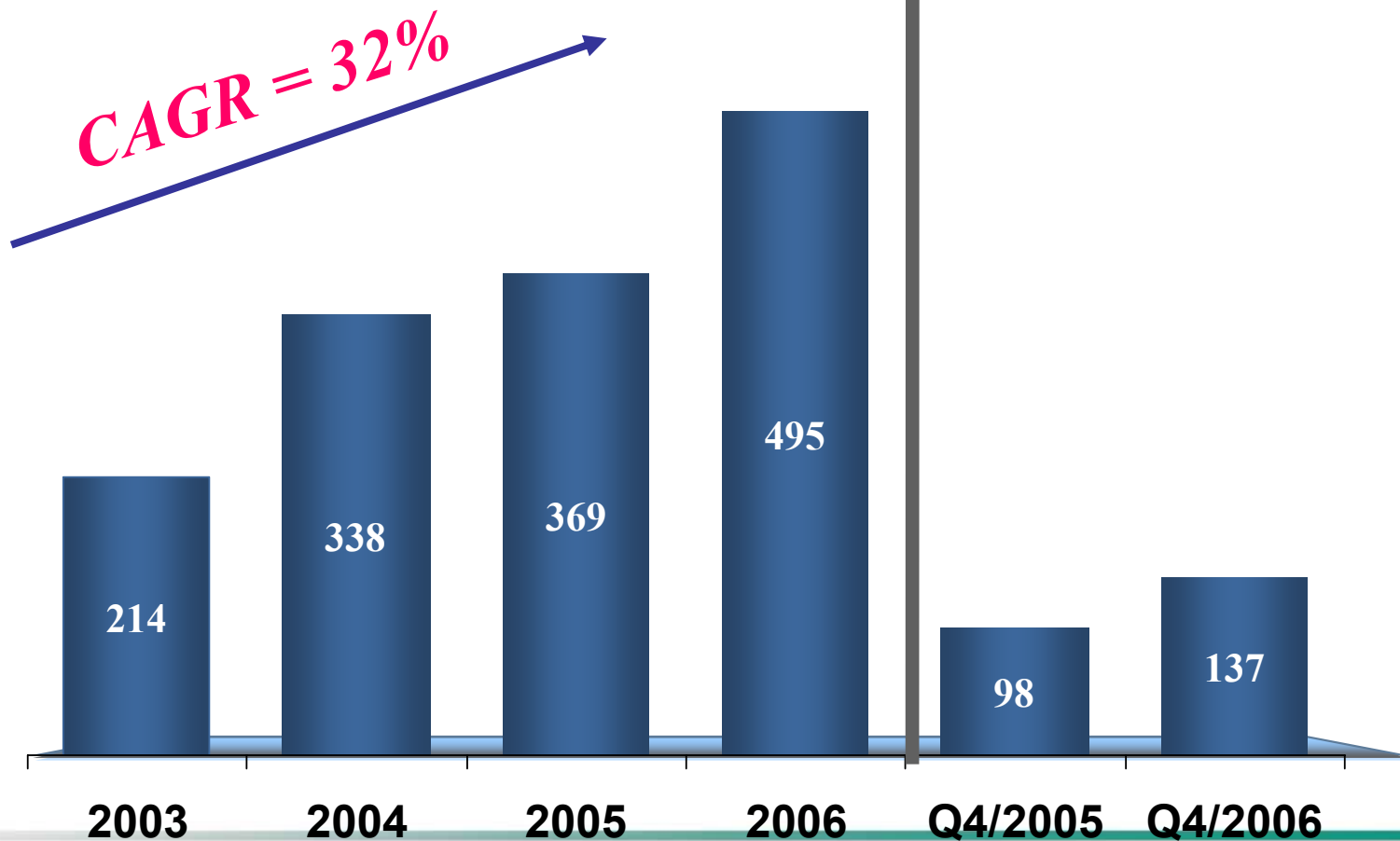
# 2006 – Consolidated Statements of Income – Adjusted

(\$ Millions)

	2006	2005	% Change	% of Sales	
				2006	2005
Sales	8,408	5,250	60	100	100
Gross profit	4,354	2,480	76	52	47
R&D – net	495	369	34	6	7
SG&A expenses	1,572	799	97	19	15
Operating income	2,287	1,312	74	27	25
Financial income/ (expense) net	(95)	(4)	-	1	1
Income before taxes	2,192	1,308	68	26	25
Provision for income taxes	327	236	39	4	4
Net income	1,867	1,072	74	22	20
Earnings per share (Diluted)	2.30	1.59	45		
Tax Rate	14.9%	18.1%			

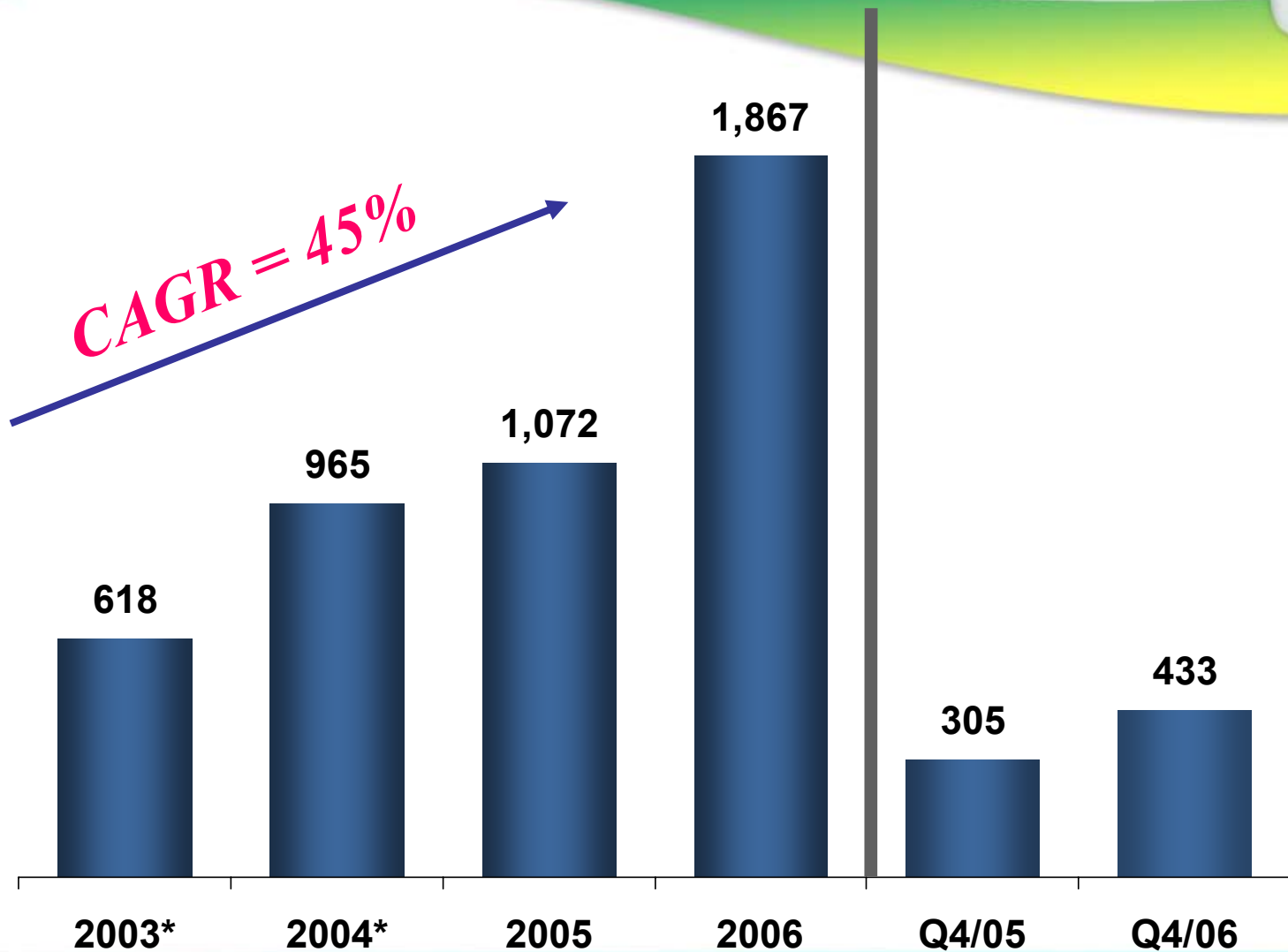


# Net R&D Expenses (\$ Millions)





# Net Income 2003-2006 (\$ Millions)



\* Before non-recurring expenses (income) after tax.

2003 - (\$73.2M) - 2004 - \$632.8M



# Q4 2006 – Cash Flow Highlights

(\$ Millions)

	Q4/06	Q3/06	Q2/06	Q1/06	Q4/05	Yr 2006	Yr 2005
Net Income (loss)	460	606	488	(1,009)	305	546	1,072
Income and expenses not involving cash flow	231	94	99	1,306	64	1,730	209
Changes in working capital	73	93	(375)	(9)	110	(218)	89
Cash flow from operating activities	765	793	212	288	259	2,058	1,370
Depreciation & Amortization	128	110	108	86	63	431	229
Acquisition of companies	5	2	24	3,556	10	3,587	10
Purchase of fixed assets (net of proceeds from sale)	131	96	91	72	83	390	310
Dividends*	59	58	57	55	38	229	162
Free cash flow**	576	658	66	162	138	1,463	901

\* Actually distributed

\*\* Net cash provided by operating activities less purchase of property, plant and equipment (net), and dividends paid

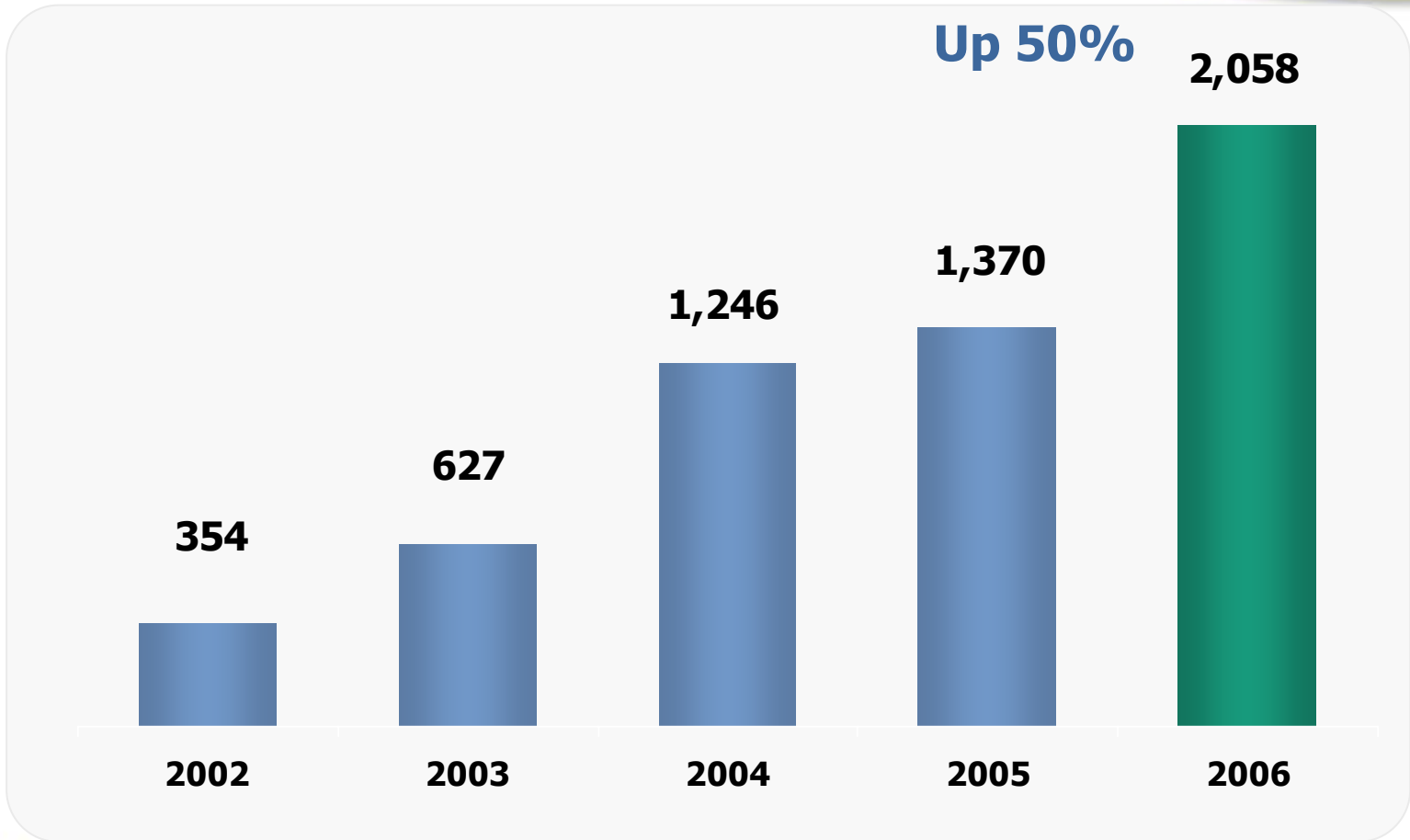
# Consolidated Balance Sheet

(\$ Millions)

	Dec. 31 2006	Dec. 31 2005	% Change	Sep. 30 2006
<b>CURRENT ASSETS</b>	7,640	5,505	39	7,242
<b>OF WHICH: INVENTORY</b>	1,878	1,114	69	1,868
<b>INVESTMENTS AND OTHER ASSETS</b>	613	424	45	805
<b>PROPERTY, PLANT &amp; EQUIPMENT-NET</b>	2,193	1,361	61	2,137
<b>INTANGIBLE ASSETS – NET</b>	10,025	3,097	224	9,822
<b>OF WHICH: GOODWILL</b>	8,038	2,462	226	7,850
<b>TOTAL ASSETS</b>	<b>20,471</b>	<b>10,387</b>	<b>97</b>	<b>20,006</b>
<b>CURRENT LIABILITIES</b>	4,071	2,260	80	3,944
<b>OF WHICH: SHORT TERM DEBT</b>	742	376	97	737
<b>LONG TERM LIABILITIES</b>	2,765	763	262	2,894
<b>MINORITY INTERESTS</b>	35	8	325	35
<b>CONVERTIBLE SENIOR DEBENTURES</b>	2,458	1,314	87	2,554
<b>SHAREHOLDERS' EQUITY</b>	11,142	6,042	84	10,579
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>20,471</b>	<b>10,387</b>	<b>97</b>	<b>20,006</b>

# 2002-2006 – Cash Flows from Operating Activities

(\$ Millions)



# Dividends

<b>Total for 2006 (NIS 1.42 /share)</b>	<b>\$ 247,000,000</b>
Q4/06 suggested dividend (NIS 0.40 /share)	\$ 72,000,000
Q3/06 suggested dividend (NIS 0.34 /share)	\$ 59,900,000
Q3/06 interim dividend (NIS 0.34 /share)	\$ 58,500,000
Q1/06 interim dividend (NIS 0.34 /share)	\$ 56,600,000
<b>Total for 2005 (NIS 1.24 /share)</b>	<b>\$174,200,000</b>
<b>Total for 2004 (NIS 0.975 /share)</b>	<b>\$133,500,000</b>
<b>Total for 2003 (NIS 0.72 /share)</b>	<b>\$88,200,000</b>



# Q4 2006 – Financial Strength

(\$ billions)

	Dec. 31 2006	Dec. 31 2005
Total Equity	11.14	6.04
Total Debt	5.33	2.15
of which:		
short-term	0.74	0.38
long-term	4.59*	1.77*
Leverage**	0.32	0.26

\* Includes both converts of \$1.4 bn and straight debt of \$1.5 mn issued on Q1/06

\*\* [DEBT/(Debt+Equity)]

# NASDAQ 100 Index

As of Feb. 2, 2007

1	MSFT	Microsoft Corporation	\$	296,781,587,400
2	CSCO	Cisco Systems, Inc.	\$	164,813,593,660
3	INTC	Intel Corporation	\$	122,412,180,000
4	GOOG	Google Inc.	\$	107,560,840,500
5	ORCL	Oracle Corporation	\$	90,273,767,220
6	AMGN	Amgen Inc.	\$	81,014,675,100
7	AAPL	Apple Computer, Inc.	\$	72,823,471,500
8	QCOM	QUALCOMM Incorporated	\$	61,458,446,070
9	CMCSA	Comcast Corporation	\$	58,931,690,390
10	ERIC	LM Ericsson Telephone Company	\$	55,024,751,338
11	DELL	Dell Inc.	\$	53,428,361,280
12	EBAY	eBay Inc.	\$	45,169,099,200
13	YHOO	Yahoo! Inc.	\$	39,133,471,860
14	GILD	Gilead Sciences, Inc.	\$	32,495,974,090
15	TEVA	Teva Pharmaceutical Industries Limited	\$	27,999,087,406
16	SHLD	Sears Holdings Corporation	\$	27,260,661,260
17	SBUX	Starbucks Corporation	\$	25,868,983,660
18	COST	Costco Wholesale Corporation	\$	25,334,107,140
19	AMAT	Applied Materials, Inc.	\$	25,236,503,160
20	RIMM	Research in Motion Limited	\$	24,540,221,660
21	SUNW	Sun Microsystems, Inc.	\$	23,334,676,170
22	ADBE	Adobe Systems Incorporated	\$	22,732,915,680
23	CELG	Celgene Corporation	\$	20,637,011,220
24	SPLS	Staples, Inc.	\$	19,113,616,400
25	GENZ	Genzyme Corporation	\$	17,327,467,520

\*Top 25 only Source: NASDAQ

# Teva & DJ – 1984- 2007







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