



TEVA PHARMACEUTICAL INDUSTRIES LTD.



# NASDAQ OMX & Oppenheimer 14<sup>th</sup> Annual Israeli Equities Conference

Eyal Desheh, Chief Financial Officer  
February 24, 2010

# Forward looking statements



TODAY'S PRESENTATION CONTAINS FORWARD-LOOKING STATEMENTS, INCLUDING, AMONG OTHER THINGS, REGARDING OUR EXPECTED PROFITABLE GROWTH, REVENUES, NET INCOME, THE DRIVERS AND CONTRIBUTORS OF THIS GROWTH, STRATEGY AND COMPETITIVE ADVANTAGES, WHICH EXPRESS THE CURRENT BELIEFS AND EXPECTATIONS OF MANAGEMENT. SUCH STATEMENTS ARE BASED ON MANAGEMENT'S CURRENT BELIEFS AND EXPECTATIONS AND INVOLVE A NUMBER OF KNOWN AND UNKNOWN RISKS AND UNCERTAINTIES THAT COULD CAUSE OUR 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 RISKS RELATING TO: OUR ABILITY TO 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®, 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").



## 2009 HIGHLIGHTS



## 2015 STRATEGY UPDATE



## 2009 HIGHLIGHTS



## 2015 STRATEGY UPDATE

# 2009 – strong results

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	2008*	2009*	Change
<b>Sales</b> \$m	11,085	13,899	+25%
<b>Operating income</b> \$m	2,856	3,853	+35%
<b>Net income</b> \$m	2,493	3,029	+22%
<b>EPS</b> \$	3.03	3.37	+11%
<b>Cash flow from operations</b> \$m	3,231	3,373	+4%

\* Net income, operating income and EPS are non GAAP results

# 2009 – an extraordinary year



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## Record Financial Results

Record sales  
Record profit levels: gross, operating and net

## Balance Business Model

Record sales in all geographies  
Record sales in all business lines

## Enhancing Branded Franchises

Copaxone<sup>®</sup> – solidify position as #1 MS treatment  
Azilect<sup>®</sup> – growing market share in Europe and U.S.  
Respiratory – ProAir<sup>™</sup> #1; Qvar<sup>®</sup> - #2 in U.S.

## Balance Sheet

Record operating cash flow of \$3.4  
Reduce debt by \$2.8 billion  
Financial leverage below pre-Barr level

# Excellent margins

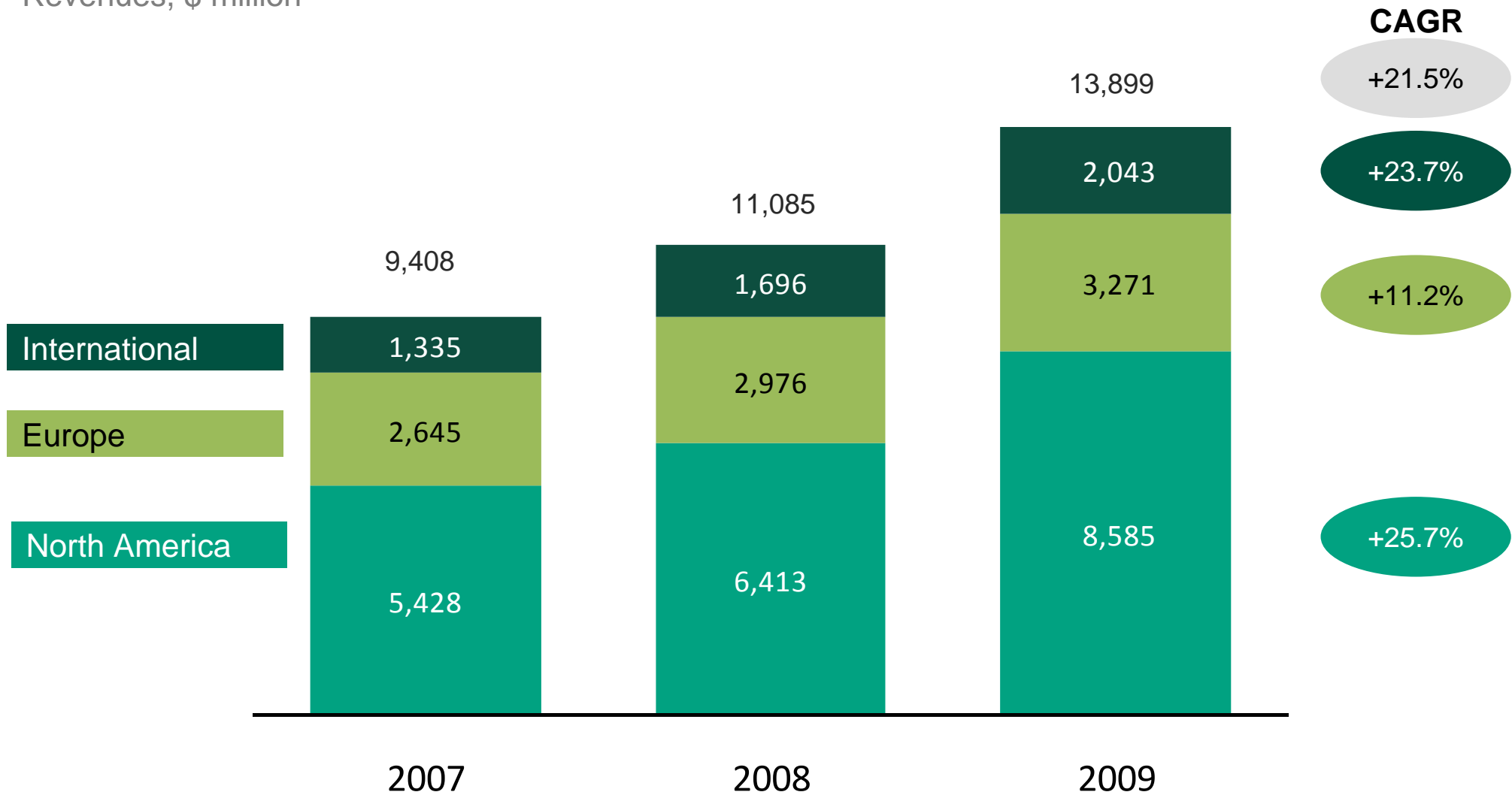


	2008*	2009*	Change
<b>Sales</b> \$m	11,085	13,899	+25%
<b>Operating income</b> \$m	2,856	3,853	+35%
<b>Net income</b> \$m	2,493	3,029	+22%
<b>Gross margin</b> %	55.3	58.4	
<b>Operating margin</b> %	25.8	27.7	
<b>Net margin</b> %	22.1	21.8	

\* Operating income, net income, gross margin, operating market and net margin are non GAAP results

# Continuous growth track record

Revenues, \$ million

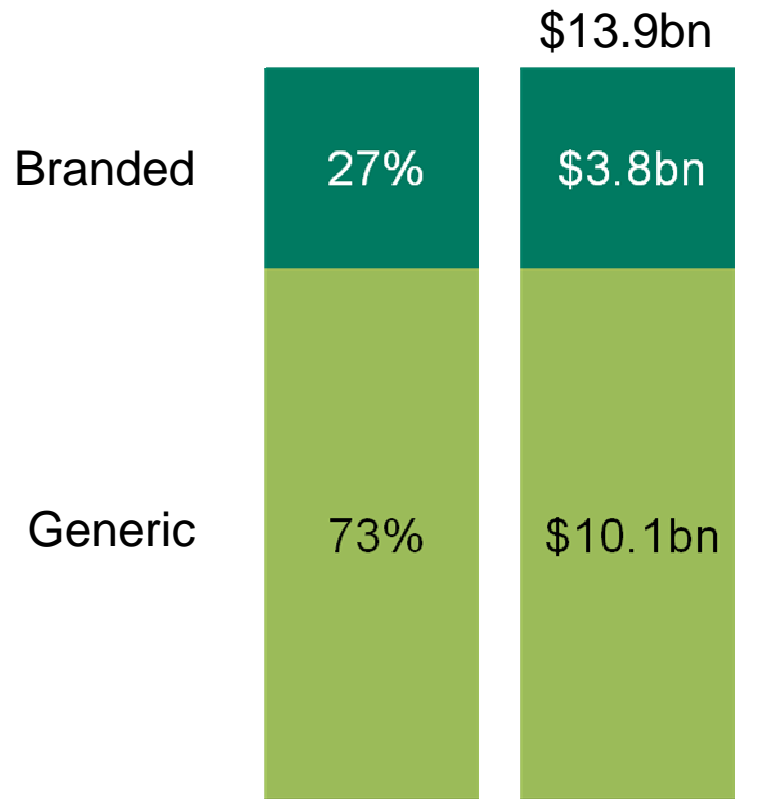




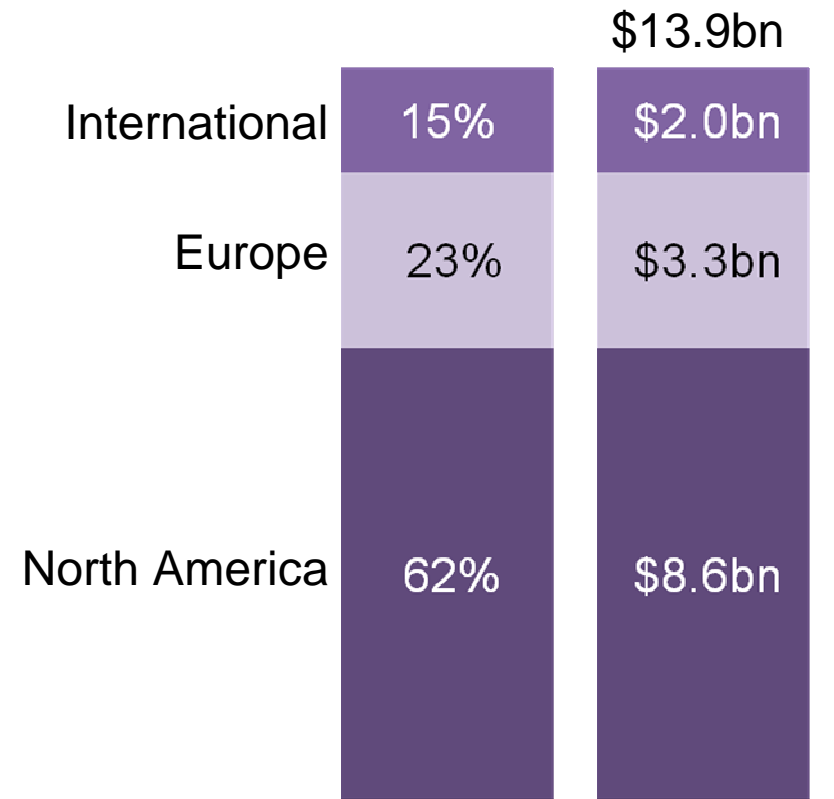
# 2009 – balanced business model



By business line



By geography



# Q4 2009 – exchange rate effect



\$ million

	Q4 2009	Q4 2008	Growth	FX effect	Real growth
Total sales	3,802	2,848	+33%	+98	+30%
Operating profit	1,049	746	+41%	+1	+40%
North America	2,324	1,727	+35%	+15	+34%
Europe	925	710	+30%	+75	+20%
International	553	411	+35%	+8	+33%

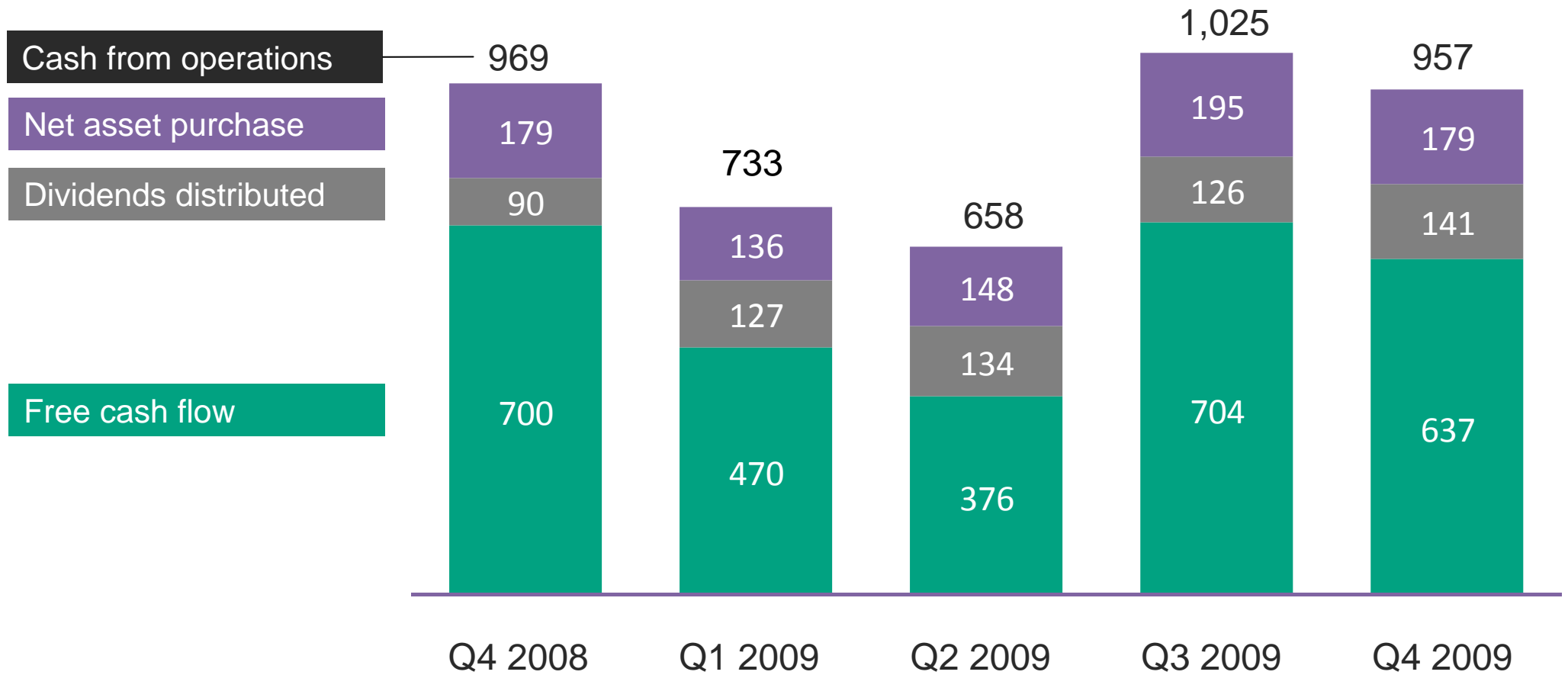
# 2009 – exchange rate effect

\$ million

	2009	2008	Growth	FX effect	Real growth
Total sales	13,899	11,085	+25%	-572	+31%
Operating profit	3,853	2,856	+35%	-37	+36%
North America	8,585	6,413	+34%	-24	+34%
Europe	3,271	2,976	+10%	-352	+22%
International	2,043	1,696	+20%	-196	+32%

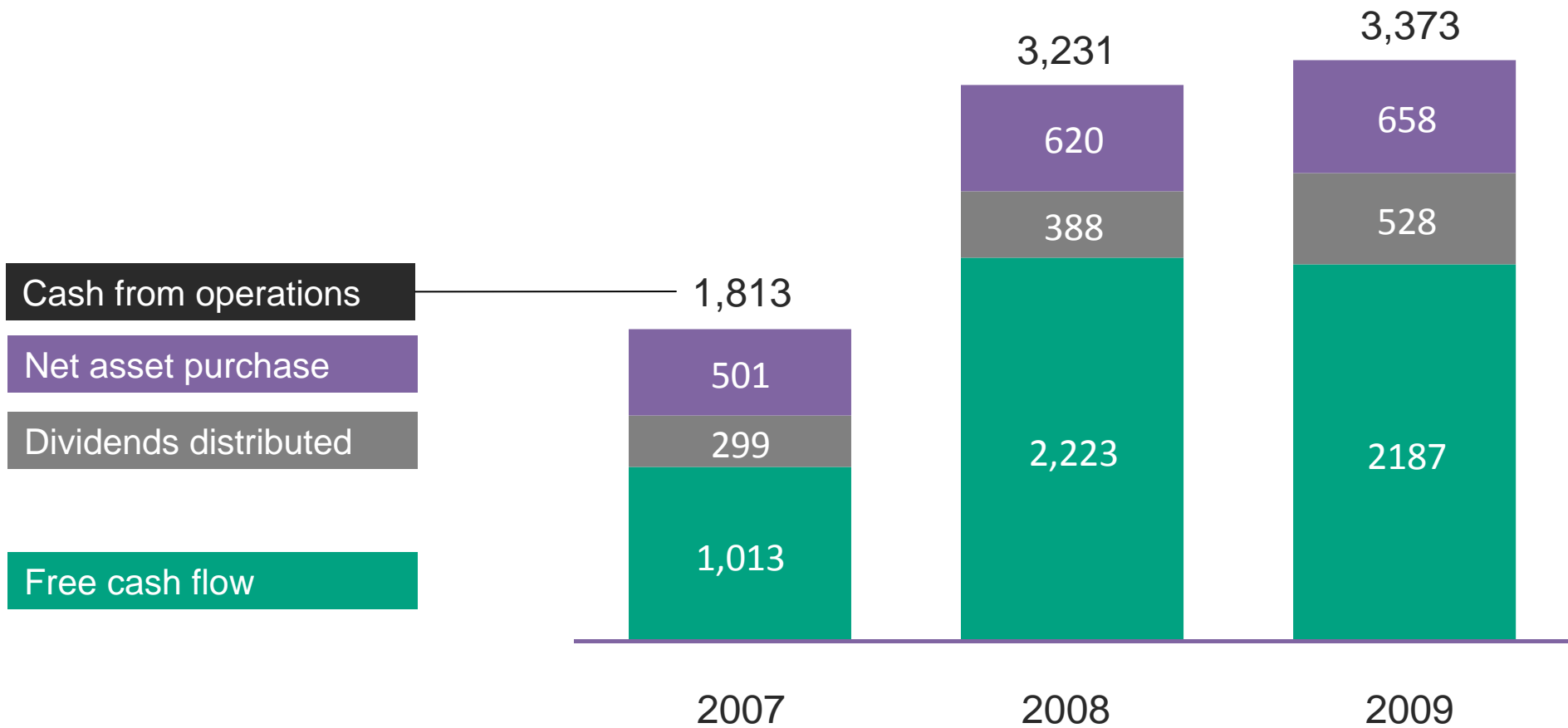
# Quarterly cash flow

\$ million



# Annual cash flow

\$ million



# Consolidated balance sheet

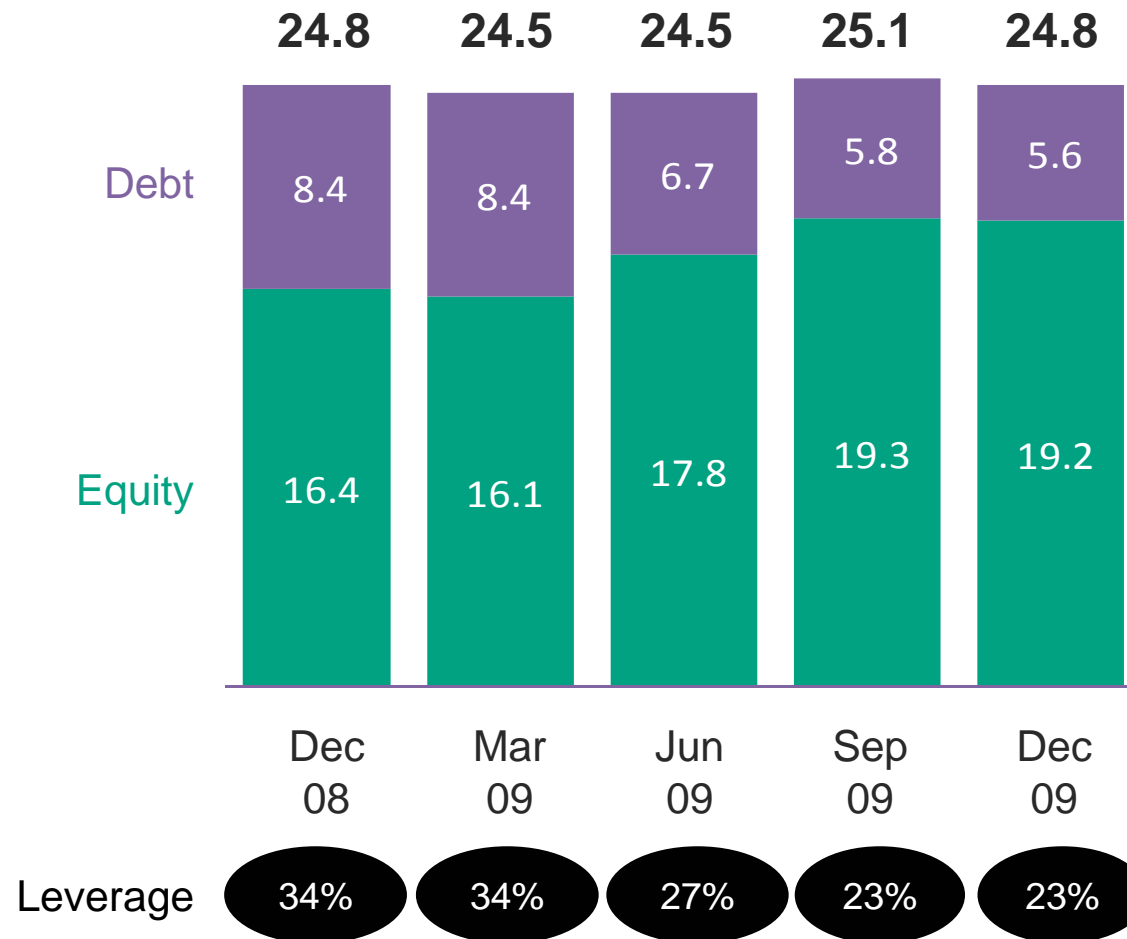
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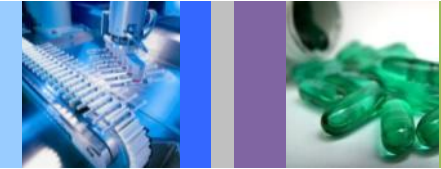
31 December, FY, \$bn

<b>ASSETS</b>	<b>2008</b>	<b>2009</b>	<b>LIABILITIES</b>	<b>2008</b>	<b>2009</b>
Cash & marketable securities	2.0	2.5	ST & LT financial debt	8.4	5.6
Inventories, A/R & other assets	9.5	9.9	SR&A, A/P & other accruals	5.6	6.3
Long-term assets	4.5	4.7	Long-term liabilities	2.5	2.6
Intangible assets	4.6	4.0	Total equity	16.4	19.3
Goodwill	12.3	12.7			
<b>Total assets</b>	<b>32.9</b>	<b>33.8</b>	<b>Total liabilities &amp; equity</b>	<b>32.9</b>	<b>33.8</b>

# Improved financial leverage

\$ bn





- Net sales around \$16 billion
- Non-GAAP EPS between \$4.40 – \$4.60
- Significant variance between Q1'2010 and rest of year



2009 HIGHLIGHTS

2015 STRATEGY UPDATE

# Targets for 2015

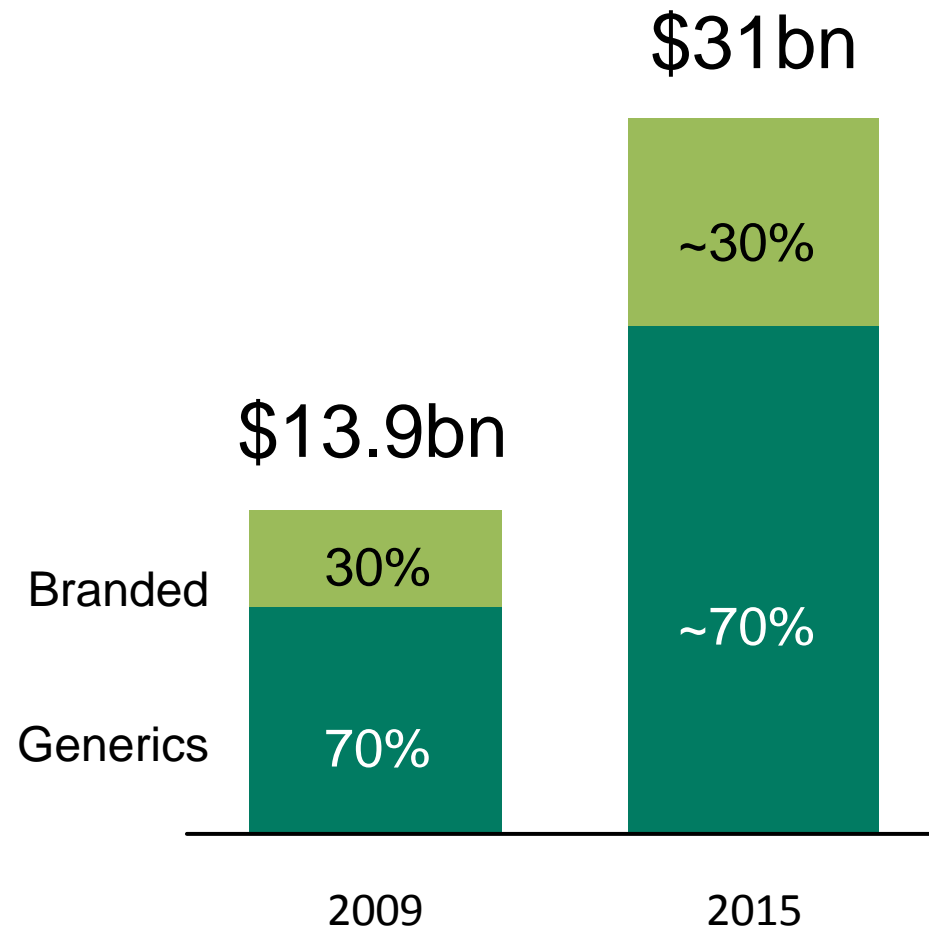


Revenues **\$31 bn**

Net income **\$6.8 bn**

Net profitability **22%**

# Maintaining Teva's mix of generics & branded



# Growth through market share



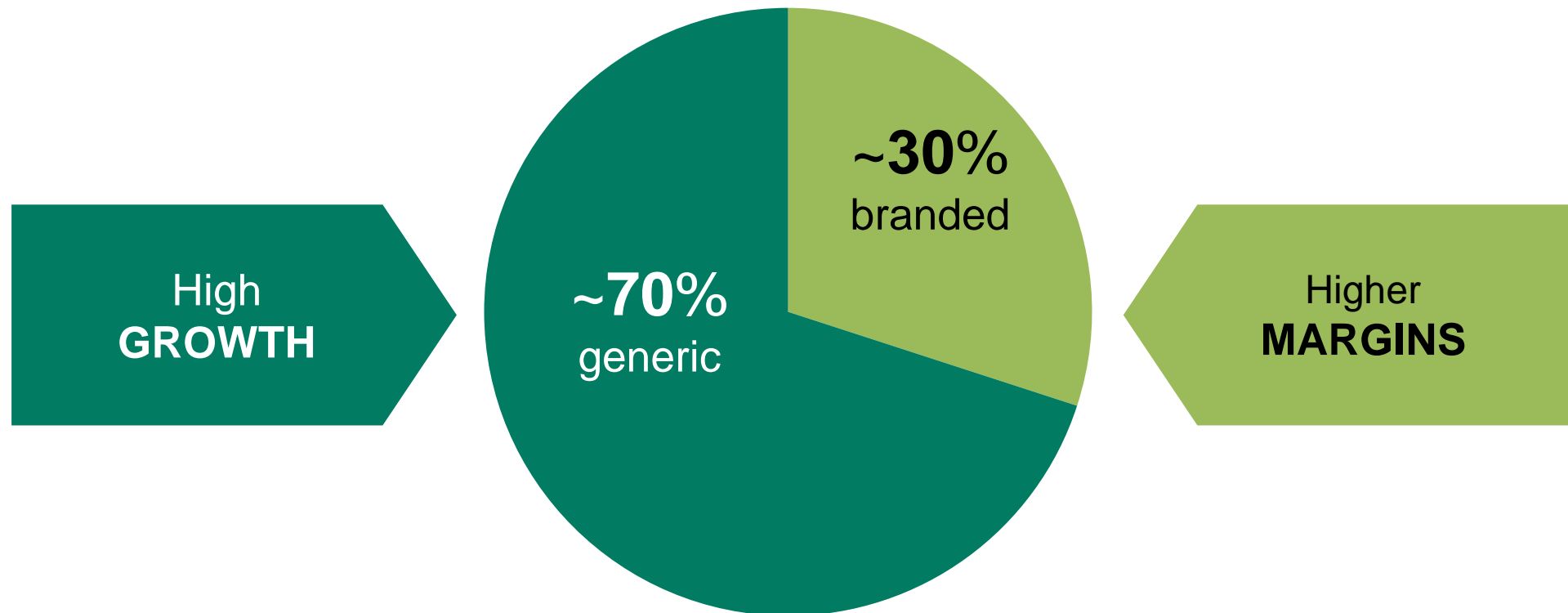
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	2015 sales targets	2009-2015 CAGR
North America	\$15bn	9.5%
Europe	\$9bn	18.6%
International	\$7bn	23.2%
<b>Total</b>	<b>\$31bn</b>	<b>14.3%</b>

# Balance between high-growth generics & higher-margin branded business



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**Diversity across:** BUSINESS UNITS, PRODUCTS, GEOGRAPHIES



Growth



High profitability



Sustainable,  
balanced  
business model



Financial  
strength

# Q&A