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TEVA.TA - Teva Pharmaceutical Industries Ltd to Host Generic Medicines Business Overview

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Co. provided an update on Global Generic Medicines business.

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PRESENTATION

Kevin Mannix - *Teva Pharmaceutical Industries Ltd. - Head of IR*

Good morning, everyone. My name is Kevin Mannix, and I'm the Head of Teva's Investor Relations. On behalf of the Teva management team, I'd like to welcome you to Teva's generic medicines overview.

We know this is a busy time of the year for all of you, so we appreciate your attendance and participation. A copy of today's slides can be found on our website at www.TevaPharm.com under the Investor Relations section, as well as on the Teva Investor Relations app.

Today, we will begin with some opening remarks from Teva's President and CEO, Erez Vigodman, before turning it over to Siggi Olafsson, Teva's Global Head of Generics. You'll hear presentations from Siggi and members of the generics leadership team for approximately 60 to 75 minutes. Siggi and his team will then take questions from the audience.

There will be a significant amount of material covered during the presentations, and while we appreciate that you may have questions unrelated to the generics business, we would ask that for the purpose of today, you please limit your questions only to the generic medicines. There will be additional opportunities throughout the year to address your other questions.

Finally, I'd like to remind everybody that comments made today are covered by the Safe Harbor statement, that can be found here on slide number 2 of the presentation. And with that, I'll now turn the stage over to our President and CEO, Erez Vigodman. Erez?

Erez Vigodman - *Teva Pharmaceutical Industries Ltd. - President & CEO*

Thank you, Kevin. Good morning, everyone. I'm delighted to be here to touch base with you face-to-face. That's an opportunity and a pleasure, and basically the focus of today's meeting is clear. What I want to do is to provide you with a broader context. And right at the outset, to recap of the progress we have made as a Company since the beginning of 2014, in a way that has been leading us to this moment.

We basically began the process in 2014 by solidifying the foundation of Teva across six key verticals: generics, specialty, cost reduction program, transforming our operation network, elevating the quality bar, and exercising strong pressure on cash flow generation. But at the same time, we were able to manage successfully the life cycle of Copaxone and Treanda. Once we put the Company on a solid footing, we took the offensive from a BD perspective, and through a series of strategically compelling BD deals, we have been accelerating the transformation of Teva in generics, and in specialty.

In generics, it is obviously a very different Company from where we were. The generic industry is one of the most attractive industries in the world. In terms of growth rates, growth prospects, profitability 25% EBITDA on average. Return to investors.

And also contribution to healthcare systems and societies across the globe. Just maybe to illustrate here the notion, the generic industry saves to the healthcare system in the US during the last decade $1.68 trillion. The contribution of Teva during the last decade, here to the US healthcare system was $215 billion. So that's one of the most attractive industries in the world, and Teva is ideally positioned to realize the opportunities that the global and US generic markets offer to us.

And by the same time, Teva is also positioned to mitigate the risks that emanate from the changes and discontinuities that this space has been undergoing. But at the same time, we changed profoundly the way we think, act, and live in specialty. We narrowed the focus to four key therapeutic areas where we have proven access, where we are positioned to claim leadership.

We basically focused on areas which today possess huge unmet needs, like movement disorders and neurodegenerative diseases, migraine and headache, pain, and respiratory. We have crafted winning competitive strategy for each one of those therapeutic areas that aim at creating the critical mass, the capabilities, and position us to claim leadership. In movement disorders and migraine and headache and basically are vacant spaces which possess huge unmet need.

In pain, we focus on responsible pain care, which is an emerging trend that will disrupt the current space. In respiratory, we are at the end of the life cycle of the current big inhalers that come off patent during the next number of years. We focus on what we believe are the areas that will drive up net revenues and profit in that space going forward. Severe asthma patients, connectivity, cystic fibrosis, and to a large extent also in everything that is connected with the connectivity.

So when you look at the measures that were conducted in generics and in specialty, Teva is positioned today to unlock significant value to its shareholders by continuing, improving and investing in each one of those areas. But the pharmaceutical industry is changing, and in the course of the next number of years, while we'll continue unlocking value from each one of those businesses on a standalone basis, we are also positioned to claim a space in the industry that will differentiate Teva, a space that is capitalizing on the capabilities we have together from specialty, and from generics. We believe that over time, the focus in the industry will shift from medicines only to broader unmet needs of patients, improving adherence and compliance, and eventually even focusing on prediction and prevention.

The capabilities that Teva brings from the two edges of the spectrum, the fact that Teva is serving today 200 million patients every day, with the largest cabinet of drugs in the world, with one of the largest, most competitive, fully integrated, operational networks in the industry, will enable us to put the right focus on proximity to our patients, on science-driven innovation, and also on other capabilities that are not confined to the drugs only, to claim for a unique space in our industry. Against this background, I would like to introduce Siggi Olafsson.

Siggi Olafsson - *Teva Pharmaceutical Industries Ltd. - President & CEO of Global Generic Medicines Group*

Good morning, everybody. Great to see you. And also to the people on the Webcast, welcome. This day has been long-coming. I've been waiting for this day for quite a few months, and finally we get together, and tell you the story about Teva generics.

It's quite a journey to go through 12 months of antitrust review. I don't recommend it to anyone. But the beauty of going through 12 months of antitrust review is, we really were ready for day one. We looked at every possibility, and when we had day one on August 2, approximately five weeks ago, things went very smoothly.

We didn't miss a beat with our customers. We didn't miss a beat in our IT systems. People got paid on time. So all the basics of the integrations were in place. So even though I don't recommend the 12 months preparation for integration, it clearly paid off when we finally got the companies together.

So what do we have here? We have I think one of the most amazing Companies in the world. Erez mentioned the balance between specialty and generics, but we will fully focus on the generics business itself.

Today, Teva's generics is about $14 billion to $15 billion revenue Company. We have in the generic section about 16,500 of the 59,000 employees. We have our own operation in 80 markets around the world, but we also sell our products in between 20 and 30 markets around the world through agents, where we don't have our own operations.

We are in the top 3 generic pharmaceutical Company in over 40 markets. And we offer 16,000 individual different products to patients around the world. Of course, there's no single market where we offer 16,000 products, but you will see in the presentation you will get from our team today, is really we cover such a large part of the patients' needs around the world, which is key to the success of Teva going forward.

We will talk a lot about the pipeline, how many ANDAs are pending at the FDA. You will get a lot of information on products, on dates, certain launches, on opportunities, on settlement, and things like that, but currently we have over 300 ANDAs on file with the FDA, and over 2,000 applications in the international market. In fact, it's closer to 2,500 applications.

We estimate that in 2017, we will launch approximately 1,500 products and this is the essence I've talked about before to our growth. I have said that this business should grow five percent per year and the formula I gave was, you need to launch products that give you about 10% growth per year because volume decline and price erosion in the generic industry, which I will talk about of course, takes away approximately 5% every year.

Over the last seven years, the generics pricing, and I'm talking about contract pricing, has gone down by approximately 50%. So to make up for that, and having a growing generic Company, we need to grow the pipeline by 10%, the revenue by 10% by year, with new product launches, but we can only do that by launching 1,500 products per year.

Last but not least, every year we will sell 120 billion dosages, 120 billion. It's nearly 20 tablets for every human being on this planet, only from Teva. So this is a big Company that we have built. It's a global Company. It has a pipeline to grow. It has an opportunity to be something you have never seen before.

This is my team. And part of the team will be on stage here today. You will hear from them. These are really the world's experts in their field. I have worked with these people for close to 15 years.

These are people from my old Company at Actavis and from Teva. I think they have had the harder job to work for me for 15 years. Really I think the experience of this group on average over 20 years of pharmaceutical experience that they bring to the table.

Andy Boyer is the head of the US. You will see him on stage. Dipankar, the head of Europe, was the head of Europe for Teva before. Erez Israeli, a long-term employee of Teva, heads the growth markets.

And with us in the room today, even though we will not have a special presentation on it is Valur Ragnarsson, the CEO of Medis. Has been the CEO of Medis for many years, and Medis, in fact, is the largest out-licensing operation in the world. Basically how Medis works is for many of the products that we develop for the international market, we don't only register and sell them under the Teva label, we also license them out to our competitors. And the thinking behind it is simply that we want to get the efficiency in the R&D and manufacturing, because at the end of the day, our competitors will get their hands on these dossiers.

So I don't see the problem. This is a sound business model, where we get the efficiency measures in manufacturing and in R&D, and at the same time, we supply our competitors around the world.

On the right-hand side of the strategic part, Hafrun Fridriksdottir is the head of R&D. She obviously will be on stage today. A world leader in this field, probably the best recognized R&D leader in the generic industry.

Dan Motto heads our business development and portfolio selection. And you will see today at the end of this presentation, how important portfolio selection is, because it's not enough to have the first-to-file and bring product at patent expiry. When you see the value later on of the products we have selected in the pipeline, you understand why we are excited about Teva today.

Edric is the head of biosimilars and we will briefly talk about biosimilars. I think that is a key ingredient in the strategy of Teva going forward. We have all the infrastructure to be a leader in this field. We obviously need to do more work to build up the pipeline. We understand that. We're committed to that.

Last but not least, Henriette Nielsen, we call her the Chief Transformational Officer, she makes sure that we are on our toes, always to improve the business, that we are doing the right things and we are doing the things right, that we think about what is best for Teva to synchronize the opportunities around the world. What is really the strategy for the generic business, what do we want to do next? That is Henrietta's role today and going forward.

So what's the lead table? Today, and this is after the divestiture we have to do to fulfill the requirements from the antitrust agencies, we have approximately 8% global share of generics. And for a market leader, that is a low number. We said that. We feel that there's an opportunity to grow this somewhat, but there's a big difference between the number one and number two. There is a big difference between us and the second tier.

But also what 8% gives you, what 80 countries around the world gives you, what 16,000 different products give you is a very broad commercial footprint, but also a pipeline that is second to none. It's a very enviable position that we're in. It is a key, and I will talk about it a little bit later, what is the key to success in the generic industry. It's about size sometimes, and I think we are at the right size as a generic Company when we have 8% market share.

But Erez talked about briefly why the generic industry is a good industry to be in. It's not only that we have saved $1.68 trillion over the last 10 years. It's not only that Teva contributed $215 billion of that over the last 10 years. But it's also a growing industry. There's no slackening in the industry. Every part, every region we are in is growing.

The US is estimated to grow approximately 5% now and that is more than ever before. That has to do with the new expensive products that are coming off patent. There is an opportunity to grow in the US.

In Europe and Japan, they're linked together because that's how we saw the data in IMS. Europe is growing just over 2%, close to 3% growth in Europe, but we are growing -- the Japanese market, due to the increased use of generics in Japan, is growing double digits. So overall, it's growing 6% on a weighted basis between Europe and Japan.

The growth markets have a name for itself, because these are the markets that on average are estimated to grow 10% CAGR. And last but not least, we are not there today, but there could be an opportunity going forward to enter China. The estimation is that the Chinese generic market will grow approximately 9%.

So this is really an amazing industry to be in. I've been in this now for 23 years. I think where I stand today, this is -- we are really at a great point in time. The increased utilization, there's more products coming off patent.

The capability of tackling generics that maybe even five years ago nobody thought we could develop, we get to more patients around the world. Erez mentioned 200 million patients that we touch every day of the year. It's a very enviable situation. But not only that.

You have seen this slide many times before. But this is the reason for the growth of the previous slide. Government is struggling with increased healthcare costs, and really the generics are the key to the solution. They are really not the problem.

There is no inflation in the generic pricing, which I will talk about. There's an aging population. People are living longer. They're healthier. There's a prevention treatment.

There's also an increased diagnostic. People are being treated for a longer time. Many of the diseases that could be morbid or mortality before, people live with these diseases. They're now chronic diseases for a long time.

And also for the growth markets, there's a changing landscape of the middle class. There's a request from patients around the world to get the best treatment. I think what Teva can offer is the best treatment.

The portfolio, the quality, the R&D that we offer, we are seeing, we're being called on by governmental officials around the world, if we can help them, to improve the treatment and get to the patients in the countries. Because people today know what's available around the world, and their request is to get the best treatment to the diseases at any point in time, in high quality and at affordable price.

So what is the secret sauce? It's not very complex. This has been the same winning formula I have talked about many, many times. Really to be top three in the market is so important.

You have the opportunity of growing the market. You understand it. You attract the best talent. You have the best employees in your team. You really have the opportunity of launching on time.

The customers come to you for help. You're available. You have a flexible supply chain. So when we talk about top three position in more than 40 markets, this is one of the key ingredients.

R&D. We have the best R&D in the world. I have no doubt about it. It's the best pipeline and best R&D function in the world.

You will see, and I'm absolutely sure at the end of this presentation, you'll understand what this excitement is about. You will see a pipeline here that no other Company has ever shown before and you will get comfortable around why we foresee this growth in the business going forward, but a key to success is the right investment in R&D that allows you to grow the business going forward.

And last but not least, you need to have the best operational network. What do we mean by the best operational network? We need to have the capacity to grow. We need to have the right cost structure.

We need to have the technical capabilities of manufacturing different types of products. It's not all immediate release tablets. We are talking about slow release injectibles, we're talking about devices, we're talking about vaginal rings, we're talking about transdermal patches. We need to be able to take this on.

If we think about the opportunity in our manufacturing network, on one hand, we want to be able to compete in commodity generics. We have an infrastructure and cost structure, we don't want to be in every molecule. There's no need to be there.

But where there's a need in the market, and where there's an opportunity, we want to be able to compete in the commodity simple generics. And on the other hand, we want to be able to deliver the most complex generic medicines to the market at affordable price. And then there's everything in between. And this is how our manufacturing network is built up.

We have the right infrastructure to be able to compete on commodities, but we have the right infrastructure, we have the right opportunity for the most complex products in the world. High quality, because quality is number one, two and three in our manufacturing network. And the key part of the integration is to maintain the quality throughout the network.

So these are the three things. The commercial breadth, size in the market, the pipeline and R&D, and the operational network that can deliver a high quality product on time.

So this, in one slide, we tried to explain where are we in the value chain, what is Teva bringing to the table? On the left-hand side, you see TAPI. TAPI, in fact is the largest API producer in the world. It's part of Teva and has a great opportunity, both to be backward integrated, but secondly, it has a benefit to our R&D.

It will be, going forward, one of the success factors that allows us to be first-to-file on products. It's not only -- we have 19 API manufacturing plants around the world, and really this business has been transformed over the last two years, really impressive business, but for the generic part of the business, this is a key strategic ingredient.

We then have in R&D which you will get a full presentation on, both development sites around the world. We have 26 development sites around the world, close to 3,000 employees. But not only that, we have the most amazing CRO, clinical research organization. Over 600 beds, five clinical sites in India, and one clinical site in the US. And really, this flexibility and Hafrun will take you through it, this flexibility is one of our ingredients, why we are a successful organization.

Also, we control our quality. The quality of the clinical studies are more and more important, and you've seen that over the last two to three years. Many times the quality of the CROs have come into question. Controlling this yourself is an important part of the picture.

We then in operation, we have 68 finished dose manufacturing plants in 35 markets, so it's a global manufacturing network. Each manufacturing plant has a role. Some of them have the role of doing low-cost commodities, high quality, low-cost commodities. Others have the role of being the global source of transdermal patches.

So each plant, even though 68 sounds like a big number and it really is a big number, no question about it, each plant in the network has a role. So when I show you the world map and where we are, we really have it down to the details on what each plant delivers for the patients around the world.

But not only the manufacturing, it's the supply chain. It's our customers today, they don't accept that we are in the low 90%s in service level. They are requesting from us that we are -- they would ask for 100% service level, but in the high 90%s in service level, and that is our goal. To work with our customers, to be the source for our customers that they can call us up when others don't have the products, that they can call Teva, and we can help them to have the product available for the patients.

On the commercial side, we have four commercial functions, North America which includes Canada and the US, Europe, growth markets, and Medis, which I explained to you before, the out-licensing function. Last but not least, we announced recently the acquisition of Anda. Anda is taking us one step forward on this journey. We think with Anda, we can be a better support to our customers.

This is a small, this is the fourth-largest distributor and far from being in a way a competitor to the big three but it gives us the flexibility of being a better service to our customers. The independent pharmacies in the US, what can we do to help them to have better access to the Teva medicines. Anda will play a critical role, and maybe even going forward we will explore how we can take it forward not only in the generic part, but maybe on the specialty side, opportunity to work with patients through Anda and all the things that we are exploring.

So this is Teva in essence, covering everything from the API, now to the wholesaler through Anda. By the way, our estimation, as we said that we close the Anda transaction approximately 60 days after announcement. So sometime hopefully in October. We don't expect to wait 12 months for antitrust approval for that transaction.

So how is the business? So you saw that revenue of the generic was about $14 billion to $15 billion. Approximately just under half of it is the North America business. Approximately just under 30% is the European business, including Medis. So because the Medis business is mostly in Europe, we counted it in the European pie here. And just under a quarter is the growth market business.

But you have a very balanced revenue. It's a real global Company. I know most of our investors, they only ask me questions about the US, and clearly US is a very important part of this. But going forward, both Europe, and especially growth markets, will be the growth driver for this company.

This is where more and more opportunities are coming through. In Eastern Europe, more usage of generics is coming through. Russia, obviously a big market, which we'll talk about a little later. But also Latin America, Japan, Asia, these are markets which will be growing going forward.

If we look at on the next slide, this is a look at where we saw the synergies between the two. So the blue column is the Teva portfolio, and the green is what we -- what was the Actavis portfolio. On the first five businesses, the US, Canada, Russia, UK and Medis, there was an incremental benefit to the overall portfolio and revenue. You see this in numbers of volume here.

But really, you could see that there was a significant increase in the volume in the US, same in Canada. UK, and this is estimation after the divestiture that we have to do, so these are the Teva numbers going forward. And Medis, there was -- obviously the Medis business came from Actavis, but Teva had a small third party outlicensing business, which you will see in blue.

The next five columns explains, this purely came from Actavis. So we entered Thailand, this was an acquisition that Actavis did in 2014 of Silom in Thailand. It's really a top three Company in the Thai market, and an opportunity going forward.

Same in Singapore, really there was a strong presence in Singapore. You see Korea. Brazil, obviously Teva has a bigger business in Brazil on the specialty side, but this highlights only the generic business in Brazil. So Actavis contributed a lot of new generic product to the Brazil business, and Vietnam is another example.

And then there were some markets where really we didn't get any big overlap. Actavis had sold their Western European business before we acquired it. So what we got there was a refreshed pipeline.

We got enormous pipeline that came from Actavis. You can see in Germany, France, Italy, Spain and then secondly on Japan, we really what we got with the acquisition was a pipeline, and Dipankar will show you how much coverage we have over the next five years of the pipeline, that we have in place in Europe today.

So what's the strategy for the market? US, simple. We are and will be the leaders in first-to-file. We want to have the flexibility with our operation and R&D resources to continue to be the leaders.

We want to be known, to be able to deliver complex products, but not only that as I mentioned, we want to be able to deliver commodities, products at a good price to the market, if the market needs it. As I said before, we don't need to be in every product, but we want to offer the breadth of the portfolio that we have in place.

In Europe, we want to leverage the infrastructure we have. It's an amazing infrastructure. We're top three in 26 markets in Europe. We have a pipeline like nobody else.

It's very impressive business, and there are significant synergies with the specialty business, because in every market we run it as one business unit. There's no separate specialty or generics or OTC in the market. There's only one Teva. One general manager, and there's significant synergies when you're selling a branded respiratory product, when you bring the generics to the table at the same time.

And in the growth market, we are building on what we have, the key countries. We are in key countries. We still are looking. There might be some inorganic move we might do in the growth markets, because we are relatively small in markets where we think we can outgrow the overall market, but we want to leverage the specialty and the generic business in these markets.

It's important. They're looking for specialty. They're looking for OTC. They're looking for branded generics, and in some instances, on INN generics. But we can play in any business model we need.

Briefly about OTC. I think OTC is a very interesting business. The overall OTC market is growing approximately 6%.

And today, we are playing in the key categories of OTC, under the PGT joint venture. This is the joint venture we have with P&G. Since 2011, we are strongly playing in cough and cold under the Vicks label and in the vitamins and mineral under Swisse.

This is a joint venture we have around Europe. It's not in the US. But also, what we have built into that joint venture is what we call Company branded generics. So basically, it's a line of OTC products that are promoted under the Teva brand, or in Germany, under the ratiopharm brand.

So if you go into a German pharmacy, you will see shelves with the ratiopharm logo which all different types of OTCs from Teva, and if you go into a pharmacy in Russia, you will see the same under the Teva label. So we have the opportunity of branding in the joint venture.

The next bucket is basically what we call regional brands. So part of the Actavis acquisition, we caught approximately $200 million to $300 million revenue of OTC portfolio around mainly in Europe, and we are not -- we agreed with P&G not to put this into the joint venture now. I think that was the right decision.

We want to integrate this into the business, get a handle on the pipeline, and the R&D. The decision, this will be now captured fully in the Teva business. There's still a synergy with a joint venture. We will have one sales force as a front to the customers. But this was the right decision for the Company, and allows us to integrate it better into the Teva business.

We have well-known brands. Sudocrem is probably the best-known brand for diaper rash in the world. I didn't know this was needed, but this is a very well-known brand in that indication.

But also one of the biggest OTC brands in Russia, Troxevasn or Troxevan, which is the brand is part of this portfolio that came from Actavis. So this will be key to the Teva strategy going forward. And we see synergies between the generic business, the specialty business, and the OTC business, even more now by having this business.

Last but not least, US, we haven't been playing in the US OTC business up until now. I think there's an opportunity. This is obviously a fast-growing business. It's mainly under private label, so private label of the CVS, the Walgreens and the Rite-Aids of this world, or Walmart.

We/they had been playing there, this came from Actavis. Also, we are the supplier of one of the bigger OTC products in the Perrigo portfolio, the Mucinex. This is one of the hardest generic drugs to develop.

I think this is just one example of where there's a synergy between the generic development and the OTC. We brought this to the market. This was the first generic brought to the market.

But last but not least, we now have first-to-file on two of the biggest OTC products in the US, which is Nexium OTC, and obviously Nicoderm CQ. So, we are working on our strategy, what we want to do. It's more around private label, but I personally believe this is a strategic advantage we have. Because the synergies with R&D, with commercial, but also with R&D are so astonishing when you look at it closer.

So, biosimilars. Today, we have one of the largest revenue of biosimilars in the world. You see our brands on the right-hand side. But these are mainly wave one brands.

We are approximately $300 million to $400 million of revenue of biosimilars. We obviously were one of the leaders in EPO around the world, and Granix, I have talked to many of you about Granix, Granix is a US product competing with Neupogen in the US, where we tested the system in the US, how to market biosimilars.

We have a gap in our pipeline. We don't have enough products in wave two. We are working very hard to find partnerships, in-licensing, business development around the wave two pipeline. We have one wave two product in our development pipeline ourselves, but for others, we are looking for partnership.

And then in wave three we already have four products in development, which we will have enough time to develop ourselves. We are going to add to these products. So we have a great R&D capability in-house.

The challenge we have is the gap we have from now up until about 2021. These are the years we need to cover with some kind of cooperation, collaboration, business development with partners, because we simply don't have the time to develop that fully ourselves. But for the product in the outer years, we have a full capability ourselves to develop it.

We have one of the best biosimilars development teams in the world and they're within the specialty development. They're doing great. They know the things.

Not only that, this comes back to the synergies between the novel biologics, like our anti-CGRP products which we are developing on one hand, and the biosimilars. This is the expertise we have built, not only in R&D, but also in manufacturing, quality, regulatory affairs, IP. There are significant synergies across the R&D.

That takes you to the left-hand side of the slide. Not only in R&D and manufacturing, but also commercially, there are significant synergies there. Because in the US, at least to begin with, biosimilars will be sold with a branded sales force. Maybe not the same size as novel biologics, but still, there will be no interchangeability for some period of time.

In Europe, it's different. It's very often a tender business, and we don't need the same. This is why the Teva business model of generics and specialty business in between is the ideal place for biosimilars, and we think very highly of that. We really think we could be one of the leading players in this field going forward.

Just a quick teaser on the R&D. I've been speaking so much about what we have, but just to give you a few numbers, we have over 2,000 new filings globally in 2015. In fact, it was closer to 2,500. This is the essence.

People say to me, when I talk about 1,500 launches in 2017, the key ingredient in that is you have to file as many products as you launch. They don't multiply in the regulatory agency. So over 2,000 new filings, which obviously speaks highly for two years from now, from three years from now, when these products come to the market.

Active development programs that we haven't filed with any regulatory agencies, we have over 500, probably between 500 and 600 active development programs. Of the first-to-files that the FDA has published, as of today, the FDA has published 27 first-to-files. Teva has 13 of the 27. And this is in the time where we were doing integration on both sides, both in Teva and in the Actavis generics.

People said, there will be a disruption; they won't focus on the job at hand. But at the same time we were preparing for the integration, Actavis and Teva, and now the new Teva have 13 out of the 27. You will see more details around in Dan's and Hafrun's presentation.

And last but not least, I mentioned the CRO and the 600 beds we talked about. This CRO dosed a new clinical study every day of the year, last year, last 12 months. So over 300 clinical studies were dosed in our own CRO. And that speaks highly about the opportunity.

There's also a synergy with our specialty business, because these are Phase I studies. These are not only bioequivalent Studies, these are Phase I studies that we're dosing. So one part of the synergies that we haven't in a way talked about or captured is the CRO that we have.

So manufacturing network, quickly, you can see, it's everywhere. In total, 68 pharma sites or finished dose sites. 19 API sites covering 36 countries around the world. Each plant has a role.

It's a very impressive network, and I have to say with Carlo and his leadership team is second to none. What they have done to this network over the last three years is amazing. And also, the close collaboration between the commercial, R&D, and operation is so important, because at the end of the day, it's all about servicing our customers, and there is a full understanding of that, and we have seen that from the team and operation. Impressive network, very complex, but each plant has a role in the overall Teva business.

So I couldn't conclude the presentation without talking about pricing. So first of all, nothing big has changed. We can all breathe in and breathe out.

I think what I want to highlight is there will always be cycling of the pricing of generics. I have in my career, 23 years, never seen a real inflation. I mentioned to some of you before, I have been in the market where price declines was approximately 1% to 2%, probably 2%, and I've been in the market in 2006 and 2007 when the price decline was 7%, 8%. And then it's everything in between.

So far, what we saw in the end of second quarter was approximately 4% in the US and 5% global. So, there will be a fluctuation, and obviously, it will affect every generic Company. But the message I want you to take from this slide is with our business, with the size of our portfolio, with the flexibility of our manufacturing network, with the industry-leading position in the market, we are more shielded towards the prices up and down.

Let me give you examples. If there is a price pressure on opioids, some of our competitors are badly hit, and we have seen that. If there's a price pressure on dermatology, some of our competitors will show that in the numbers. But when we are close to 400 products on the market, any single price pressure that we see doesn't affect Teva in the same way as our competitors in the market.

You need to think about it differently. Size really matters in this business. Because it's not only what that we want to work with our customers, the customers really want to work with us. Because we are also the safety band for them. If some of our competitors fail to deliver the product, we are happy to step in to help them.

So this is a relationship driven, price pressure. But we need to keep in mind that there will always be a price pressure in the US. It's nothing new.

There will be a movement up and down. I don't know exactly what it will be two years from now, but overall, the swing has been from 2% to 7% Overall with the business we have in hand, we have a better isolation from one-offs happening.

The last point here is on the left-hand side, chasing market share will cost you money. And with the size we have today, that's not our business model. We might do it short-term but really when you have the market share that we have today, we want to run the Company for the bottom line, to maximize the value to our shareholders, and also to offer the high quality, low cost alternatives that generics are to the patients.

But not only that. This affects pricing. So remember that the FDA has been as part of GDUFA, been talking about generics. First generics are public health priorities, came from the FDA, public health priorities, with a goal of approving them in 15 months.

On the right-hand side, you see the pending ANDAs at the FDA. Approximately one-third of them are first-to-file. And approximately just over one-third is a first wave, basically where we will enter, usually on day 181. So we are really in the forefront, with about 70% of our portfolio that's pending at the FDA.

So when I'm asked by investors, will your pricing pressure not increase when the FDA will pick up the pace and approve more ANDAs, I really don't think so. Because I feel with the portfolio that we have, we are in a better position of getting proportionally more ANDAs approved than our competitors.

So I'm all for the GDUFA. I'd really like the FDA to pick up the pace. You've seen in the latest numbers the average approval time has improved from 42 months to 38 months. The backlog at the FDA is still over 3,000 applications.

The total ANDAs at the FDA is over 4,000. So they still have a lot of work to do, when on average, they're approving between approximately 700 applications per year. So there's still a long way to go to take off the tail, but we are especially well-positioned with our portfolio to deal with that going forward, and we think we benefit from it.

So with that, I want to introduce my colleague, Andy Boyer, who will tell you about the US business.

Andy Boyer - *Teva Pharmaceutical Industries Ltd. - Head of North America Generics*

Thanks, Siggi. Good morning everybody. Name is Andy Boyer, Head of North America. And I am new, as you saw in Siggi's slide, to the Teva organization. But to be fair, over the last 52 weeks or more, during our engagement leading up to the transaction, we have spent a lot of time together.

And what you look at in this organization is a tremendous amount of impactful people. In my 25 years in the generic industry, I have not seen a more collaborative, open minded, or talented organization in the industry. It's an exciting time to be a part of Teva, and I look forward to creating value with my peers and their teams.

So with that, let's look at North America. The North America market is growing at about 5% year over year. More importantly, it's the biggest market in the world. It's about $80 billion, and it continues to generic erosion but more importantly, almost $4 out of every $10 retail dollars globally are being spent in North America. $4 out of $10.

Let's talk about Teva. We represent, as Siggi said, about 50% of our total generic revenue. We have over 300 products in the pipeline, over 100 of those are first-to-file. We have an 18% market share in the US. By far and away, we are the number one Company in the US, and the number one Company in Canada, in the number one market in the world.

But being number one in size is only part of the equation. What does it mean to our customers? We have the largest in-house product portfolio. And I think the main thing to understand is, is that we can today service up to 75% of the dollars that a retail store would utilize in the US. 75% coverage of a retail store.

Also, we have the best pipeline in the industry. As said, 300-plus products, 100-plus first-to-files, but there's more to it than that. What is the importance of that pipeline is we are strategically aligned with our customers.

If you look at where our customers make their most money, it's being first to market when they first launch a product, or when we are last to exit, and there's still value in the product. So we are strategically aligned with all of our key customers in our pipeline to create value.

And then lastly, as was mentioned, you talk about the agility and flexibility of our operations network, and being able to take advantage of opportunities in the marketplace at competitive price. We are the best, best organization in the industry to navigate long term, and create long-term value within the generics.

Let's talk a little about customers. Our top four customers represent greater than 85% of the market. Walgreens Boots Alliance Development is a combination of Walgreens, ABC, AmerisourceBergen, purchasing out of Switzerland. We have Red Oak Sourcing, which is a combination of CVS Caremark and Cardinal, which purchases out of Massachusetts. We have Econdisc, which is a combination of Express Scripts, Kroger, and Albertsons, purchasing out of Missouri. And then lastly the newest announcement, which is the combination of McKesson and Walmart, which will be procuring products out of London.

Yes, there has been consolidation, but we are strategically aligned and already communicating with these companies, as we bring the two organizations together. If you look at operational administrative efficiencies, big to big provides a value to all of these companies. Less transactions. It's a lot easier to do business with Teva, than it would be to business with 10 of our peers in order to take and run the business.

Same thing for administrative burdens, as well. We are strategically and operationally aligned, like no other Company, in the industry with our customers.

Not to mention that we are a global organization, and we have global operations in almost every market that most of these companies participate in. So we're looking at it not just from a US, North America, Canada standpoint, but also globally, we are strategically and operationally aligned with our most important customers.

What else is changing besides consolidation in the generic marketplace? We continue to see supply chain disruptions. The FDA continues to scrutinize both finished dosage and API facilities. That is a competitive strength for Teva.

We have the agility and flexibility, as Siggi mentioned as well, to take on these new opportunities. And that is going to be critical, the fact that we have a competitive cost of goods and now flexibility, that will allow us to grow our share, even when we weren't expecting it through the supply constraints.

Next is GDUFA. Also Siggi mentioned a little bit about that. Yes, the backlog has gotten smaller, and yes, the shortening of the time line is getting better and better. We are the best positioned organization in the industry. We get to take the R&D strength that we have, and drive that through those GDUFA changes and bring all those products that are sitting out there to the market, that can create value for not just us, but for also our customers.

And then lastly, price erosion. It's nothing new. When you've got a diversified product portfolio, in line, and you've got a diversified pipeline, you've got high barrier, low barrier products, you've got first to markets. You've got multi-source. There is no other organization in this industry that can manage long-term value, even with price erosion, that exists in the market.

A little kudos to my colleagues. Dan and Hafrun and their teams, and what they've been able to accomplish over the last few years. If you look at our -- if you look at what we're commercializing, we will commercialize one to two products every single week in 2017. One to two products. That is twice as many products as we commercialized just a few short years ago in 2013.

A tremendous, tremendous opportunity for us. We thank them for it, and more importantly, we look at the fact that in 2015, they have another 65 ANDA applications, or just applications. And to be fair, that's not coming in 2017. That is our growth engine for 2018 and 2019, and their successes in the first half of 2016 are for 2018 and 2019 and beyond. A tremendous effort by that organization, and we appreciate it.

So let's sum up what's going on in North America. Number one, we are combining the two best talented cross-functional organizations in the industry. We have the foundation, we have the ingredients, we have the collaboration, in order to be successful and create value long term. We have the broadest in-line product portfolio, capturing up to 75% just in the US of retail value, something that our customers drastically need. And the best pipeline in the industry as well.

We are strategically aligned with our customers, both with products to create value, and with operational efficiencies. We have a proven track record to maximize the value of assets, and to launch new products. So when you put all of that together, we are the best-positioned organization in the industry to take and generate value going forward.

It's an exciting time to be a part of Teva. I am looking forward to creating that value with my peers, and their teams.

And with that, I'll turn it over to Dipankar to talk a little bit about Europe.

Dipankar Bhattacharjee - *Teva Pharmaceutical Industries Ltd. - Head of Europe Generics*

Thank you very much, Andy. Good morning, everyone. I'm often asked the question as to whether it is possible to extract value out of the generics space in Europe. In the next few minutes, as I present, I will demonstrate to you that not only is the space attractive, as long as you have the right assets and the right commercial approach, you can always extract value on a sustainable basis in the generics space in Europe.

So very briefly, in terms of the market, the European generic market grows at low single digits. It's about 2.5% a year. The net sales value of the retail market is approximately $24 billion.

The European Union, the countries have more than 500 million people. The healthcare systems are relatively well-funded, they are still under pressure, but nevertheless, they have the ability to offer accessible and quality healthcare to its citizens.

Finally, through numerous regulatory actions that have been taken over the last 10 to 12 years, the generics penetration is approximately 66% across the union. And you have variations, in some places it is higher, some places it's lower. But nevertheless, it is at a reasonable level and it's increasing every year, albeit in small increments.

As far as our position is concerned, the European generics business contributes to about a quarter of the global generics business of Teva. We are the undisputed market leaders in Europe, with 14% market share. We have a very robust pipeline of approximately 272 developments.

We have over 1,400 applications pending with agencies. Annually we launch between 800 and 1,000 products, if you were to take all of the dosage forms and SKUs, and we have an integrated business model, as Siggi mentioned, that we do not break our businesses up in silos. In every country, the commercial platform through which our businesses are executed, we do it together, our branded business, our generics business, and our OTC business.

In terms of what does it take to succeed, what does it take to create sustainable value? We can create great value in Europe, provided we meet these prerequisites.

The first, we require the advantage of scale. You have to be the top one, two or three player, in order for you to run a profitable business.

The second, there's an absolute necessity to have a rich and balanced pipeline, that you can commercialize through a successful commercial organization. The third, the market constructs are often different, and a successful company requires the ability to adapt its commercial model, depending on the market construct, needs a lean and agile cost structure, and finally, the ability to leverage more than the generics business as you go to market.

What do we have today? We have more than -- we more than meet all the prerequisites. We have top three market positions in 26 countries. We have unparalleled access to customers. We have 2,300 salespeople who visit hospitals, who visit physicians, who visit pharmacies, like no other Company.

The future launches, as far as we are concerned, we have, as you saw, 272 developments. These translate into 800 to 1,000 launches a year. Between now and 2021, we will cover close to 85% of all patent expiries that will happen. And finally, we have an integrated sales model, in terms of our approach to the wholesale channels, to our local, our regional and our global customers, as well as to the pharmacies.

So as a combined business of Teva and the business that came in from Actavis, the combination is very complementary in nature, both in terms of product, as well as in terms of geography. You will see we have significantly enhanced our presence in the Eastern European countries, which are branded generics markets and very attractive, in terms of value and profitability. We have top positions, number one, two or three, in 26 countries of Europe.

Along with the generics business, the Actavis acquisition has also given us a regional OTC business with very attractive brands, where these are new growth opportunities that we see now in countries like the UK, in the Nordic region. And then finally, we are well-positioned to extract the commercial synergies by combining these businesses between Teva and Actavis.

So as I mentioned, there is no one single market model for Europe. There are primarily three kinds of markets that we operate in. So the first is what we call INN markets, and the key out here is that regardless of the construct of the market, we are able to tailor our commercial strategy and our assets in a way that we will consistently deliver high profitability.

So the three constructs we have the INN market, which are markets where the prescription is written by molecule, and the key determinant in choosing the product that will be dispensed is the price and the reliability of supply. So these are countries like the United Kingdom, like Netherlands. The second kind of markets is pharmacy-driven markets, where also the prescription is written by molecule. However, the substitution happens in the pharmacy.

Our ability to have a sales force that can command the loyalty of pharmacies, leverage pharmacy presence, is important. These are markets like France, Italy and Spain.

Finally, we have physician markets where the prescription is written by brand, and there is no substitutions. Consequently, promotion and medical activities directed towards physicians are important.

You can see that in terms of the distribution of the business, we have a little over 1/5 of our business in INN markets, 1/5, a little over 1/5 of our business in pharmacy markets, but a large part of our business is in physician-driven markets. In addition, we also have hybrid markets. A great example of that is Germany, which demonstrates characteristics of all three, and we are extremely well positioned out there, as you'll see in the next slide.

So before I go on to some key market highlights, how have we been performing, and what has been our track record? The last three years has been a time for significant transformation of our generics business in Europe. We have significantly improved our profitability by more than 1,000 basis points. And given the size of the business, and the scale of the business, that is a significant amount of value creation on our bottom line on an annual basis.

How was this done? This was done by doing some of the things that Siggi mentioned, as success factors in the generics business. We maintained our leadership while we transformed the business. We focused on value rather than volume, while maintaining the leadership.

We optimized our portfolio. For us to be leaders, we require a broad portfolio, but nevertheless it does require a disciplined management. So otherwise to prevent the complexities, that can become expensive.

We have a robust pipeline, and our ability to commercialize our pipeline has been tremendous. At our launches, we normally acquire more market share than our natural market share in these markets. We have a lean and agile cost structure, and finally, we have strategic partnerships with our local, regional and global customers.

So, a few points about the key highlights of some of our important markets. We start with the United Kingdom, which is an INN market. We have a number one position out there, and now with Actavis acquisition, we have a very attractive OTC business, some great OTC brands have come in to build upon that.

The second market that I'm giving you as an example here is Germany. We are a number two, but we have been consistently improving our market share over the last three years, and we have tremendous brand equity in the ratiopharm brand. It is the most recognized brand in Germany, and we have a significant OTC business that sits very well with our generics business.

The third market that is there as an example is Italy. Italy is one of our star markets. It has been having a double-digit growth over the last three years. We are market leaders, number one far and away.

We have more than 1/5 of the market in terms of market share. And it's a market where, although it's a pharmacy market, we have an engagement, we have a strong engagement with physicians as well, because the penetration of generics in Italy is relatively low. So we do benefit from significant doctor recommendations.

The fourth market that you see out there is Switzerland. We are number one again. It's a relatively high value market. We have optimized our portfolio over the last three or four years. And within the portfolio of generics, the global generics business, Switzerland is one of our top markets in terms of profitability.

The final example that you see on the slide is Bulgaria. Bulgaria, I put that as an example because it's a great example of the complementary nature of the acquisition between -- of the Actavis generics business. Our presence was zero prior to this acquisition, and we've gone from there to number one. Okay? And it also underlines the fact how significant is the enhancement of our business in the branded generics market.

There is one country that is not on this slide, and I'm often asked questions about that and that is France. And then I've often been asked, why is Teva there, and how do you make profits. And the answer to that is yes. And we have transformed the business over the last three years. It's got a healthy profit. It is at least several hundred basis points better than many of our competitors, and we feel pretty good about the presence of the business there.

So looking forward, we are excited about the business. We believe we have all the assets that are required. We have the commercial strategy that is required to extract sustainable value, and to keep enhancing our margins in Europe. We are focused on solidifying our number one position in Europe, especially expanding our market share in the branded generics markets.

We are well on our way to executing our integration plans and extracting the synergies that we have committed to. With the incoming Actavis business, we have got some very attractive brands that sit well within our portfolio of branded products, as well.

We have got products in cystic fibrosis, which sits well with respiratory franchise. We've got women's healthcare brands. All in all, these brands have opportunities to grow.

We are focused on delivering the launches to commercialize the extremely robust and rich pipeline that we have and finally, continue to leverage our scale with our regional and global customers. So all in all, it's a great value story. We feel very excited about our business, and we see the prospects just getting better as we go forward.

So thank you very much, and with that I introduce my colleague, Erez, to come and talk about the growth markets.

Erez Israeli - *Teva Pharmaceutical Industries Ltd. - Head of Growth Markets Generics*

Thank you, Dipankar, and I want to thank you for the opportunity to present growth market for you. We call it growth market for a reason.

6 billion people live in this vast geography, consume health actually more, and more they consume health services. You can see the CAGR of the last few years. We foresee that this CAGR will continue to be there also, in the years to come.

What people are less aware is that 74% of the value consumed in this market is actually generics, in all forms. Generic, branded generic, which fits very well to what we can offer to this market. And it's not just the quantity.

We're talking about the quality of the products. In some of these countries, there are producers that are not producing what we call European or American standards, and more and more, our organization of quality creates an opportunity for us where we can leverage a rich European and US pipeline to these markets.

We are currently operating in 26 countries. We built only recently very rich with 1,200 products, and of course, we are going to accelerate this space as time will go by. We see huge opportunity to come. Very excited about it.

The trends that Siggi presented yesterday are even more important in this market than probably in the US and Europe. For example, when we're talking about aging population, just in Japan standalone today, 26% of the population is 65-plus. The Japanese foresee that by 2030, 40% of the population will be 65-plus. And you can imagine what it does to an industry like ours.

The notion that governments are struggling to either deliver access, or to finance it, is even more focused in these markets than probably anywhere else. And we took the position to establish a significant presence in those markets, and we already did in selected markets. We are facing an organic

double-digit growth for the last few years, and we also made only in the last 12 months, three significant inorganic moves in this space, addressing the markets strategically that we decided to be in. And we probably expect to do some more hopefully in the future.

What is key is to build a strong brand that will have our reputation, the Teva reputation based on quality. And this is what we do when we are entering to the market, but basically taking each of these individual markets that I will elaborate about the business model in a second, of how to position both the Teva brand, the capability that requires to address the market needs, and the attributes of the quality of our portfolio.

So on one hand, we have markets in which most of the consumption is out of pocket. In these markets, it's about brands. It's about being able to come to physicians, to pharmacies, and eventually the customers, the patient, with the attributes of our own brands.

On the right-hand side, you see something which is more typical to an established market. This is a reimbursement market, and requires the ability to provide the products in the same manner as discussed in the US and Europe. We are well positioned to serve each one of these individual business models. As each one of these markets requires a tailor-made solution in terms of portfolio, in terms of business model, in terms of ability to provide these activities.

Just to give a few examples of key markets. So we take Russia. So first, the deal with Actavis, we are now number three in the market. We have a combined portfolio of 300 products, and we are building of course a much stronger pipeline for the future.

We have a very significant commercial presence. We have more than 1,000 reps. Russia is a big country that requires basically every one of those provinces.

What is important is that it's about brand. Most of this market is out-of-pocket, and brand is very important. We, in the last two years, we launched corporate branded generic concept in Russia and the Teva brand is all over the advertisement and TV stations in Russia, that help us also to generate demand on both OTC and the prescription product.

Japan. We made the very significant move for us in Japan, by creating a JV with Takeda. We actually have two steps of the JV. One was the establishment of the JV on April 1, and we are moving into the next phase on October 1, in which we are going to collaborate with the two main distributors in Japan. Both of them worked for Takeda for many, many years.

By the way, this is very Japanese. They are talking about the relationship with one, of one. (technical difficulty) Why did we go for a JV in Japan, and not just retail sales? Reputation and legacy of working with customers, with distributors like I mentioned, Takeda, is very, very important in the country of Japan.

Takeda is the second brand in Japan after Toyota, and of course, they're number one in Japan. Now we can leverage this strength and they can leverage our rich portfolio, and as you can see, almost 800 products, and we are going to build the number one generic Company in Japan in the next years to come.

Latin America. Also very important market. We have a very significant presence in most of the countries in LatAm. We recently acquired Rimsa which gives us a very strong presence especially in the space that we wanted to, which is the private sector in Mexico. We are number one in Chile. We are number three in Peru.

We are missing scale in Brazil. And in the future, we're absolutely going to look for an opportunity to change this, if we will find the right opportunity for us. The success factor again here is to have our brand and our quality products with the rich pipeline that we can get either internally or through the activities that come from Actavis and Medis.

So what to expect going forward. We are going to -- we had three inorganic moves. We are absolutely going to execute on integration plans on both Japan, Mexico and all of the Actavis markets. Actavis gave us nine markets. We want to maximize the sales and the cost synergies.

We are going to continue to build capabilities and the right competence to compete well with each one of these markets. And we continue to look all the time in hopefully compelling inorganic moves, in markets that we do not have access today. And of course, we will continue to leverage our portfolio. This is the main asset that we can.

We have the rich portfolio that you just saw from the US and Europe. We can bring it to this market and 6 billion people can now fully enjoy it, and of course, the growth derives from it.

With that, I would like to invite Hafrun to the stage.

Hafrun Fridriksdotti - *Teva Pharmaceutical Industries Ltd. - Head of Generics R&D*

Thank you, Erez. Good morning, everyone. As my colleague Andy Boyer, I am new to the Teva family, and always when you come into a new family, you're excited, you're nervous. But I really look forward to my journey within this family.

But let's talk about the generic R&D powerhouse. After the combination of the two Companies, we for sure have the strongest generic R&D in the industry. Of course, both teams were performing quite well individually, but bringing those two teams together gives us a unique opportunity.

So we can basically develop all kind of formulations internally, as Siggi mentioned earlier. We will be able to develop both simple formulations as well as complex formulations internally, and when I'm talking about complex formulations, I'm talking about formulations like inhalation products, long acting injectibles, transdermals and of course modified release, solid dosage forms.

With this combination, as has been mentioned earlier as well, we have the six clinics in India, and in Florida. And within those clinics we can basically control both the cost and the timing of all our biopharma studies.

Siggi mentioned that we dosed one PK study per day over the last 12 months, which is a lot. It's 365 days in the year. If you think about dosing 365, or at least more than 300 studies per year, that's a lot.

And of course, we will have the highest budget in the industry as well. I have to say that. And in addition to that, of course we have the opportunity to work with TAPI, which is the API developer and producer of Teva.

So that is of course quite different from what I was used to, because in my past experience, we only had a very small API development support. But now we have this big opportunity to be basically vertically integrated and most of our APIs as well. So this is a very exciting time for all of us.

But if we look at our network, our network is complex, as you can see here on this slide. We have 26 R&D sites in 20 countries. And we have six clinics, as has been mentioned quite a few times earlier. And then we have a lot of regulatory hubs, as well.

This network is complex. So of course there will be some optimization needed. At the end of the day, our goal is and our plan is to keep the best of the best, the best people, the best R&D sites, and the best locations, and make sure that we have all the techniques which we need moving forward to be, again, the best of the best in the industry.

So how do these two Companies complement each other? As you can see on this slide, in some areas Teva was really strong, in other areas, Actavis was very strong. So Teva was, for example much stronger in developing long acting injectibles and inhalations than Actavis was.

We have outsourced majority of those developments. But on the other hand, Actavis was much stronger in developing many types of semi-solids and liquids, transdermals, cream, ointments, and also what we put on the table are of course all the clinics, which are a huge benefit to the Company moving forward.

But at the end of the day, if there is something which we cannot develop internally we have no issue with of course working with partners, and for sure, we will continue to do that as we have been doing in the past. So we have already a proven track record. We have managed to develop and file and launch many of the complex formulations, which are on the market today.

Here you can see a few examples. One of them is of course Lidoderm patch which was developed within legacy Actavis. It was filed in 2010, and it has been on the market, and we were first on the market, I don't remember which year, probably 2013.

But anyhow, by this slide, we're just showing we cannot only develop the product, we can also scale them up and launch them, because it has no meaning to develop a product if you cannot scale it up and launch it. And on this slide, you can also see NuvaRing, Abraxane, Suboxone film, and other examples.

All those products have different techniques. So it's not like that all those products are developed with the same technique. All of them are different. So this is only to show you a few examples what we have done in the past, and there's more to come.

So quick overview of our performance for the combined Company in 2015. We filed 65 ANDAs, and hopefully Andy will be able to launch and make some money out of those 65 ANDAs moving forward. We completed 65 European dossiers, as well, and that's a job for Dipankar, to make sure we get something out of that as well.

Even though you complete 65 dossiers in Europe, that will mean of course that you file them in each and every country. That could easily lead up to 1,600 filings. And then we filed a decent number of filings in other countries as well, and of course, we had a lot of filings in the growth markets.

So if we look at our first-to-file performance last year, 58 first-to-files were posted on the FDA website. Of those 55, Teva was first on 25 of them. And not only were we first on 25 of them, we were exclusive first on 20 of them, and then we filed on NC minus one, or we have first-to-file for five of them. So if you compare it to the rest of the industry, I would say we did significantly better than the rest, without mentioning any names.

As Siggi mentioned as well, even though we have been going through an integration over the last year, we still managed to keep the momentum, and so far in 2016, of the 27 first-to-file which have been listed on the FDA website, Teva is first on 13 of them, and not only we're first on 13, we are exclusive first on 12 of them. Which is quite amazing I would say.

So what are we going to be focusing on moving forward? Of course, we will need to spend some time focused on the integration, make sure we have the right network moving forward. But all in all, I think we are quite advanced in that already, because we have spent so much time on the pre-integration.

So there's no lack of portfolio out there, even though the story, since I started in this industry, has always been that next year, it will be hardly no generic opportunities. That is something which we have never seen. So there will be no lack of opportunity in this industry moving forward.

We will continue to deliver on the higher value product, as we have been doing in the past and I of course -- I showed you a few examples about that already. And we will just keep after the momentum, do more of the same, continue with the good work, and make sure that we will be the best of the best in the generic development for Teva moving forward.

With that, I'm going to give it over to you, Dan.

Daniel Motto - *Teva Pharmaceutical Industries Ltd. - Head of Generics Portfolio Management and Business Development*

Okay. Thank you, Hafrun. So my name is Dan Motto. As Siggi mentioned, I lead a couple areas within our global generics business; Portfolio management, which is new product screening and selection; business development, which is working with our external partners; and then a third area of business intelligence, which is internal and external market and business analysis.

So I'm very pleased to be with you here today. One, because I love the generic industry. I've been in it for a decade and I hope to be in it for many more years, and two I'm excited to be part of Teva. You can imagine within your career, to be working with the number one player, with the capabilities and the commercial coverage that you've heard about. It's just a fantastic place to be.

So I think you'll see in a few minutes here, I'm very passionate about what I do. I love finding new products. I have a team around the world that are constantly looking for new opportunities, and we love the challenge of trying to bring these products from ideas to market. Excited to be part of Teva, and excited to show you the growth drivers we have for the Company ahead.

I wanted to start here, just a very clear message. There is no shortage of new generic opportunities out there. For years, as Hafrun said, we've been hearing that it's drying up. The patent cliff is past. There's fewer opportunities to go after.

From our view, it's just not the case at all. I'll show you some numbers in a few minutes, which show you that we're working on more products than we ever have in the history of the Company. The reality is, there is still innovation in pharma, and as long as there are new products coming to market by the innovators, there are new generic opportunities for us.

You think about just in the US in the last three years, the FDA has actually approved 100 -- 300 new products, almost 100 a year. Most people focus just on the new chemical entities, but there's another 50 or 60 products a year that are new formulations of existing molecules, and those are the products we love to go after as a generic.

Patent challenges. They're part of our industry. They still bring a lot of value, and every year, you'll see us generating a lot of value from our patent activity.

R&D synergies across regions. You've seen our phenomenal commercial coverage and there's tremendous value from being able to develop one product and sell it globally around the world.

Lastly, and I believe this more today than I ever have in the past, is that a company with the right assets and the right people can bring any product to market. There's not a single product out there that won't have a generic alternative at some point in the future. It's just a matter of time. There's no doubt in my mind that Teva's going to be the one bringing a hot of these products to market.

What does this mean? Where are we today? No question, we, Teva has the strongest pipeline we've ever in the Company history. We have more files pending at the regulatory agencies than we ever have in the past.

We have more products in development. And we have the biggest diversified portfolio than we've ever had. That diversify runs across geographies. It runs across types of products. It runs across risk. We have the sure thing products, and we have the long shots which can substantially be worth a lot of value.

I think most importantly is that we have all the assets we need to continue to do this in the future. We're not running out buying new equipment. We're not building new plants, maybe occasionally here and there. But we have everything we need. It's just a matter of continuing to execute it and continuing to build the pipeline.

I just want to talk about some of the benefits real quickly of combining two large players in the industry, Actavis and Teva. Absolutely part of the rationale for bringing it together was to develop, bring together two strong pipelines, and there were a lot of unique products within both companies. But the reality is, being two big large global players, there was some overlap as well. Varies market to market, maybe 30% on average, a little bit more in Europe, a little bit less elsewhere.

The reality now is there's no reason to develop two copies of a product. We can consolidate that overlap and this is what's intended to show here, we do not overlap. We keep all the unique opportunities. We consolidate the overlap. We only need one program going forward.

Now we can take those extra resources, those extra investments and either book it towards synergies, which is a little of that will happen, but then also invest in new products. And this was part of our pitch to the agencies, as they looked at this combination, is now as a combined Company, we'll be able to do more products, more unique products than we ever have been able to in the past. And this again is going to drive growth in our business and differentiate us from our competitors.

The other thing, I think you've seen now from Andy, from Dipankar, from Erez, we have this phenomenal global footprint, geographic footprint. And there really are huge efficiencies that come from that. So we can develop a product and then go and file it in 20, 30, 40, even 50 different markets. We get the highest return on our R&D dollars than any Company out there, I think.

You can imagine if a Company with a much smaller footprint can only sell in five countries, they're not getting the same return. Here are just some examples. You see it varies region to region, depending on the product. Across CNS, across cardiovascular, across PPIs, we get a ton of value from taking these products globally.

Nexium I'll pull out as a good example. There's also that double value, as Siggi mentioned, OTC being a complementary business for us. We're not only going to sell Nexium prescription products around the world, we're also going to sell the OTC version in many markets.

You'll see these bars continue to evolve over time, as we bring these products into the emerging markets, as the diagnose and treatment rate increases. PPIs are a good example. Heartburn isn't a big disease that's diagnosed in a lot of emerging markets, but that will come with time, and we will be there with the product.

So now just to dig a bit into our US pipeline. You've heard lots of comments about the metrics here, but I wanted to speak a bit to the value that we see in it. And the numbers are just staggering, I think you'll see here.

You've heard several times, 300 products pending at the FDA. It's a phenomenal number that's the next three, four, five years of launches already filed at the FDA. We have again, to the point, no shortage of opportunities. Another 300 products that Hafrun and her team are working away on, and will be filing in the years ahead, bringing us our total pipeline of more than 600 products.

Then we go to the numbers here. This is where it gets impressive. The filed products have a targeted value, and this is the innovator sales value per IMS, of over $110 million -- $110 billion. Have to make sure I use that right, billion. No question. I'll emphasize that, then.

What we're very proud of is over half of those dollars are Actavis first-to-files, where we have the opportunity to be exclusive or semi exclusive on the market. So a huge value is sitting there, just in what we have filed at the FDA, and as these products move through the regulatory review and come to market, we'll be realizing those values. Then you see in development here on the screen, another $90 billion in value, of just what we're targeting, what we've already selected, what we're actively making the APIs or developing the products, bringing the total to the big $200 billion number here, which is just phenomenal.

The other thing, that's the number today. Every day that goes on, though innovator products continue to grow. By virtue, we don't have to do anything. Our pipeline is increasing in value by virtue of the innovator sales valuing increasing in value.

And the other point, you'll see throughout our presentations or my presentation here a lot of focus on the US. It's the easiest thing to explain to the audience here. But there's a lot of activity ex-US going on within Teva, using a lot of the same skills and assets that we have in place. There's billions and billions that we're targeting outside of the US, as well.

Just to give you an idea of the expanse of our pipeline, again, staggering numbers, it's hard to get your heads around what it really means. Just in the last year, in 2015, we filed over 1,500 new applications around the world, and this excludes what we did for our Medis third-party out-license business. Those are above and beyond this number.

In total, review products pending at the agencies, it's almost 2,400. You'll see it's a slightly lower number than you might think for Europe. That's just because the approval pathway is quicker there. You can get approval in less than a year, so you have less of a backlog, but it's staggering numbers. This is what will be driving these launches in the years ahead and bringing value to our business and to our customers.

The other thing on the right here, as you see I mentioned, I have touched on it before, it's a very balanced portfolio. So we have the major, the big blockbusters, the must haves, the products we want to bring to our customers, we need to offer to them. It has the patent challenges, which will get us to market early, and it has the local niche opportunities.

I don't want to lose sight from this, because I think it was a bit counter-intuitive, but we will be a leader in these local niche opportunities as well, where our competitors who may have more limited R&D budgets, they're just going after the big blockbusters. We can afford to go after these local niche opportunities that differentiate us in the market, and allow us to compete with the local players. And quite honestly, in many cases, the NPV of a small product where question can be alone is just as good as a big product where we're going to be out there with 10 players. We definitely look at it from that perspective.

Branded generics, we love branded generics. As Erez and Dipankar have shown, or told you, we can go out there, we can put a Teva brand on it. We can grow that market. There's many examples where we've taken a market and grown it two or three fold by virtue of promoting it, and increasing the diagnosis rate within a country.

Lastly, some of the most exciting stuff, and it's going to provide some real durable assets for us in the future, are these complex and differentiated products. And as Hafrun showed, we don't just talk about it. We have delivered on these in the past. We're going to deliver them in the future.

And you will see in the years ahead, there's going to be lots of filings coming out in respiratory, in these long-acting injectibles, in these other miscellaneous dosage forms, implants, IUDs and other areas. And again, no question in my mind, Teva is going to be the leader in these categories.

I can't talk about generics and not talk about patent litigation. It continues to be an important part of our business. You can't develop a product and select a product and develop a product and get it to market unless you can get around the IP, and that's part of our business. It's been part of our business for many years. It's going to be a part in the future, and there's no question it drives value for us and for the patients by getting products to market early.

Just to give you a snapshot here, again, I'll show you some US numbers, but we have more than 90 active US patent litigations which again, a staggering number. Just an idea of the 2015, 2016 metrics, we had 19 litigation wins in the US. You've probably seen some in the news most recently. We won on Lilly's Axiron product. We won on Merck's NuvaRing product. We won on Bayer's Beyaz oral contraceptive product, and these are all products we hope to bring to the patients very shortly.

We've had 25 settlements. We still love settlements. Settlements can get a little of a bad rap in the market. We feel they provide a nice win-win solution for us, for the innovator product companies. And in every case, the settlement results in our product coming to market before the patent expires. We see that as a win-win for everybody.

I don't have the European metrics here, but they're very similar. I think it's actually reversed. We had 25 litigation wins in the last year in Europe, and about 18 settlements that occurred. So just as active there. In fact, we have more IP lawyers working away outside of the US than we do in the US, and our European team has been recognized within the industry for some of their innovative cases that they've won.

So I know we've probably sounding a little like a broken record now on first-to-files. I think you heard about the numbers. I just wanted to focus on the value here for a minute. Hafrun and Siggi both shared with you how we've achieved almost half of the first-to-files in 2016, something we're extremely proud of.

But then the slide on the right here shows you the value of our first-to-files. We've achieved half the first-to-files. We've received 90% of the market value of the first-to-files that are in there, with key filings on Valeant's Xifaxan, Forteo, and a third one, Abraxane. These all hit this year.

These are high value products. They're durable products. These aren't going to be like a Crestor, where you make a lot of money for a few months and then it gets very competitive. These are going to be long-term durable assets, that will continue to drive value for the Company.

As I wrap up, I think many of you are anxious to see some real details on our pipeline, it's immense. I didn't want to come in. I could fill the whole slide with products that we have filed at the agencies.

Here's an example, similar to what we've done before. These are some of the first-to-file opportunities that we have at the agency that could come to fruition in 2016 and 2017. I'll say absolutely we won't be launching every one of these products in this time frame. Many of them have active litigation.

Many of them, we'll see how the patent litigation comes out, or we may settle to secure it for the longer term. Many of you have heard, within our industry, a common term is having enough shots on goal. And when you start looking at these lists you see Teva has many shots on goal and it allows us to sleep well at night. There's going to be enough of these products coming to market in the near term to drive the growth that we need.

In addition to these, these 30 first-to-files, we have some 50 additional undisclosed or non-first-to-file products that aren't listed here, that will be coming to market in the near term as well. Again, I think one of the challenges when we meet with you guys, investors, is we don't disclose our whole pipeline. It's not in our competitive interest to lay out for our competitors everything we're working on to give them a road map. So unfortunately, you have to continue to guess at some of those, but I can tell you, within those 50, there's a lot of value as well.

Looking ahead, 2018, another broad list of potential first-to-file market entries. 2019 and beyond, you'll recognize all these, many of these names, some big ones in there. Revlimid and others. And then we have this bucket, which unfortunately our legal colleagues told me I can't disclose the dates. They're confidential settlements, or they could dismiss the cases for one reason or another. I can't share you what the launch dates will be on those products, but they'll be coming at some point in the future.

Again, another 70 first-to-files out there. 150 additional products, which we're not disclosing. And then targeting this $70 billion in brand value. So tremendous value, and this is just for the next few years. We continue to work away.

In the past I think we have highlighted, or you're well aware of the short development timelines within generics. So we can start a product tomorrow, and potentially have it on the market within a few years. So we're still actively building out the pipeline for 2020 and beyond.

So as I wrap up here, really my priorities going forward for me and my team, it's the integration of our pipeline and market portfolio. I hope I didn't give the impression that the overlaps were a bad thing. The overlaps are actually a great thing for us, and we've been going through them in detail now.

We now are able to line them up and say, okay which is the best product to move ahead with. Which Company is more advanced. Which one has the better market position. So we've been doing that, and in most cases it's very obvious which products we want to move ahead with, and the same for the end market products. We can choose the best product with the best manufacturing network, with the best cost position.

Ongoing product selection. We can't slow down. Hafrun has got a huge team out there working away. We need to keep putting products in, and to build out our pipeline even further.

We're even going back and revisiting some products we turned down in the past, because our market situation has changed. Our capabilities have changed. Our ability to invest in new products and take on higher risk has changed, as well. And then I mentioned this ability to go after some of the smaller products.

Last two points here. Fully utilize our expanded pipeline. I have joked with many people offline it's been like Christmas for my team here in August, because suddenly we have access to this much more expanded pipeline, and for us who love portfolio and generics, it's a great time, because suddenly you have all these products you wish you had at your disposal, and we're working away very quickly to say which markets do we bring these new products into.

Lastly, you've seen the numbers. They're staggering. Part of our challenges on the day-to-day is complexity, and we need to constantly prioritize the big opportunities, the ones that really going to have these multi-hundred million dollar impact, and make sure that we don't lose focus.

So with that, hopefully I gave you some depth on our pipeline, I'll hand it back to Siggi. Thank you.

Siggi Olafsson - *Teva Pharmaceutical Industries Ltd. - President & CEO of Global Generic Medicines Group*

So, thanks Dan. So we over on our limit on our presentation, but I felt it was important to give you this level of detail. You probably don't have the opportunity of seeing a pipeline of this size. We have been hammering you with a lot of information, a lot of data, but we want to take Q&A from you, so we might over run a little bit after 10:00.

But if you say this is my wrap-up, I think overall the focus for us is obviously to execute on the integration. We cannot miss a beat. We know that. The first five weeks have been amazing. The preparation has been good, but we cannot miss a beat.

We see with all this pipeline, we are now reintroducing a top line growth. We have been very careful to say to our investors, don't expect a top line growth. Now, from 2017, with this pipeline, with the Company, we are going to move in on top line growth.

Expand the pipeline, you saw this, as we said, this is amazing opportunity, great people. We can even expand the pipeline to products that nobody else can develop. Launches, 1,500 launches are not easy to execute. It's about four launches every day of the year next year, so we cannot miss a beat in that.

Last but not least, it's the differentiated move. Because it's not only to take a market share from the brand products around our generics. It's what can we do different. How can we service the patients and our customers differently, and part of that was the move on Anda. How can we take our business to the next level?

So with that, I want to invite my colleagues to the stage. We're happy to take any of your questions. As we said in the beginning, let's focus our questions on the generic business.

QUESTIONS AND ANSWERS

Kevin Mannix - *Teva Pharmaceutical Industries Ltd. - Head of IR*

(Caller Instructions)

We'll try to get to as many as possible. Thank you.

Randall Stanicky - *RBC Capital Markets - Analyst*

It's Randall Stanicky from RBC Capital Markets. This is the most enthusiastic I think I've heard you around the US private label OTC business. So my question is, what is your strategy for that business?

Is it buy versus build? Are large acquisitions in OTC on or off the table? And how aggressive are you going to look to expand into that segment of the market?

Siggi Olafsson - *Teva Pharmaceutical Industries Ltd. - President & CEO of Global Generic Medicines Group*

So on the OTC business, this is basically -- this only entered the family five weeks ago, so we are working on the strategy. What we see here is, there's an opportunity. We obviously, we have a joint venture with our partner in P&G, but it's a joint venture outside of the US.

There's a lot of value in the OTC business. We see the synergies around R&D, manufacturing. There's less of a synergy on the commercial side. As I've said before, there's a different buying unit, and also it is very expensive to be in branded OTC.

But we are going to look at the landscape. We now have a pipeline. The focus so far has been on private label, but with the growth of the OTC not only in US but around the world, I think this will become more of our core strategy going forward. We like our JV. We think that's an opportunity.

But I think, by having the Actavis portfolio on top of it, allows us a little bit to think wider about the business, how we can grow it both within the JV, but also ourselves. To sum up, the answer is we don't know exactly what we'll do in the US. We're working on it. But you're absolutely right. I think we're more excited about the OTC today than we have ever been before, due to the synergy we see in the business.

Randall Stanicky - *RBC Capital Markets - Analyst*

Are large acquisitions off the table, and is there anything in that P&G JV that limits what you can do in the US?

Siggi Olafsson - *Teva Pharmaceutical Industries Ltd. - President & CEO of Global Generic Medicines Group*

We have not focused on a larger acquisition of OTC. We don't know, obviously, about the future, it's clearly not a strategic pillar to us now. There are some limitations but it's more within therapeutic area we have in the joint venture. When we have a private label, there's no issues around offering private label for OTC. There's some limitations around therapeutic areas where we can compete.

Gregg Gilbert - *Deutsche Bank - Analyst*

Gregg Gilbert from Deutsche Bank. Siggi, you've been describing the math that describes the concept of walking up a down escalator, launching 10% to overwhelm the shrinkage of 5%. Can you talk about that construct, and not just in North America as you accuse of all of being so US-centric, maybe you can share some revenue growth goals for each of the key regions. Secondly, can you provide as much detail as you're willing to share around the path forward for generic EpiPen, and whether FDA or Hillary or both are calling you? Any anecdotal color would be appreciated, too.

Siggi Olafsson - *Teva Pharmaceutical Industries Ltd. - President & CEO of Global Generic Medicines Group*

Gregg, good question. I think overall, I think we in a way we have been hammering on this, there is a price erosion, and maybe an escalator is a great example. Every year we need to deliver about 10% growth of new product launches in the market. I think you saw from the picture, and obviously the pipeline presentation from Dan focused more on the US, and I hope you now understand why I'm excited about the pipeline in the US, and why I'm confident that we can do this in the US.

But coming back to your question, are we as confident around the world? We really are. I think the number to pick up from Dipankar's presentation was, we cover 85% already in the pipeline of all products coming off-patent in 2021 in Europe. All products coming off patent for the next five years, already in the pipeline. So I think we have a business model in R&D, in portfolio and commercial, that allows us to launch enough products to be able to maintain that in Europe.

And then in growth markets, it's not all about the product itself, because the markets themselves, the underlying growth of the current business that Erez is running in the growth market is still growing. There is still, because I'm talking about the decline in price and volume in the US, in the growth market, that decline is not at the same level. So we are launching more of a branded products, branded generics. It takes a longer time to

get a picker versus the INN or pharmacy driven. But we still have a big enough pipeline, and we have shown it over the last three years as Erez mentioned, we are growing double-digit growth in these markets.

We have all the confidence. In every business, part of our business we have this model that works, for the foreseeable future. I obviously, I don't have the visibility to the 2023, because simply those products haven't entered the market. But as you can see from the pipeline here, we have a huge visibility up until 2021.

In terms of EpiPen, nothing has changed. We got our complete response letter in February. We have been working a lot on the development. We haven't talked about what was in the letter, but I think I can say we got the clinical query. There's very little around the formulation itself.

We requested a meeting with the FDA to get explanation or advice, how to take it forward. He we didn't get a response to the FDA, but I think the media attention in the last two weeks, the FDA has come back to us, and we will have a meeting with them very, very quickly. So I think everybody understands that there is an opportunity. I don't have any feelings from the FDA.

I've been asked by investors, does the FDA maybe don't want to approve AB-rated EpiPen? I think the answer to that is absolutely they are happy to approve AB-rated EpiPen. The hurdle is very high. But I think with the development team we have in place today, with the experience that we're bringing together from both parties.

And also with our partners in Antares, which we get the device from, I think we have a good chance to bring this to the market. But my view of when it comes to the market hasn't changed, because I simply haven't communicated enough with the FDA to change my opinion. So it's late 2017, beginning of 2018 is still my best guess, of when we can introduce EpiPen.

Sumant Kulkarni - *BofA Merrill Lynch - Analyst*

Sumant Kulkarni from Bank of America-Merrill Lynch. In this constrained pricing environment, we've seen at least one Company announce some social contract which involves branded drugs not taking price increases before they go generic. Does this mean that there's going to be an instant haircut on new generic launch opportunities, if this translates into a wider industry practice?

Siggi Olafsson - *Teva Pharmaceutical Industries Ltd. - President & CEO of Global Generic Medicines Group*

I don't think so. I think how we see the pricing -- so first of all, we need to differentiate generics from branded pricing. And people that say that the generic -- there's a big generic price inflation, are simply wrong.

You've seen it throughout the years. Every year for the last 10 years, the price erosion we have seen this between 2% and 7%. So we need to treat generics differently. I think the part of your question is maybe what Stan came into was part of the value of the generic industry are the price increases that the brand companies take before it goes off patent.

That is why the $200 billion brand value will, without us increasing any number of products, should go up by about 5% to 10% every year if they take 5% to 10% price increases. Personally from a very selfish generic side, that is not a bad thing for my business going forward. I don't think -- I've always said, pricing and pharmaceuticals are always a hot topic in an election year. I think the elections you now are two months away. I can't wait until it's over, then we can get to reality and talk about it.

And we can go back to talk about the value that we bring to the patient, both on the specialty side, and the generic side. Because there's a tremendous value in many of the brand products. So I think there's a little bit of -- it's a heated discussion at the moment, and I think next year, we will obviously -- people will be more careful around pricing. But I don't see it fundamentally changing the environment, what's happening today.

Jami Rubin - *Goldman Sachs - Analyst*

Jami Rubin, Goldman Sachs. Siggi, I have a few questions. First, just if you could give us what the Allergan generic revenues were in the second quarter, excluding Crestor, I think $2.1 billion. What was Crestor, the contribution, and what was the EBITDA contribution ex-Crestor. Just trying to get a sense of what the base business is, going forward.

Secondly, I think you need about $1.5 billion in new product or incremental new product sales every year, assuming price and volume erosion of minus 5%. You did show us a very impressive list of products in 2017 and 2018, but not all of them are certain, and it's not clear to us where you have exclusive first-to-file. Can you just name the top three to five certain chunky opportunities that will drive that $1.5 billion a year in new product sales?

And then just lastly, just back on this whole pricing discussion, I think that there had been some speculation that during the whole FTC process, that you were on your very best behavior, not raising prices, that may have contributed to the deflation in generic drug pricing, and I think there is some expectation that now that this deal is done, we're going to get back to normal. Whatever that means. I mean, I think normal is mid single digit declines. Can you comment on that, Siggi, if you expect the landscape in terms of pricing to change at all, now that this deal is closed. Thanks.

Siggi Olafsson - *Teva Pharmaceutical Industries Ltd. - President & CEO of Global Generic Medicines Group*

So thanks. If I start from the first question, first of all, I can't report on the Allergan revenue. I wasn't part of that Company, and for me to comment on Rosuvastatin before we took over, I simply don't know it. We will look at it. But we will obviously --

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Jami Rubin - *Goldman Sachs - Analyst*

Really? You don't know it?

Siggi Olafsson - *Teva Pharmaceutical Industries Ltd. - President & CEO of Global Generic Medicines Group*

We will report Actavis as a part of Teva when we take over. But for me to report what Allergan made before I took over, I think first of all, I don't have the information, and secondly I think it's inappropriate. I think in terms of the big opportunities, maybe I turn it over to Dan. Do you want to mention maybe one or two opportunities that we see in the next two to three years in the US pipeline, that are exciting, or at least maybe excite you?

Daniel Motto - *Teva Pharmaceutical Industries Ltd. - Head of Generics Portfolio Management and Business Development*

Yes, absolutely. I think some of them we mentioned on this slide. You know our industry, it's very dynamic. It's hard to predict. When we forecast our pipeline, we always risk adjust it. You should as well.

There's some that we now feel pretty good about bringing to market. NuvaRing, I think we'll be the only player out there for a while. We've won at the District Court. Some of these smaller ones where we'll be exclusive. I mentioned it on this slide. Beyaz, I think we'll be alone for a long time. There's others. We haven't given up on some.

We know very strongly, patent challenges are unpredictable. Even if you think you're going to win, you may not win. There's some like Suboxone, which we may have lost at the District Court, but you get a second try on appeal, and we're feeling like we have a chance on those. I think the key is there's enough there, and you've got a pretty broad list, and there's a lot of stuff you haven't seen, that it's hard to know exactly which products will be the big driver. We feel good we have a broad enough portfolio, a diverse enough portfolio, that there will be growth that we need.

I'm very happy we're not in those old days, and Siggi remembers it, and Andy remembers it in the industry, where we're sitting all year just counting on one or two products, because that was going to make or break the year, and we're not in that situation anymore. If one product doesn't happen,

we have three other backups that will probably come through. We feel pretty good. This is again an advantage of being who we are in the market, and having the size and scale that we have.

Siggi Olafsson - *Teva Pharmaceutical Industries Ltd. - President & CEO of Global Generic Medicines Group*

Let me start on the pricing question and maybe I'll ask Andy to add to it. So first of all, it doesn't work like we wake up when we are one Company, and we can take price increases. Simply, it doesn't work like that in generics. When price increases are taken, there's some kind of abnormality in the business. There are shortages.

Remember that there's 208 generic companies out there that are offering product, and an average of every molecule we have, there is more than five competitors. So there's always somebody happy to take a little bit lower price. So it's a very competitive business we're in. I think overall, obviously, we look at each opportunity, but we come back to what Andy said and he will say it better, is we have an opportunity to work with it. We have a broader portfolio now.

There are always shortages in the market. There's no question about it. We do the best behavior in terms of the overall portfolio. But on average, no matter how we act in the market, we are going to see like low to mid single digit price erosion in the US generic business. Maybe Andy, you can add to it.

Andy Boyer - *Teva Pharmaceutical Industries Ltd. - Head of North America Generics*

I don't know that we were on our best behavior, I just think we were distracted during integration. At this point in time we're spending our time looking at that portfolio, looking at the overlap, and looking to see are we properly priced on our entire generic business. As I said in the slides, we will maximize the value of our assets, and if that indicates that there's been a change in marketplace dynamics due to supply chain or someone leaving the market, we will evaluate that and price our products accordingly. I just don't know which ones they are today, and when that will transpire, but we will continue to evaluate the market and look for those opportunities.

Liav Abraham - *Citigroup - Analyst*

Liav Abraham from Citi. Two quick questions. Firstly on generic Advair, perhaps you could provide us with an update. I think you have a couple of assets in development, one legacy Teva, one legacy Actavis, where are you in development, and any clarity on timing?

And then secondly, on biosimilars, you've indicated your commitment to this aspect of the generics landscape, and you reiterated your development capabilities. Can you talk a little about your manufacturing capabilities, as it relates to biologics and biosimilars, as this is a big part of success in the biosimilars landscape. Thanks.

Siggi Olafsson - *Teva Pharmaceutical Industries Ltd. - President & CEO of Global Generic Medicines Group*

Maybe on generic Advair, it's great to have the expert next to me that knows more about generic Advair. Hafrun, if you'll take that?

Hafrun Fridriksdotti - *Teva Pharmaceutical Industries Ltd. - Head of Generics R&D*

So with that question, we have two programs which are ongoing, and I'm not going to give you any detailed time lines around when we will be filing. But we are quite optimistic, that of course all of you know that the clinical program takes some time. So we're still optimistic that we will be filing sometime in 2017.

Siggi Olafsson - *Teva Pharmaceutical Industries Ltd. - President & CEO of Global Generic Medicines Group*

And I think on the biologics, you're absolutely right. I think manufacturing is a key part of it. Obviously, on top of R&D. We have, as of today, not a big manufacturing for biologics.

But we have just initiated to build a biologic manufacturing plant in Ulm, in Germany. We are initiating that. It's in design state. It's an important plant, that will obviously supply our innovative biologics. But there might be an opportunity for biosimilars going forward.

And this is part of the synergies. Is that enough to support a biosimilar strategy? Probably not. It is a relatively small plant in that sense, so we need to rely on third-party manufacturing. But also part of the thing we are looking for in the partnership are the partners out there which we want to liaise with, that have an excess manufacturing capacity, because it wasn't that long ago that there was a huge excess of biologic manufacturing capacity, and this was not the right way to go. I think with the innovative biologics have been moved so quickly forward, that certainly now there's not the same excess than before.

So we need to think of our strategy. We have taken the first step by investing in Ulm. Very important plant, high quality plant which we'll get online after 2020. But overall I think there's more opportunity to come.

David Amsellem - *Piper Jaffray & Co. - Analyst*

David Amsellem from Piper Jaffray. Just a couple of questions. Siggi, your comments on GDUFA, you talked about you how you think you plan to benefit from that, given the size of the pipeline. I guess the question here is could it cut another way in terms of more adverse competitive dynamics, with more products getting approved? And is that potential for more difficult competitive dynamics built into your longer-term guidance and aspirational targets?

Siggi Olafsson - *Teva Pharmaceutical Industries Ltd. - President & CEO of Global Generic Medicines Group*

It's a good question and we think about that, and obviously we have built the competition in our forecast. We won't be alone. The goal of our industry is you have to be one to two steps ahead always of your competitor, but they will catch up. Remember just a few years back there was hardly an Indian Company that could do a modified release complex solid oral dose. I think most of them today are capable of doing that. There's Indian companies that are launching patches, that a few years ago nobody expected.

I think you always have to be one step ahead on the technology side. On GDUFA, my point was simply that by having close to 70% of our portfolio in first wave or first-to-file, we secure ourselves at least to be in the top bracket of the review focus of the FDA. I think that is a higher ratio than most of our competitors.

Secondly, obviously there is a backlog. The total number of ANDAs, I think is 4,036 as of July at the FDA. On average, they approve about 60 ANDAs per month. They issue about the 100 to 120 CRLs per month.

So it's not -- they're not lowering the standards of review. There has to be a high-quality submission. I think there will be more approvals. Our competitors will work on getting us on technology, but I still think on many of the products, the tail, as Stan talked about, the tail value of our most complex generics is very, very significant, versus say, for instance, Rosuvastatin, as we were asked about Crestor.

It was tremendous value for generic Actavis for about 70 days. But really after that, there were 10 players in the market, and the long-term and the tail value was nothing. But when you have a complex injectible transdermal patch, thin film and things like that, there are much fewer competitors, and no matter what GDUFA does, it doesn't change that overnight.

David Amsellem - *Piper Jaffray & Co. - Analyst*

If I may follow up, just to your comments on complex dosage forms. So there's a slide where you talk about minimal gaps in terms of the combined entity, and your capabilities there. Wondering if you can elaborate on that, in terms of where you need to bulk up in terms of capabilities, in terms of your existing capabilities, and also are there new capabilities that you still think you need to add, in terms of dosage forms? Thanks.

Siggi Olafsson - *Teva Pharmaceutical Industries Ltd. - President & CEO of Global Generic Medicines Group*

Let me have Hafrun to talk about it. She is the expert.

Hafrun Fridriksdotti - *Teva Pharmaceutical Industries Ltd. - Head of Generics R&D*

I think I show on my slide. We are quite well covered. Of course there is always something which you don't have. As I mentioned earlier, if there is something which we cannot do, we have no problem with working with partners. The example that comes to mind which we don't really have a capability in house to take are things like soft gels. We are not experts in soft gels, even though we have some plants in Europe [Pharmalexi Teva].

And there are some few examples. But there are no significant examples, at least today but of course the branded companies, they're always coming up with new technology. So we, of course, we need to follow that.

For example, in the past we were not working on any implants. Today we are working on quite a few implants, which we will hopefully file within the next two years. So I think all in all, we're quite well covered. But we still need to follow what's happening in the industry and make sure we are in touch with that.

Daniel Motto - *Teva Pharmaceutical Industries Ltd. - Head of Generics Portfolio Management and Business Development*

I'll weigh in since it's my area too. The other thing is we have a strong partnership network throughout this. Any Company out there has an asset they want to bring to market around the globe, Teva is the best partner for them to do that, if they want to maximize the value. So while we can do a lot of -- pretty much everything in-house, doesn't mean we necessarily will do it all in-house, and if someone out there has the technology or needs a partner they should be knocking on our door first because we can help them. You saw with our global footprint, make the most value for that asset.

Manoj Garg - *HealthCo - Analyst*

Manoj Garg from HealthCo. A few on biosimilars. One, you stated a desire to find a JV partner to plug a hole. One, when can we expect an announcement on that front? Two, you stated a desire to fill a hole that you have until 2021. So when would these partners potentially have commercially-ready product?

And then three, just being experts in complex generics, peptide-based products, and recognizing how difficult it's been for other companies to replicate that, just wanted to get a sense from you as how many companies really have the technology currently on the biosimilar front? We've seen obviously the three approvals stemming from the two companies. But how many companies actually have the requisite technology?

Siggi Olafsson - *Teva Pharmaceutical Industries Ltd. - President & CEO of Global Generic Medicines Group*

So I think in terms of when will we do something on business development or find the partner, it's a little bit like when my mother was asking me when are you going to find a girlfriend. I really don't know. We are actively looking for partners here. We know what we are looking for. But at the end of the day, it is important to find the right partner for us.

That comes into the second part of your question. We really think it's key to be successful, is to be in first wave. You don't have to be the first, but you have to be in first wave to introduce to the market. So companies that are a few years behind in development, we would probably not take that opportunity, because we simply think that you have to be in the first three to the market to make an impact on the market and be the market leader.

In terms of how many are there out there that could be a potential partner, I think there are fewer than you think. Let's put it like that. There's about 120 companies that we have screened, monitored, spoken to. We have done now 36 due diligence of different companies. We have looked at technology, R&D, commercial capability.

So we have invested a lot of time, resources to find the right partner. I still hope it's soon, because obviously there's opportunities coming soon to the market. I think we are the ideal partner, and to use the words that Dan just used, I think nobody's better positioned to be a commercial partner with a Company that has the high quality biosimilar. But I simply don't have the answer to the question is when it will be, and who it will be. It needs to take its time. Clearly this is a key focus for us.

Andrew Finkelstein - *Susquehanna Financial Group - Analyst*

Andrew Finkelstein from Susquehanna. Just one product specific question. Is there any update you can give on generic Concerta? Certainly an important product from the acquired business.

And then more broadly, as you've approached some of the large buying groups with the combined portfolio, where are you in the process of contracting and gaining visibility on what the plans, both US and ex-US for 2017 look like? And as we from the outside try to interpret shifts in market share, we're still working through the divestitures, and overlapping products, any thoughts on interpreting the volume data we're seeing, in terms of what that means for your relationships with the large customers? Thanks.

Siggi Olafsson - *Teva Pharmaceutical Industries Ltd. - President & CEO of Global Generic Medicines Group*

So maybe we start on the second question, Andy, if you -- about contracting and then maybe Dipankar a little bit in Europe.

Andy Boyer - *Teva Pharmaceutical Industries Ltd. - Head of North America Generics*

With methylphenidate, we're still sitting with about 82% market share. That's been relatively stable. We're the only AB-rated product on the market. The other two are BX-rated. We are not hearing any indication that anybody's coming to the market soon.

This has been ongoing for probably about a year, a year and-a-half now. You get rumblings once in a while, and then it goes dead silent for a period of three to six months. We're still in that scenario right now where it's been dead silent for three to six months. We just came back from NA CDS in August. Would have expected if somebody was talking about the product, that we would see something, but still there's nothing out there right now.

Siggi Olafsson - *Teva Pharmaceutical Industries Ltd. - President & CEO of Global Generic Medicines Group*

About the contracting, how we are doing on the contracting with our customers?

Andy Boyer - *Teva Pharmaceutical Industries Ltd. - Head of North America Generics*

Contracting with our customers, I can tell you that as I said before, we are strategically and operationally aligned with our customers. We are in the midst of negotiations of all of our key contracts to consolidate them to one agreement, and been a very positive outcome.

Siggi Olafsson - *Teva Pharmaceutical Industries Ltd. - President & CEO of Global Generic Medicines Group*

Europe, contracting.

Dipankar Bhattacharjee - *Teva Pharmaceutical Industries Ltd. - Head of Europe Generics*

In Europe, again, our relationships are strategic. We work sometimes on an annual contract, sometimes on multi-year contracts. Both companies, Actavis prior to the acquisition had strategic relationships. The combined Company obviously gives significant increase in leverage. We are going to enter our discussions, in terms of what does the combined business look like. But we do have very deep relationships, and they will continue as they are.

Siggi Olafsson - *Teva Pharmaceutical Industries Ltd. - President & CEO of Global Generic Medicines Group*

Maybe to give an update, you probably were asking about our own Concerta filings, so maybe Hafrun, on that?

Hafrun Fridriksdotti - *Teva Pharmaceutical Industries Ltd. - Head of Generics R&D*

We have been going back and forth with FDA over the last six months. So we strongly believe that we are very close to approval, and I know that comments have been made in the past, as well. No, I hope it will come within the next few weeks.

Daniel Motto - *Teva Pharmaceutical Industries Ltd. - Head of Generics Portfolio Management and Business Development*

I think the key is there's no urgency so we haven't been pushing too hard. We're very happy with our partnership with J&J on that product. We have many other things to push the FDA on. Why push them on that product now?

Marc Goodman - *UBS - Analyst*

Marc Goodman at UBS. First, can you talk about margins by region, and how you expect that to change by 2020? Second question, just a follow-up on the contracting discussion. How much discussions now on contracting are global contracting discussions, versus just this regional discussion?

And third, long acting injectibles, I know this is an area that Actavis started a while back. No one's really talked about it much. Someone mentioned it earlier today. Can you talk about where are we, when do the first products come to market, how hard has this been? Is the FDA making it an easy pathway for the products to get there?

Siggi Olafsson - *Teva Pharmaceutical Industries Ltd. - President & CEO of Global Generic Medicines Group*

Maybe Dan, you start on the long acting injectible.

Daniel Motto - *Teva Pharmaceutical Industries Ltd. - Head of Generics Portfolio Management and Business Development*

It's absolutely, as you noted, a category both companies have been targeting for a while. There again, it's just a matter of time. In the next year or two, you'll see a number of filings hit the FDA. Not every product is different. There's different technologies behind each. Some are easier than others.

There's no question in our mind that's the category that we will be a leader there. I think that's also a category where we like the addition of Anda to our business in the US, because that gives us the flexiblity. Some of these products are distributed direct to clinics or direct to patients even, and we'll have again, to Siggi's slides, we have all the pieces we need to bring these products from the idea stage to the patients.

Siggi Olafsson - *Teva Pharmaceutical Industries Ltd. - President & CEO of Global Generic Medicines Group*

To give you a hint to talk first half of the question about the margin, so if we start with the overall margin, you have seen in Teva numbers we're at about 26%, 27% operating profit. I think the Actavis generic business was a little bit better than that, simply for the reason of where their exposure was. They didn't have anything invested in Europe that has a lower -- they didn't have anything in France, Germany or Spain, where there's a lower margin. So my estimation is they are approximately 30% operating profit. We should be somewhere in the mixture of that, in the beginning.

I think then over the next three years, when we capture the $1.4 billion in net synergies, this margin will improve. My goal for the generic business is the end of the third year from now, we hopefully can be around at mid-30s in terms of operating profit, which will be a significant value driver obviously in the business.

In terms of profitability we haven't broken it into a region. Our profitability saw the improvement, the impressive improvement in Europe. It has improved over 1,000 basis points over the last two years, which is amazing what the European team has done. It is, let me say, it's higher than you think, the European margin, but we are not going to give out the details. I think the US has been a little higher than the average.

And then in the growth markets, due to the infrastructure and the investments we have done in sales and marketing in Erez's region, we have a lower operating profit, because we're investing so much in the market. We're over-staffing on sales and marketing. You saw, just in Russia, we are over 1,000 sales reps. The average operating profit and growth market is a little lower, but it will grow over time, because we see that as an investment.

On the how many of our customers are global contracting, it's mainly two. So we work with Walgreens, ABC, Alliance Boots out of Switzerland. We look at the business globally, and this is the beauty of having a team like this.

So all of us, and it includes -- because part of that is Turkey, which is in the growth market. So all three commercial leaders here are part of that conversation, and we can come in with one front to our customers. And then the second customer that does global contract is McKesson. They obviously are part of Celesio now in Europe, and now Walmart in the US. These are the two key global contracts.

Red oak is more US focused, but there's some contracts we try to do, like across from US and Canada, maybe US and Mexico for McKesson, et cetera. But the first two are really global contracts how we think about it.

Ronny Gal - *Bernstein - Analyst*

Thank you for the presentation. Ronny Gal from Bernstein. I would like to touch on three things. First, around specific programs.

I believe you inherited a herd of horses in Florida. Have you decided what you're going to do with the Premarin project? Is this something that's going forward or not?

You also submitted two short peptides, [Byeva] and Forteo. The question is, were you able to fund the technology to reduce the cost enough to be able to compete on the larger short peptide market, kind of thinking on the markets going forward. Is this something we should expect more filing the next year or two? A third one is, given where the FDA is right now, topical corticotropin, is this something that is achievable in today's technology or not?

Then on a more global questions. Anda you now have the ability to go directly to patients in the United States. We've seen one of your competitors make an announcement about doing something like that on a minor, perhaps generic, perhaps branded product. Is that something you are considering?

And last on international, I've been sitting on this presentation by Teva for 10 years. Every time we're hearing about double-digit growth in the international market, so far the organic growth has not been, shall we say, anywhere close to that. What has been wrong in the past and how are you changing it so that higher rate of growth in the international business will come through this time?

Siggi Olafsson - *Teva Pharmaceutical Industries Ltd. - President & CEO of Global Generic Medicines Group*

So, a lot of questions. Let me see how many I remember, and you will remind me when I fail. So first of all, on the double-digit growth. I think over the last two and-a-half years, there has been a double-digit growth on the bottom line. There hasn't been a growth on the top line. We needed to do that just to clean up the organization, to clean up what we were doing.

I think we were too much focused on market share, which probably was the biggest mistake. Because I think there was an idea at some point in time, and some of our competitors think that today, as long as you get market share, everything else will come as gravy. It really don't work like that. You need to think about the profitability of your business every day you go in. I think we changed that. You have seen the improvement from 16.7% operating profit, to like 27% now.

So I think that is a double-digit. What we talk about now for the first time since I joined Teva, we intend to grow the top line. And we need to do that gradually.

Let me take also the first question around Premarin. I have said to you, Ronny, that I would seriously consider retiring the day I launched Premarin. I'm working on retiring. It is important. It's an important product. But coming back to Hafrun's stance, this is an example of product that every generic Company has been trying to develop forever. I have spent or invested so much money on Premarin development in my past, that I had to write off. You can't imagine.

So I think everybody has a program but I think with the infrastructure we have in place today, with the knowledge we have, with the expertise, I think we are in a better position now than ever before to make this a reality, and I really -- I don't know if I stand by my words of retiring. I'm way too young for that. But I still think there is an option for that. You want to talk about the corticotropin?

Hafrun Fridriksdotti - *Teva Pharmaceutical Industries Ltd. - Head of Generics R&D*

Of course, as Siggi mentioned, Premarin is one thing everyone has been working on over the last probably 20, 30 years. People make progress. You will be probably surprised when you see what happens.

But anyhow, with corticotropin, that's the same situation. There's a lot of companies which have been working on that, and I'm optimistic. I think everything is possible. Everything is doable. That's the only statement I'm going to give on that. So let's see.

Ronny Gal - *Bernstein - Analyst*

And then, on the overall pipeline?

Hafrun Fridriksdotti - *Teva Pharmaceutical Industries Ltd. - Head of Generics R&D*

Excuse me?

Siggi Olafsson - *Teva Pharmaceutical Industries Ltd. - President & CEO of Global Generic Medicines Group*

Short peptides.

Hafrun Fridriksdotti - *Teva Pharmaceutical Industries Ltd. - Head of Generics R&D*

That is something which has been more focus of the legacy Teva team the legacy Actavis team. There is progress which has been made there as well, without any promises.

Siggi Olafsson - *Teva Pharmaceutical Industries Ltd. - President & CEO of Global Generic Medicines Group*

Did we cover you, Ronny?

Ronny Gal - *Bernstein - Analyst*

Anda.

Siggi Olafsson - *Teva Pharmaceutical Industries Ltd. - President & CEO of Global Generic Medicines Group*

Anda. Of course. So we haven't closed. So we can't talk about it as our Company. We aim to close in October.

I think ANDA is something special. You have to remember that there's so many opportunities, and also the patients are asking for so much more from us. We haven't decided in any way or form of establishing a pharmacy, or anything like that. But ANDA can, on every day, drop to 62,000 locations in the US within 24 hours. And that is, I think for a Company of our size, both in generics and specialty, something we could utilize.

Will it be direct to patients? Will it be direct to doctors offices? Will this, for example, be an opportunity around the biosimilars, of delivering biosimilars to the clinics directly? There's so many things around Anda. It's small. It's manageable. It's a great people, great spirit there. But we are still just exploring what Anda could be part of the big Teva family.

Chris Schott - *JPMorgan - Analyst*

Chris Schott, JPMorgan. Two quick ones, here. First, coming back to the US generic landscape, and pricing environment, obviously Teva's gotten larger or your customers have consolidated. There's still a number of, large number of small, less diversified companies with a lot less robust pipeline than you have. What do you see happening with those smaller players, and what does that imply in terms of the health of the overall market, and the market you're competing in? Is that something that could disrupt the environment for Teva, that you just get less rational competition than you'd might like to see otherwise?

The second question is coming back to some of the margin commentary you made about the mid-30s margin opportunity over time. Is that a margin target that if something goes off, and you can't get the 5% growth, are you committed to getting to that mid-30s margin regardless of top line, or is that very much predicated on hitting that 5% number?

Siggi Olafsson - *Teva Pharmaceutical Industries Ltd. - President & CEO of Global Generic Medicines Group*

I think around the consolidation, we mentioned two generic companies in the EU. I have said to some of you, I would like to be in the position Teva is, basically to be large key competitor, key partner of our customers, with a large pipeline that you are in charge of your own destiny. Or I would

like to be really small niche player that has maybe a differentiated one or two or three product, that doesn't have a big infrastructure to maintain products on the market.

The companies in the middle, they are the ones probably suffering the most. They don't have a global presence very often. Obviously, the pricing, they are hit by pricing in the same way we are. They might not have the funding of having the same pipeline.

I can't comment on will there be a consolidation, or who is going to be next and things like that, I think just the nature of the business you saw our top four customers, are 85% of the business. It's a heavy competition for every molecule, and if you're a small player with a non-differentiated portfolio, I think there might be an opportunity for some consolidation in the business.

I have no doubt in my mind it will continue. It has happened up until now. It will continue happening.

We are very happy where we are. I think we are happy with our position today. We have said that the only inorganic move we would consider would be basically expanding our footprint in the growth market, but we are very happy with our technical capability and infrastructure in the rest.

In terms of the margin, obviously, it's my ambition to get to about 35%, and we see that in the numbers, basically when we take out the costs. And overall, the 10% growth of the pipeline is really, it's the essence for the growth. It doesn't affect so much the bottom line. Obviously, new products have a better margin. There's no question about it.

So the margin on generics start high, and then they go down, and then they stabilize because then the price erosion, and we can lower the cost of goods, our balance. That's what our operation group is. But overall, I think, with what we have in the pipeline, and what we see coming each year, we are pretty confident that we can grow the 10% and also meet the 35%. Is it directly linked? It's not but it's indirectly linked. Obviously I have to grow the top line to maintain a 35% operating profit.

Louise Chen - *Guggenheim Securities LLC - Analyst*

Louise Chen from Guggenheim. Just had a few questions for you. First question I had was, are you still interested in generic Restasis, and if so, where are you with that application? And then secondly back to the OTC private label in the US, how much of a priority is this for you, and how big of a player do you want to be? And then lastly, just on biosimilars in the US market, how do you see that unfolding versus what we've seen outside the US? I know there's been some skepticism as to the size of that market in the US. I'm just curious what you're thinking here. Thanks.

Siggi Olafsson - *Teva Pharmaceutical Industries Ltd. - President & CEO of Global Generic Medicines Group*

So obviously Restasis is a very interesting brand product and I'm sure we will be working on that going forward. I'm not commenting on individual product, and the confidentiality where we are, and things like that. Clearly it's a big brand product, and there's no limitation for us to work on it. Obviously, we are competitors in the market, Teva and Allergan today. So no question about it.

To take the last part of your question on biosimilars in the US, I really think it's going to be better than people expect. This is where maybe Ronny and I disagree, but that's fine. I think overall the price erosion that people are talking about, some people are putting 50 to 60 points price erosion in biosimilar. I think it's going to be less in the beginning, because of the non-interchangability which will be a hurdle.

In terms of volume, my best guess is that the brand will still have at least half of the market, to begin with. It will be a little bit different between different products. I think the generic -- the biosimilar penetration will be more on hospital product, than on prescription product. What I mean by that is, hospital product where the decision is made by a clinical committee in a hospital, that's where the whole clinic is changed to a biosimilar. That is an easier part to penetrate, versus where you have to influence the pen of the prescriber for some of the psoriasis drugs, even though it's delivered in an office of a doctor, it's a harder thing to impact.

So I still think -- in terms of number of competitors, I think there will be fewer competitors, because the essence to compete in the US, I feel you have to have a specialty business, and a generic infrastructure cost. You need to be able to access the doctor. You need to have the medical information. You need to have everything you saw on my biosimilar slide on the left hand side.

Really you need to have the infrastructure for a brand Company but you need to have the nimbleness and the cost structure of a generic Company. I think we have that. I think Pfizer is building that. I think Novartis is building that up.

But there is not many more companies that really have that infrastructure. There's two or three more. So I think the competition will be less in the US. You have to remind of your second question. I've been speaking so much.

Louise Chen - *Guggenheim Securities LLC - Analyst*

The US private label opportunity, how much of a priority is for you, and also, how big of a player to you want to be over time?

Siggi Olafsson - *Teva Pharmaceutical Industries Ltd. - President & CEO of Global Generic Medicines Group*

It's not our core business. We are not in any way competing with Perrigo at this point in time. They are the giant gorilla with full respect to Perrigo in the private label space, and we are not competing. What opportunities we are doing, and in fact we are working with Perrigo as we mentioned on Mucinex, and on fexifenadine is a product that was developed by us. Perrigo is a partner on some of the product.

We want to see this as a niche opportunity. When we are first-to-file, if we have a technology or an opportunity to bring private label to the market under Teva, we will look at it. But it's still so small. It's less than $100 million of our revenue today, so it's still a relatively small business. But it's opportunistic business we are thinking about.

So one more question. It has to be a good one, or no question.

Unidentified Audience Member - - *Analyst*

Okay. Thank you, Siggi. I don't want to take pressure. So I'll ask a couple on numbers, and a couple on products. So maybe on numbers, perhaps number one, can you quantify in first half of 2016, how much of your North America sales were from launches in dollars? And what is that number in your view going into first half of 2017? Just so we understand year-over-year what that changes. That's number one.

Secondly, on numbers, once you do own Anda business in house, there's like an automatic revision to perhaps the generics revenues, just because of lesser distribution fees, so what is that dollar impact to your generic sales going into next year, so that we could tease out organic from inorganic. Third, on products, first of all, so what modification are you making on EpiPen? And also finally on HIV, so you guys have a date certain on Viread. You have a date certain on Epzicom, so that gets you Lamivudine. What I'm trying to get at is Sustiva is already off. Can you launch a fixed dose three pill combo, basically an equivalent of Atripla, over the next couple of years?

Siggi Olafsson - *Teva Pharmaceutical Industries Ltd. - President & CEO of Global Generic Medicines Group*

So let's go through it. First of all, on the HIV I think what you're referring to is part of our NPE strategy, or basically our development of new products, using existing molecules. We have been looking at some HIV development.

It's still in relatively early development. It's part of the process. So it's not launching around the corner. It's not coming any time really soon in that.

In terms of revenue of new launches, it's probably better to give you a revenue of new launches first half of 2015. I remember that very well. We obviously, we have a huge opportunity then in Nexium and aripiprazole. That's why the comparison between first half of 2015 and 2016 was not very favorable on the generic.

But we have about just over $700 million just in Teva, of revenue of new launches in first half of 2015. The revenue of new launches this year is much lower. My best guess is it's approximately $200 million, something like that.

But it's still significant, when you see that we have more than half of the launches for this year left to do, as we showed you on the slide. So in a good year we have been delivering year on year an average about $700 million in revenue of new launches in Teva. And in Actavis, this number has been increasing over time. So I think we are very comfortable there. You need to remind me of your second question.

Unidentified Audience Member - - *Analyst*

One was on EpiPen, what modifications you're making, and old also --

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Siggi Olafsson - *Teva Pharmaceutical Industries Ltd. - President & CEO of Global Generic Medicines Group*

At this point in time no modifications. It's simple that we, if there is some modification to the pen, that's much more significant time delay. For us, this means -- and we haven't had any feedback that we need to make a modification of the drug itself. So I think overall, as I said, the feedback is mainly on clinical. We are working with the FDA to find the road forward. We are not changing the product itself. And your last question.

Unidentified Audience Member - - *Analyst*

Last one was Anda distribution and the tailwind from.

Siggi Olafsson - *Teva Pharmaceutical Industries Ltd. - President & CEO of Global Generic Medicines Group*

Really it's within the margin we gave you, at our guidance call. You have to keep in mind that Anda already delivers the Actavis portfolio, ex-Actavis portfolio and we have all that benefit in our business today. So the only additional benefit would be the Teva portfolio going through Anda, but it's within the margin that we gave you as a guidance for our generic business. The Anda improvement is within that. So it wouldn't be incremental anything to the margin that we gave you, when we gave you guidance.

Unidentified Audience Member - - *Analyst*

Thank you.

Siggi Olafsson - *Teva Pharmaceutical Industries Ltd. - President & CEO of Global Generic Medicines Group*

Very good. So with that, I want to thank you for coming. Thanks for people on the webcast. It's been a pleasure. We will be around if you want to ask us some more questions. There's also more people from the leadership team here, but thank you, and have a great day.
