

TEVA PHARMACEUTICAL



US8816242098 | TEVA | USA

Analysis of 27-Jan-2021

Closing Price of 26-Jan-2021

USD 12.32

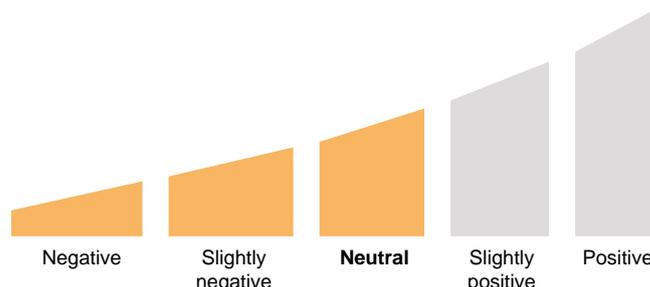
TEVA PHARMACEUTICAL active in the sector Pharmaceuticals, belongs to the industry group Health Care.

Its market capitalization of USD 13.61 bn. ranks it among large-cap stocks.

During the last 12 months this stock has reached a high of USD 13.24 and a low of USD 7.27; its current price of USD 12.32 places it 6.9% under its 52 week high and 69.5% over its 52 week low.

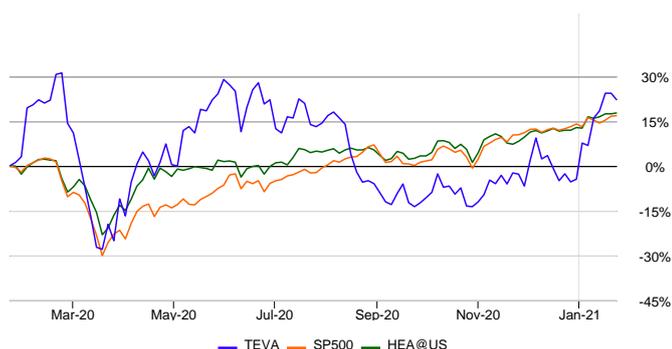
Performance since January 24, 2020: TEVA PHARMACEUTICAL: 22.0%, Health Care: 17.7%, SP500: 16.8%

Global Evaluation



Company Name	Price	Perf YtD	Mkt Cap in \$bn	Stars	Sensitivity	LT P/E	LT Growth	Div	4wk Rel Perf	Global Evaluation
TEVA PHARMACEUTICAL	12.32	27.7%	13.61	★★★★☆	🌈	4.3	4.5%	0.0%	21.4%	📈
Health Care (US)	336.00	4.3%	5,414.32	★★★★☆	🌈	17.8	14.6%	1.3%	1.9%	📈
SP500	3,850.00	2.5%	34,550.95	★★★★☆	🌈	19.0	21.5%	1.5%	4.0%	📈

Comparison January 24, 2020 - January 26, 2021



Technical Trend and relative Performance ★★

The stock has been in a medium-term up trend, which started on January 5, 2021, at a price of USD 10.87. Its adjusted technical reverse point is USD 10.47, or 15.0% under the current price.

The four-week relative performance against the reference index SP500 is 21.4%. The technical trend is also positive, which validates this overperformance and confirms the investors' interest in this stock.

The four-week relative performance of its reference group Health Care is positive.

Dividend

According to estimates, no dividend is foreseen in the next 12 months.

Summary of the Fundamental and Technical Analysis

1. The negative earnings revisions trend is not specific to the stock, but affects the entire sector.
2. In terms of valuation, the stock has reasonable potential.
3. The technical trend is positive in a positive environment.
4. Both the stock and the environment Health Care have outperformed the market over the last four weeks.

Fundamental and Technical Analysis

Price Level Analysis ★

In order to assess whether TEVA PHARMACEUTICAL is currently fairly priced, we can combine Peter Lynch's broadly accepted methodology, comparing the projected earnings growth and dividends to the estimated PE ratio, with historic multiples. Based on this,

- TEVA PHARMACEUTICAL appears fundamentally fairly valued compared to its theoretical fair price.

- its valuation is comparable to the American Health Care aggregate.

The fundamental price potential for TEVA PHARMACEUTICAL looks reasonable, and in line with the valuation of other stocks in the same industry group.

Earnings Revisions ☆

TEVA PHARMACEUTICAL is strongly followed by financial analysts, as over the last three months an average of 18 analysts provided earnings estimate forecasts up until the year 2023.

Currently, these analysts are negatively revising their earnings growth estimates (-1.2%) compared with seven weeks ago. This negative pressure on the growth expectations has been apparent since October 23, 2020 when the stock closed at the price of USD 9.35 and acts slightly in counterweight to the positive technical trend.

The positioning of TEVA PHARMACEUTICAL vs. its reference sector Health Care accentuates that the clearly negative trend of earnings revisions is not a problem specific to the stock, because its environment is also being revised negatively.

Checklist

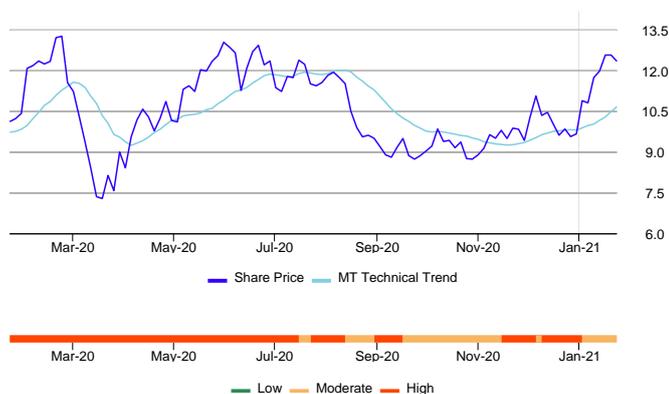
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Global Evaluation	📈	Downgrade from slightly positive to neutral the 08-Jan-2021.
Interest	★★★★☆	Strong interest since 12-Jan-2021.
Earnings Rev Trend	★	Analysts negative since 23-Oct-2020
Valuation Rating	★	Fairly priced
MT Tech Trend	★	Trend positive since 05-Jan-2021
4wk Rel Perf	★	vs. SP500
Sensitivity	🌈	Decrease from high to moderate the 05-Jan-2021.

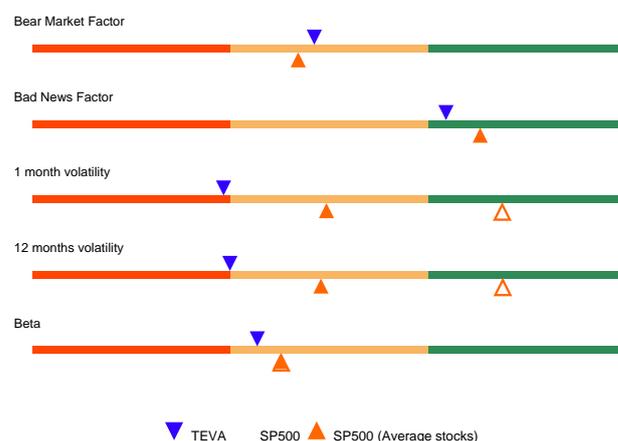
TEVA PHARMACEUTICAL - Sector and/or Group Comparison

Company Name	Symbol	Market	Price	Perf YtD	Mkt Cap in \$bn	Stars	Sensitivity	LT P/E	LT Growth	Div	Global Evaluation
TEVA PHARMACEUTICAL	TEVA	US	12.32	27.7%	13.61	★★★★☆	🌅	4.3	4.5%	0.0%	📈
JOHNSON & JOHNSON	JNJ	US	170.48	8.3%	448.80	★★★★☆	🌅	17.5	14.0%	2.5%	📈
PFIZER	PFE	US	37.31	1.4%	207.38	★★★★☆	🌅	10.3	7.8%	4.2%	📈
ELI LILLY	LLY	US	212.72	26.0%	203.48	★★★★☆	🌅	22.0	15.4%	1.6%	📈
ROCHE HOLDING	ROG	CH	322.95	4.5%	315.09	★★★★☆	🌅	15.4	10.5%	2.9%	📈
NOVARTIS AG	NOVN	CH	84.33	0.8%	234.43	★★★★☆	🌅	13.6	11.5%	3.5%	📈
MERCK & COMPANY	MRK	US	80.25	-1.9%	203.04	★★★★☆	🌅	11.0	8.8%	3.3%	📈
ABBVIE	ABBV	US	108.80	1.5%	192.08	★★★★☆	🌅	9.2	7.1%	4.7%	📈
NOVO NORDISK A/S	NOVOB	DK	448.10	5.0%	172.19	★★★★☆	🌅	19.0	14.5%	2.1%	📈
BRISTOL MYERS SQUIBB	BMY	US	64.44	3.9%	145.62	★★★★☆	🌅	7.4	7.8%	3.0%	📈
ASTRAZENECA	AZN	GB	7,952.00	8.6%	143.44	★★★★☆	🌅	14.0	19.0%	2.7%	📈

Price & Sensitivity Evolution



Sensitivity Profile



Sensitivity Analysis

Beta, Correlation and Volatility

Beta is often used as a measure of sensitivity. Where a Beta is greater than 100, the stock is more volatile and therefore more sensitive. A Beta of 1.22 indicates that for 1% of index variation, TEVA PHARMACEUTICAL varies on average by 1.22%. But a Beta analysis coupled with the correlation gives a more relevant assessment.

Correlation is the degree of similarity in which a stock fluctuates in relation to its reference index. TEVA PHARMACEUTICAL has a correlation rate of 0.54. This indicates that 54% of the stock's movements are explained by index variations. TEVA PHARMACEUTICAL is fairly correlated to SP500.

The volatility is also used as a sensitivity factor. The 1 month annualized volatility of TEVA PHARMACEUTICAL is : 51.0%, that of the index SP500 is 12.0% and that of the world aggregate for the group Health Care is 7.9%. By comparison, the average volatility of the stocks that make up the reference index is clearly lower at 30.2%.

Sensitivity to Bear Markets

The Bear Market Factor measures the behavior of a stock in declining markets. Thereby TEVA PHARMACEUTICAL tends to drop in the same proportion as the SP500 index. Hence, we observe a market typical behaviour during market declines.

Sensitivity to Bad News

The Bad News Factor measures negative swings of a stock in rising markets. In the case of specific pressure, TEVA PHARMACEUTICAL is only moderately sanctioned by the market in most of the times. When the stock goes down in a rising environment, its average deviation is -3.63%.

Summary of the Sensitivity Analysis

By comparing with other stocks, the sensitivity of TEVA PHARMACEUTICAL has been medium and this since January 5, 2021.

Conclusion

At the analysis date of January 26, 2021, the impression that the fundamental and technical elements (valuation, earnings revisions, group benchmarking, technical factors) give is slightly positive. Moreover, the combination of the different criteria of sensitivity appreciation leads to a qualification of medium sensitive.

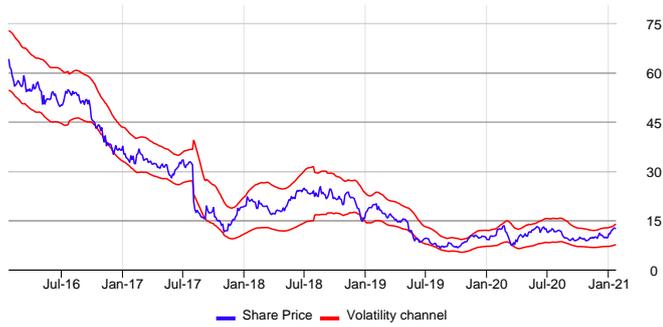
By combining the slightly positive fundamental and technical analysis, with the moderate sensitivity, the general evaluation seems medium.

Key Figures

Annualized estimate for current year to	2023
Estimated PE (LT PE) for 2023	4.3
Projected earnings growth (LT Growth)	4.5%
Dividend (Ex Date: 27-Nov-2017)	USD 0.09
Number of analysts	18
First analysis date	26-Mar-2003

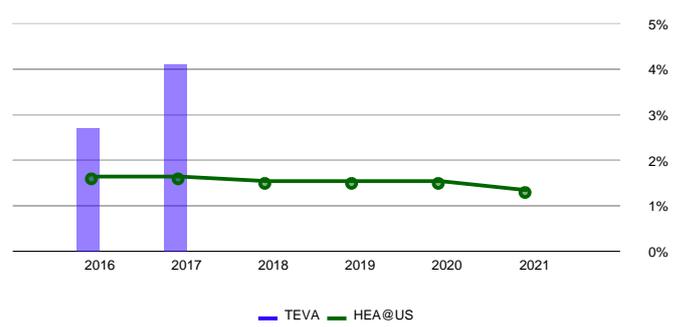
TEVA PHARMACEUTICAL - 5 Year History

Price Changes January 26, 2016 - January 26, 2021



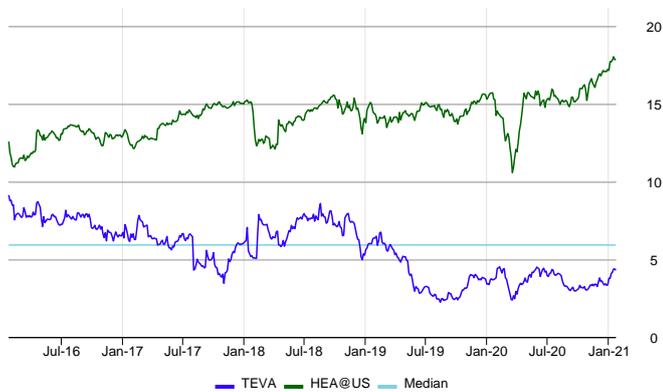
The volatility channel shows a stock's average fluctuations over the last 5 years. During this period, the high of USD 64.06 was reached on January 2016 and the low of USD 6.41 in the month of August 2019. The price development is generally in the volatility channel whose upper and lower limits are presented here. Crossing one of these limits is an exceptional situation accompanied by strong increases in short-term volatility.

Expected Dividend Yield 2016 - 2021



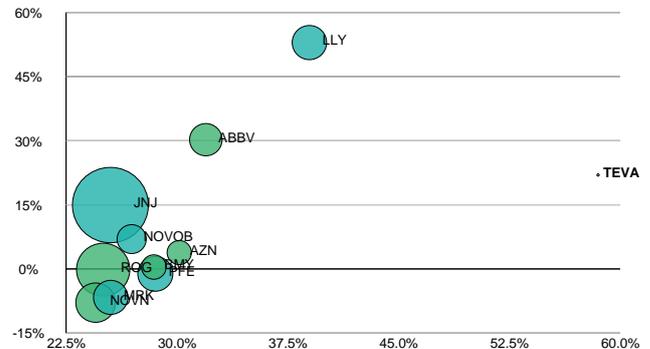
According to the latest estimations, no dividend is expected for the 12 coming months. The average dividend outlook of the industry of TEVA PHARMACEUTICAL is 1.3%. The analysts do not expect dividends in the coming 12 months, even though the company paid out an average of 1.1% in the past.

Comparative LTPE January 26, 2016 - January 26, 2021



While the projected forward PE of the stock TEVA PHARMACEUTICAL is 4.28, the PE of the group Health Care is clearly higher (17.81); this indicates that the stock is trading at a large discount compared to its group. Historically speaking, this stock is also currently trading at a discount, because its median is 5.90.

Performance vs Volatility

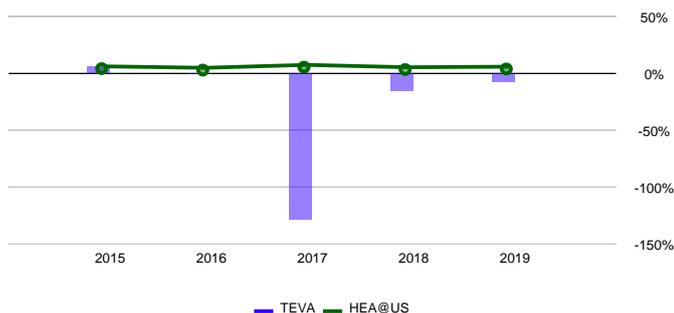


The vertical axis measures the performance since January 24, 2020 of the 10 stocks presented in the table on page 2, while the horizontal axis measures the 12 month annualized volatility. The bubbles are sized according to market capitalization, and their colors indicate the overall rating (Global Valuation).

Comparison January 26, 2016 - January 26, 2021

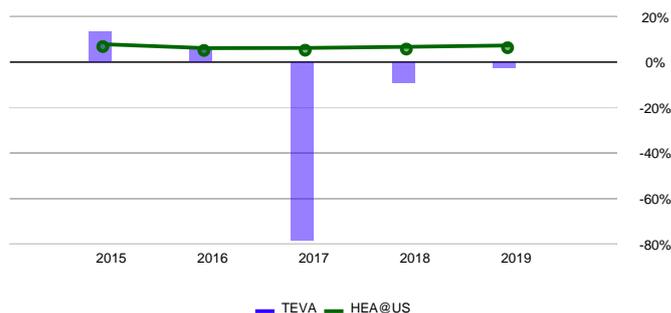


Return on Equity 



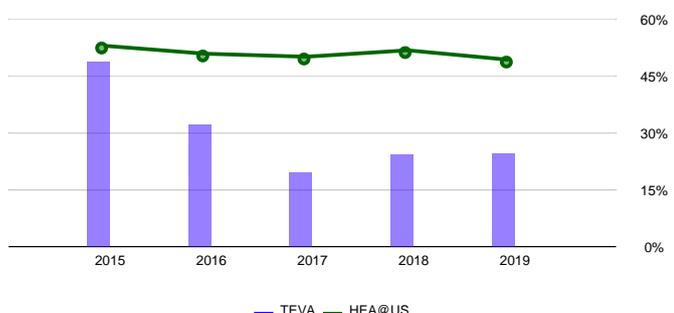
The return on equity, or ratio between profits and available equity, varies greatly from industry to industry. The historical average return on equity of TEVA PHARMACEUTICAL is -29%. This is below the industry average of 4%, indicating a moderately efficient use of shareholder capital. The last publicized return on equity of -7% is above the long term average of -29%.

Earnings Before Interest & Taxes 



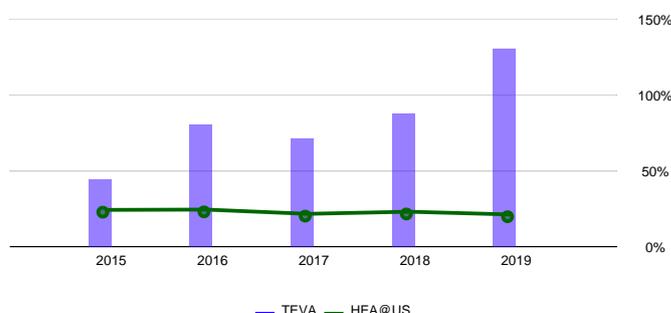
The average historical operating margin (EBIT) of TEVA PHARMACEUTICAL has been at -14%. This is below the industry average. The competitors achieved an on average EBIT margin of 6%. The last reported -2% are above the historical average of -14%.

Equity on Assets 



The graph shows the share of own funds in relation to the total assets. The higher the value, the more conservative the company's finances. TEVA PHARMACEUTICAL has an average equity ratio of 30%, which is below the industry average of 51%. The current capital share of 24% is below the historical average of 30%.

Book Value / Price 



The book value of the company is shown in relation to the stock's value. The larger the ratio, the more asset value is obtained relative to the market price. The average value of TEVA PHARMACEUTICAL is with 83% above the industry average of 22%. With 131% the current value is above the historical average of 83%.

Balance Sheet	2017	2018	2019	
	31-Dec	31-Dec	31-Dec	
	USD	USD	USD	
Currency 'mio				
Cash & Short Term Invest	994	1,802	2,007	4%
Receivables	7,128	5,822	5,676	10%
Inventories	4,924	4,731	4,422	8%
Total Current Assets	15,382	13,794	13,464	24%
Properties & Equipment	7,673	6,868	6,950	12%
Intangible	46,054	38,922	36,078	63%
Total Assets	70,041	60,315	57,084	100%
Account Payable	2,069	1,853	1,718	3%
Short Term Debt	3,646	2,216	2,345	4%
Total Current Liabilities	17,921	14,322	13,674	24%
Long Term Debt	28,827	26,691	24,562	43%
Total Liabilities	70,041	60,315	57,084	100%

Key Figures

Book Value	13.50	13.50	12.79
Shares Outstanding ('000)	1,016,877	1,089,389	1,092,189
NB of Employees	51,800	42,535	40,039

Annual Statement	2017	2018	2019	
	31-Dec	31-Dec	31-Dec	
	USD	USD	USD	
Currency 'mio				
Total Revenue	22,385	18,854	16,887	100%
Cost	9,484	8,878	7,768	46%
Gross Income	10,825	8,134	7,397	44%
General Cost & Administration	6,834	5,265	4,677	28%
Amortization	2,076	1,842	1,722	10%
Operating Income	3,889	2,869	2,721	16%
Research & Development	1,848	1,213	1,010	6%
Net Income Before Extra Items	-17,326	-1,982	-999	-6%
Net Income Before Taxes	-17,504	-1,605	-384	-2%
Dividend	901	0	0	0%
Net Income	-17,586	-2,231	-999	-6%

Ratios

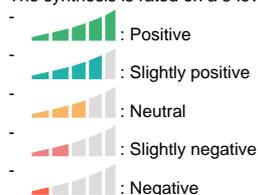
Current Ratio	0.9	1.0	1.0
Long Term Debt	41.2%	44.3%	43.0%
Revenues on Assets	32.0%	31.3%	29.6%
Cash Flow on Revenues	-69.3%	-2.1%	4.3%

Glossary - Equities

Global Evaluation

The rating results from several factors : fundamental and technical analysis, measure of sensitivity and benchmark trend.

The synthesis is rated on a 5 level scale:



The synthesis for the Indices and Industries is rated on a 3 level scale: Positive, Neutral and Negative.

Number of Stocks

The number of stocks in the index that can be analyzed.

Mkt Cap in \$bn

This number represents the Market Capitalization in USD bn. It is calculated by multiplying a firm's share price by the number of outstanding shares. For reasons of comparison, all results are in USD.

Valuation Rating

Our Valuation Rating indicates if a stock is "expensive" or "cheap" relative to its growth potential. This is used to determine whether or not the investor is paying a premium for anticipated growth.

To estimate a stock's value relative to its current price, our Valuation Rating combines:

- stock price
- projected earnings
- projected earnings growth
- dividends

We establish our rating by combining these elements.

There are five ratings, ranging from strongly undervalued to strongly overvalued .

Stars

theScreener.com's star rating system is designed to enable you to identify high-quality stocks quickly and easily.

In this easy-to-use rating system, stars are earned for each element specified below:

- Earnings Rev Trend = ★★★★★
- Valuation Rating , , = ★★★★★
- MT Tech Trend = ★★★★★
- 4 week Relative Performance > 1% = ★★★★★

Therefore, a stock can earn a maximum of four stars.

The lowest rating a stock can have is no stars.

Once a stock has earned a star, it will keep it until:

- Earnings Rev Trend becomes negative
- Valuation Rating becomes negative ,
- MT Tech Trend becomes negative
- 4 week Relative Performance drops below -1% (<-1%)

Div

This is the dividend in % for the next 12 months.

Even if the same number is shown, the dividend value can appear in one of four colors, depending on the earnings coverage:

- 0%, no dividend
- 4%, the dividends are covered (between 0% and 40% of earnings)
- 4%, the dividends represent between 40% and 70% of earnings
- 4%, the dividends are higher than 70% of earnings, which implies that the dividend coverage is not guaranteed.

Earnings Rev. Trend

The symbol shows that compared with their earnings revisions of seven weeks ago, the analysts have now raised their estimates (7wk EPS Rev; > 1%); the symbol indicates that compared with their earnings revisions of seven weeks ago, the analysts have now lowered their estimates (7wk EPS Rev < -1%).

When the earnings revisions (7wk EPS Rev) fall between +1% and -1%, the trend is considered to be neutral .

The symbol indicates that the last significant revisions have been trending positive.

The symbol indicates that the last significant revisions have been negative.

7wk EPS Rev

This is an abbreviation for 7 week Earnings Per Share Revision. This column indicates the value of these revised earnings. A figure of 2.8 signifies that compared with seven weeks

ago, the analysts have now revised and raised their estimates by 2.8%. On the contrary, a negative number means that the earnings would have been revised lower.

G/PE Ratio

In order to establish our Valuation Rating, we calculate the estimated growth of future earnings (LT Growth) plus dividend in %, divided by the estimated future PE ratio (Long Term P/E).

LT PE

This is the relationship between the price (P) and the estimated long-term future earnings.

LT Growth

This is the estimated annual growth rate of future earnings, normally projected over the next two to three years.

MT Tech Trend

The MT Tech Trend indicates the current trend, positive or negative , and the Tech Reverse indicates up to which price this trend will remain valid.

When a price falls to 1.75% above or below the Tech Reverse, the MT Tech Trend is considered neutral .

Once the price breaks out of the +1.75% neutral zone, the MT Tech Trend will change to positive.

The symbol indicates that the previous MT Tech Trend was positive.

The symbol indicates that the previous MT Tech Trend was negative.

4wk (Rel) Perf.

This figure measures the performance of a stock relative to its national or regional index (compared to four weeks ago). As for an Index, it measures the net performance over 4 weeks.

Bad News Factor

To determine the "Bad News Factor" we analyze a stock's declines in rising markets. In this purely objective analysis, the actual reasons for a stock's behavior are not important. If a stock price falls while its relative index goes up, it can be assumed that the stock's performance has been affected by bad news - hence the name, "Bad News Factor".

Here a stock's movements are measured on a bi-weekly basis, during a sliding 52 week period. Every time a stock drops while its reference index rises, the difference is calculated in %, integrated into a yearly average and expressed in basis points.

The higher the "Bad News Factor," the more a stock has proven to be sensitive to bad news. The lower the "Bad News Factor," the less the stock has proven to be sensitive to bad news.

Bear Market Factor

To determine the "Bear Market Factor" we analyze a stock's price movements in declining markets.

This is the analysis of the movements, in a bi-weekly intervals, during a sliding 52 week period. The higher the "Bear Market Factor," the greater the probability a stock would drop when its relative index drops.

A "Bear Market Factor" that is strongly negative means the stock has been more resistant to losses in declining markets.

Sensitivity

Stock price developments are generally volatile and contain high risks that can result in a total loss. Based on a their historical behaviour, stocks are classified by sensitivity level. These sensitivity levels have to be considered solely in relative historical comparison to other stocks. Please note that even "Low Sensitivity" stocks are equities and therefore high risk investments that can lose up to all of their value, and that past performance is no indication of current or future performance.

"Sensitivity" is determined by measuring the "Bear Market Factor" and the "Bad News Factor" against its benchmark.

There are three grades of sensitivity levels:

- Low Sensitivity: The sensitivity indicators fall below the world reference average.
- Moderate Sensitivity: The sensitivity indicators are situated higher than the world reference average, but lower than standard deviation.
- High Sensitivity: The sensitivity indicators are at levels higher than standard deviation.

Volatility 12 M

Volatility measures the magnitude of upwards and downwards movements of a stock or index. The volatility 12 M shows the average volatility over the last 12 months.

% of Stocks in Uptrend

This is the percentage of stocks in a given list that have a positive Medium Term Technical Trend. If, for example, the aggregate of Technology / World, (which is made up of 458 stocks) has 8% "of stocks in Uptrend," it means that 38 of the stocks within that aggregate have a positive Medium Term Technical Trend.

Beta

Beta is often used as a measure of sensitivity. Where a Beta is greater than 100, the stock is more volatile than its reference index.

Correlation

Correlation is the degree of similarity in which a stock fluctuates in relation to its reference index.

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If the investment currency differs from the currency of the investment instrument, currency fluctuations can have a strong influence on the performance of the investment instrument, so that it can be significantly higher or lower.

More information: www.thescreener.com/home/method/

Price data, financial ratios and earnings estimates provided by REFINITIV