

TEVA PHARMACEUTICAL



IL0006290147 | TEVA | Israel Analysis of 13-Jan-2024 Closing Price of 12-Jan-2024 ILS 43.01

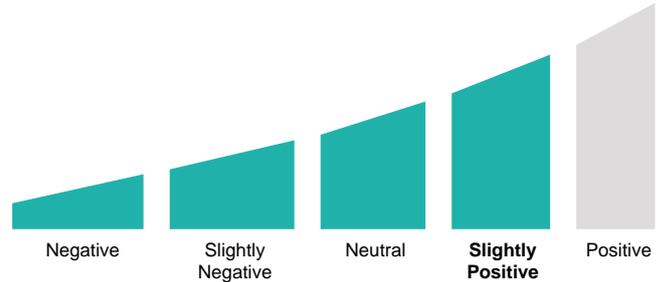
TEVA PHARMACEUTICAL active in the sector Pharmaceuticals, belongs to the industry group Health Care.

Its market capitalization of USD 12.93 bn. ranks it among large-cap stocks.

Since January 13, 2023 this stock has reached a high of ILS 43.01 and a low of ILS 26.75; its current price of ILS 43.01 places it near its 52 week high and 60.8% above its bottom.

Performance since January 13, 2023: TEVA PHARMACEUTICAL: 12.4%, Health Care: 4.8%, Tel Aviv 125 Index: 2.0%

Global Evaluation



Name	Market	Price	Perf YtD	Mkt Cap in \$bn	Stars	Sensitivity	LT P/E	LT Growth	Dividend	4wk Rel. Perf.	Global Evaluation
TEVA PHARMACEUTICAL	IL	43.01	12.0%	12.93	★★★★☆	🌈	4.5	5.1%	0.0%	17.1%	📈
Health Care (HEA@WO)	WO	354.00	2.7%	9,318.77	★★★★★	🌈	17.2	17.4%	1.7%	3.9%	📈
Tel Aviv 125 Index	IL	1,885.00	0.5%	65.19	★★★★☆	🌈	7.3	5.2%	3.3%	4.6%	📈

Key points

- ✓ The forecasted PE of 4.5 is very low, and 73.7% below the industry average of 17.2.
- ✗ No dividends are expected.
- ✓ The share price has significantly outperformed the Tel Aviv 125 Index by 17.1% over the past four weeks.
- ✗ The expected earnings growth of 5.1% is below the industry average of 17.4%.
- ✓ The stock is somewhat undervalued from a fundamental perspective.

Comparison January 13, 2023 - January 12, 2024



Checklist / Last change / Target

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	TEVA	📊	The latest analysis confirms the changes recorded on December 26, 2023. The Global Evaluation remains "Slightly Positive".
Global Evaluation	📈	📈	Upgrade from neutral to slightly positive the 26-Dec-2023.
Stars	★★★★☆	★★★★★	Three stars since 15-Dec-2023.
Earnings Rev Trend	★	★	Analysts negative since 12-Dec-2023. The negative earnings revisions trend is specific to the stock.
Valuation Rating	★	★	Moderately undervalued. In terms of valuation, the stock has good potential.
MT Tech Trend	★	★	Trend positive since 24-Nov-2023. The technical trend is positive in a positive environment.
4wk Rel. Perf.	★	★	vs. Tel Aviv 125 Index. Both the stock and the environment have outperformed the market over the last four weeks.
Sensitivity	🌈	🌈	By comparing with other stocks, the sensitivity of TEVA PHARMACEUTICAL has been medium and this since 22-Dec-2023.
Target price	45.16 ILS		As of the January 12, 2024, the stock's closing price was ILS 43.01 and its price target is valued at ILS 45.16 (+5%).

TEVA PHARMACEUTICAL - Sector Comparison

Name	Symbol	Market	Price	Perf YtD	Mkt Cap in \$bn	Stars	Sensitivity	LT P/E	LT Growth	Dividend	% to target	Global Evaluation
TEVA PHARMACEUTICAL	TEVA	IL	43.01	12.0%	12.93	★★★★☆	🌈	4.5	5.1%	0.0%	5.0%	📈
ELI LILLY	LLY	US	642.92	10.3%	603.49	★★★★☆	🌈	22.6	33.9%	0.8%	7.2%	📈
NOVO NORDISK A/S	NOVOB	DK	725.60	3.9%	479.19	★★★★☆	🌈	27.1	23.8%	1.5%	10.3%	📈
JOHNSON & JOHNSON	JNJ	US	162.39	3.6%	387.93	★★★★☆	🌈	14.9	10.3%	3.0%	6.5%	📈
MERCK & COMPANY	MRK	US	118.63	8.8%	300.10	★★★★☆	🌈	10.5	72.8%	2.6%	6.5%	📈
ABBVIE	ABBV	US	162.40	4.8%	289.16	★★★★☆	🌈	12.2	8.8%	3.8%	6.5%	📈
ROCHE HOLDING	ROG	CH	252.50	3.3%	237.16	★★★★☆	🌈	11.5	9.2%	3.9%	5.5%	📈
NOVARTIS AG	NOVN	CH	91.43	7.7%	221.03	★★★★☆	🌈	13.5	9.8%	3.6%	6.5%	📈
ASTRAZENECA	AZN	GB	10,862.00	2.5%	213.73	★★★★☆	🌈	13.5	12.9%	2.3%	7.0%	📈
PFIZER	PFE	US	28.70	-0.3%	160.36	★★★★☆	🌈	12.0	22.9%	5.9%	9.0%	📈

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 undervalued compared to its theoretical fair price.
 - its valuation is less attractive than the World Health Care aggregate.
- The fundamental price potential for TEVA PHARMACEUTICAL looks good.

Earnings Revisions ★

TEVA PHARMACEUTICAL is moderately followed by financial analysts, as over the last three months an average of 9 analysts provided earnings estimate forecasts up until the year 2025.

Currently, these analysts are negatively revising their earnings growth estimates by -5.0% compared with seven weeks ago. This negative pressure

Technical Trend and relative Performance ★★

The stock has been in a medium-term up trend, which started on November 24, 2023, at a price of ILS 35.80.

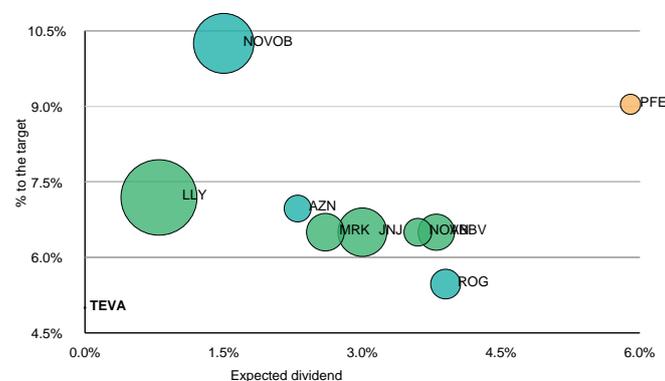
The four-week dividend-adjusted relative performance against the reference index Tel Aviv 125 Index is 17.1%. The technical trend is also positive, which validates this overperformance and confirms the investors' interest in this stock.

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.

Expected dividend vs % to target



The bubbles are sized according to market capitalization, and their colors indicate the Global Evaluation.

Sensitivity Analysis vs Tel Aviv 125 Index

Beta 0.52 indicates that for 1% of index variation, TEVA PHARMACEUTICAL varies on average by 0.52%. But a Beta analysis coupled with the correlation gives a more relevant assessment.

Correlation 0.23 This means that 5% movements in the stock are explained by changes in the index.

Volatility 1 month: 18.9%, 12 months: 38.1%.

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 Tel Aviv 125 Index 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 -3.52%.

Summary of the Sensitivity Analysis

By comparing with other stocks, the sensitivity of TEVA PHARMACEUTICAL has been medium and this since December 22, 2023.

Conclusion

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The stock currently meets three of our four stars. Positive market signals in absolute and relative terms are balanced by negative analyst signals. Fundamental analysis shows price potential intact.

The situation in the sectoral environment is even slightly more favourable, with four star criteria met.

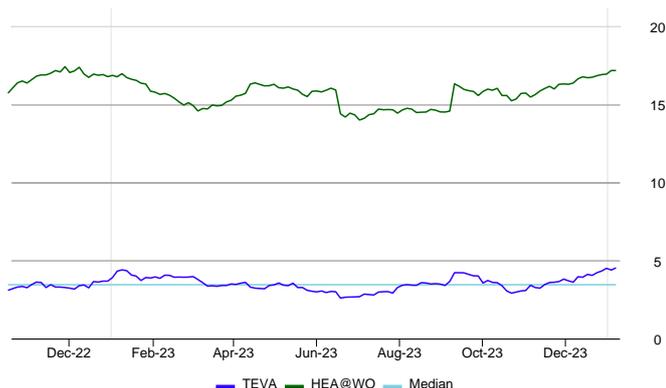
In the past, the share price has reacted to stressful situations with typical market price losses. Loss sensitivity is an important valuation criterion for us, just like the star rating. Taking into account this average loss sensitivity, we obtain an overall positive impression.

Key Figures

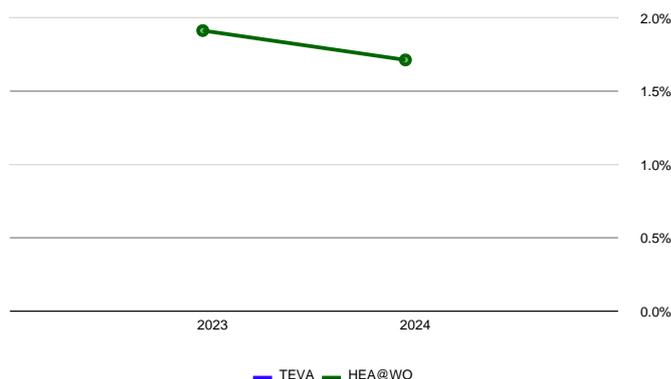
Annualized estimate for current year to	2025
Estimated PE (LT PE) for 2025	4.5
Projected earnings growth (LT Growth)	5.1%
Dividend (Ex Date: 28-Nov-2017)	ILS 0.30
Number of analysts	9
First analysis date	21-Oct-2022
Financial Ratios - 2022	📉

TEVA PHARMACEUTICAL - Historical graphs since October 21, 2022 **

Comparative LT P/E October 21, 2022 - January 12, 2024



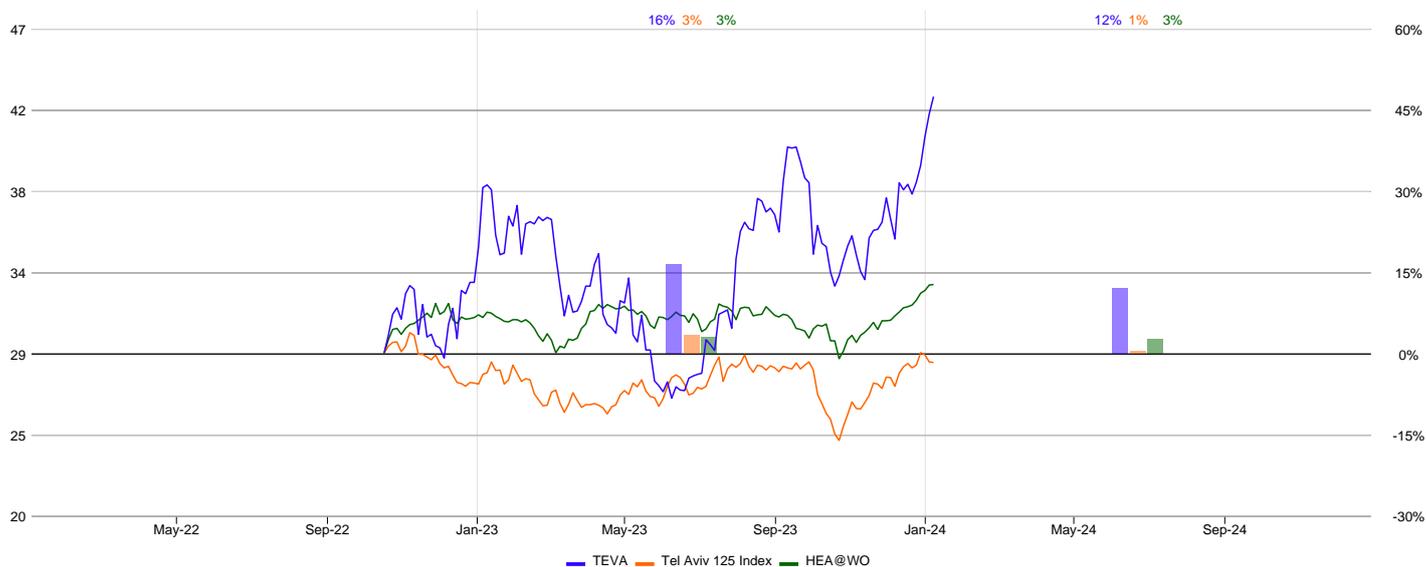
Expected Dividend Yield 2023 - 2024



While the projected forward PE of the stock TEVA PHARMACEUTICAL is 4.51, the PE of the group Health Care is clearly higher (17.15); this indicates that the stock is trading at a large discount compared to its group. On the other hand, historically speaking, this stock is currently trading above its median value of 3.43.

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 1.7%.

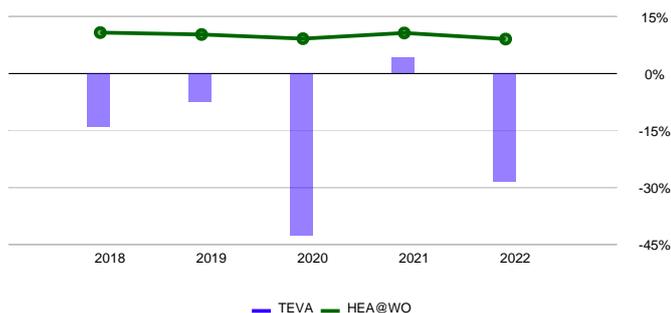
Comparison October 21, 2022 - January 12, 2024



Teva Pharmaceutical Industries Limited, a pharmaceutical company, develops, manufactures, markets, and distributes generic medicines, specialty medicines, and biopharmaceutical products in North America, Europe, Israel, and internationally. The company offers sterile products, hormones, high-potency drugs, and cytotoxic substances in various dosage forms, including tablets, capsules, injectables, inhalants, liquids, transdermal patches, ointments, and creams. It also manufactures and sells active pharmaceutical ingredients, as well as provides contract manufacturing services; and operates an out-licensing platform that offers a portfolio of products to other pharmaceutical companies. In addition, it focuses on the central nervous system (CNS), pain, respiratory, and oncology areas. The company's products portfolio in the CNS field comprises Copaxone for the treatment of relapsing forms of multiple sclerosis; AJOVY for the preventive treatment of migraine in adults; and AUSTEDO for the treatment of neurodegenerative and movement disorders associated with Huntington's disease and tardive dyskinesia; respiratory therapeutic area includes ProAir RespiClick, QVAR, ProAir Digihaler, AirDuo Digihaler, ArmonAir Digihaler, BRALTUS, CINQAIR/CINQAERO, DuoResp Spiromax, and AirDuo RespiClick/ArmonAir RespiClick for the treatment of asthma and chronic obstructive pulmonary disease; and oncology therapeutic field consists of Bendeka, Treanda, Granix, Trisenox, Lonquex, and Tevagrastim/Ratiograstim. Teva Pharmaceutical Industries Limited has a collaboration with MedinCell for the development and commercialization of multiple long-acting injectable products, a risperidone suspension for the treatment of patients with schizophrenia, as well as a collaboration with Sanofi to co-develop and co-commercialize TEV-48574 asset, a novel anti-TL1A therapy for the treatment of ulcerative colitis and Crohn's disease. The company was founded in 1901 and is headquartered in Tel Aviv, Israel.

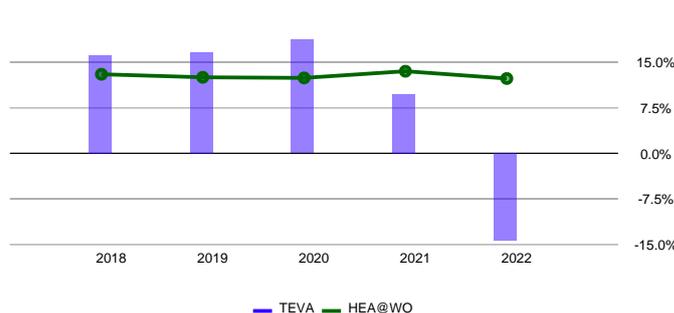
**The stock is followed by theScreener since October 21, 2022. The historical graphs are shorter than the usual period of 5 years.

Return on Equity 😞



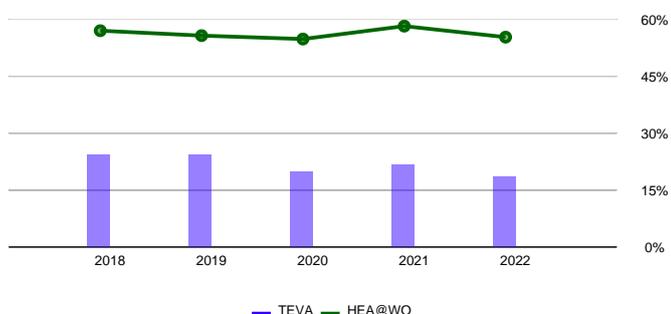
The return on equity, or ratio between profits and available equity, varies greatly from industry to industry. The historical average return on equity of TEVA PHARMACEUTICAL is -18%. This is below the industry average of 10%, indicating a moderately efficient use of shareholder capital. The last publicized return on equity of -28% is below the long term average of -18%.

Earnings Before Interest and Taxes (EBIT) 😞



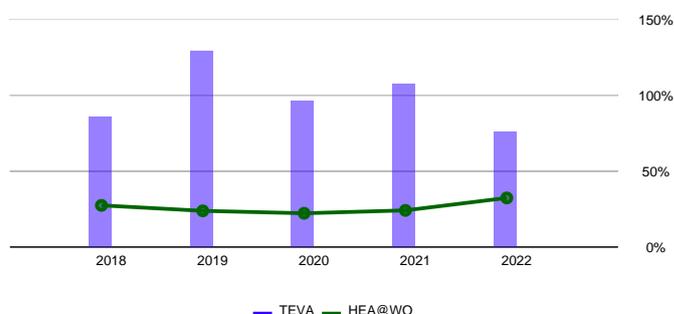
The average historical operating margin (EBIT) of TEVA PHARMACEUTICAL has been at 9%. This is below the industry average. The competitors achieved an on average EBIT margin of 12%. The last reported -14% are below the historical average of 9%.

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 22%, which is below the industry average of 56%. The current capital share of 19% is close to the historical average of 22%.

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 99% above the industry average of 25%. With 76% the current value is below the historical average of 99%.

Balance / Annual Statement	2020	2021	2022	
	😊	😊	😞	
	31-Dec ILS	31-Dec USD	31-Dec USD	
Currency 'mio				
Cash & Short Term Invest	6,990	6,820	9,970	7%
Receivables	14,709	14,072	13,021	9%
Inventories	14,137	11,863	13,504	9%
Total Current Assets	41,756	39,065	42,456	28%
Properties & Equipment	22,010	20,124	21,695	14%
Intangible	94,870	85,462	84,210	56%
Total Assets	162,595	146,248	149,914	100%
Account Payable	5,638	5,238	6,648	4%
Short Term Debt	10,236	4,431	7,430	5%
Total Current Liabilities	42,267	34,261	40,405	27%
Long Term Debt Ratio	72,985	67,165	67,300	45%
Equity	32,194	31,941	27,824	19%
Total Liabilities	162,595	146,248	149,914	100%

Key Figures

Book Value	29.37	28.94	25.04
Shares Outstanding ('000)	1,096,000	1,103,330	1,110,900
NB of Employees	39,717	35,979	35,125

Annual Statement	2020	2021	2022	
	😊	😊	😞	
	31-Dec ILS	31-Dec USD	31-Dec USD	
Currency 'mio				
Total Revenue	57,291	51,174	50,244	100%
Cost	25,366	21,910	20,840	41%
Gross Income	26,570	24,972	24,997	50%
General Cost & Administration	16,053	14,109	14,429	29%
Research & Development	3,429	3,123	2,823	6%
Operating Income	10,517	10,863	10,370	21%
Amortization	5,355	4,292	4,407	9%
Net Income Before Extra Items	-14,097	1,347	-7,927	-16%
Net Income Before Taxes	10,737	5,002	-7,193	-14%
Dividend	0	0	0	0%
Net Income	-13,722	1,347	-7,927	-16%

Ratios

Current Ratio	1.0	1.1	1.1
Long Term Debt	44.9%	45.9%	44.9%
Revenues on Assets	35.2%	35.0%	33.5%
Cash Flow on Revenues	-14.6%	11.0%	-7.0%

Glossary - Equities

Global Evaluation

The rating results from several factors: fundamentals, technical analysis, measures of sensitivity, and the benchmark trend.

The synthesis is rated on a 5 level scale:

-  : **Positive**, almost all or all the factors are positive
-  : **Slightly positive**, a majority of factors are positive
-  : **Neutral**, balance between positive and negative factors
-  : **Slightly negative**, a majority of factors are negative
-  : **Negative**, almost all or all the factors are negative

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

Stars are earned for each element specified below:

- Earnings Rev Trend
- Valuation Rating
- MT Tech Trend
- 4 week Relative Performance

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%

Dividend

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 earnings revision trend represents the analysts' consensus and is based on their earnings per share revisions in the last seven weeks. To ensure reliable estimates, theScreener only analyzes titles that are covered by at least three analysts.

Revisions exceeding $\pm 1\%$ are interpreted as positive or negative earnings revision trends.

Financials Rating

Financials are rated on a three-level scale (positive, neutral, and negative). The overall rating is based on the subratings that take the mid- and long-term development into account as well as the industry average.

Target Price

The target price is an estimate of the stock's price in 12 months.

LT PE

This is the relationship between the price 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 medium-term (40d) technical trend indicates the current trend, positive, neutral, or negative.

When a price falls to 1.75% above or below the technical trend, the MT technical trend is considered neutral.

Once the price breaks out of the 1.75% neutral zone, the MT technical trend will change to positive or negative.

4-week (Relative) Performance

This figure measures the dividend-adjusted 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. 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

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.

Beta

Beta is a common 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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More information: www.thescreener.com/home/method/

Price data, financial ratios and earnings estimates provided by FACTSET. Indexes data provided by EDI.