

TEVA PHARMACEUTICAL INDUSTRIES LTD

Form 6-K

August 03, 2017

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 6-K**

**Report of Foreign Private Issuer**

**Pursuant to Rule 13a-16 or 15d-16**

**under the Securities Exchange Act of 1934**

**For the month of August 2017**

**Commission File Number 001-16174**

**TEVA PHARMACEUTICAL INDUSTRIES LIMITED**

**(Translation of registrant's name into English)**

**5 Basel Street, P.O. Box 3190**

**Petach Tikva 4951033 Israel**

**(Address of principal executive offices)**

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F

Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

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**Exhibits**

| <b>Exhibit No.</b> | <b>Description</b>                                   |
|--------------------|--|
| EX-101.INS         | XBRL Taxonomy Instance Document                      |
| EX-101.SCH         | XBRL Taxonomy Extension Schema Document              |
| EX-101.CAL         | XBRL Taxonomy Calculation Linkbase Document          |
| EX-101.DEF         | XBRL Taxonomy Extension Definition Linkbase Document |
| EX-101.LAB         | XBRL Taxonomy Label Linkbase Document                |
| EX-101.PRE         | XBRL Taxonomy Presentation Linkbase Document         |

**USE OF CERTAIN TERMS**

Unless otherwise indicated, all references to the Company, we, our and Teva refer to Teva Pharmaceutical Industries Limited and its subsidiaries, and references to revenues refer to net revenues. References to U.S. dollars, dollars, U.S. \$ and \$ are to the lawful currency of the United States of America, and references to NIS are to new Israeli shekels. References to MS are to multiple sclerosis. Market data, including both sales and share data, are based on information provided by IMS Health Inc., a provider of market research to the pharmaceutical industry (IMS), unless otherwise stated. References to ROW are to our Rest of the World markets. References to Actavis Generics are to the generic pharmaceuticals business we purchased from Allergan plc on August 2, 2016. References to P&G are to The Procter & Gamble Company, and references to PGT are to PGT Healthcare, the joint venture we formed with P&G. References to R&D are to Research and Development, references to S&M are to Selling and Marketing and references to G&A are to General and Administrative.

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## TEVA PHARMACEUTICAL INDUSTRIES LIMITED

## CONSOLIDATED BALANCE SHEETS

(U.S. dollars in millions)

(Unaudited)

|  | June 30,<br>2017 | December 31,<br>2016 |
|--|------------------|----------------------|
| <b>ASSETS</b>                              |                  |                      |
| <b>Current assets:</b>                     |                  |                      |
| Cash and cash equivalents                  | \$ 599           | \$ 988               |
| Trade receivables                          | 7,320            | 7,523                |
| Inventories                                | 5,132            | 4,954                |
| Prepaid expenses                           | 871              | 1,362                |
| Other current assets                       | 652              | 1,293                |
| Assets held for sale                       | 21               | 841                  |
| <b>Total current assets</b>                | <b>14,595</b>    | <b>16,961</b>        |
| <b>Deferred income taxes</b>               | <b>773</b>       | <b>725</b>           |
| <b>Other non-current assets</b>            | <b>1,245</b>     | <b>1,235</b>         |
| <b>Property, plant and equipment, net</b>  | <b>8,043</b>     | <b>8,073</b>         |
| <b>Identifiable intangible assets, net</b> | <b>21,664</b>    | <b>21,487</b>        |
| <b>Goodwill</b>                            | <b>40,035</b>    | <b>44,409</b>        |
| <b>Total assets</b>                        | <b>\$ 86,355</b> | <b>\$ 92,890</b>     |
| <b>LIABILITIES AND EQUITY</b>              |                  |                      |
| <b>Current liabilities:</b>                |                  |                      |
| Short-term debt                            | \$ 1,246         | \$ 3,276             |
| Sales reserves and allowances              | 7,565            | 7,839                |
| Trade payables                             | 2,278            | 2,157                |
| Employee-related obligations               | 712              | 859                  |
| Accrued expenses                           | 2,758            | 3,405                |
| Other current liabilities                  | 898              | 867                  |
| Liabilities held for sale                  |                  | 116                  |
| <b>Total current liabilities</b>           | <b>15,457</b>    | <b>18,519</b>        |
| <b>Long-term liabilities:</b>              |                  |                      |
| Deferred income taxes                      | 5,446            | 5,215                |
| Other taxes and long-term liabilities      | 2,038            | 1,639                |
| Senior notes and loans                     | 33,806           | 32,524               |
| <b>Total long-term liabilities</b>         | <b>41,290</b>    | <b>39,378</b>        |

**Commitments and contingencies, see note 16**

|   |                  |                  |
|---|------------------|------------------|
| <b>Total liabilities</b>  | 56,747           | 57,897           |
| <b>Equity:</b>  |                  |                  |
| <b>Teva shareholders equity:</b>  |                  |                  |
| Preferred shares of NIS 0.10 par value per mandatory convertible preferred share; June 30, 2017 and December 31, 2016: authorized 5.0 million shares; issued 3.7 million shares | 3,620            | 3,620            |
| Ordinary shares of NIS 0.10 par value per share; June 30, 2017 and December 31, 2016: authorized 2,495 million shares; issued 1,123 million shares                              | 54               | 54               |
| Additional paid-in capital  | 23,444           | 23,409           |
| Retained earnings   | 7,430            | 13,607           |
| Accumulated other comprehensive loss  | (2,400)          | (3,159)          |
| Treasury shares as of June 30, 2017 and December 31, 2016 107 million ordinary shares and 108 million ordinary shares, respectively   | (4,154)          | (4,194)          |
|   | 27,994           | 33,337           |
| Non-controlling interests   | 1,614            | 1,656            |
| <b>Total equity</b>   | <b>29,608</b>    | <b>34,993</b>    |
| <b>Total liabilities and equity</b>   | <b>\$ 86,355</b> | <b>\$ 92,890</b> |

**/s/ DR. Y. PETERBURG**  
**Dr. Y. Peterburg**

**Interim President and Chief Executive Officer**

**/s/ M. MCCLELLAN**  
**M. McClellan**

**Senior Vice President and**

**Interim Chief Financial Officer**

**The accompanying notes are an integral part of the financial statements.**

Table of Contents**TEVA PHARMACEUTICAL INDUSTRIES LIMITED****CONSOLIDATED STATEMENTS OF INCOME****(U.S. dollars in millions, except share and per share data)****(Unaudited)**

|  | <b>Three months ended<br/>June 30,</b> |             | <b>Six months ended<br/>June 30,</b> |             |
|--|--|-------------|--------------------------------------|-------------|
|  | <b>2017</b>                            | <b>2016</b> | <b>2017</b>                          | <b>2016</b> |
| Net revenues   | \$ 5,686                               | \$ 5,038    | \$ 11,316                            | \$ 9,848    |
| Cost of sales  | 2,865                                  | 2,161       | 5,676                                | 4,180       |
| Gross profit   | 2,821                                  | 2,877       | 5,640                                | 5,668       |
| Research and development expenses                                | 486                                    | 375         | 943                                  | 764         |
| Selling and marketing expenses                                   | 960                                    | 952         | 1,931                                | 1,791       |
| General and administrative expenses                              | 272                                    | 311         | 508                                  | 615         |
| Impairments, restructuring and others                            | 419                                    | 712         | 659                                  | 831         |
| Legal settlements and loss contingencies                         | 324                                    | 166         | 344                                  | 141         |
| Goodwill impairment charge                                       | 6,100                                  |             | 6,100                                |             |
| Operating (loss) income  | (5,740)                                | 361         | (4,845)                              | 1,526       |
| Financial expenses, net  | 238                                    | 105         | 445                                  | 403         |
| Income (loss) before income taxes                                | (5,978)                                | 256         | (5,290)                              | 1,123       |
| Income taxes (benefit)   | (22)                                   | 29          | 32                                   | 257         |
| Share in (profits) losses of associated companies, net           | 14                                     | (15)        | 7                                    | (9)         |
| Net income (loss)  | (5,970)                                | 242         | (5,329)                              | 875         |
| Net loss attributable to non-controlling interests               |  | (12)        | (4)                                  | (15)        |
| Net income (loss) attributable to Teva                           | (5,970)                                | 254         | (5,325)                              | 890         |
| Dividends on preferred shares                                    | 65                                     | 66          | 130                                  | 132         |
| Net income (loss) attributable to ordinary shareholders          | \$ (6,035)                             | \$ 188      | \$ (5,455)                           | \$ 758      |
| Earnings (loss) per share attributable to ordinary shareholders: |  |             |                                      |             |
| Basic  | \$ (5.94)                              | \$ 0.21     | \$ (5.37)                            | \$ 0.83     |
| Diluted  | \$ (5.94)                              | \$ 0.20     | \$ (5.37)                            | \$ 0.82     |
| Weighted average number of shares (in millions):                 |  |             |                                      |             |
| Basic  | 1,017                                  | 914         | 1,016                                | 914         |

|         |       |     |       |     |
|---------|-------|-----|-------|-----|
| Diluted | 1,017 | 920 | 1,016 | 922 |
|---------|-------|-----|-------|-----|

**The accompanying notes are an integral part of the financial statements.**

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**TEVA PHARMACEUTICAL INDUSTRIES LIMITED**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(U.S. dollars in millions)

(Unaudited)

|   | Three months ended |         | Six months ended |        |
|---|--------------------|---------|------------------|--------|
|   | June 30,           |         | June 30,         |        |
|   | 2017               | 2016    | 2017             | 2016   |
| Net income (loss)   | \$ (5,970)         | \$ 242  | \$ (5,329)       | \$ 875 |
| Other comprehensive income (loss), net of tax:                        |                    |         |                  |        |
| Currency translation adjustment                                       | 406                | 91      | 872              | 346    |
| Unrealized gain (loss) from derivative financial instruments, net     | (77)               | (185)   | (69)             | (521)  |
| Unrealized gain (loss) from available-for-sale securities, net        | (17)               | (66)    | 37               | (265)  |
| Unrealized gain (loss) on defined benefit plans                       |                    | *       | (13)             | *      |
| Total other comprehensive income (loss)                               | 312                | (160)   | 827              | (440)  |
| Total comprehensive income (loss)                                     | (5,658)            | 82      | (4,502)          | 435    |
| Comprehensive income (loss) attributable to non-controlling interests | (2)                | 136     | 64               | 134    |
| Comprehensive income (loss) attributable to Teva                      | \$ (5,656)         | \$ (54) | \$ (4,566)       | \$ 301 |

\* Represents an amount less than \$0.5 million

**The accompanying notes are an integral part of the financial statements.**



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(U.S. dollars in millions)

(Unaudited)

|  | <b>Six months ended<br/>June 30,</b> |                |
|--|--------------------------------------|----------------|
|  | <b>2017</b>                          | <b>2016</b>    |
| <b>Operating activities:</b>   |                                      |                |
| Net income (loss)  | \$ (5,329)                           | \$ 875         |
| Adjustments to reconcile net income (loss) to net cash provided by operations: |                                      |                |
| Goodwill impairment charge   | 6,100                                |                |
| Depreciation and amortization  | 1,057                                | 615            |
| Net change in operating assets and liabilities                                 | (711)                                | 53             |
| Deferred income taxes net and uncertain tax positions                          | (127)                                | (202)          |
| Impairment of long-lived assets  | 159                                  | 585            |
| Stock-based compensation   | 75                                   | 52             |
| Net gain from sale of long-lived assets and investments                        | (65)                                 | (21)           |
| Other items  | 34                                   | 126            |
| Venezuela impairment of net monetary assets                                    | 18                                   | 246            |
| Research and development in process  |                                      | 10             |
| <b>Net cash provided by operating activities</b>                               | <b>1,211</b>                         | <b>2,339</b>   |
| <b>Investing activities:</b>   |                                      |                |
| Proceeds from sales of business, investments and long-lived assets             | 1,485                                | 39             |
| Purchases of property, plant and equipment                                     | (395)                                | (347)          |
| Other investing activities   | (286)                                | 15             |
| Purchases of investments and other assets                                      | (14)                                 | (37)           |
| Acquisitions of subsidiaries, net of cash acquired                             |                                      | (2,312)        |
| <b>Net cash provided by (used in) investing activities</b>                     | <b>790</b>                           | <b>(2,642)</b> |
| <b>Financing activities:</b>   |                                      |                |
| Net change in short-term debt  | (1,477)                              | 758            |
| Dividends paid on ordinary shares  | (691)                                | (617)          |
| Repayment of long-term loans and other long-term liabilities                   | (583)                                | (43)           |
| Proceeds from long-term loans and other long-term liabilities                  | 521                                  | (2)            |
| Dividends paid on preferred shares   | (130)                                | (126)          |
| Dividends paid to non-controlling interests                                    | (38)                                 |                |
| Other financing activities   |                                      |                |