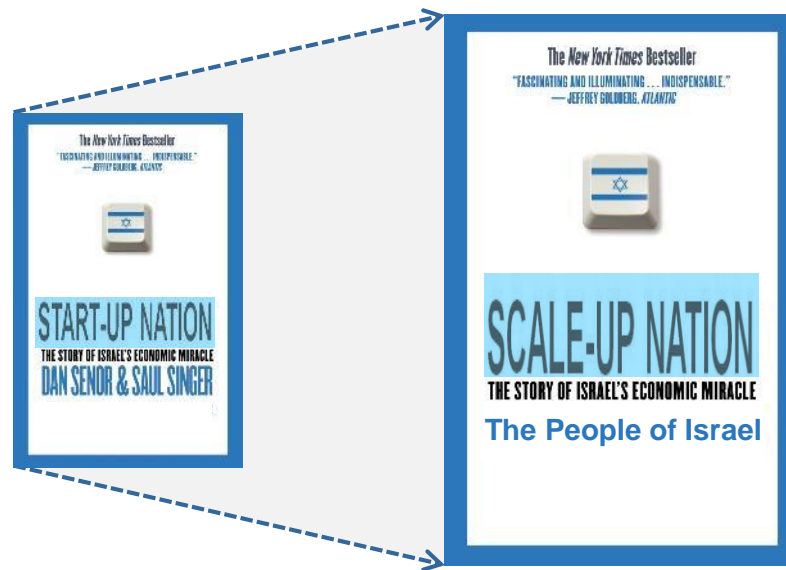


Scale-up the Start-up Nation



Prof. Yitzhak Peterburg,
Chairman of the Board,
Teva Pharmaceutical Industries Ltd.
8 June 2015

Israel is entitled to the slogan “Start-Up Nation”



- Over 5,000 start-up companies
- Ranked 5th in Bloomberg technology index
- Largest concentration of high-tech companies outside Silicon Valley
- The largest number of companies listed on Nasdaq, after US and China
- 280 global R&D centers
- 750 HT exits of over \$50B in past decade

But,
**How much does the “Start-up Nation”
contribute to the Israeli economy and society?**



All 280 Global R&D centers

Employ less than 40,000 employees

Contribute less than 2% to GDP

**Most of the global R&D centers are located in the center of Israel,
and as a result do not create jobs in the periphery**

Each employee in a large global company contributes

3 times more indirect employment

4 times more to the GDP

than an employee in a global R&D center



A large global company

Creates thousands of direct and indirect jobs

Brings jobs to the periphery

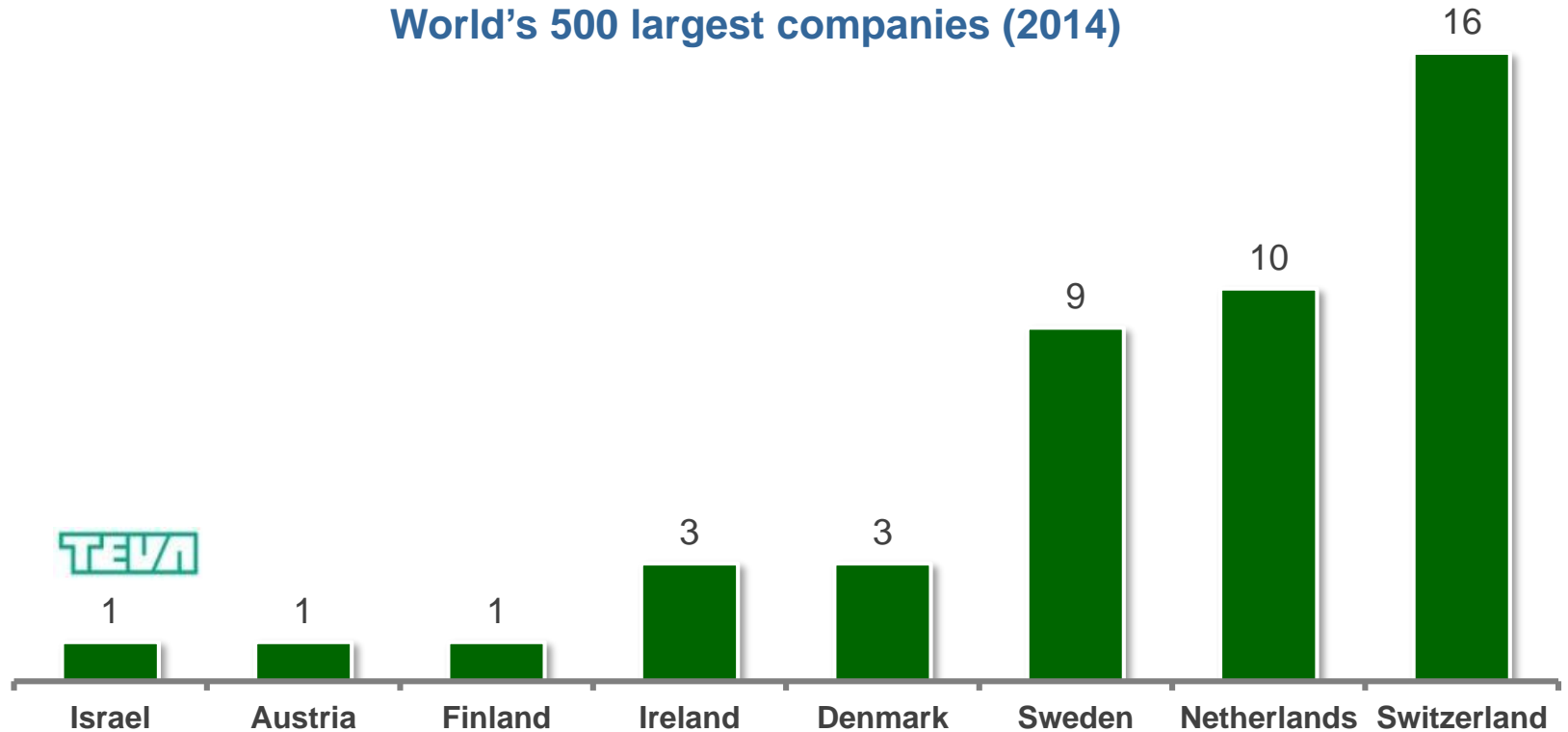
Increases economic productivity

Contributes to the national GDP

**How many global companies does Israel have
compared with similar countries?**

Israel has just one large global company

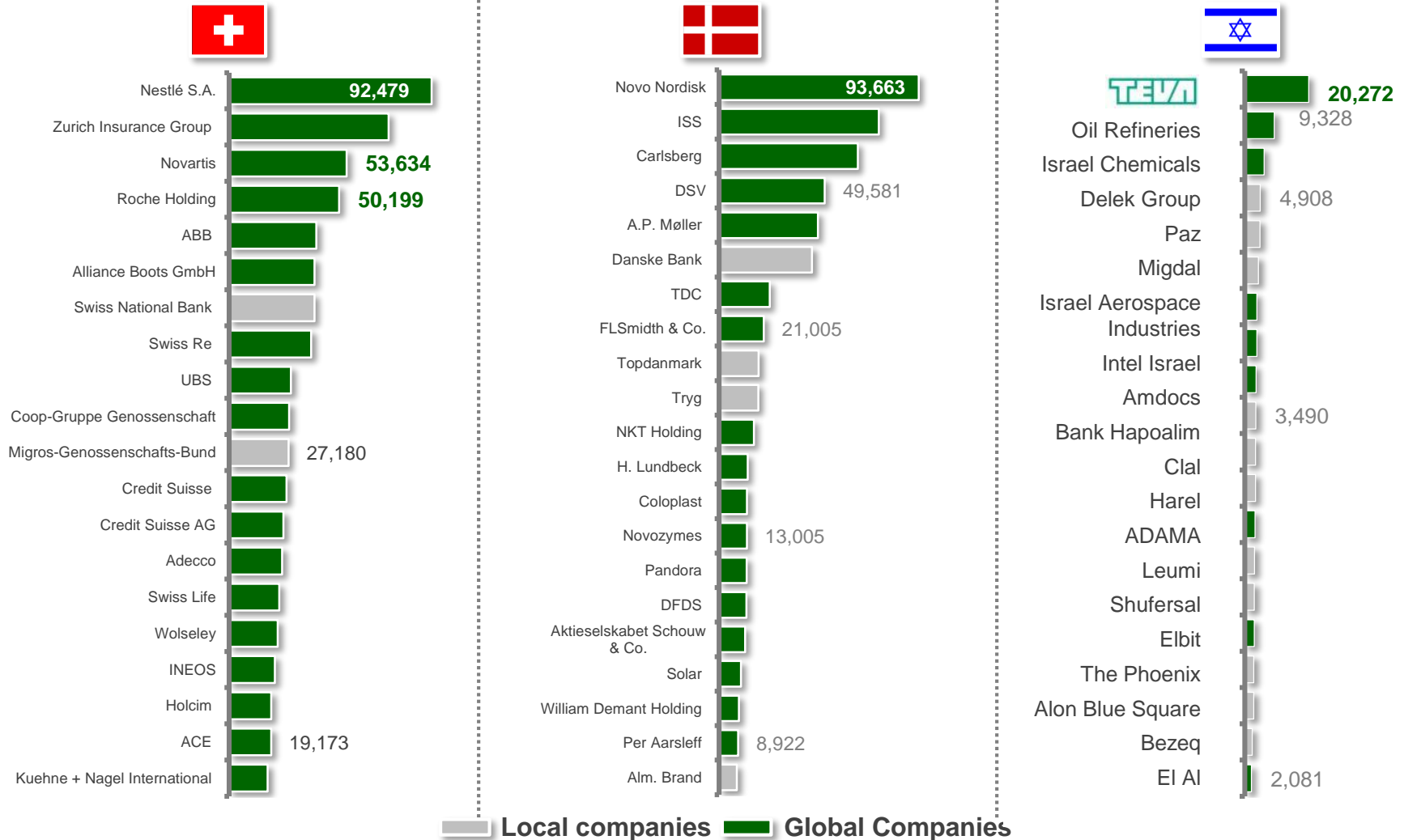
World's 500 largest companies (2014)



Most of the large companies in Israel are local

In comparable countries the large companies compete globally

The 20 largest public companies
(\$ millions, 2014)

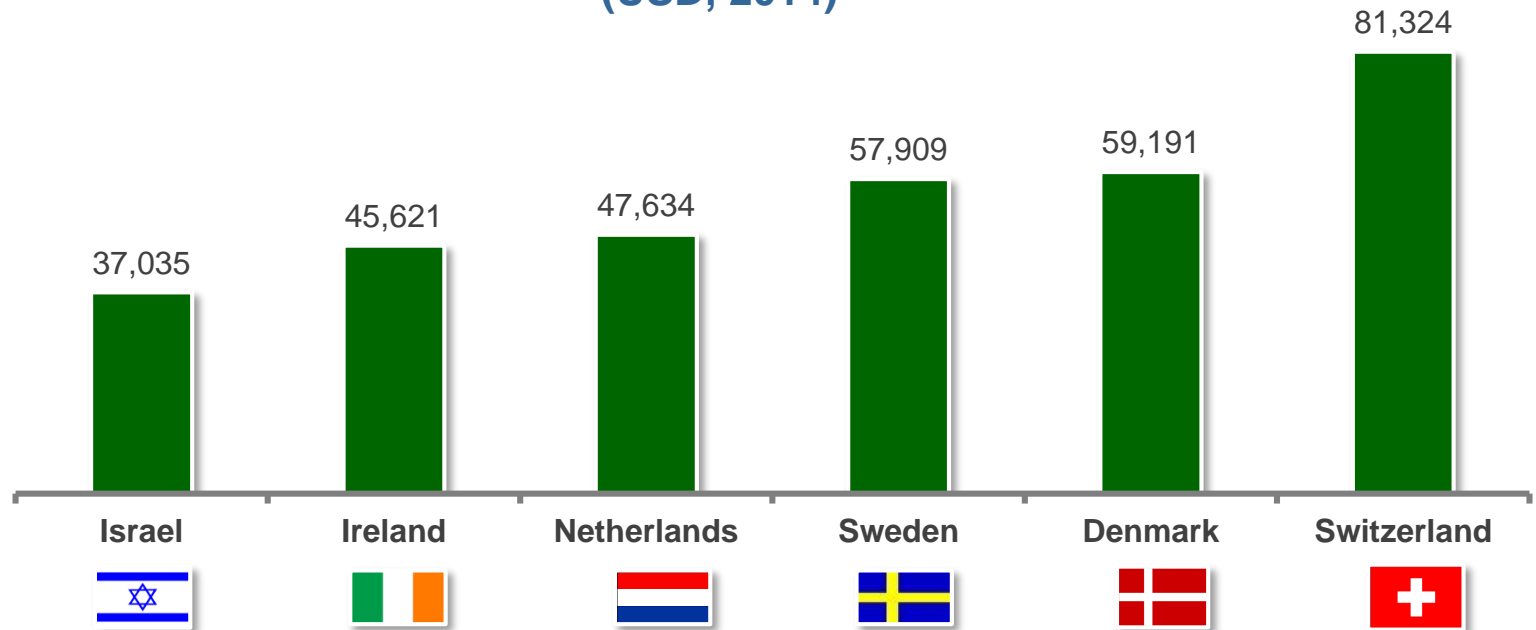


* Source: Capital IQ data

** In Israel – excluding holding companies; Adama Agricultural Solutions and Intel Israel, which are not public companies, are included; Switzerland does not include Glencore

Existence of large global companies is a condition for a strong and prosperous economy

GDP per capita
(USD, 2014)



No. of large
companies

1

3

10

9

3

16

(according to Forbes 500)

There is growing awareness that
we need more large global companies

***“The Scale-up Nation, Israel
is trying to turn its Davids
into Goliaths”***

13.12.2014

The
Economist

***“Israel is unable to grow the
next CheckPoint”***

27.5.2015

TheMarker

***“Why are there no high-tech
giants in Israel?”***

27.5.2015



We have plenty of industrial clusters which can grow into large and successful global companies – if we act correctly!



**Energy and
environment**



Medical devices



Bio-Med



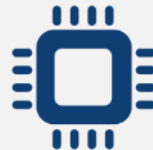
**Home Land
Security**



**Agrotech
and water**



3D printing



Semiconductors



Cyber

**Is it possible to develop large life sciences
companies in Israel?
The opportunity and the threat**

The opportunity: Israel has a good environment and a great starting point

Good environment

World-class standing in the life sciences and medical devices
High-quality public healthcare system
Global reputation for innovation in life sciences



A great starting point

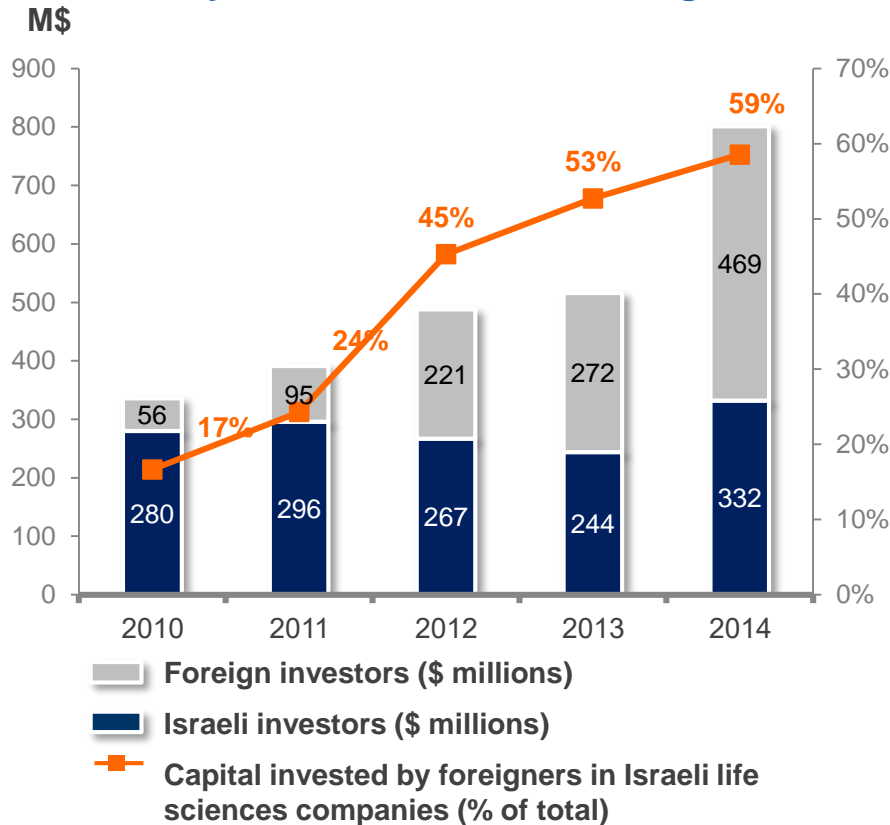
Israel has 1,400 life sciences companies (2014)
50 IPOs by Israeli life science companies
on the TASE, NASDAQ, and global
stock exchanges (2013-2014)



**Can we grow companies that can
compete globally?**

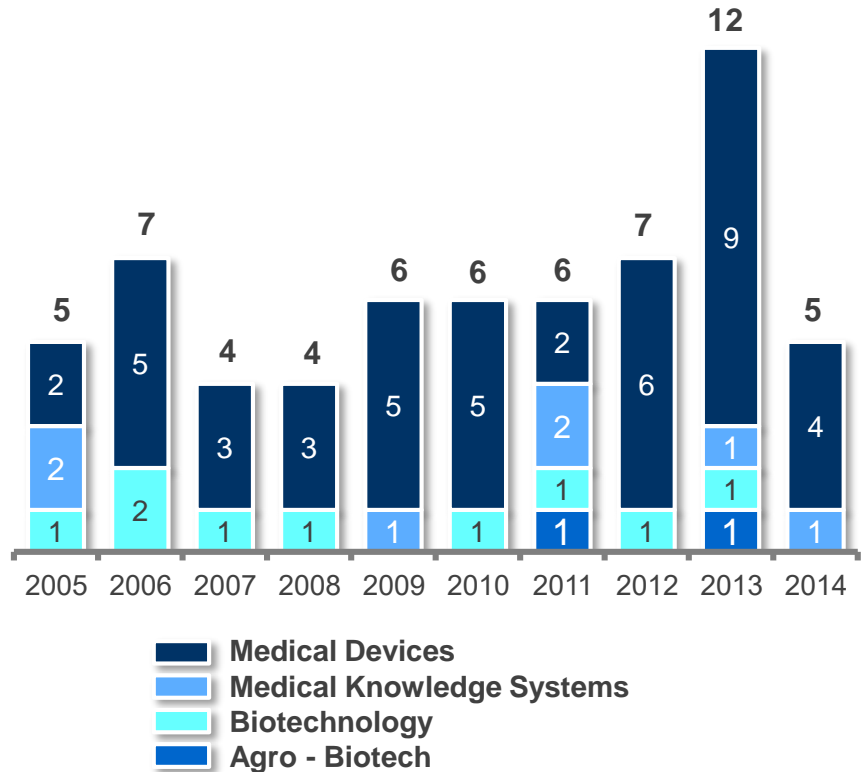
Threat 1: Israel attracts more foreign investment than domestic and Israeli companies are sold abroad at an early stage

Capital invested in Israeli life science companies by investor: Israeli vs. Foreign



Since 2013, most investment in Israeli life science companies has been by foreign investors

No. of acquisitions of Israeli life sciences companies (2014-2015)



In the past decade, over 60 life science companies have been sold to foreign MNCs

Threat 2: foreign companies are establishing R&D centers, drilling for the rewards of Israeli innovation

 **NOVARTIS**

MONSANTO 

 **Abbott**
A Promise for Life

Johnson & Johnson

 **Merck Serono**


GE Healthcare

PHILIPS

 Biosense Webster.


Edwards



MCKESSON

 **ST. JUDE MEDICAL**

 **COVIDIEN**

 Allscripts™

 **SAMSUNG**
ELECTRONICS


SIGMA-ALDRICH

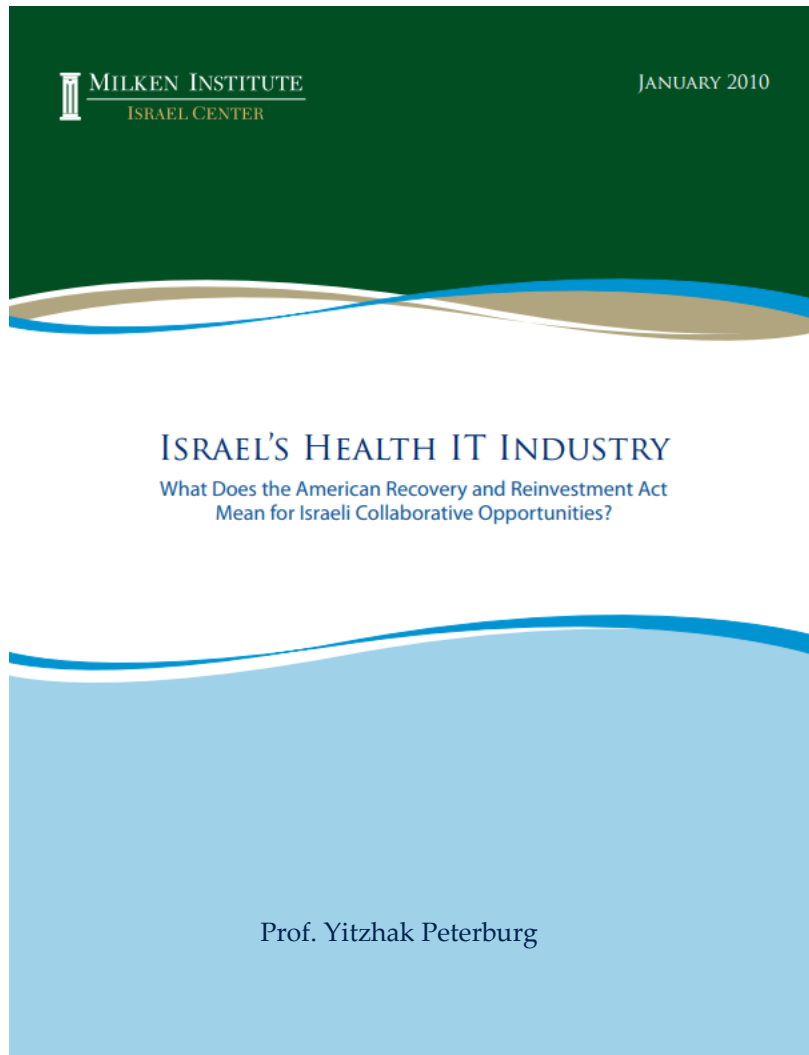
FOSUNPHARMA
复星医药

ThermoFisher
SCIENTIFIC

Carestream

In recent years, dozens of MNCs have established R&D centers, acquiring knowledge and talent for use overseas

The opportunity of the Israeli Health IT Industryand the outcome



"The following actions will improve Israeli success:

- 1. Immediately establish an organizational structure ..within the Ministry of Industry, Trade and Labor, which will assume responsibility for Israeli health IT opportunities***
- 2. Israel must immediately raise awareness to Israel's health IT assets***
- 3. Identify and define the party responsible and allocate the needed resources for marketing Israel's Health IT industry***
- 4. Allocate funds to Health IT companies to expedite their R&D efforts and to invest in marketing and sales forces"***

**What other nations are doing
in order to develop global companies?**



Case Study: Denmark

Over a decade ago, a national Health IT strategy was designed to improve the global health and competitiveness of Danish companies



Sundhedsstyrelsen
National Board of Health



The eHealth strategy
MAKING eHealth WORK –
National Strategy for Digitalization of the
Danish Healthcare Sector 2013 - 2017.



Denmark at work - Plan for growth in healthcare solutions

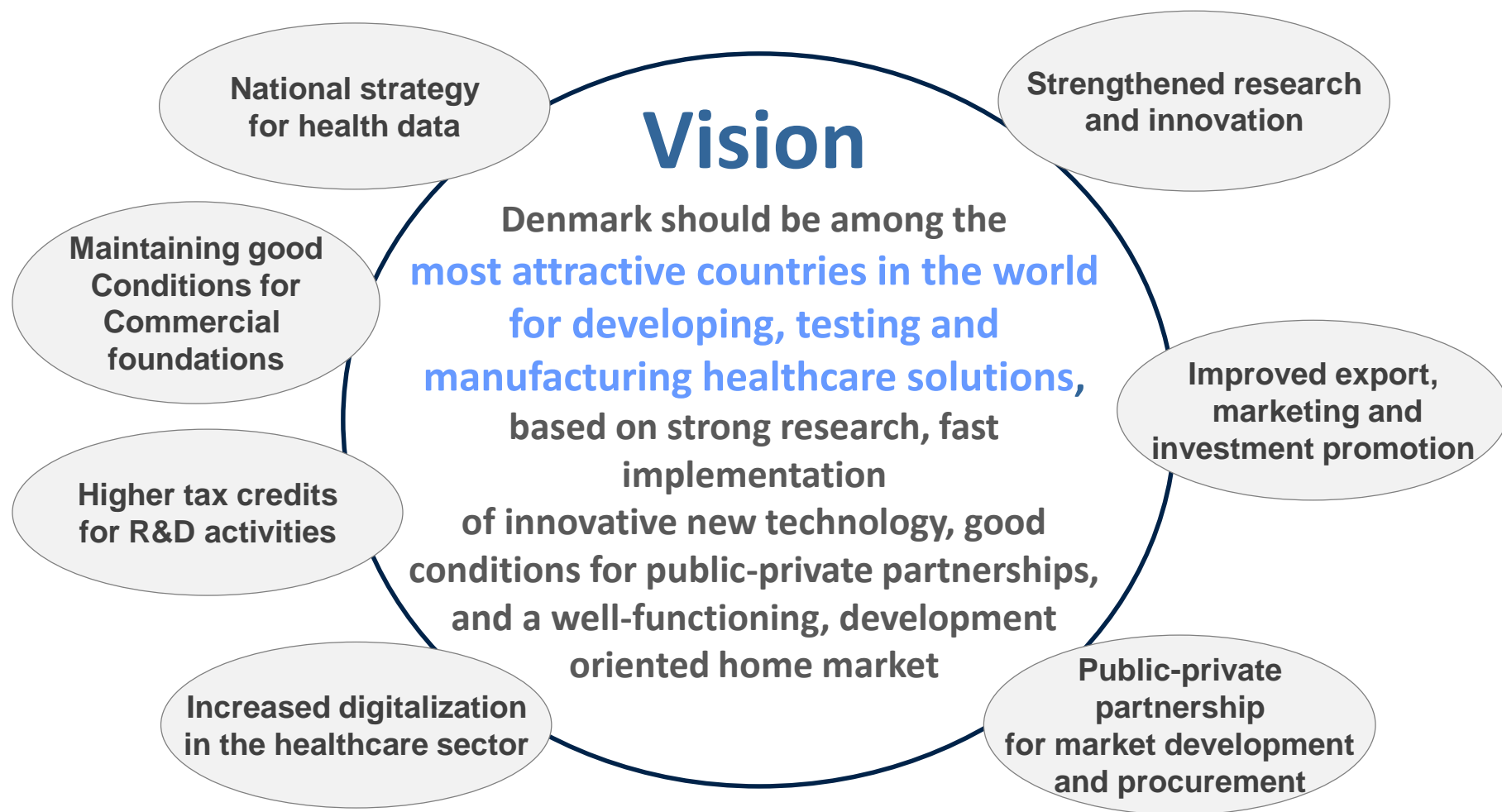
“With this plan for growth in healthcare solutions the Danish government seeks to create competitive conditions in areas where we have established positions of strength, including pharmaceuticals and medical equipment, so that businesses in these sectors continue to have good opportunities to develop in Denmark.

At the same time, the government wants to improve conditions for public-private collaboration and market development in the healthcare sector, where we do not at the moment fully exploit our business potential. The government’s growth plan for healthcare solutions has been drawn up on the basis of recommendations of the growth team for healthcare solutions and with contributions by a large number of stakeholders within the healthcare sector”.

The eHealth strategy is part of the government strategic plan to promote the global competitiveness of Denmark in life sciences



Growth plan vision and selected initiatives:



The strategic plan for life sciences is part of a wide program to promote the global competitiveness by Danish companies



Growth plans for business sectors with international competitiveness (2012-2014)

Food industries

Energy and climate

Water, bio & environment

Health and care solutions

ICT and digital growth

Energy and climate

Maritime industries

Creative industries

Tourism

Growth Package 2014 & Strategy for Denmark as a Manufacturing Country

- Improved business regulation and simplified rules
- Highly skilled labor and advanced production
- Reduced energy tax
- Improved access to finance

Train Fund DK (2014)

Growth Plan DK (2013)

- Reduced corporate tax
- Reduced energy tax
- Improved access to finance
- Housing jobs scheme

Competition Policy (2012)

Improving Education

- Reform of primary and lower secondary system (2013)
- Reform of vocational education and training (2014)

- **Increasing employment**
- Tax reform (2012)
- Reform of employment, anticipatory pension scheme, flexi-job scheme and unemployment scheme (2012 – 2014)
- Reform of student grants (2013)



**What is needed in order to grow
large global companies in Israel?**



- **Build national programs to identify & develop globally competitive clusters**
- **Promote R&D investments and capital investments**
- **Assist entering and competing in foreign markets**
- **Cut regulatory barriers to growth and to global competitiveness**
- **Encourage M&As as a way to create large global companies**

Encourage M&As as a way to create large global companies



**Created by the merger of two Danish companies –
Novo and Nordisk - in 1989**

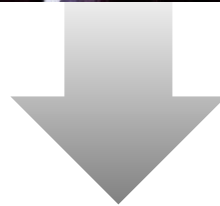


**Created by the merger of two Swiss companies –
Sandoz and Ciba Giegy – in 1996.**



**M&As of Israeli companies – in 70-80s:
Assia Chemical Industries, Zori, Paca, Abic,
Ikapharm, Plantex, Migada, and Travenol**

Call to entrepreneurs: Follow the vision of those who have built Global Companies in Israel



**To build a successful Global Company
and not to merely seek an exit
requires the courage
to have big dreams and to dare**

Thank You

**Prof. Yitzhak Peterburg,
Chairman of the Board,
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