Gilead Announces First Quarter 2000 Financial Results

April 27, 2000 3:45 PM ET

Total Revenues Increased 18% Over Previous Year Quarter

Foster City, CA -- April 27, 2000

Gilead Sciences, Inc. (Nasdaq: GILD) announced today its results of operations for the first quarter ended March 31, 2000. For the first quarter, Gilead recorded revenues from net product sales of $36.3 million, royalty revenues of $8.0 million and contract revenues of $0.8 million, for total revenues of $45.2 million, an 18 percent increase over the same quarter in 1999. Total revenues of $38.3 million for the first quarter of 1999 include net product sales of $32.0 million, royalty revenues of $2.1 million and contract revenues of $4.1 million.

The net loss for the three months ended March 31, 2000 was $5.8 million, or $0.13 per share. The net loss for the first quarter 2000 compares to a net loss of $15.5 million, or $0.37 per share, for the same quarter in 1999.

Net revenues from product sales were primarily derived from sales of AmBisome® ((amphotericin B) liposome for injection) in markets outside the United States, accounting for 95 percent of product revenues for the first quarter of 2000. AmBisome sales for the first quarter of 2000 were $34.6 million, an 18 percent increase in sales over the same period of 1999. In addition, Gilead recorded product revenues of $1.1 million and $0.7 million from the sale of DaunoXome® (daunorubicin citrate liposome injection) and VISTIDE® (cidofovir injection), respectively, during the first quarter of 2000.

Royalty and contract revenues totaling $8.9 million for the first quarter of 2000 result from collaborations with corporate partners. These revenues include royalties of $2.2 million on product sales of AmBisome in the United States by Gilead's co-promotion partner Fujisawa Healthcare, royalties of $5.4 million on product sales of Tamiflu™ (oseltamivir phosphate) by F. Hoffmann-La Roche Ltd, royalties on product sales of VISTIDE outside the United States by Pharmacia & Upjohn, and contract revenues for research and development projects.

Research and development expenses for the first quarter of 2000 were $26.6 million, compared to $25.6 million for the same quarter in 1999. Selling, general and administrative expenses for the three months ended March 31, 2000 were $17.6 million, compared to $21.8 million for the same quarter of 1999.

Net interest income for the first quarter of 2000 was $2.4 million, compared to $2.8 million for the same quarter in 1999.

The Company also reported equity in the loss of its unconsolidated affiliate of $0.9 million and $1.6 million for the three months ended March 31, 2000 and 1999, respectively. These losses are derived from Gilead's 49 percent interest in Proligo L.L.C., a manufacturing joint venture between Gilead and SKW Americas, Inc.

As of March 31, 2000, the Company had cash, cash equivalents and marketable securities of $291.8 million, compared to $294.4 million on December 31, 1999.

All amounts prior to the completion of the merger with NeXstar Pharmaceuticals in July 1999 have been restated under the pooling-of-interests method of accounting to include the balances and results of operations of NeXstar.

Gilead Sciences, Inc., headquartered in Foster City, CA, is an independent biopharmaceutical company that seeks to provide accelerated solutions for patients and the people who care for them. Gilead discovers, develops, manufactures and commercializes proprietary therapeutics for challenging infectious diseases (viral, fungal and bacterial infections) and cancer. Gilead maintains research, development or manufacturing facilities in Foster City, CA; Boulder, CO; San Dimas, CA; Cambridge, UK and Dublin, Ireland and sales and marketing organizations in the United States, Europe and Australia.

GILEAD SCIENCES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)

	Three months ended March 31,	
	2000 (unaudited)	1999 (unaudited)
Revenues:		
Product sales, net	$36,340	$32,048
Royalty revenues, net	$8,042	$2,088
Contract revenues	840	4,140
Total revenues	45,222	38,276
Cost of products sold	7,947	7,399
Gross profit	37,275	30,877
Operating expenses:		
Research and development	26,626	25,598
Selling, general and administrative	17,590	21,831
Total operating expenses	44,216	47,429
Loss from operations	(6,941)	(16,552)
Interest income	3,945	4,441
Interest expense	(1,537)	(1,670)
Loss before provision for income taxes and equity in loss of unconsolidated affiliate	(4,533)	(13,781)
Provision for income taxes	307	82
Equity in loss of unconsolidated affiliate	921	1,613
Net loss	$(5,761)	$(15,476)
Basic and diluted net loss per common share	$(0.13)	$0.37
Common shares used in the calculation of basic and diluted net loss per share	44,340	41,756

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands)

	March 31, 2000 (unaudited)	December 31, 1999 (note)
Assets		
Cash, cash equivalents, and marketable securities	$291,792	$294,394
Other current assets	75,814	77,587
Total current assets	367,606	371,981
Property, plant and equipment, net	52,224	51,398
Other noncurrent assets	14,492	13,429
	$434,322	**$436,808**
Liabilities and stockholders' equity		
Current liabilities	$42,673	$47,877
Long-term obligations	90,606	91,639
Stockholders' equity	301,043	297,292

	$434,322	**$436,808**

Note: Derived from audited financial statements at that date.