Gilead Sciences Announces Fourth Quarter and Year End 2001 Financial Results; Product Revenues Increased 57 Percent Over Fourth Quarter 2000

January 31, 2002 4:34 PM ET

FOSTER CITY, Calif., Jan 31, 2002 (BUSINESS WIRE) -- Gilead Sciences, Inc. (Nasdaq:GILD) announced today its results of operations for the fourth quarter ended December 31, 2001. For the fourth quarter, Gilead recorded revenues from net product sales of $59.6 million, royalty revenues of $6.0 million and contract revenues of $8.7 million. Total revenues for the fourth quarter ended December 31, 2001 were $74.3 million, compared to total revenues of $52.5 million for the fourth quarter of 2000. Revenues for the fourth quarter of 2000 included net product sales of $38.0 million, royalty revenues of $5.3 million and contract revenues of $9.2 million.

Net income for the fourth quarter 2001 was $131.6 million, or $1.25 per diluted share. This compares to a net loss in the fourth quarter 2000 of $18.4 million, or $0.20 per share.

During the fourth quarter 2001, Gilead completed the sale of its oncology assets and related technology to OSI Pharmaceuticals, Inc. and recorded a gain of $154.5 million, net of income tax expense of $3.3 million. Excluding the effects of this transaction, Gilead would have lost $22.9 million, or $0.24 per share, in the fourth quarter of 2001.

Net revenues from product sales were primarily derived from sales of AmBisome(R) (amphotericin B) liposome for injection, accounting for 71 percent of product sales for the fourth quarter of 2001. AmBisome sales for the fourth quarter of 2001 were $42.6 million, an increase of 20 percent compared to the fourth quarter of 2000. Sales of Viread(TM) (tenofovir disoproxil fumarate) for human immunodeficiency virus (HIV) were $13.2 million in the fourth quarter of 2001, or 22 percent of product sales. In addition, Gilead recorded other product sales of $3.8 million during the fourth quarter of 2001, compared to $2.3 million in the fourth quarter of 2000.

For the fourth quarter of 2001, royalty and contract revenues resulting from collaborations with corporate partners totaled $14.7 million. These revenues include contract revenues for the licensing of the SELEX(TM) (Systemic Evolution of Ligands through EXponential Enrichment) process patent estate, royalties on product sales of AmBisome in the United States by Gilead's co-promotion partner Fujisawa Healthcare, royalties on sales of Tamiflu(TM) (oseltamivir phosphate) by Hoffmann-La Roche and royalties on product sales of Vistide(R) (cidofovir injection) outside the United States by Pharmacia Corporation.

Research and development expenses for the fourth quarter of 2001 were $44.6 million, compared to $43.3 million for the same quarter in 2000. The slightly higher spending during the fourth quarter of 2001 is attributable to increased spending in the Phase III clinical program for adefovir dipivoxil for HBV and a $1.2 million clinical milestone payment to Cubist Pharmaceuticals, Inc. ("Cubist") under the European licensing agreement for Cidecin(R) (daptomycin for injection).

Selling, general and administrative expenses for the fourth quarter of 2001 were $41.5 million, compared to $23.1 million for the same quarter of 2000. The increase in expenses is primarily due to Gilead's increased global marketing efforts and the expansion of Gilead's U.S. and European sales forces to support the commercial launch of Viread for HIV.

Net interest income for the fourth quarter 2001 was $1.9 million, compared to $4.2 million for the same quarter in 2000. This decrease is attributable to a full quarter of interest expense associated with the company's $250 million convertible debt securities issued in December 2000.

Gilead also reported its results of operations for the year ended December 31, 2001. The company recorded net revenues from product sales of $191.0 million and aggregate contract and royalty revenues of $42.8 million. Accounting for 86 percent of product sales, AmBisome sales for the year ended December 31, 2001 were $164.5 million, a 17 percent increase over the year ended December 31, 2000. Excluding the impact of the decline in foreign currencies relative to the U.S. dollar, AmBisome sales grew by 20 percent in 2001 versus 2000. Net revenues of $233.8 million for the year ended December 31, 2001 compare to net revenues of $195.6 million in 2000. Net revenues for the full year 2000 included product sales of $149.7 million and aggregate contract and royalty revenues of $45.8 million.

Net income for the year ended December 31, 2001, including the cumulative effect of a change in accounting principle related to the company's adoption of Statement of Financial Accounting Standards No. 133, was $52.3 million, or $0.52 per diluted share.

This compares to a net loss of $56.8 million, or $0.62 per share, for the year ended December 31, 2000, including the cumulative effect of the adoption of Staff Accounting Bulletin 101 of $13.7 million, or $0.15 per share.

During 2001, Gilead sold its 49 percent interest in Proligo L.L.C. ("Proligo") for $14.3 million in cash. The proceeds, net of Gilead's investment in Proligo, are reflected as an $8.8 million gain on the sale of unconsolidated affiliate. Excluding the effects of this transaction and the fourth quarter sale of its oncology assets described above, Gilead would have lost $111.0 million, or $1.17 per share, for the year.

Research and development expenses for the years ended December 31, 2001 and 2000 were $185.6 million and $132.3 million, respectively. The higher spending in 2001 was attributable in part to the recognition of $10.6 million of a $13.0 million up-front payment and $5.5 million of clinical milestone payments to Cubist. In addition, Gilead's expenses associated with the Phase III clinical trials and expanded access programs for Viread for HIV and the Phase III clinical programs for adefovir dipivoxil for HBV increased significantly during the year.

Selling, general and administrative expenses for the year ended December 31, 2001 were $125.1 million compared to $82.0 million for 2000. The additional spending is primarily due to Gilead's increased global marketing efforts and the U.S. and European sales force expansion, as previously described.

Net interest income for the year ended December 31, 2001 was $11.6 million, compared to $13.3 million for 2000.

The company also reported equity in the loss of its unconsolidated affiliate (Proligo) of $2.1 million and $2.9 million for the year ended December 31, 2001 and 2000, respectively.

As of December 31, 2001, the company had cash, cash equivalents and marketable securities of $582.9 million, compared to $512.9 million at December 31, 2000.

In a separate announcement released yesterday, Gilead's Board of Directors approved a two-for-one stock split payable to shareholders of record as of February 14, 2002. All share and per share data in this press release do not reflect this two-for-one stock split.

Corporate Highlights

On December 21, Gilead completed the sale of its oncology assets to OSI. Gilead received $130 million in cash from OSI and 924,984 shares of OSI common stock with a market value of approximately $40 million at the time of issuance. Additionally, OSI will pay Gilead up to an additional $30 million in either cash or a combination of cash and OSI common stock upon the achievement by OSI of certain milestones related to the development of NX211, the most advanced oncology product candidate licensed to OSI.

In addition, in the fourth quarter Gilead announced that it out-licensed its previously unlicensed intellectual property rights under the SELEX process patent estate to Cambridge, Massachusetts-based Archemix Corporation. Gilead received $9.0 million in cash in 2001 and is entitled to receive an additional $8.5 million in 2002 under the terms of the contract. Additionally, Gilead received warrants in Archemix.

Products and Pipeline Highlights

"The results of the fourth quarter punctuate a remarkable year for our company and are a reflection of the focus, hard work and dedication of the people at Gilead," said John C. Martin, Ph.D., President and Chief Executive Officer, Gilead Sciences. "Most notable, of course, was the FDA approval of Viread for the treatment of HIV infection. Within days of approval, Gilead ensured that Viread was on pharmacy shelves and available to patients in need of this novel therapy. In addition, sales of AmBisome increased 17 percent year over year, reflecting the strength of the product's profile and our international commercial organization. We are very encouraged by the positive data that has emerged from our pivotal studies of adefovir dipivoxil for HBV, as well as our other studies in patients with lamivudine resistance. In pursuit of our goal to address this important medical need, we are on track to submit applications for regulatory approval in both the United States and Europe in the first half of 2002."

Viread(TM) (tenofovir disoproxil fumarate) for HIV

In late October, Gilead received U.S. Food and Drug Administration (FDA) marketing approval for Viread for the treatment of HIV infection when taken in combination with other antiretroviral agents. Viread was approved six months after Gilead submitted the New Drug Application (NDA) to the FDA and was available in pharmacies within days of the approval. Viread is dosed as one 300 mg tablet, once daily.

Earlier in the month of October, Gilead announced that the European Union's Committee for Proprietary Medicinal Products (CPMP) recommended granting of the Marketing Authorisation for Viread in the European Union's 15 member states. On the basis of the safety and efficacy data submitted for Viread, the committee has recommended the granting of a Marketing Authorisation under exceptional circumstances. The CPMP's recommended indication is for Viread in combination with other antiretroviral agents in HIV-infected patients over 18 years of age experiencing early virological failure. The European Medicines Evaluation Agency (EMEA) typically follows the recommendation of the CPMP but is not required to do so. Gilead anticipates the EMEA's authorization will be granted in early 2002. Regulatory filings for the drug also have been completed in Australia and Canada and additional regulatory filings are planned in other countries in the coming months.

Adefovir Dipivoxil for Chronic HBV Infection

In November, Gilead announced several important developments in its adefovir dipivoxil program:

First, preliminary results from a Phase III clinical trial (Study 461) evaluating the efficacy and safety of adefovir dipivoxil 10 mg once daily in patients with lamivudine-resistant chronic hepatitis B virus (HBV) infection and compensated liver disease were announced. After 16 weeks, patients receiving adefovir dipivoxil 10 mg monotherapy experienced a decrease in HBV DNA of 2.46 log10 copies/mL (n=20) versus a decrease of 2.45 log10 copies/mL (n=20) in patients receiving both adefovir and lamivudine. The most common adverse events reported were asthenia (weakness), abdominal pain and pharyngitis, and the frequency and type of adverse events were similar among all treatment arms.

Next, data from a clinical study (Study 435) of adefovir dipivoxil 10 mg once daily in post-liver transplant patients with lamivudine-resistant chronic HBV infection showed that treatment with adefovir dipivoxil 10 mg once daily for 48 weeks resulted in a statistically significant decrease in HBV DNA of 4.6 log10 copies/mL (n=28). The most commonly reported adverse events were asthenia, headache, abdominal pain, and pruritus (itching). Drug discontinuation due to adverse events was uncommon. These data were presented at the 52nd Annual Meeting of the American Association for the Study of Liver Diseases (AASLD) in Dallas.

Also presented at AASLD were 48-week results from the first of two Phase III clinical trials (Study 437) demonstrating that adefovir dipivoxil 10 mg significantly improved liver histology in 53 percent of patients treated (n=168), compared to 25 percent of placebo-treated patients (n=161) (p less than 0.001). Reductions in HBV DNA also were observed. Patients in the adefovir dipivoxil 10 mg arm had a median reduction in HBV DNA from baseline of 3.52 log10 copies/mL (n=152), compared to a reduction of 0.55 log10 copies/mL in patients receiving placebo (n=148, p less than 0.001). This equates to a 99.97 percent reduction in circulating virus in patients on adefovir dipivoxil 10 mg treatment. The drug discontinuation rates were similar between the treatment and placebo arms of the study, as were the incidence of grade 3 and 4 laboratory abnormalities and clinical adverse events. The most common adverse events reported were pharyngitis, headache, asthenia, and abdominal pain. Preliminary results from this study were previously announced in June 2001. Adefovir dipivoxil 10 mg is an experimental compound that has not been determined to be safe or efficacious by the FDA.

Conference Call

Gilead will host a conference call today, January 31, 2002, at 4:30 p.m. Eastern. To access the live call or the seven-day archive via the Internet, log on to www.gilead.com. Please connect to the company's website at least 15 minutes prior to the conference call to ensure adequate time for any software download that may be needed to hear the webcast. Alternatively, please call 800-215-1640 (U.S.) or 212-346-7424 (international). Telephone replay is available approximately one hour after the call through 7:00 p.m. Eastern, Sunday, February 3, 2002. To access, please call 800-633-8284 (U.S.) or 858-812-6440 (international). The conference ID number is 20280957. The information provided on the teleconference and on the webcast is only accurate at the time of the call, and Gilead will take no responsibility for providing updated information.

Gilead Sciences

Gilead Sciences is a biopharmaceutical company that discovers, develops and commercializes therapeutics to advance the care of

patients suffering from life-threatening diseases worldwide. The company has five marketed products and focuses its research and clinical programs on anti-infectives, including antivirals, antifungals and antibacterials. Headquartered in Foster City, CA, Gilead has operations in the United States, Europe and Australia.

Forward-looking Statements

Statements included in this press release that are not historical in nature are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include those regarding Gilead's future financial results, including: revenues, research and development expenses, and selling, general and administrative expenses, the efficacy of any marketed or pipeline development products, the ability to file for or obtain marketing approval for Gilead's pipeline development products, or the competitive positioning of its marketed or pipeline development products. Gilead cautions readers that forward-looking statements are subject to certain risks and uncertainties, which could cause actual results to differ materially. These risks and uncertainties include those that can cause fluctuations in our financial results, such as our ability and the ability of our partners to successfully market our products and maintain revenue growth; our ability to control the timing and amount of spending in our research and clinical programs; fluctuations in foreign currency against the U.S. dollar; our ability to achieve and the timing of milestones, as well as risk and uncertainties that affect our future prospects such as the risk that we may not continue to observe the safety, tolerability and efficacy data for Viread and adefovir that we are observing today; the risk that the EMEA may not follow the positive recommendation of the CPMP to approve Viread for marketing in the EU or may approve it for a more limited indication; the risk that we may not be successful in filing for regulatory approval of adefovir in the first half of 2002; as well as the risk that we may not obtain marketing approval for adefovir; and other risks identified from time to time in the company's reports filed with the U.S. Securities and Exchange Commission. The company directs readers to its Annual Report on Form 10-K, for the year ended December 31, 2000, filed in March 2001, and its 2001 Quarterly Reports on Form 10-Q filed with the SEC. Gilead claims the protection of the Safe Harbor contained in the Private Securities Litigation Reform Act of 1995 for forward-looking statements. All forward-looking statements are based on information currently available to Gilead, and Gilead assumes no obligation to update any such forward-looking statements.

AmBisome and Vistide are registered trademarks, and Viread is a trademark of Gilead Sciences, Inc.

Tamiflu is a trademark of F. Hoffmann-La Roche Ltd.
Cidecin is a registered trademark of Cubist Pharmaceuticals, Inc.

For more information on Gilead Sciences, please visit www.gilead.com or call the Gilead Corporate Communications Department at 1-800-GILEAD-5 (1-800-445-3235).

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

	Three months ended December 31,		Year ended December 31,	
	2001	2000	2001	2000
	(unaudited)		(note 1)	
Revenues:				
Product sales, net	$ 59,634	$ 37,972	$ 190,970	$ 149,709
Royalty revenue, net	5,987	5,260	22,969	24,591
Contract revenue	8,558	9,093	16,352	18,315
Contract revenue - SAB 101	152	150	3,478	2,940
Net revenues	74,331	52,475	233,769	195,555
Cost of goods sold	13,178	7,498	43,764	33,512
Gross profit	61,153	44,977	190,005	162,043
Operating expenses:				
Research and development	44,601	43,315	185,553	132,339
Selling, general and administrative	41,476	23,103	125,141	82,022
Total operating				

expenses	86,077	66,418	310,694	214,361
Loss from operations	(24,924)	(21,441)	(120,689)	(52,318)
Gain on sale of oncology assets	157,771	--	157,771	--
Gain on sale of unconsolidated affiliate	--	--	8,754	--
Interest income	5,396	4,888	25,591	17,634
Interest expense	(3,498)	(706)	(13,980)	(4,365)
Income/(loss) before provision for income taxes, equity in loss of unconsolidated affiliate and cumulative effect of changuncement released yesterday, Gilead's Board of Directors approved a two-for-one stock split payable to shareholders of record as of February 14, 2002. All share and per share data in this press release do not reflect this two-for-one stock split.				

GILEAD SCIENCES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

	December 31, 2001 (note 1)	December 31, 2000 (note 1)
Assets		
Cash, cash equivalents and marketable securities	$582,851	$512,878
Other current assets	124,908	80,920
Total current assets	707,759	593,798
Property, plant and equipment, net	62,828	55,174
Other noncurrent assets	24,199	29,127
	$794,786	$678,099
Liabilities and stockholders' equity		
Current liabilities	$ 80,117	$ 58,238
Long-term obligations	262,232	268,737
Stockholders' equity	452,437	351,124
	$794,786	$678,099

Note:
(1) Derived from audited financial statements at that date.

CONTACT: Gilead Sciences, Inc., Foster City
Sharon Surrey-Barbari, 650/522-5798
Susan Hubbard, 650/522-5715

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