

Gilead Announces Fourth Quarter and 1997 Year-end Financial Results

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Gilead Sciences, Inc. ([NASDAQ:GILD](#)) announced today its results of operations for the fourth quarter ended December 31, 1997. For this quarter, the Company reported revenues from net product sales of \$2.4 million, revenues from collaborative agreements of \$7.0 million and revenues from product royalties of \$0.5 million, for total revenues of \$9.9 million and net interest income of \$4.8 million. This compares to revenues from net product sales of \$3.7 million, revenues from collaborative agreements of \$2.0 million and revenues from product royalties of \$12,000, for total revenues of \$5.8 million and net interest income of \$4.1 million for the same quarter in 1996. The net loss for the three months ended December 31, 1997 was \$12.4 million or \$0.42 per share, compared to a net loss of \$8.1 million or \$0.28 per share for the same quarter in 1996.

The net revenues from product sales were derived from the sale of VISTIDE® (cidofovir injection), which Gilead markets independently in the United States for the treatment of cytomegalovirus (CMV) retinitis in patients with AIDS. The other revenues were received as a result of collaborations with corporate partners, including milestone payments, contract revenues for research and development projects and royalties on product sales of VISTIDE in the European Union, sold by Gilead's partner Pharmacia & Upjohn. Gilead also received royalties from Hoffmann-La Roche Inc. for co-promoting Roferon™-A (Interferon alfa-2a, recombinant) in the United States for the treatment of hepatitis C virus infection.

The Company also announced its results of operations for the twelve months ended December 31, 1997. For the full year, the Company reported revenues from net product sales of \$11.7 million, revenues from collaborative agreements of \$27.4 million and revenues from product royalties of \$0.9 million, for total revenues of \$40.0 million and net interest income of \$17.8 million. For the year ended December 31, 1996, Gilead reported revenues from net product sales of \$8.5 million (derived from the sale of VISTIDE launched in June 1996), revenues from collaborative agreements of \$24.9 million and revenues from product royalties of \$33,000, for total revenues of \$33.4 million and net interest income of \$14.3 million. The net loss for the twelve months ended December 31, 1997 was \$28.0 million or \$0.95 per share, compared to a net loss of \$21.7 million or \$0.78 per share for the twelve months ended December 31, 1996.

During 1997, revenues from collaborative agreements included a one-time \$10.0 million milestone payment from Pharmacia & Upjohn following the marketing authorization of VISTIDE in the European Union in April. In addition, Gilead received \$6.0 million in milestone payments, plus reimbursement of research and development expenses, from its partner F. Hoffmann-La Roche Ltd. These payments are associated with the collaboration between Gilead and Roche to develop orally administered compounds for the treatment and prevention of viral influenza. Gilead and Roche are now testing the lead compound from this class, GS 4104, in Phase II/III human studies in the United States, Europe, Canada and Hong Kong.

As of December 31, 1997, the Company had cash, cash equivalents and short-term investments of \$322.3 million compared to \$296.0 million at December 31, 1996. This increase is primarily the result of cash received from corporate partners, including the \$10.0 million cash milestone payment and a \$40.0 million equity investment by Pharmacia & Upjohn upon the European approval of VISTIDE.

Gilead Sciences is an independent biopharmaceutical company that seeks to provide accelerated treatment solutions for patients and the people who care for them. The Company discovers, develops and commercializes proprietary therapeutics for important viral diseases, including a currently marketed product, VISTIDE (cidofovir injection), for the treatment of CMV retinitis, a sight-threatening viral infection in patients with AIDS. In addition, the Company is developing products to treat diseases caused by HIV, hepatitis B virus and influenza virus. Gilead common stock is traded on The Nasdaq Stock Market under the symbol GILD.

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

	Three months ended December 31,	Year ended December 31,
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	1997	1996	1997	1996
	(unaudited)			(note 1)
Revenues				
Product sales, net	\$ 2,419	\$ 3,722	\$ 11,735	\$ 8,477
Contract revenues	6,975	2,047	27,413	24,910
Royalty revenues	515	12	889	33
Total revenues	9,909	5,781	40,037	33,420
Costs and expenses				
Cost of sales	172	362	1,167	910
Research and development	20,036	10,873	59,162	41,881
Selling, general and administrative	6,947	6,745	25,472	26,692
Total costs and expenses	27,155	17,980	85,801	69,483
Loss from operations	(17,246)	(12,199)	(45,764)	(36,063)
Interest income, net	4,822	4,117	17,771	14,331
Net loss	\$ (12,424)	\$ (8,082)	\$ (27,993)	\$ (21,732)
Basic and diluted loss per share	\$ (0.42)	\$ (0.28)	\$ (0.95)	\$ (0.78)
Common shares used in the calculation of basic and diluted loss per share	29,860	28,645	29,326	27,786

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

CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

	December 31, 1997	December 31, 1996
	(note 1)	(note 1)
Assets		
Cash, cash equivalents and short-term investments	\$ 322,298	\$ 295,963
Other current assets	17,960	4,290
Total Current Assets	340,258	300,253
Property and equipment, net	10,313	9,172
Other assets	1,498	1,248
	\$ 352,069	\$ 310,673

Liabilities and stockholders' equity		
Current liabilities	\$ 33,391	\$ 16,099
Long-term obligations	1,331	2,914
Stockholders' equity	317,347	291,660
	\$ 352,069	\$ 310,673

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