

## Gilead Announces Third Quarter 1999 Financial Results

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*AmBisome® Sales Increase 24% Over Prior Year Quarter*

### Foster City, CA -- October 27, 1999

Gilead Sciences, Inc. (Nasdaq: GILD) announced today its results of operations for the third quarter ended September 30, 1999. These results represent the first quarter of combined earnings reported since Gilead's completion of its merger with NeXstar Pharmaceuticals, Inc. in July 1999. All amounts prior to the completion of the merger have been restated under the pooling-of-interests method of accounting to include the balances and results of operations of NeXstar. For the third quarter, Gilead recorded revenues from net product sales of \$34.6 million, royalty revenues of \$2.5 million and contract revenues of \$1.2 million, for total revenues of \$38.4 million, a 20 percent increase over the same quarter in 1998. Total revenues of \$31.9 million for the third quarter of 1998 include net product sales of \$28.5 million, royalty revenues of \$1.6 million and contract revenues of \$1.8 million.

The net loss for the three months ended September 30, 1999 was \$30.4 million, or \$0.70 per share. In the third quarter of 1999, Gilead recorded expenses associated with the merger with NeXstar of \$15.1 million, or \$0.35 per share. Excluding these merger-related expenses, Gilead's loss for the quarter would have been \$0.35 per share. The net loss for the third quarter 1999 compares to net income of \$2.2 million, or \$0.05 per share, for the same quarter in 1998. The company's profitability in the third quarter of 1998 was due to a one-time gain of \$21.5 million on NeXstar's August 1998 sale of its 51 percent interest in its subsidiary, Prologo LLC, to SKW Americas, Inc.

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 92 percent of product revenues. AmBisome sales for the third quarter of 1999 were \$31.9 million, a 24 percent increase in sales from the same period of 1998. In addition, Gilead recorded product revenues of \$1.4 million and \$1.2 million from the sale of VISTIDE® (cidofovir injection) and DaunoXome® (daunorubicin citrate liposome injection), respectively, during the third quarter of 1999.

The other revenues totaling \$3.8 million result from collaborations with corporate partners, including contract revenues for research and development projects, and royalties on product sales of AmBisome in the United States by Gilead's co-promotion partner Fujisawa Healthcare and VISTIDE in the European Union by Pharmacia & Upjohn.

Research and development expenses for the third quarter of 1999 were \$28.2 million, compared to \$28.6 million for the same quarter in 1998. Selling, general and administrative expenses for the three months ended September 30, 1999 were \$18.8 million as compared to \$19.1 million for the same quarter of 1998.

Net interest income for the third quarter 1999 was \$2.2 million, as compared to \$3.3 million for the same quarter in 1998.

Gilead also reported its results of operations for the nine months ended September 30, 1999. The Company recorded net revenues from product sales of \$100.6 million and aggregate contract and royalty revenues of \$19.6 million, for total revenues of \$120.2 million. This compares to revenues from product sales of \$81.9 million and aggregate contract and royalty revenues of \$26.8 million, for total revenues of \$108.7 million for the nine months ended September 30, 1998. The net loss for the nine months ended September 30, 1999 was \$57.5 million, or \$1.36 per share, compared to a net loss of \$26.1 million, or \$0.64 per share, for the nine months ended September 30, 1998. In the nine months ended September 1999, Gilead recorded expenses associated with the merger with NeXstar of \$18.2 million or \$0.43 per share. Excluding merger-related expenses, Gilead's loss for the nine months would have been \$0.93 per share.

Research and development expenses for the nine-month periods ended September 30, 1999 and 1998 were \$81.7 million and \$92.6 million, respectively. These expenses decreased in the 1999 period relative to 1998 because of Gilead's reduced research activities at its Boulder, Colorado facility and reduced level of involvement in the development of Tamiflu. Such decreases were offset in part by greater levels of expense in 1999 for the development programs for adefovir dipivoxil for hepatitis B, tenofovir disoproxil fumarate (PMPA oral prodrug) for HIV, MiKasome® (liposomal amikacin) for severe bacterial infection and NX 211 (liposomal lurtotecan) for cancer. Selling, general and administrative expenses for the nine months ended September 30, 1999

were \$57.7 million as compared to \$56.6 million for the same nine-month period in 1998.

Net interest income for the nine months ended September 30, 1999 was \$7.6 million, as compared to \$11.1 million for the same nine-month period in 1998.

As of September 30, 1999, the Company had cash, cash equivalents and marketable securities of \$307.4 million, compared to \$348.7 million on December 31, 1998.

Gilead Sciences, headquartered in Foster City, CA, 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, 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, and Cambridge, UK, and sales and marketing organizations in the United States, Europe and Australia. Gilead common stock is traded on The Nasdaq Stock Market under the symbol GILD.

For more information on Gilead Sciences, 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) (unaudited)

	Three months ended		Nine months ended	
	September 30,		September 30,	
	1999	1998	1999	1998
<b>Revenues:</b>				
Product sales, net	\$34,598	\$28,458	\$100,628	\$81,898
Contract revenues	1,247	1,811	12,149	22,250
Royalty revenues	2,545	1,597	7,426	4,520
Net revenues	38,390	31,866	120,203	108,668
Cost of products sold	7,552	5,769	22,710	16,945
Gross profit	30,838	26,097	97,493	91,723
<b>Operating expenses:</b>				
Research and development	28,192	28,584	81,745	92,559
Selling, general and administrative	18,785	19,068	57,702	56,560
Merger-related expenses	15,079	0	18,179	0
Total operating expenses	62,056	47,652	157,626	149,119
Loss from operations	(31,218)	(21,255)	(60,133)	(57,396)
Gain on sale of subsidiary	0	21,480	0	21,480
Interest income	3,866	5,032	12,537	16,623
Interest expense	(1,623)	(1,769)	(4,939)	(5,483)
Net income (loss) before taxes and equity in loss of affiliate	(28,975)	3,188	(52,532)	(24,776)
Taxes	220	262	726	649
Equity in loss of affiliate	1,170	724	4,271	724
Net income (loss)	\$(30,365)	\$2,202	\$(57,532)	\$(26,149)

Basic and diluted income (loss) per share	\$(0.70)	\$0.05	\$(1.36)	\$(0.64)
Common shares used in the calculation of basic income (loss) per share	43,467	41,286	42,446	40,886
Common shares used in the calculation of diluted income (loss) per share	43,467	45,075	42,446	40,886

**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(in thousands)

	September 30,	December 31,
	1999	1998
	(unaudited)	(note)
<b>Assets</b>		
Cash, cash equivalents, and short-term investments	\$307,395	\$348,743
Other current assets	80,283	68,146
Total current assets	387,678	416,889
Property and equipment, net	49,216	51,019
Other assets	12,298	19,856
	<b>\$449,192</b>	<b>\$487,764</b>
<b>Liabilities and stockholders' equity</b>		
Current liabilities	\$56,841	\$57,334
Long-term obligations	92,552	96,731
Stockholders' equity	299,799	333,699
	<b>\$449,192</b>	<b>\$487,764</b>
Note: Derived from audited financial statements at that date.		