

## Gilead Sciences Announces Second Quarter 2000 Financial Results

July 27, 2000 4:46 PM ET

*Total Revenues Increased 15% Over Second Quarter 1999*

### **Foster City, CA -- July 27, 2000**

Gilead Sciences, Inc. (Nasdaq: GILD) announced today its results of operations for the second quarter ended June 30, 2000. For the second quarter, Gilead recorded revenues from net product sales of \$38.0 million, royalty revenues of \$7.7 million and contract revenues of \$4.3 million, for total revenues of \$50.0 million, a 15 percent increase over the same quarter in 1999. Total revenues of \$43.5 million for the second quarter of 1999 included net product sales of \$34.0 million, royalty revenues of \$2.8 million and contract revenues of \$6.8 million.

The net loss for the three months ended June 30, 2000 was \$4.2 million, or \$0.09 per share. This compares to a net loss of \$11.7 million, or \$0.28 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), which accounted for 94 percent of product sales for the second quarter of 2000. AmBisome sales for the second quarter of 2000 were \$35.9 million, a 14 percent increase in sales of this product over the same period in 1999. In addition, Gilead recorded product sales from sales of DaunoXome® (daunorubicin citrate liposome injection) of \$1.1 million and from VISTIDE® (cidofovir injection) of \$1.1 million during the second quarter of 2000.

Royalty revenues in the second quarter of 2000 resulting from collaborations with corporate partners include royalties of \$3.5 million on product sales of AmBisome in the United States by Gilead's co-promotion partner Fujisawa Healthcare, royalties of \$3.7 million on product sales of Tamiflu™ (oseltamivir phosphate) by F. Hoffmann-La Roche Ltd, and royalties of \$0.5 million on product sales of VISTIDE outside the United States by Pharmacia & Upjohn.

Gilead recorded contract revenues from corporate partners for research and development projects of \$4.3 million in the second quarter of 2000. This revenue includes a \$2.0 million milestone payment received from F. Hoffmann-La Roche Ltd for the May 2000 filing of a supplemental New Drug Application to the U.S. Food and Drug Administration for Tamiflu for the prevention of influenza in adults and adolescents 13 years and older.

Research and development expenses for both the second quarter of 2000 and the second quarter of 1999 were \$27.3 million. Major development projects in 2000 include tenofovir disoproxil fumarate for HIV and adefovir dipivoxil for HBV, both in Phase III clinical development. Higher spending for these programs was offset by significantly lower expenses in 2000 for the development of adefovir dipivoxil for HIV, a program Gilead discontinued in the fourth quarter of 1999, and by reduced research activities at Gilead's Boulder, Colorado facility. Selling, general and administrative (SG&A) expenses for the three months ended June 30, 2000 were \$19.8 million, compared with \$21.6 million for the same quarter of 1999. SG&A expenses in the second quarter of 1999 included approximately \$1.6 million of merger-related expenses. Also contributing to the decrease in SG&A in 2000 was the cost savings realized from the elimination of duplicate administrative positions subsequent to the merger in July 1999.

Net interest income for the second quarter of 2000 was \$2.8 million, compared with \$2.6 million for the same quarter in 1999.

The Company also reported equity in the loss of its unconsolidated affiliate of \$0.7 million and \$1.5 million for the three months ended June 30, 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.

Gilead also reported its results of operations for the six months ended June 30, 2000. The Company recorded net revenues from product sales of \$74.3 million and aggregate contract and royalty revenues of \$20.9 million, for total revenues of \$95.2 million and net interest income of \$5.2 million. This compares to revenues from product sales of \$66.0 million and aggregate contract and royalty revenues of \$15.8 million, for total revenues of \$81.8 million and net interest income of \$5.4 million for the six months ended June 30, 1999. The net loss for the six months ended June 30, 2000 was \$9.9 million, or \$0.22 per share, compared to a net loss of \$27.2 million, or \$0.65 per share for the six months ended June 30, 1999.

As of June 30, 2000, the Company had cash, cash equivalents and marketable securities of \$295.5 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. Certain prior period amounts have been reclassified to conform to the current presentation.

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.

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(See attached tables)

AmBisome, VISTIDE and DaunoXome are registered trademarks of Gilead Sciences, Inc. Tamiflu is a trademark of Hoffmann-La Roche.

For more information on Gilead Sciences, please visit our Web site at [www.gilead.com](http://www.gilead.com) or call the Gilead Corporate Communications Department at 1-800-GILEAD-5 (1-800-445-3235).

	Three months ended		Six months ended	
	June 30,		June 30,	
	2000	1999	2000	1999
	(unaudited)		(unaudited)	
Revenues:				
Product sales, net	\$ 37,994	\$ 33,982	\$ 74,334	\$ 66,030
Royalty revenues, net	7,680	2,793	15,722	4,881
Contract revenues	4,305	6,762	5,145	10,902
Net revenues	49,979	43,537	95,201	81,813
Cost of products sold	8,684	7,088	16,631	14,487
Gross profit	41,295	36,449	78,570	67,326
Operating expenses:				
Research and development	27,251	27,253	53,308	52,142
Selling, general and administrative	19,829	21,559	37,988	44,099
Total operating expenses	47,080	48,812	91,296	96,241
Loss from operations	(5,785)	(12,363)	(12,726)	(28,915)

Interest income	4,360	4,230	8,305	8,671
Interest expense	(1,518)	(1,646)	(3,055)	(3,316)
Loss before provision for income taxes and equity in loss of unconsolidated affiliate	(2,943)	(9,779)	(7,476)	(23,560)
Provision for income taxes	525	424	832	506
Equity in loss of unconsolidated affiliate	718	1,488	1,639	3,101
Net loss	\$ (4,186)	\$ (11,691)	\$ (9,947)	\$ (27,167)
Basic and diluted net loss per common share	\$ (.09)	\$ (.28)	\$ (.22)	\$ (.65)
Common shares used in the calculation of basic and diluted net loss per share	44,591	42,115	44,466	41,936

Note: Certain prior period amounts have been reclassified to conform to the current presentation.

#### CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands)

	June 30, 2000	December 31, 1999
Assets	\$ 295,547	\$ 294,394
Cash, cash equivalents and marketable securities		
Other current assets	75,900	77,587
Total current assets	371,447	371,981
Property, plant and equipment, net	51,771	51,398
Other noncurrent assets	13,319	13,429
	\$ 436,537	\$ 436,808
Liabilities and stockholders' equity		
Current liabilities	\$ 44,630	\$ 47,877
Long-term obligations	89,700	91,639
Stockholders' equity	302,207	297,292
	\$ 436,537	\$ 436,808

Note: Derived from audited financial statements at that date.