# Gilead Sciences Inc.(GILD)

**$77.23** (As of 05/14/20)

Price Target (6-12 Months): **$82.00**

| | | |
|---|---|---|
| Long Term: 6-12 Months | **Zacks Recommendation:** (Since: 04/06/20) Prior Recommendation: Underperform | **Neutral** |
| Short Term: 1-3 Months | **Zacks Rank:** (1-5) | **2-Buy** |
| | Zacks Style Scores: | VGM:B |
| | Value: B \| Growth: D \| Momentum: B | |

## Summary

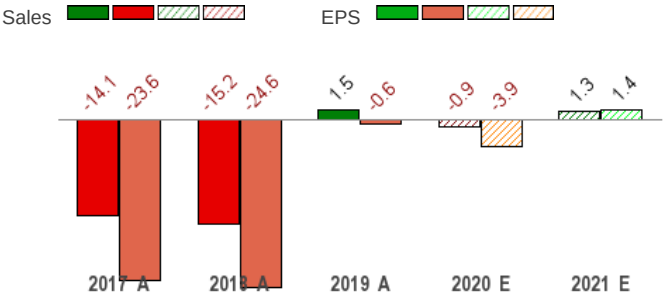
Gilead beat on both earnings and sales in the first quarter but the outlook for the year remains uncertain as fewer patients will be accessing HIV and HCV drugs, given the global scenario. Moreover, costs have gone up due to R&D spend on experimental coronavirus treatment, remdesivir. Nevertheless, the HIV franchise maintains momentum, driven by the strong performance of Biktarvy. Encouraging initial uptake of Descovy for the PrEP setting also boosted performance. Gilead has shifted focus to the HIV franchise and newer avenues like CAR-T therapy due to a massive decline in HCV franchise sales. Shares have outperformed the industry in the past year. Remdesivir is already approved in Japan and a possible approval in the United States will be a significant boost. However, competition is stiffening for the HIV franchise from the likes of Glaxo.

## Price, Consensus & Surprise


## Data Overview

| | |
|---|---|
| 52 Week High-Low | **$85.97 - $60.89** |
| 20 Day Average Volume (sh) | **27,190,868** |
| Market Cap | **$96.9 B** |
| YTD Price Change | **18.9%** |
| Beta | **0.72** |
| Dividend / Div Yld | **$2.72 / 3.5%** |
| Industry | **Medical - Biomedical and Genetics** |
| Zacks Industry Rank | **Top 4% (9 out of 253)** |
| Last EPS Surprise | **6.3%** |
| Last Sales Surprise | **2.6%** |
| EPS F1 Est- 4 week change | **5.4%** |
| Expected Report Date | **08/04/2020** |
| Earnings ESP | **0.0%** |
| P/E TTM | **11.8** |
| P/E F1 | **12.1** |
| PEG F1 | **1.0** |
| P/S TTM | **4.3** |

## Sales and EPS Growth Rates (Y/Y %)




## Sales Estimates (millions of $)

| | Q1 | Q2 | Q3 | Q4 | Annual* |
|---|---|---|---|---|---|
| 2021 | 5,645 E | 5,990 E | 6,093 E | 5,886 E | 22,535 E |
| 2020 | 5,548 A | 5,355 E | 5,600 E | 5,764 E | 22,255 E |
| 2019 | 5,281 A | 5,685 A | 5,604 A | 5,879 A | 22,449 A |

## EPS Estimates

| | Q1 | Q2 | Q3 | Q4 | Annual* |
|---|---|---|---|---|---|
| 2021 | $1.65 E | $1.75 E | $1.78 E | $0.67 E | $6.46 E |
| 2020 | $1.68 A | $1.58 E | $1.56 E | $1.60 E | $6.37 E |
| 2019 | $1.76 A | $1.82 A | $1.75 A | $1.30 A | $6.63 A |

*Quarterly figures may not add up to annual.

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 05/14/2020. The reports text is as of 05/15/2020.

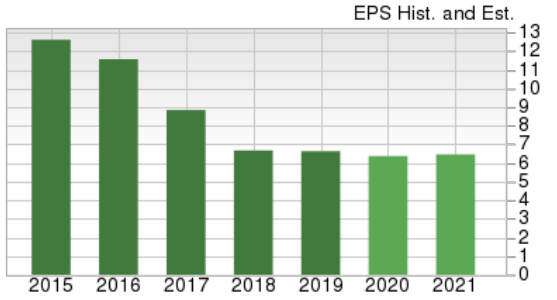
## Overview

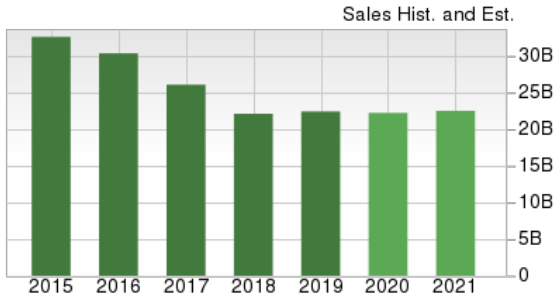
Headquartered in Foster City, CA, Gilead Sciences is a pioneer in developing drugs for the treatment of human immunodeficiency virus (HIV), liver diseases, hematology/oncology diseases and inflammation/respiratory diseases. The company has a strong HIV franchise with key HIV/AIDS therapies like tenofovir alafenamide (TAF)-based products Genvoya, Odefsey, Descovy, Biktarvy and Truvada. Total sales from HIV franchise came in at $16.4 billion in 2019. The portfolio also includes hepatitis C virus (HCV) drugs like Harvoni and Epclusa, and HBV drug, Vemlidy. For 2019, HCV product sales were $2.9 billion compared to $3.7 billion in 2018.

Yescarta, the first cell therapy approved for the treatment of adult patients with relapsed or refractory large B-cell lymphoma, has diversified Gilead's portfolio. Total Yescarta sales in 2019 came in at $256 million.

Gilead has a robust late-stage pipeline that bodes well for long-term growth. The company is also working on diversifying and growing its business beyond antivirals into other therapeutic areas. The company has a collaboration agreement with Galapagos for the development and commercialization of the JAK1-selective inhibitor, filgotinib, for inflammatory disease indications, including rheumatoid arthritis (RA). The company acquired Kite Pharma for $11.9 billion in 2017 to enter the CAR T space. In December 2017, Gilead acquired Cell Design Labs Inc. The company has recently collaborated with Novo Nordisk to develop drugs for the treatment of NASH.

Revenues in 2019 came in at $22.4 billion, down from $22.1 billion in 2018.




## Reasons To Buy:

> Gilead' strong HIV franchise should help the company maintain momentum. Newly launched products should continue to perform well, thereby driving top-line growth.

- **Share Price Performance**: Gilead's stock has outperformed the industry in the past year.

- **Strong HIV Franchise**: Gilead is a dominant player in the HIV market. The company was the first to bring to market a single-tablet regimen (STR) for the treatment of HIV — Atripla. Additional STRs for HIV in the market include Complera/Eviplera and Stribild, among others. Meanwhile, Gilead is looking to transition the HIV portfolio to drugs with improved long-term safety profiles. The TAF-based products — Genvoya, Odefsey and Descovy — are performing well, with strong adoption in both the United States and Europe. Descovy-based regimens continue to gain share. The HIV franchise received a major boost when the FDA approved its once-daily STR, Biktarvy (bictegravir 50mg/emtricitabine 200mg/tenofovir alafenamide 25mg, BIC/FTC/TAF), for HIV-1 infection. Biktarvy has become the number one prescribed regimen for both treatment-naïve and switch patients. Meanwhile, the FDA approved a label expansion of Descovy (emtricitabine 200 mg and tenofovir alafenamide 25 mg tablets; F/TAF) as a prevention option. The agency approved the treatment for a pre-exposure prophylaxis (PrEP) indication. Descovy for PrEP is indicated to reduce the risk of sexually acquired HIV-1 infection in adults and adolescents weighing at least 35 kg, who are HIV-negative and at-risk for sexually acquired HIV, excluding individuals at-risk from receptive vaginal sex. The initial uptake for the indication has been encouraging. The FDA had earlier also extended the indication for Truvada as PrEP to include at-risk adolescents. Approval of new therapies will further strengthen the franchise.

- **Remdesivir Shows Promise For Coronavirus**: Gilead is pioneering the race for developing a potential cure for COVID-19. Gilead has initiated two phase III studies to evaluate the safety and efficacy of remdesivir in adults diagnosed with COVID-19 following the FDA's (FDA) rapid review and acceptance of investigational new drug (IND) filing. These randomized, open-label, multicenter studies began enrolling patients in March 2020 and will enroll a total of approximately 1,000 patients in the initial phase of the studies, in countries with high prevalence of COVID-19. Remdesivir was previously under testing for Ebola virus. Remdesivir is already being used in the United States for the treatment of COVID-19 under federal rules that allow the use of unapproved drugs on compassionate grounds. As the candidate has shown promising results in infected patients, Gilead is being touted as the first company to come up with a treatment for this deadly disease. The company recently reported positive data from a phase III study. The study demonstrated that patients receiving a 10-day treatment course of remdesivir achieved similar improvement in clinical status compared with those taking a 5-day treatment course. As the candidate has shown promising results in the infected patients, Gilead is being touted as the first company to come up with a treatment for this deadly disease. A possible outcome will significantly boost prospects until vaccine are available. It was recently granted regulatory approval in Japan under the brand name, Veklury (remdesivir), as a treatment for SARS-CoV-2 infection. The approval came under an exceptional approval pathway. The exceptional approval was granted due to the COVID-19 pandemic and references the Emergency Use Authorization of remdesivir in the United States.

- **Acquisitions and Deals to Boost Portfolio and Strengthen Pipeline**: Gilead is looking to boost its portfolio and pipeline through deals and acquisitions. The company is also looking to expand beyond antivirals into other therapeutic areas. In January 2016, the company collaborated with Galapagos for the development and commercialization of filgotinib in inflammatory disease indications, including RA. The agreement was recently updated whereby both companies entered a 10-year global research and development collaboration. Gilead will gain access to an innovative portfolio of compounds, including six molecules currently in clinical trials, more than 20 preclinical programs and a proven drug discovery platform. The company will receive an exclusive product license and option rights to develop and commercialize all current and future programs in all countries outside Europe. Both companies have agreed to amend certain terms of the agreement to create a broader commercialization role for Galapagos in Europe.

  Gilead acquired Kite Pharma to foray into the emerging field of cell therapy. Kite is a pioneer in cell therapy having developed engineered cell therapies that express either a chimeric antigen receptor (CAR) or an engineered T cell receptor (TCR), depending on the type of cancer. The approval of lead candidate Yescarta for the treatment of refractory aggressive non-Hodgkin lymphoma, which includes diffuse large B-cell lymphoma (DLBCL), transformed follicular lymphoma (TFL) and primary mediastinal B-cell lymphoma (PMBCL) is a significant boost for the company. The drug was also approved in Europe. Kite also submitted a Biologics License Application (BLA) to the FDA for the investigational CAR T cell therapy, KTE-X19, for the treatment of adult patients with relapsed or refractory mantle cell lymphoma (MCL). The European Medicines Agency also validated the marketing authorization application for KTE-X19. Gilead also acquired Cell Design Labs, Inc. for $567 million in December 2017. Cell Design Labs is a leader in developing cell-based therapies, and uses its synNotch and Throttle technology platforms. These technological platforms will enhance Gilead's cellular therapy research efforts, which Gilead acquired through Kite Pharma acquisition. Cell Design Labs is developing several pre-clinical product candidates, including CAR T and TCR therapies for prostate cancer and hepatocellular carcinoma that use the synNotch technology. The company also collaborated with Kiniksa Pharmaceuticals, Ltd. to conduct a phase II, multicenter study of mavrilimumab, an investigational, fully-human monoclonal antibody that targets granulocyte macrophage colony stimulating factor receptor alpha, in combination with Yescarta in patients with relapsed or refractory large B-cell lymphoma.

- **Favorable Debt Profile, Pay Out Ratio**: As of Mar 31, 2020, Gilead's total debt to total capital ratio stood at 52.1X, which compares favorably to 53.1X at the end of the previous quarter. A lower ratio indicates lower financial risk and vice versa. The company has a sound cash position too with cash, equivalents and marketable securities of $24.3 billion against long-term debt of $28.6 billion. Gilead is also making efforts to repay debt as the long-term debt at the end of the first quarter was down from $29.2 billion at the end of 2019. Additionally, Gilead's pay-out ratio increased to 41.8% at the end of the first quarter of 2020 from 41% at the end of the third quarter. Moreover, the board authorized an additional $5-billion share repurchase program in January 2020 to boost shareholder value.

## Reasons To Sell:

Weaker-than-expected performance of HCV franchise due to lower sales of Harvoni and Sovaldi is concerning. Pipeline setbacks and stiff competition remain a threat as well.

- **HCV Franchise under Pressure**: Gilead's HCV franchise continued to witness a slowdown across key markets, including the United States and Europe. The franchise saw a significant plunge in sales in the last couple of years due to new competition and fewer patient starts.

- **Pipeline Setbacks***:* Gilead is no stranger to pipeline setbacks. In fact, the company has been suffering a string of pipeline setbacks since the last few years. In 2016, the company terminated the phase II and IIb studies on simtuzumab for the treatment of idiopathic pulmonary fibrosis, NASH and primary sclerosing cholangitis; phase II and II/III studies on GS-5745 for the treatment of Crohn's Disease and ulcerative colitis; phase II studies on GS-4997 for the treatment of pulmonary arterial hypertension and diabetic kidney disease; and phase II study on eleclazine for the treatment of ventricular tachycardia/ventricular fibrillation, after determining that study data showed insufficient evidence of treatment benefit. Gilead also suffered a setback with the recent failure of a late-stage study on selonsertib in patients with compensated cirrhosis (F4) due to NASH. STELLAR-4, a phase III, randomized, double-blind, placebo-controlled study (n=877), evaluated the safety and efficacy of selonsertib, which is an investigational, once-daily, oral inhibitor of apoptosis signal-regulating kinase 1 (ASK1), in patients with compensated cirrhosis due to NASH. The failure of the STELLAR-4 study comes as a disappointment, given the significant market potential of NASH and increasing competition from the likes of Intercept Pharmaceuticals. Moreover, STELLAR-3 on selonsertib also did not meet the pre-specified week 48 primary endpoint.

- **Kite Pharma Acquisition**: While the approval of Yescarta is a significant boost for the company, CAR-T therapy is complicated and can sometimes be associated with severe side effects which can limit potential. Moreover, given the high costs of treatment and competition from Kymriah, Yescarta is not expected to contribute significantly as of now.

- **Huge Costs For Remdesivir**: Gilead is long away from generating profits on remdesivir as it plans to make the drug affordable globally. Given the huge costs involved in manufacturing, profitability will be a concern. Moreover, once the vaccines are available, this stream of revenues will be lost.

## Last Earnings Report

**Gilead's Q1 Earnings Top, Sales Beat**

| Quarter Ending | 03/2020 |
|---|---|
| Report Date | Apr 30, 2020 |
| Sales Surprise | 2.61% |
| EPS Surprise | 6.33% |
| Quarterly EPS | 1.68 |
| Annual EPS (TTM) | 6.55 |

Gilead delivered earnings of $1.68 per share in the first quarter, increasing a cent from the year-ago quarter's reported figure and beating the Zacks Consensus Estimate of $1.58.

Total revenues of $5.55 billion beat the Zacks Consensus Estimate of $5.41 billion and grew 5.1% year over year.

**HIV Franchise Maintains Momentum**

Product sales came in at $5.5 billion, up from $5.2 billion. Sales in the reported quarter benefited from an estimated $200 million in revenues related to increased customer buying patterns and patient prescription trends, primarily in the United States, due to the coronavirus (COVID-19) pandemic.

HIV product sales increased 14.3% year over year to $4.6 billion, driven by higher sales volume from the continued uptake of Biktarvy, and increased customer buying patterns and patient prescription trends due to the pandemic. Sales of Biktarvy were $1.7 billion, up from $793 million in the year-ago quarter.
Genvoya generated sales of $824 million, down from $1.0 billion in the year-ago quarter. Descovy recorded sales of $458 million, up from $342 million in the year-earlier period, while Odefsey sales were $409 million, up from $397 million a year ago.

HCV product sales declined 7.7% to $729 million, due to lower average net selling price.

CAR-T therapy, Yescarta (axicabtageneciloleucel), generated $140 million in sales, up from $96 million a year ago, driven by its continued expansion in Europe. Sales also grew from $122 million in the previous quarter.

Sales from other products — chronic hepatitis B (HBV) drugs, cardiovascular, oncology and other categories (Vemlidy, Viread, Letairis, Ranexa, Zydelig and AmBisome) — were $464 million, which decreased from $696 million in the year-ago quarter due to declines in Ranexa and Letairis sales after generic entries in 2019.

Adjusted product gross margin was 87.1%, relatively flat with 87% in the year-ago period. Research & development (R&D) expenses came in at $1.10 billion, up from $1.06 billion in the year-ago quarter. Selling, general and administrative (SG&A) expenses increased to $1.08 billion from $1.03 million in the year-ago quarter.

**2020 Guidance**

Even though the first-quarter results weren't affected, Gilead anticipates COVID-19 impacts on its business in the short term as fewer patients are accessing treatments for conditions like HIV and HCV. However, the magnitude of the anticipated impact is uncertain. Moreover, Gilead began advancing remdesivir and rapidly expanding its manufacturing production. The company expects to update its outlook on the second-quarter 2020 earnings call.

**COVID-19 Update**

Gilead initiated two open-label phase III studies in February (SIMPLE studies) on experimental candidate, remdesivir, for COVID-19. Additional global studies are ongoing, including a global, placebo-controlled trial being led by the U.S. National Institute of Allergy and Infectious Diseases (NIAID) as well as more recently initiated studies through the World Health Organization and INSERM in France.

NIAID recently announced that the preliminary results from their trial met the primary endpoint and remdesivir was found to shorten the time to recovery for hospitalized patients with COVID-19 when compared with a placebo. Gilead also announced top-line results from the first SIMPLE study evaluating 5-day and 10-day dosing durations of remdesivir in patients with severe COVID-19 disease. The study demonstrated similar clinical improvements in patients with severe symptoms of COVID-19, regardless of whether they received five or ten days of treatment.

**Other Updates**

Gilead acquired Forty Seven for approximately $4.9 billion, adding magrolimab, which is currently in phase Ib/II studies for several hematological cancers, to its pipeline.

Kite achieved two key regulatory milestones for KTE-X19, an investigational cell therapy for the treatment of relapsed or refractory mantle cell lymphoma. In Europe, the marketing authorization application for KTE-X19 was fully validated and is now under review by the European Medicines Agency. In the United States, the FDA accepted the Biologics License Application for the same and granted Priority Review designation.

In March, the FDA approved Epclusa for children 6 years and older (or weighing at least 17 kg) with HCV. Gilead is looking to expand remdesivir's manufacturing production. The company expects more than 140,000 treatment courses of remdesivir to be manufactured by the end of May 2020.

## Recent News

**Approval of Veklury – May 7**

Gilead announced that the Japanese Ministry of Health, Labour and Welfare (MHLW) has granted regulatory approval of Veklury (remdesivir) as a treatment for SARS-CoV-2 infection, the virus that causes COVID-19. The approval came under an exceptional approval pathway. The exceptional approval was granted due to the COVID-19 pandemic and references the Emergency Use Authorization of remdesivir in the United States.

The approval was based on clinical data from the U.S. National Institute of Allergy and Infectious Diseases' global phase III study, Gilead's phase III study in patients with severe manifestations of COVID-19 and available data from the company's compassionate use program, including patients in Japan.

**Data on Remdesivir – Apr 29**

Gilead announced top-line results from the open-label, phase III SIMPLE study evaluating 5-day and 10-day dosing durations of the investigational antiviral remdesivir in hospitalized patients with severe manifestations of COVID-19 disease. This study sought to determine whether a shorter, 5-day course of remdesivir would achieve similar efficacy results as the 10-day treatment regimen used in multiple ongoing studies.

The study demonstrated that patients receiving a 10-day treatment course of remdesivir achieved similar improvement in clinical status compared with those taking a 5-day treatment course. No new safety signals were identified with remdesivir across either treatment group. Gilead plans to submit the full data for publication in a peer-reviewed journal in the coming weeks.

Gilead also announced positive data emerging from the National Institute of Allergy and Infectious Diseases' (NIAID) study on remdesivir for the treatment of COVID-19. The trial has met its primary endpoint and NIAID will provide detailed information at an upcoming briefing.

**Announces Collaboration – Apr 21**

Gilead entered into a three-year cancer immunotherapy research collaboration with oNKo-innate to support the discovery and development of next-generation drug and engineered cell therapies focused on natural killer (NK) cells. Per the agreement, oNKo-innate will receive an upfront payment and be eligible to receive milestone payments along with sales royalties across the immuno-oncology and cell therapy programs. In exchange, oNKo-innate will use genome-wide screening techniques and its proprietary technology platform to discover novel immune cell targets, which enhance NK cell anti-tumor immunity,and create NK cell therapies.

**Suspension of Coronavirus Study in China – Apr 15**

Gilead's study on experimental antiviral, remdesivir, in adults with mild-and-moderate COVID-19 in China was suspended, as there weren't any eligible patients to be recruited.

Earlier, another study on remdesivir in adults with severe COVID-19 was terminated in China due to the lack of eligible patients.

**Promising Data on Experimental Coronavirus Drug – Apr 10**

Gilead announced promising results on experimental antiviral, remdesivir, in patients hospitalized with severe complications of COVID-19.

Remdesivir is an investigational nucleotide analog with broad-spectrum antiviral activity in both vitro and vivo in animal models against multiple emerging viral pathogens, including Ebola, Marburg, MERS and SARS.
Gilead has been providing emergency access to remdesivir for qualifying patients with severe complications of COVID-19 who are unable to enroll in ongoing clinical trials.

This cohort evaluated data from 53 patients in the United States, Europe, Canada and Japan, who received at least one dose of remdesivir on or before Mar 7, 2020, through Gilead's compassionate use program. All patients were hospitalized with severe acute respiratory coronavirus 2 (SARS-CoV-2) infection, with either an oxygen saturation of 94% or less or a need for oxygen.

Results from this cohort showed that the majority of patients in this international cohort demonstrated clinical improvement and no new safety signals were identified with the remdesivir treatment.

**Acquires Forty Seven – Apr 7**

Gilead announced that it acquired Forty Seven, Inc. for $95.50 per share or approximately $4.9 billion in the aggregate.

**Partners Second Genome, – Apr 6**

Gilead announced struck a four-year strategic collaboration deal with Second Genome, a leader in microbiome science.

The collaboration aims to identify biomarkers associated with clinical response in up to five of Gilead's pipeline compounds in inflammation, fibrosis and other diseases. It also intends to identify potential new targets and drug candidates for the treatment of inflammatory bowel disease (IBD).

Per the terms, Second Genome will receive an upfront payment of $38 million and approximately $300 million in success-based preclinical, clinical, regulatory and commercial milestones for each of the five target discovery programs as well as low-double-digit royalties for any approved product. In addition, it will receive success-based milestones for each validated biomarker delivered under the agreement.

**Boosts Coronavirus Drug Production – Apr 4**

Gilead stated that it will accelerate the production of its experimental coronavirus treatment, remdesivir. It has reduced the end-to-end manufacturing timeline from approximately one year to around six months. The company targets producing more than 500,000 treatment courses by October and more than one million treatment courses by the end of this year. The company's existing supply of 1.5 million individual doses are available for compassionate use, expanded access and clinical trials and will be donated for broader distribution following any potential future regulatory authorizations.

**Kite Collaborates With Teneobio – Apr 2**

Kite announced that it has entered into a license and collaboration agreement with Teneobio, Inc. whereby Kite will receive exclusive rights to certain antibodies directed to B-cell maturation antigen. Both the companies will collaborate on next-generation dual-targeting CAR T Therapies in multiple myeloma utilizing UniAb Antibodies.

**Expands Access to Experimental Coronavirus Treatment – Mar 29**

Gilead announced that it is currently transitioning to expanded access programs from individual compassionate-use requests for its experimental drug — remdesivir — for the treatment of coronavirus. The company has provided emergency access to remdesivir for several hundred patients in the United States, Europe and Japan.

However, given the exponential rise in compassionate-use requests for emergency access to remdesivir, Gilead has decided to offer the drug under an expanded-access program to accelerate access to remdesivir for severely ill patients and enable the collection of data from all participating patients. These programs are currently under rapid development in conjunction with the national regulatory authorities worldwide.

## Valuation

Gilead's shares are up 18.9% in the year-to-date period and 17.4% over the trailing 12-month period. Stocks in the Zacks sub-industry and sector are up 5.7% but down 4.3%, respectively in the year-to-date period. Over the past year, the Zacks sub-industry is up 9.9% while the sector is up 1.1%.

The S&P 500 Index is down 11.4% in the year-to-date period and 1.2% in the past year.

The stock is currently trading at 12.06X forward 12-month earnings per share which compares to 295.54X for the Zacks sub-industry, 22.2X for the Zacks sector and 20.67X for the S&P 500 Index.

Over the past five years, the stock has traded as high as 13.87X and as low as 6.28X, with a 5-year median of 9.74X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our $82 price target reflects 12.8X forward 12-month earnings per share.

The table below shows summary valuation data for GILD

**Valuation Multiples - GILD**

| | | Stock | Sub-Industry | Sector | S&P 500 |
|---|---|---|---|---|---|
| P/E F12M | Current | 12.06 | 295.54 | 22.2 | 20.67 |
| | 5-Year High | 13.87 | 472.66 | 22.2 | 20.79 |
| | 5-Year Low | 6.28 | 20.63 | 15.81 | 15.19 |
| | 5-Year Median | 9.74 | 40.7 | 18.81 | 17.45 |
| P/S F12M | Current | 4.33 | 2.79 | 2.69 | 3.22 |
| | 5-Year High | 6.03 | 3.17 | 3.84 | 3.44 |
| | 5-Year Low | 3.11 | 2.05 | 2.24 | 2.54 |
| | 5-Year Median | 3.99 | 2.62 | 2.96 | 3.02 |
| P/B TTM | Current | 4.38 | 4.12 | 3.7 | 3.74 |
| | 5-Year High | 10.58 | 5.46 | 5.05 | 4.55 |
| | 5-Year Low | 3.4 | 2.45 | 2.9 | 2.84 |
| | 5-Year Median | 4.5 | 3.33 | 4.28 | 3.65 |

As of 05/14/2020

## Industry Analysis **Zacks Industry Rank:** Top 4% (9 out of 253)


## Top Peers

| Company (Ticker) | Rec | Rank |
|---|---|---|
| United Therapeutics Corporation **(UTHR)** | Outperform | 2 |
| AbbVie Inc. **(ABBV)** | Neutral | 3 |
| BristolMyers Squibb Company **(BMY)** | Neutral | 2 |
| GlaxoSmithKline plc **(GSK)** | Neutral | 2 |
| JohnsonJohnson **(JNJ)** | Neutral | 3 |
| MerckCo., Inc. **(MRK)** | Neutral | 3 |
| Novartis AG **(NVS)** | Neutral | 3 |
| Pfizer Inc. **(PFE)** | Neutral | 3 |

## Industry Comparison Industry: Medical - Biomedical And Genetics

Industry Peers

| | GILD | X Industry | S&P 500 | ABBV | BMY | JNJ |
|---|---|---|---|---|---|---|
| **Zacks Recommendation (Long Term)** | Neutral | - | - | Neutral | Neutral | Neutral |
| **Zacks Rank (Short Term)** | 2 | - | - | 3 | 2 | 3 |
| **VGM Score** | B | - | - | A | A | C |
| Market Cap | 96.88 B | 198.82 M | 18.95 B | 132.82 B | 144.29 B | 388.97 B |
| # of Analysts | 13 | 3 | 14 | 5 | 5 | 9 |
| Dividend Yield | 3.52% | 0.00% | 2.2% | 5.25% | 2.82% | 2.57% |
| **Value Score** | B | - | - | B | A | C |
| Cash/Price | 0.21 | 0.23 | 0.06 | 0.32 | 0.13 | 0.05 |
| EV/EBITDA | 12.99 | -3.42 | 11.58 | 13.07 | 25.12 | 16.08 |
| PEG Ratio | 0.97 | 1.70 | 2.60 | 1.94 | 1.21 | 3.21 |
| Price/Book (P/B) | 4.38 | 3.82 | 2.59 | NA | 2.89 | 6.35 |
| Price/Cash Flow (P/CF) | 10.58 | 15.69 | 10.20 | 8.70 | 14.53 | 12.82 |
| P/E (F1) | 12.12 | 31.47 | 19.00 | 8.71 | 10.39 | 19.24 |
| Price/Sales (P/S) | 4.26 | 14.88 | 1.93 | 3.90 | 4.65 | 4.70 |
| Earnings Yield | 8.25% | -15.56% | 5.05% | 11.47% | 9.63% | 5.20% |
| Debt/Equity | 1.00 | 0.02 | 0.75 | -8.53 | 0.86 | 0.41 |
| Cash Flow ($/share) | 7.30 | -1.03 | 7.01 | 10.33 | 4.39 | 11.52 |
| **Growth Score** | D | - | - | B | A | C |
| Hist. EPS Growth (3-5 yrs) | -16.32% | 16.29% | 10.82% | 21.62% | 21.90% | 9.40% |
| Proj. EPS Growth (F1/F0) | -3.89% | 7.86% | -10.48% | 15.46% | 30.87% | -11.57% |
| Curr. Cash Flow Growth | -2.57% | 13.90% | 5.68% | 8.78% | 36.74% | 3.68% |
| Hist. Cash Flow Growth (3-5 yrs) | -8.08% | 7.77% | 8.52% | 19.92% | 22.46% | 7.62% |
| Current Ratio | 3.04 | 5.11 | 1.27 | 3.14 | 1.66 | 1.31 |
| Debt/Capital | 49.91% | 4.37% | 44.25% | NA | 46.16% | 29.29% |
| Net Margin | 21.84% | -204.43% | 10.54% | 24.77% | 3.08% | 24.47% |
| Return on Equity | 35.44% | -63.69% | 16.29% | -169.80% | 30.06% | 39.71% |
| Sales/Assets | 0.37 | 0.20 | 0.54 | 0.46 | 0.33 | 0.53 |
| Proj. Sales Growth (F1/F0) | -0.86% | 2.09% | -2.55% | 33.40% | 59.02% | -2.59% |
| **Momentum Score** | B | - | - | A | D | B |
| Daily Price Chg | 0.22% | -0.27% | 1.17% | 1.20% | 0.79% | 0.35% |
| 1 Week Price Chg | -3.08% | 6.36% | 3.23% | 1.35% | 1.31% | 0.28% |
| 4 Week Price Chg | 0.90% | 7.71% | 1.06% | 9.87% | 7.07% | -1.36% |
| 12 Week Price Chg | 15.27% | -12.69% | -22.80% | -4.55% | -2.15% | -0.49% |
| 52 Week Price Chg | 17.41% | -18.96% | -12.40% | 13.13% | 35.33% | 6.82% |
| 20 Day Average Volume | 27,190,868 | 258,626 | 2,553,422 | 12,588,775 | 15,390,840 | 8,492,287 |
| (F1) EPS Est 1 week change | 0.00% | 0.00% | 0.00% | 2.20% | 0.46% | 0.00% |
| (F1) EPS Est 4 week change | 5.38% | 0.00% | -5.57% | 1.59% | 0.60% | -0.98% |
| (F1) EPS Est 12 week change | 4.82% | 0.00% | -16.22% | -0.75% | -0.25% | -15.00% |
| (Q1) EPS Est Mthly Chg | 4.03% | 0.00% | -11.63% | -5.30% | -6.17% | -8.25% |

## Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

## Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

## Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

## Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

| | |
|---|---|
| Value Score | B |
| Growth Score | D |
| Momentum Score | B |
| VGM Score | B |

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

## Disclosures

**This report contains independent commentary to be used for informational purposes only. The analysts contributing to this report do not hold any shares of this stock. The analysts contributing to this report do not serve on the board of the company that issued this stock.The EPS and revenue forecasts are the Zacks Consensus estimates, unless indicated otherwise on the reports first page.** Additionally, the analysts contributing to this report certify that the views expressed herein accurately reflect the analysts personal views as to the subject securities and issuers. ZIR certifies that no part of the analysts compensation was, is, or will be, directly or indirectly, related to the specific recommendation or views expressed by the analyst in the report.

Additional information on the securities mentioned in this report is available upon request. This report is based on data obtained from sources we believe to be reliable, but is not guaranteed as to accuracy and does not purport to be complete. Any opinions expressed herein are subject to change.

ZIR is not an investment advisor and the report should not be construed as advice designed to meet the particular investment needs of any investor. Prior to making any investment decision, you are advised to consult with your broker, investment advisor, or other appropriate tax or financial professional to determine the suitability of any investment.This report and others like it are published regularly and not in response to episodic market activity or events affecting the securities industry.

This report is not to be construed as an offer or the solicitation of an offer to buy or sell the securities herein mentioned. ZIR or its officers, employees or customers may have a position long or short in the securities mentioned and buy or sell the securities from time to time.ZIR is not a broker-dealer.ZIR may enter into arms-length agreements with broker-dealers to provide this research to their clients.Zacks and its staff are not involved in investment banking activities for the stock issuer covered in this report.

ZIR uses the following rating system for the securities it covers. **Outperform-** ZIR expects that the subject company will outperform the broader U.S. equities markets over the next six to twelve months. **Neutral-** ZIR expects that the company will perform in line with the broader U.S. equities markets over the next six to twelve months. **Underperform-** ZIR expects the company will underperform the broader U.S. equities markets over the next six to twelve months.